

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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Page -1-

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
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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

NOTICE OF DEFAULT
AND ELECTION TO SELL
Page -2-


Richard Fairclo
Attorney at Law
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STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Richard Fairclo the 19th day
of March A.D., 19 98 at 1:54 o'clock P. M., and duly recorded in Vol. M98
of Mortgages on Page 8794

FEE \$20.00

By Bernetha G. Letsch, County Clerk
