

**Appraisal Of
State of Montana – DNRC Sale #1159
Cabin/Home Site Property
404 Brady Ave,
Geraldine, Chouteau County, Montana**

Location Map of Parcel



Cabin Site Sale Parcel Map



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9/30/2021

State of Montana

Department of Natural Resources and Conservation

PO Box 201601

Helena, MT 59620-1601

Dear Seth Goodwin,

At your request I do hereby furnish you with an Appraisal report on the subject property owned by The State of Montana - DNRC. The subject property is located the city limits of Geraldine in Chouteau County, Montana.

As per your instructions I have formed an Opinion of Market Value for the subject property based on the legal description provided for the purpose of providing 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. Sale #1159.

The Effective date of this value is September 22nd, 2021, the date of my physical inspection of the subject property. The estimated marketing time for the subject is 3-12 months.

The Opinion of Market Value of the subject property as of the date of inspection is:

Market Value \$70,000.00

Seventy Thousand Dollars

The Market Value above reflects the Fee Simple interest in the subject property. This Appraisal is based on the assumptions and limiting condition contained within this report. This appraisal is communicated by an Appraisal Report prepared under the guidelines of the Engagement Letter provided, the current version of the Uniform Standards of Professional Appraisal Practice (USPAP), and Title XI of FIRREA. The definition of Market Value used in this report is the commonly used definition of Market Value found in the 2010 Interagency Appraisal and Evaluation Guidelines.

In addition, to the best of my knowledge and belief, the statements contained in this appraisal and upon which the opinions expressed herein are based, are correct and true. The **Hypothetical Condition** utilized in this report are as follows: that land and improvements are in fee simple ownership, with one owner; and in a separate market value for the state-owned cabin or home site (land), under the hypothetical condition of it being vacant raw land exclusive of real property improvements. Additionally, supporting documentation regarding this assignment is maintained in a work file and will be available upon request to for a period of up to five years.

Thank you for the privilege of serving you.

Sincerely,

Ernest F. Goettlich V

Certified General Real Estate Appraiser

MT-REA-RAG-LIC-10644

Contents

Summary of Salient Facts	3
Certification	5
Statement of Limiting Conditions	6
Scope of Work	8
Function of The Appraisal	9
The Appraisal Process	10
Highest and Best Use	11
Owner of Record And Legal Description	13
Montana Counties Map	14
Area Map	15
Location Map	16
Photos	17
Chouteau County General Area Data	22
Neighborhood Data	23
Property Description	25
Sales Comparison Approach	26
Income Approach	35
Replacement Cost Approach	36
Approach to Depreciation	37
Comparable Site Sales	39
Correlation of Site Value	47
Final Conclusion to Value	48
Reconciliation and Final Opinion of Value	48
Addenda	49
Scope of Work and Supplemental Appraisal Instructions	50
Statement of Land Status	56
Building Sketch	58
Flood Map	59
Appraiser License	60
Appraiser Credentials	61
Minimum Appraisal Standards	62
Definitions	64
Engagement Letter	68

Summary of Salient Facts

OWNER OF RECORD:	Site: State of Montana - DNRC PO Box 1021 Lewistown, MT 59457-1021 Improvements: Lessee: Rick Shinaberger Lease #5472 PO Box 26 Geraldine, MT 59446-0026
DATE OF APPRAISAL:	9/22/2021
INTENDED USE:	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.
CLIENTS:	State of Montana, the Montana Board of Land Commissioners (Land Board) and the Department of Natural Resources and Conservation (DNRC).
INTENDED USERS:	the State of Montana, the Montana Board of Land Commissioners (Land Board), the Department of Natural Resources and Conservation (DNRC) and Lessee Rick Shinaberger.
RIGHTS APPRAISED:	Fee Simple
LOCATION OF PROPERTY:	404 Brady Ave W Geraldine, Chouteau County, Montana
IMPROVEMENTS:	A 1974 Gallatin Homes, Model 318 T2, 14 ft x 70 ft manufactured home. The dwelling includes a 320 SF site built addition on a concrete pad, a 416 SF site built enclosed porch on a concrete pad, and a 160 SF site built enclosed porch built on a wood frame and footings.

Summary of Salient Facts – Continued

REAL ESTATE TAXES:	2020 Chouteau County Tax Roll	
	Site:	
	Assessor's Parcel #: 30621 (includes several parcels not subject to this appraisal report). \$973.94 Estimated for the subject property by the County Assessor based on 2020 millage rates.	
	Improvements:	
	Assessor's Parcel #: 721250	
	\$326.18	
RIGHTS APPRAISED:	Fee Simple	
LEGAL DESCRIPTION:	Chouteau County	
	Site:	
	<u>Township 21 North, Range 11 East, M.P.M.</u> Section 01: Lots 7, 8, & 9 of Block 30, School Addition to City of Geraldine, containing 0.482 acres, more or less.	
	Improvements:	
	1974 Gallatin Homes, Model 318 T2, 14 ft x 70 ft manufactured home, Serial Number M683815, situated on the above listed site.	
OPINION OF VALUE:	SALES COMPARISON APPROACH	\$70,000.00
	INCOME APPROACH	\$N/A
	COST APPROACH	\$71,000.00

Certification

The undersigned hereby certify that to the best of his knowledge and belief:

- The statements contained in this report are true and correct.
- The reported analysis, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP).
- I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three year period immediately preceding acceptance of this assignment.
- All contingent and limiting conditions are contained herein (imposed by the terms of the assignment or by the undersigned affecting the analysis, opinion, and conclusions contained in the report).
- All conclusions and opinions concerning the real estate that is set forth in this appraisal report were prepared by the Appraiser.
- I have made a personal inspection of the property that is the subject of this report.
- No persons that have not signed this certification have provided significant real property appraisal assistance to the Appraiser signing this report.
- The Appraiser has not knowingly withheld any significant information.
- No change of any item in this appraisal report shall be made by anyone other than the Appraiser, and the Appraiser shall have no responsibility for any such unauthorized changes.

After weighing all the factors herein reported, to the best of his knowledge and belief, it is the appraiser's opinion that the present Market Value of the State of Montana – DNRC sale #1159 property described in the foregoing appraisal as of the inspection on 9/22/2021, is:

ALL DEEDED LAND and IMPROVEMENTS

\$70,000.00

Respectfully submitted,



Ernest F. Goettlich V

Certified General Real Estate Appraiser

REA-RAG-LIC-10644

09/27/2021

Date of Certification

Statement of Limiting Conditions

CONTINGENT AND LIMITING CONDITIONS: The certification of the Appraiser appearing in the appraisal report is subject to the following conditions and to such other specific and limiting conditions as are set forth by the Appraiser in the report.

1. The appraiser assumes no responsibility for matters of legal nature affecting the property appraised of the title thereto, nor does the Appraiser render any opinion as to the title, which is assumed to be good and marketable. The property is appraised as though under responsible ownership.
2. Any sketch in the report may show approximate dimensions and is included to assist the reader in visualizing the property. The Appraiser has made no survey of the property.
3. The Appraiser is not required to give testimony or appear in court because of having made the appraisal with reference to the property in questions, unless arrangements have been previously made therefore.
4. Any distribution of the valuation in the report between land and improvements applies only under the existing program of utilization. The separate valuations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
5. The Appraiser assumes that there are no hidden or unapparent conditions of the property, subsoil, of structures, which would render it more or less valuable. The Appraiser assumes no responsibility for such conditions, or for engineering which might be required to discover such factors.
6. Information, estimates, and opinions furnished to the Appraiser, and contained in the report, were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy of such items furnished the Appraiser can be assumed by the Appraiser.
7. Disclosure of the contents of the appraisal report is governed by the Bylaws and Regulations of the professional appraisal organizations with which the Appraiser is affiliated.
8. Neither all, nor any part of the content of the report, or copy thereof (including conclusions as to the property value, the identity of the Appraiser, professional designations, reference to any professional appraisal organizations, or the firm with which the Appraiser is connected), shall be used for any purposes by anyone but the client specified in the report, the borrower if appraisal fee is paid by same, the mortgagee or its successors and assigns, mortgage insurers, consultants, professional appraisal organizations, any state or federally approved financial institution, any department, agency, or instrumentality of the United States or any state of the District of Columbia, without the previous written consent of the Appraiser; nor shall it be conveyed by anyone to the public through advertising, public relations, news, sales, or the media, without the written consent and approval of the Appraiser.

Statement of Limiting Conditions – Continued

9. ENVIRONMENTAL DISCLAIMER: The value estimated in this report is based on the assumption that the property is not negatively affected by the existence of hazardous substances or detrimental environmental conditions. The Appraiser is not an expert in the identification of hazardous substances or detrimental environmental conditions. The Appraiser's routine inspection of and inquiries about the subject property did not develop any information that indicated any apparent significant hazardous substances or detrimental environmental conditions which would affect the property negatively. It is possible that tests and inspections made by a qualified hazardous substance and environmental expert would reveal the existence of hazardous materials and environmental conditions on or around the property that would negatively affect its value.
10. The appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
11. Mineral Rights, if any, are not included in this appraised value. Mineral rights are more specifically described as subsurface rights with the intent of extraction such as oil and gas extraction, coal extraction, or any other minerals typically hydrocarbons. These subsurface rights do not extend to gravel extraction which is typically associated with surface rights and unless specifically included in the mineral rights description are not a part of any such transaction.
12. Gravel extraction rights, if any, are not included in this appraised value. Without a full survey of the quality and extent of the gravel deposits determination of the value of such deposits falls outside of the scope of this appraisal. These are denoted separately from Mineral Rights as they are typically considered surface rights.

Scope of Work

The property was inspected on 9/22/2021. The appraiser, Ernest Goettlich, made an interior and exterior inspection of the property. Most areas of the property were inspected.

The comparable sales have been inspected and verified.

Data and relevant information has been gathered and relied upon from the Chouteau County Treasurer, Assessor, Appraiser and the Clerk and Recorder offices. The appraiser physically inspected the interior and exterior of the subject property.

This report includes estimates of value obtained by the Sales Comparison Approach and the Cost Approach. The Income Approach is not developed in this appraisal report due to the lack of available reliable rental data for residential dwelling or vacant city lots (assignment condition) in the town of Geraldine, the majority of similar properties in the market area are owner occupied. A final conclusion to the Opinion of Market Value is determined.

This appraisal is being made to determine an opinion of Market Value of all the rights of fee simple ownership (less subsurface mineral rights) of the property that is the subject of this appraisal report in its entirety, as it exists on the date of the appraisal. 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.

Market Value Defined:

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, 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 each acting in what he considers his own best interest; 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.

Appraised Values Required by Client:

The appraisal for each cabin and home site must:

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

Scope of Work – Continued

Hypothetical Conditions:

The land and improvements are in fee simple ownership, with one owner.

The subject property being vacant raw land exclusive of real property improvement for the purpose of establishing a market value for the subject property as though vacant.

The Appraisal Process Consists of:

- 1) Opinion of Highest and Best Use
- 2) Opinion of Market Value consistent with Highest and Best Use.

Function of The Appraisal

This appraisal is prepared at the request of Seth Goodwin, Real Estate Specialists with Trust Lands Management Division, State of Montana Department of Natural Resources and Conservation, to determine the Market Value of the subject property as of the inspection date on 9/22/2021 for 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.

The Appraisal Process

There are three approaches that may be used by appraiser in the estimation of Market Value. These three approaches provide data from the market for three different sources when all are available. These three approaches are the Sales Comparison Approach, or Market Data Approach; the Gross Rent Multiplier Analysis (for residential property), or the Income Approach (investment property); and the Cost Approach.

The Sales Comparison Approach has as its premise a comparison of the subject property with others of a similar design, utility and use that have sold in the recent past. To develop an indication of value for the property, adjustments are made to the comparable for differences with the subject.

The Income Approach, as used for investment properties, has as its premise the estimation of the amount of the net income, which, when capitalized in a manner that is commensurate with the risk and the life expectancy of the improvements, will indicate the present value of the income stream.

The Cost Approach has as its premise the valuation of the site by comparison with other sites in the area or comparable sites in competitive areas that have sold in the recent past, making adjustments for differences to indicate a site value estimate. To this site value is added the estimated cost to reproduce or replace the improvements, less any loss of value (depreciation) that might have transpired or taken place.

Normally, these three approaches will each indicate a different value. After all the factors in each of the approaches have been carefully weighed, the indications of value derived from each of the approaches are correlated to arrive at a final opinion of market value.

When possible, the appraiser will normally utilize each approach.

The Income Approach is not developed in this appraisal report due to the lack of available reliable rental data for residential dwelling or vacant city lots (assignment condition) in the town of Geraldine, the majority of similar properties in the market area are owner occupied.

Highest and Best Use

Real Estate is appraised on the basis of its Highest and Best Use.

Following is a definition of Highest and Best Use from “Appraiser’s Terminology and Handbook”.

“HIGHEST AND BEST USE...

The most profitable likely use to which a property can be put. The opinion of such use may be based on the highest and most profitable continuous use to which the property is adapted and needed, or likely to be in demand in the reasonably near future. However, elements affecting value which depend upon events or a combination of occurrences which, while within the realm of possibility are not fairly shown to be reasonably probable, should be excluded from consideration. Also, if the intended use is dependent on an uncertain act of another person, then intention cannot be considered.

That use of Land which may reasonably be expected to produce the greatest net return to land over a given period of time. That legal use which will yield to land the highest present value. Sometimes called optimum use.”

“Highest and Best Use” is further described as follows:

The determination of Market Value includes consideration of the highest and best use for which the appraised property is clearly adapted.

Highest and Best Use is the legal and probable use that supports the highest present value, as defined, of vacant land or improved property, as of the date of the appraisal.

It is that use found to be:

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

HIGHEST AND BEST USE – CONTINUED

Consideration is given to trends on recent land sales, economic factors, and strength of the local market. An analysis of the highest and best use of the property forms a basis for the valuation of the property. Highest and best use serves as a guide in the selection of comparable sales to be used in the analysis of the subject property.

The definition applies specifically to the highest and best use of the land. It is to be recognized that in cases where a site has existing improvements, the highest and best use may very well be determined to be different from existing use. The existing use will continue, however, unless and until land value in its highest and best use exceeds the total value of the property in its existing use. These definitions imply a recognition of the contribution of existing specific uses to the community environment or to community development goals in addition to increasing the wealth of individual property owners.

The final determination of the highest and best use is a result of appraiser's judgment and analytical skills. The use determined from analysis represents an opinion, not a determination of fact. Consideration has to be given to that range of uses which fit the appraised property. Consideration has to be given to alternative uses, as well as existing use. Lack of utilities, dedicated access, and title limitations may be limiting factors.

It is the opinion of the appraiser that the Highest and Best Use of the State of Montana – DNRC Sale 1159 property "as Improved," described in this appraisal is its current and projected use as a residential dwelling site.

It is the opinion of the appraiser that the Highest and Best Use "as though vacant" for the subject property would be residential in nature typically a single family detached residential dwelling based on its location within the city limits of Geraldine, as well as this use being harmonious with the surrounding uses.

The subject property is bordered on the east, west, and north by the County shop property as well as additional lands owned by the State of Montana – DNRC. The property is bordered to the south by residential properties. With the subject property being so far from the main street the highest return on value to the land would be as a residential property.

Owner of Record And Legal Description

OWNER OF RECORD

Site:

State of Montana - DNRC
PO Box 1021
Lewistown, MT 59457-1021

Improvements:

Lessee: Rick Shinaberger Lease #5472
PO Box 26
Geraldine, MT 59446-0026

LEGAL DESCRIPTION

Chouteau County

Site:

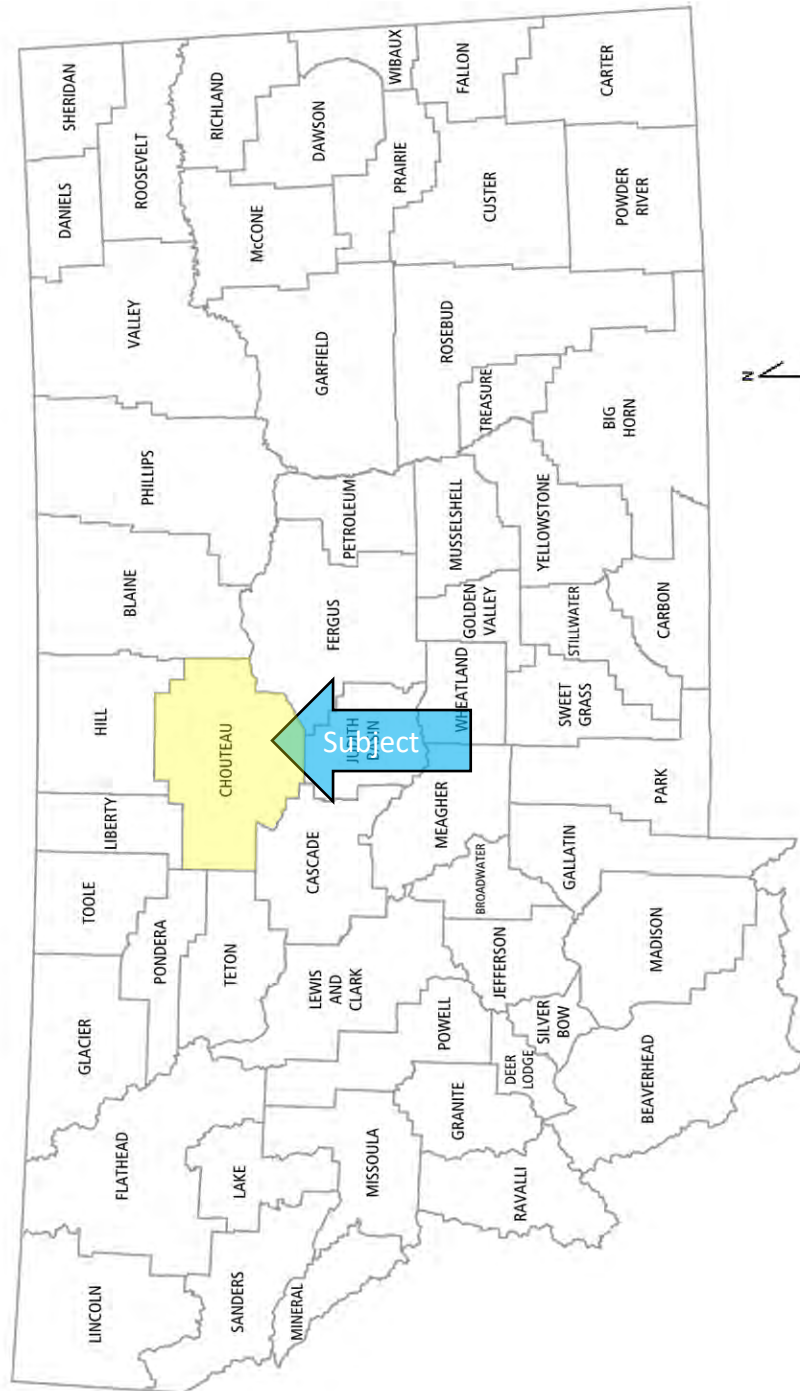
Township 21 North, Range 11 East, M.P.M.

Section 01: Lots 7, 8, & 9 of Block 30, School Addition to
City of Geraldine, containing 0.482 acres, more or less.

Improvements:

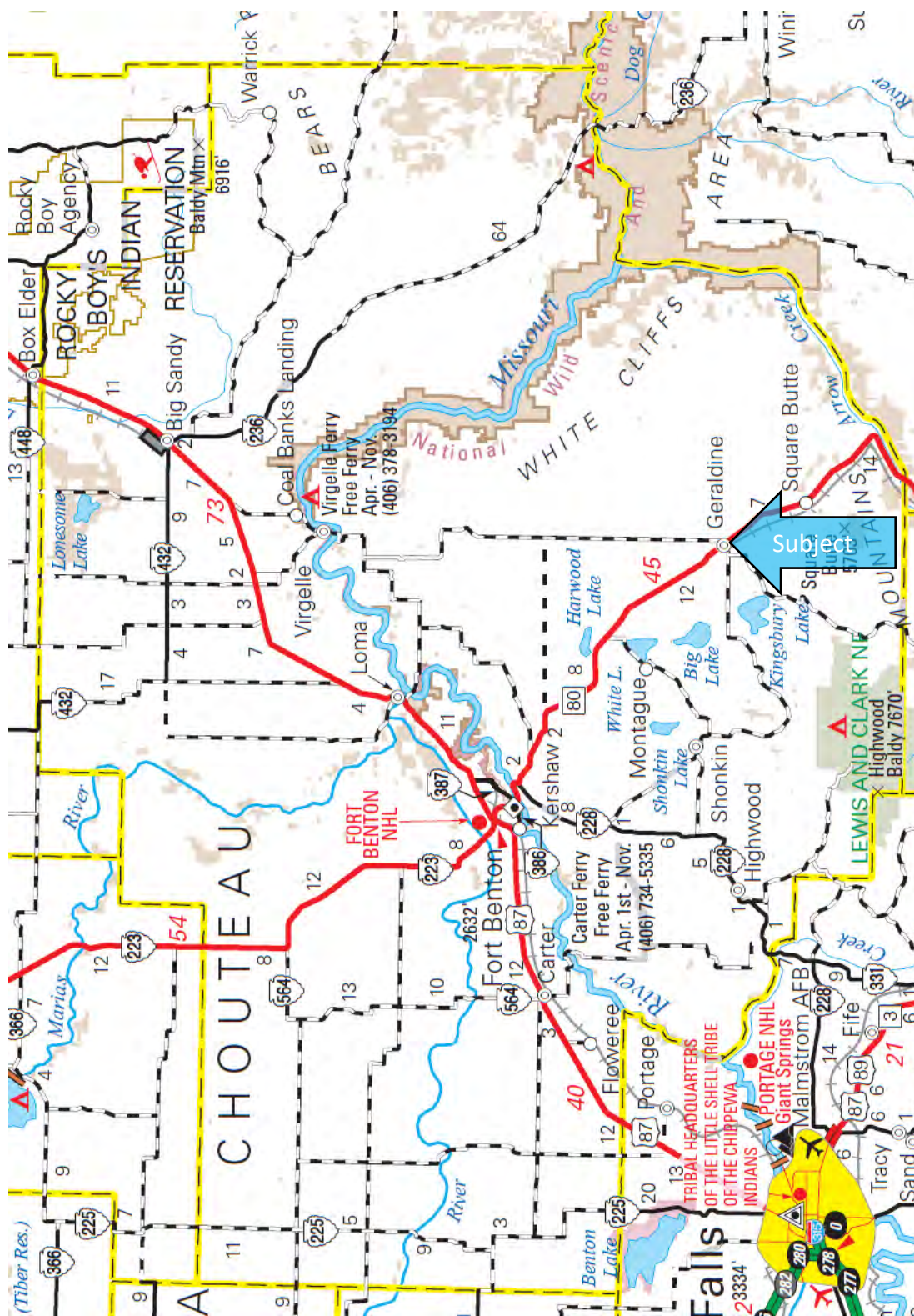
1974 Gallatin Homes, Model 318 T2, 14 ft x 70 ft manufactured
home, Serial Number M683815, situated on the above listed
site.

Montana Counties Map



© Rand McNally & Co.

Area Map



Location Map

Aerial Map



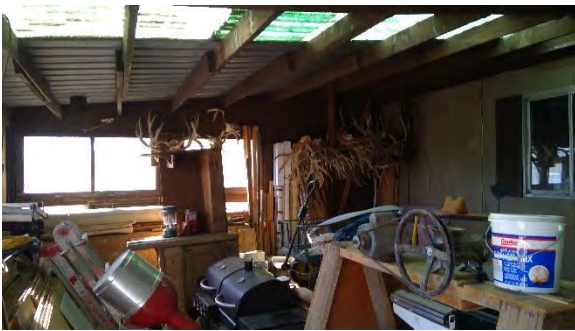
Photos



Improvements Crawl Space View



Laundry Area



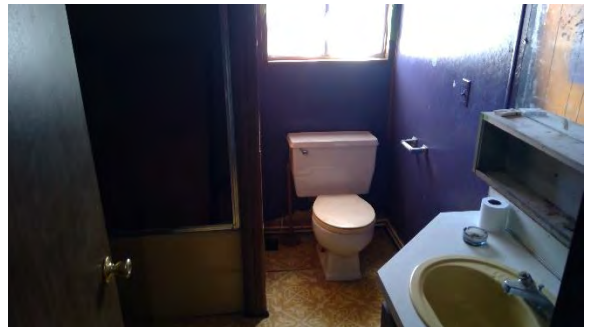
Enclosed Porch Interior View



Bedroom 1



Site Built Addition Interior View



Bathroom 1



Living Room Interior View

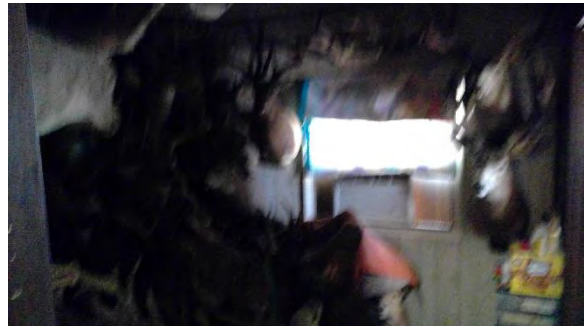
Photos – Continued



Furnace Unit



Kitchen Interior View



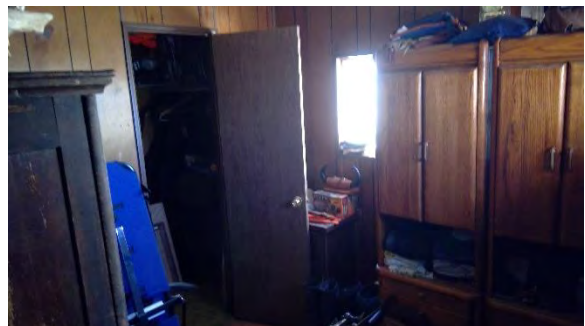
Bedroom 2



Bathroom 2



Enclosed Porch on West Side of Improvements



Bedroom 3

Photos – Continued



Exterior View Dwelling



Additional Exterior View Dwelling



Additional Exterior View Dwelling



Propane Storage



Additional Exterior View Dwelling



Sewer Hookups



Additional Exterior View Dwelling



Power Meter and Water Meter

Photos – Continued



Shed



Street View Proposed Street Easement Looking North



Street View Brady Ave W Looking West



View of Site



Street View Brady Ave W Looking East



Additional View of Site



Street View Frields Street Looking South



Additional View of Site

Photos – Continued



View of Survey Marker



Additional View of Site

Chouteau County General Area Data

Chouteau County is the largest agricultural income county in the state of Montana. It is also large, geographically speaking, among Montana Counties. It covers a total of 2.5 million acres with over 1,100,000 acres that are farmed. This farm acreage indicates that a large portion of the county is quite level.

A number of rivers and streams form the drainage pattern in Chouteau County, the Missouri River being the largest stream crossing the county from West to East for a distance of approximately 100 miles. The Teton River winds through the Western portion of the county for approximately 50 miles and the Marias River from the North, covers a distance of approximately 25 miles in the county. Belt Creek follows along the Southwestern boundary of the county for about 10 miles. Highwood Creek in the Southwest and Shonkin Creek in the South central part of the county are 35 and 25 miles long respectively. Birch Creek is about 25 miles long and originates in the Bear Paw Mountains in the North.

Average rainfall at Fort Benton, the county seat is 14.74 inches and the frost free period average is 127 days. Fort Benton is Very significant historically in the state of Montana. It was the head of navigation on the Missouri River and the pipeline for most material goods into the territory of Montana during the developing period in the early 1800's. Fort Benton presently has a population of approximately 1,594 people, and the 2009 Census for Chouteau County is 5,167, a decline of 285 from the 1990 Census. The decline is due to the less labor intensive farming practices and the down turn in the economy of the area in the 1980's.

Recently lower agriculture commodity prices (until 2021) have impacted the local economies as the major industry in Chouteau County is agriculture and many of the businesses in the major population centers are agriculture relates support industries. Furthermore, much of Montana is currently experiencing severe to extreme drought conditions as identified by the USDA. These drought conditions are not typical for the region. The impact of the drought has not had an affect on real estate prices as of the effective date of this appraisal report. Beginning in 2021 agriculture commodity prices have begun to increase and then coupled with the drought and lower than typical crop yields, agriculture commodity prices remain strong through the harvest season.

Neighborhood Data

Location

The subject property is located at 404 Brady Ave W, Geraldine, Chouteau County Montana. The immediate area is predominantly residential in nature and represents the edge of the city limits of Geraldine.

Site Access

Access to the subject property is provided by Brady Ave W, a city street in Geraldine, Chouteau County, Montana.

Site Data

The subject property is a contiguous, 150 ft x 140 ft or 21,000 SF, more or less, rectangular shaped lot, at grade with Brady Ave. All city services including: sewer, water, fire, and police protection.

Zoning

There is no specific zoning plan in place for the city of Geraldine, building plans must first be submitted to the city mayor before they are then brought before the city council for review and voting on for approval. The subject property is currently being utilized as a residential dwelling; this use is currently legal. The zoning and/or use of the subject property is not expected to change after the sale so the current use will be the use going forward which is a legal use for the subject property.

Traffic Count

The average daily traffic count (A.D.T.) at point 08-5-029 (Railroad Ave between Brady Ave and MT 80, Geraldine), was 667 vehicles per day (2020). The average daily traffic count (A.D.T.) at point 08-5-031 (Brewster Street between Brady Ave and Broadway Ave, Geraldine), was 99 vehicles per day (2020).

Marketing and Exposure Time

Marketing and Exposure are both estimated to be a 3-12 month window. The field of sampling of commercial sales is very small, does not support any definitive time frame. Montana is a non-disclosure state there for public records or sales history of 36 months is not available.

Prior Sales History

Subject property has no sales history in the past 3 years. There is a proposed sale #1159 expected to take place. The purpose of this appraisal is to establish a market price for the subject property with the land and improvements as separate values to establish a minimum bid price for the property once it goes to public auction.

Neighborhood Data – Continued

Economic Trends

Geraldine has recently seen a number of residential properties sell in the past 2 years. Agriculture commodity prices have been down the past few years until 2021. The lower commodity prices do not appear to have impacted real estate prices. Most recently much of the State of Montana, including Chouteau County, is experiencing sever to extreme drought conditions as identified by the USDA. These drought conditions are not typical for the area and have not had an impact on real estate prices as of the effective date of this appraisal report. Over the past three years real estate prices and sales trends have been stable.

Legality of Use

The appraisal is based on the premise that there is full compliance with all applicable Federal, State, and Local environmental regulations and laws unless otherwise stated in the report, further, it is assumed that all required licenses, consents, permits, or other legislative or administrative authority, Local, State, Federal and/or private entity are considered in the value estimate.

Auxiliary and Related Studies

No environmental impact studies, special market study or feasibility study has been requested or made unless otherwise specified in an agreement for services or in the report.

Hazardous Materials and Toxic Waste

The value estimated in this report is based on the assumption that the property is not negatively affected by the existence of hazardous substances or detrimental environmental conditions. The appraiser and the appraiser trainee are not experts in the identification of hazardous substances or detrimental environmental conditions. The appraiser's routine inspection of and inquiries about the subject property did not develop and information that indicated any apparent significant hazardous substances or detrimental environmental conditions which would affect the property negatively. It is possible that tests and inspections made by a qualified hazardous substance and environmental expert would reveal the existence of hazardous materials and environmental conditions on or around the property that would negatively affect its value.

Flood Plain

The subject property is located in an unmapped area. The property does not appear to be located in a flood plain, however an expert will need to be contracted to make a specific determination about the subject property.

Property Description

Location and Description

The subject property consists of a 1974 Gallatin Homes, Model 318 T2, 14 ft x 70 ft manufactured home. The dwelling includes a 320 SF site built addition on a concrete pad, a 416 SF site built enclosed porch on a concrete pad, and a 160 SF site built enclosed porch built on a wood frame and footings. The dwelling includes a metal roof. The dwelling includes three bedrooms and two bathrooms. The total living area above grade is 1,300 SF.

Utilities are provided by:

Electricity:	Northwestern Energy (public utility)
Gas:	Propane
Telephone:	Public Utility
Water:	City Water
Sewer:	City Sewer

The dwelling is situated on a rectangular shaped, 150 ft x 140 ft or 21,000 SF, more or less, parcel. A survey of the subject property has been completed for the State (and will not be filed with the County Clerk and Recorder's Office) to establish the property boundaries and determine if there are any encroachments. A copy of the survey is included in the addenda. There are no specific water rights associated with the subject property. City water and sewer are run to the subject property via the city street that runs along the south boarder of the subject property.

The utility hookups, more specifically the water and sewer hook ups and the power pole are not located within the specific property boundary as identified by the above-mentioned survey.

Building Utilization: The subject property is currently utilized as a residential dwelling, more specifically a manufactured home on the subject site.

The overall condition of improvements is considered fair, "As Is."

Sales Comparison Approach

The Sales Comparison Approach is based on the proposition that an informed purchaser would pay not more for a property than the cost of acquiring a substitute property with the same utility. In this approach, sales of comparable properties are analyzed and compared to the subject property in terms of common denominators or units of comparison. The Sales Comparison Approach is most reliable in an active market where there is a sufficient quantity of comparable sales data that can be verified by authoritative sources.

A search of the market area showed five comparable sales of similar properties, Residential properties.

Reconciliation of Values from Comparable Sales Approach

The records of comparable sales below (numbered sales) include a breakdown of site value to improvement value, this value is extracted from the property value by valuing the improvements and the remaining value is the site value. This recorded value is utilized more in the Cost Approach and the Comparable Site Sales Analysis. The Sales Comparison Grids (pg 32-33) rely on a price per SF value that is the total sale price divided into the total above grade living area.

Effective ages were based on varying degrees of updates to the properties and were adjusted 1% per year based on data obtained from the Marshall Swift Cost Handbook; updates include items such as siding, windows, roofs, kitchen and bath remodel, heating & cooling systems, electrical, plumbing, etc.

The condition rating reflects the overall cosmetic condition of the properties and includes items such as floor coverings, paint, condition of doors, trim work, etc. The properties were adjusted 10% downwards from average to fair to bring the comparable sales in line with the condition of the subject property.

Above grade living area is valued at \$20/SF. The first basement line on the grid section represents the total basement square footage valued at \$8/SF, finished area in the basement valued at \$10/SF. No adjustment can be supported for design differences and bedroom counts due to the lack of needed sales to support such an adjustment. The subject's GLA is not overimproved and will not meet with market reluctance. Garages are valued at \$5,000 per stall; carports \$1,000 per stall; decks \$5/SF; enclosed porches (SP) \$8/SF; stoves, fencing, and fire places \$1,000; central air conditioning \$2,500; and sprinklers \$4,000; these values are based on apprx cost new less depreciation and are supported by quantitative analysis as well as some paired sales analysis.

Sales Comparison Approach – Continued

Sale No. **1**

Location:	268 Geraldine Ave W Geraldine, MT 59446
Grantor:	Brenda Knedler Freeman POA
Grantee:	Donna M. Pelton
Legal Description:	MIL LAND COMPANY 1ST ADD (GER), S01, T21 N, R11 E, BLOCK 035, LOTS 1-6
Lot Size:	42,000 SF rectangular shaped parcel
Zoning:	Residential
Utilities:	All city Services
Topography:	Generally level at grade with Geraldine Ave W
Date of Sale:	8/2/2021
Sale Price:	\$140,000
Terms of Sale:	Cash
Unit Cash Equivalency:	Site: 42,000 SF @ \$0.36 per SF = \$15,100 Dwelling: 1,772 SF @ \$70.49 per SF = \$124,900
Improvements:	A 1,772 SF wood frame, conventional style dwelling built in 1957. The dwelling has a brick exterior and an asphalt shingle roof. The dwelling consists of 3 bedrooms and 2 bathrooms. There have been no recent updates in the five year period prior to the sale. The property includes a 780 SF two car attached garage, a 528 SF two car detached garage, central air conditioning, forced warm air heating, a fire place, and a partial fence.

Comments:



Sales Comparison Approach – Continued

Sale No. 2

Location:	626 Brewster Street Geraldine, MT 59446
Grantor:	Wilson
Grantee:	Ken & Anke Mills
Legal Description:	GERALDINE ORIGINAL TOWNSITE, S01, T21 N, R11 E, BLOCK 020, LOTS 10-12
Lot Size:	21,000 SF rectangular shaped parcel
Zoning:	Residential
Utilities:	All city Services
Topography:	Generally level, at grade with Brewster Street
Date of Sale:	5/27/2021
Sale Price:	\$155,000 - \$10,000 Seller Concession = \$145,000 Sellers Concessions: \$10,000 for a new roof
Terms of Sale:	Cash
Unit Cash Equivalency:	Site: 21,000 SF @ \$0.60 per SF = \$12,500 Dwelling: 1,524 SF @ \$86.94 per SF = \$132,500
Improvements:	A 1,524 SF wood frame, old style dwelling built in 1945. The dwelling has Masonite siding and an asphalt shingle roof. The dwelling consists of 3 bedrooms and 2 bathrooms. There have been no recent updates in the five year period prior to the sale. The property includes a 576 SF two car attached garage, forced warm air heating, and a 264 SF 1 car detached garage.

Comments:

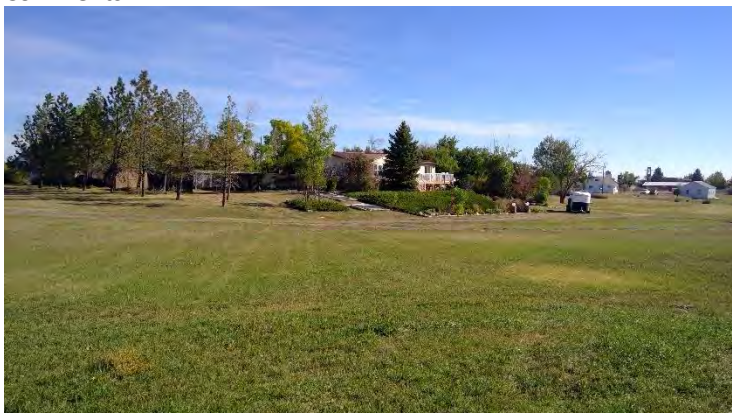


Sales Comparison Approach – Continued

Sale No. **3**

Location:	357 Spring Street Geraldine, MT 59446
Grantor:	Engellant
Grantee:	Bradley A. Felger
Legal Description:	SCHOOL ADD (GERALDINE), S01, T21 N, R11 E, BLOCK 040, LOTS 4-6
Lot Size:	21,000 SF, rectangular shaped
Zoning:	Residential
Utilities:	All city Services
Topography:	Gently rolling, at grade Spring Street
Date of Sale:	3/5/2021
Sale Price:	\$175,000 - \$5,000 Seller Concession = \$170,000 Sellers Concessions: \$5,000 for repairs
Terms of Sale:	Cash
Unit Cash Equivalency:	Site: 21,000 SF @ \$0.71 per SF = \$15,000 Dwelling: 1,568 SF @ \$19.54 per SF = \$155,000
Improvements:	A 1,568 SF Friendship double wide manufactured home built in 1994. The dwelling has Masonite siding and a metal n asphalt shingle roof. The manufactured home is placed on a 1,568 SF site built basement with a concrete foundation. The dwelling consists of 4 bedrooms and 3 bathrooms. There have been no recent updates in the five year period prior to the sale. The property includes a 576 SF two car attached garage, forced warm air heating, and a 264 SF 1 car detached garage.

Comments:



Sales Comparison Approach – Continued

Sale No. **4**

Location:	525 Collins Ave Geraldine, MT 59446
Grantor:	Smith
Grantee:	Daryl L. McConnell
Legal Description:	SCHOOL ADD (GERALDINE), S01, T21 N, R11 E, BLOCK 040, LOTS 7-12
Lot Size:	42,000 SF rectangular shaped parcel
Zoning:	Residential
Utilities:	All city Services
Topography:	Generally level, at grade with Collins Ave
Date of Sale:	12/7/2020
Sale Price:	\$190,000
Terms of Sale:	Conventional
Unit Cash Equivalency:	Site: 42,000 SF @ \$0.49 per SF = \$20,600 Dwelling: 2,016 SF @ \$84.03 per SF = \$169,400
Improvements:	A 2,016 SF wood frame, ranch style dwelling built in 1979. The dwelling has metal siding and a metal roof. The dwelling consists of 3 bedrooms and 1.5 bathrooms. There have been no recent updates in the five year period prior to the sale. The property includes a 1,024 SF two car attached garage, air conditioning, and a geothermal heat pump.

Comments:



Sales Comparison Approach – Continued

Sale No. 5

Location:	224 Broadway Ave Geraldine, MT 59446
Grantor:	Cox
Grantee:	Carole Locquiao
Legal Description:	GERALDINE ORIGINAL TOWNSITE, S01, T21 N, R11 E, BLOCK 005, LOTS 7-10
Lot Size:	14,000 SF rectangular shaped parcel
Zoning:	Residential
Utilities:	All city Services
Topography:	Generally level, at grade with Broadway Ave
Date of Sale:	9/8/2020
Sale Price:	\$82,500 - \$3,000 Sellers Concession = \$79,500 Sellers Concessions: \$3,000 for repairs
Terms of Sale:	Cash
Unit Cash Equivalency:	Site: 14,000 SF @ \$0.43 per SF = \$6,000 Dwelling: 1,224 SF @ \$60.05 per SF = \$73,500
Improvements:	A 1,224 SF wood frame, old style dwelling built in 1917. The dwelling has Masonite siding and a metal roof. The dwelling consists of 2 bedrooms and 1 bathroom. There have been no recent updates in the five year period prior to the sale. The property includes a one car detached garage, forced warm air heating, and a partial fence.

Comments:



Sales Comparison Approach – Continued

Property Description

Subject Property

Sale 1

Sale 2

Sale 3

Address:	404 Brady Ave W	268 Geraldine Ave W	626 Brewster Street	357 Spring Street
	Geraldine, MT 59446	Geraldine, MT 59446	Geraldine, MT 59446	Geraldine, MT 59446
Proximity to Subject:	0.37 miles south		0.44 miles southeast	
Sale Price:		\$140,000		\$175,000
Sale Price/Gross Liv. Area:	\$79.01 /SF		\$101.71 /SF	\$111.61 /SF
Data Source(s):	MLS #22110044		MLS #22103278	
Verification Source(s):	Assess. Ofc.		Assess. Ofc.	
Sale or Financing	Cash	+0	Cash	+0
Concessions:	\$0	+0	\$10,000 Roof	-10,000
Date of Sale/Time:	s08/21; c07/21	+0	s05/21; c05/21	+0
Location:	N;Res;	N;Res;	N;Res;	N;Res;
Leasehold/Fee Simple:	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Site:	21,000 SF	42,000 SF	21,000 SF	21,000 SF
View:	N;Res;	N;Res;	N;Res;	N;Res;
Design:	DT1;Sgl Wde;	DT1; Conventional	DT1; Old Style	DT1;Dbl Wde;
Quality of Construction:	Average		Average	Average
Actual Age:	47	64	76	27
Condition	Fair	Average	Average	Average
Above Grade	Total Bdrms. Baths	Total Bdrms. Baths	Total Bdrms. Baths	Total Bdrms. Baths
Room Count:	9 3 2	7 3 2	7 3 2	8 2 2
Gross Living Area:	1,300 SF	1,772 SF	1,524 SF	1,568 SF
Basement Area:	0 SF	0 SF	1,500 SF	1,568 SF
Finished Basement Area:			1,500 SF	1,568 SF
Rooms Below Grade:			1rr 0br 0.0ba 2o	1rr 2br 1.0ba 10
Heating/Cooling:	GFWA	GFWA/CAC	GFWA	GFWA
Energy Efficient Items:	None	None	None	None
Garage/Carport:		2GA780; 2GD528	2GA576; 1GD264	2GA 576; Carport 264
Porch/Patio/Deck:	EP 416 & 160		EP 254 & 182	Deck 320
Additional Amenities:	Wood Stove	Fire Place		
Additional Amenities:				
Effective Age:	40	30	30	15
Net Adjustment		-50.29%		-61.09%
Gross Adjustment		50.29%		65.66%
Adjusted Sales Price		\$69,600		\$68,100
Date of Prior Sale/Transfer:				
Price of Prior Sale/Transfer:				
Data Source:	Assess. Ofc./Owner/Visit	Assess. Ofc./MLS	Assess. Ofc./MLS	Assess. Ofc./MLS
Effective Date of Data Source:	9/22/2021	9/22/2021	9/22/2021	9/22/2021

Sales Comparison Approach – Continued

Property Description	Subject Property			Sale 4			Sale 5		
Address:	404 Brady Ave W			525 Collins Ave			224 Broadway Ave		
	Geraldine, MT 59446			Geraldine, MT 59446			Geraldine, MT 59446		
Proximity to Subject:				0.17 miles southwest			0.13 miles southeast		
Sale Price:				\$190,000			\$82,500		
Sale Price/Gross Liv. Area:	\$94.25 /SF						\$67.40 /SF		
Data Source(s):	MLS #22014027			MLS #22010857					
Verification Source(s):	Assess. Ofc.			Assess. Ofc.					
Sale or Financing	Conventional			+0			Cash		
Concessions:	\$0			+0			\$3,000 Repairs		
Date of Sale/Time:	s12/20;c10/20			+0			s09/20;c08/20		
Location:	N;Res;			N;Res;			N;Res;		
Leasehold/Fee Simple:	Fee Simple			Fee Simple			Fee Simple		
Site:	21,000 SF			42,000 SF			14,000 SF		
View:	N;Res;			N;Res;			N;Res;		
Design:	DT1;Dgl Wde			DT1;ranch style			DT1;old Style		
Quality of Construction:	Average			Average			Average		
Actual Age:	47			42			104		
Condition	Fair			Average			Average		
Above Grade	Total	Bdrms.	Baths	Total	Bdrms.	Baths	Total	Bdrms.	Baths
Room Count:	9	3	2	7	3	1.5	5	2	1
Gross Living Area:	1,300 SF			2,016 SF			1,224 SF		
Basement Area:	0 SF			0 SF			0 SF		
Finished Basment Area:									
Rooms Below Grade:									
Heating/Cooling:	GFWA			Heat Pump/CAC			GFWA		
Energy Efficient Items:	None			None			None		
Garage/Carport:				2GA1024			1GA		
Porch/Patio/Deck:	EP 416 & 160			Deck 194			OP 220		
Additional Amenities:	Wood Stove								
Additional Amenities:									
Effective Age:	40			15			30		
Net Adjustment									
Gross Adjustment				-52.21%			-14.91%		
Adjusted Sales Price				57.05%			44.73%		
				\$90,800			\$70,200		
Date of Prior Sale/Transfer:									
Price of Prior Sale/Transfer:									
Data Source:	Assess. Ofc./Owner/Visit			Assess. Ofc./MLS			Assess. Ofc./MLS		
Effective Date of Data Source:	9/22/2021			9/22/2021			9/22/2021		

Sales Comparison Approach – Continued

The subject property is a 1974 Gallatin Homes Model 318 T2 14 ft x 70 ft manufactured home situated on a 21,00 SF lot. The manufactured home includes a 320 SF site built addition, a 416 SF enclosed porch on a concrete pad, and a 160 SF enclosed porch on wood piers. The site includes city water and sewer hookups.

The adjusted sale prices from the four comparable sales ranges from \$68,100 to \$90,800 with an average of \$73,660. Large adjustments for condition, effective age, GLA, and garages were unavoidable. The most weight is placed on Sales 1, 2, 3, & 5 as they were the most recent sales and sale 5 is most similar in terms of condition and effective age. All sales had similar net and gross adjustments. Sale 1 is included to bracket GLA and lot size. Sale 2 is included to bracket GLA, to bracket the basement area, and a similar lot size. Sale 3 is included to bracket GLA, is a manufactured home similar to the subject property, and has a similar lot size and brackets the subject property in terms of basement area. Sale 4 is included to bracket GLA, and lot size. Sale 5 is included to bracket GLA, has a similar lot size, and a similar effective age and finish.

Rounding to the nearest \$500.00 is warranted based on market analysis of the comparable sales included in this analysis as well as the Comparable Site Sales Analysis where sales prices are to the nearest \$500 value increment. This is typical market behavior of market participants.

The Opinion of Market Value of the subject property from the Sales Comparison Approach:
\$69,600.00

Rounded To:
\$70,000.00

Income Approach

This approach is based upon the premise that the value of a property has a direct relationship to the net income which it is capable of producing. It involves estimating the gross rental value of a property less the expenses of ownership, and then capitalizing the net income into an indication of value by a factor derived from the market supported by factors which are derived by mortgage equity techniques. The latter method views the mortgage position of the property in view of current financing terms and rates typically available for this kind of property.

The Income Approach is not developed in this appraisal report due to the lack of available reliable rental data for residential dwelling or vacant city lots (assignment condition) in the town of Geraldine, the majority of similar properties in the market area are owner occupied.

The Opinion of Market Value of the subject property from the Income Approach:
\$N/A

Replacement Cost Approach

The following reproduction cost estimates were obtained from the Marshall Swift Valuation Service and tempered by local estimates and bid proposals.

Storage Warehouses (406)
Section 14, Page 32
Class S, Low cost
February 2014

Description: Exterior walls: Sandwich panels, Storefront, some ornamentation.
Interior finish: Plaster or drywall, acoustic tile, vinyl composition, small office area.
Lighting, Plumbing and Mechanical: Store-type lighting, small restrooms.
Heating: Package A.C.

Description:

Manufactured Home	<u>980</u>	SF @	<u>\$52.00</u>	per SF	=	\$50,960
Addition	<u>320</u>	SF @	<u>\$76.01</u>	per SF	=	\$24,324
Enclosed Porches	<u>416</u>	SF @	<u>\$23.75</u>	per SF	=	\$9,880
Enclosed Porches	<u>160</u>	SF @	<u>\$44.45</u>	per SF	=	\$7,112
Total Replacement Cost as New						= \$92,276

Depreciation:

Actual Age:	47 Years		
Effective Age:	40 Years		
Life Expectancy:	45 Years		
Remaining Economic Life:	5 Years		
Physical Depreciation:	37 %	(\$34,142)	\$58,134
Functional Depreciation:	0 %	\$0	\$58,134
Economic Depreciation:	0 %	\$0	\$58,134

Total Improvement Contribution							\$58,134
Site Value:	<u>21,000</u>	SF or	<u>0.482 ac</u>	@	<u>\$0.60</u>	per SF	= \$12,600
Indicated Value							\$70,734

The Opinion of Market Value of the subject property from the Cost Approach:
\$70,734.00

Rounded To:
\$71,000.00

Approach to Depreciation

Definitions

Depreciation is loss in value to any cause. It is a difference between the value of a structural improvement or piece of equipment and its reproduction or replacement cost as of the date of valuation.

Physical depreciation is the loss in value due to the wear and tear that begins when a building is completed and placed into service.

Functional obsolescence is the impairment of functional capacity of improvements according to market tastes and standards and may be curable or incurable. Thus a new structure may suffer from obsolescence when built.

External or economic obsolescence is a diminution of value caused by negative external influences and generally incurable on the part of the owner, landlord, or tenant. The external influence may be either temporary or permanent.

The effective age is the age of the property that is based on the amount of observed deterioration and obsolescence it has sustained, which may be different from its chronological age. It is an age in which reflect a true remaining economic life of the property.

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

Useful Life is the period of time over which a structure or a component of a property may reasonably be expected to perform the function for which it was designed.

Extended life expectancy is the increased life expectancy due to seasoning and proven ability to exist. Just as a person will have a total normal life expectancy at birth which increases as they grow older, so it is with structures and equipment.

Remaining economic life is the estimated period over which existing improvements are expected to contribute economically to a property; an estimate of the number of years remaining in the economic life of a structure or structural components as of the effective date of the appraisal.

Remaining useful life is the estimated period during which improvements will continue to provide utility; an estimate of the number of years remaining in the useful life of the structure or structural components as of the effective date of the appraisal.

Approach to Depreciation – Continued

Definitions – Continued

Percent good equals 100% less the percentage of cost represented by depreciation. It is the present value of the structure at the time of the appraisal, divided by its replacement cost.

Approaches

The simplest and in past years the most widely used concept of depreciation is the straight line approach. A life expectancy estimated and a constant annual percentage is taken for depreciation so that at the end of that life the depreciation equals 100% of the initial cost. This approach is simple and easy to use but does not represent reality in most cases since time is not the only factor affecting depreciation.

While age is a critical factor, the best approach to the physical depreciation estimate is a combination of age and condition. The observed condition of each component subject to wear is estimated relative to new condition. A major replaceable component, such as an HVAC system, can wear out quite rapidly, shortening the life expectancy before replacement. While many other portions of a structure wear out slowly, if at all, such as excavations, foundations, and concrete exterior walls. Such long-lived portions often represent a major portion of the total reproduction cost and if still functional will contribute toward an extended life expectancy. Physical depreciation cannot be considered a straight line deduction from reproduction cost, since the necessary and normal maintenance can offset, delay, and even eliminate deterioration.

Another approach to depreciation is called the mid-life theory. This takes into account that most buildings depreciate little during the first few years. When it becomes evident that the buildings are no longer new, even though they are adequately maintained, the maintenance expenses rise, rentals tend to decrease and the building depreciates faster. After a number of years, they reach the period called mid-life, at which time, if the buildings are structurally sound and properly maintained, the depreciation remains constant. The mid-life theory suffers from the fact that maintenance expenses on the average building continue to go up in order to maintain the same appearance and utility, and at any age, certain building features may suffer from obsolescence.

These concepts lead to a third theory, the extended life concept, which starts with the hypothesis that buildings age in much the same manner as people and that the older they get, the greater is their total life expectancy. This concept recognizes that a building is in the prime of its life before mid-life and that the road is downhill after that, but that correction of deficiencies may lower the effective age and lengthen the remaining life.

Comparable Site Sales

A search of the market was made for vacant land sales. The following Sales have been utilized in determining the value of the site as if vacant. The sales have been considered and adjusted for differences as they appear, for example, size, location, access, and time.

Five Comparable site sales are utilized in this analysis. Sales 2 & 3 from the Sales Comparison Approach above are utilized in this Comparable Site Sales Analysis through extraction to develop a site value. Sales 6, 7, & 8 are listed first in the analysis as they are vacant land sales and most similar to the ***hypothetical condition*** of the subject site being vacant. The remaining sales 6-8 are not utilized in the Sales Comparison Approach above as they are vacant land sales.

Sale No. **6**

Location:	450 Frields Street Geraldine, MT 59446
Grantor:	Leonard Thoreson Estate
Grantee:	Loren Wombold
Legal Description:	GERALDINE ORIGINAL TOWNSITE, S01, T21 N, R11 E, BLOCK 012, LOTS 1-3
Lot Size:	21,000 SF rectangular shaped parcel
Zoning:	Residential
Utilities:	All city Services
Topography:	Generally level, below grade with Frields Street and Winchel Ave W
Date of Sale:	10/15/2020
Sale Price:	\$10,000.00
Terms of Sale:	Contract for Deed
Unit Cash Equivalency:	Site: 21,000 SF @ \$0.48 per SF = \$10,000 Garage: 552 SF @ \$0.00 per SF = \$0
Improvements:	A 384 SF wood frame garage built in 1914 and a 168 SF wood frame shed built in 1970. Both shed and garage are fully depreciated and of no contributory value to the property.

Comments:

Comparable Site Sales – Continued

Sale No. 6 – Continued

Aerial Map



Comparable Site Sales – Continued

Sale No. **7**

Location:	100 E Hill Ave Geyser, MT 59447
Grantor:	Hagel
Grantee:	Edward Neil
Legal Description:	GEYSER SECOND ADDITION, S06, T17 N, R10 E, BLOCK 001, LOT 007 – 010, Lot 011 – 012, TRACT X
Lot Size:	42,000 SF rectangular shaped lot
Zoning:	Residential
Utilities:	All city Services
Topography:	At grade with E Hill Ave and 2 nd Street E
Date of Sale:	8/17/2020
Sale Price:	\$15,000
Terms of Sale:	Cash
Unit Cash Equivalency:	Site: 42,000 SF @ \$0.36 per SF = \$15,000
Improvements:	None

Comments:

Comparable Site Sales – Continued

Sale No. **7 – Continued**

Aerial Map



Comparable Site Sales – Continued

Sale No. **8**

Location:	2317 Front Street Fort Benton, MT 59442
Grantor:	Scotson
Grantee:	Michael D. Lundy
Legal Description:	MILITARY ADD (FORT BENTON), S24, T24 N, R08 E, BLOCK 152, LOTS 13-16 TOGETHER WITH 10' VACATED ST
Lot Size:	18,200 SF rectangular shaped parcel
Zoning:	Residential
Utilities:	All city Services
Topography:	At Grade with Front Street
Date of Sale:	7/26/2018
Sale Price:	\$11,500
Terms of Sale:	Cash
Unit Cash Equivalency:	Site: 18,200: SF @ \$0.63 per SF = \$11,500
Improvements:	None

Comments:

Comparable Site Sales – Continued

Sale No. **8 – Continued**

Aerial Map



Comparable Site Sales – Continued

Sale No. 2

Location:	626 Brewster Street Geraldine, MT 59446
Grantor:	Wilson
Grantee:	Ken & Anke Mills
Legal Description:	GERALDINE ORIGINAL TOWNSITE, S01, T21 N, R11 E, BLOCK 020, LOTS 10-12
Lot Size:	21,000 SF rectangular shaped parcel
Zoning:	Residential
Utilities:	All city Services
Topography:	Generally level, at grade with Brewster Street
Date of Sale:	5/27/2021
Sale Price:	\$155,000 - \$10,000 Seller Concession = \$145,000 Sellers Concessions: \$10,000 for a new roof
Terms of Sale:	Cash
Unit Cash Equivalency:	Site: 21,000 SF @ \$0.60 per SF = \$12,500 Dwelling: 1,524 SF @ \$86.94 per SF = \$132,500
Improvements:	A 1,524 SF wood frame, old style dwelling built in 1945. The dwelling has Masonite siding and an asphalt shingle roof. The dwelling consists of 3 bedrooms and 2 bathrooms. There have been no recent updates in the five year period prior to the sale. The property includes a 576 SF two car attached garage, forced warm air heating, and a 264 SF 1 car detached garage.

Comments:

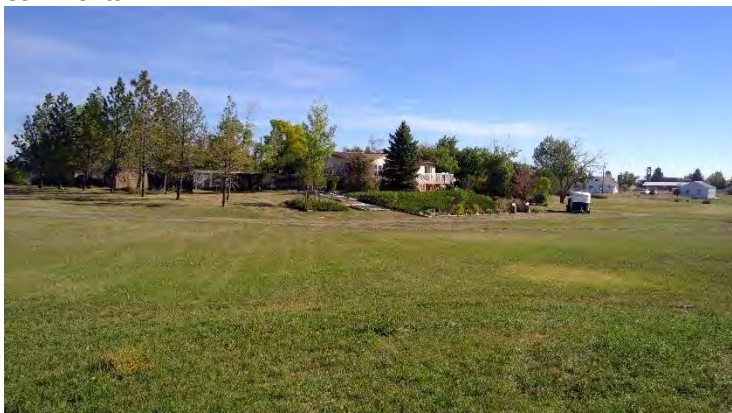


Comparable Site Sales – Continued

Sale No. **3**

Location:	357 Spring Street Geraldine, MT 59446
Grantor:	Engellant
Grantee:	Bradley A. Felger
Legal Description:	SCHOOL ADD (GERALDINE), S01, T21 N, R11 E, BLOCK 040, LOTS 4-6
Lot Size:	21,000 SF, rectangular shaped
Zoning:	Residential
Utilities:	All city Services
Topography:	Gently rolling, at grade Spring Street
Date of Sale:	3/5/2021
Sale Price:	\$175,000 - \$5,000 Seller Concession = \$170,000 Sellers Concessions: \$5,000 for repairs
Terms of Sale:	Cash
Unit Cash Equivalency:	Site: 21,000 SF @ \$0.71 per SF = \$15,000 Dwelling: 1,568 SF @ \$19.54 per SF = \$155,000
Improvements:	A 1,568 SF Friendship double wide manufactured home built in 1994. The dwelling has Masonite siding and a metal n asphalt shingle roof. The manufactured home is placed on a 1,568 SF site built basement with a concrete foundation. The dwelling consists of 4 bedrooms and 3 bathrooms. There have been no recent updates in the five year period prior to the sale. The property includes a 576 SF two car attached garage, forced warm air heating, and a 264 SF 1 car detached garage.

Comments:



Correlation of Site Value

The subject site is 21,000 SF or 0.482 Ac.

Sale #	Sale Date	Sale Price/ Extracted Lot Value	Total Area (SF)	Price Per SF	Rights Trasnferred	Conditions of Sale	Financing Terms	Time	Location	Size	Utility	Front Topo.	Adjusted Price Per SF
6	10/15/2020	\$10,000.00	21,000	\$0.48	+0.00	+0.00	+0.00	+0.00	+0.00	+0.00	+0.10	+0.00	\$0.58
7	8/17/2020	\$15,000.00	42,000	\$0.36	+0.00	+0.00	+0.00	+0.00	+0.10	+0.10	+0.00	+0.00	\$0.56
8	7/26/2018	\$11,500.00	18,200	\$0.63	+0.00	+0.00	+0.00	+0.00	+0.00	+0.00	+0.00	+0.00	\$0.63
2	5/27/2021	\$12,500.00	21,000	\$0.60	+0.00	+0.00	+0.00	+0.00	+0.00	+0.00	+0.00	+0.00	\$0.60
3	3/5/2021	\$15,000.00	21,000	\$0.71	+0.00	+0.00	+0.00	+0.00	+0.00	+0.00	+0.00	+0.00	\$0.71

Reconciliation: comparable sales 6, 2, & 3 are all located within the city limits of Geraldine as with the subject property. Sale 7 is located in Geyser, a similar town located south of the subject property in Judith Basin County. Sale 8 is a similar sized lot located within the city limits of Fort Benton. The sales bracket the subject property in terms of size with sales 6, 2, & 3 being of similar size to the subject property. A size adjustment to sale 7 was necessary as the site was so much larger than the subject property, a location adjustment was also made to sale 7 due to the location of the property in Judith Basin County. A utility adjustment was made to sale 6 as it was discovered through communicating with the office of Geraldine City Hall as well as the County Assessor that the water and sewer hookups were not functional and that a substantial investment in those infrastructure items was required to return them to functional status. The adjusted per SF value from the sales above ranges from \$0.56/SF to \$0.71/SF with an average of \$0.62/SF. A value of \$0.60/SF is indicated by the average adjusted sales price as well as the adjusted sale price from comparable sales 6 & 2 grouping around \$0.60/SF.

Conclusion

Rounding to the nearest \$500.00 is warranted based on market analysis of the comparable sales included in this analysis as well as the Sales Comparison Approach where sales prices are to the nearest \$500 value increment. This is typical market behavior of market participants. With the City street and city water and sewer in such close proximity to the subject site, the value as though raw land (no site improvements) is the same value as though vacant.

The subject site, if vacant has an indicated value of:

21,000 SF @ \$0.60 per SF = **\$12,600.00**

Rounded To:

\$12,500.00

Final Conclusion to Value

It is concluded after consideration of all available data that the opinion of market value from the three approaches are:

Market Data Approach	\$70,000.00
Income Approach	\$N/A
Cost Approach	\$71,000.00

Reconciliation and Final Opinion of Value

The Two value indicators for the subject property are relatively similar.

Typically the cost approach is more applicable in new construction due to the limited depreciation and the similarities between the actual age and the effective age. Based on the age and condition of the subject property, less weight is placed on the Cost Approach.

The Income Approach is not developed in this appraisal report due to the lack of available reliable rental data for residential dwelling or vacant city lots (assignment condition) in the town of Geraldine, the majority of similar properties in the market area are owner occupied.

The Sales Comparison Approach included sales of similar single family residences in Geraldine. The Site Sales Comparison includes similar vacant site sales in Geraldine, Geyser, and Fort Benton as well as the extraction of site value from two residential properties on similar sized lots located in Geraldine. Large adjustments for improvement size and condition as well as lot size were unavoidable. The adjustments were extracted from market data.

The Most weight is placed on the Sales Comparison Approach as it more accurately reflects market participant motivations. The Sales Comparison Approach is further supported by the Cost Approach.

Based on the foregoing, the final opinion of Market Value for the subject property as of 9/22/2021, is:

\$70,000.00

Land Value:	\$12,500.00
<u>Improvement Value:</u>	<u>\$57,500.00</u>
Total Value:	\$70,000.00

The Value of the property as a whole based on the Sales Comparison approach is \$70,000.00. The value of the subject site as though vacant, per the hypothetical condition in the scope of work, is \$12,500. Through the method of extraction, the opinion of market value of the improvements is \$57,500.00.

Addenda

Scope of Work and Supplemental Appraisal Instructions

Scope of Work for Appraisals of Potential Property Sales through the Cabin/Home Site Sale Program

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

Scope of Work for the Appraisal of Potential Property Sale Through the Cabin/Home Site Sales Program: 2021 Geraldine, Chouteau County Appraisal

CLIENT, INTENDED USERS, PURPOSE AND INTENDED USE:

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

DEFINITIONS:

Current fair market value. (12 C.F.R. § 34.42 (h)) Market value means the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

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

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:

3/2013

Scope of Work and Supplemental Appraisal Instructions – Continued

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

SUBJECT PROPERTY DESCRIPTION & CHARACTERISTICS:

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

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

ASSIGNMENT CONDITIONS:

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

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

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

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

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

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

Scope of Work and Supplemental Appraisal Instructions – Continued

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

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

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

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

APPRAISED VALUES REQUIRED:

The appraisal for each cabin and home site must:

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

Scope of Work and Supplemental Appraisal Instructions – Continued

MONTANA DNRC TRUST LAND MANAGEMENT DIVISION Supplemental Appraisal Instructions

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

Subject Property Located in Chouteau County:

Sale #	Acres ±	Legal Description	Site Address (if known)
1159	0.482	Lots 7, 8, 9 of Block 30 School Addition to the City of Geraldine, Section 1, T21N-R11E	404 Brady Avenue West, Geraldine, MT

<u>DNRC Contact Information:</u> Seth Goodwin, Real Estate Specialist PO Box 201601 Helena, MT 59620-1601 Phone: (406) 444-4289 Fax: (406) 444-2684 seth.goodwin2@mt.gov	<u>Lessees:</u> Sale 1159: Rick Shinaberger (406) 737-4492 or (406) 788-5204
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The following will be located in the body of the contract:

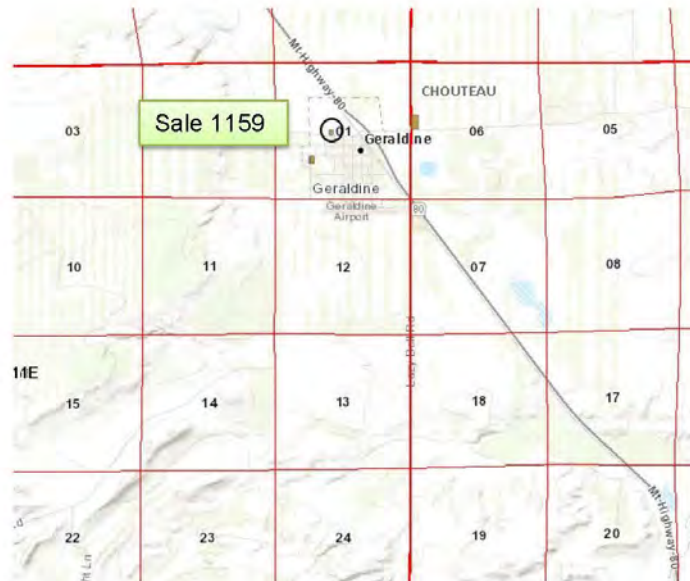
The appraisal report will be one document containing the parcel data and the analysis, opinions, and conclusions of value(s) for the parcel(s). If deemed necessary by the contractor rather than including the specific market data in the appraisal report, a separate addendum may be submitted containing the specific market data as a stand-alone document, which must be reviewed and accepted along with the appraisal, and may be returned to the appraiser for retention in his/her files upon request. 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 each state parcel record, as maintained by the land office, including but not limited to aerial photos, land improvements, current lease data, any known property issues, surveys (if any). The local land office will provide the contact information to the appraiser, if necessary, in order for the appraiser to obtain access to the property

Scope of Work and Supplemental Appraisal Instructions – Continued

Location Map of Parcel

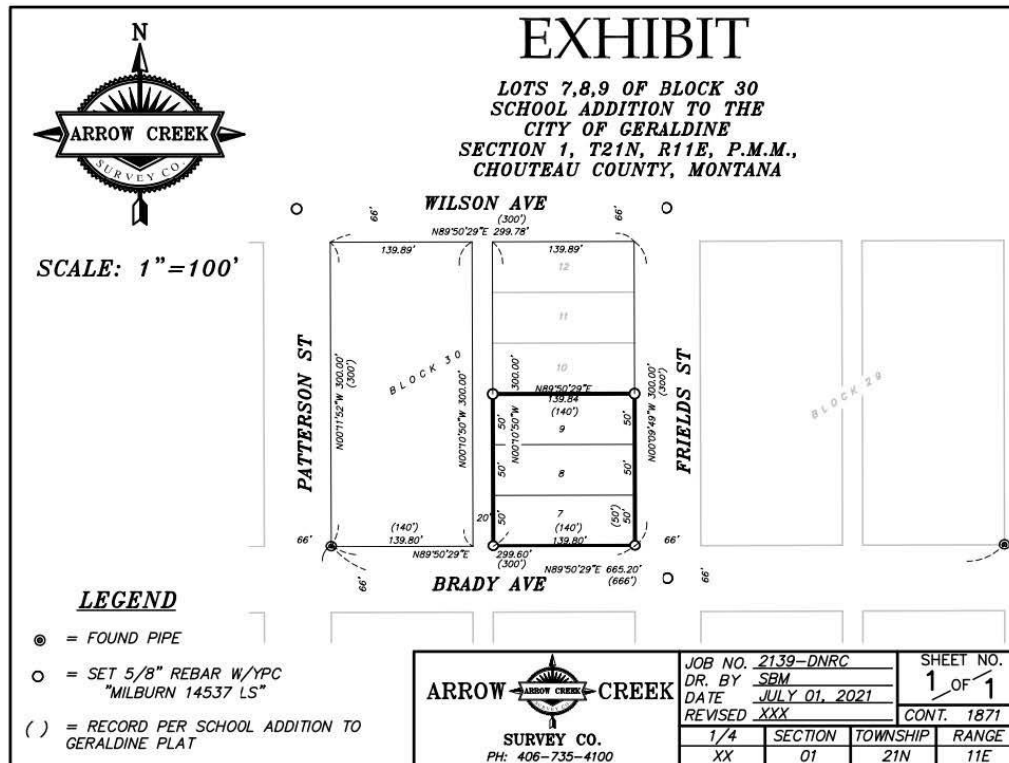


Cabin Site Sale Parcel Map



Scope of Work and Supplemental Appraisal Instructions – Continued

Cabin Site Corner Retracement



Statement of Land Status

STATEMENT OF LAND STATUS

STATE OF MONTANA)
 : SS
County of Lewis & Clark)

Seth Goodwin, having first been duly sworn, deposes and says:

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

**Section 1, Township 21 North, Range 11 East
Lots 7, 8, & 9 of Block 30, School Addition to City of Geraldine, containing
0.482 acres, more or less.**

Title vested in the State of Montana on August 30, 1917 under Clear List Selection No. 15 issued by the General Land Office as previously described in a conveyance to the State of Montana filed in the records of the Chouteau County Clerk and Recorder's office on June 12, 1918, at book 15 of Deeds, page 387.

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

**Residential Lease No. 5472 issued March 1, 2018 to Rick Shinaberger and
expiring February 28, 2033;
Right of Way Deed No. D-4206 issued October 6, 1959 to Chouteau County
for County Shop Purposes.**

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

Statement of Land Status – Continued

This concludes the affidavit of Seth Goodwin.

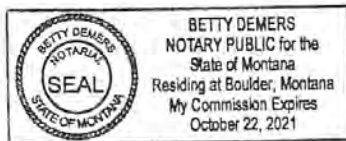
DATED this 16 day of September, 2021

Seth Goodwin

Seth Goodwin, Real Estate Sales Specialist
Trust Land Management Division

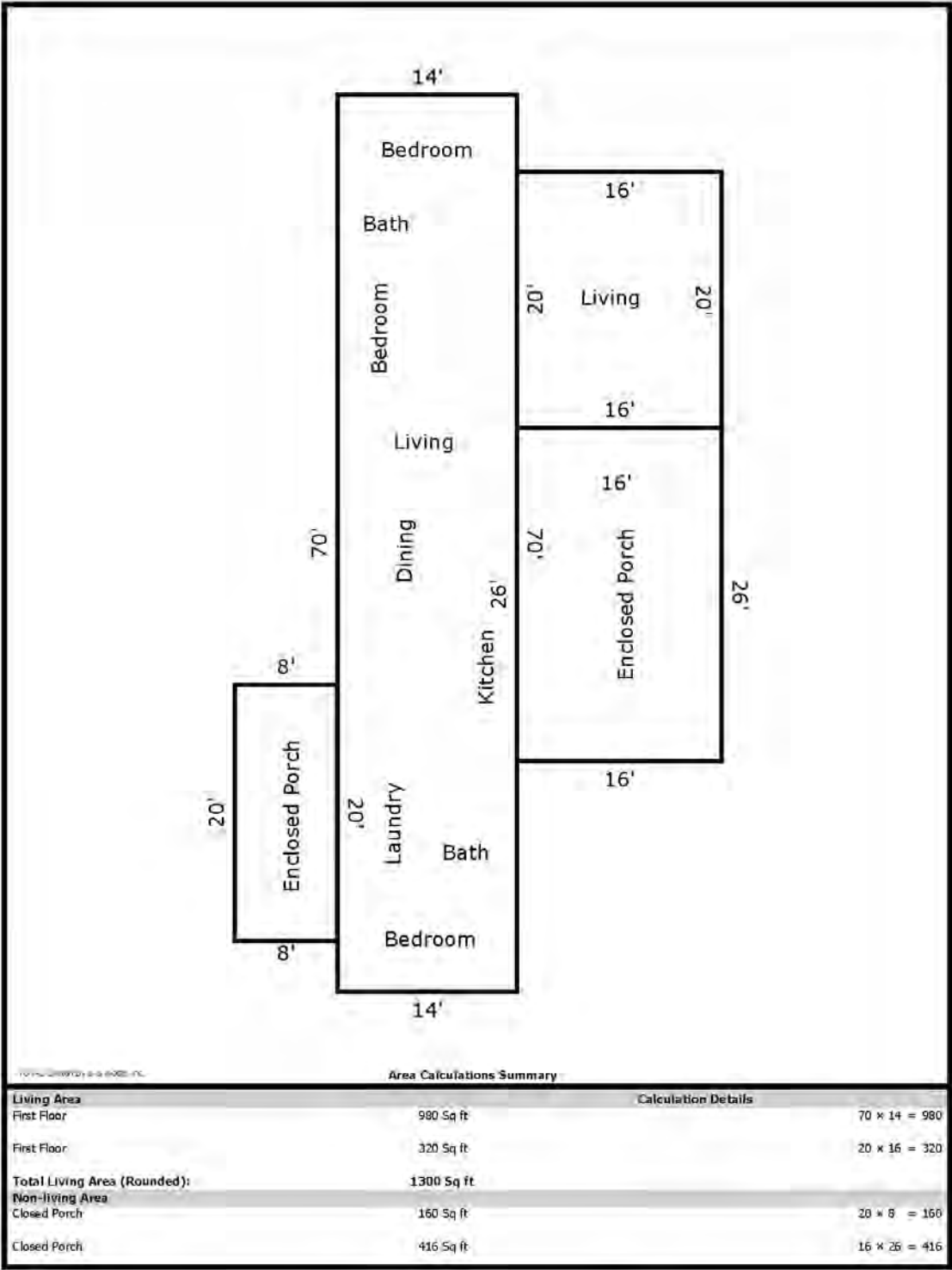
State of Montana
County of Lewis & Clark

Signed and acknowledged before me on the date referenced above by Seth Goodwin.



Betty Demers
Notary Public for the State of Montana.
Residing at _____
My commission expires

Building Sketch



Flood Map



Appraiser License



State of Montana
Business Standards Division
Board of Real Estate Appraisers

REA-RAG-LIC-10644

Status: **Active**
Expires: **03/31/2022**

NORTHERN ACRES APPRAISAL SERVICES, LLC
ERNEST FREDERICK GOETTLICH
133 8TH ST
HAVRE, MT 59501

This certificate verifies licensure as:
CERTIFIED GENERAL APPRAISER



Montana Department of
LABOR & INDUSTRY
RENEW OR VERIFY YOUR LICENSE AT:
<https://ebiz.mt.gov/pol>

Renew online at <https://ebiz.mt.gov/pol> by signing in with your username and password.

The renewal cycle for your board opens 60 days prior to the expiration date on your current license.

Renew your license prior to your expiration date to avoid being charged a late fee(s).

Remember to maintain your online account information with a password, security question and a valid email address. You can update your account information by accessing the 'Account Management' link when logged in.

Appraiser Credentials

Ernest F. Goettlich V

Employment

Quality Bank, Page ND, AG/Commercial Lender, Collections Officer	08/2008 – 12/2010
Farmers State Bank, Iroquois SD, AG/Commercial Lender, Developed in-house real estate evaluation program	02/2011 – 08/2012
Independence Bank, Havre, MT, Staff Appraiser	09/2012 – 03/2020
Northern Acres Appraisal Services, LLC, Owner/Principal	03/2020 to Present

Licenses

Real Estate Appraiser Trainee, State of Montana, License #REA-RET-LIC-5705 Completed Apprenticeship with Dave Anderson, Havre	03/2014 to 09/2018
Certified General Real Estate Appraiser, State of Montana, License #REA-RAG-LIC-10644	09/2018 to Present

Types of Assignments

Appraisals:	Irrigated and dryland farms and ranches, residential and special purpose properties, commercial and industrial properties.
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Education

Embry-Riddle Aeronautical University, Daytona Beach FL, Bachelor of Science Degree-Aerospace Engineering	08/2004 – 05/2008
South Dakota Bankers Association, Fundamentals of AG Lending	06/2009
Sheshunoff, Commercial Lending Coursework	2010
Appraisal Institute, Basic Appraisal Principles	10/04/2013
Appraisal Institute, 15-Hour National USPAP Course	11/08/2013
Appraisal Institute, Online Basic Appraisal Procedures	01/13/2014
Appraisal Institute, Real Estate Finance Statistics and Valuation Modeling	10/21/2014
McKissock, National USPAP Update (2014-2015)	02/16/2015
Appraisal Institute, General Appraiser Market Analysis and Highest & Best Use	03/27/2015
Appraisal Institute, General Appraiser Sales Comparison Approach	06/20/2015
Appraisal Institute, General Appraiser Site Valuation and Cost Approach	10/08/2015
McKissock, National USPAP Update (2016-2017)	02/21/2016
Appraisal Institute, General Appraiser Income Approach/Part 1	04/15/2016
Appraisal Institute, General Appraiser Income Approach/Part 2	07/14/2016
Appraisal Institute, General Appraiser Report Writing and Case Studies	10/20/2016
Appraisal Institute, Quantitative Analysis	5/8/2017
McKissock, 7-Hour National USPAP Update (2018-2019)	2/24/2018
Ag Lenders Range School, Inc, 2019 MT Ag Lenders Range School	6/21/2019
McKissock, Complex Properties: The Odd Side of Appraisal	11/26/2019
McKissock, 7-Hour National USPAP Update (2020-2021)	12/31/2019
McKissock, Basic Hotel Appraising – Limited Service Hotels	3/12/2021

Minimum Appraisal Standards

As defined by the 2010 Interagency Appraisal and Evaluation Guidelines (75 Fed. Reg. 77449 (December 10, 2010)); the "Interagency Guidelines" can be found at: <http://www.gpo.gov/fdsys/pkg/FR-2010-12-10/pdf/2010-30913.pdf>)

The Agencies' appraisal regulations include minimum standards for the preparation of an appraisal. (See Appendix D, Glossary of Terms, for terminology used in these Guidelines.)

The appraisal must:

- Conform to generally accepted appraisal standards as evidenced by the USPAP promulgated by the Appraisal Standards Board of the Appraisal Foundation unless principles of safe and sound banking require compliance with stricter standards. Although allowed by USPAP, the Agencies' appraisal regulations do not permit an appraiser to appraise any property in which the appraiser has an interest, direct or indirect, financial or otherwise in the property or transaction. Further, the appraisal must contain an opinion of market value as defined in the Agencies' appraisal regulations. (See discussion on the definition of market value below.) Under USPAP, the appraisal must contain a certification that the appraiser has complied with USPAP. An institution may refer to the appraiser's USPAP certification in its assessment of the appraiser's independence concerning the transaction and the property. Under the Agencies' appraisal regulations, the result of an Automated Valuation Model (AVM), by itself or signed by an appraiser, is not an appraisal, because a state certified or licensed appraiser must perform an appraisal in conformance with USPAP and the Agencies' minimum appraisal standards. Further, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act) 35 provides "[i]n conjunction with the purchase of a consumer's principal dwelling, broker price opinions may not be used as the primary basis to determine the value of a piece of property for the purpose of loan origination of a residential mortgage loan secured by such piece of property."
- Be written and contain sufficient information and analysis to support the institution's decision to engage in the transaction. An institution should obtain an appraisal that is appropriate for the particular federally related transaction, considering the risk and complexity of the transaction. The level of detail should be sufficient for the institution to understand the appraiser's analysis and opinion of the property's market value. As provided by the USPAP Scope of Work Rule, appraisers are responsible for establishing the scope of work to be performed in rendering an opinion of the property's market value. An institution should ensure that the scope of work is appropriate for the assignment. The appraiser's scope of work should be consistent with the extent of the research and analyses employed for similar property types, market conditions, and transactions. Therefore, an institution should be cautious in limiting the scope of the appraiser's inspection, research, or other information used to determine the property's condition and relevant market factors, which could affect the credibility of the appraisal. According to USPAP, appraisal reports must contain sufficient information to enable the intended user of the appraisal to understand the report properly. An institution should specify the use of an appraisal report option that is commensurate with the risk and complexity of the transaction. The appraisal report should contain sufficient disclosure of the nature and extent of inspection and research performed by the appraiser to verify the property's condition and support the appraiser's opinion of market value. (See Appendix D, Glossary of Terms, for the definition of appraisal report options.) Institutions should be aware that provisions in the Dodd-Frank Act address appraisal requirements for a higher-risk mortgage to a consumer. To implement these provisions, the Agencies recognize that future regulations will address the requirement that the appraiser conduct a physical property visit of the interior of the mortgaged property.

Minimum Appraisal Standards – Continued

- Analyze and report appropriate deductions and discounts for proposed construction or renovation, partially leased buildings, non-market lease terms, and tract developments with unsold units. Appraisers must analyze, apply, and report appropriate deductions and discounts when providing an estimate of market value based on demand for real estate in the future. This standard is designed to avoid having appraisals prepared using unrealistic assumptions and inappropriate methods in arriving at the property's market value. (See Appendix C, Deductions and Discounts, for further explanation on deductions and discounts.)
- Be based upon the definition of market value set forth in the appraisal regulation. Each appraisal must contain an estimate of market value, as defined by the Agencies' appraisal regulations. The definition of market value assumes that the price is not affected by undue stimulus, which would allow the value of the real property to be increased by favorable financing or seller concessions. Value opinions such as "going concern value," "value in use," or a special value to a specific property user may not be used as market value for federally related transactions. An appraisal may contain separate opinions of such values so long as they are clearly identified and disclosed. The estimate of market value should consider the real property's actual physical condition, use, and zoning as of the effective date of the appraiser's opinion of value. For a transaction financing construction or renovation of a building, an institution would generally request an appraiser to provide the property's current market value in its "as is" condition, and, as applicable, its prospective market value upon completion and/or prospective market value upon stabilization. Prospective market value opinions should be based upon current and reasonably expected market conditions. When an appraisal includes prospective market value opinions, there should be a point of reference to the market conditions and time frame on which the appraiser based the analysis. An institution should understand the real property's "as is" market value and should consider the prospective market value that corresponds to the credit decision and the phase of the project being funded, if applicable.
- Be performed by state certified or licensed appraisers in accordance with requirements set forth in the appraisal regulation. In determining competency for a given appraisal assignment, an institution must consider an appraiser's education and experience. While an institution must confirm that the appraiser holds a valid credential from the appropriate state appraiser regulatory authority, a state certification or license is a minimum credentialing requirement. Appraisers are expected to be selected for individual assignments based on their competency to perform the appraisal, including knowledge of the property type and specific property market. As stated in the Agencies' appraisal regulations, a state certified or licensed appraiser may not be considered competent solely by virtue of being certified or licensed. In communicating an appraisal assignment, an institution should convey to the appraiser that the Agencies' minimum appraisal standards must be followed.

Definitions

Market Value - As defined by the 2010 Interagency Appraisal and Evaluation Guidelines (75 Fed. Reg. 77449 (December 10, 2010); the "Interagency Guidelines" can be found at: <http://www.gpo.gov/fdsys/pkg/FR-2010-12-10/pdf/2010-30913.pdf>)

As defined in the Agencies' appraisal regulations, 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 are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their own best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- 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.

Extraordinary Assumption - As defined in USPAP, an assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions regarding the property's market value. An example of an extraordinary assumption is when an appraiser assumes that an application for a zoning change will be approved and there is no evidence to suggest otherwise.

Hypothetical Condition

- A condition that is presumed to be true when it is known to be false.
- A condition, directly related to a specific assignment, which contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in the analysis.

Fair Value/Fair Market Value - is the Price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts.

Liquidation Value - The price that an owner is compelled to accept when a property must be sold without reasonable market exposure.

Definitions – Continued

Transaction Value

As defined in the Agencies' appraisal regulations:

- For loans or other extensions of credit, the amount of the loan or extension of credit;
- For sales, leases, purchases, and investments in or exchanges of real property, the market value of the real property interest involved; and
- For the pooling of loans or interests in real property for resale or purchase, the amount of the loan or market value of the real property calculated with respect to each such loan or interest in real property.

For purposes of this definition, the transaction value for loans that permit negative amortization should be the institution's total committed amount, including any potential negative amortization.

Value-In-Use - The value of a property assuming a specific use, which may or may not be the property's highest and best use on the effective date of the appraisal. Value in use may or may not be equal to market value but is different conceptually.

Value-As-Vacant - The most probable price for which the appraised property will sell in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under influence nor duress. This definition assumed the assets would be sold for and alternative use.

Montana waters, in all their varied forms and locations, belong to the State for the benefit of its people. A water right is the right to use the water within state-established guidelines, and not any ownership of the water itself. Since water rights in Montana are guided by the prior appropriation doctrine, a person's right to use a specific quantity of water depends on when the use of water began, establishing the relative priority date of use on the water source. The first person to use water from a source established the first right, the second person could establish a right to the water that was left, and so on. Additionally, water users are limited to the amount of water that can be beneficially used. Beneficial use includes, but is not limited to, agricultural, recreational, fish and wildlife and domestic purposes.

The total carrying capacity has been estimated utilizing the current livestock carrying capacity on the ranch, the guidelines as stated in the Vegetative Rangeland Types in Montana and the appraiser's knowledge in managing cow/calf operations. An animal-unit month (AUM) is expressed as the feed required to carry one 1,000 lb. cow with calf at side for 30 days. The actual total carrying capacity for a property can vary dramatically depending upon stewardship of the land, land-mix, weight of cattle, weather, and availability of livestock water, among other factors. The average rating for most of the range on the subject parcel falls between .30 and .40 AUMs per acre.

Reconciliation of Values from Comparable Sales Approach

Rights Transferred - Reflects the property rights transferred by the sale including both surface and sub-surface rights as well as use rights. This is where conservation easements are reflected.

Financing Terms - Reflect adjustments to the sale of the property if they include favorable financing terms such as a below market rate, longer amortization, or less down payment requirements.

Conditions of sale - Reflect adjustments for short sale, distressed sale, bank-owned real estate.

Definitions – Continued

Time - Reflects the adjustment made due to recent market changes. These adjustments are supported by Montana State University and USDA reports tracking the trends in agriculture land sales, as well as re-sales of properties.

Location - Reflects the adjustment made due to the location, rainfall, stock water, etc., of the sale as compared to the subject.

Mix - The actual per acre difference in value considering the mix of acreage (pasture, hayland, cropland, etc.) comparing the sales to the subject.

Improvements - The actual per acre difference in value of building improvements comparing the sales to the subject.

Land Quality - Reflects the per acre value difference between the subject and the sales considering land quality, yield potential, soil capability and utilization.

Condition of Land - Reflects the age and condition of forage stands and irrigation delivery systems.

Lease - Reflects the overall per acre consideration paid for leases conveyed with the sales as compared to the subject. These leases can include but are not limited to deeded acreages, State Land Leases, BLM Land Leases, BOR Land Leases, as well as tribal land leases.

Crop - The per acre value of growing crop contribution in the sale. This value is typically specified in a contract and verified with the input costs of said growing crop.

Real Estate is appraised on the basis of its Highest and Best Use.

Following is a definition of Highest and Best Use from "Appraiser's Terminology and Handbook".

"HIGHEST AND BEST USE...

The most profitable likely use to which a property can be put. The opinion of such use may be based on the highest and most profitable continuous use to which the property is adapted and needed, or likely to be in demand in the reasonably near future. However, elements affecting value which depend upon events or a combination of occurrences which, while within the realm of possibility are not fairly shown to be reasonably probable, should be excluded from consideration. Also, if the intended use is dependent on an uncertain act of another person, then intention cannot be considered.

That use of Land which may reasonably be expected to produce the greatest net return to land over a given period of time. That legal use which will yield to land the highest present value. Sometimes called optimum use."

Definitions – Continued

“Highest and Best Use” is further described as follows:

The determination of Market Value includes consideration of the highest and best use for which the appraised property is clearly adapted.

Highest and Best Use is the legal and probable use that supports the highest present value, as defined, of vacant land or improved property, as of the date of the appraisal.

It is that use found to be:

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

Consideration is given to trends on recent land sales, economic factors, and strength of the local market. An analysis of the highest and best use of the property forms a basis for the valuation of the property. Highest and best use serves as a guide in the selection of comparable sales to be used in the analysis of the subject property.

The definition applies specifically to the highest and best use of the land. It is to be recognized that in cases where a site has existing improvements, the highest and best use may very well be determined to be different from existing use. The existing use will continue, however, unless and until land value in its highest and best use exceeds the total value of the property in its existing use. These definitions imply a recognition of the contribution of existing specific uses to the community environment or to community development goals in addition to increasing the wealth of individual property owners.

The final determination of the highest and best use is a result of appraiser's judgment and analytical skills. The use determined from analysis represents an opinion, not a determination of fact.

Consideration has to be given to that range of uses which fit the appraised property. Consideration has to be given to alternative uses, as well as existing use. Lack of utilities, dedicated access, and title limitations may be limiting factors.

Land in the immediate surrounding area is currently under the same use as the subject property. The appraised property is located in an area that does not have established recreational value.

There is no indication of subdivision or industrial use for land in the area of the subject which can be considered relatively remote.

Engagement Letter

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FOR DNRC USE ONLY		
Amount under this Agreement: <u>\$3,000.00</u>		
<u>Source of Funds</u>		
<u>Fund Name</u>	<u>Fund No.</u>	
Land Banking Private Closing Costs	02031	
<u>Subclass</u>	<u>Org. No.</u>	<u>Percent</u>
555HA	6049-59	50%
	6048-01	50%


Approved

No. 225018

Division RW

Legal MP

F.S.O. GU



TRUST LAND MANAGEMENT DIVISION APPRAISAL OF POTENTIAL CABIN/HOMESITE SALE PROPERTY IN CHOUTEAU COUNTY

THIS CONTRACT is entered into by and between the State of Montana, Department of Natural Resources and Conservation, (hereinafter referred to as "the State"), whose address and phone number are P.O. Box 201601, 1539 11th Avenue, Helena, MT 59620-1601, (406) 444-4289 and, Ernest F. Goettlich V., Northern Acres Appraisal Services, LLC., (Contractor), whose address and phone number are PO Box 2347 Havre, MT 59501 and (406) 942-0419.

1. EFFECTIVE DATE, DURATION, AND RENEWAL

1.1 Contract Term. The contract's initial term is upon contract execution, through November 30, 2021, unless terminated earlier as provided in this contract. In no event is this contract binding on the State unless the State's authorized representative has executed it in Section 34. **The appraisal report is to be completed and forwarded to DNRC, Seth Goodwin, Real Estate Specialist at P.O. Box 201601, 1539 11th Avenue, Helena, MT 59620-1601 by October 30, 2021.**

1.2 Contract Renewal.

N/A

2. COST ADJUSTMENTS – N/A

2.1 Cost Increase by Mutual Agreement. – N/A

3. SERVICES AND/OR SUPPLIES

Contractor shall provide the State the following: the contractor shall be responsible for providing a credible appraisal, for the parcel in Chouteau County as described in Attachment B, Montana DNRC Trust Land Management Division Supplemental Appraisal Instructions. The appraisal will be an

Engagement Letter – Continued

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

Attachment A and B are attached hereto and incorporated herein by reference.

The appraisal must comply with the instructions in Attachment A, Scope of Work for Appraisal of Potential Property Sales through the Land Banking Program, and all provisions in the body of this contract including the following:

- 1) The appraisal report will be one document containing the property data and analysis, opinions, and conclusions of value for the properties. If deemed necessary by the contractor rather than including the specific market data in the appraisal report, a separate addendum may be submitted containing the specific market data as a stand-alone document, which must be reviewed and accepted along with the appraisal and can be returned to the appraiser for retention in his/her files. The appraiser must submit an electronic copy as well as a printed copy of the appraisal report.
- 2) Each sale parcel listed in Attachment B, Montana DNRC Trust Land Management Division Supplemental Appraisal Instructions must be assigned separate values.
- 3) The definition of market value is that as defined in **12 C.F.R 34.42(h)**.

4. WARRANTIES

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

5. CONSIDERATION/PAYMENT

5.1 Payment Schedule. In consideration of the successful submission of the appraisal report to be provided, the State shall pay Contractor \$3,000.00.

The contractor shall, at no additional expense to the State, correct unsatisfactory work before payment is made.

In No case shall the State's total cumulative payment under this contract exceed Three Thousand dollars and no/100 (\$3,000.00).

5.2 Withholding of Payment N/A

5.3 Payment Terms. Unless otherwise noted in the solicitation document, the State has thirty (30) days to pay invoices, as allowed by 17-8-242, MCA. Contractor shall provide banking

Engagement Letter – Continued

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information at the time of contract execution in order to facilitate the State's electronic funds transfer payments.

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

5.5 Fuel Surcharge - N/A

6. PREVAILING WAGES REQUIREMENTS - N/A

7. ACCESS AND RETENTION OF RECORDS

7.1 Access to Records. Contractor shall provide the State, Legislative Auditor, or their authorized agents access to any records necessary to determine contract compliance. The State may terminate this contract under section 21, without incurring liability, for the Contractor's refusal to allow access as required by this section. (18-1-118, MCA.)

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

8. ASSIGNMENT, TRANSFER, AND SUBCONTRACTING

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

9. HOLD HARMLESS/INDEMNIFICATION

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

9.2 Contractor agrees to protect, defend, and save State, its elected and appointed officials, agents, and employees, while acting within the scope of their duties as such, harmless from and

Engagement Letter – Continued

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against all claims, demands, causes of action of any kind or character, including the cost of defense thereof, arising in favor of Contractor's employees or third parties on account of bodily or personal injuries, death, or damage to property arising out of services performed or omissions of services or in any way resulting from the acts or omissions of Contractor and/or its agents, employees, representatives, assigns, subcontractors, except the sole negligence of State, under this Contract.

10. CONTRACTOR REGISTRATION (for construction) - N/A

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

12. REQUIRED INSURANCE

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

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

12.3 Specific Requirements for Commercial General Liability. – N/A

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

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

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

Engagement Letter – Continued

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

12.7 Certificate of Insurance/Endorsements. A certificate of insurance from an insurer with a Best's rating of no less than A- indicating compliance with the required coverage's, has been received by the State, PO Box 201601, Helena, MT 59620-1601. Contractor must notify the State immediately of any material change in insurance coverage, including but not limited to changes in limits, coverage's, and status of policy. The Contractor must provide the State with copies of insurance policies upon request.

13. COMPLIANCE WITH WORKERS' COMPENSATION ACT

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

14. COMPLIANCE WITH LAWS

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

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

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

Engagement Letter – Continued

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

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

14.3 Any partial or whole assignment, transfer or subletting or subcontracting by Contractor subjects subcontractors to the same provisions of this Section and it is the responsibility of the Contractor to ensure any agreement to assign, transfer, sublet or subcontract binds any successor to this Contract in whole or in part or binds any subcontractor to all the terms and conditions of this Contract as if a party to the Contract from inception.

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

15. DISABILITY ACCOMMODATIONS

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

16. REGISTRATION WITH THE SECRETARY OF STATE

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

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

Engagement Letter – Continued

DocuSign Envelope ID: DF5F72E3-E2AE-4BA8-B9F5-673EEBC16AF9

17. INTELLECTUAL PROPERTY/OWNERSHIP

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

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

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

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

17.5 Ownership of Contractor Pre-Existing Materials. Contractor retains ownership of all literary or other works of authorship (such as software programs and code, documentation, reports, and similar works), information, data, intellectual property, techniques, subroutines, algorithms, methods or related rights and derivatives that Contractor owns at the time this contract is executed or otherwise developed or acquired independent of this contract and employed by Contractor in connection with the services provided to the State (the "Contractor Pre-existing Materials"). Contractor Pre-existing Materials are not Work Product. Contractor shall provide full disclosure of any Contractor Pre-Existing Materials to the State before its use and to prove its ownership. If, however, Contractor fails to disclose to the State such Contractor Pre-Existing Materials, Contractor shall grant the State a nonexclusive, worldwide, paid-up license to use any Contractor Pre-Existing Materials embedded in the Work Product to the extent such Contractor Pre-Existing Materials are necessary for the State to receive the intended benefit under this contract. Such license shall remain in effect for so long as such Pre-Existing Materials remain embedded in the Work Product. Except as otherwise provided for in Section 17.3 or as may be expressly agreed in any statement of work, Contractor shall retain title to and ownership of any hardware it provides under this contract.

Engagement Letter – Continued

DocuSign Envelope ID: DF5F72E3-E2AE-4BA8-B9F5-673EEBC16AF9

18. PATENT AND COPYRIGHT PROTECTION – N/A

19. CONTRACT PERFORMANCE ASSURANCE – N/A

20. CONTRACT TERMINATION

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

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

20.3 Reduction of Funding. The State must by law terminate this contract if funds are not appropriated or otherwise made available to support the State's continuation of performance of this contract in a subsequent fiscal period. (18-4-313(4), MCA.) If state or federal government funds are not appropriated or otherwise made available through the state budgeting process to support continued performance of this contract (whether at an initial contract payment level or any contract increases to that initial level) in subsequent fiscal periods, the State shall terminate this contract as required by law. The State shall provide Contractor the date the State's termination shall take effect. The State shall not be liable to Contractor for any payment that would have been payable had the contract not been terminated under this provision. As stated above, the State shall be liable to Contractor only for the payment, or prorated portion of that payment, owed to Contractor up to the date the State's termination takes effect. This is Contractor's sole remedy. The State shall not be liable to Contractor for any other payments or damages arising from termination under this section, including but not limited to general, special, or consequential damages such as lost profits or revenues.

21. EVENT OF BREACH – REMEDIES

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

- Products or services furnished fail to conform to any requirement;
- Failure to submit any report required by this Contract;
- Failure to perform any of the other terms and conditions of this Contract, including but not limited to beginning work under this Contract without prior State approval or breaching Section 26.1, obligations; or
- Voluntary or involuntary bankruptcy or receivership.

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

Engagement Letter – Continued

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

- Terminate this contract under section 20.1; or
- Treat this contract as materially breached and pursue any of its remedies under this contract, at law, or in equity.

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

- Terminate this Contract under Section 20.2 and pursue any of its remedies under this Contract, at law, or in equity; or
- Treat this Contract as materially breached and, except as the remedy is limited in this Contract, pursue any of its remedies under this Contract, at law, or in equity.

22. FORCE MAJEURE

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

23. WAIVER OF BREACH

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

24. CONFORMANCE WITH CONTRACT

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

25. LIAISONS AND SERVICE OF NOTICES

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

Seth Goodwin, Real Estate Specialist, is the State's liaison.

Address: PO Box 201601

Helena, MT 59620-1601

Telephone: (406) 444-4289

Engagement Letter – Continued

DocuSign Envelope ID: DF5F72E3-E2AE-4BA8-B9F5-673EEBC16AF9

Fax: (406) 444-2684

Email: seth.goodwin2@mt.gov

Ernest F. Goettlich V, Northern Acres Appraisal Services, LLC., is the Contractors Liaison.

Address: PO Box 2347

Havre, MT 59501

Telephone: (406) 942-0419

E-Mail: northernacresapp@gmail.com

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

25.3 Identification/Substitution of Personnel. – N/A

26. **MEETINGS**

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

26.2 Progress Meetings. – N/A

26.3 Failure to Notify. – N/A

26.4 State's Failure or Delay. – N/A

27. **Transition Assistance**

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

Engagement Letter – Continued

DocuSign Envelope ID: DF5F72E3-E2AE-4BA8-B9F5-673EEBC16AF9

offset the cost of paying Contractor for the additional resources Contractor utilized in providing transition assistance with any damages the State may have sustained as a result of Contractor's breach.

28. CHOICE OF LAW AND VENUE

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

29. TAX EXEMPTION

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

30. AUTHORITY

This contract is issued under authority of Title 18, Montana Code Annotated, and the Administrative Rules of Montana, Title 2, chapter 5.

31. SEVERABILITY CLAUSE

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

32. SCOPE, ENTIRE AGREEMENT, AND AMENDMENT

32.1 Contract. This contract consists of 12 numbered pages, Attachment A – Scope of Work and Attachment B – Supplemental Appraisal Instructions, pages 13-18. In the case of a dispute or ambiguity arising between or among the documents, the order of precedence of document interpretation is the same.

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

33. WAIVER

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

34. EXECUTION

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

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

Engagement Letter – Continued

DocuSign Envelope ID: DF5F72E3-E2AE-4BA8-B9F5-673EEBC16AF9

STATE OF MONTANA

Dept. Natural Resources & Conservation
Trust Land Management Division
P.O. Box 201601
1539 11th Avenue
Helena, MT 59620-1601

BY: Ryan Weiss Bureau Chief
(Name/Title)

DocuSigned by:
Ryan Weiss
(Signature)

DATE: 9/13/2021

CONTRACTOR

Ernest F. Goettlich V.
Northern Acres Appraisal Services, LLC.,
PO Box 2347
Havre, MT 59501
FEDERAL ID #: 84-4683696

BY: Ernest Goettlich Manager/Owner/Principal
(Name/Title)

DocuSigned by:
Ernest Goettlich
(Signature)

DATE: 9/13/2021

Engagement Letter – Continued

DocuSign Envelope ID: DF5F72E3-E2AE-4BA8-B9F5-673EEBC16AF9

ATTACHMENT A

Scope of Work for Appraisals of Potential Property Sales through the Cabin/Home Site Sale Program

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

Scope of Work for the Appraisal of Potential Property Sale Through the Cabin/Home Site Sales Program: 2021 Geraldine, Chouteau County Appraisal

CLIENT, INTENDED USERS, PURPOSE AND INTENDED USE:

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

DEFINITIONS:

Current fair market value. (12 C.F.R. § 34.42 (h)) Market value means the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

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

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,

Engagement Letter – Continued

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properties that have leases or licenses on them are to be appraised with the Hypothetical Condition the leases/licenses do not exist.

EFFECTIVE DATE OF VALUATION AND DATE OF INSPECTION:

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

SUBJECT PROPERTY DESCRIPTION & CHARACTERISTICS:

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

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

ASSIGNMENT CONDITIONS:

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

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

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

The appraisal will be an Appraisal Report as per USPAP, that will describe adequately, the information analyzed, appraisal methods and techniques employed, and reasoning that support the

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Engagement Letter – Continued

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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 1 (one) cabin site identified in the Supplemental Appraisal Instructions.

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

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

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

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

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

APPRAISED VALUES REQUIRED:

The appraisal for each cabin and home site must:

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

Engagement Letter – Continued

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ATTACHMENT B

MONTANA DNRC TRUST LAND MANAGEMENT DIVISION Supplemental Appraisal Instructions

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

Subject Property Located in Chouteau County:

Sale #	Acres ±	Legal Description	Site Address (if known)
1159	0.482	Lots 7, 8, 9 of Block 30 School Addition to the City of Geraldine, Section 1, T21N-R11E	404 Brady Avenue West, Geraldine, MT

<u>DNRC Contact Information:</u> Seth Goodwin, Real Estate Specialist PO Box 201601 Helena, MT 59620-1601 Phone: (406) 444-4289 Fax: (406) 444-2684 seth.goodwin2@mt.gov	<u>Lessees:</u> Sale 1159: Rick Shinaberger (406) 737-4492 or (406) 788-5204
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The following will be located in the body of the contract:

The appraisal report will be one document containing the parcel data and the analysis, opinions, and conclusions of value(s) for the parcel(s). 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 may be returned to the appraiser for retention in his/her files upon request. 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 each state parcel record, as maintained by the land office, including but not limited to aerial photos, land improvements, current lease data, any known property issues, surveys (if any). The local land office will provide the contact information to the appraiser, if necessary, in order for the appraiser to obtain access to the property

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Engagement Letter – Continued

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Cabin Site Corner Retracement

