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After recording, return to:

Jesús Miguel Palomares
 Successor Trustee & Attorney
 Miller Nash LLP
 111 S.W. Fifth Avenue, Suite 3400
 Portland, Oregon 97204-3699



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09/21/2012 11:03:49 AM

Fee: \$167.00

NOTICE OF DEFAULT AND ELECTION TO SELL

1. This notice of default and election to sell is recorded pursuant to ORS 86.735(3) with respect to that deed of trust (the "Trust Deed") dated **May 1, 2003**, by **Applegate Development Corporation, an Oregon corporation** located at 7649 Booth Road, Klamath Falls, Oregon 97603 (the "Grantor"), to **Pacific Cascades Financial Inc.**, located at 540 Main Street, Klamath Falls, Oregon 97601 (the "Trustee"), to secure payment and performance of certain obligations of Grantor to **Klamath First Federal Savings & Loan Association** located at 540 Main Street, Klamath Falls, Oregon 97601 (the "Beneficiary"), including repayment of a promissory note dated **May 1, 2003**, in the principal amount of \$250,000 (the "Note"). Sterling Savings Bank, dba Sterling Bank, is the successor in interest to Klamath First Federal Savings & Loan Association.

2. The legal description of the real property covered by the Trust Deed is as follows:

Real property in the County of Klamath, State of Oregon, described as follows:

All of ENTERPRISE TRACT NO. 26, EXCEPT the South 697 feet and EXCEPT the East 260 feet;

All of ENTERPRISE TRACT NO. 31, EXCEPT that portion which is included in the plat of SUNNYLAND.

ALSO EXCEPTING THEREFROM the following 5 parcels of property:

Beginning at the Northeast corner of Lot 9, ELM PARK in Klamath County, Oregon; thence North 0° 53' West 246.95 feet to a point on the South line of a canal; thence along the South line of said canal and along the arc of a 714.22 foot radius curve to the left (the chord of which bears North 55° 55' West 93.57 feet) a distance of 93.63 feet; thence South 0° 05' East 300.63 feet to a point on the North line of said Lot; thence North 89° 06' East 80.87 feet to the place of beginning, being situated in the SW1/4 of Section 34, Township 38 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon.

Document Reference #
 M03-29095

Beginning on the North line of Lot 9, ELM PARK, in Klamath County, Oregon, at a point which is 80.87 feet South 89° 06' West from the Northeast corner of said Lot; thence North 0° 05' West 300.63 feet to a point on the South line of a canal; thence along the South line of said canal and along the arc of a 714.22 foot radius curve to the left (the chord of which bears North 65° 25' West 143.05 feet) a distance of 143.29 feet; thence South 0° 05' East 362.19 feet to a point on the North line of said Elm Park; thence North 89° 06' East 130.01 feet to the place of beginning, being situated in the SW1/4 of Section 34, Township 38 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon.

Beginning on the North line of ELM PARK in Klamath County, Oregon, at a point which is 210.88 feet South 89° 06' West from the Northeast corner of Lot 9, ELM PARK; thence South 89° 06' West 170.52 feet to a point; thence North 0° 05' West 400.59 feet to a point on the South line of a canal; thence along the South line of said canal and along the arc of a 714.22 foot radius curve to the left to a point which is North 0° 05' West 362.19 feet from the point of beginning; thence South 0° 05' East 362.19 feet to the place of beginning, being situated in the SW1/4 of Section 34, Township 38 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon.

Commencing at the Northeast corner of Lot 37, ENTERPRISE TRACTS, Klamath County, Oregon; thence South 0° 15' 30" East, along the centerline of Avalon Street, 355.75 feet; thence South 56° 38' 10" East, 36.03 feet to a point on the East Boundary of said street for the true point of beginning; thence South 56° 38' 10" East, 108.05 feet; thence South 73° 31' 10" East, 41.51 feet; thence North 79° 52' East, 103.20 feet; thence North 70° 29' 20" East, 154.58 feet; thence North 89° 25' 40" East, 82.78 feet; thence North 1° 24' 20" West, 31.01 feet; thence North 89° 25' 40" East, 50.00 feet; thence North 134.58 feet, to the Southwesterly boundary of the U.S.R.S. "A" Canal; thence along said canal boundary North 81° 17' West, 23.93 feet; thence 299.22 feet along the arc of a curve right (which arc has a radius of 433.10 feet and a long chord of North 61° 29' 30" West 293.30 feet); thence North 41° 42' West, 183.35 feet to the Southeasterly boundary of Eberlein Avenue; thence along said boundary South 47° 52' 54" 30" West, 144.93 feet to the East boundary of Avalon Street; thence along said boundary South 0° 15' 30" East, 348.87 feet to the true point of beginning.

A Parcel of land, situated in Tract 31 Enterprise Tracts, in Klamath County, Oregon; being more particularly described as follows:

Beginning at a 1/2" rebar marking the Northwest corner of Block 1, SUNNYLAND SUBDIVISION, said point also being on the Easterly right of way line of Avalon Street; thence North 00° 15' 30" West 237.85 feet, along the Easterly right of way line of Avalon Street, to a 1/2" rebar;

thence South 56° 38' 10" East 99.79 feet to a 1/2" rebar; thence South 73 degrees 31' 10" East 47.66 feet to a 1/2" rebar; thence North 79° 52' 00" East, 108.29 feet to a 1/2" rebar; thence North 70° 29' 20" East, 50.00 feet to a 1/2" rebar; thence South 89° 24' 00" East 54.07 feet to a 1/2" rebar; thence South 00° 11' 48" East, 183.24 feet to a 1/2" rebar; thence South 89° 45' 30" West, 20.00 feet to a 1/2" rebar; thence South 00° 11' 48" East, 20.00 feet to a 1/2" rebar on the Northerly boundary of Sunnyland Subdivision; thence South 89° 45' 30" West, 316.48 feet, along the Northerly boundary of Sunnyland Subdivision to the place of beginning.

PARCEL 2

Beginning at a point on the Northerly boundary of SUNNYLAND SUBDIVISION being North 89° 45' 30" East 316.48 feet from the Northwest corner of Block 1 of said Subdivision and being the Southeast corner of that tract of land described in Deed Volume M80, page 18,566 of the Klamath County Deed Records; thence South 89° 45' 30" West, along said Northerly boundary, 15.00 feet; thence along the arc of a curve to the right (radius point bears North 89° 45' 30" East 35.00 feet and central angle equals 90° 02' 42") 55.01 feet to a point on the East line of said Deed Volume; thence along the boundaries of said Deed Volume South 00° 11' 48" East 15.00 feet, South 89° 45' 30" West 20.00 feet and South 00° 11' 48" East 20.00 feet to the point of beginning with bearings based on recorded Survey No. 2954.

PARCEL 3

Lot 6, Block 2, of SUNNYLAND, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.

3. The Trust Deed was recorded on **May 2, 2003**, in **Volume M03 at Page 29095** in the official real property records of Klamath County, Oregon.

4. The successor trustee hereby certifies that no action has been instituted to recover the obligation, or any part thereof, now remaining secured by the Trust Deed or, if such action has been instituted, such action has been dismissed except as permitted by ORS 86.735(4).

5. The default for which the foreclosure is made is Grantor's failure to pay when due the following sums: monthly payments in full of \$1,707.48 owed under the Note beginning May 15, 2012, and on the 15th day of each month thereafter; late charges in the amount of \$1,792.77 as of August 21, 2012, plus any late charges accruing thereafter; and expenses, costs, trustee fees and attorney fees.

6. By reason of said default, Beneficiary has declared all sums owing on the obligation secured by the Trust Deed immediately due and payable which sums are as follows: (a) the principal amount of \$202,090.35 as of August 21, 2012, (b) accrued interest of \$6,902.46 as of August 21, 2012, and interest accruing thereafter on the principal amount at the rate set forth in the Note until fully paid, (c) late charges in the amount of \$1,792.77 as of August 21,

2012, plus any late charges accruing thereafter and any other expenses or fees owed under the Note or Trust Deed, (d) amounts that Beneficiary has paid on or may hereinafter pay to protect the lien, including by way of illustration, but not limitation, taxes, assessments, interest on prior liens, and insurance premiums, and (e) expenses, costs and attorney and trustee fees incurred by Beneficiary in foreclosure, including the cost of a trustee's sale guarantee and any other environmental or appraisal report.

7. Notice is hereby given that by reason of said default, Beneficiary and the successor trustee have elected to foreclose the Trust Deed by advertisement and sale pursuant to ORS 86.705 to ORS 86.795 and to sell the real property identified in paragraph 2 to satisfy the obligation that is secured by the Trust Deed.

8. The sale will be conducted on **February 27, 2013, at one o'clock (1:00) p.m., based on the standard of time established by ORS 187.110, just outside the main entrance of the Klamath County Courthouse, 316 Main Street, Klamath Falls, Oregon.**

9. 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 Beneficiary of the entire amount then due, (other than such portion of 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 and attorney fees not exceeding the amount provided by ORS 86.753.

10. 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 successor in interest, if any.

NOTICE TO RESIDENTIAL TENANTS

The property in which you are living is in foreclosure. A foreclosure sale is scheduled for **February 27, 2013**. The date of this sale may be postponed. Unless the lender that is foreclosing on this property is paid before the sale date, the foreclosure will go through and someone new will own this property. After the sale, the new owner is required to provide you with contact information and notice that the sale took place.

The following information applies to you only if you are a bona fide tenant occupying and renting this property as a residential dwelling under a legitimate rental agreement. The information does not apply to you if you own this property or if you are not a bona fide residential tenant.

If the foreclosure goes through, the new owner will have the right to require you to move out. Before the new owner can require you to move, the new owner must provide you

with written notice that specifies the date by which you must move out. If you do not leave before the move-out date, the new owner can have the sheriff remove you from the property after a court hearing. You will receive notice of the court hearing.

PROTECTION FROM EVICTION

IF YOU ARE A BONA FIDE TENANT OCCUPYING AND RENTING THIS PROPERTY AS A RESIDENTIAL DWELLING, YOU HAVE THE RIGHT TO CONTINUE LIVING IN THIS PROPERTY AFTER THE FORECLOSURE SALE FOR:

- THE REMAINDER OF YOUR FIXED TERM LEASE, IF YOU HAVE A FIXED TERM LEASE; OR
- AT LEAST 90 DAYS FROM THE DATE YOU ARE GIVEN A WRITTEN TERMINATION NOTICE.

If the new owner wants to move in and use this property as a primary residence, the new owner can give you written notice and require you to move out after 90 days, even though you have a fixed term lease with more than 90 days left.

You must be provided with at least 90 days' written notice after the foreclosure sale before you can be required to move.

A bona fide tenant is a residential tenant who is not the borrower (property owner) or a child, spouse or parent of the borrower, and whose rental agreement:

- Is the result of an arm's length transaction;
- Requires the payment of rent that is not substantially less than fair market rent for the property, unless the rent is reduced or subsidized due to a federal, state or local subsidy; and
- Was entered into prior to the date of the foreclosure sale.

ABOUT YOUR TENANCY BETWEEN NOW AND THE FORECLOSURE SALE:

RENT

YOU SHOULD CONTINUE TO PAY RENT TO YOUR LANDLORD UNTIL THE PROPERTY IS SOLD OR UNTIL A COURT TELLS YOU OTHERWISE. IF YOU DO NOT PAY RENT, YOU CAN BE EVICTED. BE SURE TO KEEP PROOF OF ANY PAYMENTS YOU MAY.

SECURITY DEPOSIT

You may apply your security deposit and any rent you paid in advance against the current rent you owe your landlord as provided in ORS 90.367. To do this, you must notify your landlord in writing that you want to subtract the amount of your security deposit or prepaid rent

from your rent payment. You may do this only for the rent you owe your current landlord. If you do this, you must do so before the foreclosure sale. The business or individual who buys this property at the foreclosure sale is not responsible to you for any deposit or prepaid rent you paid to your landlord.

ABOUT YOUR TENANCY AFTER THE FORECLOSURE SALE

The new owner that buys this property at the foreclosure sale may be willing to allow you to stay as a tenant instead of requiring you to move out after 90 days or at the end of your fixed term lease. After the sale, you should receive a written notice informing you that the sale took place and giving you the new owner's name and contact information. You should contact the new owner if you would like to stay. If the new owner accepts rent from you, signs a new residential rental agreement with you or does not notify you in writing within 30 days after the date of the foreclosure sale that you must move out, the new owner becomes your new landlord and must maintain the property. Otherwise

- You do not owe rent;
- The new owner is not your landlord and is not responsible for maintaining the property on your behalf; and
- You must move out by the date the new owner specifies in a notice to you.

The new owner may offer to pay your moving expenses and any other costs or amounts you and the new owner agree on in exchange for your agreement to leave the premises in less than 90 days or before your fixed term lease expires. You should speak with a lawyer to fully understand your rights before making any decisions regarding your tenancy.

IF IS UNLAWFUL FOR ANY PERSON TO TRY TO FORCE YOU TO LEAVE YOUR DWELLING UNIT WITHOUT FIRST GIVING YOU WRITTEN NOTICE AND GOING TO COURT TO EVICT YOU. FOR MORE INFORMATION ABOUT YOUR RIGHTS, YOU SHOULD CONSULT A LAWYER. If you believe you need legal assistance, contact the Oregon State Bar and ask for the lawyer referral service. Contact information for the Oregon State Bar is included with this notice. If you do not have enough money to pay a lawyer and are otherwise eligible, you may be able to receive legal assistance for free. Information about whom to contact for free legal assistance is included with this notice.

Oregon State Bar – Lawyer Referral Service
16037 Upper Boones Ferry Road
Tigard, Oregon 97224
503-684-3763 or toll-free in Oregon at 800-452-7636
<http://www.osbar.org/public/ris/ris.html#referral>

Legal Aid: <http://www.osbar.org/public/ris/lowcostlegalhelp/legalaid.html>

For further information, please contact Jesús Miguel Palomares at his mailing address of Miller Nash LLP, 111 S.W. Fifth Avenue, Suite 3400, Portland, Oregon 97204 or telephone him at (503) 224-5858.

DATED: September 20, 2012.


Jesús Miguel Palomares
Successor Trustee & Attorney

STATE OF OREGON)
) SS
COUNTY OF MULTNOMAH)

This instrument was acknowledged before me on September 20, 2012, by Jesús Miguel Palomares, as successor trustee and attorney.


Notary Public for Oregon

File No. 211020-0029
Grantor: Applegate Development Corporation
Beneficiary: Sterling Savings Bank

