

NOTICE OF DEFAULT AND ELECTION TO SELL

RE: Trust Deed from Van Winkle-Mueller Construction, LLC, 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 VAN WINKLE-MUELLER CONSTRUCTION, LLC, as grantor, to ASPEN TITLE & ESCROW, INC., as trustee, in favor of HERMAN McCARTY and C. ROLAND McCARTY as beneficiary, dated September 23, 1997, recorded November 4, 1997, in the mortgage records of Klamath County, Oregon, in book/reel/volume No. M97 at page 36558, 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 \$405.45, plus interest.
Taxes for the fiscal year 1999-2000, delinquent in the sum of \$415.48, plus interest.
Taxes for the fiscal year 2000-2001, delinquent in the sum of \$682.04, plus interest.

Payments in the amount of \$526.66 per month from July 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: \$74,008.00 as of May 25, 1999, 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

36.00

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	Interest in LLC
Lee A. Van Winkle P.O. Box 7180 Klamath Falls, OR 97603	Interest in LLC
Van Winkle-Mueller Construction, LLC 7350 Southside Bypass Klamath Falls, OR 97603	Default upon Trust Deed
James Mueller 16081 Algoma Road Klamath Falls, OR 97601	Interest in LLC
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

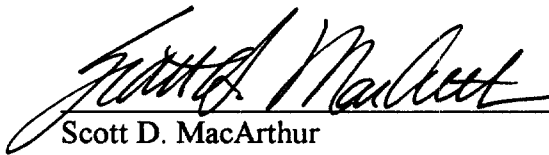
Supply One
C/O Pamela Yee, Attorney at Law
18525 SW Vincent Street
Aloha, OR 97007

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: Lenny L. Cross
Notary Public for Oregon
My Commissioner Expires: 10/10/2003

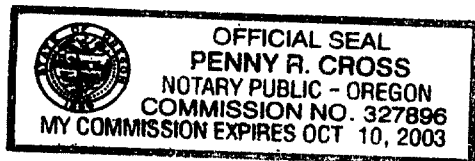


EXHIBIT "A"

32577

A tract of land situated in the NE 1/4 SE 1/4 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 1293.09 feet; thence North 89 degrees 24' 23" West 875.38 feet to a point on the Easterly right of way line of Orindale Road; thence along said Easterly right of way line North 00 degrees 28' 18" East 64.00 feet to the Southwest corner of that tract of land described in Deed Volume M-83 at Page 3783 of the Klamath County Deed Records; thence along said Deed Volume South 89 degrees 46' 29" East (South 88 degrees 53' 37" East by Deed Volume M-83, Page 3783) 50.00 feet, North 00 degrees 28' 18" East 53.00 (North 01 degree 22' 10" West by Deed Volume M-83, Page 3783) feet and North 89 degrees 46' 29" West (North 88 degrees 52' 37" by Deed Volume M-83, Page 3783) 50.00 feet to a point on said Easterly right of way; thence along said Easterly right of way North 00 degrees 28' 18" East 168.00 feet; thence South 89 degrees 24' 23" East 903.86 feet to a point on the Westerly line of said Tract 1283; thence along said Westerly line South 00 degrees 35' 37" West 100.00 feet, North 89 degrees 24' 23" West 27.88 feet and South 00 degrees 35' 37" West 185.00 feet to the point of beginning, with bearings based on said Tract 1283.

CODE 7 MAP 3908-12DA TL 200 (Affects this and other property)

State of Oregon, County of Klamath
Recorded 07/05/01 at 9:38A m.
In Vol. M01 Page 32574
Linda Smith,
County Clerk Fee\$ 36.00