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NOTICE OF DEFAULT AND ELECTION TO SELL

Vol 197 Page 2308

Reference is made to that certain trust deed made by K.F. TRADE CENTER L.L.C.

....., as grantor, to
 MOUNTAIN TITLE COMPANY OF KLAMATH COUNTY
, as trustee,
 in favor of ASPEN FALLS L.L.C.
 dated Feb. 10, 1995, recorded Feb. 13, 1995, in the mortgage records of
Klamath County, Oregon, in book/reel/volume No. M95 at page 3117, or as
 fee/file/instrument/microfilm/reception No. (indicate which), covering the following described real
 property situated in the above-mentioned county and state, to-wit:

See Exhibit A

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 has been instituted to recover the debt, 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).

There is a default by the grantor or other person owing an obligation, the performance of which is secured by the trust deed, or by the successor in interest, 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 pay when due the following sums:

\$2,126,594.00

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

\$2,126,594.00 plus 2-1/2% interest per month from January 6, 1997 until paid

— OVER —

NOTICE OF DEFAULT
AND ELECTION TO SELL

Re: Trust Deed from
K.F. TRADE CENTER L.L.C.
 Grantor
 TO
MOUNTAIN TITLE COMPANY OF
KLAMATH COUNTY
 Trustee
 After recording return to (Name, Address, Zip):
JOSSelson, POTTER & ROBERTS
53 S.W. Yamhill St.
Portland, OR 97204

SPACE RESERVED
FOR
RECORDER'S USE

STATE OF OREGON,
County of..... } ss.

I certify that the within instrument was received for record on the..... day of, 19....., at o'clock M., and recorded in book/reel/volume No. on page or as fee/file/instrument/microfilm/reception No., Record of Mortgages of said County.

Witness my hand and seal of County affixed.

NAME TITLE
By, Deputy

40

Notice hereby is given that the beneficiary and trustee, by reason of the default, have elected and do hereby elect to foreclose the trust deed by advertisement and sale pursuant to ORS 86.765 to 86.795, and to cause to be sold at public auction to the highest bidder for cash the interest in the described property which the grantor had, or had the power to convey, at the time of the execution by grantor of the trust deed, together with any interest the grantor or grantor's successor in interest acquired after the execution of the trust deed, to satisfy the obligations secured by the 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.

The sale will be held at the hour of 11:30 o'clock, A. M., in accord with the standard of time established by ORS 187.110 on June 2, 1997, at the following place: front steps of Klamath County Courthouse, 317 So. 7th St. in the City of Klamath Falls, County of Klamath, State of Oregon, which is the hour, date and place last set for the sale.

Other than as shown of record, neither the beneficiary nor the 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

See Exhibit B

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 the beneficiary of the entire amount then due (other than such portion of the 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 the 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's and attorney's fees not exceeding the amounts provided by ORS 86.753.

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 the trust deed, and the words "trustee" and "beneficiary" include their respective successors in interest, if any.

DATED January 16, 1997

Trustee

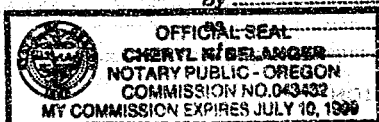
Beneficiary

(state which)

STATE OF OREGON, County of Multnomah ss.

This instrument was acknowledged before me on Jan. 16, 1997,
by Irving W. Potter

This instrument was acknowledged before me on _____, 19____,
by _____



Cheryl K. Belanger
Notary Public for Oregon

My commission expires 7-10-99

LEGAL DESCRIPTION**PARCEL 1:**

All that portion of Tracts 32, 33A and 36, ENTERPRISE TRACTS, situated in the NW1/4 of Section 3, Township 39 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows:

Beginning at an iron pipe on the South line of said Tract 32, said point being North 89 degrees 30' 45" West, a distance of 281.8 feet from the Southeast corner of said Tract 32 (this same reference is described as being West a distance of 281.7 feet by previous records), said beginning point also being on the Northwestern line of Austin Street as deeded to Klamath County by Deed Volume 229, page 300, Deed Records of Klamath County, Oregon; thence North 34 degrees 07' 30" East at right angles to South Sixth Street and along the Northwestern line of Austin Street a distance of 183.08 feet to an iron pin on a point on a line that is parallel to and 180 feet distant at right angles from the East line of said Tract 32; thence North 0 degrees 20' 45" East along said parallel line and along the Westerly line of Austin Street a distance of 722.70 feet to an iron pin that is South 0 degrees 20' 45" West a distance of 400.02 feet from the iron pin marking the Southerly line of Shasta Way; thence North 89 degrees 39' 15" West a distance of 629.67 feet to an iron pin on the Southeasterly line of Avalon Street; thence South 30 degrees 37' 00" West along the Southeasterly line of Avalon Street a distance of 667.53 feet to an iron pin on the most Northerly corner of a tract described as Parcel 3 in Deed Volume 256, page 96, Deed Records of Klamath County, Oregon; thence South 59 degrees 23' 00" East along the Northeasterly line of said tract a distance of 149.94 feet to an iron pin; thence South 30 degrees 37' 00" West along the Southeasterly line of said tract a distance of 59.20 feet to an iron pin on the Northeasterly line of Pershing Way; thence South 55 degrees 52' 30" East along the Northeasterly line of Pershing Way a distance of 485.15 feet to an iron pipe on the Southerly projection of the line between Tracts 32 and 36, Enterprise Tracts; thence North 0 degrees 14' 30" West along said projected line a distance of 98.97 feet to an iron pipe on the Southwest corner of said Tract 32; thence South 89 degrees 30' 45" East along the Southerly line of said Tract 32 a distance of 362.50 feet to the point of beginning.

PARCEL 2:

A parcel of land situated in the NW1/4 of Section 3, Township 39 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows:

Beginning at the Northwest corner of said Section 3, said point being marked by a cased iron pin; thence South 0 degrees 00' 30" East along the Westerly line of said Section 3 a distance of 826.80 feet to its intersection with a line parallel with and 75.0 feet distant at right angles Northeasterly from the centerline of the Klamath Falls-Lakeview Highway, also known as South Sixth Street, as the same is now located and constructed; thence South 55 degrees 52' 30" East, along said parallel line a distance of 1682.84 feet to an iron pin on the Northwestern line of Austin Street; thence North 34 degrees 07' 30" East along said line a distance of 235.00 feet to an iron pin on the Northeasterly line of Pershing Way, said point being the True Point of Beginning of this description; thence North 34 degrees 07' 30" East along the Northwestern line of Austin Street a distance of 282.50 feet to an iron pipe on the Southerly line of Tract 32, Enterprise Tracts, said point being North 89 degrees 30' 45" West a distance of 281.8 feet from the Southeast corner of said Tract 32 (this same reference is described as being West a distance of 281.7 feet by previous records), said point being on the Northwestern line of that tract deeded to Klamath County by Deed Volume 229, page 300, Deed Records of Klamath County, Oregon; thence North 89 degrees 30' 45" West along the Southerly line of said Tract 32, a distance of 362.50 feet to an iron pipe on the Southwest corner of said Tract 32; thence South 0 degrees 14' 30" East along the Southerly projection of the line between Tracts 32 and 36, Enterprise Tracts, a distance of 98.97 feet to an iron pipe on the Northeasterly line of Pershing Way; thence South 55 degrees 52' 30" East along said line a distance of 245.93 feet to the True Point of Beginning of this description.

EXHIBIT A - Page 2 of 2

PARCEL 3:

Beginning at the iron pipe marking the Southeast corner of Enterprise Tract 32 in Section 3, Township 39 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, and running thence West along the South line of Tract 32 a distance of 209.57 feet, more or less, to an iron pipe marking the Easterly line of Austin Street; thence North 34 degrees 07 1/2' East along the Easterly line of Austin Street Northeasterly at right angles to the center line of South Sixth Street a distance of 161.08 feet, more or less, to an iron rod which lies on a line which is parallel to and 120 feet Westerly at right angles from the East line of Tract 32; thence North along said parallel line and the East line of Austin Street 391.3 feet, to the true point of beginning, said point of beginning being 823.0 feet South of the North line of Section 3; thence North along said parallel line and the East line of Austin Street 500.0 feet, more or less, to a point which marks the Southwest corner of a parcel of land conveyed by Swan Lake Moulding Company to William L. Wales, Jr.; thence leaving the Easterly boundary of Austin Street Easterly parallel to and 323 feet distant at right angles from the North line of Section 3, a distance of 120 feet to an iron rod marking the Southeast corner of said Wales parcel, on the East line of Tract 32; thence South along the East line of Tract 32, 500.0 feet to a point, said point being 823.0 feet South of the North line of Section 3; thence West on a line parallel to the North line of Section 3, a distance of 120 feet to the point of beginning.

PARCEL 4:

The Westerly 178.1 feet of Lot 3 in Block 1, HOMEACRES, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.

Notice of Default and Election to Sell

EXHIBIT B

Name and Last Known Address	Nature of Right, Lien or Interest
Chris Means, Registered Agent Tandy Corporation dba Radio Shack 2056 N Lombard Street Portland, OR 97217	Lessee
Elva McPherson Plaza Barbers 1827 Avalon Street Klamath Falls, OR 97603	Person in possession or lessee
CT Corporation Systems, Registered Agent Maurices, Inc. 520 SW Yamhill Street, Suite 800 Portland, OR 97204	Lessee
Klamath Mall Management 1805 Avalon Street Klamath Falls, OR 97603	Person in possession or lessee
Parent Resource Center 1803 Avalon Street Klamath Falls, OR 97603	Person in possession or lessee
Parent Resource Center PO Box 992 Newberg, OR 97132	
Child Care Resource & Referral 1801 Avalon Street Klamath Falls, OR 97603	Person in possession or lessee
Craft World 1785 Avalon Street Klamath Falls, OR 97603	Lessee

Craft World
Kaneka Farwest, Inc.
2290 Nugget Way
Eugene, OR 97403

Daniel & Chris Lopez
TMC Jewelers
1791 Avalon Street
Klamath Falls, OR 97603

Person in possession or lessee

Dollar Tyme
1831 Avalon Street
Klamath Falls, OR 97603

Person in possession or lessee

Dwayne Brunn
Dollar Tyme
705 Main Street
Klamath Falls, OR 97601

Stacy M. Osborn
Country Mercantile & Gifts
1789 Avalon Street
Klamath Falls, OR 97603

Person in possession or lessee

Stacy M. Osborn
7517 Booth Road
Klamath Falls, OR 97603

Double R Const.
1839 Avalon Street
Klamath Falls, OR 97603

Person in possession or lessee

Richard R. Kerns
Double R Const.
380 Leith Road
Gold Beach, OR 97444

Kedrick D. Davis
Electric Knights
1847 Avalon Street
Klamath Falls, OR 97603

Person in possession or lessee

CT Corporation System, Registered Agent
Gottschalks, Inc.
520 SW Yamhill Street, Suite 800
Portland, OR 97204

Lessee

Page 3 - Exhibit B

STATE OF OREGON : COUNTY OF KLAMATH: ss.

Filed for record at request of Josselson, Potter & Roberts the 27th day
of January A.D., 19 97 at 10:52 o'clock A. M., and duly recorded in Vol. 1497
of Mortgages on Page 2308

FEE \$40.00

Bernetha G. Letsch, County Clerk

by *Kathleen Ross*