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JOSEPH "R" MOUNTAIN  
INVESTIGATIONSIN THE CIRCUIT COURT OF THE STATE OF OREGON  
IN AND FOR THE COUNTY OF KLAMATHWILLIAM T. MERRILL and PAULINE L.  
MERRILL, as tenants by the Entirety,  
Plaintiff,

VS

KLAMATH LEASING COMPANY INC., and  
Oregon corporation.  
Defendant.

## DECLARATION OF SERVICE

I, JOSEPH "R" MOUNTAIN do hereby certify and declare that on February 26, 1999 at the approximate time of 12:30 P.M. I served a NOTICE OF DEFAULT AND FORFEITURE and EXHIBIT 1, in the above action to TRACY JONES, (Current tenant on the property in question) by handing the copies to HER, personally and in person, while at 5215 Washburn Way, Klamath Falls, Klamath County, Oregon.

I further certify that I am a competent person over the age of 18 years, a resident of the State of Oregon, not a party to, nor an Officer, Director for, employee of, nor Attorney for any party, corporate, or otherwise; that the person, firm, or corporation served by me is the identical person, firm, or corporation named in the action

Dated this the 28th day of February, 1999

JOSEPH "R" MOUNTAIN

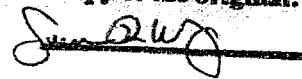
POST OFFICE BOX 800 MERRILL, OREGON 97633

Tel: (541)798-8499, TEL/Fax: (541)798-0414, Pager (541)385-9015

OREGON INVESTIGATORS LICENSE #1998261

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Certified to be a true  
copy of the original.

## 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.

## 1. 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

3. 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.

4. 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 20, 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, DiIaconi & Oden, P.C.  
 110 N. 6<sup>th</sup> Street  
 Klamath Falls, OR 97601

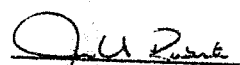
A copy of this Notice, together with an Affidavit of Mailing shall be recorded.

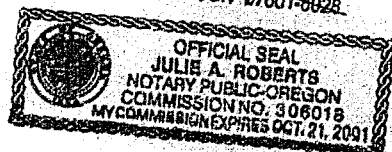
  
 JAMES R. UERLINGS, OSB# 76030  
 Attorney for Seller

STATE OF OREGON     )  
                                   )ss.  
 County of Klamath     )

On this 25<sup>th</sup> day of February, 1999 personally appeared before me the above named James R. Uerlings and acknowledge the above to be his voluntary act and deed.

**BOIVIN, JONES, UERLINGS, DIACONI & ODEN**  
**ATTORNEYS AT LAW**  
**110 N. SIXTH STREET**  
**KLAMATH FALLS, OREGON 97601-8028**

  
 NOTARY PUBLIC FOR OREGON  
 My Commission Expires: 12/21/01



AFTER RECORDING RETURN TO:  
 James R. Uerlings  
 110 N 6<sup>th</sup> 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 N 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 OF OREGON : COUNTY OF KLAMATH: ss.

Filed for record at request of James R. Uerlings the 3rd day  
of March A.D., 1999 at 11:24 o'clock A. M., and duly recorded in Vol. M99  
of Deeds on Page 7546

Linda Smith, County Clerk

FEE

\$25.00

by Kathleen Rosa