

Lane County

LAND MANAGEMENT DIVISION
125 EAST 8TH AVENUE
EUGENE, OREGON 97401
PHONE: 541-682-3823
FAX: 541-682-3947

W. 17. b.

AGENDA COVER MEMO

MEMO DATE: March 27, 2006

AGENDA DATE: April 5, 2006

TO: BOARD OF COUNTY COMMISSIONERS

FROM: BILL VANVACTOR, COUNTY ADMINISTRATOR
KENT HOWE, PLANNING DIRECTOR

RE: In the Matter of Considering a Ballot Measure 37 Claim and Deciding Whether to Modify, Remove or Not Apply Restrictive Land Use Regulations in Lieu of Providing Just Compensation (PA 05-5986, Davidson Industries, Inc.)

I. MOTION

Move to approve the Measure 37 Claim and adopt the order attached as Exhibit "A".

II. ISSUE OR PROBLEM

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 Davidson Industries to use the property as allowed at the time it acquired the property?

III. DISCUSSION

A. Background

Applicant: Davidson Industries

Current Owner: Davidson Industries, PO Box 7, Mapleton

Agent: William Potter, PO Box 1758, Eugene

Legal Description of Property: 17-12-15 #100

Acreage: 114 acres

Current Zoning: F2 (Impacted Forest)

Date Property Acquired: May 9, 1961 (Bargain and Sale Deed #31574)

Date claim submitted: July 14, 2005 (A timeline waiver was submitted on December 19, 2005.)

Land Use Regulations in Effect at Date of Acquisition: None

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

The current owner acquired the property in 1961 when it was unzoned. The current F2 (Impacted Forest) zone does not allow multi-family dwellings, limits new single family dwellings, and requires at least 80 acres for new parcels. Because of these limitations, Davidson Industries is prevented from developing the site as might have been allowed in 1961.

Reduction in Fair Market Value

The applicant has submitted an appraisal by a certified real estate appraiser. Based on the appraisal, the existing 114 acres is worth \$260,000. If the property was developed with single family and/or multi-family dwellings on multiple lots, the value would be \$8,550,000. This appraisal assumed the existing zoning was F1 (Nonimpacted Forest) which prohibits all new dwellings, not F2 (Impacted Forest) which allows new dwellings. Even though the F2 zone allows dwellings, there is no guarantee this site would be approved for a dwelling, since new dwellings require a special use permit that would be denied if the standards are not met. While this may change the specific amount of the appraised value, it is reasonable to assume there is still a reduction in fair market value.

Exempt Regulations

The F2 (Impacted Forest) limitation 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.

E. Conclusion/County Administrator Recommendation

It appears this is a valid claim and the County Administrator recommends the Board waive the restrictive land use regulations of the F2 (Impacted Forest) zone that prohibit development by Davidson Industries, Inc. as might have been allowed when it acquired the property.

IV. ALTERNATIVES/OPTIONS

The Board has three options:

1. Determine the application appears valid and adopt an order to that effect for final Board action.
2. Require more information regarding the proposed development.

3. 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. RECOMMENDATION

The County Administrator recommends the Board waive the restrictive land use regulations of the F2 (Impacted Forest) zone that prohibit Davidson Industries, Inc. from developing the property as might have been allowed at the time it acquired the property.

VI. ATTACHMENTS

The entire submittal is not included in these attachments. The entire submittal is located in the County Commissioner's office in a binder labeled "Davidson Measure 37 Claim, PA05-5986".

- Order to approve the Measure 37 claim of Davidson Industries, Inc.
- Written claim dated July 13, 2005.
- Vicinity map.
- Warranty Deeds #31573 and #31574, dated May 1, 1961.
- Appraisal report dated August 17, 2005.

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

ORDER No.

) IN THE MATTER OF CONSIDERING A BALLOT
) MEASURE 37 CLAIM AND DECIDING
) WHETHER TO MODIFY, REMOVE OR NOT
) APPLY RESTRICTIVE LAND USE
) REGULATIONS IN LIEU OF PROVIDING JUST
) COMPENSATION (Davidson Industries, Inc./
) PA05-5986)

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

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

WHEREAS, the County Administrator has reviewed an application for a Measure 37 claim submitted by William Potter on behalf of Davidson Industries, Inc. (PA05-5986), the owner of real property located along Highway 101 north of Florence, and more specifically described in the records of the Lane County Assessor as map 17-12-15, tax lot 100, consisting of approximately 114 acres in Lane County, Oregon; and

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

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

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

WHEREAS, on April 5, 2006, the Board conducted a public hearing on the Measure 37 claim (PA05-5986) of Davidson Industries, Inc. and has now determined that the restrictive F2 (Impacted Forest) zone dwelling and land division requirements of LC 16.211 were enforced and made applicable to prevent Davidson Industries, Inc. from developing the property as might have been allowed at the time it was acquired on May 9, 1961, and that the public benefit from

application of the current F2 dwelling and division land use regulations to the applicants' property is outweighed by the public burden of paying just compensation; and

WHEREAS, Davidson Industries, Inc. requests either \$8,550,000 as compensation for the reduction in value of its property, or waiver of all land use regulations that would restrict the division of land into multiple lots and placement of a single family and/or multi-family dwelling on each lot, uses that could have otherwise been allowed at the time it acquired the property; and

WHEREAS, the Board finds that under LC 2.760(3) the public interest would be better served by modifying, removing or not applying the challenged land use regulations of the F2 zone to the subject property in the manner and for the reasons stated in the report and recommendation of the County Administrator incorporated here by this reference except as explicitly revised here to reflect Board deliberation and action to allow Davidson Industries, Inc. to make application for development of the subject property in a manner similar to what it could have been able to do under the regulations in effect when it acquired the property; and

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

NOW, THEREFORE IT IS HEREBY ORDERED that the applicant Davidson Industries, Inc. made a valid claim under Ballot Measure 37 by describing the use being sought, identifying the county land use regulations prohibiting that use, submitting evidence that those land use regulations have the effect of reducing the value of the property, showing evidence that they acquired the property before the restrictive county land use regulations were enacted or enforced and the Board hereby elects not to pay just compensation but in lieu of payment, the request of Davidson Industries, Inc. shall be granted and the restrictive provisions of LC 16.211 that limit the development of dwellings and the division of land in the F2 (Impacted Forest) Zone shall not apply to Davidson Industries, Inc., so that it can make application for approval to develop the property located along Highway 101 north of Florence, and more specifically described in the records of the Lane County Assessor as map 17-12-15, tax lot 100, in a manner consistent with the land use regulations in effect when it acquired the property on May 9, 1961.

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

IT IS HEREBY FURTHER ORDERED that this action making certain Lane Code provisions inapplicable to use of the property by Davidson Industries, Inc. does not constitute a waiver or modification of state land use regulations and does not authorize immediate division of the subject property or immediate construction of a dwelling. The requirements of state law may contain specific standards regulating development of the subject property and the applicants should contact the Department of Administrative Services (DAS - State Services Division, Risk Management - Measure 37 Unit, 1225 Ferry Street SE, U160, Salem, OR 97301-4292; Telephone: (503) 373-7475; website address: <http://www.oregon.gov/DAS/Risk/M37.shtml>) and have the State of Oregon evaluate a Measure 37 claim and provide evidence of final state action before seeking county land use approval.

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

DATED this _____ day of _____, 2006.

Bill Dwyer, Chair
Lane County Board of County Commissioners

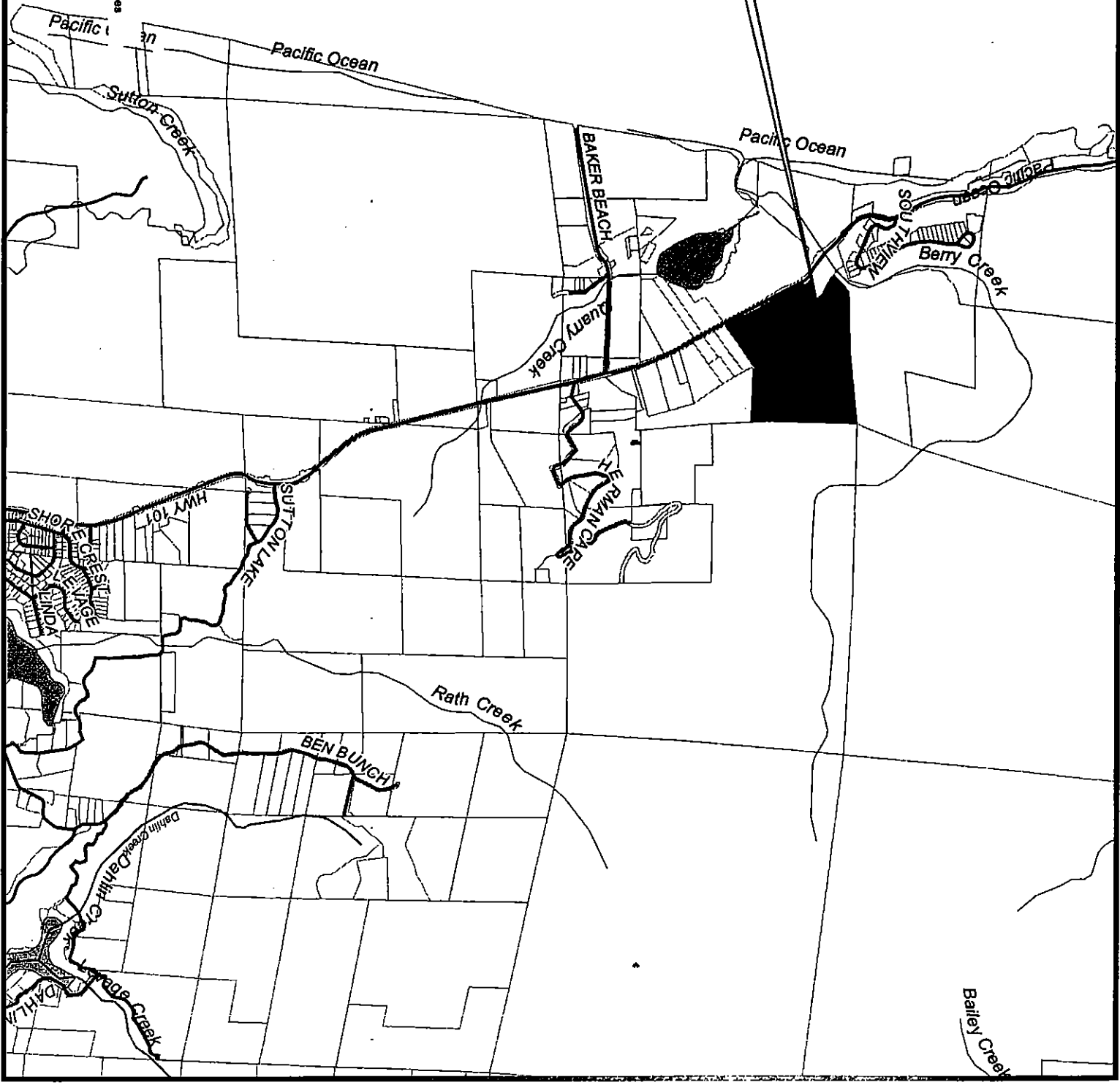
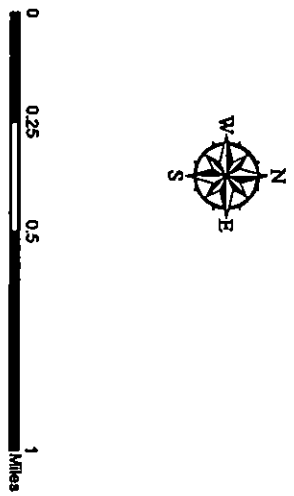
APPROVED AS TO FORM

Date 3-28-2006 Lane County


OFFICE OF LEGAL COUNSEL

Davidson Industries
PA05-5986

Subject Property



**ARNOLD GALLAGHER SAY DACK
PERCELL ROBERTS & POTTER**

A Professional Corporation

ATTORNEYS AT LAW

800 U.S. Bank Center
800 Willamette Street
Eugene, OR 97401

Telephone: (541) 484-0188
Facsimile: (541) 484-0536
E-Mail: wpotter@agsprp.com
www.agsprp.com

Correspondence:
P.O. Box 1758
Eugene, OR 97440-1758

WILLIAM R. POTTER

July 13, 2005

Lane County Land Management Division
125 East Eighth Avenue
Eugene OR 97401

**RE: Davidson Industries, Inc. Measure 37 Claim
Please Refer to Our File No. 15010-1**

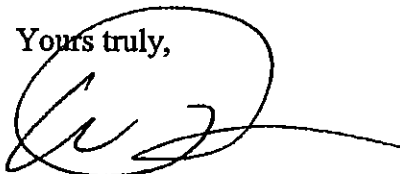
To Whom It May Concern:

Enclosed is a completed Measure 37 Claim Form for Davidson Industries, Inc. together with all necessary attachments. In reviewing the claim, please note that Davidson Industries, Inc. is requesting that the county not apply those land use regulations which have reduced the value of the property.

In addition to the required county claim form and its attachments, you will see that I have also enclosed a copy of the Measure 37 claim that was filed with the state for your reference.

Please contact me directly with any questions you may have.

Yours truly,



WILLIAM R. POTTER

WRP:MBM:mab

Enclosures

cc: Davidson Industries, Inc.

N:\A - EDavidson Industries 15010\Southview II 15010-42\Correspondence\Ltr Lane County 071305.doc

Application for Claims Under LC 2.700 through 2.770

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

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

1. Applicant/ Agent

<u>Davidson Industries, Inc.</u>	<u>P.O. Box 7, Mapleton, OR 97453</u>	<u>541-268-4422</u>
Applicant Name (Please Print)	Mailing Address	Phone
<u>William R. Potter</u>		
<u>Arnold Gallagher Saydack</u>	<u>P.O. Box 1758, Eugene, OR 97440</u>	<u>541-484-0188</u>
Agent Name (Please Print)	Mailing Address	Phone

2. Property Owner

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

<u>Davidson Industries, Inc., fee owner</u>	<u>P.O. Box 7, Mapleton, OR 97453</u>	<u>541-268-4422</u>
Property Owner Name (Please Print)	Mailing Address	Phone
_____	_____	_____
Property Owner Name (Please Print)	Mailing Address	Phone

3. Legal Description

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

Assessor Map & Tax Lot Map 17-12-15 Tax Lot 100

Street Address None Legal Description Attached Yes

4. Identification of Imposed Land Use Regulation

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

See attached

5. Title Report

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

Title report and deed attached. Davidson Industries, Inc. has owned the property continuously since May 1, 1961.

6. Appraisal/Regulatory Effect

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

See attached property valuations. Fair market value before the application of the regulations is \$3,700,000 and fair market value after the application of regulations is \$49,004.

7. Leases, Covenants, Conditions and Restrictions

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

None

8. Identification of Relief Sought

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

Davidson Industries, Inc. requests that Lane County not apply the land use regulations

that have reduced the fair market value of the property. (See the attached Mann report.)

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

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

Davidson Industries, Inc.
By [Signature] President
Owner(s) Signature

July 13, 2005
Date

Arnold Callahan
William F. [Signature], Shareholder
Applicant/Agent Signature

July 13, 2005
Date

The following contacts are provided to assist you in finding the necessary information for this application.
For zoning and land use information, please contact the Land Management Division at 682-3577.
This phone contact is a message line. Please leave a message and a Planner will return your call.
For deeds and records information, please contact Lane County Deeds and Records at 682-3654.

Agent Authorization

Davidson Industries, Inc. authorizes William R. Potter of Arnold Gallagher Saydack Percell Roberts & Potter, P.C. to act as its agent in submitting a Measure 37 claim to both the State of Oregon and Lane County.

Davidson Industries, Inc.

By: 

Its: President

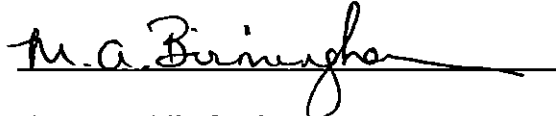
State of Oregon)

)

ss.

County of Lane)

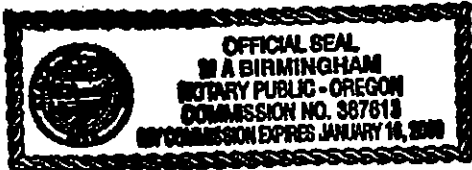
This instrument was acknowledged before me on July 13, 2005,
by Philip S. Davidson as President of Davidson
Industries, Inc..



Notary Public for Oregon

Commission No.:
387613

My Commission Expires:
January 16, 2009





First American

Western Pioneer Title Company of Lane County
a division of First American Title Insurance Co.
600 Country Club Road
Eugene, OR 97401
Phn - (541) 484-2900
Fax - (541) 484-7321

MICHAEL SILVIS
TITLE OFFICER
msilvis@firstam.com

Arnold Gallagher Saydack, Percell Roberts &
Potter, P.C.
800 Willamette Street, Suite 800
Eugene, OR 97401-2996

Order No.: 7199-616357

June 23, 2005

Attn: Holly
Phone No.: (541) 484-0188 - Fax No.: (541) 484-0536
Email: wpotter@agsprp.com

Re:

Preliminary Title Report

ALTA Owners Standard Coverage	Liability \$	175.00	Premium \$	175.00
ALTA Owners Extended Coverage	Liability \$		Premium \$	
ALTA Lenders Standard Coverage	Liability \$		Premium \$	
ALTA Lenders Extended Coverage	Liability \$		Premium \$	
Endorsement			Premium \$	
Govt Service Charge			Cost \$	
Other			Cost \$	

We are prepared to issue Title Insurance Policy or Policies in the form and amount shown above, insuring title to the following described land:

The land referred to in this report is described in Exhibit A attached hereto.

and as of June 07, 2005 at 8:00 a.m., title vested in:

Davidson Industries, Inc., an Oregon corporation

Subject to the exceptions, exclusions, and stipulations which are ordinarily part of such Policy form and the following:

1. The rights of the public in and to that portion of the premises herein described lying within the limits of streets, roads and highways.
2. Rights of the public and of governmental bodies in and to that portion of the premises herein described lying below the mean high water mark of Berry Creek and the ownership of the State of Oregon in that portion lying below the high water mark of Berry Creek .

This report is for the exclusive use of the parties herein shown and is preliminary to the issuance of a title insurance policy and shall become void unless a policy is issued, and the full premium paid.

3. Any adverse claim based upon the assertion that some portion of said land has been removed from or brought within the boundaries thereof by an avulsive movement of the Berry Creek or has been formed by the process of accretion or reliction or has been created by artificial means or has accreted to such portion so created.
4. Easement, including terms and provisions contained therein:
 Recording Information: October 26, 1937, Book 193, Page 87
 In Favor of: West Coast Power Company
 For: right of way
5. Easement, including terms and provisions contained therein:
 Recording Information: October 26, 1937, Book 194, Page 76
 In Favor of: West Coast Power Company
 For: electric power line
6. Easement, including terms and provisions contained therein:
 Recording Information: October 27, 1982, No. 82-32234
 In Favor of: Central Lincoln People's Utility District
 For: buried utility line
7. Easement, including terms and provisions contained therein:
 Recording Information: May 18, 1983, No. 83-16483
 In Favor of: Pacific Northwest Bell Telephone Company
 For: underground communication lines
8. Easement Agreement and the terms and conditions thereof:
 Between: Davidson Industries, Inc.
 And: Southview Homeowners Association
 Recording Information: April 17, 2000, No. 2000021581

- END OF EXCEPTIONS -

NOTE: Taxes for the year 2004-2005 PAID IN FULL

Tax Amount:	\$2,039.65
Map No.:	1712150000100
Property ID:	0536514
Tax Code No.:	97-23

NOTE: Taxes for the year 2004-2005 PAID IN FULL

Tax Amount:	\$969.87
Map No.:	1712150000100
Property ID:	0536522
Tax Code No.:	97-22

Situs Address as disclosed on County Tax Roll:

**THANK YOU FOR CHOOSING FIRST AMERICAN TITLE!
WE KNOW YOU HAVE A CHOICE!**

cc:

cc: Davidson Industries Inc.

cc: Arnold Gallagher Saydack Percell Roberts & Potter, P.C.
800 Willamette Street, Suite 800, Eugene, OR 97401-2996

Exhibit "A"

Real property in the County of , State of , described as follows:

Commencing at a General Land Office Brass Cap marking the 1/4 corner common to Sections 10 and 15, Township 17 South, Range 12 West, Willamette Meridian; thence along the Section line common to Sections 10 and 15, North 89° 35' 22" East, a distance of 180.00 feet to a 5/8 inch rebar and the TRUE POINT OF BEGINNING; thence continuing along said Section line, North 89° 35' 22" East, a distance of 2473.04 feet, more or less, to the Northeast Section Corner of Section 15; thence along the Section line common to Sections 14 and 15, South 4° 23' 34" East, a distance of 1750.03 feet, more or less, to the Northeast corner of that certain property conveyed to James E. and Jane G. Pittenger in a Warranty Deed recorded May 6, 1981 on Reel 1134R, Instrument No. 81-19527, Lane County Oregon Official Records; thence leaving the Section line common to Sections 14 and 15 and along the Northerly boundary of said Pittenger property West, a distance of 884.82 feet to the Northwest corner thereof and also being a point on the Easterly boundary of that certain property conveyed to Nicholas Edward Lutz by Bargain and Sale Deed recorded on Reel 1536R, Instrument No. 88-39983, Lane County Oregon Official Records; thence along the Easterly boundary of said Lutz property, North 34° 42' 20" West, a distance of 50.00 feet; thence along the Northerly boundary of said Lutz property, South 55° 17' 40" West, a distance of 851.60 feet to a point on the Easterly margin of U.S. Highway 101 (Roosevelt Highway), opposite Station 488+00; thence leaving the Northerly boundary of said Lutz property and along the Easterly margin of U.S. Highway 101 (Roosevelt Highway) North 34° 42' 20" West, a distance of 746.60 feet; thence continuing along said Easterly margin and along the arc of a 5889.58 foot radius curve right (chord bears North 31° 12' 20" West 894.68 feet) an arc distance of 695.11 feet; thence continuing along said Easterly margin, North 27° 42' 20" West, a distance of 50.40 feet to a point opposite Station 509+00 and the Southwest corner of that certain property conveyed to Ronald W. and Jayne Fraese and Neill L. and Carole L. Cooney by Warranty Deed recorded on October 2, 1989 on Reel 1596R, Instrument No. 89-44437, Lane County Oregon Official Records; thence leaving the Easterly margin of U.S. Highway 101 (Roosevelt Highway) and along the Southerly boundary of said Fraese-Cooney property, North 62° 17' 40" East, a distance of 145.00 feet; thence along the Easterly boundary of said Fraese-Cooney property, North 28° 01' 15" West, a distance of 300.00 feet; thence along the Northerly boundary of said Fraese-Cooney property, South 62° 16' 50" West, a distance of 145.00 feet to a point on the Easterly margin of U.S. Highway 101 (Roosevelt Highway); thence along said Easterly margin and along the arc of a 612.96 foot radius curve left (chord bears North 32° 03' 31" West 3.14 feet) an arc distance of 3.14 feet; thence North 57° 47' 40" East, a distance of 20.00 feet; thence continuing along said Easterly margin and along the arc of a 632.96 foot radius curve left (chord bears North 46° 27' 58" West 311.82 feet) an arc distance of 315.07 feet; thence continuing along said Easterly margin, North 60° 43' 32" West, a distance of 14.80 feet; thence continuing along said Easterly margin North 29° 16' 28" East, a distance of 10.00 feet; thence continuing along said Easterly margin, North 60° 43' 32" West, a distance of 179.60 feet; thence continuing along said Easterly margin and along the arc of a 884.93 foot radius curve right (chord bears North 55° 36' 48" West 157.70 feet) an arc distance of 157.91 feet to a 5/8 inch rebar; thence leaving said Easterly margin, North 47° 58' 20" East, a distance of 351.68 feet to a 5/8 inch rebar; thence North 48° 03' 48" East, a distance of 188.29 feet; thence North 41° 40' 45" East, a distance of 120.38 feet to the TRUE POINT OF BEGINNING, all in Lane County, Oregon.

Tax Parcel Number: 0536514 and 0536522



First American Title Insurance Company of Oregon

SCHEDULE OF EXCLUSIONS FROM COVERAGE

ALTA LOAN POLICY (10/17/92)

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy;
- (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims, or other matters:
 - (a) created, suffered, assumed or agreed to by the insured claimant;
 - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
 - (c) resulting in no loss or damage to the insured claimant;
 - (d) attaching or created subsequent to Date of Policy (except to the extent that this policy insures the priority of the lien of the insured mortgage over any statutory lien for services, labor or material or the extent insurance is afforded herein as to assessments for street improvements under construction or completed at date of policy); or
 - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with the applicable "doing business" laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
6. Any statutory lien for services, labor or materials (or the claim of priority of any statutory lien for services, labor or materials over the lien of the insured mortgage) arising from an improvement or work related to the land which is contracted for and commenced subsequent to Date of Policy and is not financed in whole or in part by proceeds of the indebtedness secured by the insured mortgage which at Date of Policy the insured has advanced or is obligated to advance.
7. Any claim, which arises out of the transaction creating the interest of the mortgagee insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:
 - (i) the transaction creating the interest of the insured mortgagee being deemed a fraudulent conveyance or fraudulent transfer; or
 - (ii) the subordination of the interest of the insured mortgagee as a result of the application of the doctrine of equitable subordination; or
 - (iii) the transaction creating the interest of the insured mortgagee being deemed a preferential transfer except where the preferential transfer results from the failure:
 - (a) to timely record the instrument of transfer; or
 - (b) of such recordation to impart notice to a purchaser for value or a judgment or lien creditor.

ALTA OWNER'S POLICY (10/17/92)

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
- (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims, or other matters:
 - (a) created, suffered, assumed or agreed to by the insured claimant;
 - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
 - (c) resulting in no loss or damage to the insured claimant;
 - (d) attaching or created subsequent to Date of Policy; or
 - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the estate or interest insured by this policy.
4. Any claim, which arises out of the transaction vesting in the insured the estate or interest insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:
 - (i) the transaction creating the estate or interest insured by this policy being deemed a fraudulent conveyance or fraudulent transfer; or
 - (ii) the transaction creating the estate or interest insured by this policy being deemed a preferential transfer except where the preferential transfer results from the failure:
 - (a) to timely record the instrument of transfer; or
 - (b) of such recordation to impart notice to a purchaser for value or a judgment or lien creditor.

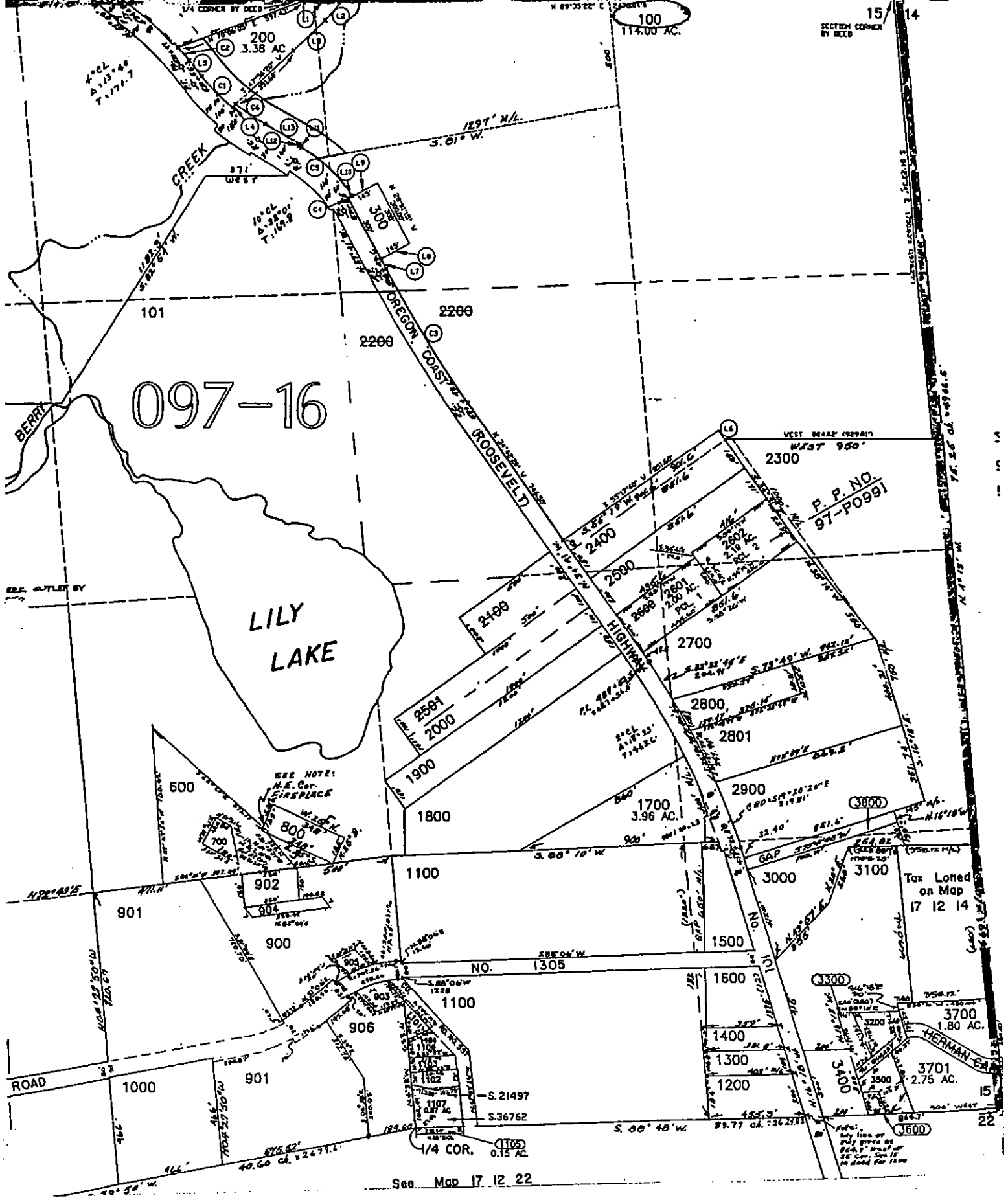
SCHEDULE OF STANDARD EXCEPTIONS

The ALTA standard policy form will contain in Schedule B the following standard exceptions to coverage:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records; proceeding by a public agency which may result in taxes or assessments, or notice of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests, or claims which are not shown by the public records but which could be ascertained by an inspection of said land or by making inquiry of persons in possession thereof.
3. Easements, claims of easement or encumbrances which are not shown by the public records, unpatented mining claims; reservations or exceptions in patents or in Acts authorizing the issuance thereof; water rights, claims or title to water.
4. Any lien, or right to a lien, for services, labor or material theretofore or hereafter furnished, imposed by law and not shown by the public records.
5. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose.

NOTE: A SPECIMEN COPY OF THE POLICY FORM (OR FORMS) WILL BE FURNISHED UPON REQUEST

TI 149 Rev. 5-99



097-16

LILY LAKE

P. P. NO.
97-00991

Tax Lotted
on Map
17 12 14

See Map 17 12 22

This map is provided as a courtesy of **WESTERN PIONEER TITLE**, a division of **FIRST AMERICAN TITLE INSURANCE CO. OF OREGON**. This map is made solely for the purpose of assisting in locating the premises herein described. No liability is assumed for discrepancies, variations, if any, in dimensions and locations ascertainable by actual

31573
WARRANTY DEED

FOR VALUE RECEIVED, EDWARD NELSON and NEVA C. NELSON, husband and wife, herein referred to as Grantors, hereby grant, bargain, sell and convey unto DAVIDSON INDUSTRIES, INC., an Oregon corporation, herein referred to as Grantee, the following described real property, with tenements, hereditaments and appurtenances, to wit:

(4)(4-1)(7)(8)(10)

15-17-12W



PARCEL 1: Beginning at a point 10.69 chains West and 2.05 chains North of the Northeast corner of the Southeast quarter of the Southwest quarter of Section 15, Township 17 South, Range 12 West of the Willamette Meridian; thence North 60 1/2° West 80 feet; thence West 29 1/2° South 124 feet; thence South 60 1/2° East 188 feet to Northwest corner of Idaho Campbell land; thence along Northeast boundary of said Campbell land to place of beginning, in Lane County, Oregon, in that tract of land registered as Lake Starr by the Sea.

PARCEL 2: Begin at the Southwest corner of the Southeast quarter of the Southwest quarter of Section 15; run North 466 feet; East 466 feet; South 466 feet; and West 466 feet to the place of beginning, in Lane County, Oregon.

ALSO: Commencing at a point in County Road 76 feet, 8 inches North and 33 feet, 10 inches East from the Northeast corner of the fireplace foundation in Idaho P. Campbell dwelling, run South 25° West 125 feet; East 25° South 348 feet; North 25° East 125 feet; and West 25° North 348 feet to beginning, containing 1 acre, and situated in East one-half of Southwest quarter, Section 15, Township 17 South, Range 12 West, Willamette Meridian, in Lane County, Oregon.

PARCEL 3: All of the following described property lying Westerly of the Westerly right of way line of Roosevelt Coast Highway; Lots 1, 2, and 3, the East one-half of the Northwest quarter, the West one-half of the Northeast quarter, the Northeast quarter of the Southwest quarter and the Northwest quarter of the Southeast quarter of Section 15, Township 17 South, Range 12 West of the Willamette Meridian, except that certain tract conveyed to Geo. M. Miller by Deed recorded June 29, 1892 in Book 32, Page 190, Lane County Oregon Deed Records. Also except that certain tract conveyed to Samuel R. Mosher and Edith Mosher, his wife, by Deed recorded October 21, 1944 in Book 276, Page 160, Lane County Oregon Deed Records.

Also except that certain tract conveyed to Ray M. Grove and Mae E. Grove, husband and wife, by Deed recorded December 7, 1917, Clerk's Filing No. 56743; Also except that certain tract conveyed to Ray M. Grove and Mae E. Grove, husband and wife, by Deed recorded August 29, 1939, Clerk's Filing No. 74390; Also except that tract conveyed to Otto M. Nowsen and Hilda Nowsen by Deed recorded June 24, 1937, Clerk's

01573

Filing No. 53439; Also except that tract conveyed to George J. Geiger and Iva Geiger, husband and wife, by Deed recorded September 6, 1943, Clark's Filing No. 74657; Also except that certain tract conveyed to Senia Nelson and Oscar Nelson, husband and wife, by Deed recorded October 14, 1938, Clark's Filing No. 65150; Also except that certain tract conveyed to Carl Nelson and Neil Nelson, by Deed recorded November 27, 1946 in Book 336, Page 647; and also except that certain tract conveyed to Carl Nelson and Neil Nelson, by deed recorded February 19, 1946 in Book 311, Page 329.

ALSO: All of the following described property lying Easterly of the Easterly right of way of the Roosevelt Coast Highway: The Northeast quarter, the Northwest quarter of the Northwest quarter, the Northwest quarter of the Southeast quarter of Section 15, Township 17 South, Range 12 West of Willamette Meridian, in Lane County, Oregon. Except any portion thereof lying South of the Northerly lines of the following described tracts: That certain tract conveyed to Louis Schafhauser and Bessie Schafhauser, husband and wife, by Deed recorded July 13, 1942, Clark's Filing No. 111910; and that certain tract conveyed to Clarence A. Welty and Neva Welty, husband and wife, by Deed recorded September 10, 1942, Clark's Filing No. 111506; Also except that certain tract conveyed to J. Gilbert Baughton by Deed recorded December 23, 1936, Clark's Filing No. 47806; Also except that certain tract conveyed to Elmer H. Baker by Deed recorded October 21, 1936, Clark's Filing No. 46179; Also except that certain tract conveyed to Louis Schafhauser and Bessie Schafhauser, by deed recorded February 19, 1946, in Book 311, Page 327, Lane County Oregon Deed Records.

TO HAVE AND TO HOLD the said premises unto said Grantee, its successors and assigns forever. And the said Grantors hereby covenant that they are lawfully seized in fee simple of said premises; that they are free from all encumbrances, except easements and rights of way of record, and that they will warrant and defend the above granted premises against all lawful claims whatsoever, except as above stated.

Dated: May 1, 1961.


Edward Nelson
Edward Nelson

Neva C. Nelson
Neva C. Nelson

STATE OF OREGON, }
COUNTY OF LANE } ss

Personally appeared the above named EDWARD NELSON, and NEVA C. NELSON, husband and wife, and acknowledged the foregoing instrument to be their voluntary act and deed. Before me

Dated: MAY 1, 1961

Smith K. Holtz
Notary Public for Oregon
My Commission Expires: 

Page 2 - Warranty Deed

31557
4-4411-71

✓ 4007 - Prussian Sid

Rel. to
Davidson Industries, Inc.
Huffman, Oregon

State of Oregon
County of Clatsop

I, the undersigned, County Clerk, do hereby certify that the within and foregoing is a true and correct copy of the original as the same appears on file in my office.

1961 MAY 9 PM 2 11

20 172 01 D

True copy of original
County Clerk
John H. Harvey

2.50



REGISTERED MAIL
POSTAGE WILL BE PAID BY ADDRESSEE

BARGAIN AND SALE DEED

31574

59521

2

FOR VALUE RECEIVED EDWARD NELSON and MEVA C. NELSON, husband and wife,

herein referred to as grantors, hereby grant, bargain, sell and convey unto DAVIDSON INDUSTRIES, INC., an Oregon corporation

herein referred to as grantees, the following described real property, with tenements, hereditaments and appurtenances, to wit:

All our right, title and interest in Section 15, Township 17 South, Range 12 West, Willamette Meridian in Lane County, Oregon.

1.50
1000
2200

To Have and to Hold, the above described and granted premises unto the said grantees, their heirs and assigns forever

WITNESSED my hand and seal this 1st day of May, 1961

Edward Nelson
Meva C. Nelson

STATE OF OREGON, County of Lane

On this 1 day of May, 1961, before me, the undersigned, a Notary Public in and for said County and State, personally appeared the within named EDWARD NELSON and MEVA C. NELSON, husband and wife,

known to me to be the identical individuals described in and who executed the within instrument, and acknowledged to me that they executed the same freely and voluntarily. IN TESTIMONY WHEREOF, I have hereunto set my hand and official seal the day and year first above written.

My Commission Expires

Lucille K. Kahan
Notary Public for Oregon



31574

Chippendale
CASCADE TITLE COMPANY
872 Oak Street Eugene, Oregon

BARGAIN & SALE
DEED

State of Oregon,
County of Lane
I, the undersigned, Clerk of Court and the Public Administrator of Lane County, Oregon, do hereby certify that the public instrument was recorded for record at

1961 MAY 9 PM 2 15
1117 2 11 D

Return to
Davidson Industries, Inc.
Mapleton, Oregon

CASCADE TITLE COMPANY

ACT 1961 - 1962 176-117

ARNOLD GALLAGHER SAYDACK
PERCELL ROBERTS & POTTER
A Professional Corporation

PA05-5986

ATTORNEYS AT LAW

800 U.S. Bank Center
800 Willamette Street
Eugene, OR 97401

Telephone: (541) 484-0188
Facsimile: (541) 484-0536
E-Mail: wpotter@agsprp.com
www.agsprp.com

Correspondence:
P.O. Box 1758
Eugene, OR 97440-1758

WILLIAM R. POTTER

August 17, 2005

Lane County Land Management Division
125 East Eighth Avenue
Eugene Oregon 97401

08-17-05P03:03 RCVD

RE: Davidson Industries, Inc. Measure 37 Claim
Our File No. 15010-0001

To Whom It May Concern:

We previously filed a Measure 37 claim for Davidson Industries, Inc. sent with my letter of July 13, 2005. Enclosed to supplement that claim is an appraisal by Voronaeff & Company. This establishes that the value of the property subject to current regulations is \$260,000 and the value of the property without regulations adopted since the date the property was acquired by Davidson Industries, Inc. is \$8,550,000, resulting in Measure 37 damages of \$8,290,000. Please supplement our application with the enclosed appraisal.

Yours truly,

Bill Potter

WILLIAM R. POTTER

WRP:mab

Enclosure

cc: Davidson Industries, Inc. (with enclosure)

N:\A - E\Davidson Industries 15010\Southview II 15010-42\Correspondence\Ltr Lane County 081705.doc

RESTRICTED USE APPRAISAL REPORT

114 Acre Vacant F-1 Zoned Parcel

90515 Highway 101

Florence, Oregon

Date of Report:

August 5, 2005

Prepared For:

Phil Davidson

Davidson Industries

P.O. Box 7

Mapleton, Oregon

Date of Value:

July 23, 2005

Prepared By:

Kent D. Voronaeff, MAI, CCIM

Voronaeff & Company

P.O. Box 50567

Eugene, Oregon 97405



Subject Property
114 Acre Vacant F-1 Zoned Parcel
90515 Highway 101
Florence, Oregon

August 5, 2005

Phil Davidson
Davidson Industries
P.O. Box 7
Mapleton, Oregon

Re: 114 Acre Vacant F-1 Zoned Parcel
90515 Highway 101
Florence, Oregon

Dear Mr. Davidson:

In accordance with your request, I am submitting this limited appraisal, in a restricted use report format, which is intended to comply with the reporting requirements set forth under Standards Rule 2-2^o of the Uniform Standards of Professional Appraisal Practice. The report has been limited to a value conclusion based exclusively on the Sales Comparison Approach. As such, it presents no discussions of the data, reasoning, and analysis that were used in the appraisal process to develop the opinion of value. The supporting documentation concerning the data, reasoning, and analysis has been retained in the office file. The depth of discussion contained in this report is specific to your needs and for the intended use stated below. Voronaeff & Company is not responsible for unauthorized use of this report. It has been mutually agreed and understood that this report is intended for your use only and is not to be conveyed or relied upon by any third parties.

The principles of the Federal Home Loan Bank Board Regulation 563.17-1a and Office of Thrift Supervision 12 CFR Part 34 of the Office of the Comptroller of the Currency titled Real Estate Appraisals as revised in the Federal Register Volume 59, Number 108, dated June 7, 1994, have been taken into consideration in the completion of this appraisal. This report has been made in conformance with the Uniform Standards of Professional Appraisal Practice ("USPAP") adopted by the Appraisal Standards Board of the Appraisal Foundation. The departure provisions of the USPAP standards apply to this appraisal.

CLIENT: Phil Davidson
Davidson Industries

APPRAISER: Kent D. Voronaeff, MAI, CCIM
Voronaeff & Company

Restricted Use Appraisal Report

SUBJECT: The subject property is a 114 acre vacant F-1 zoned parcel. The parcel is situated on a hillside, with a topography ranging from steep to level. There is a graveled road, with a gated entry, which runs almost to the top of the property. The majority of the site has ocean views looking to the west. *It should be noted that there is timber situated on the subject site, but at the request of the client the value of the timber is not included in this appraisal report.*

LEGAL DESCRIPTION: A legal description of the subject property was not provided by the client. The subject property is identified by the street address of 90515 Highway 101, Florence, Oregon. The subject property is further identified by the Lane County Assessor's Office as Map 17-12-15-00, Tax Lot 100, Lane County Lane County, Oregon.

PURPOSE OF THE APPRAISAL: To estimate the market value as defined by the Office of the Controller of the Currency under 12 CFR, Part 34; Subpart C.

INTENDED USE AND USER OF THE REPORT: The intended use of the appraisal is to assist the client, Davidson Industries, in an internal decision.

INTEREST VALUED: Fee Simple Estate

DATE OF VALUE: July 23, 2005

DATE OF REPORT: August 5, 2005

APPRAISAL DEVELOPMENT & REPORTING PROCESS: The appraisal assignment has included an investigation of the pertinent data relating to the subject property. This investigation included, but was not limited to; a personal inspection of the subject property; gathering information relating to the region and neighborhood; and the assembly of land sales data, current listings, and other pertinent factors which affect the value of the subject property either directly or indirectly.

The client understands and is in agreement with this limited appraisal being transmitted in a restricted use report format. This restricted use report sets forth only the appraiser's value conclusion. Supporting documentation is retained in the office file.

**DEFINITION OF
MARKET VALUE:**

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, 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:

- a. buyer and seller are typically motivated;
- b. both parties are well informed or well advised, and acting in what they consider their best interests;
- c. a reasonable time is allowed for exposure in the open market;
- d. payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
- e. 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.¹

PROPERTY HISTORY:

There have been no sales of the subject during the past five years.

PRESENT USE:

The subject property is currently vacant.

¹ USPAP, 2005 edition

Restricted Use Appraisal Report

REAL ESTATE APPRAISED: The subject property is a 114 acre vacant F-1 zoned parcel. The parcel is situated on a hillside, with a topography ranging from steep to level. There is a graveled road, with a gated entry, which runs almost to the top of the property. The majority of the site has ocean views looking to the west. *It should be noted that there is timber situated on the subject site, but at the request of the client the value of the timber is not included in this appraisal report.*

HIGHEST AND BEST USE: Forest Use with One Home Site (with existing F-1 zoning)

Residential Development (based on a hypothetical condition that the zoning has been changed to allow single-family and multi-family residential development)

VALUE CONCLUSIONS-

Prospective Value based on a hypothetical condition that the zoning has been changed to allow single-family and multi-family residential development: **\$8,550,000**

"As-Is" Market Value with existing F-1 zoning: **\$260,000**

EXPOSURE TIME: 6 months

MARKETING TIME: 6 months

CERTIFICATION

I, Kent D. Voronaeff, MAI, CCIM, do hereby certify that, to the best of my knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. 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.
3. I have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. 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.
7. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
8. Kent D. Voronaeff, MAI, CCIM, made an inspection of the property that is the subject of this report.
9. No one provided significant real property appraisal assistance to the person signing this certification.
10. The use of this report is subject to the requirements of the Appraisal Institute relating to review of their duly authorized representatives.
11. As of the date of this report, Kent D. Voronaeff, MAI, CCIM, has completed the requirements under the continuing education program of the Appraisal Institute.

Restricted Use Appraisal Report

12. Based upon my investigation and analysis of market data, and subject to the definitions, certifications, and limiting conditions set forth in the attached report, it is my opinion that the subject property's values are as follows:

(Prospective Value based on a hypothetical condition that the zoning has been changed to allow single-family and multi-family residential development - 09/01/05)

EIGHT MILLION FIVE HUNDRED FIFTY FIVE THOUSAND DOLLARS

\$8,550,000*


***It should be noted that this is a prospective value based on a hypothetical condition. A hypothetical condition is contrary to what exists, but supposed for the purpose of analysis.**

It is an extraordinary assumption of this appraisal report that approximately 75.00% of the subject property (or 85.50 acres = 114 acres x 0.75) has a slope of less than 22.5 degrees. This is based on topography maps and general information provided by the client. However, it should be noted that the appraiser is not an expert in determining the slope of hillside site or the potential buildable area of a hillside parcel. If less than 75.00% of the subject property (or 85.50 acres = 114 acres x 0.75) has a slope of less than 22.5 degrees, then the prospective value conclusion based on the hypothetical condition in this appraisal report would not be considered valid. It is strongly advised that the client obtain a survey by a qualified engineer to more accurately determine the slope of the site.

("As-Is" Market Value with existing F-1 zoning - 07/23/05)

TWO HUNDRED SIXTY THOUSAND DOLLARS

\$260,000

By 
Kent D. Voronaeff, MAI, CCIM
State Certification # C000303

ASSUMPTIONS AND LIMITING CONDITIONS

1. No responsibility is assumed for legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated in this report.
2. The property is appraised free and clear of any or all liens and encumbrances unless otherwise stated in this report.
3. Responsible ownership and competent property management are assumed unless otherwise stated in this report.
4. The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.
5. All engineering is assumed to be correct. Any plot plans an illustrative material in this report are included only to assist the reader in visualizing the property.
6. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that 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 otherwise stated in this report.
8. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a nonconformity has been stated, defined, and considered in this appraisal report.
9. It is assumed that all required licenses, certificates of occupancy 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 estimates contained in this report are based.
10. Any sketch in this report may show approximately dimensions and is included to assist the reader in visualizing the property. Maps and exhibits found in this report are provided for reader reference purposes only. No guarantee as to accuracy is expressed or implied unless otherwise stated in this report. No survey has been made for the purpose of this report.

Restricted Use Appraisal Report

11. 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 otherwise stated in this report.
12. 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 is no such material on or in the property that would cause a loss in value unless otherwise stated in this 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.
13. Unless otherwise stated in this report, the subject property is appraised without a specific compliance survey having been conducted to determine if the property is or is not in conformance with the requirements of the Americans with Disabilities Act. The presence of architectural and communications barriers that are structural in nature and would restrict access by disabled individuals may adversely affect the property's value, marketability, or utility.
14. It is an extraordinary assumption of this appraisal report that approximately 75.00% of the subject property (or 85.50 acres = 114 acres x 0.75) has a slope of less than 22.5 degrees. This is based on topography maps and general information provided by the client. However, it should be noted that the appraiser is not an expert in determining the slope of hillside site or the potential buildable area of a hillside parcel. If less than 75.00% of the subject property (or 85.50 acres = 114 acres x 0.75) has a slope of less than 22.5 degrees, then the prospective value conclusion based on the hypothetical condition in this appraisal report would not be considered valid. It is strongly advised that the client obtain a survey by a qualified engineer to more accurately determine the slope of the site.

This appraisal report has been made with the following general limiting conditions:

1. The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate allocations for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used.

Restricted Use Appraisal Report

2. 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 appraiser, and in any event only with proper written qualification and only in its entirety.
3. The appraiser, by reason of this appraisal, is not required to give further consultation, testimony, or be in attendance in court with reference to the property in question unless arrangements have been previously made.
4. The Americans with Disabilities Act (ADA) became effective January 26, 1992. I have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity 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 non-compliance with the requirements of ADA in estimating the value of the property.
5. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news, sales, or other media without the prior written consent and approval of the appraiser.

ADDENDA

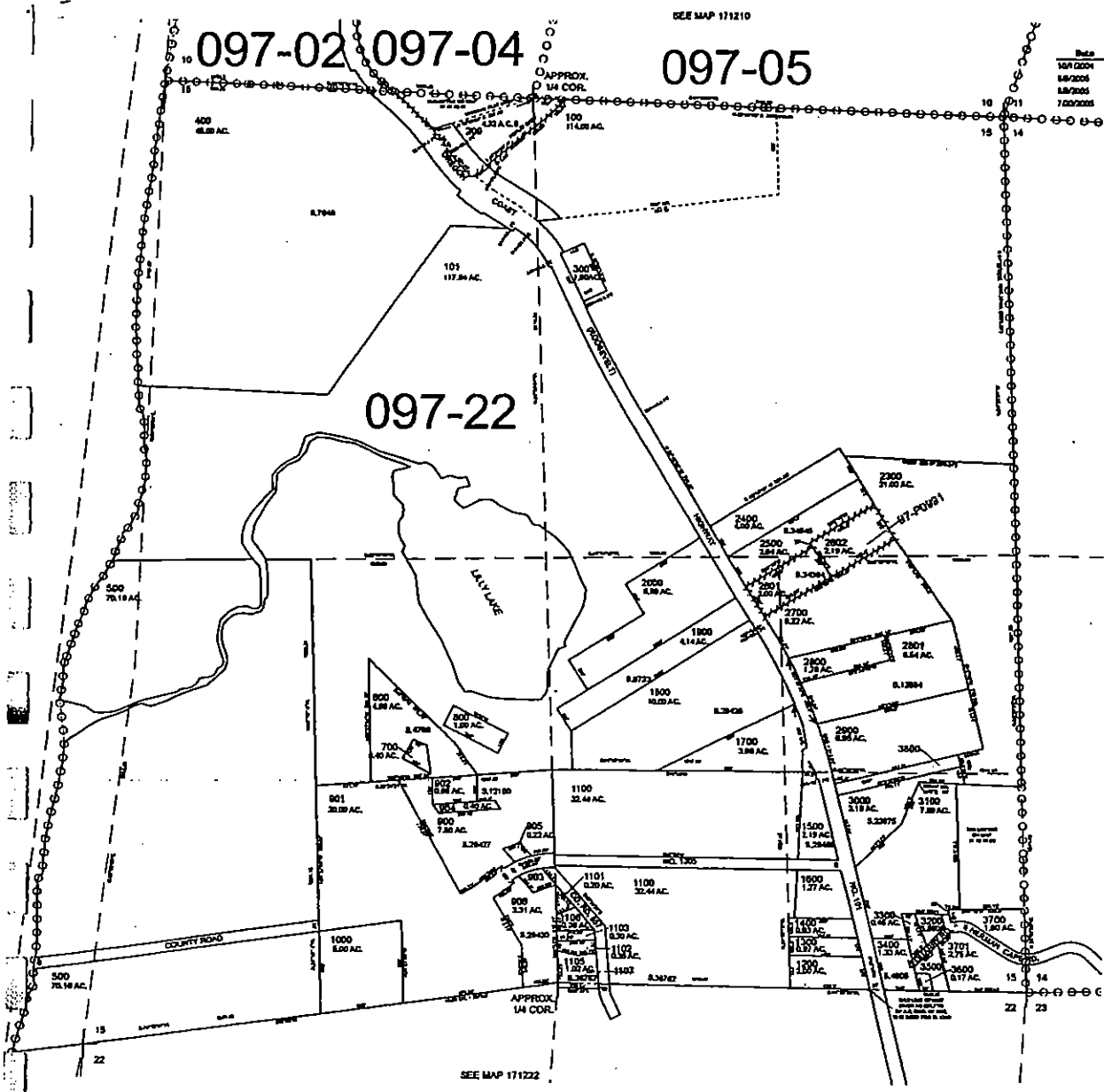
1" = 400'

SEE MAP 171210

097-02 097-04 097-05

DATE	REVISION	EMPLOYEE
10/1/2004	UPDATE CODES TO 1998 STATUS ON	LCAT130
10/1/2005	CONVERT MAP TO GIS	LCAT130
10/1/2005	CONSOLIDATE R. 1102 INTO 1107	LCAT130
7/20/2005	CANC 209 TO REPLAT OF SYDNEY COMM AREA	LCAT130

CANCELLED:
200
1104
1107
2100
2200
2201
2000



VORONAEFF & COMPANY
P.O. Box 50567
Eugene, Oregon 97405
(541) 485-2444 Phone
(541) 485-2446 Fax

Date: June 29, 2005


Client: Davidson Industries
P.O. Box 7
Mapleton, Oregon

Property: 109 Acre R-2 Zoned Parcel
Florence, Oregon
Map 17-12-15-00, Tax Lot 100, Lane County

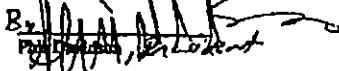
It is understood that the fee for the appraisal report will be \$3,800. The appraisal report will be completed by August 1, 2005. This limited appraisal will be produced in a restricted use report format per our agreement. The report will be limited to a value conclusion based exclusively on the Sales Comparison Approach. An "as-is" fee simple market value will be provided for the site with its current R-2 zoning, and a fee simple hypothetical value will be given assuming the parcel is zoned for residential use. You will be provided with 3 copies of the appraisal report.

Preparation of the appraisal report will be based upon the following assumptions:

1. That you or your agents provide me with a preliminary title report. If a preliminary title report is not provided, then the subject property will be appraised as if unencumbered by encumbrances or other conditions of title.
2. That the interests to be appraised will be the subject property's "as-is" fee simple market value, and a fee simple hypothetical value assuming the parcel is zoned for residential use.
3. That the appraiser's liability will be limited to the client's interest only to an amount not to exceed the fee for the services rendered.
4. That the appraisal report will be prepared in accordance with USPAP.
5. That if you interrupt my schedule or cancel prior to completion of the appraisal report, you will be responsible for the costs incurred to the date of cancellation.
6. That if for any reason out of the control of the appraiser, information necessary for the completion of the appraisal report is not available, then the time frame for completion quoted herein is subject to extension. You will be advised in a timely manner if such a situation arises.
7. That my fee is in no way contingent upon reporting any specified value.
8. That the time frame for completion quoted herein is subject to your written endorsement and advanced payment of the contract by July 5, 2005.


Kent D. Voronaeff, MAI, CCFM


Bill Potter, Attorney

Davidson Industries, Inc.
By 
Pam Voronaeff, Appraiser

QUALIFICATIONS OF KENT D. VORONAEFF, MAI, CCIM

PROFESSIONAL DESIGNATIONS

Appraisal Institute - MAI <i>Member Number 10,919</i>	1996
Certified Commercial Investment Member Institute - CCIM <i>Member Number 7,902</i>	1997

FORMAL EDUCATION

Masters of Business Administration, Finance University of Southern California Los Angeles, California	1990
Bachelor of Science, Finance University of Oregon Eugene, Oregon	1988

REAL ESTATE/APPRaisal EDUCATION

Real Estate Appraisal Principles - (American Institute of Real Estate Appraisers)	1988
Basic Valuation Procedures - (American Institute of Real Estate Appraisers)	1988
Residential Valuation - (American Institute of Real Estate Appraisers)	1989
Capitalization Theory & Techniques, A - (American Institute of Real Estate Appraisers)	1989
Capitalization Theory & Techniques, B - (American Institute of Real Estate Appraisers)	1989
Case Studies in Real Estate Valuation - (Appraisal Institute)	1991
Wetlands Evaluation Issues - (Appraisal Institute)	1992
Report Writing & Valuation Analysis - (Appraisal Institute)	1993
Americans with Disabilities Act - (Appraisal Institute)	1993
Financial Analysis for Commercial Investment Real Estate - (CCIM Institute)	1996
Market Analysis for Commercial Investment Real Estate - (CCIM Institute)	1997
Decision Analysis for Commercial Investment Real Estate - (CCIM Institute)	1997
Condemnation Appraising: Basic Principles & Applications - (Appraisal Institute)	1999
Condemnation Appraising: Advanced Topics & Applications - (Appraisal Institute)	1999
Standards of Professional Practice A & B - (Appraisal Institute)	1999
General Applications - (Appraisal Institute)	2003

LICENSES

State Certified Appraiser - State of Oregon <i>License Number C000303</i>	1992-2005
Real Estate Broker - State of Oregon <i>License Number 940900082</i>	1995-2005

Qualifications of Kent D. Voronaeff, MAI, CCIM

EXPERIENCE

Owner Voronaeff & Company Eugene, Oregon	1996-2005
Commercial Appraiser Duncan & Brown, Inc. Eugene, Oregon	1992-1995
Commercial Appraiser Cushman & Wakefield of California, Inc. Los Angeles, California	1991-1992

PROFESSIONAL MEMBERSHIPS/AFFILIATIONS

Appraisal Institute
Certified Commercial Investment Member (CCIM) Institute
International Right of Way Association
National Association of Realtors
State of Oregon Appraisal Review & Advisory Committee

CLIENT LIST

Financial:

Bank of America	Pacific Continental Bank
Bank of the West	SELCO Credit Union
Century Bank	Siuslaw Bank
CIT Small Business Lending Corporation	Sterling Savings Bank
CitiBank	Summit Bank
Citizens Bank	Temecula Valley Bank
GE Capital	Umpqua Bank
Key Bank	Union Bank of California
Liberty Bank	U.S. Bank
MetLife Capital Financial	Washington Mutual Bank
National Mortgage Company	Washington Federal Savings
Oregon Pacific Banking Company	Wells Fargo Bank

Governmental:

Bureau of Land Management	Lane County
City of Eugene	Lane Transit District
Eugene Water & Electric Board	Oregon Department of Transportation
Federal Deposit Insurance Corporation	