

CITY OF SAN DIEGO

CONSENT TO ASSIGNMENT OF SUBLEASE AGREEMENT

The City of San Diego (CITY), as LESSOR under that certain Lease Agreement (Master Lease) entered into with

LA MESA COMMERCIAL CENTER and assigned to JIFFY LUBE
INTERNATIONAL OF MARYLAND, INC.

(LESSEE) which is filed in the Office of the City Clerk as Document 764289, hereby
consents to that certain Sublease Agreement between the above LESSEE
(SUBLESSOR) and

RICHARD HYNAN, an individual

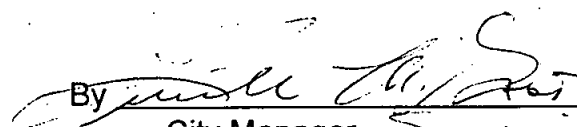
(SUBLESSEE) dated March __ 1998. Said Sublease shall be subordinate to the
Master Lease in all respects. The CITY is merely approving the SUBLESSEE and the
proposed use. All terms and conditions of the Master Lease shall control and
supersede any inconsistent or contrary provisions in the Sublease. The CITY is not
bound by any term or condition in the Sublease which in any way conflicts with or is
additional to the provisions of the Master Lease.

THE CITY OF SAN DIEGO

Dated

4-29-98

By


City Manager

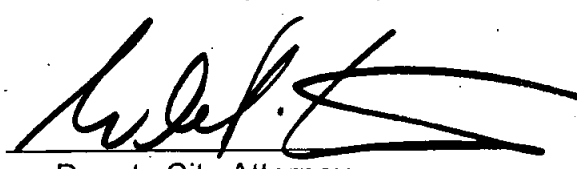
APPROVED AS TO FORM:

CASEY GWINN, City Attorney

Dated

4/29/98

By


Deputy City Attorney

DWE:jmj

I:\WPO\1998\ESTEY\SL-JIFFY.WPD

LANDLORD'S CONSENT

Recording Requested By and
When Recorded Mail to:

CITICORP NORTH AMERICA, INC.,
as Investor Agent for Pennzoil Lube Center Acceptance Corporation
2600 Michelson Drive, Suite 1200
Irvine, California 92612
Attention: Joannie Fu
5540 Lake Murray Blvd.
La Mesa, CA
San Diego County
(Prime Lease)

(Space above this line for Recorder's Use)

LANDLORD'S CONSENT

This Landlord's Consent ("Agreement") dated April 2, 1998 is made by the undersigned, the CITY OF SAN DIEGO, a municipal corporation ("Landlord"), JIFFY LUBE INTERNATIONAL OF MARYLAND, INC., a Maryland corporation ("JLI Maryland") and RICHARD HYNAN in favor of PENNZOIL LUBE CENTER ACCEPTANCE CORPORATION, a Nevada corporation ("Lender").

RECITALS

WHEREAS, Landlord is the fee owner of the certain real property commonly known as 5540 Lake Murray Boulevard, La Mesa, CA, legally described in Exhibit "A" attached hereto, (hereinafter the "Premises").

WHEREAS, Landlord and LA MESA COMMERCIAL CENTER, a California general partnership, (hereinafter "LA MESA COMMERCIAL CENTER") entered into a written lease of the Premises dated August 14, 1978 (hereinafter, "First Lease") whereunder and whereby Landlord did lease, rent and demise the Premises unto LA MESA COMMERCIAL CENTER.

WHEREAS, Landlord and LA MESA COMMERCIAL CENTER, a California general partnership and JLI Maryland entered into an Assignment of Lease dated August 3, 1987, whereunder and whereby LA MESA COMMERCIAL CENTER did assign all of its right, title and interest in and to the First Lease and the Premises to JLI MARYLAND.

PREVIOUS ASSIGNMENTS

WHEREAS, JLI Maryland, as landlord, and AZTEC LUBRICANTS, INC., (hereinafter "Aztec" referred to as "Assignor") entered into a Franchise Lease (hereinafter "Franchise Lease") dated August 31, 1994 whereunder and whereby JLI MARYLAND did lease, rent and demise unto Aztec the Premises.

WHEREAS, Aztec and RICHARD HYNAN, (hereinafter referred to as "Tenant") entered into an Assignment of Lease dated April ____, 1998 whereunder and whereby Aztec did assign all of its right, title and interest in and to the Premises to RICHARD J. HYNAN

WHEREAS, Tenant has entered into financing arrangements with Lender and, as a condition to Lender's loan to Tenant, Lender requires liens on all of Tenant's property including, without limitation, trade fixtures, equipment, inventory and operating licenses and permits now or at any time hereafter located on or used in connection with the Premises (collectively, the "Collateral").

NOW, THEREFORE, in order to induce Lender to make such loan and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each of the aforementioned parties, for itself and itself only, agrees as follows:

1. Landlord and JLI MARYLAND each individually represents that (i) he or it holds and interest in the Premises as set forth above, (ii) he or its interest in the Premises is in full force and effect and has not been amended, supplemented or modified except as set forth above, and (iii) to the best of his or its knowledge, there are currently no defaults under any agreements to which he or it is a party.
2. Landlord and JLI MARYLAND each individually consents to the execution and performance by Tenant of a mortgage or deed of trust in favor of Lender of Tenant's interest in the Franchise Lease and acknowledges Lender's security agreement in favor of Lender on the other Collateral (collectively, the "Security Documents"), and agrees that the execution and performance of the Security Documents by Tenant and Lender will not constitute a breach of, or default under any of the agreements mentioned in the Recitals above (hereinafter the "Agreements") to which he or it is a party.
3. Landlord and JLI MARYLAND each individually represents that he or it will not assert against any of the Collateral any statutory, consensual or other liens, all of which he or it hereby waives.
4. Landlord and JLI MARYLAND each individually agrees that none of the Collateral located on the Premises, notwithstanding the manner in which any of the Collateral may be affixed to the Premises, shall be deemed to be fixtures or constitute part of the Premises.
5. Landlord and JLI MARYLAND each individually agrees to notify Lender in writing upon the occurrence of any default under any of the aforementioned Agreements to which he or it is a party, and grants Lender the right to cure such default within the same number of days after such notice that the Tenant or assignee with respect to such Agreement has to cure such default under

he applicable Agreement, before the lessor, sublessor or assignor exercises any of his or its remedies under the applicable Agreement. If the applicable Agreement provides no cure period or the default by its nature cannot be cured, Landlord and JLI MARYLAND each and individually agrees not to terminate the applicable Agreement until thirty 30 days after Lender's receipt of such notice, so long as agreeing party continues to receive rent and other amounts due under the applicable Agreement.

6. If Tenant defaults on its obligations to Lender and as a result Lender undertakes to enforce its security interest in the Collateral, Landlord and the Jiffy Lube Entities each individually will permit Lender and its agents to enter upon and remain on the Premises to remove or otherwise dispose of the Collateral, provided (i) JLI MARYLAND receives when due the rental and other amounts due under the Sublease for the period of time Lender uses the Premises and (ii) any damages to the Premises caused by removal of the Collateral are repaired.

7. If the Lease or Franchise Lease shall terminate as a result of the rejection of same in a bankruptcy proceeding, the lessor or sublessor party pursuant to said Lease or Franchise Lease, as applicable, shall give Lender prompt written notice thereof and upon request by Lender, shall enter into a new lease of the Premises with Lender, or its designee, which new lease shall be effective as of the date of termination of the Franchise Lease and shall be on substantially the same terms and conditions as the Franchise Lease.

8. Landlord and JLI MARYLAND each individually agrees that Lender or Tenant may assign or sublet the Premises to any entity with the consent of JLI MARYLAND (if such consent is required under the Franchise), will not be unreasonably conditioned, withheld or delayed. Landlord and JLI MARYLAND each individually acknowledges and agrees that the Premises may be closed for the period of time necessary to make alterations to or otherwise adapt the Premises to its intended use."

9. Any notice(s) required or desired to be given hereunder to Lender shall be directed to CITICORP NORTH AMERICA, INC., as Agent for Lender at 2600 Michelson Drive, Suite 1200, Irvine, California 92612, to the attention of Paul Schmidhauser, Counsel, and shall be sent by a regularly scheduled overnight delivery carrier with delivery fees prepaid.

10. The agreements contained herein may not be modified or terminated orally and shall be binding upon Landlord and the JLI MARYLAND each individually and each of its successors and assigns and shall inure to the benefit of Lender and its successors and assigns.

11. The agreements contained herein shall continue in full force and effect until Tenants' obligations and liabilities are paid and satisfied in full and all financing arrangements between Lender and Tenant have been terminated.

12. THIS AGREEMENT SHALL NOT IMPAIR OR OTHERWISE AFFECT TENANT'S OBLIGATIONS TO PAY RENT AND ANY OTHER SUMS PAYABLE BY TENANT PURSUANT TO THE TERMS OF THE FRANCHISE LEASE.

This Agreement may be executed in any number of counterparts, and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts taken together shall constitute but one and the same instrument.

Executed and delivered as of the 24th day of April, 1998, at Houston,
Texas.

LANDLORD:

CITY OF SAN DIEGO,
a municipal corporation

By: _____
Name: _____
Title: _____

TENANT:

RICHARD HYNAN

BY: _____
Richard Hynan

JIFFY LUBE INTERNATIONAL OF
MARYLAND, INC.
a Maryland corporation

By: Gregory D. Bassett
Name: Gregory D. Bassett
Title: Vice President

Address:
700 Milam Street
Houston, TX 77002
Attention Vice President - Legal
Telecopies: 713/546-6405

This Agreement may be executed in any number of counterparts, and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts taken together shall constitute but one and the same instrument.

Executed and delivered as of the 29th day of April, 1998, at San Diego,
_____.

LANDLORD:

CITY OF SAN DIEGO,
a municipal corporation

By: Lucille M. Goodman

Name: Lucille M. Goodman

Title: Superior Asset Marketing

TENANT:

RICHARD HYNAN

BY: Richard Hynan

Richard Hynan

JEFFY LUBE INTERNATIONAL OF
MARYLAND, INC.
a Maryland corporation

Approved as to form and legality

this 28th day of April, 1998
CASEY GWINN, City Attorney

By: _____

Name: _____

Title: _____

By: Lucille M. Goodman

Deputy City Attorney

Address:
700 Milam Street
Houston, TX 77002
Attention Vice President - Legal
Telecopies: 713/546-6405

This Agreement may be executed in any number of counterparts, and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts taken together shall constitute but one and the same instrument.

Executed and delivered as of the 24th day of April, 1998, at Houston,
Texas.

LANDLORD:

CITY OF SAN DIEGO,
a municipal corporation

By: _____
Name: _____
Title: _____

TENANT:

RICHARD HYNAN

BY: Richard Hynan
Richard Hynan

JIFFY LUBE INTERNATIONAL OF
MARYLAND, INC.
a Maryland corporation

By: Gregory D. Bassett
Name: Gregory D. Bassett
Title: Vice President

Address:
700 Milam Street
Houston, TX 77002
Attention Vice President - Legal
Telecopies: 713/546-6405

SCHEDULE A
DESCRIPTION OF PREMISES

That portion of Lot 103 of La Mesa Colony, in the City of La Mesa, in the County of San Diego, State of California, according to Map thereof No. 346, filed in the Office of the County Recorder of San Diego County, described as follows:

Beginning at the point of intersection of the Northwestern line of said Lot 103 with the Northeasterly line of the Southwesterly 233.10 feet of said Lot 103, said Southwesterly 223.10 feet being measured at right angles to the Southwesterly line of said lot; said point also being the most Westerly corner of land described in deed to Horace E. Mc Giboney, et ux, recorded March 27, 1946 as File/Page No. 3331 of Official Records, thence along the Southwesterly line of said Mc Giboney's land South 59°46'41" East 42.41 feet to Point "X"; thence continuing along said Southwesterly line South 59°46'41" East 122.49 feet to a point on the arc of a 949.00 foot radius curve, concave Southeasterly from which a radial line bears South 32°07'17" East; thence Northeasterly along the arc of said curve, through a central angle of 14°47'29" for a distance of 244.98 feet to the Northeasterly line of said Mc Giboney land; thence along said Northeasterly line North 59°46'41" West 133.03 feet along a line which is parallel with and 423.10 feet Northeasterly of the Southwesterly line of said Lot 103, said 423.10 feet being measured at right angles to said Southwesterly line, to a point on the arc of a 1051.00 foot radius curve, concave Southeasterly, from which a radial line bears South 22°13'50" East and the True Point of Beginning; thence Southwesterly along the arc of said curve, through a central angle of 11°58'59" for a distance of 219.81 feet to the beginning of a reverse 25.00 foot radius curve, concave Northerly; thence Westerly along the arc of said curve, through a central angle of 46°45'04" for a distance of 20.40 feet to Point "X" above; thence along the Southwesterly line of said Mc Giboney's land North 59°46'41" West 15.20 feet more or less, to a point on said line distant thereon South 59°46'41" East 27.71 feet from the most Westerly corner of said land, being a point on the arc of a 25.00 foot radius curve, concave Easterly from which a radial line bears North 47°56'23" East; thence Northerly along the arc of said curve, through a central angle of 71°49'56" for a distance of 31.34 feet; thence North 60°13'41" West 10.00 feet to a point on the Northwestern line of said Lot 103; thence along said Northwestern line, North 29°46'19" East 176.46 feet to the Northeasterly line of said Mc Giboney's land, thence along said Northeasterly line South 59°46'41" East to the True Point of Beginning.

Common Address: 5540 Lake Murray Blvd., La Mesa, CA

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of TEXAS

County of HARRIS

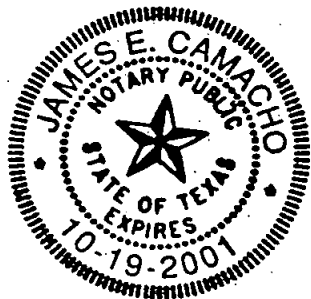
On April 24, 1998 before me, James E. Camacho, Notary Public
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")

personally appeared Gregory P. Bassett
Name(s) of Signer(s)

- ☒ personally known to me
☐ proved to me on the basis of satisfactory evidence

to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.



James E. Camacho
Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

- ☐ Individual
☐ Corporate Officer
Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney-in-Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____

Signer Is Representing: _____

**RIGHT THUMBPRINT
OF SIGNER**
Top of thumb here

Signer's Name: _____

- ☐ Individual
☐ Corporate Officer
Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney-in-Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____

Signer Is Representing: _____

**RIGHT THUMBPRINT
OF SIGNER**
Top of thumb here

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

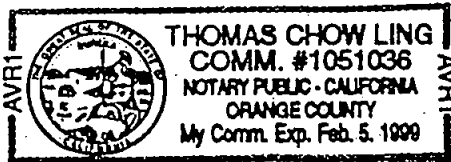
State of CALIFORNIA

County of ORANGE

On 4-28-98 before me, THOMAS CHOW LING
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")

personally appeared RICHARD J. HYNAN
Name(s) of Signer(s)

- ☒ personally known to me
☐ proved to me on the basis of satisfactory evidence



to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

[Signature]
Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: LANDLORDS CONSENT

Document Date: 4-28-98 Number of Pages: 5

Signer(s) Other Than Named Above: NONE

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

- ☐ Individual
☐ Corporate Officer
Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney-in-Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____

Signer Is Representing: _____

RIGHT THUMBPRINT
OF SIGNER
Top of thumb here

Signer's Name: _____

- ☐ Individual
☐ Corporate Officer
Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney-in-Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____

Signer Is Representing: _____

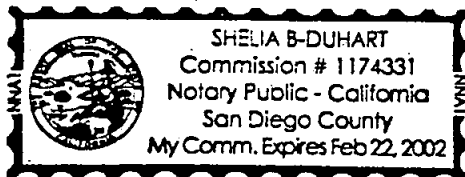
RIGHT THUMBPRINT
OF SIGNER
Top of thumb here

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California
 County of San Diego
 On 4-29-98 before me, Shelia B. Duhart
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")
 personally appeared Lyville M. Goodman
Name(s) of Signer(s)

☒ personally known to me
☐ proved to me on the basis of satisfactory evidence

to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



WITNESS my hand and official seal.

Shelia B. Duhart
Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

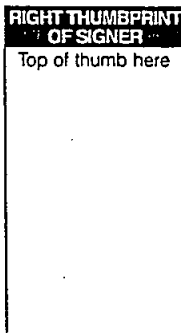
Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

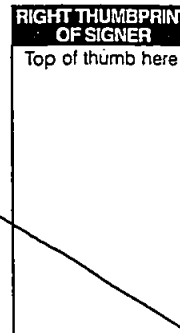
- ☐ Individual
☐ Corporate Officer
 Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney-in-Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____



Signer Is Representing: _____

Signer's Name: _____

- ☐ Individual
☐ Corporate Officer
 Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney-in-Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____



Signer Is Representing: _____

ASSIGNMENT AND ASSUMPTION AGREEMENT

This Assignment and Assumption Agreement made this ____ day of March, 1998 by and between **AZTEC LUBRICANTS INC.**, a California Corporation, **ROBERT J. MEHALL AND KATHLEEN T. MEHALL**, (hereinafter referred to jointly and severally as "Assignor"), **RICHARD HYNAN**, an individual, (hereinafter referred to as "Assignee") and **JIFFY LUBE INTERNATIONAL OF MARYLAND, INC.**, a Maryland corporation (hereinafter referred to as "Landlord").

Whereas, Assignor entered into a Sublease with Landlord, dated August 31, 1994 (hereinafter collectively referred to as the "Lease") for certain real estate and improvements known as **5540 Lake Murray, La Mesa, CA** and more particularly described therein.

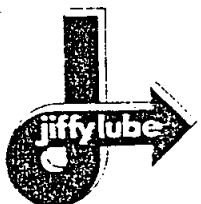
Whereas, Assignor desires to assign all of its rights, title and interest in said Sublease to Assignee;

Whereas, Assignee desires to accept such assignment in accordance with the terms of this Agreement; and

Now, therefore, in consideration of the mutual promises contained herein, other good and valuable consideration passing between the parties, the receipt and sufficiency of which is hereby acknowledged, the parties hereto, intending to be legally bound, covenant and agree as follows:

1. Assignor hereby assigns to Assignee all of Assignor's right, title and interest to the Sublease, which is attached hereto as Exhibit B and made a part hereof.
2. Assignee hereby accepts the assignment of said Sublease and agrees to abide by all of the terms and conditions of said Sublease, binding upon the Lessee.
3. Landlord joins herein to consent to the covenants and agreements contained herein.
4. The parties hereto acknowledge that Landlord's consent to this Assignment is not an approval of any subsequent assignments of the Sublease or subletting of the Leased Premises by Assignee.

IN WITNESS WHEREOF, the parties have set their hands and seals as of the date first above mentioned.



WITNESS:

WITNESS:

WITNESS:

831ASSUM3/17/98

ASSIGNOR:
AZTEC LUBRICANTS, INC.

By: _____
Robert J. Mehall

ROBERT J. MEHALL

By: _____
Robert J. Mehall

KATHLEEN T. MEHALL

By: _____
Kathleen T. Mehall

ASSIGNEE:
RICHARD HYNAN

By: _____

LANDLORD:
JEFFY LUBE INTERNATIONAL
OF MARYLAND

By: _____
Gregory D. Bassett

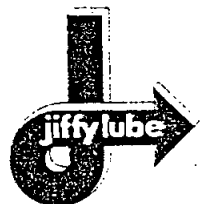


EXHIBIT B

STORE 831

FRANCHISEE LEASE

THIS LEASE made and entered into this 31st day of ~~March~~ ^{August}, 1994 by and between JIFFY LUBE INTERNATIONAL OF MARYLAND INC., a Maryland corporation with offices at 700 Milam Street, Houston, Texas 77002 (hereinafter called "Landlord") and AZTEC LUBRICANTS, INC., a California corporation, with offices at 5540 Lake Murray Blvd., La Mesa, California (hereinafter called "Tenant").

WITNESSETH:

In consideration of the covenants and promises contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, it is agreed by the parties hereto as follows:

1. **PREMISES:**

(a) Landlord hereby leases to Tenant and Tenant hereby leases from Landlord all that property generally described as 5540 Lake Murray, and lying and being situated in the City, Borough or Township of La Mesa, State of California, more particularly described on Exhibit "A" attached hereto, together with the buildings and improvements thereon or to be erected (hereinafter collectively referred to as the "Premises"), for the term and upon the conditions hereinafter set forth.

(b) On or about the date of this Lease, Tenant has entered a Franchise Agreement (the "Franchise Agreement") with Jiffy Lube International, Inc., pursuant to which the Tenant is authorized to operate a Jiffy Lube Service Center at the Premises. In the event of any conflict between the terms of this Lease and the terms of the Franchise Agreement, the Franchise Agreement shall control.

2. **LANDLORD'S IMPROVEMENTS:**

Intentionally deleted.

3. **ACCEPTANCE OF THE IMPROVEMENTS:**

By Tenant's occupation of the Premises and opening for business thereon, Tenant has accepted the Improvements.

4. **TERM; COMMENCEMENT OF TERM; OBLIGATIONS PRIOR TO COMMENCEMENT OF TERM**

Term and Commencement: The term of this lease shall commence upon September 1, 1994, and shall expire fifteen (15) years thereafter or on the earlier termination of the Franchise Agreement or the Prime Lease, if any (the "Original Term").

Provided Tenant is not then in default under this Lease (and this Lease is otherwise in full force and effect) or under any Franchise Agreement or Area Development Agreement with Jiffy Lube International, Inc., then Tenant shall have the option to extend the term of this Lease for two (2) additional five (5) year periods (the "Additional Term") on the same terms and conditions as set forth in this Lease. The Additional Term shall be for a period of time equal to the lesser of (i) the term of the Franchise Agreement; or (ii) the term of the Prime Lease, if any. If Tenant elects extend the term of this Lease, the Tenant shall give to Landlord notice of Tenant's intention not less than six (6) months prior to the end of the Original Term of this Lease.

Unless otherwise indicated, all references herein to the "term of this Lease" include both the Original Term and the Additional Term.

5. RENT:

(a) Tenant shall pay as Rent hereunder an annual Minimum Rent equal to Eighty Four Thousand and No/100 Dollars, payable in equal monthly installments of \$7,000.00:

(b) Minimum Rent Adjustment

The monthly Minimum Rent and annual Minimum Rent shall each be increased by nine percent (9%) on the third (3rd) anniversary of the Commencement Date and thereafter on each succeeding third (3rd) anniversary of the Commencement Date through the term of this Lease.

For the purpose of this Lease, the term "Lease Year" shall mean twelve month period commencing upon the date of the commencement of the term of this Lease and each succeeding twelve month period.

(c) Accord and Satisfaction: No payment by Tenant or receipt by Landlord of a lesser amount than the rent herein stipulated shall be deemed to be other than on account of the earliest rent then due, nor shall any endorsement or statement on any check or any letter accompanying any check or payment as rent be deemed an accord and satisfaction. Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such rent or pursue any other remedy provided for in this Lease, or at law.

(d) Late Charges: In the event Tenant fails to pay any portion of the Minimum Rent or percentage Rent (including any additional rental due hereunder) on the date due, or within five (5) days thereafter, a late charge of two (2%) percent (or the highest rate permitted by law) per month of the delinquent rental shall be added to said rental and paid to Landlord together therewith.

(e) Net Rental; No Abatement of Rent: The rental due Landlord under this Lease is a net rent. The net rent shall be absolutely net to the Landlord, so that the Lease shall yield net to Landlord the specified net rental in each month and year during the term of this Lease, and each and every item of expense of every kind and nature whatsoever for the payment of which Landlord is, shall or may become liable by reasons of its estate or interest in the Premises or any rights or interest of Landlord in or under this Lease (except for any federal or state income taxes payable by Landlord and payments of indebtedness secured by liens on the Premises), or by

reason of or in any manner connected with or arising from the ownership, leasing, or building, or use of the Premises or any building or improvements thereon, shall be borne by Tenant.

(f) Security Deposit: Tenant has paid to Landlord \$5,000.00 to be held by Landlord as security for performance by Tenant of all obligations imposed on Tenant hereunder. If Tenant shall perform all such obligations, said sum shall be refunded to Tenant at the termination of this Lease, without interest. If Tenant shall default in any such obligation, Landlord, in addition to any other remedies it may have, shall be entitled to apply such sum toward Landlord's damages.

6. PAYMENT OF TAXES, FEES, ASSESSMENTS AND UTILITIES:

(a) Payment of Taxes, Fees and Assessments: Tenant shall pay, prior to delinquency, pursuant to bills procured and timely submitted to Tenant by Landlord, or sent directly to Tenant by any federal, state or municipal governmental authority, all property taxes, Franchise fees, permits and assessments levied or imposed against the Premises or measured by the rent payable hereunder from and after Tenant's acceptance of the Improvements or occupancy of the Premises, whichever shall occur first, and any such taxes, fees, permits and assessments shall be prorated, where applicable, between Landlord and Tenant to reflect the effective date of the commencement of this obligation by Tenant. Tenant will exhibit receipts evidencing payment of any such taxes, fees or assessments to Landlord promptly upon payment thereof. Tenant may, at its expense, contest any such taxes, fees and assessment, in the name of Landlord if necessary. In such event, however, Tenant shall indemnify Landlord against any costs, penalties or attorneys' fees incurred by or asserted against Landlord by virtue thereof. If Tenant fails to pay any taxes, fees or assessments when due, Landlord may pay the same under the provisions of Paragraph 23.

(b) Payment of Utilities: Tenant shall pay for all water, gas, sewer, electric and all other utilities serving the Premises.

7. AUTHORIZED USES:

Tenant shall use the Premises for the following purposes, and for no other purposes whatsoever, without the prior written consent of Landlord: those purposes expressly authorized by the Franchise Agreement between Jiffy Lube International, Inc., and Tenant, pertaining to the Jiffy Lube Service Center at the Premises.

8. COMPLIANCE WITH LAWS, LICENSES AND PERMITS:

(a) Compliance with Laws: Tenant shall not use, or permit any person to use, the Premises or any part thereof for any use or purpose in violation of federal, state or local law, including, but not limited to, present and future ordinances or other regulations of any municipality in which the Premises are situated, and Tenant agrees, if, during the term of this Lease new laws and regulations be imposed, Tenant will, at the sole cost and expense of Tenant, make alterations or improvements in or to the Premises which may be required by any federal, state or local law, or by any municipal ordinance, or regulation applicable thereto. Tenant shall also comply with all orders, directives, rules and regulations of all governmental bodies, bureaus and offices having jurisdiction over Tenant or the Premises. Landlord makes no warranties or representations as to the state of such ordinances, rules and regulations, and Tenant

acknowledges that he has independently investigated same and represents that he will comply therewith.

(b) Franchises and Permits: Tenant shall procure and maintain at Tenant's own expense and responsibility all Franchises, permits or inspection certificates required by any governmental authority respecting Tenant's use of the Premises or the operation of Tenant's business thereon. Tenant may contest any such law, ordinance or regulation, and if required, may join Landlord's name in any such contest, In such event, however, Tenant shall indemnify Landlord against any costs, penalties or attorneys' fees incurred by or asserted against Landlord by virtue thereof.

(c) Occupancy: Tenant will not at any time use or occupy the Premises in violation of the certificate of occupancy issued for the Premises.

9. LIABILITY INSURANCE: EMPLOYER'S INSURANCE AND INDEMNITY

(a) General Liability Insurance: Tenant shall, during the entire term of this Lease, at Tenant's own expense, keep in force by advance payment of premiums, public liability insurance in an amount not less than \$3,000,000 for combined single limit bodily injury and property damage, insuring Tenant, Landlord and any Mortgagee of Landlord against any liability that may accrue against them or any of them on account of any occurrence in or about the Premises during the term of this Lease or in consequence of Tenant's occupancy thereof and resulting in personal injury, death or property damage. All policies of insurance, as aforesaid, shall provide that they cannot be canceled, terminated, or amended without thirty (30) days prior written notice to Landlord and Tenant and any Mortgagee of Landlord.

(b) Employer's Liability Insurance: Tenant shall, during the entire term of this Lease, at Tenant's own expense, pay for and maintain employer's liability insurance (\$100,000 minimum limit) and workmen's compensation insurance, as prescribed by the law of the state in which the Premises are located.

(c) Indemnity: Tenant agrees to indemnify and save harmless Landlord from and against all claims of whatever nature arising from (i) any act, omission or negligence of Tenant, or Tenant's contractors, agents, servants or employees, or (ii) arising from any accident, injury or damage whatsoever caused to any person or to the property of any person occurring during the term hereof in or about the Premises, where such accident, damage or injury results or is claimed to have resulted from an act or omission on the part of Tenant or Tenant's undertakings in this Lease. This indemnity and hold harmless agreement shall include indemnity against all costs, expenses and liabilities in connection with any claim or proceeding brought thereon and the defense thereof, including reasonable attorneys' fees. Tenants obligation to observe or perform this covenant shall survive the expiration or other termination of this Lease.

(d) Special Definition for the Term Landlord: As used in Articles 9, 10 and anywhere else expressly designated only, the term "Landlord" includes the Landlord, any landlord of the Landlord and the owner of Landlord's property if applicable.

(e) Certificates of Insurance; Increase in Amount; Company:
Tenant shall furnish to Landlord, before Tenant may operate as a Jiffy Lube Service Center copies of policies or certificates of insurance required by this Lease. The amounts of the

insurance required pursuant to this Article 9 shall be increased from time to time as required by Landlord in accordance with the insurance amounts customary from time to time for similar properties.

All policies of insurance described in this Article 9 and Article 10 shall be issued by a company with a Best's Guide rating of "A" or better.

10. FIRE AND EXTENDED COVERAGE INSURANCE:

Tenant agrees, at its sole cost and expense, during the entire term of this Lease, to keep the Premises, the Improvements, all other improvements, equipment and any supplies thereon adequately insured by reliable companies "for full replacement value" whereby the insurer will be obligated to pay full cost of repair or replacement as of the date of loss against damages caused by fire, smoke, explosion and other risks covered by standard extended coverage endorsements. Tenant shall also carry insurance against the risks of loss of rents and income resulting from any such hazards, which policy must provide coverage for six months estimated income from the Premises. All such policies shall name Landlord, and Landlord's mortgagee, if required, as a co-insured, as their respective interests may appear. Such insurance may be carried under a blanket-type policy issued to Tenant and all such insurance must provide that it cannot be cancelled, terminated, or amended without thirty (30) days prior written notice to Landlord and Tenant. Before Tenant may operate the Premises as a Jiffy Lube Service Center, Tenant will deliver to Landlord certificates evidencing the aforesaid insurance. The proceeds of any loss claims collected by Landlord on such policy shall be credited or payable by Landlord to Tenant in reimbursement of any expenditures made on account thereof by Tenant pursuant to Tenant's maintenance and repair obligations hereunder.

11. MAINTENANCE:

Tenant will at all times during the term of this Lease keep the Premises, appurtenances, fixtures, installations and equipment attached and related thereto, including any parking area and driveways, in good condition and repair, at Tenant's expense, and upon termination hereof, shall surrender same in such good repair, reasonable wear and tear excepted. Tenant will keep all fire extinguishers in the Premises filled and in good condition at Tenant's own cost and expense. Should any portion or all of the Premises be damaged or destroyed by fire, the elements or any other cause, with or without fault on the part of Tenant, Tenant shall promptly rebuild or replace any such damaged or destroyed portions. Tenant will make all repairs at its sole cost expense, both interior and exterior, structural or non-structural ordinary or extraordinary, and foreseen and unforeseen. "Repairs" shall include all necessary rebuilding, replacements, renewals, alterations, additions and betterments. All repairs made by Tenant shall be equal in quality and class to the original work.

Tenant will also do or cause others to do all necessary shoring of foundations and walls of any structure and every other act or thing for the safety and preservation thereof which may be necessary by reason of any excavation or other building operation upon any adjoining property, street, alley or passageway.

Except as otherwise specifically provided herein, damage to or destruction of any portion of all of the Premises, by fire, the elements or any other cause, with or without fault on the part

of Tenant, shall not terminate this Lease or entitle Tenant to any abatement of or reduction in the rent payable, or otherwise affect the respective obligations of the parties hereto.

12. REPAIR BY LANDLORD:

Landlord shall not be required to furnish any services or facilities to the Premises after acceptance of the Improvements. Landlord shall have no obligation to repair, maintain, alter, replace or modify the Premises or any part thereof, including but not limited to any plumbing, heating, electrical, air conditioning or other mechanical installation therein. Tenant hereby assumes the full and sole responsibility for the condition, operation, repair, rebuilding, replacement, maintenance and management of the Premises.

13. RIGHT OF ENTRY BY LANDLORD:

Tenant shall permit inspection of the Premises during reasonable business hours by Landlord or Landlord's agents or representatives for the purpose of ascertaining the condition of the Premises. One Hundred Eighty (180) days prior to the expiration of this Lease, Landlord may post suitable notice on the Premises that the same are "For Rent" and may show the Premises to prospective tenants at reasonable times. Landlord may not, however, thereby unnecessarily interfere with the use of the Premises by Tenant.

14. ALTERATIONS; FIXTURES; CONDITION ON TERMINATION:

(a) Alterations: Tenant, after receiving the written consent of Landlord, at Tenant's sole cost and expense, in a good workmanlike manner, may make such alterations to the Premises as Tenant may require for the conduct of its business without materially altering the basic character of the buildings or improvements thereon, or weakening any structure on the Premises. Any such alterations shall be subject to Landlord's inspection upon completion, and Tenant agrees to make whatever changes or additions to such alterations as are requested by Landlord. Tenant shall also have the right, with the written consent of Landlord, to erect, at Tenant's sole cost and expense, such temporary partitions, including office partitions, as may be necessary to facilitate the handling of Tenant's business and to install telephones and telephone equipment and wiring, and electrical fixtures, additional lights and wiring and other trade appliances. Tenant shall, before making any alterations, additions, installations or improvements, at its expense, obtain all permits, approvals and certificates required by any governmental or quasi governmental bodies and (upon completion) certificates of final approval thereof and shall deliver promptly duplicates of all such permits, approvals and certificates to Landlord and Tenant agrees to carry and will cause Tenant's contractors and subcontractors to carry such workmen's compensation, general liability, personal and property damage insurance as Landlord may require.

(b) Fixtures: Any alterations or improvements to the Premises, including partitions, all electrical fixtures, lights and wiring, shall become the property of Landlord at the expiration or sooner termination of this Lease. Should Landlord request Tenant to remove all or any part of the above mentioned items, however, Tenant, at its own expense, shall do so prior to the expiration of this Lease and repair the Premises as described herein. At the expiration or sooner termination of this Lease, Tenant shall be entitled to remove Tenant's personal property and trade fixtures, provided that Tenant has complied with all its obligations under this Lease and repairs, in a good workmanlike manner, all damage done to the Premises by such removal.

Nothing in this Article shall be construed to give Landlord title to or prevent Tenant's removal of trade fixtures.

(c) Condition of Premises on Termination: Tenant agrees to surrender the Premises at the expiration, or sooner termination, of this Lease in the same condition as when the Premises were delivered to Tenant, or as altered pursuant to the provisions of this Lease, ordinary wear, tear excepted.

15. SIGNS:

Tenant may, if applicable laws permit, place suitable signs, emblems, logos, lettering and pictorial materials on the Premises for the purpose of indicating the nature of the business carried on by the Tenant in said Premises; provided, however, that any such signs, emblems, logos, lettering and pictorial materials must first be consented to by Landlord. In the event Tenant places any signs, emblems, logos lettering or pictorial materials on the Premises without Landlord's consent, Landlord has the right to remove the same. Any damage to the Premises caused by installation or removal of signs, emblems, logos, lettering or pictorial materials shall be repaired at the expense of Tenant. All work shall be completed in a good workmanlike manner.

16. GLASS:

Tenant agrees to immediately replace all glass broken or damaged on the Premises during the term of this Lease with glass of the same quality as that broken or damaged.

17. ASSIGNMENT AND SUBLETTING:

To the extent permitted by the Franchise Agreement, Tenant shall have the right to assign its interest herein to the same person who is assigned Tenant's interest as Franchisee under the Franchise Agreement. Tenant shall not otherwise allow or permit transfer of this Lease or any interest hereunder by operation of law or otherwise, nor assign, sublease, convey, mortgage, pledge or encumber this Lease or any part thereof by another without, in each case, obtaining Landlord's prior written consent. No assignment (with or without Landlord's consent) shall release Tenant from any of its obligations hereunder.

18. ASSIGNMENT BY LANDLORD:

Landlord shall have the right, at any time, without Tenant's prior approval, to assign its interest in this Lease, and the Prime Lease if applicable, to any entity who purchases the fee simple interest or Landlord's leasehold interest and/or its interests in the Improvements, underlying the Premises. In connection therewith, Landlord shall have the right, at any time, without Tenant's prior approval, to enter into a primary leaseback of the Premises (hereafter referred to as a "Sale/Leaseback" transaction). In the event the Landlord desires to complete a Sale/Leaseback transaction, Tenant agrees that (a) Tenant's prior approval shall not be required, (b) Landlord's new lease shall become the primary lease ("Primary Lease") to the purchasing entity (the new owner) and (c) this Lease shall effectively and automatically become a sublease to Landlord's Primary Lease. In the event that any other person or entity acquires title or any other interest in the Premises pursuant to a sale or transfer of the fee simple or leasehold interest in the Premises subsequent to the date hereof, Tenant's right of possession shall not be disturbed.

provided (a) Tenant is not then, and is not in the future, in default under this Lease and (b) Tenant attorns to such title holder. In the event that any other person or entity takes assignment of this Lease pursuant to a sale or transfer of the fee simple or leasehold interest in the Premises subsequent to the date hereof and notice thereof is served upon Tenant, Tenant agrees to look solely to the assignee for the performance of all obligations of the Landlord under this Lease.

19. QUIET ENJOYMENT:

Landlord covenants and agrees that Tenant, upon paying the rent and all other charges provided for in this Lease, and upon observing and keeping all of the covenants, conditions and provisions of this Lease on its part to be observed and kept, shall lawfully and quietly hold, occupy and enjoy the Premises during the term of this Lease, without hindrance or molestation by or from anyone claiming by, through or under Landlord, subject to the terms of any primary lease, this Lease and any mortgage or encumbrance now or hereafter placed on the Premises by Landlord.

20. TENANT'S DEFAULT:

If (a) Tenant shall fail to pay any installment of Minimum Rent or Percentage Rent or any additional sum when due hereunder for five (5) days after written notice from Landlord; (b) Tenant shall default in any of the covenants, agreements, conditions or undertakings herein agreed to be kept, observed and performed by the Tenant other than the payment of rent (Minimum and Percentage Rent or additional rent) or any part thereof when due, and such default shall continue for fourteen (14) days after notice thereof in writing to Tenant; (c) Tenant shall fail to open for business the Jiffy Lube Service Center on the Premises within eight (8) months after Tenant's execution of the Franchise Agreement (unless such eight (8) month period is extended pursuant to the terms of the Franchise Agreement, and then if Tenant fails to open for business the Jiffy Lube Service Center on the Premises within the time permitted by the Franchise Agreement); and, if such default shall continue for fourteen (14) days after notice thereof in writing to Tenant; (d) Tenant shall default in any of the terms of the Franchise Agreement and fail to cure such default within any cure period allowed by the Franchise Agreement or in the event the Franchise Agreement should terminate, whether by lapse of time or otherwise; (e) Tenant shall vacate or abandon the Premises; (f) proceedings in bankruptcy or for liquidation, reorganization or rearrangement of tenant's affairs are instituted by or against Tenant; (g) a receiver or trustee is appointed for all or substantially all of the Tenant's business or assets on the grounds of Tenant's insolvency; (h) Tenant makes an assignment for the benefit of its creditors; (i) a reorganization under the bankruptcy laws of the United States is instituted by or against Tenant; (j) this Lease or Tenant's interest herein or in the Premises or any improvements thereon or any property of Tenant are executed upon or attached; (k) possession of the Premises is given to any person other than expressly permitted under this Lease; (l) Tenant fails to execute instruments or certificates provided for in this Lease within fifteen (15) days after the mailing by Landlord of a written request; or (m) Landlord determines that Tenant has submitted any false report required to be furnished hereunder, then in any of the above events, Landlord, at its election, may terminate this Lease and, either with or without process of law, re-enter, expel, remove and put out Tenant and all persons who may be occupying the Premises under Tenant, using such force or other means as may be lawful and necessary in so doing, and repossess and enjoy the Premises. Such re-entry and repossession shall not work a forfeiture of the rents to be paid and the covenants to be performed by the Tenant during the full term of this Lease. If any applicable law requires any additional notice or greater period during

which Tenant may attempt to cure a default before termination, this Lease shall be deemed to be modified to comply with such law.

Upon the expiration of the term of this Lease by reason of the happening of any of the events hereinabove described, or in the event of the termination of this Lease or right to possession or both, as the case may be, by summary dispossession proceedings or under provision of any law now or at any time hereafter in force, by reason of or based upon or arising out of a default under or breach of this Lease on the part of Tenant, or upon Landlord recovering possession of the Premises under any of the foregoing circumstances, whatsoever, whether with or without legal proceedings, Landlord may, at its option, at any time and from time to time, relet the Premises or any part or parts thereof for the account of Tenant or otherwise, and receive and collect the rents therefor, applying the same first to the payment of such expense as Landlord may have incurred in recovering possession of the Premises, including legal expense and attorneys' fees, and for putting the Premises into good order or condition or preparing or altering the same for re-rental, expenses, commissions and charges paid, assumed or incurred by Landlord in connection with the reletting of the Premises, and then to the fulfillment of the covenants of Tenant hereunder. Any such reletting herein provided may be for the remainder of the term of this Lease or for a longer or shorter period. In any such case, and whether or not the Premises or any part thereof be relet, Tenant shall pay to Landlord the Minimum Rent, the Prime Lease Rent and any item of additional rent due hereunder, and all other charges required to be paid by Tenant up to the time of such termination of this Lease, or of such recovery of possession of the Premises by Landlord, as the case may be; and thereafter Tenant covenants and agrees, if required by Landlord, to pay to Landlord until the end of the term of this Lease and equivalent of the amount of all the Minimum Rent, the Prime Lease Rent and any additional rent reserved herein and all other charges required to be paid by Tenant less the net avails of reletting, if any, and the same shall be due and payable by Tenant to Landlord on the several rent days above specified. In any of the circumstances hereinabove mentioned in which landlord shall have the right to hold Tenant liable upon the several rent days herein specified to pay Landlord the equivalent of the amount of all the Minimum Rent, the Prime Lease Rent, and the additional rent and all other charge required to be paid by Tenant less the net avails of reletting, if any, Landlord shall also have the election, in place and instead of holding Tenant so liable, to forthwith recover against Tenant as damages for loss of the bargain and not as a penalty, an aggregate sum which, at the time of such termination of this Lease, or of such recovery of possession of the Premises by Landlord, as the case may be, represents the then present worth of the excess, if any, of the aggregate of the Minimum Rent, the Prime Lease Rent, and the additional rent and all other charges payable by Tenant hereunder that would have accrued for the balance of the term over the aggregate rental value of the Premises for the balance of such term. Nothing herein contained shall limit or prejudice Landlord's right to prove and obtain as liquidated damages arising out of such breach of termination the maximum amount allowed by any statute or rule of law which may govern the proceeding in which such damages are to be proved, whether such amount be greater, equal to, or less than, the amount of the then present worth of the excess of the Minimum Rent, the Prime Lease Rent, any additional rent and all other charges payable by Landlord hereunder over the rental value referred to above.

21. LANDLORD'S DEFAULT:

Landlord shall, in no event, be charged with default in any of its obligations hereunder unless and until Landlord shall have failed to perform such obligations within thirty (30) days

(or such additional time as is reasonably required to correct such default) after written notice to Landlord by Tenant, specifically describing such failure.

22. RIGHT TO PERFORM FOR TENANT:

If Tenant should fail to perform any of its obligations under the provisions of this Lease, Landlord shall have the right, but not the obligation, to undertake such performance or cause the same to be done, and Tenant agrees to reimburse any and all expenses incurred by Landlord in connection therewith five (5) days after receipt by Tenant of Landlord's invoice. These expenses include, but are not limited to filing fees, legal fees and bond premiums. Landlord may charge such expenses to Tenant as additional rent due from Tenant to Landlord, together with interest thereon, at the rate of two percent (2%) per month (or the highest interest rate permitted by law), in the event that Tenant does not reimburse Landlord within the five (5) days prescribed. Nothing in this paragraph shall be construed to limit any and all other rights and remedies of Landlord.

23. WAIVER:

No delay or omission of Landlord to exercise any right or power arising from any default shall impair any such right or power or be construed to be a waiver of any such default or an acquiescence therein. No waiver shall be effective unless in writing, signed by Landlord, and no waiver of any breach of any of the covenants of this Lease shall be construed, taken or held to be a waiver of any other breach, or waiver, acquiescence in or consent to any further or succeeding breach of the same covenant.

24. REMEDIES CUMULATIVE:

The remedies herein granted to Landlord shall not be exclusive or mutually exclusive and Landlord shall have such other and additional remedies against Tenant as may be permitted in law or in equity at any time. Any exercise of a right of termination by Landlord shall not be construed to eliminate or discharge any right of Landlord to damages on account of any default of Tenant.

25. LIENS:

Nothing in this Lease shall authorize Tenant to do any act which shall in any way encumber the title of Landlord (as defined in Article 9(d)) in and to the Premises. The interest or estate of the Landlord (as defined in Article 9(d)) shall not in any way be subject to any claim by lien or encumbrance, whether by operation of law or by virtue of any express or implied contract by Tenant. Tenant shall not permit the Premises to become subject to any mechanic's, laborer's or materialmen's lien on account of labor or material furnished to Tenant in connection with work of any character performed or claimed to have been performed on the Premises by or at the direction of, or sufferance of Tenant.

In the event any lien is filed against or attached to the Premises, or Tenant's interest therein, at Landlord's option, Tenant shall either pay the amount of said lien in full or shall, upon demand of Landlord, provide and pay for a non-cancelable bond, placed with a reputable company, approved by Landlord, in an amount equal to one and one half (1-1/2) times the amount of such lien and insuring the interest of Landlord (as defined by Article 9 paragraph (d))

and any mortgagee from any loss by reason of the filing of such lien. Tenant shall immediately pursue in good faith its legal remedies to the end of obtaining removal of said lien. In the event Tenant does remove or post a bond against the lien, Landlord shall have the right but not the obligation to post the bond under the provisions of Article 22.

26. CONDEMNATION:

If after the execution of this Lease and prior to the expiration of the term of this Lease, the Premises shall be taken in its entirety under the power of eminent domain or voluntarily sold under threat of such taking, or if such portion of the Premises is taken so as to render the Premises unusable for the operation of a Jiffy Lube Service Center, then the term of this Lease shall cease as of the date when the Premises is so taken, and rent shall be apportioned and adjusted as of the date of the taking or the sale in lieu thereof.

If only a part of the Premises shall be taken under the power of eminent domain or sold under threat of such taking, and such partial taking shall not render the Premises unusable for the operation of a Jiffy Lube Service Center, then this Lease shall continue in full force and effect as to the portion not taken and the rent shall abate proportionally on such part taken under the power of eminent domain or sold under threat of such taking.

In the event of any taking of the Premises under the power of eminent domain or a voluntary sale under threat of such taking, whether in part or in whole, the entire award granted in compensation for the value of the Premises, or the proceeds of a voluntary sale of same under threat of taking, shall belong to the Landlord. The parties hereto acknowledge that, upon condemnation, this Lease terminates as to any portion taken, or as to the whole if the taking of any portion renders the remainder unusable and consequently, Tenant shall have no claim to any portion of the condemnation award. Nothing herein contained shall be construed, however, as a release or waiver by Tenant of any right it may have as a lessee to obtain compensation from the condemnor for business interference or interruption, relocation costs, and moving costs.

27. SUBORDINATION AND NON-DISTURBANCE:

This Lease and all of Tenant's rights, title and interest in and under the Lease shall be subject, subordinated and inferior to the lien of any and all ground leases, underlying leases, mortgages and deeds of trust and to any and all terms, conditions, provisions, extensions, renewals or modification of any such leases, mortgages or deeds of trust which Landlord or any grantee or assignee of Landlord has or may place upon the Premises in the same manner and to the same extent as if this Lease had been executed subsequent to the execution, delivery and recording of such lease, mortgage or deed of trust.

In the event that a mortgagee, trustee or any other person acquires title or any other interest in the Premises pursuant to the exercise of any remedy provided for in any mortgage or deed of trust executed subsequent to the date hereof, Tenant's right of possession shall not be disturbed provided (a) Tenant is not then, and is not in the future, in default under this Lease and (b) Tenant attorns to such title holder. Tenant herein covenants and agrees that upon a mortgage foreclosure or a foreclosure under a deed of trust it will attorn to any mortgagee, trustee, assignee or any purchaser at the foreclosure sale as its Landlord and this Lease shall continue in full force and effect as a direct Lease between Tenant herein and such party upon all terms, conditions and agreements set forth in this Lease.

The subordination of this Lease to any mortgage or deed of trust now or hereafter placed upon the Premises shall be automatic and self-operative, and no further instrument of subordination shall be necessary. Without limiting such automatic and self-operative subordinations, however, Tenant herein shall, on demand, at anytime or times, execute, acknowledge and deliver to Landlord, or any grantee or assignee of Landlord, any and all instruments that may be necessary or proper to evidence the subordination of this Lease and all rights hereunder to the lien of any such mortgage or deed of trust. If Tenant shall fail, at any time to execute, acknowledge and deliver any such subordination instrument within five (5) days after demand, Landlord, or any grantee or assignee of Landlord, in addition to any other remedies available to it in consequence thereof, may execute, acknowledge and deliver the same as the attorney-in-fact of Tenant and in Tenant's name, place and stead, and Tenant hereby irrevocably makes, constitutes and appoints Landlord, its successors and assigns, such attorney-in-fact for that purpose.

28. PRIME LEASE:

If Landlord holds the Premises under a lease (the "Prime Lease"), Tenant is hereby given notice of the parties to, term of and provisions contained in the Prime Lease to Landlord, a copy of which is attached hereto and made a part hereof as "Exhibit D"; and in addition to the other provisions of this Lease which impose upon the Tenant the obligation to perform and comply with certain specified provisions contained in the Prime Lease, throughout the term of this Lease Tenant covenants and agrees that it will perform, observe and comply with all of the terms, covenants and conditions to be performed, observed or complied with by the tenant under the Prime Lease except for those provisions, if any, in the Prime Lease inherently incapable of being performed by Tenant. If the Prime Lease, or any extensions thereof, should expire or be forfeited, cancelled, or terminated, this Lease shall concurrently therewith be terminated; and thereupon all rights of Tenant hereunder shall cease.

29. TENANT'S TERMINATION OF FRANCHISE AGREEMENT:

If Tenant, as Franchisee under the Franchise Agreement, has voluntarily terminated the Franchise Agreement in accordance with the terms thereof, this Lease shall also terminate at such time as the Franchise Agreement terminates, provided that Tenant has fulfilled all its obligations under this Lease through the date of such termination.

30. END OF TERM:

Upon the expiration or other termination of the term of this Lease, Tenant shall quit and surrender the Landlord the Premises, broom clean, in good order and condition, ordinary wear and tear excepted, and Tenant shall remove all its property. All property permitted or required to be removed by Tenant at the end of the term which remains in the Premises after Tenant's removal shall be deemed abandoned and may, at the election of the Landlord, either be retained as Landlord's property or removed from the Premises by Landlord at Tenant's expense. Tenant's obligation to observe or perform this covenant shall survive the expiration or other termination of this Lease.

31. HOLDING OVER:

Tenant shall not hold over beyond the expiration or sooner termination of the term of this Lease. If, nevertheless, there be any holding over by Tenant, such shall give rise to a tenancy at the sufferance of Landlord. Tenant agrees to indemnify and save Landlord harmless against all costs, claims, loss or liability resulting from delay by tenant in so surrendering the Premises, including, without limitation, any claims made by any succeeding tenant founded on such delay. The parties recognize and agree that the damage to Landlord resulting from any failure by Tenant to timely surrender possession of the Premises as aforesaid will be extremely substantial, will exceed the amount of the monthly rental theretofore payable hereunder, and will be impossible to accurately measure. Tenant therefore agrees that if possession of the Premises is not surrendered to Landlord within 24 hours after the date of expiration or sooner termination of this Lease, then Tenant shall pay to Landlord for each month and for each portion of any month during which Tenant holds over in the Premises after the expiration or sooner termination of this Lease, an amount equal to two times the sum of the monthly Minimum Rent, the Prime Lease Rent (if any), and any additional rent which was payable under this Lease during the last month of the term hereof. Nothing herein contained shall be deemed to permit Tenant to retain possession of the Premises after the expiration or sooner termination of this Lease. This provision shall survive the termination of this Lease.

32. MISCELLANEOUS:

(a) Authority: The persons who have executed this Lease represent and warrant that they are duly authorized to execute this Lease in their individual or representative capacity as indicated.

(b) Review of Documents: The parties hereto represent that they have read and understand the terms of this Lease, and that they have sought legal counsel to the extent deemed necessary in order to protect their respective interests.

(c) Construction: The words "Landlord" and "Tenant" shall mean respectively all parties Landlord and Tenant, regardless of number, the word "he" shall be synonymous with "she," "it," and "they," the word "his" shall be synonymous with "her," "its," and "their," and, words in the singular shall be held to include the plural when the context requires.

(d) No Agency Created: Tenant shall have no authority, express or implied, to act as agent of Landlord or any of its affiliates for any purpose. Tenant is, and shall remain, an independent contractor responsible for all obligations and liabilities of, and for all loss or damage to, the Jiffy Lube Service Center to be operated by Tenant, including any personal property, equipment, fixtures or real property connected therewith, and for all claims or demands based upon damage or destruction of property or based upon injury, illness or death of any person or persons, directly or indirectly, resulting from the operation of said Jiffy Lube Service Center.

(e) Force Majeure: Whenever a period of time is provided in this Lease for either party to do or perform any act or thing, except the payment of monies, neither party shall be liable or responsible for any delays due to strikes, lockouts, casualties, acts of God, war, governmental regulation or control or other causes beyond the reasonable control of the parties,

and in any event, said time period for the performance of an obligation hereunder shall be extended for the amount of time of the delay. This clause shall not, however, apply to nor result in any extension of the term of this Lease.

(f) Paragraph Headings: Paragraph headings of this Lease are for convenience only and are not to be construed as part of this Lease and shall not be construed as defining or limiting in any way the scope or intent of the provisions hereof.

(g) Invalidity of a Provision: If any term or provision of this Lease shall to any extent be held invalid or unenforceable, the remaining terms and provisions of this Lease shall be valid and be enforced to the fullest extent permitted by law. However, in the event that any material term of this Lease shall be stricken or declared invalid, Landlord reserves the right to terminate this Lease at its sole option.

(h) Law Governing: The terms and provisions of this Lease shall be interpreted in accordance with and governed by the laws of the state in which the Premises are located without regard to principles of conflicts of law.

(i) Entire Agreement: This Lease, the Franchise Agreement, the Preliminary Agreement, and any relevant documents referred to therein shall be deemed to include the entire agreement between the parties hereto and it is agreed that neither Landlord nor anyone acting on its behalf has made any statement, promise, or agreement or taken upon itself any engagement whatsoever, whether verbally or in writing, in conflict with the terms of this Lease, or that in any way modifies varies, alters, enlarges, or invalidates any of the provisions hereof, or extends the term of this Lease, and that no obligations of the Landlord shall be implied in addition to the obligations herein expressed. This agreement cannot be changed orally, but only by an agreement in writing signed by Landlord and Tenant.

(j) Parties Bound: The terms of this Lease shall extend to and be binding upon the administrators, executors, representatives, heirs, assigns and successors of the parties this instrument.

(k) Notices: All notices to or demands upon the Landlord or Tenant desired or required to be given under any of the provisions hereof shall be in writing. Any notices or demands from the Landlord to the Tenant shall be deemed to have been duly and sufficiently given if a copy thereof has been mailed by United States registered or certified mail in an envelope properly stamped and addressed to Tenant at the address of the Premises. Any notices or demands from the Tenant to the Landlord shall be deemed to have been duly and sufficiently given if mailed by United States registered or certified mail in an envelope properly stamped and addressed to the Landlord at P.O. Box 2967, Houston, Texas 7722-2967, Attention: Real Estate Management. Either party, by notice, may change the address to which notice shall be sent, but all notices mailed to the Tenant at the address of the Premises shall be deemed sufficient.

(l) Franchise Agreement: All references to the Franchise Agreement herein shall mean that Franchise Agreement between Jiffy Lube International, Inc. and Tenant, pertaining to the Jiffy Lube Service Center at the Premises.

(m) Recordation: It is the intention of the parties hereto not to record this Lease. However, should recordation of this Lease be required by applicable law, or any other reason,

Tenant and Landlord agree to do so. Additionally, if required by applicable law or any other reason, each party at the request of the other shall execute and acknowledge, so that the same may be recorded, a Short Form Lease or Memorandum of Lease, indicating the Lease term, as well as any other terms necessary for recording. Tenant shall pay all of the costs and expenses of such recordation, including but not limited to any and all recordation taxes, transfer taxes, recordation fees and notary fees.

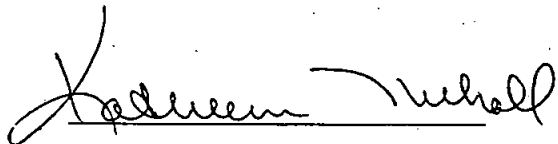
(n) Maximum Interest: No provision of this Lease shall require the payment or permit the collection of interest in excess of the maximum permitted by applicable law. If any excess of interest is herein or otherwise provided for, or shall result or be held to result, the provisions of this paragraph shall govern and the Tenant or any guarantor of this Lease shall not be obligated to pay the amount of such interest which is in excess of the maximum amount permitted by applicable law.

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

ATTEST OR WITNESS:

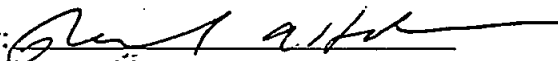


ATTEST OR WITNESS:



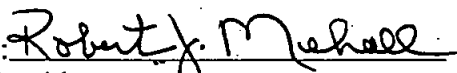
LANDLORD:

JIFFY LUBE INTERNATIONAL
OF MARYLAND, INC.

By: 
Vice President

TENANT:

AZTEC LUBRICANTS, INC.

By: 
President

EXHIBITS

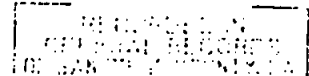
A. Description of the Premises

RECORDING REQUESTED
FIRST AMERICAN TITLE INSURANCE COMPANY
AFTER RECORDING RETURN TO:
JIFFY LUBE
7008 security Blvd.
Baltimore, Maryland 21207-2578

1324

7 585096

AR	6
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1987 OCT 16 PM 3:38

ASSIGNMENT OF LEASE

VERA L LIE
COUNTY RECORDER

THIS ASSIGNMENT OF LEASE is made on August 3, 1987, between the CITY OF SAN DIEGO, a municipal corporation ("Landlord"), LA MESA COMMERCIAL CENTER, a California general partnership ("Assignor"), and JIFFY LUBE INTERNATIONAL OF MARYLAND, INC. ("Assignee"), who agree as follows:

R E C I T A L S:

This Assignment of Lease is made with reference to the following facts and objectives:

A. Landlord and Assignor, as Tenant, entered into a written lease approved by Landlord on August 14, 1978, (the "Lease"), in which Landlord leased to Assignor and Assignor leased from Landlord the premises located in the City of San Diego, County of San Diego, State of California as particularly described in Exhibit "A" ("Premises").

B. Assignor desires to assign all its right, title and interest in the Lease to Assignee.

C. Landlord shall consent to the proposed assignment on the conditions set forth in this Assignment.

WHEREAS, the parties hereto agree as follows:

1. Effective Date of Assignment. The assignment in this agreement shall take effect on August 3, 1987, and Assignor shall give possession of the Premises to Assignee on that date ("Effective Date").

2. Assignment and Assumption. Assignor assigns and transfers to Assignee all its right, title and interest in the Lease, and Assignee accepts the assignment and assumes and agrees to perform, from the Effective Date, as a direct obligation to Landlord, all the provisions of the Lease.

3. Landlord's Consent. Landlord consents to the assignment without waiver of the restriction concerning further assignment.

4. Assignor's Liability. Assignor shall be released from any and all future liability or obligation to perform the provisions of the Lease, which liability or obligation arises after the effective date of this Assignment.

This document is being recorded by
[illegible]
[illegible]
[illegible] to execution or
impact on time.

5. Miscellaneous.

(a) Attorneys' Fees. If any party commences any action against any of the parties arising out of or in connection with this Assignment of Lease, the prevailing party or parties shall be entitled to recover from the losing party or parties reasonable attorneys' fees and costs of suit.

(b) Notice. Any notice, demand, request, consent, approval, or communication that either party desires or is required to give to the other party or any other person shall be in writing and either served personally or sent by prepaid, first-class mail. Any notice, demand, request, consent, approval, or communication that either party desires or is required to give to the other party shall be addressed to the other party at the address set forth in the introductory paragraph of this assignment. Either party may change its address by notifying the other party of the change of address. Notice shall be deemed communicated within forty-eight (48) hours from the time of mailing if mailed as provided in this paragraph.

(c) Counterparts. This Assignment may be signed by the parties in different counterparts and the signature pages combined to create a document binding on all parties.

LA MESA COMMERCIAL CENTER, a
California general partnership

By: Alexander H. Greville

STATE OF CALIFORNIA

COUNTY OF Orange

} ss. **1326**

al Partner
'Assignor"

On this 7th day of August, 1987, before me, the undersigned,
a Notary Public in and for said County and State, personally appeared Nicholas A. Greville

, OF

personally known to me (or proved to me on the basis of satisfactory evidence) to be the Senior Vice
President, and

~~personally known to me (or proved to me on the basis of satisfactory evidence) to be the~~
~~Secretary~~ of the corporation that executed the within instrument,
and known to me to be the persons who executed the within
instrument on behalf of the corporation therein named, and
acknowledged to me that such corporation executed the same,
pursuant to its by laws, or a resolution of its Board of Directors.
WITNESS my hand and official seal.



sident

Notary signature

'Assignee"

(Signatures Continued on Following Page)

1327

CITY OF SAN DIEGO, a
municipal corporation

By: [Signature]
Its: Deputy City Manager

By: _____
Its: _____
"Landlord"

APPROVED AS TO FORM AND
LEGALITY THIS 27 DAY
OF July, 1987

[Signature]
CITY ATTORNEY
Reps

PARTNERSHIP ACKNOWLEDGMENT

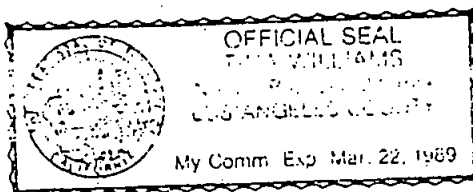
NO. 203

State of California
County of Los Angeles } SS.

On this the 4 day of August, 1987, before me,

Tina Williams
the undersigned Notary Public, personally appeared

[Signature]
personally known to me
proved to me on the basis of satisfactory evidence
to be the person(s) who executed the within instrument on behalf of the
partnership, and acknowledged to me that the partnership executed it.
WITNESS my hand and official seal.



[Signature]
Notary's Signature

EXHIBIT "A"

All that portion of the southwesterly 423.10 feet of Lot 103 of La Mesa Colony in the County of San Diego, State of California according to Map thereof No. 876 filed in the office of the County Recorder of San Diego County March 8, 1887 lying northeasterly, northerly and northwesterly of that land described in Resolution recorded December 24, 1970 as File No. 70-2368000 of Official Records.

1329

STATE OF CALIFORNIA

COUNTY OF SAN DIEGO

On August 3, 1987 before me, the undersigned, a Notary Public in and for
said State, personally appeared M. A. Stapleton known to me
to be the Deputy City Manager of
the City of San Diego and

known to me to be the person who executed the within instrument on behalf of said public
corporation, agency or political subdivision, and acknowledged to me that such public
corporation, agency, or political subdivision executed the same.

WITNESS my hand and official seal.

Signature

Lorna M. Murt
Lorna M. Murt

Name (Typed or Printed)



Jiffy International of Maryland
7008 Security Boulevard
Baltimore, Maryland 21207

RECEIVED
AR 3
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OC 20

88 035229

RECORDED IN
OFFICIAL RECORDS
OF SAN DIEGO COUNTY, CA

MEMORANDUM OF LEASE

AFNF

1988 JUN 26 AM 11:25

THIS MEMORANDUM OF LEASE entered into this 18th day of December, 1987, by and between THE CITY OF SAN DIEGO, a Municipal corporation ("Landlord") with principal offices at 202 C Street, San Diego, CA 92101, and JIFFY LUBE INTERNATIONAL OF MARYLAND, INC., a Maryland corporation with principal offices at 7008 Security Boulevard, Baltimore, Maryland 21207, ("Assignee").

VERA L. LYNN
COUNTY CLERK

WITNESSETH:

1. Landlord and La Mesa Commercial Center entered into a certain lease agreement ("Lease"), dated August 10, 1978, for the premises generally situate at 5540 Lake Murray Boulevard, La Mesa, CA (the "Leased Premises").
2. La Mesa Commercial Center assigned all of its right, title and interest under the Lease unto Assignee by virtue of a written Assignment and Assumption Agreement, dated August 3, 1987, and recorded October 16, 1987.
3. The description of the Lease Premises is contained in Exhibit A attached hereto and made a part hereof.
4. The term of the Lease is fifty (50) years, following the commencement date of the primary term of the Lease as hereinafter defined.
5. The commencement date of the primary term of the Lease was August 10, 1978.
6. The addresses of Landlord and Assignee are the same as set forth above.
7. The instrument under which Landlord claims an interest in the Leased Premises is recorded in Deed Book 2290, Page 492.

IN WITNESS WHEREOF, Landlord and Assignee have hereby executed this Memorandum of Lease, for the purpose of recording the same, on the date above written.

WITNESS/ATTEST:

LANDLORD: THE CITY OF SAN DIEGO

BY: [Signature]

ITS: DEPUTY CITY MANAGER

APPROVED as to form by JOHN A. WITT, City Attorney

BY: [Signature]

WITNESS/ATTEST

ASSIGNEE: JIFFY LUBE INTERNATIONAL OF MARYLAND, INC.,

BY: [Signature]

ITS: [Signature]

CONSENT TO SUBLEASE AGREEMENT

The City of San Diego (CITY), as LESSOR under that certain Lease Agreement (Master Lease) entered into with

LA MESA COMMERCIAL CENTER and assigned to JIFFY LUBE INTERNATIONAL OF MARYLAND, INC.

(LESSEE) which is filed in the Office of the City Clerk as Document 764289, hereby consents to that certain Sublease Agreement between the above LESSEE (SUBLESSOR) and

AZTEC LUBRICANTS, INC., a California corporation, and ROBERT J. MEHALL and KATHLEEN T. MEHALL, as individuals

(SUBLESSEE) dated August 31, 1989. Said Sublease shall be subordinate to the Master Lease in all respects. The CITY is merely approving the SUBLESSEE and the proposed use. All terms and conditions of the Master Lease shall control and supersede any inconsistent or contrary provisions in the Sublease. The CITY is not bound by any term or condition in the Sublease which in any way conflicts with or is additional to the provisions of the Master Lease.

THE CITY OF SAN DIEGO

Dated 12/22/89

By Robert J. Collins
Supervising Property Agent
for the City Manager

APPROVED AS TO FORM:

JOHN W. WITT, City Attorney

Dated 12/20/89

By [Signature]
Deputy

MEMORANDUM OF RENT ADJUSTMENTS

Regarding that certain Lease Agreement (Master Lease) entered into by the City of San Diego (CITY) as LESSOR and La Mesa Commercial Center and assigned to Jiffy Lube International of Maryland, Inc. (LESSEE), and filed in the Office of the City Clerk as Document 764289, it is reviewed and acknowledged that:

1. The rent is adjusted upward or downward at the beginning of the 4th, 7th, and 10th year of the Master Lease and at the beginning of every 6th year thereafter using the Consumer Price Index in a method of computation described in Section III, Paragraph A, Rent., of the Master Lease.
2. In addition to above adjustment upon the first day of 13th year of the Master Lease (August 10, 1990) and upon the first day of each 6th year thereafter, the rent for the ensuing six years will be adjusted by reappraisal of the property according to Section III, Paragraph A, Rent., of the Master Lease. The City Council approved capitalization rate to be used in this rent adjustment calculation is nine percent.

LESSEE and SUBLESSEE hereby acknowledge the above rent adjustments and accept the capitalization rate.

WITNESS/ATTEST:

Patricia A. Helgeson
Secretary

Dated 11/9/89

LESSEE: JIFFY LUBE INTERNATIONAL OF
MARYLAND, INC. (Successor in
interest to LA MESA COMMERCIAL
CENTER, ASSIGNOR)

By Paul J. Jiffy
Vice President

SUBLESSEE: AZTEC LUBRICANTS, INC.

Dated 11/3/89

By Robert J. McHall - PRESIDENT

SUBLEASE TERMINATION AGREEMENT

THIS SUBLEASE TERMINATION AGREEMENT ("Agreement") made this 1st day of January 1989, by and between JIFFY LUBE INTERNATIONAL OF MARYLAND, INC. ("Landlord") and SAN DIEGO LUBRICANTS, INC. ("Tenant").

WHEREAS, Landlord and Tenant entered into a sublease dated October 1, 1987 (the "Sublease") for certain property known as 5540 Lake Murray Boulevard, La Mesa, California; and

WHEREAS, the parties desire to terminate all rights, title, interest, duty and obligations of Tenant, of whatever kind or nature in and to the Property.

NOW, THEREFORE, in consideration of the mutual promises contained herein, other good and valuable consideration passing between the parties, the receipt and sufficiency of which is hereby acknowledged, the parties hereto, intending to be legally bound, covenant and agree as follows:

1. That all right, title, duty and obligation of Tenant in and to the Property is hereby terminated.
2. That the effective date of this Agreement is January 1, 1989.
3. That all rents due to Landlord from Tenant under the Lease have been paid in full, and that no further rights or obligations shall accrue on behalf of Landlord or Tenant after the effective date of this Agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed as of the date first hereinabove written.

WITNESS/ATTEST:

LANDLORD:

JIFFY LUBE INTERNATIONAL
OF MARYLAND, INC.

Sharon A. Krupa
Assistant Secretary

By: [Signature]
Vice President

WITNESS/ATTEST:

TENANT:

SAN DIEGO LUBRICANTS, INC.

[Signature]
Secretary

By: [Signature]
President

MEMORANDUM OF RENT ADJUSTMENTS

Regarding that certain Master Lease described on the preceding page, it is reviewed and acknowledged that:

1. The the rent is adjusted upward or downward at the beginning of the 4th, 7th and 10th year of the Master Lease and at the beginning of every 6th year thereafter using the Consumer Price Index in a method of computation described in Section III, Paragraph A. Rent., of the Master Lease.
2. In addition to above adjustment upon the first day of 13th year of the Master Lease (August 10, 1990) and upon the first day of each 6th year thereafter, the rent for the ensuing six years will be adjusted by reappraisal of the property according to Section III, Paragraph A, Rent., of the Master Lease. The City Council approved capitalization rate to be used in this rent adjustment calculation is 9 percent.

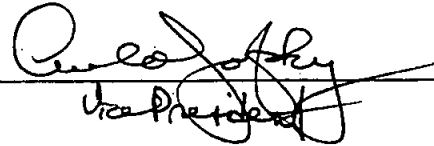
LESSEE and SUBLESSEE hereby acknowledge the above rent adjustments and accept the capitalization rate.

LESSEE: JIFFY LUBE INTERNATIONAL OF
MARYLAND, INC. (Successor
in interest to LA MESA
COMMERCIAL CENTER, ASSIGNOR)

Dated

4/13/88

By


Vice President

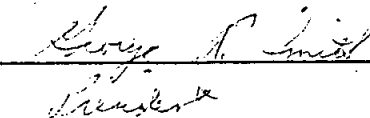
← not
12/88

SUBLESSEE: SAN DIEGO LUBRICANT, INC.

Dated

4/21/88

By


President

CONSENT TO SUBLEASE AGREEMENT

The City of San Diego (CITY), as LESSOR under that certain Lease Agreement (Master Lease) entered into with

LA MESA COMMERCIAL CENTER and assigned to JIFFY LUBE INTERNATIONAL OF MARYLAND, INC.

(LESSEE) and filed in the Office of the City Clerk as Document 764289, hereby consents to that certain Sublease Agreement between the above LESSEE (SUBLESSOR) and

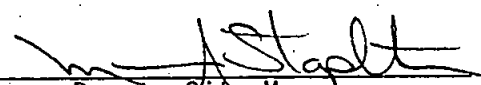
SAN DIEGO LUBRICANT, INC.

(SUBLESSEE) dated October 1, 1987. Said Sublease shall be subordinate to the Master Lease in all respects. The CITY is merely approving the SUBLESSEE and the proposed use, and all terms and conditions of the Master Lease shall control and supersede any inconsistent or contrary provisions in the Sublease. The CITY is not bound by any term or condition in the Sublease which in any way conflicts with or is additional to the provisions of the Master Lease.

In addition, this consent is subject to LESSEE and SUBLESSEE executing the attached Memorandum of Rent Adjustments.

THE CITY OF SAN DIEGO

Dated 3/16/88

By 
Deputy City Manager

APPROVED AS TO FORM:

JOHN W. WITT, City Attorney

Dated 3/14/88

By 
Deputy

MXB:baa(5)43
3-8-88

Attachment

CITY OF SAN DIEGO

CONSENT TO ASSIGNMENT OF SUBLEASE

RECITALS

A. La Mesa Commercial Center, a general partnership ("LMCC"), leased the real property and improvements commonly known as 5540 Lake Murray Blvd., La Mesa, California ("Premises") from the City of San Diego ("Owner") pursuant to a certain Lease Agreement, dated August 14, 1978, filed in the Office of the City Clerk as Document No. 764298 ("Lease").

B. On or about August 3, 1987, with the consent of City, LMCC assigned all its right, title and interest in the Lease and the Premises to Jiffy Lube International of Maryland, Inc., a Maryland corporation ("JLIM").

C. On or about August 31, 1994, with the consent of City, JLIM, as landlord, leased the Premises to Aztec Lubricants, Inc., a California corporation ("Aztec") pursuant to a written Franchise Lease ("Sublease").

D. On or about May 9, 1998, in connection with the purchase and acquisition by Richard Hynan ("Assignor") of, among other things, the franchised Jiffy Lube Service Center business conducted by Aztec at the Premises ("Business"), Aztec assigned to Assignor all of Aztec's right, title and interest in and to the Sublease, and Assignor accepted the assignment and agreed to be bound by the terms and conditions of the Sublease, which assignment was consented to by City on April 29, 1998.

E. In September 1997, Assignor and Lynda H. Hynan (collectively "Trustees") had created the Richard J. and Lynda H. Hynan Trust, dated September 22, 1997. Following the purchase and acquisition of the Business, Assignor informally transferred to Trustees all of his right, title and interest in the Business, including the Sublease, subject to the requirement to obtain the consent or approval of City. *need to City O.K.*

F. In May 1998, Trustees caused Southern California Lube Centers, Inc., a California corporation ("Assignee") to be organized and incorporated for the purposes of transferring to Assignee, among other things, the Business being conducted by Trustees at the Premises and the assets associated therewith. Starting September 1, 1998, Trustees began operating and conducting the Business through and under Assignee, subject to the requirement to obtain the consent or approval of City to the transfer of the Sublease. *need City O.K.*

G. Assignor and Trustees desire at this time to obtain City's formal approval and consent to the transfer and assignment of all right, title and interest in and to the Sublease and the subleasehold interest therein (1) from Assignor to Trustees and (2) from Trustees to Assignee.

H. City is willing to consent to the assignments of the Sublease (1) from Assignor to Trustees and (2) from Trustees to Assignee on the terms and conditions set forth below.

CONSENT

The City as lessor under the Lease Agreement assigned to JLIM, which entered into the Sublease with Aztec, which, with the consent of the City, assigned all its rights, title and interest in that Sublease to

RICHARD HYNAN, an individual, (ASSIGNOR)

hereby consents to the assignment of that Sublease from ASSIGNOR to

RICHARD J. HYNAN AND LYNDA H. HYNAN as Trustees of the RICHARD J. AND LYNDA H. HYNAN TRUST dated September 22, 1997 (TRUSTEES)

and further hereby consents to the assignment of that Sublease from TRUSTEES to

SOUTHERN CALIFORNIA LUBE CENTERS, INC., a California corporation (ASSIGNEE)

Said Sublease shall continue to be subordinate to the Lease in all respects. The City is merely approving the Assignee and the proposed use, and all terms and conditions of the Lease shall continue to control and supersede any inconsistent or contrary provisions in the Sublease. The City is not bound by any term or condition in the Sublease which in any way conflicts with or is additional to the provisions of the Lease. In addition, this consent is subject to the following conditions: None

THE CITY OF SAN DIEGO

Dated _____

By _____
Jack D. Farris, Deputy Director,
Real Estate Assets Department

APPROVED AS TO FORM:

CASEY GWINN, City Attorney

Dated _____

By _____
Deputy City Attorney

Attachment

1-100000
JUL 15 1933
CLERK, SECRETARY OF STATE

**ARTICLES OF INCORPORATION
OF
SOUTHERN CALIFORNIA LUBE CENTERS, INC.**

I

The name of this corporation is Southern California Lube Centers, Inc.

II

The purpose of this corporation is to engage in any lawful act or activity for which a corporation may be organized under the general Corporation Law of California other than the banking business, the trust company business or the practice of a profession permitted to be incorporated by the California Corporations Code.

III

The name and address in the State of California of this corporation's initial agent for service of process are:

Richard J. Hynan
c/o Southern California Lube Centers, Inc.
26432 Bodega
Mission Viejo, CA 92691

IV

This corporation is authorized to issue only one class of shares of stock; the total number of shares which this corporation is authorized to issue is 100,000.

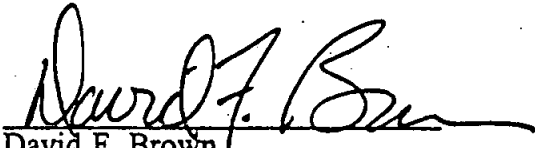
V

The personal liability of the directors of the corporation for monetary damages shall be eliminated to the fullest extent permissible under California law.

VI

This corporation is authorized to indemnify its agents (as defined from time to time in Section 317 of the Corporations Code) for breach of duty to the corporation and its shareholders in excess of the indemnification otherwise permitted by Section 317, subject to the limits on such excess indemnification set forth in Section 204 of the Corporations Code.

DATED: May 13, 1998


David F. Brown
Sole Incorporator

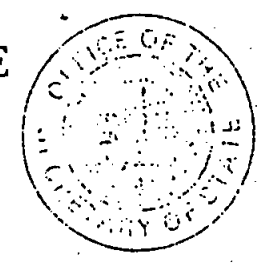
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COPY

State of California

SECRETARY OF STATE



W
2 pages

I, *BILL JONES*, Secretary of State of the State of California, hereby certify:

That the attached transcript has been compared with the record on file in this office, of which it purports to be a copy, and that it is full, true and correct.

IN WITNESS WHEREOF, I execute this certificate and affix the Great Seal of the State of California this

MAY 18 1998



Bill Jones

Secretary of State

CITY OF SAN DIEGO

CONSENT TO ASSIGNMENT OF SUBLEASE

RECITALS

A. La Mesa Commercial Center, a general partnership ("LMCC"), leased the real property and improvements commonly known as 5540 Lake Murray Blvd., La Mesa, California ("Premises") from the City of San Diego ("Owner") pursuant to a certain Lease Agreement, dated August 14, 1978, filed in the Office of the City Clerk as Document No. 764298 ("Lease").

B. On or about August 3, 1987, with the consent of City, LMCC assigned all its right, title and interest in the Lease and the Premises to Jiffy Lube International of Maryland, Inc., a Maryland corporation ("JLIM").

C. On or about August 31, 1994, with the consent of City, JLIM, as landlord, leased the Premises to Aztec Lubricants, Inc., a California corporation ("Aztec") pursuant to a written Franchisee Lease ("Sublease").

D. On or about May 9, 1998, in connection with the purchase and acquisition by the predecessor in interest of Southern California Lube Centers, Inc., a California corporation ("Assignor") of, among other things, the franchised Jiffy Lube Service Center business conducted by Aztec at the Premises ("Business"), Aztec assigned to Assignor's predecessor all of Aztec's right, title and interest in and to the Sublease, and Assignor's predecessor accepted the assignment and agreed to be bound by the terms and conditions of the Sublease, which assignment was consented to by City on April 29, 1998.

E.. With the consent of City, Assignor's predecessors assigned all right, title and interest in the Sublease, and subleasehold interest thereunder to Assignor, which accepted the assignment and agreed to be bound by the terms and conditions of the Sublease.

F. Assignor and Assignee have entered into an Asset Purchase Agreement for the sale to Assignee of, among other things, the Business operated at the Premises by Assignor. As part of that purchase and sale transaction, Assignor desires to assign to Assignee and Assignee is willing to accept an assignment of and assume the Sublease and subleasehold interest thereunder.

G. City is willing to consent to the assignment of the Sublease from Assignor to Assignee on the terms and conditions set forth below.

CONSENT

The City, as lessor under the Lease assigned to JLIM, which entered into the Sublease with Aztec, the right, title and interest of which Sublease was assigned with City's consent to

SOUTHERN CALIFORNIA LUBE CENTERS, INC., a California corporation (ASSIGNOR)

hereby consents to the assignment of that Sublease to

HEARTLAND AUTOMOTIVE SERVICES II, INC, a Delaware corporation (ASSIGNEE)

in accordance with the terms and conditions set out in the attached Assignment and Assumption Agreement entered into by Assignor and Assignee dated _____, 2004.

Said Sublease shall continue to be subordinate to the Lease in all respects. The City is merely approving the Assignee and the proposed use, and all terms and conditions of the Lease shall continue to control and supersede any inconsistent or contrary provisions in the Sublease. The City is not bound by any term or condition in the Sublease which in any way conflicts with or is additional to the provisions of the Lease. In addition, this consent is subject to the following conditions: None

THE CITY OF SAN DIEGO

Dated _____

By _____
Jack D. Farris, Deputy Director,
Real Estate Assets Department

APPROVED AS TO FORM:

CASEY GWINN, City Attorney

Dated _____

By _____
Deputy City Attorney

Attachment

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT ("Agreement") is entered into by and among Southern California Lube Centers, Inc., a California corporation (the "Seller"), and Heartland Automotive Services II, Inc., a Delaware corporation ("Buyer"), and Richard J. Hynan and Lynda H. Hynan ("Owners") as of May 1, 2004.

WHEREAS, Seller owns and operates eighteen (18) automotive quick lube businesses under the franchised trade name "Jiffy Lube" at the locations described in Schedule 1 and one car wash at the location described in Schedule 1 (the "Car Wash"). The Jiffy Lube locations are collectively referred to herein as the "Stores";

WHEREAS, Buyer owns and operates quick lube stores under the franchised trade name "Jiffy Lube";

WHEREAS, Seller owns and operates the business assets and personal property and some of the real property used in the operation of the Stores;

WHEREAS, Owners collectively own all of the issued and outstanding stock of Seller; and

WHEREAS, subject to the terms and conditions herein, Buyer desires to purchase and Seller desires to sell to Buyer the business, assets and properties which constitute Seller's quick lube operations at the Stores and the business, assets and properties which constitute the Car Wash, including goodwill and personal property (collectively, the "Business");

NOW, THEREFORE, the parties agree as follows:

ARTICLE 1
PURCHASE AND SALE

Section 1.01 Basic Transaction.

(a) **Purchased Assets.** Except as otherwise provided below, on and subject to the terms established in this Agreement, Buyer hereby agrees to purchase from Seller, and Seller hereby agrees to sell, convey, assign, transfer and deliver on the Closing Date (as defined in Section 1.04 below) to Buyer good, valid and marketable title, free and clear of all liens, pledges, liabilities, security interests, encumbrances, and claims (excepting the Assumed Liabilities as defined in Section 1.03 below) to the properties, assets, and rights of every conceivable kind, character and description (other than Excluded Assets (as defined in Section 1.01(b) below)), in which Seller has an interest which are used in or relate to the Business (the "Purchased Assets"). A non-exclusive listing of the Purchased Assets may be set forth on Schedule 1.01(a), with such Purchased Assets including but not limited to the following:

- (i) All goodwill of Seller related to the Stores and the Business;

(ii) A leasehold interest in the real estate and improvements upon which each of the Stores is located, consisting of assignments of Sellers' leasehold interests under leases or subleases with third party lessors and sublessors (the "Third Party Leases") identified in Schedule 1.01(a), including ground leases with third party lessors at the six (6) Stores identified in Schedule 1.01(a) (the "Ground Leases"), building only leases with Seller for the six (6) Stores identified in Schedule 1.01(a), (the "Building Leases"), and leases between Buyer and Seller for the land and building at two (2) Stores identified in Schedule 1.01(a) (the "Land and Building Leases"), pursuant to leases to be executed at Closing (the "Real Estate" or the "Property"). The Land and Building Lease for a Store shall be for an initial term of twenty (20) years with two (2) options each for five (5) year renewal terms, at rental rates reflected in the financial information given by Seller to Buyer and agreed upon by Seller and Buyer, with rent increases of twelve percent (12%) every five (5) years. The Building Leases shall be for terms that are equal in length to the term of the ground lease for the Property on which each Store is located, including any extensions or renewals thereof, at rental rates reflected in the financial information given by Seller to Buyer and agreed upon by Seller and Buyer, with rent increases of twelve percent (12%) every five (5) years. The initial rents for the Land and Building Leases will be set forth in Schedule 1.01(a)(ii)-1, and the initial rents for the Building Leases will be set forth in Schedule 1.01(a)(ii)-2.

(iii) The City Lease, as hereinafter defined. Seller and Buyer acknowledge that one of the Stores the Seller leases from the City of San Diego, (the "City Lease"), is scheduled to expire in September 2004. Prior to Closing, Seller shall use its best efforts to obtain City of San Diego consent to extend or renew the City Lease for at least five (5) years and on such other reasonable terms as are acceptable to Buyer and approved by Buyer in writing. If the City Lease is not extended or renewed before Closing, and if Seller and Buyer agree that such extension or renewal cannot be obtained, then the Purchase Price, as that term is defined herein, will be reduced. If the Purchase Price is not reduced at Closing, Seller and Buyer will escrow a portion of the Purchase Price until June 30, 2005. The amount by which the Purchase Price will be reduced or which will be placed in escrow shall be equal to the trailing twelve (12) months store level earnings (the "Store Level Earnings") of this Store for the twelve (12) months ended December 31, 2003, or, in Buyer's discretion, the twelve (12) months ended March 31, 2004, multiplied by 4.5. Whenever used herein, the term "Store Level Earnings" shall exclude any depreciation, amortization, personal expenses of Seller or one time non-recurring expenses; provided that Buyer will have the right to approve, in the reasonable exercise of its discretion, the personal expenses and one time non-recurring expenses to be excluded from Store Level Earnings. If the City Lease is extended for any period less than seven (7) years, but at least five (5) years, the adjustment to the Purchase Price described above shall be multiplied by a fraction, the numerator of which is seven (7) minus the actual term (in years) of the City Lease, and the denominator of which is seven (7). If the City Lease is not extended on terms as described above by June 30, 2005, the escrow proceeds, including any interest thereon, shall promptly be paid to Buyer. If the City Lease is extended on terms as described above by June 30, 2005, the escrow proceeds, including any interest thereon, shall promptly be paid to Seller. Seller and Buyer agree that LandAmerica will serve as escrow agent for the escrow described in this section.

Section 7.13 Schedules and Exhibits. The parties shall use their best efforts to complete any unfinished schedules or exhibits within ten (10) days after the execution of this Agreement, unless otherwise provided herein. All schedules shall be completed and agreed to at least two (2) business days prior to Closing. With respect to any exhibits or schedules completed after the execution of this Agreement, the party not completing such exhibits or schedules shall only be bound by such exhibits or schedules upon their written agreement or initials.

Section 7.14 Survival of Provisions. Those provisions of this Agreement which contain language which either extends or limits liability of the parties up to or beyond the Closing Date shall survive Closing and transfer of title to the assets, and shall remain in full force and effect after the Closing as specifically provided in this Agreement.

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

"BUYER"

Heartland Automotive Services II, Inc.
a Delaware corporation

By: [Signature]
Name: Ray T. Steelman
Title: CEO
Date: MAY 1, 2004

"SELLER"

Southern California Lube Centers,
Inc., a California corporation

By: [Signature]
Name: Richard J. Hynan
Title: PRESIDENT
Date: MAY 1, 2004

"OWNERS"

Richard J. Hynan and Lynda H.
Hynan

[Signature]
[Signature]

CITY OF SAN DIEGO

CONSENT TO ASSIGNMENT OF SUBLEASE

RECITALS

A. La Mesa Commercial Center, a general partnership ("LMCC"), leased the real property and improvements commonly known as 5540 Lake Murray Blvd., La Mesa, California ("Premises") from the City of San Diego ("Owner") pursuant to a certain Lease Agreement, dated August 14, 1978, filed in the Office of the City Clerk as Document No. 764298 ("Lease"). *764289*

B. On or about August 3, 1987, *do not have copy* with the consent of City LMCC assigned all its right, title and interest in the Lease and the Premises to Jiffy Lube International of Maryland, Inc., a Maryland corporation ("JLIM").

C. On or about August 31, 1994, with the consent of City, JLIM, *Subleased* as landlord, leased the Premises to Aztec Lubricants, Inc., a California corporation ("Aztec") pursuant to a written Franchisee Lease ("Sublease").

D. On or about May 9, 1998, in connection with the purchase and acquisition by Richard Hynan ("Assignor") of, among other things, the franchised Jiffy Lube Service Center business conducted by Aztec at the Premises ("Business"), Aztec assigned to Assignor all of Aztec's right, title and interest in and to the Sublease, and Assignor accepted the assignment and agreed to be bound by the terms and conditions of the Sublease, which assignment was consented to by City on April 29, *need copy* 1998.

on 22,
E. *on* In September, 1997, Assignor and Lynda H. Hynan (collectively "Trustees") ~~had~~ created the Richard J. and Lynda H. Hynan Trust, ~~dated September 22, 1997.~~ Following the purchase and acquisition of the Business, Assignor informally transferred to Trustees all of his right, title and interest in the Business, including the Sublease, subject to the requirement to obtain the consent or approval of City.

F. In May 1998, Trustees caused Southern California Lube Centers, Inc., a California corporation ("Assignee") to be organized and incorporated for the purposes of transferring to Assignee, among other things, the Business being conducted by Trustees at the Premises and the assets associated therewith. Starting September 1, 1998, Trustees began operating and conducting the Business through and under Assignee, subject to the requirement to obtain the consent or approval of City to the transfer of the Sublease.

G. Assignor and Trustees desire at this time to obtain City's formal approval and consent to the transfer and assignment of all right, title and interest in and to the Sublease and the subleasehold interest therein (1) from Assignor to Trustees and (2) from Trustees to Assignee.

H. City is willing to consent to the assignments of the Sublease (1) from Assignor to Trustees and (2) from Trustees to Assignee on the terms and conditions set forth below.

The City, Trustees, Assignor, and Assignee agree as follows:

1. Assumption. Assignee assumes all rights and obligations of the Lease and shall perform all covenants, conditions and provisions of the Lease to be performed by Trustees and/or Assignor on and after the date of the Assignment.

2. Joint and Several Liability. Trustees and Assignor agree to remain jointly and severally liable for the performance of all obligations of Trustees and/or Assignor under the Lease from and after the effective date of this Consent.

3. Insurance. Assignee agrees to maintain a policy of public liability and property damage insurance providing coverage required under the Lease in the amount of not less than one million (\$1,000,000) combined single limit liability naming the City of San Diego, its elected officials, officers, representatives, agents, and employees as additionally insured.

4. City Audit. Pursuant to Section III (C), Inspection of Records, of the Lease, the City's Audit Division will conduct a close-out audit upon Assignment of the Lease to determine the exact amount of rent owed to the City by Trustees and/or Assignor through the effective date of the assignment to Assignee. *Sums Owed to The City.* *This lease does not have an audit provision*
The Trustees and Assignor shall not be relieved of any obligation to pay any sums owed to the City through the effective date of the assignment or any other sums subsequently disclosed by a verification of the accuracy of the escrow statement and distribution of proceeds by the City. Trustees and Assignor shall be jointly and severally liable for any such sums owed to the City by Trustees and Assignor. The failure by Trustees, Assignor or Assignee to pay to the City the full amount owed shall constitute a default the Lease.

5. Subsequent Assignments. This Consent does not constitute a consent to any subsequent subletting or assignment and does not relieve Assignee or any person claiming under or through Assignee of the obligation to obtain the consent of the City under Section 4.2, Assignment and Subletting, of the Lease to any future assignment or sublease. *IV.A. 21 Right to Assign and Sublet*

7. Default Under the Lease. In the event of any default of Assignee under the Lease, the City may proceed directly against Assignee, any guarantors, or anyone else liable under the Lease without first exhausting the City's remedies against any other person or entity liable under the Lease to the City.

8. Brokerage Commission. Trustees and Assignee agree that the City will not be liable for any brokerage commission or finders fee in connection with the consummation of the Assignment or this Consent. Trustees and Assignee will protect, indemnify and hold the City harmless from any brokerage commission or finders fee in connection with the consummation of the Assignment or this Consent, and from any cost or expense (including attorney's fees) incurred by the City in resisting any claim for any such brokerage commission or finders fee. The provisions of this Section 7 shall survive the expiration or earlier termination of both the Assignment and this Consent.

9. No Modification of Lease. Nothing contained in this Consent shall be deemed or construed

to modify, waive, impair, or affect any of the covenants, agreements, terms, provisions, or conditions contained in the Lease. In the event of a conflict between the provisions of this Consent and the Lease, the terms of the Lease shall prevail. In addition, the acceptance of rents by the City from Assignee or anyone else liable under the Lease will not be deemed a waiver by the City of any provisions of the Lease.

10. Controlling Law. The terms and provision of this Consent will be construed in accordance with and will be governed by the laws of the State of California.

11. Captions. Captions to the sections in this Consent are included for convenience only and do not modify any of the terms of this Consent.

12. Entire Agreement. This Consent constitutes the final, complete, and exclusive statement between the parties to this Consent pertaining to the terms of the City's Consent to the Assignment, supercedes all prior and contemporaneous understandings or agreement of the parties, and is binding on and inures to the benefit of their respective heirs, representatives, successors or assigns. No party has been induced to enter into this Consent by, nor is any party relying on, any representation or warranty outside those expressly set forth in this Consent. Any agreement made after the date of this Consent is ineffective to modify, waive, or terminate this Consent, in whole or in part, unless that agreement is in writing, is signed by the parties to this Consent, and specifically states that it modifies this Consent.

13. Attorney Fees. If any party commences litigation against any other party for the specific performance of this Consent, for damages for the breach of the terms of this Consent, or otherwise for enforcement of any remedy pursuant to this Consent, the prevailing party shall be entitled to recover from the applicable party such costs and reasonable attorney fees as have been incurred.

14. Notice. Any notice required or permitted to be given shall be done so in accordance with Section IV (C) 16, Administration and Notices, of the Lease.

This Consent is executed by the City, acting by and through the City Manager, and by Trustees, Assignor, and Assignee acting by and through their lawfully authorized officers. This Consent is effective upon the date signed by the City Manager, and approved by the City Attorney.

THE CITY OF SAN DIEGO

Date _____

By _____

Jack D. Farris, Deputy Director,
Real Estate Assets Department

RICHARD J. HYNAN AND LYNDA H. HYNAN,
as Co-trustees of the RICHARD J. HYNAN AND
LYNDA H. HYNAN TRUST dated September 22,
1997 (TRUSTEES)

Date _____

Richard J. Hynan

Date _____

Lynda H. Hynan

RICHARD J. HYNAN AND LYNDA H. HYNAN,
as officers of SOUTHERN CALIFORNIA LUBE
CENTERS, INC., a California corporation
(ASSIGNOR)

Date _____

Richard J. Hynan

Date _____

Lynda H. Hynan

APPROVED AS TO FORM
AND LEGALITY

CASEY GWINN, City Attorney

Date _____

By _____
Deputy City Attorney

JPA:
8/24/2004

Attachment:

11-00000
JUL 15 1993
CLERK OF SUPERIOR COURT
CLERK OF SUPERIOR COURT

**ARTICLES OF INCORPORATION
OF
SOUTHERN CALIFORNIA LUBE CENTERS, INC.**

I

The name of this corporation is Southern California Lube Centers, Inc.

II

The purpose of this corporation is to engage in any lawful act or activity for which a corporation may be organized under the general Corporation Law of California other than the banking business, the trust company business or the practice of a profession permitted to be incorporated by the California Corporations Code.

III

The name and address in the State of California of this corporation's initial agent for service of process are:

Richard J. Hyman
Southern California Lube Centers, Inc.
26432 Bodega
Mission Viejo, CA 92691

IV

This corporation is authorized to issue only one class of shares of stock; the total number of shares which this corporation is authorized to issue is 100,000.

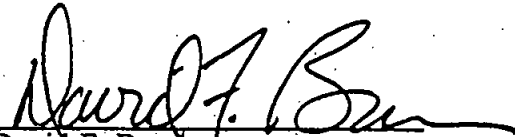
V

The personal liability of the directors of the corporation for monetary damages shall be eliminated to the fullest extent permissible under California law.

VI

This corporation is authorized to indemnify its agents (as defined from time to time in Section 317 of the Corporations Code) for breach of duty to the corporation and its shareholders in excess of the indemnification otherwise permitted by Section 317, subject to the limits on such excess indemnification set forth in Section 204 of the Corporations Code.

DATED: May 13, 1998


David F. Brown
Sole Incorporator

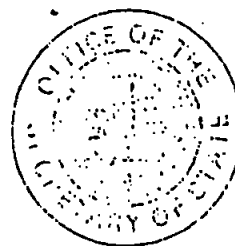
6323-01598051102.AGR



COPY

State of California

SECRETARY OF STATE

W
2 pages

I, *BILL JONES*, Secretary of State of the State of California, hereby certify:

That the attached transcript has been compared with the record on file in this office, of which it purports to be a copy, and that it is full, true and correct.

IN WITNESS WHEREOF, I execute this certificate and affix the Great Seal of the State of California this

MAY 18 1998



A handwritten signature in cursive script that reads "Bill Jones".

Secretary of State

CITY OF SAN DIEGO

CONSENT TO ASSIGNMENT OF SUBLEASE

RECITALS

A. La Mesa Commercial Center, a general partnership ("LMCC"), leased the real property and improvements commonly known as 5540 Lake Murray Blvd., La Mesa, California ("Premises") from the City of San Diego ("Owner") pursuant to a certain Lease Agreement, dated August 14, 1978, filed in the Office of the City Clerk as Document No. 764298 ("Lease").

B. On or about August 3, 1987, with the consent of City, LMCC assigned all its right, title and interest in the Lease and the Premises to Jiffy Lube International of Maryland, Inc., a Maryland corporation ("JLIM").

C. On or about August 31, 1994, with the consent of City, JLIM, as landlord, leased the Premises to Aztec Lubricants, Inc., a California corporation ("Aztec") pursuant to a written Franchisee Lease ("Sublease").

D. On or about May 9, 1998, in connection with the purchase and acquisition by Richard Hynan ("Assignor") of, among other things, the franchised Jiffy Lube Service Center business conducted by Aztec at the Premises ("Business"), Aztec assigned to Assignor all of Aztec's right, title and interest in and to the Sublease, and Assignor accepted the assignment and agreed to be bound by the terms and conditions of the Sublease, which assignment was consented to by City on April 29, 1998.

E. In September 1997, Assignor and Lynda H. Hynan (collectively "Trustees") had created the Richard J. and Lynda H. Hynan Trust, dated September 22, 1997. Following the purchase and acquisition of the Business, Assignor informally transferred to Trustees all of his right, title and interest in the Business, including the Sublease, subject to the requirement to obtain the consent or approval of City. *new to*

F. In May 1998, Trustees caused Southern California Lube Centers, Inc., a California corporation ("Assignee") to be organized and incorporated for the purposes of transferring to Assignee, among other things, the Business being conducted by Trustees at the Premises and the assets associated therewith. Starting September 1, 1998, Trustees began operating and conducting the Business through and under Assignee, subject to the requirement to obtain the consent or approval of City to the transfer of the Sublease. *new to*

G. Assignor and Trustees desire at this time to obtain City's formal approval and consent to the transfer and assignment of all right, title and interest in and to the Sublease and the subleasehold interest therein (1) from Assignor to Trustees and (2) from Trustees to Assignee.

H. City is willing to consent to the assignments of the Sublease (1) from Assignor to Trustees and (2) from Trustees to Assignee on the terms and conditions set forth below.

CONSENT

The City as lessor under the Lease Agreement assigned to JLIM, which entered into the Sublease with Aztec, which, with the consent of the City, assigned all its rights, title and interest in that Sublease to

RICHARD HYNAN, an individual, (ASSIGNOR)

hereby consents to the assignment of that Sublease from ASSIGNOR to

RICHARD J. HYNAN AND LYNDA H. HYNAN as Trustees of the RICHARD J. AND LYNDA H. HYNAN TRUST dated September 22, 1997 (TRUSTEES)

and further hereby consents to the assignment of that Sublease from TRUSTEES to

SOUTHERN CALIFORNIA LUBE CENTERS, INC., a California corporation (ASSIGNEE)

Said Sublease shall continue to be subordinate to the Lease in all respects. The City is merely approving the Assignee and the proposed use, and all terms and conditions of the Lease shall continue to control and supersede any inconsistent or contrary provisions in the Sublease. The City is not bound by any term or condition in the Sublease which in any way conflicts with or is additional to the provisions of the Lease. In addition, this consent is subject to the following conditions: None

THE CITY OF SAN DIEGO

Dated _____

By _____
Jack D. Farris, Deputy Director,
Real Estate Assets Department

APPROVED AS TO FORM:

CASEY GWINN, City Attorney

Dated _____

By _____
Deputy City Attorney

Attachment

CITY OF SAN DIEGO

CONSENT TO ASSIGNMENT OF SUBLEASE

RECITALS

A. La Mesa Commercial Center, a general partnership ("LMCC"), leased the real property and improvements commonly known as 5540 Lake Murray Blvd., La Mesa, California ("Premises") from the City of San Diego ("Owner") pursuant to a certain Lease Agreement, dated August 14, 1978, filed in the Office of the City Clerk as Document No. 764298 ("Lease").

B. On or about August 3, 1987, with the consent of City, LMCC assigned all its right, title and interest in the Lease and the Premises to Jiffy Lube International of Maryland, Inc., a Maryland corporation ("JLIM").

C. On or about August 31, 1994, with the consent of City, JLIM, as landlord, leased the Premises to Aztec Lubricants, Inc., a California corporation ("Aztec") pursuant to a written Franchise Lease ("Sublease").

D. On or about May 9, 1998, in connection with the purchase and acquisition by the predecessor in interest of Southern California Lube Centers, Inc., a California corporation ("Assignor") of, among other things, the franchised Jiffy Lube Service Center business conducted by Aztec at the Premises ("Business"), Aztec assigned to Assignor's predecessor all of Aztec's right, title and interest in and to the Sublease, and Assignor's predecessor accepted the assignment and agreed to be bound by the terms and conditions of the Sublease, which assignment was consented to by City on April 29, 1998.

E. With the consent of City, Assignor's predecessors assigned all right, title and interest in the Sublease, and subleasehold interest thereunder to Assignor, which accepted the assignment and agreed to be bound by the terms and conditions of the Sublease.

F. Assignor and Trustees have entered into an Asset Purchase Agreement for the sale to Heartland Automotive Services II, Inc, a Delaware corporation (Assignee) of, among other things, the Business operated at the Premises by Assignor. As part of that purchase and sale transaction, Assignor desires to assign to Assignee and Assignee is willing to accept an assignment of and assume the Sublease and subleasehold interest thereunder.

G. City is willing to consent to the assignment of the Sublease from Assignor to Assignee on the terms and conditions set forth below.

The City, Trustees, Assignor, and Assignee agree as follows:

1. Assumption. Assignee assumes all rights and obligations of the Lease and shall perform all covenants, conditions and provisions of the Lease to be performed by Trustees and/or Assignor on and after the date of the Assignment.

Store No. 831

6. Contemporaneously with this Consent to Assignment of Sublease the City has consented to the 1997 assignment from the Assignor to Trustees and the 1998 assignment from the Trustees to Assignee.

2. Joint and Several Liability. Trustees and Assignor agree to remain jointly and severally liable for the performance of all obligations of Trustees and/or Assignor under the Lease from and after the effective date of this Consent.

3. Insurance. Assignee agrees to maintain a policy of public liability and property damage insurance providing coverage required under the Lease in the amount of not less than two million (\$2,000,000) combined single limit liability naming the City of San Diego, its elected officials, officers, representatives, agents, and employees as additionally insured.

4. Sums Owed to The City. ~~City Audit.~~ Pursuant to Section III (C), Inspection of Records, of the Lease, the City's Audit Division will conduct a close-out audit upon Assignment of the Lease to determine the exact amount of rent owed to the City by Trustees and/or Assignor through the effective date of the assignment to Assignee. The Trustees and Assignor shall not be relieved of any obligation to pay any sums owed to the City through the effective date of the assignment or any other sums subsequently disclosed by a verification of the accuracy of the escrow statement and distribution of proceeds by the City. Trustees and Assignor shall be jointly and severally liable for any such sums owed to the City by Trustees and Assignor. The failure by Trustees, Assignor or Assignee to pay to the City the full amount owed shall constitute a default the Lease. *This lease does not have an audit provision.*

5. Subsequent Assignments. This Consent does not constitute a consent to any subsequent subletting or assignment and does not relieve Assignee or any person claiming under or through Assignee of the obligation to obtain the consent of the City under Section 4.2, Assignment and Subletting, of the Lease to any future assignment or sublease. *IV. A. 2. Right to Assign and Sublet.*

7. Default Under the Lease. In the event of any default of Assignee under the Lease, the City may proceed directly against Assignee, any guarantors, or anyone else liable under the Lease without first exhausting the City's remedies against any other person or entity liable under the Lease to the City.

8. Brokerage Commission. Trustees and Assignee agree that the City will not be liable for any brokerage commission or finders fee in connection with the consummation of the Assignment or this Consent. Trustees and Assignee will protect, indemnify and hold the City harmless from any brokerage commission or finders fee in connection with the consummation of the Assignment or this Consent, and from any cost or expense (including attorney's fees) incurred by the City in resisting any claim for any such brokerage commission or finders fee. The provisions of this Section 7 shall survive the expiration or earlier termination of both the Assignment and this Consent.

9. No Modification of Lease. Nothing contained in this Consent shall be deemed or construed to modify, waive, impair, or affect any of the covenants, agreements, terms, provisions, or conditions contained in the Lease. In the event of a conflict between the provisions of this Consent and the Lease, the terms of the Lease shall prevail. In addition, the acceptance of rents by the City from Assignee or anyone else liable under the Lease will not be deemed a waiver by the City of any provisions of the Lease.

10. Controlling Law. The terms and provision of this Consent will be construed in accordance with and will be governed by the laws of the State of California.
11. Captions. Captions to the sections in this Consent are included for convenience only and do not modify any of the terms of this Consent.
12. Entire Agreement. This Consent constitutes the final, complete, and exclusive statement between the parties to this Consent pertaining to the terms of the City's Consent to the Assignment, supercedes all prior and contemporaneous understandings or agreement of the parties, and is binding on and inures to the benefit of their respective heirs, representatives, successors or assigns. No party has been induced to enter into this Consent by, nor is any party relying on, any representation or warranty outside those expressly set forth in this Consent. Any agreement made after the date of this Consent is ineffective to modify, waive, or terminate this Consent, in whole or in part, unless that agreement is in writing, is signed by the parties to this Consent, and specifically states that it modifies this Consent.
13. Attorney Fees. If any party commences litigation against any other party for the specific performance of this Consent, for damages for the breach of the terms of this Consent, or otherwise for enforcement of any remedy pursuant to this Consent, the prevailing party shall be entitled to recover from the applicable party such costs and reasonable attorney fees as have been incurred.
14. Notice. Any notice required or permitted to be given shall be done so in accordance with Section IV (C) 16, Administration and Notices, of the Lease.

This Consent is executed by the City, acting by and through the City Manager, and by Trustees, Assignor, and Assignee acting by and through their lawfully authorized officers. This Consent is effective upon the date signed by the City Manager, and approved by the City Attorney.

THE CITY OF SAN DIEGO

Date _____

By _____
Jack D. Farris, Deputy Director,
Real Estate Assets Department

RICHARD J. HYNAN AND LYNDIA H. HYNAN,
as Co-trustees of the RICHARD J. HYNAN AND
LYNDIA H. HYNAN TRUST dated September 22,
1997 (TRUSTEES)

Date _____

Richard J. Hynan

Date _____

Lynda H. Hynan

RICHARD J. HYNAN AND LYNDA H. HYNAN,
as officers of SOUTHERN CALIFORNIA LUBE
CENTERS, INC., a California corporation
(ASSIGNOR)

Date _____

Richard J. Hynan

Date _____

Lynda H. Hynan

HEARTLAND AUTOMOTIVE SERVICES II,
A Delaware corporation, (ASSIGNEE)

Date _____

APPROVED AS TO FORM
AND LEGALITY

CASEY GWINN, City Attorney

Date _____

By _____
Deputy City Attorney

JPA:
8/24/2004

Attachment:

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT ("Agreement") is entered into by and among Southern California Lube Centers, Inc., a California corporation (the "Seller"), and Heartland Automotive Services II, Inc., a Delaware corporation ("Buyer"), and Richard J. Hynan and Lynda H. Hynan ("Owners") as of MAY 1, 2004.

WHEREAS, Seller owns and operates eighteen (18) automotive quick lube businesses under the franchised trade name "Jiffy Lube" at the locations described in Schedule 1 and one car wash at the location described in Schedule 1 (the "Car Wash"). The Jiffy Lube locations are collectively referred to herein as the "Stores";

WHEREAS, Buyer owns and operates quick lube stores under the franchised trade name "Jiffy Lube";

WHEREAS, Seller owns and operates the business assets and personal property and some of the real property used in the operation of the Stores;

WHEREAS, Owners collectively own all of the issued and outstanding stock of Seller; and

WHEREAS, subject to the terms and conditions herein, Buyer desires to purchase and Seller desires to sell to Buyer the business, assets and properties which constitute Seller's quick lube operations at the Stores and the business, assets and properties which constitute the Car Wash, including goodwill and personal property (collectively, the "Business");

NOW, THEREFORE, the parties agree as follows:

ARTICLE 1
PURCHASE AND SALE

Section 1.01 Basic Transaction.

(a) **Purchased Assets.** Except as otherwise provided below, on and subject to the terms established in this Agreement, Buyer hereby agrees to purchase from Seller, and Seller hereby agrees to sell, convey, assign, transfer and deliver on the Closing Date (as defined in Section 1.04 below) to Buyer good, valid and marketable title, free and clear of all liens, pledges, liabilities, security interests, encumbrances, and claims (excepting the Assumed Liabilities as defined in Section 1.03 below) to the properties, assets, and rights of every conceivable kind, character and description (other than Excluded Assets (as defined in Section 1.01(b) below)), in which Seller has an interest which are used in or relate to the Business (the "Purchased Assets"). A non-exclusive listing of the Purchased Assets may be set forth on Schedule 1.01(a), with such Purchased Assets including but not limited to the following:

- (i) All goodwill of Seller related to the Stores and the Business;

(ii) A leasehold interest in the real estate and improvements upon which each of the Stores is located, consisting of assignments of Sellers' leasehold interests under leases or subleases with third party lessors and sublessors (the "Third Party Leases") identified in Schedule 1.01(a), including ground leases with third party lessors at the six (6) Stores identified in Schedule 1.01(a) (the "Ground Leases"), building only leases with Seller for the six (6) Stores identified in Schedule 1.01(a), (the "Building Leases"), and leases between Buyer and Seller for the land and building at two (2) Stores identified in Schedule 1.01(a) (the "Land and Building Leases"), pursuant to leases to be executed at Closing (the "Real Estate" or the "Property"). The Land and Building Lease for a Store shall be for an initial term of twenty (20) years with two (2) options each for five (5) year renewal terms, at rental rates reflected in the financial information given by Seller to Buyer and agreed upon by Seller and Buyer, with rent increases of twelve percent (12%) every five (5) years. The Building Leases shall be for terms that are equal in length to the term of the ground lease for the Property on which each Store is located, including any extensions or renewals thereof, at rental rates reflected in the financial information given by Seller to Buyer and agreed upon by Seller and Buyer, with rent increases of twelve percent (12%) every five (5) years. The initial rents for the Land and Building Leases will be set forth in Schedule 1.01(a)(ii)-1, and the initial rents for the Building Leases will be set forth in Schedule 1.01(a)(ii)-2.

(iii) The City Lease, as hereinafter defined. Seller and Buyer acknowledge that one of the Stores the Seller leases from the City of San Diego, (the "City Lease"), is scheduled to expire in September 2004. Prior to Closing, Seller shall use its best efforts to obtain City of San Diego consent to extend or renew the City Lease for at least five (5) years and on such other reasonable terms as are acceptable to Buyer and approved by Buyer in writing. If the City Lease is not extended or renewed before Closing, and if Seller and Buyer agree that such extension or renewal cannot be obtained, then the Purchase Price, as that term is defined herein, will be reduced. If the Purchase Price is not reduced at Closing, Seller and Buyer will escrow a portion of the Purchase Price until June 30, 2005. The amount by which the Purchase Price will be reduced or which will be placed in escrow shall be equal to the trailing twelve (12) months store level earnings (the "Store Level Earnings") of this Store for the twelve (12) months ended December 31, 2003, or, in Buyer's discretion, the twelve (12) months ended March 31, 2004, multiplied by 4.5. Whenever used herein, the term "Store Level Earnings" shall exclude any depreciation, amortization, personal expenses of Seller or one time non-recurring expenses; provided that Buyer will have the right to approve, in the reasonable exercise of its discretion, the personal expenses and one time non-recurring expenses to be excluded from Store Level Earnings. If the City Lease is extended for any period less than seven (7) years, but at least five (5) years, the adjustment to the Purchase Price described above shall be multiplied by a fraction, the numerator of which is seven (7) minus the actual term (in years) of the City Lease, and the denominator of which is seven (7). If the City Lease is not extended on terms as described above by June 30, 2005, the escrow proceeds, including any interest thereon, shall promptly be paid to Buyer. If the City Lease is extended on terms as described above by June 30, 2005, the escrow proceeds, including any interest thereon, shall promptly be paid to Seller. Seller and Buyer agree that LandAmerica will serve as escrow agent for the escrow described in this section.

Section 7.13 Schedules and Exhibits. The parties shall use their best efforts to complete any unfinished schedules or exhibits within ten (10) days after the execution of this Agreement, unless otherwise provided herein. All schedules shall be completed and agreed to at least two (2) business days prior to Closing. With respect to any exhibits or schedules completed after the execution of this Agreement, the party not completing such exhibits or schedules shall only be bound by such exhibits or schedules upon their written agreement or initials.

Section 7.14 Survival of Provisions. Those provisions of this Agreement which contain language which either extends or limits liability of the parties up to or beyond the Closing Date shall survive Closing and transfer of title to the assets, and shall remain in full force and effect after the Closing as specifically provided in this Agreement.

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

"BUYER"

Heartland Automotive Services II, Inc.
a Delaware corporation

By: [Signature]
Name: Ray J. Steelman
Title: CEO
Date: MAY 1, 2004

"SELLER"

Southern California Lube Centers,
Inc., a California corporation

By: [Signature]
Name: Richard J. Hynan
Title: President
Date: MAY 1, 2004

"OWNERS"

Richard J. Hynan and Lynda H.
Hynan

[Signature]
[Signature]

CITY OF SAN DIEGO

CONSENT TO ASSIGNMENT OF SUBLEASE

RECITALS

A. La Mesa Commercial Center, a general partnership ("LMCC"), leased the real property and improvements commonly known as 5540 Lake Murray Blvd., La Mesa, California ("Premises") from the City of San Diego ("Owner") pursuant to a certain Lease Agreement, dated August 14, 1978, filed in the Office of the City Clerk as Document No. 764298 ("Lease").

B. On or about August 3, 1987, with the consent of City, LMCC assigned all its right, title and interest in the Lease and the Premises to Jiffy Lube International of Maryland, Inc., a Maryland corporation ("JLIM").

C. On or about August 31, 1994, with the consent of City, JLIM, as landlord, leased the Premises to Aztec Lubricants, Inc., a California corporation ("Aztec") pursuant to a written Franchise Lease ("Sublease").

D. On or about May 9, 1998, in connection with the purchase and acquisition by the predecessor in interest of Southern California Lube Centers, Inc., a California corporation ("Assignor") of, among other things, the franchised Jiffy Lube Service Center business conducted by Aztec at the Premises ("Business"), Aztec assigned to Assignor's predecessor all of Aztec's right, title and interest in and to the Sublease, and Assignor's predecessor accepted the assignment and agreed to be bound by the terms and conditions of the Sublease, which assignment was consented to by City on April 29, 1998.

E. With the consent of City, Assignor's predecessors assigned all right, title and interest in the Sublease, and subleasehold interest thereunder to Assignor, which accepted the assignment and agreed to be bound by the terms and conditions of the Sublease.

F. Assignor and Assignee have entered into an Asset Purchase Agreement for the sale to Assignee of, among other things, the Business operated at the Premises by Assignor. As part of that purchase and sale transaction, Assignor desires to assign to Assignee and Assignee is willing to accept an assignment of and assume the Sublease and subleasehold interest thereunder.

G. City is willing to consent to the assignment of the Sublease from Assignor to Assignee on the terms and conditions set forth below.

CONSENT

The City, as lessor under the Lease assigned to JLIM, which entered into the Sublease with Aztec, the right, title and interest of which Sublease was assigned with City's consent to

SOUTHERN CALIFORNIA LUBE CENTERS, INC., a California corporation (ASSIGNOR)

hereby consents to the assignment of that Sublease to

HEARTLAND AUTOMOTIVE SERVICES II, INC, a Delaware corporation (ASSIGNEE)

in accordance with the terms and conditions set out in the attached Assignment and Assumption Agreement entered into by Assignor and Assignee dated _____, 2004.

Said Sublease shall continue to be subordinate to the Lease in all respects. The City is merely approving the Assignee and the proposed use, and all terms and conditions of the Lease shall continue to control and supersede any inconsistent or contrary provisions in the Sublease. The City is not bound by any term or condition in the Sublease which in any way conflicts with or is additional to the provisions of the Lease. In addition, this consent is subject to the following conditions: None

THE CITY OF SAN DIEGO

Dated _____

By _____
Jack D. Farris, Deputy Director,
Real Estate Assets Department

APPROVED AS TO FORM:

CASEY GWINN, City Attorney

Dated _____

By _____
Deputy City Attorney

Attachment

REVISED
COPY
ATTACHED

CITY OF SAN DIEGO

CONSENT TO ASSIGNMENT OF SUBLEASE

RECITALS

Lake
Murray
Hynan to Trust
Trust to SCLC

A. La Mesa Commercial Center, a general partnership ("LMCC"), leased the real property and improvements commonly known as 5540 Lake Murray Blvd., La Mesa, California ("Premises") from the City of San Diego ("Owner") pursuant to a certain Lease Agreement, dated August 14, 1978, filed in the Office of the City Clerk as Document No. 764298 ("Lease").

B. On or about August 3, 1987, ^{attached #1} ~~with the consent of City~~ LMCC assigned all its right, title and interest in the Lease and the Premises to Jiffy Lube International of Maryland, Inc., a Maryland corporation ("JLIM"). ^{do not have copy} 764289

C. On or about August 31, 1994, with the consent of City, JLIM, ^{subleased} ~~as landlord~~ leased the Premises to Aztec Lubricants, Inc., a California corporation ("Aztec") pursuant to a written Franchise Lease ("Sublease").

D. On or about May 9, 1998, in connection with the purchase and acquisition by Richard Hynan ("Assignor") of, among other things, the franchised Jiffy Lube Service Center business conducted by Aztec at the Premises ("Business"), Aztec assigned to Assignor all of Aztec's right, title and interest in and to the Sublease, and Assignor accepted the assignment and agreed to be bound by the terms and conditions of the Sublease, which assignment was consented to by City on April 29, 1998. ^{need copy} ATTACHED AS #2

E. ^{ok} ^{12,} In September 1997, Assignor and Lynda H. Hynan (collectively "Trustees") ~~had~~ created the Richard J. and Lynda H. Hynan Trust, ~~dated September 22, 1997.~~ Following the purchase and acquisition of the Business, Assignor informally transferred to Trustees all of his right, title and interest in the Business, including the Sublease, subject to the requirement to obtain the consent or approval of City.

F. In May 1998, Trustees caused Southern California Lube Centers, Inc., a California corporation ("Assignee") to be organized and incorporated for the purposes of transferring to Assignee, among other things, the Business being conducted by Trustees at the Premises and the assets associated therewith. Starting September 1, 1998, Trustees began operating and conducting the Business through and under Assignee, subject to the requirement to obtain the consent or approval of City to the transfer of the Sublease.

G. Assignor and Trustees desire at this time to obtain City's formal approval and consent to the transfer and assignment of all right, title and interest in and to the Sublease and the subleasehold interest therein (1) from Assignor to Trustees and (2) from Trustees to Assignee.

H. City is willing to consent to the assignments of the Sublease (1) from Assignor to Trustees and (2) from Trustees to Assignee on the terms and conditions set forth below.

The City, Trustees, Assignor, and Assignee agree as follows:

1. Assumption. Assignee assumes all rights and obligations of the Lease and shall perform all covenants, conditions and provisions of the Lease to be performed by Trustees and/or Assignor on and after the date of the Assignment.

2. Joint and Several Liability. Trustees and Assignor agree to remain jointly and severally liable for the performance of all obligations of Trustees and/or Assignor under the Lease from and after the effective date of this Consent.

3. Insurance. Assignee agrees to maintain a policy of public liability and property damage insurance providing coverage required under the Lease in the amount of not less than one million (\$1,000,000) combined single limit liability naming the City of San Diego, its elected officials, officers, representatives, agents, and employees as additionally insured.

4. City Audit. Pursuant to Section III (C), Inspection of Records, of the Lease, the City's Audit Division will conduct a close-out audit upon Assignment of the Lease to determine the exact amount of rent owed to the City by Trustees and/or Assignor through the effective date of the assignment to Assignee. The Trustees and Assignor shall not be relieved of any obligation to pay any sums owed to the City through the effective date of the assignment or any other sums subsequently disclosed by a verification of the accuracy of the escrow statement and distribution of proceeds by the City. Trustees and Assignor shall be jointly and severally liable for any such sums owed to the City by Trustees and Assignor. The failure by Trustees, Assignor or Assignee to pay to the City the full amount owed shall constitute a default the Lease.

Sums Owed to the City.

This lease does not have an audit provision

5. Subsequent Assignments. This Consent does not constitute a consent to any subsequent subletting or assignment and does not relieve Assignee or any person claiming under or through Assignee of the obligation to obtain the consent of the City under Section 4.2, Assignment and Subletting, of the Lease to any future assignment or sublease.

IV.A. 2 - Right to Assign and Sublet

7. Default Under the Lease. In the event of any default of Assignee under the Lease, the City may proceed directly against Assignee, any guarantors, or anyone else liable under the Lease without first exhausting the City's remedies against any other person or entity liable under the Lease to the City.

8. Brokerage Commission. Trustees and Assignee agree that the City will not be liable for any brokerage commission or finders fee in connection with the consummation of the Assignment or this Consent. Trustees and Assignee will protect, indemnify and hold the City harmless from any brokerage commission or finders fee in connection with the consummation of the Assignment or this Consent, and from any cost or expense (including attorney's fees) incurred by the City in resisting any claim for any such brokerage commission or finders fee. The provisions of this Section 7 shall survive the expiration or earlier termination of both the Assignment and this Consent.

9. No Modification of Lease. Nothing contained in this Consent shall be deemed or construed

to modify, waive, impair, or affect any of the covenants, agreements, terms, provisions, or conditions contained in the Lease. In the event of a conflict between the provisions of this Consent and the Lease, the terms of the Lease shall prevail. In addition, the acceptance of rents by the City from Assignee or anyone else liable under the Lease will not be deemed a waiver by the City of any provisions of the Lease.

10. Controlling Law. The terms and provision of this Consent will be construed in accordance with and will be governed by the laws of the State of California.

11. Captions. Captions to the sections in this Consent are included for convenience only and do not modify any of the terms of this Consent.

12. Entire Agreement. This Consent constitutes the final, complete, and exclusive statement between the parties to this Consent pertaining to the terms of the City's Consent to the Assignment, supercedes all prior and contemporaneous understandings or agreement of the parties, and is binding on and inures to the benefit of their respective heirs, representatives, successors or assigns. No party has been induced to enter into this Consent by, nor is any party relying on, any representation or warranty outside those expressly set forth in this Consent. Any agreement made after the date of this Consent is ineffective to modify, waive, or terminate this Consent, in whole or in part, unless that agreement is in writing, is signed by the parties to this Consent, and specifically states that it modifies this Consent.

13. Attorney Fees. If any party commences litigation against any other party for the specific performance of this Consent, for damages for the breach of the terms of this Consent, or otherwise for enforcement of any remedy pursuant to this Consent, the prevailing party shall be entitled to recover from the applicable party such costs and reasonable attorney fees as have been incurred.

14. Notice. Any notice required or permitted to be given shall be done so in accordance with Section IV (C) 16, Administration and Notices, of the Lease.

This Consent is executed by the City, acting by and through the City Manager, and by Trustees, Assignor, and Assignee acting by and through their lawfully authorized officers. This Consent is effective upon the date signed by the City Manager, and approved by the City Attorney.

THE CITY OF SAN DIEGO

Date _____

By _____

Jack D. Farris, Deputy Director,
Real Estate Assets Department

RICHARD J. HYNAN AND LYNDA H. HYNAN,
as Co-trustees of the RICHARD J. HYNAN AND
LYNDA H. HYNAN TRUST dated September 22,
1997 (TRUSTEES)

Date _____

Richard J. Hynan

Date _____

Lynda H. Hynan

RICHARD J. HYNAN AND LYNDA H. HYNAN,
as officers of SOUTHERN CALIFORNIA LUBE
CENTERS, INC., a California corporation
(ASSIGNOR)

Date _____

Richard J. Hynan

Date _____

Lynda H. Hynan

APPROVED AS TO FORM
AND LEGALITY

CASEY GWINN, City Attorney

Date _____

By _____
Deputy City Attorney

JPA:
8/24/2004

Attachment:

100000
JUL 15 1933
CLERK, SECRETARY OF STATE

**ARTICLES OF INCORPORATION
OF
SOUTHERN CALIFORNIA LUBE CENTERS, INC.**

I

The name of this corporation is Southern California Lube Centers, Inc.

II

The purpose of this corporation is to engage in any lawful act or activity for which a corporation may be organized under the general Corporation Law of California other than the banking business, the trust company business or the practice of a profession permitted to be incorporated by the California Corporations Code.

III

The name and address in the State of California of this corporation's initial agent for service of process are:

Richard J. Hynan
Southern California Lube Centers, Inc.
26432 Bodega
Mission Viejo, CA 92691

IV

This corporation is authorized to issue only one class of shares of stock; the total number of shares which this corporation is authorized to issue is 100,000.

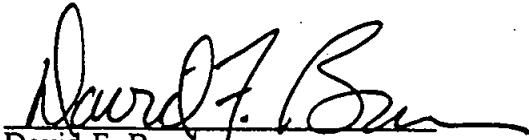
V

The personal liability of the directors of the corporation for monetary damages shall be eliminated to the fullest extent permissible under California law.

VI

This corporation is authorized to indemnify its agents (as defined from time to time in Section 317 of the Corporations Code) for breach of duty to the corporation and its shareholders in excess of the indemnification otherwise permitted by Section 317, subject to the limits on such excess indemnification set forth in Section 204 of the Corporations Code.

DATED: May 13, 1998


David F. Brown
Sole Incorporator

6323-01598051102.AGR



COPY

State of California

SECRETARY OF STATE

B
2 pages

I, *BILL JONES*, Secretary of State of the State of California, hereby certify:

That the attached transcript has been compared with the record on file in this office, of which it purports to be a copy, and that it is full, true and correct.

IN WITNESS WHEREOF, I execute this certificate and affix the Great Seal of the State of California this

MAY 18 1998



A stylized handwritten signature of "Bill Jones".

Secretary of State

ASSIGNMENTS AND CONSENT TO ASSIGNMENTS OF SUBLEASE

This Assignments and Consent to Assignments of Sublease ("Assignment") is entered into by and between Richard J. Hynan ("Sublessee"), Richard J. Hynan and Lynda H. Hynan as Trustees of the Richard J. and Lynda H. Hynan Trust, dated September 22, 1997 ("Trustees"), and Southern California Lube Centers, Inc., a California corporation ("Assignee") with the consent of Jiffy Lube International of Maryland, Inc., a Maryland corporation ("Sublessor"), with respect to the following facts and circumstances:

Hynan & Trustees + Trusted to S. Cal Lube -

RECITALS

A. Sublessor's predecessor, La Mesa Commercial Center, a limited partnership ("LMCC"), leased the real property and improvements commonly known as 5540 Lake Murray Blvd., La Mesa, California ("Premises") from the City of San Diego ("Owner") pursuant to a certain Lease Agreement, dated August 14, 1978 (collectively, "Lease").

B. On or about August 3, 1987, LMCC assigned all its right, title and interest in the Lease and the Premises to Sublessee. The Assignment of Lease was recorded on October 16, 1987, in the Official Records of the County of San Diego, State of California.

C. On or about August 31, 1994, Sublessor, as landlord, leased the Premises to Aztec Lubricants, Inc., a California corporation ("Aztec") pursuant to a written Franchisee Lease ("Sublease").

D. On or about May 9, 1998, with the consent of Sublessor, and in connection with Sublessee's purchase and acquisition from Aztec of, among other things, the franchised Jiffy Lube Service Center business conducted by Aztec at the Premises ("Business"), Aztec assigned to Sublessee all of Aztec's right, title and interest in and to the Sublease, and Assignee accepted the assignment and agreed to be bound by the terms and conditions of the Sublease.

E. In September 1997, Sublessee and Lynda H. Hynan, one of the Trustees (collectively "Hynans"), had created the Richard J. and Lynda H. Hynan Trust, dated September 22, 1997. Following the purchase and acquisition of the Business, Sublessee and Hynans informally transferred to Trustees all of their right, title and interest in the Business, including the Sublease, subject to the requirement, if any, to obtain the consent or approval of Sublessor.

F. In May 1998, Hynans caused Assignee to be organized and incorporated for the purposes of, among other things, transferring to Assignee the ongoing franchised Jiffy Lube Service Center businesses, including without limitation the Business, being conducted by Hynans and Trustees and the assets associated therewith. Starting September 1, 1998, Hynans and Trustees began operating and conducting their Jiffy Lube Service Center businesses, including the Business, through and under Assignee. In connection with the transfer of the Business to Assignee, Assignors

informally transferred their interest in the Sublease to Assignee, subject to the requirement, if any, to obtain the consent or approval of Sublessor.

G. Hynans desire at this time to obtain Sublessor's formal approval and consent under the Sublease to the transfer and assignment of all right, title and interest in and to the Sublease and the subleasehold interest therein (1) from Sublessee to Trustees and (2) from Trustees to Assignee.

H. Sublessor is willing to consent to the assignments of the Sublease to Trustees and to Assignee on the terms and conditions set forth below.

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, the parties covenant and agree as follows:

ASSIGNMENTS

1. Assignment to and Assumption of Sublease by Trustees. Sublessee grants, sells, transfers and assigns to Trustees all of his right, title and interest in and to the Sublease, the subleasehold interest thereunder and the Premises. Trustees accept such assignment effective as of and assume the obligations of Sublessee under the Sublease accruing or arising on or after May 9, 1998, and agree to be bound by the terms, covenants and conditions of the Sublease.

2. Assignment to and Assumption of Sublease by Assignee. Trustees grant, sell, transfer and assign to Assignee all of their right, title and interest in and to the Sublease, the subleasehold interest thereunder and the Premises. Assignee accepts such assignment effective as of and assumes the obligations of Sublessee under the Sublease accruing or arising on or after September 1, 1998, and agrees to be bound by the terms, covenants and conditions of the Sublease.

CONSENT TO ASSIGNMENTS

3. Consent of Sublessor. Sublessor hereby consents to the assignment to and assumption by Trustees of the Sublease, and to the assignment to and assumption by Assignee of the Sublease, subject to and upon the following terms and conditions:

a. Nothing herein contained shall be construed to waive, impair or diminish any of the terms, covenants or conditions in the Sublease or any breach thereof or any rights of Sublessor against any person, entity or association.

b. Sublessee and Trustees shall be liable and responsible for the keeping, performance, and observance of all the terms, covenants, and conditions set forth in the Sublease on the part of Sublessee to be kept, performed and observed, and for the payment of the rent and all other sums due thereunder, up to the effective date of the assignment of the Sublease to Assignee. Sublessor releases Sublessee and Trustees from all obligations on the part of Sublessee accruing under the Sublease after the effective date of the assignment to Assignee.

c. Lessor's consent shall not be construed as consent to, or as permitting any further assignment of the Sublease or any interest therein or any subletting of the Premises or any portion thereof.

d. Sublessor may consent to a subsequent assignment of the Sublease, subletting of the Premises or amendment of the Sublease without first obtaining the consent of Sublessee or Trustees.

e. In case of the breach or default of any terms of the Sublease, in addition to any notice to Sublessee, Sublessor shall give notice of such violation to Assignee, and Assignee shall have the right to cure such violation in the manner and within the time provided in the Sublease.

4. General Provisions.

a. This Assignment may not be changed, amended or modified orally, but only by an agreement in writing signed by the party against whom enforcement of any change, amendment or modification is sought.

b. All notices required or permitted under this Assignment or the Sublease shall be in writing and shall be given in the manner provided for the giving of notices set forth in the Sublease. Notices shall be addressed and delivered to:

If to Sublessor:

Jiffy Lube International of Maryland, Inc.
700 Milam Street
Houston, TX 77002
Attention: Real Estate Department

If to Sublessee:

Richard J. Hynan
15 Vista Sole
Monarch Beach, CA 92629

If to Trustees:

Richard J. Hynan and Lynda H. Hynan
Co-Trustees,
15 Vista Sole
Monarch Beach, CA 92629

If to Assignee:

Southern California Lube Centers, Inc.
15 Vista Sole
Monarch Beach, CA 92629

All notices shall be effective upon personal delivery, one (1) business day after delivery to a nationally recognized overnight delivery or courier service, or three (3) business days after deposit in the U.S. Mail postage prepaid, by registered or certified mail, return receipt requested. Any party may change its notice address upon written notice to the other parties.

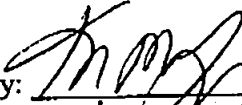
c. With respect to the consent of Sublessor to the assignments of the Sublease, this Assignment contains the entire agreement among the parties and supercedes all prior or contemporaneous agreements, representations, promises or understandings, written or oral, express or implied with respect to such consent and the terms and conditions thereof. As between Sublessee, Trustees, and Assignee, those parties acknowledge and agree that this Assignment is but one of several agreements, contracts, documents and instruments expressing the terms and conditions of the transfers or assignments of the automotive lubrication businesses conducted by them and, except as to the assignments of the Sublease, is not intended to contain their entire agreement or be the exclusive expression of the terms of their agreement regarding such transfers or assignments.

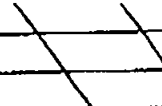
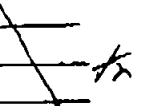
d. This Assignment may be executed in any number of counterparts, each of which when so executed shall be deemed an original and all of which taken together shall constitute but one and the same agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Assignment to be duly executed.

"SUBLESSOR"

Jiffy Lube International of Maryland, Inc.,
a Maryland corporation

By: 
Name: Kevin M. Lyng
Title: Vice President

By: 
Name: 
Title: 

"SUBLESSEE"


Richard J. Hynan

Signatures continued on next page

"TRUSTEES"

Richard J. Hynan and Lynda H. Hynan,
Trustees of the Richard J. and Lynda H.
Hynan Trust dated September 22, 1997

Richard J. Hynan, Trustee

Lynda H. Hynan, Trustee

"ASSIGNEE"

Southern California Lube Centers, Inc.,
a California corporation

By: Richard J. Hynan
President

RECORDING REQUESTED BY:

Robert J. Likes

AND WHEN RECORDED, MAIL TO:

Robert J. Likes

Stinson Morrison Hecker LLP

1299 Farnam Street, Suite 1501

Omaha, NE 68102

*So. Cal. Lube
to
Heartland*

ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS AGREEMENT is entered into as of this 21st day of May, 2004, but effective as of the 22nd day of May, 2004, by and between Southern California Lube Centers, Inc. ("Tenant") and Heartland Automotive Services II, Inc. ("Tenant's Assignee").

ASSIGNMENT OF LEASE

1.0 Tenant hereby assigns, sells, conveys and otherwise transfers to Tenant's Assignee all of Tenant's right, title and interest in that certain Sublease Agreement dated _____ (said Sublease Agreement and all amendments thereto are referred to as the "Lease") for the premises located at 5540 Lake Murray Blvd., La Mesa, California, and legally described on **Exhibit A** attached hereto (the premises therein demised is referred to as the "Premises" in this Agreement), and which conveyance includes but is not limited to Tenant's right, title and interest in any security deposit, and all options and rights under the Lease (collectively, the "Assigned Interest"). This assignment of the Assigned Interest to Tenant's Assignee shall be effective on May 22, 2004 (the "Assignment Date").

ASSUMPTION OF LEASE

2.0 Tenant's Assignee hereby accepts all of Tenant's right, title and interest in and to the Assigned Interest and assumes and agrees to perform all of Tenant's corresponding obligations, terms, covenants, conditions and agreements under the Lease accruing on or after the Assignment Date (collectively, the "Assumed Obligations").

INDEMNIFICATION

3.0 Tenant's Assignee agrees to indemnify, defend and hold harmless Tenant, its predecessors in interest, Richard Hynan, and Richard J. Hynan and Lynda H. Hynan as Trustees of the Richard J. and Lynda H. Hynan Trust, dated September 22, 1997, and each of their successors, heirs, assigns, trusts, trustees, beneficiaries, estates, executors, personal representatives, guarantors, shareholders, directors, officers and insurers, as applicable, from any and all liabilities, damages, losses, claims, costs, obligations, expenses, and attorneys' fees, and

other obligations howsoever described which may arise after the Assignment Date from or as a result of any breach, default or other failure to fully and timely perform the covenants or obligations of Tenant under or pursuant to the Lease, or the use, occupancy or maintenance of the Premises, or the conduct, operation or management of any business thereon by Tenant's Assignee or anyone claiming by, through or under Tenant's Assignee, including without limitation any assignee or sublessee of Tenant's Assignee. Tenant agrees to indemnify, defend and hold harmless Tenant's Assignee, its successors, heirs, assigns, guarantors, shareholders, directors, officers and insurers, as applicable, from any and all liabilities, damages, losses, claims, costs, obligations, expenses, and attorneys' fees, and other obligations howsoever described which have arisen or may arise prior to the Assignment Date from or as a result of any breach, default or other failure to fully and timely perform the covenants or obligations of Tenant's Assignor under or pursuant to the Lease, or the use, occupancy or maintenance of the Premises, or the conduct, operation or management of any business thereon by Assignee or anyone claiming by, through or under Tenant's Assignor.

MISCELLANEOUS

4.0 Notwithstanding anything to the contrary contained in this Agreement, the assignment and assumption of the Lease pursuant to this Agreement shall not be effective unless and until the Tenant tenders to Tenant's Assignee physical possession of the Premises.

4.1 Nothing contained in this Agreement shall be deemed to limit, waive or otherwise derogate from any warranty, representation, covenant or indemnification made in that certain **Asset Purchase Agreement** dated May 1, 2004 between Southern California Lube Centers, Inc. (as Seller), and Heartland Automotive Services II, Inc. (as Buyer) (the "**Purchase Agreement**"), and none of such provisions in the Purchase Agreement shall be deemed to have merged into the assignment made by this Agreement. Notwithstanding anything to the contrary contained in this Agreement, the assignment and assumption of Lease pursuant to this Agreement shall be conditioned upon the payment of all funds and the close of the transaction more specifically described in the Purchase Agreement.

4.2 Each party hereto shall execute, acknowledge and deliver to each other party all documents, and shall take all actions, reasonably required by such other party from time to time to confirm or effect the matters set forth herein, or otherwise to carry out the purpose of this Agreement.

4.3 This Agreement may be executed in any number of counterparts and by each party on a separate counterpart or counterparts, each of which when so executed and delivered shall be deemed an original and all of which taken together shall constitute but one and the same instrument.

4.4 This Agreement shall be deemed to be an agreement made under the laws of the state where the Premises are located and for all purposes shall be governed by and construed in accordance with such laws.

4.5 This Agreement shall be binding upon and inure to the benefit of each of the parties and its successors and assigns.

4.6 Each individual executing and delivering this Agreement on behalf of a party hereby represents and warrants to the other party that such individual has been duly authorized and empowered to make such execution and delivery.

4.7 This Agreement may be recorded by any party hereto, and the recording party shall bear all recording costs and fees.

* * *

IN WITNESS WHEREOF, Tenant and Tenant's Assignee have caused this Agreement to be executed and delivered by their respective representatives, thereunto duly authorized, as of the date first above written.

Tenant:

SOUTHERN CALIFORNIA LUBE CENTERS, INC.,
a California corporation

By: _____
Richard J. Hynan
President

Tenant's Assignee:

HEARTLAND AUTOMOTIVE SERVICES II, INC.,
a Delaware corporation

By: _____
Name: Brian D. Clark
Title: CFO

K:\DOCUMENT\6323-034\Lease Assignments\Assignment and Assumption (Store 831).DOC

Store No. 831

STATE OF _____)
) ss.
COUNTY OF _____)

On May ____, 2004, before me, _____, Notary Public, personally appeared _____, proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

Witness my hand and official seal.

Notary Public

STATE OF _____)
) ss.
COUNTY OF _____)

On May ____, 2004, before me, _____, Notary Public, personally appeared Brian D. Clark, proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the entity upon behalf of which he acted, executed the instrument.

Witness my hand and official seal.

Notary Public

Exhibit A

[Legal Description]

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT ("Agreement") is entered into by and among Southern California Lube Centers, Inc., a California corporation (the "Seller"), and Heartland Automotive Services II, Inc., a Delaware corporation ("Buyer"), and Richard J. Hynan and Lynda H. Hynan ("Owners") as of MAY 1, 2004.

WHEREAS, Seller owns and operates eighteen (18) automotive quick lube businesses under the franchised trade name "Jiffy Lube" at the locations described in Schedule 1 and one car wash at the location described in Schedule 1 (the "Car Wash"). The Jiffy Lube locations are collectively referred to herein as the "Stores";

WHEREAS, Buyer owns and operates quick lube stores under the franchised trade name "Jiffy Lube";

WHEREAS, Seller owns and operates the business assets and personal property and some of the real property used in the operation of the Stores;

WHEREAS, Owners collectively own all of the issued and outstanding stock of Seller; and

WHEREAS, subject to the terms and conditions herein, Buyer desires to purchase and Seller desires to sell to Buyer the business, assets and properties which constitute Seller's quick lube operations at the Stores and the business, assets and properties which constitute the Car Wash, including goodwill and personal property (collectively, the "Business");

NOW, THEREFORE, the parties agree as follows:

ARTICLE 1
PURCHASE AND SALE

Section 1.01 Basic Transaction.

(a) **Purchased Assets.** Except as otherwise provided below, on and subject to the terms established in this Agreement, Buyer hereby agrees to purchase from Seller, and Seller hereby agrees to sell, convey, assign, transfer and deliver on the Closing Date (as defined in Section 1.04 below) to Buyer good, valid and marketable title, free and clear of all liens, pledges, liabilities, security interests, encumbrances, and claims (excepting the Assumed Liabilities as defined in Section 1.03 below) to the properties, assets, and rights of every conceivable kind, character and description (other than Excluded Assets (as defined in Section 1.01(b) below)), in which Seller has an interest which are used in or relate to the Business (the "Purchased Assets"). A non-exclusive listing of the Purchased Assets may be set forth on Schedule 1.01(a), with such Purchased Assets including but not limited to the following:

- (i) All goodwill of Seller related to the Stores and the Business;

(ii) A leasehold interest in the real estate and improvements upon which each of the Stores is located, consisting of assignments of Sellers' leasehold interests under leases or subleases with third party lessors and sublessors (the "Third Party Leases") identified in Schedule 1.01(a), including ground leases with third party lessors at the six (6) Stores identified in Schedule 1.01(a) (the "Ground Leases"), building only leases with Seller for the six (6) Stores identified in Schedule 1.01(a), (the "Building Leases"), and leases between Buyer and Seller for the land and building at two (2) Stores identified in Schedule 1.01(a) (the "Land and Building Leases"), pursuant to leases to be executed at Closing (the "Real Estate" or the "Property"). The Land and Building Lease for a Store shall be for an initial term of twenty (20) years with two (2) options each for five (5) year renewal terms, at rental rates reflected in the financial information given by Seller to Buyer and agreed upon by Seller and Buyer, with rent increases of twelve percent (12%) every five (5) years. The Building Leases shall be for terms that are equal in length to the term of the ground lease for the Property on which each Store is located, including any extensions or renewals thereof, at rental rates reflected in the financial information given by Seller to Buyer and agreed upon by Seller and Buyer, with rent increases of twelve percent (12%) every five (5) years. The initial rents for the Land and Building Leases will be set forth in Schedule 1.01(a)(ii)-1, and the initial rents for the Building Leases will be set forth in Schedule 1.01(a)(ii)-2.

(iii) The City Lease, as hereinafter defined. Seller and Buyer acknowledge that one of the Stores the Seller leases from the City of San Diego, (the "City Lease"), is scheduled to expire in September 2004. Prior to Closing, Seller shall use its best efforts to obtain City of San Diego consent to extend or renew the City Lease for at least five (5) years and on such other reasonable terms as are acceptable to Buyer and approved by Buyer in writing. If the City Lease is not extended or renewed before Closing, and if Seller and Buyer agree that such extension or renewal cannot be obtained, then the Purchase Price, as that term is defined herein, will be reduced. If the Purchase Price is not reduced at Closing, Seller and Buyer will escrow a portion of the Purchase Price until June 30, 2005. The amount by which the Purchase Price will be reduced or which will be placed in escrow shall be equal to the trailing twelve (12) months store level earnings (the "Store Level Earnings") of this Store for the twelve (12) months ended December 31, 2003, or, in Buyer's discretion, the twelve (12) months ended March 31, 2004, multiplied by 4.5. Whenever used herein, the term "Store Level Earnings" shall exclude any depreciation, amortization, personal expenses of Seller or one time non-recurring expenses; provided that Buyer will have the right to approve, in the reasonable exercise of its discretion, the personal expenses and one time non-recurring expenses to be excluded from Store Level Earnings. If the City Lease is extended for any period less than seven (7) years, but at least five (5) years, the adjustment to the Purchase Price described above shall be multiplied by a fraction, the numerator of which is seven (7) minus the actual term (in years) of the City Lease, and the denominator of which is seven (7). If the City Lease is not extended on terms as described above by June 30, 2005, the escrow proceeds, including any interest thereon, shall promptly be paid to Buyer. If the City Lease is extended on terms as described above by June 30, 2005, the escrow proceeds, including any interest thereon, shall promptly be paid to Seller. Seller and Buyer agree that LandAmerica will serve as escrow agent for the escrow described in this section.

Section 7.13 Schedules and Exhibits. The parties shall use their best efforts to complete any unfinished schedules or exhibits within ten (10) days after the execution of this Agreement, unless otherwise provided herein. All schedules shall be completed and agreed to at least two (2) business days prior to Closing. With respect to any exhibits or schedules completed after the execution of this Agreement, the party not completing such exhibits or schedules shall only be bound by such exhibits or schedules upon their written agreement or initials.

Section 7.14 Survival of Provisions. Those provisions of this Agreement which contain language which either extends or limits liability of the parties up to or beyond the Closing Date shall survive Closing and transfer of title to the assets, and shall remain in full force and effect after the Closing as specifically provided in this Agreement.

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

"BUYER"

Heartland Automotive Services II, Inc.
a Delaware corporation

By: [Signature]
Name: ROY T. STEELMAN
Title: CEO
Date: MAY 1, 2004

"SELLER"

Southern California Lube Centers,
Inc., a California corporation

By: [Signature]
Name: RICHARD J. HYNAN
Title: President
Date: MAY 1, 2004

"OWNERS"

Richard J. Hynan and Lynda H.
Hynan

[Signature]
[Signature]

CITY OF SAN DIEGO

#2

CONSENT TO ASSIGNMENT OF SUBLEASE AGREEMENT

The City of San Diego (CITY), as LESSOR under that certain Lease Agreement (Master Lease) entered into with

LA MESA COMMERCIAL CENTER and assigned to JIFFY LUBE
INTERNATIONAL OF MARYLAND, INC.

(LESSEE) which is filed in the Office of the City Clerk as Document 764289, hereby consents to that certain Sublease Agreement between the above LESSEE (SUBLESSOR) and

RICHARD HYNAN, an individual

(SUBLESSEE) dated March __ 1998. Said Sublease shall be subordinate to the Master Lease in all respects. The CITY is merely approving the SUBLESSEE and the proposed use. All terms and conditions of the Master Lease shall control and supersede any inconsistent or contrary provisions in the Sublease. The CITY is not bound by any term or condition in the Sublease which in any way conflicts with or is additional to the provisions of the Master Lease.

THE CITY OF SAN DIEGO

Dated

4-29-98

By

City Manager

APPROVED AS TO FORM:

CASEY GWINN, City Attorney

Dated

4/29/98

By

Deputy City Attorney

DWE:jmj

Recording Requested By and
When Recorded Mail to:

Pennzoil Lube Center Acceptance Corp.
c/o Citicorp North America, Inc..
2600 Michelson Drive, Suite 1200
Irvine, California 92612
Attention: Joannie Fu
5540 Lake Murray
La Mesa, CA
San Diego County

(Space above this line for Recorder's Use)
MEMORANDUM OF LEASE

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, The City of San Diego, a municipal corporation (hereinafter "City of San Diego"), fee owner of the property at 5540 Lake Murray Boulevard, La Mesa, CA (hereinafter the "Premises") and La Mesa Commercial Center, a California general partnership, (hereinafter "La Mesa Commercial Center") entered into a written lease dated August 14, 1978 (the "Prime Lease") whereunder and whereby the City of San Diego did lease, rent and demise unto said La Mesa Commercial Center the property described in Exhibit A attached hereto, all of which is hereinafter referred to as the "Premises".

WHEREAS, the City of San Diego, La Mesa Commercial Center and Jiffy Lube International of Maryland, Inc., a Maryland corporation (hereinafter "JLI Maryland") entered into as assignment of lease dated August 3, 1987 whereunder and whereby La Mesa Commercial Center did assign all of its rights, title and interest in the Premises to JLI Maryland.

WHEREAS, the City of San Diego presently leases to JLI Maryland, the Premises TO HAVE AND TO HOLD upon JLI Maryland's paying the Rent and other charges provided for and observing the covenants and conditions set forth in the Lease dated August 14, 1978, for a term of Fifty (50) years.

WHEREAS, JLI Maryland entered into a written Franchisee Lease dated August 31, 1994 (hereinafter the "Franchisee Lease") with AZTEC LUBRICANTS, INC., a California corporation ("Aztec" hereinafter referred to as "Assignor"), for certain real estate and improvements generally known as 5540 Lake Murray Boulevard, La Mesa, CA whereunder and whereby JLI Maryland did lease, rent and demise unto Aztec the Premises.

WHEREAS, Aztec, and RICHARD J. HYNAN (hereinafter "Tenant") entered into that certain Assignment and Assumption Agreement dated March __, 1998, pursuant to which Assignor assigned all of its right, title and interest in the Premises to Richard J. Hynan.

WHEREAS, JLI Maryland presently leases to Richard J. Hynan the Premises TO HAVE AND TO HOLD upon Subsequent Tenant's paying the Rent and other charges provided for and observing the covenants and conditions set forth in the Sublease, for a term of Eleven (11) years, commencing on April 1, 1998 with two (2) additional options to extend the term for a period of five (5) years each for a time equal to the lessor of (i) the term of the Franchise Agreement, or (ii) the term of the Prime Lease.

NOW, THEREFORE, this Memorandum of Lease is executed by the undersigned parties with the intention that the same shall be filed for the record in the Office of the Recorder of Deeds of the County of San Diego, State of California, to give notice of the existence of Tenant's leasehold estate under the Lease in and to the Premises.

This Memorandum of Lease may be executed in two or more counterparts, each of which shall constitute an original, but all of which when taken together shall constitute one and the same Memorandum.

IN WITNESS WHEREOF, the undersigned parties have each caused this Memorandum of Lease to be executed as of the 29th day of April, 1998.

LESSOR

CITY OF SAN DIEGO,
a municipal corporation

By:

Name:

Title:

JEFFY LUBE

JEFFY LUBE INTERNATIONAL,
OF MARYLAND, INC.
a Maryland corporation

By:

Name:

Title:

TENANT:

By:

Richard J. Hynan

Exhibit "A"
Legal Description

That portion of Lot 103 of La Mesa Colony, in the City of La Mesa, in the County of San Diego, State of California, according to Map thereof No. 346, filed in the Office of the County Recorder of San Diego County, described as follows:

Beginning at the point of intersection of the Northwestern line of said Lot 103 with the Northeasterly line of the Southwesterly 233.10 feet of said Lot 103, said Southwesterly 223.10 feet being measured at right angles to the Southwesterly line of said lot; said point also being the most Westerly corner of land described in deed to Horace E. Mc Giboney, et ux, recorded March 27, 1946 as File/Page No. 3331 of Official Records, thence along the Southwesterly line of said Mc Giboney's land South 59°46'41" East 42.41 feet to Point "X"; thence continuing along said Southwesterly line South 59°46'41" East 122.49 feet to a point on the arc of a 949.00 foot radius curve, concave Southeasterly from which a radial line bears South 32°07'17" East; thence Northeasterly along the arc of said curve, through a central angle of 14°47'29" for a distance of 244.98 feet to the Northeasterly line of said Mc Giboney land; thence along said Northeasterly line North 59°46'41" West 133.03 feet along a line which is parallel with and 423.10 feet Northeasterly of the Southwesterly line of said Lot 103, said 423.10 feet being measured at right angles to said Southwesterly line, to a point on the arc of a 1051.00 foot radius curve, concave Southeasterly, from which a radial line bears South 22°13'50" East and the True Point of Beginning; thence Southwesterly along the arc of said curve, through a central angle of 11°58'59" for a distance of 219.81 feet to the beginning of a reverse 25.00 foot radius curve, concave Northerly; thence Westerly along the arc of said curve, through a central angle of 46°45'04" for a distance of 20.40 feet to Point "X" above; thence along the Southwesterly line of said Mc Giboney's land North 59°46'41" West 15.20 feet more or less, to a point on said line distant thereon South 59°46'41" East 27.71 feet from the most Westerly corner of said land, being a point on the arc of a 25.00 foot radius curve, concave Easterly from which a radial line bears North 47°56'23" East; thence Northerly along the arc of said curve, through a central angle of 71°49'56" for a distance of 31.34 feet; thence North 60°13'41" West 10.00 feet to a point on the Northwestern line of said Lot 103; thence along said Northwestern line, North 29°46'19" East 176.46 feet to the Northeasterly line of said Mc Giboney's land, thence along said Northeasterly line South 59°46'41" East to the True Point of Beginning.

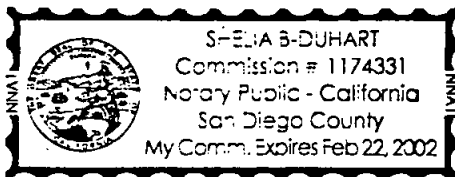
CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California
County of San Diego
On 4-29-98 before me, Shelia B-Duhart
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")
personally appeared Lucille M. Goodman
Name(s) of Signer(s)

☒ personally known to me

☐ proved to me on the basis of satisfactory evidence

to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



WITNESS my hand and official seal.

Shelia B-Duhart
Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

- ☐ Individual
☐ Corporate Officer
Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney-in-Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____

RIGHT THUMBPRINT
OF SIGNER
Top of thumb here

Signer Is Representing: _____

Signer's Name: _____

- ☐ Individual
☐ Corporate Officer
Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney-in-Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____

RIGHT THUMBPRINT
OF SIGNER
Top of thumb here

Signer Is Representing: _____

Recording Requested By and
When Recorded Mail to:

Pennzoil Lube Center Acceptance Corp.
c/o Citicorp North America, Inc..
2600 Michelson Drive, Suite 1200
Irvine, California 92612
Attention: Joannie Fu
5540 Lake Murray
La Mesa, CA
San Diego County

(Space above this line for Recorder's Use)
MEMORANDUM OF LEASE

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, The City of San Diego, a municipal corporation (hereinafter "City of San Diego"), fee owner of the property at 5540 Lake Murray Boulevard, La Mesa, CA (hereinafter the "Premises") and La Mesa Commercial Center, a California general partnership, (hereinafter "La Mesa Commercial Center") entered into a written lease dated August 14, 1978 (the "Prime Lease") whereunder and whereby the City of San Diego did lease, rent and demise unto said La Mesa Commercial Center the property described in Exhibit A attached hereto, all of which is hereinafter referred to as the "Premises".

WHEREAS, the City of San Diego, La Mesa Commercial Center and Jiffy Lube International of Maryland, Inc., a Maryland corporation (hereinafter "JLI Maryland") entered into as assignment of lease dated August 3, 1987 whereunder and whereby La Mesa Commercial Center did assign all of its rights, title and interest in the Premises to JLI Maryland.

WHEREAS, the City of San Diego presently leases to JLI Maryland, the Premises TO HAVE AND TO HOLD upon JLI Maryland's paying the Rent and other charges provided for and observing the covenants and conditions set forth in the Lease dated August 14, 1978, for a term of Fifty (50) years.

WHEREAS, JLI Maryland entered into a written Franchisee Lease dated August 31, 1994 (hereinafter the "Franchisee Lease") with AZTEC LUBRICANTS, INC., a California corporation ("Aztec" hereinafter referred to as "Assignor"), for certain real estate and improvements generally known as 5540 Lake Murray Boulevard, La Mesa, CA whereunder and whereby JLI Maryland did lease, rent and demise unto Aztec the Premises.

WHEREAS, Aztec, and RICHARD J. HYNAN (hereinafter "Tenant") entered into that certain Assignment and Assumption Agreement dated March ___, 1998, pursuant to which Assignor assigned all of its right, title and interest in the Premises to Richard J. Hynan.

WHEREAS, JLI Maryland presently leases to Richard J. Hynan the Premises TO HAVE AND TO HOLD upon Subsequent Tenant's paying the Rent and other charges provided for and observing the covenants and conditions set forth in the Sublease, for a term of Eleven (11) years, commencing on April 1, 1998 with two (2) additional options to extend the term for a period of five (5) years each for a time equal to the lessor of (i) the term of the Franchise Agreement, or (ii) the term of the Prime Lease.

NOW, THEREFORE, this Memorandum of Lease is executed by the undersigned parties with the intention that the same shall be filed for the record in the Office of the Recorder of Deeds of the County of San Diego, State of California, to give notice of the existence of Tenant's leasehold estate under the Lease in and to the Premises.

This Memorandum of Lease may be executed in two or more counterparts, each of which shall constitute an original, but all of which when taken together shall constitute one and the same Memorandum.

2

IN WITNESS WHEREOF, the undersigned parties have each caused this Memorandum of Lease to be executed as of the 29th day of April, 1998.

LESSOR

CITY OF SAN DIEGO,
a municipal corporation

By:

Name:

Title:

JEFFY LUBE

JEFFY LUBE INTERNATIONAL,
OF MARYLAND, INC.
a Maryland corporation

By:

Name:

Title:

TENANT:

By:

Richard J. Hynan

Exhibit "A"
Legal Description

That portion of Lot 103 of La Mesa Colony, in the City of La Mesa, in the County of San Diego, State of California, according to Map thereof No. 346, filed in the Office of the County Recorder of San Diego County, described as follows:

Beginning at the point of intersection of the Northwestern line of said Lot 103 with the Northeasterly line of the Southwesterly 233.10 feet of said Lot 103, said Southwesterly 223.10 feet being measured at right angles to the Southwesterly line of said lot; said point also being the most Westerly corner of land described in deed to Horace E. Mc Giboney, et ux, recorded March 27, 1946 as File/Page No. 3331 of Official Records, thence along the Southwesterly line of said Mc Giboney's land South 59°46'41" East 42.41 feet to Point "X"; thence continuing along said Southwesterly line South 59°46'41" East 122.49 feet to a point on the arc of a 949.00 foot radius curve, concave Southeasterly from which a radial line bears South 32°07'17" East; thence Northeasterly along the arc of said curve, through a central angle of 14°47'29" for a distance of 244.98 feet to the Northeasterly line of said Mc Giboney land; thence along said Northeasterly line North 59°46'41" West 133.03 feet along a line which is parallel with and 423.10 feet Northeasterly of the Southwesterly line of said Lot 103, said 423.10 feet being measured at right angles to said Southwesterly line, to a point on the arc of a 1051.00 foot radius curve, concave Southeasterly, from which a radial line bears South 22°13'50" East and the True Point of Beginning; thence Southwesterly along the arc of said curve, through a central angle of 11°58'59" for a distance of 219.81 feet to the beginning of a reverse 25.00 foot radius curve, concave Northerly; thence Westerly along the arc of said curve, through a central angle of 46°45'04" for a distance of 20.40 feet to Point "X" above; thence along the Southwesterly line of said Mc Giboney's land North 59°46'41" West 15.20 feet more or less, to a point on said line distant thereon South 59°46'41" East 27.71 feet from the most Westerly corner of said land, being a point on the arc of a 25.00 foot radius curve, concave Easterly from which a radial line bears North 47°56'23" East; thence Northerly along the arc of said curve, through a central angle of 71°49'56" for a distance of 31.34 feet; thence North 60°13'41" West 10.00 feet to a point on the Northwestern line of said Lot 103; thence along said Northwestern line, North 29°46'19" East 176.46 feet to the Northeasterly line of said Mc Giboney's land, thence along said Northeasterly line South 59°46'41" East to the True Point of Beginning.

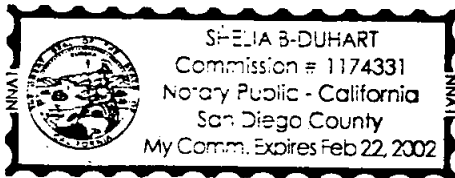
CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California
County of San Diego
On 4-29-98 before me, Shelia B-Duhart
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")
personally appeared Lucille M. Goodman
Name(s) of Signer(s)

☒ personally known to me

☐ proved to me on the basis of satisfactory evidence

to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



WITNESS my hand and official seal.

Shelia B-Duhart
Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

- ☐ Individual
☐ Corporate Officer
Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney-in-Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____

Signer Is Representing: _____

RIGHT THUMBPRINT
OF SIGNER
Top of thumb here

Signer's Name: _____

- ☐ Individual
☐ Corporate Officer
Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney-in-Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____

Signer Is Representing: _____

RIGHT THUMBPRINT
OF SIGNER
Top of thumb here

Recording Requested By and
When Recorded Mail to:

Pennzoil Lube Center Acceptance Corp.
c/o Citicorp North America, Inc..
2600 Michelson Drive, Suite 1200
Irvine, California 92612
Attention: Joannie Fu
5540 Lake Murray
La Mesa, CA
San Diego County

(Space above this line for Recorder's Use)
MEMORANDUM OF LEASE

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, The City of San Diego, a municipal corporation (hereinafter "City of San Diego"), fee owner of the property at 5540 Lake Murray Boulevard, La Mesa, CA (hereinafter the "Premises") and La Mesa Commercial Center, a California general partnership, (hereinafter "La Mesa Commercial Center") entered into a written lease dated August 14, 1978 (the "Prime Lease") whereunder and whereby the City of San Diego did lease, rent and demise unto said La Mesa Commercial Center the property described in Exhibit A attached hereto, all of which is hereinafter referred to as the "Premises".

WHEREAS, the City of San Diego, La Mesa Commercial Center and Jiffy Lube International of Maryland, Inc., a Maryland corporation (hereinafter "JLI Maryland") entered into as assignment of lease dated August 3, 1987 whereunder and whereby La Mesa Commercial Center did assign all of its rights, title and interest in the Premises to JLI Maryland.

WHEREAS, the City of San Diego presently leases to JLI Maryland, the Premises TO HAVE AND TO HOLD upon JLI Maryland's paying the Rent and other charges provided for and observing the covenants and conditions set forth in the Lease dated August 14, 1978, for a term of Fifty (50) years.

WHEREAS, JLI Maryland entered into a written Franchisee Lease dated August 31, 1994 (hereinafter the "Franchisee Lease") with AZTEC LUBRICANTS, INC., a California corporation ("Aztec" hereinafter referred to as "Assignor"), for certain real estate and improvements generally known as 5540 Lake Murray Boulevard, La Mesa, CA whereunder and whereby JLI Maryland did lease, rent and demise unto Aztec the Premises.

IN WITNESS WHEREOF, the undersigned parties have each caused this Memorandum of Lease to be executed as of the 29th day of April, 1998.

LESSOR

CITY OF SAN DIEGO,
a municipal corporation

By: Loisille M. Goodman
Name: Loisille M. Goodman
Title: Deputy Assistant City Manager

JIFFY LUBE

JIFFY LUBE INTERNATIONAL,
OF MARYLAND, INC.
a Maryland corporation

By: _____
Name: _____
Title: _____

TENANT:

By: _____
Richard J. Hynan

IN WITNESS WHEREOF, the undersigned parties have each caused this Memorandum of Lease to be executed as of the 24th day of April, 1998.

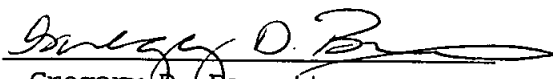
LESSOR

CITY OF SAN DIEGO,
a municipal corporation

By: _____
Name: _____
Title: _____

JIFFY LUBE

JIFFY LUBE INTERNATIONAL,
OF MARYLAND, INC.
a Maryland corporation

By: 
Name: Gregory D. Bassett
Title: Vice President

TENANT:

By: _____
Richard J. Hynan

IN WITNESS WHEREOF, the undersigned parties have each caused this Memorandum of Lease to be executed as of the 24th day of April, 1998.

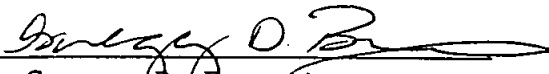
LESSOR

CITY OF SAN DIEGO,
a municipal corporation

By: _____
Name: _____
Title: _____

JIFFY LUBE

JIFFY LUBE INTERNATIONAL,
OF MARYLAND, INC.
a Maryland corporation

By: 
Name: Gregory D. Bassett
Title: Vice President

TENANT:

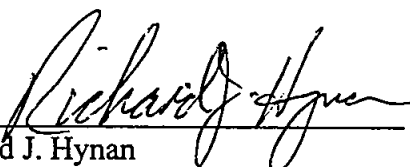
By: 
Richard J. Hynan

Exhibit "A"
Legal Description

That portion of Lot 103 of La Mesa Colony, in the City of La Mesa, in the County of San Diego, State of California, according to Map thereof No. 346, filed in the Office of the County Recorder of San Diego County, described as follows:

Beginning at the point of intersection of the Northwestern line of said Lot 103 with the Northeasterly line of the Southwesterly 233.10 feet of said Lot 103, said Southwesterly 223.10 feet being measured at right angles to the Southwesterly line of said lot; said point also being the most Westerly corner of land described in deed to Horace E. Mc Giboney, et ux, recorded March 27, 1946 as File/Page No. 3331 of Official Records, thence along the Southwesterly line of said Mc Giboney's land South 59°46'41" East 42.41 feet to Point "X"; thence continuing along said Southwesterly line South 59°46'41" East 122.49 feet to a point on the arc of a 949.00 foot radius curve, concave Southeasterly from which a radial line bears South 32°07'17" East; thence Northeasterly along the arc of said curve, through a central angle of 14°47'29" for a distance of 244.98 feet to the Northeasterly line of said Mc Giboney land; thence along said Northeasterly line North 59°46'41" West 133.03 feet along a line which is parallel with and 423.10 feet Northeasterly of the Southwesterly line of said Lot 103, said 423.10 feet being measured at right angles to said Southwesterly line, to a point on the arc of a 1051.00 foot radius curve, concave Southeasterly, from which a radial line bears South 22°13'50" East and the True Point of Beginning; thence Southwesterly along the arc of said curve, through a central angle of 11°58'59" for a distance of 219.81 feet to the beginning of a reverse 25.00 foot radius curve, concave Northerly; thence Westerly along the arc of said curve, through a central angle of 46°45'04" for a distance of 20.40 feet to Point "X" above; thence along the Southwesterly line of said Mc Giboney's land North 59°46'41" West 15.20 feet more or less, to a point on said line distant thereon South 59°46'41" East 27.71 feet from the most Westerly corner of said land, being a point on the arc of a 25.00 foot radius curve, concave Easterly from which a radial line bears North 47°56'23" East; thence Northerly along the arc of said curve, through a central angle of 71°49'56" for a distance of 31.34 feet; thence North 60°13'41" West 10.00 feet to a point on the Northwestern line of said Lot 103; thence along said Northwestern line, North 29°46'19" East 176.46 feet to the Northeasterly line of said Mc Giboney's land, thence along said Northeasterly line South 59°46'41" East to the True Point of Beginning.

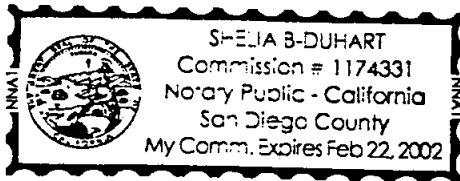
CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California
County of San Diego
On 4-29-98 before me, Shelia B-Duhart
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")
personally appeared Lucille M. Goodman
Name(s) of Signer(s)

☒ personally known to me

☐ proved to me on the basis of satisfactory evidence

to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



WITNESS my hand and official seal.

Shelia B-Duhart
Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

- ☐ Individual
☐ Corporate Officer
Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney-in-Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____

Signer Is Representing: _____

RIGHT THUMBPRINT
OF SIGNER
Top of thumb here

Signer's Name: _____

- ☐ Individual
☐ Corporate Officer
Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney-in-Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____

Signer Is Representing: _____

RIGHT THUMBPRINT
OF SIGNER
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CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

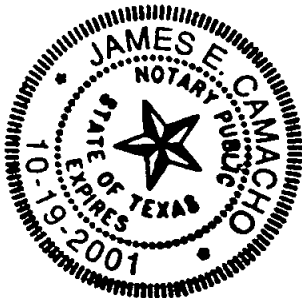
State of TEXAS

County of HARRIS

On April 24, 1998 before me, James E. Camacho, Notary Public
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")

personally appeared Gregory D. Bassett
Name(s) of Signer(s)

- ☒ personally known to me
☐ proved to me on the basis of satisfactory evidence



to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

James E. Camacho
Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

- ☐ Individual
☐ Corporate Officer
Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney-in-Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____

RIGHT THUMBPRINT
OF SIGNER
Top of thumb here

Signer Is Representing:

Signer's Name: _____

- ☐ Individual
☐ Corporate Officer
Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney-in-Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____

RIGHT THUMBPRINT
OF SIGNER
Top of thumb here

Signer Is Representing:

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of CALIFORNIA

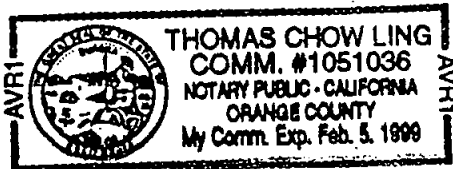
County of ORANGE

On 4-28-98 before me, THOMAS CHOW LING
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")

personally appeared RICHARD J. HYMAN
Name(s) of Signer(s)

- ☒ personally known to me
☐ proved to me on the basis of satisfactory evidence

to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.



WITNESS my hand and official seal.

Thomas Chow Ling
Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: MEMORANDUM OF LEASE

Document Date: 4-28-98 Number of Pages: 3

Signer(s) Other Than Named Above: NONE

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

- ☐ Individual
☐ Corporate Officer
 Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney-in-Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____

**RIGHT THUMBPRINT
OF SIGNER**
 Top of thumb here

Signer Is Representing:

Signer's Name: _____

- ☐ Individual
☐ Corporate Officer
 Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney-in-Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____

**RIGHT THUMBPRINT
OF SIGNER**
 Top of thumb here

Signer Is Representing:

LANDLORD'S CONSENT

Recording Requested By and
When Recorded Mail to:

CITICORP NORTH AMERICA, INC.,
as Investor Agent for Pennzoil Lube Center Acceptance Corporation
2600 Michelson Drive, Suite 1200
Irvine, California 92612
Attention: Joannie Fu
5540 Lake Murray Blvd.
La Mesa, CA
San Diego County
(Prime Lease)

(Space above this line for Recorder's Use)

LANDLORD'S CONSENT

This Landlord's Consent ("Agreement") dated April 2, 1998 is made by the undersigned, the CITY OF SAN DIEGO, a municipal corporation ("Landlord"), JIFFY LUBE INTERNATIONAL OF MARYLAND, INC., a Maryland corporation ("JLI Maryland") and RICHARD HYNAN in favor of PENNZOIL LUBE CENTER ACCEPTANCE CORPORATION, a Nevada corporation ("Lender").

RECITALS

WHEREAS, Landlord is the fee owner of the certain real property commonly known as 5540 Lake Murray Boulevard, La Mesa, CA, legally described in Exhibit "A" attached hereto, (hereinafter the "Premises").

WHEREAS, Landlord and LA MESA COMMERCIAL CENTER, a California general partnership, (hereinafter "LA MESA COMMERCIAL CENTER") entered into a written lease of the Premises dated August 14, 1978 (hereinafter, "First Lease") whereunder and whereby Landlord did lease, rent and demise the Premises unto LA MESA COMMERCIAL CENTER.

WHEREAS, Landlord and LA MESA COMMERCIAL CENTER, a California general partnership and JLI Maryland entered into an Assignment of Lease dated August 3, 1987 whereunder and whereby LA MESA COMMERCIAL CENTER did assign all of its right, title and interest in and to the First Lease and the Premises to JLI MARYLAND.

SENT BY E-MAIL 4-20-98 1:40PM CRE ORANGE COUNTY 713 546 3656: # 27 2

WIIEREAS, JLI Maryland, as landlord, and AZTEC LUBRICANTS, INC., (hereinafter "Aztec" referred to as "Assignor") entered into a Franchise Lease (hereinafter "Franchise Lease") dated August 31, 1994 whereunder and whereby JLI MARYLAND did lease, rent and demise unto Aztec the Premises.

WHEREAS, Aztec and RICHARD HYNAN, (hereinafter referred to as "Tenant") entered into an Assignment of Lease dated April _____, 1998 whereunder and whereby Aztec did assign all of its right, title and interest in and to the Premises to RICHARD J. HYNAN

WHEREAS, Tenant has entered into financing arrangements with Lender and, as a condition to Lender's loan to Tenant, Lender requires liens on all of Tenant's property including, without limitation, trade fixtures, equipment, inventory and operating licenses and permits now or at any time hereafter located on or used in connection with the Premises (collectively, the "Collateral").

NOW, THEREFORE, in order to induce Lender to make such loan and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each of the aforementioned parties, for itself and itself only, agrees as follows:

1. Landlord and JLI MARYLAND each individually represents that (i) he or it holds and interest in the Premises as set forth above, (ii) he or its interest in the Premises is in full force and effect and has not been amended, supplemented or modified except as set forth above, and (iii) to the best of his or its knowledge, there are currently no defaults under any agreements to which he or it is a party.
2. Landlord and JLI MARYLAND each individually consents to the execution and performance by Tenant of a mortgage or deed of trust in favor of Lender of Tenant's interest in the Franchise Lease and acknowledges Lender's security agreement in favor of Lender on the other Collateral (collectively, the "Security Documents"), and agrees that the execution and performance of the Security Documents by Tenant and Lender will not constitute a breach of, or default under any of the agreements mentioned in the Recitals above (hereinafter the "Agreements") to which he or it is a party.
3. Landlord and JLI MARYLAND each individually represents that he or it will not assert against any of the Collateral any statutory, consensual or other liens, all of which he or it hereby waives.
4. Landlord and JLI MARYLAND each individually agrees that none of the Collateral located on the Premises, notwithstanding the manner in which any of the Collateral may be affixed to the Premises, shall be deemed to be fixtures or constitute part of the Premises.
5. Landlord and JLI MARYLAND each individually agrees to notify Lender in writing upon the occurrence of any default under any of the aforementioned Agreements to which he or it is a party, and grants Lender the right to cure such default within the same number of days after such notice that the Tenant or assignee with respect to such Agreement has to cure such default under

he applicable Agreement, before the lessor, sublessor or assignor exercises any of his or its remedies under the applicable Agreement. If the applicable Agreement provides no cure period or the default by its nature cannot be cured, Landlord and JLI MARYLAND each and individually agrees not to terminate the applicable Agreement until thirty 30 days after Lender's receipt of such notice, so long as agreeing party continues to receive rent and other amounts due under the applicable Agreement.

6. If Tenant defaults on its obligations to Lender and as a result Lender undertakes to enforce its security interest in the Collateral, Landlord and the Jiffy Lube Entities each individually will permit Lender and its agents to enter upon and remain on the Premises to remove or otherwise dispose of the Collateral, provided (i) JLI MARYLAND receives when due the rental and other amounts due under the Sublease for the period of time Lender uses the Premises and (ii) any damages to the Premises caused by removal of the Collateral are repaired.

7. If the Lease or Franchise Lease shall terminate as a result of the rejection of same in a bankruptcy proceeding, the lessor or sublessor party pursuant to said Lease or Franchise Lease, as applicable, shall give Lender prompt written notice thereof and upon request by Lender, shall enter into a new lease of the Premises with Lender, or its designee, which new lease shall be effective as of the date of termination of the Franchise Lease and shall be on substantially the same terms and conditions as the Franchise Lease.

8. Landlord and JLI MARYLAND each individually agrees that Lender or Tenant may assign or sublet the Premises to any entity with the consent of JLI MARYLAND (if such consent is required under the Franchise), will not be unreasonably conditioned, withheld or delayed. Landlord and JLI MARYLAND each individually acknowledges and agrees that the Premises may be closed for the period of time necessary to make alterations to or otherwise adapt the Premises to its intended use.

9. Any notice(s) required or desired to be given hereunder to Lender shall be directed to CITICORP NORTH AMERICA, INC., as Agent for Lender at 2600 Michelson Drive, Suite 1200, Irvine, California 92612, to the attention of Paul Schmidhauser, Counsel, and shall be sent by a regularly scheduled overnight delivery carrier with delivery fees prepaid.

10. The agreements contained herein may not be modified or terminated orally and shall be binding upon Landlord and the JLI MARYLAND each individually and each of its successors and assigns and shall inure to the benefit of Lender and its successors and assigns.

11. The agreements contained herein shall continue in full force and effect until Tenants' obligations and liabilities are paid and satisfied in full and all financing arrangements between Lender and Tenant have been terminated.

12. THIS AGREEMENT SHALL NOT IMPAIR OR OTHERWISE AFFECT TENANT'S OBLIGATIONS TO PAY RENT AND ANY OTHER SUMS PAYABLE BY TENANT PURSUANT TO THE TERMS OF THE FRANCHISE LEASE.

This Agreement may be executed in any number of counterparts, and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts taken together shall constitute but one and the same instrument.

Executed and delivered as of the 29th day of April, 1998, at San Diego,
_____.

LANDLORD:

CITY OF SAN DIEGO,
a municipal corporation

By: Lucille M. Goodman
Name: Lucille M. Goodman
Title: Superior Asset Marketing

TENANT:

RICHARD HYNAN

BY: Richard Hynan
Richard Hynan

IFFY LUBE INTERNATIONAL OF
MARYLAND, INC.
a Maryland corporation

By: _____
Name: _____
Title: _____

Approved as to form and legality

this 28th day of April, 1998
CASEY GWINN, City Attorney

By: Casey Gwin
Deputy City Attorney

Address:
700 Milam Street
Houston, TX 77002
Attention Vice President - Legal
Telecopies: 713/546-6405

This Agreement may be executed in any number of counterparts, and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts taken together shall constitute but one and the same instrument.

Executed and delivered as of the 24th day of April, 1998, at Houston,
Texas.

LANDLORD:

CITY OF SAN DIEGO,
a municipal corporation

By: _____
Name: _____
Title: _____

TENANT:

RICHARD HYNAN

BY: Richard Hynan
Richard Hynan

JIFFY LUBE INTERNATIONAL OF
MARYLAND, INC.
a Maryland corporation

By: Gregory D. Bassett
Name: Gregory D. Bassett
Title: Vice President

Address:
700 Milam Street
Houston, TX 77002
Attention Vice President - Legal
Telecopies: 713/546-6405

This Agreement may be executed in any number of counterparts, and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts taken together shall constitute but one and the same instrument.

Executed and delivered as of the 24th day of April, 1998, at Houston,
Texas.

LANDLORD:

TENANT:

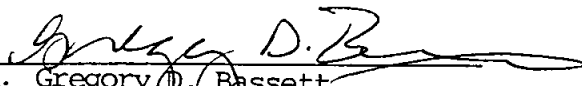
CITY OF SAN DIEGO,
a municipal corporation

RICHARD HYNAN

By: _____
Name: _____
Title: _____

BY: _____
Richard Hynan

JIFFY LUBE INTERNATIONAL OF
MARYLAND, INC.
a Maryland corporation

By: 
Name: Gregory D. Bassett
Title: Vice President

Address:
700 Milam Street
Houston, TX 77002
Attention Vice President - Legal
Telecopies: 713/546-6405

SCHEDULE A
DESCRIPTION OF PREMISES

That portion of Lot 103 of La Mesa Colony, in the City of La Mesa, in the County of San Diego, State of California, according to Map thereof No. 346, filed in the Office of the County Recorder of San Diego County, described as follows:

Beginning at the point of intersection of the Northwestern line of said Lot 103 with the Northeasterly line of the Southwesterly 233.10 feet of said Lot 103, said Southwesterly 223.10 feet being measured at right angles to the Southwesterly line of said lot; said point also being the most Westerly corner of land described in deed to Horace E. Mc Giboney, et ux, recorded March 27, 1946 as File/Page No. 3331 of Official Records, thence along the Southwesterly line of said Mc Giboney's land South 59°46'41" East 42.41 feet to Point "X"; thence continuing along said Southwesterly line South 59°46'41" East 122.49 feet to a point on the arc of a 949.00 foot radius curve, concave Southeasterly from which a radial line bears South 32°07'17" East; thence Northeasterly along the arc of said curve, through a central angle of 14°47'29" for a distance of 244.98 feet to the Northeasterly line of said Mc Giboney land; thence along said Northeasterly line North 59°46'41" West 133.03 feet along a line which is parallel with and 423.10 feet Northeasterly of the Southwesterly line of said Lot 103, said 423.10 feet being measured at right angles to said Southwesterly line, to a point on the arc of a 1051.00 foot radius curve, concave Southeasterly, from which a radial line bears South 22°13'50" East and the True Point of Beginning; thence Southwesterly along the arc of said curve, through a central angle of 11°58'59" for a distance of 219.81 feet to the beginning of a reverse 25.00 foot radius curve, concave Northerly; thence Westerly along the arc of said curve, through a central angle of 46°45'04" for a distance of 20.40 feet to Point "X" above; thence along the Southwesterly line of said Mc Giboney's land North 59°46'41" West 15.20 feet more or less, to a point on said line distant thereon South 59°46'41" East 27.71 feet from the most Westerly corner of said land, being a point on the arc of a 25.00 foot radius curve, concave Easterly from which a radial line bears North 47°56'23" East; thence Northerly along the arc of said curve, through a central angle of 71°49'56" for a distance of 31.34 feet; thence North 60°13'41" West 10.00 feet to a point on the Northwestern line of said Lot 103; thence along said Northwestern line, North 29°46'19" East 176.46 feet to the Northeasterly line of said Mc Giboney's land, thence along said Northeasterly line South 59°46'41" East to the True Point of Beginning.

Common Address: 5540 Lake Murray Blvd., La Mesa, CA

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of TEXAS

County of HARRIS

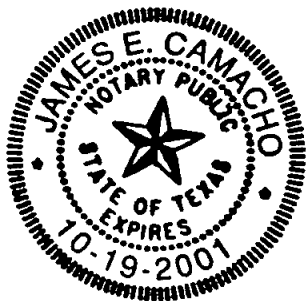
On April 24, 1998 before me, James E. Camacho, Notary Public,
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")

personally appeared Gregory P. Bassett
Name(s) of Signer(s)

- ☒ personally known to me
☐ proved to me on the basis of satisfactory evidence

to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.



James E. Camacho
Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

- ☐ Individual
☐ Corporate Officer
Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney-in-Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____

Signer Is Representing: _____

RIGHT THUMBPRINT
OF SIGNER
Top of thumb here

Signer's Name: _____

- ☐ Individual
☐ Corporate Officer
Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney-in-Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____

Signer Is Representing: _____

RIGHT THUMBPRINT
OF SIGNER
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CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of CALIFORNIA

County of ORANGE

On 4-28-98 before me, THOMAS CHOW LING

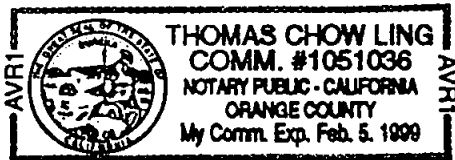
Date

Name and Title of Officer (e.g., "Jane Doe, Notary Public")

personally appeared RICHARD S. HYNAN

Name(s) of Signer(s)

- ☒ personally known to me
☐ proved to me on the basis of satisfactory evidence



to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

[Signature]
Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: LANDLORDS CONSENT

Document Date: 4-28-98 Number of Pages: 5

Signer(s) Other Than Named Above: NONE

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

- ☐ Individual
☐ Corporate Officer
Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney-in-Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____

Signer Is Representing:

RIGHT THUMBPRINT
OF SIGNER
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Signer's Name: _____

- ☐ Individual
☐ Corporate Officer
Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney-in-Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____

Signer Is Representing:

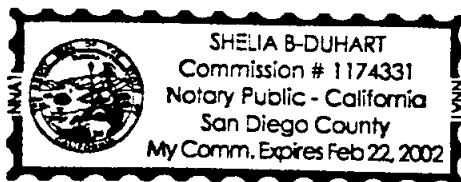
RIGHT THUMBPRINT
OF SIGNER
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CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California
 County of San Diego
 On 4-29-98 before me, Shelia B. Duhart
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")
 personally appeared Lyville M. Goodman
Name(s) of Signer(s)

☒ personally known to me
☐ proved to me on the basis of satisfactory evidence

to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



WITNESS my hand and official seal.

Shelia B. Duhart
Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

- ☐ Individual
- ☐ Corporate Officer
 Title(s): _____
- ☐ Partner — ☐ Limited ☐ General
- ☐ Attorney-in-Fact
- ☐ Trustee
- ☐ Guardian or Conservator
- ☐ Other: _____

RIGHT THUMBPRINT
 OF SIGNER
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Signer Is Representing: _____

Signer's Name: _____

- ☐ Individual
- ☐ Corporate Officer
 Title(s): _____
- ☐ Partner — ☐ Limited ☐ General
- ☐ Attorney-in-Fact
- ☐ Trustee
- ☐ Guardian or Conservator
- ☐ Other: _____

RIGHT THUMBPRINT
 OF SIGNER
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Signer Is Representing: _____

ASSIGNMENT AND ASSUMPTION AGREEMENT

This Assignment and Assumption Agreement made this ____ day of March, 1998 by and between **AZTEC LUBRICANTS INC.**, a California Corporation, **ROBERT J. MEHALL AND KATHLEEN T. MEHALL**, (hereinafter referred to jointly and severally as "Assignor"), **RICHARD HYNAN**, an individual, (hereinafter referred to as "Assignee") and **JIFFY LUBE INTERNATIONAL OF MARYLAND, INC.**, a Maryland corporation (hereinafter referred to as "Landlord").

Whereas, Assignor entered into a Sublease with Landlord, dated August 31, 1994 (hereinafter collectively referred to as the "Lease") for certain real estate and improvements known as **5540 Lake Murray, La Mesa, CA** and more particularly described therein.

Whereas, Assignor desires to assign all of its rights, title and interest in said Sublease to Assignee;

Whereas, Assignee desires to accept such assignment in accordance with the terms of this Agreement; and

Now, therefore, in consideration of the mutual promises contained herein, other good and valuable consideration passing between the parties, the receipt and sufficiency of which is hereby acknowledged, the parties hereto, intending to be legally bound, covenant and agree as follows:

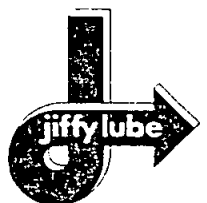
1. Assignor hereby assigns to Assignee all of Assignor's right, title and interest to the Sublease, which is attached hereto as Exhibit B and made a part hereof.

2. Assignee hereby accepts the assignment of said Sublease and agrees to abide by all of the terms and conditions of said Sublease, binding upon the Lessee.

3. Landlord joins herein to consent to the covenants and agreements contained herein.

4. The parties hereto acknowledge that Landlord's consent to this Assignment is not an approval of any subsequent assignments of the Sublease or subletting of the Leased Premises by Assignee.

IN WITNESS WHEREOF, the parties have set their hands and seals as of the date first above mentioned.



WITNESS:

WITNESS:

WITNESS:

831ASSUM3/17/98

ASSIGNOR:
AZTEC LUBRICANTS, INC.

By: _____
Robert J. Mehall

ROBERT J. MEHALL

By: _____
Robert J. Mehall

KATHLEEN T. MEHALL

By: _____
Kathleen T. Mehall

ASSIGNEE:
RICHARD HYNAN

By: _____

LANDLORD:
JIFFY LUBE INTERNATIONAL
OF MARYLAND

By: _____
Gregory D. Bassett

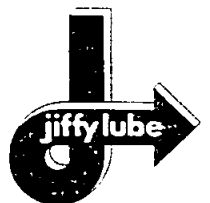


EXHIBIT B

STORE 831

FRANCHISEE LEASE

THIS LEASE made and entered into this 31st day of ~~March~~ ^{August}, 1994 by and between JIFFY LUBE INTERNATIONAL OF MARYLAND INC., a Maryland corporation with offices at 700 Milam Street, Houston, Texas 77002 (hereinafter called "Landlord") and AZTEC LUBRICANTS, INC., a California corporation, with offices at 5540 Lake Murray Blvd., La Mesa, California (hereinafter called "Tenant").

WITNESSETH:

In consideration of the covenants and promises contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, it is agreed by the parties hereto as follows:

1. PREMISES:

(a) Landlord hereby leases to Tenant and Tenant hereby leases from Landlord all that property generally described as 5540 Lake Murray, and lying and being situated in the City, Borough or Township of La Mesa, State of California, more particularly described on Exhibit "A" attached hereto, together with the buildings and improvements thereon or to be erected (hereinafter collectively referred to as the "Premises"), for the term and upon the conditions hereinafter set forth.

(b) On or about the date of this Lease, Tenant has entered a Franchise Agreement (the "Franchise Agreement") with Jiffy Lube International, Inc., pursuant to which the Tenant is authorized to operate a Jiffy Lube Service Center at the Premises. In the event of any conflict between the terms of this Lease and the terms of the Franchise Agreement, the Franchise Agreement shall control.

2. LANDLORD'S IMPROVEMENTS:

Intentionally deleted.

3. ACCEPTANCE OF THE IMPROVEMENTS:

By Tenant's occupation of the Premises and opening for business thereon, Tenant has accepted the Improvements.

4. TERM; COMMENCEMENT OF TERM; OBLIGATIONS PRIOR TO COMMENCEMENT OF TERM

Term and Commencement: The term of this lease shall commence upon September 1, 1994, and shall expire fifteen (15) years thereafter or on the earlier termination of the Franchise Agreement or the Prime Lease, if any (the "Original Term").

Provided Tenant is not then in default under this Lease (and this Lease is otherwise in full force and effect) or under any Franchise Agreement or Area Development Agreement with Jiffy Lube International, Inc., then Tenant shall have the option to extend the term of this Lease for two (2) additional five (5) year periods (the "Additional Term") on the same terms and conditions as set forth in this Lease. The Additional Term shall be for a period of time equal to the lesser of (i) the term of the Franchise Agreement; or (ii) the term of the Prime Lease, if any. If Tenant elects to extend the term of this Lease, the Tenant shall give to Landlord notice of Tenant's intention not less than six (6) months prior to the end of the Original Term of this Lease.

Unless otherwise indicated, all references herein to the "term of this Lease" include both the Original Term and the Additional Term.

5. RENT:

(a) Tenant shall pay as Rent hereunder an annual Minimum Rent equal to Eighty Four Thousand and No/100 Dollars, payable in equal monthly installments of \$7,000.00.

(b) Minimum Rent Adjustment

The monthly Minimum Rent and annual Minimum Rent shall each be increased by nine percent (9%) on the third (3rd) anniversary of the Commencement Date and thereafter on each succeeding third (3rd) anniversary of the Commencement Date through the term of this Lease.

For the purpose of this Lease, the term "Lease Year" shall mean twelve month period commencing upon the date of the commencement of the term of this Lease and each succeeding twelve month period.

(c) Accord and Satisfaction: No payment by Tenant or receipt by Landlord of a lesser amount than the rent herein stipulated shall be deemed to be other than on account of the earliest rent then due, nor shall any endorsement or statement on any check or any letter accompanying any check or payment as rent be deemed an accord and satisfaction. Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such rent or pursue any other remedy provided for in this Lease, or at law.

(d) Late Charges: In the event Tenant fails to pay any portion of the Minimum Rent or percentage Rent (including any additional rental due hereunder) on the date due, or within five (5) days thereafter, a late charge of two (2%) percent (or the highest rate permitted by law) per month of the delinquent rental shall be added to said rental and paid to Landlord together therewith.

(e) Net Rental; No Abatement of Rent: The rental due Landlord under this Lease is a net rent. The net rent shall be absolutely net to the Landlord, so that the Lease shall yield net to Landlord the specified net rental in each month and year during the term of this Lease, and each and every item of expense of every kind and nature whatsoever for the payment of which Landlord is, shall or may become liable by reasons of its estate or interest in the Premises or any rights or interest of Landlord in or under this Lease (except for any federal or state income taxes payable by Landlord and payments of indebtedness secured by liens on the Premises), or by

reason of or in any manner connected with or arising from the ownership, leasing, or building, or use of the Premises or any building or improvements thereon, shall be borne by Tenant.

(f) Security Deposit: Tenant has paid to Landlord \$5,000.00 to be held by Landlord as security for performance by Tenant of all obligations imposed on Tenant hereunder. If Tenant shall perform all such obligations, said sum shall be refunded to Tenant at the termination of this Lease, without interest. If Tenant shall default in any such obligation, Landlord, in addition to any other remedies it may have, shall be entitled to apply such sum toward Landlord's damages.

6. PAYMENT OF TAXES, FEES, ASSESSMENTS AND UTILITIES:

(a) Payment of Taxes, Fees and Assessments: Tenant shall pay, prior to delinquency, pursuant to bills procured and timely submitted to Tenant by Landlord, or sent directly to Tenant by any federal, state or municipal governmental authority, all property taxes, Franchise fees, permits and assessments levied or imposed against the Premises or measured by the rent payable hereunder from and after Tenant's acceptance of the Improvements or occupancy of the Premises, whichever shall occur first, and any such taxes, fees, permits and assessments shall be prorated, where applicable, between Landlord and Tenant to reflect the effective date of the commencement of this obligation by Tenant. Tenant will exhibit receipts evidencing payment of any such taxes, fees or assessments to Landlord promptly upon payment thereof. Tenant may, at its expense, contest any such taxes, fees and assessment, in the name of Landlord if necessary. In such event, however, Tenant shall indemnify Landlord against any costs, penalties or attorneys' fees incurred by or asserted against Landlord by virtue thereof. If Tenant fails to pay any taxes, fees or assessments when due, Landlord may pay the same under the provisions of Paragraph 23.

(b) Payment of Utilities: Tenant shall pay for all water, gas, sewer, electric and all other utilities serving the Premises.

7. AUTHORIZED USES:

Tenant shall use the Premises for the following purposes, and for no other purposes whatsoever, without the prior written consent of Landlord: those purposes expressly authorized by the Franchise Agreement between Jiffy Lube International, Inc., and Tenant, pertaining to the Jiffy Lube Service Center at the Premises.

8. COMPLIANCE WITH LAWS, LICENSES AND PERMITS:

(a) Compliance with Laws: Tenant shall not use, or permit any person to use, the Premises or any part thereof for any use or purpose in violation of federal, state or local law, including, but not limited to, present and future ordinances or other regulations of any municipality in which the Premises are situated, and Tenant agrees, if, during the term of this Lease new laws and regulations be imposed, Tenant will, at the sole cost and expense of Tenant, make alterations or improvements in or to the Premises which may be required by any federal, state or local law, or by any municipal ordinance, or regulation applicable thereto. Tenant shall also comply with all orders, directives, rules and regulations of all governmental bodies, bureaus and offices having jurisdiction over Tenant or the Premises. Landlord makes no warranties or representations as to the state of such ordinances, rules and regulations, and Tenant

acknowledges that he has independently investigated same and represents that he will comply therewith.

(b) Franchises and Permits: Tenant shall procure and maintain at Tenant's own expense and responsibility all Franchises, permits or inspection certificates required by any governmental authority respecting Tenant's use of the Premises or the operation of Tenant's business thereon. Tenant may contest any such law, ordinance or regulation, and if required, may join Landlord's name in any such contest. In such event, however, Tenant shall indemnify Landlord against any costs, penalties or attorneys' fees incurred by or asserted against Landlord by virtue thereof.

(c) Occupancy: Tenant will not at any time use or occupy the Premises in violation of the certificate of occupancy issued for the Premises.

9. LIABILITY INSURANCE: EMPLOYER'S INSURANCE AND INDEMNITY

(a) General Liability Insurance: Tenant shall, during the entire term of this Lease, at Tenant's own expense, keep in force by advance payment of premiums, public liability insurance in an amount not less than \$3,000,000 for combined single limit bodily injury and property damage, insuring Tenant, Landlord and any Mortgagee of Landlord against any liability that may accrue against them or any of them on account of any occurrence in or about the Premises during the term of this Lease or in consequence of Tenant's occupancy thereof and resulting in personal injury, death or property damage. All policies of insurance, as aforesaid, shall provide that they cannot be canceled, terminated, or amended without thirty (30) days prior written notice to Landlord and Tenant and any Mortgagee of Landlord.

(b) Employer's Liability Insurance: Tenant shall, during the entire term of this Lease, at Tenant's own expense, pay for and maintain employer's liability insurance (\$100,000 minimum limit) and workmen's compensation insurance, as prescribed by the law of the state in which the Premises are located.

(c) Indemnity: Tenant agrees to indemnify and save harmless Landlord from and against all claims of whatever nature arising from (i) any act, omission or negligence of Tenant, or Tenant's contractors, agents, servants or employees, or (ii) arising from any accident, injury or damage whatsoever caused to any person or to the property of any person occurring during the term hereof in or about the Premises, where such accident, damage or injury results or is claimed to have resulted from an act or omission on the part of Tenant or Tenant's undertakings in this Lease. This indemnity and hold harmless agreement shall include indemnity against all costs, expenses and liabilities in connection with any claim or proceeding brought thereon and the defense thereof, including reasonable attorneys' fees. Tenant's obligation to observe or perform this covenant shall survive the expiration or other termination of this Lease.

(d) Special Definition for the Term Landlord: As used in Articles 9, 10 and anywhere else expressly designated only, the term "Landlord" includes the Landlord, any landlord of the Landlord and the owner of Landlord's property if applicable.

(e) Certificates of Insurance; Increase in Amount; Company:
Tenant shall furnish to Landlord, before Tenant may operate as a Jiffy Lube Service Center copies of policies or certificates of insurance required by this Lease. The amounts of the

insurance required pursuant to this Article 9 shall be increased from time to time as required by Landlord in accordance with the insurance amounts customary from time to time for similar properties.

All policies of insurance described in this Article 9 and Article 10 shall be issued by a company with a Best's Guide rating of "A" or better.

10. FIRE AND EXTENDED COVERAGE INSURANCE:

Tenant agrees, at its sole cost and expense, during the entire term of this Lease, to keep the Premises, the Improvements, all other improvements, equipment and any supplies thereon adequately insured by reliable companies "for full replacement value" whereby the insurer will be obligated to pay full cost of repair or replacement as of the date of loss against damages caused by fire, smoke, explosion and other risks covered by standard extended coverage endorsements. Tenant shall also carry insurance against the risks of loss of rents and income resulting from any such hazards, which policy must provide coverage for six months estimated income from the Premises. All such policies shall name Landlord, and Landlord's mortgagee, if required, as a co-insured, as their respective interests may appear. Such insurance may be carried under a blanket-type policy issued to Tenant and all such insurance must provide that it cannot be cancelled, terminated, or amended without thirty (30) days prior written notice to Landlord and Tenant. Before Tenant may operate the Premises as a Jiffy Lube Service Center, Tenant will deliver to Landlord certificates evidencing the aforesaid insurance. The proceeds of any loss claims collected by Landlord on such policy shall be credited or payable by Landlord to Tenant in reimbursement of any expenditures made on account thereof by Tenant pursuant to Tenant's maintenance and repair obligations hereunder.

11. MAINTENANCE:

Tenant will at all times during the term of this Lease keep the Premises, appurtenances, fixtures, installations and equipment attached and related thereto, including any parking area and driveways, in good condition and repair, at Tenant's expense, and upon termination hereof, shall surrender same in such good repair, reasonable wear and tear excepted. Tenant will keep all fire extinguishers in the Premises filled and in good condition at Tenant's own cost and expense. Should any portion or all of the Premises be damaged or destroyed by fire, the elements or any other cause, with or without fault on the part of Tenant, Tenant shall promptly rebuild or replace any such damaged or destroyed portions. Tenant will make all repairs at its sole cost expense, both interior and exterior, structural or non-structural ordinary or extraordinary, and foreseen and unforeseen. "Repairs" shall include all necessary rebuilding, replacements, renewals, alterations, additions and betterments. All repairs made by Tenant shall be equal in quality and class to the original work.

Tenant will also do or cause others to do all necessary shoring of foundations and walls of any structure and every other act or thing for the safety and preservation thereof which may be necessary by reason of any excavation or other building operation upon any adjoining property, street, alley or passageway.

Except as otherwise specifically provided herein, damage to or destruction of any portion of all of the Premises, by fire, the elements or any other cause, with or without fault on the part

of Tenant, shall not terminate this Lease or entitle Tenant to any abatement of or reduction in the rent payable, or otherwise affect the respective obligations of the parties hereto.

12. REPAIR BY LANDLORD:

Landlord shall not be required to furnish any services or facilities to the Premises after acceptance of the Improvements. Landlord shall have no obligation to repair, maintain, alter, replace or modify the Premises or any part thereof, including but not limited to any plumbing, heating, electrical, air conditioning or other mechanical installation therein. Tenant hereby assumes the full and sole responsibility for the condition, operation, repair, rebuilding, replacement, maintenance and management of the Premises.

13. RIGHT OF ENTRY BY LANDLORD:

Tenant shall permit inspection of the Premises during reasonable business hours by Landlord or Landlord's agents or representatives for the purpose of ascertaining the condition of the Premises. One Hundred Eighty (180) days prior to the expiration of this Lease, Landlord may post suitable notice on the Premises that the same are "For Rent" and may show the Premises to prospective tenants at reasonable times. Landlord may not, however, thereby unnecessarily interfere with the use of the Premises by Tenant.

14. ALTERATIONS; FIXTURES; CONDITION ON TERMINATION:

(a) Alterations: Tenant, after receiving the written consent of Landlord, at Tenant's sole cost and expense, in a good workmanlike manner, may make such alterations to the Premises as Tenant may require for the conduct of its business without materially altering the basic character of the buildings or improvements thereon, or weakening any structure on the Premises. Any such alterations shall be subject to Landlord's inspection upon completion, and Tenant agrees to make whatever changes or additions to such alterations as are requested by Landlord. Tenant shall also have the right, with the written consent of Landlord, to erect, at Tenant's sole cost and expense, such temporary partitions, including office partitions, as may be necessary to facilitate the handling of Tenant's business and to install telephones and telephone equipment and wiring, and electrical fixtures, additional lights and wiring and other trade appliances. Tenant shall, before making any alterations, additions, installations or improvements, at its expense, obtain all permits, approvals and certificates required by any governmental or quasi governmental bodies and (upon completion) certificates of final approval thereof and shall deliver promptly duplicates of all such permits, approvals and certificates to Landlord and Tenant agrees to carry and will cause Tenant's contractors and subcontractors to carry such workmen's compensation, general liability, personal and property damage insurance as Landlord may require.

(b) Fixtures: Any alterations or improvements to the Premises, including partitions, all electrical fixtures, lights and wiring, shall become the property of Landlord at the expiration or sooner termination of this Lease. Should Landlord request Tenant to remove all or any part of the above mentioned items, however, Tenant, at its own expense, shall do so prior to the expiration of this Lease and repair the Premises as described herein. At the expiration or sooner termination of this Lease, Tenant shall be entitled to remove Tenant's personal property and trade fixtures, provided that Tenant has complied with all its obligations under this Lease and repairs, in a good workmanlike manner, all damage done to the Premises by such removal.

Nothing in this Article shall be construed to give Landlord title to or prevent Tenant's removal of trade fixtures.

(c) Condition of Premises on Termination: Tenant agrees to surrender the Premises at the expiration, or sooner termination, of this Lease in the same condition as when the Premises were delivered to Tenant, or as altered pursuant to the provisions of this Lease, ordinary wear, tear excepted.

15. SIGNS:

Tenant may, if applicable laws permit, place suitable signs, emblems, logos, lettering and pictorial materials on the Premises for the purpose of indicating the nature of the business carried on by the Tenant in said Premises; provided, however, that any such signs, emblems, logos, lettering and pictorial materials must first be consented to by Landlord. In the event Tenant places any signs, emblems, logos lettering or pictorial materials on the Premises without Landlord's consent, Landlord has the right to remove the same. Any damage to the Premises caused by installation or removal of signs, emblems, logos, lettering or pictorial materials shall be repaired at the expense of Tenant. All work shall be completed in a good workmanlike manner.

16. GLASS:

Tenant agrees to immediately replace all glass broken or damaged on the Premises during the term of this Lease with glass of the same quality as that broken or damaged.

17. ASSIGNMENT AND SUBLETTING:

To the extent permitted by the Franchise Agreement, Tenant shall have the right to assign its interest herein to the same person who is assigned Tenant's interest as Franchisee under the Franchise Agreement. Tenant shall not otherwise allow or permit transfer of this Lease or any interest hereunder by operation of law or otherwise, nor assign, sublease, convey, mortgage, pledge or encumber this Lease or any part thereof by another without, in each case, obtaining Landlord's prior written consent. No assignment (with or without Landlord's consent) shall release Tenant from any of its obligations hereunder.

18. ASSIGNMENT BY LANDLORD:

Landlord shall have the right, at any time, without Tenant's prior approval, to assign its interest in this Lease, and the Prime Lease if applicable, to any entity who purchases the fee simple interest or Landlord's leasehold interest and/or its interests in the Improvements, underlying the Premises. In connection therewith, Landlord shall have the right, at any time, without Tenant's prior approval, to enter into a primary leaseback of the Premises (hereafter referred to as a "Sale/Leaseback" transaction). In the event the Landlord desires to complete a Sale/Leaseback transaction, Tenant agrees that (a) Tenant's prior approval shall not be required, (b) Landlord's new lease shall become the primary lease ("Primary Lease") to the purchasing entity (the new owner) and (c) this Lease shall effectively and automatically become a sublease to Landlord's Primary Lease. In the event that any other person or entity acquires title or any other interest in the Premises pursuant to a sale or transfer of the fee simple or leasehold interest in the Premises subsequent to the date hereof, Tenant's right of possession shall not be disturbed

provided (a) Tenant is not then, and is not in the future, in default under this Lease and (b) Tenant attorns to such title holder. In the event that any other person or entity takes assignment of this Lease pursuant to a sale or transfer of the fee simple or leasehold interest in the Premises subsequent to the date hereof and notice thereof is served upon Tenant, Tenant agrees to look solely to the assignee for the performance of all obligations of the Landlord under this Lease.

19. QUIET ENJOYMENT:

Landlord covenants and agrees that Tenant, upon paying the rent and all other charges provided for in this Lease, and upon observing and keeping all of the covenants, conditions and provisions of this Lease on its part to be observed and kept, shall lawfully and quietly hold, occupy and enjoy the Premises during the term of this Lease, without hindrance or molestation by or from anyone claiming by, through or under Landlord, subject to the terms of any primary lease, this Lease and any mortgage or encumbrance now or hereafter placed on the Premises by Landlord.

20. TENANT'S DEFAULT:

If (a) Tenant shall fail to pay any installment of Minimum Rent or Percentage Rent or any additional sum when due hereunder for five (5) days after written notice from Landlord; (b) Tenant shall default in any of the covenants, agreements, conditions or undertakings herein agreed to be kept, observed and performed by the Tenant other than the payment of rent (Minimum and Percentage Rent or additional rent) or any part thereof when due, and such default shall continue for fourteen (14) days after notice thereof in writing to Tenant; (c) Tenant shall fail to open for business the Jiffy Lube Service Center on the Premises within eight (8) months after Tenant's execution of the Franchise Agreement (unless such eight (8) month period is extended pursuant to the terms of the Franchise Agreement, and then if Tenant fails to open for business the Jiffy Lube Service Center on the Premises within the time permitted by the Franchise Agreement), and, if such default shall continue for fourteen (14) days after notice thereof in writing to Tenant; (d) Tenant shall default in any of the terms of the Franchise Agreement and fail to cure such default within any cure period allowed by the Franchise Agreement or in the event the Franchise Agreement should terminate, whether by lapse of time or otherwise; (e) Tenant shall vacate or abandon the Premises; (f) proceedings in bankruptcy or for liquidation, reorganization or rearrangement of tenant's affairs are instituted by or against Tenant; (g) a receiver or trustee is appointed for all or substantially all of the Tenant's business or assets on the grounds of Tenant's insolvency; (h) Tenant makes an assignment for the benefit of its creditors; (i) a reorganization under the bankruptcy laws of the United States is instituted by or against Tenant; (j) this Lease or Tenant's interest herein or in the Premises or any improvements thereon or any property of Tenant are executed upon or attached; (k) possession of the Premises is given to any person other than expressly permitted under this Lease; (l) Tenant fails to execute instruments or certificates provided for in this Lease within fifteen (15) days after the mailing by Landlord of a written request; or (m) Landlord determines that Tenant has submitted any false report required to be furnished hereunder, then in any of the above events, Landlord, at its election, may terminate this Lease and, either with or without process of law, re-enter, expel, remove and put out Tenant and all persons who may be occupying the Premises under Tenant, using such force or other means as may be lawful and necessary in so doing, and repossess and enjoy the Premises. Such re-entry and repossession shall not work a forfeiture of the rents to be paid and the covenants to be performed by the Tenant during the full term of this Lease. If any applicable law requires any additional notice or greater period during

which Tenant may attempt to cure a default before termination, this Lease shall be deemed to be modified to comply with such law.

Upon the expiration of the term of this Lease by reason of the happening of any of the events hereinabove described, or in the event of the termination of this Lease or right to possession or both, as the case may be, by summary dispossession proceedings or under provision of any law now or at any time hereafter in force, by reason of or based upon or arising out of a default under or breach of this Lease on the part of Tenant, or upon Landlord recovering possession of the Premises under any of the foregoing circumstances, whatsoever, whether with or without legal proceedings, Landlord may, at its option, at any time and from time to time, relet the Premises or any part or parts thereof for the account of Tenant or otherwise, and receive and collect the rents therefor, applying the same first to the payment of such expense as Landlord may have incurred in recovering possession of the Premises, including legal expense and attorneys' fees, and for putting the Premises into good order or condition or preparing or altering the same for re-rental, expenses, commissions and charges paid, assumed or incurred by Landlord in connection with the reletting of the Premises, and then to the fulfillment of the covenants of Tenant hereunder. Any such reletting herein provided may be for the remainder of the term of this Lease or for a longer or shorter period. In any such case, and whether or not the Premises or any part thereof be relet, Tenant shall pay to Landlord the Minimum Rent, the Prime Lease Rent and any item of additional rent due hereunder, and all other charges required to be paid by Tenant up to the time of such termination of this Lease, or of such recovery of possession of the Premises by Landlord, as the case may be; and thereafter Tenant covenants and agrees, if required by Landlord, to pay to Landlord until the end of the term of this Lease and equivalent of the amount of all the Minimum Rent, the Prime Lease Rent and any additional rent reserved herein and all other charges required to be paid by Tenant less the net avails of reletting, if any, and the same shall be due and payable by Tenant to Landlord on the several rent days above specified. In any of the circumstances hereinabove mentioned in which Landlord shall have the right to hold Tenant liable upon the several rent days herein specified to pay Landlord the equivalent of the amount of all the Minimum Rent, the Prime Lease Rent, and the additional rent and all other charge required to be paid by Tenant less the net avails of reletting, if any, Landlord shall also have the election, in place and instead of holding Tenant so liable, to forthwith recover against Tenant as damages for loss of the bargain and not as a penalty, an aggregate sum which, at the time of such termination of this Lease, or of such recovery of possession of the Premises by Landlord, as the case may be, represents the then present worth of the excess, if any, of the aggregate of the Minimum Rent, the Prime Lease Rent, and the additional rent and all other charges payable by Tenant hereunder that would have accrued for the balance of the term over the aggregate rental value of the Premises for the balance of such term. Nothing herein contained shall limit or prejudice Landlord's right to prove and obtain as liquidated damages arising out of such breach of termination the maximum amount allowed by any statute or rule of law which may govern the proceeding in which such damages are to be proved, whether such amount be greater, equal to, or less than, the amount of the then present worth of the excess of the Minimum Rent, the Prime Lease Rent, any additional rent and all other charges payable by Landlord hereunder over the rental value referred to above.

21. LANDLORD'S DEFAULT:

Landlord shall, in no event, be charged with default in any of its obligations hereunder unless and until Landlord shall have failed to perform such obligations within thirty (30) days

(or such additional time as is reasonably required to correct such default) after written notice to Landlord by Tenant, specifically describing such failure.

22. RIGHT TO PERFORM FOR TENANT:

If Tenant should fail to perform any of its obligations under the provisions of this Lease, Landlord shall have the right, but not the obligation, to undertake such performance or cause the same to be done, and Tenant agrees to reimburse any and all expenses incurred by Landlord in connection therewith five (5) days after receipt by Tenant of Landlord's invoice. These expenses include, but are not limited to filing fees, legal fees and bond premiums. Landlord may charge such expenses to Tenant as additional rent due from Tenant to Landlord, together with interest thereon, at the rate of two percent (2%) per month (or the highest interest rate permitted by law), in the event that Tenant does not reimburse Landlord within the five (5) days prescribed. Nothing in this paragraph shall be construed to limit any and all other rights and remedies of Landlord.

23. WAIVER:

No delay or omission of Landlord to exercise any right or power arising from any default shall impair any such right or power or be construed to be a waiver of any such default or an acquiescence therein. No waiver shall be effective unless in writing, signed by Landlord, and no waiver of any breach of any of the covenants of this Lease shall be construed, taken or held to be a waiver of any other breach, or waiver, acquiescence in or consent to any further or succeeding breach of the same covenant.

24. REMEDIES CUMULATIVE:

The remedies herein granted to Landlord shall not be exclusive or mutually exclusive and Landlord shall have such other and additional remedies against Tenant as may be permitted in law or in equity at any time. Any exercise of a right of termination by Landlord shall not be construed to eliminate or discharge any right of Landlord to damages on account of any default of Tenant.

25. LIENS:

Nothing in this Lease shall authorize Tenant to do any act which shall in any way encumber the title of Landlord (as defined in Article 9(d)) in and to the Premises. The interest or estate of the Landlord (as defined in Article 9(d)) shall not in any way be subject to any claim by lien or encumbrance, whether by operation of law or by virtue of any express or implied contract by Tenant. Tenant shall not permit the Premises to become subject to any mechanic's, laborer's or materialmen's lien on account of labor or material furnished to Tenant in connection with work of any character performed or claimed to have been performed on the Premises by or at the direction of, or sufferance of Tenant.

In the event any lien is filed against or attached to the Premises, or Tenant's interest therein, at Landlord's option, Tenant shall either pay the amount of said lien in full or shall, upon demand of Landlord, provide and pay for a non-cancelable bond, placed with a reputable company, approved by Landlord, in an amount equal to one and one half (1-1/2) times the amount of such lien and insuring the interest of Landlord (as defined by Article 9 paragraph (d))

and any mortgagee from any loss by reason of the filing of such lien. Tenant shall immediately pursue in good faith its legal remedies to the end of obtaining removal of said lien. In the event Tenant does remove or post a bond against the lien, Landlord shall have the right but not the obligation to post the bond under the provisions of Article 22.

26. CONDEMNATION:

If after the execution of this Lease and prior to the expiration of the term of this Lease, the Premises shall be taken in its entirety under the power of eminent domain or voluntarily sold under threat of such taking, or if such portion of the Premises is taken so as to render the Premises unusable for the operation of a Jiffy Lube Service Center, then the term of this Lease shall cease as of the date when the Premises is so taken, and rent shall be apportioned and adjusted as of the date of the taking or the sale in lieu thereof.

If only a part of the Premises shall be taken under the power of eminent domain or sold under threat of such taking, and such partial taking shall not render the Premises unusable for the operation of a Jiffy Lube Service Center, then this Lease shall continue in full force and effect as to the portion not taken and the rent shall abate proportionally on such part taken under the power of eminent domain or sold under threat of such taking.

In the event of any taking of the Premises under the power of eminent domain or a voluntary sale under threat of such taking, whether in part or in whole, the entire award granted in compensation for the value of the Premises, or the proceeds of a voluntary sale of same under threat of taking, shall belong to the Landlord. The parties hereto acknowledge that, upon condemnation, this Lease terminates as to any portion taken, or as to the whole if the taking of any portion renders the remainder unusable and consequently, Tenant shall have no claim to any portion of the condemnation award. Nothing herein contained shall be construed, however, as a release or waiver by Tenant of any right it may have as a lessee to obtain compensation from the condemnor for business interference or interruption, relocation costs, and moving costs.

27. SUBORDINATION AND NON-DISTURBANCE:

This Lease and all of Tenant's rights, title and interest in and under the Lease shall be subject, subordinated and inferior to the lien of any and all ground leases, underlying leases, mortgages and deeds of trust and to any and all terms, conditions, provisions, extensions, renewals or modification of any such leases, mortgages or deeds of trust which Landlord or any grantee or assignee of Landlord has or may place upon the Premises in the same manner and to the same extent as if this Lease had been executed subsequent to the execution, delivery and recording of such lease, mortgage or deed of trust.

In the event that a mortgagee, trustee or any other person acquires title or any other interest in the Premises pursuant to the exercise of any remedy provided for in any mortgage or deed of trust executed subsequent to the date hereof, Tenant's right of possession shall not be disturbed provided (a) Tenant is not then, and is not in the future, in default under this Lease and (b) Tenant attorns to such title holder. Tenant herein covenants and agrees that upon a mortgage foreclosure or a foreclosure under a deed of trust it will attorn to any mortgagee, trustee, assignee or any purchaser at the foreclosure sale as its Landlord and this Lease shall continue in full force and effect as a direct Lease between Tenant herein and such party upon all terms, conditions and agreements set forth in this Lease.

The subordination of this Lease to any mortgage or deed of trust now or hereafter placed upon the Premises shall be automatic and self-operative, and no further instrument of subordination shall be necessary. Without limiting such automatic and self-operative subordinations, however, Tenant herein shall, on demand, at anytime or times, execute, acknowledge and deliver to Landlord, or any grantee or assignee of Landlord, any and all instruments that may be necessary or proper to evidence the subordination of this Lease and all rights hereunder to the lien of any such mortgage or deed of trust. If Tenant shall fail, at any time to execute, acknowledge and deliver any such subordination instrument within five (5) days after demand, Landlord, or any grantee or assignee of Landlord, in addition to any other remedies available to it in consequence thereof, may execute, acknowledge and deliver the same as the attorney-in-fact of Tenant and in Tenant's name, place and stead, and Tenant hereby irrevocably makes, constitutes and appoints Landlord, its successors and assigns, such attorney-in-fact for that purpose.

28. PRIME LEASE:

If Landlord holds the Premises under a lease (the "Prime Lease"), Tenant is hereby given notice of the parties to, term of and provisions contained in the Prime Lease to Landlord, a copy of which is attached hereto and made a part hereof as "Exhibit D"; and in addition to the other provisions of this Lease which impose upon the Tenant the obligation to perform and comply with certain specified provisions contained in the Prime Lease, throughout the term of this Lease Tenant covenants and agrees that it will perform, observe and comply with all of the terms, covenants and conditions to be performed, observed or complied with by the tenant under the Prime Lease except for those provisions, if any, in the Prime Lease inherently incapable of being performed by Tenant. If the Prime Lease, or any extensions thereof, should expire or be forfeited, cancelled, or terminated, this Lease shall concurrently therewith be terminated, and thereupon all rights of Tenant hereunder shall cease.

29. TENANT'S TERMINATION OF FRANCHISE AGREEMENT:

If Tenant, as Franchisee under the Franchise Agreement, has voluntarily terminated the Franchise Agreement in accordance with the terms thereof, this Lease shall also terminate at such time as the Franchise Agreement terminates, provided that Tenant has fulfilled all its obligations under this Lease through the date of such termination.

30. END OF TERM:

Upon the expiration or other termination of the term of this Lease, Tenant shall quit and surrender the Landlord the Premises, broom clean, in good order and condition, ordinary wear and tear excepted, and Tenant shall remove all its property. All property permitted or required to be removed by Tenant at the end of the term which remains in the Premises after Tenant's removal shall be deemed abandoned and may, at the election of the Landlord, either be retained as Landlord's property or removed from the Premises by Landlord at Tenant's expense. Tenant's obligation to observe or perform this covenant shall survive the expiration or other termination of this Lease.

31. HOLDING OVER:

Tenant shall not hold over beyond the expiration or sooner termination of the term of this Lease. If, nevertheless, there be any holding over by Tenant, such shall give rise to a tenancy at the sufferance of Landlord. Tenant agrees to indemnify and save Landlord harmless against all costs, claims, loss or liability resulting from delay by tenant in so surrendering the Premises, including, without limitation, any claims made by any succeeding tenant founded on such delay. The parties recognize and agree that the damage to Landlord resulting from any failure by Tenant to timely surrender possession of the Premises as aforesaid will be extremely substantial, will exceed the amount of the monthly rental theretofore payable hereunder, and will be impossible to accurately measure. Tenant therefore agrees that if possession of the Premises is not surrendered to Landlord within 24 hours after the date of expiration or sooner termination of this Lease, then Tenant shall pay to Landlord for each month and for each portion of any month during which Tenant holds over in the Premises after the expiration or sooner termination of this Lease, an amount equal to two times the sum of the monthly Minimum Rent, the Prime Lease Rent (if any), and any additional rent which was payable under this Lease during the last month of the term hereof. Nothing herein contained shall be deemed to permit Tenant to retain possession of the Premises after the expiration or sooner termination of this Lease. This provision shall survive the termination of this Lease.

32. MISCELLANEOUS:

(a) Authority: The persons who have executed this Lease represent and warrant that they are duly authorized to execute this Lease in their individual or representative capacity as indicated.

(b) Review of Documents: The parties hereto represent that they have read and understand the terms of this Lease, and that they have sought legal counsel to the extent deemed necessary in order to protect their respective interests.

(c) Construction: The words "Landlord" and "Tenant" shall mean respectively all parties Landlord and Tenant, regardless of number, the word "he" shall be synonymous with "she," "it," and "they," the word "his" shall be synonymous with "her," "its," and "their," and, words in the singular shall be held to include the plural when the context requires.

(d) No Agency Created: Tenant shall have no authority, express or implied, to act as agent of Landlord or any of its affiliates for any purpose. Tenant is, and shall remain, an independent contractor responsible for all obligations and liabilities of, and for all loss or damage to, the Jiffy Lube Service Center to be operated by Tenant, including any personal property, equipment, fixtures or real property connected therewith, and for all claims or demands based upon damage or destruction of property or based upon injury, illness or death of any person or persons, directly or indirectly, resulting from the operation of said Jiffy Lube Service Center.

(e) Force Majeure: Whenever a period of time is provided in this Lease for either party to do or perform any act or thing, except the payment of monies, neither party shall be liable or responsible for any delays due to strikes, lockouts, casualties, acts of God, war, governmental regulation or control or other causes beyond the reasonable control of the parties,

and in any event, said time period for the performance of an obligation hereunder shall be extended for the amount of time of the delay. This clause shall not, however, apply to nor result in any extension of the term of this Lease.

(f) Paragraph Headings: Paragraph headings of this Lease are for convenience only and are not to be construed as part of this Lease and shall not be construed as defining or limiting in any way the scope or intent of the provisions hereof.

(g) Invalidity of a Provision: If any term or provision of this Lease shall to any extent be held invalid or unenforceable, the remaining terms and provisions of this Lease shall be valid and be enforced to the fullest extent permitted by law. However, in the event that any material term of this Lease shall be stricken or declared invalid, Landlord reserves the right to terminate this Lease at its sole option.

(h) Law Governing: The terms and provisions of this Lease shall be interpreted in accordance with and governed by the laws of the state in which the Premises are located without regard to principles of conflicts of law.

(i) Entire Agreement: This Lease, the Franchise Agreement, the Preliminary Agreement, and any relevant documents referred to therein shall be deemed to include the entire agreement between the parties hereto and it is agreed that neither Landlord nor anyone acting on its behalf has made any statement, promise, or agreement or taken upon itself any engagement whatsoever, whether verbally or in writing, in conflict with the terms of this Lease, or that in any way modifies varies, alters, enlarges, or invalidates any of the provisions hereof, or extends the term of this Lease, and that no obligations of the Landlord shall be implied in addition to the obligations herein expressed. This agreement cannot be changed orally, but only by an agreement in writing signed by Landlord and Tenant.

(j) Parties Bound: The terms of this Lease shall extend to and be binding upon the administrators, executors, representatives, heirs, assigns and successors of the parties this instrument.

(k) Notices: All notices to or demands upon the Landlord or Tenant desired or required to be given under any of the provisions hereof shall be in writing. Any notices or demands from the Landlord to the Tenant shall be deemed to have been duly and sufficiently given if a copy thereof has been mailed by United States registered or certified mail in an envelope properly stamped and addressed to Tenant at the address of the Premises. Any notices or demands from the Tenant to the Landlord shall be deemed to have been duly and sufficiently given if mailed by United States registered or certified mail in an envelope properly stamped and addressed to the Landlord at P.O. Box 2967, Houston, Texas 7722-2967, Attention: Real Estate Management. Either party, by notice, may change the address to which notice shall be sent, but all notices mailed to the Tenant at the address of the Premises shall be deemed sufficient.

(l) Franchise Agreement: All references to the Franchise Agreement herein shall mean that Franchise Agreement between Jiffy Lube International, Inc. and Tenant, pertaining to the Jiffy Lube Service Center at the Premises.

(m) Recordation: It is the intention of the parties hereto not to record this Lease. However, should recordation of this Lease be required by applicable law, or any other reason,

Tenant and Landlord agree to do so. Additionally, if required by applicable law or any other reason, each party at the request of the other shall execute and acknowledge, so that the same may be recorded, a Short Form Lease or Memorandum of Lease, indicating the Lease term, as well as any other terms necessary for recording. Tenant shall pay all of the costs and expenses of such recordation, including but not limited to any and all recordation taxes, transfer taxes, recordation fees and notary fees.

(n) Maximum Interest: No provision of this Lease shall require the payment or permit the collection of interest in excess of the maximum permitted by applicable law. If any excess of interest is herein or otherwise provided for, or shall result or be held to result, the provisions of this paragraph shall govern and the Tenant or any guarantor of this Lease shall not be obligated to pay the amount of such interest which is in excess of the maximum amount permitted by applicable law.

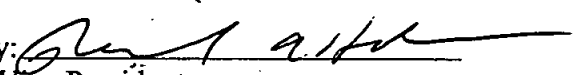
IN WITNESS WHEREOF, the parties have hereunto set their hands and seals the day and year first above written.

ATTEST OR WITNESS:

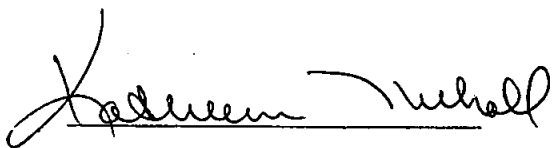


LANDLORD:

JEFFY LUBE INTERNATIONAL
OF MARYLAND, INC.

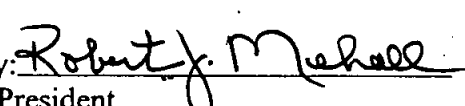
By: 
JP Vice President

ATTEST OR WITNESS:



TENANT:

AZTEC LUBRICANTS, INC.

By: 
President

c:\Shell.sam

EXHIBITS

A. Description of the Premises

CONSENT TO SUBLEASE AGREEMENT

The City of San Diego (CITY), as LESSOR under that certain Lease Agreement (Master Lease) entered into with

LA MESA COMMERCIAL CENTER and assigned to JIFFY LUBE INTERNATIONAL OF MARYLAND, INC.

(LESSEE) which is filed in the Office of the City Clerk as Document 764289, hereby consents to that certain Sublease Agreement between the above LESSEE (SUBLESSOR) and

AZTEC LUBRICANTS, INC., a California corporation, and ROBERT J. MEHALL and KATHLEEN T. MEHALL, as individuals

(SUBLESSEE) dated August 31, 1989. Said Sublease shall be subordinate to the Master Lease in all respects. The CITY is merely approving the SUBLESSEE and the proposed use. All terms and conditions of the Master Lease shall control and supersede any inconsistent or contrary provisions in the Sublease. The CITY is not bound by any term or condition in the Sublease which in any way conflicts with or is additional to the provisions of the Master Lease.

THE CITY OF SAN DIEGO

Dated 12/22/89

By Robert J. Collins
Supervising Property Agent
for the City Manager

APPROVED AS TO FORM:

JOHN W. WITT, City Attorney

Dated 12/20/89

By [Signature]
Deputy

MEMORANDUM OF RENT ADJUSTMENTS

Regarding that certain Lease Agreement (Master Lease) entered into by the City of San Diego (CITY) as LESSOR and La Mesa Commercial Center and assigned to Jiffy Lube International of Maryland, Inc. (LESSEE), and filed in the Office of the City Clerk as Document 764289, it is reviewed and acknowledged that:

1. The rent is adjusted upward or downward at the beginning of the 4th, 7th, and 10th year of the Master Lease and at the beginning of every 6th year thereafter using the Consumer Price Index in a method of computation described in Section III, Paragraph A, Rent., of the Master Lease.
2. In addition to above adjustment upon the first day of 13th year of the Master Lease (August 10, 1990) and upon the first day of each 6th year thereafter, the rent for the ensuing six years will be adjusted by reappraisal of the property according to Section III, Paragraph A, Rent., of the Master Lease. The City Council approved capitalization rate to be used in this rent adjustment calculation is nine percent.

LESSEE and SUBLESSEE hereby acknowledge the above rent adjustments and accept the capitalization rate.

WITNESS/ATTEST:

Patricia A. Helgenbock
Secretary

Dated 11/9/89

LESSEE: JIFFY LUBE INTERNATIONAL OF
MARYLAND, INC. (Successor in
interest to LA MESA COMMERCIAL
CENTER, ASSIGNOR)

By Armando J. Lopez
Vice President

SUBLESSEE: AZTEC LUBRICANTS, INC.

Dated 11/3/89

By Robert J. Mahall - PRESIDENT

SUBLEASE TERMINATION AGREEMENT

THIS SUBLEASE TERMINATION AGREEMENT ("Agreement") made this 1st day of January 1989, by and between JIFFY LUBE INTERNATIONAL OF MARYLAND, INC. ("Landlord") and SAN DIEGO LUBRICANTS, INC. ("Tenant").

WHEREAS, Landlord and Tenant entered into a sublease dated October 1, 1987 (the "Sublease") for certain property known as 5540 Lake Murray Boulevard, La Mesa, California; and

WHEREAS, the parties desire to terminate all rights, title, interest, duty and obligations of Tenant, of whatever kind or nature in and to the Property.

NOW, THEREFORE, in consideration of the mutual promises contained herein, other good and valuable consideration passing between the parties, the receipt and sufficiency of which is hereby acknowledged, the parties hereto, intending to be legally bound, covenant and agree as follows:

1. That all right, title, duty and obligation of Tenant in and to the Property is hereby terminated.
2. That the effective date of this Agreement is January 1, 1989.
3. That all rents due to Landlord from Tenant under the Lease have been paid in full, and that no further rights or obligations shall accrue on behalf of Landlord or Tenant after the effective date of this Agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed as of the date first hereinabove written.

WITNESS/ATTEST:

LANDLORD:

JIFFY LUBE INTERNATIONAL
OF MARYLAND, INC.

Sharon A. Krupa
Assistant Secretary

By: [Signature]
Vice President

WITNESS/ATTEST:

TENANT:

SAN DIEGO LUBRICANTS, INC.

[Signature]
Secretary

By: [Signature]
President

MEMORANDUM OF RENT ADJUSTMENTS

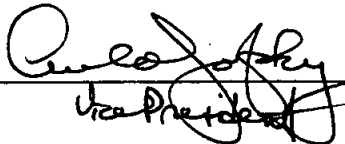
Regarding that certain Master Lease described on the preceding page, it is reviewed and acknowledged that:

1. The the rent is adjusted upward or downward at the beginning of the 4th, 7th and 10th year of the Master Lease and at the beginning of every 6th year thereafter using the Consumer Price Index in a method of computation described in Section III, Paragraph A. Rent., of the Master Lease.
2. In addition to above adjustment upon the first day of 13th year of the Master Lease (August 10, 1990) and upon the first day of each 6th year thereafter, the rent for the ensuing six years will be adjusted by reappraisal of the property according to Section III, Paragraph A, Rent., of the Master Lease. The City Council approved capitalization rate to be used in this rent adjustment calculation is 9 percent.

LESSEE and SUBLESSEE hereby acknowledge the above rent adjustments and accept the capitalization rate.

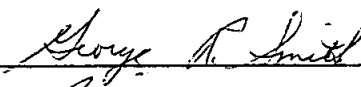
LESSEE: JIFFY LUBE INTERNATIONAL OF
MARYLAND, INC. (Successor
in interest to LA MESA
COMMERCIAL CENTER, ASSIGNOR)

Dated 4/13/88

By 
Vice President ← not
PS/88

SUBLESSEE: SAN DIEGO LUBRICANT, INC.

Dated 4/21/88

By 
President

CONSENT TO SUBLEASE AGREEMENT

The City of San Diego (CITY), as LESSOR under that certain Lease Agreement (Master Lease) entered into with

LA MESA COMMERCIAL CENTER and assigned to JIFFY LUBE INTERNATIONAL OF MARYLAND, INC.

(LESSEE) and filed in the Office of the City Clerk as Document 764289, hereby consents to that certain Sublease Agreement between the above LESSEE (SUBLESSOR) and

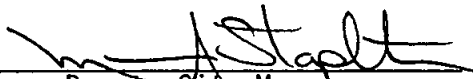
SAN DIEGO LUBRICANT, INC.

(SUBLESSEE) dated October 1, 1987. Said Sublease shall be subordinate to the Master Lease in all respects. The CITY is merely approving the SUBLESSEE and the proposed use, and all terms and conditions of the Master Lease shall control and supersede any inconsistent or contrary provisions in the Sublease. The CITY is not bound by any term or condition in the Sublease which in any way conflicts with or is additional to the provisions of the Master Lease.

In addition, this consent is subject to LESSEE and SUBLESSEE executing the attached Memorandum of Rent Adjustments.

THE CITY OF SAN DIEGO

Dated 3/16/88

By 
Deputy City Manager

APPROVED AS TO FORM:

JOHN W. WITT, City Attorney

Dated 3/14/88

By 
Deputy

MXB:baa(5)43
3-8-88

Attachment

CONSENT TO SUBLEASE AGREEMENT

The City of San Diego (CITY), as LESSOR under that certain Lease Agreement (Master Lease) entered into with

LA MESA COMMERCIAL CENTER and assigned to JIFFY LUBE INTERNATIONAL OF MARYLAND, INC.

(LESSEE) and filed in the Office of the City Clerk as Document 764289, hereby consents to that certain Sublease Agreement between the above LESSEE (SUBLESSOR) and

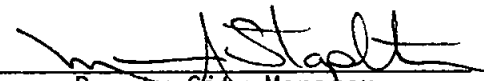
SAN DIEGO LUBRICANT, INC.

(SUBLESSEE) dated October 1, 1987. Said Sublease shall be subordinate to the Master Lease in all respects. The CITY is merely approving the SUBLESSEE and the proposed use, and all terms and conditions of the Master Lease shall control and supersede any inconsistent or contrary provisions in the Sublease. The CITY is not bound by any term or condition in the Sublease which in any way conflicts with or is additional to the provisions of the Master Lease.

In addition, this consent is subject to LESSEE and SUBLESSEE executing the attached Memorandum of Rent Adjustments.

THE CITY OF SAN DIEGO

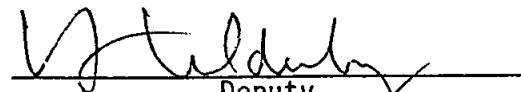
Dated 3/16/88

By 
Deputy City Manager

APPROVED AS TO FORM:

JOHN W. WITT, City Attorney

Dated 3/14/88

By 
Deputy

MXB:baa(5)43
3-8-88

Attachment

CITY OF SAN DIEGO

CONSENT TO ASSIGNMENT OF SUBLEASE AGREEMENT

The City of San Diego (CITY), as LESSOR under that certain Lease Agreement (Master Lease) entered into with

LA MESA COMMERCIAL CENTER and assigned to JIFFY LUBE
INTERNATIONAL OF MARYLAND, INC.

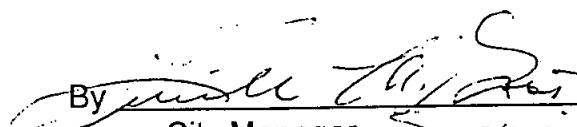
(LESSEE) which is filed in the Office of the City Clerk as Document 764289, hereby consents to that certain Sublease Agreement between the above LESSEE (SUBLESSOR) and

RICHARD HYNAN, an individual

(SUBLESSEE) dated March __ 1998. Said Sublease shall be subordinate to the Master Lease in all respects. The CITY is merely approving the SUBLESSEE and the proposed use. All terms and conditions of the Master Lease shall control and supersede any inconsistent or contrary provisions in the Sublease. The CITY is not bound by any term or condition in the Sublease which in any way conflicts with or is additional to the provisions of the Master Lease.

THE CITY OF SAN DIEGO

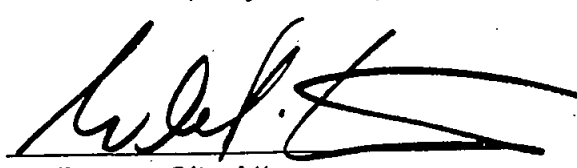
Dated 4-29-98

By 
City Manager

APPROVED AS TO FORM:

CASEY GWINN, City Attorney

Dated 4/29/98

By 
Deputy City Attorney

DWE:jmj

Recording Requested By and
When Recorded Mail to:

Pennzoil Lube Center Acceptance Corp.
c/o Citicorp North America, Inc..
2600 Michelson Drive, Suite 1200
Irvine, California 92612
Attention: Joannie Fu
5540 Lake Murray
La Mesa, CA
San Diego County

(Space above this line for Recorder's Use)
MEMORANDUM OF LEASE

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, The City of San Diego, a municipal corporation (hereinafter "City of San Diego"), fee owner of the property at 5540 Lake Murray Boulevard, La Mesa, CA (hereinafter the "Premises") and La Mesa Commercial Center, a California general partnership, (hereinafter "La Mesa Commercial Center") entered into a written lease dated August 14, 1978 (the "Prime Lease") whereunder and whereby the City of San Diego did lease, rent and demise unto said La Mesa Commercial Center the property described in Exhibit A attached hereto, all of which is hereinafter referred to as the "Premises".

WHEREAS, the City of San Diego, La Mesa Commercial Center and Jiffy Lube International of Maryland, Inc., a Maryland corporation (hereinafter "JLI Maryland") entered into as assignment of lease dated August 3, 1987 whereunder and whereby La Mesa Commercial Center did assign all of its rights, title and interest in the Premises to JLI Maryland.

WHEREAS, the City of San Diego presently leases to JLI Maryland, the Premises TO HAVE AND TO HOLD upon JLI Maryland's paying the Rent and other charges provided for and observing the covenants and conditions set forth in the Lease dated August 14, 1978, for a term of Fifty (50) years.

WHEREAS, JLI Maryland entered into a written Franchisee Lease dated August 31, 1994 (hereinafter the "Franchisee Lease") with AZTEC LUBRICANTS, INC., a California corporation ("Aztec" hereinafter referred to as "Assignor"), for certain real estate and improvements generally known as 5540 Lake Murray Boulevard, La Mesa, CA whereunder and whereby JLI Maryland did lease, rent and demise unto Aztec the Premises.

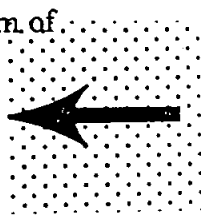
WHEREAS, Aztec, and RICHARD J. HYNAN (hereinafter "Tenant") entered into that certain Assignment and Assumption Agreement dated March ___, 1998, pursuant to which Assignor assigned all of its right, title and interest in the Premises to Richard J. Hynan.

WHEREAS, JLI Maryland presently leases to Richard J. Hynan the Premises TO HAVE AND TO HOLD upon Subsequent Tenant's paying the Rent and other charges provided for and observing the covenants and conditions set forth in the Sublease, for a term of Eleven (11) years, commencing on April 1, 1998 with two (2) additional options to extend the term for a period of five (5) years each for a time equal to the lessor of (i) the term of the Franchise Agreement, or (ii) the term of the Prime Lease.

NOW, THEREFORE, this Memorandum of Lease is executed by the undersigned parties with the intention that the same shall be filed for the record in the Office of the Recorder of Deeds of the County of San Diego, State of California, to give notice of the existence of Tenant's leasehold estate under the Lease in and to the Premises.

This Memorandum of Lease may be executed in two or more counterparts, each of which shall constitute an original, but all of which when taken together shall constitute one and the same Memorandum.

IN WITNESS WHEREOF, the undersigned parties have each caused this Memorandum of Lease to be executed as of the 29th day of April, 1998.



LESSOR

CITY OF SAN DIEGO,
a municipal corporation

By: _____

Name: _____

Title: _____

JIFFY LUBE

JIFFY LUBE INTERNATIONAL,
OF MARYLAND, INC.
a Maryland corporation

By: _____

Name: _____

Title: _____

TENANT:

By: _____

Richard J. Hynan

Exhibit "A"
Legal Description

That portion of Lot 103 of La Mesa Colony, in the City of La Mesa, in the County of San Diego, State of California, according to Map thereof No. 346, filed in the Office of the County Recorder of San Diego County, described as follows:

Beginning at the point of intersection of the Northwestern line of said Lot 103 with the Northeasterly line of the Southwesterly 233.10 feet of said Lot 103, said Southwesterly 223.10 feet being measured at right angles to the Southwesterly line of said lot; said point also being the most Westerly corner of land described in deed to Horace E. Mc Giboney, et ux, recorded March 27, 1946 as File/Page No. 3331 of Official Records, thence along the Southwesterly line of said Mc Giboney's land South 59°46'41" East 42.41 feet to Point "X"; thence continuing along said Southwesterly line South 59°46'41" East 122.49 feet to a point on the arc of a 949.00 foot radius curve, concave Southeasterly from which a radial line bears South 32°07'17" East; thence Northeasterly along the arc of said curve, through a central angle of 14°47'29" for a distance of 244.98 feet to the Northeasterly line of said Mc Giboney land; thence along said Northeasterly line North 59°46'41" West 133.03 feet along a line which is parallel with and 423.10 feet Northeasterly of the Southwesterly line of said Lot 103, said 423.10 feet being measured at right angles to said Southwesterly line, to a point on the arc of a 1051.00 foot radius curve, concave Southeasterly, from which a radial line bears South 22°13'50" East and the True Point of Beginning; thence Southwesterly along the arc of said curve, through a central angle of 11°58'59" for a distance of 219.81 feet to the beginning of a reverse 25.00 foot radius curve, concave Northerly; thence Westerly along the arc of said curve, through a central angle of 46°45'04" for a distance of 20.40 feet to Point "X" above; thence along the Southwesterly line of said Mc Giboney's land North 59°46'41" West 15.20 feet more or less, to a point on said line distant thereon South 59°46'41" East 27.71 feet from the most Westerly corner of said land, being a point on the arc of a 25.00 foot radius curve, concave Easterly from which a radial line bears North 47°56'23" East; thence Northerly along the arc of said curve, through a central angle of 71°49'56" for a distance of 31.34 feet; thence North 60°13'41" West 10.00 feet to a point on the Northwestern line of said Lot 103; thence along said Northwestern line, North 29°46'19" East 176.46 feet to the Northeasterly line of said Mc Giboney's land, thence along said Northeasterly line South 59°46'41" East to the True Point of Beginning.

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of San Diego

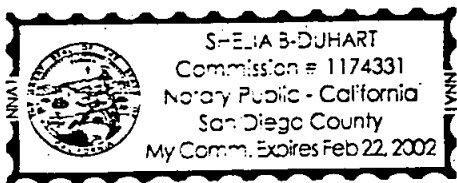
On 4-29-98 before me,

Shelia B-Duhart
Name and Title of Officer (e.g., "Jane Doe, Notary Public")

personally appeared Lucille M. Goodman
Date
Name(s) of Signer(s)

☒ personally known to me
☐ proved to me on the basis of satisfactory evidence

to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



WITNESS my hand and official seal.

Shelia B-Duhart
Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

- ☐ Individual
- ☐ Corporate Officer
- Title(s): _____
- ☐ Partner — ☐ Limited ☐ General
- ☐ Attorney-in-Fact
- ☐ Trustee
- ☐ Guardian or Conservator
- ☐ Other: _____

Signer Is Representing: _____

RIGHT THUMBPRINT
OF SIGNER
Top of thumb here

Signer's Name: _____

- ☐ Individual
- ☐ Corporate Officer
- Title(s): _____
- ☐ Partner — ☐ Limited ☐ General
- ☐ Attorney-in-Fact
- ☐ Trustee
- ☐ Guardian or Conservator
- ☐ Other: _____

Signer Is Representing: _____

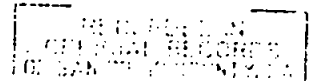
RIGHT THUMBPRINT
OF SIGNER
Top of thumb here

RECORDING REQUEST
FIRST AMERICAN TITLE INSURANCE COMPANY
AFTER RECORDING RETURN TO:
JIFFY LUBE
7008 security Blvd.
Baltimore, Maryland 21207-2578

1324

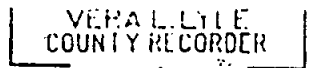
7 585096

AR	EC
MG	/



1987 OCT 16 PM 3:38

ASSIGNMENT OF LEASE



THIS ASSIGNMENT OF LEASE is made on August 3, 1987, between the CITY OF SAN DIEGO, a municipal corporation ("Landlord"), LA MESA COMMERCIAL CENTER, a California general partnership ("Assignor"), and JIFFY LUBE INTERNATIONAL OF MARYLAND, INC. ("Assignee"), who agree as follows:

R E C I T A L S:

This Assignment of Lease is made with reference to the following facts and objectives:

A. Landlord and Assignor, as Tenant, entered into a written lease approved by Landlord on August 14, 1978, (the "Lease"), in which Landlord leased to Assignor and Assignor leased from Landlord the premises located in the City of San Diego, County of San Diego, State of California as particularly described in Exhibit "A" ("Premises").

B. Assignor desires to assign all its right, title and interest in the Lease to Assignee.

C. Landlord shall consent to the proposed assignment on the conditions set forth in this Assignment.

WHEREAS, the parties hereto agree as follows:

1. Effective Date of Assignment. The assignment in this agreement shall take effect on August 3, 1987, and Assignor shall give possession of the Premises to Assignee on that date ("Effective Date").

2. Assignment and Assumption. Assignor assigns and transfers to Assignee all its right, title and interest in the Lease, and Assignee accepts the assignment and assumes and agrees to perform, from the Effective Date, as a direct obligation to Landlord, all the provisions of the Lease.

3. Landlord's Consent. Landlord consents to the assignment without waiver of the restriction concerning further assignment.

4. Assignor's Liability. Assignor shall be released from any and all future liability or obligation to perform the provisions of the Lease, which liability or obligation arises after the effective date of this Assignment.

This document is being recorded by
[Signature]
[Signature] as to execution or
impact on title.

5. Miscellaneous.

(a) Attorneys' Fees. If any party commences any action against any of the parties arising out of or in connection with this Assignment of Lease, the prevailing party or parties shall be entitled to recover from the losing party or parties reasonable attorneys' fees and costs of suit.

(b) Notice. Any notice, demand, request, consent, approval, or communication that either party desires or is required to give to the other party or any other person shall be in writing and either served personally or sent by prepaid, first-class mail. Any notice, demand, request, consent, approval, or communication that either party desires or is required to give to the other party shall be addressed to the other party at the address set forth in the introductory paragraph of this assignment. Either party may change its address by notifying the other party of the change of address. Notice shall be deemed communicated within forty-eight (48) hours from the time of mailing if mailed as provided in this paragraph.

(c) Counterparts. This Assignment may be signed by the parties in different counterparts and the signature pages combined to create a document binding on all parties.

LA MESA COMMERCIAL CENTER, a
California general partnership

By: Alexander H. Greville

STATE OF CALIFORNIA

COUNTY OF Orange

} SS. **1326**

al Partner
'Assignor"

On this 7th day of August, 1987, before me, the undersigned,
a Notary Public in and for said County and State, personally appeared Nicholas A. Greville

, OF

personally known to me (or proved to me on the basis of satisfactory evidence) to be the Senior Vice
President, and

personally known to me (or proved to me on the basis of satisfactory evidence) to be the

~~Secretary~~ of the corporation that executed the within instrument,
and known to me to be the persons who executed the within
instrument on behalf of the corporation therein named, and
acknowledged to me that such corporation executed the same,
pursuant to its by laws, or a resolution of its Board of Directors.

WITNESS my hand and official seal.



sident

Notary signature

Area for official seal

'Assignee"

(Signatures Continued on Following Page)

1327

CITY OF SAN DIEGO, a
municipal corporation

By: M. A. Stapleton
Its: Deputy City Manager

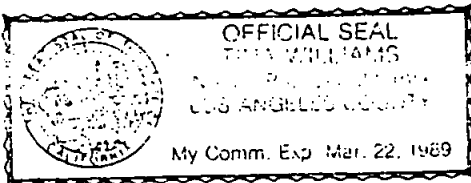
By: _____
Its: _____
"Landlord"

APPROVED AS TO FORM AND
LEGALITY THIS 27 DAY
OF July, 1987

V. B. Valdez
CITY ATTORNEY
Reps

PARTNERSHIP ACKNOWLEDGMENT

State of California
County of Los Angeles } SS.



On this the 4 day of August, 1987, before me,

Tina Williams
the undersigned Notary Public, personally appeared

Michael H. Hager
☐ personally known to me
☐ proved to me on the basis of satisfactory evidence
to be the person(s) who executed the within instrument on behalf of the
partnership, and acknowledged to me that the partnership executed it.
WITNESS my hand and official seal.

Tina Williams
Notary's Signature

NO. 203

..00 1328

EXHIBIT "A"

All that portion of the southwesterly 423.10 feet of Lot 103 of La Mesa Colony in the County of San Diego, State of California according to Map thereof No. 876 filed in the office of the County Recorder of San Diego County March 8, 1887 lying northeasterly, northerly and northwesterly of that land described in Resolution recorded December 24, 1970 as File No. 70-2368000 of Official Records.

EXHIBIT "A"

1329

STATE OF CALIFORNIA

COUNTY OF SAN DIEGO

On August 3, 1987 before me, the undersigned, a Notary Public in and for
said State, personally appeared M. A. Stapleton known to me
to be the Deputy City Manager of
the City of San Diego and

known to me to be the person who executed the within instrument on behalf of said public
corporation, agency or political subdivision, and acknowledged to me that such public
corporation, agency, or political subdivision executed the same.

WITNESS my hand and official seal.

Signature

Lorna M. Murt
Lorna M. Murt

Name (Typed or Printed)



Jiffy International of Maryland
7008 Security Boulevard
Baltimore, Maryland 21207

RE
AR 3
MG 1
OC 20

88 035229

RECORDED IN
OFFICIAL RECORDS
OF SAN DIEGO COUNTY, CA

MEMORANDUM OF LEASE

AFNF

1988 JAN 26 AM 11:25

THIS MEMORANDUM OF LEASE entered into this 18th day of December, 1987, by and between THE CITY OF SAN DIEGO, a Municipal corporation ("Landlord") with principal offices at 202 C Street, San Diego, CA 92101, and JIFFY LUBE INTERNATIONAL OF MARYLAND, INC., a Maryland corporation with principal offices at 7008 Security Boulevard, Baltimore, Maryland 21207, ("Assignee").

WITNESSETH:

1. Landlord and La Mesa Commercial Center entered into a certain lease agreement ("Lease"), dated August 10, 1978, for the premises generally situate at 5540 Lake Murray Boulevard, La Mesa, CA (the "Leased Premises").
2. La Mesa Commercial Center assigned all of its right, title and interest under the Lease unto Assignee by virtue of a written Assignment and Assumption Agreement, dated August 3, 1987, and recorded October 16, 1987.
3. The description of the Lease Premises is contained in Exhibit A attached hereto and made a part hereof.
4. The term of the Lease is fifty (50) years, following the commencement date of the primary term of the Lease as hereinafter defined.
5. The commencement date of the primary term of the Lease was August 10, 1978.
6. The addresses of Landlord and Assignee are the same as set forth above.
7. The instrument under which Landlord claims an interest in the Leased Premises is recorded in Deed Book 2290, Page 492.

IN WITNESS WHEREOF, Landlord and Assignee have hereby executed this Memorandum of Lease, for the purpose of recording the same, on the date above written.

WITNESS/ATTEST:

LANDLORD: THE CITY OF SAN DIEGO.

BY: [Signature]

APPROVED as
to form by JOHN W. WITT, City Attorney

ITS: DEPUTY CITY MANAGER

By [Signature]

WITNESS/ATTEST

ASSIGNEE: JIFFY LUBE INTERNATIONAL
OF MARYLAND, INC.,

BY: [Signature]

ITS: [Signature]

CONSENT TO SUBLEASE AGREEMENT

The City of San Diego (CITY), as LESSOR under that certain Lease Agreement (Master Lease) entered into with

LA MESA COMMERCIAL CENTER and assigned to JIFFY LUBE INTERNATIONAL OF MARYLAND, INC.

(LESSEE) which is filed in the Office of the City Clerk as Document 764289, hereby consents to that certain Sublease Agreement between the above LESSEE (SUBLESSOR) and

AZTEC LUBRICANTS, INC., a California corporation, and ROBERT J. MEHALL and KATHLEEN T. MEHALL, as individuals

(SUBLESSEE) dated August 31, 1989. Said Sublease shall be subordinate to the Master Lease in all respects. The CITY is merely approving the SUBLESSEE and the proposed use. All terms and conditions of the Master Lease shall control and supersede any inconsistent or contrary provisions in the Sublease. The CITY is not bound by any term or condition in the Sublease which in any way conflicts with or is additional to the provisions of the Master Lease.

THE CITY OF SAN DIEGO

Dated 12/22/89

By Robert J. Collins
Supervising Property Agent
for the City Manager

APPROVED AS TO FORM:

JOHN W. WITT, City Attorney

Dated 12/20/89

By [Signature]
Deputy

LANDLORD'S CONSENT

Recording Requested By and
When Recorded Mail to:

CITICORP NORTH AMERICA, INC.,
as Investor Agent for Pennzoil Lube Center Acceptance Corporation
2600 Michelson Drive, Suite 1200
Irvine, California 92612
Attention: Joannie Fu
5540 Lake Murray Blvd.
La Mesa, CA
San Diego County
(Prime Lease)

(Space above this line for Recorder's Use)

LANDLORD'S CONSENT

This Landlord's Consent ("Agreement") dated April 2, 1998 is made by the undersigned, the CITY OF SAN DIEGO, a municipal corporation ("Landlord"), JIFFY LUBE INTERNATIONAL OF MARYLAND, INC., a Maryland corporation ("JLI Maryland") and RICHARD HYNAN in favor of PENNZOIL LUBE CENTER ACCEPTANCE CORPORATION, a Nevada corporation ("Lender").

RECITALS

WHEREAS, Landlord is the fee owner of the certain real property commonly known as 5540 Lake Murray Boulevard, La Mesa, CA, legally described in Exhibit "A" attached hereto, (hereinafter the "Premises").

WHEREAS, Landlord and LA MESA COMMERCIAL CENTER, a California general partnership, (hereinafter "LA MESA COMMERCIAL CENTER") entered into a written lease of the Premises dated August 14, 1978 (hereinafter, "First Lease") whereunder and whereby Landlord did lease, rent and demise the Premises unto LA MESA COMMERCIAL CENTER.

WHEREAS, Landlord and LA MESA COMMERCIAL CENTER, a California general partnership and JLI Maryland entered into an Assignment of Lease dated August 3, 1987 whereunder and whereby LA MESA COMMERCIAL CENTER did assign all of its right, title and interest in and to the First Lease and the Premises to JLI MARYLAND.

WHEREAS, JLI Maryland, as landlord, and AZTEC LUBRICANTS, INC., (hereinafter "Aztec" referred to as "Assignor") entered into a Franchise Lease (hereinafter "Franchise Lease") dated August 31, 1994 whereunder and whereby JLI MARYLAND did lease, rent and demise unto Aztec the Premises.

WHEREAS, Aztec and RICHARD HYNAN, (hereinafter referred to as "Tenant") entered into an Assignment of Lease dated April _____, 1998 whereunder and whereby Aztec did assign all of its right, title and interest in and to the Premises to RICHARD J. HYNAN

WHEREAS, Tenant has entered into financing arrangements with Lender and, as a condition to Lender's loan to Tenant, Lender requires liens on all of Tenant's property including, without limitation, trade fixtures, equipment, inventory and operating licenses and permits now or at any time hereafter located on or used in connection with the Premises (collectively, the "Collateral").

NOW, THEREFORE, in order to induce Lender to make such loan and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each of the aforementioned parties, for itself and itself only, agrees as follows:

1. Landlord and JLI MARYLAND each individually represents that (i) he or it holds and interest in the Premises as set forth above, (ii) he or its interest in the Premises is in full force and effect and has not been amended, supplemented or modified except as set forth above, and (iii) to the best of his or its knowledge, there are currently no defaults under any agreements to which he or it is a party.
2. Landlord and JLI MARYLAND each individually consents to the execution and performance by Tenant of a mortgage or deed of trust in favor of Lender of Tenant's interest in the Franchise Lease and acknowledges Lender's security agreement in favor of Lender on the other Collateral (collectively, the "Security Documents"), and agrees that the execution and performance of the Security Documents by Tenant and Lender will not constitute a breach of, or default under any of the agreements mentioned in the Recitals above (hereinafter the "Agreements") to which he or it is a party.
3. Landlord and JLI MARYLAND each individually represents that he or it will not assert against any of the Collateral any statutory, consensual or other liens, all of which he or it hereby waives.
4. Landlord and JLI MARYLAND each individually agrees that none of the Collateral located on the Premises, notwithstanding the manner in which any of the Collateral may be affixed to the Premises, shall be deemed to be fixtures or constitute part of the Premises.
5. Landlord and JLI MARYLAND each individually agrees to notify Lender in writing upon the occurrence of any default under any of the aforementioned Agreements to which he or it is a party, and grants Lender the right to cure such default within the same number of days after such notice that the Tenant or assignor with respect to such Agreement has to cure such default under

he applicable Agreement, before the lessor, sublessor or assignor exercises any of his or its remedies under the applicable Agreement. If the applicable Agreement provides no cure period or the default by its nature cannot be cured, Landlord and JLI MARYLAND each and individually agrees not to terminate the applicable Agreement until thirty 30 days after Lender's receipt of such notice, so long as agreeing party continues to receive rent and other amounts due under the applicable Agreement.

6. If Tenant defaults on its obligations to Lender and as a result Lender undertakes to enforce its security interest in the Collateral, Landlord and the Jiffy Lube Entities each individually will permit Lender and its agents to enter upon and remain on the Premises to remove or otherwise dispose of the Collateral, provided (i) JLI MARYLAND receives when due the rental and other amounts due under the Sublease for the period of time Lender uses the Premises and (ii) any damages to the Premises caused by removal of the Collateral are repaired.

7. If the Lease or Franchise Lease shall terminate as a result of the rejection of same in a bankruptcy proceeding, the lessor or sublessor party pursuant to said Lease or Franchise Lease, as applicable, shall give Lender prompt written notice thereof and upon request by Lender, shall enter into a new lease of the Premises with Lender, or its designee, which new lease shall be effective as of the date of termination of the Franchise Lease and shall be on substantially the same terms and conditions as the Franchise Lease.

8. Landlord and JLI MARYLAND each individually agrees that Lender or Tenant may assign or sublet the Premises to any entity with the consent of JLI MARYLAND (if such consent is required under the Franchise), will not be unreasonably conditioned, withheld or delayed. Landlord and JLI MARYLAND each individually acknowledges and agrees that the Premises may be closed for the period of time necessary to make alterations to or otherwise adapt the Premises to its intended use.

9. Any notice(s) required or desired to be given hereunder to Lender shall be directed to CITICORP NORTH AMERICA, INC., as Agent for Lender at 2600 Michelson Drive, Suite 1200, Irvine, California 92612, to the attention of Paul Schmidhauser, Counsel, and shall be sent by a regularly scheduled overnight delivery carrier with delivery fees prepaid.

10. The agreements contained herein may not be modified or terminated orally and shall be binding upon Landlord and the JLI MARYLAND each individually and each of its successors and assigns and shall inure to the benefit of Lender and its successors and assigns.

11. The agreements contained herein shall continue in full force and effect until Tenants' obligations and liabilities are paid and satisfied in full and all financing arrangements between Lender and Tenant have been terminated.

12. THIS AGREEMENT SHALL NOT IMPAIR OR OTHERWISE AFFECT TENANT'S OBLIGATIONS TO PAY RENT AND ANY OTHER SUMS PAYABLE BY TENANT PURSUANT TO THE TERMS OF THE FRANCHISE LEASE.

This Agreement may be executed in any number of counterparts, and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts taken together shall constitute but one and the same instrument.

Executed and delivered as of the 29th day of April, 1998, at San Diego.

LANDLORD:

CITY OF SAN DIEGO,
a municipal corporation

By: Lucille M. Goodman
Name: Lucille M. Goodman
Title: Superintendent, Asset Management

TENANT:

RICHARD HYNAN

BY: Richard Hynan
Richard Hynan

JEFFY LUBE INTERNATIONAL OF
MARYLAND, INC.
a Maryland corporation

By: _____
Name: _____
Title: _____

Approved as to form and legality

this 28th day of April, 1998
CASEY GWINN, City Attorney

By: Casey Gwinn
Deputy City Attorney

Address:
700 Milam Street
Houston, TX 77002
Attention Vice President - Legal
Telecopies: 713/546-6405

This Agreement may be executed in any number of counterparts, and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts taken together shall constitute but one and the same instrument.

Executed and delivered as of the 24th day of April, 1998, at Houston,
Texas.

LANDLORD:

CITY OF SAN DIEGO,
a municipal corporation

By: _____
Name: _____
Title: _____

TENANT:

RICHARD HYNAN

BY: Richard Hynan
Richard Hynan

JIFFY LUBE INTERNATIONAL OF
MARYLAND, INC.
a Maryland corporation

By: Gregory D. Bassett
Name: Gregory D. Bassett
Title: Vice President

Address:
700 Milam Street
Houston, TX 77002
Attention Vice President - Legal
Telecopies: 713/546-6405

This Agreement may be executed in any number of counterparts, and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts taken together shall constitute but one and the same instrument.

Executed and delivered as of the 24th day of April, 1998, at Houston,
Texas.

LANDLORD:

CITY OF SAN DIEGO,
a municipal corporation

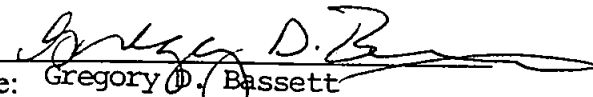
By: _____
Name: _____
Title: _____

TENANT:

RICHARD HYNAN

BY: _____
Richard Hynan

JIFFY LUBE INTERNATIONAL OF
MARYLAND, INC.
a Maryland corporation

By: 
Name: Gregory D. Bassett
Title: Vice President

Address:
700 Milam Street
Houston, TX 77002
Attention Vice President - Legal
Telecopies: 713/546-6405

SCHEDULE A
DESCRIPTION OF PREMISES

That portion of Lot 103 of La Mesa Colony, in the City of La Mesa, in the County of San Diego, State of California, according to Map thereof No. 346, filed in the Office of the County Recorder of San Diego County, described as follows:

Beginning at the point of intersection of the Northwestern line of said Lot 103 with the Northeasterly line of the Southwesterly 233.10 feet of said Lot 103, said Southwesterly 223.10 feet being measured at right angles to the Southwesterly line of said lot; said point also being the most Westerly corner of land described in deed to Horace E. Mc Giboney, et ux, recorded March 27, 1946 as File/Page No. 3331 of Official Records, thence along the Southwesterly line of said Mc Giboney's land South 59°46'41" East 42.41 feet to Point "X"; thence continuing along said Southwesterly line South 59°46'41" East 122.49 feet to a point on the arc of a 949.00 foot radius curve, concave Southeasterly from which a radial line bears South 32°07'17" East; thence Northeasterly along the arc of said curve, through a central angle of 14°47'29" for a distance of 244.98 feet to the Northeasterly line of said Mc Giboney land; thence along said Northeasterly line North 59°46'41" West 133.03 feet along a line which is parallel with and 423.10 feet Northeasterly of the Southwesterly line of said Lot 103, said 423.10 feet being measured at right angles to said Southwesterly line, to a point on the arc of a 1051.00 foot radius curve, concave Southeasterly, from which a radial line bears South 22°13'50" East and the True Point of Beginning; thence Southwesterly along the arc of said curve, through a central angle of 11°58'59" for a distance of 219.81 feet to the beginning of a reverse 25.00 foot radius curve, concave Northerly; thence Westerly along the arc of said curve, through a central angle of 46°45'04" for a distance of 20.40 feet to Point "X" above; thence along the Southwesterly line of said Mc Giboney's land North 59°46'41" West 15.20 feet more or less, to a point on said line distant thereon South 59°46'41" East 27.71 feet from the most Westerly corner of said land, being a point on the arc of a 25.00 foot radius curve, concave Easterly from which a radial line bears North 47°56'23" East; thence Northerly along the arc of said curve, through a central angle of 71°49'56" for a distance of 31.34 feet; thence North 60°13'41" West 10.00 feet to a point on the Northwestern line of said Lot 103; thence along said Northwestern line, North 29°46'19" East 176.46 feet to the Northeasterly line of said Mc Giboney's land, thence along said Northeasterly line South 59°46'41" East to the True Point of Beginning.

Common Address: 5540 Lake Murray Blvd., La Mesa, CA

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of TEXAS

County of HARRIS

On April 24, 1998 before me, James E. Camacho, Notary Public
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")

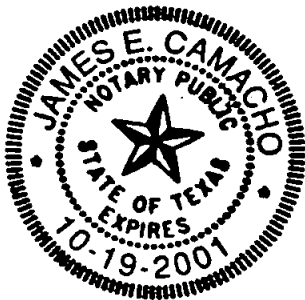
personally appeared Gregory P. Bassett

Name(s) of Signer(s)

- ☒ personally known to me
☐ proved to me on the basis of satisfactory evidence

to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.



James E. Camacho
Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

- ☐ Individual
☐ Corporate Officer
Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney-in-Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____

Signer Is Representing:

**RIGHT THUMBPRINT
OF SIGNER**
Top of thumb here

Signer's Name: _____

- ☐ Individual
☐ Corporate Officer
Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney-in-Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____

Signer Is Representing:

**RIGHT THUMBPRINT
OF SIGNER**
Top of thumb here

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

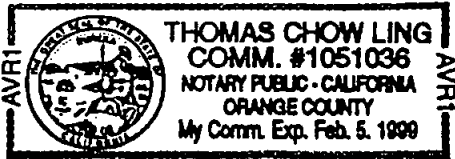
State of CALIFORNIA

County of ORANGE

On 4-28-98 before me, THOMAS CHOW LING
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")

personally appeared RICHARD J. HYNAN
Name(s) of Signer(s)

- ☒ personally known to me
☐ proved to me on the basis of satisfactory evidence



to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

[Signature]
Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: LANDLORDS CONSENT

Document Date: 4-28-98 Number of Pages: 5

Signer(s) Other Than Named Above: NONE

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

- ☐ Individual
☐ Corporate Officer
Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney-in-Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____

Signer Is Representing:

RIGHT THUMBPRINT
OF SIGNER
Top of thumb here

Signer's Name: _____

- ☐ Individual
☐ Corporate Officer
Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney-in-Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____

Signer Is Representing:

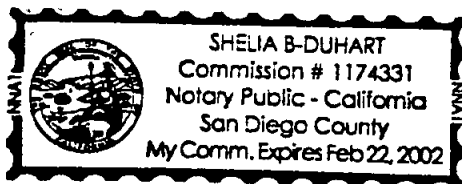
RIGHT THUMBPRINT
OF SIGNER
Top of thumb here

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California
County of San Diego
On 4-29-98 before me, Shelia B. Duhart
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")
personally appeared Lucille M. Goodman
Name(s) of Signer(s)

☒ personally known to me
☐ proved to me on the basis of satisfactory evidence

to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



WITNESS my hand and official seal.

Shelia B. Duhart
Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

- ☐ Individual
☐ Corporate Officer
Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney-in-Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____

Signer Is Representing: _____

RIGHT THUMBPRINT
OF SIGNER
Top of thumb here

Signer's Name: _____

- ☐ Individual
☐ Corporate Officer
Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney-in-Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____

Signer Is Representing: _____

RIGHT THUMBPRINT
OF SIGNER
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ASSIGNMENT AND ASSUMPTION AGREEMENT

This Assignment and Assumption Agreement made this ____ day of March, 1998 by and between **AZTEC LUBRICANTS INC.**, a California Corporation, **ROBERT J. MEHALL AND KATHLEEN T. MEHALL**, (hereinafter referred to jointly and severally as "Assignor"), **RICHARD HYNAN**, an individual, (hereinafter referred to as "Assignee") and **JIFFY LUBE INTERNATIONAL OF MARYLAND, INC.**, a Maryland corporation (hereinafter referred to as "Landlord").

Whereas, Assignor entered into a Sublease with Landlord, dated August 31, 1994 (hereinafter collectively referred to as the "Lease") for certain real estate and improvements known as **5540 Lake Murray, La Mesa, CA** and more particularly described therein.

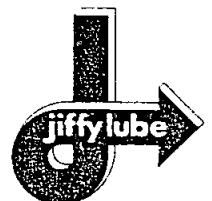
Whereas, Assignor desires to assign all of its rights, title and interest in said Sublease to Assignee;

Whereas, Assignee desires to accept such assignment in accordance with the terms of this Agreement; and

Now, therefore, in consideration of the mutual promises contained herein, other good and valuable consideration passing between the parties, the receipt and sufficiency of which is hereby acknowledged, the parties hereto, intending to be legally bound, covenant and agree as follows:

1. Assignor hereby assigns to Assignee all of Assignor's right, title and interest to the Sublease, which is attached hereto as Exhibit B and made a part hereof.
2. Assignee hereby accepts the assignment of said Sublease and agrees to abide by all of the terms and conditions of said Sublease, binding upon the Lessee.
3. Landlord joins herein to consent to the covenants and agreements contained herein.
4. The parties hereto acknowledge that Landlord's consent to this Assignment is not an approval of any subsequent assignments of the Sublease or subletting of the Leased Premises by Assignee.

IN WITNESS WHEREOF, the parties have set their hands and seals as of the date first above mentioned.



WITNESS:

WITNESS:

WITNESS:

831ASSUM3/17/98

ASSIGNOR:
AZTEC LUBRICANTS, INC.

By: _____
Robert J. Mehall

ROBERT J. MEHALL

By: _____
Robert J. Mehall

KATHLEEN T. MEHALL

By: _____
Kathleen T. Mehall

ASSIGNEE:
RICHARD HYNAN

By: _____

LANDLORD:
JEFFY LUBE INTERNATIONAL
OF MARYLAND

By: _____
Gregory D. Bassett

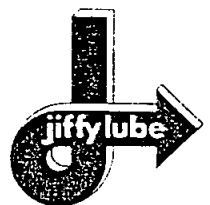


EXHIBIT B

STORE 831

FRANCHISEE LEASE

THIS LEASE made and entered into this 31st day of ~~March~~ ^{August}, 1994 by and between **JEFFY LUBE INTERNATIONAL OF MARYLAND INC.**, a Maryland corporation with offices at 700 Milam Street, Houston, Texas 77002 (hereinafter called "Landlord") and **AZTEC LUBRICANTS, INC.**, a California corporation, with offices at 5540 Lake Murray Blvd., La Mesa, California (hereinafter called "Tenant").

WITNESSETH:

In consideration of the covenants and promises contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, it is agreed by the parties hereto as follows:

1. PREMISES:

(a) Landlord hereby leases to Tenant and Tenant hereby leases from Landlord all that property generally described as 5540 Lake Murray, and lying and being situated in the City, Borough or Township of La Mesa, State of California, more particularly described on Exhibit "A" attached hereto, together with the buildings and improvements thereon or to be erected (hereinafter collectively referred to as the "Premises"), for the term and upon the conditions hereinafter set forth.

(b) On or about the date of this Lease, Tenant has entered a Franchise Agreement (the "Franchise Agreement") with Jiffy Lube International, Inc., pursuant to which the Tenant is authorized to operate a Jiffy Lube Service Center at the Premises. In the event of any conflict between the terms of this Lease and the terms of the Franchise Agreement, the Franchise Agreement shall control.

2. LANDLORD'S IMPROVEMENTS:

Intentionally deleted.

3. ACCEPTANCE OF THE IMPROVEMENTS:

By Tenant's occupation of the Premises and opening for business thereon, Tenant has accepted the Improvements.

4. TERM; COMMENCEMENT OF TERM; OBLIGATIONS PRIOR TO COMMENCEMENT OF TERM

Term and Commencement: The term of this lease shall commence upon September 1, 1994, and shall expire fifteen (15) years thereafter or on the earlier termination of the Franchise Agreement or the Prime Lease, if any (the "Original Term").

Provided Tenant is not then in default under this Lease (and this Lease is otherwise in full force and effect) or under any Franchise Agreement or Area Development Agreement with Jiffy Lube International, Inc., then Tenant shall have the option to extend the term of this Lease for two (2) additional five (5) year periods (the "Additional Term") on the same terms and conditions as set forth in this Lease. The Additional Term shall be for a period of time equal to the lesser of (i) the term of the Franchise Agreement; or (ii) the term of the Prime Lease, if any. If Tenant elects to extend the term of this Lease, the Tenant shall give to Landlord notice of Tenant's intention not less than six (6) months prior to the end of the Original Term of this Lease.

Unless otherwise indicated, all references herein to the "term of this Lease" include both the Original Term and the Additional Term.

5. **RENT:**

(a) Tenant shall pay as Rent hereunder an annual Minimum Rent equal to Eighty Four Thousand and No/100 Dollars, payable in equal monthly installments of \$7,000.00:

(b) Minimum Rent Adjustment

The monthly Minimum Rent and annual Minimum Rent shall each be increased by nine percent (9%) on the third (3rd) anniversary of the Commencement Date and thereafter on each succeeding third (3rd) anniversary of the Commencement Date through the term of this Lease.

For the purpose of this Lease, the term "Lease Year" shall mean twelve month period commencing upon the date of the commencement of the term of this Lease and each succeeding twelve month period.

(c) Accord and Satisfaction: No payment by Tenant or receipt by Landlord of a lesser amount than the rent herein stipulated shall be deemed to be other than on account of the earliest rent then due, nor shall any endorsement or statement on any check or any letter accompanying any check or payment as rent be deemed an accord and satisfaction. Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such rent or pursue any other remedy provided for in this Lease, or at law.

(d) Late Charges: In the event Tenant fails to pay any portion of the Minimum Rent or percentage Rent (including any additional rental due hereunder) on the date due, or within five (5) days thereafter, a late charge of two (2%) percent (or the highest rate permitted by law) per month of the delinquent rental shall be added to said rental and paid to Landlord together therewith.

(e) Net Rental; No Abatement of Rent: The rental due Landlord under this Lease is a net rent. The net rent shall be absolutely net to the Landlord, so that the Lease shall yield net to Landlord the specified net rental in each month and year during the term of this Lease, and each and every item of expense of every kind and nature whatsoever for the payment of which Landlord is, shall or may become liable by reasons of its estate or interest in the Premises or any rights or interest of Landlord in or under this Lease (except for any federal or state income taxes payable by Landlord and payments of indebtedness secured by liens on the Premises), or by

reason of or in any manner connected with or arising from the ownership, leasing, or building, or use of the Premises or any building or improvements thereon, shall be borne by Tenant.

(f) Security Deposit: Tenant has paid to Landlord \$5,000.00 to be held by Landlord as security for performance by Tenant of all obligations imposed on Tenant hereunder. If Tenant shall perform all such obligations, said sum shall be refunded to Tenant at the termination of this Lease, without interest. If Tenant shall default in any such obligation, Landlord, in addition to any other remedies it may have, shall be entitled to apply such sum toward Landlord's damages.

6. PAYMENT OF TAXES, FEES, ASSESSMENTS AND UTILITIES:

(a) Payment of Taxes, Fees and Assessments: Tenant shall pay, prior to delinquency, pursuant to bills procured and timely submitted to Tenant by Landlord, or sent directly to Tenant by any federal, state or municipal governmental authority, all property taxes, Franchise fees, permits and assessments levied or imposed against the Premises or measured by the rent payable hereunder from and after Tenant's acceptance of the Improvements or occupancy of the Premises, whichever shall occur first, and any such taxes, fees, permits and assessments shall be prorated, where applicable, between Landlord and Tenant to reflect the effective date of the commencement of this obligation by Tenant. Tenant will exhibit receipts evidencing payment of any such taxes, fees or assessments to Landlord promptly upon payment thereof. Tenant may, at its expense, contest any such taxes, fees and assessment, in the name of Landlord if necessary. In such event, however, Tenant shall indemnify Landlord against any costs, penalties or attorneys' fees incurred by or asserted against Landlord by virtue thereof. If Tenant fails to pay any taxes, fees or assessments when due, Landlord may pay the same under the provisions of Paragraph 23.

(b) Payment of Utilities: Tenant shall pay for all water, gas, sewer, electric and all other utilities serving the Premises.

7. AUTHORIZED USES:

Tenant shall use the Premises for the following purposes, and for no other purposes whatsoever, without the prior written consent of Landlord: those purposes expressly authorized by the Franchise Agreement between Jiffy Lube International, Inc., and Tenant, pertaining to the Jiffy Lube Service Center at the Premises.

8. COMPLIANCE WITH LAWS, LICENSES AND PERMITS:

(a) Compliance with Laws: Tenant shall not use, or permit any person to use, the Premises or any part thereof for any use or purpose in violation of federal, state or local law, including, but not limited to, present and future ordinances or other regulations of any municipality in which the Premises are situated, and Tenant agrees, if, during the term of this Lease new laws and regulations be imposed, Tenant will, at the sole cost and expense of Tenant, make alterations or improvements in or to the Premises which may be required by any federal, state or local law, or by any municipal ordinance, or regulation applicable thereto. Tenant shall also comply with all orders, directives, rules and regulations of all governmental bodies, bureaus and offices having jurisdiction over Tenant or the Premises. Landlord makes no warranties or representations as to the state of such ordinances, rules and regulations, and Tenant

acknowledges that he has independently investigated same and represents that he will comply therewith.

(b) **Franchises and Permits:** Tenant shall procure and maintain at Tenant's own expense and responsibility all Franchises, permits or inspection certificates required by any governmental authority respecting Tenant's use of the Premises or the operation of Tenant's business thereon. Tenant may contest any such law, ordinance or regulation, and if required, may join Landlord's name in any such contest, In such event, however, Tenant shall indemnify Landlord against any costs, penalties or attorneys' fees incurred by or asserted against Landlord by virtue thereof.

(c) **Occupancy:** Tenant will not at any time use or occupy the Premises in violation of the certificate of occupancy issued for the Premises.

9. LIABILITY INSURANCE: EMPLOYER'S INSURANCE AND INDEMNITY

(a) **General Liability Insurance:** Tenant shall, during the entire term of this Lease, at Tenant's own expense, keep in force by advance payment of premiums, public liability insurance in an amount not less than \$3,000,000 for combined single limit bodily injury and property damage, insuring Tenant, Landlord and any Mortgagee of Landlord against any liability that may accrue against them or any of them on account of any occurrence in or about the Premises during the term of this Lease or in consequence of Tenant's occupancy thereof and resulting in personal injury, death or property damage. All policies of insurance, as aforesaid, shall provide that they cannot be canceled, terminated, or amended without thirty (30) days prior written notice to Landlord and Tenant and any Mortgagee of Landlord.

(b) **Employer's Liability Insurance:** Tenant shall, during the entire term of this Lease, at Tenant's own expense, pay for and maintain employer's liability insurance (\$100,000 minimum limit) and workmen's compensation insurance, as prescribed by the law of the state in which the Premises are located.

(c) **Indemnity:** Tenant agrees to indemnify and save harmless Landlord from and against all claims of whatever nature arising from (i) any act, omission or negligence of Tenant, or Tenant's contractors, agents, servants or employees, or (ii) arising from any accident, injury or damage whatsoever caused to any person or to the property of any person occurring during the term hereof in or about the Premises, where such accident, damage or injury results or is claimed to have resulted from an act or omission on the part of Tenant or Tenant's undertakings in this Lease. This indemnity and hold harmless agreement shall include indemnity against all costs, expenses and liabilities in connection with any claim or proceeding brought thereon and the defense thereof, including reasonable attorneys' fees. Tenants obligation to observe or perform this covenant shall survive the expiration or other termination of this Lease.

(d) **Special Definition for the Term Landlord:** As used in Articles 9, 10 and anywhere else expressly designated only, the term "Landlord" includes the Landlord, any landlord of the Landlord and the owner of Landlord's property if applicable.

(e) **Certificates of Insurance; Increase in Amount; Company:**
Tenant shall furnish to Landlord, before Tenant may operate as a Jiffy Lube Service Center copies of policies or certificates of insurance required by this Lease. The amounts of the

insurance required pursuant to this Article 9 shall be increased from time to time as required by Landlord in accordance with the insurance amounts customary from time to time for similar properties.

All policies of insurance described in this Article 9 and Article 10 shall be issued by a company with a Best's Guide rating of "A" or better.

10. FIRE AND EXTENDED COVERAGE INSURANCE:

Tenant agrees, at its sole cost and expense, during the entire term of this Lease, to keep the Premises, the Improvements, all other improvements, equipment and any supplies thereon adequately insured by reliable companies "for full replacement value" whereby the insurer will be obligated to pay full cost of repair or replacement as of the date of loss against damages caused by fire, smoke, explosion and other risks covered by standard extended coverage endorsements. Tenant shall also carry insurance against the risks of loss of rents and income resulting from any such hazards, which policy must provide coverage for six months estimated income from the Premises. All such policies shall name Landlord, and Landlord's mortgagee, if required, as a co-insured, as their respective interests may appear. Such insurance may be carried under a blanket-type policy issued to Tenant and all such insurance must provide that it cannot be cancelled, terminated, or amended without thirty (30) days prior written notice to Landlord and Tenant. Before Tenant may operate the Premises as a Jiffy Lube Service Center, Tenant will deliver to Landlord certificates evidencing the aforesaid insurance. The proceeds of any loss claims collected by Landlord on such policy shall be credited or payable by Landlord to Tenant in reimbursement of any expenditures made on account thereof by Tenant pursuant to Tenant's maintenance and repair obligations hereunder.

11. MAINTENANCE:

Tenant will at all times during the term of this Lease keep the Premises, appurtenances, fixtures, installations and equipment attached and related thereto, including any parking area and driveways, in good condition and repair, at Tenant's expense, and upon termination hereof, shall surrender same in such good repair, reasonable wear and tear excepted. Tenant will keep all fire extinguishers in the Premises filled and in good condition at Tenant's own cost and expense. Should any portion or all of the Premises be damaged or destroyed by fire, the elements or any other cause, with or without fault on the part of Tenant, Tenant shall promptly rebuild or replace any such damaged or destroyed portions. Tenant will make all repairs at its sole cost expense, both interior and exterior, structural or non-structural ordinary or extraordinary, and foreseen and unforeseen. "Repairs" shall include all necessary rebuilding, replacements, renewals, alterations, additions and betterments. All repairs made by Tenant shall be equal in quality and class to the original work.

Tenant will also do or cause others to do all necessary shoring of foundations and walls of any structure and every other act or thing for the safety and preservation thereof which may be necessary by reason of any excavation or other building operation upon any adjoining property, street, alley or passageway.

Except as otherwise specifically provided herein, damage to or destruction of any portion of all of the Premises, by fire, the elements or any other cause, with or without fault on the part

of Tenant, shall not terminate this Lease or entitle Tenant to any abatement of or reduction in the rent payable, or otherwise affect the respective obligations of the parties hereto.

12. REPAIR BY LANDLORD:

Landlord shall not be required to furnish any services or facilities to the Premises after acceptance of the Improvements. Landlord shall have no obligation to repair, maintain, alter, replace or modify the Premises or any part thereof, including but not limited to any plumbing, heating, electrical, air conditioning or other mechanical installation therein. Tenant hereby assumes the full and sole responsibility for the condition, operation, repair, rebuilding, replacement, maintenance and management of the Premises.

13. RIGHT OF ENTRY BY LANDLORD:

Tenant shall permit inspection of the Premises during reasonable business hours by Landlord or Landlord's agents or representatives for the purpose of ascertaining the condition of the Premises. One Hundred Eighty (180) days prior to the expiration of this Lease, Landlord may post suitable notice on the Premises that the same are "For Rent" and may show the Premises to prospective tenants at reasonable times. Landlord may not, however, thereby unnecessarily interfere with the use of the Premises by Tenant.

14. ALTERATIONS; FIXTURES; CONDITION ON TERMINATION:

(a) **Alterations:** Tenant, after receiving the written consent of Landlord, at Tenant's sole cost and expense, in a good workmanlike manner, may make such alterations to the Premises as Tenant may require for the conduct of its business without materially altering the basic character of the buildings or improvements thereon, or weakening any structure on the Premises. Any such alterations shall be subject to Landlord's inspection upon completion, and Tenant agrees to make whatever changes or additions to such alterations as are requested by Landlord. Tenant shall also have the right, with the written consent of Landlord, to erect, at Tenant's sole cost and expense, such temporary partitions, including office partitions, as may be necessary to facilitate the handling of Tenant's business and to install telephones and telephone equipment and wiring, and electrical fixtures, additional lights and wiring and other trade appliances. Tenant shall, before making any alterations, additions, installations or improvements, at its expense, obtain all permits, approvals and certificates required by any governmental or quasi governmental bodies and (upon completion) certificates of final approval thereof and shall deliver promptly duplicates of all such permits, approvals and certificates to Landlord and Tenant agrees to carry and will cause Tenant's contractors and subcontractors to carry such workmen's compensation, general liability, personal and property damage insurance as Landlord may require.

(b) **Fixtures:** Any alterations or improvements to the Premises, including partitions, all electrical fixtures, lights and wiring, shall become the property of Landlord at the expiration or sooner termination of this Lease. Should Landlord request Tenant to remove all or any part of the above mentioned items, however, Tenant, at its own expense, shall do so prior to the expiration of this Lease and repair the Premises as described herein. At the expiration or sooner termination of this Lease, Tenant shall be entitled to remove Tenant's personal property and trade fixtures, provided that Tenant has complied with all its obligations under this Lease and repairs, in a good workmanlike manner, all damage done to the Premises by such removal.

Nothing in this Article shall be construed to give Landlord title to or prevent Tenant's removal of trade fixtures.

(c) Condition of Premises on Termination: Tenant agrees to surrender the Premises at the expiration, or sooner termination, of this Lease in the same condition as when the Premises were delivered to Tenant, or as altered pursuant to the provisions of this Lease, ordinary wear, tear excepted.

15. SIGNS:

Tenant may, if applicable laws permit, place suitable signs, emblems, logos, lettering and pictorial materials on the Premises for the purpose of indicating the nature of the business carried on by the Tenant in said Premises; provided, however, that any such signs, emblems, logos, lettering and pictorial materials must first be consented to by Landlord. In the event Tenant places any signs, emblems, logos lettering or pictorial materials on the Premises without Landlord's consent, Landlord has the right to remove the same. Any damage to the Premises caused by installation or removal of signs, emblems, logos, lettering or pictorial materials shall be repaired at the expense of Tenant. All work shall be completed in a good workmanlike manner.

16. GLASS:

Tenant agrees to immediately replace all glass broken or damaged on the Premises during the term of this Lease with glass of the same quality as that broken or damaged.

17. ASSIGNMENT AND SUBLETTING:

To the extent permitted by the Franchise Agreement, Tenant shall have the right to assign its interest herein to the same person who is assigned Tenant's interest as Franchisee under the Franchise Agreement. Tenant shall not otherwise allow or permit transfer of this Lease or any interest hereunder by operation of law or otherwise, nor assign, sublease, convey, mortgage, pledge or encumber this Lease or any part thereof by another without, in each case, obtaining Landlord's prior written consent. No assignment (with or without Landlord's consent) shall release Tenant from any of its obligations hereunder.

18. ASSIGNMENT BY LANDLORD:

Landlord shall have the right, at any time, without Tenant's prior approval, to assign its interest in this Lease, and the Prime Lease if applicable, to any entity who purchases the fee simple interest or Landlord's leasehold interest and/or its interests in the Improvements, underlying the Premises. In connection therewith, Landlord shall have the right, at any time, without Tenant's prior approval, to enter into a primary leaseback of the Premises (hereafter referred to as a "Sale/Leaseback" transaction). In the event the Landlord desires to complete a Sale/Leaseback transaction, Tenant agrees that (a) Tenant's prior approval shall not be required, (b) Landlord's new lease shall become the primary lease ("Primary Lease") to the purchasing entity (the new owner) and (c) this Lease shall effectively and automatically become a sublease to Landlord's Primary Lease. In the event that any other person or entity acquires title or any other interest in the Premises pursuant to a sale or transfer of the fee simple or leasehold interest in the Premises subsequent to the date hereof, Tenant's right of possession shall not be disturbed

provided (a) Tenant is not then, and is not in the future, in default under this Lease and (b) Tenant attorns to such title holder. In the event that any other person or entity takes assignment of this Lease pursuant to a sale or transfer of the fee simple or leasehold interest in the Premises subsequent to the date hereof and notice thereof is served upon Tenant, Tenant agrees to look solely to the assignee for the performance of all obligations of the Landlord under this Lease.

19. QUIET ENJOYMENT:

Landlord covenants and agrees that Tenant, upon paying the rent and all other charges provided for in this Lease, and upon observing and keeping all of the covenants, conditions and provisions of this Lease on its part to be observed and kept, shall lawfully and quietly hold, occupy and enjoy the Premises during the term of this Lease, without hindrance or molestation by or from anyone claiming by, through or under Landlord, subject to the terms of any primary lease, this Lease and any mortgage or encumbrance now or hereafter placed on the Premises by Landlord.

20. TENANT'S DEFAULT:

If (a) Tenant shall fail to pay any installment of Minimum Rent or Percentage Rent or any additional sum when due hereunder for five (5) days after written notice from Landlord; (b) Tenant shall default in any of the covenants, agreements, conditions or undertakings herein agreed to be kept, observed and performed by the Tenant other than the payment of rent (Minimum and Percentage Rent or additional rent) or any part thereof when due, and such default shall continue for fourteen (14) days after notice thereof in writing to Tenant; (c) Tenant shall fail to open for business the Jiffy Lube Service Center on the Premises within eight (8) months after Tenant's execution of the Franchise Agreement (unless such eight (8) month period is extended pursuant to the terms of the Franchise Agreement, and then if Tenant fails to open for business the Jiffy Lube Service Center on the Premises within the time permitted by the Franchise Agreement), and, if such default shall continue for fourteen (14) days after notice thereof in writing to Tenant; (d) Tenant shall default in any of the terms of the Franchise Agreement and fail to cure such default within any cure period allowed by the Franchise Agreement or in the event the Franchise Agreement should terminate, whether by lapse of time or otherwise; (e) Tenant shall vacate or abandon the Premises; (f) proceedings in bankruptcy or for liquidation, reorganization or rearrangement of tenant's affairs are instituted by or against Tenant; (g) a receiver or trustee is appointed for all or substantially all of the Tenant's business or assets on the grounds of Tenant's insolvency; (h) Tenant makes an assignment for the benefit of its creditors; (i) a reorganization under the bankruptcy laws of the United States is instituted by or against Tenant; (j) this Lease or Tenant's interest herein or in the Premises or any improvements thereon or any property of Tenant are executed upon or attached; (k) possession of the Premises is given to any person other than expressly permitted under this Lease; (l) Tenant fails to execute instruments or certificates provided for in this Lease within fifteen (15) days after the mailing by Landlord of a written request; or (m) Landlord determines that Tenant has submitted any false report required to be furnished hereunder, then in any of the above events, Landlord, at its election, may terminate this Lease and, either with or without process of law, re-enter, expel, remove and put out Tenant and all persons who may be occupying the Premises under Tenant, using such force or other means as may be lawful and necessary in so doing, and repossess and enjoy the Premises. Such re-entry and repossession shall not work a forfeiture of the rents to be paid and the covenants to be performed by the Tenant during the full term of this Lease. If any applicable law requires any additional notice or greater period during

which Tenant may attempt to cure a default before termination, this Lease shall be deemed to be modified to comply with such law.

Upon the expiration of the term of this Lease by reason of the happening of any of the events hereinabove described, or in the event of the termination of this Lease or right to possession or both, as the case may be, by summary dispossession proceedings or under provision of any law now or at any time hereafter in force, by reason of or based upon or arising out of a default under or breach of this Lease on the part of Tenant, or upon Landlord recovering possession of the Premises under any of the foregoing circumstances, whatsoever, whether with or without legal proceedings, Landlord may, at its option, at any time and from time to time, relet the Premises or any part or parts thereof for the account of Tenant or otherwise, and receive and collect the rents therefor, applying the same first to the payment of such expense as Landlord may have incurred in recovering possession of the Premises, including legal expense and attorneys' fees, and for putting the Premises into good order or condition or preparing or altering the same for re-rental, expenses, commissions and charges paid, assumed or incurred by Landlord in connection with the reletting of the Premises, and then to the fulfillment of the covenants of Tenant hereunder. Any such reletting herein provided may be for the remainder of the term of this Lease or for a longer or shorter period. In any such case, and whether or not the Premises or any part thereof be relet, Tenant shall pay to Landlord the Minimum Rent, the Prime Lease Rent and any item of additional rent due hereunder, and all other charges required to be paid by Tenant up to the time of such termination of this Lease, or of such recovery of possession of the Premises by Landlord, as the case may be; and thereafter Tenant covenants and agrees, if required by Landlord, to pay to Landlord until the end of the term of this Lease and equivalent of the amount of all the Minimum Rent, the Prime Lease Rent and any additional rent reserved herein and all other charges required to be paid by Tenant less the net avails of reletting, if any, and the same shall be due and payable by Tenant to Landlord on the several rent days above specified. In any of the circumstances hereinabove mentioned in which landlord shall have the right to hold Tenant liable upon the several rent days herein specified to pay Landlord the equivalent of the amount of all the Minimum Rent, the Prime Lease Rent, and the additional rent and all other charge required to be paid by Tenant less the net avails of reletting, if any, Landlord shall also have the election, in place and instead of holding Tenant so liable, to forthwith recover against Tenant as damages for loss of the bargain and not as a penalty, an aggregate sum which, at the time of such termination of this Lease, or of such recovery of possession of the Premises by Landlord, as the case may be, represents the then present worth of the excess, if any, of the aggregate of the Minimum Rent, the Prime Lease Rent, and the additional rent and all other charges payable by Tenant hereunder that would have accrued for the balance of the term over the aggregate rental value of the Premises for the balance of such term. Nothing herein contained shall limit or prejudice Landlord's right to prove and obtain as liquidated damages arising out of such breach of termination the maximum amount allowed by any statute or rule of law which may govern the proceeding in which such damages are to be proved, whether such amount be greater, equal to, or less than, the amount of the then present worth of the excess of the Minimum Rent, the Prime Lease Rent, any additional rent and all other charges payable by Landlord hereunder over the rental value referred to above.

21. LANDLORD'S DEFAULT:

Landlord shall, in no event, be charged with default in any of its obligations hereunder unless and until Landlord shall have failed to perform such obligations within thirty (30) days

(or such additional time as is reasonably required to correct such default) after written notice to Landlord by Tenant, specifically describing such failure.

22. RIGHT TO PERFORM FOR TENANT:

If Tenant should fail to perform any of its obligations under the provisions of this Lease, Landlord shall have the right, but not the obligation, to undertake such performance or cause the same to be done, and Tenant agrees to reimburse any and all expenses incurred by Landlord in connection therewith five (5) days after receipt by Tenant of Landlord's invoice. These expenses include, but are not limited to filing fees, legal fees and bond premiums. Landlord may charge such expenses to Tenant as additional rent due from Tenant to Landlord, together with interest thereon, at the rate of two percent (2%) per month (or the highest interest rate permitted by law), in the event that Tenant does not reimburse Landlord within the five (5) days prescribed. Nothing in this paragraph shall be construed to limit any and all other rights and remedies of Landlord.

23. WAIVER:

No delay or omission of Landlord to exercise any right or power arising from any default shall impair any such right or power or be construed to be a waiver of any such default or an acquiescence therein. No waiver shall be effective unless in writing, signed by Landlord, and no waiver of any breach of any of the covenants of this Lease shall be construed, taken or held to be a waiver of any other breach, or waiver, acquiescence in or consent to any further or succeeding breach of the same covenant.

24. REMEDIES CUMULATIVE:

The remedies herein granted to Landlord shall not be exclusive or mutually exclusive and Landlord shall have such other and additional remedies against Tenant as may be permitted in law or in equity at any time. Any exercise of a right of termination by Landlord shall not be construed to eliminate or discharge any right of Landlord to damages on account of any default of Tenant.

25. LIENS:

Nothing in this Lease shall authorize Tenant to do any act which shall in any way encumber the title of Landlord (as defined in Article 9(d)) in and to the Premises. The interest or estate of the Landlord (as defined in Article 9(d)) shall not in any way be subject to any claim by lien or encumbrance, whether by operation of law or by virtue of any express or implied contract by Tenant. Tenant shall not permit the Premises to become subject to any mechanic's, laborer's or materialmen's lien on account of labor or material furnished to Tenant in connection with work of any character performed or claimed to have been performed on the Premises by or at the direction of, or sufferance of Tenant.

In the event any lien is filed against or attached to the Premises, or Tenant's interest therein, at Landlord's option, Tenant shall either pay the amount of said lien in full or shall, upon demand of Landlord, provide and pay for a non-cancelable bond, placed with a reputable company, approved by Landlord, in an amount equal to one and one half (1-1/2) times the amount of such lien and insuring the interest of Landlord (as defined by Article 9 paragraph (d))

and any mortgagee from any loss by reason of the filing of such lien. Tenant shall immediately pursue in good faith its legal remedies to the end of obtaining removal of said lien. In the event Tenant does remove or post a bond against the lien, Landlord shall have the right but not the obligation to post the bond under the provisions of Article 22.

26. CONDEMNATION:

If after the execution of this Lease and prior to the expiration of the term of this Lease, the Premises shall be taken in its entirety under the power of eminent domain or voluntarily sold under threat of such taking, or if such portion of the Premises is taken so as to render the Premises unusable for the operation of a Jiffy Lube Service Center, then the term of this Lease shall cease as of the date when the Premises is so taken, and rent shall be apportioned and adjusted as of the date of the taking or the sale in lieu thereof.

If only a part of the Premises shall be taken under the power of eminent domain or sold under threat of such taking, and such partial taking shall not render the Premises unusable for the operation of a Jiffy Lube Service Center, then this Lease shall continue in full force and effect as to the portion not taken and the rent shall abate proportionally on such part taken under the power of eminent domain or sold under threat of such taking.

In the event of any taking of the Premises under the power of eminent domain or a voluntary sale under threat of such taking, whether in part or in whole, the entire award granted in compensation for the value of the Premises, or the proceeds of a voluntary sale of same under threat of taking, shall belong to the Landlord. The parties hereto acknowledge that, upon condemnation, this Lease terminates as to any portion taken, or as to the whole if the taking of any portion renders the remainder unusable and consequently, Tenant shall have no claim to any portion of the condemnation award. Nothing herein contained shall be construed, however, as a release or waiver by Tenant of any right it may have as a lessee to obtain compensation from the condemnor for business interference or interruption, relocation costs, and moving costs.

27. SUBORDINATION AND NON-DISTURBANCE:

This Lease and all of Tenant's rights, title and interest in and under the Lease shall be subject, subordinated and inferior to the lien of any and all ground leases, underlying leases, mortgages and deeds of trust and to any and all terms, conditions, provisions, extensions, renewals or modification of any such leases, mortgages or deeds of trust which Landlord or any grantee or assignee of Landlord has or may place upon the Premises in the same manner and to the same extent as if this Lease had been executed subsequent to the execution, delivery and recording of such lease, mortgage or deed of trust.

In the event that a mortgagee, trustee or any other person acquires title or any other interest in the Premises pursuant to the exercise of any remedy provided for in any mortgage or deed of trust executed subsequent to the date hereof, Tenant's right of possession shall not be disturbed provided (a) Tenant is not then, and is not in the future, in default under this Lease and (b) Tenant attorns to such title holder. Tenant herein covenants and agrees that upon a mortgage foreclosure or a foreclosure under a deed of trust it will attorn to any mortgagee, trustee, assignee or any purchaser at the foreclosure sale as its Landlord and this Lease shall continue in full force and effect as a direct Lease between Tenant herein and such party upon all terms, conditions and agreements set forth in this Lease.

The subordination of this Lease to any mortgage or deed of trust now or hereafter placed upon the Premises shall be automatic and self-operative, and no further instrument of subordination shall be necessary. Without limiting such automatic and self-operative subordinations, however, Tenant herein shall, on demand, at anytime or times, execute, acknowledge and deliver to Landlord, or any grantee or assignee of Landlord, any and all instruments that may be necessary or proper to evidence the subordination of this Lease and all rights hereunder to the lien of any such mortgage or deed of trust. If Tenant shall fail, at any time to execute, acknowledge and deliver any such subordination instrument within five (5) days after demand, Landlord, or any grantee or assignee of Landlord, in addition to any other remedies available to it in consequence thereof, may execute, acknowledge and deliver the same as the attorney-in-fact of Tenant and in Tenant's name, place and stead, and Tenant hereby irrevocably makes, constitutes and appoints Landlord, its successors and assigns, such attorney-in-fact for that purpose.

28. PRIME LEASE:

If Landlord holds the Premises under a lease (the "Prime Lease"), Tenant is hereby given notice of the parties to, term of and provisions contained in the Prime Lease to Landlord, a copy of which is attached hereto and made a part hereof as "Exhibit D"; and in addition to the other provisions of this Lease which impose upon the Tenant the obligation to perform and comply with certain specified provisions contained in the Prime Lease, throughout the term of this Lease Tenant covenants and agrees that it will perform, observe and comply with all of the terms, covenants and conditions to be performed, observed or complied with by the tenant under the Prime Lease except for those provisions, if any, in the Prime Lease inherently incapable of being performed by Tenant. If the Prime Lease, or any extensions thereof, should expire or be forfeited, cancelled, or terminated, this Lease shall concurrently therewith be terminated, and thereupon all rights of Tenant hereunder shall cease.

29. TENANT'S TERMINATION OF FRANCHISE AGREEMENT:

If Tenant, as Franchisee under the Franchise Agreement, has voluntarily terminated the Franchise Agreement in accordance with the terms thereof, this Lease shall also terminate at such time as the Franchise Agreement terminates, provided that Tenant has fulfilled all its obligations under this Lease through the date of such termination.

30. END OF TERM:

Upon the expiration or other termination of the term of this Lease, Tenant shall quit and surrender the Landlord the Premises, broom clean, in good order and condition, ordinary wear and tear excepted, and Tenant shall remove all its property. All property permitted or required to be removed by Tenant at the end of the term which remains in the Premises after Tenant's removal shall be deemed abandoned and may, at the election of the Landlord, either be retained as Landlord's property or removed from the Premises by Landlord at Tenant's expense. Tenant's obligation to observe or perform this covenant shall survive the expiration or other termination of this Lease.

31. HOLDING OVER:

Tenant shall not hold over beyond the expiration or sooner termination of the term of this Lease. If, nevertheless, there be any holding over by Tenant, such shall give rise to a tenancy at the sufferance of Landlord. Tenant agrees to indemnify and save Landlord harmless against all costs, claims, loss or liability resulting from delay by tenant in so surrendering the Premises, including, without limitation, any claims made by any succeeding tenant founded on such delay. The parties recognize and agree that the damage to Landlord resulting from any failure by Tenant to timely surrender possession of the Premises as aforesaid will be extremely substantial, will exceed the amount of the monthly rental theretofore payable hereunder, and will be impossible to accurately measure. Tenant therefore agrees that if possession of the Premises is not surrendered to Landlord within 24 hours after the date of expiration or sooner termination of this Lease, then Tenant shall pay to Landlord for each month and for each portion of any month during which Tenant holds over in the Premises after the expiration or sooner termination of this Lease, an amount equal to two times the sum of the monthly Minimum Rent, the Prime Lease Rent (if any), and any additional rent which was payable under this Lease during the last month of the term hereof. Nothing herein contained shall be deemed to permit Tenant to retain possession of the Premises after the expiration or sooner termination of this Lease. This provision shall survive the termination of this Lease.

32. MISCELLANEOUS:

(a) Authority: The persons who have executed this Lease represent and warrant that they are duly authorized to execute this Lease in their individual or representative capacity as indicated.

(b) Review of Documents: The parties hereto represent that they have read and understand the terms of this Lease, and that they have sought legal counsel to the extent deemed necessary in order to protect their respective interests.

(c) Construction: The words "Landlord" and "Tenant" shall mean respectively all parties Landlord and Tenant, regardless of number, the word "he" shall be synonymous with "she," "it," and "they," the word "his" shall be synonymous with "her," "its," and "their," and, words in the singular shall be held to include the plural when the context requires.

(d) No Agency Created: Tenant shall have no authority, express or implied, to act as agent of Landlord or any of its affiliates for any purpose. Tenant is, and shall remain, an independent contractor responsible for all obligations and liabilities of, and for all loss or damage to, the Jiffy Lube Service Center to be operated by Tenant, including any personal property, equipment, fixtures or real property connected therewith, and for all claims or demands based upon damage or destruction of property or based upon injury, illness or death of any person or persons, directly or indirectly, resulting from the operation of said Jiffy Lube Service Center.

(e) Force Majeure: Whenever a period of time is provided in this Lease for either party to do or perform any act or thing, except the payment of monies, neither party shall be liable or responsible for any delays due to strikes, lockouts, casualties, acts of God, war, governmental regulation or control or other causes beyond the reasonable control of the parties,

and in any event, said time period for the performance of an obligation hereunder shall be extended for the amount of time of the delay. This clause shall not, however, apply to nor result in any extension of the term of this Lease.

(f) Paragraph Headings: Paragraph headings of this Lease are for convenience only and are not to be construed as part of this Lease and shall not be construed as defining or limiting in any way the scope or intent of the provisions hereof.

(g) Invalidity of a Provision: If any term or provision of this Lease shall to any extent be held invalid or unenforceable, the remaining terms and provisions of this Lease shall be valid and be enforced to the fullest extent permitted by law. However, in the event that any material term of this Lease shall be stricken or declared invalid, Landlord reserves the right to terminate this Lease at its sole option.

(h) Law Governing: The terms and provisions of this Lease shall be interpreted in accordance with and governed by the laws of the state in which the Premises are located without regard to principles of conflicts of law.

(i) Entire Agreement: This Lease, the Franchise Agreement, the Preliminary Agreement, and any relevant documents referred to therein shall be deemed to include the entire agreement between the parties hereto and it is agreed that neither Landlord nor anyone acting on its behalf has made any statement, promise, or agreement or taken upon itself any engagement whatsoever, whether verbally or in writing, in conflict with the terms of this Lease, or that in any way modifies varies, alters, enlarges, or invalidates any of the provisions hereof, or extends the term of this Lease, and that no obligations of the Landlord shall be implied in addition to the obligations herein expressed. This agreement cannot be changed orally, but only by an agreement in writing signed by Landlord and Tenant.

(j) Parties Bound: The terms of this Lease shall extend to and be binding upon the administrators, executors, representatives, heirs, assigns and successors of the parties this instrument.

(k) Notices: All notices to or demands upon the Landlord or Tenant desired or required to be given under any of the provisions hereof shall be in writing. Any notices or demands from the Landlord to the Tenant shall be deemed to have been duly and sufficiently given if a copy thereof has been mailed by United States registered or certified mail in an envelope properly stamped and addressed to Tenant at the address of the Premises. Any notices or demands from the Tenant to the Landlord shall be deemed to have been duly and sufficiently given if mailed by United States registered or certified mail in an envelope properly stamped and addressed to the Landlord at P.O. Box 2967, Houston, Texas 7722-2967, Attention: Real Estate Management. Either party, by notice, may change the address to which notice shall be sent, but all notices mailed to the Tenant at the address of the Premises shall be deemed sufficient.

(l) Franchise Agreement: All references to the Franchise Agreement herein shall mean that Franchise Agreement between Jiffy Lube International, Inc. and Tenant, pertaining to the Jiffy Lube Service Center at the Premises.

(m) Recordation: It is the intention of the parties hereto not to record this Lease. However, should recordation of this Lease be required by applicable law, or any other reason,

Tenant and Landlord agree to do so. Additionally, if required by applicable law or any other reason, each party at the request of the other shall execute and acknowledge, so that the same may be recorded, a Short Form Lease or Memorandum of Lease, indicating the Lease term, as well as any other terms necessary for recording. Tenant shall pay all of the costs and expenses of such recordation, including but not limited to any and all recordation taxes, transfer taxes, recordation fees and notary fees.

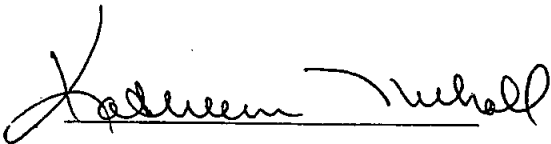
(n) Maximum Interest: No provision of this Lease shall require the payment or permit the collection of interest in excess of the maximum permitted by applicable law. If any excess of interest is herein or otherwise provided for, or shall result or be held to result, the provisions of this paragraph shall govern and the Tenant or any guarantor of this Lease shall not be obligated to pay the amount of such interest which is in excess of the maximum amount permitted by applicable law.

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

ATTEST OR WITNESS:

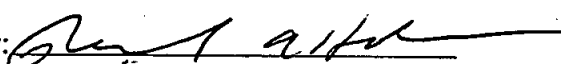


ATTEST OR WITNESS:



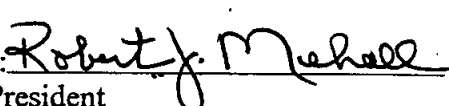
LANDLORD:

JEFFY LUBE INTERNATIONAL
OF MARYLAND, INC.

By: 
Vice President

TENANT:

AZTEC LUBRICANTS, INC.

By: 
President

EXHIBITS

A. Description of the Premises

CONSENT TO SUBLEASE AGREEMENT

The City of San Diego (CITY), as LESSOR under that certain Lease Agreement (Master Lease) entered into with

LA MESA COMMERCIAL CENTER and assigned to JIFFY LUBE INTERNATIONAL OF MARYLAND, INC.

(LESSEE) and filed in the Office of the City Clerk as Document 764289, hereby consents to that certain Sublease Agreement between the above LESSEE (SUBLESSOR) and

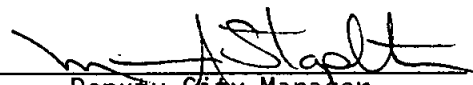
SAN DIEGO LUBRICANT, INC.

(SUBLESSEE) dated October 1, 1987. Said Sublease shall be subordinate to the Master Lease in all respects. The CITY is merely approving the SUBLESSEE and the proposed use, and all terms and conditions of the Master Lease shall control and supersede any inconsistent or contrary provisions in the Sublease. The CITY is not bound by any term or condition in the Sublease which in any way conflicts with or is additional to the provisions of the Master Lease.

In addition, this consent is subject to LESSEE and SUBLESSEE executing the attached Memorandum of Rent Adjustments.

THE CITY OF SAN DIEGO

Dated 3/16/88

By 
Deputy City Manager

APPROVED AS TO FORM:

JOHN W. WITT, City Attorney

Dated 3/14/88

By 
Deputy

MXB:baa(5)43
3-8-88

Attachment

W# 83

FRANCHISE LEASE

THIS FRANCHISE LEASE is made and entered into this 31st day of August, 1989, by and between JIFFY LUBE INTERNATIONAL OF MARYLAND, INC., a Maryland corporation, with offices at 6000 Metro Drive, Baltimore, Maryland 21215, (hereinafter "Landlord") and Astec Lubricants, Inc., a California corporation, Robert J. Mehall and Kathleen T. Mehall with offices at 5540 LAKE MURRAY BLVD LA MESA CA 92041 (hereinafter jointly and severally referred to as "Tenant").

WITNESSETH:

In consideration of the covenants and promises contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, it is agreed by the parties hereto as follows:

1. PREMISES:

Landlord hereby leases to Tenant and Tenant hereby leases from Landlord all that property generally described as 5540 Lake Murray, and lying and being situated in the City, Borough or Township of La Mesa, State of California, more particularly described on Exhibit "A" attached hereto, together with the buildings and improvements thereon (hereinafter collectively referred to as the "Premises"), for the term and upon the conditions hereinafter set forth.

2. LANDLORD'S IMPROVEMENTS:

The Premises are improved by a Jiffy Lube Service Center (hereinafter referred to as the "Improvements").

3. ACCEPTANCE OF THE IMPROVEMENTS:

By Tenant's occupation of the Premises and opening for business thereon, Tenant has accepted the Improvements.

4. TENANT'S IMPROVEMENTS:

(Intentionally Left Blank)

5. TERM; COMMENCEMENT OF TERM;
OBLIGATIONS PRIOR TO COMMENCEMENT OF TERM:

(a) Term and Commencement:

This Lease shall be effective upon the date of its execution but the term shall commence upon the first day of the month following the earlier to occur of (i) opening for business of the Jiffy Lube Service Center on the Premises or (ii) ten (10) days after the issuance of a Certificate of Occupancy (the "Commencement Date") and shall expire five (5) years thereafter or on the earlier termination of the License Agreement or the Prime Lease, if any (the "Original Term").

Provided Tenant is not then in default under this Lease (and this Lease is otherwise in full force and effect) or under any License Agreement or Area Development Agreement with Jiffy Lube International, Inc., then Tenant shall have the option to extend the term of this Lease for an additional period (the "Additional Term") on the same terms and conditions as set forth in this Lease. The Additional Term shall be for a period of time equal to the lesser of (i) the term of the License Agreement; or (ii) the term of the Prime Lease, if any. If Tenant elects to extend the term of this Lease, the Tenant shall give to Landlord notice of Tenant's intention not less than six (6) months prior to the end of the Original Term of this Lease. The Additional Term shall not exceed the term of the License Agreement or the Prime Lease.

Unless otherwise indicated, all references herein to the "term of this Lease" shall refer to both the Original Term and the Additional Term.

(b) Rental During Period Prior to Commencement:

During the period beginning with the earlier of (i) the opening for business of the Jiffy Lube Service Center on the Premises, or (ii) ten (10) days after issuance of a Certificate of Occupancy and ending with the Commencement Date of the term of this Lease, as provided in Paragraph 5(a) hereof, Tenant shall pay, without any abatement whatsoever, a pro rata portion of the Minimum Rent, as hereinafter defined, for such partial month, to Landlord, at the address specified in this Lease. Such portion shall be calculated by multiplying the Minimum Rent by a fraction, the numerator of which is the number of days in such a period and the denominator of which is that number of days in the respective months.

6. RENT; SECURITY DEPOSIT:

(a) Minimum Rent:

The Tenant agrees to pay as rent to Landlord, in lawful money of the United States, in advance, on the first day of each calendar month during the term of this Lease including any Additional Term, without any set off or reduction, at the address specified in this Lease or at such other place as Landlord may from time to time designate in writing, the Minimum Rent described herein. The monthly Minimum Rent shall equal the sum of Five Thousand Two and 00/100 Dollars (\$5,002.00) subject to the following adjustments:

(b) Prime Lease Rent:

If Landlord holds the Premises under a Prime Lease as defined in Article 29, below, then Tenant shall pay each month, in addition to the Minimum Rent, an amount equal to 102% of the monthly rent, (sometimes referred to as the "Two Percent (2%) Mark-up"), including base rent and any percentage rent, due to the Landlord under the Prime Lease (said amount shall hereinafter be called the "Prime Lease Rent"). The Two Percent (2%) Mark-up shall be increased each Third Lease Year by 9.0% of the then current Two Percent (2%) Mark-up.

(c) Minimum Rent Adjustment:

The annual Minimum Rent shall be increased each Third Lease Year by nine percent (9.0%) on the third (3rd) anniversary of the Commencement Date and thereafter the annual Minimum Rent shall be increased each succeeding third (3rd) anniversary of the Commencement Date through the term of this Lease.

(d) Deferred Rent Payments:

Starting on the Lease Commencement Date, Tenant shall pay to Landlord toward the Minimum Rent set forth in paragraph 6(a) of this Lease, and the Prime Lease Rent as set forth in paragraph 6(b), Percentage Rent in the amount of 15% of its Gross Sales. Tenant shall keep, or cause to be kept, full, complete, and proper books, records and accounts of the Gross Sales and credits of each separate department and concession at any time operated in the Premises. Said books, records and accounts, including any sales tax reports that Tenant may be required to furnish to any governmental agency, shall at all reasonable times be open to the inspection of Landlord, Landlord's auditor or other authorized representative or agent. Within ten (10) days after the end of each month during the Lease Year, Tenant shall furnish Landlord with its Percentage Rent Payment and a statement, to be certified as correct by Tenant or an employee of Tenant authorized so to certify, which shall set forth the Gross Sales made in or from the Demised Premises during the Lease month just concluded.

The aforesaid payments of Percentage Rent shall be referred to as "Deferred Rent Payments." Deferred Rent Payments shall continue throughout the term of this Lease until the earlier to occur of 1) such time as they are equal to the Lease rent payable pursuant to

Sections 6(a) and (b) hereof, or 2) such time as Tenant elects to renew this Lease for the Additional Term. At such time as the Deferred Rent Payments equal the rent payable pursuant to Sections 6(a) and (b) hereof, subject to provisions hereof for closing the "Deferred Rent Account" as set forth below, Tenant shall commence rent payments pursuant to Sections 6(a) and (b) hereof.

For any month in which the Deferred Rent Payment is less than the Minimum Rent and Prime Lease Rent pursuant to Sections 6(a) and (b) hereof, Landlord shall accrue the difference between the Deferred Rent Payment and the Minimum Rent and Prime Lease Rent in an account (the "Deferred" Rent Account"). At such time as Tenant shall be entitled to cease payment of Deferred Rent Payments and commence payment of Minimum Rent and Prime Lease Rent, Tenant agrees to first satisfy the balance existing in the Deferred Rent Account by continuing to pay Landlord as rent for the Premises fifteen (15%) percent of its Gross Sales. At such time as the balance of the Deferred Rent Account shall be zero, then the Deferred Rent Account shall be closed and thereafter the rent due and payable from the Tenant shall be the Minimum Rent and Prime Lease Rent. In the event Tenant terminates this Lease at the conclusion of the Original Term, the Deferred Rent Account shall be closed, and Tenant shall not be responsible for repayment of any sums that have accumulated therein during the Original Term.

For the purpose of this Lease, the term "Lease Year" shall mean the twelve-month period commencing upon the date of the commencement of the term of this Lease and each succeeding twelve-month period.

For the purpose of this Lease, the term "Gross Sales" shall have the same meaning as is given to it in the License Agreement between Tenant and Jiffy Lube International, Inc. at Article 4, B (2).

The acceptance by Landlord of payments of Percentage Rent shall be without prejudice to Landlord's right to an examination of Tenant's books and records of its gross receipts at the Premises in order to verify the amount of gross receipts. If Landlord is dissatisfied with any such statement furnished by Tenant, Landlord may notify Tenant, and Landlord, at its option, may then cause Tenant's books to be examined by Landlord or by a Certified Public Accountant selected by Landlord. If such examination shall disclose any underpayment of Percentage Rent, Tenant shall promptly pay the deficient amount and, in addition if the deficiency is more than five percent (5%), Tenant shall pay interest thereon at the rate of two percent (2%) per month, as well as reimburse Landlord for the cost, if any, of having Tenant's books examined by a Certified Public Accountant.

(e) Accord and Satisfaction:

No payment by Tenant or receipt by Landlord of a lesser amount than the rent herein stipulated shall be deemed to be other than on account of the earliest rent then due, nor shall any endorsement or statement on any check or any letter accompanying any check or payment as rent be deemed an accord and satisfaction. Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such rent or pursue any other remedy provided for in this Lease, or at law.

(f) Late Charges:

In the event Tenant fails to pay any portion of the Minimum Rent or Percentage Rent (including any additional rental due hereunder) on the date due, or within five (5) days thereafter, a late charge of two (2%) percent (or the highest rate permitted by law) per month of the delinquent rental shall be added to said rental and paid to Landlord together therewith.

(g) Net Rental; No Abatement of Rent:

The rental due Landlord under this Lease is a net rent. The net rent shall be absolutely net to the Landlord, so that the Lease shall yield net to Landlord the specified net rental in each month and year during the term of this Lease, and each and every item of expense of every kind and nature whatsoever for the payment of which Landlord

is, shall or may become liable by reasons of its estate or interest in the Premises or any rights or interest of Landlord in or under this Lease (except for any federal or state income taxes payable by Landlord and payments of indebtedness secured by liens on the Premises), or by reason of or in any manner connected with or arising from the ownership, leasing, or building, or use of the Premises or any building or improvements thereon, shall be borne by Tenant.

(h) Security Deposit:

Tenant has this day paid to Landlord the sum of \$5,000.00 to be held by Landlord as security for performance by Tenant of all obligations imposed on Tenant hereunder. If Tenant shall perform all such obligations, said sum shall be refunded to Tenant at the termination of this Lease, without interest. If Tenant shall default in any such obligation, Landlord, in addition to any other remedies it may have, shall be entitled to apply such sum toward Landlord's damages.

7. PAYMENT OF TAXES, FEES, ASSESSMENTS AND UTILITIES:

(a) Payment of Taxes, Fees and Assessments:

Tenant shall pay, prior to delinquency, pursuant to bills procured and timely submitted to Tenant by Landlord, or sent directly to Tenant by any federal, state or municipal governmental authority, all property taxes, license fees, permits and assessments levied or imposed against the Premises or measured by the rent payable hereunder from and after Tenant's acceptance of the Improvements or occupancy of the Premises, whichever shall occur first, and any such taxes, fees, permits and assessments shall be prorated, where applicable, between Landlord and Tenant to reflect the effective date of the commencement of this obligation by Tenant. Tenant will exhibit receipts evidencing payment of any such taxes, fees or assessments to Landlord promptly upon payment thereof. Tenant may, at its expense, contest any such taxes, fees and assessment, in the name of Landlord if necessary. In such event, however, Tenant shall indemnify Landlord against any costs, penalties or attorneys' fees incurred by or asserted against Landlord by virtue thereof. If Tenant fails to pay any taxes, fees or assessments when due, Landlord may pay the same under the provisions of Paragraph 23.

(b) Payment of Utilities:

Tenant shall pay for all water, gas, sewer, electric and all other utilities serving the Premises.

8. AUTHORIZED USES:

Tenant shall use the Premises for the following purposes, and for no other purposes whatsoever, without the prior written consent of Landlord: those purposes expressly authorized by the License Agreement between Jiffy Lube International, Inc. and Tenant, pertaining to the premises.

9. COMPLIANCE WITH LAWS; LICENSES AND PERMITS:

(a) Compliance with Laws:

Tenant shall not use, or permit any person to use, the Premises or any part thereof for any use or purpose in violation of federal, state or local law, including, but not limited to, present and future ordinances or other regulations of any municipality in which the Premises are situated, and Tenant agrees, if, during the term of this Lease new laws and regulations be imposed, Tenant will, at the sole cost and expense of Tenant, make alterations or improvements in or to the Premises which may be required by any federal, state or local law, or by any municipal ordinance, or regulation applicable thereto. Tenant shall also comply with all orders, directives, rules and regulations of all governmental bodies, bureaus and offices having jurisdiction over Tenant or the Premises. Landlord makes no warranties or representations as to the state of such

ordinances, rules and regulations, and Tenant acknowledges that he has independently investigated same and represents that he will comply therewith.

(b) Licenses and Permits:

Tenant shall procure and maintain at Tenant's own expense and responsibility all licenses, permits or inspection certificates required by any governmental authority respecting Tenant's use of the Premises or the operation of Tenant's business thereon. Tenant may contest any such law, ordinance or regulation, and if required, may join Landlord's name in any such contest. In such event, however, Tenant shall indemnify Landlord against any costs, penalties or attorneys' fees incurred by or asserted against Landlord by virtue thereof.

(c) Occupancy:

Tenant will not at any time use or occupy the Premises in violation of the certificate of occupancy issued for the Premises.

10. LIABILITY INSURANCE, EMPLOYER'S INSURANCE AND INDEMNITY

(a) General Liability Insurance:

Tenant shall, during the entire term of this Lease, at Tenant's own expense, keep in force by advance payment of premiums, public liability insurance in an amount not less than \$3,000,000 for combined single limit bodily injury and property damage, insuring Tenant, Landlord and any Mortgagee of Landlord against any liability that may accrue against them or any of them on account of any occurrence in or about the Premises during the term of this Lease or in consequence of Tenant's occupancy thereof and resulting in personal injury, death or property damage. All policies of insurance, as aforesaid, shall provide that they cannot be canceled, terminated, or amended without thirty (30) days prior written notice to Landlord and Tenant and any Mortgagee of Landlord.

(b) Employer's Liability Insurance:

Tenant shall, during the entire term of this Lease, at Tenant's own expense, pay for and maintain employer's liability insurance (\$100,000 minimum limit) and workmen's compensation insurance, as prescribed by the law of the state in which the Premises are located.

(c) Indemnity:

Tenant agrees to indemnify and save harmless Landlord from and against all claims of whatever nature arising from (i) any act, omission or negligence of Tenant, or Tenant's contractors, agents, servants or employees, or (ii) arising from any accident, injury or damage whatsoever caused to any person or to the property of any person occurring during the term hereof in or about the Premises, where such accident, damage or injury results or is claimed to have resulted from an act or omission on the part of Tenant or Tenant's undertakings in this Lease. This indemnity and hold harmless agreement shall include indemnity against all costs, expenses and liabilities in connection with any claim or proceeding brought thereon and the defense thereof, including reasonable attorneys' fees. Tenant's obligation to observe or perform this covenant shall survive the expiration or other termination of this Lease.

(d) Special Definition for the Term Landlord:

As used in Articles 10, 11 and anywhere else expressly designated only, the term "Landlord" includes the Landlord, any landlord of the Landlord and the owner of Landlord's property if applicable.

(e) Certificates of Insurance; Increase in Amount; Company:

Tenant shall furnish to Landlord, before Tenant may operate as a Jiffy Lube Service Center copies of policies or certificates of

insurance required by this Lease. The amounts of the insurance required pursuant to this Article 10 shall be increased from time to time as required by Landlord in accordance with the insurance amounts customary from time to time for similar properties.

All policies of insurance described in this Article 10 and Article 11 shall be issued by a company with a Best's Guide rating of "A" or better.

11. FIRE AND EXTENDED COVERAGE INSURANCE:

Tenant agrees that at its sole cost and expense, during the entire term of this Lease, to keep the Premises, the Improvements, all other improvements, equipment and any supplies thereon adequately insured by reliable companies "for full replacement value" whereby the insurer will be obligated to pay full cost of repair or replacement as of the date of loss against damages caused by fire, smoke, explosion and other risks covered by standard extended coverage endorsements. Tenant shall also carry insurance against the risks of loss of rents and income resulting from any such hazards, which policy must provide coverage for six months estimated income from the Premises. All such policies shall name Landlord, and Landlord's mortgagee, if required, as a co-insured, as their respective interests may appear. Such insurance may be carried under a blanket-type policy issued to Tenant and all such insurance must provide that it cannot be cancelled, terminated, or amended without thirty (30) days prior written notice to Landlord and Tenant. Before Tenant may operate the Premises as a Jiffy Lube Service Center, Tenant will deliver to Landlord certificates evidencing the aforesaid insurance. The proceeds of any loss claims collected by Landlord on such policy shall be credited or payable by Landlord to Tenant in reimbursement of any expenditures made on account thereof by Tenant pursuant to Tenant's maintenance and repair obligations hereunder.

12. MAINTENANCE:

Tenant will at all times during the term of this Lease keep the Premises, appurtenances, fixtures, installations and equipment attached and related thereto, including any parking area and driveways, in good condition and repair, at Tenant's expense, and upon termination hereof, shall surrender same in such good repair, reasonable wear and tear excepted. Tenant will keep all fire extinguishers in the Premises filled and in good condition at Tenant's own cost and expense. Should any portion or all of the Premises be damaged or destroyed by fire, the elements or any other cause, with or without fault on the part of Tenant, Tenant shall promptly rebuild or replace any such damaged or destroyed portions. Tenant will make all repairs at its sole cost expense, both interior and exterior, structural or non-structural ordinary or extraordinary, and foreseen and unforeseen. "Repairs" shall include all necessary rebuilding, replacements, renewals, alterations, additions and betterments. All repairs made by Tenant shall be equal in quality and class to the original work.

Tenant will also do or cause others to do all necessary shoring of foundations and walls of any structure and every other act or thing for the safety and preservation thereof which may be necessary by reason of any excavation or other building operation upon any adjoining property, street, alley or passageway.

Except as otherwise specifically provided herein, damage to or destruction of any portion of all of the Premises, by fire, the elements or any other cause, with or without fault on the part of Tenant, shall not terminate this Lease or entitle Tenant to any abatement of or reduction in the rent payable, or otherwise affect the respective obligations of the parties hereto.

13. REPAIR BY LANDLORD:

Landlord shall not be required to furnish any services or facilities to the Premises after acceptance of the Improvements. Landlord shall have no obligation to repair, maintain, alter, replace or modify the Premises or any part thereof, including but not limited to any plumbing, heating, electrical, air conditioning or other

mechanical installation therein. Tenant hereby assumes the full and sole responsibility for the condition, operation, repair, rebuilding, replacement, maintenance and management of the Premises.

14. RIGHT OF ENTRY BY LANDLORD:

Tenant shall permit inspection of the Premises during reasonable business hours by Landlord or Landlord's agents or representatives for the purpose of ascertaining the condition of the Premises. One Hundred eighty (180) days prior to the expiration of this Lease, Landlord may post suitable notice on the Premises that the same are "For Rent" and may show the Premises to prospective tenants at reasonable times. Landlord may not, however, thereby unnecessarily interfere with the use of the Premises by Tenant.

15. ALTERATIONS; FIXTURES; CONDITION ON TERMINATION:

(a) Alterations:

Tenant, after receiving the written consent of Landlord, at Tenant's sole cost and expense, in a good workmanlike manner, may make such alterations to the Premises as Tenant may require for the conduct of its business without materially altering the basic character of the buildings or improvements thereon, or weakening any structure on the Premises. Any such alterations shall be subject to Landlord's inspection upon completion, and Tenant agrees to make whatever changes or additions to such alterations as are requested by Landlord. Tenant shall also have the right, with the written consent of Landlord, to erect, at Tenant's sole cost and expense, such temporary partitions, including office partitions, as may be necessary to facilitate the handling of Tenant's business and to install telephones and telephone equipment and wiring, and electrical fixtures, additional lights and wiring and other trade appliances. Tenant shall, before making any alterations, additions, installations or improvements, at its expense, obtain all permits, approvals and certificates required by any governmental or quasi governmental bodies and (upon completion) certificates of final approval thereof and shall deliver promptly duplicates of all such permits, approvals and certificates to Landlord and Tenant agrees to carry and will cause Tenant's contractors and subcontractors to carry such workmen's compensation, general liability, personal and property damage insurance as Landlord may require.

(b) Fixtures:

Any alterations or improvements to the Premises, including partitions, all electrical fixtures, lights and wiring, shall become the property of Landlord at the expiration or sooner termination of this Lease. Should Landlord request Tenant to remove all or any part of the above mentioned items, however, Tenant at its own expense, shall do so prior to the expiration of this Lease and repair the Premises as described herein. At the expiration or sooner termination of this Lease, Tenant shall be entitled to remove Tenant's personal property and trade fixtures, provided that Tenant has complied with all its obligations under this Lease and repairs, in a good workmanlike manner, all damage done to the Premises by such removal. Nothing in this Article shall be construed to give Landlord title to or prevent Tenant's removal of trade fixtures.

(c) Condition of Premises on Termination:

Tenant agrees to surrender the Premises at the expiration, or sooner termination, of this Lease in the same condition as when the Premises were delivered to Tenant, or as altered pursuant to the provisions of this Lease, ordinary wear, tear excepted.

16. SIGNS:

Tenant may, if applicable laws permit, place suitable signs, emblems, logos, lettering and pictorial materials on the Premises for the purpose of indicating the nature of the business carried on by the Tenant in said Premises; provided, however, that any such signs, emblems, logos, lettering and pictorial materials must first be consented to by Landlord. In the event tenant places any signs,

emblems, logos lettering or pictorial materials on the Premises without Landlord's consent, Landlord has the right to remove the same. Any damage to the Premises caused by installation or removal of signs, emblems, logos, lettering or pictorial materials shall be repaired at the expense of Tenant. All work shall be completed in a good workmanlike manner.

17. GLASS:

Tenant agrees to immediately replace all glass broken or damaged on the Premises during the term of this Lease with glass of the same quality as that broken or damaged.

18. ASSIGNMENT AND SUBLETTING:

To the extent permitted by ^{this} the License Agreement, Tenant shall have the right to assign its interest herein to the same person who is assigned Tenant's interest as Franchisee under the License Agreement. Tenant shall not otherwise allow or permit transfer of this Lease or any interest hereunder by operation of law or otherwise, nor assign, sublease, convey, mortgage, pledge or encumber this Lease or any part thereof by another without, in each case, obtaining Landlord's prior written consent. No assignment (with or without Landlord's consent) shall release Tenant from any of its obligations hereunder.

19. ASSIGNMENT BY LANDLORD:

Landlord shall have the right to assign its interests under this Lease. Upon receipt of notice of such assignment, Tenant shall look solely to the new assignee for the performance of all obligations of Landlord under this Lease.

20. QUIET ENJOYMENT:

Landlord covenants and agrees that Tenant, upon paying the rent and all other charges provided for in this Lease, and upon observing and keeping all of the covenants, conditions and provisions of this Lease on its part to be observed and kept, shall lawfully and quietly hold, occupy and enjoy the Premises during the term of this Lease, without hindrance or molestation by or from anyone claiming by, through or under Landlord, subject to the terms of any primary lease, this Lease and any mortgage or encumbrance now or hereafter placed on the Premises by Landlord.

21. TENANT'S DEFAULT:

If (a) Tenant shall fail to pay any installment of Minimum Rent or Percentage Rent or any additional sum when due hereunder for five (5) days after written notice from Landlord; (b) Tenant shall default in any of the covenants, agreements, conditions or undertakings herein agreed to be kept, observed and performed by the Tenant other than the payment of rent (Minimum and Percentage Rent or additional rent) or any part thereof when due, and such default shall continue for fourteen (14) days after notice thereof in writing to Tenant; (c) Tenant shall fail to open for business the Jiffy Lube Service Center on the Premises within eight (8) months after Tenant's execution of the License Agreement and, if such default shall continue for fourteen (14) days after notice thereof in writing to Tenant; (d) Tenant shall default in any of the terms of the License Agreement and fail to cure such default within any cure period allowed by the License Agreement or in the event the License Agreement should terminate, whether by lapse of time or otherwise; (e) Tenant shall vacate or abandon the Premises; (f) proceedings in bankruptcy or for liquidation, reorganization or rearrangement of Tenant's affairs are instituted by or against Tenant; (g) a receiver or trustee is appointed for all or substantially all of the Tenant's business or assets on the grounds of Tenant's insolvency; (h) Tenant makes an assignment for the benefit of its creditors; (i) a reorganization under the Bankruptcy Act of the United States; (j) this Lease or Tenant's interest herein or in the Premises or any Improvements thereon or any property of Tenant are executed upon or attached; (k) possession of the Premises is given to any person other than expressly permitted under this Lease; (l) Tenant fails to execute instruments or certificates provided for in this

Lease within fifteen (15) days after the mailing by Landlord of a written request; or (m) Landlord determines that Tenant has submitted any false report required to be furnished hereunder, then in any of the above events, Landlord, at its election, may terminate this Lease and, either with or without process of law, re-enter, expel, remove and put out Tenant and all persons who may be occupying the Premises under Tenant, using such force or other means as may be lawful and necessary in so doing, and repossess and enjoy the Premises. Such re-entry and repossession shall not work a forfeiture of the rents to be paid and the covenants to be performed by the Tenant during the full term of this Lease. If any applicable law requires any additional notice or greater period during which Tenant may attempt to cure a default before termination, this Lease shall be deemed to be modified to comply with such law.

Upon the expiration of the term of this Lease by reason of the happening of any of the events hereinabove described, or in the event of the termination of this Lease or right to possession or both, as the case may be, by summary dispossession proceedings or under provision of any law now or at any time hereafter in force, by reason of or based upon or arising out of a default under or breach of this Lease on the part of Tenant, or upon Landlord recovering possession of the Premises under any of the foregoing circumstances, whatsoever, whether with or without legal proceedings, Landlord may, at its option, at any time and from time to time, relet the Premises or any part or parts thereof for the account of Tenant or otherwise, and receive and collect the rents therefor, applying the same first to the payment of such expense as Landlord may have incurred in recovering possession of the Premises, including legal expense and attorneys' fees, and for putting the Premises into good order or condition or preparing or altering the same for re-rental, expenses, commissions and charges paid, assumed or incurred by Landlord in connection with the reletting of the Premises, and then to the fulfillment of the covenants of Tenant hereunder. Any such reletting herein provided may be for the remainder of the term of this Lease or for a longer or shorter period. In any such case, and whether or not the Premises or any part thereof be relet, Tenant shall pay to Landlord the Minimum Rent, the Prime Lease Rent and any item of additional rent due hereunder, and all other charges required to be paid by Tenant up to the time of such termination of this Lease, or of such recovery of possession of the Premises by Landlord, as the case may be; and thereafter Tenant covenants and agrees, if required by Landlord, to pay to Landlord until the end of the term of this Lease the equivalent of the amount of all the Minimum Rent, the Prime Lease Rent and any additional rent reserved herein and all other charges required to be paid by Tenant less the net avails of reletting, if any, and the same shall be due and payable by Tenant to Landlord. In any of the circumstances hereinabove mentioned in which Landlord shall have the right to hold Tenant liable to pay Landlord the equivalent of the amount of all the Minimum Rent, the Prime Lease Rent, and the additional rent and all other charge required to be paid by Tenant less the net avails of reletting, if any, Landlord shall also have the election, in place and instead of holding Tenant so liable, to forthwith recover against Tenant as damages for loss of the bargain and not as a penalty, an aggregate sum which, at the time of such termination of this Lease, or of such recovery of possession of the Premises by Landlord, as the case may be, represents the then present worth of the excess, if any, of the aggregate of the Minimum Rent, the Prime Lease Rent, and the additional rent and all other charges payable by Tenant hereunder that would have accrued for the balance of the term over the aggregate rental value of the Premises for the balance of such term. Nothing herein contained shall limit or prejudice Landlord's right to prove and obtain as liquidated damages arising out of such breach of termination the maximum amount allowed by any statute or rule of law which may govern the proceeding in which such damages are to be proved, whether such amount be greater, equal to, or less than, the amount of the then present worth of the excess of the Minimum Rent, the Prime Lease Rent, any additional rent and all other charges payable by Landlord hereunder over the rental value referred to above.

22. LANDLORD'S DEFAULT:

Landlord shall, in no event, be charged with default in any of its obligations hereunder unless and until Landlord shall have failed to perform such obligations within thirty (30) days (or such additional time as is reasonable required to correct such default) after written notice to Landlord by Tenant, specifically describing such failure.

23. RIGHT TO PERFORM FOR TENANT:

If Tenant should fail to perform any of its obligations under the provisions of this Lease, Landlord shall have the right but not obligation to do the same or cause the same to be done and Tenant agrees to reimburse any and all expenses incurred by Landlord in connection therewith five (5) days after receipt by Tenant of Landlord's invoice. These expenses include, but are not limited to filing fees, legal fees and bond premiums. Landlord may charge such expenses to Tenant as additional rent due from Tenant to Landlord, together with interest thereon, at the rate of two percent (2%) per month (or the highest interest rate permitted by law), in the event that Tenant does not reimburse Landlord within the five (5) days prescribed. Nothing in this paragraph shall be construed to limit any and all other rights and remedies of Landlord.

24. WAIVER:

No delay or omission of Landlord to exercise any right or power arising from any default shall impair any such right or power or be construed to be a waiver of any such default or an acquiescence therein. No waiver shall be effective unless in writing, signed by Landlord, and no waiver of any breach of any of the covenants of this Lease shall be construed, taken or held to be a waiver of any other breach, or waiver, acquiescence in or consent to any further or succeeding breach of the same covenant.

25. REMEDIES CUMULATIVE:

The remedies herein granted to Landlord shall not be exclusive or mutually exclusive and Landlord shall have such other and additional remedies against Tenant as may be permitted in law or in equity at any time. Any exercise of a right of termination by Landlord shall not be construed to eliminate or discharge any right of Landlord to damages on account of any default of Tenant.

26. LIENS:

Nothing in this Lease shall authorize Tenant to do any act which shall in any way encumber the title of Landlord (as defined in Article 10(d)) in and to the Premises. The interest or estate of the Landlord (as defined in Article 10(d)) shall not in any way be subject to any claim by lien or encumbrance, whether by operation of law or by virtue of any express or implied contract by Tenant. Tenant shall not permit the Premises to become subject to any mechanic's, laborer's or materialmen's lien on account of labor or material furnished to Tenant in connection with work of any character performed or claimed to have been performed on the Premises by or at the direction of, or sufferance of Tenant.

In the event any lien is filed against or attached to the Premises, or Tenant's interest therein, at Landlord's option, Tenant shall either pay the amount of said lien in full or shall, upon demand of Landlord, provide and pay for a non-cancelable bond, placed with a reputable company, approved by Landlord, in an amount equal to one and one half (1-1/2) times the amount of such lien and insuring the interest of Landlord (as defined by Article 10 paragraph (d) and any mortgagee from any loss by reason of the filing of such lien. Tenant shall immediately pursue in good faith its legal remedies to the end of obtaining removal of said lien. In the event Tenant does remove or post a bond against the lien, Landlord shall have the right but not the obligation to post the bond under the provisions of Article 23.

27. CONDEMNATION:

If after the execution of this Lease and prior to the expiration of the term of this Lease, the Premises shall be taken in its entirety under the power of eminent domain or voluntarily sold under threat of such taking, or if such portion of the Premises is taken so as to render the Premises unusable for the operation of a Jiffy Lube Service Center, then the term of this Lease shall cease as of the date when the Premises is so taken, and rent shall be apportioned and adjusted as of the date of the taking or the sale in lieu thereof.

If only a part of the Premises shall be taken under the power of eminent domain or sold under threat of such taking, and such partial taking shall not render the Premises unusable for the operation of a Jiffy Lube Service Center, then this Lease shall continue in full force and effect as to the portion not taken and the rent shall abate proportionally on such part taken under the power of eminent domain or sold under threat of such taking.

In the event of any taking of the Premises under the power of eminent domain or a voluntary sale under threat of such taking, whether in part or in whole, the entire award granted in compensation for the value of the Premises, or the proceeds of a voluntary sale of same under threat of taking, shall belong to the Landlord. The parties hereto acknowledge that, upon condemnation, this Lease terminates as to any portion taken, or as to the whole if the taking of any portion renders the remainder unusable and consequently, Tenant shall have no claim to any portion of the condemnation award. Nothing herein contained shall be construed, however, as a release or waiver by Tenant of any right it may have as a lessee to obtain compensation from the condemnor for business interference or interruption, relocation costs, and moving costs.

28. SUBORDINATION AND NON-DISTURBANCE:

This Lease and all of Tenant's rights, title and interest in and under the Lease shall be subject, subordinated and inferior to the lien of any and all ground leases, underlying leases, mortgages and deeds of trust and to any and all terms, conditions, provisions, extensions, renewals or modification of any such leases, mortgages or deeds of trust which Landlord or any grantee or assignee of Landlord has or may place upon the Premises in the same manner and to the same extent as if this Lease had been executed subsequent to the execution, delivery and recording of such lease, mortgage or deed of trust.

In the event that a mortgagee, trustee or any other person acquires title or any other interest in the Premises pursuant to the exercise of any remedy provided for in any mortgage or deed of trust executed subsequent to the date hereof, Tenant's right of possession shall not be disturbed provided (a) Tenant is not then, and is not in the future, in default under this Lease and (b) Tenant attorns to such title holder. Tenant herein covenants and agrees that upon a mortgage foreclosure or a foreclosure under a deed of trust it will attorn to any mortgagee, trustee, assignee or any purchaser at the foreclosure sale as its Landlord and this Lease shall continue in full force and effect as a direct Lease between Tenant herein and such party upon all terms, conditions and agreements set forth in this Lease.

The subordination of this Lease to any mortgage or deed of trust now or hereafter placed upon the Premises shall be automatic and self-operative, and no further instrument of subordination shall be necessary. Without limiting such automatic and self-operative subordinations, however, Tenant herein shall, on demand, at anytime or times, execute, acknowledge and deliver to Landlord, or any grantee or assignee of Landlord, any and all instruments that may be necessary or proper to evidence the subordination of this Lease and all rights hereunder to the lien of any such mortgage or deed of trust. If Tenant shall fail, at any time to execute, acknowledge and deliver any such subordination instrument within five (5) days after demand, Landlord, or any grantee or assignee of Landlord, in addition to any other remedies available to it in consequence thereof, may execute,

acknowledge and deliver the same as the attorney-in-fact of Tenant and in Tenant's name, place and stead, and Tenant hereby irrevocably makes, constitutes and appoints Landlord, its successors and assigns, such attorney-in fact for that purpose.

29. PRIME LEASE:

If Landlord holds the Premises under a lease (the "Prime Lease"), Tenant is hereby given notice of the parties to, term of and provisions contained in the Prime Lease to Landlord, a copy of which is attached hereto and made a part hereof as "Exhibit B"; and in addition to the other provisions of this Lease which impose upon the Tenant the obligation to perform and comply with certain specified provisions contained in the Prime Lease, throughout the Term the Tenant covenants and agrees that it will perform, observe and comply with all of the terms, covenants and conditions to be performed, observed or complied with by the tenant under the Prime Lease except for those provisions, if any, in the Prime Lease inherently incapable of being performed by Tenant. If the Prime Lease, or any extensions thereof, should expire or be forfeited, cancelled, or terminated from any cause, then the term of this Lease, or any extension hereof, shall concurrently therewith be terminated, and thereupon all rights of Tenant hereunder shall cease.

30. TENANT'S TERMINATION OF LICENSE AGREEMENT:

If Tenant, as Franchisee under the License Agreement, has voluntarily terminated the License Agreement in accordance with the terms thereof, this Lease shall also terminate at such time as the License Agreement terminates, provided that Tenant has fulfilled all its obligations under this Lease through the date of such termination.

31. END OF TERM:

Upon the expiration or other termination of the term of this Lease, Tenant shall quit and surrender to Landlord the Premises, broom clean, in good order and condition, ordinary wear and tear excepted, and Tenant shall remove all its property. All property permitted or required to be removed by Tenant at the end of the term which remains in the Premises after Tenant's removal shall be deemed abandoned and may at the election of the Landlord, either be retained as Landlord's property or may be removed from the Premises by Landlord at Tenant's expense. Tenant's obligation to observe or perform this covenant shall survive the expiration or other termination of this Lease.

32. HOLDING OVER:

Tenant shall not hold over beyond the expiration or sooner termination of the term of this Lease. If, nevertheless, there be any holding over by Tenant, such shall give rise to a tenancy at the sufferance of the Landlord. Tenant agrees to indemnify and save Landlord harmless against all costs, claims loss or ability resulting from delay by Tenant in so surrendering the Premises, including, without limitation, any claims made by any succeeding Tenant founded on such delay. The parties recognize and agree that the damage to Landlord resulting from any failure by Tenant to timely surrender possession of the Premises as aforesaid will be extremely substantial, will exceed the amount of the monthly rental theretofore payable hereunder, and will be impossible to accurately measure. Tenant therefore agrees that if possession of the Premises is not surrendered to Landlord within 24 hours after the date of expiration or sooner termination of this Lease, then Tenant shall pay to Landlord for each month and for each portion of any month during which Tenant holds over in the Premises after the expiration or sooner termination of this Lease, a sum equal to two times the aggregate of that portion of the Minimum Rent, the Prime Lease Rent or any additional rent which was payable under this Lease during the last month of the term hereof. Nothing herein contained shall be deemed to permit Tenant to retain possession of the Premises after the expiration or sooner termination of this Lease. This provision shall survive the termination of this Lease.

33. MISCELLANEOUS:

(a) Authority:

The persons who have executed this Lease represent and warrant that they are duly authorized to execute this Lease in their individual or representative capacity as indicated.

(b) Review of Documents:

The parties hereto represent that they have read and understand the terms of this Lease, and that they have sought legal counsel to the extent deemed necessary in order to protect their respective interests.

(c) Construction:

The words "Landlord" and "Tenant" shall mean respectively all parties Landlord and Tenant, regardless of number, the word "he" shall be synonymous with "she", "it" and "they," the word "his" shall be synonymous with "her," "its," and "their," and words in the singular shall be held to include the plural when the context requires.

(d) No Agency Created:

Tenant shall have no authority, express or implied, to act as agent of Landlord, or any of its affiliates for any purpose. Tenant is, and shall remain, an independent contractor responsible for all obligations and liabilities of, and for all loss or damage to, the Jiffy Lube Service Center to be operated by Tenant including any personal property, equipment, fixtures or real property connected therewith and for all claims or demands based upon damage or destruction of property or based upon injury, illness or death of any person or persons, directly or indirectly, resulting from the operation of said Jiffy Lube Service Center.

(e) Force Majeure:

Whenever a period of time is provided in this Lease for either party to do or perform any act or thing, except the payment of monies, neither party shall be liable or responsible for any delays due to strikes, lockouts, casualties, acts of God, war, governmental regulation or control or other causes beyond the reasonable control of the parties, and in any event, said time period for the performance of an obligation hereunder shall be extended for the amount of time of the delay. This clause shall not, however, apply to nor result in any extension of the term of this Lease.

(f) Paragraph Headings:

Paragraph headings of this Lease are for convenience only and are not to be construed as part of this Lease and shall not be construed as defining or limiting in any way the scope or intent of the provisions hereof.

(g) Invalidity of a Provision:

If any term or provision of this Lease shall to any extent be held invalid or unenforceable, the remaining terms and provisions of this Lease shall be valid and be enforced to the fullest extent permitted by law. However, in the event that any material term of this Lease shall be stricken or declared invalid, Landlord reserves the right to terminate this Lease at its sole option.

(h) Law Governing:

The terms and provisions of this Lease shall be interpreted in accordance with and governed by the laws of the state in which the Premises are located without regard to principles of conflicts of law.

(i) Entire Agreement:

This Lease, the License Agreement, the License Application Agreement, and offering circular or disclosure document required by state or federal law and any relevant documents referred to therein shall be deemed to include the entire agreement between the parties hereto and it is agreed that neither Landlord nor anyone acting on its behalf has made any statement, promise, or agreement or taken upon itself any engagement whatsoever, whether verbally or in writing, in conflict with the terms of this Lease, or that in any way modifies, varies, alters, enlarges, or invalidates any of the provisions hereof, or extends the term of this Lease, and that no obligations of the Landlord shall be implied in addition to the obligations herein expressed. This agreement cannot be changed orally, but only by an agreement in writing signed by Landlord and Tenant.

(j) Parties Bound:

The terms of this Lease shall extend to and be binding upon the administrators, executors, representatives, heirs, assigns and successors of the parties to this instrument.

(k) Notices:

All notices to or demands upon the Landlord or Tenant desired or required to be given under any of the provisions hereof shall be in writing. Any notices or demands from the Landlord to the Tenant shall be deemed to have been duly and sufficiently given if a copy thereof has been mailed by United States registered or certified mail in an envelope properly stamped and addressed to Tenant at the address of the Premises. Any notices or demands from the Tenant to the Landlord shall be deemed to have been duly and sufficiently given if mailed by United States registered or certified mail in an envelope properly stamped and addressed to the Landlord at Post Office Box 17223, Baltimore, Maryland 21203-7223, Attention: Real Estate Management. Either party, by notice, may change the address to which notice shall be sent, but all notices mailed to the Tenant at the address of the Premises shall be deemed sufficient.

(l) License Agreement:

All references to the License Agreement herein shall mean that License Agreement between Jiffy Lube International, Inc. and Tenant, pertaining to the Premises.

(m) Recordation:

It is the intention of the parties hereto not to record this Lease. However, should recordation of this Lease be required by applicable law, or any other reason, Tenant and Landlord agree to do so. Additionally, if required by applicable law or any other reason, each party at the request of the other shall execute and acknowledge, so that the same may be recorded, a Short Form Lease or Memorandum of Lease, indicating the Lease term, as well as any other terms necessary for recording. Tenant shall pay all of the costs and expenses of such recordation, including but not limited to any and all recordation taxes, transfer taxes, recordation fees and notary fees.

(n) Maximum Interest:

No provision of this Lease shall require the payment or permit the collection of interest in excess of the maximum permitted by applicable law. If any excess of interest is herein or otherwise provided for, or shall result or be held to result, the provisions of this paragraph shall govern and the Tenant or any guarantor of this Lease shall not be obligated to pay the amount of such interest which is in excess of the maximum amount permitted by applicable law.

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

ATTEST/WITNESS:

LANDLORD:

JIFFY LUBE INTERNATIONAL OF
MARYLAND, INC.

L. E. Savary
Assistant Secretary

By: *W. Henth*
Vice President

ATTEST/WITNESS:

TENANT:

AZTEC LUBRICANTS, INC.

Kathleen T. Mehall
Secretary

By: *Robert J. Mehall* PRESIDENT
Robert J. Mehall, President

By: *Robert J. Mehall*
Robert J. Mehall

By: *Kathleen T. Mehall*
Kathleen T. Mehall

MINIMUM STANDARD SUBLEASE CONDITIONS

(Required in all subleases prior to City Manager approval)

ASSIGNMENT AND SUBLEASING: Sublessee shall not assign this lease or sublet the premises or any part thereof without the prior written consent of Lessee and The City of San Diego, hereinafter, "City." An assignment by operation of law shall automatically terminate this lease.

HOLD HARMLESS: Sublessee shall assume the defense of, indemnify and save harmless Lessee and City from all claims, expenses and liability of every nature, directly or indirectly arising from, or alleged to have arisen from the operations conducted on the leased premises or from any act or omission of Sublessee, his agents and invitees.

INSURANCE: Sublessee shall be insured by an insurance carrier acceptable to the Lessee and City against loss from public liability arising from the use or condition of or operation conducted on the leased premises. Minimum coverage shall be \$1 million COMBINED SINGLE LIMIT LIABILITY. A copy of the policy of insurance shall be filed with City and shall name "THE CITY OF SAN DIEGO" as an additional insured. Said policy shall specify that the policy may not be terminated, altered or canceled without 30 days prior written notice to City by the insurance company.

LEGAL PROCEEDINGS: Should it become necessary for Lessee or City to commence legal proceedings to collect rent, to recover possession or enforce any other provision of this lease, Sublessee agrees to pay all legal costs in connection therewith, including a reasonable sum as attorney's fees.

SUBORDINATION: This agreement is in effect a sublease of a portion of the premises covered by that certain Lease Agreement dated _____, as amended between the sublessor herein and The City of San Diego. This sublease is subject and subordinate to the covenants and conditions of said Lease Agreement notwithstanding any provision hereof contrary to or in conflict with said agreement.



FRANCHISE AGREEMENT - ENTREPRENEUR PROGRAM

THIS AGREEMENT, made and entered into this 31st day of August, 1989, by and between JIFFY LUBE INTERNATIONAL, INC., a Nevada Corporation, with offices at 6000 Metro Drive, Baltimore, Maryland 21215 (hereinafter "JIFFY LUBE"), and AZTEC LUBRICANTS, INC., a California corporation with offices at 5540 Lake Murray Boulevard, La Mesa, CA 92042 (hereinafter "Franchisee").

RECITALS

A. JIFFY LUBE has expended time, money and effort to develop an automotive service system (hereinafter the "System") which consists of methods of establishing and operating a Jiffy Lube Service Center providing rapid lubrication and oil change services for automobiles, light duty trucks and other vehicles, and related services, including but not limited to replacement of air and oil filters, checking and bringing to proper level transmission, brake, differential and battery fluids, courtesy services and car wash services. The System includes methods of site selection, building design and construction, equipment selection and installation, operation, purchasing, accounting, training, advertising and merchandising methods and other matters including a point of sales computer system relating to the efficient operation of a Jiffy Lube Service Center. JIFFY LUBE has also expended time, money and effort in publicizing the System and the services offered by businesses operating under the System and has thereby developed and will continue to develop valuable goodwill in the service mark and trade name "Jiffy Lube" (hereinafter the "Mark"), and may develop or acquire other service marks, trademarks and trade names for use under the System, all of which marks and trade names are the property solely of JIFFY LUBE.

B. JIFFY LUBE franchises others to use the System and provides to franchisees continuing advice in the establishment and operation of Jiffy Lube Service Centers.

C. Franchisee desires to establish and operate a Jiffy Lube Service Center upon terms hereinafter specified, and to use in connection therewith the Mark and other elements of the System heretofore and hereinafter described and to derive the benefits of the System as developed by JIFFY LUBE. Franchisee acknowledges that it is essential to the maintenance of the high standards which the public has come to expect of Jiffy Lube Service Centers and to the preservation of the integrity of the Mark and goodwill that Franchisee adhere to standards of quality for establishment, operation and maintenance of the Jiffy Lube Service Center as hereinafter described.

THEREFORE, in consideration of the promises and mutual covenants herein set forth, it is agreed by and between JIFFY LUBE and Franchisee as follows:

1. GRANT OF FRANCHISE.

A. JIFFY LUBE hereby grants to Franchisee the right, and Franchisee undertakes the duty, to establish and operate a Jiffy Lube Service Center at the location described in Addendum A hereof, in conformity with JIFFY LUBE's established procedures and standard system of operation described herein and in the Policies and Procedures Manual (see Section 11) and as explained to Franchisee at training seminars conducted by JIFFY LUBE (see Section 8).

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B. The franchise granted to Franchisee by this Agreement shall include the right, privilege and obligation to use the complete System, including the non-exclusive right, privilege, and obligation to use the Mark only in connection with the operation of the Jiffy Lube Service Center at the location described in Addendum A hereof, as such System presently exists or may be hereafter supplemented or modified during the term of this Agreement. JIFFY LUBE reserves the right, among others, to develop systems other than the System franchised hereunder, under any service mark, trademark or trade name belonging to JIFFY LUBE, without granting Franchisee any rights therein.

2. TERM.

A. This franchise shall commence upon the execution of this Agreement, any required lease or sublease or other documentation required hereunder, payment of all required Franchise Fees, satisfactory completion of the standard Operations Training Course and receipt of evidence of any necessary insurance coverage, and shall continue for a term of five (5) years from the date hereof unless sooner terminated as herein provided.

B. Franchisee may, at its option, renew this Agreement for an additional period of fifteen (15) years, provided that:

(1) Franchisee has given JIFFY LUBE written notice of such election to renew no less than three (3) months prior to the end of the current term;

(2) Franchisee has completed to JIFFY LUBE's satisfaction all maintenance, renovating and remodeling of the Jiffy Lube Service Center as JIFFY LUBE may reasonably require;

(3) Franchisee is not in default of any provision of this Agreement, any amendment hereof or successor hereto, or any other agreement between Franchisee and JIFFY LUBE, and has substantially complied with all the terms and conditions of such agreements during the terms thereof;

(4) Franchisee has satisfied all monetary obligations owed to Franchisee to JIFFY LUBE, and has timely met such obligations throughout the term of this Agreement;

(5) Franchisee has executed, for the renewal term, at JIFFY LUBE's option, JIFFY LUBE's then-current form of franchise agreement, which agreement shall supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement; provided, that the royalty and advertising terms of this Agreement shall be incorporated into the then-current form of renewal franchise agreement;

(6) Franchisee has complied with JIFFY LUBE's then-current qualification and training requirements;

(7) Both parties have executed a general release, in a form mutually acceptable, of any and all claims against each other and their officers, directors, agents and employees except for such claims of which either party has previously advised the other in writing, provided, however, that any such claims shall be lost and forever forgiven in the event any said claim has not been resolved or suit instituted within one (1) year from the notification of such claim;

(8) Franchisee has simultaneously renewed the Master

Agreement with JIFFY LUBE and any applicable Lessor concerning the leasing of the assets of the Jiffy Lube Service Center or purchase said assets; and

3. PROPRIETARY MARK.

A. The Mark is the exclusive property of JIFFY LUBE. Franchisee hereby acknowledges that its use of such Mark is a temporary use under franchise and that JIFFY LUBE retains all ownership interest in the Mark and all goodwill generated by the Mark. Franchisee agrees to use the Mark only in accordance with this franchise and acknowledges that the use of the Mark outside the scope of this franchise, without JIFFY LUBE's prior written consent, is an infringement of JIFFY LUBE's exclusive right, title and interest in and to the Mark, and expressly covenants that during the term of this franchise, and after the expiration or termination hereof, Franchisee shall not, directly or indirectly, commit an act of infringement or contest or aid others in contesting the validity or ownership of the Mark or take any other action in derogation thereof.

B. Franchisee shall not use the Mark or any name confusingly similar to the Mark as part of the firm or corporate name of Franchisee.

C. Franchisee shall promptly notify JIFFY LUBE of any use, by any person or legal entity other than JIFFY LUBE or another of its franchisees, of the Mark, any colorable variation thereof, or any other mark in which JIFFY LUBE has or claims a proprietary interest. Franchisee further agrees to notify JIFFY LUBE promptly of any litigation instituted by any person or legal entity against JIFFY LUBE or Franchisee involving the Mark. In the event JIFFY LUBE, in its sole discretion, undertakes the defense of any such litigation, Franchisee agrees to execute any and all documents, and to render such assistance (excluding financial assistance) as may, in the opinion of JIFFY LUBE's counsel, be reasonably necessary to carry out such defense or prosecution. If the infringement or litigation does not involve Franchisee's business, JIFFY LUBE will reimburse Franchisee for all out-of-pocket costs incurred in connection with preventing any infringement.

D. JIFFY LUBE may acquire or develop additional trademarks, service marks, logos, and trade names, which shall be the sole property of JIFFY LUBE, but JIFFY LUBE shall not be required to franchise any such service mark, trademark, or trade name to Franchisee. JIFFY LUBE reserves the right to modify the Mark or to substitute another service mark, trade name or other commercial symbol for the Mark, and to require use of such modified or substituted service mark, trade name or other commercial symbol by Franchisee, without any liability to Franchisee, other than payment by JIFFY LUBE of the tangible costs of such conversion unless otherwise provided in this Agreement.

E. Without limiting the generality of the foregoing provisions, Franchisee undertakes and agrees to affix in a conspicuous location in or upon the Service Center premises a sign containing the following notice or a variation thereof:

"This Service Center is owned and operated by AZTEC LUBRICANTS, INC., who is a franchisee of JIFFY LUBE INTERNATIONAL, INC.; the trademarks "JIFFY LUBE" and "JIFFY LUBE and Designs" are owned by JIFFY LUBE INTERNATIONAL, INC.

F. Franchisee and any of its officers or employees shall execute an assignment or any other necessary documentation

vesting in JIFFY LUBE full and complete ownership of any idea or invention which may be patented or used in conjunction with the System if said idea or invention was developed during the term of this franchise.

4. FRANCHISE AND ROYALTY FEES. In consideration of the grant of this franchise, Franchisee shall pay to JIFFY LUBE the following fees in the following manner:

A. (1) For the period commencing upon the date of execution of this Agreement and continuing through February 28, 1991 a monthly Royalty Fee of five percent (5%) of Gross Sales shall be paid by Franchisee. During the balance of this Agreement, a monthly Royalty Fee of six percent (6%) of Gross Sales shall be paid by Franchisee. This Royalty Fee is due and payable on or before the tenth (10th) of each month for the preceding month. Said Royalty Fee shall begin to accrue the first day that Franchisee is open for business. Each royalty payment shall be accompanied by a statement of accounting forms contained in the Policies and Procedures Manual, and said payment and statement of accounts shall be preceded by an oral report of Gross Sales for the preceding month, no later than the third (3rd) business day of each month.

(2) For the purpose of this Agreement, "Gross Sales" shall mean the entire amount of sales and business receipts of Franchisee's Jiffy Lube Service Center herein franchised, including, but not limited to, retail sales, any other sums or the value of any services received or charged, for services provided and sales of used products such as used oil, but excluding sales and use taxes, gross receipts taxes and similar taxes paid by Franchisee based on sales, any bona fide refunds or discounts from the original purchase price.

B. If any sums required to be paid to JIFFY LUBE under this Agreement are not actually received by JIFFY LUBE on or before the date due, such sums shall bear interest daily after such due date until paid at the lesser of a rate equal to two percent (2%) per month or the highest rate of interest allowed by law until paid, and any payments received shall first be applied to the interest due and shall not be applied to reduce the principal sum due until all outstanding interest is paid. The foregoing shall be in addition to any other rights or remedies JIFFY LUBE may have.

5. LOCATION OF FRANCHISEE'S JIFFY LUBE BUSINESS.

A. Franchisee shall operate its Jiffy Lube Service Center within the trade area of the San Diego ADI, upon JIFFY LUBE's approval of the exact location of said Jiffy Lube Service Center, an Addendum shall be executed establishing said location.

B. Concurrently with the execution of the Addendum mentioned in A. above, or within thirty (30) days thereafter, Franchisee must enter into a lease or sublease with JIFFY LUBE. Unless JIFFY LUBE has agreed in a separate written agreement to purchase the property and/or construct the building in which the Jiffy Lube Service Center is to be located, JIFFY LUBE shall have no such obligation and shall only be obligated to act in an advisory capacity to assist Franchisee in acquiring property and constructing a building thereon and JIFFY LUBE shall provide, in its sole discretion, reasonable assistance to Franchisee to enable Franchisee to obtain any required financing. Copies of all executed real estate documents shall be provided to JIFFY LUBE by Franchisee prior to Franchisee's commencement of construction. Any real estate and improvement costs associated with the development of the Service Center

including, but not limited to, government permits, franchises and fees; attorney's fees; interest, points and commitment fees; surveys, boring and other soft costs shall be for the account of the Franchisee and may be included in determining the lease or sublease rental payments.

6. CONSTRUCTING AND OPENING FRANCHISEE'S JIFFY LUBE BUSINESS.

A. Intentionally left blank.

B. Intentionally left blank.

C. Franchisee shall also install and maintain a point-of sale computer system which has been approved by JIFFY LUBE.

7. SERVICES FURNISHED BY JIFFY LUBE. During the term of this Agreement, JIFFY LUBE shall provide and Franchisee shall comply with the following:

A. Standardized procedures of operation as detailed in the Policies and Procedures Manual described in Section 11 hereof.

B. Training programs and assistance as described in Section 8 hereof.

C. Standardized accounting procedures as described in Section 10 hereof.

D. Occasional reports of improvements in business and merchandising methods and other areas of the System as may be developed or acquired by JIFFY LUBE.

E. Field supervision and consultation to assist Franchisee in those areas of the conduct of Franchisee's Jiffy Lube business in which JIFFY LUBE determines that Franchisee needs such assistance. Field supervision may include consultation and assistance with regard to hiring and training new employees, operational problems, and new methods of merchandising as they may be developed, and programs involving solicitation of fleet type business to aid in building Franchisee's Jiffy Lube business. Field supervision visits shall be scheduled by JIFFY LUBE.

F. At JIFFY LUBE's cost, one (1) copy of: the Policies and Procedures Manual and such lubrication manuals, product manuals and catalogs, product cross-reference manuals, and related types of materials and charts which, in JIFFY LUBE's judgment, may be beneficial to Franchisee in its daily business activity.

G. Continued efforts to negotiate purchasing arrangements with suppliers for products and supplies, as described in Part C. of Section 13 hereof.

8. TRAINING PROGRAM. Franchisee and all employees of Franchisee shall maintain the high standards of skill, efficiency, and quality of workmanship established by JIFFY LUBE. To assist Franchisee in establishing and maintaining such standards, the parties agree that training shall occur as follows:

A. Prior to attending the standard Operations Training Course, Franchisee and any of Franchisee's managers must spend at least two (2) week's time actually working at a JIFFY LUBE Service Center.

B. Prior to opening, Franchisee and Franchisee's original manager must successfully complete the standard Operations Training Course for the operation of a Jiffy Lube Service Center at an operating Jiffy Lube Service Center designated by JIFFY LUBE. In the event such training takes place outside the Baltimore, Maryland metropolitan area, Franchisee agrees to pay a proportionate share of JIFFY LUBE's representatives' expenses including but not limited to transportation, meals and lodging, and any other necessary or reasonable expenses incurred in having to provide such training. In addition, in the event the original or any succeeding manager leaves the employ of Franchisee, a replacement manager must successfully complete the training program within six (6) weeks from the date of replacement. Successful completion of the course shall be evidenced by a certificate provided by JIFFY LUBE. All costs of training, including the cost of manuals and instructors, shall be borne by JIFFY LUBE, but Franchisee shall bear the cost of trainees' wages, certain training aids to be retained by Franchisee, transportation, meals, lodging and incidental personal expenses. This training shall occur at least two (2) weeks but not more than six (6) months prior to the projected opening of the Jiffy Lube Service Center herein franchised. Similar training shall be required for each succeeding manager, at times scheduled by JIFFY LUBE. If such training is required more often than once in any two (2) year period owing to more frequent replacement of a manager, Franchisee shall pay JIFFY LUBE for the actual cost of training, but other wise the expenses of training shall be borne by the parties as described above.

C. JIFFY LUBE shall provide operations training for the initial employees, other than Franchisee and Franchisee's original manager, at Franchisee's location by a qualified JIFFY LUBE representative. Such training shall be scheduled by JIFFY LUBE in coordination with Franchisee to occur in conjunction with Franchisee's commencement of operations. JIFFY LUBE shall not be responsible for any training expenses except for the salary and other expenses incurred by its training representative. Franchisee shall be responsible for training subsequent employees not trained during the time that the JIFFY LUBE training representative is present, although Franchisee may request field supervision assistance from JIFFY LUBE. Franchisee shall be present during this training period.

D. Franchisee and Franchisee's manager shall be required to successfully complete a standard Operations Training Course every Five (5) years or more often if in the sole discretion of JIFFY LUBE such training is considered necessary.

9. PERSONAL ATTENTION OF FRANCHISEE.

A. Franchisee, or a manager who has successfully completed the standard Operations Training Course, shall personally manage the Jiffy Lube business franchised hereunder.

B. The requirement of personal management, as established herein, is understood by the parties to entail Franchisee's (or Manager's) best efforts and a devotion to the success of the business consistent with the spirit of this Agreement. It is further understood and agreed that the success of Franchisee's Jiffy Lube business is dependent upon its personal and continued efforts and attention to said business. Personal management shall include, but not be limited to: presence at the business location during opening, closing, and peak business hours; constant inspection of facilities to insure the highest standards

of sanitation, cleanliness, and appearance; involvement in obtaining fleet sales; training of employees; participation in advertising and trade programs; and supervision of employees to ensure that the highest standard of service is provided to the customer and to ensure that employees deal with customers in a courteous and polite manner. Franchisee shall make frequent inspections of the franchised Jiffy Lube business to insure compliance with approved standards and methods of operation and preservation of order on the premises.

10. ACCOUNTING PROCEDURES

A. During the term of this Agreement, Franchisee shall maintain and preserve, for at least seven (7) years from the close of the fiscal year to which the books, records and accounts are related, proper and complete books, records and accounts. JIFFY LUBE shall establish and make available to Franchisee a standardized accounting system and procedures which shall be followed and used by Franchisee.

B. Franchisee recognizes the importance of statistical analysis and shall provide JIFFY LUBE with financial statements and reports of sales in the form prescribed by JIFFY LUBE on or before the twenty-fifth (25th) of each month for the preceding month. Standard report forms are contained in the Policies and Procedures Manual. Franchisee shall provide JIFFY LUBE with copies of state sales tax returns at the time said returns are filed with the state. JIFFY LUBE shall have the right from time to time to request additional financial, statistical or other information as JIFFY LUBE may reasonably deem to be required or desirable. All such financial information shall be prepared in accordance with generally-accepted accounting principles, consistently applied.

C. Franchisee shall provide JIFFY LUBE annually, within sixty (60) days after Franchisee's fiscal year end, with a statement of income or loss, a statement of financial position, all of which are prepared in accordance with generally accepted accounting principles, consistently applied, by an independent certified public accountant in accordance with the standard for a review or, if requested by JIFFY LUBE, in accordance with the standard for an audited statement. Simultaneously with the year end financial statements, Franchisee shall furnish JIFFY LUBE with a copy of all tax returns filed by Franchisee for that year with respect to the business franchised hereunder, including but not limited to Federal and State income tax returns.

D. JIFFY LUBE or its designated agents shall have the right, at all reasonable times, to examine and audit Franchisee's books and records. If such examination or audit should disclose any underpayment of the Royalty Fee, Franchisee shall promptly pay the deficient amount plus interest thereon from the date due until paid, at the lesser of a rate of two percent (2%) per month or the highest rate of interest allowed by law. If such an examination or audit discloses an understatement in any report of two percent (2%) or more, Franchisee shall, in addition, reimburse JIFFY LUBE for the cost of having Franchisee's books examined or audited. The foregoing shall be in addition to any other rights or remedies JIFFY LUBE may have.

E. All information to be furnished by Franchisee to JIFFY LUBE shall at all times be accurate and correct in

all material respects and complete insofar as completeness may be necessary to give JIFFY LUBE a true and accurate picture of Franchisee's operation. The failure or refusal of Franchisee to furnish when due any of the statements required to be furnished under this Section 10, or the failure of Franchisee to account properly for all income received by Franchisee, shall be deemed a default under this Agreement and shall entitle JIFFY LUBE to all of its remedies as set forth in this Agreement.

F. JIFFY LUBE shall have the right to use any financial statements, sales reports, or other financial or statistical information provided by Franchisee in connection with efforts by JIFFY LUBE to attract additional Franchisees, obtain financing or raise capital and shall be authorized to disclose any information contained in such financial reports as may be required by any federal or state requirements, court orders, etc. JIFFY LUBE shall not disclose any information shown on any tax returns of Franchisee except for information disclosed on other documents submitted or if required by law.

G. In the event Franchisee shall not provide any required information or not provide such information in the required format, JIFFY LUBE shall have the right, but not the obligation, to obtain said information and/or Franchisee shall be responsible for any reasonable costs and expenses associated therewith.

11. JIFFY LUBE POLICIES AND PROCEDURES MANUAL.

A. JIFFY LUBE has developed a Policies and Procedures Manual (hereinafter the "Manual") describing the System and its standard operating procedures. The Manual shall remain the exclusive property of JIFFY LUBE and shall be loaned to Franchisee for the term of this Agreement. JIFFY LUBE may also develop and lend to Franchisee additional manuals on particular phases of the System. Franchisee hereby covenants to operate its Jiffy Lube Service Center in strict conformance with the Manual and any other manuals developed by JIFFY LUBE for the System.

B. Franchisee understands and agrees that the System is from time to time modified and improved, and that such modifications and improvements may require modifications and changes in the Manual. Franchisee agrees to operate its Jiffy Lube Service Center in strict conformance with any future modifications and changes in the Manual or in any other manuals developed and lent to Franchisee by JIFFY LUBE. Franchisee shall at all times insure that its copies of said Manual and any other manuals are kept current and up-to-date and, in the event of any dispute as to their contents, the terms of the master copy of the Manual and any other manuals maintained by JIFFY LUBE at JIFFY LUBE's home office shall be controlling.

C. Franchisee shall treat the Manual, any other manuals developed by JIFFY LUBE and loaned to Franchisee, and the information contained therein, as confidential and shall use all reasonable efforts to maintain such information as secret and confidential. Franchisee shall not at any time, without JIFFY LUBE's prior written consent, copy, duplicate, record or otherwise reproduce the Manual or any other System manuals, in whole or in part, nor otherwise make the same available to any unauthorized person.

12. INSPECTION BY JIFFY LUBE. A field representative of JIFFY LUBE may make announced or unannounced inspections of Franchisee's Jiffy Lube Service Center to

insure compliance with all requirements of this Agreement. The field representative shall be allowed to inspect any part of Franchisee's Jiffy Lube business, including Franchisee's books and financial accounts, at any time during normal business hours. At the conclusion of his inspection, the field representative shall prepare a written Report. Franchisee, if present, and the manager shall be given a copy of the Report and shall sign a second copy to be sent to JIFFY LUBE, on which Franchisee may either acknowledge or contest the field representative's conclusions and observations. Franchisee, his manager, accountant and a representative of his advertising agency (if other than JIFFY LUBE's) shall be present at any announced inspection; JIFFY LUBE shall use its reasonable efforts to give two (2) weeks notification of any announced inspection.

13. APPROVED PRODUCTS AND SUPPLIES.

A. Franchisee may purchase its equipment, products and supplies from whomever Franchisee in its own discretion decides; subject, however, to the requirement that the equipment, products and supplies used by Franchisee must meet certain minimum quality and warranty specifications that shall be determined by JIFFY LUBE and listed in the Manual. The purpose of these specifications is to protect and maintain the high quality of the Mark and System.

B. JIFFY LUBE shall maintain and make available to Franchisee a list of approved products which meet JIFFY LUBE's specifications. Said list may be modified from time to time. If Franchisee desires to use products not already on the approved list, Franchisee shall so notify JIFFY LUBE in writing prior to using such products and, if JIFFY LUBE so requests, shall provide to JIFFY LUBE a sample of the product and any relevant technical data. JIFFY LUBE will test the product at Franchisee's expense to determine whether the product meets the required standards and shall so notify Franchisee. If JIFFY LUBE determines that the product does not meet the required standards, Franchisee shall not use such product in its Jiffy Lube business.

C. JIFFY LUBE or its related companies may offer to sell to Franchisee products and supplies used in operating Jiffy Lube Service Centers, which may be purchased by Franchisee at its option. JIFFY LUBE and its related companies will endeavor, to the extent it is able to do so based on total purchases by franchisees, to negotiate volume purchasing arrangements for those products and supplies and offer them at a reasonable mark-up to franchisees.

D. Since JIFFY LUBE is not the manufacturer of any products, supplies or equipment which it may sell or provide to Franchisee, JIFFY LUBE does not provide any warranty or guarantee to Franchisee or any third party, nor shall Franchisee make any representation to the contrary to any third party. If JIFFY LUBE is able to secure any warranty, guarantee or assumption of liability from any manufacturer which it is authorized to convey to Franchisee, it will so notify Franchisee.

E. In the event Franchisee orders products and supplies from JIFFY LUBE or its related companies, any security deposits, down payments or advance payments requested by JIFFY LUBE or its related companies must be paid prior to placement of the order with the vendor. Franchisee agrees to pay all billings for supplies and products

purchased from JIFFY LUBE or its related companies in a prompt and businesslike manner.

F. JIFFY LUBE may specify and require Franchisee to purchase types and amounts of supplies of oil and filters determined by JIFFY LUBE to be sufficient for Franchisee's initial inventory.

14. DESIGN AND APPEARANCE.

A. Franchisee acknowledges that the design and appearance of the Jiffy Lube Service Center are part of the System and that uniformity within the System is essential to the success of the System. Therefore, Franchisee agrees that it will make no change to the building plan or design without the written consent of JIFFY LUBE and shall maintain and renovate periodically at its expense the interior and exterior decor in such manner as may be reasonably prescribed from time to time by JIFFY LUBE so as to maintain standards of appearance consistent with the quality image of the System. Franchisee further agrees to purchase or lease and to display at Franchisee's Jiffy Lube Service Center, whether attached to a building or free-standing, such and only such signs, emblems, logos, lettering and pictorial materials in accordance with specifications designated by JIFFY LUBE, as amended from time to time, subject to modifications agreed to by JIFFY LUBE to meet requirements of local sign ordinances. No signs, emblems, logos, lettering or pictorial materials not approved by JIFFY LUBE in writing as to both specifications and placement shall be displayed by Franchisee.

B. Franchisee, at its sole cost and expense, shall erect and maintain such signs, emblems, logos, lettering and pictorial materials in accordance with the terms and provisions of this Franchise. JIFFY LUBE shall have the right to change the design specifications for signs, emblems, logos, lettering and pictorial materials from time to time and Franchisee shall promptly alter the signs at its location to conform with the revised specifications. Such revision shall be at Franchisee's expense if revision occurs no more often than once in any three (3) year period. In addition, JIFFY LUBE shall have the right to require remodeling changes to the building at Franchisee's expense no more often than once every ten (10) years. Franchisee shall not be required to make any such changes if the revision of design or specification or remodeling shall occur within one (1) year of the date of normal expiration of the term of this Agreement, but such change may be required as a condition of renewal.

15. SALES BY FRANCHISEE. Franchisee shall have the right to sell products and offer services at any price it may determine. If JIFFY LUBE recommends a retail price, such recommendation is suggested only, and is in no way binding upon Franchisee.

16. ADVERTISING.

A. During the term of this Agreement, Franchisee shall, on a monthly basis, expend on, or contribute to, an advertising program an amount equal to eight percent (8%) of Franchisee's Gross Sales (as defined in Section 4 hereof) for the preceding month. The expenditures or contributions shall be made as follows: In the event a national advertising fund (hereinafter "Fund") is established pursuant to Part B of this Section 16, and a regional advertising cooperative association (hereinafter "Cooperative") is established pursuant to Part C of this Section 16, Franchisee shall contribute three percent (3%)

of its Gross Sales to the Fund and five percent (5%) of its Gross Sales to the Cooperative. If only a Cooperative is established, Franchisee shall contribute the entire eight percent (8%) of its Gross Sales to the Cooperative. If only a Fund is established, Franchisee shall contribute three percent (3%) of its Gross Sales to the Fund and expend five percent (5%) of its Gross Sales on local advertising in accordance with part D of this Section 16. If neither a Fund nor a Cooperative is established, Franchisee shall expend the entire eight percent (8%) on local advertising.

B. JIFFY LUBE has established a national advertising fund (hereinafter "Fund"). Franchisee shall contribute to the Fund as required by Part A of this Section 16. The Fund shall be maintained and administered by JIFFY LUBE as follows:

(1) JIFFY LUBE shall direct all advertising programs, with sole discretion over the approval of agencies, spokespersons, creative concepts, materials and media used in such programs and the placement and allocation thereof. Franchisee agrees and acknowledges that the Fund is intended to maximize general public recognition and acceptance of the Mark for the benefit of the System and that JIFFY LUBE and its designees undertake no obligation in administering the Fund to make expenditures for Franchisee which are equivalent or proportionate to its contribution, or to ensure that any particular franchisee benefits directly or pro rata from the placement of advertising.

(2) JIFFY LUBE shall, for each of its company-owned Jiffy Lube Service Centers, make contributions to the Fund on a basis similar to that described in Paragraph 16 A. above.

(3) Franchisee agrees that the Fund may be used to meet any and all costs of maintaining, administering, directing and preparing advertising (including, without limitation, the cost of preparing and conducting television, radio, magazine and newspaper advertising campaigns and other public relations activities; employing advertising agencies to assist therein; and providing promotional brochures and other marketing materials to franchisees in the System). All sums paid by Franchisee to the Fund shall be maintained in a separate account from the other funds of JIFFY LUBE and shall not be used to defray any of JIFFY LUBE's general operating expenses, except for such reasonable administrative costs and overhead, if any, as JIFFY LUBE may incur in activities reasonably related to the administration or direction of the Fund and advertising programs, including, without limitation, conducting market research, preparing marketing and advertising materials, and collecting and accounting for assessments for the Fund.

(4) An audit of the operation of the Fund shall be prepared annually by an independent certified public accountant selected by JIFFY LUBE and shall be made available to Franchisee upon request.

C. (1) A regional advertising cooperative association may at JIFFY LUBE's option be formed or at the request or with the assent of one-half ($\frac{1}{2}$) or more of the then-existing franchisees located in such geographic area as JIFFY LUBE may determine is appropriate. At such time as a cooperative covering Franchisee's location is formed, Franchisee shall join said Cooperative and commence contributing to the Cooperative as required by Part A of this

Section 16 within thirty (30) days after the Cooperative is formed. If a Cooperative is in existence at the time Franchisee commences doing business, Franchisee shall become a member of such Cooperative immediately.

(2) Franchisee may request exemption by JIFFY LUBE from the requirement for membership in a Cooperative if Franchisee believes that it will not benefit from advertising and services arranged by such Cooperative, because of geographic isolation or otherwise. Any decision of JIFFY LUBE with regard to the requested exemption shall be final. Pending resolution of such a request, Franchisee is authorized to expend locally in accordance with Part D of this Section 16, any amount required by Part A of this Section 16 to be contributed to the Cooperative.

(3) Any Cooperative shall be formed and operated in such form and manner as shall be approved by JIFFY LUBE. Any advertising and promotional plans and materials the Cooperative desires to use must receive JIFFY LUBE's prior written approval. The Cooperative shall be responsible to its members to expend the funds entrusted to it in an equitable manner; however, benefits may not be directly proportional to contributions. Any contribution or payment required to be made to a Cooperative must be made on or before the tenth (10th) day of each month based on the Gross Sales of Franchisee for the preceding month. The Cooperative shall utilize the funds provided to it by the members of the Cooperative to provide regional advertising and to develop standardized promotional material for local advertising programs for the benefit of member franchisees.

D. In the event Franchisee is required to make expenditures on local advertising pursuant to Parts A or C(2) of this Section 16, Franchisee shall submit reports of the expenditures, in a form specified by JIFFY LUBE, to JIFFY LUBE by the tenth (10th) day of each month for the preceding month's expenditures. All such local advertising by Franchisee in any medium shall be conducted in a dignified manner and shall conform to the standards and requirements of the Manual. Franchisee shall submit samples to JIFFY LUBE (through the mail, return receipt requested) and obtain JIFFY LUBE's prior approval (except with respect to prices to be charged), of all advertising and promotional plans and materials that Franchisee desires to use and that have not been prepared or previously approved by JIFFY LUBE. If written disapproval thereof is not received by Franchisee within fifteen (15) days from the date of receipt by JIFFY LUBE of such materials, JIFFY LUBE shall be deemed to have given the required approval.

E. Notwithstanding anything contained herein to the contrary, in the event a Cooperative exists for the Area of Dominant Influence ("ADI") in which the Jiffy Lube Service Center franchised hereunder is located, Franchisee shall be required to join said Cooperative and be bound by its rules and regulations.

17. TAXES, FRANCHISES, UTILITIES. Franchisee shall be responsible for complying with all laws applicable to the operation of the Jiffy Lube Service Center, securing and paying for all licenses, permits, and inspections and paying all occupation, privilege, franchise, sales, use and income taxes and the like and all water, sewer, gas, telephone, electric light and power or other utility charges assessed or charged against the premises for Franchisee's usage or occupancy thereof, including all such taxes and fees levied and assessed on property lo-

cated on or at Franchisee's Jiffy Lube business.

18. TRANSFERABILITY OF INTEREST.

A. Transfer by JIFFY LUBE: JIFFY LUBE shall have the right to transfer or assign all or any part of its rights or obligations herein to any person or legal entity.

B. Transfer by Franchisee:

(1) Franchisee understands and acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee, and that JIFFY LUBE has granted this franchise in reliance on Franchisee's business skill and financial capacity. Accordingly, neither Franchisee, any immediate or remote successor to any part of Franchisee's interest in this franchise, any individual, partnership, corporation or other legal entity which directly or indirectly controls Franchisee, if Franchisee is a corporation, nor any general partner or any limited partner (including any corporation which controls, directly or indirectly, any general or limited partner), if Franchisee is a partnership, shall sell, assign, transfer, convey, give away, pledge, mortgage or otherwise encumber any interest in this franchise without the prior written consent of JIFFY LUBE. Any purported assignment or transfer, by operation of law or otherwise, not having the written consent of JIFFY LUBE shall be null and void and shall constitute a material breach of this Agreement, for which JIFFY LUBE may then terminate without opportunity to cure pursuant to Section 20 hereof.

(2) If a transfer, alone or together with other previous, simultaneous or proposed transfers, would have the effect of transferring either a controlling interest or operating control in the Jiffy Lube Service Center franchised herein, JIFFY LUBE may, in its sole discretion, require as a condition to its approval that:

(a) All of Franchisee's accrued monetary obligations, including amounts due any national account suppliers, to JIFFY LUBE and all other outstanding obligations related to the Jiffy Lube Service Center shall have been satisfied;

(b) The transferor shall have executed a general release under seal, in a form satisfactory to JIFFY LUBE, of any and all claims except any claims previously asserted against JIFFY LUBE and its officers, directors, shareholders and employees, in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances;

(c) The transferee shall enter into a written assignment, under seal, and in a form satisfactory to JIFFY LUBE, assuming and agreeing to discharge all of Franchisee's obligations under this Agreement;

(d) The transferee shall demonstrate to JIFFY LUBE's satisfaction that it meets JIFFY LUBE's managerial and business standards; possesses a good moral character, business reputation, and credit rating; has the aptitude and ability to conduct the business franchised herein (as may be evidenced by prior related business experience or otherwise); and has adequate financial resources and capital to operate the business;

(e) The transferee shall execute (and/or, upon JIFFY LUBE's request, cause all interested parties to execute) such then-current standard form franchise agreements and other ancillary agreements as JIFFY LUBE may require for the franchised business, including a lease or sublease, for a term ending on the date of expiration of this Agreement;

(f) At transferee's expense and upon such other terms and conditions as JIFFY LUBE may reasonably require, transferee's manager and assistant manager shall complete any training programs then in effect for franchisees; and

(g) Except in the case of a transfer to a corporation formed solely for the convenience of ownership, a transfer fee in an amount equal to five percent (5%) of the then-current Franchise Fee plus all actual expenses incurred by JIFFY LUBE in connection with the transfer shall have been paid.

(3) No transfer in the nature of a grant of a security interest shall be permitted without JIFFY LUBE's prior written consent which shall be at JIFFY LUBE's sole discretion. In the event consent is given to a transfer in the nature of a grant of a security interest, it is expressly agreed that if the holder of the security interest should ever seek to exercise the rights of Franchisee or assume the interest of Franchisee in this Agreement due to a default under any documents related to the security interest, JIFFY LUBE shall have the right and option to purchase the rights of the secured party upon payment of all sums then due to such secured party.

C. Transfer to Franchisee's Corporation or Partnership:

In the event the proposed transfer is to a corporation or partnership formed solely for the convenience of ownership, JIFFY LUBE's consent to such transfer may, in its sole discretion, be conditioned on the following requirements:

(1) The corporate or partnership franchisee's activities shall be confined exclusively to operating the business franchised herein;

(2) Franchisee shall own a majority stock interest or partnership interest in the transferee corporation or partnership, and shall act as its principal executive officer;

(3) Each stock certificate of a corporate franchisee or certificate of interest of a partnership shall have conspicuously endorsed upon its face a statement in a form satisfactory to JIFFY LUBE that it is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon assignments by this Agreement;

(4) All shareholders or partners shall jointly and severally guarantee the corporation's or partnership's performance and shall bind themselves to the terms of this Agreement; and

(5) Copies of transferee's Articles of Incorporation, Certificate of Partnership, By-Laws, resolutions, including without limitation, the resolutions authorizing entry into this Agreement, and all other governing documents, shall be promptly furnished to JIFFY LUBE.

D. Transfer and Issuance of Securities:

If Franchisee is a corporation, it shall maintain stop transfer instructions against the transfer on its records of any securities with voting rights subject to the restrictions of this Section 18, and shall issue no such securities upon the face of which the following printed legend does not legibly and conspicuously appear:

The transfer of this stock is subject to the terms and conditions of a Franchise Agreement between Jiffy Lube International, Inc. and the corporation dated _____. Reference is made to said Franchise Agreement and to the Articles of Incorporation and By-Laws of this corporation.

E. JIFFY LUBE's Right of First Refusal:

(1) Any party holding any interest in the Franchisee or the franchise and who desires to accept any bona fide offer to purchase his or its interest in the franchised business from a third party shall notify JIFFY LUBE in writing of each such offer and, except as otherwise provided herein, JIFFY LUBE shall have the right of option, exercisable within twenty (20) days after receipt of such written notification, to send written notice to the seller that JIFFY LUBE or its nominee intends to purchase seller's interest on the same terms and conditions offered by the third party or their cash equivalent, excluding any extraneous assets not necessary to the operation of the Jiffy Lube Service Center. Any material change in the terms of any offer prior to closing shall constitute a new offer subject to the same rights of first refusal by JIFFY LUBE or its nominee as in the case of an initial offer. In the event that JIFFY LUBE or its nominee elects to purchase seller's interest, closing on such purchase must occur within sixty (60) days from the date to notice of seller of the election to purchase by JIFFY LUBE or its nominee. Failure of JIFFY LUBE to exercise the option afforded by this Section 18 shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Section 18, with respect to a proposed transfer.

(2) In the event a proposed transferee is the spouse, son or daughter of the transferor or any individual or entity holding an equity interest in Franchisee as of the date of this Agreement, JIFFY LUBE shall not have any right of first refusal as provided in this Section 18; provided, however, written notification of any such transfer shall be provided JIFFY LUBE within thirty (30) days of consummation of the transfer by the transferee.

F. Transfer Upon Death or Permanent Incapacity:

Upon the death or permanent incapacity of any

person with an interest in this franchise or in Franchisee, and upon the dissolution of a Franchisee that is a partnership or corporation, the executor, administrator, personal representative or trustee of such person or entity shall transfer his or its interest to a third party approved by JIFFY LUBE within a reasonable time. Such transfers, including, without limitation, transfers by devise or inheritance, shall be subject to the same conditions as any inter vivos transfer except that in the event of an approved transfer to a member of the immediate family (spouse, child or parent) the fee required under Section 18.B.2.(g) shall not be applicable. If the heirs or beneficiaries of any such person are unable to meet the conditions in this Section 18, the personal representative of the deceased franchisee shall have a reasonable time to dispose of the deceased's interest in the franchise, which disposition shall be subject to all the terms and conditions for transfers contained in this Agreement.

G. Non-Waiver of Claims:

JIFFY LUBE's consent to a transfer of any interest in the franchise granted herein shall not constitute a waiver of any claims it may have against the transferring party, nor shall it be deemed a waiver of JIFFY LUBE's right to demand exact compliance with any of the terms of this Agreement by the transferee.

19. HOURS OF OPERATION. Franchisee's Jiffy Lube Service Center shall be open for business during normal business hours for such minimum hours (at least fifty (50) hours each week) and days as are specified in the Manual.

20. DEFAULT AND TERMINATION.

A. Franchisee shall be deemed to be in default under this Agreement, and all rights granted herein shall automatically terminate without notice to Franchisee, if Franchisee shall become insolvent, makes a general assignment for the benefit of creditors, suffers the filing of a voluntary or involuntary bankruptcy petition which is not dismissed within sixty (60) days after filing, is adjudicated a bankrupt, suffers temporary or permanent court-appointed receivership of substantially all of its property, if execution is levied against Franchisee's business or property, if suit to foreclose any lien or mortgage against the premises or equipment is instituted against Franchisee and not dismissed within thirty (30) days, or if the real or personal property of Franchisee's Jiffy Lube Service Center shall be sold after levy thereupon by any sheriff, marshal, or constable.

B. Franchisee shall be deemed to be in default and JIFFY LUBE may, at its option, terminate this Agreement and all rights granted hereunder, without affording Franchisee any opportunity to cure the default, effective immediately upon receipt of notice by Franchisee, upon the occurrence of any of the following events:

(1) If Franchisee fails, for any reason whatsoever except for delays in construction for which Franchisee is not in any way responsible, to have its Jiffy Lube Service Center open within the time agreed to in Part B of Section 6;

(2) If Franchisee fails to repair, restore or rebuild any loss or damage to its Jiffy Lube Service Center within one hundred twenty (120) days from the date of such loss or damage;

(3) If Franchisee, without JIFFY LUBE's prior written consent, ceases to do business at the Jiffy Lube Service Center, or loses the right to possession of the premises or otherwise forfeits the right to do or transact business in the jurisdiction where the Jiffy Lube Service Center is located;

(4) If Franchisee, or a principal officer of Franchisee, if Franchisee is a corporation or partnership, is convicted of a felony or a crime involving moral turpitude, consumer fraud, or any other crime or offense that is reasonably likely, in the sole opinion of JIFFY LUBE, to have adverse effect on the System, the Proprietary Marks, the goodwill associated therewith, or JIFFY LUBE's interest therein and such interest is not transferred within thirty (30) days of such conviction;

(5) If a threat or danger to public health or safety results from the construction, maintenance or operation of the Jiffy Lube Service Center franchised hereunder;

(6) If Franchisee purports to transfer any rights or obligations under this Agreement to any third party without JIFFY LUBE's prior written consent, contrary to the terms of Section 18 hereof;

(7) If Franchisee fails to comply with the in-term covenants of Section 22 hereof;

(8) If Franchisee discloses or divulges the contents of the Manual or other trade secret or confidential information provided Franchisee by JIFFY LUBE contrary to Sections 11 and 23 hereof;

(9) If an approved transfer is not effected within a reasonable time following Franchisee's death or permanent incapacity as required by Section 18 hereof;

(10) If Franchisee repeatedly fails to make timely payments of royalties or any monies owing to JIFFY LUBE.

(11) If Franchisee knowingly makes any false statements in any reports submitted to JIFFY LUBE.

(12) If Franchisee suffers any federal, state or local tax lien or levy or suit to enforce the same, brought against Franchisee or against Franchisee's property.

C. Except as provided in Parts A and B of this Section 20, Franchisee shall have thirty (30) days after its receipt from JIFFY LUBE of a written Notice of Termination within which to remedy any default hereunder and provide evidence thereof to JIFFY LUBE. If any such default is not cured within that time, or such longer period as applicable law may require, this Agreement shall terminate without further notice to Franchisee effective immediately upon the expiration of the thirty (30) day period or such longer period as applicable law may require. Franchisee shall be in default hereunder for any failure to substantially comply with any of the requirements imposed by this Agreement, as it may from time to time reasonably be supplemented by the Manual, or to carry out the terms of this Agreement, in good faith. Such defaults shall include, for example, without limitation, the occurrence of any of the following events:

(1) If Franchisee fails, refuses, or neglects promptly to pay any monies owing to JIFFY LUBE when due, or to submit the financial information required by JIFFY

LUBE under this Agreement, or makes any false statements in connection therewith.

(2) If Franchisee fails to maintain the standards that JIFFY LUBE requires in this Agreement and in the Manual.

(3) If Franchisee fails, refuses or neglects to obtain JIFFY LUBE's prior written approval or consent as required by this Agreement.

(4) If Franchisee misuses or makes any unauthorized use of the Mark or System, or otherwise materially impairs the good will associated therewith or JIFFY LUBE's rights therein.

(5) If Franchisee fails to comply with the requirement of personal management as provided in Section 9 hereof.

(6) If Franchisee fails to satisfactorily pass any inspection and thereafter fails to rectify, within thirty (30) days, any material deficiencies noted in such inspection.

D. Franchisee may terminate this Agreement if JIFFY LUBE has materially defaulted in the performance of its obligations under this Agreement provided that:

(1) Franchisee has provided JIFFY LUBE with a written notice of default; and

(2) JIFFY LUBE has failed to cure such default within thirty (30) days after its receipt of such notice; provided, however, that if JIFFY LUBE shall be delayed, hindered in, or prevented from the performance of any act required hereunder by reason of strikes, labor troubles, inability to procure materials, restrictive governmental laws or regulations, riots, insurrection, war, or the act, failure to act, or default of another party, or other reason beyond its control, then performance of such act shall be excused for the period of delay and the period of performance of any such act shall be extended for a period equivalent to the period of such delay.

21. OBLIGATIONS UPON EXPIRATION OR TERMINATION.

A. In the event of expiration or termination of this Agreement, for any reason whatsoever, Franchisee shall cease to be an authorized JIFFY LUBE franchisee and shall immediately and permanently discontinue the use of the Mark and any name or mark containing the designation "Jiffy Lube," or any mark or name confusingly similar thereto, or any other designation indicating, or tending to indicate, that Franchisee is in any way an authorized JIFFY LUBE franchisee. If as a result of such expiration or termination, Franchisee is required to vacate the Jiffy Lube Service Center and JIFFY LUBE retains possession, JIFFY LUBE shall be responsible for reimbursing or crediting Franchisee the depreciated value of any tools, equipment and fixtures or personal property owned (less any indebtedness assumed thereon) and Franchisee's actual cost for any usable inventory taken over by JIFFY LUBE.

B. Upon expiration or termination of this Agreement, Franchisee also shall do, and covenants to do, the following:

(1) Franchisee shall promptly surrender to JIFFY LUBE, or, if so directed by JIFFY LUBE, destroy, and

immediately discontinue the use of, all service marks, trademarks, trade names, signs, structures, literature, forms, or promotional advertising materials, and any other article of personality indicative of JIFFY LUBE or confusingly similar thereto or the business or products thereof, and will make or cause to be made such changes in its building and structures as JIFFY LUBE may reasonably direct to effectively distinguish the business from its former conforming appearance and from other Jiffy Lube Service Centers, all at no expense to JIFFY LUBE. Also, Franchisee shall offer to JIFFY LUBE all inventory bearing the JIFFY LUBE logo or Mark at the original purchase price.

(2) Franchisee shall discontinue any telephone listings, radio and newspaper advertising, and any other form of commitment which may in any way identify Franchisee as a member of the JIFFY LUBE organization.

(3) Franchisee shall return to JIFFY LUBE the Manual and all other manuals, bulletins, instruction sheets, forms, devices, or any other written material, or copies of any of the same, acquired by Franchisee as a result of this Agreement.

(4) Franchisee shall not copy or continue to use any confidential information, materials, ideas, systems or procedures learned as a result of or covered by this Agreement.

C. If Franchisee fails to promptly comply with its obligations under Parts A and B of this Section 21 after expiration or termination, it is agreed that JIFFY LUBE shall have the right to enter Franchisee's premises, without being deemed guilty of trespass or any other tort or other cause of action related thereto, and take such measures to ensure discontinuance of use of all indicia indicating a relationship between Franchisee and JIFFY LUBE including repossession or alteration of signs and manuals and reasonable modification of the building appearance.

D. Franchisee and JIFFY LUBE shall make a prompt, final accounting upon expiration or termination, and any sums owing under this Agreement, or any other sums owing for judgments or otherwise, shall be paid immediately and promptly by the owing party.

22. COVENANTS NOT TO COMPETE.

A. Unless otherwise specified, the term "Franchisee" as used in this Section 22 shall include, collectively and individually, all partners, officers, directors and holders, directly or indirectly (and any officers or directors of any such holder), of any beneficial interest in Franchisee.

B. Franchisee covenants that during the term of this Agreement, Franchisee shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, partnership or corporation, divert or attempt to divert any business or customer of the business franchised hereunder to any competitor by direct or indirect inducement or otherwise.

C. Franchisee covenants that during the term of this Agreement, and for three (3) years after expiration or termination of this Agreement, regardless of the cause of termination, Franchisee shall not, without the prior written consent of JIFFY LUBE, either directly or in-

directly, for itself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation, employ or seek to employ any person who, within the preceding six (6) months, has been an employee of JIFFY LUBE or of any franchisee of JIFFY LUBE.

D. Franchisee acknowledges that the methods of doing business and other elements comprising the System are unique and distinctive and have been developed by JIFFY LUBE at great effort, time and expense; that Franchisee has regular and continuing access to valuable confidential information and training regarding the System; and that Franchisee recognizes its obligation to promote and develop the franchised business. Franchisee accordingly agrees as follows:

(1) During the term of this Agreement, Franchisee shall not, without JIFFY LUBE's prior written consent, either directly or indirectly, for itself or through, on behalf of, or in conjunction with any other person, persons, partnership, or corporation, own, maintain, engage in, have any interest in, or perform any service for any business which is the same as or substantially similar to the business conducted hereunder and which is located within the state in which Franchisee's business under this Agreement is located or within ten (10) miles from any other Jiffy Lube Service Center in the United States.

(2) Franchisee covenants that, for a period of three (3) years after the expiration or termination of this Agreement, regard less of the cause of termination, Franchisee shall not, without JIFFY LUBE's prior written consent, either directly or indirectly, for itself or through, on behalf of, or in conjunction with any other person, persons, partnership or corporation, own, maintain, engage in, have any interest in or perform any service for any business, which is the same as or substantially similar to the business conducted under this Agreement, which is located: (1) within a ten (10) mile radius of the location of the business operated hereunder, or (2) within a ten (10) mile radius of any Jiffy Lube Service Center within the state in which the business operated hereunder is located, or (3) within a ten (10) mile radius of any Jiffy Lube Service Center in the United States.

E. Franchisee acknowledges that Franchisee's violation of the terms of this Section 22 would result in irreparable injury to JIFFY LUBE for which no adequate remedy at law would be available, and Franchisee accordingly consents to the issuance of an injunction prohibiting any conduct by Franchisee in violation of the terms of this Section 22.

F. The parties agree that each of the foregoing covenants and the subparts hereof shall be construed as independent of any other covenant, subpart, section or provision of this Agreement. If all or any portion of a covenant in this Section 22 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in a final decision to which JIFFY LUBE is a party, Franchisee expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 22.

G. Franchisee understands and acknowledges that JIFFY LUBE shall have the right, in its sole discretion,

to reduce the scope of any covenant or subpart thereof set forth in this Section 22 without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof, and Franchisee agrees that it shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding any other provision of this Agreement.

H. This Section 22 shall not apply to any ownership by Franchisee of less than a three percent (3%) beneficial interest in the outstanding equity securities of any publicly-held corporation.

23. TRADE SECRETS. Franchisee acknowledges that, during its relationship with JIFFY LUBE, it will acquire knowledge of trade secrets, confidential information, know-how, sales formulae, organizational and operational methods and other information concerning the System and the operation of a Jiffy Lube Service Center. Franchisee covenants and agrees that, without JIFFY LUBE's prior written consent, it will not use or allow use of any such knowledge except in connection with the operation of Franchisee's Jiffy Lube Service Center by persons actively involved in the operation of such facility so long as such information remains confidential and will not disclose the contents of any manuals, plans, records or other documents to any third party not actively involved in the operation of Franchisee's JIFFY LUBE business and with a valid need for disclosure in connection therewith. Any third party or employee to whom such information or documents are conveyed in the course of operating Franchisee's business shall be informed that the information is confidential and proprietary to JIFFY LUBE and may not be used without an appropriate franchise from JIFFY LUBE. Franchisee shall require each manager to execute an agreement for the benefit of Franchisee and JIFFY LUBE, a copy of which shall be furnished to JIFFY LUBE, acknowledging the confidentiality of the System and agreeing not to use such information for his own benefit and not to disclose it to third parties. Any violation of the above provisions will be a default under this Agreement.

24. FRANCHISEE AS INDEPENDENT CONTRACTOR. It is understood and agreed by the parties that this Agreement does not create a fiduciary relationship between them and that Franchisee shall be an independent contractor with entire control and direction of its JIFFY LUBE business and operations, subject only to the conditions and covenants established within this Agreement. No agency, employment, or partnership is created or implied by the terms of this Agreement. Franchisee's business is totally separate and apart from any that may be operated by JIFFY LUBE. Neither party to this Agreement shall make any representations tending to create an apparent agency, employment, or partnership relationship. Neither party shall have authority to act for or on behalf of the other in any manner to create obligations or debts binding upon the other, or to give the impression that either party has a fiduciary duty to the other, and neither party will be responsible for any obligations or debts binding upon the other, or give the impression that either party has a fiduciary duty to the other, and neither party will be responsible for any obligations, indebtedness, or expenses whatsoever of the other party. Neither Franchisee, nor any persons performing any duties or engaging in any work on the premises of Franchisee, shall be deemed an employee or agent of JIFFY LUBE.

25. INSURANCE.

A. Prior to opening for business, Franchisee shall secure and thereafter continuously maintain and pay for insurance at its own expense as follows:

(1) The building, equipment, supplies and inventories shall be insured against loss or damage by fire, wind-storm, flood, and other risks usually insured against by owners of similar property. In no case will such coverage be less than one hundred percent (100%) of the replacement cost of the properties. Unless a waiver is obtained from JIFFY LUBE, any loss or damage shall be repaired, restored or rebuilt within one hundred and twenty (120) days from the date of loss or damage.

(2) Employer's liability insurance (\$100,000 minimum limit) and workmen's compensation insurance as prescribed by the law of the state or jurisdiction in which the Service Center is located. (Such insurance shall also be maintained during any training class.)

(3) Public liability insurance in an amount not less than \$3,000,000 for combined single limit bodily injury and personal damage, insuring Franchisee, and JIFFY LUBE against any liability that may accrue against them or any of them on account of any occurrence in or about the Service Center during the term of this Agreement or in consequence of Franchisee's operation thereof and resulting in personal injury, death or property damage.

(4) Garagekeepers liability insurance in an amount not less than \$60,000 in conjunction with the care, custody, and control of vehicles at the Service Center for the performance of service.

(5) Business interruption insurance which includes rent payments covering a period of not less than six (6) months.

B. All policies of insurance described in this Agreement shall be issued by a company with a Best's Guide rating of "A" or better.

C. Prior to opening for business and annually thereafter at such times as the annual statements are provided, Franchisee shall furnish to JIFFY LUBE copies of each such policy, evidencing the coverage noted above and providing that such insurance will not be cancelled, amended or modified without thirty (30) days' prior written notice to JIFFY LUBE, together with evidence of payment of premiums.

D. If Franchisee fails to procure or continue any of the insurance described above, JIFFY LUBE is authorized, but not obligated, to procure the same and Franchisee shall promptly reimburse JIFFY LUBE for the same.

26. HOLD HARMLESS.

A. Franchisee shall hold harmless and indemnify JIFFY LUBE and JIFFY LUBE's officers, directors, agents and employees, from and against any and all losses, expenses, judgments, claims, reasonable attorneys' fees, and damages arising out of or in connection with any lawsuit in which JIFFY LUBE shall be named a defendant and which involves claims arising directly or indirectly from, as a result of, or in connection with Franchisee's operation of the Jiffy Lube business. Franchisee shall promptly notify JIFFY LUBE of any suits filed by or against Franchisee in connection with the operation of its Jiffy Lube business and, upon request, shall furnish JIFFY LUBE with copies of such documents from the suit as JIFFY LUBE may request.

B. JIFFY LUBE shall hold harmless and indemnify Franchisee against all claims for patent or service mark infringement arising out of Franchisee's sales of Jiffy Lube products or operation under the System provided Franchisee notifies JIFFY LUBE in writing within thirty (30) days after learning of the claim and provided JIFFY LUBE has the right to control any litigation or adversary proceeding resulting from such claim.

27. EXCLUDED ACTIVITIES. In order to preserve the System and Jiffy Lube concept and the identification of certain service centers operating under the Mark, Franchisee agrees not to engage in any business at the location inconsistent with the System and Jiffy Lube concept, including, but not limited to, major engine overhauls, brake adjustment, repair or alignment, muffler installation, automobile painting, sale of automotive parts and supplies not required under the System, or any sale of non automobile related items. The operation of a car wash is expressly permitted. Permission to perform any operations other than those expressly permitted under the System must be specifically obtained from JIFFY LUBE in writing.

28. EFFECT OF PARTIAL INVALIDITY. This Agreement shall be construed in accordance with all applicable federal, state and local laws and regulations and any provision contrary to such laws and regulations shall be deemed to be modified to the extent required. However, if any provision is determined to be partially or wholly invalid, such determination shall not be deemed to affect the validity of any other provision and the parties agree that the remaining provisions shall be deemed to be in full force and effect as if they had been executed by both parties subsequent to removal of the invalid provision. If any provision is only partially invalid, the remainder of such provision shall continue to be enforceable if in accordance with the intent of the parties.

29. WAIVER AND ESTOPPEL. Any failure on the part of JIFFY LUBE or Franchisee to promptly avail itself of any default on the part of the other shall not operate as an estoppel so as to prevent the nondefaulting party from asserting the default at a subsequent time.

30. TIME. Time is of the essence of this Agreement.

31. ENFORCEMENT. If Franchisee defaults in performance of the terms and covenants of this Agreement, the parties agree that an action at law may not be an adequate remedy, and therefore agree that JIFFY LUBE shall have the right to seek an injunction in addition to any remedy available at law or equity. In the event any legal action is taken by JIFFY LUBE to enforce any provision of this Agreement, Franchisee shall reimburse JIFFY LUBE for the costs of such action, including court costs, other expenses of litigation and reasonable attorneys' fees incurred, if JIFFY LUBE secures a judgment in its favor. No right or remedy conferred upon or reserved to JIFFY LUBE or Franchisee by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy.

32. NOTICES. Any notices required to be given hereunder shall be given by mailing "Certified Mail, Return Receipt Requested." Notices to JIFFY LUBE shall be sent to the address set forth at the beginning of this Agreement

or to such other address as JIFFY LUBE may hereafter notify Franchisee in writing. Notices to Franchisee shall be sent to the business address of its Jiffy Lube business as set forth in this Agreement or such other address as Franchisee may hereafter notify JIFFY LUBE in writing.

33. INTERPRETATIONS. The caption headings of this Agreement are for convenience only and shall in no way affect the manner in which any provision hereof is construed. Whenever the context so requires, the singular shall include the plural, the plural shall include the singular, the whole shall include any part hereof, and any gender shall include all other genders. In the event there is more than one Franchisee hereunder, their liability shall be joint and several. This Agreement and the construction thereof shall be governed by the laws of the State of Maryland.

34. ENTIRE AGREEMENT. Except as provided in Addendum A when such Addendum is fully executed, the foregoing constitutes the entire agreement between the parties superseding all prior written or oral agreements, and the provisions thereof shall be binding upon the parties, their heirs, executors, administrators, successors, and assigns. Except as otherwise specified herein, this Agreement may not be amended or modified except in writing, signed by the parties.

35. CERTIFICATION BY FRANCHISEE. Franchisee hereby certifies that it has had at least ten (10) business days to review this Agreement and seek advice of counsel prior to the execution of this Agreement by it, and that it has had an opportunity to inspect the Jiffy Lube business concept and review information made available to it by JIFFY LUBE concerning the same. Franchisee acknowledges that it has received the disclosure document required by the trade regulation rule of the Federal Trade Commission, entitled Disclosure Requirements and Prohibitions Concerning Franchising and Business Opportunity Ventures, at least ten (10) business days prior to the date on which this Agreement was executed. Franchisee further acknowledges that success in the business herein franchised is primarily dependent on Franchisee's skill and business acumen.

IN WITNESS WHEREOF, the parties hereto have set their hands and seals the day and year first above written.

ATTEST:

JIFFY LUBE INTERNATIONAL, INC.

By: _____
Vice President

ATTEST:

FRANCHISEE:
AZTEC LUBRICANTS, INC.

By: _____

ADDENDUM A

THIS ADDENDUM A TO FRANCHISE AGREEMENT, made this 31st day of August, 1989 by and between Jiffy Lube International Inc. (Franchisor) and AZTEC LUBRICANTS, INC. (Franchisee), witnesseth,

WHEREAS, simultaneously herewith the parties entered into a certain Franchise Agreement, and

WHEREAS, the parties now desire to add to the provisions of said Franchise Agreement as hereinafter set forth.

NOW, THEREFORE, in consideration of the promises and the covenants and agreements herein contained, the parties hereto do hereby agree as follows:

Location of Franchisee's Jiffy Lube Business

Franchisee shall operate its Jiffy Lube Service Center on property located at 5540 Lake Murray, La Mesa, California which location has been agreed to be the parties. JIFFY LUBE agrees that while this Agreement shall by and remain binding and in full force and effect, no other person, firm or corporation will be granted a franchsie by JIFFY LUBE, nor will JIFFY LUBE itself, establish or operate, a business under the System on a site within two miles of the above location.

IN WITNESS WHEREOF, the parties hereto have set their hands and seals the day and year first above written.

ATTEST: JIFFY LUBE INTERNATIONAL, INC.

BY: _____
Vice President

ATTEST: FRANCHISEE:
AZTEC LUBRICANTS, INC.

By: _____

ADDENDUM B

THIS ADDENDUM B TO FRANCHISE AGREEMENT is effective as of the 31st day of August, 1989 by and between Jiffy Lube International, Inc. (Licensor) and AZTEC LUBRICANTS, Inc. (Licensee), witnesseth,

WHEREAS, effective as of the date hereof, the parties entered into a certain License Agreement, and

WHEREAS, the parties now desire to add to the provisions of said License Agreement as hereinafter set forth.

NOW, THEREFORE, in consideration of the promises and the covenants and agreements herein contained, the parties hereto do hereby agree as follows:

1. In the event that the Master Agreement between Licensor, Licensee and Jiffy Lube International of Tennessee, Inc. executed simultaneously herewith (the "Master Agreement") shall terminate for reasons other than Licensee's purchase of the Assets of the Jiffy Lube Service Centers designated in the Master Agreement, this License Agreement shall terminate coincidentally with said Master Agreement.

2. In the event that the Master Agreement shall terminate due to Licensee's purchase of the Assets of the Jiffy Lube Service Centers designated in the Master Agreement, this License Agreement shall continue in effect until August 31, 2009 unless sooner terminated in accordance with the provisions set forth in said License Agreement.

IN WITNESS WHEREOF, the parties hereto have set their hands and seals the day and year first above written.

ATTEST:

JIFFY LUBE INTERNATIONAL, INC.

By: _____

ATTEST:

AZTEC LUBRICANTS, INC.

By: _____

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