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AFTER RECORDING RETURN TO:

Hershner, Hunter, Andrews,

Neill & Smith, LLP

Attn: Carol B. Mart

P.O. Box 1475

Eugene, OR 97440

MT C 60103

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

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: TERESA M. JONES, NKA TERESA M. KEFFER
Trustee: WILLIAM L. SISEMORE
Successor Trustee: NANCY K. CARY
Beneficiary: KLAMATH FIRST FEDERAL SAVINGS AND LOAN ASSOCIATION

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

The East 31 feet of Lot 43 and the West 25 feet of Lot 42 in ROSELAWN SUBDIVISION OF BLOCK 70 OF BUENA VISTA ADDITION to the City of Klamath Falls, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon; TOGETHER WITH that portion of alley vacated by Ordinance 5038, recorded in Book 307 at Page 405, Deed Records of Klamath County, Oregon which inured thereto.

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

Date Recorded: August 28, 1998
Volume M98, Page 31810
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: A monthly payment in the amount of \$524.00 each, due December 1, 2002, plus monthly payments in the amount of \$627.00 each, for the months of January and February 2003; 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 \$42,550.10 plus interest at the rate of 6.875% per annum from November 1, 2002; plus late charges of \$53.22; plus advances and foreclosure attorney fees and costs.

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: July 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

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

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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.

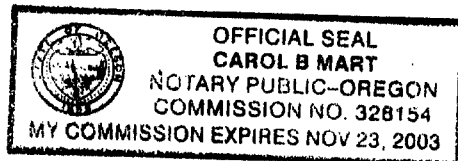
DATED: February 26, 2003.

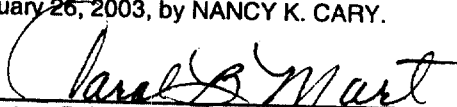
STATE OF OREGON)
) ss.
COUNTY OF LANE)



Nancy K. Cary, Successor Trustee

The foregoing instrument was acknowledged before me on February 26, 2003, by NANCY K. CARY.





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