

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

State of Oregon, County of Klamath
Recorded 12/20/2002 10:11 a m.
Vol M02, Pg 74422-23
Linda Smith, County Clerk
Fee \$ 26⁰⁰ # of Pgs 2

'02 DEC 20 AM 10:11

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 default for which the foreclosure is made is the Grantor's failure to make installment payments in the sum of \$1,000 each, twice each month commencing February 16, 2002, and continuing until the interest accrued on the principal balance was paid in full, and then continuing until the monthly installment payments required by the Promissory Note were paid one full month in advance. Thereafter, Grantor was to resume payment of the monthly payment required by the Promissory Note. As of the date of this Notice, Grantor has failed to pay five \$1,000 installment payments that were due and payable prior to December 1, 2002.

4. The amount owing on the obligation secured by the subject

Trust Deed as of December 3, 2002 is \$134,267, plus interest at the note rate of 9.0% per annum from June 14, 2002 until paid.

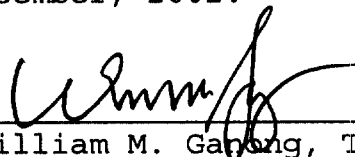
5. The Beneficiary and the Trustee have elected to foreclose the above referenced Trust Deed pursuant to the provisions of Oregon Revised Statutes 86.705 to 86.795.

6. The Trustee will conduct a sale of the above described property at 10:00 a.m. on the 24th day of April, 2003, 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.

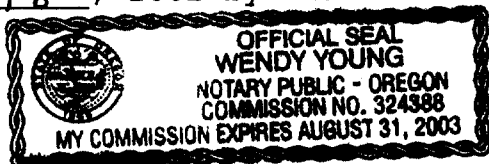
In construing this instrument, the masculine gender includes the feminine and the neuter, the singular includes the plural, the word "grantor" includes any successor in interest to the grantor as well as any other persons owing an obligation, the performance of which is secured by said Trust Deed, the words "trustee" and "beneficiary" include their respective successors in interest, if any.

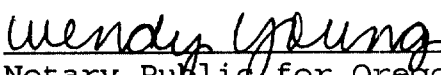
Dated this 18th day of December, 2002.


William M. Ganong, Trustee

STATE OF OREGON, County of Klamath) ss.

This instrument was acknowledged before me on December 18, 2002 by William M. Ganong as Trustee.




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