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TRUSTEE'S NOTICE OF DEFAULT AND ELECTION TO SELL UNDER TERMS OF TRUST DEED Vol. M01 Page 63785

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: SHIRLEY G. McNEARY
Trustee: WILLIAM SISEMORE
Successor Trustee: MICHAEL C. AROLA
Beneficiary: KLAMATH FIRST FEDERAL SAVINGS AND LOAN ASSOCIATION

State of Oregon, County of Klamath
Recorded 12/13/01, 2:52 p.m.
Vol M01, Pg 63785
Linda Smith, County Clerk
Fee \$ 21.00 # of Pgs 1

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

All that portion of Block 26 of HILLSIDE ADDITION to the City of Klamath Falls, Oregon, lying South of the following described line: Commencing at the intersection of the centerlines of Shelley Street and Johnson Street; thence Southerly 952.78 feet, along the centerline of Johnson Street; thence Westerly 115.00 feet, at right angles to Johnson Street, to a 1/2" rebar, said point being the True Point of Beginning; thence continuing on said line 105.30 feet to a 1/2" rebar on the West line of Block 26.

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

Date Recorded: January 15, 1985
Volume M85, Page 921
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 \$277.00 each, due the 10th of each month, for the months of July through December 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 \$7,812.64 plus interest at the rate of 12.75% per annum from June 10, 2001; plus late charges of \$115.40.

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: April 25, 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: December 12, 2001.

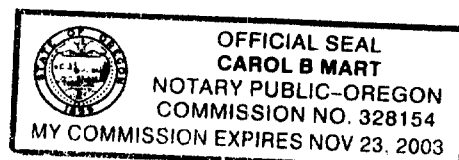
Michael C. Arola
Michael C. Arola, Successor Trustee

STATE OF OREGON)
COUNTY OF LANE) ss

The foregoing instrument was acknowledged before me on December 12, 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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