

OREGON NOTICE OF DEFAULT AND ELECTION TO SELL

After recording return to:

T.D. SERVICE COMPANY, WASHINGTON
1750 E. 4th Street, #800
Santa Ana, CA 92705
(800) 843-0260

RE: Loan #: 1406152
Title #: K53985/(541)884-5155
TD #: 0-1306

Reference is made to that certain trust deed made by TIMOTEO MARTINEZ AND MERCEDES MARTINEZ

to RECD, USDA, ACTING THROUGH OREGON STATE

, as grantor,

in favor of RURAL DEVELOPMENT, ACTING ON BEHALF OF THE RURAL HOUSING SERVICE, SUCCESSOR
IN INTEREST TO FHA, ST. OF OREGON, USDA , as trustee,
dated MARCH 03, 1988 , recorded MARCH 04, 1988 , as beneficiary,
mortgage records of KLAMATH , in the
volume NO. M88 at page 3136 County, Oregon, in book / reel /
(fee/file/instrument NO. 84950)

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

LOT 5 IN BLOCK 29 OF TRACT 1113, OREGON SHORES UNIT 2, ACCORDING TO THE OFFICIAL PLAT
THEREOF ON FILE IN THE OFFICE OF THE COUNTY CLERK OF KLAMATH COUNTY, OREGON.
MORE COMMONLY KNOWN AS: OREGON SHORES, UNIT 2, TRACT 1113, CHILOQUIN, OR 97624.

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:

25 Payments of \$369.00 from 04/03/97	9,225.00
12 Payments of \$133.00 from 04/03/96	1,596.00
1 Payments of \$369.00 from 03/03/96	369.00
SUB-TOTAL OF AMOUNTS IN ARREARS:	11,190.00

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 \$ 41,180.52 * , together with interest as provided in the note or other instrument secured from the 3RD day of MARCH , 1996 and such other costs and fees as are due under the note or other instrument secured, and as are provided by statute. *PLUS SUBSIDY RECAPTURE IN THE AMOUNT OF \$19,113.40. PLUS FEES RECEIVABLE IN THE AMOUNT**
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. **OF \$4,907.93.

Said sale will be held at the hour of 10:00AM
 Time as established by Section 187.110 of Oregon Revised Statutes on SEPTEMBER 17, 1999. Standard
 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: 4-28-99

David A. Kubat, OSBA# 84265
 (Successor Trustee)

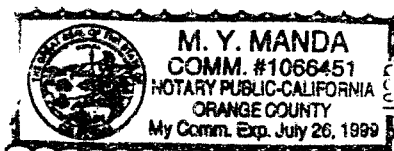
By: *[Signature]*

DIRECT INQUIRIES TO:
 T.D. SERVICE COMPANY
 FORECLOSURE DEPARTMENT
 (800) 843-0260

STATE OF CALIFORNIA)
) SS.
 COUNTY OF ORANGE)

On this day personally appeared before me DAVID A. KUBAT OSBA # 84265
 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 28th day of APRIL 1999



M.Y. MANDA *[Signature]*
 Notary Public in and for the State of CA
 residing at Westminster
 My commission expires:
 7-26-99

State of Oregon, County of Klamath
 Recorded May 6, 1999, at 11:13 AM
 at the referenced page, Vol. M99.
 Linda Smith, County Clerk
 Fee \$ 15

Linda Smith