

AFTER RECORDING, RETURN TO:
William M. Ganong
Attorney at Law
514 Walnut Avenue
Klamath Falls OR 97601

AFFIDAVIT OF MAILING NOTICE OF DEFAULT

STATE OF OREGON, County of Klamath) ss.

I, William M. Ganong, under oath, state as follows:

1. Attached as Exhibit "A" is a true and correct copy of the Notice of Default pertaining to the Contract described therein.

2. The Contract contains a "forfeiture remedy" as defined in ORS 93.905(2).

3. The Notice of Default was mailed by both first-class and by certified mail with return receipt requested to the following persons at the last-known address indicated:

John C. Pratt
29834 Pelican Butte Road
Klamath Falls OR 97601

John C. Pratt
26639 Rocky Point Road
Klamath Falls OR 97601

John C. Pratt
28535 Rocky Point Road
Klamath Falls OR 97601

Peter L. Cartwright
29834 Pelican Butte Road
Klamath Falls OR 97601

Marcia L. Cartwright
29834 Pelican Butte Road
Klamath Falls OR 97601

Carter-Jones Collection, LLC.
1143 Pine Street
Klamath Falls OR 97601

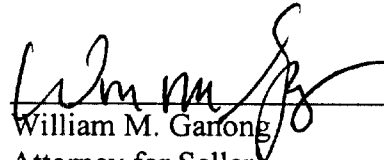
Pacific Sea Food Company
15501 SE Piazza Avenue
Clackamas OR 97015

Don Michaels
c/o Robert S. Hamilton
deSchweinitz & Hamilton
Attorneys at Law
900 West 8th Street
Medford OR 97501

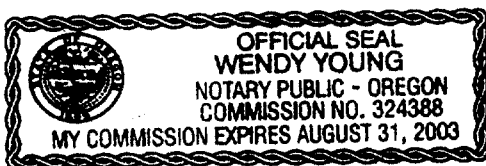
Valley Credit Services, Inc.
Greg Hammack, Registered Agent
960 Broadway Street NE, Suite 4
Salem OR 97308

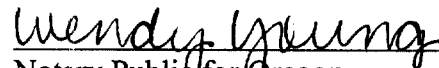
4. Attached as Exhibit "B" is a copy of the Certified Mail Receipt for each of the addresses named in item 3., above.

5. I make this Affidavit as attorney for and on behalf of Peggy M. Stivers.


William M. Garfong
Attorney for Seller
514 Walnut Avenue
Klamath Falls OR 97601
541/882-7228

This instrument was acknowledged before me this 12th day of December, 2000.




Wendy Young
Notary Public for Oregon
My Commission Expires: 8-31-2003

NOTICE OF DEFAULT

This Notice of Default is given with respect to the Contract described below, which contains a forfeiture remedy, pursuant to the provisions of ORS 93.905-93.940.

1. Description of Contract. Land Sale Contract (Contract) between Peggy M. Stivers as Seller, and John C. Pratt, Peter L. Cartwright, and Marcia L. Cartwright as Purchasers, a Memorandum of which was recorded on February 13, 1995, in Volume M95 at Page 3171 of the Official Records of Klamath County, Oregon.

2. Property. The property which is the subject of the Contract is known as Harriman Springs Resort, and is more particularly described on Exhibit "A" attached hereto and incorporated herein by this reference.

3. Nature of Defaults. The defaults consist of:

a. Purchasers' failure to pay to Seller the annual installment payment in the sum of \$30,000, which was due and payable on October 1, 2000;

b. Purchasers' failure to pay before they became delinquent real property taxes, personal property taxes and assessments levied by Klamath County, Oregon against the real property described on Exhibit "A" for the tax year 2000-2001;

c. Purchasers' failure to maintain policies of comprehensive property damage insurance and public liability insurance with the limits specified in the Contract, and Purchasers' failure to provide copies of said policies to Seller;

d. Purchasers' failure to reimburse Seller for insurance premiums incurred by Seller as cover for Purchasers' default described in subparagraph c., above;

e. Purchasers' failure to complete the partition of certain portions of the real property described on Exhibit "A" as required by the Contract;

f. Purchasers' failure to reimburse Seller for Seller's attorney's fees in the sum of \$775.50 resulting from services provided to Seller and arising from Purchasers' said defaults.

4. Amount of Default. The amount of the default arising from Purchasers' failure to pay the annual installment is \$30,000, plus a late charge of \$1,500. The amount of the default arising from Purchasers' failure to reimburse Seller for insurance premiums is \$282.64, plus interest at the rate of 7.5% per annum from August 23, 2000; \$282.64, plus interest at the rate of 7.5% per annum from September 23, 2000; and \$282.64, plus interest at the rate of 7.5% per annum from October 23, 2000, \$282.64, plus interest at the rate of 7.5% per annum from November 23, 2000,

until paid. Charges for insurance premiums and interest will continue to accrue at the rate of \$282.64 per month, plus interest at the rate of 7.5% per annum until the default described in Section 3.c., above, is cured. The amount of real property taxes and assessments required to be paid is \$3,165.59, plus interest at the rate of 1 1/3% per month from November 15, 2000, until paid. The amount of Sellers' attorney's fees incurred prior to the initiation of the forfeiture action is \$775.50, plus interest at the rate of 7.5% per annum from August 25, 2000 until paid.

5. Date Contract Will Be Forfeited. The Contract will be forfeited if the default is not cured by March 19, 2001.

6. How to Cure Default. The default will be cured if by March 19, 2001 the following occur:

a. The sum of \$30,000, plus the late fee of \$1,500, is received on account of the Contract by Aspen Title & Escrow, Inc., the escrow agent identified in paragraph 7., below;

b. Purchasers pay to Seller at the office of William M. Ganong, attorney at law, 514 Walnut Avenue, Klamath Falls, Oregon 97601, the Seller's attorney's fees incurred prior to this forfeiture action in the sum of \$775.50, plus interest at the rate of 7.5% per annum from September 25, 2000, until paid;

c. Purchasers pay to Seller at the above-said office of William M. Ganong, attorney at law, the insurance payments made by Seller of \$282.64 per month, together with interest at the rate of 7.5% per annum from the dates listed in Section 4., above, plus said further amount accruing monthly;

d. Purchasers comply with the insurance requirements of the Contract;

e. Purchasers comply with the lot partition requirements of the Contract; and

f. Purchasers pay all delinquent real and personal property taxes owed to the Treasurer of Klamath County, Oregon;

g. The additional sum of \$1,144 is received by William M. Ganong, attorney at law, at the address set forth above in payment of the following costs of this forfeiture action:

Title search	\$ 653.00
Recording fees	81.00
Postage	60.00
Statutory attorney's fees	<u>350.00</u>
Total:	<u>\$1,144.00</u>

7. Name and Address of Escrow Agent. The collection escrow agent for the Contract is Aspen Title & Escrow, Inc., 525 Main Street, Klamath Falls, Oregon 97601, Escrow No. 2098.

8. Name and Address of Attorney for Seller. William M. Ganong
Attorney at Law
514 Walnut Avenue
Klamath Falls OR 97601

9. Date Notice Mailed. This notice is being deposited via first-class mail and certified mail with return receipt requested, on December 12, 2000.

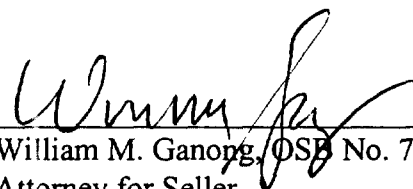

William M. Ganong, OSB No. 78213
Attorney for Seller
514 Walnut Avenue
Klamath Falls OR 97601
541/882-7228

EXHIBIT "A"

PARCEL 1: (Family Residence)

A tract of land situated in the SE 1/4 NW 1/4 of Section 3, Township 36 South, Range 6 East of the Willamette Meridian, in the County of Klamath, State of Oregon, more particularly described as follows:

Beginning at a point on the East-West centerline of said Section 3, said point being South 89 degrees 50' East 2478.64 feet from the USGLO brass cap marking the West quarter corner of said Section 3; thence North 75 feet to an iron pin; thence South 89 degrees 50' East 215 feet to an iron pin; thence South 150 feet to a point; thence North 89 degrees 50' West 215 feet to an iron pin; thence North 75 feet to the point of beginning.

TOGETHER WITH an easement and right of way for ingress and egress to the Klamath Falls-Rocky Point Road described in the Deed recorded January 21, 1958 in Volume 297 at Page 105 of the Deed Records of Klamath County, Oregon.

CODE 78 MAP 3606-3BD TL 11600

PARCEL 2: (Horse Pasture)

All of the NE 1/4 SW 1/4 of Section 3, Township 36 South, Range 6 East of the Willamette Meridian, lying East of County Road, which is also known as the Klamath Falls-Rocky Point Road or Westside Highway. EXCEPT that portion described as follows:

Beginning at a point on the East-West centerline of said Section 3, said point being South 89 degrees 50' East 2478.64 feet from the USGLO brass cap marking the West quarter corner of said Section 3; thence South 75 feet to an iron pin; thence South 89 degrees 50' East 215 feet to an iron pin; thence North 75 feet to the East-West centerline of said Section 3; thence West 215 feet to the point of beginning.

CODE 8 MAP 3606-3CA TL 100

PARCEL 3:

Lot 30, SPORTSMAN PARK, in the County of Klamath, State of Oregon.

EXCEPTING THEREFROM that portion conveyed to Klamath County in Volume 324 at Page 444, recorded October 6, 1960, in Deed Records of Klamath County, Oregon.

CODE 8 MAP 3606-3CB TL 9000

Continued on next page

EXHIBIT "A" of Affidavit

Pg 4 of 9 of

EXHIBIT A
PAGE 1 OF 6

EXHIBIT "A" CONTINUED

PARCEL 4: (Boathouse Marina-Harriman Springs Resort)

A tract of land situated in the SW 1/4 NE 1/4 and the SE 1/4 NW 1/4 of Section 3, Township 36 South, Range 6 East of the Willamette Meridian, in the County of Klamath, State of Oregon, more particularly described as follows:

Beginning at an iron pin located South 89 degrees 50' East a distance of 2895.02 feet and North a distance of 309.46 feet from the brass cap monument marking the West one-quarter corner of said Section 3; thence North 79 degrees 47' West a distance of 150.0 feet to the true point of beginning of this description; thence North 10 degrees 13' East a distance of 130 feet; thence South 79 degrees 47' East a distance of 295 feet; thence South 10 degrees 13' West a distance of 180 feet; thence North 79 degrees 47' West a distance of 295 feet; thence North 10 degrees 13' East a distance of 50 feet, more or less, to the true point of beginning.

ALSO, an easement for access purposes to the above described tract of land from the County Road, said easement being 50 feet in width, measured 25 feet at right angles to and each side of the following described centerline:

Beginning at a point on the Northerly line of the above described tract of land, said point being South 89 degrees 50' East 2895.02 feet, North 309.46 feet, North 10 degrees 13' East 130.00 feet and North 79 degrees 47' West 135.03 feet from the brass cap monument marking the West one-quarter corner of said Section 3; thence North 36 degrees 32' West a distance of 2.44 feet, more or less, to a point which is South 36 degrees 32' East a distance of 213.42 feet from the Southerly line of the County Road; thence North 53 degrees 28' East a distance of 25.0 feet; thence North 42 degrees 14' East a distance of 61.18 feet; thence North 35 degrees 47' East a distance of 251.90 feet; thence North 53 degrees 28' East a distance of 85.0 feet; thence North 36 degrees 32' West a distance of 125.0 feet, more or less, to the Southerly right of way line of the County Road.

CODE 78 MAP 3606-3AC TL 1900

PARCEL 5:

All of the SW 1/4 NE 1/4 of Section 3, Township 36 South, Range 6 East of the Willamette Meridian, in the County of Klamath, State of Oregon, which lies North of the main channel of Harriman Creek. EXCEPT the following:

- (1) The N 1/2 N 1/2 of said Section 3;
- (2) That portion of said SW 1/4 NE 1/4 of Section 3, contained in THIRD ADDITION TO SPORTSMAN PARK;

Continued on next page

EXHIBIT "A" CONTINUED

(3) Any portion of said SW 1/4 NE 1/4 of Section 3, contained in the following described tract of land, to-wit:

Beginning at the Northwest corner of the SW 1/4 NE 1/4 of said Section 3, said point being marked by an "X" on a rock; thence South 89 degrees 49' East along the North line of said SW 1/4 NE 1/4 of said Section 3, a distance of 596.42 feet to the Easterly line of the County Road which is also known as the Klamath Falls-Rocky Point Road or Westside Highway; thence South 42 degrees 29' West along the Easterly line of said County Road a distance of 40.56 feet to the true point of beginning; thence continuing South 42 degrees 29' West along the Easterly line of said County Road a distance of 10.58 feet to an iron pin; thence South 35 degrees 54' West along the Easterly line of the County Road 414.60 feet to an iron pin; thence South 53 degrees 28' West along the Easterly line of said County Road a distance of 71.17 feet to an iron pin; thence South 36 degrees 32' East a distance of 100 feet to an iron pin; thence North 53 degrees 28' East a distance of 86.62 feet to an iron pin; thence North 35 degrees 54' East a distance of 511.59 feet to an iron pin; thence North 89 degrees 49' West a distance of 121.67 feet to the point of beginning.

(4) Any portion of the said SW 1/4 NE 1/4 of Section 3 contained in the following described tract of land, to-wit: (Katherine's parcel and easement)

A tract of land situated in the SE 1/4 of the NW 1/4 and the SW 1/4 of the NE 1/4 of Section 3, Township 36 South, Range 6 East of the Willamette Meridian, in the County of Klamath, State of Oregon, more particularly described as follows:

Beginning at a point on the Southeasterly right of way of the Westside Road (also known as Rocky Point Road) from which the Southwesterly end of the cabin identified as the Winema (closed to Sloan Street at top of hill), when measured at right angles to said right of way line is 18 feet Easterly; thence Southeasterly 117 feet, more or less, to a 94" pine tree at edge of drop-off; thence Southeasterly in a straight line towards Power Pole C2392 160 feet, more or less, to a point on the Northwesterly line of the easement, as described in Volume 297 at Page 105, Deed Records of Klamath County, Oregon; thence following said line Northeasterly and Northwesterly to the Southeasterly right of way line of the Westside Road; thence Southwesterly to the point of beginning.

Continued on next page

EXHIBIT "A" CONTINUED

EXCEPTING THEREFROM such property as is currently occupied by the pump house and well, TOGETHER WITH an additional 2 foot area of property around the pump house and well and a 2 foot wide strip of property extending Westerly from the pump house to the Rocky Point Road, also known as Westside Road.

TOGETHER WITH an easement for ingress and egress from the most Southeast corner of said description in a straight line through Power Pole C2392 to the waters edge; thence Northeasterly along side of the waters edge 125 feet; thence Northwesterly parallel to the South line of said easement to a point of the Southwesterly line of the easement described in Volume 297 at Page 105, Deed Records of Klamath County, Oregon and including the rights to the easement to the Westside Road, provided, however, that actual waterfront access shall be limited to a 50 foot width, commencing at the Northeast corner of the boat ramp inlet to Harriman Creek (the Northern most part of said inlet), and extending in a general Southwesterly direction along the water edge for 50 feet. This 50 foot easement is for the sole purpose of dockage for Katherine H. Sloan.

TOGETHER WITH an easement benefitting the real property described above, for the owner of said real property to use the well and pump house as described in the above exception, provided, however, all maintenance and upkeep of the well, pump house and related equipment, shall be the responsibility of the owner of the property upon which the well is situated; and

(5) Any portion of the said SW 1/4 NE 1/4 of Section 3 contained in the following described tract of land, to-wit: (Friedberger encroachment)

A tract of land situated in the SW 1/4 NE 1/4 of Section 3, Township 36 South, Range 6 East of the Willamette Meridian, in the County of Klamath, State of Oregon, as shown on Lot Line Adjustment 26-94, more particularly described as follows:

Beginning at a point, shown on record of Survey No. 932 as the most Easterly corner of Lot 7, from which the C-N 1/16 corner of said Section 3, as computed from said record of Survey No. 932, bears North 45 degrees 19' West 101.19 feet and North 40 degrees 19' 52" West 492.53 feet; thence South 53 degrees 28' West 86.62 feet to the most Southerly corner of said Lot 7; thence South 60 degrees 36' 05" East 24.07 feet; thence North 37 degrees 30' 09" East 79.88 feet to the point of beginning.

CODE 8 MAP 3606-3AC TL 1800

Continued on next page

EXHIBIT "A" of Affidavit

Pg 7 of 9

EXHIBIT A
PAGE 4 OF 6

EXHIBIT "A" CONTINUED

PARCEL 6:

Beginning at the point on the South bank of the artificially constructed water channel where said South bank intersects the North-South center line of the NE 1/4 of Section 3, Township 36 South, Range 6 East of the Willamette Meridian, in the County of Klamath, State of Oregon, said point being at or near the Northwest corner of the SW 1/4 NE 1/4 of said Section 3; thence continuing on said South and Southwesterly bank of said water channel on courses and distances consecutively as follows: North 68 degrees 20' East 160 feet; thence on the circumference of a compound curve having a long chord bearing South 72 degrees 55' East 260 feet; thence South 20 degrees East 255 feet; thence South 13 degrees 20' East 175 feet to the North high water line of the Harriman Creek channel; thence Westerly and Southwesterly on said North high water line of the Harriman Creek channel to its intersection with the North-South center line of the NE 1/4 of Section 3; thence North on said North-South center line a distance of 810 feet, more or less, to the point of beginning.

NOTE: Legal description of record for above parcel contains an error relative to point of beginning as follows: "at or near the Northwest corner of the SW 1/4 NE 1/4 of Section 3". This company does not accept any liability for erroneous legal description.

CODE 78 MAP 3606-3AD TL 2300

PARCEL 7:

All of the SW 1/4 NE 1/4 of Section 3, Township 36 South, Range 6 East of the Willamette Meridian, in the County of Klamath, State of Oregon, lying South of Harriman Creek.

SAVING AND RESERVING unto Grantor a permanent non-exclusive easement consisting of the right to use Harriman Creek, Fourmile Creek and the artificially constructed water channels connecting with said creeks for the benefit of Grantor's land located Southerly of said creeks. This reserved easement shall be construed broadly to include all beneficial uses including access, irrigation and drainage, and shall not be deemed to have been abandoned if not used for extended periods of time.

CODE 8 MAP 3606-3AC TL 2000

Continued on next page

EXHIBIT "A" CONTINUED

PARCEL 8:

All of the SE 1/4 NE 1/4 lying South of Harriman Creek in Section 3, Township 36 South, Range 6 East of the Willamette Meridian, in the County of Klamath, State of Oregon.

SAVING AND RESERVING to Grantor a perpetual non-exclusive easement as described in Parcel 7 above.

CODE 8 MAP 3606-3AD TL 2400

44903

Z 439 159 908

US Postal Service

Receipt for Certified Mail

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

Sent to		Peter L. Cartwright
Street & Number		29834 Pelican Butte Rd
Post Office, State, & ZIP Code		Klamath Falls OR 97601
Postage	\$	
Certified Fee		
Special Delivery Fee		
Restricted Delivery Fee		
Return Receipt Showing to Whom & Date Delivered		
Return Receipt Showing to Whom, Date, & Addressee's Address		
TOTAL Postage & Fees		\$3.20
Postmark or Date		DEC 12 2000 USPS

PS Form 3800, April 1995

Z 439 160 227

US Postal Service

Receipt for Certified Mail

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

Sent to		John C. Pratt
Street & Number		26639 Rocky Point Rd
Post Office, State, & ZIP Code		KFO 97601
Postage	\$	
Certified Fee		
Special Delivery Fee		
Restricted Delivery Fee		
Return Receipt Showing to Whom & Date Delivered		
Return Receipt Showing to Whom, Date, & Addressee's Address		
TOTAL Postage & Fees		\$3.20
Postmark or Date		DEC 12 2000 USPS

PS Form 3800, April 1995

Z 439 159 907

US Postal Service

Receipt for Certified Mail

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

Sent to		Marcia Cartwright
Street & Number		29834 Pelican Butte Rd
Post Office, State, & ZIP Code		Klamath Falls OR 97601
Postage	\$	
Certified Fee		
Special Delivery Fee		
Restricted Delivery Fee		
Return Receipt Showing to Whom & Date Delivered		
Return Receipt Showing to Whom, Date, & Addressee's Address		
TOTAL Postage & Fees		\$3.20
Postmark or Date		DEC 12 2000 USPS

PS Form 3800, April 1995

Z 439 159 906

US Postal Service

Receipt for Certified Mail

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

Sent to		John C. Pratt
Street & Number		29834 Pelican Butte Road
Post Office, State, & ZIP Code		KFO 97601
Postage	\$	
Certified Fee		
Special Delivery Fee		
Restricted Delivery Fee		
Return Receipt Showing to Whom & Date Delivered		
Return Receipt Showing to Whom, Date, & Addressee's Address		
TOTAL Postage & Fees		\$3.20
Postmark or Date		DEC 12 2000 USPS

PS Form 3800, April 1995

Z 439 159 921

US Postal Service

Receipt for Certified Mail

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

Sent to		John C. Pratt
Street & Number		28535 Rocky Point Rd
Post Office, State, & ZIP Code		Klamath Falls OR 97601
Postage	\$	
Certified Fee		
Special Delivery Fee		
Restricted Delivery Fee		
Return Receipt Showing to Whom & Date Delivered		
Return Receipt Showing to Whom, Date, & Addressee's Address		
TOTAL Postage & Fees		\$3.20
Postmark or Date		DEC 12 2000 USPS

PS Form 3800, April 1995

Z 439 159 920

US Postal Service

Receipt for Certified Mail

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

Sent to		Don Michaels/c/o Robert
Street & Number		900 West 8th St. Ham
Post Office, State, & ZIP Code		Medford OR 97501
Postage	\$	
Certified Fee		
Special Delivery Fee		
Restricted Delivery Fee		
Return Receipt Showing to Whom & Date Delivered		
Return Receipt Showing to Whom, Date, & Addressee's Address		
TOTAL Postage & Fees		\$3.20
Postmark or Date		DEC 12 2000 USPS

PS Form 3800, April 1995

Z 439 159 910

US Postal Service

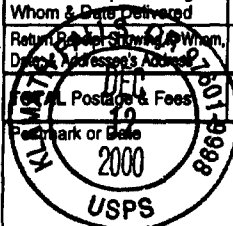
Receipt for Certified Mail

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

Sent to	
Valley Credit Services	
Street & Number	
Greg Hammack, Reg. Agent	
Post Office, State, & ZIP Code	
960 Broadway Street NE, Ste 4	
Postage	\$ Salem OR 97308
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$ 3.20
Postmark or Date	2000

PS Form 3800, April 1995



Z 439 159 909

US Postal Service

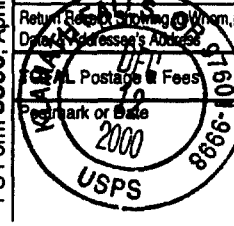
Receipt for Certified Mail

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

Sent to	
Carter Jones	
Street & Number	
1143 Pine Street	
Post Office, State, & ZIP Code	
Klamath Falls OR 97601	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$ 3.20
Postmark or Date	2000

PS Form 3800, April 1995



Z 439 159 911

US Postal Service

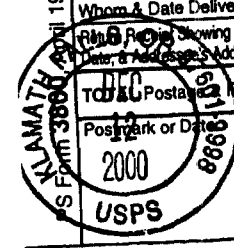
Receipt for Certified Mail

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

Sent to	
Pacific Sea Food Co.	
Street & Number	
15501 SE Piazza Avenue	
Post Office, State, & ZIP Code	
Clackamas OR 97015	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$ 3.20
Postmark or Date	2000

PS Form 3800, April 1995



State of Oregon, County of Klamath
 Recorded 12/14/00, at 3:14 p. m.
 In Vol. M00 Page 44892
 Linda Smith,
 County Clerk Fee \$ 81.00