

AFTER RECORDING RETURN TO:
Shapiro & Kreisman
201 NE Park Plaza Drive, #150
Vancouver, WA 98684
00-13951

NOTICE OF DEFAULT AND ELECTION TO SELL

A default has occurred under the terms of a trust deed made by Rodger E. Vaughan, as grantor, to AmeriTitle, as trustee, in favor of South Valley Bank & Trust, as beneficiary, dated May 8, 1998, recorded May 13, 1998, in the mortgage records of Klamath County, Oregon, in Book No. M98, at Page 16340, Instrument No. 58113, beneficial interest having been assigned to Federal National Mortgage Association, as covering the following described real property:

See complete Legal Description attached hereto as Exhibit "A"

TOGETHER WITH all improvements now located or, hereafter placed thereon, including but not limited to (1) manufactured home with HUD Tag Number ORE 224663, 224664, 224665

COMMONLY KNOWN AS: 5155 Round Lake Road, Klamath Falls, OR 97601

Kelly D. Sutherland, Successor Trustee hereby certifies 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 in the sum of \$727.63, from December 1, 1999, together with all costs, disbursements, and/or fees incurred or paid by the beneficiary and/or trustee, their employees, agents or assigns.

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:

\$86,471.49, together with interest thereon at the rate of 6.87500% per annum from November 1, 1999 together with all costs, disbursements, and/or fees incurred or paid by the beneficiary and/or trustee, their employees, agents or assigns.

Notice hereby is given that the beneficiary and trustee, by reason of said default, have elected and do hereby elect to foreclosure 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 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.

Said sale will be held at the hour of 11:00 am, in accordance with the standard time established by ORS 187.110 on August 2, 2000, at the following place: the main entrance of the Klamath County Courthouse, located at 317 South 7th 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.

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 attorneys fees not exceeding the amounts provided by said ORS 86.753.

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.

The Fair Debt Collection Practice 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. If a discharge has been obtained by any party through bankruptcy proceedings: This shall not be construed to be an attempt to collect the outstanding indebtedness or hold you personally liable for the debt.

Dated: 3/13/00

By: [Signature]
KELLY D. SUTHERLAND
 Successor Trustee

STATE OF WASHINGTON)
) SS.
 COUNTY OF CLARK)

SUBSCRIBED AND SWORN to before me this 13th day of March, 2000.

[Signature]
 Notary Public for Washington
 My commission expires 11/29/03
 Lender Loan #: 59295068

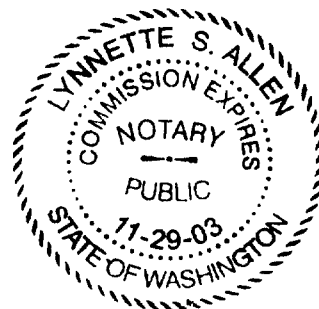


EXHIBIT 'A' **LEGAL DESCRIPTION**

A tract of land situated in the S1/2 SE1/4 SE1/4 of Section 8, Township 39 South, Range 8, East of the Willamette Meridian, Klamath County, Oregon being that portion of the S1/2 SE1/4 SE1/4 of said Section 8 lying East of the existing graveled road as described in Deed Volume M75, page 15158, Microfilm Records of Klamath County, Oregon, more particularly described as follows:

Beginning at the Southeast corner of said Section 8; thence West, along the South line of said Section 8, 599.50 feet (577 feet by said Deed Volume M75, page 15158, Microfilm Records of Klamath County, Oregon) to the center line of said existing road; thence Northerly along the center line of said existing road the following courses: North 58 degrees 36' 29" West 52.79 feet, along the arc of a curve to the right (radius = 125.00 feet, central angle = 51 degrees 28' 10") 112.29 feet, North 07 degrees 08' 19" West 279.10 feet, along the arc of a curve to the left (radius = 500.00 feet, central angle = 26 degrees 50' 35") 234.25 feet, North 33 degrees 58' 54" West 57 feet, more or less, to the North line of the said S1/2 SE1/4 SE1/4; thence Easterly along the said North line to the Northeast corner of said S1/2 SE1/4 SE1/4; thence Southerly 660 feet, more or less, to the point of beginning, with bearings based on the South line of the SE1/4 of said Section 8 as being West.

EXCEPTING THEREFROM a tract of land situated in the S1/2 SE1/4 SE1/4 of Section 8, Township 39 South, Range 8, East of the Willamette Meridian, Klamath County, Oregon, being a portion of the S1/2 SE1/4 SE1/4 of said Section 8, lying East of an existing graveled road described in Deed Volume M75, page 15158, Microfilm Records of Klamath County, Oregon, and being more particularly described as follows:

Beginning at the Northeast corner of the S1/2 SE1/4 SE1/4 of said Section 8; thence South 01 degrees 06' 22" West, 75 feet; thence South 75 degrees 51' 11" West 747.04 feet, more or less, to the centerline of said existing graveled road; thence along the centerline of said existing road, the following courses: Northerly along the arc of a curve to the left (radius = 500.00 feet, central angle = 25 degrees 08' 35") 219.41 feet; thence along the arc of a curve to the left (radius = 500.00 feet, central angle = 01 degrees 42' 00") 14.84 feet; thence North 31 degrees 16' 01" West 57.18 feet, more or less, to the North line of the S1/2 SE1/4 SE1/4; thence South 87 degrees 31' 08" East, 833.01 feet along said North line to the point of beginning.

State of Oregon, County of Klamath
Recorded 3/17/00, at 3:09 p m.
In Vol. M00 Page 8912
Linda Smith,
County Clerk Fee\$ 31.00