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NOTICE OF DEFAULT AND ELECTION TO SELL

Vol. M00 Page 4651

RE: Trust Deed from Stonecrest Homes

To Grantor Aspen Title & Escrow, Inc.

Trustee

After recording, return to (Name, Address, Zip): A. H. Winfree Attorney at Law 1001 SW Fifth Ave., Suite 1300 Portland, OR 97204

SPACE RESERVED FOR RECORDER'S USE

State of Oregon, County of Klamath Recorded 2/14/00, at 3:27 p. m. In Vol. M00 Page 4651 Linda Smith, County Clerk Fee \$ 26.00

Reference is made to that certain trust deed made by Stonecrest Homes

Aspen Title & Escrow, Inc., as grantor, to Aspen Title & Escrow, Inc., as trustee, in favor of Salvation Army, as beneficiary, dated September 10, 1997, recorded October 23, 1997, in the Records of Klamath County, Oregon, in Book No. M97 at page 34957, and to cover fee/instrument/minutes/lien/exception No. (indicate which), covering the following described real property situated in the above-mentioned county and state, to-wit:

Lot 7, Block 5, Tract #1053, OREGON SHORES, in the County of Klamath, State of Oregon CODE 118 MAP 3507-6BC TL 4700

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 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 grantor or other person owing an obligation, 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:

The entire principal balance of \$2,305.87, plus interest thereon at the rate of 9% per annum from December 28, 1998, which was due and payable on October 1, 1999.

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:

The principal amount of \$2,305.87, plus interest thereon at the rate of 9% per annum from December 28, 1998 through February 11, 2000 in the amount of \$233.68, plus \$.57 per diem interest for each day thereafter until paid, plus title expenses, costs, trustee fees and attorney fees incurred herein by reason of said default and any further sums advanced by beneficiary or its successor in interest for the protection of the above described property and its interest in it.

(OVER)



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 grantor had, or had the power to convey, at the time of the execution by grantor of the trust deed, together with any interest 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 2:00 o'clock, P.M., in accord with the standard of time established by ORS 187.110 on July 14, ~~xx~~2000, at the following place: the front entrance to the Klamath County Courthouse, 316 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 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

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 fees not exceeding the amounts provided by ORS 86.753.

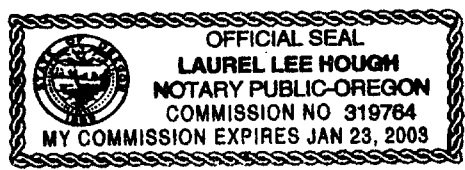
In construing this notice, the singular includes the plural, the word "grantor" includes any successor in interest to the grantor as well as any other person owing an obligation, the performance of which is secured by the trust deed, and the words "trustee" and "beneficiary" include their respective successors in interest, if any.

Dated February 11, ~~xx~~2000

[Signature]
A. H. Winfree Successor Trustee

Trustee Beneficiary (indicate which)

STATE OF OREGON, County of Multnomah ss.
This instrument was acknowledged before me on February 11, ~~xx~~2000,
by A. H. Winfree
This instrument was acknowledged before me on _____, 19 _____,
by _____,
as _____,
of _____



[Signature]
Notary Public for Oregon
Expires: 01-23-2003