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TRUSTEE'S NOTICE OF DEFAULT AND ELECTION TO SELL
UNDER TERMS OF TRUST DEED

Vol M01 Page 45395

The Trustee under the terms of the Trust Deed described herein, at the direction of the Beneficiary, hereby elects to sell the property described in the Trust Deed to satisfy the obligations secured thereby. Pursuant to ORS 86.745, the following information is provided:

1. PARTIES:

Grantor: CLAUD J. THOMPSON
Trustee: PACIFIC CASCADES FINANCIAL, INC.
Successor Trustee: MICHAEL C. AROLA
Beneficiary: KLAMATH FIRST FEDERAL SAVINGS AND LOAN ASSOCIATION

2. DESCRIPTION OF PROPERTY: The real property is described as follows:

The Easterly 10 feet of Lot 26 and the Westerly 45 feet of Lot 27, Block 302, DARROW ADDITION TO THE CITY OF KLAMATH FALLS, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon

3. RECORDING. The Trust Deed was recorded as follows:

Date Recorded: March 21, 1995
Volume M95, Page 6411
Official Records of Klamath County, Oregon

4. DEFAULT. The Grantor or any other person obligated on the Trust Deed and Promissory Note secured thereby is in default and the Beneficiary seeks to foreclose the Trust Deed for failure to pay: Monthly payments in the amount of \$481.00 each, due the tenth of each month, for the months of May through September 2001; plus late charges and advances; plus any unpaid real property taxes or liens, plus interest.

5. AMOUNT DUE. The amount due on the Note which is secured by the Trust Deed referred to herein is: Principal balance in the amount of \$48,046.83 plus interest at the rate of 9% per annum from April 10, 2001; plus late charges of \$40.80.

6. ELECTION TO SELL. The Trustee hereby elects to sell the property to satisfy the obligations secured by the Trust Deed.

7. TIME OF SALE.

Date: January 10, 2002
Time: 11:00 a.m. as established by ORS 187.110
Place: Front of the Klamath County Courthouse, 316 Main Street, Klamath Falls, Oregon

8. RIGHT TO REINSTATE. Any person named in ORS 86.753 has the right, at any time prior to five days before the Trustee conducts the sale, to have this foreclosure 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, by curing any other default that is capable of being cured by tendering the performance required under the obligation or Trust Deed and by paying all costs and expenses actually incurred in enforcing the obligation and Trust Deed, together with the trustee's and attorney's fees not exceeding the amount provided in ORS 86.753.

DATED: September 5, 2001.

Michael C. Arola
Michael C. Arola, Successor Trustee

STATE OF OREGON)
COUNTY OF LANE) ss.

The foregoing instrument was acknowledged before me on September 5, 2001, by MICHAEL C. AROLA.

AFTER RECORDING RETURN TO:

Hershner, Hunter, Andrews,
Neill & Smith, LLP
Attn: Carol B. Mart
P.O. Box 1475
Eugene, OR 97440



Carrin R Zollinger
Notary Public for Oregon
My Commission Expires: 1/27/02

State of Oregon, County of Klamath
Recorded 09/06/01 at 3:32 p.m.
In Vol. M01 Page 45395
Linda Smith,
County Clerk Fee \$ 21.00