

NOTICE OF DEFAULT AND ELECTION TO SELL

Reference is made to that certain Trust Deed made by David E. Chambers and Rachael A. Chambers, as Grantors, to AmeriTitle (Klamath Falls), as Trustee, in favor of Associates Housing Finance, LLC., as Beneficiary, dated April 30, 1998, recorded May 4, 1998, in the Official Records of Klamath County, Oregon, as clerk's instrument number M-98, Page 14898, covering the following described real property situated in said county and state, more specifically described in the attached Exhibit "1", which by this reference is expressly incorporated herein as though fully set forth here.

PROPERTY ADDRESS: 410 Nosler Street, Klamath Falls, Oregon

The undersigned hereby certifies that no assignments of the Trust Deed by the Trustee or by the Beneficiary and no Appointments of Successor Trustee have been made, except as recorded in the Records of the county or counties in which the above described real property is situated. Further, 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 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 Grantors' failure to pay when due the following sums:

Monthly payments of \$732.77, beginning 11/01/99; plus late charges of \$20.00 each month beginning 11/15/99; plus prior accrued late charges of \$0.00; plus advances of \$0.00; 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 defaults the Beneficiary has declared all sums owing on the obligation secured by the Trust Deed immediately due and payable, said sums being the following, to wit:

\$109,885.43 with interest thereon at the rate of 7.490 percent per annum beginning 11/18/98; plus late charges of \$20.00 each month beginning 11/15/99 until paid; plus prior accrued late charges of \$0.00; plus advances 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 described real property and its interest herein.

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RE: Trust Deed from
David E. Chambers Rachel A. Chambers
Grantor

to
Derrick E. Mc Gavic,
Successor Trustee

After recording return to:

Derrick E. Mc Gavic
Attorney at Law
941 West Third Avenue
PO Box 10163
Eugene, OR 97440

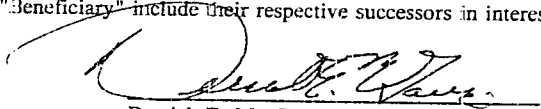
Notice is hereby given that the Beneficiary and Trustee, by reason of said default, have elected and do hereby elect to foreclose the Trust Deed by advertisement and sale pursuant to ORS 86.705 to 86.795, and to cause to be sold at public auction to the highest bidder for cash the interest in the described property which the Grantor had, or had the power to convey, at the time Grantor executed 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 the 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.

The sale will be held at the hour of 10:00 o'clock A.M., in accord with the standard of time established by ORS 187.110 on **January 5, 2000**, at the following place: the front door of the County Courthouse at , 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 Grantor or of any Lessee or other persons in possession of or occupying the property, except:

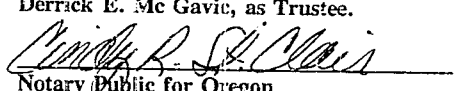
Notice is further given that any person named in ORS 86.753 has the right, at any time prior to five days before the date last set for the sale, to have this foreclosure proceeding dismissed and the Trust Deed reinstated by payment to the Beneficiary of the entire amount then due (other than such portion of the principal as would not then be due had no default occurred) and by curing every other default complained of herein by tendering the performance required under the obligation or Trust Deed, 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.

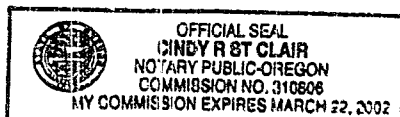

Derrick E. Mc Gavic, Trustee

STATE OF OREGON)
) ss.
COUNTY OF LANE)

This instrument was acknowledged before me on July 15, 1999 by
Derrick E. Mc Gavic, as Trustee.


Notary Public for Oregon

After recording return to:
Derrick E. Mc Gavic
Attorney at Law
941 West Third Avenue
PO Box 10163
Eugene, OR 97440



THIS IS AN ATTEMPT TO COLLECT AND INFORMATION OBTAINED WILL BE USED FOR THAT PURPOSE.

28536

EXHIBIT "1"

Lots 1 and 2, Block 18, KLAMATH LAKE ADDITION, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.

State of Oregon, County of Klamath
Recorded 7/16/99, at 3:19 p. m.
In Vol. M99 Page 28534
Linda Smith.
County Clerk Fees 20 - RL