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State of Oregon, County of Klamath
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Linda Smith, County Clerk
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FIRST AMENDMENT TO AMENDED AND RESTATED PROMISSORY NOTE AND TO
DEED OF TRUST

by and between

BANK OF AMERICA, N.A.

and

AMERICAN FOREST SERVICES, LLC
(formerly known as U.S. Timberlands Services Yakima, LLC)

Dated as of: May 12, 2004

050604
[Klamath County, OR]

AMERITITLE, has recorded this
instrument by request as an accommodation only,
and has not examined it for regularity and sufficiency
or as to its effect upon the title to any real property
that may be described therein.

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am

FIRST AMENDMENT TO AMENDED AND RESTATED PROMISSORY NOTE AND TO DEED OF TRUST (hereinafter referred to as the "Amendment"), dated as of May 12, 2004, by and between **AMERICAN FOREST SERVICES, LLC**, a Delaware limited liability company (formerly known as U.S. Timberlands Services Yakima, LLC), having an address at 625 Madison Avenue, Suite 10-B, New York, New York 10022 (the "Grantor"), and **BANK OF AMERICA, N.A.**, a national banking association, having an office located at 101 South Tryon, NC1-002-06-31, 6th Floor, Charlotte, North Carolina 28255, Attention: Dan McAvoy, Senior Vice President (the "Beneficiary" and as more particularly defined below).

WITNESSETH:

WHEREAS, the Beneficiary, on June 30, 2003, loaned to the Grantor the principal amount of \$8,333,890.00 (the "Loan"), which Loan is evidenced by that certain Amended and Restated Promissory Note (as same may be amended, supplemented, renewed, extended, replaced or restated from time to time after the date hereof, the "Note"), dated as of June 30, 2003, given by the Grantor to the Beneficiary; and

WHEREAS, there currently exists, as of the date hereof, \$7,985,717.36 of outstanding principal, together with accrued and unpaid interest on the Note; and

WHEREAS, the Loan is guaranteed by the Guarantor (as defined in the Note) pursuant to that certain Amended and Restated Continuing and Unconditional Guaranty, dated as of June 30, 2003, given by the Guarantor to the Beneficiary (as same may be amended, supplemented, renewed, extended, replaced or restated from time to time after the date hereof, the "Guaranty"); and

WHEREAS, the Guarantor, pursuant to a separate instrument to be executed and delivered by the Guarantor simultaneously with the execution and delivery of this Amendment, shall agree to the terms and conditions of this Amendment and shall reaffirm, in accordance therewith, the Guaranty (the "Guarantor's Reaffirmation"); and

WHEREAS, the Loan is secured by, among other things, that certain Deed of Trust, Security Agreement, Assignment of Leases and Rents and Fixture Filing (the "Deed of Trust"), dated as June 30, 2003, given by the Grantor to Chicago Title Insurance Company, as the Trustee under the Deed of Trust, for the benefit of the Beneficiary covering the Property described therein and on Exhibit A annexed hereto; and

WHEREAS, the Deed of Trust was recorded on July 14, 2003, in the Office of the Klamath County Clerk, Oregon, in Volume M03, Page 48995; and

WHEREAS, the Grantor has requested that the Maturity Date for the Loan be extended to May 12, 2005; and

WHEREAS, the Beneficiary agrees to such extension, subject to the terms and conditions set forth herein; and

WHEREAS, the Grantor and the Beneficiary, in connection with the foregoing, desire to amend the Note and the Deed of Trust, and reaffirm, in their entirety, the Loan, the Note, the Deed of Trust and all other Loan Documents described in the Note; and

WHEREAS, all defined terms set forth herein shall have the same meaning as set forth in the Note or the Deed of Trust, as the case may be, unless otherwise specified herein;

NOW, THEREFORE, in consideration of the foregoing, the Beneficiary and the Grantor hereby mutually covenant and agree as follows:

1. Amendments to the Note. The Note is hereby amended by the Grantor and the Beneficiary, as of the date hereof as follows:

(a) The Maturity Date for the Note, as set forth on the top of the initial page of the Note shall be May 12, 2005.

(b) The first sentence of Paragraph 4(a) of the Note is hereby deleted in its entirety and the following is placed in its stead:

"Principal shall be paid in full in a single payment on the Maturity Date which is May 12, 2005."

3. Amendments to the Deed of Trust. The Deed of Trust is hereby amended by the Grantor and the Beneficiary as of the date hereof as follows:

(a) The heading in the initial paragraph on Page One of the Deed of Trust stating "THIS DEED OF TRUST, SECURITY AGREEMENT AND FIXTURE FILING AND ASSIGNMENT OF RENTS AND AGREEMENTS" shall be deleted and the following shall be placed in its stead:

"THIS DEED OF TRUST, SECURITY AGREEMENT,
ASSIGNMENT OF LEASES AND RENTS AND FIXTURE
FILING"

(b) The sentence on the cover page of the Deed of Trust stating "The maturity date of the Note secured hereby is May 12, 2004" shall be deleted and the following shall be placed in its stead:

"The Maturity Date of the Note secured hereby is May 12, 2005."

(c) All references in the Deed of Trust to the "Note" shall be to the Note as amended by this Amendment.

4. Conditions Precedent. This Amendment shall become effective on the date on which the Lender shall have received this Amendment and the Guarantor's Reaffirmation executed and delivered by each of the parties hereto and thereto.

5. Principal Balance; No Claims, etc. The Grantor hereby certifies that as of the date hereof, the principal balance outstanding on the Loan is \$7,985,717.36, together with accrued and unpaid interest thereon as set forth in the Note. The Grantor has no counterclaim, offset, defense or right of recoupment of any kind against the Beneficiary and its Affiliates under the Note, the Deed of Trust or any other Loan Document, or any other instrument or evidence of indebtedness.

6. Reaffirmation. The Grantor covenants and agrees to comply with all of the terms, covenants and provisions contained in the Note, the Deed of Trust and each other Loan Document, as the case may be, as the same has been amended by this Amendment. The Grantor hereby reaffirms in its entirety the Loan, the Note, the Deed of Trust and each other Loan Document and each term thereunder, as the case may be, and as the same has been amended by this Amendment. Except as specifically amended by this Amendment, the provisions of the Note, the Deed of Trust and each other Loan Document are reaffirmed in the entirety and shall remain unchanged and in full force and effect.

7. Conflict With Other Documents. In the event of a conflict between the provisions of this Amendment and the provisions of the Note, the Deed of Trust and/or any other Loan Document, the provisions of this Amendment shall govern and control to the extent of such conflict.

8. Validity and Compliance. The Grantor covenants, warrants and represents to the Beneficiary, that (a) it is in compliance with all of the terms, covenants and conditions set forth in the Note, the Deed of Trust and any other Loan Document, as the case may be, (b) all representations and warranties of the Grantor made in the Note, the Deed of Trust and any other Loan Document, as the case may be, are true and correct in all material respects on and as of the date hereof as if such warranties and representations were made on and as of the date hereof, (c) there exists no Event of Default under the Note, the Deed of Trust and any other Loan Document, (d) the execution, delivery and performance by the Grantor of this Amendment and any other documents delivered in connection herewith (i) does not constitute a breach of, or an Event of Default under, any agreement, contract, document or other arrangement to which it is a party or to which it may be bound, (ii) constitutes the legal, valid and binding obligations of the Grantor, fully enforceable against it in accordance with its respective terms, and (iii) has been approved by all members of the Grantor, and does not breach, and is not in conflict with, as the case may be, the applicable governing documents of the Grantor, and (e) the Grantor has all requisite power, authority and legal right (x) to execute and deliver this Amendment, together with all other documents contemplated herein and therein and to consummate the transactions and performance obligations hereunder and thereunder, and (y) to own its properties and assets and carry and conduct its business as presently conducted or proposed to be conducted.

9. Governing Law; Submission to Jurisdiction. This Amendment shall be governed and construed as provided in the Note. The Grantor further agrees to submit to the jurisdiction as provided in the Note.

10. Counterparts. This Amendment may be executed in two or more counterparts, each of which may be executed by one or more of the parties hereto, but all of which, when taken together, shall constitute a single amendment binding upon all of the parties hereto.

11. Successors and Assigns. This Amendment shall be binding upon and inure to the benefit of the successors, legal representatives, heirs and assigns of the parties hereto.

12. No Modification. This Amendment may not be amended, modified or otherwise changed without the mutual agreement in writing of the parties hereto.

13. Expenses. The Grantor shall also pay all reasonable and documented out-of-pocket fees, legal fees and expenses of the Beneficiary in connection with this Amendment and the transactions contemplated hereunder.

14. Extension Fee. In consideration for the extension of the Maturity Date hereunder, the Grantor shall pay to the Beneficiary a nonrefundable fee equal to 37.5 basis points of the then outstanding principal amount hereunder (the "Extension Fee") at the time such Extension Fee payment is due, payable in four (4) quarterly installments of twenty-five (25%) percent each, as follows: (i) simultaneously with the execution and delivery of this Agreement, and (ii) on the commencement of each quarterly period thereafter. The Extension Fee is deemed fully earned as of the date hereof. By way of example only, assuming an outstanding principal balance on the date hereof of \$8,333,890.00, and the principal reduction of such amount by \$1,000,000.00 as of each quarterly period, the Grantor shall pay to the Beneficiary the following amount as the Extension Fee: (i) on May 12, 2004, \$7,813.02; (ii) on August 12, 2004, \$6,875.52; (iii) on November 12, 2004, \$5,938.02; and (iv) on February 12, 2005, \$5,000.52.

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Amendment as of the date first written above.

BANK OF AMERICA, N.A., Beneficiary

By: _____
Dominic J. Scalzi, Senior Vice President

AMERICAN FOREST SERVICES, LLC

By:  _____
John M. Rudey, its President

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Amendment as of the date first written above.

BANK OF AMERICA, N.A., Beneficiary

By: Dominic J. Scalzi
Dominic J. Scalzi, Senior Vice President

AMERICAN FOREST SERVICES, LLC

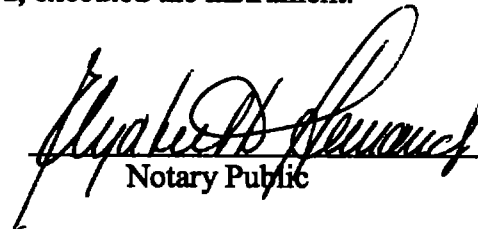
By: Timber Resource Services, LLC, its sole member

By: _____
John M. Rudey, its President, CEO and Chairman

30524

STATE OF NEW YORK)
) SS.:
COUNTY OF NEW YORK)

On the 7th day of May, 2004, before me, the undersigned, a notary public in and for said state, personally appeared **John Rudey**, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.


Notary Public

ELIZABETH HERNANDEZ
Notary Public, State of New York
No. 01HE5047225
Qualified in Bronx County
Commission Expires July 31, 20 05

STATE OF NEW YORK)
) SS.:
 COUNTY OF NEW YORK)

On the 12 day of May, 2004, before me, the undersigned, a notary public in and for said state, personally appeared **Dominic J. Scalzi**, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.




 Notary Public

Stephen P. Doyon
 Notary Public - State of New York
 Reg. No. 01DO615022
 Qualified in New York County
 My Commission Expires Feb. 2, 2008

EXHIBIT A

All real property located in Klamath County, Oregon, described as follows:

TOWNSHIP 40 SOUTH, RANGE 6 EAST, W.M.

- Section 12: Government Lot 1; The Southeast Quarter of the Northeast Quarter; The East Half of the Southeast Quarter
- Section 24: All
- Section 25: All
- Section 26: The East Half
- Section 36: All

TOWNSHIP 41 SOUTH, RANGE 6 EAST, W.M.

- Section 2: The Northeast Quarter
- Section 9: The Southwest Quarter
- Section 12: All
- Section 16: Government Lots 1, 2, 3, and 4

TOWNSHIP 39 SOUTH, RANGE 7 EAST, W.M.

- Section 27: The South Half of the Southwest Quarter; The Southwest Quarter of the Southeast Quarter
- Section 28: The South Half of the South Half
- Section 29: The Southeast Quarter of the Southeast Quarter
- Section 32: The Southeast Quarter of the Northwest Quarter; The Southwest Quarter of the Northeast Quarter; The Southeast Quarter of the Southeast Quarter; The West Half of the Southeast Quarter; The East Half of the Southwest Quarter; The Southwest Quarter of the Southwest Quarter
- Section 33: The Northeast Quarter; The Northeast Quarter of the Northwest Quarter; The North Half of the Southeast Quarter
- Section 34: All

Section 35: The West Half of the Southwest Quarter; A Portion of Government Lot 3; The Southeast Quarter of the Southwest Quarter; The Southwest Quarter of the Southeast Quarter; Government Lot 5, more particularly described in Volume 314, Page 179, Deed Records of Klamath County, Oregon

TOWNSHIP 40 SOUTH, RANGE 7 EAST, W.M.

Section 1: The Northwest Quarter of the Southeast Quarter; The Northeast Quarter of the Southwest Quarter; The South Half of the Southwest Quarter

Section 2: Fractional North Half; The North Half of the Southwest Quarter; The Southeast Quarter of the Southwest Quarter; The Southeast Quarter

Section 4: All

Section 6: The North Half of the Northeast Quarter; The Southeast Quarter of the Northeast Quarter; The Southeast Quarter; The South Half of the Southwest Quarter

Section 7: The West Half of the Southwest Quarter; The Southeast Quarter of the Southwest Quarter; The Southwest Quarter of the Southeast Quarter

Section 8: The Northeast Quarter; Government Lots 3, 4, and 5; The Northeast Quarter of the Southwest Quarter

Section 10: Governments Lots 1, 2, 3, and 4; The South Half of the North Half; The Southwest Quarter

Section 12: The Southwest Quarter; The Southeast Quarter of the Northwest Quarter; The Southwest Quarter of the Northeast Quarter; the West Half of the Southeast Quarter

Section 13: Being a portion of the North Half of the Northwest Quarter of Section 13, Township 40 South, Range 7 East, W.M., Klamath County, Oregon, more particularly described as follows:

Beginning at the section corner common to Sections 11, 12, 13, and 14, Township 40 South, Range 7 East, W.M., Klamath County, Oregon; thence South 89°10'48" East along the Section line 2,636.126 Feet to the ¼ corner common to Sections 12 and 13 of said Township and Range; thence South 0°21'4" East 1,321.589 Feet to a 2" survey cap; thence North 89°15'40" West 1,331.234 feet to a 2" survey cap marking the Northwest 1/16th corner of Section 13; thence North 44°22'04" West 1,877.448 feet to the point of beginning.

Section 16: All

Section 18: All

Section 20: The North Half; The North Half of the South Half

Section 22: The Northwest Quarter; The North Half of the Northeast Quarter; The Southwest Quarter of the Northeast Quarter; The Northwest Quarter of the Southeast Quarter; The North Half of the Southwest Quarter; Government Lots 3 and 4

Section 26: The East Half; The East Half of the Northwest Quarter; The Southwest Quarter of the Northwest Quarter; The Northwest Quarter of the Northwest Quarter

EXCEPT that portion of the following described land lying in the Northwest Quarter of the Northwest Quarter of said Section 26, more particularly described as follows:

Beginning at an iron pin from which the Section corner common to said Sections 23 and 26 (as marked by a brass capped monument) bears North 45°07'46" West 130.75 feet and South 29°15'31" West 61.67 feet; thence North 43°51'57" East 223.58 feet to an iron pin; thence North 84°44'04" East 229.91 feet to an iron pin; thence South 08°53'40" East 279.98 feet to an iron pin; thence South 41°58'02" West 234.03 feet to an iron pin; thence North 45°07'46" West 381.17 feet to the point of beginning.

Section 28: All

Section 33: The East Half of the West Half; The Southwest Quarter of the Southeast Quarter

Section 35: The East Half of the East Half; The Southwest Quarter of the Southeast Quarter

Section 36: The West Half; The Southeast Quarter

TOWNSHIP 41 SOUTH, RANGE 7 EAST, W.M.

Section 1: The East Half; The Southwest Quarter

Section 2: The Southwest Quarter of the Northeast Quarter; The East Half of the Northwest Quarter

EXCEPT That portion described in Deed recorded January 5, 1925, in Deed Book 65 at Page 142.

The East Half of the Southwest Quarter; The West Half of the West Half

Section 3: The East Half of the Southeast Quarter

Section 4: The North Half of the North Half; The South Half of the Northeast Quarter

Section 10: The Northwest Quarter; The Northeast Quarter of the Southwest Quarter

Section 11: The East Half; The Northwest Quarter of the Northwest Quarter; The Northwest Quarter of the Southwest Quarter

Section 12: All

Section 13: The Northwest Quarter of the Northeast Quarter; The North Half of the Northwest Quarter; Government Lots 2 and 3

Section 14: The Northeast Quarter of the Northeast Quarter; Government Lots 1, 2, 3, and 4

TOWNSHIP 41 SOUTH, RANGE 8 EAST, W.M.

Section 6: The Northwest Quarter; The Northwest Quarter of the Northeast Quarter; The North Half of the Southwest Quarter; The Southwest Quarter of the Southwest Quarter

Section 7: The Northwest Quarter; The North Half of the Northeast Quarter; The North Half of the Southwest Quarter; The Southwest Quarter of the Southwest Quarter