

Reference is made to that certain trust deed made by \_\_\_\_\_  
 JERRY D. EARLES AND JEAN E. EARLES, husband and wife \_\_\_\_\_, as grantor, to  
 MOUNTAIN TITLE COMPANY \_\_\_\_\_, as trustee,  
 in favor of UNITED STATES NATIONAL BANK OF OREGON \_\_\_\_\_, as beneficiary,  
 dated March 4th \_\_\_\_\_, 19 77, recorded March 4th \_\_\_\_\_, 1977,  
 in the official records of Klamath \_\_\_\_\_ County, Oregon, in  
 book/reel/volume No. Book M 77 \_\_\_\_\_ at page 3793 \_\_\_\_\_,  
 fee/file/instrument/microfilm/reception No. \_\_\_\_\_  
 (Indicate which), covering the following described real property situated in  
 said County and State, to-wit:

LOT 4, Block 46 of the FIRST ADDITION to the City of Klamath Falls,  
 Oregon, according to the official plat thereof on file in the office of  
 the COUNTY CLERK of Klamath County, 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 situated;  
 further, that no action, suit or proceeding has been instituted to recover  
 the debt, or any part thereof, now remaining secured by the said trust deed,  
 or, if such action or proceeding has been instituted, such action or  
 proceeding has been dismissed, except an action to appoint a receiver  
 pursuant to ORS 86.010, or the foreclosure of another trust deed, mortgage,  
 security agreement or other consensual or nonconsensual security interest or  
 lien securing repayment of this debt.

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, 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: Make monthly payments of \$226.79 each, commencing  
 with the payment due on January 1, 1986 and continuing each month until this Trust  
 Deed is reinstated or goes to Trustee's Sale; late charges of \$5.00 on each install-  
 ment not paid within 15 days following the due date; all previously uncollected late  
 charges; Trustee's fees and other costs and expenses associated with this foreclosure,  
 and any further breach of any term or condition contained in subject Note and Deed of  
 Trust;

By reason of said default, the beneficiary has declared all obligations  
 secured by said trust deed immediately due and payable, said sums being the  
 following, to-wit:

Pay the sum of \$16,614.53, together with interest thereon at the rate of 8% per  
 annum, from December 1, 1985 until paid; plus all accrued late charges thereon; and  
 all Trustee's fees, foreclosure costs and any sums advanced by the beneficiary pursuant  
 to said Deed of Trust;

Notice is hereby 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 Oregon Revised Statutes Sections 86.705  
 to 86.795, and to cause to be sold at public auction to the highest bidder  
 for cash funds the interest in the said described property which the grantor  
 had, or had the power to convey, at the time of the execution by him of the  
 trust deed, together with any interest the grantor or his successors in  
 interest acquired after 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 10:00 o'clock, A.M.,  
 Standard of Time as established by Section 187.110 of Oregon Revised Statutes  
 on November 10th \_\_\_\_\_, 1986, at the following place:  
 the Front steps 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.

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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	NATURE OF RIGHT, LIEN OR INTEREST
NONE	

Notice is further given that any person named in Section 86.753 of Oregon Revised Statutes has the right to have the foreclosure proceeding dismissed and the trust deed reinstated by payment to the beneficiary of the entire amount then due (other than such portion of said principal as would not then be due had no default occurred), together with costs, trustee's and attorney's fees and by curing any other default complained of in the Notice of Default by tendering the performance required under the obligation or trust deed, at any time prior to five days before the date last set for sale.

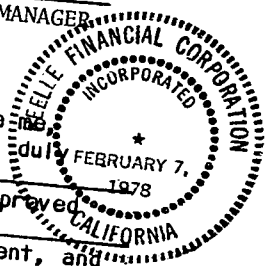
In construing this notice, the masculine gender includes the feminine and the neuter, the singular includes plural, the word "grantor" includes any successor in interest to the grantor as well as any other persons owing an obligation, the performance of which is secured by said trust deed, the words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

DATED: June 20th, 19 86

PEELLE FINANCIAL CORPORATION, TRUSTEE  
BY: Diane Black  
DIANE BLACK, OPERATIONS MANAGER

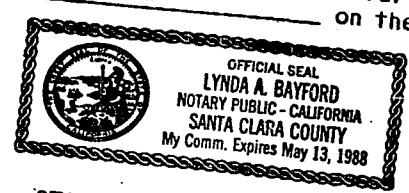
STATE OF CALIFORNIA  
COUNTY OF Santa Clara ss.

On this 20th day of June, 19 86, before me, the undersigned, a Notary Public, in and for said County and State, duly commissioned and sworn, personally appeared Diane Black, personally known to me (or proved to me on the basis of satisfactory evidence) to be the Oper. Manager of the corporation that executed the within instrument, and also known to me to be the person who executed the within instrument on behalf of the corporation therein named, and acknowledged to me that such corporation executed the same.



IN WITNESS WHEREOF I have hereunto set my hand and affixed my official seal in the Santa Clara County of California on the date set forth above in this certificate.

Lynda A Bayford  
Notary Public, State of California  
My commission expires May 13, 1988



NOTICE OF DEFAULT AND  
ELECTION TO SELL

Re: Trust Deed From

EARLES, JERRY & JEAN, Grantor

To  
MOUNTAIN TITLE COMPANY, Trustee

After recording return to:  
PEELLE FINANCIAL CORPORATION  
197 East Hamilton Avenue, #202  
Campbell, California 95008

STATE OF OREGON,  
COUNTY OF Klamath ss.  
I certify that the within instrument was received for record on the 25th day of June, 19 86 at 2:15 o'clock P.M., and recorded in book/reel/volume M86, Page No. 11116, Record of Mortgages of said County.  
Witness my hand and seal of County affixed.

Name Evelyn Riehn  
Title Klamath County Clerk  
By Pam Smith Deputy

Fee: \$9.00