UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

September 10, 2007
Date of Report (Date of earliest event reported)

Colonial Commercial Corp.

(Exact name of Registrant as Specified in Charter)

NEW YORK	**1-6663**	**11-2037182**
(State or other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)
275 WAGARAW ROAD, HAWTHORNE, NEW JERSEY		**07506**
(Address of Principal Executive Offices)		(Zip Code)

Registrant's Telephone Number, Including Area Code: **973-427-8224**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

ITEM 1.01 ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT

On September 10, 2007, the company, through S&A Purchasing Corp., a wholly owned subsidiary, purchased from S&A Supply, Inc., a Massachusetts corporation, ("S&A Supply") and affiliates of S&A Supply, all of their tangible and intangible assets, including accounts receivable, inventory, fixed assets, but excluding certain accounts receivable and other specifically excluded assets, and assumed certain liabilities, including trade accounts payable and motor vehicle loans. The transaction was effected pursuant to an Asset Purchase Agreement dated as of September 10, 2007 (the "APA").

The purchase price for the assets is equal to their book value as adjusted, plus $315,000, less assumed liabilities as adjusted. Based on estimates of book value at closing, the company paid $4,602,675 and assumed liabilities totaling $1,225,133 at closing. The APA provides for adjusting payments to be made on or about January 18, 2008. The cash portion of the purchase price was financed out of the company's credit facility described below.

In connection with the acquisition, the company, through S&A Purchasing Corp. as lessee, entered into three 5-year lease agreements with affiliates of S&A for two locations in Great Barrington, Massachusetts and one location in Pittsfield, Massachusetts for aggregate annual rentals of $180,000, plus real estate taxes and maintenance. The company also assumed a $1,425 month-to-month tenancy with a non-related party for a location in North Adams, Massachusetts.

The company also entered into employment agreements with Brian Mead and Adam Mead, minority shareholders of S&A and its affiliates, and a consulting agreement with Nancy Mead, the majority shareholder of S&A and its affiliates.

In connection with this acquisition, the company amended its credit facility with Wells Fargo Bank, National Association to increase the company's facility from $15 million to $25 million and extended the maturity of the facility from August 1, 2010 to August 1, 2012. The $25 million facility includes a $1 million term loan payable in 12 equal monthly installments, and up to $500,000 of seasonal over-advances. The initial interest rate on the term loan is prime minus 0.25%, but the interest rate on up to 75% of the loan's outstanding balance can be converted by the company to 2½% over LIBOR. The interest rate will be reduced to prime minus 0.50%, or LIBOR plus 2¼%, if the company reports net income (as defined) of more than $1 million for the fiscal year ending December 31, 2007.

The foregoing descriptions are qualified in their entirety by reference to the agreements and instruments, copies of which are attached hereto as exhibits and are incorporated herein by reference.

ITEM 2.01 COMPLETION OF ACQUISITION OR DISPOSITION OF ASSETS

Reference is made to Item 1.01 for information relating to the acquisition of assets. This information is incorporated herein.

ITEM 2.03 CREATION OF A DIRECT FINANCIAL OBLIGATION OR AN OBLIGATION UNDER AN OFF-BALANCE SHEET ARRANGEMENT OF A REGISTRANT

Reference is made to Item 1.01 for information on the company's financing through its credit facility of the cash portion of the purchase price referred to in that Item and for information on an amendment to the credit facility.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(a) Financial statements of businesses acquired

As permitted by Item 9.01(a)(4) of Form 8-K, the Registrant will, if required, file the financial statements required by Item 9.01(a)(1) of Form 8-K pursuant to an amendment to this Current Report on Form 8-K not later than seventy one (71) calendar days after the date this current report must be filed.

(b) Pro forma financial information

As permitted by Item 9.01(b)(2) of Form 8-K, the Registrant will, if required, file the pro forma financial information required by Item 9.01(b)(1) of Form 8-K pursuant to an amendment to this Current Report of Form 8-K not later than seventy one (71) calendar days after the date this current report must be filed.

(c) Not applicable

(d) Exhibits

Exhibit No.	Description
10.01	Asset Purchase Agreement dated as of September 10, 2007 by and among S&A Purchasing Corp., S&A Supply, Inc., S&A Management, Inc., S&A Realty, Inc., and the other parties set forth on the signatory page thereto, filed herewith.
10.02	Lease Agreement for 40 Maple Avenue, Great Barrington, MA dated as of September 10, 2007 between S&A Realty, Inc. and S&A Purchasing Corp., filed herewith.
10.03	Lease Agreement for 1311 East Street, Pittsfield, MA dated as of September 10, 2007 between S&A Realty, Inc. and S&A Purchasing Corp., filed herewith.
10.04	Lease Agreement for 20 Maple Avenue, Great Barrington, MA dated as of September 10, 2007 between S&A Supply, Inc. and S&A Purchasing Corp., filed herewith.
10.05	Employment Agreement dated as of September 10, 2007 between S&A Purchasing Corp. and Adam Mead, filed herewith.
10.06	Employment Agreement dated as of September 10, 2007 between S&A Purchasing Corp. and Brian Mead, filed herewith.
10.07	Consulting Agreement dated as of September 10, 2007 between S&A Purchasing Corp. and Nancy Mead, filed herewith.
10.08	Second Amendment dated as of September 10, 2007 to and under the Credit and Security Agreement, dated as of July 28, 2004 (as amended from time to time, the “Credit Agreement”), filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

COLONIAL COMMERCIAL CORP.
(Registrant)

Date: September 14, 2007

/s/ William Salek
William Salek
Chief Financial Officer

INDEX TO EXHIBITS

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EXHIBIT 10.01
EXECUTION COPY

Asset Purchase Agreement

This ASSET PURCHASE AGREEMENT (the "Agreement") is made and entered into as of the 10th day of September, 2007, by and among S&A Purchasing Corp., a New York corporation (the "Buyer"), S&A Supply, Inc., a Massachusetts corporation (the "Company"), S&A Realty, Inc., a Massachusetts corporation ("Realty"), S&A Management, Inc., a Massachusetts corporation ("Management," and together with Realty and the Company, the "Sellers," and each individually sometimes referred to herein as a "Seller"), Nancy A. Mead ("Nancy"), Nancy A Mead and Thomas H. Mead, Trustees of The Discretionary Trust ("Trustees"), under The Rodney P. Mead Revocable Trust (the "Trust"), dated January 12,1999, Sarah Mead ("Sarah"), Brian Mead ("Brian") and Adam Mead ("Adam"). Nancy, the Trustees, Sarah, Brian and Adam are the sole shareholders of each of the Sellers and are collectively referred to herein as the "Shareholders." Nancy and the Trustees are sometimes referred to herein as the "Majority Shareholders" and Sarah, Brian and Adam are sometimes referred to herein as the "Minority Shareholders." Colonial Commercial Corp., a New York corporation and the sole shareholder of the Buyer ("Colonial"), is countersigning this Agreement with regard to Section 2(e) only.

Recitals

1. The Company operates a heating and plumbing supply business and an electrical wholesale business (the electrical wholesale business together with the heating and plumbing supply business, the "Business") in four locations, one of which also serves as the Company's corporate office and distribution center.

2. Buyer desires to purchase the Business and selected assets of the Company, and to assume selected liabilities of the Company.

3. The Company desires to sell such assets and to cause Buyer to assume such liabilities.

4. Management performs certain administrative services for the Company.

5. Buyer desires to purchase selected assets from Management and to assume selected liabilities of Management related to the operation of the Company.

6. Management desires to sell such selected assets and to cause Buyer to assume such liabilities.

7. Buyer desires to lease the three parcels of real property set forth on Schedule 1(f), two of which are owned by Realty and one of which is owned by the Company (the three parcels of real property are defined herein as the "Owned Real Estate").

8. The Company and Realty desire to lease the Owned Real Estate to the Buyer.

Certain definitions related to this Agreement are set forth in Section 27.

Agreement

NOW, THEREFORE, in consideration of the premises and of the mutual covenants contained herein, the parties agree as follows:

1. Sale and Purchase of Assets.

(a) On the terms and subject to the conditions of this Agreement, at the Closing referred to in Section 5, the Sellers shall sell, convey, assign, transfer and deliver to Buyer, and Buyer shall purchase, acquire and accept delivery of the following assets and properties (the "Assets"):

(A) Merchandise inventory as of the Valuation Date (which is the close of business on the second business day prior to the Closing) that is new and unused and in its original packaging (the "Merchandise Inventory"); the Merchandise Inventory will be physically counted by the Buyer and the Sellers jointly with each leaving with a printed priced list of the inventory, some of which will be hand-written. The term "Merchandise Inventory Value" means the book value of the Merchandise Inventory as of the Valuation Date. Book value of inventory shall be calculated at Sellers' average cost. Book value shall include a provision for reserve for inventory that as of the Closing has not been sold for a period of eighteen (18) months or inventory in excess of a twelve (12) month supply ("Inventory Reserve"). The Merchandise Inventory Value shall not include the book value of defective or damaged goods.

(B) Trade accounts receivable as of the Valuation Date (the "Trade Receivables"). "Trade Receivables Value" means the value of the Trade Receivables as of the Valuation Date less the value of the Past Due Receivables as of the Valuation Date. Past Due Receivables means any account from any customer whose balance in the over 90 days old aging category exceeds 25 percent of the total account balance of such customer at the Closing ("Excluded Accounts"), plus, for any account that is not an Excluded Account, amounts from any customer that at the Closing is more than 90 days past due ("90 Day Past Due Receivables"). The Trade Receivables will be printed in detail and are subject to the provisions set forth in Section 4.

(C) Trade Receivables service charges shall be excluded from Trade Receivables, but will be paid to Sellers in accordance with Section 4(c).

(D) The prepaid and other assets of the Sellers ("Prepaid and other Assets") that are listed in Schedule 1(a)(D). The Buyer will share excess rebate distributions that are included in Prepaid and other Assets with the Sellers in proportion to when the purchases took place. The "Prepaid and other Assets Value" means the book value of the Prepaid and other Assets as set forth in such Schedule, is subject to adjustment after the Closing as provided in Section 3 to account for such events as expenses a party may pay on account of the other party for bills that crossed their respective periods of operation (e.g., telephone and other utility bills).

(E) The fixed assets (the "Fixed Assets") of the Sellers that are as set forth on Schedule 8(v); provided, however, that Buyer's purchase of the auto and trucks included in Fixed Assets is subject to the assignment of the Sellers' auto and truck financing arrangement to Buyer)) at the depreciated value of the Fixed Assets (the "Fixed Assets Value"), as set forth on the books and records of the Sellers, as of the Valuation Date;

(F) The Sellers' rights from and after the Closing under the North Adams, MA real estate lease that is set forth in Schedule 1(a)(F) (the "Real Estate Lease");

(G) Credit applications and customer guarantees in the form used by the Sellers in its normal operations of business.

(H) [Intentionally Deleted].

(I) All proprietary knowledge, Trade Secrets, Confidential Information, computer software and licenses, formulae, designs and drawings, quality control data, processes (whether secret or not), methods, inventions and other similar know-how or rights Used in the conduct of the Sellers' business, including, but not limited to, the areas of manufacturing, marketing, advertising and personnel training and recruitment, together with all other Intangible Rights Used in connection with the Sellers' business, including all files, manuals, documentation and source and object codes related thereto as well as all files, manuals, documentation relating to Past-Due Receivables and inventory that is not Merchandise Inventory (as defined above);

(J) All utility, security and other deposits and prepaid expenses which are assignable;

(K) the Sellers' business as a going concern and its franchises, Permits and other authorizations of Governmental Authorities (to the extent such Permits and other authorizations of Governmental Authorities are transferable) and third parties, licenses, telephone numbers for all locations, facsimile numbers, website addresses, post office boxes, customer lists, vendor lists, referral lists and contracts, advertising materials and data, restrictive covenants, choses in action and similar obligations owing to the Sellers from its present and former shareholders, officers, employees, agents and others, together with all books, databases, operating data and records (including financial, accounting and credit records), files, papers, records and other data of the Sellers relative to the operation of the Sellers' business, i.e., inventory, customer records, vendor records, etc. Notwithstanding the foregoing, the Sellers and Buyer shall for a period of not less than three years make their records for transactions through the Closing available to the other on request for review and copying (whether for the purpose of facilitating the preparation of SEC reports for Buyer's affiliates or otherwise), and they shall not destroy their respective records without first offering to deliver the same to the other party.

(L) all rights of the Sellers in and to the name S&A Supply, Inc. and any other name that incorporates the word S&A and all variants thereof, and all other trade names, trademarks and slogans Used in its business, all variants thereof and all goodwill associated therewith;

(M) to the extent assignable under applicable law, all of Sellers' rights under any insurance policy or contract of insurance or indemnity (or similar agreement) under which Sellers' are an insured, named as an additional insured or is otherwise a beneficiary, and all proceeds realized in connection therewith;

(N) certificates and copies of all insurance policies, all as set forth on Schedule 8(a)(N);

(O) all other property and rights of every kind or nature Used by the Sellers in the operation of its business;

(P) all other purchase orders, Customer orders, and other rights under contracts in the ordinary course.

(Q) the verbal Kohler distribution agreement ("Kohler Distribution Agreement"), provided, however, that it is expressly understood among the parties that the Kohler Distribution Agreement shall not be part of the Assets in the event the Sellers after using their best efforts fail to obtain the necessary consents required to assign such distribution agreement to the Buyer.

(b) Notwithstanding the foregoing, the following assets and properties ("Excluded Assets") are not included in the Assets:

(A) Cash

(B) Loan Receivable due from each of S&A Management, Inc., S&A Realty, Inc. and the Shareholder, each such Loan Receivable as defined in the Company's audited Balance Sheet for the year ended December 31, 2006 ("2006 Audited Balance Sheet");

(C) The current and non-current portion of the Note Receivable due from Shareholders set forth in the 2006 Audited Balance Sheet;

(D) The life insurance policy, and the cash value of life insurance set forth in the 2006 Audited Balance Sheet;

(E) prepaid insurance, it being understood that Buyer will obtain its own policies, and prepaid taxes, due from employees or due from other affiliates of the Sellers.

(F) any and all contracts or policies of insurance that are used to pay or fund benefits under any employee benefit plan, as such term is defined in Section 3(3) of the Employee Retirement Income Security Act of 1974.

(c) It is specifically understood and agreed by the parties hereto that the Buyer is acquiring, and each Seller is selling, all of the tangible and intangible assets attributable to or Used by the Company in its Business, except the Excluded Assets. Any cash proceeds (inclusive of checks, money orders and credit card transactions) of the Excluded Assets received by the Buyer subsequent to the date of Closing shall be remitted by Buyer to the Company (and Company shall receive such remittance on behalf of the Sellers) within ten (10) days from receipt. Conversely, any cash proceeds (inclusive of checks, money orders and credit card transactions) of the Assets received by the Sellers subsequent to the date of Closing shall be remitted by the Sellers to Buyer within ten (10) days from receipt.

(d) The aforesaid assets and properties to be transferred to the Buyer hereunder, but not including the Excluded Assets, are hereinafter collectively referred to as the "Assets."

(e) Method of Conveyance.

(A) The sale, transfer, conveyance, assignment and delivery by the Sellers of the Assets to the Buyer in accordance with Section 1(a) hereof shall be effected on the Closing Date by the Sellers' execution and delivery to the Buyer of one or more Bills of Sale, Assignments and other conveyance instruments with respect to the Sellers' transfer of Intangible Rights, real property interests and other Assets in form and scope reasonably satisfactory to Buyer (collectively the "Conveyance Documents"). At the Closing, good, valid and marketable title to all of the Assets shall be transferred, conveyed, assigned and delivered by the Company to the Buyer pursuant to the Conveyance Documents, free and clear of any and all Liens, excepting Assumed Obligations (as defined below).

(f) Real Estate. It is specifically understood and agreed by the parties hereto that concurrent with the Closing, Buyer shall execute leases for the three parcels of real property included in the Owned Real Estate . A copy of said leases ("Owned Real Estate Leases") to be delivered by Sellers, fully executed by landlords at the Closing, are annexed hereto and designated Exhibits (f)(A), 1(f)(B), and 1(f)(C) . In addition thereto, except as otherwise disclosed on Schedule 1(f)(D), Sellers shall at the Closing deliver a certificate of occupancy for each of the leased premises permitting Buyer to utilize the premises for the business purposes being purchased pursuant to the terms of this agreement.

(g) Assumed Obligations. The Buyer hereby assumes, effective as of the Closing, and the Buyer hereby agrees, effective as of the Closing, to satisfy and discharge as the same shall become due:

(A) all trade accounts payable and accrued expenses that have been incurred in the ordinary course of the Company's business consistent with the representations and warranties set forth in this Agreement ("Trade Accounts Payable");

(B) the Sellers' liabilities and other obligations arising subsequent to the Closing under the Real Estate Lease set forth on Schedule 1(a)(F) and each of the Auto and Truck Leases and the Auto and Truck Loans listed on 1(g)(B); and

(C) the expense accounts payable, customer deposits payable, payments for unreconciled stock receipts (merchandise received but for which no invoice has been received as of the Valuation Date) listed on Schedule 1(g)(C) hereto (collectively the "Assumed Obligations").

(h) [Intentionally Deleted].

(i) Excluded Liabilities. Except as expressly set forth in Section 1(g), the Buyer shall not assume or be responsible at any time for any liability, obligation, debt or commitment of the Sellers, whether absolute or contingent, accrued or unaccrued, asserted or unasserted, or otherwise (the "Excluded Liabilities"). Without limiting the generality of the foregoing, Sellers and Shareholders expressly acknowledge and agree that the Sellers shall retain, and that Buyer shall not assume or otherwise be obligated to pay, perform, defend or discharge, any liability or obligation:

(A) incident to, arising out of or incurred with respect to, this Agreement and the transactions contemplated hereby (including any and legal or other fees and expenses, all sales, income or other taxes arising out of the transactions contemplated hereby; without limiting the generality of the foregoing, the Sellers shall promptly file an application for a Waiver of Tax Lien under the Massachusetts General Law, Chapter 62C §§ 51 and 52, with the Massachusetts Department of Revenue ("Waiver of Tax Lien") and shall remit any and all sales taxes due in respect of the sale of assets contemplated in this transaction to be paid by Sellers at Closing);

(B) for taxes whether measured by income or otherwise;

(C) in connection with any Plan or Benefit Program or Agreement (as defined in Section8(k)), including, without limitation, any liability of the Sellers under ERISA;

(D) under any foreign, federal, state or local law, rule, regulation, ordinance, program, Permit, or other Legal Requirement relating to health, safety, Hazardous Materials and environmental matters applicable to the Sellers' business and/or the facilities Used by the Sellers (whether or not owned by the Sellers);

(E) pertaining to products sold or manufactured or services performed or other actions taken or omitted by the Sellers prior to the Closing Date;

(F) relating to any default taking place before the Closing Date under any of the Assumed Obligations to the extent such default created or increased the liability or obligation; or

(G) the consulting agreement by and between Management and Richard J. Aloisi, dated April 6, 2004.

(H) Sellers and the Majority Shareholders jointly and severally agree to satisfy and discharge the Excluded Liabilities as the same shall become due.

2. Payment for Assets

(a) As payment in full for the Assets being acquired by the Buyer hereunder and the non-compete covenants set forth in Section 13(d) hereof, Buyer shall pay to the Company (and Company shall receive such payment on behalf of the Sellers) in the manner set forth in this Section 2, (i) the Merchandise Inventory Value, plus the Trade Receivables Value, plus the Prepaid Asset Value, plus the Fixed Asset Value, plus $10,000 in respect of the non-compete covenants set forth in Section 13(d), plus $315,000 in respect of goodwill, less (ii) the face value of all trade accounts payable and accrued expenses and other liabilities and obligations that are assumed at the Closing by the Buyer under Section 1(g)(A) and 1(g)(C) less accrued vacation and sick pay through the Closing of the business employees of the Sellers, but subject to further adjustment as provided in Section 3 (such amount, as so adjusted from time to time, is referred to herein as the "Purchase Price"). It is expressly understood by the parties that the Purchase Price will not be adjusted downward in the event Sellers, after using their best efforts, fail to obtain the necessary consents required to assign the Kohler Distribution Agreement.

(b) In preparation for the Closing, the parties will prepare an estimate (the "Estimated Purchase Price") of the actual Purchase Price by conducting the joint physical inventory and other procedures that are set forth in Section 1(a)(A) with the appropriate detailed listings and schedule. In order to plan for and facilitate the Closing, the Sellers will also provide Buyer with an estimated summary of the foregoing on the Valuation Date. Attached hereto and made a part hereof as Schedule 2(b) is the June 30, 2007 unaudited internal Balance Sheet of the Company that shall be delivered by Sellers pursuant to Section 6 and an example of the purchase price calculation in connection therewith attached hereto and made a part hereof.

(c) On the Closing Date, the Buyer shall make payment of the Estimated Purchase Price as follows: Buyer shall deliver to the Company (and Company shall receive on behalf of the Sellers) by wire transfer of 5% of the Estimated Purchase Price (the "Escrow Amount") to Martinelli Discenza P.C., as escrow agent (the "Escrow Agent"), and by wire transfer of the balance thereof to the Company. The Escrow Amount shall be held by the Escrow Agent pursuant to the terms and conditions hereunder and pursuant to the terms and conditions of the Escrow Agreement attached hereto as Exhibit 2(c) (the "Escrow Agreement").

(d) [Intentionally Deleted].

(e)

(A) In the event Buyer fails to perform any of its obligations hereunder or under the employment and consulting agreements entered into by Buyer pursuant to this Agreement, Sellers' shall provide Buyer written notice (a "Failure Notice") specifying such failure and requiring such failure be remedied within 30 days, provided, however, that if any such failure cannot with due diligence be remedied by Buyer within a period of 30 days, if Buyer commences to remedy such failure within such 30 day period and thereafter prosecutes such remedy with reasonable diligence, the period of time for remedy of such failure shall be extended so long as Buyer prosecutes such remedy with reasonable diligence. Colonial hereby agrees to perform such failed obligation on behalf of the Buyer in the event Buyer shall have failed to remedy such failure in accordance with the prior sentence and Sellers provide Colonial with a written notice specifying the obligation that Buyer failed to cure along with a copy of the Failure Notice.

(B) In the event Buyer fails to perform any of its obligations in accordance with the terms of any lease agreement entered into by Buyer pursuant to this Agreement, Sellers' shall provide Buyer written notice ("Failure Notice") specifying such failure and requiring such failure be remedied within 30 days, provided, however, that if any such failure cannot with due diligence be remedied by Buyer within a period of 30 days, if Buyer commences to remedy such failure within such 30 day period and thereafter prosecutes such remedy with reasonable diligence, the period of time for remedy of such failure shall be extended so long as Buyer prosecutes such remedy with reasonable diligence. Colonial hereby agrees to perform such failed obligation on behalf of the Buyer in the event Buyer shall have failed to remedy such failure in accordance with the prior sentence and Sellers provide Colonial with a written notice specifying the obligation that Buyer failed to cure along with a copy of the Failure Notice.

(C) In the event Buyer contests any of the matters set forth in a Failure Notice, Buyer and Seller shall resolve such dispute exclusively by arbitration by the American Arbitration Association in Great Barrington, Massachusetts. Notwithstanding anything set forth in Section 2(e), in the event a Failure Notice is arbitrated in accordance with this section, Colonial's obligations under Section 2(e) shall be subject to the finding of Buyer's failure to perform by such arbitration.

3. Adjustment of Purchase Price.

(a) The Sellers and the Buyer agree to meet on or about 130 days subsequent to the Closing ("Adjustment Date") to determine amounts due among the parties in accordance with Section 4 and to resolve any questions, errors or omissions that might have occurred in the Purchase Price calculation and to reallocate responsibility for certain expenses, (i.e., gas and electric, telephone, etc.) which cover the period prior to and after the date of Closing.

(b) If the Purchase Price is adjusted downward, Brian on behalf of the Sellers, and the Buyer shall forthwith jointly direct the Escrow Agent to release to Buyer from Escrow the amount by which the Purchase Price is adjusted downward. To the extent that such reduced amount exceeds the amounts then available for release from escrow by the Escrow Agent, Sellers and the Majority Shareholders shall jointly and severally pay the excess to Buyer forthwith.

(c) If the Purchase Price is adjusted upward, Buyer shall forthwith pay to the Company, and the Company shall receive on behalf of the Sellers, the amount by which the Purchase Price is adjusted upward.

(d) In the event that there is any dispute on whether any party is required to sign any direction to the Escrow Agent hereunder, such dispute shall be resolved exclusively by arbitration by the American Arbitration Association in Great Barrington, Massachusetts. In the event that the parties agree that a direction to the Escrow Agent is required to a given extent but dispute whether such direction is required for any excess amount, then the parties shall execute such direction for to the given amount as to which there is no dispute, and the dispute on the excess amount shall be submitted to arbitration as aforesaid.

4. Certain Other Agreements:

(a) Buyer may on the Adjustment Date reassign to the Sellers any Trade Receivable purchased by the Buyer and not paid by a customer in the ordinary course (without resort to litigation) by the Adjustment Date; Reassigned Trade Receivables actually reassigned by Buyer to Sellers is termed “Uncollected Accounts”. Buyer agrees not to conduct business with any customer who is the debtor on any Uncollected Accounts within the earlier of (i) one year of such re-assignment; (ii) the time Sellers shall have been paid in full on such Uncollected Accounts, and (iii) the time Sellers in their sole discretion shall consent and allow Buyer to conduct business with such customer.

(b) Sellers and Buyer shall on the Adjustment Date calculate the total dollar amount of the collected Past Due Receivables (the “Collected Past Due Receivables Accounts”). If the dollar amount of the Collected Past Due Receivables Accounts exceeds the dollar amount of the Uncollected Accounts, then the Purchase Price shall be adjusted upward by such excess amount. If the dollar amount of the Uncollected Accounts exceeds the dollar amount of the Collected Past Due Receivables Accounts, then the Purchase Price shall be adjusted downward by such excess amount. Buyer agrees not to conduct business with any customer who is the debtor on any Uncollected Past Due Accounts until the earlier of (i) one year after the Adjustment Date; (ii) the Seller has been paid in full, or and (iii) the time Sellers in their sole discretion shall consent and allow Buyer to conduct business with such customer.

(c) Service charges accrued at the Closing shall be paid to Sellers within sixty (60) days of date collected. Buyer has the option of compromising accrued service charges in its sole discretion by utilizing its best business judgment.

(d) Should Buyer fail to receive full credit for any purchased, but defective inventory within 75 days after the Closing, Buyer will reassign such defective inventory to the Sellers and the Purchase Price shall be adjusted downward by the amount Buyer paid to the Sellers for such inventory.

(e) Purchase Price adjustments shall be paid in accordance with Section 3.

(f) The Sellers will at the Closing pay in full, to the employees or other persons entitled to receive the same, all accruals through the Closing under all of its profit sharing plans and other employee benefit payments.

5. Closing.

(a) The Closing of this transaction will take place at the office of Oscar Folger, 521 5th Avenue, 24th Floor, New York, N.Y. 10175, or at the request of Buyer, at the offices of counsel to any lender providing financing in connection with the transactions contemplated hereby, at 10:00 a.m. on or before September 10, 2007 or, at the request of either party on a later date but not later than October 1, 2007.

(b) The day on which the Closing actually takes place is herein sometimes referred to as the Closing Date.

6. Audited Financial Statements. Sellers have delivered to Buyer copies of audited financial statements of the Company for the years ended December 31, 2006, 2005, 2004 and 2003 (the "Audited Financial Statements") prepared by the Company's certified public accountant. Sellers have delivered to Buyer copies of interim unaudited financial statements for the fiscal quarters ended March 31, 2006, June 30, 2006, and September 30, 2006 (the "Interim 2006 Statements") and for the fiscal quarters ended March 31, 2007 and June 30, 2007 (the "Interim 2007 Statements"). Ninety days (90) subsequent to the Closing, Sellers shall deliver to Buyer a copy of an interim unaudited financial statement for the fiscal period ending on the Closing Date. Additionally, the Sellers have provided similar interim statements for 2003, 2004 and 2005. The term "Balance Sheet" means the unaudited balance sheet dated as of June 30, 2007 that is included in the Interim 2007 Statements. The Audited Financial Statements and the Interim 2007 Statements shall be complete and correct, shall have been prepared from the books and records of the Company in accordance with generally accepted accounting principles consistently applied and maintained throughout the periods indicated and shall fairly present the financial condition of the Company as at their respective dates and the results of its operations for the periods covered thereby, subject to normal year-end adjustments and accruals.

7. Other Transactions at Closing; Further Assurances.

(a) At the Closing, the Sellers will deliver to Buyer:

(A) the Conveyance Documents;

(B) a certificate executed by each of the Sellers to the effect that the conditions set forth in Section 12 have been satisfied;

(C) possession of all originals and copies of agreements, instruments, documents, deeds, books, records, files and other data and information included within the Assets;.

(D) Releases of all Liens on any of the Assets other than for Liens relating to each of the Auto and Truck Leases and Auto and Truck Loans assumed by Buyer;

(E) copies of the certificate of incorporation of each of the Sellers certified as of a date within 10 days of the Closing Date by the Secretary of State of the State of Massachusetts;

(F) a certificate from the Secretary of State of the State of Massachusetts as to the good standing of each of the Sellers as of a date within 10 days of the Closing Date;

(G) [Intentionally Deleted];

(H) copies of the bylaws of each of the Sellers, certified by its Secretary as a true and correct copy thereof as of the Closing Date;

(I) all consents from shareholders, lenders and other third parties as are required to consummate the sale of the Assets, except that it is expressly understood by the parties that consents for the Kohler Distribution Agreement may not be obtained, notwithstanding Sellers' best efforts to obtain such consents;

(J) all consents from shareholders, lenders and other third parties as are required to enter into the leases of the Owned Real Estate;

(K) all consents from shareholders, lenders and other third parties as are required to execute the Owned Real Estate Leases, and,

(L) With respect to the Owned Real Estate Leases, the execution and delivery of a landlord's agreement by each landlord in substantially the same form attached as Exhibit (7)(a)(L) (the "Landlord's Agreement"), as well as all consents from shareholders, lenders, and other third parties as are required for the Buyer to acquire Seller's rights under the Real Estate Lease;

(M) all consents from shareholders, lenders and other third parties as are required to consummate the assignment of all contracts, , except that it is expressly understood by the parties that consents for the Kohler Distribution Agreement may not be obtained, notwithstanding Sellers' best efforts to obtain such consents;

(N) a copy of the resolutions of the Board of Directors of each of the Sellers, together with any and all required resolutions or consents of the shareholders thereof, approving the execution and delivery of this Agreement and the consummation of all of the transactions contemplated hereby, duly certified by an officer of each of the Sellers; and

(O) all documents required to be delivered to Buyer under the provisions of this Agreement or as may reasonably by requested by Buyer and its counsel.

(b) On the Closing Date, Buyer shall deliver or cause to be delivered to the Company, and the Company shall receive on behalf of the Sellers, the following:

(A) payment of the Estimated Purchase Price in accordance with Section 2(c);

(B) a copy of the resolutions of the Board of Directors of Buyer, together with any and all required resolutions or consents of the shareholders thereof, approving the execution and delivery of this Agreement and the consummation of all of the transactions contemplated hereby, duly certified by an officer of Buyer;

(C) a copy of the resolutions of the Board of Directors of Colonial approving Colonial's obligations set forth in Section 2(e), duly certified by an officer of Colonial.

(D) a certificate executed by an authorized officer of the Buyer, on behalf of the Buyer, to the effect that the conditions set forth in Section 12(a)(B) have been satisfied;

(E) such other documents as may be required pursuant to this Agreement or as may reasonably be requested by the Company and their counsel.

(c) At the Closing:

(A) Buyer and Brian shall execute and deliver an employment agreement in the form of Exhibit 7(c)(A);

(B) Buyer and Adam shall execute and deliver an employment agreement in the form of Exhibit 7(c)(B);

(C) Sellers shall deliver executed lease agreements and Landlord's Agreements and the landlord under the Real Estate Lease shall have consented to the Buyer's occupancy of the premises in the same manner as held by Sellers;

(D) Buyer and Nancy shall execute and deliver a consulting agreement in the form of Exhibit 7(c)(D).

8. The Sellers and the Majority Shareholders hereby jointly and severally represent and warrant to Buyer (i.e. the liability of Sellers and the Majority Shareholders for the breach of any representation or warranty is joint and several, in the sense that Buyer may proceed against any one or more Sellers and Majority Shareholders for all or any part of such liability) and the Minority Shareholders hereby severally represent and warrant (i.e. the liability of the Minority Shareholders is several, in the sense that Buyer can proceed against any Minority Shareholder for only that portion of the total liability for such breach that is proportional to his pro rata ownership interest in the Company) to Buyer that:

(a) Corporate Existence, etc. Each Seller is a corporation duly organized, validly existing and in good standing under the laws of Massachusetts; it has all requisite corporate power and authority and is entitled to carry on its business as now being conducted and to own, lease or operate its properties as and in the places where such business is now conducted and such properties are now owned, leased or operated; and it is duly qualified, licensed or domesticated and in good standing as a foreign corporation authorized to do business in the states listed on Schedule 8(a), which are the only states where the nature of the activities conducted by it or the character of the properties owned, leased or operated by it require such qualification, licensing or domestication. Each Seller has delivered to Buyer true and complete copies of its certificate of incorporation and all amendments thereto, certified by the Secretary of State of the State of Massachusetts, and the by laws of each Seller as presently in effect, certified as true and correct by its Secretary.

(b) Authority, Approval and Enforceability. This Agreement has been duly executed and delivered by each Seller and each Shareholder, and the Sellers and the Shareholders have all requisite power and legal capacity to execute and deliver this Agreement and all Collateral Agreements executed and delivered or to be executed and delivered in connection with the transactions provided for hereby, to consummate the transactions contemplated hereby and by the Collateral Agreements, and to perform its obligations hereunder and under the Collateral Agreements. This Agreement and each Collateral Agreement to which each Seller and each Shareholder are a party constitutes, or upon execution and delivery will constitute, the legal, valid and binding obligation of such party, enforceable in accordance with its terms, except as such enforcement may be limited by general equitable principles or by applicable bankruptcy, insolvency, moratorium, or similar laws and judicial decisions from time to time in effect which affect creditors' rights generally.

(c) Capitalization and Corporate Records.

(A) All issued and outstanding shares of the Sellers' capital stock are owned beneficially and of record by the Shareholders.

(B) The copies of the Certificate of Incorporation and Bylaws of each Seller provided to Buyer are true, accurate, and complete and reflect all amendments made through the date of this Agreement.

(d) Taxes. All taxes, including, without limitation, income, property, sales, use, franchise, added value, employees' income withholding and social security taxes, imposed by the United States or by any foreign country or by any state, municipality, subdivision or instrumentality of the United States or of any foreign country, or by any other taxing authority, which are due or payable by the Sellers and the Shareholders, and all interest and penalties thereon, whether disputed or not, have been paid in full, all tax returns required to be filed in connection therewith have been accurately prepared and duly and timely filed and all deposits required by law to be made by the Sellers with respect to employees' withholding taxes have been duly made. The Sellers and the Shareholders have not been delinquent in the payment of any foreign or domestic tax, assessment or governmental charge or deposit and have no tax deficiency or claim outstanding, proposed or assessed against it, and there is no basis for any such deficiency or claim. The Sellers' federal income tax returns have never been audited by the Internal Revenue Service for all of its fiscal years through the year ended 2006, there is not now in force any extension of time with respect to the date on which any tax return was or is due to be filed by or with respect to the Sellers, or any waiver or agreement by it for the extension of time for the assessment of any tax. Sellers can receive upon request from the Massachusetts Department of Revenue a certificate that certifies the good standing of, and the payment of taxes by, each of the Sellers as of the date of the signing of the Agreement.

(e) Bulk Sales Tax. There are no bulk sales taxes due under this Agreement.

(f) The Sellers' capital stock issued and outstanding as of the date hereof shall constitute all of the outstanding shares of capital stock of Sellers as of the Closing Date. The Shareholders are the sole shareholders of the Sellers as of the date hereof and shall be the sole shareholders of the Sellers at the Closing Date. Other than the Sellers' capital stock owned by the Shareholders, the Sellers have not issued any other capital stock or other security instruments and are not committed or obligated to do so in the future. There are no outstanding subscriptions, options, warrants, calls, contracts, demands, commitments, convertible securities or other agreements or arrangements of any character or nature whatever under which the Sellers, or the Shareholders, are or may become obligated to issue, assign or transfer, and there are no rights of first refusal, preemptive rights or similar rights with respect to any such shares.

(g) Primary Beneficiary. Nancy is the primary beneficiary of the Trust.

(h) No Shareholders Defaults or Consents. The execution and delivery of this Agreement and the Collateral Agreements by the Shareholders and the performance by each of the Shareholders of its respective obligations hereunder and thereunder will not violate or conflict with any provision of law or any judgment, award or decree or any indenture, agreement or other instrument to which such Shareholder is a party, or by which the properties or assets of such Shareholder is bound or affected, or conflict with, result in a breach of or constitute (with due notice or lapse of time or both) a default under, any such indenture, agreement or other instrument, in each case except to the extent that such violation, default or breach could not reasonably be expected to delay or otherwise significantly impair the ability of the parties to consummate the transactions contemplated hereby.

(i) No Company Defaults or Consents

(A) Neither the execution and delivery of this Agreement nor the carrying out of any of the transactions contemplated hereby will:

(1) violate or conflict with any of the terms, conditions or provisions of each of the Sellers' Certificate of Incorporation or bylaws ;

(2) violate any Legal Requirements applicable to either the Sellers or the Shareholders;

(3) violate, conflict with, result in a breach of, constitute a default under (whether with or without notice or the lapse of time or both), or accelerate or permit the acceleration of the performance required by, or give any other party the right to terminate, any Contract or Permit binding upon or applicable to either the Sellers or the Shareholders;

(4) result in the creation of any lien, charge or other encumbrance on any Properties of the Sellers; or

(5) require the Shareholders or the Sellers to obtain or make any waiver, consent, action, approval or authorization of, or registration, declaration, notice or filing with, any private non-governmental third party or any Governmental Authority.

(j) No Proceedings. No suit, action or other proceeding is pending or, to the Knowledge (as defined below) of the Sellers and Shareholders, threatened before any Governmental Authority seeking to restrain the either the Sellers or the Shareholders or prohibit their entry into this Agreement or prohibit the Closing, or seeking damages against either the Sellers or the Shareholders or the Properties as a result of the consummation of this Agreement. The term "Knowledge" shall mean, for purposes of this Agreement, the actual knowledge of either the Sellers or the Shareholders, or any of the other directors, officers or managerial personnel of the Sellers with respect to the matter in question, and such knowledge as Shareholders and Sellers or any of the other directors, officers or managerial personnel of the Sellers reasonably should have obtained (i) in the performance of their duties to the Sellers and/or (ii) upon diligent investigation and inquiry into the matter in question.

(k) Employee Benefit Matters

(A) Schedule 8(k)(A) provides a description of each of the following, if any, which is sponsored, maintained or contributed to by the Sellers for the benefit of the employees or agents of the Sellers which has been so sponsored, maintained or contributed to at any time during the Sellers' existence or with respect to which each of the Sellers has or may have any actual or contingent liability:

(1) each "employee benefit plan," as such term is defined in Section 3(3) of the Employee Retirement Income Security Act of 1974 ("ERISA") (including, but not limited to, employee benefit plans, such as foreign plans, which are not subject to the provisions of ERISA) ("Plans"); and,

(2) each personnel policy, employee manual or other written statements of rules or policies concerning employment, stock option plan, collective bargaining agreement, bonus plan or arrangement, incentive award plan or arrangement, vacation and sick leave policy, severance pay policy or agreement, deferred compensation agreement or arrangement, consulting agreement, employment contract and each other employee benefit plan, agreement, arrangement, program, practice or understanding which is not described in Section 8(k)(A)(1) ("Benefit Program or Agreement").

(B) True, correct and complete copies of each of the Plans (if any), and related trusts, if applicable, including all amendments thereto, have been furnished to Buyer. There has also been furnished to Buyer, with respect to each Plan required to file such report and description, the three most recent reports on Form 5500 and the summary plan description. True, correct and complete copies or descriptions of all Benefit Programs or Agreements have also been furnished to Buyer.

(C) Except as otherwise set forth in Schedule 8(k)(C),

(1) Each Seller does not contribute to or have an obligation to contribute to, and each Seller has not at any time contributed to or had an obligation to contribute to, and each Seller does not have any actual or contingent liability under, a multiemployer plan within the meaning of Section 3(37) of ERISA ("Multiemployer Plan") or a multiple employer plan within the meaning of Section 413(b) and (c) of the Code.

(2) Each Seller has substantially performed all obligations, whether arising by operation of law or by contract, required to be performed by it in connection with the Plans and the Benefit Programs and Agreements, and to the Knowledge of each Seller, there have been no defaults or violations by any other party to the Plans or Benefit Programs or Agreements;

(3) All reports and disclosures relating to the Plans required to be filed with or furnished to governmental agencies, Plan participants or Plan beneficiaries have been filed or furnished in accordance with applicable law in a timely manner, and each Plan and each Benefit Program or Agreement has been administered in substantial compliance with its governing documents;

(4) Each of the Plans intended to be qualified under Section 401 of the Code satisfies the requirements of such Section and has received a favorable determination letter from the Internal Revenue Service regarding such qualified status and has not, since receipt of the most recent favorable determination letter, been amended or operated in a way which could adversely affect such qualified status;

(5) There are no actions, suits or claims pending (other than routine claims for benefits) or, to the Knowledge of each Seller, threatened against, or with respect to, any of the Plans or Benefit Programs or Agreements or their assets;

(6) All contributions required to be made to the Plans pursuant to their terms and provisions and applicable law have been made timely;

(7) As to any Plan subject to Title IV of ERISA, there has been no event or condition which presents the material risk of Plan termination, no accumulated funding deficiency, whether or not waived, within the meaning of Section 302 of ERISA or Section 412 of the Code has been incurred, no reportable event within the meaning of Section 4043 of ERISA (for which the disclosure requirements of Regulation Section 2615.3 promulgated by the Pension Benefit Guaranty Corporation ("PBGC") have not been waived) has occurred, no notice of intent to terminate the Plan has been given under Section 4041 of ERISA, no proceeding has been instituted under Section 4042 of ERISA to terminate the Plan, there has been no termination or partial termination of the Plan within the meaning of Section 411(d)(3) of the Code, no liability to the PBGC has been incurred, and the assets of the Plan equal or exceed the aggregate present value of the benefit liabilities (within the meaning of Section 4001(a)(16) of ERISA) under the Plan, computed on a "plan termination basis" based upon reasonable actuarial assumptions and the asset valuation principles established by the PBGC;

(8) None of the Plans nor any trust created thereunder or with respect thereto has engaged in any "prohibited transaction" or "party-in-interest transaction" as such terms are defined in Section 4975 of the Code and Section 406 of ERISA which could subject any Plan, each Seller or any officer, director or employee to a tax or penalty on prohibited transactions or party-in-interest transactions pursuant to Section 4975 of the Code or Section 502(i) of ERISA;

(9) To the Knowledge of each Seller, there is no matter pending (other than routine qualification determination filings) with respect to any of the Plans or Benefit Programs or Agreements before the Internal Revenue Service, the Department of Labor or the PBGC;

(10) Each trust funding a Plan, which trust is intended to be exempt from federal income taxation pursuant to Section 501(c)(9) of the Code, satisfies the requirements of such section and has received a favorable determination letter from the Internal Revenue Service regarding such exempt status and has not, since receipt of the most recent favorable determination letter, been amended or operated in a way which would adversely affect such exempt status.

(11) Each Seller has no obligation to provide health benefits or death benefits to its former employees, except as specifically required by law;

(12) Neither the execution and delivery of this Agreement nor the consummation of any or all of the transactions contemplated hereby will: (A) entitle any current or former employee of any Seller to severance pay, unemployment compensation or any similar payment, (B) accelerate the time of payment or vesting or increase the amount of any compensation due to any such employee or former employee, or (C) directly or indirectly result in any payment made to or on behalf of any person to constitute a "parachute payment" within the meaning of Section 280G of the Code;

(13) Each Seller has not incurred any liability or taken any action, and no action or event has occurred that could cause the Company to incur any liability (A) under Section 412 of the Code or Title IV of ERISA with respect to any "single-employer plan" within the meaning of Section 4001(a)(15) of ERISA that is not a Plan, or (B) to any Multiemployer Plan, including without limitation an account of a partial or complete withdrawal within the meaning of Sections 4203 and 4205 of ERISA.

(14) Since January 1, 2000, there have not been any (i) work stoppages, labor disputes or other significant controversies between the Company and any employee, (ii) labor union grievances or organizational efforts, or (iii) unfair labor practice or labor arbitration proceedings pending or threatened.

(D) Except as set forth in Schedule 8(k)(A), each Seller is not a party to any agreement, and each has not established any policy or practice, requiring such Seller to make a payment or provide any other form or compensation or benefit to any person performing services for such Seller upon termination of such services which would not be payable or provided in the absence of the consummation of the transactions contemplated by this Agreement.

(E) Schedule 8(k)(E)(i) sets forth by number and employment classification the approximate numbers of employees employed by each Seller as of the date of this Agreement, and, except as set forth on Schedule 8(k)(E) (ii), none of said employees are subject to union or collective bargaining agreements with such Seller.

(F) Neither the Buyer nor any of its Affiliates shall have any liability or obligations under or with respect to the Workers Adjustment Retraining Notification Act in connection with any of the transactions contemplated in connection herewith.

(l) Financial Statements; Liabilities; Accounts Receivable; Inventories

(A) The Audited Financial Statements and the Interim 2007 Statements that the Sellers and the Shareholders provided in accordance with Section 6 shall be complete and correct, shall have been prepared from the books and records of the Company in accordance with generally accepted accounting principles consistently applied and maintained throughout the periods indicated and shall fairly present the financial condition of the Company as at their respective dates and the results of its operations for the periods covered thereby, subject to normal year-end adjustments and accruals.

(B) Except for (i) the liabilities reflected on the Company's June 30, 2007 balance sheet included with the Interim 2007 Statements attached as Schedule 8(l)(B)(a), (ii) trade payables and accrued expenses incurred since June 30, 2007 in the ordinary course of business, none of which are material, and (iii) executory contract obligations under (x) Contracts listed on Schedule 8(s), and/or (y) Contracts not required to be listed on Schedule 8(s), the Sellers have no liabilities or obligations (whether accrued, absolute, contingent, known, unknown or otherwise, and whether or not of a nature required to be reflected or reserved against in a balance sheet in accordance with GAAP).

(C) The accounts receivable reflected on the June 30, 2007 balance sheets and all of the Trade Receivables arising since June 30, 2007 (the "Balance Sheet Date") arose from bona fide transactions in the ordinary course of business, and the goods and services involved have been sold, delivered and performed to the account obligors, and no further filings (with Governmental Authorities, insurers or others) are required to be made, no further goods are required to be provided and no further services are required to be rendered in order to complete the sales and fully render the services and to entitle the Company to collect the accounts receivable in full. No such accounts receivable has been assigned or pledged to any other person, firm or corporation, and, except only to the extent fully reserved against as set forth in the June 30, 2007 balance sheets, no defense or set-off to any such account has been asserted by the account obligor or exists.

(D) The Merchandise Inventory as of the Closing Date shall consist of items of a quality, condition and quantity consistent with normal seasonally-adjusted Inventory levels of the Company and be usable and saleable in the ordinary and usual course of business for the purposes for which intended. The Merchandise Inventory is valued on the Company's books of account in accordance with GAAP at the Company's average cost.

(m) Sellers (i) have and will have as of the Closing Date legal and beneficial ownership of the Properties and the Owned Real Estate; and (ii) have not, and are not in default in performance of any covenant, agreement, term, provision or condition contained in the Real Estate Lease.

(n) Absence of Certain Changes

(A) Except as otherwise set forth in Schedule 8(n)(A) attached hereto, since the Balance Sheet Date, there has not been:

(1) any event, circumstance or change that had or might have a material adverse effect on the business, operations, prospects, Properties, financial condition or working capital of the Sellers;

(2) any damage, destruction or loss (whether or not covered by insurance) that had or might have a material adverse effect on the business, operations, prospects, Properties or financial condition of the Sellers; or

(3) any material adverse change in the Sellers' vendor or supplier relations or in Sellers' sales patterns, pricing policies, accounts receivable or accounts payable.

(B) Except as otherwise set forth in Schedule 8(n)(B) attached hereto, since the Balance Sheet Date, each Seller has not done any of the following:

(1) merged into or with or consolidated with, any other corporation or acquired the business or assets of any Person;

(2) purchased any securities of any Person;

(3) created, incurred, assumed, guaranteed or otherwise become liable or obligated with respect to any indebtedness, or made any loan or advance to, or any investment in, any person, except in each case in the ordinary course of business and as set forth on Schedule 8(n)(B)(3);

(4) made any change in any existing election, or made any new election, with respect to any tax law in any jurisdiction which election could have an effect on the tax treatment of the Seller or the Seller's business operations;

(5) entered into, amended or terminated, or waived any of the Company's rights under, any agreement specified in Schedule 8(s);

(6) sold, transferred, leased, mortgaged, encumbered or otherwise disposed of, or agreed to sell, transfer, lease, mortgage, encumber or otherwise dispose of, any Properties except (i) in the ordinary course of business and as set forth on Schedule 8(n)(B)(6), or (ii) pursuant to any agreement specified in Schedule 8(s);

(7) settled any claim or litigation, or filed any motions, orders, briefs or settlement agreements in any proceeding before any Governmental Authority or any arbitrator;

(8) incurred, approved or entered into any agreement or commitment to make, any individual or a group of individually-related expenditures in excess of $25,000 (other than those required pursuant to any agreement specified in Schedule 8(s));

(9) maintained its books of account other than in the usual, regular and ordinary manner in accordance with generally accepted accounting principles and on a basis consistent with prior periods or made any change in any of its accounting methods or practices that would be required to be disclosed under GAAP;

(10) adopted any Plan or Benefit Program or Agreement, or granted any increase in the compensation payable or to become payable to directors, officers or employees (including, without limitation, any such increase pursuant to any bonus, profit-sharing or other plan or commitment), other than merit increases to non-officer employees in the ordinary course of business and consistent with past practice;

(11) suffered any extraordinary losses or waived any rights of material value;

(12) made any payment to any Affiliate or forgiven any indebtedness due or owing from any Affiliate to the Company;

(13) (A) liquidated Inventory or accepted product returns other than in the ordinary course, (B) accelerated receivables, (C) delayed payables, or (D) changed in any material respect the Company's practices in connection with the payment of payables or the collection of receivables;

(14) engaged in any one or more activities or transactions with an Affiliate or outside the ordinary course of business;

(15) declared, set aside or paid any dividends, or made any distributions or other payments in respect of its equity securities, or repurchased, redeemed or otherwise acquired any such securities;

(16) amended its Certificate of Incorporation or bylaws; or

(17) committed to do any of the foregoing.

(o) Compliance with Laws

(A) Except as otherwise set forth in Schedule 8(o), each Seller is and has been in compliance in all respects with any and all Legal Requirements applicable to such Seller, other than failures to so comply that would not have an adverse effect on the business, operations, prospects, Properties or financial condition of such Seller. Except as otherwise set forth in Schedule 8(o), each Seller (i) has not received or entered into any citations, complaints, consent orders, compliance schedules, or other similar enforcement orders or received any written notice from any Governmental Authority or any other written notice that would indicate that there is not currently compliance with all such Legal Requirements, except for failures to so comply that would not have an adverse effect on the business, operations, prospects, Properties or financial condition of such Seller, and (ii) is not in default under, and no condition exists (whether covered by insurance or not) that with or without notice or lapse of time or both would constitute a default under, or breach or violation of, any Legal Requirement or Permit applicable to such Seller.

(B) Without limiting the generality of Section 8(o), each Seller has not received notice of and there is no basis for, any claim, action, suit, investigation or proceeding that might result in a finding that such Seller is not or has not been in compliance with Legal Requirements relating to (a) the development, testing, manufacture, packaging, distribution and marketing of products, (b) employment, safety and health, (c) environmental protection, building, zoning and land use and/or (d) the Foreign Corrupt Practices Act and the rules and regulations promulgated thereunder.

(p) Litigation

(A) Except as otherwise set forth in Schedule 8(p), there are no claims, actions, suits, investigations or proceedings against each Seller pending or, to the Knowledge of such Seller or any Shareholder, threatened in any court or before or by any Governmental Authority, or before any arbitrator, that might have an adverse effect (whether covered by insurance or not) on the business, operations, prospects, Properties or financial condition of such Seller or on their ability to consummate the transactions contemplated hereby, and there is no basis for any such claim, action, suit, investigation or proceeding. Schedule 8(p) also includes a true and correct listing of all material actions, suits, investigations, claims or proceedings that were pending, settled or adjudicated since January 1, 2002.

(q) Special Provisions Regarding Asbestos Claims

(A) The Sellers and the Majority Shareholders hereby jointly and severally represent and warrant to Buyer (i.e. the liability of Sellers and the Majority Shareholders for the breach of any representation or warranty is joint and several, in the sense that Buyer may proceed against any one or more Sellers and Majority Shareholders for all or any part of such liability) and the Minority Shareholders hereby severally represent and warrant (i.e. the liability of the Minority Shareholders is several, in the sense that Buyer can proceed against any Minority Shareholder for only that portion of the total liability for such breach that is proportional to his pro rata ownership interest in the Company) to Buyer that:

(1)

(a) Each Seller has not, since the time any Shareholder purchased equity in, or was an Affiliate with, any one of the Sellers in April 16, 1993, sold any asbestos or asbestos containing products and is not a defendant in any lawsuit related to same.

(b) To its Knowledge, each Seller has not prior to April 16, 1993 sold any asbestos or asbestos containing products and is not a defendant in any lawsuit related to same.

(2) Other than as set forth in Schedule 8(q)(2), each Seller has maintained asbestos related insurance since the time such Seller was incorporated and that there are no gaps of coverage for asbestos related insurance.

(B) Sellers and Majority Shareholders shall jointly and severally fully indemnify, protect, reimburse, and hold harmless Buyer from and against any and all damages, liabilities and claims for personal injury due to, or alleged to be due to, exposure to asbestos in connection with Sellers' business, operations or premises at any time prior to the Closing (an "asbestos claim").

(C) In any such action or proceeding, Buyer shall have the right to retain its own counsel; but the fees and expenses of such counsel shall be at its own expense unless (i) the Indemnifying Party and Buyer shall have mutually agreed to the retention of such counsel or (ii) the named parties to any suit, action or proceeding (including any impleaded parties) include both the Indemnifying Party and the Buyer and representation of all parties by the same counsel would be inappropriate due to actual or potential conflict of interests between them.

(D) An Indemnifying Party shall not be liable under this Agreement for any settlement effected without its consent of any claim, litigation or proceeding in respect of which indemnity may be sought hereunder.

(E) The Indemnifying Party may settle any claim without the consent of Buyer, but only if the sole relief awarded is monetary damages that are paid in full by the Indemnifying Party. Buyer shall, subject to its reasonable business needs, use reasonable efforts to minimize the indemnification sought from the Indemnifying Party under this Agreement.

(F) If an asbestos claim is made against Buyer, Buyer shall, within ten days after receiving written notice of such claim, give notice to the Company in the manner provided elsewhere in this Agreement for notices hereunder.

(G) If Sellers assume the defense of an asbestos claim at its own expense, then (x) it shall within 20 days inform Buyer of such assumption in writing, and (y) notwithstanding any contrary provision in this Section, Seller shall not incur any expense for Buyer's counsel.

(r) Real Property

(A) Schedule 8(r)(A) sets forth a list of all real property or any interest therein (including without limitation any option or other right or obligation to purchase any real property or any interest therein) currently owned, or ever owned, by each Seller, in each case setting forth the street address and legal description of each property covered thereby (the "Owned Premises")

(B) Schedule 8(r)(B) sets forth a list of all leases, licenses or similar agreements relating to the Sellers' use or occupancy of real estate owned by a third party ("Leases"), true and correct copies of which have previously been furnished to Buyer, in each case setting forth (i) the lessor and lessee thereof and the commencement date, term and renewal rights under each of the Leases, and (ii) the street address and legal description of each property covered thereby (the "Leased Premises"). The Leases and all guaranties with respect thereto, are in full force and effect and have not been amended in writing or otherwise, and no party thereto is in default or breach under any such Lease. No event has occurred which, with the passage of time or the giving of notice or both, would cause a material breach of or default under any of such Leases. Neither the Sellers nor its agents or employees have received written notice of any claimed abatements, offsets, defenses or other bases for relief or adjustment.

(C) With respect to each Owned Premises and Leased Premises, as applicable: (i) the Sellers have good, marketable and insurable fee simple interest in the Owned Premises and a valid leasehold interest pursuant to a verbal month-to-month lease, such lease terminable by either party upon 90 days prior termination notice, in the Leased Premises, free and clear of any Liens, encumbrances, covenants and easements or title defects that have had or could have an adverse effect on the Sellers' use and occupancy of the Owned Premises and the Leased Premises; (ii) the portions of the buildings located on the Owned Premises and the Leased Premises that are used in the business of the Sellers are each in good repair and condition, normal wear and tear excepted, and are in the aggregate sufficient to satisfy the Sellers' current and reasonably anticipated normal business activities as conducted thereon and, to the Knowledge of each Seller, there is no latent material defect in the improvements on any Owned Premises, structural elements thereof, the mechanical systems (including, without limitation, all heating, ventilating, air conditioning, plumbing, electrical, utility and sprinkler systems) therein, the utility system servicing each Owned Premises and the roofs which have not been disclosed to Buyer in writing prior to the date of this Agreement; and(iii) each Seller has not received notice of (A) any condemnation, eminent domain or similar proceeding affecting any portion of the Owned Premises or the Leased Premises or any access thereto, and, to the Knowledge of each Seller, no such proceedings are contemplated, (B) any special assessment or pending improvement liens to be made by any governmental authority which may affect any of the Owned Premises or the Leased Premises, or (C) any violations of building codes and/or zoning ordinances or other governmental regulations with respect to the Owned Premises or the Leased Premises.

(s) Commitments

(A) Except as otherwise set forth in Schedule 8(s), each Seller is not a party to or bound by any of the following, whether written or oral:

(1) any Contract that cannot by its terms be terminated by such Seller with 30 days' or less notice without penalty or whose term continues beyond one year after the date of this Agreement;

(2) contract or commitment for capital expenditures by such Seller in excess of $25,000 per calendar quarter in the aggregate;

(3) lease or license with respect to any Properties, real or personal, whether as landlord, tenant, licensor or licensee;

(4) agreement, contract, indenture or other instrument relating to the borrowing of money or the guarantee of any obligation or the deferred payment of the purchase price of any Properties;

(5) partnership agreement, joint venture agreement or limited liability company operating agreement;

(6) contract with any Affiliate of such Seller (including the Shareholders) relating to the provision of goods or services by or to such Seller;

(7) agreement for the sale of any assets that in the aggregate have a net book value on the such Seller's books of greater than $5,000;

(8) agreement that purports to limit such Seller's freedom to compete freely in any line of business or in any geographic area;

(9) preferential purchase right, right of first refusal, or similar agreement; or

(10) other Contract that is material to the business of such Seller.

(B) All of the Contracts listed or required to be listed in Schedule 8(s) are valid, binding and in full force and effect, and the Sellers have not been notified or advised by any party thereto of such party's intention or desire to terminate or modify any such Contract in any respect, except as disclosed in Schedule 8(s). Neither the Sellers nor, to the Knowledge of each Seller, any other party is in breach of any of the terms or covenants of any Contract listed or required to be listed in Schedule 8(s). Following the Closing, Buyer will continue to be entitled to all of the benefits currently held by the each Seller under each Contract listed or required to be listed in Schedule 8(s).

(C) Except as otherwise set forth in Schedule 8(s), each Seller is not a party to or bound by any Contract or Contracts the terms of which were arrived at by or otherwise reflect less-than-arm's-length negotiations or bargaining.

(t) Insurance

(A) Schedule 8(t) hereto is a complete and correct list of all insurance policies (including, without limitation, fire, liability, product liability, workers' compensation and vehicular) presently in effect that relate to each Seller, or its Properties, including the amounts of such insurance and annual premiums with respect thereto, all of which have been in full force and effect from and after the date(s) set forth on Schedule 8(t).

(u) Intangible Rights

(A) Set forth on Schedule 8(u) is a list and description of all material foreign and domestic patents, patent rights, trademarks, service marks, trade names, brands and copyrights (whether or not registered and, if applicable, including pending applications for registration) owned, Used, licensed or controlled by each Seller and all goodwill associated therewith. Each Seller owns or has the right to use and shall as of the Closing Date own or have the right to use any and all information, know-how, trade secrets, patents, copyrights, trademarks, tradenames, software, formulae, methods, processes and other intangible properties that are necessary or customarily Used by such Seller for the ownership, management or operation of its Properties ("Intangible Rights") including, but not limited to, the Intangible Rights listed on Schedule 8(u). Except as set forth on Schedule 8(u), (i) each Seller is the sole and exclusive owner of all right, title and interest in and to all of the Intangible Rights, and has the exclusive right to use and license the same, free and clear of any claim or conflict with the Intangible Rights of others; (ii) no royalties, honorariums or fees are payable by Sellers to any person by reason of the ownership or use of any of the Intangible Rights; (iii) there have been no claims made against Sellers asserting the invalidity, abuse, misuse, or unenforceability of any of the Intangible Rights and no grounds for any such claims exist; (iv) each Seller has not made any claim of any violation or infringement by others of any of its Intangible Rights or interests therein and, to the Knowledge of such Seller, no grounds for any such claims exist; (v) each Seller has not received any notice that it is in conflict with or infringing upon the asserted intellectual property rights of others in connection with the Intangible Rights, and neither the use of the Intangible Rights nor the operation of such Seller's business is infringing or has infringed upon any intellectual property rights of others; (vi) no interest in any of the Intangible Rights has been assigned, transferred, licensed or sublicensed by Sellers to any person other than the Buyer pursuant to this Agreement; (viii) to the extent that any item constituting part of the Intangible Rights has been registered with, filed in or issued by, any Governmental Authority, such registrations, filings or issuances are listed on Schedule 8(u) and were duly made and remain in full force and effect; (ix) to the Knowledge of each Seller, there has not been any act or failure to act by such Seller or any of their directors, officers, employees, attorneys or agents during the prosecution or registration of, or any other proceeding relating to, any of the Intangible Rights or of any other fact which could render invalid or unenforceable, or negate the right to issuance of any of the Intangible Rights; (x) to the extent any of the Intangible Rights constitutes proprietary or confidential information, each Seller has adequately safeguarded such information from disclosure; and (xi) all of the Sellers' current Intangible Rights will remain in full force and effect following the Closing without alteration or impairment.

(v) Equipment and Other Tangible Property

(A) Schedule 8(v) sets forth a true and compete list of the Fixed Assets, and except as set forth on such Schedule, the Fixed Assets are suitable for the purposes for which intended and in good operating condition and repair consistent with normal industry standards, except for ordinary wear and tear.

(w) Permits; Environmental Matters

(A) Schedule 8(w)(A) contains a true and complete list of all Permits Used by each Seller in the conduct of the Business, setting forth the grantor, grantee, the function and the expiration and renewal date of each. Prior to the execution of this Agreement, each Seller has delivered to the Buyer true and complete copies of all such Permits. Except as otherwise set forth in Schedule 8(w)(A), each Seller has all Permits necessary for such Seller to own, operate, use and maintain its Properties and to conduct its business and operations as presently conducted and as expected to be conducted in the future. Except as otherwise set forth in Schedule 8(w)(A), all such Permits are in effect, no proceeding is pending or, to the Knowledge of either the Sellers or the Shareholders, threatened to modify, suspend or revoke, withdraw, terminate, or otherwise limit any such Permits, and no administrative or governmental actions have been taken or, to the Knowledge of either each Seller or each Shareholder, threatened in connection with the expiration or renewal of such Permits which could adversely affect the ability of such Seller to own, operate, use or maintain any of its Properties or to conduct its business and operations as presently conducted and as expected to be conducted in the future. Except as otherwise set forth in Schedule 8(w)(A), (i) no violations have occurred that remain uncured, unwaived, or otherwise unresolved, or are occurring in respect of any such Permits, other than inconsequential violations, and (ii) no circumstances exist that would prevent or delay the obtaining of any requisite consent, approval, waiver or other authorization of the transactions contemplated hereby with respect to such Permits that by their terms or under applicable law may be obtained only after Closing. Except as otherwise set forth on Schedule 8(w)(A), the execution, delivery and performance by the Sellers and Buyer of this Agreement and the consummation of the transactions contemplated hereby shall not (A) result in or give to any Person any right of termination, cancellation, acceleration or modification in or with respect to, (B) result in or give to any Person any additional rights or entitlement to increased, additional, accelerated or guaranteed payments under, or (C) result in the creation or imposition of any Lien upon each of the Sellers or any of its assets under any Permits.

(B) Except as set forth on Schedule 8(w)(B), (i) each Seller has at all times been and is currently in compliance with all applicable Environmental Laws, including obtaining and maintaining in effect all Permits required by applicable Environmental Laws, and (ii), there are no claims, liabilities, investigations, litigation, administrative proceedings, whether pending or, to the Knowledge of either the Sellers or the Shareholders, threatened, or judgments or orders relating to any Hazardous Materials (collectively called "Environmental Claims") asserted or threatened against any Seller or relating to any real property currently or formerly owned, leased or otherwise Used by any Seller. Neither the Sellers nor, to the Knowledge of either Sellers or the Shareholders, any prior owner, lessee or operator of said real property, has caused or permitted any Hazardous Material to be used, generated, reclaimed, transported, released, treated, stored or disposed of in a manner which could form the basis for an Environmental Claim against such Sellers or the Buyer. Except as set forth on Schedule 8(w)(B), each Seller has not assumed any liability of any Person for cleanup, compliance or required capital expenditures in connection with any Environmental Claim.

(C) Except as set forth in Schedule 8(w)(C), to the Knowledge of either the Sellers or the Shareholders, the Owned Premises and the Leased Premises, or, to the Knowledge of either the Sellers or the Shareholders, on adjacent parcels of real property, do not presently contain and never have contained and are presently free from all chemical substances or pollutants known to be hazardous wastes, hazardous substances, hazardous constituents, toxic substances or related materials, whether solid, liquid or gaseous, including but not limited to asbestos, radioactive materials, oil, gasoline, diesel fuel and other hydrocarbons, and any other substances defined as "hazardous wastes", "hazardous substances", "toxic substances", "pollutants", "contaminants", or other similar designations, or any other material, the removal, storage or presence of which is regulated or required and/or the maintenance of which is regulated or penalized by Massachusetts General Laws Chapter 21E; The Massachusetts Contingency Plan, 310 CMR 40.00 et seq.; the Resources Conservation Recovery Act, 42 U.S.C. 6901, et seq.; the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. 9601, et seq.; the Toxic Substances Control Act, 15 U.S.C. 2601, et seq.; the Clean Water Act, 33 U.S.C. 1251, et seq.; the Safe Drinking Water Act, 42 U.S.C. 300(f)-300(j) – 10; the Clean Air Act, 42 U.S.C. 7401, et seq.; and rules adopted under such statutes, as well as any permits or licenses issued under such statutes and rules or any other local, state or federal agency, authority or governmental unit (collectively, "Hazardous Substances"). Sellers shall deliver to Buyer within ten days of the execution of this Agreement by all parties copies of any and all reports or other data in Sellers' possession or reasonably accessible to Sellers with respect to any of the matters referred to herein.

(D) To the best Knowledge of either the Sellers or the Shareholders, the Owned Premises and the Leased Premises, and to the knowledge of the Sellers or the Shareholders without having made inquiry, any adjacent parcels of real property, do not presently contain and never have contained and are presently free from any underground tanks or pipes ancillary to underground or above-ground tanks (collectively "Tanks") except as disclosed on Schedule 8(w)(D). To the extend there are any Tanks disclosed on Schedule 8(w)(D), such Tanks shall have been properly removed or shall have been legally and property de-commissioned and abandoned and Seller and Shareholders shall provide written verification of such proper removal or de-commissioning and abandonment within 10 days of the execution of this Agreement. Neither Seller, nor to the best Knowledge of either the Sellers or the Shareholders, any third party has engaged in the generation, use, manufacture, treatment, storage or disposal of any hazardous substance on the land in violation of any applicable environmental law.

(E) To the best Knowledge of either the Sellers or the Shareholders, the Owned Premises and the Leased Premises are not and never have been listed on the National Priorities List, the Comprehensive Environmental Response, Compensation and Liability Information System or any similar federal, state or local list, schedule, log, inventory or database.

(x) Suppliers and Customers

(A) Schedule 8(x) sets forth (i) the 10 principal suppliers of the Sellers collectively during each of the year ended December 31, 2006, and for the period from January 1, 2007 through August 31, 2007 and, in the event that the Closing is subsequent to September 30, 2007, for the period from January 1, 2007 through September 30, 2007, together with the dollar amount of goods purchased by the Company from each such supplier during each such period, and (ii) the 10 principal customers of the Company during each of the fiscal years ended December 31, 2005 and December 31, 2006, together with the dollar amount of goods and/or services sold by the Company to each such customer during each such period and for each of the fiscal quarters ended March 31, 2007, June 30, 2007 and, in the event that the Closing is subsequent to September 30, 2007, fiscal quarter ended September 30, 2007. Except as otherwise set forth in Schedule 8(x), each Seller maintains good relations with all suppliers and customers listed or required to be listed in Schedule 8(x) as well as with governments, partners, financing sources and other parties with whom such Seller has significant relations, and no such party has canceled, terminated or made any threat to the such Seller to cancel or otherwise terminate its relationship with the such Seller or to materially decrease its services or supplies to such Seller or its direct or indirect purchase or usage of the products of such Seller.

(y) Absence of Certain Business Practices

(A) Except as set forth on Schedule 8(y), neither the Shareholders, the Sellers, nor any other Affiliate or agent of the Sellers or the Shareholders, or any other person acting on behalf of or associated with the Sellers, acting alone or together, have (a) received, directly or indirectly, any rebates, payments, commissions, promotional allowances or any other economic benefits, regardless of their nature or type, from any customer, supplier, employee or agent of any customer or supplier; or (b) directly or indirectly given or agreed to give any money, gift or similar benefit to any customer, supplier, employee or agent of any customer or supplier, any official or employee of any government (domestic or foreign), or any political party or candidate for office (domestic or foreign), or other person who was, is or may be in a position to help or hinder the business of the Sellers (or assist the Sellers in connection with any actual or proposed transaction), in each case which (i) may subject the Sellers to any damage or penalty in any civil, criminal or governmental litigation or proceeding, (ii) if not given in the past, may have had an adverse effect on the assets, business, operations or prospects of the Sellers, or (iii) if not continued in the future, may adversely affect the assets, business, operations or prospects of the Sellers.

(z) Products, Services and Authorizations

(A) To the Knowledge of either the Sellers or the Shareholders, each Product repaired or distributed by each Seller has been designed, manufactured, repaired or distributed in accordance with (i) the specifications under which the Product is normally and has normally been manufactured, and (ii) the provisions of all applicable laws, policies, guidelines and any other governmental requirements.

(B) Schedule 8(z)(B) sets forth (i) a list of all Products which at any time have been recalled, withdrawn or suspended by each Seller, whether voluntarily or otherwise, including the date recalled, withdrawn or suspended and a brief description of all completed or pending proceedings seeking the recall, withdrawal, suspension or seizure of any Product, (ii) a brief description of all completed or pending proceedings seeking the recall, withdrawal, suspension or seizure of any Product, and (iii) a list of all regulatory letters received by each Seller or any of its agents relating to such Seller or any of the Products.

(C) To Sellers' Knowledge, there exists no set of facts which could reasonably be expected to furnish a basis for the recall, withdrawal or suspension of any product registration, product license, repair or overhaul license, manufacturing license, wholesale dealers license, export or import license or other license, approval or consent of any governmental or regulatory authority with respect to each Seller or any of its Products.

(D) There are no claims existing or to Sellers' Knowledge threatened under or pursuant to any warranty, whether express or implied, on products sold by each Seller. There are no claims existing and to Sellers' Knowledge, there is no basis for any claim against the Sellers for injury to persons, animals or property as a result of the sale, distribution or manufacture of any product by the Sellers, including, but not limited to, claims arising out of the defective or unsafe nature of its products. Each Seller has full and adequate insurance coverage for products liability claims against it.

(E) Set forth on Schedule 8(z)(E) is a list of all authorizations, consents, approvals, franchises, licenses and permits required by any Person (other than a Governmental Authority) for the operation of the business of the Sellers as presently operated (the "Other Person Authorizations"). All of the Other Person Authorizations have been duly issued or obtained and are in full force and effect, and each Seller is in compliance with the terms of all the Other Person Authorizations. Neither the Sellers nor the Shareholders have any knowledge of any facts which could be expected to cause them to believe that the Other Person Authorizations will not be renewed by the appropriate Person in the ordinary course. Each of the Other Person Authorizations may be assigned and transferred to the Buyer in accordance with this Agreement and each will continue in full force and effect thereafter, in each case without (i) the occurrence of any breach, default or forfeiture of rights thereunder, or (ii) the consent, approval, or act of, or the making of any filings with, any Person.

(aa) Transactions With Affiliates

(A) Except as set forth on Schedule 8(aa) and except for normal advances to employees consistent with past practices, payment of compensation for employment to employees consistent with past practices, and participation in scheduled Plans or Benefit Programs and Agreements by employees, the Sellers have not purchased, acquired or leased any property or services from, or sold, transferred or leased any property or services to, or loaned or advanced any money to, or borrowed any money from, or entered into or been subject to any management, consulting or similar agreement with, or engaged in any other significant transaction with any Shareholders or any other officer, director or Shareholders of the Sellers or any Affiliates. Except as set forth on Schedule 8(aa), none of the Shareholders nor any other Affiliate of the Sellers is indebted to the Sellers for money borrowed or other loans or advances, and the Sellers are not indebted to any such Affiliate.

(bb) Schedule 8 (bb) is a true and complete list of Sellers credit applications and guarantees provided by Sellers to the Sellers' vendors.

(cc)Other Information

(A) The information furnished by the Shareholders and the Sellers to Buyer pursuant to this Agreement (including, without limitation, information contained in the exhibits hereto, the Schedules identified herein, the instruments referred to in such Schedules and the certificates and other documents to be executed or delivered pursuant hereto by the Shareholders and/or the Sellers at or prior to the Closing) is not, nor at the Closing will be, false or misleading in any material respect, or contains, or at the Closing will contain, any misstatement of material fact, or omits, or at the Closing will omit, to state any material fact required to be stated in order to make the statements therein not misleading.

(dd)The representations and warranties contained in this Section shall not be affected or deemed waived by reason of the fact that Buyer and/or its representatives knew or should have known that any such representation or warranty is or might be inaccurate in any respect.

(ee)Each Party agrees and acknowledges that the only representations and warranties that Sellers and Shareholders are making are those that are expressly set forth in this Agreement.

9. REPRESENTATIONS AND WARRANTIES OF BUYER. Buyer hereby represents and warrants to the Company that:

(a) Existence and Qualification

(A) Buyer is a corporation duly organized, validly existing and in good standing under the laws of the State of New York.

(b) Authority, Approval and Enforceability

(A) This Agreement has been duly executed and delivered by Buyer and Buyer has all requisite company power and legal capacity to execute and deliver this Agreement and all Collateral Agreements executed and delivered or to be executed and delivered by Buyer in connection with the transactions provided for hereby, to consummate the transactions contemplated hereby and by the Collateral Agreements, and to perform its obligations hereunder and under the Collateral Agreements. Upon the approval of this Agreement by the Board of Directors of Buyer, the execution and delivery of this Agreement and the Collateral Agreements and the performance of the transactions contemplated hereby and thereby have been duly and validly authorized and approved by all company action necessary on behalf of Buyer. Subject to such Board approval, this Agreement and each Collateral Agreement to which Buyer is a party constitutes, or upon execution and delivery will constitute, the legal, valid and binding obligation of Buyer, enforceable in accordance with its terms, except as such enforcement may be limited by general equitable principles or by applicable bankruptcy, insolvency, moratorium, or similar laws and judicial decisions from time to time in effect which affect creditors' rights generally.

(B) No Default or Consents

(1) Neither the execution and delivery of this Agreement nor the carrying out of the transactions contemplated hereby will:

(a) violate or conflict with any of the terms, conditions or provisions of Buyer's Certificate of Incorporation or by-laws;

(b) violate any Legal Requirements applicable to Buyer;

(c) violate, conflict with, result in a breach of, constitute a default under (whether with or without notice or the lapse of time or both), or accelerate or permit the acceleration of the performance required by, or give any other party the right to terminate, any contract or Permit applicable to Buyer;

(d) result in the creation of any lien, charge or other encumbrance on any property of Buyer; or

(e) require Buyer to obtain or make any waiver, consent, action, approval or authorization of, or registration, declaration, notice or filing with, any private non-governmental third party or any Governmental Authority.

(c) No Proceedings

(A) No suit, action or other proceeding is pending or, to Buyer's knowledge, threatened before any Governmental Authority seeking to restrain Buyer or prohibit its entry into this Agreement or prohibit the Closing, or seeking Damages against Buyer or its properties as a result of the consummation of this Agreement.

(d) Each Party agrees and acknowledges that the only representations and warranties that the Buyer is making are those that are expressly set forth in this Agreement.

10. OBLIGATIONS PRIOR TO CLOSING. From the date of this Agreement through the Closing:

(a) Buyer's Access to Information and Properties

(A) The Sellers shall permit Buyer and its authorized employees, agents, accountants, legal counsel, financing sources and other representatives to have access to the books, records, employees, counsel, accountants, engineers and other representatives of the Company at all times reasonably requested by Buyer for the purpose of conducting an investigation of the Sellers' financial condition, corporate status, operations, prospects, business and Properties. Each Seller shall make available to Buyer for examination and reproduction all documents and data of every kind and character relating to such Seller in possession or control of, or subject to reasonable access by, such Seller and/or the Shareholders, including, without limitation, all files, records, data and information relating to the Properties (whether stored in paper, magnetic or other storage media) and all agreements, instruments, contracts, assignments, certificates, orders, and amendments thereto. Also, each Seller shall allow Buyer access to, and the right to inspect, its Properties, except to the extent that such Properties are operated by a third-party operator, in which case such Seller shall use its best efforts to cause the operator of such Properties to allow Buyer access to, and the right to inspect, such Properties. Buyer shall conduct any such investigation in such a manner as not to interfere unreasonably with the normal operations of Sellers.

(b) Company's Conduct of Business and Operations

(A) Sellers and the Shareholders shall keep Buyer advised as to all material operations and proposed material operations relating to the Sellers. Each Seller shall (a) conduct its business in the ordinary course (b) maintain present employees, (c) maintain and operate its Properties in a good and workmanlike manner, (d) pay or cause to be paid all costs and expenses (including but not limited to insurance premiums) incurred in connection therewith in a timely manner, (e) use reasonable efforts to keep all Contracts listed or required to be listed on Schedule 8(s) in full force and effect, (f) comply with all of the covenants contained in all such material Contracts, (g) maintain in force until the Closing Date insurance policies equivalent to those in effect on the date hereof, and (h) comply in all material respects with all applicable Legal Requirements, and (i) use their best efforts to preserve the present relationships of such Seller with all persons having significant business relations with such Seller.

(c) General Restrictions

(A) Except as otherwise expressly permitted in this Agreement, without the prior written consent of Buyer, which consent shall not be unreasonably withheld, each of the Sellers shall not:

(1) merge into or with or consolidate with, any other corporation or acquire the business or assets of any person;

(2) amend its articles of incorporation or bylaws;

(3) create, incur, assume, guarantee or otherwise become liable or obligated with respect to any indebtedness, or make any loan or advance to, or any investment in, any person, except in each case in the ordinary course of business;

(4) enter into, amend or terminate any material agreement;

(5) sell, transfer, lease, mortgage, encumber or otherwise dispose of, or agree to sell, transfer, lease, mortgage, encumber or otherwise dispose of, any Properties except (i) in the ordinary course of business, or (ii) pursuant to any agreement specified in Schedule 8(s);

(6) settle any material claim or litigation, or file any material motions, orders, briefs or settlement agreements in any proceeding before any Governmental Authority or any arbitrator;

(7) incur or approve, or enter into any agreement or commitment to make, any capital expenditures in excess of $10,000 (other than those required pursuant to any agreement specified in Schedule 8(s)));

(8) maintain its books of account other than in the usual, regular and ordinary manner in accordance with generally accepted accounting principles and on a basis consistent with prior periods or make any change in any of its accounting methods or practices;

(9) make any change, whether written or oral, to any agreement or understanding with any suppliers or customers;

(10) accelerate or delay collection of any notes or accounts receivable in advance of or beyond their regular due dates or the dates when they would have been collected in the ordinary course of business consistent with past practices;

(11) delay or accelerate payment of any accrued expense, trade payable or other liability beyond or in advance of its due date or the date when such liability would have been paid in the ordinary course of business consistent with past practices;

(12) allow its levels of inventory to vary in any material respect from the levels customarily maintained;

(13) adopt any Plan or Benefit Program or Agreement or increase the compensation payable to any employee (including, without limitation, any increase pursuant to any bonus, profit-sharing or other incentive plan or commitment);

(14) become a party to or bound by any of the arrangements described in this Agreement or any Schedule, whether written or oral;

(15) engage in any one or more activities or transactions outside the ordinary course of business;

(16) enter into any transaction or make any commitment which could result in any of the representations, warranties or covenants of the Company and/or the Shareholders contained in this Agreement not being true and correct after the occurrence of such transaction or event; or

(17) commit to do any of the foregoing.

(d) Notice Regarding Changes

(A) Sellers and the Shareholders shall promptly inform the Buyer in writing of any change in facts and circumstances that could render any of the representations and warranties made herein by the Sellers and the Shareholders inaccurate or misleading. The Buyer shall promptly inform the Company in writing of any change in facts and circumstances that could render any of the representations and warranties made herein by it inaccurate or misleading.

(e) Ensure Conditions Met

(A) Subject to the terms and conditions of this Agreement, each party hereto shall use all reasonable commercial efforts to take or cause to be taken all actions and do or cause to be done all things required under applicable Legal Requirements in order to consummate the transactions contemplated hereby, including, without limitation, (i) obtaining all Permits, authorizations, consents and approvals of any Governmental Authority or other person which are required for or in connection with Buyer's conduct of the Business (as currently conducted by the Company) subsequent to (x) Closing or (y) the consummation of the transactions contemplated hereby and by the Collateral Agreements or (z) both, (ii) taking any and all reasonable actions necessary to satisfy all of the conditions to each party's obligations hereunder as set forth in Section 12, and (iii) executing and delivering all agreements and documents required by the terms hereof to be executed and delivered by such party on or prior to the Closing.

(f) Casualty Loss

(A) If, between the date of this Agreement and the Closing, any of the Properties of the Sellers shall be destroyed or damaged in whole or in part by fire, earthquake, flood, other casualty or any other cause, then the Sellers shall, at Buyer's election, (i) cause such Properties to be repaired or replaced prior to the Closing with Properties of substantially the same condition and function, (ii) assign the Sellers' rights under applicable insurance policies provided that the same are sufficient to cause such Properties to be repaired or replaced prior to the Closing with Properties of substantially the same condition and function, or (iii) enter into contractual arrangements satisfactory to Buyer so that the Sellers will have at the Closing the same economic value as if such casualty had not occurred, provided that if there is substantial loss to any one of the Sellers' Properties, Buyer may upon notice to the Company terminate this Agreement without liability to any party.

(g) Employee Matters

(A) The parties acknowledge that the transactions provided for in this Agreement may result in obligations on the part of the Sellers and one or more of the Plans that is a welfare benefit plan (within the meaning of Section 3(1) of ERISA) to comply with the health care continuation requirements of Part 6 of Title 1 of ERISA and Code Section 4980B, as applicable. The parties expressly agree that Buyer and Buyer's benefit plans shall have no responsibility, and that Sellers shall have full responsibility, for compliance with such health care continuation requirements (i) for qualified beneficiaries who previously elected to receive continued coverage under the Sellers' ERISA benefit plans or who between the date of this Agreement and the Closing Date elect to receive continued coverage, or (ii) with respect to those employees or former employees of the Sellers who may become eligible to receive such continued coverage as a result of the transactions provided for in this Agreement.

(B) Except as specifically set forth in this Agreement: (i) the Buyer shall not be obligated to assume, continue or maintain any of the Plans or Benefit Programs or Agreements; (ii) no assets or liabilities of the Plans shall be transferred to, or assumed by, the Buyer or the Buyer's benefit plans; and (iii) the Sellers shall be solely responsible for funding and/or paying any benefits under any of the Plans or Benefit Programs or Agreements, including any termination benefits and other employee entitlements accrued under such plans by or attributable to employees of the Sellers prior to the Closing Date.

(C) Nothing in this Agreement, express or implied, shall confer upon any employee of the Sellers, or any representative of any such employee, any rights or remedies, including any right to employment or continued employment for any period, of any nature whatsoever.

(D) The Sellers shall, after the execution by the parties of this Agreement, permit Buyer to contact and make arrangements with the Sellers' employees for the purpose of assuring their continued employment by the Buyer after the Closing and for the purpose of ensuring the continuity of the Sellers' business, and the Sellers agree not to discourage any such employees from consulting with Buyer.

(E) Each Seller shall use its best efforts to keep available the services of the Sellers' present employees.

(h) Name Change

(A) Each Seller hereby represents, warrants and covenants to the Buyer that the corporate name of each and every Seller is as set forth on the signature page hereof and further agrees and acknowledges that such name is included with the Assets and that the exclusive right to use such name will be transferred to the Buyer on the Closing Date. Each Seller and the Shareholders shall, at the Closing, cause the filing of an appropriate amendment to such Seller's Certificate of Incorporation changing its name to a name which is in no way similar to the corporate name set forth on the signature page hereof and shall furnish such written consents and assignments as the Buyer shall hereafter reasonably request in connection with such name change.

11. The Sellers and the Buyer shall have entered into the Owned Real Estate Leases and Landlord's Agreements and shall have caused the landlord under the Real Estate Lease to consent to the Buyer's occupancy of the premises in the same manner as held by Sellers.

12. CONDITIONS TO SELLERS' AND BUYER'S OBLIGATIONS

(a) Conditions to Obligations of the Sellers. The obligations of the Sellers to carry out the transactions contemplated by this Agreement are subject, at the option of the Sellers to the commercially reasonable satisfaction, or waiver by the Sellers, of the following conditions:

(A) Buyer shall have furnished the Sellers with a certified copy of all necessary company action on its behalf to approve its execution, delivery and performance of this Agreement.

(B) All representations and warranties of Buyer contained in this Agreement shall be true and correct in all material respects at and as of the Closing, and Buyer shall have performed and satisfied in all material respects all covenants and agreements required by this Agreement to be performed and satisfied by Buyer at or prior to the Closing.

(C) As of the Closing Date, no suit, action or other proceeding (excluding any such matter initiated by or on behalf of the Sellers or any Shareholder) shall be pending or threatened before any Governmental Authority seeking prohibit the Closing as a result of the consummation of this Agreement.

(D) Buyer shall have executed an employment agreement with Adam in the same form as set forth in Schedule 7(c)(A).

(E) Buyer shall have executed an employment agreement with Brian in the same form as set forth in Schedule 7(c)(B).

(F) Buyer shall have executed a consulting agreement with Nancy in the same form as set forth in Schedule 7(c)(D).

(b) Conditions to Obligations of Buyer. The obligations of Buyer to carry out the transactions contemplated by this Agreement are subject, at the option of Buyer, to the commercially reasonable satisfaction, or waiver by Buyer, of the following conditions:

(A) All representations and warranties of the Sellers and the Shareholders contained in this Agreement shall be true and correct in all material respects at and as of the Closing, and the Sellers and the Shareholders shall have performed and satisfied in all material respects all agreements and covenants required by this Agreement to be performed and satisfied by them at or prior to the Closing.

(B) As of the Closing Date, no suit, action or other proceeding (excluding any such matter initiated by or on behalf of Buyer) shall be pending or threatened before any court or governmental agency seeking to prohibit the Closing as a result of the consummation of this Agreement.

(C) Except for matters disclosed in Schedule 8(n)(A) or 8(n)(B), since the Balance Sheet Date and up to and including the Closing, there shall not have been any event, circumstance, change or effect that, individually or in the aggregate, had or might have a material adverse effect on the Sellers' business, operations, prospects, Properties or financial condition.

(D) The Buyer shall have received the opinion of Martinelli Discenza P.C., counsel to the Sellers ("Company Counsel"), dated as of the Closing Date, addressed to the Buyer and in form and substance reasonably satisfactory to the Buyer, to the effect set forth on Exhibit 12(b)(D) hereto.

(E) The Sellers shall have furnished Buyer with a certified copy of all necessary corporate action on its behalf approving the Sellers' execution, delivery and performance of this Agreement.

(F) Buyer shall have received written evidence, in form and substance satisfactory to Buyer, of the consent to the transactions contemplated by this Agreement of all governmental, quasi-governmental and private third parties (including, without limitation, persons or other entities leasing real or personal property to the Company) where the absence of any such consent would result in a violation of law or a breach or default under any agreement to which the Company is subject.

(G) No proceeding in which any of the Shareholders or the Sellers shall be a debtor, defendant or party seeking an order for its own relief or reorganization shall have been brought or be pending by or against such person under any United States, state or foreign bankruptcy or insolvency law.

(H) Satisfactory completion of business, legal and accounting due diligence by each of the Buyer and Buyer's lender providing financing in connection with the transactions contemplated hereby, within thirty (30) days of the signing of this Agreement.

(I) [Intentionally Deleted].

(J) Brian and Adam shall have executed and delivered their respective Employment Agreements.

(K) Sellers shall have executed an appropriate notice of sale and request of continuance of the Kohler distribution agreement to Kohler in substantially the same form attached as Exhibit 12(b)(K).

(L) Sellers shall have filed a request for the Waiver of Tax Lien and shall deliver such Waiver of Tax Lien promptly to the Buyer upon receipt.

(M) Sellers shall have filed on the date of the signing of this Agreement a request for a certificate from the Massachusetts Department of Revenue as to the good standing of, and the payment of taxes by, each of the Sellers as of the date of the signing of the Agreement and shall promptly deliver such certificate to the Buyer upon receipt.

(N) The Sellers shall have simultaneously with the Closing of this Agreement executed the Owned Real Estate Leases and Landlord's Agreements.

13. POST-CLOSING OBLIGATIONS. Further Assurances

(a) Following the Closing, the Sellers, the Shareholders and the Buyer shall execute and deliver such documents, and take such other action, as shall be reasonably requested by any other party hereto to carry out the transactions contemplated by this Agreement.

(b) Sellers shall give proper notice to all vendors that Sellers agreed to sell the Business to the Buyer in accordance with the terms and conditions of this Agreement. .

(c) Post-Closing Indemnity

(A) The Sellers and the Majority Shareholders shall jointly and severally indemnify and hold harmless Buyer from and against any and all damages arising out of, resulting from or in any way related to (i) a breach of or the failure to perform or satisfy any of the representations, warranties, covenants and agreements made by each Seller and each Shareholder in this Agreement or in any document or certificate delivered by the Sellers at the Closing pursuant hereto, (ii) the occurrence of any event on or prior to the date of Closing that is (or would be, but for any deductible thereunder) covered by individual policies of insurance, blanket insurance policies or self insurance programs maintained by the Sellers, (iii) the Excluded Assets, (iv) the existence of any liabilities or obligations of the Sellers (whether accrued, absolute, contingent, known or unknown, or otherwise, and whether or not of a nature appropriate for inclusion in a balance sheet in accordance with GAAP) other than the Assumed Obligations or (v) any and all actions, suits, proceedings, claims, demands, assessments, judgments, costs, and expenses, including, without limitation, legal fees and expenses, incident to any of the foregoing or incurred in investigating or attempting to avoid the same or to oppose the imposition thereof, or in enforcing this indemnity. Notwithstanding the above, the Buyer shall be entitled to indemnification only in the event that the aggregate amount for which the Buyer is entitled to indemnification (excluding the limitation of this sentence) exceeds $ 25,000. It is expressly understood that in the event the aggregate amount of indemnification exceeds $25,000, Buyer shall be entitled to receive the total amount of indemnification amount from the first dollar.

(B) In the event that Buyer is entitled to indemnification hereunder in any amount and any amounts are then held in escrow by the Escrow Agent under the Escrow Agreement, Brian (on behalf of the Sellers) shall forthwith join with Buyer in a written direction to the Escrow Agent to release such amount to Buyer. To the extent that the amount of the required indemnification exceeds the amounts then available for release from escrow by the Escrow Agent, Sellers and the Majority Shareholders shall jointly and severally pay the excess to Buyer forthwith.

(C) On the first anniversary of the Closing, Brian (on behalf of the Sellers) shall join with Buyer in a written direction to the Escrow Agent to release to the Company (on behalf of the Sellers) all amounts then held in escrow (together with any earnings thereon) which Escrow Agent is not then required to release to Buyer and which are not then subject to any dispute under this Agreement.

(D) In the event that there is any dispute on whether any party is required to sign any direction to the Escrow Agent hereunder, such dispute shall be resolved exclusively by arbitration by the American Arbitration Association in Great Barrington, Massachusetts. In the event that the parties agree that a direction to the Escrow Agent is required to a given extent but dispute whether such direction is required for any excess amount, then the parties shall execute such direction for to the given amount as to which there is no dispute, and the dispute on the excess amount shall be submitted to arbitration as aforesaid.

(E) Buyer shall indemnify and hold harmless Sellers from and against any and all damages arising out of, resulting from or in any way related to Buyer's failure to make payments under the Assumed Obligations.

(F) If any claim or demand for which an Indemnifying Party would be liable to an Indemnified Party is asserted against or sought to be collected from the Indemnified Party by a third party, Indemnified Party shall with reasonable promptness notify in writing the Indemnifying Party of such claim or demand stating with reasonable specificity the circumstances of the Indemnified Party's claim for indemnification; provided, however, that any failure to give such notice will not waive any rights of the Indemnified Party except to the extent the rights of the Indemnifying Party are actually prejudiced. After receipt by the Indemnifying Party of such notice, then upon reasonable notice from the Indemnifying Party to the Indemnified Party, or upon the request of the Indemnified Party, the Indemnifying Party shall defend, manage and conduct any proceedings, negotiations or communications involving any claimant whose claim is the subject of the Indemnified Party's notice to the Indemnifying Party as set forth above, and shall take all actions necessary, including, but not limited to, the posting of such bond or other security as may be required by any Governmental Authority, so as to enable the claim to be defended against or resolved without expense or other action by the Indemnified Party. Upon request of the Indemnifying Party, the Indemnified Party shall, to the extent it may legally do so and to the extent that it is compensated in advance by the Indemnifying Party for any costs and expenses thereby incurred,

(1) take such action as the Indemnifying Party may reasonably request in connection with such action,

(2) allow the Indemnifying Party to dispute such action in the name of the Indemnified Party and to conduct a defense to such action on behalf of the Indemnified Party, and

(3) render to the Indemnifying Party all such assistance as the Indemnifying Party may reasonably request in connection with such dispute and defense.

(G) In any action or proceeding, the Indemnified Party shall have the right to retain its own counsel, but, in the event the Sellers are the Indemnified Party, Sellers shall have the right to retain only one counsel on behalf of all the Sellers; but the fees and expenses of such counsel shall be at its own expense unless (i) the Indemnifying Party and the Indemnified Party shall have mutually agreed to the retention of such counsel or (ii) the named parties to any suit, action or proceeding (including any impleaded parties) include both the Indemnifying Party and the Indemnified Party and representation of all parties by the same counsel would be inappropriate due to actual or potential conflict of interests between them.

(H) An Indemnifying Party shall not be liable under this Agreement for any settlement effected without its consent of any claim, litigation or proceeding in respect of which indemnity may be sought hereunder.

(I) The Indemnifying Party may settle any claim without the consent of the Indemnified Party, but only if the sole relief awarded is monetary damages that are paid in full by the Indemnifying Party. The Indemnified Party shall, subject to its reasonable business needs, use reasonable efforts to minimize the indemnification sought from the Indemnifying Party under this Agreement.

(d) Non-Competition, Non-Solicitation and Non-Disclosure

(A) General. In consideration of the payment of the Purchase Price, and in order to induce the Buyer to enter into this Agreement and to consummate the transactions contemplated hereby, each Seller and each Shareholder (other than for Brian and Adam, who shall each be subject to the terms and conditions of the Non-Compete, Non-Solicitation and Non-Disclosure set forth in their individual employment agreements) hereby covenants and agrees as follows:

(1) Without the prior written consent of the Buyer, neither any Seller (nor any Affiliate of Seller) nor any Shareholder (nor any Affiliate of any Shareholder) shall for a period of three (3) years from and after the Closing Date (A) directly or indirectly acquire or own in any manner any interest (whether through a debt or equity instrument) in any person , firm, partnership, corporation, association or other entity (including the Company) which engages or plans to engage in any facet of the Business or which competes or plans to compete in any way with the Buyer or any of its subsidiaries or Affiliates anywhere within a 50 mile radius of any of the Owned Premises, Owned Real Estate, Real Property and/or Leased Premises (the "Territory"), (B) be employed by or serve as an employee, agent, officer, director of, or as a consultant to, any person, firm, partnership, corporation, association or other entity which engages or plans to engage in any facet of the Business or which competes or plans to compete in any way with the Buyer or any of its subsidiaries or Affiliates within the Territory, or (C) utilize its or his special knowledge of the business of each Seller and his or its relationships with customers, suppliers and others to compete with Buyer and/or its Affiliates in any business which engages or plans to engage in any facet of the Business; provided, however, that nothing herein shall be deemed to prevent either Seller or either Shareholder from (x) acquiring through market purchases and owning, solely as a passive investment, less than one percent in the aggregate of the equity securities of any class of any issuer whose shares are registered under §12(b) or 12(g) of the Securities Exchange Act of 1934, as amended, and are listed or admitted for trading on any United States national securities exchange or are quoted on the National Association of Securities Dealers Automated Quotation System, or any similar system of automated dissemination of quotations of securities prices in common use, so long as such Seller or such Shareholder is not a member of any "control group" (within the meaning of the rules and regulations of the United States Securities and Exchange Commission) of any such issuer. Each Seller and each Shareholder acknowledges and agrees that the covenants provided for in this Section are reasonable and necessary in terms of time, area and line of business to protect the Sellers' Trade Secrets. Each Seller and each Shareholder further acknowledges and agrees that such covenants are reasonable and necessary in terms of time, area and line of business to protect the Buyer's legitimate business interests, which include its interests in protecting the Buyer's (i) valuable confidential business information, (ii) substantial relationships with customers, and (iii) customer goodwill associated with the ongoing Business. Each Seller and each Shareholder hereby expressly authorizes the enforcement of the covenants provided for in this Section by (A) the Buyer and its subsidiaries, (B) the Buyer's permitted assigns, and (C) any successors to the Buyer's business. To the extent that the covenants provided for in this Section may later be deemed by a court to be too broad to be enforced with respect to its duration or with respect to any particular activity or geographic area, the court making such determination shall have the power to reduce the duration or scope of the provision, and to add or delete specific words or phrases to or from the provision. The provision as modified shall then be enforced.

(2) Without the prior consent of Buyer, neither any Seller (nor any Affiliate of any Seller) nor any Shareholder (nor any Affiliate of any Shareholder), shall for a period of three (3) years from the Closing Date, directly or indirectly, for itself or himself or for any other person, firm, corporation, partnership, association or other entity (including the Company), (A) solicit any of the Sellers' employees employed in the Business, (B) call on or solicit any of the actual customers or clients of the Business, nor shall any Seller (or any Affiliate of Seller) or any Shareholder (or any Affiliate of any Shareholder), make known the names and addresses of such customers or any information relating in any manner to the Sellers' trade or business relationships with such customers, (C) in any manner, directly or indirectly, attempt to seek to cause any entity to refrain from dealing or doing business with the Buyer or assist any entity in doing so or attempting to do so or (D) employ any employees of Buyer.

(3) Neither any Seller (nor any Affiliate of any Seller) nor any Shareholder (nor any Affiliate of any Shareholder), shall at any time divulge, communicate, use to the detriment of the Buyer or for the benefit of any other person or persons, or misuse in any way, any Confidential Information pertaining to the Business. Any confidential information or data now known or hereafter acquired by the either any Seller or any Shareholder, with respect to the Business shall be deemed a valuable, special and unique asset of the Buyer that is received by the either any Seller or any Shareholder, in confidence and as a fiduciary, and each Seller and each Shareholder, shall remain a fiduciary to the Buyer with respect to all of such information.

(4) Injunction. It is recognized and hereby acknowledged by the parties hereto that a breach or violation by either any Seller or any Shareholder of any or all of the covenants and agreements contained in this Section may cause irreparable harm and damage to Buyer in a monetary amount which may be virtually impossible to ascertain. As a result, each Seller and each Shareholder recognizes and hereby acknowledges that Buyer shall be entitled (without the requirement of posting a bond) to an injunction from any court of competent jurisdiction enjoining and restraining any breach or violation of any or all of the covenants and agreements contained in this Section by the each of the Sellers and each of the Shareholders, and/or its associates, Affiliates, partners or agents, either directly or indirectly, and that such right to injunction shall be cumulative and in addition to whatever other rights or remedies the Buyer may possess hereunder, at law or in equity. Nothing contained in this Section shall be construed to prevent Buyer from seeking and recovering from the either any Seller or any Shareholder, or both, jointly and severally, damages sustained by it as a result of any breach or violation by either any Seller or any Shareholder, or both, of any of the covenants or agreements contained herein.

(e) Delivery of Property Received by the Company After Closing

(A) From and after the Closing, Buyer shall have the right and authority to collect, for the account of Buyer, all receivables and other items which shall be transferred or are intended to be transferred to Buyer as part of the Assets as provided in this Agreement, and to endorse with the name of the Sellers any checks or drafts received on account of any such receivables or other Assets. Each Seller agrees that it will transfer or deliver to Buyer, promptly after the receipt thereof, any cash or other property which such Seller receives after the Closing Date in respect of any claims, contracts, licenses, leases, commitments, sales orders, purchase orders, receivables of any character or any other items transferred or intended to be transferred to Buyer as part of the Assets under this Agreement.

(f) Assignment of Contracts

(A) At the option of Buyer, and notwithstanding anything in this Agreement to the contrary, this Agreement shall not constitute an assignment of any claim, contract, license, franchise, lease, commitment, sales order, sales contract, supply contract, service agreement, purchase order or purchase commitment if an attempted assignment thereof without the consent of a third party thereto would constitute a breach thereof or in any way adversely affect the rights of Buyer thereunder. If such consent is not obtained, or if any attempt at an assignment thereof would be ineffective or would affect the rights of the Sellers thereunder so that Buyer would not in fact receive all such rights, the Sellers shall cooperate at its own expense with Buyer to the extent necessary to provide for Buyer the benefits under such claim, contract, license, franchise, lease, commitment, sales order, sales contract, supply contract, service agreement, purchase order or purchase commitment, including enforcement for the benefit of Buyer of any and all rights of the Sellers against a third party thereto arising out of the breach or cancellation by such third party or otherwise.

(g) Corporate Existence. Each Seller shall maintain its corporate existence unchanged and in full force and effect for at least six months following the Closing Date.

MISCELLANEOUS

14. Limitation on Liability.

(a) Representations and Warranties. Each of the representations and warranties of each of the parties to this Agreement shall be deemed to have been made, and the certificates delivered pursuant to Section 7(a)(B) and Section 7(b)(D) by a party are agreed to and shall be deemed to constitute the making of such representations and warranties, again at and as of the Closing by and on behalf of the party on behalf of whom such certificates are delivered.

(b) Survival.

(A) The representations and warranties of each party shall survive the execution and delivery of this Agreement and the Closing hereunder and shall thereafter continue in full force for 12 full calendar months after the Closing Date. However, the representations and warranties contained in Section 8(d) (Taxes) and Section 10(g)(i) (health care continuation requirements under ERISA and section 4980B of the Code) shall continue until 30 days after all liability relating thereto is barred by all applicable statutes of limitation; and the representations and warranties contained in Sections 8(q)(A) (Asbestos) and Section 8(w)(B) and 8(w) (Environmental) shall survive forever. If any claim for indemnification hereunder that has been previously asserted by a party to this Agreement in accordance with this Agreement is still pending at the expiration of the applicable survival period, such claim shall continue to be subject to the indemnification provisions of this Agreement until resolved.

(B) The covenants, agreements and indemnification and other obligations of the parties shall survive the execution and delivery of this Agreement and the Closing hereunder and shall thereafter continue in full force.

15. Confidentiality.

(a) The existing Non-Disclosure Agreement by Buyer or its affiliates in favor of the Company shall continue in full force and effect until the Closing.

(b) The Sellers and Shareholders shall, and shall cause their respective Affiliates, employees, agents, accountants, legal counsel and other representatives and advisers to, hold in strict confidence all, and not divulge or disclose any, information of any kind concerning the transactions contemplated by this Agreement, the Sellers, Buyer or their respective businesses; provided, however, that the foregoing obligation of confidence shall not apply to (i) information that is or becomes generally available to the public other than as a result of a disclosure by the Sellers or Shareholders, or any of its Affiliates, employees, agents, accountants, legal counsel or other representatives or advisers, (ii) information that is or becomes available to the Sellers or Shareholders or any of Sellers and Shareholders Affiliates, employees, agents, accountants, legal counsel or other representatives or advisers after the Closing on a nonconfidential basis prior to its disclosure by the Sellers or Shareholders, or any Affiliates of the Sellers or the Shareholders, employees, agents, accountants, legal counsel or other representatives or advisers and (iii) information that is required to be disclosed by the Sellers or any of its Affiliates, or the Shareholders and their Affiliates, employees, agents, accountants, legal counsel or other representatives or advisers as a result of any applicable law, rule or regulation of any Governmental Authority; and provided further that the Sellers and Shareholders shall promptly shall notify Buyer of any disclosure pursuant to clause (ii) of this Section.

(c) Notwithstanding anything herein to the contrary, any party to this agreement (and each employee, representative, or other agent of such party) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of any transaction contemplated by this Agreement and all materials of any kind (including opinions and other tax analyses) that are provided to the party relating to such tax treatment and tax structure.

(d) So long as this Agreement is in effect neither the Sellers nor either Shareholder shall entertain, negotiate or deal with, or provide any Confidential Information to, any person or entity who or which proposes to purchase all or any substantial part of the assets of any Seller other than in the ordinary course of business, or to purchase from any Seller or any Shareholder any equity interest in any Seller.

16. Brokers. Regardless of whether the Closing shall occur, (i) the Sellers and the Majority Shareholders shall jointly and severally indemnify and hold harmless Buyer from and against any and all liability for any brokers or finders' fees arising with respect to brokers or finders retained or engaged by the Sellers or any of the Shareholders in respect of the transactions contemplated by this Agreement, and (ii) Buyer shall indemnify and hold harmless the Sellers from and against any and all liability for any brokers' or finders' fees arising with respect to brokers or finders retained or engaged by Buyer in respect of the transactions contemplated by this Agreement.

17. Costs and Expenses. Each of the parties to this Agreement shall bear his or its own expenses incurred in connection with the negotiation, preparation, execution and closing of this Agreement and the transactions contemplated hereby, except that Sellers shall pay all sales and excise and similar taxes, in connection with this transaction.

18. Notices.

Any notice, request, instruction, correspondence or other document to be given hereunder by any party hereto to another (herein collectively called "Notice") shall be in writing and delivered personally or mailed by registered or certified mail, postage prepaid and return receipt requested, as follows:

IF TO BUYER:

William Pagano
c/o Universal Supply Group, Inc.
275 Wagaraw Road
Hawthorne, New Jersey 07506

With a copy to:

Oscar D. Folger, Esq.
521 Fifth Avenue
24th Floor
New York, NY 10175
Fax No. (212) 697-7833
Tel No. (212) 697-6464

IF TO THE COMPANY AND/OR THE Shareholder:

Brian Mead, President
8 Hillside Avenue
Great Barrington, 01230

With a copy to:

Gary E. Martinelli
Martinelli Discenza P.C.
138 Longmeadow Street
Longmeadow, MA 01106

Each of the above addresses for notice purposes may be changed by providing appropriate notice hereunder. Notice given by personal delivery or registered mail shall be effective upon actual receipt. Notice given by telecopier shall be effective upon actual receipt if received during the recipient's normal business hours, or at the beginning of the recipient's next normal business day after receipt if not received during the recipient's normal business hours. All Notices by telecopier shall be confirmed by the sender thereof promptly after transmission in writing by registered mail or personal delivery. Anything to the contrary contained herein notwithstanding, notices to any party hereto shall not be deemed effective with respect to such party until such Notice would, but for this sentence, be effective both as to such party and as to all other persons to whom copies are provided above to be given.

19. Governing Law. The provisions of this agreement and the documents delivered pursuant hereto shall be governed by and construed in accordance with the laws of the State of Massachusetts (excluding any conflict of law rule or principle that would refer to the laws of another jurisdiction).

20. Dispute Resolution.

(a) THE PARTIES AGREE THAT, EXCEPT AS OTHERWISE PROVIDED FOR IN THIS AGREEMENT, THE FEDERAL COURTS IN SPRINGFIELD MASSACHUSETTS AND STATE COURTS IN BERKSHIRE COUNTY, MASSACHUSETTS SHALL HAVE EXCLUSIVE JURISDICTION ON ALL MATTERS ARISING OUT OF OR CONNECTED IN ANY WAY WITH THIS AGREEMENT, AND SELLERS AND BUYER FURTHER AGREE THAT THE SERVICE OF PROCESS OR OF ANY OTHER PAPERS UPON THEM OR ANY OF THEM IN THE MANNER PROVIDED FOR NOTICES HEREUNDER SHALL BE DEEMED GOOD, PROPER AND EFFECTIVE SERVICE UPON THEM.

(b) EACH OF THE SELLERS, SHAREHOLDERS AND BUYER HEREBY WAIVES ITS RIGHT TO A JURY TRIAL WITH RESPECT TO ANY ACTION OR CLAIM ARISING OUT OF ANY DISPUTE IN CONNECTION WITH THIS AGREEMENT, THE COLLATERAL AGREEMENTS OR ANY OF THE OTHER TRANSACTION DOCUMENTS, ANY RIGHTS OR OBLIGATIONS HEREUNDER OR THEREUNDER OR THE PERFORMANCE OF SUCH RIGHTS AND OBLIGATIONS.

21. Entire Agreement; Amendments and Waivers. This Agreement, together with all exhibits and schedules attached hereto, constitutes the entire agreement between and among the parties hereto pertaining to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the parties, and there are no warranties, representations or other agreements between the parties in connection with the subject matter hereof except as set forth specifically herein or contemplated hereby. No supplement, modification or waiver of this Agreement shall be binding unless executed in writing by the party to be bound thereby. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provision hereof (regardless of whether similar), nor shall any such waiver constitute a continuing waiver unless otherwise expressly provided.

22. Binding Effect and Assignment. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective permitted successors and assigns; but neither this Agreement nor any of the rights, benefits or obligations hereunder shall be assigned, by operation of law or otherwise, by any party hereto without the prior written consent of the other party, provided, however, that nothing herein shall prohibit the assignment of Buyer's rights and obligations to any direct or indirect subsidiary or prohibit the assignment of Buyer's rights (but not obligations) to any lender. Nothing in this Agreement, express or implied, is intended to confer upon any person or entity other than the parties hereto and their respective permitted successors and assigns, any rights, benefits or obligations hereunder.

23. Remedies. The rights and remedies provided by this Agreement are cumulative, and the use of any one right or remedy by any party hereto shall not preclude or constitute a waiver of its right to use any or all other remedies. Such rights and remedies are given in addition to any other rights and remedies a party may have by law, statute or otherwise.

24. Multiple Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

25. References and Construction.

(a) Whenever required by the context, and is used in this Agreement, the singular number shall include the plural and pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular or plural, as the identification the person may require. The provisions of this Agreement shall be construed according to their fair meaning and neither for nor against any party hereto irrespective of which party caused such provisions to be drafted. Each of the parties acknowledge that it has been represented by an attorney in connection with the preparation and execution of this Agreement. References to monetary amounts, specific named statutes and generally accepted accounting principles are intended to be and shall be construed as references to United States dollars, statutes of the United States of the stated name and United States generally accepted accounting principles, respectively, unless the context otherwise requires.

(b) The provisions of this Agreement shall be construed according to their fair meaning and neither for nor against any party hereto irrespective of which party caused such provisions to be drafted. Each of the parties acknowledge that it has been represented by an attorney in connection with the preparation and execution of this Agreement.

26. Risk of Loss. Prior to the Closing, the risk of loss of damage to, or destruction of, any and all of the Sellers', including without limitation the Properties, shall remain with the Seller, and the legal doctrine known as the "Doctrine of Equitable Conversion" shall not be applicable to this Agreement or to any of the transactions contemplated hereby.

27. Each party hereto shall cooperate, shall take such further action and shall execute and deliver and further document as may be reasonably requested by the other party in order to carry out the provisions and purposes of this Agreement.

28. **DEFINITIONS** Capitalized terms used in this Agreement are used as defined in this Section or elsewhere in this Agreement.

(a) Affiliate. The term "Affiliate" shall mean, with respect to any person, any other person controlling, controlled by or under common control with such person. The term "Control" as used in the preceding sentence means, with respect to a corporation, the right to exercise, directly or indirectly, more than 50% of the voting rights attributable to the shares of the controlled corporation and, with respect to any person other than a corporation, the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such person.

(b) Collateral Agreements. The term "Collateral Agreements" shall mean the any or all of the exhibits to this Agreement and any and all other agreements, instruments or documents required or expressly provided under this Agreement to be executed and delivered in connection with the transactions contemplated by this Agreement.

(c) Confidential Information. Any information not generally known in the relevant field or industry about the Sellers' processes, activities, services or products, including software, patents, Inventions, know-how, trade secrets and information relating to research, development, purchase, accounting, marketing, merchandising, pricing, vendors, selling and customer lists. "Inventions" shall mean and include discoveries, concepts and ideas, whether patentable or not, including but not limited to processes, methods, designs, formulas, and techniques, as well as improvements thereof or know-how related thereto, which have been reduced to written form in some manner.

(d) Contracts. The term "Contracts," when described as being those of or applicable to any Person, shall mean any and all contracts, agreements, franchises, understandings, arrangements, leases, licenses, registrations, authorizations, easements, servitudes, rights of way, mortgages, bonds, notes, guaranties, liens, indebtedness, approvals or other instruments or undertakings to which such person is a party or to which or by which such person or the property of such person is subject or bound, excluding any Permits.

(e) Damages. The term "Damages" shall mean any and all damages, liabilities, obligations, penalties, fines, judgments, claims, deficiencies, losses, costs, expenses and assessments (including without limitation income and other taxes, interest, penalties and attorneys' and accountants' fees and disbursements).

(f) Financial Statements. The term "Financial Statements" shall mean any or all of the financial statements, including balance sheets and related statements of income and cash flows and the accompanying notes thereto, of the Company prepared in accordance with generally accepted accounting principles consistently applied, except as may be otherwise provided herein.

(g) GAAP. "GAAP" means U.S. generally accepted accounting principles, consistently applied with the Sellers' past practices.

(h) Governmental Authorities. The term "Governmental Authorities" shall mean any nation or country (including but not limited to the United States) and any commonwealth, territory or possession thereof and any political subdivision of any of the foregoing, including but not limited to courts, departments, commissions, boards, bureaus, agencies, ministries or other instrumentalities.

(i) Hazardous Material. The term "Hazardous Material" shall mean all or any of the following: (a) substances that are defined or listed in, or otherwise classified pursuant to, any applicable laws or regulations as "hazardous substances," "hazardous materials," "Hazardous wastes," "toxic substances" or any other formulation intended to define, list or classify substances by reason of deleterious properties such as ignitability, corrosivity, reactivity, carcinogenicity, reproductive toxicity or "EP toxicity"; (b) oil, petroleum or petroleum derived substances, natural gas, natural gas liquids or synthetic gas and drilling fluids, produced waters and other wastes associated with the exploration, development or production of crude oil, natural gas or geothermal resources; (c) any flammable substances or explosives or any radioactive materials; and (d) asbestos in any form or electrical equipment which contains any oil or dielectric fluid containing levels of polychlorinated biphenyls in excess of fifty parts per million.

(j) Inventory. The term "Inventory" shall mean all goods, merchandise and other personal property owned and held for sale, and all raw materials, works-in-process, materials and supplies of every nature which contribute to the finished products of the Sellers in the ordinary course of its business, specifically excluding, however, damaged, defective or otherwise unsaleable items.

(k) Legal Requirements. The term "Legal Requirements," when described as being applicable to any person, shall mean any and all laws (statutory, judicial or otherwise), ordinances, regulations, judgments, orders, directives, injunctions, writs, decrees or awards of, and any Contracts with, any Governmental Authority, in each case as and to the extent applicable to such person or such person's business, operations or properties.

(l) Liens: The term "Liens" shall mean any and all liens, encumbrances, mortgages, security interests, pledges, claims, equities, charges and other restrictions or limitations of any kind or nature whatsoever.

(m) Permits. The term "Permits" shall mean any and all permits, rights, approvals, licenses, authorizations, legal status, orders or Contracts under any Legal Requirement or otherwise granted by any Governmental Authority.

(n) Person. The term "Person" shall mean any individual, partnership, joint venture, firm, corporation, association, limited liability company, limited liability partnership, trust or other enterprise or any governmental or political subdivision or any agency, department or instrumentality thereof.

(o) Product. The term "Product" shall mean each product under development, developed, manufactured, licensed, distributed or sold by the Sellers and any other products in which the Sellers have any proprietary rights or beneficial interest.

(p) Properties. The term "Properties" shall mean any and all properties and assets (real, personal or mixed, tangible or intangible) owned or Used by the Sellers, including all Assets to be conveyed to Buyer pursuant to this Agreement.

(q) Real Property. The term "Real Property" shall mean the real property Used by the Company in the conduct of its business.

(r) Subsidiary. The term "Subsidiary" shall mean any Person of which a majority of the outstanding voting securities or other voting equity interests are owned, directly or indirectly, by any Seller.

(s) Trade Secrets. The term "Trade Secrets" shall mean information of the Sellers including, but not limited to, technical or nontechnical data, formulas, patterns, compilations, programs, financial data, financial plans, product or service plans or lists of actual or potential customers or suppliers which (i) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use, and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

(t) Used. The term "Used" shall mean, with respect to the Properties, Contracts or Permits of the Sellers, those owned, leased, licensed or otherwise held by the Sellers which were acquired for use or held for use by the Sellers in connection with the Sellers' business and operations, whether or not reflected on the Sellers' books of account.

[Signature Page Follows]

EXECUTED as of the date first written above.

S&A Purchasing Corp.:

By: /s/ William Pagano
Name: William Pagano
Title: President

Colonial Commercial Corp., with regard to Section 2(e) only

By: /s/ William Pagano
Name: William Pagano
Title: Chief Executive Officer

SELLERS:

S&A Supply, Inc.

By: /s/ Brian Mead
Name: Brian Mead
Title: President

S&A Realty, Inc.

By: /s/ Brian Mead
Name: Brian Mead
Title: President

S&A Management, Inc.

By: /s/ Brian Mead
Name: Brian Mead
Title: President

SHAREHOLDERS:

/s/ Nancy Mead
Nancy Mead

The Discretionary Trust under The Rodney P. Mead Revocable Trust, dated January 12, 1999

By: /s/ Nancy A. Mead
Nancy A. Mead, Trustee

By: /s/ Thomas H. Mead
Thomas H. Mead, Trustee

/s/ Adam Mead
Adam Mead

/s/ Sarah Mead
Sarah Mead

/s/ Brian Mead
Brian Mead

Escrow Agent

Martinelli Discenza P.C.

By: /s/ Gary E. Martinelli
Gary E. Martinelli

SCHEDULES

Schedule 1(a)(D)

Prepaid Expenses, other assets, and excess rebates

James E. Kimball, Jr., Inc.	Gt. Barrington Warehouse	$2,587.20
John B. Hull Inc.	Gt. Barr. Counter & Office	$5,565.00
Oil Estimate of possible 990 gallons at 5/8 600 gallons	Pittsfield Warehouse	$1,532.84
	Total	**$9,685.04**

Health Insurance

Insurance	**Total September Premium**	**2/3 USG Portion**
BlueCross Health	$20,952.35	$13,968.23
Guardian Life, Dental, Disability	$ 3,230.06	$ 2,153.38
Prepaid Insurance	Total annual $17,234.00	$ 2,393.61 (1.66/12)
	Total	**$18,515.22**

Data Processing

Company	**Total September Premium**	**2/3 USG Portion**
Prophet 21/Activant	$2,178.18	$1,452.09
BSI (printers)	$410.97	$ 273.98
	Total	**$1,726.07**

Other

Service / company	**Total Amount**	**USG Portion**
Yellow Pages	$4,290.00 paid through April 2008	7 2/3 months $2740.83
Vendor Rebates (detail attached)	$94,138.60	$94, 138.60
Prepaid Vehicle Excise Tax	$5178.25	$3,020.65 Sept 07 – March 08 (7/12)
	Total	**$99,900.08**

TOTAL PREPAID $129,826.41

End of Schedule

Schedule 1(a)(D) attachment

2007 Vender Rebate Estimates

Plumbing & Heating

Vender	2006 total Sales	2006 Rebate	2007 YTD Purchases	2007 YTD Anticipated Rebate
Robert Manf	$ 12,594.99	$ 305.98	$ 13,745.20	$ 333.92
Ridgid	$ 88,549.36	$ 1,758.29	$ 37,959.07	$ 753.74
A.O. Smith	$ 188,987.69	$ 5,653.47	$ 157,768.85	$ 4,719.57
Unico	$ 158,466.15	$ 7,303.68	$ 59,551.27	$ 2,744.71
Charlotte	$ 165,124.42	$ 15,698.11	$ 56,907.90	$ 5,410.14
Burnham	$ 851,515.26	$ 9,201.23	$ 365,093.38	$ 3,945.09
Symmons	$ 48,653.77	$ 1,226.40	$ 55,152.29	$ 1,390.21
Watts	$ 81,649.86	$ 2,116.00	$ 85,756.73	$ 2,572.68
Grohe	$ 68,540.91	$ 1,778.00	$ 55,266.19	$ 1,657.98
American Saw	$ 35,060.33	$ 1,020.32	$ 26,586.08	$ 797.58
Kohler				$ 17,742.00
Totals		$ 46,061.48		$ 42,067.63

Electrical

Vender	2006 total Sales	2006 Rebate	2007 YTD Purchases	2007 YTD Anticipated Rebate
Wiremold	$ 21,777.78	$ 1,543.87	$ 24,916.55	$ 1,766.38
Genisis Cable	$ 22,942.73	$ 688.28	$ 16,878.93	$ 506.37
Leviton	$ 170,559.59	$ 337.16	$ 110,907.37	$ 219.24
United Cop	$ 367,687.58	$ 10,500.00	$ 252,433.15	$ 10,500.00
Dimplex	$ 31,929.17	$ 207.52	$ 27,420.00	$ 178.21
Highland	$ 73,847.96	$ 3,146.79	$ 78,040.49	$ 5,462.00
Siemens	$ 212,688.29	$ 2,364.08	$ 152,379.36	$ 1,523.00
Equity	$ 0.00	$ 41,312.90	$ 0.00	$ 31,915.77
Totals				$ 52,070.97
Grand Total				$ 94,138.60

Schedule 1(a)(F)

Real Estate Leases

S&A Supply, Inc. Occupies premises at 992 Massachusetts Avenue, North Adams, MA under a verbal month-to-month occupancy agreement with Peter Swift, the owner. Mr. Swift has agreed (per the attached letter) to continue the relationship with the Buyer.

Schedule 1(a)(F) Attachment

September 6, 2007

To Whom It May Concern:

Please consider this letter as my acceptance of allowing S & A Purchasing Group to continue leasing property from me at 992 Massachusetts Avenue in North Adams under the same terms and conditions as S & A Supply, Inc currently does.

/s/ Peter Swift	9/6/2007
Peter Swift	Date

20 Maple Ave, Great Barrington, MA 01230 (413) 528-3470
1311 East Street, Pittsfield, MA 01201 (413) 443-9681
992 Massachusetts Ave, North Adams, MA 01247 (413) 664-4454

Schedule 1(f)(D)

Certificates of Occupancy

a) 20 Maple Avenue, Great Barrington, MA
-Town Building Inspector is looking for the C/O in Town archives

b) 40 Maple Avenue, Great Barrington, MA
-S&A Supply, Inc. Must complete Handicapped Entrance to comply with Americans with Disabilities Act before Town issues C/O on new construction. S&A Realty, Inc. undertakes to complete this.

c) 1311 East Street, Pittsfield, MA
-C/O attached

d) 992 Massachusetts avenue, North Adams, MA
– Landlord has been requested to supply a copy

Attachment(s) on file at the Company' s corporate office

S&A SUPPLY, INC.
VEHICLE LOANS PAYABLE (Per 7/31/07 TB)
7/31/07

G/L	Bank	Vehicle	CI	LT	T	Proj. Bal. 9/10/07
242003 260603	Legacy	Ford F-650 Box Truck	9,934	21,841	31,775	30,823
242901 260901	Greylock	'05 Toyota Tundra	3,862	5,492	9,354	8,974
243001 267501	GMAC	'04 GMC Rack Body	6,470	4,461	10,931	10,391
243201 269001	GMAC	'04 Chevy Colorado	4,975	3,732	8,707	7,878
243203 267503	Greylock	'07 Toyota Tundra	7,111	17,182	24,293	23,817
243401 261501	GMAC	'04 Chev. PU/w/plow (Silverado)	6,754	2,030	8,784	8,216
244501 267801	Greylock	'05 Chev. 3/4 ton (Silverado)	5,583	4,713	10,296	9,293
245005 267905	Greylock	'06 Ford F350 Rack	2,973	18,134	21,107	20,509
248603	Berkshire	'03 Chev.	493		493	-0-
248703 262003	Greylock	'05 Chev. 1/2 ton (Silverado)	5,401	4,543	9,944	8,954
249003 270003	Greylock	'06 Ford F250 WH/RE	3,538	11,552	15,090	14,421
249203	Ford Credit	'03 Ford WH Van (E-150)	3,799	(1,891)	1,908	772
250103 267303	Berkshire	’06 GMC ExCab (K-25)	4,794	11,414	16,208	15,022
251001 268101	Ford Credit	’03 Ford F-250	-	(753)	(753)	-0-
###### 260503	Berkshire	’07 GMC 3500 Rack	-	24,442	24,442	25,119
###### 267403	Berkshire	’07 GMC 2500 P/UP	-	23,563	23,563	24,003
		Total			247,917	239,015

Source: COLONIAL COMMERCIAL , 8-K, September 14, 2007

Auto & Truck Leases

Vehicle, make, model, year	Lessor	Pay Off Date	Monthly Amount	Mnths Remng	Total amount left on loan	Primary Driver	Branch	Use
Toyota 7FGU25 forklift	Thompson & Johnson	7/31/09	489.00	23	N/A		Great Barrington	Yard

End of Schedule

SCHEDULE 1(g)(C)

ASSUMED OBLIGATIONS

• Expense Accounts Payable		None
• Customer Deposits	$	10,699
• Unreconciled Stock Receipts		
(Amount to be provided at conclusion of physical inventory)	$	-
• Unused Vacation and Sick Pay	$	58,313

Schedule 2(b)

RESTATED 08/20/2007 | **S & A SUPPLY, INC** | **PAGE 1**
AUTOS/SHOWROOM ENTRIES | **BALANCE SHEET**
JUNE 2007

	2007	2006	CHANGE	CHANGE
ASSETS				
CURRENT ASSETS				
CASH IN BANK	675	675	0	0.0%
CASH IN BANK OPERATING	(441,990)	(609,038)	167,048	-27.4%
PAYROLL CHECKING	785	716	69	9.6%
CASH IN BANK OPERATING	0	0	0	#DIV/0!
ACCOUNTS RECEIVABLE-TRADE	1,831,197	1,973,736	(142,539)	-7.2%
ACCOUNTS RECEIVABLE- OTHER	(6,213)	0	(6,213)	#DIV/0!
RESERVE FOR BAD DEBTS	(119,600)	(144,600)	25,000	-17.3%
LOAN REC - S & A MANAGEMENT	365,232	315,534	49,698	15.8%
NOTES RECEIVABLE	314	314	0	0.0%
INVENTORIES	4,219,960	4,435,643	(215,683)	-4.9%
UNEXPIRED INSURANCE	20,234	23,943	(3,709)	-15.5%
LOAN RECEIVABLE J CURE	0	72	(72)	-100.0%
PREPAID EXPENSES	31,559	22,453	9,106	40.6%
NOTE RECEIVABLE RPM	315,803	326,978	(11,175)	-3.4%
LOAN RECEIVABLE R.J. ALOISIRJA & ERIC DRYS	7,804	2,543	5,261	206.9%
TOTAL CURRENT ASSETS	**6,225,760**	**6,348,969**	**(123,209)**	**-1.9%**
PROPERTY. PLANT AND EQUIPMENT				
LAND	23,132	23,132	0	0.0%
LAND IMPROVEMENTS	41,076	39,418	1658	4.2%
BUILDING & INPROVEMENTS	480,506	480,506	0	0.0%
IMPROVEMENTS-ELECTRICAL DEPT.	78,059	78,059	0	0.0%
FURNITURE AND FIXTURES	200,569	200,569	0	0.0%
MACHINERY AND EQUIPMENT	172,894	163,120	9774	6.0%
DATA PROCESSING EQUIPMENT	448,854	442,885	5969	1.3%
AUTOMOTIVE EQUIPMENT	585,613	610,480	(24,867)	-4.1%
SHOWROOM DISPLAY	119,950	79,348	40,602	51.2%
TOTAL PROP, PLANT & EQUIPMENT	**2,150,653**	**2,117,517**	**33,136**	**1.6%**
LESS ACCUMULATED DEPRECIATION	**(1,564,304)**	**(1,597,227)**	**(32,923)**	**2.1%**
TOTAL PROP, PLANT & EQUIPMENT	**586,349**	**520,290**	**66,059**	**12.7%**
OTHER ASSETS				
UNAMORTIZED MORTGAGE EXP	0	0	0	#DIV/0!
DEPOSITS	0	0	0	#DIV/0!
EXCHANGE	(2,710)	1,304	(4,014)	-307.8%
CASH SURR. VALUE OF LIFE INS	0	0	0	#DIV/0!
TOTAL OTHER ASSETS	**(2,710)**	**1,304**	**(4,014)**	**-307.8%**
TOTAL ASSETS	**6,809,399**	**6,870,563**	**(61,164)**	**-0.9%**

Source: COLONIAL COMMERCIAL , 8-K, September 14, 2007

BALANCE SHEET
JUNE 2007

	2007	2006	$ CHANGE	% CHANGE
LIABILITIES AND STOCKHOLDERS EQUITY				
CURRENT LIABILITIES				
ACCOUNT PAYABLE-TRADE	613,853	716,086	(102,233)	-14.3%
LIABILITY TO PENSION FUND	1,954	1,450	504	34.8%
LIFE INSURANCE EMPLOYEES	0	0	0	#DIV/0!
L/T DISABILITY EMPLOYEES	0	0	0	#DIV/0!
FEDERAL & FICA TAXES PAYABLE	0	0	0	#DIV/0!
SWT PAYABLE	0	0	0	#DIV/0!
FED UC PAYABLE	0	0	0	#DIV/0!
DEPOSIT CLEARING	(6,625)	(366)	(6,259)	1710.1%
PAYROLL CLEARING	0	0	0	#DIV/0!
PAYMENT CLEARING	(1,687)	16,365	(18,052)	-110.3%
SALES/USE TAX PAYABLE	36,801	37,239	(438)	-1.2%
ACCRUED EXPENSES	122,880	152,908	(30,028)	-19.6%
CORP TAX PAYABLE	(33,996)	49	(34,045)	-69479.6%
N/P LEE BK LOC	2,703,454	2,671,999	31,455	1.2%
N/P S & A REALTY	7,200	0	7,200	#DIV/0!
N/P LEGACY A&B PLUS AUTOS	60,802	58,634	2,168	3.7%
NOTE PAYABLE AUTOS	18,465	16,208	0	0.0%
NOTE PAYABLE NAM	(536)	181	0	0.0%
NOTE PAYABLE (1) FORD 650	9,933	9,358	0	0.0%
TOTAL CURRENT LIABILITIES	**3,532,498**	**3,680,111**	**(147,613)**	**-4.0%**
LONG TERM LIABILITIES				
NOTES PAYABLE - OTHER	537,441	520,230	17,211	3.3%
NOTES PAYABLE - OTHER	37,111	58,686	(21,575)	-36.8%
MORTGAGE PAYABLE	101,355	104,779	(3,424)	-3.3%
TOTAL LONG TERM LIABILITIES	**675,907**	**683,695**	**(7,788)**	**-1.1%**
STOCKHOLDERS EQUITY				
COMMON STOCK	49,000	49,000	0	0.0%
PAID IN SURPLUS	40,403	40,403	0	0.0%
UNDISTR. S CORP INCOME RVS	6,174	74,811	(68,637)	-91.7%
RETAINED EARNINGS	2,779,515	2,592,075	187,440	7.2%
CURRENT PERIOD NET INCOME/LOSS	(274,098)	(249,532)	(24,566)	9.8%
TOTAL STOCKHOLDERS EQUITY	**2,600,994**	**2,506,757**	**94,237**	**3.8%**
	6,809,399	**6,870,563**	**(61,164)**	**-0.9%**

End of Schedule

Schedule 8(a)

States in which authorized to do Business

(1) Massachusetts

End of Schedule

Schedule 8(k)(A)

Employee Benefit Plan

1. The Sellers maintain the S&A Group of Companies Profit Sharing Plan and Trust. A copy of the plan document along with Form 5500s for the most recent three years has been previously e-mailed to the Buyer.

2. A copy of the Seller's Employee Handbook (20 pages) is attached as Exhibit 8(k)(A)(2).

Attachment(s) on file at the Company' s corporate office

Schedule 8(k)(C)

Exceptions to Section 8(k)(C)

Attached is a Schedule listing accrued vacation and sick pay benefits for Seller's employees.

Attachment(s) on file at the Company' s corporate office

Schedule 8(k)(E)(i)

Number of employees by position

Management / Administrative	5
Office Sales / Purchasing	7
Outside Sales	8
Secretarial	6
Counter / Warehouse	14
Delivery	5
Showroom Sales	4
Consulting	1
Cleaning (part time)	1
Total	51

End of Schedule

Schedule 8(k)(E)(ii)

Union employees

None

End of Schedule

Schedule 8(l)(B)(a)

RESTATED 08/20/2007 | **S & A SUPPLY, INC** | **PAGE 1**

AUTOS/SHOWROOM ENTRIES

BALANCE SHEET

JUNE 2007

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DEPOSITS	0	0	0	#DIV/0!
EXCHANGE	(2,710)	1,304	(4,014)	-307.8%
CASH SURR. VALUE OF LIFE INS	0	0	0	#DIV/0!
TOTAL OTHER ASSETS	**(2,710)**	**1,304**	**(4,014)**	**-307.8%**
TOTAL ASSETS	**6,809,399**	**6,870,563**	**(61,164)**	**-0.9%**

Source: COLONIAL COMMERCIAL , 8-K, September 14, 2007

S & A SUPPLY, INC
BALANCE SHEET
JUNE 2007

	2007	2006	$ CHANGE	% CHANGE
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L/T DISABILITY EMPLOYEES	0	0	0	#DIV/0!
FEDERAL & FICA TAXES PAYABLE	0	0	0	#DIV/0!
SWT PAYABLE	0	0	0	#DIV/0!
FED UC PAYABLE	0	0	0	#DIV/0!
DEPOSIT CLEARING	(6,625)	(366)	(6,259)	1710.1%
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PAYMENT CLEARING	(1,687)	16,365	(18,052)	-110.3%
SALES/USE TAX PAYABLE	36,801	37,239	(438)	-1.2%
ACCRUED EXPENSES	122,880	152,908	(30,028)	-19.6%
CORP TAX PAYABLE	(33,996)	49	(34,045)	-69479.6%
N/P LEE BK LOC	2,703,454	2,671,999	31,455	1.2%
N/P S & A REALTY	7,200	0	7,200	#DIV/0!
N/P LEGACY A&B PLUS AUTOS	60,802	58,634	2,168	3.7%
NOTE PAYABLE AUTOS	18,465	16,208	0	0.0%
NOTE PAYABLE NAM	(536)	181	0	0.0%
NOTE PAYABLE (1) FORD 650	9,933	9,358	0	0.0%
TOTAL CURRENT LIABILITIES	**3,532,498**	**3,680,111**	**(147,613)**	**-4.0%**
LONG TERM LIABILITIES				
NOTES PAYABLE - OTHER	537,441	520,230	17,211	3.3%
NOTES PAYABLE - OTHER	37,111	58,686	(21,575)	-36.8%
MORTGAGE PAYABLE	101,355	104,779	(3,424)	-3.3%
TOTAL LONG TERM LIABILITIES	**675,907**	**683,695**	**(7,788)**	**-1.1%**
STOCKHOLDERS EQUITY				
COMMON STOCK	49,000	49,000	0	0.0%
PAID IN SURPLUS	40,403	40,403	0	0.0%
UNDISTR. S CORP INCOME RVS	6,174	74,811	(68,637)	-91.7%
RETAINED EARNINGS	2,779,515	2,592,075	187,440	7.2%
CURRENT PERIOD NET INCOME/LOSS	(274,098)	(249,532)	(24,566)	9.8%
TOTAL STOCKHOLDERS EQUITY	**2,600,994**	**2,506,757**	**94,237**	**3.8%**
TOTAL LIABILITIES & EQUITY	**6,809,399**	**6,870,563**	**(61,164)**	**-0.9%**

End of Schedule

Schedule 8(n)(A)

None

End of Schedule

Schedule 8(n)(B)

None, except S&A Supply, Inc. has made monthly payments of rent in the amount of $7,500 to S&A Realty, Inc. and management fees of $49,200 to S&A Management, Inc. in the ordinary course of business and consistent with prior practices.

Schedule 8(n)(B)(3)

None

End of Schedule

Schedule 8(n)(B)(6)

None

End of Schedule

Schedule 8(o)

None

End of Schedule

Schedule 8(p)

Dek Tillet Vs Brenden Reed & S & A Supply Inc. S & A Insurance Company Settled Without further cost to S & A

End of Schedule

Schedule 8(q)(2)

Asbestos Insurance

From the time of the Mead family's first involvement with the Sellers in 1993 to date, none of the Sellers has carried asbestos-liability insurance. Current management of the Sellers is not aware of the Sellers ever having carried such insurance.

Schedule 8(r)(A)

Real Estate Owned

20 Maple Ave Great Barrington, Massachusetts, 01230
Warehouses and corporate offices of S & A Supply Inc, a plumbing, heating, and electrical wholesale distributor

40 Maple Ave Great Barrington, Massachusetts, 01230
Showroom displaying fixtures sold by S & A Supply Inc, a plumbing, heating, and electrical wholesale distributor

1311 East Street Pittsfield, Massachusetts, 01201
Warehouse and Showroom of S & A Supply Inc, a plumbing, heating, and electrical wholesale distributor

End of Schedule

Schedule 8(r)(B)

Real Estate Leased

992 Massachusetts Ave North Adams, Massachusetts 01247
Warehouse of S & A Supply Inc, a plumbing, heating, and electrical wholesale distributor

Tenet at will
Leased from Peter Swift (DBA Ashley Swift & Sons Plumbing & Heating)

End of Schedule

Schedule 8(s)

Commitments

Company	Service
Verizon Wireless	Cell Phone Service
Pitney Bowes	Postage Meter
Berkshire Graphics	Gt. Barrington Copier
Profit 21	Computer Operating System
BSI	Printer maintenance Service
On Hold Marketing	Telephone Hold Advertising
Unifirst	Uniform Service
Ikon	Gt. Barrington Showroom Copier
Lee Bank	Line of Credit
Legacy Bank	Mortgages

End of Schedule

Schedule 8(t)

Insurance

See Attached Certificate of Insurance dated September 7, 2007 issued by BIG-Minkler Insurance Agency for information covering insurance coverage.

Copies of policies of insurance carried by the Sellers are attached.

Attachment(s) on file at the Company' s corporate office

Schedule 8(u)

Intangible Rights

None

End of Schedule

Schedule 8(v)

FIXED ASSETS

Detailed listing attached – 9 pages

Attachment(s) on file at the Company' s corporate office

Schedule 8(w)(A)

None

End of Schedule

Schedule 8(w)(B)

Permits

None

End of Schedule

Schedule 8(w)(C)

Hazardous Substances

Incorporated by reference herein are the Environmental Site Investigation-Remediation reports dated August 20, 2007 prepared by William L. Going Associates, Inc. with respect to:

a) 20-40 Maple Avenue, Great Barrington, MA;
b) 1311 East Street, Pittsfield, MA; and
c) 992 Massachusetts Avenue, North Adams, MA.

William L. Going & Associates, Inc.
ENVIRONMENTAL SITE INVESTIGATION-REMEDIATION

38 Chapel Court
Pine Bush, New York 12566
Tel. 845-744-3705
Fax. 845-744-5464
E-mail: budgoing@frontiernet.net

August 20, 2007

Mr. William Pagano, President
Universal Supply Group Inc.
275 Wagaraw Road
Hawthorne, New Jersey 07506

RE: Summary of Findings for Phase I Environmental Site Assessment
Commercial Property At 1311 East Street, Pittsfield, Massachusetts

Dear Mr. Pagano:

At your request, William L. Going & Associates, Inc. is conducting a Phase I ESA of commercial property situated at 1311 East Street, Pittsfield, Massachusetts. We have determined that there are "*recognized environmental conditions*" onsite and that there should be some additional investigation in order to determine whether or not these conditions have caused any significant impact to subject property.

Specifically, historical sources indicate that subject may have been used as a trolley yard. In addition, documented historical use of subject property includes "paper manufacturing, research and development" and we have determined that two (2) aboveground storage tanks (ASTs) were utilized in the manufacturing process. The present owner cannot tell us and we have not yet been able to determine if these ASTs contain chemicals or chemical residual. We also find that a 10,000 gal. underground fuel oil storage tank (UST) was removed from subject property in 1989 without any documentation of soil conditions before or after removal. Furthermore, there are currently three (3) 275 gal. fuel oil ASTs in service at the subject (without any means of secondary containment). Also, and finally, subject is surrounded to the north, south, and west by a hazardous waste site ["General Electric"] identified by both the Massachusetts Department of Environmental Protection and the U.S. Environmental Protection Agency, and considerable soil and groundwater contamination has been discovered.

These "*recognized environmental conditions*" represent significant potential environmental liability until they have been thoroughly investigated. We recommend the installation of strategic test pits and soil borings and subsequent soil and groundwater analysis.

We will issue the complete Phase I ESA (with attachments) in about two weeks.

Meanwhile, if there are any technical questions for us, or if further elaboration is required, please do not hesitate to contact us at (845) 744-3705.

Thanks for the opportunity to be of service.

Sincerely,

/s/ William L. Going

William L. Going, Principal

William L. Going & Associates, Inc.
ENVIRONMENTAL SITE INVESTIGATION-REMEDIATION

38 Chapel Court
Pine Bush, New York 12566
Tel. 845-744-3705
Fax. 845-744-5464
E-mail: budgoing@frontiernet.net

August 20, 2007
Mr. William Pagano, President
Universal Supply Group Inc.
275 Wagaraw Road
Hawthorne, New Jersey 07506

RE: Summary of Findings for Phase I Environmental Site Assessment
Commercial Property 20 and 40, Maple Avenue, Great Barrington, Massachusetts

Dear Mr. Pagano:

At your request, William L. Going & Associates, Inc. is conducting a Phase I ESA of commercial property situated at 20 and 40, Maple Avenue, Great Barrington, Massachusetts. We have determined that there are "*recognized environmental conditions*" onsite and that there should be some additional investigation in order to determine whether or not these conditions have caused any significant impact to subject property.

Specifically, historical sources indicate that a 6,000 gal. underground fuel oil storage tank (UST) and a 2,000 gal. fuel oil UST were reportly closed in place in 1992 without any documentation of soil conditions before or after UST removal. We also find one (1) 275 gal. aboveground fuel oil storage tank (AST) and one (1) 330 gal. fuel oil AST in service at subject property (without any means of secondary containment).

These "*recognized environmental conditions*" represent potential environmental liability until they have been thoroughly investigated. We recommend the installation of strategic test pits and/or soil borings and subsequent soil and/or groundwater analysis.

We will issue the complete Phase I ESA (with attachments) in about two weeks. Meanwhile, if there are any technical questions for us, or if further elaboration is required, please do not hesitate to contact us at (845) 744-3705. Thanks for the opportunity to be of service.

Sincerely,

/s/ William L. Going

William L. Going, Principal

Source: COLONIAL COMMERCIAL , 8-K, September 14, 2007

William L. Going & Associates, Inc.
ENVIRONMENTAL SITE INVESTIGATION-REMEDIATION

38 Chapel Court
Pine Bush, New York 12566
Tel. 845-744-3705
Fax. 845-744-5464
E-mail: budgoing@frontiernet.net

August 20, 2007

Mr. William Pagano, President
Universal Supply Group Inc.
275 Wagaraw Road
Hawthorne, New Jersey 07506
E-mail: wpagano@usginc.com

RE: Summary of Findings for Phase I Environmental Site Assessment
Commercial Property At 992 Massachusetts Avenue, North Adams, Massachusetts

Dear Mr. Pagano:

At your request, William L. Going & Associates, Inc. is conducting a Phase I ESA of commercial property situated at 992 Massachusetts Avenue, North Adams, Massachusetts. We have not discovered any "*recognized environmental conditions*" or significant environmental issues associated with this commercial property.

We will issue the complete Phase I ESA (with attachments) in about two weeks.

Meanwhile, if there are any technical questions for us, or if further elaboration is required, please do not hesitate to contact us at (845) 744-3705.

Thanks for the opportunity to be of service.

Sincerely,

/s/ William L. Going

William L. Going, Principal

Source: COLONIAL COMMERCIAL , 8-K, September 14, 2007

Schedule 8(w)(D)

Tanks

- 20 Maple Ave Great Barrington (1) 2000 gallon Tank & (1) 6000 gallon tank – Both have been de-commissioned and abandoned
- 1311 East Street Pittsfield (1) 10,000 Gallon Tank removed September 19, 1989

Both above items are referred to in the Going Phase One reports attached to Schedule 8(w)(C) hereto.

Attached are:

a) Copy of permit dated September 1, 1989;
b) Copy of historic site assessment re: 1311 East Street, Pittsfield; and
c) Copy of Department of Public Safety Application dated July 8, 1992

Attachment(s) on file at the Company' s corporate office

Schedule 8(x)

Customers/Vendors

Attachment(s) on file at the Company' s corporate office

Schedule 8(y)

None

End of Schedule

Schedule 8(z)(B)

Recalled Products

No record of, none in recent memory

End of Schedule

Schedule 8(z)(E)

None

End of Schedule

Schedule 8(aa)

Affiliate Transactions

As set forth in Sellers' annual financial statements

1. S & A Managements, Inc.
2. S & A Realty, Inc.

See also Schedule 8(n)(B) with respect to rent and management fees paid since June 30, 2007

Schedule 8(bb)

Sellers Credit Applications and Personal Guarantee

The Sellers have not kept records of credit applications and guarantees to vendors.

LEASE

This lease, dated as of September 10, 2007, ("Lease") is by and between S&A Realty, Inc., a Massachusetts corporation ("Landlord") and S&A Purchasing Corp., a New York corporation ("Tenant").

TERMS

For good and valuable consideration received by each party from the other, the parties covenant and agree as follows:

1. PREMISES

(a) Landlord's Authority. Landlord represents and warrants that it is the sole owner of the land, buildings and equipment described on Schedule A attached hereto, together with all buildings, improvements, facilities and fixtures located on the land, and any easements, rights of access and other property rights necessary to allow Tenant unobstructed use and occupancy of the foregoing (the "Premises"). Landlord represents and warrants that it has full right and authority to lease the Premises to Tenant and to otherwise enter into this Lease on the terms and conditions set forth herein, and that the provisions of this Lease do not conflict with or violate the provisions of existing agreements between the Landlord and third parties.

(b) Lease of Premises. Landlord hereby leases the Premises to Tenant, and Tenant hereby leases the Premises from Landlord. The Premises are leased to Tenant together with all singular appurtenances, rights and privileges in or otherwise pertaining thereto.

(c) Landlord's Access. Landlord and its authorized agents or representatives shall have reasonable access to the Premises during Tenant's normal business hours on not less than four hours notice to Tenant. In the event of any emergency giving rise to the threat of damage or injury to life or property, Landlord may enter the Premises without notice.

2. TERM

(a) Lease Commencement. The term of this Lease shall commence on September 10, 2007 (the "Commencement Date"), or the date possession of the Premises is delivered to Tenant in accordance with this Lease or any riders attached hereto.

(b) Initial Term. The initial term of this Lease (the "Initial Term") shall be 5 years, commencing on the Commencement Date. Hereinafter, "Term" shall mean the Initial Term and any extension thereof.

(c) Extension Term. Tenant shall have the option to extend the term of this Lease for 3 periods of 5 years each (each such period defined as a "Renewal Period"), on the same terms and conditions (except for Annual Fixed Rental, which shall be subject to adjustment as provided on Schedule "B" annexed hereto) as herein contained. Tenant may exercise each of the 5 year option periods by giving written notice to Landlord not less than 180 days prior to the expiration date of the Initial Term or the Renewal Term, as the case may be.

3. RENT

(a) Rent. Tenant shall pay Landlord the Annual Fixed Rental as set forth on Schedule B annexed hereto, in equal monthly installments, on the first day of each and every calendar month, beginning October 1, 2007, until the expiration of the term of this Lease and any Renewal Term. The Annual Fixed Rental plus any additional rent due under this lease is hereinafter sometimes referred to as "Rent". Rent for partial months at the beginning and end of the Term shall be apportioned based on the number of days in such partial months.

(b) The initial payment of rent shall be made by Tenant on the date of possession of the Premises anticipated to be on or about September 10, 2007. Said payment shall be for a prorated share of the monthly amount described herein.

(c) Late Rent. The Annual Fixed Rental payments are due on the first day of the month and shall be considered late if received after the tenth day of the month. In the event that Tenant fails to make the Annual Fixed Rental payment on or before the fifteenth day of the month, Tenant shall pay a late charge in the amount of 5% of the amount due.

4. TAXES AND ASSESSMENTS

(a) Payment of Taxes by Tenant. As additional rent, Tenant shall pay all real estate taxes, personal property taxes, transaction, privilege, excise or sales taxes, special improvement and other assessments (ordinary and extraordinary), and all other taxes, duties, charges, fees and payments imposed by any governmental or public authority which shall be imposed, assessed or levied upon, or arising in connection with the ownership, use, occupancy or possession of the Premises or any part thereof during the Term (all of which are herein called "Taxes"). Tenant shall deliver to Landlord evidence of timely payment of Taxes. Taxes for the tax year in which the term shall commence or expire shall be apportioned according to the number of days during which each party shall be in possession during such tax year.

(b) Tax Protest. Tenant may contest any Taxes by appropriate proceedings conducted at Tenant's expense in Tenant's name or, if required by law, in Landlord's name. Landlord shall cooperate with Tenant and execute any documents or pleadings reasonably required for such purpose, but Landlord shall not be obligated to incur any expense or liability in connection with such contest. Tenant may defer payment of the contested Taxes pending the outcome of such contest, if such deferment does not subject Landlord's interest in the Premises to forfeiture. Tenant shall deposit with Landlord, if Landlord so requests, an amount of money at least equal to the payment so deferred plus estimated penalties and interest. Upon notice to Tenant, Landlord may pay such contested Taxes from such deposit if necessary to protect Landlord's interest in the Premises from immediate sale or loss. When all contested Taxes have been paid or canceled, all moneys so deposited to secure the same and not applied to the payment thereof shall be repaid to Tenant without interest. In lieu of any such deposit, at its election Tenant may furnish a bond in a form, in an amount, and with a surety reasonably satisfactory to Landlord. All refunds of Taxes shall be the property of Tenant to the extent they are refunds of or on account of payments made by Tenant.

5. SERVICES AND UTILITIES

(a) Contractual Arrangements. Tenant shall make arrangements for delivery to the Premises of any gas, electrical power, water, sewer, telephone and other utility services and any cleaning, trash and snow removal and maintenance services as Tenant deems necessary or desirable for its operations during the Term. Landlord represents that the foregoing services and utilities are installed or readily available at the Premises without any material installation costs to Tenant.

(b) Payment of Charges. Tenant shall promptly pay all charges for utility and other services contracted by Tenant to be delivered to or used upon the Premises during the Term and shall be responsible for providing such security deposits, bonds or assurances as may be necessary to procure such services.

(c) Transition. Landlord and Tenant shall each reasonably assist the other in transition of payments for, and control of, services and utilities at the commencement and termination of this Lease.

6. MAINTENANCE AND REPAIR

(a) Present Condition. Prior to the commencement of the Term, Landlord shall put the building systems, including, without limitation, plumbing and electrical lines and equipment, heating, ventilation and air conditioning systems, boilers, and elevators, if any, in good repair and condition. Landlord represents, warrants and covenants that at the Commencement Date such systems will be in good mechanical and operating condition. Subject to the preceding sentences of this paragraph, Tenant accepts the Premises in their present condition. Landlord represents and warrants that it has no knowledge of any conditions which have existed or presently exist which could materially adversely affect Tenant's business or contemplated use of the Premises.

(b) Maintenance Obligations. After the commencement of the Term, Tenant shall promptly make or cause to be made all non-structural and mechanical repairs needed to maintain the Premises in its present condition, subject to reasonable wear and tear. Landlord shall promptly make or cause to be made all structural and mechanical repairs and replacements necessary to so maintain the Premises, which shall include keeping the roof and Premises free of leaks, repairs to the plumbing and drainage systems, electrical systems, and the exterior and interior structural elements of the building (including, without limitation, the roof, exterior and bearing walls of the building, support beams, foundations, columns and lateral supports).

7. USE; COMPLIANCE WITH LAWS

(a) Permitted Uses. Tenant may use and occupy the Premises for all lawful uses or purposes.

(b) Compliance with Laws. Landlord represents and warrants that Tenant's intended use of the Premises for heating and plumbing supply business and an electrical wholesale business, and for offices and other related uses in connection with Tenant's distribution business is a lawful use of the Premises, and that no further governmental consents, approvals or permits are necessary for such use. Landlord further represents and warrants that the Premises are in compliance with all applicable laws, including the Americans With Disabilities Act. If the foregoing representations are untrue, then, in addition to all of Tenant's other rights hereunder or at law or in equity, Landlord shall reimburse Tenant for, and shall indemnify and hold Tenant and any Tenant Indemnitees harmless from and against, any and all damages, injuries, fines, losses or claims, and all costs and expenses, including reasonable attorneys fees, incurred by or asserted against Tenant as a result of or arising out of such representation being untrue, including any costs or expenses associated with obtaining any necessary consents, approvals or permits.

8. ALTERATIONS

Tenant may, without obtaining Landlord's prior consent or approval, make temporary alterations, improvements and additions ("Alterations") to the Premises that do not permanently affect the Premises. Tenant may make other non-temporary Alterations to the Premises (by way of example but not limitation, the installation of drywall partitioning, doorways, and lifts) with Landlord's prior consent or approval, which consent or approval shall not be unreasonably withheld, conditioned or denied; notwithstanding the foregoing, if the cost of such non-temporary Alterations is less than $20,000, Landlord's prior consent shall not be required. All Alterations made by Tenant shall be made at Tenant's sole cost and expense, including all costs and expenses incurred in obtaining any required governmental consents, permits or approvals. Tenant may perform all Alterations with contractors and subcontractors of Tenant's own choosing. Landlord will cooperate with Tenant's efforts to obtain any governmental permits or approvals or consents required therefor. Landlord shall not be entitled to impose upon Tenant any charges or fees of any kind in connection with any Alterations.

9. SIGNAGE

Tenant, at its expense and subject to its obtaining any required governmental permits and approvals, may place, maintain, repair and replace signage on the Premises, which may include any such trade name(s) or corporate affiliations as Tenant chooses. Landlord shall cooperate with Tenant's efforts to obtain any permit, approval or consent necessary or desirable in connection with the installation of any sign.

10. TENANT'S PROPERTY

For purposes of this Lease, the Term "Tenant's Property" shall mean all office furniture and equipment, movable partitions, communications equipment, inventory, and other articles of movable personal property owned or leased by Tenant and located in the Premises. All Tenant's Property shall be and remain the property of Tenant throughout the Term of this Lease and may be removed by Tenant at any time during the Term. Upon the expiration of this Lease, or within 30 days after the sooner termination hereof, Tenant shall remove all Tenant's Property from the Premises without leaving any noticeable damage to the Premises. If Tenant leaves noticeable damage as a result of Tenant's removal of Tenant's Property, Landlord shall give Tenant 15 days written notice to remove or repair such damage, after which time, Landlord may repair such damage and Tenant shall reimburse Landlord for all costs and expenses reasonably incurred by Landlord in repairing such damage.

11. QUIET ENJOYMENT

Landlord covenants that Tenant shall and may, at all times during the Term, peaceably and quietly have, hold, occupy, and enjoy the Premises.

12. LIENS AND MORTGAGES

(a) Tenant's Liens. Tenant shall not (i) by any failure to act or by any act, other than the mere hiring of a material or service provider, allow any materialman's or mechanic's liens, or (ii) by any act or failure to act allow any other liens, deeds of trust, mortgages, or other encumbrances, to be placed on the whole or any portion of the Premises during the term of this Lease.

(b) Non-Disturbance. Landlord may place or leave in place a mortgage on the Premises, but only if Landlord shall have obtained from its mortgagee a written agreement with Tenant, in form and substance satisfactory to Tenant's legal counsel, which agreement (including any extensions, modifications, renewals, consolidations, and replacements thereof) shall be binding on their respective successors and assigns and which provides that so long as Tenant shall not be in default in payment of Rent: (a) Tenant shall not be joined as a defendant in any proceeding which may be instituted to foreclose or enforce the mortgage; (b) Tenant's possession and use of the premises in accordance with the provisions of this Lease shall not be affected or disturbed by reason of the subordination of this Lease to, or any modification of or default, under the mortgage; and (c) the mortgagee will subordinate and subject its respective rights, if any, to any portion of the insurance proceeds otherwise payable to Landlord when and to the extent necessary for Landlord to comply with its obligations of repair and restoration hereunder.

13. INSURANCE

(a) Building Insurance. Throughout the Term, Landlord shall keep the buildings and improvements included in the Premises insured for the "full replacement value" thereof against loss or damage by perils customarily included under standard "all-risk" policies.

(b) Tenant's Liability Insurance. Throughout the Term, Tenant shall maintain commercial general liability insurance, including a contractual liability endorsement, and personal injury liability coverage in respect of the Premises and the conduct or operation of business therein, with Landlord as an additional insured, with limits of not less than $3,000,000 combined single limit for bodily injury and property damage liability in any one occurrence. Each such policy of insurance shall provide that the same will not be canceled without at least 30 days prior written notice to Landlord. On written request by Landlord, Tenant shall deliver to Landlord certificates of insurance, showing that the insurance required to be maintained pursuant to the foregoing provisions of this Section 13(b) is in force and will not be modified or canceled without 30 days prior written notice being furnished to Landlord. Thereafter, not less than 30 days prior to the expiration or termination of each such policy, Tenant shall furnish to Landlord certificates showing renewal of, or substitution for, policies which expire or are terminated. The insurance to be maintained by Tenant pursuant to this Section 13(b) may be effected either by blanket or umbrella policies.

(c) Waiver of Subrogation. A party shall have no claim against the other or the employees, officers, directors, managers, agents, shareholders, partners or other owners of the other for any loss, damage or injury which is covered by insurance carried by such party and for which recovery from such insurer is made, notwithstanding the negligence of either party in causing the loss. The foregoing waiver and release shall not apply, however, to any damage caused by intentionally wrongful actions or omissions. Each party represents that its current insurance policies allow such waiver. Neither Landlord nor Tenant shall obtain or accept any insurance policy which would be invalidated by or which would conflict with this paragraph.

14. INDEMNIFICATION

Except as may otherwise be provided in this Lease, Tenant shall indemnify and hold harmless Landlord, its employees, officers, directors, managers, agents, shareholders, partners or other owners from and against any and all third-party claims arising from or in connection with: (i) the conduct or management of the Premises or of any business thereon, or any condition created in or about the Premises during the term of this Lease, unless created by Landlord or any person or entity acting at the instance of Landlord; (ii) any act, omission or negligence of Tenant or any of its subtenants or licensees or its or their employees, officers, directors, managers, agents, shareholders, partners or other owners, invitees or contractors; (iii) any accident or injury or damage whatever, not caused by Landlord or any person or entity acting at the instance of the Landlord occurring in, at or upon the Premises. Tenant shall have the right to assume the defense of any such third-party claim with counsel chosen by Tenant or by Tenant's insurance company. Tenant shall not be responsible for the fees of any separate counsel employed by the Landlord.

15. OPTIONS TO PURCHASE

Right of First Refusal. Should Landlord during the Term enter into an agreement to sell the Premises, or any portion thereof, ("Sales Agreement") Landlord shall provide to Tenant a written notice of intent to sell ("Notice") with a copy of the Sales Agreement. Tenant shall have and may exercise an option to acquire the Premises, or the portion thereof subject to the Sales Agreement, on the same terms and conditions, other than as to the identity of the purchaser and date for closing, as are set forth in the Sales Agreement. If Tenant does not within 30 days after receiving the Notice and copy of the Sales Agreement give Landlord written notice of Tenant's intention to exercise such option, then subject to and as provided by the Sales Agreement Landlord may sell the Premises or portion thereof covered by the Sales Agreement by no later than the 150th day after receipt by Tenant of the Notice and copy of the Sales Agreement. If Landlord does not timely so sell the Premises or varies the terms of the Sales Agreement, Landlord shall again comply with the terms of this Section 15 as if no Notice had ever been given. If Tenant timely notifies Landlord of its intent to exercise such option, then at such time as Tenant may specify, but no later than 90 days following receipt by Landlord of such notice from Tenant, and at such place within the city or town where the Premises is located as Tenant may specify, or such other place and time and Landlord and Tenant may agree, Tenant shall exercise its option by purchasing, and Landlord shall sell to Tenant, the Premises or portion thereof subject to the Sales Agreement.

16. ENVIRONMENTAL MATTERS

(a) Definitions.

"Environment" means soil, surface waters, groundwater, land, stream sediments, surface or subsurface strata and ambient air.

"Environmental Condition" means any condition with respect to the Environment on or off the Premises, whether or not yet discovered, which could or does result in any Environmental Damages, including, without limitation, any condition resulting from the operation of any business that is or was conducted on the Premises by Landlord or Landlord's predecessors, lessees, sublessees or occupants of the Premises other than Tenant, or on the property of any other property owner or operator in the vicinity of the Premises, or which could or does result from any activity or operation conducted by any person or entity on or off the Premises.

"Environmental Damages" means all claims, judgments, damages (including punitive and consequential damages), losses, penalties, fines, liabilities (including strict liability), encumbrances, liens, costs and expenses of investigation and defense of any claim, whether or not such claim is ultimately defeated, and of any settlement or judgment, of whatever kind or nature, contingent or otherwise, matured or unmatured, and the costs and expenses of remediation, any of which are incurred at any time as a result of (i) the existence of an Environmental Condition on, about or beneath the Premises or migrating to or from the Premises, (ii) the Release or Threat of Release of Hazardous Substances into the Environment from the Premises or (iii) the violation or threatened violation of any Environmental Law with respect to the Premises, regardless of whether the existence of such Hazardous Substances or the violation or threatened violation of such Environmental Law arose prior to, on or after the Commencement Date, and including without limitation:

(i) damages for personal injury, disease or death or injury to property or the Environment occurring on or off the Premises, including lost profits, consequential damages, and the cost of demolition and rebuilding of any improvements;

(ii) diminution in the value of the Premises, and damages for the loss or of restriction on the use of the Premises;

(iii) fees incurred for the services of attorneys, consultants, contractors, experts, laboratories and all other costs incurred in connection with investigation, cleanup and remediation, including the preparation of any feasibility studies or reports and the performance of any cleanup, remedial, removal, abatement, containment, closure, restoration or monitoring work; and

(iv) liability to any person or entity to indemnify such person or entity for costs expended in connection with the items referred to in this paragraph.

"Environmental Laws" means all laws (including rules, regulations, codes, plans, injunctions, judgments, orders, decrees, rulings, and charges thereunder) of federal, state, local, and foreign governments (and all agencies thereof) concerning pollution or protection of the environment, public health and safety, or employee health and safety, including laws relating to emissions, discharges, releases, or threatened releases of pollutants, contaminants, or chemical, industrial, hazardous, or toxic materials, substances or wastes into ambient air, surface water, ground water, or lands or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, or handling of pollutants, contaminants, or chemical, industrial, hazardous, or toxic materials, substances or wastes, including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act, as amended, 42 U.S.C. §9601 et. seq. ("CERCLA"); the Hazardous Materials Transportation Act, as amended, 49 U.S.C. §1801 et. seq.; the Resource Conservation and Recovery Act, as amended, 42 U.S.C. §6901 et. seq.; the Federal Water Pollution Control Act, as amended, 33 U.S.C. §1251 et. seq.; The Clean Air Act, 42 U.S.C. §7404 et. seq., the Occupational Safety and Health Act of 1970, each as amended, and any comparable law of the state in which the Premises is located;

"Hazardous Substance" means any (i) substance, gas, material or chemical which poses or may pose a hazard to human health or safety, (ii) toxic substance or hazardous waste, substance or related material, or any pollutant or contaminant, (iii) asbestos, urea formaldehyde foam insulation, petroleum and petroleum by-products, polychlorinated dibenzo-p-dioxins, polychlorinated dibenzofurans or polychlorinated biphenyls which, in each case, is now or hereafter subject to Environmental Law or (iv) and any other substances defined as "hazardous wastes", "hazardous substances", "toxic substances", "pollutants", "contaminants", or other similar designations, or any other material, the removal, storage or presence of which is regulated or required and/or the maintenance of which is regulated or penalized by Massachusetts General Laws Chapter 21E; The Massachusetts Contingency Plan, 310 CMR 40.00 et seq.; the Resources Conservation Recovery Act, 42 U.S.C. 6901, et seq.; the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. 9601, et seq.; the Toxic Substances Control Act, 15 U.S.C. 2601, et seq.; the Clean Water Act, 33 U.S.C. 1251, et seq.; the Safe Drinking Water Act, 42 U.S.C. 300(f)-300(j) - 10; the Clean Air Act, 42 U.S.C. 7401, et seq.; and rules adopted under such statutes, as well as any permits or licenses issued under such statutes and rules or any other local, state or federal agency, authority or governmental unit.

"Release" means any spilling, leaking, pumping, pouring, emitting, discharging, injecting, escaping, leaching, dumping, disposing, or other entering into the Environment of any Hazardous Substance, whether known or unknown, intentional or unintentional.

"Threat of Release" means a substantial likelihood of a Release which requires action to prevent or mitigate damage to the Environment which may result from such Release and which is required under the Environmental laws.

(b) Representations and Warranties. Landlord represents and warrants to Tenant that, unless otherwise disclosed on Schedule C:

(i) Landlord has no material documents in its possession concerning any Environmental Condition, and Landlord is not aware of any material information relating to any Environmental Condition of the Premises.

(iii) During Landlord's ownership of the Premises:

(A) Landlord has not installed any above ground or underground tanks for storage of Hazardous Substances ("Storage Tanks") at the Premises, nor were any Storage Tanks located at the Premises prior to the time Landlord acquired ownership of the Premises. The Premises do not presently contain and never have contained and are presently free from any underground tanks or pipes ancillary to underground or above-ground tanks (collectively "Tanks"), on the Property, except as disclosed on Schedule C hereto. To the extend there are any Tanks disclosed on Schedule C, such Tanks shall have been properly removed or shall have been legally and property de-commissioned and abandoned and Landlord shall provide written verification of such proper removal or de-commissioning and abandonment within 10 days prior to the Commencement Date.

(B) It has not received any notice of any private, administrative or judicial action, or notice of any intended private, administrative or judicial action, relating to the presence or alleged presence of Hazardous Substances in, under or upon the Premises, or that may have migrated from the Premises and there is no basis for any such notice or action. There are no pending, or to Landlord's knowledge, threatened, actions or proceedings (or notices of potential actions or proceedings) from any governmental agency or any other entity regarding any matter relating to any Environmental Laws.

(C) Landlord has not notified or been made aware of any notice to any environmental agency of a Release at the Premises.

(D) Landlord has not disposed of any Hazardous Substances at the Premises or sent, transported, caused the transportation of or disposed of any waste materials that are not Hazardous Substances, at the Premises.

(E) Landlord, during its ownership and operation of the Premises, has disposed of all wastes it generated from operations conducted at the Premises in compliance with applicable laws and only at off-Premises facilities reasonably believed by Landlord to have necessary permits and approvals.

(F) Landlord has during its ownership and operation of the Premises maintained or kept all records required by law to be maintained or kept relating to the generation, storage, treatment, release and/or disposal of Hazardous Substances.

(G) Landlord has no knowledge of any Release at the Premises.

(c) Environmental Indemnities. Landlord shall indemnify and hold harmless Tenant and any Tenant Indemnitees against any and all Environmental Damages. Tenant shall indemnify Landlord against any loss, cost, damage, claim or expense to Landlord arising out of or related to the presence, use, handling, discharge, release or disposal of Hazardous Substances on, in, under, to or from the Premises introduced by Tenant onto the Premises, provided that Landlord shall have the burden of proving that any such loss, cost, damage, claim or expense arose on account of Hazardous Substances introduced by Tenant onto the Premises.

17. DAMAGE AND DESTRUCTION

In case of damage to or destruction of the Premises or any part thereof by any cause whatever, if Tenant cannot continue the operation of its business in the same manner as prior to such damage or destruction, Tenant by a written notice to Landlord may terminate this Lease unless Landlord, within 20 days following such damage or destruction, has agreed to reconstruct the Premises. Following such damage or destruction and unless and until the termination of this Lease, this Lease shall remain in full force and effect and Tenant shall continue the operation of its business at the Premises if and to the extent the Tenant determines, in Tenant's good faith judgment, that it is reasonably practical to do so. If Landlord agrees to reconstruct the Premises and Tenant does not terminate the Lease on account of such damage or destruction as aforesaid (a) Landlord shall abate and forgive Rent payments which become due from the time of such damage or destruction through the course of the reconstruction to reflect the extent to which Tenant does not conduct its business operation at the Premises, (b) the lease term shall continue and the parties shall continue to be bound by this Agreement, and (c) Landlord shall commence such reconstruction as soon as possible and diligently prosecute such reconstruction through completion. Notwithstanding the foregoing, if Tenant does not elect to terminate, Tenant shall have the right to require Landlord to reconstruct the Premises, in which event the provisions of "(a), (b) and (c) of the preceding sentence shall apply and the building insurance proceeds shall be held for such purpose.

18. CONDEMNATION

(a) Notice. Landlord and Tenant shall each notify the other if it becomes aware that there will or might occur a taking of any portion of the Premises by condemnation proceedings or by exercise of any right of eminent domain (each, a "Taking").

(b) Termination of Lease. In the event of the Taking of the entire Premises, this Lease shall terminate as of the date of such Taking. If there occurs a Taking of a portion of the Premises such that the remainder of the Premises shall not, in Tenant's reasonable opinion, be adequate and suitable for the conduct of Tenant's business as conducted prior to such Taking, then Tenant may, at its option, terminate this Lease.

(c) Continuation of Lease. If there is a Taking of a portion of the Premises and this Lease is not terminated pursuant to Section 18(b) hereof, then this Lease shall remain in full force and effect, except that appropriate adjustments shall be made to, and in respect of, the Premises and Rent, and Landlord shall proceed with due diligence to perform any work necessary to restore the remaining portions of the Premises to the condition that they were in immediately prior to the Taking, or as near thereto as possible.

(d) Condemnation Award. Any award resulting from any Taking of the Premises for the value of Tenant's leasehold prior to the Taking, or Tenant's personal property, fixtures, relocation costs or loss of goodwill shall be the property of Tenant. All of any award resulting from any such Taking not specifically reserved to Tenant shall be the property of Landlord.

19. DEFAULT BY LANDLORD

Notwithstanding any other provision of this Lease, if the Landlord by any act or omission in breach or default of this Lease renders the Premises or any portion thereof untenantable or unfit for Tenant's business operations, then (a) if such untenantability or unfitness continues for a period of five consecutive days after Tenant notifies Landlord in writing thereof, all Rent shall abate for the period that the Premises remain untenantable or unfit to the extent that the Premises have been rendered untenantable or unfit; and (b) if such untenantability or unfitness continues for a period of 30 consecutive days after Tenant notifies Landlord in writing thereof, Tenant may (i) terminate this Lease at any time thereafter by delivering written notice to Landlord thereof, or (ii) cure same and deduct the cost from Rent.

20. DEFAULT BY TENANT

It shall constitute an Event of Default if Tenant shall fail to perform or comply with any term of this Lease, including the payment of Rent, and such failure shall in the case of a default in the payment of rent continue for a period of 10 days (30 days for all other defaults) after Tenant's receipt of written notice thereof from Landlord specifying such failure and requiring it to be remedied; provided, however, that if any such failure, other than the failure to pay Rent, cannot with due diligence be remedied by Tenant within a period of 30 days, if Tenant commences to remedy such failure within such 30 day period and thereafter prosecutes such remedy with reasonable diligence, the period of time for remedy of such failure shall be extended so long as Tenant prosecutes such remedy with reasonable diligence. Following the occurrence of any Event of Default, Landlord may terminate this Lease and have immediate possession of the Premises, in addition to any other remedies allowed by law.

21. SURRENDER; HOLDOVER

At the end of the Term or upon termination of this Lease, whichever first occurs, Tenant shall quit and surrender possession of the Premises to Landlord vacant and broom clean. If Tenant remains in possession of the Premises after the end of the Term, then Tenant shall be deemed to be a tenant from month to month only, under all of the same terms and conditions of this Lease then in effect, except as to the duration of the Term.

22. BROKERAGE

Landlord and Tenant each represents and warrants to the other that it had no conversations or negotiations with any broker or finder concerning the consummation of this Lease. Landlord and Tenant shall each indemnify and hold harmless the other from and against any claims for brokerage commissions or finder's fees (together all related expenses, including, without limitation, reasonable attorneys' fees) resulting from or arising out of any conversations or negotiations had by it with, or any agreement between it and, any broker or finder in connection with this Lease, other than a broker identified above. In the event there is a broker, Landlord shall pay all brokerage commissions.

23. ASSIGNMENT AND SUBLETTING

Except as set forth herein, Tenant shall not assign this Lease without the Landlord's prior written consent, which consent, however, shall not be unreasonably withheld nor delayed. Notwithstanding the foregoing, Tenant may, without the Landlord's consent: (a) sublet not more than 50% of the Premises; (b) assign or sublet this Lease to any entity or affiliate more than 50% owned or controlled by Tenant, to any entity which owns or controls more than a 50% interest in Tenant or to any entity under common control with Tenant. A merger or consolidation to which Tenant or any successor to Tenant is party shall not constitute an assignment requiring consent of Landlord.

24. MISCELLANEOUS

(a) Governing Law. This Lease shall be governed by and construed in accordance with the laws of the State in which the Premises is located.

(b) Certain Definitions.

"Including" means including without limitation.

"Tenant Indemnitee" means any corporation, individual or other entity (a) of which Tenant is a direct or indirect subsidiary of any tier, or that directly or indirectly controls Tenant, (b) that is a direct or indirect subsidiary of any tier of Tenant, or (c) that is under direct or indirect common control with Tenant.

(c) Indemnification Matters Involving Third Parties. With respect to the obligation of either party to indemnify pursuant to this Lease:

(1) If any claim or demand for which an Indemnifying Party would be liable to an Indemnified Party is asserted against or sought to be collected from the Indemnified Party by a third party, Indemnified Party shall with reasonable promptness notify in writing the Indemnifying Party of such claim or demand stating with reasonable specificity the circumstances of the Indemnified Party's claim for indemnification; provided, however, that any failure to give such notice will not waive any rights of the Indemnified Party except to the extent the rights of the Indemnifying Party are actually prejudiced. After receipt by the Indemnifying Party of such notice, then upon reasonable notice from the Indemnifying Party to the Indemnified Party, or upon the request of the Indemnified Party, the Indemnifying Party shall defend, manage and conduct any proceedings, negotiations or communications involving any claimant whose claim is the subject of the Indemnified Party's notice to the Indemnifying Party as set forth above, and shall take all actions necessary, including, but not limited to, the posting of such bond or other security as may be required by any governmental authority, so as to enable the claim to be defended against or resolved without expense or other action by the Indemnified Party. Upon request of the Indemnifying Party, the Indemnified Party shall, to the extent it may legally do so and to the extent that it is compensated in advance by the Indemnifying Party for any costs and expenses thereby incurred,

(a) take such action as the Indemnifying Party may reasonably request in connection with such action,

(b) allow the Indemnifying Party to dispute such action in the name of the Indemnified Party and to conduct a defense to such action on behalf of the Indemnified Party, and

(c) render to the Indemnifying Party all such assistance as the Indemnifying Party may reasonably request in connection with such dispute and defense.

(2) In any action or proceeding, the Indemnified Party shall have the right to retain its own counsel, but, in the event the Landlord is the Indemnified Party, Landlord shall have the right to retain only one counsel on behalf of all the Landlord; but the fees and expenses of such counsel shall be at its own expense unless (i) the Indemnifying Party and the Indemnified Party shall have mutually agreed to the retention of such counsel or (ii) the named parties to any suit, action or proceeding (including any impleaded parties) include both the Indemnifying Party and the Indemnified Party and representation of all parties by the same counsel would be inappropriate due to actual or potential conflict of interests between them.

(3) An Indemnifying Party shall not be liable under this lease for any settlement effected without its consent of any claim, litigation or proceeding in respect of which indemnity may be sought hereunder.

(4) The Indemnifying Party may settle any claim without the consent of the Indemnified Party, but only if the sole relief awarded is monetary damages that are paid in full by the Indemnifying Party. The Indemnified Party shall, subject to its reasonable business needs, use reasonable efforts to minimize the indemnification sought from the Indemnifying Party under this Agreement.

(d) Consents and Approvals. If, pursuant to any provision of this Lease, the consent or approval of either party is required to be obtained by the other party, then, unless otherwise provided herein, the party whose consent or approval is required shall not unreasonably withhold, condition or delay such consent or approval.

(e) Rights and Remedies. All rights and remedies of either party expressly set forth herein are intended to be cumulative and not in limitation of any other right or remedy set forth herein or otherwise available to such party at law or in equity. Notwithstanding the foregoing, in no event shall either party be liable to the other for consequential or punitive damages, except as otherwise provided in this Lease.

(f) No Waiver. The failure of either party to seek redress for a breach of, or to insist upon the strict performance of any covenant or condition of this Lease, shall not prevent a subsequent act which would have originally constituted a breach from having all the force and effect of an original breach. The receipt by Landlord of Rent with knowledge of the breach of any covenant of this Lease by Tenant shall not be deemed a waiver of such breach and no provision of this Lease shall be deemed to have been waived by Landlord unless such waiver is in writing and signed by Landlord. The payment by Tenant of Rent with knowledge of the breach of any covenant of this Lease by Landlord shall not be deemed a waiver of such breach and no provision of this Lease shall be deemed to have been waived by Tenant unless such waiver is in writing and signed by Tenant.

(g) Successors and Assigns. Each and all of the terms and agreements herein contained shall be binding upon and inure to the benefit of the parties hereto, and their heirs, legal representatives, successors and assigns. Any sale or transfer of the Premises by Landlord during the term of this Lease shall be made by an instrument that expressly refers to this Lease as a burden upon the Premises.

(h) Recording. Tenant may record this Lease, a short form thereof, or a memorandum thereof. Landlord will cooperate with Tenant in the execution and delivery of such documents (including a memorandum or short form of this lease or comparable documents) as may be required to effectuate the foregoing in accordance with the requirements, customs and practices governing such recordation.

(i) Notices. All notices required hereunder shall be in writing and shall be effective when delivered to the address set forth below (or to such other addresses as either party may subsequently designate).

TENANT:

S&A Purchasing Corp.
c/o Universal Supply Group, Inc.
275 Wagaraw Road
Hawthorne, NJ 07506
Attn: Mr. William Pagano

LANDLORD:

S&A Realty, Inc.
c/o Brian Mead
8 Hillside Avenue
Gr. Barrington, MA 01230

(j) Entire Agreement; Modifications. This Lease contains the entire agreement between the parties concerning the matters set forth herein and may not be modified orally or in any manner other than by an agreement in writing signed by all the parties hereto or their respective successors in interest. Notwithstanding the foregoing, Tenant's remedies hereunder and under the Stock Acquisition Agreement shall be cumulative and not exclusive.

(k) Joint and Several Obligations. If Landlord includes more than one person or entity, the obligations shall be joint and several of all such persons and entities.

IN WITNESS WHEREOF, the parties hereto have duly executed this Lease as of the day and year first above written.

LANDLORD:

S&A REALTY, INC.
By: /s/ Brian Mead
Brian Mead, President

TENANT:

S&A PURCHASING CORP.
By: /s/ William Pagano
William Pagano, President

Schedule A

DESCRIPTION OF PREMISES

The following described land in Berkshire County, State of Massachusetts, commonly referred to as 40 Maple Avenue, together with all buildings thereon and appurtenances thereto:

Consisting of approximately 3,290 square feet located at 40 Maple Avenue, Great Barrington, Massachusetts, as further described in Schedule A-1 annexed hereto.

Schedule B

ADDITIONAL PROVISIONS TO LEASE

Annual Fixed Rent in Initial Term and Renewal Terms

1. The "Annual Fixed Rent" for the first year of the Initial Term shall be the sum of forty thousand dollars ($40,000) per year, or three thousand three hundred thirty three dollars and thirty three cents ($3,333.33) per month.

2. Every year, starting with the second year, the Annual Fixed Rent shall be adjusted upward, but never decreased, pursuant to the provisions hereof.

3. For the purposes of this Schedule, the following terms have the following meanings:

"Index"	The Consumer Price Index—All Urban Consumers for New York-Northern New Jersey-Long Island, NY-NJ-CT-PA—All Items, published by the United States Bureau of Labor, and any successor thereto (1982 – 1984 = 100)
"Base Month"	September 2007
"Comparison Month"	September 2008 and every September thereafter

4. The Annual Fixed Rent for the second year of the Initial Term shall be forty thousand dollars ($40,000) per year, increased by the percentage of increase of the Index of the Comparison Month (September 2008 and every September thereafter) over the Base Month (September 2007).

   Example

   Assume that the Index for September 2008 shows a three percent (3%) increase over the Index for September 2007. The Annual Fixed Rent for the second year is forty one thousand two hundred dollars ($41,200).

5. The same procedure shall be followed every year throughout the Initial Term and the Renewal Terms, with the applicable percentage of increase to be multiplied times the Annual Fixed Rent for the year just concluded.

6. Because the Index is not published until after the close of a month, the adjustment in Annual Fixed Rent shall be made when the Comparison Month's Index is published and Landlord presents to Tenant the comparison figure and computation of adjustment of Annual Fixed Rent; and any increase for months already lapsed since the end of the prior year shall be added to the next installment of Annual Fixed Rent.

7. In the event that the Index is discontinued, the parties shall agree upon an equivalent and substituted Index to be applied in the same manner.

LANDLORD:	TENANT:
S&A REALTY, INC.	S&A PURCHASING CORP.
By: /s/ Brian Mead Brian Mead, President	By: /s/ William Pagano William Pagano, President

Schedule C

Underground Tanks or Pipes Ancillary to Underground or Above-Ground Tanks

This Agreement, dated September 10, 2007 (the "Agreement"), is entered into by and among S&A Realty, Inc. ("Landlord" or "S&A Realty"), S&A Purchasing Corp. ("Tenant" or "S&A"), a New York corporation and Colonial Commercial Corp. ("Colonial"), a New York corporation and the sole shareholder of S&A.

Landlord and Tenant entered into that certain lease agreement dated September 10, 2007 for the premises located at 40 Maple Avenue, Great Barrington, Massachusetts (the "Lease Agreement") in connection with the purchase by S&A of the assets set forth in that certain Asset Purchase Agreement dated by and among S&A, S&A Realty and the other signatories thereto.

For good and valuable consideration received by each party from the other, the parties covenant and agree as follows:

In the event Tenant fails to perform any of its obligations in accordance with the terms of the Lease Agreement, Landlord shall provide Tenant written notice ("Failure Notice") specifying such failure and requiring such failure be remedied in accordance with the terms of the Lease Agreement. Colonial hereby agrees to perform such failed obligation on behalf of the Tenant in the event Tenant shall have failed to remedy such failure in accordance with the prior sentence and Landlord provides Colonial with a written notice specifying the obligation that Tenant failed to cure along with a copy of the Failure Notice.

In the event Tenant contests any of the matters set forth in a Failure Notice, Tenant and Landlord shall resolve such dispute exclusively by arbitration by the American Arbitration Association in Great Barrington, Massachusetts. Notwithstanding anything set forth in this Agreement, in the event a Failure Notice is arbitrated in accordance with this subsection, Colonial's obligations under this Agreement shall be subject to the finding of Tenant's failure to perform by such arbitration.

(REST OF PAGE INTENTIONALLY LEFT BLANK)

LANDLORD:	TENANT:	COLONIAL:
S&A REALTY, INC.	S&A PURCHASING CORP.	COLONIAL COMMERCIAL CORP.
By: /s/ Brian Mead Name: Brian Mead Title: President	By: /s/ William Pagano Name: William Pagano Title: President	By: /s/ William Pagano Name: William Pagano Title: Chief Executive Officer

Lease Addendum
Number 1

Landlord and Tenant agree that any environmental hazard, including but not limited to contamination or hazardous waste, caused by or related to the disclosures in the environmental reports dated August 20, 2007 and September 7, 2007, attached hereto, shall be the sole liability of the Landlord.

LANDLORD:	TENANT:	COLONIAL:
S&A REALTY, INC.	S&A PURCHASING CORP.	COLONIAL COMMERCIAL CORP.
By: /s/ Brian Mead	By: /s/ William Pagano	By: /s/ William Pagano
Name: Brian Mead	Name: William Pagano	Name: William Pagano
Title: President	Title: President	Title: Chief Executive Officer

38 Chapel Court
Pine Bush, New York 12566
Tel. 845-744-3705
Fax. 845-744-5464
E-mail: budgoing@frontiernet.net

August 20, 2007

Mr. William Pagano, President
Universal Supply Group Inc.
275 Wagaraw Road
Hawthorne, New Jersey 07506

RE: Summary of Findings for Phase I Environmental Site Assessment
Commercial Property 20 and 40, Maple Avenue, Great Barrington, Massachusetts

Dear Mr. Pagano:

At your request, William L. Going & Associates, Inc. is conducting a Phase I ESA of commercial property situated at 20 and 40, Maple Avenue, Great Barrington, Massachusetts. We have determined that there are "*recognized environmental conditions*" onsite and that there should be some additional investigation in order to determine whether or not these conditions have caused any significant impact to subject property.

Specifically, historical sources indicate that a 6,000 gal. underground fuel oil storage tank (UST) and a 2,000 gal. fuel oil UST were reportly closed in place in 1992 without any documentation of soil conditions before or after UST removal. We also find one (1) 275 gal. aboveground fuel oil storage tank (AST) and one (1) 330 gal. fuel oil AST in service at subject property (without any means of secondary containment).

These "*recognized environmental conditions*" represent potential environmental liability until they have been thoroughly investigated. We recommend the installation of strategic test pits and/or soil borings and subsequent soil and/or groundwater analysis.

We will issue the complete Phase I ESA (with attachments) in about two weeks. Meanwhile, if there are any technical questions for us, or if further elaboration is required, please do not hesitate to contact us at (845) 744-3705. Thanks for the opportunity to be of service.

Sincerely,

/s/ William L. Going

William L. Going, Principal

38 Chapel Court
Pine Bush, New York 12566
Tel. 845-744-3705
Fax. 845-744-5464
E-mail: budgoing@frontiernet.net

September 7, 2007

Mr. William Pagano, President
Universal Supply Group Inc.
275 Wagaraw Road
Hawthorne, New Jersey 07506
E-mail: wpagano@usginc.com

RE: **Phase I Environmental Site Assessment: "S&A Supply Inc."**
20 & 40 Maple Avenue, Great Barrington, Massachusetts

Dear Mr. Pagano:

William L. Going & Associates, Inc. is pleased to submit this Phase I Environmental Site Assessment of commercial properties situated at 20 and 40 Maple Avenue, Great Barrington, Berkshire County, Massachusetts. This assessment has been conducted pursuant to ASTM E1527-05. The objective of this assessment was to identify *"recognized environmental conditions"* associated with a range of contaminants within the scope of Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) and petroleum products. The term *"recognized environmental conditions"* means the presence or likely presence of any hazardous substances or petroleum products on a property under conditions that indicate an existing release, a past release, or a material threat of a release into the structures on the property or into the ground, groundwater, or surfacewater of the property. This assessment is not intended to address *de minimus* conditions that generally do not represent a material risk of harm to public health or the environment and generally would not be the subject of enforcement action if brought to the attention of appropriate regulatory agencies.

Included in this letter report under the heading **"Attachment A"** are topographic area map, neighborhood aerial photograph, municipal tax map, photographs of the property, portion of assessor's file, historical USGS topographic area maps (1897, 1946, 1995), Sanborn® Fire Insurance Maps (1923, 1947), historical aerial photographs (1942, 1952, 1970, 1987, 2006), a Massachusetts Department of Public Safety, Division of Fire Prevention tank removal permit (1992), a city directory compiled by Environmental FirstSearch™ (August 2007), an Environmental Questionnaire completed by Mr. Brian Mead (August 2007), and an environmental database compiled by Environmental FirstSearch™ (August 2007).

Phase I Site Inspection

Subject properties are located at 20 and 40 Maple Avenue, Town of Great Barrington, Berkshire County, Massachusetts [topographic map, tax map, and photos]. 20 Maple Avenue [22.0-0-2], herein called Lot 2, is 1.63 acres in size, irregular in shape, and generally level. Lot 2 is classified as *commercial;* more specifically, *retailplumbing supplies,* in the Town of Great Barrington Assessment Role. 40 Maple Avenue [22.0-0-6], herein called Lot 6, is 0.36 acre in size, irregular in shape, and slopes gently northwest to southeast. Lot 6 is classified as *commercial;* more specifically, *retailstore*, *plumbing fixtures,* in the Town of Great Barrington Assessment Role. No portion of subject is federal, state, or tribal land.

Nearby land use and improvements are residential and commercial along a mixed-use corridor. Adjacent property includes: Roy Birches Funeral Home to the north, residential and commercial (Agway) to the south, residential and commercial (former Condor Chevrolet, Dunkin Donuts, Strip Mall) to the east, and the Housatonic Railroad tracks and residential property to the west. There does not appear to be any property directly upgradient of subject that would threaten or compromise the environment of subject. No *"recognized environmental conditions"* were obvious on adjacent land; however, we observed deposits of discarded bagged trash, used tires, scrap metal and wood, and two scrap auto gasoline tanks on the Condor Chevrolet property.

Lot 2 is improved with four commercial buildings, which provide retail and storage space for S&A Supply Inc. (plumbing/electrical wholesaler). We observed a paved outdoor storage yard that contained piping, new 275 gal. fuel oil tanks (for retail sale), and electrical wire. A paved driveway provides access from Massachusetts Avenue to the storage yard and buildings. Lot 6 is improved with one commercial building, which houses a plumbing fixture showroom for S&A Supply Inc. A paved driveway provides access from Massachusetts Avenue to a paved parking area.

Lot 2 contains the main commercial building and three supporting warehouses. The main building, herein called Building 1, is a 2-story wood frame structure over slab and crawl space. This building is serviced by municipal water and sewer systems and electric utilities, and is heated with fuel oil. The structure houses offices, racks of plumbing and electrical supplies, and sales counter space for S&A Supply.

The first warehouse, herein called Building 2, is a 1-story “pole barn” style building over concrete slab. This building is serviced by electric utilities but is not heated. This structure houses racks of plumbing supplies.

The second warehouse, herein called Building 3, is a 1-story “pole barn” style building over asphalt. This building [situated in the northeast corner of the site] is serviced by electric utilities but is not heated. This structure houses racks of plumbing and electrical supplies.

The third warehouse, herein called Building 4, is a 1-story structure situated in the southeast corner of the site. It can be described as a shed attached to a warehouse. The shed is a wood frame building over a concrete slab; the warehouse is a pre-engineered metal building over a concrete slab. This structure is serviced by electric utilities and is heated with fuel oil.

Solid waste generated at the site is best characterized as commercial garbage, including paper, cardboard, and wood packing material, all of which is removed by Allied Waste Services. Based on the age of Building 1, it is possible that painted surfaces contain lead-based paint and that the roofing materials contain asbestos. Painted surfaces were in good condition and the roofing materials were non-friable.

Lot 6 contains a plumbing fixture showroom. The plumbing fixture showroom is a converted assemblage of 1 ½ -story residence, a 1-story garage and a connecting addition. These structures are wood frame construction. The showroom is serviced by municipal water and sewer systems and electric utilities, and is heated with fuel oil and/or natural gas.

We observed three (3) aboveground fuel oil storage tanks (ASTs) onsite; specifically, Building 1 is serviced by a 275 gal. AST, Building 4 is serviced by a 330 gal. AST, and the showroom is serviced by a 275 gal. AST. There was no secondary containment associated with any of the ASTs. There were no noticeable leaks or drips or stains in the vicinity of the ASTs.

We observed small containers of adhesives, cleaners, sealers, and water treatments packaged for retail sale, and there were no noticeable leaks from any of these containers.

We observed floor drains in the north section of Building 1. The owner reports that the north section is the original section of the building, which was historically utilized for the storage and transportation of raw milk, and he asserts that the drains are connected to the municipal sewer.

The owner (Mr. Mead) reports that there are no underground chemical storage tanks or drywells or sumps or pits on the property, and we did not observe evidence of such. There is no current or historic evidence of generation, storage or disposal of hazardous chemical waste onsite. There was no obvious sign of significant chemical release to the site or to the local environment.

Site History and Other Relevant Information

We examined the Town of Great Barrington Assessor’s records, Great Barrington Building Department records, Great Barrington Health Department records, historical USGS topographical area maps, historical Sanborn® Fire Insurance Maps, historical aerial photographs and historical city directories. We interviewed the Building Inspector (Edwin A. May), the Fire Chief (Harry Jennings), the Health Department Agent (Mark Pruhenski), and the owner of S&A Supply and subject property (Brian Mead). This work serves to establish that Lot 2 was improved in 1930 with the construction of the north section of Building 1. Prior to 1930, Lot 2 was apparently an unimproved lot. Lot 6 was improved in 1850 with the construction of the majority of the converted residence we see today. Prior to 1850, Lot 6 was apparently an unimproved lot.

Municipal records establish ownership of Lot 2 as follows: Mr. Collins prior to 1924, Dairymen’s League Co-Operative Inc. in 1924, Dairylea Co-Operative Inc. and Richard J. Aloisi in 1972, and current owner S&A Supply Inc. in 1976. Municipal records also indicate that Lot 2 was improved with the construction of the north section of Building 1 in 1920, the central section of Building 1 in the mid 1970s, the warehouse portion of Building 4 in 1978, Building 3 in 1981, Building 2 and the south section of Building 1 in 1989.

Municipal records establish ownership of Lot 6 as follows: Henry J. Van Lennep prior to 1984, Elaine N. Allen in 1984, and current owner S&A Supply Inc. in 1995. Municipal records also indicate that the residence was remodeled in 1981. The owner indicated that the showroom was renovated in May 2007.

The 1897 issue of the USGS area map depicts Lot 2 and north adjacent property as unimproved land; Lot 6, south, and east adjacent property as residential, and west adjacent property as a New York, New Hampshire & Hartford Railroad (Berkshire Division). The 1946 issue of the USGS area map depicts the north section of Building 1 on Lot 2, and Lot 6 and adjacent property as largely unchanged.

Sanborn® Fire Insurance Maps (1923 and 1947) were reviewed. The 1923 map presents Lot 2 and north adjacent as undeveloped, Lot 6 as residential with three auxiliary structures (i.e. garages and or sheds), south adjacent property as "Colonial Inn", west adjacent property as "N.Y. N.H. & H. RR" *(New York, New Hampshire & Hartford Railroad)*, and east adjacent as residential. The 1947 map presents Lot 2 as improved with three structures: a non-descript auxiliary building, a building labeled "Grains" with occupant listed as "Eastern States Farmers Exchange", and the north section of Building 1 labeled "Dairy" with occupant listed as "Dairymen's League". The 1947 map also presents Lot 6 as residential and adjacent property as largely unchanged.

Historic aerial photos (1942, 1952, 1970, 1986, and 2006) were also carefully reviewed. Lot 2 featured one structure in 1942 and three structures in 1952. These aerials also establish that Lot 6, south, and east adjacent properties were improved (apparently residential), west adjacent property was a railroad right-of-way, and north adjacent property was wooded and undeveloped. The 1970 aerial photo was not clear or useful. The 1987 aerial establishes that Lot 2 was improved with three structures (north and central sections of Building 1, Building 3, and warehouse section of Building 4) and that Lot 6 was unchanged. This photo establishes that north adjacent property was improved with two structures, south adjacent property was improved with one structure that appears similar to the present Agway building, east adjacent property was improved with one structure that appears similar to the present auto dealership, and west adjacent property as railroad right-of-way. The 2006 aerial depicts the addition of Building 2, the shed portion of Building 4, and the south portion of Building 1 on Lot 2. This aerial depicts Lot 6 and adjacent property as largely unchanged, except for another addition to the structure that appears similar to the present Agway building.

Historic site-specific city directories (1907, 1913-14, 1920-21, 1926-28, 1932-34, 1940 42, 1947-49, 1955-56, 1963-64, 1992, 1997, 2002, and 2007) compiled by Environmental FirstSearch™ were also reviewed. These city directories provide a property occupant/use list for subject and four addresses "up" and "down" Massachusetts Avenue. The city directories indicate that Lot 2 (20 Maple Ave.) was not listed from 1907 through 1992, but was occupied by S&A Supply Inc. from 1992-2007. Lot 6 (40 Maple Ave) was listed as vacant in 1907 and residential from 1913-1992. Businesses along Maple Avenue included Central Dairy Co and Eastern States Farmers Exchange in the 1932; Dairyman's League Cooperative Association Inc. from 1940-1954; and Dairyman's League Cooperative Association Inc. Milk in 1963. South adjacent properties were occupied by Mrs. Ella M. Stiles Boarding & Lodging in 1907, Colonial Inn in 1913, Collins Inn in 1920, Colonial Inn and John B. Hyatt in 1926, Hotel Bartime and William E. Darling in 1932, Coach Lamp Inn and multiple residences and Eastern States Farmers Exchange in 1940, Colonial Inn, Albert E. Martin and Eastern States Farmers Exchange in 1947; The Berkshire Chalet Inn and Eastern States Farmers Exchange in 1963; and Agway Inc. from 1992-2007. East adjacent property was not listed from 1907-1963, but was occupied by Condor Rental Co. in 1992, Condor Chevrolet in 1997, and Condor Chevrolet Pontiac Buick Oldsmobile in 2007. West adjacent property was occupied by N.Y., N.H & H. RR Crossing from 1907-1920, and N.Y., N.H & H. RR Crosses at Grade in 1926. North adjacent property was not listed in city directories.

The Building Inspector, the Fire Inspector, and the Health Department Agent indicated that neither they nor their departments have knowledge of any *"recognized environmental conditions"* associated with subject property. Building Department files contain reports of building code inspections, various building permits, and “certificates of occupancy”. Site-specific building and health department files did not contain any reference to hazardous chemicals or petroleum products. Site-specific fire department files did not contain any reference to hazardous chemicals, but did contain a detailed permit to close-in-place one 6,000 fuel oil UST and one 2,000 gal. fuel oil UST.

The owner (Mr. Mead) informed us that there are two (2) closed-in-place, former underground fuel oil storage tanks (6,000 and 2,000 gal.) partially situated under the central section of Building 1. Mr. Mead provided us with a copy of a Massachusetts Department of Public Safety, Division of Fire Prevention permit application for tank removal. This application, Fire Department Identification Number 03113, dated July 8, 1992, listed the applicant as Joe Wilkinson Excavating, Inc., and was approved by Great Barrington Fire District Chief Cavanaugh. The application indicates that the substance lasted stored in the tanks was fuel oil, and provides a site sketch showing the approximate location of the two USTs in relation to Building 1. The sketch contained the following note: ‘Two fuel oil tanks located under main building were filled in place with a concrete slurry mix’. There are no records or soil chemistry data available; soil condition in the vicinity of these USTs is undocumented.

Mr. Brian Mead informs us that he is not aware of any environmental liens, engineering controls, or institutional controls associated with the property. Mr. Mead further informs us that S&A Supply has utilized Lot 2 since 1976 and Lot 6 since 1995. Mr. Mead asserts that he has no specific knowledge of generation, storage or disposal of hazardous chemicals, or chemical spills, or obvious indicators of contamination, or environmental cleanups at subject property.

MADEP and USEPA databases have been examined for reports of hazardous chemical spills or releases within one mile of subject property and for potential sites that may have impacted subject property. There is one Comprehensive Environmental Response Compensation and Liability Information System (CERCLIS) no Further Remedial Action Planed (NFRAP) site, one Resource Conservation and Recovery Act Corrective Action Generator (RCRAGN), twenty-one sites with known chemical or petroleum contamination (STATE), twenty-nine reported spills (SPILLS), eleven reported leaking tanks (LUST), two registered facilities with underground storage tanks (REG UST), ten facilities listed in the Area of Critical Environmental Concern (STATE ACEC), four facilities listed in the Facility Index System (FINDS), one facility listed in the Hazardous Material Incident Response System (HMIRS), and two facilities reporting releases of less than reportable volumes (OTHER), within one mile of subject property.

There are no federal or state environmental records suggesting that subject property has been impaired in any way. Furthermore, there has not been any report of chemical release at subject property or at any adjacent property. The environmental profile indicates that there are neither environmental liens against the property nor any Activity and Use Limitations (AULs) associated with subject property. Subject was not in listed in the MADEP Voluntary Cleanup Program or the Brownfields Program. Relevant portions of the environmental profile are included in Attachment A.

Conclusions and Recommendations

We conclude, based on the results of this ASTM Phase I assessment process and our professional judgment (taking into account applicable professional practices currently utilized in surveying and assessing this type of property), that the presence of several fuel oil ASTs, the undocumented abandonment of former fuel oil USTs, and numerous environmental incidences (including chemical storage, leaks and spills) represent *"recognized environmental conditions"* that require additional investigation

The Phase I environmental assessment process is intended to identify *"recognized environmental conditions"* that require additional investigation. This does not mean that subject property is contaminated, only that, based on the consulting industry's collective experience, there is the possibility of a past release, an existing release, or a material threat of a release into the structures on subject property or into the ground, groundwater, or surfacewater of subject property. Additional investigation [Phase II] is intended to resolve any question of impairment or liability. The soil or groundwater chemistry data that are normally the result of Phase II sampling would become the basis for definitive environmental conclusions, and the end point for "environmental due diligence".

We recommend installation of test pits [10'-14' deep] in the vicinity of the closed-in-place fuel oil USTs, as well as along the upgradient and downgradient perimeters of the property. Representative samples of soil and/or groundwater should be analyzed for volatile and semi-volatile organic compounds, selected metals, pesticides and PCBs. Chemistry results should be compared to MADEP soil cleanup guidelines. This would serve to establish a current environmental baseline for subject property.

We suggest that the fuel oil ASTs onsite be retrofitted with secondary containment and that they be routinely inspected and maintained so as to prevent product release. This suggestion represents best management practice.

The environmental assessment that we have completed conforms to industry-wide standards. Investigations and direct observations notwithstanding, we do not warrant that there are absolutely no toxic or hazardous chemical contamination at the subject property, nor do we accept any liability if such are found at some future time, or could have been found if additional sampling had been conducted. In view of the rapidly changing status of environmental laws, regulations, and guidelines, we cannot be responsible for changes in laws, regulations, or guidelines that occur after the study has been completed and which may affect the subject property.

William Going & Associates, Inc. has prepared this report for Universal Supply Group Inc. (Client), although it is based in part on information obtained from third parties not within the control of either client or William Going & Associates. While it is believed that the third-party information contained herein is reliable, we do not guarantee the accuracy thereof.

Our website [williamgoingassociates.com] presents the author's resume. If there are questions pertaining to this report, please contact the undersigned.

Sincerely,

/s/ William L. Going

William L. Going, Principal

ATTACHMENT A

USGS Topographic Locator Map
Neighborhood Aerial Photograph
Municipal Tax Map
Photographs of Subject Property
Portion of Assessor's File
Historical USGS Topographic Area Maps (1897, 1946, 1995)
Sanborn® Fire Insurance Maps (1923, 1947)
Historical Aerial Photographs (1942, 1952, 1970, 1987, 2006)
Environmental FirstSearch™ Site-Specific City Directories:
1907, 1913-14, 1920-21, 1926-28, 1932-34, 1940-42, 1947-49, 1955-56, 1963-64,
1992, 1997, 2002, 2007 (August 2007)
Massachusetts Department of Public Safety, Division of Fire Prevention,
Tank Removal Permit (1992)
Environmental Questionnaire Completed By Mr. Brian Mead (August 2007)
Environmental FirstSearch™ ASTM Environmental/Statistical Profile (August 2007)

EXHIBIT 10.03
Pittsfield
1311 East Street

LEASE

This lease, dated as of September 10, 2007, ("Lease") is by and between S&A Realty, Inc., a Massachusetts corporation ("Landlord") and S&A Purchasing Corp., a New York corporation ("Tenant").

TERMS

For good and valuable consideration received by each party from the other, the parties covenant and agree as follows:

1. PREMISES

(a) Landlord's Authority. Landlord represents and warrants that it is the sole owner of the land, buildings and equipment described on Schedule A attached hereto, together with all buildings, improvements, facilities and fixtures located on the land, and any easements, rights of access and other property rights necessary to allow Tenant unobstructed use and occupancy of the foregoing (the "Premises"). Landlord represents and warrants that it has full right and authority to lease the Premises to Tenant and to otherwise enter into this Lease on the terms and conditions set forth herein, and that the provisions of this Lease do not conflict with or violate the provisions of existing agreements between the Landlord and third parties.

(b) Lease of Premises. Landlord hereby leases the Premises to Tenant, and Tenant hereby leases the Premises from Landlord. The Premises are leased to Tenant together with all singular appurtenances, rights and privileges in or otherwise pertaining thereto.

(c) Landlord's Access. Landlord and its authorized agents or representatives shall have reasonable access to the Premises during Tenant's normal business hours on not less than four hours notice to Tenant. In the event of any emergency giving rise to the threat of damage or injury to life or property, Landlord may enter the Premises without notice.

2. TERM

(a) Lease Commencement. The term of this Lease shall commence on September 10, 2007 (the "Commencement Date"), or the date possession of the Premises is delivered to Tenant in accordance with this Lease or any riders attached hereto.

(b) Initial Term. The initial term of this Lease (the "Initial Term") shall be 5 years, commencing on the Commencement Date. Hereinafter, "Term" shall mean the Initial Term and any extension thereof.

(c) Extension Term. Tenant shall have the option to extend the term of this Lease for 3 periods of 5 years each (each such period defined as a "Renewal Period"), on the same terms and conditions (except for Annual Fixed Rental, which shall be subject to adjustment as provided on Schedule "B" annexed hereto) as herein contained. Tenant may exercise each of the 5 year option periods by giving written notice to Landlord not less than 180 days prior to the expiration date of the Initial Term or the Renewal Term, as the case may be.

3. RENT

(a) Rent. Tenant shall pay Landlord the Annual Fixed Rental as set forth on Schedule B annexed hereto, in equal monthly installments, on the first day of each and every calendar month, beginning October 1, 2007, until the expiration of the term of this Lease and any Renewal Term. The Annual Fixed Rental plus any additional rent due under this lease is hereinafter sometimes referred to as "Rent". Rent for partial months at the beginning and end of the Term shall be apportioned based on the number of days in such partial months.

(b) The initial payment of rent shall be made by Tenant on the date of possession of the Premises anticipated to be on or about September 10, 2007. Said payment shall be for a prorated share of the monthly amount described herein.

(c) Late Rent. The Annual Fixed Rental payments are due on the first day of the month and shall be considered late if received after the tenth day of the month. In the event that Tenant fails to make the Annual Fixed Rental payment on or before the fifteenth day of the month, Tenant shall pay a late charge in the amount of 5% of the amount due.

4. TAXES AND ASSESSMENTS

(a) Payment of Taxes by Tenant. As additional rent, Tenant shall pay all real estate taxes, personal property taxes, transaction, privilege, excise or sales taxes, special improvement and other assessments (ordinary and extraordinary), and all other taxes, duties, charges, fees and payments imposed by any governmental or public authority which shall be imposed, assessed or levied upon, or arising in connection with the ownership, use, occupancy or possession of the Premises or any part thereof during the Term (all of which are herein called "Taxes"). Tenant shall deliver to Landlord evidence of timely payment of Taxes. Taxes for the tax year in which the term shall commence or expire shall be apportioned according to the number of days during which each party shall be in possession during such tax year.

(b) Tax Protest. Tenant may contest any Taxes by appropriate proceedings conducted at Tenant's expense in Tenant's name or, if required by law, in Landlord's name. Landlord shall cooperate with Tenant and execute any documents or pleadings reasonably required for such purpose, but Landlord shall not be obligated to incur any expense or liability in connection with such contest. Tenant may defer payment of the contested Taxes pending the outcome of such contest, if such deferment does not subject Landlord's interest in the Premises to forfeiture. Tenant shall deposit with Landlord, if Landlord so requests, an amount of money at least equal to the payment so deferred plus estimated penalties and interest. Upon notice to Tenant, Landlord may pay such contested Taxes from such deposit if necessary to protect Landlord's interest in the Premises from immediate sale or loss. When all contested Taxes have been paid or canceled, all moneys so deposited to secure the same and not applied to the payment thereof shall be repaid to Tenant without interest. In lieu of any such deposit, at its election Tenant may furnish a bond in a form, in an amount, and with a surety reasonably satisfactory to Landlord. All refunds of Taxes shall be the property of Tenant to the extent they are refunds of or on account of payments made by Tenant.

5. SERVICES AND UTILITIES

(a) Contractual Arrangements. Tenant shall make arrangements for delivery to the Premises of any gas, electrical power, water, sewer, telephone and other utility services and any cleaning, trash and snow removal and maintenance services as Tenant deems necessary or desirable for its operations during the Term. Landlord represents that the foregoing services and utilities are installed or readily available at the Premises without any material installation costs to Tenant.

(b) Payment of Charges. Tenant shall promptly pay all charges for utility and other services contracted by Tenant to be delivered to or used upon the Premises during the Term and shall be responsible for providing such security deposits, bonds or assurances as may be necessary to procure such services.

(c) Transition. Landlord and Tenant shall each reasonably assist the other in transition of payments for, and control of, services and utilities at the commencement and termination of this Lease.

6. MAINTENANCE AND REPAIR

(a) Present Condition. Prior to the commencement of the Term, Landlord shall put the building systems, including, without limitation, plumbing and electrical lines and equipment, heating, ventilation and air conditioning systems, boilers, and elevators, if any, in good repair and condition. Landlord represents, warrants and covenants that at the Commencement Date such systems will be in good mechanical and operating condition. Subject to the preceding sentences of this paragraph, Tenant accepts the Premises in their present condition. Landlord represents and warrants that it has no knowledge of any conditions which have existed or presently exist which could materially adversely affect Tenant's business or contemplated use of the Premises.

(b) Maintenance Obligations. After the commencement of the Term, Tenant shall promptly make or cause to be made all non-structural and mechanical repairs needed to maintain the Premises in its present condition, subject to reasonable wear and tear. Landlord shall promptly make or cause to be made all structural and mechanical repairs and replacements necessary to so maintain the Premises, which shall include keeping the roof and Premises free of leaks, repairs to the plumbing and drainage systems, electrical systems, and the exterior and interior structural elements of the building (including, without limitation, the roof, exterior and bearing walls of the building, support beams, foundations, columns and lateral supports).

7. USE; COMPLIANCE WITH LAWS

(a) Permitted Uses. Tenant may use and occupy the Premises for all lawful uses or purposes.

(b) Compliance with Laws. Landlord represents and warrants that Tenant's intended use of the Premises for heating and plumbing supply business and an electrical wholesale business, and for offices and other related uses in connection with Tenant's distribution business is a lawful use of the Premises, and that no further governmental consents, approvals or permits are necessary for such use. Landlord further represents and warrants that the Premises are in compliance with all applicable laws, including the Americans With Disabilities Act. If the foregoing representations are untrue, then, in addition to all of Tenant's other rights hereunder or at law or in equity, Landlord shall reimburse Tenant for, and shall indemnify and hold Tenant and any Tenant Indemnitees harmless from and against, any and all damages, injuries, fines, losses or claims, and all costs and expenses, including reasonable attorneys fees, incurred by or asserted against Tenant as a result of or arising out of such representation being untrue, including any costs or expenses associated with obtaining any necessary consents, approvals or permits.

8. ALTERATIONS

Tenant may, without obtaining Landlord's prior consent or approval, make temporary alterations, improvements and additions ("Alterations") to the Premises that do not permanently affect the Premises. Tenant may make other non-temporary Alterations to the Premises (by way of example but not limitation, the installation of drywall partitioning, doorways, and lifts) with Landlord's prior consent or approval, which consent or approval shall not be unreasonably withheld, conditioned or denied; notwithstanding the foregoing, if the cost of such non-temporary Alterations is less than $20,000, Landlord's prior consent shall not be required. All Alterations made by Tenant shall be made at Tenant's sole cost and expense, including all costs and expenses incurred in obtaining any required governmental consents, permits or approvals. Tenant may perform all Alterations with contractors and subcontractors of Tenant's own choosing. Landlord will cooperate with Tenant's efforts to obtain any governmental permits or approvals or consents required therefor. Landlord shall not be entitled to impose upon Tenant any charges or fees of any kind in connection with any Alterations.

9. SIGNAGE

Tenant, at its expense and subject to its obtaining any required governmental permits and approvals, may place, maintain, repair and replace signage on the Premises, which may include any such trade name(s) or corporate affiliations as Tenant chooses. Landlord shall cooperate with Tenant's efforts to obtain any permit, approval or consent necessary or desirable in connection with the installation of any sign.

10. TENANT'S PROPERTY

For purposes of this Lease, the Term "Tenant's Property" shall mean all office furniture and equipment, movable partitions, communications equipment, inventory, and other articles of movable personal property owned or leased by Tenant and located in the Premises. All Tenant's Property shall be and remain the property of Tenant throughout the Term of this Lease and may be removed by Tenant at any time during the Term. Upon the expiration of this Lease, or within 30 days after the sooner termination hereof, Tenant shall remove all Tenant's Property from the Premises without leaving any noticeable damage to the Premises. If Tenant leaves noticeable damage as a result of Tenant's removal of Tenant's Property, Landlord shall give Tenant 15 days written notice to remove or repair such damage, after which time, Landlord may repair such damage and Tenant shall reimburse Landlord for all costs and expenses reasonably incurred by Landlord in repairing such damage.

11. QUIET ENJOYMENT

Landlord covenants that Tenant shall and may, at all times during the Term, peaceably and quietly have, hold, occupy, and enjoy the Premises.

12. LIENS AND MORTGAGES

(a) Tenant's Liens. Tenant shall not (i) by any failure to act or by any act, other than the mere hiring of a material or service provider, allow any materialman's or mechanic's liens, or (ii) by any act or failure to act allow any other liens, deeds of trust, mortgages, or other encumbrances, to be placed on the whole or any portion of the Premises during the term of this Lease.

(b) Non-Disturbance. Landlord may place or leave in place a mortgage on the Premises, but only if Landlord shall have obtained from its mortgagee a written agreement with Tenant, in form and substance satisfactory to Tenant's legal counsel, which agreement (including any extensions, modifications, renewals, consolidations, and replacements thereof) shall be binding on their respective successors and assigns and which provides that so long as Tenant shall not be in default in payment of Rent: (a) Tenant shall not be joined as a defendant in any proceeding which may be instituted to foreclose or enforce the mortgage; (b) Tenant's possession and use of the premises in accordance with the provisions of this Lease shall not be affected or disturbed by reason of the subordination of this Lease to, or any modification of or default, under the mortgage; and (c) the mortgagee will subordinate and subject its respective rights, if any, to any portion of the insurance proceeds otherwise payable to Landlord when and to the extent necessary for Landlord to comply with its obligations of repair and restoration hereunder.

13. INSURANCE

(a) Building Insurance. Throughout the Term, Landlord shall keep the buildings and improvements included in the Premises insured for the "full replacement value" thereof against loss or damage by perils customarily included under standard "all-risk" policies.

(b) Tenant's Liability Insurance. Throughout the Term, Tenant shall maintain commercial general liability insurance, including a contractual liability endorsement, and personal injury liability coverage in respect of the Premises and the conduct or operation of business therein, with Landlord as an additional insured, with limits of not less than $3,000,000 combined single limit for bodily injury and property damage liability in any one occurrence. Each such policy of insurance shall provide that the same will not be canceled without at least 30 days prior written notice to Landlord. On written request by Landlord, Tenant shall deliver to Landlord certificates of insurance, showing that the insurance required to be maintained pursuant to the foregoing provisions of this Section 13(b) is in force and will not be modified or canceled without 30 days prior written notice being furnished to Landlord. Thereafter, not less than 30 days prior to the expiration or termination of each such policy, Tenant shall furnish to Landlord certificates showing renewal of, or substitution for, policies which expire or are terminated. The insurance to be maintained by Tenant pursuant to this Section 13(b) may be effected either by blanket or umbrella policies.

(c) Waiver of Subrogation. A party shall have no claim against the other or the employees, officers, directors, managers, agents, shareholders, partners or other owners of the other for any loss, damage or injury which is covered by insurance carried by such party and for which recovery from such insurer is made, notwithstanding the negligence of either party in causing the loss. The foregoing waiver and release shall not apply, however, to any damage caused by intentionally wrongful actions or omissions. Each party represents that its current insurance policies allow such waiver. Neither Landlord nor Tenant shall obtain or accept any insurance policy which would be invalidated by or which would conflict with this paragraph.

14. INDEMNIFICATION

Except as may otherwise be provided in this Lease, Tenant shall indemnify and hold harmless Landlord, its employees, officers, directors, managers, agents, shareholders, partners or other owners from and against any and all third-party claims arising from or in connection with: (i) the conduct or management of the Premises or of any business thereon, or any condition created in or about the Premises during the term of this Lease, unless created by Landlord or any person or entity acting at the instance of Landlord; (ii) any act, omission or negligence of Tenant or any of its subtenants or licensees or its or their employees, officers, directors, managers, agents, shareholders, partners or other owners, invitees or contractors; (iii) any accident or injury or damage whatever, not caused by Landlord or any person or entity acting at the instance of the Landlord occurring in, at or upon the Premises. Tenant shall have the right to assume the defense of any such third-party claim with counsel chosen by Tenant or by Tenant's insurance company. Tenant shall not be responsible for the fees of any separate counsel employed by the Landlord.

15. OPTIONS TO PURCHASE

Right of First Refusal. Should Landlord during the Term enter into an agreement to sell the Premises, or any portion thereof, ("Sales Agreement") Landlord shall provide to Tenant a written notice of intent to sell ("Notice") with a copy of the Sales Agreement. Tenant shall have and may exercise an option to acquire the Premises, or the portion thereof subject to the Sales Agreement, on the same terms and conditions, other than as to the identity of the purchaser and date for closing, as are set forth in the Sales Agreement. If Tenant does not within 30 days after receiving the Notice and copy of the Sales Agreement give Landlord written notice of Tenant's intention to exercise such option, then subject to and as provided by the Sales Agreement Landlord may sell the Premises or portion thereof covered by the Sales Agreement by no later than the 150th day after receipt by Tenant of the Notice and copy of the Sales Agreement. If Landlord does not timely so sell the Premises or varies the terms of the Sales Agreement, Landlord shall again comply with the terms of this Section 15 as if no Notice had ever been given. If Tenant timely notifies Landlord of its intent to exercise such option, then at such time as Tenant may specify, but no later than 90 days following receipt by Landlord of such notice from Tenant, and at such place within the city or town where the Premises is located as Tenant may specify, or such other place and time and Landlord and Tenant may agree, Tenant shall exercise its option by purchasing, and Landlord shall sell to Tenant, the Premises or portion thereof subject to the Sales Agreement.

16. ENVIRONMENTAL MATTERS

(a) Definitions.

"Environment" means soil, surface waters, groundwater, land, stream sediments, surface or subsurface strata and ambient air.

"Environmental Condition" means any condition with respect to the Environment on or off the Premises, whether or not yet discovered, which could or does result in any Environmental Damages, including, without limitation, any condition resulting from the operation of any business that is or was conducted on the Premises by Landlord or Landlord's predecessors, lessees, sublessees or occupants of the Premises other than Tenant, or on the property of any other property owner or operator in the vicinity of the Premises, or which could or does result from any activity or operation conducted by any person or entity on or off the Premises.

"Environmental Damages" means all claims, judgments, damages (including punitive and consequential damages), losses, penalties, fines, liabilities (including strict liability), encumbrances, liens, costs and expenses of investigation and defense of any claim, whether or not such claim is ultimately defeated, and of any settlement or judgment, of whatever kind or nature, contingent or otherwise, matured or unmatured, and the costs and expenses of remediation, any of which are incurred at any time as a result of (i) the existence of an Environmental Condition on, about or beneath the Premises or migrating to or from the Premises, (ii) the Release or Threat of Release of Hazardous Substances into the Environment from the Premises or (iii) the violation or threatened violation of any Environmental Law with respect to the Premises, regardless of whether the existence of such Hazardous Substances or the violation or threatened violation of such Environmental Law arose prior to, on or after the Commencement Date, and including without limitation:

(i) damages for personal injury, disease or death or injury to property or the Environment occurring on or off the Premises, including lost profits, consequential damages, and the cost of demolition and rebuilding of any improvements;

(ii) diminution in the value of the Premises, and damages for the loss or of restriction on the use of the Premises;

(iii) fees incurred for the services of attorneys, consultants, contractors, experts, laboratories and all other costs incurred in connection with investigation, cleanup and remediation, including the preparation of any feasibility studies or reports and the performance of any cleanup, remedial, removal, abatement, containment, closure, restoration or monitoring work; and

(iv) liability to any person or entity to indemnify such person or entity for costs expended in connection with the items referred to in this paragraph.

"Environmental Laws" means all laws (including rules, regulations, codes, plans, injunctions, judgments, orders, decrees, rulings, and charges thereunder) of federal, state, local, and foreign governments (and all agencies thereof) concerning pollution or protection of the environment, public health and safety, or employee health and safety, including laws relating to emissions, discharges, releases, or threatened releases of pollutants, contaminants, or chemical, industrial, hazardous, or toxic materials, substances or wastes into ambient air, surface water, ground water, or lands or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, or handling of pollutants, contaminants, or chemical, industrial, hazardous, or toxic materials, substances or wastes, including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act, as amended, 42 U.S.C. §9601 et. seq. ("CERCLA"); the Hazardous Materials Transportation Act, as amended, 49 U.S.C. §1801 et. seq.; the Resource Conservation and Recovery Act, as amended, 42 U.S.C. §6901 et. seq.; the Federal Water Pollution Control Act, as amended, 33 U.S.C. §1251 et. seq.; The Clean Air Act, 42 U.S.C. §7404 et. seq., the Occupational Safety and Health Act of 1970, each as amended, and any comparable law of the state in which the Premises is located;

"Hazardous Substance" means any (i) substance, gas, material or chemical which poses or may pose a hazard to human health or safety, (ii) toxic substance or hazardous waste, substance or related material, or any pollutant or contaminant, (iii) asbestos, urea formaldehyde foam insulation, petroleum and petroleum by-products, polychlorinated dibenzo-p-dioxins, polychlorinated dibenzofurans or polychlorinated biphenyls which, in each case, is now or hereafter subject to Environmental Law or (iv) and any other substances defined as "hazardous wastes", "hazardous substances", "toxic substances", "pollutants", "contaminants", or other similar designations, or any other material, the removal, storage or presence of which is regulated or required and/or the maintenance of which is regulated or penalized by Massachusetts General Laws Chapter 21E; The Massachusetts Contingency Plan, 310 CMR 40.00 et seq.; the Resources Conservation Recovery Act, 42 U.S.C. 6901, et seq.; the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. 9601, et seq.; the Toxic Substances Control Act, 15 U.S.C. 2601, et seq.; the Clean Water Act, 33 U.S.C. 1251, et seq.; the Safe Drinking Water Act, 42 U.S.C. 300(f)-300(j) - 10; the Clean Air Act, 42 U.S.C. 7401, et seq.; and rules adopted under such statutes, as well as any permits or licenses issued under such statutes and rules or any other local, state or federal agency, authority or governmental unit.

"Release" means any spilling, leaking, pumping, pouring, emitting, discharging, injecting, escaping, leaching, dumping, disposing, or other entering into the Environment of any Hazardous Substance, whether known or unknown, intentional or unintentional.

"Threat of Release" means a substantial likelihood of a Release which requires action to prevent or mitigate damage to the Environment which may result from such Release and which is required under the Environmental laws.

(b) Representations and Warranties. Landlord represents and warrants to Tenant that, unless otherwise disclosed on Schedule C:

(i) Landlord has no material documents in its possession concerning any Environmental Condition, and Landlord is not aware of any material information relating to any Environmental Condition of the Premises.

(iii) During Landlord's ownership of the Premises:

(A) Landlord has not installed any above ground or underground tanks for storage of Hazardous Substances ("Storage Tanks") at the Premises, nor were any Storage Tanks located at the Premises prior to the time Landlord acquired ownership of the Premises. The Premises do not presently contain and never have contained and are presently free from any underground tanks or pipes ancillary to underground or above-ground tanks (collectively "Tanks"), on the Property, except as disclosed on Schedule C hereto. To the extend there are any Tanks disclosed on Schedule C, such Tanks shall have been properly removed or shall have been legally and property de-commissioned and abandoned and Landlord shall provide written verification of such proper removal or de-commissioning and abandonment within 10 days prior to the Commencement Date.

(B) It has not received any notice of any private, administrative or judicial action, or notice of any intended private, administrative or judicial action, relating to the presence or alleged presence of Hazardous Substances in, under or upon the Premises, or that may have migrated from the Premises and there is no basis for any such notice or action. There are no pending, or to Landlord's knowledge, threatened, actions or proceedings (or notices of potential actions or proceedings) from any governmental agency or any other entity regarding any matter relating to any Environmental Laws.

(C) Landlord has not notified or been made aware of any notice to any environmental agency of a Release at the Premises.

(D) Landlord has not disposed of any Hazardous Substances at the Premises or sent, transported, caused the transportation of or disposed of any waste materials that are not Hazardous Substances, at the Premises.

(E) Landlord, during its ownership and operation of the Premises, has disposed of all wastes it generated from operations conducted at the Premises in compliance with applicable laws and only at off-Premises facilities reasonably believed by Landlord to have necessary permits and approvals.

(F) Landlord has during its ownership and operation of the Premises maintained or kept all records required by law to be maintained or kept relating to the generation, storage, treatment, release and/or disposal of Hazardous Substances.

(G) Landlord has no knowledge of any Release at the Premises.

(c) Environmental Indemnities. Landlord shall indemnify and hold harmless Tenant and any Tenant Indemnitees against any and all Environmental Damages. Tenant shall indemnify Landlord against any loss, cost, damage, claim or expense to Landlord arising out of or related to the presence, use, handling, discharge, release or disposal of Hazardous Substances on, in, under, to or from the Premises introduced by Tenant onto the Premises, provided that Landlord shall have the burden of proving that any such loss, cost, damage, claim or expense arose on account of Hazardous Substances introduced by Tenant onto the Premises.

17. DAMAGE AND DESTRUCTION

In case of damage to or destruction of the Premises or any part thereof by any cause whatever, if Tenant cannot continue the operation of its business in the same manner as prior to such damage or destruction, Tenant by a written notice to Landlord may terminate this Lease unless Landlord, within 20 days following such damage or destruction, has agreed to reconstruct the Premises. Following such damage or destruction and unless and until the termination of this Lease, this Lease shall remain in full force and effect and Tenant shall continue the operation of its business at the Premises if and to the extent the Tenant determines, in Tenant's good faith judgment, that it is reasonably practical to do so. If Landlord agrees to reconstruct the Premises and Tenant does not terminate the Lease on account of such damage or destruction as aforesaid (a) Landlord shall abate and forgive Rent payments which become due from the time of such damage or destruction through the course of the reconstruction to reflect the extent to which Tenant does not conduct its business operation at the Premises, (b) the lease term shall continue and the parties shall continue to be bound by this Agreement, and (c) Landlord shall commence such reconstruction as soon as possible and diligently prosecute such reconstruction through completion. Notwithstanding the foregoing, if Tenant does not elect to terminate, Tenant shall have the right to require Landlord to reconstruct the Premises, in which event the provisions of "(a), (b) and (c) of the preceding sentence shall apply and the building insurance proceeds shall be held for such purpose.

18. CONDEMNATION

(a) Notice. Landlord and Tenant shall each notify the other if it becomes aware that there will or might occur a taking of any portion of the Premises by condemnation proceedings or by exercise of any right of eminent domain (each, a "Taking").

(b) Termination of Lease. In the event of the Taking of the entire Premises, this Lease shall terminate as of the date of such Taking. If there occurs a Taking of a portion of the Premises such that the remainder of the Premises shall not, in Tenant's reasonable opinion, be adequate and suitable for the conduct of Tenant's business as conducted prior to such Taking, then Tenant may, at its option, terminate this Lease.

(c) Continuation of Lease. If there is a Taking of a portion of the Premises and this Lease is not terminated pursuant to Section 18(b) hereof, then this Lease shall remain in full force and effect, except that appropriate adjustments shall be made to, and in respect of, the Premises and Rent, and Landlord shall proceed with due diligence to perform any work necessary to restore the remaining portions of the Premises to the condition that they were in immediately prior to the Taking, or as near thereto as possible.

(d) Condemnation Award. Any award resulting from any Taking of the Premises for the value of Tenant's leasehold prior to the Taking, or Tenant's personal property, fixtures, relocation costs or loss of goodwill shall be the property of Tenant. All of any award resulting from any such Taking not specifically reserved to Tenant shall be the property of Landlord.

19. DEFAULT BY LANDLORD

Notwithstanding any other provision of this Lease, if the Landlord by any act or omission in breach or default of this Lease renders the Premises or any portion thereof untenantable or unfit for Tenant's business operations, then (a) if such untenantability or unfitness continues for a period of five consecutive days after Tenant notifies Landlord in writing thereof, all Rent shall abate for the period that the Premises remain untenantable or unfit to the extent that the Premises have been rendered untenantable or unfit; and (b) if such untenantability or unfitness continues for a period of 30 consecutive days after Tenant notifies Landlord in writing thereof, Tenant may (i) terminate this Lease at any time thereafter by delivering written notice to Landlord thereof, or (ii) cure same and deduct the cost from Rent.

20. DEFAULT BY TENANT

It shall constitute an Event of Default if Tenant shall fail to perform or comply with any term of this Lease, including the payment of Rent, and such failure shall in the case of a default in the payment of rent continue for a period of 10 days (30 days for all other defaults) after Tenant's receipt of written notice thereof from Landlord specifying such failure and requiring it to be remedied; provided, however, that if any such failure, other than the failure to pay Rent, cannot with due diligence be remedied by Tenant within a period of 30 days, if Tenant commences to remedy such failure within such 30 day period and thereafter prosecutes such remedy with reasonable diligence, the period of time for remedy of such failure shall be extended so long as Tenant prosecutes such remedy with reasonable diligence. Following the occurrence of any Event of Default, Landlord may terminate this Lease and have immediate possession of the Premises, in addition to any other remedies allowed by law.

21. SURRENDER; HOLDOVER

At the end of the Term or upon termination of this Lease, whichever first occurs, Tenant shall quit and surrender possession of the Premises to Landlord vacant and broom clean. If Tenant remains in possession of the Premises after the end of the Term, then Tenant shall be deemed to be a tenant from month to month only, under all of the same terms and conditions of this Lease then in effect, except as to the duration of the Term.

22. BROKERAGE

Landlord and Tenant each represents and warrants to the other that it had no conversations or negotiations with any broker or finder concerning the consummation of this Lease. Landlord and Tenant shall each indemnify and hold harmless the other from and against any claims for brokerage commissions or finder's fees (together all related expenses, including, without limitation, reasonable attorneys' fees) resulting from or arising out of any conversations or negotiations had by it with, or any agreement between it and, any broker or finder in connection with this Lease, other than a broker identified above. In the event there is a broker, Landlord shall pay all brokerage commissions.

23. ASSIGNMENT AND SUBLETTING

Except as set forth herein, Tenant shall not assign this Lease without the Landlord's prior written consent, which consent, however, shall not be unreasonably withheld nor delayed. Notwithstanding the foregoing, Tenant may, without the Landlord's consent: (a) sublet not more than 50% of the Premises; (b) assign or sublet this Lease to any entity or affiliate more than 50% owned or controlled by Tenant, to any entity which owns or controls more than a 50% interest in Tenant or to any entity under common control with Tenant. A merger or consolidation to which Tenant or any successor to Tenant is party shall not constitute an assignment requiring consent of Landlord.

24. MISCELLANEOUS

(a) Governing Law. This Lease shall be governed by and construed in accordance with the laws of the State in which the Premises is located.

(b) Certain Definitions.

"Including" means including without limitation.

"Tenant Indemnitee" means any corporation, individual or other entity (a) of which Tenant is a direct or indirect subsidiary of any tier, or that directly or indirectly controls Tenant, (b) that is a direct or indirect subsidiary of any tier of Tenant, or (c) that is under direct or indirect common control with Tenant.

(c) Indemnification Matters Involving Third Parties. With respect to the obligation of either party to indemnify pursuant to this Lease:

(1) If any claim or demand for which an Indemnifying Party would be liable to an Indemnified Party is asserted against or sought to be collected from the Indemnified Party by a third party, Indemnified Party shall with reasonable promptness notify in writing the Indemnifying Party of such claim or demand stating with reasonable specificity the circumstances of the Indemnified Party's claim for indemnification; provided, however, that any failure to give such notice will not waive any rights of the Indemnified Party except to the extent the rights of the Indemnifying Party are actually prejudiced. After receipt by the Indemnifying Party of such notice, then upon reasonable notice from the Indemnifying Party to the Indemnified Party, or upon the request of the Indemnified Party, the Indemnifying Party shall defend, manage and conduct any proceedings, negotiations or communications involving any claimant whose claim is the subject of the Indemnified Party's notice to the Indemnifying Party as set forth above, and shall take all actions necessary, including, but not limited to, the posting of such bond or other security as may be required by any governmental authority, so as to enable the claim to be defended against or resolved without expense or other action by the Indemnified Party. Upon request of the Indemnifying Party, the Indemnified Party shall, to the extent it may legally do so and to the extent that it is compensated in advance by the Indemnifying Party for any costs and expenses thereby incurred,

(a) take such action as the Indemnifying Party may reasonably request in connection with such action,

(b) allow the Indemnifying Party to dispute such action in the name of the Indemnified Party and to conduct a defense to such action on behalf of the Indemnified Party, and

(c) render to the Indemnifying Party all such assistance as the Indemnifying Party may reasonably request in connection with such dispute and defense.

(2) In any action or proceeding, the Indemnified Party shall have the right to retain its own counsel, but, in the event the Landlord is the Indemnified Party, Landlord shall have the right to retain only one counsel on behalf of all the Landlord; but the fees and expenses of such counsel shall be at its own expense unless (i) the Indemnifying Party and the Indemnified Party shall have mutually agreed to the retention of such counsel or (ii) the named parties to any suit, action or proceeding (including any impleaded parties) include both the Indemnifying Party and the Indemnified Party and representation of all parties by the same counsel would be inappropriate due to actual or potential conflict of interests between them.

(3) An Indemnifying Party shall not be liable under this lease for any settlement effected without its consent of any claim, litigation or proceeding in respect of which indemnity may be sought hereunder.

(4) The Indemnifying Party may settle any claim without the consent of the Indemnified Party, but only if the sole relief awarded is monetary damages that are paid in full by the Indemnifying Party. The Indemnified Party shall, subject to its reasonable business needs, use reasonable efforts to minimize the indemnification sought from the Indemnifying Party under this Agreement.

(d) Consents and Approvals. If, pursuant to any provision of this Lease, the consent or approval of either party is required to be obtained by the other party, then, unless otherwise provided herein, the party whose consent or approval is required shall not unreasonably withhold, condition or delay such consent or approval.

(e) Rights and Remedies. All rights and remedies of either party expressly set forth herein are intended to be cumulative and not in limitation of any other right or remedy set forth herein or otherwise available to such party at law or in equity. Notwithstanding the foregoing, in no event shall either party be liable to the other for consequential or punitive damages, except as otherwise provided in this Lease.

(f) No Waiver. The failure of either party to seek redress for a breach of, or to insist upon the strict performance of any covenant or condition of this Lease, shall not prevent a subsequent act which would have originally constituted a breach from having all the force and effect of an original breach. The receipt by Landlord of Rent with knowledge of the breach of any covenant of this Lease by Tenant shall not be deemed a waiver of such breach and no provision of this Lease shall be deemed to have been waived by Landlord unless such waiver is in writing and signed by Landlord. The payment by Tenant of Rent with knowledge of the breach of any covenant of this Lease by Landlord shall not be deemed a waiver of such breach and no provision of this Lease shall be deemed to have been waived by Tenant unless such waiver is in writing and signed by Tenant.

(g) Successors and Assigns. Each and all of the terms and agreements herein contained shall be binding upon and inure to the benefit of the parties hereto, and their heirs, legal representatives, successors and assigns. Any sale or transfer of the Premises by Landlord during the term of this Lease shall be made by an instrument that expressly refers to this Lease as a burden upon the Premises.

(h) Recording. Tenant may record this Lease, a short form thereof, or a memorandum thereof. Landlord will cooperate with Tenant in the execution and delivery of such documents (including a memorandum or short form of this lease or comparable documents) as may be required to effectuate the foregoing in accordance with the requirements, customs and practices governing such recordation.

(i) Notices. All notices required hereunder shall be in writing and shall be effective when delivered to the address set forth below (or to such other addresses as either party may subsequently designate).

TENANT:

S&A Purchasing Corp.
c/o Universal Supply Group, Inc.
275 Wagaraw Road
Hawthorne, NJ 07506
Attn: Mr. William Pagano

LANDLORD:

S&A Realty, Inc.
c/o Brian Mead
8 Hillside Avenue
Gr. Barrington, MA 01230

(j) Entire Agreement; Modifications. This Lease contains the entire agreement between the parties concerning the matters set forth herein and may not be modified orally or in any manner other than by an agreement in writing signed by all the parties hereto or their respective successors in interest. Notwithstanding the foregoing, Tenant's remedies hereunder and under the Stock Acquisition Agreement shall be cumulative and not exclusive.

(k) Joint and Several Obligations. If Landlord includes more than one person or entity, the obligations shall be joint and several of all such persons and entities.

IN WITNESS WHEREOF, the parties hereto have duly executed this Lease as of the day and year first above written.

LANDLORD:	TENANT:
S&A REALTY, INC.	S&A PURCHASING CORP.
By: /s/ Brian Mead Brian Mead, President	By: /s/ William Pagano William Pagano, President

Schedule A

DESCRIPTION OF PREMISES

The following described land in Berkshire County, State of Massachusetts, commonly referred to as 1311 East Street, together with all buildings thereon and appurtenances thereto:

Consisting of approximately 30,280 square feet located at 1311 East Street, Pittsfield, Massachusetts, as further described in Schedule A-1 annexed hereto.

Schedule B

ADDITIONAL PROVISIONS TO LEASE

Annual Fixed Rent in Initial Term and Renewal Terms

1. The "Annual Fixed Rent" for the first year of the Initial Term shall be the sum of fifty nine thousand dollars ($59,000) per year, or four thousand nine hundred sixteen dollars and sixty six cents ($4,916.66) per month.

2. Every year, starting with the second year, the Annual Fixed Rent shall be adjusted upward, but never decreased, pursuant to the provisions hereof.

3. For the purposes of this Schedule, the following terms have the following meanings:

"Index"	The Consumer Price Index—All Urban Consumers for New York-Northern New Jersey-Long Island, NY-NJ-CT-PA—All Items, published by the United States Bureau of Labor, and any successor thereto (1982 – 1984 = 100)
"Base Month"	September 2007
"Comparison Month"	September 2008 and every September thereafter

4. The Annual Fixed Rent for the second year of the Initial Term shall be fifty nine thousand dollars ($59,000) per year, increased by the percentage of increase of the Index of the Comparison Month (September 2008 and every September thereafter) over the Base Month (September 2007).

   Example

   Assume that the Index for September 2008 shows a three percent (3%) increase over the Index for September 2007. The Annual Fixed Rent for the second year is sixty thousand seven hundred seventy dollars ($60,770).

5. The same procedure shall be followed every year throughout the Initial Term and the Renewal Terms, with the applicable percentage of increase to be multiplied times the Annual Fixed Rent for the year just concluded.

6. Because the Index is not published until after the close of a month, the adjustment in Annual Fixed Rent shall be made when the Comparison Month's Index is published and Landlord presents to Tenant the comparison figure and computation of adjustment of Annual Fixed Rent; and any increase for months already lapsed since the end of the prior year shall be added to the next installment of Annual Fixed Rent.

7. In the event that the Index is discontinued, the parties shall agree upon an equivalent and substituted Index to be applied in the same manner.

LANDLORD:	TENANT:
S&A REALTY, INC.	S&A PURCHASING CORP.
By: /s/ Brian Mead Brian Mead, President	By: /s/ William Pagano William Pagano, President

Schedule C

Underground Tanks or Pipes Ancillary to Underground or Above-Ground Tanks

This Agreement, dated September 10, 2007 (the "Agreement"), is entered into by and among S&A Realty, Inc. ("Landlord" or "S&A Realty"), S&A Purchasing Corp. ("Tenant" or "S&A"), a New York corporation and Colonial Commercial Corp. ("Colonial"), a New York corporation and the sole shareholder of S&A.

Landlord and Tenant entered into that certain lease agreement dated September 10, 2007 for the premises located at 1311 East Street, Pittsfield, Massachusetts (the "Lease Agreement") in connection with the purchase by S&A of the assets set forth in that certain Asset Purchase Agreement dated by and among S&A, S&A Realty and the other signatories thereto.

For good and valuable consideration received by each party from the other, the parties covenant and agree as follows:

In the event Tenant fails to perform any of its obligations in accordance with the terms of the Lease Agreement, Landlord shall provide Tenant written notice ("Failure Notice") specifying such failure and requiring such failure be remedied in accordance with the terms of the Lease Agreement. Colonial hereby agrees to perform such failed obligation on behalf of the Tenant in the event Tenant shall have failed to remedy such failure in accordance with the prior sentence and Landlord provides Colonial with a written notice specifying the obligation that Tenant failed to cure along with a copy of the Failure Notice.

In the event Tenant contests any of the matters set forth in a Failure Notice, Tenant and Landlord shall resolve such dispute exclusively by arbitration by the American Arbitration Association in Great Barrington, Massachusetts. Notwithstanding anything set forth in this Agreement, in the event a Failure Notice is arbitrated in accordance with this subsection, Colonial's obligations under this Agreement shall be subject to the finding of Tenant's failure to perform by such arbitration.

(REST OF PAGE INTENTIONALLY LEFT BLANK)

LANDLORD:	TENANT:	COLONIAL:
S&A REALTY, INC.	S&A PURCHASING CORP.	COLONIAL COMMERCIAL CORP.
By: /s/ Brian Mead Name: Brian Mead Title: President	By: /s/ William Pagano Name: William Pagano Title: President	By: /s/ William Pagano Name: William Pagano Title: Chief Executive Officer

Lease Addendum
Number 1

Landlord and Tenant agree that any environmental hazard, including but not limited to contamination or hazardous waste, caused by or related to the disclosures in the environmental reports dated August 20, 2007 and September 7, 2007, attached hereto, shall be the sole liability of the Landlord.

LANDLORD:	TENANT:	COLONIAL:
S&A REALTY, INC.	S&A PURCHASING CORP.	COLONIAL COMMERCIAL CORP.
By: /s/ Brian Mead Name: Brian Mead Title: President	By: /s/ William Pagano Name: William Pagano Title: President	By: /s/ William Pagano Name: William Pagano Title: Chief Executive Officer

38 Chapel Court
Pine Bush, New York 12566
Tel. 845-744-3705
Fax. 845-744-5464
E-mail: budgoing@frontiernet.net

August 20, 2007

Mr. William Pagano, President
Universal Supply Group Inc.
275 Wagaraw Road
Hawthorne, New Jersey 07506

RE: Summary of Findings for Phase I Environmental Site Assessment
Commercial Property At 1311 East Street, Pittsfield, Massachusetts

Dear Mr. Pagano:

At your request, William L. Going & Associates, Inc. is conducting a Phase I ESA of commercial property situated at 1311 East Street, Pittsfield, Massachusetts. We have determined that there are "*recognized environmental conditions*" onsite and that there should be some additional investigation in order to determine whether or not these conditions have caused any significant impact to subject property.

Specifically, historical sources indicate that subject may have been used as a trolley yard. In addition, documented historical use of subject property includes "paper manufacturing, research and development" and we have determined that two (2) aboveground storage tanks (ASTs) were utilized in the manufacturing process. The present owner cannot tell us and we have not yet been able to determine if these ASTs contain chemicals or chemical residual. We also find that a 10,000 gal. underground fuel oil storage tank (UST) was removed from subject property in 1989 without any documentation of soil conditions before or after removal. Furthermore, there are currently three (3) 275 gal. fuel oil ASTs in service at the subject (without any means of secondary containment). Also, and finally, subject is surrounded to the north, south, and west by a hazardous waste site ["General Electric"] identified by both the Massachusetts Department of Environmental Protection and the U.S. Environmental Protection Agency, and considerable soil and groundwater contamination has been discovered.

These "*recognized environmental conditions*" represent significant potential environmental liability until they have been thoroughly investigated. We recommend the installation of strategic test pits and soil borings and subsequent soil and groundwater analysis.

We will issue the complete Phase I ESA (with attachments) in about two weeks.

Meanwhile, if there are any technical questions for us, or if further elaboration is required, please do not hesitate to contact us at (845) 744-3705.

Thanks for the opportunity to be of service.

Sincerely,

/s/ William L. Going

William L. Going, Principal

38 Chapel Court
Pine Bush, New York 12566
Tel. 845-744-3705
Fax. 845-744-5464
E-mail: budgoing@frontiernet.net

September 7, 2007

Mr. William Pagano, President
Universal Supply Group Inc.
275 Wagaraw Road
Hawthorne, New Jersey 07506
E-mail: wpagano@usginc.com

RE: **Phase I Environmental Site Assessment: "S&A Supply Inc."**
1311 East Street, Pittsfield, Massachusetts

Dear Mr. Pagano:

William L. Going & Associates, Inc. is pleased to submit this Phase I Environmental Site Assessment of commercial property situated at 1311 East Street, Pittsfield, Berkshire County, Massachusetts. This assessment has been conducted pursuant to ASTM E1527-05. The objective of this assessment was to identify *"recognized environmental conditions"* associated with a range of contaminants within the scope of Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) and petroleum products. The term *"recognized environmental conditions"* means the presence or likely presence of any hazardous substances or petroleum products on a property under conditions that indicate an existing release, a past release, or a material threat of a release into the structures on the property or into the ground, groundwater, or surfacewater of the property. This assessment is not intended to address *de minimus* conditions that generally do not represent a material risk of harm to public health or the environment and generally would not be the subject of enforcement action if brought to the attention of appropriate regulatory agencies.

Included in this letter report under the heading **"Attachment A"** are topographic area map, neighborhood aerial photograph, municipal tax map, photographs of the property, portion of assessor's file, historical USGS topographic area maps (1893, 1947, 1985), Sanborn® Fire Insurance Maps (1905, 1941, 1950, 1956), historical aerial photographs (1941, 1952, 1970, 1986, 2006), Envirotech's "21E Historical Site Assessment for Oil and Hazardous Materials at 1311 East Street, Pittsfield, Massachusetts" (November 1993), USEPA's General Electric Pittsfield Site Map, History and Description (June 2000), a city directory compiled by Environmental FirstSearch™ (August 2007), an Environmental Questionnaire completed by Mr. Brian Mead (August 2007), and an environmental database compiled by Environmental FirstSearch™ (August 2007).

Phase I Site Inspection

Subject property is located at 1311 East Street, City of Pittsfield,, Berkshire County, Massachusetts [topographic map, tax map, and photos]. Subject K10-14-2 is 0.777 acre in size, irregular in shape, and generally level. Subject is classified as *industrial;* more specifically, *warehouse for storage of manufactured products,* in the City of Pittsfield Assessment Role. No portion of subject is federal, state, or tribal land.

Nearby land use and improvements are residential, commercial and industrial along a commercial corridor. Adjacent property includes: Consolidated Rail Corporation R.O.W. and the General Electric Plant to the north, residential and commercial (Citgo Gas Station, Smith Auto Electrical Service, First Impressions Hair Salon) to the south, commercial (Canine Clip Shop & Pet Store, Pittsfield Self-Storage) to the east, and commercial (Pennell Construction) to the west. No *"recognized environmental conditions"* were obvious on adjacent land during our field inspection of subject property.

Subject is improved with one commercial building, which provides retail, showroom, and storage space for S&A Supply Inc. (plumbing/electrical wholesaler). We observed outdoor storage of piping, electrical wire, and pipe fittings on asphalt pavement north and east of the building. A paved driveway provides access from East Street.

Subject building is a 1-story brick structure (with three interior levels) over a partial basement. This building is serviced by municipal water and sewer systems and electric utilities. The offices and showroom are heated with natural gas and the warehouse is heated with fuel oil. The building houses offices, racks of plumbing and electrical supplies, showroom, and sales counter space for S&A Supply, and features a dry sprinkler system, a smoke/heat detection system, and 5 ton and 10 ton overhead cranes.

Solid waste generated at the site is best characterized as commercial garbage, including paper, cardboard, and wood packing material, all of which is removed by the City of Pittsfield. Based upon the age of the building, it is possible that painted surfaces contain lead-based paint. Painted surfaces were in good condition.

We observed three (3) 275 gal. aboveground fuel oil storage tanks (ASTs) in the northwest corner of the basement on concrete floor; there was no secondary containment for these ASTs.

We observed two (2) additional ASTs in the basement, which were reportedly utilized in the paper manufacturing process. These ASTs were constructed of block and they were floor to ceiling in height. The present owner cannot tell us and we have not yet been able to determine if these ASTs contain chemicals or chemical residual.

We observed floor drains in the partial basement and in the warehouse. The owner reports that the building was historically utilized for paper manufacturing and paper research/development, and he asserts that the floor drains are connected to the municipal sewer.

We observed small containers of adhesives, cleaners, sealers, and water treatments packaged for retail sale. There were no noticeable leaks from any of these containers at the time of our inspection.

The owner (Mr. Mead) reports that there are no underground chemical storage tanks or drywells or sumps or pits on the property.

Site History and Other Relevant Information

We examined the City of Pittsfield Assessor's records, Pittsfield Building Department records, Pittsfield Health Department records, Pittsfield Conservation Department records, historical USGS topographical area maps, historical Sanborn® Fire Insurance Maps, historical aerial photographs, historical city directories, USEPA reports, and a site-specific 21E Historical Site Assessment prepared by ENVIROTECH. We interviewed the Acting Building Commissioner (William Thornton), the Fire Chief (James Sullivan), the Conservation Agent (Caleb Mitchell), the Health Department Inspector (Albert Hugabone), and the owner of S&A Supply and subject property (Brian Mead). This work serves to establish that subject was improved in 1899. Prior to 1899, subject was apparently an unimproved lot.

Municipal records establish ownership of subject as follows: Berkshire Street Railroad Co. in 1905, Smith Paper Co. in 1946, E.D. Jones & Sons in 1956, Beloit Corp. in 1983, S&A Supply of Pittsfield Inc. in 1983, together with current owner S&A Realty Inc. in 1984. Municipal records also indicate that subject was improved with a commercial building in 1899.

The 1893 issue of the USGS area map depict subject and south, east and west adjacent property as unimproved land and north adjacent property as a Boston & Albany Railroad track. The 1947 and 1985 issues of the USGS area map depict subject improved with a structure that appears similar to subject building, north adjacent property as a Boston & Albany Railroad rail yard, south adjacent property as residential improvement, and east adjacent property as undeveloped land.

Sanborn® Fire Insurance Maps (1905, 1941, 1950, and 1956) were reviewed. The 1905 map presents subject property as improved with a structure that appears similar to subject building, and which is labeled "Berkshire Street Railroad Co. Power Ho *(House)*"; north adjacent property as improved with three sets of railroad tracks and labeled "Boston & Albany RR"; and west adjacent property as improved with a pair of dwellings. The 1941 map presents subject building labeled "Vacant & Open"; north adjacent property as largely unchanged; south adjacent property as a mix of residential and commercial buildings; and west adjacent as vacant. The 1950 map presents subject building labeled "W. Ho. *(Warehouse)*"; north and south adjacent property as largely unchanged; and west adjacent property as improved and labeled "Conc *(Concrete)* Mixer". The 1950 map features a "GT *(Gas Tank)*" symbol on subject property and locates this tank near the northeast corner of the building. The 1956 map presents subject building labeled "E.D. Jones & Sons Co., Fabrication Plant, Factory Bldg."; north and south property as largely unchanged; and west adjacent property as improved with a structure labeled "Berkshire Street Railroad Co. Bus Garage".

Historic aerial photos (1941, 1952, 1970, 1986, and 2006) were also carefully reviewed. All of these aerials depict subject property as improved with a structure that appears similar to the present building. The 1941 aerial establishes that north adjacent property was improved with a railroad R.O.W. and a portion of the General Electric Site; south adjacent property was apparently residential; east adjacent was undeveloped; and west adjacent property was improved with a commercial structure that appears similar to the present building. The 1952 and 1970 aerials indicate that north adjacent property was improved with a railroad R.O.W. and with additional structures on the General Electric Site; south adjacent property was residential and commercial; and east and west adjacent property was commercial. The 1986 aerial presents additional structures on the General Electric Site, creating a complex that appears similar to the present complex; south and west adjacent property were largely unchanged; and east adjacent was vacant and unimproved. The 2006 aerial indicates that adjacent property was largely unchanged.

Historic site-specific city directories (1906, 1913, 1919, 1925-26, 1929-30, 1933, 1946, 1960, 1963-64, 1967, 1992, 1997, 2002, and 2007) compiled by Environmental FirstSearch™ were also reviewed. These city directories provide a property occupant/use list for subject and four addresses “up” and “down” East Street. The north and west adjacent property was not detailed in these city directories. Subject was not listed in the 1906-1925 directories [when the neighborhood was all listed residential], but was occupied by Berkshire St, RR Power House from 1929-1933, Smith Paper Co. storage and Brown Oil Co. bulk station in 1946, E.D. Jones & Sons Co. Fabricating Plant in 1960, and S&A Supply of Pittsfield Inc. from 1992-2007. East adjacent property (1315 East Street) was reportedly occupied by Fowler Oil Co. in 1967, Rent-A-Wreck in 1992, Clean Car Auto Sales in 1997, and Canine Clip Shop in 2007. South adjacent property was occupied by numerous commercial businesses, including First Impressions Hair Salon, Berkshire Moped Sales & Service, Smith Auto Electrical Service, and Hill Oil Of Mass. Inc. from the 1970s through 2007.

The Building Commissioner, the Fire Chief, the Conservation Agent, and the Health Department Inspector all indicated that neither they nor their departments have knowledge of any *"recognized environmental conditions"* associated with subject property. Building Department files contain reports of building code inspections, various building permits, and “certificates of occupancy”. Site-specific building, conservation, and health department files did not contain any reference to hazardous chemicals or petroleum products. Site-specific fire department files did not contain any reference to hazardous chemicals, but did contain a copy of a permit to close/remove a 10,000 gal. underground fuel oil storage tank (UST) in 1989.

Mr. Brian Mead informs us that he is not aware of any environmental liens, engineering controls, or institutional controls associated with the property. Mr. Mead further informs us that S&A Supply has utilized subject since 1983. Mr. Mead asserts that he has no specific knowledge of generation, storage or disposal of hazardous chemicals, or chemical spills, or obvious indicators of contamination, or environmental cleanups at subject property.

Mr. Mead provided us with a copy of a “21E Historical Site Assessment for Oil and Hazardous Materials” dated November 1993 and prepared by ENVIROTECH. The scope of this study included: historical research, file investigations at Massachusetts Department of Environmental Protection (MADEP) and City of Pittsfield municipal offices, and results of site reconnaissance and interviews. In this assessment, ENVIROTECH concluded that no release of oil or hazardous materials has occurred on subject property. ENVIROTECH further concluded that the inspection of subject property and neighborhood revealed no additional evidence suggesting a release or threat of release of oil or hazardous materials at subject property. The complete text of this assessment is included in Attachment A; however, the *Overview, Conclusions and Recommendations* follow:

21E
Historical Site Assessment for
Oil and Hazardous Materials
at
1311 East Street, Pittsfield, Massachusetts

I. OVERVIEW

The subject property is the site of plumbing supply and showroom facility, located at 1113 East Street in Pittsfield, Berkshire County, Massachusetts. The site was investigated during October of 1993, to assess the potential for release or a threat of release of Oil and hazardous materials (OHM) as defined in Massachusetts General Law, Chapter 21E and the Massachusetts Contingency Plan (MCP) 310 CMR 40.327.

An historical investigation of the property, including record file review at the Massachusetts Department of Environmental Protection (DEP) and Pittsfield municipal offices revealed the following information on the site and its surroundings:

The site is presently served by the existing municipal drinking water and municipal sewer systems and is heated by a gas fired hot water system for the offices and an oil fired steam heating system for the warehouse areas. An inspection of the site and its environs revealed no evidence suggesting that a release of OHM has occurred at the subject property. There was also no evidence suggesting the presence of asbestos or UFI insulation on the premises.

No underground storage tanks (USTs) exist on the property at the present time. A 10,000 gallon UST was removed from the property without incident on September 19,1989. This information was confirmed by Mr. Edward DeAngelo of the Pittsfield Fire Department and Mr. Rod Mead of S&A Supply, Inc. Three (3) above ground storage tanks are known to exist on the property, 275 gallons each, which contain fuel oil for the warehouse heating system. A listing of the Underground Storage Tanks in the area and Emergency Response information is listed in the site history section of this report.

The site is located in the vicinity of several Locations To Be Investigated (LTBI) and Confirmed Disposal sites, also sites in the waiver/remediation process; these sites are listed in the site history section of this report.

VIII. CONCLUSIONS AND RECOMMENDATIONS

A. Conclusions

The following conclusions are based on site inspections, record and file investigations and interviews with pertinent individuals performed by ENVIROTECH Planning and Design, Inc. for the 1311 East Street property located in Pittsfield Massachusetts:

1. The subject property is currently the site of a 2-story plumbing supply shop/showroom facility located at 1311 East Street in Pittsfield, Berkshire County, Massachusetts. The facility was built in 1904. The building is heated with a natural gas and oil fired system, and is also serviced by the municipal drinking water and sewer systems natural gas and electric systems.

2. An historical investigation of the property, including record file reviews at the Massachusetts Department of Environmental Protection (DEP) Pittsfield Municipal Offices has indicated that a release of OHM has not occurred on the subject property.

3. An inspection of the subject property and its environs revealed no additional evidence suggesting a release or threat of release of oil or hazardous materials at the subject site.

4. Analysis of subsurface conditions was not part of the research design based on the limited scope of this Historical Site Assessment. Consequently a definitive statement regarding the condition of groundwater and/or soils at the subject property could not be made.

B. Recommendations

1. ENVIROTECH Planning & Design Consultants, Inc., recommends that the Department of Environmental Protection, Western Regional Office, 436 Dwight Street, Springfield, Massachusetts, (Attention Site Assessment) need not be notified of the completion of this report at this time due to the lack of detection of any reportable contamination of the soils or groundwater at the subject site.

2. We recommend that a spill containment and control system be installed around the (3) aboveground storage tanks, or at a minimum, that the floor trench drain system located adjacent to the tanks be filled with concrete and sealed from the rest of the system. The (3) above ground storage tanks should also be properly painted with asphalt base paint to inhibit rust and corosion of the tanks surfaces.

3. It is also recommended that no hazardous materials of any kind be stored in locations which drain to the floor trench drain system located in areas of the warehouse building area.

4. We further recommend that S&A Supply obtain a VSQG License for their facility.

MADEP and USEPA databases have been examined for reports of hazardous chemical spills or releases within one mile of subject property and for potential sites that may have impacted subject property. There are one facility included in the National Priority List (NPL), one facility listed in the Comprehensive Environmental Response Compensation and Liability Information System (CERCLIS) no Further Remedial Action Planed (NFRAP), one Resource Conservation and Recovery Act Corrective Action facility (RCRACOR), five Resource Conservation and Recovery Act Generators (RCRAGN), two sites listed in the Emergency Response Notification System (ERNS), thirty-eight sites with known chemical or petroleum contamination (STATE), seventy-four reported spills (SPILLS), six reported leaking tanks (LUST), two registered facilities with underground storage tanks (REG UST), one facility deemed sensitive to environmental discharges (Receptors), eleven facilities listed in the Facility Index System (FINDS), one facility listed in the Toxic Release Inventory System (TRIS), one facility listed in the Aerometric Information Retrieval System (AIRS), two facilities with federal mandated environmental compliance orders (DOCKET), and one facility with a complaint reported (OTHER) within one mile of subject property.

Subject property is bordered buy two sites with known chemical or petroleum contamination (STATE sites), including the GE Plant East Street Area 1 to the north [up gradient] and west [cross gradient], and GE Oxbow Area K to the south [cross gradient]. The chemicals of concern at these sites are polychlorinated biphenyls (PCBs). USEPA's General Electric Pittsfield Site Map (*annotated with subject arrow*), History, and Description are included in Attachment A.

The south adjacent property, Citgo, 1330 East Street [cross gradient] is listed in the REG UST database as Petroleum Bulk Storage # *0-002376* and is also listed in the SPILLS database as Spill # *W90-0644*. The south adjacent property, Smith Auto, 1328 East Street, [cross gradient] is listed in the RCRAGN database as ID# MAD019570050. The east adjacent property, Canine Clip Shop & Pet Store, Pittsfield Self-Storage 1328 East Street, [cross gradient] is listed in the REG UST database as Petroleum Bulk Storage Facility # *0-002422* under the name *Fowler Oil Company*.

The environmental profile indicates that there are neither environmental liens against the property nor any Activity and Use Limitations (AULs) associated with subject property. Subject was not in listed in the MADEP Voluntary Cleanup Program or the Brownfields Program. Relevant portions of the environmental profile are included in Attachment A; the complete profile is available upon request.

Conclusions and Recommendations

We have determined that there are "*recognized environmental conditions*" onsite and that there should be some additional investigation in order to determine whether or not these conditions have caused any significant impact to subject property.

Specifically, historical sources indicate that subject may have been used as a railroad yard and that it has served other commercial and industrial purposes. Documented historical use of subject property includes "paper manufacturing, research and development", and we have determined that two (2) aboveground storage tanks (ASTs) were utilized in the manufacturing process. The present owner cannot tell us and we have not yet been able to determine if these ASTs contain chemicals or chemical residual. A 1950 Sanborn map contains a "GT *(Gas Tank)*" symbol located near the northeast corner of the building on subject property; no other historical information is available. A 10,000 gal. underground fuel oil storage tank (UST) was removed from subject property in 1989 without any documentation of soil conditions before or after removal. Furthermore, there are currently three (3) 275 gal. fuel oil ASTs in service at the subject (without any means of secondary containment). Also, and finally, subject is surrounded to the north, south, and west by a hazardous waste site ["General Electric"] that has been identified by the Massachusetts Department of Environmental Protection and the U.S. Environmental Protection Agency, and where considerable soil and groundwater contamination has been discovered.

The Phase I environmental assessment process is intended to identify *"recognized environmental conditions"* that require additional investigation. This does not mean that subject property is contaminated, only that, based on the consulting industry's collective experience, there is the possibility of a past release, an existing release, or a material threat of a release into the structures on subject property or into the ground, groundwater, or surfacewater of subject property. Additional investigation [Phase II] is intended to resolve any question of impairment or liability. The soil or groundwater chemistry data that are normally the result of Phase II sampling would become the basis for definitive environmental conclusions, and the end point for "environmental due diligence".

We recommend magnetometer/ground penetrating radar (GPR) surveys of the area reported to contain the grave of a former 10,000 gal. fuel oil UST circa 1989 and the area reported to contain the grave of a former gasoline UST circa 1950.

We also recommend installation of test pits [10'-14' deep] wherever the magnetometer and GPR surveys identify metal anomalies, and specifically in the grave of the former 10,000 gal. fuel oil UST, and specifically in the area reported to contain the former gasoline UST, and specifically along the upgradient and downgradient perimeters of the property. Representative samples of soil and/or groundwater should be analyzed for volatile and semi-volatile organic compounds, selected metals, pesticides and PCBs. Chemistry results should be compared to MADEP soil cleanup guidelines and/or groundwater standards. This would serve to establish a current environmental baseline for subject property.

We further recommend that the ASTs once utilized in the paper manufacturing process be investigated to determine if they contain chemicals or chemical residual.

We suggest that the fuel oil ASTs onsite be retrofitted with secondary containment and that they be routinely inspected and maintained so as to prevent product release. This suggestion represents best management practice.

The environmental assessment that we have completed conforms to industry-wide standards. Investigations and direct observations notwithstanding, we do not warrant that there are absolutely no toxic or hazardous chemical contamination at the subject property, nor do we accept any liability if such are found at some future time, or could have been found if additional sampling had been conducted. In view of the rapidly changing status of environmental laws, regulations, and guidelines, we cannot be responsible for changes in laws, regulations, or guidelines that occur after the study has been completed and which may affect the subject property.

William Going & Associates, Inc. has prepared this report for Universal Supply Group Inc. (Client), although it is based in part on information obtained from third parties not within the control of either client or William Going & Associates. While it is believed that the third-party information contained herein is reliable, we do not guarantee the accuracy thereof.

Our website [williamgoingassociates.com] presents the author's resume. If there are questions pertaining to this report, please contact the undersigned.

Sincerely,

/s/ William L. Going

William L. Going, Principal

ATTACHMENT A

USGS Topographic Locator Map
Neighborhood Aerial Photograph
Municipal Tax Map
Photographs of Subject Property
Portion of Assessor's File
Historical USGS Topographic Area Maps (1893, 1947, 1985)
Sanborn® Fire Insurance Maps (1905, 1941, 1950, 1956)
Historical Aerial Photographs (1941, 1952, 1970, 1986, 2006)
Envirotech's "21E Historical Site Assessment for Oil and Hazardous Materials at 1311 East Street, Pittsfield, Massachusetts" (November 1993)
USEPA's General Electric Pittsfield Site Map, History and Description (2000)
Environmental FirstSearch™ Site-Specific City Directories:
1906, 1913, 1919, 1925-26, 1929-30, 1933, 1946, 1960, 1963-64, 1967
1992, 1997, 2002, 2007 (August 2007)
Environmental Questionnaire Completed By Mr. Brian Mead (August 2007)
Environmental FirstSearch™ ASTM Environmental/Statistical Profile (August 2007)

LEASE

This lease, dated as of September 10, 2007, ("Lease") is by and between S&A Supply, Inc., a Massachusetts corporation ("Landlord") and S&A Purchasing Corp., a New York corporation ("Tenant").

TERMS

For good and valuable consideration received by each party from the other, the parties covenant and agree as follows:

1. PREMISES

(a) Landlord's Authority. Landlord represents and warrants that it is the sole owner of the land, buildings and equipment described on Schedule A attached hereto, together with all buildings, improvements, facilities and fixtures located on the land, and any easements, rights of access and other property rights necessary to allow Tenant unobstructed use and occupancy of the foregoing (the "Premises"). Landlord represents and warrants that it has full right and authority to lease the Premises to Tenant and to otherwise enter into this Lease on the terms and conditions set forth herein, and that the provisions of this Lease do not conflict with or violate the provisions of existing agreements between the Landlord and third parties.

(b) Lease of Premises. Landlord hereby leases the Premises to Tenant, and Tenant hereby leases the Premises from Landlord. The Premises are leased to Tenant together with all singular appurtenances, rights and privileges in or otherwise pertaining thereto.

(c) Landlord's Access. Landlord and its authorized agents or representatives shall have reasonable access to the Premises during Tenant's normal business hours on not less than four hours notice to Tenant. In the event of any emergency giving rise to the threat of damage or injury to life or property, Landlord may enter the Premises without notice.

2. TERM

(a) Lease Commencement. The term of this Lease shall commence on September 10, 2007 (the "Commencement Date"), or the date possession of the Premises is delivered to Tenant in accordance with this Lease or any riders attached hereto.

(b) Initial Term. The initial term of this Lease (the "Initial Term") shall be 5 years, commencing on the Commencement Date. Hereinafter, "Term" shall mean the Initial Term and any extension thereof.

(c) Extension Term. Tenant shall have the option to extend the term of this Lease for 3 periods of 5 years each (each such period defined as a "Renewal Period"), on the same terms and conditions (except for Annual Fixed Rental, which shall be subject to adjustment as provided on Schedule "B" annexed hereto) as herein contained. Tenant may exercise each of the 5 year option periods by giving written notice to Landlord not less than 180 days prior to the expiration date of the Initial Term or the Renewal Term, as the case may be.

3. RENT

(a) Rent. Tenant shall pay Landlord the Annual Fixed Rental as set forth on Schedule B annexed hereto, in equal monthly installments, on the first day of each and every calendar month, beginning October 1, 2007, until the expiration of the term of this Lease and any Renewal Term. The Annual Fixed Rental plus any additional rent due under this lease is hereinafter sometimes referred to as "Rent". Rent for partial months at the beginning and end of the Term shall be apportioned based on the number of days in such partial months.

(b) The initial payment of rent shall be made by Tenant on the date of possession of the Premises anticipated to be on or about September 10, 2007. Said payment shall be for a prorated share of the monthly amount described herein.

(c) Late Rent. The Annual Fixed Rental payments are due on the first day of the month and shall be considered late if received after the tenth day of the month. In the event that Tenant fails to make the Annual Fixed Rental payment on or before the fifteenth day of the month, Tenant shall pay a late charge in the amount of 5% of the amount due.

4. TAXES AND ASSESSMENTS

(a) Payment of Taxes by Tenant. As additional rent, Tenant shall pay all real estate taxes, personal property taxes, transaction, privilege, excise or sales taxes, special improvement and other assessments (ordinary and extraordinary), and all other taxes, duties, charges, fees and payments imposed by any governmental or public authority which shall be imposed, assessed or levied upon, or arising in connection with the ownership, use, occupancy or possession of the Premises or any part thereof during the Term (all of which are herein called "Taxes"). Tenant shall deliver to Landlord evidence of timely payment of Taxes. Taxes for the tax year in which the term shall commence or expire shall be apportioned according to the number of days during which each party shall be in possession during such tax year.

(b) Tax Protest. Tenant may contest any Taxes by appropriate proceedings conducted at Tenant's expense in Tenant's name or, if required by law, in Landlord's name. Landlord shall cooperate with Tenant and execute any documents or pleadings reasonably required for such purpose, but Landlord shall not be obligated to incur any expense or liability in connection with such contest. Tenant may defer payment of the contested Taxes pending the outcome of such contest, if such deferment does not subject Landlord's interest in the Premises to forfeiture. Tenant shall deposit with Landlord, if Landlord so requests, an amount of money at least equal to the payment so deferred plus estimated penalties and interest. Upon notice to Tenant, Landlord may pay such contested Taxes from such deposit if necessary to protect Landlord's interest in the Premises from immediate sale or loss. When all contested Taxes have been paid or canceled, all moneys so deposited to secure the same and not applied to the payment thereof shall be repaid to Tenant without interest. In lieu of any such deposit, at its election Tenant may furnish a bond in a form, in an amount, and with a surety reasonably satisfactory to Landlord. All refunds of Taxes shall be the property of Tenant to the extent they are refunds of or on account of payments made by Tenant.

5. SERVICES AND UTILITIES

(a) Contractual Arrangements. Tenant shall make arrangements for delivery to the Premises of any gas, electrical power, water, sewer, telephone and other utility services and any cleaning, trash and snow removal and maintenance services as Tenant deems necessary or desirable for its operations during the Term. Landlord represents that the foregoing services and utilities are installed or readily available at the Premises without any material installation costs to Tenant.

(b) Payment of Charges. Tenant shall promptly pay all charges for utility and other services contracted by Tenant to be delivered to or used upon the Premises during the Term and shall be responsible for providing such security deposits, bonds or assurances as may be necessary to procure such services.

(c) Transition. Landlord and Tenant shall each reasonably assist the other in transition of payments for, and control of, services and utilities at the commencement and termination of this Lease.

6. MAINTENANCE AND REPAIR

(a) Present Condition. Prior to the commencement of the Term, Landlord shall put the building systems, including, without limitation, plumbing and electrical lines and equipment, heating, ventilation and air conditioning systems, boilers, and elevators, if any, in good repair and condition. Landlord represents, warrants and covenants that at the Commencement Date such systems will be in good mechanical and operating condition. Subject to the preceding sentences of this paragraph, Tenant accepts the Premises in their present condition. Landlord represents and warrants that it has no knowledge of any conditions which have existed or presently exist which could materially adversely affect Tenant's business or contemplated use of the Premises.

(b) Maintenance Obligations. After the commencement of the Term, Tenant shall promptly make or cause to be made all non-structural and mechanical repairs needed to maintain the Premises in its present condition, subject to reasonable wear and tear. Landlord shall promptly make or cause to be made all structural and mechanical repairs and replacements necessary to so maintain the Premises, which shall include keeping the roof and Premises free of leaks, repairs to the plumbing and drainage systems, electrical systems, and the exterior and interior structural elements of the building (including, without limitation, the roof, exterior and bearing walls of the building, support beams, foundations, columns and lateral supports).

7. USE; COMPLIANCE WITH LAWS

(a) Permitted Uses. Tenant may use and occupy the Premises for all lawful uses or purposes.

(b) Compliance with Laws. Landlord represents and warrants that Tenant's intended use of the Premises for heating and plumbing supply business and an electrical wholesale business, and for offices and other related uses in connection with Tenant's distribution business is a lawful use of the Premises, and that no further governmental consents, approvals or permits are necessary for such use. Landlord further represents and warrants that the Premises are in compliance with all applicable laws, including the Americans With Disabilities Act. If the foregoing representations are untrue, then, in addition to all of Tenant's other rights hereunder or at law or in equity, Landlord shall reimburse Tenant for, and shall indemnify and hold Tenant and any Tenant Indemnitees harmless from and against, any and all damages, injuries, fines, losses or claims, and all costs and expenses, including reasonable attorneys fees, incurred by or asserted against Tenant as a result of or arising out of such representation being untrue, including any costs or expenses associated with obtaining any necessary consents, approvals or permits.

8. ALTERATIONS

Tenant may, without obtaining Landlord's prior consent or approval, make temporary alterations, improvements and additions ("Alterations") to the Premises that do not permanently affect the Premises. Tenant may make other non-temporary Alterations to the Premises (by way of example but not limitation, the installation of drywall partitioning, doorways, and lifts) with Landlord's prior consent or approval, which consent or approval shall not be unreasonably withheld, conditioned or denied; notwithstanding the foregoing, if the cost of such non-temporary Alterations is less than $20,000, Landlord's prior consent shall not be required. All Alterations made by Tenant shall be made at Tenant's sole cost and expense, including all costs and expenses incurred in obtaining any required governmental consents, permits or approvals. Tenant may perform all Alterations with contractors and subcontractors of Tenant's own choosing. Landlord will cooperate with Tenant's efforts to obtain any governmental permits or approvals or consents required therefor. Landlord shall not be entitled to impose upon Tenant any charges or fees of any kind in connection with any Alterations.

9. SIGNAGE

Tenant, at its expense and subject to its obtaining any required governmental permits and approvals, may place, maintain, repair and replace signage on the Premises, which may include any such trade name(s) or corporate affiliations as Tenant chooses. Landlord shall cooperate with Tenant's efforts to obtain any permit, approval or consent necessary or desirable in connection with the installation of any sign.

10. TENANT'S PROPERTY

For purposes of this Lease, the Term "Tenant's Property" shall mean all office furniture and equipment, movable partitions, communications equipment, inventory, and other articles of movable personal property owned or leased by Tenant and located in the Premises. All Tenant's Property shall be and remain the property of Tenant throughout the Term of this Lease and may be removed by Tenant at any time during the Term. Upon the expiration of this Lease, or within 30 days after the sooner termination hereof, Tenant shall remove all Tenant's Property from the Premises without leaving any noticeable damage to the Premises. If Tenant leaves noticeable damage as a result of Tenant's removal of Tenant's Property, Landlord shall give Tenant 15 days written notice to remove or repair such damage, after which time, Landlord may repair such damage and Tenant shall reimburse Landlord for all costs and expenses reasonably incurred by Landlord in repairing such damage.

11. QUIET ENJOYMENT

Landlord covenants that Tenant shall and may, at all times during the Term, peaceably and quietly have, hold, occupy, and enjoy the Premises.

12. LIENS AND MORTGAGES

(a) Tenant's Liens. Tenant shall not (i) by any failure to act or by any act, other than the mere hiring of a material or service provider, allow any materialman's or mechanic's liens, or (ii) by any act or failure to act allow any other liens, deeds of trust, mortgages, or other encumbrances, to be placed on the whole or any portion of the Premises during the term of this Lease.

(b) Non-Disturbance. Landlord may place or leave in place a mortgage on the Premises, but only if Landlord shall have obtained from its mortgagee a written agreement with Tenant, in form and substance satisfactory to Tenant's legal counsel, which agreement (including any extensions, modifications, renewals, consolidations, and replacements thereof) shall be binding on their respective successors and assigns and which provides that so long as Tenant shall not be in default in payment of Rent: (a) Tenant shall not be joined as a defendant in any proceeding which may be instituted to foreclose or enforce the mortgage; (b) Tenant's possession and use of the premises in accordance with the provisions of this Lease shall not be affected or disturbed by reason of the subordination of this Lease to, or any modification of or default, under the mortgage; and (c) the mortgagee will subordinate and subject its respective rights, if any, to any portion of the insurance proceeds otherwise payable to Landlord when and to the extent necessary for Landlord to comply with its obligations of repair and restoration hereunder.

13. INSURANCE

(a) Building Insurance. Throughout the Term, Landlord shall keep the buildings and improvements included in the Premises insured for the "full replacement value" thereof against loss or damage by perils customarily included under standard "all-risk" policies.

(b) Tenant's Liability Insurance. Throughout the Term, Tenant shall maintain commercial general liability insurance, including a contractual liability endorsement, and personal injury liability coverage in respect of the Premises and the conduct or operation of business therein, with Landlord as an additional insured, with limits of not less than $3,000,000 combined single limit for bodily injury and property damage liability in any one occurrence. Each such policy of insurance shall provide that the same will not be canceled without at least 30 days prior written notice to Landlord. On written request by Landlord, Tenant shall deliver to Landlord certificates of insurance, showing that the insurance required to be maintained pursuant to the foregoing provisions of this Section 13(b) is in force and will not be modified or canceled without 30 days prior written notice being furnished to Landlord. Thereafter, not less than 30 days prior to the expiration or termination of each such policy, Tenant shall furnish to Landlord certificates showing renewal of, or substitution for, policies which expire or are terminated. The insurance to be maintained by Tenant pursuant to this Section 13(b) may be effected either by blanket or umbrella policies.

(c) Waiver of Subrogation. A party shall have no claim against the other or the employees, officers, directors, managers, agents, shareholders, partners or other owners of the other for any loss, damage or injury which is covered by insurance carried by such party and for which recovery from such insurer is made, notwithstanding the negligence of either party in causing the loss. The foregoing waiver and release shall not apply, however, to any damage caused by intentionally wrongful actions or omissions. Each party represents that its current insurance policies allow such waiver. Neither Landlord nor Tenant shall obtain or accept any insurance policy which would be invalidated by or which would conflict with this paragraph.

14. INDEMNIFICATION

Except as may otherwise be provided in this Lease, Tenant shall indemnify and hold harmless Landlord, its employees, officers, directors, managers, agents, shareholders, partners or other owners from and against any and all third-party claims arising from or in connection with: (i) the conduct or management of the Premises or of any business thereon, or any condition created in or about the Premises during the term of this Lease, unless created by Landlord or any person or entity acting at the instance of Landlord; (ii) any act, omission or negligence of Tenant or any of its subtenants or licensees or its or their employees, officers, directors, managers, agents, shareholders, partners or other owners, invitees or contractors; (iii) any accident or injury or damage whatever, not caused by Landlord or any person or entity acting at the instance of the Landlord occurring in, at or upon the Premises. Tenant shall have the right to assume the defense of any such third-party claim with counsel chosen by Tenant or by Tenant's insurance company. Tenant shall not be responsible for the fees of any separate counsel employed by the Landlord.

15. OPTIONS TO PURCHASE

Right of First Refusal. Should Landlord during the Term enter into an agreement to sell the Premises, or any portion thereof, ("Sales Agreement") Landlord shall provide to Tenant a written notice of intent to sell ("Notice") with a copy of the Sales Agreement. Tenant shall have and may exercise an option to acquire the Premises, or the portion thereof subject to the Sales Agreement, on the same terms and conditions, other than as to the identity of the purchaser and date for closing, as are set forth in the Sales Agreement. If Tenant does not within 30 days after receiving the Notice and copy of the Sales Agreement give Landlord written notice of Tenant's intention to exercise such option, then subject to and as provided by the Sales Agreement Landlord may sell the Premises or portion thereof covered by the Sales Agreement by no later than the 150th day after receipt by Tenant of the Notice and copy of the Sales Agreement. If Landlord does not timely so sell the Premises or varies the terms of the Sales Agreement, Landlord shall again comply with the terms of this Section 15 as if no Notice had ever been given. If Tenant timely notifies Landlord of its intent to exercise such option, then at such time as Tenant may specify, but no later than 90 days following receipt by Landlord of such notice from Tenant, and at such place within the city or town where the Premises is located as Tenant may specify, or such other place and time and Landlord and Tenant may agree, Tenant shall exercise its option by purchasing, and Landlord shall sell to Tenant, the Premises or portion thereof subject to the Sales Agreement.

16. ENVIRONMENTAL MATTERS

(a) Definitions.

"Environment" means soil, surface waters, groundwater, land, stream sediments, surface or subsurface strata and ambient air.

"Environmental Condition" means any condition with respect to the Environment on or off the Premises, whether or not yet discovered, which could or does result in any Environmental Damages, including, without limitation, any condition resulting from the operation of any business that is or was conducted on the Premises by Landlord or Landlord's predecessors, lessees, sublessees or occupants of the Premises other than Tenant, or on the property of any other property owner or operator in the vicinity of the Premises, or which could or does result from any activity or operation conducted by any person or entity on or off the Premises.

"Environmental Damages" means all claims, judgments, damages (including punitive and consequential damages), losses, penalties, fines, liabilities (including strict liability), encumbrances, liens, costs and expenses of investigation and defense of any claim, whether or not such claim is ultimately defeated, and of any settlement or judgment, of whatever kind or nature, contingent or otherwise, matured or unmatured, and the costs and expenses of remediation, any of which are incurred at any time as a result of (i) the existence of an Environmental Condition on, about or beneath the Premises or migrating to or from the Premises, (ii) the Release or Threat of Release of Hazardous Substances into the Environment from the Premises or (iii) the violation or threatened violation of any Environmental Law with respect to the Premises, regardless of whether the existence of such Hazardous Substances or the violation or threatened violation of such Environmental Law arose prior to, on or after the Commencement Date, and including without limitation:

(i) damages for personal injury, disease or death or injury to property or the Environment occurring on or off the Premises, including lost profits, consequential damages, and the cost of demolition and rebuilding of any improvements;

(ii) diminution in the value of the Premises, and damages for the loss or of restriction on the use of the Premises;

(iii) fees incurred for the services of attorneys, consultants, contractors, experts, laboratories and all other costs incurred in connection with investigation, cleanup and remediation, including the preparation of any feasibility studies or reports and the performance of any cleanup, remedial, removal, abatement, containment, closure, restoration or monitoring work; and

(iv) liability to any person or entity to indemnify such person or entity for costs expended in connection with the items referred to in this paragraph.

"Environmental Laws" means all laws (including rules, regulations, codes, plans, injunctions, judgments, orders, decrees, rulings, and charges thereunder) of federal, state, local, and foreign governments (and all agencies thereof) concerning pollution or protection of the environment, public health and safety, or employee health and safety, including laws relating to emissions, discharges, releases, or threatened releases of pollutants, contaminants, or chemical, industrial, hazardous, or toxic materials, substances or wastes into ambient air, surface water, ground water, or lands or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, or handling of pollutants, contaminants, or chemical, industrial, hazardous, or toxic materials, substances or wastes, including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act, as amended, 42 U.S.C. §9601 et. seq. ("CERCLA"); the Hazardous Materials Transportation Act, as amended, 49 U.S.C. §1801 et. seq.; the Resource Conservation and Recovery Act, as amended, 42 U.S.C. §6901 et. seq.; the Federal Water Pollution Control Act, as amended, 33 U.S.C. §1251 et. seq.; The Clean Air Act, 42 U.S.C. §7404 et. seq., the Occupational Safety and Health Act of 1970, each as amended, and any comparable law of the state in which the Premises is located;

"Hazardous Substance" means any (i) substance, gas, material or chemical which poses or may pose a hazard to human health or safety, (ii) toxic substance or hazardous waste, substance or related material, or any pollutant or contaminant, (iii) asbestos, urea formaldehyde foam insulation, petroleum and petroleum by-products, polychlorinated dibenzo-p-dioxins, polychlorinated dibenzofurans or polychlorinated biphenyls which, in each case, is now or hereafter subject to Environmental Law or (iv) and any other substances defined as "hazardous wastes", "hazardous substances", "toxic substances", "pollutants", "contaminants", or other similar designations, or any other material, the removal, storage or presence of which is regulated or required and/or the maintenance of which is regulated or penalized by Massachusetts General Laws Chapter 21E; The Massachusetts Contingency Plan, 310 CMR 40.00 et seq.; the Resources Conservation Recovery Act, 42 U.S.C. 6901, et seq.; the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. 9601, et seq.; the Toxic Substances Control Act, 15 U.S.C. 2601, et seq.; the Clean Water Act, 33 U.S.C. 1251, et seq.; the Safe Drinking Water Act, 42 U.S.C. 300(f)-300(j) - 10; the Clean Air Act, 42 U.S.C. 7401, et seq.; and rules adopted under such statutes, as well as any permits or licenses issued under such statutes and rules or any other local, state or federal agency, authority or governmental unit.

"Release" means any spilling, leaking, pumping, pouring, emitting, discharging, injecting, escaping, leaching, dumping, disposing, or other entering into the Environment of any Hazardous Substance, whether known or unknown, intentional or unintentional.

"Threat of Release" means a substantial likelihood of a Release which requires action to prevent or mitigate damage to the Environment which may result from such Release and which is required under the Environmental laws.

(b) Representations and Warranties. Landlord represents and warrants to Tenant that, unless otherwise disclosed on Schedule C:

(i) Landlord has no material documents in its possession concerning any Environmental Condition, and Landlord is not aware of any material information relating to any Environmental Condition of the Premises.

(iii) During Landlord's ownership of the Premises:

(A) Landlord has not installed any above ground or underground tanks for storage of Hazardous Substances ("Storage Tanks") at the Premises, nor were any Storage Tanks located at the Premises prior to the time Landlord acquired ownership of the Premises. The Premises do not presently contain and never have contained and are presently free from any underground tanks or pipes ancillary to underground or above-ground tanks (collectively "Tanks"), on the Property, except as disclosed on Schedule C hereto. To the extend there are any Tanks disclosed on Schedule C, such Tanks shall have been properly removed or shall have been legally and property de-commissioned and abandoned and Landlord shall provide written verification of such proper removal or de-commissioning and abandonment within 10 days prior to the Commencement Date.

(B) It has not received any notice of any private, administrative or judicial action, or notice of any intended private, administrative or judicial action, relating to the presence or alleged presence of Hazardous Substances in, under or upon the Premises, or that may have migrated from the Premises and there is no basis for any such notice or action. There are no pending, or to Landlord's knowledge, threatened, actions or proceedings (or notices of potential actions or proceedings) from any governmental agency or any other entity regarding any matter relating to any Environmental Laws.

(C) Landlord has not notified or been made aware of any notice to any environmental agency of a Release at the Premises.

(D) Landlord has not disposed of any Hazardous Substances at the Premises or sent, transported, caused the transportation of or disposed of any waste materials that are not Hazardous Substances, at the Premises.

(E) Landlord, during its ownership and operation of the Premises, has disposed of all wastes it generated from operations conducted at the Premises in compliance with applicable laws and only at off-Premises facilities reasonably believed by Landlord to have necessary permits and approvals.

(F) Landlord has during its ownership and operation of the Premises maintained or kept all records required by law to be maintained or kept relating to the generation, storage, treatment, release and/or disposal of Hazardous Substances.

(G) Landlord has no knowledge of any Release at the Premises.

(c) Environmental Indemnities. Landlord shall indemnify and hold harmless Tenant and any Tenant Indemnitees against any and all Environmental Damages. Tenant shall indemnify Landlord against any loss, cost, damage, claim or expense to Landlord arising out of or related to the presence, use, handling, discharge, release or disposal of Hazardous Substances on, in, under, to or from the Premises introduced by Tenant onto the Premises, provided that Landlord shall have the burden of proving that any such loss, cost, damage, claim or expense arose on account of Hazardous Substances introduced by Tenant onto the Premises.

17. DAMAGE AND DESTRUCTION

In case of damage to or destruction of the Premises or any part thereof by any cause whatever, if Tenant cannot continue the operation of its business in the same manner as prior to such damage or destruction, Tenant by a written notice to Landlord may terminate this Lease unless Landlord, within 20 days following such damage or destruction, has agreed to reconstruct the Premises. Following such damage or destruction and unless and until the termination of this Lease, this Lease shall remain in full force and effect and Tenant shall continue the operation of its business at the Premises if and to the extent the Tenant determines, in Tenant's good faith judgment, that it is reasonably practical to do so. If Landlord agrees to reconstruct the Premises and Tenant does not terminate the Lease on account of such damage or destruction as aforesaid (a) Landlord shall abate and forgive Rent payments which become due from the time of such damage or destruction through the course of the reconstruction to reflect the extent to which Tenant does not conduct its business operation at the Premises, (b) the lease term shall continue and the parties shall continue to be bound by this Agreement, and (c) Landlord shall commence such reconstruction as soon as possible and diligently prosecute such reconstruction through completion. Notwithstanding the foregoing, if Tenant does not elect to terminate, Tenant shall have the right to require Landlord to reconstruct the Premises, in which event the provisions of "(a), (b) and (c) of the preceding sentence shall apply and the building insurance proceeds shall be held for such purpose.

18. CONDEMNATION

(a) Notice. Landlord and Tenant shall each notify the other if it becomes aware that there will or might occur a taking of any portion of the Premises by condemnation proceedings or by exercise of any right of eminent domain (each, a "Taking").

(b) Termination of Lease. In the event of the Taking of the entire Premises, this Lease shall terminate as of the date of such Taking. If there occurs a Taking of a portion of the Premises such that the remainder of the Premises shall not, in Tenant's reasonable opinion, be adequate and suitable for the conduct of Tenant's business as conducted prior to such Taking, then Tenant may, at its option, terminate this Lease.

(c) Continuation of Lease. If there is a Taking of a portion of the Premises and this Lease is not terminated pursuant to Section 18(b) hereof, then this Lease shall remain in full force and effect, except that appropriate adjustments shall be made to, and in respect of, the Premises and Rent, and Landlord shall proceed with due diligence to perform any work necessary to restore the remaining portions of the Premises to the condition that they were in immediately prior to the Taking, or as near thereto as possible.

(d) Condemnation Award. Any award resulting from any Taking of the Premises for the value of Tenant's leasehold prior to the Taking, or Tenant's personal property, fixtures, relocation costs or loss of goodwill shall be the property of Tenant. All of any award resulting from any such Taking not specifically reserved to Tenant shall be the property of Landlord.

19. DEFAULT BY LANDLORD

Notwithstanding any other provision of this Lease, if the Landlord by any act or omission in breach or default of this Lease renders the Premises or any portion thereof untenantable or unfit for Tenant's business operations, then (a) if such untenantability or unfitness continues for a period of five consecutive days after Tenant notifies Landlord in writing thereof, all Rent shall abate for the period that the Premises remain untenantable or unfit to the extent that the Premises have been rendered untenantable or unfit; and (b) if such untenantability or unfitness continues for a period of 30 consecutive days after Tenant notifies Landlord in writing thereof, Tenant may (i) terminate this Lease at any time thereafter by delivering written notice to Landlord thereof, or (ii) cure same and deduct the cost from Rent.

20. DEFAULT BY TENANT

It shall constitute an Event of Default if Tenant shall fail to perform or comply with any term of this Lease, including the payment of Rent, and such failure shall in the case of a default in the payment of rent continue for a period of 10 days (30 days for all other defaults) after Tenant's receipt of written notice thereof from Landlord specifying such failure and requiring it to be remedied; provided, however, that if any such failure, other than the failure to pay Rent, cannot with due diligence be remedied by Tenant within a period of 30 days, if Tenant commences to remedy such failure within such 30 day period and thereafter prosecutes such remedy with reasonable diligence, the period of time for remedy of such failure shall be extended so long as Tenant prosecutes such remedy with reasonable diligence. Following the occurrence of any Event of Default, Landlord may terminate this Lease and have immediate possession of the Premises, in addition to any other remedies allowed by law.

21. SURRENDER; HOLDOVER

At the end of the Term or upon termination of this Lease, whichever first occurs, Tenant shall quit and surrender possession of the Premises to Landlord vacant and broom clean. If Tenant remains in possession of the Premises after the end of the Term, then Tenant shall be deemed to be a tenant from month to month only, under all of the same terms and conditions of this Lease then in effect, except as to the duration of the Term.

22. BROKERAGE

Landlord and Tenant each represents and warrants to the other that it had no conversations or negotiations with any broker or finder concerning the consummation of this Lease. Landlord and Tenant shall each indemnify and hold harmless the other from and against any claims for brokerage commissions or finder's fees (together all related expenses, including, without limitation, reasonable attorneys' fees) resulting from or arising out of any conversations or negotiations had by it with, or any agreement between it and, any broker or finder in connection with this Lease, other than a broker identified above. In the event there is a broker, Landlord shall pay all brokerage commissions.

23. ASSIGNMENT AND SUBLETTING

Except as set forth herein, Tenant shall not assign this Lease without the Landlord's prior written consent, which consent, however, shall not be unreasonably withheld nor delayed. Notwithstanding the foregoing, Tenant may, without the Landlord's consent: (a) sublet not more than 50% of the Premises; (b) assign or sublet this Lease to any entity or affiliate more than 50% owned or controlled by Tenant, to any entity which owns or controls more than a 50% interest in Tenant or to any entity under common control with Tenant. A merger or consolidation to which Tenant or any successor to Tenant is party shall not constitute an assignment requiring consent of Landlord.

24. MISCELLANEOUS

(a) Governing Law. This Lease shall be governed by and construed in accordance with the laws of the State in which the Premises is located.

(b) Certain Definitions.

"Including" means including without limitation.

"Tenant Indemnitee" means any corporation, individual or other entity (a) of which Tenant is a direct or indirect subsidiary of any tier, or that directly or indirectly controls Tenant, (b) that is a direct or indirect subsidiary of any tier of Tenant, or (c) that is under direct or indirect common control with Tenant.

(c) Indemnification Matters Involving Third Parties. With respect to the obligation of either party to indemnify pursuant to this Lease:

(1) If any claim or demand for which an Indemnifying Party would be liable to an Indemnified Party is asserted against or sought to be collected from the Indemnified Party by a third party, Indemnified Party shall with reasonable promptness notify in writing the Indemnifying Party of such claim or demand stating with reasonable specificity the circumstances of the Indemnified Party's claim for indemnification; provided, however, that any failure to give such notice will not waive any rights of the Indemnified Party except to the extent the rights of the Indemnifying Party are actually prejudiced. After receipt by the Indemnifying Party of such notice, then upon reasonable notice from the Indemnifying Party to the Indemnified Party, or upon the request of the Indemnified Party, the Indemnifying Party shall defend, manage and conduct any proceedings, negotiations or communications involving any claimant whose claim is the subject of the Indemnified Party's notice to the Indemnifying Party as set forth above, and shall take all actions necessary, including, but not limited to, the posting of such bond or other security as may be required by any governmental authority, so as to enable the claim to be defended against or resolved without expense or other action by the Indemnified Party. Upon request of the Indemnifying Party, the Indemnified Party shall, to the extent it may legally do so and to the extent that it is compensated in advance by the Indemnifying Party for any costs and expenses thereby incurred,

(a) take such action as the Indemnifying Party may reasonably request in connection with such action,

(b) allow the Indemnifying Party to dispute such action in the name of the Indemnified Party and to conduct a defense to such action on behalf of the Indemnified Party, and

(c) render to the Indemnifying Party all such assistance as the Indemnifying Party may reasonably request in connection with such dispute and defense.

(2) In any action or proceeding, the Indemnified Party shall have the right to retain its own counsel, but, in the event the Landlord is the Indemnified Party, Landlord shall have the right to retain only one counsel on behalf of all the Landlord; but the fees and expenses of such counsel shall be at its own expense unless (i) the Indemnifying Party and the Indemnified Party shall have mutually agreed to the retention of such counsel or (ii) the named parties to any suit, action or proceeding (including any impleaded parties) include both the Indemnifying Party and the Indemnified Party and representation of all parties by the same counsel would be inappropriate due to actual or potential conflict of interests between them.

(3) An Indemnifying Party shall not be liable under this lease for any settlement effected without its consent of any claim, litigation or proceeding in respect of which indemnity may be sought hereunder.

(4) The Indemnifying Party may settle any claim without the consent of the Indemnified Party, but only if the sole relief awarded is monetary damages that are paid in full by the Indemnifying Party. The Indemnified Party shall, subject to its reasonable business needs, use reasonable efforts to minimize the indemnification sought from the Indemnifying Party under this Agreement.

(d) Consents and Approvals. If, pursuant to any provision of this Lease, the consent or approval of either party is required to be obtained by the other party, then, unless otherwise provided herein, the party whose consent or approval is required shall not unreasonably withhold, condition or delay such consent or approval.

(e) Rights and Remedies. All rights and remedies of either party expressly set forth herein are intended to be cumulative and not in limitation of any other right or remedy set forth herein or otherwise available to such party at law or in equity. Notwithstanding the foregoing, in no event shall either party be liable to the other for consequential or punitive damages, except as otherwise provided in this Lease.

(f) No Waiver. The failure of either party to seek redress for a breach of, or to insist upon the strict performance of any covenant or condition of this Lease, shall not prevent a subsequent act which would have originally constituted a breach from having all the force and effect of an original breach. The receipt by Landlord of Rent with knowledge of the breach of any covenant of this Lease by Tenant shall not be deemed a waiver of such breach and no provision of this Lease shall be deemed to have been waived by Landlord unless such waiver is in writing and signed by Landlord. The payment by Tenant of Rent with knowledge of the breach of any covenant of this Lease by Landlord shall not be deemed a waiver of such breach and no provision of this Lease shall be deemed to have been waived by Tenant unless such waiver is in writing and signed by Tenant.

(g) Successors and Assigns. Each and all of the terms and agreements herein contained shall be binding upon and inure to the benefit of the parties hereto, and their heirs, legal representatives, successors and assigns. Any sale or transfer of the Premises by Landlord during the term of this Lease shall be made by an instrument that expressly refers to this Lease as a burden upon the Premises.

(h) Recording. Tenant may record this Lease, a short form thereof, or a memorandum thereof. Landlord will cooperate with Tenant in the execution and delivery of such documents (including a memorandum or short form of this lease or comparable documents) as may be required to effectuate the foregoing in accordance with the requirements, customs and practices governing such recordation.

(i) Notices. All notices required hereunder shall be in writing and shall be effective when delivered to the address set forth below (or to such other addresses as either party may subsequently designate).

TENANT:

S&A Purchasing Corp.
c/o Universal Supply Group, Inc.
275 Wagaraw Road
Hawthorne, NJ 07506
Attn: Mr. William Pagano

LANDLORD:

S&A Supply, Inc.
c/o Brian Mead
8 Hillside Avenue
Gr. Barrington, MA 01230

(j) Entire Agreement; Modifications. This Lease contains the entire agreement between the parties concerning the matters set forth herein and may not be modified orally or in any manner other than by an agreement in writing signed by all the parties hereto or their respective successors in interest. Notwithstanding the foregoing, Tenant's remedies hereunder and under the Stock Acquisition Agreement shall be cumulative and not exclusive.

(k) Joint and Several Obligations. If Landlord includes more than one person or entity, the obligations shall be joint and several of all such persons and entities.

IN WITNESS WHEREOF, the parties hereto have duly executed this Lease as of the day and year first above written.

LANDLORD:	TENANT:
S&A SUPPLY, INC.	S&A PURCHASING CORP.
By: /s/ Brian Mead Brian Mead, President	By: /s/ William Pagano William Pagano, President

Schedule A

DESCRIPTION OF PREMISES

The following described land in Berkshire County, State of Massachusetts, commonly referred to as 20 Maple Avenue, together with all buildings thereon and appurtenances thereto:

Consisting of approximately 33,580 square feet located at 20 Maple Avenue, Great Barrington, Massachusetts, as further described in Schedule A-1 annexed hereto.

Schedule B

ADDITIONAL PROVISIONS TO LEASE

Annual Fixed Rent in Initial Term and Renewal Terms

1. The "Annual Fixed Rent" for the first year of the Initial Term shall be the sum of eighty one thousand dollars ($81,000) per year, or six thousand seven hundred fifty dollars ($6,750) per month.

2. Every year, starting with the second year, the Annual Fixed Rent shall be adjusted upward, but never decreased, pursuant to the provisions hereof.

3. For the purposes of this Schedule, the following terms have the following meanings:

"Index"	The Consumer Price Index—All Urban Consumers for New York-Northern New Jersey-Long Island, NY-NJ-CT-PA—All Items, published by the United States Bureau of Labor, and any successor thereto (1982 – 1984 = 100)
"Base Month"	September 2007
"Comparison Month"	September 2008 and every September thereafter

4. The Annual Fixed Rent for the second year of the Initial Term shall be eighty one thousand dollars ($81,000) per year, increased by the percentage of increase of the Index of the Comparison Month (September 2008 and every September thereafter) over the Base Month (September 2007).

   Example

   Assume that the Index for September 2008 shows a three percent (3%) increase over the Index for September 2007. The Annual Fixed Rent for the second year is eighty three thousand four hundred thirty dollars ($83,430).

5. The same procedure shall be followed every year throughout the Initial Term and the Renewal Terms, with the applicable percentage of increase to be multiplied times the Annual Fixed Rent for the year just concluded.

6. Because the Index is not published until after the close of a month, the adjustment in Annual Fixed Rent shall be made when the Comparison Month's Index is published and Landlord presents to Tenant the comparison figure and computation of adjustment of Annual Fixed Rent; and any increase for months already lapsed since the end of the prior year shall be added to the next installment of Annual Fixed Rent.

7. In the event that the Index is discontinued, the parties shall agree upon an equivalent and substituted Index to be applied in the same manner.

LANDLORD:	TENANT:
S&A SUPPLY, INC.	S&A PURCHASING CORP.
By: /s/ Brian Mead Brian Mead, President	By: /s/ William Pagano William Pagano, President

Schedule C

Underground Tanks or Pipes Ancillary to Underground or Above-Ground Tanks

This Agreement, dated September 10, 2007 (the "Agreement"), is entered into by and among S&A Supply, Inc. ("Landlord" or "S&A Supply"), S&A Purchasing Corp. ("Tenant" or "S&A"), a New York corporation and Colonial Commercial Corp. ("Colonial"), a New York corporation and the sole shareholder of S&A.

Landlord and Tenant entered into that certain lease agreement dated September 10, 2007 for the premises located at 20 Maple Avenue, Great Barrington, Massachusetts (the "Lease Agreement") in connection with the purchase by S&A of the assets set forth in that certain Asset Purchase Agreement dated by and among S&A, S&A Supply and the other signatories thereto.

For good and valuable consideration received by each party from the other, the parties covenant and agree as follows:

In the event Tenant fails to perform any of its obligations in accordance with the terms of the Lease Agreement, Landlord shall provide Tenant written notice ("Failure Notice") specifying such failure and requiring such failure be remedied in accordance with the terms of the Lease Agreement. Colonial hereby agrees to perform such failed obligation on behalf of the Tenant in the event Tenant shall have failed to remedy such failure in accordance with the prior sentence and Landlord provides Colonial with a written notice specifying the obligation that Tenant failed to cure along with a copy of the Failure Notice.

In the event Tenant contests any of the matters set forth in a Failure Notice, Tenant and Landlord shall resolve such dispute exclusively by arbitration by the American Arbitration Association in Great Barrington, Massachusetts. Notwithstanding anything set forth in this Agreement, in the event a Failure Notice is arbitrated in accordance with this subsection, Colonial's obligations under this Agreement shall be subject to the finding of Tenant's failure to perform by such arbitration.

(REST OF PAGE INTENTIONALLY LEFT BLANK)

LANDLORD:	TENANT:	COLONIAL:
S&A SUPPLY, INC.	S&A PURCHASING CORP.	COLONIAL COMMERCIAL CORP.
By: /s/ Brian Mead Name: Brian Mead Title: President	By: /s/ William Pagano Name: William Pagano Title: President	By: /s/ William Pagano Name: William Pagano Title: Chief Executive Officer

Lease Addendum
Number 1

Landlord and Tenant agree that any environmental hazard, including but not limited to contamination or hazardous waste, caused by or related to the disclosures in the environmental reports dated August 20, 2007 and September 7, 2007, attached hereto, shall be the sole liability of the Landlord.

LANDLORD:	TENANT:	COLONIAL:
S&A SUPPLY, INC.	S&A PURCHASING CORP.	COLONIAL COMMERCIAL CORP.
By: /s/ Brian Mead Name: Brian Mead Title: President	By: /s/ William Pagano Name: William Pagano Title: President	By: /s/ William Pagano Name: William Pagano Title: Chief Executive Officer

38 Chapel Court
Pine Bush, New York 12566
Tel. 845-744-3705
Fax. 845-744-5464
E-mail: budgoing@frontiernet.net

August 20, 2007

Mr. William Pagano, President
Universal Supply Group Inc.
275 Wagaraw Road
Hawthorne, New Jersey 07506

RE: Summary of Findings for Phase I Environmental Site Assessment
Commercial Property 20 and 40, Maple Avenue, Great Barrington, Massachusetts

Dear Mr. Pagano:

At your request, William L. Going & Associates, Inc. is conducting a Phase I ESA of commercial property situated at 20 and 40, Maple Avenue, Great Barrington, Massachusetts. We have determined that there are "*recognized environmental conditions*" onsite and that there should be some additional investigation in order to determine whether or not these conditions have caused any significant impact to subject property.

Specifically, historical sources indicate that a 6,000 gal. underground fuel oil storage tank (UST) and a 2,000 gal. fuel oil UST were reportly closed in place in 1992 without any documentation of soil conditions before or after UST removal. We also find one (1) 275 gal. aboveground fuel oil storage tank (AST) and one (1) 330 gal. fuel oil AST in service at subject property (without any means of secondary containment).

These "*recognized environmental conditions*" represent potential environmental liability until they have been thoroughly investigated. We recommend the installation of strategic test pits and/or soil borings and subsequent soil and/or groundwater analysis.

We will issue the complete Phase I ESA (with attachments) in about two weeks. Meanwhile, if there are any technical questions for us, or if further elaboration is required, please do not hesitate to contact us at (845) 744-3705. Thanks for the opportunity to be of service.

Sincerely,

/s/ William L. Going

William L. Going, Principal

38 Chapel Court
Pine Bush, New York 12566
Tel. 845-744-3705
Fax. 845-744-5464
E-mail: budgoing@frontiernet.net

September 7, 2007

Mr. William Pagano, President
Universal Supply Group Inc.
275 Wagaraw Road
Hawthorne, New Jersey 07506
E-mail: wpagano@usginc.com

RE: **Phase I Environmental Site Assessment: "S&A Supply Inc."**
20 & 40 Maple Avenue, Great Barrington, Massachusetts

Dear Mr. Pagano:

William L. Going & Associates, Inc. is pleased to submit this Phase I Environmental Site Assessment of commercial properties situated at 20 and 40 Maple Avenue, Great Barrington, Berkshire County, Massachusetts. This assessment has been conducted pursuant to ASTM E1527-05. The objective of this assessment was to identify *"recognized environmental conditions"* associated with a range of contaminants within the scope of Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) and petroleum products. The term *"recognized environmental conditions"* means the presence or likely presence of any hazardous substances or petroleum products on a property under conditions that indicate an existing release, a past release, or a material threat of a release into the structures on the property or into the ground, groundwater, or surfacewater of the property. This assessment is not intended to address *de minimus* conditions that generally do not represent a material risk of harm to public health or the environment and generally would not be the subject of enforcement action if brought to the attention of appropriate regulatory agencies.

Included in this letter report under the heading **"Attachment A"** are topographic area map, neighborhood aerial photograph, municipal tax map, photographs of the property, portion of assessor's file, historical USGS topographic area maps (1897, 1946, 1995), Sanborn® Fire Insurance Maps (1923, 1947), historical aerial photographs (1942, 1952, 1970, 1987, 2006), a Massachusetts Department of Public Safety, Division of Fire Prevention tank removal permit (1992), a city directory compiled by Environmental FirstSearch™ (August 2007), an Environmental Questionnaire completed by Mr. Brian Mead (August 2007), and an environmental database compiled by Environmental FirstSearch™ (August 2007).

Phase I Site Inspection

Subject properties are located at 20 and 40 Maple Avenue, Town of Great Barrington, Berkshire County, Massachusetts [topographic map, tax map, and photos]. 20 Maple Avenue [22.0-0-2], herein called Lot 2, is 1.63 acres in size, irregular in shape, and generally level. Lot 2 is classified as *commercial;* more specifically, *retailplumbing supplies,* in the Town of Great Barrington Assessment Role. 40 Maple Avenue [22.0-0-6], herein called Lot 6, is 0.36 acre in size, irregular in shape, and slopes gently northwest to southeast. Lot 6 is classified as *commercial;* more specifically, *retailstore*, *plumbing fixtures,* in the Town of Great Barrington Assessment Role. No portion of subject is federal, state, or tribal land.

Nearby land use and improvements are residential and commercial along a mixed-use corridor. Adjacent property includes: Roy Birches Funeral Home to the north, residential and commercial (Agway) to the south, residential and commercial (former Condor Chevrolet, Dunkin Donuts, Strip Mall) to the east, and the Housatonic Railroad tracks and residential property to the west. There does not appear to be any property directly upgradient of subject that would threaten or compromise the environment of subject. No *"recognized environmental conditions"* were obvious on adjacent land; however, we observed deposits of discarded bagged trash, used tires, scrap metal and wood, and two scrap auto gasoline tanks on the Condor Chevrolet property.

Lot 2 is improved with four commercial buildings, which provide retail and storage space for S&A Supply Inc. (plumbing/electrical wholesaler). We observed a paved outdoor storage yard that contained piping, new 275 gal. fuel oil tanks (for retail sale), and electrical wire. A paved driveway provides access from Massachusetts Avenue to the storage yard and buildings. Lot 6 is improved with one commercial building, which houses a plumbing fixture showroom for S&A Supply Inc. A paved driveway provides access from Massachusetts Avenue to a paved parking area.

Lot 2 contains the main commercial building and three supporting warehouses. The main building, herein called Building 1, is a 2-story wood frame structure over slab and crawl space. This building is serviced by municipal water and sewer systems and electric utilities, and is heated with fuel oil. The structure houses offices, racks of plumbing and electrical supplies, and sales counter space for S&A Supply.

The first warehouse, herein called Building 2, is a 1-story “pole barn” style building over concrete slab. This building is serviced by electric utilities but is not heated. This structure houses racks of plumbing supplies.

The second warehouse, herein called Building 3, is a 1-story “pole barn” style building over asphalt. This building [situated in the northeast corner of the site] is serviced by electric utilities but is not heated. This structure houses racks of plumbing and electrical supplies.

The third warehouse, herein called Building 4, is a 1-story structure situated in the southeast corner of the site. It can be described as a shed attached to a warehouse. The shed is a wood frame building over a concrete slab; the warehouse is a pre-engineered metal building over a concrete slab. This structure is serviced by electric utilities and is heated with fuel oil.

Solid waste generated at the site is best characterized as commercial garbage, including paper, cardboard, and wood packing material, all of which is removed by Allied Waste Services. Based on the age of Building 1, it is possible that painted surfaces contain lead-based paint and that the roofing materials contain asbestos. Painted surfaces were in good condition and the roofing materials were non-friable.

Lot 6 contains a plumbing fixture showroom. The plumbing fixture showroom is a converted assemblage of 1 ½ -story residence, a 1-story garage and a connecting addition. These structures are wood frame construction. The showroom is serviced by municipal water and sewer systems and electric utilities, and is heated with fuel oil and/or natural gas.

We observed three (3) aboveground fuel oil storage tanks (ASTs) onsite; specifically, Building 1 is serviced by a 275 gal. AST, Building 4 is serviced by a 330 gal. AST, and the showroom is serviced by a 275 gal. AST. There was no secondary containment associated with any of the ASTs. There were no noticeable leaks or drips or stains in the vicinity of the ASTs.

We observed small containers of adhesives, cleaners, sealers, and water treatments packaged for retail sale, and there were no noticeable leaks from any of these containers.

We observed floor drains in the north section of Building 1. The owner reports that the north section is the original section of the building, which was historically utilized for the storage and transportation of raw milk, and he asserts that the drains are connected to the municipal sewer.

The owner (Mr. Mead) reports that there are no underground chemical storage tanks or drywells or sumps or pits on the property, and we did not observe evidence of such. There is no current or historic evidence of generation, storage or disposal of hazardous chemical waste onsite. There was no obvious sign of significant chemical release to the site or to the local environment.

Site History and Other Relevant Information

We examined the Town of Great Barrington Assessor's records, Great Barrington Building Department records, Great Barrington Health Department records, historical USGS topographical area maps, historical Sanborn® Fire Insurance Maps, historical aerial photographs and historical city directories. We interviewed the Building Inspector (Edwin A. May), the Fire Chief (Harry Jennings), the Health Department Agent (Mark Pruhenski), and the owner of S&A Supply and subject property (Brian Mead). This work serves to establish that Lot 2 was improved in 1930 with the construction of the north section of Building 1. Prior to 1930, Lot 2 was apparently an unimproved lot. Lot 6 was improved in 1850 with the construction of the majority of the converted residence we see today. Prior to 1850, Lot 6 was apparently an unimproved lot.

Municipal records establish ownership of Lot 2 as follows: Mr. Collins prior to 1924, Dairymen's League Co-Operative Inc. in 1924, Dairylea Co-Operative Inc. and Richard J. Aloisi in 1972, and current owner S&A Supply Inc. in 1976. Municipal records also indicate that Lot 2 was improved with the construction of the north section of Building 1 in 1920, the central section of Building 1 in the mid 1970s, the warehouse portion of Building 4 in 1978, Building 3 in 1981, Building 2 and the south section of Building 1 in 1989.

Municipal records establish ownership of Lot 6 as follows: Henry J. Van Lennep prior to 1984, Elaine N. Allen in 1984, and current owner S&A Supply Inc. in 1995. Municipal records also indicate that the residence was remodeled in 1981. The owner indicated that the showroom was renovated in May 2007.

The 1897 issue of the USGS area map depicts Lot 2 and north adjacent property as unimproved land; Lot 6, south, and east adjacent property as residential, and west adjacent property as a New York, New Hampshire & Hartford Railroad (Berkshire Division). The 1946 issue of the USGS area map depicts the north section of Building 1 on Lot 2, and Lot 6 and adjacent property as largely unchanged.

Sanborn® Fire Insurance Maps (1923 and 1947) were reviewed. The 1923 map presents Lot 2 and north adjacent as undeveloped, Lot 6 as residential with three auxiliary structures (i.e. garages and or sheds), south adjacent property as "Colonial Inn", west adjacent property as "N.Y. N.H. & H. RR" *(New York, New Hampshire & Hartford Railroad)*, and east adjacent as residential. The 1947 map presents Lot 2 as improved with three structures: a non-descript auxiliary building, a building labeled "Grains" with occupant listed as "Eastern States Farmers Exchange", and the north section of Building 1 labeled "Dairy" with occupant listed as "Dairymen's League". The 1947 map also presents Lot 6 as residential and adjacent property as largely unchanged.

Historic aerial photos (1942, 1952, 1970, 1986, and 2006) were also carefully reviewed. Lot 2 featured one structure in 1942 and three structures in 1952. These aerials also establish that Lot 6, south, and east adjacent properties were improved (apparently residential), west adjacent property was a railroad right-of-way, and north adjacent property was wooded and undeveloped. The 1970 aerial photo was not clear or useful. The 1987 aerial establishes that Lot 2 was improved with three structures (north and central sections of Building 1, Building 3, and warehouse section of Building 4) and that Lot 6 was unchanged. This photo establishes that north adjacent property was improved with two structures, south adjacent property was improved with one structure that appears similar to the present Agway building, east adjacent property was improved with one structure that appears similar to the present auto dealership, and west adjacent property as railroad right-of-way. The 2006 aerial depicts the addition of Building 2, the shed portion of Building 4, and the south portion of Building 1 on Lot 2. This aerial depicts Lot 6 and adjacent property as largely unchanged, except for another addition to the structure that appears similar to the present Agway building.

Historic site-specific city directories (1907, 1913-14, 1920-21, 1926-28, 1932-34, 1940 42, 1947-49, 1955-56, 1963-64, 1992, 1997, 2002, and 2007) compiled by Environmental FirstSearch™ were also reviewed. These city directories provide a property occupant/use list for subject and four addresses "up" and "down" Massachusetts Avenue. The city directories indicate that Lot 2 (20 Maple Ave.) was not listed from 1907 through 1992, but was occupied by S&A Supply Inc. from 1992-2007. Lot 6 (40 Maple Ave) was listed as vacant in 1907 and residential from 1913-1992. Businesses along Maple Avenue included Central Dairy Co and Eastern States Farmers Exchange in the 1932; Dairyman's League Cooperative Association Inc. from 1940-1954; and Dairyman's League Cooperative Association Inc. Milk in 1963. South adjacent properties were occupied by Mrs. Ella M. Stiles Boarding & Lodging in 1907, Colonial Inn in 1913, Collins Inn in 1920, Colonial Inn and John B. Hyatt in 1926, Hotel Bartime and William E. Darling in 1932, Coach Lamp Inn and multiple residences and Eastern States Farmers Exchange in 1940, Colonial Inn, Albert E. Martin and Eastern States Farmers Exchange in 1947; The Berkshire Chalet Inn and Eastern States Farmers Exchange in 1963; and Agway Inc. from 1992-2007. East adjacent property was not listed from 1907-1963, but was occupied by Condor Rental Co. in 1992, Condor Chevrolet in 1997, and Condor Chevrolet Pontiac Buick Oldsmobile in 2007. West adjacent property was occupied by N.Y., N.H & H. RR Crossing from 1907-1920, and N.Y., N.H & H. RR Crosses at Grade in 1926. North adjacent property was not listed in city directories.

The Building Inspector, the Fire Inspector, and the Health Department Agent indicated that neither they nor their departments have knowledge of any *"recognized environmental conditions"* associated with subject property. Building Department files contain reports of building code inspections, various building permits, and “certificates of occupancy”. Site-specific building and health department files did not contain any reference to hazardous chemicals or petroleum products. Site-specific fire department files did not contain any reference to hazardous chemicals, but did contain a detailed permit to close-in-place one 6,000 fuel oil UST and one 2,000 gal. fuel oil UST.

The owner (Mr. Mead) informed us that there are two (2) closed-in-place, former underground fuel oil storage tanks (6,000 and 2,000 gal.) partially situated under the central section of Building 1. Mr. Mead provided us with a copy of a Massachusetts Department of Public Safety, Division of Fire Prevention permit application for tank removal. This application, Fire Department Identification Number 03113, dated July 8, 1992, listed the applicant as Joe Wilkinson Excavating, Inc., and was approved by Great Barrington Fire District Chief Cavanaugh. The application indicates that the substance lasted stored in the tanks was fuel oil, and provides a site sketch showing the approximate location of the two USTs in relation to Building 1. The sketch contained the following note: ‘Two fuel oil tanks located under main building were filled in place with a concrete slurry mix’. There are no records or soil chemistry data available; soil condition in the vicinity of these USTs is undocumented.

Mr. Brian Mead informs us that he is not aware of any environmental liens, engineering controls, or institutional controls associated with the property. Mr. Mead further informs us that S&A Supply has utilized Lot 2 since 1976 and Lot 6 since 1995. Mr. Mead asserts that he has no specific knowledge of generation, storage or disposal of hazardous chemicals, or chemical spills, or obvious indicators of contamination, or environmental cleanups at subject property.

MADEP and USEPA databases have been examined for reports of hazardous chemical spills or releases within one mile of subject property and for potential sites that may have impacted subject property. There is one Comprehensive Environmental Response Compensation and Liability Information System (CERCLIS) no Further Remedial Action Planed (NFRAP) site, one Resource Conservation and Recovery Act Corrective Action Generator (RCRAGN), twenty-one sites with known chemical or petroleum contamination (STATE), twenty-nine reported spills (SPILLS), eleven reported leaking tanks (LUST), two registered facilities with underground storage tanks (REG UST), ten facilities listed in the Area of Critical Environmental Concern (STATE ACEC), four facilities listed in the Facility Index System (FINDS), one facility listed in the Hazardous Material Incident Response System (HMIRS), and two facilities reporting releases of less than reportable volumes (OTHER), within one mile of subject property.

There are no federal or state environmental records suggesting that subject property has been impaired in any way. Furthermore, there has not been any report of chemical release at subject property or at any adjacent property. The environmental profile indicates that there are neither environmental liens against the property nor any Activity and Use Limitations (AULs) associated with subject property. Subject was not in listed in the MADEP Voluntary Cleanup Program or the Brownfields Program. Relevant portions of the environmental profile are included in Attachment A.

Conclusions and Recommendations

We conclude, based on the results of this ASTM Phase I assessment process and our professional judgment (taking into account applicable professional practices currently utilized in surveying and assessing this type of property), that the presence of several fuel oil ASTs, the undocumented abandonment of former fuel oil USTs, and numerous environmental incidences (including chemical storage, leaks and spills) represent *"recognized environmental conditions"* that require additional investigation

The Phase I environmental assessment process is intended to identify *"recognized environmental conditions"* that require additional investigation. This does not mean that subject property is contaminated, only that, based on the consulting industry's collective experience, there is the possibility of a past release, an existing release, or a material threat of a release into the structures on subject property or into the ground, groundwater, or surfacewater of subject property. Additional investigation [Phase II] is intended to resolve any question of impairment or liability. The soil or groundwater chemistry data that are normally the result of Phase II sampling would become the basis for definitive environmental conclusions, and the end point for "environmental due diligence".

We recommend installation of test pits [10'-14' deep] in the vicinity of the closed-in-place fuel oil USTs, as well as along the upgradient and downgradient perimeters of the property. Representative samples of soil and/or groundwater should be analyzed for volatile and semi-volatile organic compounds, selected metals, pesticides and PCBs. Chemistry results should be compared to MADEP soil cleanup guidelines. This would serve to establish a current environmental baseline for subject property.

We suggest that the fuel oil ASTs onsite be retrofitted with secondary containment and that they be routinely inspected and maintained so as to prevent product release. This suggestion represents best management practice.

The environmental assessment that we have completed conforms to industry-wide standards. Investigations and direct observations notwithstanding, we do not warrant that there are absolutely no toxic or hazardous chemical contamination at the subject property, nor do we accept any liability if such are found at some future time, or could have been found if additional sampling had been conducted. In view of the rapidly changing status of environmental laws, regulations, and guidelines, we cannot be responsible for changes in laws, regulations, or guidelines that occur after the study has been completed and which may affect the subject property.

William Going & Associates, Inc. has prepared this report for Universal Supply Group Inc. (Client), although it is based in part on information obtained from third parties not within the control of either client or William Going & Associates. While it is believed that the third-party information contained herein is reliable, we do not guarantee the accuracy thereof.

Our website [williamgoingassociates.com] presents the author's resume. If there are questions pertaining to this report, please contact the undersigned.

Sincerely,

/s/ William L. Going

William L. Going, Principal

ATTACHMENT A

USGS Topographic Locator Map
Neighborhood Aerial Photograph
Municipal Tax Map
Photographs of Subject Property
Portion of Assessor's File
Historical USGS Topographic Area Maps (1897, 1946, 1995)
Sanborn® Fire Insurance Maps (1923, 1947)
Historical Aerial Photographs (1942, 1952, 1970, 1987, 2006)
Environmental FirstSearch™ Site-Specific City Directories:
1907, 1913-14, 1920-21, 1926-28, 1932-34, 1940-42, 1947-49, 1955-56, 1963-64,
1992, 1997, 2002, 2007 (August 2007)
Massachusetts Department of Public Safety, Division of Fire Prevention,
Tank Removal Permit (1992)
Environmental Questionnaire Completed By Mr. Brian Mead (August 2007)
Environmental FirstSearch™ ASTM Environmental/Statistical Profile (August 2007)

EXHIBIT 10.05

EMPLOYMENT AGREEMENT

AGREEMENT, dated as of September 10, 2007, by and between S&A Purchasing Corp., a New York corporation, with its principal office located at 275 Wagaraw Road, Hawthorne, New Jersey 07506 (the "Company") and Adam Mead, residing at 31 Lynnann Drive, Lee, Mass. 01238 (the "Employee").

1. Employment:

   a) Upon the terms and conditions hereinafter set forth, the Company hereby employs the Employee, and the Employee hereby accepts employment, as Manager of the Company.

   b) Employee represents and warrants to the Company that he is free to enter into this Agreement in accordance with the terms hereof and is under no restriction, contractual or otherwise, which would interfere with his execution hereof or performance hereunder.

2. Term. The Employee's employment hereunder shall be for a term (the "Term") commencing as of this date (the "Commencement Date") and terminating at the close of business on December 31, 2010.

3. Duties. During the Term, the Employee shall report to the President of the Company or his designee and shall perform such duties, consistent with his position hereunder, as may be assigned to him from time to time by the President of the Company. The Employee shall devote his best efforts and his entire time, attention and energies, during regular working hours, to the performance of his duties hereunder and to the furtherance of the business and interests of the Company, its subsidiaries and affiliate companies. Employee shall engage in no other business activities other than the passive supervision of his investments.

4. Compensation:

   a) Compensation. For all services rendered by the Employee hereunder and all covenants and conditions undertaken by him pursuant to this Agreement, the Company shall pay, and the Employee shall accept a salary at the rate of $65,000 per annum for the first full year of employment and said compensation shall be increased by CPI Index percentage increases annually. Compensation shall be payable not less frequently than in bi-weekly installments.

   b) Additional Incentive Compensation. For each year (twelve months) of the Term of this Agreement, Employee shall receive an additional compensation incentive in accordance with the terms set forth in Schedule A, attached hereto.

c) Deductions. The Company shall deduct from the compensation described in this Section any Federal, state or local withholding taxes, social security contributions and any other amounts which may be required to be deducted or withheld by the Company pursuant to any Federal, state or city laws, rules or regulations.

5. Benefits; Expenses:

a) Fringe Benefits. During the Term, the Employee shall be entitled to participate in such group life, health, accident, disability or hospitalization insurance plans as the Company may make available to its other employees.

b) Automobile. The Company shall provide Employee with an automobile for the Employee to utilize related to his employment activities. The automobile shall be a Chevy Trail Blazer or a comparable vehicle agreed upon by the Company and the Employee.

c) Expenses. Upon presentation of an itemized account thereof, with such substantiation as the Company shall require, the Company shall pay or reimburse the Employee for the reasonable and necessary expenses directly and properly incurred by the Employee in connection with the performance of his duties hereunder, subject to guidelines established by the Board of Directors. The Company also agrees to reimburse Employee for reasonable club dues and expenses, as required by Employee to conduct Company's business including, but not limited to, Company sales meetings, employee meetings and other required matters relating to Company business. Employee estimates these expenses to be approximately $4,500 per annum.

d) Vacations. During the Term, the Employee shall be entitled to paid holidays and paid vacations in accordance with the policy of the Company as determined by the President of the Company provided, however, that the Employee shall be entitled to not less than three weeks paid vacation during each year of the Term, to be taken at times convenient to the Employee and to the Company.

6. Location. Notwithstanding anything which may be contained herein to the contrary, the Employee's offices shall be located in the County of Berkshire, State of Massachusetts area and the performance of his duties hereunder shall not require his continued presence outside of such counties if the Employee shall object thereto.

7. Termination:

a) The employment of the Employee, and the obligations of the Employee and the Company hereunder, shall cease and terminate (except as otherwise specifically provided in this Agreement) upon the first to occur on the following dates (the "Termination Date") described in this Section:

i) The date of expiration by its terms of the Term;

ii) The date of death of the Employee;

iii) The occurrence of a Disability Event; For purposes of this Agreement, the term, "Disability", shall mean Employee's inability to perform his material duties under this Agreement because of any illness or physical or mental disability, or their incapacity, as evidenced by a written statement of a physician licensed to practice medicine in the State of Massachusetts selected by the Company, which disability, or other incapacity, continues for a period in excess of six (6) consecutive months in any consecutive twelve-month period.

iv) The Employee is terminated "For Cause" (as defined in Section 9).

b) Rights after Termination;

i) In the event the Employee is terminated For Cause, the Employee shall be entitled to receive salary and benefits accrued to the date of termination, and Employee shall not be entitled to any other payment, including but not limited to, any portion of Additional Incentive Compensation otherwise payable to Employee.

ii) In the event the employment is terminated by reason of death or disability, Employee shall be entitled to receive (i) salary and benefits accrued to the date of death or disability, and (ii) a pro rata share of any additional Incentive Compensation in an amount obtained by multiplying the additional Incentive Compensation for the full year or period, as the case may be, in which death or disability occurred, by a fraction, the numerator of which is the number of days in the year or period in which Employee was employed and the denominator of which is the number of days of the year (365).

8. Restrictive Covenants:

a) Non-Disclosure. The Employee shall not at any time during or after the term of this Agreement disclose or furnish to any other person, firm or corporation (the "Entity") except in the course of the performance of his duties hereunder, the following:

i) any information relating to any process, technique or procedure used by the Company, including, without limitation, computer programs and methods of evaluation and pricing and marketing techniques; or

ii) any information relating to the operations or financial status of the Company, including, without limitation, all financial data and sources of financing, which is not specifically a matter of public record; or

iii) any information of a confidential nature obtained as a result of his prior, present or future relationship with the Company, which is not specifically a matter of public record; or

iv) any trade secrets of the Company; or

v) the name, address or other information relating to any customer or debtor of the Company; or

vi) any Confidential Information, or divulge, communicate, use to the detriment of the Company or for the benefit of any other person or persons, any Confidential Information, or misuse in any way, Confidential Information pertaining to the Business. Any confidential information or data now known or hereafter acquired by the Employee with respect to the Business shall be deemed a valuable, special and unique asset of the Company that is received by the Employee, in confidence and as a fiduciary, and the Employee shall remain a fiduciary to the Company with respect to all of such information.

b) Non-Competition. The Employee shall not, during the period (the "Restricted Period") from the date hereof until the later of one year after the termination of his employment with the Company or the third anniversary of the Closing date (as defined in the Asset Purchase Agreement dated September 10, 2007 by and among the Company, Employee and other parties set forth on the signatory page thereto (the "APA")):

i) Without the prior written consent of the Company (A) directly or indirectly acquire or own in any manner any interest (whether through a debt or equity instrument) in any person, firm, partnership, corporation, association or other entity (including the Company) which engages or plans to engage in any facet of the Business or which competes or plans to compete in any way with the Company or any of its subsidiaries or Affiliates anywhere with the Territory. Territory means any state (including the District of Columbia), territory or possession of the United States within which the Company presently or hereafter does business or within a 50-mile radius of any of the Owned Premises, Owned Real Estate, Real Property and/or Leased Premises (as defined in the APA), (B) be employed by or serve as an employee, agent, officer, director of, or as a consultant to, any person, firm, partnership, corporation, association or other entity which engages or plans to engage in any facet of the Business in which the Company now or hereafter engages or which competes or plans to compete in any way with the Company or any of its subsidiaries or Affiliates within the Territory, or (C) utilize his special knowledge of the business of each Seller or the Company and his relationship with customers, suppliers and others to compete with Company and/or its Affiliates in any business which engages or plans to engage in any facet of the Business in which the Company now or hereafter engages or which competes or plans to compete in any way with the Company or any of its subsidiaries or Affiliates within the Territory; provided, however, that nothing herein shall be deemed to prevent either Employee from (x) acquiring through market purchases and owning, solely as a passive investment, less than one percent in the aggregate of the equity securities of any class of any issuer whose shares are registered under §12(b) or 12(g) of the Securities Exchange Act of 1934, as amended, and are listed or admitted for trading on any United States national securities exchange or are quoted on the National Association of Securities Dealers Automated Quotation System, or any similar system of automated dissemination of quotations of securities prices in common use, so long as Employee is not a member of any "control group" (within the meaning of the rules and regulations of the United States Securities and Exchange Commission) of any such issuer. Employee acknowledges and agrees that the covenants provided for in this Section are reasonable and necessary in terms of time, area and line of business to protect the trade secrets of the Company. Employee further acknowledges and agrees that such covenants are reasonable and necessary in terms of time, area and line of business to protect the Company's legitimate business interests, which include its interests in protecting the Company's (i) valuable confidential business information, (ii) substantial relationships with customers, and (iii) customer goodwill associated with the ongoing Business. Employee hereby expressly authorizes the enforcement of the covenants provided for in this Section by (A) the Company and its subsidiaries, (B) the Company's permitted assigns, and (C) any successors to the Company's business. To the extent that the covenants provided for in this Section may later be deemed by a court to be too broad to be enforced with respect to its duration or with respect to any particular activity or geographic area, the court making such determination shall have the power to reduce the duration or scope of the provision, and to add or delete specific words or phrases to or from the provision. The provision as modified shall then be enforced.

ii) The Employee shall not, directly or indirectly, for himself or for any other person, firm, corporation, partnership, association or other entity (including the Company), (A) solicit any of the Sellers' employees employed in the Business, (B) call on or solicit any of the actual customers or clients of the Business, nor shall Employee make known the names and addresses of such customers or any information relating in any manner to the Company's or the Sellers' trade or business relationships with such customers, (C) in any manner, directly or indirectly, attempt to seek to cause any entity to refrain from dealing or doing business with the Company or assist any entity in doing so or attempting to do so or (D) employ any employees of Company.

iii) Injunction. Employee recognizes and hereby acknowledges that a breach or violation by Employee of any or all of the covenants and agreements contained in this Section may cause irreparable harm and damage to the Company in a monetary amount which may be virtually impossible to ascertain. As a result, Employee recognizes and hereby acknowledges that the Company shall be entitled (without the requirement of posting a bond) to an injunction from any court of competent jurisdiction enjoining and restraining any breach or violation of any or all of the covenants and agreements contained in this Section by the Employee, his, Affiliates, partners or agents, either directly or indirectly, and that such right to injunction shall be cumulative and in addition to whatever other rights or remedies the Company may possess hereunder, at law or in equity. Nothing contained in this Section shall be construed to prevent the Company from seeking and recovering from the Employee, jointly and severally, damages sustained by it as a result of any breach or violation by they Employee of any of the covenants or agreements contained herein.

9. Termination by the Company "For Cause." At any time during the term of this Agreement, the Company may discharge the Employee for cause and terminate this Agreement without any further liability hereunder to the Employee or his estate, except to pay any accrued, but unpaid, salary but not Incentive Compensation to him. In the event of such termination, Employee agrees he shall also be deemed to have resigned from the Company and its Parent, as a Manager and Employee, effective as of the date of such termination. For purposes of this Agreement, a "discharge for cause" shall mean termination of the Employee upon written notification to the Employee limited, however, to one or more of the following reasons:

a) Fraud, misappropriation or embezzlement by the Employee in connection with the Company; or

b) Neglect of duties or insubordination, after notice to the Employee of the particular details thereof and a period of fifteen (15) days to correct such actions or omissions, if any; or

c) Conviction by a court of competent jurisdiction in the United States of a felony or a crime involving moral turpitude; or

d) Willful and unauthorized disclosure of confidential, or proprietary trade secret information of the Company; or

e) The Employee's breach of any material term or provision of this Agreement, after notice to the Employee of the particular details thereof and a period of not less than thirty (30) days thereafter within which to cure such breach, if any.

10. Miscellaneous:

c) Assignment. This Agreement shall not be assigned by either party, except that the Company shall have the right to assign its rights hereunder to any parent, subsidiary and affiliate of, or successor to, the Company.

d) Binding Effect. This agreement shall extend to and be binding upon the Employee, his legal representatives, heirs and distributees, and upon the Company, its successors and assigns.

e) Notices. Any notice, request, instruction, correspondence or other document to be given hereunder by any party hereto to another (herein collectively called "Notice") shall be in writing and delivered personally or mailed by registered or certified mail, postage prepaid and return receipt requested, as follows:

IF TO THE COMPANY:

William Pagano
c/o Universal Supply Group, Inc.
275 Wagaraw Road
Hawthorne, New Jersey 07506

IF TO THE EMPLOYEE:

Adam Mead
31 Lynnann Drive
Lee, Mass. 01238

f) Waiver. A waiver by a party hereto of a breach of any term, covenant or condition of this Agreement by the other party hereto shall not operate or be construed as waiver of any other or subsequent breach by such party of the same or any other term, covenant or condition hereof.

g) Prior Agreements. Other than for that certain APA, any and all prior agreements between the Company and the Employee, whether written or oral, between the parties, relating to any and all matters covered by, and contained or otherwise dealt within this Agreement are hereby canceled and terminated.

h) Entire Agreement. No waiver, modification, change or amendment of any of the provisions of this Agreement shall be valid unless in writing and signed by the party against whom such claimed waiver, modification, change or amendment is sought to be enforced.

i) Definitions. All capitalized terms not defined herein shall have the meaning set forth in the APA.

j) Authority. The parties severally represent and warrant that they have the power, authority and right to enter into this agreement and to carry out and perform the terms; covenants and conditions hereof.

k) **Applicable Law**. THE PARTIES AGREE THAT THE FEDERAL COURTS IN SPRINGFIELD, MASSACHUSETTS AND STATE COURTS IN BERKSHIRE COUNTY, MASSACHUSETTS SHALL HAVE EXCLUSIVE JURISDICTION ON ALL MATTERS ARISING OUT OF OR CONNECTED IN ANY WAY WITH THIS AGREEMENT, AND EMPLOYEE FURTHER AGREES THAT THE SERVICE OF PROCESS OR OF ANY OTHER PAPERS UPON THEM IN THE MANNER PROVIDED FOR NOTICES HEREUNDER SHALL BE DEEMED GOOD, PROPER AND EFFECTIVE SERVICE UPON THEM.

l) Severability. In the event that any of the provisions of this Agreement, or any portion thereof, shall be held to be invalid or unenforceable, the validity and enforceability of the remaining provisions shall not be affected or impaired, but shall remain in full force and effect.

m) Titles. The titles of the Articles and Sections of this Agreement are inserted merely for convenience and ease of reference and shall not affect or modify the meaning of any of the terms, covenants or conditions of this Agreement.

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

S&A Purchasing Corp.

BY:/s/ William Pagano
William Pagano

BY:/s/ Adam Mead
Adam Mead, Employee

SCHEDULE A

Additional Compensation Incentive

As additional compensation, Employee shall receive annual incentive as described below. All incentives and performance criteria relate to the Great Barrington location.

1. Up to 16% of base salary for increase in profitability over prior year.

   The Employee shall receive 2% of base salary for every $15,000 increase of pre-tax profit, up to a maximum of 16% of base salary.

2. Up to 9% of base salary for annual sales growth over 5% of prior year.

   The Employee shall receive 1% of base salary for every 1% of sales growth in excess of 5%. The maximum Employee can receive in accordance with this paragraph shall be 9% of base salary.

3. Up to 5% of base salary of new HVAC equipment sales.

   Employee shall receive 1% of base salary for every $60,000 in new HVAC equipment sales. The maximum incentive Employee may receive pursuant to this paragraph shall be 5% of base salary.

4. Up to 5% of base salary for increase in electrical business at RAL Supply and new institutional business from the Great Barrington location.

   Employee shall receive 1% of base salary for every $60,000 in new business obtained in sales of either electrical items to RAL Supply or new institutional business from the Great Barrington location. The maximum incentive Employee may receive pursuant to this paragraph shall be 5% of base salary.

THIS INCENTIVE PROGRAM SHALL BE REVIEWED AND MODIFIED ANNUALLY

EXHIBIT 10.06

EMPLOYMENT AGREEMENT

AGREEMENT, dated as of September 10, 2007, by and between S&A Purchasing Corp., a New York corporation, with its principal office located at 275 Wagaraw Road, Hawthorne, New Jersey 07506 (the "Company") and Brian Mead, residing at 8 Hillside Avenue, Great Barrington, 01230 (the "Employee").

1. Employment:

   a) Upon the terms and conditions hereinafter set forth, the Company hereby employs the Employee, and the Employee hereby accepts employment, as Vice President of the Company.

   b) Employee represents and warrants to the Company that he is free to enter into this Agreement in accordance with the terms hereof and is under no restriction, contractual or otherwise, which would interfere with his execution hereof or performance hereunder.

2. Term. The Employee's employment hereunder shall be for a term (the "Term") commencing as of this date (the "Commencement Date") and terminating at the close of business on December 31, 2010.

3. Duties. During the Term, the Employee shall report to the President of the Company or his designee and shall perform such duties, consistent with his position hereunder, as may be assigned to him from time to time by the President of the Company. The Employee shall devote his best efforts and his entire time, attention and energies, during regular working hours, to the performance of his duties hereunder and to the furtherance of the business and interests of the Company, its subsidiaries and affiliate companies. Employee shall engage in no other business activities other than the passive supervision of his investments.

4. Compensation:

   a) Compensation. For all services rendered by the Employee hereunder and all covenants and conditions undertaken by him pursuant to this Agreement, the Company shall pay, and the Employee shall accept a salary at the rate of $85,000 per annum for the first full year of employment and said compensation shall be increased by CPI Index percentage increases annually. Compensation shall be payable not less frequently than in bi-weekly installments.

   b) Additional Incentive Compensation. For each year (twelve months) of the Term of this Agreement, Employee shall receive, as additional compensation, an incentive based on the Pre-tax Profit of S&A Purchasing Corp. and will be as follows:

Compensation Based on Pre-tax Profit of S&A Purchasing Corp.

Pre-tax Profit	Incentive
$ 320,000	$ 5,000
$ 350,000	$ 10,000
$ 380,000	$ 15,000
$ 400,000	$ 20,000
$ 450,000	$ 25,000
$500,000 and up	$ 35,000

i) The Company may (but shall not be obligated to), at any time and from time to time, grant to the Employee an increase or increases in the incentive compensation, otherwise payable pursuant to this Section, but such increase or increases, if any, shall not be deemed to alter, modify, waive or otherwise affect any other term, covenant or condition of this Agreement. Any incentive due, pursuant to the terms of this paragraph, shall be paid by Company within 60 days of each anniversary of the Commencement Date, subject to audit adjustments. The incentive described above is exclusive and not additive, by way of example, if the pre-tax profit of the Company is $400,000, then the total incentive earned would be $20,000.

c) Deductions. The Company shall deduct from the compensation described in this Section any Federal, state or local withholding taxes, social security contributions and any other amounts which may be required to be deducted or withheld by the Company pursuant to any Federal, state or city laws, rules or regulations.

5. Benefits; Expenses:

a) Fringe Benefits. During the Term, the Employee shall be entitled to participate in such group life, health, accident, disability or hospitalization insurance plans as the Company may make available to its other employees.

b) Automobile. The Company shall provide Employee with an automobile for the Employee to utilize related to his employment activities. The automobile shall be comparable in style and value to a 2006 GMC CK2500 HD XLT CREW CAB and shall be equipped with a snow plow.

c) Expenses. Upon presentation of an itemized account thereof, with such substantiation as the Company shall require, the Company shall pay or reimburse the Employee for the reasonable and necessary expenses directly and properly incurred by the Employee in connection with the performance of his duties hereunder, subject to guidelines established by the Board of Directors. The Company also agrees to reimburse Employee for reasonable club dues and expenses, as required by Employee to conduct Company's business including, but not limited to, Company sales meetings, employee meetings and other required matters relating to Company business. Employee estimates these expenses to be approximately $7,500 per annum.

d) Vacations. During the Term, the Employee shall be entitled to paid holidays and paid vacations in accordance with the policy of the Company as determined by the President of the Company provided, however, that the Employee shall be entitled to not less than three weeks paid vacation during each year of the Term, to be taken at times convenient to the Employee and to the Company.

6. Location. Notwithstanding anything which may be contained herein to the contrary, the Employee's offices shall be located in the County of Berkshire, State of Massachusetts area and the performance of his duties hereunder shall not require his continued presence outside of such counties if the Employee shall object thereto.

7. Termination:

a) The employment of the Employee, and the obligations of the Employee and the Company hereunder, shall cease and terminate (except as otherwise specifically provided in this Agreement) upon the first to occur on the following dates (the "Termination Date") described in this Section:

i) The date of expiration by its terms of the Term;

ii) The date of death of the Employee;

iii) The occurrence of a Disability Event; For purposes of this Agreement, the term, "Disability", shall mean Employee’s inability to perform his material duties under this Agreement because of any illness or physical or mental disability, or their incapacity, as evidenced by a written statement of a physician licensed to practice medicine in the State of Massachusetts selected by the Company, which disability, or other incapacity, continues for a period in excess of six (6) consecutive months in any consecutive twelve-month period.

iv) The Employee is terminated “For Cause” (as defined in Section 9).

b) Rights after Termination;

i) In the event the Employee is terminated For Cause, the Employee shall be entitled to receive salary and benefits accrued to the date of termination, and Employee shall not be entitled to any other payment, including but not limited to, any portion of Additional Incentive Compensation otherwise payable to Employee.

ii) In the event the employment is terminated by reason of death or disability, Employee shall be entitled to receive (i) salary and benefits accrued to the date of death or disability, and (ii) a pro rata share of any additional Incentive Compensation in an amount obtained by multiplying the additional Incentive Compensation for the full year or period, as the case may be, in which death or disability occurred, by a fraction, the numerator of which is the number of days in the year or period in which Employee was employed and the denominator of which is the number of days of the year (365).

8. Restrictive Covenants:

a) Non-Disclosure. The Employee shall not at any time during or after the term of this Agreement disclose or furnish to any other person, firm or corporation (the "Entity") except in the course of the performance of his duties hereunder, the following:

i) any information relating to any process, technique or procedure used by the Company, including, without limitation, computer programs and methods of evaluation and pricing and marketing techniques; or

ii) any information relating to the operations or financial status of the Company, including, without limitation, all financial data and sources of financing, which is not specifically a matter of public record; or

iii) any information of a confidential nature obtained as a result of his prior, present or future relationship with the Company, which is not specifically a matter of public record; or

iv) any trade secrets of the Company; or

v) the name, address or other information relating to any customer or debtor of the Company; or

vi) any Confidential Information, or divulge, communicate, use to the detriment of the Company or for the benefit of any other person or persons, any Confidential Information, or misuse in any way, Confidential Information pertaining to the Business. Any confidential information or data now known or hereafter acquired by the Employee with respect to the Business shall be deemed a valuable, special and unique asset of the Company that is received by the Employee, in confidence and as a fiduciary, and the Employee shall remain a fiduciary to the Company with respect to all of such information.

b) Non-Competition. The Employee shall not, during the period (the "Restricted Period") from the date hereof until the later of one year after the termination of his employment with the Company or the third anniversary of the Closing date (as defined in the Asset Purchase Agreement dated September 10, 2007 by and among the Company, Employee and other parties set forth on the signatory page thereto (the "APA")):

i) Without the prior written consent of the Company (A) directly or indirectly acquire or own in any manner any interest (whether through a debt or equity instrument) in any person, firm, partnership, corporation, association or other entity (including the Company) which engages or plans to engage in any facet of the Business or which competes or plans to compete in any way with the Company or any of its subsidiaries or Affiliates anywhere with the Territory. Territory means any state (including the District of Columbia), territory or possession of the United States within which the Company presently or hereafter does business or within a 50-mile radius of any of the Owned Premises, Owned Real Estate, Real Property and/or Leased Premises (as defined in the APA), (B) be employed by or serve as an employee, agent, officer, director of, or as a consultant to, any person, firm, partnership, corporation, association or other entity which engages or plans to engage in any facet of the Business in which the Company now or hereafter engages or which competes or plans to compete in any way with the Company or any of its subsidiaries or Affiliates within the Territory, or (C) utilize his special knowledge of the business of each Seller or the Company and his relationship with customers, suppliers and others to compete with Company and/or its Affiliates in any business which engages or plans to engage in any facet of the Business in which the Company now or hereafter engages or which competes or plans to compete in any way with the Company or any of its subsidiaries or Affiliates within the Territory; provided, however, that nothing herein shall be deemed to prevent either Employee from (x) acquiring through market purchases and owning, solely as a passive investment, less than one percent in the aggregate of the equity securities of any class of any issuer whose shares are registered under §12(b) or 12(g) of the Securities Exchange Act of 1934, as amended, and are listed or admitted for trading on any United States national securities exchange or are quoted on the National Association of Securities Dealers Automated Quotation System, or any similar system of automated dissemination of quotations of securities prices in common use, so long as Employee is not a member of any "control group" (within the meaning of the rules and regulations of the United States Securities and Exchange Commission) of any such issuer. Employee acknowledges and agrees that the covenants provided for in this Section are reasonable and necessary in terms of time, area and line of business to protect the trade secrets of the Company. Employee further acknowledges and agrees that such covenants are reasonable and necessary in terms of time, area and line of business to protect the Company's legitimate business interests, which include its interests in protecting the Company's (i) valuable confidential business information, (ii) substantial relationships with customers, and (iii) customer goodwill associated with the ongoing Business. Employee hereby expressly authorizes the enforcement of the covenants provided for in this Section by (A) the Company and its subsidiaries, (B) the Company's permitted assigns, and (C) any successors to the Company's business. To the extent that the covenants provided for in this Section may later be deemed by a court to be too broad to be enforced with respect to its duration or with respect to any particular activity or geographic area, the court making such determination shall have the power to reduce the duration or scope of the provision, and to add or delete specific words or phrases to or from the provision. The provision as modified shall then be enforced.

ii) The Employee shall not, directly or indirectly, for himself or for any other person, firm, corporation, partnership, association or other entity (including the Company), (A) solicit any of the Sellers' employees employed in the Business, (B) call on or solicit any of the actual customers or clients of the Business, nor shall Employee make known the names and addresses of such customers or any information relating in any manner to the Company's or the Sellers' trade or business relationships with such customers, (C) in any manner, directly or indirectly, attempt to seek to cause any entity to refrain from dealing or doing business with the Company or assist any entity in doing so or attempting to do so or (D) employ any employees of Company.

iii) Injunction. Employee recognizes and hereby acknowledges that a breach or violation by Employee of any or all of the covenants and agreements contained in this Section may cause irreparable harm and damage to the Company in a monetary amount which may be virtually impossible to ascertain. As a result, Employee recognizes and hereby acknowledges that the Company shall be entitled (without the requirement of posting a bond) to an injunction from any court of competent jurisdiction enjoining and restraining any breach or violation of any or all of the covenants and agreements contained in this Section by the Employee, his, Affiliates, partners or agents, either directly or indirectly, and that such right to injunction shall be cumulative and in addition to whatever other rights or remedies the Company may possess hereunder, at law or in equity. Nothing contained in this Section shall be construed to prevent the Company from seeking and recovering from the Employee, jointly and severally, damages sustained by it as a result of any breach or violation by they Employee of any of the covenants or agreements contained herein.

9. Termination by the Company "For Cause." At any time during the term of this Agreement, the Company may discharge the Employee for cause and terminate this Agreement without any further liability hereunder to the Employee or his estate, except to pay any accrued, but unpaid, salary but not Incentive Compensation to him. In the event of such termination, Employee agrees he shall also be deemed to have resigned from the Company and its Parent, as a Manager and Employee, effective as of the date of such termination. For purposes of this Agreement, a "discharge for cause" shall mean termination of the Employee upon written notification to the Employee limited, however, to one or more of the following reasons:

   a) Fraud, misappropriation or embezzlement by the Employee in connection with the Company; or

   b) Neglect of duties or insubordination, after notice to the Employee of the particular details thereof and a period of fifteen (15) days to correct such actions or omissions, if any; or

   c) Conviction by a court of competent jurisdiction in the United States of a felony or a crime involving moral turpitude; or

   d) Willful and unauthorized disclosure of confidential, or proprietary trade secret information of the Company; or

   e) The Employee's breach of any material term or provision of this Agreement, after notice to the Employee of the particular details thereof and a period of not less than thirty (30) days thereafter within which to cure such breach, if any.

10. Miscellaneous:

   c) Assignment. This Agreement shall not be assigned by either party, except that the Company shall have the right to assign its rights hereunder to any parent, subsidiary and affiliate of, or successor to, the Company.

   d) Binding Effect. This agreement shall extend to and be binding upon the Employee, his legal representatives, heirs and distributees, and upon the Company, its successors and assigns.

   e) Notices. Any notice, request, instruction, correspondence or other document to be given hereunder by any party hereto to another (herein collectively called "Notice") shall be in writing and delivered personally or mailed by registered or certified mail, postage prepaid and return receipt requested, as follows:

IF TO THE COMPANY:

William Pagano
c/o Universal Supply Group, Inc.
275 Wagaraw Road
Hawthorne, New Jersey 07506

IF TO THE EMPLOYEE:

Brian Mead
8 Hillside Avenue
Great Barrington, 01230

f) Waiver. A waiver by a party hereto of a breach of any term, covenant or condition of this Agreement by the other party hereto shall not operate or be construed as waiver of any other or subsequent breach by such party of the same or any other term, covenant or condition hereof.

g) Prior Agreements. Other than for that certain APA, any and all prior agreements between the Company and the Employee, whether written or oral, between the parties, relating to any and all matters covered by, and contained or otherwise dealt within this Agreement are hereby canceled and terminated.

h) Entire Agreement. No waiver, modification, change or amendment of any of the provisions of this Agreement shall be valid unless in writing and signed by the party against whom such claimed waiver, modification, change or amendment is sought to be enforced.

i) Definitions. All capitalized terms not defined herein shall have the meaning set forth in the APA.

j) Authority. The parties severally represent and warrant that they have the power, authority and right to enter into this agreement and to carry out and perform the terms; covenants and conditions hereof.

k) Applicable Law. THE PARTIES AGREE THAT THE FEDERAL COURTS IN SPRINGFIELD, MASSACHUSETTS AND STATE COURTS IN BERKSHIRE COUNTY, MASSACHUSETTS SHALL HAVE EXCLUSIVE JURISDICTION ON ALL MATTERS ARISING OUT OF OR CONNECTED IN ANY WAY WITH THIS AGREEMENT, AND EMPLOYEE FURTHER AGREES THAT THE SERVICE OF PROCESS OR OF ANY OTHER PAPERS UPON THEM IN THE MANNER PROVIDED FOR NOTICES HEREUNDER SHALL BE DEEMED GOOD, PROPER AND EFFECTIVE SERVICE UPON THEM.

l) Severability. In the event that any of the provisions of this Agreement, or any portion thereof, shall be held to be invalid or unenforceable, the validity and enforceability of the remaining provisions shall not be affected or impaired, but shall remain in full force and effect.

m) Titles. The titles of the Articles and Sections of this Agreement are inserted merely for convenience and ease of reference and shall not affect or modify the meaning of any of the terms, covenants or conditions of this Agreement.

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

S&A Purchasing Corp.

BY:/s/ William Pagano
William Pagano

BY:/s/ Brian Mead
Brian Mead, Employee

EXHIBIT 10.07

CONSULTING AGREEMENT

AGREEMENT, dated as of September 10, 2007, by and between S&A Purchasing Corp., a New York corporation, with its principal office located at 275 Wagaraw Road, Hawthorne, New Jersey 07506 (the "Company") and Nancy Mead, residing at 90 State Road, Great Barrington, Massachusetts 01230 (the "Consultant").

1. Arrangement:

   a) Upon the terms and conditions hereinafter set forth, Consultant hereby agrees to provide consulting services to the Company.

   b) Consultant represents and warrants to the Company that she is free to enter into this Agreement in accordance with the terms hereof and is under no restriction, contractual or otherwise, which would interfere with her execution hereof or performance hereunder.

2. Term. This Agreement shall commence as of the date first written above (the "Commencement Date") and shall terminate at the close of business on December 31, 2010 (the “Term”).

3. Consulting Services and Benefits. The President of the Company may request the Consultant to perform consulting services on behalf of the Company from time to time and such services are not to exceed 1 hour per month. For and in consideration of the services performed by Consultant, the Company shall provide group health or hospitalization insurance plans in the form and coverage as the Company makes available to its full time employees.

4. Independent Contractor Status. The Consultant is an independent contractor of the Company. The Agreement does not render the Consultant an employee, partner, agent of, or joint venturer with the Company for any purpose, and Consultant will not hold herself out as such. The Consultant shall pay any taxes, duties or charges of any kind (including any withholding or value added taxes) imposed by any federal, state or local governmental entity for any payments made to the Consultant hereunder.

5. Location. Notwithstanding anything which may be contained herein to the contrary, the Consultant's offices shall be located in the County of Berkshire, State of Massachusetts area and the performance of her duties hereunder shall not require her continued presence outside of such counties if the Consultant shall object thereto.

6. Termination. The employment of the Consultant, and the obligations of the Consultant and the Company hereunder, shall cease and terminate (except as otherwise specifically provided in this Agreement) upon the first to occur on the following dates (the "Termination Date") described in this Section:

a) The date of expiration by its terms of the Term;

b) The date of death of the Consultant;

c) The Consultant is terminated “For Cause” (as defined in Section 8).

7. Restrictive Covenants:

a) Non-Disclosure. The Consultant shall not at any time during or after the term of this Agreement disclose or furnish to any other person, firm or corporation (the "Entity") except in the course of the performance of her duties hereunder, the following:

i) any information relating to any process, technique or procedure used by the Company, including, without limitation, computer programs and methods of evaluation and pricing and marketing techniques; or

ii) any information relating to the operations or financial status of the Company, including, without limitation, all financial data and sources of financing, which is not specifically a matter of public record; or

iii) any information of a confidential nature obtained as a result of her prior, present or future relationship with the Company, which is not specifically a matter of public record; or

iv) any trade secrets of the Company; or

v) the name, address or other information relating to any customer or debtor of the Company; or

vi) any Confidential Information, or divulge, communicate, use to the detriment of the Company or for the benefit of any other person or persons, any Confidential Information, or misuse in any way, Confidential Information pertaining to the Business. Any confidential information or data now known or hereafter acquired by the Consultant with respect to the Business shall be deemed a valuable, special and unique asset of the Company that is received by the Consultant, in confidence and as a fiduciary, and the Consultant shall remain a fiduciary to the Company with respect to all of such information.

b) Non-Competition. The Consultant shall not, during the period (the “Restricted Period”) from the date hereof until the later of one year after the termination of her consulting arrangement with the Company or the third anniversary of the Closing date (as defined in the Asset Purchase Agreement dated September 10, 2007 by and among the Company, Consultant and other parties set forth on the signatory page thereto (the “APA”)):

i) Without the prior written consent of the Company (A) directly or indirectly acquire or own in any manner any interest (whether through a debt or equity instrument) in any person, firm, partnership, corporation, association or other entity (including the Company) which engages or plans to engage in any facet of the Business or which competes or plans to compete in any way with the Company or any of its subsidiaries or Affiliates anywhere with the Territory. Territory means any state (including the District of Columbia), territory or possession of the United States within which the Company presently or hereafter does business or within a 50-mile radius of any of the Owned Premises, Owned Real Estate, Real Property and/or Leased Premises (as defined in the APA), (B) be employed by or serve as an Consultant, agent, officer, director of, or as a consultant to, any person, firm, partnership, corporation, association or other entity which engages or plans to engage in any facet of the Business in which the Company now or hereafter engages or which competes or plans to compete in any way with the Company or any of its subsidiaries or Affiliates within the Territory, or (C) utilize her special knowledge of the business of the Company and her relationships with customers, suppliers and others to compete with Company and/or its Affiliates in any business which engages or plans to engage in any facet of the Business in which the Company now or hereafter engages or which competes or plans to compete in any way with the Company or any of its subsidiaries or Affiliates within the Territory; provided, however, that nothing herein shall be deemed to prevent either Consultant from (x) acquiring through market purchases and owning, solely as a passive investment, less than one percent in the aggregate of the equity securities of any class of any issuer whose shares are registered under §12(b) or 12(g) of the Securities Exchange Act of 1934, as amended, and are listed or admitted for trading on any United States national securities exchange or are quoted on the National Association of Securities Dealers Automated Quotation System, or any similar system of automated dissemination of quotations of securities prices in common use, so long as Consultant is not a member of any "control group" (within the meaning of the rules and regulations of the United States Securities and Exchange Commission) of any such issuer. Consultant acknowledges and agrees that the covenants provided for in this Section are reasonable and necessary in terms of time, area and line of business to protect the trade secrets of the Company. Consultant further acknowledges and agrees that such covenants are reasonable and necessary in terms of time, area and line of business to protect the Company's legitimate business interests, which include its interests in protecting the Company's (i) valuable confidential business information, (ii) substantial relationships with customers, and (iii) customer goodwill associated with the ongoing Business. Consultant hereby expressly authorizes the enforcement of the covenants provided for in this Section by (A) the Company and its subsidiaries, (B) the Company's permitted assigns, and (C) any successors to the Company's business. To the extent that the covenants provided for in this Section may later be deemed by a court to be too broad to be enforced with respect to its duration or with respect to any particular activity or geographic area, the court making such determination shall have the power to reduce the duration or scope of the provision, and to add or delete specific words or phrases to or from the provision. The provision as modified shall then be enforced.

ii) The Consultant shall not, directly or indirectly, for herself or for any other person, firm, corporation, partnership, association or other entity (including the Company), (A) solicit any of the Company's Consultants or employees employed in the Business, (B) call on or solicit any of the actual customers or clients of the Business, nor shall she make known the names and addresses of such customers or any information relating in any manner to the Company's trade or business relationships with such customers, (C) in any manner, directly or indirectly, attempt to seek to cause any entity to refrain from dealing or doing business with the Company or assist any entity in doing so or attempting to do so or (D) employ any Consultants of Company.

iii) Injunction. Consultant recognizes and hereby acknowledges that a breach or violation by Consultant of any or all of the covenants and agreements contained in this Section may cause irreparable harm and damage to the Company in a monetary amount which may be virtually impossible to ascertain. As a result, Consultant recognizes and hereby acknowledges that the Company shall be entitled (without the requirement of posting a bond) to an injunction from any court of competent jurisdiction enjoining and restraining any breach or violation of any or all of the covenants and agreements contained in this Section by the Consultant, her, Affiliates, partners or agents, either directly or indirectly, and that such right to injunction shall be cumulative and in addition to whatever other rights or remedies the Company may possess hereunder, at law or in equity. Nothing contained in this Section shall be construed to prevent the Company from seeking and recovering from the Consultant, jointly and severally, damages sustained by it as a result of any breach or violation by they Consultant of any of the covenants or agreements contained herein.

8. Termination by the Company "For Cause." At any time during the term of this Agreement, the Company may discharge the Consultant for cause and terminate this Agreement without any further liability hereunder to the Consultant or her estate, except to pay any accrued, but unpaid, compensation. In the event of such termination, Consultant agrees she shall also be deemed to have resigned from the Company and its Parent, as a Consultant, effective as of the date of such termination. For purposes of this Agreement, a "discharge for cause" shall mean termination of the Consultant upon written notification to the Consultant limited, however, to one or more of the following reasons:

a) Fraud, misappropriation or embezzlement by the Consultant in connection with the Company; or

b) Willful and unauthorized disclosure of confidential, or proprietary trade secret information of the Company; or

9. Miscellaneous:

a) Assignment. This Agreement shall not be assigned by either party, except that the Company shall have the right to assign its rights hereunder to any parent, subsidiary and affiliate of, or successor to, the Company.

b) Binding Effect. This agreement shall extend to and be binding upon the Consultant, his legal representatives, heirs and distributees, and upon the Company, its successors and assigns.

c) Notices. Any notice, request, instruction, correspondence or other document to be given hereunder by any party hereto to another (herein collectively called "Notice") shall be in writing and delivered personally or mailed by registered or certified mail, postage prepaid and return receipt requested, as follows:

IF TO THE COMPANY:

William Pagano
c/o Universal Supply Group, Inc.
275 Wagaraw Road
Hawthorne, New Jersey 07506

IF TO THE CONSULTANT:

Nancy Mead
90 State Road
Great Barrington, Massachusetts 01230

d) Waiver. A waiver by a party hereto of a breach of any term, covenant or condition of this Agreement by the other party hereto shall not operate or be construed as waiver of any other or subsequent breach by such party of the same or any other term, covenant or condition hereof.

e) Prior Agreements. Other than for that certain APA, any and all prior agreements between the Company and the Consultant, whether written or oral, between the parties, relating to any and all matters covered by, and contained or otherwise dealt within this Agreement are hereby canceled and terminated.

f) Entire Agreement. No waiver, modification, change or amendment of any of the provisions of this Agreement shall be valid unless in writing and signed by the party against whom such claimed waiver, modification, change or amendment is sought to be enforced.

g) Definitions. All capitalized terms not defined herein shall have the meaning set forth in the APA.

h) Authority. The parties severally represent and warrant that they have the power, authority and right to enter into this agreement and to carry out and perform the terms; covenants and conditions hereof.

i) Applicable Law. THE PARTIES AGREE THAT THE FEDERAL COURTS IN SPRINGFIELD, MASSACHUSETTS AND STATE COURTS IN BERKSHIRE COUNTY, MASSACHUSETTS SHALL HAVE EXCLUSIVE JURISDICTION ON ALL MATTERS ARISING OUT OF OR CONNECTED IN ANY WAY WITH THIS AGREEMENT, AND CONSULTANT FURTHER AGREES THAT THE SERVICE OF PROCESS OR OF ANY OTHER PAPERS UPON THEM IN THE MANNER PROVIDED FOR NOTICES HEREUNDER SHALL BE DEEMED GOOD, PROPER AND EFFECTIVE SERVICE UPON THEM.

j) Severability. In the event that any of the provisions of this Agreement, or any portion thereof, shall be held to be invalid or unenforceable, the validity and enforceability of the remaining provisions shall not be affected or impaired, but shall remain in full force and effect.

k) Titles. The titles of the Articles and Sections of this Agreement are inserted merely for convenience and ease of reference and shall not affect or modify the meaning of any of the terms, covenants or conditions of this Agreement.

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

S&A Purchasing Corp.

BY:/s/ William Pagano
William Pagano

BY:/s/ Nancy Mead
Nancy Mead, Consultant

EXHIBIT 10.08
EXECUTION COPY

SECOND AMENDMENT, dated as of September 10, 2007 ("Amendment"), to and under **CREDIT AND SECURITY AGREEMENT**, dated as of July 28, 2004 (as amended from time to time, the "Credit Agreement"), by and among **AMERICAN/UNIVERSAL SUPPLY, INC.**, a New York corporation ("American"), **THE RAL SUPPLY GROUP, INC.**, a New York corporation ("RAL"), **UNIVERSAL SUPPLY GROUP, INC.**, a New York corporation ("Universal"; American, RAL and Universal are each individually referred to as a "Borrower" and are collectively referred to as the "Borrowers"), **S&A PURCHASING CORP.**, a New York corporation, to be renamed S&A Supply, Inc. immediately following the consummation of the transactions contemplated by the Purchase Agreement (as defined below) ("S&A"; each Borrower and S&A are individually referred to as a "Loan Party" and are collectively referred to as the "Loan Parties"), and **WELLS FARGO BANK, NATIONAL ASSOCIATION**, acting through its Wells Fargo Business Credit operating division, as successor to Wells Fargo Business Credit, Inc. (the "Lender"). Terms which are capitalized in this Amendment and not otherwise defined shall have the meanings ascribed to such terms in the Credit Agreement.

WHEREAS, the Borrowers and Colonial have made in favor of the Lender that certain Guaranty By Corporations, dated as of July 28, 2004 (as amended, modified, supplemented or restated from time to time, the "Guaranty");

WHEREAS, S&A is party to that certain Asset Purchase Agreement dated as of September 10, 2007 (the "Purchase Agreement"), among S&A, S&A Supply, Inc., a Massachusetts corporation, S&A Realty, Inc., a Massachusetts corporation, S&A Management, Inc., a Massachusetts corporation, Nancy A. Mead ("Nancy"), Nancy and Thomas H. Mead, as trustees of The Discretionary Trust under The Rodney P. Mead Revocable Trust, dated January 12, 1999, Sarah Mead, Brian Mead, Adam Mead and Colonial, pursuant to which S&A shall purchase certain assets of S&A Supply, Inc. and S&A Management, Inc.;

WHEREAS, S&A desires to become a party to the Credit Agreement, the Guaranty and the other Loan Documents to which any Borrower is a party; and

WHEREAS, the Loan Parties have requested, among other things, that the Lender (i) increase the Maximum Line to Twenty-Five Million Dollars ($25,000,000) and the inventory sublimit to Thirteen Million Five Hundred Thousand Dollars ($13,500,000), (ii) provide the Borrowers with an overadvance sublimit up to Five Hundred Thousand Dollars ($500,000) and a Structural Sublimit up to One Million Dollars ($1,000,000) and (iii) extend the maturity date of the Credit Agreement, and the Lender has agreed to the foregoing requests, on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual promises contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Loan Parties and the Lender hereby agree as follows:

Section One. **Addition of S&A as a Borrower.** Effective upon satisfaction of the conditions precedent set forth in Section Four hereof, S&A hereby agrees with the Lender as follows:

(i) S&A hereby acknowledges, agrees and confirms that, by its execution of this Amendment, S&A will be deemed to be a party to the Credit Agreement, the Guaranty and each of the other Loan Documents to which any Borrower is a party and a "Borrower" and a "Guarantor" for all purposes of the Credit Agreement, the Guaranty and such other Loan Documents, and shall have all of the obligations of a Borrower or a Guarantor, as the case may be, thereunder as if it had executed the Credit Agreement, the Guaranty and such other Loan Documents on the respective dates thereof. S&A hereby ratifies, as of the date hereof, and agrees to be bound by, all of the terms, provisions and conditions applicable to the Borrowers and the Guarantors, as the case may be, contained in the Credit Agreement, the Guaranty and such other Loan Documents.

(ii) Without limiting generality of the foregoing terms of paragraph (i), S&A hereby pledges, assigns and grants to the Lender a security interest in and a Lien upon all of the Collateral, as security for the payment and performance of the Obligations. S&A acknowledges and agrees that, in applying the law of any jurisdiction and the provisions of Article 9 of the Uniform Commercial Code of any jurisdiction, the defined term Collateral covers all assets of S&A. The Lender may at any time and from time to time file, pursuant to the provisions of Section 3.9 of the Credit Agreement, financing and continuation statements and amendments thereto reflecting the same.

(iii) S&A hereby represents and warrants to the Lender that:

(a) During its existence, S&A has done business solely under the names set forth in Schedule 1 hereto. S&A's chief executive office and principal place of business is, and after giving effect to the transactions contemplated by the Purchase Agreement will be, located at the address set forth in Schedule 1 hereto, and all of S&A's records relating to its business or the Collateral are kept at that location. All Inventory and Equipment is, and after giving effect to the transactions contemplated by the Purchase Agreement will be, located at that location or at one of the other locations set forth in Schedule 1 hereto, which such locations are owned or leased by S&A, as indicated on Schedule 1 hereto. S&A's tax identification number is correctly set forth in Schedule 1 hereto.

(b) Set forth on Schedule 2 hereto is a list of all Subsidiaries of S&A.

(c) Set forth on Schedule 3 is a list of all actions, suits or proceedings pending, or to the knowledge of S&A, threatened against or affecting S&A or the properties of S&A before any court or governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, which, if determined adversely to S&A, could have a Material Adverse Effect.

(d) To the best of S&A's knowledge, except as disclosed on Schedule 4 hereto, the Premises are not and never have been listed on the National Priorities List, the Comprehensive Environmental Response, Compensation and Liability Information System or any similar federal, state or local list, schedule, log, inventory or database.

(e) The exact legal name and jurisdiction of formation of S&A on the date hereof is as set forth in the first paragraph of this Amendment.

(f) Except as set forth on Schedule 5 hereto, S&A has not during the five years preceding the date hereof (i) changed its legal name, (ii) changed its jurisdiction of formation or (iii) been party to a merger, consolidation or other change in structure.

(g) S&A possesses all of the licenses, permits, patents, copyrights, trademarks and tradenames necessary to conduct its business, there has been no assertion or claim of violation or infringement with respect thereto and all such licenses, permits, patents, copyrights, trademarks and tradenames are listed on Schedule 6 hereto. S&A has paid all licensing and permit fees required to maintain all of the licenses and permits necessary for it to conduct its business as presently conducted.

(h) Except as set forth on Schedule 7 hereto and except for Permitted Liens, there are no Liens upon any of S&A's assets.

(i) Debt of S&A in existence on the date hereof and after giving effect to the transactions contemplated by the Purchase Agreement is listed on Schedule 8 hereto.

(j) Guaranties, endorsements and other direct or contingent liabilities in connection with the obligations of other Persons, in existence on the date hereof and after giving effect to the transactions contemplated by the Purchase Agreement are listed on Schedule 9 hereto.

(k) Loans and advances to, and investments and other interests in, any other Person in existence on the date hereof and after giving effect to the transactions contemplated by the Purchase Agreement are listed on Schedule 10 hereto.

Section Two. Amendments to Credit Agreement. Effective upon satisfaction of the conditions precedent set forth in Section Four hereof, the Credit Agreement is hereby amended as follows:

(i) **Section 1.1. Definitions.** (1) The following defined terms contained in Section 1.1 of the Credit Agreement are amended and restated as follows:

"Banking Day" means a day on which the Lender is open for business that is not a Saturday, Sunday or other day on which banks are required or permitted to be closed in Minneapolis, Minnesota, or New York, New York and, if such day relates to a LIBOR Advance, a day on which dealings are carried on in the London interbank eurodollar market.

"Borrowing Base" means, with respect to any Borrower at any time, and subject to change from time to time in the Lender's sole discretion, which discretion shall be exercised in a commercially reasonable manner, the lesser of:

(a) the Maximum Line, minus the L/C Amount, minus the aggregate principal amount of outstanding Advances made to the other Borrowers; or

(b) the sum of:

(i) eighty-five percent (85%) of such Borrower's Eligible Accounts, plus

(ii) the lesser of: (A) up to fifty-seven percent (57%) of the lower of the cost or fair market value, as determined in accordance with GAAP, of such Borrower's Eligible Inventory, but in no event to exceed Thirteen Million Five Hundred Thousand Dollars ($13,500,000.00), minus the aggregate principal amount of outstanding Advances made to the other Borrowers pursuant to this clause (ii), and (B) up to ninety-five percent (95%) of the liquidation value of such Borrower's Eligible Inventory, net of liquidation and other related expenses, as determined by the Lender in its sole discretion, which discretion shall be exercised in a commercially reasonable manner, but in no event to exceed Thirteen Million Five Hundred Thousand Dollars ($13,500,000.00), minus the aggregate principal amount of outstanding Advances made to the other Borrowers pursuant to this clause (ii), plus

(iii) the amount of the Structural Sublimit then in effect, minus the aggregate principal amount of outstanding Advances made to the other Borrowers pursuant to this clause (iii), plus

(iv) the amount of the Overadvance Sublimit then in effect, minus the aggregate principal amount of outstanding Advances made to the other Borrowers pursuant to this clause (iv), minus

(v) the amount of the Landlord Reserve then in effect, apportioned among the Borrowers in such manner as the Lender may determine from time to time in its sole discretion, which discretion shall be exercised in a commercially reasonable manner, minus

(vi) the amount of the Availability Reserve then in effect, apportioned among the Borrowers in such manner as the Lender may determine from time to time in its sole discretion, which discretion shall be exercised in a commercially reasonable manner, minus

(vii) the portion of the L/C Amount relating to Letters of Credit issued for such Borrower's account, plus, the aggregate L/C Amount relating to Letters of Credit issued for the other Borrowers, minus

(viii) such other reserves as the Lender may establish from time to time in its sole discretion, which discretion shall be exercised in a commercially reasonable manner.

Notwithstanding the foregoing, in the event that dilution for all Accounts during any ninety (90) consecutive day period, expressed as a percentage, as determined by the Lender in its sole discretion, exercised in a commercially reasonable manner, pursuant to its periodic examination of the Borrowers' collateral reports and/or books and records, exceeds four percent (4%), then the Lender, in its sole discretion, may implement and maintain such reserves and/or reduce the advance percentages used in determining the Borrowing Base to adjust for such excess.

"Default Rate" means an annual interest rate in effect during a Default Period or following the Termination Date, which interest rate shall be equal to three percent (3%) over the applicable Floating Rate or the LIBOR Advance Rate, as the case may be, as such rate may change from time to time.

"Floating Rate" means, with respect to all Floating Rate Advances, an annual rate equal to the Prime Rate minus one-quarter of one percent (¼ of 1%); provided, that if the Borrowers' Net Income for the fiscal year ending on or about December 31, 2007 exceeds One Million Dollars ($1,000,000), the Floating Rate shall be an annual rate equal to the Prime Rate minus one-half of one percent (½ of 1%), which annual rate, in each case, shall change when and as the Prime Rate changes. Such reduction, if any, in the Floating Rate shall become effective on the first calendar day of the month following the month of receipt by the Lender of the unaudited financial statements for the fiscal year ending on or about December 31, 2007 as required under Section 6.1(a); provided, however, that such reduction shall become effective, retroactive, as of the first calendar day of the month of receipt by the Lender of such financial statements, if such financial statements are received by the Lender prior to the 25th day of such month; provided, further, that (i) no such reduction in the Floating Rate will be made if a Default Period exists at the time that such reduction would otherwise be made and (ii) if such financial statements are amended or restated and such amended or restated financial statements do not indicate that the Borrowers' Net Income for the fiscal year ending on or about December 31, 2007 exceeded One Million Dollars ($1,000,000), the Floating Rate shall be increased to the Prime Rate minus one-quarter of one percent (¼ of 1%) effective as of the date on which the Floating Rate was previously reduced and the Borrowers shall immediately pay to the Lender interest on the outstanding Advances at such higher Floating Rate from the effective date of such increase to the extent such interest has not been paid.

"Original Maturity Date" means August 1, 2012.

"**Overadvance Sublimit**" means, from the period beginning on April 1 and ending on July 31 of each calendar year during the term of this Agreement, the amount of Five Hundred Thousand Dollars ($500,000), which amount shall be automatically reduced each week by the amount of One Hundred Thousand Dollars ($100,000) on August 1 of such calendar year and on each corresponding day of each following week thereafter, until reduced to zero (-0-).

"Structural Sublimit" means, on the Acquisition Date, the sum of One Million Dollars ($1,000,000), which amount shall be automatically and permanently reduced on the first day of each month, beginning with the month of November 2007, by the sum of Forty-One Thousand Six Hundred Sixty-Six Dollars and Sixty-Seven Cents ($41,666.67), until reduced to zero (-0-).

(2) The following defined terms are added to Section 1.1 of the Credit Agreement in their proper alphabetical sequence:

"Acquisition Date" means the Closing Date as defined in the Purchase Agreement.

"Floating Rate Advance" means an Advance bearing interest at the Floating Rate.

"Interest Period" means the period that commences on (and includes) the Banking Day on which either a LIBOR Advance is made or continued, or on which a Floating Rate Advance is converted to a LIBOR Advance, and ending on (but excluding) the Banking Day numerically corresponding to such date that is one, three, six, or twelve months thereafter as designated by the Borrower, during which period the outstanding principal balance of the LIBOR Advance shall bear interest at the LIBOR Advance Rate; provided, however, that:

(a) no Interest Period may be selected for an Advance for a principal amount less than Five Hundred Thousand Dollars ($500,000), and no more than three (3) different Interest Periods may be outstanding at any one time;

(b) if an Interest Period would otherwise end on a day which is not a Banking Day, then the Interest Period shall end on the next Banking Day thereafter, unless that Banking Day is the first Banking Day of a month, in which case the Interest Period shall end on the last Banking Day of the preceding month;

(c) no Interest Period may end later than the Original Maturity Date; and

(d) in no event shall the Borrower select Interest Periods with respect to Advances which, in the aggregate, would require payment of a contracted funds breakage fee under this Agreement in order to make required principal payments.

"LIBOR" means the rate per annum (rounded upward, if necessary, to the nearest whole 1/16th of one percent (1%)) determined pursuant to the following formula:

$$\text{LIBOR} = \frac{\text{Base LIBOR}}{\text{100\% - LIBOR Reserve Percentage}}$$

(i) **"Base LIBOR"** means the rate per annum for United States dollar deposits quoted by the Lender as the Inter-Bank Market Offered Rate, with the understanding that such rate is quoted by the Lender for the purpose of calculating effective rates of interest for loans making reference thereto, on the first day of an Interest Period for delivery of funds on said date for a period of time approximately equal to the number of days in such Interest Period and in an amount approximately equal to the principal amount to which such Interest Period applies. The Borrowers understand and agree that the Lender may base its quotation of the Inter-Bank Market Offered Rate upon such offers or other market indicators of the Inter-Bank Market as the Lender in its discretion deems appropriate including the rate offered for U.S. dollar deposits on the London Inter-Bank Market.

(ii) **"LIBOR Reserve Percentage"** means the reserve percentage prescribed by the Board of Governors of the Federal Reserve System (or any successor) for "Eurocurrency Liabilities" (as defined in Regulation D of the Federal Reserve Board, as amended), adjusted by the Lender for expected changes in such reserve percentage during the applicable Interest Period.

"LIBOR Advance" means an Advance bearing interest at the LIBOR Advance Rate.

"LIBOR Advance Rate" means, with respect to all LIBOR Advances, an annual interest rate equal to the sum of LIBOR plus two and one-half of one percent (2.5%); provided, that if the Borrowers' Net Income for the fiscal year ending on or about December 31, 2007 exceeds One Million Dollars ($1,000,000), the LIBOR Advance Rate shall be an annual rate equal to the sum of LIBOR plus two and one-quarter of one percent (2.25%), such reduction, if any, in the LIBOR Advance Rate to become effective on the first calendar day of the month following the month of receipt by the Lender of the unaudited financial statement for the fiscal year ending on or about December 31, 2007 as required under Section 6.1(a); provided, however, that such reduction shall become effective, retroactive, as of the first calendar day of the month of receipt by the Lender of such financial statements, if such financial statements are received by the Lender prior to the 25th day of such month; provided, further, that (i) no such reduction in the LIBOR Advance Rate will be made if a Default Period exists at the time that such reduction would otherwise be made and (ii) if such financial statement is amended or restated and such amended or restated financial statement does not indicate that the Borrowers' Net Income for the fiscal year ending on or about December 31, 2007 exceeded One Million Dollars ($1,000,000), the Lender may increase the LIBOR Advance Rate to LIBOR plus two and one-half of one percent (2.5%) effective as of the date on which the LIBOR Advance Rate was previously reduced and the Borrowers shall immediately pay to the Lender interest on the outstanding Advances at such higher LIBOR Advance Rate from the effective date of such increase to the extent such interest has not been paid.

"Purchase Agreement" means that certain Asset Purchase Agreement dated as of September 10, 2007, among S&A Purchasing Corp., a New York corporation, S&A Supply, Inc., a Massachusetts corporation, S&A Realty, Inc., a Massachusetts corporation, S&A Management, Inc., a Massachusetts corporation, Nancy A. Mead ("Nancy"), Nancy and Thomas H. Mead, as trustees of The Discretionary Trust under The Rodney P. Mead Revocable Trust, dated January 12, 1999, Sarah Mead, Brian Mead, Adam Mead and Colonial, pursuant to which S&A shall purchase certain assets of S&A Supply, Inc.

(ii) **Section 2.1. Revolving Advances.** Sections 2.1(a) and (b) of the Credit Agreement are amended and restated as follows:

(a) The Borrowing Agent will not request any Advance on behalf of a Borrower under this Section 2.1 if, after giving effect to such requested Advance, the sum of the outstanding and unpaid Advances made to such Borrower under this Section 2.1 would exceed such Borrower's Borrowing Base. Each Advance shall be funded as either a Floating Rate Advance or a LIBOR Advance, as the Borrowing Agent shall specify in a request delivered to the Lender conforming to the requirements of Section 2.2(b); Floating Rate Advances and LIBOR Advances may be outstanding at the same time. Each request for a LIBOR Advance shall be in multiples of One Hundred Thousand Dollars ($100,000), with a minimum request of at least Five Hundred Thousand Dollars ($500,000), provided that the Borrowing Agent may not request a LIBOR Advance if after giving effect thereto the aggregate principal amount of outstanding LIBOR Advances would exceed seventy-five percent (75%) of the aggregate principal amount of all outstanding Advances. LIBOR Advances shall not be available during Default Periods.

(b) Each request by the Borrowing Agent for an Advance from the Lender shall be made before 11:00 a.m. (New York time) of the day of the requested Advance. Requests may be made in writing or by telephone, specifying the Borrower on behalf of which such Advance is being requested, the date of the requested Advance, the amount thereof, whether the Advance shall be a Floating Rate Advance or a LIBOR Advance and, with respect to any LIBOR Advance, the Interest Period applicable thereto. Each request shall be made by (A) any Authorized Officer of the Borrowing Agent; or (B) any person designated as the Borrowing Agent's agent by any Authorized Officer of the Borrowing Agent in a writing delivered to the Lender; or (C) any person whom the Lender reasonably believes to be an Authorized Officer of the Borrowing Agent or such a designated agent.

(iii) **Section 2.3. Reduction of Structural Sublimit; Mandatory Prepayment of Structural Sublimit Advances**. Section 2.3 of the Credit Agreement is amended and restated as follows:

Section 2.3 [RESERVED]

(iv) **Section 2.7. Interest; Default Interest; Usury.** Section 2.7(a) of the Credit Agreement is amended and restated as follows:

(a) ***Interest***. Except as set forth in paragraphs (b) and (c) below and in Section 2.21, the outstanding principal amount of the Advances shall bear interest at the Floating Rate.

(v) **Section 2.8. Fees.** Sections 2.8(b) and (c) of the Credit Agreement are amended and restated as follows:

(b) ***Collateral Monitoring Fees***. The Borrowers jointly and severally agree to pay the Lender a monthly collateral monitoring fee of $500 per month. Such fee shall be payable and charged to the Borrowers' accounts on the first day of each month with respect to the prior month.

(c) ***Unused Line Fee***. In the event the average closing daily unpaid aggregate balance of all Advances hereunder during any calendar month is less than Twenty Million Dollars ($20,000,000), the Borrowers jointly and severally agree to pay to the Lender a fee at a rate per annum equal to one-quarter of one percent (¼ of 1%) on the amount by which Twenty Million Dollars ($20,000,000) exceeds such average daily unpaid aggregate balance. Such fee shall be payable and charged to the Borrowers' accounts on the first day of each month with respect to the prior month. In the event that the Credit Facility is terminated on any day other than the first day of a month, the unused line fee for the month in which the Credit Facility is terminated shall be calculated for the portion of that month which elapsed prior to termination and shall be payable on the Termination Date.

(vi) **Section 2.9. Computation of Interest and Fees; When Interest Due and Payable**. Section 2.9 of the Credit Agreement is amended and restated as follows:

Section 2.9 Computation of Interest and Fees; When Interest Due and Payable. Interest accruing on the outstanding principal balance of the Advances and fees hereunder outstanding from time to time shall be computed on the basis of actual number of days elapsed in a year of 360 days. Interest shall be payable in arrears on the first day of each month and on the Termination Date (each an "Interest Payment Date"), or if any such day is not a Banking Day, on the next succeeding Banking Day. Interest will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from the date of advance to the Interest Payment Date. If an Interest Payment Date is not a Banking Day, payment shall be made on the next succeeding Banking Day. Interest accruing on each LIBOR Advance shall be due and payable on the last day of the applicable Interest Period; provided, however, for Interest Periods that are longer than one month, interest shall nevertheless be due and payable monthly on the last day of each month, and on the last day of the Interest Period.

(vii) **Section 2.11. Prepayment; Termination of Credit Facility by the Borrowers; Termination Fees; Breakage Fees.** Section 2.11 of the Credit Agreement is amended by (i) amending and restating paragraph (a) and (ii) adding a new paragraph (d) to the end thereof as follows:

(a) ***Termination by the Borrowers***. Upon termination of the Credit Facility on the Maturity Date, the Borrowers shall provide the Lender with an executed release, in form and substance satisfactory to the Lender, of any and all claims which each Borrower may have or thereafter have under this Agreement, any Loan Document or otherwise. The Borrowers may terminate the Credit Facility at any time by: (A) giving at least thirty (30) days' prior written notice to the Lender of their intention to terminate the Credit Facility; (B) paying the Lender termination fees and contracted funds breakage fees in accordance with subsections (b) and (d), respectively, below if the Borrowers terminate the Credit Facility effective as of any date other than the Maturity Date; and (C) providing the Lender with an executed release in form and substance satisfactory to the Lender, of any and all claims which each Borrower may have or thereafter have under this Agreement, any Loan Document or otherwise.

(d) ***Breakage Fees.*** The Borrowers may prepay the principal amount of the Revolving Note at any time in any amount, whether voluntarily or by acceleration, provided, however, that if the principal amount of any LIBOR Advance is prepaid, the Borrowers shall pay to the Lender immediately upon demand a contracted funds breakage fee equal to the sum of the discounted monthly differences for each month from the month of prepayment through the month in which the related Interest Period ends, calculated as follows for each such month:

(i) Determine the amount of interest which would have accrued each month on the amount prepaid at the interest rate applicable to such amount had it remained outstanding until the last day of the applicable Interest Period.

(ii) Subtract from the amount determined in (i) above the amount of interest which would have accrued for the same month on the amount prepaid for the remaining term of such Interest Period at LIBOR in effect on the date of prepayment for new loans made for such term in a principal amount equal to the amount prepaid.

(iii) If the result obtained in (ii) for any month is greater than zero, discount that difference by LIBOR used in (ii) above.

The Borrowers acknowledge that prepayment of the Revolving Note and any LIBOR Advance may result in the Lender incurring additional costs, expenses or liabilities, and that it is difficult to ascertain the full extent of such costs, expenses or liabilities. The Borrowers therefore agree to pay the above-described contracted funds breakage fee and agrees that said amount represents a reasonable estimate of the contracted funds breakage costs, expenses and/or liabilities of the Lender.

(viii) **Section 2.12**. Section 2.12 of the Credit Agreement is amended and restated as follows:

Section 2.12 Mandatory Prepayments. Without notice or demand, if the outstanding principal balance of the Advances made to any Borrower, plus the L/C Amount allocable to such Borrower, shall at any time exceed such Borrower's Borrowing Base, the Borrowers shall immediately repay the Advances to the extent necessary to eliminate such excess. Any payment received by the Lender under this Section 2.12 or under Section 2.11 may be applied to the Advances, including interest thereon and any fees, commissions, costs and expenses hereunder and under the other Loan Documents, in such order and in such amounts as the Lender, in its discretion, may from time to time determine. In furtherance and not in limitation of Section 2.3, the Borrowers jointly and severally agree to permanently repay the aggregate principal balance of the Structural Sublimit Advances (i) on the first Banking Day of each month, beginning with the month of November 2007, by an amount equal to Forty-One Thousand Six Hundred Sixty-Six Dollars and Sixty-Seven Cents ($41,666.67), until the aggregate principal balance of the Structural Sublimit Advances shall be reduced to zero (-0-). In furtherance and not in limitation of Section 2.3, the Borrowers jointly and severally agree to repay the aggregate principal balance of the outstanding Overadvances, if any, weekly by an amount equal to One Hundred Thousand Dollars ($100,000.00) beginning on August 1 of each year and on the corresponding day of each week thereafter, until the aggregate principal balance of the Overadvances shall be reduced to zero (-0-).

(ix) **Section 2.13. Payments.** Section 2.13 of the Credit Agreement is amended and restated as follows:

Section 2.13 Payments. Any payments of principal, interest, fees or any other amounts payable hereunder or under any other Loan Document shall be made to the Lender prior to 12:00 noon New York time on the due date thereof in immediately available funds. All payments to the Lender shall be made in immediately available funds. For purposes of determining the balance of the Advances outstanding, the Lender will credit (conditional upon final collection) all such payments to the account of the Borrowers upon receipt by the Lender of good funds in dollars of the United States of America in the Lender's account, provided, however, for purposes of computing interest on the Obligations, the Lender will credit (conditional upon final collection) all such payments to the Borrowers' account one (1) day after receipt by Lender of such immediately available funds in dollars of the United States of America in the Lender's account. Any amount received by the Lender after 12:00 noon New York time on any Banking Day shall be deemed received on the next Banking Day. The Lender may hold all payments not constituting immediately available funds for one (1) additional day before applying them to the Obligations. Notwithstanding anything in Section 2.1, the Borrowers hereby authorize the Lender, in its discretion at any time or from time to time, without the request of any Borrower or the Borrowing Agent and even if the conditions set forth in Section 4.2 would not be satisfied, to make an Advance in an amount equal to the portion of the Obligations from time to time due and payable. Any sums expended by the Lender due to the failure of any Borrower to perform or comply with its obligations under this Agreement or any other Loan Document, including, but not limited to the payment of taxes, Liens, insurance premiums or leasehold obligations, shall be charged to the account of the Borrowers as an Advance and added to the Obligations; provided, that the Lender shall have no obligation to make any such payment and shall not by so doing be deemed to have assumed any obligation or liability of any Borrower.

(x) **Article II. Amount and Terms of the Credit Facility.** Article II of the Credit Agreement is amended by adding a new Section 2.21 thereto as follows:

Section 2.21 LIBOR Advances.

(a) ***Converting Floating Rate Advances to LIBOR Advances; Procedures.*** So long as no Default Period is in effect, the Borrowers may convert all or any part of the principal amount of any outstanding Floating Rate Advance into a LIBOR Advance by requesting that the Lender convert the same no later than 11:00 a.m. (New York time) on the Banking Day on which the Borrowers wish the conversion to become effective; provided that the Borrowers may not convert any outstanding Floating Rate Advance into a LIBOR Advance (i) if after giving effect thereto the aggregate principal amount of outstanding LIBOR Advances would exceed seventy-five percent (75%) of the aggregate principal amount of all outstanding Advances or (ii) during Default Periods. Each request that conforms to the terms of this Agreement shall be effective upon receipt by the Lender and shall be confirmed in writing if the Lender so requests by any Officer or designated agent identified in Section 2.1(b) or a Person reasonably believed by the Lender to be such an Officer or designated agent, which request shall specify the Banking Day on which the conversion is to occur, the total amount of the Floating Rate Advance to be converted, and the applicable Interest Period. Each such conversion shall occur on a Banking Day, and the aggregate amount of Floating Rate Advances converted to LIBOR Advances shall be in multiples of One Hundred Thousand Dollars ($100,000), with a minimum conversion amount of at least Five Hundred Thousand Dollars ($500,000).

(b) ***Procedures at End of an Interest Period.*** Unless the Borrowers request a new LIBOR Advance in accordance with the procedures set forth below, or prepay the principal of an outstanding LIBOR Advance at the expiration of an Interest Period, the Lender shall automatically and without request of the Borrowers convert each LIBOR Advance to a Floating Rate Advance on the last day of the relevant Interest Period. So long as no Default exists, the Borrowers may cause all or any part of any maturing LIBOR Advance to be renewed as a new LIBOR Advance by requesting that the Lender continue the maturing Advance as a LIBOR Advance no later than the Cut-off Time on the Banking Day constituting the first day of the new Interest Period; provided that the Borrowers may not continue a LIBOR Advance as such (i) if after giving effect thereto the aggregate principal amount of outstanding LIBOR Advances would exceed seventy-five percent (75%) of the aggregate principal amount of all outstanding Advances or (ii) during Default Periods. Each such request shall be confirmed in writing upon the Lender's request by any Officer or designated agent identified in Section 2.1(b) or a Person reasonably believed by the Lender to be such an Officer or designated agent, which confirmation shall specify the amount of the expiring LIBOR Advance to be continued and the applicable Interest Period. Each new Interest Period shall begin on a Banking Day and the amount of each LIBOR Advance shall be in multiples of One Hundred Thousand Dollars ($100,000), with a minimum Advance of at least Five Hundred Thousand Dollars ($500,000).

(c) ***Setting and Notice of Rates.*** The Lender shall, with respect to any request for a LIBOR Advance under Section 2.1 or a conversion or renewal of a LIBOR Advance under this Section 2.21, provide the Borrowers with a LIBOR quote for each Interest Period identified by the Borrowers on the Banking Day on which the request was made, if the request is received by the Lender prior 11:00 a.m. (New York time), or for requests received by the Lender after 11:00 a.m. (New York time), on the next Banking Day or on the Banking Day on which the Borrowers have requested that the LIBOR Advance be made effective. If the Borrowers do not immediately accept a LIBOR quote, the quoted rate shall expire and any subsequent request from the Borrowers for a LIBOR quote shall be subject to redetermination by the Lender of the applicable LIBOR for the LIBOR Advance.

(d) ***Taxes and Regulatory Costs.*** The Borrowers shall pay the Lender with respect to any LIBOR Advance, upon demand and in addition to any other amounts due or to become due hereunder, any and all (i) withholdings, interest equalization taxes, stamp taxes or other taxes (except income and franchise taxes) imposed by any domestic or foreign governmental authority and related in any manner to LIBOR, and (ii) future, supplemental, emergency or other changes in the LIBOR Reserve Percentage, assessment rates imposed by the Federal Deposit Insurance Corporation, or similar requirements or costs imposed by any domestic or foreign governmental authority or resulting from compliance by the Lender with any request or directive (whether or not having the force of law) from any central bank or other governmental authority and related in any manner to LIBOR to the extent they are not included in the calculation of LIBOR. In determining which of the foregoing are attributable to any LIBOR option available to the Borrowers hereunder, any reasonable allocation made by the Lender among its operations shall be conclusive and binding upon the Borrowers.

(xi) **Schedules to Credit Agreement.** Schedule 5.1, Schedule 5.4, Schedule 5.6, Schedule 5.12, Schedule 5.16, Schedule 7.1, Schedule 7.2, Schedule 7.3 and Schedule 7.4 of the Credit Agreement are amended by annexing thereto and making a part thereof Schedule 1, Schedule 2, Schedule 3, Schedule 4, Schedule 6, Schedule 7, Schedule 8, Schedule 9 and Schedule 10 hereto, respectively.

Section Three. Representations and Warranties. To induce the Lender to enter into this Amendment, each Loan Party warrants and represents to the Lender as follows:

(i) all of the representations and warranties contained in the Credit Agreement and each other Loan Document, in each case, after giving effect to this Amendment, continue to be true and correct in all material respects as of the date hereof, as if repeated as of the date hereof, except for such representations and warranties which, by their terms, are only made as of a previous date;

(ii) the execution, delivery and performance by each Loan Party of this Amendment, the consummation of the transactions herein contemplated and the compliance with the provisions hereof have been duly authorized by all necessary corporate action and do not and will not (A) require any consent or approval of such Loan Party's stockholders; (B) require any authorization, consent, license, permit or approval by, or registration, declaration or filing with, or notice to, any governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, or any third party, except such authorization, consent, license, permit, approval, registration, declaration, filing or notice as has been obtained, accomplished or given prior to the date hereof and such filings with the Securities and Exchange Commission as are required by applicable law; (C) violate any provision of any law, rule or regulation (including, without limitation, Regulation X of the Board of Governors of the Federal Reserve System) or of any order, writ, injunction or decree presently in effect having applicability to such Loan Party or of such Loan Party's articles of incorporation or bylaws; (D) result in a breach of or constitute a default under any indenture or loan or credit agreement or any other material agreement, lease or instrument to which such Loan Party is a party or by which it or its properties may be bound or affected; or (E) result in, or require, the creation or imposition of any Lien (other than in favor of the Lender) upon or with respect to any of the properties now owned or hereafter acquired by such Loan Party;

(iii) upon its execution, this Amendment shall constitute the legal, valid and binding obligation of each Loan Party, enforceable against each Loan Party in accordance with its terms;

(iv) no Default or Event of Default has occurred and is continuing; and

(v) since the date of the audited financial statements of the Borrowers for the fiscal year ended December 31, 2006, there has been no material adverse change in any Borrower's business, properties or condition (financial or otherwise).

Section Four. Conditions Precedent. The addition of S&A as a Borrower and a Guarantor under and party to the Credit Agreement, the Guaranty and the other Loan Documents pursuant to Section One hereof and the amendments to the Credit Agreement set forth in Section Two hereof shall become effective upon the date on which all of the following events shall have occurred:

(i) the Lender shall have received this Amendment, duly executed by each Loan Party;

(ii) the Lender shall have received payment of all fees and disbursements incurred by the Lender in connection with the preparation, negotiation and closing of this Amendment and the transactions contemplated to occur hereunder;

(iii) no event has occurred and is continuing which constitutes a Default or an Event of Default, and no event or development which has had or is reasonably likely to have a Material Adverse Effect shall have occurred since the date of the Borrowers' audited financial statements for the fiscal year ended December 31, 2006;

(iv) the Lender shall have received a certificate of each Loan Party's Secretary or Assistant Secretary certifying as to (A) the resolutions of such Loan Party's directors and, if required, shareholders, authorizing the execution, delivery and performance of this Amendment, (B) such Loan Party's articles of incorporation and bylaws, and (C) the signatures of such Loan Party's officers or agents authorized to execute and deliver this Amendment and other instruments, agreements and certificates to be delivered in connection with this Amendment on such Loan Party's behalf;

(v) the Lender shall have received a current good standing certificate issued by the Secretary of State of each Loan Party's state of incorporation certifying that such Loan Party is in good standing in such state;

(vi) the Lender shall have received a Revolving Note in the principal amount of Twenty-Five Million Dollars ($25,000,000) duly executed and delivered by each Loan Party, in exchange for the Revolving Note dated July 28, 2004, in the principal amount of Fifteen Million Dollars ($15,000,000);

(vii) the Lender shall have received true and correct copies of all leases pursuant to which S&A is leasing any of the Premises, together with a landlord's waiver and consent with respect to each such lease;

(viii) the Lender shall have received true and correct copies of any and all mortgages pursuant to which S&A has mortgaged any of the Premises, together with a mortgagee's disclaimer and consent with respect to each such mortgage;

(ix) the Lender shall have received true and correct copies of any and all agreements pursuant to which S&A's property is in the possession of any Person other than S&A together with (a) an acknowledgment and waiver of liens from each bailee, processor and subcontractor who has possession of S&A's goods from time to time, (b) UCC financing statements sufficient to protect S&A's and the Lender's interests in such goods, and (c) UCC searches showing that no other secured party has filed a financing statement covering such Person's property other than S&A, or if there exists any such secured party, evidence that each such secured party has received notice from S&A and the Lender sufficient to protect S&A's and the Lender's interests in S&A's goods from any claim by such secured party;

(x) the Lender shall have received from William Pagano a duly executed original (or an executed facsimile copy) of the Support Agreement Confirmation in substantially the form attached hereto as Exhibit C;

(xi) the Lender shall have received an amendment to the Stock Pledge Agreement, dated as of July 28, 2004, made by Colonial in favor of the Lender, duly executed and delivered by Colonial, together with the stock certificates for all of the shares of issued and outstanding common stock of S&A, together with undated stock powers;

(xii) the Lender shall have received a duly executed original (or an executed facsimile copy) Post-Closing Undertaking Letter, dated as of the dated hereof, made by S&A in favor of the Lender;

(xiii) the Lender's Credit Committee shall have given its final credit approval to the transactions contemplated to occur hereunder;

(xiv) the Lender shall have completed to its satisfaction an examination and inspection of the Collateral in which S&A has rights and the books and records of S&A, and the results thereof shall be satisfactory to the Lender;

(xv) the Lender shall have received the results of current searches of appropriate filing offices showing that (a) no state or federal tax liens have been filed and remain in effect against S&A, (b) no financing statements have been filed and remain in effect against S&A, and (c) the Lender has duly filed all financing statements necessary to perfect the Liens of the Lender under the Loan Documents with respect to the Collateral in which S&A has rights, to the extent such Liens are capable of being perfected by filing;

(xvi) the Lender shall have received evidence that S&A is duly licensed or qualified to transact business in all jurisdictions where the character of the property owned or leased or the nature of the business transacted by it makes such licensing or qualification necessary;

(xvii) the Lender shall have received a certificate of an officer of S&A confirming the representations and warranties set forth in Article V of the Credit Agreement, after giving effect to this Amendment;

(xviii) the Lender shall have received an opinion of counsel to each Loan Party, addressed to the Lender;

(xix) the Lender shall have received certificates of the insurance required under the Credit Agreement with respect to S&A, with all casualty, loss and hazard insurance policies containing the Lender's loss payable endorsement in the Lender's favor and with all liability insurance naming the Lender as an additional insured;

(xx) the Lender shall have received a copy of the fully executed Purchase Agreement, together with the exhibits and schedules thereto, which shall be satisfactory to the Lender;

(xxi) the Lender shall have received from each Guarantor (including S&A) a duly executed original (or an executed facsimile copy) of the Guarantor Acknowledgment and Consent in substantially the form attached hereto as Exhibit A;

(xxii) the Lender shall have received from each holder of Subordinated Debt a duly executed original (or an executed facsimile copy) of the Subordinated Lender Acknowledgment and Consent in substantially the form attached hereto as Exhibit B; and

(xxiii) the Lender shall have received such other documents as the Lender in its sole discretion, which discretion shall be exercised in a commercially reasonable manner, may require.

Section Five. General Provisions.

(i) Except as herein expressly amended, the Credit Agreement, the Guaranty and all of the other Loan Documents are ratified and confirmed in all respects and shall remain in full force and effect in accordance with their respective terms.

(ii) All references to the Credit Agreement, the Guaranty and the other Loan Documents in the Loan Documents shall mean the Credit Agreement, the Guaranty and the other Loan Documents as amended as of the effective date hereof, and as amended hereby and as hereafter amended, supplemented and modified from time to time.

(iii) This Amendment embodies the entire agreement between the parties hereto with respect to the subject matter hereof and supercedes all prior agreements, commitments, arrangements, negotiations or understandings, whether written or oral, of the parties with respect thereto.

(iv) This Amendment shall be governed by and construed in accordance with the internal laws of the State of New York, without regard to the conflicts of law principles thereof.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Loan Parties and the Lender have signed below to indicate their agreement with the foregoing and their intent to be bound thereby.

AMERICAN/UNIVERSAL SUPPLY, INC.

By: /s/ William Pagano
Name: William Pagano
Title: Vice President

THE RAL SUPPLY GROUP, INC.

By: /s/ William Pagano
Name: William Pagano
Title: Executive Vice President

UNIVERSAL SUPPLY GROUP, INC.

By: /s/ William Pagano
Name: William Pagano
Title: President

S&A PURCHASING CORP.

By: /s/ William Pagano
Name: William Pagano
Title: President

WELLS FARGO BANK, NATIONAL ASSOCIATION, acting through its Wells Fargo Business Credit operating division

By: /s/ Baraka Stewart
Name: Baraka Stewart
Title: Vice President

Schedule 1

Names, Chief Executive Offices and Collateral Locations

Name:

S&A Purchasing Corp.

Chief Executive Office:

S&A Purchasing Corp.
275 Wagaraw Road
Hawthorne, NJ 07506

Collateral Locations:

S&A Purchasing Corp.
20 & 40 Maple Avenue
Great Barrington, MA 01230

S&A Purchasing Corp.
1131 East Street
Pittsfield, MA 01201

S&A Purchasing Corp.
992 Massachusetts Avenue
North Adams, MA 01247

Tax ID Number:

26-0778121

Schedule 2

Subsidiaries

None

Schedule 3

Litigation

None

Schedule 4

Environmental Citations

None

Schedule 5

Name and Structural Changes

None

Schedule 6

Licenses, Permits and Intellectual Property

None

Schedule 7

Existing Liens

See Schedule 8

Schedule 8

Existing Debt

S&A SUPPLY, INC.

VEHICLE LOANS PAYABLE (Per 7/31/07 TB)

7/31/07

G/L	Bank	Vehicle	CI	LT	T	Proj. Bal. 9/10/07
242003 260603	Legacy	Ford F-650 Box Truck	9,934	21,841	31,775	30,823
242901 260901	Greylock	’05 Toyota Tundra	3,862	5,492	9,354	8,974
243001 267501	GMAC	’04 GMC Rack Body	6,470	4,461	10,931	10,391
243201 269001	GMAC	’04 Chevy Colorado	4,975	3,732	8,707	7,878
243203 267503	Greylock	’07 Toyota Tundra	7,111	17,182	24,293	23,817
243401 261501	GMAC	’04 Chev. PU/w/plow (Silverado)	6,754	2,030	8,784	8,216
244501 267801	Greylock	'05 Chev. ¾ ton (Silverado)	5,583	4,713	10,296	9,293
245005 267905	Greylock	’06 Ford F350 Rack	2,973	18,134	21,107	20,509
248603	Berkshire	’03 Chev.	493		493	-0-
248703 262003	Greylock	’05 Chev. ½ ton (Silverado)	5,401	4,543	9,944	8,954
249003 270003	Greylock	’06 Ford F250 WH/RE	3,538	11,552	15,090	14,421
249203 268003	Ford Credit	’03 Ford WH Van (E-150)	3,799	(1,891)	1,908	772
250103 267303	Berkshire	’06 GMC ExCab (K-25)	4,794	11,414	16,208	15,022
251001 268101	Legacy	’05 Ford F650 Box Truck	9,934	21,841	31,775	30,823
###### 260503	Ford Credit	’03 Ford F-250	-	(753)	(753)	-0-
###### 267403	Berkshire	’07 GMC 3500 Rack	-	24,442	24,442	25,119
###### 267603	Berkshire	’07 GMC 2500 P/UP	-	23,563	23,563	24,003
		Total			247,917	239,015

Source: COLONIAL COMMERCIAL , 8-K, September 14, 2007

Schedule 9

Existing Guaranties and Contingent Liabilities

None

Schedule 10

Existing Investments and Loans

See Schedule 8

Exhibit A

Guarantor Acknowledgment and Consent

The undersigned, each a guarantor with respect to the obligations of American/Universal Supply, Inc., a New York corporation ("American"), The RAL Supply Group, Inc., a New York corporation ("RAL"), Universal Supply Group, Inc., a New York corporation ("Universal"; American, RAL and Universal are collectively referred to as, the "Existing Borrowers") and S&A Purchasing Corp., a New York corporation (the "New Borrower"; the Existing Borrowers and the New Borrower are collectively referred to as the "Borrowers"), to Wells Fargo Bank, National Association, acting through its Wells Fargo Business Credit operating division, as successor to Wells Fargo Business Credit, Inc. (the "Lender"), under the Credit and Security Agreement**,** dated as of July 28, 2004, as amended by the First Amendment, dated as of May 11, 2006 (as further amended from time to time, the "Credit Agreement"), by and among the Borrowers and the Lender, hereby (i) acknowledges and consents to the execution, delivery and performance by the Borrowers of the Second Amendment, dated as of September 10, 2007 (the "Amendment"), to and under the Credit and Security Agreement, by and among, the Borrowers and the Lender, attached hereto as Annex A, (ii) reaffirms and agrees that the Guaranty by Corporations, dated as of July 28, 2004, as supplemented by the Guarantor Acknowledgment and Consent, dated as of May 11, 2006 (as further supplemented or amended from time to time, the "Guaranty"), made by the undersigned (other than New Borrower) for the benefit of the Lender is in full force and effect, without defense, offset or counterclaim, and will remain in full force and effect from and after the effective date of the Amendment, and the undersigned acknowledges and guarantees the Indebtedness (as defined in the Guaranty), including, without limiting the generality of the foregoing, the obligations of the Borrowers under the Credit Agreement, as amended by the Amendment; and (iii) represents and warrants that the execution, delivery and performance of this Guarantor Acknowledgment and the performance of the Guaranty as supplemented by this Consent have been duly authorized by all necessary corporate action and do not and will not require any consent or approval of such undersigned's stockholders, or require any authorization, consent, license, permit or approval by, or registration, declaration or filing with, or notice to, any governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, or any third party, except such authorization, consent, license, permit, approval, registration, declaration, filing or notice as has been obtained, accomplished or given prior to the date hereof, in order for this Consent or the Guaranty, as amended and supplemented by this Consent, to be effective and enforceable against the undersigned with respect to all of the Indebtedness (as defined in the Guaranty).

In addition to the foregoing, Colonial Commercial Corp. ("Colonial") hereby (i) reaffirms and agrees that each of the General Security Agreement, dated as of July 28, 2004 (as amended from time to time, the "Security Agreement"), entered into by Colonial and the Lender and the Securities Pledge Agreement, dated as of July 28, 2004, as amended by the First Amendment to the Securities Pledge Agreement, dated as of September 10, 2007 (as further amended from time to time, the "Pledge Agreement" and, together with the Security Agreement, the "Collateral Documents"), made by Colonial in favor of the Lender is in full force and effect, and will remain in full force and effect from and after the effective date of the Amendment, and acknowledges that the Collateral (as defined in the Security Agreement) and the Pledged Collateral (as defined in the Pledge Agreement) will secure the Indebtedness (as defined in the Guaranty), and (ii) represents and warrants to the Lender that as of the date hereof, all of the representations and warranties of Colonial contained in the Collateral Documents, as supplemented by this Consent, continue to be true and correct in all material respects as of the date hereof, as if repeated as of the date hereof, except for such representations and warranties which, by their terms, are only made as of a previous date. Unless otherwise specified herein, capitalized terms used herein have the meanings specified in the Amendment.

AMERICAN/UNIVERSAL SUPPLY, INC.

By: /s/ William Pagano
Name: William Pagano
Title: Vice President

THE RAL SUPPLY GROUP, INC.

By: /s/ William Pagano
Name: William Pagano
Title: Executive Vice President

UNIVERSAL SUPPLY GROUP, INC.

By: /s/ William Pagano
Name: William Pagano
Title: President

S&A PURCHASING CORP.

By: /s/ William Pagano
Name: William Pagano
Title: President

COLONIAL COMMERCIAL CORP.

By: /s/ William Pagano
Name: William Pagano
Title: Chief Executive Officer

Second Amendment

Exhibit B

Subordinated Lender Acknowledgment and Consent

The undersigned, each a holder of Subordinated Debt (as defined in the Credit and Security Agreement, dated as of July 28, 2004 (as amended from time to time, the "Credit Agreement")), by and among American/Universal Supply, Inc., a New York corporation ("American"), The RAL Supply Group, Inc., a New York corporation ("RAL"), Universal Supply Group, Inc., a New York corporation ("Universal"), and S&A Purchasing Corp., a New York corporation ("S&A"; American together with RAL, Universal and S&A are collectively referred to as, the "Borrowers"), and Wells Fargo Bank, National Association, acting through its Wells Fargo Business Credit operating division, as successor to Wells Fargo Business Credit, Inc., hereby (i) acknowledges and consents to the execution, delivery and performance by the Borrowers of the Second Amendment, dated as of September 10, 2007 (the "Amendment"), to and under the Credit Agreement, attached hereto as Annex A, (ii) reaffirms and agrees that the Subordination Agreement set forth on Annex B attached hereto to which it is a party (each as amended from time to time, the "Subordination Agreement"), is in full force and effect, and will remain in full force and effect from and after the effective date of the Amendment, and (iii) acknowledges that the execution, delivery and performance of this Subordinated Lender Acknowledgment and Consent (the "Consent") and the performance of the Subordination Agreement, as amended and supplemented by this Consent, do not and will not require any consent or approval of any other Person, or require any authorization, consent, license, permit or approval by, or registration, declaration or filing with, or notice to, any governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, or any third party, except such authorization, consent, license, permit, approval, registration, declaration, filing or notice as has been obtained, accomplished or given prior to the date hereof, in order for this Consent or the Subordination Agreement, as amended and supplemented by this Consent, to be effective and enforceable against the undersigned. Unless otherwise specified herein, capitalized terms used herein have the meanings specified in the Amendment.

HILDEBRANDT PROPERTIES, LLC

By: /s/ John A. Hildebrandt
Name: John A. Hildebrandt
Title:

/s/ Paul H. Hildebrandt
Paul H. Hildebrandt

COLONIAL COMMERCIAL CORP.

By: /s/ William Pagano
Name: William Pagano
Title: Chief Executive Officer

GOLDMAN ASSOCIATES OF NEW YORK, INC.

By: /s/ Melissa Goldman-Williams
Name: Melissa Goldman-Williams
Title: Vice President of Operations

For Rita Folger, William Pagano, Paul H. Hildebrandt, John A. Hildebrandt, Eileen Goldman, William Salek, James Fallon, Richard A. Cancelosi and Margaret Friedrich by Power of Attorney

/s/ William Pagano
William Pagano, Attorney-in-Fact

Second Amendment

Subordination Agreements

Subordination Agreement, dated as of the 28th day of July, 2004, as amended from time to time, made by Hildebrandt Properties, LLC, for the benefit of Wells Fargo Business Credit, Inc.

Subordination Agreement, dated as of the 28th day of July, 2004, as amended from time to time, made by Paul H. Hildebrandt, for the benefit of Wells Fargo Business Credit, Inc.

Subordination Agreement, dated as of the 28th day of July, 2004, as amended from time to time, made by Colonial Commercial Corp. for the benefit of Wells Fargo Business Credit, Inc.

Subordination Agreement, dated as of the 28th day of July, 2004, as amended from time to time, made by Goldman Associates of New York, Inc., a New York corporation, for the benefit of Wells Fargo Business Credit, Inc.

Subordination Agreement, dated as of the 28th day of July, 2004, as amended from time to time, made by Rita Folger, William Pagano, Paul H. Hildebrandt, John A. Hildebrandt, Eileen Goldman, William Salek, James Fallon, Richard A. Cancelosi and Margaret Friedrich, for the benefit of Wells Fargo Business Credit, Inc.

Exhibit C

Support Agreement Confirmation

The undersigned, each a party to that certain Support Agreement, dated as July 28, 2004 (as the same may be amended from time to time, the "Support Agreement"), by and among American/Universal Supply, Inc. ("American"), The RAL Supply Group, Inc. ("RAL"), Universal Supply Group, Inc. ("Universal"), and S&A Purchasing Corp., a New York corporation ("New Borrower"; American together with RAL, Universal and New Borrower are collectively referred to as, the "Borrowers") and Wells Fargo Bank, National Association, acting through its Wells Fargo Business Credit operating division, as successor to Wells Fargo Business Credit, Inc. (the "Lender"), hereby (i) acknowledges and consents to the execution, delivery and performance by the Borrowers of the Second Amendment, dated as of September 10, 2007 (the "Amendment"), to and under the Credit and Security Agreement, by and among, the Borrowers and the Lender, attached hereto as Annex A, and (ii) reaffirms and agrees that the Support Agreement, made by the undersigned for the benefit of the Lender is in full force and effect, and will remain in full force and effect from and after the effective date of the Amendment. Unless otherwise specified herein, capitalized terms used herein have the meanings specified in the Amendment.

/s/ William Pagano
William Pagano

AMERICAN/UNIVERSAL SUPPLY, INC.
By: /s/ William Pagano
Name: William Pagano
Title: Vice President

THE RAL SUPPLY GROUP, INC.
By: /s/ William Pagano
Name: William Pagano
Title: Executive Vice President

UNIVERSAL SUPPLY GROUP, INC.
By: /s/ William Pagano
Name: William Pagano
Title: President

S&A PURCHASING CORP.
By: /s/ William Pagano
Name: William Pagano
Title: President

Second Amendment