

James L. Shelton, a single person and
Dorothy E. Crosby, a single person, Grantors
22931 Arrowhead Lane
Sprague River, Oregon 97639

John W. Weil, Successor Trustee
1100 S.W. Sixth Avenue, Suite 1507
Portland, Oregon 97204

After recording return to:

John W. Weil
1100 S.W. Sixth, Suite 1507
Portland, Oregon 97204

mtc 94370

NOTICE OF DEFAULT AND ELECTION TO SELL

Reference is made to the trust deed made by James L. Shelton, a single person and Dorothy E. Crosby, a single person as grantors, to John W. Weil, as successor trustee, in favor of Associates Housing Finance, LLC., as beneficiary, dated October 15, 1998 recorded on October 27, 1998, in the Records of Klamath County, Oregon, in volume No. M98 at page 39204, covering the following described real property situated in the above-mentioned county and state, to-wit:

Lot 23 in Block 51 of FIRST ADDITION TO KLAMATH FOREST ESTATES, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.

Together with the manufactured home located thereon described as a 1999 Fleetwood Broadmore, Serial No. ORFLW48A52134BM13.

Commonly known as 22931 Arrowhead Lane, Sprague River, Oregon 97639.

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 records of the county or counties in which the above-described real property is situated. Further, no action has been instituted to recover the debt, or any part thereof, now remaining secured by the 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 grantor or grantor's successor in interest, performance of which is secured by the trust deed, 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:

Failure to make monthly payments of \$430.76 each due on the 20th day of February, 2001 through May, 2001; plus late charges of \$18.24.

By reason of the default, the beneficiary has declared all sums owing on the obligation secured by the trust deed immediately due and payable, those sums being the following, to-wit:

\$49,488.12, plus \$1,808.53 interest and late charges through June 15, 2001; plus 9.75% interest thereon; plus attorney and trustee's fees and costs; plus \$306 foreclosure guarantee; plus unpaid property taxes of \$279.77 for 2000/2001 plus interest (account no. 3510-034A0-01500).

Notice hereby is given that the beneficiary and trustee, by reason of the 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 grantor had, or had the power to convey, at the time of the execution by grantor of the trust deed, together with any interest grantor or grantor's successor 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 the reasonable fees of trustee's attorneys.

The sale will be held at 10:00 A.M., in accord with the standard of time established by ORS 187.110 on December 14, 2001, at the following place: main lobby of the Klamath County Courthouse, 316 Main Street, Klamath Falls, Oregon 97601, which is the hour, date and place last set for the sale.

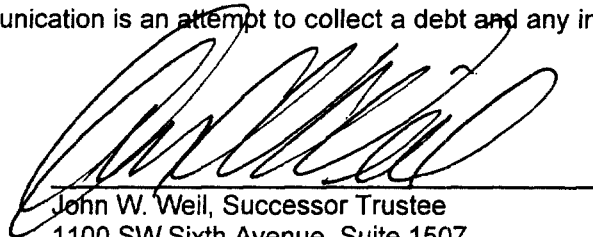
Other than as shown of record, neither the beneficiary nor the trustee has any actual notice of any person having or claiming to have any lien upon or interest in the real property hereinabove described subsequent to the interest of the trustee in the trust deed, or of any successor in interest to grantor or of any lessee or other person in possession of or occupying the property.

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 the 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 fees not exceeding the amounts provided by 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 the trust deed, and the words "trustee" and "beneficiary" include their respective successors in interest, if any.

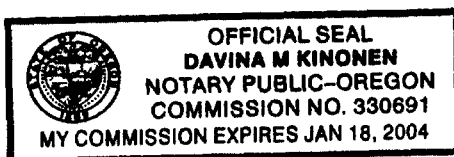
We are a debt collector. This communication is an attempt to collect a debt and any information obtained will be used for that purpose.

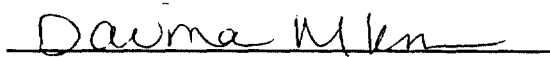
DATED: August 1, 2001


 John W. Weil, Successor Trustee
 1100 SW Sixth Avenue, Suite 1507
 Portland, OR 97204
 Telephone: (503) 226-0500

STATE OF OREGON)
) ss.
 County of Multnomah)

This instrument was acknowledged before me by John W. Weil on August 1, 2001.




 Notary Public for Oregon
 My Commission Expires: 1-18-2004