

NIC 37052

RESCISSION OF NOTICE OF DEFAULT

Reference is made to that certain trust deed in which JASON T. TOLLESON and TIONA L. TOLLESON, husband and wife, was grantor, Josephine-Crater Title Companies, Inc., an Oregon corporation, was trustee and Vernon G. Ludwig and Ofelia Ludwig, husband and wife, was beneficiary, said trust deed was recorded April 19, 1995, as Instrument No. 98637 in Volume M95, Page 9911, of the records of Klamath County, Oregon, and conveyed to the said trustee the following real property situated in said county:

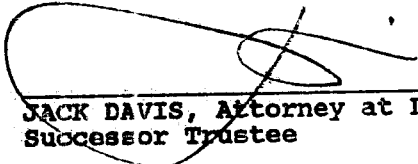
See Exhibit "A" attached.

A notice of grantor's default under said trust deed, containing the beneficiary's election to sell all or part of the above described real property to satisfy grantor's obligations secured by said trust deed was recorded on April 12, 1996 as Instrument No. 16349, Volume M96, Page 10296 and re-recorded on May 15, 1996, as Instrument No. 18160, Volume M96, Page 14088 in said records; thereafter by reason of certain payments of said obligations made as permitted by the provisions of Section 86.760, Oregon Revised Statutes, the default described in said notice of default has been removed, paid and overcome so that said trust deed should be reinstated.

NOW, THEREFORE, notice hereby is given that the undersigned trustee does hereby rescind, cancel and withdraw said notice of default and election to sell; said trust deed and all obligations secured thereby hereby are reinstated and shall be and remain in force and effect the same as if no acceleration had occurred and as if said notice of default had not been given; it being understood, however, that this rescission shall not be construed as waiving or affecting any breach or default - past, present or future - under said trust deed or as impairing any right or remedy thereunder, or as modifying or altering in any respect any of the terms, covenants, conditions or obligations thereof, but it and shall be deemed to be only an election without prejudice, to not cause a sale to be made pursuant to said notice so recorded.

IN WITNESS WHEREOF, the undersigned successor trustee has hereunto set his hand and seal.

DATED: July 3, 1996


JACK DAVIS, Attorney at Law,
Successor Trustee

//
LAW OFFICES OF
DAVIS, GILSTRAND, HARRIS, HEARN & WELTY

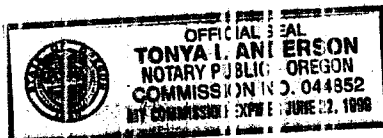
A Professional Corporation
315 EAST MAIN STREET
ASLAND, OREGON 97520
(541) 263-1111 FAX (541) 488-4455

20267

STATE OF OREGON)
)
)

County of Jackson

3rd The foregoing instrument was acknowledged before me this
day of July, by Jack Davis, Successor Trustee.



Tonya L. Anderson
Notary Public for Oregon
My Commission Expires: 6-22-99

LAW OFFICES OF
DAVIS, GILSTRAP, HARRIS, HEARN & WELTY
Professional Corporation
515 EAST MAIN STREET
ASHLAND, OREGON 97520
(31) 482-3111 FAX (541) 488-4435

EXHIBIT "A"
LEGAL DESCRIPTION

A tract of land lying in the N1/2 of the SW1/4 of Section 7, Township 38 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows:

Beginning at an iron pin which lies North 89 degrees 49' West along the quarter line, a distance of 976.04 feet from the iron pin which marks the center of Section 7, Township 38 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, and running thence South 6 degrees 02' West a distance of 240.3 feet to an iron pin which is the true point of beginning; thence continuing South 6 degrees 02' West a distance of 270 feet; thence North 89 degrees 49' West a distance of 625.1 feet, more or less, to an iron pin which lies on the Easterly right of way line of the New Dalles-California Highway; thence North 11 degrees 36' West following the Easterly right of way line of the New Dalles-California Highway to an iron pin; which pin lies North 89 degrees 49' West a distance of 708.6 feet from the said true point of beginning; thence South 89 degrees 49' East a distance of 708.6 feet to the said true point of beginning.

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Ames Title the 8th day
of July A.D., 1996 at 3:50 o'clock P M., and duly recorded in Vol. M96
of Meets, gas on Page 20206

Bernetha G. Letsch, County Clerk

FEE \$20.00

By Dorinda Nielsen