

David J. Heine and Associates, LLC

**Yellow Book Review
of the
State of MT DNRC Inholdings
within the
Blackleaf and Sun River Wildlife Management Areas**

**Completed by
Mr. Paraic David Neibergs, MA, ARA
Norman C. Wheeler & Associates
31 Fort Missoula Road, Suite 3
Missoula, MT 59804**

**Prepared for
Ms. Darlene Edge
MT Dept. of Fish, Wildlife and Parks
PO Box 200701
Helena, MT 59620-0701**

David J. Heine

and Associates, LLC

240 First Avenue West
dave@daveheine.com

Phone (406) 890-2117

Kalispell, MT 59901
Fax (406) 890-2119

February 16, 2016

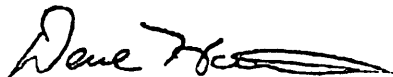
Ms. Darlene Edge
MT Dept. of Fish, Wildlife and Parks
PO Box 200701
Helena, MT 59620-0701

Dear Ms. Edge:

In accordance with your request, I have completed a desk review of the Sun River and Blackleaf Wildlife Management Area (W.M.A.) Appraisal completed by Mr. Paraic Neibergs.

Enclosed are my appraisal review report, qualifications, and invoice. Thank you for the opportunity to assist you. Please call with any questions.

Respectfully,



David J. Heine, M.A., ARA
Accredited Rural Appraiser
Montana Certified General Appraiser
#REA-REG-LIC-149
Broker

APPRAISAL REVIEW

Subject Property: Blackleaf and Sun River game ranges (DNRC Inholdings)

Current Use: Wildlife habitat and recreation.

Use Reflected in Report: Wildlife habitat and recreation.

Appraiser: Mr. Paraic David Neibergs

Effective Date of Appraisal: 09/08/15

Date of Appraisal Review: 02/04/16

Interest Appraised: Fee simple.

Value Type Estimated: Market

Client: MT Dept. of Fish, Wildlife & Parks (F.W.P), DNRC and State of MT Board of Land Commissioners (Land Board).

Intended Purpose: The intended purpose of this appraisal review is to assess the adequacy and relevance of data and the propriety of any adjustments to that data. To assess the appropriateness of the appraisal methods and techniques used to develop the appraisal report.

Intended Use and Intended User: The intended use of this appraisal review is to assess the Neibergs appraisal report for compliance with the Uniform Standards of Professional Appraisal Practice and Uniform Appraisal Standards for Federal Land Acquisitions for use by the F.W.P, DNRC and Land Board.

Scope: This desk appraisal review is for compliance with the Uniform Standards of Professional Appraisal Practice and Uniform Appraisal Standards for Federal Land Acquisitions. An inspection was made of the Sun River W.M.A., but for the Blackleaf I did not make an inspection. The sales were not verified nor inspected.

REVIEW APPRAISER'S SUMMARY OF CONCLUSIONS:

	General Requirements	UASFLA Requirement	Appears to be in Compliance		
			Yes	No	N/A
1.	Was the owner or the owner's representative given the opportunity to accompany the appraiser during the inspection? <i>Letter of transmittal states that Brent Lonner of F.W.P. assisted in Sun River inspection.</i>	D-14	YES	No	N/A
2.	Has the appraiser identified the larger parcel? <i>Summarized on page 6. Nine parcels in total.</i>	A-14	YES	No	N/A
3.	Has appraiser considered, analyzed, and reported ten year ownership history? <i>Page 25, Owned by DNRC.</i>	A-13e	YES	No	N/A
4.	Did the appraiser report a ten year use history? <i>Used as portion of W.M.A.</i>	A13d	YES	No	N/A
5.	Do photographs show numbering, identification of property, date of photo and name of person taking photograph? <i>Yes, pictures adequate.</i>	A-6	YES	No	N/A
6.	Are statement of assumptions and limiting conditions appropriate to assignment?	A-7	YES	No	N/A
7.	If the appraiser will testify in court, did the appraiser provide a list of all publications authored in previous 10 years and a list of all trials and depositions participated in the prior 4 years? Are the appraisal fee and the anticipated testimony fee disclosed?	A-13e	Yes	No	N/A
8.	Were any sales to government agencies included in the analysis? <i>Both government and non-profits.</i>	D-9	YES	No	N/A

9.	If so were they supported adequately? Yes, they were verified and appraiser felt they were arms length.		YES	No	N/A
10.	Did appraiser make statement about invoking jurisdictional exception and not linking estimate of value to a specific exposure period? Page 19, Discussed in detail.	B-2	YES	No	N/A
11.	Does appraiser certification meet Yellow Book requirement including the opinion of market value?	A-4	YES	No	N/A
12.	Pictures of sales – Did appraiser include sales pictures, locale map, and comp. sales map? Useful and good. No sales pictures. Aerials and maps more useful.	A-17, A-34	YES	No	N/A

REVIEW APPRAISER'S SUMMARY OF CONCLUSIONS

	General Requirements	USPAP Requirement	Appears to be in Compliance		
			YES	No	N/A
1.	Has the appraiser prominently stated the appraisal report or restricted appraisal report option used? <i>Appraisal report.</i>	2-2	YES	No	N/A
2.	Has the appraiser identified and correctly interpreted the appraisal problem? <i>Mr. Neibergs identified and solved the problem. See page 27 for description.</i>	1-1	YES	No	N/A
3.	Has the appraiser stated who the client is, by name or type? <i>F.W.P, DNRC and Land Board.</i>	2-2ai, bi	YES	No	N/A
4.	Has the appraiser considered and identified the intended use of the appraisal, identified the intended users of the appraisal report? <i>F.W.P, DNRC and Land Board. To assist in decision making concerning potential sale.</i>	1-2(b), 1-2(a), SMT-9, 2-2a,b,c(ii)	YES	No	N/A
5.	Has appraiser considered and identified the real property interest to be appraised? <i>Fee simple, surface only.</i>	1-2(e)(ii) 2-2b(iv)	YES	No	N/A
6.	Has appraiser identified the effective date of the appraisal? <i>September 8, 2015</i>	1-2(a) 2-2b(vi)	YES	No	N/A
7.	Did appraiser state the report date? <i>January 13, 2016</i>	2-2b(vi)	YES	No	N/A
8.	Has appraiser provided a definition of value? <i>Market value definition provided by Yellow Book.</i>	1-2(c), 2-2b(v)	YES	No	N/A
9.	If market value has been estimated, has the appraiser indicated whether the estimate is in terms of cash; or terms equivalent to, cash or other precisely defined terms? <i>Cash or equivalent.</i>	1-2(c) 2-2b(v)	YES	No	N/A

10.	Has appraiser stated use of the real estate existing as of the date of value and the use reflected in the appraisal? Part of the W.M.A. used for wildlife wintering and recreation.	2-2abc(ix)	YES	No	N/A
11.	Has appraiser considered and reported the extent of the process of collecting, confirming and reporting date (scope)? Concise and descriptive.	1-2(f) 2-2b(vii)	YES	No	N/A
12.	Did the appraiser clearly and conspicuously state that there were or were not any extraordinary assumptions and hypothetical conditions and state their affect upon the appraisal? No extraordinary assumptions. There are three hypothetical conditions: 1) Appraise the properties as if the leases/licenses do not exist 2) DNRC will grant a 20' administrative easement across existing roads in Sections 16 & 21 in the Sun River game range 3) The Sun River W.M.A. administrative cabin owned by F.W.P. and excluded from valuation.	2-2bx	YES	No	N/A

PROPERTY DESCRIPTION

13.	Has appraiser adequately identified and reported the site description? All parcels described over 50 pages.	1-2(e)(i)(iv) 2-1(b)(iii)	YES	No	N/A
14.	Has appraiser adequately identified and reported improvements(s) description?	1-2(e) 2-2b(iii)	Yes	No	N/A
15.	Has the appraiser adequately identified and reported the physical, functional and external market factors as they may affect the appraisal? Market discussed in depth.	1-4(f) 2-2b(iii)	YES	No	N/A
16.	Has appraiser considered and reported any anticipated public and private improvements located on or off the site? None noted.	1-4(f)	Yes	NO	N/A
17.	Has appraiser considered and reported easements, restrictions or other items of a similar nature? Access issues discussed for each parcel affected.	1-2(e)(iii)	YES	No	N/A
18.	Has appraiser identified and considered the effect on value of any personal property, trade fixtures or intangible items that are not real property, but are included in the appraisal? Statement that none are included on page 19.	1-2(e)(iii)	Yes	No	N/A
19.	Has the appraiser identified and analyzed economic demand, market area trends, and land use regulations and market area trends? Time adjustments made. Discussion of unique buyers in market.	1-3(a)	YES	No	N/A
20.	Has the appraiser considered and reported the highest and best use of the real estate subject to Y.B. requirements?	A-14 1-3(b) 2-2b(ix)	YES	No	N/A

VALUATION

Cost Approach

21.	Has appraiser explained and supported the exclusion of the cost approach? No buildings to analyze.	2-2b 2-2b(viii)	YES	No	N/A
22.	Has appraiser appropriately value the site?	1-4(b)(i)	Yes	No	N/A
23.	Has appraiser collected, verified, analyzed and reconciled the cost of new improvements?	1-4b(ii)	Yes	No	N/A
24.	Has appraiser collected verified, analyzed and reconciled accrued depreciation?	1-4(b)(iii)	Yes	No	N/A

Sales Approach

25.	Has appraiser explained and supported the exclusion of the Sales Comparison Approach? Used in analysis.	2-2b(vii)	Yes	No	N/A
26.	Has appraiser collected, verified, analyzed and reconciled comparable sales, adequately identified and described?	1-4(a)	YES	No	N/A

Income Approach

27.	Has appraiser explained and supported the exclusion of the Income Approach?	2-2b(xi) 2-2b(vii)	YES	No	N/A
28.	Has appraiser collected, verified, analyzed and reconciled comparable rental data for subject rent?	1-4(b)(i)	Yes	No	N/A
29.	Has appraiser collected verified, analyzed and reconciled comparable operating expenses?	1-4(c)(ii)	Yes	No	N/A

30.	Has appraiser collected verified, analyzed and reconciled comparable data to estimate cap/disc rate?	1-4(c)(iii)	Yes	No	N/A
31.	Has appraiser adequately based projections of future income and expenses on reasonably clear and appropriate evidence?	1-4(c)(iv)	Yes	No	N/A

RECONCILIATION AND FINAL ESTIMATE OF VALUE

32.	Has appraiser considered, analyzed and reported any current sale, option, or listing of the property being appraised? None applicable.	1-5(a) 2-2(a)(viii)	Yes	No	N/A
33.	Has appraiser considered the quality and quantity of the data in the approaches, the applicability of the approaches and commented on the reconciliation?	1-6(a,b)	YES	No	N/A
34.	Does the appraiser report contain sufficient information to enable the person(s) who are expected to receive or rely on the report to understand it properly?	2-1(b)	YES	No	N/A
35.	Has the appraiser produced credible assignment results in accordance with the scope of work rule?		YES	No	N/A

CERTIFICATION

36.	Does the report include a signed certification 2-3 in accordance with Standards Rule 2-3?	2-3 2-2abc(xi)	YES	No	N/A
37.	Did appraiser make a statement that he/she does not have any current or prospective interest in subject property or with parties involved? Page 172	Ethic Rules Line 256	YES	No	N/A
37.	Did appraiser include statement on whether or not work has been completed on the subject in prior 3 years required in certification? Page 173	Ethic Rules Line 257	YES	No	N/A

COMMENTS

Mr. Neibergs stated in the appraisal problem he was to solve that it was challenging because of the differing access and the challenges both from a physical standpoint and a legal standpoint. These properties were challenged because of the surrounding wildlife management area and the seasonal access. That is somewhat unique.

Through the report Mr. Neibergs laid out a good foundation of what he was hoping to do in solving this problem. He discussed the properties that are under scrutiny for this appraisal. Then, after concluding the highest and best use, he isolated the properties into larger parcels and stated a good sound set of reasons why the larger parcels were as concluded. He then went through an analyzed the properties in comparison to the sales, adjusted the sales as need be for differences with the subject and concluded values for each of the larger parcels both in the Sun River W.M.A. and also the Blackleaf W.M.A.

He wrote this appraisal in a fashion that would be easy to follow for both an informed reader and an uninformed reader.

It is important to note that within the Rocky Mountain Front and the majority of western and west central Montana that quantitative adjustments are very difficult to do. It is hard to pin a dollar amount on a size adjustment. It is hard to pin a dollar amount on a view adjustment. Mr. Neibergs used a qualitative adjustment where he said that a certain property was superior in view and so forth. This is acceptable and probably is more reflective of the market than trying to do a quantitative adjustment.

SCOPE AND SUMMARIZATION OF REVIEW

The scope of my review is to prepare a report of my findings for use by the DNRC, the Land Board and the MT F.W.P. The main purpose of this review is to determine if the appraisal report completed by Mr. Paraic David Neibergs complies with both Uniform Standards for Professional Appraisal Practice (USPAP) and Uniform Appraisal Standards for Federal Land Acquisitions (UASFLA). This report was desk reviewed and consisted of my reading of the report and then re-reading it as well as several phone calls and contact with Mr. Neibergs.

I did inspect the Sun River W.M.A. with Mr. Neibergs. We discussed larger parcel access and other issues. We have been in contact throughout this process discussing different options and theory on the best way to proceed.

It is important to point out that a few of the differences between the USPAP requirements and the UASFLA requirements. The main differences are the exposure period and the ten-year ownership history. Both of these were correctly identified as jurisdictional exceptions. This means that the jurisdiction of the UASFLA has precedent over USPAP. An exposure period estimate is a requirement for USPAP, but is not to be considered under UASFLA requirements.

After reviewing this report, it is my opinion that Mr. Neibergs correctly addressed the appraisal problem and did so in a manner that would result in a correct interpretation of the data.

Based upon my desk review and oral interviews with Mr. Neibergs, I feel that I can concur with his report and his application of the market data presented in this report. It is my opinion that the Neibergs narrative appraisal report of the Sun River and Blackleaf W.M.A. meets the requirements of both the Uniform Appraisal Standards for Federal Land Acquisitions and also the Uniform Standards for Professional Appraisal Practice.

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

- The facts and data reported by the reviewer and used in the review process are true and correct
- The analyses, opinions, and conclusions in this review report are limited only by the assumptions and limiting conditions stated in this review report, and are my personal, impartial, and unbiased professional analyses opinions, and conclusions.
- 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.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in this review or from its use.
- My analyses, opinions and conclusions were developed and this review report was prepared in conformity with the Uniform Standards of Professional Appraisal Practice and Uniform Appraisal Standards for Federal Land Acquisitions.
- I did not personally inspect the subject property of the report under review.
- No one provided significant real or personal appraisal or appraisal review assistance to the person signing this certification.
- I have not preformed any services on the property that is the subject under review in the three years prior to acceptance of this assignment.

Limiting Condition:

- If any of the factual data, stated in the appraisal report, is found to be false through additional investigation, the reviewer will reserve the right to amend this review.

This appraisal review is to be used in conjunction with the Appraisal Report and file memorandum under review, without the accompanying report this review report is not to be relied upon.



David J. Heine, M.A., ARA
Accredited Rural Appraiser
Montana Certified General Appraiser
#REA-REG-LIC-149

DAVID J. HEINE, M.A., A.R.A.

PROFESSIONAL AFFILIATIONS:

- Accredited Rural Appraisal (A.R.A.) - designation which is awarded by the American Society of Farm Managers and Rural Appraisers to those members who have had years of experience, are technically trained, have passed a rigid examination and subscribe to a high code of ethics, -- #1083
- Montana Board of Real Estate Appraisers - General Certification #REA-REG-LIC-149
- Montana Licensed Real Estate Broker - #8876
- Western Montana Stockgrowers Association - Former Board of Directors
- Montana Board of Real Estate Appraisers - Board Member 2000-2006

EDUCATION:

Montana State University, Bozeman, MT - B.S. in Agricultural Economics, March 1983
Washington State University, Pullman, WA - M.A. in Agricultural Economics, December 1986

CONTINUING EDUCATION:

American Society of Farm Managers and Rural Appraisers:

Feb 4, 2014	Water Court Update	Feb. 5, 2008	Subdivision Analysis
Feb 4, 2014	Code of Ethics	Feb. 6, 2008	USPAP Update
Feb 5, 2014	USPAP 7 Hour Update	Oct. 26, 2006	Discounting
Feb 8, 2012	GIS	Feb. 28, 2006	Appraising Ag Lands in Transition
Feb 8, 2012	Access & Easement Law	Mar. 1, 2006	MT Access Laws & Conservation Easements
Feb 7, 2012	USPAP Update		
Feb 10, 2011	Sales Comparison	Jan. 26, 2006	GIS, NRIS, Subdivision
Feb 3, 2010	USPAP Update	Jan. 24, 2006	MT Water, DEQ
July 25, 2008	Valuation of Conservation Easements	Jan. 25, 2005	USPAP Update
Feb. 5, 2008	Code of Ethics		

Appraisal Institute:

September 8, 2006	Subdivision Analysis
January 20-21, 2005	Expert Witness Seminar

PUBLICATIONS:

Master's Thesis

Washington State University
"An Economic Evaluation of Different Feeding Systems in the Western Washington Dairy Industry."
August 1986

Magazine Feature Article - Two Part

- "Look at all options when considering commodities,"
- "Partial budget analysis helps determine best action,"
by D. J. Heine, G. S. Wilett, J. K. Hillier and R. L. Kincaid. Hoard's Dairyman
March 10, 1988 and March 25, 1988

PROFESSIONAL EXPERIENCE:

PREMIERE REAL ESTATE PROFESSIONALS, Broker
Kalispell, MT 2012 -- present
Real Estate Brokerage - Specializing in farms, ranches & recreational properties.

DAVID J. HEINE AND ASSOCIATES LLC, Owner
Kalispell, MT 1986 -- present
Economic consulting, Fee appraisals.

HEINE FARM
Kalispell, MT 1978 -- Present
Commercial dairy hay, peppermint, turf sod, and other irrigated crops. Dairy heifers and commercial beef cattle.

Appraisal of Rural Property

2nd Edition, Contributing Author. Published by ASFMRA December 2000.

WESTERN BROKERS LLP, Partner
Kalispell, MT 1997 -- 2012
Real Estate Brokerage - Specializing in farms, ranches & recreational properties.

US DEPT. OF AGRICULTURE, Loan Servicing Contractor 1994 -- 1997
Production and financial analysis; feasibility studies.

MT DEPT. OF AGRICULTURE, Financial Consultant
Helena, MT 1986 -- 1988
Agricultural Assistance Program, included financial analysis, partial budgeting, debt restructuring options.

APPRAISAL AND REAL ESTATE EXPERIENCE:

Assignments have included specialized agricultural properties, rural recreational properties, residential properties, subdivision analysis, conservation easements, fractional interests, and special use studies. Public speaking includes continuing education courses, court testimony, presentations to various agricultural groups, lenders and others. Clients include private parties, MTFWP, State of MT, USFWS, Land Trusts, and TNC. I complete review appraisals for various clients for Uniform Standards for Professional Appraisal Practice (USPAP) and Yellow Book compliance (Uniform Appraisal Standards for Federal Land Acquisitions - UASFLA).