

TO: PACIFIC WEST MORTGAGE CO., an Oregon corp.
 c/o H. Clayton Livengood, P.O. Box 13909, Salem, OR 97301
 KENNETH B. FARWELL, 15051 Fern Ridge Road S.E., Stayton, OR 97383
 LEONE Y. FARWELL, 15051 Fern Ridge Road S.E., Stayton, OR 97383

You, and each of you, as purchaser of the Real Property, are hereby given notice pursuant to ORS 93.915, of intent of the Seller under the Contract to enforce the Forfeiture Remedy contained in the Contract for default of the Contract unless you, within ninety (90) days from the date of this Notice (which is hereby given by First Class and Certified Mail with Return Receipt Requested), cure the Default. If you do not cure the Default by the date specified in this Notice, the Seller will enforce the Forfeiture Remedy contained in the Contract and record the Affidavit.

For the purposes of the Notice the following is set forth:

1. Seller: United States National Bank of Oregon, Trustee, Trust Real Estate Department, BB-5, who took title as United States National Bank of Portland (Oregon), P.O. Box 3168, Portland, Oregon 97208.

2. Purchaser: You, and each of you, as having acquired an interest in the Real Property, as specified in ORS 93.905(4) which includes, without limiting the generality of the foregoing, the buyer described in the Contract.

3. Contract: That certain contract for transfer or conveyance of the Real Property dated September 15, 1980, recorded September 24, 1980, in Vol. M-80, Page 18283, rerecorded to add date on October 2, 1980, in Vol. M-80, Page 19137, Microfilm Records of Klamath County, Oregon, wherein the Seller is UNITED STATES NATIONAL BANK OF OREGON, Trustee, and Pacific West Mortgage Company is the Buyer (Purchaser), affecting the following described Real Property situate in Klamath County, Oregon, to-wit:

The S½ of Lots 4 and 5, Block 94, KLAMATH ADDITION TO THE CITY OF KLAMATH FALLS.

4. Default: Failure to pay the sum of \$14,321.21, plus interest, on August 20, 1985, and failure to pay ad valorem taxes under Klamath County Assessor's No. 3809-32AD-4600 for the 1983-84 fiscal year, the 1984-85 fiscal year, and two-thirds of the 1985-86 fiscal year promptly before any part thereof becomes past due.

5. Forfeiture Remedy: The following provisions of the Contract: "And it is understood and agreed between said parties that time is of the essence of this contract, and in case the buyer shall fail to make the payments above required, or any of them, punctually within 20 days of the time limited therefor, or fail to keep any agreement herein contained, then the seller at his option shall have the following rights: (1) to declare this contract null and void, (2) to declare the whole unpaid principal balance of said purchase price with the interest thereon at once due and payable, (3) to withdraw said deed and other documents from escrow and/or (4) to foreclose this contract by suit in equity, and in any such cases, all rights and interest created or then existing in favor of the buyer as against the seller hereunder shall utterly cease and determine and the right to the possession of the premises above described and all other rights acquired by the buyer hereunder shall revert to and revest in said seller without any act of re-entry, or any other act of said seller to be performed and without any right of the buyer of return, reclamation or compensation for moneys paid on account of the purchase of said property as absolutely, fully and perfectly as if this contract and such payments had never been made; and in case of such default all payments theretofore made on this contract are to be retained by and belong to said seller as the agreed and reasonable rent of said premises up to the time of such default. And the said seller, in case of such default, shall have the right immediately, or at any time thereafter, to enter upon the land aforesaid, without any process of law, and take immediate possession thereof, together with all the improvements and appurtenances thereon or thereto belonging".

6. Curing Default: Curing default means: payment of the sums due under the Contract of \$14,321.21 principal, plus \$1624.20 interest accrued to date of this Notice, plus \$3.92 per day thereafter until paid, payment of delinquent real property taxes, \$350 attorney fees and \$150 costs of title search; all as provided in ORS 93.920.

7. Affidavit: The affidavit for forfeiture provided in ORS 93.930.

8. ORS 93.905 to ORS 93.940: The provisions of ORS 93.905 to ORS 93.940 set forth below and on the reverse of this Notice and which are thereby incorporated herein as though fully set forth hereat.

9. Pronouns: Pronouns used in this Notice shall be construed in accordance with the appropriate gender or neuter, and as either singular or plural as the context requires.

DATED: February 19, 1986.

UNITED STATES NATIONAL BANK OF OREGON, Trustee

By:

W. E. Rutherford, Trust Officer

ORS 93.905 to ORS 93.940 -- FORFEITURE UNDER LAND SALES CONTRACT

93.905 -- Definitions for ORS 93.905 to 93.940: As used in ORS 93.905 to 93.940, unless the context requires otherwise: (1) "Contract for transfer or conveyance of an interest in real property" shall not include earnest money or preliminary sales agreements, options or rights of first refusal. (2) "Forfeiture remedy" means the non-judicial remedy whereby the seller cancels the contract for default, declares the purchaser's rights under the contract to be forfeited, extinguishes the debt and retains sums previously paid thereunder by the buyer. (3) "Purchase price" means the total price for the interest in the real property as stated in the contract, including but not limited to down payment, other property or value given or promised for which a dollar value is stated in the contract and the balance

of the purchase price payable in installments, not including interest. If the contract provides for the conveyance of an interest in more than one parcel of property, the purchase price shall include on the portion of the price attributable to the remaining, un conveyed interest in real property, if the value thereof is separately stated or can be determined from the terms of the contract. (4) "Purchaser" means any person who by voluntary transfer acquires a contractual interest in real property, any successor in interest to all or any part of the purchaser's contract rights of whom the seller has actual or constructive notice, and any person having a subordinate lien or encumbrance of record, including, but not limited to, a mortgagee, a beneficiary under a trust deed and a purchaser under a subordinate contract for transfer or conveyance of an interest in real property. (5) "Seller" means any person who transfers or conveys an interest in real property, or any successor in interest of the seller. (6) "Unpaid balance" means the sum of the unpaid principal balance, accrued unpaid interest and any sums actually paid by the seller on behalf of the purchaser for items required to be paid by the purchaser, including amounts paid for delinquent taxes, assessments or liens, or to obtain or reinstate required insurance. [1985 c.718 §1]

93.910 -- Enforcement of forfeiture remedy after notice of default: Whenever a contract for transfer or conveyance of an interest in the real property provides a forfeiture remedy, whether the remedy is self-executing or is optional, forfeiture of the interest of a purchaser in default under the contract may be enforced only after notice of the default has been given to the purchaser as provided in ORS 93.915, notwithstanding any provision in the contract to the contrary. [1985 c.718 §2]

93.915 -- Notice of default; contents; time of forfeiture: (1) In the event of a default under a contract for conveyance of real property, a seller who wishes to enforce a forfeiture remedy must give the purchaser written notice by first class and certified mail with return receipt requested. (2) The notice shall specify the nature of the default, the amount of the default if the default is in the payment terms, the date after which the contract will be forfeited if the purchaser does not cure the default; and the name and address of the seller or the attorney for the seller. The period specified in the notice after which the contract will be forfeited may not be less than: (a) Sixty days, when the purchaser has reduced the unpaid balance to an amount greater than 75 percent of the purchase price; (b) Ninety days, when the purchaser has reduced the unpaid balance to an amount which is more than 50 percent but less than 75 percent of the purchase price; or (c) One hundred twenty days, when the purchaser has reduced the unpaid balance to an amount which is 50 percent or less of the purchase price. (3) The statement contained in the notice as to the time after which the contract will be forfeited if the default is not cured shall conclusively be presumed to be correct, and the notice adequate, unless one or more recipients of such notice notifies the seller or the attorney for the seller, by registered or certified mail, that such recipient claims the right to a longer period of time in which to cure the default. [1985 c.718 §3]

93.920 -- Curing default to avoid forfeiture; payment of costs and expenses: A purchaser in default may avoid a forfeiture under the contract by curing the default or defaults before expiration of the notice period provided in ORS 93.915. If the default consists of a failure to pay sums when due under the contract, the default may be cured by paying the entire amount due, other than sums that would not then be due had no default occurred, at the time of cure under the terms of the contract. Any other default under the contract may be cured by tendering the performance required under the contract. In addition to paying the sums or tendering the performance necessary to cure the default, the defaulting purchaser shall pay all costs and expenses actually incurred in enforcing the contract, including, but not limited to, late charges, attorney fees not to exceed \$350 and costs of title search. [1985 c.718 §4]

93.925 -- Failure to cure default; exclusiveness of notice: Notwithstanding a seller's waiver of prior defaults, if notice is given and purchaser does not cure the default within the period specified in ORS 93.915, the contract forfeiture remedy may be exercised and the contract shall not be reinstated by any subsequent offer or tender of performance. The notice required in ORS 93.915 shall be in lieu of any notice that may be required under the terms of the contract itself, except where greater notice or notice to persons other than those described in ORS 93.915 is required by the terms of the contract, in which case notice shall be given for such longer period of time and to such additional persons as required by the contract. [1985 c.718 §5]

93.930 -- Recording affidavit after forfeiture; affidavit as evidence: When a contract for conveyance of real property has been forfeited in accordance with its terms after the seller has given notice to the purchaser as provided in ORS 93.915, the seller shall record an affidavit with the property description, a copy of the notice of default and proof of mailing attached, setting forth that the default of the purchaser under the terms of the contract was not cured within the time period provided in ORS 93.915 and that the contract has been forfeited. When the affidavit is recorded in the deed records of the county where the property described therein is located, the recitals contained in the affidavit shall be prima facie evidence in any court of the truth of the matters set forth therein, but the recitals shall be conclusive in favor of a purchaser for value in good faith relying upon them. Upon the recordation of the affidavit, the contract shall be extinguished and canceled, and the purchaser shall have no further right, title or interest in and to the real property. [1985 c.718 §6]

93.935 -- Effect of purchaser's abandonment or reconveyance on interest, lien or claim: (1) In the event of a default under a contract for conveyance of real property, the interest, lien or claim of a person with respect to the real property, by virtue of an assignment, conveyance, contract, mortgage, trust deed or other lien or claim from or through a purchaser, shall not be affected by the purchaser's abandonment or reconveyance to the seller unless the person is given notice in the manner specified in ORS 93.915. (2) The notice shall specify the nature of the default, the amount of the default if the default is in the payment terms, the date after which the purchaser's interest will be abandoned or reconveyed to the seller. The period specified in the notice after which the purchaser's interest will be abandoned or reconveyed to the seller will be less than: (a) Sixty days, when the purchaser has reduced the unpaid balance to an amount greater than 75 percent of the purchase price; (b) Ninety days, when the purchaser has reduced the unpaid balance to an amount which is more than 50 percent but less than 75 percent of the purchase price; or (c) One hundred twenty days, when the purchaser has reduced the unpaid balance to an amount which is 50 percent or less of the purchase price. (3) If the person having an interest, lien or claim with respect to the real property, by virtue of an assignment, conveyance, contract, mortgage, trust deed or other lien or claim from or through a purchaser whose interest arises under a contract for conveyance of real property, cures the default as provided in ORS 93.920 then such person's interest, lien or claim with respect to the real property shall not be affected by the purchaser's abandonment or reconveyance to the seller. [1985 c.718 §7]

93.940 -- Effect of seller's foreclosure or other action on interest, lien or claim: The interest, lien or claim of a person with respect to the real property, by virtue of an assignment, conveyance, contract, mortgage, trust deed or other lien or claim from or through a purchaser whose interest arises under a contract for conveyance of real property, shall be not affected by the seller's foreclosure or other action on the contract unless such person is made a party to the action brought by the seller to enforce or foreclose the contract. In such action, such person shall be entitled to the same rights and opportunities to cure the purchaser's default or satisfy the purchaser's obligations as are granted the purchaser. [1985 c.718 §8]

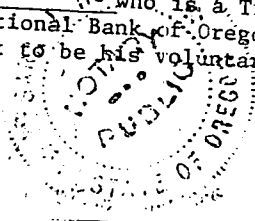
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STATE OF OREGON
County of Multnomah

FEBRUARY 19, 19 86

Personally appeared the above named W. E. RUTHERFORD
who is a Trust Officer of the United
States National Bank of Oregon and acknowledged the foregoing
instrument to be his voluntary act and deed. BEFORE ME:



[Signature]
Notary Public for Oregon
My commission expires: 1/13/87

WHEN RECORDED MAIL TO:

GIACOMINI, JONES & ASSOCIATES
ATTORNEYS AT LAW
635 MAIN STREET
KLAMATH FALLS, OREGON 97601

(Don't use this
space; reserved
for recording
label in coun-
ties where
used.)

Fee: \$13.00

STATE OF OREGON

County of Klamath ss.

I certify that the within instrument
was received for record on the 21st day
of March, 19 86,
at 4:02 o'clock P.M. and recorded
in book M86 on page 4781 or as
filing fee number 59461, Rec-
ord of Deeds of said County.

Witness my hand and seal of County
affixed.

Evelyn Biehn, Clerk

Klamath County Clerk

By [Signature] Deputy

INDEXED
D. L. W. H.

PS Form 3811, July 1983 447-845

SENDER: Complete items 1, 2, 3 and 4.

Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for service(s) requested.

1. ☒ Show to whom, date and address of delivery.
2. ☐ Restricted Delivery.

3. Article Addressed to:
Leone Y. Farwell
15051 Fern Ridge Road S.E.
Stayton, OR 97333

4. Type of Service:
☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail

Article Number
P 714 139 098

Always obtain signature of addressee or agent and
DATE DELIVERED.

5. Signature - Addressee
X

6. Signature - Agent
X *KB Farwell*

7. Date of Delivery
2-25-86

8. Addressee's Address (ONLY if requested and fee paid)

PS Form 3811, July 1983 447-845

SENDER: Complete items 1, 2, 3 and 4.

Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for service(s) requested.

1. ☒ Show to whom, date and address of delivery.
2. ☐ Restricted Delivery.

3. Article Addressed to:
Pacific West Mortgage Co.
c/o Clayton Livengood
P.O. Box 13909
Salem, OR 97301

4. Type of Service:
☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail

Article Number
P 714 139 112

Always obtain signature of addressee or agent and
DATE DELIVERED.

5. Signature - Addressee
X

6. Signature - Agent
X *A. M. B.*

7. Date of Delivery
FEB 20 1986

8. Addressee's Address (ONLY if requested and fee paid)

PS Form 3800, Feb. 1982

*** U.S.G.P.O. 1983-403-517**

RECEIPT FOR CERTIFIED MAIL
NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL

(See Reverse)

Sent to
Clayton Livengood
Street and No.
P.O. Box 13909
P.O. State and ZIP Code
Salem, OR 97301

Postage \$

Certified Fee \$

Special Delivery Fee

Restricted Delivery Fee

Return Receipt Showing to whom and Date Delivered

Return receipt showing to whom, Date, and Address of Delivery

TOTAL Postage and Fees \$1.87

Postmark or Date

PS Form 3811, July 1983 447-845

SENDER: Complete items 1, 2, 3 and 4.

Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for service(s) requested.

1. ☒ Show to whom, date and address of delivery.
2. ☐ Restricted Delivery.

3. Article Addressed to:
Kenneth B. Farwell
15051 Fern Ridge Road S.E.
Stayton, OR 97383

4. Type of Service:
☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail

Article Number
P 714 139 099

Always obtain signature of addressee or agent and
DATE DELIVERED.

5. Signature - Addressee
X

6. Signature - Agent
X *KB Farwell*

7. Date of Delivery
2-25-86

8. Addressee's Address (ONLY if requested and fee paid)

PS Form 3800, Feb. 1982

*** U.S.G.P.O. 1983-403-517**

RECEIPT FOR CERTIFIED MAIL
NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL

(See Reverse)

Sent to
Kenneth B. Farwell
Street and No.
15051 Fern Ridge Road S.E.
P.O. State and ZIP Code
Stayton, OR 97383

Postage \$

Certified Fee \$

Special Delivery Fee

Restricted Delivery Fee

Return Receipt Showing to whom and Date Delivered

Return receipt showing to whom, Date, and Address of Delivery

TOTAL Postage and Fees \$1.87

Postmark or Date

STATE OF OREGON, ss.
County of Klamath

Filed for record at request of:

on this 20th day of June A.D., 19 86
at 4:18 o'clock P M. and duly recorded
in Vol. M86 of Deeds Page 10850
Evelyn Biehn, County Clerk
By *[Signature]*
Deputy.

Fee, \$21.00

PS Form 3800, Feb. 1982

*** U.S.G.P.O. 1983-403-517**

RECEIPT FOR CERTIFIED MAIL
NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL

(See Reverse)

Sent to
Kenneth B. Farwell
Street and No.
15051 Fern Ridge Road S.E.
P.O. State and ZIP Code
Stayton, OR 97383

Postage \$

Certified Fee \$

Special Delivery Fee

Restricted Delivery Fee

Return Receipt Showing to whom and Date Delivered

Return receipt showing to whom, Date, and Address of Delivery

TOTAL Postage and Fees \$1.87

Postmark or Date