

AFFIDAVIT OF MAILING TRUSTEE'S NOTICE OF SALE

State of Oregon)
) ss.
County of Jackson)

State of Oregon, County of Klamath
Recorded 02/12/2002 9:23a m.
Vol M02, Pg 8421-25
Linda Smith, County Clerk
Fee \$ 41.00 # of Pgs 16 or opa

I, Joseph E. Kellerman, , being first duly sworn, depose and say and certify that:

1. I am the successor trustee under that certain Trust Deed executed and delivered by Zoron Katz and Dragica Katz, as Grantors, to Aspen Title & Escrow, Inc., an Oregon corporation, as trustee, in which Cecil Halstead and Bernice M. Halstead, husband and wife, are beneficiaries, dated December 2, 1998 and recorded on December 7, 1998 as Instrument found at Book M-98, Page 44711 of the Official Records of Klamath County, Oregon and covering the following described real property, to wit:

Lots 1, 2, 3, 4 and 5, Block 96, KLAMATH ADDITION TO THE CITY OF KLAMATH FALLS, in the County of Klamath, State of Oregon.

2. I gave notice of the sale (as required by ORS 86.745) of the real property described in the attached Notice of Default and Election to Sell by mailing a true copy thereof by both first-class and certified mail with return receipt requested to each of the following named persons or their legal representatives at their respective last known addresses, to wit:

Zoron Katz and Dragica Katz, Grantors
c/o Michael Spencer, their legal representative
419 Main Street
Klamath Falls, OR 97601

Veterans of Foreign Wars, Inc.
a.k.a. VFW
515 Klamath Avenue
Klamath Falls, OR 97601

City of Klamath Falls
c/o Richard Whitlock, its legal representative
P. O. Box 237
Klamath Falls, OR 97601

3. Said persons include (a) the Grantors in the Trust Deed, (b) any successor-in-interest to the Grantors whose interest appears of record or of whose interest the Trustee or the Beneficiary has actual notice, (c) any person, including the Department of

AFFIDAVIT OF MAILING TRUSTEE'S NOTICE OF SALE

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Revenue or any other State agency, having a lien or interest subsequent to the Trust Deed if the lien or interest appears of record or the beneficiary has actual notice of the lien or interest, and (d) any person requesting notice, as required by ORS 86.785.

4. Each of the notices so mailed was certified to be a true copy of the original by the undersigned, attorney and successor Trustee named in said Notice; each such copy was contained in a sealed envelope, with postage thereon fully pre-paid, and was deposited by me in the United States Post Office at Medford, Oregon on October 11, 2001. With respect to each person listed above, one such notice was mailed with postage thereon sufficient for first-class delivery to the address indicated, and another such notice was mailed with the proper form to request and obtain a return receipt postage thereon in the amount sufficient to accomplish the same. Each of said Notices was mailed after the Amended Notice of Default and Election to Sell described in said Notice of Sale was recorded.

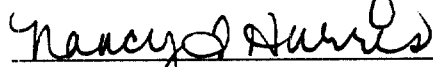
5. As used herein, the singular includes the plural, Trustee includes successor Trustee, and person includes corporation and any other legal or commercial entity.

DATED this 02 day of February, 2002.


Joseph E. Kellerman

SUBSCRIBED AND SWORN to before me this 02 day of February 2002.




Nancy L. Harris
Notary Public for Oregon
My Commission Expires: 11-19-2005

After Recording Return To:

Joseph E. Kellerman
Hornecker, Cowling, Hassen & Heysell, L.L.P.
717 Murphy Road
Medford, OR 97504

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NOTICE OF DEFAULT AND ELECTION TO SELL

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NOTICE is hereby given that the obligation secured by the Trust Deed described below is in default, and that the beneficiary has elected to foreclose the Trust Deed pursuant to ORS 86.705 to 86.795. No action is now pending to recover any part of the debt secured by the Trust Deed.

Information required by ORS 86.735 and ORS 86.745 is as follows:

1. Grantor: Zoran Katz and Dragica Katz
 Trustee: Aspen Title & Escrow, Inc.
 Successor Trustee: Joseph E. Kellerman
 Beneficiary: Cecil Halstead and Bernice M. Halstead, husband and wife
2. Property covered by the Trust Deed:

 Lots 1, 2, 3, 4 and 5, Block 96, KLAMATH ADDITION TO THE
 CITY OF KLAMATH FALLS, in the County of Klamath, State of
 Oregon.

 Code 1, MAP 3809-32AD PL 5100.
3. Trust Deed was recorded on December 7th, 1998, Volume M98, Page 44711,
 Official Records, Klamath County, Oregon.
4. Default for which foreclosure is made is the Grantor's failure to make payment
 in full in the amount of \$1,984.71 per month from January 2001, and each month
 thereafter, plus late charges in the amount of \$99.24 for each missed payment,
 plus failure to pay real property taxes for 1999-2000 and 2000-2001, plus failure
 to provide required proof of insurance.
5. The sum owing on the obligation secured by the Trust Deed is: \$182,813.89 as
 of July 19, 2001, plus interest at the rate of 13.5%, plus late fees for the month of
 January 2001, and each month thereafter.
6. The Beneficiary has and does elect to sell the property to satisfy the obligation.
7. The property will be sold in the manner prescribed by law on February 28, 2002,
 at 10:30 a.m., standard time as established by ORS 187.110, at the front steps of
 the Klamath County Courthouse, 316 Main Street, Klamath Falls, Klamath
 County, Oregon.

NOTICE OF DEFAULT AND ELECTION TO SELL - 1

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8. Interested persons are notified of the right under ORS 86.753 to have this proceeding dismissed and the Trust Deed reinstated by payment of the entire amount then due, other than such portion as would not then be due had no default occurred, together with costs, trustee and attorney's fees, and by curing any other default complained of in this Notice, at any time prior to five days before the date last set for sale.
9. In construing this notice and whenever the context hereof so requires, 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 their successors in interest, the word "trustee" includes any successor trustee and the word "beneficiary" includes any successor in interest of the beneficiary named in the Trust Deed, and any collateral beneficiary, and their successors in interest.

DATED this 1st day of October, 2001.

HORNECKER, COWLING, HASSEN
& HEYSELL, L.L.P.

By: _____

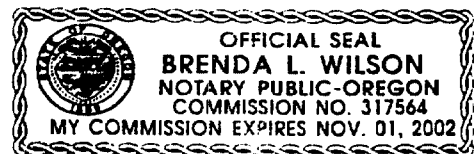
Joseph E. Kellerman, Successor Trustee

STATE OF OREGON)
) ss.
County of Jackson)

On this 1st day of October, 2001, personally appeared before me Joseph E. Kellerman, as Successor Trustee, and acknowledged said instrument to be his voluntary act and deed.

Brenda L. Wilson
Notary Public for Oregon

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NOTICE OF DEFAULT AND ELECTION TO SELL - 1

Re: Hornecker, Cowling, Hassen & Heyssel
Attn: Joseph Kellerman
717 Murphy Road
Medford, OR

State of Oregon, County of Klamath
Recorded 10/03/01 at 8:40a m.
In Vol. M01 Page 50543
Linda Smith,
County Clerk Fee \$ 26⁰⁰

TRUSTEE'S AFFIDAVIT AS TO NON-OCCUPANCY

State of Oregon)
) ss.
 County of Jackson)

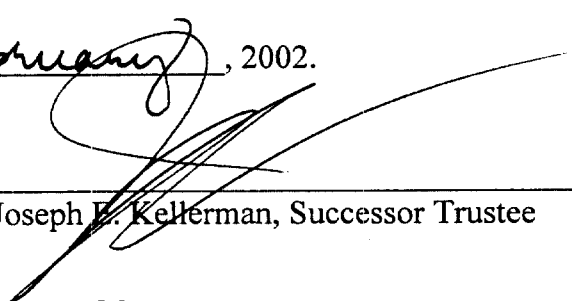
I, Joseph E. Kellerman, , being first duly sworn, depose, and say and certify that:

1. I am the successor trustee in that certain Trust Deed executed and delivered by Zoron Katz and Dragica Katz, as Grantors, to Aspen Title & Escrow, Inc., as Trustee, in which Cecil Halstead and Bernice M. Halstead, husband and wife, are beneficiaries, recorded on December 7, 1998 as Instrument found at Book M-98, Page 44711 of the Official Records of Klamath County, Oregon, covering the following described real property situated in said county:

Lots 1, 2, 3, 4 and 5, Block 96, KLAMATH ADDITION TO THE
 CITY OF KLAMATH FALLS, in the County of Klamath, State of
 Oregon.

2. I hereby certify that to the best of my knowledge and based on good information and belief, on the first day of October, 2001 and thereafter, the above described real property was not occupied by the Grantors or any other person named in subsection 1 of ORS 86.750.

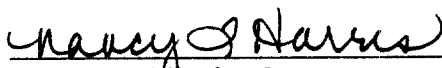
DATED this 8th day of February, 2002.



 Joseph E. Kellerman, Successor Trustee

SUBSCRIBED AND SWORN to before me this 8th day of February 2002.





 Nancy L. Harris
 Notary Public for Oregon
 My Commission Expires: 11-19-2005