The Savings Institute
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RECORDATION NO. 24705 FILED

NOV 21 '03 12:01 PM

SURFACE TRANSPORTATION BOARD

NOV 21 2003 RECEIVED

November 19, 2003

VIA FEDERAL EXPRESS

Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street NW
Room 703
Washington DC 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of Section 11301 of Title 49 of the U.S. Code is an **original and one copy** of a Mortgage and Security Agreement dated November 19, 2003 (the "Security Agreement"), a primary document as defined in the Board's Rules for The Recordation of Documents.

The names and addresses of the parties to the documents are as follows:

DEBTOR / for Indexing Mortgagor: WILLIMANTIC WASTE PAPER CO., INC.,
185-227 Columbia Avenue, P.O. Box 239
Willimantic, Connecticut 06226-0239

SECURED PARTY / for Indexing Mortgagee : THE SAVINGS INSTITUTE
803 Main Street
Willimantic, Connecticut 06226
Attention: Michael Moran, Senior Vice President

The equipment covered by the Security Agreement is all railroad cars and rolling stock now owned or hereafter acquired by Debtor, **including such railroad cars and equipment more particularly described on Exhibit A attached hereto and made a part hereof**, together with all substitutions, replacements, additions, accessories, rental payments, products and proceeds thereof (including, without limitation, insurance proceeds)

A short summary of the Security Agreement to appear in the Surface Transportation Board Index is as follows:

803 Main Street
Willimantic, CT 06226
860/423/4581

> "Twenty (20) railroad cars bearing Association of American Railroad (AAR) reporting marks and road numbers attached hereto."

Enclosed is a check in the amount of $30 for the filing fee.

Once the filing has been made, please return to me a stamped counterpart of the documents not required for filing purposes, together with the letter from the Surface Transportation Board acknowledging the filing.

Very truly yours,

THE SAVINGS INSTITUTE

By: Michael J. Moran
Michael J. Moran
Its: Senior Vice President

Enclosures

EXHIBIT A

Twenty (20) construction and demolition railcars bearing Association of American Railroad reporting marks as follows: CNHX 902154, CNHX 902101, CNHX 902178, CNHX 902011, CNHX 902135, CNHX 902044, CNHX 902111, CNHX 902030, CNHX 902093, CNHX 902109, CNHX 902180, CNHX 902028, CNHX 902119, CPHX 799825, CPHX 799894, CPHX 799791, CPHX 799837, CPHX 799779, CPHX 799769, CPHX 799934

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SURFACE TRANSPORTATION BOARD

To be recorded with
Secretary
Surface Transportation Board
Washington, D.C.

MORTGAGE AND SECURITY AGREEMENT

THIS MORTGAGE AND SECURITY AGREEMENT made this 19th day of November , 2003, between **WILLIMANTIC WASTE PAPER CO., INC.**, a Connecticut corporation with a principal place of business is Recycling Way, P.O. Box 239, Willimantic, Connecticut 06226-0239 (the "Debtor"), and **THE SAVINGS INSTITUTE**, a Connecticut banking corporation having an office at 803 Main Street, Willimantic, Connecticut 06226 (the "Secured Party").

WITNESSETH

In consideration of the mutual agreements made herein and for other good and valuable consideration, receipt of which is hereby acknowledged, it is hereby agreed as follows:

SECTION 1. SECURITY INTEREST

To secure full payment and performance of each and all of the Obligations (as such term is hereinafter defined, including but not limited to, the obligations of Debtor to Secured Party as evidenced by that certain Equipment Line of Credit Note dated September 15, 2003 in the principal amount of $1,300,000 executed by Debtor (the "Note"), Debtor hereby ratifies, affirms the security interest in all assets of Debtor granted pursuant to that certain Loan and Security Agreement by and between Debtor and Secured Party dated September 15, 2003, including all railroad cars and rolling stock and other equipment of Debtor, and Debtor again hereby assigns, mortgages and grants to Secured Party a continuing security interest and lien in all of Debtor's present and future right, title and interest in and to all railroad cars and rolling stock now owned or hereafter acquired by Debtor, **including such railroad cars and equipment more particularly described on Exhibit A attached hereto and made a part hereof** (the "Equipment") together with all substitutions, replacements, additions, accessories, rental payments, products and proceeds thereof (including, without limitation, insurance proceeds). Included in the property covered by this Agreement and the grant of a security interest and lien granted herein are railroad cars and other rolling stock intended for use related to interstate commerce, or interests therein, now owned by Secured Party as of the date hereof or hereafter acquired by Debtor.

SECTION 2. DEFINITIONS

(a) The term **"Article 9"** shall mean Article 9 of the Uniform Commercial Code.

(b) The term **"Financing Agreements"** shall mean all agreements, notes, instruments, mortgages, pledges, assignments, security agreements and documents evidencing, securing or relating in any way to any and all loans, overdrafts, indebtedness, obligations, guaranties or liabilities of Debtor or any guarantor of the Note to Secured Party of every kind and description, direct or indirect, absolute or contingent, primary or secondary, due or to become due, now existing or hereafter arising, including without limitation, this Agreement and the Note, that certain Loan and Security Agreement by and between Debtor and Secured Party dated September 15, 2003 relating to the equipment line of credit converting to a term loan evidenced by the Note.

(c) The term **"Obligations"** shall mean any and all loans, overdrafts, indebtedness, obligations, guaranties and liabilities of Debtor to Secured Party of every kind and

description, direct or indirect, absolute or contingent, primary or secondary, due or to become due, now existing or hereafter arising, regardless of how they arise or by what agreement or instrument they may be evidenced or whether evidenced by any agreement or instrument, including, but not limited to, the Note, and all costs, expenses, fees, charges and reasonable attorneys' and other professional fees incurred by Secured Party in connection with any of the foregoing, or in any way connected with or related to the preservation, realization, enforcement, protection or defense of the Collateral, this Agreement, the Note, and the other Financing Agreements, and the rights and remedies hereunder or thereunder.

(d) The term **"Proceeds"** shall have the meaning as such term is defined in the Uniform Commercial Code, including but not limited to, insurance proceeds and condemnation awards and products of all of the Collateral.

(e) The term **"Uniform Commercial Code"** shall mean the Uniform Commercial Code as in effect in Connecticut, as may be amended from time to time.

SECTION 3. REPRESENTATIONS AND WARRANTIES

Debtor represents and warrants to Secured Party that:

3.1 **Ownership of Collateral**. Debtor has, or with respect to after acquired property that is Collateral, will have, good and marketable title to the Collateral, free from any liens, security interests, pledges or encumbrances, except: (i) the security interest created hereby and (ii) as disclosed in writing to, and accepted in writing by, Secured Party. No financing statements covering all or any part of Debtor's assets are on file in the office of the Secretary of the State of Connecticut or in any other federal, state or local governmental office, whether or not properly filed under applicable law, except as disclosed in writing to, and accepted in writing by, Secured Party. Debtor has the right, power and authority to grant the security interest in the Collateral as set forth hereunder.

3.2 **Taxes**. Debtor has filed all required tax returns, and paid in full or made adequate provision for the payment of, all taxes, assessments and other charges relating to the Collateral, except those being contested in good faith and disclosed in writing to, and accepted by, Secured Party and against which Debtor has established reserves in amount and form that is satisfactory to Secured Party.

3.3 **Business and Collateral Location.** (a) Debtor's place of business, or if Debtor has a place of business in more than one location, Debtor's chief executive office, is located at Recycling Way, Willimantic, Connecticut 06226-0239 .

(b) The books and records relating to the Collateral are located at Recycling Way, Willimantic, Connecticut 06226-0239 .

3.4 **Business Name**. Debtor has conducted, and currently conducts, its business solely in its own name without the use of a trade name or the intervention of or through any entity of any kind.

SECTION 4. COVENANTS

Debtor covenants and agrees that, from the date hereof until payment and performance of all the Obligations, unless Secured Party otherwise agrees in writing, Debtor shall:

4.1 **Financial Reports**. Furnish to Secured Party, upon its request, Debtor's financial statements and such other information about the financial condition, operations, and business of Debtor, or any guarantor of any of the Obligations as Secured Party may, from time to time, request.

4.2 **Taxes and Other Liens**. File all required tax returns and pay when due all taxes, assessments and other charges of every nature levied or assessed against Debtor or the Collateral which, if unpaid, might become a lien or charge against Debtor or the Collateral, except liabilities being contested in good faith and with the prior written consent of Secured Party and against which, if requested by Secured Party, Debtor shall maintain reserves in amount and form (book, cash, bond or otherwise) satisfactory to Secured Party.

4.3 **Use and Maintenance of Collateral**. Maintain and preserve the Collateral in good repair, working order and condition, and make all needed and proper repairs, renewals, replacements, additions or improvements thereto, and immediately notify Secured Party of any event causing material loss or unusual depreciation in the value of the Collateral and the amount of same. Debtor shall keep and maintain the Equipment in the same condition as when delivered, ordinary wear and tear excepted. Debtor shall use replacement parts at least equal in quality and function to the parts originally furnished with the Equipment. Any replacement parts shall be free of lien or encumbrance when installed.

4.4 **Inspection**. Allow Secured Party by or through any of its officers, agents, attorneys, or accountants designated by it, to enter the offices and plants of Debtor to examine, inspect and make copies of any of the books and records of Debtor and to inspect the Collateral, all at such reasonable times and as often as Secured Party may reasonably request.

4.5 **Casualty Insurance**. Keep the Collateral insured against fire and other hazards (so-called "All Risk" coverage) and other perils as Secured Party may from time to time require in amounts and with companies satisfactory to Secured Party. All insurance policies shall name Secured Party as loss payee as its interest may appear and shall provide for at least thirty (30) days prior written notice to Secured Party before cancellation. Debtor agrees to annually deliver evidence of such insurance to Secured Party in a format acceptable to Secured Party. Debtor hereby appoints Secured Party its attorney-in-fact, coupled with an interest, to settle, adjust or compromise any insurance claims pertaining to the Collateral, to collect and receive payments of insurance, and to endorse Debtor's name on all documents, checks and drafts in connection therewith in the event that Debtor fails to promptly settle any such claims. In the event that Secured Party receives any insurance proceeds, it shall have the right to apply any such proceeds in reduction of the Obligations, whether or not then due and payable, in such manner as Secured Party, in its sole discretion, may determine. In the event of any loss or damage to any of its assets, Debtor shall give immediate written notice to Secured Party and to its insurers of such loss or damage and shall promptly file its proofs of loss with said insurers.

4.6 **Defend Collateral**. Continue to be the sole owner of the Collateral, defend the Collateral against all liens, claims and demands of all persons, allow Secured Party to contest or defend any such liens, claims and demands in Debtor's name, indemnify Secured Party for all costs, fees and expenses incurred by Secured Party in connection with such claims and demands, and keep the Collateral free from all liens, security interests, pledges or encumbrances, except: (i) the security interest created hereby and (ii) as have been disclosed in writing to, and accepted in writing by, Secured Party. If certificates of title are issued or outstanding with respect to any of the Collateral, Debtor will cause the security interest of

Secured Party to be properly noted thereon and deposit same with Secured Party. Debtor will not use the Collateral in violation of any law.

4.7 **Financing Statements.** From time to time, at the request of Secured Party, authenticate, deliver and file one or more financing statements, assignments, and other agreements, instruments or documents, and amendments and renewals thereof, and do all other acts as Secured Party deems necessary or desirable to create and maintain a valid and enforceable first priority security interest in the Collateral, and pay, upon demand, Secured Party's costs, charges and expenses, including without limitation, reasonable attorneys' fees incurred by Secured Party in connection therewith. Debtor hereby irrevocably appoints Secured Party as attorney-in-fact for Debtor to authenticate in the name and behalf of Debtor such additional financing statements as Secured Party may request. Debtor hereby authorizes the Secured Party to authenticate any and all financing statements on behalf of Debtor and to file financing statements without Debtor's signature. Debtor authorizes Secured Party to file such "in lieu" Financing Statements as Secured Party shall deem appropriate. Such "in lieu" Financing Statements shall be filed in such jurisdictions and shall contain such information, as Secured Party shall deem appropriate. Secured Party may at any time and from time to time, pursuant to the provisions of this Agreement, file financing statements, continuation statements and amendments thereto that describe the Collateral and which contain any other information required by Part 5 of Article 9 of the Uniform Commercial Code for the sufficiency or filing office acceptance of any financing statement, continuation statement or amendment, including whether Debtor is an organization, the type of organization and any organization identification number issued to Debtor. Debtor shall furnish any such information to Secured Party promptly upon request. Any such financing statements, continuation statements or amendments may be signed by Secured Party on behalf of Debtor (or any of them), as provided in this Agreement, and may be filed at any time in any jurisdiction.

4.8 **Compliance with Laws and Regulations.** Debtor shall use the Equipment in compliance with laws, government regulations, and standards of the Association of American Railroads and any other national organization applicable to the use, maintenance and interchange of the Equipment, and shall at its own expense make such alterations to the Equipment as may be required from time to time of such compliance.

4.9 **Accessions and Improvements.** All replacement parts installed in maintaining the Equipment or improvements or modifications required for compliance under subparagraph (ii) of this Section will be considered accessions and will, upon installation, automatically be subject to the security interest of the Secured Party. Debtor may make other improvements or additions to the Equipment if such improvement is separately identifiable, will not impair the originally intended function of the Equipment, and is readily removable without material damage to the Equipment to which it is attached. Any other improvement, addition, or modification shall be made only with Secured Party's prior written consent.

4.10 **Equipment Identification and Marking.** Debtor shall affix and maintain on each side of each unit of the Equipment (a) the reporting marks assigned to the Debtor by the Association of American Railroads, (b) the identification number disclosed to Secured Party prior to each Equipment Loan for such unit, and (c) such other markings as from time to time may be required by law or deemed necessary by the Secured Party to protect the interests of the Secured Party in the Equipment.

4.11 **Location of the Equipment.** Unless Secured Party shall otherwise consent in writing, the Equipment shall not be used or assigned for use in service involving the regular operation or maintenance outside of contiguous 48 states of the United States of America.

4.12 **Recordation and Filing.** This Agreement or a counterpart copy hereof or evidence hereof may be filed or recorded in any public office as may be necessary or appropriate to protect the interest of Secured Party in the Equipment. Debtor shall, at its own expense, file and record appropriate evidence fo this Agreement, any assignments hereof and amendments hereto pursuant to Section 11301 of Title 49 of the United States Code, and shall execute and file any other instruments requested by Secured Party that are necessary or appropriate to protect and preserve such interests.

4.13 **Books and Records, Name, Collateral.** Maintain complete and accurate books and records at all times in accordance with generally accepted accounting principles (or other basis that is acceptable to Secured Party) consistently applied relating to its financial affairs, the Collateral, and the Obligations; and promptly give Secured Party written notice of any change in its (i) legal name, trade name or any other name in which Debtor conducts its business, or (ii) place of business or the present location of the Collateral, or any books and records relating to the Collateral.

4.14 **Sale and Exchange.** At no time sell, offer to sell, lease or transfer the Collateral, except for the disposition of inventory in the ordinary course of its business as presently conducted or the removal and disposal of such Collateral as from time to time may become worn out or obsolete provided that simultaneously with, or prior to, such removal or disposal, any such Collateral shall be replaced with other property of a value at least equal to that of the replaced Collateral and free from any security interest, other than the security interest created hereby.

SECTION 5. EVENTS OF DEFAULT

Each of the following shall constitute an "Event of Default" hereunder:

5.1 Failure of Debtor or any guarantor of any of the Obligations to pay within ten (10) days of when due, or the making of demand for, or the acceleration of, any of the Obligations after the occurrence of an event of default and the expiration of any applicable notice or cure period.

5.2 Failure of Debtor or any such guarantor to observe, perform or comply with any condition or covenant in this Agreement or any of the other Financing Agreements after the expiration of any applicable notice or cure period.

5.3 The existence of an event of default under any of the other Financing Agreements.

SECTION 6. REMEDIES OF SECURED PARTY

Upon the occurrence of any Event of Default, all Obligations shall, at Secured Party's option, become immediately due and payable without notice and Secured Party shall have, in addition to all of the rights and remedies of a secured party under the Uniform Commercial Code, and under any other applicable law, the following rights and remedies, all of which (with the exception of clauses (vii) and (xii)) may be exercised without further notice to Debtor: (i) to notify any and all obligors on accounts receivable that the same have been assigned to Secured Party, and that all payments thereon are to be made directly to

Secured Party, (ii) to collect accounts receivable directly and charge the collection costs and expenses to Debtor, (iii) to settle, adjust, compromise or release any amounts, disputes or claims with respect to such amounts on accounts receivable upon terms acceptable to Secured Party, (iv) in Debtor's name or otherwise, demand, sue for, collect and give acquittance for any and all monies due or to become due on accounts receivable, and to compromise, prosecute and defend any action, claim or proceeding concerning any accounts receivable, (v) to receive, open and dispose of all mail addressed to Debtor and notify Post Office authorities to change the address for delivery of Debtor's mail to an address designated by Secured Party, (vi) to extend the time of payment, make allowances and adjustments and to issue credits in Secured Party's name or in the name of Debtor, (vii) to require Debtor to provide additional collateral for the Obligations that is satisfactory to Secured Party, and Debtor hereby agrees to provide such additional collateral, (viii) to apply to any Obligations the balance of Debtor's accounts, of whatever type, with Secured Party, (ix) endorse Debtor's name on any instruments, checks, or other evidence of payment that may come into Secured Party's possession, and on any invoice, freight or express bill, bill of lading, or other document, (x) to foreclose the liens and security interests created under this Agreement or under any other agreement relating to the Collateral by any available judicial procedure or without judicial process, (xi) to enter any premises where any of the Collateral may be located for the purpose of taking possession or removing the same, (xii) to require Debtor to assemble the Collateral and make it available to Secured Party at a time and place which Secured Party may reasonably select, and Debtor hereby agrees to so assemble and make the Collateral available, (xiii) to sell the Collateral at public or private sale, in whole or in part, and have the right to bid and purchase at said sale, (xiv) to lease or otherwise dispose of all or part of the Collateral, applying proceeds therefrom to the Obligations, and (xv) do any and all things necessary and proper to carry out the purposes contemplated in this Agreement or any of the other Financing Agreements.

The net cash proceeds resulting from the collection, liquidation, sale, lease or other disposition of the Collateral may be applied by Secured Party first to the expenses (including all reasonable attorneys' fees) of retaking, holding, storing, processing and preparing for sale, selling, collecting, liquidating and the like, and then to the satisfaction of all Obligations, in such order of application as Secured Party, in its sole discretion, may from time to time elect. Any notice which Secured Party is required to give Debtor under the Uniform Commercial Code of the time and place of any public sale or the time after which any private sale or other intended disposition of the Collateral is to be made shall be deemed to constitute reasonable notice if such notice is mailed, return receipt requested, at least ten (10) days prior to such sale or other disposition. Debtor shall be liable to Secured Party and shall pay to Secured Party on demand any deficiency which may remain after such collection, liquidation, sale, lease or other disposition of the Collateral. Debtor agrees that the powers granted hereunder, being coupled with an interest, shall be irrevocable so long as any of the Obligations remain outstanding. Upon the occurrence of an Event of Default, to the extent permitted by law, Secured Party shall have the right and power to exercise control over any and all Investment Property, including without limitation, the right and power to notify any securities intermediary that an Event of Default has occurred with the corresponding right to dispose of any Investment Property as permitted by law.

SECTION 7. PAYMENTS MADE BY SECURED PARTY

At its option, but without any liability for failing to do so, Secured Party may pay for insurance on the Collateral and taxes, assessments or other charges which Debtor fails to pay in accordance with the provisions hereof, or of the other Financing Agreements, and may discharge any security interest in or lien upon the Collateral. No such payment or discharge of any such security interest or lien shall be deemed to constitute a waiver by Secured Party of the violation of any covenant hereunder by Debtor as a result of Debtor's failure to make any such payment or Debtor's suffering of any such security interest or

lien. Debtor shall repay on demand any payments made, or expenses incurred, by Secured Party pursuant to this or any other Section of this Agreement, together with interest thereon at the highest rate set forth in the Note from the date on which such payment is made by Secured Party, and the same shall be added to and become a part of the Obligations.

SECTION 8. CROSS COLLATERALIZATION

All Collateral which Secured Party may at any time acquire from Debtor or from any other source in connection with this Agreement shall constitute collateral for each and every Obligations, without apportionment or designation as to a particular Obligation and all Obligations, however and whenever incurred, shall be secured by all Collateral, however and whenever acquired, and Secured Party shall have the right, in its sole discretion, to determine the order in which Secured Party's rights in, or remedies against, any Collateral are to be exercised, and which type or which portions of Collateral are to be proceeded against and the order of application of proceeds of Collateral as against particular Obligations.

SECTION 9. MISCELLANEOUS

9.1 **Expenses**. Debtor will pay all expenses of Secured Party arising out of the negotiation, preparation, administration, amendment, protection, defense, collection or enforcement of this Agreement, the Note, the other Financing Agreements or any of the Collateral, including without limitation, reasonable attorneys' and other professionals' fees, and the cost of any bond that the Secured Party might be required to post in connection with any prejudgment remedy that the Secured Party might obtain.

9.2 **Survival**. This Agreement and the security interest granted to Secured Party by Debtor and every representation, warranty, covenant and other term contained herein shall survive until the Obligations have been paid in full.

9.3 **Notices**. Any notice required to be given hereunder shall be effective when delivered to the recipient by overnight mail or messenger service upon receipt or three (3) days after deposited in the mails, first class, postage prepaid, registered or certified mail, return receipt requested, to Debtor or Secured Party, as the case may be, at its address set forth above. Either of the parties hereto may notify the other that any such notice shall be given to such other address as such party may so instruct by written notice similarly given.

9.4 **Entire Agreement**. This Agreement is the entire agreement between the parties hereto and cannot be amended or modified except by a writing signed by Debtor and Secured Party, nor may Debtor assign any of its rights hereunder.

9.5 **Governing Law**. This Agreement shall be governed by and construed in accordance with the laws of the State of Connecticut. Debtor hereby consents to service of process, and to be sued, in the State of Connecticut and consents to the jurisdiction of the courts of the State of Connecticut and the United States District Court for the District of Connecticut, for the purpose of any suit, action or other proceeding arising hereunder, and expressly waives any and all objections it may have to venue in any such courts.

9.6 **Interpretation**. As used herein, plural or singular include each other, and pronouns of any gender are to be construed as masculine, feminine or neuter, as context requires.

9.7 **Severability**. If any provision of this Agreement is invalid or unenforceable under applicable law for any reason whatsoever, such provision shall be severable from the remainder of this Agreement, and the remaining provisions shall be unaffected. Section headings have been inserted herein for convenience only and shall not be deemed to affect the meaning of any provisions hereof.

9.8 **Setoff**. Debtor hereby gives to Secured Party a lien and right of setoff for all Obligations upon and against all deposits, credits and property of Debtor, now or hereafter in the possession or control of Secured Party or in transit to it. Secured Party may, at any time, without notice and without first resorting to the Collateral, apply all or any part of the same to the Obligations, whether or not matured or demanded.

9.9 **Binding**. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors and assigns.

9.10 **WAIVERS.** (a) **DEBTOR ACKNOWLEDGES THAT THE TRANSACTION OF WHICH THIS AGREEMENT IS A PART IS A "COMMERCIAL TRANSACTION" AS DEFINED IN CHAPTER 903a OF THE CONNECTICUT GENERAL STATUTES, AS AMENDED, AND WAIVES ITS RIGHTS TO NOTICE AND HEARING UNDER SAID CHAPTER 903a, OR AS OTHERWISE ALLOWED BY ANY STATE OR FEDERAL LAW WITH RESPECT TO ANY PREJUDGMENT REMEDY WHICH SECURED PARTY MAY DESIRE TO USE AND ITS RIGHT TO REQUEST THAT THE SECURED PARTY POST A BOND IN CONNECTION WITH ANY SUCH PREJUDGMENT REMEDY,** and further, waives diligence, demand, presentment of payment, notice of nonpayment, protest and notice of protest, and hereby agrees to any extension or delay in the time for payment or enforcement of the Obligations, to any substitution, exchange, addition or release of the Collateral or of any party primarily or secondarily liable for the Obligations, to the acceptance of partial payments thereon and the settlement, compromising or adjusting of any claims thereof, all in such manner and at such times as Secured Party may deem advisable, and all without notice and without any effect on the Obligations.

(b) **DEBTOR WAIVES ALL RIGHT TO A TRIAL BY JURY IN ANY PROCEEDINGS HEREAFTER INSTITUTED BY OR AGAINST DEBTOR ARISING IN CONNECTION WITH OR IN ANY WAY RELATED TO THIS AGREEMENT, THE OTHER FINANCING AGREEMENTS, THE OBLIGATIONS OR THE ENFORCEMENT OF ANY OF SECURED PARTY'S RIGHTS AND REMEDIES THEREUNDER. NO PARTY TO THIS AGREEMENT HAS AGREED WITH OR REPRESENTED TO ANY OTHER PARTY HERETO THAT THE PROVISIONS OF THIS SECTION WILL NOT, IN ALL INSTANCES, BE FULLY ENFORCED.**

(c) Any delay or omission by Secured Party in exercising any rights hereunder or with respect to the Obligations shall not operate as a waiver of such rights. No waiver of any right shall be effective unless in writing and signed by Secured Party. Any waiver granted on one occasion shall not operate as a bar to or waiver of any right on any future occasion. The rights and remedies of Secured Party provided herein and under any of the other Financing Agreements are cumulative and are in addition to, and not exclusive of, any rights or remedies provided by law. Secured Party shall have no duty as to the collection or protection of the Collateral or any income thereon, nor as to the preservation of any rights pertaining thereto, beyond the safe custody thereof. Secured Party may exercise its rights with respect to the Collateral without resorting or regard to other collateral or sources of reimbursement for the Obligations.

[THE NEXT PAGE IS THE SIGNATURE PAGE]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date first written above.

DEBTOR:

WILLIMANTIC WASTE PAPER CO., INC.

By Mary Lou DeVivo
Mary Lou DeVivo
Its President
Duly Authorized

SECURED PARTY:

THE SAVINGS INSTITUTE

By Michael J. Moran
Michael J. Moran
Its Senior Vice President
Duly Authorized

STATE OF CONNECTICUT)
) ss. at Willimantic
COUNTY OF Windham)

On this the 19th day of November, 2003, before me, the undersigned officer, personally appeared Mary Lou DeVivo, who acknowledged herself to be the President of WILLIMANTIC WASTE PAPER CO., INC., a corporation, and that she, as such President, being authorized so to do, executed the foregoing instrument for the purposes therein contained as her free act and deed and the free act and deed of the corporation, by signing the name of the corporation by herself as President.

In witness whereof I hereunto set my hand.

Kathy K Yauchak
Notary Public
My Commission Expires: 4-30-06

STATE OF CONNECTICUT)
) ss. at Willimantic
COUNTY OF Windham)

On this the 19th day of November, 2003, before me, the undersigned officer, personally appeared **Michael J. Moran**, who acknowledged himself to be the Senior Vice President of THE SAVINGS INSTITUTE, a banking corporation organized under the laws of the State of Connecticut, and that he as such Senior Vice President, being authorized so to do, executed the foregoing instrument for the purposes therein contained as his free act and deed and the free act and deed of the bank, by signing the name of the bank by himself as Senior Vice President.

In Witness Whereof I hereunto set my hand.

Kathy K Yauchak
Notary Public / My Commission Expires: 4-30-06

EXHIBIT A

Description of Railroad Cars

Twenty (20) construction and demolition railcars bearing Association of American Railroad reporting marks as follows: CNHX 902154, CNHX 902101, CNHX 902178, CNHX 902011, CNHX 902135, CNHX 902044, CNHX 902111, CNHX 902030, CNHX 902093, CNHX 902109, CNHX 902180, CNHX 902028, CNHX 902119, CPHX 799825, CPHX 799894, CPHX 799791, CPHX 799837, CPHX 799779, CPHX 799769, CPHX 799934