

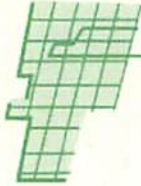
APPRAISAL REPORT
MONTANA DEPARTMENT OF NATURAL RESOURCES
AND CONSERVATION

TRUST LAND MANAGEMENT DIVISION
P. O. BOX 201601
HELENA, MT 59620-1601

Tract No. 870
Section 36, T. 24 N., R. 54 E.

By

Bernard W. Lea, SR/WA
Date of Value – April 7, 2017
Date of Inspection – April 7, 2017
Date of Report – May 3, 2017



LEA APPRAISAL & CONSULTING SERVICES

BILLINGS, MONTANA 59102
406-652-6921
406-651-9006 FAX

BERNARD W. LEA, SR./WA
90 VISTA DR.

State of Montana
Department of Natural Resources
Trust Land Department

As you requested I have prepared an appraisal of the property listed in this report.

The purpose of the report is to estimate the market value of the fee simple interest of the property listed on the legal description section of this report as of April 7, 2017. The valuation is based on information from you and my personal inspection of the property with Scott Aye, Program Manager of the Eastern Land Office, Miles City, Montana.

The opinions stated in this report are based on my inspection of the subject property, the comparable sales and assembly of all pertinent data. The subject property was inspected April 7, 2017.

It is my opinion, after weighing all the data gathered during the preparation of the report that the estimated market value of the subject property as of April 7, 2017 is:

| | | |
|--------------------------------------|-------|------------------|
| 22.93 acres land at \$3,500 per acre | = | \$ 80,225 |
| Value of the Improvements | = | <u>\$252,896</u> |
| | Total | \$333,121 |

Respectfully submitted

Bernard W. Lea, SR/WA
Certified General Appraiser, No. 308

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CERTIFICATION

The undersigned does hereby certify that, except as otherwise noted in this report

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 and is 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 for completing this assignment is not contingent upon development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice and the International Right of Way Association.

I have made a personal inspection of the property that is the subject of this report.

No one provided significant real property appraisal assistance to the person signing this certification.

As of the date of this report, I Bernard W. Lea, SR/WA have completed the requirements under the continuing education program for the International Right of Way Association.

Bernard W. Lea is currently certified as a General Real Estate Appraiser pursuant to the provisions of Title 37, Chapter 54, Montana Code Annotated: Certificate No. 308.

Respectfully submitted,



Bernard W. Lea, SR/WA

Montana State Certified General Appraiser, No. 308

SUMMARY OF FACTS AND CONCLUSIONS

| | | | | | | | |
|---------------------------------|--|-------------|------------------|---------------------|-------------------------|--------------|------------------|
| OWNER OF RECORD: | State of Montana - Land Vera Roberts - Improvements | | | | | | |
| TYPE OF LAND: | Agriculture Residence | | | | | | |
| LOCATION: | Approximately 8 miles northwest of Lambert, MT | | | | | | |
| LEGAL DESCRIPTION: | See Page 15 | | | | | | |
| INTEREST BEING APPRAISED | Fee Simple | | | | | | |
| SIZE: | 22.93 acres | | | | | | |
| HIGHEST AND BEST USE | Agriculture Residence | | | | | | |
| DATE OF VALUE ESTIMATE | April 7, 2017 | | | | | | |
| DATE OF REPORT | May 3, 2017 | | | | | | |
| FINAL ESTIMATE OF VALUE | <table><tbody><tr><td>Land</td><td>\$ 80,255</td></tr><tr><td>Improvements</td><td><u>\$252,896</u></td></tr><tr><td>Total</td><td>\$333,121</td></tr></tbody></table> | Land | \$ 80,255 | Improvements | <u>\$252,896</u> | Total | \$333,121 |
| Land | \$ 80,255 | | | | | | |
| Improvements | <u>\$252,896</u> | | | | | | |
| Total | \$333,121 | | | | | | |

SUBJECT PROPERTY PHOTOGRAPHS



View north at dwelling. 3/29/17 B. Lea



View north at unattached garage. 3/29/17 B. Lea



View southeast at livestock shed. 3/29/17 B. Lea



View southeast grain bins and older out buildings. 3/29/17 B. Lea

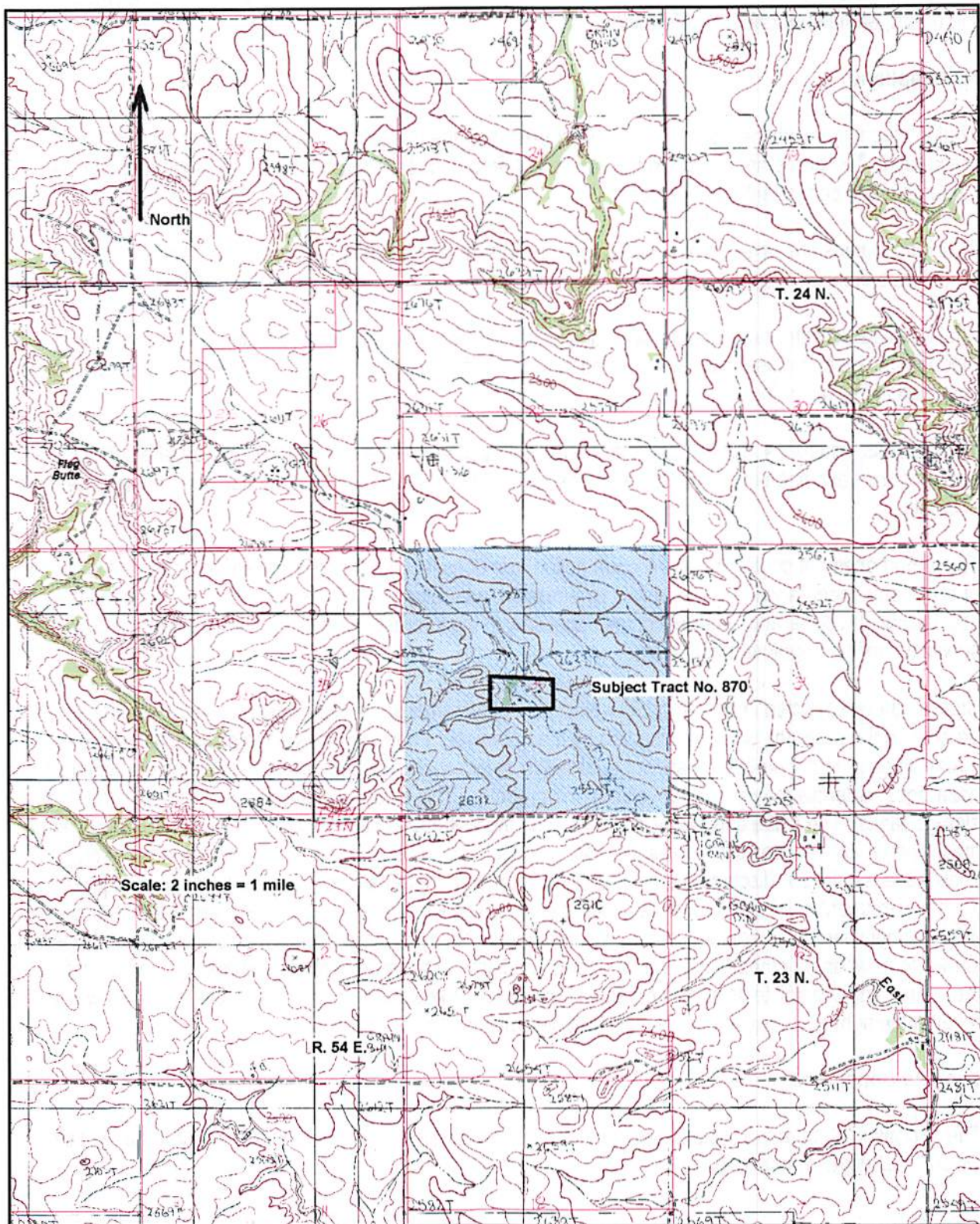


View south at other out buildings. 3/29/17 B. Lea



View west at machine shed. 3/29/17 B. Lea

SUBJECT PROPERTY MAP



STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS

This project appraisal report, letter of transmittal and certification are subject to the following Assumptions and Limiting Conditions: and also, any special qualifying conditions, which may be contained elsewhere in the report, are incorporated by reference.

Assumptions

That the legal descriptions, as furnished, are correct: and the title to the properties are good and marketable. The properties are appraised as though free and clear of other burdens, under responsible ownership and competent management.

That land dimensions taken from available maps, plats, and/or surveys are correct. It is assumed that the boundaries that are apparent are correct.

That no adverse water table or soil conditions exist, and no representation regarding such conditions is made in this report unless specifically stated; and that the value estimate is predicated on absence of any such conditions occurring.

The opinions, estimates, data and statistics supplied by others in the course of this study, are correct; the assumptions have been made that the sources are reliable, but no responsibility has been inferred for their accuracy.

This report does not contemplate any court action, nor does it obligate the appraiser to give any testimony or make any appearance in court, before commission, arbitrator or any other individual, body, or agency. If court action or appearance later becomes necessary in the interest of the client, the terms of the additional services shall be negotiated at that time.

Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property, was not observed by the appraiser. I have no knowledge of the existence of such materials on or in the property. I am not qualified to detect such substances. The presence of potentially hazardous materials may affect the value of the property. This extends to any leaks from underground fuel storage tanks. The value estimate is predicated on the assumption that there is no such material on or in the property. No responsibility is assumed for any such conditions or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in the field, if desired. Any such environmental risk discovered at a later date may require a revised estimate of value that may or may not be simply a reduction of the value by the estimated cost to cure the environmental condition. Properties known to have environmental risk may also carry a stigma in the market place that may or may not affect the value. If future soil tests should reveal the existence of any such soil conditions or hazardous waste, I reserve the right to review and adjust this appraisal accordingly.

Limiting Conditions

The appraiser is not responsible for any matter legal in character, nor is any opinion rendered as to title, which is assumed marketable.

The value reflected in the analysis applies to the program of utilization considered in this report. The use of the value in conjunction with any other appraisal or under other influences invalidates the conclusions developed.

This analysis and estimate of value is made for the exclusive use and benefit of the client to whom it is addressed; and possession of this report or a copy, does not carry with it the rights of publication, or may it be used for any purpose other than that intended without previous consent of the appraiser. In any event only the entire report may be used and no part shall be taken or used out of context.

Included as an integral part of this report are maps and photographs of the appraised property and land sales. The maps and photographs were prepared and taken by the appraiser, and although I do not purport to represent survey accuracy, they are substantially correct and adequately serve as a visual reference to the property.

No estimate of the value of the underlying minerals, other than those represented by the price analysis of the comparable sales, has been made.

Disclosure of the content of this report is governed by the By-Laws and Regulations of the International Right of Way Association. Neither all nor part of the contents of this report (specifically any conclusions of value, the identity of the appraiser or the firm with which they are connected or any reference to the SR/WA designation) shall be disseminated to the public through advertising media, public relations, news media, sales media, or any other public means of communication without prior written consent and approval of the author.

The International Right of Way Association conducts a voluntary program of continuing education for its members. SR/WA's who meet the minimum standards of this program are awarded periodic educational certification. Bernard W. Lea is currently certified under the IRWA voluntary continuing education program.

SCOPE OF THE APPRAISAL

The property to be appraised in this report was inspected on April 7, 2017, accompanied by DNRC Representative Scott Aye.

The clients are the State of Montana, the Montana Board of Land Commissioners and the Department of Natural Resources and Conversation (DNRC).

The intended users are the State of Montana, Montana Board of Land Commissioners and the Department of Natural Resources and Conversation (DNRC) and Lessee Vera E. Roberts

The scope of work completed to prepare this report included a search for comparable sales. The search included contacting other appraisers and Real Estate Offices. Sales of properties similar to the subject tract were found and will be used to estimate the value of the subject property.

Deeds and other pertinent documents were retrieved from the courthouses in Richland and Dawson Counties.

The following companies and individuals were contacted in the search;

Seigfried Agency
George Luther, Appraiser
Redwater Realty

Sidney, MT
Miles City, MT
Circle, MT

Each comparable sale was inspected on the ground and copies of the deeds were obtained, including copies of additional information such as property records from the Montana State Cadastral web page, Sales were confirmed with the buyer, seller, or other informed person knowledgeable of the transaction.

PURPOSE OF THE APPRAISAL

The purpose of the appraisal is to estimate market value of the subject property located in Richland County Montana. The property was inspected on April 7, 2017 and the report is dated May 3, 2017. The date of value is April 7, 2017, the date of the inspection.

Market Value can be described as (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.

The estate to be appraised is fee simple.

The condition I am appraising for is cash, or in market terms equivalent to cash.

I have estimated the normal exposure time in the area of the appraised property to be one year or less, , under the existing market conditions as of the appraisal date of April 7, 2017. This estimated marketing

time frame applies to properties such as the appraised property, based on days on market for similar properties.

In this appraisal, the unencumbered fee simple estate is appraised subject to normal easements. No encroachments or other easements that would adversely affect the property were noted. The property is appraised as though free and clear of any liens or indebtedness, and all taxes and assessments due are paid unless specifically stated otherwise in this report.

The purpose of the appraisal is to provide the clients with a credible opinion of current fair market value of the appraised subject properties and is intended for use in the decision making process concerning the potential sale of said subject properties.

This Appraisal Report was prepared as set forth in the Uniform Standards of Professional Appraisal Practice.

SUMMARY OF APPRAISAL PROBLEMS

There were a limited number of sales comparable to the subject property at 22.93 acres. These size acreages are associated with subdivisions near or adjacent to towns and cities. The subject property is not surveyed, but will have to be before a deed can be recorded if it sells. I have been instructed to assume a hypothetical situation that the property is surveyed and complete this appraisal based on this assumption. The subject property is located approximately 8 miles northwest of Lambert, Montana which has a high school but other services are limited. The nearest towns with extended services are Sidney or Glendive, Montana.

PART II – FACTUAL DATA

LEGAL DESCRIPTION

**Section 36, T. 24 N., R. 54 E., PMM
PT S $\frac{1}{2}$ S $\frac{1}{2}$ SE $\frac{1}{4}$ NW $\frac{1}{4}$,
PT SW $\frac{1}{4}$ SW $\frac{1}{4}$ NE $\frac{1}{4}$,
PT W $\frac{1}{2}$ NW $\frac{1}{4}$ SE $\frac{1}{4}$,
PT NE $\frac{1}{4}$ SW $\frac{1}{4}$**

Approximately 22.93 acres (provided by DNRC)

REGIONAL AND NEIGHBORHOOD DATA

The value of real property is influenced by the interaction of basic forces that motivate human activity. These forces can be divided into four major categories: social trends, economic circumstances, governmental controls and regulations, and environmental conditions. The Regional and Neighborhood will be discussed subject to these four forces. The subject property is located in Richland County.

Richland County

According to the estimated 2015 Census Richland County contains 2,103 square miles which translates into approximately 5.0 persons per square mile, located in the eastern portion of Montana. It is bordered on the east by McKenzie County, North Dakota; on the west by McCone County; on the north by Roosevelt County and on the south by Dawson County.

Social Trends

According to the 2015 census, Richland County had a population of 11,960. The majority of the population lives in a scattered pattern created by ranch and farm occupations. Larger populations are located in the largest city, Sydney, which is also the county seat.

The principal sources of the water supply for Richland County are the Yellowstone River and wells for both personal and livestock water. There are smaller tributaries that also contribute to water needs in the area.

Economic Trends

The 2010 census indicated the median income for a household in the county was \$52,516, and the median income for a family was \$60,236. Males had a median income of \$44,788 versus \$23,135 for females. Richland County enjoyed increases in the annual income during the oil boom from 2010 to 2015 in adjacent North Dakota.

Richland County is known for its dry-land grain, coal mines and gas and oil wells. The principal crops in the early years of the 20th century were barley, oats and wheat. Sixty per cent of the land was tillable, and the remainder afforded good grazing. As of 1920, the head-gates of the Lower Yellowstone Irrigation Project, which irrigated approximately 90,000 acres were located at Intake, in Dawson County, and further irrigation was planned. Un-irrigated land was also producing excellent crops, with up to 400 bushels of potatoes in one acre of un-irrigated land.

Governmental Controls

Richland County has three county commissioners to govern county business. The County assesses an ad valorem property tax to fund public schools, roads and other county services. The State of Montana levies an income tax. There is no sales tax in Montana at the present time.

Sidney has a City Police Department. Police protection to the county's outlying area is provided by the Richland County Sheriff's Office, which is located in Sydney. Both of these agencies are supported by the Montana Highway Patrol Officers.

Environmental Conditions

The average annual number of frost-free days is 121, with the last freeze usually coming around the end of May, and the first freeze in the fall normally around the first part of September.

Elevations average 3,000 feet above sea level throughout the county.

Conclusion

Agriculture is the primary industry in the county. Tourism and recreation are also providing an increase in economic growth to the county economy. Some agriculture properties are being purchased as recreation properties, which is the main contributor to this possible change. The oil boom across the border in North Dakota has influenced the economy of Richland County. Although it is still active, a decline is evident by the reduction in land prices and sales. The area should remain stable in population and growth, indicating no major change in the economy of the county.

SUBJECT PROPERTY DATA

The subject tract is located approximately 8 miles northwest of Lambert, Montana and approximately 30 miles west of Sidney, Montana. Access is provided by Montana State Secondary Highway No. 200 and Richland County roads.

The tract includes 22.93 acres located in Section 36, Township 24 North, Range 54 East, which is administered by the Montana Department of Natural Resources. There are improvements located on the parcel that belong to Vera Roberts. They will be discussed later in the report.

Topography is gently rolling with small intermittent streams crossing the tract.

PART III – ANALYSIS AND CONCLUSIONS

DISCUSSION OF THE APPRAISAL PROCESS

The appraisal process is an orderly procedure of gathering information from the market which will lead to an estimate of value.

There are three approaches to value which should be considered when arriving at an estimate of value for real estate. These are: 1) The cost approach; 2) the sales comparison approach; 3) the income approach.

Cost Approach

In the cost approach, the value of the land portion of the property is estimated from comparable market data. Next, the replacement cost of the buildings and improvements is estimated; accrued depreciation is estimated and subtracted from the replacement cost estimate, for an indication of the contributing value of the buildings. This opinion of value is then added to the land value, which results in the estimate of value by the cost approach.

Sales Comparison Approach

The sales comparison approach estimates market value by comparing the appraised property with recently sold comparable properties. The comparable sales are analyzed, and compared to the subject property using the appropriate units of comparison to derive an indication of market value of the appraised property.

Income Capitalization Approach

The income capitalization approach to value consists of methods and techniques that an appraiser uses to analyze a property's capacity to generate future benefits (i.e. usually the monetary benefits of income and/or reversion). These future benefits are converted into an indication of present value in the income capitalization approach to value.

Conclusion

Whenever possible, all three approaches should be used. One approach, however, will often be given greater weight than the others depending on the type of property, the most convincing factual data, and the objective of the appraisal. In most instances these size tracts are appraised using the Sales Comparison Approach to value. The sales are generally similar in size and have comparable improvements for ranching and farming enterprises. In this case, the subject is small and cannot be considered as a viable farming or ranching operation. Sales used in this report are similar in size, so improvements are not similar. The subject ranching operation on the leased state land includes improvements generally found on larger private farming and ranching operations.

Therefore the Sales Comparison Approach will be used to arrive at an opinion of value for the land and the Cost Approach will be used to value the improvements. The Income approach is not applicable in this valuation because these size properties are generally not leased in this market area.

ANALYSIS OF HIGHEST AND BEST USE

The highest and best use of a specific parcel of land does not depend on subjective analysis by the property owner, the appraiser, or a property developer. Rather, highest and best use is shaped by competitive forces within the market where the property is located.

In all valuation assignments, value estimates are based on use. Consequently, highest and best use is the foundation of any property value estimate.

Highest and best use may be defined as:

The reasonable, probable, and legal use of vacant land, or an improved property, which is physically possible, appropriately supported, financially feasible, and results in the highest and best value.¹

When a site contains improvements, the concluded highest and best use may be different from the existing use. The existing use will continue unless and until the vacant land value, at its highest and best use, exceeds the sum of the value of the entire property in its existing use, plus the cost to remove the improvements.

In order to ascertain the highest and best use of the appraised properties, a number of factors have to be taken into consideration. These include the physical characteristics of the property such as size, location and access. The State of Montana has passed legislation that regulates subdivisions on private lands. The present use of surrounding land, as well as the demand for properties for different types of development in the area, will also be considered.

An analysis must test for the highest and best use as though vacant, and as if improved. The following discussion will test for the four basic criteria. The highest and best use must be:

1. Physically possible
2. Legally permissible
3. Financially feasible
4. Maximally productive

The sales used to estimate the value of the subject property all meet the criteria listed above. These sales are similar to the subject tract and are all physically possible, legally permissible, financially feasible and maximally productive.

Conclusion

The present owner of the improvements uses the property as a lease for agriculture resident purposes. The highest and best use of the subject tract is agriculture residence.

¹ Appraisal Institute, The Appraisal of Real Estate, 12th Edition, (2001) page 305

MARKET ANALYSIS AND OBSERVATIONS

The appraisal of real property relies on making comparisons between the sales and the appraised property. However, since no two properties are identical, the sales are analyzed and in some instances adjustments to the sales are required to arrive at an indication of value for the appraised property.

Adjustments for different characteristics are best shown by the analysis of sales within the market area. Although not all differences can be pinpointed with mathematical precision, most often a reasonably narrow range of indicated values can be obtained. Discussions for time, size and location will be considered and appropriate adjustments made if deemed necessary. All sales have access to the property. Beyond this process, bracketing will be used to arrive at a final conclusion of value.

The area described as the neighborhood of the subject property was researched for data that could be used to estimate value. In this market the number of sales similar to the subject in size and location were limited. Three sales were found and will be used to determine an estimate of value for the subject tract

Time

Market conditions change over time, sometimes necessitating an adjustment for appreciation or depreciation in sales price. The sales used in this valuation range from Sale 1 on September 1, 2015, Sale 2 on January 9, 2015 and Sale 3 on October 15, 2014. These three sales fit the criteria asked for in the contract that no sales older than 3 years be used to estimate the value of the subject property. A downward adjustment is indicated because of its sale date of 10/15/14.

Size

Smaller tracts often sell for more on a per acre basis than do larger tracts and conversely larger tracts often sell for less on a per acre basis than do smaller tracts. The three sales used in this valuation range in size from Sale 1 at 6.5 acres, Sale 2 at 40 acres and Sale 3 at 26.52 acres. An adjustment for size will be applied if deemed necessary.

Location

The 3 sales used in this report are all located within approximately a 50 mile radius of the subject property and represent the market of the area. A downward adjustment is indicated for Sale 3 because of its location near the towns of Sydney and Fairview, Montana.

SALES COMPARISON AND COST APPROACH

Sales research was conducted in Richland and Dawson Counties for sales that could be considered similar to the subject property. Three sales were found that can be considered similar to the subject and adjustments made if necessary.

Sale No. 1

Sale No. 1 is a sale of 6.5 acres. It is a vacant property and sold September 1, 2015 for \$3,846 per acre. It is smaller than the subject, but is similar in time and size. It is located near the town of Richey. A downward adjustment is indicated for location because it is superior to the subject.

Sale No. 2

This sale totals 40 acres. It has improvements and sold January 9, 2015 for \$3,000 per acre. Because it is somewhat larger in size, an upward adjustment is indicated. The per acre price does not include improvements

Sale No. 3

Sale 3 is a sale of 26.52 acres. It is vacant land and sold October 15, 2014 for \$6,007 per acre. This property sold near the end of oil boom and reflects the inflated prices at that time. A downward adjustment is indicated for time. It is located closer to Sydney so a downward adjustment is also indicated for location.

The following chart compares the three sales and will be used to arrive at an indicated value of the subject tract.

| Sale | Grantor | Grantee | Date of Sale | acres | Total Price | \$/Acre |
|------|------------|----------|--------------|-------|-------------|---------|
| 1 | White | Rosaaen | 9/1/15 | 6.5 | \$25,000 | \$3,846 |
| 2 | Richardson | Beley | 1/9/15 | 40.00 | \$120,000 | \$3,000 |
| 3 | Panasuk | Sorenson | 10/15/14 | 26.52 | \$159,200 | \$6,007 |

Note: Sale 2 does not include improvements

SALES COMPARISON APPROACH (LAND)

Due to the quality and quantity of the improvements on this tract, the Sales Comparison approach will be used to estimate the value of the land and the Cost approach to estimate the value of the improvements.

These three sales indicate a range of a low at \$3,000 per acre to a high of \$6,007 per acre. Sale 3 represents the high end of value indicating a downward adjustment. It is influenced by its sale date of 2014, which was the just before the downturn in the market because of the slow- down in oil boom. Market sales have slightly decreased over time. Sales 1 and 2 represent a very narrow range in per acre value between \$3,000 and \$3,846.

Land Value by Sales Comparison Approach

22.93 acres at \$3,500 per acre = \$80,225

COST APPROACH (IMPROVEMENTS)

The subject property is located in a rural area of Richland County, northeast of Sidney. Present land use is 10% single family residential on acreage tracts of varying size and 90% undeveloped (native grassland and agricultural crop or grazing land). The agricultural land use is common in this area and does not affect marketability or value. Growth in this area tends to be slower due to rural agricultural economy and marketing times are typically longer (over 6 months). Property values have been generally stable. There are no zoning restrictions, which is typical for rural areas. The property is supported by public electricity, propane gas, and private well and septic system. The subject property is not located in a flood zone.

Single Family Residence:

Ranch Style

Year Built: 1973 (Actual age 44)

Gross Living Area: 1,400 sf; 3 bedrooms, 1 full bath, 1 half bath

Full Basement, approximately 75% finished (1,050 sf), 1 full bath

Exterior: Wood shake shingles roof, metal siding, concrete foundation, vinyl insulated windows

Interior: Wood panel walls, carpet and vinyl flooring, fiber glass shower surround, laminate kitchen countertops, wood cabinets

Heating/Cooling: Electric baseboard heat, central air cooling

1 car attached garage

Opinion of Effective age: 20 years

A visual inspection of the exterior and interior indicated average condition. The home has been well maintained, with newer siding and windows (~10 years). No functional or external inadequacies were noted. Physical depreciation is for normal wear and tear (unless otherwise noted) and is based on the modified age/life method. All utilities were on and functioning at time of inspection.



Residence, B. Lea 3/29/17

Small Detached Shop:



16' x 32' shop with metal siding, oversize garage door, cement floor. Actual age approximately 10 years. B. Lea 3/29/17

Large Shop/Implement Shed:



40' x 60' metal building, heated, cement floor, oversized garage door. Year built: 1982 B. Lea 3/29/17

Barn:



Standard Barn: 24' x 48', year built 1955: B. Lea 3/29/17
Animal Shelter (pole), year built 1975

Pole Frame Animal Shelter:



Animal shelter, 24 X 96, built 1975. B. Lea 3/29/17

Grain Bins:



Two 5,000 bushel metal bins, 18' high, 56' circumference, year built 2000. B. Lea 3/29/17

COST APPROACH - IMPROVEMENTS

Single Family Residence:

Replacement Cost New estimated using Marshall & Swift Cost Estimator

| | | |
|--------------------|--------------------------|------------------|
| Gross Living Area: | 1,400 sf x \$96.69/sf | \$135,366 |
| Basement: | 1,400 sf x \$41.14/sf | \$ 57,596 |
| Attached Garage: | 560 sf x \$27.75/sf | \$ 14,420 |
| Wood Deck: | 336 sf x \$ 8.51/sf | \$ 2,859 |
| | Total (RCN) | \$210,241 |
| | Less Depreciation (.30%) | 63,072 |
| | Estimated Value | \$147,168 |

Small Detached Shop:

Replacement Cost New estimated using Marshall & Swift Cost Estimator

| | |
|--------------------------|------------------|
| 512 sf x \$32.20/sf | |
| Total (RCN) | \$ 16,486 |
| Less Depreciation (.30%) | 4,945 |
| Estimated Value | \$ 11,540 |

Shop/Implement Shed using BuyerZone.com "40' x 60' Steel Building Price Examples

| | |
|--------------------------|------------------|
| 40' x 60' Steel Building | |
| Total (RCN) | \$ 40,000 |
| Less Depreciation (.30%) | 12,000 |
| Estimated Value | \$ 28,000 |

Grain Bins: using www.grainbinsolutions.com. 25 year expected economic life, corrugated
 2 each 5,000 bushel steel bins, @ \$4.00/bushel =

| | |
|--------------------------|------------------|
| Total (RCN) | \$ 40,000 |
| Less Depreciation (.10%) | <u>4,000</u> |
| Estimated Value | \$ 36,000 |

Barn: 24'x48 sq. ft' 1955, 1,152 sq ft. @ \$28.29/sq ft.

| | |
|--------------------------|------------------|
| Total (RCN) | \$ 32,590 |
| Less Depreciation (.30%) | <u>9,777</u> |
| Estimated Value | \$ 22,813 |

3 – sided, dirt floor, livestock sheds, 2 each, 2,688 sq. ft. @\$3.92/ft

| | |
|--------------------------|-----------------|
| Total (RCN) | \$ 10,536 |
| Less Depreciation (.30%) | <u>3,161</u> |
| Estimated Value | \$ 7,375 |

| | |
|------------------------------------|------------------|
| Total Value of Improvements | \$252,896 |
|------------------------------------|------------------|

RECONCILIATION and CONCLUSION OF VALUE

Land Value by Sales Comparison Approach

| | | |
|---------------------------------|---|--------------|
| 22.93 acres at \$3,500 per acre | = | \$ 80,225.00 |
|---------------------------------|---|--------------|

Improvement Value using Marshall Swift

| | | |
|-------------------|---|----------------------|
| Improvement Value | = | <u>\$ 252,896.00</u> |
| Total | | \$333,121.00 |

PART IV - ADDENDA

Sale No. 1



View North from Highway 254 at NE¼ Section 28. 3/28/17 B. Lea

Seller: Roger B. & Joanne White

County: Dawson

Document No: 457103

Sale Price: \$25,000

Market Exposure: Less than one year

Description:

Buyer: Janelle C. Rosaaen

Document: Warranty Deed

Date of Sale: September 1, 2015

Terms /Conditions: Cash to seller

Verified by: Real Estate Agent

T. 22 N., R. 52 E.; Section 28, C. O. S. No. 457103

Size: 6.5 acres

Location: Approximately 1 mile east of Richey, Montana

Access: Montana State Secondary No. 254

Topography: Generally rolling, with flat areas

Water: Well

Vegetation: Native grasses, sagebrush

Utilities: Electricity, telephone

Zoning/Covenants: None

Current Use: Rural Residential

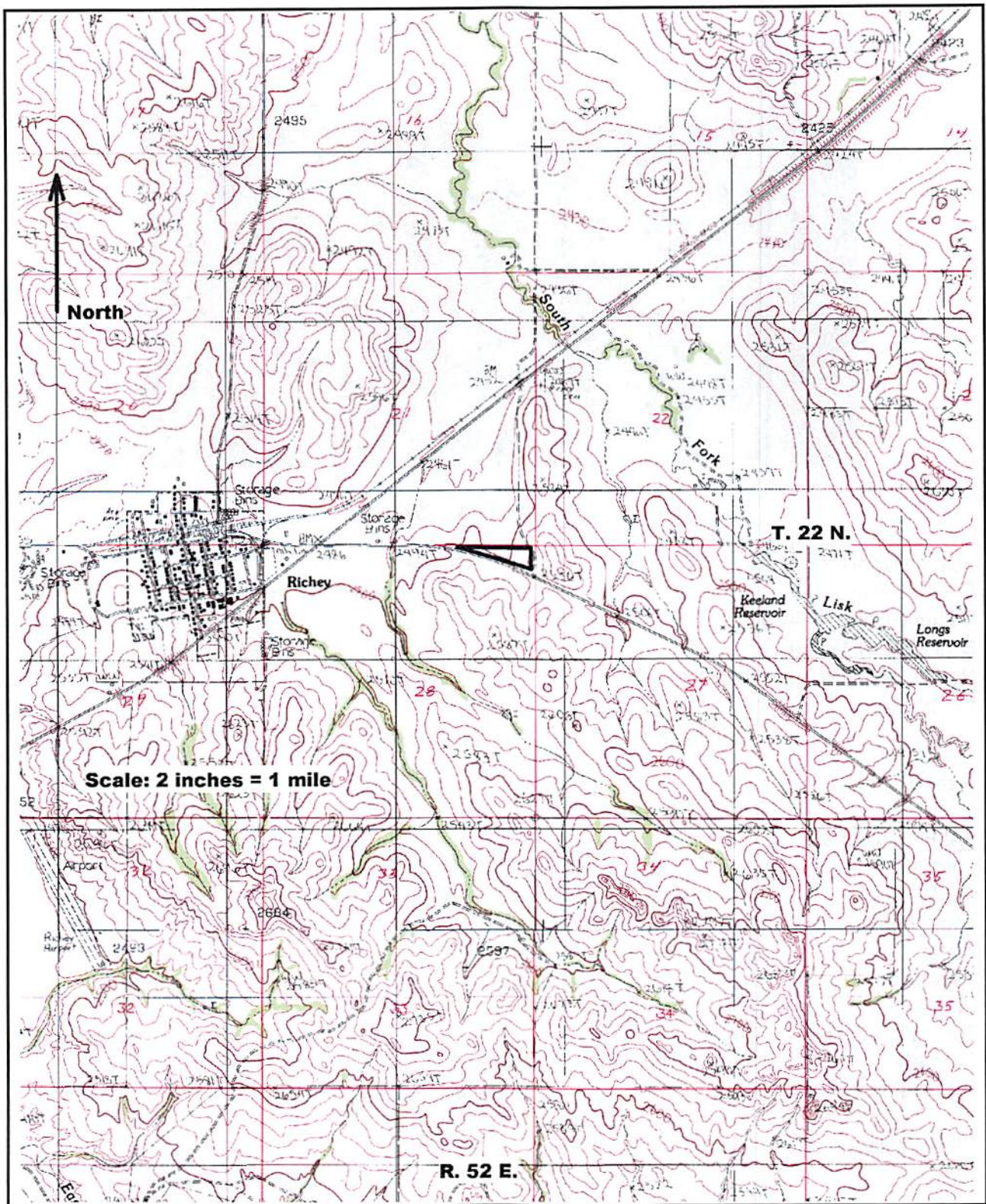
Improvements: None

Other Factors:

6.5 acres at \$3,846/acre

\$24,999

Sale Map



Sale No. 2



View northeast at Section 1. 3/28/17 B. Lea

Seller: Daniel Richardson

County: Dawson

Document No: 455456

Sale Price: \$160,000

Market Exposure: Less than one year

Description:

Buyer: Burl J. & Vicki L. Beley

Document: Warranty Deed

Date of Sale: January 9, 2015

Terms /Conditions: Cash to seller

Verified by: Vicki Beley

T. 20 N., R. 50 E; Section 26, NW¼SW¼

Size: 40 acres

SALES ANALYSIS

Location:

Approximately 15 miles southeast of Circle, Montana

Access:

Montana State Secondary No. 254

Topography:

Generally rolling, with flat areas

Water:

Corral Creek, domestic well

Vegetation:

Native grasses, sagebrush, dry crop production

Utilities:

Electricity, telephone

Zoning/Covenants:

None

Current Use:

Residential, limited agriculture production,

Improvements:

Dwelling, 1913, 720 sq. ft, basement, 720 sq. ft, half 3rd floor, 288n sq. ft., 3 bedrooms, 1 bathroom; barn, 1918, 960 sq. ft.

Other Factors:

40 acres at \$3,000/acre

\$120,000

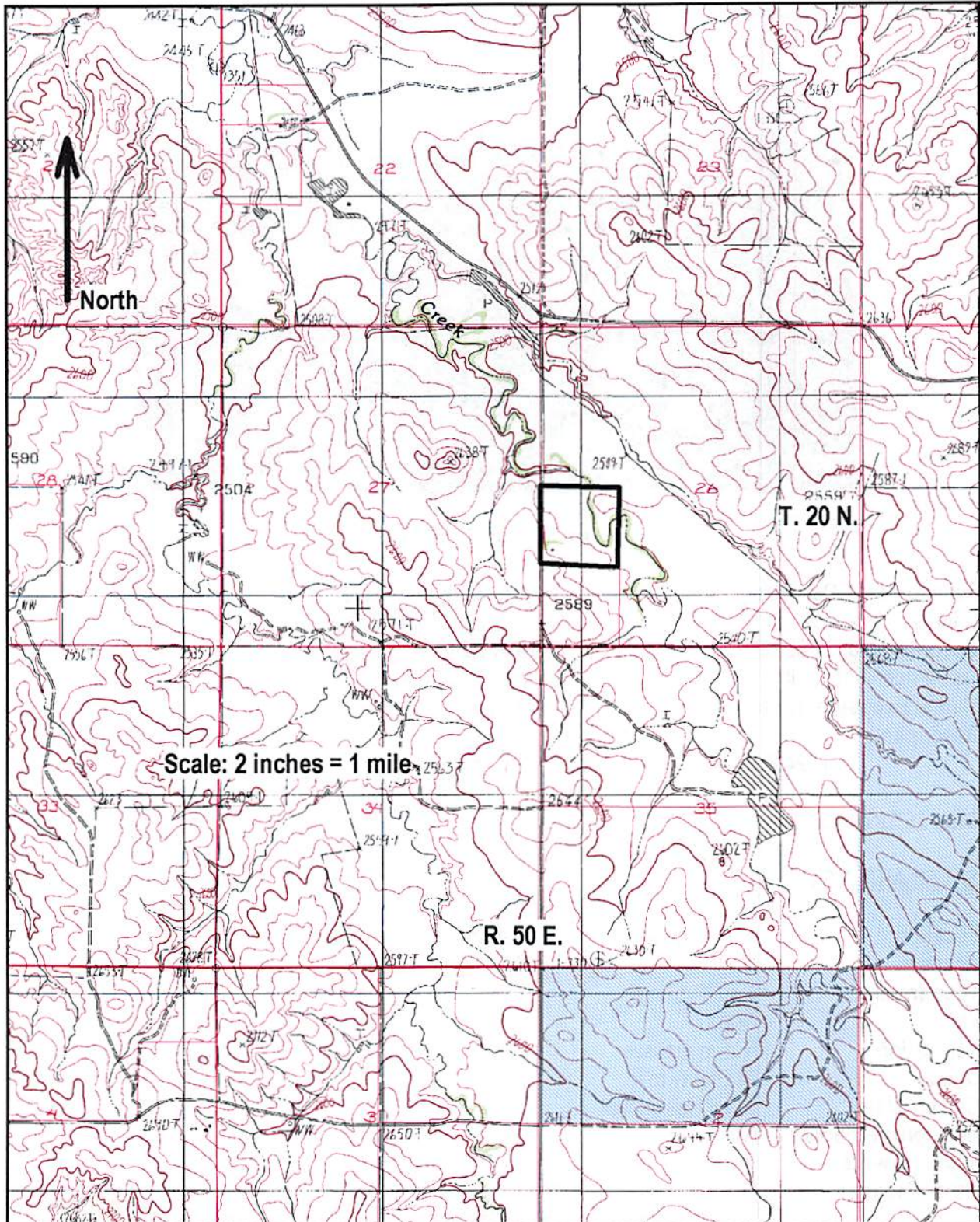
Improvements

\$ 40,000

Total

\$160,000

Sale Map



Sale No. 3



View west at Tract 3, 4/7/17 B. Lea

Seller: Brien J. Panasuk

County: Richland

Document No: 586989

Sale Price: \$159,200

Market Exposure: Less than 1 year

Description:

Buyer: Brent Allen Sorenson

Document: Warranty Deed

Date of Sale: October 15, 2014

Terms /Conditions: Cash

Verified By: Real Estate Agent

T. 24 N., R 58 E., Section 23, C. O. S. No.27-910

Size: 26.52 acres

SALES ANALYSIS

Location: Approximately 10 miles southwest of Fairview, Montana

Access: Montana State Highway 200, Richland County roads

Topography: Gently rolling

Water: None

Vegetation: Native grasses

Utilities: At county road

Current Use: Rural Residential

Zoning/Covenants: None

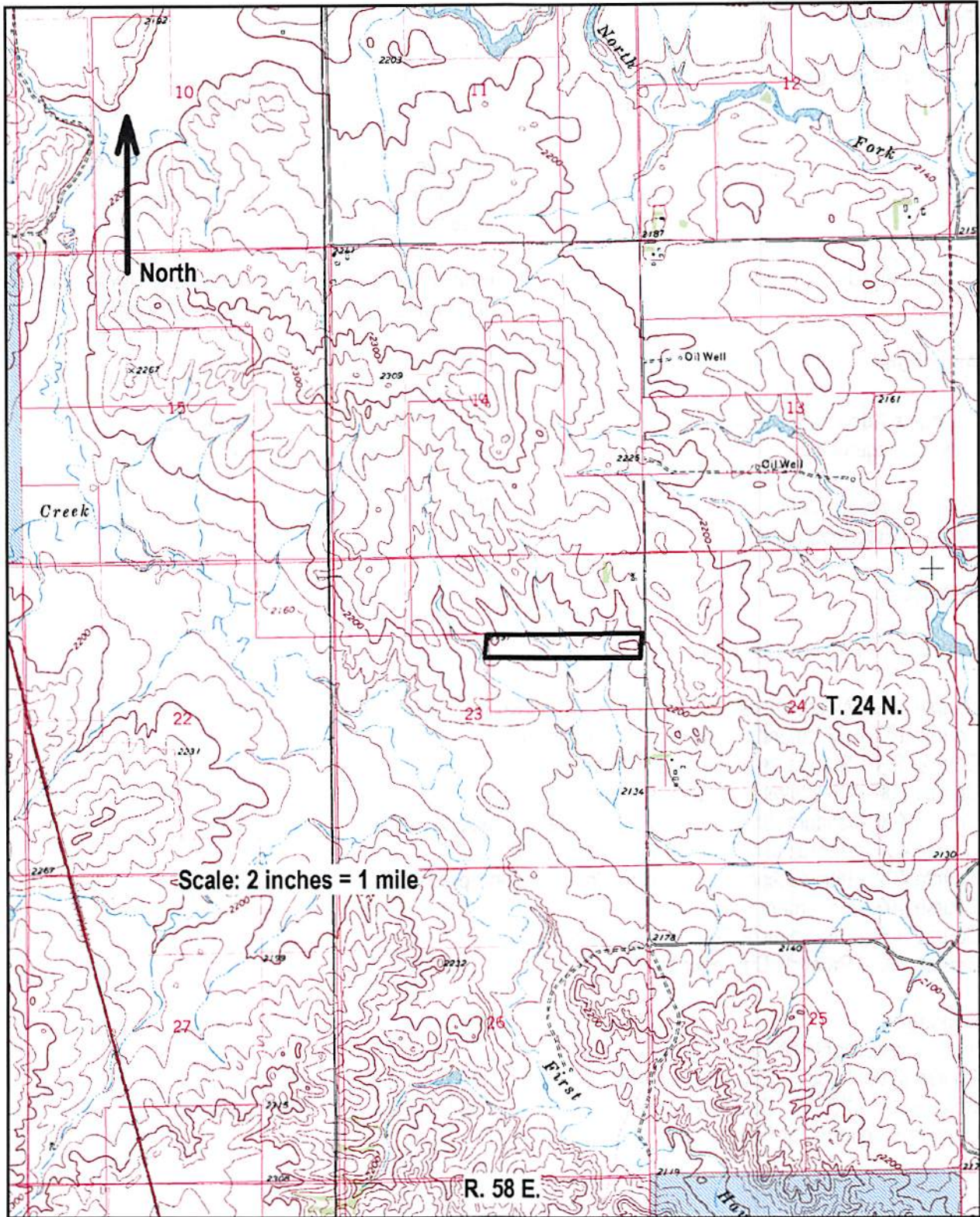
Improvements: None

Other Factors:

26.5 acres at \$6,007/acre

\$159,185

Sale Map



APPRAISER QUALIFICATIONS

Employment

U.S. Forest Service:

Employed 1955 to 1978 as Engineering Technician on various forests of Region One.

Employed 1978 to 1992 as a Realty Specialist on various forests. Work included land exchanges, easement acquisition, appraisals

Self Employed

From 1992 to present as a principle of Lea Appraisal and Consulting Service in Billings, Montana.

Affiliations

Resource Advisory Council, Bureau of Land Management

1995 to 2000; all issues requiring public recommendations were made by the RAC.

IRWA Valuation Comm.
Region 7 Representative

2001 - 2002

Instructor

International Right of Way Assoc.

Course 100 – Negotiations, Law, Appraisal., Eng., Reloc., Environment, Property Management

Course 103 – Ethics and the Right of Way Profession.

Course 104 – Standards of Practice for Right of Way Professionals.

Course 200 – Principles of Real Estate Negotiations.

Course 400 – Uniform Standards of Professional Appraisal Practice

Course 401 – Appraisal of Partial Acquisitions, 2000

Course 402 – Introduction to the Income Capitalization Approach

Course 403 – Easement Valuation

Course 900 – Principles of Real estate Engineering.

Course 902 – Property Descriptions

Education

International Right of Way Assoc.

Course 400 – 2000 Course 401 – 1999

Course 403 – 2002

USPAP – 2003

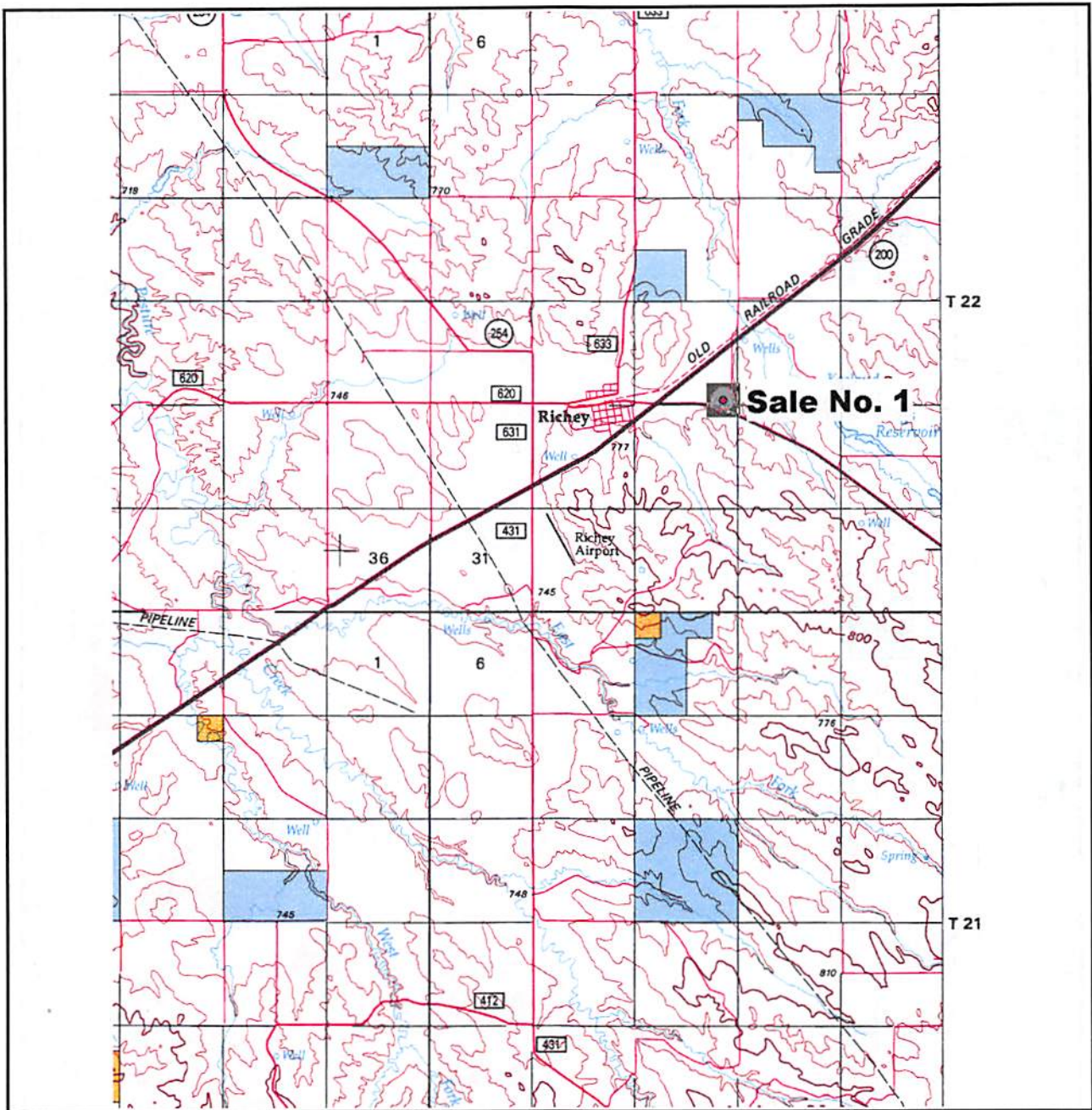
Course 900 – 2001 Course 902 – 2002

Course 801 – 2003

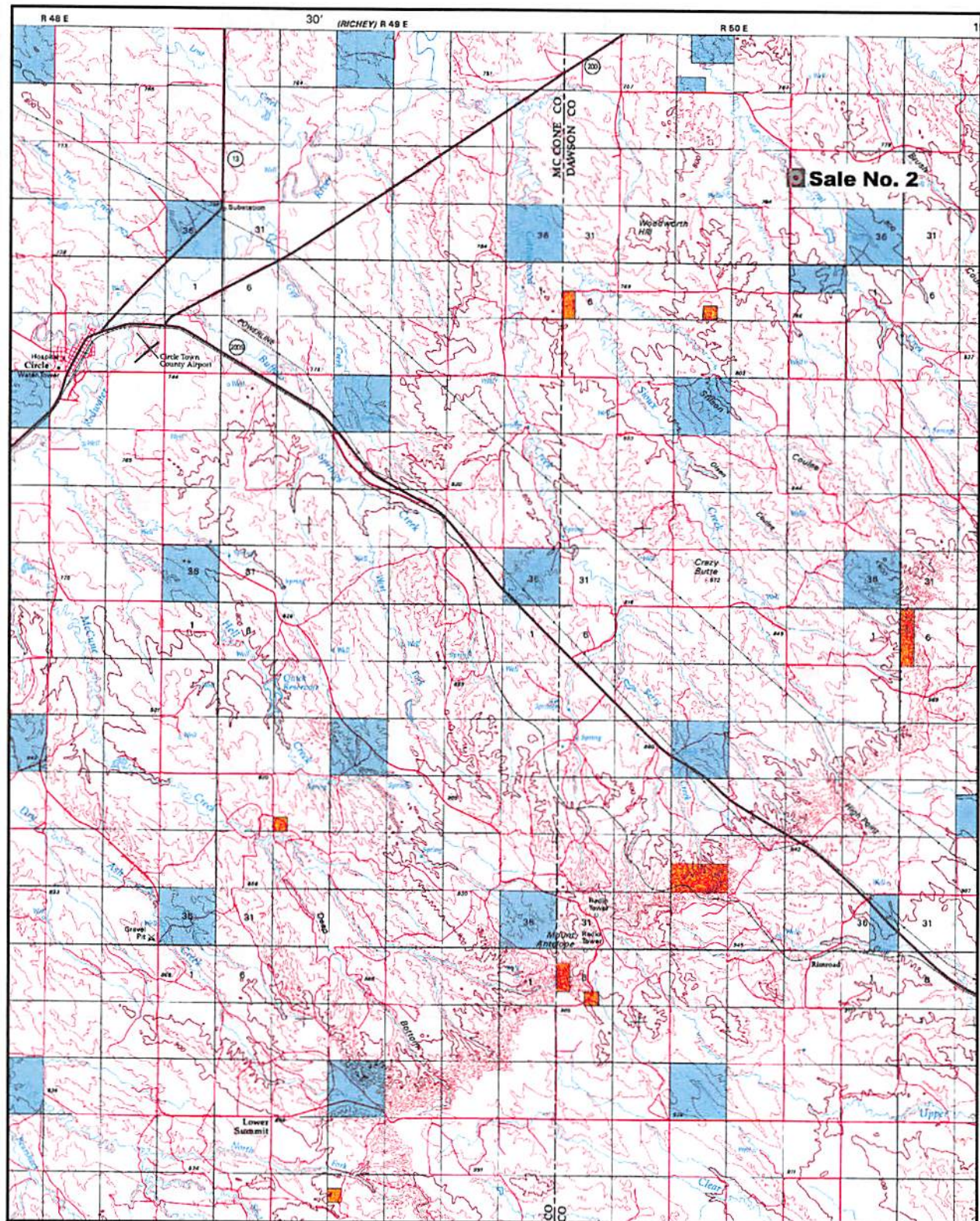
Fed. Acqu. – 2003

Uniform Standards for Federal Land Acquisitions - 2008

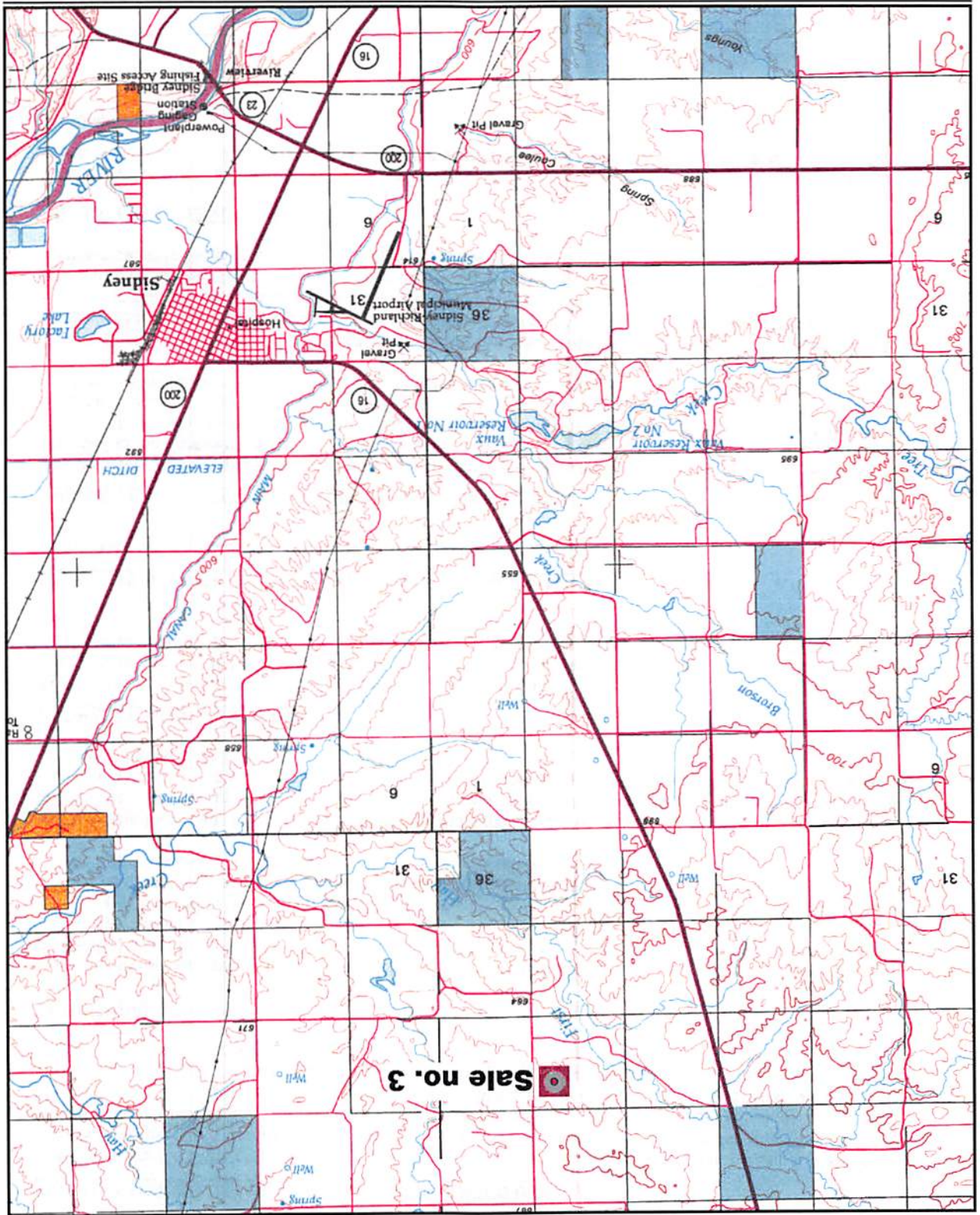
Sales Map 1



Sales Map 2



Sale Map No. 3



Scope of Work for Appraisal of Potential Property Sale through the Cabin & Home Site Sale Program

CLIENT, INTENDED USERS, PURPOSE AND INTENDED USE:

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

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.

The legal descriptions and other characteristics of the Lessee's property that are known by the Lessee 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, 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. 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 an Appraisal Report as per USPAP, that 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. The appraiser will provide one appraisal report that included analysis and appraised values of the one (1) cabin site identified in the Supplemental Appraisal Instructions.

Be valued with the actual or hypothetical condition that the cabin site or home site has legal access.

All appraisals are to describe the market value trends, and provide a rate of change, for the markets of the subject property. Comparables sales used should preferably be most recent sales available or be adjusted for market trends if appropriate. The comparable sales must be in reasonable proximity to the subject, preferably within the same county or a neighboring county. Use comparable sales of like properties.

The cabin site (land) should be valued under the hypothetical condition that it is vacant raw land, without any site improvements, utilities, or buildings.

The appraisal report must list all real property improvements that were considered when arriving at the appraised value for the improvements. Improvements means a home or residence, outbuildings and structures, sleeping cabins, utilities, water systems, septic systems, docks, landscaping or any other improvements to the raw land.

The appraised value of state-owned land added to the allocated market value of the non-state-owned improvements value will not be greater than total market value of the property, with the hypothetical condition that land and improvements are in fee simple ownership, with one owner.

Appraised Values Required:

The appraisal for each cabin and home site must:

1. Include a total market value of the property, with the hypothetical-condition that land and improvements are in fee simple ownership, with one owner.
2. Include a separate market value for the state-owned cabin or home site (land), under the hypothetical condition of it being vacant raw land exclusive of real property improvements.
3. Allocate a separate market value for the non-state-owned improvements, from the total market value derived in 1 above.
4. Valuation of the improvements must account for all forms of obsolescence.

MONTANA DNRC TRUST LAND MANAGEMENT DIVISION
Supplemental Appraisal Instructions

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

Subject Properties (Located in Richland County):

| Sale # | Acres | Legal Description |
|------------|-------|---|
| 869 870 | 22.93 | PT S $\frac{1}{2}$ S $\frac{1}{2}$ SE $\frac{1}{4}$ NW $\frac{1}{4}$, PT SW $\frac{1}{4}$ SW $\frac{1}{4}$ NE $\frac{1}{4}$, PT W $\frac{1}{2}$ NW $\frac{1}{4}$ SE $\frac{1}{4}$, PTNE $\frac{1}{4}$ SW $\frac{1}{4}$ T24N-R54E, Sec. 36 |

DNRC Contact Information:

Emily Cooper, Lands Section Supervisor
P.O. Box 201601
Helena, MT 59620-1601
Phone: (406) 444-4165
ecooper@mt.gov

Lessee:

Sale 870
Vera Roberts
13069 County Road 324
Lambert, MT 59243
P. (406) 973-5300

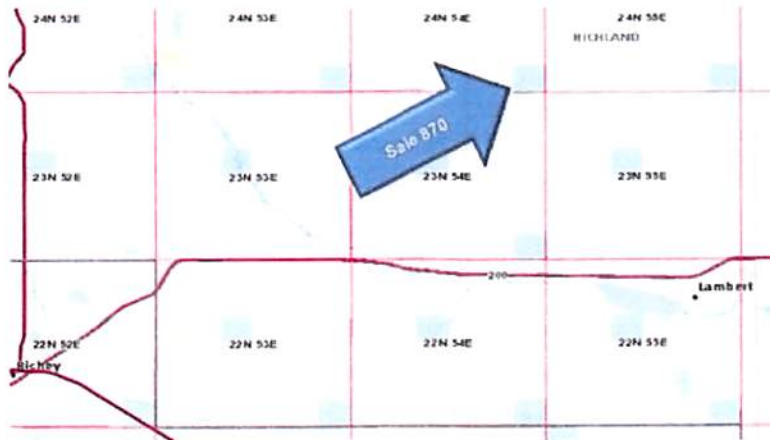
The following will be located in the body of the contract:

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 office, including but not limited to aerial photos, land improvements, property issues, surveys (if any), and production history. The local land office will provide contact information to the appraiser, if necessary, in order for the appraiser to obtain access to the property.

Sale Location Map



Richland County Lot

