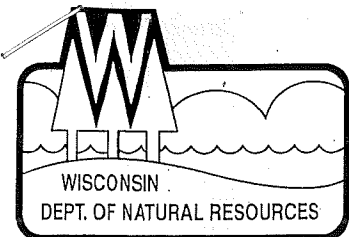


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State of Wisconsin \ DEPARTMENT OF NATURAL RESOURCES

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Lloyd Eagan, Regional Director

South Central Region Headquarters
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April 24, 2007

Ms. Denece Poff
Amcore Bank N.A.
1210 S. Alpine Rd.
Rockford, IL 61108

File Ref: 07-23-548438

SUBJECT: Lender Liability Clarification and Current Environmental Conditions for the David Friedli Property, N4905 State Highway 59, Albany, Wisconsin

Dear Ms. Poff:

Purpose

On December 22, 2006, the Wisconsin Department of Natural Resources ("the Department") received a letter request, dated December 14, 2006, along with the required \$500 fee, for a lender liability clarification letter. The purpose of this letter is to provide Amcore Bank ("Amcore") with the requested clarification of its environmental liabilities as a lender in the process of foreclosure and to discuss the status of known environmental contamination on the Friedli property, ("the Property"), located at N4905 State Highway 59, Albany, in the SE ¼ of the SW ¼ of Section 31, Town 3 North, Range 9 East, Town of Albany, Green County, Wisconsin.

Request

The December 14, 2006, letter requested a determination from the Department on whether Amcore is eligible for the lender liability exemption under section 292.21, Wisconsin Statutes, for the Property that Amcore plans to acquire title to through the enforcement of a security interest. Amcore also requested responses to specific questions regarding the process for cleaning up the Property, which are answered in this letter, as well.

The following documents were submitted with the request, or as supplemental information at later dates.

- Phase I Environmental Site Assessment Report compiled by BT², Incorporated, dated April 26, 2005.
- Phase 2 Environmental Site Assessment, Friedli Property, compiled by BT², Incorporated, and dated February 21, 2006.
- Supplemental Site Inspection, Friedli Property, compiled by BT², Incorporated, and dated February 19, 2007.
- Updated photo-documentation of site from BT², Incorporated, provided April 2, 2007.

Background and Summary of Environmental Conditions

Based upon the information provided to the Department as part of the liability clarification request, Amcore Bank currently holds the mortgage for the Property and is considering foreclosure. Information regarding use of the Property prior to 1956 is vague. The Property had been used as a cheese factory from around 1956 to 1994. Sometime after 1994, the cheese factory was converted to a private residence, which is the Property's current use. The land surrounding the Property is used for agricultural purposes.

No documentation was provided to demonstrate when the current property owner, Mr. David Friedli, took possession of the Property. However, a check of Green County, Wisconsin's website, using the "Tax Roll Information and Map Viewer" link, indicates Mr. David Friedli is the Property owner (based on information available as of December 18, 2006).

A copy of the Wisconsin Department of Industry, Labor and Human Relations' (currently the Wisconsin Department of Commerce) "Checklist for Underground Tank Closure" was provided with your request. This checklist indicates one (1) 300 gallon underground [petroleum] storage tank (UST) was removed from the Property in May 1997. At that time, based upon the tank closure checklist, Maple Leaf Cheese Co-op was the Property owner. The Department was not notified of contamination as a result of the 1997 tank removal, nor had documentation been provided to substantiate whether contamination was present on the Property at that time.

On January 9, 2006, BT², Incorporated, performed a Phase 2 Environmental Site Assessment at the Property. As a result of the assessment, petroleum-related contamination was documented in the area believed to be the location of the former UST. In boring GB-1, ethylbenzene contamination at concentrations as high as 14,000 parts per billion (ppb) and xylene contamination at concentrations as high as 65,000 ppb were detected. These concentrations are well above the allowable residual contaminant levels of 2900 ppb and 4100 ppb, respectively, outlined in chapter NR720, Wisconsin Administrative Code.

As a result of this Phase 2 documentation of contamination, the Department has issued a letter to Mr. David Friedli on January 3, 2007, informing him of his responsibilities to address the contamination as required under s. 292.11(3), Wis. Stats. This section of Wisconsin Statutes is commonly referred to as the "Spills Law." A copy of the letter to Mr. Friedli is enclosed for your reference.

Exemption Conditions

Under Wisconsin's Hazardous Substance Spill Law (the "Spill Law"), s. 292.11, Wis. Stats., a person who "possesses, controls or causes" a hazardous substance discharge, is liable for the cleanup. Section 292.21, Wis. Stats., provides a liability exemption for lenders and representatives. A lender is not subject to ss. 292.11(3), (4) or (7)(b) or (c), Wis. Stats., and is not liable under chapters 281, 285, 289, 291, or 293 to 299, Wis. Stats., for a discharge of a hazardous substance that occurred on the Property, if the lender takes title, possession or control of the Property. Section 292.55 (1) (d) 1., Wis. Stats., authorizes the Department to issue letters concerning potential liability for environmental pollution.

The lender must meet the following conditions to qualify for the liability exemption:

- The lender does not intentionally or negligently cause a new discharge of a hazardous substance or exacerbate an existing discharge.
- The lender notifies the Department of any known discharge of a hazardous substance.

- The lender conducts an environmental assessment of the Property not more than 90 days after the date the lender acquires title to, or possession or control of, the Property and files a complete copy of the environmental assessment with the Department not more than 180 days after the date the lender acquires title to, or possession or control of, the Property. The requirements for conducting an environmental assessment are found in s. 292.21 (1)(c) 2., Wis. Stats.
- If a discharge of a hazardous substance occurs on or after the date on which the lender acquires title to, or possession or control of, the Property, the lender implements an emergency action under s. NR 708.05, Wis. Adm. Code, in response to the discharge of the hazardous substance.
- For a hazardous substance released on or after the date on which the lender acquires title to, or possession or control of, the Property, the lender does not engage in the operation of a business at the Property, complete work in progress or take other actions associated with conducting the conclusion of the borrower's business (s. 292.21(1)(c)1., Wis. Stats.).
- The lender agrees to allow the Department and any party that possessed or controlled or caused the hazardous substance discharge, and their consultants or contractors, to enter the real Property to take action to respond to the discharge.
- The lender agrees to avoid any interference with action undertaken to respond to the discharge and to avoid actions that worsen the discharge.
- The lender agrees to any other condition that the Department determines is reasonable and necessary to ensure that the Department or another person can adequately respond to the discharge.

Lender Liability Determinations

The Department has reviewed the materials submitted with Amcore Bank's request and makes the following liability determinations:

1. Amcore Bank has reported a discharge of hazardous substances to the State.
2. Amcore Bank has not intentionally or negligently caused a new hazardous substance discharge at the Property.
3. Amcore Bank has met the requirements for an environmental assessment under ss. 292.21(1)(c)1.d. and (1)(c)2.a. through i., Wis. Stats., based on the DNR's review of the Phase 1, Phase 2 and supplement environmental assessment work,
4. The Department believes that Amcore would meet the conditions for a lender liability exemption under s. 292.21, Wis. Stats., if it takes title through foreclosure.

If Amcore continues to meet all of the conditions for liability exemption eligibility under s. 292.21, Stats., then Amcore will not be held responsible under Wisconsin's Hazardous Substance Spill Law, s. 292.11, Wis. Stats., for hazardous substance releases which were present on the Property prior to Amcore acquiring title to, or possession and control of, the Property. The exemption will exist as long as Amcore continues to comply with the requirements of s. 292.21 (1)(c), Wis. Stats. The exemption in s. 292.21, Wis. Stats., does not transfer to future owners.

This response letter relates only to the lender liability clarification and exemption for Amcore, and makes no determination of liability for other persons, or any determination concerning the presence or absence of hazardous substances other than those identified in the reports provided.

Responses to Specific Questions

Amcore also requested responses to specific questions regarding the process for cleaning up the Property. Answers to each of those questions follow the questions below.

Questions 1 and 2: What additional testing is needed? What steps will be required to cleanup the affected areas?

As a result of your inquiry, it was determined that a release of a hazardous substance to the environment has occurred at the Property. Mr. Friedli has been notified of his responsibility to restore the environment to the extent practicable as required under s. 292.11(3), Wis. Stats. At a minimum, additional investigative work will need to be performed to determine the extent of soil contamination and to determine if the release has impacted groundwater. At this time it is difficult to say with certainty the amount of additional testing, or the type of remedial activity, that will be necessary to satisfy the intent of the Spills Law to restore the environment to the extent practicable. Much of the necessary work will depend upon the results of the various stages of investigation.

The state of Wisconsin acknowledges the investigation and clean-up of petroleum-related contamination can be costly. The legislature, by passing the Petroleum Environmental Clean-up Fund Act (PECFA), has created a reimbursement program for property owners working on petroleum contamination clean-up. The PECFA fund is administered by the Wisconsin Department of Commerce. Tank systems must meet eligibility criteria in order for the property owner to participate in the program. This tank system may meet the eligibility criteria and therefore Mr. Friedli and/or Amcore Bank *may be eligible* to participate in the program. For more information about the PECFA reimbursement program and initial claim eligibility, please contact Ms. Renee Dickey at (608) 264-8765.

Question 3: What are the liabilities of the current title holder as well as future title holders of the property?

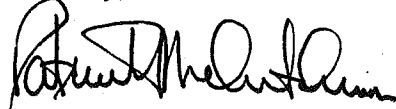
According to s. 292.11(3), Wis. Stats., anyone who is in possession or control of the released hazardous substance is required to restore the environment to the extent practicable. This means that any current or future title holder, unless exempt by state statute, can be held responsible to address contamination issues associated with the Property.

As long as Amcore is involved in lending activities, as defined in s. 292.01(9) Wis. Stats, and does not actively participate in any aspect of management of the Property, the lender would be eligible for an exemption from liability as outlined in s. 292.21, Wis. Stats., and in this letter.

To determine what specific actions would satisfy the **federal** lender liability requirements under CERCLA, we advise that you contact either Thomas Krueger at (312) 886-0562) or by email to Krueger.Thomas@epamail.epa.gov, or John Tielsch at (312) 353-7447 or by email to Tielsch.John@epamail.epa.gov. Their mailing address is U.S. EPA REGION 5, Office of Regional Counsel (C-14J), 77 W. Jackson Blvd., Chicago, IL 60604-3590. The U.S. EPA should be able to provide you with guidance on whether your current and proposed actions concerning the Property are consistent with the federal CERCLA lender liability exemption requirements.

The Bureau for Remediation and Redevelopment Tracking System (BRRTS) identification number for the Property is included at the top of this letter. Please be aware that information on all determinations is tracked in a Department database that is available on the Internet at <http://dnr.wi.gov/org/aw/rr/>. See "BRRTS on the web" under "Contaminated Land Databases". If you have any questions or comments, please feel free to contact Linda Hanefeld at the above address, at (608) 275-3310, or by email to Linda.hanefeld@wisconsin.gov. Refer to numbers at the top of this letter in any future correspondence.

Sincerely,



Patrick McCutcheon
Team Supervisor
South Central Region, Remediation and Redevelopment Program

Enclosures - Letter to David Friedli

c: Renee Dickey, Comm
Linda Hanefeld, SCR RR
Dan Kolberg, RR-CO