

NOTICE OF DEFAULT AND ELECTION TO SELL

RE: Trust Deed from:

Galen R. McConnell and
Marietta J. McConnell

Grantor

To

First American Title Insurance Company of
Oregon

Trustee

After recording, return to:
David R. Ambrose, Esq
Ambrose Law Group
222 SW Columbia Street, Suite 1670
Portland, OR 97201

Reference is made to that certain Amended Commercial Trust Deed made by Galen R. McConnell and Marietta J. McConnell, as grantor, to First American Title Insurance Company of Oregon, as trustee, in favor of LIME Financial Services, Ltd., as beneficiary, dated July 5, 2000, recorded July 6, 2000, in the Records of Klamath County, Oregon, in Volume M00 page 24780, covering the following described real property situated in the above-mentioned county and state, to-wit:

The following described real property situate in Klamath County, Oregon:

Twenty five acres, more or less, being located in Section 36, Township 24 South, Range 8 East of the Willamette Meridian, more specifically known as the Southerly 400 feet of that portion of the NE 1/4 SW 1/4 lying Northwesterly of the Klamath Northern Railroad right-of-way.

AND ALSO INCLUDING that portion of the SE 1/4 SW 1/4 lying Northwesterly of the Klamath Northern Railroad right-of-way.

SAVING AND EXCEPTING THEREFROM the following parcels:

PARCEL NO. 1: Any portion thereof conveyed for railroad right-of-way; and also

PARCEL NO. 2: Beginning at the intersection of the South line of Section 36, T. 24 S., R. 8 E.W.M., with the west line of the Gilchrist Railroad; thence west along said South line a distance of 1000 feet to a point; thence north at right angles to said South line a distance of 200 feet to a point; thence east parallel to said South line, and at a distance 200 feet therefrom, a distance of 1170 feet more or less, to a point on the Westerly line of said railroad; thence southwesterly along said Westerly right of way line a distance of 240 feet, more or less, to the point of beginning; and also

PARCEL NO. 3: Beginning at the South quarter corner of Section 36, T. 24 S., R. 8 E.W.M., Klamath County, Oregon; thence North 89°17'00" West, 1407.87 feet along the South line of Section 36 to the westerly right of way of the Klamath Northern Railroad; thence North 39°40'16" East, 257.19 feet along the Westerly right of way of aforesaid railroad to the true point of beginning; thence North 89°17'00" West, 615.00 feet; thence North 0°43'00" East, 295.00 feet; thence South 89°17'00" East 853.50 feet to the westerly right of way of said railroad; thence South 39°40'16" West, 379.35 feet along said right of way to the true point of beginning; and also

PARCEL NO. 4: A 60 foot right of way along the northerly boundary of above described property from the Klamath Northern Railroad right of way westerly to the NW 1/4 SW 1/4 of Section 36, T. 24 S., R.8.E.W.M., to provide roadway ingress, egress and for the installation and maintenance of public or private utilities to said appurtenant properties lying in the NW 1/4 SW 1/4 and NE 1/4 SW 1/4 and SW 1/4 SW 1/4 of said Section 36,

The undersigned hereby certifies that no assignments of the trust deed by the trustee or by the beneficiary and no appointments of a successor trustee, have been made, except as recorded in the Records of the county or counties in which the above-described real property is situated. Further, no action has been instituted to recover the debt, or any part thereof, now remaining secured by the trust deed, or, if such action has been instituted, such action has been dismissed except as permitted by ORS 86.735(4).

There is a default by grantor or other person owing an obligation, performance of which is secured by the trust deed, or by the successor in interest, with respect to provisions therein which authorize sale in the event of default of such provision. The default for which foreclosure

is made is grantor's failure to pay when due the following sums:

Failure to pay the regular monthly payments of \$4,269.86 when due on November 15, 2000, December 15, 2000 and January 15, 2001. Failure to pay Late fees of \$213.49 each when due on November 21, 2000, December 21, 2000 and January 21, 2001.

By reason of the default, the beneficiary has declared all sums owing on the obligation secured by the trust deed immediately due and payable, those sums being the following, to-wit:

Principal	:	\$	283,141.23	
Interest	:	\$	15,335.76	(Through February 5, 2001. Additional interest of \$147.39 per day continues to accrue at the default rate of 19% from February 6, 2001.)
Late Fees	:	\$	640.47	(Additional Late fees of 213.49 continue to accrue on the 21 st of each month beginning February 21, 2001.)

Plus title expenses, costs, trustee's fees and attorneys' fees incurred herein by reason of said default and any further sums advanced by the beneficiary for the protection of the above-described real property and its interests therein.

Notice hereby is given that the beneficiary and trustee, by reason of the default, have elected and do hereby elect to foreclose the trust deed by advertisement and sale pursuant to ORS 86.705 to 86.795, and to cause to be sold at public auction to the highest bidder for cash the interest in the described property which grantor had, or had the power to convey, at the time of the execution by grantor of the trust deed, together with any interest grantor or grantor's successor in interest acquired after the execution of the trust deed, to satisfy the obligations secured by the trust deed and the expenses of the sale, including the compensations of the trustee as provided by law, and the reasonable fees of trustee's attorneys.

The sale will be held at the hour of 10 o'clock, A.M., in accord with the standard of time established by ORS 187.110 on June 25, 2001, at the following place: the County courthouse steps located at 316 Main Street, in the City of Klamath Falls, County of Klamath, State of Oregon, which is the hour, date and place last set for the sale.

Other than as shown of record, neither the beneficiary nor the trustee has any actual notice of any person having or claiming to have any lien upon or interest in the real property herein-above described subsequent to the interest of the trustee in the trust deed, or of any successor in interest to grantor or of any lessee or other person in possession of or occupying the property, except:

Name and Last Known Address

Nature of Right, Lien or Interest

Notice is further given that any person named in ORS 86.753 has the right, at any time prior to five days before the date last set for the sale, to have this foreclosure proceeding dismissed and the trust deed reinstated by payment to the beneficiary of the entire amount then due (other than such portion of the principal as would not then be due had no default occurred) and by curing any other default complained of herein that is capable of being cured by tendering the performance required under the obligation or trust deed, and in addition to paying the sums or tendering the performance necessary to cure the default, by paying all costs and expenses actually incurred in enforcing the obligation and trust deed, together with trustee's and attorney fees not exceeding the amounts provided by ORS 86.753.

In construing this notice, 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 the trust deed, and the words "trustee" and "beneficiary" include their respective successors in interest, if any.

Dated February 6, 2001.

David R. Ambrose
David R. Ambrose, Successor Trustee

STATE OF OREGON

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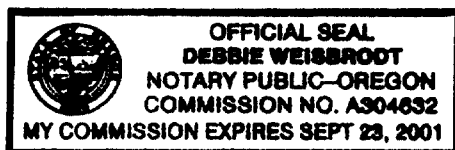
County of Multnomah

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This instrument was acknowledged before me on February 6, 2001 by DAVID R. AMBROSE, as Successor Trustee.

Debbie Weissroot
Notary Public - State of Oregon

My Commission Expires: 9-23-2001



State of Oregon, County of Klamath

Recorded 02/08/01, at 2:26 P m.

In Vol. M01 Page 5124

Linda Smith,

County Clerk Fee \$ 36 -