

W. H. E.



Memo Date: August 22, 2006
Order Date: August 30, 2006

TO: Board of County Commissioners

DEPARTMENT: Public Works Dept./Land Management Division

PRESENTED BY: BILL VANVACTOR, COUNTY ADMINISTRATOR
KENT HOWE, PLANNING DIRECTOR

AGENDA ITEM TITLE: IN THE MATTER OF CONSIDERING A BALLOT MEASURE 37 CLAIM AND DECIDING WHETHER TO MODIFY, REMOVE OR NOT APPLY RESTRICTIVE LAND USE REGULATIONS IN LIEU OF PROVIDING JUST COMPENSATION (PA06-5098, MALCOLM)

I. MOTION

Move to approve the Measure 37 Claim and adopt the order attached to this memo.

II. AGENDA ITEM SUMMARY

Shall the Board of County Commissioners compensate an applicant under Ballot Measure 37 and LC 2.700 through 2.770 for the reduction in fair market value of the affected property interest resulting from enactment or enforcement of restrictive land use regulations or modify, remove, or discontinue application of those land use regulations to the subject property to allow Bruce Malcolm to use the property as allowed at the time he acquired an interest in the property?

III. BACKGROUND/IMPLICATIONS OF ACTION

A. Board Action and Other History

Applicant: Bruce and Sharon Malcolm

Current Owner: Bruce and Sharon Malcolm

Agent: Karl Mueller

Map and Tax lot: 20-05-22 #909 and #910.

Acreage: 23 acres

Current Zoning: RR10 (Rural Residential)

Date Property Acquired: July 13, 1977. (WD #7743549)

**BEFORE THE BOARD OF COUNTY COMMISSIONERS OF LANE COUNTY,
OREGON**

ORDER No.) IN THE MATTER OF CONSIDERING A BALLOT
) MEASURE 37 CLAIM AND DECIDING
) WHETHER TO MODIFY, REMOVE OR NOT
) APPLY RESTRICTIVE LAND USE
) REGULATIONS IN LIEU OF PROVIDING JUST
) COMPENSATION (PA06-5098/Malcolm)

WHEREAS, the voters of the State of Oregon passed Ballot Measure 37 on November 2, 2004, which added provisions to Oregon Revised Statutes (ORS) Chapter 197 to require, under certain circumstances, payment to landowners if a government land use regulation restricts the use of private real property and has the effect of reducing the property value; and

WHEREAS, the Board of County Commissioners of Lane County enacted Ordinance No. 18-04 on December 1, 2004, to establish a real property compensation claim application process in LC 2.700 through 2.770 for Ballot Measure 37 claims; and

WHEREAS, the County Administrator has reviewed an application for a Measure 37 claim submitted by Bruce Malcolm (PA06-5098), the owner of real property located at 34332 Stewart Hills Lane, Cottage Grove, and more specifically described in the records of the Lane County Assessor as map 21-03-12-10, tax lots 102 and 016, consisting of approximately 12 acres in Lane County, Oregon; and

WHEREAS, the County Administrator has determined that the application appears to meet all of the criteria of LC 2.740(1)(a)-(d), appears to be eligible for just compensation and appears to require modification, removal or not applying the restrictive land use regulations in lieu of payment of just compensation and has referred the application to the Board for public hearing and confirmation that the application qualifies for further action under Measure 37 and LC 2.700 through 2.770; and

WHEREAS, the County Administrator has determined under LC 2.740(4) that modification, removal or not applying the restrictive land use regulation is necessary to avoid owner entitlement to just compensation under Ballot Measure 37 and made that recommendation to the Board; and

WHEREAS, the Board has reviewed the evidence and confirmed the application appears to qualify for compensation under Measure 37 but Lane County has not appropriated funds for compensation for Measure 37 claims and has no funds available for this purpose; and

WHEREAS, on August 30, 2006, the Board conducted a public hearing on the Measure 37 claim (PA06-5098) of Bruce Malcolm and has now determined that the restrictive RR10 (Rural Residential) zone land division requirements of LC 16.290 were enforced and made applicable to prevent Bruce Malcolm from developing the property as might have been allowed at the time he acquired an interest on July 13, 1977, and that the public benefit from application of the current RR10 (Rural Residential) zone minimum lot size regulations to the applicants' property is outweighed by the public burden of paying just compensation; and

WHEREAS, Bruce Malcolm requests either \$150,000 as compensation for the reduction in value of his property, or waiver of all land use regulations that would restrict the division of land into lots that contained less than ten acres, a use that could have otherwise been allowed at the time he acquired an interest in the property; and

WHEREAS, the Board finds that under LC 2.760(3) the public interest would be better served by modifying, removing or not applying the challenged land use regulations of the RR10 zone to the subject property in the manner and for the reasons stated in the report and recommendation of the County Administrator incorporated here by this reference except as explicitly revised here to reflect Board deliberation and action to allow Bruce Malcolm to make application for development of the subject property in a manner similar to what he could have been able to do under the regulations in effect when he acquired the property; and

WHEREAS, this matter having been fully considered by the Lane County Board of Commissioners.

NOW, THEREFORE IT IS HEREBY ORDERED that the applicant Bruce Malcolm made a valid claim under Ballot Measure 37 by describing the use being sought, identifying the county land use regulations prohibiting that use, submitting evidence that those land use regulations have the effect of reducing the value of the property, showing evidence that they acquired the property before the restrictive county land use regulations were enacted or enforced and the Board hereby elects not to pay just compensation but in lieu of payment, the request of Bruce Malcolm shall be granted and the restrictive provisions of LC 16.290 that prohibit the creation of lots that contain less than ten acres in the RR10 (Rural Residential) Zone shall not apply to Bruce Malcolm, so that he can make application for approval to develop the property described in the records of the Lane County Assessor as map 20-05-22 tax lots 909 and 910, in a manner consistent with the land use regulations in effect when he acquired an interest in the property on July 13, 1977.

IT IS HEREBY FURTHER ORDERED that Bruce Malcolm still will need to make application and receive approval of any division of the property under the land use regulations applicable to dividing the property that were not specifically identified or established by Bruce Malcolm as restricting the division of the property, and it would be premature to not apply those regulations given the available evidence. To the extent necessary to effectuate the Board action to not apply the division restrictions of the applicable zone described above, the claimant shall submit appropriate applications for review and approval of land divisions to show the specific development proposals and in the event additional county land use regulations result in a restriction of those uses that have the effect of reducing the fair market value of the property, the County Administrator shall have the authority to determine those restrictive county land use regulations that will not apply to that development proposal to preclude entitlement to just compensation under Measure 37 and return to the Board for action if necessary. All other Lane Code land use and development regulations shall remain applicable to the subject property until such time as they are shown to be restrictive and that those restrictions reduce the fair market value of the subject property.

IT IS HEREBY FURTHER ORDERED that this action making certain Lane Code provisions inapplicable to use of the property by Bruce Malcolm does not constitute a waiver or

modification of state land use regulations and does not authorize immediate division of the subject property. The requirements of state law may contain specific standards regulating development of the subject property and the applicants should contact the Department of Administrative Services (DAS - State Services Division, Risk Management - Measure 37 Unit, 1225 Ferry Street SE, U160, Salem, OR 97301-4292; Telephone: (503) 373-7475; website address: <http://www.oregon.gov/DAS/Risk/M37.shtml>) and have the State of Oregon evaluate a Measure 37 claim and provide evidence of final state action before seeking county land use approval.

IT IS HEREBY FURTHER ORDERED that the other county land use regulations and rules that still apply to the property require that land use, sanitation and building permits be approved by Lane County before any development can proceed. Notice of this decision shall be recorded in the county deed records. This order shall be effective and in effect as described in LC 2.770 and Ballot Measure 37 to the extent permitted by law. This order does not resolve several questions about the effect and application of Measure 37, including the question of whether the right of applicants to divide or build dwellings can be transferred to another owner. If the ruling of the Marion County Circuit Court in *MacPherson v. Dept. of Administrative Services*, (Marion County Circ. Ct. Case No. 00C15769, October 14, 2005) or any other court decision involving Ballot Measure 37 becomes final and that decision or any subsequent court decision has application to Lane County in a manner that affects the authority of this Board to grant relief under Ballot Measure 37 and LC 2.700 through 2.770 then the validity and effectiveness of this Order shall be governed by LC 2.770 and the ruling of the court.

DATED this _____ day of _____, 2006.

Bill Dwyer, Chair
Lane County Board of County Commissioners

APPROVED AS TO FORM
Date 8-22-2004 Lane County
Stephen J. Walker
OFFICE OF LEGAL COUNSEL

Malcolm M37 claim
PA 06-5098

LORANE
LORANE ORCHARD

COTTAGE GROVE LORANE

SIUSLAW RIVER

TERRITORIAL

FIRE

Subject Property

Legend

- Roads
- City Limits
- M37Claims111
- Community



PA065098

JAN 19 RECD

Measure 37 Claim Number: M37-

Application for Claims Under LC 2.700 through 2.770

Due to Regulatory Reduction of Property Value Under Provisions Added to ORS Chapter 197 by BM37

Note: This completed form together with the referenced supporting documentation and application fee must be submitted to the Lane County Land Management Division, 125 East 8th Avenue, Eugene, Or., 97401 for all claims subject to the provisions added to ORS Chapter 197 by Ballot Measure 37 (November 2, 2004), to be considered for compensation under LC 2.700 through 2.770. In all cases, the applicant has the burden of demonstrating, with competent evidence, that all applicable criteria are met and the applicant would be entitled to compensation if the land use regulation continues to apply. Use additional paper, if necessary.

1. Applicant/ Agent

Bruce and Sharon Malcolm 79555 Fire Rd. Lorane, OR 97451 (541) 942-8695
Applicant Name (Please Print) Mailing Address Phone

Karl Mueller 380 Q St. Suite 220 Springfield, OR 97477 (411) 302-9830
Agent Name (Please Print) Mailing Address Phone

2. Property Owner

Please provide the Name, Mailing Address and telephone number of all property owners of record holding interest in the property that is the subject of this application. Include a complete listing of all lien holders, trustees, renters, lessees or anyone with an interest in the property and describe the ownership interest.

Bruce Malcolm 79555 Fire Rd. Lorane, OR 97451 (541) 942-8695
Property Owner Name (Please Print) Mailing Address Phone

Sharon Malcolm 79555 Fire Rd. Lorane, OR 97451 942-8695
Property Owner Name (Please Print) Mailing Address Phone

3. Legal Description

Please provide an accurate legal description, tax account number(s), map, street address and location of all private real properties that are the subject of this application.

Assessor Map & Tax Lot 20-05-22-00-909, 20-05-22-00-910

Street Address 79555 Fire Rd. Lorane, OR 97451 Legal Description Attached X

4. Identification of Imposed Land Use Regulation

Please identify the Lane Code section or other land use regulation imposed on the private real property that is alleged to restrict the use of the subject property in a manner that reduces the fair market value. Include the date the regulation was first adopted, enforced or applied to the subject property and a written statement addressing all the criteria in LC 2.740(1).

see application, LC 16.231(6)

5. Title Report

Please attach a Preliminary Title Report showing title history and continuous ownership traced to the earliest family member ownership, the date of current owner(s) acquisition and all current interests of record for the subject property, issued within 30 days of the application submittal. Provide copies of relevant deeds.

6. Appraisal/Regulatory Effect

Please provide one original, signed appraisal prepared by an appraiser licensed by the Appraiser Certification and Licensure Board of the State of Oregon addressing the requirements of provisions added to ORS Chapter 197 by Ballot Measure 37 (November 2, 2004) and indicating the amount of the alleged reduction in fair market value by showing the difference in the fair market value of the property before and after the application of the challenged regulations as of the date the owner makes written demand for compensation. Include all of the supporting methodology, assumptions and calculations affecting the appraisal.

see attachments C1 and C2

7. Leases, Covenants, Conditions and Restrictions

Please provide copies of any leases or covenants, conditions and restrictions applicable to the subject property.

none excepting standard utility easements

8. Identification of Relief Sought

Please specifically indicate what relief is being sought, either a monetary value of the claim describing the reduction in fair market value of the property or the specific use authorization sought in any waiver of the land use regulation.

waiver of LC 16.231(b)

I (we) have completed all of the attached application requirements and certify that all statements are true and accurate to the best of my (our) knowledge and belief. I am (We are) authorized to submit this application on behalf of all those with an interest in the property and all the owner(s) agree to this claim as evidenced by the signature of those owner(s) below. Include additional signatures, as necessary.

Entry by County or its designee upon the subject property is authorized by the owner(s) and the owner(s) consent to the application for claims under provisions added to ORS Chapter 197 by Ballot Measure 37 (November 2, 2004).

Bruce J. Malachuk
Sharon M. Malachuk
Owner(s) Signature

1-12-06
Date

[Signature]
Applicant/Agent Signature

1-19-06
Date

The following contacts are provided to assist you in finding the necessary information for this application.

For zoning and land use information, please contact the Land Management Division at 682-3577.

This phone contact is a message line. Please leave a message and a Planner will return your call.

For deeds and records information, please contact Lane County Deeds and Records at 682-3654.

AGREEMENT TO SUSPEND TIMELINES IN MEASURE 37 CLAIM

JAN 19 REC'D

Claimant's name: Malcolm

Claim No.: M37 PA 06-5098

BACKGROUND. On October 14, 2005 Judge Mary James of Marion County Circuit Court ruled in the case of *MacPherson v. Dept. of Admin. Services, Risk Mgmt. Div.*, Case No. 00C15769 *MacPherson*) that Measure 37 is unconstitutional under the Oregon and United States Constitutions. A General Judgment and Order were entered on October 24, 2005. The order provided that "all time lines under Measure 37 are suspended indefinitely" and that the defendants in the case "are hereby ordered not to accept any claims under Measure 37. Defendants are further ordered not to grant, deny or otherwise rule on any claims under Measure 37." Although Lane County was not a party to the case, the state has been precluded from processing claims and any state waivers are invalid based on the court's decision.

The purpose of this agreement is to suspend all timelines with respect to the above claim filed in Lane County until (a) claimants desires to resume claim processing or (b) the Oregon Supreme Court rules in *MacPherson*. NOW, THEREFORE in consideration of the recitals acknowledged as true, the parties agree as follows:

AGREEMENT. Lane County, acting by and through its County Administrator, and the above named claimants agree to the following:

1. **TIME LINES SUSPENDED.** All time lines arising under Measure 37 or LC 2.700 through 2.770 with respect to the Measure 37 claim identified by the Claim No. set forth above ("the Claim") are hereby suspended and the Claim is held in abeyance until ten days after the earlier of the following events:


- a. Claimants have served written notice on the County Administrator that this agreement is cancelled and Claim processing should be resumed; or
- b. The Oregon Supreme Court has issued an opinion on the merits in *MacPherson*.

2. **RESUMPTION OF CLAIM CONSIDERATION.** The County will resume consideration of the Claim in the time stated in paragraph 1 if (a) claimants serve written notice requesting resumption or (b) the Oregon Supreme Court reverses the trial court in *MacPherson* and determines that Measure 37 is constitutional.

3. **WITHDRAWAL OF CLAIM.** If the Oregon Supreme Court affirms the trial court In *MacPherson* and determines Measure 37 is unconstitutional, the Claim will be deemed withdrawn.

4. **INFORMED CONSENT.** This Agreement was prepared by Lane County legal counsel on behalf of the County. After having carefully read each provision of the Agreement, Claimants and County have chosen to execute this Agreement.

Done on the dates set forth adjacent to the signatures of the parties below.


CLAIMANT
Date: 1/19/06

William A. VanVactor
County Administrator
Date: _____

**APPLICATION FOR COMPENSATION OR WAIVER OF IMPOSED
LAND USE REGULATIONS DUE TO REGULATORY REDUCTION
OF PROPERTY VALUE**



**PREPARED BY:
KARL MUELLER,
LAND USE ATTORNEY/PLANNER,
METRO PLANNING
1/19/06**

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List of Attachments

- A. Legal Description of Subject Property
- B. Title Report
- C1. Professional Appraisal
- C2. Professional Appraisal
- D. Assessor's Map
- E. Correspondence From Tom Lanfear
- F. Lane County Land Management Division Research Request Results
March 14th, 2005

**APPLICATION FOR COMPENSATION OR WAIVER OF IMPOSED
LAND USE REGULATIONS DUE TO REGULATORY REDUCTION
OF PROPERTY VALUE**

I. GENERAL INFORMATION

Owner/Applicant:	Bruce and Sharon Malcolm 79555 Fire Road Lorane, OR 97451 Ph: 541-942-8695
Applicant's Representative:	Karl Mueller Metro Planning 380 Q Street, Suite 220 Springfield, OR 97478 Tel: (541) 302-9830
Assessor's Map &Tax Lot Number(s):	20-05-22-00, Tax Lot 909 20-05-22-00, Tax Lot 910
Area of Request:	TL #909: 10.29 acres TL #910: 12.82 acres
Comprehensive Plan Designation:	<u>Agricultural</u>
Zoning:	Rural Residential, 10 Acre Minimum (RR-10)

II. EXECUTIVE SUMMARY

A. Background

The property subject to this Measure 37 claim consists of two contiguous tax lots. Currently, both tax lots are developed with single family homes. Tax lot 909 is a 10.29 acre parcel with improvements; the tax lot is developed with a single family home (79555 Fire Rd.) in which the applicants reside. The remainder of the parcel is undeveloped. Tax lot 910 is a 12.82 acre parcel developed with a manufactured dwelling (79565 Fire Rd.).

The applicants, Bruce and Sharon Malcolm, desire to partition their property to create two additional homesites in Lane County's RR-10 Zone. Land divisions of this type were permitted in this location until 1980 upon a showing that all applicable County standards could be met relative to lot configuration and access.

As evidenced by the attached Title Report (Attachment B) and deed information, the subject property has been in the applicant's sole ownership since 1975; formerly the property was owned by the aunt and parents of the co-applicant, Mr. Bruce Malcolm. At the time Bruce Malcolm assumed ownership of the property, the subject property was in an area which was not zoned by Lane County and was subject to the County's "Unzoned Area Development Permit" provisions which were adopted in 1973. Accordingly, no minimum lot size was applicable (Attachment F). Also affecting the subject property at that time was the 1975 Land Division Ordinance. The table in section 13.070 of this County code acknowledged rural residential parcels with established minimum area standards ranging between five and twenty acres.

When zoning was first applied to the site in 1980 (Attachment E), the "Farm Forestry 20" District (F-F 20) required a minimum of twenty acres in area for any newly-created parcels. Subsequently, RR-10 Zoning was applied to the site in 1984, permitting parcels ten acres in size.

In 2004, Oregon Voters passed Ballot Measure 37 which requires governments to compensate property owners for lost or reduced property values resulting from land use regulation changes subsequent to the owner's purchase of property. Alternatively, jurisdictions enforcing land use regulations may waive the pertinent regulation(s) upon a showing of a loss of property values resulting from the enforcement of the regulation. Locally, Lane County adopted Lane Code Chapter 2.700, et seq., to implement Measure 37.

This claim made pursuant to Lane Code Chapter 2.700-2.905 seeks to secure waiver of the current 10 acre minimum lot area standard and to permit partitioning of two new lots from the subject parent parcels (one new lot from each existing tax lot).

B. Applicant's Request for Relief

The request before the County is a modest one; the applicants are aware that the 1975 regulations need not be applied and that land division rules applicable at the time of the family's original purchase of the site in the 1930's (if any such rules were in effect) could conceivably be re-established under the current Measure 37 claims provisions. The applicants reside at the subject property and do not wish to see this or any neighboring land subdivided to or beyond its maximum carrying capacity.

The applicants want to maintain a large and attractive residential home site on tax lot 909. They propose to reduce the size of the parcel on which their current residence is located to an approximately 4.5 acre site and to create an additional parcel (approximately five acres in size) from the existing ten acre lot. The applicants also propose to further divide tax lot 910. The applicants proposal is to divide tax lot 910 into one approximately 3.5 acre parcel which will include the existing manufactured dwelling and one undeveloped parcel approximately 10 acres in size.

III. APPLICATION REQUIREMENTS AND DECISION CRITERIA

Lane Code Chapter 2.720, Application for Claim, describes the process and necessary components for requesting compensation or a waiver under Measure 37. According to this section, the following are required submittal items:

- (1) A completed application form;

A completed application form is attached to this application packet.

- (2) The name, mailing address, and phone number of the property owner filing the application, and of each of the other owners of the subject property and anyone with any interest in the property, including lien holders, trustees, renters, lessees, and a description of the ownership interest of each, if any, along with the signature of each of the other owners indicating consent to the application claim;

Bruce and Sharon Malcolm are the sole interest holders of the subject property; there are no lessees of the subject property. The applicants' / owners' signatures consenting to this application claim appear on the attached County application form. The applicants' names, mailing addresses, and phone numbers may be found on the cover page of this application narrative.

- (3) A legal description and tax lot number of the subject property as well as a street address for the property (if any);

A legal description of the property is attached (Attachment A). There is also an assessor's map attached to this application (Attachment D). The street addresses for the subject parcels are 79555 Fire Road, and 79565 Fire Road, Lorane, Oregon, 97451. These addresses are also found *infra*.

- (4) A title report issued within 30 days of the application's submittal, including title history and including a statement of the date the applicant acquired ownership of the subject property and showing the ownership interests of all owners of the property or, as an alternative to the title report, a copy of the deed(s) granting all existing ownership interests to the owner(s) of the subject property signing the application;

Please see the attached title report (Attachment B). As evidenced by this attachment, the applicants are the sole interest holders and they acquired ownership of the subject property in 1975.

- (5) A statement specifically identifying the section of Lane Code or other land use regulation that allegedly restricts the use of the real property and allegedly causes a reduction in the fair market value of the subject property, including the date the regulation was adopted, first enforced or applied to the subject property;

The application identifies the Lane Code section that causes a reduction in the fair market value of the subject property and includes the date the regulation was first applied to the subject property.

Lane Code Chapter 16.231(6), Rural Residential Lands Zone (RR-RCP), Area, reads as follows:

“LC 16.231(6) Area. Land within the Rural Residential Zone shall be designated and adopted on the zoning map as RR-1, RR-2, RR-5 or RR-10, and the creation of a parcel or lot shall be subject to compliance with LC Chapter 13 and the following minimum area requirements:

- (a) RR-1: 1 acre
- (b) RR-2: 2 acres
- (c) RR-5: 5 acres
- (d) RR-10: 10 acres

(e) In either RR-1, RR-2, RR-5 or RR-10, the minimum acreage may be less than required above and whatever size is necessary to accommodate uses specified in LC 16.231(2)(j) above.”

The claimant seeks waiver of LC 16.231(6) in its entirety, removing the current minimum lot size standard which was applied to this site in 1984. As stated *infra*, no minimum lot size appears to have applied to this site at the time of the applicants’ assuming ownership of the subject property. Although approval of this waiver could permit a fairly drastic subdivision or similar development scenario for the subject property, the result of approval would be the applicant applying for partitioning of one additional parcel approximately five acres in size from tax lot 909. This would facilitate single-family residential development. The applicant would also seek to divide tax lot 910 into two parcels. One parcel would be approximately 3.5 acres in size and the remainder of the parcel would be available for the construction of an additional single family dwelling.

(6) A copy of a written appraisal by an appraiser licensed by the Appraiser Certification and Licensure Board of the State of Oregon, addressing the requirements of the provisions added to ORS Chapter 197 by Ballot Measure 37 (November 2, 2004) and indicating the amount of the alleged reduction in the fair market value of the property by showing the difference in the fair market value of the property before and after application of each of the challenged regulations, individually, and after the application of all of the challenged regulations, cumulatively;

In its current configuration, tax lot 909 has an assessed value of \$340,000.00 (Attachment C1). Under the applicant’s development plan, the portion of the tax lot that will be reduced in size to facilitate the partitioning of one additional parcel will have a fair market value of \$310,000.00. The additional buildable lot has an assessed value of \$100,000.00. Thus, the net reduction in appraised value as a result of the land use regulation on tax lot 909 is \$70,000.00 (Attachment C1).

In its current configuration, tax lot 910 has an assessed value of \$180,000.00 (Attachment C2). Under the applicant’s development plan, the portion of the tax lot that will be reduced in size to facilitate the partitioning of one additional parcel will have a fair market value of \$140,000.00. The additional buildable lot has an assessed value of \$120,000.00. Thus, the net reduction in appraised value as a result of the land use regulation on tax lot 910 is \$80,000.00 (Attachment C2).

The total assessed reduction in fair market value as a result of the challenged land use regulation is \$150,000.00.

(7) A written statement addressing the criteria listed in LC 2.740(1)(a) through (d);

The criteria of Lane Code Chapter 2.740(1)(a)-(d) are discussed *infra*.

LC 2.740(1) The County Administrator shall make a determination as to whether the application qualifies for Board compensation consideration. An application qualifies for compensation consideration if the applicant shows that the following criteria are met:

- (a) The County has either adopted or enforced a land use regulation that restricts use of private real property or any interest therein;

The first zoning and associated minimum lot size standard applied to this site occurred in 1980, when the County zoned the site Farm-Forestry, 20 acre minimum lot area (FF-20). Subsequently, in 1984, the Rural Residential, 10 acre minimum lot area (RR-10) Zone was applied. These actions imposed new regulations, most notably a ten acre minimum lot size that restricts parcel sizes and the potential land division of the subject property.

The consultant's research of the County's "Unzoned Area Development Permit" Ordinance, Section 9.700, effective in August 1973, indicated that up to four dwelling units were permitted at that time on the subject property without the requirement for applying for an Unzoned Area Development Permit. Like the County's Zoning Code, at the time of the applicant's obtaining ownership of the subject site, the Comprehensive Plan at that time did not stipulate a minimum lot area standard for creation of new parcels in this area of the County.

- LC 2.740(b) The restriction on use has the effect of reducing the fair market value of the property or any interest therein, upon which the restriction is imposed;

The imposition of the above identified minimum lot area standard has had the effect of prohibiting further land divisions on subject property. Such divisions were permissible at the time the applicants became record owners of the property. Attachments C1 and C2 detail the specific reduction in the subject property's fair market value based upon restrictions imposed by the challenged regulation, LC 16.231(6). The applicant's appraisal also provides the fair market value as under those regulations which were in effect when the applicant obtained the property.

- (c) The challenged land use regulation was adopted, enforced or applied after the current owner of the property (the applicant) became the owner; and

Although the property has been in ownership of the applicant's family since the 1930's, the applicants became the sole owners of the subject property in 1975. This was five years prior to the first minimum lot area standard being applied and nine years prior to the County's adoption of the particular code provision which is the subject of this claim and request for waiver.

- (d) The challenged regulation is not an exempt regulation as defined in LC 2.710.

LC 2.710 lists the following types of land use regulations which are not eligible for compensation or waiver, but are exempt regulations, under Measure 37:

Regulations: addressing commonly and historically recognized public nuisances; which address matters clearly related to the public health and safety, including fire and building codes; health and sanitation regulations; solid or hazardous waste regulations; and pollution control regulations; required by federal law; controlling the sale of pornography or performance of nude dancing; enacted prior to the date of acquisition of the subject property by the applicants or their family members.

The minimum lot size standard of the RR-10 Zone set forth in LC 16.231(6) does not qualify as an exempt regulation because: it is not aimed at prohibiting or restricting any particular commonly or historically recognized public nuisances; it is not related to fire and building codes, health and sanitation regulations, solid or hazardous waste regulations, or pollution control regulations; it is not a requirement to comply with any federal law; it is not related to the sale of pornography or performance of nude dancing; and it was not enacted prior to the date of acquisition of the subject property by the applicants or their family members.

(8) A statement by the applicant specifying the amount of the claim, and the fair market value of the property before and after application of the challenged land use regulation(s); and

The amount of this claim is \$150,000.00. This represents the difference between the fair market value of the property prior to the application of the challenged land use regulation and the fair market value of the subject property after application of the challenged land use regulation (see Attachments C1 and C2). As an alternative to financial compensation of \$150,000.00 consistent with the requirements of LC 2.700 *et seq.*, the applicant requests instead that the County waive the subject regulation, LC 16.231(6).

(9) Copies of any leases or covenants, conditions and restrictions applicable to the subject property if any exist that impose restrictions on the use of the property. Unless waived by the County Administrator, an application also shall include an application fee, in the amount established by Order of the Board, to at least partially cover the County costs of processing the application, to the extent an application fee may be required as a condition of acceptance of filing of an application for a claim under the provisions added to ORS Chapter 197 by Ballot Measure 37 (November 2, 2004). The County shall refund the application fee if it is determined by the County or by a court that the applicant is entitled to compensation under the provisions added to ORS Chapter 197 by Ballot Measure 37 (November 2, 2004). (Revised by Ordinance No. 9-00, Effective 12.6.00)

Aside from existing easements customarily associated with utilities serving residential parcels, no existing leases, covenants, conditions or restrictions impose limitations upon the subject property. Existing easements are reflected on the attached Title Report.

IV. CONCLUSION

The imposition of a minimum lot area standard on the subject property occurred after the applicants obtained ownership of the parcel. This regulation prohibited the applicants from further dividing the subject property. The challenged regulation thereby markedly reduced the fair market value of the applicants' property. This claim clearly demonstrates consistency with the above requirements of LC 2.720 and 2.740(1)(a)-(d). The request before the County is a modest one; the applicants are aware that the 1975 regulations need not be applied and that land division rules applicable at the time of the family's original purchase of the site in the 1930's (if any such rules were in effect) could conceivably be re-established under the current Measure 37 claims provisions. The applicants reside at the subject property and do not wish to see this or any neighboring land subdivided to or beyond its maximum carrying capacity.

The applicants want to maintain a large and attractive residential home site on tax lot 909. They propose to reduce the size of the parcel on which their current residence is located to an approximately 4.5 acre site and to create an additional parcel (approximately five

acres in size) from the existing ten acre lot. The applicants also propose to further divide tax lot 910. The applicants proposal is to divide tax lot 910 into one approximately 3.5 acre parcel which will include the existing manufactured dwelling and one undeveloped parcel approximately 10 acres in size.

For the reasons set forth in this application, the applicant respectfully requests waiver of LC 16.231(6).

STANLEY O. SHATTUCK
conveys and warrants to BRUCE J. MALCOLM

The following described real property free of encumbrances except as specifically set forth herein
Lane County Oregon, to-wit:

Beginning at a point in County Road No. 834 (EILE ROAD) which bears 22° 15' 22" West from a stone scribed "S" marking the center quarter of Section 22, Township 20 South, Range 5 West of the William E. Meridian, on which point the West quarter corner of said Section 22 bears West 25° 15' 22" along the center of a 30 foot wide access road as follows: South 7° 15' 22" West 1.38 feet; thence along the arc of a 337.03 foot radius curve right (the chord of which bears South 1° 12' 30" East 104.77 feet) a distance of 105.20 feet; thence South 10° 09' East 152.25 feet; thence along the arc of a 100.00 foot radius curve right (the chord of which bears South 6° 22' 10" West 57.43 feet) a distance of 58.25 feet; thence South 23° 13' 20" West 182.43 feet; thence along the arc of a 100.00 foot radius curve right (the chord of which bears South 39° 01' 30" West 54.46 feet) a distance of 55.75 feet; thence South 54° 49' 40" West 108.72 feet; thence along the arc of a 520.87 foot radius curve left (the chord of which bears South 48° 21' 50" West 117.28 feet) a distance of 117.52 feet; thence leave said road and run East 554.17 feet to a point in the North-South centerline of said Section 22; thence along said centerline South 0° 46' 35" East 658.19 feet to the Southeast corner of the Northeast quarter of the Northwest quarter of Section 22; thence South 89° 49' 37" West 788.13 feet along the South line of said quarter quarter to a point in a 30 foot wide access road; thence along the arc of a 286.48 foot radius curve right (the chord of which bears North 0° 27' 40" East 28.22 feet) a distance of 28.23 feet; thence leave said road and run North 14° 46' 30" West 986.15 feet; thence North 0° 27' 30" East 109.98 feet; to the Southwest corner of that property conveyed to Bruce J. Malcolm by instrument recorded May 27, 1975, on Reel 744, Reception No. 20414, Lane County Oregon Deed Records; thence North 0° 27' 30" East along the West line of said parcel 232.32 feet to a point in County Road No. 834; thence East 733.99 feet to the point of beginning, all in Lane County, Oregon.

7743549

7743549

PIONEER TITLE CO., of Lane and Deschutes Counties

The said property is free from encumbrances except easements, conditions and restrictions of record.

The true consideration for this conveyance is \$ 26,880.00
(Here comply with the requirements of ORS 93.030)

Dated this 13th day of July, 1977

Stanley O. Shattuck
Stanley O. Shattuck X



STATE OF OREGON, County of Lane) ss. July 13, 1977
Personally appeared the above named Stanley O. Shattuck

and acknowledged the foregoing instrument to be their voluntary act and deed.

Before me: *Diane M. Petterson*
Notary Public for Oregon—My commission expires: 3-9-81

Grantees Address 79555 Fire Road, Lorane, Oregon 97431

7743549

7 7 4 3 5 4 9

State of Oregon,
County of Lane -- ss.

I, D.M. Penfold, Director of the Department of General Services, in and for the said County, do hereby certify that the within instrument was received for record at

1977 Jul 14 PM 2 32

855 R

Reel

Lane County OFFICIAL Records.

D.M. Penfold, Director of the Department of General Services.

By

[Signature]

CMS-1

WARRANTY DEED

GRANTOR

GRANTEE

GRANTOR - address, zip

After recording return to:

NAME, ADDRESS, ZIP

If a change is requested, all tax statements shall be sent to the following address:

NAME, ADDRESS, ZIP



OF LANE COUNTY, OREGON

800 Peach Valley, Eugene, OR 97401
18400 Valley View Dr., Eugene, OR 97401
1030 Oregon Ave., Bend, OR 97701
800 Knapwood, Florence, OR 97439
P.O. Box 1000, Astoria, OR 97103

PROPERTY DESCRIPTION

Beginning at a point in County Road No. 834 (Fire Road) which bears 284.75 feet West from a stone scribed C.S. marking the center quarter of Section 22, Township 20 South, Range 5 West of the Willamette Meridian, from which point the West quarter corner of said Section 22 bears West; run thence along the center of a 30 foot wide access road as follows, South 7° 44' West 1.38 feet; thence along the arc of a 337.03 foot radius curve left (the chord of which bears South 1° 12' 30" East 104.77 feet) a distance of 105.20 feet; thence South 10° 09' East 152.25 feet; thence along the arc of a 100.00 foot radius curve right (the chord of which bears South 6° 32' 10" West 57.43 feet) a distance of 58.25 feet; thence South 23° 13' 20" West 182.43 feet; thence along the arc of a 100.00 foot radius curve right (the long chord of which bears South 39° 01' 30" West 54.46 feet) a distance of 55.16 feet; thence South 54° 49' 40" West 108.72 feet; thence along the arc of a 520.87 foot radius curve left (the chord of which bears South 48° 21' 50" West 117.28 feet) a distance of 117.52 feet; thence leave said road and run East 554.17 feet to a point in the North-South centerline of said Section 22; thence along said centerline South 0° 46' 35" East 658.19 feet to the Southeast corner of the Northeast quarter of the Northwest quarter of Section 22; thence South 89° 49' 37" West 788.13 feet along the South line of said quarter quarter to a point in a 30 foot wide access road; thence along the arc of a 286.48 foot radius curve right (the chord of which bears North 0° 27' 40" East 28.22 feet) a distance of 28.23 feet; thence leave said road and run North 14° 46' 30" West 986.15 feet; thence North 0° 27' 30" East 109.98 feet to the Southwest corner of that property conveyed to Bruce J. Malcolm by instrument recorded May 27, 1975, Reel No. 744, Reception No. 20414, Lane County Official Records; thence North 0° 27' 30" East along the West line of said Parcel 232.32 feet to a point in County Road No. 834; thence East 733.99 feet to the point of beginning, all in Lane County, Oregon.

(18)(20)(21) 22-20-56

C.A. FILE NO. 749 C
PLANO DATE 2

TOTAL P. 06

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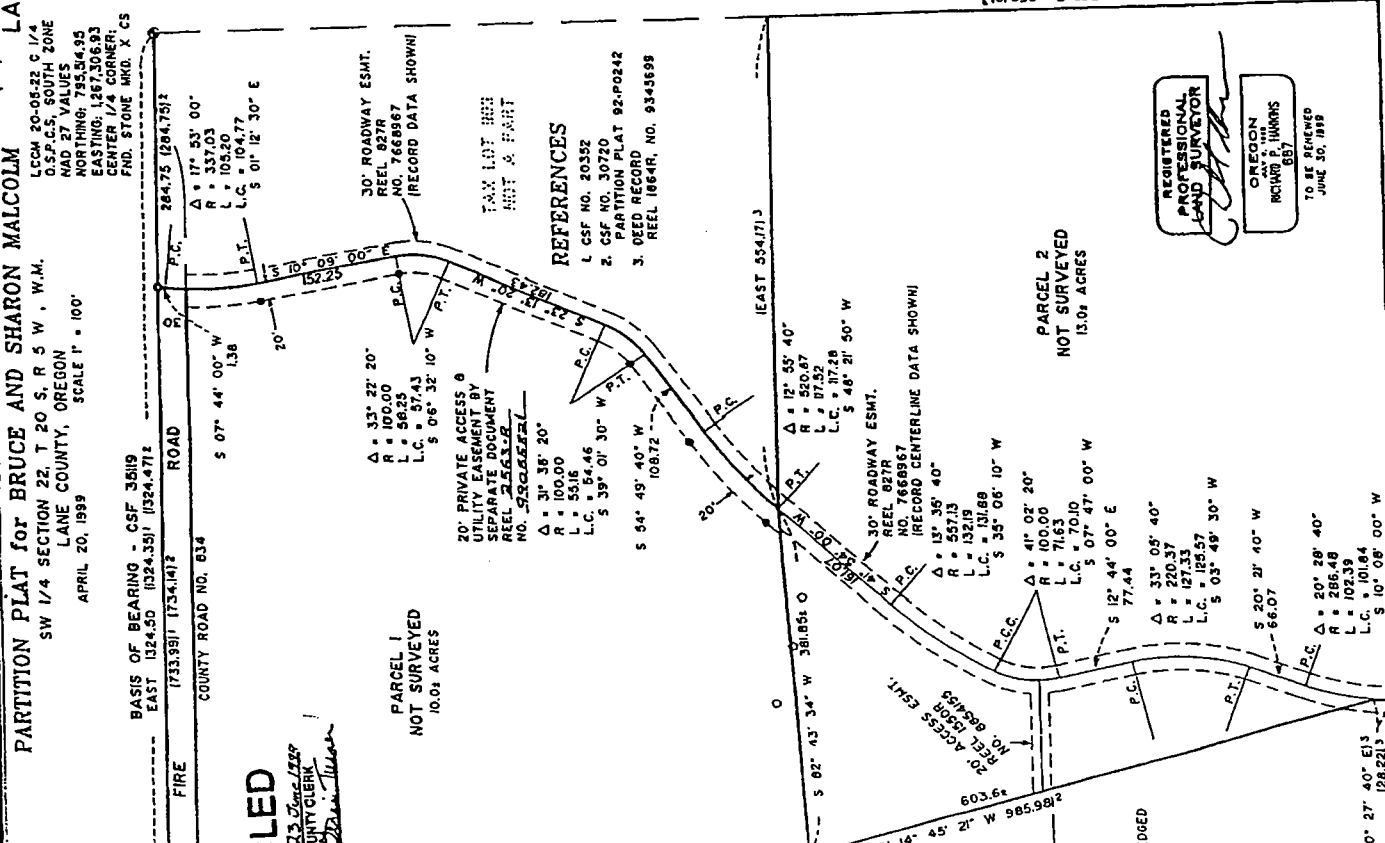
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OWNERS/PARTITIONERS
BRUCE AND SHARON MALCOLM
79555 FIRE ROAD
LORANE, OR 97451

OWNERS/PARTITIONERS
BRUCE AND SHARON MALCOLM
79555 FIRE ROAD
LORANE, OR 97451

OWNERS/PARTITIONERS
BRUCE AND SHARON MALCOLM
79555 FIRE ROAD
LORANE, OR 97451

LEGEND

- FND. MONUMENT AS DESCRIBED
- FND. 5/8" IRON ROD WITH PLASTIC CAP MKD. "ROBERTS PLS 1039"
- FND. 1/2" IRON ROD
- SET 5/8" x 30" IRON ROD WITH PLASTIC CAP MKD. "HANKINS LS 687"
- RECORD DATA WITH REFERENCE NUMBERS
- SEWER TEST HOLES, S.I. NO. 99-9036

APPROVALS

FOR THE DIRECTOR, LANE COUNTY LAND MANAGEMENT DIVISION
James S. Patten DATE June 15, 1979

LANE COUNTY SURVEYOR
K. Robert Patten DATE 6/23/79

LANE COUNTY ASSESSOR
Jim Hargis DATE 6/23/79

OWNER'S DECLARATION
KNOW ALL PERSONS THAT BRUCE J. MALCOLM AND SHARON M. MALCOLM ARE THE OWNERS OF THE LANDS DESCRIBED HEREON AND DID CAUSE THE SAME TO BE PARTITIONED AND PLATTED AS SHOWN HEREON ACCORDING TO THE PROVISIONS OF THE OREGON REVISED STATUTES, CHAPTER 92, AND DID CREATE THE PRIVATE ACCESS EASEMENT SHOWN HEREON BY SEPARATE DOCUMENT.

Bruce J. Malcolm SHARON M. MALCOLM

ACKNOWLEDGEMENTS
STATE OF OREGON
COUNTY OF LANE

PERSONALLY APPEARED BEFORE ME THE ABOVE NAMED BRUCE J. MALCOLM AND SHARON M. MALCOLM WHO ARE KNOWN TO ME TO BE THE INDIVIDUALS WHO EXECUTED THE ABOVE INSTRUMENT AND HAVE ACKNOWLEDGED THE FOREGOING TO BE THEIR VOLUNTARY ACT AND DEED.

ACKNOWLEDGED BEFORE ME THIS 15 DAY OF June, 1979

Richard P. Hankins
NOTARY PUBLIC FOR OREGON
MY COMMISSION EXPIRES: _____

NOTES

- ALL OR A PORTION OF THIS PROPERTY HAS BEEN IDENTIFIED AS A JURISDICTIONAL WETLAND ON THE STATE WIDE WETLANDS INVENTORY. ALL DEVELOPMENT MUST COMPLY WITH THE DIVISION OF STATE LANDS ADMIN. BY THE ARMY CORPS OF ENGINEERS WETLANDS REGULATIONS.
- ALL DEVELOPMENT SHALL COMPLY WITH THE LANE COUNTY CLASS ONE STREAM RIPARIAN REGULATIONS.
- THE EASEMENTS RECORDED ON REEL 600, RECEPTION NO. 16202, AND ON REEL 878, RECEPTION NO. 7655679, REFER TO THE SAME ROAD, BUT, CANNOT BE SHOWN HEREON BECAUSE OF INADEQUATE DESCRIPTIONS.

SURVEY NARRATIVE
THE PURPOSE OF THIS PLAT IS TO DIVIDE THE LAND SHOWN HEREON AND DESCRIBED ON REEL 10641, RECEPTION NO. 9341899, INTO TWO PARCELS AS SET FORTH IN MINOR PARTITIONS PA 98-8447. THE EXTERIOR BOUNDARY WAS SURVEYED AND RECORDED IN CSF NO. 20352. AS PER THE TERMS OF THIS PLAT IS LIMITED TO THE ESTABLISHMENT OF EASEMENTS ALONG THE WESTERLY SIDE OF THE ROADWAY EASEMENT AS SHOWN HEREON. THESE MONUMENTS WERE ESTABLISHED AT RECORD POSITIONS BASED ON THE ROADWAY DESCRIPTION CONTAINED IN THAT CERTAIN DOCUMENT RECORDED ON REEL 821, RECEPTION NO. 7661917. BASIS OF BEARING IS DUE EAST ALONG THE EAST-WEST CENTERLINE OF SECTION 20.

REFERENCES

- CSF NO. 20352
- CSF NO. 30720
- REEL 10641, RECEPTION NO. 9341899

REFERENCES

- CSF NO. 20352
- CSF NO. 30720
- REEL 10641, RECEPTION NO. 9341899

REFERENCES

- CSF NO. 20352
- CSF NO. 30720
- REEL 10641, RECEPTION NO. 9341899



PRELIMINARY TITLE REPORT

CASCADE ESCROW
 ATTN: MELISSA BUTTERFIELD
 811 WILLAMETTE STREET
 EUGENE, OR 97401

January 9, 2006
 Report No: 0248859
 Your No: --
 Seller: REFINANCE
 Buyer: MALCOLM

PRELIMINARY REPORT FOR:
 Mortgagee's Std. Policy \$T/C

PREMIUMS:
 Mortgagee's Std. Premium: \$T/C
 Government Service Fee: \$25.00
 Temporary Billing: \$225.00

We are prepared to issue 1992 ALTA title insurance policy(ies) of CHICAGO TITLE INSURANCE COMPANY of OREGON, in the usual form insuring the title to the land described as follows:

Parcels 1 and 2, Land Partition Plat No. 99-P1263, Filed June 24, 1999, Lane County Official Records.

Vestee:

BRUCE J. MALCOLM AND SHARON M. MALCOLM
 as tenants by the entirety

DATED AS OF: JANUARY 3, 2006 AT 8:00 A.M.

Schedule B of the policy(ies) to be issued will contain the following general and special exceptions unless removed prior to issuance:

GENERAL EXCEPTIONS (Standard Coverage Policy Exceptions):

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records. Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Easements, liens, encumbrances, interests or claims thereof which are not shown by the public records. Any facts, rights, interests or claims which are not shown by the public records but which could be ascertained by an inspection of the land or by making inquiry of persons in possession thereof.
3. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.

No liability is assumed hereunder until policy has been issued and full policy premium has been paid.

MAIN OFFICE * 811 WILLAMETTE ST. * EUGENE, OREGON 97401 * PH: (541) 687-2233
 FLORENCE * 1901 HWY 101 - S. 2 * FLORENCE, OREGON 97439 * PH: (541) 997-8417
 EUGENE FAX: 485-0307 * E-MAIL: info@cascadetitle.com * FLORENCE FAX: 997-8246

Order No. 0248859

Page 3

NOTE: Taxes, Account No. 1660941, Assessor's Map No. 20 05 22, #909, Code 66-13, 2005-2006, in the amount of \$1,756.28, PAID IN FULL.

Taxes, Account No. 1660966, Assessor's Map No. 20 05 22, #909, Code 66-00, 2005-2006, in the amount of \$269.27, PAID IN FULL.

Taxes, Account No. 1660958, Assessor's Map No. 20 05 22, #910, Code 66-13, 2005-2006, in the amount of \$576.88, PAID IN FULL.

Taxes, Account No. 1660974, Assessor's Map No. 20 05 22, #910, Code 66-00, 2005-2006, in the amount of \$345.71, PAID IN FULL.

NOTE: An Application to Exempt a Manufactured Structure from Title and Registration, including the terms and provisions thereof, was recorded June 07, 2004, Reception No. 2004-057126, Lane County Deeds and Records.

This report is preliminary to the issuance of a policy of title insurance and shall become null and void unless a policy is issued and the full premium paid.

Cascade Title Co.

By: 

lw: Title Officer: JIM HIGGINS

cc: PRUDENTIAL REAL ESTATE PROFESSIONALS
ATTN: SHARON MALCOLM
497 OAKWAY ROAD, SUITE 400
EUGENE, OR 97401

Order No. 0248859

Page 2

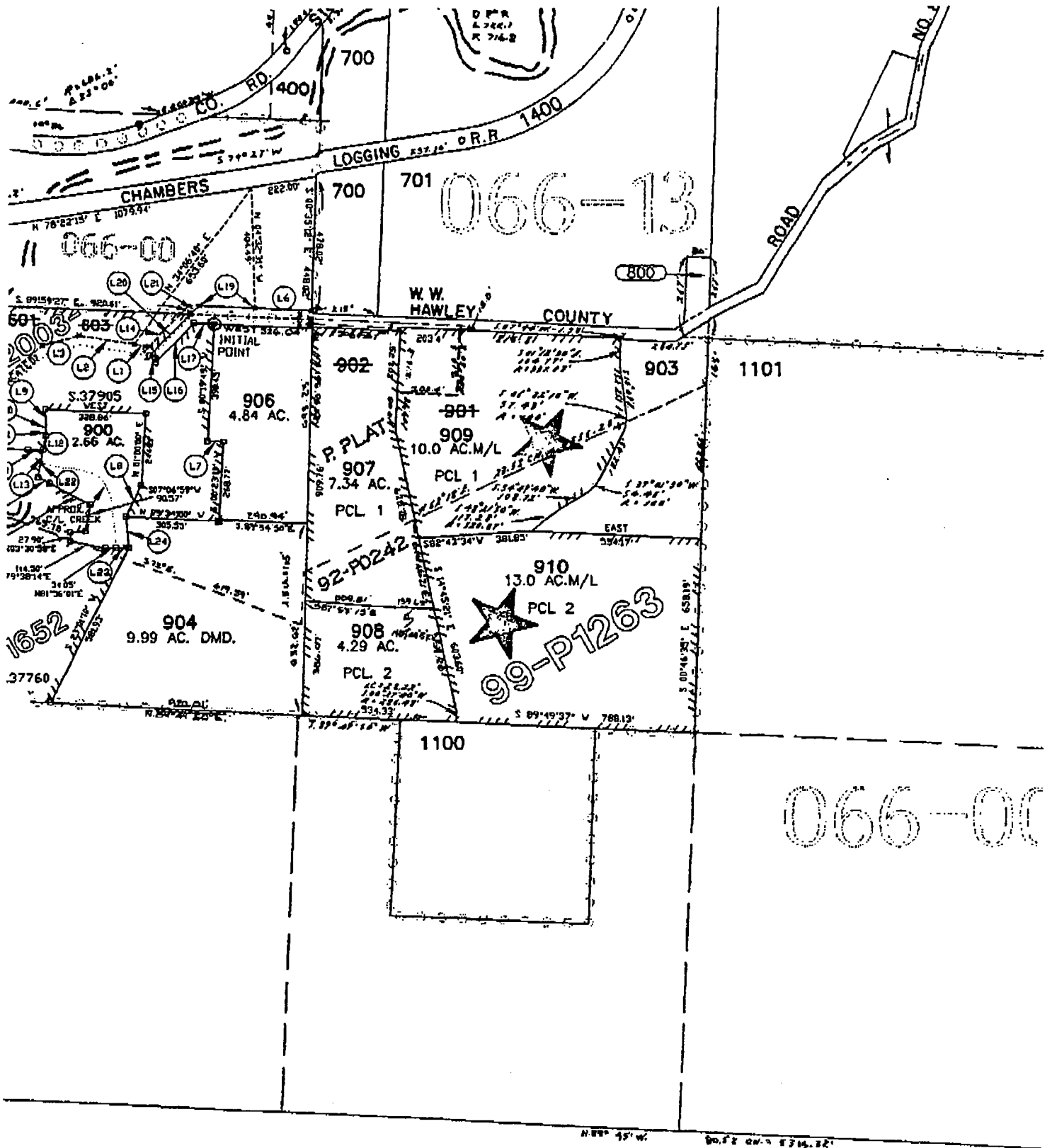
4. (a) Unpatented mining claims; (b) Reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) Water rights, claims or title to water whether or not the matters excepted under (a), (b), or (c) are shown by the public records.
5. Any lien or right to a lien, for services, labor or material heretofore or hereafter furnished, imposed by law not shown by the public records.

SPECIAL EXCEPTIONS:

6. Dedication of public road to Lane County recorded April 15, 1977, Reception No. 7721748, Lane County Official Records.
7. Easement, including the terms and provisions thereof, granted Edward E. White recorded August 29, 1977, Reception No. 16202, Lane County Official Records.
8. Memorandum of Oil and Gas Lease to Mobile Oil Company, recorded November 20, 1972, Reception No. 29164, and modified by Partial Release recorded January 18, 1977, Reception No. 7702771, Lane County Official Records.
9. Declaration of Easement, including the terms and provisions thereof, recorded October 22, 1976, Reception no. 7655678, Lane County Official Records.
10. Declaration of Easement, including the terms and provisions thereof, recorded October 22, 1976, Reception No. 7655679, Lane County Official Records.
11. Road Easement, including the terms and provisions thereof, recorded December 29, 1976, Reception No. 7668967, Lane County Official Records.
12. Easements, notes, conditions and restrictions shown, set forth, and/or delineated on the recorded plat.
13. Grant of Easement and Maintenance Agreement, including the terms and provisions thereof, recorded June 23, 1999, Reception No. 99055821, Lane County Official Records.
14. Deed of Trust, including the terms and provisions thereof, executed by Bruce J. Malcolm and Sharon M. Malcolm, husband and wife, Grantor, to First American Title Insurance Company, Trustee, for the benefit of Mortgage Electronic Registration Systems, Inc., (MERS) acting solely as a nominee for Sterling Capital Mortgage Company, Beneficiary, dated November 6, 2003, recorded November 13, 2003, Reception No. 2003-110717, Lane County Official Records, to secure payment of a note in the amount of \$223,000.00. (Parcel 1)
15. Deed of Trust, including the terms and provisions thereof, executed by Bruce J. Malcolm and Sharon M. Malcolm, husband and wife as tenants by the entirety, Grantor, to Dean S. Kaufman, Attorney at Law, Trustee, for the benefit of Frontier Investment Co., an Oregon Corporation, Beneficiary, dated May 26, 2004, recorded May 28, 2004, Reception No. 2004-040772, Lane County Official Records, to secure payment of a note in the amount of \$60,000.00. (Parcel 2)
Assignment of Fractional Interest, including the terms and provisions thereof, to Frontier L504-F Joint Venture, recorded June 7, 2004, Reception No. 2004-043063, Lane County Official Records.

NOTE: The property address as shown on the Assessor's Roll is:

79555 and 79565 Fire Road
Lorane, OR 97451



20-05-22
 THIS MAP IS TO ASSIST LOCATING
 PROPERTY. THE COMPANY ASSUMES
 NO LIABILITY FOR INACCURACIES.

ATTACHMENT C1

Three Restricted Appraisal Reports of Complete Appraisals of
vacant and improved acreages located at

Report 092005A

79555 Fire Road, Lorane, Oregon 97451

All of Tax Lot 20-05-22-00-00909 except as noted below:

A 9.5 acre more or less site, the "before" instance with
deduction of 0.5 acre lot line adjustment from Tax Lot 909 to Tax Lot 910
(surveyed, one legal lot; one improved homesite)

AND

Report 092005B

79555 Fire Road, Lorane, Oregon 97451

Portion of Tax Lot 20-05-22-00-00909 including residential improvements

a 4.5 acre more or less hypothetical site, an "after" instance
(unsurveyed, not a legal lot or partitioned site at this time)

AND

Report 092005C

An unimproved portion of Tax Lot 20-05-22-00-00909

A five acre more or less hypothetical site, an "after" instance
(unsurveyed, not a legal lot or partitioned site at this time)

Client:

Malcolm, Bruce J. and Sharon M.

79555 Fire Road

Lorane, Oregon 97451

Purpose of the Appraisal:

To estimate market value of actual and hypothetical parcels subject to certain conditions
outlined in the text and exhibits of the reports 092005A, 092005B and 092005C

Use of the Appraisal:

For use in a State Measure 37 proceeding brought by the owners in Lane County, Oregon

Date of Most Recent Inspection
and Effective Date of Report:

October 10, 2005

Report Completion Date:

November 13, 2005

Prepared by:

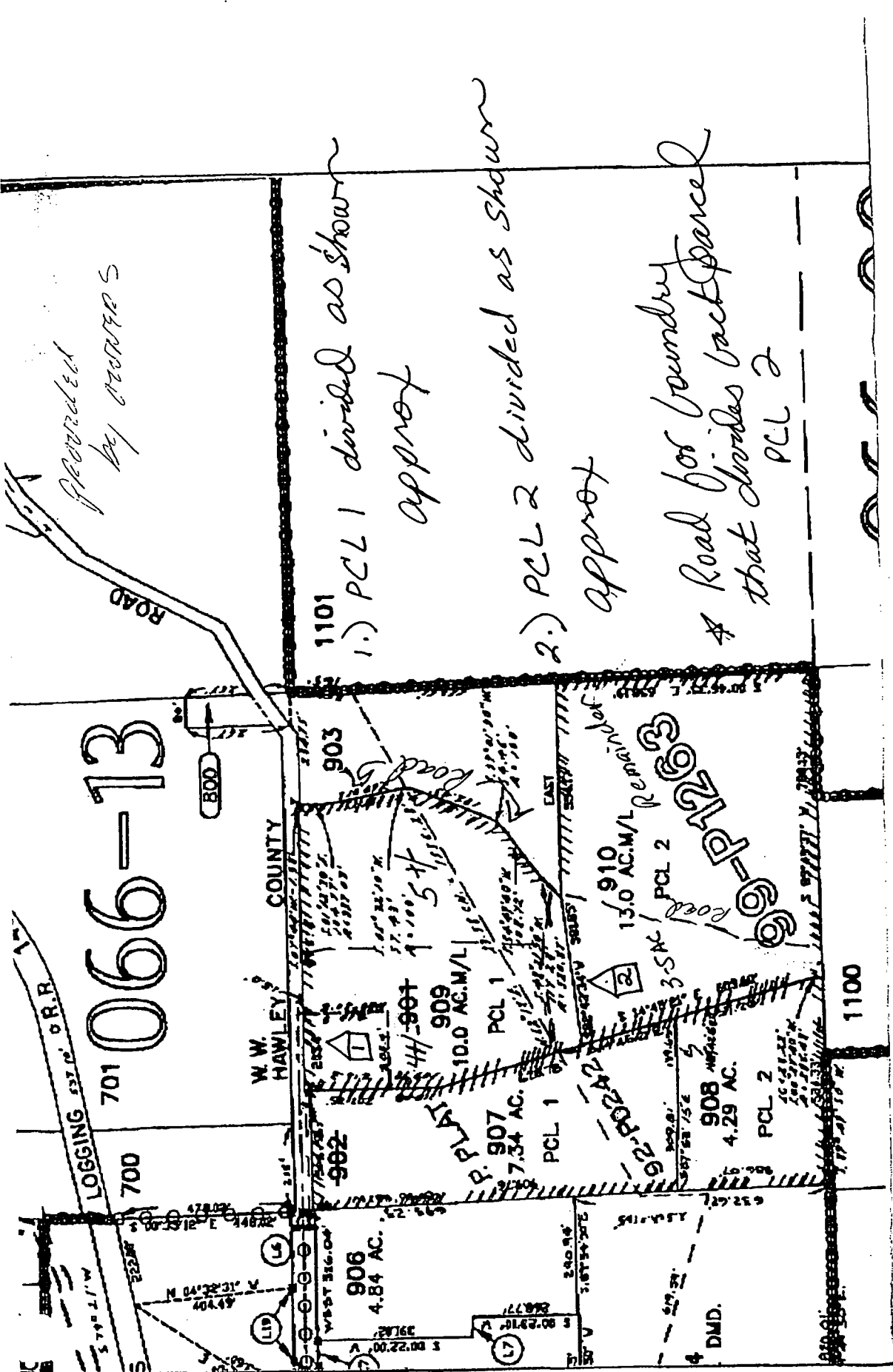
Craig E. McKern, Appraiser, P.C.

Certified Residential Real Estate Appraiser

1574 Coburg Road, PMB 397

Eugene, Oregon 97401-4802

files 092005A, 092005B and 092005C



provided
by owners

1101
1.) PCL 1 divided as shown
approx

2.) PCL 2 divided as shown
approx

* Road for boundary
that divides back spancel
PCL 2

701 066-13

W.W. HAWLEY COUNTY

906
4.84 AC.

907
7.34 AC.

908
4.29 AC.

909
10.0 AC.M/L

910
13.0 AC.M/L

903

700

1100

ROAD

LOGGING 537.0' O.R.R.

PCL 1

PCL 2

PCL 2

3-SAC

DMD.

ROAD FOR BOUNDARY
THAT DIVIDES BACK SPANCEL

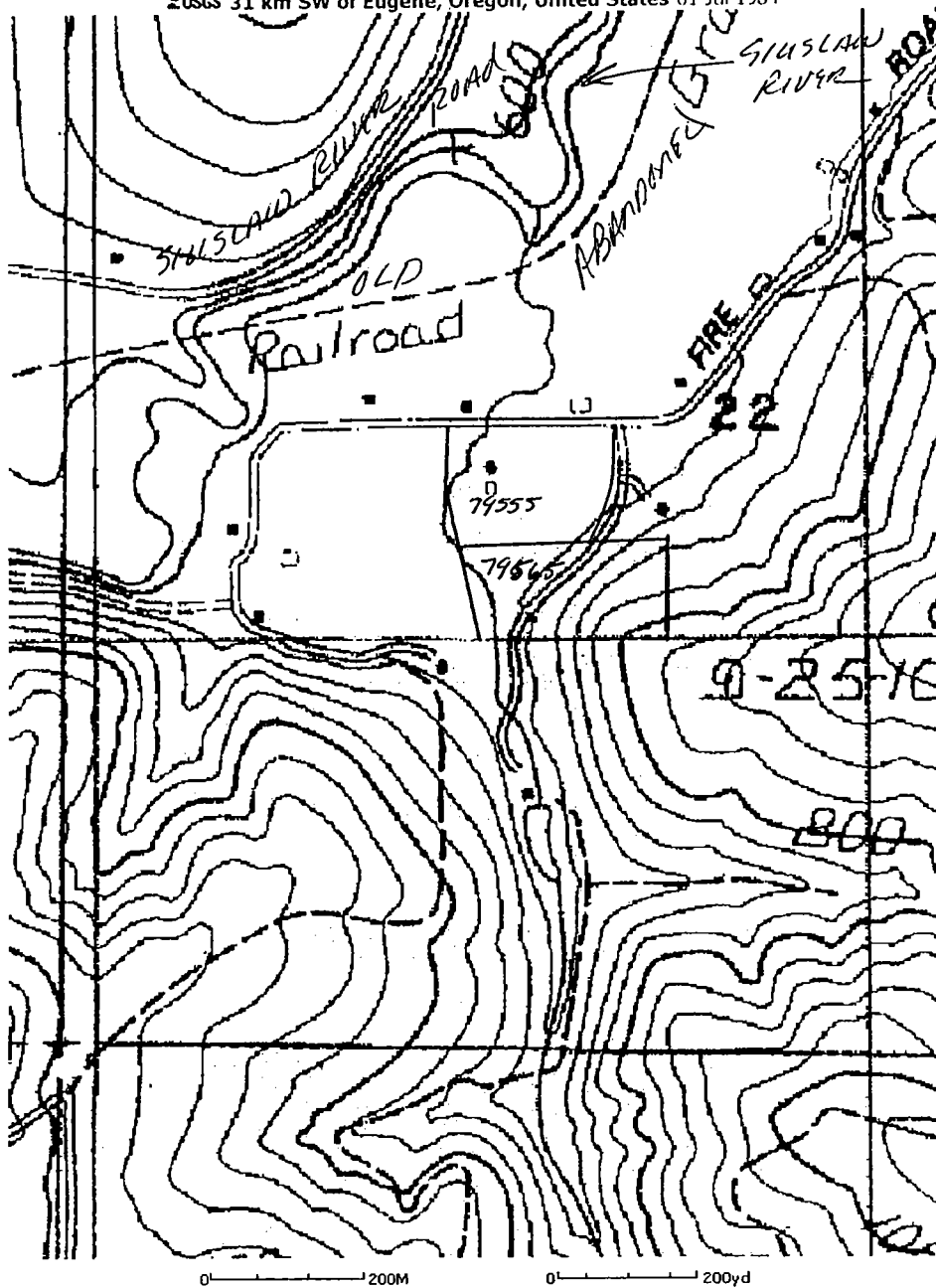
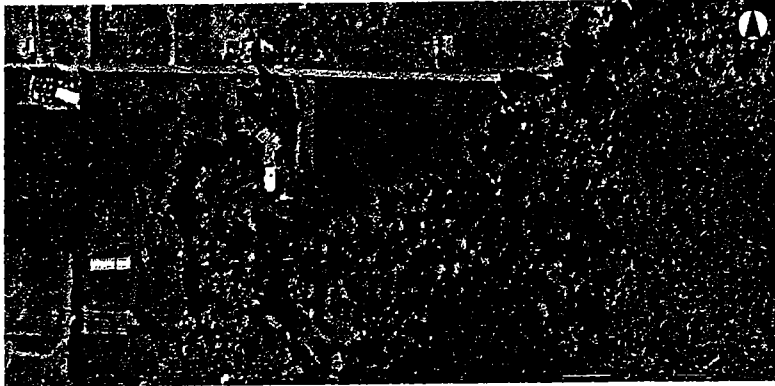
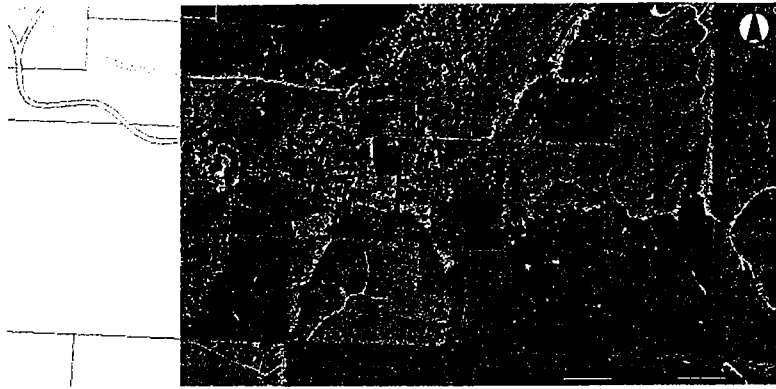


Image courtesy of the U.S. Geological Survey
 © 2004 Microsoft Corporation. [Terms of Use](#) [Privacy Statement](#)



Detail of Tax Lot 909 with present improvements located at 79555 Fire Road



General aerial view of subject's location south of Siuslaw River Road and south of the upper Siuslaw River drainage
Subject in approximate center of photo



Closer detail of subject site (Tax Lot 909) with Tax Lot 910 to south and adjacent tax lots and dwellings. Grey lines on photo are not placed on exact property lines; pen outline is approximate also.

PHOTOGRAPH ADDENDUM One

Borrower/Client	No borrower						
Property Address	79555 Fire Road						
City	Eugene	County	Lane *** fire patrol fee	State	OR	Zip Code	97405
Lender	Malcolm, Bruce J. and Sharon M.						



Fire Road, looking east, northwest corner of subject site on right



Northwest corner of subject site looking toward creek in tree line



Driveway to subject dwelling looking south
South property line along tree line at far side of field

PHOTOGRAPH ADDENDUM Two

Borrower/Client	No borrower						
Property Address	79555 Fire Road						
City	Eugene	County	Lane *** fire patrol fee	State	OR	Zip Code	97405
Lender	Malcolm, Bruce J. and Sharon M.						



Front (east) elevation



Detail of front elevation showing stonework siding and tar paper weather wrap at dining room area following installation of newer windows



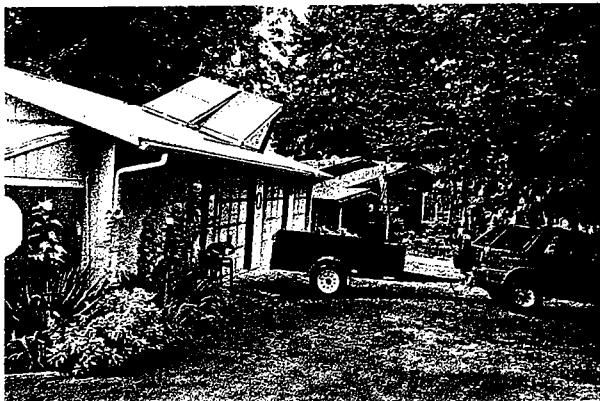
South elevation showing redwood siding and covered porch

PHOTOGRAPH ADDENDUM Three

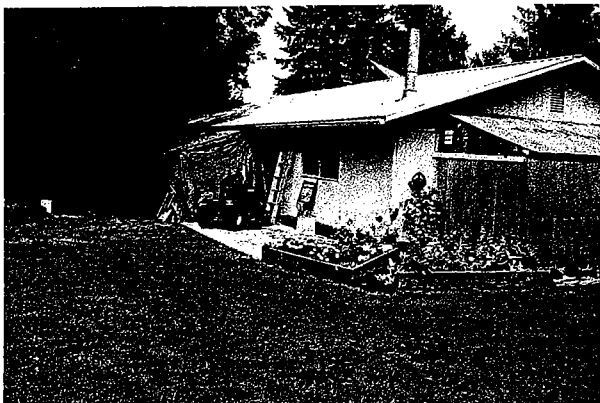
Borrower/Client	No borrower						
Property Address	79555 Fire Road						
City	Eugene	County	Lane *** fire patrol fee	State	OR	Zip Code	97405
Lender	Malcolm, Bruce J. and Sharon M.						



West elevation with pumphouse on left, creek to left of pumphouse



East elevation of shop, garages, changing area for above ground pool use on far left



West elevation of garage and shop, greenhouse on right

PHOTOGRAPH ADDENDA Four

Borrower/Client	No borrower						
Property Address	79555 Fire Road						
City	Eugene	County	Lane *** fire patrol fee	State	OR	Zip Code	97405
Lender	Malcolm, Bruce J. and Sharon M.						



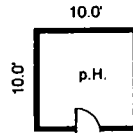
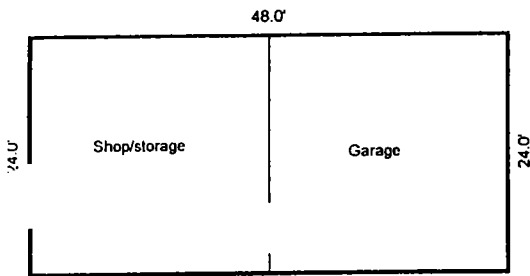
Open entertainment deck and above ground pool area south and east of shop/garage, looking east



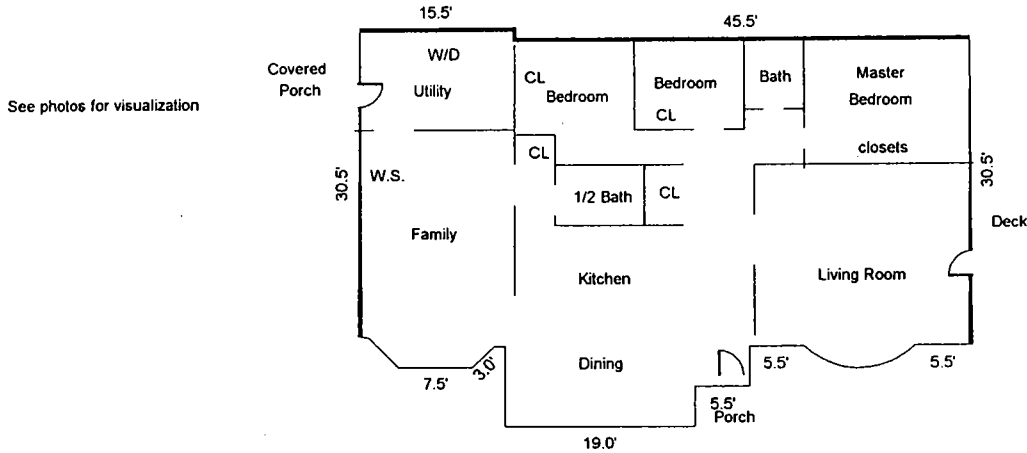
Koi pond in front of dwelling, looking northeast



East end of subject site looking west toward improvements, Fire Road out of photo on right



Interior dimensions not placed to scale



See photos for visualization

ments:

79555 FIRE ROAD, LORAIN

AREA CALCULATIONS SUMMARY

Code	Description	Net Size	Net Totals
GLA1	First Floor	2087.8	2087.8
GBA1	pumphouse	100.0	100.0
GAR	Garageshop	1152.0	1152.0
Net LIVABLE Area		(Rounded)	2088
Net BUILDING Area		(Rounded)	100

LIVING/BUILDING AREA BREAKDOWN

Breakdown		Subtotals
First Floor		
	4.0 x 24.5	98.0
	4.0 x 19.0	76.0
	3.1 x 7.5	23.5
0.5 x	0.1 x 0.2	0.0
0.5 x	2.9 x 2.9	4.1
0.5 x	0.2 x 0.2	0.0
	0.2 x 4.1	0.7
0.5 x	0.9 x 0.1	0.1
0.5 x	2.1 x 2.1	2.2
	1.0 x 2.1	2.2
	13.5 x 30.5	411.0
	11.0 x 30.5	336.2
0.5 x	0.0 x 0.0	0.0
	0.0 x 11.0	0.3
	5.5 x 30.5	167.8
	30.5 x 31.0	946.4
	1.0 x 2.0	2.0
Curve	12.2 @ 90.0°	17.3
pumphouse	10.0 x 10.0	100.0
19 Items	(Rounded)	2188

Restricted Appraisal Report

UNIFORM RESIDENTIAL APPRAISAL REPORT

File No. 092005A

Property Description, Property Address 79555 Fire Road, City Lorane, State OR, Zip Code 97451, Legal Description Parcel One, Lane County Land Partition Plat No. 99-P1263, Assessor's Parcel No. Tax Lot 20-05-22-00-00909, Tax Year 05-06, R.E. Taxes \$ 1,756.28, Special Assessments \$ 556/yr/fire, Borrower No borrower, Current Owner Malcolm, Bruce and Sharon, Occupant Owner, Tenant, Vacant, Property rights appraised Fee Simple, Leasehold, Project Type PUD, Condominium (HUD/VA only), HOA \$ None/Noted /Mo., Neighborhood or Project Name Lorane district, upper Siuslaw River drainage, Map Reference Pittmon County page 16 Census Tract 41-039-8, Sale Price \$ Not Sold, Date of Sale N/A, Description and \$ amount of loan charges/concessions to be paid by seller N/A, Lender/Client Malcolm, Bruce J. and Sharon M., Address 79555 Fire Road, Lorane, Oregon 97451

Appraiser Craig E. McKern, Appraiser, P.C., Address 1574 Coburg Road, PMB 397, Eugene, Oregon 97401-4802, Location Urban, Suburban, Rural, Predominant occupancy Single family housing, Present land use % Land use change, Built up Over 75%, 25-75%, Under 25%, One family 90, Not likely, Likely, Growth rate Rapid, Stable, Slow, 2-4 family 1, In process, Property values Increasing, Stable, Declining, Multi-family, To: Residential from, Demand/supply Shortage, In balance, Over supply, Vacant (0-5%), Commercial 1, vacant on available sites, Marketing time Under 3 mos, 3-6 mos, Over 6 mos., Vac. (over 5%), 300,000, 20-60, Other 8, and by minor partitioning

Note: Race and the racial composition of the neighborhood are not appraisal factors. Neighborhood boundaries and characteristics: The subject is located in the Lorane district about 20 miles southwest of Eugene and about 15 miles west of Cottage Grove in the headwaters valley of Siuslaw River drainage. A ten mile radius around Lorane community is the "neighborhood". Factors that affect the marketability of the properties in the neighborhood (proximity to employment and amenities, employment stability, appeal to market, etc.): Subject is located about 2 miles southwest of the Lorane community and about 20 miles southwest of Eugene city limits in unincorporated Lane County. A wide variety of rural residential farm or ranch improvements, site sizes, view aspects and zoning designations exists. Spot fuel/store services in Lorane. Agriculture includes timber production, vineyards, wineries, hay, pasture. Dedicated farm and timberlands are excluded from "vacant land uses". Access to limited local services including schools, small markets, places of worship, is average for the area, access to Interstate 5, Eugene and Cottage Grove areas is within commuting distance but roads are not as convenient as closer-in locations. Market conditions in the subject neighborhood (including support for the above conclusions related to the trend of property values, demand/supply, and marketing time -- such as data on competitive properties for sale in the neighborhood, description of the prevalence of sales and financing concessions, etc.): Rising to stable prices under present 6.25+/- fluctuating interest rates; presently, interest rates among the lowest in the past 45+ years due to strong government anti-recession stimulus. An active early Fall market, showing no past, present effect from current Iraq War in Realtor-noted buyer reluctance at this time, is in progress with limited selection of existing homes offered. Supply, demand appear to trend to a shortage at this time. Sellers in lower price ranges may pay up to \$5,000 of buyer loan, closing costs. Marketing time under 60 days for well-priced homes. The mix of homes and sites as noted above does not adversely affect marketability in this mid-price range of subject area generally.

Project Information for PUDs (if applicable) - Is the developer/builder in control of the Home Owners' Association (HOA)? Yes No, Approximate total number of units in the subject project, Approximate total number of units for sale in the subject project, Describe common elements and recreational facilities: The subject is not located in a Planned Unit development.

Dimensions Irregular, see plat map, Site area 9.5 acres more or less, Corner Lot Yes No, Specific zoning classification and description RR-10 Rural Residential, Zoning compliance Legal, Legal nonconforming (Grandfathered use), Illegal, No zoning, Highest & best use as improved: Present use, Other use (explain), Utilities Public, Other, Off-site Improvements Type Public Private, Electricity, Gas, Water, Sanitary sewer, Storm sewer, Topography Slight north slope to level, Size Typical of the area, Shape Mostly Rectangular, Drainage Adequate, View Wooded, hills, Landscaping Mature, Maintained, Driveway Surface All Weather Gravel, Apparent easements None adverse noted, FEMA Special Flood Hazard Area Yes No, FEMA Zone Zone X, Map Date 06-02-1999, FEMA Map No. FEMA 41039C-2050F

Comments (apparent adverse easements, encroachments, special assessments, slide areas, illegal or legal nonconforming zoning use, etc.): Site was partitioned in 1999 from adjacent acreage; has wooded 3+ acres; year round White Creek along west side of improvements. East side of site borders a private road accessing six other parcels, not adverse. Present acreage has 0.5 acre deducted for lot line adjustment to Tax Lot 910.

Table with columns: GENERAL DESCRIPTION, EXTERIOR DESCRIPTION, FOUNDATION, BASEMENT, INSULATION. Rows include: No. of Units, No. of Stories, Type (Det./Att.), Design (Style), Existing/Proposed, Age (Yrs.), Effective Age (Yrs.), and detailed descriptions of foundation, walls, roof, gutters, windows, doors, etc.

Table with columns: ROOMS, Foyer, Living, Dining, Kitchen, Den, Family Rm., Rec. Rm., Bedrooms, # Baths, Laundry, Other, Area Sq. Ft. Rows include: Basement, Level 1, Level 2.

Finished area above grade contains: 8 Rooms; 3 Bedroom(s); 1.5 Bath(s); 2,088 Square Feet of Gross Living Area

Table with columns: INTERIOR, HEATING, KITCHEN EQUIP., ATTIC, AMENITIES, CAR STORAGE. Rows include: Floors, Walls, Trim/Finish, Bath Floor, Bath Wainscot, Doors, and detailed descriptions of materials, conditions, and features.

Additional features (special energy efficient items, etc.): Weatherized with thermal wood casement and crankout windows, solar hot water preheat, wood stove on slate and brick hearth in family room. Custom bow window in living room, french doors to deck. Recent rockwork koi pond.

Condition of the improvements, depreciation (physical, functional, and external), repairs needed, quality of construction, remodeling/additions, etc.: Subject was initially permitted circa 1975 per county records with continuing updating of interior surfaces including new drywall in main rooms. Family room garage conversion with live floor on grade over slab; has vaulted ceiling. Exterior siding, interior trimwork, in progress; future kitchen updates planned. Partial chinquapin cabinetry. Utility room on slab with vinyl floor. Above ground pool is personal property. Detached shop/garages.

Adverse environmental conditions (such as, but not limited to, hazardous wastes, toxic substances, etc.) present in the improvements, on the site, or in the immediate vicinity of the subject property.: The site was not previously built upon; no apparent "dead" soil areas or past toxic materials on or near the site other than typical household/shop/office chemicals found in most homes, garages. Farm chemicals assumed applied per instructions.

UNIFORM RESIDENTIAL APPRAISAL REPORT

File No. 092005A

Valuation Section

ESTIMATED SITE VALUE		= \$ 140,000
ESTIMATED REPRODUCTION COST-NEW-OF IMPROVEMENTS:		
Dwelling 2,088 Sq. Ft. @ \$ 85.00	=	\$ 177,480
Sq. Ft. @ \$	=	
Appliances, W.S./hearth/porches, decks	=	10,000
Garage/Carport 1,152 Sq. Ft. @ \$ 30.00	=	34,560
Estimated Cost New	=	\$ 222,040
Depreciation		
Physical 35,000		
Functional 5,000		
External		
Depreciation	=	\$ 40,000
Depreciated Value of Improvements	=	\$ 182,040
As-is Value of Site Improvements	=	\$ 25,000
INDICATED VALUE BY COST APPROACH	=	\$ 347,040

Comments on Cost Approach (such as, source of cost estimate, site value, square foot calculation and for HUD, VA and FmHA, the estimated remaining economic life of the property): Cost approach data from 2005 National Building Cost Manual and office files. Physical depreciation is based on the age/life method with regard to any apparent updating reducing effective age. See floor plan dimensions. Functional penalty for incomplete siding, interior trim, minor other items in progress (not affecting livability).

Site value based on attached report 092005C value for 5 acres

Depreciated site improvements: well and septic systems, drive, fencing, koi pond and patio (\$5,000), utilities, pumphouse, garden area and greenhouse.

ITEM	SUBJECT	COMPARABLE NO. 1	COMPARABLE NO. 2	COMPARABLE NO. 3
Address	79555 Fire Road	79541 Fire Road	27827 Berry Hill Way	82538 Simonsen Road
Location	Lorane	Lorane// not openly listed	Lorane// asking \$329,900	Eugene // \$360,000 asking price
Proximity to Subject		200 yards southwest	2 air miles northeast	7 air miles north
Sales Price	\$ Not Sold	\$ 257,500	\$ 350,000	\$ 358,000
Price/Gross Living Area	\$ 189.06 /sq ft	\$ 172.75 /sq ft	\$ 159.96 /sq ft	
Data and/or Verification Source	Observation/ County / Owners	Exterior Observation/ Expired Listing / County Records	Prudential R. E. Professionals/ County Records / RMLS	Real Estate by Design/ County Records / RMLS
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION +(-)\$ Adjust.	DESCRIPTION +(-)\$ Adjust.	DESCRIPTION +(-)\$ Adjust.
Sales or Financing Concessions		New Conv. Loan No Points, Costs	New Conv. Loan No Points, Costs	New Conv. Loan No Points, Costs
Date of Sale/Time		06-2005 (COE) 0	05-2005 (COE) 0	07-2005 (COE) 0
Location	Average	Average	Average	Average
Leasehold/Fee Simple	Fee	Fee	Fee	Fee
Site	9.5 acres m/l	4.34 acres m/l +25,000	2.69 acres m/l +30,000	6 acres m/l +15,000
View	Wooded, creek	Wooded, creek +10,000	Valley, hills -10,000	Creek, wooded 0
Design and Appeal	Rambler	Contemporary 0	1.5 Story 0	Rambler plus 0
Quality of Construction	Above Average	Good plus -10,000	Good minus -5,000	Above Average
Age	30est 15eff	21est 15eff	28act 15eff	25act 15eff
Condition	Good minus	Good minus	Good -5,000	Good minus
Above Grade	Total :Bdms: Baths	Total :Bdms: Baths	Total :Bdms: Baths	Total :Bdms: Baths
Room Count	8 : 3 : 1.5	6 : 2 : 2 -3,000	7 : 3 : 2 -3,000	8 : 3 : 2 -3,000
Gross Living Area	2,088 Sq. Ft.	1,362 Sq. Ft. +18,200	2,026 Sq. Ft. 0	2,238 Sq. Ft. -3,800
Basement & Finished Rooms Below Grade	None	None	616sf Unfin. Bsmt w/ sauna, Utility -10,000	2,238sf framed, unfin. Day. Bsmt. -30,000
Functional Utility	Average minus	Average -5,000	Average -5,000	Average -5,000
Heating/Cooling	FA Electric/None	Wall/Baseboard 0	FA Electric/None	FA Electric/ HP -2,000
Energy Efficient Items	Withrized/S.H.W.	2x6 Package 0	2x6 Package 0	2x6 Package 0
Garage/Carport	2 garage/shop	Parking Area +25,000	1+ garage/shop +10,000	2 Garages +10,000
Arch. Patio, Deck	Porches, deck	Porches, deck	Porches, deck	Patio, porch, dk 0
Fireplace(s), etc.	W.S./hearth	W.S./hearth	Pellet Stove 0	1 Fireplace 0
Fence, Pool, etc.	PH, L, S, F, pond	Shed, Fnc, Garden +10,000	PH, L, F, gardens +5,000	PH, pond, garden 0
Exterior Amenities	Grnhse, pool dk	Solarium, pool dk -2,000	Gazebo 0	Small Sheds +1,000
Net Adj. (total)		\$ 68,200	\$ 7,000	\$ 17,800
Adjusted Sales Price of Comparable		Net 26.5 % Gross 42.0 % \$ 325,700	Net 2.0 % Gross 23.7 % \$ 357,000	Net 5.0 % Gross 19.5 % \$ 340,200

Comments on Sales Comparison (including the subject property's compatibility to the neighborhood, etc.): Limited sale and listing data at any given time for properties similar to the subject in the Lorane area due mainly to the wide variety in improvements and sites and also to a fairly low number of improved properties overall in this rural location. The sales cited are the most recent and proximate available for reasonably similar, naturally not identical properties. Sale 1 marketed, sold by owner; county record information used; was marketed at \$257,500 & \$249,900 in Summer 2003 before expiring 10-2003; regarded now as a low indicator. Sale 2 on a smaller site was marketed 11 days, bid up from asking price and has a good valley view, ample sunlight and is near King Estates winery. Sale 3 in same school district as subject, generally closer in location.

ITEM	SUBJECT	COMPARABLE NO. 1	COMPARABLE NO. 2	COMPARABLE NO. 3
Date, Price and Data Source, for prior sales within year of appraisal	None Noted, Known	None Noted, Known (3 years) County Records/RMLS sold by owner, D.O.M. unknown	None Noted, Known (3 years) County Records/RMLS Days on market = 11	None Noted, Known (3 years) County Records/RMLS Days on market = 80

Analysis of any current agreement of sale, option, or listing of subject property and analysis of any prior sales of subject and comparables within one year of the date of appraisal. No current or past listing or marketing of the subject was noted per owner, RMLS records in past three calendar years. No prior sales of the sale comparables noted in past three calendar years.

INDICATED VALUE BY SALES COMPARISON APPROACH \$ 340,000

INDICATED VALUE BY INCOME APPROACH (if Applicable) Estimated Market Rent \$ N/A /Mo. x Gross Rent Multiplier N/A = \$

This appraisal is made "as is" subject to the repairs, alterations, inspections or conditions listed below subject to completion per plans & specifications.

Conditions of Appraisal: The appraisal is made to cash equivalency per USPAP/FIRREA guidelines; USPAP departure provisions do not apply. See attached assumptions, limiting conditions, comments. Appraisal assumes clear structural report, satisfactory well, septic system inspections.

Final Reconciliation: The market data approach, based on the sales of reasonably similar properties, is judged the more reliable indicator of value. Support is from the cost approach. The income approach is not considered applicable to owner-occupied single family residences. The stated opinion of value is within a fairly narrow range of adjusted values.

The purpose of this appraisal is to estimate the market value of the real property that is the subject of this report, based on the above conditions and the certification, contingent and limiting conditions, and market value definition that are stated in the attached Freddie Mac Form 439/FNMA form 1004B (Revised Not Applicable).

(WE) ESTIMATE THE MARKET VALUE, AS DEFINED, OF THE REAL PROPERTY THAT IS THE SUBJECT OF THIS REPORT, AS OF October 10, 2005 (WHICH IS THE DATE OF INSPECTION AND THE EFFECTIVE DATE OF THIS REPORT) TO BE \$ 340,000

APPRaiser: Craig E. McKern SUPERVISORY APPRAISER (ONLY IF REQUIRED):
 Signature: _____ Name: _____ Did Did Not Inspect Property
 Date Report Signed November 13, 2005 Date Report Signed _____
 State Certification # CRO0024 State _____ State Certification # _____ email: cem9th@msn.com State _____
 Or State License # _____ State _____ Or State License # _____ phone 541-345-0744/fax 541-345-0577 State _____

Comparable Photo Page

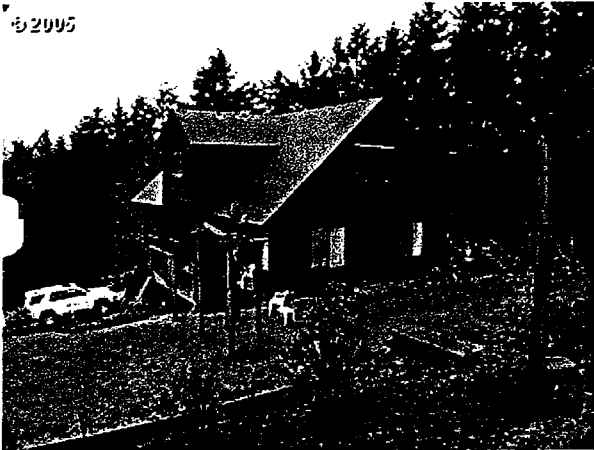
Borrower/Client No borrower				
Property Address 79555 Fire Road				
City Lorane	County Lane *** fire patrol fee	State OR	Zip Code 97451	
Lender Malcolm, Bruce J. and Sharon M.				



Comparable 1

79541 Fire Road
 Prox. to Subject 200 yards southwest
 Sale Price 257,500
 Gross Living Area 1,362
 Total Rooms 6
 Total Bedrooms 2
 Total Bathrooms 2
 Location Average
 View Wooded, creek
 Site 4.34 acres m/l
 Quality Good plus
 Age 21est 15eff

Current photo
 View adjustment made for
 site in shady wooded area
 between two low ridges



Comparable 2

27827 Berry Hill Way
 Prox. to Subject 2 air miles northeast
 Sale Price 350,000
 Gross Living Area 2,026
 Total Rooms 7
 Total Bedrooms 3
 Total Bathrooms 2
 Location Average
 View Valley, hills
 Site 2.69 acres m/l
 Quality Good minus
 Age 28act 15eff

RMLS file photo
 Loft bedroom or den second
 level; main rooms and deck
 face valley view



Comparable 3

82538 Simonsen Road
 Prox. to Subject 7 air miles north
 Sale Price 358,000
 Gross Living Area 2,238
 Total Rooms 8
 Total Bedrooms 3
 Total Bathrooms 2
 Location Average
 View Creek, wooded
 Site 6 acres m/l
 Quality Above Average
 Age 25act 15eff

RMLS file photo

Property Address 79555 Fire Road City Lorane State OR Zip Code 97451
 Legal Description HYPOTHETICAL Portion, Parcel One, Lane County Land Partition Plat No. 99-P1263 County Lane *** fire patrol fee
 Assessor's Parcel No. Portion of Tax Lot 20-05-22-00-00909 Tax Year 05-06 R.E. Taxes \$ TBA Special Assessments \$ 356/yr/fire
 Borrower No borrower Current Owner Malcolm, Bruce and Sharon Occupant: Owner Tenant Vacant
 Property rights appraised Fee Simple Leasehold Project Type PUD Condominium (HUD/VA only) HOA \$ None/Noted /Mo.
 Neighborhood or Project Name Lorane district, upper Siuslaw River drainage Map Reference Pittman County page 16 Census Tract 41-039- 8
 Sale Price \$ Not Sold Date of Sale N/A Description and \$ amount of loan charges/concessions to be paid by seller N/A
 Lender/Client Malcolm, Bruce J. and Sharon M. Address 79555 Fire Road, Lorane, Oregon 97451

Appraiser Craig E. McKern, Appraiser, P.C. Address 1574 Coburg Road, PMB 397, Eugene, Oregon 97401-4802
 Location Urban Suburban Rural Predominant occupancy Single family housing Present land use % Land use change
 Built up Over 75% 25-75% Under 25% AGE PRICE \$ (000) One family 90 Not likely Likely
 Growth rate Rapid Stable Slow Owner 95 100 Low <5 In process
 Property values Increasing Stable Declining Tenant 5 2,500 High 100+ Multi-family To: Residential from
 Demand/supply Shortage In balance Over supply Vacant (0-5%) Predominant Commercial 1 vacant on available sites
 Marketing time Under 3 mos. 3-6 mos. Over 6 mos. Vac. (over 5%) 300,000 20-60 Other 8 and by minor partitioning
 Note: Race and the racial composition of the neighborhood are not appraisal factors.

Neighborhood boundaries and characteristics: The subject is located in the Lorane district about 20 miles southwest of Eugene and about 15 miles west of Cottage Grove in the headwaters valley of Siuslaw River drainage. A ten mile radius around Lorane community is the "neighborhood".
 Factors that affect the marketability of the properties in the neighborhood (proximity to employment and amenities, employment stability, appeal to market, etc.):
 Subject is located about 2 miles southwest of the Lorane community and about 20 miles southwest of Eugene city limits in unincorporated Lane County. A wide variety of rural residential farm or ranch improvements, site sizes, view aspects and zoning designations exists. Spot fuel/store services in Lorane. Agriculture includes timber production, vineyards, wineries, hay, pasture. Dedicated farm and timberlands are excluded from "vacant land uses". Access to limited local services including schools, small markets, places of worship, is average for the area. access to Interstate 5, Eugene and Cottage Grove areas is within commuting distance but roads are not as convenient as closer-in locations.
 Market conditions in the subject neighborhood (including support for the above conclusions related to the trend of property values, demand/supply, and marketing time -- such as data on competitive properties for sale in the neighborhood, description of the prevalence of sales and financing concessions, etc.):
 Rising to stable prices under present 6.25+/- fluctuating interest rates; presently, interest rates among the lowest in the past 45+ years due to strong government anti-recession stimulus. An active early Fall market, showing no past, recession effect from current Iraq War in Realtor-noted buyer reluctance at this time, is in progress with limited selection of existing homes offered. Supply, demand appear to trend to a shortage at this time. Sellers in lower price ranges may pay up to \$5,000 of buyer loan, closing costs. Marketing time under 60 days for well-priced homes. The mix of homes and sites as noted above does not adversely affect marketability in this mid-price range of subject area generally.

Project Information for PUDs (if applicable) -- Is the developer/building in control of the Home Owners' Association (HOA)? Yes No
 Approximate total number of units in the subject project _____ Approximate total number of units for sale in the subject project _____
 Describe common elements and recreational facilities: The subject is not located in a Planned Unit development.

Dimensions Irregular, see plat map Topography Mostly level
 Site area 4.5 acres more or less Corner Lot Yes No Size Typical small acres
 Specific zoning classification and description RR-10 Rural Residential Shape Mostly Rectangular
 Zoning compliance Legal Legal nonconforming (Grandfathered use) Illegal No zoning Drainage Adequate
 Highest & best use as improved: Present use Other use (explain) potential site partitions View Wooded, hills
 Utilities Public Other Off-site Improvements Type Public Private Landscaping Mature, Maintained
 Electricity Street Asphalt Driveway Surface All Weather Gravel
 Gas Curb/gutter None Apparent easements None adverse noted
 Water Private Well Sidewalk None FEMA Special Flood Hazard Area Yes No
 Sanitary sewer Private Septic Street lights None FEMA Zone Zone X Map Date 06-02-1999
 Storm sewer Natural Slope Alley None FEMA Map No. FEMA 41039C-2050F

Comments (apparent adverse easements, encroachments, special assessments, slide areas, illegal or legal nonconforming zoning use, etc.): Total 10+ acre site was partitioned in 1999 from adjacent acreage. Hypothetical portion appraised in this report is 4.5 +/- acres after proposed lot line adjustment with Tax Lot 909 adding about 1/2 acre to Tax Lot 910 on south. Year round White Creek along west side of improvements. See 092005A.

GENERAL DESCRIPTION		EXTERIOR DESCRIPTION			FOUNDATION			BASEMENT		INSULATION	
No. of Units	One	Foundation	Concrete	Slab	Partial	Area Sq. Ft.	None	Roof			
No. of Stories	One	Exterior Walls	Lap and Stone	Crawl Space	Partial	% Finished		Ceiling	R-30+	<input checked="" type="checkbox"/>	
Type (Det./Att.)	Detached	Roof Surface	Comp. Shingles	Basement	None	Ceiling		Walls	R-11+	<input checked="" type="checkbox"/>	
Design (Style)	Rambler	Gutters & Dwnspts.	Galv. Metal	Sump Pump	No	Walls		Floor	R-19	<input checked="" type="checkbox"/>	
Existing/Proposed	Existing	Window Type	Wd. Casement	Dampness	None Apparent	Floor		None			
Age (Yrs.)	30 est	Storm/Screens	No/Yes	Settlement	None Apparent	Outside Entry		Unknown			
Effective Age (Yrs.)	15	Manufactured House	No	Infestation	None Apparent			Weatherized			

ROOMS	Foyer	Living	Dining	Kitchen	Den	Family Rm.	Rec. Rm.	Bedrooms	# Baths	Laundry	Other	Area Sq. Ft.
Basement												None
Level 1	entry	1	area	1		1		3	1.5	1		2,088
Level 2												

Finished area above grade contains: 8 Rooms; 3 Bedroom(s); 1.5 Bath(s); 2,088 Square Feet of Gross Living Area

INTERIOR	Materials/Condition	HEATING	KITCHEN EQUIP.	ATTIC	AMENITIES	CAR STORAGE:
Floors	See comments	Type FA	Refrigerator <input type="checkbox"/>	None <input type="checkbox"/>	Fireplace(s) # W.S. <input checked="" type="checkbox"/>	None <input type="checkbox"/>
Walls	Textured Drywall	Fuel Electric	Range/Oven <input checked="" type="checkbox"/>	Stairs <input type="checkbox"/>	Patio None <input type="checkbox"/>	Garage # of cars
Trim/Finish	Clear Fir, Painted Wd	Condition Average	Disposal <input checked="" type="checkbox"/>	Drop Stair <input type="checkbox"/>	Deck Open <input checked="" type="checkbox"/>	Attached
Bath Floor	Vinyl	COOLING	Dishwasher <input checked="" type="checkbox"/>	Scuttle <input checked="" type="checkbox"/>	Porch Covered <input checked="" type="checkbox"/>	Detached 2 + shop
Bath Wainscot	Fiberglass	Central None	Fan/Hood <input checked="" type="checkbox"/>	Floor <input type="checkbox"/>	Fence Field, yard <input checked="" type="checkbox"/>	Built-In
Doors	4-panel / Sliders	Other	Microwave <input checked="" type="checkbox"/>	Heated <input type="checkbox"/>	Pool landscape, <input checked="" type="checkbox"/>	Carport
See comments below	Condition		Washer/Dryer <input type="checkbox"/>	Finished <input type="checkbox"/>	sprinklers, koi pond <input checked="" type="checkbox"/>	Driveway 8+

Additional features (special energy efficient items, etc.): Weatherized with thermal wood casement and crankout windows, solar hot water preheat wood stove on slate and brick hearth in family room. Custom bow window in living room, french doors to deck. Recent rockwork koi pond.
 Condition of the improvements, depreciation (physical, functional, and external), repairs needed, quality of construction, remodeling/additions, etc.: Subject was initially permitted circa 1975 per county records with continuing updating of interior surfaces including new drywall in main rooms. Family room garage conversion with live floor on grade over slab; has vaulted ceiling. Exterior siding, interior trimwork, in progress; future kitchen updates planned. Partial chinquapin cabinetry. Utility room on slab with vinyl floor. Above ground pool is personal property. Detached shop/garages.

Adverse environmental conditions (such as, but not limited to, hazardous wastes, toxic substances, etc.) present in the improvements, on the site, or in the immediate vicinity of the subject property: The site was not previously built upon; no apparent "dead" soil areas or past toxic materials on or near the site other than typical household/shop/office chemicals found in most homes, garages. Farm chemicals assumed applied per instructions.

UNIFORM RESIDENTIAL APPRAISAL REPORT

File No. 092005B
HYPOTHETICAL

Valuation Section

ESTIMATED SITE VALUE	= \$	100,000	Comments on Cost Approach (such as, source of cost estimate, site value, square foot calculation and for HUD, VA and FmHA, the estimated remaining economic life of the property): <u>Cost approach data from 2005 National Building Cost Manual and office files. Physical depreciation is based on the age/life method with regard to any apparent updating reducing effective age. See floor plan dimensions. Functional penalty for incomplete siding, interior trim, minor other items in progress (not affecting livability).</u> Site value based on attached report 092005C value for 5 acres, adding for creek. Depreciated site improvements: well and septic systems, drive, fencing, koi pond and patio (\$5,000), utilities, pumphouse, garden area and greenhouse.
ESTIMATED REPRODUCTION COST-NEW-OF IMPROVEMENTS:			
Dwelling 2,088 Sq. Ft. @ \$ 85.00	= \$	177,480	
Sq. Ft. @ \$	=		
Appliances, W.S./hearth/porches, decks	=	10,000	
Garage/Carport 1,152 Sq. Ft. @ \$ 30.00	=	34,560	
Estimated Cost New	=	222,040	
Less: Physical Depreciation 35,000			
Functional Depreciation 5,000	=	40,000	
Depreciated Value of Improvements	=	182,040	
As-is Value of Site Improvements	=	25,000	
INDICATED VALUE BY COST APPROACH	=	307,040	

ITEM	SUBJECT	COMPARABLE NO. 1	COMPARABLE NO. 2	COMPARABLE NO. 3
Address	79555 Fire Road Lorane - HYPOTHETICAL	79541 Fire Road Lorane// not openly listed	27827 Berry Hill Way Lorane// asking \$329,900	82538 Simonsen Road Eugene // \$360,000 asking price
Proximity to Subject		200 yards southwest	2 air miles northeast	7 air miles north
Sales Price	Not Sold	\$ 257,500	\$ 350,000	\$ 358,000
Price/Gross Living Area		\$ 189.06 /sq ft	\$ 172.75 /sq ft	\$ 159.96 /sq ft
Data and/or Verification Source	Observation/ County / Owners	Exterior Observation/ Expired Listing / County Records	Prudential R. E. Professionals/ County Records / RMLS	Real Estate by Design/ County Records / RMLS
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION +(-)\$ Adjust.	DESCRIPTION +(-)\$ Adjust.	DESCRIPTION +(-)\$ Adjust.
Sales or Financing Concessions		New Conv. Loan No Points, Costs	New Conv. Loan No Points, Costs	New Conv. Loan No Points, Costs
Date of Sale/Time		06-2005 (COE) 0	05-2005 (COE) 0	07-2005 (COE) 0
Location	Average	Average	Average	Average
Leasehold/Fee Simple	Fee	Fee	Fee	Fee
Site	4.5 acres m/l	4.34 acres m/l 0	2.69 acres m/l +10,000	6 acres m/l -15,000
View	Wooded, creek	Wooded, creek +10,000	Valley, hills -10,000	Creek, wooded 0
Design and Appeal	Rambler	Contemporary 0	1.5 Story 0	Rambler plus 0
Quality of Construction	Above Average	Good plus -10,000	Good minus -5,000	Above Average
Age	30est 15eff	21est 15eff	28act 15eff	25act 15eff
Condition	Good minus	Good minus	Good -5,000	Good minus
Above Grade Room Count	Total : Bdrms : Baths 8 : 3 : 1.5	Total : Bdrms : Baths 6 : 2 : 2 -3,000	Total : Bdrms : Baths 7 : 3 : 2 -3,000	Total : Bdrms : Baths 8 : 3 : 2 -3,000
Gross Living Area	2,088 Sq. Ft.	1,362 Sq. Ft. +18,200	2,026 Sq. Ft. 0	2,238 Sq. Ft. -3,800
Basement & Finished Rooms Below Grade	None	None	616sf Unfin. Bsmt w/ sauna, Utility -10,000	2,238sf framed, unfin. Day. Bsmt. -30,000
Functional Utility	Average minus	Average -5,000	Average -5,000	Average -5,000
Heating/Cooling	FA Electric/None	Wall/Baseboard 0	FA Electric/None	FA Electric/ HP -2,000
Energy Efficient Items	W/therized/S.H.W.	2x6 Package 0	2x6 Package 0	2x6 Package 0
Garage/Carport	2 garage/shop	Parking Area +25,000	1+ garage/shop +10,000	2 Garages +10,000
Deck, Patio, Deck, Fireplace(s), etc.	Porches, deck W.S./hearth	Porches, deck W.S./hearth	Porches, deck Pellet Stove 0	Patio, porch, dk 1 Fireplace 0
Fence, Pool, etc.	PH, L, S, F, pond	Shed, Fnc, Garden +10,000	PH, L, F, gardens +5,000	PH, pond, garden 0
Exterior Amenities	Grnhse, pool dk	Solarium, pool dk -2,000	Gazebo 0	Small Sheds +1,000
Net Adj. (total)		⊗ + ⊖ - \$ 43,200	⊗ + ⊗ - \$ 13,000	⊗ + ⊗ - \$ 47,800
Adjusted Sales Price of Comparable		Net 16.8 % Gross 32.3 % \$ 300,700	Net 3.7 % Gross 18.0 % \$ 337,000	Net 13.4 % Gross 19.5 % \$ 310,200

Comments on Sales Comparison (including the subject property's compatibility to the neighborhood, etc.): Limited sale and listing data at any given time for properties similar to the subject in the Lorane area due mainly to the wide variety in improvements and sites and also to a fairly low number of improved properties overall in this rural location. The sales cited are the most recent and proximate available for reasonably similar, naturally not identical properties. Sale 1 marketed, sold by owner, county record information used; was marketed at \$257,500 & \$249,900 in Summer 2003 before expiring 10-2003; regarded now as a low indicator. Sale 2 on a smaller site was marketed 11 days, bid up from asking price and has a good valley view, ample sunlight and is near King Estates winery. Sale 3 in same school district as subject, generally closer in location.

ITEM	SUBJECT	COMPARABLE NO. 1	COMPARABLE NO. 2	COMPARABLE NO. 3
Date, Price and Data Source, for prior sales within year of appraisal	None Noted, Known	None Noted, Known (3 years) County Records/RMLS sold by owner, D.O.M. unknown	None Noted, Known (3 years) County Records/RMLS Days on market = 11	None Noted, Known (3 years) County Records/RMLS Days on market = 80

Analysis of any current agreement of sale, option, or listing of subject property and analysis of any prior sales of subject and comparables within one year of the date of appraisal. No current or past listing or marketing of the subject was noted per owner, RMLS records in past three calendar years. No prior sales of the sale comparables noted in past three calendar years.

INDICATED VALUE BY SALES COMPARISON APPROACH \$ 310,000

INDICATED VALUE BY INCOME APPROACH (if Applicable) Estimated Market Rent \$ N/A /Mo. x Gross Rent Multiplier N/A = \$

This appraisal is made "as is" subject to the repairs, alterations, inspections or conditions listed below subject to completion per plans & specifications.

Conditions of Appraisal: The appraisal is made to cash equivalency per USPAP/FIRREA guidelines; USPAP departure provisions do not apply. See attached assumptions, limiting conditions, comments. Appraisal assumes clear structural report, satisfactory well, septic system inspections.

Final Reconciliation: The market data approach, based on the sales of reasonably similar properties, is judged the more reliable indicator of value. Support is from the cost approach. The income approach is not considered applicable to owner-occupied single family residences. The stated opinion of value is within a fairly narrow range of adjusted values. Appraisal of this HYPOTHETICAL parcel assumes partition of the total site.

The purpose of this appraisal is to estimate the market value of the real property that is the subject of this report, based on the above conditions and the certification, contingent and limiting conditions, and market value definition that are stated in the attached Freddie Mac Form 439/FNMA form 1004B (Revised Not Applicable).

(WE) ESTIMATE THE MARKET VALUE, AS DEFINED, OF THE REAL PROPERTY THAT IS THE SUBJECT OF THIS REPORT, AS OF October 10, 2005

(WHICH IS THE DATE OF INSPECTION AND THE EFFECTIVE DATE OF THIS REPORT) TO BE \$ 310,000

APPRaiser: Craig E. McKern SUPERVISORY APPRAISER (ONLY IF REQUIRED):
 Signature: _____ Name: _____ Did _____ Did Not _____
 Inspect Property

Date Report Signed November 13, 2005 Date Report Signed _____
 State Certification # CR00024 State _____ State Certification # email: cem9th@msn.com State _____
 Or State License # _____ State _____ Or State License # phone 541-345-0744/fax 541-345-0577 State _____



Detail of Tax Lot 909 and pen drawing hypothetical partition of site to a five acre more or less vacant buildable site and a five acre more or less site on west with present improvement located at 79555 Fire Road

LAND APPRAISAL REPORT

HYPOTHETICAL

File No. 092005C

Restricted Appraisal Report

LOCATION
 Borrower No borrower Census Tract 41-039- 8 Map Reference See Below
 Property Address Number Not Assigned Fire Road - HYPOTHETICAL -- Portion of Tax Lot 20-05-22-00-00909
 City Lorane County Lane State Oregon Zip Code 97451
 Legal Description HYPOTHETICAL Portion of Parcel One Lane County Land Partition Plat No. 99-P1263
 Sale Price \$ Not Sold Date of Sale N/A Loan Term N/A yrs. Property Rights Appraised Fee Leasehold De Minimis PUD
 Real Estate Taxes \$ None (yr) Loan charges to be paid by seller \$ N/A Other sales concessions Not Applicable
 Client Malcolm, Bruce J. and Sharon M. Address 79555 Fire Road, Lorane, Oregon 97451
 Occupant hypothetical vacant site Appraiser Craig E. McKern Instructions to Appraiser appraise to market value per USPAP standards.
 Appraiser Craig E. McKern, P.C. 1574 Coburg Road, PMB 397, Eugene, Oregon 97401 telephone 541-345-0744 facsimile 541-345-0577

NEIGHBORHOOD

Location	<input type="checkbox"/> Urban	<input type="checkbox"/> Suburban	<input checked="" type="checkbox"/> Rural	Employment Stability	Good	Avg	Fair	Poor
Built Up	<input checked="" type="checkbox"/> Over 75%	<input type="checkbox"/> 25% to 75%	<input type="checkbox"/> Under 25%	Convenience to Employment				
Growth Rate	<input type="checkbox"/> Fully Dev.	<input type="checkbox"/> Rapid	<input checked="" type="checkbox"/> Steady	Convenience to Shopping				
Property Values	<input checked="" type="checkbox"/> Increasing	<input checked="" type="checkbox"/> Stable	<input type="checkbox"/> Declining	Convenience to Schools				
Demand/Supply	<input type="checkbox"/> Shortage	<input checked="" type="checkbox"/> In Balance	<input type="checkbox"/> Oversupply	Adequacy of Public Transportation				
Marketing Time	<input checked="" type="checkbox"/> Under 3 Mos.	<input checked="" type="checkbox"/> 4-6 Mos.	<input type="checkbox"/> Over 6 Mos.	Recreational Facilities				
Present Land Use	<input checked="" type="checkbox"/> 90% 1 Family	<input type="checkbox"/> 1% 2-4 Family	<input type="checkbox"/> 0% Apts.	Adequacy of Utilities				
	<input type="checkbox"/> 0% Industrial	<input type="checkbox"/> 5% Vacant	<input type="checkbox"/> 3% public, school, other	Property Compatibility				
Change in Present Land Use	<input type="checkbox"/> Not Likely	<input type="checkbox"/> Likely (*)	<input checked="" type="checkbox"/> Taking Place (*)	Protection from Detrimental Conditions				
	(*) From <u>vacant/undeveloped</u> To <u>residential</u>			Police and Fire Protection				
Predominant Occupancy	<input checked="" type="checkbox"/> Owner	<input type="checkbox"/> Tenant	<input type="checkbox"/> 5 % Vacant	General Appearance of Properties				
Single Family Price Range	\$ <u>100,000</u> to \$ <u>2,500,000</u>		Predominant Value \$ <u>300,000</u>	Appeal to Market				
Single Family Age	<u><5</u> yrs. to <u>100+</u> yrs.		Predominant Age <u>20-60</u> yrs.					

Comments including those factors, favorable or unfavorable, affecting marketability (e.g. public parks, schools, view, noise): Subject is located about 2 miles southwest of the Lorane community and about 20 miles southwest of Eugene city limits in unincorporated Lane County. A wide variety of rural residential farm or ranch improvements, site sizes, view aspects and zoning designations exists. Spot fuel/store services in Lorane. Agriculture includes timber production, vineyards, wineries, hay, pasture. Dedicated farm and timberlands are excluded from "vacant land uses". See photo captions

SITE

Dimensions Irregular, see plat maps, aerial photos, topo map = 5 Sq. Ft. or Acres Corner Lot

Zoning classification RR-10 Rural Residential Present Improvements do do not conform to zoning regulations

Highest and best use Present use Other (specify) potential to partition to this smaller hypothetical site under present Measure 37 procedures

Public	<input checked="" type="checkbox"/> Available	OFF SITE IMPROVEMENTS		Topo <u>Slight north slope</u>
	<input type="checkbox"/> Other (Describe)	Street Access <input checked="" type="checkbox"/> Public <input type="checkbox"/> Private	Surface <u>Asphalt</u>	Size <u>Typical smaller acres in the Lorane area</u>
Elec. <input checked="" type="checkbox"/>		Maintenance <input checked="" type="checkbox"/> Public <input type="checkbox"/> Private	View <u>Wooded, hills</u>	Shape <u>Irregular as sketched</u>
Gas <input type="checkbox"/>		<input type="checkbox"/> Storm Sewer <input type="checkbox"/> Curb/Gutter	Drainage <u>FEMA map 41039C-2050F 06-02-1999, Zone X</u>	
Water <input type="checkbox"/>	<u>none to date</u>	<input type="checkbox"/> Sidewalk <input type="checkbox"/> Street Lights	Is the property located in a HUD Identified Special Flood Hazard Area? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes	
San. Sewer <input type="checkbox"/>	<u>Assm permit</u>			
	<input type="checkbox"/> Underground Elect. & Tel.			

Comments (favorable or unfavorable including any apparent adverse easements, encroachments, or other adverse conditions): See attached comments page, photo pages and captions for explanations and details. Hypothetical partitioned site, mainly open pasture with wooded area to south side, with frontage on Fire Road and bounded on east and south by a private drive accessing six other parcels at this time. No improvements at present time. Well availability is assumed; as is a standard septic permit; adjusted for lack of present well and permitted or installed septic system at this time.

undersigned has recited three recent sales of properties most similar and proximate to subject and has considered these in the market analysis. The description includes a dollar adjustment reflecting market reaction to those items of significant variation between the subject and comparable properties. If a significant item in the comparable property is superior to or more favorable than the subject property, a minus (-) adjustment is made thus reducing the indicated value of subject; if a significant item in the comparable is inferior to or less favorable than the subject property, a plus (+) adjustment is made thus increasing the indicated value of the subject.

ITEM	SUBJECT PROPERTY	COMPARABLE NO. 1	COMPARABLE NO. 2	COMPARABLE NO. 3
Address	<u>NNA Fire Road, Part of TL 909 Lorane (HYPO buildable site)</u>	<u>80311 Old Lorane Road Lorane // asking \$84,500</u>	<u>NNA Siuslaw River Road Lorane - asking \$149,500</u>	<u>Tax Lot 20-05-25-00-02801 Lorane - asking \$180,000</u>
Proximity to Subject		<u>1.5 air miles northeast</u>	<u>1/4 air mile northeast</u>	<u>2.5 air miles southeast</u>
Sales Price	<u>Not Sold</u>	<u>\$ 77,000</u>	<u>\$ 149,500</u>	<u>\$ 100,000</u>
Price /acre		<u>\$ 41,397</u>	<u>\$ 16,538</u>	<u>\$ 4,761</u>
Data Source	<u>Inspection/County</u>	<u>RE/max Integrity/County Record</u>	<u>GMAC Hemenway RE / County</u>	<u>GMAC Hemenway RE / County</u>
Date of Sale and Time Adjustment	<u>DESCRIPTION</u>	<u>DESCRIPTION</u>	<u>DESCRIPTION</u>	<u>DESCRIPTION</u>
	<u>10-10-2005</u>	<u>09-2004 (COE) 0</u>	<u>PENDING SALE 0</u>	<u>03-2005 (COE) 0</u>
Location	<u>Average</u>	<u>Average</u>	<u>Average</u>	<u>Average</u>
Site/View	<u>5+/- ac/ Wds/ Hills</u>	<u>1.86 ac/ Pond, Hills +25,000</u>	<u>9.04 ac /River, Wds -40,000</u>	<u>21 ac/ Wds/ Hills 0</u>
Utilities / Drive	<u>Available / gravel</u>	<u>Installed to site -3,000</u>	<u>Available/ dirt/gravel -2,000</u>	<u>Available/ dirt 0</u>
Well/Septic system	<u>None/ Assm'd Permit</u>	<u>None/ Installed -5,000</u>	<u>None/ Assm.Permit</u>	<u>None/ Assm.Permit</u>
Slope/buildability	<u>Slight / assumed</u>	<u>Moderate/ buildable +5,000</u>	<u>Level / assumed 0</u>	<u>Moderate/ buildable +5,000</u>
Structures	<u>No improvements</u>	<u>No improvements</u>	<u>No improvements</u>	<u>No improvements</u>
Sales or Financing Concessions	<u>Cash to seller assumed</u>	<u>New Conv. Loan No Points, Costs</u>	<u>Cash to seller assumed</u>	<u>Cash</u>
Net Adj. (Total)		<input checked="" type="checkbox"/> + <input type="checkbox"/> - \$ <u>22,000</u>	<input type="checkbox"/> + <input checked="" type="checkbox"/> - \$ <u>42,000</u>	<input checked="" type="checkbox"/> + <input type="checkbox"/> - \$ <u>5,000</u>
Indicated Value of Subject		<u>Net 28.6 % \$ 99,000</u>	<u>Net 28.1 % \$ 107,500</u>	<u>Net 5.0 % \$ 105,000</u>

MARKET DATA ANALYSIS

Comments on Market Data: Sale 1 is right in Lorane community near elementary school, on hillside among mixed type dwellings and small springfed pond. This site now occupied by new dwelling. Sale 2 is pending along with several other river front, heavily wooded parcels, access agreement with adjacent landowner being worked out. Sale is low indicator per acre, 2 ten acre sites sold together, very motivated seller. Comments and Conditions of Appraisal: The appraisal is made to cash equivalency per USPAP and FIRREA guidelines and USPAP departure provisions do not apply. See attached assumptions, limiting conditions and comments. Appraised value is for subject hypothetical site with road access to lot line, no well or septic installed but hypothetically assumed adequate and approved, utilities to the lot line and otherwise vacant and ready to build. Site as appraised does not exist and this report is useful only for hypotheating values for Ballot Measure 37 purposes.

RECONCILIATION

Final Reconciliation: The market data (sale comparison) approach is the only reliable method of estimating vacant or non-residential site value. The cost approach is omitted as there is minimal value for the improvements on site. The income approach does not normally apply to vacant land. Value stated is within the range of adjusted values. One buildable site (permit) is assumed. *** Sale 3's west 10 acres was landlocked.

TIMATE THE MARKET VALUE, AS DEFINED, OF SUBJECT PROPERTY AS OF October 10, 2005 to be \$ 100,000

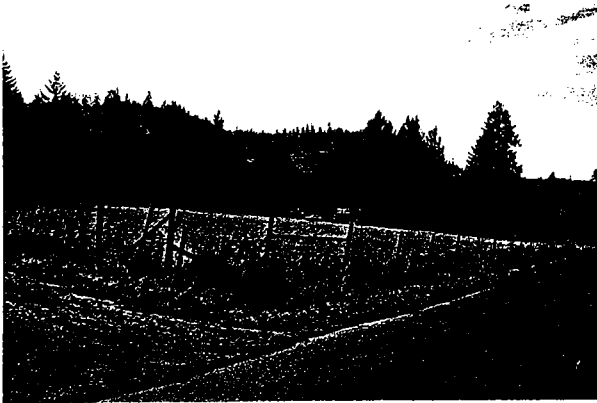
opinion of value stated is within a range of indicated values. Value opinion is provided for comparison purposes in a Measure 37 proceeding only and only an actual open market exposure test can be considered to prove a true market value.

Craig E. McKern, Appraiser, P.C. [Signature] Did Did Not Physically Inspect Property

Appraiser(s) [Signature] Review Appraiser (if applicable)

Hypothetical east five acre parcel photos -- T.L. 909

Borrower/Client	No borrower						
Property Address	Number Not Assigned Fire Road - HYPOTHETICAL -- Portion of Tax Lot 20-05-22-00-00909						
City	Eugene	County	Lane	State	Oregon	Zip Code	97405
Lender	Malcolm, Bruce J. and Sharon M.						



Northeast corner of Tax Lot 909 looking southwest over hypothetical proposed parcels toward improvements on west portion of Tax Lot 909

Private road access to left, Fire Road to right



East portion of hypothetical five acre site looking south along private drive serving adjacent Tax Lot 910 owned by Malcolm and three other residences on acreages.

Per Sharon Malcolm, a six party joint maintenance and use agreement is in effect for this all weather gravel roadway



South portion of hypothetical five acre parcel out of Tax Lot 909, see aerial map outline for boundary visualization.

Borrower: No borrower File No. 092005A
 Property Address: 79555 Fire Road
 City: Lorane County: Lane *** fire patrol fee State: OR Zip Code: 97451
 Lender: Malcolm, Bruce J. and Sharon M.

APPRAISAL AND REPORT IDENTIFICATION

appraisal conforms to one of the following definitions:

- Complete Appraisal (The act or process of estimating value, or an opinion of value, performed without invoking the Departure Rule.)
- Limited Appraisal (The act or process of estimating value, or an opinion of value, performed under and resulting from invoking the Departure Rule.)

This report is one of the following types:

- Self Contained (A written report prepared under Standards Rule 2-2(a) of a Complete or Limited Appraisal performed under STANDARD 1.)
- Summary (A written report prepared under Standards Rule 2-2(b) of a Complete or Limited Appraisal performed under STANDARD 1.)
- Restricted (A written report prepared under Standards Rule 2-2(c) of a Complete or Limited Appraisal performed under STANDARD 1, restricted to the stated intended use by the specified client or intended user.)

Comments on Standards Rule 2-3

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

The statements of fact contained in this report are true and correct.
 The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions and conclusions.
 I have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
 I have no bias with respect to the property that is the subject of this report or the parties involved with this assignment.
 My engagement in this assignment was not contingent upon developing or reporting predetermined results.
 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.
 My analyses, opinions and conclusions were developed and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
 I have made a personal observation of the property that is the subject of this report.
 No one provided significant real property appraisal assistance to the person signing this certification.

A lengthy period passed between the date of inspection and the date of completion as the appraiser performed a variety of investigations on Measure 37 and its ramifications for the subject property. There is no guarantee from the appraiser that the attached report(s) will be found fully satisfactory to the Lane County jurisdiction handling Measure 37 claims, as these requirements may change due to court ordered or Legislature passed modifications. Recently, a Circuit Court court in Marion ty held that Measure 37 as written was unconstitutional for various judicial reasons. This ruling is expected to be appealed to State Supreme Court.

Comments on Appraisal and Report Identification

Note any departures from Standards Rules 1-3 and 1-4, plus any USPAP-related issues requiring disclosure:

This appraisal report is complete on the basis of the full site and improvement observation, not the extent of commentary attached.
 The appraised value includes a realty fee as did the sale prices of the comparables, unless otherwise stated.

There were no directly observed toxic materials or hazardous substances in the immediate area of the subject; if any do exist, these are assumed to be safely stored and used according to label directions. A specific search for and recognition of toxic waste and hazardous materials such as might be found in a farm and ranch environment (a Level I assessment) is beyond the scope of the appraiser's training and knowledge. Common household, shop and garden chemicals and substances found in most homes and garages, including those of the reader, are assumed to exist around the site. These common toxic materials and hazardous substances include chemicals such as fertilizers, weed killers, pest poisons and sprays, bleach, detergent, oils, cleansers, solvents and fuels, among other solid, liquid and paste substances, and are assumed to be used according to label directions and Federal, state and local regulations unless otherwise specifically noted in this report. It is specifically assumed there is no toxic mold or fungus manifest on the site which would affect livability or marketability.

See attached supplemental addendum. This report has been prepared for use in a State Measure 37 proceeding and is restricted to that use only. See the cover letter page for brief explanations of the use and purpose of this report 092005A in conjunction with reports 092005B and 092005C which are for smaller hypothetical parcels out of the 10 acres more or less of the report in hand in order to provide "before and after" scenarios. The actual legality, validity and application of State Measure 37 is still in question with present and future court and Legislature involvements a certainty.

APPRAISER:

Signature: Craig E. McKern
 Name: Craig E. McKern, Appraiser, P.C.
 Date Signed: November 13, 2005
 State Certification #: CR00024
 or State License #: _____
 State: _____
 Expiration Date of Certification or License: _____

SUPERVISORY APPRAISER (only if required):

Signature: _____
 Name: _____
 Date Signed: _____
 State Certification #: email: cem9th@msn.com
 or State License #: phone 541-345-0744/fax 541-345-0577
 State: _____
 Expiration Date of Certification or License: _____

Did Did Not Inspect Property

Borrower/Client No borrower	
Property Address 79555 Fire Road	
City Lorane	County Lane *** fire patrol fee State OR Zip Code 97451
Lender Malcolm, Bruce J. and Sharon M.	

Appraisal Development and Reporting Process:

As per prior agreement with the client named on the cover sheet and first form page of this report, the level of appraisal service requested is a Restricted Appraisal Report of a Complete Appraisal of the subject property. This level of service has, in the past, been known as a "form appraisal" using standard FNMA or FHLMC forms to convey information to the reader. This level of appraisal service is for the most part the same as past "form appraisals".

This report is a Restricted Appraisal Report which is intended to comply with the reporting requirements set forth under Standards Rule 2-2c of the Uniform Standards of Professional Appraisal Practice (USPAP) for a Restricted Appraisal Report. As such, it represents only brief discussions of the data, reasoning and analyses used in the appraisal process to develop the appraiser's opinion of value stated elsewhere. Supporting documentation that is not provided with this report concerning the data, reasoning and analyses has been retained in the appraiser's file copy. The depth of the discussion contained in this report is specific to the needs of the client and for the intended use of this report stated below.

Scope of Work:

In preparing this report, the appraiser inspected the subject site and the improvements on October 10, 2005. Relevant information on comparable land and improved site sales, construction costs and accrued depreciation were also gathered, verified and considered.

All three approaches to value were considered; the sales comparison approach only was developed for 092005C report; sale comparison and cost approaches were developed for the 092005A and 092005B reports. See all three reports attached for full comprehension.

The income approach, along with rents, comparative rental data and calculated formulas and multipliers, is used ONLY IF the subject is likely to become or remain a rental income property in the foreseeable future, which is not the case for the subject dwelling at this time.

Purpose of the Appraisal and Use of the Report:

The purpose of this appraisal report is to estimate the fair market value of subject site and sites under the Measure 37 "before and after" scenarios noted on the cover page and elsewhere in these reports.

This appraisal report is intended ONLY for the use of the client named for the purpose of establishing a fair market value by an independent third party for Measure 37 proceedings. The use of this report is restricted to the clients, Bruce and Sharon Malcolm, and their agents and/or advisors, Greg Wobbe and Jed Truitt.

Duly constituted Lane County committees or courts for Measure 37 appeals are also an expected reader of this report but Lane County is not a client of the appraiser.

This report in its present configuration is not intended for any financing purpose whatsoever. Any other authorized use of this report will be stated either below or in the letter of engagement.

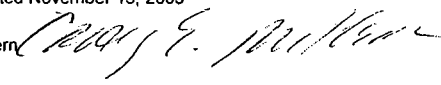
The appraiser is not and will not become responsible for any unauthorized use. Errors and omissions insurance is not extended to a future third party lender and the appraiser must be notified, timely and in writing, of any future transfer/assignment of this report to any third party.

Supplemental Certifications:

I certify that the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

In addition, I certify that, to the best of my knowledge and belief, the reported analyses, opinions and conclusions were developed, and this report prepared, with conformity to the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.

signed and dated November 13, 2005

Craig E. McKern 
 president
 Craig E. McKern Appraiser P.C.

ATTACHMENT C2

Three Restricted Appraisal Reports of a Complete Appraisals of
vacant and improved acreages located at

Report 092005D
79565 Fire Road, Lorane, Oregon 97451
All of Tax Lot 20-05-22-00-00910
A 13 acre more or less site, the "before" instance
(surveyed, one legal lot; one improved homesite)

AND

Report 092005E
79565 Fire Road, Lorane, Oregon 97451
Portion of Tax Lot 20-05-22-00-00910 including residential improvements
a 3.5 acre more or less hypothetical site, an "after" instance
(unsurveyed, not a legal lot or partitioned site at this time, AND
including a lot line adjustment 0.5 acre along south line of Tax Lot 909)

AND

Report 092005F
An unimproved portion of Tax Lot 20-05-22-00-00910
A 10 acre more or less hypothetical site, an "after" instance
(unsurveyed, not a legal lot or partitioned site at this time)

Client:

Malcolm, Bruce J. and Sharon M.
79555 Fire Road
Lorane, Oregon 97451

Purpose of the Appraisal:

To estimate market value of actual and hypothetical parcels subject to certain conditions
outlined in the text and exhibits of the reports 092005D, 092005E and 092005F

Use of the Appraisal:

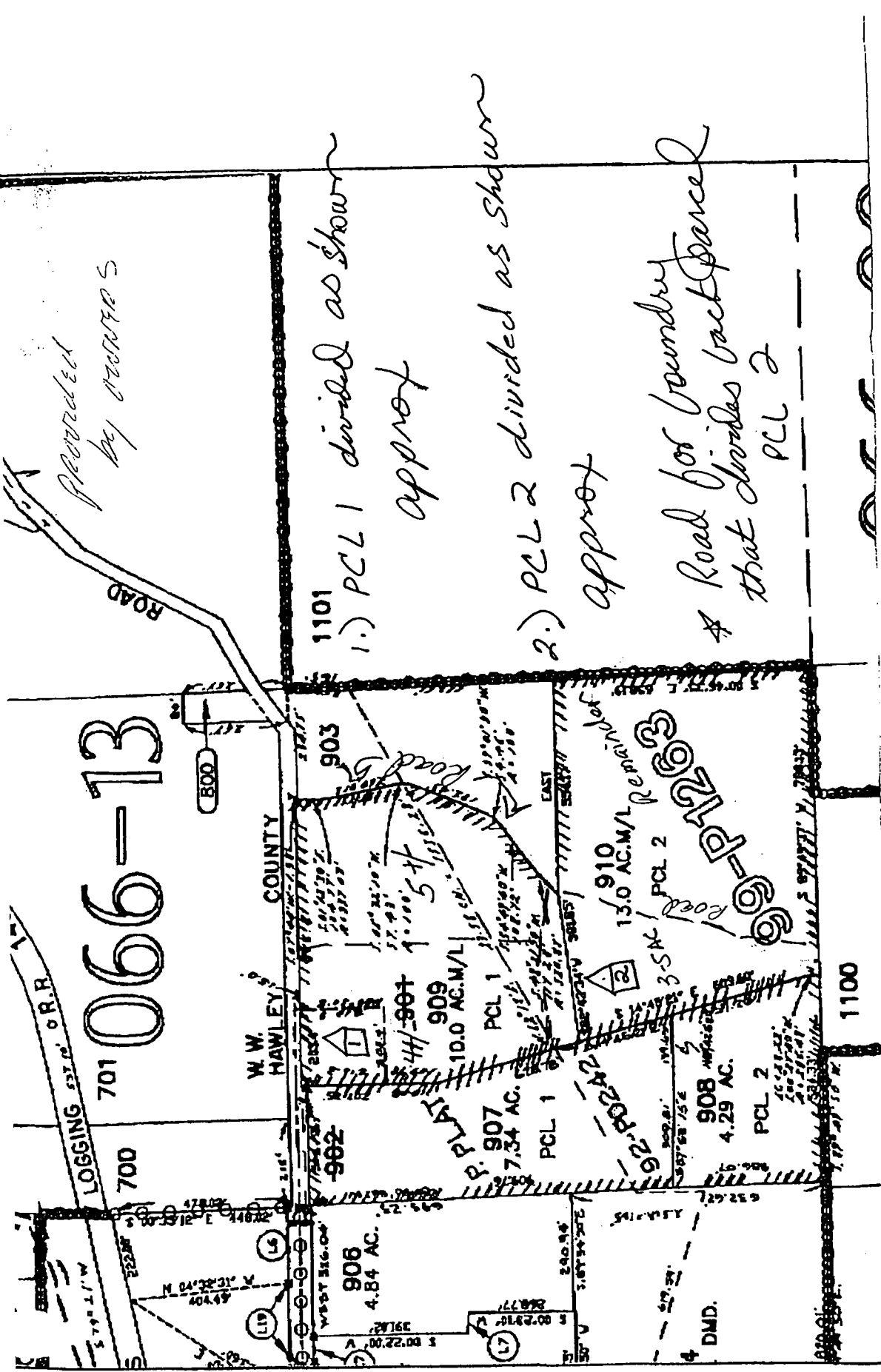
For use in a State Measure 37 proceeding brought by the owners and their agents in Lane County, Oregon

Date of Most Recent Inspection
and Effective Date of Report:
October 10, 2005

Report Completion Date:
November 14, 2005

Prepared by:

Craig E. McKern, Appraiser, P.C.
Certified Residential Real Estate Appraiser
1574 Coburg Road, PMB 397
Eugene, Oregon 97401-4802
files 092005D, 092005E and 092005F



provided
by records

ROAD

701 066-13

700

701

LOGGING

O.R.R.

W.W. HAWLEY

COUNTY

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USGS 31 km SW of Eugene, Oregon, United States 01 Jul 1984

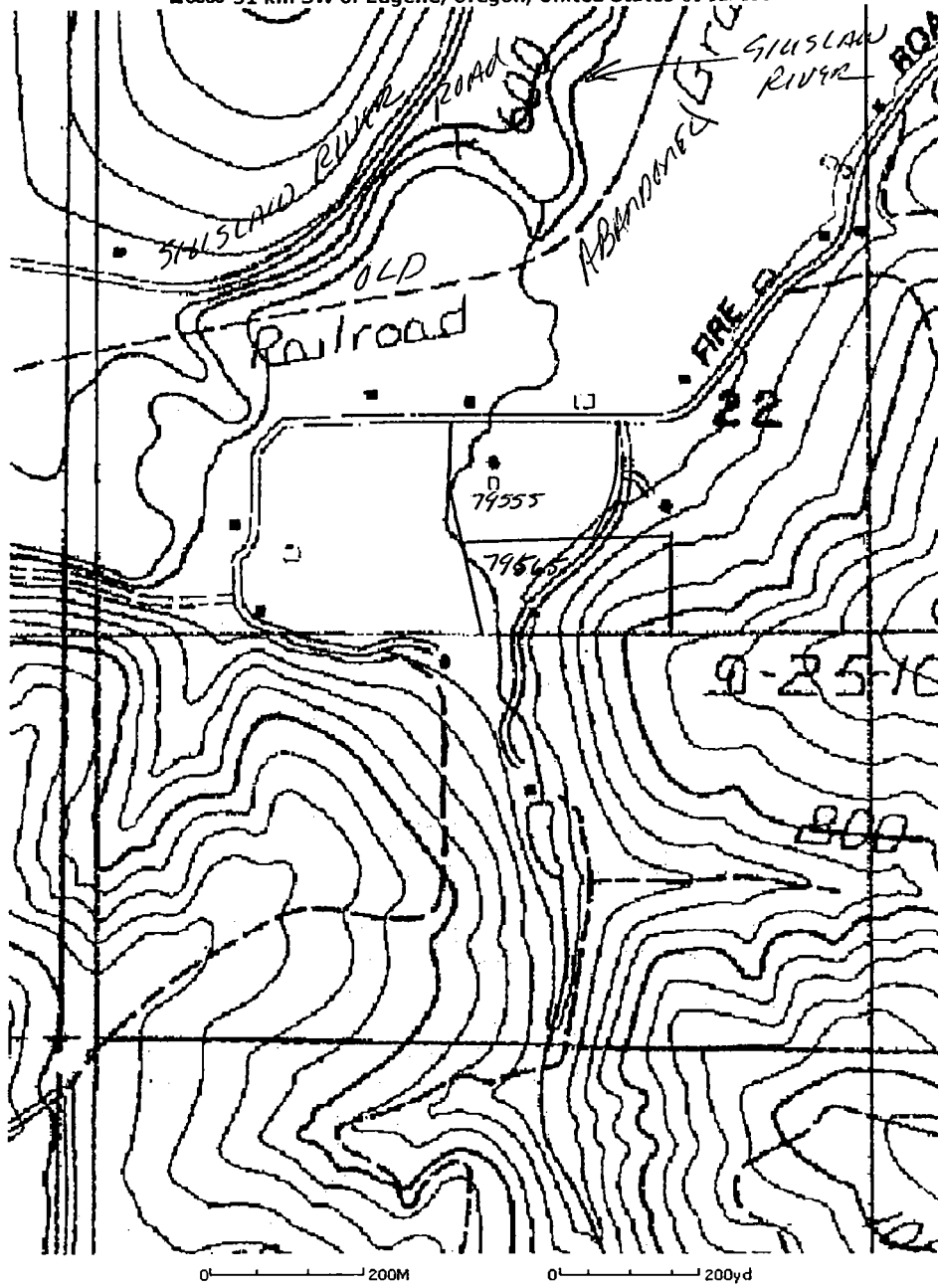
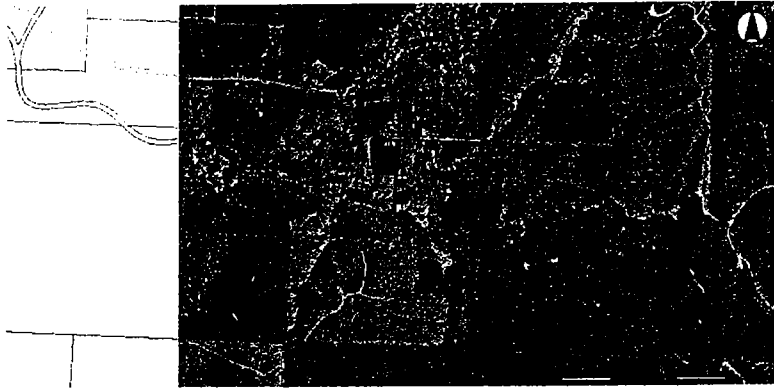
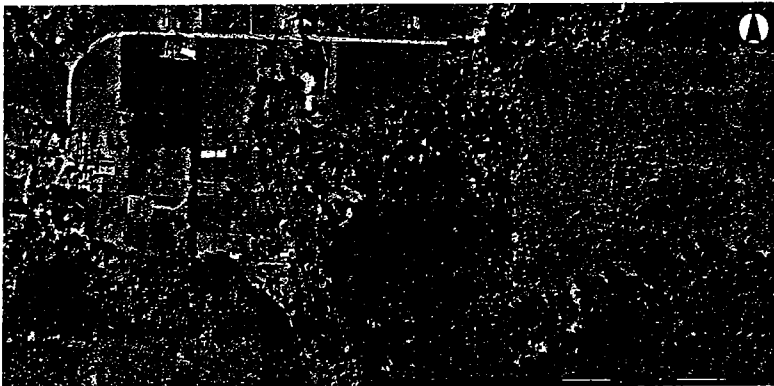


Image courtesy of the U.S. Geological Survey

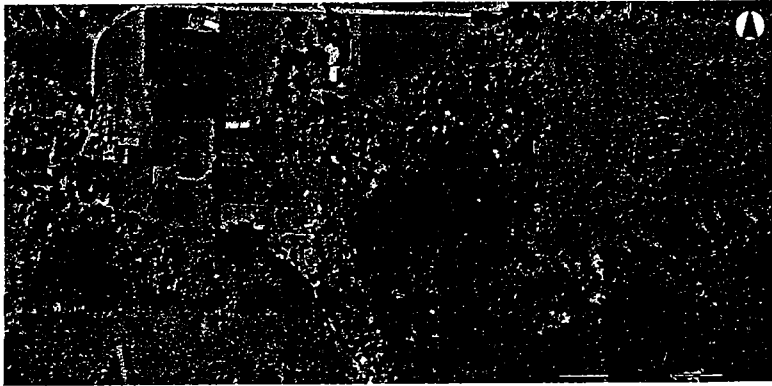
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General aerial view of subject's location south of Siuslaw River Road and south of the upper Siuslaw River drainage
Subject in approximate center of photo



Closer detail of subject hypothetical site and Tax Lots 909, 910 and adjacent tax lots and dwellings. Grey lines on photo are not placed on exact property lines; pen outline is approximate also.



Detail aerial photo of subject site; grey lines are approximate site boundaries. Fire Road along north edge of photo, White creek north to south in center

79565 Fire Road PHOTOGRAPH ADDENDUM One

Borrower/Client	No borrower						
Property Address	79565 Fire Road						
City	Lorane	County	Lane *** fire patrol fee	State	OR	Zip Code	97451
Lender	Malcolm, Bruce J. and Sharon M.						



Private drive access looking south from near paved public portion of Fire Road, east portion of Tax Lot 909 on right



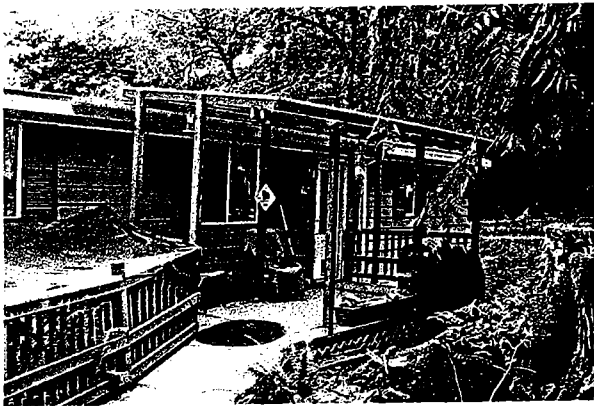
private road looking easterly from 79565 Fire Road with improvements to left and rear; hypothetical wooded 9+ acres (file 092005F) is on right



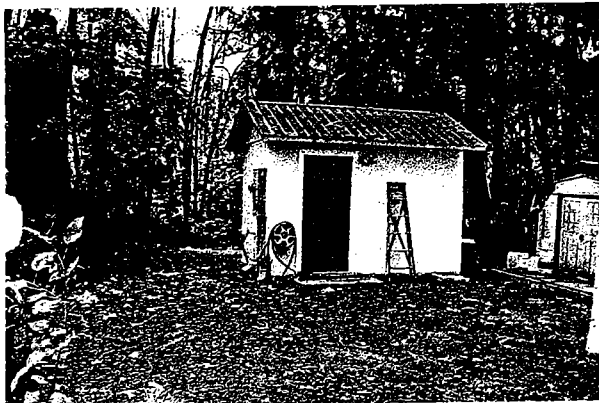
Manufactured home on Tax Lot 910 looking northwesterly from private access road

79565 Fire Road PHOTOGRAPH ADDENDUM Three

Borrower/Client	No borrower						
Property Address	79565 Fire Road						
City	Lorane	County	Lane *** fire patrol fee	State	OR	Zip Code	97451
Lender	Malcolm, Bruce J. and Sharon M.						



detail of west elevation and newer porch



Pumphouse, storage and parking area with White Creek behind



Year round, small flow White Creek along west side of Tax Lot 910

Summary Appraisal Report

UNIFORM RESIDENTIAL APPRAISAL REPORT

File No. 092005D

Property Address 79565 Fire Road City Lorane State OR Zip Code 97451
 Legal Description Parcel Two, Lane County Land Partition Plat No. 99-P1263 County Lane *** fire patrol fee
 Assessor's Parcel No. Tax Lot 20-05-22-00-00910 Tax Year 05-06 R.E. Taxes \$ 500.00 +/- Special Assessments \$ 556/yr/fire
 Borrower No borrower Current Owner Malcolm, Bruce and Sharon Occupant: Owner Tenant Vacant
 Property rights appraised Fee Simple Leasehold Project Type PUD Condominium (HUD/VA only) HOA \$ None/Noted /MO
 Neighborhood or Project Name Lorane district, upper Siuslaw River drainage Map Reference Pittmon County page 16 Census Tract 41-039- 8
 Price \$ Not Sold Date of Sale N/A Description and \$ amount of loan charges/concessions to be paid by seller N/A
 Lender/Client Malcolm, Bruce J. and Sharon M. Address 79555 Fire Road, Lorane, Oregon 97451
 Appraiser Craig E. McKern, Appraiser, P.C. Address 1574 Coburg Road, PMB 397, Eugene, Oregon 97401-4802

Location	<input type="checkbox"/> Urban	<input type="checkbox"/> Suburban	<input checked="" type="checkbox"/> Rural	Predominant occupancy	Single family housing PRICE (\$000)	AGE (yrs)	Present land use %	Land use change
Built up	<input checked="" type="checkbox"/> Over 75%	<input type="checkbox"/> 25-75%	<input type="checkbox"/> Under 25%	<input checked="" type="checkbox"/> Owner 95	100	Low <5	One family 90	<input type="checkbox"/> Not likely <input type="checkbox"/> Likely
Growth rate	<input checked="" type="checkbox"/> Rapid	<input checked="" type="checkbox"/> Stable	<input type="checkbox"/> Slow	<input type="checkbox"/> Tenant	2,500	High 100+	2-4 family 1	<input checked="" type="checkbox"/> In process
Property values	<input checked="" type="checkbox"/> Increasing	<input checked="" type="checkbox"/> Stable	<input type="checkbox"/> Declining	<input checked="" type="checkbox"/> Vacant (0-5%)		Predominant	Multi-family	To: Residential from
Demand/supply	<input type="checkbox"/> Shortage	<input checked="" type="checkbox"/> In balance	<input type="checkbox"/> Over supply	<input type="checkbox"/> Vac. (over 5%)	300,000	20-60	Commercial 1	vacant on available sites
Marketing time	<input checked="" type="checkbox"/> Under 3 mos.	<input type="checkbox"/> 3-6 mos.	<input type="checkbox"/> Over 6 mos.				Other 8	and by minor partitioning

Note: Race and the racial composition of the neighborhood are not appraisal factors.
 Neighborhood boundaries and characteristics: The subject is located in the Lorane district about 20 miles southwest of Eugene and about 15 miles west of Cottage Grove in the headwaters valley of Siuslaw River drainage. A ten mile radius around Lorane community is the "neighborhood".
 Factors that affect the marketability of the properties in the neighborhood (proximity to employment and amenities, employment stability, appeal to market, etc.):
 Subject is located about 2 miles southwest of the Lorane community and about 20 miles southwest of Eugene city limits in unincorporated Lane County. A wide variety of rural residential farm or ranch improvements, site sizes, view aspects and zoning designations exists. Spot fuel/store services in Lorane. Agriculture includes timber production, vineyards, wineries, hay, pasture. Dedicated farm and timberlands are excluded from "vacant land uses". Access to limited local services including schools, small markets, places of worship, is average for the area. access to Interstate 5, Eugene and Cottage Grove areas is within commuting distance but roads are not as convenient as closer-in locations.
 Market conditions in the subject neighborhood (including support for the above conclusions related to the trend of property values, demand/supply, and marketing time -- such as data on competitive properties for sale in the neighborhood, description of the prevalence of sales and financing concessions, etc.):
 Rising to stable prices under present 6.25+/- fluctuating interest rates; presently, interest rates among the lowest in the past 45+ years due to strong government anti-recession stimulus. An active early Fall market, showing no past, present effect from current Iraq War in Realtor-noted buyer reluctance at this time, is in progress with limited selection of existing homes offered. Supply, demand appear to trend to a shortage at this time. Sellers in lower price ranges may pay up to \$5,000 of buyer loan, closing costs. Marketing time under 60 days for well-priced homes. The mix of homes and sites as noted above does not adversely affect marketability in this lower price range of subject area generally.

Project Information for PUDs (if applicable) -- Is the developer/builder in control of the Home Owners' Association (HOA)? Yes No
 Approximate total number of units in the subject project _____ Approximate total number of units for sale in the subject project _____
 Describe common elements and recreational facilities: The subject is not located in a Planned Unit development.

Dimensions	Irregular, see plat map			Topography	Steep north slope to level	
Site area	13.5 acres more or less (with lot line adjustment) Corner Lot <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			Size	Typical of the area	
Specific zoning classification and description	RR-10 Rural Residential			Shape	Trapezoidal	
Zoning compliance	<input checked="" type="checkbox"/> Legal	<input type="checkbox"/> Legal nonconforming (Grandfathered use)	<input type="checkbox"/> Illegal <input type="checkbox"/> No zoning	Drainage	Adequate	
Highest & best use as improved:	<input checked="" type="checkbox"/> Present use	<input checked="" type="checkbox"/> Other use (explain) potential site partition		View	Wooded, creek	
Utilities	Public	Other	Off-site Improvements	Type	Public	Private
Electricity	<input checked="" type="checkbox"/>		Street	All weather gravel	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Gas			Curb/gutter	None	<input type="checkbox"/>	<input type="checkbox"/>
Water		Private Well	Sidewalk	None	<input type="checkbox"/>	<input type="checkbox"/>
Sanitary sewer		Private Septic	Street lights	None	<input type="checkbox"/>	<input type="checkbox"/>
Storm sewer		Natural Slope	Alley	None	<input type="checkbox"/>	<input type="checkbox"/>

Comments (apparent adverse easements, encroachments, special assessments, slide areas, illegal or legal nonconforming zoning use, etc.): Site partitioned in 1999 from adjacent acreage; year round White Creek along west side of site. About 10 acres of site is moderate to steep wooded slope south of present dwelling. Easement through site for access to three other dwellings, total six parcels with subject. Note added 1/2 acre on north.

GENERAL DESCRIPTION	EXTERIOR DESCRIPTION	FOUNDATION	BASEMENT	INSULATION
No. of Units One	Foundation MH Post & Pier	Slab No	Area Sq. Ft. None	Roof
No. of Stories One	Exterior Walls Aluminum	Crawl Space Yes	% Finished	Ceiling R-19+ <input checked="" type="checkbox"/>
Type (Det./Att.) Detached	Roof Surface Comp. Shingles	Basement None		Walls R-11+ <input checked="" type="checkbox"/>
Design (Style) Double wide	Gutters & Dwnspts. Plastic/Vinyl	Sump Pump No		Floor R-11+ <input checked="" type="checkbox"/>
Existing/Proposed Existing	Window Type Alum SP Slider	Dampness None Apparent		None
Age (Yrs.) 33	Storm/Screens Partial/Yes	Settlement None Apparent	Outside Entry	Unknown
Effective Age (Yrs.) 20	Manufactured House Yes	Infestation None Apparent		1972 MH Package

ROOMS	Foyer	Living	Dining	Kitchen	Den	Family Rm.	Rec. Rm.	Bedrooms	# Baths	Laundry	Other	Area Sq. Ft.
Basement												None
Level 1	entry	1	area	1				3	2	1		1,437
Level 2												

Finished area above grade contains: 6 Rooms; 3 Bedroom(s); 2 Bath(s); 1,437 Square Feet of Gross Living Area

INTERIOR	HEATING	KITCHEN EQUIP.	ATTIC	AMENITIES	CAR STORAGE
Floors Carpet, Vinyl	Type FA	Refrigerator <input type="checkbox"/>	None <input checked="" type="checkbox"/>	Fireplace(s) # W.S. <input checked="" type="checkbox"/>	None
Walls Paneling, M.H. W.P.	Fuel Electric	Range/Oven <input checked="" type="checkbox"/>	Stairs <input type="checkbox"/>	Patio None <input type="checkbox"/>	Garage # of cars
Trim/Finish Vinyl wrap wood	Condition Average	Disposal <input type="checkbox"/>	Drop Stair <input type="checkbox"/>	Deck Open <input checked="" type="checkbox"/>	Attached
Bath Floor Vinyl	COOLING	Dishwasher <input checked="" type="checkbox"/>	Scuttle <input type="checkbox"/>	Porch Covered <input checked="" type="checkbox"/>	Detached
Bath Wainscot Fiberglass	Central None	Fan/Hood <input checked="" type="checkbox"/>	Floor <input type="checkbox"/>	Fence Field, yard <input checked="" type="checkbox"/>	Built-In
Doors 4-panel / Sliders	Other	Microwave <input type="checkbox"/>	Heated <input type="checkbox"/>	Pool landscape, <input checked="" type="checkbox"/>	Carport
See comments below	Condition	Washer/Dryer <input type="checkbox"/>	Finished <input type="checkbox"/>	pumphouse/shed <input checked="" type="checkbox"/>	Driveway 5+

Additional features (special energy efficient items, etc.): 1972 manufactured home insulation package; single pane aluminum slider windows; wood stove on brick hearth in living room. Installed on site in 1999 after partition; new roof circa 2003, newer covered entry porch/deck.

Condition of the improvements, depreciation (physical, functional, and external), repairs needed, quality of construction, remodeling/additions, etc.: Subject is a 1972 (county) or 1973 (owner) Golden West manufactured home of average plus quality for the era. No HUD tag numbers; installer certificate 172893, set up on permanent post and pier foundation with aluminum skirting. Presently a rental at \$700.00 per month, the age of the home precludes conventional or FHA financing; home as presently maintained could have another 5 to 15 years of service remaining.

Adverse environmental conditions (such as, but not limited to, hazardous wastes, toxic substances, etc.) present in the improvements, on the site, or in the immediate vicinity of the subject property.: The site was not previously built upon; no apparent "dead" soil areas or past toxic materials on or near the site other than typical household/shop/office chemicals found in most homes, garages. Farm chemicals assumed applied per instructions

UNIFORM RESIDENTIAL APPRAISAL REPORT

File No. 092005D

Valuation Section

ESTIMATED SITE VALUE		= \$ 125,000
ESTIMATED REPRODUCTION COST-NEW-OF IMPROVEMENTS:		
Dwelling	1,437 Sq. Ft. @\$ _____	= \$ _____
	Sq. Ft. @\$ _____	= \$ _____
Appliances, W.S./hearth/porches, decks		= 8,000
Age/Carport	Sq. Ft. @\$ _____	= \$ _____
Estimated Cost New		= 8,000
Depreciation		
Physical	Functional	External
Depreciation		= \$ _____
Depreciated Value of Improvements		= \$ 8,000
"As-is" Value of Site Improvements		= \$ 15,000
INDICATED VALUE BY COST APPROACH		= \$ 148,000

Comments on Cost Approach (such as, source of cost estimate, site value, square foot calculation and for HUD, VA and FmHA, the estimated remaining economic life of the property): **Cost approach omitted except for estimated land value, EXCLUDING ALL AND ANY STANDING TIMBER VALUE.** Site value is limited by the amount of usable fairly level land of about 3 to 4 acres and the moderate to steep slope of the remainder of the site (about 9 to 10 acres) of hillside land. The driveway easement through the site limits privacy in east yard area however traffic is local only and low speed.

No reproduction/replacement costs available for this age and materials manufactured home. A replacement cost would be in the range of \$45.00 to \$50.00 per square foot.

ITEM	SUBJECT	COMPARABLE NO. 1	COMPARABLE NO. 2	COMPARABLE NO. 3
Address	79565 Fire Road Lorane	29530 Hamm Road Eugene/Lorane/ ask \$279,900	38155 Row River Road Culp Creek// ask \$198,000	31909 DeBerry Road Creswell // asking \$199,000
Proximity to Subject		8 air miles northeast	25 air miles northeast	13 air miles northeast
Sales Price	\$ Not Sold	\$ 279,900	\$ 193,000	\$ 185,000
Price/Gross Living Area	\$ _____	\$ 192.37 /sf	\$ 100.73 /sf	\$ 181.37 /sf
Data and/or Verification Source	Observation/ County / Owners	John L Scott Real Estate/ County Records / RMLS	Observation/ Realtor County Records	Observation/ Realtor County Records
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION +(-)\$ Adjust.	DESCRIPTION +(-)\$ Adjust.	DESCRIPTION +(-)\$ Adjust.
Sales or Financing Concessions		Cash to Seller assumed	New Conv. Ln. No Points, Costs	Cash to Seller No Points, Costs
Date of Sale/Time		Active Listing	04-2005 (COE)	03-2005 (COE)
Location	Average	Average	Average	Average plus -10,000
Leasehold/Fee Simple	Fee	Fee	Fee	Fee
Site	13.5 acres m/l	9.77 acres m/l +15,000	2.86 ac m/l +45,000	11.2 acres m/l +10,000
View	Wooded, creek	Wooded/ Timber -55,000	Hills, woods 0	Wooded, Hills
Design and Appeal	Double wide MH	Double wide MH	Double Wide MH	Double wide MH
Quality of Construction	Average plus	Average plus	Average plus	Average plus
Age	33act 25eff	20act 20eff -30,000	28act 20eff -25,000	36act 25eff 0
Condition	Above Average	Above Average	Above Average	Above Average
Above Grade Room Count	Total :Bdms : Baths 6 : 3 : 2	Total :Bdms : Baths 7 : 3 : 2	Total :Bdms : Baths 8 : 3 : 2	Total :Bdms : Baths 6 : 2 : 2
Gross Living Area	1,437 Sq. Ft.	1,455 Sq. Ft. 0	1,916 Sq. Ft. -7,200	1,020 Sq. Ft. +6,300
Basement & Finished Rooms Below Grade	None	None	266sf Enc. Porch -5,000 619sf Guest Hse -10,000	None
Functional Utility	Average	Average	Average	Average
Heating/Cooling	FA Electric/None	FA Electric/None	FA Electric/ HP -2,000	FA Electric/None
Energy Efficient Items	1973 MH pkg.	MH 2x6 Package -2,000	MH 1977 + Vinyl -4,000	1969 MH pkg. 0
Age/Carport	Parking Area	Parking Area	One Carport -3,000	Parking Area
Porch, Patio, Deck	Porch, deck	Porch, deck 0	Deck, Porch 0	Porch, deck 0
Fireplace(s), etc.	W.S./hearth	1 Fireplace 0	Pellet Stove 0	W.S./hearth
Fence, Pool, etc.	Landscape, Fnc	Landscape, Fnc	Landscape, Fnc	Landscape, Fnc
Exterior Amenities	storage/ P.H.	storage/shop -5,000	Shop/sheds -10,000	Barn,studio,shop -20,000
Net Adj. (total)		Net 77,000	Net 21,200	Net 13,700
Adjusted Sales Price of Comparable		Net 27.5 % Gross 38.2 % \$ 202,900	Net 11.0 % Gross 57.6 % \$ 171,800	Net 7.4 % Gross 25.0 % \$ 171,300

Comments on Sales Comparison (including the subject property's compatibility to the neighborhood, etc.): **Very limited recent data for similar properties in Lorane area. Active listing indicator 1 is west of Creswell and has 100,000 board feet merchantable timber per listing; deducted at \$550.00 per thousand board feet stumpage (per Weyerhaeuser Co.); appears a high indicator at asking price with time on market considered. Sales 2 and 3 were observed by this appraiser for their sales and selected due to either being in similar appeal location (Sale 2) or more similar acreage (Sale 3). Sale 3's older manufactured home was in better than average condition but is now being replaced by new construction site built home.**

Age adjustments for Indicators 1 and 2 consider their continued HUD acceptance for financing. Acreage adjusted at \$5,000 per net acre.

ITEM	SUBJECT	COMPARABLE NO. 1	COMPARABLE NO. 2	COMPARABLE NO. 3
Date, Price and Data Source, for prior sales within year of appraisal	None Noted, Known	None Noted, Known (3 years) County Records/RMLS Days on market = 90+	None Noted, Known (3 years) County Records/RMLS Days on market = 57 m/l	None Noted, Known (3 years) County Records/RMLS Days on market = 13

Analysis of any current agreement of sale, option, or listing of subject property and analysis of any prior sales of subject and comparables within one year of the date of appraisal: **No current or past listing or marketing of the subject was noted per owner, RMLS records in past three calendar years. No prior sales of the sale comparables noted in past three calendar years.**

INDICATED VALUE BY SALES COMPARISON APPROACH \$ 180,000

INDICATED VALUE BY INCOME APPROACH (if Applicable) Estimated Market Rent \$ N/A /Mo. x Gross Rent Multiplier N/A = \$ _____

This appraisal is made "as is" subject to the repairs, alterations, inspections or conditions listed below subject to completion per plans & specifications.

Conditions of Appraisal: **The appraisal is made to cash equivalency per USPAP/FIRREA guidelines; USPAP departure provisions do not apply. See attached assumptions, limiting conditions, comments. Appraisal assumes clear structural report, satisfactory well, septic system inspections.**

Final Reconciliation: **The market data approach, based on the sales of reasonably similar properties, is judged the more reliable indicator of value. No support intended from the cost approach. The income approach is excluded as most purchasers would buy subject for the income stream. The hypothecated value is within a narrow range of adjusted, indicated, values. See additional report files for further data, photos.**

The purpose of this appraisal is to estimate the market value of the real property that is the subject of this report, based on the above conditions and the certification, contingent and limiting conditions, and market value definition that are stated in the attached Freddie Mac Form 439/FNMA form 1004B (Revised **Not Applicable**).

(WE) ESTIMATE THE MARKET VALUE, AS DEFINED, OF THE REAL PROPERTY THAT IS THE SUBJECT OF THIS REPORT, AS OF October 10, 2005

(WHICH IS THE DATE OF INSPECTION AND THE EFFECTIVE DATE OF THIS REPORT) TO BE \$ 180,000

APPRaiser: Craig E. McKern SUPERVISORY APPRAISER (ONLY IF REQUIRED):
 Signature _____ Name _____ Did _____ Did Not _____
 Name Craig E. McKern, Appraiser, P.C. Inspect Property _____
 Date Report Signed November 13, 2005 Date Report Signed _____
 State Certification # CR00024 State _____ State Certification # _____ email: cem9th@msn.com State _____
 Or State License # _____ State _____ Or State License # _____ phone 541-345-0744/fax 541-345-0577 State _____

Comparable Photo Page

Borrower/Client No borrower				
Property Address 79565 Fire Road				
City Lorane	County Lane *** fire patrol fee	State OR	Zip Code 97451	
Lender Malcolm, Bruce J. and Sharon M.				



Comparable 1

29530 Hamm Road
 Prox. to Subject 8 air miles northeast
 Sale Price 279,900
 Gross Living Area 1,455
 Total Rooms 7
 Total Bedrooms 3
 Total Bathrooms 2
 Location Average
 View Wooded/ Timber
 Site 9.77 acres m/l
 Quality Average plus
 Age 20act 20eff

RMLS file photo



Comparable 2

38155 Row River Road
 Prox. to Subject 25 air miles northeast
 Sale Price 193,000
 Gross Living Area 1,916
 Total Rooms 8
 Total Bedrooms 3
 Total Bathrooms 2
 Location Average
 View Hills, woods
 Site 2.86 ac m/l
 Quality Average plus
 Age 28act 20eff

Appraiser's file photo
 Add-on storage room in center



Comparable 3

31909 DeBerry Road
 Prox. to Subject 13 air miles northeast
 Sale Price 185,000
 Gross Living Area 1,020
 Total Rooms 6
 Total Bedrooms 2
 Total Bathrooms 2
 Location Average plus
 View Wooded, Hills
 Site 11.2 acres m/l
 Quality Average plus
 Age 36act 25eff

Appraiser's file photo

UNIFORM RESIDENTIAL APPRAISAL REPORT

File No. 092005E

Valuation Section

Table with columns for Valuation Section items: ESTIMATED SITE VALUE, ESTIMATED REPRODUCTION COST-NEW-OF IMPROVEMENTS, Dwelling, Appliances, W.S./hearth/porches, decks, Garage/Carport, Estimated Cost New, Less Physical, Functional, External, Depreciation, Depreciated Value of Improvements, *As-is* Value of Site Improvements, INDICATED VALUE BY COST APPROACH.

Comments on Cost Approach (such as, source of cost estimate, site value, square foot calculation and for HUD, VA and FmHA, the estimated remaining economic life of the property): Cost approach omitted except for estimated land value, EXCLUDING ALL AND ANY STANDING TIMBER VALUE. The driveway easement through the site limits privacy in east yard area however traffic is local only and low speed. No reproduction/replacement costs available for this age and materials manufactured home. A replacement cost would be in the range of \$45.00 to \$50.00 per square foot. Depreciated site improvements: well and septic system, drive and parking, pumphouse, utilities.

Table with columns: ITEM, SUBJECT, COMPARABLE NO. 1, COMPARABLE NO. 2, COMPARABLE NO. 3. Rows include: Address, Proximity to Subject, Sales Price, Price/Gross Living Area, Data and/or Verification Source, VALUE ADJUSTMENTS, Sales or Financing Concessions, Date of Sale/Time, Location, Leasehold/Fee Simple, Site, View, Design and Appeal, Quality of Construction, Age, Condition, Above Grade Room Count, Gross Living Area, Basement & Finished Rooms Below Grade, Functional Utility, Heating/Cooling, Energy Efficient Items, Garage/Carport, Porch, Patio, Deck, Fireplace(s), etc., Fence, Pool, etc., Exterior Amenities, Net Adj. (total), Adjusted Sales Price of Comparable.

Comments on Sales Comparison (including the subject property's compatibility to the neighborhood, etc.): Very limited recent data for similar properties in Lorane area. Active listing indicator 1 is west of Creswell and has 100,000 board feet merchantable timber per listing; deducted at \$550.00 per thousand board feet stumpage (per Weyerhaeuser Co.); appears a high indicator at asking price with time on market considered. Sales 2 and 3 were observed by this appraiser for their sales and selected due to either being in similar appeal location (Sale 2) or more similar location. Sale 3's older manufactured home was in better than average condition but is now being replaced by new construction site built home. Age adjustments for indicators 1 and 2 consider their continued HUD acceptance for financing. Acreage adjusted at \$5,000 per net acre.

Table with columns: ITEM, SUBJECT, COMPARABLE NO. 1, COMPARABLE NO. 2, COMPARABLE NO. 3. Rows include: Date, Price and Data Source, for prior sales within year of appraisal, Analysis of any current agreement of sale, option, or listing of subject property and analysis of any prior sales of subject and comparables within one year of the date of appraisal, INDICATED VALUE BY SALES COMPARISON APPROACH, INDICATED VALUE BY INCOME APPROACH (if Applicable).

This appraisal is made [] "as is" [x] subject to the repairs, alterations, inspections or conditions listed below [] subject to completion per plans & specifications. Conditions of Appraisal: The appraisal is made to cash equivalency per USPAP/FIRREA guidelines; USPAP departure provisions do not apply. See attached assumptions, limiting conditions, comments. Appraisal assumes clear structural report, satisfactory well, septic system inspections. Final Reconciliation: The market data approach, based on the sales of reasonably similar properties, is judged the more reliable indicator of value. Support is from the cost approach. The income approach is not considered applicable to owner-occupied single family residences. The stated opinion of value is within a fairly narrow range of adjusted values. No timber value included. Subject to actual future partition.

The purpose of this appraisal is to estimate the market value of the real property that is the subject of this report, based on the above conditions and the certification, contingent and limiting conditions, and market value definition that are stated in the attached Freddie Mac Form 439/FNMA form 1004B (Revised Not Applicable). I (WE) ESTIMATE THE MARKET VALUE, AS DEFINED, OF THE REAL PROPERTY THAT IS THE SUBJECT OF THIS REPORT, AS OF October 10, 2005 (WHICH IS THE DATE OF INSPECTION AND THE EFFECTIVE DATE OF THIS REPORT) TO BE \$ 140,000. APPRAISER: Signature: Craig E. McKerr, Appraiser, P.C. SUPERVISORY APPRAISER (ONLY IF REQUIRED): Signature: Name: Date Report Signed: November 14, 2005 State: State Certification # CRO0024 State: Or State License # State: State: phone 541-345-0744/fax 541-345-0577 State:

Comparable Photo Page

Borrower/Client No borrower			
Property Address 76565 Fire Road – HYPOTHETICAL			
City Lorane	County Lane *** fire patrol fee	State OR	Zip Code 97451
Lender Malcolm, Bruce J. and Sharon M.			



Comparable 1

29530 Hamm Road
 Prox. to Subject 8 air miles northeast
 Sale Price 279,900
 Gross Living Area 1,455
 Total Rooms 7
 Total Bedrooms 3
 Total Bathrooms 2
 Location Average
 View Wooded/ Timber
 Site 9.77 acres m/l
 Quality Average plus
 Age 20act 20eff

RMLS file photo



Comparable 2

38155 Row River Road
 Prox. to Subject 25 air miles northeast
 Sale Price 193,000
 Gross Living Area 1,916
 Total Rooms 8
 Total Bedrooms 3
 Total Bathrooms 2
 Location Average
 View Hills, woods
 Site 2.86 ac m/l
 Quality Average plus
 Age 28act 20eff

Appraiser's file photo
 Add-on storage room in center



Comparable 3

31909 DeBerry Road
 Prox. to Subject 13 air miles northeast
 Sale Price 185,000
 Gross Living Area 1,020
 Total Rooms 6
 Total Bedrooms 2
 Total Bathrooms 2
 Location Average plus
 View Wooded, Hills
 Site 11.2 acres m/l
 Quality Average plus
 Age 36act 25eff

Appraiser's file photo

LAND APPRAISAL REPORT

HYPOTHETICAL

File No. 092005F

Restricted Appraisal Report

Borrower No borrower, Property Address Number Not Assigned Fire Road - HYPOTHETICAL -- Portion of Tax Lot 20-05-22-00-00910, City Lorane, County Lane, State Oregon, Zip Code 97451, Legal Description HYPOTHETICAL Portion of Parcel Two Lane County Land Partition Plat No. 99-P1263, Sale Price \$ Not Sold, Date of Sale N/A, Loan Term N/A, Property Rights Appraised Fee, Leasehold, De Minimis PUD, Real Estate Taxes \$ None, Loan charges to be paid by seller \$ N/A, Other sales concessions Not Applicable, Appraiser/Clerk Malcolm, Bruce J. and Sharon M., Address 79555 Fire Road, Lorane, Oregon 97451, Occupant hypothetical vacant site, Appraiser Craig E. McKern, Instructions to Appraiser appraise to market value per USPAP standards.

Location Urban, Suburban, Rural, Built Up Over 75%, 25% to 75%, Under 25%, Growth Rate Fully Dev., Rapid, Steady, Slow, Property Values Increasing, Stable, Declining, Demand/Supply Shortage, In Balance, Oversupply, Marketing Time Under 3 Mos., 4-6 Mos., Over 6 Mos., Present Land Use 90% 1 Family, 1% 2-4 Family, 0% Apts., 0% Condo, 1% Commercial, Change in Present Land Use Not Likely, Likely (*), Taking Place (*), Predominant Occupancy Owner, Tenant, 5% Vacant, Single Family Price Range \$ 100,000 to \$ 2,500,000, Predominant Value \$ 300,000, Single Family Age <5 yrs. to 100+ yrs., Predominant Age 20-60 yrs., Employment Stability, Convenience to Employment, Convenience to Shopping, Convenience to Schools, Adequacy of Public Transportation, Recreational Facilities, Adequacy of Utilities, Property Compatibility, Protection from Detrimental Conditions, Police and Fire Protection, General Appearance of Properties, Appeal to Market.

Comments including those factors, favorable or unfavorable, affecting marketability (e.g. public parks, schools, view, noise): Subject is located about 2 miles southwest of the Lorane community and about 20 miles southwest of Eugene city limits in unincorporated Lane County. A wide variety of rural residential farm or ranch improvements, site sizes, view aspects and zoning designations exists. Spot fuel/store services in Lorane. Agriculture includes timber production, vineyards, wineries, hay, pasture. Dedicated farm and timberlands are excluded from "vacant land uses". See photo captions

Dimensions Irregular, see plat maps, aerial photos, Zoning classification RR-10 Rural Residential, Present Improvements do not conform to zoning regulations, Highest and best use Present use, Other (specify) potential to partition to this smaller hypothetical site under present Measure 37 procedures, Elec. Available, Gas none to date, Water Assm permit, San. Sewer Assm permit, Underground Elect. & Tel. Sidewalk, Street Lights, OFF SITE IMPROVEMENTS Street Access Public, Private, Surface Asphalt, Maintenance Public, Private, Storm Sewer, Curb/Gutter, Drainage FEMA map 41039C-2050F 06-02-1999, Zone X, Is the property located in a HUD Identified Special Flood Hazard Area? No, Yes

Comments (favorable or unfavorable including any apparent adverse easements, encroachments, or other adverse conditions): See attached comments page, photo pages and captions for explanations and details. Hypothetical partitioned site, mainly steep to moderate slope wooded area, bounded on north and west by a private drive accessing six other parcels at this time. No improvements at present time. Well availability is assumed as is a standard septic permit; adjusted for lack of present well and permitted or installed septic system at this time. Difficult building site requiring high road cost

undersigned has recited three recent sales of properties most similar and proximate to subject and has considered these in the market analysis. The description includes a dollar adjustment reflecting market reaction to those items of significant variation between the subject and comparable properties. If a significant item in the comparable property is superior to or more favorable than the subject property, a minus (-) adjustment is made thus reducing the indicated value of subject; if a significant item in the comparable is inferior to or less favorable than the subject property, a plus (+) adjustment is made thus increasing the indicated value of the subject.

Table with 5 columns: ITEM, SUBJECT PROPERTY, COMPARABLE NO. 1, COMPARABLE NO. 2, COMPARABLE NO. 3. Rows include Address, Proximity to Subject, Sales Price, Price /acre, Data Source, Date of Sale and Time Adjustment, Location, Site/View, Utilities / Drive, Well/Septic system, Slope/buildability, Structures, Sales or Financing Concessions, Net Adj. (Total), Indicated Value of Subject.

Comments on Market Data: Sale 1 is south of Lorane community on hillside, zoned F-2 with special use permit for new dwelling in progress; on market since 09-26-2005. Sale 2 is pending along with several other river front, heavily wooded parcels; access agreement with adjacent landowner being worked out. Sale 3 is a very low indicator per acre; 2 ten acre sites were sold together, very motivated (illness) seller. ***

Comments and Conditions of Appraisal: The appraisal is made to cash equivalency per USPAP and FIRREA guidelines and USPAP departure provisions do not apply. See attached assumptions, limiting conditions and comments. Appraised value is for subject hypothetical site with road access to lot line, no well or septic installed but hypothetically assumed adequate and approved, utilities to the lot line and otherwise vacant and ready to build. Site as appraised does not exist and this report is useful only for hypothecating values for Ballot Measure 37 purposes.

Final Reconciliation: The market data (sale comparison) approach is the only reliable method of estimating vacant or non-residential site value. The cost approach is omitted as there is minimal value for the improvements on site. The income approach does not normally apply to vacant land. Value stated is within the range of adjusted values. One buildable site (permit) is assumed. *** Sale 3's west 10 acres was landlocked.

ESTIMATE THE MARKET VALUE, AS DEFINED, OF SUBJECT PROPERTY AS OF October 10, 2005 to be \$ 120,000. The opinion of value stated is within a range of indicated values. Value opinion is provided for comparison purposes in a Measure 37 proceeding only and only an actual open market exposure test can be considered to prove a true market value.

Craig E. McKern, Appraiser(s), Review Appraiser (if applicable), Did Not Physically Inspect Property

10
Hypothetical east 9+/- acre parcel photos -- Portion of T.L. 910

Borrower/Client	No borrower						
Property Address	Number Not Assigned Fire Road - HYPOTHETICAL -- Portion of Tax Lot 20-05-22-00-00910						
City	Lorane	County	Lane	State	Oregon	Zip Code	97451
Lender	Malcolm, Bruce J. and Sharon M.						



Private road access off Fire Road to left, White Creek at bridge in center, portion of Tax Lot 910 to right looking east; this roadway has a joint use and maintenance agreement in effect, per Sharon Malcolm.

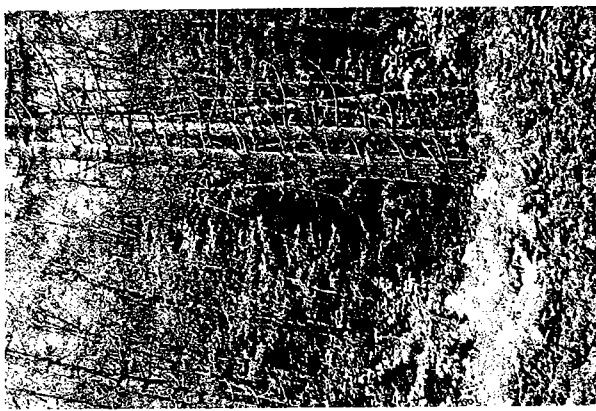
Most of the moderate slope and more level area on this hypothetical portion is near the creek bottom presenting difficult home placement choices.

According to Sharon Malcolm, this hypothetical portion is periodically logged to thin out and retain optimum tree spacing.



Southwest portion of hypothetical 9+ acre site looking south from private drive serving adjacent three other residences on acreages.

Creek area is to right



South portion of hypothetical 9+ acre parcel out of Tax Lot 910, see aerial map outline for boundary visualization.

Appraisal excludes standing timber value; woodlot value only given for wooded area.

Borrower: No borrower
 Property Address: 79565 Fire Road
 City: Lorane
 Lender: Malcolm, Bruce J. and Sharon M.

File No. 092005D, E, F
 County: Lane *** fire patrol fee
 State: OR
 Zip Code: 97451

APPRAISAL AND REPORT IDENTIFICATION

appraisal conforms to one of the following definitions:

- Complete Appraisal (The act or process of estimating value, or an opinion of value, performed without invoking the Departure Rule.)
- Limited Appraisal (The act or process of estimating value, or an opinion of value, performed under and resulting from invoking the Departure Rule.)

This report is one of the following types:

- Self Contained (A written report prepared under Standards Rule 2-2(a) of a Complete or Limited Appraisal performed under STANDARD 1.)
- Summary (A written report prepared under Standards Rule 2-2(b) of a Complete or Limited Appraisal performed under STANDARD 1.)
- Restricted (A written report prepared under Standards Rule 2-2(c) of a Complete or Limited Appraisal performed under STANDARD 1, restricted to the stated intended use by the specified client or intended user.)

Comments on Standards Rule 2-3

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

The statements of fact contained in this report are true and correct.
 The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions and conclusions.
 I have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
 I have no bias with respect to the property that is the subject of this report or the parties involved with this assignment.
 My engagement in this assignment was not contingent upon developing or reporting predetermined results.
 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.
 My analyses, opinions and conclusions were developed and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
 I have made a personal observation of the property that is the subject of this report.
 No one provided significant real property appraisal assistance to the person signing this certification.

A lengthy period passed between the date of inspection and the date of completion as the appraiser performed a variety of investigations on Measure 37 and its ramifications for the subject property. There is no guarantee from the appraiser that the attached report(s) will be found fully satisfactory to the Lane County jurisdiction handling Measure 37 claims, as these requirements may change due to court ordered or Legislature passed modifications. Recently, a Circuit Court court in Marion County held that Measure 37 as written was unconstitutional for various judicial reasons. This ruling is expected to be appealed to State Supreme Court.

Comments on Appraisal and Report Identification

Note any departures from Standards Rules 1-3 and 1-4, plus any USPAP-related issues requiring disclosure:

This appraisal report is complete on the basis of the full site and improvement observation, not the extent of commentary attached.
 The appraised value includes a realty fee as did the sale prices of the comparables, unless otherwise stated.

There were no directly observed toxic materials or hazardous substances in the immediate area of the subject; if any do exist, these are assumed to be safely stored and used according to label directions. A specific search for and recognition of toxic waste and hazardous materials such as might be found in a farm and ranch environment (a Level I assessment) is beyond the scope of the appraiser's training and knowledge. Common household, shop and garden chemicals and substances found in most homes and garages, including those of the reader, are assumed to exist around the site. These common toxic materials and hazardous substances include chemicals such as fertilizers, weed killers, pest poisons and sprays, bleach, detergent, oils, cleansers, solvents and fuels, among other solid, liquid and paste substances, and are assumed to be used according to label directions and Federal, state and local regulations unless otherwise specifically noted in this report. It is specifically assumed there is no toxic mold or fungus manifest on the site which would affect livability or marketability.

See attached supplemental addendum. This report has been prepared for use in a State Measure 37 proceeding and is restricted to that use only. See the cover letter page for brief explanations of the use and purpose of this report 092005D in conjunction with reports 092005E and 092005F which are for smaller hypothetical parcels out of the 13.5 acres more or less of the report in hand in order to provide "before and after" scenarios. The actual legality, validity and application of State Measure 37 is still in question with present and future court and Legislature involvements a certainty.

APPRAISER:

Signature: Craig E. McKern
 Name: Craig E. McKern, Appraiser, P.C.
 Date Signed: November 14, 2005
 State Certification #: CR00024
 or State License #: _____
 State: Oregon
 Expiration Date of Certification or License: 09-30-2006

SUPERVISORY APPRAISER (only if required):

Signature: _____
 Name: _____
 Date Signed: _____
 State Certification #: email: cem9th@msn.com
 or State License #: phone 541-345-0744/fax 541-345-0577
 State: _____
 Expiration Date of Certification or License: _____

Did Did Not Inspect Property

SUPPLEMENTAL ADDENDUM

File No. 092005D, 2, F

Borrower/Client	No borrower				
Property Address	79565 Fire Road				
City	Lorane	County	Lane *** fire patrol fee	State	OR
Lender	Malcolm, Bruce J. and Sharon M.				
				Zip Code	97451

Appraisal Development and Reporting Process:

As per prior agreement with the client named on the cover sheet and first form page of this report, the level of appraisal service requested is a Restricted Appraisal Report of a Complete Appraisal of the subject property. This level of service has, in the past, been known as a "form appraisal" using standard FNMA or FHLMC forms to convey information to the reader. This level of appraisal service is for the most part the same as past "form appraisals".

This report is a Restricted Appraisal Report which is intended to comply with the reporting requirements set forth under Standards Rule 2-2c of the Uniform Standards of Professional Appraisal Practice (USPAP) for a Restricted Appraisal Report. As such, it represents only brief discussions of the data, reasoning and analyses used in the appraisal process to develop the appraiser's opinion of value stated elsewhere. Supporting documentation that is not provided with this report concerning the data, reasoning and analyses has been retained in the appraiser's file copy. The depth of the discussion contained in this report is specific to the needs of the client and for the intended use of this report stated below.

Scope of Work:

In preparing this report, the appraiser inspected the subject site and the improvements on October 10, 2005. Relevant information on comparable land and improved site sales, construction costs and accrued depreciation were also gathered, verified and considered.

All three approaches to value were considered; the sales comparison approach only was developed was developed for 092005F report; sale comparison and cost approaches were partially developed for the 092005D and 092005E reports. See all three reports attached for full comprehension.

The income approach, along with rents, comparative rental data and calculated formulas and multipliers, is normally used ONLY IF the subject is likely to become or remain a rental income property in the foreseeable future, which is the case for the subject dwelling at this time. However, is is extremely unlikely an investor would purchase this property for a rental income use.

Purpose of the Appraisal and Use of the Report:

The purpose of this appraisal report is to estimate the fair market value of subject site and sites under the Measure 37 "before and after" scenarios noted on the cover page and elsewhere in these reports.

This appraisal report is intended ONLY for the use of the client named for the purpose of establishing a fair market value by an independent third party for Measure 37 proceedings. The use of this report is restricted to the clients, Bruce and Sharon Malcolm, and their agents and/or advisors, Greg Wobbe and Jed Truitt.

Duly constituted Lane County committees or courts for Measure 37 appeals are also an expected reader of this report but Lane County is not a client of the appraiser.

This report in its present configuration is not intended for any financing purpose whatsoever. Any other authorized use of this report will be stated either below or in the letter of engagement.

The appraiser is not and will not become responsible for any unauthorized use. Errors and omissions insurance is not extended to a future third party lender and the appraiser must be notified, timely and in writing, of any future transfer/assignment of this report to any third party.

Supplemental Certifications:

I certify that the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

In addition, I certify that, to the best of my knowledge and belief, the reported analyses, opinions and conclusions were developed, and this report prepared, with conformity to the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.

signed and dated November 14, 2005

Craig E. McKern
president

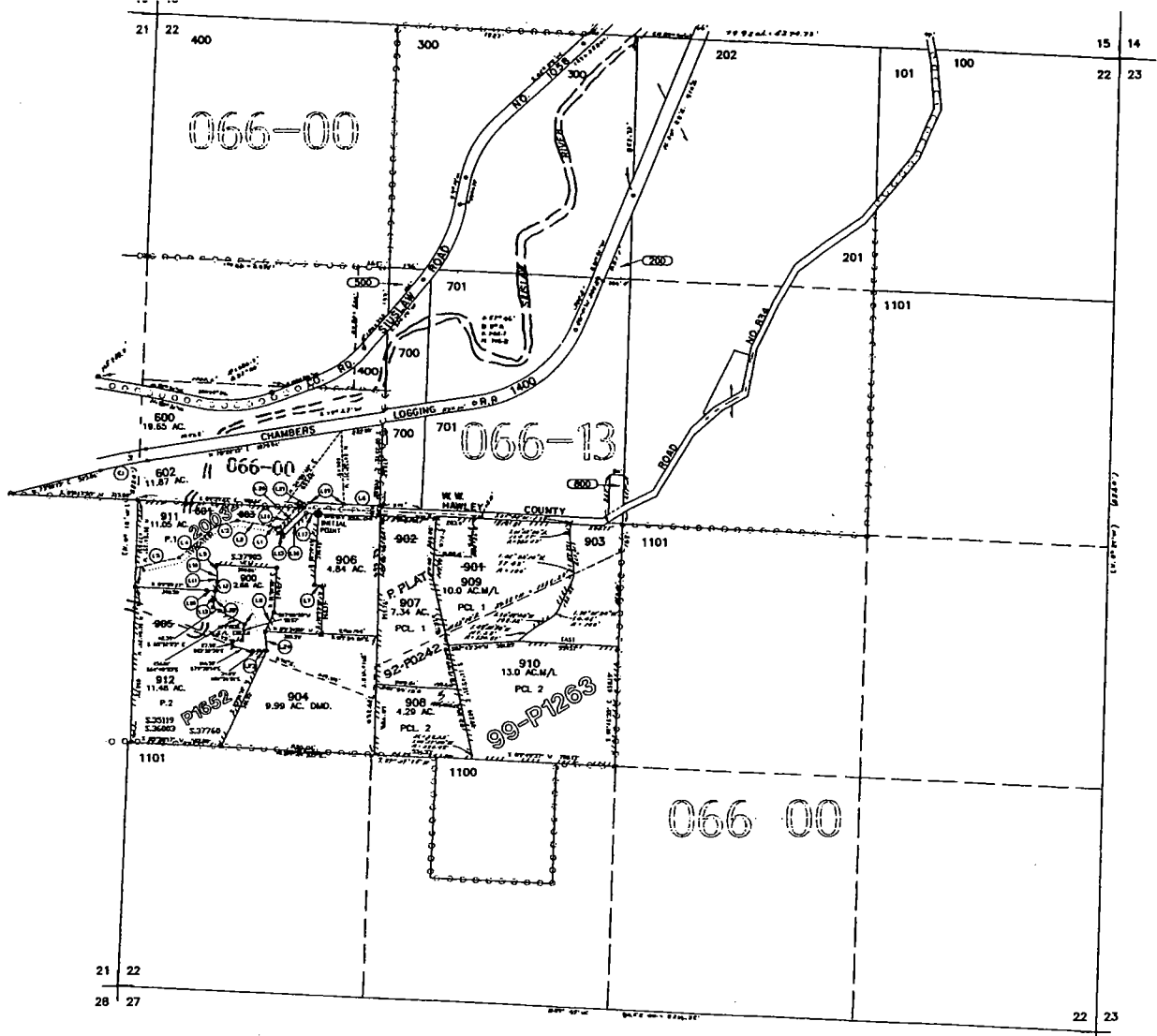
Craig E. McKern Appraiser P.C.



NO.	DESCRIPTION	DATE
1	PLAN FOR THE L.S. OF THE S.E. 1/4 OF SEC. 22, T.20S., R.5W., W.M., LANE COUNTY, OREGON.	10/15/91
2	PLAN FOR THE L.S. OF THE S.E. 1/4 OF SEC. 22, T.20S., R.5W., W.M., LANE COUNTY, OREGON.	10/15/91
3	PLAN FOR THE L.S. OF THE S.E. 1/4 OF SEC. 22, T.20S., R.5W., W.M., LANE COUNTY, OREGON.	10/15/91
4	PLAN FOR THE L.S. OF THE S.E. 1/4 OF SEC. 22, T.20S., R.5W., W.M., LANE COUNTY, OREGON.	10/15/91
5	PLAN FOR THE L.S. OF THE S.E. 1/4 OF SEC. 22, T.20S., R.5W., W.M., LANE COUNTY, OREGON.	10/15/91
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9	PLAN FOR THE L.S. OF THE S.E. 1/4 OF SEC. 22, T.20S., R.5W., W.M., LANE COUNTY, OREGON.	10/15/91
10	PLAN FOR THE L.S. OF THE S.E. 1/4 OF SEC. 22, T.20S., R.5W., W.M., LANE COUNTY, OREGON.	10/15/91

SEE MAP 20 05 21

SEE MAP 20 05 23



CANCELLED
601
603
604
902
905

LINE TABLE

L1	36.80'	N 87°44'00" W
L2	178.57'	N 80°46'00" W
L3	457.95'	S 77°04'00" W
L4	243.98'	S 14°46'00" W
L5	244.97'	S 77°45'00" W
L6	198.80'	N 89°55'00" W
L7	49.87'	S 88°56'00" E
L8	164.41'	N 81°40'00" E
L9	54.80'	S 82°02'00" E
L10	36.80'	S 82°02'00" E
L11	20.00'	S 82°02'00" E
L12	49.87'	S 88°56'00" E
L13	20.00'	S 88°56'00" E
L14	36.80'	S 88°56'00" E
L15	49.87'	S 88°56'00" E
L16	36.80'	S 88°56'00" E
L17	49.87'	S 88°56'00" E
L18	36.80'	S 88°56'00" E
L19	49.87'	S 88°56'00" E
L20	36.80'	S 88°56'00" E
L21	49.87'	S 88°56'00" E
L22	36.80'	S 88°56'00" E
L23	49.87'	S 88°56'00" E
L24	36.80'	S 88°56'00" E

CURVE TABLE

C1	117.000'	R 117.000'	Δ 107°17'39"
C2	117.000'	R 117.000'	Δ 107°17'39"



LAND MANAGEMENT DIVISION
http://www.LaneCounty.org/PW_LMD/

March 14, 2005

Sharon & Bruce Malcolm
 79555 Fire Road
 Lorane, OR 97451

Re: Research Request DE 05-0091
 Map 20-05-22 #909

also 910 parcel 2

On February 9, 2005 you submitted a "Request for Research of Public Records" to the Land Management Division. The information requested was stated as: "zoning history specifically since 1940's; copies of codes applicable; see attached plat for additionally added property in 1975. Please provide code at that point also." I have researched the available records with the following results:

The subject property, Map 20-05-22 #909, is within the Lane County Rural Comprehensive Plan. Research indicates that the property did not have a zoning district applied to it until Ordinance No 772 was adopted on February 12, 1980 and zoned the property Farm-Forestry 20 District (FF-20). The property was subject to the Unzoned Area Development Permit requirements effective August 15, 1973. The zoning was changed to Rural Residential (RR-10) by Ordinance No. 884 adopted on February 29, 1984.

I have enclosed a copy of:

- The Unzoned Area Development Permit requirements of Lane Code 9.700 – 9.765 effective August 15, 1973;
- Land division requirements of Lane Code Chapter 13 effective March 1975;
- FF-20 requirements effective in February 1980; and
- Rural Residential Zone requirements effective February 1984.

Please call if I can be of further assistance.

Thom Lanfear
 Associate Planner
 Land management Division
 (541) 682-4054

LC Chapter 9 Table of Contents, Cont'd.

- 9.320 Kitchen Sink.
- 9.325 Plumbing Fixtures.
- 9.330 Heating Facilities.
- 9.335 Electric Service.
- 9.340 Lighting, Ventilation and Egress.
- 9.345 Rubbish and Garbage.
- 9.350 Structure.
- 9.355 Harmful Pests.
- 9.360 Continuation of Services.
- 9.365 Responsibilities of Owners and Occupants.
- 9.370 Lease of Dwellings.
- 9.375 Inspection.
- 9.380 Request for Inspection.
- 9.385 Actions by County.
- 9.390 Entry into Dwellings by Inspector.
- 9.400 Exemptions.

DECLARATION OF PUBLIC HEALTH HAZARDS

- 9.500 Adoption of Declaration of Public Health Hazards.
- 9.505 Definitions.
- 9.510 Purpose.
- 9.515 Conducting Environmental Surveys.
- 9.520 Referral of Recommendations.
- 9.525 Declaration of Public Health Hazard.
- 9.530 Notification of Public Health Hazard.
- 9.535 Reconsideration and Withdrawal.

UNZONED AREA DEVELOPMENT PERMIT

- 9.700 Purpose.
- 9.705 Definitions.
- 9.710 Uses and Activities Subject to a Development Permit.
- 9.715 Criteria.
- 9.720 Conditions.
- 9.725 Application.
- 9.730 Investigation and Reports.
- 9.735 Planning Commission Public Hearing and Notice.
- 9.740 Appeal to the Board of County Commissioners.
- 9.745 Compliance with Conditions of Approval.
- 9.750 Vested Interest in Approved Development Permits.
- 9.755 Revocation.
- 9.760 Limitations on Refiling of Application.
- 9.765 Fees.

VIOLATION AND PENALTIES

- 9.990 Violation.
- 9.995 Penalty.

9.700

Lane Code

9.710

UNZONED AREA DEVELOPMENT PERMIT

9.700 Purpose. Many major land use activities proposed for unzoned areas within Lane County may have (1) a potential critical impact upon natural resources, community facilities, orderly development, or livability within Lane County, or (2) significant nuisance potential for surrounding persons and properties. The Development Permit is intended to allow the County to review, and control when necessary such major land use and potential nuisance activities proposed for unzoned lands and to allow landowners and residents of any particular area of the County an opportunity to participate in a permit hearing process for these activities. Nothing herein shall be construed to require the granting of a Development Permit.

9.705 Definitions. For the purpose of this Sub-chapter unless otherwise provided herein, the definitions provided in LC 10.020 supersede definitions otherwise provided in this Code.

9.710 Uses and Activities Subject to a Development Permit. Development Permits shall be required for the following uses and activities on any property not subject to zoning in accordance with the provisions of Chapters 10 and/or 12 of this Code, provided such use or activity is new or is an expansion (a) at least equivalent to the quantitative standards provided in this section, and (b) which would result in an accumulated area expansion of fifty per cent or greater after August 15, 1973.

(1) Airports and heliports for use by persons other than the owner or operator of the subject property.

(2) Amusement parks.

(3) Animal feed lots which are not incidental to an existing agricultural use.

(4) Auto courts, motels, and tourist lodges in excess of five units; organizational camps providing overnight facilities for in excess of ten persons.

(5) Automotive service stations and repair garages.

(6) Campgrounds in excess of ten spaces per site.

(7) Community sewage treatment facility plants and lagoons.

(8) Correctional institutions.

(9) Radio and television transmission towers.

(10) Electric transmission facilities transmitting electrical current in excess of 75,000 volts; public utility substations and structures not essential for the provision of service to the immediately adjacent area.

(11) Electric power generating plants which are not otherwise prohibited from review by State or Federal law.

(12) Golf courses.

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- (13) Horse show arenas and commercial riding stables or academies.
- (14) Junk yards, as defined by LC 3.405.
- (15) Marinas used for commercial purposes.
- (16) Mobile home parks in excess of five (5) spaces.
- (17) More than five (5) dwelling units per lot or parcel or contiguous lots or parcels under the same ownership.
- (18) Drilling, removal, or refining of oil, gas or other hydrocarbon substance.
- (19) Outdoor drive-in movie theaters.
- (20) Race tracks and similar facilities and any areas used for all terrain vehicles or motorcycles for commercial or organized purposes.
- (21) Rendering plants.
- (22) Rock, sand, gravel, and loam excavation in excess of 1,000 yards per year.
- (23) Shake and shingle mills.
- (24) Schools, elementary, junior high and high schools and colleges.
- (25) Slaughter house.
- (26) Solid waste disposal sites and facilities.
- (27) Stadiums.
- (28) Stockyards.
- (29) Preliminary major subdivision applications as defined by LC Chapter 13. The application for a preliminary subdivision and a development permit may be filed and processed concurrently.
- (30) Taverns, nightclubs, bars.
- (31) Travel trailer parks in excess of five (5) spaces.
- (32) Industrial uses with a combined gross floor area and outdoor storage area in excess of 25,000 square feet.
- (33) Commercial uses, or combinations of commercial uses in a single unit development, in excess of 3,000 square feet of gross floor area.
- (34) Removal, by artificial means, of inorganic materials or fill of inorganic or organic materials which:
- (a) constitute fifty (50) cubic yards or more at any one location; and
 - (b) are in natural waterways which are constantly flowing or on adjacent wetlands.
- (35) Any other temporary or permanent structure or building on a lot or parcel or contiguous lots or parcels intended or used for living purposes by twenty-five (25) or more individuals.

9.715 Criteria. A Development Permit shall not be granted unless the proposed use or activity will:

- (1) Be in conformity with the Comprehensive Plan for Lane County where applicable.

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(2) Be compatible with and will not adversely affect the livability or appropriate development of abutting properties and the surrounding vicinity, taking into consideration, among other things, the anticipated density, bulk and noise level of the use or activity.

(3) Not be adversely affected by existing or reasonably anticipated uses and the surrounding vicinity.

(4) Not be unduly potentially affected by natural hazards, such as floods, slides, or faults.

(5) Not result in a substantial adverse effect on existing uses and on the natural resources or scenic character in the general vicinity.

(6) Not result in significant undue water or air pollution. In making this determination, at least the following shall be considered:

(a) the relation to flood plains,

(b) the nature of soil and subsoil and their ability to adequately support waste disposal,

(c) the slope of the land and its effect on effluents,

(d) the availability of streams approved or capable of being approved for the disposal of treated effluents,

(e) applicable climatical conditions, and

(f) the applicable water and air regulations.

(7) Have water of sufficient quantity and quality available for the reasonably foreseeable needs of the subdivision or development.

(8) Not cause an unreasonable burden on existing or future community facility systems.

(9) Not cause unreasonable soil erosion or reduction in the capacity of the land to hold water which would result in a dangerous, unhealthy, or otherwise undesirable condition.

(10) Not cause unreasonable road congestion or unsafe conditions with respect to use of existing or proposed roadways.

(11) Not place an unreasonable burden on the ability of local governmental agencies to provide public services.

In the evaluation of the criteria provided in this section, consideration shall be given to uses and activities for which substantial project planning and/or site preparation costs have been incurred by the applicant prior to August 15, 1973.

9.720 Conditions. Reasonable conditions, safeguards, and restrictions may be imposed in connection with the Development Permit as may be necessary to comply with the criteria of LC 9.715 and to carry out the general purpose and intent of this section. Guarantees and evidence may be required that such conditions will be or are being complied with.

Lane County Water Department

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9.725 Application. Application for a Development Permit shall be filed with the Planning Department on the form prescribed by the Department by any person with a legal interest in the property, at least thirty (30) days prior to the Planning Commission's public hearing, and shall include the following:

- (1) Name and address of applicant.
- (2) Statement of the applicant's legal interest in the property (owner, contract purchaser, lessee, renter, etc.), a description of that interest, and in case the applicant is not the owner, that the owner knows of the application.
- (3) Address and legal description of property.
- (4) Six (6) copies of drawings clearly showing the following, when appropriate:
 - (a) parcel location, boundaries, dimensions and total area,
 - (b) approximate location, arrangement and dimensions of buildings and structures, and their use,
 - (c) approximate locations, heights, materials and finishes of existing and proposed enclosures, walls and fences,
 - (d) approximate location, dimensions, uses and screening provisions for storage, refuse and service areas,
 - (e) approximate location, arrangement and dimensions of streets, driveways, access points, trails, bikeways, off-street parking and loading areas,
 - (f) proposed drainage, water and sanitary systems and facilities,
 - (g) approximate location, character and type of signs and lighting facilities,
 - (h) general landscaping plan depicting existing and proposed tree plantings, ground cover, screen plantings, etc.,
 - (i) architectural sketches or drawings, if required, to clearly establish the scale, character and relationship of buildings, streets, ways, parking spaces, garages, and open spaces,
 - (j) other data such as information on soils, geology, and hydrology, as may be required by individual circumstances to satisfy the purpose and provisions of this sub-chapter.
- (5) A statement explaining the intended use and nature of the operation.
- (6) The fee required by this sub-chapter to defray the cost of processing the application.
- (7) Any other materials or information as may be deemed necessary by the applicant to assist in evaluation of the request.

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9.730 Investigation and Reports. The Planning Director shall make or cause to be made an investigation to provide necessary information to insure that the proposed use is consistent with the Development Permit criteria (LC 9.715). Any report of such investigation shall be submitted to the Planning Commission for its consideration prior to or at the public hearing.

9.735 Planning Commission Public Hearing and Notice.

(1) The Commission shall hold not less than one public hearing on each Development Permit application.

(2) Notice of the time and place of hearing shall be given, at least ten (10) days in advance, by mail to the applicant, property owner (if not the applicant), and the owners of all property within three hundred (300) feet of the exterior boundaries of the contiguous property ownership involved.

(3) The requirements of this Section for public hearing notice shall not restrict additional notification considered necessary or desirable by the Board of Commissioners, Planning Commission, or Planning Director for any reason.

(4) The Planning Commission shall review the application and shall receive pertinent evidence as to the consistency of the proposed use with the criteria for Development Permits (LC 9.715). The Planning Commission shall determine whether the evidence presented at the hearing is sufficient to show that the required criteria have been met, and shall approve or deny the application accordingly. Development Permit decisions by the Commission shall become final after an elapsed period of ten (10) days from the date of the decision of the Commission unless appealed to the Board of Commissioners within that ten (10) day period.

(5) An application for a Development Permit which is not acted upon by the Planning Commission within sixty (60) days from the receipt of application by the Planning Department may be deemed denied by the applicant and may be appealed to the Board of Commissioners in the manner as provided for appeals of Planning Commission decisions.

9.740 Appeal to the Board of Commissioners.

(1) An appeal may be made to the Board of Commissioners by any interested person or County official. Such appeal shall be filed in written form with the Planning Department within ten (10) days of the date of the Planning Commission action, stating how the Planning Commission erred in its application of the requirements of this Section.

(2) Within thirty (30) days of the filing of the notice of appeal, the Board of Commissioners shall hold a public hearing. Such hearing and action by the Board shall be in accord with the provisions of this Section for Planning Commission hearings. Prior to the hearing, the Planning Director shall forward to the Board of Commissioners a copy of the application, all pertinent data filed with it, and the minutes of the Planning Commission's public hearing if applicable.

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(3) In reversing a decision of the Planning Commission, the Board of Commissioners shall indicate by order the basis of its decision.

9.745 Compliance With Conditions of Approval. Compliance with conditions imposed in the Development Permit, and adherence to the plot plan submitted as approved is required. Any departure from these conditions of approval and approval plans constitutes a violation of this Chapter.

9.750 Vested Interest in Approved Development Permits. A valid Development Permit does not supersede provisions of subsequent zoning in accordance with Chapter 10 and Chapter 12 of this Code, or amendments to this Chapter unless specifically provided otherwise by the provisions of this Section or the conditions of approval of the Development Permit.

9.755 Revocation.

(1) Development Permits are automatically revoked without special action if:

(a) the permit has not been exercised within two years of the date of approval; or

(b) the use approved by the Development Permit is discontinued for any reason for two continuous years or more; or

(c) the use or activity becomes a nonconforming use or structure upon zoning. However, any conditions imposed in the Development Permit would still apply to the nonconforming aspects of any use or activity.

(2) Notwithstanding (c) above, any use or activity with a valid development permit shall be allowed a period of two years from date of approval for completion or development as specified in or allowed by the permit regardless of whether the use or activity becomes or would become if completed, a nonconforming use or structure upon zoning.

(3) The Planning Commission may revoke any Development Permit for failure to comply with any prescribed condition of the Permit approval.

(4) A hearing for revocation of a Development Permit may be requested of the Planning Commission by any administrative officer of the County who is of the opinion any or all of the bases for revocation as stated in this Section exist. Request for a revocation hearing shall be accomplished by submitting a letter to the Planning Commission stating the basis for requesting the hearing for the revocation. The Commission shall then set a hearing for the revocation if it determines a hearing is warranted.

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(5) The public hearing notification and appeal procedures for revocation hearings by the Planning Commission and Board of Commissioners shall be the same as those for original Development Permit application hearings and appeals provided in this Section.

9.760 Limitations on Refiling of Application. Applications for which a substantially similar application has been denied or revoked for cause within the previous year shall be heard by the Planning Commission only after the Commission's separate determination that for good cause shown the application may be refiled.

9.765 Fees.

(1) For the purpose of partially defraying expenses involved in processing Development Permit applications, the Planning Department shall require fees as established by Order of the Board of Commissioners.

(2) All fees are non-refundable except in cases when the processing of an application was terminated prior to the incurring of any substantial administrative expenses. Refunds shall be made at the direction of the Planning Director.

9.990

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Violations and Penalties9.990 Violation.

(1) Violations of Sections 9.035, 9.710, 9.745, and 9.755 constitute a county infraction and shall be handled in accordance with Sections 5.005 to 5.065. Any person shall have the authority to sign county infraction complaints for violation of Section 9.035.

(2) At the expiration of the period set by the County for correction of any violation of Sections 9.310 to 9.370, the County shall again inspect the dwelling. If the violation has not been corrected, the violation shall constitute a County Infraction.

(3) The Director of the County Health and Sanitation Department, or his duly authorized agent, has the authority to sign the County Infractions complaint and summons for violation of Sections 9.035, 9.710, 9.745 and 9.755. Each violation of any provision of these minimum standards shall constitute a separate County Infraction as defined in Chapter 5 of Lane Code. Continued violation of these minimum standards after the expiration of the period required by this section for correction constitutes a separate infraction for each day the violation continues.

9.995 Penalty

Violation of Sections 9.020 to 9.030 and Sections 9.040 to 9.115 and any of the rules and regulations promulgated under the authority of Lane Code 9.110 shall be deemed to be a misdemeanor and shall be punishable upon conviction by a fine of not more than \$500.00 or by imprisonment in the county jail for not more than six months, or both. [Corrected by 20-72; 10.13.72]

10.105-05

Lane Code

10.105-10(1)

FARM-FORESTRY 20 DISTRICT (F-F 20)

-05. Purpose. The Farm-Forestry 20 District is intended to provide farming, grazing or timber production areas as free as practicable from conflicts with urban and other uses incompatible with farming, grazing, or timber production uses, as well as being intended to be used in otherwise remote areas of the County not appropriate for more intensive development than permitted by the regulations of this district.

-10. Permitted Buildings and Uses. In the F-F 20 District, the following types of buildings and uses are permitted as hereinafter specifically provided for by this section, subject to the general provisions and exceptions set forth in this Chapter:

(1) The following farm uses:

(a) General farming, including, but not limited to, the growing and raising of trees, vines, shrubs, berries, vegetables, nursery stock, hay grains, seed, and similar food and fibre products.

(b) Pastures and grazing.

(c) The raising, tending or breeding of cattle, horses, sheep, goats, bees, swine, fowl or fur-bearing animals; such animal husbandry shall not be a part of, nor be conducted in conjunction with, any livestock yard, slaughter house, or animal by-product business.

(d) Dairying.

(2) The management, growing, and harvesting of forest products, including Christmas tree raising.

(3) The following uses, when such uses are operated on the same property as, by the owner or operator of, and customarily provided in conjunction with a use permitted in LC 10.105-10(1) and (2) above, and are not a separate business or enterprise:

(a) Hop, nut and fruit driers.

(b) Feed mixing and storage facilities.

(c) Hullers.

(d) Mint distilleries.

(e) Seed processing, packing, shipping and storage.

(f) Plants for the storage or packing of agricultural products produced on the premises.

13-72; 7.21.72

3-76; 4.7.76

10.105-15(1)

Lane Code

10.105-15(24)

- (a) Hop, nut and fruit dryers.
 - (b) Feed mixing and storage facilities.
 - (c) Hullers.
 - (d) Mint distilleries.
 - (e) Seed processing, packing, shipping and storage.
 - (f) Plants for the storage, packing, or wholesaling of agricultural products produced on the premises.
 - (g) Feed lots.
 - (h) Temporary and portable sawmills, barkers, and chippers.
 - (i) Wine processing.
 - (j) Any other similar activities or other allied farm commercial activities.
- (2) Animal hospitals; kennels which do not satisfy the requirements for kennels allowed as a permitted use in LC 10.105-10(11) above.
 - (3) Churches.
 - (4) Public and private schools.
 - (5) Parks, playgrounds and community centers owned by a governmental agency or a nonprofit community organization.
 - (6) Lodges and grange halls.
 - (7) Electric transmission facilities transmitting electric current in excess of 75,000 volts in any single cable or line or group of cables or lines.
 - (8) Flood control facilities and irrigation projects.
 - (9) Radio and TV transmission towers.
 - (10) Accessory dwellings for persons employed on the premises.
 - (11) Stables, riding academies, and commercial riding; provided such activities are contained on the property authorized for conditional use permit approval.
 - (12) Airports, heliports, or aircraft landing fields.
 - (13) Cemeteries.
 - (14) Golf courses.
 - (15) Penal farms.
 - (16) Radio and TV stations.
 - (17) Rock, sand, gravel, and loam excavations, extraction of mineral resources, with incidental processing.
 - (18) Sanitary landfills.
 - (19) Tourise parks.
 - (20) Camping vehicle parks.
 - (21) Campgrounds.
 - (22) Rental facilities for storing boat and recreational vehicles.
 - (23) Sewage treatment facilities.
 - (24) Other uses not specifically authorized any place in this

Chapter.

13-72; 7.21.72

6-75; 3.26.75

3-76; 4.7.76

10.105-15(24)

Lane Code

10.105-42(3)

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(24) Major rural home occupations (see LC 10.342 for Rural Home Occupation provisions).

-23. Setback Requirements. (Also see LC 10.300-15 and LC 15.065-10)

(1) Front yard setback shall be 20 feet.

(2) Side yard setback shall be as follows:

(a) Interior yard -- 15 feet for a main building; five feet for an accessory building or structure.

(b) Street side yard -- 20 feet.

(3) Rear yard setback shall be 20 feet for a main building; five feet for an accessory building or structure.

-28. Vision Clearance. Vision clearance for corner lots shall be a minimum of 15 feet.

-42. Area. (Also see LC 10.300-20)

(1) The minimum area for the division of land shall be 20 acres; except that the division of agricultural land by lease or rental for any farm use purpose is permitted, provided however, that no structure or building may be erected appurtenant to such division of land except those permitted under LC 10.105-10(7) above; and except further, division of land for less than 20 acres is permissible for uses permitted under LC 10.105-10(10) above and permitted conditionally in the F-F 20 District, except under LC 10.105-15 (10) above.

(2) For each accessory dwelling or mobile home unit approved conditionally under LC 10.105-15(10) above, except farm labor camps, the lot shall contain a minimum average of five acres per such accessory unit.

(3) A special exception to the minimum area requirements of this section may be approved in accordance with LC 10.350, "Special Exceptions to Minimum Area Requirements".

13-72; 7.21.72

6-75; 3.26.75

9-75; 7.2.75

3-76; 4.7.76

10.105-10(3)

Lane Code

10.105-15(1)

- (g) Wine processing.
- (h) Temporary and portable sawmills, barkers and chippers.
- (i) Any other similar processing and allied farm commercial activities approved by the Planning Commission.
- (4) Sale of agricultural products and livestock grown or raised on the premises.
- (5) One single-family dwelling per lot or one mobile home per lot.
- (6) Guest house.
- (7) Accessory buildings and uses customarily provided in conjunction with a use permitted in this district.
- (8) Airplane strips and helipads for the private use of owner or operator of the property and private hunting and fishing preserves.
- (9) Minor rural home occupations (see LC 10.342 for Rural Home Occupation provisions).
- (10) Public and semipublic buildings and structures rendering direct service to the public in local areas, such as fire stations, utility substations, pump stations and wells.
- (11) Kennel, provided the following conditions are satisfied:
 - (a) For more than three dogs over four months of age, there shall be at least 5,000 square feet of lot area for each dog on the lot.
 - (b) Where the lot area is less than 20 acres, the maximum number of dogs over four months of age shall be eight.
 - (c) Where lot area is a minimum of 20 acres and when more than eight dogs over four months of age are accommodated, kennel structures and fenced runs shall be required for all such dogs in excess of eight and shall be located at least 100 feet from an adjoining property.
 - (d) All dogs shall be owned by the kennel owner, except those temporarily kept for the purposes of breeding.

-15. Conditional Uses. The following conditional uses, subject to a conditional use permit granted pursuant to the general provisions of this Chapter providing for the granting of conditional use permits (LC 10.320):

(1) The following uses, when such uses are operated as a separate business or enterprise not in conjunction with a farm use in certain locations determined not to be detrimental to the agricultural character of the area and to be of benefit to the community at large; for example, along railroads, major highways, or in small population centers:

13-72; 7.21.72

17-73; 1.16.74

9-75; 7.2.75

3-76; 4.7.76