

NOTICE OF DEFAULT AND ELECTION TO SELL

RE: Trust Deed from Western Homes, Inc., an Oregon Corporation, Grantor
TO Paul G. Adams and Barton K. Adams, as Tenants in Common, Beneficiary

AFTER RECORDING RETURN TO:

Scott D. MacArthur, P.C.
280 Main Street
Klamath Falls, OR 97601

NOTICE OF DEFAULT AND ELECTION TO SELL

KNOW ALL MEN BY THESE PRESENTS, that WESTERN HOMES, INC., AN OREGON CORPORATION, is the grantor, and AMERITITLE, INC., is the trustee, and PAUL G. ADAMS and BARTON K. ADAMS, AS TENANTS IN COMMON, is the beneficiary under that certain trust deed dated September 15, 1997, and recorded on September 24, 1997, in book/reel/volume No. M97 at page 31258 of the Mortgage Records of Klamath County, Oregon.

See Exhibit "A" attached

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 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.

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:

Payments in the amount of \$818.75 per month from May 1999 through the present.

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: \$87,728.33 as of May 12, 1999, plus interest.

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 compensation of the trustee as provided by law, and the reasonable fees of trustee's attorney.

Said sale will be held at the hour of 10:00 o'clock, A.M., Standard Time as established by Section 187.110 of Oregon Revised Statutes on December 20, 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 fixed by the trustee of said sale.

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:

NAME AND LAST KNOWN ADDRESS	NATURE OF RIGHT, LIEN OR INTEREST
Western Homes, Inc., an Oregon Corp. Cathy King, Registered Agent 5729 Altamont Drive Klamath Falls, OR 97603	Default upon Trust Deed
Western Homes, Inc., an Oregon Corp. Cathy King, Registered Agent 6707 S. 6 th Street Klamath Falls, OR 97603	Default upon Trust Deed
State of Oregon, County of Klamath Klamath County Tax Collector P.O. Box 340 Klamath Falls, OR 97601	Personal Property Tax Warrant, 99-407 Recorded March 4, 1999 M99, Page 16824
State of Oregon, County of Klamath Klamath County Tax Collector P.O. Box 340 Klamath Falls, OR 97601	Personal Property Tax Warrant, 99-408 Recorded March 4, 1999 M99, Page 16825
State of Oregon, County of Klamath Klamath County Tax Collector P.O. Box 340 Klamath Falls, OR 97601	Personal Property Tax Warrant, 99-413 Recorded March 4, 1999 M99, Page 16828
State of Oregon, County of Klamath Klamath County Tax Collector P.O. Box 340 Klamath Falls, OR 97601	Personal Property Tax Warrant, 99-475 Recorded March 4, 1999 M99, Page 16863

State of Oregon, County of Klamath
Klamath County Tax Collector
P.O. Box 340
Klamath Falls, OR 97601

Personal Property Tax Warrant, 99-484
Recorded March 4, 1999
M99, Page 16869

State of Oregon, County of Klamath
Klamath County Tax Collector
P.O. Box 340
Klamath Falls, OR 97601

Personal Property Tax Warrant, 99-506
Recorded March 4, 1999
M99, Page 16882

State of Oregon, County of Klamath
Klamath County Tax Collector
P.O. Box 340
Klamath Falls, OR 97601

Personal Property Tax Warrant, 99-512
Recorded March 4, 1999
M99, Page 16885

State of Oregon, County of Klamath
Klamath County Tax Collector
P.O. Box 340
Klamath Falls, OR 97601

Personal Property Tax Warrant, 99-585
Recorded March 4, 1999
M99, Page 16925

State of Oregon, County of Klamath
Klamath County Tax Collector
P.O. Box 340
Klamath Falls, OR 97601

Personal Property Tax Warrant, 99-614
Recorded March 4, 1999
M99, Page 16944

State of Oregon, County of Klamath
Klamath County Tax Collector
P.O. Box 340
Klamath Falls, OR 97601

Personal Property Tax Warrant, 99-625
Recorded March 4, 1999
M99, Page 16953

State of Oregon, County of Klamath
Klamath County Tax Collector
P.O. Box 340
Klamath Falls, OR 97601

Personal Property Tax Warrant, 99-679
Recorded March 4, 1999
M99, Page 16975

State of Oregon, County of Klamath
Klamath County Tax Collector
P.O. Box 340
Klamath Falls, OR 97601

Personal Property Tax Warrant, 99-935
Recorded March 11, 1999
M99, Page 18307

State of Oregon, County of Klamath
Klamath County Tax Collector
P.O. Box 340
Klamath Falls, OR 97601

Personal Property Tax Warrant, 99-949
Recorded March 11, 1999
M99, Page 18318

Aaron Brewer Excavating
3535 Homedale Road
Klamath Falls, OR 97603

Judgment dated August 10, 1999
Klamath County Case No. 9902571-CV

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

DATED: August 12, 1999.

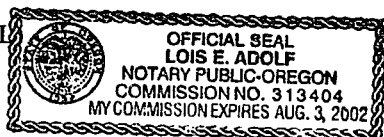


Scott D. MacArthur
Successor Trustee

STATE OF OREGON, County of Klamath) ss.

The foregoing instrument was acknowledged before me this 12 day of August, 1999, by Scott D. MacArthur.

(S E A I)



Before me:


Notary Public for Oregon

My Commission Expires: _____

STATE OF OREGON, County of Klamath) ss.

I certify that the within instrument 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. ____, Recorded of Deeds of said County.

Witness my hand and seal of County affixed.

Name

Title

By _____ Deputy

EXHIBIT "A" **LEGAL DESCRIPTION**

A tract of land situated in the S1/2 of Section 1, Township 39 South, Range 9 East of the Willamette Meridian, in the County of Klamath, State of Oregon, more particularly described as follows:

Beginning at the Southwest corner of that land described in Book M72 at Page 1623, as recorded in the Klamath County Deed Records, which is North 12 degrees 14' 37" West 536.95 feet from the South quarter corner of said Section 1; thence North 03 degrees 24' West, along the Westerly line of said land, 83.2 feet; thence North 23 degrees 39' 30" East along the Westerly line of that land described in Book M72 at Page 1625 of said Deed Records, 577.61 feet to the Southerly right of way line of State Highway No. 140; thence North 46 degrees 09' West along said right of way line, 370.18 feet, thence South 60 degrees 21' West 80.70 feet, South 11 degrees 21' West 365.5 feet, South 32 degrees 14' West 166.10 feet, South 01 degrees 13' West 217.08 feet; thence south 67 degrees 44' East 297.55 feet, more or less, to the point of beginning, with bearings based on recorded Survey No. 625, as recorded in the office of the Klamath County Surveyor.

SAVING AND EXCEPTING THEREFROM a tract of land situated in the S1/2 of Section 1, Township 39 South, Range 9 East of the Willamette Meridian, in the County of Klamath, State of Oregon, more particularly described as follows:

Beginning at the Southwest corner of that tract of land described in Book M72 at Page 1623 as recorded in the Klamath County Deed Records, which is North 12 degrees 14' 37" West, 536.95 feet from the South quarter corner of said Section 1; thence North 03 degrees 24' West, along the Westerly line of said land, 83.2 feet; thence North 23 degrees 39' 30" East, along the Westerly line of that tract of land described in Book M72 at Page 1625, said Deed Records, 577.61 feet to the Southerly right of way line of State Highway No. 140; thence North 46 degrees 09' West along said right of way line, 200.00 feet; thence South 43 degrees 51' West 50.00 feet; thence south 20 degrees 27' 53" West, 679.84 feet to a point that bears North 67 degrees 44' West from the point of beginning; thence South 67 degrees 44' East, 205.00 feet to the point of beginning, with bearings based on recorded Survey No. 625, as recorded in the office of the Klamath County, Surveyor.

State of Oregon, County of Klamath
Recorded 8/12/99, at 1:38 p.m.
In Vol. M99 Page 32553
Linda Smith,
County Clerk Fee \$ 30⁰⁰ 50