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P-501 7/5 P2-56 Vol. M98 Page 36235

NOTICE OF DEFAULT AND ELECTION TO SELL

Reference is made to that certain trust deed made by Steven Michael Nelson and Sheri Lynn Nelson, Husband and Wife, as grantor, to Roger K. Harris, as trustee, in favor of Ethel H. Mitzel, as beneficiary, dated June 8, 1993, recorded June 14, 1993, in the mortgage records of Klamath County, Oregon, in ~~book~~ XXXXXX volume No. M93 at page 13817, or as fee/file/instrument/microfilm/reception No. _____ (indicate which), covering the following described real property situated in the above-mentioned county and state, to-wit:

Lot 514 and the easterly 10 feet of Lot 515 in Block 102, MILLS ADDITION, to the City of Klamath Falls, Klamath County, Oregon

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 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 the grantor or other person owing an obligation, the 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:

See Attachment Section A, attached hereto

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:

See Attachment Section B, attached hereto

— OVER —

NOTICE OF DEFAULT
AND ELECTION TO SELL

Re: Trust Deed from

Steven Michael Nelson and Sheri Lynn Nelson, Husband and Wife

Grantor

TO

Ethel H. Mitzel

Beneficiary ~~XXXX~~

After recording return to (Name, Address, Zip):

Roger K. Harris, Trustee
12725 SW 66th Ave., Suite 107
Portland, OR 97223

SPACE RESERVED
FOR
RECORDER'S USE

STATE OF OREGON,

County of _____ } ss.

I certify that the within instrument was received for record on the _____ day of _____, 19____, at _____ o'clock _____ M., and recorded in book/reel/volume No. _____ on page _____ or as fee/file/instrument/microfilm/reception No. _____, Record of Mortgages of said County.

Witness my hand and seal of County affixed.

NAME

TITLE

By _____, Deputy

36236

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 the grantor had, or had the power to convey, at the time of the execution by grantor of the trust deed, together with any interest the 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 11:00 o'clock, A.M., in accord with the standard of time established by ORS 187.110 on March 1, 1999, at the following place: 280 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 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:

NAME AND LAST KNOWN ADDRESS

NATURE OF RIGHT, LIEN OR INTEREST

NONE

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's 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 September 30, 1998Roger K. Harris

Trustee

~~XXXXXXXXXX~~

(state which)

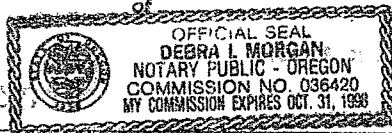
STATE OF OREGON, County of Washington) ss.This instrument was acknowledged before me on September 30, 1998, by Roger K. Harris, Trustee

This instrument was acknowledged before me on _____, 19____,

by _____

as _____

of _____



Debra L. Morgan
Notary Public for Oregon
My commission expires 10-31-98

ATTACHMENT

Section A:

1. Monthly payments of \$440.59 by the 8th of each month. No payments have been made since May, 1997.
2. Property taxes, interest and assessments in the amount of not less than \$9,218.44.
3. Insurance on the property and buildings for fire and other hazards in an amount not less than \$800.00.
4. Not less than \$5,000.00 to preserve, repair and maintain the property and buildings.

Section B:

1. An installment note dated June 8, 1993 with a principal amount due and accumulated interest through October 7, 1998 of \$63,072.81, plus additional interest on the unpaid principal at \$13.98 per day thereafter.
2. Payment of and/or reimbursement to the beneficiary for property taxes, interest and assessments in an amount of \$9,218.44 plus accruing interest.
3. Payment of and/or reimbursement to the beneficiary for fire and hazard insurance on the property in an amount not less than \$800.00.
4. Payment for and/or reimbursement to the beneficiary for costs of preservation, maintenance and repair of not less than \$5,000.00.

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of First American Title the 1st day
of October A.D., 19 98 at 2:56 o'clock P. M., and duly recorded in Vol. M98
of Mortgages on Page 36235.

FEE \$20.00

By Bernetha G. Letsch, County Clerk
Kathleen Ross