

State of Oregon, County of Klamath
 Recorded 07/22/2004 3:16 p m
 Vol M04 Pg 48069-70
 Linda Smith, County Clerk
 Fee \$ 26⁰⁰ # of Pgs 2

NOTICE OF DEFAULT AND ELECTION TO SELL

Reference is made to that certain trust deed made by Patrick W. Kelly and Cynthia A. Kelly, as tenants by the entirety, as grantors, to Amerititle, as trustee, in favor of Gateway Financial Services, as beneficiary, dated 01/10/00, recorded 02/15/00, in the mortgage records of Klamath County, Oregon, as Vol. M00 Page 4809, and subsequently assigned to Deutsche Bank National Trust Company formerly known as Bankers Trust Company of California, N.A., as Trustee for Morgan Stanley ABS Capital I Trust 2000-1 by Assignment, covering the following described real property situated in said county and state, to wit:

A tract of land situated in the SE1/4 SE1/4 NE1/4 of Section 9, Township 39 South, Range 11 East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows: Beginning at a point on the North line of that tract of land conveyed to Klamath County School District described in Volume M69, Page 455, Microfilm Records of Klamath County, Oregon and the West line of Carroll Avenue, from which the East 1/4 corner of said Section 9 bears South 14 degrees 46' 22" East 117.30 feet; thence North 89 degrees 40' 10" West along the North line of said tract of land, 122.44 feet; thence North 02 degrees 01' 13" East along the fence line, 212.21 feet; thence South 74 degrees 39' 31" East along the fence line, 119.41 feet, to the West line of Carroll Avenue; thence South 00 degrees 03' 44" West 181.19 feet to the Point of Beginning.

PROPERTY ADDRESS: 2510 Carrol Avenue
 Bonanza, OR 97623

There is a default by the grantor or other person owing an obligation or by their successor in interest, the performance of which is secured by said trust deed, or by their successor in interest, with respect to provisions therein which authorize sale in the event of default of such provision. The default for which foreclosure is made is grantors' failure to pay when due the following sums: monthly payments of \$984.67 beginning 02/01/04; plus late charges of \$49.23 each month beginning 02/16/04; plus prior accrued late charges of \$0.00; plus advances of \$700.00; together with title expense, costs, trustee's fees and attorney's fees incurred herein by reason of said default; any further sums advanced by the beneficiary for the protection of the above described real property and its interest therein; and prepayment penalties/premiums, if applicable.

By reason of said default, the beneficiary has declared all sums owing on the obligation secured by said trust deed immediately due and payable, said sums being the following, to wit: \$86,327.40 with interest thereon at the rate of 10.5 percent per annum beginning 01/01/04; plus late charges of \$49.23 each month beginning 02/16/04 until paid; plus prior accrued late charges of \$0.00; plus advances of \$700.00; together with title expense, costs, trustee's fees and attorneys fees incurred herein by reason of said default; any further sums advanced by the beneficiary for the protection of the above described real property and its interest therein; and prepayment penalties/premiums, if applicable.

NOTICE OF DEFAULT AND ELECTION TO SELL

RE: Trust Deed from
 Kelly, Patrick W. and Cynthia A.
 Grantor
 to
 Northwest Trustee Services, Inc.,
 Trustee

File No. 7258.23463

For Additional Information:
 After Recording return to:
 Chris Ashcraft
 Northwest Trustee Services, Inc.
 P.O. Box 997
 Bellevue, WA 98009-0997
 (425) 586-1900

Notice is hereby given that the beneficiary and trustee, by reason of said default, have elected and do hereby elect to foreclose the trust deed by advertisement and sale pursuant to 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 described property which the grantor had, or had the power to convey, at the time grantor executed the trust deed, together with any interest the grantor or grantor's successors in interest acquired after the execution of the trust deed, to satisfy the obligations secured by the trust deed and the expenses of the sale, including the compensations of the trustee as provided by law, and reasonable fees of trustee's attorneys.

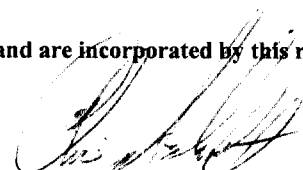
The sale will be held at the hour of 10:00 o'clock A.M., in accord with the standard of time established by ORS 187.110 on **December 3, 2004**, at the following place: inside the 1st floor lobby of the Klamath County Courthouse, 316 Main Street, in the City of Klamath Falls, County of Klamath, State of Oregon, which is the hour, date and place last set for the sale.

Notice is further given that for reinstatement or payoff quotes requested pursuant to ORS 86.745 must be timely communicated in a written request that complies with that statute addressed to the trustee's "Urgent Request Desk" either by personal delivery to the trustee's physical offices (call for address) or by first class, certified mail, return receipt requested, addressed to the trustee's post office box address set forth in this notice. Due to potential conflicts with federal law, persons having no record legal or equitable interest in the subject property will only receive information concerning the lender's estimated or actual bid. Lender bid information is also available at the trustee's website, www.northwesttrustee.com.

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 every other default complained of herein by tendering the performance required under the obligation or trust deed, in addition to paying said sums 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. Requests from persons named in ORS 86.753 for reinstatement quotes received less than six days prior to the date set for the trustee's sale will be honored only at the discretion of the beneficiary or if required by the terms of the loan documents.

In construing this notice, 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 the words "trustee" and "beneficiary" include their respective successors in interest, if any.

The trustee's rules of auction may be accessed at www.northwesttrustee.com and are incorporated by this reference. You may also access sale status at www.northwesttrustee.com.


 Northwest Trustee Services, Inc., Trustee
 Northwest Trustee Services, Inc. is successor by merger to
 Northwest Trustee Services, PLLC (formerly known as Northwest
 Trustee Services, LLC)

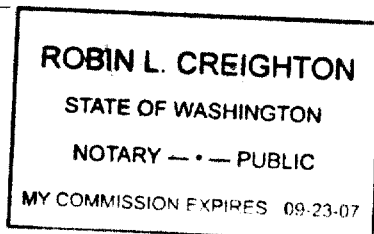
STATE OF WASHINGTON)

COUNTY OF KING)

) ss.
)

I certify that I know or have satisfactory evidence that Chris Ashcraft is the person who appeared before me, and said person acknowledged that (he/she) signed this instrument, on oath stated that (he/she) was authorized to execute the instrument and acknowledged it as an Assistant Vice President of Northwest Trustee Services, Inc. to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: 7/20/04




 NOTARY PUBLIC in and for the State of
 Washington, residing at King
 My commission expires 7-23-07

THIS COMMUNICATION IS FROM A DEBT COLLECTOR AND IS AN ATTEMPT TO COLLECT A DEBT. ANY INFORMATION OBTAINED WILL BE USED FOR THAT PURPOSE