

After recording, return to:
William M. Ganong
/ Attorney at Law
514 Walnut Avenue
Klamath Falls OR 97601

State of Oregon, County of Klamath
Recorded 02/07/2003 9:58 a. m.
Vol M03 Pg 07594-96
Linda Smith, County Clerk
Fee \$ 31.00 # of Pgs 3

NOTICE OF DEFAULT AND ELECTION TO SELL

Pursuant to ORS 86.705-795, the undersigned Trustee and the Beneficiary have elected to foreclose the following described Trust Deed in the manner provided by said statute.

1. A. Grantor: The Hwy 66 Property Trust, Trustee The Trust Management Group
B. Trustee: William M. Ganong, Successor Trustee
C. Beneficiary: Norma Jean Linville Howard Hale

The beneficial interest in said Trust Deed was assigned to Richard A. Hale pursuant to an Assignment recorded October 8, 2002 in Volume M02 at Page 57416 of the Records of Klamath County, Oregon.

2. The legal description of the property covered by the subject Trust Deed is more particularly described on Exhibit "A" attached hereto and incorporated herein by this reference.

Klamath County Assessor's Account No. 4007-001BO-00300-000

The book, page number, and the date the subject Trust Deed was recorded in the Mortgage Records of Klamath County, Oregon are:

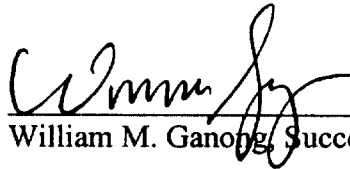
Book: M00 Page: 26053 Date Recorded: July 17, 2000

3. The default for which the foreclosure is made is the Grantor's failure to make the principal only note payment of \$5,000 that was due on August 17, 2001; and Grantor's failure to pay the real property taxes and assessments levied against the property before they became delinquent.
4. The principal owing on the obligation secured by the subject Trust Deed as of January 31, 2003 is \$10,000. Also owing on the obligation are real property taxes for 2002-2003 in the sum of \$621.31, plus interest. In addition, interest computed at the rate of 9 percent per annum from August 17, 2001 until paid is owed on the delinquent principal payment of \$5,000.
5. The Beneficiary and the Trustee have elected to foreclose the above referenced Trust Deed pursuant to the provisions of Oregon Revised Statutes 86.705 to 86.795.
6. The Trustee will conduct a sale of the above described property at 10:00 a.m. on June 23, 2003, at the front steps of 514 Walnut Avenue, Klamath Falls, Oregon.

7. Pursuant to ORS 86.753, the Grantor, the Grantor's successor in interest to all or any part of the above described property, any beneficiary under a subordinate Trust Deed, or any person having a subordinate lien or encumbrance of record on the property, may cure the default or defaults at any time prior to five days before the above said date of sale 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. In addition, the person affecting the cure shall pay all costs and expenses actually incurred in enforcing the obligation and Trust Deed, together with the Trustee's and Attorney's fees specified in the said statute.

In construing this instrument, 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 persons 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.

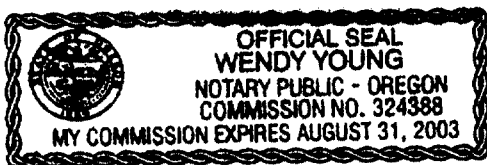
Dated this 5th day of February, 2003.



William M. Ganong, Successor Trustee

STATE OF OREGON, County of Klamath) ss.

This instrument was acknowledged before me on February 5, 2003 by William M. Ganong, as Successor Trustee of the above-referenced Trust Deed.



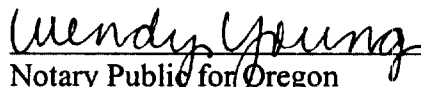

Notary Public for Oregon
My commission expires: 8-31-2003

Exhibit A

That portion of Government Lot 3 and the SE 1/4 of the NW 1/4 of Section 1, Township 40 South, Range 7 East of the Willamette Meridian, in the County of Klamath, State of Oregon, described as follows:

Beginning at a 1" iron pipe marking the Northeast corner of the Northwest corner of said Section 1, said point being the Northeast corner of that tract conveyed to Norma Jean Howard by Deed recorded in Book 74, Page 12620, Records of Klamath County, Oregon; thence North 89° 18' 19" West along the North line of said NW 1/4 110.00 feet to a 5/8" iron rod marking the Northeast corner of that tract conveyed to Elizabeth J. Bennett by Deed recorded in Book M-94, Page 5019, Records of Klamath County, Oregon; thence South 00° 07' 22" West along the East line of said Bennett Tract 1276.52 feet to a 5/8" iron rod at the Southeast corner thereof; thence North 89° 18' 19" West along the South line of said Bennett Tract 110.00 feet to the true point of beginning of the tract herein described; thence South 00° 07' 22" West 75.24 feet to a 5/8" iron rod; thence South 30° 11' 15" East 217.91 feet to a 5/8" iron rod on the Northwesterly right of way line of State Highway 66; thence Southwesterly along the Northwesterly right of way line of State Highway 66 to the Southwest corner of said Howard Tract; thence North along the West line of said Howard Tract to the Southwest corner of said Bennett Tract; thence South 89° 18' 19" East along the South line of said Bennett Tract 110.00 feet, more or less, to the true point of beginning.