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U.S. DEPARTMENT OF COMMERCE
U.S. Patent and Trademark Office

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To the Honorable Commissioner of Patents and Trademarks: Please record the attached original documents or copy thereof.

1. Name of conveying party(ies):

SPECIALTY LOOSE LEAF, INC.

- Individual(s)
- Association
- General Partnership
- Limited Partnership
- Corporation-State
- Other _____

Additional name(s) of conveying party(ies) attached? Yes No

2. Name and address of receiving party(ies)

Name: WESTFIELD BANK

Internal

Address: _____

Street Address: 141 Elm Street

City: Westfield State: MA Zip: _____

- Individual(s) citizenship _____
- Association _____
- General Partnership _____
- Limited Partnership _____
- Corporation-State _____

Other BANKING CORPORATION

If assignee is not domiciled in the United States, a domestic representative designation is attached: Yes No

(Designations must be a separate document from assignment)
Additional name(s) & address(es) attached? Yes No

3. Nature of conveyance:

- Assignment
- Merger
- Security Agreement
- Change of Name
- Other _____

Execution Date: December 30, 2002

4. Application number(s) or registration number(s):

A. Trademark Application No.(s)

B. Trademark Registration No.(s)

~~2,069,278~~ 2,357,856
2,064,917

Additional number(s) attached Yes No

5. Name and address of party to whom correspondence concerning document should be mailed:

Name: Paul M. Maleck, Esq.

Internal Address: _____

DOHERTY, WALLACE, PILLSBURY AND

MURPHY, P.C.

Street Address: 1414 Main Street

One Monarch Place, 19th Floor

City: Springfield State: MA Zip: 01144

6. Total number of applications and registrations involved: _____

3

7. Total fee (37 CFR 3.41).....\$ 90.00

Enclosed

Authorized to be charged to deposit account

8. Deposit account number: _____

(Attach duplicate copy of this page if paying by deposit account)

DO NOT USE THIS SPACE

9. Statement and signature.

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document.

Paul M. Maleck

[Signature]

1/02/2003

Name of Person Signing

Signature

Date

Paul M. Maleck

Total number of pages including cover sheet, attachments, and document: 33

01/30/2003 ECDOPER 00000048 2069278

Mail documents to be recorded with required cover sheet information to:
Commissioner of Patent & Trademarks, Box Assignments
Washington, D.C. 20231

01 FC:0511
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LOAN AND SECURITY AGREEMENT

by and between

SPECIALTY LOOSE LEAF, INC.

ROBERT V. THOMPSON

F. CHRISTIAN SCHWEITZER

and

WESTFIELD BANK

December 30, 2002

LOAN AND SECURITY AGREEMENT

THIS LOAN AND SECURITY AGREEMENT made this 30th day of December, 2002 by and between SPECIALTY LOOSE LEAF, INC., a Delaware corporation registered to do business in the Commonwealth of Massachusetts, with a usual place of business at One Cabot Street, Holyoke, Massachusetts ("Borrower"), ROBERT V. THOMPSON, an individual residing at 31 Hannumbrook Drive, Easthampton, Massachusetts ("Thompson") and F. CHRISTIAN SCHWEITZER, an individual residing at 16 Sunrise Terrace, Westfield, Massachusetts ("Schweitzer") ("Thompson" and "Schweitzer" are sometimes hereinafter collectively referred to as the "Guarantors") and WESTFIELD BANK, a Massachusetts banking corporation having a principal place of business at 141 Elm Street, Westfield, Massachusetts (the "Bank").

In consideration of the mutual covenants herein contained, it is agreed as follows:

1. DEFINITIONS AND ACCOUNTING TERMS.

1.1 Defined Terms. As used in this Agreement, the following terms have the following meanings (terms defined in the singular to have the same meaning when used in the plural and vice versa):

"Agreement" means this Loan and Security Agreement, as amended, supplemented, or modified from time to time.

"Business Day" means any day other than a Saturday, Sunday, or other day on which commercial banks in Massachusetts are authorized or required to close under the laws of The Commonwealth of Massachusetts.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, and the regulations and published interpretations thereof.

"Collateral" shall have the meaning assigned to it in Section 8.

"Commitment Letter" shall mean that Commitment Letter dated November 20, 2002, Restated as of December 3, 2002 from the Bank and accepted by the Borrower, Thompson and Schweitzer.

"Debt" means (1) indebtedness or liability for borrowed money; (2) obligations evidenced by bonds, debentures, notes, or other similar instruments; (3) obligations for the deferred purchase price of property or services (including trade obligations); (4) obligations as lessee under Capital Leases; (5) current liabilities in respect of unfunded vested benefits under Plans covered by ERISA; (6) obligations under letters of credit; (7) obligations under acceptance facilities; (8) all guaranties, endorsements (other than for collection or deposit in the ordinary course of business), and other contingent obligations to purchase, to provide funds for payment, to supply funds to invest in any Person or entity, or otherwise to assure a creditor against loss; and (9) obligations secured by any Liens, whether or not the obligations have been assumed.

“Demand Revolving Loan” or “Demand Loan” shall mean the Demand Loan more particularly described in Section 2.

“Demand Revolving Note” or Demand Note” shall mean the Demand Revolving Business Credit Note in the principal amount of One Million Five Hundred Thousand (\$1,500,000.00) Dollars executed by Borrower in favor of the Bank as such Note may be further modified or amended.

"Default" means any of the events specified in Section 14, whether or not any requirement for the giving of notice, the lapse of time, or both, or any other condition, has been satisfied.

"Event of Default" means any of the events specified in Section 14, provided that any requirement for the giving of notice, the lapse of time or both, or any other condition, has been satisfied.

"GAAP" means generally accepted accounting principles consistently applied, in accordance with financial reporting standards from time to time in effect among nationally recognized certified public accounting firms in the United States.

"Guarantors" shall mean any person who has guaranteed to the Bank payment or performance of any of the Obligations.

"Guaranty" means the Guaranty to be delivered by the Personal Guarantors under the terms of this Agreement.

"Insolvent" – The Obligor shall be considered to be "Insolvent" when any of the following events shall have occurred whereby the Obligor: (a) shall generally not pay, or shall be unable to pay, or shall admit in writing its inability to pay its debts as such debts become due; or (b) shall make an assignment for the benefit of creditors, or petition or apply to any tribunal for the appointment of a custodian, receiver, or trustee for it or a substantial part of its assets; or (c) shall commence any proceeding under any bankruptcy, reorganization, arrangement, readjustment of debt, dissolution, or liquidation law or statute of any jurisdiction, whether now or hereafter in effect; or (d) shall have had any such petition or application filed or any such proceeding commenced against it in which an order for relief is entered or an adjudication or appointment is made, and which remains undismissed for a period of ninety (90) days or more; or (e) shall take any corporate action indicating its consent to, approval of, or acquiescence in any such petition, application, proceeding, or order for relief or the appointment of a custodian, receiver, or trustee for all or any substantial part of its properties; or (f) shall suffer any such custodianship, receivership, or trusteeship to continue undischarged for a period of ninety (90) days or more.

"Lien" means any mortgage, deed of trust, pledge, security interest, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other),

"Permitted Liens" means those liens currently in existence and set forth in Paragraph 12.

"Person" means an individual, partnership, corporation, business trust, joint stock company, trust, unincorporated association, joint venture, governmental authority, or other entity of whatever nature.

"Prime Rate" shall mean the prime rate as published in the Wall Street Journal – Easter Edition, as such rate changes from time to time.

"Principal Office" means the Bank's office at 141 Elm Street, Westfield, Massachusetts 01085.

"Property" or "Premises" shall mean the property known as and located at **One Cabot Street, Holyoke, Massachusetts.**

"Term Loan" shall mean the term loan more particularly described in Section 4.

"Term Note" shall mean the Term Note in the principal amount of Four Hundred Thousand (\$400,000.00) Dollars executed by the Borrower in favor of the Bank as such note may be further modified or amended.

"Title Company" shall mean the title company or companies specified by the Bank together with such reinsurers of such title company or companies or such other Title Companies as may be approved by the Bank.

1.2 "Accounting Terms". All accounting terms not specifically defined herein shall be construed in accordance with GAAP consistent with those applied in the preparation of the financial statements referred to in Section 13, and all financial data submitted pursuant to this Agreement shall be prepared in accordance with such principles.

1.3 Loan Account. A Loan Account for the Loans shall be opened on the books of the Bank in which account a record shall be kept of all loans made by the Bank to the Borrower under or pursuant to this Agreement, and all payments thereon.

The Bank may also keep a record (either in the applicable Loan Account or elsewhere, as the Bank may from time to time elect) of all interest, services charges, costs, expenses and other debits owed the Bank on account of the loan arrangement contemplated hereby and of all credits against such amounts so owed.

The outstanding amount of the Loans shall be evidenced each month by the Bank's records of disbursements and balances in the form of a written statement. Such written statement shall be deemed conclusively binding unless the Borrower has objected within thirty (30) days from the date of such monthly statement.

2. AMOUNT AND TERMS OF UP TO \$1,500,000.00 DEMAND REVOLVING LINE OF CREDIT LOAN.

2.1 Demand Revolving Line of Credit Loan. The Bank will make available to the Borrower a Revolving Line of Credit Loan in the principal amount of up to ONE MILLION FIVE HUNDRED THOUSAND (\$1,500,000.00) DOLLARS (the "Demand Loan"). The Demand Loan will be made available on a demand basis with an adjustable rate of interest equal to the Bank's Prime Rate, as such rate changes from time to time, plus one (1.00%) percent. The rate is subject to change on a daily basis. Interest will be payable monthly in arrears on the outstanding principal balance during the previous payment period. Any change in the interest rate shall be effective as of the date of each change in the Prime Rate. Interest shall be calculated on the basis of an actual/360 day year. All payments made hereunder shall be applied first to the payment of late charges hereunder, second to the payment of interest then the balance, if any, shall be applied to the payment of principal. The Demand Loan shall be recorded in the Loan Account and shall be evidenced by a Demand Revolving Business Credit Note (the "Demand Note") executed contemporaneously herewith.

The Borrower and any endorser(s) of the Demand Note agree that the Bank may, in its reasonable discretion, and only through the undersigned officer of the Bank (or in the undersigned officer's absence another officer of the Bank), make loan advances of the principal amount of the Demand Loan to the Borrower upon written or verbal authority of any officer executing the Borrower's Banking resolutions on behalf of the Borrower. The Bank may deliver the Demand Loan proceeds by direct deposit to any demand deposit account of the Borrower with the Bank or otherwise, as so authorized, and all such Demand Loan advances as evidenced by the Demand Note and any amendment thereto shall represent binding obligations of the Borrower and any endorser(s) thereunder.

2.2. Repayment. Beginning on the day which is thirty (30) days from the date hereof, and continuing on the same day of each month thereafter, the Borrower shall make interest only payments on the outstanding principal balance. The Demand Loan shall be, and remain, ON DEMAND despite the enumeration of an Event of Default or Events of Default set forth herein and despite the use of any express or implied term.

2.3 Use of Proceeds. The proceeds of the Demand Loan hereunder shall be used to payoff a similar revolving facility indebtedness at Westbank and to provide the Borrower with working capital. The Borrower will not, directly or indirectly, use any part of such proceeds for the purpose of purchasing or carrying any margin stock within the meaning of Regulation U of the Board of Governors of the Federal Reserve System or to extend credit to any Person for the purpose of purchasing or carrying any such margin stock, or for any purpose which violates, or is inconsistent with, Regulation X of such Board of Governors.

2.4 Prepayment. The Demand Loan may be prepaid in whole or in part at any time without penalty.

2.5 Late Payment. In the event that any payment of the outstanding principal balance of the Demand Note or any interest due thereon is not paid within ten (10) days of the date when

such payment is due, the Borrower shall pay the Bank a late fee in an amount equal to five percent (5.00%) of the principal amount not paid when due.

2.6 Interest at Maturity or Default. Interest after the occurrence and during the continuance of an Event of Default shall be charged upon the then outstanding principal balance and any interest accrued up to the date of such Event of Default or after demand, as the case may be, to the extent permitted by law, at the aggregate rate in effect in the absence of an Event of Default under the Demand Loan plus five (5.00%) percent.

2.7 Annual Review. Notwithstanding the provisions of Section 2.2, the Demand Loan shall be available as of the date set forth above and the Bank shall annually review the Demand Note on September 1 of each year, beginning on September 1, 2003 at which time availability hereunder may be terminated, extended or modified at the discretion of the Bank.

3. AMOUNT AND TERMS OF \$300,000.00 MORTGAGE TERM LOAN.

3.1 Mortgage Term Loan. The Bank will make available to the Borrower a Mortgage Term Loan in the principal amount of THREE HUNDRED THOUSAND (\$300,000.00) DOLLARS (the "Mortgage Loan"). The term of the Mortgage Loan shall be twenty (20) years. The Mortgage Loan will be evidenced by the Mortgage Note executed contemporaneously herewith.

3.1.1 Rate of Interest. The initial interest rate shall be six and three quarters (6.75%) percent for the first five (5) years. On the fifth anniversary date of the Mortgage Note, and continuing on each five (5) year anniversary date thereafter for the remainder of the term, the interest rate shall be adjusted to equal the then U.S. Treasury Five (5) Year Rate plus two and one-half (2.50%) percent (the "Fixed Five Year Rate") and shall be fixed for five (5) years at a time.

3.1.2 Repayment. Beginning on the date which is thirty (30) days from the date of the Mortgage Note and continuing on the same day of each consecutive month thereafter for the first sixty (60) months, the Borrower shall make to the Bank principal and interest payments in the amount of TWO THOUSAND TWO HUNDRED EIGHTY ONE AND 09/100 (\$2,281.09) DOLLARS. Beginning on the date which is sixty (60) months from the date of the Mortgage Note and continuing each five (5) year anniversary date thereafter, for the remainder of the term, the Borrower shall make monthly payments of principal and interest to the Bank in accordance with the Fixed Five Year Rate described in Section 3.1.1 above which will vary every five (5) years.

3.2 Use of Proceeds. The proceeds of the Mortgage Loan hereunder shall be used by the Borrower to payoff similar indebtedness at Westbank. The Borrower will not, directly or indirectly, use any part of such proceeds for the purpose of purchasing or carrying any margin stock within the meaning of Regulation U of the Board of Governors of the Federal Reserve System or to extend credit to any Person for the purpose of purchasing or carrying any such margin stock, or for any purpose which violates, or is inconsistent with, Regulation X of such Board of Governors.

3.3 Prepayment. The Mortgage Loan may not be prepaid, in whole or in part, without incurring a penalty. If the principal of the Mortgage Term Loan is prepaid through the proceeds of another financial institution, in whole or in part, during the first five (5) years, the Borrower shall pay a prepayment penalty of five percent (5%) during the first year, four percent (4%) during the second year, three percent (3%) during the third year, two percent (2%) during the fourth year, and one percent (1%) during the fifth year. There will be no prepayment penalty thereafter.

3.4 Late Payment. Any payment of principal and/or interest received more than ten (10) days after its due date shall be subject to an additional charge of five (5%) percent of the amount of the late payment.

3.5 Interest at Maturity or Default. Upon the occurrence and during the continuance of an Event of Default with respect to the outstanding principal balance of the Mortgage Loan, interest shall be payable with respect to the outstanding principal balance of the Mortgage Loan and any unpaid interest at a rate equal to five (5.00%) percent above the rate otherwise in effect under the Mortgage Note.

4. AMOUNT AND TERMS OF \$400,000.00 TERM LOAN.

4.1 Term Loan. The Bank will make available to the Borrower a Term Loan in the principal amount of FOUR HUNDRED THOUSAND (\$400,000.00) DOLLARS (the "Term Loan"). The Term Loan will be evidenced by the Term Note executed contemporaneously herewith.

4.1.1 Rate of Interest. The interest rate shall be a floating rate of interest equal to the Bank's Prime Rate plus one (1.00%) percent per annum.

4.1.2 Repayment. Beginning on the date which is thirty (30) days from the date of the Term Note and continuing on the same day of each and every consecutive month for eighty four (84) months, the Borrower shall make to the Bank level monthly payments of principal in the amount of FOUR THOUSAND SEVEN HUNDRED SIXTY ONE AND 90/100 (\$4,761.90) DOLLARS plus varying interest based upon the interest rate set forth in Section 4.1.1 above.

4.2 Use of Proceeds. The proceeds of the Term Loan hereunder shall be used by the Borrower to payoff similar term indebtedness at Westbank. The Borrower will not, directly or indirectly, use any part of such proceeds for the purpose of purchasing or carrying any margin stock within the meaning of Regulation U of the Board of Governors of the Federal Reserve System or to extend credit to any Person for the purpose of purchasing or carrying any such margin stock, or for any purpose which violates, or is inconsistent with, Regulation X of such Board of Governors.

4.3 Prepayment. The Term Loan may be prepaid, in whole or in part, at any time without penalty.

4.4 Late Payment. Any payment of principal and/or interest received more than ten (10) days after its due date shall be subject to an additional charge of five (5%) percent of amount of the late payment.

4.5 Interest at Maturity or Default. Upon the occurrence and during the continuance of an Event of Default with respect to the outstanding principal balance of the Term Loan, interest shall be payable with respect to the outstanding principal balance of the Term Loan and any unpaid interest at a rate equal to five (5.00%) percent above the rate otherwise in effect under the Term Note.

5. CROSS-DEFAULT, CROSS-COLLATERALIZATION AND CROSS-GUARANTY.

It is hereby expressly agreed that a default in any of the terms and conditions of any of the Notes shall constitute a default in all of the Notes executed by the Borrower in favor of the Bank, and any other Obligations of the Borrower and/or the Guarantors whether evidenced by Notes, Guaranties or otherwise. A default in any of the terms and conditions of the Notes shall constitute a default of this Agreement and any default of this Agreement shall constitute a default in the Notes and Guaranties. A default in any of the terms and conditions of any other Obligations of the Borrower and/or the Guarantors to the Bank shall constitute a default hereunder and under the Notes and Guaranties. All collateral pledged by the Borrower and/or the Guarantors and held by the Bank regardless of the date upon which the security interest attached on or the date of the Notes or Guaranty which it secures, shall serve as security for all of the Notes and Guaranties.

6. CONDITIONS PRECEDENT TO INITIAL ADVANCE.

The obligation of the Bank to make the initial advance for the Loans shall be subject to the conditions precedent that the Bank shall have received on or before the day of such Loans each of the following, in form and substance satisfactory to the Bank and its counsel:

6.1 Execution of Notes. The Notes duly executed by the Borrower;

6.2 Evidence of Borrower's Authority and Incumbency of Representatives. Certified (as of the date of this Agreement) copies of all corporate action taken by the Borrower, including resolutions of its Board of Directors, authorizing the execution, delivery, and performance of the Loan Documents to which it is a party and each other document to be delivered pursuant to this Agreement together with a certificate (dated as of the date of this Agreement) of the Clerk of the Borrower certifying the names and true signatures of the officers of the Borrower authorized to sign the Loan Documents to which it is a party and the other documents to be delivered by the Borrower under this Agreement;

6.3 Opinion. A favorable opinion of Bulkley, Richardson and Gelinas, LLP, counsel for the Obligors dated the date of the Loans as to such matters as the Bank may reasonably request;

6.4 Officer's Certificate, etc. The following statements shall be true and the Bank shall have received a certificate signed by a duly authorized officer of the Borrower, dated the date of the Loans stating that:

a. The representations and warranties contained in Section 10 of this Agreement are correct on and as of the date of the Loans as though made on and as of such date; and

b. No Default or Event of Default has occurred and is continuing, or would result from the making of the Loans;

6.5 Other Related Documents. The Bank shall have received such other approvals, opinions, certificates or documents as the Bank may reasonably request;

6.6 Guaranties. As additional security for all of the Loans and the obligations of the Borrower pursuant to this Agreement, and as a condition to the Bank's obligation to make the aforesaid Loans to the Borrower, all of the obligations of the Borrower shall be absolutely and unconditionally guaranteed by the Guarantors. The Guarantors shall, absolutely and unconditionally, guarantee to the Bank the prompt payment by the Borrower of all amounts due on account of or with respect to the Demand Revolving Loan, Mortgage Term Loan and Term Loan and prompt performance by the Borrower of all other obligations to the Bank in connection with or arising out of the Demand Revolving Loan, Mortgage Term Loan and Term Loan pursuant to the Guaranties of each of the Guarantors.

6.7 Valid Mortgage and Assignments. The Borrower shall grant a Mortgage, together with various Collateral Assignments and documents required by the Bank on the Property to secure the Obligations. The Mortgage shall constitute a valid first lien on the Property therein described for the full amount then and theretofore advanced, free and clear of all liens and encumbrances except as will appear in the title binder or policy or Borrower's counsel's title report delivered at the time of the recording of the Mortgage or except as may be waived by the Bank. The status of title shall be duly reported to the Bank with opinion by Borrower's counsel or counsel acceptable to the Bank, together with appropriate endorsement required by the title insurance policy;

6.8 Appraisal Fees. The Bank may reasonably require additional appraisal(s) to the Collateral and Property, including any portion thereof, at any time after an uncured Event of Default, the cost of such appraisal(s) shall be at the sole cost and expense of the Borrower. Absent an Event of Default, as defined herein, the Bank agrees that such additional appraisals will not occur more than once every five (5) years;

6.9 Automatic Debit Agreement. The execution of an Automatic Debit Agreement by the Borrower in order for the principal and interest for the Loans to be automatically deducted at the Bank, on a monthly basis;

6.10 Other Related Documents. The Bank shall have received such other approvals, opinions, certificates or documents as the Bank may reasonably request, including without limitation:

6.10.1 A mortgagee's title insurance policy (the "Title Policy") in the total amount of the Mortgage Loan issued by the Title Company, satisfactory to the Bank, insuring or committing to insure that the Mortgage Loan is a valid first lien on the Property, free and clear of all defects and encumbrances except such as the Bank may approve, setting forth a description of the Premises, shall have attached thereto copies of all instruments which appear as exceptions in the policy, shall provide full coverage against mechanic's and materialman's liens, shall be without survey exception and shall contain such endorsements as may be reasonably requested by the Bank;

6.10.2 A survey of the Premises by a registered engineer or surveyor sufficient to delete the survey exception in the Title Policy. If the survey discloses that all or any part of the Premises are in a flood hazard area, the Borrower shall be required to purchase flood insurance in the amount of the commitment or the maximum amount available, whichever is less, naming the Bank as loss payee;

6.10.3 The policies of casualty and property insurance required by the provisions of Section 11.5 herein;

6.10.4 A Site Assessment Report relative to the Property;

6.10.5 A real estate appraisal for the Property evidencing a ratio of not more than eighty (80%) percent loan to value for the Mortgage Term Loan;

6.10.6 An equipment and machinery appraisal, in form and content reasonably satisfactory to the Bank;

6.10.7 Copies of the 2000 and 2001 personal tax returns for each of the Guarantors;

6.10.8 The current personal financial statements for each of the Guarantors addressed to the Bank;

6.10.9 The Massachusetts Business Development Corporation ("MBDC") and HEDIC financing commitments and related documents being offered to the Borrower (i.e., the Bank will permit subordinate financing upon terms reasonably acceptable to it); and

6.10.10 The Borrower's 2002 audited financial statement.

6.11 Permits, Licenses and Approvals. Evidence that the Obligors have obtained all necessary licenses, permits and approvals in order to conduct and use the Property as intended;

6.12 Subordinated Debt. All debt owed to the Obligors to any third party shall be fully subordinated to the Loans; and

6.13 Maintenance of Business and Management. The Borrower shall at all times maintain its business operations and management in substantial similarity with those operations as they exist at the time of closing, unless otherwise consented to by the Bank.

7. PROMISE TO PAY.

The Borrower promises to pay:

7.1 Obligations. All Obligations of the Borrower to the Bank, including, but not limited to, the Obligations evidenced by the Notes of even date with interest at the rates set forth or in the manner determined in accordance with the aforesaid Notes;

7.2 Taxes. Any and all taxes, charges and expenses of every kind or description which are the Obligations of the Borrower, paid or incurred by the Bank with respect to the loans or financial accommodations made, the Property, or any Collateral therefor, or the collection or realization upon the same, together with interest thereon at the highest rate permitted by law; and

7.3 Tax Escrow. As required by the Bank, the Borrower shall pay to the Bank on the day monthly installments of interest are payable under the Mortgage Note, one-twelfth (1/2) of the yearly taxes and assessments with respect to the Property.

8. SECURITY INTEREST GRANTED; COLLATERAL; AUTHORIZATION TO FILE FINANCING STATEMENTS.

8.1 Grant of First Security Interest; Collateral of Borrower. In consideration of the Loans, and other financial accommodations made to the Borrower by the Bank, the Borrower hereby grants to the Bank a first security interest in all of its tangible and intangible assets, as more particularly described in Schedule A attached hereto, in the products and proceeds thereof, in all accessions and additions thereto, and in all replacement and substitutions therefor, including, without limitation, all patents, trademarks, servicemarks, copyrights or other intellectual property owned or licensed by the Borrower, as more particularly described in Schedule A-1 attached hereto, all of which, whether now owned or hereafter acquired shall be collectively referred to as the "Collateral". The security interest is hereby granted in order to secure payment and performance of all of Borrower's Obligations including, without limitation, the Demand Note, the Mortgage Term Note, the Term Note and all future debts, liabilities, advances and other Obligations of the Borrower to the Bank. Where applicable, Borrower's Collateral shall also mean "Collateral" as defined in the Mortgage executed by the Borrower in favor of the Bank. The Mortgage and Collateral Assignment are also hereby executed simultaneously herewith in order to secure payment and performance of all of Borrower's Obligations without limitation and all future debts, liabilities, advances and other Obligations of Borrower to the Bank

8.2 Authorization to File Financing Statements. The Borrower hereby irrevocably authorizes the Bank at any time and from time to time to file in any Uniform Commercial Code jurisdiction any initial financing statements and amendments thereto that (a) indicate the

Collateral (i) as all assets of the Borrower or words of similar effect, regardless of whether any particular asset comprised in the Collateral falls within the scope of Article 9 of the Uniform Commercial Code of the Commonwealth of Massachusetts or such jurisdiction, or (ii) as being of an equal or lesser scope or with greater detail, and (b) contain any other information required by part 5 of Article 9 of the Uniform Commercial Code of the Commonwealth of Massachusetts for the sufficiency or filing office acceptance of any financing statement or amendment, including (i) whether the Borrower is an organization, the type of organization and any organization identification number issued to the Borrower and, (ii) in the case of a financing statement filed as a fixture filing or indicating Collateral as as-extracted collateral or timber to be cut, a sufficient description of the real property to which the Collateral relates. The Borrower agrees to furnish any such information to the Bank promptly upon request.

9. THE BANK AS THE OBLIGORS' ATTORNEY.

Upon the occurrence and continuance of an Event of Default, the Obligors hereby irrevocably appoint the Bank the true and lawful attorney of the Obligors with full power of substitution, coupled with an interest, in the name of the Bank but at the sole expense of the Obligors, (a) to demand, collect, receive payment of, receipt for, settle, compromise or adjust, and give discharges and releases in respect of the Obligors' accounts receivable (the "Accounts Receivable"); (b) to commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect the Accounts Receivable or any of them and to enforce any other rights in respect thereof or in respect of the goods which have given rise thereto; (c) to defend any suit, action or proceeding brought against the Obligors in respect of any Account Receivable or the goods which have given rise thereto; (d) to settle, compromise or adjust any suit, action or proceeding described in clause (b) or (c) above and, in connection therewith, to give such discharges or releases as the Bank may deem appropriate; (e) to endorse checks, notes, drafts, acceptances, money orders, bills of lading, warehouse receipts or other instruments or documents evidencing or securing the Accounts Receivable or any of them; (f) to receive, open and dispose of all mail addressed to the Obligors to such address, care of the Bank, as the Bank may designate; and (g) generally to sell, assign, transfer, pledge, make any agreement in respect of or otherwise deal with an Account Receivable, the Collateral or the goods which have given rise thereto as fully and completely as though the Bank were the absolute owner thereof for all purposes. The powers conferred on the Bank by this Agreement are solely to protect the interest of the Bank and shall not impose any duty upon the Bank to exercise any such power, and if the Bank shall exercise any such power, it shall be accountable only for amounts that it actually receives as a result thereof and shall not be responsible to the Obligors except for willful misconduct or gross negligence. The Bank shall be under no obligation to take steps necessary to preserve rights in any Collateral against prior parties but may do so at its option. The Bank may at its option transfer at any time to itself or to its nominee any securities held as Collateral hereunder and receive the income thereon and hold the same as Collateral hereunder and may at any time notify the Account Debtors on any Accounts Receivable or the obligor on any other Collateral of the Bank's security interest therein and instruct such Account Debtors and Obligors to make all future payments thereon to the Bank. At its option, the Bank may discharge any taxes, liens, security interests or other encumbrances to which any Collateral is at any time subject, and may, upon the failure of either of the Obligors to do so, purchase insurance on any Collateral and pay for the repair, maintenance or preservation

thereof, and the Obligors agree to reimburse the Bank on demand for any reasonable payments made or expenses incurred by the Bank pursuant to the foregoing authorization, and authorizes the Bank to charge the Loan Account for the amount of such payments or expenses. The Bank may at any time take control of any proceeds of Collateral to which the Bank is entitled hereunder or under applicable law.

10. REPRESENTATIONS AND WARRANTIES OF THE OBLIGORS.

To induce the Bank to enter into this Agreement, the Obligors represent and warrant as follows:

10.1 Corporate Existence; Authority; Standing of Borrower. The Borrower is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and is registered to do business in the Commonwealth of Massachusetts. The Borrower has full corporate power to own its properties and conduct its business as now conducted, and to enter into and perform this Agreement. The Borrower is in good standing in each jurisdiction in which the failure to qualify would have a material, adverse effect upon its financial condition, business or properties. The execution and delivery of this Agreement, the Notes and all related documents has been duly authorized and evidence valid and binding obligations of the Borrower, except as limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally or by general equitable principles.

10.2 Legally Enforceable Agreement. This Agreement is, and each of the other Loan Documents when delivered under this Agreement will be, legal, valid, and binding obligations of the Obligors in accordance with their respective terms, except to the extent that such enforcement may be limited by applicable bankruptcy, insolvency, and other similar laws affecting creditors' rights generally or by general equitable principles.

10.3 Title of Assets and Collateral; Priority of Security Interest. Subject to Permitted Liens and subject to minor imperfections which do not affect value, the Borrower has good and marketable title to, or valid leasehold interests in, all material properties and assets used in its business, real and personal, and, specifically, to all of the Collateral and the Borrower will defend the title to the Collateral against all persons and against all claims and demands whatsoever, and shall keep the Collateral subject to no future lien, encumbrance or charge. The security interest granted hereby constitutes a valid first lien encumbrance, subject to only those Permitted Liens and those security interests shown in Section 12.

10.4 Labor Disputes and Acts of God. As of the date of this Agreement, neither the business nor the properties of the Borrower is affected by any fire, explosion, accident, strike, lockout or other labor dispute, drought, storm, hail, earthquake, embargo, act of God or of the public enemy, or other casualty (whether or not covered by insurance), materially and adversely affecting such business or properties or the operation of the Borrower.

10.5 Other Agreements. The Obligors are not a party to any indenture, loan or credit agreement, or to any lease or other agreement or instrument, or subject to any charter or corporate restriction which could have a material adverse effect upon its business, properties or

financial condition of the Obligors, or the ability of the Obligors to carry out its obligations under the Loan Documents to which it is a party. The Obligors are not in default in any material respect in the performance, observance, or fulfillment of any of the material obligations, covenants, or conditions contained in any agreement or instrument material to its business to which it is a party.

10.6 Litigation. There is no pending or threatened action or proceeding against the Obligors before any court, governmental agency, or arbitrator, which, if adversely determined in any one case or in the aggregate, materially adversely affect the financial condition, properties, or business of the Obligors taken as a whole or the ability of the Obligors to perform their respective obligations under the Loan Documents to which either is a party. The Obligors further covenant that they are not a party to any pending lawsuits.

10.7 No Defaults. The Obligors have satisfied all judgments, and are not in default with respect to any judgment, writ, injunction, decree, rule or regulation of any court, arbitrator, or Federal, state, municipal, or other governmental authority, commission, board, bureau, agency, or instrumentality, domestic or foreign which would have a material adverse effect on the Obligors' financial condition, properties or business.

10.8 Operation of Business. The Borrower possesses all material licenses, permits, franchises, patents, copyrights, trademarks, and trade names, or rights thereto, to conduct its business substantially as now conducted and as presently proposed to be conducted, and the Borrower is not in material violation of any valid rights of others with respect to any of the foregoing.

10.9 Taxes. The Obligors have filed all tax returns (Federal, state, and local) required to be filed and paid all taxes, assessments, and governmental charges and levies thereon to be due, including interest and penalties.

10.10 Environment. The Borrower has duly complied with, and its business, operations, assets, equipment, property, leaseholds, or other facilities are in substantial compliance with, the provisions of all Federal, state, and local environmental, health, and safety laws, codes and ordinances, and all rules and regulations promulgated thereunder. The Borrower has been issued and will maintain all required Federal, state, and local permits, licenses, certificates, and approvals relating to (1) air emissions; (2) discharges to surface water or groundwater; (3) noise emissions; (4) solid or liquid waste disposal; (5) the use, generation, storage, transportation, or disposal of toxic or hazardous substances or wastes (intended hereby and hereafter to include any and all such materials listed in any Federal, state, or local law, code or ordinance, and all rules and regulations promulgated thereunder as hazardous or potentially hazardous); or (6) other environmental, health, or safety matters. The Borrower has not received notice of, nor knows of, facts which constitute any violations of any Federal, state, or local environmental, health, or safety laws, codes or ordinances, and any rules or regulations promulgated thereunder with respect to its businesses, operations, assets, equipment, property, leaseholds, or other facilities. Except in accordance with a valid governmental permit, license, certificate, or approval, there has been no emission, spill, release, or discharge into or upon (1) the air; (2) soils; (3) surface water or groundwater; or (4) the sewer, septic system or waste treatment, storage or disposal

system servicing the premises, of any toxic or hazardous substances or wastes at or from the premises; and, to the Borrower's best knowledge, accordingly the premises of the Borrower is substantially free of all such toxic or hazardous substances or wastes. There has been no complaint, order, directive, claim, citation, or notice of potential or actual violation by any governmental authority or any person or entity with respect to (1) air emissions; (2) spills releases, or discharges to soils or improvements located thereon, surface water, groundwater or the sewer, septic system or waste treatment, storage or disposal systems servicing the premises; (3) noise emissions; (4) solid or liquid waste disposal; (5) the use, generation, storage, transportation, or disposal of toxic or hazardous substances or waste; or (6) other environmental, health, or safety matters affecting the Borrower or its business, operations, assets, equipment, property, leaseholds, or other facilities. The Borrower has no knowledge that it has any indebtedness, obligation, or liability, absolute or contingent, matured or not matured, with respect to the storage, treatment, cleanup, or disposal of any solid wastes, hazardous wastes, or other toxic or hazardous substances (including without limitation any such indebtedness, obligation, or liability with respect to any current regulation, law, or statute regarding such storage, treatment, cleanup, or disposal).

11. AFFIRMATIVE COVENANTS.

So long as any Obligation shall remain unpaid or unperformed, the Borrower and/or the Guarantors, as the case may be, will:

11.1 Maintenance of Existence. Preserve and maintain Borrower's corporate existence and good standing in the jurisdiction of its incorporation, and qualify and remain qualified as a foreign corporation in each jurisdiction in which the failure of which to qualify would have a material adverse effect on its financial condition, business or properties.

11.2 Maintenance of Records. Keep adequate records and books of account, in which complete entries will be made in accordance with GAAP consistently applied, reflecting all financial transactions of the Borrower required to be reflected herein by GAAP.

11.3 Maintenance of Properties. Maintain, keep, and preserve all of its material properties (tangible and intangible) necessary or useful in the lawful and ordinary conduct of its business in good working order and condition, ordinary wear and tear excepted.

11.4 Conduct of Business. Continue to engage in an efficient and economical manner in a business of the same general type as conducted by it on the date of this Agreement, unless otherwise consented to by the Bank, which consent will not be unreasonably withheld.

11.5 Maintenance of Insurance. Obtain and maintain, at the Borrower's expense, insurance with financially sound and reputable insurance companies or associations in such amounts and covering such risks as are usually carried by companies engaged in the same or a similar business and similarly situated, which insurance shall provide so-called "all-risk" casualty and property damage as well as personal liability insurance including extended coverage, all in amounts of property and casualty insurance and with insurance carriers reasonably approved by the Bank. In no event shall the amounts of property and casualty

insurance be less than (i) the lesser of (x) the appraised value of the insurable collateral, or (y) the full face amount of the Loans, and (ii) whatever amounts are necessary to avoid any co-insurance provision therein. Coverage included in the policy or policies insuring the Collateral and the Property shall not be less than that encompassed by fire, extended coverage, vandalism and malicious mischief, with perils broadened to include so-called "all risk of physical loss". All policies will contain a secured party clause or endorsement (waiving defenses the insurer may have against the Obligors with respect to any claims for the benefit of the Bank) and will provide that the Bank is (first) mortgagee, loss payee and additional insured and will also provide for a twenty (20) day advance written notice to the Bank of any policy cancellation or material modification or change.

“Agreed value” endorsements are also required and must be renewed annually.

General liability insurance coverage must provide a minimum of \$2 Million per incident and \$2 Million in the aggregate with the Bank named as "Additional Insured."

A copy of the full insurance policy must be submitted to Bank at closing.

Co-Insurance will not be allowed.

A standard fire and extended coverage policy with respect to the assets serving as collateral, in an amount at least equal to the full replacement cost thereof shall be provided by the Obligors for the Bank.

The policies shall be procured through companies with a minimum Best's rating of A-XIV. The policies shall provide for a thirty (30) day advance notice to the Bank of policy cancellation or material change.

All insurance policies must be addressed to Westfield Bank ISAA/ATIMA c/o MGA Hazard Tracking, Inc. P.O. Box 8277, Reston, VA 20195.

11.6 Compliance With Laws. Comply in all material respects with all applicable laws, rules, regulations, and orders, such compliance to include, without limitations, paying before the same become delinquent all taxes, assessments, and governmental charges imposed upon it or upon its property; the failure of which would have a material adverse effect on the Obligors' properties, financial condition, or business. Notwithstanding the foregoing, the Obligors shall have the right to diligently contest such taxes, assessments and/or governmental charges as such may arise, but so long as the Obligors remain in compliance with the financial reporting requirements enumerated in Section 13.

11.7 Right of Inspection. From time to time upon reasonable notice, the Obligors shall permit the Bank or any agent or representative thereof to examine the Collateral and the records and books of account of the Obligors and make copies of and abstracts from the records and books of account of, and visit the properties of, the Obligors and to discuss the affairs, finances, and accounts of the Obligors with any of its officers and directors and independent accountants,

so long as such inspections and visits will not unreasonably interfere with the Borrower's or its tenants' business operations.

11.8 Environment. Be and remain in substantial compliance with the provisions of all federal, state, and local environmental, health, and safety laws, codes and ordinances, and all rules and regulations issued thereunder; notify the Bank immediately of any notice of an unpermitted discharge of hazardous material or environmental complaint received from any governmental agency or any other party; notify the Bank immediately of an unpermitted discharge of hazardous material from or affecting its premises reportable to any state or federal regulatory agency; immediately contain and remove the same, in compliance with all applicable laws; promptly pay any fine or penalty assessed in connection therewith, except such assessments as are being contested in good faith, against which adequate reserves have been established; permit the Bank to inspect the premises, to conduct tests thereon, and to inspect all books, correspondence, and records pertaining thereto; and at the Bank's request, and at the Obligors' expense, provide a report of a qualified environmental engineer, reasonably satisfactory in scope, form, and content to the Bank, and such other and further assurances reasonably satisfactory to the Bank that the condition has been corrected.

11.9 Place of Business. Promptly notify the Bank in writing of any addition to, change in, or discontinuance of its place of business as shown in this subsection. The Borrower has its chief executive offices and principal place of business at One Cabot Street, Holyoke, Massachusetts.

11.10 Location of Collateral. Keep all of the Collateral including all records of accounts and contract rights at its place of business referred to in Section 11.9 above.

11.11 Taxes and Assessments. Pay or cause to be paid all taxes, assessments and other charges of every nature which may be levied or assessed against the Collateral, or for which the Borrower is liable when due, except as it, in good faith and by appropriate proceedings, shall be contesting the validity or the amount thereof, and against which adequate reserves have been established. In the event that the Borrower fails to pay such taxes, assessments, costs and expenses which Borrower is required to pay, or in the event that the Borrower fails to keep the Collateral and Property free from other security interests, liens or encumbrances (subject to other provisions hereof, including Permitted Liens and debt referenced in Section 12), the Bank may (but shall not be required to) pay any such taxes, assessments, costs and expenses, and any amounts so paid shall constitute additional indebtedness secured hereby. The Borrower agrees that during each and every fiscal year it shall accrue all current tax liabilities, required withholding of income taxes of employees, and required Social Security and unemployment contributions, and pay the same when they shall become due, except such liabilities as are being contested in good faith, against which adequate reserves have been established. The Borrower further represents and warrants that it has paid all such tax liabilities currently.

11.12 Principal Depository. The Borrower shall maintain its primary operating and checking relationships with the Bank.

11.13 Additional Payments. Promptly pay the Bank, upon its reasonable demand, such amount as will compensate the Bank for any such additional cost (which determination may be based upon the Bank's reasonable allocation of the aggregate of such costs) resulting if the Bank shall reasonably deem applicable to this Agreement or the Notes (including, in each case, the borrowed and the unused portion thereof) any requirement of any law of the United States of America, any regulation, order, interpretation, ruling or official directive or guideline (whether or not having the force of law) of the Board of Governors of the Federal Reserve System, the Comptroller of the Currency, the Federal Deposit Insurance Corporation or any other board or governmental or administrative agency of the United States of America which shall impose, increase, modify or make applicable thereto or cause to be included in, any reserve, special deposit, calculation used in the computation of regulatory capital standards, assessment or other requirement which imposes on the Bank any cost that is attributable to the maintenance thereof. In the event any such additional cost is a continuing cost, a fee payable to the Bank may be imposed upon the Obligors periodically for so long as any such additional cost is deemed applicable to the Bank, in an amount determined by the Bank to be reasonably necessary to compensate the Bank for any such additional cost.

11.14 Maintenance of Collateral and Property. Maintain the Collateral and Property, or such portion of the Collateral and Property which is tangible property, in good condition and repair, ordinary wear and tear excepted, and, other than in the ordinary course of business, will not cause the property to be wasted or destroyed in any manner, and will not to the best of the Borrower's knowledge use the Collateral and Property in violation of any provisions of this Agreement, of any applicable statute, regulation or ordinance, or of any policy insuring the Collateral and Property if such use would have a material and adverse effect on the Borrower's financial condition, business or properties.

11.15 Maintenance of Business and Management. The Borrower shall at all times maintain its business operations and management in substantial similarity with those operations as they exist at the time of closing, unless otherwise consented to by the Bank.

11.16 Subordination. All debt owed by the Obligors to any third party shall be fully subordinated to the Loans.

12. NEGATIVE COVENANTS.

So long as any Note shall remain unpaid or any credit accommodation remains in effect hereunder, the Obligors will not:

12.1 Liens. Create, incur, assume, or suffer to exist, any Lien upon or with respect to any of its properties, now owned or hereafter acquired, except:

- a) Liens in favor of the Bank;
- b) Liens for taxes or assessments or other government charges or levies if not yet due and payable or, if due and payable, if they are being contested in

good faith by appropriate proceedings and for which appropriate reserves are maintained;

- c) Liens imposed by law, such as mechanics', materialmen's, landlords', warehousemen's, and carriers' Liens, and other similar Liens, securing obligations incurred in the ordinary course of business which are not past due for more than fifteen (15) days or which are being contested in good faith by appropriate proceedings and for which appropriate reserves have been established;
- d) Liens under workers' compensation, unemployment insurance, Social Security, or similar legislation;
- e) Liens, deposits, or pledges to secure the performance of bids, tenders, contracts (other than contracts for the payment of money), leases (permitted under the terms of this Agreement), public or statutory obligations, surety, stay, appeal, indemnity, performance or other similar bonds, or other similar obligations arising in the ordinary course of business;
- f) Judgment and other similar Liens arising in connection with court proceedings, provided the execution or other enforcement of such Liens is effectively stayed and the claims secured thereby are being actively contested in good faith and by appropriate proceedings;
- g) A second mortgage in the amount of \$300,000.00 on the Property in favor of MBDC or Monson Savings Bank;
- h) A first lien position on approximately twenty (20) pieces of equipment in favor of MBDC; and/or
- i) A Purchase Money Security Interest for a printing press to be financed by HEDIC.

(a) through (i) inclusive, are hereinafter referred to as Permitted Liens.

12.2 Debt. Create, incur, assume, or suffer to exist, any Debt, except:

- 12.2.1 Debt of the Obligors under this Agreement or the Notes, of even date;
- 12.2.2 Debt of the Obligors subordinated on terms satisfactory to the Bank to the Obligors' Obligations under this Agreement and the Notes;

- 12.2.3 Debt of the Obligors secured by purchase-money liens permitted herein;
- 12.2.4 Debt to normal and usual trade creditors;
- 12.2.5 Debt of any company subsequently acquired by the Obligors and existing on day of acquisition if such terms of acquisition and debt are reasonably satisfactory to the Bank.
- 12.2.6 Debt to MBDC in accordance with Section 12.1 above;
- 12.2.7 Debt to Monson Savings Bank in accordance with Section 12.1 above; and/or
- 12.2.8 Debt to HEDIC in accordance with Section 12.1 above.

12.3 Mergers and Sale of Assets. Merge with, become merged into, consolidate with or otherwise recapitalize with any other corporation or entity unless the Borrower is the surviving entity and such merger, consolidation or other recapitalization would not cause a default under any of the documents executed in connection with the Loans, nor will the Borrower sell, lease, assign, transfer or otherwise dispose of, other than in the ordinary course of business, all or any material portion of its assets, now or hereafter acquired (except for assets which are, from a liquidation value standpoint, obsolete), except with permission of the Bank. Notwithstanding the foregoing, the Borrower may: (1) sell, lease, assign, transfer, or otherwise dispose of inventory disposed of in the ordinary course of business; or (2) sell or otherwise dispose of assets no longer used or useful in the conduct of its business. The Bank will permit the Borrower's shareholders to transfer stock for business succession and estate planning purposes so long as the Guarantors retain a controlling and majority interest. Notwithstanding anything contained herein to the contrary, the Bank will permit the Borrower's shareholders to transfer stock for business succession and estate planning purposes so long as the Guarantors retain a controlling an majority interest in the Borrower.

12.4 No Loans or Investments. The Borrower shall make no loans to or investments in any individual or business entity, without the prior approval of the Bank, which approval will not be unreasonably withheld, other than:

- 12.4.1 evidences of indebtedness issued or guaranteed by the United States of America which have a maturity date of not more than one year from the date of acquisition;
- 12.4.2 certificates of deposit, notes, acceptances and repurchase agreements having a maturity of not more than one year from the date of acquisition;
- 12.4.3 accounts in any money market mutual fund (e.g., no equities or bonds) having total assets in excess of \$250,000,000.

12.5 Guaranties, Etc. Assume, guaranty, endorse, or otherwise be or become directly or contingently responsible or liable, (including, but not limited to, an agreement to purchase any obligation, stock, assets, goods, or services, or to supply or advance any funds, assets, goods, or services, or an agreement to maintain or cause such Person to maintain a minimum working capital or net worth, or otherwise to assure the creditors of any Person against Loss) for obligations of any Person, except guaranties by endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business.

13. FINANCIAL STATEMENTS AND INFORMATION.

So long as any Note shall remain unpaid or any credit accommodation remains in effect hereunder, the and the Personal Guarantors, as the case may be, will furnish to the Bank:

13.1 Borrower's Financial Reporting.

13.1.1 Annually. The Borrower shall provide the Bank within one hundred eighty (180) days of the end of its fiscal year, with the following documents:

a. its audited balance sheet and review quality financial statements including the balance sheet of Borrower as of the end of such year and statements of earnings and changes in financial position of Borrower for such year, in reasonable detail, setting forth in each case in comparative form the corresponding figures for the preceding year, prepared in accordance with generally accepted accounting principals consistently applied and certified by Borrower's independent public accountants acceptable to the Bank;

b. an internally prepared financial statement, including accounts payable and inventory listing; and

c. a copy of its tax returns to the Bank.

13.1.2 Monthly. The Borrower shall provide to the Bank an internally-prepared financial statement, in form and content reasonably acceptable to the Bank within forty (40) days of each month end.

13.2 Personal Guarantors' Financial Statements; Tax Returns. The Personal Guarantors shall each provide the Bank with their updated Personal Financial Statements as well as copies of their previous year's personal federal tax returns within one hundred eighty (180) days of each calendar year end.

13.3 Notice of Litigation. Promptly after the commencement thereof, notice of all actions, suits, and proceedings before any court or governmental department, commission, board, bureau, agency, or instrumentality, domestic or foreign, affecting the Borrower which, if determined adversely could have a material adverse effect on the financial condition, properties, or operations of the Borrower;

13.4 Notice of Defaults and Events of Default. As soon as possible and in any event within five (5) days after which an officer of the Borrower knows or reasonably should have known of the occurrence of each Default or Event of Default, a written notice setting forth the details of such Default or Event of Default and the action which is proposed to be taken by the Borrower with respect thereto;

13.5 General Information. Such other information respecting the condition or operations, financial or otherwise, of the Borrower, the Guarantors, the Collateral or the Property as the Bank may from time to time reasonably request.

14. EVENTS OF DEFAULT.

If any of the following events shall occur:

14.1 The Borrower shall fail to pay the principal of, or interest on, the Notes within ten (10) days from when due and payable;

14.2 Any representation or warranty made or deemed made by the Borrower and/or the Guarantors in this Agreement or which is contained in any certificate, document, opinion, or financial or other statement furnished at any time under or in connection with any Loan Document shall prove to have been incorrect, incomplete, or misleading in any material respect on or as of the date made or deemed made;

14.3 The Borrower and/or the Guarantors shall fail to perform or observe any term, covenant, or agreement contained herein or in any other Loan Document within thirty (30) days of notice of such failure (other than failure under Section 15.1 or 15.2 above for which no notice is required);

14.4 Any default on the part of the Borrower and/or the Guarantors shall exist, and shall remain unwaived or uncured beyond the expiration of any applicable notice and/or grace period, under any note, contract, agreement or understanding now existing or hereafter entered into with or for the benefit of the Bank in any capacity or capacities;

14.5 Except as provided herein, dissolution, merger or consolidation of the Borrower;

14.6 Material uninsured loss or theft, substantial damage or destruction, unauthorized sale or encumbrance to or of any material amount of the Collateral in excess of reasonably expected recoveries under insurance policies;

14.7 Unauthorized sale, pledge or encumbrance of any Collateral and/or Property;

14.8 Failure by the Borrower (a) to pay any indebtedness for borrowed money (other than as evidenced by the Notes) of the Borrower, as the case may be, or any interest or premium thereon, when due (whether by scheduled maturity, required prepayment, acceleration, demand, or otherwise), or (b) to perform or observe any term, covenant, or condition on its part to be

performed or observed under any agreement or instrument relating to any such indebtedness, when required to be performed or observed, if the effect of such failure to perform or observe is to accelerate;

14.9 The Borrower or either of the Personal Guarantors shall become Insolvent;

14.10 One or more judgments, decrees, or orders for the payment of money in excess of Fifty Thousand Dollars (\$50,000.00) in the aggregate shall be rendered against the Borrower and/or the Guarantors and such judgments, decrees, or orders shall continue unsatisfied and in effect for a period of twenty (20) consecutive days without being vacated, discharged, satisfied, or stayed or bonded pending appeal;

14.11 The death or legal incapacity of either of the Guarantors;

14.12 This Agreement shall at any time after its execution and delivery and for any reason cease (a) to create a valid and perfected first priority security interest in and to the property purported to be subject to this Agreement; or (b) to be in full force and effect or shall be declared null and void, or the validity or enforceability thereof shall be contested by the Borrower and/or the Guarantors, or the Borrower and/or the Guarantors shall deny any further liability or obligation under this Agreement;

14.13 If any federal, state, or local agency asserts or creates a Lien upon any or all of the assets, equipment, property, leaseholds, or other facilities of the Borrower by reason of the occurrence of an unpermitted discharge or an environmental complaint; or if any federal, state, or local agency asserts a claim against the Borrower and/or its assets, equipment, property, leaseholds, or other facilities for damages or cleanup costs relating to such a hazardous discharge or an environmental complaint; provided, however, that such claim shall not constitute a default if, within ten (10) Business Days of the occurrence giving rise to the claim, (a) the Borrower can prove to the Bank's satisfaction that the Borrower has commenced and is diligently pursuing either: (i) a cure or correction of the event which constitutes the basis for the claim, and continues diligently to pursue such cure or correction to completion or (ii) proceedings for an injunction, a restraining order, or other appropriate emergency relief preventing such agency or agencies from asserting such claim, which relief is granted within twenty-one (21) Business Days of the occurrence giving rise to the claim and the injunction, order, or emergency relief is not thereafter resolved or reversed on appeal; and (b) in either of the foregoing events, the Borrower has posted a bond, letter of credit, or other security satisfactory in form, substance, and amount to both the Bank and the agency or entity asserting the claim to secure the proper and complete cure or correction of the event which constitutes the basis for the claim;

then, and in any such event, the Bank may, notwithstanding any time or credit allowed by any instrument evidencing a liability, without notice or demand declare the outstanding Notes, all interest thereon, and all other amounts payable under this Agreement to be forthwith due and payable, whereupon the Notes, all such interest, and all such amounts shall become and be forthwith due and payable, without presentment, demand, protest, or further notice of any kind, all of which are hereby expressly waived by the Borrower and the Guarantors. Upon the occurrence and during the continuance of any Event of Default, the Bank is hereby authorized at

any time and from time to time, without notice, to exercise any or all of its rights and remedies described in Section 16 below.

15. RIGHTS AND REMEDIES.

In addition to declaring immediately due and payable all amounts represented by the Obligor's Loan Account, together with any and all additional charges added thereto, the Bank shall, upon the occurrence of any of the above-described Events of Default after any applicable period of cure, have the following rights and remedies:

15.1 The Bank may at any time enter upon the property of the Borrower and remain upon such property for so long as is reasonably necessary without being liable, unless due to the Bank's gross negligence or willful misconduct, for any prosecution or damage therefor, and take complete peaceful possession of the Collateral and remove same at the election of the Bank;

15.2 The Bank may exercise all the rights and remedies of a secured party under the Uniform Commercial Code of The Commonwealth of Massachusetts (M.G.L. c. 106). The Bank may at any time, in its discretion, transfer any securities or other property constituting Collateral into its own name or that of its nominee, and receive the income thereon and hold the same as security for liabilities, or apply it to principal or interest due on liabilities;

15.3 The Bank may enforce the provisions of this Agreement by legal proceedings for the specific performance of any covenant or agreement contained herein, or for the enforcement of any other appropriate, legal or equitable remedy, and may recover damages caused by any breach by the Borrower and/or the Guarantors of the provisions of this Agreement, including court costs, reasonable attorneys' fees, and other costs and expenses incurred in enforcing the Obligations of this Agreement or the Notes referred to above;

15.4 The Bank may declare all Obligations immediately due and payable, without presentment, demand, protest, hearing or notice of any kind and exercise the remedies of a secured party afforded by the Uniform Commercial Code and other applicable law or by the terms of any agreement between the Borrower and the Bank; and

15.5 The Bank, to the extent Borrower could legally do so, may use all trademarks, service marks, trade names, trade styles, logos, goodwill, trade secrets, franchises, licenses and patents which Borrower now has or may hereafter acquire, including the following rights:

- (a) the rights in said marks, name, styles, logos and goodwill acquired by the common law of the United States or of any state thereof or under the law of any foreign nation, organization, or subdivision thereof;
- (b) the rights acquired by registrations of said marks, names, styles and logos under the statute of any foreign country, or the United States, or any state or subdivision thereof;

- (c) the rights acquired in each and every form of said mark, name, style and logo as used by the Borrower notwithstanding that less than all of such form would be registered and notwithstanding the form of said mark, name and style;
- (d) the right to use or license any party to the use of all or any of said marks, names, styles, logos and goodwill in connection with the sale of goods and/or the rendering of services in the conduct of services advertising, promotion and the like anywhere in the world;
- (e) the right to prosecute pending trademark applications for foreign or domestic registration (federal or state) of any of said marks, names, styles or logos.

16. DEPOSITS.

Any and all deposits or other sums at any time credited by or due from the Bank to the Borrower, and any securities or other property of the Borrower being held by the Bank or on account of the Borrower, may at all times be held and treated as Collateral for any and all obligations of the Borrower to the Bank, whether direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising. The Bank may apply or set-off such deposits or other sums against any obligations during the continuance of an Event of Default, whether or not said obligations or other security held by the Bank is considered by the Bank to be adequate. The Bank, during the continuance of an Event of Default of this Agreement, may sell any such securities or other property held as Collateral for the repayment or performance of such obligations in a commercially reasonable manner.

17. WAIVERS.

The Borrower and the Guarantors hereby waive demand, notice, protest, notice of acceptance of this Agreement, notice of loans made, credit extended, Collateral received or delivered, or any action taken in reliance hereon, and all other demands and notice of any description. With respect to liabilities and Collateral, the Borrower and Guarantors assent to any extension or postponement of the time of payment or any other indulgence to any substitution, exchange or release of Collateral, to the addition or release of any party or person primarily or secondarily liable, to the acceptance of partial payments thereon and the settlement thereof, all in such manner and at such time or times as the Bank may deem advisable. The Bank shall have no duty as to the collection of Collateral beyond reasonable care and protection, or any income thereon, nor as to the preservation of rights against prior parties, or as to the preservation of any rights pertaining thereto beyond the safe custody thereof. The Bank may exercise its rights with respect to Collateral without resorting or regard to other Collateral or sources of reimbursement for liability. The Bank shall not be deemed to have waived any of its rights upon or under liabilities or Collateral, unless such waiver be in writing and signed by the Bank. No delay or omission on the part of the Bank in exercising any right shall operate as a waiver of such right or any other right. A waiver on any one occasion shall not be construed as a bar to or waiver of any

right on any future occasion. All rights and remedies of the Bank on liabilities or Collateral, whether evidenced hereby or by any other instrument or papers, shall be cumulative and may be exercised singularly or concurrently.

18. MISCELLANEOUS.

18.1 Uniform Commercial Code Applicable. To the extent applicable, the Uniform Commercial Code of The Commonwealth of Massachusetts shall govern the security interest provided for herein. In connection therewith, the Obligors shall take such steps and execute and deliver such financing statements and other papers as the Bank may from time to time request. If, by reason of location of Collateral or otherwise, the creation, validity or perfection of the security interest provided for herein are governed by the laws of a jurisdiction other than Massachusetts, the Obligors shall take such steps and execute and deliver such papers as the Bank may from time to time request to comply with the Uniform Commercial Code and such other laws of other states as are appropriate.

18.2 Amendments, Etc. No amendment, modification, termination, or waiver of any provision of any Loan Document to which the Obligors are a party, nor consent to any departure by the Obligors from any Loan Document to which either is a party, shall in any event be effective unless the same shall be in writing and signed by the Bank, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

18.3 Notices, Etc. All notices and other communications provided for under this Agreement and under the other Loan Documents to which the Obligors are a party shall be in writing (including telegraphic, telex, and facsimile transmissions) and mailed or transmitted or delivered:

if to Borrower, at its address at:

One Cabot Street
Holyoke, MA 01040
Attention: Robert V. Thompson, President

if to Thompson, at his address at:

31 Hannumbrook Drive
Easthampton, MA

if to Schweitzer, at his address at:

16 Sunrise Terrace
Westfield, MA 01085

all with a copy to:

Mark D. Cress, Esq.
Bulkley, Richardson and Gelinas, LLP
1500 Main Street
Springfield, MA 01115

and if to the Bank, at its address at:

141 Elm Street
Westfield, MA 01085
Attention: Allen J. Miles, III, Vice President

with a copy to:

Paul M. Maleck, Esq.
Doherty, Wallace, Pillsbury and Murphy, P.C.
One Monarch Place, Suite 1900
Springfield, MA 01144

or, as to each party, at such other address as shall be designated by such party in a written notice to the other party complying as to delivery with the terms of this Section. Except as is otherwise provided in this Agreement, all such notices and communications shall be effective when deposited in the mails or delivered to the telegraph company, or sent, answerback received, respectively, addressed as aforesaid.

18.4 No Waiver. No failure or delay on the part of the Bank in exercising any right, power, or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any such right, power, or remedy preclude any other or further exercise thereof or the exercise of any other right, power, or remedy hereunder. The rights and remedies provided herein are cumulative and are not exclusive of any other rights, powers, privileges, or remedies, now or hereafter existing, at law or in equity or otherwise.

18.5 Survival. All representations, warranties, covenants, and agreements contained herein shall survive the execution and delivery of this Agreement, the Notes and any other agreements or documents required for this transaction and shall continue in force until the Loans are no longer outstanding.

18.6 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the Obligors and the Bank and their respective successors and assigns, except that the Obligors may not assign or transfer any of its rights under any Loan Document to which the Obligors are a party without the prior written consent of the Bank.

18.7 Costs, Expenses, and Taxes. The Obligors agree to pay on demand all costs and expenses, incurred by the Bank in connection with the preparation, execution, delivery, filing, and administration of the Loan Documents, and of any amendment, modification, or supplement

to the Loan Documents, including, without limitation, bank audit fees, the fees and out-of-pocket expenses of counsel for the Bank incurred in connection with advising the Bank as to its rights and responsibilities hereunder. The Obligors agree to pay all such costs and expenses, including court costs, incurred in connection with enforcement of the Loan Documents, or any amendment, modification, or supplement thereto, whether by negotiation, legal proceedings, or otherwise. In addition, the Obligors shall pay any and all stamp and other taxes and fees payable or determined to be payable in connection with the execution, delivery, filing, and recording of any of the Loan Documents and the other documents to be delivered under any such Loan Documents, and agree to hold the Bank harmless from and against any and all liabilities with respect to or resulting from any delay in paying or omission to pay such taxes and fees. This provision shall survive termination of this Agreement.

18.8 Integration. Except as provided in Section 18.14, this Agreement and the Loan Documents contain the entire agreement between the parties relating to the subject matter hereof and supersede all oral statements and prior writings with respect thereto.

18.9 Indemnity. The Obligors hereby agree to defend, indemnify, and hold the Bank harmless from and against any and all claims, damages, judgments, penalties, costs, and expenses (including reasonable attorney fees and court costs now or thereafter arising from the aforesaid enforcement of this clause) arising directly or indirectly from the activities of the Obligors, their predecessors in interest, or third parties with whom they have a contractual relationship, or arising directly or indirectly from the violation of any environmental protection, health, or safety law, whether such claims are asserted by any governmental agency or any other person except for those arising from gross negligence or intentional misconduct caused by Bank. This indemnity shall survive termination of this Agreement.

18.10 Governing Law. This Agreement and the Notes shall be governed by, and construed in accordance with, (except for conflict of law principles) the laws of The Commonwealth of Massachusetts.

18.11 Severability of Provision. Any provision of any Loan Document which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of such Loan Document or affecting the validity or enforceability of such provision in any other jurisdiction.

18.12 Captions, Counterparts and Modifications. The captions of this Agreement are for convenience only and shall not affect the construction hereof. This Agreement may be executed in several counterparts, each of which shall be deemed an original, but may not be terminated or modified orally.

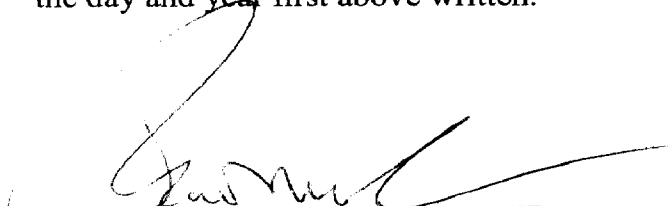
18.13 Jury Trial Waiver. THE BANK AND THE BORROWER AND GUARANTORS HEREBY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, CLAIM, OR COUNTERCLAIM, WHETHER IN CONTRACT OR TORT, AT LAW OR IN EQUITY, ARISING OUT OF OR IN ANY WAY RELATED TO THIS AGREEMENT OR THE LOAN

DOCUMENTS. NO OFFICER OF THE BANK HAS AUTHORITY TO WAIVE, CONDITION, OR MODIFY THIS PROVISION.

18.14 Commitment Letter. The Commitment Letter by and between the Bank, the Borrower and the Guarantors dated November 20, 2002 and Restated as of December 3, 2002 is incorporated herein by reference and made a part hereof except that to the extent that there is any inconsistency between the terms and provisions of the Commitment Letter and the balance of the terms and provisions of this Agreement, then the balance of the terms and provisions of this Agreement, exclusive of the Commitment Letter, shall govern.

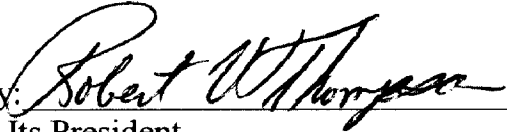
THIS AGREEMENT INTENTIONALLY ENDS HERE
EXCEPT FOR SIGNATURE PAGE AND EXHIBITS

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals to this Agreement the day and year first above written.



Witness

SPECIALTY LOOSE LEAF, INC.


By: 

Its President,
Robert V. Thompson

PERSONAL GUARANTORS,
ROBERT V. THOMPSON
F. CHRISTIAN SCHWEITZER

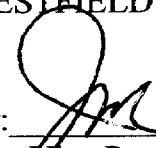


Robert V. Thompson, Individually

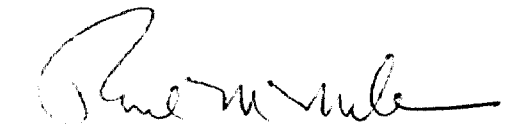


F. Christian Schweitzer, Individually

THE BANK:
WESTFIELD BANK

By: 

Its Vice President,
ALLEN J. MILES III



Witness

SCHEDULE A

a. All goods, fixtures, inventory, furnishings, equipment, machinery, chattels, accounts, accounts receivables, documents, instruments, payment rights, software, license fees, commercial deposit accounts, letter of credit rights, chattel paper and general intangibles, including payment intangibles and supporting obligations now owned or hereafter acquired by the Debtor, all renewals or replacements thereof, articles in substitution thereof and parts therefor; all accessories, proceeds and profits thereof, including insurance proceeds; and all of the estate, right, title and interest of the Debtor; wherever located, in and to all personal property of any nature whatsoever, now owned or hereafter acquired, including, without limitation, all patents, trademarks, servicemarks, copyrights or other intellectual property owned or licensed by the Borrower, as more particularly described in Schedule A-1 attached hereto and made a part hereof..

Nothing contained herein, however, shall obligate the Secured Party to perform any obligations of the Debtor unless it so chooses.

b. All rents, incomes, profits, revenues, royalties, bonuses, rights, accounts, contract rights, general intangibles and benefits under any and all leases or tenancies now existing or hereafter created on all of the premises where the Debtor now or hereafter conducts its business (the "Premises"), or any part thereof with the right to receive and apply the same to the obligations of the Debtor to the Secured Party, and the Secured Party may demand, sue for and recover such payments but shall not be required to do so.

c. All judgements, awards of damages and settlements hereafter made as a result of or in lieu of any taking of the Premises or any part thereof or interest therein under the power of eminent domain, or for any damage (whether caused by such taking or otherwise) to the Premises or the improvements thereon or any part thereof or interest therein, including any award for change of grade of streets.

d. All of Debtor's right, title and interest in any and all claims to rebates, refunds, and abatements of real estate taxes pertaining to the Premises, or any portion thereof, with respect to tax periods arising at any time prior to the discharge hereof even though such taxes may relate to periods before the execution hereof, which rebates, refunds and abatements shall in the case of a default hereunder be applied to the obligations.

e. All other personal property of the Debtor which constitutes equipment or other goods located at the Premises or any part thereof.

f. All proceeds of the conversion, voluntary or involuntary, of any of the foregoing into cash or liquidated claims.

All terms used herein which are defined in Article 1 or Article 9 of the Uniform Commercial Code, as enacted in Massachusetts, shall have the meaning given therein unless otherwise defined.

SCHEDULE A-1

Trademarks Owned by Specialty Loose Leaf, Inc.

1. "FOREVER CONCEPTS"	2357856	06/30/00
2. "SPECIALTY LOOSE LEAF INC."	2069278	06/10/97
3. "SPECIALTY LOOSE LEAF INC."	2064917	05/27/97