

AFTER RECORDING RETURN TO:
 Hershner, Hunter, Andrews,
 Neill & Smith, LLP
 Attn: Carol B. Mart
 P.O. Box 1475
 Eugene, OR 97440

K-59771
TRUSTEE'S NOTICE OF DEFAULT AND ELECTION TO SELL
UNDER TERMS OF TRUST DEEDS

The Trustee under the terms of the Trust Deeds described herein, at the direction of the Beneficiary, hereby elects to sell the property described in the Trust Deeds to satisfy the obligations secured thereby. Pursuant to ORS 86.745, the following information is provided:

A. TRUST DEED ONE:

1. PARTIES:

Grantor:	MICHAEL McNERNEY
Trustee:	WILLIAM L. SISEMORE
Successor Trustee:	MICHAEL C. AROLA
Beneficiary:	KLAMATH FIRST FEDERAL SAVINGS AND LOAN ASSOCIATION

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

Date Recorded: February 23, 1993
 Volume M93, Page 3731
 Official Records of Klamath County, Oregon

3. 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 \$272.00 each, due the 25th of each month, for the months of August through November 2002; plus late charges and advances; plus any unpaid real property taxes or liens, plus interest.

4. 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 \$19,631.75 plus interest at the rate of 7.75% per annum from July 25, 2002; plus late charges of \$36.45; plus advances and foreclosure attorney fees and costs.

B. TRUST DEED TWO:

1. PARTIES:

Grantor:	MICHAEL McNERNEY
Trustee:	WILLIAM L. SISEMORE
Successor Trustee:	MICHAEL C. AROLA
Beneficiary:	KLAMATH FIRST FEDERAL SAVINGS AND LOAN ASSOCIATION

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

Date Recorded: December 29, 1995
 Volume M95, Page 35618
 Official Records of Klamath County, Oregon

3. 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: A partial monthly payment in the amount of \$109.44 due August 5, 2002, plus monthly payments in the amount of \$121.59 each, due the 5th of each month, for the months of September through November 2002; plus late charges and advances; plus any unpaid real property taxes or liens, plus interest.

4. 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 \$8,607.31, plus interest at the rate of 9.125% per annum from July 5, 2002; plus late charges of \$17.63; plus advances and foreclosure attorney fees and costs.

TRUSTEE'S NOTICE OF DEFAULT AND ELECTION
 TO SELL UNDER TERMS OF TRUST DEED

State of Oregon, County of Klamath
 Recorded 12/02/2002 *2:42 P.M.*
 Vol M02, Pg *69759-60*
 Linda Smith, County Clerk
 Fee \$ *26.00* # of Pgs *2*

\$26.00

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

Lots 6, 7, 8, 9 and 10 in Block 4 of FIRST ADDITION TO FORT KLAMATH, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon, TOGETHER WITH that portion of vacated alley adjacent to said lots on the East side thereof, which inured thereto.

D. ELECTION TO SELL. The Trustee hereby elects to sell the property to satisfy the obligations secured by the Trust Deeds.

E. TIME OF SALE.

Date: April 10, 2003

Time: 11:00 a.m. as established by ORS 187.110

Place: Front of the Klamath County Courthouse, 316 Main Street, Klamath Falls, Oregon

F. 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 Deeds 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 Deeds and by paying all costs and expenses actually incurred in enforcing the obligation and Trust Deeds, together with the trustee's and attorney's fees not exceeding the amount provided in ORS 86.753.

DATED: November 27, 2002.

Michael C. Arola
Michael C. Arola, Successor Trustee

STATE OF OREGON)
) ss.
COUNTY OF LANE)

The foregoing instrument was acknowledged before me on November 27, 2002, by MICHAEL C. AROLA.

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

