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NOTICE OF DEFAULT AND ELECTION TO SELL

Re: Trust Deed From

Mary Jo Gardner, Grantor

To

Aspen Title, Trustee

After recording return to: Michael L. Spencer  
419 Main St.  
Klamath Falls, OR 97601

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State of Oregon, County of Klamath

Recorded 07/29/04 12:54 P m

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Linda Smith, County Clerk

Fee \$ 26.00 # of Pgs 2

NOTICE OF DEFAULT AND ELECTION TO SELL

Reference is made to that certain trust deed made by Mary Jo Gardner, as grantor, to Aspen Title and Escrow, Inc. as trustee, in favor of Mountain Estates, Inc., as beneficiary, dated March 1, 1999, recorded March 1, 1999, in the mortgage records of Klamath County, Oregon, in Vol. No. M99 at page 7134, or as No. , covering the following described real property situated in said county and state, to-wit:

LOT 7, BLOCK 6, BUENA VISTA ADDITION TO THE CITY OF KLAMATH FALLS, IN THE COUNTY OF KLAMATH, STATE OF OREGON

The undersigned hereby certifies that no assignments of the trust deed by the trustee or by the beneficiary and no appointments of a successor-trustee have been made except as recorded in the mortgage records of the county or counties in which the above described real property is situate; further, that no action has been instituted to recover the debt, or any part thereof, now remaining secured by the said trust deed, or, if such action has been instituted, such action has been dismissed except as permitted by ORS 86.735(4).

There is a default by the grantor or other person owing an obligation, 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 grantor's failure to pay when due the following sums: Monthly payments of \$561.64 for May, June and July 2004

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: \$63,909.40 plus interest and costs of foreclosure

Notice hereby is given that the beneficiary and trustee, by reason of said default, have elected and do hereby elect to foreclose said 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 said described property which the grantor had, or had the power to convey, at the time of the execution by grantor of 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 said trust deed and the expenses of the sale, including the compensations of the trustee as provided by law, and the reasonable fees of trustee's attorneys.

Said sale will be held at the hour of 9:00 o'clock, A.M., in accord with the standard of time established by ORS 187.110 on December 20, 2004, at the following place: 419 Main St. in the City of Klamath Falls, County of Klamath, State of Oregon, which is the hour, date and place last set for said sale.

Other than as shown of record, neither the said beneficiary nor the said trustee has any actual notice of any person having or claiming to have any lien upon or interest in the real property hereinabove described subsequent to the interest of the trustee in the trust deed, or of any successor in interest to the grantor or of any lessee or other person in possession of or occupying the property, except:

NAME AND LAST KNOWN ADDRESS:

United Finance, PO Box 1763, Klamath Falls, OR 97601

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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 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.

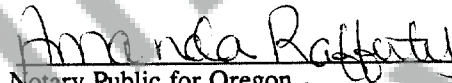
In construing this notice, the singular includes the plural, the word "grantor" includes any successor in interest to the grantor as well as any other person owing an obligation, the performance of which is secured by said trust deed, and the words "trustee" and "beneficiary" include their respective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

DATED: July 29, 2004.

  
Michael L. Spencer, Successor Trustee

STATE OF OREGON, County of Klamath)ss.

This instrument was acknowledged before me on July 29<sup>th</sup>, 2004, by Michael L. Spencer.

  
Notary Public for Oregon  
My commission expires May 7, 2007

