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Vol M01 Page 55074  
AMENDED TRUSTEE'S NOTICE OF DEFAULT AND ELECTION TO SELL  
UNDER TERMS OF TRUST DEED

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: GARY A. SKELLHAM  
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:

As described on the attached Exhibit A.

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

Date Recorded: June 19, 1995  
Volume M95, Page 15997  
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 \$696.00 each, due the 10th of each month, for the months of June through October 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 \$73,948.39 plus interest at the rate of 7.375% per annum from May 10, 2001; plus late charges of \$138.15; plus advances of \$667.75.

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: March 7, 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: October 26, 2001.

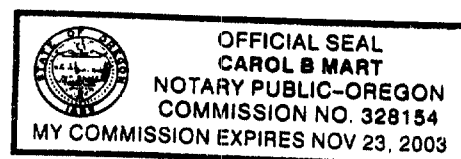
STATE OF OREGON )  
COUNTY OF LANE ) ss.

Michael C. Arola  
Michael C. Arola, Successor Trustee

The foregoing instrument was acknowledged before me on October 26, 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

Carol B. Mart  
Notary Public for Oregon  
My Commission Expires: 11-23-03



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A portion of lots 6 and 7, Block 121, BUENA VISTA 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, more particularly described as follows:

Beginning at a point which is South 81 degrees 03' 50" West 25.00 feet from the Northwest corner of Lot 7 Block 121 BUENA VISTA ADDITION to the City of Klamath Falls, thence North 81 degrees 03' 50" East a distance of 75 feet to the Northeast corner of said Lot 7; thence South 8 degrees 56' 10" East (along the East line of said Lot 7) a distance of 150.72 feet to a point; thence in a Westerly direction to a point which is 137.22 feet South 8 degrees 56' 10" East from the point of beginning; thence North 8 degrees 56' 10" West 137.22 feet to the point of beginning.

State of Oregon, County of Klamath  
Recorded 10/29/01 at 3:06<sup>p</sup> m.  
In Vol. M01 Page 55074  
Linda Smith,  
County Clerk Fee\$ 26.00

EXHIBIT A