



An appraisal of the property known as Hemker Oil Company, 206 Causeway Boulevard, La Crosse, Wisconsin. December 25, 1986

Landmark Research, Inc.
[s.l.]: [s.n.], December 25, 1986

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AN APPRAISAL OF
THE PROPERTY KNOWN AS
HEMKER OIL COMPANY
206 CAUSEWAY BOULEVARD
LA CROSSE, WISCONSIN

Landmark
Research
Inc.

AN APPRAISAL OF
THE PROPERTY KNOWN AS
HEMKER OIL COMPANY
206 CAUSEWAY BOULEVARD
LA CROSSE, WISCONSIN

AS OF
DECEMBER 25, 1986

PREPARED FOR
THE ESTATE OF ALFRED E. ANDING

PREPARED BY
LANDMARK RESEARCH, INC.

Landmark
Research
Inc.

James A. Graaskamp, Ph.D., S.R.E.A., C.R.E.

Jean B. Davis, M.S.

June 29, 1987

Alfred E. Anding, Jr.
A. E. Anding Estate
5900 Monona Drive, Suite 401
Monona, WI 53716

Dear Mr. Anding:

This letter transmits to you our appraisal of the office/storage property known as Hemker Oil Company located at 206 Causeway Boulevard, La Crosse, Wisconsin, and owned by S & A Corporation.

We have established the Fair Market Value as of December 25, 1986, assuming cash to the seller, and subject to the assumptions and limiting conditions noted throughout the report. Market value of the property, subject to the existing lease, but sold for cash is:

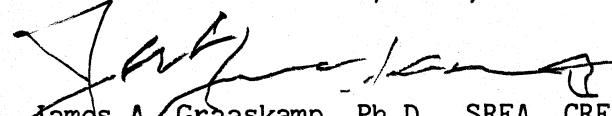
ONE HUNDRED THIRTEEN THOUSAND DOLLARS

(\$113,000)

We further certify, that to the best of our knowledge, the statements made in this report are true, and we have not knowingly withheld any significant information; that Ed Atwood has personally inspected the subject property; that we have no interest, present or contemplated in the subject property or the participants in the transaction; that neither the employment nor compensation to make said appraisal is contingent upon our value estimate; that all contingent and limiting conditions are stated herein; and that the fee charged is consistent with our usual charge for appraisal services.

We are pleased to have been of service to you and remain available to answer questions you may have regarding this appraisal.

FOR LANDMARK RESEARCH, INC.,


James A. Graaskamp, Ph.D., SREA, CRE
Urban Land Economist


K. Edward Atwood, Ph.D., CPA
Real Estate Analyst/Appraiser

Enclosures

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I. PURPOSE OF THE APPRAISAL

The purpose of the appraisal is to determine the Fair Market Value of the defined property interest of the property described herein as of the date of death of Alfred E. Anding on December 25, 1986. The property interests, as encumbered, on that date were owned by the S & A Corporation, a Wisconsin corporation in which A.E. Anding was the sole shareholder.

II. DEFINITION OF FAIR MARKET VALUE

The definition of Fair Market Value applicable to the appraisal is as follows: [1]

The most probable price in cash, terms equivalent to cash, or in other precisely revealed terms, for which the appraised property will sell in a competitive market under all conditions requisite to fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self interest, and assuming that neither is under undue duress.

Fundamental assumptions and conditions presumed in this definition are:

1. Buyer and seller are motivated by self interest.
2. Buyer and seller are well informed and are acting prudently.
3. The property is exposed for a reasonable time on the open market.
4. Payment is made in cash, its equivalent, or in specified financing terms.
5. Specified financing, if any, may be the financing actually in place or on terms generally available for the property type in its locale on the effective appraisal date.
6. The effect, if any, on the amount of market value of atypical financing, services, or fees shall be clearly and precisely revealed in the appraisal report.

[1] American Institute of Real Estate Appraisers, The Appraisal of Real Estate, Eighth Edition, Chicago, IL, 1983, p. 33.

III. DEFINITION OF THE INTERESTS TO BE APPRAISED

A. Location of Subject Property

The subject property is located at 206 Causeway Boulevard, La Crosse, Wisconsin, as indicated in Exhibit 1.

B. Legal Description

Lots 8 and 9 in Block 6 of Bemel's Industrial Addition to the City of La Crosse, La Crosse County, Wisconsin. (See Exhibit 2.)

C. Tax Assessment as of January 1, 1986

Parcel Tax Number: 17-20249-120

Assessed Valuation - Land	\$ 30,800
- Improvements	<u>122,000</u>
TOTAL	\$152,800

(Assessment ratio = 0.9460)
(Indicated Value = \$161,500)

D. Owner of Record

S & A Corporation, a Wisconsin corporation.

E. Mortgage Liens

S & A Corporation represents that a mortgage of record in the amount of \$35,000, dated November 20, 1968, and recorded November 25, 1968, (Volume 451, Page 409, La Crosse County Register of Deeds), to National Guardian Life Insurance has been satisfied. However, the satisfaction has not yet been filed.

F. Leasehold Interest

The subject property is leased to Hemker Oil Company for the term commencing May 16, 1985, and expiring May 15, 1990. The lessor assumed responsibility for structural and roof maintenance and the lessee agreed to a rental of \$2,250 per month plus property taxes, assessments, and common area charges (insurance premiums). The following excerpt from an April 30, 1987, letter to Mr. Alfred E. Anding, Jr., and Landmark Research, Inc., from Mr. Donald R. Huggett, Attorney, describes the current lease problems:

Please note again that the present tenant, Hemker Oil Company, is in Chapter 11 Bankruptcy, and has been since April, 1984. The lease was made to Hemker when they were already in bankruptcy. The tenant now owes approximately \$35,000 in unpaid rent (including taxes and insurance premiums). We have recently filed a proof of claim in the bankrupt estate, and also an Application for Payment of Administration Expenses, since the lease appears to have

been approved by the trustee for the debtor-in-possession, although the Bankruptcy Court's was not requested. I also enclose to Landmark Research a copy of my recent letter to Al Anding reporting on the status of the bankruptcy and collection of S & A's claim. I also enclose a copy of the claims filed with the trustee and the Bankruptcy Court, and a copy of the notice of default under the lease. Collection appears doubtful.

The complete enclosure to Landmark Research, Inc., mentioned in the excerpt above is located in Appendix A. It states, in part:

According to the recent Notice of Bar Date for Filing Proofs of Claim which we received, this Debtor filed for bankruptcy protection April 1, 1984. It entered into its lease with you May 8, 1985, and you advised you knew tenant was in bankruptcy but agreed to the lease, although you did not petition the Court for approval of the lease. Nevertheless, the claim is payable as an administration expense in our view, and we think the Court should approve payment as an administration expense regardless of the fact it did not earlier approve the lease, particularly in view of the Trustee's December 10, 1986, letter and upon which you apparently relied.

The bankruptcy process represents a significant encumbrance on the vested interests of the deceased, the marketability of the fee, and, therefore, the value of the real estate interest of S & A Corporation as of December 25, 1986.

IV. APPRAISAL METHODOLOGY

The appraisal process seeks as a conclusion a defensible benchmark of value through the application of three approaches: the Cost Approach, the Market Comparison Approach and the Income Approach. The Cost Approach consists of determining the replacement cost of land to which is added the cost of duplicating the improvements. The result is reduced by the physical, functional and locational obsolescence to arrive at value by the Cost Approach. This approach is appropriate only for improved real estate.

The Market Comparison Approach consists of identifying sales of similar properties and, through an orderly process of comparing attributes of the comparables to the subject property, inferring from market price behavior of past transactions the probable price of a transaction involving the subject property.

The Income Approach involves discounting the future cash flows attributable to the subject real estate at a rate of return appropriate to potential investors. Cash inflows and outflows are estimated from past operating results as well as current market and financing conditions. The discounted amount indicates the value of the income characteristics of the subject property.

Once the market value of the property unencumbered has been determined, it is then necessary to deduct the impact on the S & A Corporation's interests for certain capital liabilities and bankruptcy leasehold priorities in order to measure the interests of the deceased.

V. SITE DESCRIPTION

The subject site is situated in an industrial area just north of the central business district of La Crosse between Highway 53 (known as the Causeway) on the east and the Mississippi River. Specifically, it is located at the southeast corner of the intersection of Causeway Boulevard and Kraft Street. A location map is shown in Exhibit 1. The site is flat in slope, rectangular in shape, and measures 100 feet in width and 308.2 feet in depth. It consists of 30,820 square feet of land, and supports a 13,584 square foot one-story building that borders the east lot line. The set backs are approximately 30 feet on the north side along Causeway Boulevard, varying between 22 to 25 feet along Kraft Street on the west, and 100 feet to the south. The rear area is presently used in part as a storage area for fuel tanks and barrels. The area not covered by the building is mostly unpaved with the exception of a small area near the dock.

The site lies in the Regional Flood Range which requires that any building improvement be two feet above the Immediate Flood Range Elevation (IFRE) unless it is flood-proofed; the IFRE in the vicinity of the site is 43.62 feet. The property is zoned Heavy Industrial. (See Appendix B for a description of permitted uses.)

VI. BUILDING DESCRIPTION

The structure is used as a warehouse/light fabrication facility that consists of two sections. The front portion, measuring 75 feet by 100 feet, was built in 1956. An addition measuring 78 feet by 78 feet was added in 1968. Both sections are constructed on a 12-inch reinforced concrete foundation at a height of four feet above grade, making the floors dock height. The framing is of 12-inch block walls extending 13 feet high to the roof and capped with a block parapet with clay coping.

The roof is of bar joists five feet on center with one-inch common boards over the front section and corrugated metal decking over the rear addition. At the time of appraisal, both the roof and the saturated insulating board on the rear addition required replacement. The work was completed in March, 1987, for a total cost of \$18,000. However, unsatisfactory craftsmanship in the removal process damaged the corrugated decking which will require welded reinforcements. The roof on the front portion is substantially the original roof installed in 1956 and will require replacement within three to five years.

Dock facilities include one 8-foot by 8-foot overhead door on both the front and west sides of the building. A 12-foot by 20-foot concrete loading dock is present at the rear of the building which is serviced by an 8-foot by 10-foot overhead door. The floor of the structure is at dock height.

The front section originally included a lunch area and a small finished office area. (See Exhibit 3.) At its expense, the present tenant partitioned the northeast portion of the front section and finished it to include a reception area, offices, and storage for the office area. The floor finish is carpet, the walls are sand painted drywall, and the ceiling is of dropped acoustical tile with recessed fluorescent lighting. The office is heated by a heat pump that draws on the air from the warehouse area which is heated by suspended gas heaters. The heat pump is arranged such that it can be removed by the tenant without damage upon vacating the premises. Exhibit 4 shows the interior after the changes. Photos of the subject property are presented as Exhibit 5.

VII. MOST PROBABLE USE AND MOST PROBABLE BUYER

The most probable use of the property is as a warehouse/light fabrication facility. The La Crosse market is slow and most purchases are by users deciding between purchase or lease of required space. The income approach will provide the best indicator of the trade-off value between purchase and long-term leasing.

VIII. VALUATION OF THE SUBJECT PROPERTY

A. Income Approach

The Income Approach combines the present value of cash flows to the equity investor during the project holding period with the justified mortgage amount based on property income. The premise is that investment value is the sum of the present value of benefits to the owner plus the original balance to the loan since a loan is the present value of all the interest and principal payments due the lender under the financing contract.

The valuation process begins with a determination of the revenues and expenses expected during the project holding period. An analysis of market rents indicates that annual square foot rents range from \$1.56 to \$2.50, with the variation based on the extent of lessor responsible for various expenses. If the lessor is responsible only for exterior maintenance and passes through to the tenant any charges for taxes and insurance, as is the case with the subject property, the rents typically range from \$1.90 per square foot to \$2.20 per square foot. The actual base rent of the subject property is \$2,250 per month or, annually, \$1.95 per square foot of Gross Building Area (GBA). The actual rent is consistent with market rents and was therefore used for the base revenue projections in the analysis. In addition to the base rent, revenue equivalent to the amount of property taxes and insurance are included in the revenue projections. Currently, property taxes are \$4,334 and insurance costs \$773 per year. Because the current rental market is soft and any increases in property taxes and insurance are passed through to the tenant, rental revenues are held constant during the projection period. Vacancy can be expected to average nine months out of 60 months, or 15 percent per year. Assuming the property is well maintained and no major expenses associated with exterior maintenance are anticipated, the only expenses expected to be

incurred during the estimated five year holding period are taxes and insurance.

The financing parameters used in the analysis are based upon those reported in the Investment Bulletin by the American Council of Life Insurance for December, 1986. A 10.5 percent, 20-year loan is assumed. The debt coverage ratio was adjusted upward to 1.5 to account for the additional risk associated with a smaller, Class C type property rather than making an interest rate adjustment. The parameters were confirmed by Mr. Peter Cleven of the Bank of Onalaska.

Investors seek an equity yield rate on this type of property in the range of 12 to 13 percent. A rate of 12 percent was used in the analysis, establishing the maximum possible value an investor would pay.

The cash flows, financing parameters, and equity return requirements were analyzed using an investment valuation model known as After Tax Value (ATV), developed by ValuSoft and Micromatrix, Inc. The model has a detailed revenue, expense, financing, and income tax format that permits one to solve for a value justified by the specified parameters and constraints. The income tax parameters specified are those that would be applicable to the most probable investor under the tax reform act. As part of the income tax format, the land value must be specified for the model to solve for the portion of the total value to be assigned to the depreciable improvements. Though land sales in the immediate area of the subject property are nonexistent, sales of other industrial sites suggests a value of \$1.20 per square foot, or \$37,000. The resale value must also be specified in order to determine the after tax value of the reversion to the investor; the resale price is determined by capitalizing the fifth year net operating income by 11 percent.

The assumptions used in the discounted cash flow model are found in Exhibit 6. The discounted after tax value of the unencumbered subject property in a well maintained condition is \$166,160, or \$166,000 rounded, using a minimum 12 percent discount factor for all the benefits to the equity position.

B. Market Comparison Approach

It is possible to infer from market price behavior of past transactions the probable price and range of a transaction involving the subject property and a probable buyer of the type defined, assuming that a buyer will pay no more for a property than the amount another property offering similar utility would cost. Of course, properties sell with respect to their location, size, marketability, and other factors. It is therefore necessary to reduce these differences to a common denominator or unit within which price comparison and patterns can be identified. Each property is scored on a point system that is weighted for priorities of the investor in the current market. The price per square foot of each property is divided by its score to determine a price per square foot per point.

The weighted points per square foot price is first tested as a pricing formula on comparable sales. If the predicted prices are similar to the actual prices paid, then the pricing formula that has the minimum dispersion in predicting prices is applied to the subject property to determine the market comparison value of the subject parcel.

A map showing the location of each comparable is in Exhibit 7 and a description of each comparable sale is provided in Exhibit 8. First, financing terms, changes in the purchasing power of the dollar (inflation), and changes in market conditions and real growth must be considered in evaluating sales prices of comparables. No adjustments were made for these factors; all sales involved warranty deeds and are sufficiently recent. Real growth or decline was negligible during the period.

Each property has certain attributes that are observable and significant to the investor. In order to adjust for differences between the comparable sales and the subject property, a method of analyzing qualitative differences among the properties must be constructed. A list of price sensitive variables and corresponding ordinal scoring scales was developed to score each property (see Exhibit 9), the intent being to simulate the buyer's logic in paying a sales price. The differences are reduced to a common measure that reflects the significance each factor has on buyer perception.

Exhibit 10 provides the scoring results as well as the results of the remaining steps in the process described herein. An attribute scoring matrix for the comparables and the subject is presented with the corresponding price per square foot for each of the comparables. Next, the appraiser solves for the relative weights of the attributes that best predicts the price of the comparables. Based on that weighting scheme, a weighted matrix which reports the calculations of total point score for each comparable property and for the subject is established. The price per square foot for each comparable is divided by its point score to determine the price per point per square foot which is the basis for determining the mean price per point and unexplained dispersion for each comparable transaction. Next, the pricing formula of price per point per square foot is tested for ability to predict the price of each comparable and observe an acceptable variance from actual price. Having established an acceptable variance, the price algorithm is applied to the subject property.

The market comparison model indicates a range in property values from \$12.44 per square foot to \$12.71 per square foot adjusted for specific differences listed in Exhibit 9. When applied to the 13,584 SF of GBA of the subject property, these convert to a range of values from \$169,048 to \$172,593, with a central tendency of \$170,820. The value conclusion from the market comparison approach is \$171,000, or \$12.59 per square foot of GBA.

C. Cost Approach

The Cost Approach is based on the premise that the value of a property can be indicated by the current cost to construct a reproduction or replacement for the improvements minus the amount of depreciation evident in the structure from all causes plus the value of the land and entrepreneurial profit. Current costs for constructing improvements are derived from cost estimators, cost estimating publications, builders, and contractors.

The Calculator Method, a computerized cost service of the Marshall and Swift Valuation Service, provides a check on the values estimated by both the Income Approach and the Market Comparison Approach. The Calculator Method was applied to the subject property based on the cost assumptions provided in Exhibit 11. A separate analysis was made for both the original structure which is 30 years old and for the rear addition which is 18 years old. The land value is estimated at \$1.20 per square foot based on land sales of industrial sites, or a total of \$37,000, and is included with the cost assumptions related to the original structure. The computer analysis produced by the service are provided in Exhibit 12. Extras for dock height floors, a rear dock area, and the finished office space should be noted. The indicated value by the cost approach is \$97,000 on the original structure and \$74,000 on the rear addition, for a total of \$171,000 or \$12.59 per square foot of GBA.

D. Structural Flaws - Responsibility of the Fee Owner

The subject was in need of major roof repairs as of the date of the appraisal. In March of 1987, a new roof was placed on the back addition of the building at a cost of \$18,000. We have been advised that the roof over the original structure will need replacing in the next 3 to 5 years. A prudent investor would allow for these additional expenses, establish a reserve for replacement, and discount the value of the property accordingly. The indicated values under the market approach and the cost approach must be reduced by the immediate cost to cure the present structural flaws which is \$18,000. The future cost to maintain the structure in usable condition has been considered as a condition factor under both approaches, thus no additional adjustment is necessary. To determine the price discount attributable to the structural problems under the income approach, replacement reserves are incorporated in the expense projections. Based on a conservative estimate of \$5,000 per year replacement reserve, the indicated value of the property in its current condition is \$139,393, or \$139,000, rounded. (See Exhibit 13.) The difference between the fee simple value with no structural problems and the value incorporating replacement reserves is a valid indication of the expected price discount attributable to the structural flaws under the income approach. It is determined as

follows:

Indicated Income Value - Fee Simple	\$166,160
LESS: Indicated Income Value - Roof Defects	<u>(139,393)</u>
Price Discount Attributable to Defects	\$ 26,767
ROUNDED	\$ 27,000
	=====

E. Valuation of the Bankruptcy Leasehold Encumbrances

The subject property was leased to Hemker Oil Company commencing May 16, 1985, and expiring May 15, 1990. The tenant has been in Chapter 11 Bankruptcy since April 24, 1987, and is in arrears in rent. Though the rental is an administrative expense and is payable before previous unsecured creditors are paid, the probability of collecting even a portion of the rent is low. The appraiser has been advised that legal proceedings to evict the tenant are likely. Given the circumstances, an investor would not expect the property to achieve full potential until these issues are resolved and the property is re-rented.

It is expected that no more than 25 percent of the rent due during the first six months of 1987 would be collected. Given the current supply of available space in the La Crosse area, a vacancy period of six months following eviction is expected to be normal. To determine the impact on value of the current circumstances, the discounted cash flow model used in the Income Approach was modified to reflect the anticipated scenario. The value of the property as encumbered by the lease is \$108,527, or \$109,000 rounded, as reflected in Exhibit 14. The difference between the value based on normal rents with the associated roof problems and the value based on the current lease circumstances indicates the decrease in value due to the leasehold encumbrance. It is determined as follows:

Indicated Income Value - Normal Rents, reserves	\$139,393
LESS: Indicated Income Value - Lease encumbrance	<u>(108,528)</u>
Leasehold Bankruptcy Encumbrance	\$ 30,865
ROUNDED	\$ 31,000
	=====

IX. RECONCILIATION OF VALUE

The Income Approach, which is the primary indicator of value for this type of property, suggested a value of \$166,160. Accordingly, it is weighted most heavily in the determination of value. The Market Comparison Approach indicated a value of \$171,000 and is weighted less heavily than the Income Approach due to the diversity of the comparables. The Cost Approach suggested a value for the subject property of \$171,000. However, this approach serves primarily as a check

on the Income Approach and the Market Comparison Approach. It is weighted equally with the Market Comparison Approach in the reconciliation of value. The adjustments for structural problems and the reconciliation of value is as follows:

A. Adjustment For Structural Problems

INCOME APPROACH:

Fee Simple, Free of Structural Flaws	\$166,160
LESS: Discount attributable to immediate and future structural flaws	<u>(26,767)</u>
Indicated Value Adjusted for Structural Flaws	\$139,393
ROUNDED	\$139,400

MARKET COMPARISON APPROACH:

Fee Simple, Condition Considered	\$171,000
LESS: Cost to cure immediate structural flaws	<u>(18,000)</u>
Indicated Value adjusted for Structural Flaws	\$153,000

COST APPROACH:

Fee Simple, Condition Considered	\$171,000
LESS: Cost to cure immediate structural flaws	<u>(18,000)</u>
Indicated Value adjusted for Structural Flaws	\$153,000

B. Reconciliation

INDICATED VALUE ADJUSTED FOR STRUCTURAL FLAWS:

INCOME APPROACH	\$139,400 * 0.70	=	\$ 97,580
MARKET COMPARISON APPROACH	\$153,000 * 0.15	=	22,950
COST APPROACH	\$153,000 * 0.15	=	<u>22,950</u>
			\$143,480

LESS: LEASEHOLD ENCUMBRANCE (30,865)

NET FAIR MARKET VALUE OF PROPERTY INTERESTS \$112,615

ROUNDED \$113,000
=====

THEREFORE, THE VALUE OF THE PROPERTY INTERESTS AS OF DECEMBER 25, 1986, IS:

ONE HUNDRED THIRTEEN THOUSAND DOLLARS

(\$113,000)

EXHIBITS

FOR

HEMKER OIL COMPANY

EXHIBIT 1

LOCATION MAP

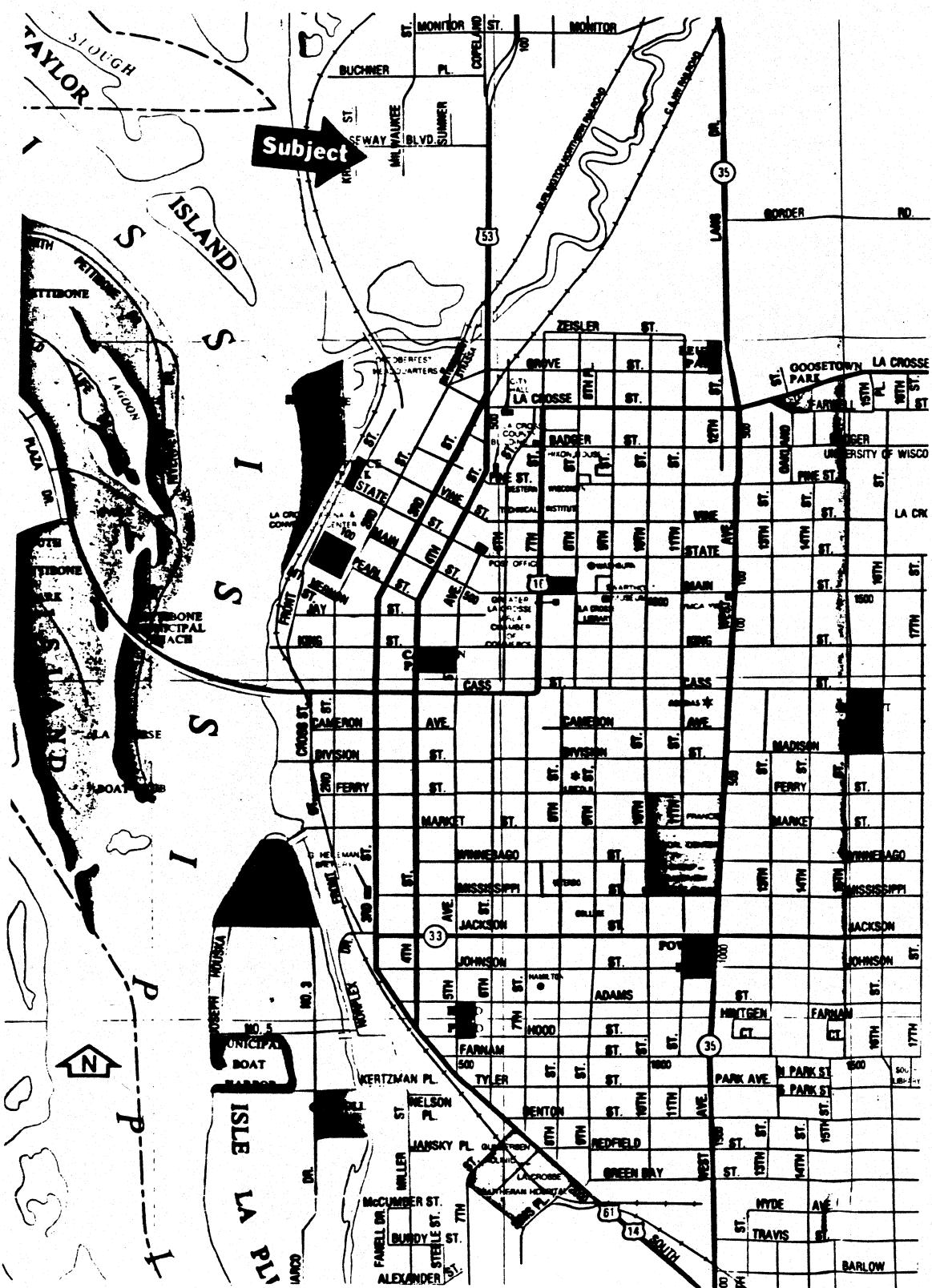


EXHIBIT 2

PLAT MAP

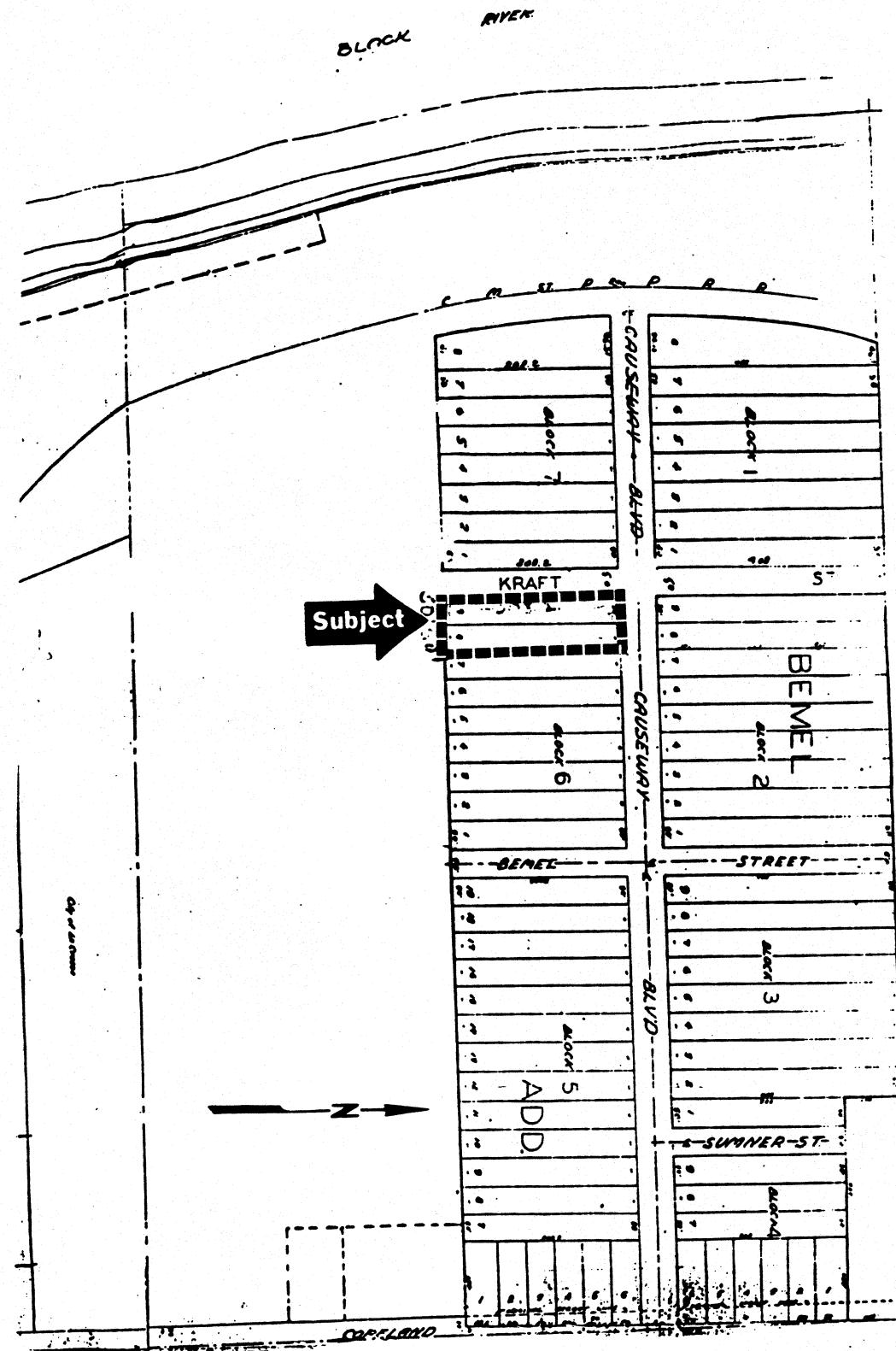


EXHIBIT 3

ORIGINAL PLAN OF SUBJECT

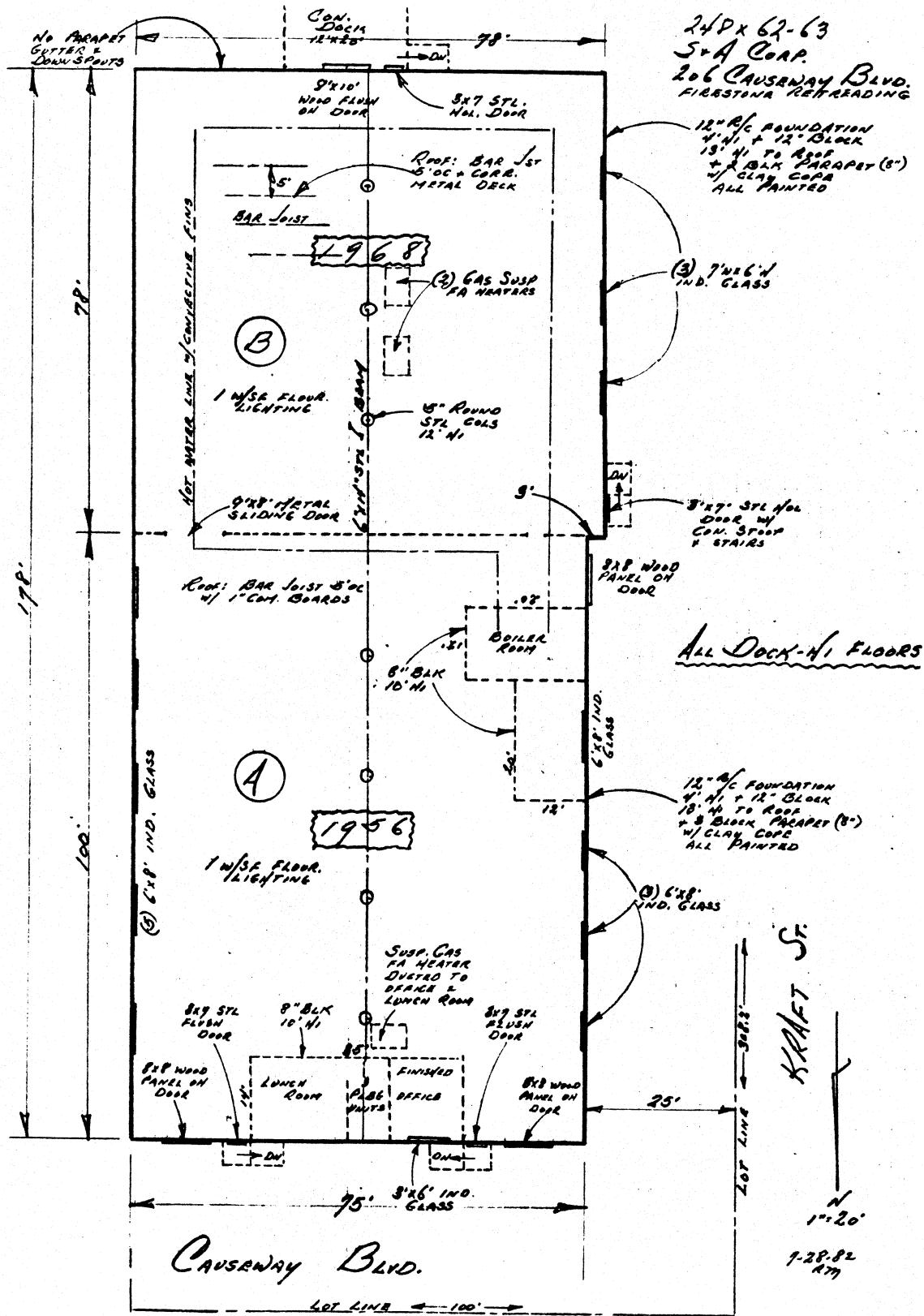


EXHIBIT 4

PLAN AFTER CHANGES OCCURRED

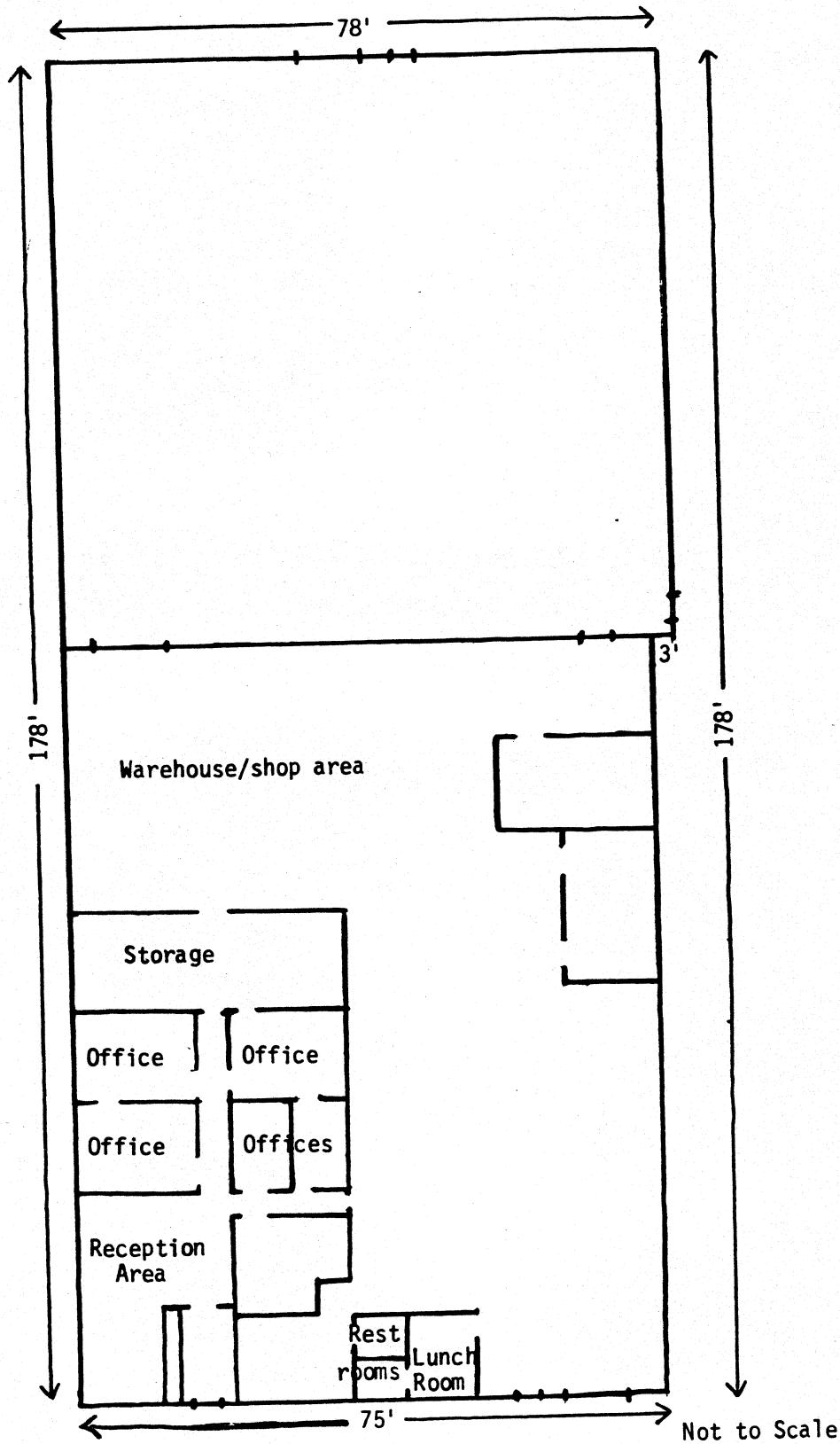


EXHIBIT 5

PHOTOGRAPHS OF THE SUBJECT PROPERTY



Front of subject with main entry at left



Back of subject showing loading dock

EXHIBIT 5 (Continued)



Side view of subject along Kraft Avenue;
Tanks at rear are owned by lessee



Reception area

EXHIBIT 5 (Continued)

One of the smaller offices with door leading to another office



Office Storage Area

EXHIBIT 5 (Continued)



Front of warehouse; windows look into offices
and door leads to office area



Front of warehouse area looking towards lunch room

EXHIBIT 5 (Continued)

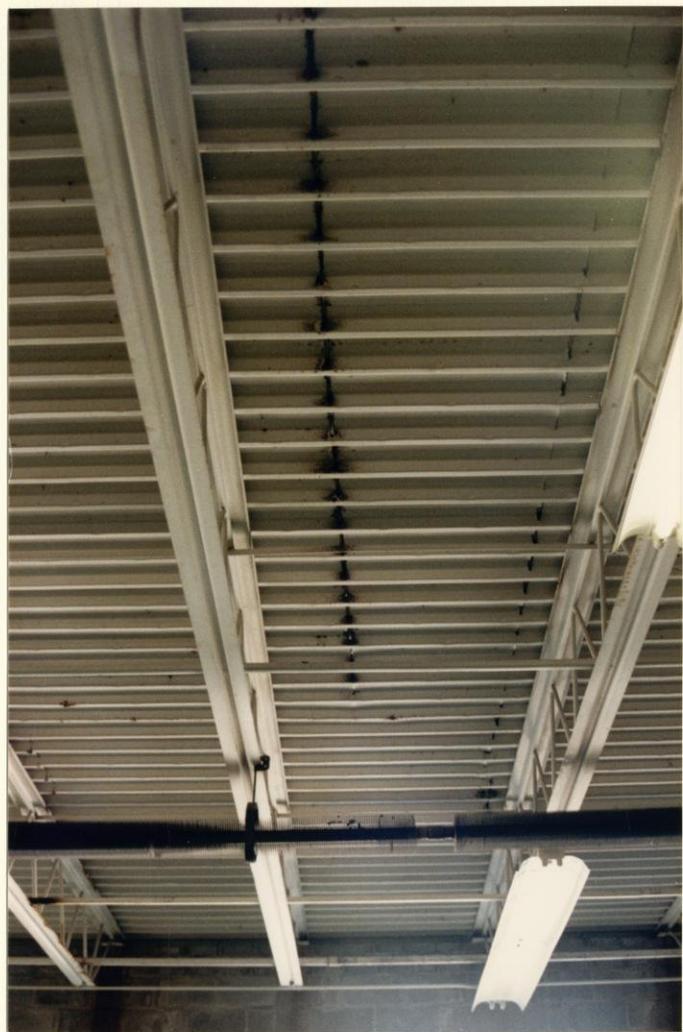


Front warehouse area looking towards boiler room



Newer back warehouse area

EXHIBIT 5 (Continued)



Damage created by poor workmanship
when new roof was installed

EXHIBIT 6

ATV ANALYSIS

INCOME AND EXPENSE SUMMARY

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
	\$32,106	\$32,106	\$32,106	\$32,106	\$32,106
GROSS INCOME	\$32,106	\$32,106	\$32,106	\$32,106	\$32,106
VACANCY	-\$4,816	-\$4,816	-\$4,816	-\$4,816	-\$4,816
EFF. GROSS INCOME	\$27,290	\$27,290	\$27,290	\$27,290	\$27,290
PROPERTY TAXES	\$4,334	\$4,334	\$4,334	\$4,334	\$4,334
INSURANCE	\$773	\$773	\$773	\$773	\$773
RESERVES	\$0	\$0	\$0	\$0	\$0
TOTAL EXPENSES	-\$5,107	-\$5,107	-\$5,107	-\$5,107	-\$5,107
NET OPERATING INC.	\$22,183	\$22,183	\$22,183	\$22,183	\$22,183

EQUITY YIELD RATE	12.00000
HOLDING PERIOD	5
LOAN NUMBER	1
INTEREST RATE	0.10500
LOAN TERM	20.00000
PAYMENTS PER YEAR	12
DSCR & LOAN/VALUE RATIOS	1.50000
TAX RATE	0.33000
CAPITAL GAINS TAX RATE	0.33000
CHANGE IN VALUE	0.00000
LAND VALUE	\$37,000.
DEPRECIATION METHOD	SL
COST RECOVERY PERIOD	32
NET OPERATING INCOME	\$22,183.
CHANGE IN NOI	0.00000
INCOME ADJUSTMENT FACTOR	YR
SELLING COST	0.07000

Landmark Research, Inc.

EXHIBIT 6 (Continued)

HEMKER OIL BLDG.
206 CAUSEWAY BLVD.
LA CROSSE, WI

By LANDMARK RESEARCH INC.

VALUE	\$166,160.
AFTER TAX YIELD	12.00000
OVERALL RATE	0.13350
MORTGAGE CONSTANT	0.11981
MORTGAGE VALUE	\$123,439.
BUILDING VALUE	\$129,160.
EQUITY VALUE	\$42,721.
EQUITY DIVIDEND	0.17308

C A S H F L O W S U M M A R Y

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
NOI	\$22,183.	\$22,183.	\$22,183.	\$22,183.	\$22,183.
DEBT SER#1	-\$14,789.	-\$14,789.	-\$14,789.	-\$14,789.	-\$14,789.
BTCF	\$7,394.	\$7,394.	\$7,394.	\$7,394.	\$7,394.
NOI	\$22,183.	\$22,183.	\$22,183.	\$22,183.	\$22,183.
INTEREST 1	-\$12,871.	-\$12,659.	-\$12,424.	-\$12,164.	-\$11,875.
DEPREC	-\$4,100.	-\$4,100.	-\$4,100.	-\$4,100.	-\$4,100.
TAXABLE	\$5,212.	\$5,424.	\$5,658.	\$5,919.	\$6,208.
TAXES	\$1,720.	\$1,790.	\$1,867.	\$1,953.	\$2,049.
ATCF	\$5,674.	\$5,605.	\$5,527.	\$5,441.	\$5,346.
RESALE PRICE	\$166,160.		RESALE PRICE	\$166,160.	
SELLING COST	-\$11,631.		SELLING COST	-\$11,631.	
LOAN BALANCE # 1	-\$111,488.		ADJUSTED BASIS	-\$145,658.	
			TAXABLE GAIN	\$8,870.	
BEFORE TAX PROCEEDS	\$43,040.		LONG TERM GAIN	\$8,870.	
TAXES	-\$2,927.		ORDINARY TAXES	\$0.	
AFTER TAX PROCEEDS	\$40,113.		CAPITAL GAINS TAX	\$2,927.	

EQUITY CASH FLOW SUMMARY

YEAR	CASH FLOW
0	-\$42,721.
1	\$5,674.
2	\$5,605.
3	\$5,527.
4	\$5,441.
5	\$45,459.

EXHIBIT 7

LOCATION OF COMPARABLE SALES

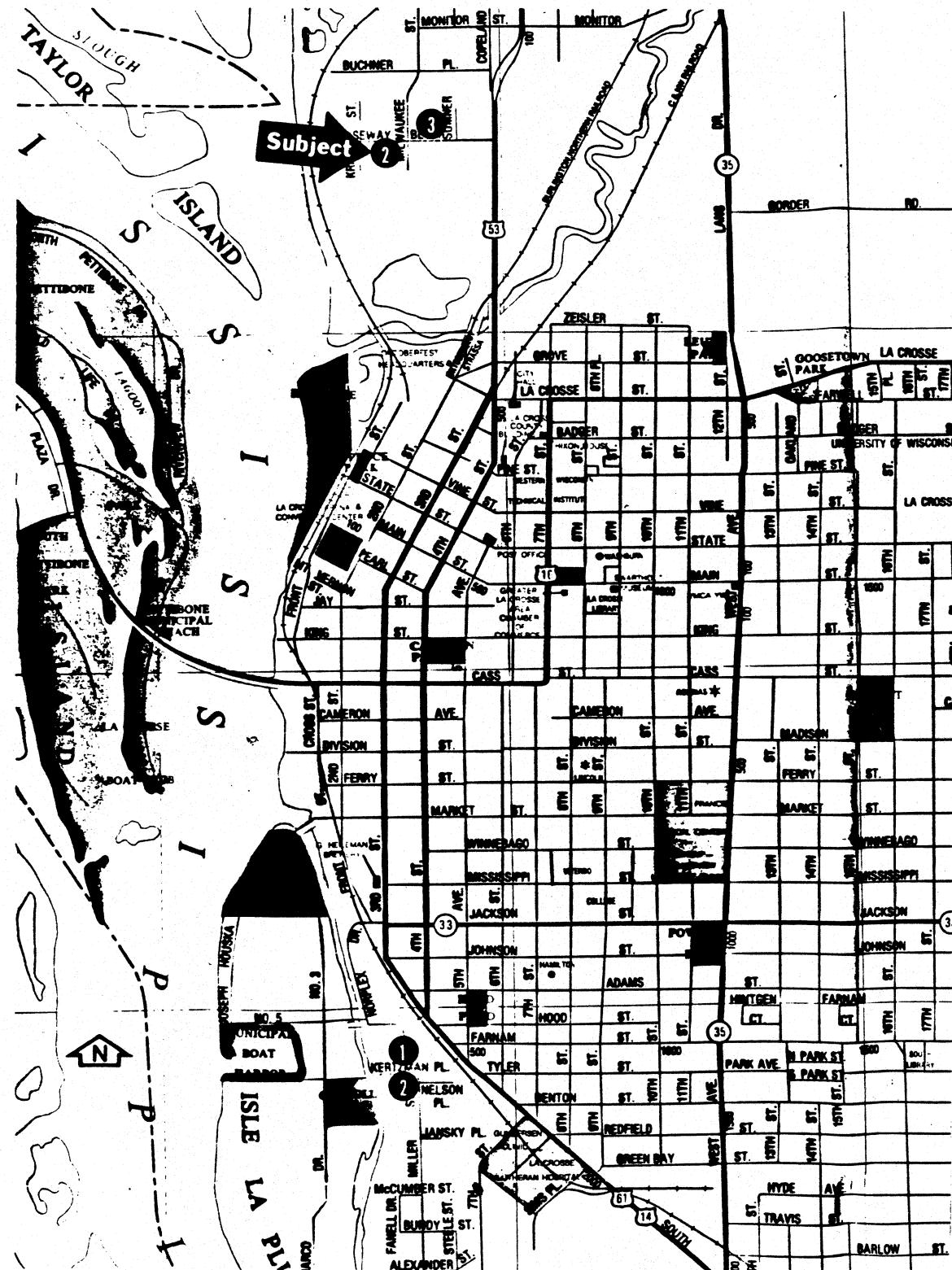


EXHIBIT 8

COMPARABLE SALE NO. 1



ADDRESS:	1502 Miller Street
LOCATION:	Area known as Muddy Flats, South of Subject Property
SALE PRICE:	\$290,000
SALE DATE:	December 19, 1986
SELLER:	Whittaker Holding Corporation
BUYER:	Gunderson Medical Foundation
RECORDING DATA:	Volume 749, Page 943, La Crosse County Register of Deeds
INSTRUMENT TYPE:	Warranty Deed
ZONING:	Heavy Industrial
SITE SIZE:	73,824 SF
PARKING:	Paved - 40,000 SF

EXHIBIT 8 (Continued)

COMPARABLE SALE NO. 1 (Continued)

YEAR BUILT:	1963
CONSTRUCTION TYPE:	Masonry/steel
GROSS FLOOR AREA:	19,910 SF
OFFICE/RETAIL AREA:	3,400 SF - office
WAREHOUSE AREA:	15,410 SF
HEIGHT:	Office - 3 feet Warehouse - 11 feet
HEAT:	Gas forced air, ducted forced air suspended heater in office
AIR CONDITIONING:	Central office area
TRUCK DOCKS:	No overhead doors; rear dock with two sets of double steel doors

EXHIBIT 8 (Continued)

COMPARABLE SALE NO. 2



ADDRESS:	343 Causeway Boulevard
LOCATION:	One block east of subject
SALE PRICE:	\$53,900
SALE DATE:	April 18, 1986
SELLER:	H. E. Pretasky
BUYER:	David and Susan Rogers
RECORDING DATA:	Volume 758, Page 696, La Crosse County Register of Deeds
INSTRUMENT TYPE:	Warranty Deed
ZONING:	Heavy Industrial
SITE SIZE:	7,500 SF
PARKING:	Open, partially paved parking area along east side of structure

EXHIBIT 8 (Continued)

COMPARABLE SALE NO. 2 (Continued)

YEAR BUILT:	1952
CONSTRUCTION TYPE:	Masonry/concrete block
GROSS FLOOR AREA:	3,200 SF
OFFICE/RETAIL AREA:	800 SF
WAREHOUSE AREA:	2,400 SF
HEIGHT:	9 feet
HEAT:	Gas forced air, suspended gas furnace in warehouse
AIR CONDITIONING:	None
TRUCK DOCKS:	None

EXHIBIT 8 (Continued)

COMPARABLE SALE NO. 3



ADDRESS:	224 Causeway Boulevard
LOCATION:	Adjacent to subject on east side
SALE PRICE:	\$240,000
SALE DATE:	September 10, 1986
SELLER:	State Bank of La Crosse
BUYER:	John A., Jr. and Grace E. Stand
RECORDING DATA:	Volume 771, Page 449, La Crosse County Register of Deeds
INSTRUMENT TYPE:	Warranty Deed
ZONING:	Heavy Industrial
SITE SIZE:	61,640 SF
PARKING:	Paved - north and east sides

EXHIBIT 8 (Continued)

COMPARABLE SALE NO. 3 (Continued)

YEAR BUILT:	1962
CONSTRUCTION TYPE:	Concrete block
GROSS FLOOR AREA:	22,022 SF
OFFICE/RETAIL AREA:	4,830 SF - office
WAREHOUSE AREA:	17,192 SF
HEIGHT:	17 feet; 21 feet - rear Crane Way
HEAT:	Gas forced air, suspended unit heaters in warehouse
AIR CONDITIONING:	Office area
TRUCK DOCKS:	One recessed dock height ramp, two-12 feet by 14 feet entrances in rear Crane Way

EXHIBIT 8 (Continued)

COMPARABLE SALE NO. 4



ADDRESS:	327 Kertzman Place
LOCATION:	South of subject, adjacent to Comparable Sale No. 1
SALE PRICE:	\$132,500
SALE DATE:	October 1, 1986
SELLER:	Whittaker Holding Corporation
BUYER:	James P. Donsky
RECORDING DATA:	Volume 773, Page 411, La Crosse County Register of Deeds
INSTRUMENT TYPE:	Warranty Deed
ZONING:	Heavy Industrial
SITE SIZE:	19,428 SF
PARKING:	Paved along north side

EXHIBIT 8 (Continued)

COMPARABLE SALE NO. 4 (Continued)

YEAR BUILT:	1965; 1978 addition that encompassed a one-story house and original warehouse area
CONSTRUCTION TYPE:	Pre-engineered steel, metal lath, stucco finish
GROSS FLOOR AREA:	13,870 SF
OFFICE/RETAIL AREA:	2,178 SF
WAREHOUSE AREA:	11,692 SF
HEIGHT:	Southeast corner - 10 feet; remainder - 16 feet
HEAT:	Gas forced air, office has suspended unit heaters
AIR CONDITIONING:	Office area
TRUCK DOCKS:	Five overhead doors at grade

EXHIBIT 9

SCALE FOR SCORING COMPARABLE SALES
BASED ON PRICE SENSITIVE ATTRIBUTES

LOCATION:

- 5 - Mid-city
- 3 - Muddy Flats
- 1 - Finge areas

LAND/BUILDING RATIO:

- 5 - Greater than 3.0
- 3 - 2.0 to 3.0
- 1 - Less than 2.0

BUILDING SIZE:

- 5 - Less than 8,000 SF
- 3 - 8,000 SF to 16,000 SF
- 1 - Greater than 16,000 SF

QUALITY:

- 5 - Above Average
- 3 - Average
- 1 - Below Average

CONDITION:

- 5 - Good Condition
- 3 - Average
- 1 - Fair; maintenance required

EXHIBIT 10

POINT SCORE ANALYSIS

Project title: HEMKER OIL BLDG

Unit prices Search interval = 5

	LOC	LAND/ SIZE	QU	AGE	Price	
Prel. wts.	15	15	40	5	25	-
1502 MILLER	1	5	1	5	5	\$14.56
343 CAUSEWA	3	3	5	1	1	\$16.84
224 CAUSEWA	3	3	1	1	3	\$10.90
327 KERTZMA	1	1	3	1	1	\$9.55
HEMKER OIL	3	3	3	1	1	-

Attribute	LOC	Weighted Matrix			AGE	WtdScr
		LAND/BLD	SIZE	QU		
Initial weights	15	15	40	5	25	100
Final weights	15	15	40	5	25	100
1502 MILLER	1/ 0.15	5/ 0.75	1/ 0.40	5/ 0.25	5/ 1.25	2.80
343 CAUSEWAY	3/ 0.45	3/ 0.45	5/ 2.00	1/ 0.05	1/ 0.25	3.20
224 CAUSEWAY	3/ 0.45	3/ 0.45	1/ 0.40	1/ 0.05	3/ 0.75	2.10
327 KERTZMAN	1/ 0.15	1/ 0.15	3/ 1.20	1/ 0.05	1/ 0.25	1.80
HEMKER OIL BLD	3/ 0.45	3/ 0.45	3/ 1.20	1/ 0.05	1/ 0.25	2.40

EXHIBIT 10 (Continued)

Mean Price Per Point Method: Predicted vs. Actual Price for Comparables

	Predicted Price	Actual price	Error	% Error
1502 MILLER	\$14.67	\$14.56	\$0.11	0.8
343 CAUSEWAY	\$16.77	\$16.84	-\$0.07	0.4
224 CAUSEWAY	\$11.00	\$10.90	\$0.10	0.9
327 KERTZMAN	\$9.43	\$9.55	-\$0.12	1.3

Value Range Determination: Mean Price Per Point Method

Mean price per point: \$5.24
 Dispersion About the Mean: \$0.05
 Coefficient of Variation : 0.01

Value Range Per Unit of Dispersion

Subject Point Score		Mean (+/- One Standard Deviation)		Price Per SQUARE FOOT
Low Estimate	2.40	X	\$5.19	= \$12.44
Central Tendency	2.40	X	\$5.24	= \$12.58
High Estimate	2.40	X	\$5.29	= \$12.71

Transaction Zone: Mean Price Per Point Method

Number of SQUARE FOOT in subject property: 13584

Low Estimate	\$169,048	or	\$169,000
Central Tendency	\$170,820	or	\$171,000
High Estimate	\$172,593	or	\$173,000
Coefficient of Variation			= 0.01

Iterations

	LOC	LAND/	SIZE	QU	AGE	S.D.	Mean
Prelim. Wts.	15	15	40	5	25	5.433179E-02	5.239633
Pass # 1	15	15	40	5	25	5.433179E-02	5.239633

EXHIBIT 11 (Continued)

INPUT INFORMATION FOR MARSHALL AND SWIFT (Continued)

COST REFINEMENTS

Mezzanines (Sq. Ft. of Mezzanines)		Commercial and Institutional Built-ins (Total Sq. Ft. of Building Area)	
MZM:	Display	UW:	Bank Equipment
MZB:	Office		(counters, vault doors, etc.)
MZC:	Storage	UX:	Jail Equipment
MZD:	Open		(cell blocks, locking devices, etc.)
Balconies (Sq. Ft. of Balconies)		UY:	Hospital Equipment (Groups II and III)
BCA:	Apartment Exterior	UAA:	Hospital Pneumatic Conveyor System
BCD:	Auditorium	UAB:	College Commons Kitchen Equipment
BCC:	Church	UAC:	Science Building Laboratory Equipment
BCT:	Theater		Bank Vaults (Sq. Ft. of Vault Area)
Decks (Sq. Ft. of Dock Area)		UAD:	Money
DLR: 1=0; 2=325	Loading with Roof	UAG:	Record Storage
DLW:	Loading without Roof		
DOS:	Shipping		Stages & Permanent Fixtures (Sq. Ft. of Stage Area)
DOF: 1=7500; 2=6084	Dock Height Floors	UAH:	Live Performance
Parking Lots (Sq. Ft. of Parking)		UAJ:	Motion Picture Only
PAS:	Paving, Asphalt	UAK:	Speaker's Platform
PCO:	Paving, Concrete		High Rise Apartment Miscellaneous (Number of Units)
LIG:	Parking Lot Lighting (Sq. Ft. of Area Served)	APP:	Appliance Allowance (Enter # of apart. units)
BUM:	Parking Bumpers (Lin. Ft.)	UAM:	Wall Air Conditioning (# of units)
			Barns and Sheds (Sq. Ft. of Loft)
		LOF:	Lofts for Barns or Sheds

ADDITIONS

ADD TO (SUPerstructure, BASEment, EXTrA (Depreciated), MIScellaneous (Not Depreciated))

BRIEF DESCRIPTIONS

(+ or -) COST

1=SUP : Office		\$ 12,300
:		\$
:		\$
:		\$
:		\$
		\$

REMARKS

REM: _____
REM: _____
REM: _____

OCCUPANCY CODES

300 Apartment (High Rise)	316 Dairy & Milking Barn	336 Laundromat	357 Commons	399 Shed, Cattle
301 Armory	317 Dairy Sales Building	337 Library	358 Gymnasium	400 Shed, Hay
302 Auditorium	318 Department Store	338 Loft	359 Lecture Hall	403 Shower Building
303 Automobile Showroom	319 Discount Store	339 Lumber Stge., Horizontal	360 Library	378 Stable
304 Bank	320 Dispensary	390 Lumber Stge., Vertical	361 Manual Arts	389 Storage, Equipment
304 Barber Shop	393 Dormitories (Labor)	340 Market	362 Multi-Purpose	391 Storage, Material
305 Barn	321 Dormitory	341 Medical Office	363 Physical Education	395 Storage, Potato or
396 Barn, Hog	322 Fire Station	342 Mortuary	364 Science	Vegetables
397 Barn, Sheep	323 Fraternal Building	343 Motel	365 Entire Elementary	379 Theater, Stage Presentation
398 Barn, Fruit Packing	324 Fraternity House	344 Office Building	366 Entire Secondary	380 Theater, Motion Picture
306 Bowling Alley	325 Garage, Service	345 Parking Structure		383 Tobacco Barn
394 Cabins (Transient Labor)	326 Garage, Storage	388 Parking Structure, Underground	School, College	404 Utility Building, Farm
308 Church with Sunday School	327 Governmental Building	346 Post Office	367 Arts & Crafts	381 Veterinary Hospital
309 Church without Sunday School	328 Hangar, Storage	347 Poultry House	368 Classroom	382 Warehouse
310 City Club	329 Hangar, Maintenance & Office	348 Rectory	369 Commons	386 Warehouse, Mini
311 Clubhouse	330 Home for the Elderly	349 Restaurant, Drive-in	370 Gymnasium	387 Warehouse, Transit
312 Coldwater Flat	331 Hospital	350 Restaurant, Table Serv.	371 Lecture Hall	
313 Convalescent Hospital	332 Hotel	353 Retail Store	372 Library	
314 Country Club	402 Hotels, Resort	School, Elem. & Sec.	373 Manual Arts	
315 Creamery & Milk Process	334 Industrial, Manuf.	355 Arts & Crafts	374 Multi-Purpose	
	392 Industrial, Engineering	366 Classroom	375 Physical Education	
	335 Jail		376 Science	
			377 Entire College	

EXHIBIT 12

MARSHALL AND SWIFT ESTIMATION OF VALUE

COST ESTIMATE FOR: HEMKER OIL BUILDING
PROPERTY OWNER: A.E. ANDING ESTATE
ADDRESS: 206 CAUSEWAY BLVD., LACROSSE, WI
SURVEYED BY: LANDMARK RESEARCH, INC.
DATE OF SURVEY: 12/25/86

DESCRIPTION:

OCCUPANCY: STORAGE WAREHOUSE
FLOOR AREA: 7,500 Square Feet AVERAGE STORY HEIGHT: 13.0 Feet
CLASS: C Masonry EFFECTIVE AGE: 30 Years
COST RANK: 1.0 Low CONDITION: 3.0 Average
NUMBER OF STORIES: 1.0 COST AS OF: 12/86

EXTERIOR WALL:

Concrete Block..... 100%

HEATING AND COOLING:

Space Heat..... 100%

	UNITS	COST	TOTAL
BASIC STRUCTURE COST:	7,500	15.81	118,611
<hr/>			
ADDITIONS:			
Dock Height Floors.....	7,500	1.06	7,950
OFFICE			12,300
Subtotal.....			20,250
TOTAL SUPERSTRUCTURE COST.....	7,500	18.51	138,861
<hr/>			
LESS DEPRECIATION:			
Physical and Functional.....		<57.0%>	<79,151>
DEPRECIATED COST.....			59,710
<hr/>			
Estimated Land Value.....			37,000
<hr/>			
INDICATED VALUE BY COST APPROACH:			96,710
ROUNDED TO NEAREST \$1,000			97,000
<hr/>			

Cost Data by MARSHALL and SWIFT

EXHIBIT 12 (Continued)

MARSHALL AND SWIFT ESTIMATION OF VALUE (Continued)

COST ESTIMATE FOR: HEMKER OIL BUILDING-PART2
 PROPERTY OWNER: A.E. ANDING ESTATE
 ADDRESS: 206 CAUSEWAY BLVD., LACROSSE, WI
 SURVEYED BY: LANDMARK RESEARCH, INC.
 DATE OF SURVEY: 12/25/86

DESCRIPTION:

OCCUPANCY: STORAGE WAREHOUSE
 FLOOR AREA: 6,084 Square Feet AVERAGE STORY HEIGHT: 13.0 Feet
 CLASS: C Masonry EFFECTIVE AGE: 18 Years
 COST RANK: 1.0 Low CONDITION: 3.0 Average
 NUMBER OF STORIES: 1.0 COST AS OF: 12/86

EXTERIOR WALL:

Concrete Block..... 100%

HEATING AND COOLING:

Space Heat..... 100%

	UNITS	COST	TOTAL
BASIC STRUCTURE COST:	6,084	15.15	92,168
<hr/>			
ADDITIONS:			
Docks without Roof.....	325	6.06	1,969
Dock Height Floors.....	6,084	1.06	6,449
Subtotal.....			8,418
TOTAL SUPERSTRUCTURE COST.....	6,084	16.53	100,586
<hr/>			
LESS DEPRECIATION:			
Physical and Functional.....		<26.0%>	<26,152>
DEPRECIATED COST.....			74,434
ROUNDED TO NEAREST \$1,000			74,000
<hr/>			

Cost Data by MARSHALL and SWIFT

EXHIBIT 13

ATV ANALYSIS WITH REPLACEMENT RESERVES

INCOME AND EXPENSE SUMMARY

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
	\$32,106	\$32,106	\$32,106	\$32,106	\$32,106
GROSS INCOME	\$32,106	\$32,106	\$32,106	\$32,106	\$32,106
VACANCY	-\$4,816	-\$4,816	-\$4,816	-\$4,816	-\$4,816
EFF. GROSS INCOME	\$27,290	\$27,290	\$27,290	\$27,290	\$27,290
PROPERTY TAXES	\$4,334	\$4,334	\$4,334	\$4,334	\$4,334
INSURANCE	\$773	\$773	\$773	\$773	\$773
RESERVES	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
TOTAL EXPENSES	-\$10,107	-\$10,107	-\$10,107	-\$10,107	-\$10,107
NET OPERATING INC.	\$17,183	\$17,183	\$17,183	\$17,183	\$17,183

EQUITY YIELD RATE	12.00000
HOLDING PERIOD	5
LOAN NUMBER	1
INTEREST RATE	0.10500
LOAN TERM	20.00000
PAYMENTS PER YEAR	12
LOAN AMOUNT	123,439
TAX RATE	0.33000
CAPITAL GAINS TAX RATE	0.33000
CHANGE IN VALUE	0.00000
LAND VALUE	\$37,000.
DEPRECIATION METHOD	SL
COST RECOVERY PERIOD	32
NET OPERATING INCOME	\$17,183.
CHANGE IN NOI	0.00000
INCOME ADJUSTMENT FACTOR	YR
SELLING COST	0.07000

Landmark Research, Inc.

EXHIBIT 13 (Continued)

ATV ANALYSIS WITH REPLACEMENT RESERVES (Continued)

HEMKER OIL BLDG.
206 CAUSEWAY BLVD.
LA CROSSE, WI
By LANDMARK RESEARCH INC.

VALUE	\$139,393.
AFTER TAX YIELD	12.00000
OVERALL RATE	0.12327
MORTGAGE CONSTANT	0.11981
MORTGAGE VALUE	\$123,439.
BUILDING VALUE	\$102,393.
EQUITY VALUE	\$15,954.
EQUITY DIVIDEND	0.15008

C A S H F L O W S U M M A R Y

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
NOI	\$17,183.	\$17,183.	\$17,183.	\$17,183.	\$17,183.
DEBT SER#1	-\$14,789.	-\$14,789.	-\$14,789.	-\$14,789.	-\$14,789.
BTCF	\$2,394.	\$2,394.	\$2,394.	\$2,394.	\$2,394.
NOI	\$17,183.	\$17,183.	\$17,183.	\$17,183.	\$17,183.
INTEREST 1	-\$12,871.	-\$12,659.	-\$12,424.	-\$12,164.	-\$11,875.
DEPREC	-\$3,251.	-\$3,251.	-\$3,251.	-\$3,251.	-\$3,251.
TAXABLE	\$1,062.	\$1,273.	\$1,508.	\$1,769.	\$2,058.
TAXES	\$350.	\$420.	\$498.	\$584.	\$679.
ATCF	\$2,044.	\$1,974.	\$1,897.	\$1,811.	\$1,715.
RESALE PRICE	\$139,393.		RESALE PRICE	\$139,393.	
SELLING COST	-\$9,757.		SELLING COST	-\$9,757.	
LOAN BALANCE # 1	-\$111,488.		ADJUSTED BASIS	-\$123,140.	
			TAXABLE GAIN	\$6,495.	
			LONG TERM GAIN	\$6,495.	
BEFORE TAX PROCEEDS	\$18,147.		ORDINARY TAXES	\$0.	
TAXES	-\$2,143.		CAPITAL GAINS TAX	\$2,143.	
AFTER TAX PROCEEDS	\$16,004.				

EQUITY CASH FLOW SUMMARY

YEAR	CASH FLOW
0	-\$15,954.
1	\$2,044.
2	\$1,974.
3	\$1,897.
4	\$1,811.
5	\$17,719.

EXHIBIT 14

ATV ANALYSIS WITH BANKRUPTCY ENCUMBERED LEASE

INCOME AND EXPENSE SUMMARY

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
	\$32,106	\$32,106	\$32,106	\$32,106	\$32,106
GROSS INCOME	\$32,106	\$32,106	\$32,106	\$32,106	\$32,106
VACANCY	-\$28,093	-\$4,816	-\$4,816	-\$4,816	-\$4,816
EFF. GROSS INCOME	\$4,013	\$27,290	\$27,290	\$27,290	\$27,290
PROPERTY TAXES	\$4,334	\$4,334	\$4,334	\$4,334	\$4,334
INSURANCE	\$773	\$773	\$773	\$773	\$773
RESERVES	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
TOTAL EXPENSES	-\$10,107	-\$10,107	-\$10,107	-\$10,107	-\$10,107
NET OPERATING INC.	-\$6,094	\$17,183	\$17,183	\$17,183	\$17,183

EQUITY YIELD RATE	12.00000
HOLDING PERIOD	5
LOAN NUMBER	1
INTEREST RATE	0.10500
LOAN TERM	20.00000
PAYMENTS PER YEAR	12
LOAN AMOUNT	123,439
TAX RATE	0.33000
CAPITAL GAINS TAX RATE	0.33000
CHANGE IN VALUE	0.00000
LAND VALUE	\$37,000.
DEPRECIATION METHOD	SL
COST RECOVERY PERIOD	32
NET OPERATING INCOME	-\$6,094.
CHANGE IN NOI	-3.81966
INCOME ADJUSTMENT FACTOR	YR
SELLING COST	0.07000

EXHIBIT 14 (Continued)

ATV ANALYSIS WITH ENCUMBERED LEASE (Continued)

HEMKER OIL BLDG.

206 CAUSEWAY BLVD.

LA CROSSE, WI

By LANDMARK RESEARCH INC.

VALUE	\$108,527.
AFTER TAX YIELD	12.00000
OVERALL RATE	-0.05615
MORTGAGE CONSTANT	0.11981
MORTGAGE VALUE	\$123,439.
BUILDING VALUE	\$71,527.
EQUITY VALUE	-\$14,912.
EQUITY DIVIDEND	1.40040

CASH FLOW SUMMARY

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
NOI	-\$6,094.	\$17,183.	\$17,183.	\$17,183.	\$17,183.
DEBT SER#1	-\$14,789.	-\$14,789.	-\$14,789.	-\$14,789.	-\$14,789.
BTCF	-\$20,883.	\$2,394.	\$2,394.	\$2,394.	\$2,394.
NOI	-\$6,094.	\$17,183.	\$17,183.	\$17,183.	\$17,183.
INTEREST 1	-\$12,871.	-\$12,659.	-\$12,424.	-\$12,164.	-\$11,875.
DEPREC	-\$2,271.	-\$2,271.	-\$2,271.	-\$2,271.	-\$2,271.
TAXABLE	-\$21,235.	\$2,253.	\$2,488.	\$2,748.	\$3,038.
TAXES	-\$7,008.	\$744.	\$821.	\$907.	\$1,002.
ATCF	-\$13,875.	\$1,651.	\$1,573.	\$1,487.	\$1,392.
RESALE PRICE	\$108,527.		RESALE PRICE	\$108,527.	
SELLING COST	-\$7,597.		SELLING COST	-\$7,597.	
LOAN BALANCE # 1	-\$111,488.		ADJUSTED BASIS	-\$97,174.	
			TAXABLE GAIN	\$3,757.	
			LONG TERM GAIN	\$3,757.	
BEFORE TAX PROCEEDS	-\$10,558.		ORDINARY TAXES	\$0.	
TAXES	-\$1,240.		CAPITAL GAINS TAX	\$1,240.	
AFTER TAX PROCEEDS	-\$11,798.				

EQUITY CASH FLOW SUMMARY

YEAR	CASH FLOW
0	\$14,912.
1	-\$13,875.
2	\$1,651.
3	\$1,573.
4	\$1,487.
5	-\$10,406.

CERTIFICATION OF VALUE

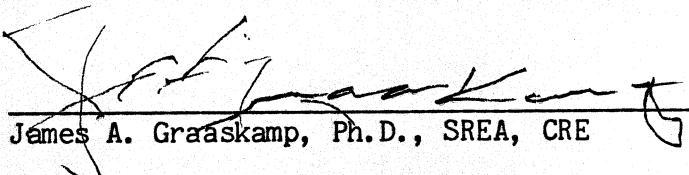
We hereby certify that we have no interest, present or contemplated, in the property and that neither the employment to make the appraisal nor the compensation is contingent on the value of the property. We certify that we have personally inspected the property and that according to our knowledge and belief, all statements and information in the report are true and correct, subject to the underlying assumptions and limiting conditions.

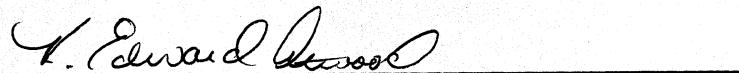
Based on the information and subject to the limiting conditions contained in this report, it is our opinion that the market value as defined herein, of the fee title encumbered of the subject property located at 206 Causeway Boulevard, LaCrosse, Wisconsin as of December 25, 1986 is:

ONE HUNDRED THIRTEEN THOUSAND DOLLARS

(\$113,000)

assuming cash to the seller.


James A. Graaskamp, Ph.D., SREA, CRE


K. Edward Atwood, Ph.D., CPA

June 29, 1987
Date

STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS

1. Contributions of Other Professionals

- Information furnished by others in the report, while believed to be reliable, is in no sense guaranteed by the appraisers.
- The appraiser assumes no responsibility for legal matters.
- All information furnished regarding property for sale or rent, financing, or projections of income and expenses is from sources deemed reliable. No warranty or representation is made regarding the accuracy thereof, and it is submitted subject to errors, omissions, change of price, rental or other conditions, prior sale, lease, financing, or withdrawal without notice.

2. Facts and Forecasts Under Conditions of Uncertainty

- The comparable sales data relied upon in the appraisal is believed to be from reliable sources. Though all the comparables were examined, it was not possible to inspect them all in detail. The value conclusions are subject to the accuracy of said data.
- Forecasts of the effective demand for space are based upon the best available data concerning the market, but are projected under conditions of uncertainty.
- Engineering analyses of the subject property were neither provided for use nor made as a part of this appraisal contract. Any representation as to the suitability of the property for uses suggested in this analysis is therefore based only on a rudimentary investigation by the appraiser and the value conclusions are subject to said limitations.
- Since the projected mathematical models are based on estimates and assumptions, which are inherently subject to uncertainty and variation depending upon evolving events, we do not represent them as results that will actually be achieved.
- Sketches in the report are included to assist the reader in visualizing the property. These drawings are for illustrative purposes only and do not represent an actual survey of the property.

3. Controls on Use of Appraisal

- Values for various components of the subject parcel as contained within the report are valid only when making a summation and are not to be used independently for any purpose and must be considered invalid if so used.

STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS (Continued)

- Possession of the report or any copy thereof does not carry with it the right of publication nor may the same be used for any other purpose by anyone without the previous written consent of the appraiser or the applicant and, in any event, only in its entirety.
- Neither all nor any part of the contents of the report shall be conveyed to the public through advertising, public relations, news, sales, or other media without the written consent and approval of the author, particularly regarding the valuation conclusions and the identity of the appraiser, of the firm with which he is connected, or any of his associates.
- The report shall not be used in the client's reports or financial statements or in any documents filed with any governmental agency, unless: (1) prior to making any such reference in any report or statement or any document filed with the Securities and Exchange Commission or other governmental agency, the appraiser is allowed to review the text of such reference to determine the accuracy and adequacy of such reference to the appraisal report prepared by the appraiser; (2) in the appraiser's opinion the proposed reference is not untrue or misleading in light of the circumstances under which it is made; and (3) written permission has been obtained by the client from the appraiser for these uses.
- The appraiser shall not be required to give testimony or to attend any governmental hearing regarding the subject matter of this appraisal without agreement as to additional compensation and without sufficient notice to allow adequate preparation.

QUALIFICATIONS OF THE APPRAISERS

JAMES A. GRAASKAMP

PROFESSIONAL DESIGNATIONS

SREA, Senior Real Estate Analyst, Society of Real Estate Appraisers

CRE, Counselor of Real Estate, American Society of Real Estate Counselors

CPCU, Certified Property Casualty Underwriter, College of Property Underwriters

EDUCATION

Ph.D., Urban Land Economics and Risk Management - University of Wisconsin

Master of Business Administration, Security Analysis - Marquette University

Bachelor of Arts - Rollins College

ACADEMIC AND PROFESSIONAL HONORS

Chairman, Department of Real Estate and Urban Land Economics,
School of Business, University of Wisconsin

Urban Land Institute Research Fellow

University of Wisconsin Fellow

Omicron Delta Kappa

Lambda Alpha - Ely Chapter

Beta Gamma Sigma

William Kiekhofer Teaching Award (1966)

Larson Teaching Award (1985)

Alfred E. Reinman, Jr. Award - Society of Real Estate Appraisers (1986)

Urban Land Institute Trustee

Research Committee - Pension Real Estate Association (PREA)

Richard T. Ely Real Estate Educator Award from Lambda Alpha

Hamer Hoyt Foundation Fellow

PROFESSIONAL EXPERIENCE

Dr. Graaskamp is the President and founder of Landmark Research, Inc., which was established in 1968. He is also co-founder of a general contracting firm, a land development company, and a farm investment corporation. He is formerly a member of the Board of Directors and treasurer of the Wisconsin Housing Finance Agency. He is currently a member of the Board and Executive Committee of First Asset Realty Advisors, Inc., a subsidiary of First Bank Minneapolis. He is the designer and instructor of the Urban Land Institute (ULI) School of Real Estate Development and the American Bankers Association (ABA) National School of Real Estate Finance. His work includes substantial and varied consulting and valuation assignments such as investment counseling to insurance companies and banks, court testimony as an expert witness and the market/financial analysis of various projects, both nationally and locally, for private and corporate investors and municipalities. Currently is a member of Salomon Brothers Real Estate Advisory Board.

QUALIFICATIONS OF THE APPRAISERS (Continued)

K. EDWARD ATWOOD

PROFESSIONAL DESIGNATIONS

CPA, Certified Public Accountant, American Institute of Certified Public Accountants

EDUCATION

Ph.D., Accounting, Real Estate, and Law - University of Wisconsin

Master of Science, Real Estate Appraisal and Investment Analysis - University of Wisconsin

Master of Business Administration, Accounting - University of Wisconsin

Bachelor of Business Administration, Accounting - University of Wisconsin

ACADEMIC AND PROFESSIONAL HONORS

Beta Alpha Psi

Beta Gamma Sigma

American Accounting Association Doctoral Consortium Fellow

PROFESSIONAL EXPERIENCE

Dr. Atwood has extensive experience as both an educator and a consultant in real estate and tax related activities. His work includes varied appraisal, feasibility, development, and investment analysis assignments. Currently, he is associated with Landmark Research, Inc., as an appraiser and research consultant.

APPENDIX A

LETTER

LAW OFFICES
DeWITT, PORTER,
HUGGETT, SCHUMACHER, MORGAN, S.C.

COPY

Jack R. DeWitt
Donald R. Huggett
Duane P. Schumacher
James W. Morgan
William F. Nelson
John Duncan Varda
Ronald W. Kuehn
Jon P. Axelrod
John H. Lederer
Jayne K. Kuehn
Stuart C. Herro
Jean G. Setterholm
Michael S. Varda

Frederic J. Brouner
Henry J. Handzel, Jr.
William C. Lewis, Jr.
Anthony R. Varda
Ronald R. Ragatz
Eric A. Farnsworth
David E. Stewart
Peter A. Peshek
Douglas L. Flygt
Richard J. Lewandowski
Fred Gants
Paul G. Kent
Howard Goldberg

Margaret M. Baumgartner
Margaret A. Satterthwaite
Karen K. Gruenisen
Of Counsel
A.J. McAndrews
James G. Derouin
David W. Kruger
J. Thomas McDermott
Philip H. Porter
1891-1976

Madison Center
121 South Pinckney Street
Mailing Address P O Box 2509
Madison, Wisconsin 53701
(608) 255-8891
Madison West
6515 Grand Teton Plaza
Madison, Wisconsin 53719
(608) 255-8891
Mount Horeb
108 East Main Street
Mt. Horeb, Wisconsin 53572
(608) 437-3622

April 23, 1987

Madison Center

Mr. Alfred E. Anding, Jr.
Commercial Management Services
P. O. Box 6124
Madison, WI 53716

Re: Hemker Oil Company
Proof of Claim and Claim for
Administration Expenses in Bankruptcy

Dear Al:

Enclosed please find a copy of Proof of Claim which we would like you to sign this week so that it can be filed before its due date, April 30. We are also filing an Application for Administration Expenses based on the same debt, a copy of which we also enclose. Please note how taxes and insurance have been computed.

According to the recent Notice of Bar Date for Filing Proofs of Claim which we received, this Debtor filed for bankruptcy protection April 1, 1984. It entered into its lease with you May 8, 1985, and you advised you knew tenant was in bankruptcy but agreed to the lease, although you did not petition the Court for approval of the lease. Nevertheless, the claim is payable as an administration expense in our view, and we think the Court should approve payment as an administration expense regardless of the fact it did not earlier approve the lease, particularly in view of the Trustee's December 10, 1986 letter and upon which you apparently relied.

I talked to the Trustee, Mel Hoffman, who advised there is nothing in the account right now to make any payment. He says a personal property auction is going to be held May 28

APPENDIX A (Continued)

DeWITT, PORTER, HUGGETT, SCHUMACHER & MORGAN, S.C.

Mr. Alfred E. Anding, Jr.
April 23, 1987
Page 2

and 29, and notices will be sent out concerning it in the near future. The personal property to be auctioned is secured to a local bank but the Trustee says the bank will release a portion of the proceeds as inducement for the auction sale. He expects the auction proceeds to be in the ball park of \$100,000, but that depends on the advice of the auctioneer as to the expected proceeds and the deal he is able to strike with the bank.

My impression is that the lease of this space is important at this time because the goods to be auctioned off are in your building (in the rear portion), but after the auction the Debtor will not need all this space under lease.

There is another building leased from Miller, and I understand the unpaid rents there are \$1,500 per month since January, 1987, according to the Trustee.

Also, there are Wisconsin and federal tax claims payable which the tax authorities claim to be in the \$1,000,000 range but the Trustee claims much of these are dischargeable because they are old excise taxes. It appears that the proceeds from the auction will be available and will be applied among creditors, such as you, entitled to administrative expenses, but will not pay you or others completely, and it is questionable in what amount there will be funds available for you.

The only other possible source of funds to pay creditors, such as you, entitled to administration expenses would be profits from the Debtor as a general building contractor for a \$1,000,000 addition to a LaCrosse health club.

The DNR recently reversed its earlier opinion which permits the Debtor to develop or sell approximately 35 acres of real estate between Highways 16 and 157 near I-90 and in the Onalaska/LaCrosse area, and he estimates this might generate \$2,000,000. However, secured claims are in excess of this, apparently somewhere between \$2,500,000 to \$3,500,000. When I stated it seemed doubtful there would be any dividend for unsecured creditors, he stated he would expect the secured creditors to discount their claims to permit the orderly development/sale of this property. He said if it were forced to be sold, it would probably only bring \$200,000.

The Trustee plans to file a new Chapter 11 plan seeking a Chapter 11 liquidation, which is an orderly liquidation which

APPENDIX A (Continued)

DeWITT, PORTER, HUGGETT, SCHUMACHER & MORGAN, S.C.

Mr. Alfred E. Anding, Jr.
April 23, 1987
Page 3

enables Debtors to continue business until sales or development occurs, thus maximizing profits or dividends for its creditors. However, if he receives too much creditor pressure or the proceeds of this upcoming auction sale are not sufficient to continue on, he said he will probably close up all operations.

Since this is a post-petition lease, you can probably bring action in state court seeking termination of the lease which might have the effect of putting pressure on the Trustee and Debtor, since they really need to retain the property under lease, through the time of the auction sale. Enclosed please find a notice of default we have today given to the Trustee, which would enable you to bring suit after 10 days assuming the rental default is not corrected. The Trustee said he would probably try to enjoin eviction in Bankruptcy Court to stall for time to allow the auction to occur.

Yours very truly,

Donald R. Huggett
DRH/sn
Enclosure

APPENDIX A (Continued)

Donald R. Huggett, Esq.
Michael S. Varda, Esq.
DeWitt, Porter, Huggett,
Schumacher & Morgan, S.C.
P. O. Box 2509
Madison, WI 53701
(608) 255-8891

Attorneys for Applicant

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF WISCONSIN

In Re:

LINMAR, INC.,	-	IN BANKRUPTCY CASE NOS.
JAMES B. and BARBARA A. HEMKER,	-	
LA CRESCENT GAS N GO, INC.	-	LU11-84-00611 through
PAUL W. and MARILYN J. HEMKER,	-	LU11-84-00619 and
GAS N GO, INC.,	-	LU11-84-01558
VILLAGE CHEF, INC.,	-	
DOMINIC'S, INC.,	-	
HEMKER OIL COMPANY,	-	[Jointly Administered]
BLACK RIVER ENTERPRISES,	-	
GOODTIME CHARLIE'S, INC.,	-	
Debtors.		-

APPLICATION FOR EXPENSES OF ADMINISTRATION
BY THE S & A CORPORATION

1. The undersigned makes this claim against Hemker Oil Company, as a priority claim for expenses of administration under 11 U.S.C. §503 for The S & A Corporation, Applicant.

2. The Debtor Hemker Oil Company (hereinafter "Debtor") filed the petition for relief herein on April 1, 1984.

3. The Debtor is currently in possession of certain premises under the lease attached hereto dated May 8, 1985, started May 15, 1985. The lease was requested by the Debtor

APPENDIX A (Continued)

and agreed to by Applicant, and retained by the Trustee pursuant to its December 10, 1986 letter attached hereto which Applicant agreed to.

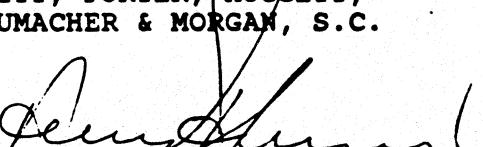
4. The reasonable value of the premises are calculated by Applicant at \$2,250.00 per month plus property taxes, assessments and common area charges (insurance premiums). The amount due to April 30, 1987 is \$24,750.00 for rent, \$8,326.96 for taxes, and \$1,230.33 for insurance (common area charges) or a total of \$34,307.29. Thereafter the per diem charges are \$75.00 for rent, \$11.88 for taxes, and \$2.12 for insurance (common area charges) or a total of \$89.00 per day.

5. Fair value of said premises is based upon prior rents paid by Debtor since the inception of the lease. Demand has been made for the foregoing balances due on numerous occasions, and no payments have been received from Debtor since November 17, 1986.

Dated this 24 of April, 1987.

DEWITT, PORTER, HUGGETT,
SCHUMACHER & MORGAN, S.C.

By:


Donald R. Huggett
Member of the Firm
Attorneys for Applicant,
The S & A Corporation

Post Office Address:
121 South Pinckney Street
P. O. Box 2509
Madison, WI 53701
(608) 255-8891

APPENDIX B

HEMKER ZONING

for the Local Business district.

15.12 HEAVY INDUSTRIAL DISTRICT REGULATIONS.

(A) USE REGULATIONS.

In the heavy industrial district, buildings and land may be used for any purpose whatsoever not in conflict with any ordinance of the City, provided, however, no dwelling shall be constructed in such district except a dwelling for one owner, a watchman or a caretaker employed on the premises and for members of his family, provided further, however, that no building or occupancy permit shall be issued for any of the following or other extremely nauseous, obnoxious, offensive, dangerous or unwholesome uses until and unless the location of such use shall have been approved by the Board of Appeals after a public hearing shall have been held thereon, and any such decision by the Board of Appeals shall be consistent with the purpose, spirit and intent of this Chapter, and provided further, however, that any dwelling in existence situated on any premises zoned heavy industrial on November 26, 1957, shall be exempt from the ordinary restrictions applying to non-conforming uses. (Am. Ord. # 2633 - 5/3/60).

- (1) Acid manufacture.
- (2) Automobile or machinery wrecking, salvaging or rebuilding.
- (3) Cement, lime, gypsum or plaster of paris manufacture.
- (4) Distillation of bones.
- (5) Explosives, manufacture or storage.
- (6) Fat rendering or rendering works.
- (7) Fertilizer manufacture.
- (8) Forge plant.
- (9) Garbage, offal or dead animal reduction or dumping.
- (10) Glue manufacture.
- (11) Junk yard.
- (12) Petroleum refining.
- (13) Smelting of tin, copper, zinc, or iron ores.
- (14) Stockyards, abattoir, or slaughtering of animals.

APPENDIX B (Continued)

15.12

(B) HEIGHT REGULATIONS.

No building hereafter erected or structurally altered shall exceed 100 feet in height, and no building used in any part for dwelling purposes shall hereafter be erected or structurally altered to exceed 35 feet or two and one-half (2½) stories in height.

(C) AREA REGULATIONS.

- (1) Yards and Courts. The side yard, rear yard, outer court and inner court regulations applicable in the commercial district shall also apply in the heavy industrial district.
- (2) Lot Area Per Family. Every building hereafter erected or structurally altered in the industrial district shall be provided with a lot area of not less than 2500 square feet per family.

(D) VISION CLEARANCE.

The vision clearance requirements for this district shall be the same as for the Local Business district.

15.13 PUBLIC UTILITY DISTRICT REGULATIONS.

(A) REGULATIONS IN PUBLIC UTILITY DISTRICTS.

Regulations of height of buildings and other structures, yards, area, and use shall be specifically set forth in the establishment of such a district by the Council by amendment, otherwise by the Board of Appeals by certificate of variance.

(B) GRANDAD PASSENGER STATION DISTRICT.

