

Tel. Supp. Mtge. - 4/73  
(Post Bank Loan)  
7-8774

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SUPPLEMENT TO SUPPLEMENTAL MORTGAGE AND SECURITY AGREEMENT,  
dated as of JUNE 4, 1980, made by and among  
TELEPHONE UTILITIES OF EASTERN OREGON, INC. -----

----- (hereinafter  
called the "Mortgagor"), a corporation existing under the laws  
of the State of Oregon -----, UNITED STATES OF  
AMERICA (hereinafter called the "Government"), acting through  
the Administrator of the Rural Electrification Administration  
(hereinafter called "REA"), and RURAL TELEPHONE BANK (hereinafter  
called the "Bank"), a corporation existing under the laws of the  
Government (the Government and Bank being hereinafter sometimes  
collectively called the "Mortgagees").

WHEREAS, the Mortgagor, for value received, has heretofore duly  
authorized and executed, and has delivered to the Government, or has assumed the  
payment of, certain mortgage notes all payable to the order of the Government, in  
installments, of which certain mortgage notes (hereinafter collectively called the  
"Outstanding REA Notes") identified in the sixth recital hereof (hereinafter called  
the "Instruments Recital") are now outstanding and held by the Government; and

WHEREAS, the Mortgagor, for value received, has heretofore duly  
authorized and executed, and has delivered to the Bank, or has assumed the payment  
of, a certain mortgage note or notes payable to the order of the Bank, in install-  
ments, of which certain mortgage note or notes (hereinafter called the "Outstanding  
Bank Notes", whether such notes be one or more) identified in the Instruments  
Recital are now outstanding and held by the Bank; and

WHEREAS, the Outstanding REA Notes and the Outstanding Bank Notes  
(hereinafter collectively called the "Outstanding Notes") evidence loans made by  
the Government or the Bank either to the Mortgagor or to third parties to finance  
telephone exchanges, lines and related facilities; and

WHEREAS, the Outstanding Notes are secured by the security instrument or  
instruments (hereinafter called the "Mortgage"), made by and among the Mortgagor,  
the Government and the Bank, identified in the Instruments Recital; and

WHEREAS, the Mortgagor has determined to borrow additional funds from  
the Government, and has accordingly duly authorized, executed and delivered to the  
Government its mortgage note or notes (identified in the Instruments Recital and  
hereinafter called, as the case may be, the "Current REA Note" or "Current REA  
Notes") to be secured by the Mortgage, as amended and supplemented hereby, of the  
property hereinafter described; and

WHEREAS, the instruments referred to in the preceding recitals are  
identified as follows:

Project Designation: Oregon 520-E8 Blue Mountain

No. \_\_\_\_\_

"Outstanding REA Notes":

sixteen ----- ( 16 --) certain mortgage notes in an aggregate principal amount of \$ 1,867,000 -----, all of which will finally mature on or before April 27, 2014 ----- .

"Outstanding Bank Note(s)":

one ----- ( 1 --) certain mortgage note(s) in an (aggregate) principal amount of \$ 278,250 -----, all of which will finally mature on or before January 27, 2009 -----;

"Mortgage":

<u>Instrument</u>	<u>Date</u>
1. Supplemental Mortgage and Security Agreement	June 27, 1974
2. Supplement to Supplemental Mortgage and Security Agreement	October 13, 1978

"Current REA Note(s)": (Of even date herewith):

<u>Principal Amount</u>	<u>Interest Rate (per annum)</u>	<u>Final Payment Date</u>
\$9,500,000	2%	Thirty five (35) years from the date thereof

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WHEREAS, the Government and the Bank are the owners and holders of the Outstanding REA Notes and the Outstanding Bank Notes, respectively, and are the owners and holders of the Mortgage; and

WHEREAS, it was the intention of the Mortgagor at the time of the execution of the Mortgage (or, if the Mortgage consists of more than one instrument, at the time of execution of the earliest instrument thereof) that the property of the Mortgagor of the classes described therein, as being mortgaged or pledged thereby, or intended so to be, whether then owned or thereafter acquired, would secure certain notes of the Mortgagor executed and delivered prior to the execution and delivery of the Mortgage (or, if the Mortgage consists of more than one instrument, prior to the execution and delivery of the earliest instrument thereof), and certain notes of the Mortgagor when and as executed and delivered under and pursuant to the Mortgage, as from time to time amended or supplemented, and it is intended by the Mortgagor to confirm hereby the Mortgage and the property therein described as being mortgaged or pledged, or intended so to be, as security for the Outstanding Notes, and other notes of the Mortgagor when and as executed and delivered under and pursuant to the Mortgage, as amended and supplemented hereby; and

WHEREAS, the Mortgage provides that the Mortgagor shall, upon the request in writing of the holder or holders of not less than a majority in principal amount of the REA Notes or the Bank Notes, duly authorize, execute, and deliver and record and file all such supplemental mortgages and conveyances as may reasonably be requested by such holder or holders to effectuate the intention of the Mortgage and to provide for the conveying, mortgaging and pledging of the property of the Mortgagor intended to be conveyed, mortgaged or pledged by the Mortgage to secure the payment of the principal of and interest on notes executed and delivered thereunder and pursuant thereto, or otherwise secured thereby, and the holders of all such notes have in writing requested the execution and delivery of this Supplement to Supplemental Mortgage and Security Agreement (hereinafter called "this Supplemental Mortgage") pursuant to such provisions; and

WHEREAS, it is further intended by the Mortgagor, at the request and with the consent of the Mortgagees, to amend the Mortgage in the respects hereinafter set forth; and

WHEREAS, all acts, things, and conditions prescribed by law and by the articles of incorporation and bylaws of the Mortgagor have been duly performed and complied with to authorize the execution and delivery hereof and to make the Mortgage, as amended and supplemented hereby, a valid and binding mortgage to secure the Outstanding Notes and other notes of the Mortgagor when and as executed and delivered under and pursuant to the Mortgage, as amended and supplemented hereby; and

WHEREAS, the Government and the Bank are authorized to enter into this Supplemental Mortgage; and

WHEREAS, to the extent that any of the property described or referred to herein and in the Mortgage is governed by the provisions of the Uniform Commercial Code of any state (hereinafter called the "Uniform Commercial Code"), the parties hereto desire that this Supplemental Mortgage and the Mortgage, collectively, be regarded as a "security agreement" under the Uniform Commercial Code and that this Supplemental Mortgage be regarded as a "financing statement" under the Uniform Commercial Code for said security agreement;

NOW, THEREFORE, in consideration of the premises and the sum of \$5 in hand paid by the Mortgagees to the Mortgagor, the receipt whereof by the Mortgagor prior to the execution and delivery of this Supplemental Mortgage is hereby acknowledged, this Supplemental Mortgage witnesseth as follows:

1. The Mortgagor has executed and delivered this Supplemental Mortgage and has granted, bargained, sold, conveyed, warranted, assigned, transferred, mortgaged, pledged and set over, and by these presents does hereby grant, bargain, sell, convey, warrant, assign, transfer, mortgage, pledge and set over, unto the Mortgagees and their respective assigns, all and singular the real and personal property described in the Mortgage as being mortgaged thereby and all and singular the real and personal property of the Mortgagor falling within the classes of property embraced in the description of the "Mortgaged Property" set forth in the Mortgage, including, without limitation, all and singular the real and personal property of said description heretofore or hereafter acquired by or constructed by or on behalf of the Mortgagor, and wheresoever situate, including, without limitation, the "Existing Facilities" identified, and the real estate specifically described (by reference to deeds or otherwise), in the Mortgage and mortgaged thereby (except such portions, if any, thereof as have been released prior to the execution and delivery of this Supplemental Mortgage), and also, including without limitation, the following described property, to wit:

1. A certain tract of land described in a certain deed, dated July 23, 1959 by Richard K. Andrews and Pauline Andrews, husband and wife, as Grantors to the Mortgagor, as Grantee, and recorded on July 27, 1959 in the office of the Clerk of Klamath County, in the State of Oregon, in deed book 314, on page 375;
2. A certain tract of land described in a certain deed, dated July 13, 1964 by Robert C. Utley & Edwin L. Graffenreid, as Grantors to the Mortgagor, as Grantee, and recorded on July 20, 1964 in the office of the Clerk of Klamath County, in the State of Oregon, in deed book 354, on page 535;
3. A certain tract of land described in a certain deed, dated May 12, 1976 by R. C. Passolt, as Grantor to the Mortgagor, as Grantee, and recorded on June, 1976 in the office of the Clerk of Klamath County, in the State of Oregon, in deed book M76, on page 8405, reel number 14680;
4. A certain tract of land described in a certain deed, dated August 21, 1970 by Richard B. Jessup and Virginia C. Jessup, husband and wife, as Grantors to the Mortgagor, as Grantee, and recorded on October 8, 1970 in the office of the Clerk of Klamath County, in the State of Oregon, in deed book M70, on page 9025;
5. A certain tract of land described in a certain deed, dated March 22, 1957 by Hugh Porter and Earl Porter, husband and wife, as Grantors to the Mortgagor, as Grantee, and recorded on March 26, 1957 in the office of the Clerk of Klamath County, in the State of Oregon, in deed book 290, on page 447;
6. A certain tract of land described in a certain deed, dated September 30, 1952 by Harold L. Wimer and Myrtle Wimer, husband and wife, as Grantors to the Mortgagor as Grantee, and recorded on October 2, 1952 in the office of the Clerk of Klamath County, in the State of Oregon, in deed book 257, on page 111;

7. A certain tract of land described in a certain deed, dated March 8, 1971 by Winema Peninsula, Inc. an Oregon corporation, as Grantor to the Mortgagor, as Grantee, and recorded on March 10, 1971 in the office of the Clerk of Klamath County, in the State of Oregon, in deed book M71, on page 2040; 10226
8. A certain tract of land described in a certain deed, dated June 17, 1959 by George L. Reed and Lovina Reed, husband and wife, and Hazel I. Nicholas, a widow, as Grantors to the Mortgagor, as Grantee, and recorded on July 20, 1959 in the office of the Clerk of Klamath County, in the State of Oregon, in deed book 314, on page 299;
9. A certain tract of land described in a certain deed, dated April 30, 1975 by Marilyn L. Richert, as Grantor to the Mortgagor, as Grantee, and recorded on May 6, 1975 in the office of the Clerk of Lake County, in the State of Oregon, in deed book 168, on page 167;
10. A certain tract of land described in a certain deed, dated June 25, 1962 by George Carrier, as Grantor to the Mortgagor, as Grantee, and recorded on June 25, 1962 in the office of the Clerk of Lake County, in the State of Oregon, in deed book 135, on page 712;
11. A certain tract of land described in a certain deed, dated November 23, 1971 by Pacific Power & Light Company, a Maine corporation, as Grantor to the Mortgagor, as Grantee, and recorded on December 16, 1971 in the office of the Clerk of Lake County, in the State of Oregon, in deed book 159, on page 680;
12. A certain tract of land described in a certain deed, dated May 11, 1970 by the Town of Lakeview, Oregon, a municipal corporation, as Grantor to the Mortgagor, as Grantee, and recorded on May 11, 1970 in the office of the Clerk of Lake County, in the State of Oregon, in deed book 155, on page 274;
13. A certain tract of land described in a certain deed, dated April 24, 1963 by Janice L. Alger, a single woman, hereinafter called as Grantor to the Mortgagor, as Grantee, and recorded on April 29, 1963 in the office of the Clerk of Lake County, in the State of Oregon, in deed book 137, on page 558;
14. A certain tract of land described in a certain deed, dated March 8, 1960 by the Town of Lakeview, a municipal corporation, as Grantors to the Mortgagor, as Grantee, and recorded on March 21, 1960 in the office of the Clerk of Lake County in the State of Oregon, in deed book 128, on page 173;
15. A certain tract of land described in a certain deed, dated July 16, 1955 by Ida Umbach, a single woman, widow of Charles L. Umbach, as grantor to the Mortgagor, as Grantee, and recorded on April 4, 1957 in the office of the Clerk of Lake County, in the State of Oregon, in deed book 120, on page 559;
16. A certain tract of land described in a certain deed, dated March 24, 1966 by Cecil D. Jordan, a widower, as Grantor to the Mortgagor, as Grantee, and recorded on March 24, 1966 in the office of the Clerk of Wasco County, in the State of Oregon, in deed book DEEDS on micro film 660608;
17. A certain tract of land described in a certain deed, dated October 15, 1965 by Deschutes Telephone Company, a partnership, Marvin P. Melum, partner, Lu Ella V. Melum, partner, as Grantors to the Mortgagor, as Grantee, and recorded on November 3, 1965 in the office of the Clerk of Wasco County, in the State of Oregon, in deed book DEEDS on micro film 652319;

18. A certain tract of land described in a certain deed, dated May 11, 1956 by Fred L. Ashley and Maxine A. Ashley, husband and wife, as Grantors to the Mortgagor, as Grantee, and recorded on May 15, 1956 in the office of the Clerk of Wasco County, in the State of Oregon, in deed book 133, on page 153; 102227
19. A certain tract of land described in a certain deed, dated March 31, 1951 by Wamic Telephone Company, Guy Harvey, President, Ethel R. Harvey, Secretary, as Grantors to the Mortgagor, as Grantee, and recorded on April 9, 1951 in the office of the Clerk of Wasco County, in the State of Oregon, in deed book 120, on page 640;
20. A certain tract of land described in a certain deed, dated November 18, 1966 by Pine Grove Community Church, Inc., Helen A. Walters, President, Lucille Detwiler, Secretary, as Grantors to the Mortgagor, as Grantee, and recorded on November 21, 1966 in the office of the Clerk of Wasco County, in the State of Oregon, in deed Book DEEDS, on micro film 662059;
21. A certain tract of land described in a certain deed, dated July 6, 1965 by City of Boardman Urban Renewal Agency, a municipal corporation of the State of Oregon, as Grantors to the Mortgagor, as Grantee, and recorded on July 28, 1965 in the office of the clerk of Morrow County, in the State of Oregon, in deed book 72, on page 264-266;
22. A certain tract of land described in a certain deed, dated May 17, 1963 by Donald Kay Asher and Nola Rae Asher, husband and wife, as Grantors to the Mortgagor, as Grantee, and recorded on May 28, 1963 in the office of the Clerk of Umatilla County, in the State of Oregon, in deed book 272, on page 88;
23. A certain tract of land described in a certain deed, dated June 15, 1956 by Independent Telephone Company of Pilot Rock, an Oregon corporation, as Grantors to the Mortgagor, as Grantee, and recorded on June 15, 1956 in the office of the Clerk of Umatilla County, in the State of Oregon, in deed book 235, on page 131;
24. A certain tract of land described in a certain deed, dated October 3, 1956 by J. E. Sutherland and Helen Sutherland, his wife, as Grantors to the Mortgagor, as Grantee, and recorded on October 12, 1956 in the office of the Clerk of Umatilla County, in the State of Oregon, in deed book 237, on page 563;
25. A certain tract of land described in a certain deed, dated December 28, 1956 by Clarence Asher and Delpha Asher, husband and wife, as Grantors to the Mortgagor, as Grantee, and recorded on February 18, 1957 in the office of the Clerk of Wheeler County, in the State of Oregon, in reference no. 39234;
26. A certain tract of land described in a certain deed, dated July 31, 1975 by Clarence Asher and Delpha Asher, as Grantors to the Mortgagor, as Grantee and recorded on escrow instructions in the office of the First National Bank of Oregon, Fossil Branch, in the State of Oregon;
27. A certain tract of land described in a certain deed, dated July 31, 1975 by Clarence Asher and Delpha Asher, as Grantors to the Mortgagor, as Grantee and recorded on escrow instructions in the office of the First National Bank of Oregon, Fossil Branch, in the State of Oregon;