

STATE OF OREGON)
)ss.
 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 said parties as vendor, and Jesse M. Bailey and Hilda Bailey, aka Hilde Bailey, as Purchasers. Said contract dated September 19, 1979 was recorded July 31, 1980, in Volume M80, page 14198, Deed Records, Klamath County, Oregon covering the following described real property in Klamath County, Oregon:

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.

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

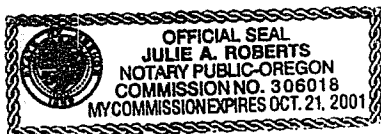
Purchaser's interest was assigned to Klamath Leasing Company, Inc. on July 13, 1982 and recorded on August 3, 1982 in Volume M82, page 9903 in the Deed Records of Klamath County, Oregon.

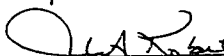
A NOTICE OF DEFAULT AND FORFEITURE OF CONTRACT, dated February 18, 1999 and recorded on February 19, 1999 in Volume M99, page 5750 of the Mortgage Records of Klamath County, Oregon, was mailed by first class mail and certified mail, return receipt requested to Purchasers on February 18, 1999. Copies of said NOTICE AND PROOF OF MAILING of said NOTICE were recorded with the NOTICE OF DEFAULT AND FORFEITURE OF CONTRACT. A supplemental PROOF OF MAILING OF NOTICE OF DEFAULT AND FORFEITURE OF CONTRACT was mailed by first class mail and certified mail, return receipt requested to Purchasers on March 2, 1999 and recorded on March 2, 1999 in Volume M99, page 7542 of the Mortgage Records of Klamath County, Oregon.

There was a default by the purchaser, the purchaser's successor in interest, or other person owing an obligation, the performance of which was required by the contract, with respect to provisions therein permitting forfeiture in the event of default of such provisions. The default of the purchaser under the terms of the contract was not cured within the time period provided by law. The contract has been and hereby is declared forfeited.


 JAMES R. UERLINGS

SUBSCRIBED AND SWORN to before me this 12th day of July, 1999.




 NOTARY PUBLIC FOR OREGON
 My Commission Expires: 10/21/01

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

State of Oregon, County of Klamath
 Recorded 9/01/99, at 4:08 P m.
 In Vol. M99 Page 35372
 Linda Smith,
 County Clerk Fee\$ 30.00