

mtc - 65218

Vol M05 Page 51866

After Recording Please Return to:
Peter G. Seiden, Esq.
St. John & Wayne, L.L.C.
70 East 55th Street - 19th Floor
New York, New York 10022

State of Oregon, County of Klamath
Recorded 07/07/05 3:21 Pm
Vol M05 Pg 51866-74
Linda Smith, County Clerk
Fee \$ 61.00 # of Pgs 9
₊₁₅

FIRST AMENDMENT TO PROMISSORY NOTE AND TO DEED OF TRUST, SECURITY
AGREEMENT, ASSIGNMENT OF LEASES, RENTS AND AGREEMENTS AND FIXTURE
FILING

by and between

BANK OF AMERICA, N.A.

and

BC TIMBER PROPERTIES, INC.

Dated as of: May 12, 2005

Execution
[Klamath County, OR]

6/1/00
+ 1500 am

FIRST AMENDMENT TO PROMISSORY NOTE AND TO DEED OF TRUST, SECURITY AGREEMENT, ASSIGNMENT OF LEASES, RENTS AND AGREEMENTS AND FIXTURE FILING (hereinafter referred to as the "Amendment"), dated as of May 12, 2005, by and between BC TIMBER PROPERTIES, INC., a Delaware corporation, 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).

W I T N E S S E T H:

WHEREAS, the Beneficiary, on May 13, 2004, loaned to the Grantor the principal amount of \$13,800,000.00 (the "Loan"), which Loan is evidenced by that certain Promissory Note, dated as of May 13, 2004, given by the Grantor to the Beneficiary (as same may be amended, supplemented, renewed, extended, replaced or restated from time to time after the date hereof, the "Note"); and

WHEREAS, there currently exists, as of the date hereof, \$1,927,800.00 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 Continuing and Unconditional Guaranty, dated as of May 13, 2004, 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, Rents and Agreements and Fixture Filing, dated as May 13, 2004, 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, portions of which have been reconveyed to the Grantor or its successor in interest and the remaining portion being described on Schedule A annexed hereto (as same may be amended, supplemented, renewed, extended, replaced or restated from time to time after the date hereof, the "Deed of Trust"); and

WHEREAS, the Deed of Trust was recorded on May 13, 2004, in the Office of the Klamath County Clerk, Oregon, in Volume M04, Page 29438; and

WHEREAS, the Grantor has requested that the Maturity Date for the Loan be extended to November 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. Amendment 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 November 12, 2005.

2. 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 sentence on the cover page of the Deed of Trust stating "The maturity date of the Note secured hereby is May 12, 2005" shall be deleted and the following shall be placed in its stead:

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

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

3. 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.

4. Principal Balance; No Claims, etc. The Grantor hereby certifies that as of the date hereof, the principal balance outstanding on the Loan is \$1,927,800.00, 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.

5. 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.

6. 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.

7. 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.

8. 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.

9. 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.

10. 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.

11. No Modification. This Amendment may not be amended, modified or

otherwise changed without the mutual agreement in writing of the parties hereto.

12. 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.

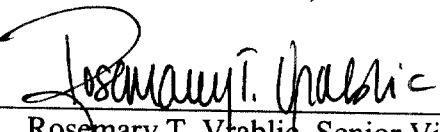
13. Extension Fee. In consideration for the extension of the Maturity Date hereunder, the Grantor shall pay to the Beneficiary, simultaneously with the execution and delivery of this Amendment, a nonrefundable fee equal to 18.75 basis points of the then outstanding principal amount hereunder (the "Extension Fee"). The Extension Fee is deemed fully earned as of the date hereof.

[signature page follows]

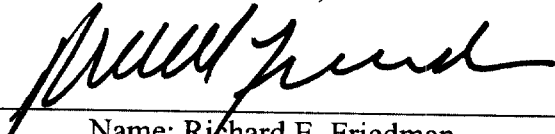
51871

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: 
Rosemary T. Vrablic, Senior Vice President

BC TIMBER PROPERTIES, INC.

By: 
Name: Richard E. Friedman
Title: President

Legal Description

Real property located in Klamath County, Oregon, described as follows:

TOWNSHIP 36 SOUTH, RANGE 7 EAST, W.M.

SECTION 31: GOVERNMENT LOTS 1, 2 AND 3; NW $\frac{1}{4}$ NW $\frac{1}{4}$; S $\frac{1}{2}$ NE $\frac{1}{4}$;
NW $\frac{1}{4}$ SE $\frac{1}{4}$; E $\frac{1}{2}$ SE $\frac{1}{4}$

EXCEPT THAT PORTION CONVEYED TO THE STATE OF OREGON BY AND
THROUGH ITS STATE HIGHWAY COMMISSION, RECORDED JULY 11, 1952 IN
BOOK 255, PAGE 565, DEED RECORDS OF KLAMATH COUNTY, OREGON

TOWNSHIP 37 SOUTH, RANGE 7 EAST, W.M.

SECTION 5: ALL

SECTION 6: ALL

SECTION 7: GOVERNMENT LOTS 1 THROUGH 16, INCLUSIVE

SECTION 8: N $\frac{1}{2}$

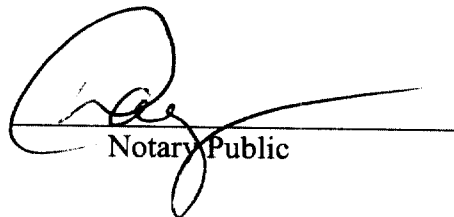
SECTION 18: GOVERNMENT LOTS 2, 3 AND 4; GOVERNMENT LOT 1,
LESS THE SOUTH 570 FEET OF THE EAST 497 FEET
THEREOF

EXCEPT THAT PORTION CONVEYED TO THE STATE OF OREGON BY AND
THROUGH ITS STATE HIGHWAY COMMISSION, RECORDED OCTOBER 3, 1951 IN
BOOK 250, PAGE 175, DEED RECORDS OF KLAMATH COUNTY, OREGON

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

51873

On the 29 day of June, 2005, before me, the undersigned, a notary public in and for said state, personally appeared **Richard E. Friedman**, 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.

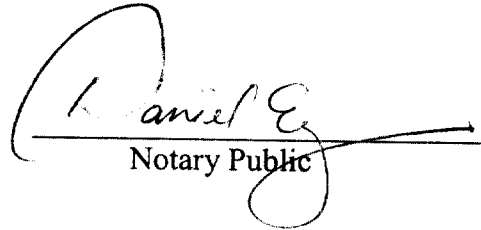

Notary Public

DANIEL C. EISENBERG
Notary Public - State of New York
Reg. No. 01E15022675
Qualified In Queens County
My Commission Expires Jan. 18, 2006

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

51874

On the 27 day of June, 2005, before me, the undersigned, a notary public in and for said state, personally appeared **Rosemary T. Vrablic**, 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

DANIEL C. EISENBERG
Notary Public - State of New York
Reg. No. 01E15022675
Qualified in Queens County
My Commission Expires Jan. 18, 2006