

EXHIBIT A

A. "Collateral" means, except as hereinafter limited:

- (i) all Project Revenues (defined as revenues arising from or attributable to the generation of steam, hot water or electricity);
- (ii) assignment of any Project construction contracts and any amendments thereto in form acceptable to Department;
- (iii) the Project (as defined in the Loan Agreement);
- (iv) real property constituting Borrower's mill site;
- (v) buildings, equipment and fixtures, controls, and devices constituting Borrower's mill including non-titled rolling stock used to handle processed lumber in connection with mill operations; and
- (vi) in the case of subparagraphs (iii), (iv) and (v), all accessions, parts and replacements thereto now owned or hereafter acquired and all proceeds arising upon the sale, exchange, or other disposition thereof.

B. Collateral shall not mean:

- (i) any titled or non-titled rolling stock of Borrower now existing or hereafter acquired not essential to moving lumber;
- (ii) that certain LeTourneau Log Stacker SN 2594-1177, including any accessories, attachments, appurtenances, additions, components, devices, parts or repairs thereto, and any exchanges, substitutions or replacements therefor;
- (iii) equipment, fixtures or other items of personal property acquired by Borrower, useful or intended to be used in carrying on its business, which equipment, fixtures or items of personal property, at the time of acquisition thereof, are subject to a security interest of the seller or other financier thereof given to secure the payment of the purchase price thereof which constitutes a "purchase money security interest" within the meaning of ORS 79.1070. This exception is limited to seller's or other financier's purchase money security interest.
- (iv) all accounts of Borrower, now existing or hereafter arising;
- (v) all general intangibles of Borrower, now existing or hereafter acquired, except the assignment of construction contracts contained in subparagraph A.(ii) above;
- (vi) all inventory of Borrower, now or hereafter owned or held;
- (vii) all goods, instruments, documents of title, policies and certificates of insurance relating to inventory, deposits, or cash now or hereafter owned by Borrower or in which Borrower now has or may hereafter have an interest except cash directly attributable to Project Revenues;
- (viii) all chattel paper of Borrower, now existing or hereafter arising; and
- (ix) proceeds and products arising from those items enumerated in subparagraph B(i) through (viii).

Loan No. L-00227

Crater Lake Lumber Co., Debtor and State of Oregon
acting through Director, Department of Energy, Secured Party.

BLE

EXHIBIT "A" continued

22029

Lots 3 and 4 and all that portion of the E $\frac{1}{2}$ SW $\frac{1}{4}$ and
S $\frac{1}{2}$ SE $\frac{1}{4}$ NW $\frac{1}{4}$ lying Westerly of the right of way of the
S. P. Railroad in Section 31, Township 30 South,
Range 8 East, Willamette Meridian.

After recording return to:
Dept. of Energy, State of Oregon (820)
625 Marion St. NE
Salem, Oregon 97310

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Klamath County Title Company the 8th day
of December A.D., 19 87 at 2:19 o'clock P. M., and duly recorded in Vol. M87,
of Mortgages on Page 22027.

Evelyn Biehn, County Clerk

By P. Am Smith

FEE \$15.00