

NOTICE OF DEFAULT AND ELECTION TO SELL

RE: Trust Deed from Mark E. Gates and Julie M. Gates, Grantor
To Michael J. Grospitch and Claudia J. Grospitch, Beneficiary

AFTER RECORDING RETURN TO:

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

NOTICE OF DEFAULT AND ELECTION TO SELL

Reference is made to that certain trust deed made by MARK E. GATES and JULIE M. GATES, as grantor, to AMERITITLE, INC., as trustee, in favor of MICHAEL J. GROSPITCH and CLAUDIA J. GROSPITCH, as beneficiary, dated December 15, 1998, recorded December 31, 1998, in the mortgage records of Klamath County, Oregon, in book/reel/volume No. M98 at page 47970, covering the following described real property situated in said county and state, to-wit:

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 \$457.01 per month from April 2000 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: \$62,438.30 as of June 27, 2000, 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 January 22, 2000, 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
Mark E. Gates 1855 Birch Street Klamath Falls, OR 97601	Default upon Trust Deed
Julie M. Gates 1855 Birch Street Klamath Falls, OR 97601	Default upon Trust Deed
Mark E. Gates 679 Longacre Lane Klamath Falls, OR 97601	Default upon Trust Deed
Julie M. Gates 679 Longacre Lane Klamath Falls, OR 97601	Default upon Trust Deed
Carter-Jones Collections, LLC 1143 Pine Street Klamath Falls, OR 97601	Pending Proceedings Klamath County Case No. 0002294-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.

IMPORTANT WRITTEN NOTICE TO CONSUMER, THIS COMMUNICATION IS FROM A "DEBT COLLECTOR" AS DEFINED IN 15 USC SECTION 1692(a)(6). WE ARE ATTEMPTING TO COLLECT A DEBT AND ANY INFORMATION OBTAINED WILL BE USED FOR THAT PURPOSE.

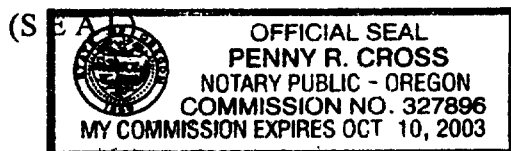
DATED: September 12, 2000



Scott D. MacArthur
Successor Trustee

STATE OF OREGON, County of Klamath) ss.

The foregoing instrument was acknowledged before me this 12 day of September, 2000, by Scott D. MacArthur.



Before me: Penny R. Cross
Notary Public for Oregon
My Commissioner Expires: 10/10/2003

STATE OF OREGON, County of Klamath)ss.

I certify that the within instrument received for record on the ____ day
Of _____, 2000, 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

PARCEL 1:

A tract of land situated in the SE1/4 of Section 7, Township 38 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows:

Beginning at a 3/4" iron pipe on the Northerly right of way line of Longacre Road, said pipe being the Southwest corner of Tract "E" according to the recorded Survey No. 627 of the Klamath County Surveyor's Records, and lying North along the quarter line a distance of 644.6 feet and North 59 degrees 53' 00" East along said right of way, a distance of 258.8 feet from the iron axle which marks the quarter section corner common to Sections 7 and 18, Township 38 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon; thence North 59 degrees 53' 00" East along said right of way line 162.20 feet to a 5/8" iron rod; thence North 20 degrees 50' 06" West a distance of 218.69 feet to a 5/8" iron rod; thence South 59 degrees 53' 00" West a distance of 39.60 feet to a 5/8" iron rod; thence South 06 degrees 04' 00" West along the West line of said Tract "E" of recorded Survey No. 627, a distance of 267.40 feet to the point of beginning.

PARCEL 2:

A tract of land situated in the SE1/4 of Section 7, Township 38 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows:

Commencing at a 3/4" iron pipe on the Northerly right of way line of Longacre Road, said pipe being the Southwest corner of Tract "E" according to the recorded Survey No. 627 of the Klamath County Surveyor's Records and lying North along the quarter line of a distance of 644.6 feet and North 59 degrees 53' 00" East along the said right of way, a distance of 258.8 feet from the iron axle which marks the quarter section corner common to Sections 7 and 18, Township 38 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon; thence North 59 degrees 53' 00" East along said right of way line 162.20 feet to a 5/8" iron rod at the true point of beginning; thence continuing North 59 degrees 53' 00" East a distance of 61.86 feet to a 3/4" iron pipe at the Southeast corner of Tract "F" of said recorded Survey No. 627; thence North 06 degrees 04' 07" East a distance of 481.65 feet to a 3/4" iron pipe at the Northeast corner of said Tract "F"; thence South 60 degrees 02' 18" West 223.97 feet to a 3/4" iron pipe at the Northwest corner of said Tract "E" thence South 06 degrees 04' 06" West a distance of 214.77 feet to a 5/8" iron rod on the West line of said Tract "E"; thence North 59 degrees 58' 00" East a distance of 39.60 feet to a 5/8" iron rod; thence South 20 degrees 50' 06" East a distance of 218.69 feet to the true point of beginning.

State of Oregon, County of Klamath
Recorded 09/12/00, at 11:28 a.m.
In Vol. M00 Page 33276
Linda Smith,
County Clerk Fee\$ 36⁰⁰