Frequently Asked Questions: Cabin and Home Site Sales

Basics

Why is the DNRC selling Cabin/home Sites?

During the 2013 Regular Legislative Session, Senate Bill 369 (SB369) was passed. The bill allowed for the sale of cabin/home sites at the request of the lessee (or owner of improvements upon a cancelled lease) if the sale is approved by the Land Board and is consistent with the Board's fiduciary duty of attaining full market value.

Will my cabin/home site lot be sold out from under me?

No. The cabin/home site sale program is voluntary. You will not be required to nominate your cabin/home site for sale if you wish to continue leasing.

How many cabin/home sites lots will be sold per year?

The department has averaged 30-35 sales per year.

How long does the sale process take?

The estimated timeline for a cabin/home site sale from appraisal, up to the time of closing will take approximately 8-10 months

What is the Land Board approval process?

Each cabin and home site sale requires approval of the State Board of Land Commissioners (Land Board). The Land Board will need to grant preliminary approval after each sale has been nominated and prior to appraisal. After appraisal, the Land Board will set the minimum bid amount of the land and the maximum value of compensation for the improvements. A third and final approval is needed after the property has been auctioned.

Why does the land have to be sold at a public auction?

The sale of all state lands must be sold by public auction as required by state statute and the Enabling Act of 1889. https://courts.mt.gov/external/library/docs/enablingact.pdf

What are the recent changes to the cabin site sales program?

Senate Bill 49 (SB49) was passed during the 2023 Legislature and modified MCA 77-2-363 to encourage competitive bidding on cabin and home site sales. SB49 eliminates the option for the lessee of the cabin or home site to withdrawn from the program and cancel the auction if another bidder has registered for the auction. However, the current lessee of a cabin or home site will still be allowed to match the highest bid at auction.

Getting Started

How do I request to purchase my cabin/home site lot?

The department sends a letter to potentially eligible lessees biennially inviting them to indicate whether or not they are interested in participating in the sale program. The department will evaluate those cabin/home sites that indicated interest in participating in the sale program and select lots to participate.

Those cabin/home site lots that meet the preliminary sale criteria, and are selected for the sale program, will be notified by the department with further instructions. Instructions will include submitting a Cabin Site Sale Nomination Form and Procedure Disclosure Form along with payment of a non-refundable $100 nomination fee. Cabin/home sites that are selected for the sales program are not guaranteed to be sold. DNRC reserves the right to withdraw the parcel from the sale program at any time prior to auction.

What are the preliminary sale criteria?

The department may consider, but is not limited to, the following factors in the preliminary review:

- *whether sale is consistent with the board's constitutional fiduciary duty;*
- *whether the improvements possess clear title; whether a mortgage holder consents to sale;*
- *whether there are any outstanding lease violations on the parcel;*
- *whether, and to what degree, sale of the parcel would affect access to other public lands;*
- *the extent of infrastructure, such as roads, utilities, power, telephone, water, septic or sewer*

What if my cabin/home lot does not meet the preliminary criteria?

Not all cabin and home site lease lots will be eligible for sale. In some circumstances, you may be able to work with local DNRC staff to address certain issues.

How do I find out if my cabin/home site lot has been surveyed? What if it has not been surveyed?

*You may contact a DNRC office in your area to see if your lot has a current survey useable to convey title. The lot will **not** be saleable until it has been properly surveyed. DNRC will work to complete surveys as funding is available. Lease lots will be surveyed to include the current lease acreage, in accordance with the surrounding management plan.*

Can I have an ongoing improvements request or begin an improvements project during the sale process?

No, improvement requests need to be completed prior to entering the sale program, and no additional projects will be authorized while in the sale program.

Who can nominate a cabin/home site lot for sale?

The department sends a letter to potentially eligible lessees biennially inviting them to indicate whether or not they are interested in participating in the sale program. Cabin/home sites can be nominated for sale by the current lessee, improvements owner, DNRC or the Land Board.

How will DNRC prioritize sale requests?

Lots that have requested to participate in the sale program will be screened through the preliminary sales criteria. The department will then select nominations from the pool of qualified sales.

What if my cabin/home site lot is not selected for the current sale year(s)?

The department will send out a letter to potentially eligible lessees biennially informing them of the anticipated sale activity for the upcoming year(s).

What if my cabin/home site lot is denied for sale entirely?

You may appeal the denial to the Land Board, choose to continue leasing, or work with the department to correct any issues if possible.

Risks/Cost

Can someone outbid me if I own improvements on the cabin/home site lot?

Yes, but if you are the current lessee you have the preference right to match the high bid in accordance with 77-2-324, MCA. If you are only the improvements owner, and not a current lessee, you do not have the same right to match the high bid; you must bid higher.

What happens to my improvements if someone outbids me?

You must sell the improvements to the winning bidder, and the winning bidder must purchase the improvements from you for the value determined by the appraiser and set by the Land Board prior to the public auction. The owner of the improvements will be required to complete an Agreement to Sell Improvements Form agreeing to sell their improvements for the amount set by the Land Board.

What are the costs involved?

The lessee or improvements owner is responsible for Processing Costs associated with preparing a cabin/home site lease lot for sale. They include but are not limited to:

- *A non-refundable $100 nomination fee for each cabin/home site nominated for sale;*
- *Cost of the appraisal attributable to the improvements;*
- *Legal advertisement of sale;*
- *Environmental review (if required);*
- *Document recording fees; and*
- *Water rights transfers.*

During the Process

How is the sale price determined for the cabin/home site lot?

A Montana Certified General Appraiser will complete a market value appraisal of both the lease site and the improvements under consideration for sale. The department then takes the appraiser's determination of values to the Land Board for their approval. The Land Board sets the minimum bid for the lease lot and sets the maximum amount that the improvements owner can be compensated for the sale of the improvements.

How will the sales price for my improvements be determined?

A Montana Certified General Appraiser will complete a market value appraisal of both the lease site and improvements under consideration for sale. The appraisal will include separate values for the land and the improvements. The Land Board sets the maximum asking price for the improvements associated with the sale of the land at the appraised value of the improvements as determined by the appraiser.

Who does the appraisal?

The department will contract with a Montana Certified General Appraiser to appraise both the cabin/home site and all improvements under consideration for sale. The appraisal must comply with Uniform Standards of Professional Appraisal Practices (USPAP). The department will review or contract the review of the appraisal conducted by the contract appraiser.

What if I don't agree with the appraised value?

You may request an informal administrative hearing before the department to contest those valuations by submitting a Notice of Appeal of Value Form within 10 days of the department's notification of the appraised value of the land and improvements. The department shall appoint a Hearing Examiner who will review the arguments and evidence received at the hearing and make a recommendation of the values to the Land Board. A current lessee may also choose to withdraw the parcel from the sale process and continue to lease.

What if I don't want to sell my improvements?

*The owner of any improvements located on the lease site **must** complete an Agreement to Sell Improvements Form agreeing to sell their improvements to the highest bidder on the land for the amount set by the Land Board.*

Do I still need to pay my lease fee while my cabin/home site lot is going through the sale process?

Yes. All lease fees must be paid as the sale goes through the sale process until the closing date. Lease fees will be prorated to the closing date, and a refund may be issued if funds remain.

What if my lease expires before my lot is selected for sale?

In order to maintain a preference right to match high bid, the lease must be in good standing. In order to maintain the preference right, and the priority status, the lease would have to be renewed upon expiration.

Can I withdraw my cabin/home site lot from sale?

Yes, if you are the current lessee and there are no other registered bidders for the sale. The lessee must send written notice by certified mail to the department, received no later than 10 days before the date of the auction. If a written notice to withdraw is received the same date that the Department receives another registration, including bid deposit, for the auction, the auction will proceed as scheduled.

Will I know if there are any other people interested in bidding on my lot?

Each bidder wishing to participate in the auction as a qualified bidder must submit an Offer to Purchase Agreement along with a bid deposit equal to 5% of the minimum bid amount for the cabin/home site lot and proof of funds or prequalification letter, no later than 20 days before the date of the auction. You may contact the department and inquire whether or not there are any other registered, qualified bidders for the sale. If another bidder has registered for the auction, the sale cannot be canceled by the lessee.

Where will the auctions take place?

Auctions must take place in the county seat for the county where the parcel is located. Typically this is at the county courthouse or in some instances, the local DNRC office, if one is located in the county seat.

Do I have to be present for the auction?

Yes. All qualified bidders wishing to participate in the auction must appear in person or be represented by a legal representative at the auction. If you are unable to attend, a Power of Attorney form must be submitted prior to auction in order to designate a legal representative for the auction.

What is the process for bidding on auction day?

DNRC staff will hold a public oral auction for the sale of the land. All qualified bidders wishing to participate in the auction must appear in person or be represented by a legal representative at the auction to present an oral bid. All bidding will be for the land only. Only qualified bidders will be allowed to bid. The minimum bid amount will be set by the Land Board based on the appraised value of the land. Bids for less than the minimum amount will not be accepted. If there are multiple qualified bidders, the bidding will continue until no one wishes to offer a higher bid. If one of the qualified bidders is a current lessee, they will be allowed to match the

highest bid until such time that there is no longer a higher bid, or the current lessee does not wish to match the highest bid. The land will be sold to the highest bidder who consummates the terms of the sale. All improvements owners will have signed an Agreement to Sell Improvements Form prior to the auction. The closing of the sale of the improvements is conducted separately between the improvements seller and the purchaser and must be completed prior to or simultaneously with the closing of the land sale. The successful bidder will sign a Real Estate Buy-Sell Agreement for the Sale and Purchase of State of Montana Cabin/Home Site Sale Form at the close of the auction

Closing

What happens after the auction?

The sale of the land must be taken to the Land Board for Final Approval. Upon approval, the department will prepare closing documents, including settlement statements, deeds and any necessary easements.

How is title transferred?

The department conveys title to the land by Patent or Quitclaim Deed. The state does not warrant title, but you have the option to purchase title insurance at your own expense. Transfer of the improvements happens between the seller and the buyer, but DNRC will use a title company for closing to facilitate the transfer of improvements. Buyer is responsible for closing costs associated with the transfer of improvements.

How long will the winning bidder have to close on the sale of land and improvements?

DNRC will set a closing date that is mutually agreeable to both parties provided that such date shall be within one hundred twenty (120) days of final approval of the Land Board. DNRC will choose the closing agent. If closing with a title company, purchaser shall pay the balance of the purchase price on the date of closing. If Bureau is conducting the closing, the purchaser shall pay the balance of the purchase price within 30 days of the dated closing instructions letter sent to purchaser. An additional 30 days may be granted at the purchaser's request to the Bureau in writing.

How will closing occur on the sale of the land?

Closings may occur by mail or with a Title Company. Closing of the improvements happens between the seller and the purchaser and must be completed simultaneously with the closing of the land.

What are my financing options?

Sales of state land are on a cash-only basis. Purchasers will need to seek financing from a lending agency if necessary.

After Closing

What happens after closing?

Recorded documents will be mailed directly to you from the County Clerk and Recorder. Property taxes will be assessed on the property beginning at the closing date.

How can I make changes to my property after closing?

Once in private ownership, cabin and home site lots are subject to all existing easements or claim of easements, rights of way, protective covenants, zoning ordinances and applicable building codes, laws and regulations, encroachments, overlaps, boundary line disputes. Once in private ownership, cabin and home site lots are subject to applicable state, federal, and local laws and regulations, including the Montana Department of Environmental Quality requirement for review of any new or increased use of water supply or sewage disposal system and the Montana Natural Streambed and Land Preservation Act (310 Law).

Will I be able to expand my lot after purchase, as needs arise for additional acreage?

No, cabin and home sites lots are being sold as-is. No changes to the lot boundaries are possible after purchase of your leased lot. DNRC will not sell additional land to accommodate for septic expansion, well-isolation zones or other property development needs.