

NOTICE OF DEFAULT, ELECTION TO SELL AND TRUSTEE'S NOTICE OF SALE

The successor trustee under the terms of the trust deed described below, at the direction of the beneficiary, hereby elects to sell the property described in the trust deed to satisfy the obligations secured thereby, which the beneficiary has declared due. Pursuant to ORS 86.745, the following information is provided:

1. **PARTIES:** Grantor: Julee's Country Inn, Inc., an Oregon corporation and John Post; Trustee: Northwest Escrow, Inc.; Successor Trustee: Donald J. Churnside; Beneficiary: Frank H. Dye and Mary Elda Dye. The beneficiary's interest in the trust deed was assigned to Jerry E. Thompson, Larry E. Thompson and Barbara J. Mitchell on May 12, 1995 as described in paragraph 3. below.

2. **DESCRIPTION OF PROPERTY:** See EXHIBIT A attached hereto.

3. **RECORDING DATA:** Trust deed dated April 21, 1984; recorded April 25, 1984; Volume M84 on page 6765, Mortgage Records of Klamath County, Oregon; the Assignment of Trust Deed by Beneficiary was dated May 12, 1995 and recorded June 9, 1995 in Volume M95, Page 15231, Mortgage Records of Klamath County, Oregon.

4. **DEFAULT FOR WHICH THE FORECLOSURE IS MADE:** Beneficiary seeks to foreclose the trust deed for failure to pay the following sums: The entire balance of the trust deed in the amount of \$75,000 plus accrued interest, together with all costs, disbursements, and/or fees incurred or paid by the beneficiary and/or trustee, their employees, agents or assigns.

5. **SUM OWING ON THE OBLIGATION SECURED BY THE TRUST DEED:**

Principal	\$ 75,000.00
Interest at 15% per annum to and including 5-31-00	181,232.88
Donald J. Churnside, Attorney	1,500.00
First American Title	233.00
Reconveyance fees	50.00
TOTAL SUM OWING plus other expenses, interest and charges accrued as of the date of payment	\$ 258,015.88

6. **ELECTION TO SELL:** The successor trustee hereby elects to sell the property to satisfy the obligations secured by the trust deed. This Notice of Default, Election to Sell and Notice of Sale has been recorded in the official records of Klamath County in Volume _____, Page _____, on _____, 2000, as reflected on the copy of this document which has been entered in the records of Klamath County for purposes of notice of default and election to sell.

7. **DATE, TIME AND PLACE OF SALE:** **October 23, 2000; 2:00 p.m.**, Pacific Daylight Time, as established by ORS 187.110; Front Door of the Klamath County Courthouse, 316 Main Street, Klamath Falls, Oregon 97601.

8. **SALE OF PROPERTY:** The successor trustee will sell at oral public auction to the highest bidder for cash, paid on the date of sale, the interest which the grantor had or had power to convey at the time of execution of the deed of trust, together with any interest of the grantor or successors in interest acquired after execution of the deed of trust, to satisfy the sum owing on the obligation plus the expenses of sale and trustee and attorney fees.

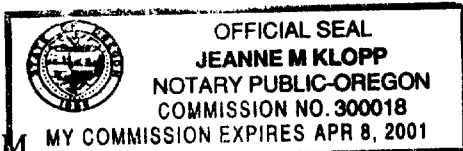
9. **REINSTATEMENT:** Pursuant to ORS 86.753, the grantor, the grantor's successor in interest to all or any part of the trust property, any beneficiary under a subordinate trust deed, or any person having any subordinate lien or encumbrance of record on the property, may cure the default or defaults at any time prior to 5 days before the date set by the trustee for the trustee's sale. If the default consists of a failure to pay, when due, sums secured by the trust deed, the default may be cured by paying the entire amount due at the time of cure under the terms of the obligation, other than such portion as would not then be due had no default occurred. Any other default of the trust deed obligation that is capable of being cured may be cured by tendering the performance required under the obligation or trust deed. In any case, and in addition to paying the sums or tendering the performance necessary to cure the default, the person affecting the cure shall pay to the beneficiary all costs and expenses actually incurred in enforcing the obligation and trust deed, together with the costs and expenses actually incurred in enforcing the terms of the obligation, plus trustee and attorney fees as prescribed in ORS 86.753. Upon such payment, the proceedings shall be dismissed and the trust deed reinstated.

In construing this notice, the masculine gender includes the feminine and the neuter, the singular includes the plural, the word "grantor" includes any successor in interest to the grantor as well as any other person owing an obligation, the performance of which is secured by said trust deed, the words "trustee" and "beneficiary" include their respective successors in interest, if any.

DATED this 1 day of JUNE, 2000.


Donald J. Churnside, Successor Trustee

SUBSCRIBED AND SWORN to before me this 1 day of June, 2000.




Jeanne M. Klopp
Notary Public for Oregon

Re: TRUST DEED FROM
Julee's Country Inn, Inc. and John Post, Grantor,
DONALD J. CHURNSIDE, Successor Trustee,
JERRY E. THOMPSON, LARRY E. THOMPSON
and BARBARA J. MITCHELL, Beneficiaries
AFTER RECORDING RETURN TO:
GAYDOS, CHURNSIDE & BAKER, P.C.
440 East Broadway, Suite 300
P.O. Box 1499
Eugene, OR 97440

THIS IS AN ATTEMPT TO
COLLECT A DEBT AND ANY
INFORMATION OBTAINED
WILL BE USED FOR THAT
PURPOSE.

PARCEL 2

A tract of land situated in the SW1/4 of the SW1/4 of Section 21, Township 27 South, Range 8 East of the Willamette Meridian, Klamath County, Oregon, described as follows:

Beginning at a point on the Easterly right of way line of the Dalles-California Highway, which lies South 19 degrees 24' East a distance of 1068.4 feet from the Southwest corner of Block 8, CHEMULT; thence following an arc of a 03 degrees 04' curve to the left a distance of 23.2 feet to the true point of beginning of the tract herein described; thence continuing on the arc to a 03 degrees 04' curve to the left a distance of 281.1 feet to a point; thence South 28 degrees 43' East a distance of 26 feet, more or less, to the South line of the SW1/4 of the SW1/4 of said Section, Township and Range; thence East along said South line a distance of 124.2 feet more or less, to the Southeast corner of the SW1/4 SW1/4 of said Section, Township and Range; thence North along the East line of said SW1/4 SW1/4 363 feet to a point; thence South 70 degrees 36' West 261.5 feet, more or less to the true point of beginning.

PARCEL 3

A parcel of land lying in the NW1/4 NW1/4 of Section 28, Township 27 South, Range 8 East of the Willamette Meridian, Klamath County, Oregon and being a portion of that property described in that deed to the State of Oregon, by and through its State Highway Commission, recorded in Book 268, page 143 of Klamath County Record of Deeds; the said parcel being described as follows:

Beginning on the Northerly line of said NW1/4 NW1/4 at a point 66.96 feet Northeasterly of (when measured at right angles to) the center line of the Dalles-California Highway, said point being 125.78 feet Westerly of (when measured along said Northerly line) the Northeast corner of said NW1/4 NW1/4; thence Southeasterly parallel with said center line to a point opposite Engineer's Station 732 + 32.60; thence Northeasterly at right angles to said center line 83.04 feet to the Easterly line of said property; thence Northwesterly along said Easterly line to said Northerly line; thence Westerly along said Northerly line to the point of beginning.

EXCEPTING FROM the above described parcels all mineral rights as reserved by Deed recorded in Volume 105, page 177 and Volume 135, page 269, Deed Records of Klamath County, Oregon.

State of Oregon, County of Klamath
Recorded 06/13/00, at 11:05 a.m.
In Vol. M00 Page 21380
Linda Smith,
County Clerk Fee \$ 26⁰⁰

EXHIBIT A