



Portland General Electric Company
121 SW Salmon Street • Portland, Oregon 97204
PortlandGeneral.com

October 15, 2014

via E-Filing and US Mail
puc.filingcenter@state.or.us

Public Utility Commission of Oregon
3930 Fairview Industrial Drive SE
PO Box 1088
Salem, OR 97308-1088

Attention: **Commission Filing Center:**

Re: UP-___ Application for Approval of the Sale of PGE Property in the City of Portland

Enclosed are the original signed Application and five copies requesting approval to sell property in the City of Portland, Multnomah County, Oregon to Laura Braun. PGE has E-filed a copy on this date.

We ask that this Application be placed on the docket for consideration at the Commission's public meeting on the November 25, 2014, or as soon thereafter as possible.

If you have any questions or require further information, please call me at (503) 464-7580 or Launa Harmon at (503) 464-7251. Please direct all formal correspondence, questions, or requests to the following e-mail address: pge.opuc.filings@pgn.com.

Sincerely,

A handwritten signature in blue ink, appearing to read "Patrick G. Hager", is written over a faint, larger version of the same signature.

Patrick G. Hager
Manager, Regulatory Affairs

PGH/kr
Encls.

BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

UP-___

In the Matter of the Application of)
PORTLAND GENERAL ELECTRIC COMPANY) APPLICATION
in Regard to the Sale of its Property)

Pursuant to ORS 757.480 and OAR 860-027-0025, Portland General Electric Company ("PGE") seeks approval from the Oregon Public Utility Commission ("Commission") for the sale of certain PGE property no longer useful or necessary for providing utility service to the public.

Background

PGE owns property located in the City of Portland, County of Multnomah, Oregon, at 3223 SE Yamhill, specifically Multnomah County Parcel 1S-1E, Section 1BA, Tax Lot 4700, aka Parcel R280576, and located adjacent to the PGE Alder Substation (the "Property"). The Property site was purchased in 1976 for the planned future expansion of the substation. Between 2010 and 2011, PGE rebuilt the substation using an improved technology. This new technology required substantially less space, and the Property is no longer needed for utility purposes.

PGE requests Commission approval to sell the Property to Laura Braun ("Buyer").

For valuation purposes, an independent appraiser (MAI) performed an exterior inspection of the Property and researched general market conditions (see Exhibit I-3). The appraised value was \$340,000. The Buyer responded to a solicitation for offers conducted by PGE. The Buyer's offer was accepted by PGE on August 25, 2014. (See Exhibit I-1, Residential Real Estate Agreement)

The offer was subsequently lowered based on the Buyer's inspection, which concluded that roof repairs in the range of \$15,000 were necessary. (see Exhibit K-1) PGE agreed to split the estimated roof expenses and reduced the sale price by \$7,000, to \$333,000. See the Addendum to

Real Estate Agreement dated September 16, 2014 (see Exhibit I-2 AND Exhibit K-1). The Buyer advanced earnest money in the sum of \$2,500, will pay the balance of the down payment in the amount of \$65,600 at or before closing and will pay the balance of the purchase price in the amount of \$265,000 at closing. Closing of the sale is contingent upon OPUC approval.

For accounting purposes (See Exhibit J), PGE will defer the gain on the sale of the Property of approximately \$231,566. PGE has agreed to adhere to Staff's desired treatment of gain/losses on the sale of land for purposes of this sale of the Property.

I. Required Information Under OAR 860-027-0025(1)

Pursuant to the requirements of OAR 860-027-0025, PGE represents as follows:

- (a) *The exact name and address of the utility's principal business office:* Portland General Electric Company, 121 SW Salmon Street, Portland, Oregon 97204.
- (b) *The state in which incorporated, the date of incorporation, and the other states in which authorized to transact utility operations:* PGE is a corporation organized and existing under and by the laws of the State of Oregon. The date of its incorporation is July 25, 1930. PGE is authorized to transact business in the states of Oregon, California, Idaho, Montana, Utah, Washington and as of February 21, 1995, is also registered as an extra-provincial corporation in Alberta, Canada, but conducts retail utility operations only in the state of Oregon.
- (c) *Name and address of the person on behalf of applicant authorized to receive notices and communications in respect to the applications:*

PGE-OPUC Filings
Rates & Regulatory Affairs
Portland General Electric Company
121 SW Salmon Street, 1WTC-0702
Portland, OR 97204
(503) 464-7857 (telephone)
(503) 464-7651 (fax)
pge.opuc.filings@pgn.com

Loretta Mabinton
Associate General Counsel
Portland General Electric Company
121 SW Salmon Street, 1WTC-1301
Portland, OR 97204
(503) 464-7822 (telephone)
(503) 464-2200 (fax)
Loretta.mabinton@pgn.com

In addition, the names and addresses to receive notices and communications via the e-mail service list are:

Launa B. Harmon, Specialist
E-Mail: launa.harmon@pgn.com

(d) *The names, titles, and addresses of the principal officers:*

As of June 30, 2014, the date of this application, the following are the principal officers of PGE, with primary business offices located at 121 SW Salmon Street, Portland, Oregon 97204:

<u>Name</u>	<u>Title</u>
James J. Piro	President and Chief Executive Officer
James F. Lobdell	Senior Vice President, Finance, CFO & Treasurer
William O. Nicholson	Senior Vice President, Customer Service, Transmission and Distribution
Maria M. Pope	Senior Vice President, Power Supply & Operations, And Resource Strategy
Arleen N. Barnett	Vice President Human Resources, Diversity & Inclusion, and Administration
Larry N. Bekkedahl ¹	Vice President, Transmission & Distribution Services
Carol A. Dillin	Vice President, Customer Strategies and Business Development
J. Jeffrey Dudley	Vice President, General Counsel, Corporate Compliance Officer and Assistant Corporate Secretary
Campbell A. Henderson	Vice President, Information Technology, and Chief Information Officer

¹ Bruce Carpenter retired July 6, 2014. Larry Bekkedahl filled this position on August 25, 2014.

Stephen M. Quennoz	Vice President, Nuclear and Power Supply/Generation
W. David Robertson	Vice President, Public Policy
Kristin A. Stathis	Vice President, Customer Service Operations
Kirk M. Stevens	Controller and Assistant Treasurer
Brett C. Greene	Assistant Treasurer
Marc S. Bocci	Corporate Secretary
Cheryl Chevis	Assistant Corporate Secretary
Nora Arkonovich	Assistant Corporate Secretary
Karen J. Lewis	Assistant Corporate Secretary
Brett C. Greene	Assistant Treasurer

(e) *A description of the general character of the business done and to be done, and a designation of the territories served, by counties and states:* PGE is engaged, and intends to remain engaged, in the generation, purchase, transmission, distribution, and sale of electric energy for public use in Clackamas, Columbia, Hood River, Jefferson, Marion, Morrow, Multnomah, Polk, Washington, and Yamhill counties, Oregon.

(f) *A statement, as of the date of the balance sheet submitted with the application, showing for each class and series of capital stock: brief description; the amount authorized (face value and number of shares); the amount outstanding (exclusive of any amount held in the treasury); amount held as reacquired securities; amount pledged; amount owned by affiliated interests; and amount held in any fund:* The following represents PGE's stock as of June 30, 2014, the date of PGE's reporting in the most recent (10-Q):

	<u>Outstanding Shares</u>	<u>Amount (\$000s)</u>
Common Stock: *		
No Par Value	78,202,241	\$914,070
(160,000,000 shares authorized)		

* Company Directors hold 173,891 shares.

None of the outstanding shares of common stock referenced above are held as reacquired securities or have been pledged by the Applicant. Vanguard Group, Inc. held 6.94% of the outstanding PGE common stock and Black Rock Fund Advisors held 5.18% as reported in the most recent Forms 13F filed with the Securities and Exchange Commission. PGE cannot determine from the Forms 13F whether either entity qualifies as an affiliate. PGE reports major shareholder activity annually to OPUC Staff pursuant to OAR 860-027-0175 (AR-544).

(g) *A statement, as of the date of the balance sheet submitted with the application, showing for each class and series of long-term debt and notes: brief description (amount, interest rate and maturity); amount authorized; amount outstanding (exclusive of any amount held in the treasury); amount held as reacquired securities; amount pledged; amount held by affiliated interests; and amount in sinking and other funds:* The long-term debt as of June 30, 2014 is as follows from Exhibit E:

Description	Authorized (\$000s)	Outstanding (\$000s)
First Mortgage Bonds:		
6.26% series due 5-1-2031	100,000	100,000
6.31% series due 5-1-2036	175,000	175,000
4.74% series due 2043	75,000	75,000
MTN series due 8-11-2021 9.31%	20,000	20,000
6.75% series VI due 8-1-2023	50,000	50,000
6.875% series VI due 8-1-2033	50,000	50,000
5.80% series due 6-1-2039	170,000	170,000
5.81% series due 10-1-2037	130,000	130,000
5.80% series due 3-1-2018	75,000	75,000
6.80% series due 1-15-2016	67,000	67,000
3.46% series due 1-15-2015	70,000	70,000
3.81% series due 6-15-17	58,000	58,000
4.47% series due 6-15-44	150,000	150,000
4.74% series due 2042	105,000	105,000
4.84% series due 2048	50,000	50,000
6.10% series due 4-15-19	300,000	300,000
5.43% series due 5-03-40	<u>150,000</u>	<u>150,000</u>
Total First Mortgage Bonds	<u>1,795,000</u>	<u>1,795,000</u>
Pollution Control Bonds:		
City of Forsyth, MT		
5.45% series B 5-1-2033 ⁽¹⁾	21,000	21,000
Series A 5-1-2033, remarketed 3-11-10 at 5%	97,800	97,800
Port of Morrow, OR		
Series A 5-1-2033, remarketed 3-11-10 at 5%	23,600	23,600
Revenue Bonds Series 1996 ⁽²⁾	5,800	5,800
⁽¹⁾ This debt instrument, purchased by the Company on May 1, 2009, is currently held for possible remarketing	<u>(21,000)</u>	<u>(21,000)</u>
⁽²⁾ This debt instrument, purchased by the Company in 2008, is currently held for possible remarketing	<u>(5,800)</u>	<u>(5,800)</u>
Total Pollution Control Bonds outstanding	<u>121,400</u>	<u>121,400</u>
Other Long Term Debt:		
Term Loans		
May 12, 2014, due October 30, 2015	75,000	75,000
June 2, 2014, due October 30, 2015	75,000	75,000
June 30, 2014, due October 30, 2015	75,000	75,000
Long-Term Contracts	93	93
Unamortized Debt Discount and Other	<u>(742)</u>	<u>(742)</u>
Total Other Long-Term Debt	<u>224,351</u>	<u>224,351</u>
Total Long-Term Debt	<u>2,140,751</u>	<u>2,140,751</u>

Description	Authorized (\$000s)	Outstanding (\$000s)
Total Classified as Short-Term		
Net Long Term Debt	<u>2,140,751</u>	<u>2,140,751</u>

None of the long-term debt is pledged or held as reacquired securities, by affiliated interests, or in any fund, except as noted above.

(h) *Whether the application is for disposition of facilities by sale, lease, or otherwise, a merger or consolidation of facilities, or for mortgaging or encumbering its property, or for the acquisition of stock, bonds, or property of another utility, also a description of the consideration, if any, and the method of arriving at the amount thereof:* This application requests approval for PGE to sell a residential property in the City of Portland. For valuation purposes, an independent appraiser (MAI) externally inspected the Property and researched general market conditions. The appraisal yielded an estimated value of the Property at \$340,000. PGE has agreed to sell the Property at the Buyer's adjusted offer of \$333,000. The book value of the Property was estimated using PGE's accounting records.

(i) *A statement and general description of facilities to be disposed of, consolidated, merged, or acquired from another utility, giving a description of their present use and of their proposed use after disposition, consolidation, merger, or acquisition. State whether the proposed disposition of facilities or plan for consolidation, merger, or acquisition includes all the operating facilities of the parties to the transaction:* The Property is located in the County of Multnomah, Oregon, at 3233 SE Yamhill, specifically Multnomah County Parcel 1S-1E, Section 1BA, Tax Lot 4700, aka Parcel R280576. The Property is no longer needed for utility purposes.

(j) *A statement by primary account of the cost of the facilities and applicable depreciation reserve involved in the sale, lease, or other disposition, merger or consolidation, or acquisition of*

property of another utility. If original cost is not known, an estimate of original cost based, to the extent possible, upon records or data of the applicant or its predecessors must be furnished, a full explanation of the manner in which such estimate has been made, and a statement indicating where all existing data and records may be found: The book value of the Property or transaction was determined using PGE's accounting records. The original cost of the Property was \$20,357, purchased in 1976. A statement by primary account of the cost of the Property is included in Exhibit L.

(k) *A statement as to whether or not any application with respect to the transaction or any part thereof, is required to be filed with any federal or other state regulatory body:* No application with respect to this transaction is required to be filed with any federal or other state regulatory body.

(l) *The facts relied upon by applicants to show that the proposed sale, lease, assignment, or consolidation of facilities, mortgage or encumbrance of property, or acquisition of stock, bonds, or property of another utility will be consistent with the public interest:* The sale of the Property is consistent with the public interest because the Property is now surplus to PGE's needs and not necessary for serving PGE's duty to the public.

(m) *The reasons, in detail, relied upon by each applicant, or party to the application, for entering into the proposed sale, lease, assignment, merger, or consolidation of facilities, mortgage or encumbrance of property, acquisition of stock, bonds, or property of another utility, and the benefits, if any, to be derived by the customers of the applicants and the public:* See the Background Section and paragraphs (h) and (l) above. Furthermore, customers will benefit from the deferral of the gain, with the gain to be refunded in the future.

(n) *The amount of stock, bonds, or other securities, now owned, held or controlled by applicant, of the utility from which stock or bonds are proposed to be acquired:* None.

(o) *A brief statement of franchises held, showing date of expiration if not perpetual, or, in case of transfer/sale, that transferee has the necessary franchises:* Not applicable.

II. Required Exhibits Under OAR 860-027-0025(2)

The following exhibits are submitted and by reference made a part of this application:

EXHIBIT A. *A copy of the charter or articles of incorporation with amendments to date:* Third Amended and Restated Articles of Incorporation, effective on May 7, 2014 and previously filed in Docket UP-310 and by reference made a part of this application.

EXHIBIT B. *A copy of the bylaws with amendments to date:* Tenth Amended and Restated Bylaws dated May 7, 2014 and previously filed in Docket UP-310 and by reference made a part of this application.

EXHIBIT C. *Copies of all resolutions of directors authorizing the proposed disposition, merger, or consolidation of facilities, mortgage or encumbrance of property, acquisition of stock, bonds, or property of another utility, in respect to which the application is made and, if approval of stockholders has been obtained, copies of the resolutions of the stockholders should also be furnished:* Not applicable (no such resolutions were required for the sale of the Property).

EXHIBIT D. *Copies of all mortgages, trust, deeds, or indentures, securing any obligation of each party to the transaction:* None.

EXHIBIT E. *Balance sheets showing booked amounts, adjustments to record the proposed transaction and pro forma, with supporting fixed capital or plant schedules in conformity with the forms in the annual report, which applicant(s) is required, or will be required, to file with the*

Commission: Balance sheet showing booked amounts, adjustments to record the proposed transactions and pro forma Balance sheets as of June 30, 2014 are attached. [electronic format]

EXHIBIT F. A statement of all known contingent liabilities, except minor items such as damage claims and similar items involving relatively small amounts, as of June 30, 2014 are attached. [electronic format]

EXHIBIT G. Comparative income statements showing recorded results of operations, adjustments to record the proposed transaction and pro forma, in conformity with the form in the annual report which applicant(s) is required, or will be required, to file with the Commission, as of June 30, 2014: Attached. [electronic format]

EXHIBIT H. An analysis of surplus for the period covered by the income statements referred to in Exhibit G, as of June 30, 2014: Attached. [electronic format]

EXHIBIT I. A copy of each contract in respect to the sale, lease or other proposed disposition, merger or consolidation of facilities, acquisition of stock, bonds, or property of another utility, as the case may be, with copies of all other written instruments entered into or proposed to be entered into by the parties to the transaction pertaining thereto: See attached Exhibits I-1 and I-2, Residential Real Estate Sale Agreement and Addendum, along with Exhibit I-3 the MAI appraisal. [electronic format]

EXHIBIT J. A copy of each proposed journal entry to be used to record the transaction upon each applicant's books: Attached. [electronic format]

EXHIBIT K. A copy of each supporting schedule showing the benefits, if any, which each applicant relies upon to support the facts as required by subsection (1)(l) of this rule and the reasons as required by subsection (1)(m) of this rule: See attached Exhibit K-1. [electronic format]

EXHIBIT L. Statement by primary account of the cost of the Property. Attached. [electronic format]

Dated: October 15, 2014.

Respectfully Submitted,



Patrick G. Hager,
Manager, Regulatory Affairs
On Behalf of Portland General Electric Company
121 SW Salmon Street, 1WTC-0702
Portland, Oregon 97204
Phone: (503) 464-7580
E-Mail: patrick.hager@pgn.com
Facsimile: (503) 464-7651

Portland General Electric Company and Subsidiaries
Consolidated Balance Sheet
June 30, 2014
(In Millions)

	June 30, 2014	Adjustments ⁽¹⁾	Adjusted Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 97	0.23	\$ 97
Accounts receivable, net	121		121
Unbilled revenues	74		74
Inventories	85		85
Regulatory assets - current	38		38
Other current assets	98		98
Total current assets	<u>513</u>	<u>0.23</u>	<u>513</u>
Electric utility plant	7,213		7,213
Construction work in progress	926		926
Total cost	<u>8,139</u>		<u>8,139</u>
Less: accumulated depreciation and amortization	<u>(2,815)</u>		<u>(2,815)</u>
Electric utility plant, net	<u>5,324</u>		<u>5,324</u>
Regulatory assets - noncurrent	399		399
Nuclear decommissioning trust	83		83
Non-qualified benefit plan trust	33		33
Other noncurrent assets	47		47
Total assets	<u>\$ 6,399</u>	<u>0.23</u>	<u>\$ 6,399</u>
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable	\$ 181		\$ 181
Short-term debt	-		-
Liabilities from price risk management activities - current	32		32
Current portion of long-term debt	70		70
Accrued expenses and other current liabilities	174		174
	<u>457</u>	<u>-</u>	<u>457</u>
Long-term debt, net of current portion	2,071		2,071
Regulatory liabilities - noncurrent	913	0.23	913
Deferred income taxes	613		613
Unfunded status of pension and postretirement plans	160		160
Non-qualified benefit plan liabilities	101		101
Asset retirement obligations	105		105
Liabilities from price risk management activities - noncurrent	83		83
Other noncurrent liabilities	24		24
Total liabilities	<u>\$ 4,527</u>	<u>0.23</u>	<u>\$ 4,527</u>
Commitments and contingencies (see notes)	-		-
Equity			
Portland General Electric Company shareholders' equity			
Preferred stock	-		-
Common stock	914		914
Accumulated other comprehensive loss	(5)		(5)
Retained earnings	962		962
Total Portland General Electric Company shareholders' equity	<u>1,871</u>	<u>-</u>	<u>1,871</u>
Noncontrolling interests' equity	<u>1</u>		<u>1</u>
Total Equity	<u>1,872</u>	<u>-</u>	<u>1,872</u>
Total liabilities and equity	<u>\$ 6,399</u>	<u>0.23</u>	<u>\$ 6,399</u>

(1) Reflects journal entries in Exhibit "J"

Exhibit "F"
Statement of Contingent Liabilities
As of June 30, 2014

PGE is subject to legal, regulatory, and environmental proceedings, investigations, and claims that arise from time to time in the ordinary course of its business. Contingencies are evaluated using the best information available at the time the consolidated financial statements are prepared. Legal costs incurred in connection with loss contingencies are expensed as incurred. The Company may seek regulatory recovery of certain costs that are incurred in connection with such matters, although there can be no assurance that such recovery would be granted.

Loss contingencies are accrued, and disclosed if material, when it is probable that an asset has been impaired or a liability incurred as of the financial statement date and the amount of the loss can be reasonably estimated. If a reasonable estimate of probable loss cannot be determined, a range of loss may be established, in which case the minimum amount in the range is accrued, unless some other amount within the range appears to be a better estimate.

A loss contingency will also be disclosed when it is reasonably possible that an asset has been impaired or a liability incurred if the estimate or range of potential loss is material. If a probable or reasonably possible loss cannot be reasonably estimated, then the Company: i) discloses an estimate of such loss or the range of such loss, if the Company is able to determine such an estimate; or ii) discloses that an estimate cannot be made.

If an asset has been impaired or a liability incurred after the financial statement date, but prior to the issuance of the financial statements, the loss contingency is disclosed, if material, and the amount of any estimated loss is recorded in the subsequent reporting period.

The Company evaluates, on a quarterly basis, developments in such matters that could affect the amount of any accrual, as well as the likelihood of developments that would make a loss contingency both probable and reasonably estimable. The assessment as to whether a loss is probable or reasonably possible, and as to whether such loss or a range of such loss is estimable, often involves a series of complex judgments about future events. Management is often unable to estimate a reasonably possible loss, or a range of loss, particularly in cases in which: i) the damages sought are indeterminate or the basis for the damages claimed is not clear; ii) the proceedings are in the early stages; iii) discovery is not complete; iv) the matters involve novel or unsettled legal theories; v) there are significant facts in dispute; vi) there are a large number of parties (including where it is uncertain how liability, if any, will be shared among multiple defendants); or vii) there is a wide range of potential outcomes. In such cases, there is considerable uncertainty regarding the timing or ultimate resolution, including any possible loss, fine, penalty, or business impact.

Trojan Investment Recovery

Regulatory Proceedings. In 1993, PGE closed the Trojan nuclear power plant (Trojan) and sought full recovery of, and a rate of return on, its Trojan costs in a general rate case filing with the OPUC. In 1995, the OPUC issued a general rate order that granted the Company recovery of, and a rate of return on, 87% of its remaining investment in Trojan.

Numerous challenges and appeals were subsequently filed in various state courts on the issue of the OPUC's authority under Oregon law to grant recovery of, and a return on, the Trojan investment. In 1998, the Oregon Court of Appeals upheld the OPUC's order authorizing PGE's recovery of the Trojan investment, but held that the OPUC did not have the authority to allow the Company to recover a return on the Trojan investment and remanded the case to the OPUC for reconsideration.

In 2000, PGE entered into agreements to settle the litigation related to recovery of, and return on, its investment in Trojan. The settlement, which was approved by the OPUC, allowed PGE to remove from its balance sheet the remaining investment in Trojan as of September 30, 2000, along with several largely offsetting regulatory liabilities. After offsetting the investment in Trojan with these liabilities, the remaining Trojan regulatory asset balance of approximately \$5 million (after tax) was expensed. As a result of the settlement, PGE's investment in Trojan was no longer included in prices charged to customers, either through a return of or a return on that investment. The Utility Reform Project (URP) did not participate in the settlement and filed a complaint with the OPUC challenging the

settlement agreements. In 2002, the OPUC issued an order (2002 Order) denying all of the URP's challenges. In 2007, following several appeals by various parties, the Oregon Court of Appeals issued an opinion that remanded the 2002 Order to the OPUC for reconsideration.

The OPUC then issued an order in 2008 (2008 Order) that required PGE to provide refunds, including interest from September 30, 2000, to customers who received service from the Company during the period from October 1, 2000 to September 30, 2001. The Company recorded a charge of \$33.1 million in 2008 related to the refund and accrued additional interest expense on the liability until refunds to customers were completed in the first quarter of 2010. The URP and the plaintiffs in the class actions described below separately appealed the 2008 Order to the Oregon Court of Appeals. On February 6, 2013, the Oregon Court of Appeals issued an opinion that upheld the 2008 Order. On May 31, 2013, the Court of Appeals denied the appellants' request for reconsideration of the decision. On October 18, 2013, the Oregon Supreme Court granted plaintiffs' petition seeking review of the February 6, 2013 Oregon Court of Appeals decision. Oral argument occurred in March 2014 and the parties now await a Court decision.

Class Actions. In two separate legal proceedings, lawsuits were filed in Marion County Circuit Court against PGE in 2003 on behalf of two classes of electric service customers. The class action lawsuits seek damages totaling \$260 million, plus interest, as a result of the Company's inclusion, in prices charged to customers, of a return on its investment in Trojan.

In 2006, the Oregon Supreme Court issued a ruling ordering the abatement of the class action proceedings until the OPUC responded to the 2002 Order (described above). The Oregon Supreme Court concluded that the OPUC has primary jurisdiction to determine what, if any, remedy can be offered to PGE customers, through price reductions or refunds, for any amount of return on the Trojan investment that the Company collected in prices.

The Oregon Supreme Court further stated that if the OPUC determined that it can provide a remedy to PGE's customers, then the class action proceedings may become moot in whole or in part. The Oregon Supreme Court added that, if the OPUC determined that it cannot provide a remedy, the court system may have a role to play. The Oregon Supreme Court also ruled that the plaintiffs retain the right to return to the Marion County Circuit Court for disposition of whatever issues remain unresolved from the remanded OPUC proceedings. The Marion County Circuit Court subsequently abated the class actions in response to the ruling of the Oregon Supreme Court.

As noted above, on February 6, 2013, the Oregon Court of Appeals upheld the 2008 Order. Because the Oregon Supreme Court has granted the plaintiffs' petition seeking review of that decision, and the class actions described above remain pending, management believes that it is reasonably possible that the regulatory proceedings and class actions could result in a loss to the Company in excess of the amounts previously recorded and discussed above. Because these matters involve unsettled legal theories and have a broad range of potential outcomes, sufficient information is currently not available to determine PGE's potential liability, if any, or to estimate a range of potential loss.

Pacific Northwest Refund Proceeding

In 2001, the FERC called for a hearing to explore whether there may have been unjust and unreasonable charges for spot market sales of electricity in the Pacific Northwest from December 25, 2000 through June 20, 2001 (Pacific Northwest Refund proceeding). During that period, PGE both sold and purchased electricity in the Pacific Northwest. In 2003, the FERC issued an order terminating the proceeding and denying the claims for refunds. Upon appeal of the decision to the U.S. Ninth Circuit Court of Appeals (Ninth Circuit) the Court remanded the case to the FERC to, among other things, address market manipulation evidence in detail and account for the evidence in any future orders regarding the award or denial of refunds in the proceedings.

In October 2011, the FERC issued an Order on Remand, establishing an evidentiary hearing to determine whether any seller had engaged in unlawful market activity in the Pacific Northwest spot markets during the December 25, 2000 through June 20, 2001 period by violating specific contracts or tariffs, and, if so, whether a direct connection existed between the alleged unlawful conduct and the rate charged under the applicable contract. The FERC held that the Mobile-Sierra public interest standard governs challenges to the bilateral contracts at issue in this proceeding, and the strong presumption under Mobile-Sierra that the rates charged under each contract are just and reasonable would have to be specifically overcome before a refund could be ordered. The FERC directed the presiding judge, if necessary, to

determine a refund methodology and to calculate refunds, but held that a market-wide remedy was not appropriate, given the bilateral contract nature of the Pacific Northwest spot markets.

In December 2012, the FERC issued an order clarifying that the Mobile-Sierra presumption could be overcome either by: i) a showing that a respondent had violated a contract or tariff and that the violation had a direct connection to the rate charged under the applicable contract; or ii) a showing that the contract rate at issue imposed an excessive burden or seriously harmed the public interest.

On April 5, 2013, the FERC granted rehearing of its Order on Remand on the issue of the appropriate refund period, holding that parties could pursue refunds for transactions between January 1, 2000 and December 24, 2000 under Section 309 of the Federal Power Act by showing violations of a filed tariff or rate schedule or of a statutory requirement. Refund claimants have filed petitions for appeal of the Order on Remand and the Order on Rehearing with the Ninth Circuit.

In its October 2011 Order on Remand, the FERC ordered settlement discussions to be convened before a FERC settlement judge. Pursuant to the settlement proceedings, the Company received notice of two claims and reached agreements to settle both claims for an immaterial amount. The FERC approved both settlements during 2012.

Additionally, the settlement between PGE and certain other parties in the California refund case in Docket No. EL00-95, et seq., approved by the FERC in May 2007, resolved all claims between PGE and the California parties named in the settlement, including the California Energy Resource Scheduling division of the California Department of Water Resources (CERS), as to transactions in the Pacific Northwest during the settlement period, January 1, 2000 through June 20, 2001, but did not settle potential claims from other market participants relating to transactions in the Pacific Northwest.

The above-referenced settlements resulted in a release for the Company as a named respondent in the first phase of the remand proceedings, which are limited to initial and direct claims for refunds, but there remains a possibility that additional claims related to this matter could be asserted against the Company in a subsequent phase of the proceeding if refunds are ordered against some or all of the current respondents.

During the first phase of the remand hearing, now completed, two sets of refund proponents, the City of Seattle, Washington (Seattle) and various California parties on behalf of CERS, presented cases alleging that multiple respondents had engaged in unlawful activities and caused severe financial harm that justified the imposition of refunds. After conclusion of the hearing, the presiding Administrative Law Judge issued an Initial Decision on March 28, 2014 finding: i) that Seattle did not carry its Mobile-Sierra burden with respect to its refund claims against any of its respondent sellers; and ii) that the California representatives of CERS did not carry their Mobile-Sierra burden with respect to one of CERS' respondents, but did find evidence of unlawful activity in the implementation of multiple transactions and bad faith in the formation of as many as 119 contracts by the last remaining CERS respondent. The Administrative Law Judge scheduled a second phase of the hearing to commence after a final FERC decision on the Initial Decision. In the second phase, the last respondent will have an opportunity to produce additional evidence as to why its transactions should be considered legitimate and why refunds should not be ordered. If the FERC requires one or more respondents to make refunds, it is possible that such respondent(s) will attempt to recover similar refunds from their suppliers, including the Company.

Management believes that this matter could result in a loss to the Company in future proceedings. However, management cannot predict whether the FERC will order refunds from any of the current respondents, which contracts would be subject to refunds, the basis on which refunds would be ordered, or how such refunds, if any, would be calculated. Further, management cannot predict whether any current respondents, if ordered to make refunds, will pursue additional refund claims against their suppliers, and, if so, what the basis or amounts of such potential refund claims against the Company would be. Due to these uncertainties, sufficient information is currently not available to determine PGE's liability, if any, or to estimate a range of reasonably possible loss.

EPA Investigation of Portland Harbor

A 1997 investigation by the United States Environmental Protection Agency (EPA) of a segment of the Willamette River known as Portland Harbor revealed significant contamination of river sediments. The EPA subsequently included

Portland Harbor on the National Priority List pursuant to the federal Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) as a federal Superfund site and listed 69 Potentially Responsible Parties (PRPs). PGE was included among the PRPs as it has historically owned or operated property near the river. In January 2008, the EPA requested information from various parties, including PGE, concerning additional properties in or near the original segment of the river under investigation as well as several miles beyond. Subsequently, the EPA has listed additional PRPs, which now number over one hundred.

The Portland Harbor site is currently undergoing a remedial investigation (RI) and feasibility study (FS) pursuant to an Administrative Order on Consent (AOC) between the EPA and several PRPs known as the Lower Willamette Group (LWG), which does not include PGE.

In March 2012, the LWG submitted a draft FS to the EPA for review and approval. The draft FS, along with the RI, provide the framework for the EPA to determine a clean-up remedy for Portland Harbor that will be documented in a Record of Decision, which the EPA is not expected to issue before 2017.

The draft FS evaluates several alternative clean-up approaches. These approaches would take from two to 28 years with costs ranging from \$169 million to \$1.8 billion, depending on the selected remedial action levels and the choice of remedy. The draft FS does not address responsibility for the costs of clean-up, allocate such costs among PRPs, or define precise boundaries for the clean-up. Responsibility for funding and implementing the EPA's selected clean-up will be determined after the issuance of the Record of Decision.

Management believes that it is reasonably possible that this matter could result in a loss to the Company. However, due to the uncertainties discussed above, sufficient information is currently not available to determine PGE's liability for the cost of any required investigation or remediation of the Portland Harbor site or to estimate a range of potential loss.

DEQ Investigation of Downtown Reach

The Oregon Department of Environmental Quality (DEQ) has executed a memorandum of understanding with the EPA to administer and enforce clean-up activities for portions of the Willamette River that are upriver from the Portland Harbor Superfund site (the Downtown Reach). In January 2010, the DEQ issued an order requiring PGE to perform an investigation of certain portions of the Downtown Reach. PGE completed this investigation in December 2011 and entered into a consent order with the DEQ in July 2012 to conduct a feasibility study of alternatives for remedial action for the portions of the Downtown Reach that were included within the scope of PGE's investigation. The draft feasibility study report, which describes possible remediation alternatives that range in estimated cost from \$3 million to \$8 million, was submitted to the DEQ in February 2014. Using the Company's best estimate of the probable cost for the remediation effort from the set of alternatives provided in the draft feasibility study report, PGE has a \$3 million reserve for this matter as of June 30, 2014.

Based on the available evidence of previous rate recovery of incurred environmental remediation costs for PGE, as well as for other utilities operating within the same jurisdiction, the Company has concluded that the estimated cost of \$3 million to remediate the Downtown Reach is probable of recovery. As a result, the Company also has a regulatory asset of \$3 million for future recovery in prices as of June 30, 2014. The Company included recovery of the regulatory asset in its 2015 General Rate Case filed with the OPUC in February 2014.

Alleged Violation of Environmental Regulations at Colstrip

On July 30, 2012, PGE received a Notice of Intent to Sue (Notice) for violations of the Clean Air Act (CAA) at Colstrip Steam Electric Station (CSES) from counsel on behalf of the Sierra Club and the Montana Environmental Information Center (MEIC). The Notice was also addressed to the other CSES co-owners, including PPL Montana, LLC, the operator of CSES. PGE has a 20% ownership interest in Units 3 and 4 of CSES. The Notice alleges certain violations of the CAA, including New Source Review, Title V, and opacity requirements, and states that the Sierra Club and MEIC will: i) request a United States District Court to impose injunctive relief and civil penalties; ii) require a beneficial environmental project in the areas affected by the alleged air pollution; and iii) seek reimbursement of Sierra Club's and MEIC's costs of litigation and attorney's fees.

The Sierra Club and MEIC asserted that the CSES owners violated the Title V air quality operating permit during portions of 2008 and 2009 and that the owners have violated the CAA by failing to timely submit a complete air quality operating permit application to the Montana Department of Environmental Quality (MDEQ). The Sierra Club and MEIC also asserted violations of opacity provisions of the CAA.

On March 6, 2013, the Sierra Club and MEIC sued the CSES co-owners, including PGE, for these and additional alleged violations of various environmental related regulations. The plaintiffs are seeking relief that includes an injunction preventing the co-owners from operating CSES except in accordance with the CAA, the Montana State Implementation Plan, and the plant's federally enforceable air quality permits. In addition, plaintiffs are seeking civil penalties against the co-owners including \$32,500 per day for each violation occurring through January 12, 2009, and \$37,500 per day for each violation occurring thereafter.

In September 2013, the plaintiffs filed an amended complaint that withdrew Title V and opacity claims, added claims associated with two 2011 projects, and expanded the scope of certain claims to encompass approximately forty additional projects. The CSES co-owners have filed a motion to dismiss all of the claims in the amended complaint. In April 2014, the parties entered into an agreement under which, following the court's decision on the motion to dismiss, plaintiffs will move to amend the complaint to limit the scope of the claims to thirteen projects. On May 22, 2014, the federal magistrate judge issued a recommendation to deny most of the motion to dismiss. The parties are awaiting a final decision on the motion to dismiss. This matter is scheduled for trial in June 2015.

Management believes that it is reasonably possible that this matter could result in a loss to the Company. However, due to the uncertainties concerning this matter, PGE cannot predict the outcome or determine whether it would have a material impact on the Company.

Challenge to AOC Related to Colstrip Wastewater Facilities

In August 2012, the operator of CSES entered into an AOC with the MDEQ, which established a comprehensive process to investigate and remediate groundwater seepage impacts related to the wastewater facilities at CSES. Within five years, under this AOC, the operator of CSES is required to provide financial assurance to MDEQ for the costs associated with closure of the waste water treatment facilities. This will establish an obligation for asset retirement, but the operator of CSES is unable at this time to estimate these costs, which will require both public and agency review.

In September 2012, Earthjustice filed an affidavit pursuant to Montana's Major Facility Siting Act (MFSA) that sought review of the AOC by Montana's Board of Environmental Review (BER), on behalf of environmental groups Sierra Club, the MEIC, and the National Wildlife Federation. In September 2012, the operator of CSES filed an election with the BER to have this proceeding conducted in Montana state district court as contemplated by the MFSA. In October 2012, Earthjustice, on behalf of Sierra Club, the MEIC and the National Wildlife Federation, filed with the Montana state district court a petition for a writ of mandamus and a complaint for declaratory relief alleging that the AOC fails to require the necessary actions under the MFSA and the Montana Water Quality Act with respect to groundwater seepage from the wastewater facilities at CSES. On May 31, 2013, the district court judge granted the defendants' motion to dismiss the petition for the writ of mandamus.

Management believes that it is reasonably possible that this matter could result in a loss to the Company. However, due to the uncertainties concerning this matter, PGE cannot predict the outcome or determine whether it would have a material impact on the Company.

Oregon Tax Court Ruling

On September 17, 2012, the Oregon Tax Court issued a ruling contrary to an Oregon Department of Revenue (DOR) interpretation and a current Oregon administrative rule, regarding the treatment of wholesale electricity sales. The underlying issue is whether electricity should be treated as tangible or intangible property for state income tax apportionment purposes. The DOR has appealed the ruling of the Oregon Tax Court to the Oregon Supreme Court. It is uncertain whether the ruling will be upheld. Oral argument occurred in May 2014 and the parties now await a Court decision.

If the ruling is upheld, PGE estimates that its income tax liability could increase by as much as \$7 million due to an increase in the tax rate at which deferred tax liabilities would be recognized in future years. For open tax years per Oregon statute, 2008 through 2012, the Company entered into a closing agreement with the DOR during the third quarter 2013 under which the DOR agreed to the tax apportionment methodology utilized on the tax returns relating to those years.

Management believes that it is reasonably possible that this matter could result in a loss to the Company. However, due to the uncertainties concerning this matter, PGE cannot predict the outcome.

Other Matters

PGE is subject to other regulatory, environmental, and legal proceedings, investigations, and claims that arise from time to time in the ordinary course of business, which may result in judgments against the Company. Although management currently believes that resolution of such matters, individually and in the aggregate, will not have a material impact on its financial position, results of operations, or cash flows, these matters are subject to inherent uncertainties, and management's view of these matters may change in the future.

Portland General Electric Company and Subsidiaries
Consolidated Statement of Income
Six Months Ended
June 30, 2014
(In Millions)

	Six Months Ended June 30, 2014	Adjustments	Adjusted Total
Revenues	\$916		\$916
Operating Expenses:			
Purchased power and fuel	326		326
Production and distribution	121		121
Administrative and other	110		110
Depreciation and amortization	148		148
Taxes other than income taxes	55		55
Total operating expenses	<u>760</u>		<u>760</u>
Income from Operations	156	-	156
Other Income:			
Allowance for equity funds used during construction	15		15
Miscellaneous income, net	-		-
Other Income, net	<u>15</u>	-	<u>15</u>
Interest Expense	<u>48</u>		<u>48</u>
Income before income taxes	123	-	123
Income Taxes	<u>30</u>		<u>30</u>
Net Income	93	-	93
Less: net loss attributable to noncontrolling interests	-		-
Net Income attributable to Portland General Electric Company	<u>\$93</u>	<u>\$ -</u>	<u>\$93</u>

Portland General Electric Company and Subsidiaries
Consolidated Statement of Retained Earnings
Six Months Ended
June 30, 2014
(In Millions)

	<u>Retained Earnings</u>	<u>Adjustments ⁽¹⁾</u>	<u>Adjusted Total</u>
Balance at Beginning of Period, January 1, 2014	\$913		\$913
Net Income	93		93
	1,006		1,006
Dividends Declared			
Common stock	(44)	_____	(44)
Balance at End of Period, June 30, 2014	\$962	\$0	\$962

(1) No preliminary adjusting entries to the Statement of Retained Earnings.



Sale Agreement # 0825LB

FINAL AGENCY ACKNOWLEDGMENT

1 Both Buyer and Seller acknowledge having received the Oregon Real Estate Agency Disclosure Pamphlet, and hereby acknowledge and consent
2 to the following agency relationships in this transaction: (1) Corie Gosse (Name of Selling Licensee)
3 of John L Scott (Name of Real Estate Firm) is the agent of (check one):
4 Buyer exclusively ("Buyer Agency"). Seller exclusively ("Seller Agency"). Both Buyer and Seller ("Disclosed Limited Agency").
5 (2) Corie Gosse (Name of Listing Licensee)
6 of John L Scott (Name of Real Estate Firm) is the agent of (check one):
7 Seller exclusively ("Seller Agency"). Both Buyer and Seller ("Disclosed Limited Agency").

8 (3) If both parties are each represented by one or more Licensees in the same Real Estate Firm, and Licensees are supervised by the same
9 principal broker in that Real Estate Firm, Buyer and Seller acknowledge that said principal broker shall become the disclosed limited agent for both
10 Buyer and Seller as more fully explained in the Disclosed Limited Agency Agreements that have been reviewed and signed by Buyer, Seller and
11 Licensee(s).

12 Buyer shall sign this acknowledgment at the time of signing this Agreement before submission to Seller. Seller shall sign this acknowledgment at
13 the time this Agreement is first submitted to Seller, even if this Agreement will be rejected or a counter offer will be made. Seller's signature to this
14 Final Agency Acknowledgment shall not constitute acceptance of this Agreement or any terms therein.

15 Buyer [Signature] Print Laura Braun Date 8/25/2014 18:57 P
16 Buyer _____ Print _____ Date _____
17 Seller [Signature] Print Portland General Electric Co Date 8/25/2014 15:00
18 Seller _____ Print _____ Date _____

RESIDENTIAL REAL ESTATE SALE AGREEMENT

19 This Agreement is intended to be a legal and binding contract.
20 If it is not understood, seek competent legal advice before signing. Time is of the essence of this Agreement.

21 1. DEFINITIONS: All references in this Agreement to "Licensee" and "Firm" shall refer to Buyer's and Seller's real estate agents licensed in the
22 State of Oregon and the respective real estate companies with which they are affiliated. Licensee(s) and Firm(s) identified in the Final Agency
23 Acknowledgment Section above are not parties to this Agreement, except as may be expressly applicable. Unless otherwise provided herein: (1)
24 Time calculated in days after the date Buyer and Seller have signed this Agreement shall start on the first full business day after the date of Seller's
25 signature indicating acceptance of Buyer's offer or counteroffer, or Buyer's signature indicating acceptance of Seller's counteroffer. (2) Written
26 notices required or permitted under this Agreement to be delivered to Buyer or Seller may be delivered to their respective Licensee with the same
27 effect as if delivered to that Buyer or Seller; (3) A "business day" shall mean Monday through Friday, except recognized legal holidays as
28 enumerated in ORS 187.010 and 187.020.

29 2.1 PRICE/PROPERTY DESCRIPTION: Buyer (print name(s)) Laura Braun
30 _____
31 offers to purchase from Seller (print name(s)) Portland General Electric Company
32 _____
33 the following described real property (hereinafter "the Property") situated in the State of Oregon, County of Mult
34 and commonly known or identified as (insert street address, city, zip code, tax identification number, lot/block description, etc.)

35 3223 SE Yamhill St, Portland, OR 97214
36 (Buyer and Seller agree that if it is not provided herein, a complete legal description as provided by the title insurance company in accordance with
37 Section 5, below, shall, where necessary, be used for purposes of legal identification and conveyance of title.)
38 for the Purchase Price (in U.S. currency) of _____ A \$ 340,000.00
39 on the following terms: Earnest money herein receipted for _____ B \$ 2,500.00
40 on _____, as additional earnest money, the sum of _____ C \$ _____
41 at or before Closing, the balance of down payment _____ D \$ 65,500.00
42 at Closing and upon delivery of DEED CONTRACT the balance of the Purchase Price _____ E \$ 272,000.00
43 (Lines B, C, D and E should equal Line A)

Buyer Initials [Signature] / _____ Date 8/25/2014 | 18:57 PT
Seller Initials [Signature] / _____ Date 8/25/14

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OREF 001



Sale Agreement # 08251B

44 2.2 BALANCE OF PURCHASE PRICE. (Select A or B)

45 A. This is an all cash transaction. Buyer to provide verification ("Verification") of readily available funds as follows (select only one): Buyer
46 has attached a copy of the Verification with the submission of this Agreement to Seller or Listing Licensee. Buyer will provide Seller or Listing
47 Licensee with the Verification within ____ business days (five [5] if not filled in) following mutual acceptance of this Agreement; or Other
48 (Describe): _____
49 Seller may notify Buyer or Buyer's Licensee, in writing, of Seller's unconditional disapproval of the Verification within ____ business days (five [5]
50 if not filled in) ("Disapproval Period") following its receipt by Seller or Listing Licensee, in which case, all earnest money deposits shall be promptly
51 refunded and this transaction shall be terminated. If Seller fails to provide Buyer or Selling Licensee with written unconditional disapproval
52 of the Verification by Midnight of the Disapproval Period, Seller shall be deemed to have approved the Verification. If Buyer fails to
53 submit a Verification within a time frame selected above, unless the parties agree otherwise in writing, all earnest money deposits shall
54 be promptly refunded and this transaction shall be terminated.

55 B. Balance of Purchase Price to be financed as follows (Select only one): Conventional; FHA; Federal VA;
56 Other (Describe): _____ (hereinafter "Loan
57 Program"). Buyer agrees to seek financing through a lending institution ("Lender") participating in the Loan Program Identified above.

58 Pre-Approval Letter. Buyer has attached a copy of a Pre-Approval Letter from Buyer's Lender or mortgage broker; Buyer does not have a
59 Pre-Approval Letter at the time of making this offer; Buyer agrees to secure a Pre-Approval Letter as follows: _____
60

61 3.1 FINANCING CONTINGENCIES. If Buyer is financing any portion of the Purchase Price, this transaction is subject to the following financing
62 contingencies: (1) Buyer and the Property to qualify for the loan from Lender; (2) Lender's appraisal shall not be less than the Purchase Price; and,
63 (3) Other (Describe): None
64

65 All Financing Contingencies are solely for Buyer's benefit and may be waived by Buyer in writing at any time.

66 3.2 FAILURE OF FINANCING CONTINGENCIES. If Buyer receives actual notification that any Financing Contingencies identified above have
67 failed or otherwise cannot occur, Buyer shall promptly notify Seller, and the parties shall have ____ business days (two [2] if not filled in) following
68 the day of Seller's receipt of such notification to either (a) Terminate this transaction by signing a Termination Agreement (OREF-057) or such other
69 similar form as may be provided by Escrow; or (b) Reach a written mutual agreement upon such price and terms that will permit this transaction to
70 continue. Neither Seller nor Buyer is required under the preceding provision (b) to reach such agreement. If (a) or (b) fail to occur within the time
71 period identified herein, this transaction shall be automatically terminated and all earnest money shall be promptly refunded to Buyer. Buyer
72 understands that upon termination of this transaction, Seller shall have the right to immediately place the Property back on the market for sale upon
73 any price and terms as Seller determines, in Seller's sole discretion.

74 3.3 BUYER REPRESENTATION REGARDING FINANCING: As of the date of signing this Agreement, Buyer makes the following
75 representations to Seller:

76 (1) Buyer shall apply for a loan not later than ____ business days (three [3] if not filled in) following the date Buyer and Seller have signed this
77 Agreement, and will thereafter complete all reasonably necessary papers in a timely manner and exercise best efforts (including payment of all
78 application, appraisal and processing fees, where applicable) to obtain the loan;

79 (2) Buyer shall make a good faith effort to secure the ordering of the Lender's appraisal no later than expiration of the Inspection Contingency
80 Period in Section 15.2 of this Agreement, or if the Professional Inspection Addendum (OREF-058) is used, expiration of the Inspection Period.

81 (3) Buyer currently has liquid and available funds for the earnest money deposit and down payment, sufficient to Close the transaction described
82 herein, and is not relying upon any contingent source of funds (e.g., from loans, gifts, sale or Closing of other property, 401K disbursements, etc.),
83 except as follows (describe): _____
84

86 (4) Buyer authorizes Buyer's Lender or mortgage broker to provide non-confidential information to Listing and Selling Licensees regarding Buyer's
87 loan application status.

88 (5) Buyer shall promptly notify Seller or Seller's Licensee if, after signing this Agreement, Buyer substitutes another lender for any reason.
89 Notwithstanding the preceding, Buyer shall not be permitted to select a Loan Program different than the one selected in Section 2.2 (B) above,
90 without Seller's advance written consent.

91 (6) Buyer agrees to keep Seller promptly informed of all other material non-confidential developments regarding Buyer's financing and the timing of
92 Closing.

Buyer Initials [Signature] Date 8/25/2014 18:57 PT

Seller Initials [Signature] Date 8/25/14

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LINES WITH THIS SYMBOL ← REQUIRE A SIGNATURE OF BUYER AND/OR SELLER AND DATE

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OREF 001

RESIDENTIAL REAL ESTATE SALE AGREEMENT - Page 2 of 10



Sale Agreement # 082518

93 3.4 INSURANCE: If the Property is located in a designated flood zone, Buyer acknowledges that flood insurance may be required as a condition
94 of the new loan. Buyer is encouraged to promptly verify the availability and cost of property/casualty/flood insurance that will be secured for the
95 Property.

96 4. ADDITIONAL PROVISIONS: ~~None~~ SEE ADDENDUM
97 _____
98 _____
99 _____
100 _____
101 _____ For additional provisions, see Addendum _____.

102 5. TITLE INSURANCE: Unless otherwise provided herein, this transaction is subject to Buyer's review and approval of a preliminary title report
103 and the recorded covenants, conditions and restrictions ("the Report and CC&Rs") showing the condition of title to the Property. (If not fully
104 understood, Buyer should immediately contact the title insurance company for further information or seek competent legal advice.
105 Neither Listing nor Selling Licensee is qualified to advise on specific legal or title issues.) Upon signature and acceptance of this
106 Agreement by Buyer and Seller, Seller will, at Seller's sole expense, promptly order the Report and CC&Rs from an Oregon title insurance
107 company and furnish them to Buyer. Upon receipt of the Report and CC&Rs, Buyer shall have _____ business days (five [5] if not filled in) within
108 which to notify Seller, in writing, of any matters disclosed in the Report and CC&Rs which is/are unacceptable to Buyer ("the Objections"). Buyer's
109 failure to timely object, in writing, to any matters disclosed in the Report and/or CC&Rs shall constitute acceptance of the Report and/or CC&Rs.
110 However, Buyer's failure to timely object shall not relieve Seller of the duty to convey marketable title pursuant to Section 6 below. If, within _____
111 business days (five [5] if not filled in) following receipt of the Objections, if any, Seller fails to remove or correct the matters identified in the
112 Objections, or does not give written assurances reasonably satisfactory to Buyer that they will be removed or corrected, all earnest money shall be
113 promptly refunded to Buyer and this transaction shall be terminated. This contingency is solely for Buyer's benefit and may be waived by Buyer in
114 writing. Within thirty (30) days after Closing, Seller shall furnish to Buyer an owner's standard form policy of title insurance insuring marketable title
115 in the Property to Buyer in the amount of the purchase price, free and clear of the Objections and all other title exceptions agreed to be removed as
116 part of this transaction. (Note: This Section 5 provides that Seller will pay for Buyer's standard owner's policy of title insurance. In some
117 areas of the country, such a payment might be regarded as a "seller concession." Under the amended Real Estate Settlement
118 Procedures Act ("RESPA"), effective on January 1, 2010 there are limitations, regulations and disclosure requirements on "seller
119 concessions" unless the product or service paid by the Seller was one customarily paid by the Seller. In Oregon sellers customarily and
120 routinely pay for their buyer's standard owner's policy of title insurance. Accordingly, unless the terms of this Section 5 are modified in
121 writing by Buyer and Seller, the parties acknowledge, agree and so instruct escrow, that in this transaction, Seller's payment of Buyer's
122 standard owner's policy of title insurance is not a "seller concession" under RESPA or any other federal or state law.)

123 6. DEED: Seller shall convey marketable title to the Property by statutory warranty deed (or good and sufficient personal representative's or
124 trustee's or similar legal fiduciary's deed, where applicable) free and clear of all liens of record, except property taxes which are a lien but not yet
125 payable, zoning ordinances, building and use restrictions, reservations in Federal patents, easements of record which affect the Property,
126 covenants, conditions and restrictions of record, and those matters accepted by Buyer pursuant to Section 5 above.

127 7. SELLER-CARRIED FINANCING (E.G. LAND SALE CONTRACT/TRUST DEED/MORTGAGE/OPTION AGREEMENTS, RENT-TO-OWN,
128 ETC.): Note: State and federal laws and regulations provide that under certain circumstances, offering or negotiating the terms of seller-carried
129 financing must be performed by a Mortgage Loan Originator (see, ORS86A.200(4)), and the terms of such financing may have to comply with
130 certain consumer protection disclosures rules. Your real estate licensee is not qualified to provide these services or to advise you in this regard.
131 Legal advice is strongly recommended. If this transaction is to include a land sale contract, trust deed, mortgage or option agreement between
132 Buyer and Seller, the parties shall agree upon the terms and conditions of such document not later than _____
133 business days (ten [10] if not filled in) after the date Buyer and Seller have signed and accepted this Sale Agreement.
134 Upon failure of Buyer and Seller to reach agreement as to the terms and conditions of the document within said time period, this
135 transaction shall automatically terminate, all parties shall cooperate in signing such documentation reasonably necessary to effect a termination of
136 this transaction and a refund of all deposits, if any, to Buyer. Caveat: The additional documents identified in this Section 7 can have legally
137 binding consequences, and Buyer and Seller are strongly encouraged to secure competent legal advice before entering into such
138 agreements. If Escrow (as defined in Section 17) is instructed to prepare the note and trust deed or mortgage to be used in this
139 transaction, state statute requires that Buyer and Seller receive from Escrow, at least three (3) days prior to Closing (as defined in
140 Section 18), a statutory notice and a copy of the proposed documents. This requirement cannot be waived by Buyer or Seller without the
141 approval of both of their respective Oregon-licensed attorneys.

Buyer Initials [Signature] / _____ Date 8/25/2014 18:57 PT

Seller Initials [Signature] / _____ Date 8/25/14



Sale Agreement # 0825LB

8. FIXTURES: All fixtures (including remote controls and essential related equipment) are to be left upon the Property. Fixtures shall include but not be limited to: Built-in appliances; attached floor coverings; drapery rods and curtain rods; window and door screens; storm doors and windows; system fixtures (irrigation, plumbing, ventilating, cooling and heating); water heaters; attached electric light and bathroom fixtures; light bulbs; fluorescent lamps; window blinds; awnings; fences; all planted shrubs, plants and trees; EXCEPT: None

9. PERSONAL PROPERTY: Only the following personal property, in "AS-IS" condition and at no stated value is included: FS fridge located on the property

10. ALARM SYSTEM: NONE OWNED LEASED. If leased, Buyer will will not assume the lease at Closing.

11. WOODSTOVE/FIREPLACE INSERT: Does the Property contain a woodstove or fireplace insert? Yes No
Is the woodstove or fireplace insert certified? Yes No Unknown If "No" or "Unknown," Seller to provide Buyer with OREF-046 Woodstove/Fireplace Insert Addendum.

12. SELLER REPRESENTATIONS: Subject to other written disclosures made by Seller as a part of this transaction, Seller makes the following representations to Buyer:

- (1) The primary dwelling is connected to (check all that apply): a public sewer system; an on-site sewage system; a public water system; a private well; other (e.g., surface springs, cistern, etc.).
 - (2) At the earlier of possession or Closing Date, the dwelling will have one or more operating smoke alarms, smoke detectors and carbon monoxide detectors as required by law (See <http://www.oregon.gov/OSP/SFM/>).
 - (3) Seller has no knowledge of any hazardous substances in or about the Property other than substances (if any) contained in appliances and equipment. Buyer acknowledges that asbestos commonly exists in insulation, ceilings, floor coverings and other areas in residential housing and may exist in the Property.
 - (4) Seller knows of no material defects in or about the Property.
 - (5) All electrical wiring, heating, cooling, plumbing and irrigation equipment and systems and the balance of the Property, including the yard, will be in substantially its present condition at the time Buyer is entitled to possession.
 - (6) Seller has no notice of any liens or assessments to be levied against the Property.
 - (7) Seller has no notice from any governmental agency of any violation of law relating to the Property.
 - (8) Seller is not a "foreign person" under the Foreign Investment in Real Property Tax Act ("FIRPTA") as defined in this Agreement.
 - (9) Seller knows of no material discrepancies between visible lines of possession and use (such as existing fences, hedges, landscaping, structures, driveways, and other such improvements) currently existing on the Property offered for sale and the legal description of the Property.
 - (10) Seller will keep the Property fully insured through Closing.
- Seller agrees to promptly notify Buyer if, prior to Closing, Seller receives actual notice of any event or condition which could result in making any previously disclosed material information relating to the Property substantially misleading or incorrect. These representations are made to the best of Seller's knowledge. Seller may have made no investigations. Exceptions to items (1) through (10) are: None

Buyer acknowledges that the above representations are not warranties regarding the condition of the Property and are not a substitute for, nor in lieu of, Buyer's own responsibility to conduct a thorough and complete independent investigation, including the use of professionals, where appropriate, regarding all material matters bearing on the condition of the Property, its value and its suitability for Buyer's intended use. Neither the Listing nor Selling Licensees shall be responsible for conducting any inspection or investigation of any aspects of the Property.

13. "AS-IS": Except for Seller's express written agreements and written representations contained herein, and Seller's Property Disclosure, if any, Buyer is purchasing the Property "AS-IS," in its present condition and with all defects apparent or not apparent. This provision shall not be construed to limit Buyer's right to implied new home warranties, if any, that may otherwise exist under Oregon law.

14. PRIVATE WELL: Does the Property contain a Private Well? Yes No If the property contains a private well, the OREF-082 Private Well Addendum will be attached to this Sale Agreement.

Buyer Initials [Signature] / Date 8/25/2014 18:57 PT

Seller Initials [Signature] / Date 8/25/14

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RESIDENTIAL REAL ESTATE SALE AGREEMENT - Page 4 of 10



Sale Agreement # 08251B

INSPECTIONS: (CHECK ONLY ONE BOX)

15.1 ENVIRONMENTAL HEALTH CONDITIONS: The following list identifies some, but not all, environmental conditions that may be found in and around all real property that may affect health: Asbestos, carbon monoxide, electric and magnetic fields, formaldehyde, lead and other contaminants in drinking water and well water, lead-based paint, mold and mildew, radon, and leaking underground storage tanks. If Buyer has any concerns about these conditions or others, Buyer is encouraged to secure the services of a professional inspector, consultant, or health expert, for information and guidance. Neither the listing nor selling licensees are experts in environmental health hazards or conditions. For additional information, go to the Oregon Association of Realtors' Buyer advisory at: <http://www.oregonrealtors.org> and the Oregon Public Health Division at <http://public.health.oregon.gov/Pages/Homes.aspx>

15.2 INSPECTIONS: Buyer understands that it is advisable to have a complete inspection of the Property by qualified professional(s) relating to such matters as structural condition, soil condition/compaction/stability, environmental issues, survey, zoning, operating systems, and suitability for Buyer's intended purpose. Neither Listing nor Selling Licensee is qualified to conduct such inspections and shall not be responsible to do so. For further details, Buyer is encouraged to review the Buyer Advisory at "<http://www.oregonrealtors.org>".

PROFESSIONAL INSPECTIONS: At Buyer's expense, Buyer may have the Property and all elements and systems thereof inspected by one or more professionals of Buyer's choice. Provided, however, Buyer must specifically identify in this Agreement any desired inspections which may include testing or removal of any portion of the Property including radon and mold. Buyer understands that Buyer is responsible for the restoration of the Property following any inspection(s)/test(s) performed by Buyer or on Buyer's behalf. Buyer shall have 10 business days (ten [10] if not filled in), after the date Buyer and Seller have signed this Agreement (hereinafter "the Inspection Period"), in which to complete all inspections and negotiations with Seller regarding any matters disclosed in any inspection report. However, during the Inspection Period, Seller shall not be required to modify any terms of this Agreement already reached with Buyer. Unless a written and signed modification is reached, at any time during the Inspection Period, Buyer may notify Seller or Listing Licensee, in writing, of Buyer's unconditional disapproval of the Property based on any inspection report(s), in which case, all earnest money deposits shall be promptly refunded and this transaction shall be terminated. Buyer shall promptly provide a copy of all reports to Seller only if requested by Seller. If Buyer fails to provide Seller or Listing Licensee with written unconditional disapproval of any inspection report(s) by Midnight of the final day of the Inspection Period, Buyer shall be deemed to have accepted the condition of the Property. Note that if, prior to expiration of the Inspection Period, written agreement is reached with Seller regarding ALL Buyer's requested repairs, the Inspection Period shall automatically terminate, unless the parties agree otherwise in writing.

ALTERNATIVE INSPECTION PROCEDURES: OREF-058 PROFESSIONAL INSPECTION ADDENDUM OR OTHER INSPECTION ADDENDUM _____ is attached to this Agreement.

BUYER'S WAIVER OF INSPECTION CONTINGENCY: Buyer represents to Seller and all Licensees and Firms that Buyer is fully satisfied with the condition of the Property and all elements and systems thereof and knowingly and voluntarily elects to waive the right to have any inspections performed as a contingency to the Closing of the transaction. Buyer's election to waive the right of inspection is solely Buyer's decision and at Buyer's own risk.

16. LEAD-BASED PAINT CONTINGENCY PERIOD: If the Property was constructed before 1978, a Lead-Based Paint Disclosure Addendum (hereinafter "the Disclosure Addendum") shall be promptly signed by Seller, Buyer and Listing and Selling Licensees, and become a part of this Agreement. Buyer shall also be provided with a pamphlet entitled "Protect Your Family From Lead in Your Home." Buyer shall have _____ calendar days (ten [10] unless a greater number is filled in) within which to conduct a lead-based paint assessment or inspection (hereinafter referred to as "the Lead-Based Paint Contingency Period"), which shall commence immediately when Buyer and Seller sign the Disclosure Addendum. Unless the opportunity to conduct a risk assessment or inspection is expressly waived in the Disclosure Addendum, Buyer may, in writing, unconditionally cancel this transaction during the Lead-Based Paint Contingency Period and receive a prompt return of all earnest money deposits. Buyer understands that the failure to give timely written notice of cancellation prior to Midnight on the last day of the Lead-Based Paint Contingency Period shall constitute acceptance of the condition of the Property as it relates to the presence of lead-based paint or lead-based paint hazards.

OREF-021 Lead-Based Paint Disclosure Addendum is attached to this Agreement.

17. ESCROW: This transaction shall be Closed at Chicago Title ("Escrow"), a neutral escrow located in the State of Oregon. Costs of Escrow shall be shared equally between Buyer and Seller, unless Buyer is financing through Federal VA, in which case Seller shall pay all escrow costs.

Unless otherwise provided herein, the parties agree as follows: Seller authorizes Listing Firm to order a preliminary title report and owner's title policy at Seller's expense and further authorizes Escrow to pay out of the cash proceeds of sale the expense of furnishing such policy, Seller's

Buyer Initials [Signature] / Date 8/25/2014 18:57 PT

Seller Initials [Signature] / Date 8/25/14

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RESIDENTIAL REAL ESTATE SALE AGREEMENT - Page 5 of 10

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Sale Agreement # 0825LE

241 recording fees, Seller's Closing costs and any encumbrances on the Property payable by Seller on or before Closing. Buyer shall deposit with
242 Escrow sufficient funds necessary to pay Buyer's recording fees, Buyer's Closing costs, and lender's fees, if any. Real estate fees, commissions or
243 other compensation for professional real estate services provided by Listing and/or Selling Firms shall be paid at closing in accordance with the
244 listing agreement, buyer service agreement or other written agreement for compensation.

245 18. CLOSING: Closing shall occur on a date mutually agreed upon by Buyer and Seller, but in no event later than 10/30/2014
246 ("the Closing Deadline"). The terms "Closed", "Closing" or "Closing Date" shall mean when the deed or contract is recorded and funds
247 are available to Seller. Buyer and Seller acknowledge that for Closing to occur by the Closing Deadline, it may be necessary to execute
248 documents and deposit funds in Escrow prior to that date. Caveat: Section 7 above requires three (3) days prior to the Closing Deadline
249 if Escrow is to prepare a note and a deed of trust or mortgage.

250 19. POSSESSION: Seller shall remove all personal property (including trash and debris) that is not a part of this transaction, and deliver
251 possession of the Property to Buyer (select one):

- (1) [x] by 5:00 p.m. on Closing;
(2) [] by _____ a.m. [] p.m. _____ days after Closing;
(3) [] by _____ a.m. [] p.m. on the _____ day of _____.

255 If a tenant is currently in possession of the Property (check one): [] Buyer will accept tenant at closing; [] Seller shall have full responsibility for
256 removal of tenant prior to closing.

257 20. PRORATIONS: Prorates for rents, current year's taxes, interest on assumed obligations, and other prepaid expenses attributable to the
258 Property shall be as of: (check one) [x] the Closing Date; [] date Buyer is entitled to possession; or [] _____
259 _____

260 21. SELLER POSSESSION AFTER CLOSING: in the event that Buyer and Seller have agreed that Seller will deliver possession after Closing,
261 Sellers shall pay as consideration \$ _____ per day for each day after Closing that Seller is to remain in possession of the Property. Such
262 payment shall be made by Seller through Escrow at the time of Closing and no landlord-tenant relationship shall be created thereby, so long as
263 Seller's possession does not exceed 90 days after the date of Closing.
264 [] OREF-054 Agreement to Occupy After Closing, or Addendum _____ is attached to this Agreement.

265 22. UTILITIES: Seller shall pay all utility bills accrued to date Buyer is entitled to possession. Buyer shall pay Seller for heating fuel then on
266 premises, at Seller's supplier's rate on the possession date. Payment shall be handled between Buyer and Seller outside of Escrow.

267 23. HOME WARRANTIES: Home warranty plans may be available to help cover homeowner costs to repair/replace certain home systems and
268 appliances. (See specific plan for details.) Will a plan be purchased for Buyer as a part of this transaction? [] Yes [] No
269 If yes, identify plan and cost: _____ \$ _____ To be paid at Closing by: [] Buyer [] Seller

270 24. ESCROW DEPOSIT: Escrow is hereby instructed by Buyer and Seller as follows: (1) Upon your receipt of a copy of this Agreement marked
271 "rejected" by Seller or upon Listing Firm's written advice that the offer is "rejected" by Seller, you are to refund all earnest money to Buyer. (2) Upon
272 your receipt of a copy of this Agreement signed by Buyer and Seller, set up an escrow account and proceed with Closing in accordance with the
273 terms of this Agreement. If you determine that the transaction cannot be Closed for any reason (whether or not there is then a dispute between
274 Buyer and Seller), subject only to Section 40 below, you are to hold all earnest money deposits until you receive written instructions from Buyer and
275 Seller, or a final ruling from a court or arbitrator, as to disposition of such deposits.

276 25. EARNEST MONEY PAYMENT/REFUND: If (1) Seller does not approve this Agreement; or (2) Seller signs and accepts this Agreement but
277 fails to furnish marketable title; or (3) Seller fails to complete this transaction in accordance with this Agreement, or perform any other act as herein
278 provided; or (4) any condition which Buyer has made an express contingency in this Agreement (and has not been otherwise waived) fails through
279 no fault of Buyer, then all earnest money shall be promptly refunded to Buyer. However, acceptance by Buyer of the refund shall not constitute a
280 waiver of other legal remedies available to Buyer. If Seller signs and accepts this Agreement and title is marketable; and (1) Buyer has
281 misrepresented Buyer's financial status; or (2) Buyer's bank does not pay, when presented, any check given as earnest money; or (3) Buyer fails to
282 redeem, when due, any note given as earnest money; or (4) Buyer fails to complete this transaction in accordance with this Agreement, or perform
283 any other act as herein provided, then all earnest money paid or agreed to be paid shall be paid to Seller either as liquidated damages or as
284 otherwise allowed under Oregon law, and this transaction shall be terminated. It is the intention of the parties that Seller's sole remedy against
285 Buyer for Buyer's failure to Close this transaction shall be limited to the amount of earnest money paid or agreed to be paid herein.

286 26. BINDING EFFECT/CONSENT: This Agreement is binding upon the heirs, personal representatives, successors and assigns of Buyer and
287 Seller. However, Buyer's rights under this Agreement or in the Property are not assignable without prior written consent of Seller.

288 27.1 SELLER ADVISORY: OREGON STATE TAX WITHHOLDING OBLIGATIONS. Subject to certain exceptions, Escrow is required to withhold a
289 portion of Seller's proceeds if they are a non-resident individual or corporation as defined under Oregon law. Buyer and Seller agree to execute and deliver, as
290 appropriate, any instrument, affidavit or statement, and to perform any acts reasonable or necessary to carry out the provisions of Oregon law.

Buyer Initials [Signature] / _____ Date 8/25/2014 | 18:57 PT

Seller Initials [Signature] / _____ Date 8/25/14

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Sale Agreement # 08251B

291 **27.2 SELLER/BUYER ADVISORY: FIRPTA TAX WITHHOLDING OBLIGATIONS.** Seller is advised that upon Closing, Federal law, known as the
 292 Foreign Investment in Real Property Tax Act ("FIRPTA"), allows an escrow company, if they agree, to withhold a portion of Seller's proceeds if the real
 293 property is located within the United States and Seller is a "foreign person." A "foreign person" includes a non-resident alien individual, foreign corporation,
 294 foreign partnership, foreign trust and foreign estate. The amount deducted from Seller's proceeds is ten percent (10%) of the gross sales price and is required
 295 to be delivered over to the Internal Revenue Service ("IRS") within twenty (20) days of the closing of the transaction. Buyer may become responsible for
 296 payment if FIRPTA applies and Escrow is not instructed to withhold the funds. FIRPTA will not apply to this transaction so long as: (a) The sale price is
 297 \$300,000 or less; (b) The Property is to be used by Buyer as a residence; and, (c) Buyer is an individual. Where applicable, Buyer and Seller agree to execute
 298 and deliver, as appropriate, any instrument, affidavit or statement, reasonably requested by Escrow to carry out the provisions of FIRPTA. NOTE: AT SECTION
 299 12 OF THIS AGREEMENT, SELLER REPRESENTS THAT SELLER IS NOT A "FOREIGN PERSON" (HEREINAFTER "SELLER'S NON-FIRPTA STATUS"). IF SELLER IS
 300 UNSURE, SELLER SHOULD FIRST CONFER WITH SELLER'S TAX COUNSEL OR CPA BEFORE ENTERING INTO THIS TRANSACTION. IN SUBMITTING THIS OFFER, BUYER
 301 REPRESENTS THAT BUYER HAS NO KNOWLEDGE, INFORMATION, OR BELIEF THAT SELLER IS A FOREIGN PERSON OR THAT THIS TRANSACTION IS SUBJECT TO FIRPTA.
 302 SELLER ACKNOWLEDGES THAT BUYER, LISTING AND SELLING LICENSEES, THEIR RESPECTIVE FIRMS, AND ESCROW, ITS AGENTS, EMPLOYEES AND
 303 REPRESENTATIVES, SHALL HAVE THE ABSOLUTE RIGHT TO RELY UPON SELLER'S REPRESENTATION OF SELLER'S NON-FIRPTA STATUS AT SECTION 12 ABOVE.
 304 THIS RIGHT OF RELIANCE SHALL CONTINUE THROUGH THE CLOSING DATE AND THEREAFTER, UNLESS SELLER HAS DISCLOSED OTHERWISE IN A WRITTEN COUNTER-
 305 OFFER OR ADDENDUM TO THIS SALE AGREEMENT. IF AT ANY TIME DURING THIS TRANSACTION, IT IS DETERMINED THAT SELLER'S REPRESENTATION OF SELLER'S
 306 NON-FIRPTA STATUS WAS INCORRECT, FOR ANY REASON, SELLER AND BUYER HEREBY APPOINT AND INSTRUCT ESCROW TO ACT AS THE QUALIFIED SUBSTITUTE
 307 FOR BUYER AS DEFINED BY THE IRS, FOR PURPOSES OF PREPARING THE NECESSARY PAPERWORK, WITHHOLDING THE NECESSARY FUNDS, AND REMITTING THE
 308 SAME TO THE IRS, IF FOR ANY REASON, ESCROW DECLINES TO ACT AS A QUALIFIED SUBSTITUTE, ESCROW IS REQUESTED TO PROMPTLY NOTIFY SELLER AND
 309 BUYER IN A TIMELY MANNER SO THEY MAY MAKE OTHER ARRANGEMENTS PRIOR TO THE SCHEDULED CLOSING. SELLER AND BUYER ACKNOWLEDGE THAT IF
 310 FIRPTA APPLIES TO THIS TRANSACTION, ESCROW'S ROLE AS A QUALIFIED SUBSTITUTE MAY RESULT IN A DELAY IN CLOSING THIS TRANSACTION. UNLESS
 311 OTHERWISE PROVIDED IN THIS SALE AGREEMENT OR ANY SUBSEQUENT SIGNED WRITTEN AGREEMENT BETWEEN SELLER AND BUYER, CONFIRMATION OF SELLER'S
 312 NON-FIRPTA STATUS IS NOT A CONTINGENCY IN THIS TRANSACTION.

313 **28. APPROVED USES:** "THE PROPERTY DESCRIBED IN THIS INSTRUMENT MAY NOT BE WITHIN A FIRE PROTECTION DISTRICT
 314 PROTECTING STRUCTURES. THE PROPERTY IS SUBJECT TO LAND USE LAWS AND REGULATIONS THAT, IN FARM OR FOREST
 315 ZONES, MAY NOT AUTHORIZE CONSTRUCTION OR SITING OF A RESIDENCE AND THAT LIMIT LAWSUITS AGAINST FARMING OR
 316 FOREST PRACTICES, AS DEFINED IN ORS 30.930, IN ALL ZONES. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON
 317 TRANSFERRING FEE TITLE SHOULD INQUIRE ABOUT THE PERSON'S RIGHTS, IF ANY, UNDER ORS 195.300, 195.301 AND 195.305 TO
 318 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009,
 319 AND SECTIONS 2 TO 7, CHAPTER 8, OREGON LAWS 2010. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON
 320 ACQUIRING FREE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO
 321 VERIFY THAT THE UNIT OF LAND BEING TRANSFERRED IS A LAWFULLY ESTABLISHED LOT OR PARCEL, AS DEFINED IN ORS 92.010
 322 OR 215.010, TO VERIFY THE APPROVED USES OF THE LOT OR PARCEL, TO VERIFY THE EXISTENCE OF FIRE PROTECTION FOR
 323 STRUCTURES AND TO INQUIRE ABOUT THE RIGHTS OF NEIGHBORING PROPERTY OWNERS, IF ANY, UNDER ORS 195.300, 195.301
 324 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, SECTIONS 2 TO 9 AND 17, CHAPTER 855,
 325 OREGON LAWS 2009, AND SECTIONS 2 TO 7, CHAPTER 8, OREGON LAWS 2010."

326 **29. IRC 1031 EXCHANGE:** In the event Buyer or Seller elects to complete an IRC 1031 exchange in this transaction, the other party agrees to
 327 cooperate with them and the accommodator, if any, in a manner necessary to complete the exchange, so long as it will not delay the Close of
 328 escrow or cause additional expense or liability to the cooperating party. Unless otherwise provided herein, this provision shall not become a
 329 contingency to the Closing of this transaction.

330 **30.1 LEVY OF ADDITIONAL PROPERTY TAXES:** The Property: (check one) is is not specially assessed for property taxes (e.g., farm,
 331 forest or other) in a way which may result in levy of additional taxes in the future. If it is specially assessed, Seller represents that the Property is
 332 current as to income or other conditions required to preserve its deferred tax status. If, as a result of Buyer's actions or the Closing of this
 333 transaction, the Property either is disqualified from special use assessment or loses its deferred property tax status, unless otherwise specifically
 334 provided in this Agreement, Buyer shall be responsible for and shall pay when due, any deferred and/or additional taxes and interest which may be
 335 levied against the Property and shall hold Seller completely harmless therefrom. However, if as a result of Seller's actions prior to Closing, the
 336 Property either is disqualified from its entitlement to special use assessment or loses its deferred property tax status, Buyer may, at Buyer's sole
 337 option, promptly terminate this transaction and receive a refund of all deposits paid by Buyer in anticipation of Closing; or Close this transaction and
 338 hold Seller responsible to pay into Escrow all deferred and/or additional taxes and interest which may be levied or recaptured against the Property
 339 and hold Buyer completely harmless therefrom. The preceding shall not be construed to limit Buyer's or Seller's available remedies or damages
 340 arising from a breach of this Section 30.1.

341 **30.2 HISTORIC PROPERTY DESIGNATION:**
 342 If the Property is or may be subject to a Historic Property local ordinance or is subject to or may qualify for the Historic Property Special Property
 343 Tax Assessment under ORS 358.475 to 358.565, Seller provide OREF-045 Historic Property Addendum.

Buyer Initials [Signature] / Date 8/25/2014 18:57 PT

Seller Initials [Signature] / Date 8/25/14



Sale Agreement # 0825LB

DISPUTE RESOLUTION INVOLVING BUYER AND SELLER ONLY

344 31. **DISPUTE RESOLUTION BETWEEN BUYER AND SELLER:** Buyer and Seller agree that all claims, controversies and disputes between
 345 them, including those for rescission (hereinafter collectively referred to as "Claims"), relating directly or indirectly to this transaction, shall be
 346 resolved in accordance with the procedures set forth herein, which shall expressly survive Closing or earlier termination of this Agreement.
 347 Provided, however, the following matters shall not constitute Claims: (1) any proceeding to collect, interpret or enforce any mortgage, trust deed,
 348 land sale contract or recorded construction lien; or (2) a forcible entry and detainer action (eviction). The filing in court for the issuance of any
 349 provisional process or similar remedy described in the Oregon or Federal Rules of Civil Procedure shall not constitute a waiver of the right or duty
 350 to utilize the dispute resolution procedures specified herein. In the event of any suit, action or arbitration relating to the enforcement or interpretation of
 351 this Agreement, the matter shall be governed exclusively by Oregon law, and venue shall be placed in the State of Oregon for all purposes.

352 32. **SMALL CLAIMS BETWEEN BUYER AND SELLER:** Notwithstanding the following Sections, Buyer and Seller agree that all Claims that are
 353 within the jurisdiction of the Small Claims Court shall be brought and decided there, in lieu of mediation, arbitration or litigation in any other forum.

354 33. **MEDIATION BETWEEN BUYER AND SELLER:** If Buyer or Seller were represented in this transaction by a Licensee whose principal
 355 broker is a member of the National Association of REALTORS®, all Claims shall be submitted to mediation in accordance with the procedures of the
 356 Home Seller/Home Buyer Dispute Resolution System of the National Association of REALTORS®, or other organization-adopted mediation
 357 program (collectively "the System"). Provided, however, if Licensee's principal broker is not a member of the National Association of REALTORS®
 358 or the System is not available through the principal broker's Association of REALTORS®, then all Claims shall be submitted to mediation either
 359 through: (1) the special mediation program administered by Arbitration Service of Portland ("ASP"), or (2) any other impartial private mediator(s) or
 360 program(s) so long as such services are available in the county where the Property is located, as selected by the party first filing for mediation.

361 34. **ARBITRATION BETWEEN BUYER AND SELLER:** All Claims that have not been resolved by mediation, or otherwise, shall be submitted to
 362 final and binding private arbitration in accordance with Oregon laws. Filing for arbitration shall be treated the same as filing in court for purposes of
 363 meeting any applicable statutes of limitation or for purposes of filing a lis pendens. Buyer or Seller may file Claims either with ASP or, alternatively,
 364 with any other professional arbitration service that has existing rules of arbitration, provided that the selected alternative service also uses
 365 arbitrators who are in good standing with the Oregon State Bar, with expertise in real estate law and who can conduct the hearing in the county
 366 where the Property is located. The arbitration service in which the Claim is first filed shall handle the case to its conclusion. BY CONSENTING TO
 367 THIS PROVISION BUYER AND SELLER ARE AGREEING THAT DISPUTES ARISING UNDER THIS AGREEMENT SHALL BE HEARD AND
 368 DECIDED BY ONE OR MORE NEUTRAL ARBITRATORS AND BUYER AND SELLER ARE GIVING UP THE RIGHT TO HAVE THE MATTER
 369 TRIED BY A JUDGE OR JURY. THE RIGHT TO APPEAL AN ARBITRATION DECISION IS LIMITED UNDER OREGON LAW.

370 35. **ATTORNEY FEES IN CLAIMS BETWEEN BUYER AND SELLER:** The prevailing party in any suit, action or arbitration (excluding those
 371 Claims filed in Small Claims Court) between Buyer and Seller shall be entitled to recovery of all reasonable attorney fees and costs and
 372 disbursements as defined in ORCP 68 (including all filing and mediator fees paid in mediation). Provided, however, if a mediation service was
 373 available to Buyer or Seller when the Claim arose, the prevailing party shall not be entitled to any award of attorney fees unless it is established to
 374 the satisfaction of the arbitrator(s) or judge that the prevailing party offered or agreed in writing to participate in mediation prior to, or promptly upon,
 375 the filing in arbitration or court.

DISPUTE RESOLUTION INVOLVING LICENSEES OR FIRMS

376 36. **SMALL CLAIMS COURT AND ARBITRATION:** All claims, controversies or disputes relating to this transaction, including those for
 377 rescission, in which a Licensee or Firm identified in the Final Agency Acknowledgment Section above is named or included as a party, shall be
 378 resolved exclusively as follows: (1) If within the jurisdictional limit of Small Claims Court, the matter shall be brought and decided there, in lieu of
 379 arbitration or litigation in any other forum. (2) All other claims, controversies or disputes involving such Licensee or Firm shall be resolved through
 380 final and binding arbitration using the arbitration selection process described in Section 34 above. Filing for arbitration shall be treated the same as
 381 filing in court for purposes of meeting any applicable statutes of limitation or for purposes of filing a lis pendens. This Section 36 shall be in lieu of
 382 litigation involving such Licensee or Firm in any other forum. Such Licensee or Firm may voluntarily participate in formal or informal mediation at
 383 any time, but shall not be required to do so under this Section 36. This Section 36 shall not apply to those matters in which: (a) The claim,
 384 controversy or dispute is exclusively between REALTORS® and is otherwise required to be resolved under the Professional Standards Arbitration
 385 provisions of the National Association of REALTORS®; (b) Licensee or Firm has agreed to participate in alternative dispute resolution in a prior
 386 written listing, service or fee agreement with Buyer or Seller, or (c) Licensee or Firm is Buyer or Seller in this transaction (in which case, Sections
 387 31-35 shall apply). This Section 36 shall expressly survive Closing or earlier termination of this Agreement. In the event of any suit, action or
 388 arbitration relating to the enforcement or interpretation of this Agreement, the matter shall be governed exclusively by Oregon law, and venue shall
 389 be placed in the State of Oregon for all purposes. In the event that one or more Licensees and/or Firms have been named or included in any
 390 claims, controversies or disputes that also include Buyer and/or Seller, the alternative dispute resolution and attorney fee provisions of
 391 Sections 31-35 above shall continue to apply to Buyer and/or Seller, and this Section 36 shall apply exclusively to Licensees and/or
 392 Firms.

393 37. **RECEIPT FOR EARNEST MONEY:** Selling Firm acknowledges receipt of earnest money from Buyer in the sum of \$2,500.00

Buyer Initials TL / _____ Date 8/25/2014 | 18:57 PT

Seller Initials TL / _____ Date 8/25/14

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Sale Agreement # 0825LB

394 evidenced by CASH CHECK PROMISSORY NOTE payable as follows:
395 3 business calendar days (check one) after mutual acceptance of this Agreement; or
396 on or before _____;
397 Other form of earnest money: _____

398 38. EARNEST MONEY INSTRUCTIONS: Buyer instructs Selling Firm, and Selling Firm agrees, to handle the earnest money as follows
399 (check all that apply):

400 Hold any earnest money that is in the form of a check undeposited pending mutual acceptance of this Agreement and all agreed-upon counter
401 offers, after which time deposit it as provided herein within three (3) banking days. Deposit any earnest money funds redeemed under a
402 promissory note with Chicago Title Co. Deposit in Selling Firm's client trust
403 account, and thereafter/or Deposit with Escrow. In the event the earnest money is deposited in Selling Firm's trust account or with Escrow
404 (collectively "the Deposit Holder"), and the Deposit Holder has arranged to have interest on such deposit transferred to a qualified public benefit
405 corporation for distribution to organizations and individuals for first time home-buying assistance and development of affordable housing pursuant to
406 ORS 696.241(6) or ORS 696.578(3), all parties acknowledge and agree that any interest accruing on the earnest money so deposited shall be
407 transferred in accordance with this provision. The preceding sentence shall be subject to any other statutes or regulations governing the
408 disposition of earnest money deposits.
409 SELLING LICENSEE AND SELLING FIRM SHALL HAVE NO FURTHER LIABILITY WITH RESPECT TO EARNEST MONEY WHICH THE
410 PARTIES HAVE AUTHORIZED TO BE TRANSFERRED TO A THIRD PARTY.

411 John L. Scott _____ Selling Licensee Signature
412 _____ Selling Firm

413 Office Address 4111 SE Woodstock Blvd, Portland, OR 97202 Phone (503) 320-7468 FAX (503) 210-7003

414 39. PROPERTY DISCLOSURE LAW: Buyer and Seller acknowledge that unless this transaction is otherwise exempted, Oregon law provides
415 that Buyer has a right to revoke Buyer's offer by giving Seller written notice thereof (a) within five (5) business days after Seller's delivery of Seller's
416 Property Disclosure Statement ("the Statement"), or (b) at any time before Closing (as defined in the Oregon Administrative Rules) if Buyer does
417 not receive the Statement from Seller before Closing. Buyer may waive the right of revocation only in writing. Seller authorizes Listing Firm to
418 receive Buyer's notice of revocation, if any, on Seller's behalf.

419 40. COUNTERPARTS/DELIVERY: This Agreement may be signed in multiple counterparts with the same legal effect as if all parties signed the
420 same document. This shall mean that delivery (e.g., transmissions manually, by facsimile, electronic mail, overnight mail, first-class regular or
421 certified mail, etc.) of a legible true copy of a signed original of this Agreement, including but not limited to all addenda, counter offers, and legal
422 notices required thereunder, shall be treated the same as delivery of the original document.

423 41. AGREEMENT TO PURCHASE: Buyer agrees to purchase the Property upon the terms and conditions set forth in this Agreement.
424 Buyer acknowledges receipt of a completely filled in copy of this Agreement which Buyer has fully read and understands. Buyer
425 acknowledges that Buyer has not relied upon any oral or written statements made by Seller or any Licensee which are not expressly
426 contained in this Agreement. Neither Seller nor any Licensee(s) warrant the square footage of any structure or the size of any land being
427 purchased. If square footage or land size is a material consideration, all structures and land should be measured by Buyer prior to
428 signing or should be made an express contingency in this Agreement.

429 Deed or contract shall be prepared in the name of Laura Braun
430 This offer shall automatically expire on (insert date) _____ at _____ a.m. p.m., (the Offer Deadline), if not
431 accepted by that time. Buyer may withdraw this offer before the Offer Deadline any time prior to Seller's acceptance. If Seller accepts this offer
432 after the Offer Deadline, it shall not be binding upon Buyer unless accepted by Buyer in writing within _____ business days (two [2] if not filled in)
433 after the date of Seller's acceptance by so indicating at Section 45 below. This offer may be accepted by Seller only in writing.

434 Buyer: _____ Date 8/25/2014 | 18:57 PT _____ a.m. _____ p.m.
435 Buyer _____ Date _____ a.m. _____ p.m.
436 Address _____ Zip _____
437 Phone Home (405) 408-7014 Work _____ E-mail laurabraun78@me.com Fax _____

NO CHANGES OR ALTERATIONS ARE PERMITTED TO ANY PORTION OF THE PRE-PRINTED FORMAT OR TEXT OF THIS FORM. ANY SUCH PROPOSED CHANGES OR ALTERATIONS SHOULD BE MADE ON A SEPARATE DOCUMENT. CHANGES BY SELLER OR LISTING LICENSEE TO THE TERMS OR PROVISIONS ABOVE BUYER'S SIGNATURE SHOULD ALSO BE ON A SEPARATE DOCUMENT.

Buyer Initials [Signature] / _____ Date 8/25/2014 | 18:57 PT Seller Initials [Signature] / _____ Date 8/25/14

DocuSign Envelope ID: 22D3D8B0-DDAB-4068-87CB-0C86DA22C010



Sale Agreement # 08251B

438 This offer was submitted to Seller for signature on the _____ day of _____, _____, at _____ a.m. _____ p.m.
439 By _____ (Licensee(s) presenting offer).

440 42. AGREEMENT TO SELL / ACKNOWLEDGEMENTS / DISPOSITION OF EARNEST MONEY: Seller accepts Buyer's offer. Seller
441 acknowledges receipt of a completely filled-in copy of this Agreement, which Seller has fully read and understands. Seller
442 acknowledges that Seller has not relied upon any oral or written statements of Buyer or of any Licensee(s) which are not expressly
443 contained in this Agreement. Seller instructs that all earnest money distributable to Seller pursuant to Section 25 above, shall be
444 disbursed as follows after deduction of any title insurance and Escrow cancellation charges: (check one) First to Listing Firm to the
445 extent of the agreed commission just as if the transaction had been Closed, with residue to Seller, or _____.

446 Seller mejt Date 8/20/14, 206 a.m. p.m.
Portland General Electric Co

447 Seller _____ Date _____, _____ a.m. _____ p.m.

448 Address _____ Zip _____

449 Phone Home _____ Work _____ E-mail _____ Fax _____

450 43. REJECTION/COUNTER OFFER: SELECT ONE: Seller does not accept the above offer, but makes the attached counter offer.
451 Seller rejects Buyer's offer. *SEE ADDENDUM*

452 Seller mejt Date 8/29/14, 2 a.m. p.m.
Portland General Electric Company

453 Seller _____ Date _____, _____ a.m. _____ p.m.

454 Address _____ Zip _____

455 Phone Home _____ Work _____ E-mail _____ Fax _____

456 44. BUYER'S ACKNOWLEDGMENT: Buyer acknowledges receipt of a copy of Seller's written response to this Agreement. If Seller's response
457 is an acceptance of Buyer's offer that occurred after the Offer Deadline identified at Section 41 above, Buyer (select only one) agrees does
458 not agree, to be bound thereby. (The failure to check either box shall constitute rejection of Seller's acceptance after the Offer Deadline.)

459 Buyer _____ Date _____, _____ a.m. _____ p.m.
Laura Braun

460 Buyer _____ Date _____, _____ a.m. _____ p.m.

461 45. FIRMS/LICENSEES:
462 Selling Licensee Corie Gosse Selling Firm John L Scott
463 Selling Firm Office Address 4111 SE Woodstock Blvd, Portland, OR 97202
464 Phone (503) 320-7468 Phone _____ Fax (503) 210-7003
465 E-mail _____

466
467 Listing Licensee Corie Gosse Listing Firm John L Scott
468 Listing Firm Office Address 4111 SE Woodstock Blvd, Portland, OR 97202
469 Phone _____ Phone _____ Fax _____
470 E-mail corieg@johnlscott.com
471

Buyer Initials mejt / _____ Date 8/25/2014 | 18:57 PT | Seller Initials _____ / _____ Date _____

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Sale Agreement # 0825LB

438 This offer was submitted by Seller for signature on the _____ day of Aug 25, 2014, _____, at _____ a.m. _____ p.m.
439 By Corie Gosse (Licensee(s) presenting offer).

440 42. AGREEMENT TO SELL / ACKNOWLEDGEMENTS / DISPOSITION OF EARNEST MONEY: Seller accepts Buyer's offer. Seller
441 acknowledges receipt of a completely filled-in copy of this Agreement, which Seller has fully read and understands. Seller
442 acknowledges that Seller has not relied upon any oral or written statements of Buyer or of any Licensee(s) which are not expressly
443 contained in this Agreement. Seller instructs that all earnest money distributable to Seller pursuant to Section 25 above, shall be
444 disbursed as follows after deduction of any title insurance and Escrow cancellation charges: (check one) First to Listing Firm to the
445 extent of the agreed commission just as if the transaction had been closed, with residue to Seller, or

446 Seller [Signature] Date 8/25/14, 2:06 a.m. x p.m.
Portland General Electric Co

447 Seller _____ Date _____, _____ a.m. _____ p.m.

448 Address _____ Zip _____

449 Phone Home _____ Work _____ E-mail _____ Fax _____

450 43. REJECTION/COUNTER OFFER: SELECT ONE: Seller does not accept the above offer, but makes the attached counter offer, SEE ADDENDUM
451 Seller rejects Buyer's offer.

452 Seller [Signature] Date 8/29/14, 2 a.m. 3:00 p.m.
Portland-General Electric Company

453 Seller _____ Date _____, _____ a.m. _____ p.m.

454 Address _____ Zip _____

455 Phone Home _____ Work _____ E-mail _____ Fax _____

456 44. BUYER'S ACKNOWLEDGMENT: Buyer acknowledges receipt of a copy of Seller's written response to this Agreement. If Seller's response
457 is an acceptance of Buyer's offer that occurred after the Offer Deadline identified at Section 41 above, Buyer (select only one) agrees does
458 not agree, to be bound hereby. (The failure to check either box shall constitute rejection of Seller's acceptance after the Offer Deadline.)

459 Buyer [Signature] Date 8/29/2014 | 18:54 PT
Laura Braun 190C6E92829E43E...

460 Buyer _____ Date _____, _____ a.m. _____ p.m.

461 45. FIRMS/LICENSEES:
462 Selling Licensee Corie Gosse Selling Firm John L Scott
463 Selling Firm Office Address 4111 SE Woodstock Blvd, Portland, OR 97202
464 Phone (503) 320-7468 Phone _____ Fax (503) 210-7003
465 E-mail _____

466
467 Listing Licensee Corie Gosse Listing Firm John L Scott
468 Listing Firm Office Address 4111 SE Woodstock Blvd, Portland, OR 97202
469 Phone _____ Phone _____ Fax _____
470 E-mail corieg@johnlscott.com
471

Buyer Initials [Signature] / Date 8/25/2014 | 18:57 PT

Seller Initials [Signature] / Date 8/25/14



Sale Agreement # 08251B

PROMISSORY NOTE FOR EARNEST MONEY

1 Buyer(s) Laura Braun
2 Seller(s) Portland General Electric Co
3 Property Address 3223 SE Yamhill St, Portland, OR 97214

4 Buyer(s): Laura Braun
5 jointly and severally promise to pay to (select only one payee):

6 Real Estate Firm: _____

7 Seller(s): Portland General Electric Co

8 the sum of \$ 2,500.00

9 1) Upon redemption of this promissory note, funds shall be made payable to (select only one):

10 Real Estate Firm Trust Account: _____

11 Seller(s): _____

12 Escrow / Title Company: Chicago Title

13 2) This Note is due and payable (select only one due date):

14 3 business calendar (Select one) days after mutual acceptance of the Real Estate Sale Agreement;

15 on or before _____

16 3) If this Note is not paid when due, Buyer(s) shall pay interest at the rate of ten percent (10%) per annum on the unpaid balance from the
17 due date until it is paid in full. BUYER(S) UNDERSTAND(S) THAT TIME IS OF THE ESSENCE, AND THAT THE FAILURE TO PAY
18 THIS NOTE WHEN DUE, MAY CONSTITUTE A DEFAULT UNDER THE REAL ESTATE SALE AGREEMENT WITH SELLER.

19 4) If Real Estate Firm is named as the payee of this Note, and Note is not paid when due, Buyer(s) hereby consent(s) to Real Estate Firm
20 assigning and transferring it to Seller(s) for all purposes including collection.

21 5) This Note is hereby incorporated into and made a part of the Real Estate Sale Agreement between Seller(s) and Buyer(s). In the event of
22 any dispute between said parties, the mediation, arbitration and attorney fee provisions therein shall expressly apply.

23 6) If payment is not made on or before the due date, Buyer(s) understand that Principal Broker is instructed by Seller(s) to promptly assign
24 and transfer this Note to Seller(s), without recourse, and for all purposes, including collection. It is expressly understood and agreed that
25 neither Principal Broker nor Principal Broker's Firm, its owners, officers or directors, licensees, employees or representatives shall have
26 any duty (fiduciary or otherwise), responsibility or liability to Seller(s) to enforce collection of the Note, nor for any fees or costs associated
27 therewith.

28 Buyer Laura Braun Date 8/25/2014 | 18:57 PT ← Seller Portland General Electric Co Date 8/29/14 ←

29 Buyer _____ Date _____ ← Seller _____ Date _____ ←

30 Selling Licensee Corie Gosse Listing Licensee Corie Gosse

31 Selling Firm John L Scott Listing Firm John L Scott

**ADDENDUM
TO PURCHASE AND SALE AGREEMENT AND RECEIPT FOR EARNEST MONEY
DATED AUGUST 25, 2014 BETWEEN LAURA BRAUN, BUYER
AND PORTLAND GENERAL ELECTRIC COMPANY, SELLER**

This Addendum relates to the above-referenced agreement (the "Sale Agreement") and relating to that certain real property located at 3223 SE Yamhill Street, Portland, Multnomah County, Oregon 97214 (the "Property"). This Addendum supplements and supersedes said Sale Agreement and, except as specifically modified herein, the Sale Agreement remains in full force and effect. For value received, the parties hereby agree as follows:

1. **Parties.** Seller is Portland General Electric Company, an Oregon Corporation. Seller's authorized representative is Mike Livingston. All references to Mike Livingston as "Seller" in the Sale Agreement, if any, shall be deemed to refer to Portland General Electric Company.
2. **Purchase Price.** Purchase Price is Three Hundred Forty Thousand Dollars (\$340,000.00).
3. **Escrow.** Escrow shall be Chicago Title Insurance Company, 1211 SW 5th Ave Suite 2130, Portland, Oregon 97204; Kelly Norton. All references to "Escrow" or to "Lawyers Title" in the Sale Agreement, including without limitation the Promissory Note For Earnest Money, shall be deemed to refer to Chicago Title Insurance Company.
4. **Due Diligence; Buyer Contingencies.** Buyer shall have fourteen (14) days following mutual acceptance hereof (but in no event later than the 17th day of September, 2014), to complete all due diligence with regard to the Property (inspections, utilities, zoning, environmental, review of title, historic status, and the like) and to waive all conditions to Closing. Buyer shall complete Buyer's qualification and property appraisal process and waive Buyer's contingency regarding Buyer and the Property qualifying for financing within fourteen (14) days following mutual acceptance hereof (but in no event later than the 17th day of September, 2014). Failure of Buyer to inform Seller in writing within the above-defined time-period shall be deemed to be failure to satisfy/waive Buyer's Contingencies (conditions precedent).
5. **Seller Contingencies.** The Parties acknowledge that Seller's sale of the Property requires the approval of the Oregon Public Utility Commission ("OPUC"). Seller shall request OPUC approval at such time as Seller deems it appropriate to do so and thereafter shall pursue such approval with commercially reasonable diligence; provided, however, Seller shall not be obligated to submit an application for approval of this transaction to the OPUC until such time as Buyer has completed Buyer's due diligence and waived Buyer's contingency regarding Buyer and the Property qualifying for financing.

5.1 Seller's obligation to sell the Property is subject to and conditioned upon the satisfaction of the following conditions precedent. These conditions are intended solely for Seller's benefit and Seller shall have the right and discretion to waive, by written notice, any of the conditions. In the event any condition is not satisfied or waived on or before Closing, or other date as set forth herein, Seller shall have the right to terminate the Sale Agreement without further obligation to Buyer or any person or entity claiming by or through Buyer.

5.1.1 Seller receiving the written approval of the OPUC upon terms and conditions acceptable to Seller on or before the 18th day of November, 2014; and

5.1.2 Seller receiving the written approval of Seller's Senior Management on or before the 21st day of November, 2014.

Failure of Seller to inform Buyer in writing within the above-defined time-period shall be deemed to be failure to satisfy/waive Seller's Contingencies (conditions precedent).

5.2 In the event any of the conditions set forth herein or in the Sale Agreement are not timely satisfied or waived by Seller, then at Seller's option: (1) the Sale Agreement, the escrow, and the rights and obligations of Buyer and the Seller shall terminate, except as otherwise provided herein; and (2) the Escrow Holder is hereby instructed to promptly return to the Seller and Buyer all funds and documents deposited by them, respectively, in escrow that are held by the Escrow Holder on the date of the termination.

6. **Closing/Prorations/Deed.** Seller and Buyer shall be prepared to close this transaction on the 26th day of November, 2014, or within ten (10) business days following the waiver or satisfaction by Seller of the last of the Seller Contingencies, whichever occurs last, or such other date as Seller and Buyer may mutually agree upon.

Initials: DS PGE/Braun
LB
 Buyer Seller

Real property taxes for the Property shall be prorated as of the Closing Date. The Parties understand and agree that property taxes on Seller's property interests are centrally assessed and that the Title Company shall make a reasonable allocation thereof to the Property for proration purposes as of Closing. Any taxes or additional penalties that would be due as a result of removal of any of the Property from any tax deferral or special use assessment program will be paid by Buyer, and Buyer shall hold Seller therefrom. Seller shall convey the Property to Buyer by Seller's standard form Warranty Deed.

7. **AS IS.** The Property and all aspects thereof will be conveyed by Seller and accepted by Buyer in its present condition, "AS IS", "WHERE IS" and "WITH ALL FAULTS" based solely on Buyer's own inspection, with all limitations and faults, latent and patent, known or unknown, without any representation or warranty, express or implied, of any type or nature, and expressly subject to covenants, encumbrances, exceptions, conditions, restrictions and/or easements, if any, affecting title, which may appear in the public record, including those shown on any recorded plat or survey. Seller will not be obligated to make any repairs, improvements, or modifications to the Property. Seller reserves the right to perpetually operate, maintain, repair, and upgrade Seller's utility equipment and facilities in their existing locations on or about the Property in accordance with Seller's operational, safety and security standards, as may be amended, along with reasonable access thereto. All representations of Seller are limited to the current actual knowledge of Seller's Representative, Mike Livingston.

8. **Mortgage Indenture.** Notwithstanding anything to the contrary contained herein, the Parties understand and agree that the Property is encumbered by that certain Indenture of Mortgage and Deed of Trust dated July 1, 1945, as supplemented, modified and/or replaced in whole or in part, and in effect from time to time from Portland General Electric Company to HSBC Bank USA (f/k/a) Midland Bank, N.A., and/or its successor or assigns (the "Mortgage Indenture"). The lien of the Mortgage Indenture will be released subsequent to Closing; however, prior to Closing Seller will cause the Title Company to remove the interest as an exception to the insured title obtained by Buyer. The lien of the Mortgage Indenture shall be a Permitted Exception until such time as it is released from the Property.

9. **Interpretation.** Capitalized terms not defined herein shall have the same meaning as set forth in the Sale Agreement. References herein to the Sale Agreement shall include this Addendum, except where the context otherwise requires.

10. **Accommodating a 1031 Exchange.** If Seller desires to transfer the Property through an exchange transaction under Section 1031 of the Internal Revenue Code (or other relevant Code provision), Buyer agrees to cooperate with such exchange transaction so long as (i) such cooperation is at the expense of Seller, (ii) Buyer assumes no additional risk or liability, (iii) the exchange will not result in any impairment or restriction of any remedies or rights of Buyer, and (iv) Buyer is not obligated to hold title to any exchange property.

11. **Remedies.** NOTWITHSTANDING ANYTHING ELSE CONTAINED HEREIN, IN NO EVENT SHALL SELLER BE LIABLE TO BUYER OR TO ANY OR ANY PERSON OR ENTITY CLAIMING BY OR THROUGH BUYER FOR ANY LOST OR PROSPECTIVE PROFITS OR ANY OTHER SPECIAL, PUNITIVE, EXEMPLARY, CONSEQUENTIAL, INCIDENTAL OR INDIRECT LOSSES OR DAMAGES (IN TORT, CONTRACT OR OTHERWISE) UNDER OR IN RESPECT OF THIS AGREEMENT OR FOR ANY FAILURE OF PERFORMANCE RELATED HERETO HOWSOEVER CAUSED, WHETHER OR NOT ARISING FROM THE SOLE, JOINT OR CONCURRENT GROSS NEGLIGENCE OF SELLER OR BUYER.

The effective date of this Addendum shall be the date of the last signature note below. Except as expressly modified herein, all the terms and provisions of the original Sale Agreement shall remain in full force and effect.

SELLER:

BUYER:

PORTLAND GENERAL ELECTRIC COMPANY

By: Mike Livingston
Mike Livingston
Manager, Property Services

DocuSigned by:
Laura Braun
LAURA BRAUN 829E43E...

Date: 8/29/14

Date: 8/29/2014 | 18:54 PT

Initials: DS PGE/Braun
Buyer Seller



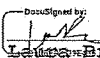

ADDENDUM TO REAL ESTATE SALE AGREEMENT

1 This is an Addendum to: Real Estate Sale Agreement Seller's Counter Offer Buyer's Counter Offer
2 Re: Real Estate Sale Agreement No. 0825LB Dated August 25, 2014 Addendum No. 3
3 Buyer: Laura Braun
4 Seller: Portland General Electric Co

5 The real property described as: 3223 SE Yamhill St, Portland, OR 97214
6 SELLER AND BUYER HEREBY AGREE THE FOLLOWING SHALL BE A PART OF THE REAL ESTATE SALE AGREEMENT REFERENCED
7 ABOVE.

8 Purchase Price to be \$333,000.00. As consideration for the price reduction Buyer waives all
9 inspection related conditions and contingencies including, without limitation, Sections 15 and
10 16 of the Sale Agreement and Section 4 of the Addendum, and accepts the Property in its current
11 condition "AS IS".

12 _____
13 _____
14 _____
15 _____
16 _____
17 _____
18 _____
19 _____
20 _____
21 _____
22 _____
23 _____
24 _____
25 _____
26 _____
27 _____

28 Buyer Signature  Date 9/16/2014 | 11:42 PT a.m. p.m. ←
29 Buyer Signature _____ Date _____ a.m. p.m. ←
30 Seller Signature  Date 9/16/14 | 1:15 a.m. (p.m) ←
31 Seller Signature _____ Date _____ a.m. p.m. ←
32 Selling Licensee Corie Gosse Listing Licensee Corie Gosse

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APPRAISAL OF

**PGE PROPERTY
3223 SE YAMHILL STREET
PORTLAND, OREGON 97214**

PREPARED FOR

Mike Livingston
Manager, Property Services
Portland General Electric
121 SW Salmon Street
1 WTC-0401 (World Trade Center)
Portland, OR 97204

PREPARED BY

John V. Donnerberg, MAI
Real Property Consultants
4805 SW Oleson Road
Portland, Oregon 97225
(503) 297-9046

DATE OF VALUE

August 7, 2014

RPC 14-075

REAL PROPERTY
CONSULTANTS

P O R T L A N D

4805 SW OLESON ROAD • PORTLAND, OREGON 97225

503/297-9046

August 14, 2014

Mike Livingston
Manager, Property Services
Portland General Electric
121 SW Salmon Street
1 WTC-0401 (World Trade Center)
Portland, OR 97204

Re: PGE Property
3223 SE Yamhill Street
Portland, OR 97214
RPC File 14-075

Dear Mr. Livingston:

In accordance with your request, I have completed an appraisal to estimate the Market Value of the above-referenced property. It is my opinion, based on an investigation and analysis of the available data, that the subject property value as of August 7, 2014, is:

THREE HUNDRED FORTY THOUSAND DOLLARS
(\$340,000)

This report was developed as a Complete Appraisal and presented as a Summary Appraisal Report. This report is intended to comply with the Uniform Standards of Professional Appraisal Practices of the Appraisal Standards Board. This report is also in compliance and subject to the requirements to the Code of Professional Ethics and Standards of Professional Conduct of the Appraisal Institute. The value reported is subject to all Assumptions and Limiting Conditions presented in this report. This appraisal was developed to be used during the course of future property disposal negotiations. Any other use of this report without written permission from the appraiser is prohibited.

Respectfully Submitted,



John V. Donnerberg, MAI
Oregon Certification No. C000554

JVD:lb

REAL PROPERTY CONSULTANTS, INC.
AFFILIATE OFFICES:
Real Property Consultants Portland
Real Property Consultants Salem
Real Property Consultants Medford
Real Property Consultants Klamath Falls
Each office is independently owned and operated.

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SUMMARY OF SALIENT FACTS AND CONCLUSIONS

Owner	Portland General Electric Company 121 SW Salmon Street 1 WTC-0401 (World Trade Center) Portland, OR 97204	
Property Address	3223 SE Yamhill Street, Portland, Oregon 97214	
Legal Description	Multnomah County Parcel 1S-1E, Section 1BA, Tax Lot 4700, also known as Parcel R280576.	
Site Size	3,333 square feet per Multnomah County Assessor's office	
Zoning	R-2.5, City of Portland	
Improvements	The subject property consists of a two story 1,639 square foot single family residence built in approximately 1902.	
Highest and Best Use	As improved	
Value Estimates	Cost Approach	N/A
	Sales Comparison Approach	\$340,000
	Income Capitalization Approach	\$N/A
	Value Conclusion	\$340,000
Date of Inspection	August 7, 2014	
Date of Value	August 7, 2014	
Date of Report	August 14, 2014	

REAL PROPERTY CONSULTANTS

ASSUMPTIONS AND LIMITING CONDITIONS**General**

1. The property description used in this report is assumed to be reasonably correct.
2. No survey of the property has been made by the appraiser, and no responsibility is assumed in connection with such matters. Maps in this report are included only to assist the reader in visualizing the property. Property dimensions and size should be considered as approximate.
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 so 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 which may be required to discover them.
7. Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. The 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. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired. No environmental impact studies were either requested or made in conjunction with this appraisal, and the appraiser hereby reserves the right to alter, amend, revise, or rescind any of the value opinions based upon any subsequent environmental impact studies, research, or investigation.
8. 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.

REAL PROPERTY CONSULTANTS

9. 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 the appraisal report.
10. 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.
11. The appraiser will not be required to give testimony or appear in court because of having made this appraisal, with reference to the property in question, unless arrangements have been previously made therefore.
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 appraiser, and in any event, only with properly written qualification and only in its entirety.
13. 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, firm, or professional organizations of which the appraiser is a member be identified without written consent of the appraiser.
14. The liability of the appraiser, his employees and subcontractors is limited to the initial employer (client) only, and only up to the amount of the fee actually received for the assignment. Further, there is no accountability, obligation, or liability to any third party. If the appraisal report is placed in the hands of anyone other than the initial employer, the initial employer shall make such party aware of all limiting conditions and assumptions of the assignment and related discussions. The appraiser is in no way responsible for any costs incurred to discover or correct any deficiency (if any) in the property.
15. Acceptance of and/or use of this appraisal report constitutes acceptance of the foregoing assumptions and limiting conditions.

GENERAL CONSIDERATIONS

Date of Inspection

August 7, 2014

Date of Value

August 7, 2014

Date of Report

August 14, 2014

Exposure Time

The value estimated for the subject assumes an exposure time of 60 to 90 days. This time period has been estimated based on an analysis of competing property marketing periods.

Property Rights Appraised

The property rights appraised constitute the fee simple interest of all future benefits that may be derived from the property's present or possible future use.

Purpose of Appraisal

The purpose of this appraisal is to estimate the Market Value of the subject property.

Intended Use

The intended use of the appraisal is to assist the client in establishing appropriate list price for the property. The subject property represents a surplus parcel that the client may dispose of in the future.

Client and Intended User

The client is Mike Livingston of the Portland General Electric Company. The intended user includes all agents and assigns associated with the Portland General Electric Company.

Reporting Option

This report was developed as an appraisal report as defined in the 2014-2015 version of USPAP.

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Definition of Market Value

Market Value is the major focus of most real property appraisal assignments. Both economic and legal definitions of market value have been developed and refined. A current economic definition agreed upon by agencies that regulate federal financial institutions in the United States of America is:

"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.

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SCOPE OF THE APPRAISAL

The scope of the appraisal assignment includes a physical inspection of the subject property and a review of the surrounding neighborhoods. The City of Portland Zoning Code was researched in order to ascertain allowable uses for the subject property. The location and/or availability of utilities were confirmed with municipal jurisdictions, utility companies, and/or property owners.

Comparable sales were researched through County records, CoStar Comps, Metroscan, RMLS, and other professional resources. The sales utilized in this report were personally inspected by John V. Donnerberg.

An onsite inspection of the subject property occurred on August 7, 2014. The appraiser was accompanied by Rick Beckensten of Portland General Electric.

All comparable sales data was confirmed via buyer or seller. If these individuals were unable, reliable third party sources such as brokers were contacted in an effort to ensure the accuracy of the information.

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NEIGHBORHOOD DESCRIPTION

The subject property is located in the Belmont neighborhood of southeast Portland. Neighborhood schools include Sunnyside Environmental School (K-8) and Franklin High School. The neighborhood has convenient access to the downtown Portland Central Business District via a variety of potential surface routes. The neighborhood has access to the Interstate 84 freeway located approximately one mile north of the subject.

Neighborhood parks and open spaces include the nearby Laurelhurst Park and Mt. Tabor Park. Shopping and commercial services are located throughout the neighborhood. Primary retail districts include the nearby Belmont and Hawthorne corridors. Other retail corridors also include the Burnside Street and Stark Street areas.

The neighborhood is characterized by a variety of building styles and uses. The neighborhood was originally developed in the early 1900s with predominant building ages in excess of 50 years. In the immediate vicinity of the subject, typical neighborhood uses include a variety of single and multi-family buildings with commercial structures located along the arterial transportation routes. Overall, the subject neighborhood is well situated in relation to the City of Portland's Central Business District. The neighborhood has ready access to all necessary neighborhood amenities such as shopping and retail services. Additional development activity is limited to a small number of in-fill opportunities due to the previously established nature of the neighborhood.

GENERAL PROPERTY INFORMATION

Owner

Portland General Electric Company
121 SW Salmon Street
1 WTC-0401 (World Trade Center)
Portland, OR 97204

Property Address

3223 SE Yamhill Street, Portland, Oregon 97214

Legal Description

Multnomah County Parcel 1S-1E, Section 1BA, Tax Lot 4700, also known as Parcel R280576.

Assessment Data

Multnomah County does not maintain specific assessment records relative to the subject property due to its ownership by a public utility.

Zoning

The subject property is zoned R-2.5 under the jurisdiction of the City of Portland. Although the zone is classified as a single family residential zone, it allows for duplex construction activity with up to two dwelling units per 5,000 square foot parcel. Setback requirements in the zone call for front yard setback of 10 feet, a side yard setback of 5 feet, and a rear yard setback of 5 feet. The property must maintain an 18 foot setback adjacent to garage entrances. The zone calls for a minimum outdoor area of 200 square feet.

The subject property appears to be in conformance with the current property zoning.

Site Area

The subject property includes a total area of 3,333 square feet, according to Multnomah County Assessor's office information.

Existing Use

The subject is improved with a 1,639 square foot single family residence built in approximately 1902.

Sales History

There have been no recent transactions involving the subject property. The parcel is currently vested on Multnomah County Document 1117-1338.

Inspection

The subject property was inspected by the appraiser on August 7, 2014. The date of inspection establishes the date of value for the appraisal.

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SITE DESCRIPTION

The subject property consists of a rectangular parcel of land situated along the north side of SE Yamhill Street. The level parcel has dimensions of approximately 100 feet deep by 33 feet wide.



The Portlandmaps.com documentation indicates that the property is connected municipal water. Sanitary Sewer is located within the adjacent street right of way.

The north boundary of the property is located adjacent to a PGE substation facility. Although the facility has some screened fencing, it is highly visible and represents a negative property attribute. The rear of the subject property is informally landscaped and is in poor condition. The subject parcel sits roughly at grade with the adjacent PGE facility. Some of the visual impact of the adjacent transformer facility could be mitigated with landscaping materials and other screening efforts. The facility itself does not represent an overly disruptive property use. The facility was observed to be relatively quiet at the time of inspection. Conversations with the neighboring property owner to the west indicate that the substation facility is a relatively benign neighboring property use. In that regard, the facility represents a primarily visual impact, which could potentially be mitigated with effective landscaping and other visual screening efforts. As

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the property is currently situated, rear landscaping is in poor condition and will need significant efforts to restore a more acceptable visual appearance.

The subject property shares a narrow concrete driveway surface with the neighboring parcel to the east. The driveway entrance has a curb cut near the shared property line along SE Yamhill Street. Although narrow, the driveway could provide small vehicle access to the rear portions of the property. The site was previously improved with a small garage structure as evidenced by an existing concrete pad near the north boundary of the site. The concrete pad appears to be in adequate condition and could conceivably accommodate a future garage or shed type structure. The fencing in the vicinity of the subject's backyard is in poor condition and in need of significant repairs or replacement. The front portion of the property has a small lawn area. Other landscaping consists of a minimal number of trees and small shrubs.

The appraiser was not provided a preliminary title report in conjunction with the assignment. Thus, a specific review of potential property encumbrances has not been made. No physical encumbrances were visible at the time of inspection.

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IMPROVEMENT DESCRIPTION

The subject improvements consist of a 1,639 square foot single family residence built in approximately 1902. The 4-square style home has two stories plus an additional attic space. The structure is situated toward the south half of the underlying lot.

The building has four bedrooms and 1 ½ baths. The main floor includes the kitchen, dining room, living room and half bath. The main floor also has a small den and eating area adjacent to the kitchen. The main floor includes carpet floor covering; however, the subfloor likely consists of a hardwood surface. The kitchen appears to be mostly original; however, there are newer countertops and a two-well stainless steel sink. The kitchen has low cost vinyl floor covering and a free standing range oven. The kitchen has no exhaust fan for cooking. Overall the cabinetry appears to be functional; however, it is dated and below market standards as evidenced by the comparable data found later in the report.

The half bath on the main floor has vinyl floor covering, and painted lath and plaster walls. It has older, if not original, plumbing fixtures. The home has highly detailed trim materials including a relatively well maintained stairwell banister. Window casings and moldings are of good quality; however, in most areas, surfaces are in need of paint and general maintenance. The building has several original stain glass windows. These items are in need of repairs; however, they are desirable in structures of this class. Lighting fixtures throughout the main floor consist of a limited number of overhead incandescent fixtures. Doors and hardware appear to be original installations throughout most areas of the home.

The structure has primarily original double hung, wood framed windows. Several of the window units appear to be in a state of disrepair and likely in need of replacement.

Rooms on the second floor are typically wood floors, painted lath and plaster walls, and limited incandescent lighting. The home's only full bathroom is located on the second floor. This room has worn vinyl flooring and dated plumbing fixtures. The bathroom has a claw foot tub with no surround or wainscoting. The tub does; however, have a shower head and curtain frame.

Basement

The home has a full basement with an approximate area of 804 square feet. The basement has a concrete floors throughout most areas as well as laundry hook-ups. The basement includes a relatively modern forced-air gas furnace and gas water heater. The basement has relatively low ceilings with significant protrusions from HVAC and other plumbing and wiring materials. Portions of the visible wiring appear to be substandard. There are original post and wire circuits visible in the basement. These are generally considered a safety hazard and should be decommissioned for safety reasons. The home; however, does have a relatively modern circuit panel with 100 amp service capability. There are several newer circuits visible in the basement; however,

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overall the electric service in the building appears to be sub-standard based on the limited number of visible outlets in the finished areas of the structure. The floor of the basement shows signs of water intrusion. There are several visible cracks in the walls of the basement, likely allowing for wintertime water intrusion. Overall, the basement has a low level of finish with limited incandescent lighting fixtures and untreated surfaces.

Exterior Conditions

The exterior of the home is of high construction quality; however, it is in a state of disrepair. The building appears to have original painted cedar siding. The home is in need of paint and cosmetic repairs throughout most exterior areas. Although the structure has a high level of ornamental detail typical of buildings of this class and style, evidence of cracked and rotting siding material is noted throughout the structure. It would appear that most portions of the siding could be salvaged with a significant repair effort. This would be a desirable alternative rather than siding replacement due to the original detailing associated with the structure.

The home is situated on a concrete foundation. The foundation; however, is cracked in several areas. The basement likely suffers from water intrusion during the winter months. The gutters on the home are in need of replacement. Several locations have become detached from the main gutter system likely allowing water to progress along the outside of the building. The roof appears to be in adequate condition; however, the appraiser did not make a physical inspection of the surface beyond viewing it from the street. Overall, the exterior of the home is in poor condition.

Summary

The structural improvements appear to have substantial remaining physical life; however, the building is showing signs of deferred maintenance in most areas. The building's cracked foundation is a significant concern as it will likely impede potential financing opportunities for potential buyers. The home's limited electrical circuitry and other sub-standard features will have a negative impact on the perceived value of the property. Overall the building can best be identified as a "fixer". Given the positive attributes of the surrounding neighborhood area, the building likely has significant market desirability; however, it will compete at the lower end of the range of available properties. When combined with the proximity to the adjacent Portland General Electric Substation facility, this property has inferior desirability when compared with other similarly situated residential properties.

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HIGHEST AND BEST USE

The Highest and Best Use is defined as: The reasonable and probable use that supports the highest present value of vacant land or improved property as of the date of appraisal. As defined, the Highest and Best use must be reasonably probable, legally and physically possible, as well as financially feasible.

A complete Highest and Best Use discussion requires consideration of the six major influences detailed under USPAP 1-3 (a).

1. Existing land use regulations.
2. Probability for modification of land use regulations.
3. Economic demand.
4. Physical adaptability of the real estate.
5. Neighborhood trends.
6. Highest and Best Use of the real estate.

The Highest and Best Use analysis must begin under assumption that the land is vacant and available for development to its Highest and Best Use. Under standard appraisal rules, the analysis must be developed to "recognize that land is appraised as though vacant and available for development to its Highest and Best use and that the appraisal of improvements is based on their actual contribution to the site". (USPAP 1-3 (b))

In the case of the subject property, the existing improvements are in serviceable condition. The building occupies a significant portion of the relatively small site. The existing improvements maximize the zoning potential of the property. Accordingly, the highest and best use of the subject is as improved.

VALUATION COMMENTS

There are three classic approaches, which can be used in estimating a value for a given parcel of real estate. These methods are the Sales Comparison Approach, the Income Capitalization Approach and the Cost Approach.

The Sales Comparison Approach is a method whereby the value for a given property is estimated through a comparison process with other similar properties, which have recently sold. The sale prices are adjusted for differences including the element of time, physical characteristics, and condition. The Sales Comparison provides a reliable value indication given the availability of adequate sales data.

The Cost Approach is a method whereby the replacement cost of the improvements is estimated. The estimated cost new is then charged for depreciation including physical deterioration, plus functional and economic obsolescence. The value of the underlying site is then added to this figure, resulting in an overall value indication for the property being appraised. The subjectivity of the depreciation estimate tends to increase with the age of the improvements. The Cost approach is therefore most reliable when dealing with newer properties.

The final method is the Income Capitalization Approach. This method is generally applicable to commercial and investment properties, which are capable of producing a rental income. This process first involves the estimation of the economic rent the property is capable of producing. The appropriate expenses are then deducted, resulting in an estimate of net operating income. The income is then capitalized with an overall rate, resulting in the final value estimate.

In the case of the subject property, the Sales Comparison Approach is deemed most applicable method of valuation and has been the only method considered in the following analysis.

SALES COMPARISON APPROACH

The Sales Comparison Approach is an appraisal method whereby the subject property is compared with other similar properties based on a common unit of comparison. In this light, the appraiser has searched the close-in southeast Portland market for comparable single family residential properties. Of the available data, the following transactions were helpful in this regard:

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FEATURE	SUBJECT	COMPARABLE SALE # 1			COMPARABLE SALE # 2			COMPARABLE SALE # 3			COMPARABLE SALE # 4		
Address	3223 SE Yamhill Street Portland, OR 97214	934 SE 32nd Ave Portland, OR 97214			819 SE 16th Ave Portland, OR 97214			1524 SE 36th Ave Portland, OR 97214			3800 SE Woodward Street Portland, OR 97214		
Proximity to Subject													
Sale Price	\$ N/A	\$ 307,000			\$ 320,000			\$ 357,000			\$ 345,000		
Sale Price/Gross Liv. Area	\$ 0.00 sq. ft.	\$ 251.64 sq. ft.			\$ 185.40 sq. ft.			\$ 184.12 sq. ft.			\$ 272.94 sq. ft.		
Data Source(s)	RMLS, County	RMLS, County			RMLS, County			RMLS, County			RMLS, County		
Verification Source(s)	Inspection	Owner interview			Agent			Agent			Owner interview		
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+(-) \$ Adjustment	DESCRIPTION	+(-) \$ Adjustment	DESCRIPTION	+(-) \$ Adjustment	DESCRIPTION	+(-) \$ Adjustment	DESCRIPTION	+(-) \$ Adjustment		
Sale or Financing		Cash			Conventional			Conventional			Conventional		
Concessions	N/A	None			None			N/A			N/A		
Date of Sale/Time	8/7/2014	2/22/2013	+42,960	11/14/2013	+38,400	12/18/2013	+32,130	6/6/2014	+6,900				
Location	Residential	Residential			Residential			Residential			Residential		
Leasehold/Fee Simple	Fee Simple	Fee Simple			Fee Simple			Fee Simple			Fee Simple		
Site	3,333SF	3,333SF			3,000SF			5,750SF			4,000SF		
View	Substation	Substation			Quiet St. (-5%)			Lot & Cell tower			Quiet St. (-5%)		
Design (Style)	4 square	1.5 Story			4 square			4 square			1.5 Story		
Quality of Construction	Average	Average			Average			Average			Average		
Actual Age	112	111			105			107			122		
Condition	Below average	Average			Average			Average			Average		
Above Grade	Total Bdrms Baths	Total Bdrms Baths		Total Bdrms Baths		Total Bdrms Baths		Total Bdrms Baths		Total Bdrms Baths			
Room Count	8 4 1.50	6 3 1.00			6 3 2.50			7 4 1.50			7 4 1.00		
Gross Living Area	1,639 sq. ft.	1,220 sq. ft.			1,726 sq. ft.			1,939 sq. ft.			1,264 sq. ft.		
Basement & Finished	804 SF	792SF			768SF			912			864		
Rooms Below Grade	Unfinished	Unfinished			Unfinished			Unfinished			Unfinished		
Functional Utility	Average	Average			Average			Average			Average		
Heating/Cooling	Gas F/A	Zonal			Gas F/A			Gas F/A			Oil		
Energy Efficient Items	Average	Average			Average			Average			Average		
Garage/Carport	None	None			None			None			1-Car Detached		
Porch/Patio/Deck	Porches	Porches			Porches			Porches			Porches		
Net Adjustment (Total)		X + -	\$ 46,430	X + -	\$ 1,380	-X	\$ -27,040	+ X -	\$ -20,770				
Adjusted Sale Price		Net Adj: 15%			Net Adj: 0%			Net Adj: -8%			Net Adj: -6%		
of Comparables		Gross Adj: 23%			Gross Adj: 26%			Gross Adj: 26%			Gross Adj: 22%		
		\$ 353,430			\$ 321,380			\$ 329,960			\$ 324,230		

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DISCUSSION

Sale No. 1 – 9347 SE 32nd Avenue, \$307,000, February 22, 2013 – This transaction involves a 1,220 square foot single family residence located at the corner of SE 32nd Avenue and SE Yamhill Street. The home is situated adjacent to a Portland General Electric substation facility, which reportedly had some negative influence on the value of the property. The home had three bedrooms and one bath as well as a 792 square foot unfinished basement. The building was built in approximately 1903. The home included a newly remodeled kitchen as well as a remodeled bath. The interior had been recently painted and included finished hardwood floors. The property was sold by Portland General Electric as surplus. The building had electric zonal heating and gas water heater. The property was listed for approximately 28 days on the market prior to the indicated transaction date.

Conversations with the seller's representative indicated that the transaction involved a cash consideration. The listing agent indicated that the PGE ownership status caused some difficulty in marketing the property due to the need for PUC review and approval prior to closing the sale. The property has a total land area of 3,333 square feet with overall dimensions of 100 feet by 33.33 feet. The site enjoyed the benefit of an adjacent vacant parcel, also owned by PGE. While the adjacent parcel is still owned by PGE, the buyer of the home indicated that the adjacent open area was seen as a positive in this instance. Conversations with the buyer indicate that portions of the home were in need of maintenance and renovation; however, the new kitchen and bathroom were seen as a positive. The exterior of the home has recently been painted subsequent to the purchase. The buyer indicated that several siding repairs were made during the refinishing of the exterior. The home had a newer roof at time of sale.

Sale No. 2 – 819 SE 16th Avenue, \$320,000, November 14, 2013 – This transaction involves a two story single family residence situated on a 3,000 square foot lot. The interior site was located along a quiet residential street situated between SE Morrison Street and SE Belmont Street. The four-square style structure included a total finished area of 1,726 square feet. The building includes three bedrooms and 2 ½ baths. The home was built in approximately 1908 and had seen adequate maintenance since its original construction date. The home had well maintained interior surfaces and included a newer kitchen and bathroom. The structure also included a 768 square foot unfinished basement. The home has a gas forced air furnace and electric water heater. The property was listed for approximately 26 days on the market and included a conventionally financed loan with cash consideration to the seller.

Sale No. 3 – 1524 SE 38th Avenue, \$357,000, December 18, 2013 – This transaction involves a 1,939 square foot two story single family residence situated on a 5,750 square foot lot one parcel south of SE Hawthorne Blvd. The property is located adjacent to a commercial use. The adjacent restaurant has a paved parking area, trash enclosure and cellular transmission tower. The commercial use and cell tower are seen as negative influences in this instance. Overall, the property was relatively well maintained and included a newer kitchen as well as nicely finished interior surfaces. The property included a concrete driveway for off-street vehicle storage. At the time of

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inspection, the property was being improved with a detached garage and apartment to the rear of the existing residence. Terms of the transaction involved a conventionally financed loan with cash to the seller. The property was listed for approximately 46 days prior to the indicated closing date.

Sale No. 4 – 3800 SE Woodward Street, \$345,000, June 6, 2014 – This transaction involves a 1,264 square foot single family residence located on a quiet residential street. The parcel includes a total land area of 4,000 square feet. The building was constructed in approximately 1892. The building also includes an 864 square foot basement and small detached garage. Conversations with the buyer indicate that the home was in need of some maintenance; however, the building included a newer kitchen and bathroom installation. The interior of the home had recently refinished hardwood floors and a wood burning fireplace. The home sold after being listed for only two days on the market. Conversations with the buyer indicated that there were multiple offers on the property resulting in the indicated sale price at approximately \$10,000 above the list price. The building includes four bedrooms and one bath.

ADJUSTMENTS

Terms

Conversations with the parties involved with the above transactions indicate cash equivalent considerations for each sale. Sale 1 involved a cash consideration. Parties related to the sale indicate that the ownership by PGE prior to the transaction was seen as a negative influence in the ability to conduct a timely closing. The broker in this transaction suggested that the delay and approval process, required by Portland General Electric, was seen as a negative influence due to the requirement for PUC approval and extended time period required for closing. While this does not directly correlate to a need for cash equivalency adjustments, it has been considered in the following value conclusion.

Time

The appraiser has referenced the Portland area RMLS statistics with respect to potential market appreciation over the time frame associated with the comparable data. RMLS indicates positive appreciation rates for single family residential transactions in the southeast Portland market area of 14.6% for the year ending June 2014. This annual appreciation rate reflects an average weight for all property classes in the defined market area (Area 143). Given the below average condition of the subject property, this appreciation rate may overstate the appropriate rate of appreciation relative to homes of below average condition. Thus, a more conservative appreciation rate of 12% per year, or approximately 1% per month, has been applied to the comparable data as indicated in the above comparison grid.

Substation Influence

The subject property is located immediately adjacent to a Portland General Electric transformer facility. The infrastructure associated with the transformer facility is highly visible from the subject property and represents a negative value influence.

Sale 1 is a meaningful value indicator due to its proximity to the same substation. Sale 1 is located west of the subject site. Thus, Sale 1 becomes a directly comparable transaction with respect to the substation's value influence.

Sale 3 had similar negative value influence as a result of its proximity to an adjacent commercial use. Thus, no adjustments for the PGE substation have been applied to Sales 1 and 3.

The remaining transactions are located on quiet residential streets. These sales have been adjusted downward at a rate of 5% of the indicated sale price in acknowledgement of the negative influence associated with the PGE facility adjacent to the subject property.

Improvement Area

The comparable sales have been adjusted at a rate of \$50 per square foot difference in improved square footage. This has been reflected in the above comparison grid.

Site Area

Differences in the site area of the subject property and comparable sale parcels have been adjusted at a rate of \$10.00 per square foot of site area differential. Said adjustment has been reflected in the above comparison grid.

Condition

The subject improvements have a below average condition for a variety of reasons identified earlier in the improvement description. All four comparable sales have superior building condition when compared with the subject. The subject has original bathroom and kitchen facilities whereas each of the comparable sales have been renovated to some extent when compared with the subject. A downward adjustment of \$20,000 has been applied to each of the comparable sales in acknowledgement of the subject's inferior condition.

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Conclusions

After considering all of the above adjustments, the appraiser arrives at an indicated range of subject property values from a high of \$353,430 associated with Sale 1, to a low of \$321,380 associated with Sale 2. Sale 1 is a primary indicator of value due to its similarities with respect to the adjacent PGE substation facility. This sale is; however, somewhat dated resulting in a relatively large time adjustment, which decreases its overall reliability as a value indicator.

All of the transactions had superior condition when compared with the subject. Sale 4 is the most current transaction occurring during June 2014, thus making it a significant indicator of the subject's value. With this in mind, the appraiser concludes an appropriate subject property value near the mid to upper end of the demonstrated range at \$340,000.

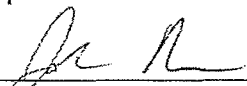
**Concluded Subject Property Value
\$340,000**

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CERTIFICATION

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

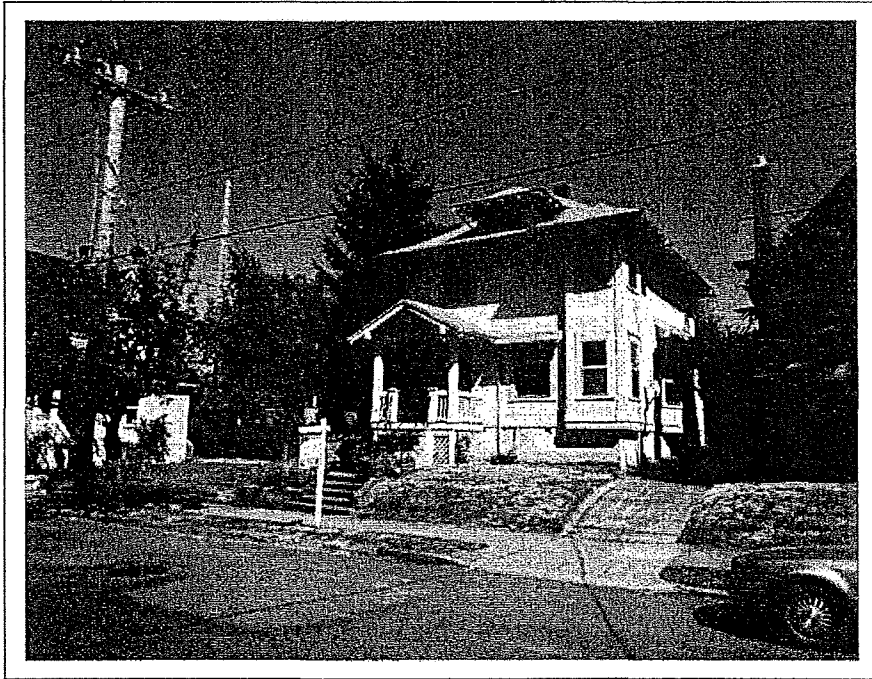
- ◆ The statements of fact contained in this report are true and correct.
- ◆ The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial and unbiased professional analyses, opinions and conclusions.
- ◆ I have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- ◆ I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- ◆ My engagement in this assignment was not contingent upon the developing or reporting predetermined results.
- ◆ My compensation for this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- ◆ My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- ◆ I have made a personal inspection of the subject property and the sales used in this report.
- ◆ No one provided significant professional assistance to the person signing this report.
- ◆ The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Practice of the Appraisal Institute.
- ◆ I certify that the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- ◆ I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three year period immediately preceding acceptance of this assignment.
- ◆ As of the date of this report, I have completed the continuing education program of the Appraisal Institute.



John V. Donnerberg, MAI
Oregon Certification C000554 Exp. 5/31/2016

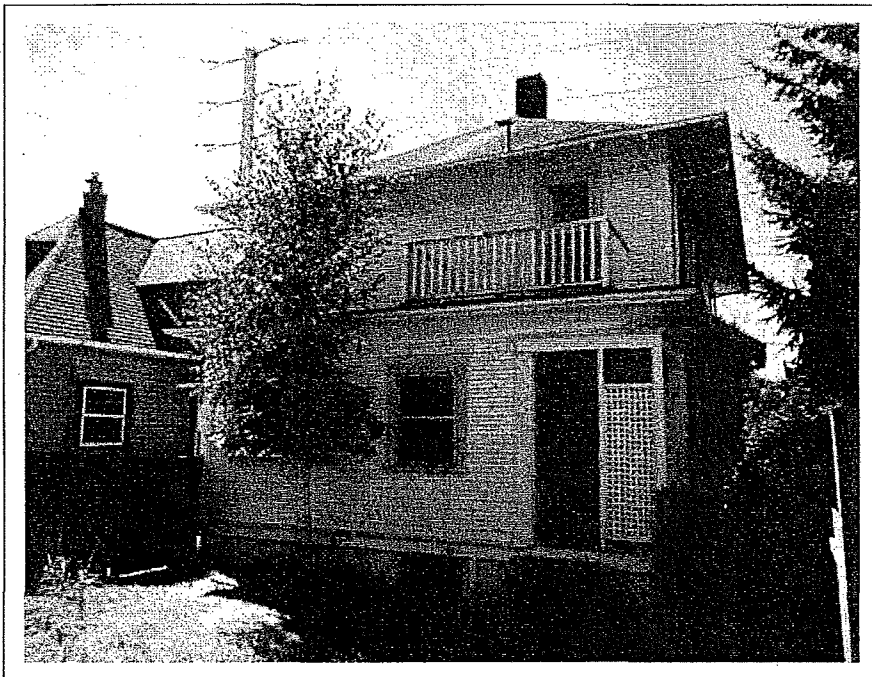
ADDENDUM

PHOTOGRAPHS – SUBJECT PROPERTY



JD2014-026-002 (14-075)

Facing north, viewing subject property as seen from adjacent street right of way.



JD2014-026-006 (14-075)

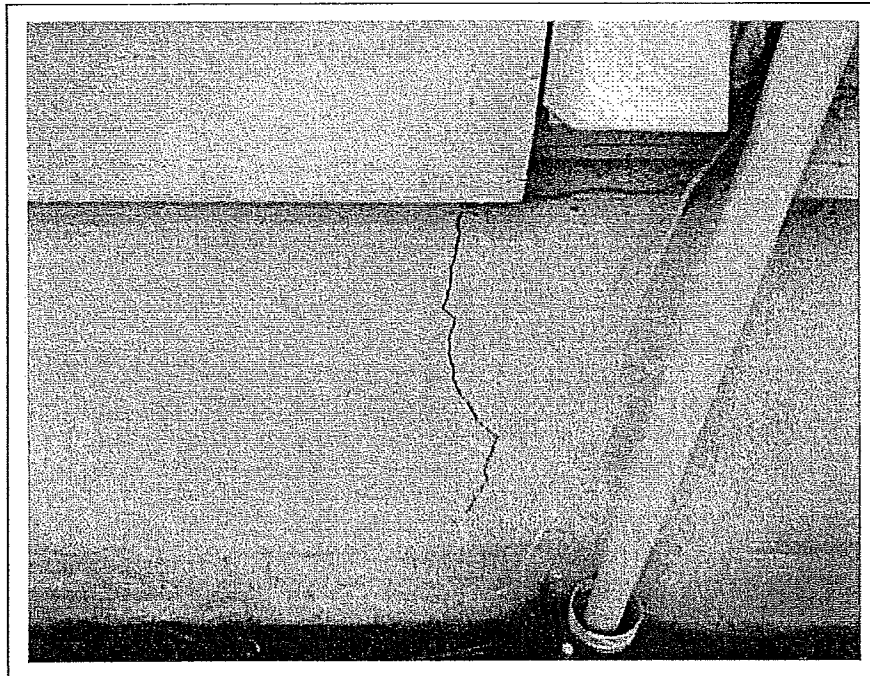
Facing south, viewing rear of subject building.

PHOTOGRAPHS – SUBJECT PROPERTY



JD2014-026-008 (14-075)

Facing north, viewing rear yard and adjacent substation facility as seen from back or residence.



JD2014-026-052 (14-075)

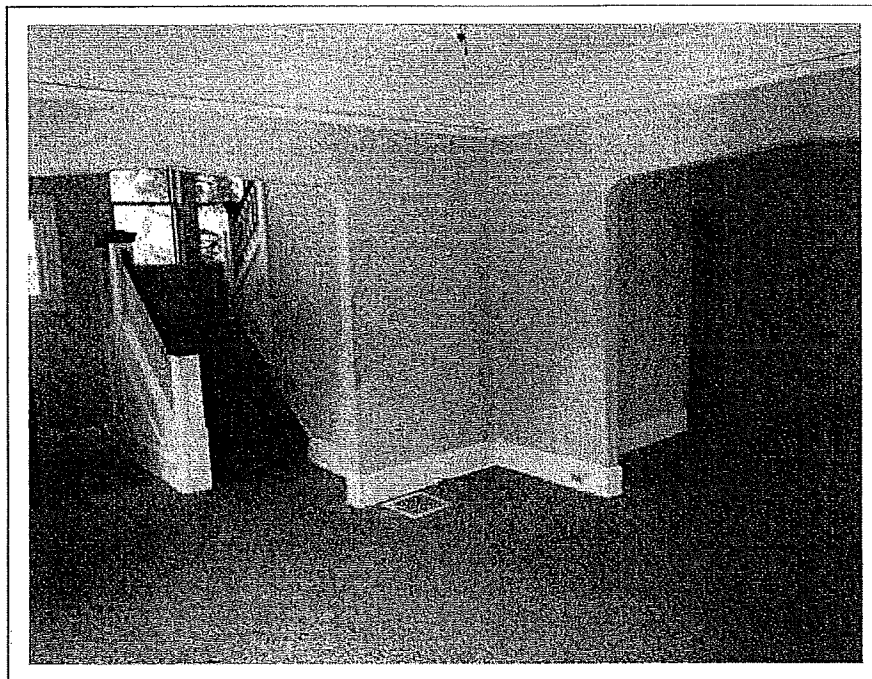
Viewing evidence of cracked foundation.

PHOTOGRAPHS – SUBJECT PROPERTY



JD2014-026-050 (14-075)

Viewing evidence of deferred exterior maintenance.



JD2014-026-011 (14-075)

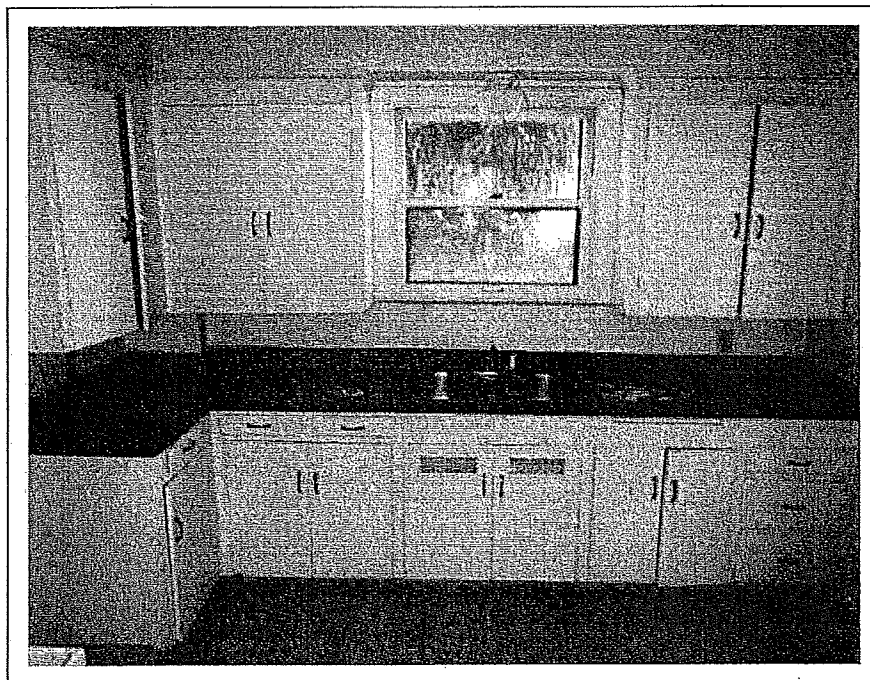
Viewing interior of main living room.

PHOTOGRAPHS – SUBJECT PROPERTY



JD2014-026-014 (14-075)

Viewing den area.



JD2014-026-015 (14-075)

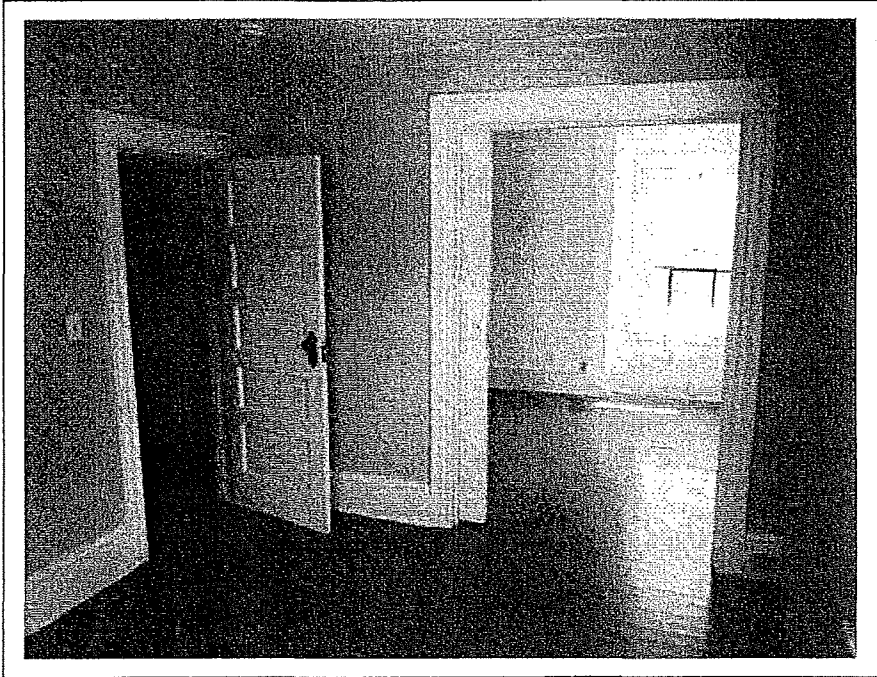
Viewing subject kitchen.

PHOTOGRAPHS – SUBJECT PROPERTY



JD2014-026-022 (14-075)

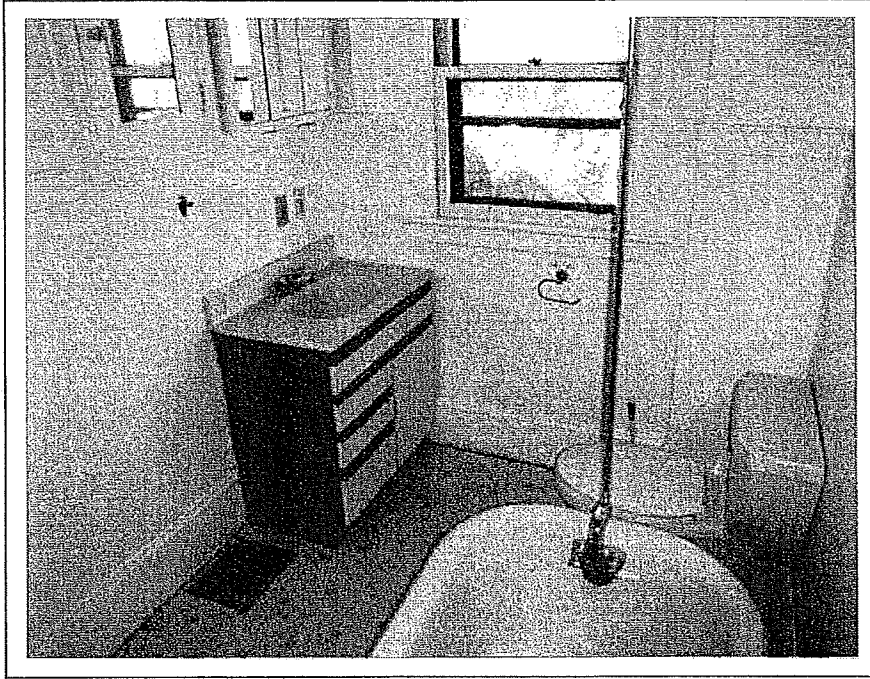
Viewing main floor half bath.



JD2014-026-035 (14-075)

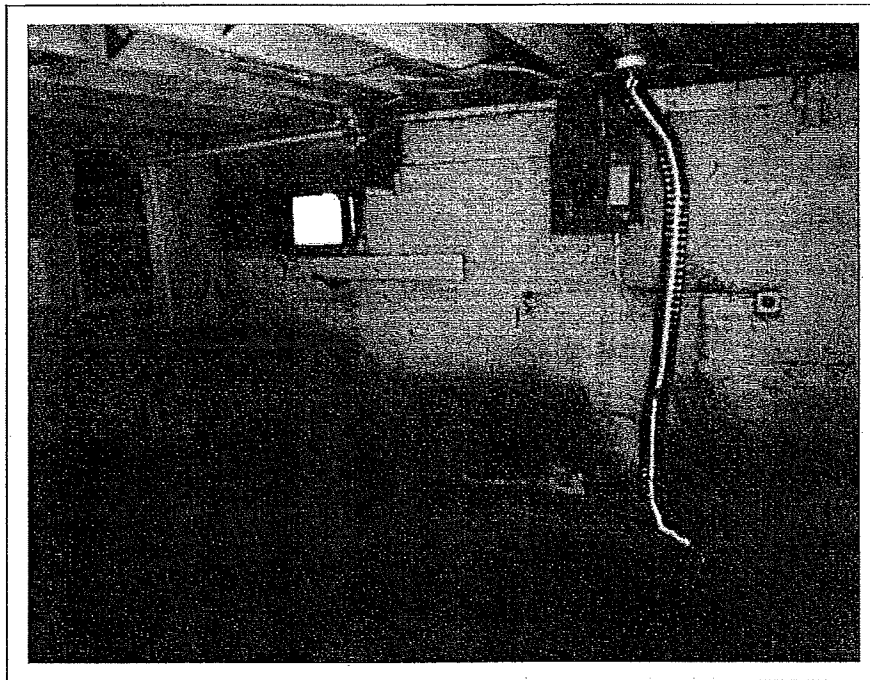
Viewing typical upstairs bedroom area.

PHOTOGRAPHS – SUBJECT PROPERTY



JD2014-026-046 (14-075)

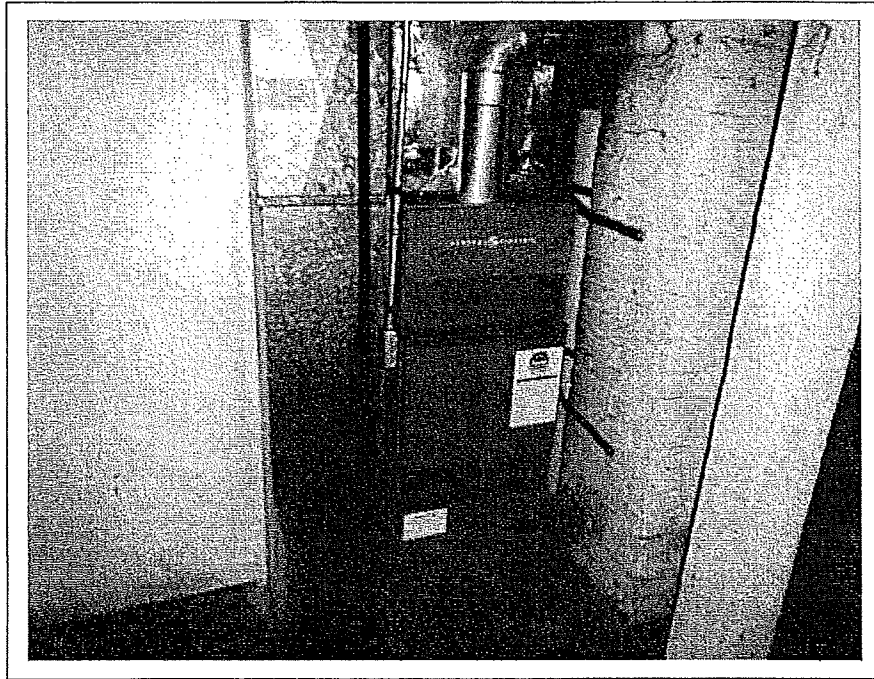
Viewing second floor main bath.



JD2014-026-027 (14-075)

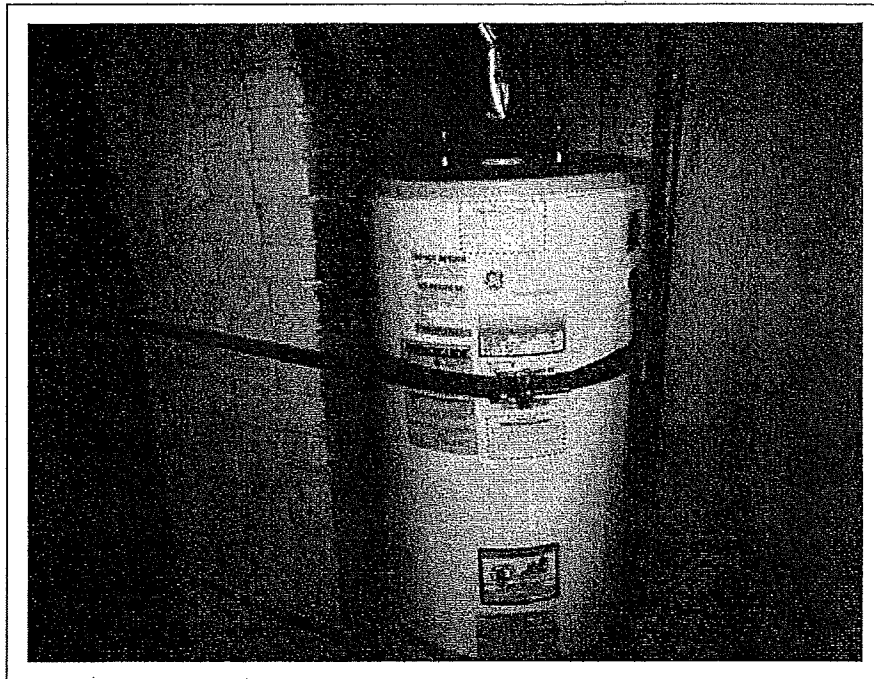
Viewing basement laundry facilities.

PHOTOGRAPHS – SUBJECT PROPERTY



JD2014-026-026 (14-075)

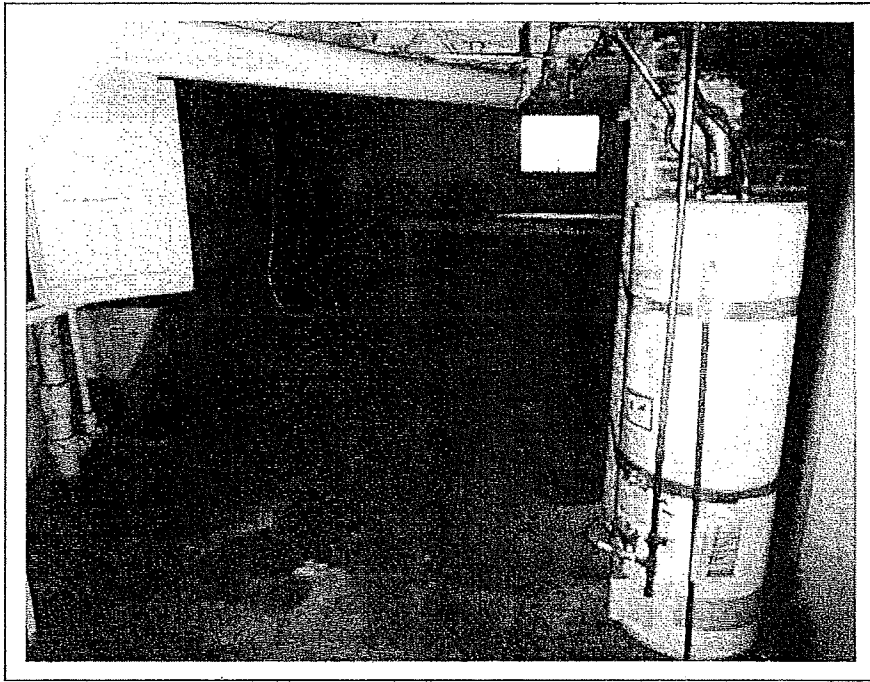
Viewing subject forced-air furnace.



JD2014-026-025 (14-075)

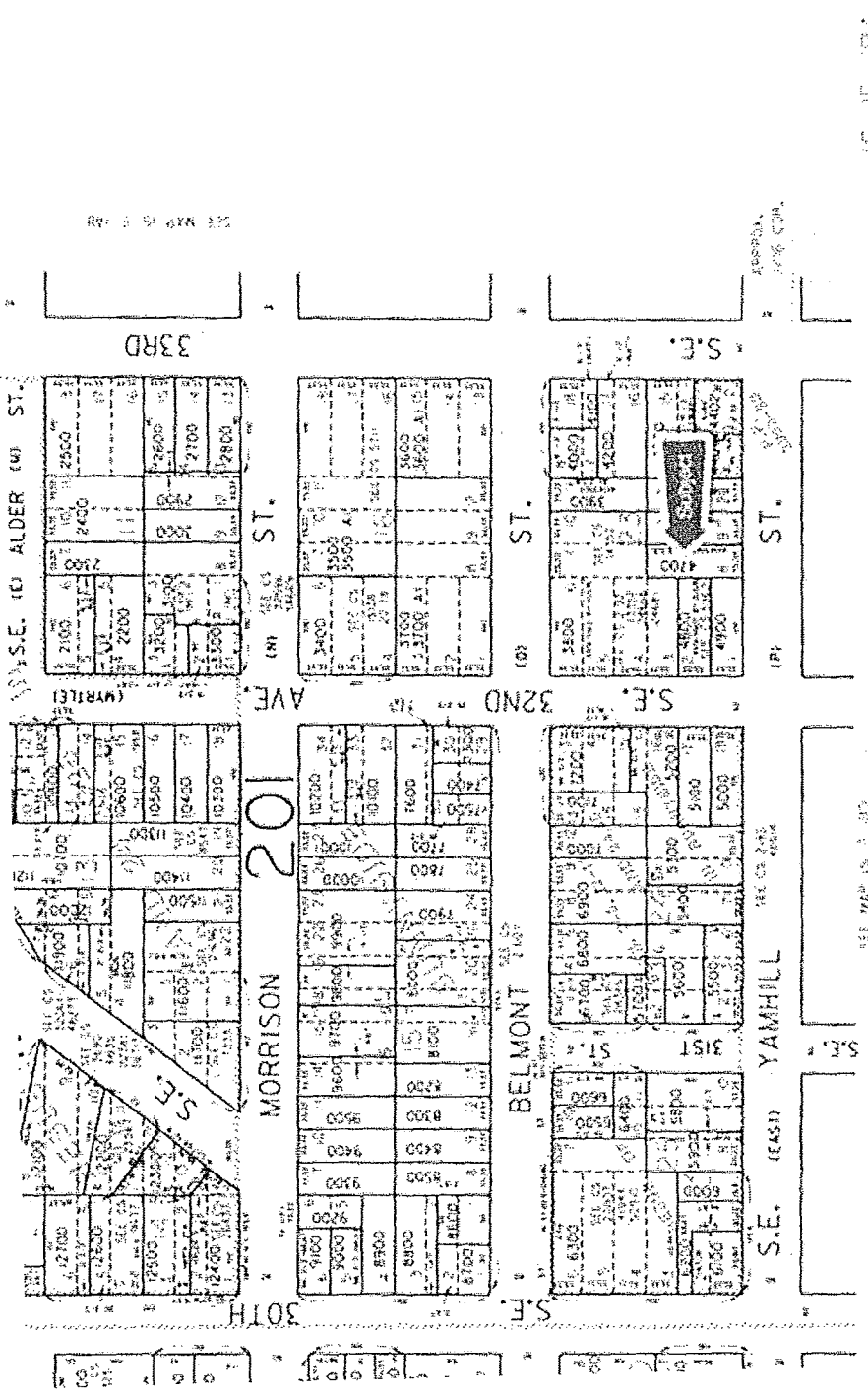
Viewing subject water heater.

PHOTOGRAPHS – SUBJECT PROPERTY



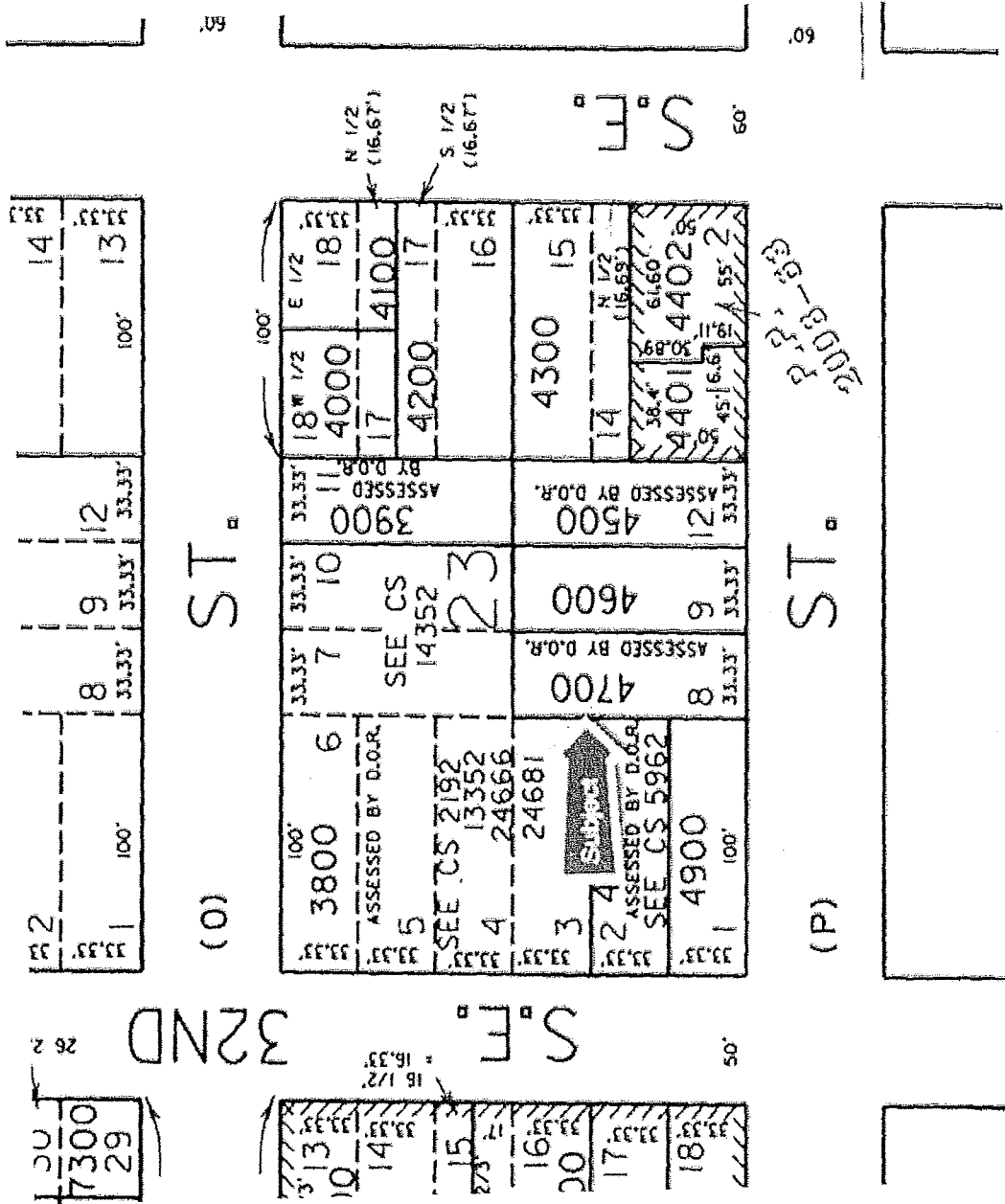
JD2014-026-023 (14-075)

Viewing typical basement space.



IS IE IBA
PORTLAND

ASSESSOR MAP



12	8	9	12	14
33.33'	33.33'	33.33'	33.33'	33.33'
100'	100'			100'
				13

(O) ST

(P) ST

SITE MAP

20	29
7300	

32ND

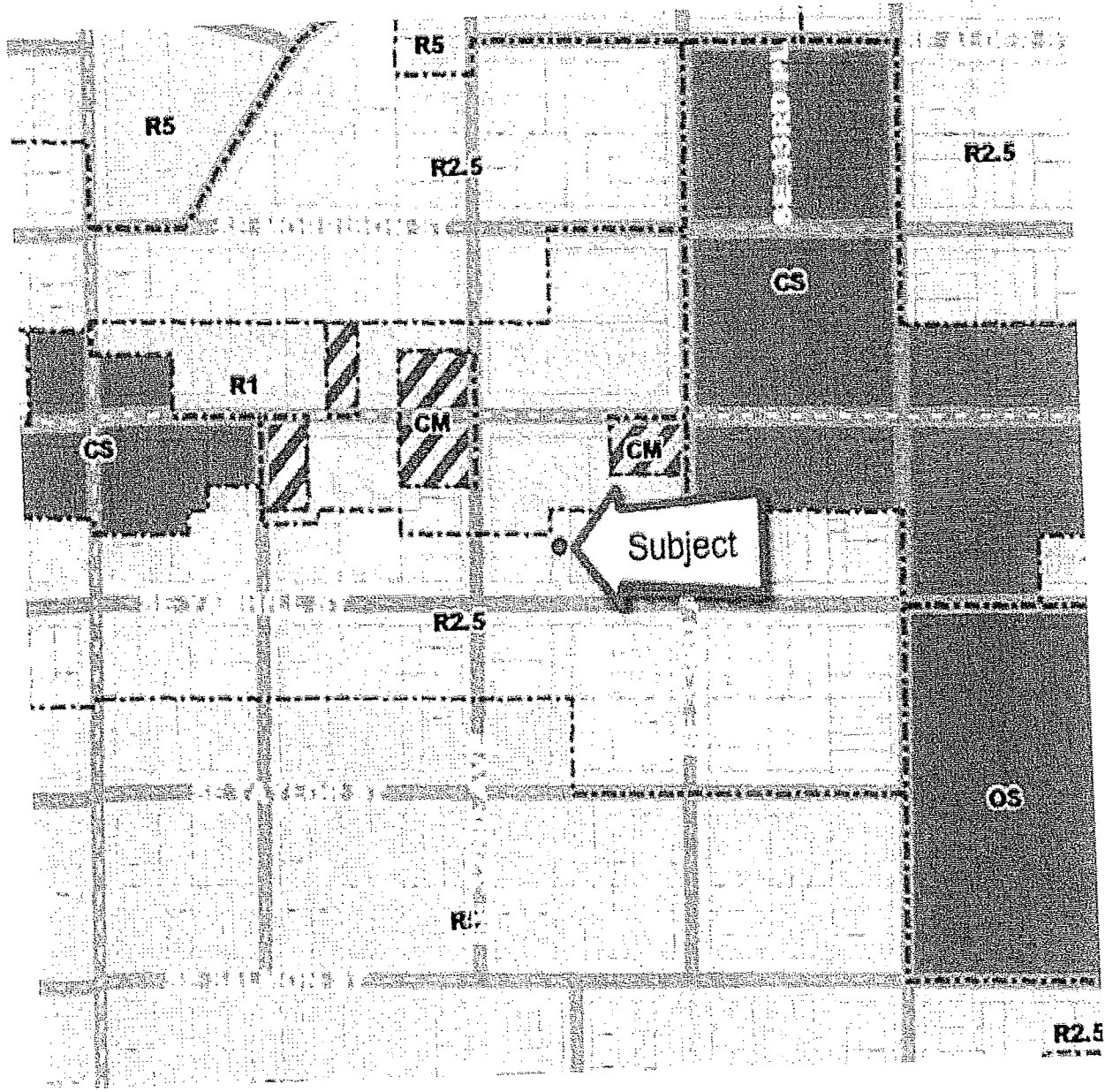
10	14	15	16	17	18
33.33'	33.33'	33.33'	33.33'	33.33'	33.33'
100'	100'	100'	100'	100'	100'

S.F.

50'



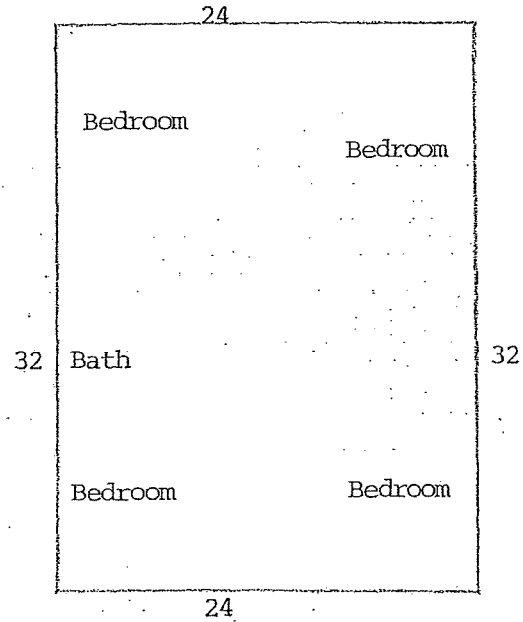
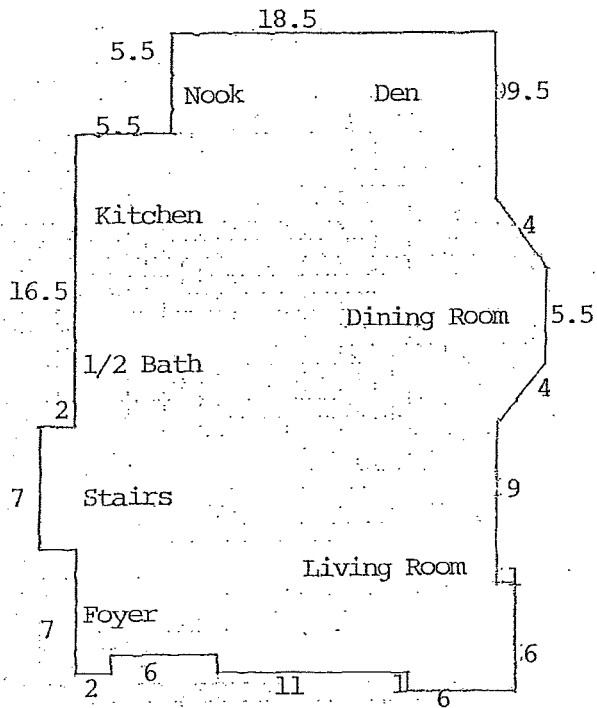
2003-1-13



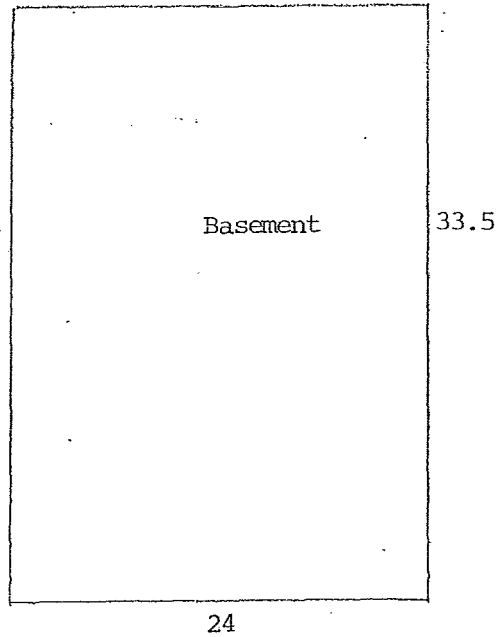
ZONE MAP

RPC 14-075
PGE Property
3223 SE Yamhill St
Portland, OR, 97214

Scale: 1' = 10'



Main Floor: 871 SF
2nd Floor: 768 SF
Total 1,639 SF

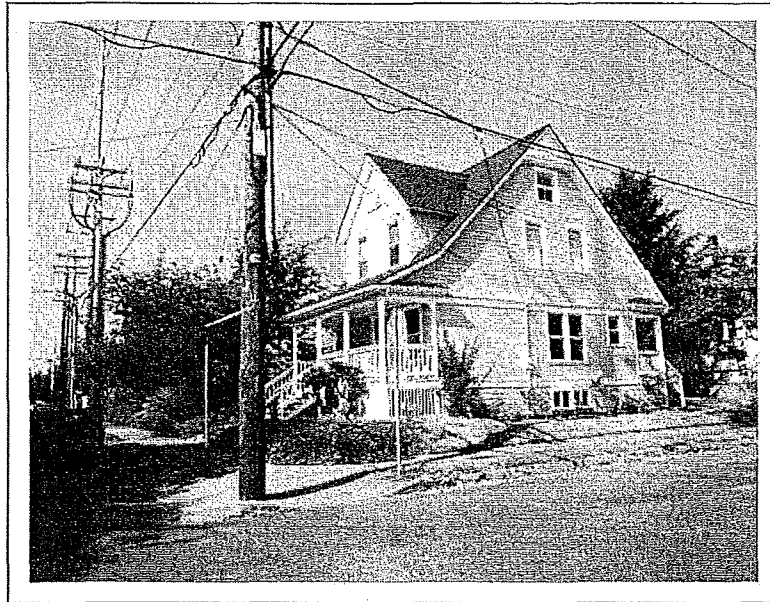


Improved Sales Map



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SALE NO. 1



JD2014-025-002 (14-075)

Location: 934 SE 32nd Avenue, Portland, Oregon 97214
Legal Description: Multnomah County Parcel 1S-1E-1BA, TL 4900 AKA Parcel R280572
Date: February 22, 2013
Price: \$307,000
Grantor: Portland General Electric
Grantee: Patricia S. Eiting
Recording: 2013-025639
Zone: R-2, City of Portland
Site Size: 3,333 square feet
Building Area: 1,220 square feet
Unit Price: \$251.64 per square foot
Year Built: 1902
Verified: Corine Gosse, Listing Agent, 503-775-4699
Also verified on site with property owner

Comments – This transaction involves a 1,220 square foot single family residence located at the corner of SE 32nd Avenue and SE Yamhill Street. The home is situated adjacent to a Portland General Electric substation facility, which reportedly had some negative influence on the value of the property. The home had three bedrooms and one bath as well as a 792 square foot unfinished basement. The building was built in approximately 1903. The home included a newly remodeled kitchen as well as a remodeled bath. The interior had been recently painted and included finished hardwood floors. The property was sold by Portland General Electric as surplus. The building had electric zonal heating and gas water heater. The property was listed for approximately 28 days on the market prior to the indicated transaction date.

**Sale No. 1
Continued**

Conversations with the seller's representative indicated that the transaction involved a cash consideration. The listing agent indicated that the PGE ownership status caused some difficulty in marketing the property due to the need for PUC review and approval prior to closing the sale. The property has a total land area of 3,333 square feet with overall dimensions of 100 feet by 33.33 feet. The site enjoyed the benefit of an adjacent vacant parcel, also owned by PGE. While the adjacent parcel is still owned by PGE, the buyer of the home indicated that the adjacent open area was seen as a positive in this instance. Conversations with the buyer indicate that portions of the home were in need of maintenance and renovation; however, the new kitchen and bathroom were seen as a positive. The exterior of the home has recently been painted subsequent to the purchase. The buyer indicated that several siding repairs were made during the refinishing of the exterior. The home had a newer roof at time of sale.

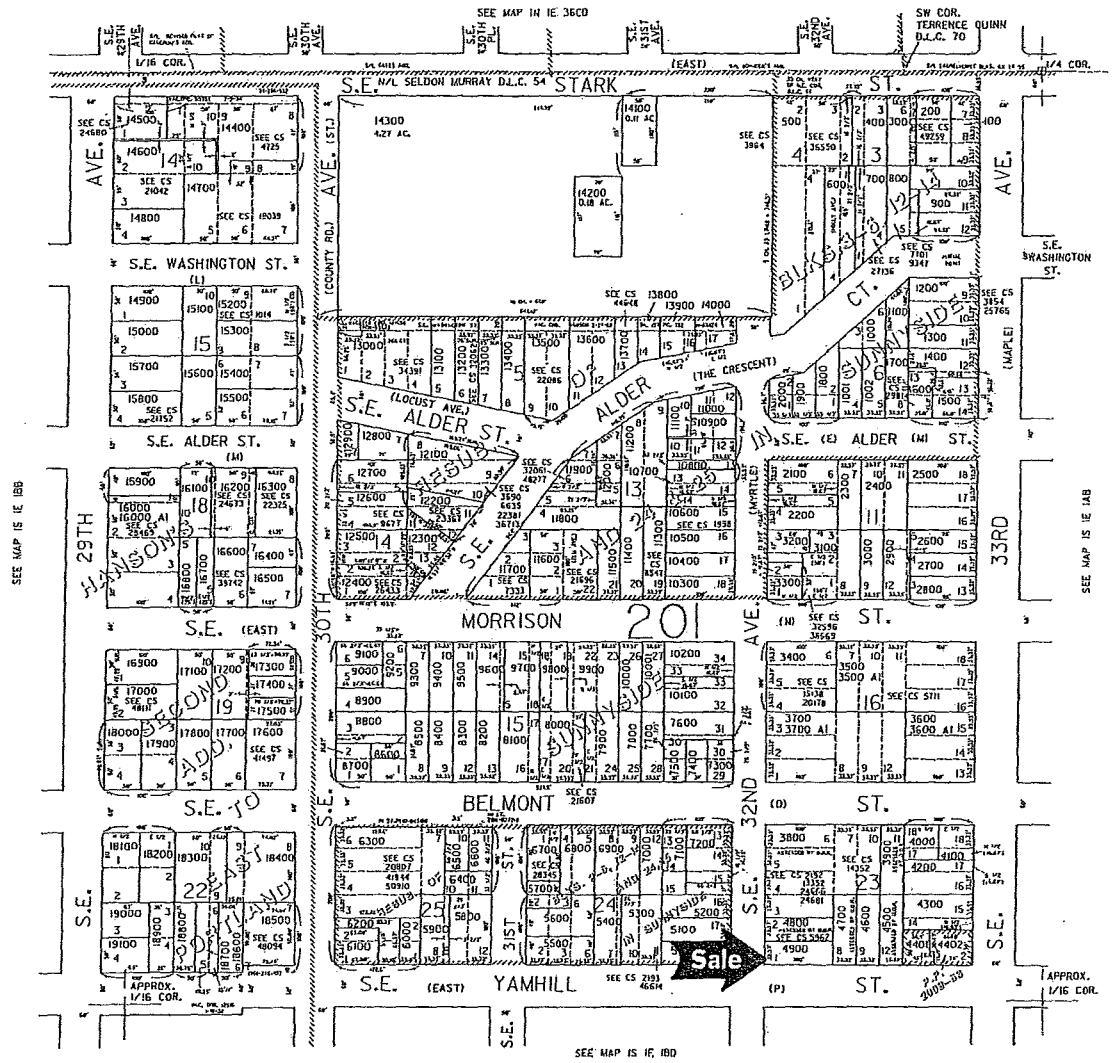
THIS MAP WAS PREPARED FOR
ASSESSMENT PURPOSE ONLY

NE1/4 NW1/4 SEC. 1 T.1S. R.1E. W.M.
MULTNOMAH COUNTY

IS IE IBA
PORTLAND

1" = 100'

CANCELLED NO.
4400



SEE MAP IS 1E 18B

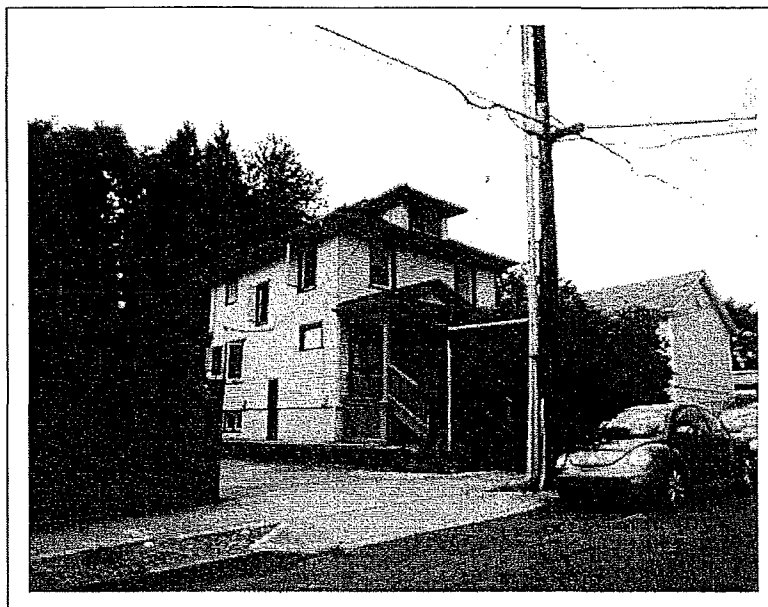
SEE MAP IS 1E 18B

SEE MAP IS 1E 18D

APPROX.
1/16 COR.

IS IE IBA
PORTLAND

SALE NO. 2



JD2014-028-001 (14-075)

Location: 819 SE 16th Avenue, Portland, Oregon 97202
Legal Description: Multnomah County Parcel 1S-1E-2AB, Tax Lot 15200 also known as Parcel R150666
Date: November 14, 2013
Price: \$320,000
Grantor: Douglas Duguay
Grantee: Josh Brunaugh and Celina Hoskins
Recording: 2013-149761
Zone: R-2.5, City of Portland
Site Size: 3,000 square feet
Building Area: 1,726 square feet
Unit Price: \$185.40 per square foot
Year Built: 1908
Verified: Allison Fuller, Listing Agent, 503-546-9955

Comments – This transaction involves a two story single family residence situated on a 3,000 square foot lot. The interior site was located along a quiet residential street situated between SE Morrison Street and SE Belmont Street. The four-square style structure included a total finished area of 1,726 square feet. The building includes three bedrooms and 2 ½ baths. The home was built in approximately 1908 and had seen adequate maintenance since its original construction date. The home had well maintained interior surfaces and included a newer kitchen and bathroom. The structure also included a 768 square foot unfinished basement. The home has a gas forced air furnace and electric water heater. The property was listed for approximately 26 days on the market and included a conventionally financed loan with cash consideration to the seller..

THIS MAP WAS PREPARED FOR
ASSESSMENT PURPOSE ONLY

NW1/4 NE1/4 SEC. 2 T.1S R.1E W.M.
MULTNOMAH COUNTY
1" = 100'

IS 1E 2AB
PORTLAND



CANCELLED NO.
2500
3700
12200
14400
15500
15700

SEE MAP IN IE 24A

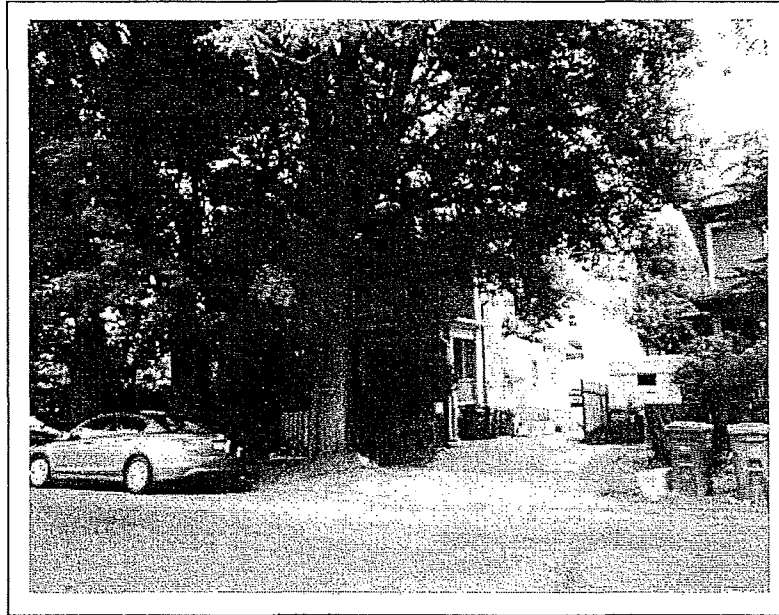
IS 1E 2AB
PORTLAND

SEE MAP IN IE 24C

Sale

2

SALE NO. 3



JD2014-028-003 (14-075)

Location: 1524 SE 38th Avenue, Portland, Oregon 97202
Legal Description: Multnomah County Parcel 1S-1E-1DA, Tax Lot 11700 also known as Parcel R229489
Date: December 18, 2013
Price: \$357,000
Grantor: Nicholas Parsons
Grantee: Sasson Osher
Recording: 13-161860
Zone: R-5, City of Portland
Site Size: 5,750 square feet
Building Area: 1,939 square feet
Unit Price: \$184.12 per square foot
Year Built: 1907
Verified: Tom Stubbs, Listing Agent, 503-653-0607

COMMENTS – This transaction involves a 1,939 square foot two story single family residence situated on a 5,750 square foot lot one parcel south of SE Hawthorne Blvd. The property is located adjacent to a commercial use. The adjacent restaurant has a paved parking area, trash enclosure and cellular transmission tower. The commercial use and cell tower are seen as negative influences in this instance. Overall, the property was relatively well maintained and included a newer kitchen as well as nicely finished interior surfaces. The property included a concrete driveway for off-street vehicle storage. At the time of inspection, the property was being improved with a detached garage and apartment to the rear of the existing residence. Terms of the transaction involved a conventionally financed loan with cash to the seller. The property was listed for approximately 46 days prior to the indicated closing date.

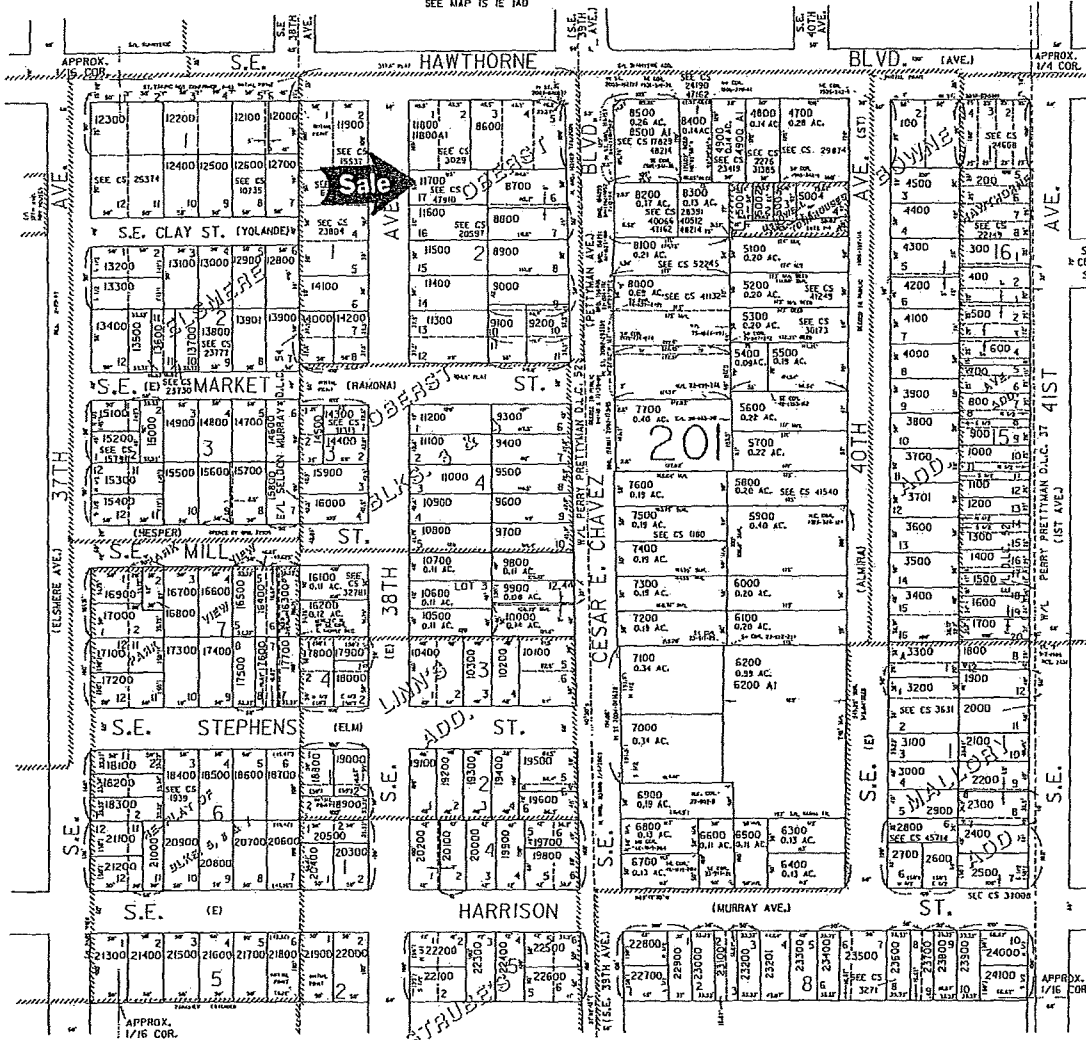
NE1/4 SE1/4 SEC. 1 T.15. R.1E. W.M.
MULTNOMAH COUNTY

IS IE IDA
PORTLAND

THIS MAP WAS PREPARED FOR
ASSESSMENT PURPOSE ONLY

SEE MAP IS IE IAD

1" = 100'



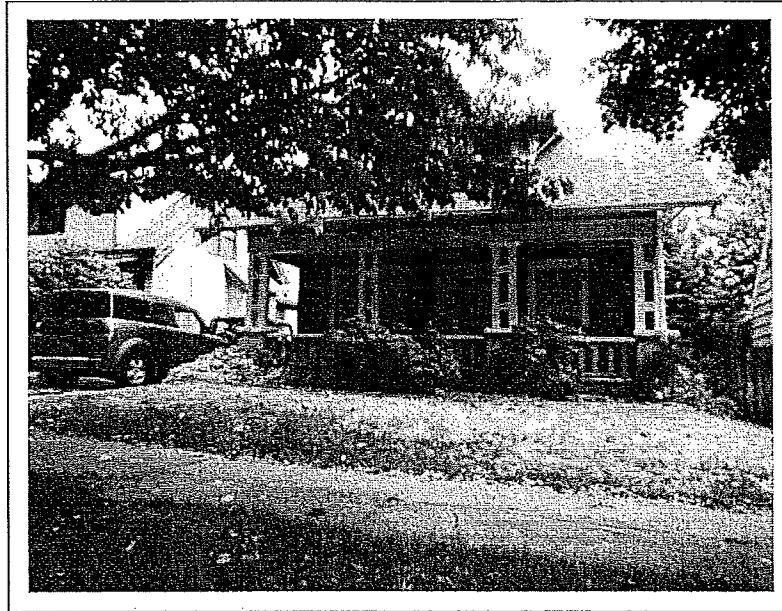
CANCELLED NO.
4600
5000
7800
1900

SEE MAP IS 2E 6CB

SEE MAP IS IE IOD

IS IE IDA
PORTLAND

SALE NO. 4



JD2014-028-007 (14-075)

Location: 3800 SE Woodward Street, Portland, Oregon 97215
Legal Description: Multnomah County Parcel 1S-1E-12AA, Tax Lot 11200, also known as Parcel R255054
Date: June 6, 2014
Price: \$345,000
Grantor: Adrienne Martin and Robert Thrapp
Grantee: Sandra Johnson and John Colligan
Recording: 14-054083
Zone: R-5, City of Portland
Site Size: 4,000 square feet
Building Area: 1,264 square feet
Unit Price: \$272.94 per square foot
Year Built: 1892
Verified: Sandra Johnson, Buyer, on site, and Tracy Wiens, Listing Agent 503-238-1700

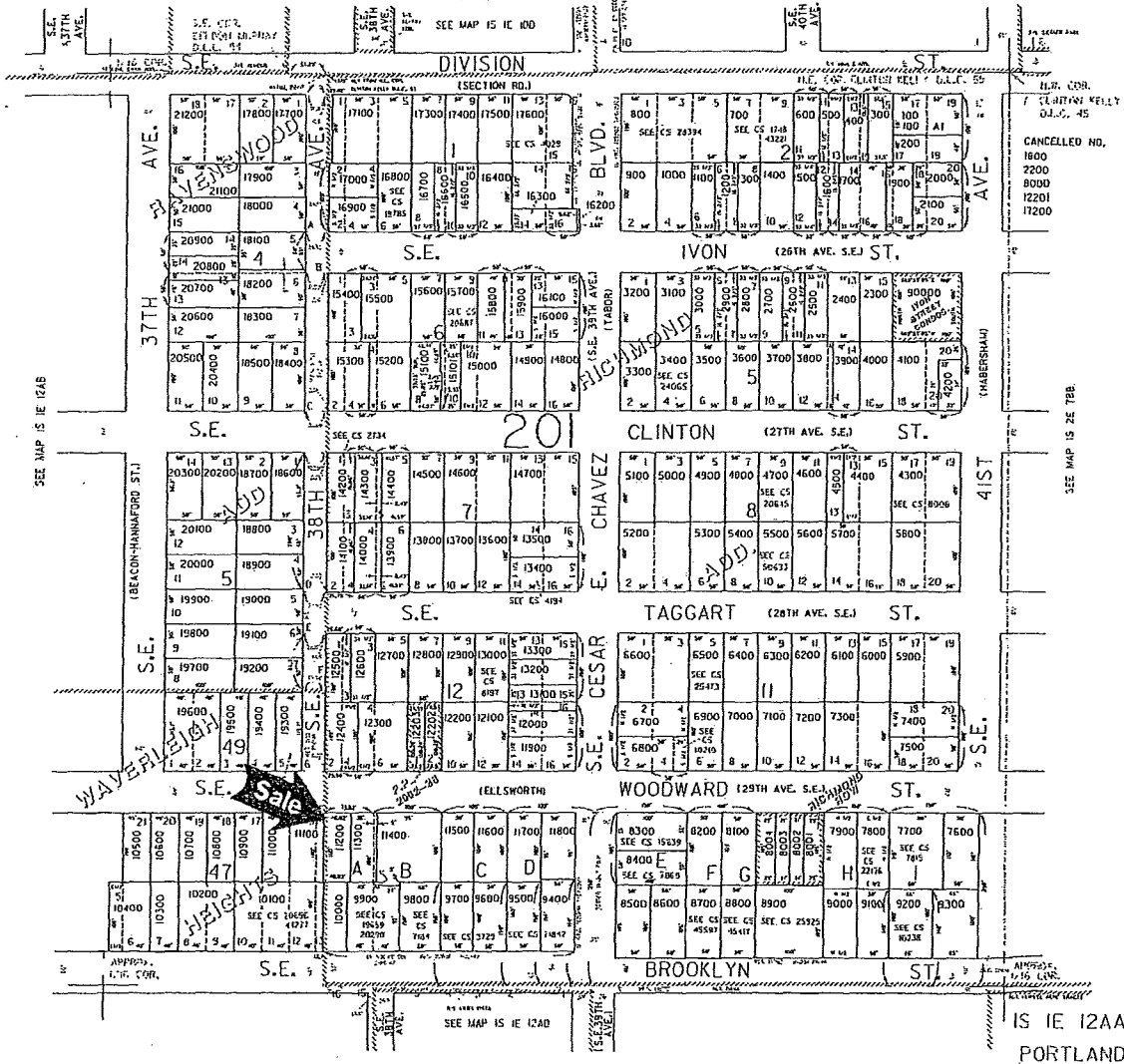
Comments – This transaction involves a 1,264 square foot single family residence located on a quiet residential street. The parcel includes a total land area of 4,000 square feet. The building was constructed in approximately 1892. The building also includes an 864 square foot basement and small detached garage. Conversations with the buyer indicate that the home was in need of some maintenance; however, the building included a newer kitchen and bathroom installation. The interior of the home had recently refinished hardwood floors and a wood burning fireplace. The home sold after being listed for only two days on the market. Conversations with the buyer indicated that there were multiple offers on the property resulting in the indicated sale price at approximately \$10,000 above the list price. The building includes four bedrooms and one bath.

THIS MAP WAS PREPARED FOR ASSESSMENT PURPOSE ONLY

NE 1/4 NE 1/4 SEC. 12 T.15. R.1E. W.M. MULTNOMAH COUNTY

IS 1E 12AA PORTLAND

1" = 100'



IS 1E 12AA PORTLAND

5-4

075

= METROSCAN PROPERTY PROFILE =
Multnomah (OR)

OWNERSHIP INFORMATION

Parcel Number :R280576 Bldg # of
Ref Parcel Number :1S1E01BA 04700
Old Parcel Number :R81040 4190
Map Number :3133 T:01S R:01E S:01 Q:NW
Owner :Portland General Electric Co
CoOwner :
Site Address :3223 SE Yamhill St Portland 97214
Mail Address :121 SW Salmon St Portland Or 97204

SALES AND LOAN INFORMATION

Transferred : Loan Amount :
Document # :1117-1338 Lender :
Sale Price : Loan Type :
Deed Type : Interest Rate :
% Owned : Vesting Type :

ASSESSMENT AND TAX INFORMATION

MktLand : Levy Code :201
MktStructure : 13-14 Taxes :
MktTotal : Exempt Amount :
% Improved : Exempt Type :
AssessedTotal:

PROPERTY DESCRIPTION

Map Page & Grid :597 A7
Census :Tract:13.01 Block:4
Zoning :R2.5
Subdivision/Plat :Sunnyside 02 & 03
Neighborhood Cd :R111
Land Use :013 Misc,Res,Centrally Assessed
Property Use :Ca Centrally Assessed
Improvement Type :
Class Code :
Legal :SUNNYSIDE & PLAT 2 & 3, BLOCK 23,
:LOT 8, DEPT OF REVENUE MAP 3133
:

Profile-Page 1 of 3

*Information compiled from various sources. CoreLogic makes no representations
or warranties as to the accuracy or completeness of information contained in this report.*

= METROSCAN PROPERTY PROFILE =
 Multnomah (OR)

Parcel Number :R280576 Bldg # of

PROPERTY CHARACTERISTICS

Bedrooms :	Building SF :	Year Built :
Bathrooms :	1st FloorSF :	EffYrBuilt :
Family Room :	2nd FloorSF :	Lot Acres :.08
Living Room :	Attic SqFt :	Lot SqFt :3,333
Kitchen :	Bsmt Fin SF :	Lot Dimen :
Dining Room :	Bsmt Unfin SF :	Curb/Guttr :Yes
Nook :	Bsmt Total SF :	St Access :
Utility Rm :	Total Lvng SF :	PavingMatl :Paved
Other Rms :	Garage SqFt :	ElectrcSvc :
Floor Cover :	Garage Sp :	Nuisance :Lt Traffic
Fireplace :	Garage Type :	Sidewalk :Yes
Cooling :	Patio SqFt :	Sewer :Sanitary
Heat Mthd :	Patio :	View Qlty :
Heat Srce :Gas	Pool :	Water Srce :Yes
Intercom :	Spa :	Foundation :
Microwave :	Deck SqFt :	Wall Matl :
Vacuum :	Deck :	Roof Matl :
Trash Cmptr :	Stories :	Roof Shape :
Appliance :	Bldg Style :	Const Type :
Tennis Crt :	Total Units :	

Misc. Improvements

Size

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.
- 7.
- 8.
- 9.
- 10.

NE 1/4 NW 1/4 SEC. 1 T.1S. R.1E. W.M.
MULTNOMAH COUNTY

IS IE IBA
PORTLAND

THIS MAP WAS PREPARED FOR
ASSESSMENT PURPOSE ONLY

1" = 100'

CANCELLED NO.
4400



SEE MAP IS IE 1B8

SEE MAP IS IE 1A8

SEE MAP IS IE 1B0

APPROX.
1/16 COR.

IS IE IBA
PORTLAND

**3223 SE YAMHILL ST - SUNNYSIDE
- PORTLAND**

[Explorer](#) | [Property](#) | **Maps** | [Projects](#) | [Crime](#) | [Census](#) | [Environmental](#) | [Transportation](#)

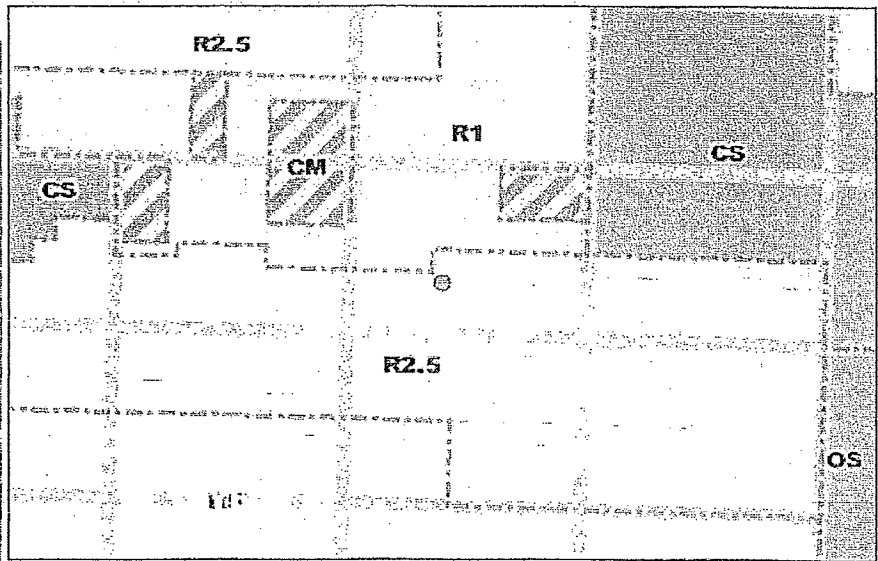
[Summary](#) | [Benchmarks](#) | [Businesses](#) | [Elevation](#) | [Fire](#) | [Hazard](#) | [Photo](#) | [Property](#) | [Tax Map](#) | [UGB](#) | [USB](#) | [Walkability](#) | [Zoning](#) | [Zip Code](#) | [Public Art](#)

Property & Location

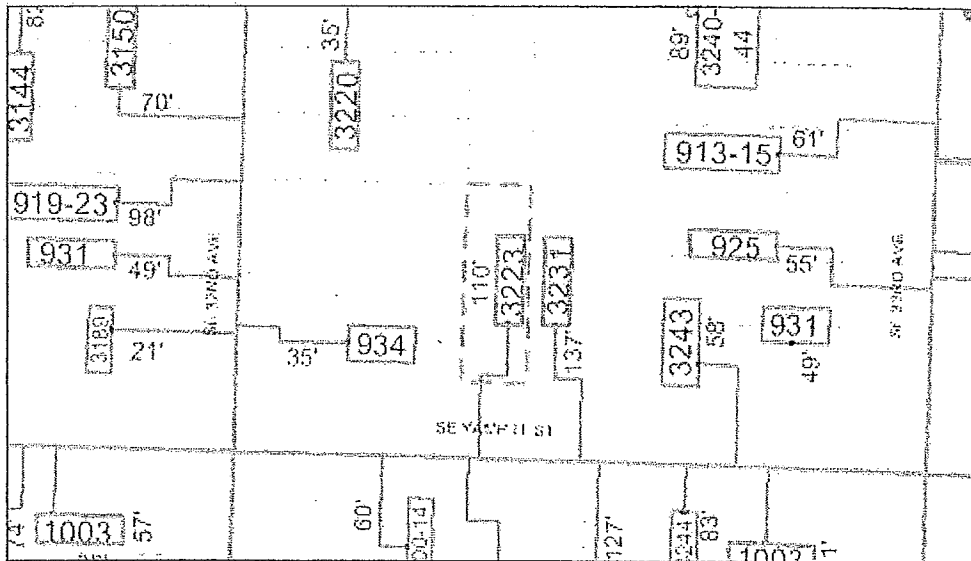


Zoning

Property	
Zone	R2.5
Description	Residential 2,500
Overlay	
Comp Plan	R2.5
Comp Plan Overlay	
Historic District	
Conservation District	
Plan District	
NRMP District	
Urban Renewal District	n/a
Zoning Map	3133

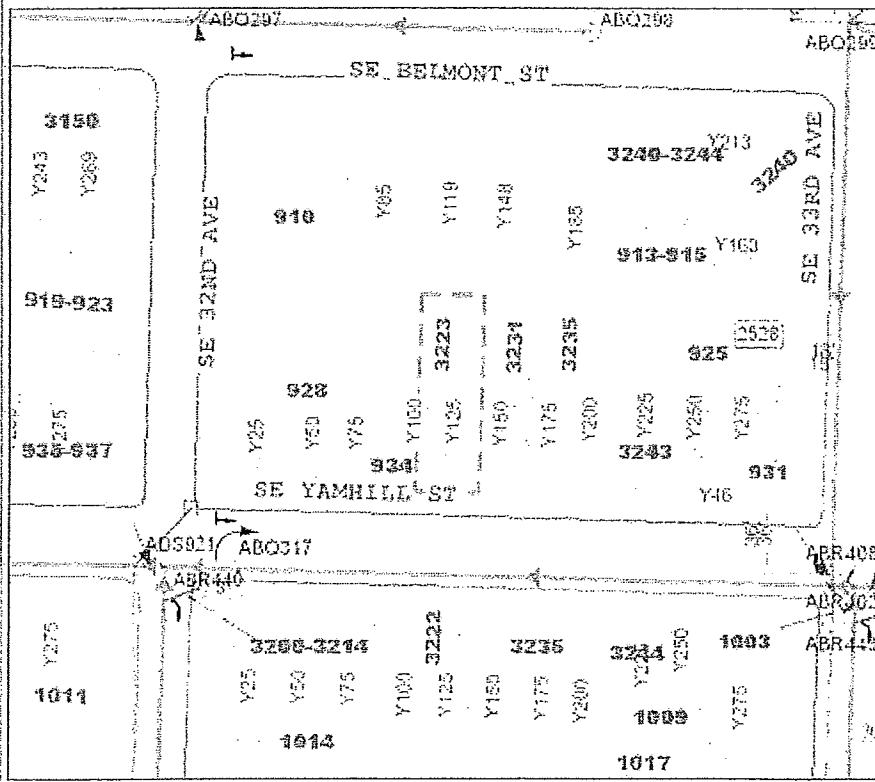


Water Utilities



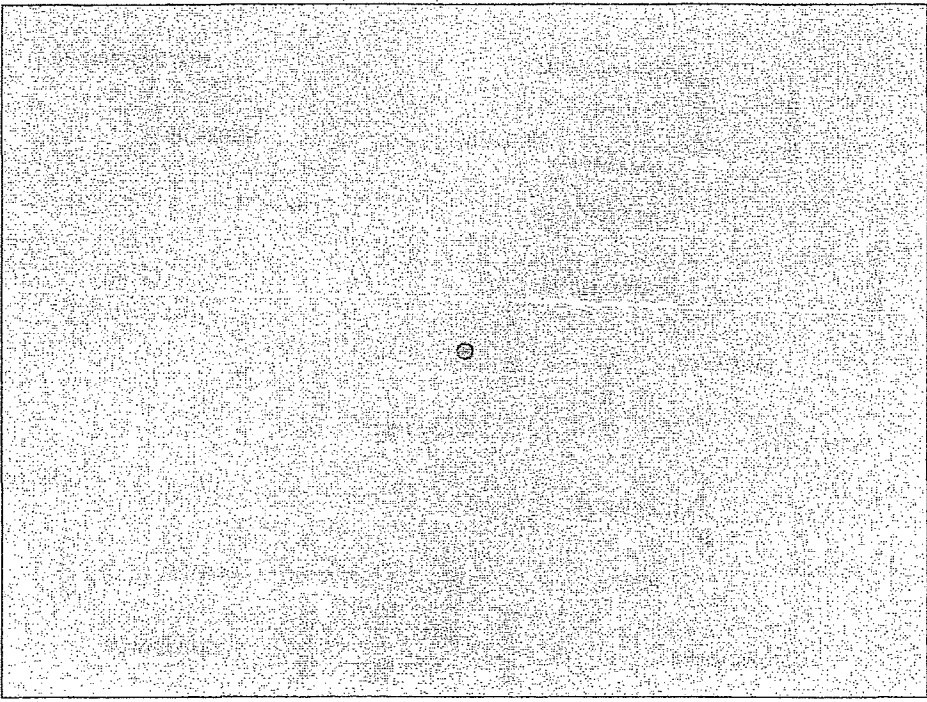
This map depicts the approximate location of water facilities located in the public right-of-way; the actual physical location can only be established by requesting a free utility locate. Call the Oregon Utility Notification Center by dialing 811. Location of water piping on privately owned property is unknown to the Portland Water Bureau, and is shown for illustrative purposes only.

Sewer System



- WTP TREATMENT PLANTS
- PUMP STATIONS
- MANHOLES
- CLEANOUTS
- DIVERSIONS
- OUTFALL
- SEDIMENTATION MANHOLES
- SUMPS
- INLETS
- TRASH RACK
- DISCHARGE POINTS
- FLOW CONTROL
- STORAGE
- WATERWAY FEATURES
- NO ACCESS POINTS

Elevation Map



100' ELEVATION MAP

- Less than 100'
- 100' to 200'
- 200' to 300'
- 300' to 400'
- 400' to 500'
- 500' to 600'
- 600' to 700'
- 700' to 800'
- 800' to 900'
- 900' to 1000'
- 1000' to 1100'
- 1100' to 1200'
- 1200' to 1300'
- 1300' to 1400'
- 1400' to 1500'
- >= 1500'

Aerial Photo (2011)



City of Portland, Corporate GIS

7/30/2014

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**3223 SE YAMHILL ST -
 SUNNYSIDE - PORTLAND**

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[Summary](#) | [Assessor](#) | [Permits/Cases](#) | [Block](#) | [Schools](#) | [Parks](#) | [Development](#) | [Garbage/Recycling](#) | [Noise](#) | [Historic Permits](#) | [Water](#) | [Documents](#)

General Information	
Property ID	R280576
County	MULTNOMAH
State ID	1S1E01BA 4700
Alt Account #	R810404190
Map Number	3133 OLD
Site Info	
Site Address	3223 SE YAMHILL ST
City/State/Zip	PORTLAND OR 97214
Owner Info (Privacy)	
Owner(s) Name	PORTLAND GENERAL ELECTRIC CO ATTN CORPORATE TAX DEPT
Owner Address	121 SW SALMON ST 1WTC0510
City/State/Zip	PORTLAND OR 97204-2901

Property Description			
Tax Roll	SUNNYSIDE & PLAT 2 & 3, BLOCK 23, LOT 8, DEPT OF REVENUE		
Use	CENTRALLY ASSESSED		
Lot	8		
Block	23		
Tax Districts			
101	PORT OF PORTLAND		
130	CITY OF PORTLAND		
130L	CITY OF PORTLAND - NEW LEVIES		
130M	CITY OF PORTLAND PARKS LOP		
143	METRO		
164	EAST MULT SOIL/WATER		
170	MULTNOMAH COUNTY		
170L	MULT CO LIBRARY LOCAL OPT TAX		
171	URBAN RENEWAL PORTLAND		
173	URB REN SPECIAL LEVY - PORTLAND		
198	TRI-MET TRANSPORTATION		
304	MULTNOMAH ESD		
309	PORTLAND COMM COLLEGE		
311	PORTLAND SCHOOL DIST #1		
Deed Information			
Sale Date	Type	Instrument	Sale Price
	INST	BP11171338	\$0.00

Land Information		
Type	Acres	SQFT
		0

UP XXX PGE Property Sale

Exhibits I-3

Page 58

2006	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2005	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2004	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2003	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2002	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2001	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2000	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
1999	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

City of Portland, Corporate GIS

Assessor Data Updated 7/21/2014

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More Contact Info (<http://portlandoregon.gov/bps/article/136170>)



Single Dwelling Zones

The single-dwelling zones are intended to preserve land for housing and to provide housing opportunities for individual households. The zones implement the comprehensive plan policies and designations for single-dwelling housing.

Use regulations. The use regulations are intended to create, maintain and promote single-dwelling neighborhoods. They allow for some nonhousehold living uses but not to such an extent as to sacrifice the overall image and character of the single-dwelling neighborhood.

Development standards. The development standards preserve the character of neighborhoods by providing six different zones with different densities and development standards. The development standards work together to promote desirable residential areas by addressing aesthetically pleasing environments, safety, privacy, energy conservation, and recreational opportunities. The site development standards allow for flexibility of development while maintaining compatibility within the City's various neighborhoods. In addition, the regulations provide certainty to property owners, developers, and neighbors about the limits of what is allowed. The development standards are generally written for houses on flat, regularly shaped lots. Other situations are addressed through special regulations or exceptions.

	RF	R20	R10	R7	R5
Maximum Density	1 unit per 87,120 sq. ft.	1 unit per 20,000 sq. ft.	1 unit per 10,000 sq. ft.	1 unit per 7,000 sq. ft.	1 unit per 5,000 sq. ft.

Standard	RF	R20	R10	R7	R5	R2.5	
						detached	attached
Maximum Height	30 ft. [2]	30 ft. [2]	30 ft. [2]	30 ft. [2]	30 ft. [2]	35 ft. [2]	35 ft. [2]
(See 33.110.215)							
Minimum Setbacks							
- Front building setback	20 ft.	20 ft.	20 ft.	15 ft.	10 ft.	10 ft.	10 ft.
- Side building setback [3] [4] [8]	10 ft.	10 ft.	10 ft.	5 ft. [9]	5 ft. [9]	5 ft. [9]	5 ft. [5] [9]
- Rear building setback [3] [8]	10 ft.	10 ft.	10 ft.	5 ft.	5 ft.	5 ft.	5 ft.
- Garage entrance setback [3] [6]	18 ft.	18 ft.	18 ft.	18 ft.	18 ft.	18 ft.	18 ft.
(See 33.110.220)							
Required Outdoor Area							
- Minimum area	250 sq. ft.	250 sq. ft.	250 sq. ft.	250 sq. ft.	250 sq. ft.	250 sq. ft.	200 sq. ft.
- Minimum dimension [7]	12 ft. x 12 ft.	12 ft. x 12 ft.	12 ft. x 12 ft.	12 ft. x 12 ft.	12 ft. x 12 ft.	12 ft. x 12 ft.	10 ft. x 10 ft.
(See 33.110.235)							

Notes:

[1] These standards may be superseded by the regulations of an overlay zone or plan district.

[2] Some lots may be subject to a different height standard. See 33.110.215.B.

- [3] No setback is required from a lot line abutting an alley.
- [4] The side setback for lots in front of flag lots may be reduced to 3 feet. See 33.110.220.D.2.
- [5] Applies only to the perimeter of the attached unit development. See 33.110.240 C. for more information.
- [6] The walls of the garage structure are subject to 33.110.250.E and the applicable front, side, or rear building setbacks.
- [7] The shape of the outdoor area must be such that a square of the stated dimension will fit entirely in the outdoor area.
- [8] No setbacks are required from an internal lot line that is also a zoning line on sites with split zoning. See 33.110.220.D.6.
- [9] The minimum setback between an existing building and a side lot line along a proposed right-of-way or tract may be reduced to 3 feet when proposed as part of a land division.

Table 110-4 Maximum Building Coverage Allowed in the RF through R2.5 Zones [1]	
Lot Size	Maximum Building Coverage
Less than 3,000 sq. ft.	50% of lot area
3,000 sq. ft. or more but less than 5,000 sq. ft.	1,500 sq. ft. + 37.5% of lot area over 3,000 sq. ft.
5,000 sq. ft. or more but less than 20,000 sq. ft.	2,250 sq. ft + 15% of lot area over 5,000 sq. ft.
20,000 sq. ft. or more	4,500 sq. ft. + 7.5% of lot area over 20,000 sq. ft.

Notes:

- [1] Group Living uses are subject to the maximum building coverage for institutional development stated in Table 110-5.

Table 610-2 Lot Dimension Standards					
	RF	R20	R10	R7	R5
Minimum Lot Area	52,000 sq. ft.	12,000 sq. ft.	6,000 sq. ft.	4,200 sq. ft.	3,000 sq. ft.
Maximum Lot Area	151,000 sq. ft.	34,500 sq. ft.	17,000 sq. ft.	12,000 sq. ft.	8,500 sq. ft.
Minimum Lot Width	60 ft.[1]	60 ft.[1]	50 ft.[1]	40 ft.[1]	36 ft.[1]
Minimum Front Lot Line	30 ft.	30 ft.	30 ft.	30 ft.	30 ft.
Minimum Lot Depth	60 ft.	60 ft.	60 ft.	55 ft.	50 ft.

Notes:

- [1] See 33.610.200.D.

JOHN V. DONNERBERG, MAI PROFESSIONAL QUALIFICATIONS

BUSINESS ADDRESS

4805 SW Oleson Road
Portland, Oregon 97225
503-297-9046 (Office)

APPRAISAL EXPERIENCE

Real Property Consultants, Portland
May 1993 to Present – Position: State Certified General Appraiser

Conduct the appraisal of a variety of property types including single-family, multi-family, commercial, industrial and agricultural properties. Also conduct the appraisal of numerous right-of-way acquisition projects involving easements, fee takings, partial acquisitions and right-of-way corridors in both Oregon and Washington.

FORMAL EDUCATION

Oregon State University, Corvallis, Oregon – 1988-92
B.S. Degree in Technical Journalism

CERTIFICATES AND LICENSES

Oregon State Certified General Appraiser C000554
Washington State Certified General Appraiser 1100920

PROFESSIONAL AFFILIATIONS

Member: International Right-of-Way Association
Secretary, 2004, Board Member – International Right-Of-Way Association
Designated Member: Appraisal Institute (MAI)
2013 Secretary, Greater Oregon Chapter of the Appraisal Institute
2014 Treasurer, Greater Oregon Chapter of the Appraisal Institute

SAMPLING OF CLIENTS SERVED

Bank of America	PacifiCorp
City of Portland	Preferred Financial Funding
City of West Linn	Right-of-Way Associates
Clackamas County	Union Bank of California
Crossland Mortgage	Universal Field Services
First Franklin Group	Washington County
H.U.D. Approved	Washington Dept. of Transportation
NW Natural Gas	TriMet
Norwest Mortgage Inc.	Multnomah County
Oregon Dept. of Transportation	Metro
Portland General Electric Co.	City of Vancouver, Washington

JOHN V. DONNERBERG, MAI
PROFESSIONAL QUALIFICATIONS
(Continued)

PROFESSIONAL EDUCATION

Attended the following Appraisal Institute courses:

Appraisal Principles - Course 110 - 1993
Appraisal Procedures - Course 120 - 1993
Basic Income Capitalization - Course 310 - 1993
Standards of Professional Practice - Part A - Course 410 - 1993
General Applications - Course 320 - 1996
Standards of Professional Practice - Part B - Course 420 - 1993
Standards of Professional Practice - Part C - Course 430 - 1998
Appraising High Values & Historic Homes - 1998
Fannie Mae Update - 1998
Changing Appraisal Market - 1998
Advanced Income Capitalization - Course 510 - 1999
Highest and Best Use - Course 520 - 1999
Advanced Sales Comparison and Cost Approach - Course 530 - 3/2000
Report Writing - Course 540 - May 2000
Attacking and Defending An Appraisal in Litigation - 5/2001
Comprehensive Examination Workshop - 2001
USPAP "A" and "B" - 4/2002
Report Writing Seminar - Course 755, 2/2004
Scope of Work Seminar - Course 756, 3/2004
National USPAP Update - Course 400 - 3/2004
Rates and Ratios - Course 754, 5/2004
National USPAP Update - 11/2005
Professionals Guide to the URAR - 9/2005
Demonstration Appraisal Report Writing Seminar - April 2006
Evaluating Residential Construction - 2/2007
National USPAP Update - 2/2008
Statistics and Residential Trends - 2/2008
State of the Industry Seminar - 12/2008
Chief Appraiser Round Table 4/9/2009
FHA Appraisal 3/12/2009
National USPAP Update 12/10/2010
Business Practices and Ethics 420 - 3/5/2010
Analyzing Distressed Real Estate - 4/27/2010
Appraisal Curriculum Overview - 11/10/2010
National USPAP Update - 3/2012
Discounted Cash Flow Model: Concepts, Issues and Apps 5/2012
Attacking/Defending an Appraisal in Litigation - 4/2013
National USPAP - 2014

PORTLAND GENERAL ELECTRIC COMPANY
PROPOSED JOURNAL ENTRIES

The following entries are to record the sale of Property located at 3223 SE Yamhill Blvd,
 Portland Oregon, D11-1/1,

	Land/Building	Total
Selling Price	333,000	333,000
Original Cost	20,357	20,357
Selling Expenses	81,077	81,077
Gain(Loss) Realized	231,566	231,566

Account	Description	Debit	Credit
	[1]		
131	Cash	333,000	
186	Misc Deferred Debits (Legal, Appraisal, Environmental Expense)	81,077	
186	Misc Deferred Debits	20,357	
186	Misc Deferred Debits (Land RWIP)		333,000
101	Electric Plant-in-Service		20,357
131	Cash - Appraisal/Labor expenses		81,077

To record costs and retire property located at D11-1/1,

	[2]		
186	RWIP	231,566	
411.6	Gain on disposition of property		231,566

To record the gain on the sale of property located at D11-1/1,

	[3]		
407.3	Deferral of property transfer gain	231,566	
254	Deferred gain on property sale		231,566

To record the deferred gain associated with the sale of property
 located at D11-1-1,

Launa Harmon

To: Mike Livingston
Subject: RE: Completed: 3223 SE Yamhill

-----Original Message-----

From: Mike Livingston
Sent: Thursday, October 09, 2014 1:10 PM
To: Launa Harmon
Subject: FW: Completed: 3223 SE Yamhill

-----Original Message-----

From: Corie Gosse [<mailto:corieg@johnlscott.com>]
Sent: Monday, September 15, 2014 2:47 PM
To: lolaw_mrl@msn.com
Cc: Mike Livingston
Subject: FW: Completed: 3223 SE Yamhill

Mike

The buyer has inspected the home. There were a number of items, but there was only one she wanted to talk about. Only one gave her concern and that was the roof. The roof on top of the house is at the end of it's life and the bid to replace it is \$8900. (tear off, replace and new vents.) The second roof is called a walkable roof and is the roof above the back porch. It is also what you walk on when you come out of the upstairs bedroom. There are few contractors that work with those because they can be complicated. The bid for that roof is \$6800.

The buyer has just submitted to you a reduction in price from the listed \$340,000 to \$333,000. Basically a \$7k reduction to split the cost of those repairs.

Corie Gosse
John L Scott Real Estate
4111 SE Woodstock Blvd
Portland, OR 97202
503-320-7468 Cellular
503-210-7003 E-Fax

From: DocuSign System [dse@docusign.net]
Sent: Monday, September 15, 2014 1:41 PM
To: Corie Gosse
Subject: Completed: 3223 SE Yamhill

Your document has been completed [https://www.docusign.net/Member/Images/logo_docusign_allwhite.png]

From: Sent on behalf of DocuSign

Cost and Description of Property

Accounting History for Property Located at D11-1/1, Audit 32810

<u>Purchase Year</u>	<u>Audit</u>	<u>FERC 360 - Land</u>	<u>Description</u>
1976	30981	<u>20,356.67</u>	Purchase property for use with Alder Substation, Lot 8, Block 23
	Total	20,356.67	Bookcost