

OREGON NOTICE OF DEFAULT AND ELECTION TO SELL

After recording return to:

T.D. SERVICE COMPANY
2630 116th Avenue NE, Ste. 200
Bellevue, WA 98004
(206) 739-8800

RE: Loan #: 43-18-540963482
Title #: K-50453
TD #: 0-885C

Reference is made to that certain trust deed made by MICHAEL W. SALTENBERGER

to RECD, USDA, ACTING THROUGH OREGON STATE

, as grantor,

in favor of RURAL DEVELOPMENT, ACTING ON BEHALF OF THE RURAL HOUSING SERVICES,
SUCCESSOR IN INTEREST TO THE FHA, STATE OF OREGON, USDA.

, as trustee,

dated DECEMBER 04, 1986

, recorded DECEMBER 05, 1986

, as beneficiary,

mortgage records of KLAMATH

, in the

volume NO. M86

at page 22398

, (fee/file/instrument NO.

County, Oregon, in book / reel /

covering the following described property situated in said county and state, to wit:

LOT 2 OF DAVIS SUBDIVISION, ACCORDING TO THE OFFICIAL PLAT THEREOF ON FILE IN THE
OFFICE OF THE COUNTY CLERK OF KLAMATH COUNTY, OREGON

COMMONLY KNOWN AS: 31342 COLLEGE STREET, BONANZA, OREGON 97623.

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 mortgage records of the county, or counties in which the above described real property is situated; further, that no action has been instituted to recover the debt, or any part thereof, now remaining secured by the said deed of trust, or, if such action has been instituted, such action has been dismissed.

There is a default by the grantor or other person owing an obligation, the performance of which is secured by said trust deed, or by their 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:

5 Payments of \$410.00 from 11/04/96	2,050.00
SUB-TOTAL OF AMOUNTS IN ARREARS:	2,050.00

By reason of said default, the beneficiary has declared all sums owing on the obligation secured by said deed of trust immediately due and payable, said sums being the following, to wit: Principal \$ 38,052.06, together with interest as provided in the note or other instrument secured from the 4TH day of OCTOBER, 1996 and such other costs and fees as are due under the note or other instrument secured, and as are provided by statute.

Notice hereby is given that the beneficiary and trustee, by reason of said default, have elected and do hereby elect to foreclose said trust deed by advertisement and sale pursuant to Oregon Revised Statutes Sections 86.705 to 86.795, and to cause to be sold at public auction to the highest bidder for cash the interest in the said described property which the grantor had, or had the power to convey, at the time of the execution by him of the trust deed, together with any interest the grantor or his successors in interest acquired after the execution of the trust deed, to satisfy the obligations secured by said 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.

Said sale will be held at the hour of 10:00 A.M.
Time as established by Section 187.110 of Oregon Revised Statutes on AUGUST 1, 1997
at the following place: MAIN ST. ENTRANCE, KLAMATH COUNTY COURTHOUSE, KLAMATH FALLS

County of KLAMATH State of Oregon.

Other than as shown of record, neither the said beneficiary or the said trustee has any actual notice of any person having or claiming to have any lien upon or interest in the real property hereinabove described subsequent to the interest of the trustee in the trust deed, or of any successor in interest to the grantor or of any lessee or other person in possession of or occupying the property, except: 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 Section 86.753 of Oregon Revised Statutes has the right, at any time prior to five days before the trustee conducts 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 said 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's fees not exceeding the amounts provided by Section 86.753 of Oregon Revised Statutes.

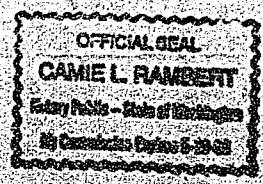
In construing this notice, the masculine gender includes the feminine and the neuter, the singular includes the plural, the word grantor includes any successor in interest to the grantor as well as any other person owing an obligation, the performance of which is secured by said deed of trust, and the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

DATED: March 13, 1997
David A. Kubat, OSBA# 84265
(Successor Trustee)
By: [Signature]
DIRECT INQUIRIES TO:
T.D. SERVICE COMPANY
FORECLOSURE DEPARTMENT
(206) 739-8800

STATE OF WASHINGTON)
COUNTY OF SNOHOMISH) SS.

On this day personally appeared before me David A. Kubat
to me known to be the individual described in and who executed the within and foregoing instrument, and
acknowledged that He signed the same as His free and voluntary act and deed, for
the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 13th day of March
[Signature] Camie L. Rambert
Notary Public in and for the State of
Washington, residing at Bothell
My commission expires: 5/19/98



STATE OF OREGON : COUNTY OF KLAMATH: ss.
Filed for record at request of Klamath County Title the 17th day
of March A.D. 19 97 at 3:15 o'clock PM, and duly recorded in Vol. M97
of Mortgages on Page 7762
FEE \$15.00
by Bernetha G. Leitch, County Clerk
[Signature]