

RESCISSION OF NOTICE OF DEFAULT

Reference is made to that certain trust deed in which LOST RIVER LAND & CATTLE, INCORPORATED was grantor, MOUNTAIN TITLE COMPANY OF KLAMATH COUNTY was trustee and THE TRUSTEES OF THE BORGES FAMILY TRUST U.A.D. OCTOBER 13, 1992, was beneficiary, said trust deed was recorded January 29, 1993, in Volume No. M93 at page 2292, of the mortgage records of Klamath County, Oregon, and conveyed to the said trustee the following real property situated in said county:

See Attached Exhibit "A."

A notice of grantor's default under said trust deed, containing the beneficiary's or trustee'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 December 30, 1997, in said mortgage records, in Volume No. M97 at page 42282, and re-recorded on February 4, 1998, at Vol. M98 Page 3574, thereafter by reason of the default being cured as permitted by the provisions of Section 86.753, 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 is and shall be deemed to be only an election without prejudice, not to cause a sale to be made pursuant to said notice so recorded.

IN WITNESS WHEREOF, the undersigned trustee has executed this document; if the undersigned is a corporation, it has caused its name to be signed and seal affixed by an officer duly authorized thereto by order of its Board of Directors.

Dated: 7/1, 1998

Richard Fairclo
Richard Fairclo, Successor Trustee

STATE OF OREGON

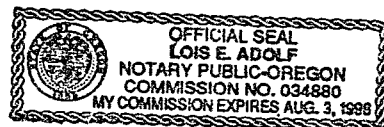
] ss.

County of Klamath

The foregoing instrument was acknowledged before me this 15th day of July, 1998, by Richard Fairclo, Successor Trustee.

Lois E. Adolf
Notary Public for Oregon
My Commission expires:

Richard Fairclo
Attorney at Law
280 Main Street
Klamath Falls OR 97601



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EXHIBIT "A"
LEGAL DESCRIPTION

In Township 39 South, Range 8 East of the Willamette Meridian, Klamath County, Oregon.

Section 27: That portion of the W1/2 of E1/2 (which includes Government Lots 3 and 5) lying South of that portion conveyed to Weyerhaeuser Timber Co. by Deed recorded May 5, 1928, Deed Volume 80, page 275, Deed Records of Klamath County, Oregon, and Government Lot 4.

Section 34: Government Lots 1, 2, 3, 4, 5, 6, 7, 8 and 12

Section 35: Government Lot 1

Section 27: Beginning at a point on the center section line of Section 27, Township 39 South, Range 8 East of the Willamette Meridian, Klamath County, Oregon, which point is common with the center section line and the Southeasterly right of way boundary of the Klamath Falls-Ashland Highway (Oregon 66) and bears South a distance of 494.0 feet, more or less, from the quarter section corner common to Section 22 and 27, Township, Range and Meridian aforesaid; thence continuing South along same center section line a distance of 2661.0 feet, more or less to the Northerly right of way boundary of the Weyerhaeuser Timber Company road (Volume 80, page 275, Deed Records of Klamath County, Oregon); thence North 55 degrees 21' East along same, a distance of 36.47 feet; thence North, parallel with the aforesaid center section line a distance of 2667.2 feet, more or less, to the Southeasterly right of way boundary of aforesaid Klamath Falls-Ashland Highway; thence South 48 degrees 08' West along same, a distance of 40.28 feet more or less, to the point of beginning, being a 30 foot strip of land for private road purposes.

EXCEPTING THEREFROM that portion conveyed to the State of Oregon, by and through its Department of Transportation, Highway Division by Deed recorded May 17, 1989 in Volume M89, page 8560, Microfilm Records of Klamath County, Oregon.

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Richard Fairclo the 1st day
of July A.D., 19 98 at 11:20 o'clock A. M., and duly recorded in Vol. M98
of Mortgages on Page 23265

FEE \$15.00

By Bernetha G. Letsch, County Clerk
Kathleen K. Kras