

APPRAISAL OF
McCone Cabin Site
20.60 Total Deeded Acres
McCone County, Montana

CLIENT
State of Montana
P. O. Box 201601
Helena, MT 59620

INTENDED USER
State of Montana & Michael Thoeny
P. O. Box 201601
Helena, MT 59620

PREPARED BY
ROBERT STROH, APPRAISER TRAINEE
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Effective Date: July 10, 2019
Report Date: August 19, 2019

Luther Appraisal Services, Inc.

Real Estate Appraisal • Consulting • Management

P.O. Box 1745 • Miles City, MT 59301-1745
(406) 234-5201 • FAX (406) 234-9730

August 19, 2019

State of Montana
Attn: Ms. Kelly Motichka
P. O. Box 201601
Helena, MT 59620

Dear Ms. Motichka:

At your request we have completed an inspection and appraisal of the McCone Cabin Site located 9.8 miles southwest of Brockway, in McCone County, Montana.

The report transmitted herewith is composed of 26 pages, plus addendum, covering the findings, facts, and conclusions from the inspection of the property and investigation of market data. The value of the property is defined as market value and the opinion of value is as of July 10, 2019. The market value of the surface estate subject to easements, encumbrances, restrictions, reservations, and conveyances of record as of July 10, 2019 is as follows:

As Vacant (Land Only):	\$ 56,000.00
As Is (Land and Improvements):	\$138,000.00
Building Improvement Contribution:	\$ 82,000.00

The main portion of the report details the development of the market value of the subject and the assumptions and limiting conditions placed on the report by the undersigned. This report has been prepared and governed by the Code of Ethics of the various professional organizations to which we ascribe and the Uniform Standards of Professional Appraisal Practice (USPAP).

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.

The authority for conducting the appraisal was given by Kelly Motichka, Land Section Supervisor, P. O. Box 201601, Helena, MT 59620-1601. The clients are the State of Montana, the Montana Board of Land Commissioners (Land Board), and the Department of Natural Resources and Conservation (DNRC), P. O. Box 201601, Helena, MT 59620-1601. The intended users are the State of Montana, the Montana Board of Land Commissioners (Land Board), the Department of Natural Resources and Conservation (DNRC), P. O. Box 201601, Helena, MT 59620-1601, and the lessee, Michael Thoeny.

The appraisal is subject to the following Extraordinary Assumptions and/or Hypothetical Conditions:

HYPOTHETICAL CONDITIONS:

- a) **Property Rights:** The interest subject to the valuation is that of a fee simple interest as of the effective date of both land and affixed improvements together and the land separate.
- b) **Land:** The land, as through vacant, is considered without any of the affixed land and building improvements.
- c) **Lease:** The existing lease between Michael Thoeny and the State of Montana is considered not to exist on the subject property.

George Luther, Jr.
Accredited Rural Appraiser



EXTRAORDINARY ASSUMPTIONS:

- a) **Subdivision:** It is assumed that the subject property complies with state statutes and rules and regulations governing subdivisions and sanitation.

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

Respectfully submitted,



George Luther, Jr., ARA
Certified General Real Estate Appraiser
Montana Certificate #REA-RAG-LIC-188



Robert Stroh
Montana Appraiser Trainee Real Estate Appraiser
Montana License #REA-RET-LIC-7472

Summary of Salient Facts

Owner of Record: State of Montana
P. O. Box 201601
Helena, MT 59620

Occupant or Lessee: Michael Thoeny

Property Location: 9.8 miles southwest of Brockway

Property Rights Appraised: Fee simple estate subject to any encumbrances, reservations, conveyances, restrictions, and/or easements of record.

Present Use: Cabin Site (Farmstead)

Highest and Best Use (as unimproved): Rural Residential/Part-Time Tract

Highest and Best Use (as improved): Rural Residential/Part-Time Tract

Property Description:

Acreage:

Land Type	Total Acreage
Site	20.60
Total Acres	20.60

Structural Improvements

Quonset, Machine Shed, Grain Bins (6)

Date of Valuation: July 10, 2019
Date of Inspection: July 10, 2019
Date of Photographs: July 10, 2019
Date of Report: August 19, 2019

Sales Comparison Approach:

As Vacant (Land Only): \$ 56,000.00
As Is (Land and Improvements): \$138,000.00
Building Improvement Contribution: \$ 82,000.00

Opinion of Market Value:

As Vacant (Land Only): \$ 56,000.00
As Is (Land and Improvements): \$138,000.00
Building Improvement Contribution: \$ 82,000.00

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Statement of Assumptions and Limiting Conditions

1. LIMIT OF LIABILITY: The liability of Luther Appraisal Services, Inc. and/or subcontractors is limited to the client and to the fee collected. Further, there is no accountability, obligations, or liability to any third party. If this report is placed in the hands of anyone other than the client, the client shall make such party aware of all limiting conditions and assumptions of the assignment and related discussions. The appraiser assumes no responsibility for any costs incurred to discover or correct any deficiencies of any type present in the property; physically, financially, or legally.

2. COPIES, PUBLICATION, DISTRIBUTION, USE OF REPORT: Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for other than its intended use; the physical report(s) remain the property of the appraiser for the use by the client, the fee being for analytical services only.

The Bylaws and Regulations of the American Society of Farm Managers and Rural Appraisers require each Member to control the use and distribution of each appraisal report signed by such Member; except as hereinafter provided, the client may distribute copies of this appraisal report in its entirety to such third parties as he or she may select; however, selected portions of this appraisal report shall not be given to third parties without the prior written consent of the signatories of the appraisal report. Neither all nor any part of this appraisal report shall be disseminated to the general public by the use of advertising media, public relations, news sales or other media for public communications without the prior consent of the appraiser (see last item in following list for client agreement/consent).

3. CONFIDENTIALITY: This appraisal is to be used only in its entirety. No part or portion thereof is to be used by any party without the whole report. All conclusions and opinions concerning the analysis are set forth in the report and were prepared by the appraiser(s) whose signature(s) appear on the appraisal report. No change of any item in the report shall be made by anyone other than the appraiser. The appraiser shall have no responsibility if any such unauthorized change is made.

The appraiser may not divulge the material (evaluation) contents of the report, analytical findings or conclusions, or give a copy of the report to anyone other than the client or his designee as specified in writing except as may be required by the American Society of Farm Managers and Rural Appraisers as they request in confidence for ethics enforcement, or by court of law or body with the power of subpoena.

The appraiser(s) assumes no responsibility for any costs or consequences arising due to the need, or the lack of need for flood hazard insurance. An Agent for The Federal Flood Insurance Program should be contacted to determine the actual need for Flood Hazard Insurance.

4. INFORMATION USED: No responsibility is assumed for accuracy of the information furnished by work of others, the client, his designee, or public records. We are not liable for such information or the work of possible subcontractors. Be advised that some of the people associated with Luther Appraisal Services, Inc. and possibly signing this report are independent contractors. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction or from affidavit or other sources thought reasonable; all are considered appropriate for inclusion to the best of our factual judgment and knowledge. An impractical and uneconomic expenditure of time would be required in attempting to furnish unimpeachable verification in all instances, particularly as to engineering and market related information. It is suggested that the client consider independent verification as a prerequisite to any transaction involving sale, lease, or other significant commitments of funds or subject property.

5. TESTIMONY AND COMPLETION OF CONTRACT FOR APPRAISAL SERVICES: The contract for appraisal, consultation or analytical service are fulfilled and the total fee payable upon completion of the report. The appraiser(s) or those assisting in the preparation of the report will not be asked or required to give testimony in court or hearing because of having made the appraisal, in full or in part, nor engage in post appraisal consultation with client or third parties except under separate and special arrangement and at additional fee. If testimony or deposition is required because of subpoena, the client shall be responsible for any additional time, fees, and charges regardless of issuing party.

6. EXHIBITS: The sketches and maps in this report are included to assist the reader in visualizing the property and are not necessarily to scale. Various photos, if included, are included for the same purpose (as of date of photos). Site plans are not surveys unless shown from separate surveyor.

7. LEGAL, ENGINEERING, FINANCIAL, STRUCTURAL, OR MECHANICAL NATURE, HIDDEN COMPONENTS, SOIL: No responsibility is assumed for matters legal in character or nature, nor matters of survey, nor of any architectural, structural, mechanical, or engineering nature. No opinion is rendered as to the title, which is presumed to be good and merchantable. The property is appraised as if free and clear, unless otherwise stated in particular parts of the report. The legal description is assumed to be correct as furnished by the client, his designee, or as derived by the appraiser.

Please note that no advice is given regarding mechanical equipment or structural integrity or adequacy, nor soils and potential for settlement, drainage, and such (seek assistance from qualified architect and/or engineer) nor matters concerning liens, title status, and legal marketability (seek legal assistance), and such.

The appraiser has inspected as far as possible, by observation, of the land; however it was not possible to personally observe conditions beneath the soil, or hidden structural, or other components. The value opinion considers there being no such conditions that would cause a loss in value. The land or the soil of the area being appraised appears firm, however subsidence in the area is unknown. The appraiser(s) *do not warrant against this condition* or occurrence of problems arising from soil conditions.

The appraisal is based on there being no hidden, unapparent, or apparent conditions of the property site, subsoil, or toxic materials which would render it more or less valuable. No responsibility is assumed for any such conditions or for any expertise or engineering to discover them.

8. LEGALITY OF USE: The appraisal is based on the premise that, there is full compliance with all applicable federal, state, and local environmental regulation and unless otherwise stated in the report; further that all applicable zoning, building, and use regulations and restrictions of all types have been complied with unless otherwise stated in the report; further, it is assumed that all required licenses, consents, permits, or other legislative or administrative authority, local state, federal, and/or private entity or organization have been or can be obtained or renewed for any use considered in the value opinion.

9. COMPONENT VALUES: The distribution of the total valuation in this report between land and any improvements applies only under the existing program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and are invalid if so used.

10. INCLUSIONS: Furnishings and equipment or personal property or business operations except as specifically indicated and typically considered as a part of real estate, have been disregarded with only the real estate being considered in the value opinion unless otherwise stated. In some property types, business and real estate interests and values are combined.

11. VALUE CHANGE, MARKET INFLUENCES, ALTERATION OF OPINION BY

APPRAISER(S): The opinion market value, which is defined in the report, is subject to change with market changes over time; value is highly related to exposure, time, promotional effort, terms, motivation, and conditions surrounding the offering. The value opinion considers the productivity and relative attractiveness of the property physically and economically in the marketplace.

In cases of appraisals involving capitalization of income benefits, the opinion of market value or investment value or value-in-use is a reflection of such benefits and appraiser's interpretation of income, yields, and other factors derived from general and specific client and market information. Such estimates are limited to the date of the opinion of value; they are thus subject to change as the market and value are naturally dynamic.

The "Opinion of Market Value" in the appraisal is not based in whole or in part upon the race, color, or national origin of the present owners or occupants of the properties in the vicinity of the property appraised.

12. CHANGES AND MODIFICATIONS: Appraisal report and opinion of value are subject to change if physical, legal entity, or financing different than the envisioned at the time of writing this report becomes apparent at a later date.

13. MANAGEMENT OF THE PROPERTY: It is assumed that property which is the subject of this report will be under prudent and competent ownership and management; neither inefficient or super-efficient.

14. CONTINUING EDUCATION: The American Society of Farm Managers and Rural Appraisers conduct voluntary programs of continuing education for their designated members: ARA's who meet minimum standards of this program are awarded periodic educational certification, and; designated members signing this report are currently certified under these programs.

15. FEE: The fee for this appraisal or study is for the service rendered and not for the time spent on the physical report or the physical report itself. The compensation (fee) for the preparation of this appraisal report has no relation to the final values reported.

16. CHANGES, MODIFICATIONS: The appraisers, reserves the right to alter statements, analysis, conclusion or any value opinion in the appraisal if there becomes known to us facts pertinent to the appraisal process which were unknown to us at the time of the report preparation.

17. MINERAL RIGHTS, NOISE, AND ENVIRONMENTAL CONCERNS: Mineral rights, noise, and environmental factors have not been given segregated consideration except as noted; they have been treated with the whole.

18. HAZARDOUS MATERIALS: Unless otherwise stated in this report, the existence of hazardous substances, including without limitation asbestos, polychlorinated biphenyl's, petroleum leakage, or agricultural chemicals, which may or may not be present on the property, or other environmental conditions, were not called to the attention of nor did the appraiser become aware of such during the appraiser's inspection. The appraiser has no knowledge of the existence of such material on or in the property unless otherwise stated. The appraiser, however, is not qualified to detect such substances or conditions. If the presence of such substances such as asbestos, urea-formaldehyde foam insulation, or other hazardous substances or environmental conditions may affect the value of the property, the opinion of value is predicated on the assumption that there is no such condition on or in the property or in such proximity thereto that it would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.

19. HYPOTHETICAL CONDITIONS:

- a) **Property Rights:** The interest subject to the valuation is that of a fee simple interest as of the effective date of both land and affixed improvements together and the land separate.
- b) **Land:** The land, as through vacant, is considered without any of the affixed land and building improvements.
- c) **Lease:** The existing lease between Michael Thoeny and the State of Montana is considered not to exist on the subject property.

20. EXTRAORDINARY ASSUMPTIONS:

- a) **Subdivision:** It is assumed that the subject property complies with state statutes and rules and regulations governing subdivisions and sanitation.

The appraisers note that the use of the preceding Hypothetical Conditions and Extraordinary Assumptions may impact the value conclusion as of the effective date of the appraisal. If there are changes, a new appraisal assignment maybe necessary.

20. ACCEPTANCE OF, AND/OR USE OF, THIS APPRAISAL REPORT BY THE CLIENT(S), OR ANY THIRD PARTY, CONSTITUTES ACCEPTANCE OF THE ABOVE CONDITIONS.

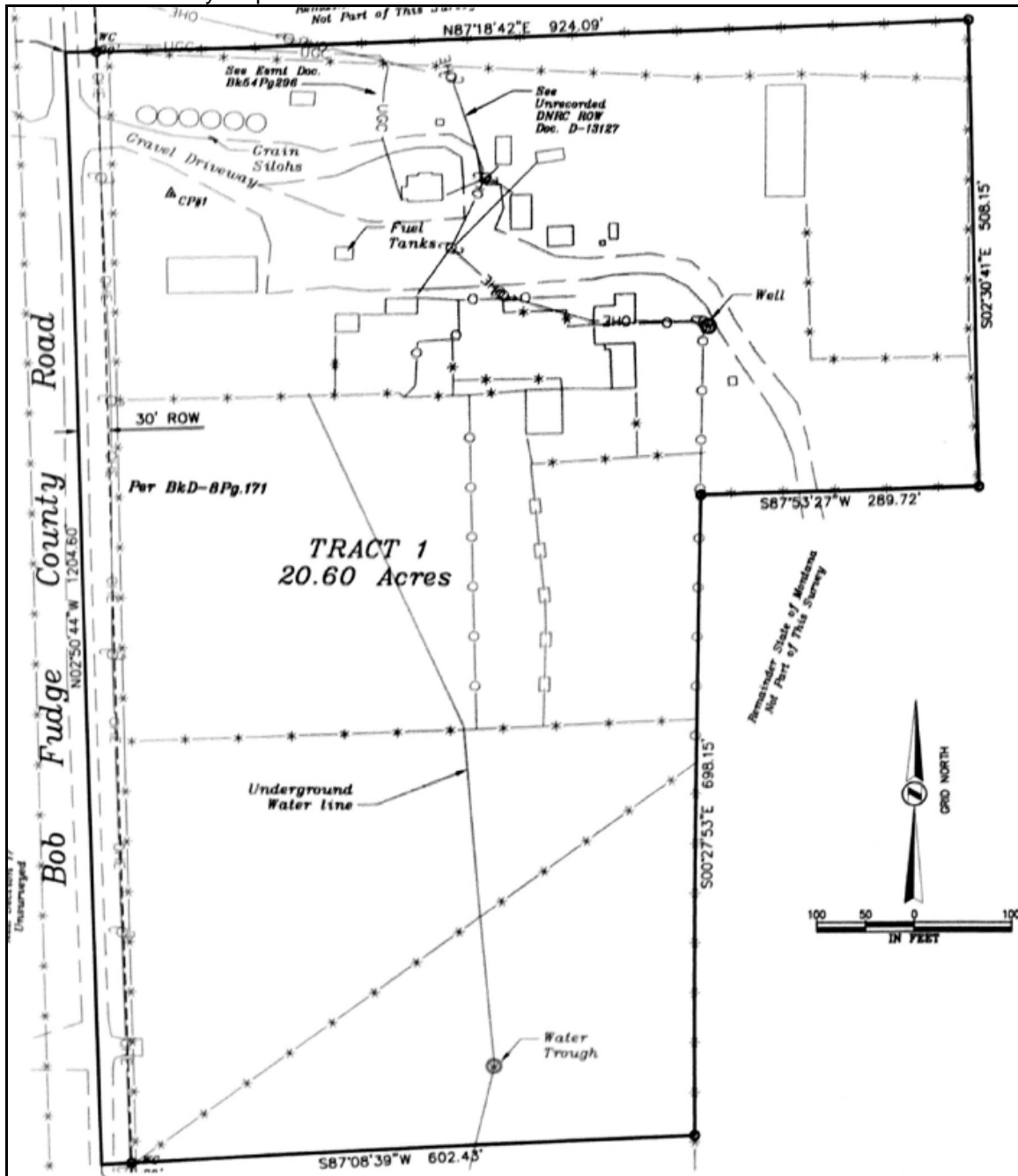
Property Identification and Legal Description

The legal description of the subject property is defined as follows:

TOWNSHIP 17 NORTH, RANGE 46 EAST, M.P.M., McCone County, Montana

Section 16: Tract 1 defined by COS-1 containing 20.60 acres in the NWSW and SWSW, filed under document number 194112 in the office of the Clerk and Recorder, McCone County Courthouse. (Ownership title was obtained from Kelly Motichka, Lands Section Supervisor)

Certificate of Survey Map



Purpose and Function of Appraisal

The purpose of this appraisal is to provide a credible opinion of **MARKET VALUE** of the subject property in conformance with the Uniform Standards of Professional Appraisal Practice (USPAP). It is our understanding that this appraisal is to be issued for the possible sale of the subject property through the cabin site sale process of the State of Montana.

Mr. Stroh inspected the property on July 10, 2019. Mr. Luther did not inspect the property. The property was inspected by walking through property. Mr. Stroh was accompanied by Renee Kelley, Real Estate Specialist, Scott Aye, DNRC Eastern Land Office, Land Program Manager, and Michael Thoeny, lessee. Mr. Luther did not inspect the property. Property data was gathered from the McCone County Courthouse, BLM, DNRC-ELO, DNRC-Helena, DOR, property inspection, and Michael Thoeny.

The region was searched for data and sales of rural residential, farmstead, and smaller part-time tracts with emphasis on units with similar amenities as the subject. Montana is a non-disclosure state wherein sale transaction prices and/or details are not required to be filed in public. The appraisers have 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. Use of the appraisal and report for any other purpose, any other use, and/or any unintended users, could be misleading. Third parties who may read the appraisal are not intended users.

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.

The authority for conducting the appraisal was given by Kelly Motichka, Land Section Supervisor, P. O. Box 201601, Helena, MT 59620-1601. The clients are the State of Montana, the Montana Board of Land Commissioners (Land Board), and the Department of Natural Resources and Conservation (DNRC), P. O. Box 201601, Helena, MT 59620-1601. The intended users are the State of Montana, the Montana Board of Land Commissioners (Land Board), the Department of Natural Resources and Conservation (DNRC), P. O. Box 201601, Helena, MT 59620-1601, and the lessee, Michael Thoeny.

This appraisal is being reported in an appraisal report format.

USPAP includes a competency provision that states:

"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 to complete the assignment competently; or alternatively:

1. disclose the lack of knowledge and/or experience to the client before accepting the assignment; and
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.

Mr. Luther has been appraising real estate in Montana, Idaho, Wyoming, and North and South Dakota since 1984, and is familiar with the geographical area in which the property is located. The appraiser also believes that he possesses the knowledge and experience to complete this assignment competently. The appraiser has not completed a past appraisal on the property.

Mr. Robert Stroh, Appraiser Trainee, completed work (inspection, report development, analysis, and writing) and comments on the presentation of scope of work, area/regional, subject property data section, highest and best use, along with completing market analysis and valuation in the cost, sales comparison and income approaches, where applicable, with the guidance, review, editing, and concurrence of Mr. Luther. Mr. Stroh has not completed a past appraisal on the property.

Appraisal Dates

Date of Value: July 10, 2019
Date of Inspection: July 10, 2019
Date of Photographs: July 10, 2019
Date of Report: August 19, 2019

Property Rights Appraised

The property rights appraised encompass the fee simple estate subject to encumbrances, easements, conveyances, restrictions, and/or reservations of record. *It is noted that the appraisers are not a title specialist, that a complete search of the title was not completed by the appraisers or any associate of the appraisers, and that there can be items contained of record or not of record that the appraisers were not made aware of or has no knowledge of.* This report will be generally confined to a discussion of the surface rights and will not include a separate value indication for aerial or subsurface interests. The State of Montana will reserve all mineral interests for the subject property. Typically, sellers retain any (all or a portion) existing subsurface rights (oil, gas, hydrocarbons, etc.) that they own in this area. Subsurface rights in this area have normally been severed in the past when a transfer occurs.

Definition of Value

Market Value is defined as applied in the appraisal as:

Market Value. (12 C.F.R. § 34.42 (h)) Market value means the most probably 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 own best interests;
- (3) A reasonable time is allowed for exposure in the open market;
- (4) Payment is made in terms of cash in U.S. 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.

State laws guiding authority. (MCA 70-30-313) Current fair market value is the price that would be agreed to by a willing and informed seller and buyer, taking into consideration, but not limited to, the following factors:

- (1) the highest and best reasonably available use and its value for such use, provided current use may not be presumed to be the highest and best use;
- (2) the machinery, equipment, and fixtures forming part of the real estate taken; and
- (3) any other relevant factors as to which evidence is offered.

The definition of market value is in terms of cash or on financing terms equivalent to cash.

Present Ownership

The State of Montana currently owns the property. It is currently leased under a cabin site lease between the State of Montana and Michael Thoeny. Under the hypothetical condition, this lease is not considered in the valuation.

Exposure Time Verses Marketing Time

Current professional appraisal standards require an appraiser to estimate the typical marketing and exposure time for the property appraised. "Exposure time" is the estimated length of time the property interest 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 appraisal. Alternatively, "marketing time" is a consulting term which relates to that amount of time that would be required to sell the property interest at the estimated market value during the period after the effective date of the appraisal. An estimate of marketing is not intended to be a predication of a date of sale. It is inappropriate to assume the value as of the effective date of appraisal remains stable during a marketing period.

In applying the market value definition to this appraisal, a reasonable exposure time of 3-18 months has been estimated for the subject. Additionally, the appraisers have considered market factors external to this appraisal report and has concluded that a reasonable marketing time for the subject is 3-18 months based on similar market sales in the area.

AREA/REGIONAL ANALYSIS

This area of east central to southeast Montana is predominantly rural with the major regional trade centers being Billings, MT; Gillette, WY; Williston and Dickinson, ND; and Rapid City, SD. The sub-regional trade centers for the area are Miles City, Glendive and Sidney, MT; Belle Fourche, SD. Basic medical services are located in Miles City, Glendive, and Sidney, MT. Expanded medical and retail centers are located at Billings, MT; Rapid City, SD; and Williston and Dickinson, ND. Schools are located at Terry, Glendive, Miles City, Circle, and Wibaux.

Circle, the county seat of McCone County, has an estimated population of 615 (2010) and the county is estimated at 1,734 (2010). The city of Glendive had an increase in population of 1.3% with Dawson County slightly declining by -0.9%. The 2017 estimates are Glendive with a population of 631, and McCone County at 1,718.

Terry, the county seat of Prairie County, has an estimated population of 605 (2010) and the county is at 1,179 (2010). Both Terry and Prairie County have had a decrease in population of 5.9% and 5.3% respectively, based on the 2017 estimates of Terry with a population of 573, and Prairie County at 1,109.

Miles City, the sub-regional trade center along with being the county seat of Custer County, has an estimated population of 8,410 (2010) and the county is estimated at 11,699 (2010), an increase of 0.9% for the city, and an increase of 0.2% for the county from 2010. The 2017 estimates are at 8,483 for the city and 11,721 for the county.

Predominant land use in the area is for livestock ranches, both grass and combination units, with areas of concentrated farming. The farming is concentrated in central Dawson County, south central to northeastern McCone County, northern to southwestern Richland County, and in the Yellowstone River Valley and the benches along it.

Access to the area is via MT 200 connecting Grass Range to Sidney via Jordan, Circle, and Richey. Highway 2 provides access along the north side of the Missouri and Milk Rivers over to Williston. I-94 provides service along the Yellowstone River valley up to Glendive and over to Dickinson. State Highway 261 provides access to Sidney to Wibaux. State Highway MT 7 connects Wibaux, Baker, and Ekalaka. U.S. 12 provides service from Bowman, ND to Miles City via Baker. U.S. Highway 212, runs from Lame Deer and Ashland to Broadus through Alzada to Belle Fourche, South Dakota. North and south connections are Montana Route 59 from Miles City to Broadus, State Highway 323 from Ekalaka to Alzada, and Highway 253 from Terry to Brockway. Several gravel and dirt county roads provide access and service throughout the area. Cities with airline service are, Glendive, Sidney, and Billings, MT; Williston and Dickinson, ND, Rapid City, SD, and Gillette, WY.

Recreational uses in the area are mainly big game hunting along with fishing in the Missouri and Yellowstone Rivers and tributaries.

Trends As Summarized:

- Rural residential sites are more limited outside the immediate area of Circle. Most farmsteads are already associated with an agricultural operation. In the area surrounding Circle, there has been some activity of small tract / rural residential sales most with building improvements, and range in size from 1.21 to 3.68 acres. Rural residential properties farther from Circle tend to be larger from 10 acres to up to 60 acres. These properties do not transfer as often as the properties closer to Circle.
- Rural residential properties in Prairie County are also limited outside the immediate area surrounding Terry and Fallon and the Yellowstone River.
- There are smaller tracts located at various cabin sites on Ft. Peck Lake in Garfield County.

- Rural residential and part time tracts are located further out with most being part-time to rural residential uses and some being as headquarters for agricultural operations.
- There is some interest by parties for smaller tracts in the Flowing Well area according to realtors who are trying to sell larger grazing and farming parcels for agricultural production.
- Outside of the areas of the towns, Jordan, Circle, Terry, and Richey there are very few to no sales of smaller tracts. Demand has decreased since the decline of exploration and in some cases production of oil and gas in the Lambert to Sidney and further east areas.

SUBJECT PROPERTY DESCRIPTION

Property Comments

The subject property is located about 9.8 miles southwest of Brockway. It is accessed off Bob Fudge Road, a county gravel road, which runs along the west side of the parcel. The northern portion of the parcel contains the building improvements with the central portion being part of the corrals, and the southern portion reported to be a hay yard and machinery storage area. Terrain for the property is sloping towards the central portion with the north and south end being higher in elevation. Schools are located in Circle, Jordan, and Terry (K-12).

There are three wells on the property that are all interconnected via pipelines. There are additional pipeline spurs that supply four stock tanks and four hydrants throughout the property. There is one irrigation water right with the property under 40P 18555-00. This water right covers 115 acres in the northwest and southwest quarters of Section 16 at a maximum flow rate of 4,308 GPM and volume of 172.5 ac-ft. Water Right 40P 18555-00 is supplemental with Water Right 40P 66176-00 and covers the same acreage. Water Right 40P 66176-00 is associated with the State lease and will not transfer with the property.

At the client's request and the hypothetical condition listed on page 6, the current lease on the property is not included in the valuation. To note, the current lease term is from March 1, 2017 to February 28, 2032. The annual lease fee is calculated based on 5% of the most recent Department of Revenue (DOR) land valuation and in no instance will the lease payment be below \$250. In 2016, there was a change in classification from tract land to agricultural on the property, which lowered the DOR land valuation \$2,738. The current lease payment is \$250 per year.

Taxes and Assessments

The land portion of the property is considered an exempt property and does not have any assessed taxes because it is owned by the State of Montana. Taxes have been estimated by the appraiser. If subject to taxation, the land would have assessed taxes of about \$41.87 based on a market value of \$3,353. The building improvements are assessed and taxed with the lessee's other deeded land at \$618.54. Assessments for Soil and Water, and Soil Permissive Medical are \$1.78 and \$0.34, respectively. Combined the total taxes for the property with the land, building improvements, and assessments is about \$662.53.

Mineral Rights

Mineral rights have not been assessed for existing rights nor are they included in the valuation of the property as a separate item. The State of Montana will reserve all mineral interests for the subject property. Typically, a portion or all have been severed from the surface in the past. The property rights appraised are the surface estate only.

Environmental Considerations

The property is not listed on the State National Priority List or the Federal Superfund List or on the EPA's website as of date of valuation. The appraisers have made no investigation of any environmental or hazardous material considerations on the subject, nor are qualified to complete such an investigation. It is assumed that the subject property complies with state statutes and rules and regulations governing subdivisions and sanitation. There is no FIRM for the area of the subject.

Building Improvements

Type	Size	Eff Age	Remaining Life	Conformity	Utility	Condition
Quonset	3,188	25	25	A	A	A
Metal construction, 37.5' x 85', Behlen brand, , concrete foundation, dirt floor, electrical service, overhead door and entry door on the east side.						

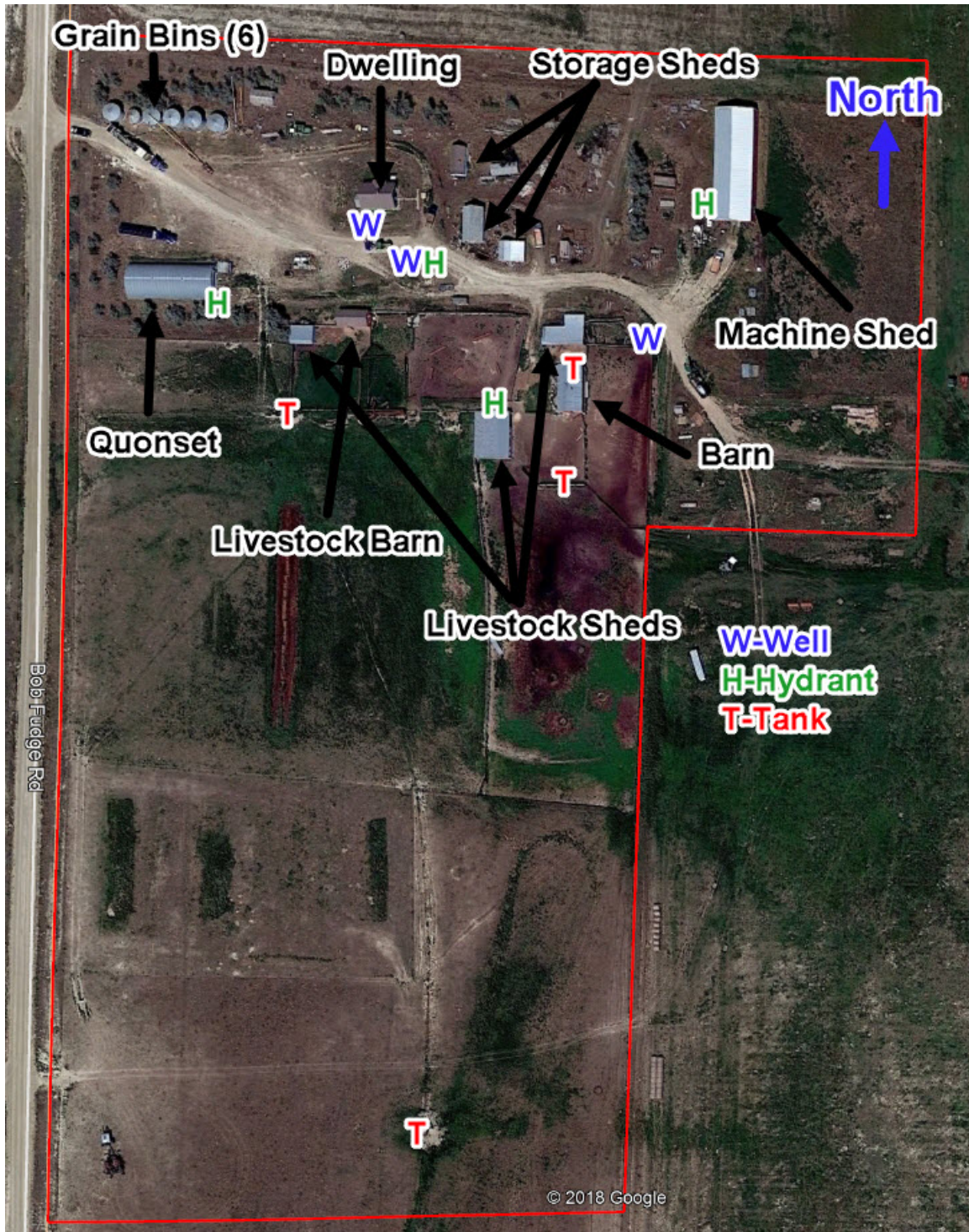
Type	Size	Eff Age	Remaining Life	Conformity	Utility	Condition
Machine Shed	4,880	20	30	A	A	A
Pole construction, 40' x 122', dirt floor and foundation, electrical service, sliding door on the south end, entry door on west side in the southwest corner, and small overhead door on the east side in the southeast corner, metal siding and roof.						

Type	Size	Eff Age	Remaining Life	Conformity	Utility	Condition
Grain Bins	12,950	25	25	A	A	A
6,: Circular steel on concrete. Multiple grain bins on the property from 1,000 bushel capacity to 2,750 bushel capacity. Total capacity of all six grain bins is 12,950 bu.						

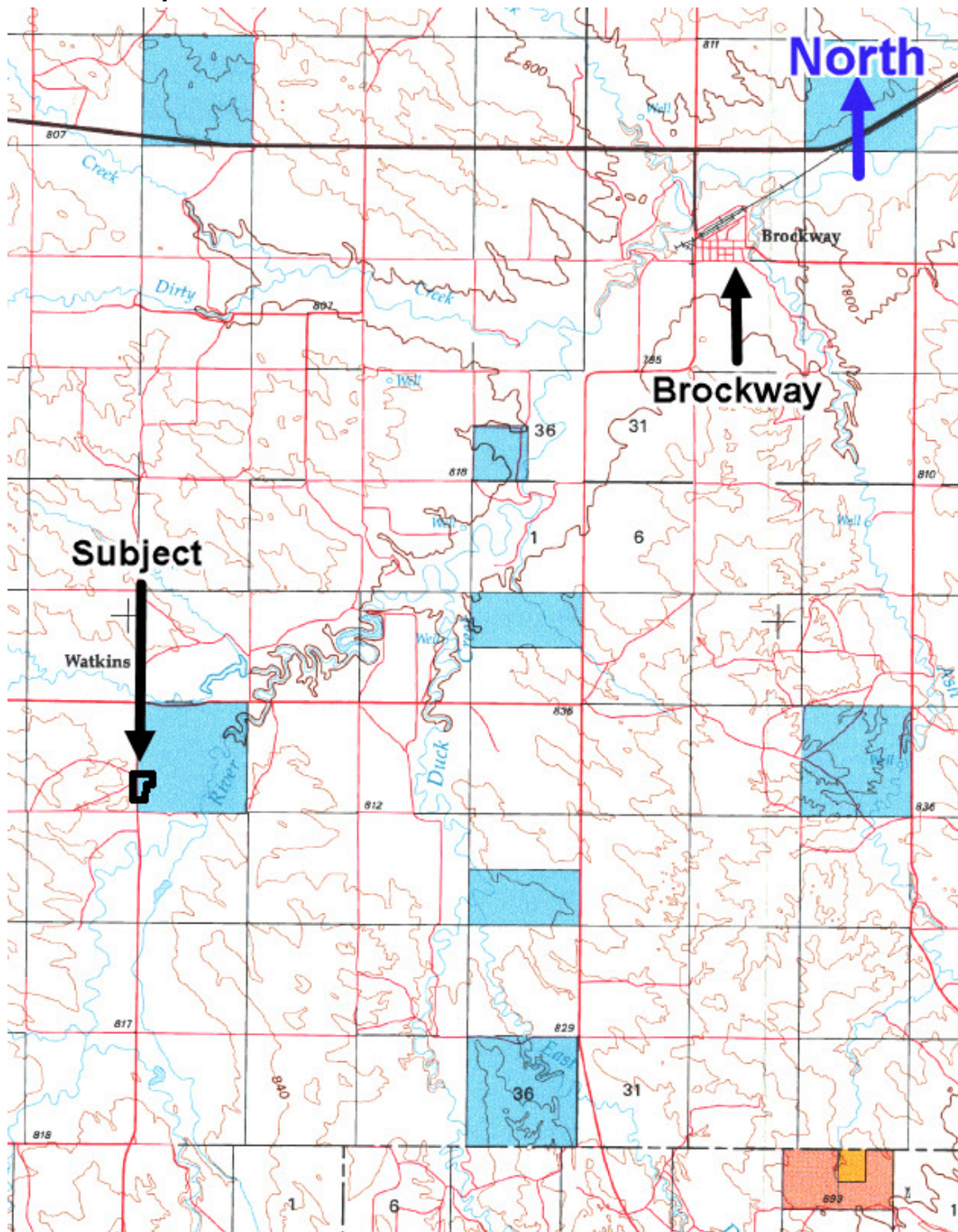
There are numerous outbuildings, storage sheds, livestock sheds, and the dwelling that have some utility, but do not contribute to the value of the property. The dwelling is in need of some major maintenance.

The corrals are a continuous metal fence made of oil field pipe. An aerial photo of the site is on the next page.

Aerial Map (All)



Location Map



Highest and Best Use

Highest and best use is defined as, "that use which will yield the greatest net return to the land in the foreseeable future, or that legal use which will yield to the land the highest present value".

The 12th Edition of The Appraisal of Real Estate defines highest and best use as:

"the reasonably probable and legal use of vacant land or an improved property, that is physically possible, appropriately supported and financially feasible and that results in the highest value."

The definition forms the essence of the highest and best use analysis. The property's use must be:

- (1) legally permissible
- (2) physically possible
- (3) financially feasible
- (4) maximally productive

Consideration is given to trends based upon recent land sales, economic factors, and strength of the local market. An analysis of the Highest and Best use of the property forms the basis of valuation for the subject. Highest and Best Use serves as a guide in the selection of comparables to be used in the analysis of the subject property. In the case of agricultural valuations, the replacement cost new less physical depreciation of the building improvements is seldom fully recognized in the area market.

The definition above is applied specifically to the Highest and Best Use of the land. It is recognized in cases where a site has existing improvements, the Highest and Best Use may very well be determined to be different from existing use. The existing use will continue however, unless and until the land value in its highest and best use exceeds the total value of the property in its existing use.

Determination of Highest and Best Use results from the appraiser's judgment and analytical skills according to these definitions. The use determined from analysis represents an opinion, not a determination of fact. In this analysis consideration must be given to that range of uses which are appropriate for the subject property in order to support its highest value. Consideration must be given to alternative uses as well as existing use, the types of market available in the area and the surrounding land use types.

"As if" Vacant Analysis:

In considering the use of the subject property, we have given consideration to its current use, as well as uses to which it is capable of being adapted. Consideration must be given to the uses recognizing the limitations imposed by governmental regulations, i.e. zoning regulations, and by attitudes of typical investors of properties of this type, in the location under study.

Legal Limitations:

There is no zoning on the subject property with the only regulatory oversight being the county planning board and county commissioners of McCone County on subdividing land or surveying/selling individual parcels. The property has been used as a farmstead in conjunction with a larger unit for agricultural purposes. The current use is not foreseen as being in conflict with the best use of the site as if vacant.

Physically Possible Uses:

The uses considered for the subject property must be physically possible. The subject has been used as a farmstead/headquarters tract in the past. Market activity suggests that rural residential properties are located in the immediate area of Circle. Small tract properties that are further from Circle tend to be used with a larger operation as a headquarters tract or labor dwelling use.

Financially Feasible Use:

The subject in itself is not supporting the concept that it is financially feasible as tract land in area of predominantly farming. Outside income is needed to operate the property, which is common for the area. There are several tracts in the broader area of McCone County that are utilized for recreational uses in connection with predominantly fishing and some base for hunting. The use of the property would be as a part time rural residential tract with some more limited use as a headquarters tract for an agricultural operation.

Maximally Productive Use:

The property, as stated above, is not an income producing property given size and location. It could be utilized as a tract to support an operation for other agricultural lands or in the alternative, which is more probable as a rural residential/part-time tract with some limited agricultural influences.

Highest and Best Use "as improved":

The area properties used for agricultural purposes are improved with dwelling(s), machinery and livestock work/storage buildings. Smaller improved tracts are typically used as rural residential tracts and/or part-time tracts for both year round use and for seasonal use for recreational opportunities in the area. There are some very limited small tracts that are used as part of a larger agricultural operation (headquarters tract). The subject, as improved, would most likely have a dwelling with outbuildings and be used as a rural residential tract and/or part-time tract.

THE APPRAISAL PROCESS

When sufficient data and information is available, the final conclusion of value is estimated after careful correlation of values obtained from the three approaches to value. These include the cost, sales comparison, and income approaches. However, with some properties it is not possible or feasible to obtain adequate information and utilize all three approaches. The appraiser typically applies those which have adequate data to give a reliable value estimate.

All three of the traditionally acceptable approaches to value have been given consideration in this appraisal. In the final analysis, the appraisal process and its corresponding approaches to value are predicated largely on the principle of substitution which implies that a prudent or knowledgeable purchaser will not pay more for a property than he or she could purchase an equally desirable substitute property. On the other hand, a prudent or knowledgeable seller will sell for no less than what similar properties are selling for unless under undue duress. The appraisers have conducted a detailed research for similar market transactions and other related and relevant market information including an individual analysis of buyers' and sellers' activities and motivations.

In the **COST APPROACH** to value, the estimated depreciated reproduction cost of the buildings and on-site improvements are determined after taking physical depreciation (wear and tear), functional obsolescence (which is caused by a problem within the structure caused by poor design or obsolescence), and external obsolescence (loss of value due to factors outside of the property).

The **INCOME CAPITALIZATION APPROACH** estimates the anticipated gross income available to the landlord. From this figure, deductions are made for operating expenses to determine a net rental income. The anticipated net income is then capitalized into an indicated value from the demonstrated returns developed from comparable sales.

The **SALES COMPARISON APPROACH** assumes there are an adequate number of similar properties which have sold within a reasonable period of time. The appraiser uses the concept of comparing the subject property with actual market transactions to deduce the amount that the subject would likely bring if offered for sale on the open market.

Each sale is compared to the subject property for variation of features, and to ascertain market parameters and characteristics. The following characteristics were considered for potential elements of comparison: conditions of sale, financing terms, location, land quality and productivity, size, and other amenities or factors which may have an effect on value.

Use of the matching pairs concept helps to isolate and quantify certain elements of comparison. A dollar adjustment is then made to the comparable property to make it similar to the subject. If the comparable is inferior or less desirable in an element of comparison a positive adjustment is needed to bring the property up to the subject. Conversely, if the comparable is above the subject, a negative adjustment is needed to bring the property to a similar comparison to the subject.

The three approaches, if applied properly and when adequate data is available should indicate a reasonable range of value. After all of the factors are analyzed and weighed by the appraiser a reconciliation statement will be made to support and justify which approach is the most applicable in the valuation of this subject property.

The sales comparison approach is most applicable for the subject and will be the only approach used in the valuation. The subject will be valued on a per acre basis, which is how the market has been describing and pricing these kinds of properties. The cost approach is not being used due to the subject having older building improvements that have utility in use only or very little to no utility in use. The income approach is not a reliable approach for the subject given that it is not an income producing property.

SALES COMPARISON APPROACH

The sales comparison technique is based upon the premise that a willing buyer will pay no more for a property than he can purchase an equally desirable substitute, without undue delay. It is this competitive atmosphere which maintains real property values.

The value of the subject site is best evidenced by actual market data. In the process of this valuation a search was made for vacant land sales with characteristics similar to those found on the subject. This would include size, access, water, zoning, location, and functional utility. Transactions which have a low degree of comparability, or were not "arms-length" transactions, were discarded in the analysis.

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.

There has been some sales of rural residential tracts in the Circle area that range in size from 1 to 4 acres in size with a higher quality dwelling and possible some limited outbuildings. These sales are not the most comparable to the subject property. There are four sales that are more comparable to the subject property used in the valuation. Due to the limited amount of comparable sales in the area; a bracketing approach is used for the valuation of the land.

Sales Summary:

#	Date	Acres	Overall \$/Ac	Land Adjustment	Imprvt Adjustment	Adjusted \$/ Land Ac
Sale 1	Nov-18	10	\$ 30,000		\$ (27,000)	\$ 3,000
Sale 2	May-17	20.104	\$ 2,736			\$ 2,736
Sale 3	May-17	20.104	\$ 1,990			\$ 1,990
Sale 4	May-18	16.244	\$ 1,354	\$ 845		\$ 2,199

Land Valuation

There is only one sale that is not in the immediate area of Circle (Sale 1) with the other sales being located just south of Circle and on the northern edge. Sale 1 was purchased as a headquarters tract to go with the buyers surrounding agricultural operation. Sales 2 and 3 are both vacant tracts and located south of Circle about two to three miles. Sale 4 lies on the north side of Horse Creek with a portion of it being lower in elevation and is reported to flood when Horse Creek is high. Only about half of the acreage in Sale 4 is buildable.

Sale 1 is adjusted to reflect the building contribution to arrive at an indication for the land only. Sale 4 has an adjustment to reflect the impact of buildable and non-buildable acreage within the tract.

The subject property, as vacant, is most similar to Sales 2 and 3 due to size with some support from Sale 1. Sale 4 (\$2,199/acre) is the least comparable to the subject property. Sales 2 and 3 range from \$1,990 to \$2,736 per acre, with Sale 1 being slightly higher at \$3,000 per acre. The subject is best supported at the upper end of the range indicated by Sales 2 and 3 due to the similarities with Sale 1, or at \$2,700 per acre

$$20.6 \text{ acres} \times \$2,700/\text{ac} = \$55,620$$

Round to: \$56,000

Building Improvement Valuation

Building improvement valuation based on other area sales including agricultural sales due to the limited number of improvements on the smaller tract sales used in the land valuation. The agricultural sales used are more comparable in terms of building improvements compared to the rural residential properties in the Circle area. The building improvements are valued on a per unit basis.

Type	Size	Unit	Condition	Utility	% External	Improvement Contribution	Contribution / Unit	% Total Depreciation	Date	Acres
Grain Bin	6,000.00	BU	A	A		\$ 6,000	\$ 1.00	50	2/26/2016	800
Grain Bin	6,000.00	BU	A	A		\$ 6,000	\$ 1.00	50	2/26/2016	800
Grain Bin	2,225.00	Bu	A	A	15	\$ 2,270	\$ 1.02	66	12/7/2016	2720
Grain Bin	12,000.00	Bu	A	A		\$ 15,000	\$ 1.25	50	11/20/2018	10
Type	Size	Unit	Condition	Utility	% External	Improvement Contribution	Contribution / Unit	% Total Depreciation	Date	Acres
Mach Shed	2,280.00	SF	HF	A		\$ 11,400	\$ 5.00	50	11/20/2018	10
Mach Shed	1,440.00	SF	A	A	20	\$ 10,368	\$ 7.20	60	4/7/2017	2782
Mach Shed	4,000.00	SF	A	A		\$ 30,000	\$ 7.50	50	12/15/2015	3356
Mach Shed	1,500.00	SF	A	A	20	\$ 12,960	\$ 8.64	52	12/7/2016	2720
Mach Shed	6,000.00	SF	HF	A		\$ 90,000	\$ 15.00	40	11/20/2018	10
Type	Size	Unit	Condition	Utility	% External	Improvement Contribution	Contribution / Unit	% Total Depreciation	Date	Acres
Quonset	2,000.00	SF	A	A	20	\$ 10,240	\$ 5.12	68	12/7/2016	2720
Quonset	2,800.00	Sq Ft	Avg	Avg	51	\$ 15,092	\$ 5.39	73.05	4/27/2015	10170
Quonset	4,000.00	SF	A	A	40	\$ 26,400	\$ 6.60	70	5/16/2016	2748
Quonset	5,000.00	SF	A	A	33	\$ 44,220	\$ 8.84	59.8	5/15/2015	959

Grain bins within the general market are contributing \$1.00 to \$1.25 per bushel. Sales that are larger than 800 acres have larger amounts of external obsolescence associated with them. Larger agricultural properties are purchased mainly based on the land with less consideration being given for the building improvements. The subject, being a smaller tract, is best supported by the sales that have lower to zero external obsolescence. The grain bins on the subject are supported at a minimum of \$1.00 per bushel.

The machine sheds are similar to the grain bins being that the subject is best supported by the sales with lower to zero external obsolescence. Machine sheds range from \$5.00 to \$15.00 per square foot. The sales that are similar in size and condition are the most similar to the subject's machine shed and do not have any external obsolescence indicate are range of \$7.50 to \$15.00 per square foot. The machine shed on the subject is supported within the range at \$9.00 per square foot.

The quonsets in the chart above all show some external obsolescence from 20% to 51% and range from slightly over \$5.00 to almost \$9.00 per square foot. Smaller tracts, like the subject, show no apparent external obsolescence, thus the subject's quonset is supported at the upper end of the range at \$8.00 per square foot.

	Size (SF or Bu)	\$/Unit	Contributory Value
Grain Bins	12950	\$ 1.00	\$ 12,950
Machine Shed	4880	\$ 9.00	\$ 43,920
Quonset	3188	\$ 8.00	\$ 25,504
		Total	\$ 82,374
		Rounded	\$ 82,000

The subject property was compared to Sale 1, used in the land valuation, on a head to head basis which indicated the subject's improvements contribute \$87,000 to the property. This head to head comparison was used to check the overall dollar per unit pertaining to the building improvement contribution to value. The \$82,000 contribution for the building improvements is better supported due to having a larger dataset compared to the \$87,000 indicated by one sale.

Reconciliation of Approaches to Value

The valuation approaches used in this appraisal have produced the following indications of market value:

Sales Comparison Approach:

As Vacant (Land Only):	\$ 56,000.00
As Is (Land and Improvements):	\$138,000.00
Building Improvement Contribution:	\$ 82,000.00

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 was not utilized in the valuation due to the subject having older building improvements

The income approach was not utilized in the valuation of the subject since it is not regarded as an income producing property.

The sales comparison approach utilized sales that were the most similar to the subject property. The dataset is limited by the amount of comparable sales in the area. A bracketing approach was used for the land valuation. Other agricultural sales were used in the building valuation due to them being more comparable to the subject's building improvements.

In the case of the market data and support, the sales comparison approach was the only approach used of the three approaches.

Therefore, the opinion of market value of the subject property as of July 10, 2019; "As Vacant" under the hypothetical condition as the land is vacant with no building or other site improvements is at \$56,000; "As Is" as of the effective date of the valuation it at: \$138,000.00; and "As Is" building contribution is at : \$82,000. All subject to the hypothetical condition of the property having no lease in place and being valued as fee simple subject to any encumbrances, reservations, conveyances, restrictions, and/or easements of record.

CERTIFICATION OF APPRAISER

We certify to that, to the best of our 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 analyses, opinions, and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
4. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment. (The "estimate of value" in the appraisal report is not based in whole or in part upon the race, color, or national origin of the present owners or occupants of the properties in the vicinity of the property appraised.)
5. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. Our 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.
7. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice, 2018 Edition*.
8. We have made a personal inspection of the property that is the subject of this report.
9. No one provided significant real property appraisal assistance to the person signing this report.
10. This report has been made in conformity with and is subject to the Code of Professional Ethics and Standards of the American Society of Farm Managers and Rural Appraisers. To the best of my knowledge and belief, the statements of fact contained in this report upon which the analysis, opinions, and conclusions expressed are true and correct.
11. The American Society of Farm Managers and Rural Appraisers conduct voluntary programs of continuing education for their designated members. ARAs who meet the minimum standards of these programs are awarded periodic educational certification. As of the effective date of this report, Mr. Luther has completed the requirements of the continuing education program.
12. All contingent and limiting conditions are contained herein and no one other than the undersigned have prepared the analysis, or set forth conclusions and opinions concerning the real estate that is the subject of this appraisal assignment.
13. Mr. Luther is a General Certified Real Estate Appraiser, Montana Certificate # REA-RAG-LIC-188 and Mr. Stroh is a Licensed Real Estate Appraiser Trainee # REA-RET-LIC-7472.


14. As required by the USPAP Ethics Rule, we hereby notifying the client that we have
not provided a previous service regarding the subject property within the last three years.

The market value on McCone (Thoeny) Cabin Site, as of **July 10, 2019** is

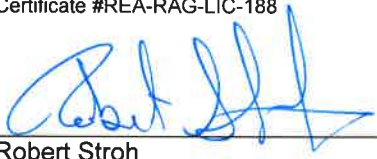
As Vacant
****Fifty Six Thousand Dollars****
(\$56,000.00)

As Is
**** One Hundred and Thirty Eight Thousand Dollars****
(\$138,000.00)

As Is Building Contribution
****Eighty Two Thousand Dollars****
(\$82,000.00)


George Luther, ARA
Montana Certified General Real Estate Appraiser
Certificate #REA-RAG-LIC-188

8/19/19
Date


Robert Stroh
Appraiser Trainee
License #REA-RET-LIC-7472

8/19/19
Date

ADDENDA

Inspection Photos

Scope of Work

Certificate of Survey

Water Right(s)

Engagement Letter/Contract

Appraisers Qualifications



Grain bins (1-3) in the northwest portion of the property, looking north.



Grain bins (2-6) in the northwest portion of the property, looking northeast.



Grain bins.



Grain bins in the northwest portion of the property, looking northwest.



Old shed, east of the grain bins.



Fuel tanks.



East and north sides of the quonset.



East side of the quonset.



Interior of the quonset.



South side of the quonset.



North and west sides of the dwelling.



South and east sides of the dwelling.



Foundation of the dwelling.



Foundation of the dwelling with supports added.



Storage building east northeast of the dwelling.



Storage building east of the dwelling.



Well house, south of the dwelling.



Old storage building.



Storage building.



Old sheds.



West and south sides of the machine shed.



Interior of the machine shed.



Interior of the machine shed.



Ease side of the machine shed with small overhead door.



Barn in the corrals.



Corrals with the livestock shed on the left side of the photo, looking southwest.



Photo from the same location as the previous photo, looking south.



Interior of the livestock shed.



North side of the livestock shed.



East side of the livestock shed.



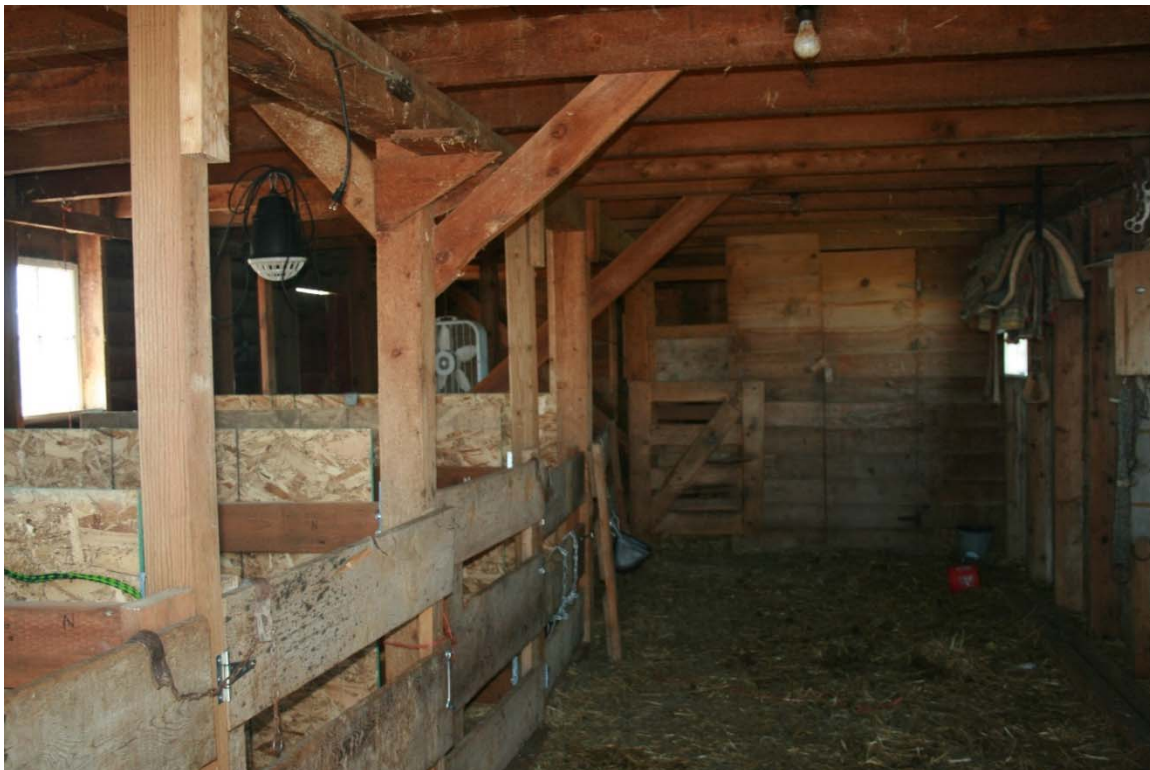
West side of the barn.



Corrals.



South and east sides of the livestock barn located east of the Quonset.



Interior of the livestock barn.



Small livestock shed located east of the quonset.



Above ground fuel tanks located east of the quonset.

**DNRC TLMD Real Estate Management Bureau
Cabin/Home Site Sale Program**

Scope of Work for the Appraisal of Potential Property Sales Through the Cabin/Home Site Sales Program: 2019 Prairie & McCone County Appraisals

CLIENT, INTENDED USERS, PURPOSE AND INTENDED USE:

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

DEFINITIONS:

Current fair market value. (12 C.F.R. § 34.42 (h)) Market value means 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 own best interests;
- (3) A reasonable time is allowed for exposure in the open market;
- (4) Payment is made in terms of cash in U.S. 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.

State laws guiding authority. (MCA 70-30-313) Current fair market value is the price that would be agreed to by a willing and informed seller and buyer, taking into consideration, but not limited to, the following factors:

- (1) the highest and best reasonably available use and its value for such use, provided current use may not be presumed to be the highest and best use;
- (2) the machinery, equipment, and fixtures forming part of the real estate taken; and
- (3) any other relevant factors as to which evidence is offered.

Highest and best use. The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability.

PROPERTY RIGHTS APPRAISED:

State of Montana lands are always to be appraised as if they are in private ownership and could be sold on the open market and are to be appraised in Fee Simple interest. For analysis purposes, properties that have leases or licenses on them are to be appraised with the Hypothetical Condition the leases/licenses do not exist.

EFFECTIVE DATE OF VALUATION AND DATE OF INSPECTION:

The latest date of inspection by the appraiser will be the effective date of the valuation.

SUBJECT PROPERTY DESCRIPTION & CHARACTERISTICS:

The legal descriptions and other characteristics of the state's property that are known by the state will be provided to the appraiser. However, the appraiser should verify, as best as possible, any information provided. Further, should any adverse conditions be found by the appraiser in the course of inspecting the property and neighborhood, or through researching information about the property, neighborhood, and market, those conditions shall be communicated to the clients and may change the scope of work required.

The legal descriptions and other characteristics of the Lessee's property that are known by the Lessee will be provided to the appraiser. However, the appraiser should verify, as best as possible, any information provided. Further, should any adverse conditions be found by the appraiser in the course of inspecting the property, or through researching information about the property, neighborhood and market, those conditions shall be communicated to the clients and may change the scope of work required.

ASSIGNMENT CONDITIONS:

The appraiser must be a Montana certified general appraiser and be competent to appraise the subject property. The appraisal is to conform to the latest edition of USPAP, and the opinion of value must be credible. The appraiser is to physically inspect the subject properties at a level that will allow the appraiser to render a credible opinion of value about the properties. The appraiser must have knowledge of the comparables through either personal inspection or with use of sources the appraiser deems reliable, and must have at least viewed the comparables.

The appraiser will consider the highest and best use of the subject properties. (Note: It may be possible that because of the characteristics of a subject property or market, there may be different highest and best uses for different components of the property. Again, that will depend on the individual characteristics of the subject property and correlating market. The appraiser must look at what a typical buyer for the property would consider.)

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

The appraisal will be an Appraisal Report, as per USPAP, that will describe adequately the information analyzed, appraisal methods, and techniques employed, and reasoning that support the analyses, opinions, and conclusions. All hypothetical conditions and extraordinary assumptions must be noted. The appraiser will provide one appraisal report that includes analysis and appraised values of the twelve (12) cabin sites identified in the Supplemental Appraisal Instructions.

The subject property must be valued with the actual or hypothetical condition that the cabin site or home site has legal access.

All appraisals are to describe the market value trends, and provide a rate of change, for the markets of the subject property. Comparable sales used should preferably be most recent sales

available or be adjusted for market trends if appropriate. The comparable sales must be in reasonable proximity to the subject, preferably within the same county or a neighboring county. Use comparable sales of like properties.

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

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

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

APPRAISED VALUES REQUIRED:

The appraisal for each cabin and home site must:

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

**DNRC TLMD Real Estate Management Bureau
Cabin/Home Site Sale Program**

Supplemental Appraisal Instructions: 2019 Prairie & McCone County Appraisals

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

Subject Properties Located in Prairie & McCone Counties:

Sale #	Acres	Legal Description
970	8.74 ±	PT SE4NE4SW4, PT NE4SE4SW4, PT SW4NW4SE4, PT NW4SW4SE4 T16N-R47E, Sec. 36 Prairie County
971	20.60 ±	PT W2SW4 T17N-R46E, Sec. 16 McCone County

DNRC Contact Information:

Kelly Motichka, Lands Section Supervisor
PO Box 201601
Helena, MT 59620-1601
Phone: (406) 444-4165
kmotichka@mt.gov

Lessees:

Sale 970 Cathie Dolatta (see DNRC contact for lessee information)	Sale 971 Michael Thoeny (see DNRC contact for lessee information)
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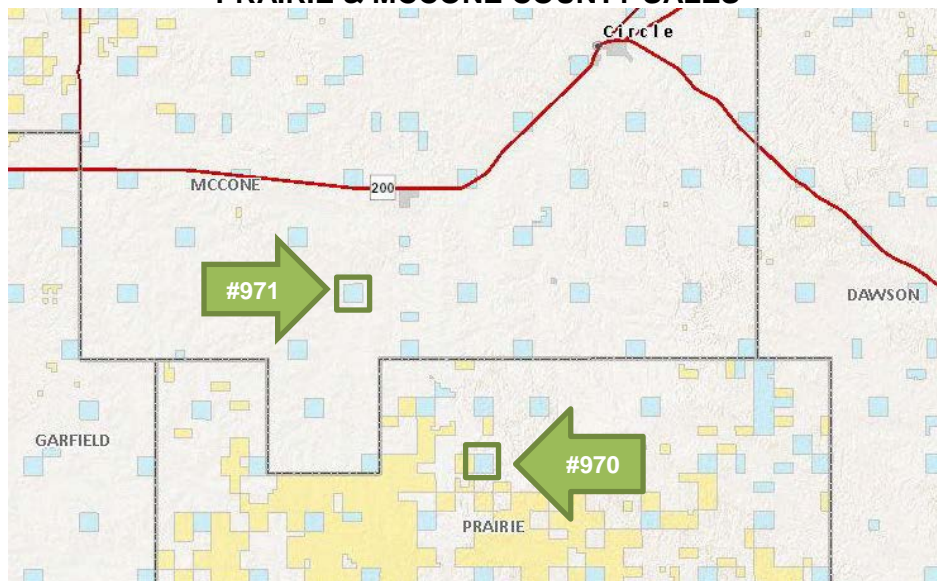
The following will be located in the body of the contract:

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

The definition of market value is that as defined in 70-30-313 MCA.

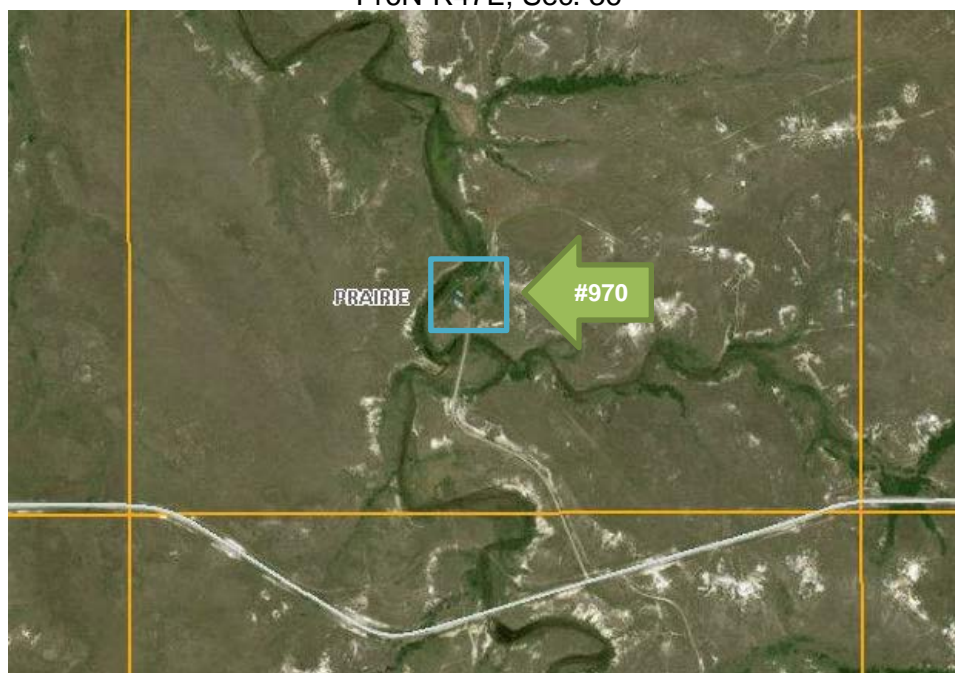
The DNRC will provide access to the state parcel record, as maintained by the land office, including but not limited to aerial photos, land improvements, property issues, surveys (if any), and production history. The local land office will provide contact information to the appraiser, if necessary, in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

PRAIRIE & MCCONE COUNTY SALES



Prairie County

Unsurveyed lot in PT SE4NE4SW4, PT NE4SE4SW4, PT SW4NW4SE4, PT NW4SW4SE4
T16N-R47E, Sec. 36



McCone County
Unsurveyed lot in PT W2SW4, T17N-R46E, Sec. 16



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:

40P 18555-00 PROVISIONAL PERMIT

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:

MAY 5, 1978 at 03:11 P.M.

Enforceable Priority Date:

MAY 5, 1978 at 03:11 P.M.

Purpose (use):

IRRIGATION

Maximum Flow Rate:

4,308.00 GPM

Maximum Volume:

172.50 AC-FT

Maximum Acres:

115.00

Source Name:

REDWATER RIVER

Source Type:

SURFACE WATER

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		NWNENW	21	17N	46E	MCCONE

Period of Diversion:

APRIL 1 TO OCTOBER 15

Diversion Means:

PUMP

Pump Size:

100.00 HP

Purpose (Use):

IRRIGATION

Irrigation Type:

FLOOD

Volume:

172.50 AC-FT

Period of Use:

APRIL 1 to OCTOBER 15

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	80.00		NW	16	17N	46E	MCCONE
2	35.00		SW	16	17N	46E	MCCONE
Total:	115.00						

Remarks:

THE WATER RIGHTS FOLLOWING THIS STATEMENT ARE ASSOCIATED WHICH MEANS THE RIGHTS SHARE THE SAME FLOW RATE AND VOLUME.

18555-00 66176-00

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: 40P 41716-00 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, 1982 at 02:04 P.M.
Enforceable Priority Date: FEBRUARY 26, 1982 at 02:04 P.M.
Purpose (use): DOMESTIC
STOCK
Maximum Flow Rate: 5.00 GPM
Maximum Volume: 4.86 AC-FT
Source Name: GROUNDWATER
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		SWNWSW	16	17N	46E	MCCONE

Period of Diversion: JANUARY 1 TO DECEMBER 31
Diversion Means: WELL

Purpose (Use): DOMESTIC
Households: 1
Volume: 1.50 AC-FT
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			SWNWSW	16	17N	46E	MCCONE

Purpose (Use): STOCK
Volume: 3.36 AC-FT
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			SWNWSW	16	17N	46E	MCCONE

Remarks:
IMPORTANT INFORMATION
STATE LANDS FILE NO 776

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: 40P 128313-00 STATEMENT OF CLAIM
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: JUNE 11, 1963
Enforceable Priority Date: JUNE 11, 1963
Type of Historical Right: FILED
Purpose (use): DOMESTIC
Maximum Flow Rate: 10.00 GPM
Maximum Volume: 1.50 AC-FT

Households: 1

Source Name: GROUNDWATER
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		SWNWSW	16	17N	46E	MCCONE

Period of Diversion: JANUARY 1 TO DECEMBER 31
Diversion Means: WELL

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			SWNWSW	16	17N	46E	MCCONE

Remarks:

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:

40P 128314-00 STATEMENT OF CLAIM

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:

JUNE 11, 1963

Enforceable Priority Date:

JUNE 11, 1963

Type of Historical Right:

FILED

Purpose (use):

STOCK

Maximum Flow Rate:

10.00 GPM

Maximum Volume:

THIS WATER RIGHT INCLUDES THE AMOUNT OF WATER CONSUMPTIVELY USED FOR STOCKWATERING PURPOSES AT THE RATE OF 30 GALLONS PER DAY PER ANIMAL UNIT. ANIMAL UNITS SHALL BE BASED ON REASONABLE CARRYING CAPACITY AND HISTORICAL USE OF THE AREA SERVICED BY THIS WATER SOURCE.

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>Sec</u>	<u>Twp</u>	<u>Rge</u>	<u>County</u>
1		SWN	WSW	16	17N	46E	MCCONE

Period of Diversion:

JANUARY 1 TO DECEMBER 31

Diversion Means:

WELL

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			SWN	WSW	16	17N	46E	MCCONE

Remarks:

DEPARTMENT OF NATURAL RESOURCES
AND CONSERVATION

Trust Land Management Division



STEVE BULLOCK, GOVERNOR

1625 ELEVENTH AVENUE

DIRECTOR'S OFFICE (406) 444-2074
TELEFAX NUMBER (406) 444-2684

PO BOX 201601
HELENA, MONTANA 59620-1601

July 2, 2019

Luther Appraisal Services
PO Box 1745
Miles City MT 59301-1745

RE: Contract # 195141

Dear George,

Enclosed please find the executed copy of contract for the appraisal of potential land banking sale properties in Custer, Fallon, Prairie & McCone Counties. Please let me know if you have any questions or need anything further.

Best Regards,

A handwritten signature in blue ink that reads "Kelly Motichka".

Kelly Motichka, Land Section Supervisor
(406) 444-4165
kmotichka@mt.gov

encl.

FOR DNRC USE ONLY

Amount under this Agreement: \$9,000.00

Source of Funds

<u>Fund Name</u>	<u>Fund No.</u>
Cabin Site Sale Private Closing Costs	02031
Trust Administration Account	02938

<u>Subclass</u>	<u>Org. No.</u>	<u>Percent</u>
555HA	6049-59	50%
	6048DROTO-01	50%

Approved

No. 195141
Division SWA
Legal C. JB
F.S.O. CU



**TRUST LAND MANAGEMENT DIVISION
APPRAISAL OF POTENTIAL LAND BANKING SALES IN CUSTER, FALLON, PRAIRIE,
& MCCONE COUNTIES**

THIS CONTRACT is entered into by and between the State of Montana, Department of Natural Resources and Conservation (hereinafter referred to as "the State"), whose address and phone number are PO Box 201601, 1539 Eleventh Avenue, Helena, MT 59620-1601, (406) 444-4165 and Luther Appraisal Services, Inc. (Contractor), whose address and phone number are PO Box 1745, Miles City, MT 59301-1745 and (406) 234-5201.

1. EFFECTIVE DATE, DURATION, AND RENEWAL

1.1 Contract Term: The contract's initial term is upon contract execution, through January 31, 2020, unless terminated earlier as provided in this contract. In no event is this contract binding on the State unless the State's authorized representative has executed it in Section 3~~5~~. The appraisal reports are to be completed and forwarded to DNRC, Kelly Motichka, at PO Box 201601, 1539 Eleventh Avenue, Helena, MT 59620-1601 by August 30, 2019. MT

1.2 Contract Renewal: N/A

2. COST ADJUSTMENTS – N/A

2.1 Cost Increase by Mutual Agreement: N/A

3. SERVICES AND/OR SUPPLIES

The Contractor shall provide the State the following: the Contractor shall be responsible for providing a credible appraisal for: the parcel in Custer County as described in Attachment B, *Supplemental Appraisal Instructions: 2018 Custer County Appraisal*; the parcel in Fallon County as described in Attachment D, *Supplemental Appraisal Instructions: 2018 Fallon County Appraisal*; and the parcels in Prairie and McCone counties as described in Attachment F, *Supplemental Appraisal Instructions: 2019 Prairie & McCone County Appraisals*. The appraisals will be the Appraisal Reports, conducted

and prepared in compliance with the Uniform Standards of Professional Appraisal Practice that will describe adequately the information analyzed, appraisal methods and techniques employed, and reasoning that support the analyses, opinions, and conclusions.

Attachment A through F are attached hereto and incorporated herein by reference.

The appraisal must comply with the instructions in Attachment A, *Scope of Work for the Appraisal of Potential Property Sales Through the Cabin/Home Site Sales Program: 2018 Custer County Appraisal*, Attachment C, *Scope of Work for the Appraisal of Potential Property Sales Through the Cabin/Home Site Sales Program: 2018 Fallon County Appraisal*, and Attachment E, *Scope of Work for the Appraisal of Potential Property Sales Through the Cabin/Home Site Sales Program: 2019 Prairie & McCone County Appraisals*, and all provisions in the body of this contract including the following:

- 1) The appraisal report will be three documents containing the property data and analysis, opinions, and conclusions of value for the properties in (1) Custer County, (2) Fallon County, and (3) Prairie & McCone Counties. If deemed necessary by the Contractor rather than including the specific market data in the appraisal report, a separate addendum may be submitted containing the specific market data as a stand-alone document, which must be reviewed and accepted along with the appraisal, and can be returned to the Contractor for retention in his/her files. The Contractor must submit an electronic copy as well as a printed copy of the appraisal report.
- 2) Each sale parcel listed in Attachment B, *Supplemental Appraisal Instructions: 2018 Custer County Appraisal*, Attachment D, *Supplemental Appraisal Instructions: 2018 Fallon County Appraisal* and Attachment F, *Supplemental Appraisal Instructions: 2019 Prairie & McCone County Appraisals* must be assigned separate values.
- 3) The definition of market value is that as defined in 12 CFR § 34.42 (h).

4. WARRANTIES

4.1 Warranty of Services: The Contractor warrants that the services provided conform to the contract requirements, including all descriptions, specifications, and attachments made a part of this contract. The State's acceptance of services provided by Contractor shall not relieve Contractor from its obligations under this warranty. In addition to its other remedies under this contract, at law, or in equity, the State may, at Contractor's expense, require prompt correction of any services failing to meet Contractor's warranty herein. Services corrected by Contractor shall be subject to all the provisions of this contract in the manner and to the same extent as services originally furnished.

5. CONSIDERATION/PAYMENT

5.1 Payment Schedule: In consideration of the successful submission of the appraisal report to be provided, the State shall pay Contractor \$9,000.00. The Contractor shall, at no additional expense to the State, correct unsatisfactory work before payment is made.

In no case shall the State's total cumulative payment under this contract exceed *nine thousand dollars and NO/100* (\$9,000.00).

5.2 Withholding of Payment: N/A

5.3 Payment Terms: Unless otherwise noted in the solicitation document, the State has thirty (30) days to pay invoices, as allowed by 17-8-242, MCA. The Contractor shall provide banking information at the time of contract execution in order to facilitate the State's electronic funds transfer payments.

5.4 Reference to Contract: The contract number MUST appear on all invoices, packing lists, packages, and correspondence pertaining to the contract. If the number is not provided, the State is not obligated to pay the invoice.

5.5 Fuel Surcharge: N/A

6. PREVAILING WAGES REQUIREMENTS – N/A

7. ACCESS AND RETENTION OF RECORDS

7.1 Access to Records: The Contractor shall provide the State, Legislative Auditor, or their authorized agents access to any records necessary to determine contract compliance. The State may terminate this contract under Section 20, without incurring liability, for the Contractor's refusal to allow access as required by this section (18-1-118, MCA).

7.2 Retention Period: The Contractor shall create and retain all records documenting the appraisal report for a period of eight years after either the completion date of this contract or termination of the contract.

8. ASSIGNMENT, TRANSFER, AND SUBCONTRACTING

The Contractor may not assign, transfer, or subcontract any portion of this contract without the State's prior written consent (18-4-141, MCA). The Contractor is responsible to the State for the acts and omissions of all subcontractors or agents and of persons directly or indirectly employed by such subcontractors, and for the acts and omissions of persons employed directly by the Contractor. No contractual relationships exist between any subcontractor and the State under this contract. The Contractor is responsible to ensure that any assignee, transferee, or subcontractor is subject to all of the terms and conditions of this contract as fully set forth. Consent of the State to assign, transfer, or subcontract any portion of this contract does not relieve the Contractor in any manner of his/her responsibilities under this contract.

9. HOLD HARMLESS/INDEMNIFICATION

9.1 Claims under this provision also include any claim arising out of or in any way connected with the Contractor's breach of this contract, including any claims asserting that any of the Contractor's employees are actually employees of the State or common law employees of the State or any of its agencies or political subdivisions, including but not limited to excise taxes or penalties imposed on the State under Internal Revenue Code §§ 4980H, 6055, or 6056 and any subsequent amendments or additions to these Sections. The Contractor shall be responsible for implementation of all aspects of the Affordable Care Act as this Act may apply to the Contractor and shall be responsible for any violations including any sanction, penalty, fee, or tax and shall indemnify the State and hold harmless and defend the State for any omission or failure of the Contractor to meet his/her obligations under Sections 13 and 14.

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

10. **CONTRACTOR REGISTRATION (for construction)** – N/A

11. **CONTRACTOR WITHHOLDING (for construction)** – N/A

12. **REQUIRED INSURANCE**

12.1 General Requirements: The Contractor shall maintain for the duration of this contract, at its cost and expense, insurance against claims for injuries to persons or damages to property, including contractual liability, which may arise from or in connection with the performance of the work by the Contractor, agents, employees, representatives, assigns, or subcontractors. This insurance shall cover such claims as may be caused by any negligent act or omission.

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

12.3 Specific Requirements for Commercial General Liability: N/A

12.4 Specific Requirements for Automobile Liability: The Contractor shall purchase and maintain coverage with split limits of \$500,000 per person (personal injury), \$1,000,000 per accident occurrence (personal injury), and \$100,000 per accident occurrence (property damage), OR combined single limits of \$1,000,000 per occurrence to cover such claims as may be caused by any act, omission, or negligence of the Contractor or its officers, agents, representatives, assigns, or subcontractors.

The State, its officers, officials, employees, and volunteers are to be covered and listed as additional insureds for automobiles leased, hired, or borrowed by Contractor.

12.5 Specific Requirements for Professional Liability: The Contractor shall purchase and maintain occurrence coverage with combined single limits for each wrongful act of \$500,000 per occurrence and \$500,000 aggregate per year to cover such claims as may be caused by any act, omission, or negligence of the Contractor or its officers, agents, representatives, assigns, or subcontractors. Note: If "occurrence" coverage is unavailable or cost prohibitive, the Contractor may provide "claims made" coverage provided the following conditions are met: (1) the commencement date of this contract must not fall outside the effective date of insurance coverage and it will be the retroactive date for insurance coverage in future years; and (2) the claims made policy must have a three-year tail for claims that are made (filed) after the cancellation or expiration date of the policy.

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

12.7 Certificate of Insurance/Endorsements: A certificate of insurance from an insurer with a Best's rating of no less than A- indicating compliance with the required coverages, must be received by the State at DNRC, PO Box 201601, Helena, MT 59620-1601. The Contractor must notify the State immediately of any material change in insurance coverage, including but not limited to changes in

limits, coverages, and status of policy. The Contractor must provide the State with copies of insurance policies upon request.

13. COMPLIANCE WITH WORKERS' COMPENSATION ACT

The Contractor shall comply with the provisions of the Montana Workers' Compensation Act while performing work for the State in accordance with 39-71-401, 39-71-405, and 39-71-417, MCA. Proof of compliance must be in the form of workers' compensation insurance, an independent contractor's exemption, or documentation of corporate officer status. Neither the Contractor nor its employees are State employees. This insurance/exemption must be valid for the entire contract term and any renewal. Upon expiration, a renewal document must be sent to the State at DNRC, PO Box 201601, Helena, MT 59620-1601.

14. COMPLIANCE WITH LAWS

14.1 Federal, State, or Local laws, Rules, and Regulations: The Contractor shall, in performance of work under this contract, fully comply with all applicable federal, state, or local laws, rules, and regulations, including but not limited to the Montana Human Rights Act, the Civil Rights Act of 1964, the Age Discrimination Act of 1975, the Americans with Disabilities Act of 1990, and Section 504 of the Rehabilitation Act of 1973. The State may audit or request from the Contractor at any time a statement that it is fully compliant with all requirements of this Section.

14.2 Contractor as Employer under the Patient Protection and Affordable Care Act and this Contract: The Contractor is the employer for the purpose of providing healthcare benefits and paying any applicable penalties, fees, and taxes under the Patient Protection and Affordable Care Act (PI 111-148, 124 Stat. 119). The Contractor represents and warrants that all individuals who perform services for an agency of the State for the Contractor under this contract are without exception the Contractor's common law employees at all times and that the Contractor acknowledges that the Contractor has the responsibility and retains the obligation to direct and control its employees providing services under this contract for the term of this contract. The Contractor is responsible for providing healthcare benefits for its employees under the Patient Protection and Affordable Care Act.

14.2.1 State Benefits Plans: The Contractor acknowledges and agrees that it, its agents or employees are not employees of the State and that its agents or employees have no nexus with the State to participate in any of the State's benefits plans or programs that the State offers its employees and maintains for its employees.

14.2.2 Contractor-Provided Health Care Coverage: The Contractor shall, if required by the Patient Protection and Affordable Care Act, offer to all its agents or employees who perform services for the State under this contract for 30 or more hours a week and for employee's or agent's dependents under age 26 health care coverage under its health care plans. Such coverage must provide minimum essential coverage and minimum value and be affordable for purposes of the employer responsibility provisions under Internal Revenue Code §§ 4980H and otherwise satisfy the requirements of Code §§ 4980H if provided by the State. It shall be the Contractor's sole responsibility to determine applicability and compliance requirements that may apply to the Contractor under the Patient Protection and Affordable Care Act.

14.2.3 Contractor Reporting Requirements: The Contractor acknowledges that if it is subject to any reporting requirements under Code §§ 6055 and 6066 that the Contractor will fully comply with any required reporting with respect to individuals who perform services for the State.

14.3 Any partial or whole assignment, transfer, subletting, or subcontracting by Contractor subjects subcontractors to the same provisions of this Section, and it is the responsibility of the

Contractor to ensure any agreement to assign, transfer, sublet, or subcontract binds any successor to this contract in whole or in part or binds any subcontractor to all the terms and conditions of this contract as if a party to the contract from inception.

14.4 In accordance with 49-3-207, MCA, the Contractor agrees that the hiring of persons to perform this contract will be made on the basis of merit and qualifications and there will be no discrimination based upon race, color, religion, creed, political ideas, sex, age, marital status, physical or mental disability, or national origin of the persons performing this contract.

15. COMPLIANCE WITH DARK MONEY SPENDING DISCLOSURE REQUIREMENTS: N/A

16. DISABILITY ACCOMMODATIONS

The State does not discriminate on the basis of disability in admission to, access to, or operations of its programs, services, or activities. Individuals who need aids, alternative document formats, or services for effective communications or other disability related accommodations in the programs and services offered are invited to make their needs and preferences known to this office. Interested parties should provide as much advanced notice as possible.

17. REGISTRATION WITH THE SECRETARY OF STATE

Any business intending to transact business in Montana must register with the Secretary of State. Businesses that are incorporated in another state or country, but which are conducting activity in Montana, must determine whether they are transacting business in Montana in accordance with 35-1-1026 and 35-8-1001, MCA. Such businesses may want to obtain the guidance of their attorney or accountant to determine whether their activity is considered transacting business.

If businesses determine that they are transacting business in Montana, they must register with the Secretary of State and obtain a certificate of authority to demonstrate that they are in good standing in Montana. To obtain registration materials, call the office of the Secretary of State at (406) 444-3665 or visit their website at <http://sos.mt.gov>.

18. INTELLECTUAL PROPERTY/OWNERSHIP

18.1 Mutual Use: The Contractor shall make available to the State, on a royalty-free, nonexclusive basis, all patent and other legal rights in or to inventions first conceived and reduced to practice, or created in whole or in part under this contract, if such availability is necessary for the State to receive the benefits of this contract. Unless otherwise specified in a statement of work, both parties shall have a royalty-free, nonexclusive, and irrevocable right to reproduce, publish, or otherwise use copyrightable property created under this contract. This mutual right includes (1) all deliverables and other materials, products, modifications that the Contractor has developed or prepared for the State under this contract; (2) any program code, or site-related program code that the Contractor has created, developed, or prepared under or primarily in support of the performance of its specific obligations under this contract; and (3) manuals, training materials, and documentation. All information described in (1), (2), and (3) is collectively called the "Work Product".

18.2 Title and Ownership Rights: The State retains title to and all ownership rights in all data and content, including but not limited to multimedia or images (graphics, audio, and video), text, and the like provided by the State (the "Content"), but grants the Contractor the right to access and use Content for the purpose of complying with its obligations under this contract and any applicable statement of work.

18.3 Ownership of Work Product: The Contractor shall execute any documents or take any other actions as may reasonably be necessary, or as the State may reasonably request, to perfect the State's ownership of any Work Product.

18.4 Copy of Work Product: The Contractor shall, at no cost to the State, deliver to the State, upon the State's request during the term of this contract or at its expiration or termination, a current copy of all Work Product in the form and on the media in use as of the date of the State's request, or such expiration or termination.

18.5 Ownership of Contractor Pre-Existing Materials: The Contractor retains ownership of all literary or other works of authorship (such as software programs and code, documentation, reports, and similar works), information, data, intellectual property, techniques, subroutines, algorithms, methods or related rights, and derivatives that the Contractor owns at the time this contract is executed or otherwise developed or acquired independent of this contract and employed by the Contractor in connection with the services provided to the State (the "Contractor Pre-Existing Materials"). Contractor Pre-Existing Materials are not Work Product. The Contractor shall provide full disclosure of any Contractor Pre-Existing Materials to the State before its use and to prove its ownership. If, however, the Contractor fails to disclose to the State such Contractor Pre-Existing Materials, the Contractor shall grant the State a nonexclusive, worldwide, paid-up license to use any Contractor Pre-Existing Materials embedded in the Work Product to the extent such Contractor Pre-Existing Materials are necessary for the State to receive the intended benefit under this contract. Such license shall remain in effect for so long as such Contractor Pre-Existing Materials remain embedded in the Work Product. Except as otherwise provided for in **Section 18.3** or as may be expressly agreed in any statement of work, the Contractor shall retain title to and ownership of any hardware it provides under this contract.

19. PATENT AND COPYRIGHT PROTECTION – N/A

20. CONTRACT PERFORMANCE ASSURANCE – N/A

21. CONTRACT TERMINATION

21.1 Termination for Cause with Notice to Cure Requirement: The State may terminate this contract in whole or in part for Contractor's failure to materially perform any of the services, duties, terms, or conditions contained in this contract after giving the Contractor written notice of the stated failure. The written notice must demand performance of the stated failure within a specified period of time of not less than 14 days. If the demanded performance is not completed within the specified period, the termination is effective at the end of the specified period.

21.2 Termination for Cause with Notice to Cure Requirement: The Contractor may terminate this contract for the State's failure to perform any of its duties under this contract after giving the State written notice of the failure. The written notice must demand performance of the stated failure within a specified period of time of not less than 14 days. If the demanded performance is not completed within the specified period, the termination is effective at the end of the specified period.

21.3 Reduction of Funding: The State must by law terminate this contract if funds are not appropriated or otherwise made available to support the State's continuation of performance of this contract in a subsequent fiscal period (18-4-313(4), MCA). If state or federal government funds are not appropriated or otherwise made available through the state budgeting process to support continued performance of this contract (whether at an initial contract payment level or any contract increases to that initial level) in subsequent fiscal periods, the State shall terminate this contract as

required by law. The State shall provide the Contractor the date the State's termination shall take effect. The State shall not be liable to the Contractor for any payment that would have been payable had the contract not been terminated under this provision. As stated above, the State shall be liable to Contractor only for the payment, or prorated portion of that payment, owed to the Contractor up to the date the State's termination takes effect. This is the Contractor's sole remedy. The State shall not be liable to the Contractor for any other payments or damages arising from termination under this section, including but not limited to general, special, or consequential damages such as lost profits or revenues.

22. EVENT OF BREACH – REMEDIES

22.1 Event of Breach by Contractor: Any one or more of the following Contractor acts or omissions constitute an event of material breach under this contract:

- Products or services furnished fail to conform to any requirement;
- Failure to submit any report required by this contract;
- Failure to perform any of the other terms and conditions of this contract, including but not limited to beginning work under this contract without prior State approval or breaching Section 27.1, obligations; or
- Voluntary or involuntary bankruptcy or receivership.

22.2 Event of Breach by State: The State's failure to perform any material terms or conditions of this contract constitutes an event of breach.

22.3 Actions in Event of Breach: Upon the Contractor's material breach, the State may:

- Terminate this contract under section 21.1; or
- Treat this contract as materially breached and pursue any of its remedies under this contract, at law, or in equity.

Upon the State's material breach, the Contractor may:

- Terminate this Contract under Section 21.2 and pursue any of its remedies under this contract, at law, or in equity; or
- Treat this contract as materially breached and, except as the remedy is limited in this contract, pursue any of its remedies under this contract, at law, or in equity.

23. FORCE MAJEURE

Neither party is responsible for failure to fulfill its obligations due to causes beyond its reasonable control, including without limitation, acts or omissions of government or military authority, acts of God, materials shortages, transportation delays, fires, floods, labor disturbances, riots, wars, terrorist acts, or any other causes, directly or indirectly beyond the reasonable control of the nonperforming party, so long as such party uses its best efforts to remedy such failure or delays. A party affected by a force majeure condition shall provide written notice to the other party within a reasonable time of the onset of the condition. In no event, however, shall the notice be provided later than 5 working days after the onset. If the notice is not provided within the 5-day period, then a party may not claim a force majeure event. A force majeure condition suspends a party's obligations under this contract, unless the parties mutually agree that the obligation is excused because of the condition.

24. WAIVER OF BREACH

Either party's failure to enforce any contract provisions after any event of breach is not a waiver of its right to enforce the provisions and exercise appropriate remedies if the breach occurs again. Neither party may assert the defense of waiver in these situations.

25. CONFORMANCE WITH CONTRACT

No alteration of the terms, conditions, delivery, price, quality, quantities, or specifications of the contract shall be granted without the State's prior written consent. Product or services provided that do not conform to the contract terms, conditions, and specifications may be rejected and returned at Contractor's expense.

26. LIAISONS AND SERVICE OF NOTICES

26.1 Contract Liaisons: All project management and coordination on the State's behalf must be through a single point of contact designated as the State's liaison. The Contractor shall designate a liaison that will provide the single point of contact for management and coordination of the Contractor's work. All work performed under this contract must be coordinated between the State's liaison and the Contractor's liaison.

Kelly Motichka, Lands Section Supervisor, is the State's liaison.

Address: PO Box 201601

City, State, Zipcode: Helena, MT 59620-1601

Telephone: (406) 444-4165

Fax: (406) 444-2684

E-Mail: kmotichka@mt.gov

George Luther, Jr., is Contractor's liaison.

Address: PO Box 1745

City, State, Zipcode: Miles City, MT 59301-1745

Telephone: (406) 234-5201

E-Mail: apprsl@midrivers.com

26.2 Notifications: The State's liaison and the Contractor's liaison may be changed by written notice to the other party. Written notices, requests, or complaints must first be directed to the liaison. Notice may be provided by personal service, mail, or facsimile. If notice is provided by personal service or facsimile, the notice is effective upon receipt; if notice is provided by mail, the notice is effective within 3 business days of mailing. A signed and dated acknowledgement of the notice is required of both parties.

26.3 Identification/Substitution of Personnel: N/A

27. MEETINGS

27.1 Technical or Contractual Problems: The Contractor shall meet with the State's personnel, or designated representatives, to resolve technical or contractual problems occurring during the contract term or to discuss the progress made by Contractor and the State in the performance of their respective obligations, at no additional cost to the State. The State may request the meetings as problems arise and will be coordinated by the State. The State shall provide Contractor a minimum of three full working day notice of meeting date, time, and location. Face-to-face meetings are desired; however, at Contractor's option and expense, a conference call meeting may be substituted. Consistent failure to participate in problem resolution meetings, two consecutive missed or rescheduled meetings, or failure to make a good faith effort to resolve problems, may result in termination of the contract.

27.2 Progress Meetings: N/A

27.3 Failure to Notify: N/A

27.4 State's Failure or Delay: N/A

28. TRANSITION ASSISTANCE

If this contract is not renewed at the end of this term, if the contract is otherwise terminated before project completion, or if particular work on a project is terminated for any reason, the Contractor shall provide transition assistance for a reasonable, mutually agreed period of time after the expiration or termination of this contract or particular work under this contract. The purpose of this assistance is to allow for the expired or terminated portion of the services to continue without interruption or adverse effect, and to facilitate the orderly transfer of such services to the State or its designees. The parties agree that such transition assistance is governed by the terms and conditions of this contract, except for those terms or conditions that do not reasonably apply to such transition assistance. The State shall pay the Contractor for any resources utilized in performing such transition assistance at the most current contract rates. If the State terminates a project or this contract for cause, then the State may offset the cost of paying the Contractor for the additional resources the Contractor utilized in providing transition assistance with any damages the State may have sustained as a result of the Contractor's breach.

29. CHOICE OF LAW AND VENUE

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

30. TAX EXEMPTION

State of Montana is exempt from Federal Excise Taxes (#81-0302402) except as otherwise provided in the federal Patient Protection and Affordable Care Act (PI 111-148, 124 Stat. 119).

31. AUTHORITY

This contract is issued under authority of Title 18, Montana Code Annotated (MCA), and the Administrative Rules of Montana (ARM), Title 2, Chapter 5.

32. SEVERABILITY CLAUSE

A declaration by any court or any other binding legal source that any provision of the contract is illegal and void shall not affect the legality and enforceability of any other provision of the contract, unless the provisions are mutually and materially dependent.

33. SCOPE, ENTIRE AGREEMENT, AND AMENDMENT

32.1 Contract: This Contract consists of 27 numbered pages; Attachment A – *Scope of Work for the Appraisal of Potential Property Sales Through the Cabin/Home Site Sales Program: 2018 Custer County Appraisal* and Attachment B – *Supplemental Appraisal Instructions: 2018 Custer County Appraisal* on pages 12 through 16; Attachment C – *Scope of Work for the Appraisal of Potential Property Sales Through the Cabin/Home Site Sales Program: 2018 Fallon County Appraisal* and Attachment D – *Supplemental Appraisal Instructions: 2018 Fallon County Appraisal* on pages 17 through 21; and Attachment E – *Scope of Work for the Appraisal of Potential Property Sales Through the Cabin/Home Site Sales Program: 2019 Prairie & McCone County Appraisals* and Attachment F – *Supplemental Appraisal Instructions: 2019 Prairie & McCone County Appraisals* on pages 22 through 27; the Solicitation, as amended, and the Contractor's response, as amended. In the case of dispute

or ambiguity arising between or among the documents, the order of precedence of document interpretation is the same.

33.2 Entire Agreement: These documents are the entire agreement of the parties. They supersede all prior agreements, representations, and understandings. Any amendment or modification must be in a written agreement signed by all the parties.

34. WAIVER

The State's waiver of any Contractor obligation or responsibility in a specific situation is not a waiver in a future similar situation or is not a waiver of any other Contractor obligation or responsibility.

35. EXECUTION

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

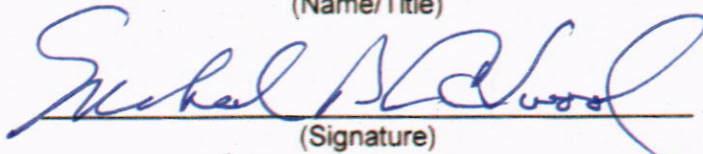
A scanned copy or facsimile copy of the original has the same force and effect as the original document.

STATE OF MONTANA
Dept. Natural Resources & Conservation
Trust Land Management Division
PO Box 201601
1539 Eleventh Avenue
Helena, MT 59620-1601

CONTRACTOR
George Luther, Jr.
Luther Appraisal Services, Inc.
PO Box 1745
Miles City, MT 59301-1745
FEDERAL ID #: 81-0539506

BY: Michael Atwood, Real Estate Management
Bureau Chief

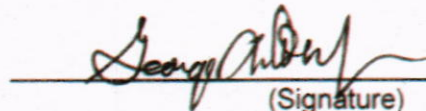
(Name/Title)


(Signature)

DATE: 6/28/2019

BY: George Luther, Jr.

(Name/Title)


(Signature)

DATE: 6.27.19

or ambiguity arising between or among the documents, the order of precedence of document interpretation is the same.

33.2 Entire Agreement: These documents are the entire agreement of the parties. They supersede all prior agreements, representations, and understandings. Any amendment or modification must be in a written agreement signed by all the parties.

34. WAIVER

The State's waiver of any Contractor obligation or responsibility in a specific situation is not a waiver in a future similar situation or is not a waiver of any other Contractor obligation or responsibility.

35. EXECUTION

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

A scanned copy or facsimile copy of the original has the same force and effect as the original document.

STATE OF MONTANA
Dept. Natural Resources & Conservation
Trust Land Management Division
PO Box 201601
1539 Eleventh Avenue
Helena, MT 59620-1601

BY: Michael Atwood, Real Estate Management
Bureau Chief

(Name/Title)

(Signature)

DATE: _____

CONTRACTOR
George Luther, Jr.
Luther Appraisal Services, Inc.
PO Box 1745
Miles City, MT 59301-1745
FEDERAL ID #: 81-0539506

BY: George Luther, Jr.
George Luther, Jr.

(Name/Title)

(Signature)

DATE: 6-27-19

ATTACHMENT A

DNRC TLMD Real Estate Management Bureau

Cabin/Home Site Sale Program

Scope of Work for the Appraisal of Potential Property Sale Through the Cabin/Home Site Sales Program: 2018 Custer County Appraisal

CLIENT, INTENDED USERS, PURPOSE AND INTENDED USE:

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

DEFINITIONS:

Current fair market value. (12 C.F.R. § 34.42 (h)) Market value means 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 own best interests;
- (3) A reasonable time is allowed for exposure in the open market;
- (4) Payment is made in terms of cash in U.S. 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.

State laws guiding authority. (MCA 70-30-313) Current fair market value is the price that would be agreed to by a willing and informed seller and buyer, taking into consideration, but not limited to, the following factors:

- (1) the highest and best reasonably available use and its value for such use, provided current use may not be presumed to be the highest and best use;
- (2) the machinery, equipment, and fixtures forming part of the real estate taken; and
- (3) any other relevant factors as to which evidence is offered.

Highest and best use. The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability.

PROPERTY RIGHTS APPRAISED:

State of Montana lands are always to be appraised as if they are in private ownership and could be sold on the open market and are to be appraised in Fee Simple interest. For analysis purposes, properties that have leases or licenses on them are to be appraised with the Hypothetical Condition the leases/licenses do not exist.

EFFECTIVE DATE OF VALUATION AND DATE OF INSPECTION:

The latest date of inspection by the appraiser will be the effective date of the valuation.

SUBJECT PROPERTY DESCRIPTION & CHARACTERISTICS:

The legal descriptions and other characteristics of the state's property that are known by the state will be provided to the appraiser. However, the appraiser should verify, as best as possible, any information provided. Further, should any adverse conditions be found by the appraiser in the course of inspecting the property and

neighborhood, or through researching information about the property, neighborhood, and market, those conditions shall be communicated to the clients and may change the scope of work required.

The legal descriptions and other characteristics of the Lessee's property that are known by the Lessee will be provided to the appraiser. However, the appraiser should verify, as best as possible, any information provided. Further, should any adverse conditions be found by the appraiser in the course of inspecting the property, or through researching information about the property, neighborhood and market, those conditions shall be communicated to the clients and may change the scope of work required.

ASSIGNMENT CONDITIONS:

The appraiser must be a Montana certified general appraiser and be competent to appraise the subject property. The appraisal is to conform to the latest edition of USPAP, and the opinion of value must be credible. The appraiser is to physically inspect the subject properties at a level that will allow the appraiser to render a credible opinion of value about the properties. The appraiser must have knowledge of the comparables through either personal inspection or with use of sources the appraiser deems reliable and must have at least viewed the comparables.

The appraiser will consider the highest and best use of the subject properties. (Note: It may be possible that because of the characteristics of a subject property or market, there may be different highest and best uses for different components of the property. Again, that will depend on the individual characteristics of the subject property and correlating market. The appraiser must look at what a typical buyer for the property would consider.)

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

The appraisal will be an Appraisal Report, as per USPAP, that will describe adequately the information analyzed, appraisal methods, and techniques employed, and reasoning that support the analyses, opinions, and conclusions. All hypothetical conditions and extraordinary assumptions must be noted. The appraiser will provide one appraisal report that includes analysis and appraised values of the one (1) home site identified in the Supplemental Appraisal Instructions.

The subject property must be valued with the actual or hypothetical condition that the cabin site or home site has legal access.

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

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

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

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

APPRAISED VALUES REQUIRED:

The appraisal for each home site must:

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

ATTACHMENT B

DNRC TLMD Real Estate Management Bureau

Cabin/Home Site Sale Program

Supplemental Appraisal Instructions: 2018 Custer County Appraisal

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

Subject Property in Custer County:

Sale #	Acres	Legal Description
947	18.67+	PT SW4SW4 T9N-R55E, Sec. 12 Custer County

DNRC Contact Information:

Kelly Motichka, Lands Section Supervisor

PO Box 201601

Helena, MT 59620-1601

Phone: (406) 444-4165

kmotichka@mt.gov

Lessees:

Sale 947

David Hoenke

(see DNRC contact for lessee information)

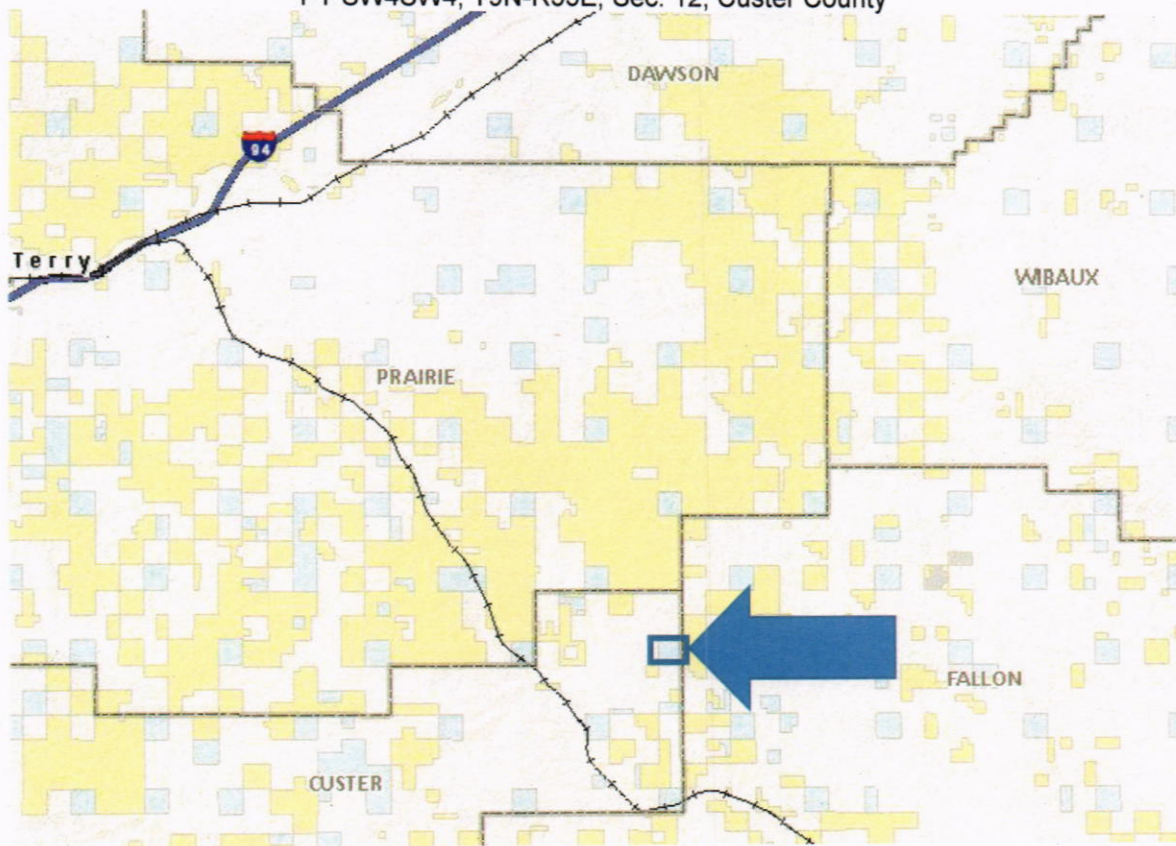
The following will be located in the body of the contract:

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

The definition of market value is that as defined in 70-30-313, MCA.

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

CUSTER COUNTY SALE
PT SW4SW4, T9N-R55E, Sec. 12, Custer County



ATTACHMENT C

DNRC TLMD Real Estate Management Bureau

Cabin/Home Site Sale Program

Scope of Work for the Appraisal of Potential Property Sale Through the Cabin/Home Site Sales Program: 2018 Fallon County Appraisal

CLIENT, INTENDED USERS, PURPOSE AND INTENDED USE:

The clients are the State of Montana, the Montana Board of Land Commissioners (Land Board), and the Department of Natural Resources and Conservation (DNRC). The intended users are State of Montana, the Montana Board of Land Commissioners (Land Board), the Department of Natural Resources and Conservation (DNRC), and Lessees Shelley Mackay & Barnett J. Dean. The purpose of the appraisal is to provide the clients with a credible opinion of current fair market value of the appraised subject property and is intended for use in the decision-making process concerning the potential sale of said subject property.

DEFINITIONS:

Current fair market value. (12 C.F.R. § 34.42 (h)) Market value means 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 own best interests;
- (3) A reasonable time is allowed for exposure in the open market;
- (4) Payment is made in terms of cash in U.S. 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.

State laws guiding authority. (MCA 70-30-313) Current fair market value is the price that would be agreed to by a willing and informed seller and buyer, taking into consideration, but not limited to, the following factors:

- (4) the highest and best reasonably available use and its value for such use, provided current use may not be presumed to be the highest and best use;
- (5) the machinery, equipment, and fixtures forming part of the real estate taken; and
- (6) any other relevant factors as to which evidence is offered.

Highest and best use. The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability.

PROPERTY RIGHTS APPRAISED:

State of Montana lands are always to be appraised as if they are in private ownership and could be sold on the open market and are to be appraised in Fee Simple interest. For analysis purposes, properties that have leases or licenses on them are to be appraised with the Hypothetical Condition the leases/licenses do not exist.

EFFECTIVE DATE OF VALUATION AND DATE OF INSPECTION:

The latest date of inspection by the appraiser will be the effective date of the valuation.

SUBJECT PROPERTY DESCRIPTION & CHARACTERISTICS:

The legal descriptions and other characteristics of the state's property that are known by the state will be provided to the appraiser. However, the appraiser should verify, as best as possible, any information provided. Further, should any adverse conditions be found by the appraiser in the course of inspecting the property and

neighborhood, or through researching information about the property, neighborhood, and market, those conditions shall be communicated to the clients and may change the scope of work required.

The legal descriptions and other characteristics of the Lessee's property that are known by the Lessee will be provided to the appraiser. However, the appraiser should verify, as best as possible, any information provided. Further, should any adverse conditions be found by the appraiser in the course of inspecting the property, or through researching information about the property, neighborhood and market, those conditions shall be communicated to the clients and may change the scope of work required.

ASSIGNMENT CONDITIONS:

The appraiser must be a Montana certified general appraiser and be competent to appraise the subject property. The appraisal is to conform to the latest edition of USPAP, and the opinion of value must be credible. The appraiser is to physically inspect the subject properties at a level that will allow the appraiser to render a credible opinion of value about the properties. The appraiser must have knowledge of the comparables through either personal inspection or with use of sources the appraiser deems reliable, and must have at least viewed the comparables.

The appraiser will consider the highest and best use of the subject property. (Note: It may be possible that because of the characteristics of a subject property or market, there may be different highest and best uses for different components of the property. Again, that will depend on the individual characteristics of the subject property and correlating market. The appraiser must look at what a typical buyer for the property would consider.)

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

The appraisal will be an Appraisal Report, as per USPAP, that will describe adequately the information analyzed, appraisal methods, and techniques employed, and reasoning that support the analyses, opinions, and conclusions. All hypothetical conditions and extraordinary assumptions must be noted. The appraiser will provide one appraisal report that includes analysis and appraised values of the one (1) home sites identified in the Supplemental Appraisal Instructions.

The subject property must be valued with the actual or hypothetical condition that the cabin site or home site has legal access.

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

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

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

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

APPRAISED VALUES REQUIRED:

The appraisal for each home site must:

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

ATTACHMENT D

DNRC TLMD Real Estate Management Bureau

Cabin/Home Site Sale Program

Supplemental Appraisal Instructions: 2018 Fallon County Appraisals

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

Subject Properties:

Sale #	Acres	Legal Description
948	14.96+	SW4SW4 T6N-R57E, Sec. 36 Fallon County

DNRC Contact Information:

Kelly Motichka, Lands Section Supervisor

PO Box 201601

Helena, MT 59620-1601

Phone: (406) 444-4165

kmotichka@mt.gov

Lessees:

Sale 948

Shelley Mackay & Barnet J. Dean

(see DNRC contact for lessee information)

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

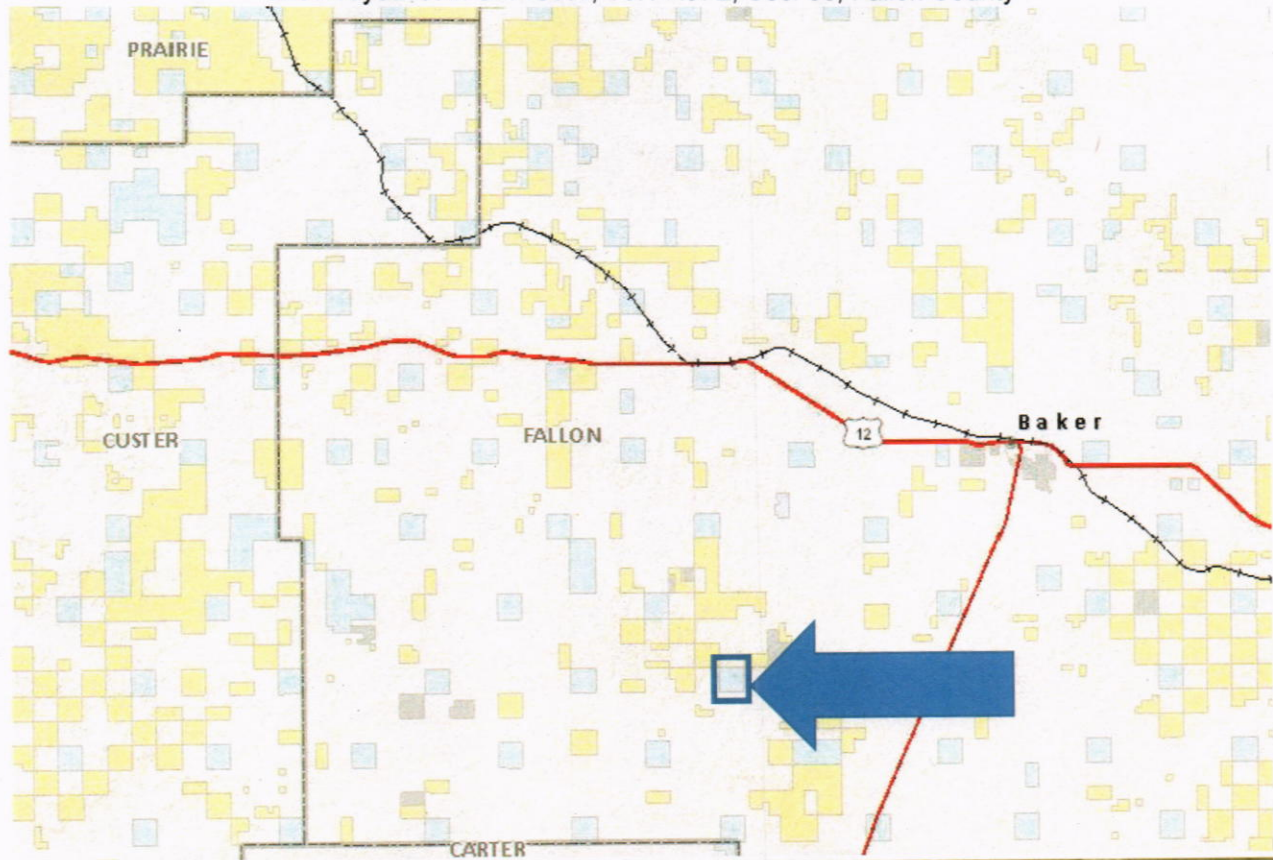
The appraisal report will be one document containing the parcel data and the analysis, opinions, and conclusions of value(s) for the parcel. If deemed necessary by the contractor rather than including the specific market data in the appraisal report, a separate addendum may be submitted containing the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

The definition of market value is that as defined in 70-30-313, MCA.

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

FALLON COUNTY SALE

Unsurveyed lot in SW4SW4, T6N-R57E, Sec. 36, Fallon County



ATTACHMENT E

DNRC TLMD Real Estate Management Bureau

Cabin/Home Site Sale Program

*Scope of Work for the Appraisal of Potential Property Sales Through the Cabin/Home Site Sales Program:
2019 Prairie & McCone County Appraisals*

CLIENT, INTENDED USERS, PURPOSE AND INTENDED USE:

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

DEFINITIONS:

Current fair market value. (12 C.F.R. § 34.42 (h)) Market value means 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 own best interests;
- (3) A reasonable time is allowed for exposure in the open market;
- (4) Payment is made in terms of cash in U.S. 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.

State laws guiding authority. (MCA 70-30-313) Current fair market value is the price that would be agreed to by a willing and informed seller and buyer, taking into consideration, but not limited to, the following factors:

- (7) the highest and best reasonably available use and its value for such use, provided current use may not be presumed to be the highest and best use;
- (8) the machinery, equipment, and fixtures forming part of the real estate taken; and
- (9) any other relevant factors as to which evidence is offered.

Highest and best use. The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability.

PROPERTY RIGHTS APPRAISED:

State of Montana lands are always to be appraised as if they are in private ownership and could be sold on the open market and are to be appraised in Fee Simple interest. For analysis purposes, properties that have leases or licenses on them are to be appraised with the Hypothetical Condition the leases/licenses do not exist.

EFFECTIVE DATE OF VALUATION AND DATE OF INSPECTION:

The latest date of inspection by the appraiser will be the effective date of the valuation.

SUBJECT PROPERTY DESCRIPTION & CHARACTERISTICS:

The legal descriptions and other characteristics of the state's property that are known by the state will be provided to the appraiser. However, the appraiser should verify, as best as possible, any information provided. Further, should any adverse conditions be found by the appraiser in the course of inspecting the property and

neighborhood, or through researching information about the property, neighborhood, and market, those conditions shall be communicated to the clients and may change the scope of work required.

The legal descriptions and other characteristics of the Lessee's property that are known by the Lessee will be provided to the appraiser. However, the appraiser should verify, as best as possible, any information provided. Further, should any adverse conditions be found by the appraiser in the course of inspecting the property, or through researching information about the property, neighborhood and market, those conditions shall be communicated to the clients and may change the scope of work required.

ASSIGNMENT CONDITIONS:

The appraiser must be a Montana certified general appraiser and be competent to appraise the subject property. The appraisal is to conform to the latest edition of USPAP, and the opinion of value must be credible. The appraiser is to physically inspect the subject properties at a level that will allow the appraiser to render a credible opinion of value about the properties. The appraiser must have knowledge of the comparables through either personal inspection or with use of sources the appraiser deems reliable, and must have at least viewed the comparables.

The appraiser will consider the highest and best use of the subject properties. (Note: It may be possible that because of the characteristics of a subject property or market, there may be different highest and best uses for different components of the property. Again, that will depend on the individual characteristics of the subject property and correlating market. The appraiser must look at what a typical buyer for the property would consider.)

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

The appraisal will be an Appraisal Report, as per USPAP, that will describe adequately the information analyzed, appraisal methods, and techniques employed, and reasoning that support the analyses, opinions, and conclusions. All hypothetical conditions and extraordinary assumptions must be noted. The appraiser will provide one appraisal report that includes analysis and appraised values of the twelve (12) cabin sites identified in the Supplemental Appraisal Instructions.

The subject property must be valued with the actual or hypothetical condition that the cabin site or home site has legal access.

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

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

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

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

APPRAISED VALUES REQUIRED:

The appraisal for each cabin and home site must:

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

ATTACHMENT F

DNRC TLMD Real Estate Management Bureau

Cabin/Home Site Sale Program

Supplemental Appraisal Instructions: 2019 Prairie & McCone County Appraisals

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

Subject Properties Located in Prairie & McCone Counties:

Sale #	Acres	Legal Description
970	8.74 ±	PT SE4NE4SW4, PT NE4SE4SW4, PT SW4NW4SE4, PT NW4SW4SE4 T16N-R47E, Sec. 36 Prairie County
971	20.60 ±	PT W2SW4 T17N-R46E, Sec. 16 McCone County

DNRC Contact Information:

Kelly Motichka, Lands Section Supervisor

PO Box 201601

Helena, MT 59620-1601

Phone: (406) 444-4165

kmotichka@mt.gov

Lessees:

Sale 970 Cathie Dolatta (see DNRC contact for lessee information)	Sale 971 Michael Thoeny (see DNRC contact for lessee information)
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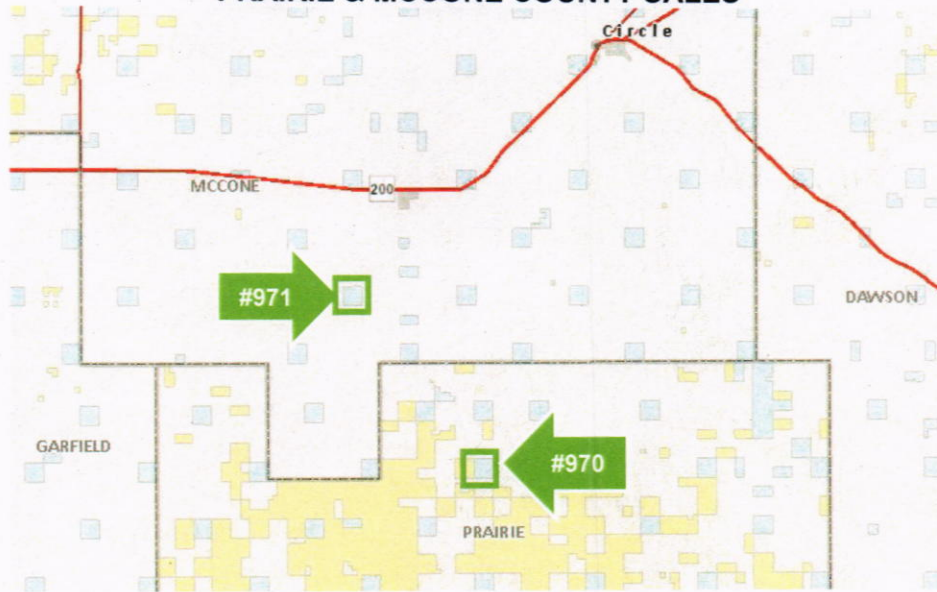
The following will be located in the body of the contract:

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

The definition of market value is that as defined in 70-30-313 MCA.

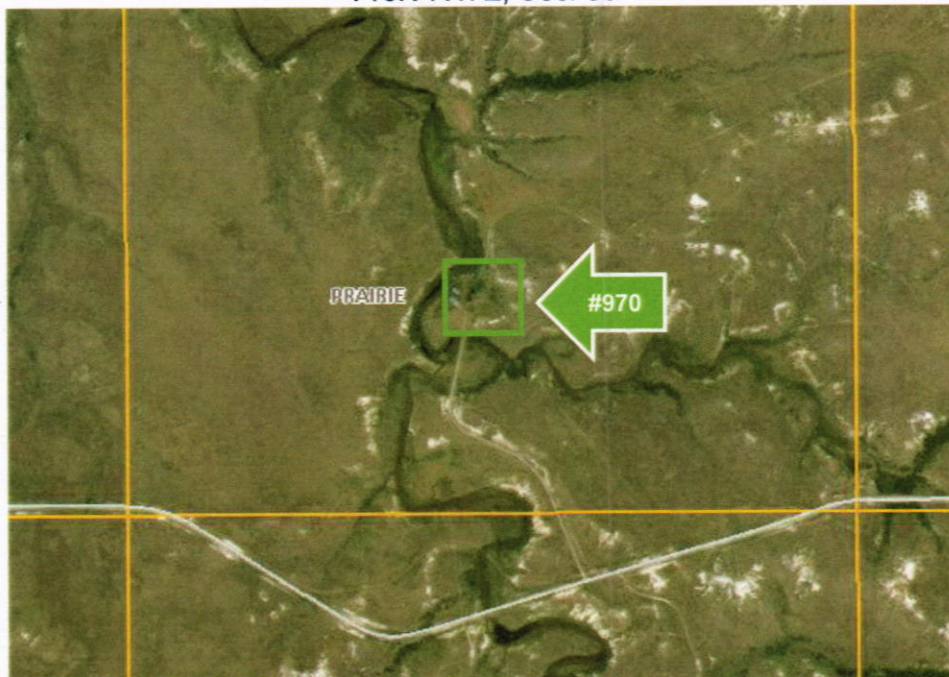
The DNRC will provide access to the state parcel record, as maintained by the land office, including but not limited to aerial photos, land improvements, property issues, surveys (if any), and production history. The local land office will provide contact information to the appraiser, if necessary, in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

PRAIRIE & MCCONE COUNTY SALES



Prairie County

Unsurveyed lot in PT SE4NE4SW4, PT NE4SE4SW4, PT SW4NW4SE4, PT NW4SW4SE4
T16N-R47E, Sec. 36



McCone County
Unsurveyed lot in PT W2SW4, T17N-R46E, Sec. 16

