

## Vacant Rural Land Appraisal Report



Barbara Schmalz Estate  
South 20th Road  
Ballantine, Montana 59006

### **Prepared For:**

Yellowstone County, Montana  
P O Box 35024  
Billings, Montana 59107

### **Intended User:**

Yellowstone County, Montana

### **Prepared By:**

James D. French  
Certified General Real Estate Appraiser  
2670 South 34th Road  
Pompeys Pillar, Montana 59064

### **Date Prepared:**

September 8, 2023

September 8, 2023

Mr. Tim Miller  
Yellowstone County Public Works Director  
P O Box 35024  
Billings, Montana 59107

Dear Mr. Miller;

In compliance with your request and authorization, I hereby furnish you with an Appraisal Report of the 24.049 acres described as Parcel 1 of Certificate of Survey No. 3217, located in Yellowstone County, Montana. The legal description contained within this report has been verified with the legal description provided and assessment records. Based on a review of these records, the legal description utilized in this report describes the subject property.

This appraisal has been completed in accordance with the Uniform Standards of Professional Appraisal Practice, 2023-2024 Edition (USPAP). The value is made for no other purpose, than that identified with the context of the appraisal report and is invalid if relied on for any other use.

The estimate of Market Value is based on the sale of all lands, to a single purchaser, as of the effective date of valuation, in cash, or terms equivalent to cash, for which the property rights should sell after reasonable exposure, in a competitive market under all conditions requisite to a fair sale, with buyer and seller each acting prudently, knowledgeably, and for self interest and assuming that neither is under undue stress.

My assignment in this appraisal report was to Provide an Opinion of Fair Market Value in conjunction with a Purchase Transaction. Based on sales of similar properties within the primary market area, the subject property has a value range of \$230,000 to \$245,000.

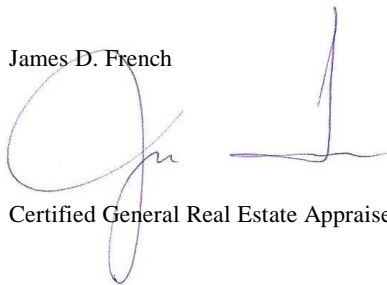
USPAP Standards Rule 1-4 and Rule 1-5, requires the appraiser to analyze any prior sale agreement, option or listing of the subject property, that occurred with three years of the effective date of valuation. Prior sales of the same property, that are reasonably recent and not forced, are considered evidence of market value. The pending sale has been analyzed and compared to similar type properties within the Sales Comparison Approach to Value. The pending sales transactions appears to be an arms-length sales transaction that falls within the established market range and supports a site value of \$240,000.

Based on the suggested range of value, my "As Is" Opinion of Fair Market Value, on August 21, 2023, was \$240,000.

I trust this report will be found satisfactory for you needs, but if any additional detail is required, please do not hesitate to call. Your confidence in allowing me to serve you is genuinely appreciated.

Respectively Submitted;

James D. French



Certified General Real Estate Appraiser #675

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# Section Divider I

## USPAP Requirements

1. Assumptions & Limiting Conditions
2. Scope of Work
3. Hypothetical Conditions and/or Extraordinary Assumptions
4. UAAR Definition of Market Value

## 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:
18. Montana is a non-disclosure state and no person or entity is required to disclose sales information. Every attempt was made to verify the sales within the area, via relevant sources and some sales in the market area were not able to be verified. The Opinion of Value is limited to the sales disclosed within this appraisal report, which are considered reflective of market conditions, as of the effective date of valuation.

## Scope of Work

*Gathering and Analysis of Market Data:*

Uniform Standards for Professional Appraisal Practice states that the appraiser must analyze the relevant legal, physical, and economic factors to the extent necessary to support the appraiser's highest and best use conclusion(s). In making the highest and best use determination, consideration must be given to the contiguity property and unity of ownership. The highest and best use analyses will then determine the comparative sales that are utilized in developing a supportable estimate of value.

Montana is a non-disclosure state and no person or entity is required to disclose sales information. Every attempt was made to verify the sales within the area, via relevant sources and some sales in the market area were not able to be verified. The Opinion of Value is limited to the sales disclosed within this appraisal report, which are considered reflective of market conditions, as of the effective date of valuation. It is assumed that there may be discrepancies in total acreage and/or land mix, which the appraiser has reconciled with assessment records. Additionally, the sales data may include transactions with multiple closing dates, lease/purchase options or other considerations. The analysis of the sales data has been completed, based on the original sale date, contract terms and acreage, which may vary from the finalized sales data, on a future date.

An allocation of the sales price within the comparative sales is essentially a distribution of the selling price among the various components that comprise a property. The allocation model is developed by the appraiser, based upon pure sales of the various land components, which are then analyzed and compared. The allocation may vary, depending upon the highest and best use of the sale, thus a mixing of sales with varying highest and best uses should be avoided when establishing value. Additionally, the allocation may vary amongst individual appraisers, based upon their analyses of the market. Thus, comparison of market values should only be done, based on the final market value and not the allocation of the individual components. The land use of the subject property and comparable sales have been analyzed herein. Some lands may fall within several land use categories with the final allocation based upon the most predominate use. The Sales Data Sheets are considered confidential information and will not be provided as part of the Appraisal Report.

*Market Area Issues:*

The subject property is located in Yellowstone County, Montana. The primary market area is identified by the Billings Association of Realtors, as Area 10 and includes the communities of Shepherd, Huntley, Ballantine, Worden and Pompeys Pillar, Montana. This market area has broad market appeal with market participation from part-time agricultural, investment, speculative and country home buyers.

The market is primarily comprised of smaller non-economic size farm units which are intermingled with country homes and commercial properties. Location, commuter distance, physical access, aesthetic amenities and proximity to city services are considered the primary forces of value with smaller parcels often reflecting premium, or site based pricing. Land uses within this area have been in transition for more than 30 years, from economic agricultural to non-economical agriculture. This type of property is typically purchased and utilized for development into a rural home site.

The subject property is located in Hunting District 590 as defined by the Montana Department of Fish, Wildlife and Parks, which allows for seasonal migratory game hunting. Hunting influences are not considered a factor for this type of property.

*Competency of the Appraiser:*

The appraiser is competent to complete this appraisal and has through the course of his appraisal career, completed numerous appraisals within the defined market area. Please refer to the Addendum for the appraiser qualifications.

## Scope of Work

Scope of Property Inspection and Analysis:

A physical inspection of the property was completed on August 30, 2023, which included the use of aerial mapping. USPAP regulations do not require the appraiser to physically inspect the subject property. If an inspection is completed the appraiser may utilize any combination of factors in the completion of the inspection including any relevant information. The degree and scope of inspection is based on the intended use of the appraisal and is limited to things that are readily observable without the use of special testing or equipment.

Access to the property is via South 20th Road, which forms the western boundary. According to the buy/sell agreement, additional physical access is to be provided by the seller, through Lot 1 of Schmalz Subdivision (James M. Reicher property). The access easement is to close as a simultaneous transaction and will allow direct access to East I Road.

Numerous comparable sales were reviewed and analyzed in this analysis with those sales considered most appropriate, based on size, location, soil quality, land mix and net adjustments utilized in the final analysis. The comparable sales were inspected at various points in time through the transmittal date of this report. An emphasis was placed on securing comparable sales within the primary market area.

I analyzed existing land use regulations, the physical characteristics of the property and its highest and best use. The real estate taxes were taken from public records. It is assumed in the appraisal that there have been no significant changes in the property condition, between the effective date of valuation, my last physical inspection and the transmittal date of this report.

Mineral rights are referred to as the ownership, or right to extract all minerals contained below the surface of a property. In Montana, mineral rights may be severed from the surface rights with the owners of the minerals rights having the right to occupy the amount of surface as reasonably necessary, for extraction purposes; however in such cases, the mineral rights holder must pay market value of the surface acres occupied, and pay damages, if any.

No investigation into the remaining mineral rights owned by the surface landowner were made in the course of completing the appraisal report. The appraiser is not considered an expert in mineral rights, nor is the appraiser aware of any determination of available mineral rights. There was no observed mineral activity on the subject property. The purchase agreement conveys all remaining mineral rights, subject to prior conveyances with no actual monetary value assigned. Gravel is considered a surface right in Montana with all rights inclusive to the surface ownership, unless specifically reserved.

The ownership and orientation of the subject property must be considered in order to define the "marketable property". The property must fall within "market parameters" with regards to size, orientation and structural improvements. If a property was configured in either in size, orientation or mixture of uses that did not exist in the open market, its market value could not be measured, because there simply would be no sales of comparable properties. In order to establish "market value" an appraiser must be able to examine sales of similar type properties, or property rights and then correlate those sales in a credible manner to the subject property. Market value means the interaction of buyers and sellers, not a single buyer or seller where their motivation and/or purchase power cannot be replicated.

The appropriate method is to value the entire property, based on similar type sales, which have been allocated in similar manner. The Opinion of Value is then reported as a single amount, inclusive of all land classes and title encumbrances. The value of the property components are then allocated in the Reconciliation of the Appraisal, to assist the client in decision making. *It should be noted and understood that the allocation of value is not an appraisal of that unit, but is simply how much that unit or land class contributes to that value of the larger property.*



### Hypothetical Conditions and/or Extraordinary Assumptions

A Hypothetical Condition is defined as "a condition which is contrary to what exists but is supposed for the purpose of the analysis." A hypothetical condition assumes conditions contrary to the known facts about the 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.

The Hypothetical Conditions are as follows;

a. According to the buy/sell agreement, additional physical access is to be provided by the seller, through Lot 1 of Schmalz Subdivision (James M. Reicher property) . The access easement is to close as a simultaneous transaction and will allow direct access to East I Road. This appraisal is based on the Hypothetical Condition that the easement existed, as of the effective date of valuation.

Extraordinary Assumption is defined as "an assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions." An extraordinary assumption presumes as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.

The Extraordinary Assumption are as follows;

a. The land allocation description within this appraisal report, are based on the appraiser's analysis, in conjunction with aerial photos and current property assessment information. The assessment information and acreages are owner verified with the Montana Department of Revenue ever two years and are assumed to be reflective of the property. It is assumed that there maybe discrepancies amongst the various records and that encroachments may exists. Additionally, the appraiser was unable to determine the availability of any utility services, including sanitary facilities.

b. Montana is a non-disclosure state and no person or entity is required to disclose sales information. Every attempt was made to verify the sales within the area, via relevant sources and some sales in the market area were not able to be verified. As such, it is assumed in this report that the sales prices are accurate. The Opinion of Value is limited to the sales disclosed within this appraisal report, which are considered reflective of market conditions, as of the effective date of valuation.

c. It is assumed in the appraisal, that there have been no significant changes in the property condition, between the property inspection, effective date of valuation and the transmittal date of this report.

## 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:

## 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 0-2 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 0-2 months.

**Comments:** The exposure period of the sales utilized within the appraisal report was 0 to 7 months. The estimated marketing period of the subject property falls within the lower range of the total exposure period of the comparable sales, at 0 to 2 months.

## Section Divider II

### Report Summary, Area Description & Subject Property Description

1. Report Summary
2. Area Description and Market Area Location Map
3. Subject Land Description, Aerial Map, FEMA Flood Map and Property Photos
4. Subject History of Ownership, Assessed Value and Real Estate Taxes

## Uniform Agricultural Appraisal Report

Property Identification

Owner/Occupant: <u>Barbara Schmalz Estate</u>	Total Deeded Acres: <u>24.05</u>
Property Address: <u>South 20th Road</u>	Effective Unit Size: <u>24.05</u>
State/County: <u>Montana</u> / <u>Yellowstone</u>	Zip Code: <u>59006</u>
Property Location: <u>Ballantine, Montana</u>	Property Code #: _____
Highest & Best Use: <u>Vacant Rural Land</u> "As If" Vacant	FAMC Comd'ty Gp: _____
<u>Rural Home Site</u> "As Improved"	Primary Land Type: <u>Site</u>
Zoning: <u>None (Assessed as Vacant Rural Land)</u>	Primary Commodity: <u>N/A</u>
Unit Type: <input type="checkbox"/> Economic Sized Unit <input checked="" type="checkbox"/> Supplemental/Add-On Unit	
FEMA Community # <u>30111C1100E</u> FEMA Map # <u>N/A</u> FEMA Zone/Date: <u>X / 11/6/2013</u>	
Legal Description: _____ SEC _____ TWP _____ RNG _____ Attached <input checked="" type="checkbox"/>	
Purpose of Report: <u>Provide an Opinion of Fair Market Value</u>	
Use/Intended User(s): <u>Purchase / Yellowstone County, Montana</u>	
Rights Appraised: <u>Fee Simple Estate subject to Easements, Conveyances, Restrictions and/or Reservations of Record</u>	
Value Definition: <u>Fair Market Value</u> Attached <input checked="" type="checkbox"/>	
Assignment: <u>Appraisal</u> Report Type: <u>Appraisal</u>	
Extent of Process/Scope of Work: See Pages 6-7;	

## Summary of Facts and Conclusions

Appraisal Report Summary

Date of Inspection: <u>08/30/23</u>	Effective Date of Appraisal: <u>08/21/23</u>
<b>Value Indication</b>	- Cost Approach: _____ \$ <u>N/A</u>
	- Income Approach: _____ \$ <u>N/A</u>
	- Sales Comparison Approach: _____ \$ <u>240,000 (r)</u>
<b>Opinion of Value:</b> <u>(Estimated Marketing Time 0-2 months)</u>	\$ <u>240,000</u>
Cost of Repairs: \$ <u>-</u>	Cost of Additions: \$ <u>N/A</u>
<b>Allocation:</b>	
Land: \$ <u>240,000</u>	\$ <u>9,979</u> / Acre ( <u>100</u> %)
Land Improvements: \$ <u>0</u>	\$ <u>0</u> / Acre ( <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> / Acre ( <u>0</u> %)
Leased Fee Value <u>(Remaining term of encumbrance - )</u>	\$ <u>0</u> / Acre ( <u>0</u> %)
Leasehold Value: _____	\$ <u>0</u> / Acre ( <u>0</u> %)
	Overall Value: \$ <u>9,979</u> / Acre ( <u>100</u> %)
<b>Income and Other Data Summary:</b> <input type="checkbox"/> Cash Rent <input type="checkbox"/> Share <input type="checkbox"/> Owner/Operator <input type="checkbox"/> FAMC Suppl. Attached	
Income Multiplier <u>N/A</u> ( <u>N/A</u> )	Income Estimate: \$ <u>0.00</u> / Acre (unit)
Expense Ratio <u>-</u> %	Expense Estimate: \$ <u>0.00</u> / Acre (unit)
Overall Cap Rate: <u>-</u> %	Net Property Income: \$ <u>0.00</u> / Acre (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 checked="" type="checkbox"/>	<input 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 type="checkbox"/>	<input checked="" type="checkbox"/>
Compatibility	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rentability	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Market Appeal	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Overall Property Rating	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Area-Regional Boundary:** This market area is described as Area 10 by the Billings Association of Realtors. The market area includes the communities of Shepherd, Huntley, Worden, Ballantine and Pompeys Pillar with the entire market area located within Yellowstone County, Montana. Please refer to the Market Area Location Map on the following page.

**Major Commodities:** Livestock and grains

	Above Avg.	Avg.	Below Avg.	N/A
Off Property Employment:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Unlikely	Likely	Taking Place	
Change in Economic Base:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
From				
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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Employment Trend:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Market Availability:**

	Under Supply	Balanced	Over Supply	No Influence
Cropland Units:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Livestock Units:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Recreational Tracts:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Rural Farmsteads	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Irrigated Farms	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Vacant Rural Land	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Forces of Value:** *(Discuss social, economic, governmental, and environmental forces.)*

This market area has broad market appeal with market participation from part-time agricultural, investment, speculative and country home buyers. The market is primarily comprised of smaller non-economic size farm units which are intermingled with country homes and commercial properties. Location, commuter distance, physical access, aesthetic amenities and proximity to city services are considered the primary forces of value with smaller parcels often reflecting premium or site based pricing. Land uses within this area have been in transition for more than 30 years, from agricultural to part-time agriculture with most homes located near the population centers.

Communities in Montana are identified by school size, as Class C thru AA, with the smaller communities being Class C. The subject property is located within the Huntley School District, which is classified as Class B. Billings is the county seat of Yellowstone County and the largest community in the state. Economic drivers in Yellowstone County include manufacturing, mining, health care, retail trade, government services and transportation. While important, agriculture and related businesses account for only 2% of all economic activity within the county.

The population of Yellowstone County is 169,852, which is an increase of 3.1%, according to the latest census data. The employment trends remaining at historical high levels with most employers reporting a lack of available workers. The median household income is \$65,656 with approximately 11.3% of the households considered below the poverty rate.

**Exposure Time:** 0-2 months. *(See attached definition and discussion)*

**Specific Market Area Boundaries:** The specific market is defined as the upper bench of the Huntley Project Irrigation District. Additional sales were considered or utilized, based on their geographical location, acreage and overall comparability to the subject property.

<b>Market Area:</b>	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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Development Trend	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

<b>Market Area:</b>	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 checked="" type="checkbox"/>	<input 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.)*

Open market sales activity for most property types has been reduced over the past two years. Statistical data indicates that total active listings are up 9% from 2022 and total open market sales transactions are down 70%, thus far in 2023. An increasing number of properties are being marketed and sold in off-market transactions with no open market exposure. My data indicates that sales activity within this market area is comprised of predominately rural home buyers, or those looking for relocation into the rural life style.

The value trend for most properties had been upward trending for several years. The sales data suggests continued demand for smaller tracts and declining sales activity for larger, economical properties. The demand for rural properties valued at the lower dollar thresholds, has generally been stronger due to the afford ability, relative to economical size farming and ranching operations. The momentum in the real estate market over the past few years was correlated with historically low interest rates and relocation due to the Covid pandemic. Both of which have abated over the past year.







**Property Description:** (*Location, use and physical characteristics*) The subject property is located approximately miles 1.25 miles east of Ballantine, Montana. Access to the property is via South 20th Road, which forms the western boundary. The land mix is inclusive of irrigated and/or grazing lands with a seasonal drainage and wetlands.

Please refer to the maps and property photos on the following pages, for a complete overview of the subject property. The maps, sketches and plat's included in this report are for visual aids to the reader only and are not necessarily to scale.

There are no structural improvements associated with this property.

Land Use	Deeded Acres	Unit Type	Unit Size	Subject Description:	Above Avg.	Avg.	Below Avg.	N/A
Vacant Site	16.05	Acres	( 66.7%)	Location	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Pivot Irrigated		Acres	( 0.0%)	Legal Access	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Flood Irrigated	8.00	Acres	( 33.3%)	Physical Access	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			( 0.0%)	Contiguity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			( 0.0%)	Shape/Ease Mgt.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			( 0.0%)	Adequacy Utilities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
			( 0.0%)	Services	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			( 0.0%)	Rentability	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			( 0.0%)	Compatibility	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			( 0.0%)	Market Appeal	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			( 0.0%)	FEMA Zone/Date	X / 11/6/2013			
<b>Total Deeded Acres</b>	24.05	<b>Total Units</b>	0.00 ( 100 % )	Building Location	N/A			

**Comments** The land allocation utilized within this appraisal report, is based on the appraiser's analysis, in conjunction with aerial photos and property assessment information. The subject property is fenced along the established boundaries. Except as provided by prescription, custom, or agreement between landowners, each landowner shall maintain all fencing to the right of the midpoint of the common boundary line as viewed from the owner's land. Fences adjacent to public rights-of-way are the sole responsibility of the adjacent landowner.

All water rights associated with lands in the irrigation district, transfer as an appurtenance to the surface rights. The water assessment is included in the annual real estate tax assessment. No landowner or other consumer acquires any proprietary right in the irrigation water. Irrigation water to this property is supplied from the Huntley Project Irrigation District. The irrigation water is delivered to the district owned diversion point and the landowner is responsible for the use and distribution of the water.

**Water Rights:** ☐ No ☒ Yes ☐ Supplement Attached

**Mineral Rights:** ☒ No ☐ Yes ☐ Supplement Attached

**Comments:** No opinion on remaining mineral rights is being rendered in this report and no value has been allocated.

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

Topography:	Level	Undulating	Rolling	Sloping
Vacant Site	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Pivot Irrigated	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Flood Irrigated	<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"/>	<input type="checkbox"/>
<b>Overall Topography</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Soils Description:** The USDA soils map indicates that the property is approximately 38% gravelly loams, 25% seep lands and the remainder clay loams. The complete soils map is available as a PDF attachment. ,

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

**Climatic:** 12-15 " Annual Precipitation 2,990 ' to 3,030 ' Elevation 115-135 Frost-Free Days

**Utilities:** - Water - Electric - Sewer - Gas - Telephone

**Distance To:** 5 Schools 23 Hospital 23 Markets 2 Major Hwy. 5 Service Center

**Easements/Encroachments:** (*Conservation, Utility, Preservation, etc.*) No opinion on title exceptions is being rendered in this report, please refer to Title Commitment #1110712, dated August 29, 2023. Additionally, the Huntley Project Irrigation District requires rights-of-ways along all canals, laterals, open and closed drains. The minimum right-of-way is 20' with larger laterals requiring up to 60', or whatever right-of-way is required an necessary for the operation and maintenance of the system.

**Hazards and Detriments:** No environmental disclosure form was completed by the land owner. No adverse environmental issues were observed during my physical inspection. Hazards common to the area include heavy snow, seasonal flooding, wildfires, hail, migratory wildlife and noxious weeds.

Aerial Map





FEMA Flood Hazard Map

# National Flood Hazard Layer FIRMette



108°6'45"W 45°57'31"N



0 250 500 1,000 1,500 2,000 Feet 1:6,000

Basemap Imagery Source: USGS National Map 2023

## Legend

SEE FIS REPORT FOR DETAILED LEGEND AND INDEX MAP FOR FIRM PANEL LAYOUT

SPECIAL FLOOD HAZARD AREAS		Without Base Flood Elevation (BFE) Zone A, V, A99
		With BFE or Depth Zone AE, AO, AH, VE, AR
		Regulatory Floodway
OTHER AREAS OF FLOOD HAZARD		0.2% Annual Chance Flood Hazard, Areas of 1% annual chance flood with average depth less than one foot or with drainage areas of less than one square mile Zone X
		Future Conditions 1% Annual Chance Flood Hazard Zone X
		Area with Reduced Flood Risk due to Levee. See Notes, Zone X
		Area with Flood Risk due to Levee Zone D
OTHER AREAS		NO SCREEN Area of Minimal Flood Hazard Zone X
		Effective LOMRs
GENERAL STRUCTURES		Area of Undetermined Flood Hazard Zone D
		Channel, Culvert, or Storm Sewer
OTHER FEATURES		Levee, Dike, or Floodwall
		Cross Sections with 1% Annual Chance Water Surface Elevation
MAP PANELS		Coastal Transect
		Base Flood Elevation Line (BFE)
		Limit of Study
		Jurisdiction Boundary
OTHER FEATURES		Coastal Transect Baseline
		Profile Baseline
MAP PANELS		Hydrographic Feature
		Digital Data Available
MAP PANELS		No Digital Data Available
		Unmapped

The pin displayed on the map is an approximate point selected by the user and does not represent an authoritative property location.

This map complies with FEMA's standards for the use of digital flood maps if it is not void as described below. The basemap shown complies with FEMA's basemap accuracy standards

The flood hazard information is derived directly from the authoritative NFHL web services provided by FEMA. This map was exported on 8/30/2023 at 1:48 PM and does not reflect changes or amendments subsequent to this date and time. The NFHL and effective information may change or become superseded by new data over time.

This map image is void if the one or more of the following map elements do not appear: basemap imagery, flood zone labels, legend, scale bar, map creation date, community identifiers, FIRM panel number, and FIRM effective date. Map images for unmapped and unmodernized areas cannot be used for regulatory purposes.

Property Access and Land Use Photos

RIGHT: South 20th Road, located along the west boundary of the subject property looking north.

The subject property is located to the right of the roadway.

There is currently no developed access point from South 20th Road, into the subject property.



LEFT: Flood irrigated hay land.

RIGHT: Seasonal drainage that bisects the subject property.





# Section Divider III

## Analysis of Current Market Listings

1. Active Listing Summary Sheet
2. Active Listing Photos

## Active Listing Summary Sheet

Listing information was taken from the Billings Association of Realtors multiple listing service or area Real Estate Brokers and is considered a sample of existing listings, not a comprehensive list.

*Corder & Associates* is actively marketing MLS #341611. Marketing data indicates that this is a vacant tract of irrigated land, located on North 8th Road, near Huntley, Montana. The property consists of 15.00 acres with paved road access and no utilities on site. It was listed on August 18, 2023 with an asking price of \$225,000. Based on direct comparison, this property is considered inferior in acreage.

*Corder & Associates* is actively marketing MLS #341612. Marketing data indicates that this is a vacant tract of irrigated land, located on North 8th Road, near Huntley, Montana. The property consists of 15.00 acres with paved road access and no utilities on site. It was listed on August 18, 2023 with an asking price of \$225,000. Based on direct comparison, this property is considered inferior in acreage.

*Keller Williams Properties* is actively marketing MLS #341174. Marketing data indicates that this is a vacant tract of native grazing land, located in the Pryor Creek Corridor, south of Huntley, Montana. The property consists of 22.898 acres with paved road access and no utilities on site. It was listed on July 26, 2023 with an asking price of \$350,000. Based on direct comparison, this property is considered similar in acreage.

*Landmark Realty* is actively marketing MLS #335914. Marketing data indicates that this is a vacant tract of irrigated land, located on the corner of East M and North 25th Road, near Worden, Montana. The property consists of 40.00 acres, which is to be split from a larger 80.00 acre tract. There are no utilities on site. It was listed on October 10, 2022 with an asking price of \$400,000 and was later reduced to \$375,000. The parcel is currently subject to a contingent sale and is considered superior in acreage.

*Keller Williams Properties* is actively marketing MLS #341180. Marketing data indicates that this is a vacant tract of native grazing land, located in the Pryor Creek Corridor, south of Huntley, Montana. The property consists of 24.183 acres with paved road access and no utilities on site. It was listed on July 26, 2023 with an asking price of \$379,000. Based on direct comparison, this property is considered similar in acreage.

Summary of Vacant Site Listings

The vacant land site listings, reflect a mean asking price of \$295,000 (r) with an average size of 19.27 acres.

Based on direct comparison and total acreage, the listings support an asking price of more than \$225,000 and less then \$350,000.



Active Listing Photos



MLS Listing #341611



MLS Listing #341612



MLS Listing #341174



MLS Listing #335914



MLS Listing #341180

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# Section Divider IV

## Sales Comparison Approach to Value

1. Sales Grid Summary
2. Summary of the Comparable Sales (Sales 1-5)
3. Explanation of Adjustments (Sales 1-5)
4. Land Mix and Improvement Adjustments (Sales 1-5)
5. Sales Comparison Approach Location Map (Sales 1-5)
6. Comparative Sales Photos (Sales 1-5)

## Sales Comparison Approach (1-5)

Sale Data	Sale Data	Subject	Sale #1 I1041	Sale #2 I1612	Sale #3 I1614	Sale #4 I153	Sale #5 I269
	Grantor (Seller)		Thomas Van Dyk	Barbara Schmalz Estate	Barbara Schmalz Estate	Barbara Schmalz Estate	Harold Langager
	Grantee (Buyer)		Joe & Karen Rinehart	Stoltz Ranch, Inc.	James M. Reicher	Lacinda Irvine	Jason Taylor
	Source		MLS#339754	MLS #333616	MLS #333616	MLS #333623	MLS #328308
	Date	Eff 08/23	07/23	07/23	07/23	01/23	04/22
	Eff Unit Size/Unit	24.05 / Acres	10	54	20	26	39
	Sale Price		192,500	800,000	174,000	238,000	340,000
	Finance Adjusted		Cash 0	Cash 0	Cash 0	Cash 0	Conv 0
	CEV Price		192,500	800,000	174,000	238,000	340,000
	Multiplier -		-	-	-	-	-
	Expense Ratio		-	-	-	-	-

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

CEV Price/ Acres		18,997	14,852	8,597	9,308	8,754
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### LAND AND IMPROVEMENT ADJUSTMENTS

Land Adjustment		0	0	0	0	0
Impvt. Adjustment		0	-4,873	0	0	0
Adjusted Price		18,997	9,979	8,597	9,308	8,754

### TIME ADJUSTMENTS

<input checked="" type="checkbox"/> Yr	<input type="checkbox"/> Mo	Periods	0.08	0.08	0.08	0.58	1.33
<input checked="" type="checkbox"/> Smp	<input type="checkbox"/> Cmp	Rate	0.00	0.00	0.00	0.00	0.00
<input checked="" type="checkbox"/> Auto	<input type="checkbox"/> Man	Time Adjustment	0.00	0.00	0.00	0.00	0.00
		Time Adj. Price	18,997	9,979	8,597	9,308	8,754

### OTHER ADJUSTMENTS

Physical Access	S 20th / East I Road	North 10th Road	South 20th Road	East I Road	South 20th Road	North 16th Road
	Adjustment	592	111	296	235	154
Marketing/Terms	Realtor / 0-60 DOM	Realtor / 4 DOM	Realtor / 215 DOM	Realtor / 215 DOM	Realtor / 72 DOM	Realtor / 11 DOM
	Adjustment	-	-	-	-	-
Sale/List Price	-	108%	94%	87%	93%	98%
	Adjustment	-	-	-	-	-
Motivation	Open Market	Open Market	Open Market	Open Market	Open Market	Open Market
	Adjustment	-	-	-	-	-
Utilities/Appeal	None/Average	Yes/Superior	Yes/Similar	Well/Inferior	None/Similar	Yes/Inferior
	Adjustment	-	-	-	-	-
Net Adjustments		592	-4,762	296	235	154
<b>ADJUSTED PRICE</b>		19,589	10,090	8,893	9,543	8,908

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

The five sales utilized in this approach to value are considered comparable to the subject property, based on their geographical location and probable use. Overall, the five sales support an unadjusted site value range of \$192,500 to \$238,000. While appraisal regulation do not specify a maximum net adjustment, it is generally recognized that those sales with the lowest net adjustments are considered the most reliable indication of value.

Overall, Sales 2 and 4 are considered the most comparable sites, based on geographical location and land mix. These two sales support an adjusted value range of \$230,000 (r) to \$245,000 (r), which is within the range of the pending sales transaction.

*Summary of the Comparable Sales, Explanation of Adjustments and Sales Adjustment Sheets are Continued on the Following Pages;*

#### Sales Comparison Approach Summary:

Property Basis (Value Range): \$ 230,000 (r) to \$ 245,000 (r)  
 Unit Basis: \$ 9,980 / 1 X 24.05 Acres = \$ 240,019.00  
 Multiplier Basis: \$ N/A X N/A (multiple) = \$ N/A

#### Sales Comparison Indication:

\$ 240,000 (r)



## Summary of the Comparable Sales

*Sale #1;* Open market sale of an improved parcel of flood irrigated pasture, located west of Worden, Montana. The topography is level with irrigation water from the Huntley Project Irrigation District. The improvements are limited to a small open horse shed, that was not considered a factor in the sale. The property is located within a transitional area, but sanitary restrictions had not been lifted on this parcel. The property sold at 108% of the initial asking price, via conventional financing, after being openly exposed to the market for 4 days. Overall, this sale is reflective of a site purchase with no regards to the actual price per acre. This sale supports strong demand, based on the sales price above the listing price and short marketing time.

*Sale #2;* Open market sale of a portion of the Schmalz Farm, located southeast of Ballantine, Montana. Physical access is directly from South 20th Road, which forms the west boundary of the property. The topography is level on the irrigated portion and undulating gravel hills with a seasonal drainage on the east side of the property. Irrigation water rights are from the Huntley Project Irrigation District. The structural improvements include a split level home with attached garage, that was built in 2001, shop with attached machine shed that has a partial concrete floor, pole barn with attached loafing shed, numerous ancillary structures, small grain bins and a set of corrals. The building allocation is based on market extraction and the sale of the vacant land tracts. The property sold at 94% of the initial asking price, via a 1031 Exchange and conventional financing, after being openly exposed to the market for 215 days.

*Sale #3;* Open market sale of a portion of the Schmalz Farm, located southeast of Ballantine, Montana. Physical access to this tract is from East I Road, which forms the northeast boundary. The topography is undulating gravel hills bisected by a seasonal drainage. No irrigation water rights transferred with this tract of land. There was an old well of unknown quality on site, but no additional utilities. The property was border by Interstate 94 along the northern boundary. The other boundary line fences were in poor condition with the southern boundary un-fenced. The property sold at 87% of the initial asking price, for cash, after being openly exposed to the market for 215 days.

*Sale #4;* Open market sale of a portion of the Schmalz Farm, located southeast of Ballantine, Montana. Physical access is directly from South 20th Road, which forms the eastern boundary of the property. The topography is generally level with the entire parcel having adequate irrigation water rights from the Huntley Project Irrigation District. There were no utilities on site with the parcel fenced along the boundaries. The property sold at 93% of the initial asking price, for cash, after being openly exposed to the market for 72 days.

*Sale #5;* Open market sale of a vacant parcel of irrigated and grazing land, located northeast of Worden, Montana. Marketing data indicates that this property has 38.839 acres with 17.6 acres of flood irrigated land from the Huntley Project Irrigation District. Soils are heavy clays with saline influence. Physical access is provided by paved North 16th Road with the site having power, well and private sewage. The property was listed for sale on August 8, 2020 with an asking price of \$259,000 and later re-listed with an asking price of \$346,000. The property sold for 98% of the last listing price, via conventional financing, after being exposed to the market for 11 days in the last listing period and a total marketing time of nearly 600 days.

### Explanation of Adjustments and Reconciliation of the Sales

The comparable sales analyzed, indicate a mean bare land value of \$11,125 per deeded acre (r) and a median bare land value of \$9,300 per deeded acre (r), inclusive of all land classes and title encumbrances. The sales reflect a standard deviation in value of 39.84%, which is reflective of an irregular market with wide variations in value. The deviation in value is considered an implied adjustment for multiple factors, including financing, land mix/buildings, time, access, method of marketing/days on market, sale motivation, utility services and market appeal.

While appraisal standards require analysis on a per acre basis, smaller tract sales typically reflect a site value. Consequently, each sale has been analyzed on a per acre basis and reconciled back to a site value. The four vacant land sales support an mean site value of \$236,125 and an average site size of 23.695 acres.

*Land Mix/Buildings;* The sales are predominately vacant land tracts that are considered to have similar geographical locations and ultimate uses as rural home sites. The improved sale is located adjacent to the south boundary of the subject property and may provide the best overall indication of value, based on the similar land mix. Quantitative adjustments were made to the individual sales based on the allocation model utilized in this appraisal. Inclusive in the value is an implied adjustment for the land improvements and title encumbrances.

*Time;* The comparable sales cover a period, encompassing 1.33 years from the effective date of valuation. The USDA time trend land value index for Montana, suggests that the value trend for most properties has been upward trending for several years. Based on the dates of the comparable sales, no time adjustment will be applied in this approach to value.

*Physical Access;* All five sales are physically accessed, via direct frontage on public paved or gravel roads. Additionally, the subject property will granted a perpetual easement to East I Road, that is to be provided to the seller. This allows two access points to the subject property, which is considered superior to all five comparable sales. An upward adjustment will be applied to all five sales, based on the total easement cost of \$6,000.

*Method of Marketing/Days on Market;* All five sales were marketed, via Realtors in a manner that is considered typical to the market area. The sales reflect marketing times of 4 to 215 days with an average of 103 days (3 months). The subject property was listed as a separate tract of land on July 6, 2023 and was placed under a contract to purchase on August 21, 2032 (45 days). Based on the market data, I would expect a total marketing time of 0 to 2 months.

*Sale/List Price;* The sales sold from 87% to 108% of there advertised asking prices with an average of 96%. Overall, the sales data suggests strong demand for similar quality properties and correlates closely with the short marketing times.

*Sale Motivation;* The buyers and sellers having varying motivations, considered typical in the market. Sales involving 1031 Tax Deferred Exchanges are not considered a factor for this type of property, but most purchase agreements having standard language, allowing for buyers and sellers to utilize a tax deferred transaction.

*Utilities/Market Appeal;* The comparable sales have been directly compared to the subject property, based on there overall market appeal. This adjustment is based strictly on the appraisers analysis of the market and perception of the individual sales.

#### Reconciliation of Value:

Sale #1; \$470,000 (r) - 3.0% Net Adjustment  
 Sale #2; \$245,000 (r) - 47.0% Net Adjustment  
 Sale #3; \$215,000 (r) - 3.3% Net Adjustment  
 Sale #4; \$230,000 (r) - 2.5% Net Adjustment  
 Sale #5; \$215,000 (r) - 1.7% Net Adjustment

USPAP Standards Rule 1-4 and Rule 1-5, requires the appraiser to analyze any prior sale agreement, option or listing of the subject property, that occurred with three years of the effective date of valuation. Prior sales of the same property, that are reasonably recent and not forced, are considered evidence of market value. The pending sale has been analyzed and compared to similar type properties within the Sales Comparison Approach to Value. The pending sales transactions appears to be an arms-length sales transaction that falls within the established market range and supports a site value of \$240,000.

The five sales support a mean adjusted site value of \$275,000 with a correlation in value from \$215,000 to \$245,000. The comparable sales are identified on the Sales Location Map, located on Page 28 of this report.

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

Sales Comparison - Sale #1			II041		Land Adjustment Amt. \$		0			
Land Use	Sale Acres	\$/Acre	Sale Unit Type	Sale Units	\$/Unit	Subj. Acres	\$/Acre	Subj. Unit	\$/Unit	Total
Vacant Site		18,997.34				16.05	18,997.34			304,907
Pivot Irrigated										
Flood Irrigated	10.13	18,997.34				8.00	18,997.34			151,979
<b>Sale Land Contrib.</b>	192,500.00	<b>/ Eff. Unit Size</b>	10.13	=	19,002.96	<b>Total</b>	456,886	<b>/ Eff. Unit Size</b>	24.05	= 18,997.34

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.

Sales Comparison - Sale #1							I1041	Improvement Adjustment Amt. \$:							0	/	Acres
Sale Impt.	UtI/Cond.	Size	X	\$/Unit	Contrib. Value			Subject Impt.	UtI/Cond.	Size	X	\$/Unit	Contrib. Value				
Shed	A	/A	336	X \$	0.00	= \$	0		/		X \$	= \$					
		/		X \$		= \$			/		X \$	= \$					
		/		X \$		= \$			/		X \$	= \$					
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The land adjustment has been calculated, based on the land mix adjustment developed for this appraisal report. Inclusive in the land value is an implied adjustment for the land improvements, including fences or water sources. The allocated value includes a market based adjustment for any physical, functional and external depreciation.



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

Sales Comparison - Sale #3			II614		Land Adjustment Amt. \$		0			
Land Use	Sale Acres	\$/Acre	Sale Unit Type	Sale Units	\$/Unit	Subj. Acres	\$/Acre	Subj. Units	\$/Unit	Total
Vacant Site	20.24	8,597.26				16.05	8,597.26			137,986
Pivot Irrigated										
Flood Irrigated		8,597.26				8.00	8,597.26			68,778
<b>Sale Land Contrib.</b>	174,000.00	<b>/ Eff. Unit Size</b>	20.24	=	8,596.84	<b>Total</b>	206,764	<b>/ Eff. Unit Size</b>	24.05	= 8,597.26

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.

[illegible]

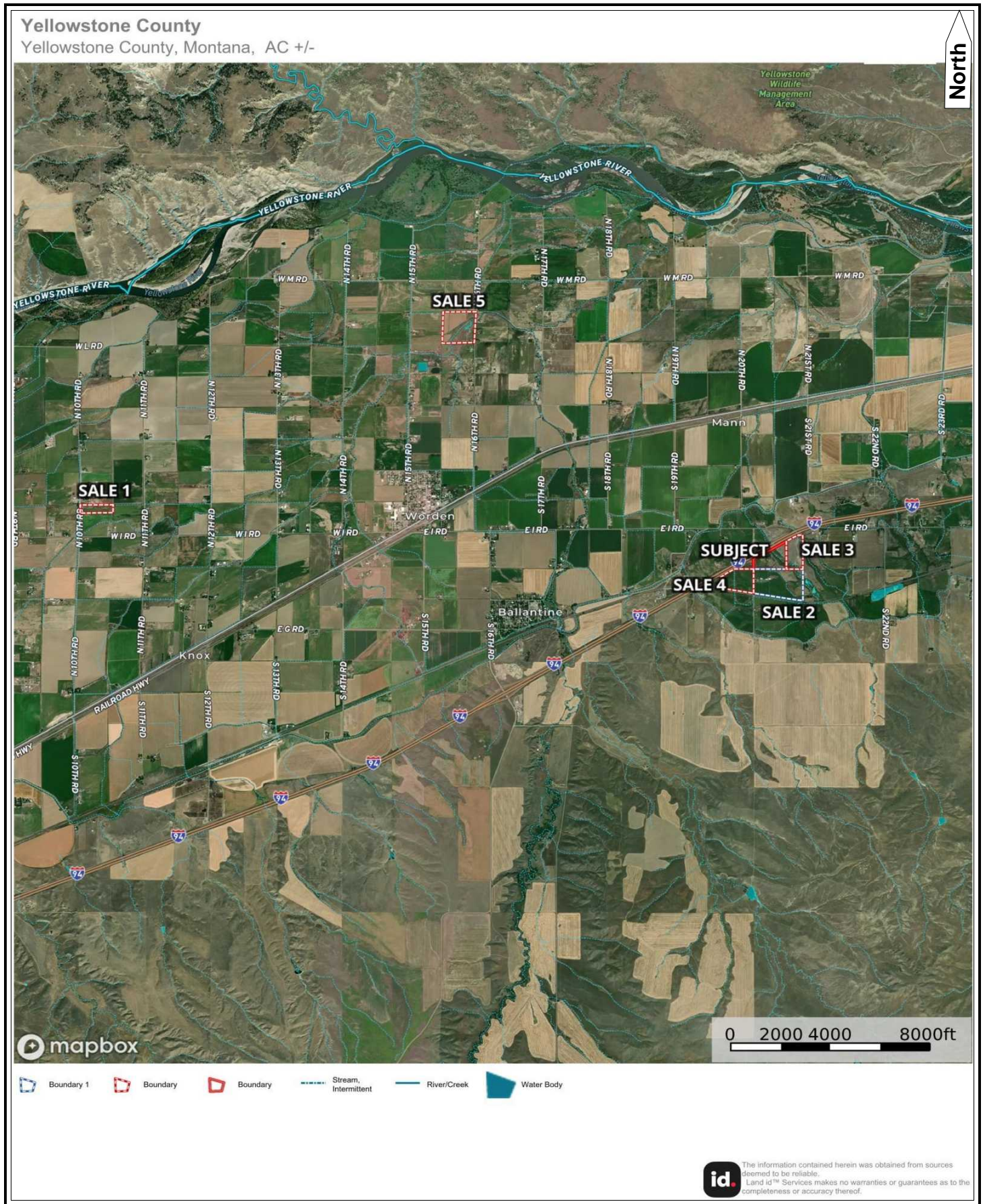
The land adjustment has been calculated, based on the land mix adjustment developed for this appraisal report. Inclusive in the land value is an implied adjustment for the land improvements, including fences or water sources. The allocated value includes a market based adjustment for any physical, functional and external depreciation.







## Sales Comparison Approach Location Map





Comparative Sales Photos



Sale 1;



Sale 2;



Sale 3;



Sale 4;



Sale 5;

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# Section Divider V

## Reconciliation and Final Value Estimate

1. Reconciliation of the Approaches to Value
2. Final Value Estimate
3. Appraiser Certification of Value
4. Appraiser Qualifications

## Reconciliation and Opinion of Value

Summary

<b>Cost Approach</b> .....	\$	N/A
<b>Income Approach</b> .....	\$	N/A
<b>Sales Comparison Approach</b> .....	\$	240,000 (r)

Discussion &amp; Correlation of Values

**Analysis of Each Approach and Opinion of Value:** The *Cost Approach to Value* is based on the premise that an informed buyer will pay no more for a property, than the cost of constructing a property that is equally desirable. The Cost Approach to Value starts with the property as though vacant, then the appraiser estimates the cost of the structural improvements. Since the subject property is vacant rural land, this approach to value is not applicable.

The *Income Approach to Value* is the conversion of the current rental rate, or estimated future pro forma income into value. The estimated rental income would not cover the estimated holding cost, if utilized strictly for agricultural purposes. Thus, the Income Approach to Value is not considered a credible method of valuation.

The *Sales Comparison Approach to Value* analyzes similar type properties with a dollar adjustment made, based on perceived differences between the comparable sales and the subject property. The Sales Comparison Approach values the subject property as one unit, inclusive of all land classes and encumbrances. The reliability of this approach to value can be measured, based on the net adjustments reflected by the individual sales utilized. Those sales with the least net adjustments are typically considered the most reliable indication of value.

The Sales Comparison Approach to Value, supports an adjusted value range \$230,000 to \$245,000.

USPAP Standards Rule 1-4 and Rule 1-5, requires the appraiser to analyze any prior sale agreement, option or listing of the subject property, that occurred with three years of the effective date of valuation. Prior sales of the same property, that are reasonably recent and not forced, are considered evidence of market value. The pending sale has been analyzed and compared to similar type properties within the Sales Comparison Approach to Value. The pending sales transactions appears to be an arms-length sales transaction that falls within the established market range and supports a site value of \$240,000.

The estimation of reasonable exposure or marketing periods is normally based on one or more of the following; (1) Statistical information about days on market, (2) information gathered through sales verification, and (3) interviews of market participants. The comparative sales support a marketing time of 0 to 2 months.

Allocation of Value

<b>Opinion Of Value -</b>	(Estimated Marketing Time	0-2	months, see attached)	\$	240,000
Cost of Repairs	\$	-			
Cost of Additions	\$	N/A			
<b>Allocation:</b>	(Total Deeded Units: 24.05)	Land:	\$ 240,000	\$ 9,979 /	Acre ( 100 %)
		Land Improvements:	\$ 0	\$ 0 /	Acre ( 0 %)
		Structural Improvement Contribution:	\$ 0	\$ 0 /	Acre ( 0 %)
<b>Value Estimate of Non-Realty Items:</b>					
Value of Personal Property (local market basis)	\$	0			
Value of Other Non-Realty Interests:	\$	0			
Non-Realty Items:	\$	0	\$ 0 /	Acre ( 0 %)	
Leased Fee Value (Remaining Term of Encumbrance - )	\$	0	\$ 0 /	Acre ( 0 %)	
Leasehold Value	\$	0	\$ 0 /	Acre ( 0 %)	
Overall Value	\$	240,000	\$ 9,979 /	Acre ( 100 %)	

## Appraiser Certification

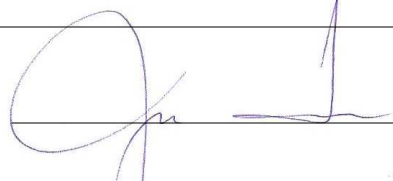
I certify that, to the best of my knowledge and belief:

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.

Effective Date of Appraisal: 08/21/23

**Opinion of Value:** \$ 240,000

**Appraiser:**

Signature: 

Name:

Jim French

License #:

Certified General Real Estate Appraiser

Certification #:

#675

Property Inspection: ☒ Yes ☐ No

Inspection Date:

08/30/23

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

Date Signed: 09/08/23

## Qualifications of the Appraiser

Appraisal Experience

Independent Fee Appraiser- Pompeys Pillar, Montana; 1995-Present, I have completed over thirteen hundred (1,300) farm, ranch and commercial fee appraisals in the states of Montana and Wyoming. Additionally, I have completed numerous residential and rural residential appraisals for mortgage loan purposes and over one-hundred (100) appraisals for the Department of Interior, under the Uniform Appraisal Standards for Federal Land Acquisitions. Licensed as a Certified General Real Estate Appraiser in the State of Montana from March 3, 2003 to present (#675, expires 3/31/24). Current and in compliance with the mandatory continuing education program.

Mortgage clients included AXA Equitable, Alabama Ag Credit, Bravera Bank, Bank of Baker, Bank of the Rockies, Citibank, Community 1st Federal Credit Union, Cowboy State Bank, Dakota Community Bank, Farm Credit Services of America, Farm Credit Bank of Texas, First Interstate Bank, First Dakota National Bank, First Republic Bank, Glacier Bank, Heartland Bank, Little Horn State Bank, Montana Livestock Ag Credit, Northwest Farm Credit Services, Pinnacle Bank, US Bank, Scotia Bank of Saskatoon, Stockman Bank, Western Security Bank, Rabo-Agri Finance, Yellowstone Bank, Zion's Bank and the Farmer-Mac Mortgage Program. In addition I have completed numerous appraisals for the United States Department of Interior Office of Special Trustee for the American Indian and various law firms throughout the states of Montana and Wyoming.

Related Experience

Currently own and operate a cow/calf operation near Pompeys Pillar, Montana.

Operated numerous grazing leases throughout the state of Montana.

Licensed as a Real Estate Salesperson in the State of Montana 1991-92.

Court Appointed Referee - Estate of Walter Ukkola vs Donald J. Puhto and Janet Barrett Case No. DV-09-121

Court Appointed Referee - Bertolino & Ayre vs Bertolino & Burrows; Cause No. DV-14-52

Court Appointed Referee - Ostermiller vs Nordahl & Guyer; Cause No. DV-18-40

Court Appointed Referee - Glantz, etal vs Glantz; Cause No. DV-20-19

Education

B.S. Business Administration, Montana State University-Billings; 1997

Valuation of Lifestyle and Trophy Ranches, 2/22

Tax Issues in Estate and IRS Cases, 2/22

Current State of 1031 Exchanges, 2/22

7 House National USPAP, 1/22

Highest and Best Use Seminar, 4/21

Property Rights, 2/20

Water Valuation, 2/20

The Complexities of Data Analysis in a Low Volume, Non-Uniform World, 2/19

Legal Perspective of Heirs Property Partition Action, 2/19

Current State of Section 1031 Exchanges, 2/19

Mapping Software and Data for Rural Land Appraisal, 2/19

Report Writing Seminar, 1/18

The Valuation of Intangible and Non-Financial Assets, 2/17

Income Approach Application, 2/17

MT REA 7412, 7 House National USPAP, 2/16

MT REA 4858, Rural Case Studies 1, 2/16

MT REA 6537, Title Lawyers Perspective in Montana Farm/Ranch Transactions, 2/15

MT REA 6540, Estate Appraisal Requirements, 2/15

MT REA 6089, Montana Mentor Class, 2/15

MT REA 6536, Summary of Oil & Gas Leases, 2/15

MT REA 6541, Maps & GPS, 2/15

MT REA 6538, Conservation Easements Trends & Issues, 2/15

MT REA 5408, DNRC Water Rights Seminar, 2/14

ASFMRA Business Ethics, 2/14

7 Hour National USPAP Course (A114), 2/14

MT REA 4255, Wind Power, 2/13

MT REA 120105, Appraising Natural Resources, 2/13

MT REA 120107, GIS for Real Estate and Appraisal, 2/12

MT REA 120106, Montana Access & Easement Law, 2/12

Sales Comparison Approach Seminar, 2/11

## Qualifications of the Appraiser

Montana Water & DEQ Issues, 2/11  
 Farmer Mac Seminar, 2/11  
 Cost Estimating Seminar, 2/10  
 Requirements of UASFLA, 10/08  
 MT REA 08RE0102 Subdivision Analysis, 2/08  
 MT REA 060863 Discounting & Leases, 10/06  
 MT REA 060102 Appraising Agricultural Land in Transition, 3/06  
 MT REA 060203 Montana Access Law & Conservation Easements, 3/06  
 MT REA 041283 Montana Water & DEQ Issues, 1/05  
 MT REA 0411284 Subdivision Development, 1/05  
 MT REA 0411285 Montana Cadastral and NRIS, 1/05  
 MT-REA 040104 Fannie Mae & The Appraisal Process; 3/04  
 Appraising Rural Residential Properties; 1/04  
 A-12, Standards of Professional Appraisal Practices and Code of Ethics; 2/03  
 MT-REAP-99-0309, Home Inspection; 9/01  
 MT-REAP-000109, Yield Capitalization; 5/01  
 MT-REAP-000108, Direct Capitalization; 5/01  
 MT-REAP-981001, Uniform Standards of Professional Appraisal Practice; 3/00  
 MT-REAP-980614, Advance Writing Skills, 3/00  
 MT-REAP-981002, Fundamentals of Appraisal II, 3/00  
 MT-REAP-981003, Fundamentals of Appraisal I, 9/99  
 Connole-Morton Real Estate School, 1/91

Appraisal and Real Estate Organizations

Associate Member of the American Society of Farm Managers and Real Estate Appraisers  
 Member of the Billings, Montana Association of Realtors  
 Member Montana Farm and Ranch Brokers Association

## Montana Appraiser License



**State of Montana**  
Business Standards Division  
Board of Real Estate Appraisers

This certificate verifies licensure as:

**CERTIFIED GENERAL APPRAISER**

**REA-RAG-LIC-675**

Status: **Active**  
Expires: **03/31/2024**

**JAMES D FRENCH**  
2670 RD 34 SOUTH  
POMPEYS PILLAR, MT 59064



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

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

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

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

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

# Section Divider VI

## Legal Description

1. Legal Description
2. Certificate of Survey



Legal Description

Township 2 North, Range 29 East, MPM in Yellowstone County, Montana

That part of Section 13, Township 2 North, Range 29 East, of the Principal Montana Meridian, in Yellowstone County, Montana, described as Tract 1, of Certificate of Survey No. 3217 on file in the office of the Clerk and Recorder of said County, under Document #3316814 (24.049 acres)

Total Deeded Acreage Per Survey Records 24.049 acres+/-

Certificate of Survey

**CERTIFICATE OF SURVEY NO. 3217**  
**LOCATED IN:**  
**GOVERNMENT LOT 4 OF SECTION 3, T. 2 N., R. 29 E., P.M.M.**  
**YELLOWSTONE COUNTY, MONTANA**  
**FOR: RUTH M. BEARD**  
**BY: HKM ENGINEERING INC.,**  
**GRANITE TOWER BUILDING**  
**222 NORTH 32ND STREET, SUITE 700**  
**BILLINGS, MONTANA 59102**  
**DATE: NOVEMBER 2004**

**LEGEND:**  
 FOUND CLOSING SECTION CORNER AS NOTED. \*  
 FOUND PROPERTY CORNER AS NOTED. +  
 FOUND CONCRETE RIGHT-OF-WAY MONUMENT WITH 3 FOOT OFFSET PIN (3/4" SMOOTH BAR) USED OFFSET PIN FOR POSITION SET.  
 SURVEYOR'S NOTE 1.  
 SET 5/8" x 24" REBAR WITH YELLOW PLASTIC CAP MARKED "HKM 14017 LS".

**VICINITY MAP**

**CERTIFICATE OF SURVEYOR**  
 Brian Lee Schmalz, Montana Licensed Professional Land Surveyor No. 14017 LS, being first duly sworn, deposes and says that during the months of September and October, 2004, a survey was performed by me of a tract of land situated in Government Lot 4 of Section 3, T. 2 N., R. 29 E., P.M.M., Yellowstone County, Montana, said tract being more particularly described as follows, to-wit:

Beginning a Point which is the southeast corner of said Government Lot 4 of said Section 3,  
 thence, N89°01'07"W, along the south line of said Government Lot 4, a distance of 1320.17 feet to the North 1/16 corner common to Sections 3 and 4;  
 thence, N00°02'44"W, along the west line of said Section 3, a distance of 450.18 feet, to a point which is situated on the south right-of-way line of Interstate 94;  
 thence, along said right-of-way line, S89°46'02"E a distance of 644.38 feet to Interstate 94 station 2058+140.140 RT;  
 thence, continuing along said right-of-way line, N70°53'59"E a distance of 103.06 feet to Interstate 94 station 2059+160.160 RT;  
 thence, continuing along said right-of-way line, N09°48'40"E a distance of 788.27 feet to a point which is situated on the east line of said Government Lot 4;  
 thence, S00°04'12"E, along the east line of said Government Lot 4, a distance of 1168.57 feet, to the said point of beginning, said described tract containing an area of 24.049 acres. Subject to all assessments and/or rights-of-way of record, apparent on the ground or reserved per this survey.

Iron monuments of suitable size were set at all intersection points and that the dimensions on the plat conform to measurements made on the ground.

Dated this 13<sup>th</sup> day of November, 2004.  
 Brian Lee Schmalz  
 Brian Lee Schmalz  
 Montana License No. 14017 LS

Subscribed and sworn before me, a Notary Public in and for the State of Montana, this 13<sup>th</sup> day of November, 2004.  
 Notary Public in and for the State of Montana  
 Residing at Billings, Montana  
 My commission expires 01/01/2007

**CLERK AND RECORDER**  
 3316814  
 Page 1 of 1  
 11/15/2004 10:28 AM

**SCALE 1" = 200'**

**PURPOSE OF SURVEY -**  
**RETRACE PARCEL CREATED BY INTERSTATE ROW**  
 The undersigned certifies that the purpose of this survey is to retrace a parcel that was created by the taking of interstate right-of-way through Government Lot 4 of Section 3, T. 2 N., R. 29 E., P.M.M. Therefore this survey is exempt from review and this survey was prepared pursuant to 76-3-404 (1)(c) M.C.A.  
 The undersigned further certifies that this survey is exempt from the Montana Subdivision Act pursuant to 76-4-103 M.C.A.

**CERTIFICATE OF COUNTY ATTORNEY**  
 This document has been reviewed by the County Attorney's office and is acceptable as to form.  
 Dated: December 22, 2004  
 Reviewed by: Linda A. Conner

**CERTIFICATE OF CITY/COUNTY HEALTH DEPARTMENT**  
 This CERTIFICATE OF SURVEY has been reviewed by and approved by the Yellowstone City/County Health Department.  
 T. William Richards, DVM  
 Health Officer/Authorized Representative  
 Yellowstone City/County Health Department

DATED this 13<sup>th</sup> day of November, A.D., 2004.  
 Ruth M. Beard  
 Ruth M. Beard  
 STATE OF MONTANA  
 COUNTY OF Yellowstone

On this 13<sup>th</sup> day of November, 2004, before me a Notary Public in and for the State of Montana, personally appeared Ruth M. Beard, known to me to be the person who signed the foregoing instrument and who acknowledged to me that she executed the same. Witness my hand and seal the day and year herein above written.

Notary Public in and for the State of Montana  
 Residing at  
 My commission expires 01/01/2007

HELEN I. TROST  
 Notary Public in the State of Montana  
 Residing at Helena, Montana  
 My Commission Expires 08/01/2007

**TRACT 1**  
 24.049 ACRES

**POINT OF BEGINNING**  
 1168.57' DIST. TO CORNER OF SECTION 3, T. 2 N., R. 29 E., P.M.M. SEE CORNER RECONSTRUCTION FOR MORE DETAIL.

**UNPLATTED**

**HKM PROJECT # 55748.101**

# Section Divider VII

## Addendum

1. Engagement Letter

## Engagement Letter

## Engagement Letter for Appraisal

---

**DATE OF AGREEMENT:** August 29, 2023

**PARTIES TO AGREEMENT:**

**Client:**

Yellowstone County, Montana  
PO Box 35024  
Billings, Montana 59107  
tmiller@yellowstonecountymt.gov

**Appraiser:**

Jim French  
Certified General Real Estate Appraiser #675  
2670 South 34<sup>th</sup> Road  
Pompeys Pillar, MT 59064  
(406) 860-2341  
jimfrench2670@gmail.com

---

Client hereby engages Appraiser to complete an appraisal assignment as follows:

**PROPERTY IDENTIFICATION**

Parcel 1 of Certificate of Survey #3217, located in Section 3, Township 2 North, Range 29 East, MPM of Yellowstone County, Montana.

**PROPERTY TYPE**

Vacant Rural Land

**INTEREST VALUED**

Fee Simple Estate – Subject to Easements, Conveyances, Restrictions or Reservations of Record

**INTENDED USERS**

Yellowstone County, Montana

**INTENDED USE**

Purchase

**TYPE OF VALUE**

Fair Market Value

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## Engagement Letter

**DATE OF VALUE**

August 21, 2023 (Date of Purchase Contract)

**HYPOTHETICAL CONDITIONS, EXTRAORDINARY ASSUMPTIONS**

The land allocation will be based on the appraiser's analysis, in conjunction with aerial photos and current property assessment information. It is understood that the land allocation may vary amongst the various records.

Montana is a non-disclosure state, and no person or entity is required to disclose sales information. Every attempt will be made to verify the sales within the area, via relevant sources. Some sales in the market area will not be able to be verified and the Opinion of Value will be limited to the sales disclosed within the appraisal report, which are considered reflective of market conditions, as of the effective date of valuation.

Unless a Title Report is provided, the property will be valued based on the Extraordinary Assumption that there are no adverse title exceptions that would negatively impact the Fair Market Value.

**APPLICABLE REQUIREMENTS OTHER THAN THE UNIFORM STANDARDS OF PROFESSIONAL APPRAISAL PRACTICE (USPAP)**

None

**ANTICIPATED SCOPE OF WORK**

Valuation Approaches: Sales Comparison Approach / Cost Approach / Income Approach Note: Appraiser shall use only those approaches to value, which in his sole opinion, would render a credible opinion of value.

**CONTACT FOR PROPERTY ACCESS, IF APPLICABLE**

The site inspection will be completed in accordance with the intended use of this report.

**DELIVERY DATE**

Not later than September 13, 2023.

**DELIVERY METHOD**

E-Mail (PDF Copy)

**NUMBER OF COPIES**

Hard Copies available at \$75 each

**PAYMENT TO APPRAISER**

\$2,500 which is due and payable within 30 days of the delivery of the Appraisal Report.

## Engagement Letter

**PROPOSED IMPROVEMENTS**

No proposed improvements

**PROPERTIES UNDER CONTRACT FOR SALE**

The property is subject to a buy/sell agreement, dated August 21, 2023 with a closing date of October 4, 2023 and a stated purchase price of \$240,000. A copy of the buy/sell agreement is incorporated into this agreement, by reference.

**CONFIDENTIALITY**

Appraiser shall not provide a copy of the written Appraisal Report to or disclose the results of the appraisal prepared in accordance with this Agreement with any party other than Client, unless Client authorizes, except as stipulated in the Confidentiality Section of the ETHICS RULE of the Uniform Standards of Professional Appraisal Practice (USPAP).

**CHANGES TO AGREEMENT**

Any changes to the assignment as outlined in this Agreement shall necessitate a new Agreement. The identity of the client, intended users, or intended use, the date of value, type of value or property appraised cannot be changed without a new Agreement.

**CANCELLATION**

Client may cancel this Agreement at any time prior to the Appraiser's delivery of the Appraisal Report upon written notification to the Appraiser. Client shall pay not less the 50% of the contracted fee, for work completed on assignment prior to Appraiser's receipt of written cancellation notice, unless otherwise agreed upon by Appraiser and Client in writing.

**NO THIRD-PARTY BENEFICIARIES**

Nothing in this Agreement shall create a contractual relationship between the Appraiser or the Client and any third party, or any cause of action in favor of any third party. This Agreement shall not be construed to render any person or entity a third-party beneficiary of this Agreement, including, but not limited to, any third parties identified herein.

**USE OF EMPLOYEES OR INDEPENDENT CONTRACTORS**

Appraiser may use employees or independent contractors at Appraiser's discretion to complete the assignment, unless otherwise agreed by the parties. Notwithstanding, Appraiser shall sign the written Appraisal Report and take full responsibility for the services provided as a result of this Agreement.

**TESTIMONY AT COURT OR OTHER PROCEEDINGS**

Unless otherwise stated in this Agreement, Client agrees that Appraiser's assignment pursuant to this Agreement shall not include the Appraiser's participation in or preparation for, whether voluntarily or pursuant to subpoena, any oral or written discovery, sworn testimony in a judicial, arbitration or administrative proceeding, or attendance at any judicial, arbitration, or administrative proceeding relating to this assignment.

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## Engagement Letter

**APPRAISER INDEPENDENCE**

The appraiser cannot agree to provide a value opinion that is contingent on a predetermined amount. Appraiser cannot guarantee the outcome of the assignment in advance. The appraiser cannot ensure that the opinion of value developed as a result of this Assignment will serve to facilitate any specific objective by Client or others or advance any cause. Appraiser's opinion of value will be developed competently and with independence, impartiality and objectivity.

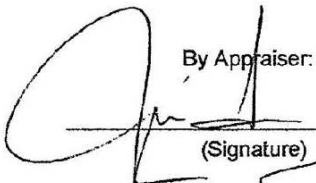
**EXPIRATION OF AGREEMENT**

This Agreement is valid only if signed by both Appraiser and Client within 10 days of the Date of Agreement specified.

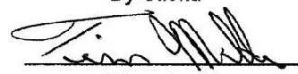
**GOVERNING LAW & JURISDICTION**

The interpretation and enforcement of this Agreement shall be governed by the laws of the state in which the Appraiser's principal place of business is located, exclusive of any choice of law rules.

By Appraiser:

  
(Signature)  
Tim Ferrell  
(Printed name)  
8-29-2023  
(date)

By Client:

  
(Signature)  
Tim Miller  
(Printed name)  
8-29-2023  
(date)