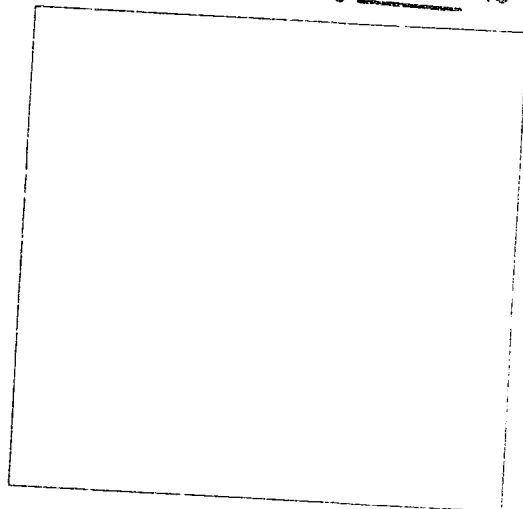


'99 APR 13 P3:20

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After recording return to:
Linda Lewis
PRESTON GATES & ELLIS, LLP
5000 Columbia Center, 701 Fifth Avenue
Seattle, WA 98104

NOTICE OF DEFAULT AND ELECTION TO SELL

38074-50029/Ivan E. Kyniston

The Fair Debt Collection Practices Act requires that we state the following: This is an attempt to collect a debt and any information obtained will be used for that purpose.

Reference is made to that certain trust deed made by Ivan E. Kyniston and Linda S. Kyniston, an estate in fee simple as tenants by entirety as grantor(s), to Klamath County Title Company, as trustee, in favor of NovaStar Mortgage, Inc. a Virginia Corporation, as beneficiary, dated April 24, 1997, recorded May 6, 1997, in the mortgage records of Klamath County, Oregon, in Recorder's Fee No. 37223, Book M-97, Page 13854, covering the following described real property situated in said county and state, to wit:

Lot 18, Block 4, Altamont Acres, in the County of Klamath, State of Oregon.

PROPERTY ADDRESS: 2750 Crest Street, Klamath Falls, OR 97603

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Page 2 / NOTICE OF DEFAULT AND ELECTION TO SELL
38074-50029/Ivan E. Kyniston

Lucy E. Kivel, Trustee, 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 situate; further, that no action has been instituted to recover the debt, or any part thereof, now remaining secured by the said 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 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: monthly payments of \$744.47 beginning January 1, 1999; plus late charges of \$33.31 each month beginning January 16, 1999; together with title expense, costs, trustee's fees and attorney's 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 interest therein

By reason of said default, the beneficiary has declared all sums owing on the obligation secured by said trust deed immediately due and payable, said sums being the following, to wit: \$62,653.90 with interest thereon at the rate of 12.375 percent per annum beginning December 1, 1998; plus late charges of \$33.31 each month beginning January 16, 1999; until paid; plus prior accrued charges and expenses of \$0.00; together with title expense, 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 interest therein.

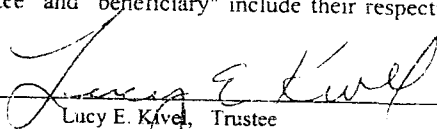
Notice is hereby given that the beneficiary and trustee, by reason of said default, have elected and do hereby elect to foreclose said trust deed by advertisement and sale pursuant to ORS 86.705 to 86.795, and to cause to be sold at public auction to the highest bidder for cash the interest in the said 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 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 reasonable fees of trustee's attorneys.

Said sale will be held **Friday, August 13, 1999, at the hour of 11:00 A.M.**, in accord with the standard of time established by ORS 187.110, at the following place: at the office of Brandsness & Rudd, 411 Pine Street in the City of Klamath Falls County of Klamath, State of Oregon, which is the hour, date and place last set for said sale.

13474

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 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 said 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 said trust deed, and the words "trustee" and "beneficiary" include their respective successors in interest, if any.


Lucy E. Kivel, Trustee

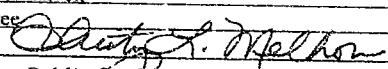
State of Oregon)
County of Multnomah) ss.

This instrument was acknowledged before me

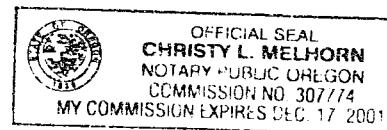
on April 12, 1999, by _____

Lucy E. Kivel,

Trustee


Notary Public for Oregon

My commission expires: 12/17/01



NOTICE OF DEFAULT AND ELECTION TO SELL

Ivan E. Kyniston, Grantor

TO

Lucy E. Kivel, Trustee

Client-Matter No. 38074-50029

STATE OF OREGON : COUNTY OF KLAMATH: ss.

Filed for record at request of Aspen Title & Escrow the 13th day
of April, A.D. 1999 at 3:20 o'clock P. M., and duly recorded in Vol. M99
of Mortgages on Page 13472

Linda Smith, County Clerk

FEE \$20.00

by Kathleen Rose