

FORM APPRAISAL REPORT  
FOR  
**DNRC Cabin Sites**  
**Gallatin County, Montana**



**Prepared by:**

Katie Rickett, A.R.A.

JK Appraisal & Consulting, LLC

Certified General Real Estate Appraiser  
In the State of Montana  
Lic. # REA-RAG-LIC-650

Accredited Member of the American Society  
of Farm Managers and Rural Appraisers (ASFMRA)

**EFFECTIVE DATE: May 1, 2019**



# JK APPRAISAL & CONSULTING LLC

Katie Rickett, ARA   
President, Owner  
Certified General Appraiser, MT

May 17, 2019

DNRC - Lands  
P.O. Box 201601  
Helena, MT 59620-1601

Attn: Kelly Motichka

RE: Appraisal of Gallatin County Cabin Sites #1009, #1010, #1011, #1035

Dear Ms. Motichka,

Pursuant to your request, I have personally inspected and prepared four form appraisals of the real property associated with the properties located at Gallatin County Cabin Sites #1009, #1010, #1011, and #1035 located in the Bear Canyon area. The subject properties consists of four separate lots with three of them being improved. The four lots were appraised under a hypothetical condition as instructed with Cabin Site #1011 also being appraised using an extraordinary assumption.

The appraisals conducted herein are deemed to be a form **Appraisal Report** in compliance with the most current USPAP. The objective of this analysis is to provide a credible opinion of market value of the subject property on an "as-is" basis. The maps referenced herein are for visual reference only.

The property was inspected on May 1, 2019. This is the effective date of value. The intended use of the appraisal is to determine a credible opinion of value for the sites for possible sell to the Lessees. Intended users are the State of Montana, Montana Board of Land Commissioners, Department of Natural Resources and Conservation (DNRC), and Lessee. Based on my inspection and analysis, it is my opinion that as of **May 1, 2019**, the estimated market value of the subject property is as follows:

Cabin Site #1009: Building Value:	\$ 60,000
Land Value:	\$190,000
<b>Total Value</b>	<b>\$250,000</b>

Cabin Site #1010: Building Value:	\$371,000
Land Value:	\$235,000
<b>Total Value:</b>	<b>\$606,000</b>

Cabin Site #1011: Buildable Site Value:	\$200,000
Non-Buildable Site Value:	\$ 80,000

Cabin Site #1035: Building Value:	\$ 50,000
Land Value:	\$200,000
<b>Total Value:</b>	<b>\$250,000</b>

This value is in terms of cash and considers the surface ownership rights of the property. All values are exclusive of reservations of record. This value excludes specific valuation of timber, mineral or water rights; the subject market does not delineate these particular rights during sales transactions. This value does not include personal property, fixtures, emblements or intangible items. The appraisal assumes the property meets all requirements of county regulations.

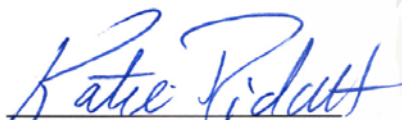
I herewith deliver to you one hard copies and one PDF, as requested. I hereby certify that I have no interest, present or prospective, in the herein described property, and that my employment is in no way contingent upon the amount of the valuation. I certify that my opinion is based on a personal inspection of the subject property, a study of the data obtained, and my knowledge of real estate values in the subject market area.

Under the current USPAP, the Conduct section of the ETHICS RULE requires the appraiser to disclose any services regarding the subject property performed by the appraiser within the prior three years, as an appraiser or in any other capacity. I have had no dealings with the subject property in the past three years.

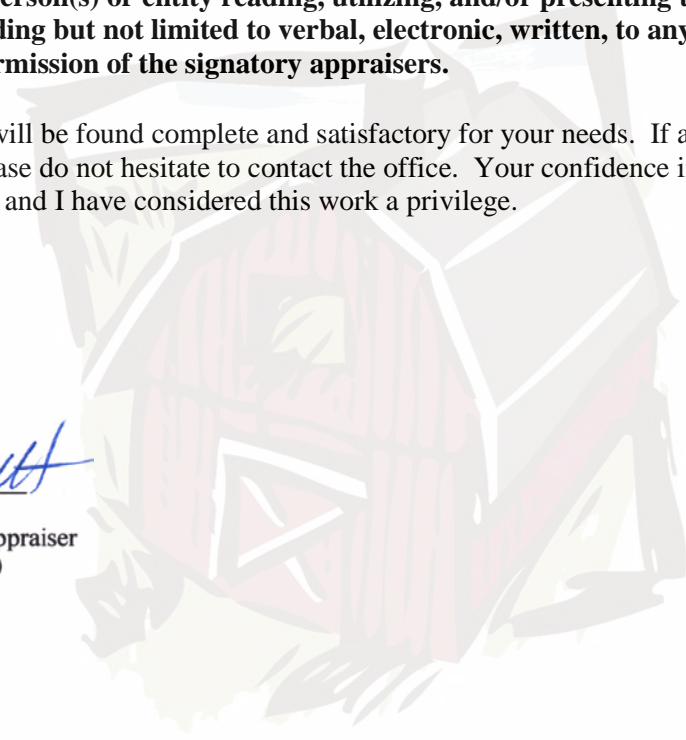
**All market data and other data discussed, presented, utilized, and disclosed in this report shall not be disclosed by any person(s) or entity reading, utilizing, and/or presenting the report by any means of communication, including but not limited to verbal, electronic, written, to any other party or entity without prior written permission of the signatory appraisers.**

I trust this report will be found complete and satisfactory for your needs. If any additional information is needed, please do not hesitate to contact the office. Your confidence in allowing me to serve you is greatly appreciated, and I have considered this work a privilege.

Respectfully submitted,



Katie Rickett, A.R.A.  
Montana Certified General Appraiser  
License #REA-RAG-LIC-650



#1009



# Uniform Country Residential Report (UCRR)

Effective Date: May 1, 2019

Cabin Site Sales # 1009  
Bear Canyon Road  
Bozeman, MT 59715  
Gallatin County, MT

## Prepared For:

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

## Intended User:

State of Montana  
Montana Board of Land Commissioners (Land Board)  
Department of Natural Resources and Conservation (DNRC)  
Lessee- Chris Bury

## Prepared By:

JK Appraisal & Consulting, LLC  
PO Box 691  
Belgrade, MT 59714  
Katie Rickett, A.R.A.

## Date Prepared:

May 17, 2019

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## Uniform Country Residential Report

Subject Information	Owner/Occupant: <u>DNRC/Lessee Chris Bury</u>				Report Type: <u>Appraisal</u>		
	Property Address: <u>3555 Bear Canyon Road</u>		City: <u>Bozeman</u>		State: <u>MT</u> Zip: <u>59715</u>		
	Legal Description: <u>1-3S-6E</u>				County: <u>Gallatin</u>		
	Parcel Number: <u>Lot 1 of State Lease # 3071996 (Tract 1 of COS 2988)</u>		Tax Year: <u>2018</u>		RE Taxes: \$ <u>779.57</u>		
	Purpose of Report: <u>To provide a credible opinion of market value.</u>				Inspection Date: <u>5/1/2019</u>		
	Intended Use of Report: <u>Determine a credible opinion of market value for possible sell of land to Lessee</u>				Opinion Date: <u>5/1/2019</u>		
	Client(s) & Intended User(s): <u>State of Montana; Montana Board of Land Commissioners; DNRC; Lessee</u>				Report Date: <u>May 17, 2019</u>		
	Client Address: <u>PO Box 201601; Helena, MT 59620-1601</u>				Occupancy: <u>Lessee</u>		
	Rights Appraised: <u>Fee Simple</u>		<input type="checkbox"/> Conservation Easements, Deed Restrictions, Other? <u>See SOW</u>				
	Definition of Value: <u>Page 5</u>						
Scope of Work: <u>Katie Rickett, ARA inspected the subject property on May 1, 2019. Market data was researched through local courthouse records, area brokers, and other market participants knowledgeable of the local market. Total acres are calculated from the Montana Cadastral Web-site and confirmed with the county assessor and legal description. The sales were inspected and analyzed to arrive at an estimated value. Appropriate approaches to value were implemented. This appraisal was performed according to the specific guidelines set forth by the current Uniform Standards of Professional Appraisal Practice (USPAP) as promulgated by the Appraisal Standards Board of the Appraisal Foundation. All three approaches to value were considered and developed. All opinions of value contained herein were derived in compliance with the specific guidelines aforementioned, using a level of analysis sufficient to constitute an appraisal that complies with the reporting requirements for an Appraisal Report as set forth under Standards Rule 2-2(a). This appraisal also conforms to the Code of Professional Ethics and Standards of Professional Practice of the American Society of Farm Managers and Rural Appraisers.</u>							
Hypothetical Conditions or Extraordinary Assumptions: <u>None besides standard limiting conditions and assumptions.</u>							
Subject's Sale and Marketing History: <i>(Analyze/report any offers, agreements of sale, options, listings, etc. - and all sales within 3 years of date of appraisal. For UASFLA, report within last 5 years and LAST SALE OF SUBJECT no matter when it occurred.)</i> <u>The land under the improvements is owned by the State of Montana; The improvements have been owned by the Lessee, Chris Bury for fifteen years.</u>							
Neighborhood Description	Value Trend:	Up <input checked="" type="checkbox"/>	Down <input type="checkbox"/>	Stable <input type="checkbox"/>	N/A <input type="checkbox"/>	Subject Information	Ac Homesite: <u>1.00</u> Ac Excess Land: <u>0.00</u> Ac Total: <u>1.00</u>
	Sales Activity:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		Buildable Acres: <u>0.00</u> Legal Buildable Sites: <u>1</u>
	Property Compatibility:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		Legal Access: <u>Yes</u> Physical Access: <u>Yes</u>
	Purchase Power:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		Contiguity: <u>N/A</u> Conforming Use: <u>Yes</u>
	Demand:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		Zoning: <u>Bozeman Pass ZD</u> FEMA Map #: <u>30031C0960D</u>
	Supply:	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>		View: <u>Good</u>
	Development Potential:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>		Utilities: <u>Yes; Propane; Phone, Electric; Natural Gas</u>
	Desirability:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		Land/Site Improvements: <u>Minimal Landscaped</u>
	Growth Rate:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		Hazards/Detriments: <u>None known.</u>
	Off-Site Employment:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		Easements/Encroachments: <u>None</u>
Proximity to Employment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			
<p>Existing land regulations were analyzed, neighborhood trends, market demand for the existing use of the subject property; as well as alternative uses, the physical characteristics of the property, and the highest and best use. The property's legal description, acreage, tax assessment, ownership history, improvements, and zoning information were verified with Gallatin County records. The water rights appurtenant to the subject property were researched at the Montana State internet website of the Department of Natural Resources &amp; Conservation (DNRC). Numerous publications and periodicals, referenced within the body of this appraisal report were consulted for information regarding such factors as soil properties, vegetative range types, building construction costs, and building depreciation. In addition to information contained within my office files, the appraiser searched the MLS for the most recent sales data in the subject area and confirmed the sales with the listing brokers, buyers/sellers.</p> <p>Comparable sales were inspected to the extent possible. Trespass was avoided and owner permission was obtained when feasible. At a minimum, a "drive-by" inspection was made along public roadways. Montana is a nondisclosure state; thus, aside from sale notices or deeds, no sales data is of record. No sale prices are reported and the Appraiser must personally confirm sale values. I have made a diligent effort to correctly ascertain the circumstances and values surrounding each sale, and data provided by professional third parties is considered reliable. The investigation of this appraisal report included confirmation of sales with buyers, sellers, real estate professionals, plus inspecting each sale.</p> <p>The photographs in this report are digital photographs and were not changed or manipulated in any manner. Information on market data was gathered, confirmed, and analyzed. Data relating to the subject was also analyzed and gathered. The Sales Comparison, Cost, and Income Approaches to value were considered. To develop the opinion of value, I performed a complete appraisal process as defined by USPAP under the appraisal reporting Rule 2-2(a). In developing an appraisal report, an appraiser uses or considered all applicable approaches to value, and the value conclusion reflects all known information about the subject property, market conditions, and all pertinent available data.</p>							

## USPAP, Organizational, or Other Requirements

**Report Type:** Appraisal**Date of Inspection:** 05/01/19**Date of Value Opinion:** 05/01/19**Date of Report:** 05/17/19

**Scope of Work** *(Describe the amount and type of information researched and the analysis applied in this assignment. The Scope of Work includes, but is not limited to the degree and extent of the property inspection; the extent of research into physical and economic factors affecting the property; the extent of data research; and the type and extent of analysis applied to arrive at the opinions or conclusions. Additionally, describe sales availability & ability to demonstrate market - "as vacant" - and "as improved" if applicable - or describe sales available to form value opinion "as completed" or proposed if requested; describe income sources and ability of income to support existing or proposed construction; discuss extent of third party verification of RCN, if applicable.):*

This appraisal was performed according to the specific guidelines set forth by the current Uniform Standards of Professional Appraisal Practice (USPAP) as promulgated by the Appraisal Standards Board of the Appraisal Foundation. All three approaches to value were considered and developed. All opinions of value contained herein were derived in compliance with the specific guidelines aforementioned, using a level of analysis sufficient to constitute an appraisal that complies with the reporting requirements for an Appraisal Report as set forth under Standards Rule 2-2(a). This appraisal also conforms to the Code of Professional Ethics and Standards of Professional Practice of the American Society of Farm Managers and Rural Appraisers.

The purpose of this appraisal is to provide a credible opinion of the MARKET VALUE of the subject property in conformance with the Uniform Standards of Professional Appraisal Practice (USPAP) Standard 1 and Standard 2-2(a), 2018-2019 Edition.

The appraiser completed an on-site field inspection of the subject property on May 1, 2019 and was accompanied by a representatives from the DNRC; Renee Kelly and Katie Svoboda.

The region was searched for data and sales of similar amenities as the subject. The sales data are documented in a separate addenda book. There have been some sales recently that the buyers would not disclose any transaction price(s) on. The appraiser has inspected, photographed, and verified the data with the principals or their agents. In most cases, financial data or operating data are estimates based on interviews.

**Subject Property Sale & Marketing History:** *(Analyze and report any agreements of sale, options, or current listings as of the date of the appraisal - and all sales within three (3) years prior to the effective date of appraisal. For UASFLA assignments, report the details of the LAST SALE OF THE SUBJECT - no matter when it occurred):* The subject property has been under the same ownership for the past three years with no listings or offers on the property.

**Market Conditions** *(Volume of Competing Listings; Volume of Sales; Amenities Sought by Buyers):* A market search was completed from January 1, 2017 to current. Fifteen total properties were found, with only seven sales. Of the seven sales, only three were in Bear Canyon. The appraiser was aware of one, the remaining two are newer and directly across the street from the subject property.

**Approaches to Value** *(Explain Approaches Used and/or Omitted):* The Sales Comparison and Cost Approach is used to determine an opinion of value. The use of the Income Approach is not applicable on a rural residential property nor does it support the value the properties command in this rural homesite type market.



### Scope of Work

The authority for conducting the appraisal was given by the Montana Department of Natural Resource & Conservation (DNRC). The use of this appraisal is for a possible sell of the proposed subject property. The clients are the State of Montana, Montana Board of Land Commissioners, Department of Natural Resources and Conservation (DNRC). Intended users are the State of Montana, Montana Board of Land Commissioners, Department of Natural Resources and Conservation (DNRC), and Lessee.

**All market data and other data discussed, presented, utilized, and disclosed in this report shall not be disclosed by any person(s) or entity reading, utilizing, and/or presenting the report by any means of communication, including but not limited to verbal, electronic, written, to any other party or entity without prior written permission of the signatory appraiser.**

#### **USPAP includes a competency provision that states:**

The Uniform Standards of Professional Appraisal Practice (USPAP) require that prior to accepting an assignment or entering into an agreement to perform any assignment, an appraiser must properly identify the problem to be addressed and have the knowledge and experience necessary to complete the assignment competently; or alternatively:

1. Disclose the lack of knowledge and/or experience to the client before accepting the assignment;
2. Take all steps necessary or appropriate to complete the assignment competently; and
3. Describe the lack of knowledge and/or experience and the steps taken to complete the assignment competently in the report.

Katie Rickett, A.R.A. has been involved in the appraisal of rural real estate in the State of Montana, South Dakota, and North Dakota since 1998. I am familiar with the geographic area in which the subject property is located and understand the nuances of the local market and the supply and demand factors related to the specific property type and the location involved. I have been engaged in many appraisal assignments involving properties similar to the subject property and believe I am qualified and competent on the basis of my knowledge and experience to complete this assignment competently. I am a Certified General Appraiser in the state of Montana and have been since 2002; License # REA-RAG-LIC-650. Please refer to my qualifications, which are attached in the Addenda of this report.

#### **Hypothetical Conditions:**

As Instructed, I am appraising the subject property under a Hypothetical Condition. A Hypothetical Condition is defined by the Uniform Standards of Professional Appraisal Practice as:

" a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis."

Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. There are several hypothetical conditions that accompany this report, as instructed:

- 1) Include a total market value of the property, that the land and improvements are in fee simple ownership, with one owner.
- 2) Include a separate market value for the state-owned land, less the improvements, as if the land is vacant.
- 3) Allocate a separate market value for the non-state-owned improvements, from the total market value derived in #1 above.
- 4) The subject property is a 0.59 acre lot and is a legal lot and available to sell separately as such.

## MARKET VALUE DEFINITION

Regulations published by federal regulatory agencies pursuant to title XI of the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA)

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider their best interests;
3. A reasonable time is allowed for exposure on the open market;
4. Payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Other:

## EXPOSURE AND MARKETING TIME ESTIMATES

Market value (see above definition) conclusion and the costs and other estimates used in arriving at conclusion of value is as of the date of the appraisal. Because markets upon which these estimates and conclusions are based upon are dynamic in nature, they are subject to change over time. Further, the report and value conclusion is subject to change if future physical, financial, or other conditions differ from conditions as of the date of appraisal.

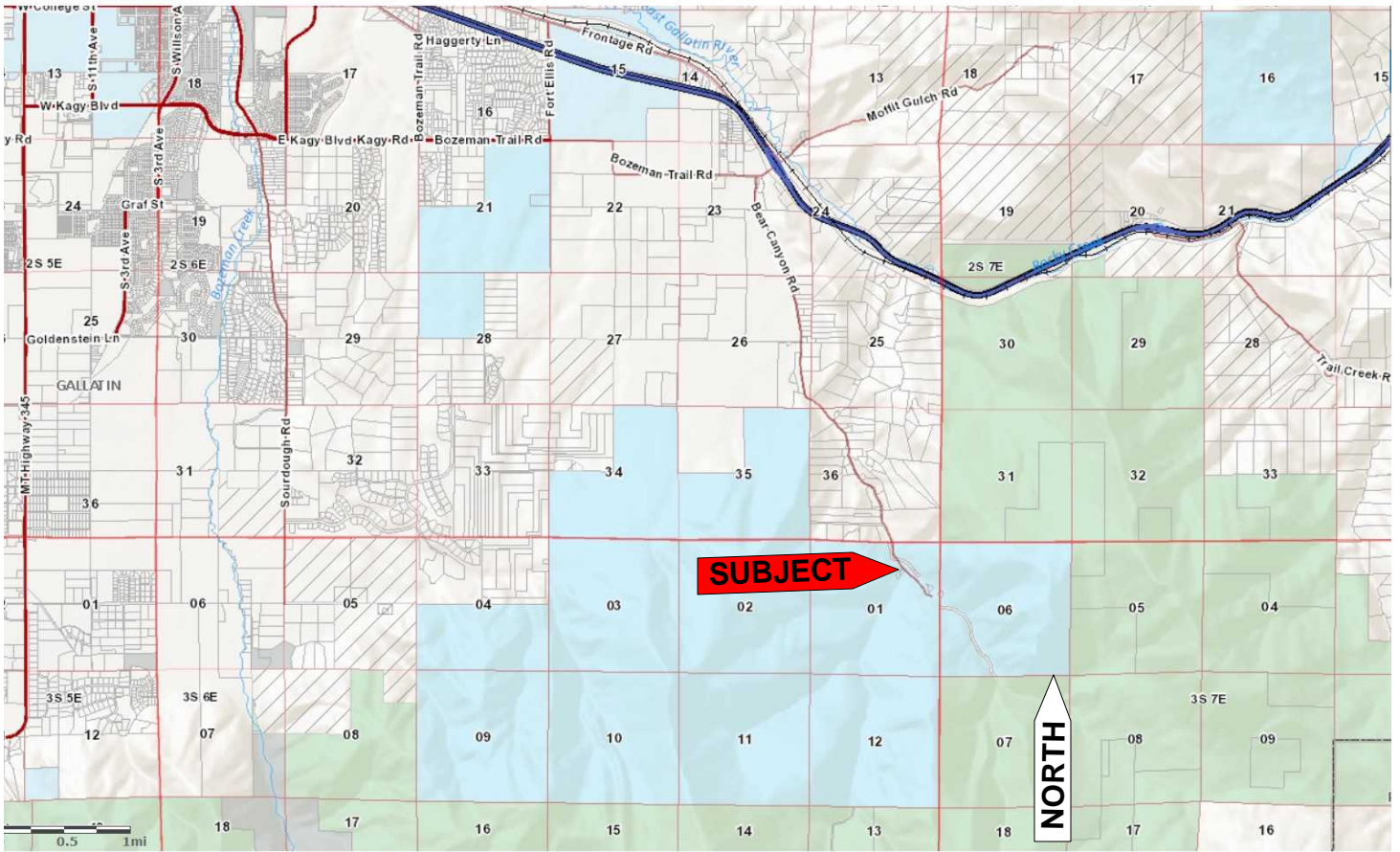
In applying the market value definition to this appraisal, a reasonable exposure time of <12 months has been estimated. Exposure time is the estimated length of time the property interest being appraised would have been offered in the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; exposure time is always presumed to **precede** the effective date of the appraisal.

Marketing time, however, is an estimate of the amount of time it takes to sell a property interest at the market value conclusion during the period **after** the effective date of the appraisal. An estimate of marketing time is not intended to be a prediction of a date of sale. It is inappropriate to assume that the value as of the effective date of appraisal remains stable during a marketing period. Additionally, the appraiser(s) have considered market factors external to this appraisal report and have concluded that a reasonable marketing time for the property is 4-12 months.

Comments:

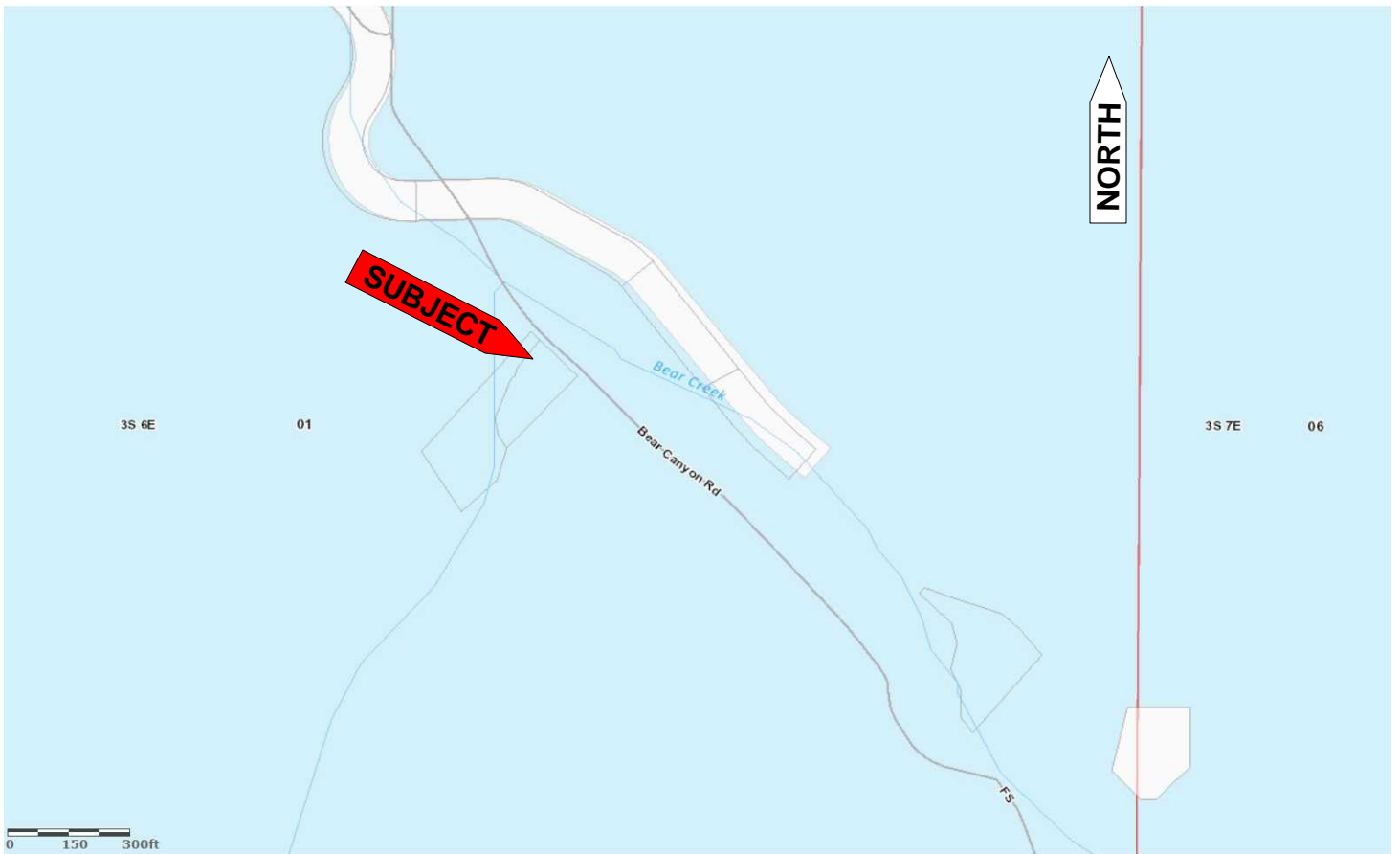
Area-Regional Description	<b>Area-Regional Boundary:</b> Bear Canyon Area		<b>On and Off Property:</b>																																																																			
	<b>Major Commodities:</b> Hay Crops, Beef Cattle, Wheat, Barley, Potatoes, milk, corn, sorghum.		<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%;"></td> <td style="width: 33%; text-align: center;">Up</td> <td style="width: 33%; text-align: center;">Stable</td> <td style="width: 33%; text-align: center;">Down</td> </tr> <tr> <td>Value Trend:</td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>Sales Activity Trend:</td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>Population Trend:</td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>Employment Trend:</td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table>					Up	Stable	Down	Value Trend:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Sales Activity Trend:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Population Trend:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Employment Trend:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>																																												
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Livestock Units:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>																																																																		
Recreational Tracts:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>																																																																		
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<b>Forces of Value:</b> <i>(Discuss social, economic, governmental, and environmental forces.)</i> Rural residential development and suburban development, as well as rural recreational investment properties have dominated the market in the past year. The highest and best use of rural foothill, valley agricultural, and river bottom land areas are beginning to transitioned from agricultural uses to subdivision, development, exclusive homesites, and recreational investment uses, once again. This trend will likely continue as Bozeman and the Gallatin Valley have been one of the new trendy areas for relocation. However, many of the pre-platted subdivisions that were in agricultural areas that had never been developed are beginning to see development at the demand for rural homesites and subdivision regains speed from the 2008-2010 recession. Agriculture will continue to be a major industry in Gallatin County as there are long-time family farmers that are well entrenched and they also continue to purchase add-on plottage to expand their operations. Gallatin County is a mixed use county where all residents are trying to manage the uses in the area.																																																																						
<b>Exposure Time:</b> <12 months. <i>(See attached definition and discussion)</i>																																																																						
Market Area Description	<b>Specific Market Area Boundaries:</b> Focused on properties in Bear Canyon.																																																																					
	<b>Market Area:</b>			<b>Market Area:</b>																																																																		
	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%;"></td> <td style="width: 33%; text-align: center;">Rural</td> <td style="width: 33%; text-align: center;">Suburb</td> <td style="width: 33%; text-align: center;">Urban</td> </tr> <tr> <td>Type</td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td></td> <td style="text-align: center;">Up</td> <td style="text-align: center;">Stable</td> <td style="text-align: center;">Down</td> </tr> <tr> <td>Value Trend</td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>Sales Activity Trend</td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>Population Trend</td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>Development Trend</td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table>				Rural	Suburb	Urban	Type	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		Up	Stable	Down	Value Trend	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Sales Activity Trend	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Population Trend	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Development Trend	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20%;"></td> <td style="width: 15%; text-align: center;">Above Avg.</td> <td style="width: 15%; text-align: center;">Avg.</td> <td style="width: 15%; text-align: center;">Below Avg.</td> <td style="width: 15%; text-align: center;">N/A</td> </tr> <tr> <td>Property Compatibility</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>Effective Purchase Power</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>Demand</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>Development Potential</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>Desirability</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table>				Above Avg.	Avg.	Below Avg.	N/A	Property Compatibility	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Effective Purchase Power	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Demand	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Development Potential	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Desirability	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>						
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<b>Analysis/Comments:</b> <i>(Discuss positive and negative aspects of market area.)</i> The rural homesite and acreage market in Gallatin County is very active at this time. The residential/subdivision market has just exploded with sellers asking higher prices and buyers looking for "the best" deal. Lower priced houses are selling very quickly with marketing times being 1 to 2 days in some instances. The more expensive houses with asking prices of \$500,000 or more have a longer marketing times. Buyers are being very selective in the higher priced market, \$600,000+ but selection is also very limited; thus driving up demand. It appears that the properties with acreage (3+ acres) are limited but also the lower quality properties with acreage are being looked over and are having longer marketing times due to the buyers being more selective and doing their due diligence. The larger acreage properties with nicer homes and better cared for properties are selling fairly quickly due to the lack of nicer quality inventory. Sold properties in Bear Canyon were found from 2016 to 2018. No 2019 sales were found. Once outside of Bear Canyon there were several 2019 sales; however, Bear Canyon has a notoriety surrounding the area and because of this, properties typically sell very quickly if listed on the open market.																																																																						

Location Map





Parcel Map



COS 2988

**CERTIFICATE OF SURVEY NO. 2988**

A TRACT OF LAND LOCATED WITHIN THE NORTH EAST ONE QUARTER OF SECTION 1, TOWNSHIP 3 SOUTH, RANGE 6 EAST  
PRINCIPAL MERIDIAN MONTANA, GALLATIN COUNTY, MONTANA

PURPOSE OF SURVEY: TO CREATE A PARCEL WITHIN STATE OWNED LAND THAT IS EXEMPT FROM SUBDIVISION REVIEW PER MCA 77-2-318(2).  
SURVEY COMMISSIONED BY: STATE OF MONTANA, DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION.

**PROPERTY DESCRIPTION**

A tract of land located in the North East one quarter of Section 1, Township 3 South, Range 6 East, Principal Meridian Montana, Gallatin County, Montana and more particularly described as follows:

Beginning at the Point of Beginning, (P.O.B.) which is the East corner of said tract:

- thence S 45° 08' 08" W for a distance of 252.41 feet to a point;
- thence N 33° 12' 20" W for a distance of 38.06 feet to a point;
- thence N 11° 00' 27" W for a distance of 43.58 feet to a point;
- thence N 23° 01' 35" E for a distance of 104.82 feet to a point;
- thence N 47° 35' 51" E for a distance of 14.90 feet to a point;
- thence N 15° 19' 28" E for a distance of 17.56 feet to a point;
- thence N 38° 25' 01" E for a distance of 91.91 feet to a point;
- thence S 45° 37' 57" E for a distance of 130.07 feet to the P.O.B.

Said area being 25,585 Square Feet, or 0.59 acres more or less, along with and subject to all easements of record or apparent on the ground.

**CERTIFICATE OF EXEMPTION**

(Sale of Leased Cabin or Home Sites and Montana Department of Environmental Quality Review)

I certify that the purpose of this survey is to create a parcel of land pursuant to M.C.A. Section 77-2-318(2) which states: "The sale of a cabin or home site is exempt from the subdivision laws, except that the development of any new, replacement, or additional water supply or sewage disposal system on the property must be approved pursuant to the review procedure, fee, and other requirements of Title 76, chapter 4, part 1."

By: John E. Tubbs

*John E. Tubbs*  
Signature

Title: Director, Montana Department of Natural Resources and Conservation

STATE OF MONTANA

County of Lewis & Clark

This instrument was acknowledged before me on Feb 28, 2019, by John E. Tubbs, Director of the Montana Department of Natural Resources and Conservation.

Betty Demers

Printed Name: Betty Demers

Notary Public for the State of Montana

Residing at Boulder Montana

My Commission Expires Oct 22 2021

**CERTIFICATE OF SURVEYOR**

I, the undersigned Professional Land Surveyor, do hereby certify that I supervised the survey, plotting and description of the tract shown on the accompanying Certificate of Survey in accordance with the provisions of the Montana Subdivision and Plotting Act, Section 76-3-101 through 76-3-614, M.C.A., and the Gallatin County Subdivision Regulations.

DATED this 5th day of February, 2019.

*John R. Pugh*  
John R. Pugh  
15626 LS

**CERTIFICATE OF COUNTY TREASURER**

I, Treasurer of Gallatin County, Montana, do hereby certify that the accompanying Certificate of Survey has been duly examined and that all real property taxes and special assessments assessed and levied on the subject land have been paid.

DATED this 6th day of March, 2019.

*Debbie Gail Deputy*  
Debbie Gail Deputy  
Treasurer Gallatin County

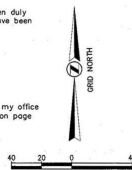
**CERTIFICATE OF CLERK AND RECORDER**

I, Clerk and Recorder of Gallatin County, Montana, do hereby certify that the foregoing instrument was filed in my office at 11:41 o'clock pm, this 6th day of March, A.D., 2019, and recorded in book 001 of Plate on page 2639368 Records of the County Clerk and Recorder, Gallatin County, Montana.

DATED this 6th day of March, 2019.

*Debbie Gail Deputy*  
Debbie Gail Deputy  
Clerk & Recorder Gallatin County

**2639368**  
FILED - 2019 MAR 27 14 PM Fee \$5.00

**LEGEND**

- Adjoiner Property Line
- New Boundary Line
- Boundary Tie Line
- Existing Fence Line
- Edge of Gravel
- Well 1/4" Rebar with 2" AC "15926LS"
- WC Witness Corner on Property Line
- (R&M) Record and Measured

**NEW WORLD GRULCH STREAM NOTE:**

It is not the intent for the boundary between Tracts 1 and 2 to be dependent on the movement of the stream. This boundary is fixed as shown and represents the approximate location of the stream as of this date only.

**STAHLY ENGINEERING & ASSOCIATES**  
PROFESSIONAL ENGINEERS & SURVEYORS

2223 MONTANA AVE. STE. 201 BILLINGS, MT 59101  
3530 CENTENNIAL DR. HELENA, MT 59601  
851 BRIDGER DR. STE. 1 BOZEMAN, MT 59715  
Phone (406)902-4054 Fax (406)902-4054  
Phone (406)902-4055 Fax (406)902-4055

**CERTIFICATE OF SURVEY NO. 2988**

COUNTY: GALLATIN  
PRINCIPAL MERIDIAN, MONTANA

FIELD WORK: MS, NB, JP  
DRAWN: J. PUGH  
CHECKED: N. FISH  
DATE: 9-14-2018

PAGE  
**1 OF 1**

COS 2988

LEASE PARCEL NOTE: This tract of land was created from field setting of the property corners as shown and its relative location and acreage is referenced in the records of the State DNR as Lease Agreement #20071996 described as Lot #1, New World Gulch, S1, T3S, R6E. The Lessee at this time is Christopher J. Bury of Bozeman, Montana, 59715.

**BASIS OF BEARING:**  
CONTROL POINT #3 (GPS BASE) - SEA CONTROL SET  
ORIGIN POSITION OBSERVED ON 7-06-2018  
MONTANA STATE PLANE, NAD83, MONTANA 2500  
PROJECTED TO GROUND UNITS AT:  
NORTH LATITUDE: 45°36'24.725680"  
WEST LONGITUDE: 110°56'18.666890"  
MERIDIAN CONVERGENCE ANGLE = (-)01°02'25"  
NOTE: ALL DISTANCES ARE IN INTERNATIONAL FOOT UNITS.

**Property Description:** *(Location, use and physical characteristics)* The subject property is located approximately seven miles southeast of Bozeman, Montana. The subject property consists of 0.59 acres but is appraised on a site value because most smaller tracts sell on a site value rather than a per acre value. The property is accessed by Bear Canyon Road, which forms the north boundary of the property. There is a new two car garage that was built in 2007 at the north part of the property, while the house is located up the hill of the main road and is accessed by stairs. The garage has a concrete floor, a propane wall unit for heat, and asphalt shingles. There is also a twelve foot over hang from the garage to the north. The house was built over 80+ years ago and is in fair condition. The house is two bedroom, one bath, with wood heat and wood floors. The log structure is plumbed for propane heat but has been disconnected due to needing some repair work. House does have a flat roof. A creek touches the southwest corner of the property, but the terrain to access the creek is very steep and not very accessible. The site had a rental rate of \$3,788.87 for 2018. The current lessee has been on this site for fifteen years. The south end and a portion of the west boundary consists of heavy timber while the north end and east side is open and maintained.

Land Use	Deeded Acres	Unit Type	Unit Size	Subject Description:	Above Avg.	Avg.	Below Avg.	N/A
Site	1.00	Site	( 100.0%)	Location	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			( 0.0%)	Legal Access	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			( 0.0%)	Physical Access	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			( 0.0%)	Contiguity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			( 0.0%)	Shape/Ease Mgt.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			( 0.0%)	Adequacy Utilities	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			( 0.0%)	Services	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			( 0.0%)	Rentability	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			( 0.0%)	Compatibility	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			( 0.0%)	Market Appeal	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			( 0.0%)	FEMA Zone/Date				
			( 0.0%)	Building Location				
<b>Total Deeded Acres</b>	1.00	<b>Total Units</b>	0.00					
			<b>( 100 % )</b>					

**Climatic:** 20-36 " Annual Precipitation 5396 ' to 5430 ' Elevation 90 Frost-Free Days  
**Utilities:** Well Water NW Electric Septic Sewer NG Gas Cnty Lnk Telephone  
**Distance To:** 10 Schools 20 Hospital 20 Markets 7 Major Hwy. 20 Service Center

**Comments** According to the Department of Natural Resources and Conservation (DNRC) there is one water right appurtenant to the subject site. The water right is for domestic use from a unnamed spring.

There are no hazards or detriments that materially affect the value of the subject property. The subject is susceptible to the area weather but the surrounding area receives the same type of weather. The weed liability on the property is average for this unit in this area. Given the date of inspection, grass and weeds have not yet started growing so the amount and type that might exist is unknown. Should this be of concern, a weed specialist should be engaged to inspect the weeds during the growing season in order to estimate the expected liability. This appraisal assumes that the weeds are not toxic and the appraiser reserves the right to update the appraisal should the area found to be hazardous. The Appraiser is not an expert in either the detection of hazardous or toxic substances or structural engineering, and did not conduct an environmental audit of the subject property. The property is being appraised assuming there are no toxic or hazardous substances present or associated with the subject property that would affect value. The Appraiser reserves the right to reassess the situation and adjust values if deemed necessary.

## Subject Improvement Description

Type	Size	Construction	Qty	Foundation	Roof	Floor	Exterior	Act Age	Eff Age	Rem Life	Con-formity	Utility	Cond
Cabin	910	Wood	Avg	Concrete	Asphalt	Wood	Wood	80+	45	15	A	A	F/A
Garage	576	Wood	Avg	Concrete	Asphalt	Concrete	Masonite	12	10	30	A	A	G

<b>Primary Impvt Detail</b>	Cabin		
Address	3555 Bear Canyon Road Bozeman, MT 59715		
Effective Age	45		
Effective Unit Type	SF		
Effective Size	910		
Design & Appeal	Log Cabin		
Quality of Construction	Avg		
Rooms Above Grade	Total	Bdrms	Baths
	4	2	1
Basement	None		
Finished Bsmt	None		
Utility	A		
Condition	F/A		
Heating/Cooling	Wood Stove		
Energy Efficient Items	Plumbed for Propane		
Garage/Carport	2 Car Detached		
Porch, Patio, Deck	None		
Fireplace(s), etc	Wood Stove		



Cabin is a two bedroom, one bath structure, with a flat roof and wood heat. There is a 9 x 8 mud room at the entrance of the cabin (right side of photo). Minimal landscaping. House is accessed by concrete stairs from the road to the house as the house sits on a small bench above the main road.

**Site Improvements** Minimal landscaping.

	Above Avg	Avg	Below Avg	N/A
Overall Structural Balance	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Overall Structural Condition	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Improvement Rating	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Overall Property Rating	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Overall building REL	25 years			



Aerial Map







View is southeast across the northern portion of the property from the access road.



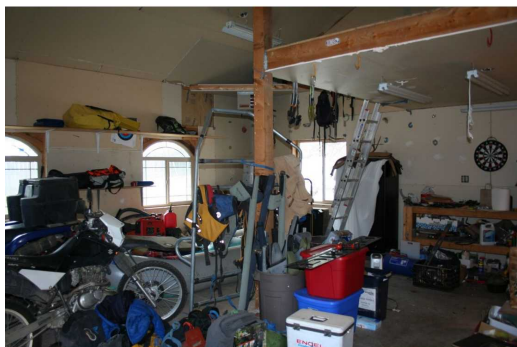
View is south along Bear Canyon Road.



View is north along Bear Canyon Road.



View is south from the driveway north side of the garage.



Interior of the garage.



Front side of the garage from the driveway.





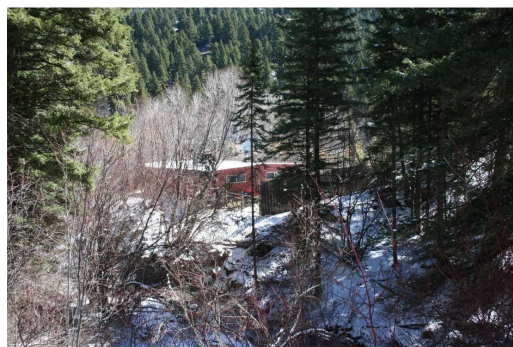
View of stairs leading to the house.



Front side of the house.



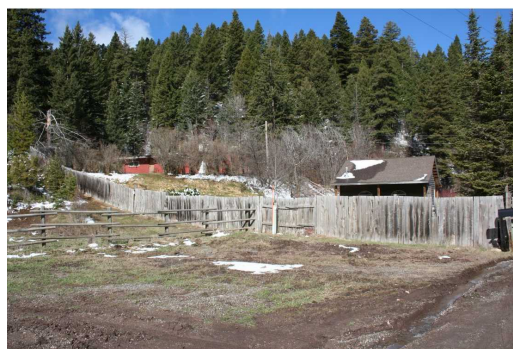
South side of the house.



View from near the south boundary of the property viewing northeast.



Creek adjacent to the subject property along the north side and flows north into Bear Creek.



View from Bear Canyon Road at the subject property.

History	<input type="checkbox"/> Ownership Longer Than _____ Years <div style="display: flex; justify-content: space-between;"> <span>Owner</span> <span>Recording/Reference</span> <span>Date</span> <span>Price Paid</span> <span>Terms</span> </div>					
	<b>Previous:</b> _____ <b>Present:</b> _____					
	<b>Currently:</b> <input type="checkbox"/> Optioned <input type="checkbox"/> Under Contract Contract Price: \$ _____ <b>Buyer:</b> _____ <input type="checkbox"/> Currently Listed Listing Price: \$ _____ Listing Date: _____					
Zoning	<b>Current Zoning:</b> _____ Bozeman Pass ZD Zoning Conformity: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <b>Zoning Change:</b> <input checked="" type="checkbox"/> Unlikely <input type="checkbox"/> Probable To: _____ <b>Comments:</b> Property is zoned AR-80; which is one dwelling per 80 acres. These parcels are grand fathered into the current zoning due to existing in the area prior to the zoning being established.					
Taxes	<b>Tax Basis:</b> <input type="checkbox"/> Agricultural <input checked="" type="checkbox"/> Improved property <input type="checkbox"/> _____ Parcel #: 00RHH13719		<b>Assessment Year</b> 2018 Land \$ 112,876 Building(s) \$ 118,420 _____ \$ _____ <b>Total Assessed Value</b> \$ 231,296		<b>Forecast:</b> Current Tax \$ 779.57 Estimated/Stabilized \$ 779.57 Or ( 1.00 Ac.) = \$ 779.57 /acre Trend: <input checked="" type="checkbox"/> Up <input type="checkbox"/> Down <input type="checkbox"/> Stable	
	<b>Comments:</b> Land is owned by the State of Montana and the Lessee owns the buildings. The Lessee is only currently paying taxes, indicated above, on the improvements.					
Highest & Best Use Analysis	Highest & Best Use is defined as that reasonable and probable use that supports the highest present value, as defined, as of the effective date of the appraisal. Alternatively, that use, from among reasonably probable and legally alternative uses, found to be physically possible, appropriately supported, financially feasible, and which results in the highest land value.					
	<b>Analysis:</b> <i>(Discuss legally permissible, physically possible, financially feasible, and maximally productive uses)</i> The subject property is in the Bozeman Pass Zoning District and is zoned AR-80; which is one dwelling per 80 acres. However, these sites existed prior to the zoning district being established and are grandfathered into the zoning area. The subject consists of 0.59 acres and because of the size of the lot, is limited to a residential homesite being the most legally permissible, physically possible, financially feasible, and maximally productive use of the site as unimproved.					
	<b>Highest and Best Use:</b> "As if" Vacant Residential Homesite "As Improved" Residential Homesite					
	<b>Discussion:</b> The subject property "as improved" follows the same methodology "as if vacant" but takes into account the properties improvements. The subject's improvements still contribute value to the property as a whole and thus, the highest and best use of the property "as improved" is a residential homesite.					
Value Methods	<b>Valuation Methods:</b> <input checked="" type="checkbox"/> Cost Approach <input checked="" type="checkbox"/> Income Approach <input checked="" type="checkbox"/> Sales Comparison Approach (Explain and support exclusion of one or more approaches) The Sales Comparison and Cost Approach is used to determine an opinion of value. The use of the Income Approach is not applicable on a rural residential property nor does it support the value the properties command in this rural homesite type market.					



**Cost Approach (Sales 1-5)**

Item:		Sale #1	1	Sale #2	2	Sale #3	3	Sale #4	4	Sale #5	5
Grantor		Confidential		Confidential		Confidential		Confidential		Confidential	
Grantee		Confidential		Confidential		Confidential		Confidential		Confidential	
Source		Broker		Broker		Broker		Broker		Co. Records/Broker	
Date		04/19		10/18		08/18		08/17		06/15	
CEV Price		725,000		775,000		550,000		145,000		515,000	
Deeded Acres		3.64		0.76		0.68		2.07		1.16	
Location		SE of Bozeman		End of Bear Canyon		End of Bear Canyon		Bear Canyon		Bear Canyon	
Historic Allocation		<input checked="" type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>	
Time Adjusted Allocation		<input type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	
Site	Site	1.00		1.00		1.00		1.00		1.00	
Allocated Value ( 100% )		\$ 188,646.00		\$ 220,196.14		\$ 232,449.70		\$ 190,180.66		\$ 269,197.69	
Allocated Value ( % )		\$		\$		\$		\$		\$	
Allocated Value ( % )		\$		\$		\$		\$		\$	
Allocated Value ( % )		\$		\$		\$		\$		\$	
Allocated Value ( % )		\$		\$		\$		\$		\$	
Allocated Value ( % )		\$		\$		\$		\$		\$	
Allocated Value ( % )		\$		\$		\$		\$		\$	
Allocated Value ( % )		\$		\$		\$		\$		\$	
Allocated Value ( % )		\$		\$		\$		\$		\$	
Allocated Value ( % )		\$		\$		\$		\$		\$	
Allocated Value ( % )		\$		\$		\$		\$		\$	
Allocated Value ( % )		\$		\$		\$		\$		\$	

Land Use	Acres	\$/Acre	Unit Type	Unit Size	\$/Unit	Total
Site	1.00	\$ 190,000.00	Site		\$	\$ 190,000.00
		\$			\$	\$
		\$			\$	\$
		\$			\$	\$
		\$			\$	\$
		\$			\$	\$
		\$			\$	\$
		\$			\$	\$
		\$			\$	\$
		\$			\$	\$
		\$			\$	\$
Total Acres:	1.00	\$ 190,000.00	Total Units:	0.00	\$	\$ 190,000.00

**Cost Approach Summary:** (Check one of the following methods applicable to the subject and sale analyses)

- ☐ Lump Sum Depreciation: Improvement Contribution \_\_\_\_\_ % of Cost Estimate \$
- ☐ Breakdown Depreciation: Improvement Contribution Indication \$
- ☒ Breakdown Depreciation: Age/Life Depreciation Improvement Contribution Indication \$ 62,000

**OTHER**

\$

**COST APPROACH INDICATION (Land & Improvements)**

\$

252,000

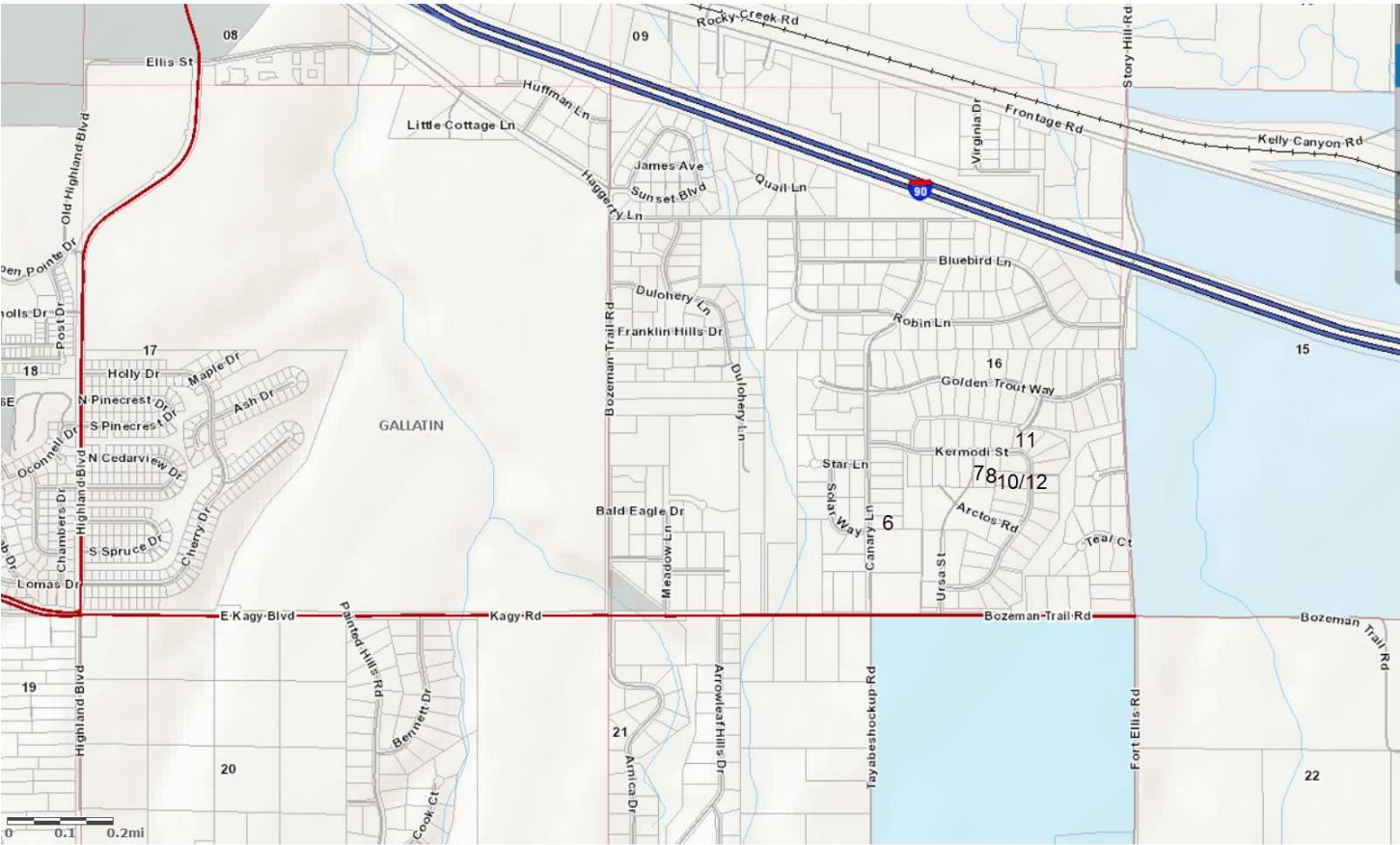




## Vacant Lot Sales

Sale #	Date of Sale	Acres	Sales Price	Time Adj.	Location
6	5/19/2019	1.007	\$217,500.00	Current	Lot 1 Canary
7	4/17/2019	1.007	\$212,000.00	Current	Lot 12 Kermodi
8	8/28/2018	0.911	\$215,000.00	\$ 244,600.00	Lot 13 Kermodi
9	7/30/2018	1.084	\$249,900.00	\$ 288,000.00	32 Hitching Post Rd
10	1/26/2018	1.11	\$158,000.00	\$ 196,800.00	Lot 47 Kermodi
11	9/22/2017	1.13	\$190,000.00	\$ 246,000.00	Lot 8 Kermodi
2160	8/11/2017	2.07	\$145,000.00	\$ 190,000.00	Bear Canyon
12	3/15/2017	1.11	\$134,000.00	\$ 187,500.00	Lot 47 Kermodi
			\$ -		

Map of Vacant Lot Sales



## Sales Comparison Approach

	Subject	Sale			+/- Adj	Sale			+/- Adj	Sale			+/- Adj
Sale #	Time Adj Setting  <input type="checkbox"/> Year <input checked="" type="checkbox"/> Month  <input type="checkbox"/> Simple <input checked="" type="checkbox"/> Compound	2				3				5			
Grantor		Confidential				Confidential				Confidential			
Grantee		Confidential				Confidential				Confidential			
Address		3556 Bear Canyon Rd				3586 Bear Canyon Rd				340 Silver Tip Trail			
		Bozeman, MT				Bozeman, MT				Bozeman, MT			
Sale Price		775,000				550,000				515,000			
CEV Price		775,000				550,000				515,000			
Date		10/18				08/18				06/15			
Market Condition	Adj to Date	Periods	Rate			Periods	Rate			Periods	Rate		
		6	1.30		+62,449	8	1.30		+59,871	41	1.30		+359,570

### Land Adjustments

Homesite Acres	1.00	1.00			1.00			1.00		
Excess Acres	0.00	0.00			0.00			0.00		
Excess Difference		+/- Acres	\$/Acre		+/- Acres	\$/Acre		+/- Acres	\$/Acre	
		0			0			0		
Legal Access	Yes	Cnty Gravel			Cnty Gravel			Sub. Gravel		
Physical Access	Yes	Yes			Yes			Yes		

### Primary Improvement Adjustment

Effective Age	45	21			33			12		
SF	910	1599		-134,400	1806		-175,000	2228		-257,000
Contrib/Eff Size		278.69			99.00			160.00		
Design & Appeal	Log Cabin	Ranch style			Log Cabin			2 story		
Qlty of Constr	Avg	Good			Good			Avg		
Rooms	Total Bdrms Baths	Total Bdrms Baths		Total Bdrms Baths		Total Bdrms Baths		Total Bdrms Baths		
Above Grade	4 2 1	8 1 1.5		11 3 1.75		11 3 2.5				
Basement	None	1448		-145,000	560		-16,800	None		
Finished Bsmt	None	Yes			No			none		
Utility	A	VG			Avg			Avg		
Condition	F/A	VG		-200,000	Avg		-175,000	Avg		-175,000
Heating/Cooling	Wood Stove	Radiant			Propane FA			Hot water BB; NG		
Energy Eff Items	Plumbed for Propane	NG; Hot Water BB			Wood			NG		
Garage/Carport	2 Car Detached	2 Attached			4 Detached			2 Attached		
Porch, Patio, Dk	None	Yes-several			Yes			Deck		
Fireplace(s), etc	Wood Stove	Yes			Yes			Yes		

### Additional Adjustments

Other Impvts							
Location	End Bear Canyon	End of Bear Canyon	0	End of Bear Canyon	0	Bear Claw	-100,000
Utilities	Yes	Yes		Yes		Yes	
View	Average	Average		Average		Average	

### Summary

CEV Price			775,000		550,000		515,000
Total Net Adj		G=70% N=-54%	-416,951	G=78% N=-56%	-306,929	G=173% N=-33%	-172,430
Adj CEV Price			358,049		243,071		342,570

See next page

**Sales Comparison Indication:**
**\$** 245,000



## Sales Comparison Comments

Of the five comparable sales, Sales 2, 3, and 5 are the most comparable improved sales to the subject property. Once the same time adjustment is applied a square footage adjustment was made based on the difference between the sale property and the subject, multiplied by \$195/square foot. A similar adjustment was made for the basements in the sale properties based on finished square foot at \$100/square foot and \$30/square foot for unfinished basement area. An additional pairing was made to determine the condition of the improvements. The subject is in fair to average condition, while all three comparables are in average to very good condition. A negative \$200,000 was applied to Sale 2 for the very good condition, while a negative \$175,000 adjustment was made to Sales 3 and 5 for their average condition. Additional pairings, indicate that Sale 5 is superior for location as it sits at the top of the ridge overlooking Bear Canyon. A negative \$100,000 adjustment is concluded and applied to Sale 5 for the superior location. Once these adjustments are made, the three sales indicate a range between \$243,000 and \$358,000 for the subject property. Given the subject property's overall condition, smaller size, and terrain, a value near the bottom of the range is concluded. Thus, a final opinion of value in the Sales Comparison approach is concluded to be \$245,000.

## Reconciliation and Opinion of Value

Summary

<b>Cost Approach</b> .....	\$	252,000
<b>Income Approach</b> .....	\$	N/A
<b>Sales Comparison Approach</b> .....	\$	245,000

Discussion &amp; Correlation of Values

**Analysis of Each Approach and Opinion of Value:** Strengths and weaknesses of each approach must be redressed correlating the final estimate from the indicated values. It should be noted that an appraisal utilizes all of the data available, therefore each lends support for the other approaches.

The COST APPROACH is most applicable when appraised property's improvements are new and represent the highest and best use of the land. Additionally, the Cost Approach is useful when there is a good bank of open land sales that are dependable and reliable and when the costing information is from excellent sources. Vacant lot sales were sought out in the market to determine a vacant land price for the subject property. And cost information to rebuild the subject property's house was determined from interviews with local builder and contractor as well as the Marshall & Swift Cost Guide. The Cost Approach is a strong indicator of value in this market.

The INCOME APPROACH is limited by the anticipated income stream and the expected rate of return. Homesite properties in the market area do not have any viable economic use relative to rental values; as the rents paid do not support the market prices seen the area. As such, a valuation of the subject property by the Income Approach is not applicable.

The SALES COMPARISON APPROACH is based on a direct comparison of similar properties which have sold in the subject area or a competing area. Given the nature of the market, similar properties for direct pairings were not available for adjustments for all factors of value but there was the ability to identify market supported adjustments for the components or factors affecting value as identified. The Sales Comparison Approach was utilized in this report and is felt to be a reliable approach to value given that it is relied upon heavily by buyers and sellers and the nature of the quantity and quality of data available.

The sales used are sales that possess features and characteristics generally similar to those of the appraised property. This sales data was used within the Cost and Sales Comparison approach to value and reflect a relatively narrow range that lends a higher degree of confidence to the final appraised value. The Cost Approach is relied upon the most because it is felt that it is more representative of the area market given the fair to average condition of the subject's improvements. Therefore, the final opinion of value for the subject property with an effective date of May 1, 2019 is \$250,000. The site value is \$190,000, while the improvements have a contributory value of \$62,000.

Allocation of Value

<b>Opinion Of Value -</b>	(Estimated Marketing Time	4-12	months, see attached)	\$	250,000
Cost of Repairs	\$				
Cost of Additions	\$				
<b>Allocation:</b>	(Total Deeded Units: 1.00)	Land:	\$ 190,000	\$ 190,000 /	Acre ( 76 %)
		Land Improvements:	\$ 0	\$ 0 /	( 0 %)
		Structural Improvement Contribution:	\$ 60,000	\$ 60,000 /	Acre ( 24 %)
<b>Value Estimate of Non-Realty Items:</b>					
Value of Personal Property (local market basis)	\$				
Value of Other Non-Realty Interests:	\$				
Non-Realty Items:	\$		\$ 0 /	( 0 %)	
Leased Fee Value (Remaining Term of Encumbrance)	\$		\$ 0 /	( 0 %)	
Leasehold Value	\$		\$ 0 /	( 0 %)	
Overall Value	\$	250,000	\$ 250,000 /	Acre ( 100 %)	

## Assumptions and Limiting Conditions

The certification of the Appraiser(s) appearing in the appraisal report is subject to the following conditions and to such other specific and limiting conditions as are set forth in the report.

1. The Appraiser(s) assume no responsibility for matters of a legal nature affecting the property appraised or the title thereto, nor does the Appraiser(s) render any opinion as to title, which is assumed to be good and marketable. The property is appraised as though under responsible ownership.
2. Sketches in the report may show approximate dimensions and are included only to assist the reader in visualizing the property. The Appraiser(s) have made no survey of the property. Drawings and/or plats are not represented as an engineer's work product, nor are they provided for legal reference.
3. The Appraiser(s) are not required to give testimony or appear in court because of having made the appraisal with reference to the property in question, unless arrangements have been previously made.
4. Any distribution of the valuation in the report applies only under the existing program of utilization. The separate valuations of components must not be used outside of this appraisal and are invalid if so used.
5. The Appraiser(s) have, in the process of exercising due diligence, requested, reviewed, and considered information provided by the ownership of the property and client, and the Appraiser(s) have relied on such information and assumes there are no hidden or unapparent conditions of the property, subsoil, or structures, which would render it more or less valuable. The Appraiser(s) assume no responsibility for such conditions, for engineering which might be required to discover such factors, or the cost of discovery or correction.
6. While the Appraiser(s) ☒ have ☐ have not inspected the subject property and ☒ have ☐ have not considered the information developed in the course of such inspection, together with the information provided by the ownership and client, the Appraiser(s) are not qualified to verify or detect the presence of hazardous substances by visual inspection or otherwise, nor qualified to determine the effect, if any, of known or unknown substances present. Unless otherwise stated, the final value conclusion is based on the subject property being free of hazardous waste contaminations, and it is specifically assumed that present and subsequent ownerships will exercise due diligence to ensure that the property does not become otherwise contaminated.
7. Information, estimates, and opinions furnished to the Appraiser(s), and contained in the report, were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy of such items furnished the Appraiser(s) can be assumed by the Appraiser(s).
8. Unless specifically cited, no value has been allocated to mineral rights or deposits.
9. Water requirements and information provided has been relied on and, unless otherwise stated, it is assumed that:
  - a. All water rights to the property have been secured or perfected, that there are no adverse easements or encumbrances, and the property complies with Bureau of Reclamation or other state and federal agencies;
  - b. Irrigation and domestic water and drainage system components, including distribution equipment and piping, are real estate fixtures;
  - c. Any mobile surface piping or equipment essential for water distribution, recovery, or drainage is secured with the title to real estate; and
  - d. Title to all such property conveys with the land.
10. Disclosure of the contents of this report is governed by applicable law and/or by the Bylaws and Regulations of the professional appraisal organization(s) with which the Appraiser(s) are affiliated.
11. Neither all nor any part of the report, or copy thereof, shall be used for any purposes by anyone but the client specified in the report without the written consent of the Appraiser.
12. Where the appraisal conclusions are subject to satisfactory completion, repairs, or alterations, the appraisal report and value conclusion are contingent upon completion of the improvements in a workmanlike manner consistent with the plans, specifications and/or scope of work relied upon in the appraisal.
13. Acreage of land types and measurements of improvements are based on physical inspection of the subject property unless otherwise noted in this appraisal report.
14. EXCLUSIONS. The Appraiser(s) considered and used the three independent approaches to value (cost, income, and sales comparison) where applicable in valuing the resources of the subject property for determining a final value conclusion. Explanation for the exclusion of any of the three independent approaches to value in determining a final value conclusion has been disclosed in this report.
15. SCOPE OF WORK RULE. The scope of work was developed based on information from the client. This appraisal and report was prepared for the client, at their sole discretion, within the framework of the intended use. The use of the appraisal and report for any other purpose, or use by any party not identified as an intended user, is beyond the scope of work contemplated in the appraisal, and does not create an obligation for the Appraiser.
16. Acceptance of the report by the client constitutes acceptance of all assumptions and limiting conditions contained in the report.
17. Other Contingent and Limiting Conditions:

## Appraiser Certification

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

1. the statements of fact contained in this report are true and correct.
2. the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial and unbiased professional analysis, opinions, and conclusions.
3. I have ☒ no ☐ the specified present or prospective interest in the property that is the subject of this report and I have ☒ no ☐ the specified personal interest with respect to the parties involved.
4. I have performed ☒ no ☐ the specified services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
5. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. my engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. my compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. my analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
9. I ☒ have ☐ have not made a personal inspection of the property that is the subject of this report.
10. ☒ no one ☐ the specified persons provided significant real property appraisal assistance to the person signing this certification.
11. Mrs. Rickett is a General Certified Real Estate Appraiser, Montana Certificate #REA-RAG-LIC-650.

Effective Date of Appraisal: May 1, 2019

Opinion of Value: \$ 250,000

**Appraiser:**

Signature: Katie Rickett

Name:

Katie Rickett, A.R.A.

License #:

Certification #: MT Certified General REA-RAG-LIC-650

ASFMRA

ASFMRA Member # 1664

Date Signed: May 17, 2019

Property Inspection: ☒ Yes ☐ No

Inspection Date:

May 1, 2019

Appraiser has ☒ inspected ☒ verified ☒ analyzed the sales contained herein.

## **ADDENDA**

Exhibit 1 - Statement of Land Status & COS

Exhibit 2 - Water Rights

Exhibit 3 - Appraiser Qualifications

# EXHIBIT 1



## STATEMENT OF LAND STATUS

STATE OF MONTANA     )  
                                      : SS  
County of Gallatin     )

Renee Kelley, having first been duly sworn, deposes and says:

1. I am the custodian of the records for the Trust Land Management Division of the Montana Department of Natural Resources and Conservation;
2. I have examined the land records of the State of Montana on file in our office in Helena, Montana, that may affect title of the State of Montana in and to the following described real property:

**Section 1, Township 3 South, Range 6 East  
Tract 1, COS 2988, containing 0.59 acres, more or less.**

Title vested in the State of Montana on July 1, 1892 by the General Land Office as evidenced by US Patent No. 1, as previously described in a conveyance to the State of Montana filed in the records of the Gallatin County Clerk and Recorder's office on June 14, 1913 at Book 48 of Deeds, Page 589.

3. I have found no instrument, conveyance, encumbrance, lien for taxes, costs, interest, or judgment affecting the title of the State of Montana to the above-described property in the above-described land records, except for the following:

**Residential Lease No. 3071996 issued March 1, 2011 to Chris Bury and expiring February 28, 2021;**

**Easement No. D-10416 issued July 13, 2001 to Francis J. Noel, III, for a private access road;**

**Easement No. D-10108 issued October 28, 1998 to William H. Oyler Family Trust for a private access road, including a buried telephone line and an overhead electric distribution powerline;**

**Easement No. D-12499 issued August 13, 2007 to Qwest Communications for a buried telecommunications distribution line;**

**Easement No. D-14509 issued April 13, 2013 to the United States of America (USFS) for public trail;**

**Easement No. D-14911 issued December 15, 2014 to Kenny A. and Christina W. Wood for a private access road to a single family residence and associated outbuildings;**

**Easement No. D-15720 issued February 15, 2017 to Francis J. Noel, III, and Joanne Mannell Noel for encroaching outbuildings and improvements associated with a single family residence;**

**Easement No. D-07195 issued February 6, 1979 to Dearl H. Buckley for a private access road;**

**Easement No. D-08205 issued October 3, 1984 to Mountain States Telephone and Telegraph Company (US West Communications) for a buried telephone cable;**

**Easement No. D-08643 issued September 14, 1987 to Edwin and Helen St. Cin for an existing domestic water pipeline.**

4. I have not reviewed any mineral locations made under the authority of the Revised Statutes of the United States;
5. Your use of this information is at your own risk, and confirms that DNRC will not be held liable for any errors or missing omissions contained in the content of this information.

This concludes the affidavit of Renee Kelley.

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2019

\_\_\_\_\_  
Renee Kelley, Real Estate Sales Specialist  
Trust Land Management Division

State of Montana  
County of Lewis & Clark

Signed and acknowledged before me on the date referenced above by Renee Kelley.

\_\_\_\_\_  
Notary Public for the State of Montana.  
Residing at \_\_\_\_\_.  
My commission expires \_\_\_\_\_.

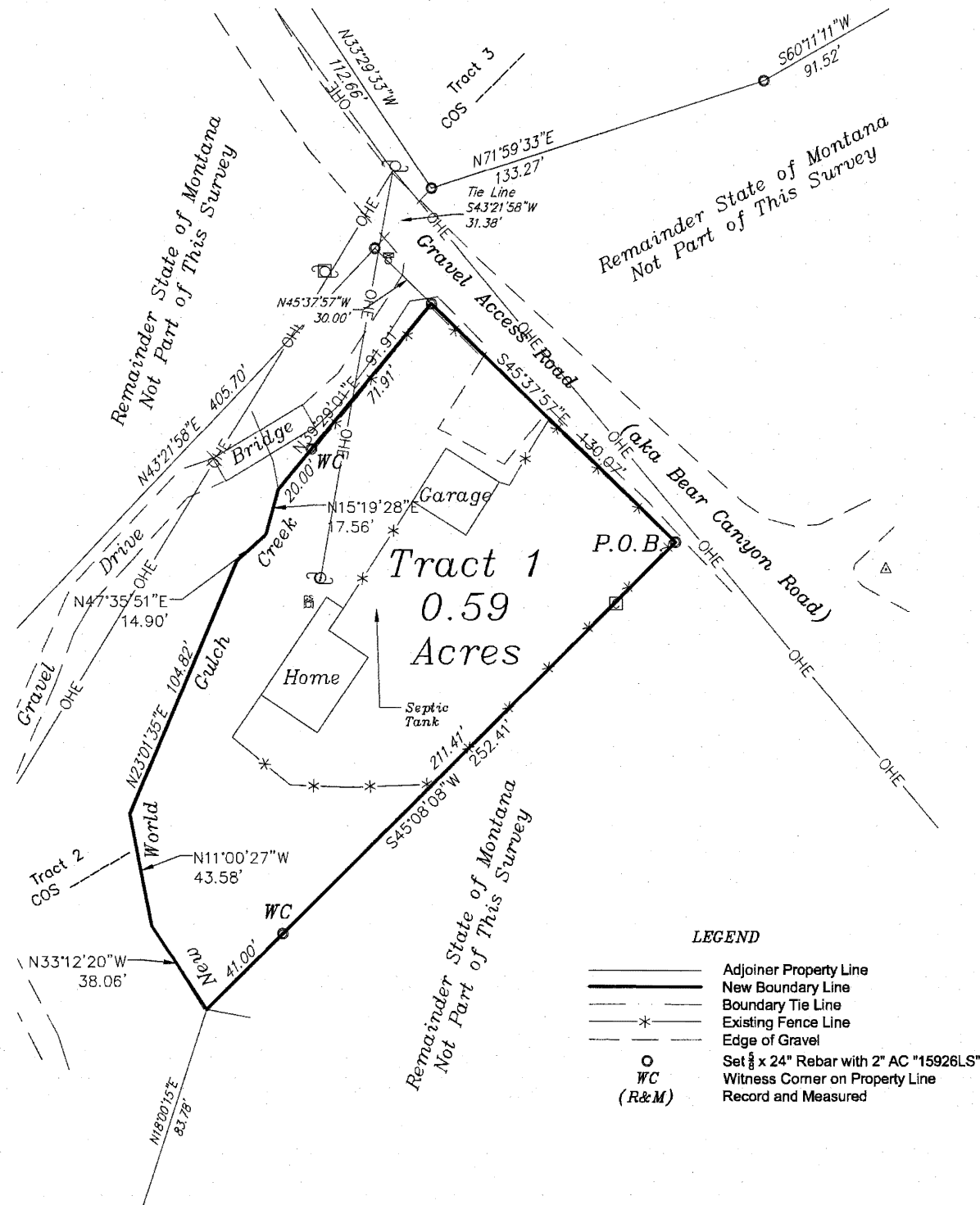
COS 2988

N:\0492-01618 DNRC 2018 Gallatin Sites\DWG\SURVEY.dwg\0492-01618 COS Tract 1.dwg, 18x24 Tract 1, Plotted: Jan 15, 2019 - 1:31pm, .jpg

# CERTIFICATE OF SURVEY NO. 2988

A TRACT OF LAND LOCATED WITHIN THE NORTH EAST ONE QUARTER OF SECTION 1, TOWNSHIP 3 SOUTH, RANGE 6 EAST  
PRINCIPAL MERIDIAN MONTANA, GALLATIN COUNTY, MONTANA

PURPOSE OF SURVEY: TO CREATE A PARCEL WITHIN STATE OWNED LAND THAT IS EXEMPT FROM SUBDIVISION REVIEW PER MCA 77-2-318(2).  
SURVEY COMMISSIONED BY: STATE OF MONTANA, DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION.



#### LEASE PARCEL NOTE:

This tract of land was created from field setting of the property corners as shown and its relative location and acreage is referenced in the records of the State DNRC as Lease agreement #3071996 described as Lot #1, New World Gulch, S1, T3S, R6E. The Lessee at this time is Christopher J. Bury of Bozeman, Montana, 59715.

#### BASIS OF BEARING:

CONTROL POINT #3 (GPS BASE) - SEA CONTROL SET  
OPUS POSITION OBSERVED ON 7-06-2018  
MONTANA STATE PLANE, NAD83, MONTANA 2500  
PROJECTED TO GROUND UNITS AT:  
NORTH LATITUDE: 45°36'24.725660"  
WEST LONGITUDE: 110°55'18.998690"  
MERIDIAN CONVERGENCE ANGLE = (-)01°02'25"  
NOTE: ALL DISTANCES ARE IN INTERNATIONAL FOOT UNITS.

#### NEW WORLD GULCH STREAM NOTE:

It is not the intent for the boundary between Tracts 1 and 2 to be dependent on the movement of the stream. This boundary is fixed as shown and represents the approximate location of the stream as of this date only.



## STAHLY ENGINEERING & ASSOCIATES

PROFESSIONAL ENGINEERS & SURVEYORS

2223 MONTANA AVE.  
STE. 201  
BILLINGS, MT 59101  
Phone: (406)601-4055  
Fax: (406)601-4062

3530 CENTENNIAL DR.  
HELENA, MT 59601  
Phone: (406)442-8594  
Fax: (406)442-8557

851 BRIDGER DR. STE. 1  
BOZEMAN, MT 59715  
Phone: (406)522-8594  
Fax: (406)522-9528

#### PROPERTY DESCRIPTION

A tract of land located in the North East one quarter of Section 1, Township 3 South, Range 6 East, Principal Meridian Montana, Gallatin County, Montana and more particularly described as follows:

Beginning at the Point of Beginning, (P.O.B.) which is the East corner of said tract;

- thence S 45° 08' 08" W for a distance of 252.41 feet to a point;
- thence N 33° 12' 20" W for a distance of 38.06 feet to a point;
- thence N 11° 00' 27" W for a distance of 43.58 feet to a point;
- thence N 23° 01' 35" E for a distance of 104.82 feet to point;
- thence N 47° 35' 51" E for a distance of 14.90 feet to a point;
- thence N 15° 19' 28" E for a distance of 17.56 feet to a point;
- thence N 39° 29' 01" E for a distance of 91.91 feet to a point;
- thence S 45° 37' 57" E a distance of 130.07 feet to the P.O.B.

Said area being 25,585 Square Feet, or 0.59 acres more or less, along with and subject to all easements of record or apparent on the ground.

#### CERTIFICATE OF EXEMPTION

(Sale of Leased Cabin or Home Sites and Montana Department of Environmental Quality Review)

I certify that the purpose of this survey is to create a parcel of land pursuant to M.C.A. Section 77-2-318(2) which states: "The sale of a cabin or home site is exempt from the subdivision laws, except that the development of any new, replacement, or additional water supply or sewage disposal system on the property must be approved pursuant to the review procedure, fee, and other requirements of Title 76, chapter 4, part 1.

By: John E. Tubbs

Signature

Title: Director, Montana Department of Natural Resources and Conservation

STATE OF MONTANA )

County of Lewis & Clark ) ss.

This instrument was acknowledged before me on Feb, 28, 2019, by John E. Tubbs, Director of the Montana Department of Natural Resources and Conservation.

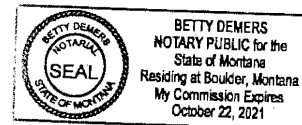
Betty Demers

Printed Name: Betty Demers

Notary Public for the State of Montana

Residing at Boulder, Montana

My Commission Expires Oct 22, 2021

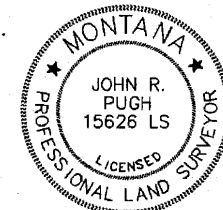


#### CERTIFICATE OF SURVEYOR

I, the undersigned Professional Land Surveyor, do hereby certify that I supervised the survey, platting and description of the tract shown on the accompanying Certificate of Survey in accordance with the provisions of the Montana Subdivision and Platting Act, Section 76-3-101 through 76-3-614, M.C.A., and the Gallatin County Subdivision Regulations.

DATED this 5th day of February, 2019.

John R. Pugh  
15626 LS



#### CERTIFICATE OF COUNTY TREASURER

I, Treasurer of Gallatin County, Montana, do hereby certify that the accompanying Certificate of Survey has been duly examined and that all real property taxes and special assessments assessed and levied on the subject land have been paid.

DATED this 6 day of March, 2019.

Debbie Hall, Deputy  
Treasurer Gallatin County

RHH 48896

#### CERTIFICATE OF CLERK AND RECORDER

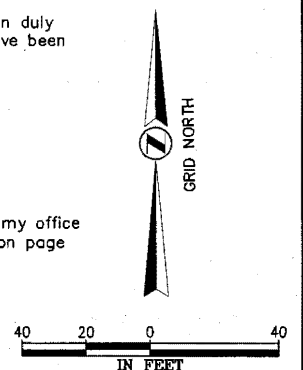
I, Clerk and Recorder of Gallatin County, Montana, do hereby certify that the foregoing instrument was filed in my office at 4:31 o'clock PM, this 6th day of March, A.D., 2019, and recorded in book CO1 of Plats on page 2988, Records of the County Clerk and Recorder, Gallatin County, Montana.

DATED this 6th day of March, 2019.

Eric Sumner  
Clerk & Recorder Gallatin County

2639368

Page 1 of 1  
03/06/2019 04:21:44 PM Fee \$0.00  
Eric Sumner - Gallatin County, MT



## CERTIFICATE OF SURVEY NO. 2988

COUNTY: GALLATIN

PRINCIPAL MERIDIAN,  
MONTANA

1/4	SEC	T	R	1/4	SEC	T	R

FIELD WORK: MS, NB, JP  
DRAWN: J. PUGH  
CHECKED: N. FISH  
DATE: 9-14-2018

PAGE  
1 OF 1

# EXHIBIT 2

STATE OF MONTANA  
DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION  
1424 9TH AVENUE P.O.BOX 201601 HELENA, MONTANA 59620-1601

## GENERAL ABSTRACT

Water Right Number: 41H 10821-00 STATEMENT OF CLAIM  
Version: 2 -- REEXAMINED

Version Status: ACTIVE

Owners: MONTANA, STATE OF BOARD OF LAND COMMISSIONERS  
TRUST LAND MANAGEMENT DIVISION  
PO BOX 201601  
HELENA, MT 59620-1601

Priority Date: APRIL 15, 1958

Enforceable Priority Date: APRIL 15, 1958

Type of Historical Right: USE

Purpose (use): DOMESTIC

Maximum Flow Rate: 5.00 GPM

Maximum Volume:- 2.00 AC-FT

Households: 2

Source Name: SPRING, UNNAMED TRIBUTARY OF BEAR CREEK

Source Type: GROUNDWATER

Point of Diversion and Means of Diversion:

<u>ID</u>	<u>Govt Lot</u>	<u>Qtr</u>	<u>Sec</u>	<u>Twp</u>	<u>Rge</u>	<u>County</u>
1		SE	NW	1	3S	6E GALLATIN

Period of Diversion: JANUARY 1 TO DECEMBER 31

Diversion Means: PUMP

Period of Use: JANUARY 1 to DECEMBER 31

Place of Use:

<u>ID</u>	<u>Acres</u>	<u>Govt Lot</u>	<u>Qtr</u>	<u>Sec</u>	<u>Twp</u>	<u>Rge</u>	<u>County</u>
1			SE	NW	1	3S	6E GALLATIN

Remarks:

STARTING IN 2008, PERIOD OF DIVERSION WAS ADDED TO MOST CLAIM ABSTRACTS, INCLUDING THIS ONE.

# EXHIBIT 3



# **KATIE RICKETT, A.R.A.**

P.O. Box 691

Belgrade, MT 59714

(406)388-0570 Office; (406)570-4450 Cell

Montana Certified General Appraiser # REA-RAG-LIC-650

Accredited Rural Appraiser (A.R.A.) & Member of ASFMRA Accredited #1664

[Katie@JKranchappraisals.com](mailto:Katie@JKranchappraisals.com); [www.jkappraisalandconsulting.com](http://www.jkappraisalandconsulting.com)



## **EDUCATION**

### **Colorado State University, Fort Collins, Colorado**

Bachelor of Science Degree: Equine Science (Science Concentration) 1996

### **University of Colorado at Boulder Continuing Education, Boulder, Colorado**

Registered Real Estate Appraiser.

\*NCRE 200-411 Registered Appraiser (40 hours) 1998 \*NCRE 201-411 Basic Appraisal Applications (24 hours) 1998 \*NCRE 208-411 Standards and Ethics (16 hours) 1998

### **American Society of Farm Managers and Rural Appraisers (ASFMRA):**

\* A-10, 6/1999, Austin, TX (40 Hrs) \* A-20, 8/99, St. Cloud, MN (44 Hrs) \* A-12, 1/00, Billings, MT (16 Hrs) \* ALL215, 9/00, Manhattan Beach, CA (30 Hrs) \* A-12 Part 1 ASFMRA Ethics & Part 3- USPAP (7 Hrs); 2/03 \* ASFMRA- Federal Land Exchange & Acquisitions Course 4/03 (20 Hrs) \* A-25, 4/04, Boise, Idaho (20 Hrs) \* A-29, 4/04, Boise, Idaho (15 Hrs) \* ASFMRA- Timber & Timberland Valuation, 1/05, Portland, OR (8 Hrs) \* UASFLA-“Yellow Book”, 2/05, Portland, OR (8 Hrs) \* ASFMRA- Appraising Agricultural Land in Transition, 2/06 (12 Hrs) \* A-27- Income Capitalization, Indianapolis, IN, 3/06 (28 Hrs) \* A-114, USPAP Course, 10/06, Great Falls, MT (7 Hrs) \* A-30, 6/07, Denver, CO. (47.5 Hrs) \* Valuation of Conservation Easements, 1/08, ASFMRA & AI (33 Hrs) \* A-114, 7 Hour USPAP Update Course, 2/08, Billings, MT (7 Hrs) \* UASFLA-“Yellow Book”, 10/08, Billings, MT (22 Hrs) \* Uniform Agricultural Appraisal Report, 5/08, Piedmont, SD (16 Hrs) \*What’s Missing in Appraisal Reports, 2/09, Bozeman, MT (4 Hrs) \*Wind Leases-The Basic Rights of Ownership, 2/09, Bozeman, MT (2 Hrs) \* Update of Montana Water Rights, 2/09, Bozeman, MT (2 Hrs) \*ASFMRA- Code of Ethics Webinar, 8/09 (4 Hrs) \* A-114, 7 Hour USPAP 2010-2011 Update Course, 2/10, Billings, MT (7 Hrs) \* iKuw Adobe Acrobat 9 Professional, 4/11 (12 Hrs) \* ASFMRA AFO/CAFO, 2/11, Bozeman, MT (4 Hrs) \* ASFMRA- Ag Trends in Ag Finance, 2/11, Bozeman, MT (2 Hrs) \* McKissock-Appraising Manufactured Homes, 9/11, Online, (7 Hrs) \*McKissock- Appraising FHA Today, 9/11, Online, (7 Hrs) \*GIS for Real Estate and Appraisal, 2/12 Billings, MT (4 Hrs) \* Montana Access and Easement Law, 2/12 Billings, MT (4 Hrs) \* A-114, 2012-2013 USPAP Update Course 2/12 , Billings, MT (7 Hrs)\* Cost Approach Online, 6/13 (A120) (30 Hrs) \* ASFMRA Ethics, 2/14 (4 Hrs) \* DNRC Water Rights, 2/14 (4 Hrs) \* 7- Hour National USPAP Update 2/14 (7 Hrs) \* 7-Hour National USPAP Update 2/16 (7 Hrs) \* Rural Case Studies 2/16 (8 Hrs) \*CE Valuation Workshop 4/16 (5 Hrs) \*BBER Seminar 2/17 (5 Hrs) \*The Valuation of Intangible & Non-Financial Assets 2/17 (11 Hrs) \* Income Approach Applications 2/17 (4 Hrs) \*7-Hour National 2018-2019 USPAP Course 1/18 (7 Hrs) \*Report Writing 1/18 (8 Hrs) \*BBER Seminar 2/18 (5 Hrs) \*Uniform Appraisal Standards for Federal Land Acquisitions 5/18 (14 Hrs) \*BBER Seminar 2/19 (5 Hrs) \*Valuing Rural America 2/19 (8 Hours)

## EXPERIENCES

**JK Appraisal & Consulting, LLC:** Belgrade, MT Owner, President, (11/07 to Current)

\* Responsibilities encompass all aspects of appraising duties. Specializing in agriculture, recreational, and other types of rural properties, including Federal acquisitions compliant with Uniform Standards for Federal Land Acquisitions a.k.a. Yellow Book appraisals; rural properties, inholdings, & conservation easements; Full narratives and Ag-Ware Form reports.

**Associate Appraiser:** Sub-Contract Appraiser with Terra Western Associates (11/07 to 7/14), Bozeman, MT

\* Responsibilities encompass all aspects of appraising duties. Specializing in agricultural, recreational, conservation easements, and other types of rural properties. Services include real estate appraisal, financial feasibility consulting, cash flow projections, and day-to-day management consulting.

**Qualified Appraiser:** United State Forest Service, Bozeman, MT (3/00- 10/07)

\* Responsibilities encompassed all aspects of appraising duties. Specializing in Uniform Appraisal Standards for Federal Land Acquisitions (Yellow Book) Appraisals for Federal acquisitions, land exchanges, right-of-ways, and inholdings.

**Apprentice Appraiser:** Hall-Widdoss & Co., Inc. South Dakota (8/98-3/2000)

\* Hall-Widdoss & Co., Inc. has been conducting business since 1983. Covering the States of Montana, Idaho, Wyoming, Nebraska, and the Dakotas. The firm specializes in urban investment property, agriculture, recreational, and subdivision land appraisals. Appraisal work involved market value estimates for commercial, industrial, rural, recreational, mountain development, gaming (casino), mineral, and residential properties. The firm also has a vast experience with government trades and acquisitions. My duties included the mapping of legal descriptions, entering, confirming, and analyzing sales data, collection of courthouse information, and general property research. I completed numerous residential appraisals, aided with the development of appraisals performed for proposed acquisition/condemnation by DM&E Railroad; surface rights appraisals for Peabody Coal Company and various others. These included farms, ranches, and rural properties in Wyoming and South Dakota. I held South Dakota license number 666SR-2002 as a State Registered Appraiser

**Apprentice Appraiser:** Agribiz Appraisal & Consulting, Inc., Kim Colvin, A.R.A., President; Luther Appraisal Services, George Luther, Jr., A.R.A., President

\* Subcontracted to perform basic appraisal duties. Researching sales, mapping of legal descriptions, proof reading reports, verifying sales with buyers, sellers, and agents. Also performed courthouse research, as well as, meeting with realtors to obtain sales information. Began to perform rural appraisals, using the three approaches to value.

**Apprentice Appraiser:** O'Neil & Co.: (1/98-7/98)

\* During my employment I researched recent sales through the use of the Multiple Listing Service and the courthouse. I assisted in several appraisals by helping with measurements, pictures, and walk through of the subject property. I also observed and participated in the development of reports. I learned how to determine soil quality and productivity through the use of soil surveys and aerial photos.

#1010

# Uniform Country Residential Report (UCRR)

Effective Date: May 1, 2019

Cabin Site Sale #1010  
Bear Canyon Road  
Bozeman, MT 59715  
Gallatin County, MT

## Prepared For:

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

## Intended User:

State of Montana  
Montana Board of Land Commissioners (Land Board)  
Department of Natural Resources and Conservation (DNRC)  
Lessee- Robert & Lyndsey Kaufmann

## Prepared By:

JK Appraisal & Consulting, LLC  
PO Box 691  
Belgrade, MT 59714  
Katie Rickett, A.R.A.

## Date Prepared:

May 17, 2019

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## Uniform Country Residential Report

Subject Information	Owner/Occupant:	DNRC/Lessee Robert & Lyndsey Kaufman				Report Type:	Appraisal				
	Property Address:	3585 Bear Canyon Road		City:	Bozeman	State:	MT	Zip:	59715		
	Legal Description:	1-3S-6E				County:	Gallatin				
	Parcel Number:	Lot 5 of State Lease # 3071152 (Tract 5 of COS 2991)		Tax Year:	2018	RE Taxes: \$	2307.71				
	Purpose of Report:	To provide a credible opinion of market value.				Inspection Date:	5/1/2019				
	Intended Use of Report:	Determine a credible opinion of market value for possible sell of land to Lessee				Opinion Date:	5/1/2019				
	Client(s) & Intended User(s):	State of Montana; Montana Board of Land Commissioners; DNRC; Lessee				Report Date:	May 17, 2019				
	Client Address:	PO Box 201601; Helena, MT 59620-1601				Occupancy:	Lessee				
	Rights Appraised:	Fee Simple		<input type="checkbox"/> Conservation Easements, Deed Restrictions, Other?		See SOW					
	Definition of Value: Page 5										
Scope of Work: Katie Rickett, ARA inspected the subject property on May 1, 2019. Market data was researched through local courthouse records, area brokers, and other market participants knowledgeable of the local market. Total acres are calculated from the Montana Cadastral Web-site and confirmed with the county assessor and legal description. The sales were inspected and analyzed to arrive at an estimated value. Appropriate approaches to value were implemented. This appraisal was performed according to the specific guidelines set forth by the current Uniform Standards of Professional Appraisal Practice (USPAP) as promulgated by the Appraisal Standards Board of the Appraisal Foundation. All three approaches to value were considered and developed. All opinions of value contained herein were derived in compliance with the specific guidelines aforementioned, using a level of analysis sufficient to constitute an appraisal that complies with the reporting requirements for an Appraisal Report as set forth under Standards Rule 2-2(a). This appraisal also conforms to the Code of Professional Ethics and Standards of Professional Practice of the American Society of Farm Managers and Rural Appraisers.											
Hypothetical Conditions or Extraordinary Assumptions: None besides standard limiting conditions and assumptions.											
Subject's Sale and Marketing History: (Analyze/report any offers, agreements of sale, options, listings, etc. - and all sales within 3 years of date of appraisal. For UASFLA, report within last 5 years and LAST SALE OF SUBJECT no matter when it occurred.) The land under the improvements is owned by the State of Montana; The improvements have been owned by the Lessee, Chris Bury for fifteen years.											
Neighborhood Description	Value Trend:	Up <input checked="" type="checkbox"/>	Down <input type="checkbox"/>	Stable <input type="checkbox"/>	N/A <input type="checkbox"/>	Ac Homesite:	1.00	Ac Excess Land:	0.00	Ac Total:	1.00
	Sales Activity:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Buildable Acres:	1.07	Legal Buildable Sites:	1		
	Property Compatibility:	Above <input type="checkbox"/>	Average <input checked="" type="checkbox"/>	Below <input type="checkbox"/>	N/A <input type="checkbox"/>	Legal Access:	Yes	Physical Access:	Yes		
	Purchase Power:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Contiguity:	N/A	Conforming Use:	Yes		
	Demand:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Zoning:	Bozeman Pass ZD	FEMA Map #:	30031C0960D		
	Supply:	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	View:	Good				
	Development Potential:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Utilities:	Yes; Propane; Phone, Electric; Natural Gas				
	Desirability:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Land/Site Improvements:	Minimal Landscaped				
	Growth Rate:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Hazards/Detriments:	None known.				
	Off-Site Employment:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Easements/Encroachments:	None				
Proximity to Employment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>							
<p>Existing land regulations were analyzed, neighborhood trends, market demand for the existing use of the subject property; as well as alternative uses, the physical characteristics of the property, and the highest and best use. The property's legal description, acreage, tax assessment, ownership history, improvements, and zoning information were verified with Gallatin County records. The water rights appurtenant to the subject property were researched at the Montana State internet website of the Department of Natural Resources &amp; Conservation (DNRC). Numerous publications and periodicals, referenced within the body of this appraisal report were consulted for information regarding such factors as soil properties, vegetative range types, building construction costs, and building depreciation. In addition to information contained within my office files, the appraiser searched the MLS for the most recent sales data in the subject area and confirmed the sales with the listing brokers, buyers/sellers.</p> <p>Comparable sales were inspected to the extent possible. Trespass was avoided and owner permission was obtained when feasible. At a minimum, a "drive-by" inspection was made along public roadways. Montana is a nondisclosure state; thus, aside from sale notices or deeds, no sales data is of record. No sale prices are reported and the Appraiser must personally confirm sale values. I have made a diligent effort to correctly ascertain the circumstances and values surrounding each sale, and data provided by professional third parties is considered reliable. The investigation of this appraisal report included confirmation of sales with buyers, sellers, real estate professionals, plus inspecting each sale.</p> <p>The photographs in this report are digital photographs and were not changed or manipulated in any manner. Information on market data was gathered, confirmed, and analyzed. Data relating to the subject was also analyzed and gathered. The Sales Comparison, Cost, and Income Approaches to value were considered. To develop the opinion of value, I performed a complete appraisal process as defined by USPAP under the appraisal reporting Rule 2-2(a). In developing an appraisal report, an appraiser uses or considered all applicable approaches to value, and the value conclusion reflects all known information about the subject property, market conditions, and all pertinent available data.</p>											



## USPAP, Organizational, or Other Requirements

**Report Type:** Appraisal**Date of Inspection:** 05/01/19**Date of Value Opinion:** 05/01/19**Date of Report:** 05/17/19

**Scope of Work** *(Describe the amount and type of information researched and the analysis applied in this assignment. The Scope of Work includes, but is not limited to the degree and extent of the property inspection; the extent of research into physical and economic factors affecting the property; the extent of data research; and the type and extent of analysis applied to arrive at the opinions or conclusions. Additionally, describe sales availability & ability to demonstrate market - "as vacant" - and "as improved" if applicable - or describe sales available to form value opinion "as completed" or proposed if requested; describe income sources and ability of income to support existing or proposed construction; discuss extent of third party verification of RCN, if applicable.):*

This appraisal was performed according to the specific guidelines set forth by the current Uniform Standards of Professional Appraisal Practice (USPAP) as promulgated by the Appraisal Standards Board of the Appraisal Foundation. All three approaches to value were considered and developed. All opinions of value contained herein were derived in compliance with the specific guidelines aforementioned, using a level of analysis sufficient to constitute an appraisal that complies with the reporting requirements for an Appraisal Report as set forth under Standards Rule 2-2(a). This appraisal also conforms to the Code of Professional Ethics and Standards of Professional Practice of the American Society of Farm Managers and Rural Appraisers.

The purpose of this appraisal is to provide a credible opinion of the MARKET VALUE of the subject property in conformance with the Uniform Standards of Professional Appraisal Practice (USPAP) Standard 1 and Standard 2-2(a), 2018-2019 Edition.

The appraiser completed an on-site field inspection of the subject property on May 1, 2019 and was accompanied by a representatives from the DNRC; Renee Kelly and Katie Svoboda.

The region was searched for data and sales of similar amenities as the subject. The sales data are documented in a separate addenda book. There have been some sales recently that the buyers would not disclose any transaction price(s) on. The appraiser has inspected, photographed, and verified the data with the principals or their agents. In most cases, financial data or operating data are estimates based on interviews.

**Subject Property Sale & Marketing History:** *(Analyze and report any agreements of sale, options, or current listings as of the date of the appraisal - and all sales within three (3) years prior to the effective date of appraisal. For UASFLA assignments, report the details of the LAST SALE OF THE SUBJECT - no matter when it occurred):* The subject property has been under the same ownership for the past three years with no listings or offers on the property.

**Market Conditions** *(Volume of Competing Listings; Volume of Sales; Amenities Sought by Buyers):* A market search was completed from January 1, 2017 to current. Fifteen total properties were found, with only seven sales. Of the seven sales, only three were in Bear Canyon. The appraiser was aware of one, the remaining two are newer and directly across the street from the subject property.

**Approaches to Value** *(Explain Approaches Used and/or Omitted):* The Sales Comparison and Cost Approach is used to determine an opinion of value. The use of the Income Approach is not applicable on a rural residential property nor does it support the value the properties command in this rural homesite type market.

### Scope of Work

The authority for conducting the appraisal was given by the Montana Department of Natural Resource & Conservation (DNRC). The use of this appraisal is for a possible sell of the proposed subject property. The clients are the State of Montana, Montana Board of Land Commissioners, Department of Natural Resources and Conservation (DNRC). Intended users are the State of Montana, Montana Board of Land Commissioners, Department of Natural Resources and Conservation (DNRC), and Lessee.

**All market data and other data discussed, presented, utilized, and disclosed in this report shall not be disclosed by any person(s) or entity reading, utilizing, and/or presenting the report by any means of communication, including but not limited to verbal, electronic, written, to any other party or entity without prior written permission of the signatory appraiser.**

#### **USPAP includes a competency provision that states:**

The Uniform Standards of Professional Appraisal Practice (USPAP) require that prior to accepting an assignment or entering into an agreement to perform any assignment, an appraiser must properly identify the problem to be addressed and have the knowledge and experience necessary to complete the assignment competently; or alternatively:

1. Disclose the lack of knowledge and/or experience to the client before accepting the assignment;
2. Take all steps necessary or appropriate to complete the assignment competently; and
3. Describe the lack of knowledge and/or experience and the steps taken to complete the assignment competently in the report.

Katie Rickett, A.R.A. has been involved in the appraisal of rural real estate in the State of Montana, South Dakota, and North Dakota since 1998. I am familiar with the geographic area in which the subject property is located and understand the nuances of the local market and the supply and demand factors related to the specific property type and the location involved. I have been engaged in many appraisal assignments involving properties similar to the subject property and believe I am qualified and competent on the basis of my knowledge and experience to complete this assignment competently. I am a Certified General Appraiser in the state of Montana and have been since 2002; License # REA-RAG-LIC-650. Please refer to my qualifications, which are attached in the Addenda of this report.

#### **Hypothetical Conditions:**

As Instructed, I am appraising the subject property under a Hypothetical Condition. A Hypothetical Condition is defined by the Uniform Standards of Professional Appraisal Practice as:

" a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis."

Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. There are several hypothetical conditions that accompany this report, as instructed:

- 1) Include a total market value of the property, that the land and improvements are in fee simple ownership, with one owner.
- 2) Include a separate market value for the state-owned land, less the improvements, as if the land is vacant.
- 3) Allocate a separate market value for the non-state-owned improvements, from the total market value derived in #1 above.
- 4) The subject property is a 1.07 acre lot and is a legal lot and available to sell separately as such.

## MARKET VALUE DEFINITION

Regulations published by federal regulatory agencies pursuant to title XI of the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA)

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider their best interests;
3. A reasonable time is allowed for exposure on the open market;
4. Payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Other:

## EXPOSURE AND MARKETING TIME ESTIMATES

Market value (see above definition) conclusion and the costs and other estimates used in arriving at conclusion of value is as of the date of the appraisal. Because markets upon which these estimates and conclusions are based upon are dynamic in nature, they are subject to change over time. Further, the report and value conclusion is subject to change if future physical, financial, or other conditions differ from conditions as of the date of appraisal.

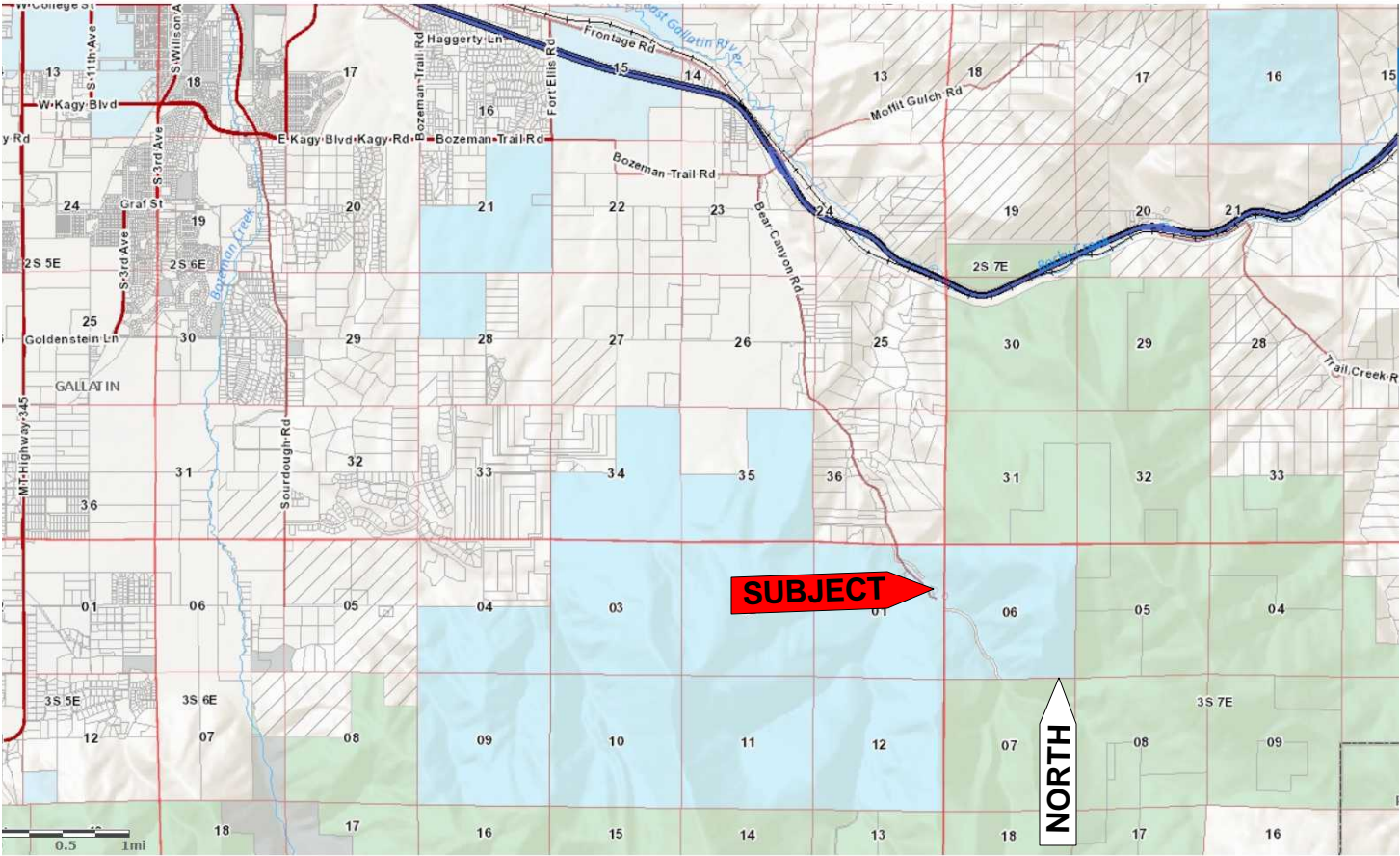
In applying the market value definition to this appraisal, a reasonable exposure time of <12 months has been estimated. Exposure time is the estimated length of time the property interest being appraised would have been offered in the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; exposure time is always presumed to **precede** the effective date of the appraisal.

Marketing time, however, is an estimate of the amount of time it takes to sell a property interest at the market value conclusion during the period **after** the effective date of the appraisal. An estimate of marketing time is not intended to be a prediction of a date of sale. It is inappropriate to assume that the value as of the effective date of appraisal remains stable during a marketing period. Additionally, the appraiser(s) have considered market factors external to this appraisal report and have concluded that a reasonable marketing time for the property is 4-12 months.

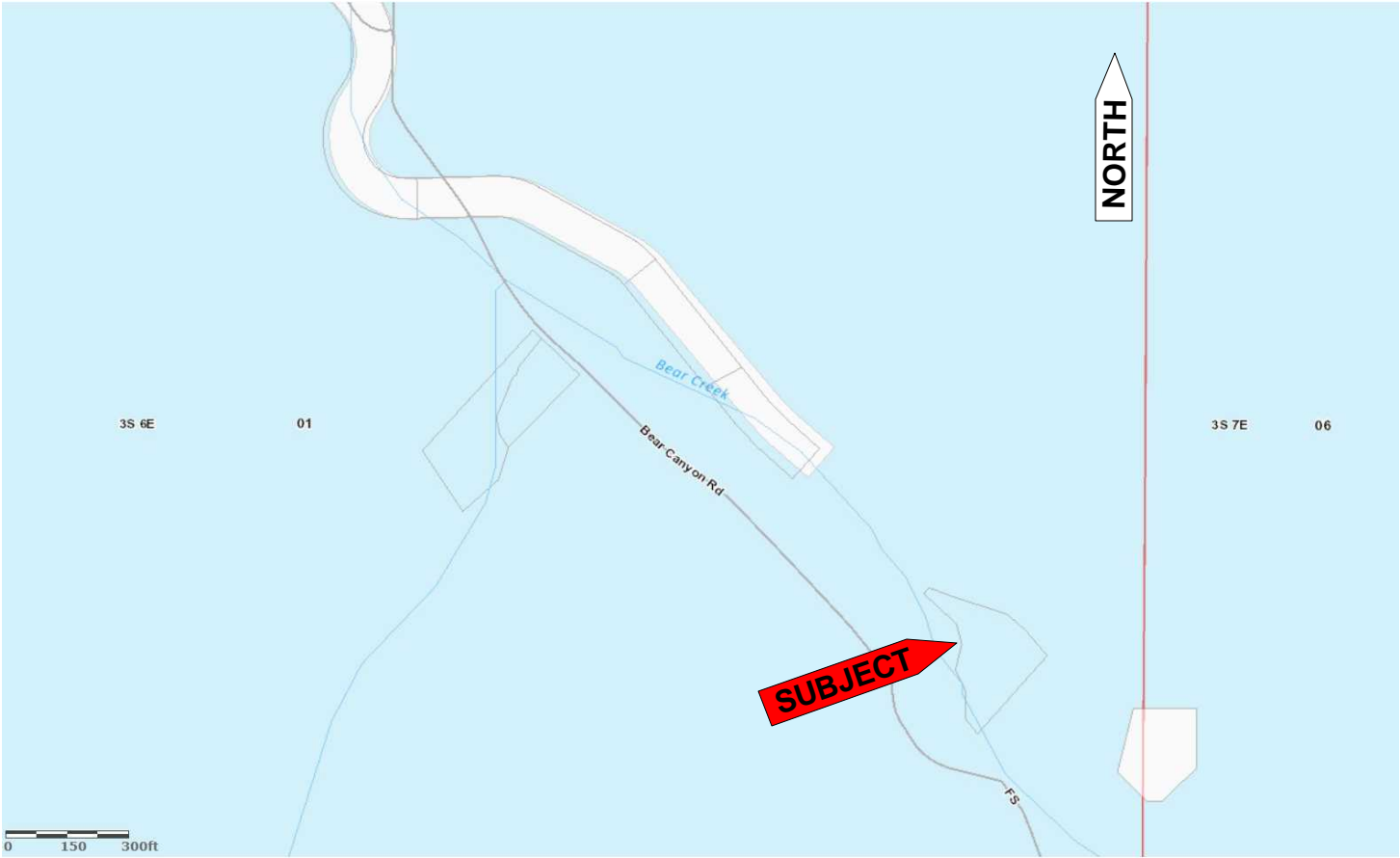
Comments:

Area-Regional Description	<b>Area-Regional Boundary:</b> Bear Canyon Area		<b>On and Off Property:</b>																																																																			
	<b>Major Commodities:</b> Hay Crops, Beef Cattle, Wheat, Barley, Potatoes, milk, corn, sorghum.		<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%;"></td> <td style="width: 33%; text-align: center;">Up</td> <td style="width: 33%; text-align: center;">Stable</td> <td style="width: 33%; text-align: center;">Down</td> </tr> <tr> <td>Value Trend:</td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>Sales Activity Trend:</td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>Population Trend:</td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>Employment Trend:</td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table>					Up	Stable	Down	Value Trend:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Sales Activity Trend:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Population Trend:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Employment Trend:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>																																												
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<b>Forces of Value:</b> <i>(Discuss social, economic, governmental, and environmental forces.)</i> Rural residential development and suburban development, as well as rural recreational investment properties have dominated the market in the past year. The highest and best use of rural foothill, valley agricultural, and river bottom land areas are beginning to transitioned from agricultural uses to subdivision, development, exclusive homesites, and recreational investment uses, once again. This trend will likely continue as Bozeman and the Gallatin Valley have been one of the new trendy areas for relocation. However, many of the pre-platted subdivisions that were in agricultural areas that had never been developed are beginning to see development at the demand for rural homesites and subdivision regains speed from the 2008-2010 recession. Agriculture will continue to be a major industry in Gallatin County as there are long-time family farmers that are well entrenched and they also continue to purchase add-on plottage to expand their operations. Gallatin County is a mixed use county where all residents are trying to manage the uses in the area.																																																																						
<b>Exposure Time:</b> <12 months. <i>(See attached definition and discussion)</i>																																																																						
Market Area Description	<b>Specific Market Area Boundaries:</b> Focused on properties in Bear Canyon.																																																																					
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<b>Analysis/Comments:</b> <i>(Discuss positive and negative aspects of market area.)</i> The rural homesite and acreage market in Gallatin County is very active at this time. The residential/subdivision market has just exploded with sellers asking higher prices and buyers looking for "the best" deal. Lower priced houses are selling very quickly with marketing times being 1 to 2 days in some instances. The more expensive houses with asking prices of \$500,000 or more have a longer marketing times. Buyers are being very selective in the higher priced market, \$600,000+ but selection is also very limited; thus driving up demand. It appears that the properties with acreage (3+ acres) are limited but also the lower quality properties with acreage are being looked over and are having longer marketing times due to the buyers being more selective and doing their due diligence. The larger acreage properties with nicer homes and better cared for properties are selling fairly quickly due to the lack of nicer quality inventory. Sold properties in Bear Canyon were found from 2016 to 2018. No 2019 sales were found. Once outside of Bear Canyon there were several 2019 sales; however, Bear Canyon has a notoriety surrounding the area and because of this, properties typically sell very quickly if listed on the open market.																																																																						

Location Map

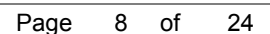


Parcel Map





COS 2991



**Property Description:** *(Location, use and physical characteristics)* The subject property is located approximately 8 miles southeast of Bozeman in the end of Bear Canyon. The property is accessed by a gravel road to a private easement that forms the north boundary of the property. The south boundary is formed by Bear Creek. The site is fairly level to sloping and has been improved with a two car garage with an attached shop and a second level living area. The garage/shop has concrete floors, propane forced air wall unit heater, insulated, with a finished loft area that has baseboard heat. The house is new construction and incorporated the original cabin into the new floor plan. The house is heated with propane forced air heat and a fireplace; one bedroom, one full bath and a three quarter bath. Both structures have metal roofs and fir siding. According the Department of Natural Resources and Conservation (DNRC) there are two water rights appurtenant to the subject parcel. Both are for domestic use. One is a well that is 82 feet deep and has a 35 gallons per minute output; the second one is also for domestic use but is a spring with a 15 gmp output.

Land Use	Deeded Acres	Unit Type	Unit Size	Subject Description:	Above Avg.	Avg.	Below Avg.	N/A
Site	1.00	Site	( 100.0%)	Location	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			( 0.0%)	Legal Access	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			( 0.0%)	Physical Access	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			( 0.0%)	Contiguity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			( 0.0%)	Shape/Ease Mgt.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			( 0.0%)	Adequacy Utilities	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			( 0.0%)	Services	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			( 0.0%)	Rentability	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			( 0.0%)	Compatibility	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			( 0.0%)	Market Appeal	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			( 0.0%)	FEMA Zone/Date	9/2/2011			
			( 0.0%)	Building Location				
<b>Total Deeded Acres</b>	1.00	<b>Total Units</b>	0.00					
			<b>( 100 % )</b>					

<b>Climatic:</b>	20-36	" Annual Precipitation	5440	' to	5460	' Elevation	90	Frost-Free Days
<b>Utilities:</b>	Well	Water	NW	Electric	Septic	Sewer	NG	Gas
<b>Distance To:</b>	10	Schools	20	Hospital	20	Markets	7	Major Hwy.
								Cnty Lnk Telephone
								Service Center

**Comments** There are no hazards or detriments that materially affect the value of the subject property. The subject is susceptible to the area weather but the surrounding area receives the same type of weather. The weed liability on the property is average for this unit in this area. Given the date of inspection, grass and weeds have not yet started growing so the amount and type that might exist is unknown. Should this be of concern, a weed specialist should be engaged to inspect the weeds during the growing season in order to estimate the expected liability. This appraisal assumes that the weeds are not toxic and the appraiser reserves the right to update the appraisal should the area found to be hazardous. The Appraiser is not an expert in either the detection of hazardous or toxic substances or structural engineering, and did not conduct an environmental audit of the subject property. The property is being appraised assuming there are no toxic or hazardous substances present or associated with the subject property that would affect value. The Appraiser reserves the right to reassess the situation and adjust values if deemed necessary.

## Subject Improvement Description

Type	Size	Construction	Qty	Foundation	Roof	Floor	Exterior	Act Age	Eff Age	Rem Life	Con-formity	Utility	Cond
House	1,714	Wood	NEW	Concrete	Metal	Wood	Fir	New	1	59	VG	VG	New
Garage	2,264	Wood	New	Concrete	Metal	Concrete	Fir	New	2	58	VG	VG	New

<b>Primary Impvt Detail</b>	House		
Address	3585 Bear Canyon Road Bozeman, MT 59715		
Effective Age	1		
Effective Unit Type	SF		
Effective Size	1,714		
Design & Appeal	Custom		
Quality of Construction	NEW		
Rooms Above Grade	Total	Bdrms	Baths
	4	1	1.75
Basement	None		
Finished Bsmt	None		
Utility	VG		
Condition	New		
Heating/Cooling	Propane FA		
Energy Efficient Items	Propane FA		
Garage/Carport	2 Car Detached		
Porch, Patio, Deck	Yes 170 sf		
Fireplace(s), etc	Wood Stove		



The house was near completion at the date of inspection.

**Site Improvements** Minimal landscaping.

	Above Avg	Avg	Below Avg	N/A
Overall Structural Balance	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Overall Structural Condition	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Improvement Rating	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Overall Property Rating	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Overall building REL	25 years			

Aerial Map







Private easement into the parcel.



Driveway into parcel.



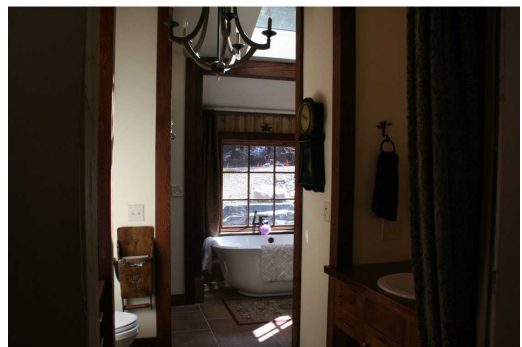
Dining area; original cabin



New living room incorporating the original cabin



Living room



Master bath



Garage



Shop area



House



Creek side of the house.



History	<input checked="" type="checkbox"/> Ownership Longer Than <u>3</u> Years					
		Owner	Recording/Reference	Date	Price Paid	Terms
	<b>Previous:</b>				\$	
	<b>Present:</b>				\$	
Zoning	<b>Current Zoning:</b> <u>Bozeman Pass ZD</u> <b>Zoning Conformity:</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No					
	<b>Zoning Change:</b> <input checked="" type="checkbox"/> Unlikely <input type="checkbox"/> Probable      To: _____					
	<b>Comments:</b> Property is zoned AR-80; which is one dwelling per 80 acres. These parcels are grand fathered into the current zoning due to existing in the area prior to the zoning being established.					
Taxes	<b>Tax Basis:</b> <input type="checkbox"/> Agricultural <input checked="" type="checkbox"/> Improvement only <input type="checkbox"/> _____		<b>Assessment Year</b> <u>2018</u> <b>Land</b> \$ <u>148,268</u> <b>Building(s)</b> \$ <u>314,290</u> _____ \$ _____ <b>Total Assessed Value</b> \$ <u>462,558</u>		<b>Forecast:</b> <b>Current Tax</b> \$ <u>2,307.71</u> <b>Estimated/Stabilized</b> \$ <u>2,307.71</u> <b>Or ( 1.00 Ac.) = \$</b> <u>2,307.71</u> /acre  <b>Trend:</b> <input checked="" type="checkbox"/> Up <input type="checkbox"/> Down <input type="checkbox"/> Stable	
	<b>Parcel #:</b> <u>00RHH13700</u>		<b>Comments:</b> Land is owned by the State of Montana and the Lessee owns the buildings. The Lessee is only currently paying taxes, indicated above, on the improvements.			
Highest & Best Use Analysis	<small>Highest &amp; Best Use is defined as that reasonable and probable use that supports the highest present value, as defined, as of the effective date of the appraisal. Alternatively, that use, from among reasonably probable and legally alternative uses, found to be physically possible, appropriately supported, financially feasible, and which results in the highest land value.</small>					
	<b>Analysis:</b> <i>(Discuss legally permissible, physically possible, financially feasible, and maximally productive uses)</i> The subject property is the Bozeman Pass Zoning District and is zoned AR-80; which is one dwelling per 80 acres. However, these sites existed prior to the zoning district being established and are grand fathered into the zoning area. The subject consists of 0.59 acres and because of the size of the lot, is limited to a residential homesite being the most legally permissible, physically possible, financially feasible, and maximally productive use of the site as unimproved.					
	<b>Highest and Best Use:</b> "As if" Vacant <u>Residential Homesite</u> "As Improved" <u>Residential Homesite</u>					
	<b>Discussion:</b> The subject property "as improved" follows the same methodology "as if vacant" but takes into account the properties improvements. The subject's improvements still contribute value to the property as a whole and thus, the highest and best use of the property "as improved" is a residential homesite.					
Value Methods	<b>Valuation Methods:</b> <input checked="" type="checkbox"/> Cost Approach <input checked="" type="checkbox"/> Income Approach <input checked="" type="checkbox"/> Sales Comparison Approach (Explain and support exclusion of one or more approaches) The Sales Comparison and Cost Approach is used to determine an opinion of value. The use of the Income Approach is not applicable on a rural residential property nor does it support the value the properties command in this rural homesite type market.					



## Cost Approach

### Subject Land Contribution

Primary Site			Excess Land			Total		
Acres	\$/Acre	Site Contrib	Acres	\$/Acre	Excess Contrib	Acres	\$/Acre	Total Contrib
1.00	\$ 235,000.00	\$ 235,000	0.00	\$ 0.00	\$	1.00	\$ 235,000.00	\$ 235,000

☐ **Reproduction Cost** is the estimated cost to construct, at current prices as of the effective appraisal date, an exact or duplicate or replica of the structure appraised, using the same materials, construction standards, design, layout, and quality of workmanship, and embodying all of the deficiencies, superadequacies, and obsolescence of the subject buildings.

☒ **Replacement Cost** is the estimated cost to construct, at current prices as of the effective appraisal date, a building with utility equivalent to the buildings appraised, using modern and current standards, design, and layout.

### Site Improvements Cost Analysis

**Site Improvements Comments:** Minimal landscaping.

Site Improvements Description	Cost New	Effective Age	Years REL	% Depr	Deprec Cost
	\$			%	\$
	\$			%	\$
	\$			%	\$
	\$			%	\$
	\$			%	\$
	\$			%	\$
	\$			%	\$

### Total Contribution of Site Improvements \$

### Structural Improvements Cost Analysis

Description	Unit Size	Cost/Unit	Total Cost New	Act Age		Total Life	Depreciation/Obsolescence			Deprec Cost
				<input checked="" type="checkbox"/> Eff Age			% Phys	% Fnc	% Ext	
House	1,714	\$ 225.00	\$ 385,650	5		55	8 %	10 %	%	\$ 319,318
Garage	2,264	\$ 25.00	\$ 56,600	5		55	8 %	%	%	\$ 52,072
		\$	\$				%	%	%	\$
		\$	\$				%	%	%	\$
		\$	\$				%	%	%	\$
		\$	\$				%	%	%	\$
		\$	\$				%	%	%	\$
		\$	\$				%	%	%	\$
		\$	\$				%	%	%	\$
		\$	\$				%	%	%	\$
		\$	\$				%	%	%	\$
		\$	\$				%	%	%	\$
<b>Totals</b>			\$ 442,250			55	8 %	9 %	0 %	
<b>Total Overall Depreciation</b>	16	%								
			<b>Total Contribution of Structural Improvements \$</b>			371,390				

### Cost Approach Summary

Typically the only adjustment made in the Cost Approach is a time adjustment. The appraiser was able to find eight pairings that indicated a range from 0.44% to 2.24% per month or 5.3% to 26.8% per year both compounded monthly or yearly, respectively. The most comparable sales indicate a strong 1.3%/month or 15.6%/year from 2016 to April 2019. No time adjustment could be extracted for 2015 so the time adjustment applied to Sale 5 starts at January 2016 forward; The market derived time adjustment of 1.3%/month is concluded for Sales 2, 3, 4, and 5. Once the time adjustment is applied to the four sales they range from \$189,000 to \$269,000 per site. Bear Canyon market is difficult as there are limited number of sales and nothing on the market that has sold is comparable to the subject property's improvements. From the market, and using currently building prices extracted from the market, interviews with area contractors and builders, and the Marshall & Swift Cost Guide, the contributory value of the subject's improvements is \$371,400. From the five comparable sales, a site value of \$235,000 is concluded for the subject's site. The subject property is a prime location with creek frontage, easy access to the site as well as easy access to the creek frontage and is very comparable to Sales 2 and 3. The subject would be an ideal site if vacant and would bring a premium in the area. The functional obsolescence taken on the subject's house is it is only a one bedroom house and it would take approximately 10% of the RCN to add on two bedrooms.

	Contribution	% of Total
Total Land	\$ 235,000	39
Site Improvements	\$	
Structural Improvements	\$ 371,390	61
	\$	

### Cost Approach Indication:

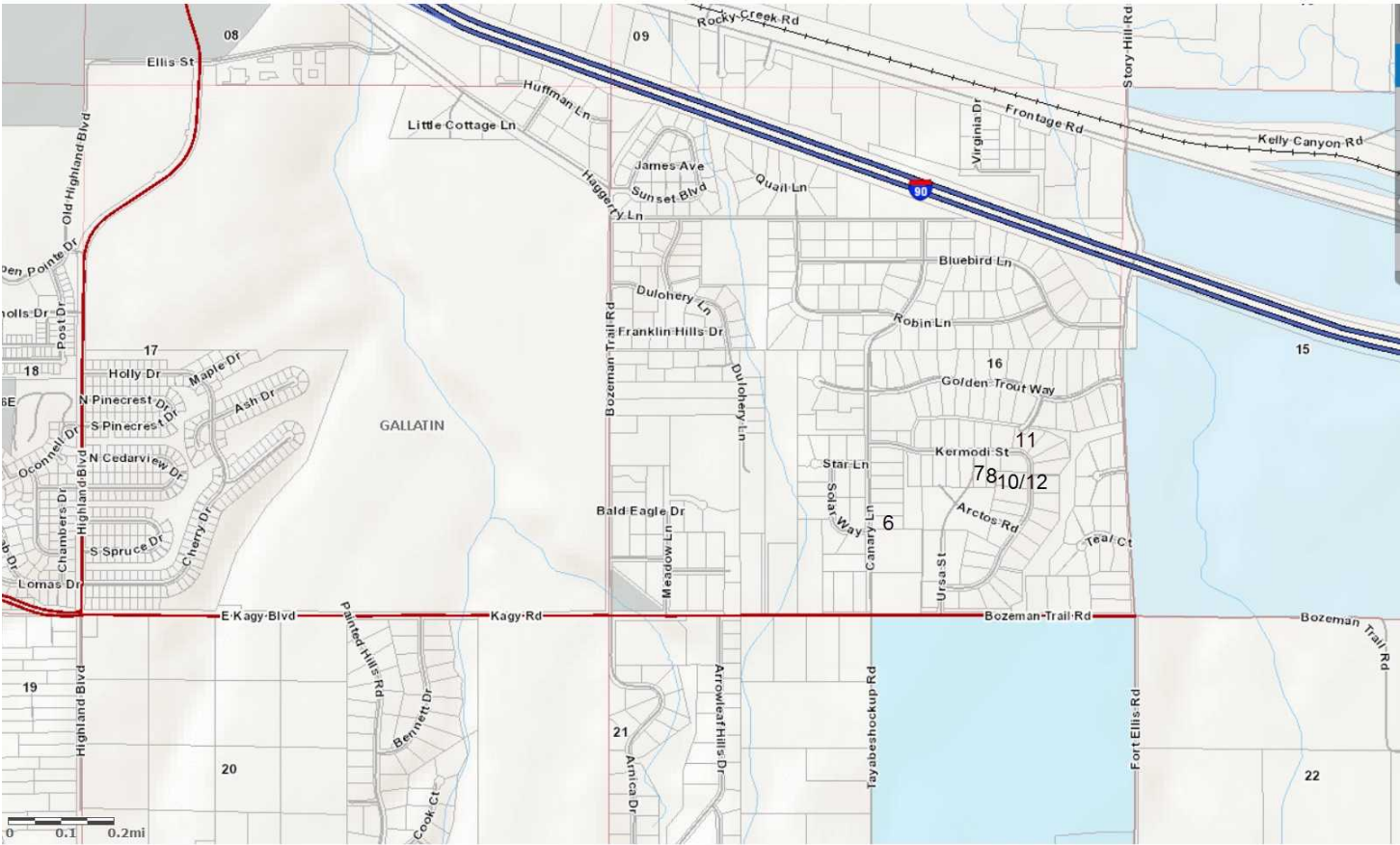
\$ 606,400



## Vacant Lot Sales

Sale #	Date of Sale	Acres	Sales Price	Time Adj.	Location
6	5/19/2019	1.007	\$217,500.00	Current	Lot 1 Canary
7	4/17/2019	1.007	\$212,000.00	Current	Lot 12 Kermodi
8	8/28/2018	0.911	\$215,000.00	\$ 244,600.00	Lot 13 Kermodi
9	7/30/2018	1.084	\$249,900.00	\$ 288,000.00	32 Hitching Post Rd
10	1/26/2018	1.11	\$158,000.00	\$ 196,800.00	Lot 47 Kermodi
11	9/22/2017	1.13	\$190,000.00	\$ 246,000.00	Lot 8 Kermodi
2160	8/11/2017	2.07	\$145,000.00	\$ 190,000.00	Bear Canyon
12	3/15/2017	1.11	\$134,000.00	\$ 187,500.00	Lot 47 Kermodi
			\$ -		

Map of Vacant Lot Sales





## Sales Comparison Approach

	Subject	Sale			+/- Adj	Sale			+/- Adj	Sale			+/- Adj
Sale #	Time Adj Setting  <input type="checkbox"/> Year <input checked="" type="checkbox"/> Month  <input type="checkbox"/> Simple <input checked="" type="checkbox"/> Compound	2				3				5			
Grantor		Confidential				Confidential				Confidential			
Grantee		Confidential				Confidential				Confidential			
Address		3556 Bear Canyon Rd				3586 Bear Canyon Rd				340 Silver Tip Trail			
		Bozeman, MT				Bozeman, MT				Bozeman, MT			
Sale Price		775,000				550,000				515,000			
CEV Price		775,000				550,000				515,000			
Date		10/18				08/18				06/15			
Market Condition	Adj to Date	Periods	Rate			Periods	Rate			Periods	Rate		
		6	1.30		+62,449	8	1.30		+59,871	41	1.30		+359,570

### Land Adjustments

Homesite Acres	1.00	1.00			1.00			1.00	
Excess Acres	0.00	0.00			0.00			0.00	
Excess Difference		+/- Acres	\$/Acre		+/- Acres	\$/Acre		+/- Acres	\$/Acre
		0			0			0	
Legal Access	Yes	Cnty Gravel			Cnty Gravel			Sub. Gravel	
Physical Access	Yes	Yes			Yes			Yes	

### Primary Improvement Adjustment

Effective Age	1	21			33			12	
SF	1,714	1599			1806			2228	
Contrib/Eff Size		278.69			99.00			160.00	
Design & Appeal	Custom	Ranch style			Log Cabin			2 story	
Qlty of Constr	NEW	Good			Good			Avg	
Rooms	Total	Bdrms	Baths	Total	Bdrms	Baths	Total	Bdrms	Baths
Above Grade	4	1	1.75	8	1	1.5	11	3	2.5
Basement	None	1448			-145,000	560	-16,800	None	
Finished Bsmt	None	Yes				No		none	
Utility	VG	VG				Avg		Avg	
Condition	New	VG				Avg		Avg	
Heating/Cooling	Propane FA	Radiant			-70,000	Propane FA		Hot water BB; NG	
Energy Eff Items	Propane FA	NG; Hot Water BB				Wood		NG	
Garage/Carport	2 Car Detached	2 Attached				4 Detached		2 Attached	
Porch, Patio, Dk	Yes 170 sf	Yes-several				Yes		Deck	
Fireplace(s), etc	Wood Stove	Yes				Yes		Yes	

### Additional Adjustments

Other Impvts									
Location	End Bear Canyon	End of Bear Canyon		0	End of Bear Canyon		0	Bear Claw	-100,000
Utilities	Yes	Yes			Yes			Yes	
View	Average	Average			Average			Average	

### Summary

CEV Price		775,000			550,000			515,000		
Total Net Adj		G=36%	N=-20%	-152,551	G=21%	N=1%	+3,071	G=114%	N=25%	+129,570
Adj CEV Price		622,449			553,071			644,570		

See next page

**Sales Comparison Indication:**
**\$** 600,000

## Sales Comparison Comments

Of the five comparable sales, Sales 2, 3, and 5 are the most comparable improved sales to the subject property with Sales 2 and 3 given the most weight. All three sales are fairly comparable to the subject for overall square footage. An adjustment was made for the basements in the sale properties based on finished square foot at \$100/square foot and \$30/square foot for unfinished basement area. An adjustment was made, through the pairing process for the additional bedrooms on Sales 3 and 5 and the extra full bath in Sale 5. Additional pairings, indicate that Sale 5 is superior for location as it sits at the top of the ridge overlooking Bear Canyon. A negative \$100,000 adjustment is concluded and applied to Sale 5 for the superior location. Once these adjustments are made, the three sales indicate a range between \$553,000 and \$645,000 for the subject property. Given the subject property's new condition, creek frontage, and easy access, a value near the higher end of the range is warranted. Thus, a final opinion of value in the Sales Comparison approach is concluded to be \$600,000 with Sale 2 given the most weight.

## Reconciliation and Opinion of Value

Summary

<b>Cost Approach</b> .....	\$	606,400
<b>Income Approach</b> .....	\$	N/A
<b>Sales Comparison Approach</b> .....	\$	600,000

Discussion &amp; Correlation of Values

**Analysis of Each Approach and Opinion of Value:** Strengths and weaknesses of each approach must be redressed correlating the final estimate from the indicated values. It should be noted that an appraisal utilizes all of the data available, therefore each lends support for the other approaches.

The COST APPROACH is most applicable when appraised property's improvements are new and represent the highest and best use of the land. Additionally, the Cost Approach is useful when there is a good bank of open land sales that are dependable and reliable and when the costing information is from excellent sources. Vacant lot sales were sought out in the market to determine a vacant land price for the subject property. And cost information to rebuild the subject property's house was determined from interviews with local builder and contractor as well as the Marshall & Swift Cost Guide. The Cost Approach is a strong indicator of value in this market.

The INCOME APPROACH is limited by the anticipated income stream and the expected rate of return. Homesite properties in the market area do not have any viable economic use relative to rental values; as the rents paid do not support the market prices seen the area. As such, a valuation of the subject property by the Income Approach is not applicable.

The SALES COMPARISON APPROACH is based on a direct comparison of similar properties which have sold in the subject area or a competing area. Given the nature of the market, similar properties for direct pairings were not available for adjustments for all factors of value but there was the ability to identify market supported adjustments for the components or factors affecting value as identified. The Sales Comparison Approach was utilized in this report and is felt to be a reliable approach to value given that it is relied upon heavily by buyers and sellers and the nature of the quantity and quality of data available.

The sales used are sales that possess features and characteristics generally similar to those of the appraised property. This sales data was used within the Cost and Sales Comparison approach to value and reflect a relatively narrow range that lends a higher degree of confidence to the final appraised value. The Cost Approach is relied upon the most because it is felt that it is more representative of the area market given the fair to average condition of the subject's improvements. Therefore, the final opinion of value for the subject property with an effective date of May 1, 2019 is \$606,000. The site value is \$235,000, while the improvements have a contributory value of \$371,000.

Allocation of Value

<b>Opinion Of Value -</b>	(Estimated Marketing Time	4-12	months, see attached)	\$	606,000
Cost of Repairs	\$				
Cost of Additions	\$				
<b>Allocation:</b>	(Total Deeded Units: 1.00)	Land:	\$ 235,000	\$ 235,000 /	Acre ( 39 %)
		Land Improvements:	\$ 0	\$ 0 /	( 0 %)
		Structural Improvement Contribution:	\$ 371,000	\$ 371,000 /	Acre ( 61 %)
<b>Value Estimate of Non-Realty Items:</b>					
Value of Personal Property (local market basis)	\$				
Value of Other Non-Realty Interests:	\$				
Non-Realty Items:	\$		\$ 0 /	( 0 %)	
Leased Fee Value (Remaining Term of Encumbrance)	\$		\$ 0 /	( 0 %)	
Leasehold Value	\$		\$ 0 /	( 0 %)	
Overall Value	\$	606,000	\$ 606,000 /	Acre ( 100 %)	

## Assumptions and Limiting Conditions

The certification of the Appraiser(s) appearing in the appraisal report is subject to the following conditions and to such other specific and limiting conditions as are set forth in the report.

1. The Appraiser(s) assume no responsibility for matters of a legal nature affecting the property appraised or the title thereto, nor does the Appraiser(s) render any opinion as to title, which is assumed to be good and marketable. The property is appraised as though under responsible ownership.
2. Sketches in the report may show approximate dimensions and are included only to assist the reader in visualizing the property. The Appraiser(s) have made no survey of the property. Drawings and/or plats are not represented as an engineer's work product, nor are they provided for legal reference.
3. The Appraiser(s) are not required to give testimony or appear in court because of having made the appraisal with reference to the property in question, unless arrangements have been previously made.
4. Any distribution of the valuation in the report applies only under the existing program of utilization. The separate valuations of components must not be used outside of this appraisal and are invalid if so used.
5. The Appraiser(s) have, in the process of exercising due diligence, requested, reviewed, and considered information provided by the ownership of the property and client, and the Appraiser(s) have relied on such information and assumes there are no hidden or unapparent conditions of the property, subsoil, or structures, which would render it more or less valuable. The Appraiser(s) assume no responsibility for such conditions, for engineering which might be required to discover such factors, or the cost of discovery or correction.
6. While the Appraiser(s) ☒ have ☐ have not inspected the subject property and ☒ have ☐ have not considered the information developed in the course of such inspection, together with the information provided by the ownership and client, the Appraiser(s) are not qualified to verify or detect the presence of hazardous substances by visual inspection or otherwise, nor qualified to determine the effect, if any, of known or unknown substances present. Unless otherwise stated, the final value conclusion is based on the subject property being free of hazardous waste contaminations, and it is specifically assumed that present and subsequent ownerships will exercise due diligence to ensure that the property does not become otherwise contaminated.
7. Information, estimates, and opinions furnished to the Appraiser(s), and contained in the report, were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy of such items furnished the Appraiser(s) can be assumed by the Appraiser(s).
8. Unless specifically cited, no value has been allocated to mineral rights or deposits.
9. Water requirements and information provided has been relied on and, unless otherwise stated, it is assumed that:
  - a. All water rights to the property have been secured or perfected, that there are no adverse easements or encumbrances, and the property complies with Bureau of Reclamation or other state and federal agencies;
  - b. Irrigation and domestic water and drainage system components, including distribution equipment and piping, are real estate fixtures;
  - c. Any mobile surface piping or equipment essential for water distribution, recovery, or drainage is secured with the title to real estate; and
  - d. Title to all such property conveys with the land.
10. Disclosure of the contents of this report is governed by applicable law and/or by the Bylaws and Regulations of the professional appraisal organization(s) with which the Appraiser(s) are affiliated.
11. Neither all nor any part of the report, or copy thereof, shall be used for any purposes by anyone but the client specified in the report without the written consent of the Appraiser.
12. Where the appraisal conclusions are subject to satisfactory completion, repairs, or alterations, the appraisal report and value conclusion are contingent upon completion of the improvements in a workmanlike manner consistent with the plans, specifications and/or scope of work relied upon in the appraisal.
13. Acreage of land types and measurements of improvements are based on physical inspection of the subject property unless otherwise noted in this appraisal report.
14. EXCLUSIONS. The Appraiser(s) considered and used the three independent approaches to value (cost, income, and sales comparison) where applicable in valuing the resources of the subject property for determining a final value conclusion. Explanation for the exclusion of any of the three independent approaches to value in determining a final value conclusion has been disclosed in this report.
15. SCOPE OF WORK RULE. The scope of work was developed based on information from the client. This appraisal and report was prepared for the client, at their sole discretion, within the framework of the intended use. The use of the appraisal and report for any other purpose, or use by any party not identified as an intended user, is beyond the scope of work contemplated in the appraisal, and does not create an obligation for the Appraiser.
16. Acceptance of the report by the client constitutes acceptance of all assumptions and limiting conditions contained in the report.
17. Other Contingent and Limiting Conditions:

## Appraiser Certification

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

1. the statements of fact contained in this report are true and correct.
2. the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial and unbiased professional analysis, opinions, and conclusions.
3. I have ☒ no ☐ the specified present or prospective interest in the property that is the subject of this report and I have ☒ no ☐ the specified personal interest with respect to the parties involved.
4. I have performed ☒ no ☐ the specified services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
5. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. my engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. my compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. my analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
9. I ☒ have ☐ have not made a personal inspection of the property that is the subject of this report.
10. ☒ no one ☐ the specified persons provided significant real property appraisal assistance to the person signing this certification.
11. Mrs. Rickett is a General Certified Real Estate Appraiser, Montana Certificate #REA-RAG-LIC-650.

Effective Date of Appraisal: May 1, 2019

Opinion of Value: \$ 606,000

**Appraiser:**

Signature: 

Name: Katie Rickett, A.R.A.  
 License #:   
 Certification #: MT Certified General REA-RAG-LIC-650  
 ASFMRA ASFMRA Member # 1664

Date Signed: May 17, 2019

Property Inspection: ☒ Yes ☐ No  
 Inspection Date: May 1, 2019

Appraiser has ☒ inspected ☒ verified ☒ analyzed  
 the sales contained herein.

## **ADDENDA**

Exhibit 4 - Statement of Land Status & COS

Exhibit 5 - Water Rights

Exhibit 6 - Appraiser Qualifications

# EXHIBIT 4



## STATEMENT OF LAND STATUS

STATE OF MONTANA     )  
                                      : SS  
County of Gallatin     )

Renee Kelley, having first been duly sworn, deposes and says:

1. I am the custodian of the records for the Trust Land Management Division of the Montana Department of Natural Resources and Conservation;
2. I have examined the land records of the State of Montana on file in our office in Helena, Montana, that may affect title of the State of Montana in and to the following described real property:

**Section 1, Township 3 South, Range 6 East  
Tract 5, COS 2991, containing 1.07 acres, more or less.**

Title vested in the State of Montana on July 1, 1892 by the General Land Office as evidenced by US Patent No. 1, as previously described in a conveyance to the State of Montana filed in the records of the Gallatin County Clerk and Recorder's office on June 14, 1913 at Book 48 of Deeds, Page 589.

3. I have found no instrument, conveyance, encumbrance, lien for taxes, costs, interest, or judgment affecting the title of the State of Montana to the above-described property in the above-described land records, except for the following:

**Residential Lease No. 3071152 issued March 1, 2013 to Robert and Lyndsey Kaufmann and expiring February 28, 2028;**

**Easement No. D-10416 issued July 13, 2001 to Francis J. Noel, III, for a private access road;**

**Easement No. D-10108 issued October 28, 1998 to William H. Oyler Family Trust for a private access road, including a buried telephone line and an overhead electric distribution powerline;**

**Easement No. D-12499 issued August 13, 2007 to Qwest Communications for a buried telecommunications distribution line;**

**Easement No. D-14509 issued April 13, 2013 to the United States of America (USFS) for public trail;**

**Easement No. D-14911 issued December 15, 2014 to Kenny A. and Christina W. Wood for a private access road to a single family residence and associated outbuildings;**

**Easement No. D-15720 issued February 15, 2017 to Francis J. Noel, III, and Joanne Mannell Noel for encroaching outbuildings and improvements associated with a single family residence;**

**Easement No. D-07195 issued February 6, 1979 to Dearl H. Buckley for a private access road;**

**Easement No. D-08205 issued October 3, 1984 to Mountain States Telephone and Telegraph Company (US West Communications) for a buried telephone cable;**

**Easement No. D-08643 issued September 14, 1987 to Edwin and Helen St. Cin for an existing domestic water pipeline.**

4. I have not reviewed any mineral locations made under the authority of the Revised Statutes of the United States;
5. Your use of this information is at your own risk, and confirms that DNRC will not be held liable for any errors or missing omissions contained in the content of this information.

This concludes the affidavit of Renee Kelley.

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2019

\_\_\_\_\_  
Renee Kelley, Real Estate Sales Specialist  
Trust Land Management Division

State of Montana  
County of Lewis & Clark

Signed and acknowledged before me on the date referenced above by Renee Kelley.

\_\_\_\_\_  
Notary Public for the State of Montana.  
Residing at \_\_\_\_\_.  
My commission expires \_\_\_\_\_.



# EXHIBIT 5

STATE OF MONTANA  
DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION  
1424 9TH AVENUE P.O.BOX 201601 HELENA, MONTANA 59620-1601  
**GENERAL ABSTRACT**

**Water Right Number:** 41H 30009832 GROUND WATER CERTIFICATE  
**Version:** 1 -- ORIGINAL RIGHT

**Version Status:** ACTIVE

**Owners:** MONTANA, STATE OF BOARD OF LAND COMMISSIONERS  
TRUST LAND MANAGEMENT DIVISION  
PO BOX 201601  
HELENA, MT 59620-1601

**Priority Date:** FEBRUARY 26, 2004 at 09:12 A.M.

**Enforceable Priority Date:** FEBRUARY 26, 2004 at 09:12 A.M.

**Purpose (use):** DOMESTIC

**Maximum Flow Rate:** THIS RIGHT IS LIMITED TO THE ACTUAL AMOUNT USED UP TO 35 GALLONS PER MINUTE.

**Maximum Volume:** THIS RIGHT IS LIMITED TO THE ACTUAL AMOUNT USED UP TO 10 ACRE-FEET.

**Source Name:** GROUNDWATER

**Source Type:** GROUNDWATER

**Point of Diversion and Means of Diversion:**

<u>ID</u>	<u>Govt Lot</u>	<u>Qtr</u>	<u>Sec</u>	<u>Twp</u>	<u>Rge</u>	<u>County</u>
1		NENE	1	3S	6E	GALLATIN

**Period of Diversion:** JANUARY 1 TO DECEMBER 31

**Diversion Means:** WELL

**Well Depth:** 82.00 FEET

**Static Water Level:** 38.00 FEET

**Casing Diameter:** 6.00 INCHES

**Pump Size:** 0.50 HP

**Purpose (Use):** DOMESTIC

**Purpose Clarification:** 1 SMALL CABIN

**Households:**

**Volume:**

**Period of Use:** JANUARY 1 to DECEMBER 31

**Place of Use:**

<u>ID</u>	<u>Acres</u>	<u>Govt Lot</u>	<u>Qtr</u>	<u>Sec</u>	<u>Twp</u>	<u>Rge</u>	<u>County</u>
1			NENE	1	3S	6E	GALLATIN

**Remarks:**

**OWNERSHIP UPDATE RECEIVED**

OWNERSHIP UPDATE TYPE DOR # 125295 RECEIVED 09/22/2014.

OWNERSHIP UPDATE TYPE 608 # 181794 RECEIVED 01/08/2019.

STATE OF MONTANA  
DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION  
1424 9TH AVENUE P.O.BOX 201601 HELENA, MONTANA 59620-1601  
**GENERAL ABSTRACT**

**Water Right Number:** 41H 10819-00 STATEMENT OF CLAIM

**Version:** 2 -- REEXAMINED

**Version Status:** ACTIVE

**Owners:** MONTANA, STATE OF BOARD OF LAND COMMISSIONERS  
TRUST LAND MANAGEMENT DIVISION  
PO BOX 201601  
HELENA, MT 59620-1601

**Priority Date:** APRIL 15, 1940

**Enforceable Priority Date:** APRIL 15, 1940

**Type of Historical Right:** USE

**Purpose (use):** DOMESTIC

**Maximum Flow Rate:** 15.00 GPM

**Maximum Volume:** 1.50 AC-FT

**Households:** 1

**Maximum Acres:** 1.00

**Source Name:** SPRING, UNNAMED TRIBUTARY OF BEAR CREEK

**Source Type:** GROUNDWATER

**Point of Diversion and Means of Diversion:**

<u>ID</u>	<u>Govt Lot</u>	<u>Qtr Sec</u>	<u>Sec</u>	<u>Twp</u>	<u>Rge</u>	<u>County</u>
1		NWSWNW	6	3S	7E	GALLATIN

**Period of Diversion:** JANUARY 1 TO DECEMBER 31

**Diversion Means:** FLOWING

**Period of Use:** JANUARY 1 to DECEMBER 31

**Place of Use:**

<u>ID</u>	<u>Acres</u>	<u>Govt Lot</u>	<u>Qtr Sec</u>	<u>Sec</u>	<u>Twp</u>	<u>Rge</u>	<u>County</u>
1	1.00		NESENE	1	3S	6E	GALLATIN

**Total:** 1.00

**Remarks:**

STARTING IN 2008, PERIOD OF DIVERSION WAS ADDED TO MOST CLAIM ABSTRACTS, INCLUDING THIS ONE.

# EXHIBIT 6



# **KATIE RICKETT, A.R.A.**

P.O. Box 691

Belgrade, MT 59714

(406)388-0570 Office; (406)570-4450 Cell

Montana Certified General Appraiser # REA-RAG-LIC-650

Accredited Rural Appraiser (A.R.A.) & Member of ASFMRA Accredited #1664

[Katie@JKranchappraisals.com](mailto:Katie@JKranchappraisals.com); [www.jkappraisalandconsulting.com](http://www.jkappraisalandconsulting.com)



## **EDUCATION**

### **Colorado State University, Fort Collins, Colorado**

Bachelor of Science Degree: Equine Science (Science Concentration) 1996

### **University of Colorado at Boulder Continuing Education, Boulder, Colorado**

Registered Real Estate Appraiser.

\*NCRE 200-411 Registered Appraiser (40 hours) 1998 \*NCRE 201-411 Basic Appraisal Applications (24 hours) 1998 \*NCRE 208-411 Standards and Ethics (16 hours) 1998

### **American Society of Farm Managers and Rural Appraisers (ASFMRA):**

\* A-10, 6/1999, Austin, TX (40 Hrs) \* A-20, 8/99, St. Cloud, MN (44 Hrs) \* A-12, 1/00, Billings, MT (16 Hrs) \* ALL215, 9/00, Manhattan Beach, CA (30 Hrs) \* A-12 Part 1 ASFMRA Ethics & Part 3- USPAP (7 Hrs); 2/03 \* ASFMRA- Federal Land Exchange & Acquisitions Course 4/03 (20 Hrs) \* A-25, 4/04, Boise, Idaho (20 Hrs) \* A-29, 4/04, Boise, Idaho (15 Hrs) \* ASFMRA- Timber & Timberland Valuation, 1/05, Portland, OR (8 Hrs) \* UASFLA-“Yellow Book”, 2/05, Portland, OR (8 Hrs) \* ASFMRA- Appraising Agricultural Land in Transition, 2/06 (12 Hrs) \* A-27- Income Capitalization, Indianapolis, IN, 3/06 (28 Hrs) \* A-114, USPAP Course, 10/06, Great Falls, MT (7 Hrs) \* A-30, 6/07, Denver, CO. (47.5 Hrs) \* Valuation of Conservation Easements, 1/08, ASFMRA & AI (33 Hrs) \* A-114, 7 Hour USPAP Update Course, 2/08, Billings, MT (7 Hrs) \* UASFLA-“Yellow Book”, 10/08, Billings, MT (22 Hrs) \* Uniform Agricultural Appraisal Report, 5/08, Piedmont, SD (16 Hrs) \*What’s Missing in Appraisal Reports, 2/09, Bozeman, MT (4 Hrs) \*Wind Leases-The Basic Rights of Ownership, 2/09, Bozeman, MT (2 Hrs) \* Update of Montana Water Rights, 2/09, Bozeman, MT (2 Hrs) \*ASFMRA- Code of Ethics Webinar, 8/09 (4 Hrs) \* A-114, 7 Hour USPAP 2010-2011 Update Course, 2/10, Billings, MT (7 Hrs) \* iKuw Adobe Acrobat 9 Professional, 4/11 (12 Hrs) \* ASFMRA AFO/CAFO, 2/11, Bozeman, MT (4 Hrs) \* ASFMRA- Ag Trends in Ag Finance, 2/11, Bozeman, MT (2 Hrs) \* McKissock-Appraising Manufactured Homes, 9/11, Online, (7 Hrs) \*McKissock- Appraising FHA Today, 9/11, Online, (7 Hrs) \*GIS for Real Estate and Appraisal, 2/12 Billings, MT (4 Hrs) \* Montana Access and Easement Law, 2/12 Billings, MT (4 Hrs) \* A-114, 2012-2013 USPAP Update Course 2/12 , Billings, MT (7 Hrs)\* Cost Approach Online, 6/13 (A120) (30 Hrs) \* ASFMRA Ethics, 2/14 (4 Hrs) \* DNRC Water Rights, 2/14 (4 Hrs) \* 7- Hour National USPAP Update 2/14 (7 Hrs) \* 7-Hour National USPAP Update 2/16 (7 Hrs) \* Rural Case Studies 2/16 (8 Hrs) \*CE Valuation Workshop 4/16 (5 Hrs) \*BBER Seminar 2/17 (5 Hrs) \*The Valuation of Intangible & Non-Financial Assets 2/17 (11 Hrs) \* Income Approach Applications 2/17 (4 Hrs) \*7-Hour National 2018-2019 USPAP Course 1/18 (7 Hrs) \*Report Writing 1/18 (8 Hrs) \*BBER Seminar 2/18 (5 Hrs) \*Uniform Appraisal Standards for Federal Land Acquisitions 5/18 (14 Hrs) \*BBER Seminar 2/19 (5 Hrs) \*Valuing Rural America 2/19 (8 Hours)

## EXPERIENCES

**JK Appraisal & Consulting, LLC:** Belgrade, MT Owner, President, (11/07 to Current)

\* Responsibilities encompass all aspects of appraising duties. Specializing in agriculture, recreational, and other types of rural properties, including Federal acquisitions compliant with Uniform Standards for Federal Land Acquisitions a.k.a. Yellow Book appraisals; rural properties, inholdings, & conservation easements; Full narratives and Ag-Ware Form reports.

**Associate Appraiser:** Sub-Contract Appraiser with Terra Western Associates (11/07 to 7/14), Bozeman, MT

\* Responsibilities encompass all aspects of appraising duties. Specializing in agricultural, recreational, conservation easements, and other types of rural properties. Services include real estate appraisal, financial feasibility consulting, cash flow projections, and day-to-day management consulting.

**Qualified Appraiser:** United State Forest Service, Bozeman, MT (3/00- 10/07)

\* Responsibilities encompassed all aspects of appraising duties. Specializing in Uniform Appraisal Standards for Federal Land Acquisitions (Yellow Book) Appraisals for Federal acquisitions, land exchanges, right-of-ways, and inholdings.

**Apprentice Appraiser:** Hall-Widdoss & Co., Inc. South Dakota (8/98-3/2000)

\* Hall-Widdoss & Co., Inc. has been conducting business since 1983. Covering the States of Montana, Idaho, Wyoming, Nebraska, and the Dakotas. The firm specializes in urban investment property, agriculture, recreational, and subdivision land appraisals. Appraisal work involved market value estimates for commercial, industrial, rural, recreational, mountain development, gaming (casino), mineral, and residential properties. The firm also has a vast experience with government trades and acquisitions. My duties included the mapping of legal descriptions, entering, confirming, and analyzing sales data, collection of courthouse information, and general property research. I completed numerous residential appraisals, aided with the development of appraisals performed for proposed acquisition/condemnation by DM&E Railroad; surface rights appraisals for Peabody Coal Company and various others. These included farms, ranches, and rural properties in Wyoming and South Dakota. I held South Dakota license number 666SR-2002 as a State Registered Appraiser

**Apprentice Appraiser:** Agribiz Appraisal & Consulting, Inc., Kim Colvin, A.R.A., President; Luther Appraisal Services, George Luther, Jr., A.R.A., President

\* Subcontracted to perform basic appraisal duties. Researching sales, mapping of legal descriptions, proof reading reports, verifying sales with buyers, sellers, and agents. Also performed courthouse research, as well as, meeting with realtors to obtain sales information. Began to perform rural appraisals, using the three approaches to value.

**Apprentice Appraiser:** O'Neil & Co.: (1/98-7/98)

\* During my employment I researched recent sales through the use of the Multiple Listing Service and the courthouse. I assisted in several appraisals by helping with measurements, pictures, and walk through of the subject property. I also observed and participated in the development of reports. I learned how to determine soil quality and productivity through the use of soil surveys and aerial photos.

#1011

# Uniform Country Residential Report (UCRR)

Effective Date: May 1, 2019

Cabin Site Sales 1011  
Bear Canyon Road  
Bozeman, MT 59715  
Gallatin County, MT

## **Prepared For:**

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

## **Intended User:**

State of Montana  
Montana Board of Land Commissioners (Land Board)  
Department of Natural Resources and Conservation (DNRC)  
Lessee - Lorne Darnell

## **Prepared By:**

JK Appraisal & Consulting, LLC  
PO Box 691  
Belgrade, MT 59714  
Katie Rickett, A.R.A.

## **Date Prepared:**

May 17, 2019

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## Uniform Country Residential Report

Subject Information	Owner/Occupant:	DNRC/Lessee Lorne J. Darnell				Report Type:	Appraisal				
	Property Address:	NKA Bear Canyon Road		City:	Bozeman	State:	MT	Zip:	59715		
	Legal Description:	1-3S-6E				County:	Gallatin				
	Parcel Number:	State Lease # 3073303 (Tract 3 of COS 2990)		Tax Year:	2018	RE Taxes: \$	Exempt				
	Purpose of Report:	To provide a credible opinion of market value.				Inspection Date:	5/1/2019				
	Intended Use of Report:	Determine a credible opinion of market value for possible sell of land to Lessee				Opinion Date:	5/1/2019				
	Client(s) & Intended User(s):	State of Montana; Montana Board of Land Commissioners; DNRC; Lessee				Report Date:	May 17, 2019				
	Client Address:	PO Box 201601; Helena, MT 59620-1601				Occupancy:	Vacant				
	Rights Appraised:	Fee Simple		<input type="checkbox"/> Conservation Easements, Deed Restrictions, Other?		See SOW					
	Definition of Value: Page 5										
Scope of Work: Katie Rickett, ARA inspected the subject property on May 1, 2019. Market data was researched through local courthouse records, area brokers, and other market participants knowledgeable of the local market. Total acres are calculated from the Montana Cadastral Web-site and confirmed with the county assessor and legal description. The sales were inspected and analyzed to arrive at an estimated value. Appropriate approaches to value were implemented. This appraisal was performed according to the specific guidelines set forth by the current Uniform Standards of Professional Appraisal Practice (USPAP) as promulgated by the Appraisal Standards Board of the Appraisal Foundation. All three approaches to value were considered and developed. All opinions of value contained herein were derived in compliance with the specific guidelines aforementioned, using a level of analysis sufficient to constitute an appraisal that complies with the reporting requirements for an Appraisal Report as set forth under Standards Rule 2-2(a). This appraisal also conforms to the Code of Professional Ethics and Standards of Professional Practice of the American Society of Farm Managers and Rural Appraisers.											
Hypothetical Conditions or Extraordinary Assumptions: None besides standard limiting conditions and assumptions.											
Subject's Sale and Marketing History: (Analyze/report any offers, agreements of sale, options, listings, etc. - and all sales within 3 years of date of appraisal. For UASFLA, report within last 5 years and LAST SALE OF SUBJECT no matter when it occurred.) The property is unimproved and currently owned by the State of Montana.											
Neighborhood Description	Value Trend:	Up <input checked="" type="checkbox"/>	Down <input type="checkbox"/>	Stable <input type="checkbox"/>	N/A <input type="checkbox"/>	Ac Homesite:	1.00	Ac Excess Land:	0.00	Ac Total:	1.00
	Sales Activity:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Buildable Acres:	0.94	Legal Buildable Sites:	1		
		Above	Average	Below	N/A	Legal Access:	Yes	Physical Access:	Yes		
	Property Compatibility:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Contiguity:	N/A	Conforming Use:	Yes		
	Purchase Power:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Zoning:	Bozeman Pass ZD	FEMA Map #:	30031C0960D		
	Demand:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	View:	Good				
	Supply:	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Utilities: Yes; Propane; Phone, Electric; Natural Gas					
	Development Potential:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Land/Site Improvements:	Minimal Landscaped				
	Desirability:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Hazards/Detriments:	None known.				
	Growth Rate:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Easements/Encroachments:	None				
Off-Site Employment:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>							
Proximity to Employment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>							
<p>Existing land regulations were analyzed, neighborhood trends, market demand for the existing use of the subject property; as well as alternative uses, the physical characteristics of the property, and the highest and best use. The property's legal description, acreage, tax assessment, ownership history, improvements, and zoning information were verified with Gallatin County records. The water rights appurtenant to the subject property were researched at the Montana State internet website of the Department of Natural Resources &amp; Conservation (DNRC). Numerous publications and periodicals, referenced within the body of this appraisal report were consulted for information regarding such factors as soil properties, vegetative range types, building construction costs, and building depreciation. In addition to information contained within my office files, the appraiser searched the MLS for the most recent sales data in the subject area and confirmed the sales with the listing brokers, buyers/sellers.</p> <p>Comparable sales were inspected to the extent possible. Trespass was avoided and owner permission was obtained when feasible. At a minimum, a "drive-by" inspection was made along public roadways. Montana is a nondisclosure state; thus, aside from sale notices or deeds, no sales data is of record. No sale prices are reported and the Appraiser must personally confirm sale values. I have made a diligent effort to correctly ascertain the circumstances and values surrounding each sale, and data provided by professional third parties is considered reliable. The investigation of this appraisal report included confirmation of sales with buyers, sellers, real estate professionals, plus inspecting each sale.</p> <p>The photographs in this report are digital photographs and were not changed or manipulated in any manner. Information on market data was gathered, confirmed, and analyzed. Data relating to the subject was also analyzed and gathered. The Sales Comparison, Cost, and Income Approaches to value were considered. To develop the opinion of value, I performed a complete appraisal process as defined by USPAP under the appraisal reporting Rule 2-2(a). In developing an appraisal report, an appraiser uses or considered all applicable approaches to value, and the value conclusion reflects all known information about the subject property, market conditions, and all pertinent available data.</p>											

## USPAP, Organizational, or Other Requirements

**Report Type:** Appraisal**Date of Inspection:** 05/01/19**Date of Value Opinion:** 05/01/19**Date of Report:** 05/17/19

**Scope of Work** *(Describe the amount and type of information researched and the analysis applied in this assignment. The Scope of Work includes, but is not limited to the degree and extent of the property inspection; the extent of research into physical and economic factors affecting the property; the extent of data research; and the type and extent of analysis applied to arrive at the opinions or conclusions. Additionally, describe sales availability & ability to demonstrate market - "as vacant" - and "as improved" if applicable - or describe sales available to form value opinion "as completed" or proposed if requested; describe income sources and ability of income to support existing or proposed construction; discuss extent of third party verification of RCN, if applicable.):*

This appraisal was performed according to the specific guidelines set forth by the current Uniform Standards of Professional Appraisal Practice (USPAP) as promulgated by the Appraisal Standards Board of the Appraisal Foundation. All three approaches to value were considered and developed. All opinions of value contained herein were derived in compliance with the specific guidelines aforementioned, using a level of analysis sufficient to constitute an appraisal that complies with the reporting requirements for an Appraisal Report as set forth under Standards Rule 2-2(a). This appraisal also conforms to the Code of Professional Ethics and Standards of Professional Practice of the American Society of Farm Managers and Rural Appraisers.

The purpose of this appraisal is to provide a credible opinion of the MARKET VALUE of the subject property in conformance with the Uniform Standards of Professional Appraisal Practice (USPAP) Standard 1 and Standard 2-2(a), 2018-2019 Edition.

The appraiser completed an on-site field inspection of the subject property on May 1, 2019 and was accompanied by a representatives from the DNRC; Renee Kelly and Katie Svoboda.

The region was searched for data and sales of similar amenities as the subject. The sales data are documented in a separate addenda book. There have been some sales recently that the buyers would not disclose any transaction price(s) on. The appraiser has inspected, photographed, and verified the data with the principals or their agents. In most cases, financial data or operating data are estimates based on interviews.

**Subject Property Sale & Marketing History:** *(Analyze and report any agreements of sale, options, or current listings as of the date of the appraisal - and all sales within three (3) years prior to the effective date of appraisal. For UASFLA assignments, report the details of the LAST SALE OF THE SUBJECT - no matter when it occurred):* The subject property has been under the same ownership for the past three years with no listings or offers on the property.

**Market Conditions** *(Volume of Competing Listings; Volume of Sales; Amenities Sought by Buyers):* A market search was completed from January 1, 2017 to current. Fifteen total properties were found, with only seven sales. Of the seven sales, only three were in Bear Canyon. The appraiser was aware of one, the remaining two are newer and directly across the street from the subject property.

**Approaches to Value** *(Explain Approaches Used and/or Omitted):* The Sales Comparison Approach to value is the only approach used in this appraisal. Since the subject property is not improved and only one land class exists, rural homesite, the use of the Cost Approach becomes a redundancy of the Sales Comparison Approach and therefore, not applicable. The use of the Income Approach is not applicable on a rural residential property nor does it support the value the properties command in this rural homesite type market.



### Scope of Work

The authority for conducting the appraisal was given by the Montana Department of Natural Resource & Conservation (DNRC). The use of this appraisal is for a possible sell of the proposed subject property. The clients are the State of Montana, Montana Board of Land Commissioners, Department of Natural Resources and Conservation (DNRC). Intended users are the State of Montana, Montana Board of Land Commissioners, Department of Natural Resources and Conservation (DNRC), and Lessee.

**All market data and other data discussed, presented, utilized, and disclosed in this report shall not be disclosed by any person(s) or entity reading, utilizing, and/or presenting the report by any means of communication, including but not limited to verbal, electronic, written, to any other party or entity without prior written permission of the signatory appraiser.**

#### **USPAP includes a competency provision that states:**

The Uniform Standards of Professional Appraisal Practice (USPAP) require that prior to accepting an assignment or entering into an agreement to perform any assignment, an appraiser must properly identify the problem to be addressed and have the knowledge and experience necessary to complete the assignment competently; or alternatively:

1. Disclose the lack of knowledge and/or experience to the client before accepting the assignment;
2. Take all steps necessary or appropriate to complete the assignment competently; and
3. Describe the lack of knowledge and/or experience and the steps taken to complete the assignment competently in the report.

Katie Rickett, A.R.A. has been involved in the appraisal of rural real estate in the State of Montana, South Dakota, and North Dakota since 1998. I am familiar with the geographic area in which the subject property is located and understand the nuances of the local market and the supply and demand factors related to the specific property type and the location involved. I have been engaged in many appraisal assignments involving properties similar to the subject property and believe I am qualified and competent on the basis of my knowledge and experience to complete this assignment competently. I am a Certified General Appraiser in the state of Montana and have been since 2002; License # REA-RAG-LIC-650. Please refer to my qualifications, which are attached in the Addenda of this report.

#### **Hypothetical Conditions:**

As Instructed, I am appraising the subject property under a Hypothetical Condition. A Hypothetical Condition is defined by the Uniform Standards of Professional Appraisal Practice as:

" a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis."

Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. There are several hypothetical conditions that accompany this report, as instructed:

- 1) The subject property is a 0.94 acre lot and is a legal lot and available to sell separately as such.

### Scope of Work

**Extraordinary Assumption:**

As defined by the current Uniform Standards of Professional Appraisal Practice: an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions.

Comment: Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.

1) The subject lot is a buildable site. Should this be found to be false, the appraiser reserves the right to change the appraisal accordingly.

## MARKET VALUE DEFINITION

Regulations published by federal regulatory agencies pursuant to title XI of the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA)

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider their best interests;
3. A reasonable time is allowed for exposure on the open market;
4. Payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Other:

## EXPOSURE AND MARKETING TIME ESTIMATES

Market value (see above definition) conclusion and the costs and other estimates used in arriving at conclusion of value is as of the date of the appraisal. Because markets upon which these estimates and conclusions are based upon are dynamic in nature, they are subject to change over time. Further, the report and value conclusion is subject to change if future physical, financial, or other conditions differ from conditions as of the date of appraisal.

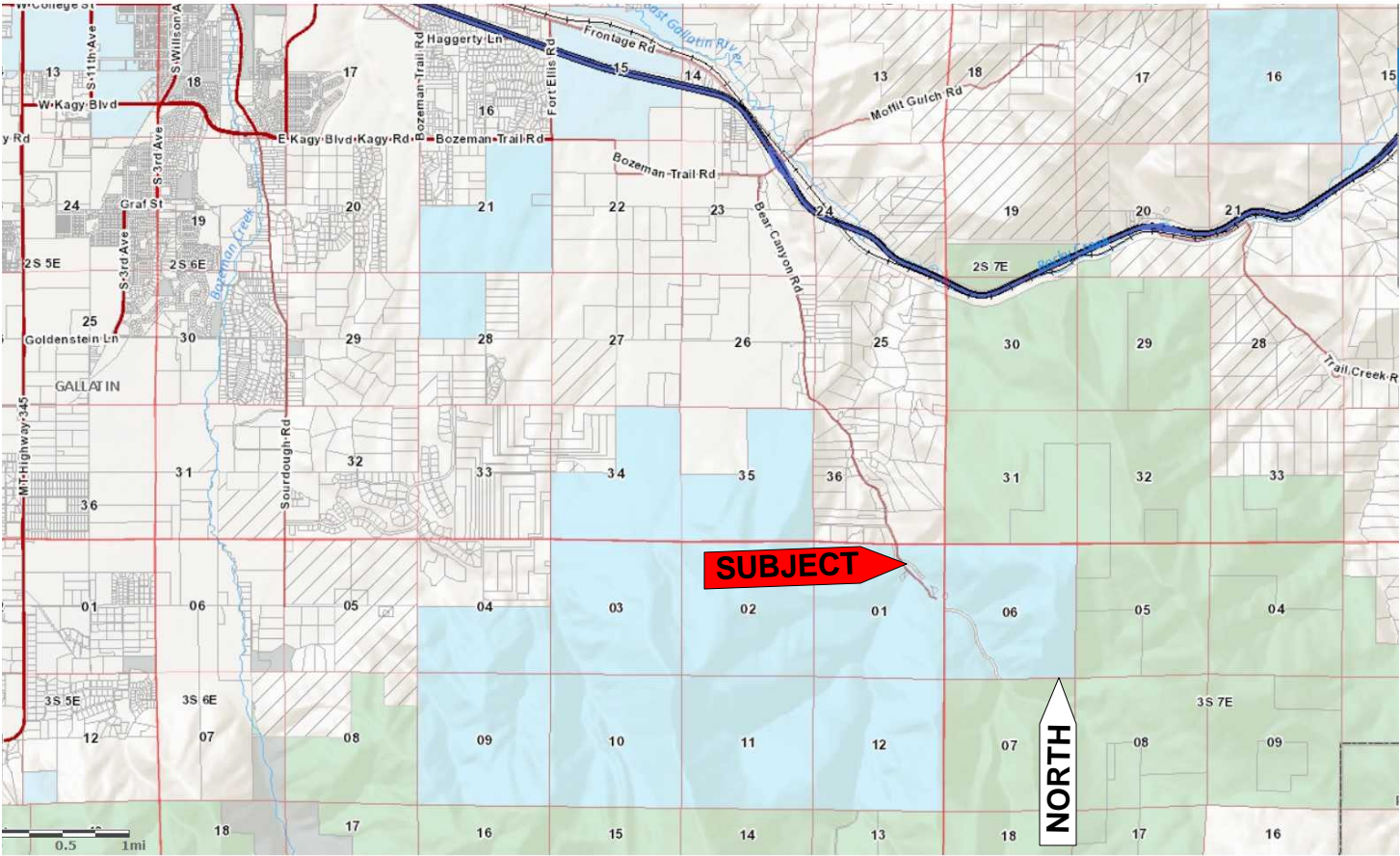
In applying the market value definition to this appraisal, a reasonable exposure time of <12 months has been estimated. Exposure time is the estimated length of time the property interest being appraised would have been offered in the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; exposure time is always presumed to **precede** the effective date of the appraisal.

Marketing time, however, is an estimate of the amount of time it takes to sell a property interest at the market value conclusion during the period **after** the effective date of the appraisal. An estimate of marketing time is not intended to be a prediction of a date of sale. It is inappropriate to assume that the value as of the effective date of appraisal remains stable during a marketing period. Additionally, the appraiser(s) have considered market factors external to this appraisal report and have concluded that a reasonable marketing time for the property is 4-12 months.

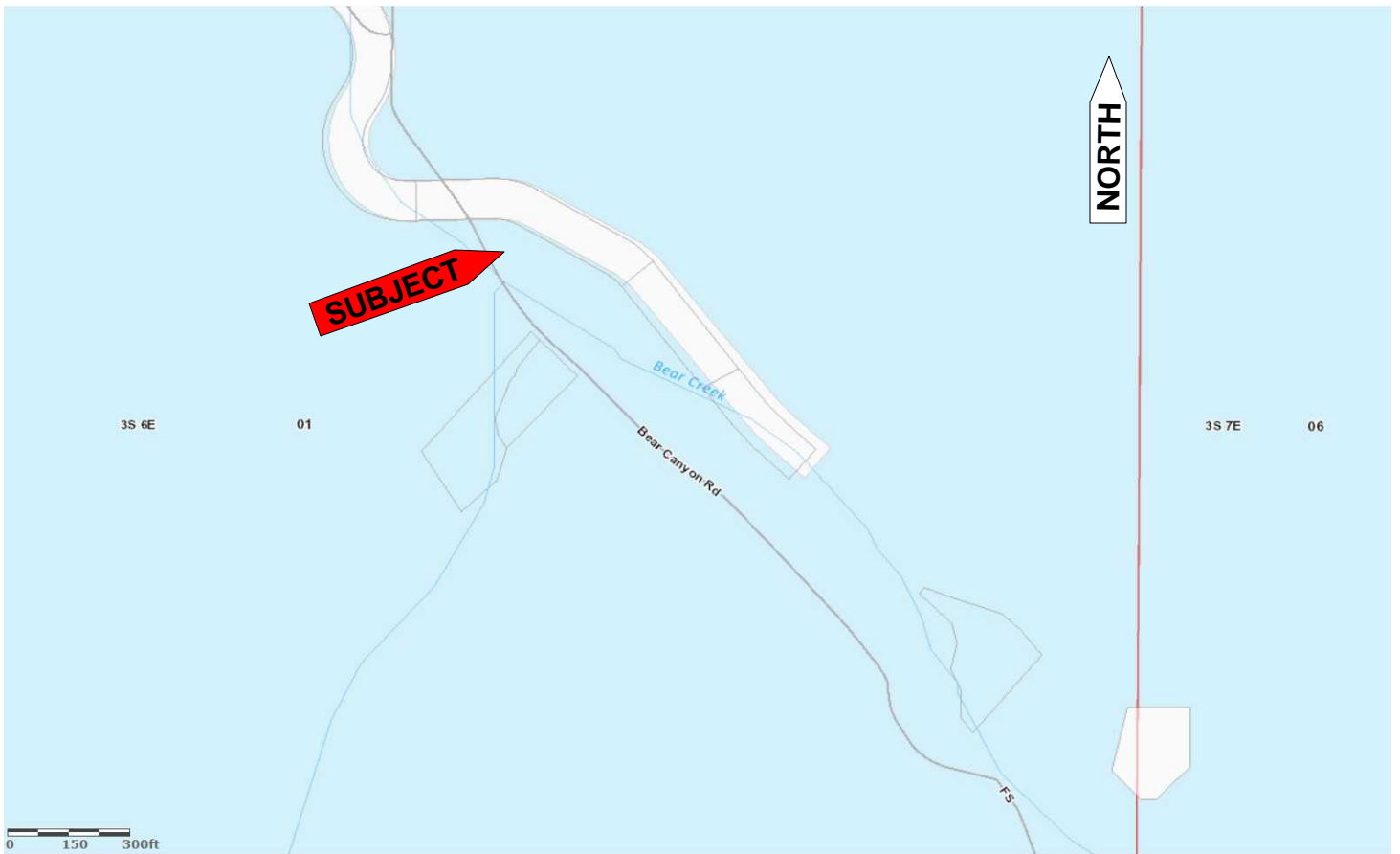
Comments:

Area-Regional Description	<b>Area-Regional Boundary:</b> Bear Canyon Area		<b>On and Off Property:</b>																																													
	<b>Major Commodities:</b> Hay Crops, Beef Cattle, Wheat, Barley, Potatoes, milk, corn, sorghum.		<table style="width: 100%; border-collapse: collapse;"> <tr> <td></td> <td style="text-align: center;">Up</td> <td style="text-align: center;">Stable</td> <td style="text-align: center;">Down</td> </tr> <tr> <td>Value Trend:</td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>Sales Activity Trend:</td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>Population Trend:</td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>Employment Trend:</td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table>					Up	Stable	Down	Value Trend:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Sales Activity Trend:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Population Trend:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Employment Trend:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>																						
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<b>Off Property Employment:</b> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center;">Above Avg.</td> <td style="text-align: center;">Avg.</td> <td style="text-align: center;">Below Avg.</td> <td style="text-align: center;">N/A</td> </tr> <tr> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table>		Above Avg.	Avg.	Below Avg.	N/A	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>Market Availability:</b> <table style="width: 100%; border-collapse: collapse;"> <tr> <td></td> <td style="text-align: center;">Under Supply</td> <td style="text-align: center;">Balanced</td> <td style="text-align: center;">Over Supply</td> <td style="text-align: center;">No Influence</td> </tr> <tr> <td>Cropland Units:</td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>Livestock Units:</td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>Recreational Tracts:</td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>_____</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>_____</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>_____</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table>					Under Supply	Balanced	Over Supply	No Influence	Cropland Units:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Livestock Units:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Recreational Tracts:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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<b>Change in Economic Base:</b> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center;">Unlikely</td> <td style="text-align: center;">Likely</td> <td style="text-align: center;">Taking Place</td> </tr> <tr> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table>						Unlikely	Likely	Taking Place	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>																																					
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<b>Forces of Value:</b> <i>(Discuss social, economic, governmental, and environmental forces.)</i> Rural residential development and suburban development, as well as rural recreational investment properties have dominated the market in the past year. The highest and best use of rural foothill, valley agricultural, and river bottom land areas are beginning to transitioned from agricultural uses to subdivision, development, exclusive homesites, and recreational investment uses, once again. This trend will likely continue as Bozeman and the Gallatin Valley have been one of the new trendy areas for relocation. However, many of the pre-platted subdivisions that were in agricultural areas that had never been developed are beginning to see development at the demand for rural homesites and subdivision regains speed from the 2008-2010 recession. Agriculture will continue to be a major industry in Gallatin County as there are long-time family farmers that are well entrenched and they also continue to purchase add-on plottage to expand their operations. Gallatin County is a mixed use county where all residents are trying to manage the uses in the area.																																																
<b>Exposure Time:</b> <12 months. <i>(See attached definition and discussion)</i>																																																
Market Area Description	<b>Specific Market Area Boundaries:</b> Focused on properties in Bear Canyon.																																															
	<b>Market Area:</b> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center;">Rural</td> <td style="text-align: center;">Suburb</td> <td style="text-align: center;">Urban</td> </tr> <tr> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table>		Rural	Suburb	Urban	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>Market Area:</b> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center;">Above Avg.</td> <td style="text-align: center;">Avg.</td> <td style="text-align: center;">Below Avg.</td> <td style="text-align: center;">N/A</td> </tr> <tr> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table>			Above Avg.	Avg.	Below Avg.	N/A	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>																													
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<b>Analysis/Comments:</b> <i>(Discuss positive and negative aspects of market area.)</i> The rural homesite and acreage market in Gallatin County is very active at this time. The residential/subdivision market has just exploded with sellers asking higher prices and buyers looking for "the best" deal. Lower priced houses are selling very quickly with marketing times being 1 to 2 days in some instances. The more expensive houses with asking prices of \$500,000 or more have a longer marketing times. Buyers are being very selective in the higher priced market, \$600,000+ but selection is also very limited; thus driving up demand. It appears that the properties with acreage (3+ acres) are limited but also the lower quality properties with acreage are being looked over and are having longer marketing times due to the buyers being more selective and doing their due diligence. The larger acreage properties with nicer homes and better cared for properties are selling fairly quickly due to the lack of nicer quality inventory. Sold properties in Bear Canyon were found from 2016 to 2018. No 2019 sales were found. Once outside of Bear Canyon there were several 2019 sales; however, Bear Canyon has a notoriety surrounding the area and because of this, properties typically sell very quickly if listed on the open market.																																																

Location Map



Parcel Map







**Property Description:** *(Location, use and physical characteristics)* The subject property is located approximately seven miles southeast of Bozeman. The access road is a county gravel road known as Bear Canyon Road. The property is triangular in shape and has Bear Creek along the south boundary as well as Bear Canyon Road. The property is bordered to the north by a chain of mining claims. To the south of the subject is State of Montana land. The FEMA map for the area indicates that a portion of the subject property is in the 100 Year Flood Plane. There appears to be a small area along the north boundary that is out of the flood plane and could be built on. This site is appraised under an extraordinary assumption that the site is a buildable site and also discounted if it is decided that the site cannot be built on. Two separate values are concluded. There is some timber on the site but the majority of the tract is an open meadow. According to the Department of Natural Resources and Conservation (DNRC) there is one water right appurtenant to the subject property. The water right is for domestic use from a spring.

					Subject Description:	Above Avg.	Avg.	Below Avg.	N/A
Land Use	Deeded Acres	Unit Type	Unit Size		Location	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Site	1.00	Site	Site	( 100.0%)	Legal Access	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
				( 0.0%)	Physical Access	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
				( 0.0%)	Contiguity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
				( 0.0%)	Shape/Ease Mgt.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
				( 0.0%)	Adequacy Utilities	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
				( 0.0%)	Services	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
				( 0.0%)	Rentability	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
				( 0.0%)	Compatibility	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
				( 0.0%)	Market Appeal	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
				( 0.0%)	FEMA Zone/Date	9/11/2011			
				( 0.0%)	Building Location				
Total Deeded Acres	1.00	Total Units	0.00	( 100 % )					

Climatic:	20-36	" Annual Precipitation	5390	' to	5400	' Elevation	90	Frost-Free Days		
Utilities:	Well	Water	NW	Electric	Septic	Sewer	NG	Gas	Cnty Lnk	Telephone
Distance To:	10	Schools	20	Hospital	20	Markets	7	Major Hwy.	20	Service Center

**Comments** There are no hazards or detriments that materially affect the value of the subject property. The subject is susceptible to the area weather but the surrounding area receives the same type of weather. The weed liability on the property is average for this unit in this area. Given the date of inspection, grass and weeds have not yet started growing so the amount and type that might exist is unknown. Should this be of concern, a weed specialist should be engaged to inspect the weeds during the growing season in order to estimate the expected liability. This appraisal assumes that the weeds are not toxic and the appraiser reserves the right to update the appraisal should the area found to be hazardous. The Appraiser is not an expert in either the detection of hazardous or toxic substances or structural engineering, and did not conduct an environmental audit of the subject property. The property is being appraised assuming there are no toxic or hazardous substances present or associated with the subject property that would affect value. The Appraiser reserves the right to reassess the situation and adjust values if deemed necessary.

Aerial Map







View south from the north boundary across lot.



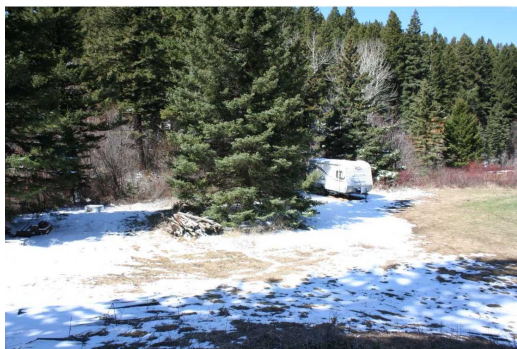
View from north boundary viewing southeast across lot.



View is west along north boundary.



View is northwest along approximately north boundary.



View is south towards creek from the northeast corner.



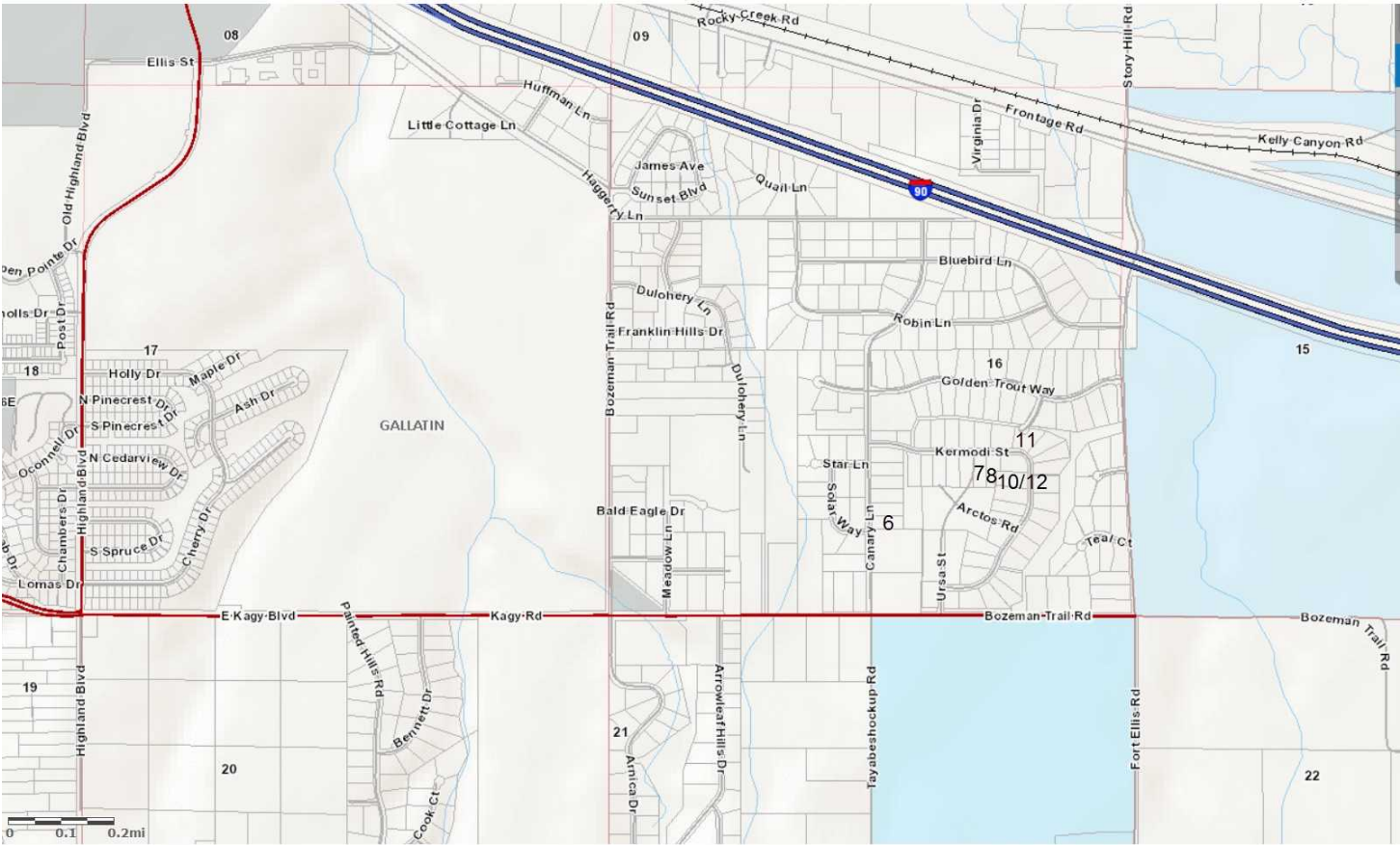
View is southwest near the east boundary line of lot.

History	<input checked="" type="checkbox"/> Ownership Longer Than <u>3</u> Years <div style="display: flex; justify-content: space-between;"> <span>Owner</span> <span>Recording/Reference</span> <span>Date</span> <span>Price Paid</span> <span>Terms</span> </div>					
	<b>Previous:</b> _____ <b>Present:</b> _____					
	<b>Currently:</b> <input type="checkbox"/> Optioned <input type="checkbox"/> Under Contract Contract Price: \$ _____ <b>Buyer:</b> _____ <input type="checkbox"/> Currently Listed Listing Price: \$ _____ Listing Date: _____					
Zoning	<b>Current Zoning:</b> <u>Bozeman Pass ZD</u> Zoning Conformity: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <b>Zoning Change:</b> <input checked="" type="checkbox"/> Unlikely <input type="checkbox"/> Probable To: _____ <b>Comments:</b> Property is zoned AR-80; which is one dwelling per 80 acres. These parcels are grand fathered into the current zoning due to existing in the area prior to the zoning being established.					
Taxes	<b>Tax Basis:</b> <input type="checkbox"/> Agricultural <input type="checkbox"/> Improved property <input type="checkbox"/> _____ Parcel #: _____		<b>Assessment Year</b> <u>0</u> <b>Land</b> \$ <u>0</u> <b>Building(s)</b> \$ <u>0</u> _____ \$ _____ <b>Total Assessed Value</b> \$ <u>0</u>		<b>Forecast:</b> Current Tax \$ <u>Exempt</u> Estimated/Stabilized \$ <u>Exempt</u> Or ( <u>1.00</u> Ac.) = \$ <u>0.00</u> /acre Trend: <input checked="" type="checkbox"/> Up <input type="checkbox"/> Down <input type="checkbox"/> Stable	
	<b>Comments:</b> Land is owned by the State of Montana and currently not a designated parcel besides the COS.					
Highest & Best Use Analysis	Highest & Best Use is defined as that reasonable and probable use that supports the highest present value, as defined, as of the effective date of the appraisal. Alternatively, that use, from among reasonably probable and legally alternative uses, found to be physically possible, appropriately supported, financially feasible, and which results in the highest land value.					
	<b>Analysis:</b> <i>(Discuss legally permissible, physically possible, financially feasible, and maximally productive uses)</i> The subject property is the Bozeman Pass Zoning District and is zoned AR-80; which is one dwelling per 80 acres. However, these sites existed prior to the zoning district being established and are grandfathered into the zoning area. The subject consists of 0.94 acres and because of the size of the lot, is limited to a residential homesite being the most legally permissible, physically possible, financially feasible, and maximally productive use of the site as unimproved. A portion of the property is located in the 100 year flood plain but the appraiser has analyzed the Flood Plain map and the aerial of the possible lot and believes a small cabin could be built out of the flood plain near the north boundary and there is enough room for a septic and well. They would all have to follow the north boundary but it appears to be possible. Thus, a residential homesite is still the final highest and best use of the lot.					
	<b>Highest and Best Use:</b> "As if" Vacant <u>Residential Homesite</u> "As Improved" <u>Residential Homesite</u>					
	<b>Discussion:</b> The subject property "as improved" follows the same methodology "as if vacant" but takes into account the properties improvements. The subject is not improved, but if it were it would support the highest and best use as a residential homesite.					
Value Methods	<b>Valuation Methods:</b> <input checked="" type="checkbox"/> Cost Approach <input checked="" type="checkbox"/> Income Approach <input checked="" type="checkbox"/> Sales Comparison Approach (Explain and support exclusion of one or more approaches) The Sales Comparison Approach to value is the only approach used in this appraisal. Since the subject property is not improved and only one land class exists, rural homesite, the use of the Cost Approach becomes a redundancy of the Sales Comparison Approach and therefore, not applicable. The use of the Income Approach is not applicable on a rural residential property nor does it support the value the properties command in this rural homesite type market.					

## Vacant Lot Sales

Sale #	Date of Sale	Acres	Sales Price	Time Adj.	Location
6	5/19/2019	1.007	\$217,500.00	Current	Lot 1 Canary
7	4/17/2019	1.007	\$212,000.00	Current	Lot 12 Kermodi
8	8/28/2018	0.911	\$215,000.00	\$ 244,600.00	Lot 13 Kermodi
9	7/30/2018	1.084	\$249,900.00	\$ 288,000.00	32 Hitching Post Rd
10	1/26/2018	1.11	\$158,000.00	\$ 196,800.00	Lot 47 Kermodi
11	9/22/2017	1.13	\$190,000.00	\$ 246,000.00	Lot 8 Kermodi
2160	8/11/2017	2.07	\$145,000.00	\$ 190,000.00	Bear Canyon
12	3/15/2017	1.11	\$134,000.00	\$ 187,500.00	Lot 47 Kermodi
			\$ -		

Map of Vacant Lot Sales





## Sales Comparison Approach (1-5)

Sale Data	Sale Data	Subject	Sale #1 1	Sale #2 2	Sale #3 3	Sale #4 4	Sale #5 5
	Grantor (Seller)		Confidential	Confidential	Confidential	Confidential	Confidential
	Grantee (Buyer)		Confidential	Confidential	Confidential	Confidential	Confidential
	Source		Broker	Broker	Broker	Broker	Co. Records/Broker
	Date	Eff 05/19	04/19	10/18	08/18	08/17	06/15
	Eff Unit Size/Unit	1 / site	1	1	1	1	1
	Sale Price		725,000	775,000	550,000	145,000	515,000
	Finance Adjusted		Cash	Cash	Cash	Cash	Conventional Loan
	CEV Price		725,000	775,000	550,000	145,000	515,000
	Multiplier						
	Expense Ratio						

The Appraiser has cited sales of similar property to the subject and considered these in the market analysis. The description below includes a dollar adjustment reflecting market reaction to those items of significant variation between the subject and the sales documented. When significant items are superior to the property appraised, a negative adjustment is applied. If the item is inferior, a positive adjustment is applied. Thus, each sale is adjusted for the measurable dissimilarities and each sale producing a separate value indication. The indications from each sale are then reconciled into one indication of value for this approach.

CEV Price/ site		725,000.00	775,000.00	550,000.00	145,000.00	515,000.00
-----------------	--	------------	------------	------------	------------	------------

### LAND AND IMPROVEMENT ADJUSTMENTS

Land Adjustment		0.00	0.00	0.00	0.00	0.00
Impvt. Adjustment		-536,354.00	-571,224.00	-340,370.00	0.00	-356,480.00
Adjusted Price		188,646.00	203,776.00	209,630.00	145,000.00	158,520.00

### TIME ADJUSTMENTS

<input type="checkbox"/> Yr	<input checked="" type="checkbox"/> Mo	Periods	0	6	8	21	41
<input type="checkbox"/> Smpl	<input checked="" type="checkbox"/> Cmp	Rate	0.00	1.30	1.30	1.30	1.30
<input type="checkbox"/> Auto	<input checked="" type="checkbox"/> Man	Time Adjustment	0.00	16,420.14	22,819.70	45,180.66	110,677.69
		Time Adj. Price	188,646.00	220,196.14	232,449.70	190,180.66	269,197.69

### OTHER ADJUSTMENTS

	Adjustment					
	Adjustment					
	Adjustment					
	Adjustment					
	Adjustment					
Net Adjustments		-536,354	-554,804	-317,550	45,181	-245,802
<b>ADJUSTED PRICE</b>		188,646	220,196	232,450	190,181	269,198

#### Analysis/Comments: *(Discuss positive and negative aspects of each sale as they affect value)*

Prior to any adjustment the sale range from \$145,000 to \$775,000. The appraiser was able to find eight pairings that indicated a range from 0.44% to 2.24% per month or 5.3% to 26.8% per year both compounded monthly or yearly, respectively. The most comparable sales indicate a strong 1.3%/month or 15.6%/year from 2016 to April 2019. No time adjustment could be extracted for 2015 so the time adjustment applied to Sale 5 starts at January 2016 forward; The market derived time adjustment of 1.3%/month is concluded for Sales 2, 3, 4, and 5. Once the time adjustment is made and the building adjustment is the five sales range from \$189,000 to \$269,000 per site. This is a very tight range and no further adjustments could be extracted. Sale 5 is superior for site as it is located at the top of the ridge overlooking Bear Canyon and the surrounding valleys. Sales 2 and 3 are located adjacent to the subject lot and are the best indicators of value. Sale 1 is inferior and sets the bottom of the range. Sale 4 is located up the road from the subject and is a good indicator of value as well, without direct access to the creek. Therefore, a final opinion of value for the subject site is \$200,000 based on the extraordinary assumption that there is a build site.

#### Sales Comparison Approach Summary:

Property Basis (Value Range): \$ \_\_\_\_\_ to \$ \_\_\_\_\_  
 Unit Basis: \$ 200,000.00 / Acre X 1 site = \$ 200,000.00  
 Multiplier Basis: \$ \_\_\_\_\_ X \_\_\_\_\_ (multiple) = \$ \_\_\_\_\_

#### Sales Comparison Indication:

\$ \_\_\_\_\_ See Page 17



## Sales Comparison Comments

Due to the limited area that is assumed to be buildable a value near the lower end of the range is concluded.

If the extraordinary assumption is proven to be false and the subject CANNOT be built on and the site becomes basically open space a diminution of value is warranted. A second data set consisting strictly of open space sales was researched. This data set consists of 26 sales and range in a percentage loss from 35% to 90% loss in value for open space, non-buildable sites/acreages. Therefore, if the subject site proves to be a non-buildable a diminution of 60% should be applied to the concluded value of \$200,000. This would equate to a site value of \$80,000.

Buildable Site: \$200,000

Not Buildable: \$ 80,000

Sale 1: Sold in April 2019 and consists of 3.64 improved acres but is valued on a site value. Similar to the rest of the data. Sale 1 is located 2 miles north of the subject property. The site is accessed by a gravel subdivision road. The terrain is timbered covered hills. The house is reported to be a three bedroom; 4 bath; with a partially finished walk-out basement. Master suite in on the main level with 1.75 baths; second level has two bedroom and one full bath. Basement is reported to have a three quarter bath, family room. Heat is baseboard and propane with some radiant heat; as well as a wood stove. The septic is rated for two bedrooms. Overall, this property is inferior to the subject and sets the lower end of the range.

Sale 2: Sold in October 2018 and consists of 0.76 improved acres, but is based on a site value. Sale 2 is located to the south of the subject and is within an eighth of a mile. Property is the second to the end of a chain of inholdings at the end of Bear Canyon. Property is improved with a main house and a guest cabin. The main house was built in 1967 but has been completely renovated. House is 3 bedroom, 1.5 bath with the master suite on the main floor and the two other bedrooms in the daylight basement and a full bath. Master suite also has a european style walk through shower and soaker tub. Two decks, underground sprinklers, front and back yard with lawn; two car attached garage. Huge windows. Bear Creek runs through the property. Guest house built in 2015 has two bath and one loft style bedroom. Property is bordered on two sides by State Land. Overall, this property is very similar to the subject and gives good support for the final opinion of value.

Sale 3: Sold in August 2018 and consists of 0.68 improved acres and is based on a site value. Sale 3 is located adjacent and to the south of Sale 2. The property had multiple offers with two back up offers. Property has a new Omeco AdvanTex septic system which supports 10-12 toilets/bedrooms. Property has not been offered on the market since 1970. The main house has three bedrooms/one bath with a steam room/shower; wood stove; vaulted ceilings; dining area; family room; fireplace/stove; kitchen; laundry room; living room. Guest cabin is two bedroom; full bath with a two car detached garage. artist studio above the second detached garage; the doors to the artist studio opens up overlooking Bear Creek. The garage below the studio has a dark room. Property is at the end of a chain of mining claims surrounded by State Land. Overall, this property is very similar to the subject and gives good support for the final opinion of value.

Sale 4: Sold in August 2017 and consists of 2.07 unimproved acres and is based on a site value. Sale 4 is located a mile to the north of the subject property. Sale 4 has frontage on Bear Canyon Road. The terrain is sloping with timber cover. The seller did a boundary realignment to create this parcel. Sold unimproved. Fronts Bear Canyon Road. Creek is across the road from this property. The lot had not been cleared prior to selling. No well, and utilities are along Bear Canyon road. Overall, a good indicator of value for the subject property.

Sale 5: Sold in June 2015 and consists of 1.16 improved acres. Sale 5 is located two miles north of the subject property and sits on a ridge above Bear Canyon and overlooks the valley. House is two story with a walk-out lower level. The two car garage takes up part of the lower level with the area above the garage part of the SF for the second level. House is reported to be three bedrooms, 2.5 bath. Sale 5 is superior to the subject and sets the upper end of the bracketed range.

Adjust each sale to the subject's land mix (land adjustment) using unimproved sales. This page allows for a "quantitative land adjustment" only.

Compare each set of sale improvements to the subject improvements making judgments regarding utility and condition. Then arrive at an improvement adjustment for each sale on a per acre or per unit basis. These adjustments are shown on the Sales Comparison Grid.  
Note: Appraiser must manually enter the \$/Unit for the Subject Improvements -- either individually or as a lump sum.

Page 18 of 25

## Sales Comparison Approach - Land Adjustment for Sale# 2

Adjust each sale to the subject's land mix (land adjustment) using unimproved sales. This page allows for a "quantitative land adjustment" only.

Sales Comparison - Sale #2			2	Land Adjustment Amt. \$			0.00			
Land Use	Sale Acres	\$/Acre	Sale Unit Type	Sale Units	\$/Unit	Subj. Acres	\$/Acre	Subj. Units	\$/Unit	Total
Site	1.00	203,776.00		Site		1.00	203,776.00	Site		203,776
<b>Sale Land Contrib.</b>	203,776.00		<b>/ Eff. Unit Size</b>	1.00	<b>=</b> 203,776.00	<b>Total</b>	203,776	<b>/ Eff. Unit Size</b>	1	<b>=</b> 203,776.00

## Sales Comparison Approach - Improvement Adjustment for Sale# 2

Compare each set of sale improvements to the subject improvements making judgments regarding utility and condition. Then arrive at an improvement adjustment for each sale on a per acre or per unit basis. These adjustments are shown on the Sales Comparison Grid.

Note: Appraiser must manually enter the \$/Unit for the Subject Improvements -- either individually or as a lump sum.

Sales Comparison - Sale #2			2	Improvement Adjustment Amt. \$:			-571,224.00	/	site			
Sale Impt.	Ut/Cond.	Size	X	\$/Unit	Contrib. Value	Subject Impt.	Ut/Cond.	Size	X	\$/Unit	Contrib. Value	
House	VG	/ VG 3,047	X \$	146.25	=\$ 445,624	Cabin	/	910	X \$	=\$		
Gst House	VG	/ VG 678	X \$	185.25	=\$ 125,600	Garage	/	576	X \$	=\$		
	/		X \$	=\$			/		X \$	=\$		
	/		X \$	=\$			/		X \$	=\$		
	/		X \$	=\$			/		X \$	=\$		
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	/		X \$	=\$			/		X \$	=\$		
Sale Effective Unit Size:			1.00	\$	571,224	Subject Effective Unit Size:			1	\$		
<b>Total Improvement Value = \$</b>			571,224.00	/	Site	<b>Total Improvement Value = \$</b>			0.00	/	site	



## Sales Comparison Approach - Land Adjustment for Sale# 4

Adjust each sale to the subject's land mix (land adjustment) using unimproved sales. This page allows for a "quantitative land adjustment" only.

Sales Comparison - Sale #4			4	Land Adjustment Amt. \$			0.00			
Land Use	Sale Acres	\$/Acre	Sale Unit Type	Sale Units	\$/Unit	Subj. Acres	\$/Acre	Subj. Units	\$/Unit	Total
Site	1.00	145,000.00				1.00	145,000.00	Site		145,000
<b>Sale Land Contrib.</b>	145,000.00		<b>/ Eff. Unit Size</b>	1.00	= 145,000.00	<b>Total</b>	145,000	<b>/ Eff. Unit Size</b>	1	= 145,000.00

## Sales Comparison Approach - Improvement Adjustment for Sale# 4

Compare each set of sale improvements to the subject improvements making judgments regarding utility and condition. Then arrive at an improvement adjustment for each sale on a per acre or per unit basis. These adjustments are shown on the Sales Comparison Grid.

Note: Appraiser must manually enter the \$/Unit for the Subject Improvements -- either individually or as a lump sum.

Sales Comparison - Sale #4			4	Improvement Adjustment Amt. \$:			0.00	/	site			
Sale Impt.	Utli/Cond.	Size	X	\$/Unit	Contrib. Value	Subject Impt.	Utli/Cond.	Size	X	\$/Unit	Contrib. Value	
	/		X	\$	=\$	Cabin	/	910	X	\$	=\$	
	/		X	\$	=\$	Garage	/	576	X	\$	=\$	
	/		X	\$	=\$		/		X	\$	=\$	
	/		X	\$	=\$		/		X	\$	=\$	
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	/		X	\$	=\$		/		X	\$	=\$	
	/		X	\$	=\$		/		X	\$	=\$	
Sale Effective Unit Size:			1.00	\$		Subject Effective Unit Size:			1	\$		
<b>Total Improvement Value = \$</b>			0.00	/	Site	<b>Total Improvement Value = \$</b>			0.00	/	site	



## Reconciliation and Opinion of Value

Summary

<b>Cost Approach</b> .....	\$	N/A
<b>Income Approach</b> .....	\$	N/A
<b>Sales Comparison Approach</b> .....	\$	See Page 17

Discussion &amp; Correlation of Values

**Analysis of Each Approach and Opinion of Value:** Strengths and weaknesses of each approach must be redressed correlating the final estimate from the indicated values. It should be noted that an appraisal utilizes all of the data available, therefore each lends support for the other approaches.

The COST APPROACH is most applicable when appraised property's improvements are new and represent the highest and best use of the land. Additionally, the Cost Approach is useful when there is a good bank of open land sales that are dependable and reliable and when the costing information is from excellent sources. Vacant lot sales were sought out in the market to determine a vacant land price for the subject property. And cost information to rebuild the subject property's house was determined from interviews with local builder and contractor as well as the Marshall & Swift Cost Guide. Since the subject site is not improved and there is only one land class, rural homesite, the Cost Approach becomes a redundancy of the Sales Comparison Approach and thus not applicable to this appraisal.

The INCOME APPROACH is limited by the anticipated income stream and the expected rate of return. Homesite properties in the market area do not have any viable economic use relative to rental values; as the rents paid do not support the market prices seen the area. As such, a valuation of the subject property by the Income Approach is not applicable.

The SALES COMPARISON APPROACH is based on a direct comparison of similar properties which have sold in the subject area or a competing area. Given the nature of the market, similar properties for direct pairings were not available for adjustments for all factors of value but there was the ability to identify market supported adjustments for the components or factors affecting value as identified. The Sales Comparison Approach was utilized in this report and is felt to be a reliable approach to value given that it is relied upon heavily by buyers and sellers and the nature of the quantity and quality of data available.

The sales used are sales that possess features and characteristics generally similar to those of the appraised property. This sales data was used within the Sales Comparison approach to value and reflect a relatively narrow range that lends a higher degree of confidence to the final appraised value. The Sales Comparison Approach is relied upon the most because it is felt that it is more representative of the area market. Therefore, the final opinion of value for the subject property with an effective date of May 1, 2019 is \$200,000 as a buildable site. If the entire site is deemed NOT buildable a loss of value of 60% is warranted and equates to a non-buildable site value of \$80,000.

Allocation of Value

<b>Opinion Of Value -</b>	(Estimated Marketing Time	4-12	months, see attached)	\$	See Above
Cost of Repairs	\$				
Cost of Additions	\$				
<b>Allocation:</b>	(Total Deeded Units: 1.00)	Land:	\$ See Page 17	\$	
		Land Improvements:	\$	0	/
		Structural Improvement Contribution:	\$	0	/
					( 76 %)
					( 0 %)
					( 24 %)
<b>Value Estimate of Non-Realty Items:</b>					
Value of Personal Property (local market basis)	\$				
Value of Other Non-Realty Interests:	\$				
Non-Realty Items:	\$			0	/
					( 0 %)
Leased Fee Value (Remaining Term of Encumbrance)	\$			0	/
					( 0 %)
Leasehold Value	\$			0	/
					( 0 %)
Overall Value	\$				( 100 %)



## Assumptions and Limiting Conditions

The certification of the Appraiser(s) appearing in the appraisal report is subject to the following conditions and to such other specific and limiting conditions as are set forth in the report.

1. The Appraiser(s) assume no responsibility for matters of a legal nature affecting the property appraised or the title thereto, nor does the Appraiser(s) render any opinion as to title, which is assumed to be good and marketable. The property is appraised as though under responsible ownership.
2. Sketches in the report may show approximate dimensions and are included only to assist the reader in visualizing the property. The Appraiser(s) have made no survey of the property. Drawings and/or plats are not represented as an engineer's work product, nor are they provided for legal reference.
3. The Appraiser(s) are not required to give testimony or appear in court because of having made the appraisal with reference to the property in question, unless arrangements have been previously made.
4. Any distribution of the valuation in the report applies only under the existing program of utilization. The separate valuations of components must not be used outside of this appraisal and are invalid if so used.
5. The Appraiser(s) have, in the process of exercising due diligence, requested, reviewed, and considered information provided by the ownership of the property and client, and the Appraiser(s) have relied on such information and assumes there are no hidden or unapparent conditions of the property, subsoil, or structures, which would render it more or less valuable. The Appraiser(s) assume no responsibility for such conditions, for engineering which might be required to discover such factors, or the cost of discovery or correction.
6. While the Appraiser(s) ☒ have ☐ have not inspected the subject property and ☒ have ☐ have not considered the information developed in the course of such inspection, together with the information provided by the ownership and client, the Appraiser(s) are not qualified to verify or detect the presence of hazardous substances by visual inspection or otherwise, nor qualified to determine the effect, if any, of known or unknown substances present. Unless otherwise stated, the final value conclusion is based on the subject property being free of hazardous waste contaminations, and it is specifically assumed that present and subsequent ownerships will exercise due diligence to ensure that the property does not become otherwise contaminated.
7. Information, estimates, and opinions furnished to the Appraiser(s), and contained in the report, were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy of such items furnished the Appraiser(s) can be assumed by the Appraiser(s).
8. Unless specifically cited, no value has been allocated to mineral rights or deposits.
9. Water requirements and information provided has been relied on and, unless otherwise stated, it is assumed that:
  - a. All water rights to the property have been secured or perfected, that there are no adverse easements or encumbrances, and the property complies with Bureau of Reclamation or other state and federal agencies;
  - b. Irrigation and domestic water and drainage system components, including distribution equipment and piping, are real estate fixtures;
  - c. Any mobile surface piping or equipment essential for water distribution, recovery, or drainage is secured with the title to real estate; and
  - d. Title to all such property conveys with the land.
10. Disclosure of the contents of this report is governed by applicable law and/or by the Bylaws and Regulations of the professional appraisal organization(s) with which the Appraiser(s) are affiliated.
11. Neither all nor any part of the report, or copy thereof, shall be used for any purposes by anyone but the client specified in the report without the written consent of the Appraiser.
12. Where the appraisal conclusions are subject to satisfactory completion, repairs, or alterations, the appraisal report and value conclusion are contingent upon completion of the improvements in a workmanlike manner consistent with the plans, specifications and/or scope of work relied upon in the appraisal.
13. Acreage of land types and measurements of improvements are based on physical inspection of the subject property unless otherwise noted in this appraisal report.
14. EXCLUSIONS. The Appraiser(s) considered and used the three independent approaches to value (cost, income, and sales comparison) where applicable in valuing the resources of the subject property for determining a final value conclusion. Explanation for the exclusion of any of the three independent approaches to value in determining a final value conclusion has been disclosed in this report.
15. SCOPE OF WORK RULE. The scope of work was developed based on information from the client. This appraisal and report was prepared for the client, at their sole discretion, within the framework of the intended use. The use of the appraisal and report for any other purpose, or use by any party not identified as an intended user, is beyond the scope of work contemplated in the appraisal, and does not create an obligation for the Appraiser.
16. Acceptance of the report by the client constitutes acceptance of all assumptions and limiting conditions contained in the report.
17. Other Contingent and Limiting Conditions:

## Appraiser Certification

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

1. the statements of fact contained in this report are true and correct.
2. the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial and unbiased professional analysis, opinions, and conclusions.
3. I have ☒ no ☐ the specified present or prospective interest in the property that is the subject of this report and I have ☒ no ☐ the specified personal interest with respect to the parties involved.
4. I have performed ☒ no ☐ the specified services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
5. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. my engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. my compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. my analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
9. I ☒ have ☐ have not made a personal inspection of the property that is the subject of this report.
10. ☒ no one ☐ the specified persons provided significant real property appraisal assistance to the person signing this certification.
11. Mrs. Rickett is a General Certified Real Estate Appraiser, Montana Certificate #REA-RAG-LIC-650.

Effective Date of Appraisal: May 1, 2019

Opinion of Value: \$ See Above

**Appraiser:**

Signature: Katie Rickett

Name: Katie Rickett, A.R.A.  
 License #:   
 Certification #: MT Certified General REA-RAG-LIC-650  
 ASFMRA ASFMRA Member # 1664

Date Signed: May 17, 2019

Property Inspection: ☒ Yes ☐ No  
 Inspection Date: May 1, 2019

Appraiser has ☒ inspected ☒ verified ☒ analyzed  
 the sales contained herein.

## **ADDENDA**

Exhibit 7 - Statement of Land Status & COS

Exhibit 8 - Water Rights

Exhibit 9 - Appraiser Qualifications

# EXHIBIT 7

## STATEMENT OF LAND STATUS

STATE OF MONTANA     )  
                                      : SS  
County of Gallatin     )

Renee Kelley, having first been duly sworn, deposes and says:

1. I am the custodian of the records for the Trust Land Management Division of the Montana Department of Natural Resources and Conservation;
2. I have examined the land records of the State of Montana on file in our office in Helena, Montana, that may affect title of the State of Montana in and to the following described real property:

**Section 1, Township 3 South, Range 6 East  
Tract 3, COS 2990, containing 0.94 acres, more or less.**

Title vested in the State of Montana on July 1, 1892 by the General Land Office as evidenced by US Patent No. 1, as previously described in a conveyance to the State of Montana filed in the records of the Gallatin County Clerk and Recorder's office on June 14, 1913 at Book 48 of Deeds, Page 589.

3. I have found no instrument, conveyance, encumbrance, lien for taxes, costs, interest, or judgment affecting the title of the State of Montana to the above-described property in the above-described land records, except for the following:

**Land Use License No. 3073303 issued September 23, 2015 to Lorne J. Darnell and expiring February 28, 2020;**

**Easement No. D-10416 issued July 13, 2001 to Francis J. Noel, III, for a private access road;**

**Easement No. D-10108 issued October 28, 1998 to William H. Oyler Family Trust for a private access road, including a buried telephone line and an overhead electric distribution powerline;**

**Easement No. D-12499 issued August 13, 2007 to Qwest Communications for a buried telecommunications distribution line;**

**Easement No. D-14509 issued April 13, 2013 to the United States of America (USFS) for public trail;**

**Easement No. D-14911 issued December 15, 2014 to Kenny A. and Christina W. Wood for a private access road to a single family residence and associated outbuildings;**

**Easement No. D-15720 issued February 15, 2017 to Francis J. Noel, III, and Joanne Mannell Noel for encroaching outbuildings and improvements associated with a single family residence;**

**Easement No. D-07195 issued February 6, 1979 to Dearl H. Buckley for a private access road;**

**Easement No. D-08205 issued October 3, 1984 to Mountain States Telephone and Telegraph Company (US West Communications) for a buried telephone cable;**

**Easement No. D-08643 issued September 14, 1987 to Edwin and Helen St. Cin for an existing domestic water pipeline.**

4. I have not reviewed any mineral locations made under the authority of the Revised Statutes of the United States;
5. Your use of this information is at your own risk, and confirms that DNRC will not be held liable for any errors or missing omissions contained in the content of this information.

This concludes the affidavit of Renee Kelley.

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2019

\_\_\_\_\_  
Renee Kelley, Real Estate Sales Specialist  
Trust Land Management Division

State of Montana  
County of Lewis & Clark

Signed and acknowledged before me on the date referenced above by Renee Kelley.

\_\_\_\_\_  
Notary Public for the State of Montana.  
Residing at \_\_\_\_\_.  
My commission expires \_\_\_\_\_.





# EXHIBIT 8

STATE OF MONTANA  
DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION  
1424 9TH AVENUE P.O.BOX 201601 HELENA, MONTANA 59620-1601  
**GENERAL ABSTRACT**

**Water Right Number:** 41H 10817-00 STATEMENT OF CLAIM

**Version:** 2 -- REEXAMINED

**Version Status:** ACTIVE

**Owners:** MONTANA, STATE OF BOARD OF LAND COMMISSIONERS  
TRUST LAND MANAGEMENT DIVISION  
PO BOX 201601  
HELENA, MT 59620-1601

**Priority Date:** MAY 1, 1950

**Enforceable Priority Date:** MAY 1, 1950

**Type of Historical Right:** USE

**Purpose (use):** DOMESTIC

**Maximum Flow Rate:** 20.00 GPM

**Maximum Volume:** 3.00 AC-FT

**Households:** 1

**Maximum Acres:** 1.00

**Source Name:** SPRING, UNNAMED TRIBUTARY OF BEAR CREEK

**Source Type:** GROUNDWATER

**Point of Diversion and Means of Diversion:**

<u>ID</u>	<u>Govt Lot</u>	<u>Qtr Sec</u>	<u>Sec</u>	<u>Twp</u>	<u>Rge</u>	<u>County</u>
1		SE	1	3S	6E	GALLATIN

**Period of Diversion:** JANUARY 1 TO DECEMBER 31

**Diversion Means:** FLOWING

**Period of Use:** JANUARY 1 to DECEMBER 31

**Place of Use:**

<u>ID</u>	<u>Acres</u>	<u>Govt Lot</u>	<u>Qtr Sec</u>	<u>Sec</u>	<u>Twp</u>	<u>Rge</u>	<u>County</u>
1	1.00		SE	1	3S	6E	GALLATIN
<b>Total:</b>	1.00						

**Remarks:**

STARTING IN 2008, PERIOD OF DIVERSION WAS ADDED TO MOST CLAIM ABSTRACTS, INCLUDING THIS ONE.

# EXHIBIT 9

# **KATIE RICKETT, A.R.A.**

P.O. Box 691

Belgrade, MT 59714

(406)388-0570 Office; (406)570-4450 Cell

Montana Certified General Appraiser # REA-RAG-LIC-650

Accredited Rural Appraiser (A.R.A.) & Member of ASFMRA Accredited #1664

[Katie@JKranchappraisals.com](mailto:Katie@JKranchappraisals.com); [www.jkappraisalandconsulting.com](http://www.jkappraisalandconsulting.com)



## **EDUCATION**

### **Colorado State University, Fort Collins, Colorado**

Bachelor of Science Degree: Equine Science (Science Concentration) 1996

### **University of Colorado at Boulder Continuing Education, Boulder, Colorado**

Registered Real Estate Appraiser.

\*NCRE 200-411 Registered Appraiser (40 hours) 1998 \*NCRE 201-411 Basic Appraisal Applications (24 hours) 1998 \*NCRE 208-411 Standards and Ethics (16 hours) 1998

### **American Society of Farm Managers and Rural Appraisers (ASFMRA):**

\* A-10, 6/1999, Austin, TX (40 Hrs) \* A-20, 8/99, St. Cloud, MN (44 Hrs) \* A-12, 1/00, Billings, MT (16 Hrs) \* ALL215, 9/00, Manhattan Beach, CA (30 Hrs) \* A-12 Part 1 ASFMRA Ethics & Part 3- USPAP (7 Hrs); 2/03 \* ASFMRA- Federal Land Exchange & Acquisitions Course 4/03 (20 Hrs) \* A-25, 4/04, Boise, Idaho (20 Hrs) \* A-29, 4/04, Boise, Idaho (15 Hrs) \* ASFMRA- Timber & Timberland Valuation, 1/05, Portland, OR (8 Hrs) \* UASFLA-“Yellow Book”, 2/05, Portland, OR (8 Hrs) \* ASFMRA- Appraising Agricultural Land in Transition, 2/06 (12 Hrs) \* A-27- Income Capitalization, Indianapolis, IN, 3/06 (28 Hrs) \* A-114, USPAP Course, 10/06, Great Falls, MT (7 Hrs) \* A-30, 6/07, Denver, CO. (47.5 Hrs) \* Valuation of Conservation Easements, 1/08, ASFMRA & AI (33 Hrs) \* A-114, 7 Hour USPAP Update Course, 2/08, Billings, MT (7 Hrs) \* UASFLA-“Yellow Book”, 10/08, Billings, MT (22 Hrs) \* Uniform Agricultural Appraisal Report, 5/08, Piedmont, SD (16 Hrs) \*What’s Missing in Appraisal Reports, 2/09, Bozeman, MT (4 Hrs) \*Wind Leases-The Basic Rights of Ownership, 2/09, Bozeman, MT (2 Hrs) \* Update of Montana Water Rights, 2/09, Bozeman, MT (2 Hrs) \*ASFMRA- Code of Ethics Webinar, 8/09 (4 Hrs) \* A-114, 7 Hour USPAP 2010-2011 Update Course, 2/10, Billings, MT (7 Hrs) \* iKuw Adobe Acrobat 9 Professional, 4/11 (12 Hrs) \* ASFMRA AFO/CAFO, 2/11, Bozeman, MT (4 Hrs) \* ASFMRA- Ag Trends in Ag Finance, 2/11, Bozeman, MT (2 Hrs) \* McKissock-Appraising Manufactured Homes, 9/11, Online, (7 Hrs) \*McKissock- Appraising FHA Today, 9/11, Online, (7 Hrs) \*GIS for Real Estate and Appraisal, 2/12 Billings, MT (4 Hrs) \* Montana Access and Easement Law, 2/12 Billings, MT (4 Hrs) \* A-114, 2012-2013 USPAP Update Course 2/12 , Billings, MT (7 Hrs)\* Cost Approach Online, 6/13 (A120) (30 Hrs) \* ASFMRA Ethics, 2/14 (4 Hrs) \* DNRC Water Rights, 2/14 (4 Hrs) \* 7- Hour National USPAP Update 2/14 (7 Hrs) \* 7-Hour National USPAP Update 2/16 (7 Hrs) \* Rural Case Studies 2/16 (8 Hrs) \*CE Valuation Workshop 4/16 (5 Hrs) \*BBER Seminar 2/17 (5 Hrs) \*The Valuation of Intangible & Non-Financial Assets 2/17 (11 Hrs) \* Income Approach Applications 2/17 (4 Hrs) \*7-Hour National 2018-2019 USPAP Course 1/18 (7 Hrs) \*Report Writing 1/18 (8 Hrs) \*BBER Seminar 2/18 (5 Hrs) \*Uniform Appraisal Standards for Federal Land Acquisitions 5/18 (14 Hrs) \*BBER Seminar 2/19 (5 Hrs) \*Valuing Rural America 2/19 (8 Hours)

## EXPERIENCES

**JK Appraisal & Consulting, LLC:** Belgrade, MT Owner, President, (11/07 to Current)

\* Responsibilities encompass all aspects of appraising duties. Specializing in agriculture, recreational, and other types of rural properties, including Federal acquisitions compliant with Uniform Standards for Federal Land Acquisitions a.k.a. Yellow Book appraisals; rural properties, inholdings, & conservation easements; Full narratives and Ag-Ware Form reports.

**Associate Appraiser:** Sub-Contract Appraiser with Terra Western Associates (11/07 to 7/14), Bozeman, MT

\* Responsibilities encompass all aspects of appraising duties. Specializing in agricultural, recreational, conservation easements, and other types of rural properties. Services include real estate appraisal, financial feasibility consulting, cash flow projections, and day-to-day management consulting.

**Qualified Appraiser:** United State Forest Service, Bozeman, MT (3/00- 10/07)

\* Responsibilities encompassed all aspects of appraising duties. Specializing in Uniform Appraisal Standards for Federal Land Acquisitions (Yellow Book) Appraisals for Federal acquisitions, land exchanges, right-of-ways, and inholdings.

**Apprentice Appraiser:** Hall-Widdoss & Co., Inc. South Dakota (8/98-3/2000)

\* Hall-Widdoss & Co., Inc. has been conducting business since 1983. Covering the States of Montana, Idaho, Wyoming, Nebraska, and the Dakotas. The firm specializes in urban investment property, agriculture, recreational, and subdivision land appraisals. Appraisal work involved market value estimates for commercial, industrial, rural, recreational, mountain development, gaming (casino), mineral, and residential properties. The firm also has a vast experience with government trades and acquisitions. My duties included the mapping of legal descriptions, entering, confirming, and analyzing sales data, collection of courthouse information, and general property research. I completed numerous residential appraisals, aided with the development of appraisals performed for proposed acquisition/condemnation by DM&E Railroad; surface rights appraisals for Peabody Coal Company and various others. These included farms, ranches, and rural properties in Wyoming and South Dakota. I held South Dakota license number 666SR-2002 as a State Registered Appraiser

**Apprentice Appraiser:** Agribiz Appraisal & Consulting, Inc., Kim Colvin, A.R.A., President;  
Luther Appraisal Services, George Luther, Jr., A.R.A., President

\* Subcontracted to perform basic appraisal duties. Researching sales, mapping of legal descriptions, proof reading reports, verifying sales with buyers, sellers, and agents. Also performed courthouse research, as well as, meeting with realtors to obtain sales information. Began to perform rural appraisals, using the three approaches to value.

**Apprentice Appraiser:** O'Neil & Co.: (1/98-7/98)

\* During my employment I researched recent sales through the use of the Multiple Listing Service and the courthouse. I assisted in several appraisals by helping with measurements, pictures, and walk through of the subject property. I also observed and participated in the development of reports. I learned how to determine soil quality and productivity through the use of soil surveys and aerial photos.

**#1035**

# Uniform Country Residential Report (UCRR)

Effective Date: May 1, 2019

Cabin Site Sales 1035  
Bear Canyon Road  
Bozeman, MT 59715  
Gallatin County, MT

## Prepared For:

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

## Intended User:

State of Montana  
Montana Board of Land Commissioners (Land Board)  
Department of Natural Resources and Conservation (DNRC)  
Lessee- Jonathan Moran

## Prepared By:

JK Appraisal & Consulting, LLC  
PO Box 691  
Belgrade, MT 59714  
Katie Rickett, A.R.A.

## Date Prepared:

May 17, 2019



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## Uniform Country Residential Report

Subject Information	Owner/Occupant:	DNRC/Lessee Jonathan Moran				Report Type:	Appraisal				
	Property Address:	3525 Bear Canyon Road		City:	Bozeman	State:	MT	Zip:	59715		
	Legal Description:	1-3S-6E				County:	Gallatin				
	Parcel Number:	State Lease # 3071958 (Tract 2 of COS 2989)		Tax Year:	2018	RE Taxes: \$	595.47				
	Purpose of Report:	To provide a credible opinion of market value.				Inspection Date:	5/1/2019				
	Intended Use of Report:	Determine a credible opinion of market value for possible sell of land to Lessee				Opinion Date:	5/1/2019				
	Client(s) & Intended User(s):	State of Montana; Montana Board of Land Commissioners; DNRC; Lessee				Report Date:	May 17, 2019				
	Client Address:	PO Box 201601; Helena, MT 59620-1601				Occupancy:	Lessee				
	Rights Appraised:	Fee Simple		<input type="checkbox"/> Conservation Easements, Deed Restrictions, Other?		See SOW					
	Definition of Value: Page 4										
Scope of Work: Katie Rickett, ARA inspected the subject property on May 1, 2019. Market data was researched through local courthouse records, area brokers, and other market participants knowledgeable of the local market. Total acres are calculated from the Montana Cadastral Web-site and confirmed with the county assessor and legal description. The sales were inspected and analyzed to arrive at an estimated value. Appropriate approaches to value were implemented. This appraisal was performed according to the specific guidelines set forth by the current Uniform Standards of Professional Appraisal Practice (USPAP) as promulgated by the Appraisal Standards Board of the Appraisal Foundation. All three approaches to value were considered and developed. All opinions of value contained herein were derived in compliance with the specific guidelines aforementioned, using a level of analysis sufficient to constitute an appraisal that complies with the reporting requirements for an Appraisal Report as set forth under Standards Rule 2-2(a). This appraisal also conforms to the Code of Professional Ethics and Standards of Professional Practice of the American Society of Farm Managers and Rural Appraisers.											
Hypothetical Conditions or Extraordinary Assumptions: None besides standard limiting conditions and assumptions.											
Subject's Sale and Marketing History: (Analyze/report any offers, agreements of sale, options, listings, etc. - and all sales within 3 years of date of appraisal. For UASFLA, report within last 5 years and LAST SALE OF SUBJECT no matter when it occurred.) The land under the improvements is owned by the State of Montana; The improvements have been owned by the Lessee, Jonathan Moran since November 2016. He paid \$55,000 for the cabin and has an annual lease of \$13,266.16.											
Neighborhood Description	Value Trend:	Up <input checked="" type="checkbox"/>	Down <input type="checkbox"/>	Stable <input type="checkbox"/>	N/A <input type="checkbox"/>	Ac Homesite:	1.00	Ac Excess Land:	0.00	Ac Total:	1.00
	Sales Activity:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Buildable Acres:	1.02	Legal Buildable Sites:	1		
		Above	Average	Below	N/A	Legal Access:	Yes	Physical Access:	Yes		
	Property Compatibility:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Contiguity:	N/A	Conforming Use:	Yes		
	Purchase Power:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Zoning:	Bozeman Pass ZD	FEMA Map #:	N/A		
	Demand:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	View:	Good				
	Supply:	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Utilities:	Yes; Propane; Phone, Electric; Natural Gas				
	Development Potential:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Land/Site Improvements:	Minimal Landscaped				
	Desirability:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Hazards/Detriments:	None known.				
	Growth Rate:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Easements/Encroachments:	None				
Off-Site Employment:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>							
Proximity to Employment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>							
<p>Existing land regulations were analyzed, neighborhood trends, market demand for the existing use of the subject property; as well as alternative uses, the physical characteristics of the property, and the highest and best use. The property's legal description, acreage, tax assessment, ownership history, improvements, and zoning information were verified with Gallatin County records. The water rights appurtenant to the subject property were researched at the Montana State internet website of the Department of Natural Resources &amp; Conservation (DNRC). Numerous publications and periodicals, referenced within the body of this appraisal report were consulted for information regarding such factors as soil properties, vegetative range types, building construction costs, and building depreciation. In addition to information contained within my office files, the appraiser searched the MLS for the most recent sales data in the subject area and confirmed the sales with the listing brokers, buyers/sellers.</p> <p>Comparable sales were inspected to the extent possible. Trespass was avoided and owner permission was obtained when feasible. At a minimum, a "drive-by" inspection was made along public roadways. Montana is a nondisclosure state; thus, aside from sale notices or deeds, no sales data is of record. No sale prices are reported and the Appraiser must personally confirm sale values. I have made a diligent effort to correctly ascertain the circumstances and values surrounding each sale, and data provided by professional third parties is considered reliable. The investigation of this appraisal report included confirmation of sales with buyers, sellers, real estate professionals, plus inspecting each sale.</p> <p>The photographs in this report are digital photographs and were not changed or manipulated in any manner. Information on market data was gathered, confirmed, and analyzed. Data relating to the subject was also analyzed and gathered. The Sales Comparison, Cost, and Income Approaches to value were considered. To develop the opinion of value, I performed a complete appraisal process as defined by USPAP under the appraisal reporting Rule 2-2(a). In developing an appraisal report, an appraiser uses or considered all applicable approaches to value, and the value conclusion reflects all known information about the subject property, market conditions, and all pertinent available data.</p>											

## USPAP, Organizational, or Other Requirements

**Report Type:** Appraisal**Date of Inspection:** 05/01/19**Date of Value Opinion:** 05/01/19**Date of Report:** 05/17/19

**Scope of Work** *(Describe the amount and type of information researched and the analysis applied in this assignment. The Scope of Work includes, but is not limited to the degree and extent of the property inspection; the extent of research into physical and economic factors affecting the property; the extent of data research; and the type and extent of analysis applied to arrive at the opinions or conclusions. Additionally, describe sales availability & ability to demonstrate market - "as vacant" - and "as improved" if applicable - or describe sales available to form value opinion "as completed" or proposed if requested; describe income sources and ability of income to support existing or proposed construction; discuss extent of third party verification of RCN, if applicable.):*

This appraisal was performed according to the specific guidelines set forth by the current Uniform Standards of Professional Appraisal Practice (USPAP) as promulgated by the Appraisal Standards Board of the Appraisal Foundation. All three approaches to value were considered and developed. All opinions of value contained herein were derived in compliance with the specific guidelines aforementioned, using a level of analysis sufficient to constitute an appraisal that complies with the reporting requirements for an Appraisal Report as set forth under Standards Rule 2-2(a). This appraisal also conforms to the Code of Professional Ethics and Standards of Professional Practice of the American Society of Farm Managers and Rural Appraisers.

The purpose of this appraisal is to provide a credible opinion of the MARKET VALUE of the subject property in conformance with the Uniform Standards of Professional Appraisal Practice (USPAP) Standard 1 and Standard 2-2(a), 2018-2019 Edition.

The appraiser completed an on-site field inspection of the subject property on May 1, 2019 and was accompanied by a representatives from the DNRC; Renee Kelly and Katie Svoboda.

The region was searched for data and sales of similar amenities as the subject. The sales data are documented in a separate addenda book. There have been some sales recently that the buyers would not disclose any transaction price(s) on. The appraiser has inspected, photographed, and verified the data with the principals or their agents. In most cases, financial data or operating data are estimates based on interviews.

**Subject Property Sale & Marketing History:** *(Analyze and report any agreements of sale, options, or current listings as of the date of the appraisal - and all sales within three (3) years prior to the effective date of appraisal. For UASFLA assignments, report the details of the LAST SALE OF THE SUBJECT - no matter when it occurred):* The land under the improvements is owned by the State of Montana; The improvements have been owned by the Lessee, Jonathan Moran since November 2016. He paid \$55,000 for the cabin and has an annual lease of \$13,266.16 with the DNRC for the land.

**Market Conditions** *(Volume of Competing Listings; Volume of Sales; Amenities Sought by Buyers):* A market search was completed from January 1, 2017 to current. Fifteen total properties were found, with only seven sales. Of the seven sales, only three were in Bear Canyon. The appraiser was aware of one, the remaining two are newer and directly across the street from the subject property.

**Approaches to Value** *(Explain Approaches Used and/or Omitted):* The Sales Comparison and Cost Approach is used to determine an opinion of value. The use of the Income Approach is not applicable on a rural residential property nor does it support the value the properties command in this rural homesite type market.

### Scope of Work

The authority for conducting the appraisal was given by the Montana Department of Natural Resource & Conservation (DNRC). The use of this appraisal is for a possible sell of the proposed subject property. The clients are the State of Montana, Montana Board of Land Commissioners, Department of Natural Resources and Conservation (DNRC). Intended users are the State of Montana, Montana Board of Land Commissioners, Department of Natural Resources and Conservation (DNRC), and Lessee.

**All market data and other data discussed, presented, utilized, and disclosed in this report shall not be disclosed by any person(s) or entity reading, utilizing, and/or presenting the report by any means of communication, including but not limited to verbal, electronic, written, to any other party or entity without prior written permission of the signatory appraiser.**

#### **USPAP includes a competency provision that states:**

The Uniform Standards of Professional Appraisal Practice (USPAP) require that prior to accepting an assignment or entering into an agreement to perform any assignment, an appraiser must properly identify the problem to be addressed and have the knowledge and experience necessary to complete the assignment competently; or alternatively:

1. Disclose the lack of knowledge and/or experience to the client before accepting the assignment;
2. Take all steps necessary or appropriate to complete the assignment competently; and
3. Describe the lack of knowledge and/or experience and the steps taken to complete the assignment competently in the report.

Katie Rickett, A.R.A. has been involved in the appraisal of rural real estate in the State of Montana, South Dakota, and North Dakota since 1998. I am familiar with the geographic area in which the subject property is located and understand the nuances of the local market and the supply and demand factors related to the specific property type and the location involved. I have been engaged in many appraisal assignments involving properties similar to the subject property and believe I am qualified and competent on the basis of my knowledge and experience to complete this assignment competently. I am a Certified General Appraiser in the state of Montana and have been since 2002; License # REA-RAG-LIC-650. Please refer to my qualifications, which are attached in the Addenda of this report.

#### **Hypothetical Conditions:**

As Instructed, I am appraising the subject property under a Hypothetical Condition. A Hypothetical Condition is defined by the Uniform Standards of Professional Appraisal Practice as:

" a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis."

Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. There are several hypothetical conditions that accompany this report, as instructed:

- 1) Include a total market value of the property, that the land and improvements are in fee simple ownership, with one owner.
- 2) Include a separate market value for the state-owned land, less the improvements, as if the land is vacant.
- 3) Allocate a separate market value for the non-state-owned improvements, from the total market value derived in #1 above.
- 4) The subject property is a 1.02 acre lot and is a legal lot and available to sell separately as such.

## MARKET VALUE DEFINITION

Regulations published by federal regulatory agencies pursuant to title XI of the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA)

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider their best interests;
3. A reasonable time is allowed for exposure on the open market;
4. Payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Other:

## EXPOSURE AND MARKETING TIME ESTIMATES

Market value (see above definition) conclusion and the costs and other estimates used in arriving at conclusion of value is as of the date of the appraisal. Because markets upon which these estimates and conclusions are based upon are dynamic in nature, they are subject to change over time. Further, the report and value conclusion is subject to change if future physical, financial, or other conditions differ from conditions as of the date of appraisal.

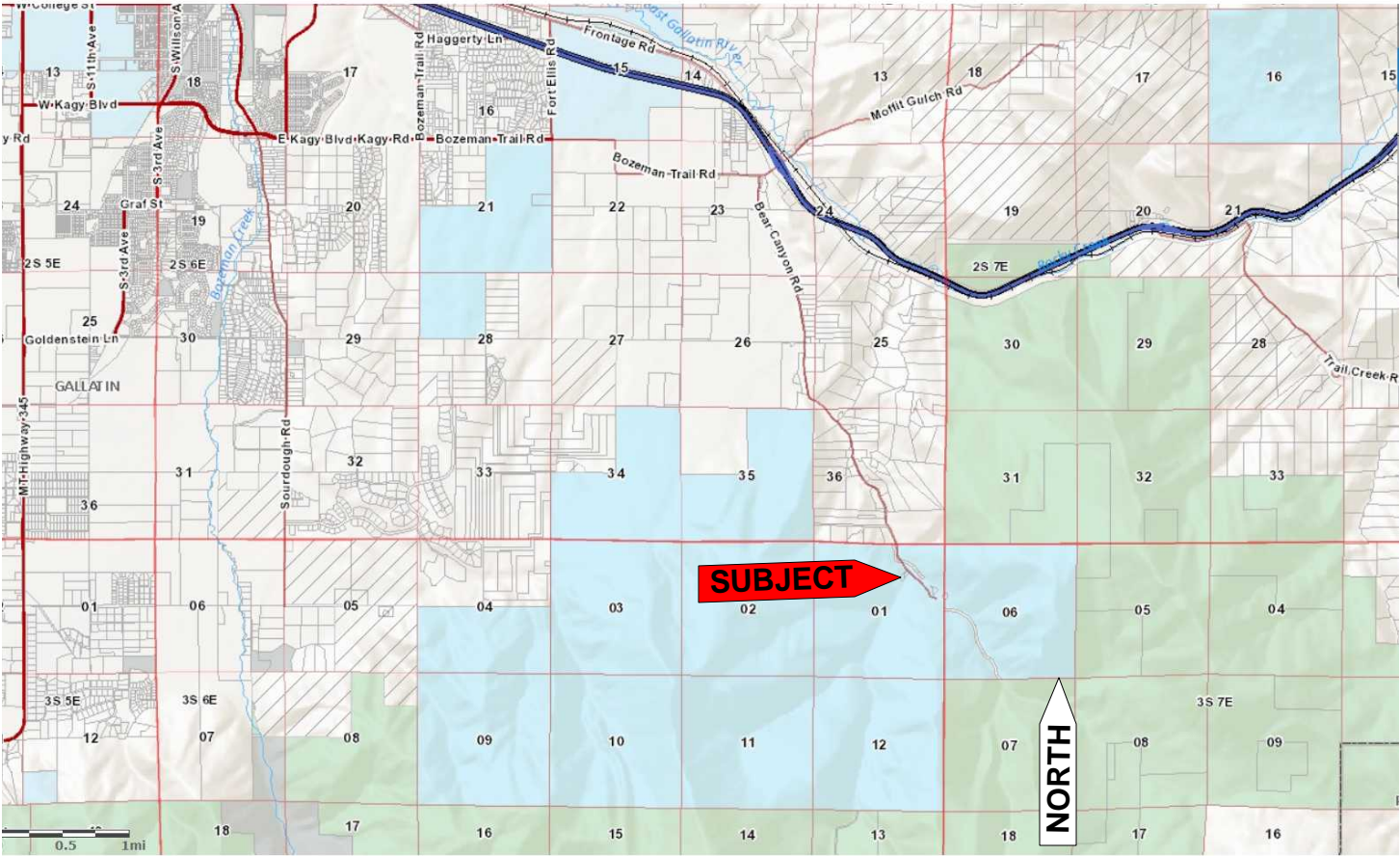
In applying the market value definition to this appraisal, a reasonable exposure time of <12 months has been estimated. Exposure time is the estimated length of time the property interest being appraised would have been offered in the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; exposure time is always presumed to **precede** the effective date of the appraisal.

Marketing time, however, is an estimate of the amount of time it takes to sell a property interest at the market value conclusion during the period **after** the effective date of the appraisal. An estimate of marketing time is not intended to be a prediction of a date of sale. It is inappropriate to assume that the value as of the effective date of appraisal remains stable during a marketing period. Additionally, the appraiser(s) have considered market factors external to this appraisal report and have concluded that a reasonable marketing time for the property is 4-12 months.

Comments:

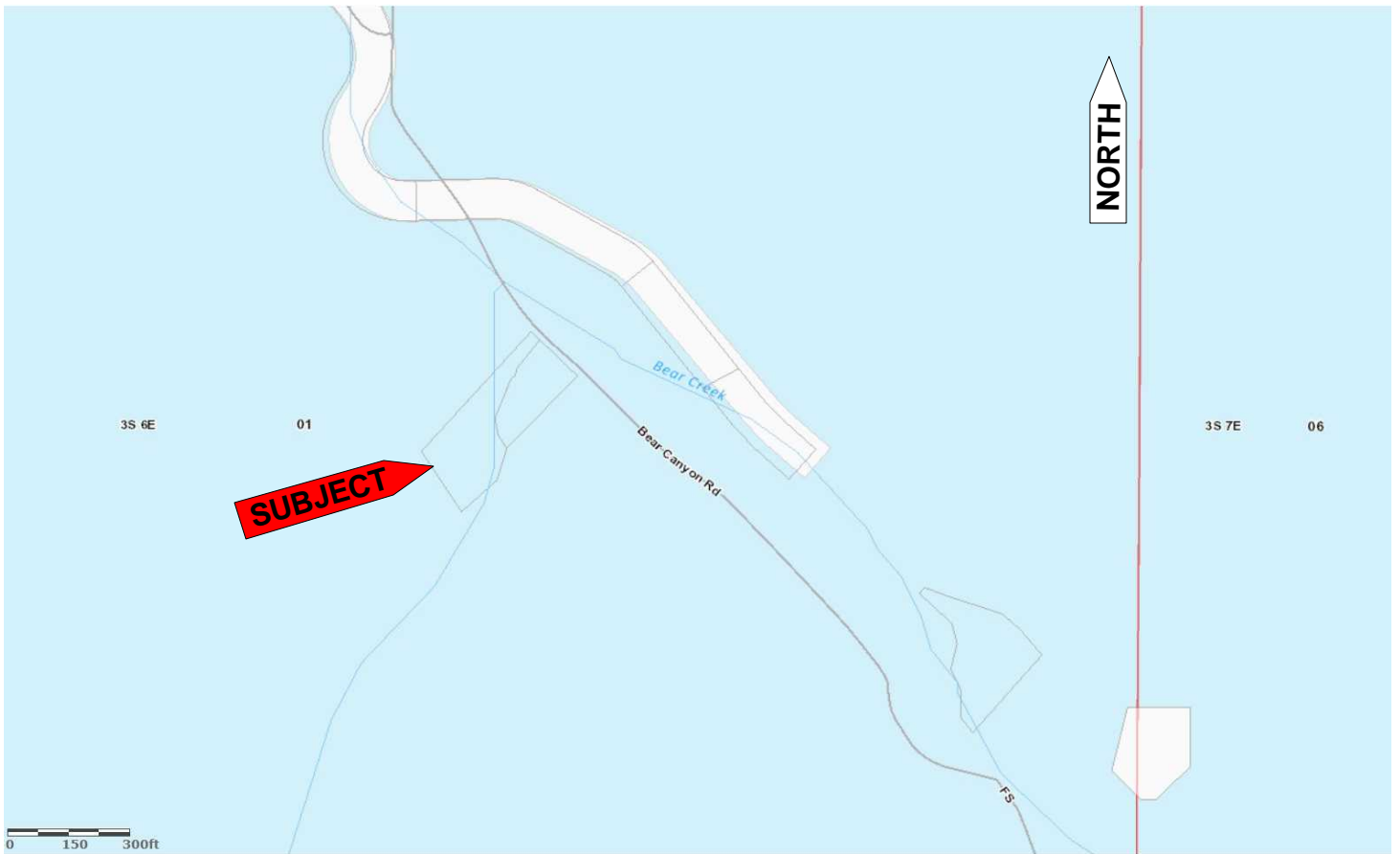
Area-Regional Description	<b>Area-Regional Boundary:</b> Bear Canyon Area		<b>On and Off Property:</b>			
	<b>Major Commodities:</b> Hay Crops, Beef Cattle, Wheat, Barley, Potatoes, milk, corn, sorghum.		Value Trend: <input checked="" type="checkbox"/> Up Sales Activity Trend: <input checked="" type="checkbox"/> Up Population Trend: <input checked="" type="checkbox"/> Up Employment Trend: <input checked="" type="checkbox"/> Up	Stable <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	Down <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	
	<b>Market Availability:</b>		Under Supply <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	Balanced <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	Over Supply <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	No Influence <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
Market Area Description	<b>Off Property Employment:</b>		<b>Forces of Value:</b> <i>(Discuss social, economic, governmental, and environmental forces.)</i>			
	Above Avg. <input type="checkbox"/> Avg. <input checked="" type="checkbox"/> Below Avg. <input type="checkbox"/> N/A <input type="checkbox"/> Unlikely <input checked="" type="checkbox"/> Likely <input type="checkbox"/> Taking Place <input type="checkbox"/>		Rural residential development and suburban development, as well as rural recreational investment properties have dominated the market in the past year. The highest and best use of rural foothill, valley agricultural, and river bottom land areas are beginning to transitioned from agricultural uses to subdivision, development, exclusive homesites, and recreational investment uses, once again. This trend will likely continue as Bozeman and the Gallatin Valley have been one of the new trendy areas for relocation. However, many of the pre-platted subdivisions that were in agricultural areas that had never been developed are beginning to see development at the demand for rural homesites and subdivision regains speed from the 2008-2010 recession. Agriculture will continue to be a major industry in Gallatin County as there are long-time family farmers that are well entrenched and they also continue to purchase add-on plottage to expand their operations. Gallatin County is a mixed use county where all residents are trying to manage the uses in the area.			
	<b>Change in Economic Base:</b>		<b>Exposure Time:</b> <12 months. <i>(See attached definition and discussion)</i>			
Market Area Description	<b>Specific Market Area Boundaries:</b> Focused on properties in Bear Canyon.		<b>Market Area:</b>			
	<b>Market Area:</b>		<b>Market Area:</b>			
	Rural <input checked="" type="checkbox"/> Suburb <input type="checkbox"/> Urban <input type="checkbox"/> Up <input checked="" type="checkbox"/> Stable <input type="checkbox"/> Down <input type="checkbox"/> Value Trend <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Sales Activity Trend <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Population Trend <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Development Trend <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>		Above Avg. <input type="checkbox"/> Avg. <input checked="" type="checkbox"/> Below Avg. <input type="checkbox"/> N/A <input type="checkbox"/> Property Compatibility <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> Effective Purchase Power <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> Demand <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> Development Potential <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> Desirability <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>			
Market Area Description	<b>Analysis/Comments:</b> <i>(Discuss positive and negative aspects of market area.)</i>		<b>Analysis/Comments:</b> <i>(Discuss positive and negative aspects of market area.)</i>			
	The rural homesite and acreage market in Gallatin County is very active at this time. The residential/subdivision market has just exploded with sellers asking higher prices and buyers looking for "the best" deal. Lower priced houses are selling very quickly with marketing times being 1 to 2 days in some instances. The more expensive houses with asking prices of \$500,000 or more have a longer marketing times. Buyers are being very selective in the higher priced market, \$600,000+ but selection is also very limited; thus driving up demand. It appears that the properties with acreage (3+ acres) are limited but also the lower quality properties with acreage are being looked over and are having longer marketing times due to the buyers being more selective and doing their due diligence. The larger acreage properties with nicer homes and better cared for properties are selling fairly quickly due to the lack of nicer quality inventory. Sold properties in Bear Canyon were found from 2016 to 2018. No 2019 sales were found. Once outside of Bear Canyon there were several 2019 sales; however, Bear Canyon has a notoriety surrounding the area and because of this, properties typically sell very quickly if listed on the open market.		The rural homesite and acreage market in Gallatin County is very active at this time. The residential/subdivision market has just exploded with sellers asking higher prices and buyers looking for "the best" deal. Lower priced houses are selling very quickly with marketing times being 1 to 2 days in some instances. The more expensive houses with asking prices of \$500,000 or more have a longer marketing times. Buyers are being very selective in the higher priced market, \$600,000+ but selection is also very limited; thus driving up demand. It appears that the properties with acreage (3+ acres) are limited but also the lower quality properties with acreage are being looked over and are having longer marketing times due to the buyers being more selective and doing their due diligence. The larger acreage properties with nicer homes and better cared for properties are selling fairly quickly due to the lack of nicer quality inventory. Sold properties in Bear Canyon were found from 2016 to 2018. No 2019 sales were found. Once outside of Bear Canyon there were several 2019 sales; however, Bear Canyon has a notoriety surrounding the area and because of this, properties typically sell very quickly if listed on the open market.			

Location Map





Parcel Map



COS 2989

**CERTIFICATE OF SURVEY NO. 2989**

A TRACT OF LAND LOCATED WITHIN THE NORTH EAST ONE QUARTER OF SECTION 1, TOWNSHIP 3 SOUTH, RANGE 6 EAST  
PRINCIPAL MERIDIAN MONTANA, GALLATIN COUNTY, MONTANA  
PURPOSE OF SURVEY: TO CREATE A PARCEL WITHIN STATE OWNED LAND THAT IS EXEMPT FROM SUBDIVISION REVIEW PER MCA 77-2-318(2).  
SURVEY COMMISSIONED BY: STATE OF MONTANA, DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION.

**PROPERTY DESCRIPTION**  
A tract of land located in the North East one quarter of Section 1, Township 3 South, Range 6 East, Principal Meridian Montana, Gallatin County, Montana and more particularly described as follows:

Beginning at the Point of Beginning (P.O.B.) which is the West corner of said tract:  
 • thence N 43° 20' 58" E for a distance of 405.10 feet to a point;  
 • thence S 45° 37' 57" E for a distance of 30.00 feet to a point;  
 • thence S 39° 20' 00" W for a distance of 31.91 feet to a point;  
 • thence S 15° 19' 28" W for a distance of 17.56 feet to a point;  
 • thence S 47° 35' 51" W for a distance of 14.90 feet to a point;  
 • thence S 23° 01' 35" W for a distance of 104.82 feet to a point;  
 • thence S 11° 00' 27" E for a distance of 43.58 feet to a point;  
 • thence S 33° 15' 20" E for a distance of 38.06 feet to a point;  
 • thence S 18° 00' 15" W for a distance of 83.78 feet to a point;  
 • thence S 48° 11' 34" W for a distance of 118.30 feet to a point;  
 • thence N 32° 58' 04" W for a distance of 181.24 feet to the P.O.B.

Said area being 44584 Square Feet, or 1.02 acres more or less, along with and subject to all easements of record or apparent on the ground.

**CERTIFICATE OF EXEMPTION**  
(See of Landed Cabin or Home Site and Montana Department of Environmental Quality Review)  
I certify that the purpose of this survey is to create a parcel of land pursuant to M.C.A. Section 77-2-318(2) which states: "The sale of a cabin or home site is exempt from the subdivision laws, except that the development of any new, replacement, or additional water supply or sewage disposal system on the property must be approved pursuant to the review procedure, fee, and other requirements of Title 76, chapter 4, part 1."

By: John E. Tubbs  
Signature  
Title: Director, Montana Department of Natural Resources and Conservation

STATE OF MONTANA )  
County of Blaine ) ss.  
I, Beth Demers  
Printed Name: Beth Demers  
History Public for the State of Montana  
Residing at Bozeman Montana  
My Commission Expires Oct 22 2021

**CERTIFICATE OF SURVEYOR**  
I, the undersigned Professional Land Surveyor, do hereby certify that I supervised the survey, plotting and description of the tract shown on the accompanying Certificate of Survey in accordance with the provisions of the Montana Subdivision and Platting Act, Section 76-3-101 through 76-3-614, M.C.A., and the Gallatin County Subdivision Regulations.

DATED this 5th day of February 2019.  
John R. Pugh  
John R. Pugh  
15626 LS

**CERTIFICATE OF COUNTY TREASURER**  
I, Treasurer of Gallatin County, Montana, do hereby certify that the accompanying Certificate of Survey has been duly examined and that all real property taxes and special assessments assessed and levied on the subject land have been paid.

DATED this 6th day of March 2019.  
Denise Gabel, Deputy  
Treasurer Gallatin County

**CERTIFICATE OF CLERK AND RECORDER**  
I, Clerk and Recorder of Gallatin County, Montana, do hereby certify that the foregoing instrument was filed in my office on page 2639369 of this 6th day of March, A.D., 2019, and recorded in book 102 of Plate on page 2639369. Records of the County Clerk and Recorder, Gallatin County, Montana.

DATED this 13th day of March 2019.  
John R. Pugh  
Clerk & Recorder Gallatin County

**STAHLY ENGINEERING & ASSOCIATES**  
PROFESSIONAL ENGINEERS & SURVEYORS  
2223 MONTANA AVE. STE. 201  
BELLINGHAM, WA 98101  
Phone: (408) 960-4055  
Fax: (408) 960-4052  
www.stahlyeng.com  
3530 CENTENNIAL DR. STE. 1  
BOZEMAN, MT 59715  
Phone: (408) 442-8084  
Fax: (408) 442-9528

**CERTIFICATE OF SURVEY NO. 2989**  
COUNTY: GALLATIN  
PRINCIPAL MERIDIAN, MONTANA

FIELD WORK: MS, NB, JP  
DRAWN: J. PUGH  
CHECKED: N. FISH  
DATE: 10-12-2019  
PAGE 1 OF 1

**Property Description:** *(Location, use and physical characteristics)* The subject property is located approximately 7 miles southeast of Bozeman. The site is accessed by a county gravel road known as Bear Canyon Road to a private driveway. This private driveway becomes very steep to access the build site and could be considered seasonal without a plow for wintertime. The build site is located above the canyon and overlooks Bear Canyon. The site is heavily timbered with mature timber. The log cabin located on the site is on a post and pillar foundation and has one bedroom and half a bath and appears to be more studio type in the floor plan. There is a storage shed on skids located near the cabin. This structure is given no contributory value. According the Department of Natural Resources and Conservation (DNCR) there is one water right appurtenant to the subject site. This water right is shared with the neighboring site and is for domestic use from a spring with an output of 5 gallons per minute.

Land Use	Deeded Acres	Unit Type	Unit Size	Subject Description:	Above Avg.	Avg.	Below Avg.	N/A
Site	1.00	Site	( 100.0%)	Location	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			( 0.0%)	Legal Access	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			( 0.0%)	Physical Access	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			( 0.0%)	Contiguity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			( 0.0%)	Shape/Ease Mgt.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			( 0.0%)	Adequacy Utilities	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			( 0.0%)	Services	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			( 0.0%)	Rentability	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			( 0.0%)	Compatibility	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			( 0.0%)	Market Appeal	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			( 0.0%)	FEMA Zone/Date	9/11/2011			
<b>Total Deeded Acres</b>	1.00	<b>Total Units</b>	0.00	Building Location				
<b>Climatic:</b>	20-36	" Annual Precipitation	5396	' to	5430	' Elevation	90	Frost-Free Days
<b>Utilities:</b>	Well	Water	NW	Electric	Septic	Sewer	NG	Gas
<b>Distance To:</b>	10	Schools	20	Hospital	20	Markets	7	Major Hwy.
								Cnty Lnk Telephone Service Center

**Comments** There are no hazards or detriments that materially affect the value of the subject property. The subject is susceptible to the area weather but the surrounding area receives the same type of weather. The weed liability on the property is average for this unit in this area. Given the date of inspection, grass and weeds have not yet started growing so the amount and type that might exist is unknown. Should this be of concern, a weed specialist should be engaged to inspect the weeds during the growing season in order to estimate the expected liability. This appraisal assumes that the weeds are not toxic and the appraiser reserves the right to update the appraisal should the area found to be hazardous. The Appraiser is not an expert in either the detection of hazardous or toxic substances or structural engineering, and did not conduct an environmental audit of the subject property. The property is being appraised assuming there are no toxic or hazardous substances present or associated with the subject property that would affect value. The Appraiser reserves the right to reassess the situation and adjust values if deemed necessary.

## Subject Improvement Description

Type	Size	Construction	Qty	Foundation	Roof	Floor	Exterior	Act Age	Eff Age	Rem Life	Con-formity	Utility	Cond
Cabin	384	Wood	Avg	Post & Pillar	Metal	Wood	Log	30	20	40	A	F	F/A

<b>Primary Impvt Detail</b>	Cabin		
Address	3525 Bear Canyon Road Bozeman, MT 59715		
Effective Age	20		
Effective Unit Type	SF		
Effective Size	384		
Design & Appeal	Log Cabin		
Quality of Construction	Avg		
Rooms Above Grade	Total	Bdrms	Baths
	3	1	1/2
Basement	None		
Finished Bsmt	None		
Utility	F		
Condition	F/A		
Heating/Cooling	Wood Stove		
Energy Efficient Items	Propane		
Garage/Carport	None		
Porch, Patio, Deck	Porch		
Fireplace(s), etc	Wood Stove		



Cabin is a one bedroom, half bath structure, with a metal roof and wood heat and a propane wall unit for backup. Cabin is on a post and pillar foundation. Minimal landscaping. Very steep access and could be considered seasonal without a plow.

**Site Improvements** Minimal landscaping.

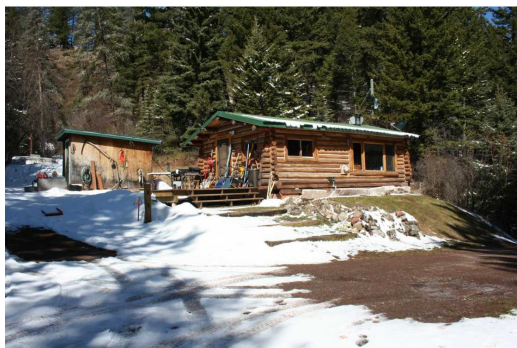
	Above Avg	Avg	Below Avg	N/A
Overall Structural Balance	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Overall Structural Condition	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Improvement Rating	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Overall Property Rating	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Overall building REL	25 years			



Aerial Map



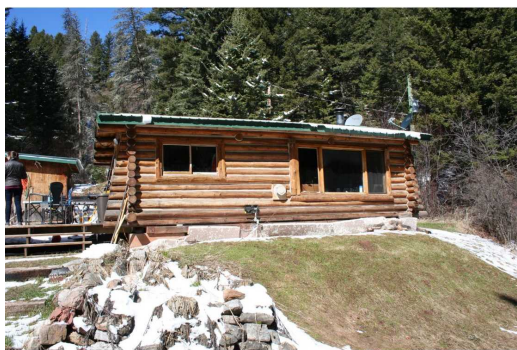




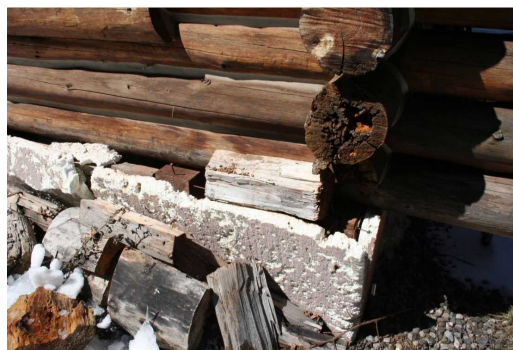
View is northwest from near the south boundary towards the cabin.



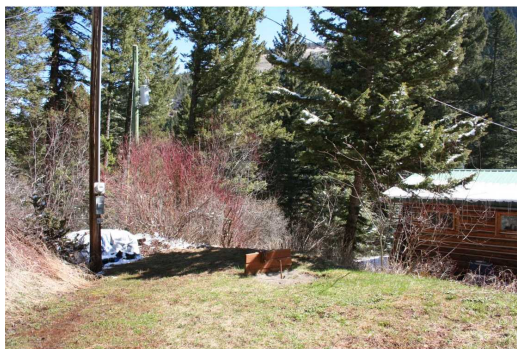
View is along the south boundary.



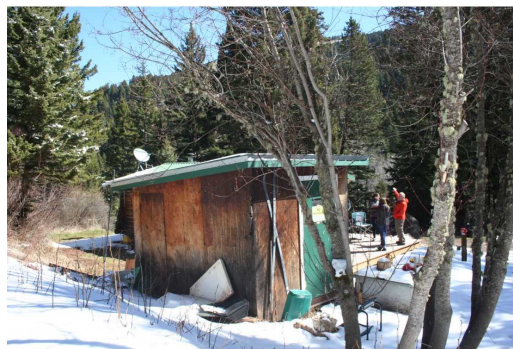
View of the cabin.



Example of the post and pillar foundation.



View is northeast along the northeast boundary.



View of the shed on skids. No CV



View from the Bear Canyon Road of the subject's driveway.



Creek along the driveway and the southern boundary.



View from the top of the driveway near the improvements



View of the creek behind the subject property.



History	<input type="checkbox"/> Ownership Longer Than _____ Years					
		Owner	Recording/Reference	Date	Price Paid	Terms
	<b>Previous:</b>	John Krawiec			\$	
	<b>Present:</b>	Jonathan Moran	Unknown	11/2016	\$ 55,000	Cash
Zoning	<b>Current Zoning:</b> Bozeman Pass ZD <b>Zoning Conformity:</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No					
	<b>Zoning Change:</b> <input checked="" type="checkbox"/> Unlikely <input type="checkbox"/> Probable   To: _____					
	<b>Comments:</b> Property is zoned AR-80; which is one dwelling per 80 acres. These parcels are grand fathered into the current zoning due to existing in the area prior to the zoning being established.					
Taxes	<b>Tax Basis:</b> <input type="checkbox"/> Agricultural <input checked="" type="checkbox"/> Improved property <input type="checkbox"/> _____		<b>Assessment Year</b> 2019 Land      \$ 193,684 Building(s)      \$ 51,920 _____ \$ _____ <b>Total Assessed Value</b> \$ 245,604		<b>Forecast:</b> Current Tax      \$ 595.47 Estimated/Stabilized      \$ 595.47 Or ( 1.00 Ac.) = \$ 595.47 /acre Trend: <input checked="" type="checkbox"/> Up <input type="checkbox"/> Down <input type="checkbox"/> Stable	
	Parcel #: 00RHH13677					
	<b>Comments:</b> Land is owned by the State of Montana and the Lessee owns the buildings. The Lessee is only currently paying taxes, indicated above, on the improvements.					
Highest & Best Use Analysis	Highest & Best Use is defined as that reasonable and probable use that supports the highest present value, as defined, as of the effective date of the appraisal. Alternatively, that use, from among reasonably probable and legally alternative uses, found to be physically possible, appropriately supported, financially feasible, and which results in the highest land value.					
	<b>Analysis:</b> <i>(Discuss legally permissible, physically possible, financially feasible, and maximally productive uses)</i> The subject property is in the Bozeman Pass Zoning District and is zoned AR-80; which is one dwelling per 80 acres. However, these sites existed prior to the zoning district being established and are grandfathered into the zoning area. The subject consists of 0.59 acres and because of the size of the lot, is limited to a residential homesite being the most legally permissible, physically possible, financially feasible, and maximally productive use of the site as unimproved.					
	<b>Highest and Best Use:</b> "As if" Vacant <u>Residential Homesite</u> "As Improved" <u>Residential Homesite</u>					
	<b>Discussion:</b> The subject property "as improved" follows the same methodology "as if vacant" but takes into account the properties improvements. The subject's improvements still contribute value to the property as a whole and thus, the highest and best use of the property "as improved" is a residential homesite.					
Value Methods	<b>Valuation Methods:</b> <input checked="" type="checkbox"/> Cost Approach <input checked="" type="checkbox"/> Income Approach <input checked="" type="checkbox"/> Sales Comparison Approach (Explain and support exclusion of one or more approaches) The Sales Comparison and Cost Approach is used to determine an opinion of value. The use of the Income Approach is not applicable on a rural residential property nor does it support the value the properties command in this rural homesite type market.					



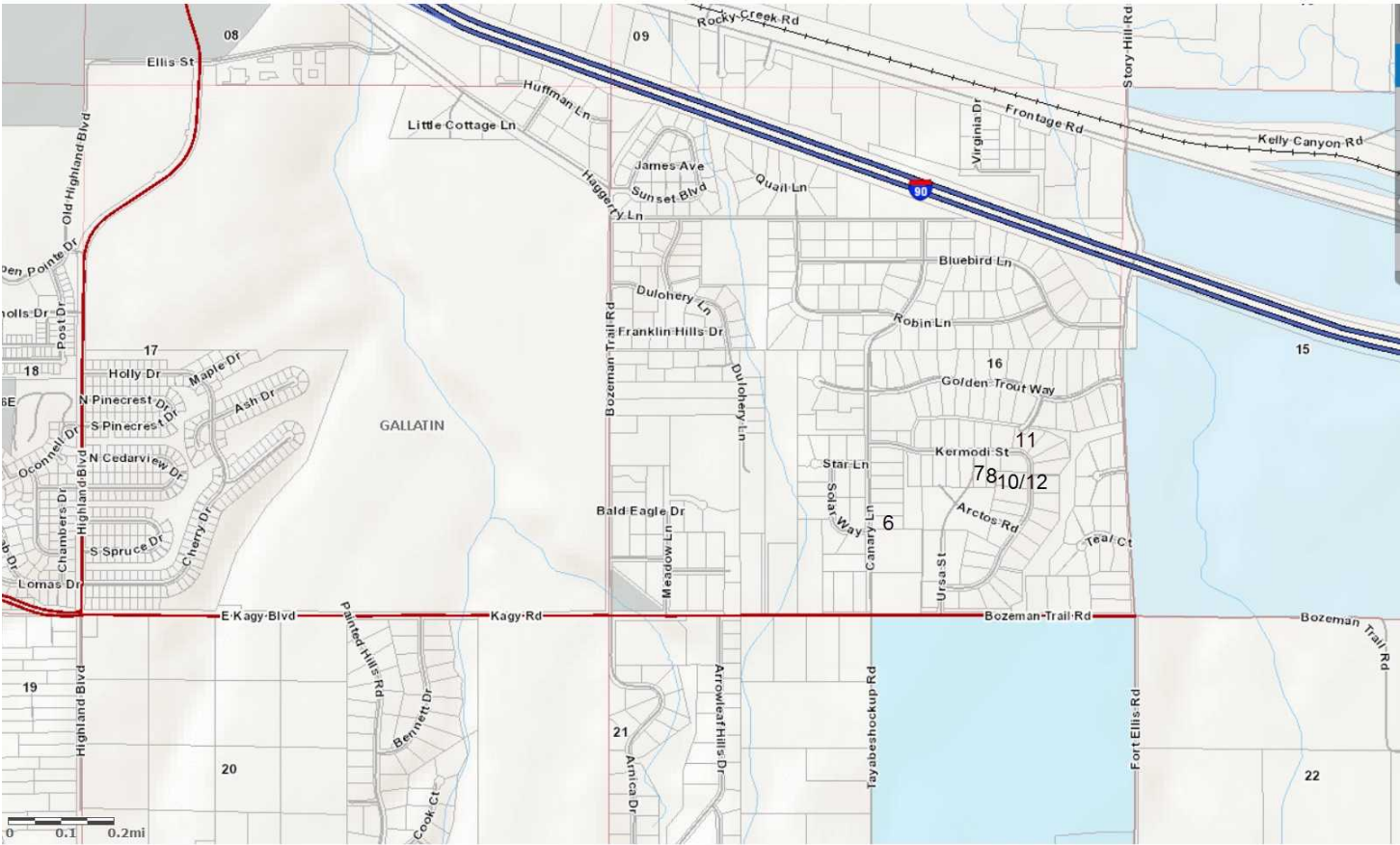




## Vacant Lot Sales

Sale #	Date of Sale	Acres	Sales Price	Time Adj.	Location
6	5/19/2019	1.007	\$217,500.00	Current	Lot 1 Canary
7	4/17/2019	1.007	\$212,000.00	Current	Lot 12 Kermodi
8	8/28/2018	0.911	\$215,000.00	\$ 244,600.00	Lot 13 Kermodi
9	7/30/2018	1.084	\$249,900.00	\$ 288,000.00	32 Hitching Post Rd
10	1/26/2018	1.11	\$158,000.00	\$ 196,800.00	Lot 47 Kermodi
11	9/22/2017	1.13	\$190,000.00	\$ 246,000.00	Lot 8 Kermodi
2160	8/11/2017	2.07	\$145,000.00	\$ 190,000.00	Bear Canyon
12	3/15/2017	1.11	\$134,000.00	\$ 187,500.00	Lot 47 Kermodi
			\$ -		

Map of Vacant Lot Sales



## Sales Comparison Approach

	Subject	Sale			+/- Adj	Sale			+/- Adj	Sale			+/- Adj
Sale #	Time Adj Setting  <input type="checkbox"/> Year <input checked="" type="checkbox"/> Month  <input type="checkbox"/> Simple <input checked="" type="checkbox"/> Compound	2				3				5			
Grantor		Confidential				Confidential				Confidential			
Grantee		Confidential				Confidential				Confidential			
Address		3556 Bear Canyon Rd				3586 Bear Canyon Rd				340 Silver Tip Trail			
		Bozeman, MT				Bozeman, MT				Bozeman, MT			
Sale Price		775,000				550,000				515,000			
CEV Price		775,000				550,000				515,000			
Date		10/18				08/18				06/15			
Market Condition	Adj to Date	Periods	Rate			Periods	Rate			Periods	Rate		
		6	1.30		+62,449	8	1.30		+59,871	41	1.30		+359,570

### Land Adjustments

Homesite Acres	1.00	1.00			1.00			1.00		
Excess Acres	0.00	0.00			0.00			0.00		
Excess Difference		+/- Acres	\$/Acre		+/- Acres	\$/Acre		+/- Acres	\$/Acre	
		0			0			0		
Legal Access	Yes	Cnty Gravel			Cnty Gravel			Sub. Gravel		
Physical Access	Yes	Yes			Yes			Yes		

### Primary Improvement Adjustment

Effective Age	20	21			33			12		
SF	384	1599		-237,000	1806		-277,300	2228		-360,000
Contrib/Eff Size		278.69			99.00			160.00		
Design & Appeal	Log Cabin	Ranch style			Log Cabin			2 story		
Qlty of Constr	Avg	Good			Good			Avg		
Rooms	Total Bdrms Baths	Total Bdrms Baths		Total Bdrms Baths		Total Bdrms Baths		Total Bdrms Baths		
Above Grade	3 1 1/2	8 1 1.5		11 3 1.75		11 3 2.5				
Basement	None	1448		-145,000	560		-16,800	None		
Finished Bsmt	None	Yes			No			none		
Utility	F	VG			Avg			Avg		
Condition	F/A	VG		-200,000	Avg		-175,000	Avg		-175,000
Heating/Cooling	Wood Stove	Radiant			Propane FA			Hot water BB; NG		
Energy Eff Items	Propane	NG; Hot Water BB			Wood			NG		
Garage/Carport	None	2 Attached			4 Detached			2 Attached		
Porch, Patio, Dk	Porch	Yes-several			Yes			Deck		
Fireplace(s), etc	Wood Stove	Yes			Yes			Yes		

### Additional Adjustments

Other Impvts							
Location	End Bear Canyon	End of Bear Canyon	0	End of Bear Canyon	0	Bear Claw	-100,000
Utilities	Yes	Yes		Yes		Yes	
View	Average	Average		Average		Average	

### Summary

CEV Price			775,000		550,000		515,000
Total Net Adj		G=83% N=-67%	-519,551	G=96% N=-74%	-409,229	G=193% N=-53%	-275,430
Adj CEV Price			255,449		140,771		239,570

See next page

**Sales Comparison Indication:**
**\$** 255,000



## Sales Comparison Comments

Of the five comparable sales, Sales 2, 3, and 5 are the most comparable improved sales to the subject property. Once the same time adjustment is applied a square footage adjustment was made based on the difference between the sale property and the subject, multiplied by \$195/square foot. A similar adjustment was made for the basements in the sale properties based on finished square foot at \$100/square foot and \$30/square foot for unfinished basement area. An additional pairing was made to determine the condition of the improvements. The subject is in fair to average condition, while all three comparables are in average to very good condition. A negative \$200,000 was applied to Sale 2 for the very good condition, while a negative \$175,000 adjustment was made to Sales 3 and 5 for their average condition. Additional pairings, indicate that Sale 5 is superior for location as it sits at the top of the ridge overlooking Bear Canyon. A negative \$100,000 adjustment is concluded and applied to Sale 5 for the superior location. Once these adjustments are made, the three sales indicate a range between \$140,000 and \$256,000 for the subject property. Given the subject property's overall condition and ideal build site, a value near the top of the range is concluded. Thus, a final opinion of value in the Sales Comparison approach is concluded to be \$255,000.

## Reconciliation and Opinion of Value

Summary

<b>Cost Approach</b> .....	\$	250,000
<b>Income Approach</b> .....	\$	N/A
<b>Sales Comparison Approach</b> .....	\$	255,000

Discussion &amp; Correlation of Values

**Analysis of Each Approach and Opinion of Value:** Strengths and weaknesses of each approach must be redressed correlating the final estimate from the indicated values. It should be noted that an appraisal utilizes all of the data available, therefore each lends support for the other approaches.

The COST APPROACH is most applicable when appraised property's improvements are new and represent the highest and best use of the land. Additionally, the Cost Approach is useful when there is a good bank of open land sales that are dependable and reliable and when the costing information is from excellent sources. Vacant lot sales were sought out in the market to determine a vacant land price for the subject property. And cost information to rebuild the subject property's house was determined from interviews with local builder and contractor as well as the Marshall & Swift Cost Guide. The Cost Approach is a strong indicator of value in this market.

The INCOME APPROACH is limited by the anticipated income stream and the expected rate of return. Homesite properties in the market area do not have any viable economic use relative to rental values; as the rents paid do not support the market prices seen the area. As such, a valuation of the subject property by the Income Approach is not applicable.

The SALES COMPARISON APPROACH is based on a direct comparison of similar properties which have sold in the subject area or a competing area. Given the nature of the market, similar properties for direct pairings were not available for adjustments for all factors of value but there was the ability to identify market supported adjustments for the components or factors affecting value as identified. The Sales Comparison Approach was utilized in this report and is felt to be a reliable approach to value given that it is relied upon heavily by buyers and sellers and the nature of the quantity and quality of data available.

The sales used are sales that possess features and characteristics generally similar to those of the appraised property. This sales data was used within the Cost and Sales Comparison approach to value and reflect a relatively narrow range that lends a higher degree of confidence to the final appraised value. The Cost Approach is relied upon the most because it is felt that it is more representative of the area market given the fair to average condition of the subject's improvements. Therefore, the final opinion of value for the subject property with an effective date of May 1, 2019 is \$250,000. The site value is \$200,000, while the improvements have a contributory value of \$50,000.

Allocation of Value

<b>Opinion Of Value -</b>	(Estimated Marketing Time	4-12	months, see attached)	\$	250,000
Cost of Repairs	\$				
Cost of Additions	\$				
<b>Allocation:</b>	(Total Deeded Units: 1.00)	Land:	\$ 200,000	\$ 200,000 /	Site ( 80 %)
		Land Improvements:	\$ 0	\$ 0 /	( 0 %)
		Structural Improvement Contribution:	\$ 50,000	\$ 50,000 /	( 20 %)
<b>Value Estimate of Non-Realty Items:</b>					
Value of Personal Property (local market basis)	\$				
Value of Other Non-Realty Interests:	\$				
Non-Realty Items:	\$		\$ 0 /	( 0 %)	
Leased Fee Value (Remaining Term of Encumbrance)	\$		\$ 0 /	( 0 %)	
Leasehold Value	\$		\$ 0 /	( 0 %)	
Overall Value	\$	250,000	\$ 250,000 /	Total ( 100 %)	

## Assumptions and Limiting Conditions

The certification of the Appraiser(s) appearing in the appraisal report is subject to the following conditions and to such other specific and limiting conditions as are set forth in the report.

1. The Appraiser(s) assume no responsibility for matters of a legal nature affecting the property appraised or the title thereto, nor does the Appraiser(s) render any opinion as to title, which is assumed to be good and marketable. The property is appraised as though under responsible ownership.
2. Sketches in the report may show approximate dimensions and are included only to assist the reader in visualizing the property. The Appraiser(s) have made no survey of the property. Drawings and/or plats are not represented as an engineer's work product, nor are they provided for legal reference.
3. The Appraiser(s) are not required to give testimony or appear in court because of having made the appraisal with reference to the property in question, unless arrangements have been previously made.
4. Any distribution of the valuation in the report applies only under the existing program of utilization. The separate valuations of components must not be used outside of this appraisal and are invalid if so used.
5. The Appraiser(s) have, in the process of exercising due diligence, requested, reviewed, and considered information provided by the ownership of the property and client, and the Appraiser(s) have relied on such information and assumes there are no hidden or unapparent conditions of the property, subsoil, or structures, which would render it more or less valuable. The Appraiser(s) assume no responsibility for such conditions, for engineering which might be required to discover such factors, or the cost of discovery or correction.
6. While the Appraiser(s) ☒ have ☐ have not inspected the subject property and ☒ have ☐ have not considered the information developed in the course of such inspection, together with the information provided by the ownership and client, the Appraiser(s) are not qualified to verify or detect the presence of hazardous substances by visual inspection or otherwise, nor qualified to determine the effect, if any, of known or unknown substances present. Unless otherwise stated, the final value conclusion is based on the subject property being free of hazardous waste contaminations, and it is specifically assumed that present and subsequent ownerships will exercise due diligence to ensure that the property does not become otherwise contaminated.
7. Information, estimates, and opinions furnished to the Appraiser(s), and contained in the report, were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy of such items furnished the Appraiser(s) can be assumed by the Appraiser(s).
8. Unless specifically cited, no value has been allocated to mineral rights or deposits.
9. Water requirements and information provided has been relied on and, unless otherwise stated, it is assumed that:
  - a. All water rights to the property have been secured or perfected, that there are no adverse easements or encumbrances, and the property complies with Bureau of Reclamation or other state and federal agencies;
  - b. Irrigation and domestic water and drainage system components, including distribution equipment and piping, are real estate fixtures;
  - c. Any mobile surface piping or equipment essential for water distribution, recovery, or drainage is secured with the title to real estate; and
  - d. Title to all such property conveys with the land.
10. Disclosure of the contents of this report is governed by applicable law and/or by the Bylaws and Regulations of the professional appraisal organization(s) with which the Appraiser(s) are affiliated.
11. Neither all nor any part of the report, or copy thereof, shall be used for any purposes by anyone but the client specified in the report without the written consent of the Appraiser.
12. Where the appraisal conclusions are subject to satisfactory completion, repairs, or alterations, the appraisal report and value conclusion are contingent upon completion of the improvements in a workmanlike manner consistent with the plans, specifications and/or scope of work relied upon in the appraisal.
13. Acreage of land types and measurements of improvements are based on physical inspection of the subject property unless otherwise noted in this appraisal report.
14. EXCLUSIONS. The Appraiser(s) considered and used the three independent approaches to value (cost, income, and sales comparison) where applicable in valuing the resources of the subject property for determining a final value conclusion. Explanation for the exclusion of any of the three independent approaches to value in determining a final value conclusion has been disclosed in this report.
15. SCOPE OF WORK RULE. The scope of work was developed based on information from the client. This appraisal and report was prepared for the client, at their sole discretion, within the framework of the intended use. The use of the appraisal and report for any other purpose, or use by any party not identified as an intended user, is beyond the scope of work contemplated in the appraisal, and does not create an obligation for the Appraiser.
16. Acceptance of the report by the client constitutes acceptance of all assumptions and limiting conditions contained in the report.
17. Other Contingent and Limiting Conditions:

## Appraiser Certification

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

1. the statements of fact contained in this report are true and correct.
2. the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial and unbiased professional analysis, opinions, and conclusions.
3. I have ☒ no ☐ the specified present or prospective interest in the property that is the subject of this report and I have ☒ no ☐ the specified personal interest with respect to the parties involved.
4. I have performed ☒ no ☐ the specified services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
5. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. my engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. my compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. my analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
9. I ☒ have ☐ have not made a personal inspection of the property that is the subject of this report.
10. ☒ no one ☐ the specified persons provided significant real property appraisal assistance to the person signing this certification.
11. Mrs. Rickett is a General Certified Real Estate Appraiser, Montana Certificate #REA-RAG-LIC-650.

Effective Date of Appraisal: May 1, 2019

Opinion of Value: \$ 250,000

**Appraiser:**

Signature: Katie Rickett

Name:

Katie Rickett, A.R.A.

License #:

Certification #: MT Certified General REA-RAG-LIC-650

ASFMRA

ASFMRA Member # 1664

Date Signed: May 17, 2019

Property Inspection: ☒ Yes ☐ No

Inspection Date:

May 1, 2019

Appraiser has ☒ inspected ☒ verified ☒ analyzed the sales contained herein.

## **ADDENDA**

Exhibit 10 - Statement of Land Status & COS

Exhibit 11 - Water Rights

Exhibit 12 - Appraiser Qualifications

Exhibit 13 - Sales

# EXHIBIT 10

## STATEMENT OF LAND STATUS

STATE OF MONTANA     )  
                                      : SS  
County of Gallatin     )

Renee Kelley, having first been duly sworn, deposes and says:

1. I am the custodian of the records for the Trust Land Management Division of the Montana Department of Natural Resources and Conservation;
2. I have examined the land records of the State of Montana on file in our office in Helena, Montana, that may affect title of the State of Montana in and to the following described real property:

**Section 1, Township 3 South, Range 6 East  
Tract 2, COS 2989, containing 1.02 acres, more or less.**

Title vested in the State of Montana on July 1, 1892 by the General Land Office as evidenced by US Patent No. 1, as previously described in a conveyance to the State of Montana filed in the records of the Gallatin County Clerk and Recorder's office on June 14, 1913 at Book 48 of Deeds, Page 589.

3. I have found no instrument, conveyance, encumbrance, lien for taxes, costs, interest, or judgment affecting the title of the State of Montana to the above-described property in the above-described land records, except for the following:

**Residential Lease No. 3071958 issued September 1, 2016 to Jonathan C. Moran and expiring February 28, 2031;  
Easement No. D-10416 issued July 13, 2001 to Francis J. Noel, III, for a private access road;  
Easement No. D-10108 issued October 28, 1998 to William H. Oyler Family Trust for a private access road, including a buried telephone line and an overhead electric distribution powerline;  
Easement No. D-12499 issued August 13, 2007 to Qwest Communications for a buried telecommunications distribution line;  
Easement No. D-14509 issued April 13, 2013 to the United States of America (USFS) for public trail;  
Easement No. D-14911 issued December 15, 2014 to Kenny A. and Christina W. Wood for a private access road to a single family residence and associated outbuildings;  
Easement No. D-15720 issued February 15, 2017 to Francis J. Noel, III, and Joanne Mannell Noel for encroaching outbuildings and improvements associated with a single family residence;  
Easement No. D-07195 issued February 6, 1979 to Dearl H. Buckley for a private access road;**



**Easement No. D-08205 issued October 3, 1984 to Mountain States Telephone and Telegraph Company (US West Communications) for a buried telephone cable;**

**Easement No. D-08643 issued September 14, 1987 to Edwin and Helen St. Cin for an existing domestic water pipeline.**

4. I have not reviewed any mineral locations made under the authority of the Revised Statutes of the United States;
5. Your use of this information is at your own risk, and confirms that DNRC will not be held liable for any errors or missing omissions contained in the content of this information.  
This concludes the affidavit of Renee Kelley.

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2019

\_\_\_\_\_  
Renee Kelley, Real Estate Sales Specialist  
Trust Land Management Division

State of Montana  
County of Lewis & Clark

Signed and acknowledged before me on the date referenced above by Renee Kelley.

\_\_\_\_\_  
Notary Public for the State of Montana.  
Residing at \_\_\_\_\_.  
My commission expires \_\_\_\_\_.



# EXHIBIT 11

STATE OF MONTANA  
DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION  
1424 9TH AVENUE P.O.BOX 201601 HELENA, MONTANA 59620-1601  
**GENERAL ABSTRACT**

**Water Right Number:** 41H 10821-00 STATEMENT OF CLAIM  
**Version:** 2 -- REEXAMINED

**Version Status:** ACTIVE

**Owners:** MONTANA, STATE OF BOARD OF LAND COMMISSIONERS  
TRUST LAND MANAGEMENT DIVISION  
PO BOX 201601  
HELENA, MT 59620-1601

**Priority Date:** APRIL 15, 1958

**Enforceable Priority Date:** APRIL 15, 1958

**Type of Historical Right:** USE

**Purpose (use):** DOMESTIC

**Maximum Flow Rate:** 5.00 GPM

**Maximum Volume:** 2.00 AC-FT

**Households:** 2

**Source Name:** SPRING, UNNAMED TRIBUTARY OF BEAR CREEK

**Source Type:** GROUNDWATER

**Point of Diversion and Means of Diversion:**

<u>ID</u>	<u>Govt Lot</u>	<u>Qtr</u> <u>Sec</u>	<u>Sec</u>	<u>Twp</u>	<u>Rge</u>	<u>County</u>
1		SE	NW	1	3S	6E GALLATIN

**Period of Diversion:** JANUARY 1 TO DECEMBER 31

**Diversion Means:** PUMP

**Period of Use:** JANUARY 1 to DECEMBER 31

**Place of Use:**

<u>ID</u>	<u>Acres</u>	<u>Govt Lot</u>	<u>Qtr</u> <u>Sec</u>	<u>Sec</u>	<u>Twp</u>	<u>Rge</u>	<u>County</u>
1			SE	NW	1	3S	6E GALLATIN

**Remarks:**

STARTING IN 2008, PERIOD OF DIVERSION WAS ADDED TO MOST CLAIM ABSTRACTS, INCLUDING THIS ONE.

# EXHIBIT 12

## **KATIE RICKETT, A.R.A.**

P.O. Box 691

Belgrade, MT 59714

(406)388-0570 Office; (406)570-4450 Cell

Montana Certified General Appraiser # REA-RAG-LIC-650

Accredited Rural Appraiser (A.R.A.) & Member of ASFMRA Accredited #1664

[Katie@JKranchappraisals.com](mailto:Katie@JKranchappraisals.com); [www.jkappraisalandconsulting.com](http://www.jkappraisalandconsulting.com)



### **EDUCATION**

#### **Colorado State University, Fort Collins, Colorado**

Bachelor of Science Degree: Equine Science (Science Concentration) 1996

#### **University of Colorado at Boulder Continuing Education, Boulder, Colorado**

Registered Real Estate Appraiser.

\*NCRE 200-411 Registered Appraiser (40 hours) 1998 \*NCRE 201-411 Basic Appraisal Applications (24 hours) 1998 \*NCRE 208-411 Standards and Ethics (16 hours) 1998

#### **American Society of Farm Managers and Rural Appraisers (ASFMRA):**

\* A-10, 6/1999, Austin, TX (40 Hrs) \* A-20, 8/99, St. Cloud, MN (44 Hrs) \* A-12, 1/00, Billings, MT (16 Hrs) \* ALL215, 9/00, Manhattan Beach, CA (30 Hrs) \* A-12 Part 1 ASFMRA Ethics & Part 3- USPAP (7 Hrs); 2/03 \* ASFMRA- Federal Land Exchange & Acquisitions Course 4/03 (20 Hrs) \* A-25, 4/04, Boise, Idaho (20 Hrs) \* A-29, 4/04, Boise, Idaho (15 Hrs) \* ASFMRA- Timber & Timberland Valuation, 1/05, Portland, OR (8 Hrs) \* UASFLA-“Yellow Book”, 2/05, Portland, OR (8 Hrs) \* ASFMRA- Appraising Agricultural Land in Transition, 2/06 (12 Hrs) \* A-27- Income Capitalization, Indianapolis, IN, 3/06 (28 Hrs) \* A-114, USPAP Course, 10/06, Great Falls, MT (7 Hrs) \* A-30, 6/07, Denver, CO. (47.5 Hrs) \* Valuation of Conservation Easements, 1/08, ASFMRA & AI (33 Hrs) \* A-114, 7 Hour USPAP Update Course, 2/08, Billings, MT (7 Hrs) \* UASFLA-“Yellow Book”, 10/08, Billings, MT (22 Hrs) \* Uniform Agricultural Appraisal Report, 5/08, Piedmont, SD (16 Hrs) \*What’s Missing in Appraisal Reports, 2/09, Bozeman, MT (4 Hrs) \*Wind Leases-The Basic Rights of Ownership, 2/09, Bozeman, MT (2 Hrs) \* Update of Montana Water Rights, 2/09, Bozeman, MT (2 Hrs) \*ASFMRA- Code of Ethics Webinar, 8/09 (4 Hrs) \* A-114, 7 Hour USPAP 2010-2011 Update Course, 2/10, Billings, MT (7 Hrs) \* iKuw Adobe Acrobat 9 Professional, 4/11 (12 Hrs) \* ASFMRA AFO/CAFO, 2/11, Bozeman, MT (4 Hrs) \* ASFMRA- Ag Trends in Ag Finance, 2/11, Bozeman, MT (2 Hrs) \* McKissock-Appraising Manufactured Homes, 9/11, Online, (7 Hrs) \*McKissock- Appraising FHA Today, 9/11, Online, (7 Hrs) \*GIS for Real Estate and Appraisal, 2/12 Billings, MT (4 Hrs) \* Montana Access and Easement Law, 2/12 Billings, MT (4 Hrs) \* A-114, 2012-2013 USPAP Update Course 2/12 , Billings, MT (7 Hrs)\* Cost Approach Online, 6/13 (A120) (30 Hrs) \* ASFMRA Ethics, 2/14 (4 Hrs) \* DNRC Water Rights, 2/14 (4 Hrs) \* 7- Hour National USPAP Update 2/14 (7 Hrs) \* 7-Hour National USPAP Update 2/16 (7 Hrs) \* Rural Case Studies 2/16 (8 Hrs) \*CE Valuation Workshop 4/16 (5 Hrs) \*BBER Seminar 2/17 (5 Hrs) \*The Valuation of Intangible & Non-Financial Assets 2/17 (11 Hrs) \* Income Approach Applications 2/17 (4 Hrs) \*7-Hour National 2018-2019 USPAP Course 1/18 (7 Hrs) \*Report Writing 1/18 (8 Hrs) \*BBER Seminar 2/18 (5 Hrs) \*Uniform Appraisal Standards for Federal Land Acquisitions 5/18 (14 Hrs) \*BBER Seminar 2/19 (5 Hrs) \*Valuing Rural America 2/19 (8 Hours)

## EXPERIENCES

**JK Appraisal & Consulting, LLC:** Belgrade, MT Owner, President, (11/07 to Current)

\* Responsibilities encompass all aspects of appraising duties. Specializing in agriculture, recreational, and other types of rural properties, including Federal acquisitions compliant with Uniform Standards for Federal Land Acquisitions a.k.a. Yellow Book appraisals; rural properties, inholdings, & conservation easements; Full narratives and Ag-Ware Form reports.

**Associate Appraiser:** Sub-Contract Appraiser with Terra Western Associates (11/07 to 7/14), Bozeman, MT

\* Responsibilities encompass all aspects of appraising duties. Specializing in agricultural, recreational, conservation easements, and other types of rural properties. Services include real estate appraisal, financial feasibility consulting, cash flow projections, and day-to-day management consulting.

**Qualified Appraiser:** United State Forest Service, Bozeman, MT (3/00- 10/07)

\* Responsibilities encompassed all aspects of appraising duties. Specializing in Uniform Appraisal Standards for Federal Land Acquisitions (Yellow Book) Appraisals for Federal acquisitions, land exchanges, right-of-ways, and inholdings.

**Apprentice Appraiser:** Hall-Widdoss & Co., Inc. South Dakota (8/98-3/2000)

\* Hall-Widdoss & Co., Inc. has been conducting business since 1983. Covering the States of Montana, Idaho, Wyoming, Nebraska, and the Dakotas. The firm specializes in urban investment property, agriculture, recreational, and subdivision land appraisals. Appraisal work involved market value estimates for commercial, industrial, rural, recreational, mountain development, gaming (casino), mineral, and residential properties. The firm also has a vast experience with government trades and acquisitions. My duties included the mapping of legal descriptions, entering, confirming, and analyzing sales data, collection of courthouse information, and general property research. I completed numerous residential appraisals, aided with the development of appraisals performed for proposed acquisition/condemnation by DM&E Railroad; surface rights appraisals for Peabody Coal Company and various others. These included farms, ranches, and rural properties in Wyoming and South Dakota. I held South Dakota license number 666SR-2002 as a State Registered Appraiser

**Apprentice Appraiser:** Agribiz Appraisal & Consulting, Inc., Kim Colvin, A.R.A., President; Luther Appraisal Services, George Luther, Jr., A.R.A., President

\* Subcontracted to perform basic appraisal duties. Researching sales, mapping of legal descriptions, proof reading reports, verifying sales with buyers, sellers, and agents. Also performed courthouse research, as well as, meeting with realtors to obtain sales information. Began to perform rural appraisals, using the three approaches to value.

**Apprentice Appraiser:** O'Neil & Co.: (1/98-7/98)

\* During my employment I researched recent sales through the use of the Multiple Listing Service and the courthouse. I assisted in several appraisals by helping with measurements, pictures, and walk through of the subject property. I also observed and participated in the development of reports. I learned how to determine soil quality and productivity through the use of soil surveys and aerial photos.