

NOTICE OF DEFAULT AND ELECTION TO SELL

RE: Trust Deed from Lee A. Van Winkle and Elizabeth A. Van Winkle, As Tenants by the Entirety, Grantor
To Herman McCarty and C. Roland McCarty, 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 LEE A. VAN WINKLE and ELIZABETH A. VAN WINKLE, as Tenants by the Entirety, as grantor, to ASPEN TITLE & ESCROW, INC., as trustee, in favor of HERMAN McCARTY and C. ROLAND McCARTY as beneficiary, dated January 19, 1998, recorded January 26, 1998, in the mortgage records of Klamath County, Oregon, in book/reel/volume No. M98 at page 2406, covering the following described real property situated in said county and state, to-wit:

Exhibit "A" attached hereto and incorporated herein by this reference.

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:

Taxes for the fiscal year 1998-1999, delinquent in the sum of \$476.34, plus interest.
Taxes for the fiscal year 1999-2000, delinquent in the sum of \$488.10, plus interest.
Taxes for the fiscal year 2000-2001, delinquent in the sum of \$2,756.62, plus interest.

Payments in the amount of \$1,313.33 per month from April 1999 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: \$197,000.00 as of December 4, 1998, plus interest.

Notice hereby is given that the beneficiary and trustee, by reason of said default, have elected

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36.00

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 case 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 November 8, 2001, 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
Lee A. Van Winkle P.O. Box 217 Dairy, OR 97625	Default upon Trust Deed
Lee A. Van Winkle P.O. Box 7180 Klamath Falls, OR 97603	Default upon Trust Deed
Elizabeth A. Van Winkle P.O. Box 217 Dairy, OR 97625	Default upon Trust Deed
Candace Amborn Bankruptcy Trustee P.O. Box 580 Medford, OR 97501	Bankruptcy Trustee, Case No. 699-67196-aer-7
Circuit Court, State of Oregon Klamath County Attn. Trial Court Administer 316 Main Street Klamath Falls, OR 97601	Judgment dated August 30, 2000 Klamath County Case 9903313 CR

Circuit Court, State of Oregon
Klamath County
Attn. Trial Court Administer
316 Main Street
Klamath Falls, OR 97601

Judgment dated August 30, 2000
Klamath County Case 0000077 CR

State of Oregon, County of Klamath
Klamath County Tax Collector
P.O. Box 340
Klamath Falls, OR 97601

Personal Property Tax Warrant, 994630
Account No. P876166, Recorded May 1, 2000
M00, Page 15291


Supply One
C/O Pamela Yee, Attorney at Law
18525 SW Vincent Street
Aloha, OR 97007

Judgment dated September 30, 1999
Klamath County Case No. 9902929-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.

DATED: July 3, 2001



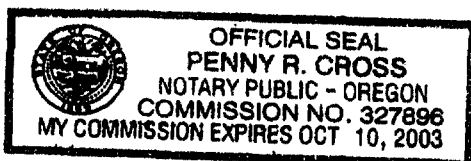
Scott D. MacArthur
Successor Trustee

STATE OF OREGON, County of Klamath) ss.

The foregoing instrument was acknowledged before me this 3rd day of July, 2001, by Scott D. MacArthur.

(S E A L)

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



F. The land referred to in this Guarantee is described as follows:

PARCEL 1:

A tract of land situated in the NE1/4 SE1/4 of Section 12, Township 39 South, Range 8 East of the Willamette Meridian, in the County of Klamath, State of Oregon, more particularly described as follows:

Beginning at the Southwest corner of Lot 20 of Tract 1283, a duly recorded subdivision, from which the C-E 1/16 corner of said Section 12 bears North 43 degrees 58' 06" West 1,293.09 feet; thence along the South line of said Tract 1283, South 89 degrees 24' 23" East 225.01 feet and South 87 degrees 54' 27" East 245.01 feet to the West of STEWART, a duly recorded subdivision; thence South 00 degrees 52' 27" East, along the said West line, 197.92 feet to the Northerly right of way line of State Highway 66; thence along the said right of way line, South 00 degrees 52' 27" East 10.43 feet and South 72 degrees 39' 23" West 633.27 feet, more or less, to its intersection with the South line of the said NE1/4 SE1/4 of Section 12; thence North 89 degrees 17' 51" West, along the said South line, 703.39 feet, more or less, to the Easterly right of way line of Orindale Road; thence along the said right of way line, North 35 degrees 01' 33" West 75.62 feet and North 00 degrees 28' 18" East 346.91 feet to its intersection with the South line of said Tract 1283 extended; thence South 89 degrees 24' 23" East 875.38 feet to the point of beginning, with bearings based on the plat of Tract 1283.

PARCEL 2:

A tract of land situated in the NE1/4 SE1/4 of Section 12, Township 39 South, Range 8 East of the Willamette Meridian, in the County of Klamath, State of Oregon, more particularly described as follows:

Beginning at the Northeast corner of Lot 1 of Tract 1283, a duly recorded subdivision, said point also on the West line of STEWART, a duly recorded subdivision, from which the C-E 1/16 corner of said Section 2 bears North 78 degrees 07' 06" West 1,387.66 feet; thence along the boundary of said Tract 1283, South 72 degrees 47' 33" West 189.39 feet, South 68 degrees 25' 43" West 80.51 feet, South 54 degrees 05' 35" West 87.78 feet, South 38 degrees 48' 27" West 87.78 feet South 23 degrees 31' 19" West 87.78 feet and South 09 degrees 30' 40" West 75.31 feet; thence North 89 degrees 24' 23" West 903.86 feet to the Easterly right of way line of Orindale Road; thence North 00 degrees 28' 18" East, along the said right of way line, 104.21 feet to a point on the South line of that tract of land described in Deed Volume M-92, page 20434 of the Klamath County Deed Records; thence along said Deed Volume, North 89 degrees 10' 27" East 353.86 feet and North 00 degrees 28' 18" East 112.70 feet to the Southeast corner of that tract of land described in Deed Volume M-92, Page 20842 of the Klamath County Deed Records; thence along said Deed Volume, North 00 degrees 28' 18" East 122.69 feet and South 89 degrees 10' 27" West 353.86 feet to its intersection with the Easterly right of way line of Orindale Road; thence North 00 degrees 28' 18" East, along the said right of way line, 142.91 feet to the Southwest corner of that tract of land described in Deed Volume M-79, Page 11866 of the Klamath County Deed Records; thence along said Deed Volume, North 89 degrees 10' 27" East 353.86 feet and North 00 degrees 28' 18" East 117.52 feet to the Southerly right of way line of Balsam Drive; thence South 89 (continued) degrees 46' 36" East, along the said right of way line, 732.08 feet to the Northwest corner of that tract of land described in Deed Volume 327, Page 475 of the Klamath County Deed Records; thence along said Deed Volume, South 00 degrees 49' 55" East 178.70 feet and South 89 degrees 46' 36" East 238.70 feet to a point on the said West line of STEWART; thence south 00 degrees 49' 55" East 71.76 feet to the point of beginning, with bearings based on the plat of Tract 1283.

Exhibit "A"
attached

State of Oregon, County of Klamath
Recorded 07/05/01 at 9:38 A m.
In Vol. M01 Page 32569
Linda Smith,
County Clerk Fee \$ 36.00