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PROOF OF MAILING NOTICE OF DEFAULT AND FORFEITURE OF CONTRACT SUPPLEMENTAL

STATE OF OREGON)35. County of Klamath

I, James R. Uerlings, being first duly sworn, depose and say: That I am the attorney for William T. Merrill and Pauline L. Merrill, Sellers under a contract between, William T. Merrill and Pauline L. Merrill, Sellers, and Jesse M. Bailey and Hilda Bailey, aka Hilde Bailey, Purchasers. The contract was recorded on July 31, 1980 in Volume M80, page 14198, Deed Records, Klamath County, Oregon, covering the following described real property

A tract of land situated in Lot 3 of ALTAMONT SMALL FARMS, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon, said tract being more

Beginning at a point on the south line of said Lot 3, being S 88°46'35" E 264.00 feet from the southwest corner of said Lot 3; thence N 00°11'00" E 330.06 feet to the north line of said Lot 3; thence S 88°46'35" E 269.20 feet to the northeast corner of said Lot 3; thence S 00°11'00" W 330.06 feet to the southeast corner of said Lot 3; thence N 88°46'35" W 369.20 feet to the southeast corner of said Lot 3; thence N 88°46'35" W 369.20 feet to the point of beginning.

TOGETHER WITH a 30-foot easement for ingress and egress described as follows: beginning at the southwest corner of said Lot 3; thence N 00°11'00" E 30.00 feet; thence S 88°46'35" E parallel to the southerly line of said Lot 3, 264.00 feet; thence S 00° 11'00" W 30.00 feet to the said southerly line; thence N 88°46'35" W 264.00 feet to the point of beginning, with bearings based on recorded survey no. 2214, as

Together with all improvements on said real property presently existing or which may be hereafter added to said real property.

I hereby certify that I mailed by first class mail and by certified mail, return receipt requested a copy of the attached NOTICE OF DEFAULT AND FORFEITURE to the persons listed below, on February 24, 1999 and to the address indicated which was the last known address to the Seller, by placing said NOTICE in a sealed envelope with postage fully paid thereon, and depositing the same in the United States Mail.

Klamath Leasing Company, Inc. c/o Sway-Tamer, Inc. 5215 Washburn Way Klamata Falls, OR 97603

DATED this 2 day of Morch

SUBSCRIBED AND SWORN to before me this 200 day of 1 Newl

MY COMMISSION EXPIRES OCT. 21, 200

NOTARY PUBLIC FOR OREGON

My Commission Expires: 10/21/31

NOTICE TO DEFAULT AND FORFEITURE

Seller under the contract described below declares Purchaser is in default for the reasons set forth herein under ORS 93.905 through 93.945.

DESCRIPTION OF CONTRACT:

A. PURCHASERS: Jesse M. Bailey and Hilda Bailey, aka Hilde Bailey

Purchaser's interest assigned to Klamath Leasing Company, Inc., an Oregon corporation on July 13, 1982 recorded on August 3, 1982 in Volume M82 at page 9903, Deed records of Klamath County, Oregon.

- B. SELLER: William T. Merrill and Pauline L. Merrill, as Tenants by the Entirety
- C. CONTRACT RECORDED: July 31, 1980, Volume M80, page 14198, Deed of records of Klamath County, dated September 19, 1979
- D. AMOUNT AND TERMS OF CONTRACT: \$1,000 down, balance of \$15,325 at \$150 per month starting October 20, 1979 until paid including 8.5% interest per annum.
- E. PROPERTY COVERED BY CONTRACT: See attached Exhibit 1, incorporated by this reference.

2. NATURE AND AMOUNT OF DEFAULT:

Failure to pay:

- A. The regular monthly payments due at \$150 since August 20, 1997
- B. Real property taxes in the sum of \$656.68 plus interest to date
- SUM OWING ON OBLIGATION: Principal balance on \$4,938.47 plus interest at 8.5% per annum from November 20, 1997, plus taxes, attorney fees and foreclosure costs.
- DATE AFTER WHICH CONTRACT FORFEITED IF DEFAULT NOT CURED: July 1, 1999 at 3:00 p.m., PST

Unless the default is cured as set forth in paragraph 5 of this Notice, the Purchaser and all persons claiming through the Purchaser, including their assignee, shall have no further rights in the contract or the property and no person shall have any right to redeem the property. All sums previously paid under the contract by or on behalf of the Purchaser shall belong to and be retained by the Seller or other person to whom paid under the terms of the contract.

5. CURE OF DEFAULT TO AVOID FORFEITURE:

Notice is given that forfeiture may be avoided under the contract by curing the default(s) by payment of the entire amount due, other than such portion of principal as would not then be due had no default occurred, and tendering performance of other obligations in default, together with attorney fees, costs and expenses actually incurred in enforcing the contract on or before July 1, 1999 at 3:00 p.m., PST.

- A. AMOUNT TO CURE: \$2,700.00 to February 26, 1999, plus attorney fees of \$350.00, \$200.00 title report fees and \$75.00 recording fees
- 6. NAME AND ADDRESS OF SELLER'S ATTORNEY: (Remit payment to this address)

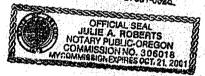
James R. Uerlings Boivin, Jones, Uerlings, Dilaconi & Oden, P.C. 110 N. 6th Street Klamath Falls, OR 97601

A copy of this Notice, together with an Affidavit of Mailing shall be recorded.

JAMES R. UERLINGS, OSB# 76030 Attorney for Seller

On this day of _______, 1999 personally appeared before me the above named James R. Uerlings and acknowledge the above to be his voluntary act and deed.

HOWH, LONES, UERLINGS, DIJACONI & DDEN ATTORNEYS AT LAW HON, SIXTH-STREET KLAMATH FALLS, OREGON 97807-6928



NOTARY PUBLIC FOR OREGON
My Commission Expires: 12/2/-

AFFER RECORDING RETURN TO: James R. Uerlings 110 N 6th Street Klamath Falls, OR 97601

Exhibit 1

A tract of land situated in Lot 3 of ALTAMONT SMALL FARMS, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon, said tract being more particularly described as follows:

Beginning at a point on the south line of said Lot 3, being S 88°46'35" E 264.00 feet from the southwest corner of said Lot 3; thence N 00°11'00" E 330.06 feet to the north line of said Lot 3; thence S 88°46'35" E 269.20 feet to the northeast corner of said Lot 3; thence S 00°11'00" W 330.06 feet to the southeast corner of said Lot 3; thence N 88°46'35" W 369.20 feet to the southeast corner of said Lot 3; thence N 88°46'35" W 369.20 feet to the point of beginning.

TOGETHER WITH a 30-foot easement for ingress and egress described as follows: beginning at the southwest corner of said Lot 3; thence N 00°11'00" E 30.00 feet; thence S 88°46'35" E parallel to the southerly line of said Lot 3, 264.00 feet; thence S 00°11'00" W 30.00 feet to the said southerly line; thence N 88°46'35" W 264.00 feet to the point of beginning, with bearings based on recorded survey no. 2214, as recorded in office of the Klamath County Surveyor.

STATE C	FOREGON: COU	TTY OF KLAMATH: ss.				
Filed for record at request of		James R. Verlings		the	3rd	day
of	March	A.D., 1999 at 11:24		recorded in Vol.	м99	······································
		of Deeds	on Page75	42		
FEE	\$25.00		Linda Smith, County Clerk by Kathlun Rosa			