

Uniform Agricultural Appraisal Report

**Parcel #577 - 316 acres
State of Montana lands in Section 30
Township 7 North, Range 8 West
Powell County, Montana**

Prepared For:

Mr. Tom Konency, Appraiser
Montana Department of Natural Resources and Conservation
P.O. Box 201601, Helena, MT 59620-1601
as of May 20, 2009

Intended User:

State of Montana
Montana Board of Land Commissioners
Montana Department of Natural Resources and Conservation

Prepared By:

James P. Wiley, ARA, Sr. Appraiser
Montana Certified General Appraiser #208
1001 West Oak, Bozeman, MT 59715
Montana Certified General Appraiser #208

Date Prepared:

May 25, 2010



1001 West Oak, Building A, Suite 200
PO Box 4790, Bozeman, MT 59712-4790
Fax: 406.555.7300

LETTER OF TRANSMITTAL

June 2, 2010

Mr. Tom Konency, Appraiser
Montana Department of Natural Resources and Conservation
P.O. Box 201601
Helena, Montana 59620-1601

Dear Mr. Konency:

In accordance with your instructions, I have personally inspected and completed an appraisal of the State of Montana lands identified as Parcel #577, being 316 acres located in Powell County, Montana, southeast of Deer Lodge. The property appraised is predominately native pasture lands. The property is currently in agricultural use and does not include any structural improvements.

The purpose of the report was to estimate the market value of the fee simple estate, including water rights. The effective date of the report is May 20, 2010, the date of inspection. It is my understanding the report will be used for decision making for the Land Banking program.

As shown in the accompanying appraisal report, consisting of 50 pages including addenda, the market value conclusion, in terms of cash, or terms equivalent to cash, of the fee simple estate, based on completion of the Sales Comparison Approach to value, was \$395,000 as of effective date of the value estimate – May 20, 2010. The Income Approach and Cost Approach are not considered to be applicable considering the size and property type and current market. The value conclusion is subject to the conditions, assumptions, and comments as presented in the report. Most notably, the property is appraised under the hypothetical conditions that 1. the property is not subject to a lease, 2. that the property is under private ownership and could be sold on the open market. Per the information provided to me, there is legal access existing to the tract.

If you should have any questions regarding the report, please do not hesitate to contact me. I appreciate the opportunity to be of assistance.

Sincerely,

A handwritten signature in dark ink, appearing to read "James P. Wiley".

James P. Wiley, ARA
Sr. Appraiser

Northwest Farm Credit Services, ACA, PCA, FDCA

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Uniform Agricultural Appraisal Report

Property Identification

Owner/Occupant: <u>State of Montana</u>	Total Deeded Acres: <u>316.00</u>
Property Address: <u>rural Deer Lodge</u>	Effective Unit Size: <u>316.00</u>
State/County: <u>Montana / Powell</u>	Zip Code: <u>59722</u>
Property Location: <u>about 7 miles southeast of Deer Lodge</u>	Property Code #: _____
Highest & Best Use: <u>agriculture/recreation</u> "As If" Vacant	FAMC Comd'ty Gp: _____
<u>agriculture/recreation</u> "As Improved"	Primary Land Type: <u>Pasture</u>
Zoning: <u>Powell County - District 4 - 40 acre minimum</u>	Primary Commodity: <u>pasture</u>
Unit Type: <input type="checkbox"/> Economic Sized Unit <input checked="" type="checkbox"/> Supplemental/Add-On Unit	
FEMA Community # <u>n/a</u> FEMA Map # <u>n/a</u> FEMA Zone/Date: <u>n/a</u>	
Legal Description: _____ SEC _____ TWP _____ RNG _____ Attached <input checked="" type="checkbox"/>	
Purpose of Report: <u>estimate fair market value, as defined</u>	
Use/Intended User(s): <u>decision making - Land Banking Program / State of Montana, Montana Board of Land Commissioners, Montana DNRC</u>	
Rights Appraised: <u>fee simple</u>	
Value Definition: _____ Attached <input checked="" type="checkbox"/>	
Assignment: <u>see scope of work</u> Report Type: <u>summary</u>	
Extent of Process/Scope of Work: See following page for extent of process and scope of work.....	

Summary of Facts and Conclusions

Appraisal Report Summary

Date of Inspection: <u>05/20/10</u>	Effective Date of Appraisal: <u>05/20/10</u>
Value Indication	
- Cost Approach: _____	\$ _____
- Income Approach: _____	\$ _____
- Sales Comparison Approach: _____	\$ <u>395,000</u>
Opinion of Value: (Estimated Marketing Time <u>6-12</u> months) _____	\$ <u>395,000</u>
Cost of Repairs: \$ _____	Cost of Additions: \$ _____
Allocation:	
Land: \$ <u>395,000</u>	\$ <u>1,250</u> / acre (<u>100</u> %)
Land Improvements: \$ _____	\$ <u>0</u> / _____ (<u>0</u> %)
Structural Improvement Contribution: \$ _____	\$ <u>0</u> / _____ (<u>0</u> %)
Non-Realty Items: \$ _____	\$ <u>0</u> / _____ (<u>0</u> %)
Leased Fee Value (Remaining term of encumbrance _____) \$ _____	\$ <u>0</u> / _____ (<u>0</u> %)
Leasehold Value: _____	\$ <u>0</u> / _____ (<u>0</u> %)
Overall Value: \$ <u>1,250</u> / acre (<u>100</u> %)	

Income and Other Data Summary:	<input type="checkbox"/> Cash Rent	<input type="checkbox"/> Share	<input type="checkbox"/> Owner/Operator	<input type="checkbox"/> FAMC Suppl. Attached
Income Multiplier _____ ()	Income Estimate: \$ _____ / _____ (unit)			
Expense Ratio _____ %	Expense Estimate: \$ _____ / _____ (unit)			
Overall Cap Rate: _____ %	Net Property Income: \$ _____ / _____ (unit)			

Area-Regional-Market Area Data and Trends:

	Above Avg.	Avg.	Below Avg.	N/A
Value Trend	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sales Activity Trend	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Property Compatability	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Effective Purchase Power	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Demand	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Development Potential	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Desirability	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Subject Property Rating:

	Above Avg.	Avg.	Below Avg.	N/A
Location	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Soil Quality/Productivity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Improvement Rating	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Compatibility	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rentability	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Market Appeal	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Overall Property Rating	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Extent of Process/Scope of Work

An on-site inspect of the subject property was conducted on May 20, 2010 by James Wiley, Senior Appraiser with Northwest Farm Credit Services (NWFCFS). Mr. Fred Staedler, Anaconda Unit Manager with Montana Department of Natural Resources and Conservation, was present during the on-site inspection indicating boundaries and providing information pertaining to the features and use of the subject property.

The effective date of the report is May 20, 2010, the date of inspection. The intended use of this report, as identified by the client is decision making concerning the potential sale of the subject property through the Land Banking program. The purpose of the report is to estimate the fair market value of the fee simple estate. This appraisal has been prepared for the sole and specific needs of the clients – State of Montana, the Montana Board of Land Commissioners, and the Montana Department of Natural Resources and Conservation. Only the identified users may rely on this report. There are no implied, suggested, inferred, consequential, or indirect intended users of this report. No liability is assumed, expressed or implied by Northwest Farm Credit Services, or the appraiser(s) for the unauthorized use of this report.

The subject is located in Powell County, approximately 7 miles southeast of Deer Lodge. Legal access does apparently exist to the parcel via Burnt Hollow Road, based on the analysis by the Montana Department of Natural Resources and Conservation, and included in the addenda of this report. Physical access to the subject is via Burnt Hollow Road and also via existing seasonal roads and trails that cross adjoining private lands. Access to the interior portions of the subject is made by tertiary roads/trails traversing the subject property. The inspection scope consisted of driving the previously mentioned county roads and interior roads/trails traversing the subject property. The property inspection was adequate to ascertain current use, comparability with area sales, and estimate the market factors noted in this report.

In addition to the information gathered during the on-site inspection, information from Powell County records, Department of Natural Resources (DNRC) and soils maps were used. Total acreage appraised is primarily based on the legal description provided to the appraiser, and Powell County records. Additional acreage and property information from the Land Survey Information System website, an official United States Government website provided by the Bureau of Land Management & the U.S. Forest Service, and aerial maps provided by the U.S. Farm Service Agency's National Agricultural Imagery Program, were utilized in preparing this report.

DEPTH OF ANALYSIS:

Only the Sales Comparison Approach has been completed. In general, the market area is heavily influenced by non-income factors, such as recreation and rural tract development. Many area farmers and ranchers have chosen to exchange their properties for operations in other areas, where the lower opportunity cost of property does not negate economic returns. This has created a ripple effect for agricultural properties with limited recreational amenities. Subsequently, overall capitalization rates within the market area are very low. Therefore, the Income Approach is not considered to be a reliable indicator of value, and not applicable. The Cost Approach is most applicable when improvements are specialized or newer contributing substantially to overall value. The subject is not structurally-improved, therefore, the Cost Approach is not considered to be applicable.

REPORTING FORMAT:

This appraisal is conveyed in a "summary" report format, which is intended to comply with the reporting requirements set forth under Standard Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice. A "summary" appraisal report presents summary discussions of the data. The depth of discussion included in this report is specific to the intended use of the report and the needs of the client. After considering the intended use of the report, the complexity of the property appraised, the subject's conformity to the surrounding area, the informed user of the report, and the availability of market information, a "summary" report is chosen to convey the results of analysis.

MARKET DATA:

Area market data was obtained and verified through systematic record searches, and/or contact with buyers, sellers, agents, or other sources deemed to be reliable. Montana is a non-disclosure state, so specific sales information may vary depending on the perspective of the individual market participants. All market data used in this report has been viewed and verified by either the appraiser, or others employed by Northwest Farm Credit Services. The inspection of sales, used as comparisons, involved a drive by of each property to gain a general knowledge of the area and any special attributes that may have affected the sales price. Items of comparison included land use, size, production capabilities, amenities, date of sale and selling conditions. A sufficient number of comparable sales were discovered within the market area of the subject property. From all of the sales discovered, those considered most comparable are included in this report.

Adjustments made to market data for time and market appreciation are based on the analysis of data from the Northwest Farm Credit Services internal data base. The market data used in this analysis has been viewed and verified by either the appraiser, or others employed by Northwest Farm Credit Services. Additional information from the Southwestern Montana MLS was utilized. Montana

is a non-disclosure state somewhat impeding the collection of market data. Therefore, while the quantity and quality of data used is considered sufficient to derive a reasonable conclusion, it may not be all inclusive.

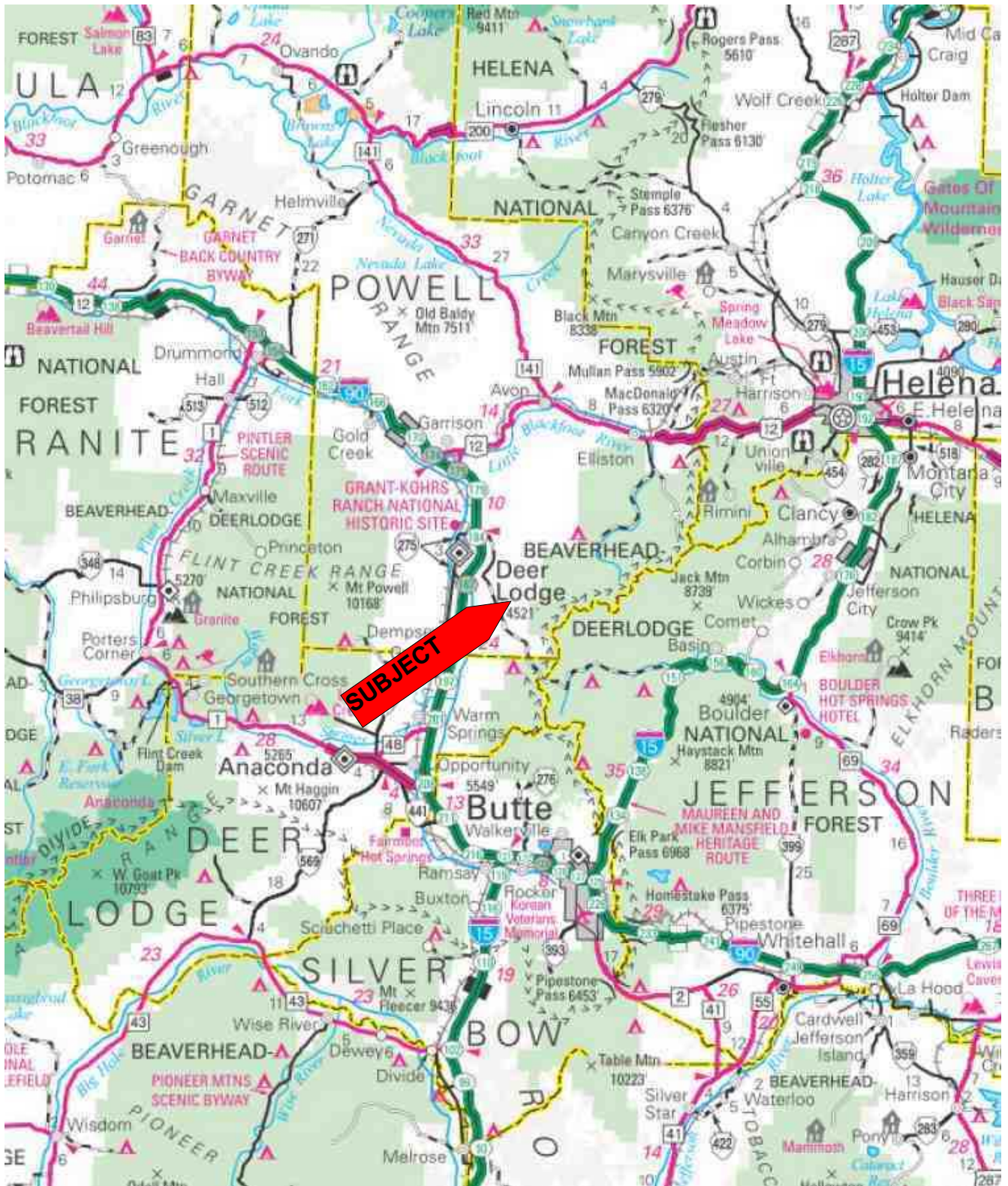
INTEREST APPRAISED:

This valuation is of the unencumbered fee simple interest, including water right. Surface rights are appraised with no investigation of mineral rights, which may or may not be included with the property. Mineral rights are generally of secondary concern to the typical buyer in this market and do not appear to impact value. This is consistent with the local market and the comparable sales used in this report.

COMPETENCY:

The appraiser is competent to complete this appraisal assignment based on his appraisal knowledge and experience, and familiarity of the area, and of this type of property. He is in compliance with continuing education requirements for state certification as a "Certified General Real Estate Appraiser" under Montana license #208, which is current through 3/31/2011.

Subject Location Map



Area-Regional Description	Area-Regional Boundary: Western-Southwestern Montana	On and Off Property: <table style="width: 100%; border-collapse: collapse;"> <tr> <td></td> <td style="text-align: center;">Up</td> <td style="text-align: center;">Stable</td> <td style="text-align: center;">Down</td> </tr> <tr> <td>Value Trend:</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>Sales Activity Trend:</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> </tr> <tr> <td>Population Trend:</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>Employment Trend:</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table>		Up	Stable	Down	Value Trend:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Sales Activity Trend:	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Population Trend:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Employment Trend:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>														
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Major Commodities: cattle, hay, pasture	Market Availability: <table style="width: 100%; border-collapse: collapse;"> <tr> <td></td> <td style="text-align: center;">Under Supply</td> <td style="text-align: center;">Balanced</td> <td style="text-align: center;">Over Supply</td> <td style="text-align: center;">No Influence</td> </tr> <tr> <td>Cropland Units:</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>Livestock Units:</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>Recreational Tracts:</td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>_____</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>_____</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>_____</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table>		Under Supply	Balanced	Over Supply	No Influence	Cropland Units:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Livestock Units:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Recreational Tracts:	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Market Area Description	Exposure Time: 6-12 months. <i>(See attached definition and discussion)</i>																																																						
Specific Market Area Boundaries: Powell, Granite, Deer Lodge eastern Missoula, and western Lewis & Clark Counties	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; padding: 5px;"> Market Area: <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center;">Rural</td> <td style="text-align: center;">Suburb</td> <td style="text-align: center;">Urban</td> </tr> <tr> <td style="text-align: center;">Type</td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td></td> <td style="text-align: center;">Up</td> <td style="text-align: center;">Stable</td> </tr> <tr> <td>Value Trend</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> </tr> <tr> <td>Sales Activity Trend</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> </tr> <tr> <td>Population Trend</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> </tr> <tr> <td>Development Trend</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> </tr> </table> </td> <td style="width: 50%; 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Analysis/Comments: <i>(Discuss positive and negative aspects of market area.)</i> Powell County, centrally located in western Montana, is part of a larger regional picture, with Missoula, about 80 miles west, and Helena, about 55 miles east, and Butte, about 40 miles south, being the regional business and economic centers. Missoula, Butte, and Helena offer expanded services, including commercial airports and major medical facilities. Deer Lodge provides more local employment, purchasing opportunities and most basic services. The subject area, once predominately agriculturally and natural resource driven, has strong recreational and some rural residential influences. The diverse topography of the area offers excellent wildlife habitat and cover making it highly desirable to sportsmen and outdoor enthusiasts. SEE FOLLOWING PAGE FOR ADDITIONAL COMMENTS																																																							

Area Description - Continued

FORCES OF VALUE COMMENTS - CONTINUED

Arts, entertainment, and recreation industry has experienced the greatest growth in terms of employment from 2001-2005 in Powell County, with a job growth of 51.9 percent. This is greater than the United States change in the sector jobs of 4.7 percent. The State of Montana had changed in sector employment of 30 percent, in the course of time since 2001. The percent of employment in the arts, entertainment, and recreation sector is 2.19 times more than the average percent in the United States, suggesting that market area is heavily influenced by recreational activities.

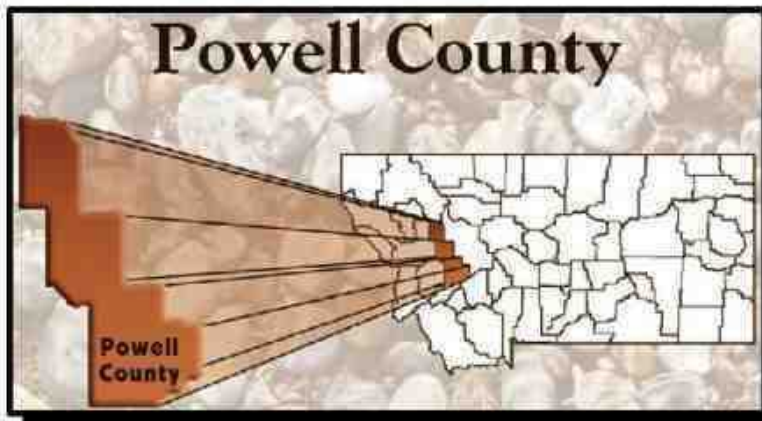
Accommodation and food services, Retail Trade, and the Finance and insurance sectors are the largest industries, in terms of total number of jobs in 2005. The Accommodation and food services is the major employer in the county making up 14.9 percent of all jobs throughout the county, totaling 165 jobs. The largest businesses in Powell County are involved in the retail trade industry, which averages 9 jobs per place of business. This is less than the US and State industry average of 15 and 12 jobs per place of business, respectively.

While shifts away from agriculture are apparent, cash receipts from agriculture provided roughly \$165 million to northwest Montana's economy. Powell County, ranked 43rd in the state, reported approximately \$20 million in agricultural cash receipts (including government payments). The adverse topography and relatively short growing season prevalent in the area make much of the area better suited for livestock production than for crop production. Subsequently, cash receipts from livestock and livestock products exceed those generated through crop production (89 vs. 9%, respectively). Government payments represent the remaining 2% of agricultural cash receipts.

Approximately 70% of Powell County is affected by zoning restriction which set a 160-acre minimum lot size for residential development. These restrictions were initially enacted in an attempt to preserve the areas ranching heritage as well as big game populations, while encouraging residential development in already well-established areas, such as Deer Lodge. Other governmental influences include the US Forest Service and Farm Service Agency programs. Additionally, some area land owners participate in block management programs through the Fish Wildlife and Parks department allowing individuals access to public and private lands for big game harvest.

ANALYSIS/COMMENTS -CONTINUED

Powell County is characterized by timbered forestlands, lakes, mountains and recreation grounds. The county has common borders with Flathead, Lewis & Clark, Jefferson, Missoula, Deer Lodge, and Granite Counties. Portions of the Flathead, Lolo, Helena, and Deer Lodge National Forests are located within Powell County's boundaries. The South Fork of the Flathead River, the Blackfoot, Little Blackfoot, and the Clark Fork Rivers meander through Powell County. Additional fishing and recreational opportunities are offered by the areas streams and mountain lakes which include Upsata Lake, Coopers Lake, Browns Lake and Nevada Lake. The area's lakes, rivers and creeks support fishing activities of the area residents and visitors. The aesthetically pleasing nature of the area in combination with surrounding areas abundant recreational opportunities draw out-of-area visitors throughout the summer season. Winter weather shifts tourist activities towards the areas ski hills.



Adjacent Counties

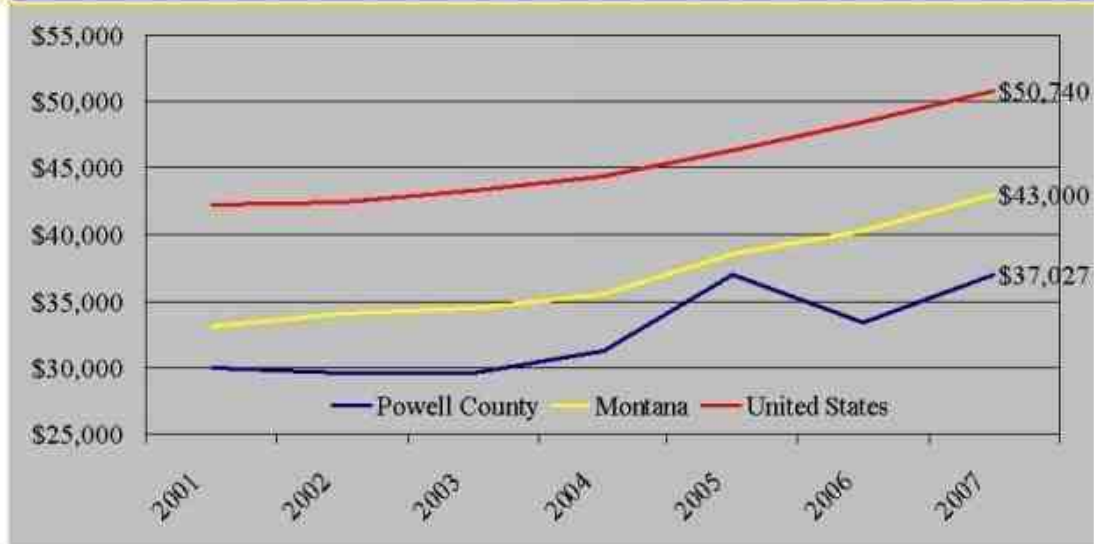
- Flathead - north
- Lewis & Clark - northeast/east
- Jefferson—southeast
- Missoula - west
- Deer Lodge - south
- Granite - southwest

Figure 1. Population for Powell County and Related Areas¹

Area	Year							Census 2000	% Change 2000 - 2008
	2008	2007	2006	2005	2004	2003	2002		
Montana	967,440	956,624	945,428	934,888	925,969	916,754	909,859	903,283	7.10%
Powell County	7,041	7,115	7,100	6,946	6,839	6,860	6,958	7,178	-1.91%
Deer Lodge city	3,462	3,504	3,492	3,343	3,248	3,237	3,293	3,421	1.20%

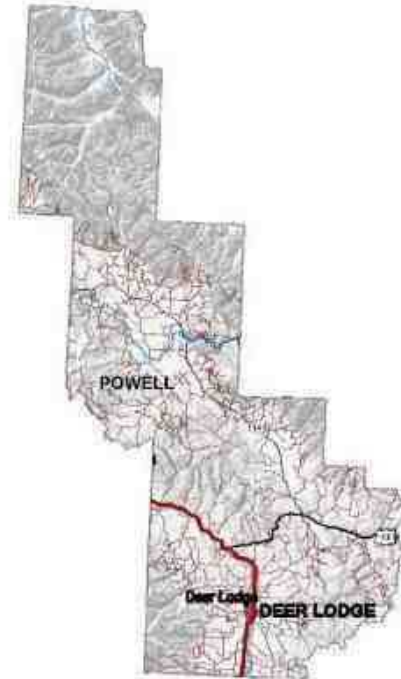
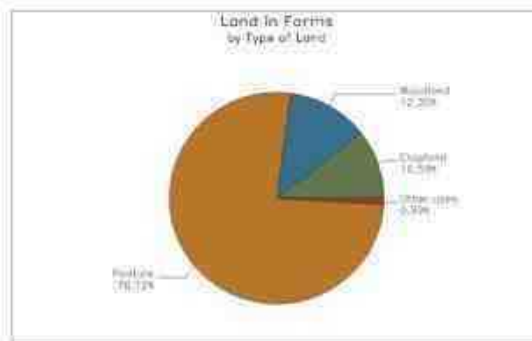
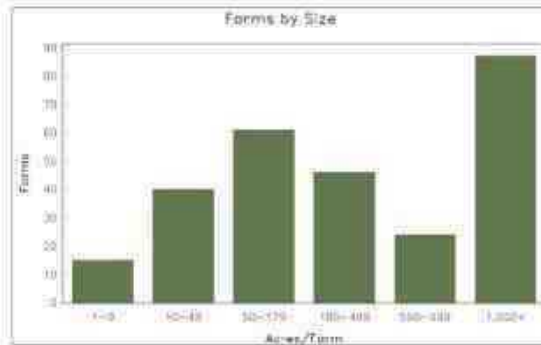
¹Source: U.S. Census Bureau, Population Estimates Program.

Figure 2. Median Income Data For the United States, Montana, and Powell County 2001 - 2007



SOURCE: U.S. CENSUS BUREAU

Established in January 1901, Powell County occupies areas of mostly mountainous terrain in western Montana. Parts of the Flathead, Lolo, Helena, and Deer Lodge National Forests provide beautiful scenery within the boundaries of the county. Powell County is traversed by sections of a number of rivers including the South Fork of the Flathead River, the Blackfoot, Little Blackfoot, and Clark Fork Rivers. Upsata Lake, Coopers Lake, Browns Lake and Nevada Lake are all located in the county. The well known Grant-Kohls National Historic Site is located in the southern part of the county.



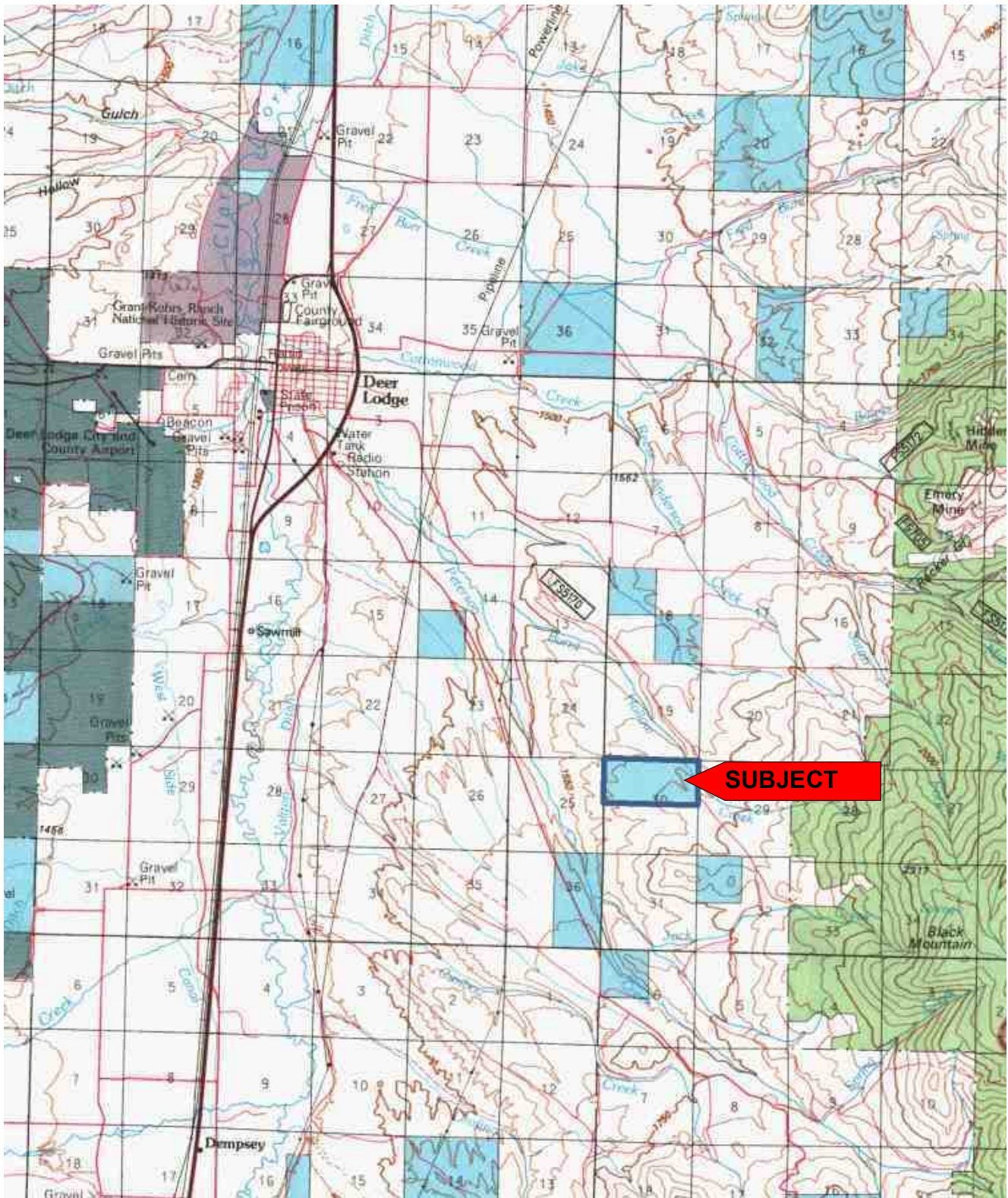
	2007	2002	% change
Number of Farms	273	274	- 0
Land in Farms	670,354 acres	618,687 acres	+ 8
Average Size of Farm	2,456 acres	2,258 acres	+ 9
Market Value of Production	\$25,745,000	\$19,123,000	+ 35
Crop Sales \$2,623,000 (10 percent)			
Livestock Sales \$23,123,000 (90 percent)			
Average Per Farm	\$94,306	\$69,793	+ 35
Government Payments	\$232,000	\$302,000	- 23
Average Per Farm	\$5,053	\$4,794	+ 5



United States Department of Agriculture
National Agricultural Statistics Service

www.agcensus.usda.gov

Local Vicinity Map



Property Description: *(Location, use and physical characteristics)* This subject property is a contiguous parcel located in the foothills southeast of Deer Lodge in Powell County. The tract is bordered by private lands on all sides and is mostly open, native range land, with a small area of timber along Burnt Hollow Creek in the northeast corner of the property. Burnt Hollow Creek crosses through the property a short distance in the northeast corner. Physical access is via existing ranch road across private property on the south and west, and from Burnt Hollow Road in the northeast corner. The topography is mostly gently sloping toward the west, with good views, particularly to the west, of the Deer Lodge Valley and surrounding mountains. The property is perimeter fenced with 4 or 5 strand barbed wire and steel posts, and has been used in conjunction with a neighboring livestock ranch operation. A small portion of the northeast corner is fenced out, along the existing road. It appears from the forage and aerial photos that some of the property was farmed in years past. There are two stockwater tanks on the property, one along the south line near the southeast corner, and one in the western portion of the property. It is apparent there is a buried pipeline delivering the stockwater. The native pasture appears to be in good condition. This area has good populations of wildlife, most notably elk and deer.

Land Use	Deeded Acres	Unit Type	Unit Size	Subject Description:	Above Avg.	Avg.	Below Avg.	N/A
Irr Crop Pivot			(0.0%)	Location	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Irr Crop W/H			(0.0%)	Legal Access	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Irr Crop Fl/RI			(0.0%)	Physical Access	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Pasture Irr			(0.0%)	Contiguity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Dry Crop			(0.0%)	Shape/Ease Mgt.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Pasture	316.00		(100.0%)	Adequacy Utilities	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Site			(0.0%)	Services	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other			(0.0%)	Rentability	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			(0.0%)	Compatibility	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			(0.0%)	Market Appeal	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			(0.0%)	FEMA Zone/Date		n/a		
Total Deeded Acres	316.00	Total Units	(100 %)	Building Location		n/a		

Comments

Land Improvements:	Above Avg.	Avg.	Below Avg.	N/A
Domestic Water	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Livestock Water	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Interior Roads	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Drainage	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Water Rights: ☒ No ☐ Yes ☐ Supplement Attached
Mineral Rights: ☒ No ☐ Yes ☐ Supplement Attached
Comments: Mineral status is not known and has not been considered within the scope of this report. According to Montana DNRC records, there are no water rights appurtenant to this property.

Topography:	Level	Un-dulating	Roll-ing	Slop-ing
Irr Crop Pivot	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Irr Crop W/H	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Irr Crop Fl/RI	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Pasture Irr	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Dry Crop	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Pasture	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Overall Topography	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Soils Description: primary soils include Quigley loam, 4 - 8% slopes; and Shawmut gravelly loam, 4 - 8% slopes.

Soil Quality/Production: ☐ Above Avg. ☒ Avg. ☐ Below Avg. ☐ N/A ☐ Supplement Attached

Climatic: 15-19 " Annual Precipitation 4120 ' to 4570 ' Elevation 70-90 Frost-Free Days
Utilities: x Water Electric Sewer Gas Telephone
Distance To: 7 Schools 7 Hospital 7 Markets 7 Major Hwy. 7 Service Center

Easements/Encroachments: *(Conservation, Utility, Preservation, etc.)* There are no known nor observed easements that adversely impact the property. A buried stockwater line apparently crosses the tract.

Hazards and Detriments: None known nor observed that adversely impact the property.

Type	Size	Construction	Qty	Foundation	Roof	Floor	Exterior	Act. Age	Eff. Age	Rem. Life	Con-formity	Utility	Cond.
none													

Subject Improvement Description

Improvement Comments: *(Discuss and/or expand any items affecting value structure-by-structure, if necessary)*

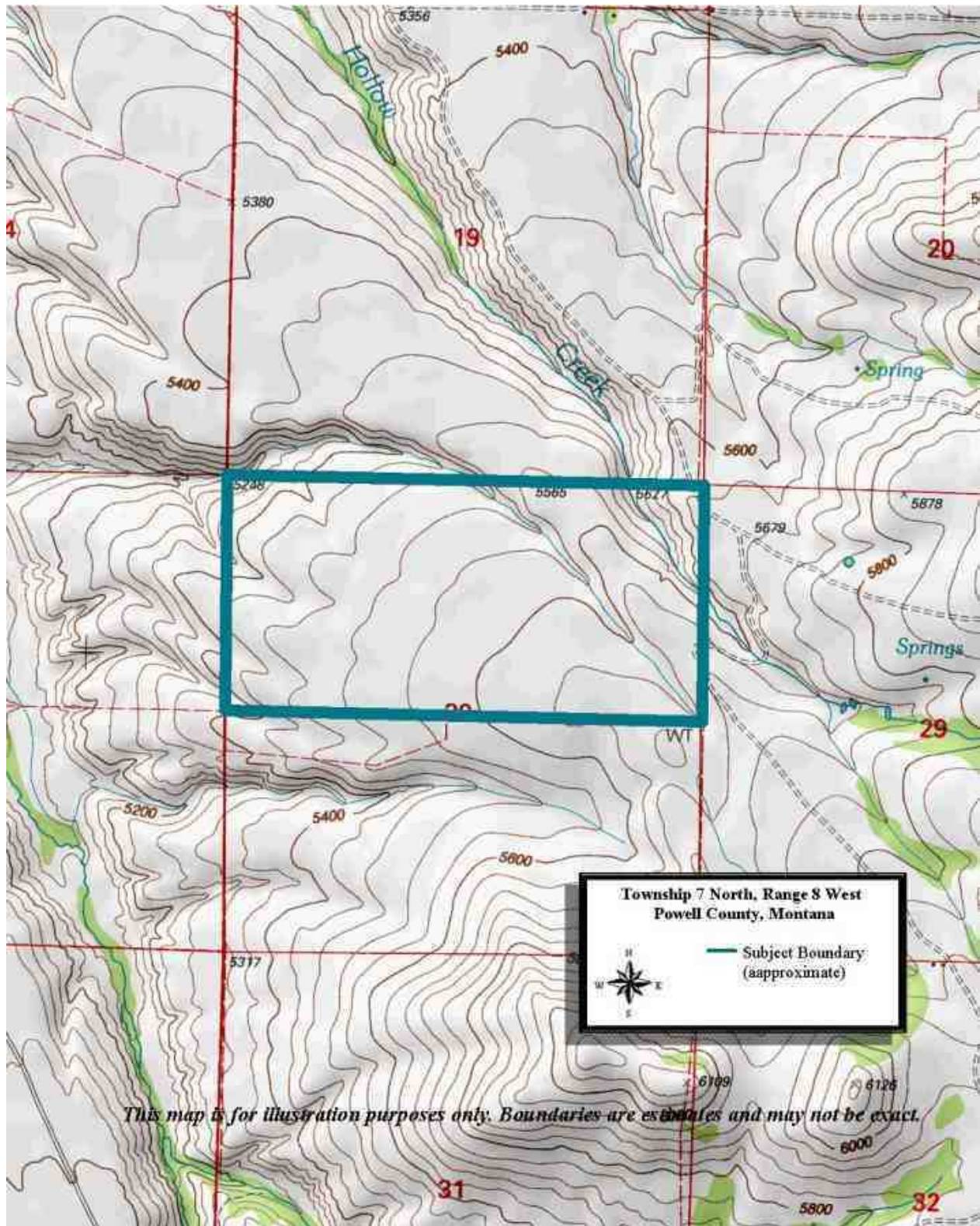
There are no structural improvements on this property. Improvements are limited to fences and stockwater tanks.

Site Improvements: stockwater tanks and lines, fences

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

Overall Building REL _____ years

Subject Topography Map



Subject Aerial Photo



RIGHT: view toward southeast corner of property.



LEFT: near northeast corner along Burnt Hollow Creek.



RIGHT: one of two stockwater tanks on subject property.



RIGHT: view northwest toward Deer Lodge from west property line.



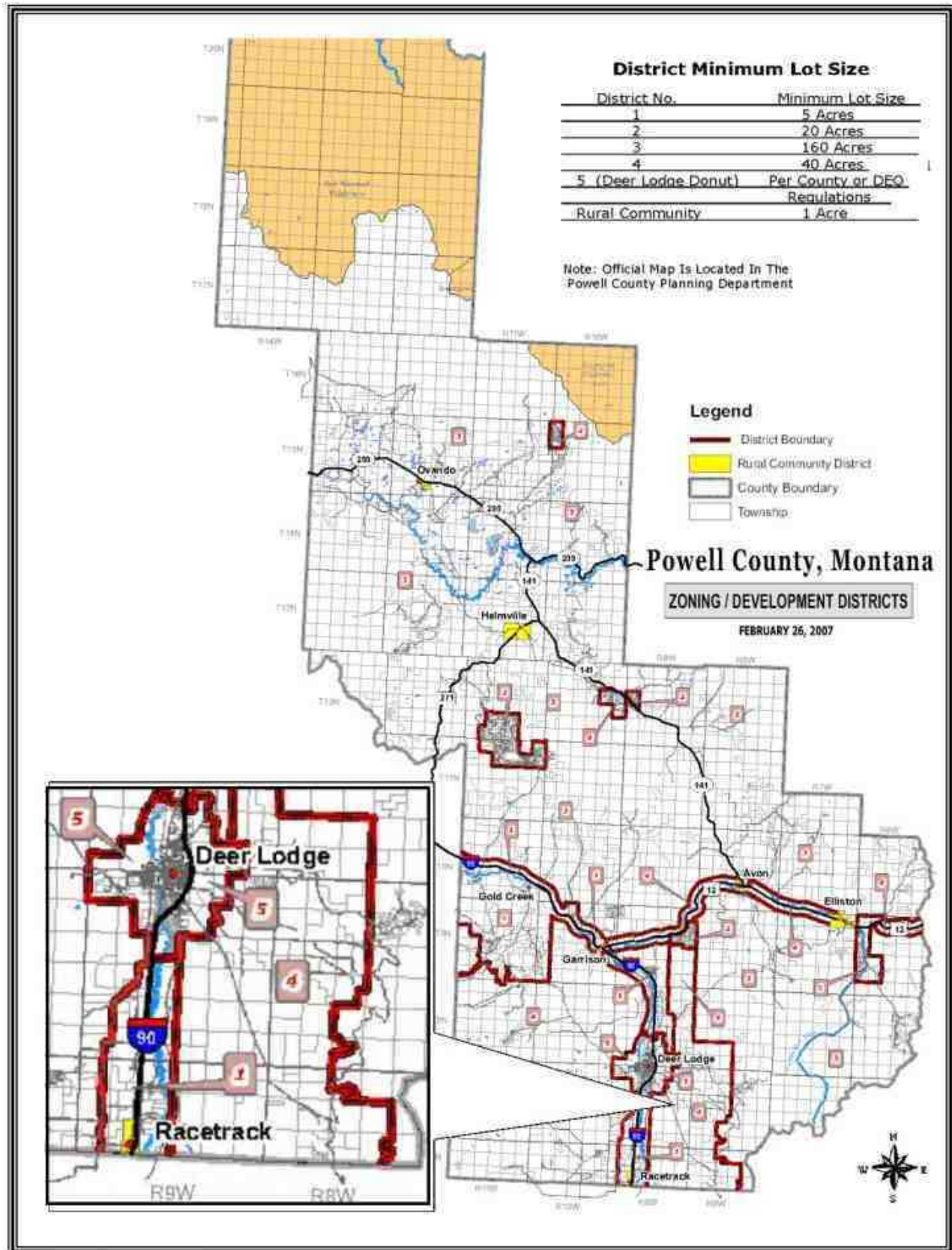
LEFT: view west from east property line



RIGHT: view east along north property line.



History	<input checked="" type="checkbox"/> Ownership Longer Than <u>3</u> Years					
		Owner	Recording/Reference	Date	Price Paid	Terms
	Previous:				\$	
	Present:	State of Montana			\$	
Zoning	Current Zoning: Powell County - District 4 - 40 acre minimum Zoning Conformity: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No					
	Zoning Change: <input checked="" type="checkbox"/> Unlikely <input type="checkbox"/> Probable To: _____					
	Comments: Powell County has four major zoning/planning districts outside of incorporated city limits, which limit development in a majority of the county. The entire subject property appears to be located in portions of Planning District 4, which limits lot size to 40 acres minimum. The Powell County zoning/development district map can be found on the following page.					
Taxes	Tax Basis: <input checked="" type="checkbox"/> Agricultural <input type="checkbox"/> _____ <input type="checkbox"/> _____ Parcel #: _____		Assessment Year Land \$ _____ Building(s) \$ _____ _____ \$ _____ Total Assessed Value \$ _____		Forecast: Current Tax \$ _____ Estimated/Stabilized \$ _____ Or (316.00 Ac.) = \$ 0.00 /acre Trend: <input checked="" type="checkbox"/> Up <input type="checkbox"/> Down <input type="checkbox"/> Stable	
	Comments: The subject is currently under State of Montana ownership, therefore no assessments nor taxes are applicable.					
Highest & Best Use Analysis	Highest & Best Use is defined as that reasonable and probable use that supports the highest present value, as defined, as of the effective date of the appraisal. Alternatively, that use, from among reasonably probable and legally alternative uses, found to be physically possible, appropriately supported, financially feasible, and which results in the highest land value.					
	Analysis: <i>(Discuss legally permissible, physically possible, financially feasible, and maximally productive uses)</i> Legally Permissible:					
	Land use is governed by the regulations enacted by Powell County and the State of Montana. As shown in the Zoning/Development map, Powell County is divided into four zoning/development districts. Each of these districts has minimum lot sizes and allowable uses, creating what is essentially county wide zoning. The subject is located in District 4, which has a minimum lot size of 40 acres. With the exception of high density residential development, the subject can be legally used for any purpose typical of the area, including agriculture, recreation, commercial, or rural residential acreages.					
	SEE FOLLOWING PAGE FOR ADDITIONAL COMMENTS					
Value Methods	Highest and Best Use: "As if" Vacant <u>agriculture/recreation</u> "As Improved" <u>agriculture/recreation</u>					
	Discussion:					
	Valuation Methods: <input type="checkbox"/> Cost Approach <input type="checkbox"/> Income Approach <input checked="" type="checkbox"/> Sales Comparison Approach (Explain and support exclusion of one or more approaches) Only the Sales Comparison Approach has been completed. In general, the market area is heavily influenced by non-income factors, such as recreation and rural tract development. Many area farmers and ranchers have chosen to exchange their properties for operations in other areas, where the lower opportunity cost of property does not negate economic returns. This has created a ripple effect for agricultural properties with limited recreational amenities. Subsequently, overall capitalization rates within the market area are very low. Therefore, the Income Approach is not considered to be a reliable indicator of value, and not applicable. The Cost Approach is most applicable when improvements are specialized or newer contributing substantially to overall value. There are no building structures on the subject property, therefore, the Cost Approach is not applicable.					



*HIGHEST AND BEST USE COMMENTS – CONTINUED:***PHYSICALLY POSSIBLE:**

Consideration must be given to uses that have been determined to be legally permissible when analyzing the physically possible uses of the subject. Hypothetically, many uses of the subject property are physically possible. The subject property possesses various physical characteristics that determine its utility and desirability in the market. The following outline summarizes those qualities:

- 1) Accessibility/Location – Per the documentation included in this report, legal access exists to the subject property. Physical access is via a public road from Burnt Hollow Road, to the northeast corner of the subject, and across neighboring ranch lands on existing trails to the south of the subject. Access throughout the subject appears only to be limited during periods of extreme weather conditions (i.e. heavy rain and/or snowfall). The subject is located beyond the area of major commercial development within the market area. Therefore, location tends to limit the commercial uses of the subject property.
- 2) Topography – The topography of the subject is characterized by mostly gently sloping terrain, with some steeper areas along draws. Thus, the physically possible uses of the subject property are not generally limited by topography.
- 3) Soil Quality – Soils are of varying qualities, predominately loams and gravelly loams on slopes from 4 to 8%. The soils of the subject support native range plants common to the area, and common to agricultural grazing and recreation properties. Portions of the subject appear to have been farmed in years past. Soil quality does not appear to limit the physically possible uses of the subject.
- 4) Recreational Amenities - Water features, wildlife habitat, types or uses of surrounding lands, access to adjoining public lands, timber/trees, and privacy and/or seclusion all impact the utility and desirability of recreational properties. Burnt Hollow Creek crosses the northeast corner of the property. It is a smaller, but year-round stream. The property does have some diversity in terrain and cover required to support a wide variety of wildlife that are common in this area, particularly elk and deer. While limited development of the surrounding lands has occurred, the subject is surrounded by privately held lands reducing the privacy/seclusion most sought in the recreational market. The subject size does limit recreation uses to a degree, as it is not of sufficient size to support large populations of wildlife. Although not possessing the most sought recreation features such as direct access to public lands, the subject does have some desirable amenities from a recreation standpoint.

FINANCIALLY FEASIBLE:

Agricultural uses are financially feasible when operating expenses and debt service can be met or be exceeded from the sale of crops, and/or livestock production. The relatively small size of the subject limits its potential to generate sufficient income through agricultural endeavors as a full-time operating unit, but would typically be used in conjunction with a larger agricultural operation. Therefore, agriculture is not considered a financially feasible use of the subject property as a “stand-alone” unit.

Rural residential properties are being developed within the market area. Development of these parcels into rural residential properties provides economic returns to the developer ultimately demonstrating financial feasibility. This market, however, has become very stagnant in the past few years, with demand waning considerably. As such, use as a rural home-site development is not considered to be a financially feasible use of the subject. Use of the subject as a single rural homesite is a potential use that would not require development costs.

MAXIMALLY PRODUCTIVE:

The maximally productive use is generally considered to be that use that generates the greatest net income to the land. The maximally productive use must consider the past and current uses, and reflect trends in the market area that can reasonably be expected to affect the future use of the property. Current use and future trends in the subject's market area indicate that the maximally productive use of the subject is as an addition to existing agricultural operations, with recreation attributes.

CONSISTENT USE:

The subject's location, aesthetic appeal, permitted uses and size are consistent with, and well suited for agriculture and recreation. Therefore, considering all factors, including most probable uses, the highest and best use of the subject as “vacant” and as “improved” is concluded to be agriculture/recreation.

Adjustments for time and/or market conditions:

As was the case with many areas in southwestern Montana, land values in the market area had historically been driven by agricultural uses. Due in part to speculation, land values of larger agricultural tracts, even those with marginal agricultural and/or recreational appeal, began to be determined through recreational features and/or the probable development. Subsequently like many areas of western/southwestern Montana, the immediate market area had been experiencing considerable amounts of appreciation in years past. However, the combination of the development of numerous rural residential projects throughout western/southwestern Montana and weakening demand for rural home-sites appears to have resulted in a corresponding decrease in demand for properties located along the fringes of areas once influenced by development demands.

Within the immediate market area very few transactions involving larger tracts have occurred subsequent to 2007. The data in this discussion comes from Northwest Farm Credit Services internal data base. Montana is a non-disclosure state somewhat impeding the collection of data. Therefore, while the quality and quantity of data compiled for this discussion is considered sufficient to derive a reasonable conclusion of market conditions and annual appreciation rates it may not be all inclusive.

Figure 1 shows the average and median \$/acre land values for transactions occurring in western and southwestern Montana, from 2000 through 2009. The data compiled to create Figure 1 includes transactions involving parcels of land 40 acres in size and larger. When considering the eight year period from the end of 2000 through the end of 2009, on an annual bases average and median \$/acre land values show positive appreciation rates (6.11 and 8.68 %, respectively), with the most notable increase occurring from 2005 through 2006. Conversely, the data presented in Figure 1 indicates a decrease in average and median \$/acre land values from 2006 to 2009. It is noted that the 2009 data presented in Figure 1 suggests a modest increase from 2008. However, the overall percentage change in average and median \$/acre land values suggested by the data presented in Figure 1 is -46.17 and -18.19%, respectively. It is noted that the data compiled to show 2009 median and average \$/acre land values includes fewer than half the number of observation considered in 2008, and less than a quarter of the previous years. Due to the limited number of sales, 2009 data may not be reflective of the current market.

Figure 1. Median and average \$/acre land values for properties 40 acres in size and larger located in western and southwestern Montana from 2000 through 2009.

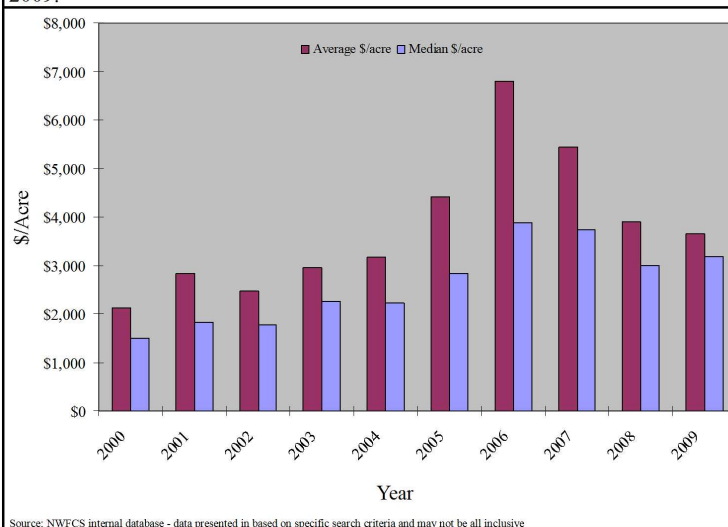
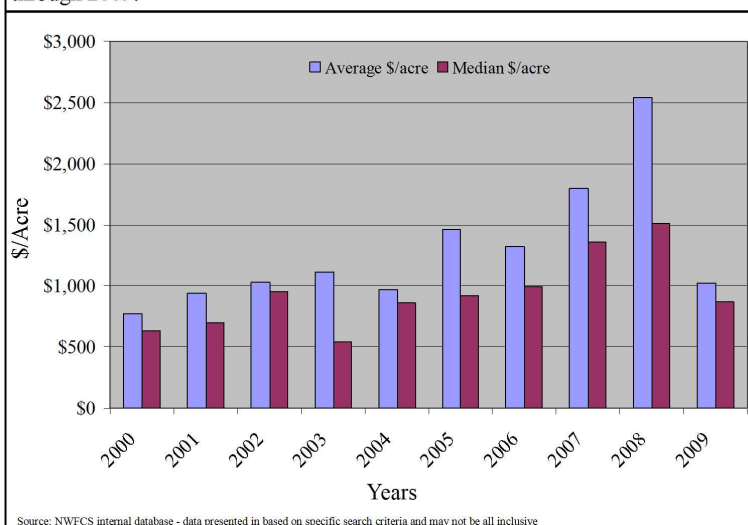


Figure 2. Median and average \$/acre land values for properties 1,000 acres in size and larger located in western and southwestern Montana from 2000 through 2009.

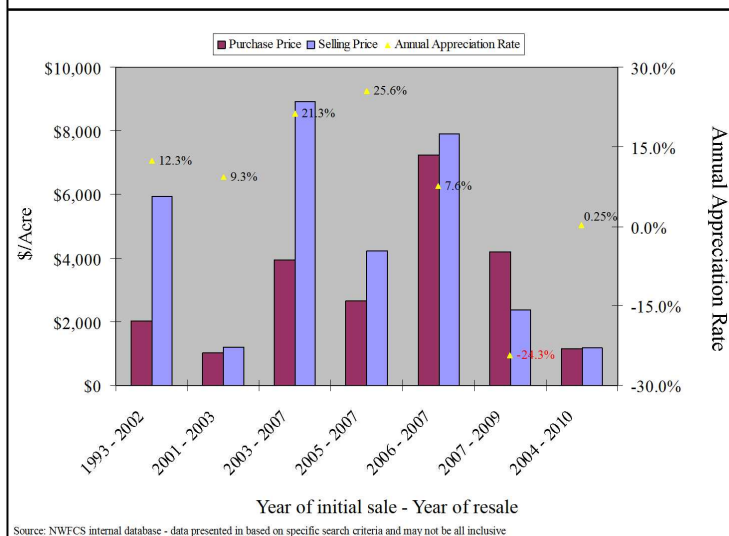


The data presented thus in this discussion considers properties with a relatively large range in size. Consequently, the diversity in use and amenities of the properties considered in Figure 1 is substantial. When segmenting the data by size somewhat different trends are noted. Figure 2 shows the median and average \$/acre land values derived from transactions involving properties 640 acres in size and greater from throughout the western/southwestern Montana market area. Similar to trends exhibited in Figure 1, the average and median \$/acre land values show positive gains throughout the nine year time period analyzed (10.48 and 2.85%, respectively). Contrary to the data presented in Figure 1, the data presented in Figure 2 suggested \$/acre land values for these larger tracts of land appear to have steadily increased into 2008. However, from 2008 to 2009 the overall percentage change in average and median \$/acre land values of

properties 640 acres in size and greater is negative (-17.57 and -36.33%, respectively).

Historically the local and surrounding markets had been relatively strong. However, the market area is heavily influenced by recreational and to a lesser degrees rural residential demands. Subsequently, research in the immediate market area revealed relatively few resales of tracts of land that have not been significantly altered since the initial purchase. Prior to 2007/2008 reviews of re-sales indicate appreciation rates throughout the western/southwest Montana area of roughly 5% to over 50%/annum.

Figure 3. Annual appreciate rates together with the overall \$/acre land values reflected by the sale and subsequent resale of seven properties located in the western/southwestern Montana market area.



The annual appreciation rate together with the overall \$/acre values reflected by the sale and subsequent resale of seven properties located in the western/southwestern market area are shown in Figure 3. The resale showing 2010 as the year of resale was a pending transaction that has since closed. The transactions shown in Figure 3 consider re-sales spanning time periods ranging from just over one year to over nine years. The data shown in Figure 3 indicates a range in annual appreciation rates of -24.3 to 25.6%. These transactions, arranged chronologically, suggest a somewhat stable and/or steadily increasing market prior to 2009. However, the annual appreciation derived through the analysis of the resale shown in Figure 3, occurring in 2009, is negative. While larger, the resale transaction showing a negative appreciation rate involves a recreationally influenced property located along the outer fringes of an area which had experienced pressures from rural residential and recreational demands. Spanning a six year period, the most recent transaction shown in Figure 3 indicates a near zero annual appreciation rate.

Resale data occurring in 2009 is relatively limited. However, sales have occurred within the western/southwestern Montana Market area. Figure 4 shows the overall \$/acre purchase price together with the indicated annual appreciation rate derived through sales pairing analysis of mid to large size tracts of land. Two of the pairings shown in Figure 4 consider adjoining properties, in excess of 1,000 acres, located in the Beaverhead County. These two pairings indicate discounts of -11.41 to more that -45% annually. However, in both instances the transaction occurring in 2009 considers the same property. This transaction involves a property listed for only 60 days with seller being relatively motivated. As such some consideration of seller motivation is warranted in analysis of this transaction. The other pairing involves two adjoining Madison County properties, which vary somewhat in size. While the data presented in Figure 4 suggests downward trends, the differences between properties in combination with seller motivation somewhat decreases the reliability of this data. Nonetheless, when considering the data presented in this discussion as a whole, caution when concluding a reasonable adjustment from time and/or market appreciation is warranted. Additionally, with few er transactions occurring subsequent to 2006/2007, within the local market area of the subject, trends in value for most types of property is not well defined. However, based on the data presented above, consideration of transactions occurring prior to the rapid increase in land values is warranted. The overall trends shown by the market data presented in Figures 1 and 2 suggest that sales occurring prior to 2005 require some upward adjustment for time and/or market appreciation. Figure 4 represents sale pairings and likely the extreme indications.

Figure 4. Overall \$/acre purchase price together with the indicated annual appreciation rate derived through sales pairings of larger tracts of land located throughout the western/southwestern Montana market area.

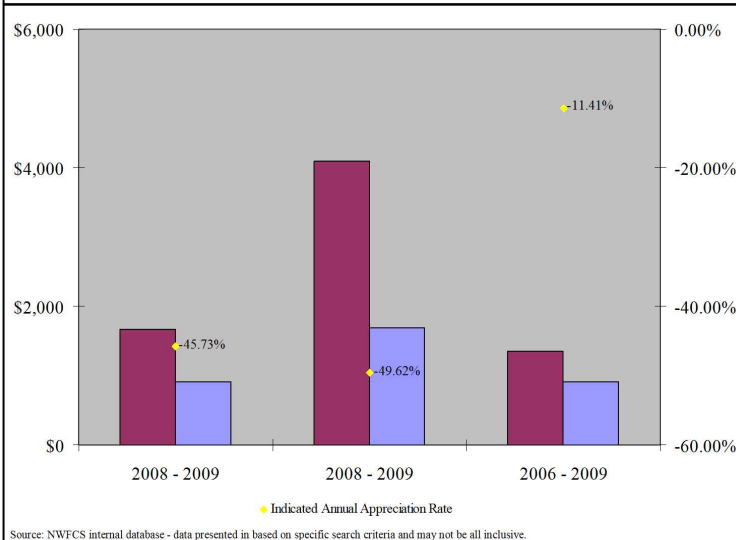


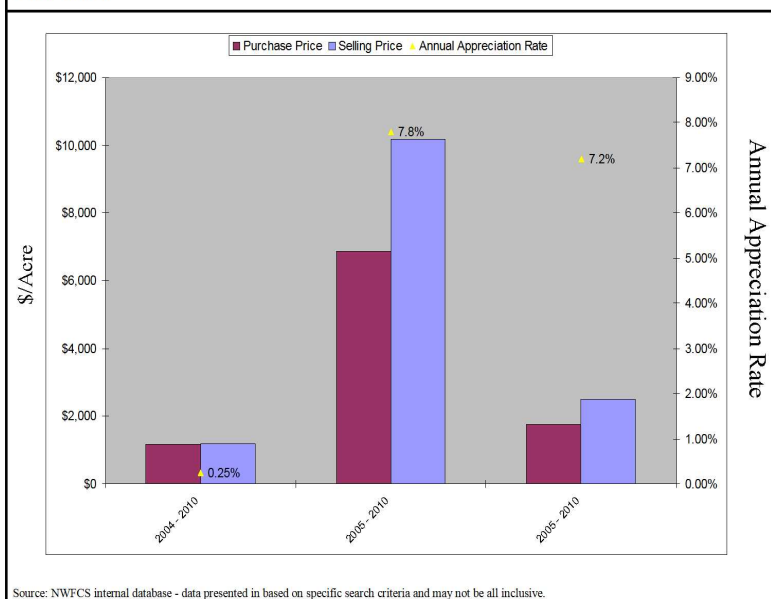
Figure 5 includes more current data, and spans the time frame of all the above analysis. It includes three resales of properties that were pending as of the effective date of this report, but have since all closed. This data shows steady to increasing prices over the period of 2004 – 2010. This data would incorporate the increases and decreases over the entire time period, and may be more meaningful data than shown in Figure 4 as they are resales of the same property and not pairings. They are smaller properties than the subject, with the first indication being the largest and most similar in location compared to the subject property.

When considering the three year time period from 2006 to 2009 the data presented in Figure 1 and Figure 2 appear to warrant downward adjustments for transactions occurring from 2006 through 2008. Annualizing the decline in the median \$/acre land values from 2006 through 2009 shown in Figure 2 results in a depreciation rate of 6.74%. Annual depreciation of 8.37% is suggested when analyzing the median \$/acre land values shown in Figure 2 for the three year time period spanning 2006 – 2009, with the greatest rate of decline occurring from 2007 – 2009. Over the entire time period, however, Figure 5 indicates at least steady values.

It is noted that the data compiled to show 2009 median and average \$/acre land values includes fewer than half the number of observation considered in 2008, and less than a quarter of the previous years. Due to the limited number of sales, 2009 data may not be reflective of the current market. Overall, rates of appreciation within the rural and recreational market have varied. On a macro basis, it is appropriate to say that land values associated with most rural and recreational properties have increased over time. However, as discussed above, a decline in land values is suggested when considering the time frame spanning from 2006 – 2008. Furthermore, a decline in sales volume throughout the western/southwestern Montana market area is noted by many of the area's real estate professionals during the 2008 -2009 period. Generally the market was very active with a good supply of properties and very strong demand up to the 2006 -2007. Subsequent to that period, demand waned considerably during 2008 –2009, although a good supply of properties existed, though not all were considered "premium" properties. During the period of 2008 to the beginning of 2010 real estate professionals indicate there was interest in properties, but a "wait and see" attitude toward actual purchase. Early in 2010, indications were there was more interest as at least some potential buyers perceived the bottom of the market may have been reached.

While adjustments for time and/or market conditions have been considered, no sales considered very comparable to the subject occurring subsequent to 2009 were discovered by the appraiser. The lack of more current comparable data makes it difficult to derive an appropriate adjustment for time within the immediate market area. Therefore, with consideration of the time frame in which the data has occurred and the data presented here, the 2007 data (only one transaction) has been adjusted downward at an annual rate of 5% to 2008. Subsequent data is not adjusted.

Figure 5. Overall \$/acre purchase price together with the indicated annual appreciation rate derived through resales of tracts of land located in the western/southwestern Montana market area.



Sales Comparison Approach (1-5)

Sale Data	Sale Data	Subject	Sale #1 1	Sale #2 2	Sale #3 3	Sale #4 4	Sale #5 5
	Grantor (Seller)		Note: Montana is a non-disclosure state. Grantor/grantee information is confidential and is located in the appraiser's working file.				
	Grantee (Buyer)						
	Source		seller	confidential	confidential	MLS	confidential
	Date	Eff 05/10	04/10	02/09	12/08	10/08	12/09
	Eff Unit Size/Unit	316.00 / acres	480	4,874	626	160	1,280
	Sale Price		600,000	4,000,000	528,000	250,000	725,000
	Finance Adjusted		Cash 0	Cash 0	Cash 0	Cash 0	Cash 0
	CEV Price		600,000	4,000,000	528,000	250,000	725,000
	Multiplier						
	Expense Ratio						

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

CEV Price/ acres		1,250.00	820.67	843.42	1,562.50	566.37
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LAND AND IMPROVEMENT ADJUSTMENTS

Land Adjustment		0.00	0.00	0.00	0.00	0.00
Impvt. Adjustment		0.00	0.00	0.00	0.00	0.00
Adjusted Price		1,250.00	820.67	843.42	1,562.50	566.37

TIME ADJUSTMENTS

<input checked="" type="checkbox"/> Yr	<input type="checkbox"/> Mo	Periods	0	0	0	0	0
<input type="checkbox"/> Smp	<input checked="" type="checkbox"/> Cmp	Rate	0.00				
<input type="checkbox"/> Auto	<input checked="" type="checkbox"/> Man	Time Adjustment	0.00	0.00	0.00	0.00	0.00
		Time Adj. Price	1,250.00	820.67	843.42	1,562.50	566.37

OTHER ADJUSTMENTS

Location	SE Deer Lodge Adjustment	W_Gold_Creek	_ NE_Garrison _	N_Gold_Creek	N_Gold_Creek	_ NE_Elliston _
Amenities	views_creek Adjustment	views_wildlife	_ views_wildlife _	views_wildlife	views_wildlife	views_wildlife
water	Burnt Hollow Creek Adjustment	spring only	_ creeks _	_ creek _	_ creek _	_ creek _
timber	minimal - along creek Adjustment	minimal in draws	_ cut-over _	_ cut-over _	_ cut-over _	_ cut-over _
	Adjustment	- - -	- - -	- - -	- - -	- - -
Net Adjustments		0	0	0	0	0
ADJUSTED PRICE		1,250	821	843	1,563	566

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

The sales comparison approach is based on the premise that the market value of a property is directly related to the prices of comparable, competitive properties. The Sales Comparison Approach utilizes the principle of substitution, which implies that the value of a property tends to be set by the price that would be paid to acquire a substitute property of similar utility and/or desirability. Furthermore, it assumes that a knowledgeable buyer would pay no more for a property than they would pay for a substitute of equal utility or desirability. The sales comparison approach uses a direct comparison to other market transactions on some common unit of comparison such as acres, crop acre unit, etc. The unit of comparison used in this analysis is \$/acre. The value indications shown on the grid are from direct comparisons as calculated in the sales adjustment grids for each respective transaction.

SEE FOLLOWING PAGES FOR ADDITIONAL COMMENTS

Sales Comparison Approach Summary:

Property Basis (Value Range): \$ _____ to \$ _____
 Unit Basis: \$ 1,250.00 / acre X 316.00 acres = \$ 395,000.00
 Multiplier Basis: \$ _____ X _____ (multiple) = \$ _____

Sales Comparison Indication:

\$ 395,000

Sales Comparison Approach (6-10)

Sale Data	Sale Data	Subject	Sale #6 6	Sale #7 7	Sale #8 8	Sale #9 9	Sale #10 10
	Grantor (Seller)						
	Grantee (Buyer)						
	Source		confidential	mls	confidential	confidential	confidential
	Date	Eff. 05/10	07/09	05/07	04/10	01/10	01/10
	Eff. Unit Size/Units	316.00 / acres	8,203	395	1,678	120	760
	Sale Price		5,000,000	685,000	739,000	166,391	853,618
	Finance Adjusted		Cash 0	Cash 0	Cash 0		
	CEV Price		5,000,000	685,000	739,000	166,391	853,618
	Multiplier						
	Expense Ratio						

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

CEV Price/ acres		609.50	1,732.03	440.30	1,390.95	1,123.18
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LAND AND IMPROVEMENT ADJUSTMENTS

Land Adjustment		0.00	0.00	0.00	0.00	0.00
Impvt. Adjustment		0.00	0.00	0.00	0.00	0.00
Adjusted Price		609.50	1,732.03	440.30	1,390.95	1,123.18

TIME ADJUSTMENTS

<input checked="" type="checkbox"/> Yr.	<input type="checkbox"/> Mo.	Periods	0	.67	0	0	0
<input type="checkbox"/> SmpI	<input checked="" type="checkbox"/> Cmp.	Rate	0.00	-5.00	0.00	0.00	
<input type="checkbox"/> Auto.	<input checked="" type="checkbox"/> Man.	Time Adjustment	0.00	-58.51	0.00	0.00	0.00
		Time Adj. Price	609.50	1,673.52	440.30	1,390.95	1,123.18

OTHER ADJUSTMENTS

Location	SE Deer Lodge Adjustment	Bearmouth	SE Hall	SW Hall	NW Butte	NW Butte
amenities	creek, views Adjustment	views, wildlife	views	views, creeks	creek	some creek
water	creek Adjustment	creeks	springs	creeks	small creek	some creek
timber	small patch Adjustment	cut-over	some	cut-over	small trees	scattered small trees
	Adjustment	- - -	- - -	- - -	- - -	- - -
Net Adjustments		0	-59	0	0	0
ADJUSTED PRICE		610	1,673	440	1,391	1,123

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

Sales Comparison Approach - comments

Sales Comparison Approach Comments:

Nine area transactions form the basis for this valuation. The data includes six closed transactions and three current listings. Located in Powell and Granite Counties, these transactions bracket the subject in terms of size, location, and amenities. The transactions occurred during the time period spanning May, 2007 through the current listings. The market through most of the western and southwestern Montana area had been appreciating, particularly for property with good recreation amenities and/or rural development potential. Appreciation rates have ranged from less than 10% to over 50%/annum. Properties with a high degree of recreation features or aesthetics have appreciated the most, while those with little amenities have been at the lower rates. However, since 2006 - 2007, the market activity has slowed considerably and prices appear to have at least stabilized, with some reduced asking prices on listings and considerably less demand. As indicated in the preceding time and market conditions analysis, the oldest data has been adjusted for depreciation at a rate of 5%. This only affects one sale in 2007.

Sale #1 – Sale of a State of Montana Land Banking parcel located west of Gold Creek. The tract is mostly open, native range land, with some timber and brush in several draws and on the north portion along the north property line. Physical access is via existing ranch road across private property from Mullan Trail, a public gravel road, to the southwest corner of the property, although public access to the property does not exist. The topography is mostly gently sloping, north facing, with good views, particularly to the north, of the Clark Fork River Valley and surrounding mountains. The property is perimeter fenced and has been used in conjunction with a neighboring livestock ranch operation. An undeveloped spring is located on the property, providing livestock and wildlife water. This area has good populations of wildlife, most notably elk and deer. The buyer is the current lessee who surrounds the property. The property was sold for appraised value, assuming access, although only the buyer had access to the tract. Under the land banking program, the buyer may also have paid other costs, including appraisal and closing costs. The lessee had the option to meet any higher bid under an open auction process. Value indication - \$1,250/acre.

Sale #2 – Sale of a pasture tract located northeast of Garrison. Property is contiguous and well -blocked. Consists of open pasture lands and cut-over timber lands - previous owner harvested most all of the merchantable timber, thus the property has multiple interior logging roads and trails. Meade Creek crosses through the length of the property and McDonald Creek crosses the northeast corner. Buyer's address listed as Florida. Value indication - \$821/acre.

Sale #3 – Sale of a mountain foothill section north of Goldcreek on Brock Creek. Consists of cutover timberlands and pasture. Brock Creek flows through the tract. Buyer is out of state, but owns other lands in the area, including lands adjoining this tract to the south and southwest. Property borders BLM on the east and a portion to the north. Seller is timber company divesting property. Value indication - \$843/acre.

Sale #4 – Sale of an unimproved property located in Powell County approximately eight miles north of Phosphate, occurring in October 2008. This property adjoins a relatively large block of BLM lands to the north and east. Characterized predominately by rolling to steeply sloping hillside terrain, this property consists predominately of cutover timber. Running north to south, Brock Creek, a small perennial creek bisects this property. Adjusted value indication - \$1,563/acre.

Sale #5 – Sale of two mountain foothill sections located northeast of Elliston. Sections corner at one common point. Consists of cutover timberlands and open pasture, with some pockets of timber. Sawmill Creek crosses the northeast corner of section 29. Section 31 lands are bordered on three sides by State lands. Section 29 lands are bordered on two sides by State lands. Per the title company, access is via private road use agreements. Seller is lumber company divesting properties. Value indication - \$566/acre.

Sale #6 – Sale of a large cut-over timber tract located northwest of Bearmouth. Consists of cutover timberlands and pasture. Lands are not all contiguous, being somewhat a "checkerboard" pattern of ownership with other deeded lands and State lands, some sections may have questionable access. Several small creeks cross through the property. Seller is timber company divesting property. Buyers listed as a Florida partnership. Value indication - \$610/acre.

Sale #7 – Parcel located southeast of Hall in the Dunkleburg Creek area. Property is about 1/2 timber covered and 1/2 open pasture. Has good views of the surrounding area and borders USFS to the south. Access by public road on the east and near the southwest corner. Does not have live water but several small springs. Value indication - \$1,673/acre.

Sale #8 - Sale of cutover timberlands located southwest of Hall. The sections corner at single points and per the deed, there is no access to section 9 lands, and access may be via easements and/or permits from USFS to section 7 lands. Consists of cutover timberlands and open pasture, with some pockets of timber. Portions border National Forest to the west and State lands to the east. Mohave Creek crosses section 17 lands, with small portions of the West Fork Lower Willow Creek across sections 7 and 9, and a very small stretch of Cottonwood Creek across section 21. Seller is lumber company divesting properties. Property was only on the market 29 days with backup offers. Value indication - \$440/acre.

Sale #9 – Sale of a one tract of a group of tracts that sold at auction in Silver Bow County in December, 2009, with most closing in January, 2010. This parcel was the largest individual parcel sold. (See also sale #10) Value indication - \$1,391/acre.

Sale #10 - Sale of multiple unimproved tracts located in Silver Bow County northwest of Butte, occurring in December 2009, most closed in January, 2010. These tracts were sold through a no reserve auction which included ten tracts of land located in the Meadow Gulch area. These tracts were actively listed in excess of 800 days with list prices ranging from \$3,607 to \$5,086/acre. The entire property was listed for \$2,693/acre. One buyer purchased two adjoining tracts totaling 168.96 acres; the combined sale shows the lowest indication in Table 1. As shown in Table 1, encompassing a total of 760 acres, the purchased tracts range in size from 42.25 to 168.96 acres. With a gross selling price of \$1,123/acre, these properties had selling prices ranging from \$686 to \$1,646/acre. A portion of these tracts adjoins the Deer Lodge National Forest. However, when considering the structure of these properties, only one tract truly enjoys direct access to the National Forest lands. Value indication - \$1,123/acre.

Table 1. Break-down of individual parcels involved in Sale #10

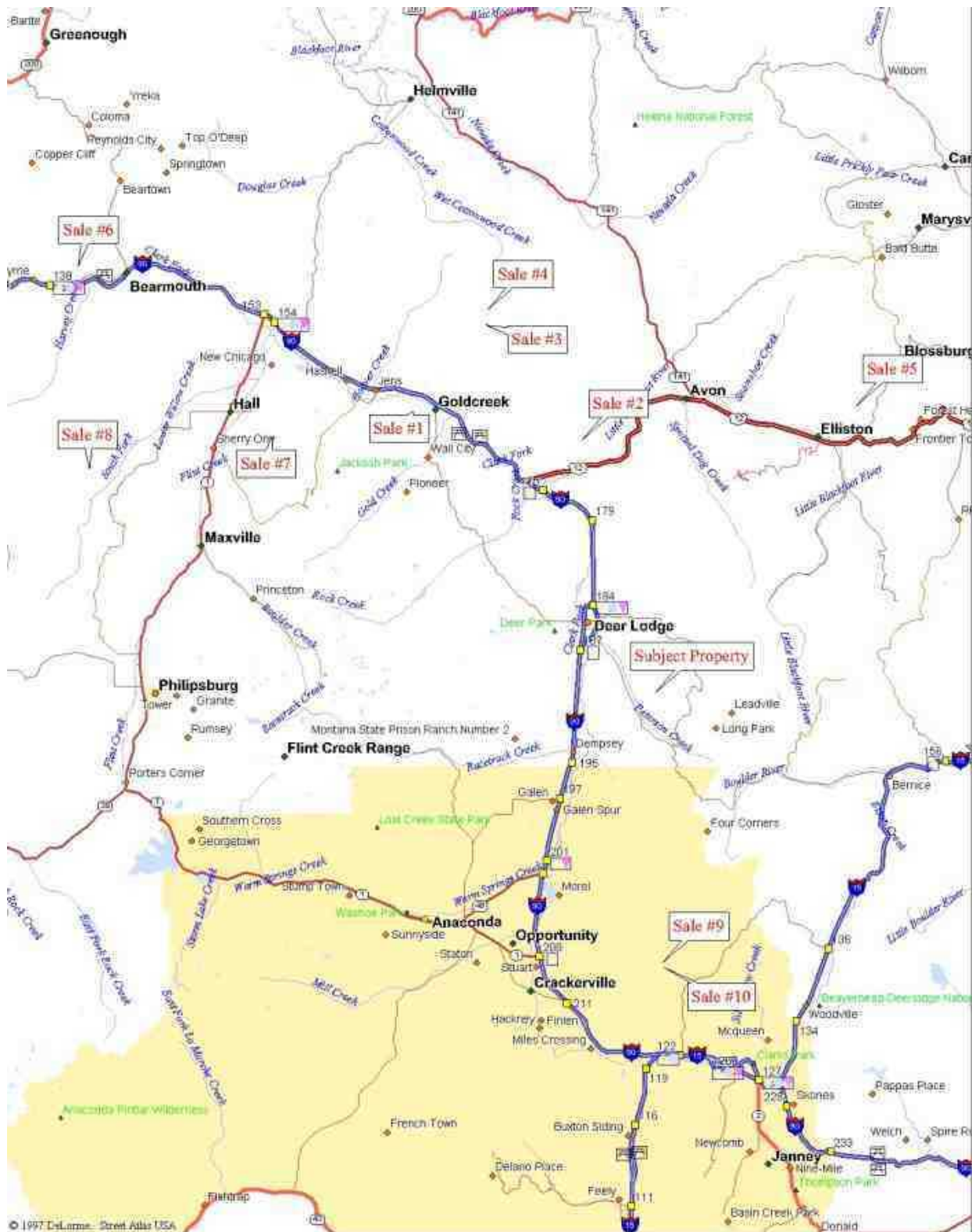
Total		
Purchase Price	Size (acres)	\$/acre Purchase Price
\$87,603	58.48	\$1,498
\$166,391	119.62	\$1,391
\$69,550	42.25	\$1,646
\$80,440	77.03	\$1,044
\$76,832	88.01	\$873
\$83,613	60.11	\$1,391
\$115,962	168.96	\$686
\$114,382	82.23	\$1,391
\$58,844	63.742	\$923
<i>Total</i>	<i>\$853,618</i>	<i>760.43</i>
		<i>\$1,123</i>

A range in values of \$440 to \$1,673/acre was derived through this analysis. The market data brackets the subject in size, amenities, and location. As seen on the Market Data Location Map following, sales #1, 2, 9, and 10 are nearest in proximity to the subject. This data indicates a range of value from \$821 - \$1,391/acre for the subject. Sales #1, 4, 7, and 9 are the most similar in size to the subject, from 160 – 480 acres. This data indicates a range of value from \$1,250 - \$1,673/acre, although the highest indication is the oldest transaction. Sales #1, 8, 9 and 10 are the most recent closed transactions, indicating a value of \$1,123 - \$1,391/acre. However, sale #8 is a much larger tract and one of the more distant properties in proximity to the subject.

Overall, I judge sales #1, 2, 7, 9, and 10 to be the best indications for the subject property, with an indicated range of \$821 - \$1,673/acre. All are in nearer proximity to the subject. Sales 1, 7, and 9 are more similar in size, with an indicated range of \$1,250 - \$1,673, but again, sale #7 is the oldest transaction. Considering these factors, I believe a reasonable conclusion for the subject is in the mid-range of the indications with the most similarities, and considering size and proximity to the subject. I believe a conclusion of say \$1,250/acre is reasonable and supported by the data.

Therefore, the concluded value for the subject property as of May 20, 2010 is \$395,000.

Market Data Location Map



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

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

Each sale is a direct indication for the subject property value.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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Reconciliation and Opinion of Value

Summary	Cost Approach - - - - - \$
	Income Approach - - - - - \$
	Sales Comparison Approach - - - - - \$ 395,000

Discussion & Correlation of Values	<p>Analysis of Each Approach and Opinion of Value: Neither the Income nor Cost Approach are applicable. The market is influenced by non-income factors, particularly recreation and rural tract development, thus overall capitalization rates are very low, typically less than 2%, and the Income Approach would not provide a meaningful value indication. The Cost Approach is most applicable when improvements are newer and contribute significantly to overall value. The subject property is not improved, thus the Cost Approach is not applicable.</p> <p>The Sales Comparison Approach was completed using ten closed transactions. This is considered a reasonable quantity and quality of data to provide a reliable value indication.</p> <p>The final value is that of the Sales Comparison Approach - \$395,000.</p>

Allocation of Value	Opinion Of Value - (Estimated Marketing Time 6-12 months, see attached) \$ 395,000
	Cost of Repairs \$ _____
	Cost of Additions \$ _____
	Allocation: (Total Deeded Units: 316.00) Land: \$ 395,000 \$ 1,250 / acre (100 %)
	Land Improvements: \$ _____ \$ 0 / (0 %)
	Structural Improvement Contribution: \$ _____ \$ 0 / (0 %)
Value Estimate of Non-Realty Items:	
Value of Personal Property (local market basis) \$ _____	
Value of Other Non-Realty Interests: \$ _____	
Non-Realty Items: \$ _____ \$ 0 / (0 %)	
Leased Fee Value (Remaining Term of Encumbrance) \$ _____ \$ 0 / (0 %)	
Leasehold Value - - - - - \$ _____ \$ 0 / (0 %)	
Overall Value - - - - - \$ 395,000 \$ 1,250 / acre (100 %)	

Assumptions and Limiting Conditions

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

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

Market Value Definition

DEFINITIONS:

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

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

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

EXPOSURE AND MARKETING TIME ESTIMATES

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

In applying the market value definition to this appraisal, a reasonable exposure time of 6-12 months has been estimated. Exposure time is the estimated length of time the property interest being appraised would have been offered in the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; exposure time is always presumed to precede the effective date of the appraisal.

Marketing time, however, is an estimate of the amount of time it takes to sell a property interest at the market value conclusion during the period after the effective date of the appraisal. An estimate of marketing time is not intended to be a prediction of a date of sale. It is inappropriate to assume that the value as of the effective date of appraisal remains stable during a marketing period. Additionally, the appraiser(s) have considered market factors external to this appraisal report and have concluded that a reasonable marketing time for the property is 6-12 months.

Appraiser Certification

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

1. the statements of fact contained in this report are true and correct;
2. the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial and unbiased professional analyses, opinions, and conclusions;
3. I have no (or the specified) present or prospective interest in the property that is the subject of this report, and no (or the specified) personal interest or bias with respect to the parties involved;
4. I have no bias with respect to the property that is the subject of this report or to the parties involved in this assignment;
5. my engagement in this assignment was not contingent upon developing or reporting predetermined results;
6. 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;
7. the appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan;
8. my analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice;
9. I ☒ have ☐ have not made a personal inspection of the property that is the subject of this report;
10. no one provided significant real property appraisal assistance to the person signing this certification. (If there are exceptions, the name of each individual providing significant real property appraisal assistance must be stated.)

Others:

Effective Date of Appraisal: 05/20/10

Opinion of Value: \$ 395,000

Appraiser:

Signature: 

Name:

James P. Wiley

License#:

Certification#:

Montana #208 Idaho #CGA-190

Date Signed:

6/2/2010

Property
Inspection

☒ Yes
☐ No

Inspection
Date

05/20/10

Qualifications
Attached

☒ Yes
☐ No

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

Addenda

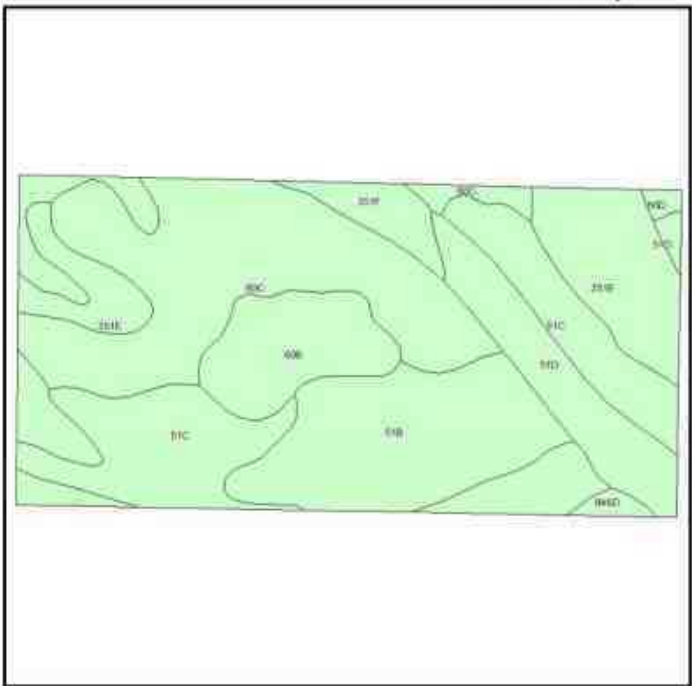
Legal Description

The appraised property is legally described as:

Powell County, Montana
Township 7 North, Range 8 West, M.P.M.
Section 30: Lots 1 and 2, E1/2NW1/4, NE1/4

Soils Data

Soils Map



State: **Montana**
County: **Powell**
Location: **030-007N-008W**
Township: **Deer Lodge**



Fsa borders provided by the Farm Service Agency as of May 23, 2008.
Soils data provided by USDA and NRCS.

Code	Soil Description	Acres	Percent of field	Non-Irr Class	Irr Class	Alfalfa hay	Grass hay	Grass legume hay	Pasture
60C	Quigley loam, 4 to 8 percent slopes	84.5	25.8%	IVe	IVe	2	1	1	1
51C	Shawmut gravelly loam, 4 to 8 percent slopes	65.9	20.1%	IVe	IVe	2	1	1	1
51B	Shawmut gravelly loam, 0 to 4 percent slopes	53.2	16.2%	IVe	IVe	2	1	1	1
351E	Roy-Shawmut-Danvers complex, 15 to 35 percent slopes	48.4	14.8%	Vle					
51D	Shawmut gravelly loam, 8 to 15 percent slopes	28.7	8.7%	IVe	IVe	2	1	1	1
60B	Quigley loam, 0 to 4 percent slopes	26.9	7.9%	IVe	IVe	2	1	1	1
351F	Roy-Shawmut-Danvers complex, 35 to 60 percent slopes	17.5	5.3%	Vlle					
846D	Roy-Toibert complex, 8 to 15 percent slopes	2.2	0.7%	Vs	IVe				
60D	Quigley loam, 8 to 15 percent slopes	1.4	0.4%	IVe	IVe	2	1	1	1
Weighted Average						1.6	0.8	0.8	0.8

note: total acreage may not correlate precisely with property legal description.

note: total acreage may not correlate precisely with legal description of the subject property.

Predominate Soils Descriptions

Map Unit Description

Powell County Area, Montana

60C Quigley loam, 4 to 8 percent slopes

Setting

Elevation: 3800 to 5800 feet
 Mean annual precipitation: 15 to 19 inches
 Mean annual air temperature: 37 to 45 degrees F
 Frost-free period: 70 to 90 days

Composition

Quigley and similar soils: 85 percent
 Minor components: 15 percent

Description of Quigley

Setting

Landform: Alluvial fans, stream terraces
 Down-slope shape: Linear
 Across-slope shape: Linear
 Parent material: Alluvium

Properties and Qualities

Slope: 4 to 8 percent
 Drainage class: Well drained
 Capacity of the most limiting layer to transmit water (Ksat): Moderately high or high (0.57 to 1.98 in/hr)
 Frequency of flooding: None
 Frequency of ponding: None
 Calcium carbonate maximum: 40 percent
 Gypsum maximum: 0 percent
 Available water capacity: Moderate (about 7.2 inches)

Interpretive Groups

Land capability classification (irrigated): 4e
 Land capability (non irrigated): 4e
 Ecological site: Silty (Si) 15-19" p.z. (R044XW184MT)

Typical Profile

0 to 3 inches: loam
 3 to 10 inches: clay loam
 10 to 45 inches: gravelly loam
 45 to 60 inches: very cobbly sandy loam

Minor Components

Quigley, greater slope soils

Percent of map unit: 4 percent
 Landform: Alluvial fans, stream terraces
 Down-slope shape: Linear
 Across-slope shape: Linear
 Ecological site: Silty (Si) 15-19" p.z. (R044XW184MT)

Quigley, calcareous soils

Percent of map unit: 4 percent
 Landform: Alluvial fans, stream terraces
 Down-slope shape: Linear
 Across-slope shape: Linear
 Ecological site: Silty (Si) 15-19" p.z. (R044XW184MT)

Perma soils

Percent of map unit: 4 percent
 Landform: Alluvial fans, stream terraces
 Down-slope shape: Linear
 Across-slope shape: Linear
 Ecological site: Silty (Si) 15-19" p.z. (R044XW184MT)

Quigley, cobbly soils

Percent of map unit: 3 percent
 Landform: Alluvial fans, stream terraces



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Map Unit Description

Powell County Area, Montana

51C Shawmut gravelly loam, 4 to 8 percent slopes

Setting

Elevation: 3800 to 5800 feet
Mean annual precipitation: 15 to 19 inches
Mean annual air temperature: 39 to 45 degrees F
Frost-free period: 70 to 90 days

Composition

Shawmut and similar soils: 85 percent
Minor components: 15 percent

Description of Shawmut

Setting

Landform: Alluvial fans
Down-slope shape: Linear
Across-slope shape: Linear
Parent material: Alluvium

Properties and Qualities

Slope: 4 to 8 percent
Drainage class: Well drained
Capacity of the most limiting layer to transmit water (Ksat): Moderately high or high (0.57 to 1.98 in/hr)
Frequency of flooding: None
Frequency of ponding: None
Calcium carbonate maximum: 30 percent
Gypsum maximum: 0 percent
Available water capacity: Low (about 4.5 inches)

Interpretive Groups

Land capability classification (irrigated): 4e
Land capability (non irrigated): 4e
Ecological site: Silty (Si) 15-19" p.z. (R044XW184MT)

Typical Profile

0 to 6 inches: gravelly loam
6 to 12 inches: gravelly clay loam
12 to 18 inches: very gravelly clay loam
18 to 60 inches: very gravelly loam

Minor Components

Shawmut, greater slope soils

Percent of map unit: 4 percent
Landform: Alluvial fans
Down-slope shape: Linear
Across-slope shape: Linear
Ecological site: Silty (Si) 15-19" p.z. (R044XW184MT)

Shawmut, cobbly soils

Percent of map unit: 4 percent
Landform: Alluvial fans
Down-slope shape: Linear
Across-slope shape: Linear
Ecological site: Silty (Si) 15-19" p.z. (R044XW184MT)

Danvers soils

Percent of map unit: 4 percent
Landform: Alluvial fans
Down-slope shape: Linear
Across-slope shape: Linear
Ecological site: Silty (Si) 15-19" p.z. (R044XW184MT)

Shawmut, calcareous soils

Percent of map unit: 3 percent
Landform: Alluvial fans



Tabular Data Version: 7
Tabular Data Version Date: 02/02/2010

Montana DNRC Scope & Instructions**ATTACHMENT A****Scope of Work for Appraisals of Potential Property Sales through the Land Banking Program****CLIENT, INTENDED USERS, PURPOSE AND INTENDED USE:**

The clients and intended users are the State of Montana, the Montana Board of Land Commissioners and the Department of Natural Resources and Conservation (DNRC). 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. (MCA 70-30-313) Current fair market value is the price that would be agreed to by a willing and informed seller and buyer, taking into consideration, but not limited to, the following factors:

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

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

PROPERTY RIGHTS APPRAISED:

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

EFFECTIVE DATE OF VALUATION AND DATE OF INSPECTION:

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

SUBJECT PROPERTY DESCRIPTION & CHARACTERISTICS:

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

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. For those properties which consist of more than one section, the appraiser must at least view each section. The appraiser must have knowledge of the comparables through either personal inspection or with use of sources the appraiser deems reliable, and must have at least viewed the comparables.

The appraiser will consider the highest and best use of the subject 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.) Soil classification, surrounding land uses, and the possibility of converting grazing ground to cropland should be considered.

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 in a Summary Report format, that is, it 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.

Landlocked parcels, (parcels with no legal access), will be appraised with the hypothetical condition of having legal access and should be appraised as the property currently exists, which is without legal access, ("as is"). If evidence through reasonably recent sales of comparable properties is available in the subject's market or similar markets, provide the value of the subject property, as it currently exists without access. Include details of an adjustment in appraised value due to lack of access. If no evidence through reasonably recent sales of comparable properties is found in the subject's market or similar markets, and thus no "as is" value can be properly supported, then state such in the report. As with lack of legal access, adjustments for additional items such as lack of land improvements, etc. will be supported by analysis of the pertinent subject market data through sales pairings or other analytical methodology. In moderately to rapidly changing markets, historic information may not be as relevant as more current market information. (Note: Access typically consists of two parts; legal access and physical accessibility. The above references to access, hypothetical and "as is" are in regards to legal access. The physical accessibility to the subject parcel is to be appraised as it currently exists.)

Legally accessible state lands are appraised as accessible only.

The appraisal on the state's lands must include state-owned improvements in the valuation, but exclude lessee-owned or licensee-owned improvements in the valuation. All appraisals are to describe the market value trends, and provide a rate of change, for the markets of each subject property. Comparables sales used should have sales dates within 1 year of the appraisal and be in close proximity to the subject. (These two parameters may be modified in extenuating circumstances.)

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:

County	Sale #	Approximate Acres	Legal	Access
Powell	577	316	Lots 1, 2, E1/2NW1/4, and NE1/4, Section 30, T7N-R8W	Has Legal Access

Unit Office Contact Information:

Fred Staedler- Anaconda Unit Manager
7916 Highway 1 West
Anaconda, MT 59711
Phone: 406/563-6078
Fax: 406/563-8255
Direct Line: 406/563-6078
Or:
Bob Storer - Lands Program Manager
Direct Line: 406/542-4264

Lessee:

Burnt Hollow Ranch, LLC

Access per Montana Department of Natural Resources & Conservation**LAND BANKING PARCEL # 577
POWELL COUNTY**

Access: Our research indicates Burnt Hollow Road, southeast of Deer Lodge in Powell County, would provide access to the northeast corner of Land Banking parcel 577. Burnt Hollow Road is gated and locked at the Northwest corner of Section 13, T7N-R9W, preventing public access beyond that point. A Powell County Attorney's opinion dated October 28, 1993 clarifies that the road was not previously abandoned by action of the County Commissioners, and is therefore still legally a county road. There is no record of any action taken by the Powell County Commissioners to abandon the road since October 28th, 1993. Based on review of records in the Powell County Clerk and Records Office, this parcel is considered non-isolated.

QUALIFICATIONS of JAMES P. WILEY, A.R.A.

ACADEMIC BACKGROUND:

B.S. Agricultural Economics - Agribusiness major
University of Idaho, Moscow, Idaho 1978

OTHER EDUCATION:

American Society of Farm Managers & Rural Appraisers courses & seminars completed:

<u>Course #</u>	<u>Course</u>	<u>Date</u>	<u>Location</u>
A-10	Fundamentals of Appraisal	8-1987	Boise, ID
A-20	Principles of Rural Appraisal	1-1988	Sacramento, CA
	Cost Approach Seminar	5-1988	Denver, CO
	Report Writing Seminar	5-1988	Denver, CO
A-30	Advanced Rural Appraisal	7-1988	Gresham, OR
	CRP Seminar	11-1988	Bozeman, MT
A-12	Standards & Ethics	10-1990	Bozeman, MT
A-22	Uniform Ag. Appraisal Report	10-1993	Spokane, WA
A-27	Income Capitalization Unleveraged	9-1996	Billings, MT
A-12 I & II	Standards & Ethics parts I & II	2-1997	Bozeman, MT
A-12 Part I	ASFMRA Code of Ethics	2-2003	Billings, MT
	Rural Residential Appraisal Seminar	5-1997	Jackpot, NV
	Water Resources, Farmer Mac Seminar	1-1999	Boise, ID
A-12 II	Standards of Professional Appraisal Practice - Part II	3-94 & 1-2000	Billings, MT
A-12 Part III	National USPAP Update Seminar	1-2005	Bozeman, MT
	Rural Business Valuation	4-2000	Salem, OR
	Conservation Easements Seminar	5-2000	Jackpot, NV
	Data Analysis Seminar	9-2002	Seattle, WA
	Rural Residential Appraisal Seminar	10-2003	West Yellowstone, MT
	Ag Lands in Transition	5-2004	Jackpot, NV
	Livestock Ranch I & II	5-2005	Jackpot, NV
	Montana Access Laws & Conservation Easements	3-2006	Billings, MT
A-114	National USPAP Update course	2-2008	Billings, MT
	Discounting & Leases Seminar	10-2006	Great Falls, MT
	Minerals Appraisal Seminar	5-2007	Jackpot, NV
	Timber Appraisal Seminar	5-2007	Jackpot, NV
	Subdivision Analysis	2-2008	Billings, MT
	Cost Approach Seminar	2-2009	Bozeman, MT
	Wind leases, Water Rights	2-2009	Bozeman, MT
	Ethics Webinar	9-2009	
	Wind Power Generators	2-2010	Boise, ID
	Understanding Conservation Easements	2-2010	Boise, ID

Other courses/seminars completed:

- Evaluating Residential Construction – Gallatin Assoc. of Realtors, Feb, 2007, Bozeman, MT
- GPS Mapping for GIS – Montana State University, June, 2002, Bozeman, MT.
- Environmental Risk in Agricultural Lending - Farm Credit Services, April 1994, Spokane, WA.
- Basic Income Capitalization, Appraisal Institute, May 1993, Boise, ID.
- Engineering & Irrigation Workshop - Farm Credit Services, July, 1991, Billings, MT.
- Livestock Ranch Appraisal Seminar, Appraisal Institute, March 1989, Bozeman, MT
- Montana Water Rights Workshop, Montana Dept. Natural Resources & Conservation, June, 1988, Bozeman, MT.
- Montana Ag Lenders Range School, several schools at various locations.
- Farm & Natural Resource Appraisal, University of Idaho, January 1976

continued

PROFESSIONAL EXPERIENCE:

Employed by Federal Land Bank/Farm Credit Services since 1979 in various credit officer and appraiser capacities. Presently Sr. Appraiser, Northwest Farm Credit Services, working in the Western-Southwestern Montana, Eastern Idaho areas.

Instructor of exemplary Forestry/Ranching program - Salmon High School, Salmon, Idaho, 1978-79.

PROFESSIONAL MEMBERSHIPS, ASSOCIATIONS, LICENSES:

- Accredited Rural Appraiser - American Society of Farm Managers and Rural Appraisers, Certificate #918
- Certified General Real Estate Appraiser, State of Montana, Certificate #208
- Certified General Real Estate Appraiser, State of Idaho, Certificate CGA-190
- Board of Directors, Past President and Treasurer, Montana Ag Lenders Range School, Inc.
- Past President, Vice President, and Board of Directors, Montana Chapter ASFMRA.