

Uniform Agricultural Appraisal Report

State of Montana – DNRC Sale #1165
Cabin/Home Site Property
75 Feddes Rd, White Sulphur Springs
Meagher County, Montana



Prepared For:

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

Intended User:

The Montana Board of Land Commissioners
Department of Natural Resources and Conservation
Lessee Ben Galt

Prepared By:

Ernest F. Goettlich V
Northern Acres Appraisal Services, LLC
PO Box 2347
Havre, MT 59501

Date Prepared:

09/23/2022



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09/23/2022

State of Montana

Department of Natural Resources and Conservation Trust Land Management Division

PO Box 201601

Helena, MT 59620-1601

Dear Deidra Kloberdanz,

At your request I do hereby furnish you with an appraisal report on the subject property owned by State of Montana (Land)/Ben Galt Improvements). The subject property is located approximately 11.6 miles southwest of White Sulphur Springs, Meagher County, Montana.

As per your instructions I have formed an Opinion of Market Value for the subject property based on the legal description provided for the purpose providing the clients with a credible opinion of current fair market value of the appraised subject property and is intended for use in the decision making process concerning the potential sale of said subject property.

The effective date of this value is August 30th, 2022, the date of my physical inspection of the subject property. The estimated marketing time for the subject is 12 months.

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

"As Is" Market Value: **\$43,000.00 (Forty Three Thousand Dollars)**

"As Though Vacant" Market Value: **\$43,000.00 (Forty Three Thousand Dollars)**

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

Hypothetical Condition: The land is owned in Fee Simple ownership and there are no leases on the property.

Hypothetical Condition (Second Analysis only): The subject property is vacant raw land exclusive of real property improvements.

In Addition, to the best of my knowledge and belief, the statements contained in this appraisal and upon which the opinions expressed herein are based, are correct and true. Additionally, supporting documentation regarding this assignment is maintained in a work file and will be available upon request for a period of up to five years.

Thank you for the privilege of serving you.

Sincerely,

Ernest F. Goettlich

Montana Certified General Real Estate Appraiser License #REA-RAG-LIC-10644

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Uniform Agricultural Appraisal Report

Property Identification

Owner/Occupant:	State of Montana (Land)/Ben Galt (Improvements)		Total Deeded Acres:	12.40
Property Address:	75 Feddes Rd, White Sulphur Springs		Effective Unit Size:	12.40
State/County:	MT	/ Meagher	Zip Code:	59645
Property Location:	11.6 miles southwest of White Sulphur Springs		Property Code #:	59645
Highest & Best Use:	Agriculture/Recreation	"As If" Vacant	FAMC Comd'ty Gp:	
	Agriculture	"As Improved"	Primary Land Type:	Cabin Site/Building Site
Zoning:	There is no zoning outside city limits		Primary Commodity:	N/A
Unit Type:	<input checked="" type="checkbox"/> Economic Sized Unit	<input type="checkbox"/> Supplemental/Add-On Unit		
FEMA Community #		FEMA Map #	FEMA Zone/Date:	Unmapped
Legal Description:	See Attached Legal Description	SEC	TWP	RNG
Purpose of Report:	Determine Market Value			
Use/Intended User(s):	Determine Market Value/Client (see scope of work comment below)			
Rights Appraised:	Fee Simple less subsurface rights			
Value Definition:				Attached <input checked="" type="checkbox"/>
Assignment:	Report Type: Appraisal Report			
Extent of Process/Scope of Work: Client: The Montana Board of Land Commissioners, & the Department of Natural Resources and Conservation.				
Intended Users: The Montana Board of Land Commissioners, the Department of Natural Resources and Conservation, and Lessee Ben Galt.				
See Scope of Work page for further Scope of Work details.				

Summary of Facts and Conclusions

Appraisal Report Summary

Date of Inspection:	08/30/22	Effective Date of Appraisal:	08/30/22	
Value Indication	- Cost Approach:	\$	41,800	
	- Income Approach:	\$	N/A	
	- Sales Comparison Approach:	\$	43,000	
Opinion of Value:	(Estimated Marketing Time 12 months)	\$	43,000	
Cost of Repairs:	\$	Cost of Additions:	\$	
Allocation:	Land: \$	43,000	\$ 3,468 / Acre (100 %)	
	Land Improvements: \$		\$ / (%)	
	Structural Improvement Contribution: \$	0	\$ 0 / Acre (0 %)	
	Non-Realty Items: \$		\$ / (%)	
Leased Fee Value (Remaining term of encumbrance)	\$		\$ / (%)	
Leasehold Value:	\$		\$ / (%)	
	Overall Value:	\$ 3,468 / Acre	(100 %)	
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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Property Compatibility	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Effective Purchase Power	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Demand	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Development Potential	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Desirability	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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 checked="" type="checkbox"/>	<input 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"/>

Appraiser Certification

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

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

Hypothetical Condition: The land is owned in Fee Simple ownership and there are no leases on the property.

Hypothetical Condition (Second Analysis only): The subject property is vacant raw land exclusive of real property improvements.

"As Is" Market Value: **\$43,000.00 (Forty Three Thousand Dollars)** - This is the value reflected in the Certification page and the preceding Report Summary page.

"As Though Vacant" Market Value: **\$43,000.00 (Forty Three Thousand Dollars)**

Effective Date of Appraisal: 08/30/22

Opinion of Value: \$ 43,000

Appraiser:

Signature: 

Property Inspection: ☒ Yes ☐ No

Inspection Date: 08/30/22

Name: Ernest F. Goettlich v
 License #: REA-RAG-LIC-10644
 Certification #:

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

Date Signed: 09/23/22

USPAP, Organizational, or Other Requirements

Report Type: Appraisal Report
Date of Inspection: 08/30/22 **Date of Value Opinion:** 08/30/22 **Date of Report:** 09/23/22

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

The legal description, which was provided by the client, acreage, tax assessments, ownership history, and zoning information were all verified by inspection of Meagher County records. The property was inspected on 08/30/2022. The appraiser, Ernest Goettlich, made an exterior inspection of the property. Most areas of the property were inspected.

The comparable sales have been inspected and verified. Soils information has been considered and comparable qualities of land and other aspects of the property are part of this appraisal report. Information has been gathered from the Meagher County Treasurer, Assessor and Appraiser Offices located in White Sulphur Springs, Meagher County, Montana. This summary report includes estimates of value obtained by the Market Data, Income, and Cost Approach to value. A final conclusion to the estimate of Market Value is determined.

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

Farm Service Agency records and aerial photos were researched to aid in the determination of the crop acreage to be appraised. An abstract of water rights appurtenant to the property was obtained from the State of Montana Department of Natural Resources and Conservation's website. Surety Custom Online Mapping® was referenced for soils information. Publications referenced within the body of the appraisal report were consulted for information regarding vegetative range types, etc. The Marshall Swift Valuation Guide and local contractors were relied upon to determine construction costs, applicable depreciation, and value of those items unique to the property, if applicable. In addition to information contained within office files, several area real estate brokers and other appraisers active in this area were contacted in order to secure comparable sales data.

Hypothetical Condition: The land is owned in Fee Simple ownership and there are no leases on the property.

Hypothetical Condition (Second Analysis): The subject property is vacant raw land exclusive of real property improvements.

Subject Property Sale & Marketing History: *(Analyze and report any agreements of sale, options, or current listings as of the date of the appraisal - and all sales within three (3) years prior to the effective date of appraisal. For UASFLA assignments, report the details of the LAST SALE OF THE SUBJECT - no matter when it occurred):* Subject property has no sales history in the past 3 years. There is a proposed sale #1165 expected to take place within the next 12 months. The purpose of this appraisal is to establish a market price for the subject property with the land and improvements as separate values to establish a minimum bid price for the property once it goes to public auction.

Market Conditions *(Volume of Competing Listings, Volume of Sales, Amenities Sought by Buyers):* Over the last few years, sales of similar tracts of land are limited although they have occurred over a period of time. Most of these sales are economically sized units that are economically feasible to own on their own merits. Real estate agents in the area report that these types of properties will sell if they are priced within the same value range of other properties in the area. Pasture units are considered highly sought after because there are not many units available.

Approaches to Value *(Explain Approaches Used and/or Omitted):* The Income Approach is not developed in this report as the subject property is not large enough to be able to produce income to support its own tax value unless it is part of a larger economic unit. The dwelling will rarely produce enough income to justify the sales prices and many times without VRBO income which is scarce and difficult to obtain most properties have a negative income after paying taxes. The Income Approach in this instance would not provide any useful information in developing a market value for the subject property.

The Cost Approach is not developed in the second analysis as the Hypothetical Condition provided by the engagement letter states that the land is to be appraised as though it is vacant raw land exclusive of any improvements and the Cost Approach would be a restatement of the Sales Comparison Approach and could be potentially misleading to the client and/or the intended user.

The Sales Comparison Approach has also been used in this analysis of value of the subject property. This approach compares market-indicated values of the sale property after adjustments are made to the sale property for comparison to the subject. The generally accepted unit of measure in this approach is an overall price per acre for the entire property. The adjustments considered can be for land classification, improvements, time, location, access, water resources, productivity or other market-indicated factors affecting value. The Income Approach is used to measure value based on a capitalization rate technique derived by dividing the net income of a sale property by the sales price to arrive at a market-indicated capitalization rate. This rate is then applied to the projected net income of the subject property to derive a capitalized value. This approach is considered the least reliable method of valuation as small changes in cap rates can have a significant effect on the indicated value.

MARKET VALUE DEFINITION

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

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

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

Other:

The definition utilized in this report is more specifically described in Appendix D of the Federal Deposit Insurance Corporation Statements of Policy 5000 Interagency Appraisal and Evaluation Guidelines.

EXPOSURE AND MARKETING TIME ESTIMATES

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

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

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

Comments: Sales data does not indicate any significant changes to marketing times, depending on the property type, condition, location, proximity to amenities and recreational activities, and improvements days on market ranges from 6 days to 400 days based on additional sales throughout Montana. Based on the information contained within this report and the additional market information retained in the work file, a reasonable assumption as to the exposure time and marketing time for the subject property is 12 months.

Assumptions and Limiting Conditions

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

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

-Mineral Rights, if any, are not included in this appraised value. Mineral rights are more specifically described as subsurface rights with the intent of extraction such as oil and gas extraction, coal extraction, or any other minerals typically hydrocarbons. These subsurface rights do not extend to gravel extraction which is typically associated with surface rights and unless specifically included in the mineral rights description are not a part of any such transaction.

-Gravel extraction rights, if any, are not included in this appraised value. Without a full survey of the quality and extent of the gravel deposits determination of the value of such deposits falls outside of the scope of this appraisal. These are denoted separately from Mineral Rights as they are typically considered surface rights.

-Growing Crops, if any, are not included in the appraisal value.

Hypothetical Condition: The land is owned in Fee Simple ownership and there are no leases on the property.

Hypothetical Condition (Second Analysis only): The subject property is vacant raw land exclusive of real property improvements.

Legal Description

Meagher County

Township 08 North, Range 06 East, M.P.M.

Section 16: Tract 1 of COS 148457 (certificate of survey included in the addenda) otherwise identified as State Lease Sale #1165

Area-Regional Boundary: Meagher County.**Major Commodities:** Small grains, oil seeds, pulse crops, hay, and livestock.Off Property Employment: Above Avg. ☐ Avg. ☒ Below Avg. ☐ N/A ☐Change in Economic Base: Unlikely ☒ Likely ☐ Taking Place ☐
From Agriculture
To**On and Off Property:**

	Up	Stable	Down
Value Trend:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Sales Activity Trend:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input 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"/>

Market Availability:

	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 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"/>

Forces of Value: (Discuss social, economic, governmental, and environmental forces.)**Social Forces:** This force comes primarily through population characteristics. The composition of the population reveals the potential basic demand for real estate. Real estate values are affected by population changes.**Economic Forces:** The fundamental relationship between current and anticipated supply and demand and the economic ability of the population to satisfy its wants and needs through its purchasing power has an affect on the value of real estate.**Environmental Forces:** Natural and man-made environmental forces influence real property values. Environmental forces would include climatic conditions, topography and soils type, water availability. Transportation systems can have an impact on the surrounding area. All of these factors can have a direct influence on property values.**Zoning and Land Use Regulations:** Fee lands are subject to county sanitary restrictions, and they are also subject to state subdivision regulations.**Exposure Time:** 12 months. (See attached definition and discussion)**Specific Market Area Boundaries:** Meagher County.

Market Area:	Rural	Suburb	Urban
Type	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Up	Stable	Down
Value Trend	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Sales Activity Trend	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Population Trend	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Development Trend	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Market Area:	Above Avg.	Avg.	Below Avg.	N/A
Property Compatibility	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Effective Purchase Power	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Demand	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Development Potential	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Desirability	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Analysis/Comments: (Discuss positive and negative aspects of market area.)

Meagher County is located South of Cascade County (Great Falls) and east of Lewis and Clark County (Helena). U.S. Highway #12 traverses the county.

Through the Covid-19 quarantine periods as well as the past two years of the pandemic, workers have started to migrate away from city centers to places they would rather live and telecommute to work. The area has access to high speed internet, power, and is located in close proximity to an international airport (Great Falls, Helena, Bozeman, or Billings depending on weather). The recreation value of properties, particularly ones with scenic views or access to recreation activities such as hunting, fishing, hiking, etc. have increased the number of market participants over the past two years to include many out of state buyers that would not have considered areas outside of certain popular areas in Montana.


Recent drought condition have impacted commodity prices, however as of the effective date of this appraisal report they have not yet impacted sale prices.

As of the effective date of this appraisal report the interest rates (financing) are predicted to continue to rise. There have still been several cash buyers in the market and the marketing times do not appear to be getting longer as of the effective date of this appraisal report. There are a number of economic factors impacting the market at the current time.

Tract I Aerial View

Aerial Map






Map Center: 46.453560, -110.983151

16-8N-6E
Meagher County
Montana

0ft 811ft 1621ft

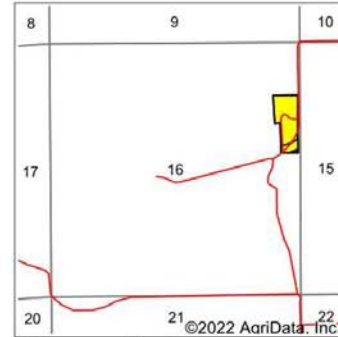
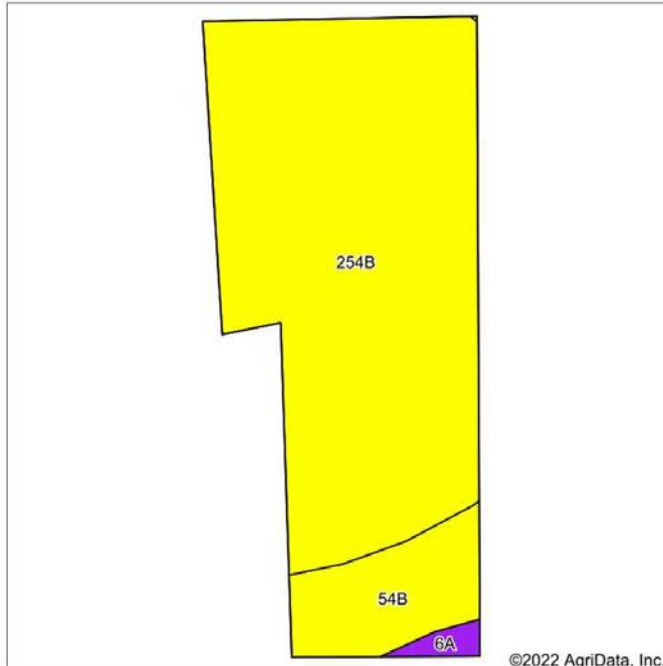


8/28/2022

Maps Provided By:
 **surety**
CUSTOMIZED ONLINE MAPPING
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Tract I Soils Map

Soils Map



State: **Montana**
 County: **Meagher**
 Location: **16-8N-6E**
 Township: **White Sulphur Springs**
 Acres: **12.04**
 Date: **8/28/2022**



Maps Provided By:
surety
 CUSTOMIZED ONLINE MAPPING
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Area Symbol: MT637, Soil Area Version: 21

Code	Soil Description	Acres	Percent of field	Non-Irr Class Legend	Non-Irr Class *c	Irr Class *c	Range Production (lbs/acre/yr)	Alfalfa hay Tons	Alfalfa hay Irrigated Tons	Grass hay Tons	Grass hay Irrigated Tons	Grass legume hay Tons	Grass legume hay Irrigated Tons	Pasture AUM	Pasture Irrigated AUM	*n NCCPI Overall
254B	Meagher gravelly loam, 1 to 4 percent slopes	10.29	85.5%		IVe	IVe	2000	1	4	1	4					23
54B	Martinsdale loam, 1 to 4 percent slopes	1.58	13.1%		IVe	IVe	1860	2	5	2	3					27
6A	Nesda-Meadowcreek complex, 0 to 2 percent slopes, rarely flooded	0.17	1.4%		Vle	IVe	2730		2			1	2	1	3	11
Weighted Average					4.03	4.00	1991.9	1.1	4.1	1.1	3.8	-.	-.	-.	-.	*n 23.4

*n: The aggregation method is "Weighted Average using all components"

*c: Using Capabilities Class Dominant Condition Aggregation Method

Soils data provided by USDA and NRCS.

Property Description: *(Location, use and physical characteristics)* The subject property is located 11.6 miles southwest of White Sulphur Springs, Meagher County, Montana, via 7 miles south on U.S. Hwy 12 W/U.S Hwy 89 S, thence 3.3 miles west on Birky Road, thence 1.3 miles west on Feddes Road to the building site.

Improvements are located within the surveyed area of the subject property more generally 16-08N-06E: Tract 1 of COS 148457 Certificate of survey included in the addenda.

The subject property consists of 12.40 deeded acres, more or less, according to the survey included in the addenda, comprised of building site. The terrain is generally level at the building site and starts to slope gently from the building site to the southern boundary.

Access is provided via Feddes Road and a private drive across State Section 16, an access easement is to be provided by the seller.

The property is perimeter fenced.

Subject Land Description

Land Use	Deeded Acres	Unit Type	Unit Size
Irrigated Cropland			(0.0%)
Irrigated Pasture			(0.0%)
Dry Cropland			(0.0%)
Hayland			(0.0%)
Tame/Imp. Pasture			(0.0%)
Pasture			(0.0%)
Site	12.40	Acres	(100.0%)
Roads & Waste			(0.0%)
Other			(0.0%)
Public Lease			(0.0%)
Total Deeded Acres	12.40	Total Units	0.00 (100 %)

Subject Description:	Above Avg.	Avg.	Below Avg.	N/A
Location	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Legal Access	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Physical Access	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Contiguity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Shape/Ease Mgt.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Adequacy Utilities	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Services	<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"/>
Compatibility	<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"/>
FEMA Zone/Date	Unmapped			
Building Location	16-08N-06E: 48457 Tract 1 of COS 148457			

Comments As is very common, a slight discrepancy may exist concerning the exact acreage amounts for the subject property among the various public records researched. The total appraised acreage was taken from official county records. This data was used in conjunction with aerial maps, soil maps, and crop history maps to arrive at final acreage estimates and land-type allocations.

Land Improvements:	Above Avg.	Avg.	Below Avg.	N/A
Domestic Water	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input 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: Without a survey or detail as to the nature and extent of the subsurface resources along with a lack of an active market for subsurface rights it would be misleading to attempt to include them in the value definition utilized in this report. See narrative description for Water Rights.

Topography:	Level	Un-dulating	Roll-ing	Slop-ing
Irrigated Cropland	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Irrigated Pasture	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Dry Cropland	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hayland	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Tame/Imp. Pasture	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Pasture	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Overall Topography	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Soils Description: See attached Soil Map.

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

Climatic: 15-19 " Annual Precipitation 4,000 ' to 6,000 ' Elevation 70-90 Frost-Free Days
Utilities: Well Water Public Electric Septic Sewer Propane Gas Public Telephone
Distance To: 11.6 Schools 11.6 Hospital 11.6 Markets 4.6 Major Hwy. 11.6 Service Center
Easements/Encroachments: (Conservation, Utility, Preservation, etc.) Easements include apparent roads and utilities.

Hazards and Detriments: See Narrative Land Description.

Land Description**Location:** (Proximity to services, rentability, market appeal, building location, etc.)

The subject property is located 11.6 miles southwest of White Sulphur Springs, Meagher County, Montana, via 7 miles south on U.S. Hwy 12 W/U.S Hwy 89 S, thence 3.3 miles west on Birky Road, thence 1.3 miles west on Feddes Road to the building site.

Improvements are located within the surveyed area of the subject property more generally 16-08N-06E: Tract 1 of COS 148457 Certificate of survey included in the addenda.

Physical Characteristics: (Size, contiguity, terrain, land-mix, roads, legal & physical access, elevation/growing season, etc.)

The subject property consists of 12.40 deeded acres, more or less, according to the survey included in the addenda, comprised of building site.

The terrain is generally level at the building site and starts to slope gently from the building site to the southern boundary.

Access is provided via Feddes Road and a private drive across State Section 16, an access easement is to be provided by the seller.

Land Improvements: (Utilities, interior roads, drainage, fences, water development, recreational food plots, etc.)

Utilities are available at the building site, however a fire went through the area approximately 3 years ago destroying the buildings and many of the utilities were not replaced as there were no improvements to hook them up to. There is a utility easement running near the subject property so utilities are available.

Interior roads are typical of this property type and location and are in average condition. The subject property is perimeter fenced and the fencing is in average condition.

Other Rights: (Water rights, mineral rights, air rights, etc.)

The subject area and the immediate area are not zoned for tax purposes. The property is classified as agricultural land. A title search was not conducted.

Tract I has access to water rights dating back to 1917 for a domestic use well and a stock use well. No opinion of subsurface rights is included in this appraisal report. A copy of the Water Rights Abstracts are included in the addendum.

Mineral Rights are not included nor appraised within this appraisal report.

Soils Description:

254B - Meagher gravelly loam, 1 to 4 percent slopes. Classified 4e non-irrigated and 4e irrigated. Yield potential non-irrigated: spring wheat 25 bu/ac, winter wheat 28 bu/ac, barley 41 bu/ac, grass hay 1.0 ton/ac, alfalfa hay 1.2 ton/ac; yield potential non-irrigated: grass hay 3.5 ton/ac, alfalfa hay 4.0 ton/ac.

54B - Martinsdale loam, 1 to 4 percent slopes. Classified 4e non-irrigated and 4e irrigated. Yield potential non-irrigated: spring wheat 33 bu/ac, winter wheat 37 bu/ac, barley 52 bu/ac, grass hay 1.6 ton/ac, alfalfa hay 1.6 ton/ac; yield potential non-irrigated: grass hay 3.0 ton/ac, alfalfa hay 4.5 ton/ac.

Easements/Encroachments: (Conservation, Utility, Preservation, etc.)

Easements include apparent roads and utilities.

Hazards & Detriments:

The main hazard of the subject area consists of extreme climate problems such as frost, severe winters, hot summers, wind erosion, drought and hail.

These hazards are typical of this area of Montana and affect local areas in varying degrees.

Hazards and detriments associated particularly with the subject property may be a shortage of water in drought periods, and moderate wind and water erosion.

Comments:

The subject property has good road access, though that may be seasonal, it was not clear where the county road ended and the private drive started. There was a fire in the area approximately 3 years ago according to the lessee that destroyed the buildings, there was one grain bin still upright, however it was reported by the lessee (owner of the improvements) that the fire was quite hot and that the bin was most likely compromised and would not be able to tolerate the stress of a full load of grain on the interior. Many of the foundations were suffering from fire damage evidence of flaking and crumbling. With the fire and the surface evidence present any site improvements such as the well and septic system would likely need to be replaced either through the fire damage, the damage of the falling buildings, or through being un-used over the past three years. This presents the subject property as close to raw land as possible as the site improvements such as the well, septic system, and various foundations have no contributory value to the overall property due to the fire damage.

Photos



Damage to Bins



Damage to Bins



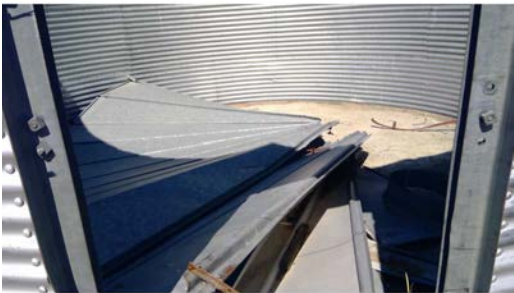
Damage to Bins



Damage to Bins



Damage to Bins



Damage to Bins

Photos



Standing Bin



Standing Bin



Bins additional view



Foundation



Foundation



Foundation and Propane Storage Tank

Photos



Waterline Access

Foundation



Foundation

Foundation



Foundation

Field Scene

Photos



Field Scene



Road Described in Survey



Additional View Road Described in Survey



Additional View Road Described in Survey



Feddes Road/Private Drive Street View looking North



Additional View of Bins

History	<input checked="" type="checkbox"/> Ownership Longer Than 3 Years <div style="display: flex; justify-content: space-between;"> Owner Recording/Reference Date Price Paid Terms </div>					
	Previous: _____ Present: State of Montana _____					
	Currently: <input type="checkbox"/> Optioned <input type="checkbox"/> Under Contract Contract Price: TBD/Bid Buyer: Lessee/Public Bid <input type="checkbox"/> Currently Listed Listing Price: _____ Listing Date: _____					
	This property has been nominated for sale by the lessee and this appraisal is being utilized to determine the market value of the subject property to establish a minimum bid.					
Zoning	Current Zoning: _____ There is no zoning outside city limits Zoning Conformity: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Zoning Change: <input checked="" type="checkbox"/> Unlikely <input type="checkbox"/> Probable To: _____					
	Comments: The historic use of this property was as a residential property that was utilized in support of an agriculture operation. Since the fire reportedly occurred three years ago and razed the improvements, the subject property has been utilized as a vacant parcel in support of an agriculture operation. A zoning change in the foreseeable future is unlikely.					
Taxes	Tax Basis: <input checked="" type="checkbox"/> Agricultural <input type="checkbox"/> _____ <input type="checkbox"/> _____		Assessment Year 2021 Land \$58,160 Building(s) \$0 Total Assessed Value \$58,160		Forecast: Current Tax _____ Exempt Estimated/Stabilized _____ Exempt Or (12.40 Ac.) = \$0.00 /acre Trend: <input type="checkbox"/> Up <input type="checkbox"/> Down <input checked="" type="checkbox"/> Stable	
	Parcel #: 2759					
	Comments: Land prices have remained stable over the past three year period, an large changes in the tax value are not likely to happen and the taxes should remain the same over the next 2 year tax cycle.					
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: <u>Legally Permissible:</u> The present use of the subject property as an agricultural operation is legally permissible. In addition, many alternate uses of the property would be allowable under the current zoning regulations. Small parcel splits would affect the county's land use plan and require the land to be subdivided. <u>Physically Possible:</u> Theoretically, other uses of the appraised unit are physically possible. The property has historically been utilized as a residential property (home site) in support of an agricultural production operation. <u>Financially Feasible:</u> Agricultural uses are financially feasible if operating expenses can be met or exceeded from the sale of crops or livestock produced on the land, or, alternatively, by leasing the property for its current use. Based on current production and open market lease rates, leasing the property for agricultural uses would be financially feasible. <u>Maximally Productive:</u> The projected or proposed use of the subject property as a recreational property is maximally productive. The current use would return the greatest monetary return to the value of the land, especially when any future appreciation is considered.					
	The highest and best use of the subject property based on the harmonious use of the surrounding properties would be Agricultural in nature as the property does not have the timbered lot and mountain views that would draw recreational use buyers, nor is it close enough to a major market town such as billings to draw the rural residential use buyers.					
	Current Use: Agricultural					
	Highest and Best Use: "As if" Vacant Agriculture/Recreation "As Improved" Agriculture					
Value Methods	Valuation Methods: <input checked="" 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) The Income Approach is not developed in this report as the subject property is not large enough to be able to produce income to support its own tax value unless it is part of a larger economic unit. The dwelling will rarely produce enough income to justify the sales prices and many times without VRBO income which is scarce and difficult to obtain most properties have a negative income after paying taxes. The Income Approach in this instance would not provide any useful information in developing a market value for the subject property.					
	The Cost Approach is not developed in the second analysis as the Hypothetical Condition provided by the engagement letter states that the land is to be appraised as though it is vacant raw land exclusive of any improvements and the Cost Approach would be a restatement of the Sales Comparison Approach and could be potentially misleading to the client and/or the intended user.					

"As Is" Condition

Uniform Agricultural Appraisal Report

Property Identification

Owner/Occupant: <u>State of Montana (Land)/Ben Galt (Improvements)</u>	Total Deeded Acres: <u>12.40</u>
Property Address: <u>75 Feddes Rd, White Sulphur Springs</u>	Effective Unit Size: <u>12.40</u>
State/County: <u>MT / Meagher</u>	Zip Code: <u>59645</u>
Property Location: <u>11.6 miles southwest of White Sulphur Springs</u>	Property Code #: _____
Highest & Best Use: <u>Agriculture/Recreation "As If" Vacant</u>	FAMC Comd'ty Gp: _____
<u>Agriculture "As Improved"</u>	Primary Land Type: <u>Cabin Site/Building Site</u>
Zoning: <u>There is no zoning outside city limits</u>	Primary Commodity: <u>N/A</u>
Unit Type: <input checked="" type="checkbox"/> Economic Sized Unit <input type="checkbox"/> Supplemental/Add-On Unit	
FEMA Community # _____ FEMA Map # _____ FEMA Zone/Date: <u>Unmapped</u>	
Legal Description: <u>See Attached Legal Description</u> SEC _____ TWP _____ RNG _____ Attached <input checked="" type="checkbox"/>	
Purpose of Report: <u>Determine Market Value</u>	
Use/Intended User(s): <u>Determine Market Value/Client (see scope of work comment below)</u>	
Rights Appraised: <u>Fee Simple less subsurface rights</u>	
Value Definition: _____ Attached <input checked="" type="checkbox"/>	
Assignment: _____ Report Type: <u>Appraisal Report</u>	
Extent of Process/Scope of Work: Client: <u>The Montana Board of Land Commissioners, & the Department of Natural Resources and Conservation.</u>	
Intended Users: <u>The Montana Board of Land Commissioners, the Department of Natural Resources and Conservation, and Lessee Ben Galt.</u>	
See Scope of Work page for further Scope of Work details.	

Summary of Facts and Conclusions

Appraisal Report Summary

Date of Inspection: <u>08/30/22</u>	Effective Date of Appraisal: <u>08/30/22</u>
Value Indication	- Cost Approach: _____ \$ <u>41,800</u>
	- Income Approach: _____ \$ <u>N/A</u>
	- Sales Comparison Approach: _____ \$ <u>43,000</u>
Opinion of Value:	<u>(Estimated Marketing Time 12 months)</u> \$ <u>43,000</u>
Cost of Repairs: \$ _____	Cost of Additions: \$ _____
Allocation:	
Land: \$ <u>43,000</u>	\$ <u>3,468</u> / Acre (<u>100</u> %)
Land Improvements: \$ _____	\$ <u>0</u> / (<u>0</u> %)
Structural Improvement Contribution: \$ <u>0</u>	\$ <u>0</u> / Acre (<u>0</u> %)
Non-Realty Items: \$ _____	\$ <u>0</u> / (<u>0</u> %)
Leased Fee Value <u>(Remaining term of encumbrance)</u> \$ _____	\$ <u>0</u> / (<u>0</u> %)
Leasehold Value: _____ \$ _____	\$ <u>0</u> / (<u>0</u> %)
	Overall Value: \$ <u>3,468</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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Property Compatibility	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Effective Purchase Power	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Demand	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Development Potential	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Desirability	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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 checked="" type="checkbox"/>	<input 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"/>

Subject Improvement Description

The well and septic system were not functional at the time of the inspection, there was no power run to the site so it was not possible to test these systems. With the reported intensity of the fire and the damage to the remaining foundations it is possible that these systems also suffered damage from the fire, damage from falling structures, or have fallen into dis-repair due to the length of time since they were last used. Most likely any existing system would need to be replaced or significantly renovated if improvements were to be built on the subject site in the future.

Overall Building REL years

Highest & Best Use Analysis

Highest & Best Use is defined as that reasonable and probable use that supports the highest present value, 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 value. (Appraisal of Rural Property, 2nd Edition 2000, ASFMRA/AI, Page 148.)

Legally Permissible Use(s) *(Include deed restrictions, existing zoning and/or potential to change zoning).*

The present use of the subject property as an agricultural operation is legally permissible. In addition, many alternate uses of the property would be allowable under the current zoning regulations. Small parcel splits would affect the county's land use plan and require the land to be subdivided.

Current Zoning: None Assessed Value: \$ 58,160 Taxes: \$ Exempt

Physically Possible Use(s) *(Discuss any limitations and/or advantages).*

Theoretically, other uses of the appraised unit are physically possible. The property has historically been utilized for agricultural production.

Other uses would include using the property for recreation, given its scenic, recreational, and/or hunting amenities.

Financially Feasible Use(s) *(Discuss any/all potential financial uses & likelihood of realization).*

Agricultural uses are financially feasible if operating expenses can be met or exceeded from the sale of crops or livestock produced on the land, or, alternatively, by leasing the property for its current use. Based on current production and open market lease rates, leasing the property for agricultural uses would be financially feasible.

Income from hunting would be an additional financial gain on the property.

Maximally Productive Use(s) *(Discuss single and/or concurrent uses of the subject property).*

The current use of the subject property as an agricultural operation is maximally productive. The current use would return the greatest monetary return, especially when any future appreciation is considered.

The property would most likely have a better monetary gain from agriculture than from being leased strictly for hunting.

Consistent Use: *(If improved, do structures conform to Highest & Best Use "as if" vacant?)*

The subject property includes one standing bin that survived a high heat wild fire and per the owner had little to no contributory value to the overall property and would most likely be torn down or removed, however this improvement is consistent with agricultural use as the highest and best use as though vacant.

Cost Approach Comments

The Cost Approach to value is based on the premise that an informed purchaser would pay no more for a given property than the cost of producing a substitute property with the same utility, assuming there was no undue delay. This approach involves estimating the reproduction cost of the subject improvements, subtracting accrued depreciation from all causes to arrive at a contributory value, and then adding the value of the subject site. This approach is most reliable when the improvements are relatively new and represent the highest and best use of the land.

Improvements are valued based on information found in the Marshall & Swift Valuation Service book and are tempered by local estimates and bid proposals.

Typically in Montana the majority of structures are purpose built so there is no "Entrepreneurial Incentive" as most buildings are sold before they are built and there is little to no speculative (spec) building going on in the market area. Any additional profit that the builder is making is included in the materials and labor costs associated with the structure and is included in the per SF cost calculations.

A total of five area sales were analyzed for comparison to the subject in the Cost Approach to value. The sales are located in Meagher County.

Sale 1 is located northeast of the subject property and just outside of White Sulphur Springs. This property is a vacant parcel of land and is a larger property used to determine if a size adjustment is necessary.

Sale 2 is a larger parcel sale located immediately adjacent to sale 3. This sale is just over the 40 acre limit imposed by the secondary market. This property is located on the north side of White Sulphur Springs outside of the city limits. This property is also a vacant parcel with a similar highest and best use when compared to the subject property.

Sale 3 is a similar sized parcel located on the north side of White Sulphur Springs outside of the city limit. This property is a vacant parcel and has a similar highest and best use when compared to the subject property.

Sale 4 is a smaller parcel when compared to the subject property and is utilized to bracket the subject property and determine if a size adjustment is necessary. This property is located east of White Sulphur Springs.

Sale 5 is located off of U.S. Hwy 12 W a similar distance along a gravel road when compared to the subject property. This parcel is a similar size when compared to the subject property and has similar views when compared to the subject property.

The sales represent properties having comparable acreage as the subject. No size adjustment appears to be warranted. Adjustments to value were considered for land type, building improvements. The first step in the cost approach is determining land value.

Site values from the comparable sales included in this analysis range in value from \$3,350/acre to \$9,021/acre with an average of \$6,858/acre.. A value of \$3,350/acre is selected as representative of the market value of site acres for the subject property as it falls within the range of site values from the comparable sales and places more weight on sales 5 which is located in a similar location away from the main highway.

A wild fire went through the subject property approximately three years ago and damaged or destroyed all of the improvements to the subject property. The only improvement still standing was a single grain bin and the lessee (improvement owner) had concerns about the structural integrity of the bin due to the heat and intensity of the fire and stated that the bin had no contributory value. Likewise many of the remaining foundations show evidence of flaking and crumbling that indicate structural damage to the concrete. Additionally the well and septic are not in use as the electricity was disconnected from the property and never restored as there were no other improvements to utilize it. Due to the fire, damage from falling structures or disrepair from disuse, the site improvements such as the well and septic system also have no contributory value.

The value report for the improvements in this analysis is the salvage value for the one bin still standing.

The indicated value of the subject property from the Cost Approach is **\$41,800.00**, rounded to **\$42,000.00**.

Cost Approach (Sales 1-5)

Item:		Sale #1	1	Sale #2	2	Sale #3	3	Sale #4	4	Sale #5	5
Sale Land Allocation	Grantor	Williams	MT Shedhorn Proerties, LLC	MT Shedhorn Properties, LLC		Heuer		Massee			
	Grantee	Lind Family LLC	Steen & Nancy Rushford	Leader & Stacy Menard		Mark White		Jason Brown			
	Source	MLS #22114558	Seller	Seller		MLS #21902530		MLS #21916937			
	Date	12/21	07/21	05/21		08/20		01/20			
	CEV Price	660,000	280,000	120,000		52,500		67,000			
	Deeded Acres	73.82	40.11	20.01		5.82		20.00			
	Location	1 s White Sulphur Springs	2 nw White Sulphur Springs	2 nw White Sulphur Springs		1.5 e White Sulphur Springs		12 s White Sulphur Springs			
Sale Land Allocation	Historic Allocation	X	X	X		X		X			
	Time Adjusted Allocation										
	Irrigated Cropland		73.82	0.00		0.00		0.00		0.00	
	Allocated Value (100%)	\$	8,941.00	\$	0.00	\$	0.00	\$	0.00	\$	0.00
	Irrigated Pasture		0.00	0.00		0.00		0.00		0.00	
	Allocated Value (%)	\$	0.00	\$	0.00	\$	0.00	\$	0.00	\$	0.00
	Dry Cropland		0.00	0.00		0.00		0.00		0.00	
	Allocated Value (%)	\$	0.00	\$	0.00	\$	0.00	\$	0.00	\$	0.00
	Hayland		0.00	0.00		0.00		0.00		0.00	
	Allocated Value (%)	\$	0.00	\$	0.00	\$	0.00	\$	0.00	\$	0.00
	Tame/Imp. Pasture		0.00	0.00		0.00		0.00		0.00	
	Allocated Value (%)	\$	0.00	\$	0.00	\$	0.00	\$	0.00	\$	0.00
	Pasture		0.00	0.00		0.00		0.00		0.00	
	Allocated Value (%)	\$	0.00	\$	0.00	\$	0.00	\$	0.00	\$	0.00
	Acres Site		0.00	40.11		20.01		5.82		20.00	
	Allocated Value (%)	\$	0.00	\$	6,981.00	\$	5,997.00	\$	9,021.00	\$	3,350.00
	Roads & Waste		0.00	0.00		0.00		0.00		0.00	
	Allocated Value (%)	\$	0.00	\$	0.00	\$	0.00	\$	0.00	\$	0.00
	Other		0.00	0.00		0.00		0.00		0.00	
	Allocated Value (%)	\$	0.00	\$	0.00	\$	0.00	\$	0.00	\$	0.00
	Public Lease		0.00	0.00		0.00		0.00		0.00	
	Allocated Value (%)	\$	0.00	\$	0.00	\$	0.00	\$	0.00	\$	0.00

Subject Land Estimate	Land Use	Acres	\$/Acre	Unit Type	Unit Size	\$/Unit	Total
	Irrigated Cropland		\$			\$	\$
	Irrigated Pasture		\$			\$	\$
	Dry Cropland		\$			\$	\$
	Hayland		\$			\$	\$
	Tame/Imp. Pasture		\$			\$	\$
	Pasture		\$			\$	\$
	Site	12.40	\$ 3,350.00	Acres		\$	\$ 41,540.00
	Roads & Waste		\$			\$	\$
	Other		\$			\$	\$
	Public Lease		\$			\$	\$
	Total Acres:	12.40	\$ 3,350.00	Total Units:	0.00	\$	\$ 41,540.00

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

<input type="checkbox"/>	Lump Sum Depreciation:	Improvement Contribution _____ % of Cost Estimate	\$	
<input type="checkbox"/>	Breakdown Depreciation:	Improvement Contribution Indication	\$	0
<input checked="" type="checkbox"/>	Breakdown Depreciation:	Age/Life Depreciation Improvement Contribution Indication	\$	260

OTHER

\$

COST APPROACH INDICATION (Land & Improvements)

\$

41,800

Improvement Contribution (1-10)

Cost Approach Improvements

IMPROVEMENT	1	2	3	4	5
Type	Bin				
Size	2600 bu				
Age	48				
Remaining Life	2				
RCN \$/Unit	2.50				
RCN	6,500				
\$/Unit Contribution	0.10				
Total Depreciation	6,240				
Total Depreciation %	96				
% Physical	96				
Physical Depreciation	6,240				
RCN Rem. After Phys. Depr.	260				
% Functional					
Functional Obsolescence					
RCN Rem. After Phys./Funct. Depr.	260				
% External					
External Obsolescence					
Improvement Contribution	260				
IMPROVEMENT	6	7	8	9	10
Type					
Size					
Age					
Remaining Life					
RCN \$/Unit					
RCN					
\$/Unit Contribution					
Total Depreciation					
Total Depreciation %					
% Physical					
Physical Depreciation					
RCN Rem. After Phys. Depr.					
% Functional					
Functional Obsolescence					
RCN Rem. After Phys./Funct. Depr.					
% External					
External Obsolescence					
<input checked="" type="checkbox"/> Age/Life Depreciation					
Improvement Contribution					
Overall Contribution (All Improvements)	\$ 260	Cost Approach Est. \$ 41,800	Improvement Contribution 1 %	Cost: <input type="checkbox"/> Replacement <input checked="" type="checkbox"/> Reproduction	
Total RCN \$	6,500	Total \$ 6,240	Total \$	Total \$	Total \$ 6,240
		Total % 96	Total %	Total %	Total % 96
		Physical Depreciation	Functional Obsolescence	External Obsolescence	Depreciation

Income Approach Comments

The Income Approach is based on the projected annual income stream that the subject property will most likely produce in the foreseeable future. A typical crop-share lease arrangement is projected, and income is projected on the subjects production capability. Landowners typical expenses are then estimated. The net income is then divided by the Capitalization Rate to arrive at the earning value.

While there are many cash leases in place, the predominant lease type is still a crop share lease with the State, BLM, and private land owners. typical crop shares are 1/3-2/3 which usually equates to a 30% share for small grains and pulse crops as well as corn and soy beans due to input costs and taxes, etc; and 40% for hay crops due to the decreased planting costs for alfalfa stands that typically go 5 years between replanting.

The capitalization rates from the comparable sales are utilized to analyze and develop a market cap rate that is applicable to the subject property.

The Income Approach is not developed in this report as the subject property is not large enough to be able to produce income to support its own tax value unless it is part of a larger economic unit. The dwelling will rarely produce enough income to justify the sales prices and many times without VRBO income which is scarce and difficult to obtain most properties have a negative income after paying taxes. The Income Approach in this instance would not provide any useful information in developing a market value for the subject property.

Comparable sources for income data including commodity pricing and crop share ratios, and typical expenses are located in my office comp files.

Sales Comparison Comments

The Sales Comparison Approach estimates the value by comparing the appraised property with similar properties that have sold in the area. This approach considers the conditions of sale, financing terms, market conditions, location, and physical and income characteristics of the property. Adjustments are made to these various factors affecting value as indicated by the sales market. These adjustments can be either dollar or percentage adjustments that are made to the sale price of each comparable property. Through this procedure, a logical estimate of the probable price for which the subject property could be sold, on the date of the estimate of appraised value, is determined.

Elements of Comparison

Variables considered when evaluating comparable sales include date of sale, location, water resources, size of parcel, access, soil types, stock water distribution, fencing, general desirability, condition at time of sale, financing factors, and more. Other general factors affecting farm and ranch land values include recreation and scenic values, minerals, interest rates, urban influences, investment potential, and the supply and demand for agricultural properties in the market. In order to perform a proper analysis, necessary adjustments and/or considerations are made for the pertinent variables when relating each individual comparable sale to the subject property.

A total of five area sales were analyzed for comparison to the subject property in the Sales Comparison Approach to value. All of the sales are located in Meagher County.

Reconciliation of Values from Comparable Sales Approach

Land Adjustment - The actual per acre difference in value considering the mix of acreage (pasture, hayland, cropland, etc.) comparing the sales to the subject. Some adjustments were necessary to the sales available.

Lease - Reflects the overall per acre consideration paid for leases conveyed with the sales as compared to the subject. These leases can include but are not limited to deeded acreages, State Land Leases, BLM Land Leases, BOR Land Leases, as well as tribal land leases. This adjustment if any is included in the land adjustment. For the subject property there was no adjustment necessary.

Improvements - The actual per acre difference in value of building improvements comparing the sales to the subject. The subject property is improved. Some adjustments were necessary and are detailed in the adjustment sheets.

Time - Reflects the adjustment made due to recent market changes. These adjustments are supported by Montana State University and USDA reports tracking the trends in agriculture land sales, as well as re-sales of properties. Based on a trend analysis of the sales (see addenda), no time adjustment was warranted. A lack of a strong trend indicating a change in value over time as well as a lack of re-sales of the same property indicate that there is not enough justification for a Time Adjustment.

Size - This reflects differences in sale price per unit for larger sales when compared to smaller ones where smaller parcels may be more desirable than larger ones due to additional financing sources, and for certain markets may have less excess land that would not be utilized to its highest and best use. No adjustments for size were warranted.

Financing Terms - Reflect adjustments to the sale of the property if they include favorable financing terms such as a below market rate, longer amortization, or less down payment requirements. These adjustments account for changes in the prime rate when compared to today for financing terms, cost of credit adjustments. Sales reported as cash transactions will typically involve some form of financing and some adjustments may be necessary based on the timing of the sale and the rate environment on effective financing terms at the time of the sale when compared to the subject property at the time of the inspection this is typically reflected in changes in the prime rate as reported by the United States Federal Reserve Bank. Some adjustments were necessary for this analysis of the subject property and included sales based on historical changes in the prime rate.

Rights Transferred - Reflects the property rights transferred by the sale including both surface and sub-surface rights as well as use rights. This is where conservation easements are reflected. No adjustments were warranted for rights transferred.

Conditions of sale - Reflect adjustments for short sale, distressed sale, bank-owned real estate. No adjustments were warranted for conditions of sale.

Location - Reflects the adjustment made due to the location, rainfall, stock water, etc., of the sale as compared to the subject. Some location adjustments were warranted based on proximity to the Highway.

Land Quality - Reflects the per acre value difference between the subject and the sales considering land quality, yield potential, soil capability and utilization. These adjustments reflect access to irrigation water, favorable soil conditions that support higher yields under irrigation when compared to the subject property. Adjustments are made to the comparable sales to bring them in line with the subject property. No adjustments are warranted for differences in land productivity by soil types.

Condition of Land - Reflects the age and condition of forage stands and irrigation delivery systems. No adjustments were warranted for condition of land.

Crop - The per acre value of growing crop contribution in the sale. This value is typically specified in a contract and verified with the input costs of said growing crop. There are no growing crops that are included in the purchase agreement nor were any disclosed to the Appraiser at the time of inspection. There are no adjustments with regard to crop in this appraisal report.

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)		Williams	MT Shedhorn Proerties, LLC	MT Shedhorn Properties, LLC	Heuer	Massee
	Grantee (Buyer)		Lind Family LLC	Steen & Nancy Rushford	Leader & Stacy Menard	Mark White	Jason Brown
	Source		MLS #22114558	Seller	Seller	MLS #21902530	MLS #21916937
	Date	Eff 08/22	12/21	07/21	05/21	08/20	01/20
	Eff Unit Size/Unit	12.40 / Acres	74	40	20	6	20
	Sale Price		660,000	280,000	120,000	52,500	67,000
	Finance Adjusted		Cash 0	Cash 0	Cash 0	Cash 0	Cash 0
	CEV Price		660,000	280,000	120,000	52,500	67,000
	Multiplier						
	Expense Ratio		12.79	19.18	24.73	457.45	36.43

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		8,940.67	6,980.80	5,997.00	9,020.62	3,350.00
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LAND AND IMPROVEMENT ADJUSTMENTS

Land Adjustment		0.00	0.00	0.00	0.00	0.00
Impvt. Adjustment		0.34	0.00	0.00	0.00	0.00
Adjusted Price		8,941.01	6,980.80	5,997.00	9,020.62	3,350.00

TIME ADJUSTMENTS

<input type="checkbox"/> Yr	<input type="checkbox"/> Mo	Periods				
<input type="checkbox"/> Smpl	<input type="checkbox"/> Cmp	Rate				
<input type="checkbox"/> Auto	<input checked="" type="checkbox"/> X	Time Adjustment	0.00	0.00	0.00	0.00
		Time Adj. Price	8,940.97	6,980.77	5,997.02	9,020.63

OTHER ADJUSTMENTS

Rights Transferred	Adjustment	0.00	0.00	0.00	0.00	0.00
Financing Terms	Adjustment	-1,270.53	-997.17	-854.72	-1,246.46	-164.26
Location	Adjustment	-4,000.00	-2,300.00	-2,000.00	-4,000.00	0.00
Land Quality	Adjustment	0.00	0.00	0.00	0.00	0.00
Property Condition	Adjustment	0.00	0.00	0.00	0.00	0.00
Net Adjustments		-5,270	-3,297	-2,855	-5,246	-164
ADJUSTED PRICE		3,671	3,684	3,142	3,775	3,186

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

Sales Comparison Approach Summary:

Property Basis (Value Range): \$ 3,142.00 to \$ 3,775.00
 Unit Basis: \$ 3,500.00 / X 12.40 Acres = \$ 43,400.00
 Multiplier Basis: \$ X (multiple) = \$

Sales Comparison Indication:

\$ 43,000

"As Is" Sales Comparison Approach Analysis**Sales:**

Sale 1 is included because of its size and location and is used to establish if a size adjustment is necessary. This sale is also utilized to establish a location adjustment for proximity to the highway.

Sale 2 is included because of its location in proximity to the subject property, it is just over the 40 acre limit on secondary market financing size restrictions and is also used as a check to see if a size adjustment is necessary. This sale is also utilized to establish a location adjustment for proximity to the highway.

Sale 3 is included because its similar size when compared to the subject property, and its location in proximity to the subject property. This sale is also utilized to establish a location adjustment for proximity to the highway.

Sale 4 is included because of its size and location and brackets the subject property in terms of size to establish if a size adjustment is necessary.

Sale 5 is included because of its location off of the highway which is a similar distance when compared to the subject property and because its size is similar to the subject property.

Adjustments:

The Land Use Mix Adjustment (Land Adjustment), the Improvement Adjustment, and the Time Adjustment are sequential adjustments that are made in a specific order due to industry standards, and valuation principles taught in the qualifying education courses and reinforced throughout the appraisal education and training process based on the forces of value.

The next set of adjustments are all made simultaneously and are not sequential based on the weight of each adjustment to the overall value and the forces of value. This is also an industry standard practice and one that is taught the qualifying education courses and reinforced throughout the appraisal education and training process based on the forces of value.

Sale 1 is adjusted for differences in financing terms from the date of the sale to the date of inspection/effective date of this appraisal report and is also adjusted for location due to differences in proximity to the highway.

Sale 2 is adjusted for differences in financing terms from the date of the sale to the date of inspection/effective date of this appraisal report and is also adjusted for location due to differences in proximity to the highway.

Sale 3 is adjusted for differences in financing terms from the date of the sale to the date of inspection/effective date of this appraisal report and is also adjusted for location due to differences in proximity to the highway.

Sale 4 is adjusted for differences in financing terms from the date of the sale to the date of inspection/effective date of this appraisal report and is also adjusted for location due to differences in proximity to the highway.

Sale 5 is adjusted for differences in financing terms from the date of the sale to the date of inspection/effective date of this appraisal report.

The financing terms adjustment is a calculation based on the difference in buying power with changes in the prime rate that most financing interest rates are tied to.

The location adjustment is a comparison from the sales to the subject property to determine which sales are most similar in location when compared to the subject property, in this instance the location adjustment accounts for proximity to the highway as some of the sales are located on the highway or adjacent to it while the subject property is located 4.6 miles off of the highway. These properties are also compared to additional area sales to determine a location adjustment for proximity to the highway. Sales 1 and 4 are located either adjacent to or in close proximity (less than 1 mile) to U.S. Highway 12 w. Sales 2 & 3 are located in close proximity to MT Highway 360 which is a less travelled highway, however it provides superior access when compared to the subject property. This is the difference between the adjustment amount for sales 1 & 4 when compared to sales 2 & 3. Sales 1 & 4 have a similar adjusted per acre value (after the Time Adjustment line please note that no time adjustment was made) so the adjustment is a similar ratio when compared to the per acre price. The adjustment to sales 2 & 3 is approximately 33% of the after time adjusted per acre value.

Conclusions:

Hypothetical Condition: The land is owned in Fee Simple ownership and there are no leases on the property.

The adjusted sales prices from the comparable sales analyzed ranges from \$3,142/acre to \$3,775/acre with an average of \$3,492/ac. Sale 5 includes the smallest net adjustment and is most similar to the subject property in terms of size and location. The most weight is placed on sale 5.

A value of \$3,500/acre is the best indication of market value for the subject property.

The indicated value for the subject property "As Is" from the Sales Comparison Approach is 12.40 acres @ \$3,500/acre = **\$43,400.00**, rounded to **\$43,000.00**.

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	\$	41,800
Income Approach	\$	N/A
Sales Comparison Approach	\$	43,000

Discussion & Correlation of Values

Analysis of Each Approach and Opinion of Value: Hypothetical Condition: The land is owned in Fee Simple ownership and there are no leases on the property.

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

The Income Approach is not developed in this report as the subject property is not large enough to be able to produce income to support its own tax value unless it is part of a larger economic unit. The dwelling will rarely produce enough income to justify the sales prices and many times without VRBO income which is scarce and difficult to obtain most properties have a negative income after paying taxes. The Income Approach in this instance would not provide any useful information in developing a market value for the subject property.

The Cost Approach is most effective with new or recently remodeled improvements where the effective age and actual age are very similar and require small depreciation adjustments. The subject property includes only one standing improvement and per the owner after the wild fire went through the subject property approximately three years ago any remaining improvements including site improvements have no contributory value as they would need to be removed or replaced in order to build new improvements. For this reason the Cost Approach carries little weight.

Although the sales used for the Sales Comparison Approach are not as similar to the subject as they could ideally be, they are an indicator of farmland value in the area. Large adjustments were unavoidable. Sale 5 includes the smallest net adjustment and is most similar to the subject property in terms of size and location. The most weight is placed on sale 5. The Sales Comparison Approach typically reflects the motivations of actual market participants and most accurately reflects buyers and sellers in the market area.

The most weight is placed on the Sales Comparison Approach which is further supported by the Cost Approach.

The final reconciled opinion of Market Value for the subject property of the subject from the Approaches reconciled above is:
\$43,000.00

Allocation of Value

Opinion Of Value - (Estimated Marketing Time 12 months, see attached)

\$ 43,000

Cost of Repairs \$ _____

Cost of Additions \$ _____

Allocation: (Total Deeded Units: 12.40) Land: \$ 43,000 \$ 3,468 / Acre (100 %)
 Land Improvements: \$ 0 / (0 %)
 Structural Improvement Contribution: \$ 0 \$ 0 / Acre (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 \$ 43,000 \$ 3,468 / Acre (100 %)

"As Though Vacant" Hypothetical Condition

Hypothetical Condition: The subject property is vacant raw land exclusive of real property improvements.

This section is the analysis of the subject property with the Hypothetical Condition provided by the engagement letter.

Uniform Agricultural Appraisal Report

Property Identification

Owner/Occupant: <u>State of Montana (Land)/Ben Galt (Improvements)</u>	Total Deeded Acres: <u>12.40</u>
Property Address: <u>75 Feddes Rd, White Sulphur Springs</u>	Effective Unit Size: <u>12.40</u>
State/County: <u>MT / Meagher</u>	Zip Code: <u>59645</u>
Property Location: <u>11.6 miles southwest of White Sulphur Springs</u>	Property Code #: _____
Highest & Best Use: <u>Agriculture/Recreation "As If" Vacant</u>	FAMC Comd'ty Gp: _____
<u>Agriculture "As Improved"</u>	Primary Land Type: <u>Cabin Site/Building Site</u>
Zoning: <u>There is no zoning outside city limits</u>	Primary Commodity: <u>N/A</u>
Unit Type: <input checked="" type="checkbox"/> Economic Sized Unit <input type="checkbox"/> Supplemental/Add-On Unit	
FEMA Community # _____ FEMA Map # _____ FEMA Zone/Date: <u>Unmapped</u>	
Legal Description: <u>See Attached Legal Description</u> SEC _____ TWP _____ RNG _____ Attached <input checked="" type="checkbox"/>	
Purpose of Report: <u>Determine Market Value</u>	
Use/Intended User(s): <u>Determine Market Value/Client (see scope of work comment below)</u>	
Rights Appraised: <u>Fee Simple less subsurface rights</u>	
Value Definition: _____ Attached <input checked="" type="checkbox"/>	
Assignment: _____ Report Type: <u>Appraisal Report</u>	
Extent of Process/Scope of Work: Client: <u>The Montana Board of Land Commissioners, & the Department of Natural Resources and Conservation.</u>	
Intended Users: <u>The Montana Board of Land Commissioners, the Department of Natural Resources and Conservation, and Lessee Ben Galt.</u>	
See Scope of Work page for further Scope of Work details.	

Summary of Facts and Conclusions

Appraisal Report Summary

Date of Inspection: <u>08/30/22</u>	Effective Date of Appraisal: <u>08/30/22</u>																																																																																
Value Indication	- Cost Approach: _____ \$ <u>N/A</u>																																																																																
	- Income Approach: _____ \$ <u>N/A</u>																																																																																
	- Sales Comparison Approach: _____ \$ <u>43,000</u>																																																																																
Opinion of Value:	<u>(Estimated Marketing Time 12 months)</u> \$ <u>43,000</u>																																																																																
Cost of Repairs: \$ _____	Cost of Additions: \$ _____																																																																																
Allocation:																																																																																	
Land: \$ <u>43,000</u>	\$ <u>3,468</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 <u>(Remaining term of encumbrance)</u> \$ _____	\$ <u>0</u> / (<u>0</u> %)																																																																																
Leasehold Value: _____ \$ _____	\$ <u>0</u> / (<u>0</u> %)																																																																																
	Overall Value: \$ <u>3,468</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:	Subject Property Rating:																																																																																
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Highest & Best Use Analysis

Highest & Best Use is defined as that reasonable and probable use that supports the highest present value, 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 value. (Appraisal of Rural Property, 2nd Edition 2000, ASFMRA/AI, Page 148.)

Legally Permissible Use(s) *(Include deed restrictions, existing zoning and/or potential to change zoning).*

The present use of the subject property as an agricultural operation is legally permissible. In addition, many alternate uses of the property would be allowable under the current zoning regulations. Small parcel splits would affect the county's land use plan and require the land to be subdivided.

Current Zoning: None Assessed Value: \$ 58,160 Taxes: \$ Exempt

Physically Possible Use(s) *(Discuss any limitations and/or advantages).*

Theoretically, other uses of the appraised unit are physically possible. The property has historically been utilized for agricultural production.

Other uses would include using the property for recreation, given its scenic, recreational, and/or hunting amenities.

Financially Feasible Use(s) *(Discuss any/all potential financial uses & likelihood of realization).*

Agricultural uses are financially feasible if operating expenses can be met or exceeded from the sale of crops or livestock produced on the land, or, alternatively, by leasing the property for its current use. Based on current production and open market lease rates, leasing the property for agricultural uses would be financially feasible.

Income from hunting would be an additional financial gain on the property.

Maximally Productive Use(s) *(Discuss single and/or concurrent uses of the subject property).*

The current use of the subject property as an agricultural operation is maximally productive. The current use would return the greatest monetary return, especially when any future appreciation is considered.

The property would most likely have a better monetary gain from agriculture than from being leased strictly for hunting.

Consistent Use: *(If improved, do structures conform to Highest & Best Use "as if" vacant?)*

Hypothetical Condition: The subject property is vacant raw land exclusive of real property improvements.

Under this hypothetical condition the subject property has no improvements.

Cost Approach Comments

The Cost Approach to value is based on the premise that an informed purchaser would pay no more for a given property than the cost of producing a substitute property with the same utility, assuming there was no undue delay. This approach involves estimating the reproduction cost of the subject improvements, subtracting accrued depreciation from all causes to arrive at a contributory value, and then adding the value of the subject site. This approach is most reliable when the improvements are relatively new and represent the highest and best use of the land.

Improvements are valued based on information found in the Marshall & Swift Valuation Service book and are tempered by local estimates and bid proposals.

Typically in Montana the majority of structures are purpose built so there is no "Entrepreneurial Incentive" as most buildings are sold before they are built and there is little to no speculative (spec) building going on in the market area. Any additional profit that the builder is making is included in the materials and labor costs associated with the structure and is included in the per SF cost calculations.

The Cost Approach is not developed in the second analysis as the Hypothetical Condition provided by the engagement letter states that the land is to be appraised as though it is vacant raw land exclusive of any improvements and the Cost Approach would be a restatement of the Sales Comparison Approach and could be potentially misleading to the client and/or the intended user.

Income Approach Comments

The Income Approach is based on the projected annual income stream that the subject property will most likely produce in the foreseeable future. A typical crop-share lease arrangement is projected, and income is projected on the subjects production capability. Landowners typical expenses are then estimated. The net income is then divided by the Capitalization Rate to arrive at the earning value.

While there are many cash leases in place, the predominant lease type is still a crop share lease with the State, BLM, and private land owners. typical crop shares are 1/3-2/3 which usually equates to a 30% share for small grains and pulse crops as well as corn and soy beans due to input costs and taxes, etc; and 40% for hay crops due to the decreased planting costs for alfalfa stands that typically go 5 years between replanting.

The capitalization rates from the comparable sales are utilized to analyze and develop a market cap rate that is applicable to the subject property.

The Income Approach is not developed in this report as the subject property is not large enough to be able to produce income to support its own tax value unless it is part of a larger economic unit. The dwelling will rarely produce enough income to justify the sales prices and many times without VRBO income which is scarce and difficult to obtain most properties have a negative income after paying taxes. The Income Approach in this instance would not provide any useful information in developing a market value for the subject property.

Comparable sources for income data including commodity pricing and crop share ratios, and typical expenses are located in my office comp files.

Sales Comparison Comments

The Sales Comparison Approach estimates the value by comparing the appraised property with similar properties that have sold in the area. This approach considers the conditions of sale, financing terms, market conditions, location, and physical and income characteristics of the property. Adjustments are made to these various factors affecting value as indicated by the sales market. These adjustments can be either dollar or percentage adjustments that are made to the sale price of each comparable property. Through this procedure, a logical estimate of the probable price for which the subject property could be sold, on the date of the estimate of appraised value, is determined.

Elements of Comparison

Variables considered when evaluating comparable sales include date of sale, location, water resources, size of parcel, access, soil types, stock water distribution, fencing, general desirability, condition at time of sale, financing factors, and more. Other general factors affecting farm and ranch land values include recreation and scenic values, minerals, interest rates, urban influences, investment potential, and the supply and demand for agricultural properties in the market. In order to perform a proper analysis, necessary adjustments and/or considerations are made for the pertinent variables when relating each individual comparable sale to the subject property.

A total of five area sales were analyzed for comparison to the subject property in the Sales Comparison Approach to value. All of the sales are located in Meagher County.

Reconciliation of Values from Comparable Sales Approach

Land Adjustment - The actual per acre difference in value considering the mix of acreage (pasture, hayland, cropland, etc.) comparing the sales to the subject. Some adjustments were necessary to the sales available.

Lease - Reflects the overall per acre consideration paid for leases conveyed with the sales as compared to the subject. These leases can include but are not limited to deeded acreages, State Land Leases, BLM Land Leases, BOR Land Leases, as well as tribal land leases. This adjustment if any is included in the land adjustment. For the subject property there was no adjustment necessary.

Improvements - The actual per acre difference in value of building improvements comparing the sales to the subject. The subject property is improved. Some adjustments were necessary and are detailed in the adjustment sheets.

Time - Reflects the adjustment made due to recent market changes. These adjustments are supported by Montana State University and USDA reports tracking the trends in agriculture land sales, as well as re-sales of properties. Based on a trend analysis of the sales (see addenda), no time adjustment was warranted. A lack of a strong trend indicating a change in value over time as well as a lack of re-sales of the same property indicate that there is not enough justification for a Time Adjustment.

Size - This reflects differences in sale price per unit for larger sales when compared to smaller ones where smaller parcels may be more desirable than larger ones due to additional financing sources, and for certain markets may have less excess land that would not be utilized to its highest and best use. No adjustments for size were warranted.

Financing Terms - Reflect adjustments to the sale of the property if they include favorable financing terms such as a below market rate, longer amortization, or less down payment requirements. These adjustments account for changes in the prime rate when compared to today for financing terms, cost of credit adjustments. Sales reported as cash transactions will typically involve some form of financing and some adjustments may be necessary based on the timing of the sale and the rate environment on effective financing terms at the time of the sale when compared to the subject property at the time of the inspection this is typically reflected in changes in the prime rate as reported by the United States Federal Reserve Bank. Some adjustments were necessary for this analysis of the subject property and included sales based on historical changes in the prime rate.

Rights Transferred - Reflects the property rights transferred by the sale including both surface and sub-surface rights as well as use rights. This is where conservation easements are reflected. No adjustments were warranted for rights transferred.

Conditions of sale - Reflect adjustments for short sale, distressed sale, bank-owned real estate. No adjustments were warranted for conditions of sale.

Location - Reflects the adjustment made due to the location, rainfall, stock water, etc., of the sale as compared to the subject. Some location adjustments were warranted based on proximity to the Highway.

Land Quality - Reflects the per acre value difference between the subject and the sales considering land quality, yield potential, soil capability and utilization. These adjustments reflect access to irrigation water, favorable soil conditions that support higher yields under irrigation when compared to the subject property. Adjustments are made to the comparable sales to bring them in line with the subject property. No adjustments are warranted for differences in land productivity by soil types.

Condition of Land - Reflects the age and condition of forage stands and irrigation delivery systems. No adjustments were warranted for condition of land.

Crop - The per acre value of growing crop contribution in the sale. This value is typically specified in a contract and verified with the input costs of said growing crop. There are no growing crops that are included in the purchase agreement nor were any disclosed to the Appraiser at the time of inspection. There are no adjustments with regard to crop in this appraisal report.

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)		Williams	MT Shedhorn Proerties, LLC	MT Shedhorn Properties, LLC	Heuer	Massee
	Grantee (Buyer)		Lind Family LLC	Steen & Nancy Rushford	Leader & Stacy Menard	Mark White	Jason Brown
	Source		MLS #22114558	Seller	Seller	MLS #21902530	MLS #21916937
	Date	Eff 08/22	12/21	07/21	05/21	08/20	01/20
	Eff Unit Size/Unit	12.40 / Acres	74	40	20	6	20
	Sale Price		660,000	280,000	120,000	52,500	67,000
	Finance Adjusted		Cash 0	Cash 0	Cash 0	Cash 0	Cash 0
	CEV Price		660,000	280,000	120,000	52,500	67,000
	Multiplier						
	Expense Ratio		12.79	19.18	24.73	457.45	36.43

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		8,940.67	6,980.80	5,997.00	9,020.62	3,350.00
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LAND AND IMPROVEMENT ADJUSTMENTS

Land Adjustment		0.00	0.00	0.00	0.00	0.00
Impvt. Adjustment		0.34	0.00	0.00	0.00	0.00
Adjusted Price		8,941.01	6,980.80	5,997.00	9,020.62	3,350.00

TIME ADJUSTMENTS

<input type="checkbox"/> Yr	<input type="checkbox"/> Mo	Periods				
<input type="checkbox"/> Smpl	<input type="checkbox"/> Cmp	Rate				
<input type="checkbox"/> Auto	<input checked="" type="checkbox"/> X	Man	Time Adjustment	0.00	0.00	0.00
			Time Adj. Price	8,940.97	6,980.77	5,997.02
						9,020.63
						3,350.00

OTHER ADJUSTMENTS

Rights Transferred	Adjustment	0.00	0.00	0.00	0.00	0.00
Financing Terms	Adjustment	-1,270.53	-997.17	-854.72	-1,246.46	-164.26
Location	Adjustment	-4,000.00	-2,300.00	-2,000.00	-4,000.00	0.00
Land Quality	Adjustment	0.00	0.00	0.00	0.00	0.00
Property Condition	Adjustment	0.00	0.00	0.00	0.00	0.00
Net Adjustments		-5,270	-3,297	-2,855	-5,246	-164
ADJUSTED PRICE		3,671	3,684	3,142	3,775	3,186

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

Sales Comparison Approach Summary:

Property Basis (Value Range): \$ _____ to \$ _____
 Unit Basis: \$ 3,500.00 / _____ X 12.40 Acres = \$ 43,400.00
 Multiplier Basis: \$ _____ X _____ (multiple) = \$ _____

Sales Comparison Indication:

\$ 43,000

"As Though Vacant" Sales Comparison Approach Analysis**Sales:**

Sale 1 is included because of its size and location and is used to establish if a size adjustment is necessary. This sale is also utilized to establish a location adjustment for proximity to the highway.

Sale 2 is included because of its location in proximity to the subject property, it is just over the 40 acre limit on secondary market financing size restrictions and is also used as a check to see if a size adjustment is necessary. This sale is also utilized to establish a location adjustment for proximity to the highway.

Sale 3 is included because its similar size when compared to the subject property, and its location in proximity to the subject property. This sale is also utilized to establish a location adjustment for proximity to the highway.

Sale 4 is included because of its size and location and brackets the subject property in terms of size to establish if a size adjustment is necessary.

Sale 5 is included because of its location off of the highway which is a similar distance when compared to the subject property and because its size is similar to the subject property.

Adjustments:

The Land Use Mix Adjustment (Land Adjustment), the Improvement Adjustment, and the Time Adjustment are sequential adjustments that are made in a specific order due to industry standards, and valuation principles taught in the qualifying education courses and reinforced throughout the appraisal education and training process based on the forces of value.

The next set of adjustments are all made simultaneously and are not sequential based on the weight of each adjustment to the overall value and the forces of value. This is also an industry standard practice and one that is taught the qualifying education courses and reinforced throughout the appraisal education and training process based on the forces of value.

Sale 1 is adjusted for differences in financing terms from the date of the sale to the date of inspection/effective date of this appraisal report and is also adjusted for location due to differences in proximity to the highway.

Sale 2 is adjusted for differences in financing terms from the date of the sale to the date of inspection/effective date of this appraisal report and is also adjusted for location due to differences in proximity to the highway.

Sale 3 is adjusted for differences in financing terms from the date of the sale to the date of inspection/effective date of this appraisal report and is also adjusted for location due to differences in proximity to the highway.

Sale 4 is adjusted for differences in financing terms from the date of the sale to the date of inspection/effective date of this appraisal report and is also adjusted for location due to differences in proximity to the highway.

Sale 5 is adjusted for differences in financing terms from the date of the sale to the date of inspection/effective date of this appraisal report.

The financing terms adjustment is a calculation based on the difference in buying power with changes in the prime rate that most financing interest rates are tied to.

The location adjustment is a comparison from the sales to the subject property to determine which sales are most similar in location when compared to the subject property, in this instance the location adjustment accounts for proximity to the highway as some of the sales are located on the highway or adjacent to it while the subject property is located 4.6 miles off of the highway. These properties are also compared to additional area sales to determine a location adjustment for proximity to the highway. Sales 1 and 4 are located either adjacent to or in close proximity (less than 1 mile) to U.S. Highway 12 w. Sales 2 & 3 are located in close proximity to MT Highway 360 which is a less travelled highway, however it provides superior access when compared to the subject property. This is the difference between the adjustment amount for sales 1 & 4 when compared to sales 2 & 3. Sales 1 & 4 have a similar adjusted per acre value (after the Time Adjustment line please note that no time adjustment was made) so the adjustment is a similar ratio when compared to the per acre price. The adjustment to sales 2 & 3 is approximately 33% of the after time adjusted per acre value.

Conclusions:

Hypothetical Condition: The land is owned in Fee Simple ownership and there are no leases on the property.

Hypothetical Condition (Second Analysis): The subject property is vacant raw land exclusive of real property improvements.

The adjusted sales prices from the comparable sales analyzed ranges from \$3,142/acre to \$3,775/acre with an average of \$3,492/ac. Sale 5 includes the smallest net adjustment and is most similar to the subject property in terms of size and location. The most weight is placed on sale 5.

A value of \$3,500/acre is the best indication of market value for the subject property.

The indicated value for the subject property "As Is" from the Sales Comparison Approach is 12.40 acres @ \$3,500/acre = **\$43,400.00**, rounded to **\$43,000.00**.

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	\$	N/A
Income Approach	\$	N/A
Sales Comparison Approach	\$	43,000

Discussion & Correlation of Values

Analysis of Each Approach and Opinion of Value: Hypothetical Condition: The land is owned in Fee Simple ownership and there are no leases on the property.

Hypothetical Condition (Second Analysis): The subject property is vacant raw land exclusive of real property improvements.

The Income Approach is not developed in this report as the subject property is not large enough to be able to produce income to support its own tax value unless it is part of a larger economic unit. The dwelling will rarely produce enough income to justify the sales prices and many times without VRBO income which is scarce and difficult to obtain most properties have a negative income after paying taxes. The Income Approach in this instance would not provide any useful information in developing a market value for the subject property.

The Cost Approach is not developed in the second analysis as the Hypothetical Condition provided by the engagement letter states that the land is to be appraised as though it is vacant raw land exclusive of any improvements and the Cost Approach would be a restatement of the Sales Comparison Approach and could be potentially misleading to the client and/or the intended user.

Although the sales used for the Sales Comparison Approach are not as similar to the subject as they could ideally be, they are an indicator of farmland value in the area. Large adjustments were unavoidable. Sale 5 includes the smallest net adjustment and is most similar to the subject property in terms of size and location. The most weight is placed on sale 5. The Sales Comparison Approach typically reflects the motivations of actual market participants and most accurately reflects buyers and sellers in the market area.

As the Sales Comparison Approach is the only approach completed in this analysis it carries all of the weight.

The final reconciled opinion of Market Value for the subject property of the subject from the Approaches reconciled above is:
\$43,000.00

Allocation of Value

Opinion Of Value -	(Estimated Marketing Time	12	months, see attached)	\$	43,000
Cost of Repairs	\$				
Cost of Additions	\$				
Allocation:	(Total Deeded Units: 12.40)	Land:	\$ 43,000	\$ 3,468 /	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	\$	43,000	\$ 3,468 /	Acre (100 %)	

Final Reconciliation

Final Reconciliation Additional Comments

The analysis of the subject property as though vacant (the second analysis) indicates the value of the subject property as if it were raw land per the hypothetical condition required by the engagement letter.

Hypothetical Condition: The land is owned in Fee Simple ownership and there are no leases on the property.

Hypothetical Condition (Second Analysis): The subject property is vacant raw land exclusive of real property improvements.

This second analysis provided the land value component of the total value from the first analysis. Which indicates the total value of the subject property from the Cost Approach and the Sales Comparison Approach in "As Is" condition.

From these two analysis' the final opinion of value for the subject property in "As Is" condition is \$43,000.00, and the final opinion of value for the subject property as though vacant (hypothetical condition above) is \$43,000.00. This analysis through an arithmetic calculation indicates that the improvements are valued at \$0.00 as the final opinion of market value for the improvements independent of the land value.

Due to the extent of the fire damage to the property from the wild fire that occurred approximately three years ago and through interviews with the Lessee (improvement owner) it is established that the improvements, including site improvements (such as well and septic systems) have no contributory value due to the fire damage and the loss of structural integrity to many of the foundations as well as disuse of many of the systems from lack of electricity and the surrounding improvements that relied on those systems (dwelling, shop, etc). For this reason the improvements have no contributory value and the opinion of market value for the subject property "As Is" is the same as the opinion of market value for the subject property "As Though Vacant".

Opinion of Market Value:

Land Value: \$43,000.00 (from the "As Though Vacant" analysis of Market Value for the Subject Property)

Improvement Value: \$0.00 (from the calculation detailed above)

Total: \$43,000.00 (from the "As Is" analysis of Market Value for the Subject Property)

The Opinion of Market Value for the Land as though vacant raw land exclusive of real property improvements: \$43,000.00

The Opinion of Market Value for the Subject property "As Is" including both the land and improvements: \$43,000.00

The Opinion of Market Value for the Improvements to the subject property exclusive of the land: \$0.00

Exhibits and Addenda

Sale Analysis

Index #	Database #		547	Sale #	1	
Grantor	Williams		Sales Price	660,000	Property Type	Irrigated Cropland
Grantee	Lind Family LLC		Other Contrib.		Primary Land Use	Irrigated Hay
Deeded Acres	73.82		Net Sale Price	660,000	Secondary Land Use	Bldg Site
Sale Date/DOM	12/15/21 /		\$/Deeded Acre	8,940.67	Water	
Prior Sale Date			Financing	Cash		
Prior CEV Price			% Fin. Adj.	0		
Analysis Code			CEV Price	660,000		
Source	MLS #22114558		SCA Unit Type	Acres		
Motivation	Expansion		Eff. Unit Size	73.82		
Highest & Best Use	Agriculture/Recreation		SCA \$/Unit	8,940.67		
Address	4041 Highway 12 E		Multiplier Unit			
City	White Sulphur SPrings		Multiplier No.			
County	Meagher		Legal Access	Yes		
State/Zip	MT / 59645		Physical Access	Yes		
Region/Area/Zone	/ /		View		Tax ID/Recording	
Location	1 s White Sulphur Springs		Utilities	Avail.	Sec/Twp/Rge	24 / 09N / 06W
Legal Description: S24, T09 N, R06 E, C.O.S. 79653 & 104068 & 146139, ACRES 73.82, TRACT B, SE4						

Land-Mix Analysis									
Land Use	Ratios	Acres	\$/Acre	Unit Size	Unit Type	\$/Unit	Total Unit Value		
Irrigated Cropland	%	73.82	Ac. 8,941.00		Acres	X \$	= \$	660,025	
Irrigated Pasture	%		Ac.			X \$	= \$		
Dry Cropland	%		Ac.			X \$	= \$		
Hayland	%		Ac.			X \$	= \$		
Tame/Imp Pasture	%		Ac.			X \$	= \$		
Pasture	%		Ac.			X \$	= \$		
Site	%		Ac.			X \$	= \$		
Roads & Waste	%		Ac.			X \$	= \$		
Other	%		Ac.			X \$	= \$		
Public Lease	%		Ac.			X \$	= \$		
Totals		73.82	Ac. 8,941.00			X \$	= \$	660,025	
CEV Price \$	660,000	- Land Contribution \$	660,025	= Improvement Contribution \$	-25				

Income Analysis

Income Analysis									
Income Estimate Basis:		<input checked="" type="checkbox"/>	Cash	<input type="checkbox"/>	Share	<input type="checkbox"/>	Owner/Operator		
Income Source			Unit	Stabilized	Total Production		Cash/Share/Owner Income		
<input type="checkbox"/> Actual	<input checked="" type="checkbox"/> Estimated	Units	Measure	Yield	Stabilized \$/Unit	Gross Income	Share %	Income \$	
Irrigated Cropland		73.82	Acres	1.00	90.00	6,644	100	6,644	
Improvements		<input type="checkbox"/>	Improvements Included in Land Rent			/mo	/yr		
							Stabilized Gross Income = \$		6,644
Expense Items:		Expenses (cont.):			Expenses (cont.):				
Real Estate Tax	\$ 500		\$		\$				
Insurance	\$		\$		\$				
Maintenance	\$		\$		\$				
Management	\$ 350		\$		\$				
Total Expenses	850	/ Stabilized G.I.	6,644	= Expense Ratio	12.79	%	Total Expenses = \$		850
Net Income	5,794	/ CEV Price	660,000	= Cap Rate	0.88	%	Net Income = \$		5,794

Index #	Database #	Sale #									
	547	1									
Improvement Analysis											
Improvement Analysis	Item:	Impt. #1	Impt. #2	Impt. #3	Impt. #4	Impt. #5	Impt. #6	Impt. #7	Impt. #8	Impt. #9	Impt. #10
	Type										
	Size										
	Unit										
	Utility										
	Condition										
	Age										
	Remaining Life										
	RCN/Unit										
	RCN										
	% Physical Depreciation										
	RCN Remainder After Phys. Depr.										
	% Functional Obsolescence										
	RCN Rem. After Phys./Funct. Depr.										
	% External Obsolescence										
	Total Impt. Contribution										
	Contribution \$/Unit										
	Physical Depreciation _____ % Functional Obsolescence _____ % External Obsolescence _____ % Total Depreciation _____ % Total RCN \$ _____ Total Improvement Contribution: \$ _____ Improvement As % of Price _____ %										
Comments	There were no improvements to this property at the time of sale.										

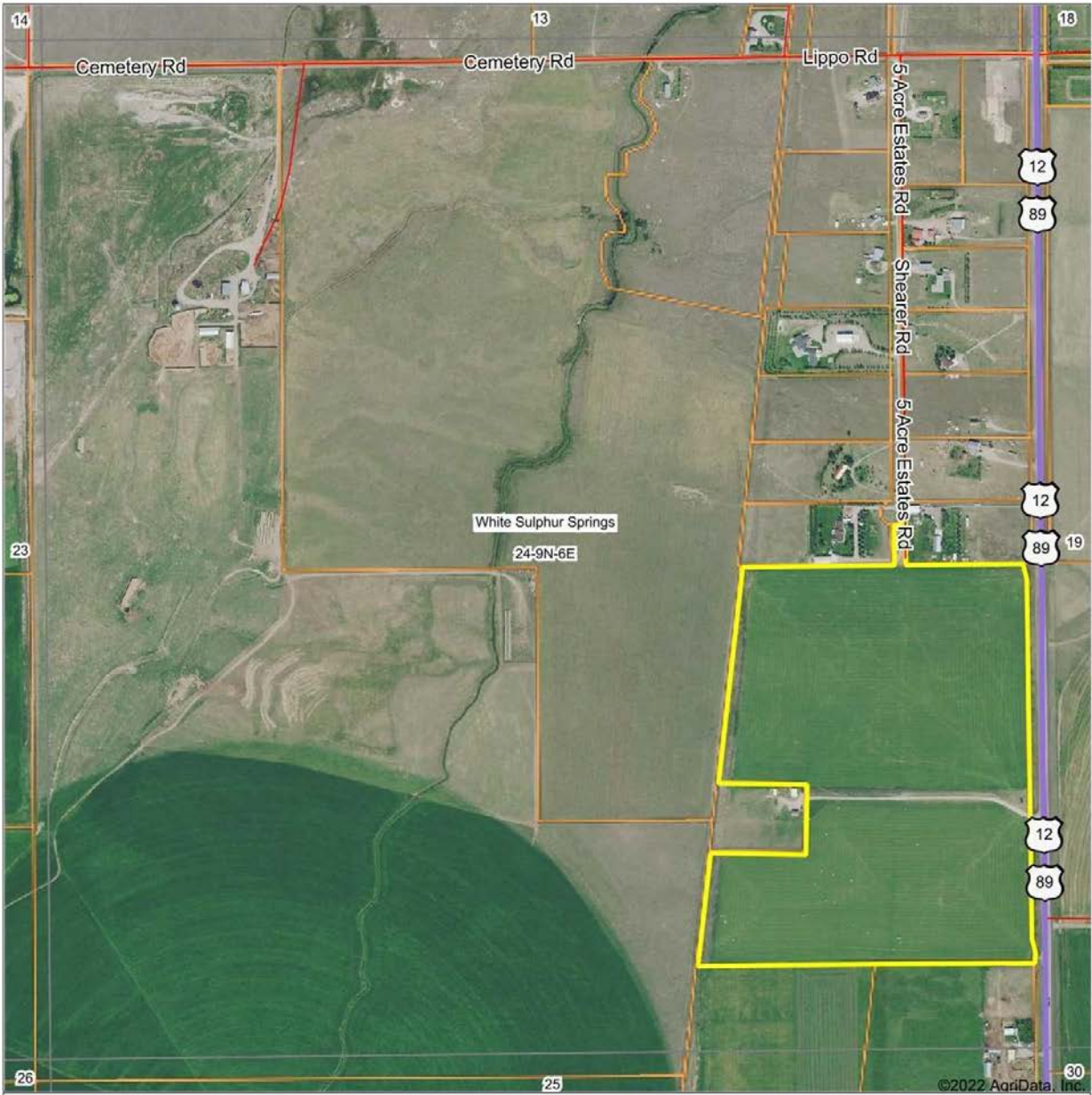
Index #

Database # 547

Sale # 1

Aerial Map

Aerial Map





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Map Center: 46.527020, -110.915790

24-9N-6E
Meagher County
Montana

0ft 814ft 1628ft



9/2/2022

Index # _____ Database # 547 Sale # 1

Comp Photo



The improvements in this photo are located on a separate parcel that is not a part of this property.

Sale Analysis

Index #	Database #	548	Sale #	2	
Grantor	<u>MT Shedhorn Proerties, LLC</u>	Sales Price	280,000	Property Type	Site
Grantee	<u>Stecen & Nancy Rushford</u>	Other Contrib.		Primary Land Use	Building Site
Deeded Acres	40.11	Net Sale Price	280,000	Secondary Land Use	Pasture/Grazing
Sale Date/DOM	<u>07/21/21 /</u>	\$/Deeded Acre	6,980.80	Water	
Prior Sale Date		Financing	Cash		
Prior CEV Price		% Fin. Adj.	0		
Analysis Code		CEV Price	280,000		
Source	<u>Seller</u>	SCA Unit Type	Acres		
Motivation	<u>Downsizing</u>	Eff. Unit Size	40.11		
Highest & Best Use	<u>Agriculture/Recreation</u>	SCA \$/Unit	6,980.80		
Address	<u>224 & 232 Jackson Rd</u>	Multiplier Unit			
City	<u>White Sulphur Springs</u>	Multiplier No.			
County	<u>Meagher</u>	Legal Access	Yes		
State/Zip	<u>MT / 59645</u>	Physical Access	Yes		
Region/Area/Zone	<u>/ /</u>	View		Tax ID/Recording	
Location	<u>2 nw White Sulphur Springs</u>	Utilities	Avail	Sec/Twp/Rge	02 / 09N / 06E
Legal Description: SHEDHORN MINOR SUBDIVISION, S02, T09 N, R06 E, ACRES 20.1, TRACT 3, E2 NE4SW4 COS 146782					
SHEDHORN MINOR SUBDIVISION, S02, T09 N, R06 E, ACRES 20.1, TRACT 2, W2 NE4SW4, COS 146782					

Land-Mix Analysis									
Land Use	Ratios	Acres	\$/Acre	Unit Size	Unit Type	\$/Unit	Total Unit Value		
Irrigated Cropland	%	Ac.			X	\$	= \$		
Irrigated Pasture	%	Ac.			X	\$	= \$		
Dry Cropland	%	Ac.			X	\$	= \$		
Hayland	%	Ac.			X	\$	= \$		
Tame/Imp Pasture	%	Ac.			X	\$	= \$		
Pasture	%	Ac.			X	\$	= \$		
Site	%	40.11	Ac. 6,981.00		Acres	X \$	= \$	280,008	
Roads & Waste	%	Ac.			X	\$	= \$		
Other	%	Ac.			X	\$	= \$		
Public Lease	%	Ac.			X	\$	= \$		
Totals		40.11	Ac. 6,981.00			X \$	= \$	280,008	
CEV Price \$	280,000	- Land Contribution \$	280,008	= Improvement Contribution \$					

Income Analysis

Income Analysis										
Income Estimate Basis:		<input type="checkbox"/>	Cash		<input checked="" type="checkbox"/>	Share		<input type="checkbox"/>	Owner/Operator	
Income Source				Unit	Stabilized	Total Production		Cash/Share/Owner Income		
<input type="checkbox"/>	Actual	<input checked="" type="checkbox"/>	Estimated	Units	Measure	Yield	Stabilized \$/Unit	Gross Income	Share %	Income \$
Pasture/Grazing				40.11	Acres	0.26	35.00	365	100	365
Improvements		<input type="checkbox"/>	Improvements Included in Land Rent					/mo	/yr	
Stabilized Gross Income = \$										365
Expense Items:		Expenses (cont.):				Expenses (cont.):				
Real Estate Tax	\$	50			\$			\$		
Insurance	\$				\$			\$		
Maintenance	\$				\$			\$		
Management	\$	20			\$			\$		
Total Expenses		70	/ Stabilized G.I.	365	= Expense Ratio	19.18	%	Total Expenses = \$	70	
Net Income		295	/ CEV Price	280,000	= Cap Rate	0.11	%	Net Income = \$	295	

Index #	Database #	Sale #									
	548	2									
Improvement Analysis											
Improvement Analysis	Item:	Impt. #1	Impt. #2	Impt. #3	Impt. #4	Impt. #5	Impt. #6	Impt. #7	Impt. #8	Impt. #9	Impt. #10
	Type										
	Size										
	Unit										
	Utility										
	Condition										
	Age										
	Remaining Life										
	RCN/Unit										
	RCN										
	% Physical Depreciation										
	RCN Remainder After Phys. Depr.										
	% Functional Obsolescence										
	RCN Rem. After Phys./Funct. Depr.										
	% External Obsolescence										
	Total Impt. Contribution										
	Contribution \$/Unit										
	Physical Depreciation _____ % Functional Obsolescence _____ % External Obsolescence _____ % Total Depreciation _____ % Total RCN \$ _____ Total Improvement Contribution: \$ _____ Improvement As % of Price _____ %										
Comments	There are no improvements to this property at the time of sale.										

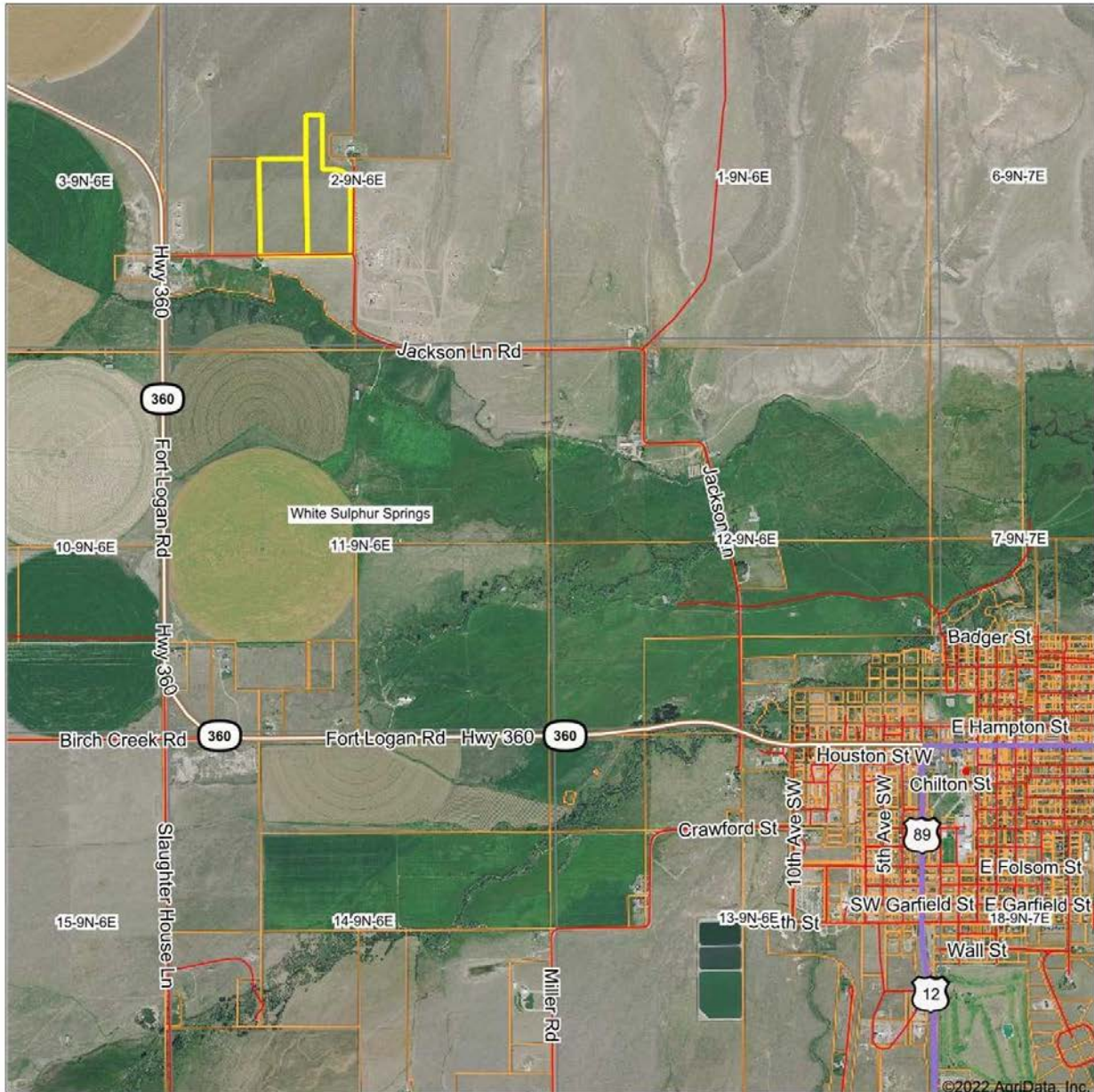
Index #

Database # 548

Sale # 2

Aerial Map

Aerial Map



Map Center: 46.555637, -110.926635

0ft 2150ft 4300ft

11-9N-6E
Meagher County
Montana



Index # _____ **Database #** _____ 548 **Sale #** _____ 2

Subject Photo



Sale Analysis

Index #	Database #		549	Sale #	3	
Grantor	MT Shedhorn Properties, LLC		Sales Price	120,000	Property Type	Site
Grantee	Leader & Stacy Menard		Other Contrib.		Primary Land Use	Building Site
Deeded Acres	20.01		Net Sale Price	120,000	Secondary Land Use	Pasture/Grazing
Sale Date/DOM	05/21/21 /		\$/Deeded Acre	5,997.00	Water	
Prior Sale Date			Financing	Cash		
Prior CEV Price			% Fin. Adj.	0		
Analysis Code			CEV Price	120,000		
Source	Seller		SCA Unit Type	Acres		
Motivation	Downsizing		Eff. Unit Size	20.01		
Highest & Best Use	Agriculture/Recreation		SCA \$/Unit	5,997.00		
Address	244 Jackson Road		Multiplier Unit			
City	White Sulphur Springs		Multiplier No.			
County	Meagher		Legal Access	Yes		
State/Zip	MT / 59645		Physical Access	Yes		
Region/Area/Zone	/ /		View		Tax ID/Recording	
Location	2 nw White Sulphur Springs		Utilities	Avail.	Sec/Twp/Rge	02 / 09N / 06E
Legal Description:	SHEDHORN MINOR SUBDIVISION, S02, T09 N, R06 E, ACRES 20.1, TRACT 1, E2 NW4SW4 COS 146782					

Land-Mix Analysis									
Land Use	Ratios	Acres	\$/Acre	Unit Size	Unit Type	\$/Unit		Total Unit Value	
Irrigated Cropland	%	Ac.				X \$	= \$		
Irrigated Pasture	%	Ac.				X \$	= \$		
Dry Cropland	%	Ac.				X \$	= \$		
Hayland	%	Ac.				X \$	= \$		
Tame/Imp Pasture	%	Ac.				X \$	= \$		
Pasture	%	Ac.				X \$	= \$		
Site	%	20.01	Ac. 5,997.00		Acres	X \$	= \$	120,000	
Roads & Waste	%	Ac.				X \$	= \$		
Other	%	Ac.				X \$	= \$		
Public Lease	%	Ac.				X \$	= \$		
Totals		20.01	Ac. 5,997.00			X \$	= \$	120,000	
CEV Price \$	120,000	- Land Contribution \$	120,000			= Improvement Contribution \$			

Income Analysis

Income Estimate Basis:										<input type="checkbox"/>	Cash		<input checked="" type="checkbox"/>	Share		<input type="checkbox"/>	Owner/Operator		
Income Source				Unit		Stabilized		Total Production			Cash/Share/Owner Income								
<input type="checkbox"/>	Actual	<input checked="" type="checkbox"/>	Estimated	Units		Measure		Yield		Stabilized \$/Unit		Gross Income		Share %		Income \$			
Pasture/Grazing				20.01		Acres		0.26		35.00		182		100		182			
Improvements		<input type="checkbox"/>		Improvements Included in Land Rent										/mo		/yr			
														Stabilized Gross Income = \$				182	
Expense Items:				Expenses (cont.):				Expenses (cont.):											
Real Estate Tax		\$ 30				\$				\$									
Insurance		\$				\$				\$									
Maintenance		\$				\$				\$									
Management		\$ 15				\$				\$									
Total Expenses		45		/ Stabilized G.I.		182		= Expense Ratio		24.73 %		Total Expenses = \$		45					
Net Income		137		/ CEV Price		120,000		= Cap Rate		0.11 %		Net Income = \$		137					

Index #	Database #	Sale #									
	549	3									
Improvement Analysis											
Improvement Analysis	Item:	Impt. #1	Impt. #2	Impt. #3	Impt. #4	Impt. #5	Impt. #6	Impt. #7	Impt. #8	Impt. #9	Impt. #10
	Type										
	Size										
	Unit										
	Utility										
	Condition										
	Age										
	Remaining Life										
	RCN/Unit										
	RCN										
	% Physical Depreciation										
	RCN Remainder After Phys. Depr.										
	% Functional Obsolescence										
	RCN Rem. After Phys./Funct. Depr.										
	% External Obsolescence										
	Total Impt. Contribution										
	Contribution \$/Unit										
	Physical Depreciation _____% Functional Obsolescence _____% External Obsolescence _____% Total Depreciation _____% Total RCN \$ _____ Total Improvement Contribution: \$ _____ Improvement As % of Price _____%										
Comments	<p>There are no improvements to this property at the time of the sale. The buyer performed some earthwork for the seller in exchange for a reduced price on this purchase. The value of that work was never exactly quantified, however based on the sale of the two neighboring parcels I would estimate that value to be \$20,000. However without proof of receipt, the unit cash equivalency is the value stated above. The buyer has since started work on building improvements on this property.</p>										

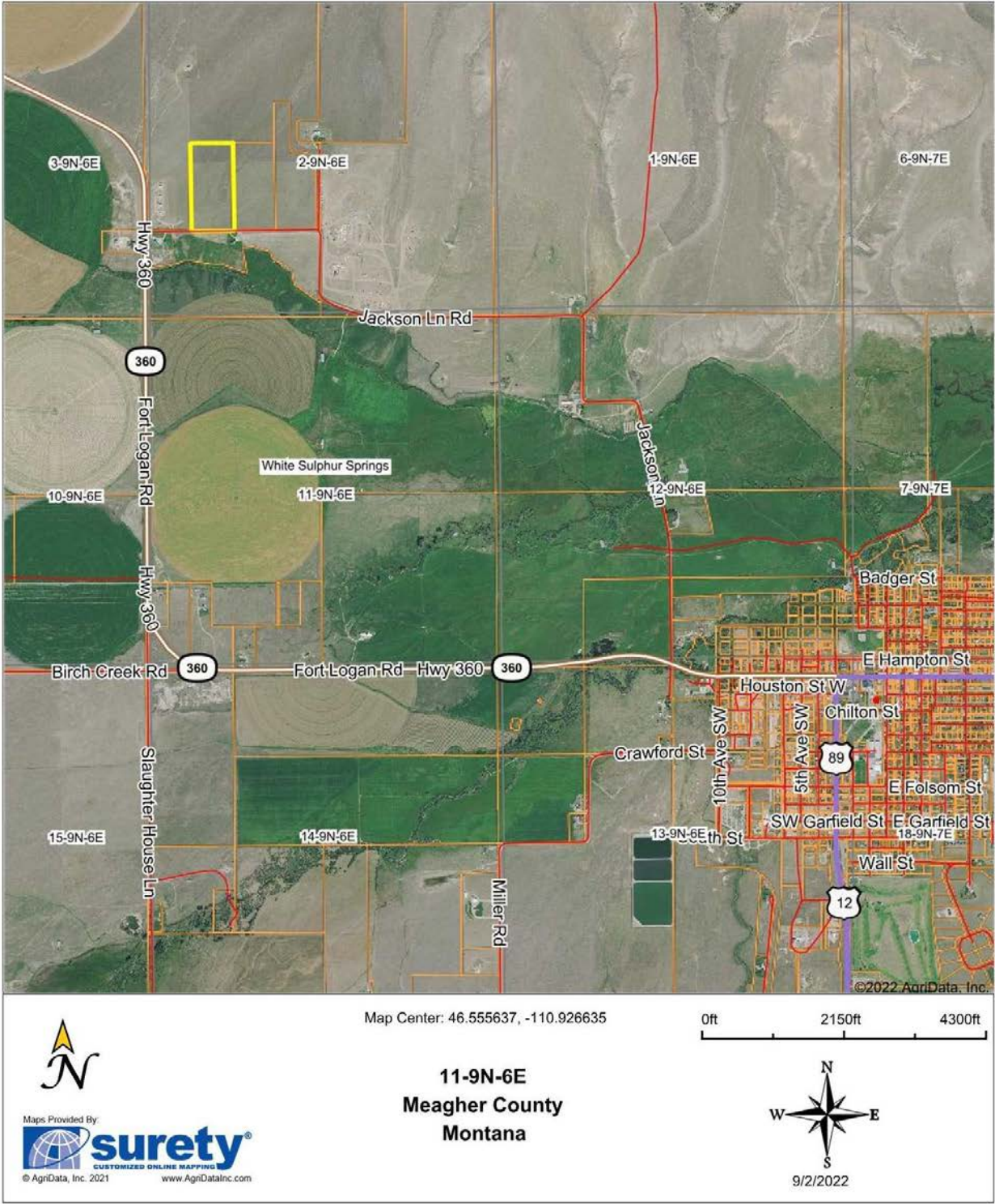
Index #

Database # 549

Sale # 3

Aerial Map

Aerial Map



Index # _____ Database # 549 Sale # 3

Subject Photos



Sale Analysis

Index #	Database #	550	Sale #	4	
Grantor	Heuer	Sales Price	52,500	Property Type	Site
Grantee	Mark White	Other Contrib.		Primary Land Use	Building Site
Deeded Acres	5.82	Net Sale Price	52,500	Secondary Land Use	Pasture/Grazing
Sale Date/DOM	08/24/20 /	\$/Deeded Acre	9,020.62	Water	
Prior Sale Date		Financing	Cash		
Prior CEV Price		% Fin. Adj.	0		
Analysis Code		CEV Price	52,500		
Source	MLS #21902530	SCA Unit Type	Acres		
Motivation	Land Purchase	Eff. Unit Size	5.82		
Highest & Best Use	Recreation/Residential	SCA \$/Unit	9,020.62		
Address	Sunrise Drive	Multiplier Unit			
City	White Sulphur Springs	Multiplier No.			
County	Meagher	Legal Access	Yes		
State/Zip	MT / 59645	Physical Access	Yes		
Region/Area/Zone	/ /	View		Tax ID/Recording	
Location	1.5 e White Sulphur Springs	Utilities	Avail.	Sec/Twp/Rge	08 / 09N / 07E
Legal Description: CASTLE VALLEY MEADOWS, S08, T09 N, R07 E, Lot 6, ACRES 5.81					

Land-Mix Analysis									
Land Use	Ratios	Acres	\$/Acre	Unit Size	Unit Type	\$/Unit			Total Unit Value
Irrigated Cropland	%	Ac.				X \$	= \$		
Irrigated Pasture	%	Ac.				X \$	= \$		
Dry Cropland	%	Ac.				X \$	= \$		
Hayland	%	Ac.				X \$	= \$		
Tame/Imp Pasture	%	Ac.				X \$	= \$		
Pasture	%	Ac.				X \$	= \$		
Site	%	5.82 Ac.	9,021.00		Acres	X \$	= \$		52,502
Roads & Waste	%	Ac.				X \$	= \$		
Other	%	Ac.				X \$	= \$		
Public Lease	%	Ac.				X \$	= \$		
Totals		5.82 Ac.	9,021.00			X \$	= \$		52,502
CEV Price \$	52,500	- Land Contribution \$	52,502			= Improvement Contribution \$			

Income Analysis									
Income Estimate Basis:		<input type="checkbox"/> Cash	<input checked="" type="checkbox"/> Share	<input type="checkbox"/> Owner/Operator					
Income Source		Unit	Stabilized	Total Production		Cash/Share/Owner Income			
<input type="checkbox"/> Actual	<input checked="" type="checkbox"/> Estimated	Units	Measure	Yield	Stabilized \$/Unit	Gross Income	Share %	Income \$	
Pasture/Grazing		5.82	Acres	0.46	35.00	94	100	94	
Improvements		Improvements Included in Land Rent				/mo	/yr		
						Stabilized Gross Income = \$		94	
Expense Items:		Expenses (cont.):		Expenses (cont.):					
Real Estate Tax	\$ 275	HOA Dues	\$ 150			\$			
Insurance	\$		\$			\$			
Maintenance	\$		\$			\$			
Management	\$ 5		\$			\$			
Total Expenses	430	/ Stabilized G.I.	94	= Expense Ratio	457.45 %	Total Expenses = \$		430	
Net Income	-336	/ CEV Price	52,500	= Cap Rate	-0.64 %	Net Income = \$		-336	

Index #	Database #	Sale #									
	550	4									
Improvement Analysis											
Improvement Analysis	Item:	Impt. #1	Impt. #2	Impt. #3	Impt. #4	Impt. #5	Impt. #6	Impt. #7	Impt. #8	Impt. #9	Impt. #10
	Type										
	Size										
	Unit										
	Utility										
	Condition										
	Age										
	Remaining Life										
	RCN/Unit										
	RCN										
	% Physical Depreciation										
	RCN Remainder After Phys. Depr.										
	% Functional Obsolescence										
	RCN Rem. After Phys./Funct. Depr.										
	% External Obsolescence										
	Total Impt. Contribution										
	Contribution \$/Unit										
	Physical Depreciation _____ % Functional Obsolescence _____ % External Obsolescence _____ % Total Depreciation _____ % Total RCN \$ _____ Total Improvement Contribution: \$ _____ Improvement As % of Price _____ %										
Comments	There are no improvements to this property at the time of sale. The owner is currently building improvements to this property.										

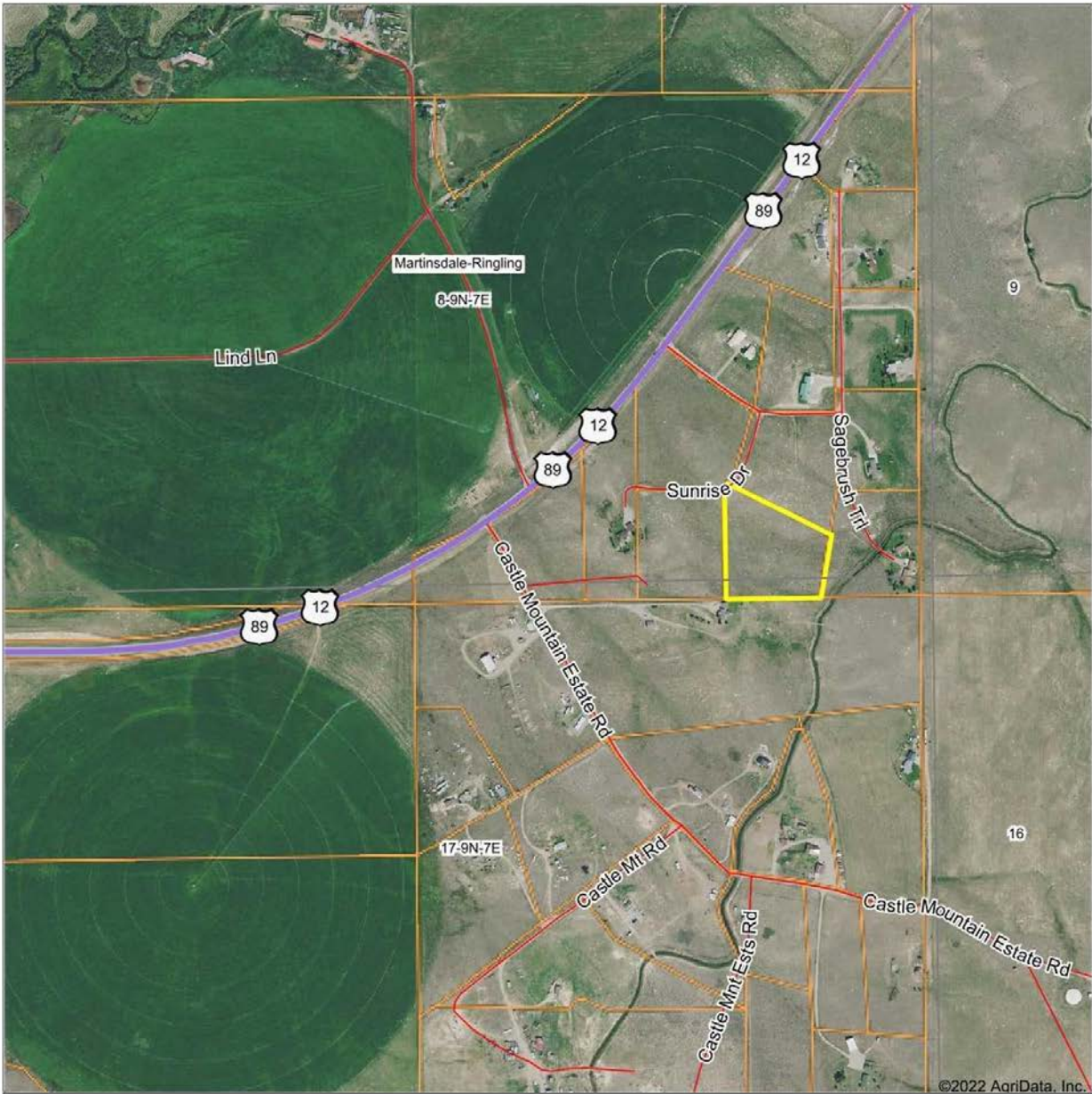
Index #

Database # 550

Sale # 4

Aerial Map

Aerial Map



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Map Center: 46.549588, -110.871632

0ft 813ft 1626ft



8-9N-7E
Meagher County
Montana



Index # _____ **Database #** _____ 550 **Sale #** _____ 4

Subject Photo



Sale Analysis

Index #	Database #		552	Sale #	5	
Grantor	<u>Massee</u>		Sales Price	<u>67,000</u>	Property Type	Recreation
Grantee	<u>Jason Brown</u>		Other Contrib.		Primary Land Use	Recreation
Deeded Acres	<u>20.00</u>		Net Sale Price	<u>67,000</u>	Secondary Land Use	Pasture/Grazing
Sale Date/DOM	<u>01/07/20 / 89</u>		\$/Deeded Acre	<u>3,350.00</u>	Water	
Prior Sale Date			Financing	<u>Cash</u>		
Prior CEV Price			% Fin. Adj.	<u>0</u>		
Analysis Code			CEV Price	<u>67,000</u>		
Source	<u>MLS #21916937</u>		SCA Unit Type	<u>Acres</u>		
Motivation	<u>Rec land purchase</u>		Eff. Unit Size	<u>20.00</u>		
Highest & Best Use	<u>Agriculture/Recreation</u>		SCA \$/Unit	<u>3,350.00</u>		
Address	<u>89 Mayn Creek Trail</u>		Multiplier Unit			
City	<u>White Sulphur Springs</u>		Multiplier No.			
County	<u>Meagher</u>		Legal Access	<u>Yes</u>		
State/Zip	<u>MT / 59645</u>		Physical Access	<u>Yes</u>		
Region/Area/Zone	<u>/ /</u>		View		Tax ID/Recording	<u>146136</u>
Location	<u>12 s White Sulphur Springs</u>		Utilities	<u>Avail</u>	Sec/Twp/Rge	<u>13 / 07N / 06E</u>
Legal Description: YELLOWSTONE BASIN PROPERTIES, S13, T07 N, R06 E, Lot 14, ACRES 20						

Land-Mix Analysis										
Land Mix Analysis	Land Use	Ratios	Acres	\$/Acre	Unit Size	Unit Type	\$/Unit	Total Unit Value		
	Irrigated Cropland	%	Ac.			X	\$	= \$		
	Irrigated Pasture	%	Ac.			X	\$	= \$		
	Dry Cropland	%	Ac.			X	\$	= \$		
	Hayland	%	Ac.			X	\$	= \$		
	Tame/Imp Pasture	%	Ac.			X	\$	= \$		
	Pasture	%	Ac.			X	\$	= \$		
	Site	%	20.00	Ac.	3,350.00	Acres	X	\$	= \$	67,000
	Roads & Waste	%	Ac.			X	\$	= \$		
	Other	%	Ac.			X	\$	= \$		
	Public Lease	%	Ac.			X	\$	= \$		
	Totals		20.00	Ac.	3,350.00		X	\$	= \$	67,000
CEV Price \$	67,000	- Land Contribution \$		67,000	= Improvement Contribution \$					

Income Analysis

Income Analysis											
Income Estimate Basis:		<input type="checkbox"/>	Cash	<input checked="" type="checkbox"/>	Share	<input type="checkbox"/>	Owner/Operator				
Income Source		Unit		Stabilized	Total Production		Cash/Share/Owner Income				
<input type="checkbox"/>	Actual	<input checked="" type="checkbox"/>	Estimated	Units	Measure	Yield	Stabilized \$/Unit	Gross Income	Share %	Income \$	
Pasture/Grazing		20.00		Acres	0.20	35.00	140	100	140		
Improvements		<input type="checkbox"/>	Improvements Included in Land Rent				/mo	/yr			
Stabilized Gross Income = \$									140		
Expense Items:		Expenses (cont.):				Expenses (cont.):					
Real Estate Tax	\$	41			\$			\$			
Insurance	\$				\$			\$			
Maintenance	\$				\$			\$			
Management	\$	10			\$			\$			
Total Expenses		51	/	Stabilized G.I.	140	=	Expense Ratio	36.43	%	Total Expenses = \$	51
Net Income		89	/	CEV Price	67,000	=	Cap Rate	0.13	%	Net Income = \$	89

Index #		Database #		552		Sale #		5			
Improvement Analysis											
Improvement Analysis	Item:	Impt. #1	Impt. #2	Impt. #3	Impt. #4	Impt. #5	Impt. #6	Impt. #7	Impt. #8	Impt. #9	Impt. #10
	Type										
	Size										
	Unit										
	Utility										
	Condition										
	Age										
	Remaining Life										
	RCN/Unit										
	RCN										
	% Physical Depreciation										
	RCN Remainder After Phys. Depr.										
	% Functional Obsolescence										
	RCN Rem. After Phys./Funct. Depr.										
	% External Obsolescence										
	Total Impt. Contribution										
	Contribution \$/Unit										
	Physical Depreciation _____ % Functional Obsolescence _____ % External Obsolescence _____ % Total Depreciation _____ % Total RCN \$ _____ Total Improvement Contribution: \$ _____ Improvement As % of Price _____ %										
Comments	There are no improvements to this property at the time of sale.										

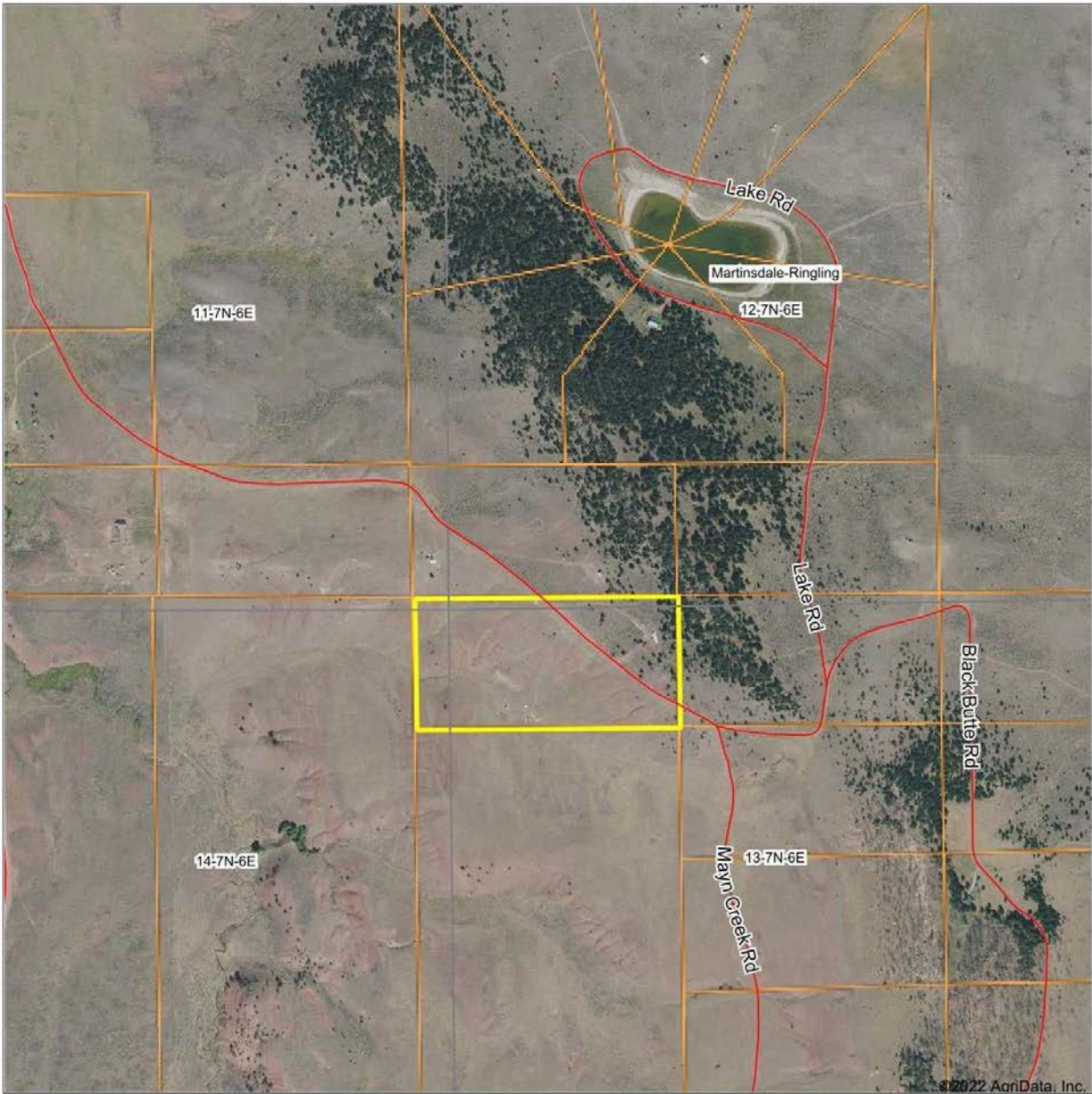
Index #

Database # 552

Sale # 5

Aerial Map

Aerial Map



Map Center: 46.374552, -110.928046

0ft 784ft 1569ft

12-7N-6E
Meagher County
Montana

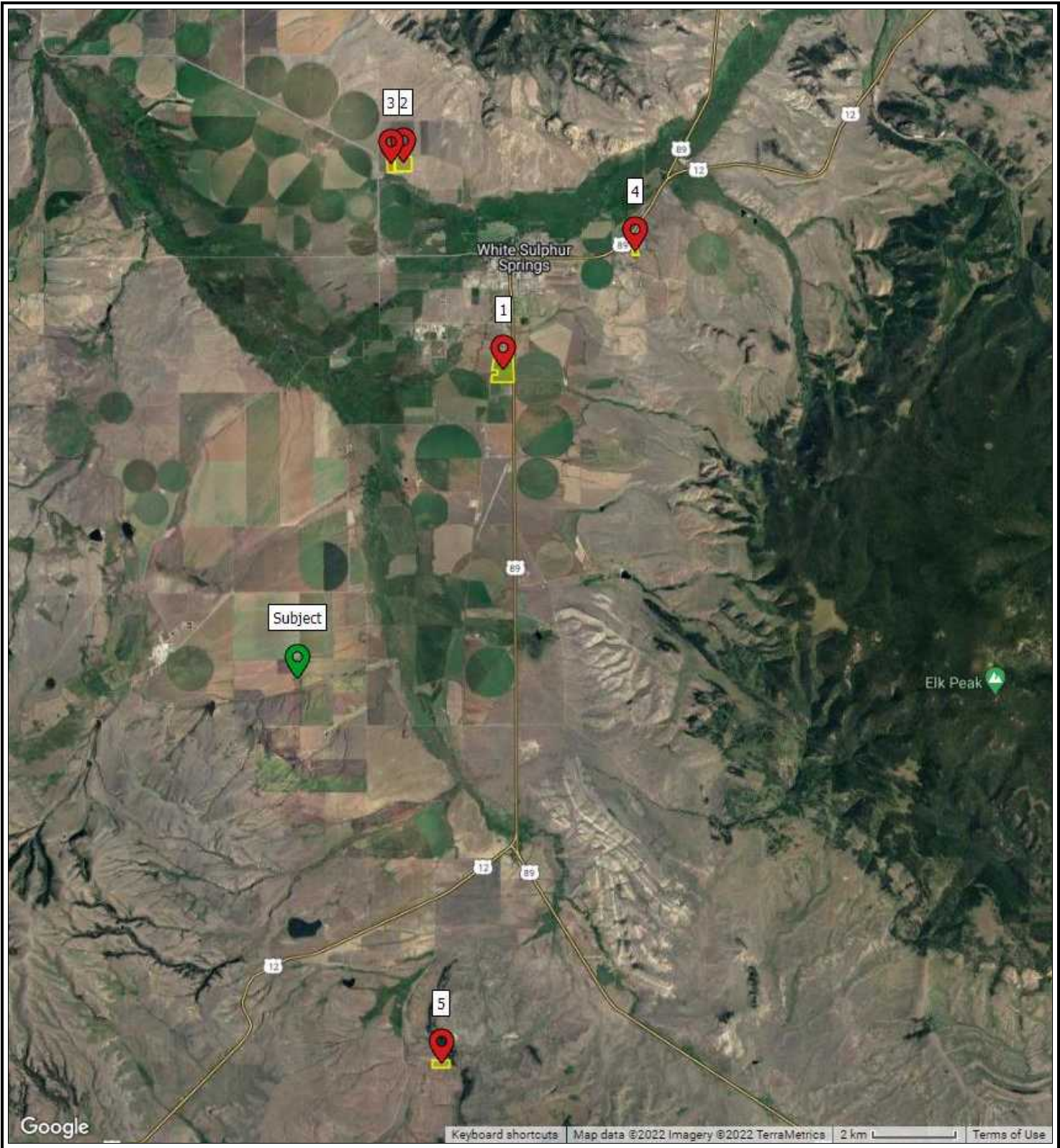


Index # _____ **Database #** _____ 552 **Sale #** _____ 5

Subject Photo



Map Addendum



Montana Counties Map



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Survey

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Home Site Sale Parcel Map

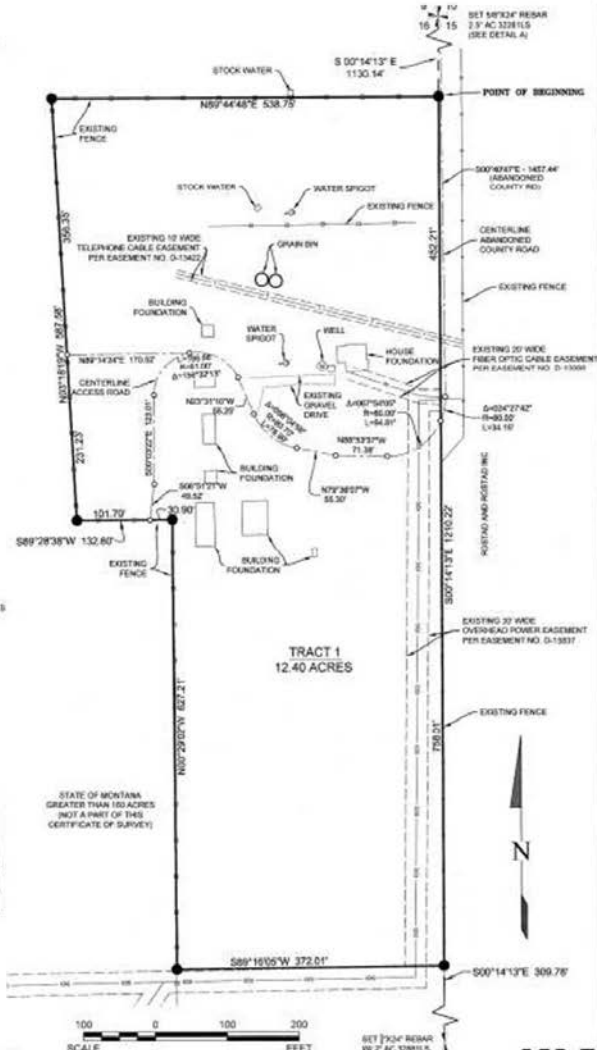
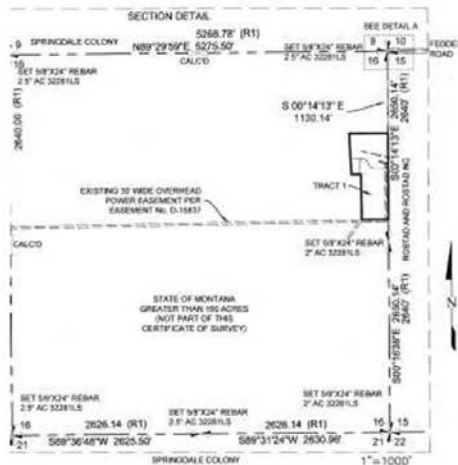
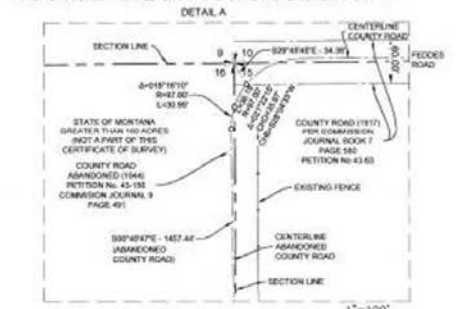
VEY

RANGE 6 EAST, P.M. MONTANA, MEAGHER COUNTY
WITHIN STATE OWNED LAND THAT IS EXEMPT
-318(2) AND MCA 76-3-205(2)

URAL RESOURCES AND CONSERVATION

DRYSHIP 8 NORTH, RANGE 6 EAST, P.M. MONTANA, MEAGHER COUNTY

FEET ALONG THE EAST SECTION LINE OF SAID SECTION 16, TO THE
1210.22 FEET ALONG THE EAST LINE OF SAID SECTION 16; THENCE S
FEET; THENCE N 03°18'19" W, 567.58 FEET; THENCE N 89°44'48" E
- AND IS SUBJECT TO ALL EXISTING EASEMENTS, EASEMENTS SHOWN



IF STEFFAN, PROFESSIONAL LAND SURVEYOR, DO
THE OF SURVEY WAS SURVEYED UNDER MY
WITH ON THE ACCOMPANYING PLAT AND PLAT
OF THE MONTANA SUBDIVISION AND PLAT
76-3-625, MCA.

LEGEND
SEC. CORNER OR QUARTER CORNER AS NOTED
○ CALCULATED POINT NOTHING SET
● SET 5/8" X 24" REBAR WITH YPC 32881LS

BASIS OF BEARING:
GEOCENTRIC NORTH BASED UPON G.P.S.
OBSERVATIONS AT 144°27'24.90559°
W110°58'22.46380°
POINT BEING 1/2"X18" REBAR WITH 1.5" AC
P.M. MONTANA,
MEAGHER COUNTY



Water Rights Abstract

October 21, 2021
41J 112358-00

Page 1 of 1
General Abstract

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

GENERAL ABSTRACT

Water Right Number: 41J 112358-00 STATEMENT OF CLAIM
Version: 1 — ORIGINAL RIGHT
Version Status: ACTIVE
Owners: MONTANA STATE BOARD OF LAND COMMISSIONERS
TRUST LAND MANAGEMENT DIVISION
PO BOX 201601
HELENA, MT 59620-1601
Priority Date: APRIL 15, 1917
Enforceable Priority Date: APRIL 15, 1917
Type of Historical Right: FILED
Purpose (use): DOMESTIC
Maximum Flow Rate: 15.00 GPM
Maximum Volume: 2.00 AC-FT

Households: 1
Maximum Acres: 0.50
Source Name: GROUNDWATER
Source Type: GROUNDWATER

Point of Diversion and Means of Diversion:

ID	Govt Lot	Qtr Sec	Sec	Twp	Rge	County
1		NESENE	16	8N	6E	MEAGHER

Period of Diversion: JANUARY 1 TO DECEMBER 31

Diversion Means: WELL

Period of Use: JANUARY 1 to DECEMBER 31

Place of Use:

ID	Acres	Govt Lot	Qtr Sec	Sec	Twp	Rge	County
1	0.50		NESENE	16	8N	6E	MEAGHER
Total:	0.50						

Remarks:

THE WATER RIGHTS LISTED FOLLOWING THIS STATEMENT ARE MULTIPLE USES OF THE SAME RIGHT. THE USE OF THIS RIGHT FOR SEVERAL PURPOSES DOES NOT INCREASE THE EXTENT OF THE WATER RIGHT. RATHER IT DECREES THE RIGHT TO ALTERNATE AND EXCHANGE THE USE (PURPOSE) OF THE WATER IN ACCORD WITH HISTORICAL PRACTICES.

112307-00 112358-00

THE FOLLOWING ELEMENTS WERE AMENDED BY THE CLAIMANT ON 12/21/1989: POINT OF DIVERSION, PLACE OF USE.

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

Water Rights Abstract

October 21, 2021
41J 112307-00

Page 1 of 1
General Abstract

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

GENERAL ABSTRACT

Water Right Number: 41J 112307-00 STATEMENT OF CLAIM
Version: 1 — ORIGINAL RIGHT

Version Status: ACTIVE

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

Priority Date: APRIL 15, 1917

Enforceable Priority Date: APRIL 15, 1917

Type of Historical Right: FILED

Purpose (use): STOCK

Maximum Flow Rate: 15.00 GPM

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

Source Name: GROUNDWATER

Source Type: GROUNDWATER

Point of Diversion and Means of Diversion:

ID	Govt Lot	Qtr Sec	Sec	Twp	Rge	County
1		NESENE	16	8N	6E	MEAGHER

Period of Diversion: JANUARY 1 TO DECEMBER 31

Diversion Means: WELL

Period of Use: JANUARY 1 to DECEMBER 31

Place of Use:

ID	Acres	Govt Lot	Qtr Sec	Sec	Twp	Rge	County
1			NESENE	16	8N	6E	MEAGHER

Remarks:

THE WATER RIGHTS LISTED FOLLOWING THIS STATEMENT ARE MULTIPLE USES OF THE SAME RIGHT. THE USE OF THIS RIGHT FOR SEVERAL PURPOSES DOES NOT INCREASE THE EXTENT OF THE WATER RIGHT. RATHER IT DECREES THE RIGHT TO ALTERNATE AND EXCHANGE THE USE (PURPOSE) OF THE WATER IN ACCORD WITH HISTORICAL PRACTICES.

112307-00 112358-00

THE FOLLOWING ELEMENTS WERE AMENDED BY THE CLAIMANT ON 12/21/1989: POINT OF DIVERSION, PLACE OF USE.

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

Engagement Letter

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FOR DNRC USE ONLY		
Amount under this Agreement: <u>\$3,000.00</u>		
<u>Source of Funds</u>		
<u>Fund Name</u>	<u>Fund No.</u>	
Cabin Site Sale Private Closing Costs	02031	
Trust Administration Account	02938	
<u>Subclass</u>	<u>Org. No.</u>	<u>Percent</u>
555HA	6049-59	50%
	6048-01	50%


Approved

No. 235009

Division RW

Legal MP

F.S.O. GU



TRUST LAND MANAGEMENT DIVISION
APPRAISAL OF POTENTIAL CABIN/HOME SITE SALE PROPERTY IN MEAGHER COUNTY

THIS CONTRACT is entered into by and between the State of Montana, Department of Natural Resources and Conservation, (hereinafter referred to as "the State"), whose address and phone number are P.O. Box 201601, 1539 11th Avenue, Helena, MT 59620-1601, (406) 444-4165 and, Ernest F. Goettlich V, Northern Acres Appraisal Services, L.L.C. (Contractor), whose address and phone number are PO Box 2347 Havre, MT 59501 and (406) 942-0419.

1. EFFECTIVE DATE, DURATION, AND RENEWAL

1.1 Contract Term. The contract's initial term is upon contract execution, through October 31, 2022, unless terminated earlier as provided in this contract. In no event is this contract binding on the State unless the State's authorized representative has executed it in Section 34. **The appraisal report is to be completed and forwarded to DNRC, Deidra Kloberdanz, Lands Section Supervisor at P.O. Box 201601, 1539 11th Avenue, Helena, MT 59620-1601 by September 30, 2022.**

1.2 Contract Renewal.

N/A

2. COST ADJUSTMENTS – N/A

2.1 Cost Increase by Mutual Agreement. – N/A

3. SERVICES AND/OR SUPPLIES

Contractor shall provide the State the following: the contractor shall be responsible for providing a credible appraisal, for the parcel in Meagher County, as described in Attachment B, Montana DNRC

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Engagement Letter

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Trust Land Management Division Supplemental Appraisal Instructions. The appraisal will be an Appraisal Report, conducted and prepared in compliance with the Uniform Standards of Professional Appraisal Practice that will describe adequately, the information analyzed, appraisal methods and techniques employed, and reasoning that supports the analyses, opinions and conclusions.

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

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

- 1) The appraisal report will be one document containing the property data and analysis, opinions, and conclusions of value for the properties. If deemed necessary by the contractor rather than including the specific market data in the appraisal report, a separate addendum may be submitted containing the specific market data as a stand-alone document, which must be reviewed and accepted along with the appraisal and can be returned to the appraiser for retention in his/her files. The appraiser must submit an electronic copy as well as a printed copy of the appraisal report.
- 2) Each sale parcel listed in Attachment B, Montana DNRC Trust Land Management Division Supplemental Appraisal Instructions must be assigned separate values.
- 3) The definition of market value is that as defined in **12 C.F.R 34.42(h)**.
4. **WARRANTIES**
4.1 Warranty of Services. Contractor warrants that the services provided conform to the contract requirements, including all descriptions, specifications and attachments made a part of this contract. The State's acceptance of services provided by Contractor shall not relieve Contractor from its obligations under this warranty. In addition to its other remedies under this contract, at law, or in equity, the State may, at Contractor's expense, require prompt correction of any services failing to meet Contractor's warranty herein. Services corrected by Contractor shall be subject to all the provisions of this contract in the manner and to the same extent as services originally furnished.
5. **CONSIDERATION/PAYMENT**
5.1 Payment Schedule. In consideration of the successful submission of the appraisal report to be provided, the State shall pay Contractor \$3,000.00.

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

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

5.2 Withholding of Payment N/A

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

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

5.5 Fuel Surcharge - N/A

6. PREVAILING WAGES REQUIREMENTS - N/A

7. ACCESS AND RETENTION OF RECORDS

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

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

8. ASSIGNMENT, TRANSFER, AND SUBCONTRACTING

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

9. HOLD HARMLESS/INDEMNIFICATION

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

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

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

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

12. REQUIRED INSURANCE

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

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

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

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

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

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

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

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

13. COMPLIANCE WITH WORKERS' COMPENSATION ACT

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

14. COMPLIANCE WITH LAWS

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

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

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

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

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

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

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

15. DISABILITY ACCOMMODATIONS

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

16. REGISTRATION WITH THE SECRETARY OF STATE

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

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

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17. INTELLECTUAL PROPERTY/OWNERSHIP

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

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

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

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

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

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18. PATENT AND COPYRIGHT PROTECTION – N/A**19. CONTRACT PERFORMANCE ASSURANCE – N/A****20. CONTRACT TERMINATION**

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

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

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

21. EVENT OF BREACH – REMEDIES

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

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

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

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

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

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

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

22. FORCE MAJEURE

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

23. WAIVER OF BREACH

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

24. CONFORMANCE WITH CONTRACT

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

25. LIAISONS AND SERVICE OF NOTICES

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

Deidra Klobberdanz, Lands Section Supervisor, is the State's liaison.

Address: PO Box 201601

Helena, MT 59620-1601

Telephone: (406) 444-4165

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Engagement Letter

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Fax: (406) 444-2684
E-Mail: deidra.kloberdanz@mt.gov

Ernest F. Goettlich V, Northern Acres Appraisal Services, L.L.C., is the Contractor's liaison.
Address: PO Box 2347
Havre, MT 59501
Telephone: (406) 942-0419
E-Mail: northernacresapp@gmail.com

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

25.3 Identification/Substitution of Personnel. – N/A

26. MEETINGS

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

26.2 Progress Meetings. – N/A

26.3 Failure to Notify. – N/A

26.4 State's Failure or Delay. – N/A

27. Transition Assistance

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

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

28. CHOICE OF LAW AND VENUE

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

29. TAX EXEMPTION

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

30. AUTHORITY

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

31. SEVERABILITY CLAUSE

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

32. SCOPE, ENTIRE AGREEMENT, AND AMENDMENT

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

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

33. WAIVER

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

34. EXECUTION

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

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

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STATE OF MONTANA

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

CONTRACTOR

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

BY: Ryan Weiss Bureau Chief
(Name/Title)

DocuSigned by:
Ryan Weiss
(Signature)

DATE: 8/8/2022

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

DocuSigned by:
Ernest Goettlich
(Signature)

DATE: 8/8/2022

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Attachment A

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

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

Scope of Work for the Appraisal of Potential Property Sale Through the Cabin/Home Site Sales Program: 2022 Meagher County Appraisal

CLIENT, INTENDED USERS, PURPOSE AND INTENDED USE:

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

DEFINITIONS:

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

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

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

PROPERTY RIGHTS APPRAISED:

State of Montana lands are always to be appraised as if they are in private ownership and could be sold on the open market and are to be appraised in Fee Simple interest. For analysis purposes,

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

EFFECTIVE DATE OF VALUATION AND DATE OF INSPECTION:

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

SUBJECT PROPERTY DESCRIPTION & CHARACTERISTICS:

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

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

ASSIGNMENT CONDITIONS:

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

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

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

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

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

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

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

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

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

APPRAISED VALUES REQUIRED:

The appraisal for each cabin and home site must:

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

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Attachment B**MONTANA DNRC TRUST LAND MANAGEMENT DIVISION
Supplemental Appraisal Instructions**

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

Subject Property Meagher County:

Sale #	Acres ±	Legal Description
1165	12.40	Tract 1, COS 148457, Section 16, T8N-R6E

DNRC Contact Information:

Deidra Kloberdanz, Lands
Section Supervisor
PO Box 201601
Helena, MT 59620-1601
Phone: (406) 444-4165
Fax: (406) 444-2684
Deidra.Kloberdanz@mt.gov

Lessee:

Sale 1165: Ben Galt - (406) 220-2291

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

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

The definition of market value is that as defined in 12 C.F.R. § 34.42 (h).

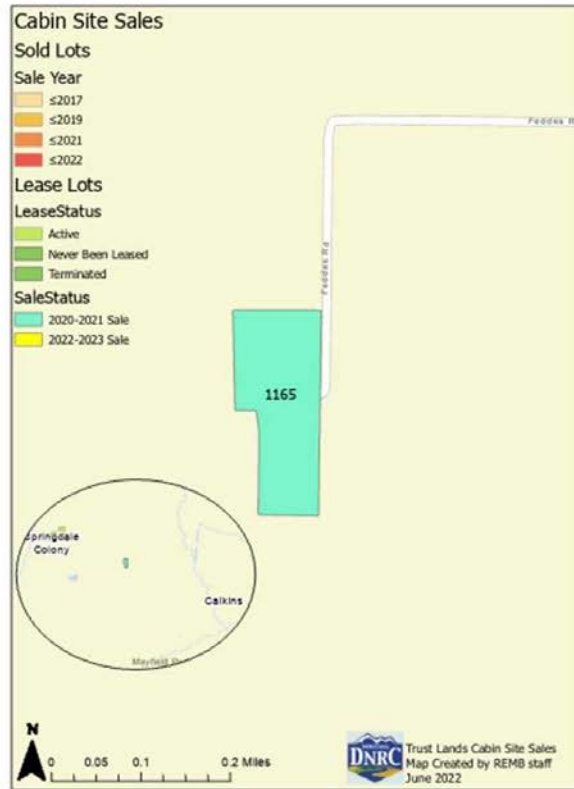
The DNRC will provide access to each state parcel record, as maintained by the land office, including but not limited to aerial photos, land improvements, current lease data, any known property issues, surveys (if any). The local land office will provide the contact information to the appraiser, if necessary,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

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Location Map of Parcel Meagher County Sale

Sale 1165, Meagher County



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Home Site Sale Parcel Map

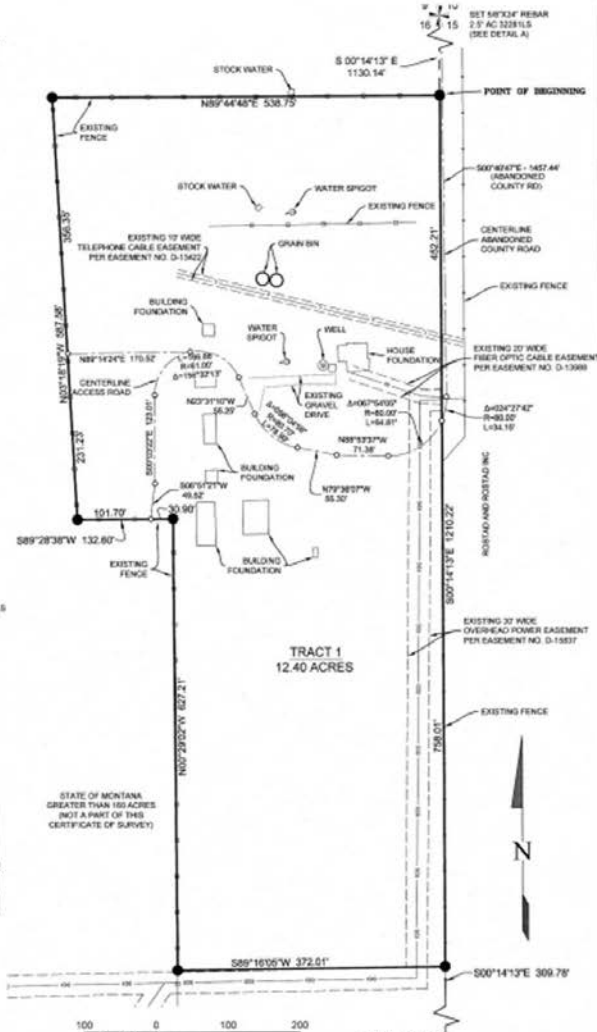
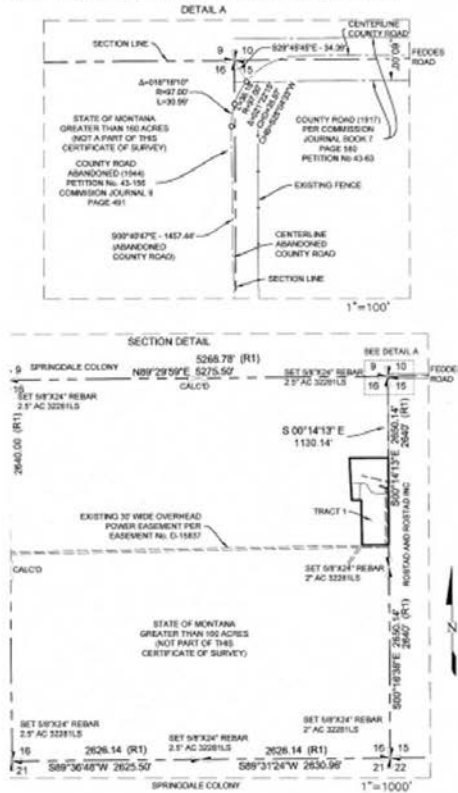
SURVEY

RANGE 6 EAST, P.M. MONTANA, MEAGHER COUNTY
WITHIN STATE OWNED LAND THAT IS EXEMPT
-318(2) AND MCA 76-3-205(2)

MINERAL RESOURCES AND CONSERVATION

SHINSHIP 8 NORTH, RANGE 6 EAST, P.M. MONTANA, MEAGHER COUNTY.

FEET ALONG THE EAST SECTION LINE OF SAID SECTION 16, TO THE
1210.22 FEET ALONG THE EAST LINE OF SAID SECTION 16; THENCE S
FEET; THENCE N 03°18'19" W, 587.58 FEET; THENCE N 89°44'48" E
AND IS SUBJECT TO ALL EXISTING EASEMENTS, EASEMENTS SHOWN



R. STEFANIK, PROFESSIONAL LAND SURVEYOR, DO
NOT OF SURVEY WAS SURVEYED UNDER MY
OWN ON THE ACCOMPANYING PLAT AND PLATTED
OF THE MONTANA SUBDIVISION AND PLATTING
76-3-625, MCA.

LEGEND
SEC. CORNER OR QUARTER CORNER AS NOTED
● CALCULATED POINT NOTHING SET
● SET 5/8" X 24" REBAR WITH YPC 328611S

BASIS OF BEARING:
GEODEIC NORTH BASED UPON G.P.S.
OBSERVATIONS AT N46°27'24.90559"
W110°58'22.46380"
POINT BEING 1/2"x18" REBAR WITH 1.5" AC
P.M. MONTANA,
MEAGHER COUNTY

KLJ
2969 Airport Road, Suite 1B,
Helena, MT 59601
(405) 449-7704
www.klj.com

Ernest Goettlich License



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

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

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

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

Appraiser Qualifications

Ernest F. Goettlich VEmployment

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

Licenses

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

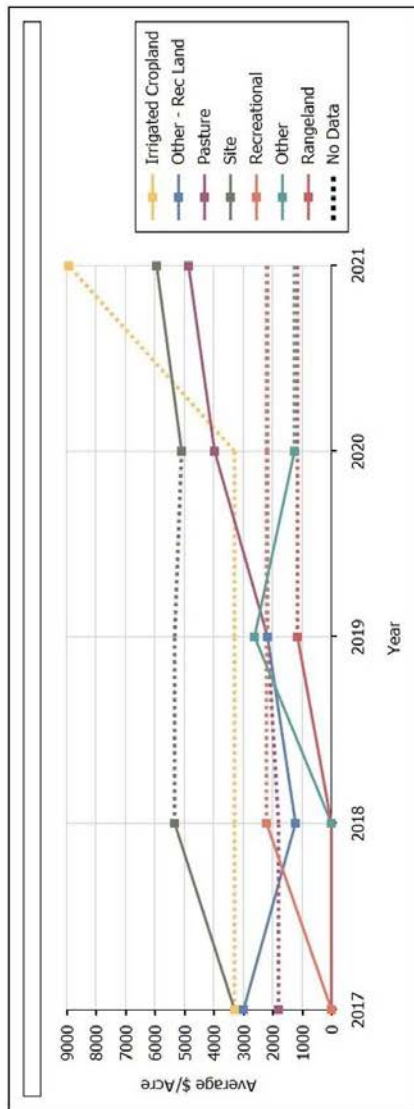
Types of Assignments

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

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

Meagher County Sale Trend Analysis



Definitions

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

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

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

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

Hypothetical Condition

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

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

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

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

Definitions - Continued

Transaction Value

As defined in the Agencies' appraisal regulations:

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

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

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

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

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

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

Reconciliation of Values from Comparable Sales Approach

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

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

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

Definitions - Continued

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

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

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

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

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

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

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

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

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

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

"HIGHEST AND BEST USE...

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

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

Definitions - Continued

"Highest and Best Use" is further described as follows:

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

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

It is that use found to be:

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

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

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

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

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

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

Minimum Appraisal Standards

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

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

The appraisal must:

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

Minimum Appraisal Standards - Continued

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