

After recording return to:

ROUTH CRABTREE & FENNELL
Attn: Kathy Taggart
PO Box 4143
Bellevue, WA 98009-4143

NOTICE OF DEFAULT AND ELECTION TO SELL

Reference is made to that certain trust deed made by William C. Havlina and Sharon K. Havlina, husband and wife, as tenants by the entirety, as grantors, to First American Title Insurance Company of Oregon, as trustee, in favor of Meritage Mortgage Corporation, an Oregon corporation, as beneficiary, dated 04/23/98, recorded 05/01/98, in the mortgage records of Klamath County, Oregon, in No. 57426, Book M-98, Page 14686, and subsequently assigned to Resource Bancshares Mortgage Group, Inc. by Assignment recorded as Book M-98 Page 14949, and re-recorded 6/8/98 as Book M-98 Page 19470, covering the following described real property situated in said county and state, to wit:

Lot 8 in Block 2 of Casa Manana, according to the Official Plat thereof on file in the Office of the County Clerk of Klamath County, Oregon.

PROPERTY ADDRESS: 5709 Alva Avenue
Klamath Falls, OR 97603

There is a default by the grantor or other person owing an obligation or by their successor in interest, 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 \$670.57 beginning 06/01/00; plus late charges of \$33.53 each month beginning 06/16/00; plus prior accrued late charges of \$52.98; plus advances of \$26.38; 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 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: \$63,523.59 with interest thereon at the rate of 12.25 percent per annum beginning 05/01/00; plus late charges of \$33.53 each month beginning 06/16/00 until paid; plus prior accrued late charges of \$52.98; plus advances of \$26.38; 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 above described real property and its interest therein.

NOTICE OF DEFAULT AND ELECTION TO SELL

RE: Trust Deed from
Havlina, William C. and Sharon K.
Grantor
to
DAVID E. FENNELL,
Trustee

File No. 7069.22587

For Additional Information:

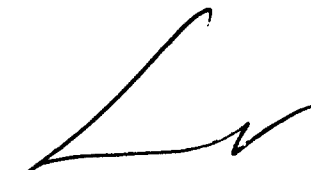
Kathy Taggart
ROUTH CRABTREE & FENNELL
PO Box 4143
Bellevue, WA 98009-4143
(425) 586-1900

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 01/26/01, at the following place: inside the 1st floor lobby of 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.

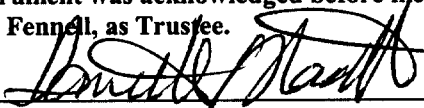
Notice is further given that any person named in ORS 86.753 has the right, at any time prior to five days before the date last set for the sale, to have this foreclosure proceeding dismissed and the trust deed reinstated by payment to the beneficiary of the entire amount then due (other than such portion 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.

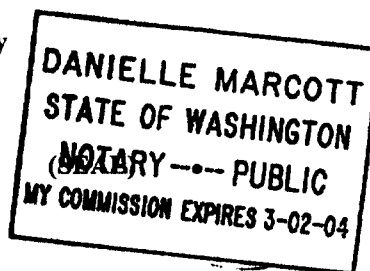
In construing this notice, the singular includes the plural, the word "grantor" includes any successor in interest to the grantor as well as any other person owing an obligation, the performance of which is secured by said trust deed, and the words "trustee" and "beneficiary" include their respective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


David E. Fennell - Trustee

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

This instrument was acknowledged before me on 9/29, 2002, by
David E. Fennell, as Trustee.


Notary Public for Washington
My commission expires: _____



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

State of Oregon, County of Klamath
Recorded 09/21/00, at 3:28 p. m.
In Vol. M00 Page 34742
Linda Smith,
County Clerk Fee\$ 26.00