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K-41362
AMENDMENT TO DEED OF TRUST/Vol. M89 Page 10776
LINE OF CREDIT MORTGAGE

DATED: JUNE 15, 1989

BETWEEN: GREGORY AFFILIATES, INC. ("Grantor")
and

UNITED STATES NATIONAL BANK OF OREGON ("Lender")

This instrument amends that certain Deed of Trust (Line of Credit Mortgage) dated June 12, 1989, recorded on June 14, 1989 in Instrument #1448, Volume M89, Page 10605, Mortgage Records Klamath County, Oregon and Book 1062, Page 334, recorded on June 14, 1989 as Instrument #89-8489, Mortgage Records Douglas County said Deed of Trust covering real property shown on Exhibit A in Klamath County, Oregon and the real property shown on attached Exhibit B in Douglas County, Oregon.

The above described Deed of Trust is hereby amended to add the following as debt fully secured by said Deed of Trust (Line of Credit Mortgage) and to include the following within the word "Indebtedness" as used in said Deed of Trust (Line of Credit Mortgage).

1. Note dated June 12, 1989 in the face amount of \$4,000,000.00 signed by Gregory Affiliates, Inc. in favor of United States National Bank of Oregon, said note being drawn On Demand and has no fixed term. This Promissory Note was signed in conjunction with a revolving credit financing program between Lender and Borrower. The parties contemplate that the outstanding principal balance of the Note will vary from time to time as payments are received and new advances are made to the Borrower pursuant to the revolving credit financing program. All liabilities and obligations of the Borrower to Lender of every kind and description, direct and indirect, absolute or contingent, due or to become due, now existing or hereafter arising in connection with the revolving credit financing program, are included in the term "Indebtedness" as used in this Deed of Trust (Line of Credit Mortgage).

2. By the acceptance of this Amendment to Deed of Trust (Line of Credit Mortgage), Lender is committing itself to accept executed forms of "Application and Agreement for Letter of Credit" whereby either (i) the Grantor or (ii) Northwest Timber Affiliates, Inc., or (iii) Gregory Timber Resources, Inc., or (iv) Gregory Forest Products, Inc. applies to Lender for, and Lender agrees to issue, its Letters of Credit (Credits) up to the face amount not to exceed \$4,000,000.00 at any one time in favor of either United States Forest Service or the Bureau of Land Management provided no Credit may expire later than August 30, 1990, or at such later date as the parties may agree. The word "Indebtedness," as used at the beginning of the "Deed of Trust - Oregon (Line of Credit Mortgage)," covers all amounts which Lender, as issuer of the Credits may, at any time hereafter, have to

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pay to the United States Forest Service or the Bureau of Land Management or their assigns, under these Credits, together with all interest thereon, and together with all costs and fees which the Lender may incur in connection with the issuance of the Credits, all as stated more fully in the forms of application referred to above.

3. All amounts which Gregory Affiliates, Inc. promises to pay Lender, not to exceed \$8,000,000.00 in principal, plus interest, embodies in a Loan and Security Agreement dated June 9, 1989 signed by Gregory Affiliates, Inc. in favor of Lender.

4. Note dated June 12, 1989 in the face amount of \$4,000,000.00 signed by Gregory Affiliates, Inc. in favor of United States National Bank of Oregon ("Lender"), said note having a maturity of October 30, 1992.

5. Any default in the payment of any Note, Letter of Credit, Loan and Security Agreement, or other debt comprising the Indebtedness, shall be a default with respect to all other Notes, Letters of Credit, Loan and Security Agreements, and other debt comprising the Indebtedness, and shall entitle the Lender to exercise any rights and remedies for all of such defaults as are given to Lender by the Deed of Trust (Line of Credit Mortgage) amended hereby.

Except as provided above, all terms, conditions and obligations of said Deed of Trust (Line of Credit Mortgage) remain in full force and effect.

LENDER: United States National Bank
of Oregon

Gregory Affiliates, Inc.

BY: Julius E Lane

BY: Richard D Snyder

TITLE: Vice President

TITLE: Vice President/Finance Admin.

STATE OF OREGON)

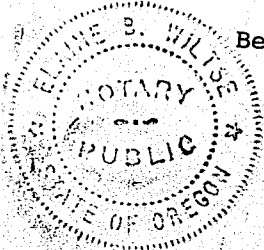
County of Multnomah)

) ss.

June 15, 1989

Personally appeared Richard D. Snyder, who being duly sworn, stated that he is the Vice President-Finance of the corporation that executed this Amendment to Deed of Trust/Line of Credit Mortgage and that said instrument was voluntarily signed in behalf of the corporation by authority of its Board of Directors, and he acknowledged said instrument to be his voluntary act and deed.

Before me:



Elaine B. Wiltsie
Notary Public for Oregon
My commission expires: 5/6/90

STATE OF OREGON

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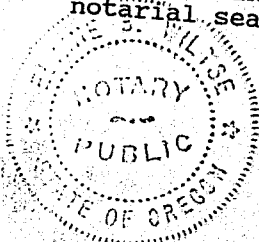
County of Multnomah

) ss

June 15, 1989

THIS CERTIFIES that on this 15 day of June, 1989, before me, the undersigned, a notary public in and for said county and state, personally appeared Judith E. Lane to me personally known, who, being duly sworn, did say that she, the said Judith E. Lane, is a Vice President of the UNITED STATES NATIONAL BANK OF OREGON, the within named national banking association, and that the said instrument was signed in behalf of said association by authority of its Board of Directors, and said Judith E. Lane, Vice President acknowledged said instrument to be the free act and deed of said association.

IN TESTIMONY WHEREOF, I have hereunto set my hand and notarial seal the day and year last above written.



Elaine B. Wiltse
Notary Public for Oregon
My commission expires: 5/6/90

After recording, return to:

United States National Bank of Oregon
Attention: J. E. Lane, Vice President
321 S. W. Sixth Avenue, MO-4
Portland, OR 97204

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Klamath County Title Co. the 16th day
of June A.D., 19 89 at 1:24 o'clock P.M., and duly recorded in Vol. M89
of Mortgages on Page 10776

FEE \$18.00

Evelyn Biehn, County Clerk

By Pauline Nielsen