

NOTICE OF DEFAULT
AND ELECTION TO SELL

Pursuant to ORS 86.705-795, the undersigned Trustee and the Beneficiary have elected to foreclose the following described Trust Deed in the manner provided by said statute.

1. The names of the Grantor, Trustee and Beneficiary named in the subject Trust Deed are:

- a. Grantor: Edward G. Montague
- b. Trustee: Klamath County Title Company
- c. Beneficiary: Hanover Mortgage Trust, Inc.

2. The legal description of the property covered by the subject Trust Deed is:

Lot 37 in Block 78, 8th Addition to Nimrod River Park, according to the official plat thereof on file in the office of the County Clerk, Klamath County, Oregon, together with that land lying between the Southerly line of said lot and North Bank of the Sprague River more particularly described as follows:

Beginning at the Southwest corner of Lot 36; thence S 00° 38' 00" W to a point on the North Bank of said River; thence Westerly along said Bank to a point which is the intersection of the Southerly prolongation of the Westerly sideline of said Lot 37, thence N 00° 38' 00" E along said line to the Southwest corner of said Lot 37; thence N 76° 34' 04" E 205.49 feet to the point of beginning. Acct No. 3611-8A-5800

3. The Book, page number and the date the subject Trust Deed was recorded in the Mortgage Records of Klamath County, Oregon are:
Book: M-88; Page: 12202; Dated: July 29, 1988.

4. The default for which the foreclosure is made is the Grantor's failure to pay monthly installments of \$46.67 for months of August, 1988 to and including January, 1989.

5. The sum owing on the obligation secured by the subject Trust Deed is the principal amount of \$4,000.00 plus interest thereon at the rate of 14.0% per annum from July 28, 1988, until paid.

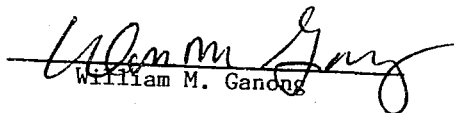
6. The Beneficiary and the Trustee have elected to foreclose the above referenced Trust Deed pursuant to the provisions of Oregon Revised Statutes 86.705 to 86.795.

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7. The Trustee will conduct a sale of the above described property at 10:00 a.m. on the 9th day of June, 1989, at the front steps of the Klamath County Courthouse, 300 block of Main Street, Klamath Falls, Oregon.

8. Pursuant to ORS 86.753; the Grantor, the Grantor's successor in interest to all or any part of the above described property, any beneficiary under a subordinate Trust Deed, or any person having a subordinate lien or encumbrance of record on the property; may cure the default or defaults at any time prior to five days before the above said date of sale by paying the entire amount due at the time of cure under the terms of the obligation, other than such portion as would not then be due had no default occurred. In addition, the person affecting the cure shall pay all costs and expenses actually incurred in enforcing the obligation and Trust Deed, together with the Trustee's and Attorney's fees specified in the said statute.

In construing this instrument, the masculine gender includes the feminine and the neuter, the singular includes the 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.

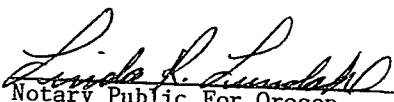

William M. Ganong

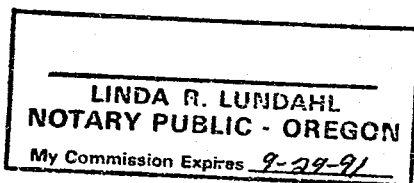
STATE OF OREGON)
) SS
County of Klamath)

Personally appeared this 1st day of February, 1989, the above named William M. Ganong, Successor Trustee, and acknowledge the foregoing instrument to be his voluntary act and deed.

(SEAL)

After Recording Return to:
William M. Ganong
1151 Pine Street
Klamath Falls, OR 97601


Notary Public For Oregon
My commission expires: 9-29-91



NOTICE OF DEFAULT AND ELECTION TO SELL Page 2

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Wm. M. Ganong
of Feb. A.D., 1989 at 4:20 o'clock P.M., and duly recorded in Vol. M89 day
of Mortgages on Page 2049

FEE \$13.00

Evelyn Biehn County Clerk
By Maureen Mullen