

***APPRAISAL REPORT OF  
PREPARED FOR***

**State of Montana, The Montana Board of Land Commissioners (Land Board),  
and the Department of Natural Resources and Conservation (DNRC)  
PO Box 201601  
Helena, MT 59620-1601**

***EFFECTIVE DATE***

***JULY 31, 2020***

**PARCEL 1 - #1055  
Harris Road  
Roundup,  
Musselshell County, MT**

**PARCEL 2 - #1081  
Three Mile Road  
Suffolk,  
Fergus County, MT**

**PARCEL 3 - #1079  
Butte Creek Road  
Rosebud,  
Rosebud County, MT**

***PREPARED BY***

**Timothy B. Hogan, ASA, IFAS  
Hogan Appraisal, LLC  
3734 Parkhill Drive  
Billings, MT 59102**

## **TABLE OF CONTENTS**

CERTIFICATION .....	iii
UNDERLYING ASSUMPTIONS & LIMITING CONDITIONS .....	v
Letter of Transmittal .....	ix
PURPOSE OF THE APPRAISAL .....	12
INTENDED CLIENT .....	12
INTENDED USER .....	12
INTENDED USES .....	12
HYPOTHETICAL CONDITONS .....	12
EXTRAORDINARY ASSUMPTIONS .....	13
PRIOR SERVICES .....	13
COMPETENCY COMPLIANCE .....	13
CONFLICT(S) OF INTEREST .....	13
SCOPE OF WORK .....	14
EXPOSURE TIME .....	15
MARKETING TIME .....	16
VALUATION PROCESS .....	18
SALES COMPARISON APPROACH .....	19
PARCEL 1 - #1055 .....	21
PARCEL 1 - #1055 SUMMARY OF SALIENT FACTS AND CONCLUSIONS .....	22
PARCEL 1 - #1055 – PHOTOGRAPHS OF SUBJECT PROPERTY .....	24
IDENTIFICATION OF SUBJECT PROPERTY .....	26
OCCUPANCY/HISTORY OF SUBJECT PROPERTY .....	26
AREA DESCRIPTION - MUSSELSHELL COUNTY .....	26
SITE DESCRIPTION .....	28
SITE MAP .....	29
FLOOD MAP .....	30
ZONING .....	31
REAL ESTATE TAX AND ASSESSMENTS .....	31
PARCEL 1 - #1055 - ANALYSIS, VALUATION AND CONCLUSIONS .....	31
HIGHEST & BEST USE .....	31
COMPARABLE DATASHEETS .....	33
LAND SALES ANALYSIS .....	37
LOCATION MAP OF SUBJECT & IMPROVED SALES .....	38
CONCLUSION TO THE SALES COMPARISON APPROACH .....	39
PARCEL 2 - #1081 .....	40
PARCEL 2 - #1081 SUMMARY OF SALIENT FACTS AND CONCLUSIONS .....	41
PARCEL 2 - #1081 PHOTOGRAPH OF SUBJECT PROPERTY .....	43
IDENTIFICATION OF SUBJECT PROPERTY .....	45
OCCUPANCY/HISTORY OF SUBJECT PROPERTY .....	45
AREA DESCRIPTION - FERGUS COUNTY .....	46
SITE DESCRIPTION .....	47
SITE MAP .....	48
FLOOD MAP .....	49
ZONING .....	50
REAL ESTATE TAX AND ASSESSMENTS .....	50
PARCEL 2 - #1081 - ANALYSIS, VALUATION AND CONCLUSIONS .....	51

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HIGHEST & BEST USE .....	51
COMPARABLE DATASHEETS .....	52
LAND SALES ANALYSIS .....	56
LOCATION MAP OF SUBJECT & IMPROVED SALES .....	57
CONCLUSION TO THE SALES COMPARISON APPROACH.....	58
PARCEL 3 - #1079 .....	59
PARCEL 3 - #1079 SUMMARY OF SALIENT FACTS AND CONCLUSIONS .....	60
PARCEL 3 - #1079 PHOTOGRAPHS OF SUBJECT PROPERTY .....	64
IDENTIFICATION OF SUBJECT PROPERTY .....	67
OCCUPANCY/HISTORY OF SUBJECT PROPERTY .....	67
AREA DESCRIPTION – ROSEBUD COUNTY .....	68
SITE DESCRIPTION .....	69
SITE MAP .....	70
FLOOD MAP.....	71
ZONING .....	72
REAL ESTATE TAX AND ASSESSMENTS.....	72
PARCEL 3 - #1079 ANALYSIS, VALUATION AND CONCLUSIONS .....	73
HIGHEST & BEST USE .....	73
SALES COMPARABLE DATASHEETS .....	74
LAND SALES ANALYSIS .....	79
LOCATION MAP OF SUBJECT & IMPROVED SALES .....	80
CONCLUSION TO THE SALES COMPARISON APPROACH.....	81
RECONCILIATION AND FINAL VALUE ESTIMATE .....	82
ADDENDA.....	84
DEFINITIONS OF SOME COMMON APPRAISAL TERMINOLOGY.....	85
QUALIFICATIONS .....	95

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## **CERTIFICATION**

Timothy B. Hogan certifies to the best of his 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 is our personal, impartial and unbiased professional analyses, opinions, and conclusions.
3. I (we) have no present or prospective interest in or bias with respect to the property that is the subject of this report, and I (we) have no personal interest in or bias with respect to the parties involved with this assignment.
4. My (our) engagement in this assignment was 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 value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the use of this appraisal.
5. My (our) compensation for the preparation of this report is not in any way contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, or minimum valuation, the attainment of a stipulated result, the approval of a loan, or the occurrence of a subsequent event.
6. My (our) analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice of The Appraisal Foundation and the requirements of the code of ethics of the National Association of Independent Fee Appraisers.
7. I (we) have made a personal inspection of the property that is the subject of this report. If applicable, an exterior viewing of all comparable sales listed in the report was conducted in connection with this assignment by the field appraiser. To the best of the Appraiser's knowledge and belief, all statements and information in this report are true and correct, and the Appraiser (s) has not knowingly withheld any significant information. The appraiser(s) shall not be liable for any provided data or information, if same is found to be inaccurate or erroneous, as these occurrences are beyond his (their) control.
8. No one provided significant professional assistance to the undersigned in the preparation of the analyses, conclusions and opinions concerning real estate that are set forth in this appraisal report.
9. I (we) comply with the Competency Provision in USPAP as adopted in FIRREA 1989 and have sufficient education and experience to perform the appraisal of the subject property.
10. This appraisal report has been made in conformity with and is subject to the *reasonable and appropriate* requirements of the Code of Professional Ethics and Standards of Professional Conduct of the appraisal organizations with which the Appraiser(s) is/are may be affiliated, as well as the *reasonable and appropriate*, as so deemed by the appraiser (s), standards of the Uniform Standards of Professional Appraisal Practice (USPAP) as promulgated by the Appraisal Standards Board and authorized by The Appraisal Foundation.

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## **CERTIFICATION (CONT.)**

11. **All contingent and limiting conditions** are contained herein this section and the Statement of Contingent and Limiting Conditions immediately following. **No other conditions** mandated by any party other than the appraisal firm and / or appraisers and attached in the addenda section by request of the client and / or lending institution shall alter, addend, pre-empt, supersede or set aside in any way that contained in the cited sections in the paragraph that which is contained in this Certification and the Statement of Contingent of Limiting Conditions.
12. This report reflects an opinion of value (present or retrospective, as required by the assignment in writing) of the subject property and does not include any improvements recognized as business and / or trade fixtures and business or individual personally. The appraiser (s) must presume that the conditions, amenities and all realty observed during the viewing as of said “viewing date”, was in place and the same as of the effective date of this valuation (with regard to retrospective or prospective assignments. The appraiser has not been privy to any information about the premise at the time of the Effective Date; and, shall not be held responsible for any factors which may have existed at the Effective Date which may have an impact on the value conclusion herein *when said date is prior to the date of viewing*.
13. All conclusions and opinions concerning the real estate set forth in the appraisal report is / are prepared by the Appraiser(s) whose signature(s) appear on this report. No change of any item in the appraisal report shall be made by anyone other than the Appraiser(s), and the Appraiser(s) shall have no responsibility for any such unauthorized change. Any unauthorized change shall immediately and automatically void the certification of value and the report in whole.
14. I have performed no services (Or have), as an appraiser(s) or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
15. As of the date of this report, I Timothy B. Hogan states that this appraisal has been prepared in conformity with the code of ethic of the National Association of Independent Fee Appraisers, and the Uniform Standards of Professional Appraisal Practice as promulgated by the Appraisal Foundation.
16. As of the date of this report, Timothy B. Hogan is currently a state certified general real estate appraiser in the state in which the subject of this report is located in, and has completed the requirements under the continuing education requirements of the State of Montana.



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Timothy B. Hogan, ASA, IFAS  
*MT Certified General Real Estate Appraiser, REA-RAG-LIC-9437.*

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## **UNDERLYING ASSUMPTIONS & LIMITING CONDITIONS**

This specific appraisal report is subject to the following underlying assumptions and limiting conditions:

1. Possession of this report or any copy thereof does not carry with it the right of publication, *nor may it be used for any purpose other than as indicated in the appraisal.* Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales or other media, without the written consent and approval of the author. The restriction on publication includes but is not limited to: valuation, conclusions, identity of the appraiser(s) or firm with which he/they is/are connected, or any reference to any professional associations to which he/they belong(s).
2. No responsibility is assumed for the legal description provided or for matters pertaining to legal or title considerations. Title to the property is assumed good and marketable unless otherwise stated.
3. There are no known existing judgments or pending or threatened litigation which could affect the value of the property.
4. The property is appraised free and clear of any liens and encumbrances unless otherwise stated.
5. Responsible ownership and competent property management are assumed.
6. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.
7. Information pertaining to data from which computations are based, including but not limited to operating expenses, income, and/or existing contracts, zoning regulations or other use restrictions, boundary lines, engineering surveys and conditions not evident upon surface viewing of the property, have been obtained from sources considered reliable, accepted, and reported herein as correct and authentic but not guaranteed, warranted or represented as accurate by the appraiser(s). The appraiser(s) shall be held harmless if any misinformation is the contributing cause of any legal action; and defended by the client at the client's expense.
8. All engineering studies are assumed correct. Any illustrative material in this report is included only to help the reader visualize the property.
9. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for obtaining the engineering studies that may be required to discover them.
10. It is assumed that the property is in full compliance with all federal, state, and local environmental regulations and laws unless the lack of compliance is stated, described, and considered in the appraisal report.

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**UNDERLYING ASSUMPTIONS & LIMITING CONDITIONS (CONT.)**

11. It is assumed that the property conforms to all applicable zoning and use regulations and restrictions unless nonconformity has been identified, described and considered in the appraisal report.
12. It is assumed that all required licenses, certificates of occupancy, consents, and other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.
13. It is assumed that the use of the land and improvements is confined within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.
14. Unless otherwise stated in this report, the existence of hazardous materials, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation and other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for 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.
15. Montana is a non-disclosure state in which sales prices are not public information. Sale discovery, research and confirmation details are often times difficult because the buyer or seller has no obligation to disclose sale details. This report uses the most reliable and factual sales data available from reliable sources for "ARM LENGTH TRANSACTIONS". Of the data collected, several sales are identified as being similar to the subject lands / buildings, and are being utilized for comparison purposes.
16. Any allocation of the total value estimated in this report between the land and the improvements applies only under the stated program of utilization. The separate values allocated to the land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
17. An appraisal is inherently subjective and represents only an estimate of a property's fair market value.
18. No environmental impact studies were conducted in conjunction with this appraisal, and our value opinions are subject to revision based upon any such studies. If any environmental impact statement is required by law, the appraisal assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.
19. Any income and expense estimates contained in this appraisal are used only for the purpose of estimating current fair market value and do not constitute predictions of future operating results.
20. Possession of this report, or a copy thereof, does not carry with it the right of publication.

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## **UNDERLYING ASSUMPTIONS & LIMITING CONDITIONS (CONT.)**

21. The appraiser, because of this appraisal, is not required to give further consultation or testimony or to attend in court with reference to the property in question unless arrangements have been previously made.
22. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news, sales, or other media without the prior written consent and approval of the appraiser.
23. Any value estimates provided in the report apply to the entire property, and any pro-ration or division of the total into fractional interests will invalidate the value estimate, unless such pro-ration or division of interests has been set forth in the report.
24. Any proposed improvements are assumed to have been completed unless otherwise stipulated; any construction is assumed to conform to the building plans referenced in the report.
25. The forecasts, projections, or estimates contained herein are based on current market conditions, anticipated short term supply and demand factors, and a continued stable economy. These forecasts are, therefore, subject to changes with future conditions.
26. We reserve the right to require, as a condition to our rendering an opinion as to value, the engagement of professional experts in certain disciplines. The engagement of any such expert and the compensation of such expert shall be solely the responsibility of the client.
27. The value found herein is subject to these and to any other assumptions or conditions set forth in the body of this report but which may have been omitted from these Underlying Assumptions and Limiting Conditions.
28. This appraisal is made with the understanding that the subject can obtain a negative declaration from the Department of Environmental Protection following the regulations and requirements of the Environmental Cleanup Responsibility Act of 1983 (ECRA), as amended. This act requires as a pre-condition of any cessation of operation or the transfer of real property, which used or stored regulated hazardous substances, the testing, cleanup and disposal of any such material. The appraisers are not qualified to determine the existence of any such hazardous material and therefore, have expressed a value of the subject property as if free and clear of any such substances.
29. In conjunction with the preceding paragraph, the appraisers have not been apprised of, nor are they qualified to ascertain, the existence of Radon, a radioactive gas which occurs naturally in the soil of certain identified areas. This gas, in concentrated form has been shown detrimental and its existence would create a negative impact on value. As in the above instance, the value estimate assumes the subject is free and clear of Radon gas.



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## **UNDERLYING ASSUMPTIONS & LIMITING CONDITIONS (CONT.)**

30. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the act. If so, this fact could have a negative effect upon the value of the property. Since we have no direct evidence relating to this issue, we did not consider possible noncompliance with the requirements of the ADA in estimating the value of the subject.
31. This is an *Appraisal report* which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice for an *Appraisal Report*. As such, it presents only summary discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Some supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated. The appraiser is not responsible for unauthorized use of this report.
32. **ACCEPTANCE AND/OR USE OF THIS APPRAISAL REPORT CONSTITUTES ACCEPTANCE OF THE PRECDEING CONDITIONS.**

The State of Montana has continuing education requirements for licensed appraisers. Timothy B. Hogan, ASA, IFAS is currently certified under this program.

# HOGAN APPRAISAL, L.L.C.

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Point Pleasant, NJ 08742  
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## LETTER OF TRANSMITTAL

December 3, 2020

Mr. Mark Harvel, Land Section Supervisor  
DNRC TLMS Real Estate Management Bureau  
PO Box 201601  
Helena, MT 59620-1601

Re: "Contract 215001"

Dear Mr. Harvel:

In response to your request, Hogan Appraisal, LLC has prepared an **Appraisal Report** of the real estate referenced in contract #215001 and additionally identified as:

**Parcel #1 - #1055**  
**Harris Road**  
**S24, T10 N, R24 E, SW4**  
**Roundup**  
**County of Musselshell**  
**State of MT**

**Parcel #2 - #1081**  
**Three Mile Road**  
**S16, T20 N, R17 E, E2NE, NESE**  
**Suffolk**  
**County of Fergus**  
**State of MT**

**Parcel #3 - #1079**  
**Butte Creek Road**  
**S36, T04 N, R43 E, ALL**  
**Rosebud**  
**County of Rosebud**  
**State of MT**

The appraisal conforms to the Uniform Standards of Professional Appraisal Practice ("USPAP") and meets requirements arising from Title XI of the Federal Financial Institutions Reform, Recovery and Enforcement Act of 1989 ("FIRREA"). Additionally, the report conforms to the standards of the American Society of Appraisers, all other applicable Federal and state regulations and or/guidelines including regulations of OCC 12 CFR Part 34.

*This is an **Appraisal Report**, which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice for an **Appraisal Report**. As such, it presents only summary discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning*

*the data, reasoning, and analyses is retained in the appraiser's file. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated below. The appraiser is not responsible for unauthorized use of this report.*

**Parcel 1 - #1055** - The site consists of a total of 160.00± acres with a topography that is basically level at grade with no areas of wetlands. The subject is located, <12.24 Miles NWN of Roundup, MT, approximately 2.73 miles W of the Route 87, 1.72 miles S of the Snowy Mountain Road, .46 miles E of the Harris Road, and 2.16 miles N of the Grazing District Road. It is fenced but does not have legal access, utilities or a reliable surface water. Adjacent ownership is the current lessee. Access is by Harris Road which, per the client, is a legal county road that passes .46 miles W of the SW corner of the subject parcel. Harris Road is a typical county gravel road. The appraiser was driven to the site by the lessee. The appraiser took several photographs from multiple points on the site. The appraisal site visit and topographic maps show the property terrain as basically level with some minor sloping. Web Soil survey data show 100% of the subject is Class 3 agricultural land grazing. There are developed properties within approximately .5 miles of the subject. Surface vegetation consists of native grasses and rocks. No noxious weeds were observed during the site visit.

**Parcel 2 - #1081** - The site consists of 120± acres located >9 miles WNW of Suffolk, MT and about 1 ½ miles E of the Judith River. It is not fenced and does not have legal access, utilities or reliable surface water. Adjacent ownership is the buyer / lessee. There is a drainage across the property which may have seasonal water runoff in the early spring in some years or from cloudburst during summer. Elevation ranges from 3,000'± to 3,200'±. Access is by 3 Mile Road which, per the client, is a legal county road that passes ½ mile W of the SW corner. 3 Mile Road is a typical county gravel road for about 4 miles then it deteriorated into a dirt trail. The appraiser took several photographs from multiple points on the site. The appraisal site visit and topographic maps show the property terrain as basically level with some minor sloping. Web Soil survey data show 100% of the subject is Class 3 agricultural land grazing. There are developed properties within approximately .5 miles of the subject. Surface vegetation consists of native grasses and rocks. No noxious weeds were observed during the site visit. The water rights include 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 for the area serviced by this water source.

**Parcel 3 - #1079** - The subject consists of 640± acres located >14 Miles SSE of Rosebud, MT, 19.10 East of Route 39, .78 miles SSW of the Butte Creek Road. It is partially fenced and does not have legal access, utilities or reliable surface water. Adjacent ownership is the lessee. Access is by single lane dirt road that crosses the lessee's property. The appraisal site visit and topographic maps show the property terrain as mixed level with some minor sloping. Web Soil survey data show about 100% of the subject is Class 3 agricultural land grazing. Surface vegetation consists of several acres of pine trees of no commercial value, native grasses and rocks. No noxious weeds were observed during the appraisal site visit. The water rights include Purpose Stock, maximum value: 3.84 AC-DFT source Name: unnamed tributary of Eagle Creek.

A study, of each subject, has been made to determine their present marketability. A visual inspection has been made of each site. All property rights were appraised and an analysis done of conditions affecting their value, the purpose of which is to arrive at the estimated Fee Simple Rights, which is defined within the body of the report.

Certification is hereby made that Hogan Appraisal, LLC and Timothy B. Hogan, ASA, IFAS has prepared this appraisal report, with the assistance of staff members, who have gathered pertinent information, for the completion of this report.

The appraiser(s) has inspected each subject property with the due diligence expected of a professional real estate appraiser. The appraiser is not qualified to detect hazardous waste and/or toxic materials. No responsibility is assumed for any environmental conditions or for any expertise or engineering knowledge required to discover them. The "As Is" Value Estimates are based on the assumption that there are no environmental conditions that would cause a loss in value.

In the opinion of the appraiser(s), based on the facts of the attached report, the "as is" Opinion of the Fee Simple Market Value of each subject property, as of July 31, 2020 is:

**PARCEL 1 - #1055**  
**Ninety-Five Thousand Dollars**  
**\$95,000**

**PARCEL 2 - #1081**  
**Eighty-Two Thousand Dollars**  
**\$82,000**

**PARCEL 3 - #1079**  
**Four Hundred Sixteen Thousand Dollars**  
**\$416,000**

If offered on the market for sale, the Exposure and Marketing Periods would be within 12-24 months.

Hogan Appraisal, LLC does not authorize the out-of-context quoting from or partial reprinting of this appraisal report. Further, neither all nor any part of this appraisal report shall be disseminated to the general public by the use of media for public communication without the prior written consent of the appraiser signing this report.

Please refer to the attached appraisal report, plus exhibits, for documentation of these value estimates contained herein. It has been a pleasure to assist you in this assignment. If you have any questions concerning the analysis, or if Hogan Appraisal, LLC can be of further service, please contact us.

Respectfully submitted,



Timothy B. Hogan, ASA, IFAS  
REA-RAG-LIC-9437

## **PURPOSE OF THE APPRAISAL**

The purpose of the appraisal is to provide the clients with a credible opinion of current fair market of the subject properties in the Fee Simple estate as of July 31, 2020.

## **INTENDED CLIENT**

The intended clients of this appraisal report are the State of Montana, the Montana Board of Land Commissioners (Land Board), and the Department of Natural Resources and Conservation (DNRC). This report may not be relied upon for any other purpose or by any other user in whole or in part than those expressly set forth herein.

This appraisal report was obtained by DNRC TLMS Real Estate Management Bureau or related companies and/or its individuals and consists of "trade secrets and commercial or financial information" which is privileged and confidential. Notify the appraiser(s) signing the report or an officer of Hogan Appraisal, LLC of any request to reproduce this report in whole or in part.

This report and the data, analysis and ideas incorporated herein, as an instrument of professional services, is the property of Hogan Appraisal, LLC and is not to be used, in whole or in part for any other purpose without the written consent of Hogan Appraisal, LLC

## **INTENDED USERS**

The intended users of this appraisal report are the State of Montana, the Montana Board of Land Commissioners (Land Board), and the Department of Natural Resources and Conservation (DNRC), and lessees Terry & Aileen Noble, Byron Boucher Farms, Inc and Darell & Tammy Luther. This report may not be relied upon for any other purpose or by any other user in whole or in part than those expressly set forth herein.

## **INTENDED USES**

The intended use of this appraisal report is to assist in the decision -making process concerning the potential sale of said subject properties. This report may not be relied upon for any other purpose or by any other user in whole or in part than those expressly set forth herein.

## **HYPOTHETICAL CONDITONS**

The hypothetical condition is that the site is vacant raw land, without any site improvements, utilities, buildings, binding leases or licenses and excludes lessee-owned improvements.

### **Hypothetical condition**

That which is contrary to what exists but is supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. (USPAP, 2010-2011 ed.)

Source: Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 5th ed. (Chicago: Appraisal Institute, 2010).

## **EXTRAORDINARY ASSUMPTIONS**

There are no Extraordinary Assumptions for this appraisal.

### **Extraordinary assumption**

An assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property such as market conditions or trends; or about the integrity of data used in an analysis. (USPAP, 2010-2011 ed.)

Source: Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 5th ed. (Chicago: Appraisal Institute, 2010).

## **PRIOR SERVICES**

The appraiser has not performed any prior services regarding the subjects within the previous three years of the appraisal date.

## **COMPETENCY COMPLIANCE**

The principal appraiser(s), Timothy B. Hogan has appraised a multitude of commercial/retail properties over the last decade, as described in the list of qualifications for the appraiser(s). Hogan Appraisal, L.L.C. has been in existence since 2001, while Timothy B. Hogan has been appraising since 1993. This firm has gained a reputation for doing competent, thorough appraisals of retail, residential, commercial, industrial, special-use properties, and land. Each individual in the firm regularly attends courses and seminars to further their expertise and knowledge.

Due to prior experience in appraising similar properties and other qualifications so noted, the principal appraiser of this report is deemed to be in compliance with the Competency Provision of Uniform Standards of Professional Appraisal Practice (USPAP).

## **CONFLICT(S) OF INTEREST**

The principal appraiser(s), Timothy B. Hogan has no personal, business, or other relationships with the subject property's ownership; therefore, no conflict of interest is believed to exist.

## **SCOPE OF WORK – SEE ADDENDUM**

## **CONFIDENTIALITY**

The appraiser(s) were not entitled to divulge the material (evaluation or valuation) content of this report and analytical findings or conclusions, or give a copy of this report to anyone other than the client or his designee, as specified in writing, except as may be required by the Appraisal Institute, as they may request in confidence for ethic enforcement, or by a court of law with the power of subpoena.

All conclusions and opinions concerning the analyses as set forth herein are prepared by the appraisers whose signatures appear. No change of any item in the report shall be made by anyone other than the appraiser, and the firm shall have no responsibility if any such unauthorized change is made.

Whenever the appraiser(s) opinion herein with respect to the existence or absence of fact is qualified by the phrase or phrases "to the best of the appraiser(s) knowledge", "it appears" or "indicated", it is intended to indicate that, during the course of our review and investigation of the property, no information has come to the appraiser(s) attention which would give us actual knowledge of the existence or absence of such facts.

The client shall notify the appraiser(s) of any error, omission or invalid data herein within 10 days of receipt and return of the report, along with all copies, to the appraiser(s) for corrections prior to any use whatsoever. Neither the appraiser(s) name nor this report may be used in connection with any financing plans which would be classified as a public offering under State or Federal Security Laws.

## **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 remains the property of the firm for the use of the client, with the fee being for the analytical services only. This report may not be used for any purpose by any person or corporation other than the client or the party to whom the report is addressed. Additional copies may not be made without the written consent of an officer of the firm, and then only in its entirety.

Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations effort, news, sales or other media without my prior written consent and approval of the client.

It has been assumed that the client or representative thereof, if soliciting funds for his project, has furnished to the user of this report complete plans, specifications, surveys and photographs of land and improvements, along with all other information which might be deemed necessary to correctly analyze and appraise the subject property.

## **MARKET VALUE DEFINITION**

**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.

## **PROPERTY RIGHTS APPRAISED**

The property rights appraised are all rights existing in the *Fee Simple Estate*. According to the “*Dictionary of Real Estate Appraisal*”, a fee simple estate is defined as:

*“Absolute ownership unencumbered by any other interest or estate subject only to the four powers of government”*

The four powers of government are taxation, eminent domain, police power (zoning, etc.) and escheat. The subject property is being appraised as free and clear of any encumbrances.

The Dictionary of Real Estate Appraisal, 5<sup>th</sup> edition Copyright 2010

## **EXPOSURE TIME**

Exposure time is defined as, “*The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of sale at market value on the effective date of the appraisal*”.

Based on the current market conditions the estimated exposure time/period for the subject property is 12 to 24 months. This estimate of exposure time/period is based on conversations with brokers and other real estate professionals in the market, and the appraiser judgment.



## **MARKETING TIME**

*Marketing time* is an opinion of the amount of time/period it would take to sell a property interest in real estate at the estimated market value level during the time/period immediately after the effective date of an appraisal.

In accordance with the appraisal guidelines of DNRC TLMS Real Estate Management Bureau, the appraiser(s) have estimated that an anticipated marketing time of 12 to 24 months should be sufficient to locate a purchaser. The appraiser(s) have considered the current market conditions, and have concluded a value for the property at a level, which should generate interest sufficient to make this marketing time realistic.

The concluded marketing time assumes that adequate financing is available at reasonable rates, the market conditions remain relatively unchanged and the current economic conditions do not dramatically change.

This estimate of marketing time was based on conversations with brokers and other real estate professionals in the market as well as the appraiser(s) experience.

Marketing time differs from exposure time, which is always presumed to precede the effective date of the appraisal.

Advisory Opinion 7 of the Appraisal Standards Board of The Appraisal Foundation and Statement on Appraisal Standards No. 6, "Reasonable Exposure Time in Real Property and Personal Property Market Value Opinions" address the determination of reasonable exposure and marketing time.

## **APPRAISAL TYPES AND REPORTING OPTIONS**

The real estate appraisal process typically includes defining the appraisal problem, inspecting the subject property and its surroundings, considering the subject's highest and best use, conducting a survey of relevant market activity, applying the appropriate approaches to value (Cost, Sales Comparison and/or Income Approach), and reconciling the indicated values into a final value estimate.

The Uniform Standards of Professional Appraisal Practice (USPAP) currently provides for two types of appraisals. In carrying out the appraisal process, an appraiser can perform either an *Appraisal Report* or a *Restricted Appraisal Report*.

In performing an *Appraisal Report* the appraiser must comply with all USPAP standards without departing from any binding requirements. The intent is for the appraiser to develop an appraisal that uses all the applicable approaches to value, and that reaches a value conclusion that reflects all reasonably available information about the subject property, market conditions and pertinent market data.

The *Appraisal Report* is intended to present the relevant information in a concise manner. An Appraisal Report is defined by Uniform Standards of Professional Appraisal Practice under Standards Rule 2-2(a). This format provides a summary or description of the appraisal process, subject and market data and valuation analyses.

The *Restricted Appraisal Report* is the least detailed of the reporting options, and is intended to present a minimal amount of information about the subject property and the appraisal process leading to the value conclusion. It is typically appropriate when the client is the only intended user of the report, and is familiar with the subject property and the appraisal procedures in general. A Restricted Appraisal Report is defined by Uniform Standards of Professional Appraisal Practice under Standards Rule 2-2(b). This format provides for only basic property identification, appraisal statements and value conclusion(s). The appraisal may only be used by the client for the intended use. The rationale for how the appraiser arrived at the opinions and conclusions set forth in the report may not be understood properly without additional information in the appraiser's workfile. Therefore, this type of report has limited utility.

All additional market data and analysis relied on by the appraiser, but not included in the *Appraisal Report* or *Restricted Appraisal Report*, is and must be maintained in the appraiser's files. The reporting option selected will not impact the conclusion of value. Given the same appraisal process, the value conclusion in a Restricted report would be the same in an Appraisal Report.

This ***Appraisal report*** is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice for an ***Appraisal report***.

## **VALUATION PROCESS**

In order to estimate market value, the appraiser(s) has given consideration to the three generally accepted approaches to value. These are the Cost, Market or Sales Comparison, and Income Approaches. Information for these three approaches is extracted from the market and is primarily based on the Principle of Substitution. The Principle of Substitution holds that when two or more commodities or services with substantially the same utility are available, the one with the lowest prices receives the greatest demand and widest distribution.

### **Sales Comparison Approach**

The Sales Comparison Approach is often used to estimate the value of vacant land and improved properties. This approach produces value indications for the subject through comparison of similar properties referred to as comparable sales. In the search for comparable sales, the appraiser typically focuses on such issues as highest and best use, conditions of sales, date of transaction, location, physical characteristics and income data. In the analysis of comparable sales, a single common denominator most representative of the market, called the unit of comparison, is sought, although more than one may be present. The Sales Comparison Approach is most effective in indicating market value when an adequate number of comparable properties have, in fact, been sold.

### **Income Capitalization Approach**

The Income Approach measures the present value and future benefits of property ownership and is primarily based on anticipation. The approach requires extensive market research to determine a property's potential gross income by analyzing contract and market lease data, as well as market vacancy and expenses, in order to estimate net operating income. The anticipated net income produced before payment of debt is then capitalized at a rate which considers financing characteristics prevailing as well as risk factors and acceptable rate of return for real estate investors. The capitalization of net operating income, using the direct capitalization or discounted cash flow analysis methods, produces the value indication.

### **Cost Approach**

The Cost Approach begins with the valuation of the underlying land using a variety of techniques including sales comparison, extraction, and allocation, direct capitalization using the land residual techniques or ground rent capitalization and yield capitalization using a discounted cash flow analysis, also called subdivision development analysis. To the land value estimate the depreciated value of the replacement or reproduction cost of the improvements is added. This approach is most appropriate when improvements are relatively new, have little depreciation and represent highest and best use or when the improvements are very old and contribute little to value. The Cost Approach is also effective for special purpose-type improvements.

## **VALUATION PROCESS (CONT.)**

### **Subject Valuation**

This is an *Appraisal report* which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice for a *Appraisal report*.

In this valuation analysis, the appraiser(s) have applied the Sales Comparison and Income Approaches to value. The Cost Approach was considered but not utilized within this report. The reasoning for omitting the Cost Approach is as follows; the lack of any improvements Due to this reason the Cost Approach, this approach was omitted. The Income Approach was considered but not utilized within this report. The reasoning for omitting the Income Approach was due to the lack of arms-length leases of similar facilities in the immediate market area. Due to this limitation the Income Approach was omitted.

The one approach to value will be reconciled and a final value concluded for the subject. Most weight will be placed upon the approach or approaches that best reflects market value.

In this valuation analysis, the appraiser(s) have applied the Sales Comparison Approach to value. This approach is most applicable for the appraisal of vacant land as buyers utilize this approach in setting a price to pay for a property.

### **SALES COMPARISON APPROACH**

The Sales Comparison Approach to value compares the subject to similar properties that have sold or are under contract in the same or similar markets. This approach is based on the principle of substitution, which states that no commodity has a value greater than a similar commodity offering similar uses, similar utility, and similar function that can be purchased within a reasonable time frame. In other words, the market value of a property is set by the price of acquiring a substitute property, which could provide the owner with similar utility. The principle of substitution also is crucial in reconciling all three approaches to value, as it provides linkage in the underlying determination the subject's market value.

### **Units of Comparison**

Using a common unit of comparison is an effective device to adjust for differences in physical characteristics while controlling for scale or some other factor. This control allows the appraisers to determine the impact of differences in attributes between the subject and comparable sale properties.

As for the subject, the appraiser(s) discussed recent market transactions with area brokers, as well as evaluated the physical attributes of the subject's use type. In both instances, the predominant unit of comparison was sale price per acre. The following analysis will use this unit.

## Elements of Comparison

There are eight major comparison categories that must be considered in the direct sales comparison approach. These include the following:

Date of Sale	{	1.	Property rights conveyed
		2.	Financing
		3.	Conditions of Sale
		4.	Expenditures made after sale
Trend Forward		5.	Market Trends
Appraisal Effective Date	{	6.	Location of Sale Property
		7.	Physical Attributes
		8.	Economic Attributes

Each of these categories will be addressed in the subsequent analysis, as it relates to the subject.

## Sale Collection Results

Of the sales reviewed, based on the above criteria, the following sales represent the best available from the market to determine the subject's market potential under this valuation approach. While some are more ideal than others, the appraiser(s) believes that they represent a sufficient sample of the data reviewed to illustrate a sound market-based conclusion for the subject.

# **PARCEL 1 - #1055**

**PARCEL 1 - #1055 SUMMARY OF SALIENT FACTS AND CONCLUSIONS**

Location: Harris Road, Roundup, Musselshell County, MT 59072

Legal Description: S24, T10 N, R24 E, SW4

Site Description: The site consists of a total of 160.00± acres with a topography that is basically level at grade with no areas of wetlands. The subject is located, <12.24 Miles NWN of Roundup, MT, approximately 2.73 miles W of the Route 87, 1.72 miles S of the Snowy Mountain Road, .46 miles E of the Harris Road, and 2.16 miles N of the Grazing District Road. It is fenced but does not have legal access, utilities or a reliable surface water. Adjacent ownership is the current lessee. Access is by Harris Road which, per the client, is a legal county road that passes .46 miles W of the SW corner of the subject parcel. Harris Road is a typical county gravel road. The appraiser was driven to the site by the lessee. The appraiser took several photographs from multiple points on the site. The appraisal site visit and topographic maps show the property terrain as basically level with some minor sloping. Web Soil survey data show 100% of the subject is Class 3 agricultural land grazing. There are developed properties within approximately .5 miles of the subject. Surface vegetation consists of native grasses and rocks. No noxious weeds were observed during the site visit. of Harris Road.

Assessments: 2020

Land	\$9,684
Improvements	\$0
Total	\$9,684

Tax Year Taxes: \$0

Zoning: None

Property Rights: Fee Simple

Owner of Record: State of Montana

Date of Inspection: July 22, 2020

**SUMMARY OF SALIENT FACTS AND CONCLUSIONS (CONT.)**

Date of Valuation: July 31, 2020

Date of Report: December 3, 2020

Purpose of Appraisal: The purpose of the appraisal is to provide the clients with a credible opinion of current fair market of the subject property in the Fee Simple estate as of July 31, 2020..

Highest & Best Use

As Vacant: Agricultural development

As Improved: Agricultural development

Marketing Period: 12 to 24 months

Exposure Time: 12 to 24 months

Values Concluded -

Sales Comparison Approach: \$95,000

**Concluded Opinion of Market Value: \$95,000**

**Appraisers:**

Timothy B. Hogan, ASA, IFAS  
REA-RAG-LIC-9437



**PARCEL 1 - #1055 - PHOTOGRAPHS OF SUBJECT PROPERTY**



Subject



Subject



Subject



Subject



Subject



Subject

Photographs of Subject Property

**PARCEL 1 – PHOTOGRAPHS OF SUBJECT PROPERTY**



Subject



Subject



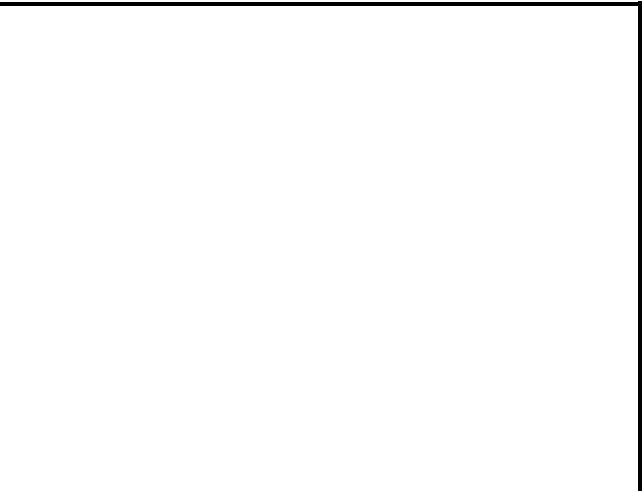
Subject



Subject



Subject



All of the above photographs were taken by Timothy B. Hogan, ASA, IFAS, on July 22, 2020

## **IDENTIFICATION OF SUBJECT PROPERTY**

The subject property consists of vacant land. The subject is located, <12.24 Miles NWN of Roundup, MT, approximately 2.73 miles W of the Route 87, 1.72 miles S of the Snowy Mountain Road, .46 miles E of the Harris Road, and 2.16 miles N of the Grazing District Road. It is fenced but does not have legal access, utilities or a reliable surface water. Adjacent ownership is the current lessee. Access is by Harris Road which, per the client, is a legal county road that passes .46 miles W of the SW corner of the subject parcel. Harris Road is a typical county gravel road. The appraiser was driven to the site by the lessee. The appraiser took several photographs from multiple points on the site. The appraisal site visit and topographic maps show the property terrain as basically level with some minor sloping. Web Soil survey data show 100% of the subject is Class 3 agricultural land grazing. There are developed properties within approximately .5 miles of the subject. Surface vegetation consists of native grasses and rocks. No noxious weeds were observed during the site visit.

It is identified by the City Tax Assessor's office as S24, T10 N, R24 E, SW4. A metes and bounds legal description is included in the *Addenda*. The property is located in Census Tract 1.00.00.

## **OCCUPANCY/HISTORY OF SUBJECT PROPERTY**

The owner of record on the property is State of Montana. The property is currently 100% occupied by one (1) tenants. A summary of the leases is contained in the Income Approach of this report. There have been no recent arms-length transfers on the subject property over the past three years.

There are no known current sales contract on the property no current listings. The appraiser researched the MLS and online public listing services.

## **AREA DESCRIPTION - MUSSELSHELL COUNTY**

Musselshell County is local in South Central Montana, and is the top industry is agriculture, with the single peak mine located in the county. The county is bordered by Fergus and Petroleum counties to the north, Garfield, Rosebud & Treasure counties to the east, Yellowstone county to the south, and Golden Valley county to the west.

### **Size:**

Land	1,871± Square miles
Water	2.8± Square miles

### **Population:**

2000	4,497
2010	4,538
2018 (estimated)	4,651

### **Population Density:**

2000	2.40± persons/sq. mile
2018 (estimated)	2.49± persons/sq. mile

<b><u>Per Capita Income, 2010:</u></b>	15,389
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<b><u>Median Age:</u></b>	43
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<b><u>Total Housing Units, 2010:</u></b>	2,317
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<b><u>County Seat:</u></b>	Roundup
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The county's northwestern area is rolling grasslands, which slope southeastward to the Musselshell River and the forested Bull Mountains in the southeast. The county has abundant natural resources of coal deposits, subterranean oil, and timbered slopes.

### **Transportation**

The major highways located in the County are U.S. Highways 12 & 87. Adjacent counties are as follows: Fergus County Northwest, Petroleum County North, Rosebud County East, Yellowstone Count South, and Golden Valley County West.

### **Conclusions**

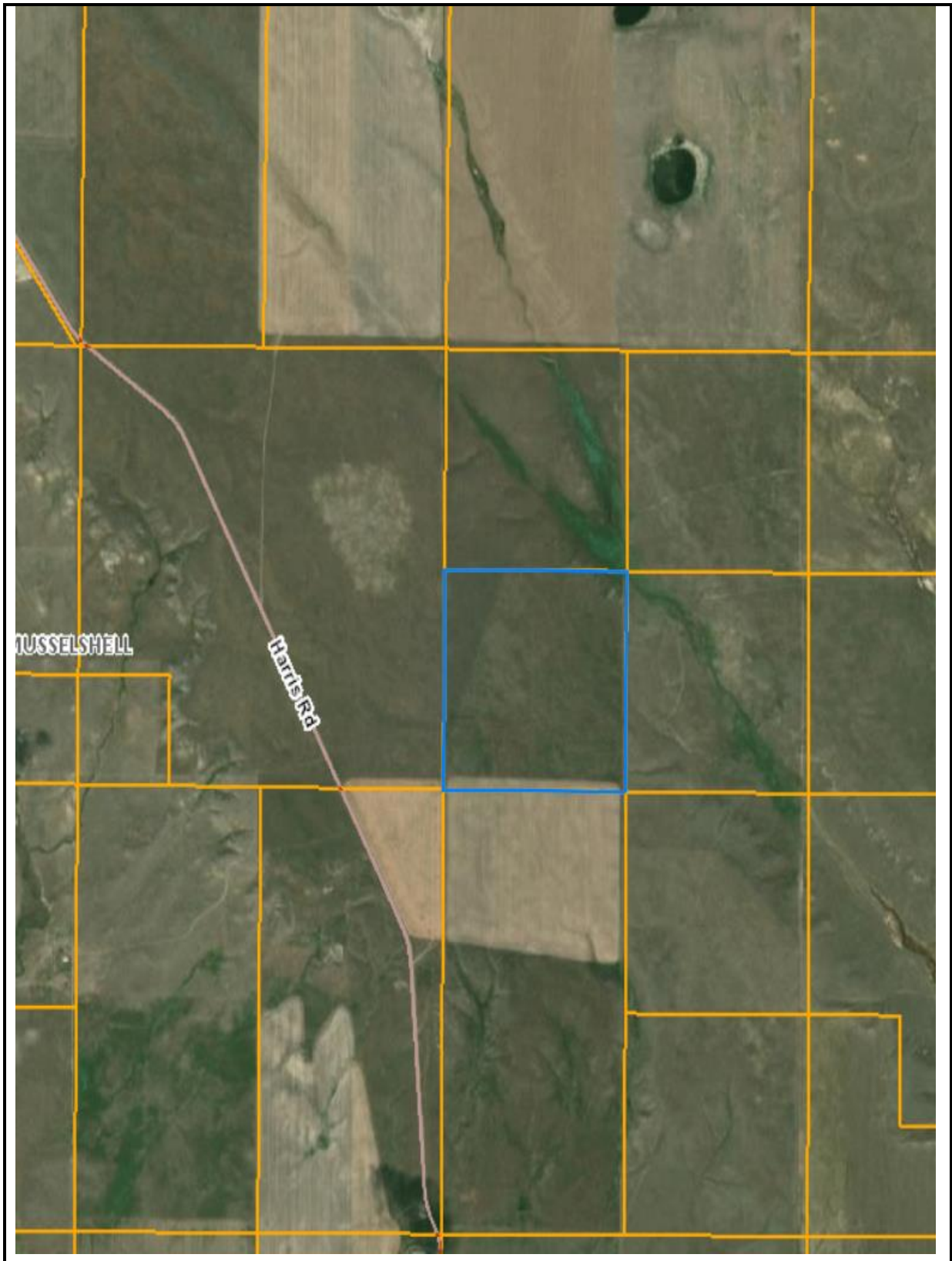
Musselshell County being in the south central section of Montana, has an above average transportation network, that links this area to anywhere in the region. The future marketability of the county should remain satisfactory

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## **SITE DESCRIPTION**

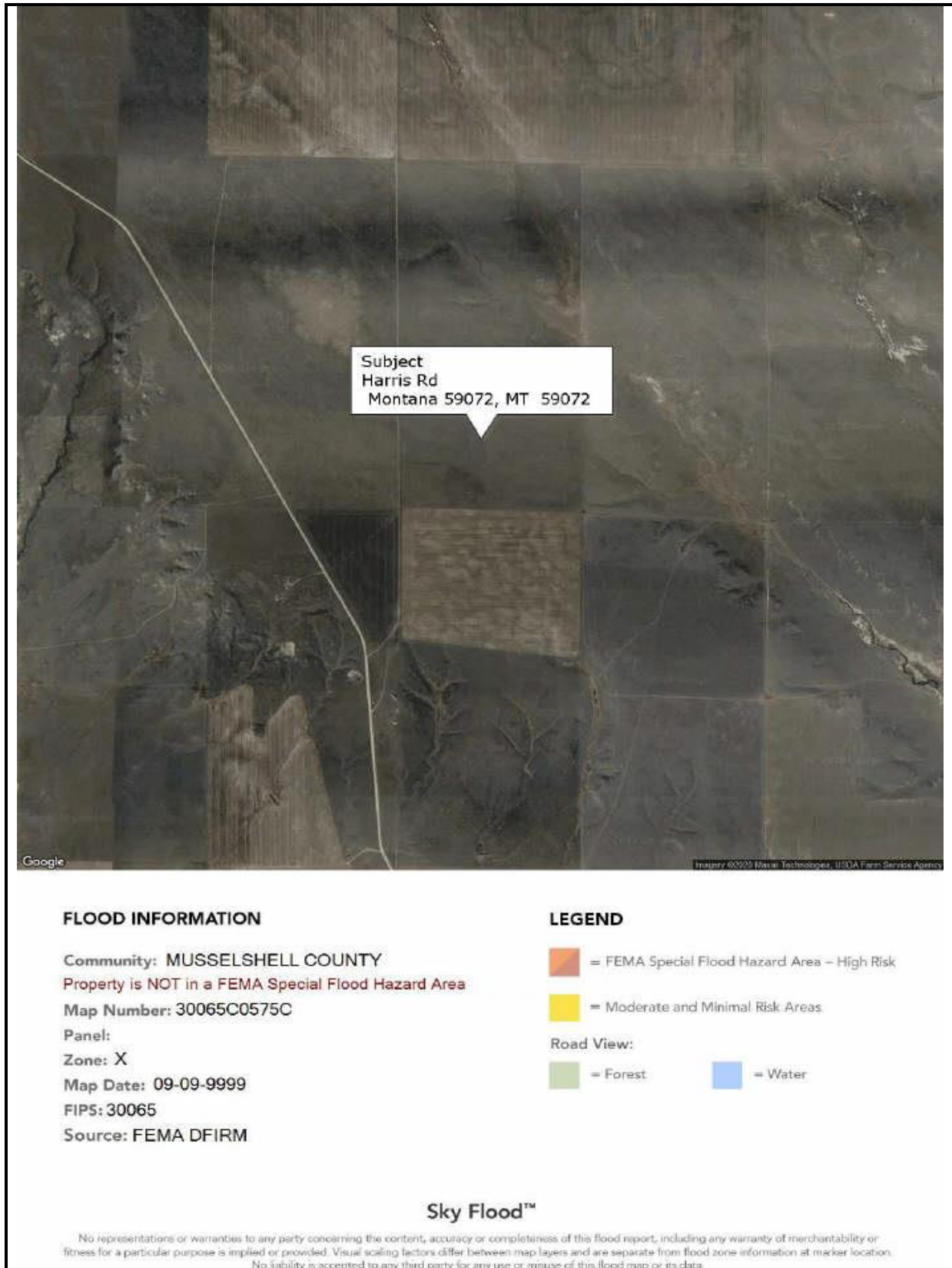
Site Size:	160.00± acres 6,969,600± square feet
Shape:	The site is roughly rectangular.
Topography:	The subject has level topography at grade and no areas of wetlands.
Visibility:	Average
Drainage:	Adequate
Access:	The subject is located, <12.24 Miles NWN of Roundup, MT, approximately 2.73 miles W of the Route 87, 1.72 miles S of the Snowy Mountain Road, .46 miles E of the Harris Road, and 2.16 miles N of the Grazing District Road. It is fenced but does not have legal access, utilities or a reliable surface water. Adjacent ownership is the current lessee. Access is by Harris Road which, per the client, is a legal county road that passes .46 miles W of the SW corner of the subject parcel. Harris Road is a typical county gravel road. The appraiser was driven to the site by the lessee. The appraiser took several photographs from multiple points on the site. The appraisal site visit and topographic maps show the property terrain as basically level with some minor sloping. Web Soil survey data show 100% of the subject is Class 3 agricultural land grazing. There are developed properties within approximately .5 miles of the subject. Surface vegetation consists of native grasses and rocks. No noxious weeds were observed during the site visit. Harris Road is a two-lane undivided gravel roadway.
Utilities:	None
Soil Conditions:	We did not receive or review a soil report.
Flood Plain:	According to the Flood Map for Roundup (30065C0575C, 9/9/9999), the subject property is located in flood zone "X". This is an area of minimal flooding risk.
Land Use Restrictions:	We were not given a title report to review. Based on the municipal tax maps there appears to be no easements or encroachments affecting the site.
Environmental:	The appraiser(s) are not aware of any presence of hazardous waste, toxic substances, radon gas, or other environmental hazards on the subject property or in its vicinity. If further information is required, we recommend and additional inspection from a firm specializing in hazardous materials in or to minimize environmental risk.

**SITE MAP**





## FLOOD MAP



## **ZONING**

The subject is located in an area with no zoning.

## **REAL ESTATE TAX AND ASSESSMENTS**

The 2020 assessment, taxes and equalization ratio on the subject property is as follows:

<b>Tax Assessments</b>	<b>2020</b>
<b>Land:</b>	\$9,684
<b>Improvements:</b>	\$0
<b>Total:</b>	\$9,684
<b>Tax Rate:</b>	\$0.00
<b>Annual Taxes:</b>	\$0
<b>Equalization Rate:</b>	100%
<b>Equalized Value:</b>	\$9,684

According to the tax collector's office of Musselshell County as of July 22, 2020 the taxes on the subject property are paid to date.

## **PARCEL 1 - #1055 - ANALYSIS, VALUATION AND CONCLUSIONS**

### **HIGHEST & BEST USE**

According to the *"The Dictionary of Real Estate Appraisal"*, a publication of the Appraisal Institute, highest and best use may be defined as:

*"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".*

To determine the Highest and Best Use of the subject site as though vacant and, as improved, the use must meet a four step sequential criteria. They are as follows:

1. *Physically Possible* - those uses that are physically possible.
2. *Legally Permissible* - those uses legally permitted not limited by such factors as environmental, zoning or deed restrictions.
3. *Financially Feasible* - those uses that are physically possible, legally permissible and expected to produce a positive return.
4. *Maximally Productive* - a determination of which among those financially feasible uses will put the subject's land to its greatest utility and maximum development density, which will produce the highest rate, or return is the Highest and Best Use.



### **Highest and Best Use of Site as if Vacant**

Considering these four factors of highest and best use *Physically Possible, Legally Permissible, Financially Feasible* and *Maximally Productive* we conclude that Land development represents the *Highest and Best Use* of the subject site as vacant land.

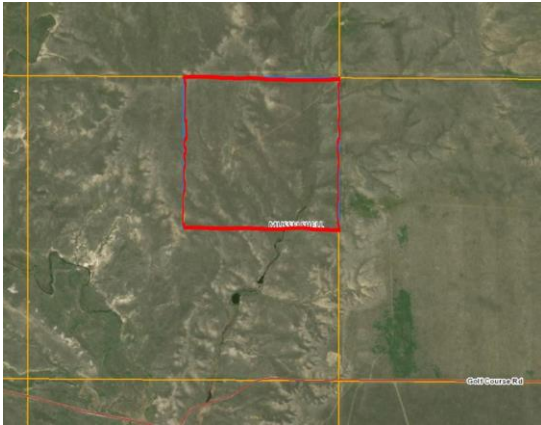
### **Highest and Best Use of Site as Improved**

In analyzing the highest and best use of a property as improved, it is recognized that the existing improvements should continue to be used until it is financially advantageous to alter physical elements of the structure or demolish it to allow an alternate use.

The site is vacant land with no buildings. Considering the four factors of *Highest and Best Use*, it is our opinion that the *Highest and Best Use* of the subject site as currently improved is for its continued use as a *single-tenant vacant land*.

## COMPARABLE DATASHEETS

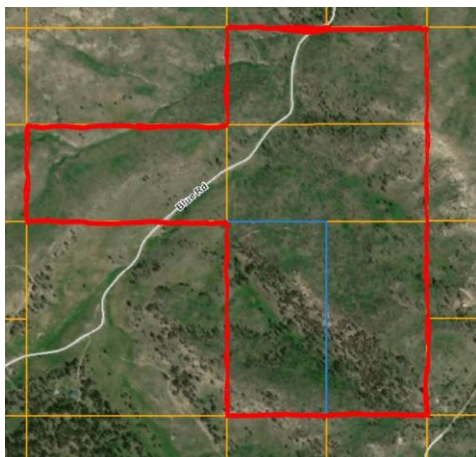
### Land Comparable 1



Transaction			
<b>ID</b>	689	<b>Date</b>	12/19/2019
		<b>Price</b>	\$80,000
<b>City</b>	Roundup	<b>Price per Acre</b>	\$500
<b>State</b>	MT	<b>Financing</b>	Contract for Deed
<b>Tax ID</b>	2133000000	<b>Property Rights</b>	Fee Simple
<b>Grantor</b>	Confidential	<b>Days on Market</b>	184
<b>Grantee</b>	Confidential	<b>Verification Source</b>	Confidential
<b>Legal Description</b>	S26, T09 N, R23 E, NE4		
Site			
<b>Acres</b>	160.0	<b>Topography</b>	Level
<b>Land SF</b>	6,696,600	<b>Zoning</b>	None
<b>Shape</b>	Rectangular		
<b>Utilities</b>	None		
Comments			

This is a site of 160+/- acres of agricultural land, that is level and is currently used for grazing. This is an arms-length transaction, with a sales price of \$80,000 or \$500.00 per acre.

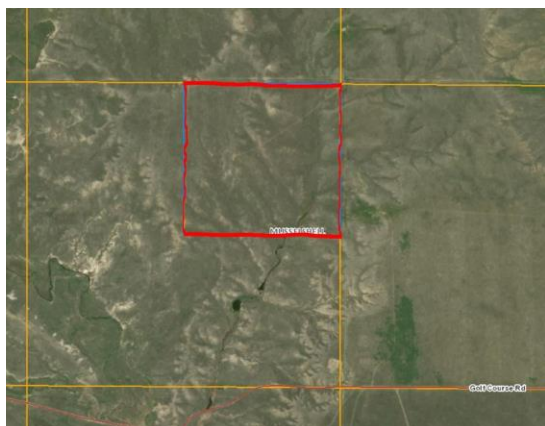
## Land Comparable 2



Transaction			
ID	690	Date	11/16/2018
		Price	\$100,000
City	Roundup	Price per Acre	\$1,000
State	MT	Financing	Cash
Tax ID	1309300000	Property Rights	Fee Simple
Grantor	Confidential	Days on Market	92
Grantee	Confidential	Verification Source	Confidential
Legal Description	S10, T07 N, R26 E, HAN 7		
Site			
Acres	100.0	Topography	Mixed
Land SF	4,356,000	Zoning	None
Shape	Irregular		
Utilities	None		
Comments			

this is a 100+/- acres of grass located just north of Johnny's Coal Road (paved) on Blue Road. 5 twenty acre parcels. Partially burned in the 2012 fire. Private, secluded yet reasonably accessible. Electricity crosses the property. This is an arms-length transaction, with a sales price of \$100,000 or \$1,000 per acre. FULL LEGAL - S10, T07 N, R26 E, HAN 7 S2SE4NE4 / S11, T07 N, R26 E, HAN 30 N2SW4NW4 / S11, T07 N, R26 E, HAN 31 S2SW4NW4 / S11, T07 N, R26 E, HAN-38 W2NW4SW4 / S11, T07 N, R26 E, HAN-37 E2NW4SW4

### Land Comparable 3



Transaction			
<b>ID</b>	691	<b>Date</b>	12/5/2019
		<b>Price</b>	\$125,000
<b>City</b>	Judith Gap	<b>Price per Acre</b>	\$781
<b>State</b>	MT	<b>Financing</b>	Cash
<b>Tax ID</b>	1945005011	<b>Property Rights</b>	Fee Simple
<b>Grantor</b>	Confidential	<b>Days on Market</b>	465
<b>Grantee</b>	Confidential	<b>Verification Source</b>	Confidential
<b>Legal Description</b>	S34, T11 Nm R14 E,		
<b>#REF!</b>			
Site			
<b>Acres</b>	160.0	<b>Topography</b>	Level
<b>Land SF</b>	6,969,600	<b>Zoning</b>	None
<b>Shape</b>	L Shape		
<b>Utilities</b>	None		
Comments			

This 160+/- acre site, has Sparkling Mead Creek that runs through it. Excellent grazing land for cattle, sheep, or horses. This is an arms-length transaction, with a sale price of \$125,000 or \$781.25 per acre. FULL LEGAL - S34, T11 Nm R14 E, E2NE4, NW4NW4

## **SUMMARY OF SALES AND ADJUSTMENTS GRID**

<b>Land Analysis Grid</b>		<b>Comp 1</b>		<b>Comp 2</b>		<b>Comp 3</b>	
Address	Harris Road						
City	Roundup	Roundup		Roundup		Judith Gap	
State	MT	MT		MT		MT	
Date	7/31/2020	12/19/2019		11/16/2018		12/5/2019	
Price	\$95,000	\$80,000		\$100,000		\$125,000	
Acres	160.00	160.00		100.00		160.00	
Acre Unit Price	\$594	\$500		\$1,000		\$781	
<b>Transaction Adjustments</b>							
Property Rights	Fee Simple	Fee Simple	0.0%	Fee Simple	0.0%	Fee Simple	0.0%
Financing	Conventional	Contract for Deed	0.0%	Cash	0.0%	Cash	0.0%
Conditions of Sale	Cash	Normal	0.0%	Normal	0.0%	Normal	0.0%
<b>Adjusted Acre Unit Price</b>		<b>\$500</b>		<b>\$1,000</b>		<b>\$781</b>	
Market Trends Through	7/31/2020	0.0%	0.0%	0.0%		0.0%	
<b>Adjusted Acre Unit Price</b>		<b>\$500</b>		<b>\$1,000</b>		<b>\$781</b>	
Location	Average	Good		Average		Good	
% Adjustment		-10%		0%		-10%	
\$ Adjustment		-\$50		\$0		-\$78	
Acres	160.00	160.00		100.00		160.00	
% Adjustment		0%		-10%		0%	
\$ Adjustment		\$0		-\$100		\$0	
Topography	Mixed	Level		Mixed		Level	
% Adjustment		-5%		0%		-5%	
\$ Adjustment		-\$25		\$0		-\$39	
Shape	Rectangular	Rectangular		Irregular		L Shape	
% Adjustment		0%		0%		0%	
\$ Adjustment		\$0		\$0		\$0	
Utilities	None	None		None		Stream	
% Adjustment		0%		0%		-30%	
\$ Adjustment		\$0		\$0		-\$234	
<b>Adjusted Acre Unit Price</b>		<b>\$425</b>		<b>\$900</b>		<b>\$430</b>	
<b>Net Adjustments</b>		-15.0%		-10.0%		-45.0%	
<b>Gross Adjustments</b>		15.0%		10.0%		45.0%	

**Price per acre Low: \$425**

**Price per acre High: \$900**

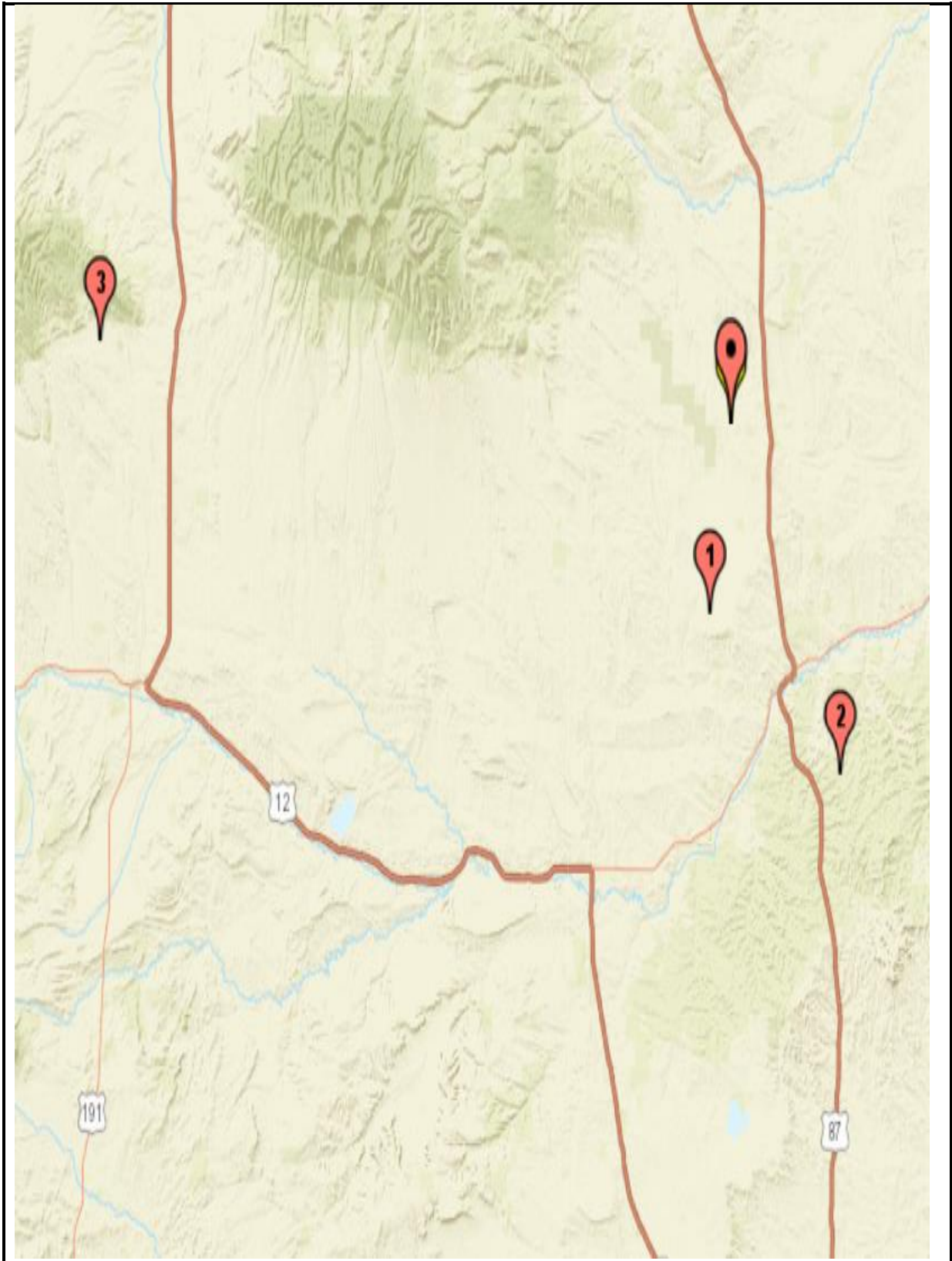
**Price per acre Average: \$585**

## **LAND SALES ANALYSIS**

Montana is a non-disclosure state in which sale prices are not public information. Sale discovery, research and confirmation details are often times difficult because the buyer or seller has no obligation to disclose sale details. This report uses the most reliable and factual sales data available from reliable sources for “arm length transactions”. Of the data collected, several sales are identified as being similar to the subject lands / buildings, and are being utilized for comparison purposes. These data provide an indication of a range for the market value for the subject property. Listed are three comparable sales of vacant land. They occurred from November 2018 to December 2019 and range in size from 100 to 160 acres. Sale prices range from \$425 to \$900 per acre after adjustments. Other sales may exist of which the appraiser has no knowledge of only limited details. The previous cited sales transactions represent similar parcels of vacant land. Each sale differed as compared to the subject and required adjustments. Factors of adjustment include property rights, financing, special conditions, market conditions, location, size, topography, sold with approvals and site characteristics.

Property Rights:	All of the sales were sold in the Fee Simple estate and required no adjustments.
Financing:	The comparable sales did not have any special or favorable financing that would have affected the price paid. No adjustment to any of the sales was considered necessary.
Conditions of Sale:	None of the sales required any adjustment due to any special conditions that would have affected the price paid. No adjustment was considered necessary.
Market Conditions:	The market is currently considered stable for this Land. All of the sales are current and therefore did not require any adjustment for market conditions.
Location:	Sale 1 is located in similar market areas and required no adjustments. Sales 1 and 2 were superior and required a downward adjustment.
Size/configuration:	The subject site is 160.00± acres in size. Typically, the adjustment for size is predicated on the inverse relationship of unit price paid and the size of the parcel. For example, the larger the size of the parcel, the lower the unit price paid or the smaller the parcel, the higher the unit price paid. Each sale was adjusted accordingly.
Topography:	The topography of the subject is level to sloping. Sale 2 is similar to the subject and required no adjustments. The topography of sales 1 & 3 were / are level and would not present much problem for grazing / farming, and a downward adjustment were considered necessary.
Utilities:	The of the subject has no utilities. Sales 1 & 2 is similar to the subject and required no adjustments. The sale 3 has a stream, and a downward adjustment were considered necessary.

**LOCATION MAP OF SUBJECT & IMPROVED SALES**









# **PARCEL 2 - #1081**

**PARCEL 2 - #1081 SUMMARY OF SALIENT FACTS AND CONCLUSIONS**

Location:	Three Mile Road, Fergus County, Fergus County, MT		
Legal Description:	S16, T20 N, R17 E, E2NE, NESE		
Site Description:	<p>The subject consists of 120± acres located &gt;9 miles WNW of Suffolk, MT and about 1 ½ miles E of the Judith River. It is not fenced and does not have legal access, utilities or reliable surface water. Adjacent ownership is the buyer / lessee. There is a drainage across the property which may have seasonal water runoff in the early spring in some years or from cloudburst during summer. Elevation ranges from 3,000'± to 3,200'±. Access is by 3 Mile Road which, per the client, is a legal county road that passes ½ mile W of the SW corner. 3 Mile Road is a typical county gravel road for about 4 miles then it deteriorated into a dirt trail. The appraiser took several photographs from multiple points on the site. The appraisal site visit and topographic maps show the property terrain as basically level with some minor sloping. Web Soil survey data show 100% of the subject is Class 3 agricultural land grazing. There are developed properties within approximately .5 miles of the subject. Surface vegetation consists of native grasses and rocks. No noxious weeds were observed during the site visit. The site has water rights (to dam). The water rights include 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 for the area serviced by this water source. The site has adequate ingress and egress.</p>		
Assessments:	2019		
	Land	\$5,158	
	Improvements	\$0	
	Total	\$5,158	
Tax Year Taxes:		\$0	
Zoning:	Zoning Code, Zoning Description		
Property Rights:	Fee Simple		
Owner of Record:	State of Montana		

Date of Inspection: July 24, 2020

Date of Valuation: July 31, 2020

Date of Report: December 3, 2020

Purpose of Appraisal: The purpose of the appraisal is to provide the clients with a credible opinion of current fair market of the subject property in the Fee Simple estate as of July 31, 2020.

Highest & Best Use

As Vacant: Agricultural

As Improved: Agricultural

Marketing Period: 12 to 24 months

Exposure Time: 12 to 24 months

Values Concluded -

Sales Comparison Approach: \$82,000

**Concluded Opinion of Market Value: \$82,000**

**Appraisers:**

Timothy B. Hogan, ASA, IFAS  
REA-RAG-LIC-9437

**PARCEL 2 - #1081 PHOTOGRAPHS OF SUBJECT PROPERTY**



Subject



Subject



Subject



Subject



Subject



Subject

**PHOTOGRAPHS OF SUBJECT PROPERTY**



Subject



Subject



Subject



Subject



Subject



Subject



**PHOTOGRAPHS OF SUBJECT PROPERTY**

Subject



Subject

All of the above photographs were taken by Timothy B. Hogan, ASA, IFAS, on July 24, 2020

**IDENTIFICATION OF SUBJECT PROPERTY**

The subject consists of 120± acres located >9 miles WNW of Suffolk, MT and about 1 ½ miles E of the Judith River. It is not fenced and does not have legal access, utilities or reliable surface water. Adjacent ownership is the buyer / lessee. There is a drainage across the property which may have seasonal water runoff in the early spring in some years or from cloudburst during summer. Elevation ranges from 3,000'± to 3,200'±. Access is by 3 Mile Road which, per the client, is a legal county road that passes ½ mile W of the SW corner. 3 Mile Road is a typical county gravel road for about 4 miles then it deteriorated into a dirt trail. The appraiser took several photographs from multiple points on the site. The appraisal site visit and topographic maps show the property terrain as basically level with some minor sloping. Web Soil survey data show 100% of the subject is Class 3 agricultural land grazing. There are developed properties within approximately .5 miles of the subject. Surface vegetation consists of native grasses and rocks. No noxious weeds were observed during the site visit. The water rights include 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 for the area serviced by this water source. The site has adequate ingress and egress. Fergus County, Fergus, MT. It is identified by the County Tax Assessor's office as S16, T20 N, R17 E, E2NE, NESE. The property is located in Census Tract 2.00.

**OCCUPANCY/HISTORY OF SUBJECT PROPERTY**

The owner of record on the property is State of Montana. The property is currently 100% occupied by one (1) tenants. A summary of the leases is contained in the Income Approach of this report. There have been no recent arms-length transfers on the subject property over the past three years.

I/We are not aware of any current sales contract on the property or if the property is currently listed for sale.

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## **AREA DESCRIPTION - FERGUS COUNTY**

Fergus County is local in Central Montana, and its top industry is agriculture. The county is boarded by Chouteau County to the Northwest, Blain County to the north North, Phillips County to the southeast Northeast, Petroleum County to the East, Musselshell County to the Southeast, Golden Valley County to the South, Wheatland Count to the Southwest, and Judith Basin County to the West.

### **Size:**

Land	4,350± Square miles
Water	11± Square miles

### **Population:**

2000	11,893
2010	11,586
2018 (estimated)	11,113

### **Population Density:**

2000	2.73± persons/sq. mile
2010	2.66± persons/sq. mile

### **Per Capita Income, 2010:**

15,808

### **Median Age:**

42

### **Total Housing Units, 2010:**

4,860

### **County Seat:**

Lewistown

## **Transportation**

The major highways located in the County are U.S. Highways 87 & 191, Montana Highways 19, 80, 81 & 200. Adjacent counties are as follows: Chouteau County Northwest, Blain County North, Phillips County Northeast, Petroleum Count East, Musselshell County Southeast, Golden Valley County South, Wheatland Count Southwest, and Judith Basin County West.

## **Conclusions**

Fergus County, located in Central Montana, has an above average transportation network, that links this area to anywhere in the region. The future marketability of the county should remain satisfactory

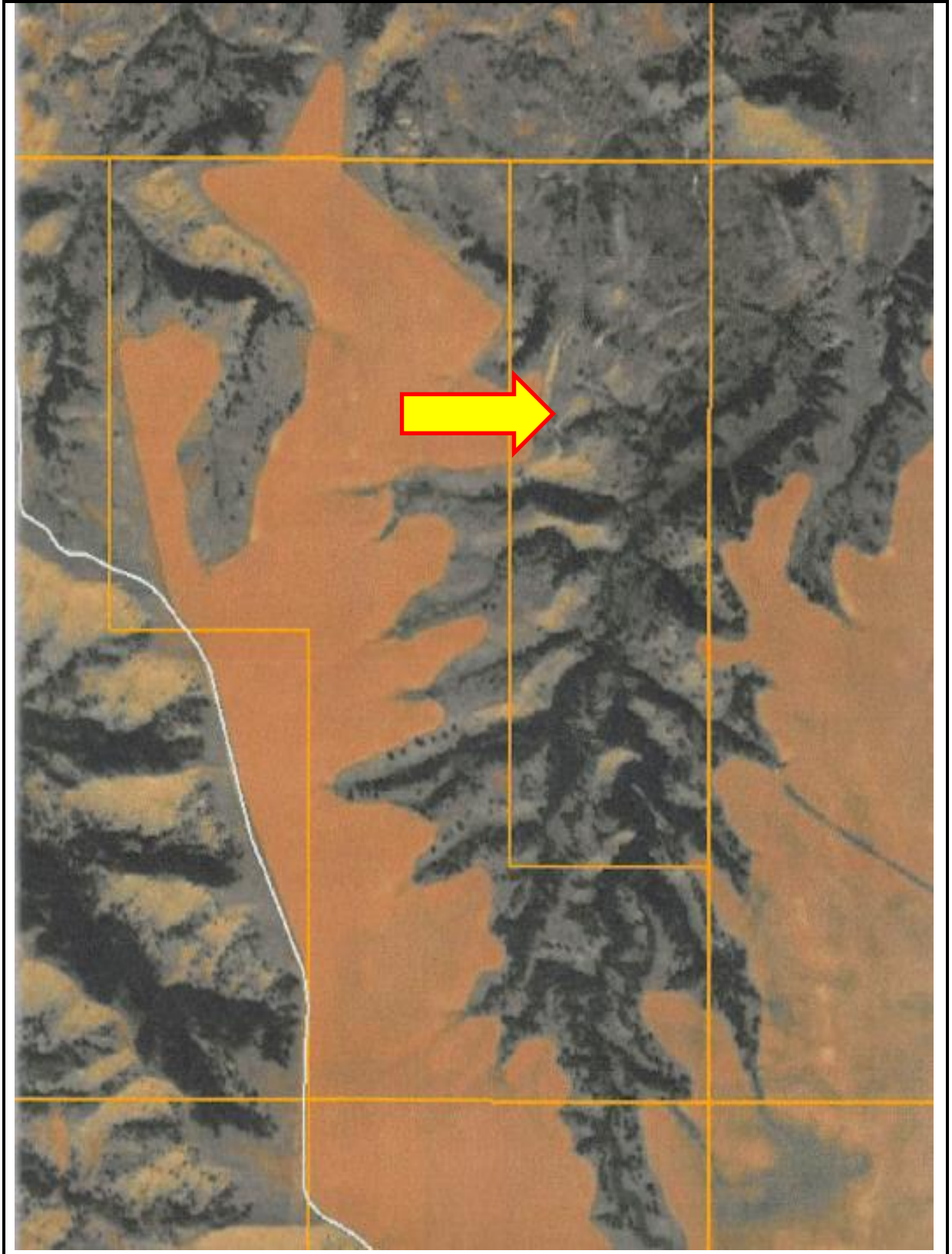
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## **SITE DESCRIPTION**

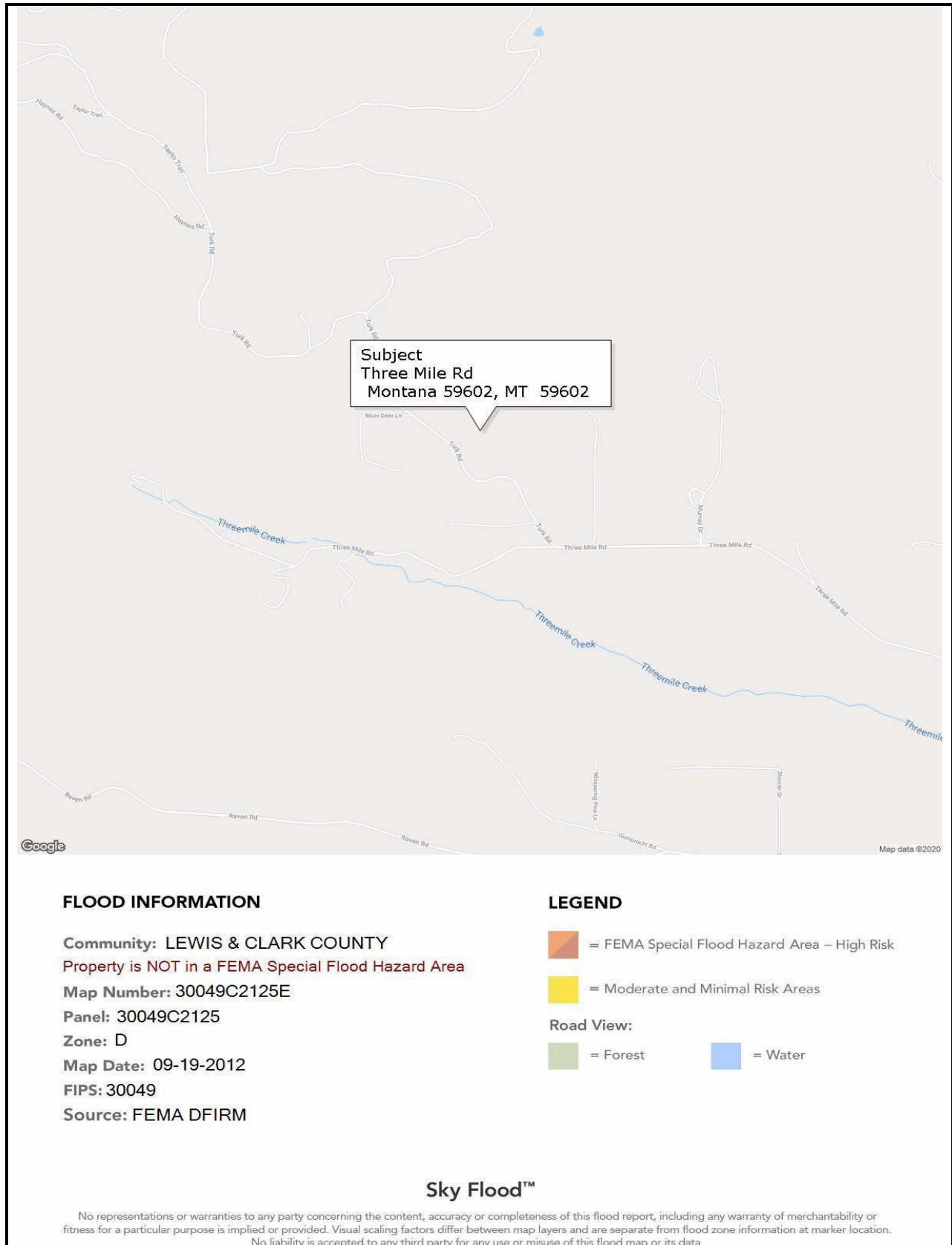
Site Size:	120.00± acres 5,227,200± square feet
Shape:	The site is roughly rectangular.
Topography:	Rolling sloping upward from north to south
Visibility:	Average
Drainage:	Adequate
Access:	The subject consists of 120± acres located >9 miles WNW of Suffolk, MT and about 1 ½ miles E of the Judith River. It is not fenced and does not have legal access, utilities or reliable surface water. Adjacent ownership is the buyer / lessee. There is a drainage across the property which may have seasonal water runoff in the early spring in some years or from cloudburst during summer. Elevation ranges from 3,000'± to 3,200'±. Access is by 3 Mile Road which, per the client, is a legal county road that passes ½ mile W of the SW corner. 3 Mile Road is a typical county gravel road for about 4 miles then it deteriorated into a dirt trail. The appraiser took several photographs from multiple points on the site. The appraisal site visit and topographic maps show the property terrain as basically level with some minor sloping. Web Soil survey data show 100% of the subject is Class 3 agricultural land grazing. There are developed properties within approximately .5 miles of the subject. Surface vegetation consists of native grasses and rocks. No noxious weeds were observed during the site visit. The water rights include 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 for the area serviced by this water source.
Utilities:	None
Soil Conditions:	We did not receive or review a soil report.
Flood Plain:	According to the Flood Map for Fergus County (30049C2125E, September 19, 2012), the subject property is located in flood zone "D". This is an area of minimal flooding risk.
Land Use Restrictions:	We were not given a title report to review. Based on the municipal tax maps there appears to be no easements or encroachments affecting the site.
Environmental:	The appraiser(s) are not aware of any presence of hazardous waste, toxic substances, radon gas, or other environmental hazards on the subject property or in its vicinity. If further information is required, we recommend and additional inspection from a firm specializing in hazardous materials in or to minimize environmental risk.



**SITE MAP**



## **FLOOD MAP**



## **ZONING**

The subject is located in an area with no zoning.

## **REAL ESTATE TAX AND ASSESSMENTS**

The 2019 assessment, taxes and equalization ratio on the subject property is as follows:

<b>Tax Assessments</b>	<b>2019</b>
<b>Land:</b>	\$5,158
<b>Improvements:</b>	\$0
<b>Total:</b>	\$5,158
<b>Tax Rate:</b>	\$0.00
<b>Annual Taxes:</b>	\$0
<b>Equalization Rate:</b>	100%
<b>Equalized Value:</b>	\$5,158

According to the tax collector's office of Fergus County as of July 24, 2020 the taxes on the subject property are paid to date.

## **PARCEL 2 - #1081 - ANALYSIS, VALUATION AND CONCLUSIONS**

### **HIGHEST & BEST USE**

According to the “*The Dictionary of Real Estate Appraisal*”, a publication of the Appraisal Institute, highest and best use may be defined as:

*“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”.*

To determine the Highest and Best Use of the subject site as though vacant and, as improved, the use must meet a four step sequential criteria. They are as follows:

1. *Physically Possible* - those uses that are physically possible.
2. *Legally Permissible* - those uses legally permitted not limited by such factors as environmental, zoning or deed restrictions.
3. *Financially Feasible* - those uses that are physically possible, legally permissible and expected to produce a positive return.
4. *Maximally Productive* - a determination of which among those financially feasible uses will put the subject's land to its greatest utility and maximum development density, which will produce the highest rate, or return is the Highest and Best Use.

### **Highest and Best Use of Site as if Vacant**

Considering these four factors of highest and best use *Physically Possible*, *Legally Permissible*, *Financially Feasible* and *Maximally Productive* we conclude that Land development represents the *Highest and Best Use* of the subject site as vacant land.

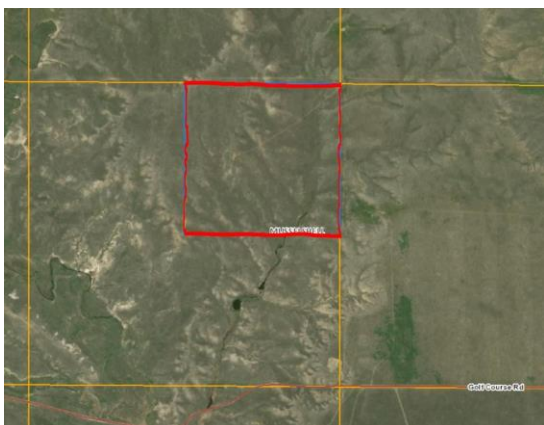
### **Highest and Best Use of Site as Improved**

In analyzing the highest and best use of a property as improved, it is recognized that the existing improvements should continue to be used until it is financially advantageous to alter physical elements of the structure or demolish it to allow an alternate use.

The site is vacant land with no buildings. Considering the four factors of *Highest and Best Use*, it is our opinion that the *Highest and Best Use* of the subject site as currently improved is for its continued use as a *single-tenant vacant land*.

## COMPARABLE DATASHEETS

### Land Comparable 1

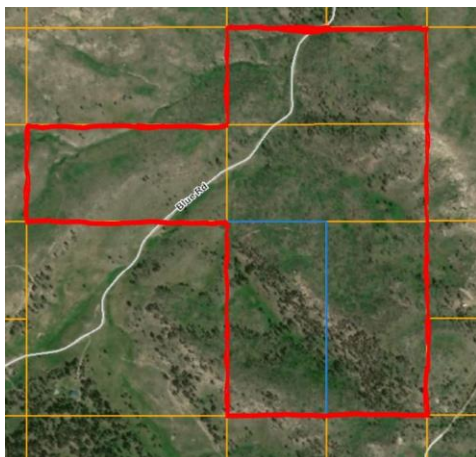


Transaction			
<b>ID</b>	689	<b>Date</b>	12/19/2019
		<b>Price</b>	\$80,000
<b>City</b>	Roundup	<b>Price per Acre</b>	\$500
<b>State</b>	MT	<b>Financing</b>	Contract for Deed
<b>Tax ID</b>	2133000000	<b>Property Rights</b>	Fee Simple
<b>Grantor</b>	Confidential	<b>Days on Market</b>	184
<b>Grantee</b>	Confidential	<b>Verification Source</b>	Confidential
<b>Legal Description</b>	S26, T09 N, R23 E, NE4		
Site			
<b>Acres</b>	160.0	<b>Topography</b>	Level
<b>Land SF</b>	6,696,600	<b>Zoning</b>	None
<b>Shape</b>	Rectangular		
<b>Utilities</b>	None		
Comments			

This is a site of 160+/- acres of agricultural land, that is level and is currently used for grazing. This is an arms-length transaction, with a sales price of \$80,000 or \$500.00 per acre.



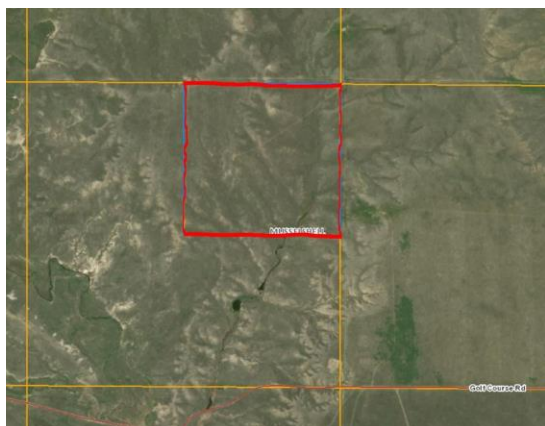
## Land Comparable 2



Transaction			
ID	690	Date	11/16/2018
		Price	\$100,000
City	Roundup	Price per Acre	\$1,000
State	MT	Financing	Cash
Tax ID	1309300000	Property Rights	Fee Simple
Grantor	Confidential	Days on Market	92
Grantee	Confidential	Verification Source	Confidential
Legal Description	S10, T07 N, R26 E, HAN 7		
Site			
Acres	100.0	Topography	Mixed
Land SF	4,356,000	Zoning	None
Shape	Irregular		
Utilities	None		
Comments			

this is a 100+/- acres of grass located just north of Johnny's Coal Road (paved) on Blue Road. 5 twenty acre parcels. Partially burned in the 2012 fire. Private, secluded yet reasonably accessible. Electricity crosses the property. This is an arms-length transaction, with a sales price of \$100,000 or \$1,000 per acre. FULL LEGAL - S10, T07 N, R26 E, HAN 7 S2SE4NE4 / S11, T07 N, R26 E, HAN 30 N2SW4NW4 / S11, T07 N, R26 E, HAN 31 S2SW4NW4 / S11, T07 N, R26 E, HAN-38 W2NW4SW4 / S11, T07 N, R26 E, HAN-37 E2NW4SW4

### Land Comparable 3



Transaction			
<b>ID</b>	691	<b>Date</b>	12/5/2019
		<b>Price</b>	\$125,000
<b>City</b>	Judith Gap	<b>Price per Acre</b>	\$781
<b>State</b>	MT	<b>Financing</b>	Cash
<b>Tax ID</b>	1945005011	<b>Property Rights</b>	Fee Simple
<b>Grantor</b>	Confidential	<b>Days on Market</b>	465
<b>Grantee</b>	Confidential	<b>Verification Source</b>	Confidential
<b>Legal Description</b>	S34, T11 Nm R14 E,		
<b>#REF!</b>			
Site			
<b>Acres</b>	160.0	<b>Topography</b>	Level
<b>Land SF</b>	6,969,600	<b>Zoning</b>	None
<b>Shape</b>	L Shape		
<b>Utilities</b>	None		
Comments			

This 160+/- acre site, has Sparkling Mead Creek that runs through it. Excellent grazing land for cattle, sheep, or horses. This is an arms-length transaction, with a sale price of \$125,000 or \$781.25 per acre. FULL LEGAL - S34, T11 Nm R14 E, E2NE4, NW4NW4

## SUMMARY OF SALES AND ADJUSTMENTS GRID

Land Analysis Grid		Comp 1		Comp 2		Comp 3	
Address	Three Mile Road						
City	Fergus County	Roundup		Roundup		Judith Gap	
State	MT	MT		MT		MT	
Date	7/31/2020	12/19/2019		11/16/2018		12/5/2019	
Price	\$82,000	\$80,000		\$100,000		\$125,000	
Acres	120.00	160.00		100.00		160.00	
Acre Unit Price	\$683	\$500		\$1,000		\$781	
<b>Transaction Adjustments</b>							
Property Rights	Fee Simple	Fee Simple	0.0%	Fee Simple	0.0%	Fee Simple	0.0%
Financing	Conventional	Contract for Deed	0.0%	Cash	0.0%	Cash	0.0%
Conditions of Sale	Cash	Normal	0.0%	Normal	0.0%	Normal	0.0%
<b>Adjusted Acre Unit Price</b>		<b>\$500</b>		<b>\$1,000</b>		<b>\$781</b>	
Market Trends Through	7/31/2020	0.0%	0.0%	0.0%		0.0%	
<b>Adjusted Acre Unit Price</b>		<b>\$500</b>		<b>\$1,000</b>		<b>\$781</b>	
Location	Average	Average		Good		Good	
% Adjustment		0%		-10%		-10%	
\$ Adjustment		\$0		-\$100		-\$78	
Acres	120.00	160.00		100.00		160.00	
% Adjustment		0%		0%		0%	
\$ Adjustment		\$0		\$0		\$0	
Topography	Level / sloping	Level		Mixed		Level	
% Adjustment		-10%		0%		-10%	
\$ Adjustment		-\$50		\$0		-\$78	
Shape	Rectangular	Rectangular		Irregular		L Shape	
% Adjustment		0%		0%		0%	
\$ Adjustment		\$0		\$0		\$0	
Water Rigts	Yes	None		None		Yes, Stream	
% Adjustment	None	20%		20%		-30%	
\$ Adjustment		\$100		\$200		-\$234	
<b>Adjusted Acre Unit Price</b>		<b>\$550</b>		<b>\$1,100</b>		<b>\$391</b>	
<b>Net Adjustments</b>		10.0%		10.0%		-50.0%	
<b>Gross Adjustments</b>		30.0%		30.0%		50.0%	

Price per acre Low: **\$391**

Price per acre High: **\$1,100**

Price per acre Average: **\$680**

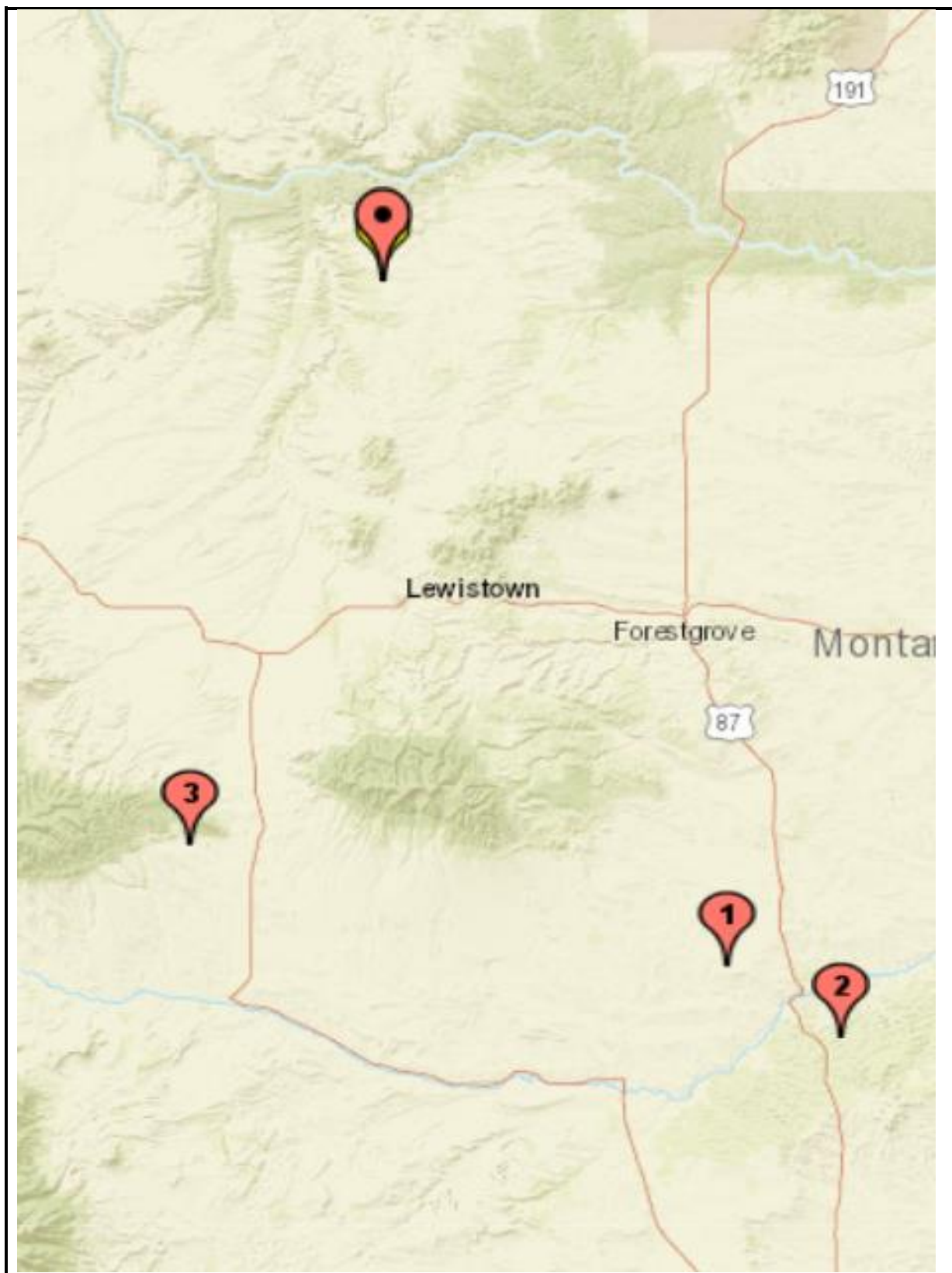


## **LAND SALES ANALYSIS**

Montana is a non-disclosure state in which sale prices are not public information. Sale discovery, research and confirmation details are often times difficult because the buyer or seller has no obligation to disclose sale details. This report uses the most reliable and factual sales data available from reliable sources for “arm length transactions”. Of the data collected, several sales are identified as being similar to the subject lands / buildings, and are being utilized for comparison purposes. These data provide an indication of a range for the market value for the subject property. Listed are three comparable sales of vacant land. They occurred from November 2018 to December 2019 and range in size from 100 to 160 acres. Sale prices range from \$391to \$1,100 per acre per acre after adjustments.. Other sales may exist of which the appraiser has no knowledge of only limited details. The previous cited sales transactions represent similar parcels of vacant land. Each sale differed as compared to the subject and required adjustments. Factors of adjustment include property rights, financing, special conditions, market conditions, location, size, topography, sold with approvals and site characteristics.

Property Rights:	All of the sales were sold in the Fee Simple estate and required no adjustments.
Financing:	The comparable sales did not have any special or favorable financing that would have affected the price paid. No adjustment to any of the sales was considered necessary.
Conditions of Sale:	None of the sales required any adjustment due to any special conditions that would have affected the price paid. No adjustment was considered necessary.
Market Conditions:	The market is currently considered stable for this Land. All of the sales are current and therefore did not require any adjustment for market conditions.
Location:	Sale 1 is located in similar market areas and required no adjustments. Sales 1 and 2 were superior and required a downward adjustment.
Size/configuration:	The subject site is 120.00± acres in size. Typically, the adjustment for size is predicated on the inverse relationship of unit price paid and the size of the parcel. For example, the larger the size of the parcel, the lower the unit price paid or the smaller the parcel, the higher the unit price paid. Each sale was adjusted accordingly.
Topography:	The topography of the subject is level to sloping. Sale 2 is similar to the subject and required no adjustments. The topography of sales 1 & 3 were / are level and would not present much problem for grazing / farming, and a downward adjustment were considered necessary.
Water Rights:	The subject has no utilities, but has water rights. All sales have been adjusted accordingly.

**LOCATION MAP OF SUBJECT & IMPROVED SALES**





# **PARCEL 3 - #1079**

**PARCEL 3 - #1079 SUMMARY OF SALIENT FACTS AND CONCLUSIONS**

Location: Butte Creek Road, Rosebud, Rosebud County, MT 59347

Legal Description: S36, T04 N, R43 E, ALL

Site Description: The subject consists of 640± acres located >14 Miles SSE of Rosebud, MT, 19.10 East of Route 39, .78 miles SSW of the Butte Creek Road. It is partially fenced and does not have legal access, utilities or reliable surface water. Adjacent ownership is the lessee. Access is by single lane dirt road that crosses the lessee's property. The appraisal site visit and topographic maps show the property terrain as mixed level with some minor sloping. Web Soil survey data show about 100% of the subject is Class 3 agricultural land grazing. Surface vegetation consists of several acres of pine trees of no commercial value, native grasses and rocks. No noxious weeds were observed during the appraisal site visit. of Butte Creek Road. The water rights include Purpose Stock, maximum value: 3.84 AC-DFT source Name: unnamed tributary of Eagle Creek. The site has adequate ingress and egress.

Assessments: 2020

Land	\$22,496
Improvements	\$0
Total	\$22,496

Tax Year Taxes: \$0

Zoning: No Zoning, Subject is located in an area without zoning

Property Rights: Fee Simple

Owner of Record: State of Montana

Date of Inspection: July 31, 2020

Date of Valuation: July 31, 2020

Date of Report: December 3, 2020

## **SUMMARY OF SALIENT FACTS AND CONCLUSIONS (CONT.)**

Purpose of Appraisal: The purpose of the appraisal is to provide the clients with a credible opinion of current fair market of the subject property in the Fee Simple estate as of July 31, 2020.

Highest & Best Use  
As Vacant: Agricultural development  
As Improved: Agricultural development

Marketing Period: 12 to 24 Months

Exposure Time: 12 to 24 Months

Values Concluded -

Sales Comparison Approach: \$416,000

**Concluded Opinion of Market Value: \$416,000**

**Appraisers:** Timothy B. Hogan, ASA, IFAS  
REA-RAG-LIC-9437

**PARCEL 3 - #1079 PHOTOGRAPHS OF SUBJECT PROPERTY**



Subject



Subject



Subject



Subject



Subject



Subject

**PHOTOGRAPHS OF SUBJECT PROPERTY**



Subject



Subject



Subject



Subject



Subject



Subject



**PHOTOGRAPHS OF SUBJECT PROPERTY**



Subject



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Subject



Subject

**PHOTOGRAPHS OF SUBJECT PROPERTY**

Subject

Subject

All of the above photographs were taken by Timothy B. Hogan, IFAS, SCGRE A RG, on July 31, 2020

**IDENTIFICATION OF SUBJECT PROPERTY**

The subject property consists of a vacant land. The subject consists of 640± acres located >14 Miles SSE of Rosebud, MT, 19.10 East of Route 39, .78 miles SSW of the Butte Creek Road. It is partially fenced and does not have legal access, utilities or reliable surface water. Adjacent ownership is the lessee. Access is by single lane dirt road that crosses the lessee's property. The appraisal site visit and topographic maps show the property terrain as mixed level with some minor sloping. Web Soil survey data show about 100% of the subject is Class 3 agricultural land grazing. Surface vegetation consists of several acres of pine trees of no commercial value, native grasses and rocks. No noxious weeds were observed during the appraisal site visit. The water rights include Purpose Stock, maximum value: 3.84 AC-DFT source Name: unnamed tributary of Eagle Creek.

It is identified by the County Assessor's office as S36, T04 N, R43 E, ALL. The property is located in Census Tract 2.00.00.

**OCCUPANCY/HISTORY OF SUBJECT PROPERTY**

The owner of record on the property is the State of Montana. The property is currently 100% occupied by one (1) tenants. There have been no recent arm's length transfers on the subject property over the past three years.

## **AREA DESCRIPTION – ROSEBUD COUNTY**

Rosebud County is located in southeastern Montana. Its top industry is agriculture. It is the fourth-largest county in Montana by land area and fifth-largest by total area. Part of Custer National Forest is located in the county. The county is bordered by Petroleum County to the northwest, Garfield County to the north, Prairie County to the northeast, Custer County to the east, Powder River County to the southeast, Big Horn County to the south, Treasure County to the southwest, and Musselshell County to the west.

### **Size:**

Land	5,027± Square miles
Water	17± Square miles

### **Population:**

2000	9,383±
2010	9,233±
2018 (estimated)	9,063±

### **Population Density:**

2010	1.8± persons/sq. mile
2018 (estimated)	1.8± persons/sq. mile

### **Per Capita Income, 2010:**

\$19,844

### **Median Age:**

36.5

### **Total Housing Units, 2010:**

3,395

### **County Seat:**

Forsyth

## **Transportation**

The major highways located in the county are Interstate 94, US 12 & 212 and MT 39 & 566. Adjacent counties are as follows: Petroleum County Northwest, Garfield County North, Prairie County Northeast, Custer County East, Powder River County Southeast, Big Horn County South, Treasure County Southwest, and Musselshell County West.

## **Conclusions**

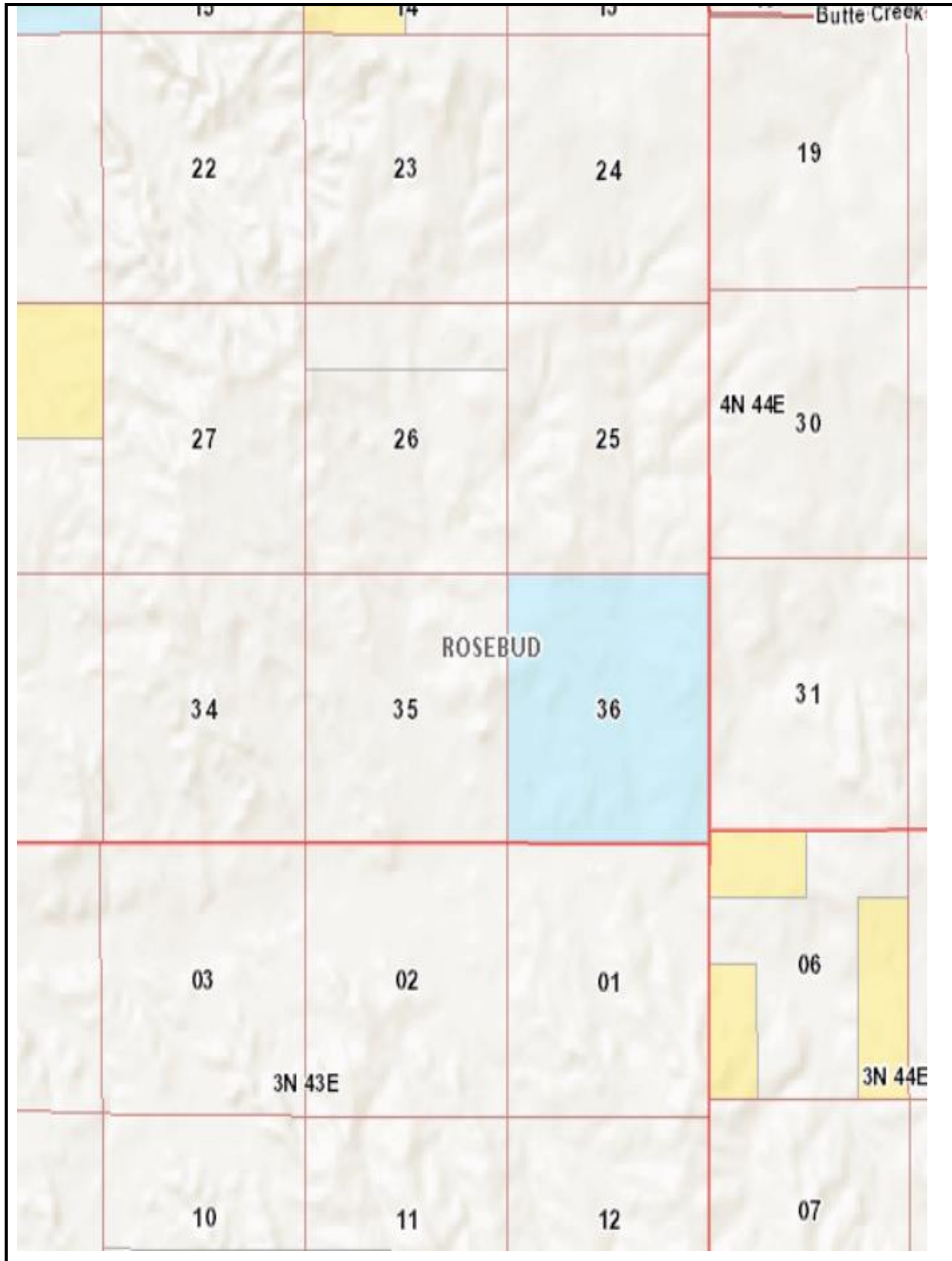
Rosebud County, located in south eastern Montana, has an above average transportation network, that links this area to anywhere in the region. The future marketability of the county should remain satisfactory.

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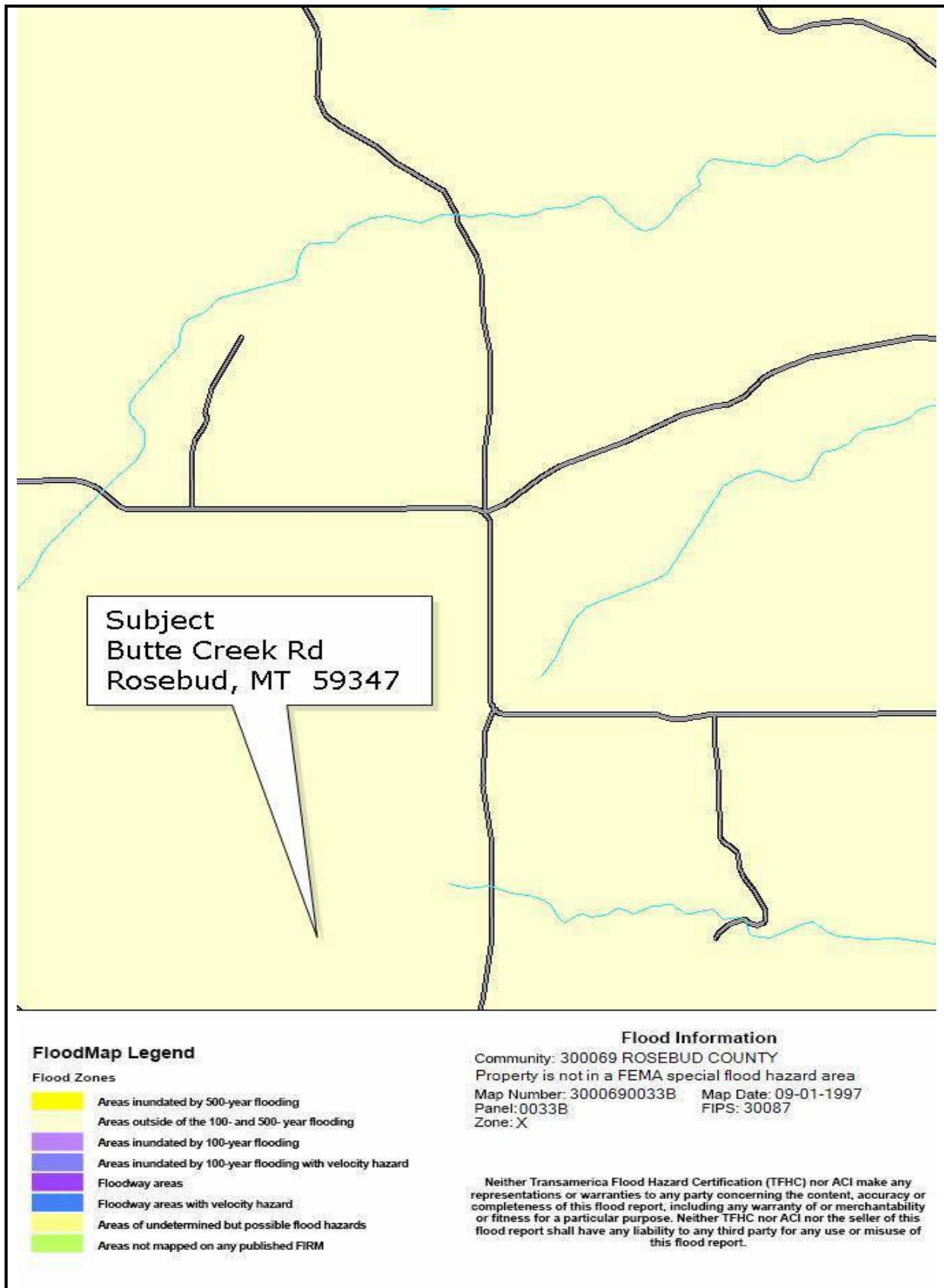
**SITE DESCRIPTION**

Site Size:	640.00± acres 27,878,400± square feet
Shape:	The site is roughly rectangular.
Topography:	Sloping upward from north to south
Visibility:	Poor
Drainage:	Adequate
Access:	The subject consists of 640± acres located >14 Miles SSE of Rosebud, MT, 19.10 East of Route 39, .78 miles SSW of the Butte Creek Road. It is partially fenced and does not have legal access, utilities or reliable surface water. Adjacent ownership is the lessee. Access is by single lane dirt road that crosses the lessee's property. The appraisal site visit and topographic maps show the property terrain as mixed level with some minor sloping. Web Soil survey data show about 100% of the subject is Class 3 agricultural land grazing. Surface vegetation consists of several acres of pine trees of no commercial value, native grasses and rocks. No noxious weeds were observed during the appraisal site visit. The water rights include Purpose Stock, maximum value: 3.84 AC-DFT source Name: unnamed tributary of Eagle Creek. Butte Creek Road is a two lane undivided roadway.
Utilities:	None
Soil Conditions:	We did not receive or review a soil report.
Flood Plain:	According to the Flood Map for Rosebud (3000690033B, September 1, 1997), the subject property is located in flood zone "X". This is an area of minimal flooding risk.
Land Use Restrictions:	We were not given a title report to review. Based on the municipal tax maps there appears to be no easements or encroachments affecting the site.
Site improvements:	None
Environmental:	The appraiser(s) are not aware of any presence of hazardous waste, toxic substances, radon gas, or other environmental hazards on the subject property or in its vicinity. If further information is required, we recommend and additional inspection from a firm specializing in hazardous materials in or to minimize environmental risk.

## SITE MAP



## **FLOOD MAP**



**ZONING**

The subject is located in an area with no zoning.

**REAL ESTATE TAX AND ASSESSMENTS**

The 2020 assessment, taxes and equalization ratio on the subject property is as follows:

<b>Tax Assessments</b>	<b>2020</b>
<b>Land:</b>	\$22,496
<b>Improvements:</b>	\$0
<b>Total:</b>	\$22,496
<b>Tax Rate:</b>	\$0.00
<b>Annual Taxes:</b>	\$0
<b>Equalization Rate:</b>	100%
<b>Equalized Value:</b>	\$22,496

According to the tax collector's office of Rosebud as of July 31, 2020 the taxes on the subject property are paid to date.

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## **PARCEL 3 - #1079 ANALYSIS, VALUATION AND CONCLUSIONS**

### **HIGHEST & BEST USE**

According to the “*The Dictionary of Real Estate Appraisal*”, a publication of the Appraisal Institute, highest and best use may be defined as:

*“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”.*

To determine the Highest and Best Use of the subject site as though vacant and, as improved, the use must meet a four step sequential criteria. They are as follows:

1. *Physically Possible* - those uses that are physically possible.
2. *Legally Permissible* - those uses legally permitted not limited by such factors as environmental, zoning or deed restrictions.
3. *Financially Feasible* - those uses that are physically possible, legally permissible and expected to produce a positive return.
4. *Maximally Productive* - a determination of which among those financially feasible uses will put the subject's land to its greatest utility and maximum development density, which will produce the highest rate, or return is the Highest and Best Use.

### **Highest and Best Use of Site as if Vacant**

Considering these four factors of highest and best use *Physically Possible*, *Legally Permissible*, *Financially Feasible* and *Maximally Productive* we conclude that Land development represents the *Highest and Best Use* of the subject site as vacant land.

### **Highest and Best Use of Site as Improved**

In analyzing the highest and best use of a property as improved, it is recognized that the existing improvements should continue to be used until it is financially advantageous to alter physical elements of the structure or demolish it to allow an alternate use.

The site is improved with a vacant land. Considering the four factors of *Highest and Best Use*, it is our opinion that the *Highest and Best Use* of the subject site as currently improved is for its continued use as a ***vacant land***.



## **SALES COMPARABLE DATASHEETS**

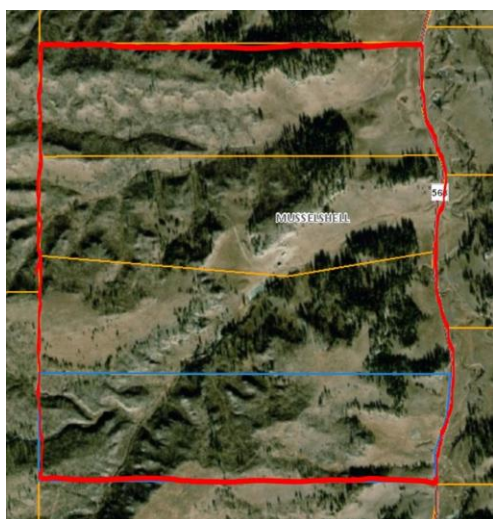
### **Land Comparable 1**



Transaction			
<b>ID</b>	694	<b>Date</b>	9/18/2019
		<b>Price</b>	\$50,000
<b>City</b>	Hysham	<b>Price per Acre</b>	\$156
<b>State</b>	MT	<b>Financing</b>	Cash
<b>Tax ID</b>	000R200110	<b>Property Rights</b>	Fee Simple
<b>Grantor</b>	Confidential	<b>Days on Market</b>	408
<b>Grantee</b>	Confidential	<b>Verification Source</b>	Confidential
<b>Legal Description</b>	S19, T07 N, R36 E, E2		
Site			
<b>Acres</b>	320.0	<b>Topography</b>	Level
<b>Land SF</b>	13,939,200	<b>Zoning</b>	No Zoning
<b>Shape</b>	Rectangular	<b>Utilities</b>	None
<b>Shape</b>	Rectangular		
Comments			

The subject is a 320+/- acre grazing tract located north of Hysham on Mission Valley Road. The subject has no water, or utilities. This was an arms-length transaction. The subject sold for \$50,000 or \$156.25 per acre

### Land Comparable 2



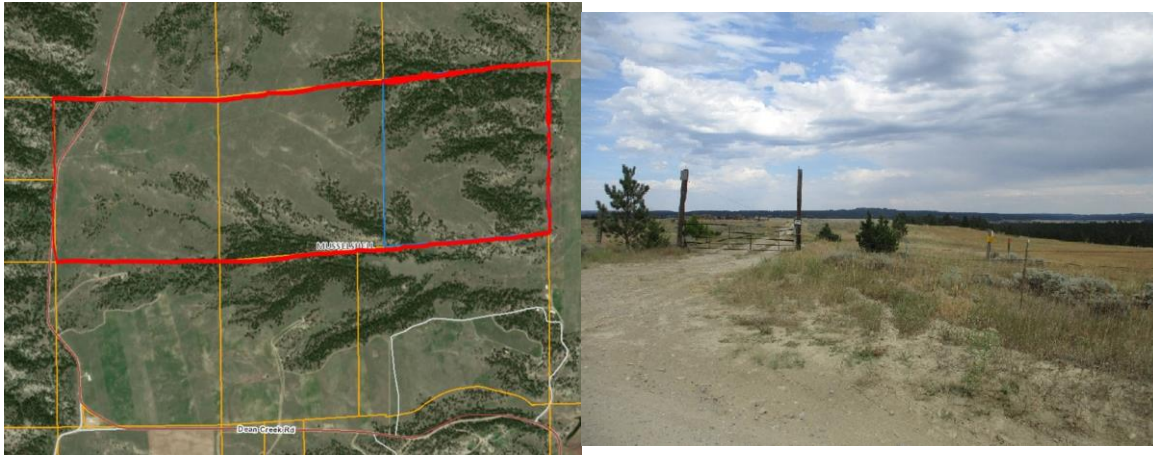
Transaction			
<b>ID</b>	693	<b>Date</b>	7/26/2016
		<b>Price</b>	\$575,000
<b>City</b>	Melstone	<b>Price per Acre</b>	\$898
<b>State</b>	MT	<b>Financing</b>	Contract for deed
<b>Tax ID</b>	123410000	<b>Property Rights</b>	Fee Simple
<b>Grantor</b>	Confidential	<b>Days on Market</b>	266
<b>Grantee</b>	Confidential	<b>Verification Source</b>	Confidential
<b>Legal Description</b>	S30, T08 N, R29 E, C.O.S. 1996-13RB, Parcel 6A		

Site			
<b>Acres</b>	640.0	<b>Topography</b>	Mixed
<b>Land SF</b>	22,215,600	<b>Zoning</b>	No Zoning
<b>Shape</b>	Rectangular	<b>Utilities</b>	None
<b>Shape</b>	Rectangular		

### Comments

The subject is 640+/- acres located in teh Bull Mountains. Property borders state section. The terrain varies form rolling hills totimber. 4-160 acre tracts make up the 640 acre offering. This is a an arms-length transaction, with a sales price of \$575,000 or \$898.44 per acre. FULL LEGAL: S30, T08 N, R29 E, C.O.S. 1996-13RB, Parcel 6A

### Land Comparable 3



Transaction			
ID	692	Date	5/17/2019
		Price	\$339,000
City	Lavina	Price per Acre	\$665
State	MT	Financing	Cash
Tax ID	1901000000	Property Rights	Fee Simple
Grantor	Confidential	Days on Market	340
Grantee	Confidential	Verification Source	Confidential
Legal Description	S17, T06 N, C.O.S. 1975-2,		
Site			
Acres	510.0	Topography	Mixed
Land SF	22,215,600	Zoning	No Zoning
Shape	Rectangular	Utilities	None
Shape	Rectangular		

### Comments

The subject has 510+/- acres situated near the border of Musselshell and Golden Valley counties - one hour drive from Billings. Easy to access on a well-maintained road. Borders state land on two sides. Property is fenced and cross-fenced with corrals. The subject has no water, or utilities. The sale was an arms-length transactions at \$339,000 or \$664.71 per acre. FULL LEGAL: S17, T06 N, C.O.S. 1975-2, Parcel 473 S17, T06 N, C.O.S. 1975-2, Parcel 474 S18, To6 N, R24 E, C.O.S. 1975-2, Parcel 476

### Land Comparable 4



Transaction			
ID	689	Date	12/19/2019
		Price	\$80,000
City	Roundup	Price per Acre	\$500
State	MT	Financing	Contract for Deed
Tax ID	2133000000	Property Rights	Fee Simple
Grantor	Confidential	Days on Market	184
Grantee	Confidential	Verification Source	Confidential
Legal Description	S26, T09 N, R23 E, NE4		
Site			
Acres	160.0	Topography	Level
Land SF	6,696,600	Zoning	None
Shape	Rectangular	Utilities	None
Shape	Rectangular		
Comments			

This is a site of 160+/- acres of agricultural land, that is level and is currently used for grazing. This is an arms-length transaction, with a sales price of \$80,000 or \$500.00 per acre.

## **SUMMARY OF SALES AND ADJUSTMENTS GRID**

<b>Land Analysis Grid</b>		<b>Comp 1</b>		<b>Comp 2</b>		<b>Comp 3</b>		<b>Comp 4</b>	
Address	Butte Creek Road								
City	Rosebud	Hysham		Melstone		Lavina		Roundup	
State	MT	MT		MT		MT		MT	
Date	7/31/2020	9/18/2019		7/26/2016		5/17/2019		12/19/2019	
Price	\$416,000	\$50,000		\$575,000		\$339,000		\$80,000	
Acres	640.00	320.00		640.00		510.00		160.00	
Acre Unit Price	\$650	\$156		\$898		\$665		\$500	
<b>Transaction Adjustments</b>									
Property Rights	Fee Simple	Fee Simple	0.0%	Fee Simple	0.0%	Fee Simple	0.0%	Fee Simple	0.0%
Financing	Conventional	Cash	0.0%	Contract for deed	0.0%	Cash	0.0%	Contract for Deed	0.0%
Conditions of Sale	Cash	Normal	0.0%	Normal	0.0%	Normal	0.0%	Normal	0.0%
<b>Adjusted Acre Unit Price</b>		<b>\$156</b>		<b>\$898</b>		<b>\$665</b>		<b>\$500</b>	
Market Trends Through	7/31/2020	0.0%	0.0%	0.0%		0.0%		0.0%	
<b>Adjusted Acre Unit Price</b>		<b>\$156</b>		<b>\$898</b>		<b>\$665</b>		<b>\$500</b>	
Location	Poor	Good		Average		Good		Good	
% Adjustment		-10%		-5%		-10%		0%	
\$ Adjustment		-\$16		-\$45		-\$66		\$0	
Acres	640.00	320.00		640.00		510.00		160.00	
% Adjustment		-5%		0%		0%		-10%	
\$ Adjustment		-\$8		\$0		\$0		-\$50	
Topography	Mixed	Level		Mixed		Mixed		Level	
% Adjustment		-5%		0%		0%		-5%	
\$ Adjustment		-\$8		\$0		\$0		-\$25	
Shape	Rectangular	Rectangular		Rectangular		Rectangular		Rectangular	
% Adjustment		0%		0%		0%		0%	
\$ Adjustment		\$0		\$0		\$0		\$0	
Utilities	Water Rights	None		None		None		None	
% Adjustment	None	30%		30%		30%		30%	
\$ Adjustment		\$47		\$270		\$199		\$150	
<b>Adjusted Acre Unit Price</b>		<b>\$172</b>		<b>\$1,123</b>		<b>\$798</b>		<b>\$575</b>	
<b>Net Adjustments</b>		10.0%		25.0%		20.0%		15.0%	
<b>Gross Adjustments</b>		50.0%		35.0%		40.0%		45.0%	

**Price per acre Low: \$172**

**Price per acre High: \$1,123**

**Price per acre Average: \$667**

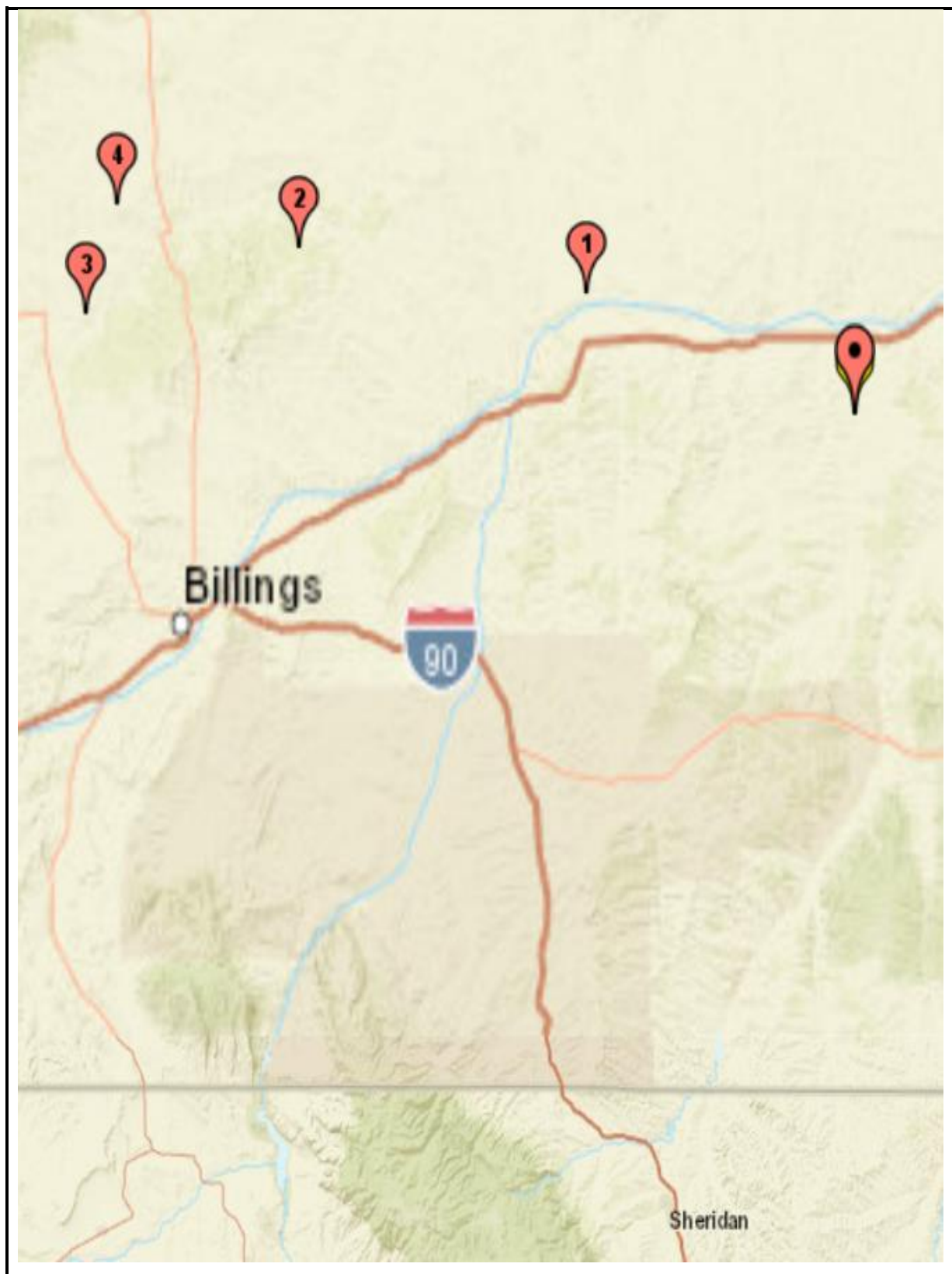
## **LAND SALES ANALYSIS**

Montana is a non-disclosure state in which sale prices are not public information. Sale discovery, research and confirmation details are often times difficult because the buyer or seller has no obligation to disclose sale details. This report uses the most reliable and factual sales data available from reliable sources for “arm length transactions”. Of the data collected, several sales are identified as being similar to the subject lands / buildings, and are being utilized for comparison purposes. These data provide an indication of a range for the market value for the subject property. Listed are one comparable sales of vacant land. They occurred from July 2016 to December 2019 and range in size from 160 to 640 acres. Sale prices range from \$172 to \$1,123 per acre per acre after adjustments. Other sales may exist of which the appraiser has no knowledge of only limited details. The previous cited sales transactions represent similar parcels of vacant land. Each sale differed as compared to the subject and required adjustments. Factors of adjustment include property rights, financing, special conditions, market conditions, location, size, topography, sold with approvals and site characteristics.

Property Rights:	All of the sales were sold in the Fee Simple estate and required no adjustments.
Financing:	The comparable sales did not have any special or favorable financing that would have affected the price paid. No adjustment to any of the sales was considered necessary.
Conditions of Sale:	None of the sales required any adjustment due to any special conditions that would have affected the price paid. No adjustment was considered necessary.
Market Conditions:	The market is currently considered stable for this Land. All of the sales are current and therefore did not require any adjustment for market conditions.
Location:	Sale 1 is located in similar market areas and required no adjustments. Sales 1 and 2 were superior and required a downward adjustment.
Size/configuration:	The subject site is 640.00± acres in size. Typically, the adjustment for size is predicated on the inverse relationship of unit price paid and the size of the parcel. For example, the larger the size of the parcel, the lower the unit price paid or the smaller the parcel, the higher the unit price paid. Each sale was adjusted accordingly.
Topography:	The topography of the subject is mixed. Sales 2 & 3 are similar to the subject and required no adjustments. The topography of sales 1 & 4 were / are level and would not present much problem for grazing / farming, and a downward adjustment were considered necessary.
Utilities:	The subject has no utilities, but has water rights. All Sales have no water rights and required an upward adjustment, to bring them into parity with the subject.



**LOCATION MAP OF SUBJECT & IMPROVED SALES**



## **CONCLUSION TO THE SALES COMPARISON APPROACH**

The subject property as improved was compared to four (4) vacant land properties having similar characteristics and located in comparable alternative locations. The sales were chosen based upon similarity of use, timeliness of sales activity and location issues.

After adjustments, the sales reflect a unit value of \$172 to \$1,123 per acre, with a mean of \$667 per acre. We have placed a weight average on sale 1 used and have concluded a unit value as follows:

640± Acres	X	\$650	=	\$416,000
			<i>Rounded:</i>	\$416,000

**VALUE VIA SALES COMPARISON APPROACH:**

**\$416,000**



## **RECONCILIATION AND FINAL VALUE ESTIMATE**

The Sales Comparison Approach was used to value each subject property. We have utilized the Sales Comparison Approach in a way similar to how a potential purchaser would look at the property, and consider what price should be paid. The Sales Comparison Approach provided the following value conclusions for each subject assuming economic conditions prevailing as of July 31, 2020:

Parcel 1 - #1055 - Sales Comparison Approach:	\$95,000
Parcel 2 - #1081 - Sales Comparison Approach:	\$82,000
Parcel 3 - #1079 - Sales Comparison Approach:	\$416,000

**SALES COMPARISON APPROACH** - the Sales Comparison Approach was concluded by means of a comparison of similar vacant land within the subject's market area. The heterogeneous nature of the real estate, imperfect market conditions and inherent subjectivity of adjustments limits the merits of this approach. These difficulties can be reduced with the availability of market data of similar and comparable sales.

For Parcel 1 & 2 the data gathered consisted of three (3) vacant land sales in the subject's area that were similar in design and utility. For Parcel 3, four (4) vacant land sales were used. There were a few recent comparable sales within the competitive area from which to draw a conclusion from. An analysis of each sale was conducted, comparing each one to the subject property. Each sale was adjusted for noted differences.

An adjusted unit price of \$585 per acre was concluded for the Parcel 1 - #1055.

An adjusted unit price of \$680 per acre was concluded for Parcel 2 - #1081.

An adjusted unit price of \$650 per acre was concluded for Parcel 3 - #1079.

Market participants for this property type consider valuation by comparison a useful method. The Sales Comparison Approach is considered to be a reliable indicator of value and was given some weight in the final value conclusion.

The greatest emphasis was placed upon the Sales Comparison Approach, as it is the most accurate in reflecting the actions of participants in this marketplace for this type of property. Typically, Land properties are not purchased to be leased, but are purchased for owner occupancy. Therefore the Sales Comparison Approach was given most weight in our final value conclusion.

Based upon our analysis contained in this report, we are of the opinion that the market value of Fee Simple estate of the subject property as of July 31, 2020 is:

**Parcel 1 - #1055**  
**Ninety-Five Thousand Dollars**  
**\$95,000**

**Parcel 2 - #1081**  
**Eighty-Two Thousand Dollars**  
**\$82,000**

**Parcel 3 - #1079**  
**Four Hundred Sixteen Thousand Dollars**  
**\$416,000**

# **ADDENDA**

## **DNRC SCOPE OF WORK**

### **DNRC TLMD Real Estate Management Bureau Land Banking Program**

*Scope of Work for the Appraisal of Potential Property Sales Through the Land Banking Program: 2020 Fergus, Musselshell & Rosebud 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 Terry & Aileen Noble, Byron Boucher Farms, Inc. and Darell & Tammy Luther. 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 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.

**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.

### **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. For those properties which consist of more than one section, the appraiser must at least view each section. 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 three (3) sites identified in the Supplemental Appraisal Instructions.

The subject property must be valued with the actual or hypothetical condition that the sites have legal access. Parcels with no legal access will be appraised with the hypothetical condition of having legal access.

The site (land) should be valued under the hypothetical condition that it is vacant raw land, without any site improvements, utilities, or buildings. The appraisal on the state's lands must include state-owned improvements in the valuation, but the appraisal on the state's lands must exclude lessee-owned or licensee-owned improvements in the valuation.

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.

According to the Uniform Standards of Professional Appraisal Practice, it is the appraiser's responsibility to determine the appropriate scope of work. USPAP defines the scope of work as:

The amount and type of information researched and the analysis applied in an assignment. Scope of work includes, but is not limited to, the following:

- the degree to which the property is inspected or identified;
- the extent of research into physical or economic factors that could affect the property;
- the extent of data research; and
- the type and extent of analysis applied to arrive at opinions or conclusions.

The following information defines the additional Scope of Work taken by the appraiser(s):

The scope of this appraisal involved all the necessary research and analysis in order to prepare a ***Appraisal report***. This ***Appraisal report*** is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice of an ***Appraisal report***. As such, it presents summary discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser(s) opinion of value. Some supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser(s) file. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated. The appraiser(s) is/are not responsible for unauthorized use of this report.

Timothy B. Hogan, ASA, IFAS made a physical inspection of Parcel 1 - #1055 on July 22, 2020, with an effective date of July 31, 2020. Jeff Bollman, ACIP, Area Manager of the Southern Land Office met the appraiser(s) at the property and accompanied the appraiser(s) during the inspection. Photographs of the property were taken during this inspection. Information provided or made available for review was as follows:

◆ Leases or lease summaries

Timothy B. Hogan, ASA, IFAS made a physical inspection of Parcel 2 - #1081 on July 24, 2020, with an effective date of July 31, 2020. A State of Montana representative did not meet the appraiser(s) at the property and accompany the appraiser(s) during the inspection. Photographs of the property were taken during this inspection. Information provided or made available for review was as follows:

◆ Leases or lease summaries

Lastly, Timothy B. Hogan, IFAS, SCGREa RG made a physical inspection of Parcel 3 - #1079 on July 31, 2020, with an effective date of July 31, 2020. Chris Pileski, Area Manager DNRC-Eastern Land Office met the appraiser(s) at the property and accompanied the appraiser(s) during the inspection. Photographs of the property were taken during this inspection. Information provided or made available for review was as follows:

◆ Leases or lease summaries

Other property related data was compiled from the public records of Roundup, Fergus and Rosebud counties and from our company files. General data was based on our knowledge of the area, information in our files, local newspaper articles and regional economic news. Other general and primary information was obtained from conversations with other professionals knowledgeable in this market area, as well as conversations with local residents. An investigation into the marketplace for comparable properties was done. The comparables and subsequent analyses lead to our value conclusions presented herein.

Montana is a non-disclosure state in which sale prices are not public information. Sale discovery, research and confirmation details are often times difficult because the buyer or seller has no obligation to disclose sale details. This report uses the most reliable and factual sales data available from reliable sources for “arm length transactions”. Of the data collected, several sales are identified as being similar to the subject lands / buildings, and are being utilized for comparison purposes. These data provide an indication of a range for the market value for the subject property.

In summary, the scope of this appraisal assignment included the collection, verification, and analysis of general market data, property specific data and comparable data as of the date of the effective date of the report. The data was then assembled and analyzed in order to reach our value conclusion.

## **SUPPLEMENTAL APPRAISAL INSTRUCTIONS**

*Supplemental Appraisal Instructions: 2020 Fergus, Musselshell & Rosebud County Appraisals*

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

<b>Subject Properties:</b>	<b>Acres</b>	<b>Legal Description</b>	<b>County</b>
<b>Sale #</b>			
1081	120+	E2NE4, NE4SE4 T20N-R17E, Sec. 16	Fergus
1055	160+	SW4 T10N-R24E, Sec. 24	Musselshell
1079	640+	ALL T4N-R43E, Sec. 36	Rosebud

### **DNRC Contact Information:**

Mark Harvel, Lands Section Supervisor  
DNRC TLMD Real Estate Management Bureau  
PO Box 201601  
Helena, MT 59620-1601  
Phone (406) 444-1445  
[mharvel@mt.gov](mailto:mharvel@mt.gov)

### **Sale # 1081 Lessee:**

Terry and Aileen Noble  
1509 Swingley Rd.  
McLeod, MT 59052  
(410) 651-0501

### **Sale # 1055 Lessee:**

Byron Boucher Farms, Inc.  
3910 Barry Dr.  
Billings, MT 59105

### **Sale # 1079 Lessee:**

Darell & Tammy Luther  
1606 Rosebud Creek Rd.  
Forsyth, MT 59327

### ***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 each 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 12 C.F.R. § 34.42 (h).



The DNRC will provide access to the state parcel records, as maintained by the land office, including but not limited to aerial photos, land improvements, current lease data (lease #, name of lessee, acreage, costs, etc.), any known property issues, any surveys, 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.

## **DEFINITIONS OF SOME COMMON APPRAISAL TERMINOLOGY**

Source: The Dictionary of Real Estate Appraisal

Absorption period - the actual or expected period required from the time a property is initially offered for purchase or use by its eventual users until all portions have been sold or stabilized occupancy has been achieved. Although marketing may begin before the completion of construction, most forecasters consider the absorption period to begin after the completion of construction.

Accrued depreciation - the difference between the reproduction or replacement cost of the improvements on the effective date of the appraisal and the market value of the improvements on the same date.

Ad valorem tax - a tax levied in proportion to the value of the property being taxed.

Assessed value - a value set on real estate property by a government as a basis for levying taxes.

Band of investment - a technique in which the capitalization rates attributable to components of a capital investment are weighted and combined to derive a weighted-average rate attributable to the total investment.

Base rent - the minimum rent stipulated in a lease. See also rent.

Basis point - One one-hundredth of one percentage point; used to express changes in interest rates and in the yields of stocks and bonds, which must be expressed in fractions of a percent.

BOMA standard - the standard method of floor measurement for office buildings as defined by the Building Owners and Managers Association.

Bundle of rights theory - the concept that compares property ownership to a bundle of sticks with each stick representing a distinct and separate right of the property owner, e.g., the right to use real estate, to sell it, to lease it, to give it away, or to choose to exercise all or none of these rights.

Capital expenditure - investments of cash or the creation of liability to acquire or improve an asset, e.g., land, buildings, building additions, site improvements, machinery, equipment; as distinguished from cash outflows for expense items that are normally considered part of the current period's operations.

Capitalization rate - any rate used to convert income into value.

Cash equivalence - a price expressed in terms of cash, as distinguished from a price expressed totally or partly in terms of the face amounts of notes or other securities that cannot be sold at their face amounts.

Cash flow analysis - a study of the anticipated movement of cash into or out of an investment.

Cash on cash - the ratio of annual equity income to the equity investment. Also called the equity capitalization rate or equity dividend rate.

Common area - the total area within a property that is not designed for sale or rental but is available for common use by all owners, tenants, or their invitees, e.g., parking and its appurtenances, malls, sidewalks, landscaped areas, recreation areas, public toilets, truck and service facilities.

Common area maintenance (CAM) - the expense of operating and maintaining common areas; may or may not include management charges and usually does not include capital expenditures on tenant improvements or other improvements to the property.

Concession - an inducement for a tenant to lease space, usually in the form of free rent, an additional tenant improvement allowance, moving costs, etc.

Contract rent - the actual rental income specified in a lease.

Cost approach - a set of procedures through which a value indication is derived for the fee simple interest in a property by estimating the current cost to construct a reproduction of (or replacement for) the existing structure, including an entrepreneurial incentive, deducting depreciation from the total cost, and adding the estimated land value. Adjustments may then be made to the indicated fee simple value of the subject property to reflect the value of the property interest being appraised.

Debt coverage ratio (DCR) - the ratio of net operating income to annual debt service; measures the ability of a property to meet its debt service out of net operating income; also called debt service coverage ratio (DSCR) ( $DCR = NOI/Im$ ).

Deferred maintenance - curable, physical deterioration that should be corrected immediately, although work has not commenced; denotes the need for immediate expenditures, but does not necessarily suggest inadequate maintenance in the past.

Development right - the right to build on or beneath a property, subject to local zoning, building codes, etc. The right to development is fundamental to private property in the United States and was reaffirmed in the *Nollan v. California Coastal Commission* decision (1987).

Direct capitalization - method used to convert an estimate of a single year's income expectancy into an indication of value in one direct step, either by dividing the income estimate by an appropriate rate or by multiplying the income estimate by an appropriate factor.

Discount rate - an interest rate used to convert future payments or receipts into present value.

Easement - an interest in real property that conveys use, but not ownership, of a portion of an owner's property.

Easement appurtenant - an easement that is attached to, benefits, and passes with the conveyance of the dominant estate.

Economic age-life method - a method of estimating depreciation in which the ratio between the effective age of a building and its total economic life is applied to the current cost of the improvements to obtain a lump-sum deduction.

Economic life - the period over which improvements to real property contribute to property value.

Effective age - the age of property that is based on the amount of observed deterioration and obsolescence it has sustained, which may be different from its chronological age.

Effective date - the date at which the analyses, opinions, and advice in an appraisal, review, or consulting service apply, which may or may not be the date of inspection; the date of the market conditions that provide the context for the opinion.

Effective gross income (EGI) - The anticipated income from all operations of the real property after an allowance is made for vacancy and collection losses.

Effective gross income multiplier (EGIM) - the ratio between the sale price (or value) of a property and its effective gross income; a single year's EGI expectancy or an annual average of several years' EGI expectancies ( $EGIM = V/EGI$ ).

Effective rent - the rental rate net of financial concessions such as periods of no rent during the lease term; may be calculated on a discounted basis, reflecting the time value of money, or on a simple, straight-line basis.

Effective tax rate - the ratio between the annual property tax on real estate and its market value; the tax rate times the assessed value divided by the market value; the official tax rate times the assessment ratio; the actual income tax paid per period divided by the taxable income for the period.

Equity capitalization (dividend) rate - an income rate that reflects the relationship between a single year's pre-tax cash flow expectancy and the equity investment.

Equity yield rate - A rate of return on equity capital as distinguished from the rate of return on debt capital; the equity investor's internal rate of return.

External obsolescence - an element of depreciation; a defect, usually incurable, caused by negative influences outside a site and generally incurable on the part of the owner, landlord, or tenant.

Extraordinary assumption - an assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions.

Fee simple estate - absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

Floor area ratio (FAR) - the relationship between the above-ground floor area of a building, as described by the building code, and the area of the plot on which it stands; in planning and zoning, often expressed as a decimal, e.g., a ratio of 2.0 indicates that the permissible floor area of a building is twice the total land area. See also land-to-building ratio.

Functional obsolescence - an element of depreciation resulting from deficiencies or super adequacies in the structure.

GBA Gross building area. - The total floor area of a building, including below-grade space but excluding unenclosed areas, measured from the exterior of the walls. Gross building area for office buildings is computed by measuring to the outside finished surface of permanent outer building walls without any deductions. All enclosed floors of the building including basements, mechanical equipment floors, penthouses, and the like are included in the measurement. Parking spaces and parking garages are excluded.

Internal rate of return (IRR) - The annualized yield rate or rate of return on capital that is generated or capable of being generated within an investment or portfolio over a period of ownership.

Land-to-building ratio - the proportion of land area to gross building area; one of the factors determining comparability of properties.

Leased fee estate - an ownership interest held by a landlord with the rights of use and occupancy conveyed by lease to others. The rights of the lessor (the leased fee owner) and the lessee are specified by contract terms contained within the lease.

Market rent – the rental income that a property would most probably command in the open market.

Net operating income (NOI) - the actual or anticipated net income that remains after all operating expenses are deducted from effective gross income, but before mortgage debt service and book depreciation are deducted; may be calculated before or after deducting replacement reserves.

Paired data analysis - A quantitative technique used to identify and measure adjustments to the sale prices or rents of comparable properties; to apply this technique, sales or rental data on nearly identical properties are analyzed to isolate a single characteristic's effect on value or rent.

Potential gross income (PGI) - the total income attributable to real property at full occupancy before vacancy and operating expenses are deducted.

Present value (PV) - the value of a future payment or series of future payments discounted to the current date or to time period zero.

Reconciliation - the last phase of any valuation assignment in which two or more value indications derived from market data are resolved into a final value opinion, which may be either a final range of value or a single point estimate.

Replacement cost – the estimated cost to construct, at current prices as of the effective appraisal date, a building with utility equivalent to the building being appraised, using modern materials and current standards, design, and layout.

Sales comparison approach - a set of procedures in which a value indication is derived by comparing the property being appraised to similar properties that have been sold recently, then applying appropriate units of comparison and making adjustments to the sale prices of the comparables based on the elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant; it is the most common and preferred method of land valuation when an adequate supply of comparable sales are available.

Terminal capitalization rate - the rate used to convert income, e.g., NOI, cash flow, into an indication of the anticipated value of the subject real property at the end of an actual or anticipated holding period.

Vacancy and collection loss – an allowance for reduction in potential income attributable to vacancies, tenant turnover and nonpayment of rent.

## **QUALIFICATIONS**

### **TIMOTHY B. HOGAN, ASA, IFAS, PROFESSIONAL QUALIFICATIONS**

#### **PROFESSIONAL ACCOMPLISHMENTS:**

- Managed the Real Estate Appraisal Program for Rocky Mountain Region of US Dept of Interior
- Organized and improved completion rate for Appraisal Department at DOI Rocky Mountain Region
- Lead the USACE appraisal team through the Sandy recovery and remediation effort
- Organized and improved completion rate for Appraisal Department at USACE New York District
- Qualified as an Expert Witness for tax appeals, insurance loss & divorce proceedings
- Managed an appraisal company which completed up to 300 residential appraisals per month.
- Earned Commercial Real Estate Appraiser certifications in 4 states – NJ, NY, PA & FL
- Green Acres / Blue Acres Certified Appraiser in NJ
- Certified Tax Assessor in NJ

#### **APPRAISAL EXPERIENCE:**

##### **Appraisal Purposes**

Shoreline Protection Appraisals  
Mass Valuation Appraisals  
Permanent & Temporary Easements  
Estate Settlement  
Mortgage Origination  
Market Studies /Rent Studies  
HUD Rent Comparability Studies  
Tax Appeals  
Green Acres / Preservation

##### **Property Types**

Mobile Home Parks  
Apartments  
Free-standing Commercial  
Industrial Properties  
Vacant / Developable Land  
Waste Water Facilities  
Schools & Churches  
Single & Multi-family Residential

#### **WORK EXPERIENCE:**

##### **Hogan Appraisal, L.L.C.**

**Owner/President  
03/2001 -Present**

***Duties:*** Work with clients to determine what their appraisal needs may be. Develop scopes of work as needed and direct the efforts of staff appraisers and administrative support staff. Provide quality control reviews on all appraisals before delivery. Serve as expert witness as needed.

##### **US Department of the Interior**

**Regional Supervisory Appraiser, Rocky Mountain Division  
01/2017-11/2017**

##### **REGIONAL SUPERVISORY APPRAISER – SERIES & GRADE: GS-1171-14**

Supervised a team of 5 appraiser and 2 support staff including planning and managing the Real Estate Appraisal program for the Rocky Mountain Region, covering Montana and Wyoming.

Served as technical authority and contracting officer's technical representative. Managed resources, created budgets and established work schedules to meet departmental needs.

**Valley National Bank****Review Appraiser****10/2015 –12/2016**

**Duties:** Appraise residential, commercial and complex properties for lending purposes. Serve as Review Appraiser for New Jersey, Florida and New York appraisals written by staff and contract fee appraisers evaluating completeness, accuracy and compliance with federal laws and regulations.

**US Army Corps of Engineers****Lead Appraiser New York District****11/2009 -11/2013**

**Duties:** Plan and manage the appraisal program for the New York District, covering New Jersey and New York, including planning, acquisition, management and disposal of civil works projects, and military projects for army and air force installations.

Applied automated statistical, analytical applications and Automated Valuation Models to perform gross appraisals for projects covering hundreds of properties within multiple USACE projects. Served as Contracting Officer Representative and received a Certificate of Achievement from US Army Corps of Engineers for exceptional meritorious service as a member of the Brooklyn Navy Yard Project Delivery Team for their work in the transfer of the Admirals Row property to the City of New York.

**American Appraisal Associates****Staff Appraiser****07/2000-03/2001****Northwest Appraisal Group****Staff Appraiser****07/1991-03/2001****PROFESSIONAL LICENSES AND CERTIFICATIONS**

State of Montana – Certified General Real Estate Appraiser – REA-RAG-LIC-9437

State of New Jersey - Certified General Real Estate Appraiser - RG-00209000

State of Florida - Certified General Real Estate Appraiser – RZ3218

State of New York - Certified General Real Estate Appraiser – 46000048122 (currently inactive)

Commonwealth of Pennsylvania - Certified General Real Estate Appraiser – GA003603 (currently inactive)

State Certified Tax Assessor – New Jersey 2319 (currently inactive)

**PROFESSIONAL AFFILIATIONS**

Accredited Senior Appraiser – American Society of Appraisers