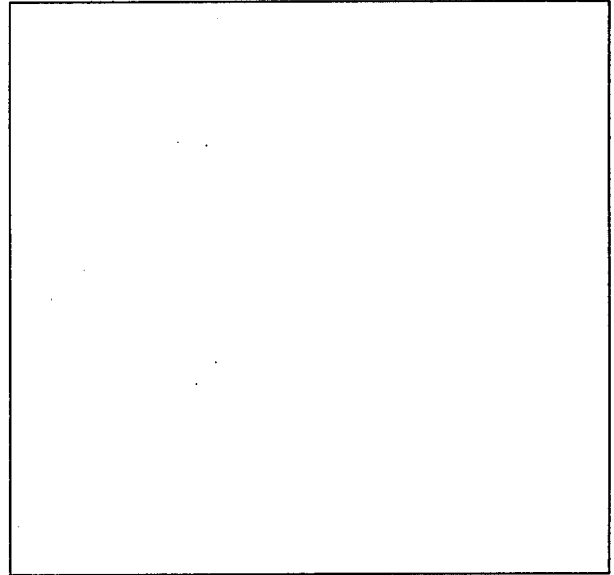


200 SEP 26 PM 3: 21

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After recording return to:

Linda Lewis

PRESTON GATES & ELLIS LLP

701 Fifth Avenue, Suite 5000

Seattle, WA 98104-7078

Trustee:	Linda Johannsen
Beneficiary:	MICAL Mortgage, Inc., a California corporation
Grantor(s):	George W. Hayes, a married man, as his sole and separate property
Reference:	17183-41003/George W. Hayes

NOTICE OF DEFAULT AND ELECTION TO SELL

The Fair Debt Collection Practices 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.

Reference is made to that certain trust deed made by George W. Hayes, a married man, as his sole and separate property as grantor, to Aspen Title & Escrow, Inc., an Oregon corporation, as trustee, in favor of MICAL Mortgage, Inc., a California corporation, as beneficiary, dated May 20, 1996, recorded May 31, 1996, in Book M-96, Page 15820, which was assigned June 14, 1996, to Countrywide Home Loans, Inc., and/or its assigns and recorded October 1, 1996, in Book M-96, Page 31125, in the mortgage records of Klamath County, Oregon, covering the following described real property situated in said county and state, to wit:

Parcel 1 of Partition Plat #24-94 being Lot 18 in Block 2 of THIRD ADDITION TO ALTAMONT ACRES, in the County of Klamath, State of Oregon.

PROPERTY ADDRESS: 3521 Austin Street, Klamath Falls, OR 97603

Page 2 / NOTICE OF DEFAULT AND ELECTION TO SELL
17183-41003/George W. Hayes

Linda Johannsen, Trustee, 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 situated; further, that no action has been instituted to recover the debt, or any part thereof, now remaining secured by 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 of \$449.05 beginning April 1, 2000; plus late charges of \$22.45 each month beginning April 16, 2000; plus prior accrued late charges of \$22.45; 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: \$56,530.23 with interest thereon at the rate of 8.50 percent per annum beginning March 1, 2000; plus late charges of \$22.45 each month beginning April 16, 2000, until paid; plus prior accrued late charges of \$22.45; 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 is hereby 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 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 said described property which the grantor had, or had the power to convey, at the time of the execution by grantor of 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 said trust deed and the expenses of the sale, including the compensation of the trustee as provided by law, and reasonable fees of trustee's attorneys.

Said sale will be held **Friday, January 26, 2001, at the hour of 11:00 A.M.**, in accordance with the standard of time established by ORS 187.110, at the following place: at the office of Brandsness Brandsness & Rudd 411 Pine 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.

Page 3 / Notice of Default and Election to Sell
17183-41003/George W. Hayes

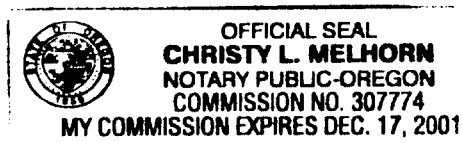
Notice is further given that any person named in ORS 86.753 has the right, at any time prior to five days before the date last set for the sale, to have this foreclosure proceeding dismissed and the trust deed reinstated by payment to the beneficiary of the entire amount then due (other than such portion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


Linda Johanssen, Trustee

State of Oregon)
)ss.
County of Multnomah)

This instrument was acknowledged before me
On September 25, 2000, by
Linda Johanssen, Trustee




Notary Public for Oregon
My Commission expires: 12-17-01

<p>NOTICE OF DEFAULT AND ELECTION TO SELL George W. Hayes, Grantor TO Linda Johanssen, Trustee Client-Matter No. 17183-41003</p>	
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State of Oregon, County of Klamath
Recorded 09/26/00, at 3:21 p. m.
In Vol. M00 Page 35205
Linda Smith,
County Clerk Fee\$ 31.00