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(Post Bank Loan)
(TEL-SSM)

10-07-93A09:09 RCVD

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SUPPLEMENT TO RESTATED MORTGAGE, SECURITY AGREEMENT AND FINANCING STATEMENT, dated as of *September 20, 1993*, 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 the 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, or obligating the Mortgagor otherwise to, 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 installments, 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

THIS INSTRUMENT GRANTS A SECURITY INTEREST IN A TRANSMITTING UTILITY.

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RETURN TO: Lynn Greene VH 340
Pacific Telecom, Inc.
P. O. Box 9901
Vancouver, WA 98686-8901

Oregon 520-K8 Blue Mountain

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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:

INSTRUMENTS RECITAL

"Outstanding REA Notes":

thirteen----- (13) certain mortgage notes in an aggregate principal amount of \$ 38,667,000 -----, all of which will finally mature on or before August 21, 2024.

"Outstanding Bank Notes":

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

"Mortgage":

Instrument

Date

Restated Mortgage, Security Agreement and Financing Statement

February 13, 1992

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

Principal Amount
\$ 10,310,000

Interest Rate
(per annum)
five percentum (5%)

Final Payment Date
Seventeen ----- (17)
years after the date
thereof;

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 Restated Mortgage, Security Agreement and Financing Statement (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, including, without limitation, the following described property, located in the Counties of Crook, Deschutes, Gilliam, Grant, Jefferson, Klamath, Lake, Morrow, Umatilla, Union, Wasco and Wheeler, in the State of Oregon, and in the County of Modoc, in the State of California:

AND ALSO including, without limitation:

All right, title and interest of the Mortgagor in and to the Existing Facilities and buildings, plants, works, improvements, structures, estates, grants, franchises, easements, rights, privileges and properties real, personal and mixed, tangible or intangible, of every kind or description, now owned or leased by the Mortgagor or which may hereafter be owned or leased, constructed or acquired by the Mortgagor, wherever located, and in and to all extensions and improvements thereof and additions thereto, including all buildings, plants, works, structures, improvements, fixtures, apparatus, materials, supplies, machinery, tools, implements, poles, posts, crossarms, conduits, ducts, lines, whether underground or overhead or otherwise, wires, cables, exchanges, switches including, without limitation, host switches and remote switches, desks, testboards, frames, racks, motors, generators, batteries and other items of central office equipment, paystations, protectors, instruments, connections and appliances, office furniture and equipment, work equipment and any and all other property of every kind, nature and description, used, useful or acquired for use by the Mortgagor in connection therewith;

All right, title and interest of the Mortgagor in, to and under any and all grants, privileges, rights of way and easements now owned, held, leased, enjoyed or exercised, or which may hereafter be owned, held, leased, acquired, enjoyed or exercised, by the Mortgagor for the purposes of, or in connection with, the construction or operation by or on behalf of the Mortgagor of telephone properties, facilities, systems or businesses, whether underground or overhead or otherwise, wherever located;

All right, title and interest of the Mortgagor in, to and under any and all licenses, franchises, ordinances, privileges and permits heretofore granted, issued or executed, or which may hereafter be granted, issued or executed, to it or to its assignors by the United States of America, or by any state, or by any county, township, municipality, village or other political subdivision thereof, or by any agency, board, commission or department of any of the foregoing, authorizing the construction, acquisition or operation of telephone properties, facilities, systems or businesses, insofar as the same may by law be assigned, granted, bargained, sold, conveyed, transferred, mortgaged, or pledged;

All right, title and interest of the Mortgagor in, to and under any and all contracts heretofore or hereafter executed by and between the Mortgagor and any person, firm, or corporation relating to the property mortgaged and pledged by the Mortgage and this Supplemental Mortgage, together with any and all other accounts, chattel paper, contract rights and general intangibles (as such terms are defined in the applicable Uniform Commercial Code), and all stock, bonds, notes, debentures, commercial paper, subordinated capital certificates, securities, obligations of or beneficial interests or investments in any corporation, association, partnership, joint venture, trust, the United States of America or any agency or department thereof, or any other entity of any kind, heretofore or hereafter acquired by the Mortgagor;

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Also, all right, title and interest of the Mortgagor in and to all other property, real or personal, tangible or intangible, of every kind, nature and description, and wheresoever situated, now owned or leased or hereafter acquired by the Mortgagor, it being the intention hereof that all such property now owned or leased but not specifically described herein or acquired or held by the Mortgagor after the date hereof shall be as fully embraced within and subjected to the lien hereof as if the same were now owned by the Mortgagor and were specifically described herein to the extent only, however, that the subjection of such property to the lien hereof shall not be contrary to law;

Together with all rents, income, revenues, profits, proceeds and benefits at any time derived, received or had from any and all of the above-described property of the Mortgagor.

Provided, however, that except as provided in section 12(b) of article II of the Mortgage, as amended and supplemented hereby, no automobiles, trucks, trailers, tractors or other vehicles (including without limitation aircraft or ships, if any) owned or used by the Mortgagor shall be included in the property mortgaged by the Mortgage and this Supplemental Mortgage.

TO HAVE AND TO HOLD the same forever, for the uses and purposes and upon the terms, conditions, provisos and agreements expressed and declared in the Mortgage, as amended and supplemented hereby.

2. The Outstanding Notes are hereby confirmed as notes of the Mortgagor entitled to the security of the Mortgage, as amended and supplemented by this Supplemental Mortgage, and of the property by the Mortgage and this Supplemental Mortgage mortgaged and pledged, or intended so to be, equally and ratably with one another and with other notes of the Mortgagor when and as executed and delivered under and pursuant to the Mortgage, as amended and supplemented hereby, without preference, priority or distinction of any one of the Outstanding Notes or such other notes over any other thereof and irrespective of the date of the execution, delivery or maturity thereof, or of the assignment or negotiation thereof.

3. The Instruments Recital of the Mortgage is amended by changing the date set forth in paragraph 5 for the termination of the Forecast Period referred to in Article II, Section 21(a) of the Mortgage from "December 31, 1994" to "December 31, 1996".

4. 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, the Mortgage and this Supplemental Mortgage, collectively, are hereby deemed a "security agreement" under the Uniform Commercial Code, and this Supplemental Mortgage is also hereby declared to be a "financing statement", under the Uniform Commercial Code for said security agreement. The mailing address of the Mortgagor and debtor is as stated in the testimonium clause hereof, and the mailing addresses of the Mortgagees and secured parties are, respectively, Rural Electrification Administration, Washington, D. C. 20250-1600, and Rural Telephone Bank c/o Rural Electrification Administration, Washington, D. C. 20250-1600.

5. All of the terms, provisions and covenants of the Mortgage, except as expressly modified hereby, shall be and remain in full force and effect.

6. The invalidity of any one or more phrases, clauses, sentences, paragraphs or provisions of this Supplemental Mortgage shall not affect the validity of the remaining portions hereof.

7. This Supplemental Mortgage may be simultaneously executed in any number of counterparts, and all of said counterparts executed and delivered, each as an original, shall constitute but one and the same instrument.

IN WITNESS WHEREOF, TELEPHONE UTILITIES OF EASTERN OREGON, INC.,
P.O. BOX 9901, Vancouver, Washington 98668-8701 -----
-----, as Mortgagor, has caused this Supplemental Mortgage
to be signed in its name and its corporate seal to be hereunto affixed and attested

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by its officers thereunto duly authorized, RURAL TELEPHONE BANK, as Mortgagee, has caused this Supplemental Mortgage to be signed in its name and its corporate seal to be hereunto affixed and attested by its officers thereunto duly authorized, and UNITED STATES OF AMERICA, as Mortgagee, has caused this Supplemental Mortgage to be duly executed in its behalf, all as of the day and year first above written:



Secretary

Executed by the Mortgagor
in the presence of:

Sydney Greene

Leander
Witnesses

TELEPHONE UTILITIES OF EASTERN
OREGON, INC.

by

B.B. Schum

President

UNITED STATES OF AMERICA, and
RURAL TELEPHONE BANK, respectively

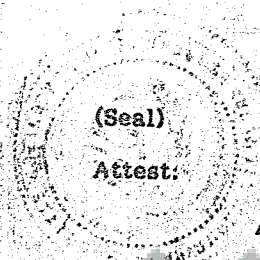
by

James B. H. H. H.

as

Administrator
of the

Rural Electrification Administration
and as
Governor of the
Rural Telephone Bank



Matthew Link

Assistant Secretary
of
Rural Telephone Bank

Executed by United States of America,
Mortgagee, and Rural Telephone Bank,
Mortgagee, in the presence of:

Quinn

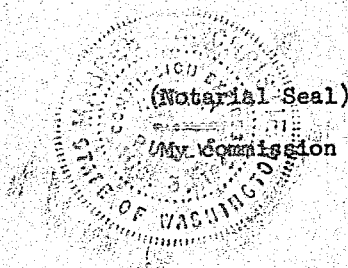
W. H. H.
Witnesses

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STATE OF Washington
COUNTY OF Clark } SS

This instrument was acknowledged before me on Spt. 20,
1993, by Charles E. Robinson
as president of TELEPHONE UTILITIES OF EASTERN OREGON, INC.

Margaret J. Christie
Notary Public



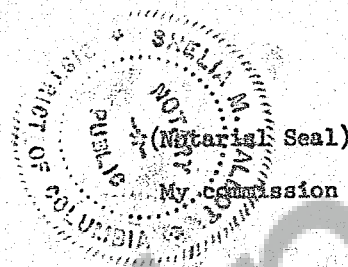
(Notarial Seal)

My Commission expires: 8-3-95

DISTRICT OF COLUMBIA) SS

This instrument was acknowledged before me on 13th of July,
1993, by JAMES B. HUFF, SR., as Administrator of the
Rural Electrification Administration and as Governor of the Rural Telephone
Bank.

Shelia M. Vallot
Notary Public



(Notarial Seal)

My Commission expires:

Shelia M. Vallot
Notary Public, District of Columbia
My Commission Expires Sept. 14, 1998

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STATE OF

Washington

COUNTY OF

Clerk

On Sept. 20, 1993, before me Margaret Z. Christie, a notary public, personally appeared Charles E. Robinson, personally known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument, the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Signature Margaret Z. Christie (Seal)

DISTRICT OF COLUMBIA

Shelia M. Vallot

On 15th of July, 1993, before me _____, a notary public, personally appeared JAMES B. HUFF, SR., personally known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument, the entities upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Signature Shelia M. Vallot (Seal)

Shelia M. Vallot
Notary Public, District of Columbia
Commission Expires Sept. 14, 1996

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of _____ the 7th day
of Oct., A.D., 19 93 at 9:09 o'clock A.M., and duly recorded in Vol. M93
of Mortgages on Page 25996

Evelyn Biehn . County Clerk

FEE \$55.00

By Quentin M. Muelhens