

NOTICE OF DEFAULT AND ELECTION TO SELL

Arnold R. Neely and Carol A. Neely, husband and wife, as Grantor(s), made, executed and delivered to the State Director of the Farmers Home Administration, United States Department of Agriculture, as Trustee, to secure the performance of certain obligations including the payment of the principal sum of \$39,100.00, in favor of the UNITED STATES OF AMERICA, acting through the Farmers Home Administration, United States Department of Agriculture, as Beneficiary, that certain Trust Deed dated June 20, 1979 and recorded June 21, 1979, in volume M 79, Page 14691 and Volume M 79, Page 15036 of the mortgage records of Klamath County, Oregon, covering the following described real property situated in said county:

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

There is a default by the Grantor(s) owing the obligation, the performance of which is secured by said Trust Deed, with respect to provision therein which authorize sale in the event of default of such provisions in that the Grantor(s) have failed to pay, when due, the following sums thereon:

12 monthly payments at \$310.00 per month	\$3,710.00
1980-82 real estate taxes	1,229.37
Total Delinquency	\$4,939.37

which are now past due, owing and delinquent. Grantor's failure just described is the default for which the foreclosure mentioned herein is made.

By reason of said default, the Beneficiary has declared all obligations secured by said Trust Deed immediately due, owing and payable, said sums being the following, to-wit:

Unpaid principal	\$36,480.99
Unpaid interest computed to 03-21-84	3,059.41
Daily accrual \$8.9953	

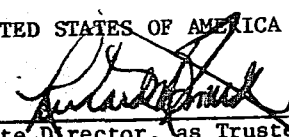
Notice is hereby given that the undersigned, by reason of said default, has elected and hereby does elect to foreclose said Trust Deed by advertisement and sale pursuant to Oregon Revised Statutes Sections 86.705 to 86.795, and to cause to be sold at public auction to the highest bidder for cash the interest in the said described property which the Grantor(s) had, or had the power to convey, at the time of the execution by them of the Trust Deed, together with any interest the Grantor(s) or their 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 a reasonable charge by the trustee as provided by law, and the reasonable fees of trustee's attorneys.

Said sale will be held at the hour of 11:15 o'clock, a.m., as established by Section 187.110 of Oregon Revised Statutes on September 6, 1984, at the following place: Front door of the Klamath County Courthouse, in the City of Klamath Falls, County of Klamath, State of Oregon, which is the hour, date and place fixed by the Trustee for said sale.

Notice is further given that any person named in Section 86.760 of Oregon Revised Statutes has the right to have the foreclosure proceeding dismissed and the Trust Deed reinstated by payment of the entire amount then due, together with costs of mortgage foreclosure report(s), delinquent real estate taxes, and trustee's and attorney's fees, at any time prior to five days before the date set for said sale.

DATED March 23, 1984.

UNITED STATES OF AMERICA


 State Director, as Trustee
 Farmers Home Administration
 U.S. Department of Agriculture

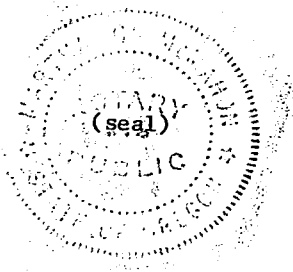
ACKNOWLEDGMENT

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STATE OF OREGON)
) ss:
COUNTY OF MULTNOMAH)

On this 23rd day of March, 1984, before me, a Notary Public in and for said county and state, appeared Richard M. Smith, known to me to be the State Director, Farmers Home Administration, U.S.D.A., and the person who executed this instrument on behalf of the United States of America and acknowledged to me that the United States of America executed the same.

IN WITNESS WHEREOF, I hereunto set my hand and seal at Portland, Oregon, the day and year aforesaid.



Martha G. Mc Mahon
Notary Public in and for the
State of Oregon
My Commission Expires: 2-1-86

Return: MTC

STATE OF OREGON: COUNTY OF KLAMATH:ss
I hereby certify that the within instrument was received and filed for
record on the 9th day of April A.D., 19 84 at 3:48 o'clock P.M.
and duly recorded in Vol M84, of Mortgages on page 5881.

Fee: \$8.00

EVELYN BIEHN, COUNTY CLERK
by: Sam Smith, Deputy