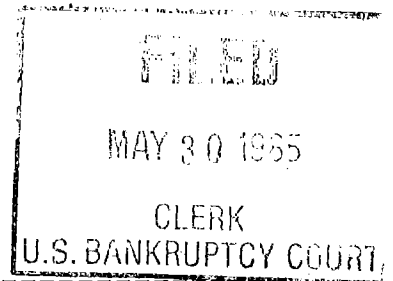


UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF WISCONSIN



In re:

Case Number:

ALLEN GASOLINE & OIL COMPANY, INC.,

EF11-83-00124

Debtor.

FINDINGS OF FACT, CONCLUSION OF LAW
AND
ORDER DETERMINING PAYMENTS TO BE APPLIED TO PRINCIPAL

Attorney Lawrence J. Kaiser, Trustee of the above captioned estate, having filed a motion to determine application of payments; and a hearing having been held; and the Trustee appearing on his own behalf; and The First National Bank of Saint Paul appearing by Attorneys Katherine A. Constantine and Jeffrey W. Guettinger (Attorney Richard D. Holper on brief); the Court, being fully advised in the premises, FINDS THAT:

1. On January 27, 1983, Debtor Allen Gasoline & Oil Company, Inc., filed for relief under Chapter 11 of the Bankruptcy Code.
2. On April 27, 1983, Attorney Lawrence J. Kaiser was appointed as Trustee of the Debtor.
3. On March 11, 1985, the above captioned matter was converted from a Chapter 11 proceeding to a Chapter 7 proceeding. Mr. Kaiser remained as Trustee.

4. From time to time, the Trustee transferred to The First National Bank of Saint Paul the proceeds of the sale of property in which the Bank held a security interest; to wit: \$17,000 in July, 1983, \$180,000 in December, 1983, and \$60,457.92 in February, 1985. The Bank, an oversecured creditor, consented to the sales.

5. By agreement of the parties, the first payment was applied to outstanding interest and then to principal.

6. The second payment was, at the time of payment, applied to principal. Later, apparently in September or October of 1984, a portion of the principal was reinstated and a portion of the outstanding interest was retroactively deducted.

7. The third payment was applied to outstanding interest and then to principal. (According to the Bank's September, 1984, statement, there was then an unpaid balance of \$60,457.92 (the amount of the third payment)).

8. The Debtor's note to the Bank provides that "payments shall be applied first to interest accrued to date of receipt, and the balance, if any, to principal."

9. The Court agrees with the Trustee that the second and third payments, made from the proceeds of secured property liquidated within a bankruptcy case, must first be applied to principal indebtedness. (It appears that, prior to September of 1984, the Bank also agreed with the Trustee.)

CONCLUSION OF LAW

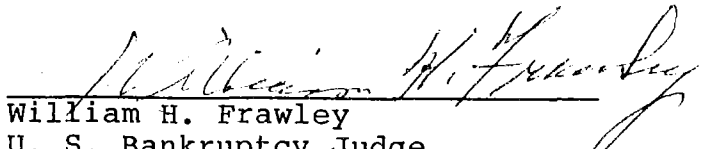
The Trustee's motion should be granted.

ORDER

IT IS ORDERED THAT payments made by Trustee Lawrence J. Kaiser to The First National Bank of Saint Paul in December of 1983 and February of 1985 should be, and the same hereby are, determined to be payments of the principal amount due to said Bank.

Dated: May 30, 1985.

BY THE COURT:



William H. Frawley
U. S. Bankruptcy Judge

cc: Attorney Lawrence J. Kaiser
Attorney Katherine A. Constantine
Attorney Richard D. Holper
Attorney Jeffrey W. Guettinger