

A Summary Appraisal Report

Of

320 Acres at
W1/2, Section 16, T2N-R1W
Jefferson County, MT

by

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For

The State of Montana,
Montana Board of Land Commissioners,
and the Department of Natural Resources and Conservation (DNRC)

February 27, 2013

Ms. Emily Cooper
PO Box 201601
Helena, MT 59620-1601

Dear Ms. Cooper:

As per your request I have personally viewed the property located at W1/2, Section 16, T2N-R1W Jefferson County, MT for the purpose of reporting to you my opinion of the estimated market value for the Fee Simple interest in the property as of February 18, 2013. A description of the property and definition of market value are defined within the body of the report.

The following appraisal is being reported in Summary format as allowed by the Uniform Standards of Professional Appraisal Practice (USPAP). This report is prepared and reported in accordance with Standard 2-2(b). The report is intended for the purpose of use in the decision making process concerning the potential sale of said subject property.

After viewing the subject property, and completion of the appraisal process, it is my opinion that the estimated market value, as defined, for the property as of February 18, 2013 is:

\$192,000

One Hundred and Ninety Two Thousand Dollars

The attached report contains the description, analysis and supportive data for the conclusion and final estimate of value. The report consists of this letter of transmittal, 15 pages of narrative report, photographs of the subject along with certification and limiting conditions and various addenda.

Thank you for this opportunity to be of service, should you require anything further please let me know.

Respectfully Submitted,



Shaun P. Moore
Montana Certified General Appraiser
License # REA-RAG-LIC-718

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Summary of Salient Facts and Conclusions

<u>Property Location</u>	Approximately 12 miles west of Three Forks, MT and 19 miles east of Whitehall, MT
<u>Legal Description</u>	S16, T02 N, R01 W, ACRES 323.256, W2
<u>Geo Code</u>	51-1103-16-2-01-01-0000
<u>Owners of Record</u>	State of Montana State Lands Helena, MT 59601-4600
<u>Type of Appraisal Report</u>	Appraisal reported in summary format per USPAP Standard 2-2(b)
<u>Effective Date</u>	February 18, 2013
<u>Property Rights Appraised</u>	Fee Simple under the Hypothetical Condition the property is not currently leased
<u>Purpose of Appraisal</u>	To provide the clients with a credible opinion of current fair market value of the appraised subject property
<u>Intended Use of Appraisal</u>	To aid in the decisions making process concerning the potential sale of said subject property
<u>Intended Users of the Appraisal</u>	State of Montana, Montana Board of Land Commissioners and the Department of Natural Resources and Conservation (DNRC)
<u>Appraiser's Client</u>	State of Montana, Montana Board of Land Commissioners and the Department of Natural Resources and Conservation (DNRC)
<u>Site Size</u>	320.0 acres
<u>Highest and Best Use Estimates</u>	Large residential or Ranchette
<u>Estimated Land Value</u>	\$600 per acre or \$192,000

Assumptions and Limiting Conditions

This appraisal report and valuation are expressly subject to the following Assumptions and/or Limiting Conditions.

1. Title to the property is marketable.
2. No survey of the property has been made and property lines as they appear on the ground are assumed to be correct.
3. Data, maps and descriptive material furnished by the client or his/her representatives are accurate and correct.
4. No responsibility is assumed for matters of law or legal interpretation.
5. No conditions exist which are not discoverable through normal, diligent investigation, which would affect the use and value of the property.
6. The valuation is based on information and data from sources believed reliable, correct and accurately reported.
7. The value estimate is made subject to the purpose, date, and definition of value.
8. The appraisal is considered in its entirety and use of only a portion thereof will render the appraisal invalid.
9. The appraisal was made on the premise that there are no encumbrances prohibiting utilization of the property under the appraisers estimate of highest and best use.
10. No responsibility is assumed for building permits, zone changes, engineering or any other services or duty connected with legally using the subject property.
11. It is understood that compensation for the appraisal services is in no way contingent upon the value reported and is dependent only upon delivery of the report.
12. The appraiser shall not be required to give testimony or appear in court for any reason of this appraisal with reference to the property described herein unless prior arrangements have been made.
13. The party for whom this appraisal is prepared may distribute copies of this appraisal report, in its entirety, to such third parties as may be selected by the party for whom the report was prepared; however, selected portions of this appraisal report shall not be given to third parties without the prior written consent of the signatory of this appraisal report. Further, neither all nor any part of this appraisal report shall be disseminated to the general public by the use of advertising media, public relations media, news media, sales media or other media for public communications without the prior written consent of the signatory of this appraisal report.
14. It is assumed there are no hazardous materials that might affect value unless otherwise noted in this report.
15. The Americans with Disabilities Act (ADA) became effective January 26, 1992. I have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the act. If so, this fact could have a negative effect upon the value of the property. Since I did not consider this possible non-compliance with the requirements of ADA in estimating the value of the property, I recommend obtaining evidence of compliance with this act from a qualified person.

Special Assumptions specific to the subject property

- 1) The appraisal is completed under the assumption that the location is deemed to be outside a flood hazard zone.
- 2) As the appraiser is not qualified to detect or recognize environmentally hazardous materials this appraisal must be completed assuming the site to be free from any such influence.
- 3) This appraisal assumes that there are no underground tanks within the site.

Appraiser's Certification:

1. I have taken into consideration the factors that have an impact on value in my development of the estimate of market value in the appraisal report. I have not knowingly withheld any significant information from the appraisal report and I believe, to the best of my knowledge, that all statements and information in the appraisal report are true and correct.
2. I stated in the appraisal report only my own personal, unbiased, and professional analysis, opinions, and conclusions which are subject only to the contingent and limiting conditions specified in this form.
3. I have no present or prospective interest in the property that is the subject to this report, and I have no present or prospective personal interest or bias with respect to the participants in the sale/transaction. I did not base, either partially or completely, my analysis and/or the estimate of market value in the appraisal report on the race, color, or national origin of either the prospective owners or occupants of the subject property or of the present owners or occupants of the properties in the vicinity of the subject property.
4. I have no present or contemplated future interest in the subject property, and neither my current or future employment nor my compensation for performing this appraisal is contingent on the appraised value of the property.
5. I was not required to report a predetermined value or direction in value that favors the cause of the client or any related party, the amount of the value estimate, the attainment of a specific result, or the occurrence of a subsequent event in order to receive my compensation and/or employment for performing the appraisal. I did not base the appraisal report on a requested minimum valuation, a specific valuation, or the need to approve a specific mortgage loan.
6. I acknowledge that an estimate of a reasonable time for exposure in the open market is a condition in the definition of market value and the estimate I developed is consistent with the marketing time noted in this report.
7. I have personally viewed the exterior areas of the subject property and the exterior of all properties listed as comparables in the appraisal report. I further certify that I have noted any apparent or known adverse conditions in the subject improvements, or the subject site, or on any site within the immediate vicinity of the subject property of which I am aware.
8. I personally prepared all conclusions and opinions about the real estate that were set forth in the appraisal report. No one has provided significant professional assistance in the performance of the appraisal or the preparation of the appraisal report. I have not authorized anyone to make a change to any item in the report; therefore, if an unauthorized change is made to the appraisal report, I will take no responsibility for it.
9. To the best of my knowledge and belief, all of the statements and opinions contained in this report are correct and this appraisal has been made in conformity with the professional standards of the National Association of Independent Fee Appraisers.
10. To the best of my knowledge this appraisal was completed in accordance with the Uniform Standards of professional Appraisal Practice. This appraisal is considered to be a complete appraisal reported in summary format in conformance with Standard 2-2(b) of the USPAP.

Signature:

Date signed: **February 27, 2013**



Shaun P. Moore
Montana Certified General Appraiser
License # REA-RAG-LIC-718

Purpose of the Appraisal

The purpose of this appraisal is to provide the clients with a credible opinion of current fair market value of the appraised property. Current Fair Market value has been defined below:

Definition of Fair Market Value

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:

The highest and best reasonable available use and its value for such use, provided current use may not be presumed to be the highest and best use;

The machinery, equipment, and fixtures forming part of the real estate taken; and

Any other relevant factors as to which evidence is offered.

SCOPE OF THE REPORT

The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.

The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

Data was obtained from the following sources:

- Jefferson County Appraisal Office
- Jefferson County Clerk and Records Office
- Jefferson County Treasurer's Office
- Helena, Bozeman and Butte Area Multiple Listing Service
- Data Files of Moore Appraisal Firm
- Real Estate Brokers and Associates in Helena and Jefferson County area markets.
- Other developers, builders and appraisers familiar with the subject's neighborhood and area markets.

Prior to accepting the assignment, your appraiser completed a preliminary search for information regarding the subject property. Upon confirmation of the assignment a file was prepared which included plat map, courthouse research, tax information, legal description and other pertinent information.

A physical inspection of the property was made. Sales of other properties having similar uses were researched and analyzed.

The final estimate of value was determined by comparison of such sales utilizing a method known as the Sales Comparison method. Cost and Capitalization Approaches were not included for this type analysis. Comparable properties of differing sizes were found and analyzed for each of the differing site sizes and uses.

Upon completion of the research, your appraiser completed the assignment by writing and delivering the report.

Additional Scope of Work Requirements and Supplemental Appraisal Instructions as Required by the Client

The appraiser is a Montana certified general appraiser, and is competent to appraise the subject property. The appraisal conforms to the latest edition of USPAP, and the opinion of value is credible. The appraiser has physically inspected the subject property at a level that will allow the appraiser to render a credible opinion of value about the properties.

The appraiser has knowledge of the comparables through either personal inspection or with use of sources the appraiser has deemed reliable.

The appraiser has considered the highest and best use of the subject property for what a typical buyer for the property would consider.

Along with using the sales comparison approach to value in this appraisal, (using comparable sales of like properties in the subject's market or similar markets), the appraiser has also consider the cost and income approaches to value. The appraiser has used those approaches, as applicable, in order to provide a credible opinion of value. Any approaches not used are noted, along with a reasonable explanation as to why the approach or approaches were not applicable.

The appraisal is in a Summary Report format, that is, it describes adequately, the information analyzed, appraisal methods and techniques employed, and reasoning that support the analyses, opinions and conclusions.

All hypothetical conditions and extraordinary assumptions are noted.

Landlocked parcels, (parcels with no legal access), have been appraised with the hypothetical condition of having legal access and are appraised as the property currently exists, which is without legal access, ("as is"). If evidence through reasonably recent sales of comparable properties is available in the subject's market or similar markets, the value of the subject property, as it currently exists without access is provided. Details of an adjustment in appraised value due to lack of access would be included. If no evidence through reasonably recent sales of comparable properties is found in the subject's market or similar markets, and thus no "as is" value can be properly supported, then it has been stated as such in the report. Physical access is available to the subject however, it was reported that legal access is not. This appraisal is completed under the hypothetical condition that the subject does have legal access. Lack of data prevented the estimation of "as is" value without access. As with lack of legal access, adjustments for additional items such as lack of land improvements, etc. has been 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. (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.)

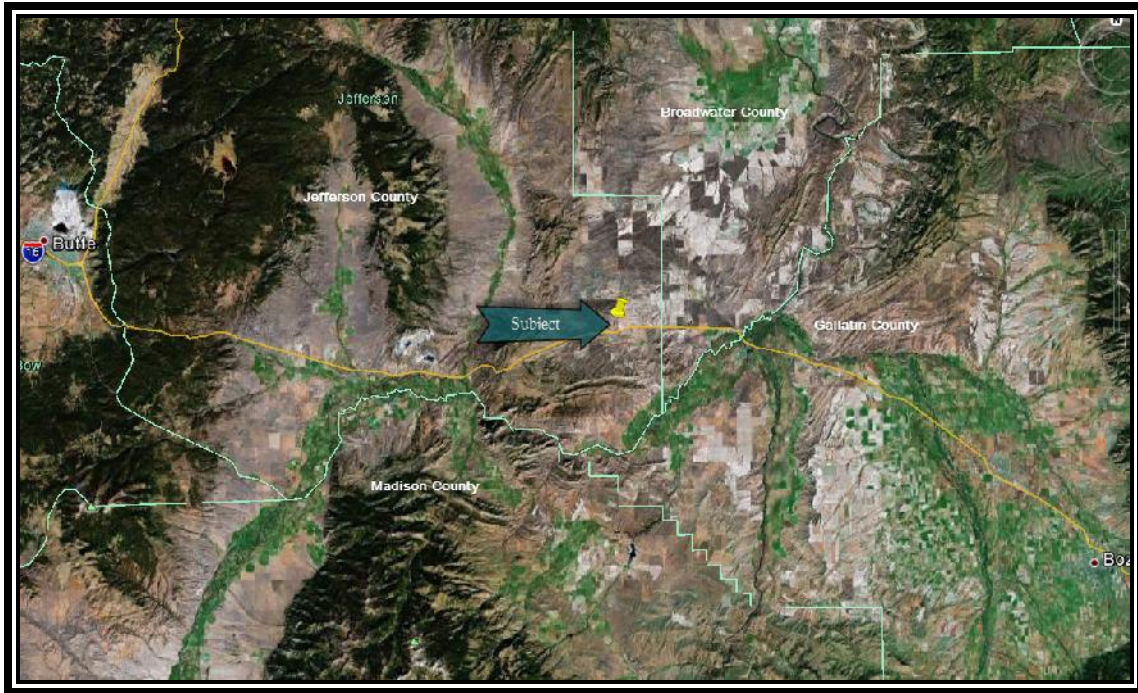
Legally accessible state lands are appraised as accessible only.

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 preferably have sales dates within one year of the appraisal and should not be over three years old. The comparable sales must be in reasonable proximity to the subject, preferably within the same county or a neighboring county.

Competency Provision

Your appraiser has been appraising in this area for over 10 years and has experience appraising in the subject neighborhood. The appraiser has completed reports on a number of properties similar to the subject and is competent to complete the requested opinion of value. Therefore, to the best of my knowledge and belief, I have complied with the Competency Provision of the Uniform Standards of Professional Appraisal Practice, (USPAP).

NEIGHBORHOOD DESCRIPTION



The subject is located near the south east Jefferson County boundary, in a neighborhood encompassing four different counties: Jefferson, Broadwater, Gallatin, and Madison. A general boundary of the neighborhood is considered to be from Boulder, the seat of Jefferson County located approximately 45 miles north west; Townsend, the seat of Broadwater County approximately 40 miles north; Belgrade, in Gallatin county approximately 35 miles east; and approximately 30 miles to the south, near the town of Ennis, a popular recreational and agricultural town near the Madison River. The following charts give a brief overview of some general statistical information for each of the counties, and the nearby communities previously mentioned.

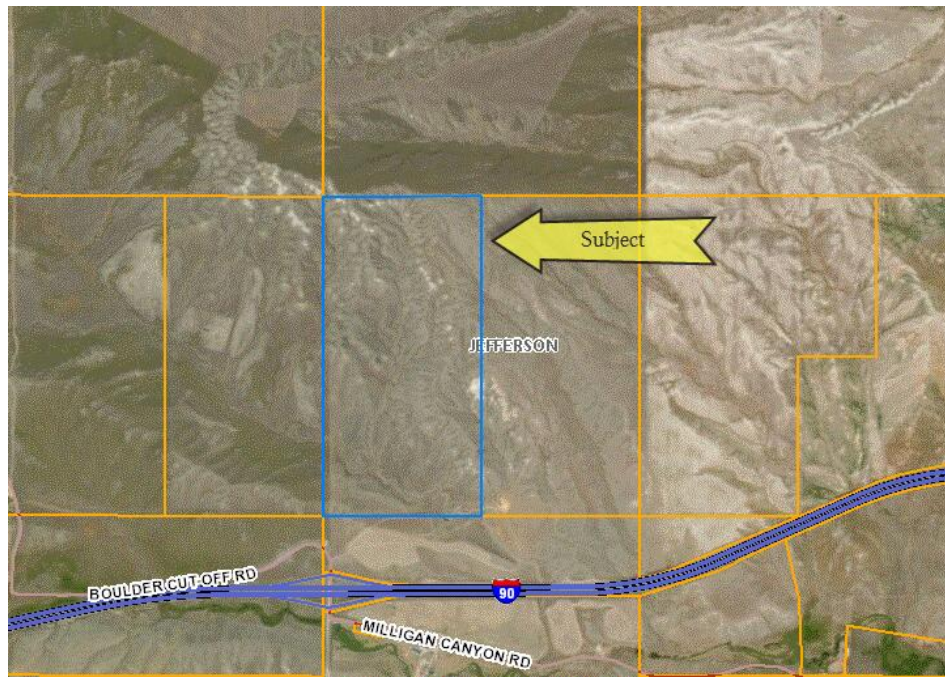
	Jefferson	Broadwater	Gallatin	Madison
Population	11,419	5,636	89,616	7,698
Median Age	40.2	41.3	30.7	43.4
Median Household Income	\$53,192	\$41,892	\$45,607	\$38,745
Median Home Value	\$220,565	\$153,352	\$273,000	\$249,713
Average Size of Farm	1,041 acres	1,684 acres	660 acres	2,005 acres
Average Number of Cattle per 100 Acres of All Farms	6.04	3.95	7.39	6.89
Harvested Cropland as a % of land in farms	7.04%	17.29%	24.98%	8.39%
Wheat for Grain Harvested Acres	Not Reported	37,268 acres	50,645 acres	6,983 acres

	Boulder	Townsend	Belgrade	Ennis
Population	1,181	1,924	7,549	839
Median Age	43.7	45.7	30.8	49.8
Median Household Income	\$40,017	\$35,429	\$40,901	\$36,969
Median Home Value	\$102,017	\$138,234	\$188,495	\$217,520

The subject's neighborhood is somewhat mixed in use, however is largely vacant land utilized as either agricultural or recreational uses. Housing throughout the area is scattered, with the more densely populated areas around or near the established communities.

Some residential lots have been developed in Broadwater County to the east of the subject near the I-90 interchange. The area has also seen some commercial development over the past years with gas stations/convenient stores, bars and restaurants. The overall marketing neighborhood reportedly has seen marginal demand over the past two years.

SITE DESCRIPTION



The subject ranges from some fairly level spaces to sloping hillsides and drainages. Few natural trees were noted during the physical viewing of the property. Google Earth and Cadastral Records reflect a similar observation. Natural grasses are noted throughout, along with sagebrush, both of which are typical for the subject's neighborhood. The subject is currently owned by the State of Montana, however without legal access provides minimal recreational opportunity.

The property is located approximately 600 feet from nearby Boulder Cutoff Rd and I-90 interchange. Physical vehicular access is available to the site, although it appears to be through an adjoining parcel currently owned by Rufenacht Land & Cattle Co Inc. While physical access is available, it was reported that legal access is not. This appraisal is completed under the hypothetical condition that the subject does have legal access.

Typical electrical services are available in the area, however do not appear to be provided to the subject.

No improvements were evident nor disclosed to the appraiser at the time of this appraisal.

Address	No known address
Legal Description	S16, T02 N, R01 W, ACRES 320, W2
Zoning	No known zoning
Dimensions & Site Size	County records indicate the subject is rectangular in shape. No survey was provided to determine dimensions, however county records report the site size to be 320.0 acres.
Road and Access	This appraisal is completed under the hypothetical condition that the subject does have legal access.
Improvements	Vacant
Easements or Encroachments	No adverse easements or encroachments were noted, however no survey was provided. This appraisal assumes no adverse easements or encroachments exist.
Topography	The site ranges from fairly level spaces to sloping drainages and hillsides.
Flood Hazard Zone	Flood maps for the subject parcel could not be found. It is assumed the property lies outside of FEMA designated flood zones.
Services Available	<p>Electrical services are available in the area, however they do not appear to be within ½ mile of the subject.</p> <p>The site does not have community water service which is typical in this rural neighborhood. Residents of nearby properties utilize individual wells. No test wells were reported to the appraiser. It is assumed that underground water sources are available in sufficient amounts.</p> <p>The site would require installation of individual septic treatment systems if developed. These are permitted and inspected by the state of Montana.</p>

View

Good views of the surrounding mountains and valley are provided from most of the site.

Environmental Conditions

This appraiser has no knowledge of any adverse environmental conditions but has no specific training or expertise in these fields. The appraisal then is completed assuming the site to be free of any such influence. No soil report was furnished.

HIGHEST AND BEST USE

Highest and Best Use Definition

“The reasonably probable and legal use of the property, that is physically possible, appropriately supported and financially feasible, and that results in the highest value.”

The opinion of such use may be based on the highest and most profitable continuous use to which the property is adapted or likely to be in demand in the reasonably near future. However, elements or a combination of occurrences, which while in the realm of possibility are not shown to be reasonably probable, should be excluded from consideration. Also, if the intended use is dependent on an uncertain act of another person, the intention cannot be considered.

That use of land which may reasonably be expected to produce the greatest net return to land over a given period of time. That legal use, which will yield to land the highest present value, sometimes called optimum use.

There are four items to consider when analyzing highest and best use. These include legally permitted use, physical possibility, financial feasibility, and the use giving the greatest profitability.

Legally Permissible

There is currently no known zoning in this area that would prohibit any particular kind of use. Subdivision into smaller parcels could be legally permissible. This appraisal is completed under the hypothetical condition that there is legal access to the property.

Physically Possible

Physical characteristics of a property refer to its size, shape and topography. Considering the subject's size, use as agricultural/grazing land is a physical possibility. Topography and vegetation of the site appear suitable for grazing purposes. Physical vehicular access to the site appears to be possible, although not legal.

The site's size and topography could likely allow for subdivision into smaller parcels, although not the major subdivision type of the developed tracts to the east. Topography and location would likely limit the development potential of the parcel.

Financially Feasible

The feasibility of the property must next be considered. In this item, consideration is given those uses that are expected to produce the highest positive return from a financially feasible standpoint. The subject is located in a rural, largely undeveloped neighborhood. Minimal demand for smaller lots or subdivision uses exist in the area as most of these developments are located within closer proximity to established communities with services.

The cost to develop the site would most likely more than outweigh the benefit received from the sale of subdivided lots. Although not analyzed in this report, the subject is currently leased for agricultural uses, which would lend support to use as agricultural.

Maximally Productive

Of the financially feasible, legal and physically possible uses, the use that produces the highest value that is consistent with the rate of return indicated by the market is the highest and best use. As discussed above, industrial use is not likely to be maximally productive at present, nor would subdivision to smaller lots. The subject does have a history of leased use for cattle grazing, which is the most logical income for the property.

Conclusion

In light of the above data, a conclusion that use as an extension of a neighboring property for agricultural uses is the highest and best use of the property.

MARKET DATA ANALYSIS

A search of the subject's surrounding area for sales of large tracts was conducted. The following sales were discovered and analyzed.

	Location/Legal	City	County	Sales Price	Deeded Acres	Sale Date	Influences			Price Per Acre	Adjustment	Adjusted \$ Per Acre
							Development	Public Land Boundary	Water / Irrigation			
Subject	W1/2, Section 16, T2N-R1W		Jefferson	n/a	320	n/a	Minimal	None	None			
Sale #1	TBD Wheatland Road	Three Forks	Broadwater	\$256,000	318.00	2/22/2013	Potential	Yes	None	\$805	-30.31%	\$561
Sale #2	117 Robbins Lane	Whitehall	Jefferson	\$235,000	267.79	10/5/2011	Potential	Yes	None	\$878	-38.16%	\$543
Sale #3	TBD Hwy 287	Three Forks	Broadwater	\$292,000	315.52	10/12/2012	Potential	None	Rights	\$925	-30.70%	\$641
Sale #4	TBD Willow Creek Road	Three Forks	Broadwater	\$220,000	160.03	6/8/2012	Minimal	None	None	\$1,375	-25.00%	\$1,031
Sale #5	T2N, R1E Section 4: Price Hill Sub	Three Forks	Broadwater	\$600,000	328.49	06/15/2011	Good	None	None	\$1,827	-58.67%	\$755
			High	\$600,000	328.49				High	\$1,827	-25.00%	\$1,031
			Low	\$200,000	160.00				Low	\$805	-58.67%	\$543
			Median	\$256,000	315.52				Median	\$925	-30.70%	\$641
			Average	\$309,833	277.97				Average	\$1,162	-36.57%	\$706

Discussion of Comparable Sales

Five sales have been included in the sales comparison analysis. The sales analyzed represent the most recent and similar sales to the subject parcel known of by the appraiser in the past 24 months. The numbers of sales in the subject's neighborhood are limited, however adequate data was found to support value. Individual sales, reason for inclusion in the analysis, and adjustments are discussed below.

Sale #1 is a very similar size tract of land located within close proximity, approximately 8 miles east of the subject. The site is reported to be adjacent to half a section of state land which would add desirability if the land were accessible. More notably however, the parcel borders established subdivisions to the west, north and east. Purchase of the property is reported to be for farming purposes with this being the seller's intent. It is further reported that the seller had a higher offer, although it was declined because it was from a developer. A minimal adjustment of -0.31% for smaller site size was made to conform to other sales' adjustments. The property has development potential and was adjusted -30.0% as such reflecting an adjusted value of \$561 per acre. This is the most recent and similar sale found in the market search and was given 35.00% weight as such.

Sale #2 is a smaller parcel located approximately 30 miles west of the subject near the community of Whitehall, MT. The property borders nearly 450 acres of state land, which then accesses several hundred acres of BLM land, which is a superior attribute to the subject. The site is noted to have development potential due to the seller's plan of a 38 parcel subdivision, which was in the process of development planning at the time of sale. The market in the area is currently as such that minimal potential was given to the development of the site, however the existing work of the subdivision process does hold value. The sale was adjusted -8.16% per acre for smaller size as well as -30.00% for subdivision potential indicating an adjusted price per acre of \$543. The sale has many similarities to the subject and was given 35.00% weight in the final analysis.

Sale #3 is a similar size parcel located approximately 8 miles east of the subject. The selling agent reports the property to be dry land pasture, with the purchaser buying the property for the purpose of running cows on it. A seasonal ditch is located on the property, and water rights are reported, however the ditch is not known to have had water in it for several years. The location of this property near the I-90/Hwy 287 Interchange does lend future development potential, with this apparently reflected in the higher price per acre. A similar site with minimal adjustment considered for size at -0.70% per acre. The comparable was also adjusted -30.00% per acre for subdivision potential and indicated an adjusted value of \$641 per acre. This comparable was given 25% weight in the final analysis.

Sale #4 is a smaller tract of land located approximately 11 miles south east of the subject, and is reported by the selling agent to be grazing land. The property is located within a more developed neighborhood where several apparent smaller ranchettes are located. The location of the subject would be more likely to be utilized for single family living with good access to Three Forks and the Bozeman area. The sale was adjusted -25.00% per acre for size. An adjusted price per acre of \$1,031 is indicated by this sale, however few other comparable sales were found to support this value. Because of the smaller size and the location of the sale, this comparable was given 5% weight in the final analysis, which is the least of the weighted sales.

Sale #5 is a similar size site located approximately 5 miles north and east of the subject. The property was purchased as a platted subdivision with infrastructure to each lot at the time of sale. The buyer reportedly purchased the property to dry crop farm until the rural home market demand is such that selling individual lots will be profitable. This sale indicated the highest price per acre of any of the comparables included, which appears to be reflective of the subdivided parcels and future income potential. The sale was adjusted 1.33% for size, and -60.00% for the existing subdivision of the property. This sale was purchased for development potential and has been given no weight in the final analysis. The transaction has been included as support for adjustments which are described in the following section.

Comparable Sales Data

Sale #1

Legal Description	T2N, R1E, Section 9: W2
Location	3 Miles No/West Three Forks +/-
Grantor	Stanley Kimm
Grantee	Dennis & Irene Rahn
Sale Date	02/22/2013
Deed Book/Page	Bk148/Pg462
Conditions of Sale	Standard Sale / Open Market
Verification	Appraiser/Seller/Broadwater County
Sale Price	\$256,000
Land Data	Property is surrounded by subdivision on three sides and ½ section of state land across the road to the south. Fairly level with some rolling hills and seasonal drainage. Purchaser bought for farming.
Highest and Best Use	Rangeland with future development
Property Type	Agricultural
Land Size & Uses	318 acre Rangeland/Grazing

Aerial Photo
(boundaries
approximate)



Sale #2

Legal Description	S35, T02 N, R04 W, C.O.S. 210861 F644A, TRACT A CONT 267.79 AC
Location	1.8 Miles No/West Whitehall +/-
Grantor	Baker
Grantee	Troy & Joy Smith
Sale Date	10/05/2011
Deed Book/Page	Deed Date 09/29/2011 Document #242143
Conditions of Sale	Standard Sale / Open Market
Verification	Appraiser/Butte MLS/Jefferson Couty
Sale Price	\$235,000
Land Data	Rolling hills adjacent to public land within close proximity to Whitehall, MT. 38 parcel subdivision in the process at time of transaction.
Highest and Best Use	Rangeland with future development
Property Type	Rural Investment
Land Size & Uses	267.79 acre Rangeland/Grazing

Aerial Photo
(boundaries
approximate)



Sale #3

Legal Description	S10, T02 N, R01 E, C.O.S. 2/370, PARCEL A, ACRES 315.52, LESS GRAVEL PIT
Location	3 Miles North of Three Forks +/-
Grantor	Scofield Irr. Trust
Grantee	John & Corrine Clark
Sale Date	10/12/2012
Deed Book/Page	Bk145/Pg686 Document #168048
Conditions of Sale	Standard Sale / Open Market
Verification	Appraiser/Seller/Butte MLS/Broadwater County
Sale Price	\$292,000
Land Data	Triangular shape parcel located between Hwy 289 Old Town Rd. Buyer purchased as investment with intentions to run cattle. Seasonal ditch with no water reported for several years.
Highest and Best Use	Rangeland with future development
Property Type	Rural Investment
Land Size & Uses	315.52 acre Rangeland/Grazing

Aerial Photo
(boundaries
approximate)



Sale #4

Legal Description	S05, T01 S, R01 E, C.O.S. 1867A, PARCEL 160.029
Location	8.5 Miles So/West of Three Forks +/-
Grantor	Bohanan
Grantee	Wesley Leugers
Sale Date	06/08/2012
Deed Book/Page	Deed Date 06/08/2012 Document #2417545D
Conditions of Sale	Standard Sale / Open Market
Verification	Butte MLS/Gallatin County
Sale Price	\$292,000
Land Data	Rectangular shaped parcel located within more developed neighborhood. Area has history of small ranchette uses with good access to Bozeman for services.
Highest and Best Use	Rangeland
Property Type	Ranchette/Grazing
Land Size & Uses	160.03 acre Ranchette/Grazing

Aerial Photo
(boundaries
approximate)



Sale #5

Legal Description	T2N, R1E, Section 4:Price Hill Subdivision. Everything South of Price Rd in Section 4; except lots that have sold
Location	3 Miles North of Three Forks +/-
Grantor	SKS Land, LLC
Grantee	Ken Kykema
Sale Date	06/15/2011
Deed Book/Page	Deed Date 06/13/2012 Document #unknown
Conditions of Sale	Standard Sale / Open Market
Verification	Appraiser/Seller/Broadwater County
Sale Price	\$600,000
Land Data	Property is platted subdivision with few developed lots. All infrastructure to each lot was in place at time of sale. Buyer purchased property to dry crop farm with intention of selling lots as rural home market increases.
Highest and Best Use	Subdivision
Property Type	Agricultural/Wheat
Land Size & Uses	328.49 acres Agricultural/Wheat

Aerial Photo
(boundaries
approximate)



Discussion of Adjustments

The sales have been analyzed on a per acre basis with adjustments considered for size and the potential to be developed.

It is typical of the local market for smaller sites to bring a higher per acre price than smaller sites. An adjustment can be supported at a ratio of 25% difference in value for a 50% difference in size. This adjustment is supported by data collected for this and previous similar assignments completed by this appraiser and his appraisal office. The following sales have been included in this report and are used for support of this theory:

Comparable #2 is a 267.79 acre site and is 15.78% smaller than sale #1 which is 318.00 acres. The sale price of comparable #2 was \$878/acre or 8.31% higher than sale #1, which is \$805/acre. The sales appear to have similar utility and desirability, and are considered equal to each other on the sales grid. Other than size and time of sale, few other variables are apparent. The sales then indicate a ratio of 15.78/8.31 which when rounded is 16/8 and simplified equals 2/1. The adjustment is then proven that a 50% difference in size is congruent with a 25% difference in site value. This adjustment is utilized on all comparables for consistency.

When size adjustments are made sales #4 and 5 are analyzed for an adjustment to reflect development potential. Sale #5 was purchased as a platted subdivision while sale #4 provides minimal subdivision marketability potential. The difference in the adjusted price per acre is 62.81%, which is rounded to a 60% adjustment. This adjustment is reflected of not only potential, but the actual subdivision of sale #5. A lesser adjustment would be warranted for properties that have not gone through the process and lack the complements of the infrastructure that sale #5 did. Therefore, sales with development “potential” have been adjusted at 50% of the reflected amount or 30% per acre. This estimate is very supported by the data in the appraisal and further data in the appraiser’s file.

Reconciliation of Sales Comparison Analysis

Comparable sales considered in the final analysis indicate a range of value of between \$543 and \$1,031 per acre. A mean price of \$706 and median of \$641 per acre is also reflected. A value at the lower end of the range is considered to be most appropriate considering the subject's location and overall amenities discussed throughout the report. Sales #1 and 2 have been given the most weight in the final analysis.

Individual sales were weighted as follows:

<u>Sales #</u>	<u>Adjusted \$</u>	<u>Weight</u>	<u>Indicated \$</u>
1	\$561	35.00%	\$196.35
2	\$543	35.00%	\$190.05
3	\$641	25.00%	\$160.25
4	\$1,031	5.00%	\$51.55
5	\$755	0.00%	\$0.00
<hr/>			
median	\$641		
average	\$706	100.00%	\$598.20

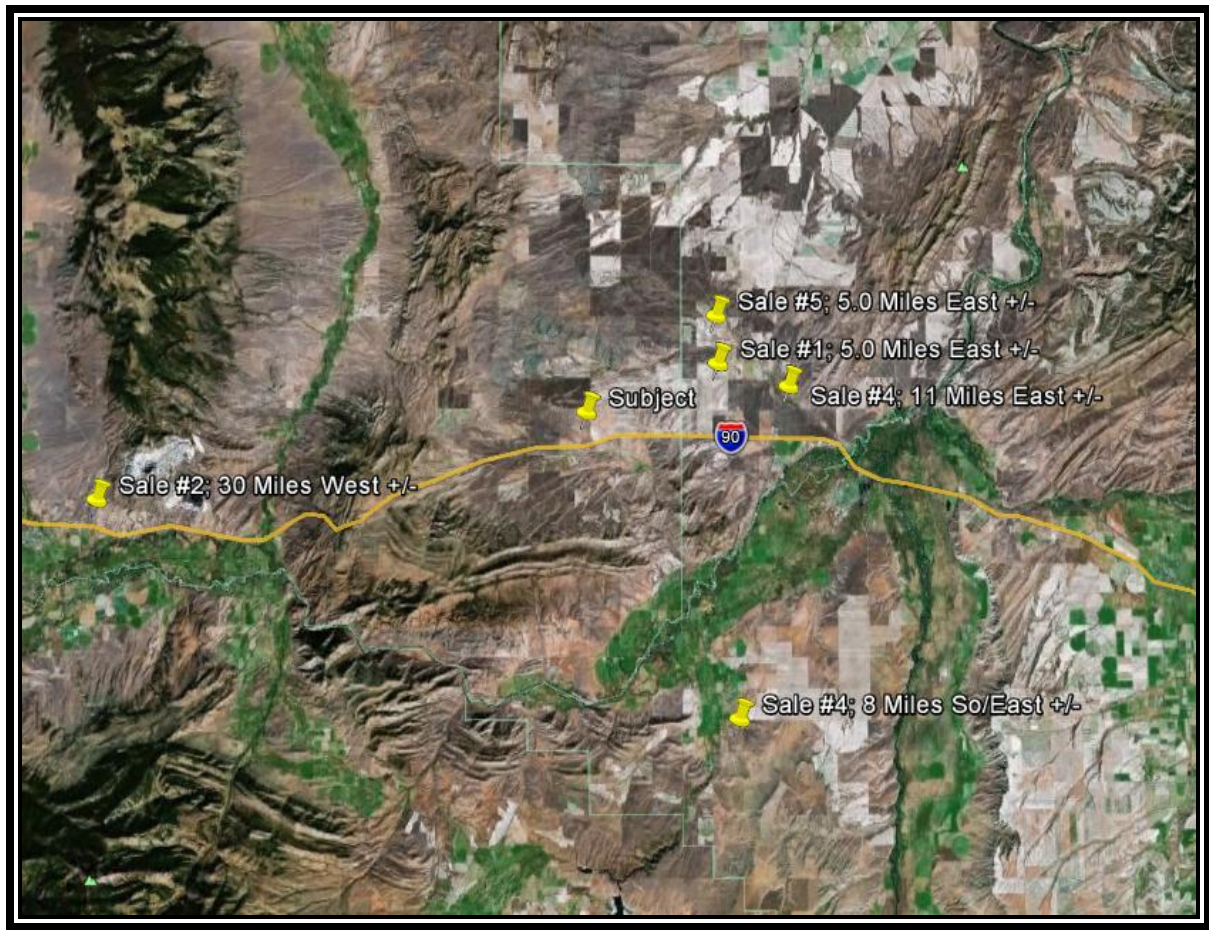
Considering this data, a value of \$600 (rounded) is indicated and very well supported.

\$598 (rounded to \$600) per acre X 320.00 acres = \$192,000

\$192,000

One Hundred and Ninety Two Thousand Dollars

Map of Comparable Sales



The Uniform Standards of Professional Appraisal Practice (USPAP) suggests the following items be included as an integral part of an appraisal report.

Reasonable Exposure Time

USPAP explains exposure time as the length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal.

Sales considered for this report with a known marketing time averaged 336 days which is not uncommon for large acreage tracts.

Considering the above factors, this appraisal has been completed assuming an exposure period of between nine and twelve months.

Marketing Time

It is also necessary to estimate marketing time for the property, that being the estimate of time required to consummate the sale of the property immediately after the effective date of appraisal. Minimal difference in marketing and exposure time is expected in the coming months, particularly as spring weather comes about. As such, the marketing time is estimated to be from nine and twelve months at the estimated value of \$216,000 as of the effective date of appraisal, February 18, 2013.

Personal Property

No personal property was considered in this appraisal.

“AS IS” Value

This report has been completed to estimate the current “AS IS” value of the subject property. The values reported have been estimated under the hypothetical condition the subject does have legal access. Lack of sufficient market data prevented an estimate of value without legal access.

Additional USPAP Requirements

To the best of my knowledge this appraisal was prepared in accordance with the Uniform Standards of Professional Appraisal Practice. I certify that I am competent to complete this appraisal and that I am currently certified as General Appraiser #718 by the State of Montana through March 31, 2013.

This appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.

The Statements of fact contained in this report are true and correct, the reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions are my personal, impartial and unbiased professional analyses, opinions and conclusions.

I have no bias with respect to the property that is the subject of this report, or to the parties involved in this assignment. My engagement in this assignment was not contingent upon developing or reporting predetermined results.

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 must be stated.)

The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.

The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

Subject Photos

Subject from no/west looking
east



Subject from so/west looking
no/east



Looking north at a portion of the parcel




Looking so/west across the parcel



Google Earth
View (boundaries
approximate)



Contract Addendum

FOR DNRC USE ONLY			
Maximum amount under this agreement: <u>\$1,700</u>			
Source of Funds Land Banking Private Closing Costs			
Fund Name Land Banking Private Closing Costs	Fund No. 02031	<div>Approved</div> <div>No. <u>137330</u></div> <div>Amendment No. _____</div> <div>Division <u>TELB</u></div> <div>F.S.O. <u>TELB</u></div> <div>Legal <u>TELB</u></div> <div></div>	
Subclass 555HA	Org. No. 6043-59		Percent 100%

DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION
TRUST LAND MANAGEMENT DIVISION

APPRAISAL OF POTENTIAL LAND BANKING SALE PARCEL IN JEFFERSON COUNTY

1. PARTIES

THIS CONTRACT is entered into by and between the State of Montana, Department of Natural Resources and Conservation (DNRC), (hereinafter referred to as "the State"), whose address and phone number are P.O. Box 201601, Helena, MT 59620-1601, (406) 444-4165 and Shaun Moore, Moore Appraisal Firm, (hereinafter referred to as the "Contractor"), whose address and phone number are Box 6734, Helena, Montana, 59604 and (406) 442-6180, and shaun@mooreappraisalfirm.net.

THE PARTIES AGREE AS FOLLOWS:

2. EFFECTIVE DATE, DURATION, AND RENEWAL

2.1 Contract Term. This contract shall take effect upon contract execution and terminate on April 1, 2013, unless terminated earlier in accordance with the terms of this contract. (Section 18-4-313, MCA) **The appraisal report is to be completed and forwarded to Montana DNRC, Emily Cooper, at P.O. Box 201601, Helena, MT 59620-1601 by February 28, 2013.**

2.2 Contract Renewal. This contract may, upon mutual agreement between the parties and according to the terms of the existing contract, be renewed in any interval that is advantageous to the State. This contract, including any renewals, may not exceed a total of one year.

3. SERVICES AND/OR SUPPLIES

Contractor agrees to provide to the State the following: The Contractor shall be responsible for providing a credible appraisal, in a summary report format, conducted and prepared in compliance with

the current Uniform Standards of Professional Appraisal Practice, for the parcel in Jefferson County, as described in Attachment B, Montana DNRC Trust Land Management Division Supplemental Appraisal Instructions.

The appraisal must comply with the instructions in Attachment A, Scope of Work for Appraisal of Potential Property Sales through the Land Banking Program, and all provisions in the body of this contract including the following:

1) The appraisal report will be one document containing the parcel data and the analysis, opinions, and conclusions of value for the parcel. If deemed necessary by the contractor rather than including the specific market data in the appraisal report, a separate addendum may be submitted containing the specific market data as a stand-alone document, which must be reviewed and accepted along with the appraisal, and will be returned to the appraiser for retention in his/her files. The appraiser must submit an electronic copy as well as a printed copy of the appraisal report.

2) The definition of market value is that as defined in 70-30-313 M.C.A.

4. CONSIDERATION/PAYMENT

4.1 Payment Schedule. In consideration for the services to be provided, the State shall pay an amount not to exceed One Thousand Seven Hundred and No/100 Dollars (\$1,700). The Contractor shall submit an invoice with the submission of the appraisal report to the DNRC for payment for services rendered. Payment will be made within thirty (30) days of delivery of services/goods and receipt of a properly executed invoice, as long as the DNRC's review of said services/goods finds them acceptable. If the work submitted fails to meet Contract specifications set out herein, payment will be withheld for the unsatisfactory work. The Contractor shall, at no additional expense to the State, correct unsatisfactory work before payment is made. If agreed upon work is not brought to acceptable standards, the Contract Agreement will be terminated for unsatisfactory performance and no payment will be made.

4.2 Withholding of Payment. The State may withhold payments to the Contractor if the Contractor has not performed in accordance with this contract. Such withholding cannot be greater than the additional costs to the State caused by the lack of performance.

5. ACCESS AND RETENTION OF RECORDS

5.1 Access to Records. The Contractor agrees to provide the State, Legislative Auditor or their authorized agents access to any records necessary to determine contract compliance. (Section 18-1-118, MCA)

5.2 Retention Period. The Contractor agrees to create and retain records supporting the a summary appraisal report provided for a period of three years after either the completion date of this contract or the conclusion of any claim, litigation, or exception relating to this contract taken by the State of Montana or a third party.

6. ASSIGNMENT, TRANSFER, AND SUBCONTRACTING

The Contractor shall not assign, transfer, or subcontract any portion of this contract without the express written consent of the State. (Section 18-4-141, MCA) The Contractor shall be responsible to the State for the acts and omissions of all subcontractors or agents and of persons directly or

indirectly employed by such subcontractors, and for the acts and omissions of persons employed directly by the Contractor. No contractual relationships exist between any subcontractor and the State.

7. HOLD HARMLESS/INDEMNIFICATION

The Contractor agrees to protect, defend, and save the State, its elected and appointed officials, agents, and employees, while acting within the scope of their duties as such, harmless from and against all claims, demands, causes of action of any kind or character, including the cost of defense thereof, arising in favor of the Contractor's employees or third parties on account of bodily or personal injuries, death, or damage to property arising out of services performed or omissions of services or in any way resulting from the acts or omissions of the Contractor and/or its agents, employees, representatives, assigns, subcontractors, except the sole negligence of the State, under this agreement.

8. REQUIRED INSURANCE

8.1 Primary Insurance. The Contractor's insurance coverage shall be primary insurance with respect to the State, its officers, officials, employees, and volunteers and shall apply separately to each project or location. Any insurance or self-insurance maintained by the State, its officers, officials, employees or volunteers shall be excess of the Contractor's insurance and shall not contribute with it.

8.2 Specific Requirements for Professional Liability. The Contractor shall purchase and maintain occurrence coverage with combined single limits for each wrongful act of \$300,000 per occurrence and \$600,000 aggregate per year to cover such claims as may be caused by any act, omission, negligence of the Contractor or its officers, agents, representatives, assigns, or subcontractors. Note: if "occurrence" coverage is unavailable or cost prohibitive, the Contractor may provide "claims made" coverage provided the following conditions are met: (1) the commencement date of the contract must not fall outside the effective date of insurance coverage and it will be the retroactive date for insurance coverage in future years; and (2) the claims made policy must have a three-year tail for claims that are made (filed) after the cancellation or expiration date of the policy.

8.3 Deductibles and Self-Insured Retentions. Any deductible or self-insured retention must be declared to and approved by the state agency. At the request of the agency either: (1) the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the State, its officers, officials, employees, or volunteers; or (2) at the expense of the Contractor, the Contractor shall procure a bond guaranteeing payment of losses and related investigations, claims administration, and defense expenses.

8.4 Certificate of Insurance/Endorsements. A certificate of insurance from an insurer with a Best's rating of no less than A- indicating compliance with the required coverage's, has been received by the Department of Natural Resources and Conservation PO Box 201601, Helena, MT 59620-1601. The Contractor must notify the State immediately, of any material change in insurance coverage, such as changes in limits, coverage's, change in status of policy, etc. The State reserves the right to require complete copies of insurance policies at all times.

9. COMPLIANCE WITH WORKERS' COMPENSATION ACT

Contractors are required to comply with the provisions of the Montana Workers' Compensation Act while performing work for the State of Montana in accordance with sections 39-71-401, 39-71-405,

and 39-71-417, MCA. Proof of compliance must be in the form of workers' compensation insurance, an independent contractor's exemption, or documentation of corporate officer status. Neither the contractor nor its employees are employees of the State. This insurance/exemption must be valid for the entire term of the contract. A renewal document must be sent to the State Procurement Bureau, P.O. Box 200135, Helena, MT 59620-0135, upon expiration.

10. COMPLIANCE WITH LAWS

The Contractor must, in performance of work under this contract, fully comply with all applicable federal, state, or local laws, rules, and regulations, including the Montana Human Rights Act, the Civil Rights Act of 1964, the Age Discrimination Act of 1975, the Americans with Disabilities Act of 1990, and Section 504 of the Rehabilitation Act of 1973. Any subletting or subcontracting by the Contractor subjects subcontractors to the same provision. In accordance with section 49-3-207, MCA, the Contractor agrees that the hiring of persons to perform the contract will be made on the basis of merit and qualifications and there will be no discrimination based upon race, color, religion, creed, political ideas, sex, age, marital status, physical or mental disability, or national origin by the persons performing the contract.

11. CONTRACT TERMINATION

11.1 Termination for Cause. The State may, by written notice to the Contractor, terminate this contract in whole or in part at any time the Contractor fails to perform this contract.

11.2 Reduction of Funding. The State must terminate this contract if funds are not appropriated or otherwise made available to support the State's continuation of performance of this contract in a subsequent fiscal period. (See section 18-4-313(4), MCA.)

12. LIAISON AND SERVICE OF NOTICES

All project management and coordination on behalf of the State shall be through a single point of contact designated as the State's liaison. Contractor shall designate a liaison that will provide the single point of contact for management and coordination of Contractor's work. All work performed pursuant to this contract shall be coordinated between the State's liaison and the Contractor's liaison.

Emily Cooper will be the liaison for the State.

(Address): PO Box 201601
(City, State, ZIP): Helena, MT 59620-1601
Telephone: (406)444-4165
Cell Phone:
Fax: (406)444-2684
E-mail: ecooper@mt.gov

Shaun Moore will be the liaison for the Contractor.

(Address): Box 6734
(City, State, ZIP): Helena, MT 59604
Telephone: (406) 442-6180
Cell Phone:
Fax:
E-mail: shaun@mooreappraisalfirm.net

The State's liaison and Contractor's liaison may be changed by written notice to the other party. Written notices, requests, or complaints will first be directed to the liaison.

13. MEETINGS

The Contractor is required to meet with the State's personnel, or designated representatives, to resolve technical or contractual problems that may occur during the term of the contract or to discuss the progress made by Contractor and the State in the performance of their respective obligations, at no additional cost to the State. Meetings will occur as problems arise and will be coordinated by the State. The Contractor will be given a minimum of three full working days notice of meeting date, time, and location. Face-to-face meetings are desired. However, at the Contractor's option and expense, a conference call meeting may be substituted. Consistent failure to participate in problem resolution meetings two consecutive missed or rescheduled meetings, or to make a good faith effort to resolve problems, may result in termination of the contract.

14. CONTRACTOR PERFORMANCE ASSESSMENTS

The State may do assessments of the Contractor's performance. This contract may be terminated for one or more poor performance assessments. Contractors will have the opportunity to respond to poor performance assessments. The State will make any final decision to terminate this contract based on the assessment and any related information, the Contractor's response and the severity of any negative performance assessment. The Contractor will be notified with a justification of contract termination. Performance assessments may be considered in future solicitations.

15. TRANSITION ASSISTANCE

If this contract is not renewed at the end of this term, or is terminated prior to the completion of a project, or if the work on a project is terminated, for any reason, the Contractor must provide for a reasonable period of time after the expiration or termination of this project or contract, all reasonable transition assistance requested by the State, to allow for the expired or terminated portion of the services to continue without interruption or adverse effect, and to facilitate the orderly transfer of such services to the State or its designees. Such transition assistance will be deemed by the parties to be governed by the terms and conditions of this contract, except for those terms or conditions that do not reasonably apply to such transition assistance. The State shall pay the Contractor for any resources utilized in performing such transition assistance at the most current rates provided by the contract. If there are no established contract rates, then the rate shall be mutually agreed upon. If the State terminates a project or this contract for cause, then the State will be entitled to offset the cost of paying the Contractor for the additional resources the Contractor utilized in providing transition assistance with any damages the State may have otherwise accrued as a result of said termination.

16. CHOICE OF LAW AND VENUE

This contract is governed by the laws of Montana. The parties agree that any litigation concerning this bid, proposal or subsequent contract must be brought in the First Judicial District in and for the County of Lewis and Clark, State of Montana and each party shall pay its own costs and attorney fees. (See section 18-1-401, MCA.)

17. SCOPE, AMENDMENT, AND INTERPRETATION

17.1 Contract. This contract consists of 6 numbered pages, Attachment A, Scope of Work for Appraisals of Potential Property Sales through the Land Banking Program, pages 7 & 8; Attachment B, Montana DNRC Trust Land Management Division Supplemental Appraisal Instructions, page 9 through 10. In the case of dispute or ambiguity about the minimum levels of performance by the Contractor the order of precedence of document interpretation is in the same order.

17.2 Entire Agreement. These documents contain the entire agreement of the parties. Any enlargement, alteration or modification requires a written amendment signed by both parties.

18. PUBLIC INFORMATION AND OWNERSHIP OF PRODUCTS

All information resulting from the project funded under this Agreement shall be made available to the public. Upon completion of this Agreement, all information, reports, data, records, documents, and materials pertaining to this Agreement shall be available to the public. The Contractor shall indemnify and hold harmless DNRC from liability for injury caused by the release of any information, reports, data, records, documents, and materials provided by the Contractor. All copyrights, patents, or other royalty rights resulting from the completion of this Agreement or the information, reports, records, data documents, materials, and end products of this Agreement shall be the sole property of the DNRC.

19. EXECUTION

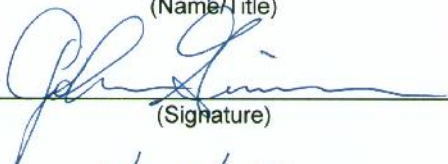
The parties through their authorized agents have executed this contract on the dates set out below.

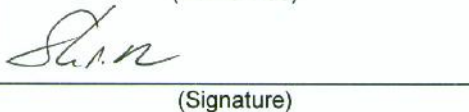
Department of Natural Resources & Conservation
PO Box 201601
Helena, MT, 59620-1601

Shaun Moore
Moore Appraisal Service
Box 6734
Helena, MT 59602
FEDERAL ID # 516-11-6569

BY: JOHN GRIMM, BUREAU CHIEF
(Name/Title)

BY: Shaun P. Moore
(Name/Title)


(Signature)


(Signature)

DATE: 1/14/13

DATE: 1/7/13

ATTACHMENT A

Scope of Work for Appraisal 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 Montana certified general appraiser, 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 properties at a level that will allow the appraiser to render a credible opinion of value about the properties. 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.)

Along with using the sales comparison approach to value in this appraisal, (using comparable sales of like properties in the subject's market or similar markets), 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), will be appraised with the hypothetical condition of having legal access and should be appraised as the property currently exists, which is without legal access, ("as is"). If evidence through reasonably recent sales of comparable properties is available in the subject's market or similar markets, provide the value of the subject property, as it currently exists without access. Include details of an adjustment in appraised value due to lack of access. If no evidence through reasonably recent sales of comparable properties is found in the subject's market or similar markets, and thus no "as is" value can be properly supported, then state such in the report. 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. (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 preferably have sales dates within one year of the appraisal and should not be over three years old. The comparable sales must be in reasonable proximity to the subject, preferably within the same county or a neighboring county.

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

ATTACHMENT B

MONTANA DNRC TRUST LAND MANAGEMENT DIVISION Supplemental Appraisal Instructions

Subject Property (Located in Jefferson County):

Sale #	Acres ±	Legal
687	320	W½, Section 16, T2N-R1W

Area Office Contact Information:

Gavin Anderson
8001 North Montana Ave.
Helena, MT 59602
Phone: 406/458-3500
Fax: 406/458-3506
Direct Line: 406/458-3502

Lessees:

Lease # 2478
Erb Farms LLC
(406) 683-2391

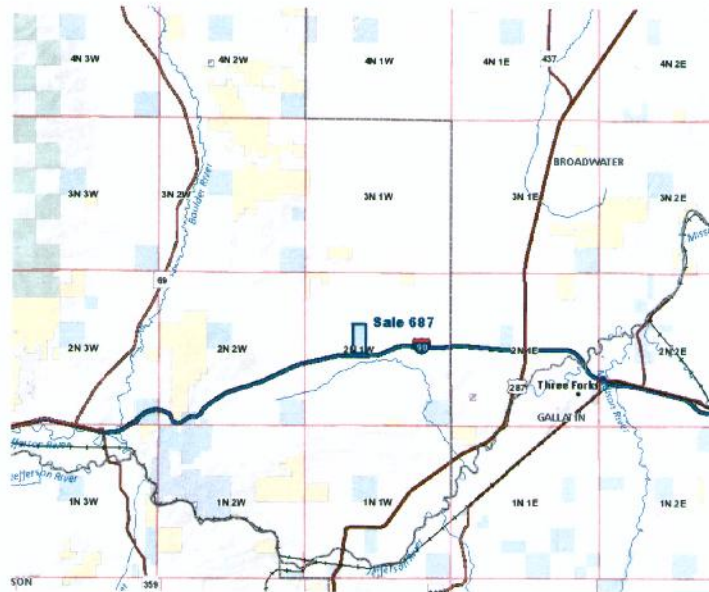
The following will be located in the body of the contract:

The appraisal report will be one document containing the parcel data and the analysis, opinions, and conclusions of value(s) for the parcel. If deemed necessary by the contractor rather than including the specific market data in the appraisal report, a separate addendum may be submitted containing the specific market data as a stand-alone document, which must be reviewed and accepted along with the appraisal, and will be returned to the appraiser for retention in his/her files. The appraiser must submit an electronic copy as well as a printed copy of the appraisal report.

The definition of market value is that as defined in 70-30-313 M.C.A.

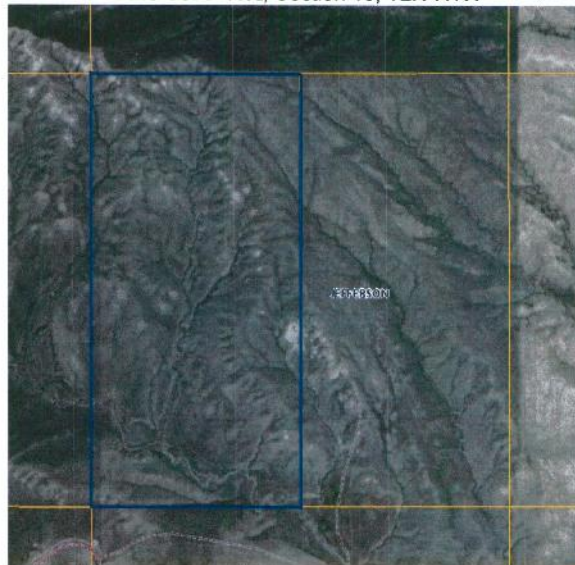
The DNRC will provide access to the state parcel record, as maintained by the land offices, including but not limited to aerial photos, land improvements, current lease data (lease #, name of lessee, , acres, costs, etc.), property issues. The local land office will provide the contact information to the appraiser in order for the appraiser to obtain access to the proponent's property.

Jefferson County Sale Location Map



Land Banking Sale Parcel Map

Sale 687: W $\frac{1}{2}$, Section 16, T2N-R1W



Appraiser Qualifications

Shaun Moore

Education

General Courses at Marylhurst University
September 2009-Present

Advanced Individual Training at Fort Jackson, SC
*Graduated Honor Graduate
December 1997

Basic Combat Training at Fort Jackson, SC
September 1997

Graduated Jefferson High School, Boulder MT
June 1997

Appraisal Specific Education

January 2012
Using Technology to Measure and Support Assignment
Results
Appraisal Institute

June 2011
The Uniform Appraisal Dataset
Appraisal Institute

August 2009
Valuing High Performance Residential Properties
Appraisal Institute
ONLINE

January 2009
Business Practices and Ethics
Appraisal Institute
Helena, MT

October 2008
FHA and the Appraisal Process
Appraisal Institute
ONLINE

September 2008
Quality Assurance in Residential Appraisals
Appraisal Institute
Fairmont, MT

October 2007
General Market Analysis and Highest and Best Use
Appraisal Institute
Louisville, KY

September 2007
General Appraiser Income Approach (Part I)
Appraisal Institute

March 2006
Business Practices and Ethics
Appraisal Institute
Helena, MT

March 2006
National Uniform Standards of
Professional Appraisal Practice
Appraisal Institute
Helena, MT

December 2005
Log Home Appraisals
National Association of Independent Fee
Appraisers
Helena, MT

June 2005
The Professional's Guide to the URAR
Appraisal Institute
Helena, MT

November 2004
Small Residential Income Properties II
Institute for Real Estate and Appraisal
Studies
Salt Lake City, UT

November 2004
Small Residential Income Properties I
Institute for Real Estate and Appraisal
Studies
Salt Lake City, UT

October 2004
Communicating the Appraisal

St. Louis, MO

Institute for Real Estate and Appraisal
Studies
Salt Lake City, UT

February 2004
9.7 Fannie Mae and Appraisal Guidelines
National Association of Independent Fee Appraisers
Helena, MT

February 2003
Residential Construction
McKissock
Billings, MT

February 5, 2004
Scope of Work
National Association of Independent Fee Appraisers
Helena, MT

February 2003
Uniform Standards of Professional
Appraisal Practice
McKissock
Billings, MT

July 17, 2003
120-Appraisal Procedures
Appraisal Institute
Salt Lake City, UT

November 2002
Principles of Residential Real Estate
Appraising
National Association of Independent Fee
Appraisers
Pryor Creek, OK

Professional experience

Leadership Helena Participant
August 2012-Present

March 2005 to Present
Certified General Appraiser #718 State of Montana on
December 2, 2008

Moore Appraisals
Owner / Appraiser
Small appraisal firm practicing residential appraisals of single
family, 1-4 family, large multi-family, vacant land, large
acreage tracts, small commercial properties.

FHA Certified (approx. March 2008)

2002-2005
Moore Appraisals Inc.
Real Estate Appraiser
Trained under Tim J. Moore, IFAS. Perform real estate
appraisals of single family, 1-4 family, proposed construction
and vacant land.

1998-2002
Valley Dodge of Helena
Service Advisor
Responsible for scheduling service appointments, work closely
with service technicians to assure quality repair and customer
satisfaction.

1997-2003
Montana Army National Guard
63B Light Wheel Mechanic
Provide maintenance and repair for company motor pool
vehicles.

*Deploy February 2001 to Salt Lake City, UT. Aid in
providing force security for Joint Taskforce responsible for
protection during 2001 Winter Olympics.

*Deploy January 1998 to Panama City, Panama. Provide relief
efforts assisting in demobilization of active duty military base.

Professional memberships

Appraisal Institute; Candidate for Designation
Member June 2005 - Present
Helena Association of Realtors; Appraiser Member March
2005 - Present
Helena Building Industry Association; Affiliate Member
March 2005 - Present

Volunteer Work

Assistant Coach; East Helena Wrestling Club
2013-Present

Helena Association of Realtors Multiple List System Board of
Directors
2011 – Present

Helena Association of Realtors Membership Committee
2008 – Present

Helena Area Housing Task Force
2009-2011

References

First Interstate Bank
Mr. Rich Bruner
PO Box 5299
Helena, MT 59604
(406) 457-7152

Valley Bank of Helena
Ms. Connie Christofferson
PO Box 5269
Helena, MT 59604
(406) 495-2522

American Federal Savings Bank
Ms. Kathy Buckley
P.O. Box 4999
Helena, MT 59604
(406) 457-4025

Mountain West Bank
Ms. Julie Graham
P.O. Box 6013
Helena, MT 59604
(406) 442-4663

Miscellaneous Clients include:

- City of Helena
- State of Montana
- Helena Community Credit Union
- Trico Educational Credit Union
- Wells Fargo Home Mortgage
- GMAC Mortgage Corp.
- Bank of the Rockies
- Numerous Attorneys
- Country Wide Home Mortgage
- First Security Bank
- First Interstate Bank Bozeman
- U.S. Bank