

SUMMARY APPRAISAL REPORT

Proposed Land Banking Sales
Parcels 179, 184, 570 & 571
All in Garfield County, Montana
October 21, 2010

Prepared for:
State of Montana
Department of Natural Resources and Conservation
Trust Land Management Division
Real Estate Management Bureau
1625 11th Avenue
Helena, MT 59620

Prepared by:
Thomas J. Konency, Appraiser
State of Montana
Department of Natural Resources and Conservation
Trust Land Management Division
Real Estate Management Bureau
1625 11th Avenue
Helena, MT 59620

Table of Contents

	<u>Page</u>
Letter of Transmittal.....	i
Table of Contents	1
Summary of Salient Facts.....	2
Type of Report.....	3
Client and Intended Users.....	3
Purpose of the Appraisal.....	3
Intended Use of the Appraisal.....	3
Definition of Market Value.....	3
Appraisal Process and Procedure.....	4
Scope of Appraisal.....	6
Hypothetical Conditions/Extraordinary Assumptions.....	7
Effective Date of Valuation & Date of Inspection& Date of Report.....	7
Ownership History & Property Rights Appraised.....	7
Exposure & Marketing Time.....	7
Area/Neighborhood Description Summary.....	8
Market Observations.....	10
Subject Legal Description.....	10
Subject Location & Access.....	10
Land Use Restrictions	10
Description of Property.....	10
Highest and Best Use Analysis.....	17
Property Valuation.....	18
Comparable Sales Data Summary.....	21
Comparable Sales Adjustment Tables.....	23
Final Reconciliation.....	25
Assumptions and Limiting Conditions.....	26
Appraiser's Certification.....	28
Addendum: Scope of Work and Supplemental Appraisal Instructions.....	3 Pages
Addendum: Sales Data Sheets.....	27 Pages

SUMMARY OF SALIENT FACTS

Clients and Intended Users of Review: The clients are the State of Montana, the Montana Board of Land Commissioners, and the Montana Department of Natural Resources and Conservation (DNRC). The intended users are the clients, the Real Estate Management Bureau of the DNRC Trust Land Management Division, and the Eastern Land Office.

Purpose of Appraisal and Intended Use: The purpose of the appraisals is to provide the clients with credible opinions of current fair market value of the appraised subject properties and is intended for use in the decision making process concerning the potential sale of said subject properties.

Present Owner: State of Montana

Subject Property: The subjects are isolated. Parcels 179 and 184 are adjoining. Parcel 179 is approximately 157.18 acres. Parcel 184 is approximately 160 acres. Both are located about 20 miles west-southwest of Jordan, Montana and both are mostly open, rolling to rough, native grazing ground. Parcels 570 and 571 are located in the same area, about 3 miles apart from each other. The parcels are located about 30 to 35 miles southwest of Jordan, Montana. Both parcels are approximately 640 acres and consist of mostly open, rolling to rough, native grazing ground. Parcels 570 and 571 do have dams across unnamed creek tributaries.

Legal Description: Parcel 179 is Lots 3 & 4 and the E½ of the SW ¼ of Section 7, Township 17 North, Range 35 East, Garfield County, Montana. Parcel 184 is the SE ¼ of Section 12, Township 17 North, Range 34 East, Garfield County, Montana. Parcel 570 is All of Section 16, Township 14 North, Range 35 East, Garfield County, Montana. Parcel 571 is All of Section 36, Township 14 North, Range 34 East, Garfield County, Montana.

Property Interest Appraised: Fee Simple Interest of the Surface Rights less any known or recorded easements or encumbrances. This does use the hypothetical condition that no leases or licenses exist on the parcel.

Present Use: Grazing

Highest and Best Use: Grazing

Zoning: None

Effective Date: October 21, 2010

Report Date: December 9, 2010

Opinion of Value of Real Estate: Parcel 179: \$31,400 Parcel 184: \$32,000

Parcel 570: \$128,000 Parcel 571: \$128,000

APPRAISAL REPORT

TYPE OF REPORT

The appraisals are presented in a Summary Report format and are intended to comply with Standards 1 and 2 of the current edition of USPAP. A summary report summarizes the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. The information and depth of discussion included in this report is specific to the needs of the client and the intended use of the report, and its use is limited to the client and intended users identified in this report. Additional documentation to support the appraiser's opinions is retained in the appraiser's work file.

CLIENTS AND INTENDED USERS

The clients are the State of Montana, the Montana Board of Land Commissioners, and the Montana Department of Natural Resources and Conservation (DNRC). The intended users are the clients, the Real Estate Management Bureau of the DNRC Trust Land Management Division, and the Eastern Land Office.

PURPOSE OF THE APPRAISAL

The purpose of the appraisals is to provide the clients and intended users with credible opinions of current fair market value of the appraised subject properties as of the effective date of the appraisal.

No analysis was done in the appraisals on, or for, timber, mineral or water rights.

INTENDED USE

The intended use of the appraisals is for utilization in the decision making process concerning the setting of minimum bid prices for the potential sale of the subject properties at public auction.

DEFINITION OF MARKET VALUE

For purposes of this report, the following definition of current fair market value is used.

Current fair market value. (MCA 70-30-313) Current fair market value is the price that would be agreed to by a willing and informed seller and buyer, taking into consideration, but not limited to, the following factors:

- (1) the highest and best reasonably available use and its value for such use, provided current use may not be presumed to be the highest and best use;
- (2) the machinery, equipment, and fixtures forming part of the real estate taken; and
- (3) any other relevant factors as to which evidence is offered.

(Implicit and consistent with this definition is the idea that market value is the most probable price which a property would bring in a competitive and open market under conditions essential to a fair sale, with buyer and seller each acting prudently and knowledgeably and that the price is not affected by any undue stimulus. Also, payment is made in terms of cash in U.S. dollars or terms equivalent to cash, unaffected by special financing or concessions.)

APPRAISAL PROCESS AND PROCEDURE

An appraisal report is a usually written, verifiable opinion of value of real property. It is the appraiser's responsibility to gather all pertinent facts and information, not only with respect to the property being appraised, but also for the subject's neighborhood, and the market. The appraiser must have knowledge of all factors that contribute to market value, and must work from the general to the specific in evaluating available information.

Generally, the appraisal process encompasses the following steps:

1. Definition of the Problem, which includes identifying the real estate and property rights to be valued, date of value, use of appraisal, definition of value and other limiting conditions.
2. Preliminary Analysis and Data Selection and Collection, which includes general data, (social, economic, governmental and environmental), and specific data, (site and improvements, sales and listings, cost and depreciation, and income and expense and capitalization rate).
3. Highest and Best Use Analysis, including land as though vacant and property as improved.
4. Application of the Three Approaches: Cost, Sales Comparison, and Income.
5. Reconciliation of Value and Opinion of Final Value.
6. Report of Defined Value.

There are three accepted methods of evaluating the various types of real property: The Cost Approach, the Income Approach and the Sales Comparison Approach. All three approaches, when applicable, are used. When certain approaches do not apply or there is not sufficient information available, only those approaches or that approach that applies or contains enough information will be used and/or relied upon.

Cost Approach

The cost approach is based on the understanding that buyers and sellers relate value to cost. This concept implies that the value of a property is the cost incurred to recreate it. In this approach, the estimated reproduction/replacement cost new of any and all improvements is developed. Then this "new" value is reduced by accrued depreciation, if any. This depreciated value of the improvements is then added to land value that has been estimated, usually through the sales comparison approach, to develop an indication of value. This approach is useful in new or nearly new improvements or highly specialized properties. As the subject properties are vacant parcel of grazing ground, this approach is not considered applicable.

Income Capitalization Approach

In this approach, value is based on the present value of future benefits of property ownership. A survey of comparable properties must be made for the purpose of obtaining rental information to ascertain the going rent or market rent for comparable properties and the subject. The appraiser must analyze the income producing ability of the comparable properties and obtain background information relative to what a prudent investor of this type of property expects as a return on his/her money. From this information a return on the invested capital can be ascertained and then applied to the subject's market rent to develop a reliable indication of value based on income. This information must be related to the property being appraised. In direct capitalization, a single year's income is converted to a value indication using a capitalization rate. In yield capitalization, future cash flows are estimated and discounted to a present value using a capitalization rate. The income capitalization approach is the primary approach used in arriving at the indicated market value for income-producing property. Typically sales comparable to the subject are purchased either for recreation or for the expanding of existing neighboring operations. In the former case, income capitalization is not considered by the buyers, and in the latter case the buyers may only focus on the effect to the "whole" operation and not as a separate stand-alone income stream. Further, in the latter case, sometimes motivations other than just income come into play. As such, the income approach is not considered a reliable application for this analysis.

Sales Comparison Approach

The sales comparison or market data approach reflects the opinions of buyers and sellers of comparable property as to the value of the subject property. The basic economic principle on which this approach is based is the principle of substitution. No well-informed, prudent buyer is going to pay more for any property than he/she has to pay to buy another equally desirable substitute property. The market data approach requires the appraiser to gather sufficient sales data in order to analyze, weigh and adjust in such a manner as to properly apply this information to the property being appraised. This is the primary approach to valuing vacant land.

Note: Montana is a non-disclosure state. As this report is for a public entity, and given the nature of confidentiality in regards to work product, sales information, the privacy of income information, and other confidential information, the sales summaries, the income data and other confidential information is intentionally brief. Additional supportive documentation such as grantor/grantee, recording document, property address, etc..., is kept in the appraiser's workfile.

SCOPE OF APPRAISAL

The scope of the appraisal required for this valuation is specific to the needs of the client and intended users and the intended use of the report. As such, its use is limited to the client and intended users identified in this report.

The scope of the appraisal involved defining the subject and all its attributes to be appraised, inspecting and gathering pertinent data concerning the subject property, neighborhood and market, and analyzing the highest and best use of the subject property. The Sales Comparison Approach required the gathering of market information about comparable property sales, similar in nature to those of the proposed project, and applying the market data. However, Montana is a non-disclosure state and as such sales prices of real estate are not publicly recorded. Therefore, with few consolidated sources of sales information existing, and no obligation to release or verify information by many or all of the parties associated with the transactions, this appraiser may not know of sales of other comparable properties, or have only incomplete knowledge of others. Further, absolute verification of comparable sales may not be possible. (Had the Cost or Income Approaches been applicable, then information relevant to those approaches would have also been obtained to the extent possible.)

Although the subject is currently leased for agricultural purposes as part of the lessee's larger agricultural operations, the property was appraised as single parcel and as if no leases or licenses existed. The subject neighborhood was observed and the subject site was driven to and viewed from a corner of the parcel. Use was made of cadastral aerial photos and topo maps, and an internet software allowing an almost three dimensional view of the subject property. Information concerning the subject was obtained from department records and staff.

In the course of an appraisal, various market participants, including buyers, sellers, real estate brokers and agents, appraisers, MLSs, etc..., are contacted in order to gather pertinent information. Applicable public agencies, such as county or city planning, and published information, are also used as sources. Market trend data and other information in the appraiser's files are reviewed. For this report, the search for comparable sales encompassed a large area of southeastern Montana, including the counties of Treasure, northern Rosebud, northern Custer, Prairie, Dawson, Richland, McCone, and Garfield. Market data on competing properties in the same market was also reviewed. Several appraisers knowledgeable of the area were contacted along with a couple of real estate people. Within the subject's market area a number of sales were reviewed, but were not felt to be as comparable as the sales eventually used.

Comparable sales were inspected to the extent possible. When a property was not accessible or could not be inspected, aerial photos, topo maps, other maps and information from parties familiar with the property were relied on. While it was possible to achieve a fairly good viewing of all four of the comparables used in this appraisal from county roads, aerial photos, topo maps, internet viewing software and information from the sales source was also relied upon. For this report, sales information including sales prices and price allocation was provided by various appraisers. It has been assumed that said sale price and price allocation information is accurate. The cadastral system was used as the only verifying source that the sale did occur. The DNRC water query system was also viewed. Distances referred to in the report are usually in terms of air-miles unless a specific road or trail is noted.

Within the past year this appraiser has previously done a review of an appraisal done on the subject properties.

HYPOTHETICAL CONDITIONS AND EXTRAORDINARY ASSUMPTIONS

USPAP defines Hypothetical Condition as: that which is contrary to what exists but is supposed for the purpose of analysis. USPAP defines Extraordinary Assumption as: an assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions.

The appraisal on the state's lands must include state-owned improvements in the valuation, but exclude lessee-owned or licensee-owned improvements in the valuation. Per Bureau Staff, although each subject property does have a grazing lease on it, said lease can be terminated by the State. Thus, as instructed, the properties are appraised under the hypothetical condition that no lease encumbers the subject properties. Use of this hypothetical condition might have affected the assignment results.

The subject properties are land locked. For purposes of this analysis, landlocked parcels (a parcel with no legal access) are appraised with the hypothetical condition of having legal access. This hypothetical condition only regards legal access; the physical accessibility to the subject parcels is appraised as it currently exists.

An extraordinary assumption has been made that the sales information including the sales price and price allocation, if not exactly correct, is at least reasonably accurate.

EFFECTIVE DATE OF VALUATION, DATE OF INSPECTION AND DATE OF REPORT

The effective date of the appraisal is October 21, 2010. This is also the date the subject was viewed. The report, containing 28 pages, with 30 pages in the addendums, is dated December 13, 2010.

OWNERSHIP HISTORY AND PROPERTY RIGHTS APPRAISED

The subject properties are owned by the State of Montana, and this ownership has been in place since the 1924 for Parcels 179 and 184 and 1944 for Parcels 570 and 571. The subject properties have been nominated by the Lessees for the Land Banking Program. This nomination begins a process of analysis which may result in a subject property being sold at public auction. Said auctions do have minimum bid requirements which are to be based on appraised values. Otherwise the subjects are not listed for sale, there are no current agreements of purchase, and they have not been previously listed nor offered for sale. The subject properties are currently encumbered by grazing leases. Per instructions, lands owned by the State of Montana are to be appraised as if they are in private ownership and could be sold on the open market, and must include state-owned improvements in the valuation, but exclude lessee-owned or licensee-owned improvements in the valuation. Further, properties that have leases or licenses on them are to be appraised with the Hypothetical Condition the leases/licenses do not exist. Use of this Hypothetical Condition may have affected the assignment results. Thus, the subject properties are appraised in Fee Simple interest of the surface rights subject to any known or recorded encumbrances, such as utility easements.

EXPOSURE AND MARKETING TIME

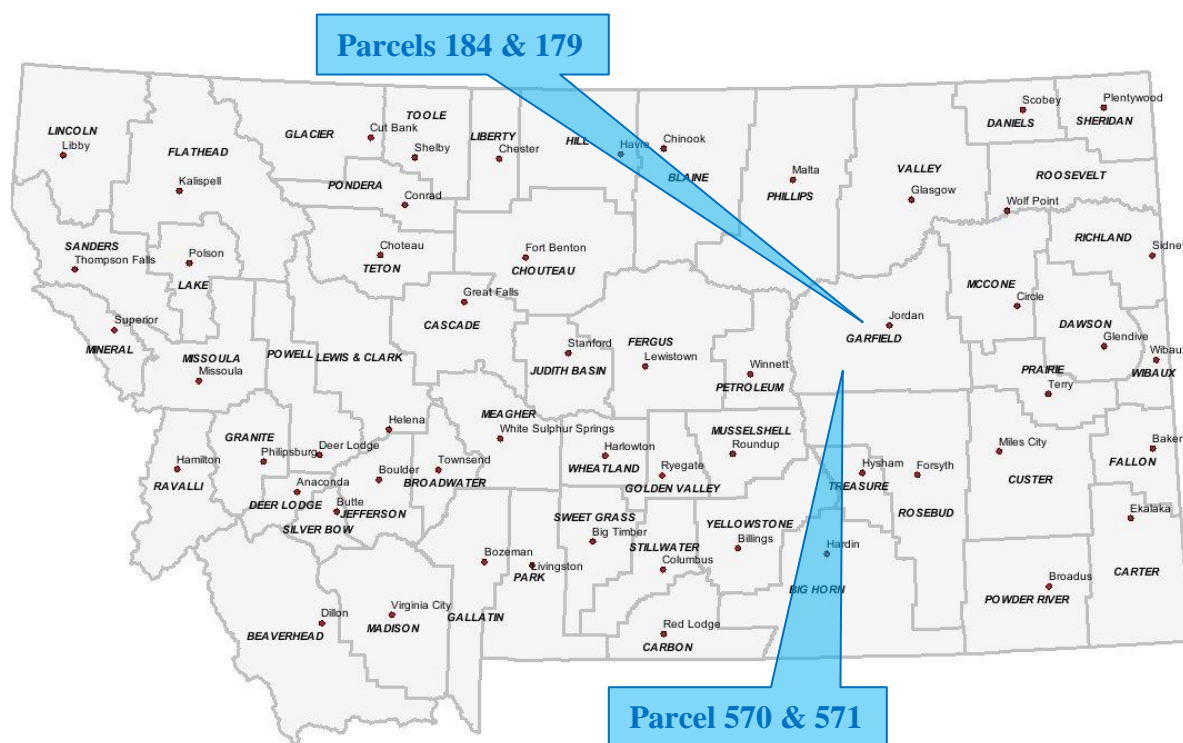
Exposure time is the estimated length of time the property interest would have been offered in the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. Exposure time is always presumed to precede the effective date of the appraisal. Considering the attributes of the subject properties, limited sales data provided by the comparable sales, other market information in the appraiser's files and opinions of participants in the market, an exposure time of 12 months is estimated.

Marketing time is an estimate of the amount of time it takes to sell a property interest at the estimated market value during the period after the effective date of the appraisal. An estimate of marketing time is not intended to be a prediction of a date of sale. It is inappropriate to assume that the value, as of the effective date of the appraisal, remains stable during a marketing period. Again, considering the attributes of the subject properties, sales data, market information and opinions of participants in the market, with proper, competent exposure, a marketing time of 12 months is estimated.

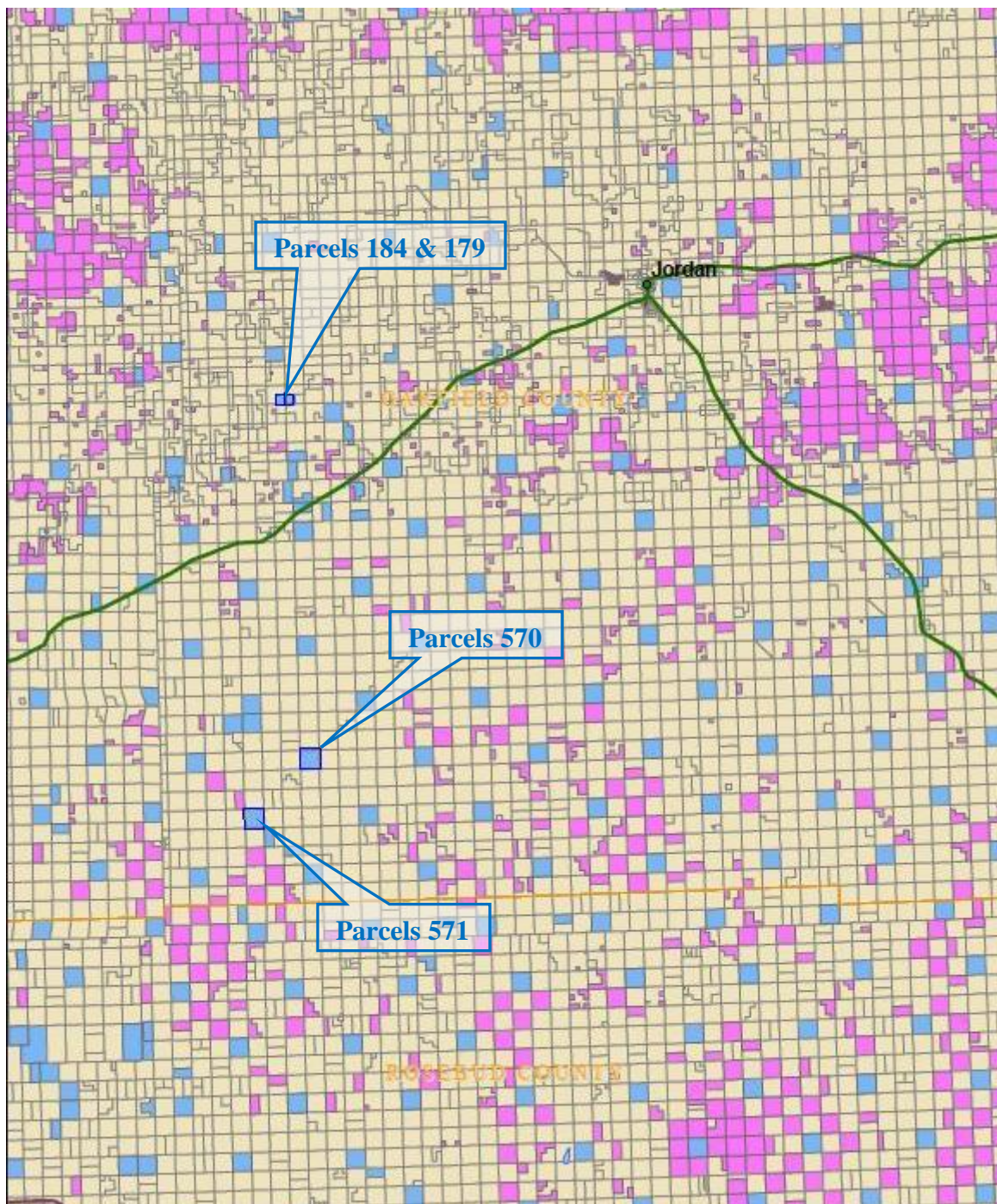
AREA AND NEIGHBORHOOD DESCRIPTION

The subject properties are located in the eastern to southeastern part of the State of Montana. This portion of the state is characterized as a predominantly rural region, mostly open, with rolling to strongly rolling ground. Some limited recreational use/commerce is present in the area, along with some other very limited commercial or industrial activities in small to very small urban settings. Mineral extraction has existed in the area for a number of years, and this industry has seen growth in the last few years. However the area is still considered primarily an agricultural area with the prominent land use for grazing cattle.

Per the U.S. Census Bureau, from April 1, 2000 through July 1, 2009, the population in this 12-county area of the state has declined about 5.59%, from 52,244 to 49,323. Indications, but not hard figures, are that this downward trend may still continue but at a lower rate. At the same time the Census reports that between 1998 and 2008 the average of the per-county estimated median household income (with 90% confidence), increased 40.36 %, from \$28,454 to \$39,938. It is believed that even in the current nation-wide economic slowdown, due to agricultural commodity prices and mineral extraction this upward income trend will continue, however the rate is not known. And while the current national unemployment rate is around 9.5%, the average of the 12-county unemployment rate is only 3.93%.



All the parcels are located in Garfield County. Parcels 179 and 184 are approximately 20 air-miles west-southwest of Jordan, the county seat, and about 95 air-miles northwest of Miles City. Parcels 570 and 571 are approximately 30-35 air-miles southwest of Jordan and about 85 air-miles northwest of Miles City. Miles City itself with a population of approximately 8,100 people is the primary service and commercial center for a large portion of this area of the state. Several state and a couple U.S. highway run through the general area as well as Interstate 94 which connects Miles City to Billings about 150 miles to the west. Commercial rail service and very limited air transportation also serves the area and neighborhood. Land uses surrounding the subject generally consists of cattle ranching with a limited amount of rural residential and recreational properties also present. Ownership consists of private, state and federal lands interspersed.



MARKET OBSERVATIONS

The general opinion by area professionals involved somehow in real estate is that while there has been some price/value decrease in some residential, some commercial/industrial and higher-dollar recreational properties, the values of most agriculture/grazing type properties or even low-dollar recreational properties has remained stable to still increasing. While no matched pairs or resales of comparables were found to provide a definite percentage to state, other market evidence found supports this general opinion.

SUBJECTS' LEGAL DESCRIPTIONS

Parcel 179 is Lots 3 & 4 and the E½ of the SW ¼ of Section 7, Township 17 North, Range 35 East, Garfield County, Montana. Parcel 184 is the SE ¼ of Section 12, Township 17 North, Range 34 East, Garfield County, Montana. Parcel 570 is All of Section 16, Township 14 North, Range 35 East, Garfield County, Montana. Parcel 571 is All of Section 36, Township 14 North, Range 34 East, Garfield County, Montana.

SUBJECTS' LOCATION AND ACCESS

Parcels 179 and 184 are approximately 20 air-miles west-southwest of Jordan. Access to the subject properties from Jordan is by taking Hwy 200 southwest about 24 miles, then north on county roads about 6.5 miles, then about ½ across private land on a 2-track to the parcels. There is no legal access to the subject properties. Parcel 570 is located approximately 30 air-miles southwest of Jordan. Access to the subject property from Jordan is by taking Hwy 200 southwest about 25 miles, then south about 14.5 miles on county gravel roads, then about 1¼ miles across private land on a 2-track to the parcel. There is no legal access to the subject property. Parcel 571 is located approximately 35 air-miles southwest of Jordan. Access to the subject property from Jordan is by taking Hwy 200 southwest about 25 miles, then south about 16.5 miles on county gravel roads, then about 100 yards across private land on a 2-track to the parcel. There is no legal access to the subject property.

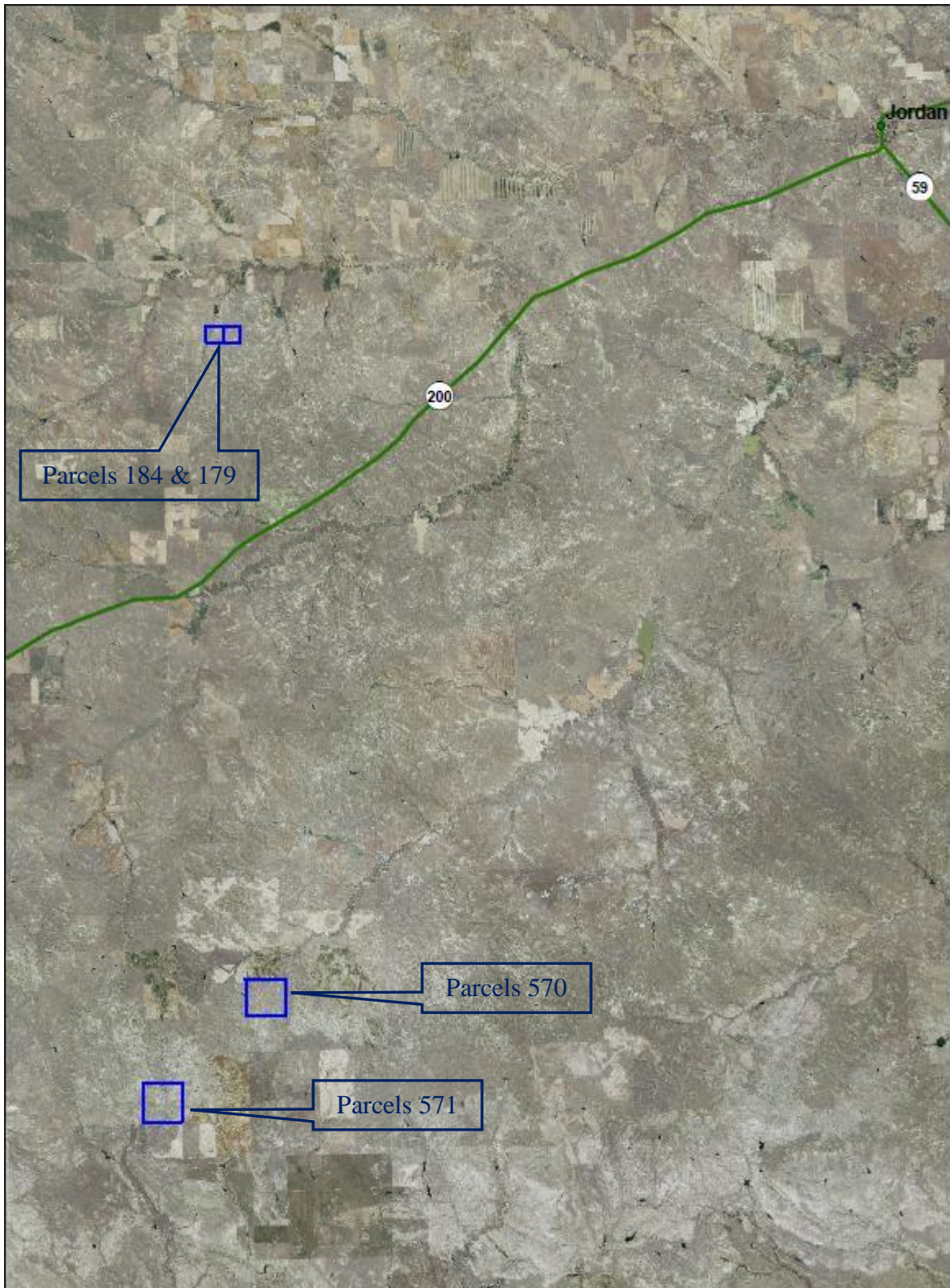
LAND USE RESTRICTIONS

The subject properties are not zoned. Through use of various DNRC Staff, and other governmental agencies, no known atypical hazards or environmental concerns are associated with the subject properties or neighboring lands. No encroachments and no typical utility easements were noted. The subject properties do not have legal access.

DESCRIPTION OF SUBJECT PROPERTIES

While Parcels 179 and 184 are adjoining they are considered isolated, that is, without legal access. Parcel 179 is approximately 157.18 acres. Parcel 184 is approximately 160 acres. Both are mostly open, rolling to rough, native grazing ground. The parcels are vacant land, without any water sources located on them. Elevation varies from about 2,900 feet to about 3,000 feet. Precipitation averages approximately 13" per year. The subject is currently leased for grazing.

Parcels 184, 179, 570 & 571 Location Map



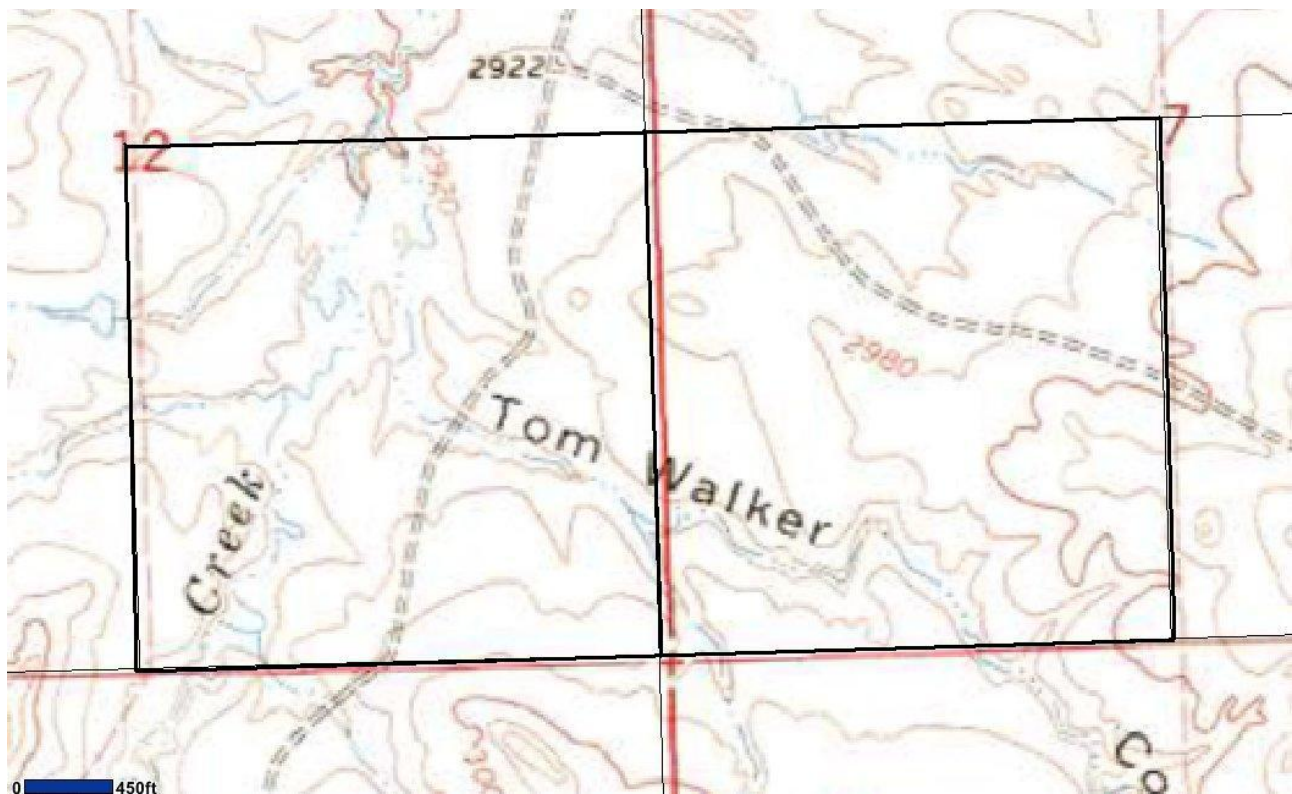
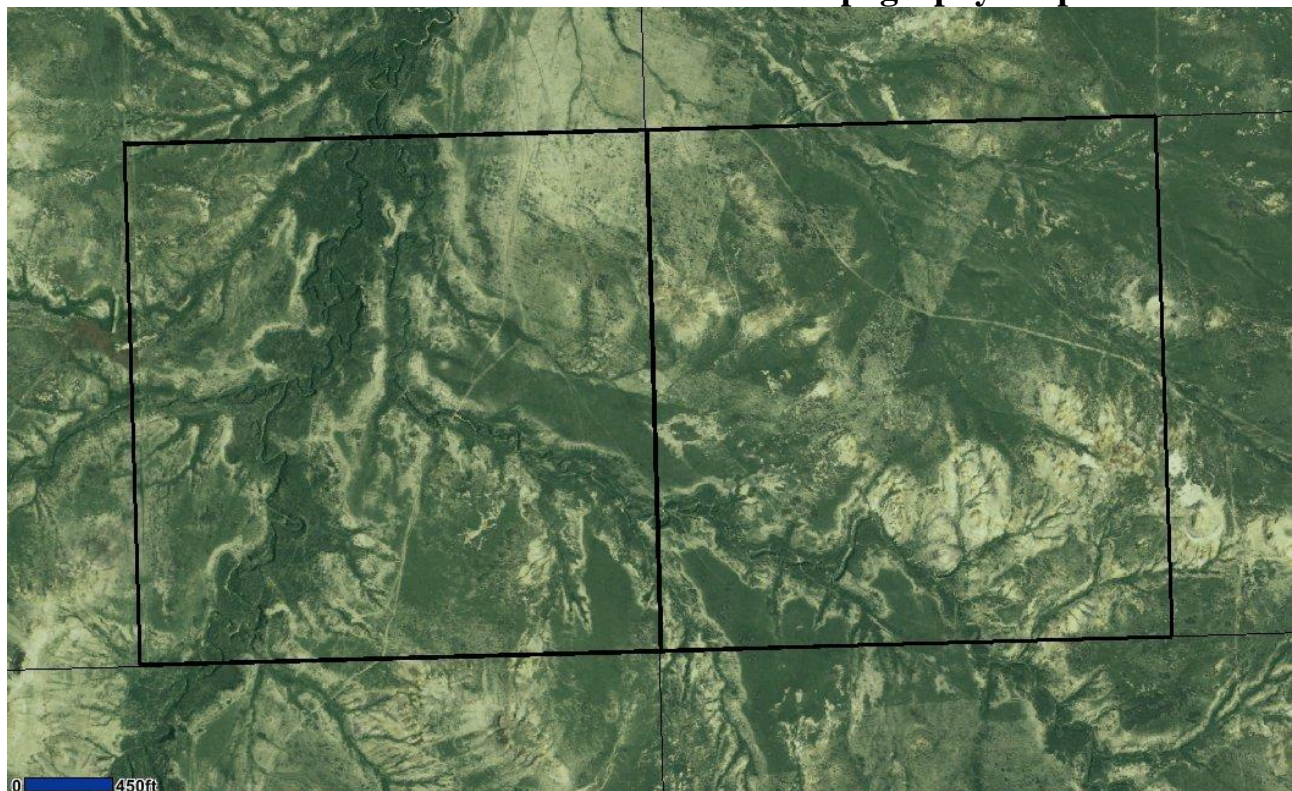
Parcel 179



Parcel 184



Parcels 184 & 179 Aerial Photo and Topography Map



Parcels 570 and 571 are located in the same area, about 3 miles apart from each other. Both parcels are approximately 640 acres and both consist of mostly open, rolling to rough, native grazing ground. The parcels are vacant land and both parcels do have dams across unnamed creek tributaries. Elevation of Parcel 570 ranges from about 3,260 feet up to about 3,480 feet. Elevation of Parcel 571 varies from about 3,140 feet to about 3,360 feet. Precipitation averages for both parcels is approximately 13" per year, and both parcels are currently leased for grazing.

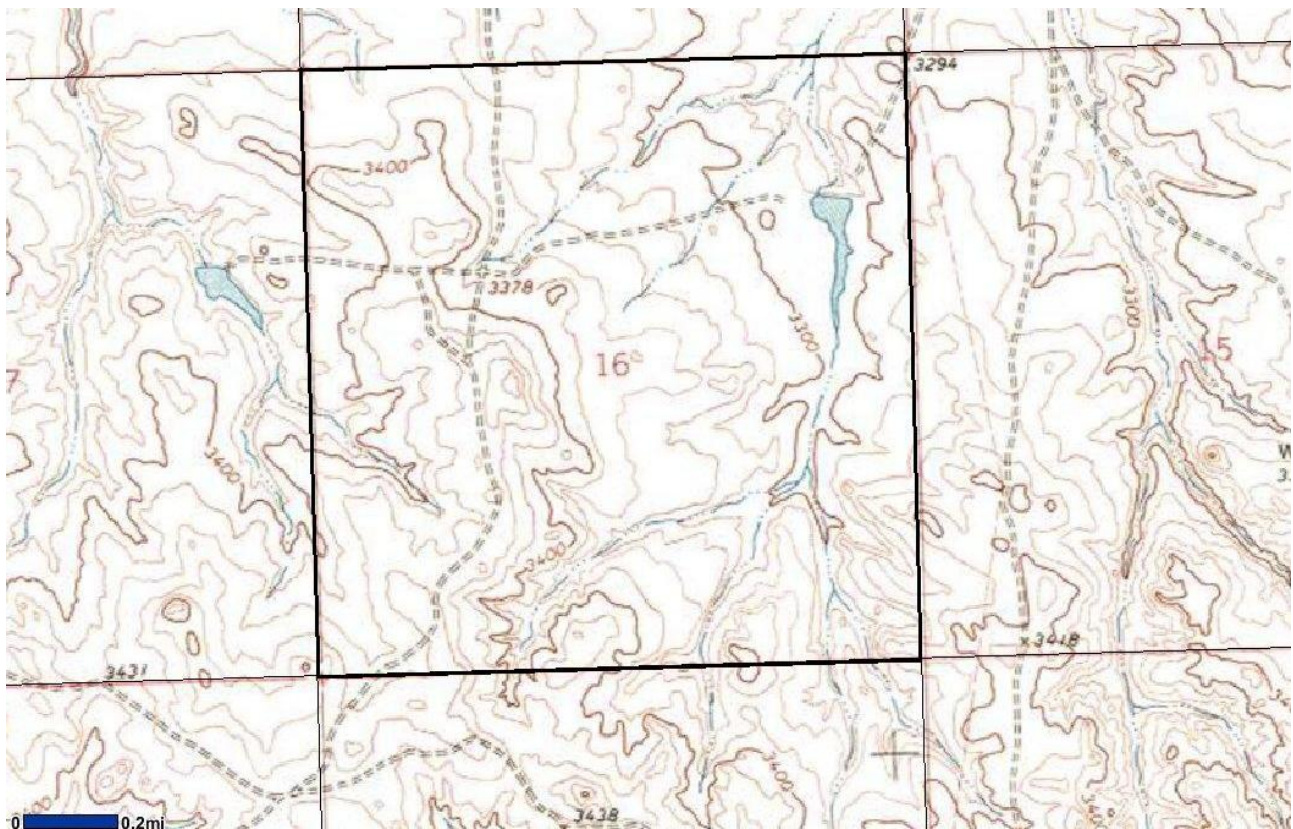
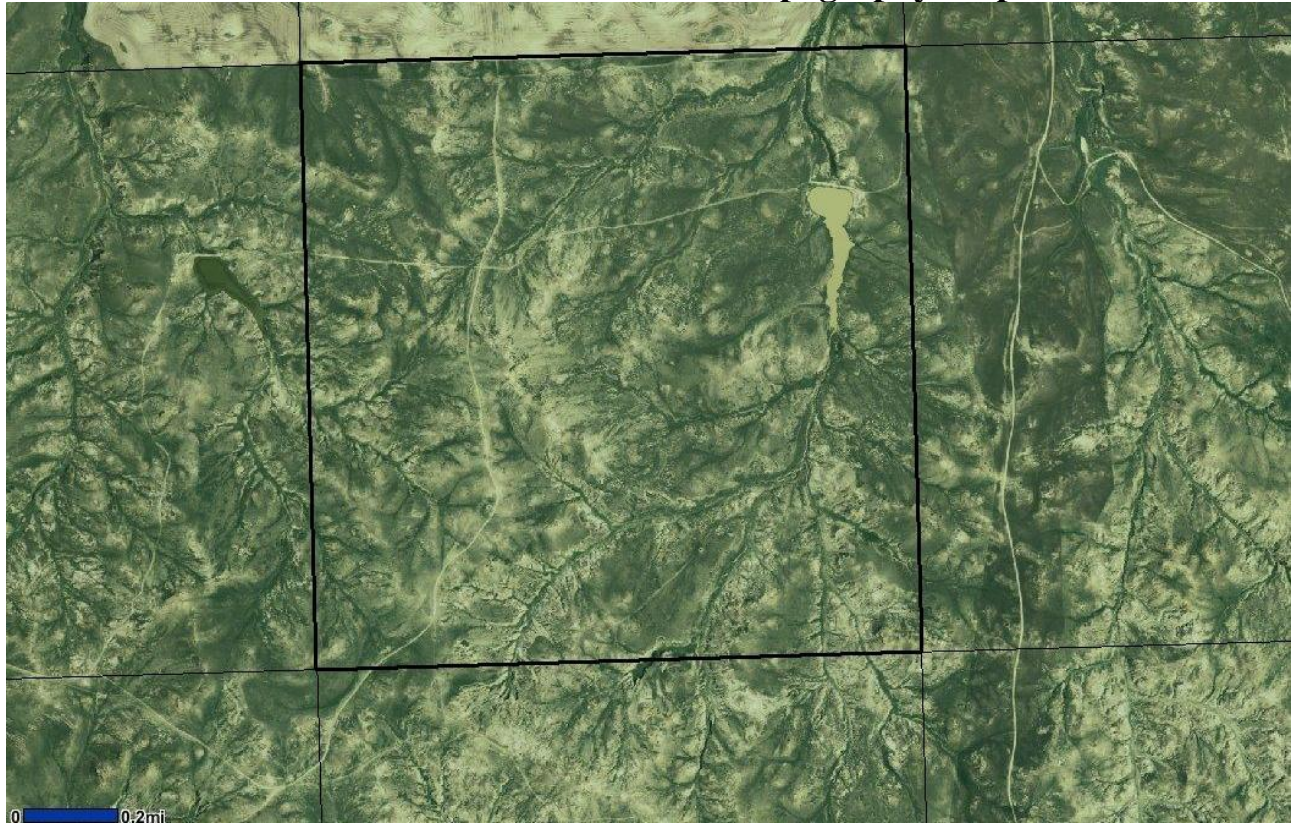
Parcel 570



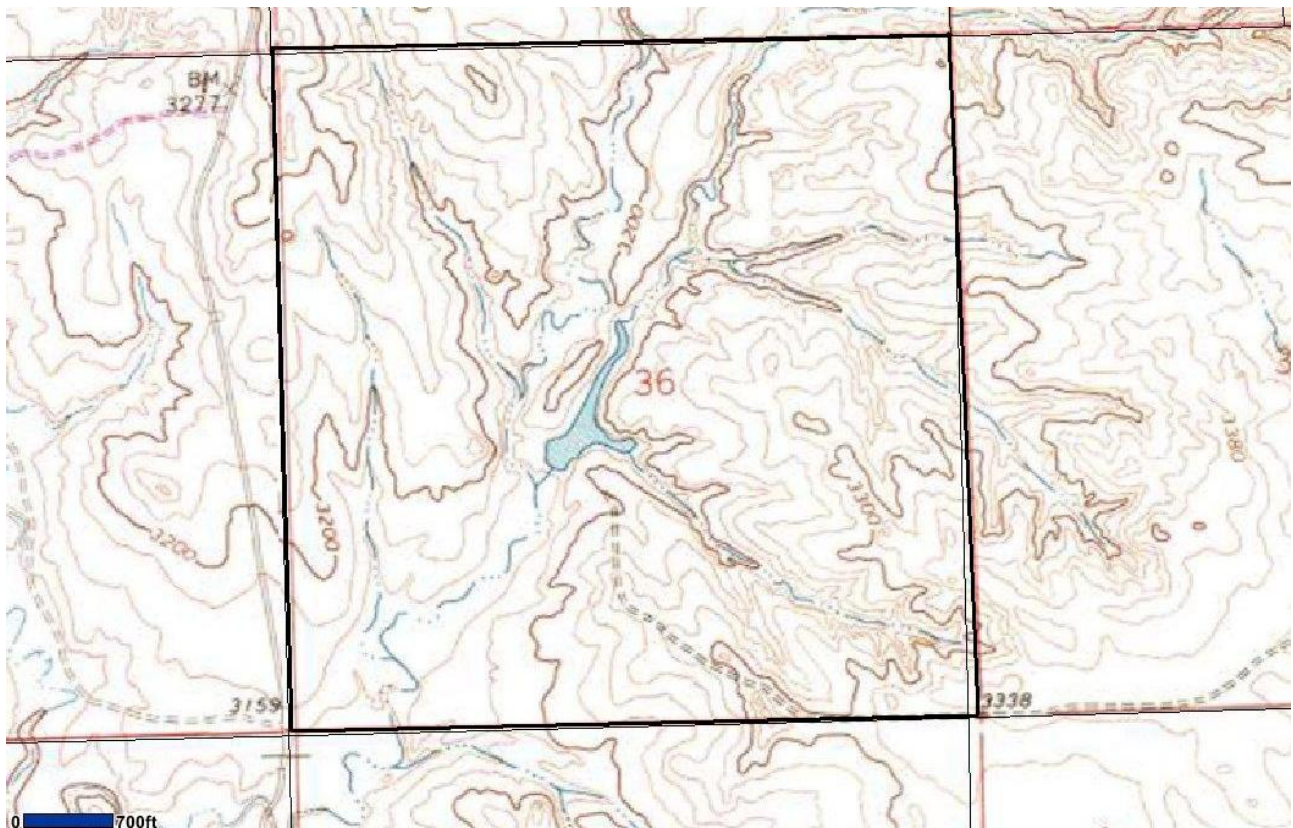
Parcel 571



Parcel 570 Aerial Photo and Topography Map



Parcel 571 Aerial Photo and Topography Map



HIGHEST AND BEST USE ANALYSIS

Highest and best use is defined as: The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value.

The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability. Implied in these definitions is that the determination of highest and best use takes into account the contribution of a specific use to the community and community development goals as well as the benefits of that use to individual property owners. An additional implication is that the determination of highest and best use results from the appraiser's judgment and analytical skill - that is, that the use determined from analysis represents an opinion, not a fact to be found. In appraisal practice, the concept of highest and best use represents the premise upon which value is based. In the context of most probable selling price (market value), another appropriate and alternative term to reflect highest and best use, would be most profitable use.

The definitions of highest and best use indicate that there are two types of highest and best use. The first is highest and best use of land or a site as though vacant. The second is highest and best use of a property as improved. Each type requires a separate analysis. Moreover, in each case, the existing use, (or hypothetical proposed use), may or may not be different from the site's highest and best use. In the highest and best use analysis of both the land as vacant and the property as improved, a use must meet four criteria.

The criteria are that the highest and best use must be (1) legally permissible, only those uses that are, or may be, legally allowed are potential highest and best uses. This may exclude uses that are not, and unlikely to become, allowed by zoning, uses forbidden by government regulations, and uses prohibited by deed restrictions or covenants. Properties with a use that predates existing zoning regulations may be legally nonconforming. Such grandfathered uses are generally legal even though they do not meet current zoning regulations. Since their use predates the zoning, they are "grandfathered in". However, some such uses may not be reproduced if the legally nonconforming improvement is destroyed or damaged beyond a certain point; (2) physically possible, any potential use must be physically possible given the size, shape, topography, and other characteristics of the site; (3) financially feasible, and (4) maximally productive.

The categories of use most generally recognized are residential, commercial, industrial, (light or heavy), agricultural, timber, and special purpose. Sometimes recreational use is also delineated, and sometimes timber is grouped with agriculture. Note, as the subject property is vacant only the one analysis is applicable.

Legal: The subjects are not zoned and the subjects are appraised as if no leases exist and as if they have legal access. Theoretically the properties could be put to almost any use.

Physical: The subjects appear to have stable ground but is rolling to rough and as such would limit use of certain categories to more specific areas on the parcels. However the type of category is not really limited.

Feasible: Given the locations, physical access, lack of utilities, physical characteristics and surrounding land uses residential, timber, commercial, industrial, and most special purposes do not appear feasible. That leaves agriculture, recreation and possibly some special purpose uses as feasible.

Maximally Profitable: Given the attributes of the subject property, add-on agricultural use appears to be the most profitable.

Conclusion: Based on the analysis above, it appears the Highest and Best Use of the subject as Vacant, is as an add-on grazing parcel. The “as is” condition of no legal access would have this same Highest and Best Use.

PROPERTY VALUATION

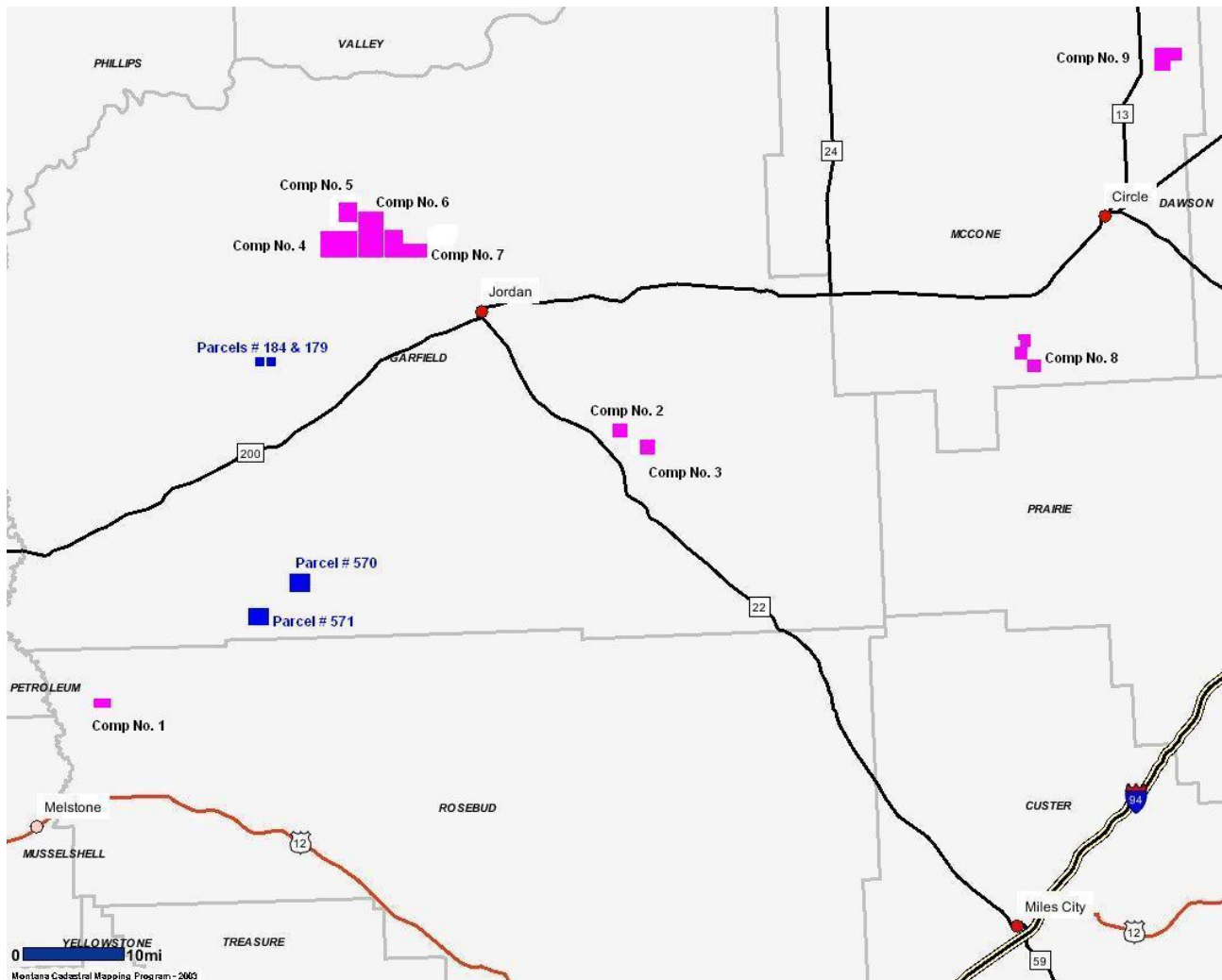
It was determined that the Cost and Income Approaches are not applicable, therefore only the Sales Comparison Approach will be analyzed. Also, as very limited sales information was found on isolated or landlocked properties during this market research no reasonable adjustments for lack of legal access could be extracted from the market information gathered and thus there is not enough specific evidence to determine specific values for this “as is” condition. Therefore the only values reported for the parcels is under the hypothetical condition of having legal access.

All of the comparable sales were compared to the subject property on the basis of price per acre. This, according to area appraisers and real estate brokers/agents, is the typical unit of measurement by which buyers and sellers express value of this type of property in the market area. The comparable sales were all analyzed for the appropriate elements of comparison. Those being Location, Property Rights Conveyed, Financing and/or Conditions of Sale, Size (acres), Date of Sale (a Time Adjustment), Access, Water, and Land Features. As the subject is vacant, improvements were not considered except if allocated for in a comparable sale, which was then addressed before the adjustment table analysis step.

Matched pairs, when available, provide indicated adjustment amounts, (quantitative adjustments, or factors that can be measured in the market and are less subjective), for some characteristics. When no matched pairs are available to provide indicated adjustment amounts for some characteristics, qualitative adjustments, (desirability, or factors that are more subjective and/or difficult to measure), are used, based on opinions provided, general trends found, or interpolation of differences in other sales or market information. The use of qualitative adjustments usually results in the subject property being bracketed by the comparable sales, and thus, this gives an indication of value. All the adjustments that are made in this analysis are of a qualitative type.

For this report, the search for comparable sales encompassed a large area of southeastern Montana, including the counties of Treasure, northern Rosebud, northern Custer, Prairie, Dawson, Richland, McCone, and Garfield. Market data on competing properties in the same market was also reviewed. Several appraisers knowledgeable of the area were contacted along with a couple of real estate people. Within the subject’s market area a number of sales were reviewed, but were not felt to be as comparable as the nine sales eventually used. These comparable sales were relied upon to form an opinion of the current fair market values. The comparables were all driven past. Those drive-by viewings, cadastral information, water rights query system data, aerial photos, topo maps, internet viewing software and information from the sales source were all also relied upon.

Comparable Sales Location Map



Location: All of the comparable sales are located in the subject's general market area. Comparing the comparable sales with each other indicates no clear-cut difference due specifically to location and none is apparent to exist between the comparables and the subject. Thus no adjustments were made to the comparable sales for location in the adjustment table.

Property Rights Conveyed: The subject properties are appraised in fee simple interest of the surface rights. As all of the comparable sales were reported as sold on the basis of fee simple interest, no adjustments were made to the comparable sales for property rights conveyed in the adjustment table.

Financing/Conditions of Sale: All of the comparable sales were reported to have sold for cash or on terms equivalent to cash. The market value opinion in this report is also based on cash or terms equivalent to cash. No special or atypical conditions of sale were reported for the comparable sales. Thus no adjustments were made to the comparable sales for financing or conditions of sale in the adjustment table.

Size: Parcel 179 is approximately 157.18 acres, Parcel 184 is approximately 160 acres, and Parcels 570 and 571 are both approximately 640 acres each. The comparable sales used as indicators of value range in size from 322 acres to 1,960 acres. Generally it is believed that smaller parcels sell for higher prices per acre, (although at times larger parcels can also give more flexibility in development or may have a demand based on minimum size needed or desired). Review of sales in other appraisals indicates support for the “more for less” premise. However typically there are also “break points” or “size groups” where there are no clear adjustments for those sizes that are within certain ranges. The market data gathered indicates the acreage of the subjects and comparables fall within one of these ranges. As a result no adjustments were made to the comparable sales.

Date of Sale (Time Adjustment): The comparable sales occurred between November 2006 and April 2010. Review of the other sales and market data support the general opinion by area real estate professionals including appraisers, that while there has been some price/value decrease in some residential, some commercial/industrial and higher-dollar recreational properties, the values of most agriculture/grazing type properties or even low-dollar recreational properties has remained stable to still increasing. As no matched pairs or resales of pure native grazing comparables were found to provide a definite percentage to utilize, qualitative adjustments to the comparable sales were applied.

Access: The subjects vary in their distance from their pertinent county roads and these county roads can become impassable due to weather. Comparables 1 and 7 have similar physical access issues. The remaining comparables are accessed from generally better maintained county gravel roads. Adjustments to the comparable sales were made accordingly.

Water: Parcels 179 and 184 do not have any water sources on them. Parcels 570 and 571 have dams across unnamed creek tributaries however the improvements are the lessees’ and are not included in the analysis. Comparable 1 does not have a water source. All the remaining comparables have some sort of water source for watering stock. The comparables were adjusted accordingly.

Land Features: This category includes general topography and elevation. Although these influences can be hard to quantify, certain generalities can be made. Gentler terrain and lower elevations typically add to desirability and are usually reflected in sale prices. Taking into account the features of the various properties, differences between the subject and some of the comparable sales were found. Thus adjustments were made accordingly.

Comparable Sales Data Summary

Comparable Sale No. 1: About 332 acres of vacant, rolling to rough, native grazing ground without any water source. The sale is located in Rosebud County about 13 miles northeast of Melstone, MT, about 37 miles southwest of the Parcels 179 & 184 and about 16 to 21 miles southwest of Parcels 570 & 571 respectively. This is a rural agricultural area with mostly cattle ranches present in the area. No improvements are present. Access is provided by a trail across neighboring private land from a county gravel road. The property sold for cash in November 2006 for \$49,800, or \$150 per deeded acre. Price for the grazing land was also \$150 per acre.

Comparable Sale No. 2: About 640 acres of vacant, rolling, native grazing ground. There is a dam on the property. The sale is located in Garfield County about 13.5 miles southeast of Jordan, MT, about 35 miles southeast of the Parcels 179 & 184 and 33 to 38 miles northeast of Parcels 570 & 571 respectively. This is a rural agricultural area with mostly cattle ranches present. The sale is all native range ground. No improvements are present. Access is provided by a county gravel road. The property sold for cash in April 2007 for \$140,000, or \$219 per acre. The grazing price is also \$316 per acre.

Comparable Sale No. 3: About 640 acres of vacant, rolling, native grazing ground. There is a reservoir on the property. The sale is located in Garfield County about 14 miles southeast of Jordan, MT, about 38 miles southeast of the Parcels 179 & 184 and 35 to 40 miles northeast of Parcels 570 & 571 respectively. This is a rural agricultural area with mostly cattle ranches present. The sale is all native range. No improvements are present. Access is provided by a county gravel road. The property sold for cash in April 2007 for \$140,000, or \$219 per acre. Grazing price is also \$316 per acre.

Comparable Sale No. 4: About 1,401 acres of vacant, rolling to rough, pasture and dry cropland. A dam for stock water is present. The sale is located in Garfield County about 15 miles northwest of Jordan, MT, about 16 miles northeast of the Parcels 179 & 184 and 32 to 37 miles north of Parcels 570 & 571 respectively. This is a rural agricultural area with mostly cattle ranches present. The sale consists of about 421 acres of native pasture and about 980 acres of dry cropland. A state lease of 223 AUMs went with the sale. Access is from a county gravel road. The sale sold for cash in January 2007 for \$377,400, or \$269 per deeded acre. Price for the grazing land was \$257 per acre.

Comparable Sale No. 5: About 640 acres of vacant, rolling to rough, pasture and dry cropland. A reservoir for stock water is present. The sale is located in Garfield County about 15 miles northwest of Jordan, MT, about 16 miles northeast of the Parcels 179 & 184 and 32 to 37 miles north of Parcels 570 & 571 respectively. This is a rural agricultural area with mostly cattle ranches present. The sale consists of about 170 acres of native pasture and about 470 acres of dry cropland. No improvements are present. Access is from a county gravel road. The sale sold for cash in January 2007 for \$142,800, or \$223 per deeded acre. Grazing land was also \$223 per acre.

Comparable Sale No. 6: About 1,018 acres of vacant, rolling to rough, pasture and dry cropland. A reservoir and well are present. The sale is located in Garfield County about 14.5 miles northwest of Jordan, MT, about 16 miles northeast of the Parcels 179 & 184 and 32 to 37 miles north of Parcels 570 & 571 respectively. This is a rural agricultural area with mostly cattle ranches present. The sale consists of about 355 acres of native pasture and about 663 acres of dry cropland. Access is from a county gravel road. The sale sold for cash in February 2007 for \$204,000, or \$200 per deeded acre. Price for the grazing land was also \$200 per acre.

Comparable Sale No. 7: About 1,600 acres of vacant, rolling to rough, pasture and dry cropland. Dams are present on the property. The sale is located in Garfield County about 14.5 miles northwest of Jordan, MT, about 16 miles northeast of the Parcels 179 & 184 and 32 to 37 miles north of Parcels 570 & 571 respectively. This is a rural agricultural area with mostly cattle ranches present. The sale consists of about 299 acres of native pasture and about 1,301 acres of dry cropland. Access is from a county gravel road. The sale sold for cash in February 2007 for \$341,700, or \$214 per deeded acre. Price for the grazing land was also \$214 per acre.

Comparable Sale No. 8: About 1,960 acres of vacant, rolling, native and improved pasture. Wells and a dam are present on the property. The sale is located in McCone County about 14 miles southeast of Circle, MT, about 75 miles east of the Parcels 179 & 184 and 74 to 79 miles northeast of Parcels 570 & 571 respectively. This is a rural agricultural area with mostly cattle ranches present. The sale consists of about 1,829 acres of native pasture and about 131 acres of improved pasture. Access is from a county gravel road. The sale sold for cash in April 2010 for \$530,000, or \$270 per deeded acre. Price for the grazing land was \$265 per acre.

Comparable Sale No. 9: About 1,920 acres of vacant, rolling, pasture, dry cropland and CRP ground. A dam is present on the property. The sale is located in McCone County about 14 miles northeast of Circle, MT, about 94 miles northeast of the Parcels 179 & 184 and 98 to 103 miles northeast of Parcels 570 & 571 respectively. This is a rural agricultural area with mostly cattle ranches present. The sale consists of about 1,128 acres of native pasture, about 439 acres of dry cropland and about 277.5 acres of CRP. There were about 75.5 acres of trapped grass without any value allocated. Access is from a county gravel road. The sale sold for cash in April 2009 for \$605,000, or \$315 per deeded acre. Price for the grazing land was \$235 per acre.

Summary: To restate and summarize, although considered, no adjustments were made to the comparable sales for Location, Property Rights, Financing/Conditions of Sale, or Size. Date of Sale, Access, Water, and Land Features have all been analyzed and adjusted accordingly. The comparable sales range from a low of \$150 per grazing acre (Comparable 1), to a high of \$265 per grazing acre (Comparable 8).

Note: Under the Land Mix Analysis on the Sales Data Sheets, only a 160-acre parcel was shown in the calculations. The analysis for the 640-acre parcels resulted in the same results and to create another set of figures would only be redundant.

Comparable Sales Adjustment Table for Parcels 179 & 184

	Subjects: S7, 17N-35E S12, 17N-34E	Comp No. 1: Melstone, Rosebud Cty	Comp No. 2: Hay Creek, Garfield Cty	Comp No. 3: Two Furrow, Garfield Cty	Comp No. 4: Vail Creek, Garfield Cty	Comp No. 5: Biscuit Butte, Garfield Cty	Comp No. 6: Camel Coulee, Garfield Cty	Comp No. 7: Sage Hen, Garfield Cty	Comp No. 8: Ash Creek, McCone Cty	Comp No. 9: Duck Creek, McCone Cty
Total Sales Price		\$49,800	\$140,000	\$140,000	\$377,400	\$142,800	\$204,000	\$341,700	\$530,000	\$605,000
Grazing Acre Price		\$150	\$219	\$219	\$257	\$223	\$200	\$214	\$265	\$235
Location (Air Miles)	20 M. WSW of Jordan	13M. NE of Melstone	13.5 M. SE of Jordan	14 M. SE of Jordan	15 M. NW of Jordan	15 M. NW of Jordan	14.5 M. NW of Jordan	14.5 M. NW of Jordan	14 M. SW of Circle	14 M. NE of Circle
Property Rights	Fee Simple Surface Rights	Fee Simple Surface Rights	Fee Simple Surface Rights	Fee Simple Surface Rights	Fee Simple Surface Rights	Fee Simple Surface Rights	Fee Simple Surface Rights	Fee Simple Surface Rights	Fee Simple Surface Rights	Fee Simple Surface Rights
Financing/Conditions		Typical for Market	Typical for Market	Typical for Market	Typical for Market	Typical for Market	Typical for Market	Typical for Market	Typical for Market	Typical for Market
Size	160± Acres	332± Acres	640± Acres	640± Acres	1,401± Acres	640± Acres	1,018 ± Acres	1,600 ± Acres	1,960 ± Acres	1,920 ± Acres
Date of Sale		Nov 2006	April 2007	April 2007	Jan 2007	Jan 2007	Feb 2007	Feb 2007	April 2010	April 2009
Time Adjustment		(+)	(+)	(+)	(+)	(+)	(+)	(+)		(+)
Access	2-Track off County Road	2-Track off County Gravel Road	County Gravel Road (-)	County Gravel Road (-)	County Gravel Road (-)	County Gravel Road (-)	County Gravel Road (-)	2-Track off County Road	County Gravel Road (-)	County Gravel Road (-)
Water	None	None	Dam (-)	Reservoir (-)	Dam (-)	Reservoir (-)	Well, Reservoir (-)	Dams (-)	Wells, Dam (-)	Dam (-)
Land Features	Rolling to Rough	Rolling to Rough	Rolling (-)	Rolling (-)	Rolling to Rough	Rolling to Rough	Rolling to Rough	Rolling to Rough	Rolling (-)	Rolling (-)
Total Adjustments		(+)	(-)	(-)	(-)	(-)	(-)		(-)	(-)
Final Adjusted Price		\$150 <	< \$219	< \$219	< \$257	< \$223	< \$200	\$214	< \$265	< \$235

Note: No symbol indicates the comparable sale is considered similar overall to the subject.
The (+) symbol indicates the comparable is inferior and would need a positive adjustment.
The (-) symbol indicates the comparable is superior and would need a negative adjustment.

Comparable Sales Adjustment Table for Parcels 570 & 571

	Subjects: S16, 14N-35E S36, 14N-34E	Comp No. 1: Melstone, Rosebud Cty	Comp No. 2: Hay Creek, Garfield Cty	Comp No. 3: Two Furrow, Garfield Cty	Comp No. 4: Vail Creek, Garfield Cty	Comp No. 5: Biscuit Butte, Garfield Cty	Comp No. 6: Camel Coulee, Garfield Cty	Comp No. 7: Sage Hen, Garfield Cty	Comp No. 8: Ash Creek, McCone Cty	Comp No. 9: Duck Creek, McCone Cty
Total Sales Price		\$49,800	\$140,000	\$140,000	\$377,400	\$142,800	\$204,000	\$341,700	\$530,000	\$605,000
Grazing Acre Price		\$150	\$219	\$219	\$257	\$223	\$200	\$214	\$265	\$235
Location (Air Miles)	30-35 M. SW of Jordan	13M. NE of Melstone	13.5 M. SE of Jordan	14 M. SE of Jordan	15 M. NW of Jordan	15 M. NW of Jordan	14.5 M. NW of Jordan	14.5 M. NW of Jordan	14 M. SW of Circle	14 M. NE of Circle
Property Rights	Fee Simple Surface Rights	Fee Simple Surface Rights	Fee Simple Surface Rights	Fee Simple Surface Rights	Fee Simple Surface Rights	Fee Simple Surface Rights	Fee Simple Surface Rights	Fee Simple Surface Rights	Fee Simple Surface Rights	Fee Simple Surface Rights
Financing/Conditions		Typical for Market	Typical for Market	Typical for Market	Typical for Market	Typical for Market	Typical for Market	Typical for Market	Typical for Market	Typical for Market
Size	640± Acres	332± Acres	640± Acres	640± Acres	1,401± Acres	640± Acres	1,018 ± Acres	1,600 ± Acres	1,960 ± Acres	1,920 ± Acres
Date of Sale		Nov 2006	April 2007	April 2007	Jan 2007	Jan 2007	Feb 2007	Feb 2007	April 2010	April 2009
Time Adjustment		(+)	(+)	(+)	(+)	(+)	(+)	(+)		(+)
Access	2-Track off County Road	2-Track off County Gravel Road	County Gravel Road (-)	County Gravel Road (-)	County Gravel Road (-)	County Gravel Road (-)	County Gravel Road (-)	2-Track off County Road	County Gravel Road (-)	County Gravel Road (-)
Water	Dam (Lessee's)	None	Dam (-)	Reservoir (-)	Dam (-)	Reservoir (-)	Well, Reservoir (-)	Dams (-)	Wells, Dam (-)	Dam (-)
Land Features	Rolling to Rough	Rolling to Rough	Rolling (-)	Rolling (-)	Rolling to Rough	Rolling to Rough	Rolling to Rough	Rolling to Rough	Rolling (-)	Rolling (-)
Total Adjustments		(+)	(-)	(-)	(-)	(-)	(-)		(-)	(-)
Final Adjusted Price		\$150 <	< \$219	< \$219	< \$257	< \$223	< \$200	\$214	< \$265	< \$235

Note: No symbol indicates the comparable sale is considered similar overall to the subject.
The (+) symbol indicates the comparable is inferior and would need a positive adjustment.
The (-) symbol indicates the comparable is superior and would need a negative adjustment.

Sales Comparison Reconciliation: The subjects appear mostly bracketed by Comparable 1 at \$150 per acre and Comparables 2 & 3 at \$219 per acre. Comparable 6 indicates a value less than \$200 per acre, however Comparable 7 indicates a value at \$214 per acre. Narrowing the range down to the bracket of Comparable 1 and Comparables 2 & 3 and then considering all features of the subjects and all the sales information found, including proximity of the sales, size, date of sale, water and access, a value of \$200 per acre, under the hypothetical condition of legal access, for each subject parcel is indicated.

FINAL RECONCILIATION

When possible all three basic approaches to value should be used. However it was determined that the Cost and Income Approaches are not applicable.

Valuation Approach:	Cost	Income	Sales Comparison
Parcel 179 Value:	N/A	N/A	\$31,400
Parcel 184 Value:	N/A	N/A	\$32,000
Parcel 570 Value:	N/A	N/A	\$128,000
Parcel 571 Value:	N/A	N/A	\$128,000

Final Value Conclusion: To reaffirm, the purpose of this appraisal is to provide the client and intended users with opinions of current fair market value of the subject properties as of the effective date of the appraisal. The intended use of the appraisal is for utilization in the decision making process concerning the setting of minimum bid prices for the potential sale of the subject properties at public auction. No analysis was done in this appraisal on, or for, any timber, mineral or water rights. The subject properties are appraised in Fee Simple interest of the surface rights subject to any known or recorded encumbrances. This report's use is limited to the client and users and its specific intended use. This appraisal report is based on the market value definition, scope of work, assumptions and limiting conditions, certification, hypothetical assumptions, extraordinary assumptions and any other conditions included in or attached to this report. Further, it is assumed that there has not been any significant change, physical or otherwise, to the subject property between the inspection date and date the report is signed.

It is my opinion that as of **October 21, 2010**, the current fair market value of Parcel 179 is, \$200 per Acre X 157.18 Acres or, **Thirty One Thousand Four Hundred Dollars (\$31,400)**.

It is my opinion that as of **October 21, 2010**, the current fair market value of Parcel 569 is, \$290 per Acre X 320 Acres or, **Thirty Two Thousand Dollars (\$32,000)**.

It is my opinion that as of **October 21, 2010**, the current fair market value of Parcel 16 is, \$290 per Acre X 320 Acres or, **One Hundred Twenty Eight Thousand Dollars (\$128,000)**.

It is my opinion that as of **October 21, 2010**, the current fair market value of Parcel 16 is, \$290 per Acre X 320 Acres or, **One Hundred Twenty Eight Thousand Dollars (\$128,000)**.

Dated: December 13, 2010

Thomas J. Konency, Appraiser
Montana Dept of Natural Resources & Conservation, Trust Land Mgt Div

ASSUMPTIONS AND LIMITING CONDITIONS

The certification of the appraiser appearing in the appraisal report is subject to the following conditions and to such other specific and limiting conditions as set forth in the report.

1. The appraiser will not be responsible for matters of a legal nature affecting either the property being appraised or the title to it. Except for information that was provided or uncovered during the research involved in performing the appraisal and ordinarily employed by real estate appraisers, no opinion is intended to be expressed for legal matters or that would require specialized knowledge or investigation. The appraiser assumes that the title is good and marketable, ("free and clear"), and, therefore, will not render any opinions about the title. The property is appraised on the basis of it being under responsible ownership and/or competent management. Unless otherwise mentioned in this report, the property is appraised as if owned in fee simple title without encumbrances.
2. The appraiser assumes that the legal descriptions furnished are correct and the appraiser has not surveyed the property. Acreage of land types and measurements of improvements are based on physical inspection of the property or information provided unless otherwise noted in the report. Sketches or drawings in this report are included to assist the reader in visualizing the property. They are not to be considered a legal survey or engineer's plan of any kind. Any and all other sketches, drawings, maps, etc., are also provided for informational purposes only and are not for any legal reference. Access has been investigated only to the satisfaction of the appraiser. No assurance of legal access, or lack of, is expressed or implied as a legal opinion. The same is true of encroachment and trespass issues.
3. The appraiser has noted in the appraisal report any adverse conditions, (such as, but not limited to, needed repairs, depreciation, the presence of hazardous wastes, toxic substances, floodplains, etc), observed during the routine inspection of the subject property, and/or adjacent properties, or that was discovered during the normal research involved in performing the appraisal. Unless otherwise stated in this report, the appraiser has no knowledge of any hidden or unapparent conditions of the property, and/or adjacent properties, or adverse environmental conditions, (including, but not limited to, the presence of hazardous wastes, toxic substances, etc), that would make the property less valuable, and has assumed that there are no such conditions and makes no guarantees or warranties, express or implied, regarding the condition of the property. The appraiser will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because the appraiser is not an expert in the field of environmental hazards, the appraisal report must not be considered as an environmental assessment of the property. Concerns about soil conditions, actual condition of improvements or systems, or property conformity to zoning, building, fire, ADA, and other such applicable laws, regulations, rules and codes, should all be referred to the proper experts.

4. The appraiser is not an expert in minerals, mineral rights, timber, timber volumes, crops, farm programs or water requirements and rights. Unless otherwise noted, only surface rights will be appraised with no value specifically allotted to the mineral rights or deposits. Timber values, if considered a part of the report, will rely on proper experts, as will farm programs. Typically, growing crops are not considered in the appraisal report. Usually it is assumed the water rights have been secured or perfected, with their value generally considered an inherent part of the land value, with any deviation from this to be included in the report. Rental and lease agreements, conservation plans, options and other situations may also require reliance on proper experts.
5. The appraiser has obtained information, opinions, estimates, surveys, plans, maps and information on regulations, restrictions and studies, etc., from various sources including the property owner, agent, or manager, as well as from real estate professionals, government agencies, appraisers and other sources. Unless otherwise noted, the sources are considered reliable and the information is complete and correct. However, the appraiser does not assume responsibility for the accuracy of such items that were furnished by other parties.
6. The appraiser assumes no responsibility or liability for future conditions, about which information was not supplied or readily available or was not public knowledge at the time the appraisal is made, nor for the effect of events, which might concern the value of the subject property subsequent to date of appraisal. Montana is a non-disclosure state and as such sales prices of real estate are not publicly recorded. Therefore, with few consolidated sources of sales information existing, and no obligation to release or verify information by many of the parties associated with the transactions, this appraiser may not know of sales of comparable properties, and absolute verification of comparable sales may not be possible.
7. The scope of work has been disclosed in the report and is specific to the needs of the clients and intended users and the intended use. All extraordinary assumptions and hypothetical conditions, including, but not limited to, satisfactory completion and repairs or alterations, will be noted in the appraisal report. It is assumed there will be consistency with all the plans, estimates, specifications, planned work, projections, or requirements, initially provided. Deviation from those items may affect the value reported. Great effort has been taken to eliminate all error in identifying, developing and processing the report. However, if errors or omissions are found, they will have to be reviewed to see if they will affect the opinion of value reported.
8. The appraiser will not disclose the contents of this appraisal report except as provided for in the Uniform Standards of Professional Appraisal Practice, and/or applicable federal, state, or local laws, rules or regulations. The appraiser is not obligated to/by any unauthorized use of this report by third parties or the “extraction” of only parts of the report and attempting to apply those parts in any other process or to reach a conclusion.
9. It is assumed that there has not been any significant change, physical or otherwise, to the subject property between the inspection date and date the report is signed.

APPRAISER'S CERTIFICATION

I certify that, to the best of my knowledge and belief:

- 1. The statements of fact contained in this report are true and correct.**
- 2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.**
- 3. I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.**
- 4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.**
- 5. My engagement in this assignment was not contingent upon developing or reporting predetermined results.**
- 6. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.**
- 7. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.**
- 8. I have made a personal viewing of the property that is the subject of this report.**
- 9. No one provided significant real property appraisal assistance to the person signing this certification. (If there are exceptions, the name of each individual providing significant real property appraisal assistance would be stated.)**

Dated: December 13, 2010

Thomas J. Konency, Appraiser

Montana Dept of Natural Resources & Conservation, Trust Land Mgt Div

ADDENDUM

Scope of Work for Appraisals of Potential Property Sales through the Land Banking Program

CLIENT, INTENDED USERS, PURPOSE AND INTENDED USE:

The clients and intended users are the State of Montana, the Montana Board of Land Commissioners and the Department of Natural Resources and Conservation (DNRC). The purpose of the appraisal is to provide the clients with a credible opinion of current fair market value of the appraised subject property and is intended for use in the decision making process concerning the potential sale of said subject property.

DEFINITIONS:

Current fair market value. (MCA 70-30-313) Current fair market value is the price that would be agreed to by a willing and informed seller and buyer, taking into consideration, but not limited to, the following factors:

- (1) the highest and best reasonably available use and its value for such use, provided current use may not be presumed to be the highest and best use;
- (2) the machinery, equipment, and fixtures forming part of the real estate taken; and
- (3) any other relevant factors as to which evidence is offered.

Highest and best use. The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability.

PROPERTY RIGHTS APPRAISED:

State of Montana lands are always to be appraised as if they are in private ownership and could be sold on the open market and are to be appraised in Fee Simple interest. For analysis purposes, properties that have leases or licenses on them are to be appraised with the Hypothetical Condition the leases/licenses do not exist.

EFFECTIVE DATE OF VALUATION AND DATE OF INSPECTION:

The latest date of inspection by the appraiser will be the effective date of the valuation.

SUBJECT PROPERTY DESCRIPTION & CHARACTERISTICS:

The legal descriptions and other characteristics of the state's property that are known by the state will be provided to the appraiser. However, the appraiser should verify, as best as possible, any information provided. Further, should any adverse conditions be found by the appraiser in the course of inspecting the property and neighborhood, or through researching information about the property, neighborhood and market, those conditions shall be communicated to the clients and may change the scope of work required.

ASSIGNMENT CONDITIONS:

The appraiser must be a certified general appraiser in Montana, and be competent to appraise the subject property. The appraisal is to conform to the latest edition of USPAP, and the opinion of value must be credible. The appraiser is to physically inspect the subject property at a level that will allow the appraiser to render a credible opinion of value about the property. For those properties which consist of more than one section, the appraiser must at least view each section. The appraiser must have knowledge of the comparables through either personal inspection or with use of sources the appraiser deems reliable, and must have at least viewed the comparables.

The appraiser will consider the highest and best use of the subject properties. (Note: it may be possible that because of the characteristics of a subject property, or market, there may be different highest and best uses for different components of the property. Again, that will depend on the individual characteristics of the subject property and correlating market. The appraiser must look at what a typical buyer for the property would consider.) Soil classification, surrounding land uses, and the possibility of converting grazing ground to cropland should be considered.

Along with using the sales comparison approach to value in this appraisal, (using comparable sales of like properties), the appraiser will also consider the cost and income approaches to value. The appraiser will use those approaches, as applicable, in order to provide a credible opinion of value. Any approaches not used are to be noted, along with a reasonable explanation as to why the approach or approaches were not applicable. The appraisal will be in a Summary Report format, that is, it will describe adequately, the information analyzed, appraisal methods and techniques employed, and reasoning that support the analyses, opinions and conclusions. All hypothetical conditions and extraordinary assumptions must be noted.

Landlocked parcels, (parcels with no legal access), should be appraised both with the hypothetical condition of having legal access and as the property currently exists, which is without legal access, (“as is”). If evidence through recent sales of comparable properties is available in the subject’s market, provide the value of the subject property, as it currently exists without access, and then with the hypothetical condition of legal access. Include details of an adjustment in appraised value due to lack of access. As with lack of legal access, adjustments for additional items such as lack of land improvements, etc. will be supported by analysis of the pertinent subject market data through sales pairings or other analytical methodology. In moderately to rapidly changing markets, historic information may not be as relevant as more current market information. If no evidence through recent sales of comparable properties is found in the subject’s market, and thus no “as is” value can be properly supported, then state such in the report. (Note: Access typically consists of two parts; legal access and physical accessibility. The above references to access, hypothetical and “as is” are in regards to legal access. The physical accessibility to the subject parcel is to be appraised as it currently exists.) Legally accessible state lands are appraised as accessible only.

The appraisal on the state’s lands must include state-owned improvements in the valuation, but exclude lessee-owned or licensee-owned improvements in the valuation. All appraisals are to describe the market value trends, and provide a rate of change, for the markets of each subject property. Comparables sales used should have sales dates within 1 year of the appraisal and be in close proximity to the subject. (These two parameters may be modified in extenuating circumstances.)

MONTANA DNRC TRUST LAND MANAGEMENT DIVISION
Supplemental Appraisal Instructions

This Scope of Work and Supplemental Appraisal Instructions are to be included in the appraiser's addendum.

Subject Properties

County	Sale #	Acres	Legal
Garfield	179	157.18	LOTS 3,4, E1/2SW1/4, Section 7, T17N-R35E
Garfield	184	160	SE1/4, Section 12, T17N-R34E
Garfield	570	640	ALL, Section 16, T14N-R35E
Garfield	571	640	ALL, Section 36, T14N-R34E

COMPARABLE SALE # 1:

SALE DATE:	November 2006	COUNTY:	Garfield
GRANTOR:	Confidential	GRANTEE:	Confidential
DOCUMENT:	Confidential	LEGAL DESC:	Confidential
SALE PRICE:	\$49,800	TOTAL DEEDED ACRES:	322.00
\$/DEEDED ACRE:	\$150.00		
TERMS:	Cash		
DATA SOURCE:	Area Appraiser		
LOCATION:	~13 miles northeast of Melstone, Montana		
ACCESS:	2-Track from a County Gravel Road.		
NEIGHBORHOOD:	Rural Agricultural area with mostly cattle ranches present.		
ZONING:	None		
TOPOGRAPHY:	Rolling to Rough ground.		
VEGETATION:	Native pasture.		
WATER:	None.		
UTILITIES:	In the area.		
IMPROVEMENTS:	None.		
LEASES:	None.		
HIGHEST & BEST USE:	Grazing.		

COMMENTS: Sale from out of state individuals to an area operator. No water rights associated with this parcel. Sellers did reserve 50% of the mineral rights. Parcel is somewhat isolated and lacked direct county road access. The topography is rolling with some rough breaks like terrain. The property is all native rangeland. This property is located about 13miles northeast of Melstone, MT.

LAND MIX ANALYSIS:

Native Pasture	322.00 acres @ \$150/acre =	\$49,800
Improved Pasture	00.00 acres @ \$000/acre =	\$00,000
Irrigated Pasture	00.00 acres @ \$000/acre =	\$00,000
Hayland	00.00 acres @ \$000/acre =	\$00,000
Dry cropland	00.00 acres @ \$000/acre =	\$00,000
Irrigated Cropland	00.00 acres @ \$000/acre =	\$00,000
CRP	00.00 acres @ \$000/acre =	\$00,000
Non-fee range	00 AUMs @ \$000/AUM =	\$00,000
Site	00.00 acres @ \$000/acre =	\$00,000
Other	00.00 acres @ \$000/acre =	<u>\$00,000</u>
Subtotal Land		\$49,800

Improvement Contribution \$00,000

Total Sale Price \$49,800

Land Mix Adjustment:

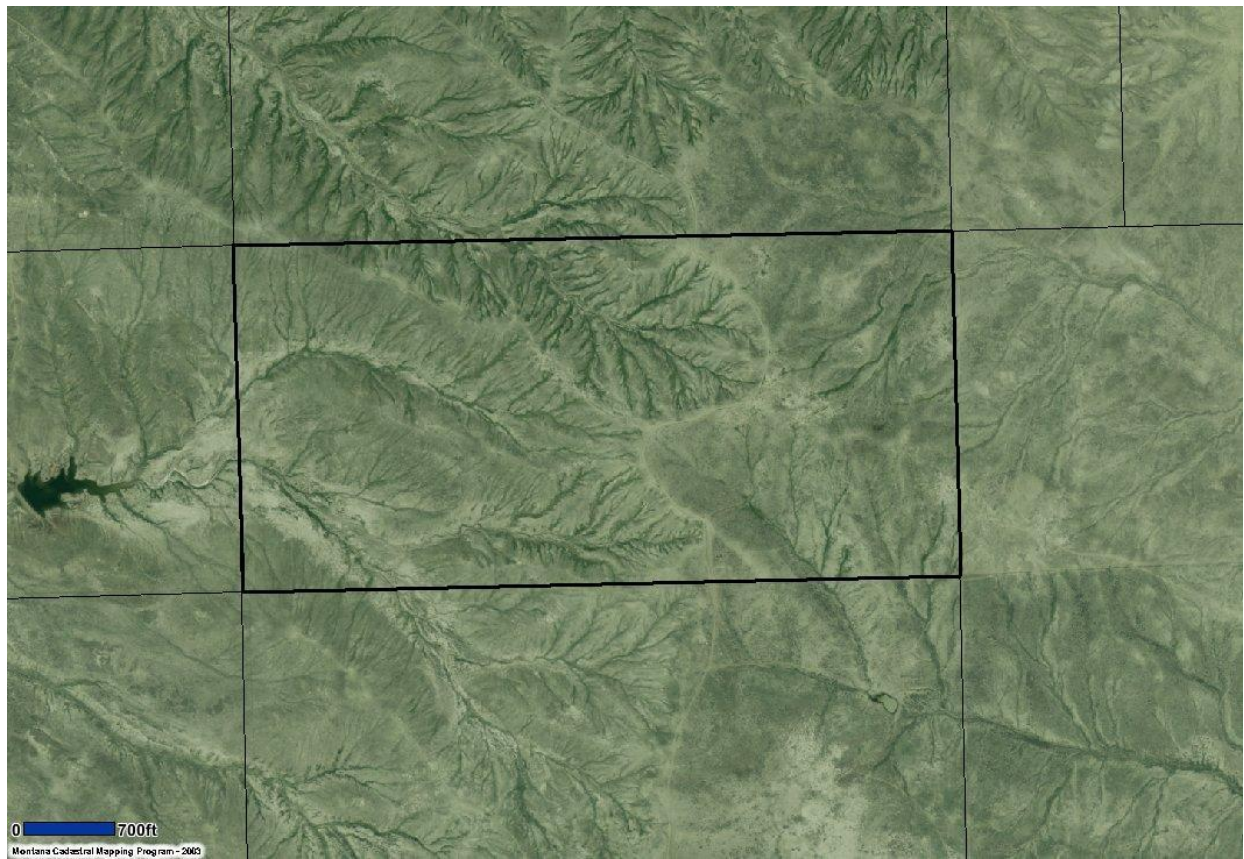
160 acres rangeland @ \$150/acre	= <u>\$24,000</u>
Total	\$24,000

Sale #1: \$49,800/322 acres	= \$150/acre
Subject: \$24,000/160 acres	= \$150/acre
\$150 - \$150	= \$0/acre land adjustment

Total Adjustment: \$0/ Acre

The sale is about 4-years old. All things considered, Sale #1 is considered inferior to the subject properties.





COMPARABLE SALE # 2:

SALE DATE:	April 2007	COUNTY:	Garfield
GRANTOR:	Confidential	GRANTEE:	Confidential
DOCUMENT:	Confidential	LEGAL DESC:	Confidential
SALE PRICE:	\$140,000	TOTAL DEEDED ACRES:	640.00
\$/DEEDED ACRE:	\$219.00		
TERMS:	Cash		
DATA SOURCE:	Area Appraiser		
LOCATION:	~13.5 miles southeast of Jordan, Montana		
ACCESS:	County Gravel Road.		
NEIGHBORHOOD:	Rural Agricultural area with mostly cattle ranches present.		
ZONING:	None		
TOPOGRAPHY:	Rolling ground.		
VEGETATION:	Native pasture.		
WATER:	Dam.		
UTILITIES:	In the area.		
IMPROVEMENTS:	None.		
LEASES:	None.		
HIGHEST & BEST USE:	Grazing.		

COMMENTS: Sale from out of state individuals to an area operator. Livestock water is provided by a dam. Parcel is somewhat isolated but had county gravel road access. The topography is mostly rolling. The property is all native rangeland. This property is located about 13.5 miles southeast of Jordan, MT.

LAND MIX ANALYSIS:

Native Pasture	640.00 acres @ \$219/acre =	\$140,160
Improved Pasture	00.00 acres @ \$000/acre =	\$ 00,000
Irrigated Pasture	00.00 acres @ \$000/acre =	\$ 00,000
Hayland	00.00 acres @ \$000/acre =	\$ 00,000
Dry cropland	00.00 acres @ \$000/acre =	\$ 00,000
Irrigated Cropland	00.00 acres @ \$000/acre =	\$ 00,000
CRP	00.00 acres @ \$000/acre =	\$ 00,000
Non-fee range	00 AUMs @ \$000/AUM =	\$ 00,000
Site	00.00 acres @ \$000/acre =	\$ 00,000
Other	00.00 acres @ \$000/acre =	<u>\$ 00,000</u>
Subtotal Land		\$140,160

Improvement Contribution \$ 00,000

Total Sale Price \$140,000

Land Mix Adjustment:

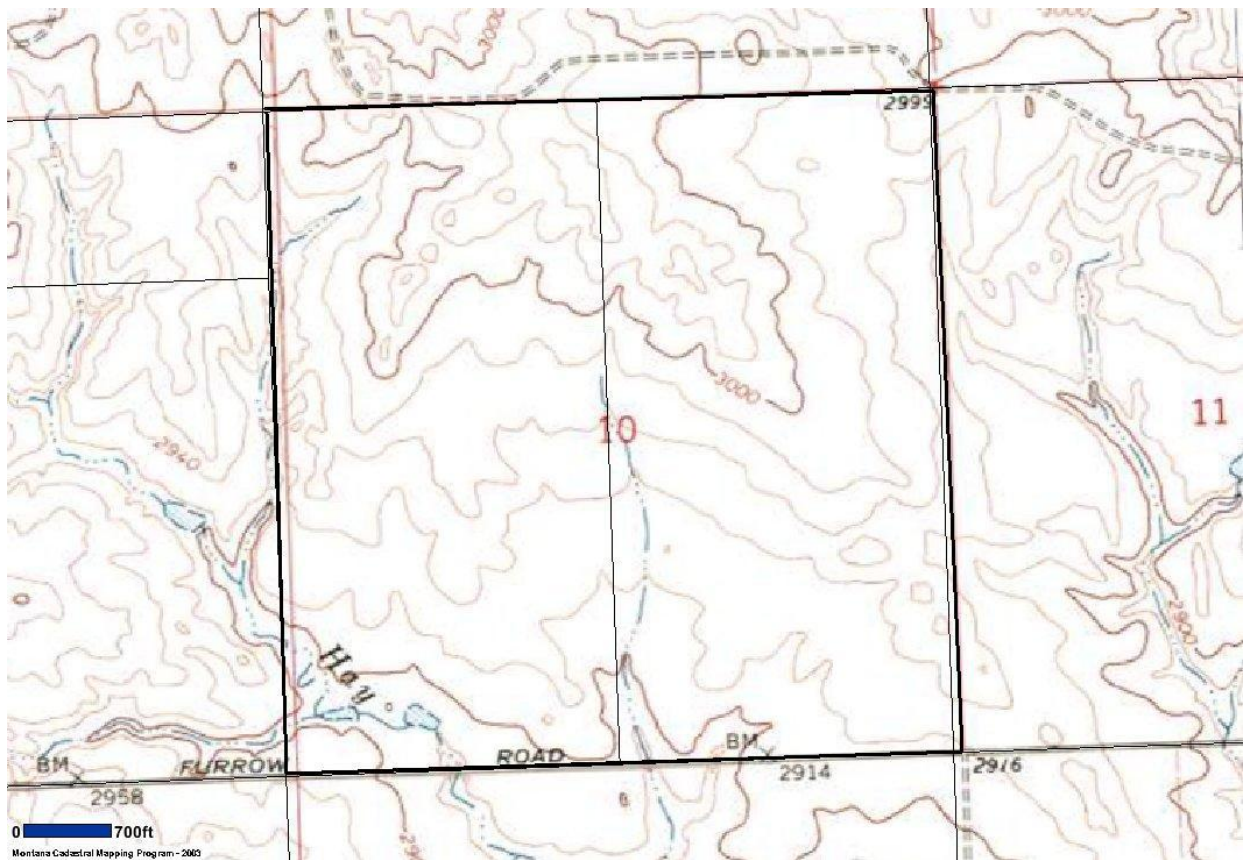
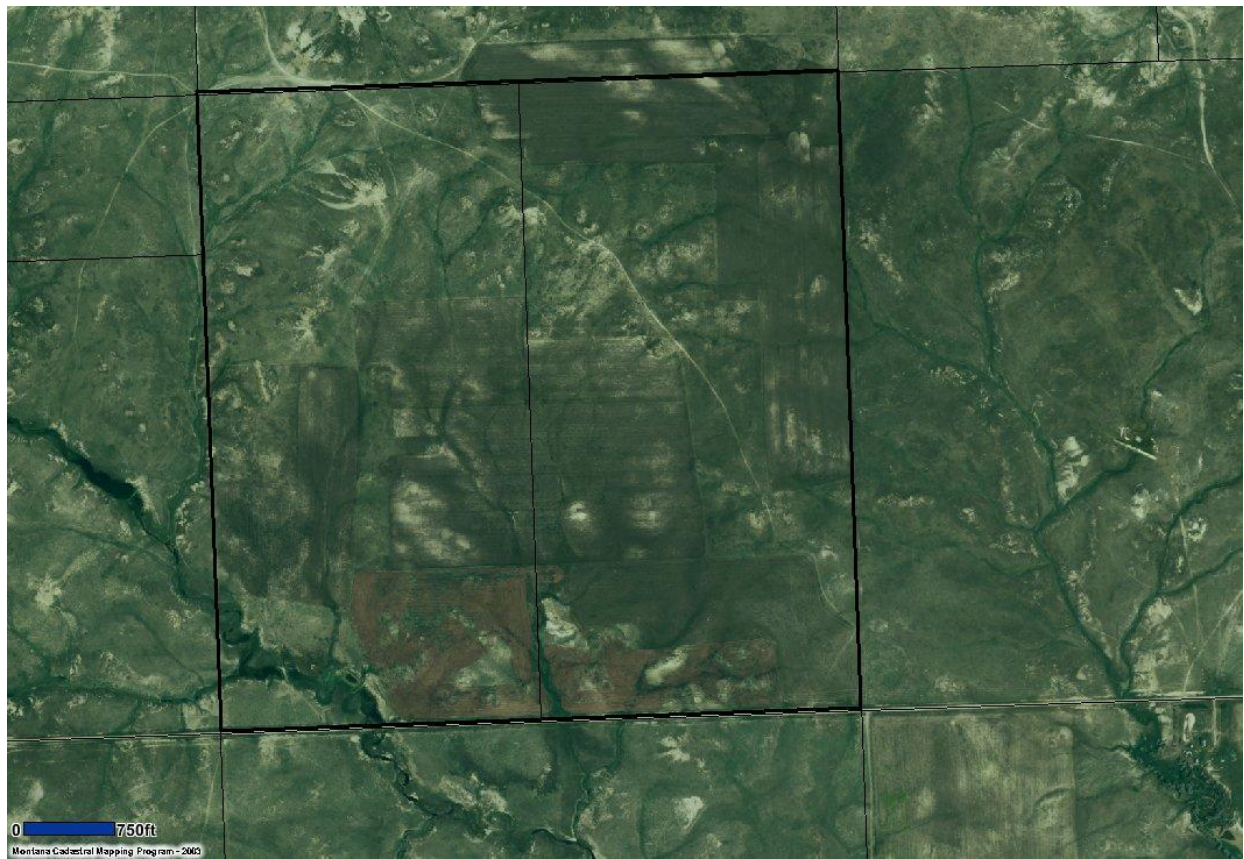
160 acres rangeland @ \$219/acre	= <u>\$35,040</u>
Total	\$35,040

Sale #1: \$140,000/640 acres	= \$219/acre
Subject: \$ 35,040/160 acres	= \$219/acre
\$219 - \$219	= \$0/acre land adjustment

Total Adjustment: \$0/ Acre

Advantages for Sale #2 are that the access is somewhat better when compared to the Subjects, there is a dam for livestock water and the terrain is less rough. The sale is about 3½-years old. All things considered, Sale #2 is considered superior to the subject properties.





COMPARABLE SALE # 3:

SALE DATE:	April 2007	COUNTY:	Garfield
GRANTOR:	Confidential	GRANTEE:	Confidential
DOCUMENT:	Confidential	LEGAL DESC:	Confidential
SALE PRICE:	\$140,000	TOTAL DEEDED ACRES:	640.00
\$/DEEDED ACRE:	\$219.00		
TERMS:	Cash		
DATA SOURCE:	Area Appraiser		
LOCATION:	~14 miles southeast of Jordan, Montana		
ACCESS:	County Gravel Road.		
NEIGHBORHOOD:	Rural Agricultural area with mostly cattle ranches present.		
ZONING:	None		
TOPOGRAPHY:	Rolling ground.		
VEGETATION:	Native pasture.		
WATER:	Reservoir.		
UTILITIES:	In the area.		
IMPROVEMENTS:	None.		
LEASES:	None.		
HIGHEST & BEST USE:	Grazing.		

COMMENTS: Sale between two area operators. Livestock water is provided by a reservoir. Parcel is somewhat isolated but had county gravel road access. The topography is mostly rolling. The property is all native rangeland. This property is located about 14 miles southeast of Jordan, MT.

LAND MIX ANALYSIS:

Native Pasture	640.00 acres @ \$219/acre =	\$140,160
Improved Pasture	00.00 acres @ \$000/acre =	\$ 00,000
Irrigated Pasture	00.00 acres @ \$000/acre =	\$ 00,000
Hayland	00.00 acres @ \$000/acre =	\$ 00,000
Dry cropland	00.00 acres @ \$000/acre =	\$ 00,000
Irrigated Cropland	00.00 acres @ \$000/acre =	\$ 00,000
CRP	00.00 acres @ \$000/acre =	\$ 00,000
Non-fee range	00 AUMs @ \$000/AUM =	\$ 00,000
Site	00.00 acres @ \$000/acre =	\$ 00,000
Other	00.00 acres @ \$000/acre =	<u>\$ 00,000</u>
Subtotal Land		\$140,160

Improvement Contribution \$ 00,000

Total Sale Price \$140,000

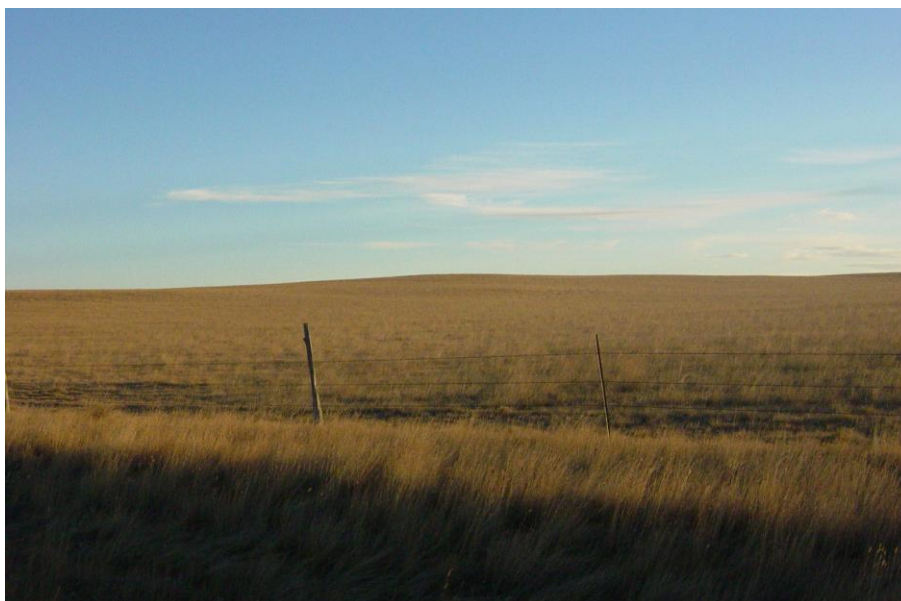
Land Mix Adjustment:

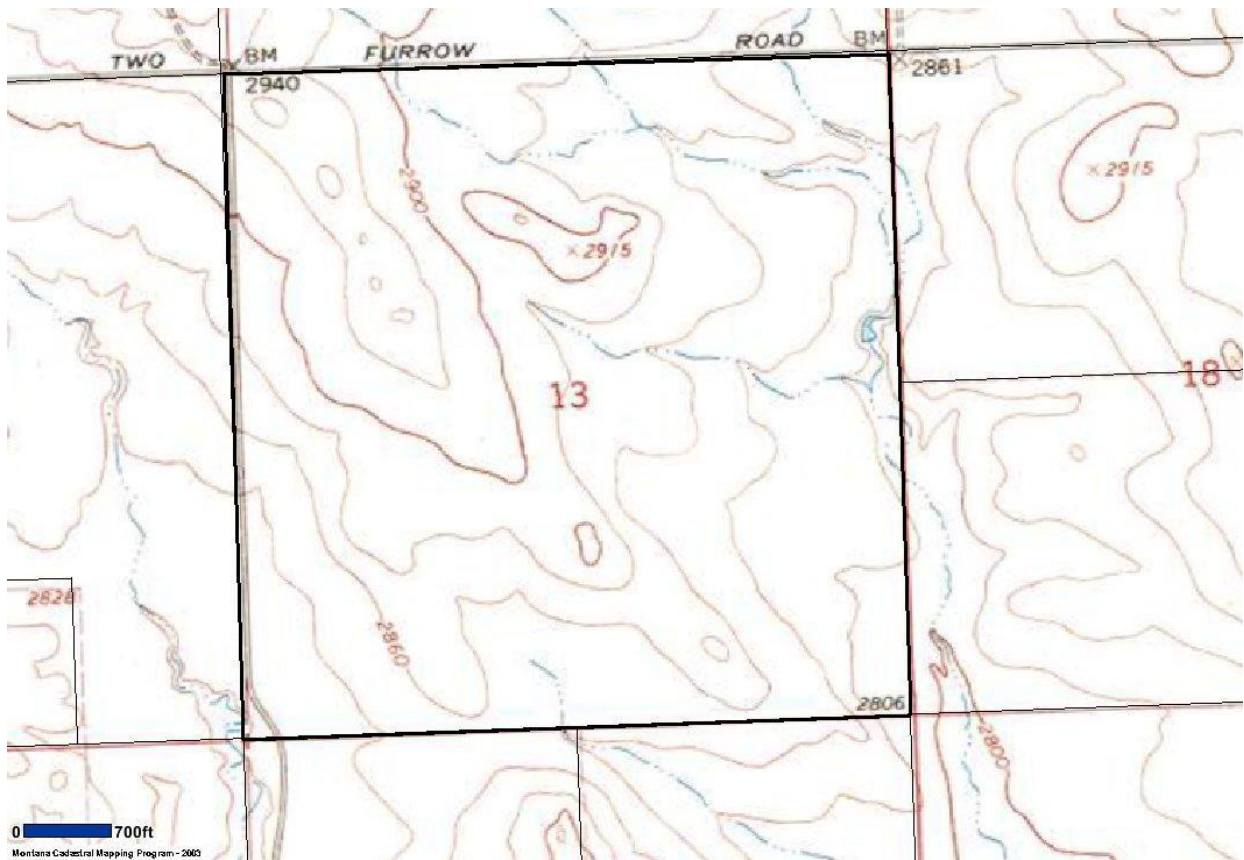
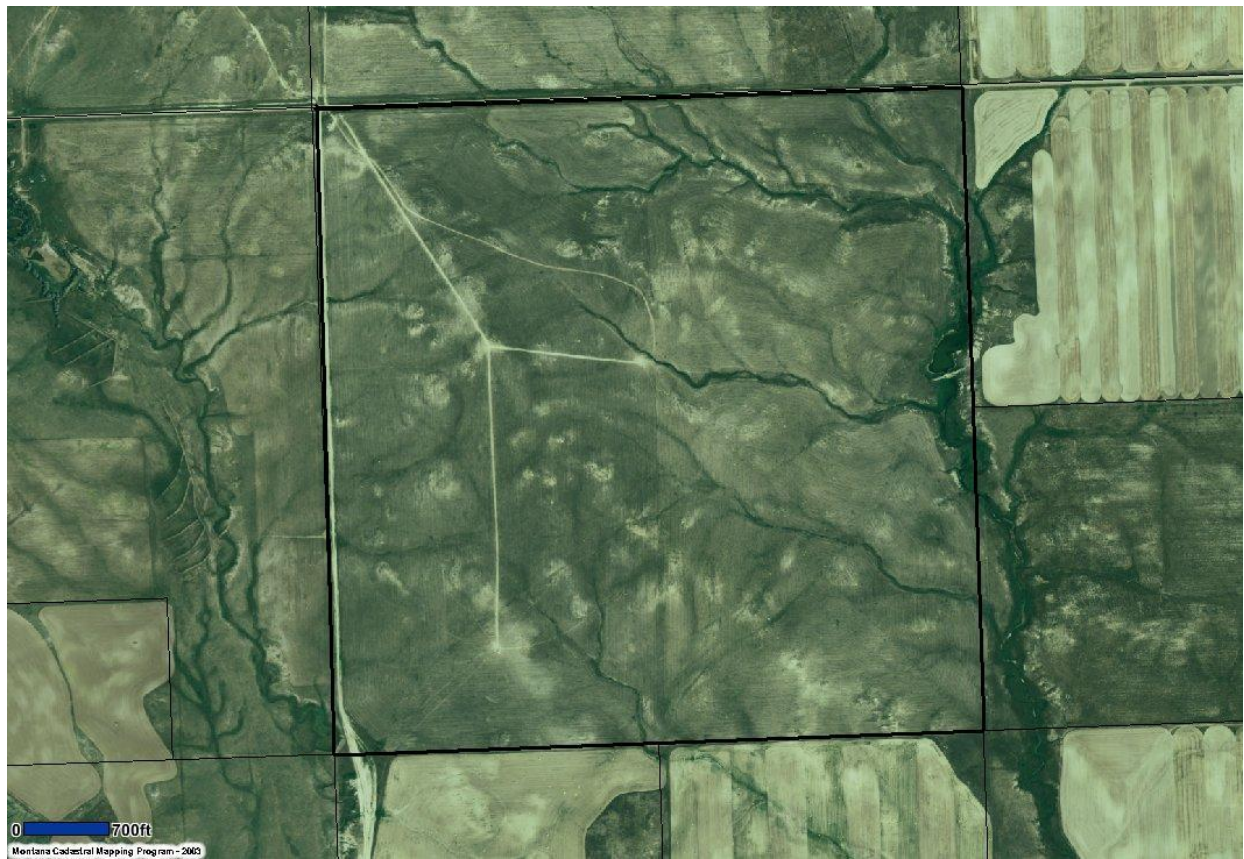
160 acres rangeland @ \$219/acre = \$35,040
Total \$35,040

Sale #1: \$140,000/640 acres = \$219/acre
Subject: \$ 35,040/160 acres = \$219/acre
\$219 - \$219 = \$0/acre land adjustment

Total Adjustment: \$0/ Acre

Advantages for Sale #3 are that the access is somewhat better when compared to the Subjects, there is a reservoir for livestock water and the terrain is less rough. The sale is about 3½-years old. All things considered, Sale #3 is considered superior to the subject properties.





COMPARABLE SALE # 4:

SALE DATE:	January 2007	COUNTY:	Garfield
GRANTOR:	Confidential	GRANTEE:	Confidential
DOCUMENT:	Confidential	LEGAL DESC:	Confidential
SALE PRICE:	\$377,400	TOTAL DEEDED ACRES:	1,401.00
\$/DEEDED ACRE:	\$269.00		
TERMS:	Cash		
DATA SOURCE:	Area Appraiser		
LOCATION:	~15 miles northwest of Jordan, Montana		
ACCESS:	County Gravel Road.		
NEIGHBORHOOD:	Rural Agricultural area with mostly cattle ranches present.		
ZONING:	None		
TOPOGRAPHY:	Rolling to Rough ground.		
VEGETATION:	Dry cropland and native pasture.		
WATER:	Dam.		
UTILITIES:	In the area.		
IMPROVEMENTS:	None.		
LEASES:	223 aums on 880 acres of State land.		
HIGHEST & BEST USE:	Agriculture/Grazing.		

COMMENTS: Sale between two area operators. One of four tracts sold at public auction. No price difference between dry cropland and grazing indicated. Livestock water is provided by a dam. Parcel is somewhat isolated but had county gravel road access. The topography is rolling to rough. Price includes a 2% buyer's commission. This property is located about 15 miles northwest of Jordan, MT.

LAND MIX ANALYSIS:

Native Pasture	421.00 acres @ \$257.45/acre =	\$108,386
Improved Pasture	00.00 acres @ \$000/acre =	\$ 00,000
Irrigated Pasture	00.00 acres @ \$000/acre =	\$ 00,000
Hayland	00.00 acres @ \$000/acre =	\$ 00,000
Dry cropland	980.00 acres @ \$257.45/acre =	\$ 252,301
Irrigated Cropland	00.00 acres @ \$000/acre =	\$ 00,000
CRP	00.00 acres @ \$000/acre =	\$ 00,000
Non-fee range	223 AUMs @ \$75/AUM =	\$ 16,725
Site	00.00 acres @ \$000/acre =	\$ 00,000
Other	00.00 acres @ \$000/acre =	<u>\$ 00,000</u>
Subtotal Land		\$377,412

Improvement Contribution \$ 00,000

Total Sale Price \$377,400

Land Mix Adjustment:

160 acres rangeland @ \$257.45/acre	= <u>\$41,192</u>
Total	\$41,192

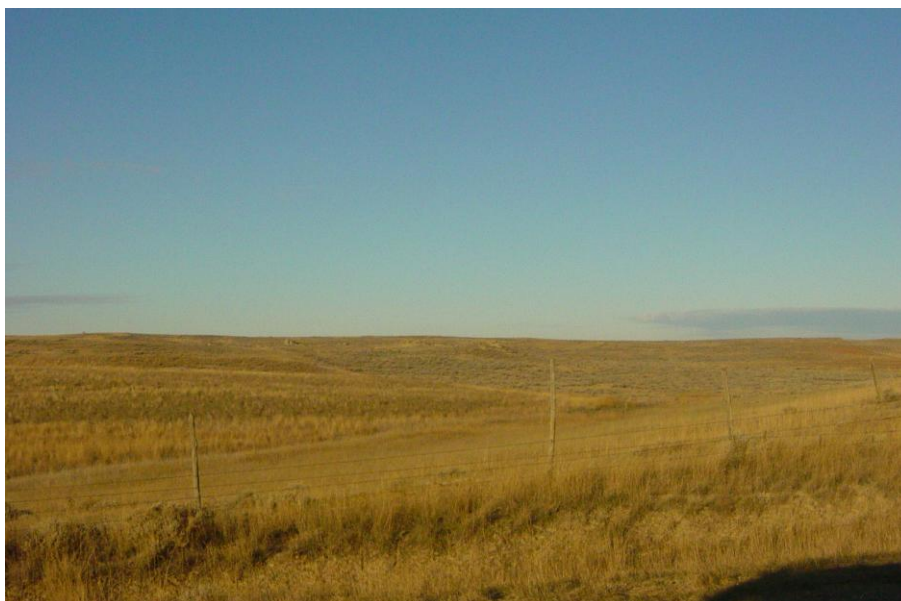
Sale #1: \$377,400/1,401 acres = \$269/acre

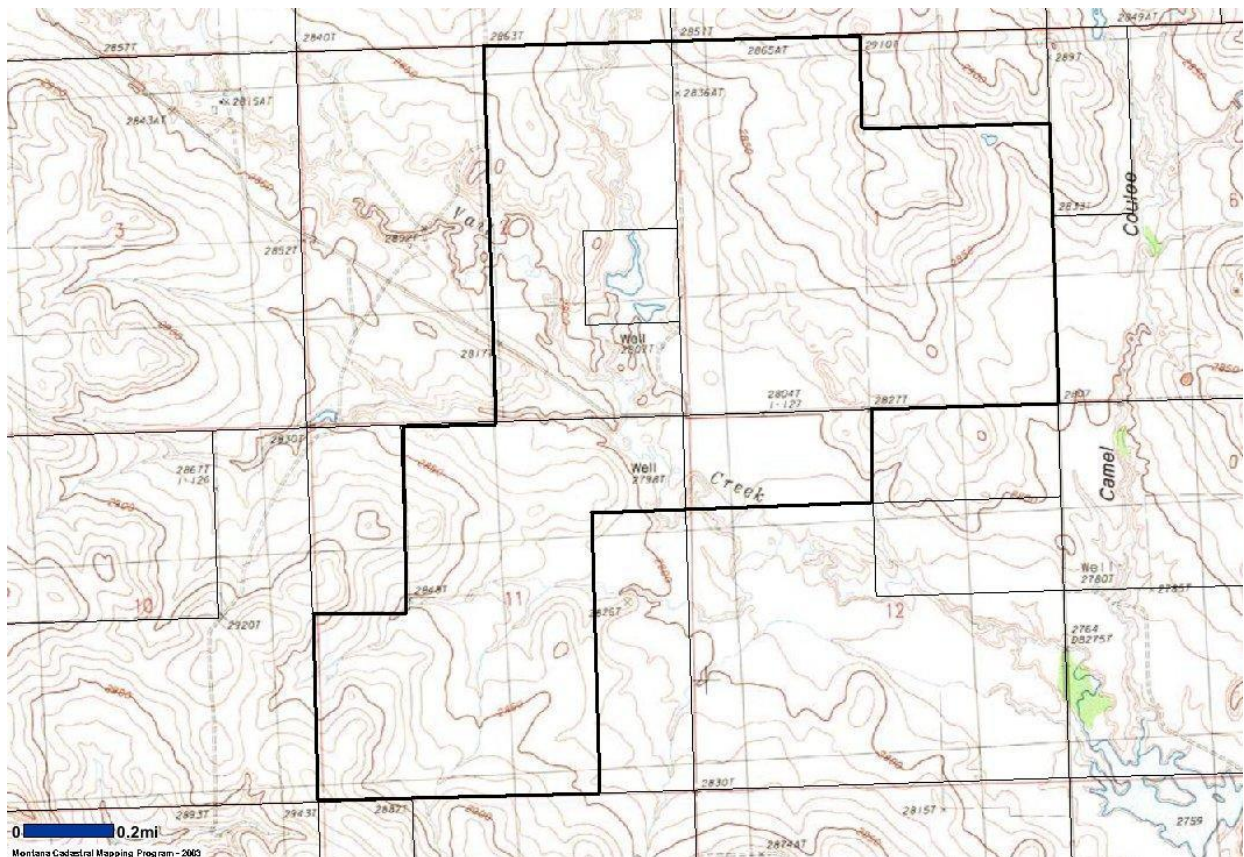
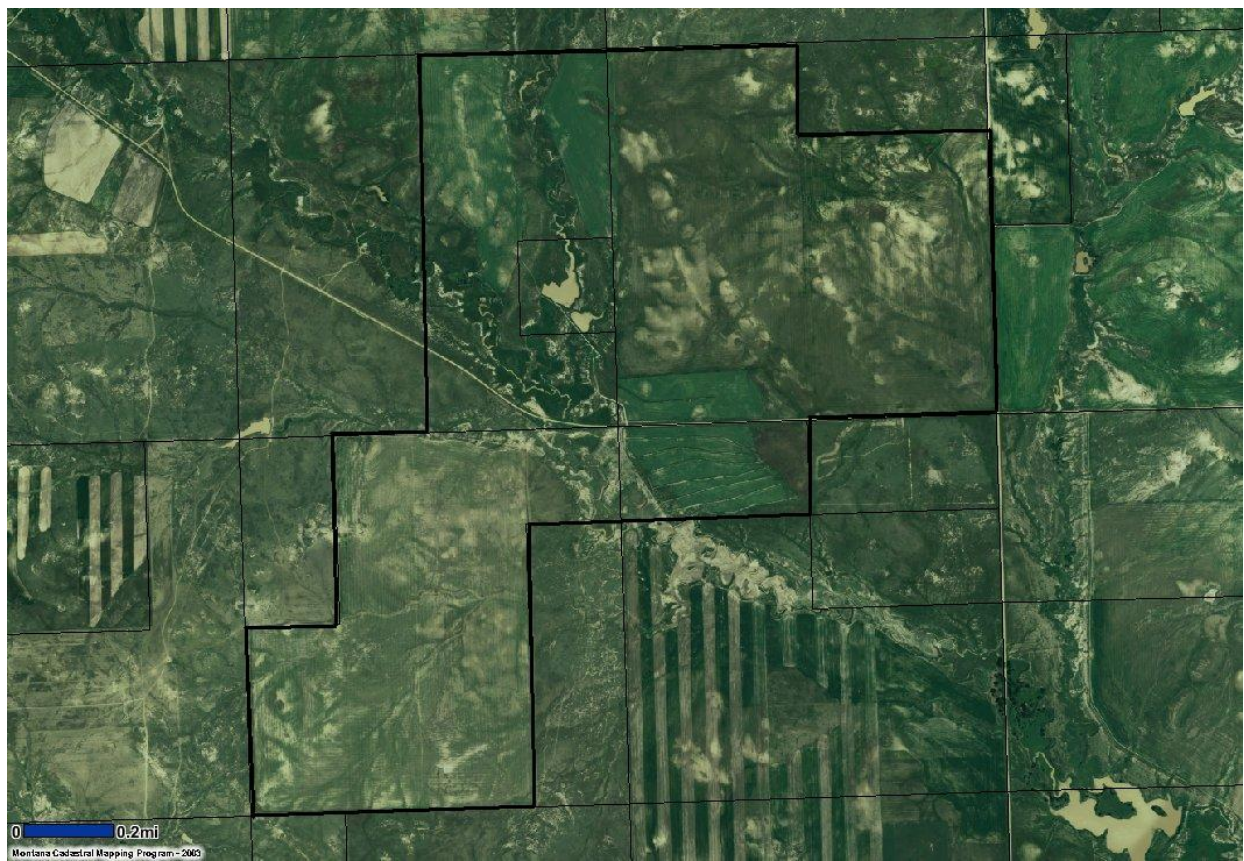
Subject: \$ 41,192/160 acres = \$257/acre

\$269 - \$257 = \$12/acre land adjustment

Total Adjustment: \$12/ Acre

Advantages for Sale #4 are that the access is somewhat better when compared to the Subjects and there is a dam for livestock water. The sale is about 3¾-years old. All things considered, Sale #4 is considered superior to the subject properties.





COMPARABLE SALE # 5:

SALE DATE: January 2007 **COUNTY:** Garfield
GRANTOR: Confidential **GRANTEE:** Confidential
DOCUMENT: Confidential **LEGAL DESC:** Confidential
SALE PRICE: \$142,800 **TOTAL DEEDED ACRES:** 640.00
\$/DEEDED ACRE: \$223.00
TERMS: Cash
DATA SOURCE: Area Appraiser
LOCATION: ~15 miles northwest of Jordan, Montana
ACCESS: County Gravel Road.
NEIGHBORHOOD: Rural Agricultural area with mostly cattle ranches present.
ZONING: None
TOPOGRAPHY: Rolling to Rough ground.
VEGETATION: Dry cropland and native pasture.
WATER: Reservoir.
UTILITIES: In the general area.
IMPROVEMENTS: None.
LEASES: None.
HIGHEST & BEST USE: Agriculture/Grazing.

COMMENTS: Sale between two area operators. One of four tracts sold at public auction. No price difference between dry cropland and grazing indicated. Livestock water is provided by a reservoir. Parcel is somewhat isolated but had county gravel road access. Utilities are about 2.5 miles away. The topography is rolling to rough. Price includes a 2% buyer's commission. This property is located about 15 miles northwest of Jordan, MT.

LAND MIX ANALYSIS:

Native Pasture	170.00 acres @ \$223/acre =	\$ 37,910
Improved Pasture	00.00 acres @ \$000/acre =	\$ 00,000
Irrigated Pasture	00.00 acres @ \$000/acre =	\$ 00,000
Hayland	00.00 acres @ \$000/acre =	\$ 00,000
Dry cropland	470.00 acres @ \$223/acre =	\$104,810
Irrigated Cropland	00.00 acres @ \$000/acre =	\$ 00,000
CRP	00.00 acres @ \$000/acre =	\$ 00,000
Non-fee range	000 AUM @ \$000/AUM =	\$ 00,000
Site	00.00 acres @ \$000/acre =	\$ 00,000
Other	00.00 acres @ \$000/acre =	<u>\$ 00,000</u>
Subtotal Land		\$142,720

Improvement Contribution \$ 00,000

Total Sale Price \$142,800

Land Mix Adjustment:

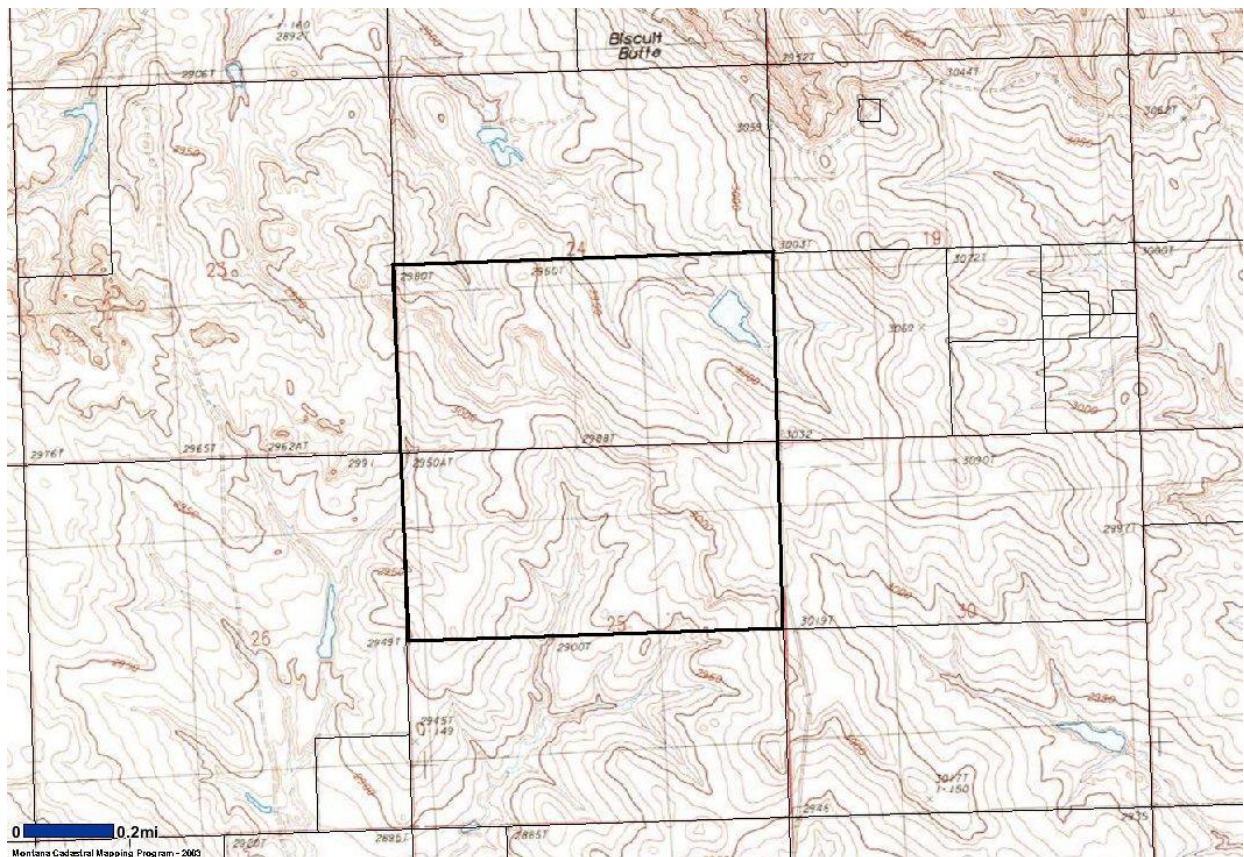
160 acres rangeland @ \$223/acre	= \$35,680
Total	<u>\$35,680</u>

Sale #1: \$142,800/640 acres	= \$223/acre
Subject: \$ 35,680/160 acres	= \$223/acre
\$223 - \$223	= \$0/acre land adjustment

Total Adjustment: \$0/ Acre

Advantages for Sale #5 are that the access is somewhat better when compared to the Subjects and there is a reservoir for livestock water. The sale is about 3¾-years old. All things considered, Sale #5 is considered superior to the subject properties.





COMPARABLE SALE # 6:

SALE DATE:	February 2007	COUNTY:	Garfield
GRANTOR:	Confidential	GRANTEE:	Confidential
DOCUMENT:	Confidential	LEGAL DESC:	Confidential
SALE PRICE:	\$204,000	TOTAL DEEDED ACRES:	1,018.00
\$/DEEDED ACRE:	\$200.00		
TERMS:	Cash		
DATA SOURCE:	Area Appraiser		
LOCATION:	~14.5 miles northwest of Jordan, Montana		
ACCESS:	County Gravel Road.		
NEIGHBORHOOD:	Rural Agricultural area with mostly cattle ranches present.		
ZONING:	None		
TOPOGRAPHY:	Rolling to Rough ground.		
VEGETATION:	Dry cropland and native pasture.		
WATER:	Reservoir and well.		
UTILITIES:	On site.		
IMPROVEMENTS:	None.		
LEASES:	None.		
HIGHEST & BEST USE:	Agriculture/Grazing		

COMMENTS: Sale from an area operator to out of state buyers. One of four tracts sold at public auction. No price difference between dry cropland and grazing indicated. Livestock water is provided by a reservoir and well. Parcel is somewhat isolated but had county gravel road access. Electric power is available to well. The topography is rolling to rough. Price includes a 2% buyer's commission. This property is located about 14.5 miles northwest of Jordan, MT.

LAND MIX ANALYSIS:

Native Pasture	355.00 acres @ \$200/acre =	\$ 71,000
Improved Pasture	00.00 acres @ \$000/acre =	\$ 00,000
Irrigated Pasture	00.00 acres @ \$000/acre =	\$ 00,000
Hayland	00.00 acres @ \$000/acre =	\$ 00,000
Dry cropland	663.00 acres @ \$200/acre =	\$132,600
Irrigated Cropland	00.00 acres @ \$000/acre =	\$ 00,000
CRP	00.00 acres @ \$000/acre =	\$ 00,000
Non-fee range	000 AUM @ \$000/AUM =	\$ 00,000
Site	00.00 acres @ \$000/acre =	\$ 00,000
Other	00.00 acres @ \$000/acre =	<u>\$ 00,000</u>
Subtotal Land		\$203,600

Improvement Contribution \$ 00,000

Total Sale Price \$204,000

Land Mix Adjustment:

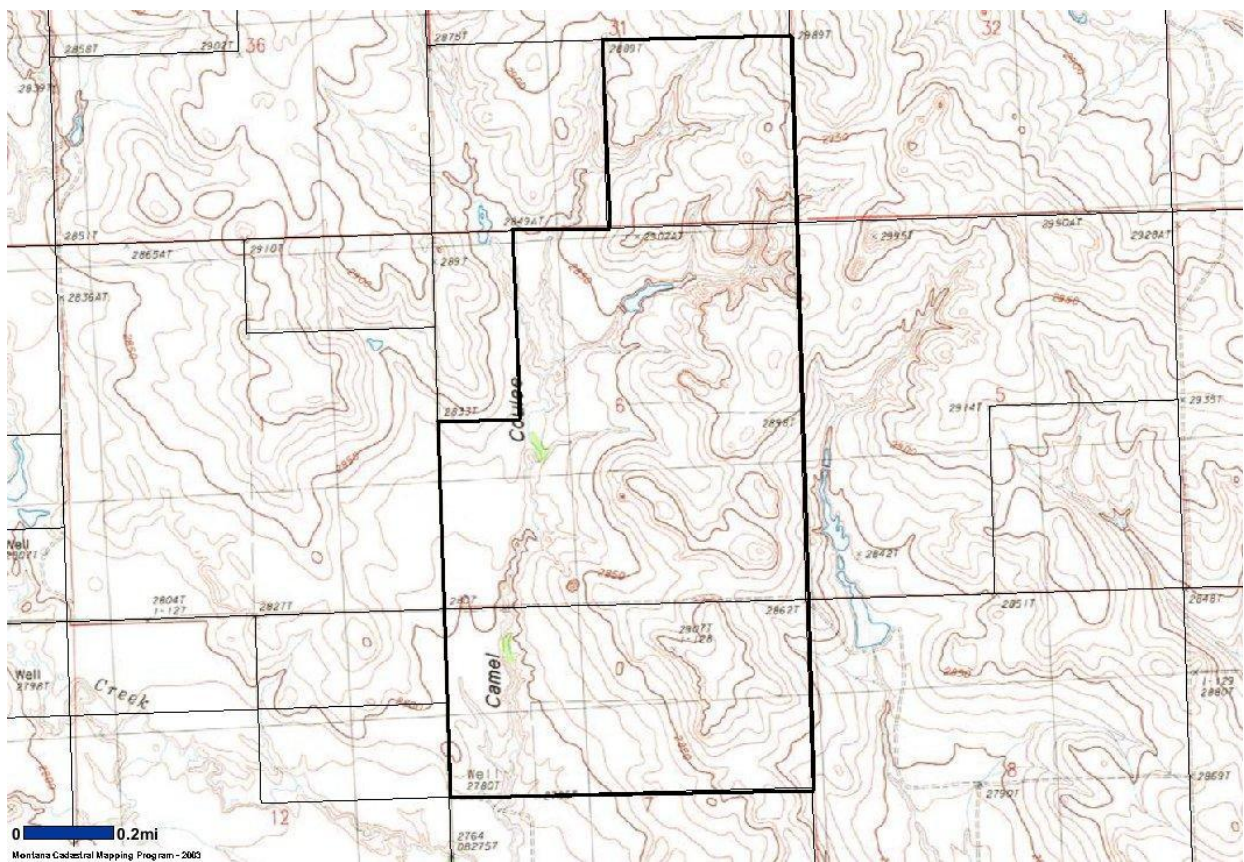
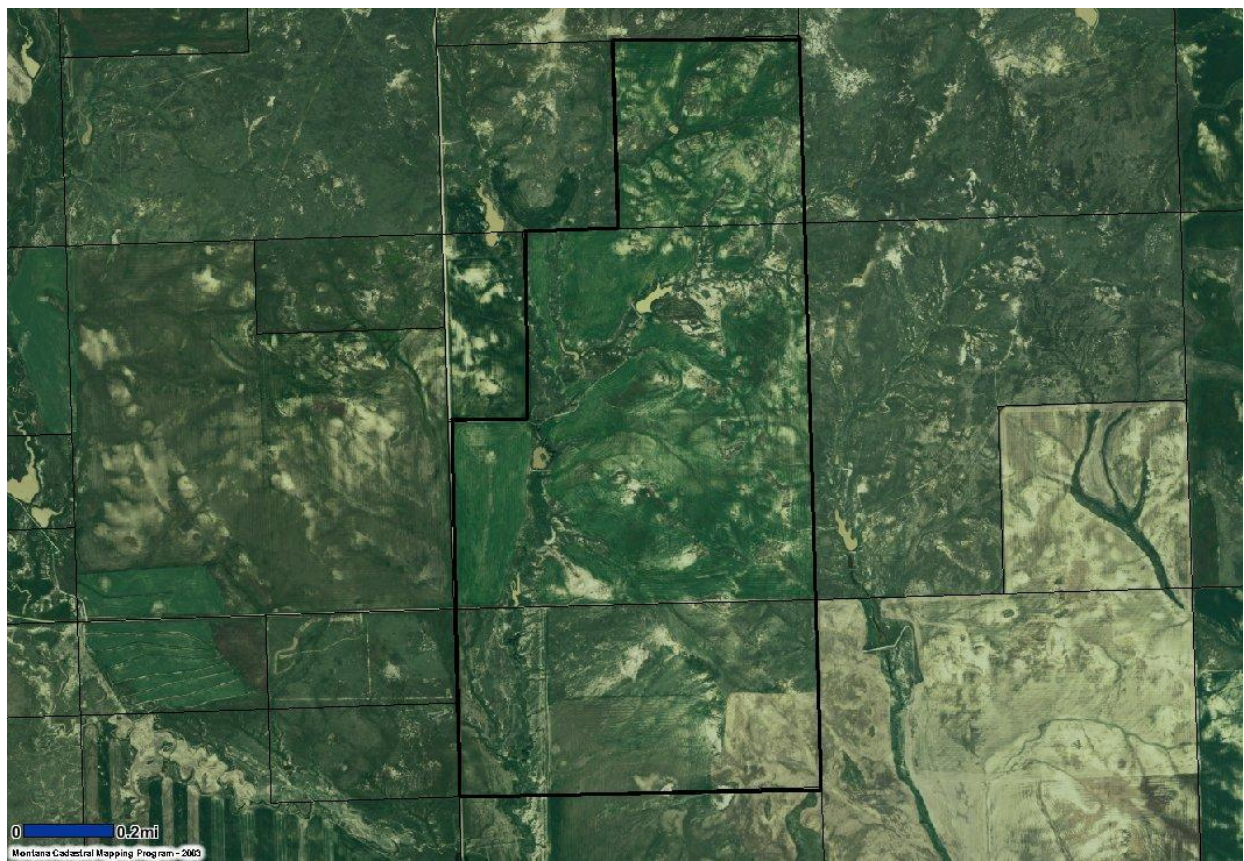
160 acres rangeland @ \$200/acre	= <u>\$32,000</u>
Total	\$32,000

Sale #1: \$204,000/1,018 acres	= \$200/acre
Subject: \$ 32,000/160 acres	= \$200/acre
\$200 - \$200	= \$0/acre land adjustment

Total Adjustment: \$0/ Acre

Advantages for Sale #6 are that the access is somewhat better when compared to the Subjects and there is a reservoir and well for livestock water. The sale is about 3¾-years old. All things considered, Sale #6 is considered superior to the subject properties.





COMPARABLE SALE # 7:

SALE DATE:	February 2007	COUNTY:	Garfield
GRANTOR:	Confidential	GRANTEE:	Confidential
DOCUMENT:	Confidential	LEGAL DESC:	Confidential
SALE PRICE:	\$341,700	TOTAL DEEDED ACRES:	1,600.00
\$/DEEDED ACRE:	\$214.00		
TERMS:	Cash		
DATA SOURCE:	Area Appraiser		
LOCATION:	~14.5 miles northwest of Jordan, Montana		
ACCESS:	2-Track off a County Gravel Road.		
NEIGHBORHOOD:	Rural Agricultural area with mostly cattle ranches present.		
ZONING:	None		
TOPOGRAPHY:	Rolling to Rough ground.		
VEGETATION:	Dry cropland and native pasture.		
WATER:	Dams.		
UTILITIES:	Nearby.		
IMPROVEMENTS:	None.		
LEASES:	None.		
HIGHEST & BEST USE:	Agriculture/Grazing		

COMMENTS: Sale from an area operator to out of state buyers. One of four tracts sold at public auction. No price difference between dry cropland and grazing indicated. Livestock water is provided by a couple of dams. Parcel is somewhat isolated with access across neighboring land from a county road. Electric power is available to neighboring property. The topography is rolling to rough. Price includes a 2% buyer's commission. This property is located about 14.5 miles northwest of Jordan, MT.

LAND MIX ANALYSIS:

Native Pasture	299.00 acres @ \$213.56/acre =	\$ 63,854
Improved Pasture	00.00 acres @ \$000/acre =	\$ 00,000
Irrigated Pasture	00.00 acres @ \$000/acre =	\$ 00,000
Hayland	00.00 acres @ \$000/acre =	\$ 00,000
Dry cropland	1,301.00 acres @ \$213.56/acre =	\$277,842
Irrigated Cropland	00.00 acres @ \$000/acre =	\$ 00,000
CRP	00.00 acres @ \$000/acre =	\$ 00,000
Non-fee range	000 AUM @ \$000/AUM =	\$ 00,000
Site	00.00 acres @ \$000/acre =	\$ 00,000
Other	00.00 acres @ \$000/acre =	<u>\$ 00,000</u>
Subtotal Land		\$341,696

Improvement Contribution \$ 00,000

Total Sale Price \$341,700

Land Mix Adjustment:

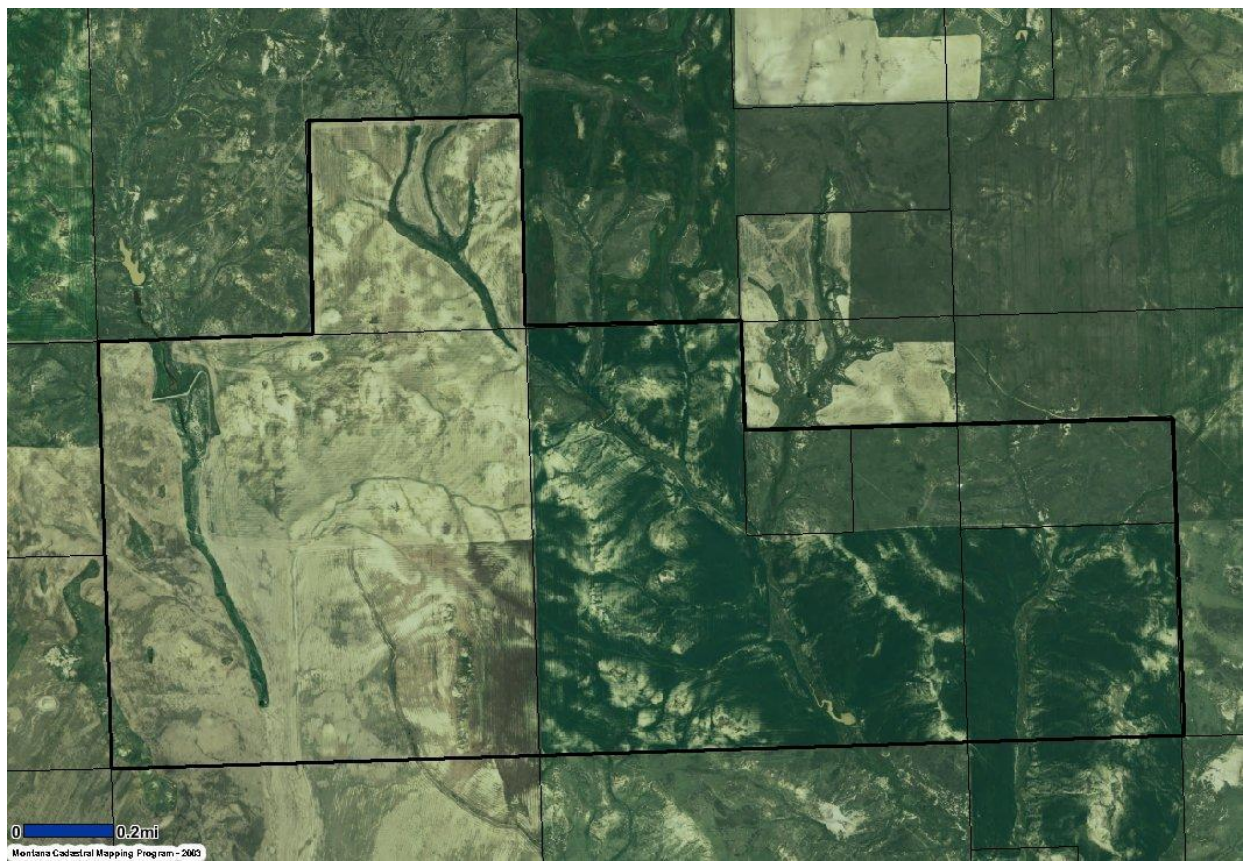
160 acres rangeland @ \$213.56/acre = \$34,170
Total \$34,170

Sale #1: \$341,700/1,600 acres = \$214/acre
Subject: \$ 34,170/160 acres = \$214/acre
\$214 - \$214 = \$0/acre land adjustment

Total Adjustment: \$0/ Acre

The advantage for Sale #7 is the dams for livestock water. However the sale is about 3¾-years old. All things considered, Sale #7 is considered similar to the subject properties.





COMPARABLE SALE # 8:

SALE DATE:	April 2010	COUNTY:	McCone
GRANTOR:	Confidential	GRANTEE:	Confidential
DOCUMENT:	Confidential	LEGAL DESC:	Confidential
SALE PRICE:	\$530,000	TOTAL DEEDED ACRES:	1,960.00
\$/DEEDED ACRE:	\$270.00		
TERMS:	Cash		
DATA SOURCE:	Area Appraiser		
LOCATION:	~14 miles southwest of Circle, Montana		
ACCESS:	County Gravel Road.		
NEIGHBORHOOD:	Rural Agricultural area with mostly cattle ranches present.		
ZONING:	None		
TOPOGRAPHY:	Rolling ground.		
VEGETATION:	Improved pasture and native pasture.		
WATER:	Dam and wells.		
UTILITIES:	On site.		
IMPROVEMENTS:	Shed.		
LEASES:	None with any leasehold value.		
HIGHEST & BEST USE:	Grazing		

COMMENTS: Sale from the estate of a local operator to two buyers, one a local operator and one to out of area invertors with other land in the general area. This was negotiated as one sale and then split. The improved pasture is seeded to tame grasses and can be hayed in years of good moisture. Livestock water is provided by a three wells and a dam. Access is provided by a county gravel road. Electric power is to two of the wells. Perimeter fenced and some cross fencing present. The pasture is open and rolling with some drainages. This property is located about 14 miles southwest of Circle, MT.

LAND MIX ANALYSIS:

Native Pasture	1,829.00 acres @ \$265/acre =	\$484,685
Improved Pasture	131.00 acres @ \$310/acre =	\$ 40,610
Irrigated Pasture	00.00 acres @ \$000/acre =	\$ 00,000
Hayland	00.00 acres @ \$000/acre =	\$ 00,000
Dry cropland	00.00 acres @ \$000/acre =	\$ 00,000
Irrigated Cropland	00.00 acres @ \$000/acre =	\$ 00,000
CRP	00.00 acres @ \$000/acre =	\$ 00,000
Non-fee range	000 AUM @ \$000/AUM =	\$ 00,000
Site	00.00 acres @ \$000/acre =	\$ 00,000
Other	00.00 acres @ \$000/acre =	<u>\$ 00,000</u>
Subtotal Land		\$525,295

Improvement Contribution \$ 4,705

Total Sale Price \$530,000

Land Mix Adjustment:

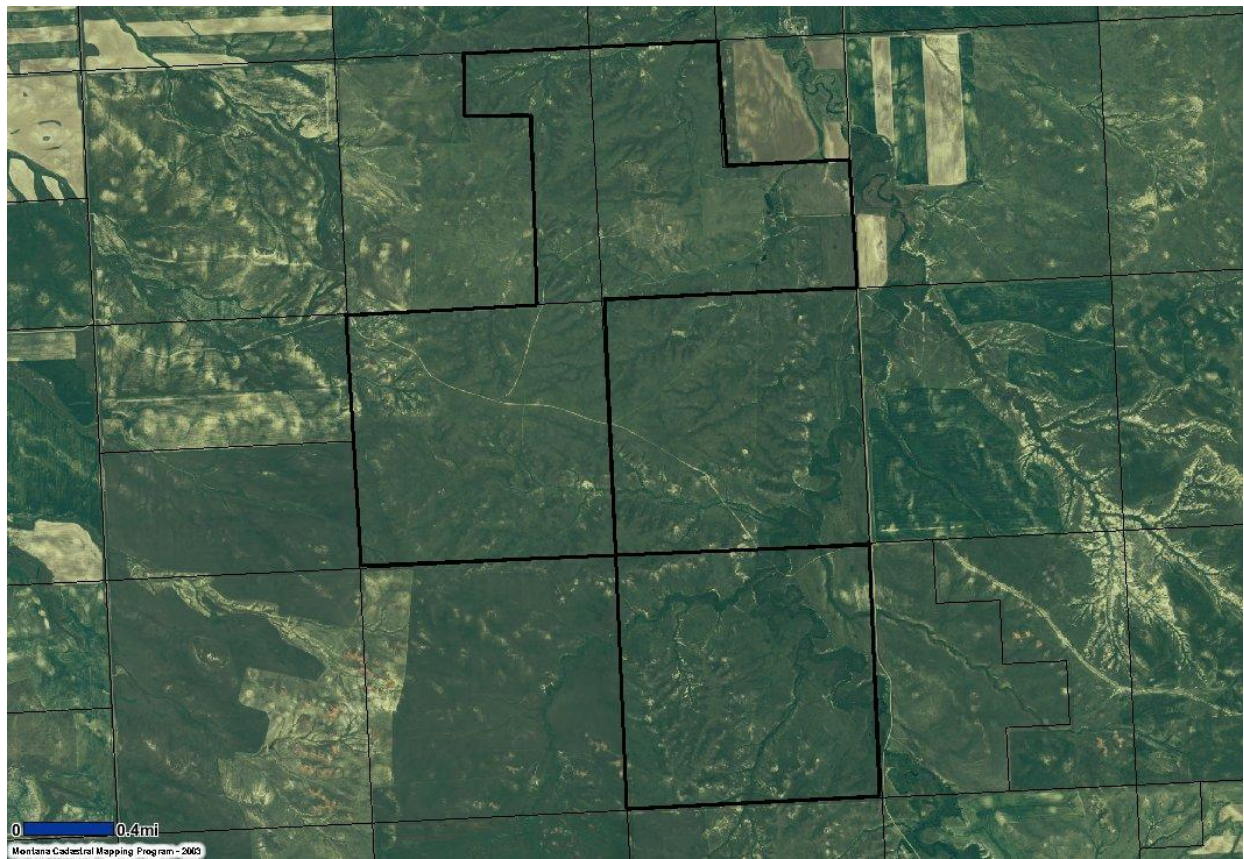
160 acres rangeland @ \$265/acre	= \$42,400
Total	<u>\$42,400</u>

Sale #1: \$530,000/1,960 acres	= \$270/acre
Subject: \$ 42,400/160 acres	= \$265/acre
\$270 - \$265	= \$5/acre land adjustment

Total Adjustment: \$5/ Acre

The advantages for Sale #8 are the wells and dam in place for livestock water, better terrain, and better access. All things considered, Sale #8 is considered superior to the subject properties.





COMPARABLE SALE # 9:

SALE DATE:	April 2009	COUNTY:	McCone
GRANTOR:	Confidential	GRANTEE:	Confidential
DOCUMENT:	Confidential	LEGAL DESC:	Confidential
SALE PRICE:	\$605,000	TOTAL DEEDED ACRES:	1,920.00
\$/DEEDED ACRE:	\$315.00		
TERMS:	Cash		
DATA SOURCE:	Area Appraiser		
LOCATION:	~14 miles northeast of Circle, Montana		
ACCESS:	County Gravel Road.		
NEIGHBORHOOD:	Rural Agricultural area with mostly cattle ranches present.		
ZONING:	None		
TOPOGRAPHY:	Rolling ground.		
VEGETATION:	Dry cropland, CRP ground and native pasture.		
WATER:	Dam.		
UTILITIES:	Nearby.		
IMPROVEMENTS:	None.		
LEASES:	None.		
HIGHEST & BEST USE:	Agriculture/Grazing.		

COMMENTS: Auction sale from the estate of a local operator to a local operator. This was part of a larger property that sold in two parts. The CRP contract expires in 2010 and has a rental rate of \$29.75. There are 75 acres of trapped grass. Well blocked property with large fields. Livestock water is provided by a several wells and dam. Access is provided by a county gravel road. Electric power is nearby. The pasture is open and rolling. This property is located about 14 miles northeast of Circle, MT.

LAND MIX ANALYSIS:

Native Pasture	1,128.00 acres @ \$235/acre =	\$265,080
Improved Pasture	000.00 acres @ \$000/acre =	\$ 00,000
Irrigated Pasture	00.00 acres @ \$000/acre =	\$ 00,000
Hayland	00.00 acres @ \$000/acre =	\$ 00,000
Dry cropland	439.00 acres @ \$475/acre =	\$208,525
Irrigated Cropland	00.00 acres @ \$000/acre =	\$ 00,000
CRP	277.50 acres @ \$475/acre =	\$131,813
Non-fee range	000 AUM @ \$000/AUM =	\$ 00,000
Site	00.00 acres @ \$000/acre =	\$ 00,000
Other	75.50 acres @ \$000/acre =	<u>\$ 00,000</u>
Subtotal Land		\$605,418

Improvement Contribution \$ 00,000

Total Sale Price \$605,000

Land Mix Adjustment:

160 acres rangeland @ \$235/acre = \$37,600
Total \$37,600

Sale #1: \$605,000/1,920 acres = \$315/acre
Subject: \$ 37,600/160 acres = \$235/acre
\$315 - \$235 = \$80/acre land adjustment

Total Adjustment: \$80/ Acre

The advantages for Sale #9 are the dam for livestock water, better terrain, and better access. However the sale is about 1½-years old. All things considered, Sale #9 is considered superior to the subject properties.



