

QUALIFICATIONS OF THE APPRAISER N. CLARK WHEELER, ARA

Norman C. Wheeler and Associates is a 53-year-old agricultural appraisal and consulting firm with offices in Bozeman and Missoula, Montana. Professional services are provided by N. Clark Wheeler and Paraic David Neibergs, who are both state general licensed appraisers and hold the designation of Accredited Rural Appraiser (ARA). Dr. Richard Wheeler, Ph.D. in Ag Economics, also provides consulting services to the firm. The firm also has a professional GIS mapping and support staff.

Norman C. Wheeler & Associates maintains a 51-year old regional database of confirmed sales and additional market data. This sale and subject property data is maintained in an interactive geo-data base. This "state of the art" database can be used to visualize and analyze parcel data as well as to compare and contrast sale characteristics utilizing various overlays of data layers.

Mr. Wheeler, the owner of the firm, has a total of 32 years of appraisal experience and is affiliated with the American Society of Farm Managers and Rural Appraisers (ASFMRA), an 81-year old organization highly recognized amongst rural appraisers. In 1984, Mr. Wheeler earned the highest professional designation awarded by ASFMRA: Accredited Rural Appraiser (ARA). The ARA accreditation is prestigiously awarded to those members who have five or more years of experience, have completed a series of graduate-level courses in rural appraising, have passed intensive exams in the field as well as in the classroom and have submitted a sample appraisal for grading on a national level.

In addition to national certification as an ARA, Mr. Wheeler is a Licensed General Certified Appraiser in Montana and Wyoming, is an Associate Member of the Appraisal Institute, and is a licensed real estate broker in the State of Montana.

CURRENT CERTIFICATION AND LICENSING

Accredited Rural Appraiser #673
Montana Licensed General Certified Appraiser #95
Wyoming Licensed General Certified Appraiser #222
Montana Licensed Real Estate Broker #4324

APPRAISAL EXPERIENCE

Mr. Wheeler has been actively engaged in the appraisal business in Montana since 1979 and in Wyoming since 1985. He has completed numerous types of appraisal assignments, including the following:

- amenity developments
- bankruptcy
- condemnation
- conservation easements
- corporate valuations
- dissolution
- estate & tax planning
- fire damages
- fish & wildlife habitat
- improved suburban
- irrigated/dryland farms
- land exchanges
- large timber tracts
- livestock ranches
- loan servicing
- probate
- minority/fractional interests
- partition/land divisions
- probate
- property acquisition
- recreational land
- rights of way
- rural subdivision

Mr. Wheeler has also completed appraisals and valuations of specialized properties such as:

- alcohol plants
- auction yards
- bed & breakfast
- dairies
- feedlots
- golf courses
- grain terminals
- guest ranches
- hog plants
- horse facilities
- timber properties
- ski & resort facilities

Other assignments have included appraisals and valuations of access rights, machinery, livestock, sprinkler systems, water rights, grazing rights, mineral rights, and hunting rights, as well as preparation of income projections and fair market rental rates.

SPECIALIZED APPRAISAL EXPERIENCE

CONSERVATION EASEMENTS

The firm has been a regional leader in the development of appraisals related to conservation easements on rural lands. Mr. Wheeler has an extensive amount of experience in the appraisal and defense of conservation easements throughout the Western United States. Since 1981 he has been involved in the appraisal of over 1000 conservation easements. Mr. Wheeler has also been retained as a consultant in numerous instances to defend existing conservation easement appraisals and has had a significant amount of success in overcoming IRS objections. In 1997, a substantial federal tax court ruling, S.K. Johnston, et. al v. Commissioner of Internal Revenue, Tax Court Docket No. 16668-94, was issued relative to a large conservation easement donation on a ranch in Wyoming in which Mr. Wheeler successfully defended a 55% reduction in value. This was the first federal tax case of its kind in which a conservation easement directly related to a western ranch was ruled upon.

Mr. Wheeler teaches courses relative to conservation easement valuation and has taught courses at the national level for the Nature Conservancy as well as the American Land Trust Rally. He is a frequent lecturer for various seminars and workshops in Montana.

He has completed conservation easement appraisals on properties varying in size from 40 acres to over 100,000 deeded acres. Easement appraisals have been prepared for tax deductions, easement sales, bargain sales and complex trades with state and federal governments. These reports have been successfully defended to the IRS and have formed the basis of government land or easement acquisitions, passing rigorous federal and private reviews.

In another federal tax court ruling in May of 1999, Katherine Strasburg v. Commissioner of Internal Revenue, Mr. Wheeler again successfully defended a conservation easement appraisal in federal tax court. At issue was a valuation of a western recreational ranch property in Montana. The court upheld the Wheeler report and a 43% diminution in value against a 10% loss claimed by the MAI expert retained by the IRS. The ruling also established important precedents relative to valuation issues regarding amended conservation easements.

FRACTIONAL INTERESTS

Mr. Wheeler has been actively involved in the appraisal of fractional ownership interests and minority discounts relative to land holdings in Montana and Wyoming and has successfully defended significant value discounts that have been challenged by the IRS.

LAND EXCHANGES

Mr. Wheeler has completed numerous reports for large federal and state land exchanges including the 110,000 acre BSL - Forest Service exchange in southwestern Montana in 1998. In the course of these exchanges, his appraisals have been reviewed and approved by the Forest Service at the national level in Washington, DC and utilized for testimony before federal legislative committees. Mr. Wheeler is regularly used by organizations for federal appraisals and has been reviewed and accepted for federal "Yellow Book" compliance as recent as March of 2010.

EXPERT WITNESS/TESTIMONY EXPERIENCE

Mr. Wheeler has been qualified as an expert witness and testified in the following:

- Federal Tax Courts in Atlanta and San Francisco
- Federal Bankruptcy Courts in Butte and Billings, Montana
- Superior Court of California - Los Angeles
- District Court in Chicago, Illinois
- Numerous District Courts throughout Montana

Additionally, Mr. Wheeler has testified at federal commissioners' hearings on matters related to real estate and values, and has made valuation presentations to the Internal Revenue Service. He has also been involved in real estate partition hearings in Montana and has served as a commissioner for mediation hearings. He has been asked to offer testimony for county commissions regarding matters related to land use planning.

AGRICULTURAL MANAGEMENT EXPERIENCE

Mr. Wheeler has managed both dry land and irrigated farms in the Gallatin Valley, and was active in the management of cropping plans, farm plans, budgeting, and accounts.

PAST AND PRESENT CLIENTELE

Mr. Wheeler's clients include lenders such as Farm Credit Services, Bank of America, First Security Bank of Bozeman, Western Bank, First Interstate Bank, State Bank of Dillon, American Bank, Citizens Bank of Big Timber, Stockman Bank, Northwestern Trust, Bank of the Rockies, Valley Bank of Belgrade, Northern Trust of Florida and Rocky Mountain Bank.

Due to Mr. Wheeler's specialized and concentrated work in the area of conservation easements, his land trust/conservation group clientele is significant and includes:

- The Trust for Public Lands
- The Nature Conservancy
- Montana Land Reliance
- Gallatin Valley Land Trust
- Jackson Hole Land Trust
- Green River Valley Land Trust
- Wyoming Stockgrowers Association
- Ducks Unlimited
- Rocky Mountain Elk Foundation
- Trout Unlimited
- Yellowstone Park Foundation
- Teton Valley Land Trust
- Flathead Valley Land Trust
- Five Valleys Land Trust

Additionally, Mr. Wheeler has completed conservation easement appraisals and other assignments for federal and state agencies such as:

- Department of Interior (BLM and USFWS)
- Department of Agriculture (Forest Services)
- Internal Revenue Service
- Montana Department of State Lands
- Montana Department of Fish, Wildlife and Parks

Clients also include numerous owners and prospective buyers, attorneys, accountants and public and private corporations requesting appraisal reports for a wide range of purposes.

References will be furnished upon request.

HISTORY AS AN EDUCATOR AND MENTOR

DESIGNATED CONTINUING EDUCATION INSTRUCTOR #02-87-I

Mr. Wheeler has been designated by the State of Montana as a qualified instructor for real estate continuing education programs related to appraisal, land use planning and conservation easement issues.

DESIGNATED APPRAISAL MENTOR - STATE of MONTANA

Mr. Wheeler has applied and passed state review and been qualified to train appraisers pursuant to state and federal appraisal laws. He has trained several apprentice appraisers.

NATIONAL PRESENTATIONS AND SEMINARS

- Ninth District Federal Reserve Bank of Minneapolis – June 2011
Speaker at biannual meeting of the Agricultural Advisory Council
- Land Trust Alliance- Northwest Rally- Missoula, MT - January 2007
IRS Regulations and Audits – Conservation Easement Appraisal - Panel
- Land Trust Alliance- National Rally- Nashville, TN - October 2006
IRS Regulations and Audits – Conservation Easement Appraisal – Panel
- Land Trust Alliance- Midwest Conference – Kalamazoo, MI - May 2006
Conservation Easement Appraisal Compliance – Half day class
- Land Trust Alliance- National Rally – Madison, WI - October 2001
Conservation Easement Appraisals – Full day class
- The Nature Conservancy- Las Vegas, NV – 1995
Conservation Easement Appraisals – Training Seminar

STATE AND LOCAL PRESENTATIONS AND EXPERT TESTIMONY

- Montana State Land Board
- Montana Fish & Game Commission
- Montana Association of Land Trusts
- Montana Bankers Association
- Montana Lawyer's Association
- Burton K. Wheeler Institute
- Corporation for the Northern Rockies
- Montana Land Reliance
- Montana Nature Conservancy
- Gallatin County Commission
- Gallatin County Open Lands Board
- Gallatin County Tax Appeal Board
- Local Planning and Zoning Commissions
- Big Hole Water Users Assoc
- Madison Valley Ranchlands Group
- Southwestern Land Brokers
- Hall and Hall Annual Meeting
- ERA Brokers Group
- 2010 Watershed Symposium

PAST AND PRESENT PROFESSIONAL AFFILIATIONS

American Society of Farm Managers and Rural Appraisers. ARA designation awarded 1984
Montana Chapter of the American Society of Farm Managers and Rural Appraisers

- Past chair of Professional Advancement
- Past chair of Ethics Committee
- Past chapter President
- Past chair of Membership Committee

Appraisal Institute - Associate Member #91918

Montana Agricultural Lenders Range School, Inc. - Past Director

National Association of Realtors - Member

EDUCATION AND APPRAISAL TRAINING

Mr. Wheeler is a Montana native and has received intensive appraisal training under the direction of Norman C. Wheeler, ARA, and Mr. Robert Kellogg, retired Senior Appraiser with the firm. He worked with Mr. Richard Johnson, ARA and was mentored by many well respected professional ARA and MAI appraisers. Mr. Wheeler has built on this experience and training with continuing education sponsored by the American Society of Farm Managers and Rural Appraisers, the Appraisal Institute, the American Institute of Real Estate Appraisers, the Society of Right of Way Appraisers, and the Montana State Cooperative Extension Service and other professional organizations.

POST SECONDARY EDUCATION

Mr. Wheeler holds a B.S. in Business Management from Rocky Mountain College, Billings, Montana. He also attended the University of Utah in Salt Lake City prior to entering the appraisal field.

PROFESSIONAL EDUCATION

Uniform Standards of Professional Appraisal Practice - Current

Professional Standards and Ethics, American Society of Farm Managers & Rural Appraisers (ASFMRA) - Current

Standards/Ethics - Appraisal Institute- Current

GPS Survey and Boundary Law - 2011

Meandering Waterways - 2011

Ag Trends in Ag Finance - 2011

Animal Feeding Operations/Concentrated Animal Feeding Operations - 2011

Condemnation Appraisal: Principles and Applications - Appraisal Institute - 2009

What's Missing in Appraisal Reports - Reviewer's Panel (ASFMRA) - 2009

Discounting and Leasing - ASFMRA

Appraisal: Scope of Work - Appraisal Institute

Cost Estimating - ASFMRA

Hunting and Recreational Leasing - ASFMRA

Conservation Easement Appraising - Joint Offering by Appraisal Institute and ASFMRA - 2007

PROFESSIONAL EDUCATION - Cont'd

A-29 Highest and Best Use Course - ASFMRA

Conservation Easement Seminar - ASFMRA - 2001

Federal Land Exchanges & Acquisitions - Yellow Book - ASFMRA
Conservation Easement Seminar - 1998

A-34 Advanced Valuation of Mineral, Timber and Water Rights - ASFMRA

A-28 Highest and Best Use Analysis - ASFMRA

A-20 Principles of Rural Appraising - ASFMRA

Advanced Principles of Rural Appraising: Specialized rural appraisal school offered by ASFMRA. Advanced valuation problems, additional professional training in soils, water rights, improvement valuation, specific appraisal techniques and their application, and analysis of rural property operation and management.

Basic Principles of Rural Appraising Instruction and testing on basic principles of appraising as related to agricultural properties, including analysis of factors affecting rural lands and the proper resource analysis of rural lands.

Livestock Ranch Appraisal, American Institute of Real Estate Appraisers

Commercial Investment Appraisal

Appraiser as a Witness in Civil Litigation

Montana Minerals Appraisal Seminar

Partial Easement Valuations (estimate of damages and property rights affected)

Analysis of Recreational Land Values

Principle of the Income Approach/Review

Cash Discounts (analysis of effect on Fair Market Value)

Market Valuation of Leasehold Interests (private/federal/state)

Accreditation Examinations, Written and Oral (graduate-level testing of advanced appraisal problems, techniques and standards, general agricultural knowledge)

Report Writing Seminar

Federal Depository Institutions Reform and Recovery Act of 1989 Seminar, presented by the Office of Thrift Supervision

Calculating Enterprise Costs of Montana Farming

CRP Contract Valuation Seminar

Montana Agricultural Leaders Range School (plant identification, resource analysis)

Department of Natural Resources and Conservation Water Rights Workshop

Sales Analysis/Matched Paired Sales (related to Cost Approach valuation)

PROFESSIONAL EDUCATION - Cont'd

Weeds Seminar

Functions of the Dollar (related to sales/leases/financing of rural properties)

CRP and Set-Aside Programs

1986 Tax Law/Real Estate Effects (value effects on rural land)

Skills of Expert Testimony (preparation of reports and exhibits, professional conduct)

Gallatin Agricultural Lenders Range School (plant identification/resource rating)

Conservation Easement Appraisal Seminar

Buyer Brokerage

Montana Real Estate Licensing Course Brokers Class

Montana Real Estate Licensing Course Salesman Class