

## NOTICE OF DEFAULT AND ELECTION TO SELL

Reference is made to that certain trust deed made by PUGET RIDGE ENTERPRISES, L.L.C., as Grantor, to KLAMATH COUNTY TITLE COMPANY, as Trustee, in favor of ALICE G. KILHAM as Beneficiary, dated November 5, 1996, recorded November 6, 1996, in the Mortgage Records of Klamath County, Oregon in Vol. M96 page 35055, covering the following described real property situated in said county and state, to-wit:

Lot 9 and the Westerly 45 feet of Lot 10, Block 49 of Nichols Addition to the City of Klamath Falls, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon EXCEPTING therefrom the South 7 feet thereof for alley conveyed to the City of Klamath Falls, in Deed Book 63 page 67, Deed records of Klamath County, Oregon.

Both the beneficiary and the trustee have elected to sell the said real property to satisfy the obligations secured by said trust deed and a notice of default has been recorded pursuant to Oregon Revised Statutes 86.735(3); the default of which the foreclosure is made is grantor's failure to pay when due the following sums and proported transfer of interest constituting defaults:

Payments in the amount of \$1,521.40 due on January 1, 1998, and each and every month thereafter, plus real estate taxes in the amount of \$2,734.65 plus interest for the year 1997-98, Account No. 3809-32AA-6800, plus real estate taxes in the amount of \$1,112.21, plus interest for the year 1997-98, Account No. 3809-32AA-6900.

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

\$146,108.41 plus interest in the amount of \$36.03 per day from January 12, 1998, plus real estate taxes in the amount of \$2,734.65 plus interest for the year 1997-98, Account No. 3809-32AA-6800, plus real estate taxes in the amount of \$1,112.21, plus interest for the year 1997-98, Account No. 3809-32AA-6900.

WHEREFORE, notice hereby is given that the undersigned trustee will on July 29, 1998, at the hour of 10:00 o'clock, a.m., in accord with the standard of time established by ORS 187.110, at front steps, Klamath Falls Post Office, 317 South Seventh, in the City of Klamath Falls, County of Klamath, State of Oregon, sell at public auction to the highest bidder for cash the interest in the said described real property which the grantor had or had power to convey at the time of the execution by him of the said trust deed, together with any interest which the grantor or his successors in interest acquired after the execution of said trust deed, to satisfy the foregoing obligations thereby secured and the costs and expenses of sale, including a reasonable charge by the trustee. 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 to 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 said sums of 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 said ORS 86.753.

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Richard Fairclo  
Attorney at Law  
280 Main Street  
Klamath Falls OR 97601

In construing this notice, 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 person owing an obligation, the performance which is secured by said trust deed, and the words "trustee" and "beneficiary" include their respective successors in interest, if any.

DATED: March 12, 1998

  
Successor Trustee

## AFFIDAVIT OF MAILING TRUSTEE'S NOTICE OF SALE

STATE OF OREGON }  
 County of Klamath } ss.

that: I, RICHARD FAIRCLO, being duly sworn, depose and say and certify

At all times hereinafter mentioned I was and am now a resident of the State of Oregon, a competent person over the age of eighteen years and not the beneficiary or his successor of interest named in the attached original notice of sale given under the terms of that certain trust deed described in said notice.

I gave notice of the sale of the real property described in the attached notice of sale by mailing a copy thereof by both first class and certified mail with return receipt requested to each of the following named persons at their respective last known addresses, to-wit:

Puget Ridge Enterprises, LLC  
 611 Hillside Avenue  
 Klamath Falls OR 97601

Leo B. Morstad and Claris E. Morstad  
 2480 Lindley Way  
 Klamath Falls OR 97601

Said persons include (a) the grantor in the trust deed, (b) any successor in interest to the grantor whose interest appears of record or of whose interest the trustee or the beneficiary has actual notice (c) any person, including the Department of Revenue or any other state agency, having a lien or interest, subsequent to the trust deed if the lien or interest appears of record of the beneficiary has actual notice of the lien or interest, and (d) any person request notice, as required by ORS 86.785.

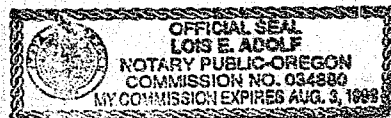
Each of the notices so mailed was certified to be true copy of the original notice of sale by RICHARD FAIRCLO, attorney for the trustee named in said notice; each such copy was contained in a sealed envelope, with postage thereon fully prepaid, and was deposited by me in the United States Post Office at Klamath Falls, Oregon, on March 12, 1998, as mailed with a proper form to request and obtain a return receipt and postage thereon i the amount sufficient to accomplish the same. Each of said notices was mailed after the notice of default and election to sell described in said notice of sale was recorded.

As used herein, the singular includes the plural, trustee includes successor trustee, and person includes corporation and any other legal or commercial entity.

SUBSCRIBED AND SWORN to before me this 12 day of March, 1998.

Lois E. AdOLF  
 Notary Public of Oregon  
 My Commission expires:

*Richard Fairclo*  
 Richard Fairclo  
 Attorney at Law  
 280 Main Street  
 Klamath Falls, OR 97601



STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Richard Fairclo, Attorney the 12th day  
 of March A.D., 19 98 at 3:51 o'clock P. M., and duly recorded in Vol. M98  
 of Mortgages on Page 8161

FEE \$20.00

By Bernetha G. Leisch, County Clerk  
Kathleen Reed