

W. 14. c.



Memorandum Date: August 15, 2006  
Order Date: August 23, 2006

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**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 Amending Order No. 06-2-15-2 to Include Property Omitted From a Ballot Measure 37 Claim Decision to Not Apply Restrictive Land Use Regulations in Lieu of Providing Just Compensation (PA 05-6100, Bedortha)

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**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 Milton Bedortha 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**

On January 18, 2006, the Board held a hearing regarding this claim. After taking testimony, the Board closed the hearing except for additional information regarding the date of acquisition for tax lot #2300. The hearing was continued to February 15. At the meeting February 15, 2006, the Board adopted Order No. 06-2-15-2. This order waived the restrictive regulations for tax lot #200 to February 1, 1974. Also on that date, the Board allowed the claimant to place the claim on the remaining tax lot on hold and submit additional information at a later date.

**Applicant:** Milton W. Bedortha

**Current Owner:** Bedortha Family Trust

**Agent:** Norm Waterbury

**Legal Description of Property:** 20-03-34 #2300

**Acreage:** 60 acres

**Current Zoning:** F2 (Impacted Forest)

**Date Property Acquired:** January 10, 1969.

**Date claim submitted:** August 4, 2005. At the hearing on January 18, 2006, the applicant waived the processing timeline in order to submit additional information.

**Land Use Regulations in Effect at Date of Acquisition:** Unzoned

**County land use regulation which restricts the use and reduces the fair market value of claimant's property:** LC 16.211 F2 (Impacted Forest)

**B. Policy Issues**

This claim does not involve any administrative policy or objective.

**C. Board Goals**

The public hearing will provide an opportunity for citizen participation in decision making, in conformance with the overall goals of the Lane County Strategic Plan.

**D. Financial and/or Resource Considerations**

The applicant has requested compensation in the amount of \$780,000 or a waiver of the F2 (Impacted Forest) zone regulations that prohibit the division of the property into lots containing less than 80 acres and construction of a dwelling on each lot.

**E. Analysis**

The applicant has submitted evidence in support of this claim including an appraisal, numerous deeds and the processing fee.

On March 22, 2006, Mr. Waterbury submitted Warranty Deed #9055909, dated July 12, 1967. This deed demonstrates the contract between Jessie W. Post and McNair was completed. This is the link that was missing in the original submittal. Based on the evidence in the record, it appears that Milton Bedortha acquired an interest in tax lot #2300 on January 10, 1969 (instrument #50692).

Also on March 22, Mr. Waterbury submitted Bargain and Sale deed #50692 dated January 16, 1969. This deed describes tax lot #200 and is already in the record. The claim for tax lot #200 has already been determined to be valid and

the restrictive regulations have been waived to February 1, 1974 (Order No. 06-2-15-2, adopted on February 16, 2006). No evidence has been submitted that changes the acquisition date of tax lot #200.

The current owner is the Bedortha Family Trust. This is a revocable trust and Milton Bedortha is a trustee. Because of this, the claimant is allowed to demonstrate a reduction in fair market value from the date Milton acquired an interest. In addition, any waiver will be granted to Milton Bedortha and will be based on his date of acquisition.

An order is attached to this memo that waives the land use regulations for tax lot #2300, based on an acquisition date of January 10, 1969.

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#### **Summary of evidence for Parcel 20-03-34 #2300**

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**Instrument #50692** Dated: January 10, 1969. Recorded: January 13, 1969  
Bargain and Sale Deed that shows W.L. and Kathryn McNair conveyed the parcel to Milton, Chester and Gladys Bedortha.

**Instrument #50693** Dated: January 10, 1969. Recorded: unknown.  
An Assignment of Contract that shows WL and Kathryn McNair assigned the remainder of the contract to Milton, Chester and Gladys Bedortha.

**Instrument #7513026** Dated: March 28, 1975. Recorded: Unknown. Bargain and Sale Deed. This was a conveyance from Loris Dale Post to Julia Anna Post to create a survivorship. However, it referenced a land sale contract between Jessie W. Post and W.L. McNair and wife, dated July 11, 1967.

***NEW Instrument #9055909*** Dated: July 12, 1967. Recorded: November 21, 1990.  
*Warranty Deed that conveyed property from Jessie Post to WL and Kathryn McNair.*

**Instrument #7606614** Dated: January 31, 1976.  
Quit Claim Deed from Chester and Gladys Bedortha to Milton Bedortha. Subject to a contract of sale dated July 11, 1967 and recorded on January 10, 1969, where Jessie Post was selling the property to WL and Kathryn McNair.

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#### **Summary of evidence for Parcel 21-03-03 #200**

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**Instrument #29050** Dated August 30, 1963. Recorded: Unknown, unreadable.  
Warranty Deed from Walter and Edna Pitcher to Clifford and Berta Mae Bush.

**Instrument #7404187** Dated: Feb 1, 1974. Recorded: Feb 5, 1974. Land Sale Contract from Clifford and Berta Mae Bush to Milton and Chester Bedortha.

**Instrument #7908763** Dated: February 1, 1974. Recorded: February 13, 1979.  
Contract of Sale from Clifford and Berta Mae Bush to Milton and Chester Bedortha.

**Instrument #7606615** Dated: January 31, 1976. Recorded: February 11, 1976.  
Quit Claim Deed from Chester Bedortha to Milton Bedortha, and subject to the Contract of Sale dated Feb 1, 1974.

To have a valid claim against Lane County under Measure 37 and LC 2.700 through 2.770, the applicant must prove:

1. Lane County has enacted or enforced a restrictive land use regulation since the owner acquired the property, and
2. The restrictive land use regulation has the effect of reducing the fair market value of the property, and
3. The restrictive land use regulation is not an exempt regulation as defined in LC 2.710.

### **Restrictive Regulations**

Based on the information in the record, Milton Bedortha acquired an interest in tax lot #2300 on January 10, 1969. At that time, the property was unzoned. Currently, the property is zoned F2 (Impacted Forest), the minimum parcel size is 80 acres and new dwellings are prohibited.

### **Reduction in Fair Market Value**

The claimant has submitted an appraisal. Based on this appraisal, the alleged reduction in fair market value for tax lots #200 and #2300 is \$780,000.

The current owner is the Bedortha Family Trust. This is a revocable trust and Milton Bedortha is a trustee. Because of this, the claimant is allowed to demonstrate a reduction in fair market value from the date Milton acquired an interest. In addition, any waiver will be granted to Milton Bedortha and will be based on his date of acquisition. If the Board determines the submitted evidence demonstrates a reduction in fair market value resulting from enforcement of a restrictive land use regulation, it appears this is a valid claim.

### **Exempt Regulations**

The F2 (Impacted Forest) limitations on new dwellings, and the minimum parcel size of 80 acres do not appear to be exempt regulations described in Measure 37 or LC 2.710.

### **Conclusion**

It appears this is a valid claim for tax lot #2300 if the Board determines the submitted evidence demonstrates a reduction in fair market value resulting from enforcement of a restrictive land use regulation.

### **F. Alternatives/Options**

The Board has these options:

- Determine the application appears valid for tax lot #2300 and adopt the order attached to this report.

- Require more information regarding the reduction in value or ownership.
- Conclude the application is not a valid claim and direct the issuance of a final written decision by the County Administrator denying the Claim.

**V. TIMING/IMPLEMENTATION**

If the Board determines this is a valid claim and waives a land use regulation, the claimant must receive a similar waiver from the state before a land use application and/or development proposal is submitted.

**VI. RECOMMENDATION**

If the Board determines the submitted evidence demonstrates a reduction in fair market value from enforcement of a restrictive land use regulation, the County Administrator recommends the Board waive the restrictive land use regulations adopted after January 10, 1969, as to tax lot #2300.

**VII. FOLLOW-UP**

No other action is required.

**VII. ATTACHMENTS**

Draft order to approve the Measure 37 claim for tax lot #2300.

This cover memo prepared for the Board hearing does not contain the entire submittal. The entire submittal is contained in a notebook labeled "PA05-6100", available in the County Commissioners Office. The portions of the submittal included with this memo are identified below:

- Vicinity Map.
- Additional material submitted on March 22, 2006.
- Appraisal.

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

**ORDER No.**                            ) IN THE MATTER OF AMENDING ORDER NO. 06-2-15-2  
  ) TO INCLUDE PROPERTY OMITTED FROM A BALLOT  
  ) MEASURE 37 CLAIM DECISION TO NOT APPLY  
  ) RESTRICTIVE LAND USE REGULATIONS IN LIEU  
  ) OF PROVIDING JUST COMPENSATION  
  ) (Bedortha/PA05-6100).

**WHEREAS**, on January 18 and August 23, 2006, the Board of County Commissioners conducted a public hearing on the Measure 37 claim (PA05-6100) of Milton Bedortha that included the real property described in the records of the Lane County Assessor as map 20-03-34, tax lot 2300 and consisting of approximately 63 acres in Lane County, Oregon; and

**WHEREAS**, Board Order No. 06-2-15-2 adopted on February 16, 2006, omitted mention of tax lot 2300 because earlier information made it unclear that Milton Bedortha had acquired an interest in the property on January 10, 1969, but new information was submitted that demonstrates the clear linkage between Milton Bedortha and his acquisition through the earlier owners of the property; and

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

**NOW, THEREFORE IT IS HEREBY ORDERED** that Order No. 06-2-15-2 is amended to specifically include the real property described in the records of the Lane County Assessor as map 20-03-34, tax lot 2300, so that it is clear the applicant Milton Bedortha made a valid claim under Ballot Measure 37 and the Board elects not to pay just compensation but in lieu of payment, grants the request of Milton Bedortha so that he can also make application for approval to develop the property described in the records of the Lane County Assessor as map 20-03-34, tax lot 2300, in a manner consistent with the land use regulations in effect when he acquired an interest in the property on January 10, 1969.

**IT IS HEREBY FURTHER ORDERED** that all of the other provisions of Order No. 06-2-15-2 shall remain in full force and effect and any references to the property subject to the order shall be included in the real property described in the records of the Lane County Assessor as map 20-03-34, tax lot 2300.

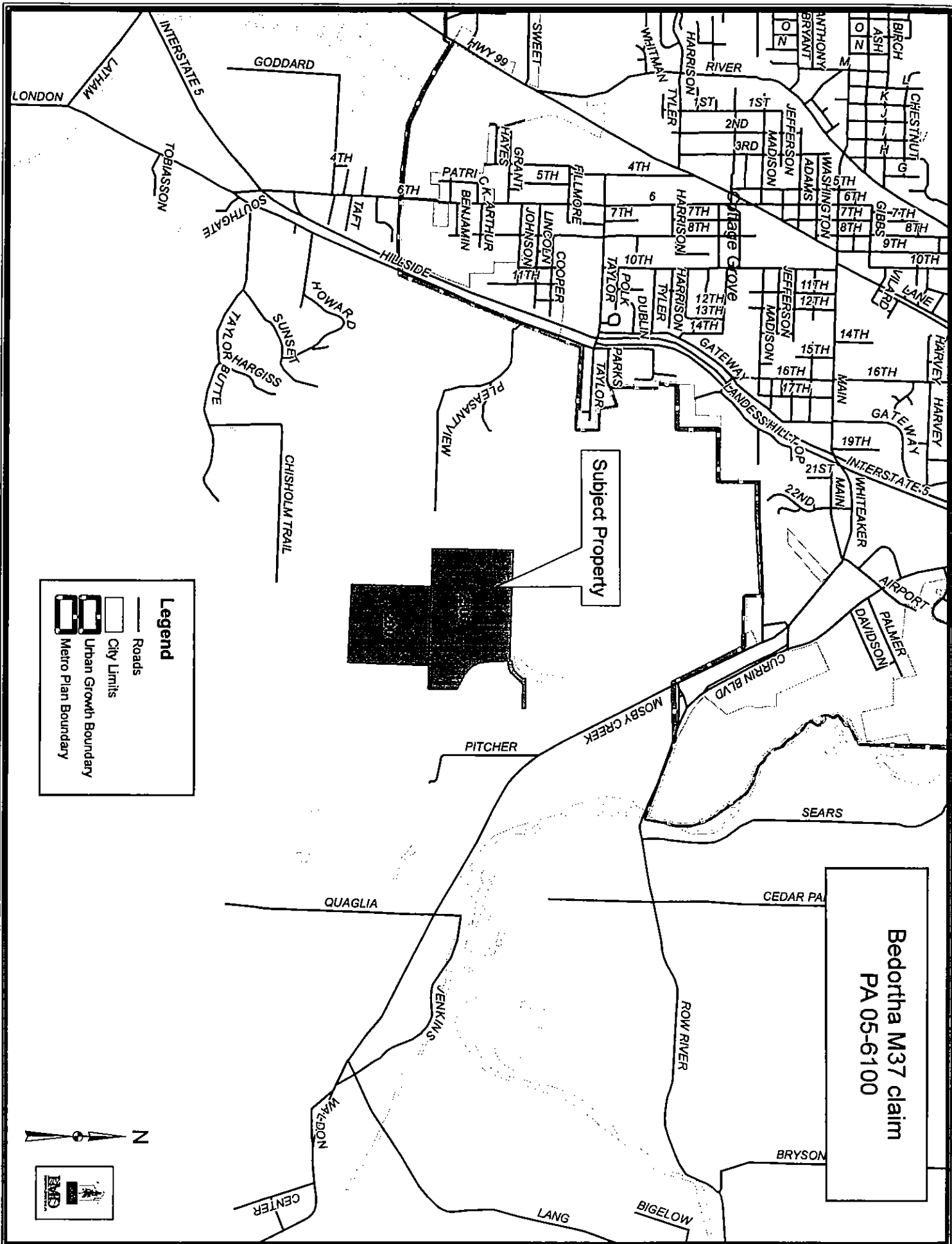
**DATED** this \_\_\_\_\_ day of \_\_\_\_\_, 2006.

\_\_\_\_\_  
Bill Dwyer, Chair  
Lane County Board of County Commissioners

APPROVED AS TO FORM

Date 8-15-2006 Lane County

  
\_\_\_\_\_  
OFFICE OF LEGAL COUNSEL

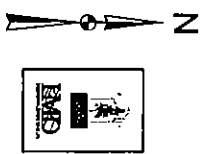


Subject Property

Bedortha M37 claim  
PA 05-6100

**Legend**

- Roads
- City Limits
- Urban Growth Boundary
- Metro Plan Boundary



Norman Waterbury  
Land Use Planning Consultant  
28788 Gimpl Hill Rd.  
Eugene, OR 97402

3-22-06

To:  
Steve Hopkins  
Lane County Planning Dept.  
125 East Ave.  
Eugene, OR 97401

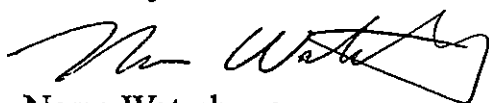
Dear Steve,

Regarding PA 05-6100, Bedortha

I am enclosing copies of a warranty deed 9055909 from Post to McNair for tax lot 2300. Also enclosed is documentation, bargain and sale deed from McNair to Bedortha, 50692, dated January 16, 1969. We would hope that the enclosed evidence shows that the Bedortha family's ownership dates to 1969, not 1974. Lane County Document 50693 which also dates from 1969, McNair to Bedortha also supports Bedortha's ownership in the subject property, (sorry about the poor quality of the documents), I highlighted the dates for you.

The Bedortha's will be back in this area the first part of April an I am sure that they would be able to provide original documentation regarding this issue.

Sincerely

A handwritten signature in black ink, appearing to read "Norm Waterbury", enclosed in a simple rectangular box.

Norm Waterbury



2300 - 1969 - 105 AC

CANCELLED 2003

OFFICIAL RECORD OF DESCRIPTIONS OF REAL PROPERTIES

OFFICE OF COUNTY ASSESSOR, LANE COUNTY, OREGON 20-03-34-2300

OFFICIAL RECORD OF DESCRIPTIONS OF REAL PROPERTIES

OFFICE OF COUNTY ASSESSOR LANE COUNTY, OREGON

YEAR	TAX LOT NO.	SECTION	DISTANCE	BEARING	TOWNSHIP	RANGE	W.M.	DEED RECORD VOL.	PAGE	ACRES REMAINING	TAXLOT	PARCEL NO.	SECTION	TOWNSHIP	RANGE	W.M.	ACRES REMAINING
1991	2300	34			20	S	3	R1685/9055909	3421		201 311 800	2300	34	20	S	3	
1969								50692									
								50693									
1975								Probate #19226									
1976								R1107/60348									85.21
								6611									
1991								R1685/9055910									
1996								R1306/829565									80.31

LEGAL DESCRIPTION

EXCEPT: 19.64 acres out to 2301 for 1981 per R1107/60348  
Containing more or less

EXCEPT: 4.90 acres out to 2302 for 1981 per R1118/8105423.  
Containing more or less

EXCEPT: 13.30 ac to parcel 2303 per R1283 / 8404120 for 1987  
cont m/1

EXCEPT: 5.00 ac to parcel 2304 by F I L P O for 1987  
cont m/1

ACREAGE CORRECTION for 1987  
cont m/1

(Continued)

5-  
3-  
D-

MPIC0:90636  
20 03 34 2301

9053809

TAX STATEMENTS: NO CHANGE

WARRANTY DEED

FOR VALUE RECEIVED, JESSIE W. POST, a Widow, herein referred to as Grantor, hereby grant, bargain, sell and convey unto W. L. MC NAIR and KATHRYN MC NAIR, Husband and Wife, herein referred to as Grantees, the following described real property, with tenements, hereditaments and appurtenances, to-wit:

Parcel No. 1: Southwest Quarter of the Southeast Quarter and the Southeast Quarter of the Southwest Quarter of Section No. 34, in Township 20 South, of Range 3 West of the Willamette Meridian, in Lane County, Oregon.  
Parcel No. 2: Beginning at a point 16.32 chains South of the quarter Section corner between Sections 34 and 35, Township 20 South, Range 3 West of the Willamette Meridian, thence West 19.17 chains, thence  $\frac{3}{4}$  West 3.85 chains to the Southeast corner of said Section 34, thence East 3.98 chains, thence South 5.91 chains, thence East 16.02 chains to the East line of said Section 34, thence North 9.71 chains to the place of beginning, all in Section 34, Township 20 South, Range 3 West of the Willamette Meridian;  
ALSO: Beginning at the Northwest corner of the Southeast Quarter of the Southeast Quarter of Section 34, Township 20 South, Range 3 West of the Willamette Meridian, and running thence South 20 chains, thence East 3.48 chains; thence North 20 chains and thence West 3.48 chains to the place of beginning, all in the Southeast 1/4 of the Southeast 1/4 of Section 34, Township 20 South, Range 3 West of the Willamette Meridian;  
ALSO: Beginning at a point 3 chains and 48 links East from the Northwest corner of the Southeast 1/4 Southeast 1/4 of Section 34, Township 20 South, Range 3 West of the Willamette Meridian, and running thence South 18 chains and 28 links, thence East 50 links; thence North 18 chains and 28 links, thence West 50 links to the place of beginning, in Lane County, Oregon.  
Parcel No. 3: Beginning at the Southeast corner of the Northwest quarter of the Southeast quarter of Section 34, Township 20 South Range 3 West of the Willamette Meridian, Lane County, Oregon, run thence West 98 feet to the Center of the slough; thence North  $55^{\circ} 15'$  East along said center line 131.3 feet; thence South  $7^{\circ} 30'$  West 75.4 feet to the place of beginning, in Lane County, Oregon.

TO HAVE AND TO HOLD the said premises, with their appurtenances unto the said Grantees, their heirs and assigns forever. And the said Grantor does hereby covenant to and with the said Grantees that she is the owner in fee simple of said premises; that they are free from all encumbrances and that she will warrant and defend the same from all lawful claims whatsoever

Dated: July 12, 1967

*Jessie W. Post*

STATE OF OREGON )  
                  ) SS  
COUNTY OF LANE )

7449NOV.21'90NDREC 5.00  
7449NOV.21'90NDSPFUND 10.00  
7449NOV.21'90NDST FUND 20.00

Personally appeared the above named JESSIE W. POST, a Widow, and acknowledged the foregoing instrument to be her voluntary act and deed. Before me:

Dated: July 12, 1967.



*John A. Watkins*  
Notary Public for Oregon  
My Commission expires: 8-1-68

50692

BARGAIN & SALE DEED

FOR VALUE RECEIVED W. L. MC NAIR and KATHRYN MC NAIR, Husband and Wife

They are referred to as grantors, hereby grant, bargain, sell, and convey unto MILTON H. BEDORTS and CHESTER W. BEDORTS and CLAYD R. BEDORTS, Husband and Wife, as tenants in common with right of survivorship

the following described real property, with tenements, hereditaments, and appurtenances, to wit: Exact the Southeast Quarter of the Southeast Quarter and the Southeast Quarter of the Southeast Quarter of Section No. 34 in Township 20 South, Range 3 West of the Willamette Meridian, Clatsop County, Oregon.

Beginning at a point 16.32 chains South of the Quarter Section corner of Sections 34 and 35, Township 20 South, Range 3 West of the Willamette Meridian, thence East 19.47 chains, thence South 71° West 3.85 chains to the Southeast corner of Section 34, thence East 13.98 chains, thence South 5.91 chains thence East 16.00 chains to the East line of said Section 34, thence North 9.71 chains to the place of beginning in Section 34, Township 20 South, Range 3 West of the Willamette Meridian. Also extending to the Northwest corner of the Southeast Quarter of the Southeast Quarter of Section No. 34 in Township 20 South, Range 3 West of the Willamette Meridian, and running North 20 chains, thence East 1.48 chains, thence North 20 chains and thence West to the place of beginning, all in the Southeast 1/4 of the Southeast 1/4 of Section No. 34, Township 20 South, Range 3 West of the Willamette Meridian. Also extending 48 links East from the Northwest corner of Section 34, Township 20 South, Range 3 West of the Willamette Meridian, thence North 19 chains and 28 links, thence East 50 links, thence West 50 links to the place of beginning, in the Southeast 1/4 of the Southeast 1/4 of the Northwest quarter of the Southeast Quarter of the Southeast Quarter of the Willamette Meridian, thence North 7° 30' West 75.5 feet to the place of beginning, all in Clatsop County, Oregon.

The foregoing recital of consideration is true as I verily believe.

(Seal) W.L. Mc Nair (Seal) Kathryn Mc Nair

W. L. MC NAIR and KATHRYN MC NAIR, Husband and Wife

Personal appearance before me: 8-11-72 AD 19 69

Notary Public for Oregon



Form containing recording information: 50692, BARGAIN & SALE DEED, 1969 JUN 13 PM 2:22 3, CLATSOP COUNTY OFFICIAL RECORDS, INA RANBOLD, Director of the Department of Records & Elections, Return To: Maynard Wilson, 11 South Street, Clatsop Grove, Oregon.

50693

The Assignors do covenant that taxes on said property have been paid to date and that all obligations required to be fulfilled by said contract have been completed.

The Assignors do hereby covenant to and with the said Assignees that they have good title to the property and the same is free and clear of all encumbrances and that they have good right to assign the contract.

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals this \_\_\_\_\_ day and year first above written.

*W. L. McHair*      *Milton W. Bidorta*  
*Esther W. Bidorta*  
*Blackburn B. Bidorta*  
Assignees

I, \_\_\_\_\_, a Notary Public in and for the State of Oregon, do hereby certify that the foregoing instrument was duly acknowledged to me by the parties named W. L. McHair and ESTHER W. BIDORTA.

*John H. [Signature]*  
Notary Public for Oregon  
My Commission Expires \_\_\_\_\_



50693

The Assignors do covenant that taxes on said property have been paid to date and that all obligations required to be fulfilled by said contract have been completed.

The Assignors do hereby covenant to and with the said Assignees that they have good title to the property and the same is free and clear of all encumbrances and that they have good right to assign the contract.

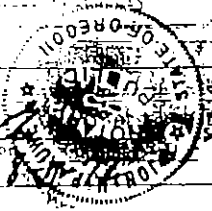
IN WITNESS WHEREOF, the parties have hereunto set their hands and seals the day and year first above written.

*W. L. McHair*      *Milton W. Bidorth*  
*Kathryn McHair*      *Christie W. Bidorth*  
*W. L. McHair*      *W. L. Bidorth*  
Assignors      Assignees

COUNTY OF CLATSOP  
STATE OF OREGON

I, *John H. Kain*, the above named *W. L. McHair* and *KATHRYN McHAIR*, do hereby certify and acknowledged the foregoing instrument to be true.

*John H. Kain*  
Notary Public for Oregon  
My Commission Expires *10/1/18*



4.7.11.011 0  
Craig E. McKern, Appraiser, F.T.  
State Certified Residential Real Estate Appraiser  
Mailing: 1574 Coburg Road, PMB 397, Eugene, Oregon 97401-4802  
Telephone 541-345-0744 Facsimile 541-345-0577  
email: cem9th@msn.com

July 29, 2005

Milton and Bonnie Bedortha  
c/o Norm Waterbury, agent  
28788 Gimpl Hill Road  
Eugene, Oregon 97402

RE: Lane Code 2.740 (6)

Norm,

For your files, here is the Ballot Measure 37 summary for the Bedortha property at 78190 Pitcher Lane, Cottage Grove, Oregon 97424. This includes three appraisal reports: the subject site in its entirety (Tax Lots 20-03-24-00-2300 and Tax Lot 21-03-03-00-00200) as report 061805A and for hypothetical acreages as portions of those tax lots as described in reports 061805B and 061805C.

The assignment consisted of three appraisals:

Estimated value of subject in total "as is" on current 105 acre m/l site --	\$ 600,000
Estimated value of one hypothetical 14 acre site out of Tax Lot 200 --	\$180,000
Estimated value of one hypothetical 7 acre site out of Tax Lot 2300 --	\$150,000

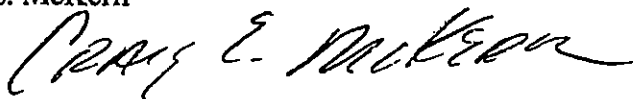
For purposes of this letter and summary required by the county, it is postulated :

- 1) six (6) hypothetical various size parcels similar to 14 acres could be created; Including the present homesite, where the manufactured home and structures Are excluded from value to give land and site improvement value only.
- 2) Two (2) hypothetical sites of 6 and 7 acres could be created (as "Lots 1 and 2" with an Estimated value of \$150,000.

The value difference using appraised and hypothecated values is then arrived at arithmetically: Six hypothetical sites at \$180,000 equals \$1,080,000; Two hypothetical sites at \$150,000 equals \$300,000; total hypothetical sites: \$1,380,000, less \$600,000 "as is" estimated value of the entirety leaves a difference of \$780,000 more or less in rounded figures.

Cordially,

Craig E. McKern



Three Summary Appraisal Reports of a Complete Appraisal of  
existing and hypothetical acreages located at

78190 Pitcher Lane  
Cottage Grove, Oregon 97424

Tax Lots 20-03-34-00-02300 and 21-03-03-00-00200  
A 105 acre more or less site, the "before" instance  
(surveyed, one buildable homesite)  
file 061805A

AND

Portion of Tax Lot 21-03-03-00-00200, shown as Lot "5"  
A fourteen acre hypothetical site, an "after" instance  
(unsurveyed, not a legal lot or partitioned site at this time)  
file 061805B

AND

Portion of Tax Lot 20-03-34-00-02300, shown as Lot "2"  
a seven acre hypothetical site, an "after" instance  
(unsurveyed, not a legal or partitioned site at this time)  
file 061805C

Client:

Bedorths, Milton and Bonnie

c/o Norm Waterbury, agent  
28789 Gimpl Hill Road  
Eugene, Oregon 97402

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 061805A, 061805B and 061805C

Use of the Appraisal:

For use in a State Measure 37 proceeding brought by the owner and agent in Lane County, Oregon

Date of Most Recent Inspection  
and Effective Date of Report:  
July 12, 2005

Report Completion Date:  
July 29, 2005

Prepared by:

Craig E. McKern, Appraiser, P.C.  
Certified Residential Real Estate Appraiser  
1574 Coburg Road, PMB 397  
Eugene, Oregon 97401-4802  
files 061805A, 061805B and 061805C

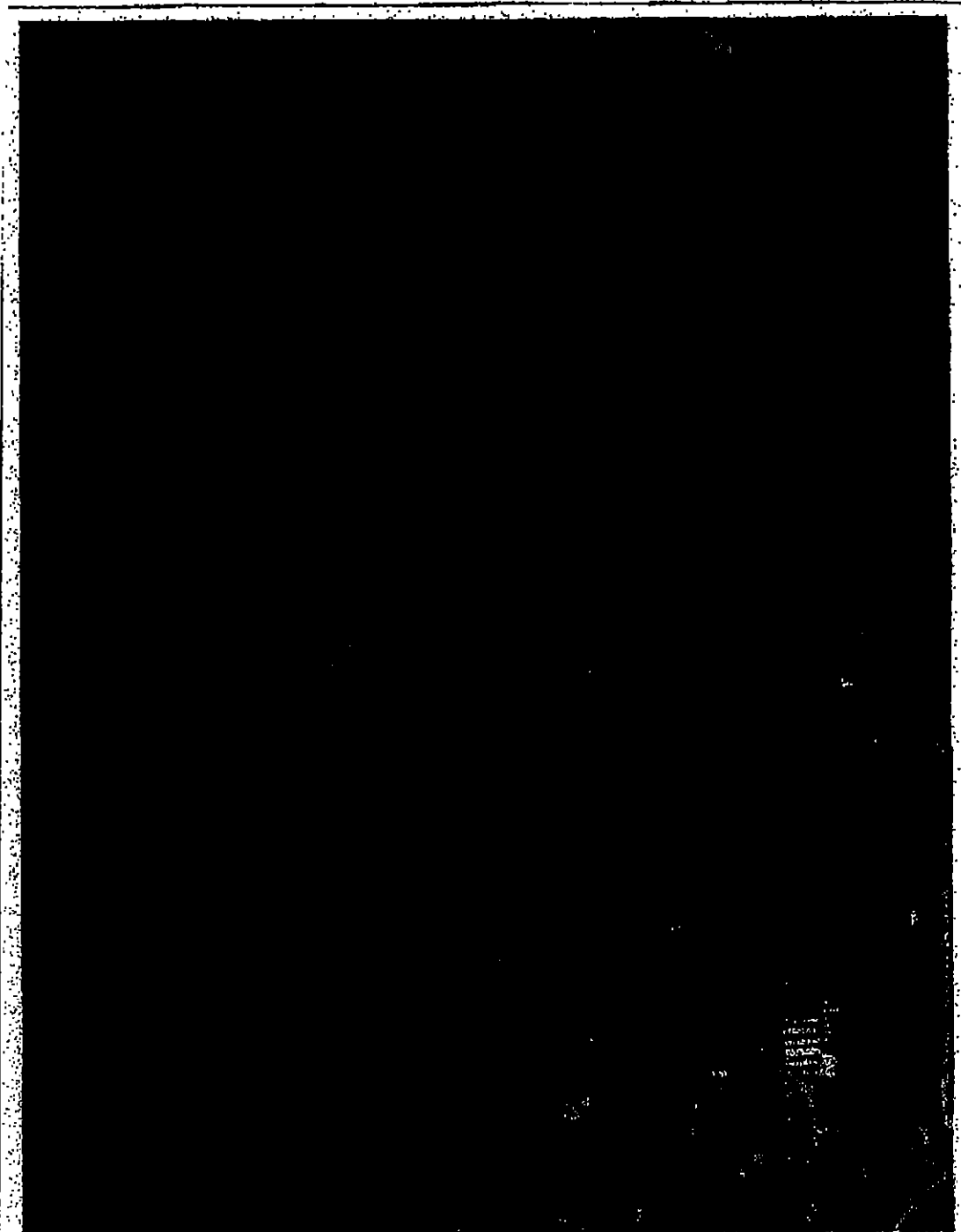


**General view of Pitcher Lane area with Cottage Grove and Interstate 5 at far left, Mooby Creek and Row River confluence in upper right, Taylor Butte in center from upper left to lower center**



**Enlarged aerial photo with subject site in total approximately in center; Taylor Butte radio and TV towers at lower left**





Form SC1 — "TOTAL for Windows" appraisal software by a la mode, Inc. — 1-800-ALAMODE

**PHOTOGRAPH ADDENDUM C**

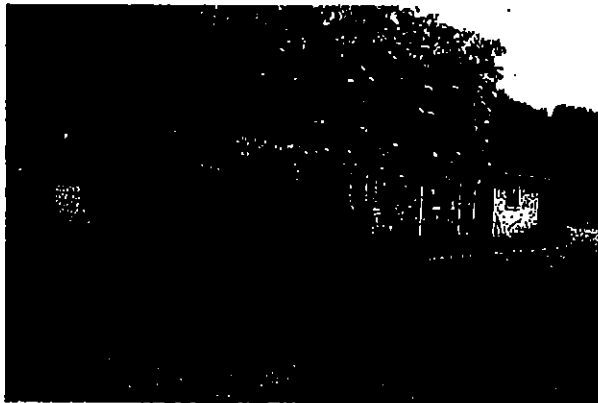
Borrower/Client	No borrower				
Property Address	78190 Pitcher Lane //Tax Lots 21-03-03-00-00200 and 20-03-34-00-02300				
City	Cottage Grove	County	Lane	State	OR
Lender	Bedorths, Milton and Bonnie				
				Zip Code	97424



General view from off Pitcher Lane on access drive looking southwest toward Taylor Butte (note antenna left of pole) from tax Lot 2304 shown on plat map



Looking west on access drive from Pitcher Lane, tax lot 2304 on left which is owned by the Bedorths and north slope of Taylor Butte on horizon



Manufactured home on subject site, and the only present dwelling on the subject site. This home is excluded from value due mainly to age and the likelihood of replacement by any future buyer however the residential dwelling site is included in value along with site improvements.

# PHOTOGRAPH ADDENDUM TX

Borrower/Client	No borrower		
Property Address	78180 Pflücker Lane //Tax Lots 21-03-03-00-00200 and 20-03-34-00-02300		
City	Cottage Grove	County	Lane
State	OR	Zip Code	97424
Lender	Bedortha, Milton and Bonnie		



View from bench area north of and near  
manufactured home on prior page

Looking northeast toward Dorans Reservoir

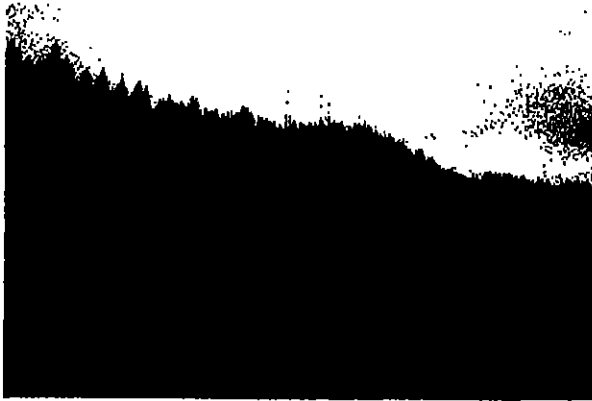


Looking north from same spot down valley with  
the new Cottage Grove Hospital at left center



**PHOTOGRAPH ADDENDUM Tbl**

Borrower/Client	No borrower				
Property Address	78190 Pitcher Lane //Tax Lots 21-03-03-00-00200 and 20-03-34-00-02300				
City	Cottage Grove	County	Lane	State	OR
Zip Code	97424				
Lender	Bedorthe, Milton and Bonnie				



Looking southwest across upper bench from manufactured home area; note antenna towers in relation to this view point on hypothetical Lot 4 as proposed

Photo also looks across hypothetical "Lot 5" and "Lot 6"



Old slough pond along base of hillside which is the northeast boundary of hypothetical proposed "Lot 8". Property to left of pond is tax lot 2303

3



Developed road through subject site, looking easterly, hypothetical "Lot 8" on left and hypothetical "Lot 7" on right, uphill

**Summary Appraisal Report**

File No. 061805A

Borrower No borrower Census Tract 13.01 Map Reference See Below  
 Property Address 78190 Pitcher Lane //Tax Lots 21-03-03-00-00200 and 20-03-34-00-02300  
 City Cottage Grove County Lane State OR Zip Code 97424  
 Legal Description Lengthy Metes and Bounds Legal Description  Waive preliminary title report or deed  
 Sale Price \$ Not Sold Date of Sale N/A Loan Term N/A yrs. Property Rights Appraised  Fee  Leasehold  De Minimis PUG  
 Actual Real Estate Taxes \$ \_\_\_\_\_ (yr) Loan charges to be paid by seller \$ \_\_\_\_\_ Other sales concessions \_\_\_\_\_  
 Lender/Client Bedorths, Milton and Bonnie Address 78190 Pitcher Lane, Cottage Grove, Oregon 97424  
 Occupant vacant Appraiser Craig E. McKern Instructions to Appraiser appraise to market value per USPAP standards.  
Craig E. McKern, Appraiser, P.C. 1574 Coburg Road, PMB 387, Eugene, Oregon 97401 telephone 541-345-0744 facsimile 541-345-0577

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 80% 1 Family 2% 2-4 Family 5% Apts. 5% Condo 2% Commercial  
1% Industrial 10% Vacant 5% parks, public use  
 Change in Present Land Use  Not Likely  Likely (\*)  Taking Place (\*)  
 (\*) From vacant/undeveloped To residential  
 Predominant Occupancy  Owner  Tenant 5 % Vacant  
 Single Family Price Range \$ 100 to \$ 500+ Predominant Value \$ 200+/-  
 Single Family Age <10 yrs. to 125+ yrs. Predominant Age 20-80 yrs.

Employment Stability	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Convenience to Employment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Convenience to Shopping	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Convenience to Schools	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Adequacy of Public Transportation	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Recreational Facilities	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Adequacy of Utilities	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Property Compatibility	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Protection from Detrimental Conditions	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Police and Fire Protection	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
General Appearance of Properties	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Appeal to Market	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments including those factors, favorable or unfavorable, affecting marketability (e.g. public parks, schools, view, noise): Subject is located just east of Cottage Grove and within one road mile of new Cottage Grove Hospital, Interstate 5 access and Gateway services area. A mix of home styles, ages, acreages, qualities, values and view aspects is present in this unincorporated area near the city. Land uses include forest lands, nurseries, the Mosby Creek and lower Row River greenways, a "Rails to Trails" bike bath, various small businesses, a convenience store, vacant acreages.

Dimensions Irregular, see plat map 105 Sq. Ft. or Acres  Corner Lot  
 Zoning classification F2 - Impacted Forest Lands Present Improvements  do  do not conform to zoning regulations  
 Highest and best use  Present use  Other (specify) potential to partition for smaller sites under present Measure 37 procedures  
 Public  Private Well OFF SITE IMPROVEMENTS  Public  Private  
 Etc.  Private Septic Street Access  Public  Private Topo Bench to rolling to steep slopes  
 Gas  Surface Asphalt/Gravel Size Larger than typical for the area due to past partitions in area  
 Water  Storm Sewer  Curbs/Gutter Shape Irregular  
 San. Sewer  Sidewalk  Street Lights View Valley, wooded, hills  
 Underground Elect. & Tel.  Storm Sewer  Curbs/Gutter Drainage Adequate by slope  
 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 aerial and other photos and plat map to visualize the acreage in total, which is on the northeast slopes of Taylor Butte close-in to east Cottage Grove. Site in total is "before" instance for Measure 37 proceedings purposes; has two tax lots. Access from Pitcher Lane via an owned site and a roadway as shown on plat map, aerial photos. Acreage has existing manufactured homesite, well, septic system, RV hookups, spring-fed water system, various roads, drives.

The 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	78190 Pitcher Lane - "before" Cottage Grove	Tax Lot 18-04-35-00-00700 Eugene/ asking \$850,000	34612 Kizer Creek Road Cottage Grove/ask \$299,900	Tax Lot 20-05-01-00-00300 Eugene/ asking \$850,000
Proximity to Subject		25 miles northwest	10 air miles southwest	16 air miles northwest
Sales Price	\$ Not Sold	\$ 840,000	\$ 270,000	\$ 825,000
Price	\$	\$ 7,850	\$ 5,934	\$ 3,587
Data Source	Inspection	Prudential R. E. /Past Inspection	Century 21 Nugget RE/County	GMAC Hernanway RE / County
Date of Sale and Time Adjustment	DESCRIPTION 07-12-2005	DESCRIPTION 01-2004 (COE)	DESCRIPTION 03-2005 (COE)	DESCRIPTION 07-2004 (COE)
Location	Average plus	Good -200,000	Average plus	Average
Site/View	105 acres/North Wds	107ac m/V Hills, Crk. 0	45.54 ac/ Hills/Wds +240,000	230ac m/V Hills, Vly -200,000
Dwelling/Structures	MH site/ carport	DW MH/Barn/Arena -50,000	Old MH/hop/sheds 0	Placeholder/OldMH 0
Well/Septic system	Installed/ Installed	Installed/ Installed	Spring/ Installed +10,000	Older Installed 0
Slope/buildability	Various/ buildable	Various/ buildable	Various/ buildable	Various/ buildable
Utilities Available	Installed on site	Installed on site	Installed on site	Installed on site
Sales or Financing Concessions	Cash to Seller assumed	Cash	Cash	Cash
Net Adj. (Total)		<input type="checkbox"/> + <input checked="" type="checkbox"/> - \$ 250,000	<input checked="" type="checkbox"/> + <input type="checkbox"/> - \$ 250,000	<input type="checkbox"/> + <input checked="" type="checkbox"/> - \$ 200,000
Indicated Value of Subject		\$ 590,000	\$ 520,000	\$ 625,000

Comments on Market Data: Very limited available market data for partitionable F-2 zoned acreage; none were found as close to subject as Sale 2, which may be partitionable with considerable expense and effort. Acreage adjustment at \$2,000 per net acre for Sale 3, being a much larger parcel, and at \$4,000 an acre for the difference between subject and Sale 2, a smaller parcel which sold at just under \$6,000 per acre.  
 Comments and Conditions of Appraisal: The appraisal is made to cash equivalency per USPAP/FIRREA guidelines and USPAP departure provisions do not apply. See attached assumptions, limiting conditions and comments. Appraisal is made of subject site as an entire parcel for purposes of value comparison as a part of Measure 37 proceedings. The existing manufactured home is excluded from value but the homesite proves the buildability for the entire parcel. Several other pending sales of smaller parcels than the subject in Cottage Grove area were also reviewed.  
 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. The sales cited adjust to a fairly wide range of indicated values with the value opinion stated being a round figure within the range.

I ESTIMATE THE MARKET VALUE, AS DEFINED, OF SUBJECT PROPERTY AS OF July 12, 2005 to be \$ 600,000  
 Any value in standing trees on the site is included as woodlot value or as natural landscape; no timber cruise was made available and the typical purchaser of wooded suburban and rural parcels is seeking to preserve and enhance a homesite.  
 Appraiser(s) Craig E. McKern  Did  Did Not Physically Inspect Property  
 Review Appraiser (if applicable) \_\_\_\_\_

**Summary Appraisal Report**

File No. 081805C

Borrower No borrower Census Tract 13.01 Map Reference See Below  
 Property Address 78190 Pitcher Lane // HYPOTHETICAL portion of Tax Lot 20-03-34-00-02300, shown as "Lot 2"  
 City Cottage Grove County Lane State OR Zip Code 97424  
 Legal Description Hypothetical Metes and Bounds Legal Description portion of Tax Lot 20-03-34-00-02300  
 Sale Price \$ Not Sold Date of Sale N/A Loan Term N/A yrs. Property Rights Appraised  Fee  Leasehold  De Minimis PUF  
 Actual Real Estate Taxes \$ \_\_\_\_\_ (yr) Loan charges to be paid by seller \$ \_\_\_\_\_ Other sales concessions \_\_\_\_\_  
 Lender/Client Bedorths, Milton and Bonnie Address 78190 Pitcher Lane, Cottage Grove, Oregon 97424  
 Occupant vacant Appraiser Craig E. McKern Instructions to Appraiser appraise to market value per USPAP standards.  
 Craig E. McKern, Appraiser, P.C. 1574 Coburg Road, PMB 397, Eugene, Oregon 97401 telephone 541-345-0744 facsimile 541-345-0577

Location	<input checked="" type="checkbox"/> Urban	<input checked="" type="checkbox"/> Suburban	<input type="checkbox"/> Rural	Employment Stability <input checked="" type="checkbox"/> Good <input checked="" type="checkbox"/> Avg. <input type="checkbox"/> Fair <input type="checkbox"/> Poor Convenience to Employment <input checked="" type="checkbox"/> Convenience to Shopping <input checked="" type="checkbox"/> Convenience to Schools <input checked="" type="checkbox"/> Adequacy of Public Transportation <input checked="" type="checkbox"/> Recreational Facilities <input checked="" type="checkbox"/> Adequacy of Utilities <input checked="" type="checkbox"/> Property Compatibility <input checked="" type="checkbox"/> Protection from Detrimental Conditions <input checked="" type="checkbox"/> Police and Fire Protection <input checked="" type="checkbox"/> General Appearance of Properties <input checked="" type="checkbox"/> Appeal to Market <input checked="" type="checkbox"/>
Built Up	<input type="checkbox"/> Over 75%	<input type="checkbox"/> 25% to 75%	<input type="checkbox"/> Under 25%	
Growth Rate	<input type="checkbox"/> Fully Dev.	<input type="checkbox"/> Rapid	<input type="checkbox"/> Steady	
Property Values	<input checked="" type="checkbox"/> Increasing	<input checked="" type="checkbox"/> Stable	<input type="checkbox"/> Declining	
Demand/Supply	<input checked="" type="checkbox"/> Shortage	<input checked="" type="checkbox"/> In Balance	<input type="checkbox"/> Oversupply	
Marketing Time	<input checked="" type="checkbox"/> Under 3 Mos.	<input checked="" type="checkbox"/> 4-6 Mos.	<input type="checkbox"/> Over 6 Mos.	
Present Land Use	<u>80%</u> 1 Family	<u>2%</u> 2-4 Family	<u>  </u> % Apts.	
	<u>1%</u> Industrial	<u>10%</u> Vacant	<u>  </u> % Condo	
		<u>  </u> % parks, public use	<u>  </u> % Commercial	
Change in Present Land Use	<input type="checkbox"/> Not Likely	<input type="checkbox"/> Likely (*)	<input checked="" type="checkbox"/> Taking Place (*)	
Predominant Occupancy	(*) From <u>vacant/undeveloped</u> To <u>residential</u>			
Single Family Price Range	<u>\$ 100</u> to <u>\$ 500+</u>	Predominant Value <u>\$ 200+/-</u>		
Single Family Age	<u>&lt;10</u> yrs. to <u>125+</u> yrs.	Predominant Age <u>20-80</u> yrs.		

Comments including those factors, favorable or unfavorable, affecting marketability (e.g. public parks, schools, view, noise): Subject is located just east of Cottage Grove and within one road mile of new Cottage Grove Hospital, Interstate 5 access and Gateway services area. A mix of home styles, ages, acreages, qualities, values and view aspects is present in this unincorporated area near the city. Land uses include forest lands, nurseries, the Mosby Creek and lower Row River greenways, a "Rails to Trails" bike bath, various small businesses, a convenience store, vacant acreages.

Dimensions Irregular, see plat map 7.0 Sq. Ft. or Acres  Corner Lot

Zoning classification F2 - Impacted Forest Lands Present Improvements  do  do not conform to zoning regulations

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

Elec.  Public  Other (Describe) \_\_\_\_\_

Gas  \_\_\_\_\_

Water  assumed

San. Sewer  assm septic

Underground Elec. & Tel.

OFF SITE IMPROVEMENTS

Street Access  Public  Private

Surface All Weather Gravel

Maintenance  Public  Private

Storm Sewer  Curb/Culvert

Sidewalk  Street Lights

Topo Benched to rolling to steep slopes

Size Typical small acres

Shape Irregular

View Wooded, hills

Drainage Adequate by slope

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 aerial and other photos and plat map to visualize the acreage in total, which is on the northeast slopes of Taylor Butte close-in to east Cottage Grove. Site as appraised for Measure 37 proceedings purposes. Access from Pitcher Lane via an owned site and a roadway as shown on plat map, aerial photos. Acreage has large benched homesite, small spring fed creek, septic approval per owner. Mixed woods with northerly view across valley.

The 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	"Lot 2" HYPOTHETICAL SITE Cottage Grove	Tax Lot 20-03-11-00-00115 Cottage Grove / ask \$140,000	Part of T.L. 20-03-20-00-2700 Cottage Grove (Bennett Cr. Rd)	Part of T.L. 19-03-17-00-1000 Creswell (DeBerry Rd.)
Proximity to Subject		8 air miles north	3 air miles northwest	10 air miles northwest
Sales Price	\$ Not Sold	\$ 138,900	\$ 149,800	\$ 98,000
Price	\$	\$	\$	\$
Data Source	Inspection	Prudential R. E. Professionals/	GMAC Hemenway RE / Insp.	GMAC Hemenway RE / County
Date of Sale and Time Adjustment	DESCRIPTION	DESCRIPTION +(-)\$ Adjust.	DESCRIPTION +(-)\$ Adjust.	DESCRIPTION +(-)\$ Adjust.
	07-12-2005	01-2005 (COE) 0	Active Listing 0	05-2005 (COE) 0
Location	Average plus	Average plus	Average plus	Average plus
Site/View	7.0 acres/North,Wds	5.88 ac/ Wds/Fwy +15,000	10.5ac/Creek, Wds -12,000	7.0ac/ Wds/Pwrline +10,000
Dwelling/Structures	None included	None	None	None
Well/Septic system	None/ Assm'd Permit	None/ Approved -3,000	None / assumed	None / permit apply +10,000
Stops/buildability	Various/ assumed	Various/ assumed	Rolling/ assumed	Rolling/ assumed
Utilities Available	Available at road	Available at road	Available at cost +15,000	Available at cost +15,000
Sales or Financing Concessions	Cash to Seller assumed	New Conv. Loan 0	Cash to Seller assumed	Cash to Seller assumed
Net Adj. (Total)		<input checked="" type="checkbox"/> + <input type="checkbox"/> - \$ 12,000	<input checked="" type="checkbox"/> + <input type="checkbox"/> - \$ 3,000	<input checked="" type="checkbox"/> + <input type="checkbox"/> - \$ 45,000
Indicated Value of Subject		\$ 150,900	\$ 152,800	\$ 143,000

Comments on Market Data: Limited market data for buildable smaller parcels in the subject's Cottage Grove area. Sale 1 located on Sears Road with westerly view, some exposure to freeway noise; Sale 2 is an active listing since July 27, 2005; appraiser has previously viewed acreage including this as yet undivided parcel which is a legal lot; Sale 3 located on moderate slope with limited access and powerline proximity.

Comments and Conditions of Appraisal: The appraisal is made to cash equivalency per USPAP/FIRREA guidelines and USPAP departure provisions do not apply. See attached assumptions, limiting conditions and comments. Appraisal is made of subject site as a HYPOTHETICAL parcel for purposes of value comparison as a part of Measure 37 proceedings. Several other listings and pending sales of similar size parcels as compared to subject in Cottage Grove area were also reviewed. Acreage adjustments at \$4,000 per acre for net acreage difference.

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. The sales cited adjust to a fairly narrow range of indicated values with the value opinion stated being a round figure within the range.

I ESTIMATE THE MARKET VALUE, AS DEFINED, OF SUBJECT PROPERTY AS OF July 12, 2005 to be \$ 150,000

Any value in standing trees on the site is included as woodlot value or as natural landscape; no timber cruise was made available and the typical purchaser of wooded suburban and rural parcels is seeking to preserve and enhance a homesite.

Craig E. McKern  
Appraiser(s) *[Signature]* Review Appraiser (if applicable)  Did  Did Not Physically Inspect Property

# HYPOTHETICAL Lot 2 photo

Borrower/Client	No borrower						
Property Address	78190 Pitcher Lane // HYPOTHETICAL portion of Tax Lot 20-03-34-00-02300, shown as "Lot 2"						
City	Cottage Grove	County	Lane	State	OR	Zip Code	97424
Lender	Bedorths, Milton and Bonnie						



Hypothetical "Lot 2" benched homesite looking west



Looking east from benched homesite toward access road and spring creek area at white stake



View from bench to northeast over hypothetical "Lot 1"

Summary Appraisal Report

File No. 061805B

Borrower No borrower Census Tract 13.01 Map Reference See Below  
 Property Address 78180 Pitcher Lane // HYPOTHETICAL portion of Tax Lot 21-03-03-00-00200, shown as "Lot 5"  
 City Cottage Grove County Lane State OR Zip Code 97424  
 Legal Description Hypothetical Motes and Bounde Legal Description// portion of Tax Lot 21-03-03-00-00200  
 Sale Price \$ Not Sold Date of Sale N/A Loan Term N/A yrs. Property Rights Appraised  Fee  Leasehold  De Minimis PUD  
 Actual Real Estate Taxes \$ \_\_\_\_\_ (yr) Loan charges to be paid by seller \$ \_\_\_\_\_ Other sales concessions \_\_\_\_\_  
 Lender/Client Bedortha, Milton and Bonnie Address 78180 Pitcher Lane, Cottage Grove, Oregon 97424  
 Occupant vacant Appraiser Craig E. McKern Instructions to Appraiser appraise to market value per USPAP standards.  
Craig E. McKern, Appraiser, P.C. 1574 Coburg Road, PMB 397, Eugene, Oregon 97401 telephone 541-345-0744 facsimile 541-345-0577

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 80% 1 Family 2% 2-4 Family % Apts. % Condo 2% Commercial  
1% Industrial 10% Vacant 5% parks, public use  
 Change in Present Land Use  Not Likely  Likely (\*)  Taking Place (\*)  
 (\*) From vacant/undeveloped To residential  
 Predominant Occupancy  Owner  Tenant 5% Vacant  
 Single Family Price Range \$ 100 to \$ 500+ Predominant Value \$ 200+/-  
 Single Family Age <10 yrs. to 125+ yrs. Predominant Age 20-80 yrs.

Employment Stability	Good	Avg.	Fair	Poor
Convenience to Employment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Convenience to Shopping	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Convenience to Schools	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Adequacy of Public Transportation	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Recreational Facilities	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Adequacy of Utilities	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Property Compatibility	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Protection from Detrimental Conditions	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Police and Fire Protection	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
General Appearance of Properties	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Appeal to Market	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments including those factors, favorable or unfavorable, affecting marketability (e.g. public parks, schools, view, noise): Subject is located just east of Cottage Grove and within one road mile of new Cottage Grove Hospital, Interstate 5 access and Gateway services area. A mix of home styles, ages, acreages, qualities, values and view aspects is present in this unincorporated area near the city. Land uses include forest lands, nurseries, the Mosby Creek and lower Row River greenways, a "Rails to Trails" bike bath, various small businesses, a convenience store, vacant acreages.

Dimensions Irregular, see plat map 14.0 Sq. Ft. or Acres  Corner Lot  
 Zoning classification F2 - Impacted Forest Lands Present Improvements  do  do not conform to zoning regulations  
 Highest and best use  Present use  Other (specify) potential to partition to this smaller site under present Measure 37 procedures  
 Public  Other (Describe) \_\_\_\_\_  
 Elec.  Gas  Water  assumed San. Sewer  seam septic  Underground Elect. & Tel. \_\_\_\_\_  
 OFF SITE IMPROVEMENTS  Topo Benched to rolling to steep slopes  
 Street Access  Public  Private Size Typical small acres  
 Surface All Weather Gravel Shape Irregular  
 Maintenance  Public  Private View Wooded, hills  
 Storm Sewer  Curb/Gutter Drainage Adequate by slope  
 Sidewalk  Street Lights 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 aerial and other photos and plat map to visualize the acreage in total, which is on the northeast slopes of Taylor Butte close-in to east Cottage Grove. Site as appraised for Measure 37 proceedings purposes. Access from Pitcher Lane via an owned site and a roadway as shown on plat map, aerial photos. Acreage has upper and lower benched homeites, small spring, limited northerly view, mixed woods with larger timber on upper (south) portion.

The 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	"Lot 5" HYPOTHETICAL SITE Cottage Grove	Part of T.L. 20-03-20-00-2700 Cottage Grove (Bennett Cr. Rd)	31908 DeBerry Road Creswell	78642 London Road Cottage Grove / ask \$199,000
Proximity to Subject		3 air miles northwest	11 air miles northwest	10 air miles southeast
Sales Price	\$ Not Sold	\$ 149,900	\$ 185,000	\$ 180,000
Price	\$	\$	\$	\$
Data Source	Inspection	GMAC Hemenway RE / Insp.	Past Inspection/County recds	GMAC Hemenway RE / County
Date of Sale and Time Adjustment	DESCRIPTION 07-12-2005	DESCRIPTION Active Listing	DESCRIPTION 03-2005 (COE)	DESCRIPTION 07-2004 (COE)
Location	Average plus	Average plus	+10,000	Average +10,000
Site/View	14 acres/Wds, North	10.5ac/Creek, Wds +16,000	11.24ac/ Wds, Hills +12,000	24.88 ac/ Hills Fwy -20,000
Dwelling/Structures	None	None	Old MH/Barn, shop -10,000	Old MH, small barn -5,000
Well/Septic system	None/ Assm'd Permit	None / assumed	Installed/ installed -15,000	Installed/ installed -15,000
Slope/buildability	Various/ assumed	Rolling/ assumed	Rolling/ buildable	Rolling/ buildable
Utilities Available	Available at road	Available at cost +15,000	Installed on site -3,000	Installed on site -3,000
Sales or Financing Concessions	Cash to Seller assumed	Cash to Seller assumed	Cash to Seller No Points, Costs	Cash
Net Adj. (Total)		<input checked="" type="checkbox"/> + <input type="checkbox"/> - \$ 31,000	<input type="checkbox"/> + <input checked="" type="checkbox"/> - \$ 6,000	<input type="checkbox"/> + <input checked="" type="checkbox"/> - \$ 15,000
Indicated Value of Subject		\$ 180,900	\$ 179,000	\$ 165,000

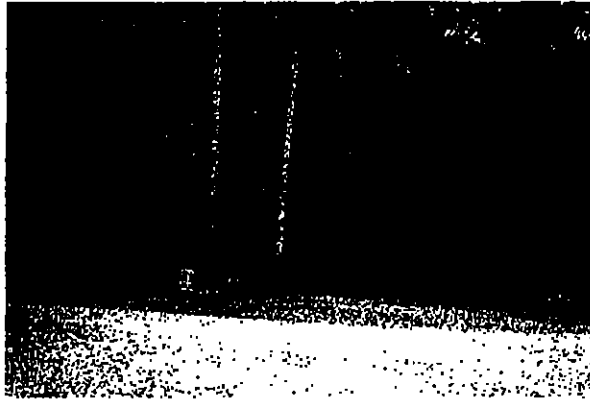
Comments on Market Data: Limited market data for buildable smaller parcels in the subject's Cottage Grove area. Sale 1 is an active listing since July 27, 2005; appraiser has previously viewed acreage including this as yet undivided parcel which is a legal lot; Sale 2 had placaholder mobile on site, is further from freeway access, services. Sale 3 located in mixed area south of Interstate 5 with adverse traffic noise.  
 Comments and Conditions of Appraisal: The appraisal is made to cash equivalency per USPAP/FIRREA guidelines and USPAP departure provisions do not apply. See attached assumptions, limiting conditions and comments. Appraisal is made of subject site as a HYPOTHETICAL parcel for purposes of value comparison as a part of Measure 37 proceedings. Several other listings and pending sales of similar size parcels as compared to subject in Cottage Grove area were also reviewed. 10% per annum appreciation adjustment made for Sale 3 as a dated sale.  
 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. The sales cited adjust to a fairly wide range of indicated values with the value opinion stated being a round figure within the range.

I ESTIMATE THE MARKET VALUE, AS DEFINED, OF SUBJECT PROPERTY AS OF July 12, 2005 to be \$ 180,000  
 Any value in standing trees on the site is included as woodlot value or as natural landscape; no timber cruise was made available and the typical purchaser of wooded suburban and rural parcels is seeking to preserve and enhance a homesite.  
 Appraiser(s) Craig E. McKern  Did  Did Not Physically Inspect Property  
 Review Appraiser (if applicable) \_\_\_\_\_

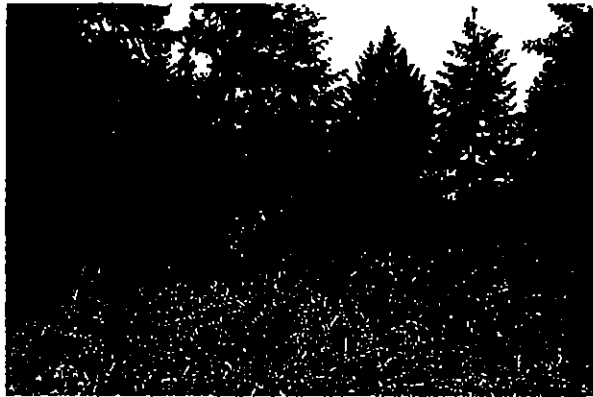


# HYPOTHETICAL Lot 5 photo

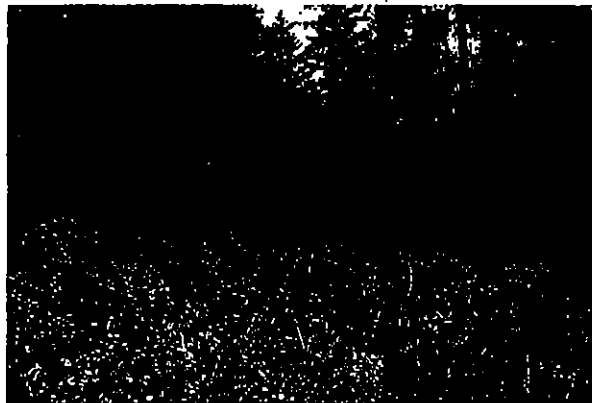
Borrower/Client	No borrower				
Property Address	78190 Pkicher Lane // HYPOTHETICAL portion of Tax Lot 21-03-00-00200, shown as "Lot 5"				
City	College Grove	County	Lane	State	OR
Lender	Bedorths, Milton and Bonnie		Zip Code	97424	



Hypothetical "Lot 5" benched lower home site looking south; used as an RV hookup site with spring water and power



Looking east on upper benched home site which would have a good cross valley view to the north if trees are thinned or removed



Looking west on upper benched home site shown above

**APPRAISAL AND REPORT IDENTIFICATION**

This 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 (or the specified) 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 inspection of the property that is the subject of this report.  
 No one provided significant real property appraisal assistance to the person signing this certification. (If there are exceptions, the name of each individual providing significant real property appraisal assistance must be stated.)  
 I have made a personal interior inspection of 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 for handling Measure 37 claims, as these requirements may change due to court ordered or Legislature passed modifications.

**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 inspection, 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 061805A in conjunction with report 061805B and 061805C which are for smaller hypothetical parcels out of the 105 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  
 Date Signed: July 29, 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: cam@h@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			File No. 061805A	
Property Address 78190 Pitcher Lane //Tax Lots 21-03-03-00-00200 and 20-03-34-00-02300				
City Cottage Grove		County Lane		State OR
Lender Bedortha, Milton and Bonnie			Zip Code 97424	

**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 Summary 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 Summary Appraisal Report which is intended to comply with the reporting requirements set forth under Standards Rule 2-2b of the Uniform Standards of Professional Appraisal Practice (USPAP) for a Summary Appraisal Report. As such, it represents only summary 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 July 12, 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 all three 061805 reports. See reports 061805B and 061805C reports attached to this 061805A report.

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 market value as defined on the attached certification/limiting conditions addendum included with the 1004 form and in the attached USPAP addendum.

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, Milton and Bonnie Bedortha, owners, and their advisor/agent, Norm Waterbury, and an attorney, if desired, for this purpose only. 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 reader 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 July 28, 2005

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

