

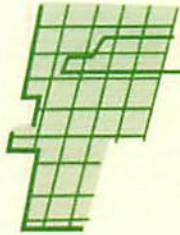
APPRAISAL REPORT
**MONTANA DEPARTMENT OF NATURAL RESOURCES
AND CONSERVATION**

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

**Tract No. 869
Section 34, T. 21 N., R. 55 E.**

By

**Bernard W. Lea, SR/WA
Date of Value – March 28, 2017
Date of Inspection – March 28, 2017
Date of Report – April 21, 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 Division

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

The purpose of the report is estimate the market value of the fee simple interest of the property listed in the legal description section of this report as of March 28, 2017. The valuation will be 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, comparable sales and assembly of all pertinent data. The subject property was inspected on March 28, 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 tract as of March 28, 2017 is:

6.35 acres at \$3,500 per acre	=	\$22,225
Improvements – Valued using Marshall Swift	=	<u>\$68,546</u>
Total		\$90,771

Respectfully submitted,

Bernard W. Lea, SRWA
Certified General Appraiser, State of Montana, 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, SRWA 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, SRWA

Montana State Certified General Appraiser, No. 308

SUMMARY OF FACTS AND CONCLUSIONS

OWNER OF RECORD:	State of Montana, land Marcelle Warden, Improvements						
TYPE OF LAND:	Residential Site						
LOCATION:	Approximately 10 miles south of Lambert, MT						
LEGAL DESCRIPTION:	See Page 17						
INTEREST BEING APPRAISED	Fee Simple						
SIZE:	6.35 acres						
HIGHEST AND BEST USE:	Residential Site						
DATE OF VALUE ESTIMATE	March 28, 2017						
DATE OF REPORT	April 21, 2017						
FINAL ESTIMATE OF VALUE:							
	<table><tbody><tr><td>Land</td><td>\$22,225</td></tr><tr><td>Improvements</td><td><u>\$68,546</u></td></tr><tr><td>Total</td><td>\$90,771</td></tr></tbody></table>	Land	\$22,225	Improvements	<u>\$68,546</u>	Total	\$90,771
Land	\$22,225						
Improvements	<u>\$68,546</u>						
Total	\$90,771						

SUBJECT PROPERTY PHOTOGRAPHS



View southeast at dwelling. 3/28/17 B. Lea



View southwest at dwelling. 3/28/17 B. Lea



View west at outbuildings. 3/28/17 B. Lea



View northwest at barn and grain bins. 3/28/17 B. Lea



Dwelling remodeled living room. 3/28/17 B. Lea



Bedroom. 3/28/17 B. Lea



Storage room. 3/28/17 B. Lea

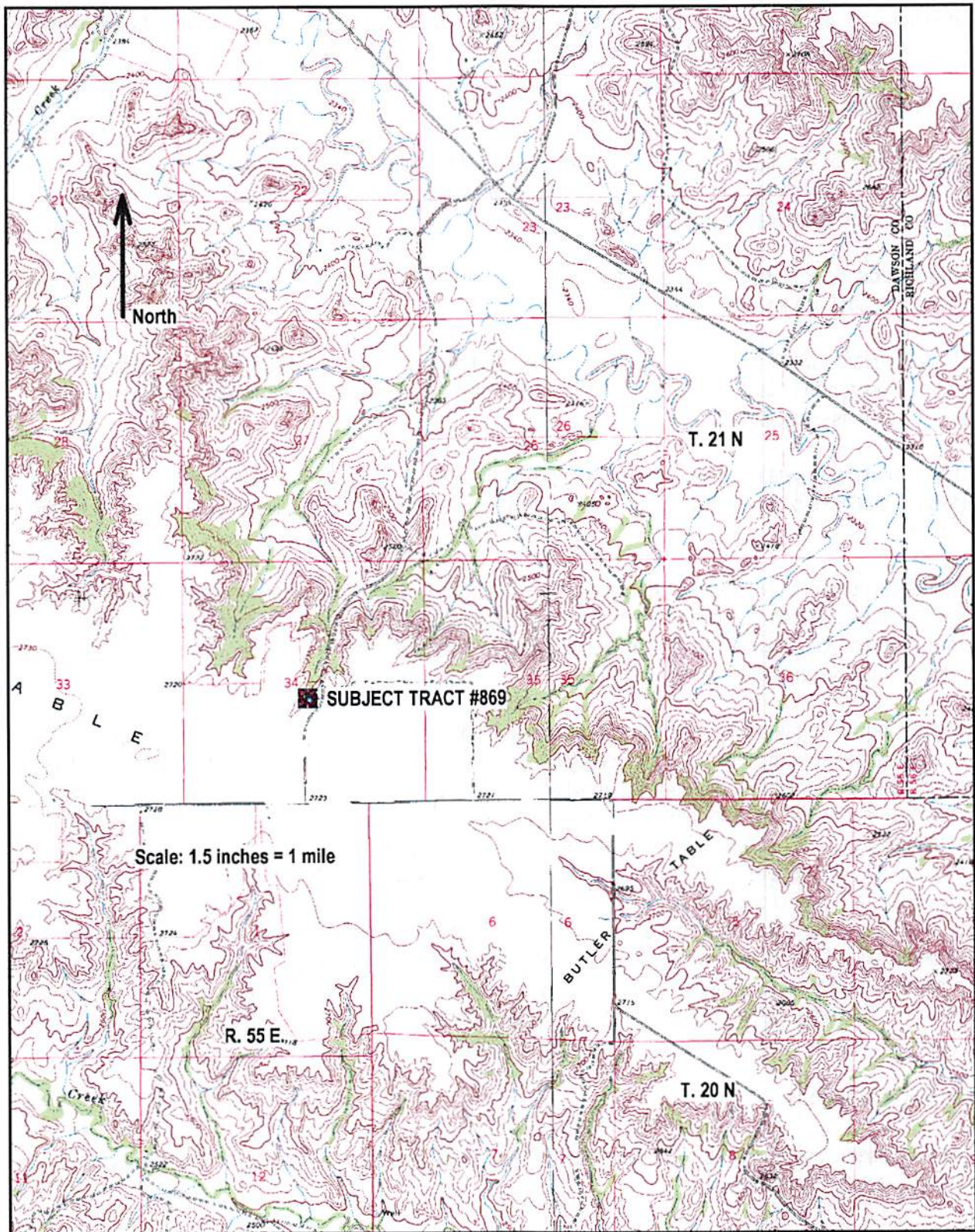


Dinning Room 3/28/17 B/ Lea



Kitchen 3/28/17 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 March 28, 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 Marcelle M. Warden.

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 of the transaction.

PURPOSE OF THE APPRAISAL

The purpose of the appraisal is to estimate market value of the subject property located in Dawson County Montana. The property was inspected on March 28, 2017 and the report is dated April 21, 2017. The date of value is March 28, 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 March 28, 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 6.35 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 10 miles south 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 34, T. 21 N., R. 55 E., PMM
PT NW¼NW¼SE¼**

Approximately 6.35 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.

Dawson County

According to the estimated 2015 Census Dawson County contains 2,383 square miles which translates into approximately 4.0 persons per square mile, located in the eastern portion of Montana. It is bordered on the east by Wibaux County; on the west by McCone County; on the north by Richland County and on the south by Prairie County.

Social Trends

According to the 2010 census, Dawson County had a population of 8,966. In 2015 the population was higher at 9,625 which indicate a stable population over this time period. The majority of the population lives in a scattered pattern created by ranch and farm occupations. Larger populations are located in the largest city, Glendive, which is also the county seat.

The 2010 census indicates the population breakdown in the county includes 5.6% under 5 years old, 22.3% under 18 years of age, 16.5% 65 and over.

The principal sources of the water supply in Dawson County are the Yellowstone River, which bisects the southeastern half of the county, and the Red Water River, which flows through its extreme northwest townships. Numerous large and small creeks are tributary to these streams, furnishing abundant and accessible facilities not only for watering livestock, but also for small individual irrigation enterprises, and water conservation projects. In the upper bench lands, artesian well irrigation has received considerable attention.

Economic Trends

The median income for a household in the county was \$50,752, and the median income for a family was \$63,982. Males had a median income of \$45,222 versus \$30,993 for females. Dawson County enjoyed increases in the annual income during the oil boom from 2010 to 2015 in adjacent North Dakota.

Dawson County is known for its dryland grain, coal mines and gas and oil wells. There are 522 current farms and ranches, and 296 commercial businesses located in the county.

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. In 1915, Dawson County won first and second prizes on Northwestern Dent Corn Show, held at the same city, took first and second prizes and third prizes. In 1920, it was estimated that the acreage planted in corn in Dawson County alone was as great as the corn acreage for the entire state in 1910.

Governmental Controls

Dawson County has three county commissioners to govern county business. Dawson 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.

Glendive has a City Police Department. Police protection to the county's outlying area is provided by the Dawson County Sheriff's Office, which is located in Glendive. 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 Dawson 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 10 miles south of Lambert, Montana and approximately 30 miles southwest of Sidney, Montana. Access is provided by Montana State Secondary Highway No. 200 and Richland and Dawson county roads.

The tract includes 6.35 acres located in Section 34, Township 21 North, Range 55 East, which is administered by the Montana Department of Natural Resources. There are improvements located on the parcel that include an older dwelling and 3 older grain bins. The dwelling was constructed in 1940 and the interior has been remodeled. It contains 716 square feet with 2 bedrooms and one bath. Other older out buildings have no contributory value. There is a domestic water well and electricity. The dwelling and grain bins will be valued.

Topography is generally flat.

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. Properties such as the subject tract generally sell as a unit including improvements. In this instance the only improvements of value are the older dwelling, which has been upgraded inside and the 3 grain bins. The cost approach will be used to estimate the value of the improvements. The Sales Comparison Approach will be used to value the land. 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 residential purposes. The highest and best use of the subject tract is as a Residential Site.

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 for Sale 3.

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. With the subject tract at 6.5 acres Sales 1 and 2 will be given more consideration.

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 1 because of its location near Richey, Montana and Sale 3 because of its location near Fairview and Sydney.

SALES COMPARISON APPROACH FOR LAND VALUE

Sales research was conducted in Richland, McCone and Dawson Counties for sales that could be considered similar to the subject property.

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 similar to the subject in size and time. Its location near the town of Richey indicates a downward adjustment 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. It is also located near Sidney and Fairview, Montana which allows reasonable access to the work opportunities in both Fairview and Sidney. A downward adjustment is indicated for time and location.

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

<u>Sale</u>	<u>Grantor</u>	<u>Grantee</u>	<u>Date of Sale</u>	<u>acres</u>	<u>Total Price</u>	<u>\$/Acre</u>
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

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 the oil boom. Market sales have decreased over time. Its location is superior to the subject because of its location near Fairview and Sydney, Montana. Sales 1 and 2 represent a very narrow range in per acre value between \$3,000 and \$3,846.

It is my opinion the estimated value of the land on the subject tract as of March 28, 2017 is:

$$\mathbf{6.35 \text{ acres at } \$3,500 \text{ per acre} \quad = \quad \$22,225}$$

COST APPROACH FOR IMPROVEMENTS

Single Family Residence: Effective age: 25 years

Ranch Style

Year Built: 1940 (Actual age 77)

Gross Living Area: 716 sf; 2 bedrooms, 1 full bath

Exterior: Metal roof, wood or hardboard siding, vinyl insulated windows

Interior: Wood panel walls, carpet and vinyl flooring, laminate kitchen countertops, wood cabinets

Heating/Cooling: Gas stove

The visual inspection of the exterior and interior indicated average condition. The home has been adequately maintained, with newer roof, siding and windows (10 years). Kitchen appears to have been updated in past 20 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.

Estimated Replacement Cost New, less depreciation, estimated using Marshall & Swift Cost Estimator (Fair Condition)

Gross Living Area: 716 square feet x \$102.76/square foot (RCN)	\$73,576
Less Depreciation (.33%)	<u>\$24,280</u>
Estimated Value	\$49,296

Grain Bins: Over 40 years age

The grain bins are over 40 years in age and indications are an economic life of 25 years is applicable. In the case of wooden bins this would probably be true. In this case the bins are corrugated steel and their life would probably be longer. There is also the situation that the bins are located on a 6.35 acre tract so there is no agriculture benefit from this size tract. There is the possibility they could be rented to an adjacent landowner, therefore, it is my opinion the depreciation rate is 50%.

One 5,000 bushel corrugated steel bin, @ \$3.50/bushel	\$17,500
Two 3,000 bushel corrugated steel bins, @ \$3.50/bushel	<u>\$21,000</u>
Total (RCN)	\$38,500
Less Depreciation (.50%)	<u>\$19,250</u>
Estimated Value	\$19,250

Additional Outbuildings:

Property has three additional outbuildings. None of these buildings provide contributory value to the subject property.

TOTAL ESTIMATED DEPRECIATED VALUE OF IMPROVEMENTS

\$68,546

RECONCILIATION and CONCLUSION OF VALUE

Land Value:

It is my opinion the estimated value of the land of the subject tract March 28, 2017 is:

6.35 acres at \$3,500 per acre	=	\$22,225
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Improvement Value:

It is my opinion the estimated Depreciated Value of the improvements are:

Single Family Residence:	\$49,296
---------------------------------	-----------------

Grain Bins:	<u>\$19,250</u>
	\$68,546

Total estimated value as of March 28, 2017 is:

6.35 acres at \$3,500 per acre	\$22,225
Improvements	<u>\$68,546</u>
Total	\$90,771

PART IV - ADDENDA

Sale No. 1



View North from Highway 254 at NE $\frac{1}{4}$ 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

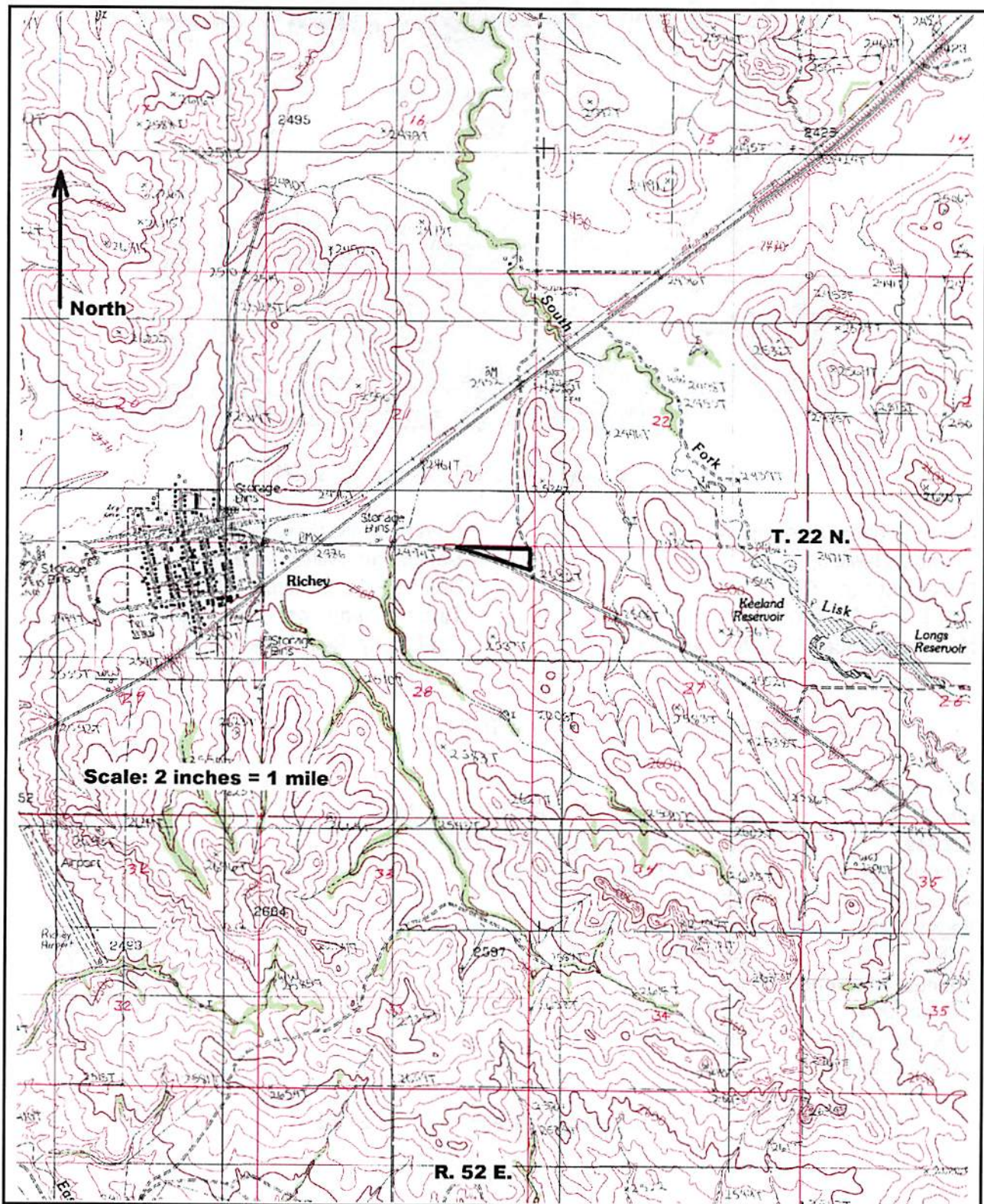
Current Use: Rural Residential

Improvements: None

Other Factors:

6.5 acres at \$3,846/acre \$24,999

Sale Map



Sale No. 2



View northeast at Section 1. 3/2/17 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, NW $\frac{1}{4}$ SW $\frac{1}{4}$

Size: 40 acres

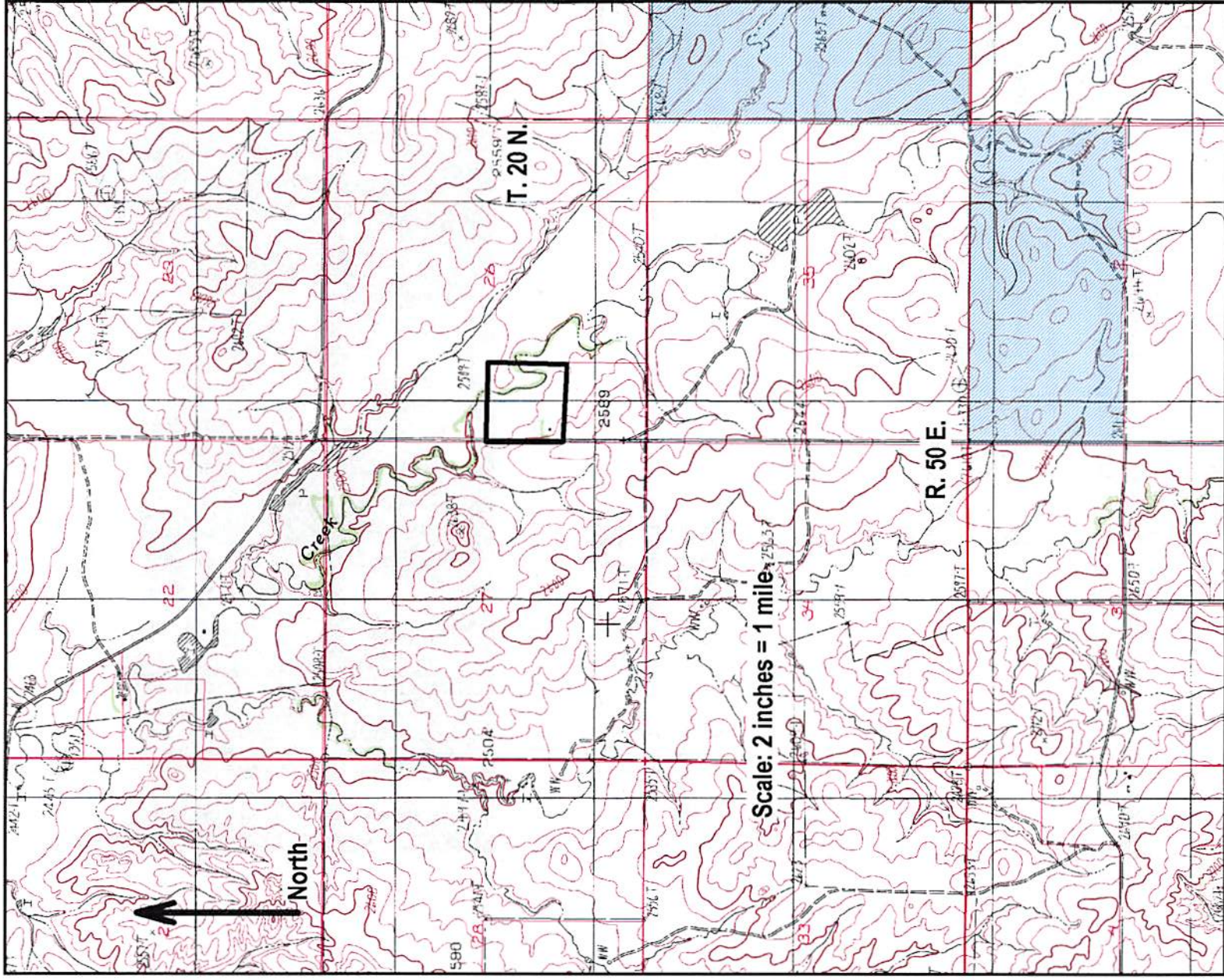
SALES ANALYSIS

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	<u>\$ 40,000</u>
Total	\$160,000

Sale Map



Sale No. 3



View west at Tract 3, 3/24/17 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

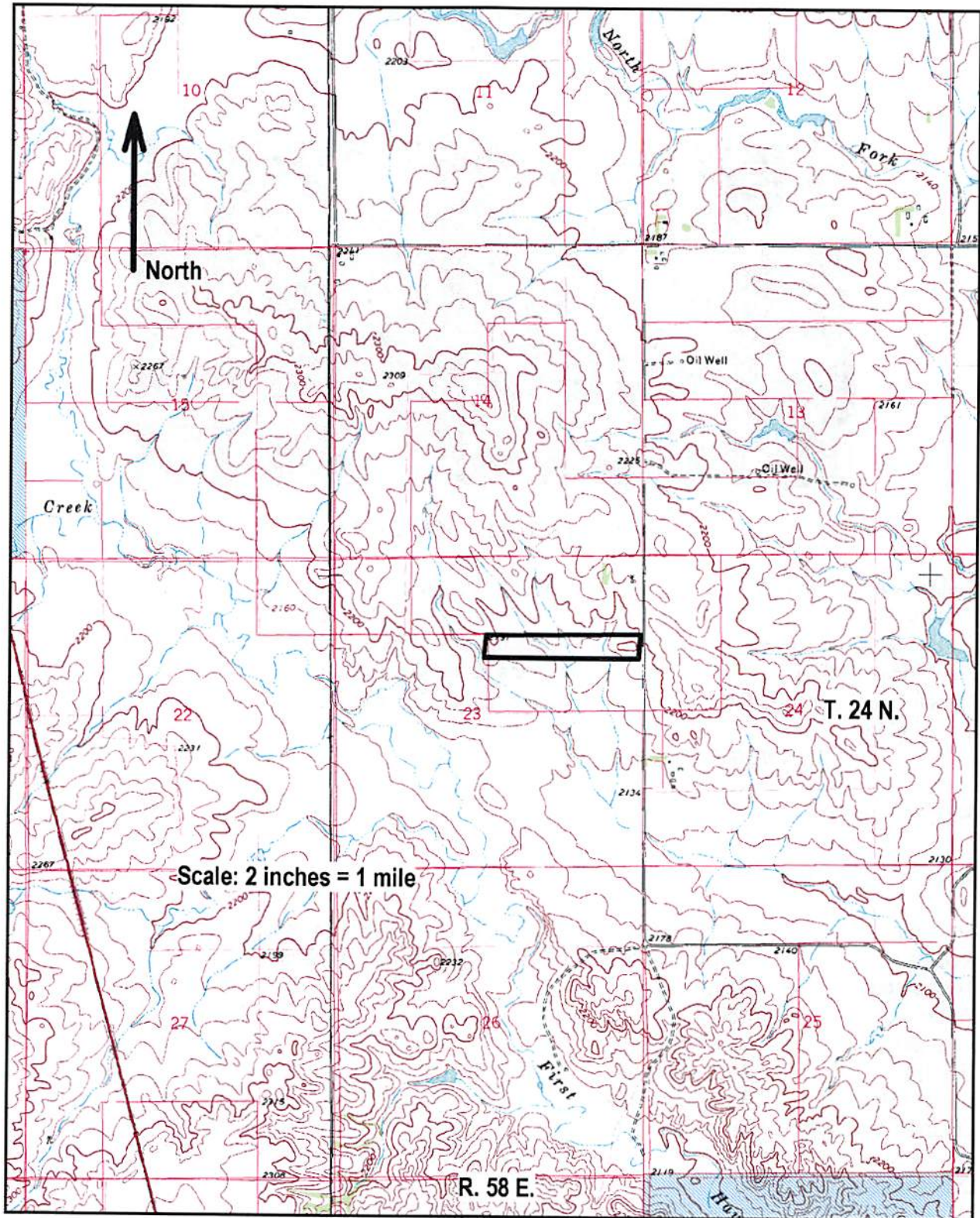
Improvements: None

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

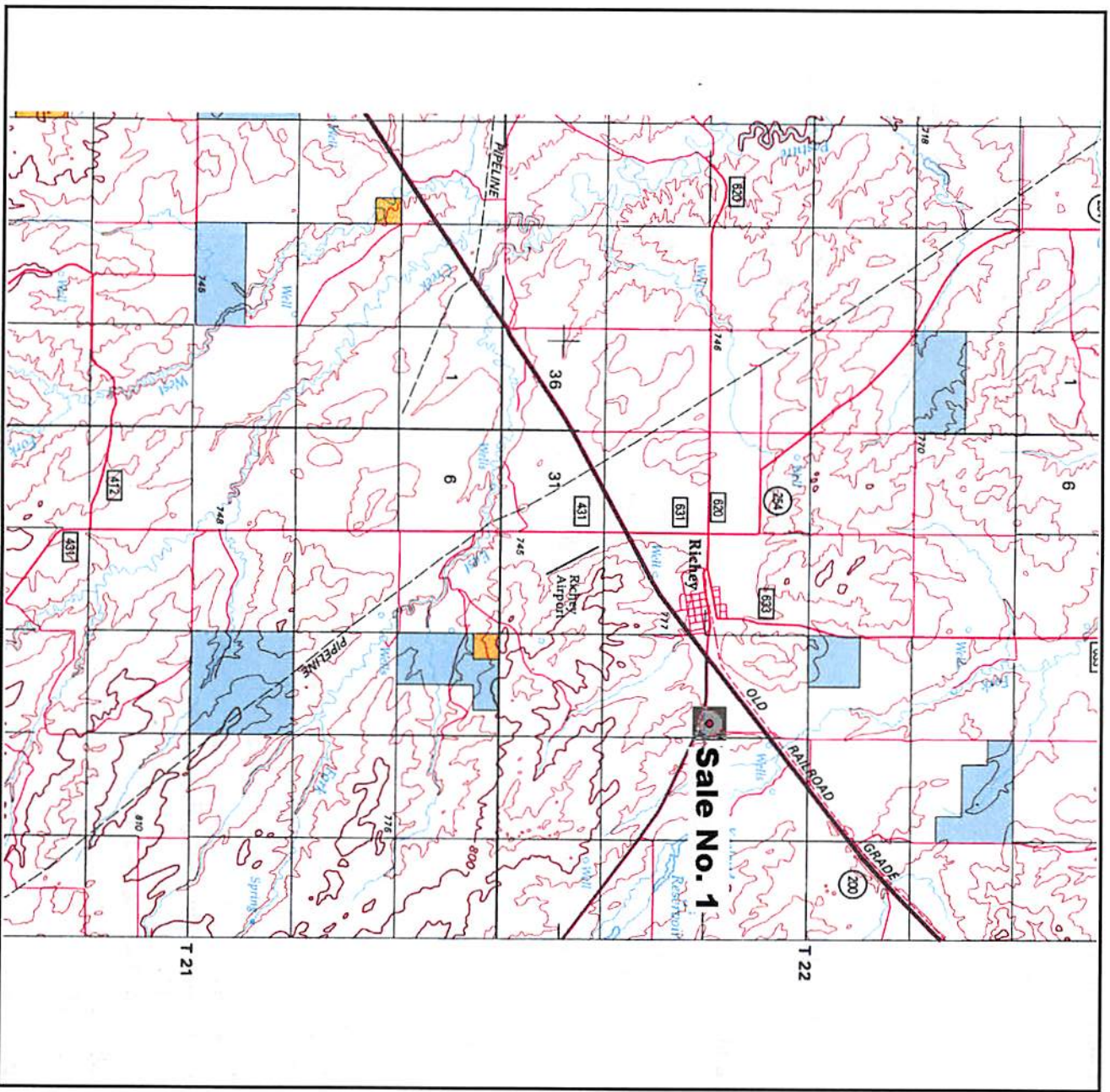
International Right of Way Assoc.

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

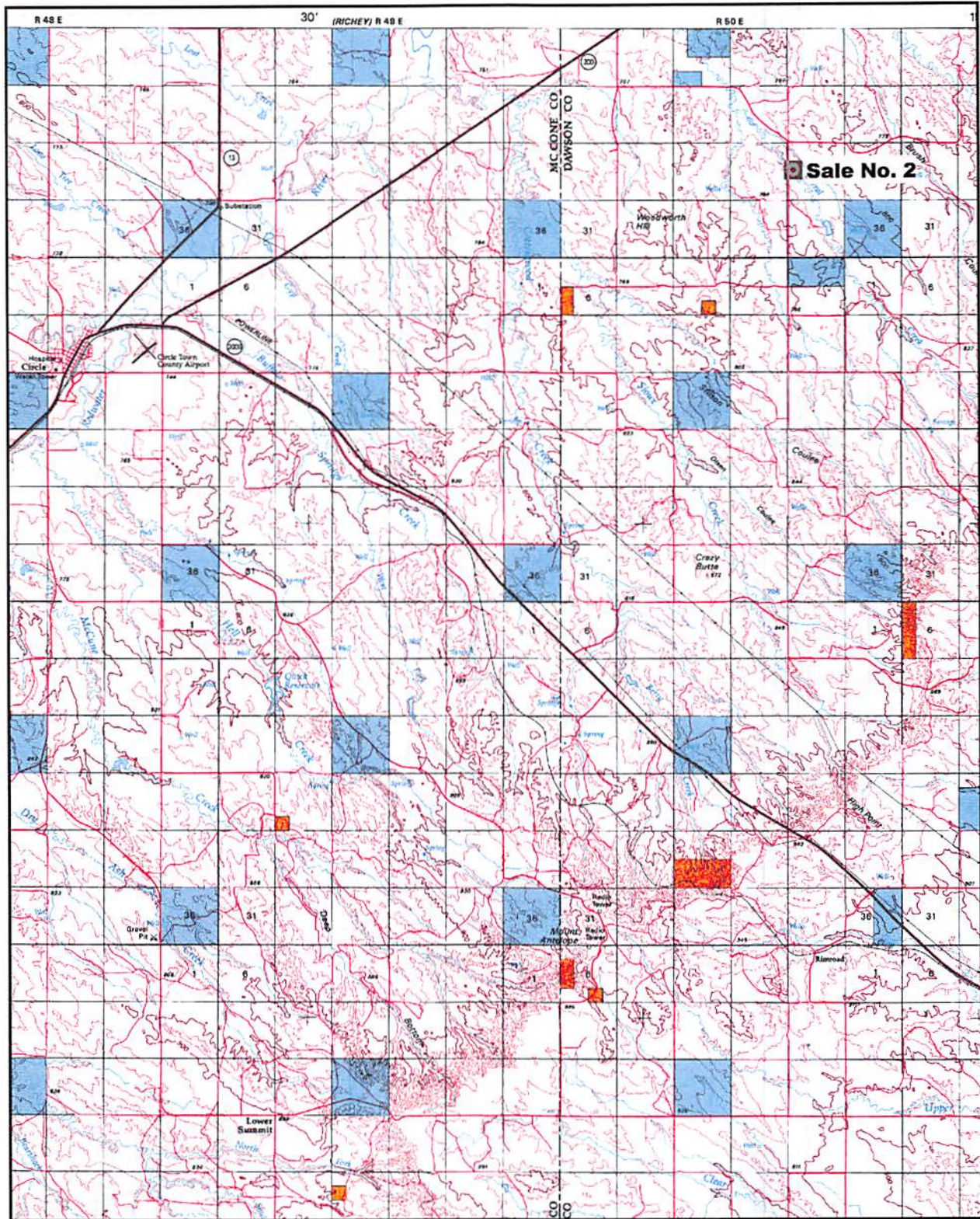
Education

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			

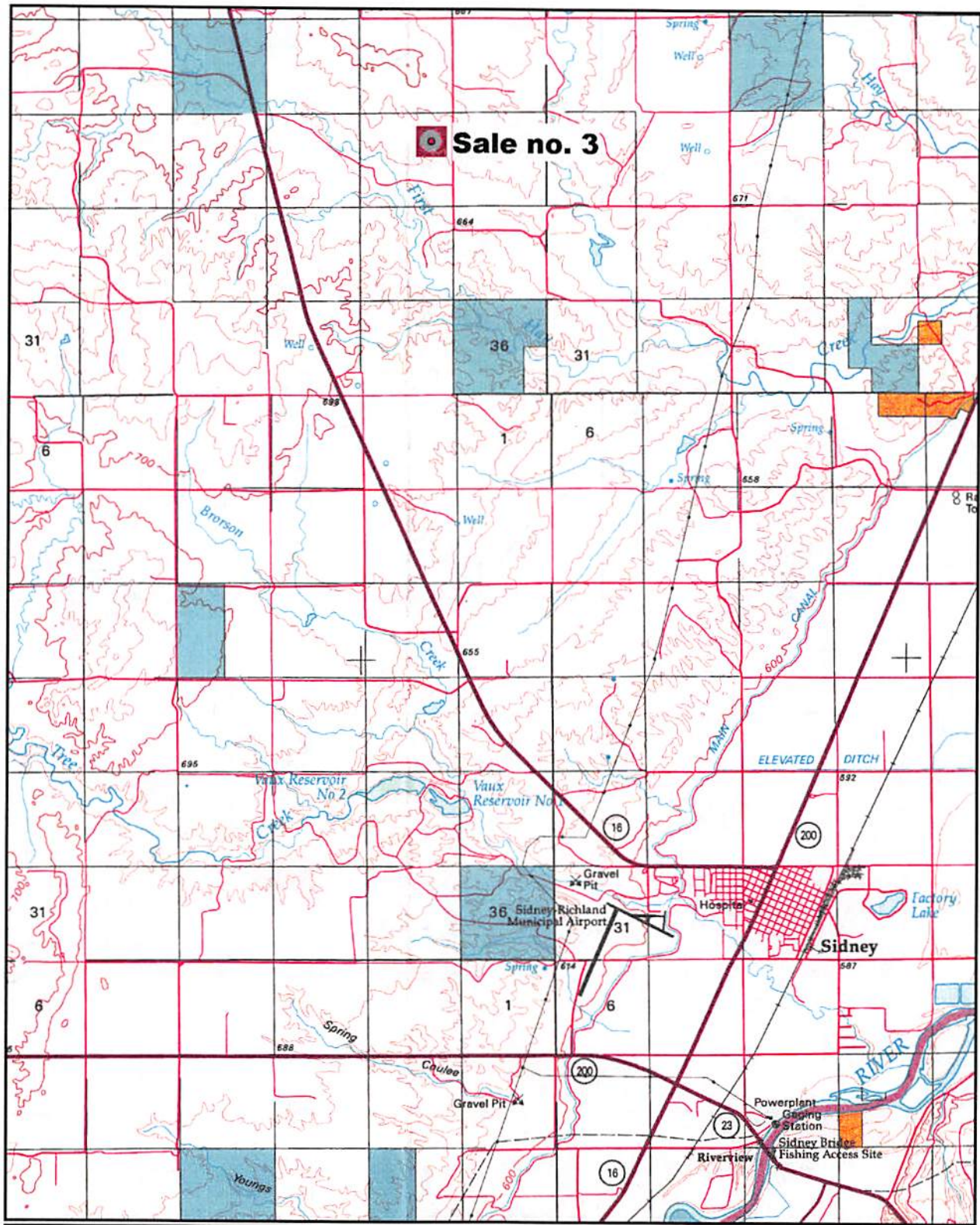
Sales Map 1



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 Marcelle M. Warden. 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 Dawson County):

Sale #	Acres	Legal Description
869	6.35	PT NW¼NW¼SE¼ T21N-R55E, Sec. 34

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 869
Marcelle M. Warden
PO Box 1162
Great Falls, MT 59403
P. (406) 453-4437

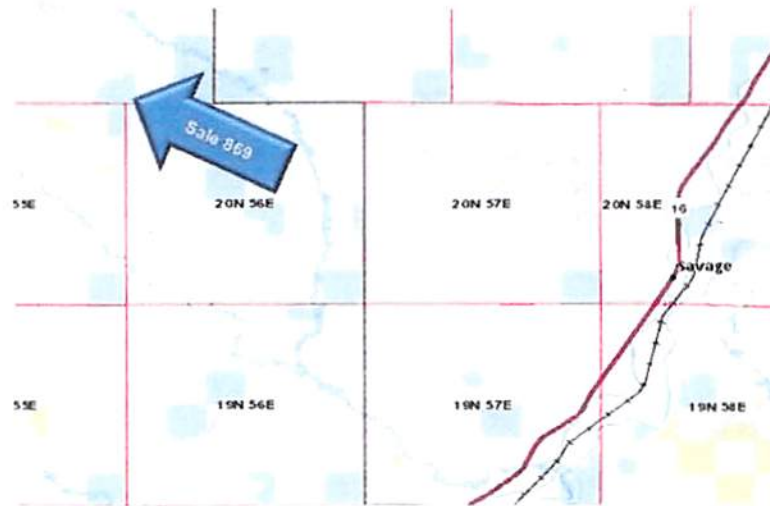
The following will be located in the body of the contract:

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



Dawson County Lot

