

RETURN TO:
Brandsness, Brandsness & Rudd, P.C.
411 Pine Street
Klamath Falls, OR 97601

State of Oregon, County of Klamath
Recorded 08/13/2002 3:06 p m.
Vol M02, Pg 45611-12
Linda Smith, County Clerk
Fee \$ 26.00 # of Pgs 2

MTL 57794
**TRUSTEE'S NOTICE OF DEFAULT
AND ELECTION TO SELL AND OF SALE**

Reference is made to a certain trust deed ("Trust Deed") made, as follows:

Harvey W. Houston and Charleen K. Houston, Grantor; William P. Brandsness, Trustee; and South Valley State Bank nka South Valley Bank & Trust, Beneficiary, recorded September 8, 1994, in Official/Microfilm Records, Volume M94, Page 28356, Klamath County, Oregon, covering the following-described real property in Klamath County, Oregon, commonly known as 2105, 2113, 2125 and 2127 Holly Avenue, Klamath Falls, Oregon, and 206 Martin Street, Klamath Falls, Oregon ("Property"):

Lots 28, 29, 30, 31, 32, 33, 34 and 35, Block 17, INDUSTRIAL ADDITION TO THE CITY OF KLAMATH FALLS, in the County of Klamath, State of Oregon

The foregoing trust deed was modified by instruments recorded as follows:

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| Dated: | November 12, 1998 |
| Recorded: | December 7, 1998 |
| Volume: | M98, page 44641, Microfilm Records of Klamath County, Oregon |
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| Dated: | October 26, 1999 |
| Recorded: | November 10, 1999 |
| Volume: | M99, page 44904, Microfilm Records of Klamath County, Oregon |
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| Dated: | January 31, 2000 |
| Recorded: | February 7, 2000 |
| Volume: | M00, page 3869, Microfilm Records of Klamath County, Oregon |
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| Dated: | May 31, 2000 |
| Recorded: | June 2, 2000 |
| Volume: | M00, page 20000, Microfilm Records of Klamath County, Oregon |
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| Dated: | May 29, 2001 |
| Recorded: | June 18, 2001 |
| Volume: | M01, page 28945, Microfilm Records of Klamath County, Oregon |
| | |
| Dated: | August 27, 2001 |
| Recorded: | August 29, 2001 |
| Volume: | M01, page 44028, Microfilm Records of Klamath County, Oregon |

The property being foreclosed is:

Lots 30, 31, 32, 33, 34 and 35 Block 17, INDUSTRIAL ADDITION TO THE CITY OF KLAMATH FALLS, in the County of Klamath, State of Oregon.

The defaults for which foreclosure is made is grantor's failure to pay when due the following sums: Failure to pay \$1,855.28 due June 10, 2002, and \$1,930.28 due July 10, 2002, and the 10th day of each month thereafter until maturity on September 10, 2002; failure to pay \$120 late fees; failure to pay Klamath County Real Property taxes for the year 2000-2001 in the total amount of \$2,959.68 plus interest.

By reason of said defaults, the beneficiary has declared all sums owing on the obligations secured by said Trust Deed immediately due and payable, said sums being the following, to-wit:

The sum of \$195,994.49 principal, plus interest at the rate of 8.25% from May 11, 2002, until paid; late fees of \$120; 2000-2001 Klamath County Real Property Taxes in the total amount of \$2,959.68 plus interest, plus trustee's fees, attorney's fees, foreclosure costs and any sums advanced by beneficiary pursuant to the terms of said trust deed.

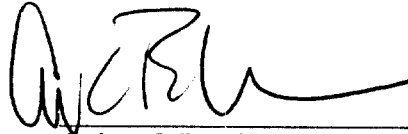
WHEREFORE, notice hereby is given that the undersigned trustee will, on December 23, 2002, at the hour of 10:00 o'clock a.m. o'clock a.m., in accord with the standard of time established by ORS 187.110, at the following place: Offices of Brandsness, Brandsness & Rudd, P.C., 411 Pine Street, Klamath Falls, Oregon, sell at public auction to the highest bidder for cash the interest in the above-described Property, which the grantor had or had power to convey at the

26.00 p

time of the execution by grantor of the said Trust Deed, together with any interest which the grantor or grantor's successors in interest acquired after the execution of the Trust Deed, to satisfy the obligations thereby secured and the costs and expenses of sale, including a reasonable charge b the trustee. 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 said sum 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's fees not exceeding the amounts provided by said ORS 86.753.

In construing this notice, the singular includes the plural, the word "grantor" includes each and every grantor, any successor in interest to the grantor as well as any other person owing an obligation, the performance of which is secured by said Deeds of Trust, and the words "trustee" and "beneficiary" include their respective successors in interest, if any.

Dated: August 12, 2002.

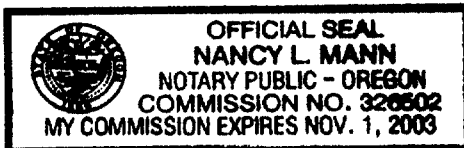
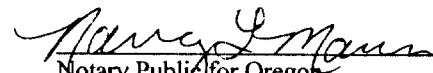


Andrew C. Brandsness, Trustee
411 Pine Street
Klamath Falls, OR 97601

STATE OF OREGON)
) ss.
County of Klamath)

August 12, 2002.

Personally appeared before me this above-named Andrew C. Brandsness and acknowledged the foregoing instrument to be his voluntary act and deed.

Notary Public for Oregon
My Commission expires: 11-1-03