

After recording, return to:
William M. Ganong
Attorney at Law
514 Walnut Avenue
Klamath Falls OR 97601

NOTICE OF DEFAULT AND ELECTION TO SELL

Pursuant to ORS 86.705-795, the undersigned Trustee and the Beneficiary have elected to foreclose the following described Trust Deed in the manner provided by said statute.

1. A. Grantor: Allen D. Merck
B. Trustee: William M. Ganong
C. Beneficiary: William R. Addington and Marlene T. Addington
2. The legal description of the property covered by the subject Trust Deed is:

The E ½ of Lot 21 and all of Lot 22, Block 8,
HILLSIDE ADDITION TO THE CITY OF KLAMATH FALLS,
in the County of Klamath, State of Oregon.

Klamath County Assessor's Account No.
3809-29AA-5100.

The book, page number, and the date the subject Trust Deed was recorded in the Mortgage Records of Klamath County, Oregon are:

Book: M99 Page: 28421 Date Recorded: July 16, 1999

3. The defaults for which the foreclosure is made are as follows:

(a) The Grantor's failure to make monthly installment payments in the sum of \$993.75 for the months of November and December 2000 and the months of January, and February, 2001, and to pay the monthly late payment charge of \$49.69 for November and December 2000, and January, and February 2001. Grantor did make payments on January 17, January 24, February 23, and March 6, 2001 of \$400, \$550.31, \$400.62, and \$350.31 which will be applied to the delinquent payments now owed.

(b) Grantor's failure to pay real property taxes and

interest for the tax year 2000-2001, which were due and payable on November 15, 2000 and February 15, 2001.

(c) Grantor's failure to meet the terms of the Agreement that is a part of the Trust Deed, by repairing the roof and deck of the house by July 16, 2000. Pursuant to the terms of the Agreement, the sum of \$9,000, plus interest at the rate of 9.0% from July 16, 1999 is due and owing to the Beneficiaries.

(d) Grantor's failure to maintain insurance against the loss of the property as required by the Trust Deed.

4. The amount owing on the obligation secured by the subject Trust Deed as of March 6, 2001 is \$139,817.00, plus interest at the note rate of 9.0% per annum from December 20, 2000 until paid; and real property taxes and assessments for the tax year 2000-2001 in the total sum of \$2,044.24, plus interest thereon from March 16, 2001, which are due and payable by the Grantor as provided in said Trust Deed.

5. The Beneficiary and the Trustee have elected to foreclose the above referenced Trust Deed pursuant to the provisions of Oregon Revised Statutes 86.705 to 86.795.

6. The Trustee will conduct a sale of the above described property at 10:00 a.m. on the 20th day of August, 2001, at the front entrance to the office of William M. Ganong at 514 Walnut Avenue, Klamath Falls, Oregon.

7. Pursuant to ORS 86.753, the Grantor, the Grantor's successor in interest to all or any part of the above described property, any beneficiary under a subordinate Trust Deed, or any person having a subordinate lien or encumbrance of record on the property, may cure the default or defaults at any time prior to five days before the above said date of sale by paying the entire amount due at the time of cure under the terms of the obligation, other than such portion as would not then be due had no default occurred. In addition, the person affecting the cure shall pay all costs and expenses actually incurred in enforcing the obligation and Trust Deed, together with the Trustee's and attorney's fees specified in the said statute.

In construing this instrument, 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 persons owing an obligation, the performance of which is secured by said Trust Deed, the words "trustee" and "beneficiary" include their respective successors in interest, if

any.

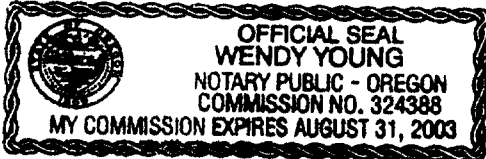
Dated this 29th day of March, 2001.

William M. Ganong
William M. Ganong, Trustee

STATE OF OREGON, County of Klamath) ss.

Personally appeared this 29th day of March, 2001, the above named William M. Ganong, Trustee, and acknowledged the foregoing instrument to be his voluntary act and deed.

Wendy Young
Notary Public for Oregon
My commission expires: 8-31-2003



State of Oregon, County of Klamath
Recorded 04/02/01, at 10:12 a.m.
In Vol. M01 Page 13309
Linda Smith,
County Clerk Fee\$ 31⁰⁰