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State of Oregon, County of Klamath
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K 59428

NOTICE OF DEFAULT AND ELECTION TO SELL
AND
APPOINTMENT OF SUCCESSOR TRUSTEE

A. Notice of Default and Election to Sell

Reference is made to a Line of Credit Deed of Trust (the "Trust Deed") made, executed, and delivered by "John C. Lucas and Kathleen A. Lucas, not personally but as Trustees on behalf of John C. and Kathleen A. Lucas Revocable Living Trust under the provisions of a Trust Agreement dated August 1, 1991," as Grantors, to U.S. Bank Trust Company, National Association, as Trustee, to secure certain obligations in favor of U.S. Bank, as Beneficiary, dated July 29, 1997, and recorded July 30, 1997, in Volume M97, Page 24297 of the records of Klamath County, Oregon, covering the following described real property (the "Property") in such county and state:

See attached Exhibit A

The Trust Deed secures a \$425,000 Promissory Note dated July 29, 1997, on which the maker is the John C. and Kathleen A. Lucas Revocable Living Trust, John C. Lucas and Kathleen A. Lucas, Trustees (the "Borrower"), and the payee is U.S. Bank National Association.

NOTICE IS HEREBY GIVEN that:

1. There is a default by the Grantors with respect to one or more provisions in the Trust Deed, which Trust Deed authorizes sale in the event of default of such provisions.

2. The default for which the foreclosure mentioned below is elected is the failure of the Grantors to pay when due the following sums:

a. The failure of the Borrower to pay when due 15 monthly payments of \$4,383.28 each, due on August 1, 2001, and on the first day of each month thereafter, through and including October 1, 2002. As of October 20, 2002, the total amount of monthly payments in default was \$65,749.20.

b. The failure of the Borrower to pay late charges in the total amount of \$3,287.45, as of October 20, 2002.

c. The failure of the Grantors to pay delinquent property taxes on the Property, in the principal amount of \$8,136.73, plus interest thereon.

3. By reason of these defaults, Beneficiary has declared and hereby declares the indebtedness secured by the Trust Deed to be immediately due and payable.

4. The sum immediately due, owing, and payable on such indebtedness is:

Principal	\$319,805.38
Interest (as of October 17, 2002)	36,672.56
Late fees	3,287.45
Appraisal, trustee's sale guarantee, and other costs	<u>4,702.07</u>
Total	\$364,467.46

This sum shall increase by interest on the principal amount of \$319,805.38 at the rate of 11.53 percent per annum from October 18, 2002, until paid, plus additional costs incurred after October 17, 2002, plus attorney and trustee fees .

NOTICE IS FURTHER GIVEN that:

1. Beneficiary, by reason of said default, hereby elects to foreclose the Trust Deed by advertisement and sale in the manner provided in ORS 86.705 to 86.795, and to cause to be sold at public auction to the highest bidder for cash the interest in the Property which Grantors had, or had power to convey, at the time they executed the Trust Deed, together with any interest the Grantors or their successors in interest acquired after they executed the Trust Deed, to satisfy the obligations secured by the Trust Deed and the expenses of the sale, including a Trustee's fee as provided by law, and the reasonable fees of Trustee's attorneys.

2. The sale of the above-described property will be held at the hour of 1 p.m., Standard Time as established by ORS 187.110, on March 20, 2003, at the following place: the front steps of the Klamath County Courthouse, 316 Main Street, in the City of Klamath Falls, County of Klamath, and State of Oregon.

NOTICE IS FURTHER GIVEN that Grantors, or any person named in ORS 86.753 has the right, at any time prior to five days before the Trustee's sale, to require that the foreclosure proceeding be dismissed and the Trust Deed reinstated by the payment of the entire amount then due (other than such portion of the principal as would not be due had no default occurred) under the terms of the Trust Deed and obligations secured thereby, including all costs and expenses actually incurred and Trustee's and attorneys' fees as provided by ORS 86.753, and by curing any other default complained of in the notice of default.

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DESCRIPTION OF PROPERTY

The following described real property situate in Klamath County, Oregon:

PARCEL 1:

Beginning at an iron pin on the Southerly right of way line of the Weed-Klamath Falls Highway, which lies North $0^{\circ}43'$ West along the West section line a distance of 629 feet and North $44^{\circ}50\frac{1}{2}'$ East along the said Southerly right of way line a distance of 438 feet and North $45^{\circ}09\frac{1}{2}'$ West a distance of 20 feet and North $44^{\circ}50\frac{1}{2}'$ East a distance of 50 feet from the iron pin which marks the quarter corner common to Sections 7 and 8, Township 39 South, Range 9 East of the Willamette Meridian, and running thence: Continuing North $44^{\circ}50\frac{1}{2}'$ East along said Highway line a distance of 160.5 feet to an iron pin which marks the point of curvature of a $2^{\circ}57'$ curve to the left; thence following the arc of a $2^{\circ}57'$ curve to the left a distance of 39.5 feet to an iron pin (the long chord of this curve bears North $44^{\circ}15\frac{1}{2}'$ East a distance of 39.5 feet); thence South $46^{\circ}19\frac{1}{2}'$ East along a radial line a distance of 320 feet to an iron pin; thence following the arc of a $2^{\circ}32'$ curve to the right (the long chord of this curve bears South $44^{\circ}15\frac{1}{2}'$ West a distance of 45.95 feet) a distance of 45.95 feet to an iron pin; thence South $44^{\circ}50\frac{1}{2}'$ West tangent to the curve a distance of $60\frac{1}{2}'$ feet to an iron pin; thence South $44^{\circ}50\frac{1}{2}'$ West a distance of $60\frac{1}{2}'$ feet to an iron pin; thence South $44^{\circ}50\frac{1}{2}'$ West a distance of 100 feet to a point; thence North $45^{\circ}09\frac{1}{2}'$ West a distance of 320 feet, more or less, to the point of beginning; said tract being in the W $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 8, Township 39 South, Range 9 East of the Willamette Meridian.

AND ALSO beginning at an iron pin which lies North $0^{\circ}43'$ West along the West Section line a distance of 629 feet and North $44^{\circ}50\frac{1}{2}'$ East along the Southerly right of way line of the Weed-Klamath Falls Highway a distance of 438 feet and North $45^{\circ}09\frac{1}{2}'$ West along the right of way line a distance of 20 feet and North $44^{\circ}50\frac{1}{2}'$ East along the right of way line a distance of 210.5 feet and thence South $45^{\circ}09\frac{1}{2}'$ East a distance of 320 feet from the iron pin which marks the quarter corner common to Sections 7 and 8, Township 39 South, Range 9 East of the Willamette Meridian, and running thence; continuing South $45^{\circ}09\frac{1}{2}'$ East 300 feet to a point; thence South $44^{\circ}50\frac{1}{2}'$ West 160.5 feet to a point; thence North $45^{\circ}09\frac{1}{2}'$ West 300 feet to a point; thence North $44^{\circ}50\frac{1}{2}'$ East 160.5 feet to the point of beginning.

SAVING AND EXCEPTING that portion deeded to Klamath County, a political subdivision, by Deed dated September 11, 1984, recorded February 22, 1985, in Volume M85 page 2704, Deed Records of Klamath County, Oregon.

EXHIBIT

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PARCEL 2:

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Beginning at an iron pin on the Southerly right of way of the Weed-Klamath Falls Highway which lies N. $0^{\circ}43'$ W. along the West section line a distance of 629 feet and N. $44^{\circ}50\frac{1}{2}'$ E. along the said Southerly right of way line a distance of 438 feet and N. $45^{\circ}09\frac{1}{2}'$ W. a distance of 20 feet and N. $44^{\circ}50\frac{1}{2}'$ E. a distance of 210.5 feet and thence along the arc of a $2^{\circ}57'$ curve to the left a distance of 39.5 feet (the long chord of this curve bears N. $44^{\circ}15\frac{1}{2}'$ E. a distance of 39.5 feet) from the iron pin which marks the quarter corner common to Sections 7 and 8, T. 39 S., R. 9 E.W.M. and running thence: continuing along the arc of a $2^{\circ}57'$ curve to the left (and along the Southerly right of way line of the Weed-Klamath Falls Highway) a distance of 169.3 feet to an iron pin which marks the point of tangent (the long chord of this curve bears N. $41^{\circ}10\frac{1}{2}'$ E. a distance of 169.25 feet); thence S. $51^{\circ}19\frac{1}{2}'$ E. a distance of 320 feet to an iron pin; thence following the arc of a $2^{\circ}32'$ curve to the right (the long chord of this curve bears S. $41^{\circ}10\frac{1}{2}'$ W. a distance of 197.16 feet) a distance of 197.25 feet to an iron pin; thence N. $46^{\circ}19\frac{1}{2}'$ W. along a radial line a distance of 320 feet more or less to the point of beginning, said tract being in the W $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 8, Township 39 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon.

EXHIBIT

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