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ADDENDA:

LEGAL DESCRIPTION	EXHIBIT "A"
ZONING (E-40)	EXHIBIT "B"
QUALIFICATIONS OF THE APPRAISER	EXHIBIT "C"

INTRODUCTION

CLIENT/INTENDED USER: Philip L. and Carolyn L. Allison, and
their legal counsel
35882 N. Morningstar Road
Pleasant Hill, OR 97455

APPRAISER: Charles P. Thompson, MAI, SRA
Charles P. Thompson & Assoc., Inc.
P.O. Box 10233
Eugene, OR 97440-2233

SUBJECT PROPERTY: A parcel of land containing a total of approximately
74.97 acres, with improvements consisting of a
single family residence and various out-buildings.
Lane County Assessor's Map 19-02-04, Tax Lot 800
(Improvements are not included)

OF VALUE June 1, 2005

DATE OF APPRAISAL: July 1, 2005

PURPOSE OF THE APPRAISAL: The purpose of this appraisal is to provide the appraiser's best estimate of the market value of the subject property as of the effective valuation date. The interest appraised in this case is the fee simple interest. In addition, the property is valued under the *hypothetical assumption* that it has the same potential for development on the date of value that it had when it was unzoned in 1971, or that it had under a later AGT-5 zoning. The *hypothetical condition* is necessary in this case to arrive at a difference between the two value estimates to form the basis for a Measure 37 Claim.

MARKET VALUE DEFINITION: "Market Value" is defined in the Uniform Standards of Professional Appraisal Practice publication as follows:

A type of value, stated as an opinion, that presumes the transfer of a property (i.e., a right of ownership or a bundle of such rights), as of a certain date, under specific conditions set forth in the definition of the term identified by the appraiser as applicable in an appraisal.

Comment: Forming an opinion of market value is the purpose of many real property appraisal assignments, particularly when the client's intended use includes more than one intended user. The conditions included in market value definitions establish market perspectives for development of the opinion. These conditions may vary from definition to definition, but generally fall into three categories:

1. The relationship, knowledge, and motivation of the parties (i.e. seller and buyer);
2. The terms of sale (e.g. cash, cash equivalent, or other terms); and
3. The conditions of sale (e.g. exposure in a competitive market for a reasonable time prior to sale).

The specific market value definition utilized in this appraisal is that defined by the federal financial institutions' regulatory agencies as follows:

"Market Value" means the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. Buyer and seller are well informed or well advised, and acting in what they consider their own best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

(Source: Office of the Comptroller of the Currency under 12 CFR, Part 34, Subpart C-Appraisals, 34.42 Definitions [f].)

INTENDED USE OF REPORT: This appraisal is intended to assist in the filing of a Measure 37 Claim for damages.

INTERESTS VALUED: Fee simple.

APPRAISAL DEVELOPMENT AND REPORTING PROCESS: In preparing this appraisal the appraiser:

1. Inspected the subject property on June 1, 2005.
2. Gathered information on comparable sales.
3. In developing the opinions of value, the appraiser performed a complete appraisal process as defined by the Uniform Standards of Professional Appraisal Practice.
4. Reviewed historical information regarding the subject property which was provided by the owner, and research, zoning, and planning data, obtained from the Lane County Planning Commission. Also, information was obtained from the Lane County Assessor's Department.

This summary appraisal report is a brief recapitulation of the appraiser's data, analyses, and conclusions. Other supporting documentation is retained in the appraiser's file.

AREA/NEIGHBORHOOD DATA:

Area Data - The Cities of Eugene and Springfield are located in the center of Western Oregon, at the southern edge of the Willamette Valley. The Willamette River flows northwest by Springfield and through the heart of Eugene. The McKenzie River joins the Willamette River to the north of Eugene. The communities are divided by the Interstate-5 Freeway and are located approximately 110 miles south of Portland, and 216 miles north of the California border. It is 60 miles west of the Cascade Mountains, and 60 miles east of the Pacific Ocean.

Elevation: The elevation is approximately 426 feet above sea level. Eugene's topography features include Skinner Butte to the north of downtown, and Spencer Butte to the south which has a 310-acre city park.

Population: Lane County's population is 333,350. Eugene is the second largest city in Oregon with a population count estimated at 144,640 as of July 1, 2004. Springfield's population count was estimated at 55,350 as of July 1, 2004. (Current population statistics are certified estimates from Portland State University, effective July 1, 2004.)

Airport: The Eugene Airport, Mahlon Sweet Field, is the fifth largest airport in the Pacific Northwest. It provides commercial air service to a six-county region in mid-Oregon. It is served by four air carriers: America West Express, Horizon Air, SkyWest (the Delta Connection), and United Express. Daily flights servicing Western cities include Los Angeles, San Francisco, and Salt Lake City. The four car rental companies located in the airport terminal are AVIS, Budget, Hertz & Enterprise.

Employment: Lane County's ten top employers are ranked as follows: PeaceHealth Medical Group, University of Oregon, U.S. Government, Lane Community College, Lane County, Eugene School District, Springfield School District, City of Eugene, State of Oregon, McKenzie-Willamette Medical Center. Lane County's ten top manufacturers are listed as follows: Monaco Coach Corporation, Country Coach, Hynix Semiconductor Manufacturing America, Symantec Corporation, PSC Scanning, Weyerhaeuser Company, Rosboro Lumber Company, Whittier Wood Products, McKenzie Forest Products, Marathon Coach. (Source: Eugene Area Chamber of Commerce and Lane Metro Partnership)

According to the Oregon Employment Department, the fastest growing occupations in Oregon were administrative and support services with an increase of 13.1% change from 2001 to 2003. Areas showing decline during this same period were wood product manufacturing, down 9.6%; transportation/warehousing/utilities, down 6.9%; also durable goods and state education, both down 6.5%. The Department's employment projections by industry anticipated to increase are health services by 28.3% from 2002 by the year 2012. Also expected to increase by 20.5% are business and professional services. The industry projected to decrease the most include the wood products "other" category, anticipated to take a 20% decline. The top five growing occupations projected by the year 2012 include:

Registered nurses, retail salespersons, office clerks/ general, cashiers, and nurses aides/orderlies/attendants.

Unemployment: The current unemployment rate for Lane County (as of April, 2005) is 6.6%; the same as it was one year prior (April, 2004) when it was at 6.6%. The current rate for the State of Oregon is at 6.7%, slightly lower than it was one year prior when it was at 6.9%.

The high unemployment rate in 2003 was due to a recession which started in 2000 and continued into 2003. In Eugene, a well-known department store chain went into bankruptcy and closed in February, 2003. Sony, a 50-million dollar CD-ROM manufacturing plant in Springfield, closed in April 2003. In mid-2004, the Sony plant was purchased PeaceHealth for additional office space in conjunction with the newly planned hospital to be located a short distance to the southeast. Also contributing to unemployment in the area were large layoffs experienced at Seneca Sawmills and Monaco Coach.

Labor Trends: Recent indicators reflect that the economy is taking a turn for recovery. The local major RV manufacturers are hiring again. A new building for Royal Caribbean Call Center will initially employ 240 employees and as many as 1,100 within five years. The Oregon Research Institute's new office will be located at the Sears site in downtown Eugene. Businesses that will be expanding and building new construction include: The Sweet Life Patisserie bakery will be moving into a 2,800 square foot converted warehouse; construction for a 45,000 square foot space has been built for Best Buy to lease; Todd Boles has begun the first phase of a 37,000 square foot self-storage facility in west Eugene; and Yelton, Inc, is building a 27,000 square foot facility to keep up with the demand for diesel-powered conveyor systems used for big constructions projects.

Construction on the new Federal Courthouse has begun and is ongoing. In addition, it is anticipated that downtown Eugene will be the location for a large, new, whole foods store and other planned developments.

Neighborhood Data - The subject property is situated approximately ten miles southeast of Eugene, south of Highway 58, and east of the Interstate-5 Freeway.

The subject neighborhood encompasses a rural area, south of the small town of Pleasant Hill. All of the neighborhood is outside the City of Pleasant Hill or any Urban Growth Boundary.

The topography consists of level to rolling hills, mostly with mild slopes—some with steep slopes. The neighborhood is typified by rural residences, small farms, and wood lots. The trend in the area is for five to twenty acre building lots divided from larger parcels on which new, single-family residences are being constructed. Some are in excess of \$1,000,000 in value. The area is particularly desirable for homesites because of its close in location, the country atmosphere, wildlife, and view amenities.

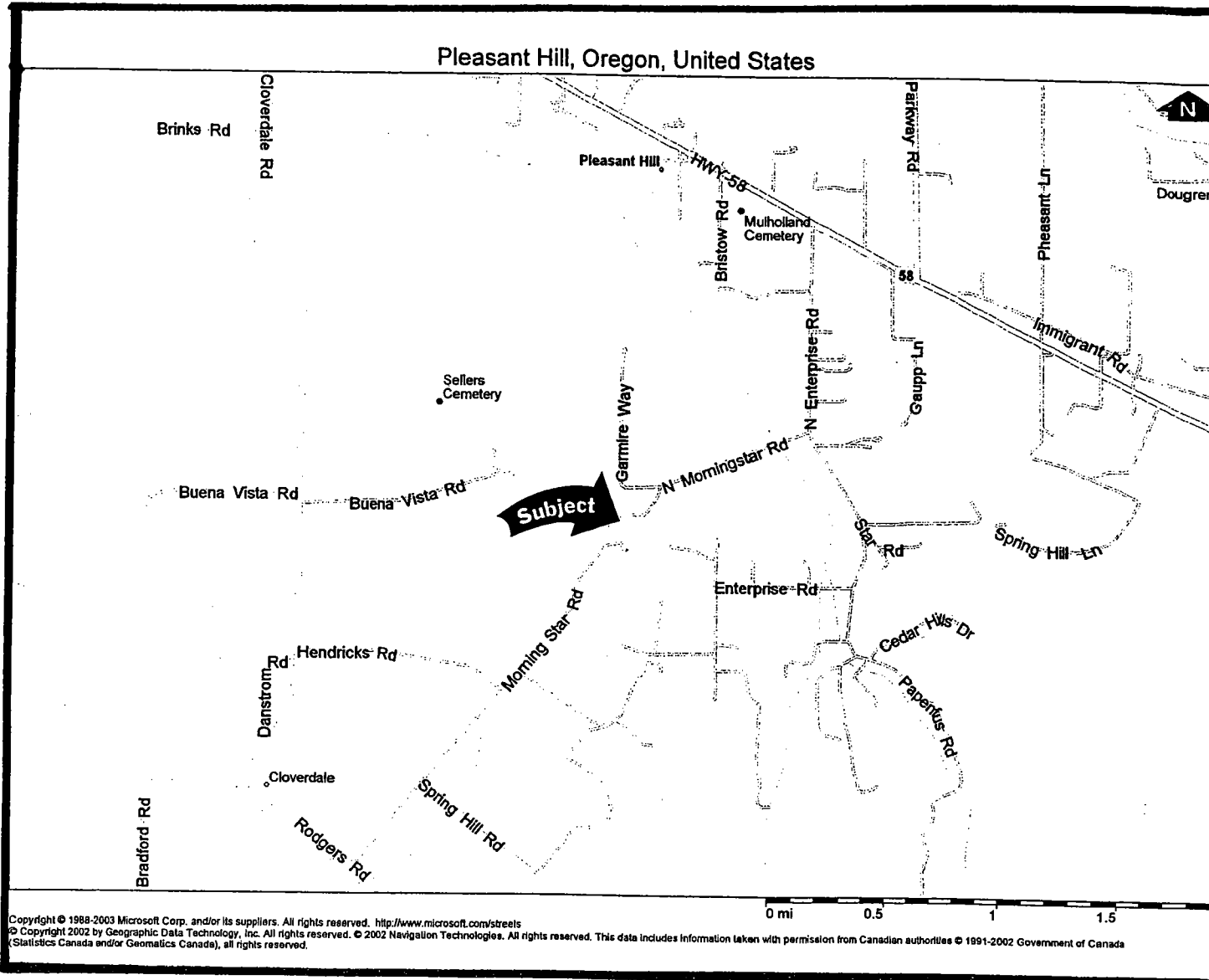
Electricity is provided by Lane Electric Co-op, and EPUD. Water is provided by private wells. Sewage disposal is provided septic or sand filter systems. Police and fire protection

are available to the neighborhood from the City of Pleasant Hill. Because of the proximity of the neighborhood to the City of Eugene, shopping, schools, churches, and professional services are all convenient.

Real estate values in the subject neighborhood are currently increasing, which trend has prevailed over the past several years. Further increases are anticipated, giving indications of a favorable real estate market which in turn, depends on low interest rates.

Please refer to the following pages for a vicinity map illustrating the location of the subject neighborhood and subject property.

VICINITY MAP



PROPERTY DATA

LOCATION:

Street Address: 35882 North Morningstar Road
Pleasant Hill, Oregon

**Geographic Location
and Legal Description:**

North terminus of Morningstar Road, between Morningstar Road on the south and North Morningstar Road on the north, south of Pleasant Hill, Oregon. Please refer to Exhibit "A" in the Addenda to this report for the legal description.

**Assessor's Map
and Tax Lot No.:**

Lane County Assessor's Map 19-02-04
Tax Lot No. 800

Tax Account Nos.:

1318243 and 1020450

Zoning:

E-40, Exclusive Farm Use with a 40-acre minimum division size.

TAX AND ASSESSMENT DATA (2004/2005 Values):

The subject property is divided into two tax code areas (levy codes) as follows:

Tax Code (Levy Code)	No. of Acres	RMV Land	RMV Improve.	RMV Total	Assessed Value	Taxes
1318243	37.97	\$205,234	\$165,680	\$370,914	\$145,249	\$1,583.87
1020450	37.00	\$49,547	\$-0-	\$49,547	\$6,060	\$64.83
Total:		\$254,781	\$165,680	\$420,461	\$151,309	\$1,648.70

EFFECTIVE TAX RATE: \$10.90 per \$1,000 of assessed value.

Real estate taxes are based on assessed values which were determined by taking the 1995/96 real market values and subtracting 10% in accordance with a tax relief measure. The assessed values, as calculated, can only be increased by a maximum of 3% per annum. New construction and additions are added and treated differently. Bonded indebtedness is exempt from this requirement.

OWNERSHIP AND PROPERTY HISTORY:

Current ownership, according to the Lane County Regional Land Information data base, is the Allison Living Trust. This form of ownership came into being October 28, 2004. The grantors were Philip L. and Carolyn L. Allison. Reportedly, the property has been so owned since 1971. There have been no sales or leases of the subject property which are pertinent to its current value.

DESCRIPTION OF THE SUBJECT PROPERTY:

Land - In general, the subject property consists of a parcel of agricultural/timber land with access on the south direct to Morningstar Road, and access on the north via a 30-foot wide right-of-way from North Morningstar Road. The total land area is approximately 74.97 acres.

Tax Lot No. 1000, which borders Tax Lot No. 800 on the north and contains approximately five acres, is also owned by the Allisons but is not included in this appraisal.

Improvements consist of a single-family residence garage and out-buildings, none of which are included in this appraisal. In addition, the property includes marketable timber which is also not included in this appraisal.

According to FEMA flood hazard zone information and FIRM Map No.: 41039C1966 F, the subject property is outside the 500-year flood plain area.

The topography varies from level to moderately steep. The slope is from east to west. There is a pasture area along the west property line. The land then slopes upward to the east affording panoramic views to the northwest, west, and southwest. A single-family residence and garage and out-buildings are situated in the northeast portion near the east property line. Most of the larger Douglas Fir timber is in this north portion and along the east property line. As indicated previously, the structural improvements and timber are not included in this appraisal.

The soils are described as follows:

Soil Type/Description	Percentage of Tax EOI
Chehulpum Silt Loam, 20-40% slopes	29%
Hazelair Silty Clay Loam, 7-20% slopes	23%
Hazelair Silty Clay Loam, 2-7% slopes	23%
Natrox Silty Clay Loam	10%
Willakenzie Clay Loam, 2-12% slopes	9%
Philomath Cobby Silty Clay, 0-45% slopes	8%

In general, the soils are poorly drained or shallow on the steeper slopes and suited primarily for pasture and timber.

The zoning is E-40 or Exclusive Farm Use with a 40-acre minimum division size. E-40 is the same as EFU-40.

According to the Lane Code, the EFU or Exclusive Farm Use District has as a stated purpose: "The Exclusive Farm Use District (EFU) is intended to provide areas for the continued practice of agriculture, to permit the establishment of only those new uses compatible to agricultural activities, to provide automatic farm use valuation for farms qualifying under the provisions of ORS Chapter 308, to be applied only in areas generally well suited for farming, to guarantee the preservation and maintenance so classified, and it subject to change only in those instances where there is substantial evidence the land is no longer suitable for agriculture, or, there are significant changes in the land needs of the County."

With regard to residential homesites, one single-family dwelling or one mobile home per land unit used for persons employed on the premises in conjunction with the Farm Use are permitted. Other provisions for single-family residences or mobile homes, involve facilities for persons employed on the premises in conjunction with the Farm Use, and a relative whose assistance on the farm is or will be required by the farm operator. Also, one single-family dwelling or mobile home per land unit, not in conjunction with a Farm Use, is an option. If this option is chosen, then none of the other options can be chosen in addition.

This essentially means that there is the potential for division of the subject property into two homesites or mobile home sites not in conjunction with a Farm Use. Other permitted uses include the growing and harvesting of timber.

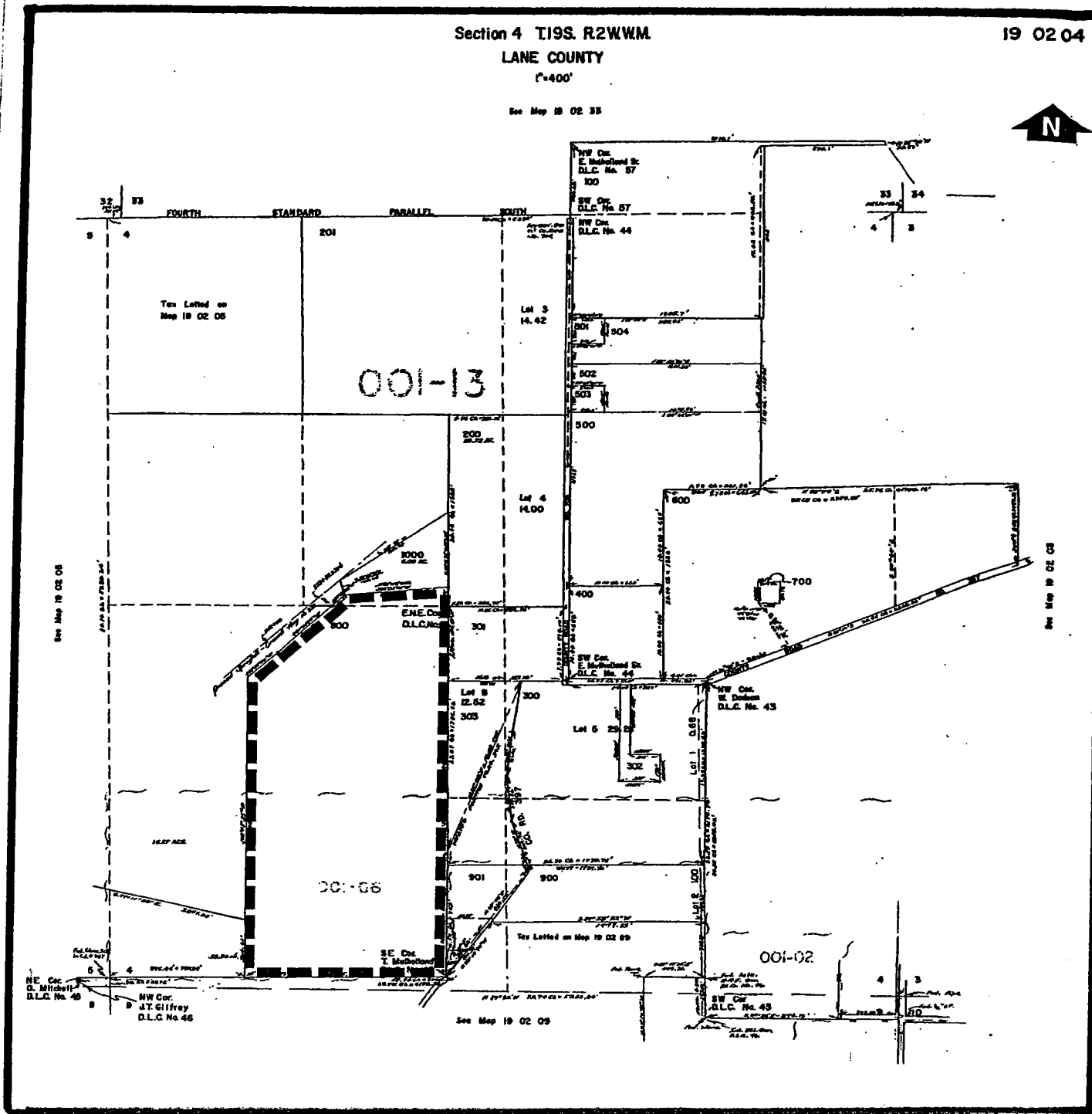
There are a number of other permitted uses which are not considered pertinent in terms of the highest and best use of the subject property. Reference is made to a copy of the EFU zoning ordinance set forth as Exhibit "***" in the Addenda to this report.

Available utilities include electricity provided by Lane Electric Co-op in one portion of the subject property, and EPUD on the other section of the subject property. Fire protection is provided by a volunteer facility in Pleasant Hill, and police protection is provided by Lane County.

The subject property was purchased in about 1971, at which time there was either no zoning or the subject property was zoned AGT-5, which stands for Agricultural, Grazing, and Timber, with a 5-acre minimum division size. Under both of these zones, the subject property could have been divided into smaller homesite parcels.

Please refer to the following plat map, aerial photograph, and ground-level photographs of the subject property taken on the date of inspection.

PLAT MAP



North Morningstar Road



Barn ↗ 30' easement

House ↗

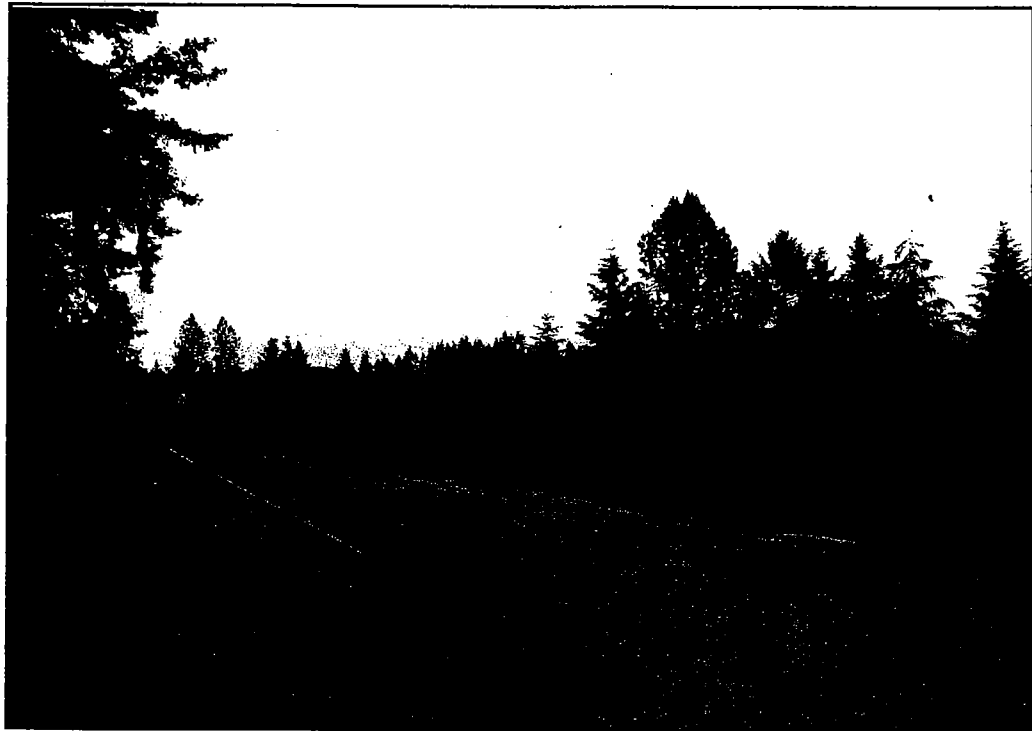
South Morningstar Road



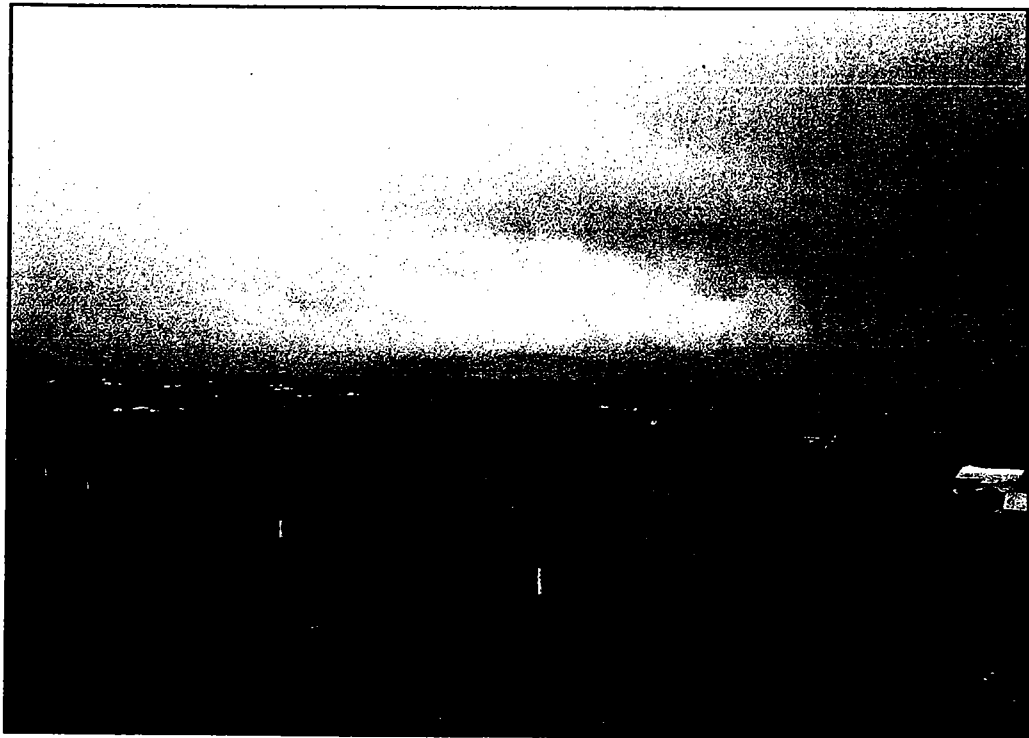
SUBJECT PHOTOGRAPHS



Area Near Residence



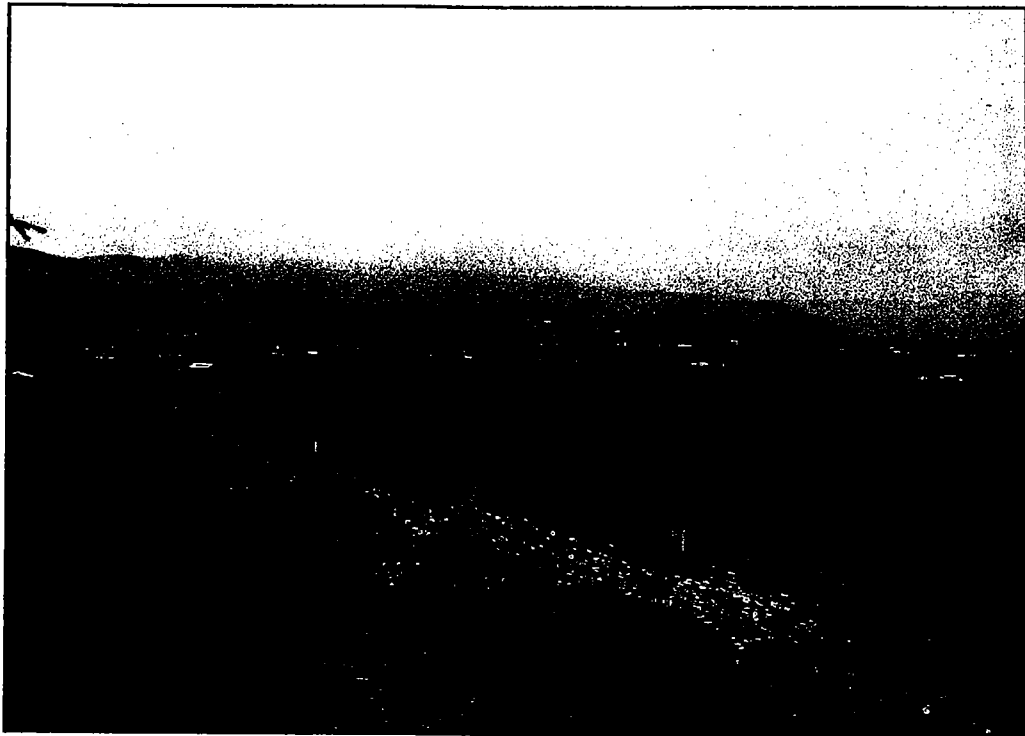
Subject Property - East Portion



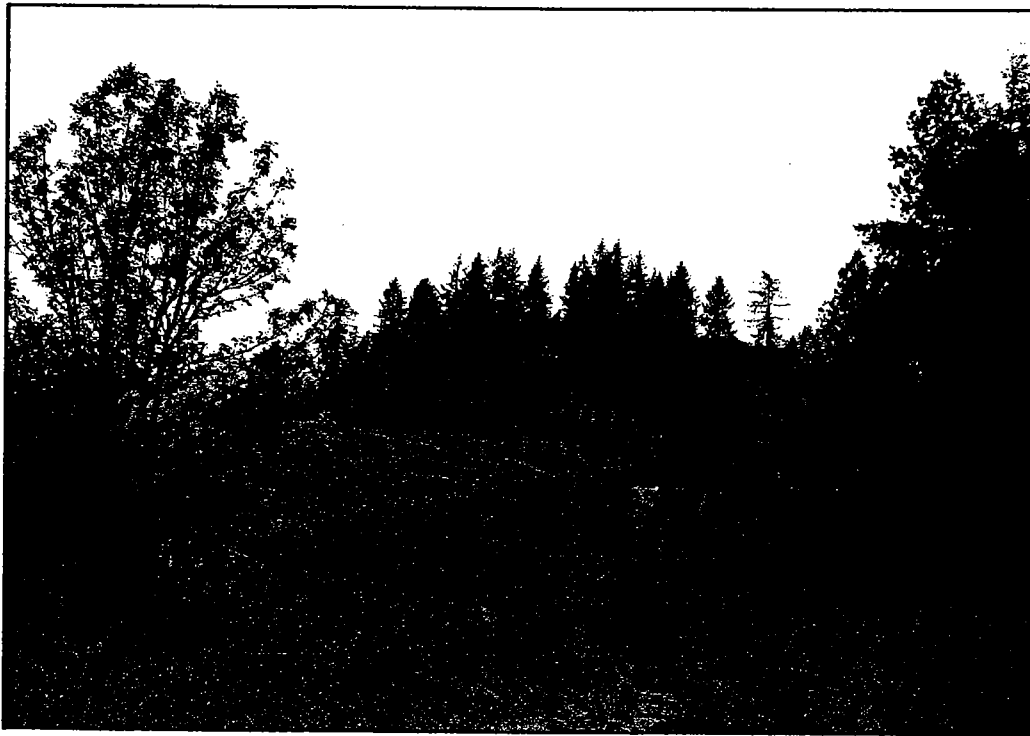
View from Mid Portion



Access Road from Morningstar Road



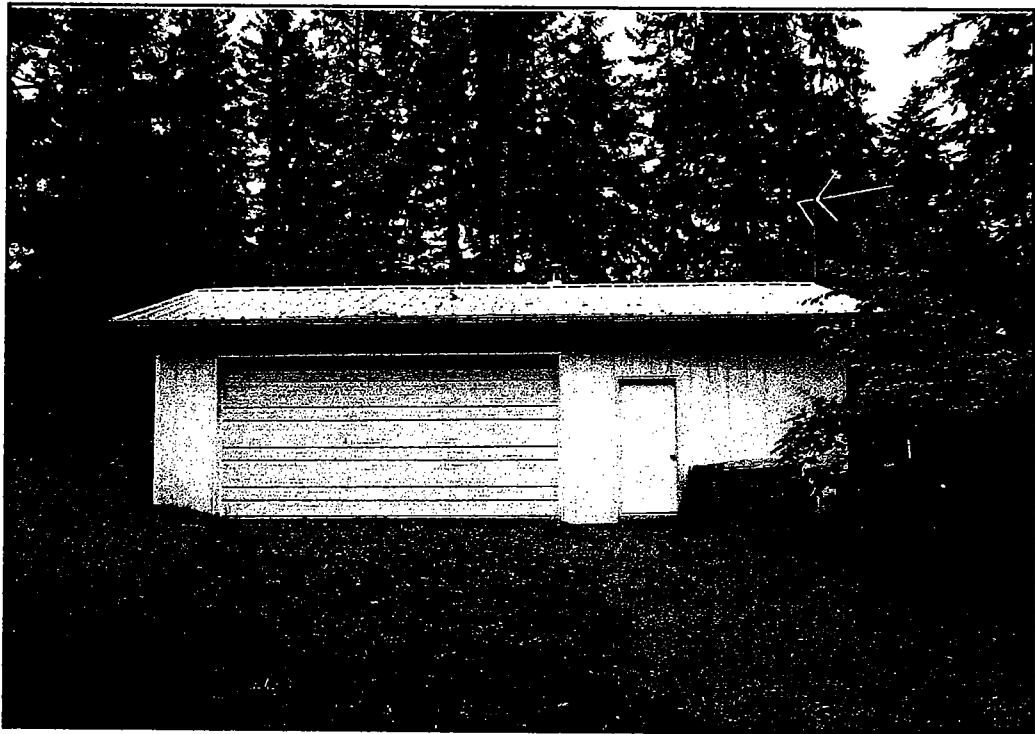
Subject Property - West Portion



Subject Property - Looking North



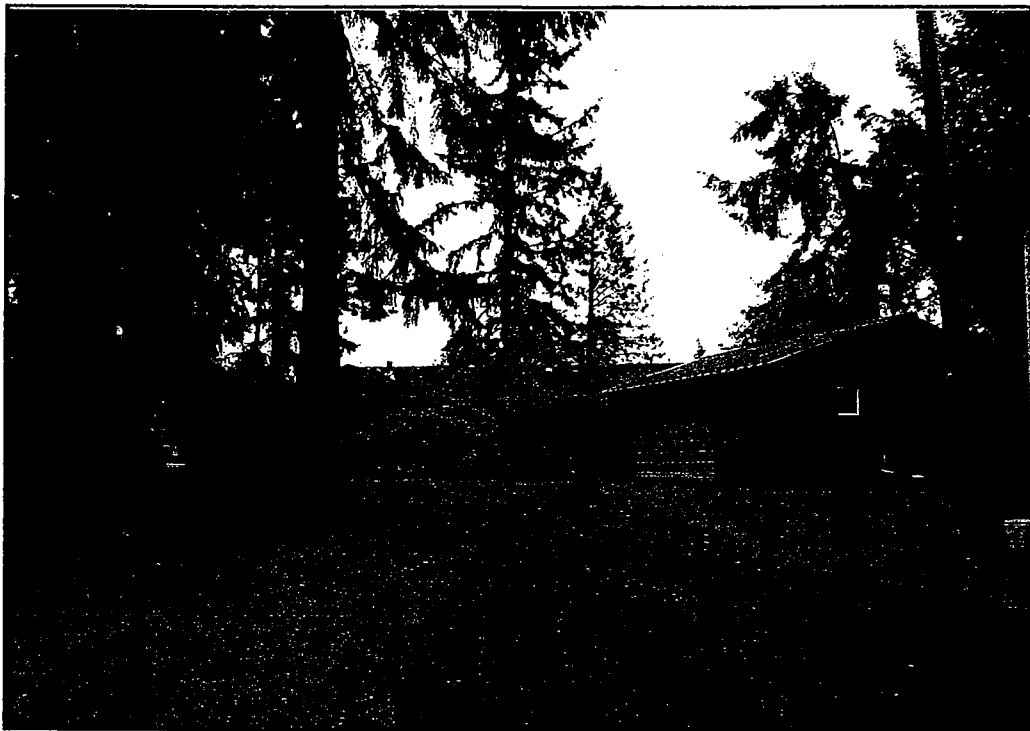
30-Foot Access Road



Garage



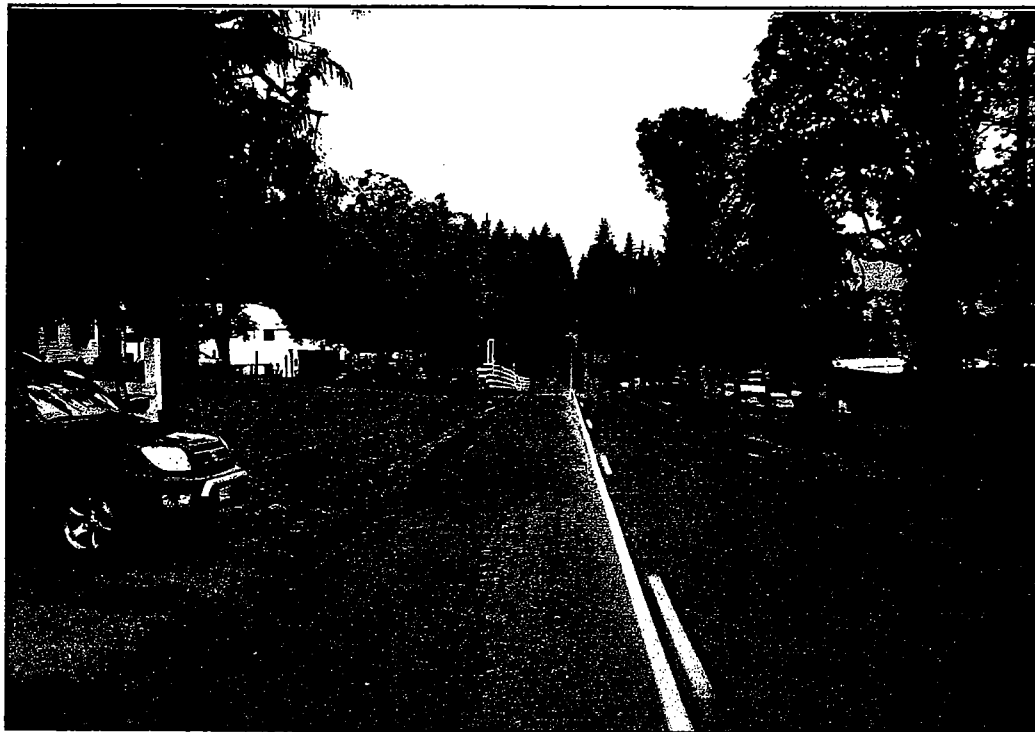
Out Buildings



Residence



30-Foot Access Road off North Morningstar Road



N. Morningstar Road

ANALYSES AND CONCLUSIONS

HIGHEST AND BEST USE:

The term "highest and best use" is defined as "that reasonable and probable use that will support the highest present value, as defined, as of the effective date of the appraisal. Alternatively, that use, from among reasonably probable and legal alternative uses, found to be physically possible, appropriately supported, financially feasible, and which results in the highest land value."

The definition immediately above applies specifically to the highest and best use of land. It is to be recognized that in cases where a site has existing improvements, the highest and best use may very well be determined to be different from the existing use. The existing use will continue, however, unless and until land value, in its highest and best use, exceeds the total value of the property in its existing use.

Implied within these definitions is recognition of the contribution of that specific use to community environment or to community development goals in addition to wealth maximization of individual property owners. Also implied is that the determination of highest and best use results from the appraiser's judgment and analytical skill; i.e., that the use determined from analysis represents an opinion, not a fact to be found. In appraisal practice, the concept of highest and best use represents the premise upon which value is based.

The subject land parcel is located outside any City limits and outside any Urban Growth Boundary. It is approximately 2.5 miles southerly of the City of Pleasant Hill. The total land area is approximately 74.97 acres. As described previously, the topography ranges from relatively level pasture land to relatively steep timbered slopes. The soils are shallow and wet, and less than ideal for any agriculture crop other than pasture. The soils are also suitable for timber.

The highest and best use of the subject property is examined in terms of the following:

Physically Possible Uses - With regard to physically possible uses, the size, location, and topography are favorable for residential development into larger, single-family residential lots. Development is primarily into larger, single-family residential lots. Development is primarily limited by the lack of an urban level of utilities and services, and the current zoning which will not permit such development.

Legally Permissible Uses - As indicated earlier in this report, the subject property is zoned E-40 or Exclusive Farm Use with a 40-acre minimum division size. Also explained earlier in this report, this is a restricted zone and is intended primarily to encourage agriculture and timber raising. With regard to residential use, a maximum of one to two homesites for non-agricultural use would be permitted. Since the zoning is E-40, it may be that only one home site would be permitted.

The property was acquired in 1971, at which time reportedly there was no zoning, or at best the property was zoned AGT-5, which would have permitted 5-acre homesites. The

difference between no zoning and AGT-5 zoning is believed to be insignificant in this particular case. The reason behind this contention is that even under no zoning it would not be practicable to divide the property into smaller than 5-acre parcels due to supply and demand factors, septic approvals, and potable water availability.

Financially Feasible Uses - Financially feasible uses are those uses which are expected to produce a positive return on investment. Due to the poor quality of the soils and the steeper slopes, the property is not suited for agriculture beyond that of pasture use. However, the slopes are ideal for the growing of timber. The only financially feasible use of the property is for the growing and harvesting of timber, with secondary use as pasture and hay production. As mentioned earlier, the property was previously unzoned and then zoned AGT-5, which means that the property could have been subdivided into individual homesites. The number and sizes of the homesites would have been limited by septic approvals, road capacity, and the availability of potable water for domestic use.

Maximally Productive Use - The maximally productive use is that use among the financially feasible uses that produces, or would produce, the highest price or value consistent with the rate of return warranted by the market for that particular use. Zoned EFU-40, the current zoning, the only financially feasible use which is also considered to be the maximally productive use in this case is that for the growing and harvesting of timber, and secondary use of pasture and hay production. Adding to these uses, one to two homesites would likely be permitted in conjunction with the timber and farm use.

Under no zoning or AGT-5 zoning, the highest and best use of the subject property would be for division into larger homesites ranging in size from 5 to 25 acres.

Reasonable Exposure Time - This is the time envisioned in this appraisal that the property would have to be exposed to the market prior to sale, is estimated at 6 months. This is commensurate with the time on the market for similar properties.

Reasonable Marketing Period - The estimated marketing period for the subject property is also considered to be 6 months, due to the fact that the foreseeable future market is anticipated to be substantially the same as the market within the last two years.

APPRAISAL PROCESS

The subject property in this case involves a vacant, undeveloped land parcel. There are several procedures available for the valuation of vacant land which are: 1) the market data or Direct Sales Comparison Approach, involving land only, 2) the abstraction method, 3) the anticipated use or subdivision development method, and 4) use of the land residual technique. With regard to the subject property, the Direct Sales Approach is considered the most applicable under the present zoning of E-40. Because the subject is vacant undeveloped land (improvements are not included), the Cost Approach is not applicable. Likewise, the Income Approach has no applicability because the subject is vacant and undeveloped, and of a type which is not typically lease and not viewed by the market in the context of the Income Approach. For these reasons, only the Direct Sales Comparison Approach is considered applicable in this case in valuing the subject land under the EFU zoning.

VALUATION PROCESS:

The following land sales were utilized in valuing the subject property on an "as is" basis under the current zoning of E-40:

Sale No.	Date of Sale	Zoning	Size Acres	Sale Price	Map, Tax Dist.	Location
1	03/04	E-40	61.8	\$5,502	Map 19-02-03 T.L. # 400	North side of Morning Star Rd. Pleasant Hill, OR
2	01/04	E	107	\$7,150	Map 18-04-25 T.L. # 700 Map 18-04-26 T.L. # 900	35006 McBeth Rd. Eugene, OR
3	04/04	F-2 F-1	289.05	\$2,595 \$2,249	Map 18-05-23 T.L. # 100, 101, 103, 500, 600, 601, & 605	27716 Erikson Rd. Eugene, OR
4	05/04	E-40 E-1	174.26	\$2,275	Map 21-03-09 T.L. # 102, 104 & 105	77425 S. 6 th St. Cottage Grove, OR
Subj.	06/05	E-40	74.97	\$---	Map 19-02-04 T.L. # 800	35882 N. Morning Star Rd., Pleasant Hill, OR

General Discussion of Comparable Data -

The sales range in time from 1/04 to 5/04 and in size from 107 acres to 289.05 acres. The price per acre range is from \$2,249 to \$7,150. No time adjustment is deemed warranted in this particular case because all of the sales took place in 2004 and there have been no significant increases in the prices paid for such properties. The sales, although having different locations, with the exception of sale 1, which is located near the subject, are in

locations somewhat similar to the subject with regard to distance from town and accessibility.

ANALYSIS OF SALES:

Sale 1 is similar to the subject with regard to size and location, but is considered superior to the subject with regard to access. This sale took place in early 2004 at a price of \$340,000 or \$5,502 per acre. There were no improvements. This sale suggests a value of the subject of less than \$5,502 pr acre.

Sale 2 involved a 107 acre parcel of land with a double-wide mobile home and an 80' by 80' foot newer barn. The manufactured home was constructed in 1997 and contains approximately 2,000 square feet. The property has the potential for two home sites. It is similar to the subject property in that it has mildly sloping topography and good views. The access and location are considered superior to the subject. This property sold in January 2004 for \$840,000 or \$7,850 per acre including a modern manufactured home. Adjusting the sale price downward by \$30,000 which is the estimated contributory value of the improvements results in an adjusted price of \$810,000 or \$7,570 per acre. This sale suggests a value for the subject of well below \$7,570 per acre.

Sale 3 involved a 289.05 acre land parcel located on Erickson Road, Southwest of Eugene. The zoning was F-1 and F-2. The purchaser was able to divide the property into several lots. Improvements included an older residence and several out buildings. This property sold in April 2004 for \$750,000 or \$2,595 per acre. After subtracting the estimated value of the improvements of \$100,000 the price per acre of land only was \$2,249 per acre. This property is considered superior to the subject by virtue of location and access, however, it is almost four times larger than the subject. Also, the sellers were not fully aware of the division potential at the time of sale. This sale suggests a value for the subject of well above \$2,249 per acre.

Sale 4 involved a 174.26 acre land parcel located south of Cottage Grove, Oregon. This property had long frontage on the coast fork of the Willamette River and involved a hilly topography with some tree cover. The zoning was F-1 and F-2, both of which are more restrictive zones with regard to development than is the E-40 Zone. This sale property is considered inferior to the subject by virtue of location, but superior because of its river frontage. It is significantly larger than the subject which tends to result in a unit price lower than applicable. This property sold in mid-2004 for \$496,518 and included improvements valued at \$100,000. After subtracting the estimated value of the improvements, the adjusted price is \$396,518 or \$2,275 per acre. Overall, this sale suggests a value for the subject of well above \$2,275 per acre.

Sales 3 and 4 suggest values for the subject of well above \$2,275 per acre, while sale 1 suggests a value for the subject of less than, but near, \$5,502 per acre.

Based on the sales taking into consideration for differences, the value of the subject property is reasonably concluded to be \$4,500 per acre, times 74.97 acres, or \$337,000 rounded. This value does not include any value for structural improvements or timber.

VALUATION OF SUBJECT ASSUMING NO ZONING, OR ZONING EQUIVALENT TO AGT-5

The subject property was reportedly acquired in 1971, at which time, it was either not zoned at all, or zoned AGT-5, which stands for Agricultural Grazing and Timber, with a 5-acre minimum division size. Prior to around 1970, subdividing rural acreage was relatively easy. In 1971 and 1972, such divisions became more difficult, but still relatively easy. After 1973, dividing rural acreage parcels became significantly more difficult. Subsequently, the subject property was zoned EFU-40, which precludes any major subdivision development.

Prior to any zoning, or under the AGT-5 zone, major subdividing could have been done. The number and sizes of the resulting lots would have been dependent on septic approvals, water availability, and supply/demand factors. Currently, these same factors will determine the number and sizes of lots. The current market for rural lots is favoring larger lots, 5 to 12 acres in size. Current market conditions for homesites, ranging in size from 10 to 20 acres is strong. Given the proximity of the subject property to Eugene and its view potential, the demand is even stronger.

Therefore, the highest and best use (most profitable use) in the current market is "division into larger lots, the specific number and sizes of which will be determined by the potential for septic approvals and by the availability of potable water." Given the soil types on the subject property, and the availability of water on similar properties, it is reasonable to assume that lots ranging in size from 5 to 15 acres could be had.

Under Measure 37, qualified property owners are entitled to develop their land under the zoning which prevailed prior to any zone change. In other words, property owners had the right to develop their own land based on its current highest and best use, but under the prior zoning. In this particular case, that would be developing under no zoning, or under AGT-5 zoning limited only by septic approvals, water availability, and the capacity of existing roadways to accommodate the additional traffic which would be generated by the development.

The subject property contains a total of approximately 74.97 acres. The owners plan to retain a 25-acre home site and combine it with the adjoining aforementioned 5-acre site (which is not included in this appraisal) to result in a 30-acre home site to accommodate the existing residence and out buildings.

Therefore, the hypothetical division on which this valuation is based is: Eight 5-acre homesites, one 25-acre home site, and one 9.97-acre home site.

In valuing the subject property based on no zoning, or zoning of AGT-5, it is necessary to do so based on "**hypothetical condition**" that the subject property is currently unzoned or zoned AGT-5. The term "**hypothetical condition**" is defined as: *that which is contrary to what exists but is supposed for the purpose of analysis.*

It is not possible to value the subject property via the Direct Sales Comparison Approach, due to the fact that there are no recent sales of property with a similar subdivision potential. This is due to the fact that outlying properties, such as the subject, are zoned Exclusive Farm Use or Forestry uses and as such cannot be divided along the lines of this hypothetical division of ten home sites.

The Appraisal of Real Estate 12th Edition, published by the Appraisal Institute, Page 346, under the heading "Subdivision Development Analysis" states:

"The use of subdivision development analysis to value vacant land is most applicable if sales data on vacant tracts of land is inadequate, but market data is available on the probable sale prices of developed lots and the demand for such lots ..."

Therefore, the subject property is valued via the **Subdivision Development Analysis**. This is a method of estimating land value when subdivision and development are the highest and best use of the subject property being appraised. Direct and indirect costs and entrepreneurial profit are deducted from an estimate of the anticipated gross sales revenue from the sale of the finished lots, and, the resultant net sales proceeds are then discounted to present value at a market derived rate over the development and absorption period to indicate the value of the raw land.

The first step in this process is to estimate the value of the lots which could likely be obtained in the current market if the property were unzoned or zoned AGT-5.

The market data utilized in valuing the subject future lots is set forth in chart form as follows:

Sale No.	Date of Sale	Size/Acres	Price/ Price per Acre	Map/TL #	Location
1	10/04	22.41	\$489,000 \$21,321	19-04-02 TL 201	South Side, Fox Hollow Road, East of McBeth Road, Eugene
2	11/04	20.02	\$385,000 \$19,231	18-05-23 TL 100 (part)	South Side Ericksen Road, (NW portion of subject property)
3	11/04	20.00	\$350,000 \$17,500	18-05-23 TL 100, 601(part)	South of Ericksen Road (part of subject property)
4	02/00	20.95	\$375,000 \$17,900	N/A	3 Fox Hollow Rd., Eugene
5	06/02	33.4	\$307,500 \$9,207	18-03-20 TL 4207	13 Christiansen Rd., Eugene
6	06/02	29.17	\$307,500 \$10,542	18-03-20 TL 4206	12 Christiansen Rd., Eugene
7	02/04	18.65	\$200,000 \$10,724	18-03-29 TL 1500	Fox Hollow Rd Eugene
8	3/02	10.00	\$250,000 \$25,000	N/A	2 Fox Hollow Rd. Eugene
9	4/02	11.23	\$290,000 \$25,824	N/A	1 Fox Hollow Rd. Eugene
10	12/04	5.06	\$170,000 \$33,597	18-03-21 TL 4200	Lot 15, Hidden Meadows (off Dillard Rd.) Eugene
11	3/04	5.00	\$180,000 \$36,000	18-03-21 TL4000	Lot 13, Hidden Meadows (off Dillard Rd.) Eugene
12	1/04	5.00	\$170,000 \$34,000	18-03-21 TL 3800	Lot 11, Hidden Meadows (off Dillard Rd.) Eugene
13	4/05	5.01	\$260,000 \$51,896	18-03-21 TL 3400	Lot 4, Hidden Meadows (off Dillard Rd.) Eugene

The sales vary widely in size, location, and dates of sale. The primary factors which result in unit price differences are size, view, topography, distance from town, and date of sale.

The sales are adjusted for time at the rate of 4% per annum with the exception of the 2004 sales—none of which are adjusted for time due to the fact that there have been minimal increases between 2004 and 2005. The factor of size is the major determinant of price per

acre. As the size increases significantly the price per acre decreases, all other factors being equal. The exceptions are view, distance from town, and topography, and access.

The time adjusted sales are rated from small to large in the following chart:

The sales are adjusted for time at the rate of 4% per annum with the exception of the 2004 sales—none of which are adjusted for time. The factor of size is the major determinant of price per acre. As the size increases significantly the price per acre decreases, all other factors being equal. The exceptions are view, distance from town, and topography.

The time-adjusted sales are arrayed below from small to large:

Sale No.	Size Acres	Time Adj. Price per Acre	View	Distance from Town
12	5.00	\$34,000	Good	Close
11	5.01	\$51,896	Excellent	Close
13	5.01	\$51,896	Excellent	Close
10	5.06	\$39,597	Good	Close
8	10.00	\$28,403	Excellent	Close
9	11.25	\$29,246	Excellent	Close
7	18.65	\$10,724	Minimal	Close
3	20	\$17,500	Good	Close
2	20.02	\$19,231	Good	Close
4	20.95	\$22,066	Good	Close
1	22.41	\$21,821	Good	Close
6	29.17	\$11,858	Minimal	Close
5	33.4	\$10,356	Minimal	Close

The sales show a definite pattern of decreasing prices per acre as the sizes increase, modified primarily by the factors of location and view.

All of the foregoing sales are located closer to Eugene, and therefore, in this regard are all considered superior, although not to any great degree, due to the fact that the subject location is relatively close to Eugene. A search for sales of rural homesites in the subject area revealed little pertinent sales data, however, a rural subdivision was found off Enterprise Road, in the same vicinity as the subject. This property, Green Bluff Estates, was started in November of 1995. The two most recent sales took place in 1999, lot 2, located on Green Bluff Drive sold in December 1999 and contained 10.04 acres. It sold for \$150,000 or

\$15,000 per acre. Updating this for time at the rate of 4% per annum results in a time adjusted sale price of \$18,615 per acre.

A 20-acre parcel at the west end of Green Bluff Drive sold in February 1999 for \$195,000, or \$9,750 per acre. Updated for time at the rate of 4% per annum results in a time adjusted price per acre of \$12,470.

As indicated previously, the subject property has not been divided and therefore the precise number, sizes, configurations, and views of the future lots are not known. However, it is believed reasonable to assume that the aforementioned lot sizes at: one 25-acre home site, one 9.97 acre home site, and eight 5-acre home sites.

ANALYSIS:

Sales 8 and 9, which contain 10 acres and 11.23 acres respectively, are similar in size to the one 9.97-acre subject home site and also similar in view. However, the two sale properties are considered superior in regard to location. These two sales, adjusted for time, reflect \$28,403 per acre and \$29,246 per acre and indicate values for the 9.97-acre subject of about 15% less, or \$24,000 per acre.

Sales 5 and 6 are similar to the 25-acre subject lot in size. However, neither has a good view. Sale 1 is also similar in size and has a good view. Sales 2, 3 and 4 tend to support this unit value. Based on these sales, the value of the 25-acre home site is judged to be \$15,000 per acre, or \$375,000.

Sales 10, 11, 12 and 13 are similar in size to the eight 5-acre subject home sites and reflect a time adjusted price per acre range of \$33,597 to \$51,896. The low-end of the range is set by sales 10, 11 and 12. The price range reflected by these sales is \$33,597 per acre to \$36,000 per acre. These sales tend to indicate a value for the eight 5-acre subject home sites of \$35,000 per acre.

Based upon the foregoing, the grossed sales revenue from sales of the hypothetical subject home sites is calculated as follows:

One 25-acre home site at \$15,000/acre	\$375,000
One 9.97-acre home site at \$24,000/acre	rounded \$240,000
Eight 5-acre home sites at \$35,000/acre each	<u>\$1,400,000</u>
TOTAL GROSS SALES REVENUE	\$2,015,000

ESTIMATED COST OF DEVELOPMENT:

Total development costs are divided into hard costs and soft costs. Hard costs are also referred to as infrastructure costs or direct costs, while soft costs are referred to as indirect costs.

Based upon known and estimated costs of development in outlying subdivisions of larger lots, the development costs are estimated as follows:

Estimated Hard Costs/Infrastructure/Direct Costs:

Surveying, engineering, and platting - \$3,000 per home site x 10 lots	\$ 30,000
Access roads - utilizing existing roads where possible - 2,050 lineal feet x \$30/l.f.	\$ 61,500
Wells - \$5,000 per lot x 10 lots	\$ 50,000
Septic Approval - ten lots @ \$5,000 per lot	\$ 50,000
Test hole drilling - \$175 per lot x 10 lots	\$ 1,750
Permits - \$550 each x 10 lots	\$ 5,500
Miscellaneous clean-up and site work (tree & brush removal, contouring)	\$ <u>15,000</u>

Subtotal: **\$213,750**

Estimated Soft Costs:

Title insurance - \$725 per lot x 10 lots	\$ 7,250
Escrow fees - \$350 per lot x 10 lots	\$ 3,500
Marketing costs (real estate commission 6%)	\$120,900
Insurance - \$200 per lot x 10 lots	\$ 2,000
County fees (SDC)	\$ 12,500
Real estate taxes	\$ 4,000
Legal fees	\$ 7,500
Other 5% of above hard/soft costs	\$ <u>16,500</u>

(Other costs include interest during construction, points, appraisal fees, and potential costs associated with back taxes resulting from remaining farm deferral status. These are currently estimated at 5%.)

Total Soft Costs: **\$174,150**

Developer's profit - 15% of \$2,015,000 **\$302,250**

ASSUMPTIONS AND TIMING OF CASH FLOWS:

A typical and realistic set of assumptions and cash flow estimates are as follows:

1. A project the size and scope of the hypothetical subject project described herein would take an estimated one year to complete. The first year would involve obtaining approvals, completing the engineering, surveying, and platting, and putting in access roads, wells, and septic systems. Some advertising would be done during the first year to assist in the marketing program. The second year would involve selling the lots. Based on this scenario, the hard costs of \$213,750 would be spent the first year. All ten lots would be sold the second year. Soft costs of \$174,650 would be spent in the second year. Developer's profit would come at the end of the second year.

Based upon the foregoing, a cash flow chart is constructed as follows:

	Year 1	Year 2
Gross Sales Revenue	\$-0-	\$2,015,000
Hard Costs	\$213,750	
Soft Costs	\$-0-	\$174,150
Developer's Profit	\$-0-	\$302,250
Net Cash Flows		

The foregoing net cash flows are valued as follows:

Present Worth of Cash Flows:

Year 1 - pay hard costs	(\$213,750)
Year 2 - pay soft costs	(\$ 174,150)
Year 2 \$2,015,000 ÷ 12 months = \$167,917	
discounted at 10% and deferred 1 year at 10%	\$1,736,339
Less Developer's Profit - 15% of \$2,015,000	\$302,250
Net Present Value or Indicated Present Value of Raw Land, rounded	\$1,046,000

SUMMARY AND FINAL CONCLUSIONS:

Total indicated value of subject land under present zoning:	\$337,000
Total indicated value of subject property under "hypothetical" No Zoning or AGT-5 Zoning	\$ 1,046,000
Difference or Potential Measure 37 Claim	\$ 709,000

ASSUMPTIONS AND LIMITING CONDITIONS

1. This is a Summary Appraisal Report which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(b) of USPAP for a Summary Appraisal Report. As such, it might not include full discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. The appraiser is not responsible for the unauthorized use of this report.
2. No survey of the property has been made and no responsibility is assumed in connection with such matters. Sketches in this report, if any are included, are only to assist the reader in visualizing the property.
3. No responsibility is assumed for matters of a legal nature affecting title to the property nor is an opinion of title rendered. The title is assumed to be good and merchantable.
4. Information furnished by others is assumed to be true, correct, and reliable. A reasonable effort has been made to verify such information; however, no responsibility for its accuracy is assumed by the appraiser.
5. All mortgages, liens, encumbrances, leases, and servitudes have been disregarded unless otherwise specified within the report. The property is appraised as though under responsible ownership and competent management.
6. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures which would render it more or less valuable. No responsibility is assumed for such conditions or for engineering or other expertise which may be required to discover them.
7. It is assumed that there is full compliance with all applicable federal, state and local environmental regulations and laws unless noncompliance is stated, defined, and considered in the appraisal report.
8. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a non-conformity has been stated, defined and considered in the appraisal report.
9. It is assumed that all required licenses, consents or other legislative or administrative authority from any local, state, or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.

10. It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted within the report.
11. The appraiser is not qualified to detect hazardous waste and/or toxic materials. Any comment by the appraiser that might suggest the possibility of the presence of such substances should not be taken as confirmation of the presence of hazardous waste and/or toxic materials. Such determination would require investigation by a qualified expert in the field of environmental assessment. The presence of substances such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. The appraiser's value estimate is predicated on the assumption that there are no such materials on or in the property that would cause a loss in value, unless otherwise stated in the report. No responsibility is assumed for any environmental conditions or for any expertise or engineering knowledge required to discover them. The appraiser's descriptions and resulting comments are the result of the routine observations made during the appraisal process.
12. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraisers, and in any event only with proper written qualification and only in its entirety.
13. The distribution of the total valuation in this report between land and improvements applies only under the reported highest and best use of the property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used.
14. Neither all nor any part of the contents of this report, or copy thereof, shall be conveyed to the public through advertising, public relations, news, sales or any other media without written consent and approval of the appraiser. Nor shall the appraiser's firm or professional organization of which the appraiser is a member be identified without written consent of the appraiser.
15. This appraisal was done under market conditions prevailing on the effective date of this appraisal. Because real estate values are very dependent on market conditions and markets tend to change over time, no responsibility is assumed for market conditions affecting the value of the property beyond the date of this appraisal.
16. Acceptance of and/or use of this appraisal report constitutes acceptance of the foregoing general assumptions and general limiting conditions.
17. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformance with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance

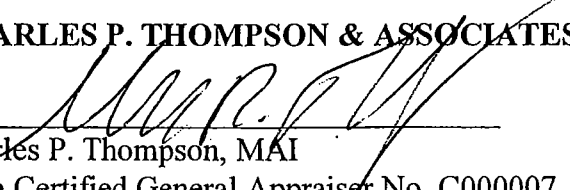
with one or more of the requirements of the Act. If so, this fact could have a negative effect upon the value of the property. Since I have no direct evidence relating to this issue, I did not consider possible noncompliance with the requirements of the ADA in estimating the value of the property.

CERTIFICATION

The undersigned does (do) hereby 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, unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and I have 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 to 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 case of the client, the amount of 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 professional appraisal assistance to the person(s) signing this report.
- The Appraisal Institute conducts a program of continuing education for its designated members. As of the date of this report, I, Charles P. Thompson, MAI, have completed the requirements under the continuing education program of the Appraisal Institute.
- in my opinion, the market value of the subject property on an "as-is" basis, effective June 1, 2005, was \$337,000. The market value of the subject property based on the *hypothetical condition* that it was unzoned or zoned AGT-5 on June 1, 2005, was estimated to be \$1,046,000.

CHARLES P. THOMPSON & ASSOCIATES, INC.



Charles P. Thompson, MAI
State Certified General Appraiser No. C000007

ADDENDA

Exhibit A

Beginning at the iron pin marking the Southeast corner of the Thomas Mulholland Donation Land Claim No. 45, in Township 19 South, Range 2 West of the Willamette Meridian; thence North 0 degrees 13' 35" West 2584.76 feet along the East line of said Donation Land Claim No. 45 to the stone marking the East-Northeast corner thereof; thence North 0 degrees 13' 35" West 96.25 feet to a point marked by an iron pin; thence South 85 degrees 03' 06" West 676.52 feet to an iron pin set on the Southerly right-of-way line of the proposed State Highway; thence South 48 degrees 23' 59" West 126.63 feet along said right-of-way line to an iron pin opposite to and 100.00 feet Southeasterly from proposed Centerline Station 257+39.33 P.T.; thence South 47 degrees 04' 15" West 460.67 feet continuing along said right-of-way line to an iron pin opposite Centerline Station 262+00 P.T.; thence South 48 degrees 39' 44" West 261.75 feet continuing along the Southerly right-of-way line of said highway to a point marked by an iron pin; thence South 0 degrees 13' 35" East 2059.09 feet to an iron pin set on the South line of said Mulholland Donation Land Claim No. 45; thence North 89 degrees 41' 06" East 1305.00 feet to the Point of Beginning, in Lane County, Oregon.

10.100-10

Lane Code

10.100-10

Table I

Buildings & Uses

Land Unit
(See LC 10.100-40)

NOTE. (1) shown in the Land Unit column indicates a permitted use. All special uses requiring review.

Commer- cial Farm Unit	Special Commer- cial Farm Unit I	Special Commer- cial Farm Unit II	Farm Unit	Nonfarm Unit
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(4) One single-family dwelling or one mobile home per land unit used for persons employed on the premises in conjunction with a farm use.	(1)	(2)*	(3)*	N/A	N/A
(5) Mobile homes in addition to those permitted in (4) above for persons employed on the premises in conjunction with a farm use.	(11)	(11)	(11)	N/A	N/A
(6) One single-family dwelling or one mobile home per land unit not in conjunction with a farm use. Such use shall not be in addition to those permitted under (3), (4) and (5) above or (7) below.	(13)	(13)	(13)	(13)	(13)***
(7) One single-family dwelling or one mobile home per land unit occupied by a relative whose assistance on the farm is or will be required by the farm operator.	(1)	(1)	(1)	(1)	N/A

13-72; 7.21.72

17-73; 1.16.74

1-74; 3.6.74

9-75; 7.2.75

3-76; 4.7.76

11-78; 8.11.78

5-81; 4.8.81

1-82 As Amended; 4.16.82

10-31

WP 1/co/00043/C

Table I

Buildings & Uses

Land Unit
(See LC 10.100-40)

NOTE. (1) shown in the Land Unit column indicates a permitted use. All special uses requiring review.

Commer- cial Farm Unit	Special Commer- cial Farm Unit I	Special Commer- cial Farm Unit II	Farm Unit	Nonfarm Unit
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(8) Public and semipublic buildings and structures rendering direct utility service to the public in local areas, such as fire stations, utility substations, electrical transmission facilities transmitting electric current 150,000 volts or less in any single cable or line or group of cables or lines, radio and TV receiving or broadcasting facilities, pump stations and wells; except commercial facilities for the purpose of generating power for public use by sale.

(1) (1) (1) (1) (1)

- 13-72; 7.21.72
- 17-73; 1.16.74
- 1-74; 3.6.74
- 9-75; 7.2.75
- 3-76; 4.7.76
- 11-78; 8.11.78
- 5-81; 4.8.81
- 1-82 As Amended; 4.16.82

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WP 1/co/00043/C

Table I

Buildings & Uses

Land Unit
(See LC 10.100-40)

NOTE. (1) shown in the Land Unit column indicates a permitted use. All special uses requiring review.

Commer- cial Farm Unit	Special Commer- cial Farm Unit I	Special Commer- cial Farm Unit II	Farm Unit	Nonfarm Unit
------------------------------	---	--	--------------	-----------------

(15) Commercial activities that are in conjunction with a farm use.	(4)	(4)	(4)	(4)	N/A
(16) Parks, playgrounds or community centers owned and operated by a governmental agency or a nonprofit community organization.	(5)	(5)	(5)	(5)	(5)
(17) Private parks, playgrounds, hunting and fishing preserves, and campgrounds, including facilities for recreational vehicles, but specifically excluding mobile home parks.	(5)	(5)	(5)	(5)	(5)
(18) Flood control or irrigation projects and facilities.	(12)	(12)	(12)	(12)	(12)
(19) Electrical generation facilities, canals, flumes, pipelines and similar facilities, including electrical transmission facilities transmitting electrical current in excess of 150,000 volts in any single cable or line or group of cables or lines.	(12)	(12)	(12)	(12)	(12)

13-72; 7.21.72

17-73; 1.16.74

1-74; 3.6.74

9-75; 7.2.75

3-76; 4.7.76

11-78; 8.11.78

5-81; 4.8.81

1-82 As Amended; 4.16.82

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WP 1/co/00043/C

Table I

Buildings & Uses

Land Unit
(See LC 10.100-40)

NOTE. (1) shown in the Land Unit column indicates a permitted use. All special uses requiring review.

Commer- cial Farm Unit	Special Commer- cial Farm Unit I	Special Commer- cial Farm Unit II	Farm Unit	Nonfarm Unit
------------------------------	---	--	--------------	-----------------

(9) The keeping of dogs, accessory to a residence, provided the following conditions are satisfied.

(a) The maximum number of dogs over four months of age shall be eight.

(b) 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.

(c) All dogs shall be owned by the property owners, except those temporarily kept for the purposes of breeding.

(10) Propagation or harvesting of a forest product.

(11) Churches

(12) Public and private schools.

(13) Operations for the exploration of geothermal resources as defined by ORS 522.005

(14) Operations conducted for the mining and processing of geothermal resources as defined by ORS 522.005.

(1)	(1)	(1)	(1)	(1)
(1)	(1)	(1)	(1)	(1)
(1)	(2)*	(3)	N/A	(4)
(1)	(2)*	(3)*	N/A	(4)
(1)	(1)	(1)	(1)	(1)
(5)	(5)	(5)	(5)	(5)

13 72; 7.21.72

17-73; 1.16.74

1-74; 3.6.74

9-75; 7.2.75

3-76; 4.7.76

11-78; 8.11.78

5-81; 4.8.81

1-82 As Amended; 4.16.82

10-33

WP 1/co/00043/C

Table I

Buildings & Uses

Land Unit
(See LC 10.100-40)

NOTE. (1) shown in the Land Unit column indicates a permitted use. All special uses requiring review.

Commer- cial Farm Unit	Special Commer- cial Farm Unit I	Special Commer- cial Farm Unit II	Farm Unit	Nonfarm Unit
------------------------------	---	--	--------------	-----------------

(25)	that have a primary function of supporting farming practices. Major Rural Home Occupations (see LC 10.342-05 through LC 10.342-25) provided, however, such activity is conducted exclusively by the residents and is within a dwelling allowed under (3), (4) or (5) above or is within accessory buildings that have a primary function of supporting farming practices.	(11)	(11)	(11)	(11)	N/A
(26)	Golf courses.	(12)	(12)	(12)	(12)	N/A
(27)	Temporary or portable sawmills, barkers and chippers. Such a use may be approved for a one-year period which is renewable. These facilities are intended for primary processing of a forest product. Forest products means timber grown upon a parcel of land or contiguous land where the primary processing facility is located.	(12)	(12)	(12)	(12)	(12)
(28)	Boarding of horses for profit.	(11)	(11)	(11)	(11)	(11)
(29)	A site for the disposal of solid waste approved by the governing body of a city or county or both and for which a permit has been granted under ORS 459.245 by the	(12)	(12)	(12)	(12)	(12)

13-72; 7.21.72 3-76; 4.7.76
 17-73; 1.16.74 11-78; 8.11.78
 1-74; 3.6.74 5-81; 4.8.81
 9-75; 7.2.75 1-82 As Amended; 4.16.82

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WP 1/co/00043/C

Table I

Buildings & Uses

Buildings & Uses	Land Unit (See LC 10.100-40)				
	Commer- cial Farm Unit	Special Commer- cial Farm Unit I	Special Commer- cial Farm Unit II	Farm Unit	Nonfarm Unit
NOTE. (1) shown in the Land Unit column indicates a permitted use. All special uses requiring review.					
(20) Rock, sand, gravel or loam extraction and extraction provided: (a) Materials produced are for the sole use of the owner or operator and are not offered for sale or remuneration and are used in conjunction with a farm use. (b) Total excavation or extraction does not exceed 5,000 cubic yards annually.	(4)	(4)	(4)	(4)	N/A
(21) Exploration, mining and processing of aggregate or other mineral resources or other subsurface resources which exceed the requirements for a special use as provided for in (19) above.	(5)	(5)	(5)	(5)	(5)
(22) Personal-use airports for airplanes and helicopter pads, including associated hangar, maintenance and service facilities as defined in ORS 215.213(2)(g).	(12)	(12)	(12)	(12)	(12)
(23) Feed lots.	(5)	(5)	(5)	(5)	(5)
(24) Minor Rural Home Occupations (see LC 10.342-05 through LC 10.342-25) provided, however, such activity is conducted exclusively by the residents and is within a dwelling allowed under (3), (4) or (5) above or is within accessory buildings					

13-72; 7.21.72 5-81; 4.8.81
 17-73; 1.16.74 1-82 As Amended; 4.16.82
 1-74; 3.6.74
 9-75; 7.2.75
 3-76; 4.7.76
 11-78; 8.11.78

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Table I

Buildings & Uses

Land Unit
(See LC 10.100-40)

NOTE. (1) shown in the Land Unit column indicates a permitted use. All special uses requiring review.

Commer- cial Farm Unit	Special Commer- cial Farm Unit I	Special Commer- cial Farm Unit II	Farm Unit	Nonfarm Unit
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Department of Environmental Quality, together with equipment, facilities or buildings necessary for its operation.

(11)	(11)	(11)	(11)	(11)
(30) Land Divisions.	(6)	(7)	(8)	(9) (10)*

* If proposed on a parcel created under the review process specified at LC 10.100-12(7) or LC 10.100-12(8) below, the structure will be considered as a permitted use and not require approval as a special use.

N/A - Not Allowed

** If proposed on a parcel created under the review process specified at LC 10.100-12(9) below, the structure will be considered as a permitted use and not require approval as a special use.

*** If proposed on a parcel created under the review process specified at LC 10.100-12(10) below, the structure will be considered as a permitted use and not require approval as a special use.

-12. Review Process. For uses listed in Table I above, the following review processes are applicable:

(1) Permitted Use. Review is limited to determination of qualifications.

(2) Special Use.

(a) Subject to approval of the Planning Director as provided in LC 10.316, and

(b) The subject property is a unit of contiguous ownership less than that specified in LC 10.360-10 but equal to or greater than the median ownership of farm units within the immediate area. Immediate area shall mean the section in which the subject property is located along with the eight surrounding and adjacent sections, excluding such areas as may lie outside the boundaries of Lane County, Oregon. Farm units shall mean any property having a property classification beginning with the digit "5" or ending with the digit "2" or "3" as shown on the latest approved tax roll. Ownerships of less than 10 acres shall not be included in the calculations of the median area.

- 13-72; 7.21.72 3-76; 4.7.76 10-37 WP 1/co/00043/C
- 17-73., 1.16.74 11-78; 8.11.78
- 1-74; 3.6.74 5-81; 4.8.81
- 9-75; 7.2.75 1-82 As Amended; 4.16.82

(3) Special Use.

(a) Subject to approval of the Planning Director as provided in LC 10.316, and

(b) The subject property although smaller in size than other commercial farm units in the immediate area.

(i) Is unique in that the types of products produced, while following accepted farming practice, are not found in the immediate area, and

(ii) Will contribute in a substantial way to the agricultural economy of the County, and

(iii) Will help maintain agricultural processors and established farm markets in that the proposed operation is on land of similar size and productivity as other producers of the same products in the region.

(4) Special Use.

(a) Subject to approval of the Planning Director as provided in LC 10.316, and

(b) (i) Is compatible with and not hazardous to existing farm uses and uses permitted in the surrounding Zoning District(s).

(ii) Is consistent with the purpose of ORS 215.243.

(iii) Does not interfere seriously with accepted farming practices on adjacent lands devoted to farm use.

(iv) Does not materially alter the stability of the overall land use pattern of the area.

(v) Is situated upon land generally unsuitable for the production of farm crops or livestock, considering the terrain, adverse soil or land condition, drainage and flooding, vegetation, location and size of tract.

(vi) Will not be adversely affected by natural hazards, such as floods, slides and erosion.

The above-listed criteria are intended to be consistent with those provided in ORS 215.213(3).

(5) Special Use.

(a) Subject to approval of the Hearings Official as provided in LC 10.317, and

(b) (i) Is compatible with and not hazardous to existing farm uses and uses permitted in the surrounding Zoning District(s).

(ii) Is consistent with the purpose of ORS 215.243.

(iii) Does not interfere seriously with accepted farming practices on adjacent lands devoted to farm use.

(iv) Does not materially alter the stability of the overall land use pattern of the area.

(v) Is situated upon land generally unsuitable for the production of farm crops or livestock, considering the terrain, adverse soil or land condition, drainage and flooding, vegetation, location and size of tract.

(vi) Will not be adversely affected by natural hazards, such as floods, slides and erosion.

The above-listed criteria are intended to be consistent with those provided in ORS 215.213(3).

(6) Subject to approval of the Land Development Review Committee Chairman (Planning Director) as provided in LC Chapter 13. Land division resulting in parcels meeting the area requirements of LC 10.360-10 shall be deemed as conforming with ORS 215.243.

(7) (a) Subject to approval of the Land Development Review Committee Chairman (Planning Director) as provided in LC Chapter 13, and

(b) The subject property is a unit of contiguous ownership less than that specified in LC 10.360-10, but equal to or greater than the median ownership of farm units within the immediate area. Immediate area shall mean the section in which the subject property is located along with the eight surrounding and adjacent sections excluding such areas as may lie outside the boundaries of Lane County, Oregon. Farm units shall mean any property having a property classification beginning with the digit "5" or ending with the digit "2" or "3" as shown on the latest approved tax roll. Ownerships of less than 10 acres shall not be included in the calculations of the median area. Findings of compliance with this criterion shall be deemed as complying with ORS 215.243.

(8) Subject to approval of the Land Development Review Chairman (Planning Director) as provided in LC Chapter 13, and

(a) (i) Is compatible with existing farm uses and uses permitted in the surrounding Zoning District(s).

(ii) Is consistent with the purpose of ORS 215.243.

(iii) Does not interfere seriously with accepted farming practices on adjacent lands devoted to farm use.

(vi) Does not materially alter the stability of the overall land use pattern of the area.

(b) The subject property, although smaller in size than other commercial farm units in the immediate area:

(i) Is unique in that the types of products produced, while following accepted farming practice, are not found in the immediate area, and

(ii) Will contribute in a substantial way to the agricultural economy of the County, and

(iii) Will help maintain agricultural processors and established farm markets in that the proposed operation is on land of similar size and productivity as other producers of the same products in the region.

Findings of compliance with these criteria shall be deemed as complying with ORS 215.243.

13-72; 7.21.72	3-76; 4.7.76	10-39
17-73., 1.16.74	11-78; 8.11.78	
1-74; 3.6.74	5-81; 4.8.81	
9-75; 7.2.75	1-82 As Amended; 4.16.82	

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(9) Subject to approval of the Land Development Review Committee Chairman (Planning Director) as provided in LC Chapter 13, and

(a) (i) Is compatible with existing farm uses and uses permitted in the surrounding Zoning District(s).

(ii) Is consistent with the purpose of ORS 215.243.

(iii) Does not interfere seriously with accepted farming practices on adjacent lands devoted to farm use.

(iv) Does not materially alter the stability of the overall land use pattern of the area.

b) (i) Agricultural land will be maintained as a natural and economic asset.

(ii) There will be no intrusion into the block of agricultural land surrounding the subject property.

(iii) There will be no urban development.

(iv) The owners of property will be encouraged to maintain the Exclusive Farm Use Zone.

The above-listed criteria are intended to be consistent with those provided in ORS 215.243 as required by ORS 215.263(3).

(c) (i) The parcel to be divided is marginal agricultural land.

(ii) The parcel to be divided cannot now or in the foreseeable future be found profitable.

(iii) Parcels slightly larger than the parcel to be divided cannot be economically farmed.

(iv) Most farming operations in the area are on farms of the size proposed by the division.

(v) Greater agricultural utilization will result from breaking the undivided parcel into small farms as proposed.

(10) Subject to approval of the Land Development Review Committee Chairman (Planning Director) as provided in LC Chapter 13.

(a) (i) Is compatible with existing farm uses and uses permitted in the surrounding Zoning District(s).

(ii) Is consistent with the purpose of ORS 215.243.

(iii) Does not interfere seriously with accepted farming practices on adjacent lands devoted to farm use.

(iv) Does not materially alter the stability of the overall land use pattern of the area.

(v) Is situated upon land generally unsuitable for the production of farm crops or livestock, considering the terrain, adverse soil or land condition, drainage and flooding, vegetation, location and size of tract.

The above-listed criteria are intended to be consistent with those provided in ORS 215.213(3).

13-72; 7.21.72

3-76; 4.7.76

10-40

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17-73., 1.16.74

11-78; 8.11.78

1-74; 3.6.74

5-81; 4.8.81

9-75; 7.2.75

1-82 As Amended; 4.16.82

(b) (i) Agricultural land will be maintained as a natural and economic asset.

(ii) There will be no intrusion into the block of agricultural land surrounding the subject property.

(iii) There will be no urban development.

(iv) The owners of property will be encouraged to maintain the exclusive farm use zone.

(c) Where the parcel(s) are proposed on land valued at true cash value for farm use under ORS 308.370, evidence has been submitted that the proposed parcel(s) have been disqualified for valuation at true cash value for farm use under ORS 308.370.

The above-listed criteria are intended to be consistent with those provided in ORS 215.243 as required by ORS 215.263(3).

(11) Special Use.

(a) Subject to approval of the Planning Director as provided in LC 10.316, and

(b) (i) Is compatible with and not hazardous to existing farm uses and uses permitted in the surrounding Zoning District(s).

(ii) Is consistent with the purpose of ORS 215.243.

(iii) Does not interfere seriously with accepted farming practices on adjacent lands devoted to farm use.

(iv) Does not materially alter the stability of the overall land use pattern of the area.

(v) Will not be adversely affected by natural hazards, such as floods, slides, erosion.

(12) Special Use.

(a) Subject to approval of the Hearings Official as provided in LC 10.317, and

(b) (i) Is compatible with and not hazardous to existing farm uses and uses permitted in the surrounding Zoning District(s).

(ii) Is consistent with the purpose of ORS 215.243.

(iii) Does not interfere seriously with accepted farming practices on adjacent lands devoted to farm use.

(iv) Does not materially alter the stability of the overall land use pattern of the area.

13-72; 7.21.72 3-76; 4.7.76 10-41
17-73., 1.16.74 11-78; 8.11.78
1-74; 3.6.74 5-81; 4.8.81
9-75; 7.2.75 1-82 As Amended; 4.16.82

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(v) Will not be adversely affected by natural hazards, such as floods, slides, erosion.

(13) Special Use.

(a) Subject to approval of the Planning Director as provided in LC 10.316, and

(b) (i) Is compatible with existing farm uses and uses permitted in the surrounding Zoning District(s).

(ii) Is consistent with the purpose of the Zoning District and ORS 215.243.

(iii) Does not interfere seriously with accepted farming practices on adjacent lands devoted to farm use.

(iv) Does not materially alter the stability of the overall land use pattern of the area.

(v) Is situated upon land generally unsuitable for the production of farm crops or livestock, considering the terrain, adverse soil or land condition, drainage and flooding, vegetation, location and size of tract.

(vi) Will not be adversely affected by natural hazards, such as floods, slides erosion.

(vii) Will not cause hazardous conditions.

(viii) Where the dwelling or mobile home is proposed on land valued at true cash value for farm use under ORS 308.370, evidence has been submitted that the lot or parcel upon which the dwelling or mobile home is proposed has been disqualified for valuation at true cash value for farm use under ORS 308.370.

The above-listed criteria are intended to be consistent with those provided in ORS 215.213(3).

-20. Conflicting Provisions. No provision of this section shall be construed to authorize any use included within the definition of farm use or specially authorized as a nonfarm use in ORS 215.203 and 215.213.

-23. Setback Requirements. (Also see LC 10.300-15 and 15.065 - .095)

(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.

- 13-72: 7.21.72 1-82 As Amended; 4.16.82
- 17-73; 1.16.74
- 1-74; 3.6.74
- 6-75; 3.26.75
- 9-75; 7.2.75
- 3-76; 4.7.76
- 11-78; 8.11.78
- 5-81; 4.8.81

(EFU)

10.100-23(3)

Lane Code

10.100-45(3)

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

-30. Land Division Requirements. Land within the EFU District shall be subject to the following provisions in addition to the requirements of Lane Code, Chapter 13.

(1) Land division shall be effected only by partition as defined by LC 13.010(5). Subdivision of land as defined by LC 13.010(9) is expressly prohibited.

(2) The division of land by lease or rental for any farm use purpose is permitted and shall not be subject to the provisions of Lane Code, Chapter 13. No structure or building may be erected appurtenant to such a division, except those permitted under LC 10.100-10(2).

-40. Land Units. For purposes of using Table I (LC 10.100-10), the following shall apply:

(1) Commercial Farm Unit is a contiguous ownership meeting the area requirements of LC 10.360-10.

(2) Special Commercial Farm Unit I is a contiguous ownership meeting the area requirements set forth in LC 10.100-12(2).

(3) Special Commercial Farm Unit II is a contiguous ownership meeting the area requirements set forth in LC 10.100-12(3).

(4) Farm Unit is any contiguous ownership used for farm use as defined by this Chapter and not meeting the requirements of LC 10.100-40(1), (2) or (3) above.

(5) Nonfarm Unit is any parcel of land not used for farm purposes as defined by this Chapter.

-45. Nonconforming Uses and Use of Preexisting Parcels.

(1) A legally established nonfarm use existing at the time zone is applied and is unintentionally destroyed by fire, other casualty or natural disaster may be reestablished to its previous nature and extent, but the reestablishment shall meet all building, plumbing, sanitation, State Building Code and Lane Code, Chapter 15, Setback Requirements.

(2) If a preexisting parcel meets the minimum area requirements of this section for a commercial farm parcel, uses may be established as provided in this section.

(3) Except as provided in LC 10.100-45(1) above, if a pre-existing parcel does not meet the minimum area requirements of this section for a commercial farm parcel, the parcel is deemed a nonfarm lot and any proposed single-family dwelling, mobile home and accessory building shall be deemed a nonfarm use. Any other use listed in LC 10.100-10 above may be established in accordance with procedures and criteria in LC 10.100-10.

13-72; 7.21.72 3-76; 4.7.76 10-43
17-73., 1.16.74 11-78; 8.11.78
1-74; 3.6.74 5-81; 4.8.81
9-75; 7.2.75 1-82 As Amended; 4.16.82

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(EFU)

10.100-50

Lane Code

10.100-50

-50. Applications. Any application submitted for review under this section must state which land unit and review process

is applicable. Failure to meet the applicable criteria and standards shall result in denial of the application. Consideration of the request under different criteria (i.e. those applicable to a different land unit) shall be only upon the submission of a new application. The provisions of LC 10.316-90, LC 10.317-95 or LC 10.318-95 shall not apply to resubmission of an application under such circumstances.

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13-72; 7.21.72 1-82 As Amended; 4.16.82
1-74., 3.6.74
6-75; 3.26.75
9-75; 7.2.75
3-76; 4.7.76
5-81; 4.8.81

QUALIFICATIONS OF CHARLES P. THOMPSON, MAI

EMPLOYMENT BACKGROUND

Charles P. Thompson has been engaged in the practice of real estate appraising under the name of CHARLES P. THOMPSON AND ASSOCIATES, INC. since April of 1965. Mr. Thompson is experienced in real estate financing and brokerage, as well as appraising. He is presently located at 1234 High Street, Suite A, in Eugene, Oregon, where he is specializing in Real Estate Appraising and Consulting. He is a State Certified General Appraiser in Oregon, License No. C000007.

EDUCATIONAL ATTAINMENTS

B. S. Degree: University of Oregon, 1960

Various Courses of Study: Appraisal Institute

Courses I and II: School of Mortgage Banking, Stanford University

Principles and Techniques of Residential Appraising: Society of Real Estate Appraisers

Numerous clinics, short courses, and seminars on real estate appraisal subjects on a continuing basis. Recently Mr. Thompson attended the "Standards of Professional Practice," "Discounted Cash Flow Analysis," and the "Appraiser's Complete Review" seminars, all sponsored by the Appraisal Institute. Also, Mr. Thompson successfully completed the Appraisal Institute's courses 310 and 510 (Income Capitalization) in preparation for teaching these courses.

PROFESSIONAL DESIGNATIONS

MAI - Member Appraisal Institute

SCOPE OF APPRAISAL ASSIGNMENTS

Commercial, industrial, residential, special use, recreational, resort, and farm. Also experienced in condemnation appraising and court testimony. Present practice does not include single-family residential appraisals.

PROFESSIONAL AFFILIATIONS, PAST AND PRESENT

Eugene Board of Realtors
National Association of Real Estate Brokers
International Traders Club
Home Builder's Association
Mortgage Banker's Association of America
Society of Real Estate Appraisers
Appraisal Institute

REPRESENTATIVE APPRAISAL CLIENTS

Market and Feasibility Studies for the Eugene Urban Renewal Agency
Acquisition Appraisals for the Salem Urban Renewal Agency
Appraisals for Turn-Key Project, Salem Urban Renewal Agency
Various Urban Renewal Appraisals in Alaska for Alaska Housing Authority

Alaska Airlines	Bird Trust
Umpqua Bank	Church of Jesus Christ of Latter Day Saints
Chase Manhattan Bank	Davidson Industries
City of Eugene	Evergreen Federal Savings
Department of Veterans' Affairs	Federal Housing Administration
Eugene Water and Electric Board	First Security Bank of Oregon
First Interstate Bank	Good Neighbor Care Centers
Georgia-Pacific Company	IBM Corporation
Hiawatha Federal Savings Assoc.	Lane Transit District
Lane County	Mid-Kansas Federal Savings and Loan Association
Merrill Lynch, Pierce, Fenner and Smith, Inc.	Pacific Northwest Bell
Pacific Continental Bank	Reedsport Urban Renewal
Pankow Development Company	Spectra-Physics
Rosboro Lumber Company	State Accident Insurance Fund
Springfield Forest Products	U.S. Coast Guard
Troutman's Emporium	U.S. National Bank of Oregon
U-Lane-O Credit Union	Weyerhaeuser Timber Company
Valley River Shopping Center	
Wildish Construction Company	

COURT TESTIMONY

Mr. Thompson has testified as an expert witness in various courts in the State of Oregon. In addition, he has testified in Federal Court proceedings in the State of New Jersey and before the Civil Aeronautics Board in Washington, D.C.

TEACHING QUALIFICATIONS

Mr. Thompson is an approved instructor with the Appraisal Institute and is currently teaching Basic and Advanced Capitalization courses. He has lectured at the University of Oregon and has taught several real estate courses there as an adjunct instructor.