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## **An appraisal of: an apartment complex located at: Fitchburg, Wisconsin. July 1, 1980**

Vandeveld, Paul A.; Holzhauer, John A.  
[s.l.]: [s.n.], July 1, 1980

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11/24 →

1.5m, 11 CASH — to go away

Prepay mort — 1mo (\$170,000)

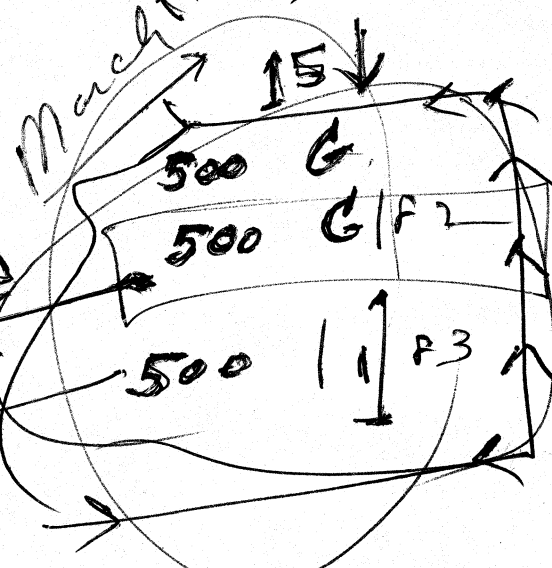
L.C. wrap — prepa (4-5)

AN APPRAISAL OF:

AN APARTMENT COMPLEX

Located At:

Fitchburg, Wisconsin



FOR:

Ridgewood Associates  
2308 High Ridge Trail  
Madison, Wisconsin 53713

Renovation

↓ 300 G

↓ 350 G  
pay  
- 506  
landscaping

BY:

Paul A. Vandeveld, SRA  
John A. Holzhauer, MAI, SREA, CRE  
5823 West Appleton Avenue  
Milwaukee, Wisconsin 53210

Replaced last 2 yrs.  
↓ deck 3/11/80

5 roofs  
K. Engle

DATE OF EVALUATION:

July 1, 1980

get entry  
apartments  
agencies main

flat roof  
TIMBER - 11/21/80



JOHN A. HOLZHAUER  
MAI - SREA  
REALTOR APPRAISER  
5823 WEST APPLETON AVE.  
MILWAUKEE, WISCONSIN 53210  
AREA CODE 414 873-5550

502  
7  
608-  
274-5955  
608-  
271-5955  
Ridgewood  
\$270 - 15  
\$320 - 18  
\$330 - 20  
C.C.  
\$285  
\$340 - 20  
12 month  
Appt  
Ridgewood

July 7, 1980

Ridgewood Associates  
2308 High Ridge Trail  
Madison, Wisconsin 53713

Gentlemen:

We are transmitting our appraisal of the Golf Creek, Timber Ridge and Country Club apartment complex located in the Town of Fitchburg, Wisconsin. The subject property includes 865 apartments, the Tree House restaurant and bar, and golf course. These properties are legally described in the addenda of this report. We have separately valued two adjacent parcels of buildable land at the western edge of the property.

Based on a personal inspection, analysis and assumptions contained in this report, we have come to the following market value conclusions as of July 1, 1980:

Value of Buildable Vacant Land	\$ 800,000
Value of Improvements (865 Apartments, Tree House, golf course)	<u>18,500,000</u>
Total	\$19,300,000

Rounded Final Value:

NINETEEN MILLION FIVE HUNDRED THOUSAND DOLLARS  
(\$19,500,000)

At your request, we have also estimated a transaction price if favorable financing were available. Based on the assumable





Ridgewood Associates  
Page 2  
July 7, 1980

mortgages and the proposed financing offered by the sellers, the "estimated justifiable price" of the entire complex including buildable land as of July 1, 1980 is:

"TWENTY-THREE MILLION DOLLARS"  
(\$23,000,000)

We have no interest in this property whatsoever, either present or prospective, nor is our fee contingent upon the value submitted. The property has been appraised under circumstances of certain typical financing terms and conditions, as having merchantable title and no responsibility is assumed for legal matters, questions of title, survey, easements, encroachments or conditions not exposed to view.

Respectfully submitted,

*Paul A. Vandeveld*

PAUL A. VANDEVELD, SRA

*John A. Holzhauer*

JOHN A. HOLZHAUER, MAI, SREA, CRE  
Review Appraiser

PAV/JAH



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ADDENDA

Pictures of Subject Property	Exhibit # 1
Survey of Property With Tax Key Numbers	Exhibit # 2
Legal Descriptions as Supplied From Assessor's Department	Exhibit # 3
Composition of Dane County Workforce	Exhibit # 4
Map of Madison - Locating Subject and Comparables	Exhibit # 5
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Rent Study of Comparable Apartments Projects	Exhibit #12
Expense Data From Expense Analysis - Apartments	Exhibit #12A
Ellwood Tables - Page 325	Exhibit #13
Ellwood Tables - Page 328	Exhibit #14
Capitalization Rate Article From <u>Appraisal Briefs</u> , June 11, 1980	Exhibit #15
Survey of Apartment Loan Rates	Exhibit #16
Qualifications of the Appraisers	

## ASSUMPTIONS & LIMITING CONDITIONS

No responsibility for matters legal in character is incurred nor is any opinion rendered as to the title, which is assumed to be good and merchantable. All existing liens and encumbrances have been disregarded unless, where appropriate, certain financing terms and conditions are embodied in the capitalization rate. The property is appraised as a fee simple estate assuming responsible ownership and competent management.

The information furnished by others is believed to be reliable but responsibility for its accuracy is not assumed, nor are we responsible for conditions not exposed to view. This includes the operating condition of all mechanicals, fixtures and equipment as well as the adequacy and quality of the plumbing, wiring, wells and septic tanks where such exist.

The distribution of the total valuation of this report between land and improvements applies only under the existing program of utilization. The separate valuations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used. The subject has also been appraised in its entirety and any allocations to portions thereof or as an inference of value for other property is invalid.

Disclosure of the contents of this appraisal report is governed by the By-Laws and Regulations of the American Institute of Real Estate Appraisers of the National Association of Real Estate Boards and the Society of Real Estate Appraisers.

Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser or the firm with which he is connected, or any reference to the American Institute of Real Estate Appraisers or to the M.A.I. or R.M. designation) shall be disseminated to the public through advertising media, public relations media, news media, sales media or any other public means of communication without the prior written consent and approval of the undersigned.

There are no requirements, by reason of this appraisal, to give testimony or appear in court or any pretrial conference, appearance or deposition required by subpoena with reference to the property in question, unless arrangements have been previously made therefor and a fee based on the current hourly rate is paid for such appearances and the preparation necessitated thereby.

## PURPOSE OF THE APPRAISAL

This appraisal is made to estimate, as of the date specified, the market or other value of the certain property rights in and to the described real estate.

It is also the purpose to put such estimate in a written form that will demonstrate the facts investigated and the logic of the conclusions drawn in a manner that might be easily read and clearly understood.

## MARKET VALUE DEFINITION

The 1975 Real Estate Appraisal Terminology published jointly by the Society of Real Estate Appraisers and the American Institute of Real Estate Appraisers defines such as follows:

The highest price in terms of money which a property will 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:

1. buyer and seller are typically motivated.
2. both parties are well informed or well advised, and each acting in what he considers his own best interest.
3. a reasonable time is allowed for exposure in the open market.
4. payment is made in cash or its equivalent.
5. financing, if any, is on terms generally available in the community at the specified date and typical for the property type in its locale.
6. the price represents a normal consideration for the property sold unaffected by special financing amounts and/or terms, services, fees, costs, or credits incurred in the transaction.



MARKET VALUE DEFINITION continued

Our Wisconsin Supreme Court has defined fair market value, the full value obtainable at private sale, as "the amount the property could be sold for in the open market by an owner willing and able but not compelled to sell, to a purchaser willing and able but not obliged to buy (an arms' length transaction)." State ex rel Murphy Diesel Co. v. State of Wisconsin Southeastern District Board of Review, No. 430-531 (Cir. Ct. Milwaukee Co. Div., September 8, 1975); State ex rel Markarian v. Cudahy (1970) 45 Wis. 2d 683, 685, 173, N.W. 2d 627; State ex rel Hennessey v. Milwaukee (1942), 241 Wis. 548, 549, 6 NW 2d 718; State ex rel Evansville Mercantile Association v. Evansville (1957) 1 Wis. 2d 40, 43, 82 NW 2d 899.

Further, the Wisconsin courts have interpreted "Fair Market Value" to exclude the value that could be obtained for a property at a forced sale or at a sale made under unusual or extraordinary circumstances, or what might be obtained from a particular individual who might be willing to pay an excessive price for his special purpose. Sentimental value to the owner or his unwillingness to part with the property can have no consideration in determining the Market Value. (Wis. J.I. - Civil)

For purposes of this report, Market Value is defined as:

"Our opinion of the value in terms of money which a property might attract if exposed for sale in the open market, allowing a reasonable time to find a purchaser who buys with knowledge of all the uses to which it is adapted and for which it is capable of being used, with neither the buyer nor seller under compulsion to act."

### SUBJECT PROPERTY

The subject of this appraisal is an 865 unit apartment complex locally known as Timber Ridge, Country Club and Golf Creek and located on Fish Hatchery Road in the Town of Fitchburg, Wisconsin. This complex also includes a restaurant/bar building referred to as the Tree House and buildable vacant parcels of land containing approximately 18.2 acres, and a small, par 3 golf course. Pictures of the subject property are included in the addenda of this report as Exhibit #1. Timber Ridge and Golf Creek are similar in many respects, are under the same ownership and are collectively known as Ridgewood Apartments.

### LEGAL DESCRIPTION

The subject property has been divided into six irregularly shaped parcels with separate tax key numbers. A map of the entire project is included as Exhibit #2. The legal description of these parcels, as reproduced from the Fitchburg Assessor's Office, are shown as Exhibit #3.

### PROPERTY RIGHTS APPRAISED

Fee simple estate.

### DATE OF VALUE ESTIMATE

July 1, 1980

### CITY DATA

The subject property is located in an unincorporated area - Fitchburg Township. This community is adjacent and south of the City of Madison; the Capital of Wisconsin.

Fitchburg is a rapidly developing township with a current population of 11,074 on January 1, 1979 as estimated by the Wisconsin Department of Administration. This represents a 135% increase over the 1970 census of 4,704. This rapid population growth has somewhat slowed in the last year as the current population estimate is 15 people below the 1978 State estimate. Madison has exhibited a stable population base

#### CITY DATA (Continued)

over the last decade. Its 1979 population estimate of 173,051 is only slightly greater than the 1970 census total of 171,809.

The northern third of Fitchburg is served by sanitary sewer and the bulk of the population and development is located here. The southern two-thirds is mostly agrarian in nature.

Because Fitchburg is a residential suburb of Madison, its growth is tied to that of its larger neighbor. The economic base of Madison is very stable with approximately 53,400 people employed by the government. Historically, government has proven to be an employment base which is not influenced by economic cycles as is manufacturing or construction. A bar graph showing the 1978 composition of the Dane County work force is shown as Exhibit #4.

The University of Wisconsin main campus is also located in Madison and is vitally important to the local economy. The current enrollment exceeds 38,000 and is at an all time high. The student population represents a substantial amount of buying power for the economy in addition to providing the basis for university related jobs.

In conclusion, Fitchburg is a growing community adjacent to Madison; a community with a strong and stable economic base. The demand for vacant land and improved real estate should increase in the future as the population continues to expand. Demand for housing in communities near the employment centers of Madison, in areas like Fitchburg, should be strong in the future.

#### LOCATION AND FEASIBILITY

This apartment project is located in the north central portion of Fitchburg less than two miles from the Madison City limits. This is a rapidly developing section of Dane County and more development is anticipated. A new neighborhood shopping center, Fitchburg Ridge; was recently completed at the corner of Post and Fish Hatchery Roads; adjacent to the subject. The new Department of Natural Resources headquarters and a large insurance company office building will begin construction on Fish Hatchery within the next year. Condominiums are nearing completion and other apartment units are planned just north and west of the subject.

Despite the suburban location of the property being appraised, it is conveniently located to all supporting facilities. The University of Wisconsin and the central



## LOCATION AND FEASIBILITY (Continued)

business district; major employment centers, are less than five miles to the north. West Towne is a regional shopping center and is six miles to the west, while Midvale Shopping Center, a somewhat smaller retail area, is about three miles away. Recreation needs offered by the University and several lakes are also close by. The University of Wisconsin Arboretum; a large wildlife refuge, is only two miles away. The convenience of this area is greatly enhanced by the proximity of the "Beltline" highway, less than one mile from the site. This limited access road provides a quick route to downtown as well as the Interstate Highway System. A map of the Madison area is shown as Exhibit #5.

This portion of Fitchburg has one of the highest concentrations of apartments in the State of Wisconsin. Besides the subject complex of 865 dwelling units, there are over ten other projects within a three mile radius with over 150 units. Many of these projects were constructed from 1969 - 1973. During that time apartment construction was at an all-time high and exceeded the rate of the single-family sector. This glut of apartments was removed as the rate of multi-family starts dropped from 3,170 units in 1971 to only 807 for all of Dane County in 1975. Studies of the Madison area housing marked by the Madison Area Technical College have found the vacancy factor of apartments in the last two years to be below 3%. Exhibit #6 is a graph of the Dane County housing starts from 1969 - 1979 as compiled by the Regional Planning Commission.

The strength of the apartment rental market in the Madison area is attested by several factors. Reduced vacancies have led to higher rents and a gradual increase in the construction activity of new apartments. Apartment rents in the subject complex have been raised over 20% for most models in less than a two year period. As can be seen from the graph of Dane County construction activity, multi-family starts have increased modestly in each of the last three years. Prices of improved apartment developments have also increased. The Brekenridge project, across the street from Country Club, sold for \$3,200,000 in November of 1977 and an offer to purchase the property under similar financing terms was recently turned down at \$4,800,000; an increase of 50% in a year and one half period.

Changes in the political situation of the township should be mentioned. At the time of this report the Town of Fitchburg attempted to hold a referendum on incorporation. Such an act would block repeated annexations of the community by the City of Madison. Madison went to court to stop the election

and was successful but the decision is being appealed. Madison would eventually like to annex all of the sewerred areas of Fitchburg which would include the subject property. Such an act, which may be several years away, if at all, would probably increase the real estate tax burden of the annexed property owners by a moderate degree.

In conclusion; the property being appraised is well located in a growing area of Dane County. The oversupply of apartments in the area has disappeared and has been replaced by high occupancy rates and increased rents.

#### SITE DATA

According to David Kottke, who surveyed the site, the entire parcel is approximately 130 acres in size. An exact measurement is not available since the golf course was never surveyed. This site is irregular in shape and lies West of Fish Hatchery Road, South of Post Road, and North of High Ridge Terrace.

The site is gently rolling and is somewhat higher at the eastern and northern boundaries. The center of the parcel is at the lowest elevation and is used as an executive, nine-hole golf course. While this portion is well below the surrounding parcels of the site, none of it is in a designated flood hazard area according to maps at the Fitchburg Assessor's Department.

Landscaping of the apartment site and golf course can be described as adequate but greatly improved. One hundred new trees were planted in the former Timber Ridge and Golf Creek sections of the property. The maintenance of the grounds and golf course has also been upgraded in the last two years but prior neglect in some areas is still evident.

The golf course is not buildable as this area was set aside to meet parkland and open area contribution requirements at the time of development. Only the two most western parcels, tax key numbers 15-0145.2.2 and 15-0145.1.1, containing a total of about 18.2 acres are available for future development. The Northern portion of this buildable land is somewhat open or covered with small trees and shrubs. The southern portion of this site is heavily wooded in spots with mature hardwood trees. Some of this land is near the golf course and is thus at a lower elevation. Soil borings of this land in particular would be necessary prior to development. Most of the developable land is at a higher level and would afford future dwelling units attractive views of the golf course.

All municipal services are available to the improved as well as vacant sites. Municipal water and sanitary sewer lines have been extended down Leopold Way and could be easily installed to the vacant lands. A letter from James Braun, Consulting Engineer for Fitchburg, states that some of the improvements already exist in this site. Besides the 15 inch sanitary sewer referred to in the letter, a 4 inch water main has also been installed. (See Exhibit #7.)

#### ZONING

Except for a small area that includes the Tree House which is zoned B-1, the entire site is zoned Residential R-4. Such a zoning district permits a variety of residential developments, from single-family homes to apartments and mobile home parks. The Fitchburg Development Plan allows from 9-15 living units per acre but such is a conditional use and would need approval by the Town Board. This requirement has been adhered to in the past and 15 apartment units per acre is considered a maximum density in Fitchburg, in this area.

#### TAXES AND ASSESSMENTS

The three developed phases of the project were assessed as follows for 1979 tax purposes:

##### Country Club (305 apartments) Key #15.0145.1.6

Land	\$1,000,000
Improvements	<u>4,200,000</u>
Total	\$5,220,000

##### Timber Ridge (274 apartments) Key #15045.2.3

Land	\$ 800,000
Improvements	<u>3,470,000</u>
Total	\$4,270,000

##### Golf Creek (286 apartments) Key #1504.2.B

Land	\$1,000,000
Improvements	<u>3,500,000</u>
Total	\$4,500,000



TAXES AND ASSESSMENTS (Continued)

The buildable vacant land is assessed as

Key #150-145.1.1  
(12.2 acres)

\$ 48,000

Key #150-145.2.2  
(6 acres)

60,000

Total Assessment of  
all parcels

\$14,098,000

148,000

According to actual sales transactions review by the Wisconsin Department of Revenue, Fitchburg assessed real estate at approximately 93% of market value in 1979. The net mil rate last year was \$19.30.

## HIGHEST & BEST USE

The "Real Estate Appraisal Terminology," published jointly by the American Institute and Society of Real Estate Appraisers in 1975, defines such as follows:

"That reasonable and probable use which will support the highest present value, as defined, as of the effective date of the appraisal.

Alternatively, that use, from among reasonably probable and legal alternative uses, found to be physically possible, appropriately supported, financially feasible, and which results in the highest land value."

The definition then goes on to describe a situation where existing improvements are not the highest and best and refers the reader to interim use. It also describes that this determination of highest and best use is not a fact to be found in the market but sometimes the results of the appraiser's judgement and analytical skill. It further explains that in the context of a most probable selling price another term that could be used would be "most probable use." Also in the context of investment value an alternative term could be the most profitable use.

Also, it could further be observed that, in some instances where we would hesitate to speak in superlatives such as highest and best, there are many uses which could be continued and might at least be an appropriate use of the site.

The existing apartment project conforms to the R-4 zoning of the site, is in keeping with the surrounding land uses, and is an appropriate use of the site. This is especially true considering the strong demand for housing in areas conveniently located to the University and downtown Madison. The existing improvements constitute the highest and best use of the site.

The vacant and buildable 18.2 acres of the site might best be developed as a higher priced apartment project or as condominiums. Individual ownership of units in multi-family buildings has become acceptable in Madison in the last few years after an initial period of buyer resistance. A condominium project is presently being developed on Post Road, adjacent to the subject on the north and west. The

#### HIGHEST & BEST USE (Continued)

18.2 acres of vacant land is somewhat wooded and because of its higher elevation it would have an open view to the golf course. Because of this attractive site, condominium development is a distinct possibility.

The lands utilized by the golf course and referred to as tax key #15.0145.16 can not be developed. This land is kept as an open area to satisfy Fitchburg parkland dedication requirements. The use of this land is thus very limited and it presently is being used at its highest and best use. While a separate value for this piece is not given here, it does enhance the entire project and makes possible higher apartment rentals.

#### PHYSICAL DESCRIPTION

This project was developed in three stages during the early 1970's. It is difficult to state with certainty the date of completion as portions of the last phase were partially built, abandoned and finished by the lender at a later date. From the information available, it appears that all of the units were built during the period 1970-1974.

While Timber Ridge and Golf Creek are similar in many respects, Country Club is distinct from the first two phases. The physical data on the three phase is summerized as follows:

# Timber Ridge

Number of Buildings	10		
Total Number of Units	274		
Types of Units and Size (bedrooms/baths)	83	1 Br/1 bath	750 sq.ft.
	105	2 Br/1 bath	920 sq.ft.
	86	2 Br/2 bath	940 sq.ft.

274  
286  
560

## Comments:

Timber Ridge is very similar to Golf Creek in terms of exterior appearance and interior room layout. Like Golf Creek, all of the buildings are two stories in height with some structures having apartments in an exposed basement area. These buildings also have wood and brick veneer exteriors, and seven of the buildings have flat roofs while three are pitched with asphalt shingles.

Apartments at Timber Ridge are heated by a common, gas fired boiler that is individually metered. The gas hot water heaters are also shared and are located in the basements. Each dwelling has a sleeve type air conditioner, a full compliment of kitchen appliances, wall-to-wall carpeting and sliding patio doors. These dwelling units are very similar to the previously described apartments of Golf Creek and the various apartment models are also shown as Exhibit #8.



## Golf Creek

Number of Buildings	13		
Total Number of Units	286		
Type of Units and Size	83	1 Br/1 bath	740 sq.ft.
(bedrooms/baths)	157	2 Br/1 bath	900 sq.ft.
	46	2 Br/2 bath	920 sq.ft.

### Comments:

All buildings are two stories in height; seven buildings having one half of the basement level exposed which accomodates additional living units. Seven buildings have built-up (flat) roofs with gravel cover; six buildings have hip (pitched) roofs. The exteriors of the buildings are a combination of brick and wood. Foundations and footings are poured concrete. Each building has a basement containing a gas hot water boiler which is controlled by individual thermostats in each apartment. Also in the basement area are individual lockers, two gas hot water heaters and water softeners.

All apartments have a full bath which includes a shower over the tub, composition tile flooring, ceramic wainscoting, and exhaust fan. Kitchens are equipped with a stove, refrigerator, exhaust fan, garbage disposal, formica counter top, wood veneer cabinets and composition floor.

All other rooms have wall-to-wall carpeting, a sleeve-type air conditioner is located in the living rooms and the dining areas have a ceiling hung light fixture. Closet doors are metal. First floor units have a concrete patio and upper level apartments have a balcony with access provided by a sliding glass door. Copies of the various floor plans are included as Exhibit #8.

## Country Club

Number of Buildings	30		
Total Number of Units	<u>305</u>		
Type of Units and Size	79	1 Br/1 bath	750 sq.ft.
(bedroom/baths)	106	2 Br/1 bath	950 sq.ft.
(Townhouse)	42	2 Br/1½ bath	1050 sq.ft.
(Townhouse)	78	3 Br/1½ bath	1350 sq.ft.

### Comments:

Country Club is different from the other two phases in terms of exterior appearance and individual apartment layout. There are 10 buildings with apartments and full basements and 20 townhouse structures having slab foundations. All buildings have brick and cedar exteriors. Unlike the other phases, all buildings in Country Club have Mansard roofs with asphalt shingles. Exposed basements allow an additional half story of garden apartments in two buildings.

The townhouse units have a concrete patio and sliding patio doors. Each unit has a separate gas fired hot air furnace, central air conditioning, and ~~an electric hot water heater~~. Townhouse units have an outside storage locker next to the patio. Copies of these apartment layouts are listed in Exhibit #8.

All Country Club dwelling units have a full complement of kitchen appliances; dishwasher, refrigerator, over/range, disposal and fan. The kitchen floor is composition asphalt tile. All other rooms are carpeted except the baths which have ceramic tile floors. Apartments have sleeve-type air conditioners.

## RECREATION BUILDINGS AND FACILITIES

In addition to the apartment buildings, the entire complex has a wide variety of amenities. The recreation pavilion at Country Club has a 54,400 gallon outdoor pool, party room with natural fireplace, kitchen, sauna, exercise room and gymnasium.

The Tree House is a separate one story frame structure with exposed basement. A restaurant/bar and open balcony is contained on the first floor. Saunas, locker rooms and storage facilities are on the lower level. This building is adjacent to another outdoor pool and two tennis courts. Two other tennis courts are located near the Timber Ridge phase and several tot lots are scattered throughout the project. With the par-3, nine hole golf course and the previously mentioned facilities, the project has an amenity package that is superior to any other apartment complex in Madison. The golf course is also used for jogging and cross country skiing.

Overall the condition of the project can be described as being average while the apartments themselves are in slightly better shape. The original developer defaulted on his mortgages and the complex was somewhat neglected in the period that it was owned by the lender. The cedar exterior of most buildings, especially those with southern exposures, need restaining. The parking lots need repaving in spots. Asphalt curbs and some concrete sidewalks need replacing. Some patios, especially in the Timber Ridge phase, have heaved and need to be mudjacked. The bath facilities of the Tree House, a facility operated by a party separate from the management of the apartments, is in poor condition.

Necessary repairs have been made to other items in the last two years. The lintels above some patio doors at Timber Ridge were damaged and have been repaired. All of the flat roofs except one have been replaced in the last three years. While no leaks are presently known, such roofs may be a source of continued problems. The landscaping was improved with the planting of numerous trees but the condition of the grounds could be given even more attention. Again, this is an area that was neglected during the foreclosure period.

No necessary repairs were evident on the interior of the buildings or apartments. The walls are usually painted

RECREATION BUILDINGS AND FACILITIES (Continued)

whenever there is a change of tenancy. Kitchen appliances are in working order although they are no longer covered by a manufacturer's warranty. Insulation of the buildings is not considered adequate by today's standards but was typical for the period of which these units were constructed.

### THE COST APPROACH

In this approach an attempt is made to estimate the value of the subject property by estimating its cost new, deducting depreciation for physical, functional and economic causes and adding land value.

With depreciation properly estimated, especially for functional and economic reasons, this approach should give a value indication very similar to the income and market approaches.

However, in the case of older buildings, the more depreciation that must be estimated, the less reliable this approach becomes. It does tend, however, to set an upper limit of value, indicates the relationship between land and buildings, and generally suggests to a potential purchaser that he cannot replace the subject use for less than its current asking price or value.

The approach is least reflective of the typical buyer's motivations and it is thus given the least weight. Buyers of properties like the subject are most concerned with the net income potential of the real estate rather than its historic or replacement cost. With this limitation in mind, we have attempted to value the subject by using the Boeckh General Estimate Manual and in particular page C-11.

Building dimensions were taken from previous Holzhauer and Company appraisals of the property or were supplied by the Fitchburg Assessor's Department. We have summarized our valuation in this section. The actual calculations of building sizes are shown in Exhibit #9. Buildings with exposed basements are counted as having two and one half stories. Dimensions are measured from outside wall to outside wall with the only portion of the building not included as "usable space" being the unfinished basement.

Based on the above considerations and sources, we have come to the following conclusions:

Country Club (30 buildings, 305 apartments)

334,582 square feet @ \$27 (including utilities, parking and basements in apartment buildings)	\$9,033,714
10,560 Sq. ft. recreation building @ \$29	306,240
Swimming Pool, equipment, deck	45,000
Roadway	<u>75,000</u>
Total Estimated Reproduction Cost	\$9,459,954
Less Depreciation	
<u>Physical</u> - 6 years old,                      15% average condition	
<u>Functional</u> - insulation                      5%	
<u>Economic</u> - none                              0%	
Total Depreciation - all causes 20%	(1,891,991)
Residual Value of Improvements	7,567,963
Plus -depreciated value of kitchen equipment, washers and dryers in apts. \$400/unit x 305 apts.	122,000
Plus - Land Value at \$2,500 per apartment	<u>762,500</u>
Total Estimated Value of Country Club	\$8,452,463



Golf Creek (13 buildings, 286 apartments)

301,314 square feet @ \$26 (including utilities, parking and basements)		\$7,834,164
Roadway		80,000
Recreation Building (Tree House) 12,000 sq. ft @ \$30		360,000
Swimming Pool and Tennis Courts		<u>60,000</u>
Total Estimated Reproduction Cost (excluding land)		\$8,334,164
Less Depreciation		
<u>Physical</u> - eight years old, avg. condition, Some exterior repairs needed	25%	
<u>Functional</u> - insulation, flat roofs	5%	
<u>Economic</u> - none	0%	
Total Depreciation - all causes	30%	(2,500,249)
Residual Value of Improvements		5,833,915
Plus - depreciated value of kitchen equipment - \$300/unit x 286 apts.		85,800
Plus - Land Values, estimated at \$2,500 per apartment		<u>715,000</u>
Total Estimated Value - Golf Creek		\$6,634,715

Timber Ridge (10 buildings, 274 apartments)

278,530 Square feet @ \$26 (including utilities, parking and basements)		\$7,241,780
Tennis Courts		30,000
Roadway		<u>70,000</u>
Total Estimated Reproduction Cost (excluding land)		\$7,341,780
Less Depreciation		
<u>Physical</u> - seven years old, avg. condition, some exterior repairs needed	25%	
<u>Functional</u> - insulation, flat roofs	5%	
<u>Economic</u> - none	0%	
Total Depreciation - all causes	30%	(2,202,534)
Residual Value of Improvements		5,139,246
Plus - depreciated value of kitchen equipment - \$300/unit x 274 apts.		82,200
Plus - Land Value - estimated at \$2,500 per apartment		<u>685,000</u>
Total Estimated Value - Timber Ridge		\$5,906,446

## VALUATION OF BUILDABLE VACANT LAND

To evaluate the vacant parcel of 18.2 acres at the western edge of the complex, we have used the direct sales comparison approach. The value of this land is added to the value conclusion of all of the other approaches, including the cost approach.

This parcel, previously discussed in the site analysis section of this report, is zoned R-4. This classification is the same as the other improved phases of the subject and Fitchburg has in the past allowed up to 15 apartment units per acre to be developed in R-4 areas. The other three phases of the project have also approached this density of 15 dwellings per acre.

Four comparable apartment site sales are listed in Exhibit #10. We have divided the sale price by the number of apartments that were allowed to be constructed. The resulting selling price per apartment is the most meaningful unit of comparison and is often used by market participants. On this basis the four parcels sold from \$2,250 - \$4,500 per allowed dwelling unit.

Comparable 3 is associated with the lowest selling price per allowed apartment and this sale is cited to illustrate a lower limit of value for the subject project. The location of this site is considered only average and inferior to that of the subject. The allowed density of this project of 30 units per acre had the effect of reducing the selling price on this per apartment basis. This density is double that of the vacant land being appraised and a positive adjustment would be required.

The site in Nakoma Heights, Comparable 2, sold for the highest amount; \$4,500 per unit. This site is considered more valuable than the subject as all of the improvements, including roads, were installed. Another factor that raised the selling price to a higher level is the smaller size of the proposed development. Investors are willing to pay more for smaller sites on a per unit basis than they are for larger projects like the subject site which could accommodate about 273 apartments (18.2 acres x 15 units/acre).

Sites 4 and 1 are similar to the subject site and would be more indicative of its value as a per apartment basis. They sold at \$3,100 and \$3,750 per unit respectively. Comparable 1 sold at the higher amount due again to the smaller size of the

VALUATION OF BUILDABLE VACANT LAND (Continued)

proposed development and its location in a prestigious area of Madison. The Bowman Heights lots are less than a mile from the Golf Creek property and will contain 90 units. Due to its larger size and proximity to the subject it is considered most comparable to the 18.2 acres being appraised.

The vacant, buildable portion of the subject, has several advantages that would increase its value in relation to the \$3,100 per apartment selling price of Comparable 4. The subject has a portion that is heavily wooded and thus more desirable than the Bowman Heights lots which lack trees. This site being appraised is in part elevated and would also have a good view of the golf course. According to the Fitchburg Assessor, the existing golf course satisfies the necessary parkland dedication requirement and the entire 18.2 acres could be developed. The location next to the golf course could make a condominium project successful on such a site. However, comparable 4 is a smaller development and the existing roads have already been installed.

With a probable maximum density of 273 apartments (15 for the 18.2 acre site) we estimate a land value of \$3,000 per unit. This is equal to \$819,000 which is rounded to \$800,000. This estimate is based on the assumption that the soils in this area have sufficient bearing capacity for garden-type apartment buildings. Any expense necessitated by the soils or high water table (i.e. deeper footings or land fill) would have to be deducted from our value estimate.

With the evaluation of the buildable land to the west of the existing projects we can now arrive at a total for the entire project by the cost approach. We can summarize our results as follows:

Golf Creek	\$6,634,715	
Timber Ridge	5,906,446	
Country Club	8,452,463	
Vacant Land (18.2 Acres)	<u>800,000</u>	
Total Valuation by Cost Approach		\$21,793,624
Rounded		\$22,000,000

## DIRECT SALES COMPARISON APPROACH

In this approach the value of the subject is evidenced by comparison with sales prices of several similar properties that have recently sold nearby or in like locations.

Adequate data enables the development of units of comparison and provides the basis for adjustments when dissimilarities exist.

The most difficult part of this approach is acquiring and verifying adequate data. Even then, it is often difficult to detect price differentials for various dissimilarities, thus making adjustments an academic exercise of subjective or generalized opinion.

In some cases, such as where the income approach will be the most persuasive, good sales data does serve at least to establish a range or set a pattern within which the value of the subject would be expected to be found.

Obviously the more data and the narrower the range, the more reliable are these indicators.

Nine sales of larger apartment projects are listed as Exhibit #11. All transactions occurred within the last two years, are in Dane County and are located on a map of the Madison Metropolitan area included as Exhibit #5. The numbers correspond to the comparables as they are listed in the sales grid.

Analysis of the data in the comparable grid show that some broad indicators can be developed. Investors often value projects like the subject on a per apartment basis or in terms of a gross rent multiplier. The gross rent multiplier (GRM) is the sales price divided by the gross rent of the development at the time of its sale. Thus it expresses the relationship between the selling price and its gross revenues.

On a per apartment basis the comparable projects sold from \$15,424 to \$23,958 per dwelling unit. The three oldest sales, Comparables 7, 8 and 9 are at the lowest end of the range. These are the oldest transactions and a substantial time adjustment would have to be made to reflect the improved rental market that has developed in the last two years. The price of Monona Shores was further depressed by its poor condition. Rimrock Hills and Chalet Gardens are projects

DIRECT SALES COMPARISON APPROACH (Continued)

with frame exteriors and a meager amenity package. Because of these factors, these selling prices on a per apartment basis would tend to set a lower limit of value for all phases of the property being appraised.

The subject apartments are more similar to Comparables 2, 3, 4, and 5. These four sites were in a range of \$19,752 to \$20,702 per dwelling unit. While these properties are considered superior to the subject in terms of quality of construction, none has the recreation facilities afforded by Ridgewood or Country Club. These projects also do not have a large number of three bedroom apartments and a positive adjustment is necessary to reflect the increase of apartment prices since the time of their transactions.

The two remaining projects, Comparables 1 and 6, sold at a level that would tend to set an upper limit of value for the units at Ridgewood. Smaller developments, like Alhambra, generally sell for a higher amount as a per apartment basis. This is true because there are fewer buyers for projects the size of the subject and the price competition is not as great. Alhambra also is in an attractive setting - adjacent to the University arboretum and is of superior quality. Another factor that increases its per apartment selling price is the existence of the garage spaces. The selling price of Alhambra was \$23,958 per unit in February, 1979.

MGM is an apartment development that is located across Fish Hatchery Road from Country Club. An offer of \$4,800,000 was rejected by the present owner which equated to \$23,529 per living unit. This project is similar in quality to Ridgewood but is not the equal to that of Country Club. Despite the MGM recreation facilities of an indoor pool, saunas and tennis courts, it is also not as good as the subject's. On the surface the selling price per unit should not be much greater than the value of the subject, however, the development was offered with favorable financing. The seller was reported to be willing to finance the sale at 8-3/4%. On a conventional basis, this rejected offer would also tend to set an upper limit of value for at least the Ridgewood units.

Because of the similarity of the apartments in the phases



DIRECT SALES COMPARISON APPROACH (Continued)

previously called Golf Creek and Timber Ridge, we have estimated their value as a single entity. The Country Club units, are larger, have mostly brick exteriors, central air conditioning, and some townhouse layouts. These units would be valued at a higher rate. Considering the above factors we estimate the value of the Ridgewood Apartments at \$22,000 per dwelling unit. With a combined total of 560 units this equates to \$12,320,000. The 305 apartments of Country Club are valued at \$24,000 per living unit or \$7,320,000. With our previously estimated value of the buildable vacant land to the west, our conclusions based on direct sales comparison is summarized as:

Ridgewood - 560 Units	\$12,320,000
(Golf Creek & Timber Ridge)	
Country Club - 305 Units	7,320,000
Vacant Land - 18.2 Acres	<u>800,000</u>
Total	\$20,440,000

SAY \$20,500,000

Because all phases of the subject have been sold within the last two and one half years, we have included the information below as supplied by the Fitchburg Assessor's Department. The buildable vacant land was not included in any of the phases.

<u>PROJECT</u>	<u>CLOSING DATE</u>	<u>REPORTED PRICE</u>
Golf Creek	3/78	\$4,400,000
Timber Ridge	6/79	\$3,600,000
Country Club	5/79	\$5,750,000

Although these are recent transactions, we do not believe that they represent current market value. The seller of the property was a lender that may have been under undue pressure to dispose of a foreclosed property. No sales commissions were paid and the favorable lease to the restaurant/bar was required. The market for apartments has also substantially improved from the time of these sales.

## THE INCOME APPROACH

This approach indicates value by estimating economic rents, deducting typical or anticipated expenses and capitalizing the net income into value at a capitalization rate responsive to a typical buyer's motivation as summarized in the Ellwood or Mortgage-Equity Technique.

With the IREM (Institute of Real Estate Management) providing good guidelines for expectable expenses and with the capitalization rate well rationalized by the mortgage-equity technique, the primary problem for the developer or appraiser is to estimate the rents correctly.

To quote the American Institute text, "This is a critical estimate and an error at this point may be compounded in the process of valuation. For example, if the gross income were \$60,000 and expenses were \$30,000, then the net income would be \$30,000. A 10% increase in gross income to \$66,000 with identical expenses, however, would return a net income of \$36,000 which, when capitalized would produce a 20% greater value estimate."<sup>1</sup>

The income approach attempts to appraise the real estate by dividing the estimated net operating income by an appropriately developed capitalization rate.

A first step in this approach is estimate the gross revenues. Our estimate of the current stabilized rents for the subject, along with the current rents of the units is listed on the next page. Our estimates are based on an analysis of 13 other competitive apartment projects in the Madison area illustrated as Exhibit #12.

<sup>1</sup>Appraisal of Real Estate, American Institute of Real Estate Appraisers, Chicago, Illinois, Sixth Edition, 1973, p. 309.

<u>Unit Type</u>	<u>Current Rent</u>	<u>Proposed Rent</u>	<u>No. of Apts.</u>	<u>Proposed Revenue</u>
Ridgewood				
1 Br, 1 bath	\$245	\$260	166	\$43,160
2 Br, 1 bath	280	280	262	73,360
2 Br, 2 baths	295	300	132	39,600
Country Club				
1 Br, 1 bath	\$265	\$265	79	\$20,935
2 Br, 1 bath	315	315	106	33,390
2 Br, 1½ bath*	325	330	42	13,860
3 Br, 1½ bath*	360	370	78	28,860
Monthly Total				\$253,165
				x 12
Potential rents on annual basis				\$3,037,980
Less Vacancy and credit loss (5%)				151,899
NET PROJECTED RENTS				\$2,886,081

\* Townhouse units.

One of the first items that is evidenced from an examination of the proposed rent schedule is that the anticipated rents are only slightly greater than the current rent schedule. The current management has been very aggressive in raising rents with the last general increase taking effect on June 1 of 1980. In the last two years rent levels for all units in this project have been increased from 20-30%. The only units that are presently believed to be below current market levels are the one-bedroom apartments in Ridgewood. At \$245 per month, these rents are at only 33 cents per square foot. Similar units at other projects (MGM, Holiday Gardens, Nakoma Heights) suggest that a rent of at least 36 cents is possible.

Naturally, the projected revenue of \$2,886,081 is not immediately available as some apartments are under existing leases at a lower rent. However, since leases are not written for a term over one year, the period needed to reach the projected rent level is relatively short and no discount is required. A vacancy factor of five percent was deducted from the potential rental revenue. At the present time there are 42 vacancies in the entire project which is 4.8% of the total apartments. Vacancy levels at Golf Creek were much higher due to poor management.

In addition to the rental income there are other sources of revenue available to the owners. These include greens fees from the golf course, washer and dryer income and rent from the Tree House which is leased to a separate party. Under the terms of the lease dated March 13, 1978, rent to the owners, net of taxes and utilities, is \$500 per month. In March of 1983, this income will be raised to \$1,000 per month if the contract is extended by the lessee. Considering the popularity and reported income of the business, the current rent is much too low. We understand that this rental concession was made by the present owners as part of the overall negotiation to purchase the apartments. Based on recent monthly operating statements, we have estimated the other sources of revenue on an annual basis as:

Washer and Dryer Income	\$ 33,000
Golf Course Receipts	18,000
Tree House Rentals	6,000
Projected Apartment Rents	2,886,081
	<hr/>
Anticipated Gross Revenues	\$2,943,081

In estimating operating expenses, we have considered the past operating experience of the subject, other projects in the Madison area and the 1979 edition of Income Expense Analysis-Apartments prepared by the Institute of Real Estate Management. Real estate taxes are based on the total current assessments (including vacant land) and last year's net mil rate. Accordingly, we summarize the anticipated operating expenses and their percentage of gross revenues as follows:

	<u>Amount</u>	<u>Percent of Gross Income</u>
Real Estate Taxes	\$272,091	9.3%
Insurance	73,000	2.5%
Gas and Electric	264,303	9.0%
Water and Sewer	88,100	3.0%
Advertising	5,873	.2%
Trash Removal	20,557	.7%
Repairs and Replacement	264,303	9.0%
Management	200,557	7.0%
Supplies	29,367	1.0%
Miscellaneous	<u>29,367</u>	<u>1.0%</u>
Total Operating Expenses	\$1,247,518	42.7%

We therefore anticipate the projects net operating income as:

Anticipated Stabilized Gross Income	\$2,943,081
Anticipated Stabilized Expenses	<u>1,247,518</u>
Projected Net Income Prior to Depreciation & Debt Service	\$1,695,563

We would like to draw the reader's attention to some of the above expense items and how they compare to other expense data gathered by the Institute of Real Estate Management (I.R.E.M.). Apartment expense data from a national sample of 241 low-rise buildings constructed after 1969 is reproduced as Exhibit #12A. Some of these items are different from our previous estimates and should be explained. Our expense statements must be multiplied by a factor of 1.07 when making comparisons to data from the Institute which is based on a percent of gross possible total income (G.P.T.I.). The estimated vacancy factor of the property being appraised was 5%, while income from other sources -- laundry, Tree House, and golf course -- amounted to another 2%.

Real estate taxes of the property being appraised were only 9.3% of actual gross compared to a median of 10.8% for the I.R.E.M. study. This is due to the subject's location in an unincorporated area where taxes (and municipal services) are generally lower. Gas and electric expense, based on past operating history of the subject, was estimated at 9% of estimated income. This is much higher than the I.R.E.M. median of 7.3% (5.2% + 2.1%) and reflects the inclusion of some buildings from warmer climates in the national survey. Repairs and maintenance of 9.0% was used which is equal to the national average of 9.0%. Data supplied by present owners of Ridgewood put this category much lower as related expenses were included as part of management costs. The management expense was reduced by a corresponding amount.

The next item to be determined is that of the capitalization rate. Dividing the anticipated net operating income by an appropriate capitalization or overall rate yields a value estimate by this approach. The rate developed from five of the Comparable sales illustrated in Exhibit #11 is from 5.71 - 10.2%. Such a range is too broad and inconclusive to be relied on except to possibly set general parameters for the subject.



Another method of determining this overall rate is the Ellwood Approach. This is a mortgage-equity method of capitalization which gives weight and effect to the motivations of the typical buyer of income properties.

This is a mortgage-equity method of capitalization which gives weight and effect to the motivations of the typical buyer of income properties.

This buyer is concerned with how small a downpayment is necessary so that the "leverage" of making money on borrowed money will result in a "cash flow" after "debt service" to produce an "equity yield" or at least "tax shelter" from depreciation during an anticipated period of ownership and a "hedge against inflation" with the ultimate "equity growth" because of such inflation and mortgage principal amortization.

Ideally, market data of comparable sales will equate such motivation when the net rentals are divided by the selling prices and produce over-all capitalization rates.

However, such sales data is difficult to obtain in such form so a Mr. L. W. Ellwood produced and published mathematical tables\* the use of which enables an appraiser to re-construct such an over-all rate using the following symbols and definitions:

- R = Over-all rate.
- Y = Equity yield rate (embracing both cash flow dividends and equity growth).
- M = Ratio of mortgage to total value expressed as a percentage.
- C = Mortgage coefficient (this is a band of investment type feature to give weight and effect to mortgage terms including both interest and amortization).
- dep = Projected depreciation expressed as a percentage of total property value.
- app = Appreciation.
- $1/S_n$  = Sinking fund factor at the yield rate (Y) for the income projection period ( $n$ ).

\*L. W. Ellwood, ELLWOOD TABLES FOR REAL ESTATE APPRAISING AND FINANCING, (Chicago: American Institute of Real Estate Appraisers, 1967)

## THE INCOME APPROACH Continued

The formula is:

$$R = Y - MC + \text{Dep } 1/S_n \\ - \text{App } 1/S_n$$

For the purpose of the subject appraisal the following is indicated or assumed:

Y =	.09	(equity yield)
M =	.75	(mortgage ratio)
C =	.1125, 25yrs	(interest rate & term)
App =	.30	(gain in value)
1/S <sub>n</sub> =	.30, 10 yrs.	(appreciation during holding period)

### Composition of Overall Capitalization Rate

Basic Rate	.1057 (1)
Sinking Fund Factor	.0658

Basic rate less appreciation times sinking fund factor equals overall rate.

Basic Rate	.1057
Less Appreciation (.30 x .0658 )	<u>.0197</u>
	.

Overall Capitalization Rate      say .0960      or 9.6%

### Evaluation

$$\frac{\$1,695,563 \text{ (average annual cash flow)}}{.096 \text{ (overall capitalization rate)}} = \$17,662,114$$

Value Indicated: \$17,662,114

Estimated Value of Buildable Land 800,000

Total Value Estimate by  
Income Approach \$ 18,462,114

Rounded \$ 18,500,000

(1) Ellwood Tables - see Exhibit #13

We have relied on two other sources of information in the development of the capitalization rate. Data supplied by Daniel Bartz, MAI, Vice President of First Wisconsin Mortgage Company indicated that several apartment buildings have recently sold at capitalization rates below 9%. Specifically, the Key Pines Apartments of Spartanburg, South Carolina; and the Garden Haus Apartments of Oklahoma City were sold at capitalization rates of 8.62% and 8.66% respectively. The recent rise in mortgage rates would correspond to slightly higher overall rates at this time, however.

A recent survey of capitalization rates by the Real Estate Research Corporation was also used. This study found that overall rates for apartments were between 9% and 10% in the first half of 1980. An article on this survey in the June 11, 1980 issue of Appraisal Briefs, distributed by the Society of Real Estate Appraisers is reproduced as Exhibit #15.

Exhibit #16 shows the results of a recent study of fourth quarter loan commitments by insurance companies. The capitalization rates for apartments in the fourth quarter of 1979 ranged from 10.1% to 11.3%. Such a rate would be lower now due to the general reduction of interest rates. Data was gathered by the American Council of Life Insurance and was printed in their April 15, 1980 issue of Investment Bulletin.

## SUMMARY AND CONCLUSION

We have appraised the apartment complex (including buildable land) from three approaches with the following results:

Cost Approach	\$22,000,000
Direct Sales Comparison	\$20,500,000
Income Approach	\$18,500,000

The cost approach is considered least relevant to the appraisal problem and is given very little emphasis. A cost analysis is even more unreliable on older properties like the subject because of the difficulty in accurately estimating accrued depreciation. Investors of multi-family buildings are least concerned with the cost of a project due primarily to the adage "cost does not equal value".

Buyers of income properties often value real estate by direct sales comparison and this approach is given some weight. However, all of the other recent sales are significantly different from the subject property in some respects and adjustments were necessary.

The value conclusion reached in the income approach is considered most relevant and is given the most emphasis. Buyers of investment properties are most concerned with the net income potential of a property and their buying decisions are heavily dependent on this appraisal technique.

Based on this analysis we estimate the value of the subject apartment project, including the golf course, recreational facilities and restaurant/bar as of July 1, 1980 at:

"EIGHTEEN MILLION FIVE HUNDRED THOUSAND DOLLARS"  
\$18,500,000

Based on the assumption that the soils are of the 18.2 acres of vacant and buildable land are suitable for construction of low rise apartment buildings, we have estimated the value of this land as of July 1, 1980 to be:

"EIGHT HUNDRED THOUSAND DOLLARS"  
(\$800,000)

*\$56/acre*

*Keep land*

*1006 land*

The estimated value of the entire project is thus:

Value of Apartments	\$18,500,000 *
Value of Vacant and Buildable Land	<u>800,000</u> <i>Geopit</i>
Total Estimated Value	\$19,300,000
	Rounded \$19,500,000

"NINETEEN MILLION FIVE HUNDRED THOUSAND DOLLARS"

Respectfully submitted,

*Paul A. Vandeveld*

PAUL A. VANDEVELD, SRA

*John A. Holzhauser*

JOHN A. HOLZHAUSER, MAI, SREA, CRE  
Review Appraiser

\* Of this total, \$2,160,000 is allocated to the land.

T

### FINANCING ALTERNATIVE

Our estimates of value have been based on conventional financing. However, the present owners have indicated that some of the existing mortgages are assumable. Since the interest rates on these loans are below that of current conventional loans, the cash flow to the buyer would be greater and the investor would be willing to pay a higher price.

Below, we have summarized the long term financing that would be available to a buyer of the project which includes a loan of \$7,000,000 from the present owners.

MORTGAGOR	APPROX. AMOUNT	INTEREST RATE	YEARLY INTEREST EXPENSE
John Hancock	\$ 3,100,000	8%	\$ 248,000
Mutual Benefit Life	4,200,000	9-7/8%	414,750
Northwestern National	2,700,000	10-3/4%	290,250
Sellers	7,000,000	10%	700,000
TOTALS	\$17,000,000		\$1,652,000

The total interest paid thus equates to 9.7%, say 9.75% when divided by the principal of \$17,000,000 that would be provided. If we would substitute this interest rate into the Ellwood formula with the same terms as provided under conventional financing, the resulting justifiable price would be as follows:

## THE INCOME APPROACH Continued

The formula is:

$$R = Y - MC + \text{Dep } 1/S_n - \text{App } 1/S_n$$

For the purpose of the subject appraisal the following is indicated or assumed:

Y = .09 (equity yield) ~~✓~~  
M = .75 (mortgage ratio) ~~✓~~  
C = .0975 (interest rate & term) ~~✓~~  
App = .30 (gain in value) ~~✓~~  
 $1/S_n = .30, 10 \text{ yrs.}$  (appreciation during holding period)

### Composition of Overall Capitalization Rate

Basic Rate	.0966 (1)
Sinking Fund Factor	.0658

Basic rate less appreciation times sinking fund factor equals overall rate.

Basic Rate	.0966
Less Appreciation (.30 x .0658 )	<u>.0197</u>
	.

Overall Capitalization Rate say .0769 or 7.69%

### Evaluation

~~NOT~~  
 $\frac{\$1,689,179 \text{ (average annual cash flow)}}{.0769 \text{ (overall capitalization rate)}} = \$ 21,965,916$

Justifiable Price: \$ 22,000,000

Estimated Value of Buildable Land 800,000

Total Justifiable Price \$ 22,800,000

With Financing Package

SAY \$ 23,000,000

(1) See Exhibit #14.



We have not referred to the result as "value" since the proposed increase in price does not represent the "value" of the real estate but rather, a premium to be paid for favorable financing. We also recognize that the "justifiable price" is somewhat of an approximation as the proposed financing package offered by the sellers does not correspond exactly to the term of the proposed conventional mortgage of 25 years.

We can thus summarize by saying that a transaction under the favorable financing arrangement proposed by the sellers would result in a higher selling price. This transaction price for the existing apartments and buildable vacant land as of July 1, 1980 is estimated to be:

"TWENTY-THREE MILLION DOLLARS"  
(\$23,000,000)

Respectfully submitted,

*Paul A. Vandeveld*

PAUL A. VANDEVELD, SRA

*John A. Holzhauser*

JOHN A. HOLZHAUSER, MAI, SREA, CRE  
Review Appraiser

### CERTIFICATION

The undersigned do hereby certify that, except as otherwise noted in this appraisal report:

We have no present or contemplated future interest in the real estate that is the subject of this appraisal report.

We have no personal interest or bias with respect to the subject matter of this appraisal report or the parties involved.


As well as can be determined, the statements contained in this appraisal and upon which the opinions expressed herein are based, are correct, subject to the limiting conditions set forth.

This appraisal report sets forth all of the limiting conditions (imposed by the terms of our assignment or by the undersigned) affecting the analyses, opinions and conclusions contained in this report.

This appraisal report has been made in conformity with and is subject to the requirements of the Code of Professional Ethics and Standards of Professional Conduct of the American Institute of Real Estate Appraisers of the National Association of Real Estate Boards and the Society of Real Estate Appraisers.

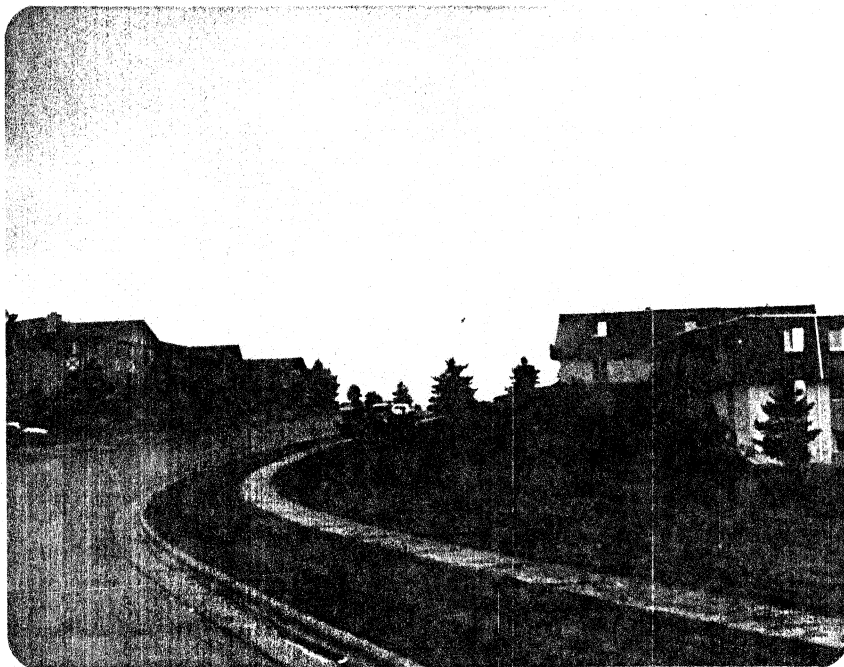
No one other than the undersigned prepared the analyses, conclusions and opinions concerning real estate that are set forth in this appraisal report.

  
\_\_\_\_\_  
PAUL A. VANDEVELD, SRA

  
\_\_\_\_\_  
JOHN A. HOLZHAUSER, MAI, SREA, CRE  
Review Appraiser



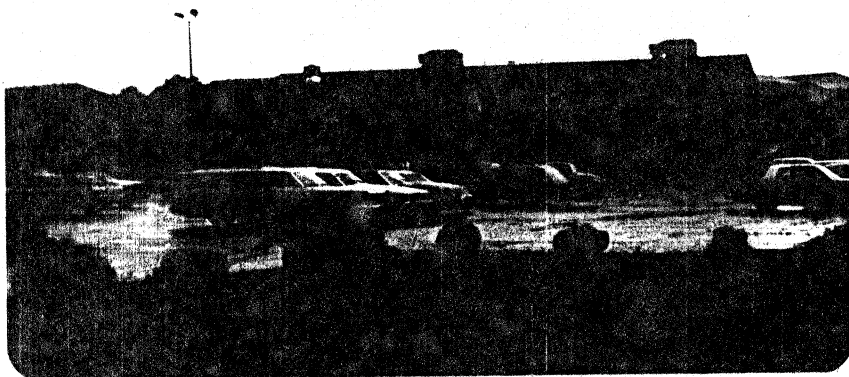
Country Club - looking  
Westerly along High  
Ridge Trail



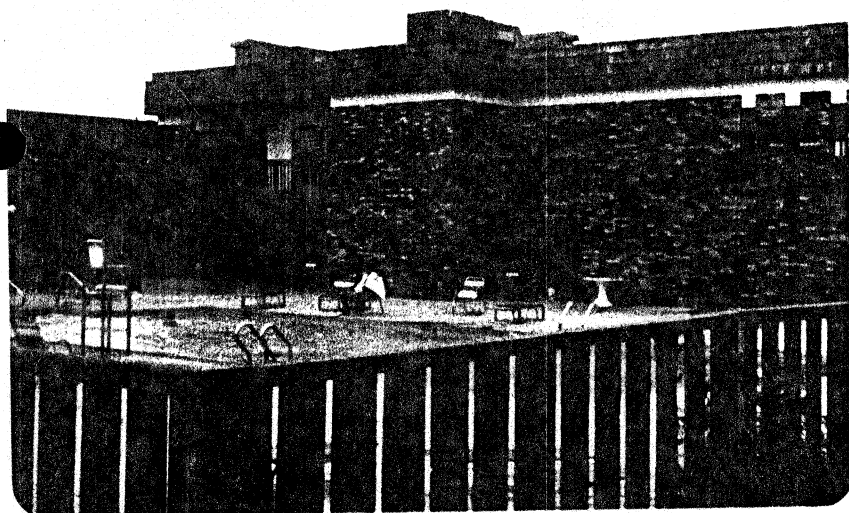
Timber Ridge - looking  
Northerly along Leopold  
Way.



Golf Creek - looking  
easterly along Traceway  
Drive.



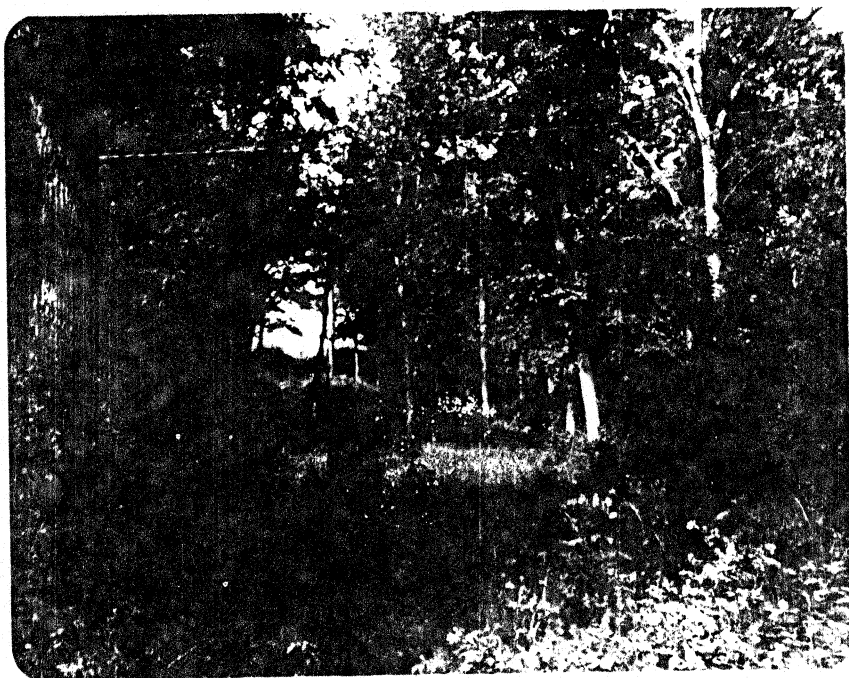
Front of the Tree  
House restaurant/bar,  
from Traceway Dr.



Pool and rear of  
recreation building in  
Country Club phase.



Wooded hole of par-3  
golf course.



Wooded portion of  
vacant, buildable land.  
Near southern end of parcel.

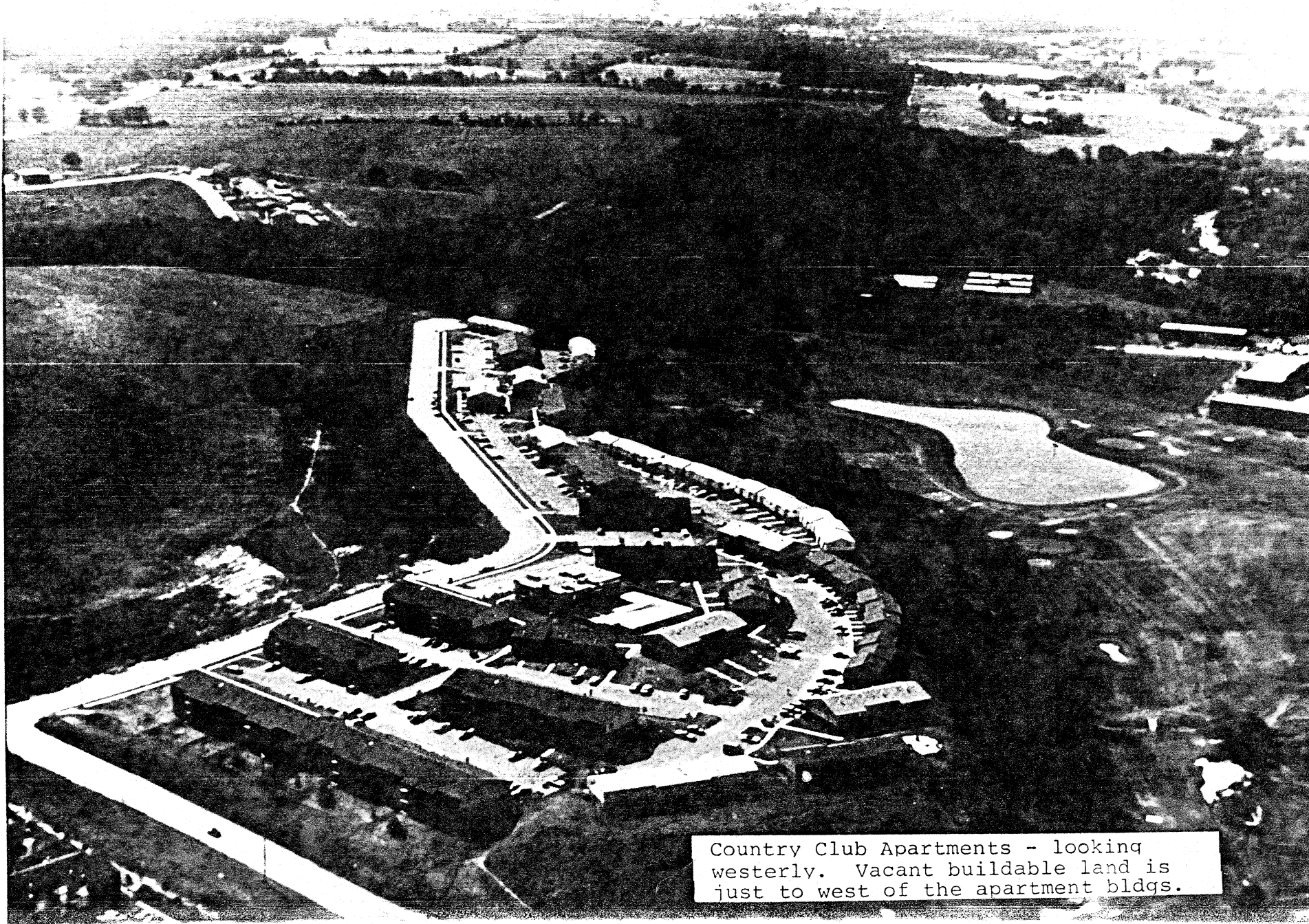


Northern portion of  
buildable land as viewed  
from end of Leopold Way.



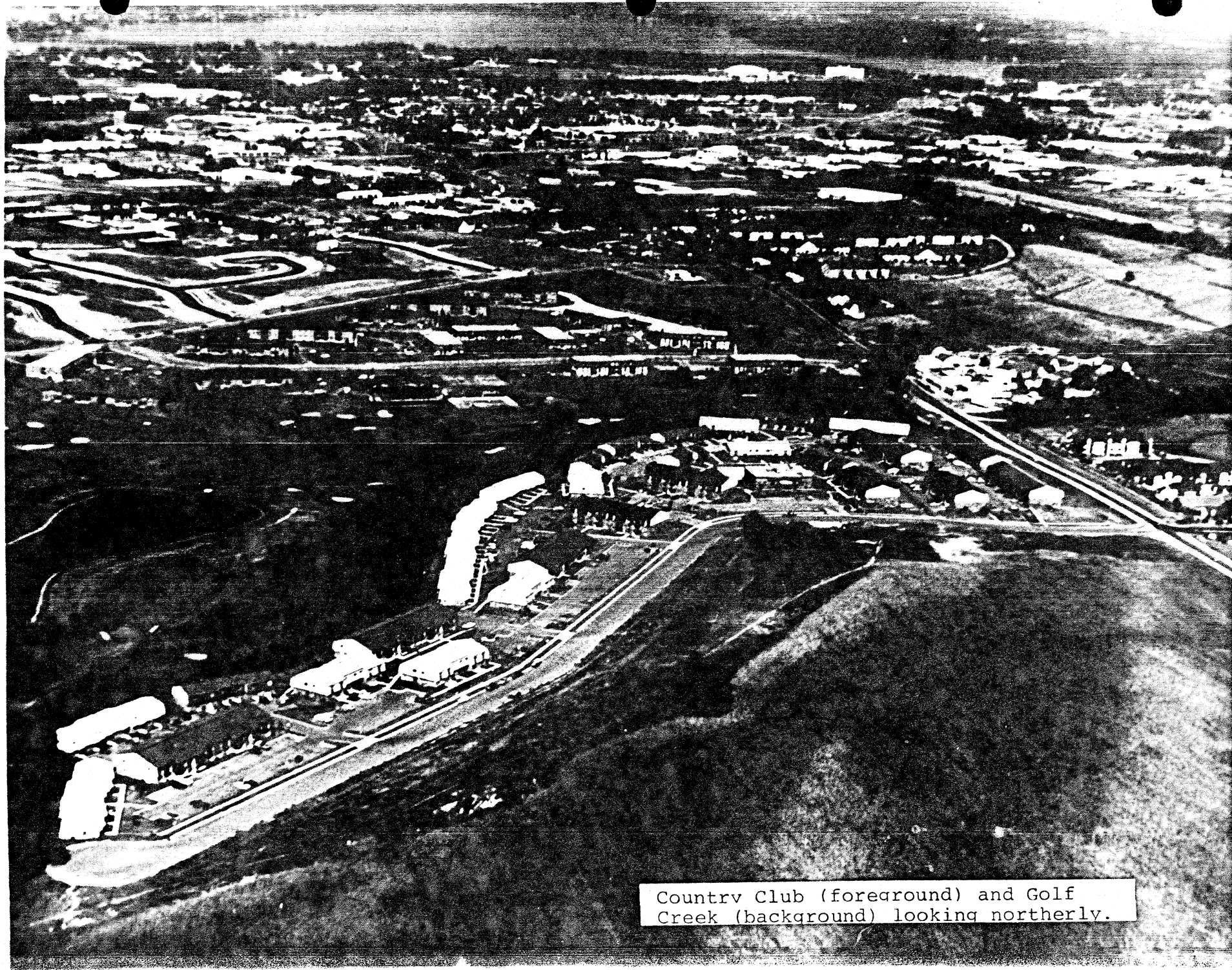


Entire project - looking northerly.  
University, downtown Madison and Lake  
Mendota are visible in background.



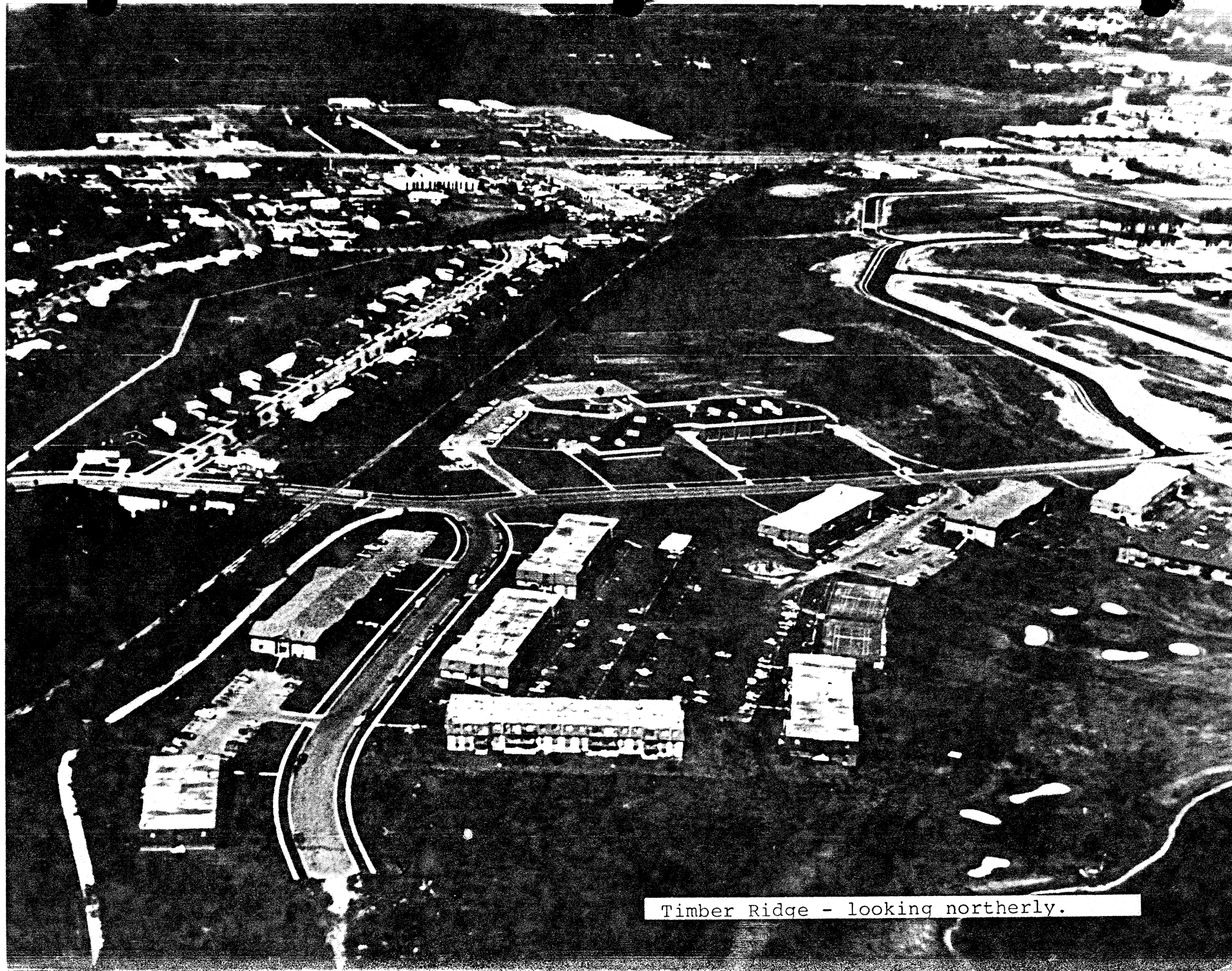
Country Club Apartments - looking  
westerly. Vacant buildable land is  
just to west of the apartment bldgs.



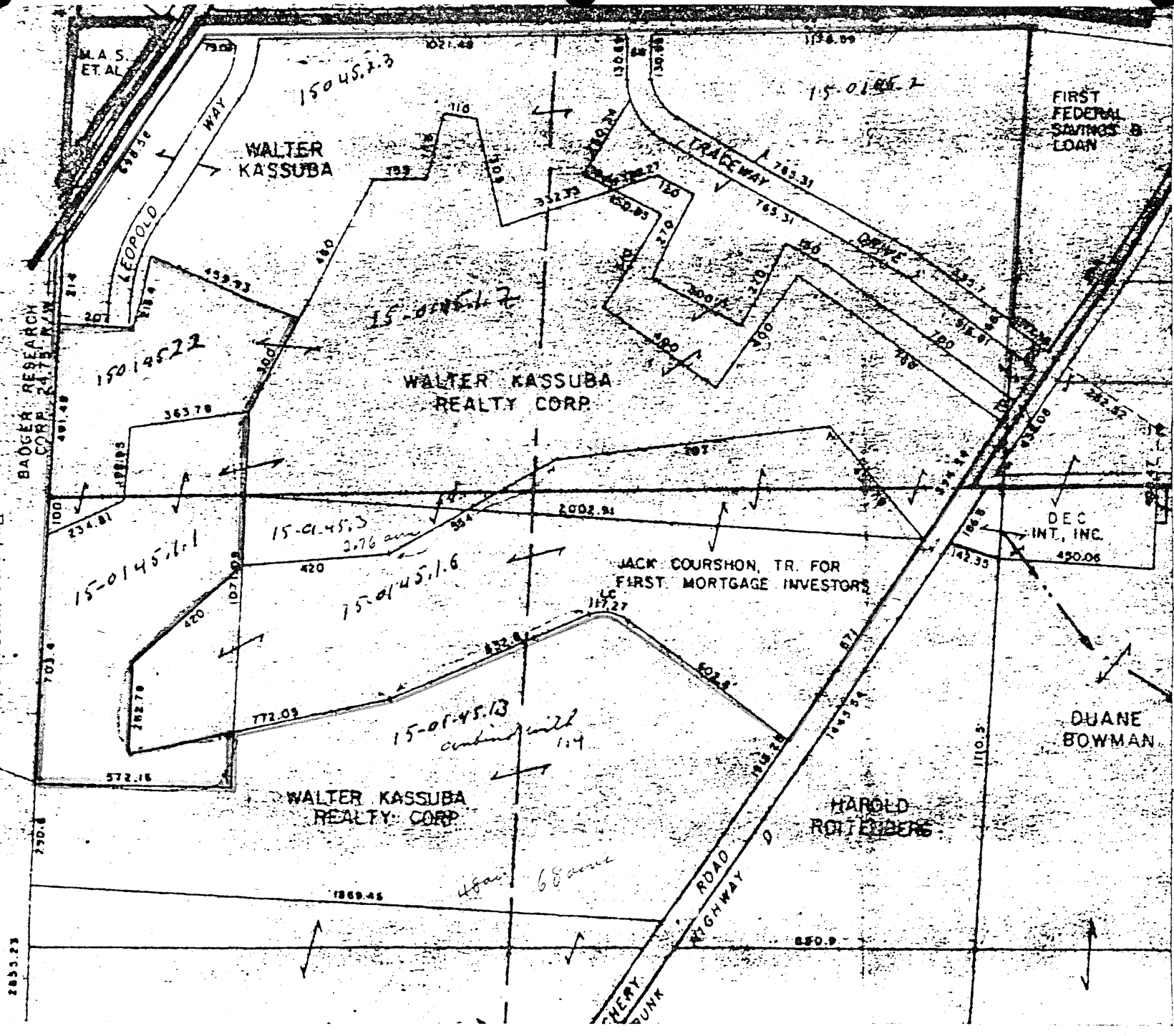


Country Club (foreground) and Golf  
Creek (background) looking northerly.





Timber Ridge - looking northerly.



15-0145.1.1	15 3269	15-03488	01	FB	BB	1
8 FIRST WIS NATIONAL BAN	R686/463 SEC 3-6-9 PRT SW1/4NW3					2
OF MILWAUKEE MICHAEL C	1/4 E PRT NW1/4SW1/4 COM SEC W4					3
777 E WISCONSIN AVE	1/4 COR TH S1DEGW 100 FT TH N65					4
MILWAUKEE WI	4DEG E 234.81 FT TH N2DEG E 196					5
53202	8.95 FT TH N81DEG E 363.78 FT 7					6
	TH S1DEGW 1071.09 FT TH N88DEG*					7
	W 572.16 FT TH N1DEG E 703.40					8
	FT TO POB EXC R553/578					9

15-0145.2.2	15 3269	15-03695	01	FB	BB	1
2 FIRST WIS NATIONAL BAN	R686/463 SEC 3-6-9 PRT NW1/4 C3					2
OF MILWAUKEE MICHAEL C	OM SEC W1/4 COR TH N2DEG E 4914					3
777 E WISCONSIN AVE	0.49 FT TH S87DEG E 207 FT TH N5					4
MILWAUKEE WI	14DEG E 216.4 FT TH S68DEG E 46					5
53202	59.93 FT TH S26DEGW 300 FT TH 7					6
	S81DEGW 363.78 FT TH S2DEGW 19*					7
	8.95 FT TH S64DEGW 234.81 FT T					8
	H N1DEG E 100 FT TO POB					9

Vacant Buildable Parcels

15-0145.1.6	15 3269	15-03603	01	FB	BB	1
TIMBER CLUB INC C/O FIRST MORTGAGE INV TTN PROPERTY TAX DEPT 71 41ST ST MIAMI BEAC 33140	R740/274 SEC 3-6-9 PRT N1/2 SW3 1/4 & S1/2 NW1/4 COM SEC W1/4 4 COR TH S1DEGW 713 FT TH N47DEG5 365 FT TO PCB TH CON N47DEGE6 420 FT TH N83DEGE 420 FT TH N7 59DEGE 554 FT TH N81DEGE 797 FT					

15-0145.1.2	15 3269	15-03511	01	FB	BB	1
FIRST WIS NATIONAL BAN OF MILWAUKEE MICHAEL C 777 E WISCONSIN AVE MILWAUKEE WI 53202	R686/463 SEC 3-6-9 PRT OF NE1/3 4, NW1/4, & SW1/4 COM SEC W1/44 COR TH S1DEGW 100 FT TH N64DE5 G E 234.81 FT TH N2DEG E 198.96 5 FT TH N81DEG E 363.78 FT TO 7 POB TH N26DEG E 760 FT TH S89D* EG E 155 FT TH N15DEG E 185 FT TH S85DEG E 110 FT TH S17DEG E 305 FT TH N69DEG E 332.73 FT TH S63DEG E 150.53 FT TH S300 EGW 310 FT TH S56DEG E 400 FT TH N33DEG E 400 FT TH S56DEG E 760 FT TH S33DEGW 394.34 FT T H N88DEGW 2002.91 FT TH N1DEG E 248.15 FT TO POB EXC R553/57 8					

15-0145.1.3	15 3269	15-03534	01	FB	BB	1
WALTER KASSUBA REALTY 350 ROYAL PALM WAY PALM BEACH FLA 33480	SEC 3-6-9 PRT SW1/4 COM SEC W13 1/4 COR TH S1DEG W 803.4 FT TO 4 POB TH S88DEG E 572.16 FT TH N5 1DEG E 822.94 FT TH S88DEG E 6 2002.91 FT TH S33DEG W 1318.287 FT TH N88DEG W 1869.46 FT TH * N 1DEG E 290.6 FT TO POB 46 AC RES R280/245 EXC PCL R553/578					

15-0145.1.4	15 3269	15-03557	01	FB	BB	1
WALTER KASSUBA REALTY 350 ROYAL PALM WAY PALM BEACH FLA 33480	SEC 3-6-9 PRT SW1/4 COM SEC SW3 COR TH N1DEG E 1462.06 FT TH 4 S88DEG E 1869.46 FT TH S33DEG W 1638.64 FT TH S 86DEG W 995.6 41 FT TO PCB R280/245					

Country Club and Golf Course

	15-0145.2.3	15 3269	15-03718	01	F8	BB	1
4	TIMBER CLUB INC C/O FIRST MORTGAGE INV ATTN PROPERTY TAX DEPT 801 41ST ST MIAMI BEACH 33140	R767/599 SEC 3-6-9 PRT NW1/4 C3 OM 491.49 FT N OF SEC W1/4 COR4 TH N2DEG E 214 FT TH N33DEG E5 718.9 FT TH N85DEG E 1209.07 6 FT TH S4DEG E 145.94 FT TH SEL7 Y ON CRV TO LET PAC 210 FT CHD*					2
5		S11DEG E 51.82 FT TH S26DEG W 250.34 FT TH S63DEG E 99.48 F T TH S69DEG W 332.74 FT TH N17 DEG W 305 FT TH N85DEG W 110 F T TH S15DEG W 185 FT TH N 89DE G W 155 FT TH S26 DEG W 460 FT TH N68DEG W 459.93 FT TH S140 EG W 216.4 FT TH N87DEG W 207 FT TO POB EXC R/WS TO ITN IN R2 11/281 & R224/181 ALSO RECR ES MT DESCR IN R392/561					3
6							4

Timber Ridge

15-0145.1.6

15 3269

15-03603

01

FB

BB

1

TIMBER CLUB INC

C/O FIRST MORTGAGE INV

ATTN PROPERTY TAX DEPT

71 41ST ST MIAMI BEAC

33140

R740/274 SEC 3-6-9 PRT N1/2 SW3

1/4 E S1/2 NW1/4 COM SEC W1/4 4

COR TH S10EGW 713 FT TH N47DEG5

365 FT TC PCB TH CON N47DEGE6

420 FT TH N83DEGE 420 FT TH N7

59DEGE 554 FT TH N81DEGE 797 E\*

Country Club

15-0145.1.2

15 3269

15-03511

01

FB

BB

1

FIRST WIS NATIONAL BAN

OF MILWAUKEE MICHAEL C

777 E WISCONSIN AVE

MILWAUKEE WI

53202

R686/463 SEC 3-6-9 PRT OF NE1/3

4, NW1/4, E SW1/4 COM SEC W1/4 4

COR TH S10EGW 100 FT TH N64DE5

G E 234.81 FT TH N20EG E 198.96

5 FT TH N81DEG E 363.78 FT TC 7

POB TH N26DEG E 760 FT TH S890\*

EG E 155 FT TH N15DEG E 185 FT

TH S85DEG E 110 FT TH S17DEG

E 305 FT TH N69DEG E 332.73 FT

TH S63DEG E 150.53 FT TH S30D

EGW 310 FT TH S56DEG E 400 FT

TH N33DEG E 400 FT TH S56DEG E

760 FT TH S33DEGW 394.34 FT T

H N88DEGW 2002.91 FT TH N1DEG

E 248.15 FT TC POB EXC R553/57

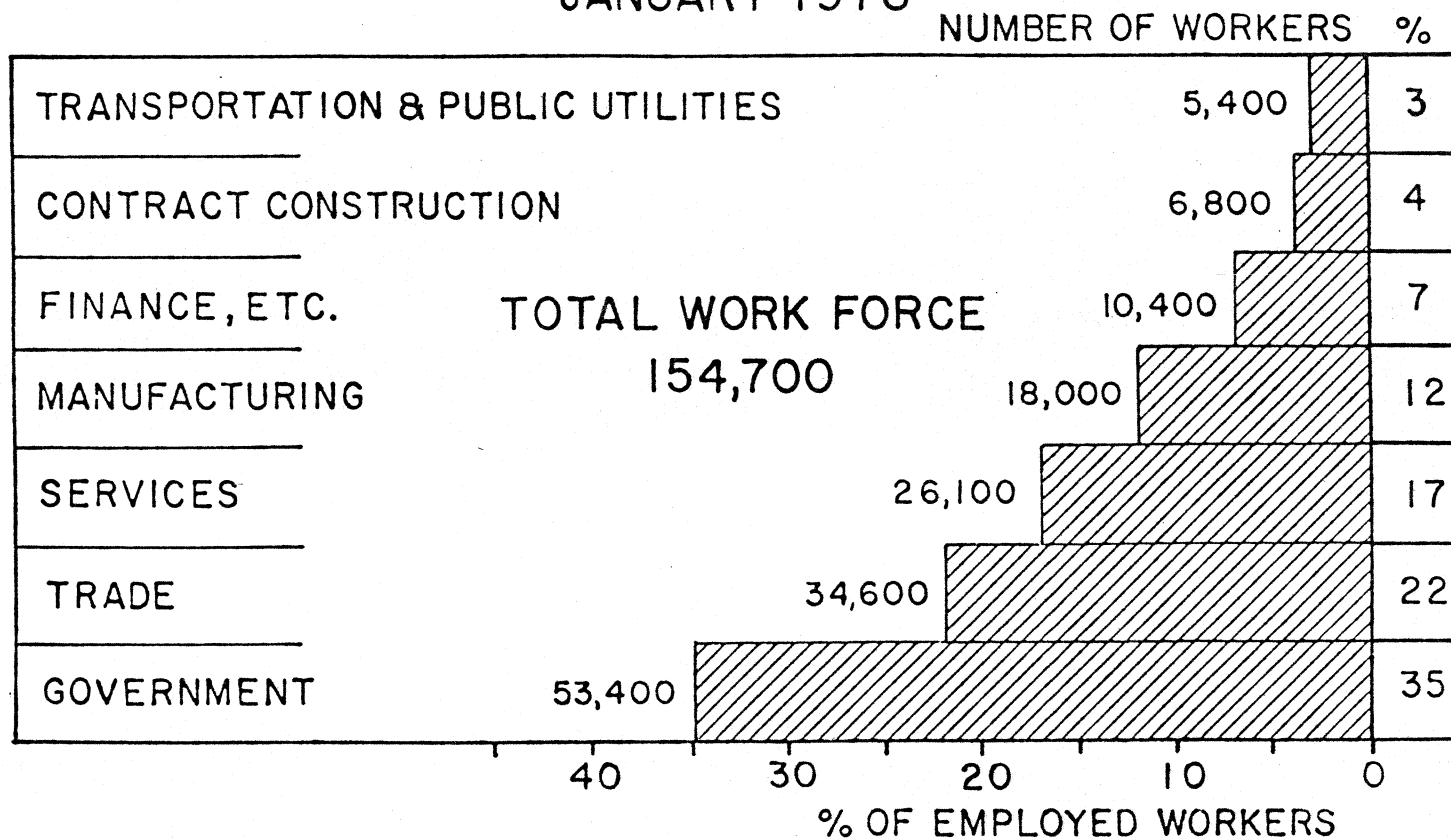
8

Golf Course

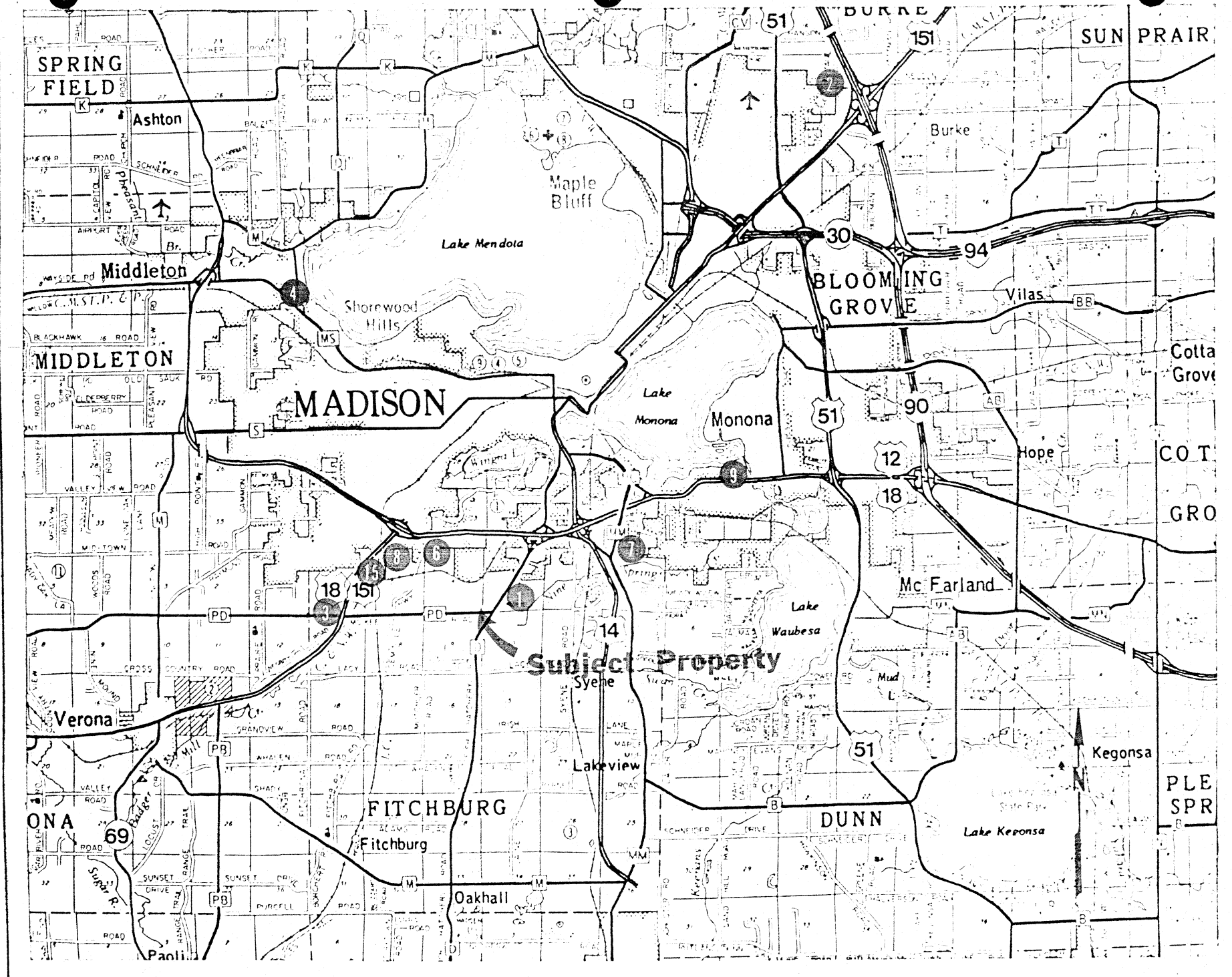


# DANE COUNTY EMPLOYMENT

JANUARY 1978

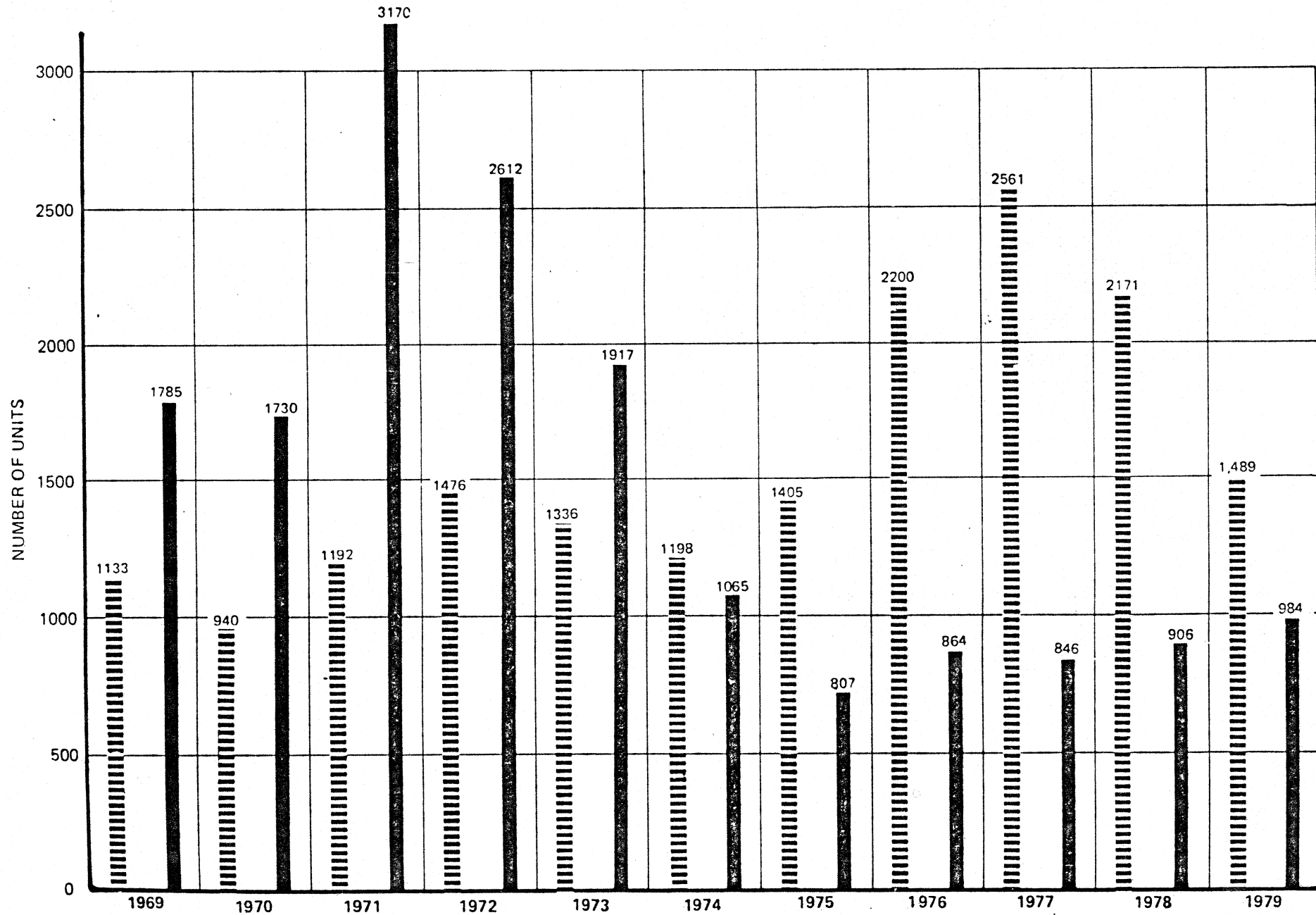


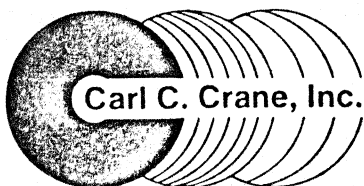
NOTE: DATA NOT ADJUSTED FOR SEASONAL VARIATIONS  
 SOURCE: WISCONSIN DEPARTMENT OF INDUSTRY LABOR AND HUMAN RELATIONS





## COMPARISON OF SINGLE FAMILY &amp; MULTI-FAMILY HOUSING STARTS





Carl C. Crane, Inc. Consulting Engineers

2702 Monroe Street  
Madison, Wisconsin 53711  
608 238 4761

July 7, 1980

JN 2222

Mr. Paul Vandeveld, SRA  
Holzhauer and Company  
5823 West Appleton Avenue  
Milwaukee, Wisconsin 53210

Subject: Existing Utility Locations  
South of Leopold Way  
Town of Fitchburg, Wisconsin

Dear Mr. Vandeveld:

Enclosed please find a map of the subject existing utility locations as requested in your letter dated June 20, 1980.

We do not presently have any information regarding the capacity of the existing 15-inch City of Madison sanitary sewer.

If you have any questions, please feel free to contact us.

Yours very truly,

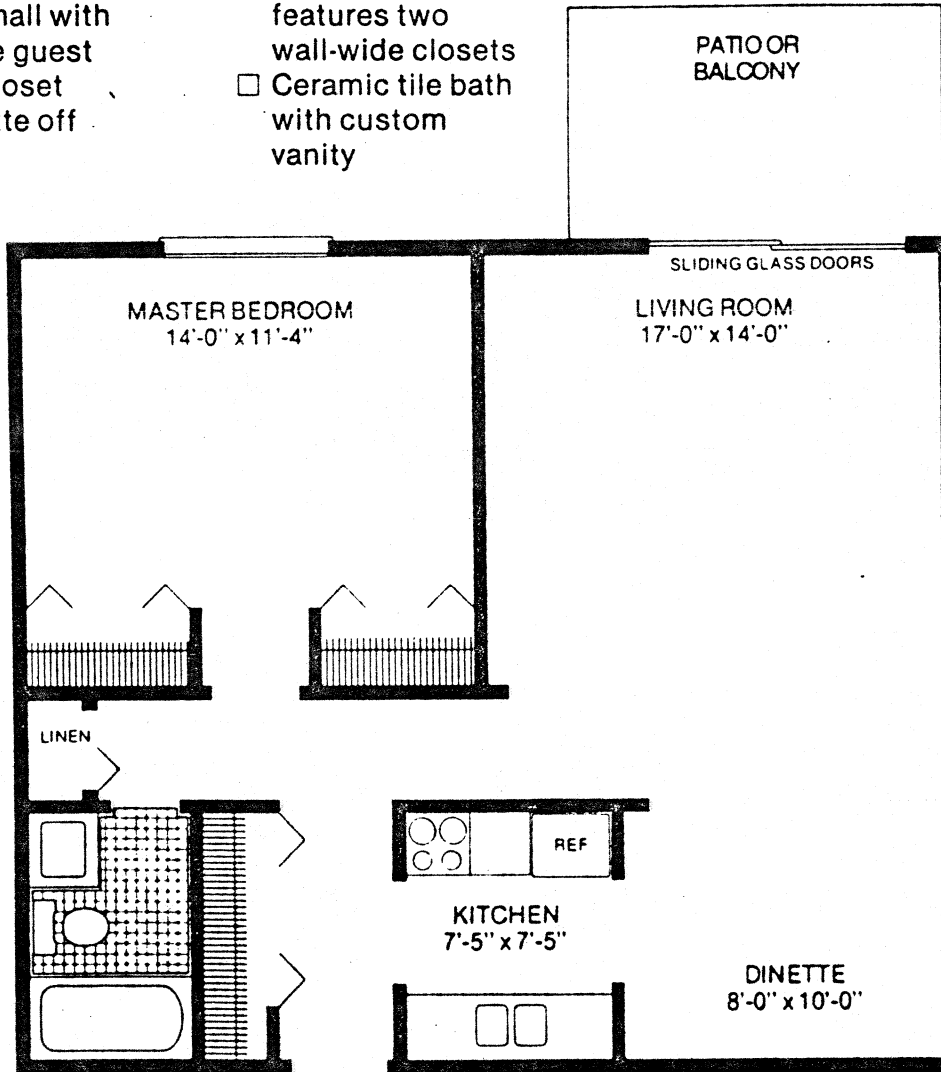
CARL C. CRANE, INC.

*James Braun*  
James E. Braun, P.E.  
Consulting Engineer for the  
Town of Fitchburg

Enc.  
JEB:lra

# ONE BEDROOM, ONE BATH

- ☐ 750 sq. ft.
- ☐ Center hall with oversize guest closet
- ☐ 10' dinette off kitchen
- ☐ Bedroom features two wall-wide closets
- ☐ Ceramic tile bath with custom vanity

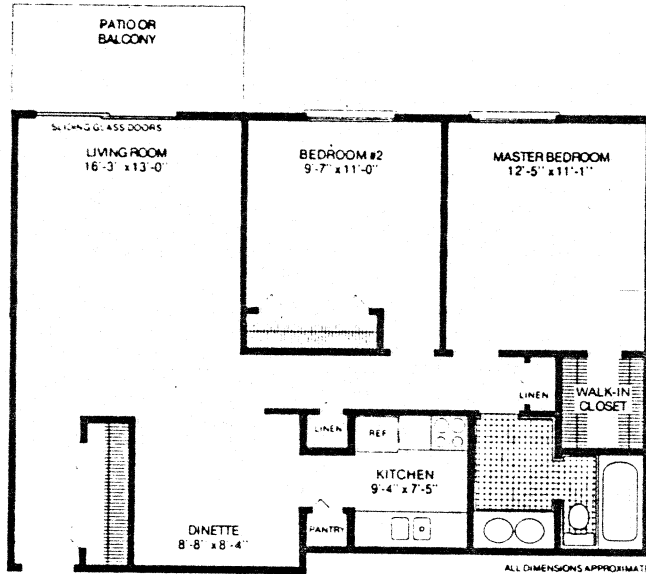


ALL DIMENSIONS APPROXIMATE

## ALL APARTMENTS FEATURE:

- ☐ Wall-to-wall carpeting throughout, except for kitchen and baths
- ☐ Westinghouse kitchen with refrigerator/freezer, oven and range with exhaust hood, food waste disposer, double sink, decorator cabinets and pantry
- ☐ Private patio or balcony
- ☐ Rear-facing living room with sliding glass doors to patio or balcony
- ☐ Air conditioning and baseboard heating system with individual controls
- ☐ Parking at your building
- ☐ Dead-bolt lock on your front door
- ☐ 24-hour maintenance
- ☐ Master TV reception system with outlet in your living room
- ☐ Private storage locker in your building

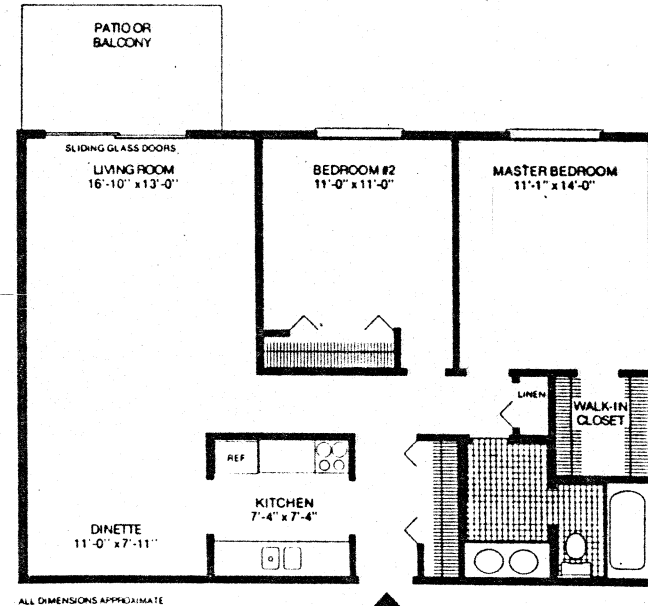
## TWO BEDROOMS, ONE BATH



- ☐ 920 sq. ft.
- ☐ Foyer entry
- ☐ Large dinette
- ☐ Master bedroom has oversized walk-in closet
- ☐ Second Bedroom has wall-wide closets

- ☐ Bathroom compartmentalized to permit two people to use it simultaneously in complete privacy. Features ceramic tile floor and custom vanity with twin basins
- ☐ Always a corner location

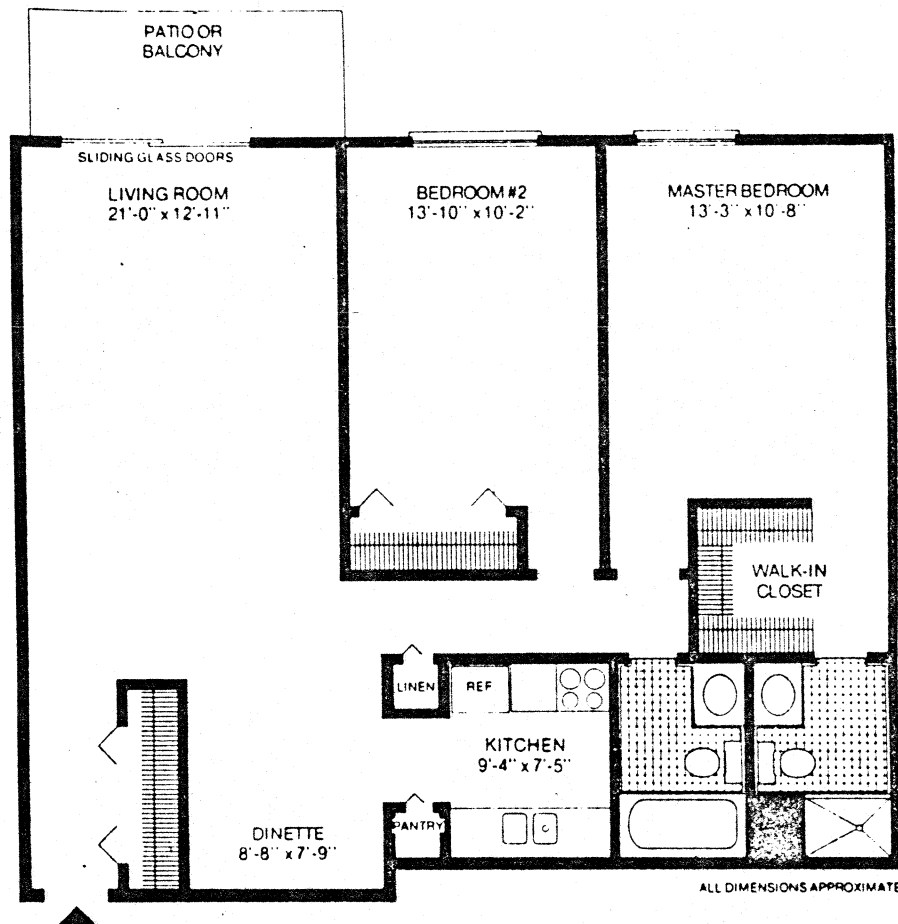
## TWO BEDROOMS, ONE BATH



- ☐ 920 sq. ft.
- ☐ Center hall with oversized guest closet
- ☐ 11' dinette right off kitchen
- ☐ Master bedroom features a large walk-in closet
- ☐ Second bedroom has wall-wide closet

- ☐ Bathroom compartmentalized to permit two people to use it simultaneously in total privacy. Features ceramic tile floor and custom twin-basin vanity

# TWO BEDROOMS, TWO BATHS

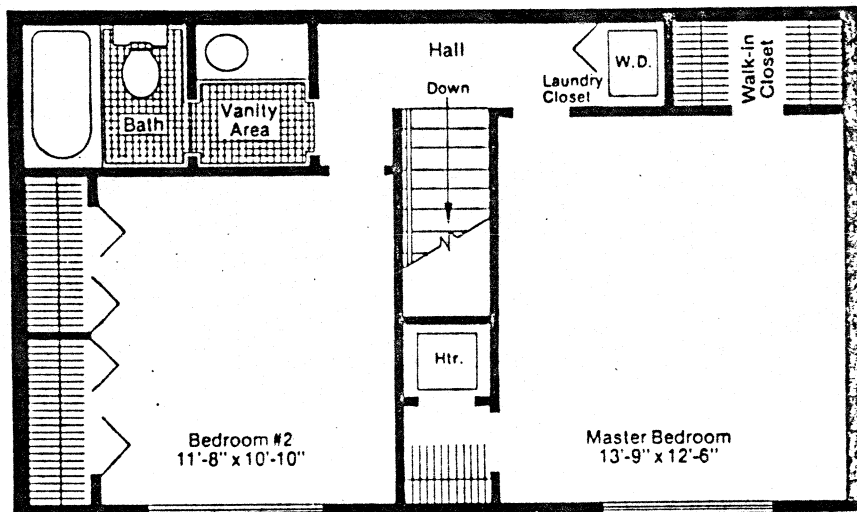


- ☐ 940 sq. ft.
- ☐ Foyer entry with almost 9 feet of guest closet
- ☐ Good-sized dinette
- ☐ Master bedroom served by walk-in closet and private bath
- ☐ Second bedroom is generously dimensioned and amply closeted
- ☐ Both full baths feature ceramic tile floors and custom-crafted vanities
- ☐ Always a corner location

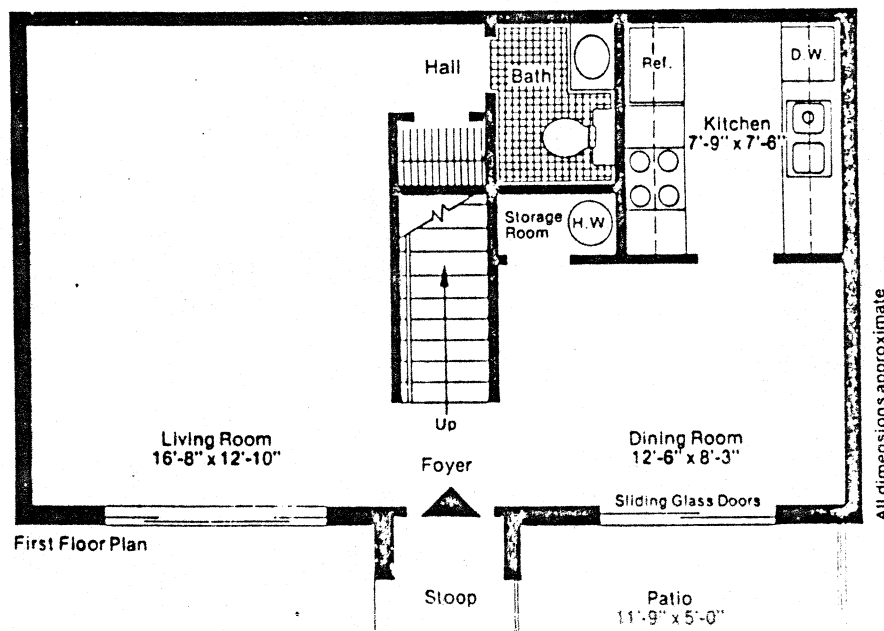
**DON'T JUST CHANGE YOUR ADDRESS . . . CHANGE YOUR LIFESTYLE**

# -2-bedroom 1 1/2-bath townhouse.

Country Club



Second Floor Plan



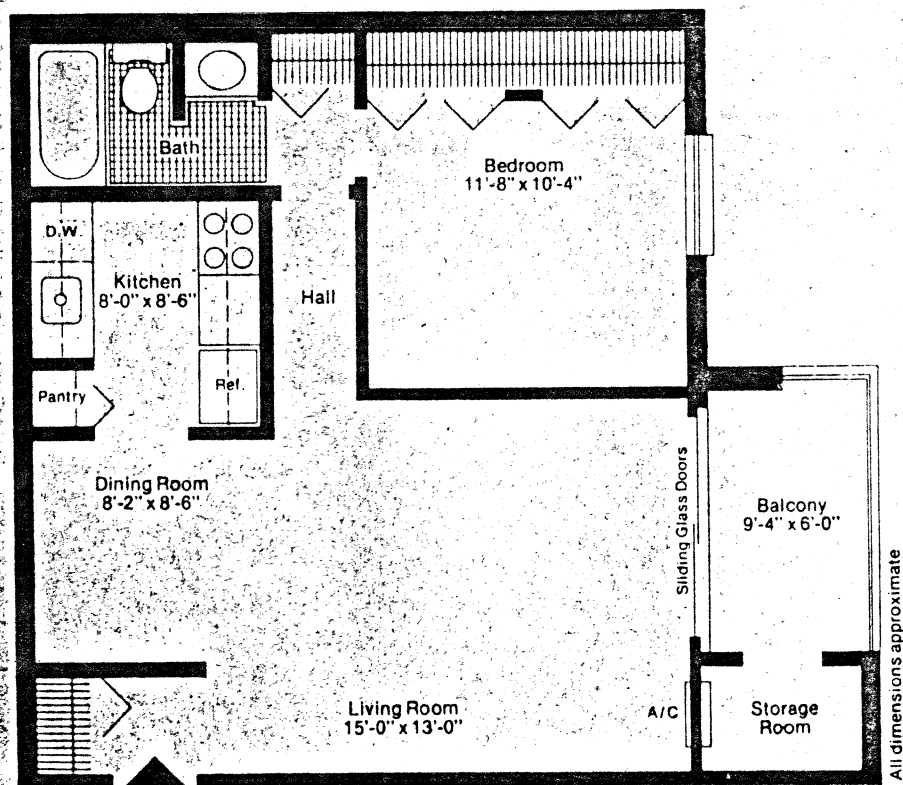
First Floor Plan

All dimensions approximate

- Center foyer.
- Full shag carpeting in all rooms, except kitchen, powder room and master bath.
- Central heating and air conditioning system you control.
- Generously-dimensioned living room gracing half the living area of your first floor.
- Formal dining room with sliding glass doors to private patio.
- Step-saving, work-saving kitchen that puts everything you need within easy reach. Everything includes a dishwasher,, frost-free refrigerator/ freezer, range with exhaust hood and oven, food waste disposer, double sink, mica work counters and furniture finish cabinets.
- The two bedrooms are located on their own floor for privacy. The master bedroom has two closets, including a walk-in unit. The second bedroom is closeted like a master suite, too. It has a full wall of closets.
- The master bathroom is compartmentalized, permitting two people to use it simultaneously in total privacy. There is a separate dressing area with custom vanity. There's a convenient powder room on the first floor.
- Laundry area, with washer and dryer, on the second floor.
- Special storage room on first floor.
- Hot water heater.
- Water softener.
- Parking at your building.
- Dead-bolt lock on front door, locking bar on patio door.
- 24-hour maintenance.

# 1-bedroom garden apartment.

[In "B" buildings]



- Vestibule entry with guest closet.
- Full shag carpeting in all rooms (except kitchen and bath).
- Good-sized living room with plenty of wall space for attractive decorating, large sliding glass doors to private balcony and air conditioning.
- Dining room.
- Superbly-equipped all-electric kitchen with dishwasher, frost-free refrigerator/freezer, range with exhaust hood and oven, food waste disposer, mica work counters, pantry and furniture-finish cabinets.
- Bedroom with full wall of wardrobe closets.
- Ceramic tile bath has custom vanity with oval sink and medicine cabinet.
- Storage room off balcony.
- Heat and hot water paid for.
- Central water softener.
- Fully-equipped, hygienically-clean laundry facilities right in your building.
- Dead-bolt lock on front door, locking bar on balcony doors.
- Parking at your building.
- 24-hour maintenance.



All dimensions approximate

- Vestibule entry with guest closet.
- Full shag carpeting in all rooms (except kitchen and bath).
- Well-proportioned living room with plenty of wall space, large sliding glass doors to private patio and air conditioning.
- Dining room.
- Superbly-equipped all-electric kitchen with dishwasher, frost-free refrigerator/freezer, range with exhaust hood and oven, food waste disposer, mica work counters, pantry and furniture-finish cabinets.
- Master bedroom is a virtual suite, served by a 7½-long walk-in closet and individually-controlled air conditioner.
- Second bedroom is amply closeted, too, with a wall-wide wardrobe closet.
- Decorator-coordinated full bathroom, conveniently located just a step from both bedrooms and the kitchen. It has a custom vanity with oval sink, linen closet and ceramic tile floor.
- Storage room off the patio.
- Heat and hot water paid for.
- Central water softener.
- Fully-equipped, hygienically-clean laundry facilities right on your own building.
- Parking at your building.
- Dead-bolt lock on your front door, locking bar on patio door.
- 24-hour maintenance.



Golf Creek

A - Type Building - (2 Buildings)

$$\begin{array}{rcl} 57'8" & \times & 211' & = & 12,168 \text{ s.f.} \\ 16' & \times & 36'8" & = & \underline{587 \text{ s.f.}} \end{array}$$

$$\text{Total} \quad \quad \quad 12,755 \text{ s.f.}$$

$$2 \text{ Stories} \times 12,755 \text{ s.f.} = 25,510 \text{ s.f.}$$

$$2 \text{ Bldgs.} \times 25,510 \text{ sq. ft.} = 51,020 \text{ sq. ft.}$$

B - Type Building - (1 Building)

$$\begin{array}{rcl} 211' & \times & 57'8" & = & 12,128 \text{ s.f.} \\ 16' & \times & 36'8" & = & \underline{587 \text{ s.f.}} \end{array}$$

$$\text{Total} \quad \quad \quad 12,755 \text{ s.f.}$$

$$2 \text{ Stories} \times 12,755 \text{ s.f.} = 25,510 \text{ s.f.}$$

Lower Level

$$\begin{array}{rcl} 29' & \times & 211' & = & 6,119 \text{ s.f.} \\ 8' & \times & 36'8" & = & \underline{587 \text{ s.f.}} \end{array}$$

$$\text{Total} \quad \quad \quad 32,216 \text{ sq. ft.}$$

C - Type Building - 3 Buildings

$$140'5" \times 57'8" = 8,101 \text{ s.f.}$$

$$2 \text{ Stories} \times 8,101 \text{ s.f.} = 16,202 \text{ s.f.}$$

$$3 \text{ Bldgs.} \times 16,202 \text{ s.f.} = 48,606 \text{ sq. ft.}$$

D - Type Building - 4 Buildings

$$140'5" \times 57'8" = 8,101 \text{ s.f.}$$

$$2 \text{ Stories} \times 8,101 \text{ s.f.} = 16,202 \text{ s.f.}$$

Lower Level

$$32' \quad \times \quad 140'5'' \quad = \quad \underline{4,995} \text{ s.f.}$$

$$\text{Total} \quad \quad \quad 21,197 \text{ s.f.}$$

$$4 \text{ Bldgs.} \quad \times \quad 21,197 \text{ sq. ft.} \quad = \quad 84,788 \text{ sq. ft.}$$

E - Type Building - 1 Building

$$57'8'' \quad \times \quad 169'9'' \quad = \quad 9,787 \text{ s.f.}$$

$$2 \text{ Stories} \quad \times \quad 9,787 \text{ sq. ft.} \quad = \quad 19,574 \text{ sq. ft.}$$

F - Type Building - 2 Buildings

$$57'8'' \quad \times \quad 211' \quad = \quad 12,168 \text{ s.f.}$$

$$16' \quad \times \quad 36'8'' \quad = \quad \underline{587} \text{ s.f.}$$

$$\text{Total} \quad \quad \quad 12,755 \text{ s.f.}$$

$$2 \text{ Stories} \quad \times \quad 12,755 = \quad 25,510 \text{ s.f.}$$

Lower Level

$$32' \quad \times \quad 211' \quad = \quad 6,752 \text{ s.f.}$$

$$8' \quad \times \quad 36'8'' \quad = \quad \underline{293} \text{ s.f.}$$

$$\text{Total} \quad \quad \quad 32,555 \text{ s.f.}$$

$$2 \text{ Bldgs.} \quad \times \quad 32,555 \text{ sq. ft.} \quad = \quad \underline{65,110} \text{ sq. ft.}$$

$$\text{Total Usable Apartment Area} \quad \quad \quad 301,314 \text{ sq. ft.}$$

Recreational Building

$$60' \quad \times \quad 100' \quad = \quad 6,000 \text{ sq. ft.}$$

Timber Ridge

<u>Building Size</u>	<u>Stories</u>	<u>Number of Buildings</u>	<u>Square Footage</u>
211' x 57'	2	2	48,108
140' x 57'	2½	1	19,950
211' x 57'	2½	<u>7</u>	<u>210,472</u>
Totals		10	278,530

Country Club

<u>Building Size</u>	<u>Stories</u>	<u>Number of Buildings</u>	<u>Square Footage</u>
167.5' x 52.3'	2½	3*	65,701
103.0' x 31.7'	2	5	32,600
90.5' x 35.7'	2	2	12,924
131.0' x 31.0'	2	7	56,854
95.3' x 46.4'	2	6	53,064
123.5' x 49.3'	2½	4*	60,885
167.5' x 52.3'	2	<u>3</u>	<u>52,560</u>
Totals		30	334,582

\* Garden-type buildings have ½ level of basement, others on slab.

# Madison Area Apartment Site Land Sales

No.	Location or Address	Date	Sales Price	Apartments Allowed	\$/Apt.	Comments
1	Greater Highlands Lot 1 Madison,	10/78	\$150,000	40	\$3,750	Very attractive and exclusive area of single-family homes on West side of Madison. Improvements were installed.
2	Lots 22 - 27 Nakoma Heights Fitchburg	3/79	\$ 90,000	20	\$4,500	Site was approved for 20 units in 4 family buildings. All roads and utilities were installed.
3	Northeast Corner of Northport Dr. and Sherman Ave. Madison	5/79	\$225,000	100	\$2,250	Subsidized housing development for the elderly. Average location. Smaller site of only 3.3 acres. Density allowed. 30 units per acre. All street improvements were in.
4	Lots 82 - 91 Bowman Heights Fitchburg	11/79	\$279,000	90	\$3,100	A 5.1 acres site with frontage on both Coho and Post Rds. only one mile north of subject. Roads and utilities have been installed.

APARTMENT SALES - MADISON AREA  
JULY 1980

NO.	PROJECT	DATE OF SALE	SALES PRICE	YR.BUILT/TYPE	UNITS/BRS	GROSS RENT (PER UNIT)	GRM	NET OPERATING INCOME % OF GROSS	\$/UNIT	NOI/SP CAP.RATE	COMMENTS
1.	MGM 3520 Brekenridge Ct. Fitchburg	Offer in 1979	Offer \$ 4,800,000	Approx. 1973 10 Bldgs. 68 Garage sps.	204 Units 88 1BR 96 2BR 20 3BR	NA	NA	NA	\$23,529	NA	Frame bldgs.with elaborate recreation facilities. Offer rejected by Marvin Marcus. Verified by Realtor, Don Evans.
2.	Holiday Gardens 2502 Independence Madison	12/79	\$ 6,036,000	1973 15 Bldgs. 39 Heated garage sps.	301 Units 141 1BR 160 2BR	** \$ 858,636 (\$2,852)	7.02	*** \$ 615,272 (71%)	\$20,053	10.2%	Well kept project with smaller outdoor pool only. Verified by Assessor's Dept. Income data by Realtor.
3.	Three Fountains Anton Drive Fitchburg	11/79	\$12,090,120 *	1972-1973 14 Bldgs.	584 Units 300 1BR 245 2BR 39 Eff.	** \$1,514,292 (\$2,592)	7.98	*** \$1,060,057 (70%)	\$20,702	8.76%	Brick bldgs, however, many roofs leaked. Good quality and recreation package. Verified by Bill Stoneman - Assessor. Income data by seller.
4.	The Willows 3511 Roma Lane Middleton	7/79	\$ 5,688,621	1970-1975 17 Bldgs.	288 Units 32 Eff. 136 1BR 120 2BR	Income data of these units co-mingled with data from all other apartments in project.			\$19,752	NA	Large site of 28 acres, outdoor pool, tennis courts and man-made lake form amenity package. All information from prospectus.
5.	Nakoma Heights 4929 Chalet Gardens Fitchburg	7/79	\$ 3,450,000	1965-1966 7 Bldgs.	168 Units 56 1BR 112 2BR	+ \$ 449,294 (\$2,694)	7.68	+ \$ 196,548 (44%)	\$20,536	5.7%	All face brick, well kept property. 8 acre site. In-ground pool and rec. bldg. Information from prospectus.

NO.	PROJECT	DATE OF SALE	SALES PRICE	YR.BUILT/TYPE	UNITS/BRS	GROSS RENT (PER UNIT)	GRM	NET OPERATING INCOME % OF GROSS	\$/UNIT	NOI/SP CAP.RATE	COMMENTS
6.	Alhambra 101 Alhambra Place Town of Madison	2/79	\$ 2,300,000	1971 4 Bldg.s 96 Garage sps.	96 Units 48 1BR 48 3BR	++ \$ 279,089 (\$2,907)	8.24	++ \$ 172,983 (62%)	\$23,958	7.5%	Well maintained project in attractive location. Smaller outdoor pool. Information from prospectus.
7.	Rimrock Hills Apts. Moreland Road Madison	1/79	\$ 2,550,000	1970	140 Units 40 1BR 84 2BR 16 3BR	NA	NA	NA	\$18,214	NA	Frame exterior, small out- door pool and two tennis courts. Verified by Assessor's Department.
8.	Chalet Gardens 2350 Chalet Gardens Fitchburg	12/78	\$ 1,500,000	1962 13 Bldgs.	95 Units 51 1BR 34 2BR 2 Eff.	NA	NA	NA	\$15,789	NA	All frame construction, no rec. facilities. Verified by Fitchburg Assessor.
9.	Monona Shores Madison	5/78	\$ 4,550,000	1968	295 Units 122 1BR 80 2BR 92 3BR	\$ 786,720 (\$2,667)	5.78	\$ 446,000 (57%)	\$15,424	6.81%	Property was reported to have been neglected and needs work. Some carports, outdoor pool. Verified by Gary DiVall, buyer.

\* Actual sales price of \$10,926,000 was increased by \$1,164,120 to reflect option price to purchase leased land.

\*\* Based on current rents, less 15% estimated vacancy rate and time lag to raise rents.

\*\*\* Based on estimated gross rent and 1978 expense history, (Realtor's data).

+ Latest 6 month operating statement annualized.

++ Latest 8 month operating statement annualized.

# MARKET SURVEY

Project Name	Rent		Amenities
Valley View	1/1	240	Pool, tennis, car wash area, picnic area w/grills, saunas weight room. 1 year lease, heat & water inc. dishwasher disposal, stove, refrigerator Security Deposit is 150. no pets or children
	2/1	290-315	
	2/2	330	
Breckenridge	1/1	240	whirlpool, tanning booths, pool, tennis, heat & water inc. dishwasher, stove, refrigerator, disposal. Security deposit is 250-350 with pets. Pets are \$25/month extra
	2/1	299	
3 Fountains	1/1	235-240	pool, tennis, drapes, lease heat & water inc. dishwasher stove, refrigerator. disposal no pets. deposit 200. 600 units
	2/1	280	
	2/2	295	
Nob Hill	2/1	297-317	pool, tennis courts, play ground. heat & water inc. standard appliances. lease 15/month if no lease. deposit 200. no pets. 280 units
Konona Shores	2/1	260-310	water only in TH. dishwasher \$10 extra, cats-10/month. deposit-apt-150/TH-200. pool playgrounds. 60 day leases 295 units
	3TH	290-370	
Green Briar	1/1	247	club house, pool, tennis. heat & water inc. std. app. deposit is 100, lease, no pets 270 units, drapes, sunken lr
	2/1.5	302	
Normandy	1/1	305.50	pool, lease, heat & water inc. deposit is month rent. std. app. no children or pets 303 units
	2/1	345-385	

Balboa Valley	1/1 2/1	245-250 290-295	heat inc. pool lease, std app. cats w/100 fee, limit 2 child deposit 150-200 225 units
Village Green	1/1 2/1	275-285 315-325	pool, drapes, heat & water std app. lease, deposit 150 no pets limit 2 child 120 units
Cypress Village	1/1 2/1	190-212 245-265	lease, heat & water inc. deposit is 150 per adult std app cats w/50 dep. 144 units
Nakoma Heights	1/1 2/1 2/2	235-250 260-295 285-295	club house, pool, lease std app. deposit is month rent pets-10/month 168 units
The Villa	1/1 2/1	245 260-290	pool, tennis, playground, drapes (290 inc heat) water, lease std app. deposit 100 176 units
Holiday Gardens	1/1 2/1 2/2	260-270 310 335	club house, pool, heat & water, std app. deposit 150 drapes 300 units



EXHIBIT #12A

1969 TO PRESENT							
241 BUILDINGS 26,794 APARTMENTS 19,009,434 RENTABLE SQUARE FEET							
	BLDGS.	-----% OF GPTI-----			-----\$/SQ.FT.-----		
		MED	LOW	HIGH	MED	LOW	HIGH
<b>INCOME</b>							
RENTS-APARTMENTS	( 241)	97.8%	96.0%	99.0%	3.43	2.86	4.00
RENTS-GARAGE/PARKING	( 50)	3.1	1.4	4.2	.11	.06	.15
RENTS-STORES/OFFICES	( 4)	6.2			.33		
GROSS POSSIBLE RENTS	( 241)	98.3%	97.2%	99.2%	3.51	2.88	4.01
VACANCIES/RENT LOSS	( 215)	3.3	1.2	5.6	.11	.04	.21
TOTAL RENTS COLLECTED	( 241)	95.4	92.4	97.4	3.36	2.71	3.85
OTHER INCOME	( 223)	1.7	.9	3.0	.06	.03	.09
GROSS POSSIBLE INCOME	( 241)	100.0%	100.0%	100.0%	3.55	2.95	4.07
TOTAL COLLECTIONS	( 241)	97.4	94.7	99.2	3.40	2.75	3.91
<b>EXPENSES</b>							
MANAGEMENT COSTS**	( 238)	6.8	5.1	9.2	.23	.17	.31
OTHER ADMINISTRATIVE	( 212)	1.7	.8	2.4	.05	.03	.08
SUBTOTAL ADMINISTRATIVE	( 239)	8.4%	6.3%	10.9%	.29	.22	.39
SUPPLIES	( 219)	.4	.2	1.0	.01	.01	.03
HEATING FUEL-CA ONLY*	( 35)	.9	.4	2.3	.03	.01	.07
CA & APTS.*	( 146)	5.2	3.7	7.9	.18	.13	.26
ELECTRICITY--CA ONLY*	( 170)	2.1	1.4	2.8	.07	.05	.10
CA & APTS.*	( 67)	5.2	2.5	7.9	.17	.09	.28
WATER/SEWER--CA ONLY*	( 3)	.5			.03		
CA & APTS.*	( 236)	2.2	1.5	3.0	.07	.05	.10
GAS-----CA ONLY*	( 48)	.9	.4	1.7	.03	.01	.07
CA & APTS.*	( 56)	1.6	1.0	2.5	.06	.03	.08
BUILDING SERVICES	( 176)	1.1	.8	1.9	.04	.03	.06
OTHER OPERATING	( 143)	.9	.4	2.4	.03	.01	.06
SUBTOTAL OPERATING	( 241)	11.8%	8.4%	16.5%	.40	.29	.54
SECURITY**	( 56)	.4	.2	.7	.01	.01	.03
GROUPS MAINTENANCE**	( 215)	1.6	.7	2.9	.06	.02	.09
MAINTENANCE-REPAIRS	( 241)	4.5	2.8	7.4	.16	.10	.25
PAINTING/DECORATING**	( 219)	1.8	1.3	2.8	.06	.05	.10
SUBTOTAL MAINTENANCE	( 241)	9.0%	6.0%	11.7%	.30	.21	.41
REAL ESTATE TAXES	( 241)	10.8	8.3	15.1	.38	.27	.54
OTHER TAX/FEE/PERMIT	( 135)	.2	.1	.8	.01	.00	.03
INSURANCE	( 241)	1.9	1.3	2.5	.06	.05	.09
SUBTOTAL TAX-INSURANCE	( 241)	13.1%	10.4%	17.5%	.45	.34	.62
RECREATNL/AMENITIES**	( 88)	.6	.3	.9	.02	.01	.04
OTHER PAYROLL**	( 119)	2.7	1.4	5.0	.09	.05	.14
TOTAL ALL EXPENSES	( 241)	46.0%	39.6%	53.7%	1.57	1.35	1.90
NET OPERATING INCOME	( 241)	50.6%	41.0%	56.3%	1.73	1.27	2.24
PAYROLL RECAP**	( 174)	6.7	4.9	9.2	.23	.17	.33

FOOTNOTE: For a description of Utility Expense (\*) and Payroll Cost (\*\*) reporting, and an explanation of the report layouts and method of data analysis, refer to the sections entitled "Guidelines for Use of this Data", and "Interpretation of a Page of Data".

**CAPITALIZATION RATES**  
Assuming 75% of Purchase Price Financed by Mortgage  
25 YEARS AMORTIZATION: 9¼% TO 10½%

**CAP. RATES**  
75% Mtg.  
25 Years

Interest Rate Annual Requirement (f) Coverage Min. Rate		9¼%	9½%	9¾%	10%	10¼%	10½%	$\frac{1}{s \cdot n}$
		.102840 .077130	.104880 .078660	.107040 .080280	.109080 .081810	.111240 .083430	.113400 .085050	
Projection	Balance (b)	.934581	.937079	.938842	.941405	.943225	.945071	+ Dep - App
5 Years n = 5	Equity Yield	Basic Rate before Depreciation or Appreciation						
	6 % .06	.083426	.085288	.087143	.089014	.090876	.092741	.177396
	7 % .07	.086098	.087953	.089803	.091668	.093525	.095386	.173890
	8 % .08	.088766	.090616	.092461	.094319	.096171	.098027	.170456
	9 % .09	.091431	.093274	.095115	.096967	.098815	.100666	.167092
	10 % .10	.094093	.095930	.097766	.099611	.101455	.103302	.163797
	11 % .11	.096751	.098582	.100414	.102253	.104092	.105935	.160570
	12 % .12	.099406	.101231	.103059	.104892	.106727	.108565	.157409
	13 % .13	.102058	.103877	.105701	.107528	.109359	.111192	.154314
	14 % .14	.104707	.106520	.108340	.110161	.111988	.113817	.151283
	15 % .15	.107353	.109160	.110977	.112792	.114614	.116439	.148315
	16 % .16	.109995	.111798	.113610	.115419	.117238	.119059	.145409
	17 % .17	.112635	.114432	.116240	.118044	.119859	.121676	.142563
	18 % .18	.115271	.117063	.118868	.120667	.122478	.124291	.139777
	19 % .19	.117905	.119692	.121493	.123287	.125094	.126904	.137050
	20 % .20	.120536	.122318	.124116	.125904	.127708	.129514	.134379
	21 % .21	.123165	.124941	.126736	.128519	.130319	.132121	.131765
	22 % .22	.125790	.127562	.129353	.131131	.132928	.134727	.129205
	23 % .23	.128413	.130180	.131968	.133742	.135535	.137330	.126700
	24 % .24	.131033	.132796	.134580	.136349	.138139	.139931	.124247
	25 % .25	.133651	.135409	.137191	.138955	.140741	.142530	.121846
	26 % .26	.136267	.138020	.139798	.141558	.143341	.145127	.119496
	27 % .27	.138879	.140629	.142404	.144159	.145939	.147721	.117195
	28 % .28	.141490	.143235	.145007	.146758	.148535	.150314	.114943
	29 % .29	.144098	.145839	.147608	.149355	.151129	.152905	.112739
	30 % .30	.146704	.148441	.150207	.151950	.153721	.155494	.110581
10 Years n = 10	Balance (b)	.830877	.836090	.839459	.845000	.848649	.852429	+ Dep - App
	Equity Yield	Basic Rate before Depreciation or Appreciation						
	6 % .06	.082506	.084333	.086145	.087990	.089818	.091653	.075867
	7 % .07	.085449	.087262	.089065	.090896	.092714	.094539	.072377
	8 % .08	.088374	.090174	.091968	.093785	.095594	.097409	.069029
	9 % .09	.091281	.093068	.094854	.096658	.098458	.100265	.065820
	10 % .10	.094171	.095946	.097725	.099515	.101307	.103105	.062745
	11 % .11	.097044	.098808	.100579	.102358	.104141	.105931	.059801
	12 % .12	.099902	.101654	.103418	.105185	.106961	.108743	.056984
	13 % .13	.102743	.104486	.106243	.107998	.109767	.111541	.054289
	14 % .14	.105570	.107302	.109053	.110798	.112559	.114326	.051713
	15 % .15	.108382	.110105	.111849	.113584	.115339	.117098	.049252
	16 % .16	.111180	.112894	.114632	.116357	.118106	.119859	.046901
	17 % .17	.113965	.115670	.117403	.119118	.120860	.122607	.044656
	18 % .18	.116737	.118433	.120161	.121867	.123604	.125344	.042514
	19 % .19	.119496	.121184	.122907	.124605	.126335	.128070	.040471
	20 % .20	.122243	.123924	.125641	.127331	.129057	.130786	.038522
	21 % .21	.124979	.126652	.128365	.130047	.131768	.133491	.036665
	22 % .22	.127703	.129370	.131078	.132753	.134468	.136187	.034894
	23 % .23	.130417	.132077	.133781	.135449	.137160	.138874	.033208
	24 % .24	.133121	.134775	.136474	.138136	.139842	.141552	.031602
	25 % .25	.135815	.137463	.139159	.140814	.142516	.144221	.030072
	26 % .26	.138500	.140142	.141834	.143483	.145181	.146882	.028616
	27 % .27	.141176	.142812	.144501	.146144	.147838	.149536	.027230
	28 % .28	.143843	.145474	.147160	.148797	.150488	.152182	.025911
	29 % .29	.146502	.148128	.149811	.151443	.153131	.154821	.024657
	30 % .30	.149153	.150775	.152454	.154082	.155766	.157453	.023463

CAP. RATES  
75% Mtg  
25 Years

CAPITALIZATION RATES  
Assuming 75% of Purchase Price Financed by Mortgage  
25 YEARS AMORTIZATION: 10% TO 12%

Interest Rate Annual Requirement (f) Coverage Min. Rate		10 1/4%	11%	11 1/4%	11 1/2%	11 3/4%	12%	$\frac{1}{s \cdot n}$
		.115560 .086670	.117720 .088290	.119880 .089910	.122040 .091530	.124200 .093150	.126480 .094860	
Projection	Balance (b)	.946944	.948843	.950769	.952723	.954705	.955898	+ Dep - App
5 Years n = 5	Equity Yield	Basic Rate before Depreciation or Appreciation						
	6 % .06	.094611	.096483	.098360	.100239	.102123	.103992	.177396
	7 % .07	.097250	.099118	.100989	.102864	.104742	.106608	.173890
	8 % .08	.099887	.101750	.103616	.105486	.107359	.109221	.170456
	9 % .09	.102521	.104379	.106240	.108105	.109973	.111833	.167092
	10 % .10	.105152	.107005	.108862	.110722	.112585	.114442	.163797
	11 % .11	.107780	.109629	.111481	.113336	.115195	.117048	.160570
	12 % .12	.110406	.112250	.114098	.115948	.117802	.119653	.157409
	13 % .13	.113029	.114869	.116712	.118558	.120407	.122255	.154314
	14 % .14	.115650	.117485	.119324	.121165	.123010	.124856	.151283
	15 % .15	.118268	.120099	.121933	.123771	.125611	.127454	.148315
	16 % .16	.120883	.122711	.124541	.126374	.128210	.130050	.145409
	17 % .17	.123497	.125320	.127146	.128975	.130806	.132644	.142563
	18 % .18	.126107	.127927	.129749	.131573	.133401	.135236	.139777
	19 % .19	.128716	.130531	.132349	.134170	.135994	.137826	.137050
	20 % .20	.131322	.133134	.134948	.136765	.138584	.140415	.134379
	21 % .21	.133926	.135734	.137544	.139357	.141173	.143001	.131765
	22 % .22	.136528	.138332	.140139	.141948	.143760	.145586	.129205
	23 % .23	.139128	.140928	.142731	.144537	.146345	.148169	.126700
	24 % .24	.141725	.143522	.145322	.147124	.148929	.150750	.124247
	25 % .25	.144321	.146115	.147911	.149709	.151510	.153329	.121846
	26 % .26	.146915	.148705	.150497	.152292	.154090	.155907	.119496
	27 % .27	.149506	.151293	.153082	.154874	.156668	.158483	.117195
	28 % .28	.152096	.153879	.155665	.157454	.159245	.161058	.114943
	29 % .29	.154683	.156464	.158247	.160032	.161820	.163631	.112739
	30 % .30	.157269	.159047	.160827	.162609	.164393	.166202	.110581
10 Years n = 10	Balance (b)	.856344	.860397	.864593	.868936	.873430	.875779	+ Dep - App
	Equity Yield	Basic Rate before Depreciation or Appreciation						
	6 % .06	.093495	.095346	.097205	.099072	.100948	.102791	.075867
	7 % .07	.096371	.098211	.100059	.101915	.103779	.105616	.072377
	8 % .08	.099232	.101062	.102899	.104744	.106597	.108428	.069029
	9 % .09	.102078	.103898	.105725	.107560	.109401	.111227	.065820
	10 % .10	.104909	.106720	.108537	.110362	.112193	.114014	.062745
	11 % .11	.107726	.109528	.111336	.113151	.114973	.116788	.059801
	12 % .12	.110530	.112323	.114122	.115928	.117740	.119551	.056984
	13 % .13	.113320	.115105	.116896	.118693	.120496	.122302	.054289
	14 % .14	.116098	.117875	.119658	.121446	.123240	.125042	.051713
	15 % .15	.118863	.120633	.122408	.124188	.125974	.127771	.049252
	16 % .16	.121616	.123379	.125146	.126919	.128697	.130490	.046901
	17 % .17	.124358	.126114	.127874	.129640	.131410	.133199	.044656
	18 % .18	.127089	.128838	.130592	.132350	.134114	.135899	.042514
	19 % .19	.129809	.131552	.133299	.135051	.136808	.138589	.040471
	20 % .20	.132519	.134256	.135997	.137743	.139493	.141271	.038522
	21 % .21	.135219	.136951	.138686	.140425	.142169	.143944	.036665
	22 % .22	.137910	.139636	.141366	.143099	.144837	.146608	.034894
	23 % .23	.140592	.142313	.144037	.145765	.147497	.149266	.033208
	24 % .24	.143265	.144981	.146700	.148423	.150150	.151915	.031602
	25 % .25	.145929	.147641	.149355	.151073	.152795	.154558	.030072
	26 % .26	.148586	.150293	.152003	.153717	.155433	.157193	.028616
	27 % .27	.151236	.152938	.154644	.156353	.158065	.159823	.027230
	28 % .28	.153878	.155577	.157278	.158982	.160690	.162445	.025911
	29 % .29	.156513	.158208	.159905	.161606	.163309	.165062	.024657
	30 % .30	.159142	.160833	.162527	.164223	.165922	.167674	.023463

App B. & S.  
6/11/80

### Modest Increase Seen in Recent Overall Cap Rates

In a recent Real Estate Research Corporation survey of overall capitalization rates for different types of investment properties, the lowest overall rates were found to be those associated with apartments and office buildings. Industrial rates were slightly higher, and shopping centers rates were above average overall rates.

Nationally, overall rates have recently shown modest increases, RERC said. Because of location and type, average rates in April have wide spreads in some cases, but rates generally range as follows:

#### Capitalization Rates by Development April 1980

Development	Rate Range
Apartments	9.0% to 10.0%
Office Buildings	8.5% to 10.25%
Shopping Centers	9.0% to 12.0%
Industrial	9.0% to 10.5%

Survey data compiled between December 1979 and April 1980 indicate a general increase in overall rates ranging from less than 1/2% to up to 1%.

Data compiled on mobile home parks in January of 1980 indicated the following:

Table

Commitments of \$100,000 and Over on Multifamily and Nonresidential Mortgages  
Made by 20 Life Insurance Companies

Geographic Division Within Major Property Type, Fourth Quarter, 1979

Major Property Type Geographic Area	No. of Loans	Amount Committed (\$'000)	Loan Amount (\$'000)	Interest Rate (by #)	Interest Rate (by \$)	Loan/ Value	Averages				Term (Years/Months)	Percentage Distribution	
							Capitaliza- tion Rate	Debt Coverage	Percent Constant	by #		by loan amount	
<u>APARTMENTS (Conventional)</u>	42	217,695	5,183	11.04%	11.22%	73.9%	11.0%	1.28	11.6%	20/5	9.1%	12.0%	
New England	1	4,500	4,500	*	*	*	*	*	*	*	0.2	0.2	
Middle Atlantic	6	52,650	8,775	11.08	11.29	76.6	11.3	1.26	11.7	21/10	1.3	2.9	
East North Central	4	12,290	3,072	10.80	10.79	68.4	10.1	1.31	11.4	25/9	0.9	0.7	
West North Central	1	5,750	5,750	*	*	*	*	*	*	*	0.2	0.3	
South Atlantic	7	31,175	4,454	10.79	10.77	74.6	10.9	1.27	11.4	20/3	1.5	1.7	
East South Central	2	6,910	3,455	*	*	*	*	*	*	*	0.4	0.4	
West South Central	16	92,545	5,784	11.13	11.39	74.4	11.3	1.30	11.7	18/11	3.5	5.1	
Mountain	2	5,600	2,800	*	*	*	*	*	*	*	0.4	0.3	
Pacific	3	6,275	2,092	11.25	11.19	71.0	10.6	1.28	11.7	20/0	0.6	0.3	
<u>COMMERCIAL RETAIL</u>	68	313,074	4,604	10.91	10.82	73.5	10.7	1.28	11.6	20/8	14.7	17.2	
Canada	3	44,800	14,933	11.58	11.70	74.6	10.2	1.13	12.1	13/4	0.6	2.5	
New England	2	9,600	4,800	*	*	*	*	*	*	*	0.4	0.5	
Middle Atlantic	3	3,100	1,033	11.00	10.90	72.3	11.0	1.25	12.1	20/0	0.6	0.2	
East North Central	9	20,210	2,246	10.83	10.85	72.9	10.5	1.25	11.6	17/5	1.9	1.1	
West North Central	2	7,385	3,692	*	*	*	*	*	*	*	0.4	0.4	
South Atlantic	14	29,190	2,085	10.81	10.96	75.2	11.2	1.34	11.5	19/0	3.0	1.6	
East South Central	8	39,350	4,919	10.70	10.52	71.8	10.3	1.23	11.7	20/0	1.7	2.2	
West South Central	11	94,401	8,582	10.68	10.44	73.7	10.7	1.31	11.3	24/2	2.4	5.2	
Mountain	8	42,345	5,293	11.11	10.64	73.6	10.5	1.30	11.5	25/6	1.7	2.3	
Pacific	5	7,185	1,437	11.32	11.14	60.0	10.4	1.33	11.6	18/5	1.1	0.4	
Other U.S.	3	15,508	5,169	11.50	11.45	90.9	11.9	1.16	12.7	21/8	10.6	0.9	
<u>OFFICE BUILDINGS</u>	128	673,217	5,260	10.85	10.78	73.7	10.6	1.26	11.6	22/0	27.7	37.0	
Canada	1	3,650	3,650	*	*	*	*	*	*	*	0.2	0.2	
New England	13	39,470	3,036	11.05	11.06	77.0	10.9	1.26	12.1	19/1	2.8	2.2	
Middle Atlantic	16	88,645	5,540	10.92	10.72	73.8	10.9	1.29	11.6	23/4	3.5	4.9	
East North Central	16	131,835	8,240	10.95	10.72	70.4	10.6	1.29	11.9	22/8	3.5	7.2	
West North Central	4	5,300	1,325	10.56	10.60	74.2	10.8	1.26	11.5	17/6	0.9	0.3	
South Atlantic	16	65,288	4,080	10.76	10.84	73.1	10.5	1.27	11.3	22/0	3.5	3.6	
East South Central	4	13,539	3,385	10.72	10.78	74.8	10.6	1.25	11.3	21/6	0.9	0.7	
West South Central	27	181,665	6,728	10.69	10.76	74.9	10.5	1.29	11.2	23/0	5.8	10.0	
Mountain	21	49,600	2,362	11.13	10.98	73.4	10.3	1.20	11.7	22/3	4.5	2.7	
Pacific	10	94,225	9,422	10.56	10.74	72.6	10.4	1.30	11.0	22/0	2.2	5.2	

\*Data not shown where there are fewer than three loans.

QUALIFICATIONS OF PAUL A. VANDEVELD

State of Wisconsin Licensed Real Estate Broker

Society of Real Estate Appraisers

Member of Milwaukee Chapter 64

Cost of Construction Committee - 1975-76

Passed 101 Course - 1974

Passed 201 Course - 1975

Senior Residential Appraiser - 1976

Attended International Conference - 1978

Courses - Appraising Condominiums - 1977

Appraising Apartments - 1978

Work Experience

Staff Appraiser - First Federal Savings of Wisconsin  
1975-77

Appraiser and Project Underwriter - Verex Corporation  
1977-78

Holzhauer & Company - 1978 -

Education

B.B.A. degree, University of Wisconsin - Madison  
Majoring in finance.

QUALIFICATIONS OF JOHN A. HOLZHAUER

State of Wisconsin Licensed Real Estate Broker

Wisconsin Realtors Association  
President, 1974

Milwaukee Board of Realtors  
Director, 1954-60  
Chairman of Multiple Listing Service, 1956-57  
President, 1958-59  
Realtor of the Year, 1963

American Institute of Real Estate Appraisers  
Member - MAI, 1962 -  
Wisconsin Chapter #16  
Director, 1964-68  
President, 1969

Society of Real Estate Appraisers  
Secretary-Treasurer, Milwaukee Chapter #64, 1954-57  
Director, 1956-58; 1960-64  
Senior Residential Appraiser - SRA, 1956 -  
Senior Real Estate Analyst - SREA, 1963 -  
President, 1963-64  
Appraiser of the Year, 1974

American Society of Real Estate Counselors  
Member - CRE, 1979 -

First Milwaukee Savings and Loan Association  
Appraiser, 1953 -  
Senior Vice President, 1958 -

Teaching Experience  
University of Wisconsin-Milwaukee, 1956-62  
Marquette University, 1960 -  
United States Savings and Loan League  
Real Estate Appraising and Residential  
Construction, 1960 -  
Wisconsin Realtors Institute, Appraising and  
Construction, 1970 -  
American Institute of Real Estate Appraisers -  
Certified Instructor, Courses I-A and  
VIII, 1973 -

Directorships

First Milwaukee Savings and Loan Association  
Catholic Family Life Insurance Company  
Chicago Title Wisconsin Advisory Board

American Right of Way Association

Member Wisconsin Chapter, 1956 -

Appraisal Bureau of Wisconsin and Savings Association  
Appraisal Service

Fee Appraiser, 1957 -

Appraised for the County of Milwaukee and Cities of  
Milwaukee, Brookfield, Menomonee Falls, South Milwaukee,  
Wauwatosa, West Allis, Fond du Lac, Green Bay, Sheboygan,  
Madison, etc. since 1953

Milwaukee County Expressway and Highway Commissions

Appraiser, 1956 -

Milwaukee County Court

Branch #1 - Probate Appraiser, 1951 -

Branch #2 - Probate Appraiser, 1958 -

Federal Court, Eastern District of Wisconsin

Bankruptcy Appraiser, 1951-54

Milwaukee Commission on Community Relations, 1961-65

S. M. Byrne, Construction Company, 1936-41

Mason laborer, truck driver, carpenter  
and cement finisher

Stationary Engineer's License, 1970 -

Bachelor of Arts Degree, 1941

Two year Real Estate Certificate Course, 1947

Marquette University

Law School, 1950-51

Marquette University

Appraised in Condemnation Cases, Circuit and Civil  
Court suits

Actively engaged in Real Estate Business since 1945,  
brokering sales, purchases, leases, and mortgages  
of residential, commercial and industrial properties

Appointed Referee and Arbitrator by various Courts in  
cases involving value and quality of construction



