

Rescission of Notice of Default

Re: Trust Deed from
Richard H. Bailey and Arlene F. Bailey, as Grantor
tenants by the entirety

To
Northwest Trustee Services, Trustee
Inc.

After Recording Return to
Attn: Kathy Taggart
Northwest Trustee Services, Inc.
P.O. Box 997
Bellevue, WA 98009-0997

State of Oregon, County of Klamath
Recorded 06/16/05 11:50 AM
Vol M05 Pg 45328
Linda Smith, County Clerk
Fee \$ 21.00 # of Pgs 1

Reference is made to that certain trust deed dated 11/07/03 in which Richard H. Bailey and Arlene F. Bailey, as tenants by the entirety was grantor, First American Title Company was trustee and CitiMortgage, Inc. was beneficiary and recorded 11/12/03, as Volume M03, Page 83718 of the mortgage records of Klamath County, Oregon. The trust deed conveyed to the trustee the following real property situated in said county:

Lot 1, Block 6, Tract No. 1119, Leisure Woods #2, according to the Official Plat thereof on file in the Office of the Clerk of Klamath County, Oregon.

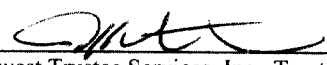
Commonly Known As: 1200 Diamond Peak Circle aka 18746 Clear Spring Way Crescent Lake, OR 97425

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 the trust deed was recorded 01/28/05, in the mortgage records of Klamath County, as M05 Page 6381.

NOW, THEREFORE, notice hereby is given that the undersigned trustee does hereby rescind, cancel and withdraw the notice of default and election to sell. It being understood, however, that this rescission shall not be construed as waiving or affecting any breach or default—past, present or future—under the 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 the 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: June 9, 2005

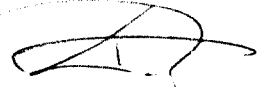

Northwest Trustee Services, Inc., Trustee
Northwest Trustee Services, Inc. is successor by
merger to Northwest Trustee Services, PLLC
(formerly known as Northwest Trustee Services,
LLC)

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

I certify that I know or have satisfactory evidence that Jeff Stenman is the person who appeared before me, and said person acknowledged that (he/she) signed this instrument, on oath stated that (he/she) was authorized to execute the instrument and acknowledged it as an Assistant Vice President of Northwest Trustee Services, Inc. to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: June 9, 2005

KEN L. PATNER
STATE OF WASHINGTON
NOTARY PUBLIC
MY COMMISSION EXPIRES 1-30-06


NOTARY PUBLIC in and for the State of
Washington, residing at Seattle
My commission expires 1-30-06

File Number: 7301.22858

215