

DEALERSHIP PREMISES LEASE

THIS DEALERSHIP PREMISES LEASE (this "Lease") is made and entered into on this 1st day of August 2023, by and between STEVEN C. COURY, a married man dealing with his sole and separate property ("Landlord"), and JONES VERDE VALLEY, LLC, an Arizona limited liability company, d/b/a Jones Ford Verde Valley ("Tenant").

WITNESSETH:

In consideration of the mutual covenants and agreements hereinafter set forth and contained herein and the sums of money paid and hereinafter agreed to be paid by Tenant to Landlord and for other valuable consideration, the parties covenant and agree as follows:

1. **LEASE OF PREMISES.** Landlord is the owner of the premises commonly known as 5980 East Coury Drive, Camp Verde, Arizona 86322 consisting of approximately five and fifty-seven one-hundredths (5.57) acres, as more particularly described in Exhibit "A" attached hereto (the "Premises"). The term Premises shall include the land and all buildings and other improvements (the "Improvements") thereon. Landlord does hereby demise and lease unto Tenant and Tenant does hereby hire and let from Landlord the Premises, together with any easements, rights of access and other property rights appurtenant thereto upon the terms and conditions set forth in this Lease.

2. **TERM AND OPTIONS.** The term of this Lease shall consist of the Initial Term and the Renewal Terms, if exercised (the "Lease Term"), as follows:

2.1. **Term.** The term of this Lease is inclusive of the Amendment to Dealership Premises Lease, signed by the Parties on August 11, 2023, which extended the Original Lease to June 30, 2024. As such this term shall commence on the date hereof (the "Commencement Date") and shall extend for a period of five (5) Lease Years after June 30, 2024, to 11:59 P.M. on June 30, 2029 (the "Term"), and, together with the Renewal Term(s), if exercised, the "Lease Term." Base Rent for any month which is more or less than a full calendar month shall be proportionately increased or decreased, as the case may be.

2.2. **Renewal Options.** Provided this Lease shall not have been canceled pursuant to other provisions contained herein and further provided that Tenant is not then in default under this Lease and has failed to cure such default with any applicable cure period provided for herein, Tenant is hereby given the right and option to renew (the "Renewal Options") the Lease for one (1) renewal terms of five (5) years ("Renewal Term"), at the Base Rate as defined in Section 3.4 below, plus a Consumer Price Index increase calculated from June 2020, and to start July 1, 2029 and continue through June 30, 2034. If validly exercised, a Renewal Term shall begin immediately following the expiration of the immediately preceding Lease Term. In order to validly exercise a Renewal Option, Tenant must give written notice to Landlord of the exercise of such option not less than ninety (90) days prior to the end of the immediately preceding Lease Term. If an option to renew is validly exercised hereunder, then all the provisions of this Lease shall apply to the Renewal Term except that this option to further renew shall not be applicable beyond the original terms as set forth in this Section 2.2.



2.3. Termination. The Renewal Option shall automatically terminate and become null and void and of no force or effect upon the earlier to occur of (1) the expiration or earlier termination of the Lease, (2) the termination of the Tenant's right to possession of the Premises, or (3) the failure of Tenant to timely or properly exercise a Renewal Option.

3. **RENT.**

3.1. Triple Net Lease. Landlord and Tenant agree that this is a Triple Net Lease, with the Landlord and Tenant intending to provide for Tenant to assume all responsibilities for maintenance, repair and replacement of all Improvements, taxes, insurance, utilities, or other services, expenses, or incidents of ownership of the Premises which accrue during the Lease Term, and that the rent payments are to be absolutely net to the Landlord, except as hereinafter expressly provided.

3.2. Base Rent. Tenant shall pay a fixed minimum rent for the entire Lease Term at the rate of Twenty-Five Thousand Dollars (\$25,000.00) per month (the "Base Rent"). Each such payment of Base Rent shall be paid by Tenant directly Landlord Steve Coury, P.O. Box 2065, Payson, Arizona 85547. Payment of such Base Rent to Landlord shall constitute Tenant's full performance of its obligations under this Section 3. Each monthly installment of Base Rent shall be payable in advance on the first (1st) day of each calendar month of the Lease Term. If the Commencement Date is not on the first (1st) day of a calendar month, Base Rent for the first month of the Lease Term shall be prorated, on a per diem basis.

3.3. Late Payments. Any amount of Base Rent or other sum due Landlord not paid by Tenant within ten (10) business days after becoming due shall bear interest at the prime rate published at the time of the default by The Wall Street Journal plus five percent (5%) per annum (the "Default Rate"). In addition, if Tenant fails to pay any installment of Base Rent within five (5) business days after receipt of written notice that the payment is past due, Tenant shall pay Landlord a late fee equal to one percent (1%) of the amount of such payment. Nothing contained herein shall be construed as permitting Landlord to contract for, charge for, collect or receive interest in excess of the maximum rate then allowed by applicable law. Such late charge and interest shall constitute additional rent due hereunder without any notice or demand.

3.4. Rent and Other Charges. Base Rent and any other amounts which Tenant is or becomes obligated to pay Landlord under this Lease, including, without limitation, late fees or interest payable under Section 3.3, or other agreement entered in connection herewith, are sometimes herein referred to collectively as "Rent", and all remedies applicable to the nonpayment of Rent shall be applicable thereto. All Rent payable hereunder shall be payable to Landlord. Notwithstanding the foregoing, Tenant shall pay all real and personal property taxes and all other taxes in accordance with the provisions of Section 12 below.

3.5. Security Deposit. Upon execution of this Lease, Landlord shall keep the security deposit in the amount of Twenty Thousand Dollars (\$20,000.00) (the "Security Deposit"), previously paid by Tenant as and for security for the prompt payment of the Rent and other sums due, or which may become due, for damages to the Premises, and other performance of the terms

of this Lease by Tenant. The Security Deposit shall off-set any amount owing by Tenant providing the Premises is returned to Landlord in clean and sanitary condition and in the same or better condition as it was as of the Commencement Date, reasonable wear and tear excepted, and Tenant is not otherwise in default. Prior to applying any portion of the Security Deposit, Landlord shall deliver written notice of its intent to apply the Security Deposit which notice shall include a detailed explanation of the condition giving rise to the right to apply the Security Deposit. Tenant shall have ten (10) days in which to cure such condition, dispute the existence of the condition or consent to the application of the Security Deposit. If Tenant fully and faithfully performs every provision of this Lease, the Security Deposit, or any remaining portion thereof shall be returned to Tenant within fifteen (15) days following the expiration or earlier termination of the Lease Term.

4. **USE OF PREMISES.** Tenant shall use the Premises for the purposes of operating a new and used motor vehicle dealership franchised by Ford Motor Company ("Manufacturer") and certain related uses. These related uses shall include, without limitation, a maintenance, service and repair facility, a collision repair center, a parts department, and the sale (and servicing), leasing and rental of boats, trailers, travel trailers, recreational vehicles, motor vehicles, motorcycles, ATVs, tractors, equipment and other related items (collectively, the "Permitted Uses"), and no other use shall be made thereof without the prior express written consent of Landlord. For purposes of this Section 4, the sales and service of non-automobiles shall be deemed to be incidental to the primary business of a new and used, duly-enfranchised Ford Motor Company automobile dealership. To Landlord's knowledge, Landlord represents and warrants to Tenant as of the Commencement Date: (i) the Premises and Improvements are in compliance with all applicable laws, ordinances, rules and regulations, including, without limitation, O.S.H.A. laws, rules and regulations governing hazardous, toxic or dangerous substances (including petroleum or petroleum by-products), asbestos and asbestos containing materials and the Americans with Disabilities Act and/or any comparable state statute (the "Use Regulations"), and (ii) the Premises are zoned and permitted for the business of automobile sales and service and businesses related thereto and there are no liens or encumbrances on the Premises that would prevent the Permitted Use. Tenant shall make no immoral, offensive or illegal use of the Premises. Tenant, at Tenant's expense, shall comply with all laws, rules, orders, ordinances, directions, regulations, and requirements of federal, state, county and municipal authorities, now in force or which may hereafter be in force ("Governmental Regulations"), including but not limited to Governmental Regulations that impose any duty upon Landlord or Tenant with respect to the use, occupation, or alteration of the Premises, except as otherwise set forth in Section 13.2. Tenant shall not create, commit, or suffer any nuisance or waste in or about the Premises.

5. **MAINTENANCE.** Pursuant to Section 27, the Premises shall be delivered to Tenant in "AS IS" condition. Following the Commencement Date and subject to the foregoing, Tenant, at its sole cost and expense, shall maintain (and repair, replace and alter as necessary) the grounds and all Improvements situated on the Premises, including, without limitation, the interior and exterior of all buildings on the Premises, including, but not limited to, fixtures, improvements, appurtenances, ceilings, walls, floors, plumbing, electrical, security, pest control and fixtures, pipes, doors, windows, glass, air conditioning and other mechanical installations and all other equipment and all personalty located on or about the Premises, in a clean and sanitary condition and in the same or better condition as they were at the Commencement Date, reasonable wear and tear and nature of Tenant's use excepted. Tenant shall utilize appropriately licensed contractors

with regard to any maintenance, repair or replacement issues conducted on the Premises. Tenant is responsible for the maintenance, repair and replacement of HVAC systems and shall keep the same in the same or better condition as at the Commencement Date. Tenant shall maintain and repair all pavement, parking areas, driveways and landscaping located on the Premises, or used in connection therewith and in the same or better condition as they were at the Commencement Date, reasonable wear and tear and the nature of Tenant's use and casualty excepted.

5.1. Maintenance Exception. The Parties hereby agree that, despite and as an exception to the foregoing, the Landlord is responsible for fixing damage or deficiencies to the Premises caused by structural or engineering related issues, such as foundation or concrete slab settling. The Parties also acknowledge the presence of cracks and separation in the concrete of the front entry as of the Commencement Date. It is further agreed that, should this problem with the concrete in the front entry way worsen, or recur after Initial Repairs, the Landlord shall be responsible for any repairs or maintenance thereto. Any repairs for which the Landlord is responsible shall be completed within a reasonable time after written request by Tenant. Such repairs shall also be performed in a workmanlike manner by a licensed, bonded and insured contractor. If the Landlord fails to make such repairs within a reasonable time after written notice by Tenant, Tenant may cause the repairs to be made in a workmanlike manner by a licensed contractor and Landlord shall reimburse Tenant within fifteen (15) days of written notice of the cost of the repairs. Landlord's failure to reimburse may be considered a default of this agreement and/or Tenant may setoff the repairs against future payments due to Landlord. Tenant's remedies listed here are to be non-exclusive and in addition to any other remedy at law or equity.

6. **ALTERATIONS AND IMPROVEMENTS.** Tenant shall be entitled to make any alterations, additions, modifications or improvements (hereafter sometimes collectively called the "Alterations") to the Premises as may be necessary or desirable for the use of the Premises in accordance with the Permitted Uses provided no such Alterations will be undertaken unless Landlord has first approved, in writing, the plans and specifications therefor, which approval will not be unreasonably withheld, conditioned or delayed. Prior to making any Alterations, Tenant shall, at least forty-five (45) days prior to the anticipated commencement date, provide Landlord with copies of all proposed plans and specifications pertaining to the proposed Alterations, along with information identifying the proposed contractor and its relevant experience and qualifications. Landlord shall within twenty (20) business days after receipt of proposed plans and specifications notify Tenant of its approval or disapproval of the proposed Alterations, except that no such consent shall be required for: (i) any non-structural Alteration with a cost of less than Fifty Thousand Dollars (\$50,000.00) or (ii) signage which complies with all local ordinances. All Alterations shall be at Tenant's own expense, and Tenant agrees that all such work shall be done in good and workmanlike manner, in accordance with the plans and specifications approved by Landlord, that the structural integrity of any building shall not be impaired, that no liens shall attach to the Premises by reason thereof, and that Tenant will secure all necessary permits pertaining to the Alterations prior to commencement of any work with regard to the Alterations. The Alterations shall be the property of Tenant until the expiration or cancellation or termination of the Lease Term, at which time such ownership shall convert to Landlord. In the event Landlord is required by any governmental entity to join in any application for an Alteration to the Premises permitted under this Lease, Landlord agrees to cooperate reasonably with Tenant, at no expense to Landlord. Landlord shall execute any application, submission or other documents relating to the

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approved improvements within fifteen (15) days of written request by Tenant. Notwithstanding anything in this **Section 6** to the contrary, the approval of Landlord required hereunder shall not be required for any Alteration or improvement that is required to be made by any manufacturer who has authorized a dealership on the Premises.

7. **LIENS.** Tenant agrees that it will make full and prompt payment of all sums necessary to pay for the cost of repairs, Alterations, improvements, changes or other work done on or to the Premises and further agrees to indemnify, hold harmless and defend Landlord from and against all such costs and liabilities incurred, and against all mechanic's, materialmen's or laborer's liens arising out of or from such work or the cost thereof which may be asserted, claimed or charged against Landlord or the Premises. Notwithstanding anything to the contrary in this Lease, the interest of Landlord in the Premises shall not be subject to liens for improvements, repairs, maintenance or Alterations made on or to the Premises, whether or not the same shall be made or done in accordance with this Lease or any other agreement between Landlord and Tenant, and it is specifically understood and agreed that in no event shall Landlord or the interest of Landlord in the Premises be liable for or subjected to any construction liens, including but not limited to any mechanic's, materialmen's or laborer's liens, for improvements, repairs, maintenance or Alterations or work made on or to the Premises. In the event any claim of lien shall be asserted of record against the Premises, or any person claiming by, through or under Tenant, Tenant agrees to have such claim of lien canceled and discharged of record as a claim against the Premises (either by payment and satisfaction or by removal by transfer to bond or deposit as permitted by law) within twenty (20) days after Tenant is notified of the recording of such claim of lien in the public records. In the event Tenant does not cancel or discharge any such lien within the time prescribed in the immediately preceding sentence, Landlord shall have the right, but not the obligation, to cause the cancellation or discharge of any such lien by any means it deems proper; and any sums paid, or expenses incurred by Landlord shall be payable to Landlord by Tenant on demand with interest at the Default Rate.

8. **QUIET ENJOYMENT.** Provided Tenant shall pay all rents as herein agreed and keep and perform all of the terms and obligations hereof and any notice of default and applicable cure period has not expired, Tenant shall peaceably possess and quietly enjoy the Premises without hindrance or interruption, subject only to the terms hereof, reservations, restrictions and easements of record and applicable zoning and other governmental regulations.

9. **SURRENDER OF POSSESSION/HOLDING OVER.**

9.1. **Surrender of Premises.** Upon the termination of this Lease or any extension hereof, either by the expiration of its term or otherwise, Tenant will quit the possession thereof, surrender the keys thereto, and leave the Premises in as good or better condition as they were in at the Commencement Date, ordinary wear and tear excepted, and subject to the limitations and conditions set forth in **Section 5.1** and except in the case of a termination pursuant to **Section 15** or **Section 16**. "Ordinary wear and tear" shall not include any damage or deterioration that would have been prevented by good maintenance practices. Tenant shall at its sole cost and expense remove its trade fixtures and signs from the Premises, and any property not removed shall be deemed abandoned by Tenant. All Alterations, additions, improvements and fixtures (other than Tenant's trade fixtures and signs) which shall have been made or installed by either Landlord or

Tenant upon the Premises shall, without charge, remain upon and be surrendered with the Premises or the part thereof, without disturbance, molestation or injury. Subject to the requirements of **Section 20.2**, Tenant shall remove from the Premises any and all Hazardous Substances brought onto the Premises by or for Tenant in compliance with applicable environmental laws. Any personal property of Tenant not removed on or before the expiration or earlier termination of this Lease shall be deemed to have been abandoned by Tenant and may be disposed of or retained by Landlord as Landlord may desire.

9.2. **Holding Over.** No holding over by Tenant after the expiration or earlier termination of this Lease shall operate to extend the Lease. In the event of any unauthorized holding over, Tenant shall indemnify Landlord against all claims for damages by any other tenant to whom Landlord would have leased, but for the holding over, all or any part of the Premises covered hereby effective upon the termination of this Lease. Any holding over without the consent of Landlord in writing shall thereafter constitute this Lease a lease from month to month with a Base Monthly Rent equal to One Hundred Twenty-Five percent (125%) of the Base Monthly Rent provided for in this Lease in effect immediately preceding the commencement of such holding over, prorated on a per diem basis for each day Tenant shall retain possession of the Premises or any part thereof after expiration or earlier termination of this Lease, together with all damages sustained by Landlord on account thereof. The foregoing provision shall not serve as permission for Tenant to hold-over, nor to extend the Lease Term, although Tenant shall remain bound to comply with all provisions of this Lease until Tenant vacates the Premises, and shall be subject to the provisions of this **Section 9**.

10. **UTILITIES.** Tenant shall be responsible for and pay all charges (and deposits, if required) for water, telephone, electricity, gas, sewer, garbage and trash collection, and all other utilities used or furnished to the Premises, including any and all connection and disconnection charges, during the Lease Term. Tenant shall pay all such charges when due.

11. **ENTRY.** Landlord and its agents, employees, and independent contractors shall have the right to enter the Premises at reasonable times for reasonable purposes and upon reasonable notice to Tenant with a designated representative of Tenant accompanying Landlord or its representative. Landlord shall have the right to show the Premises to any prospective tenant during the last six (6) months of the Lease Term.

12. **TAXES.** Tenant shall pay all real and personal property taxes and assessments now or hereafter levied upon the Premises, all Improvements thereon, and all personal property located on the Premises before the same become delinquent, prorated to the Commencement Date and expiration or termination dates of the Lease Term ("Rent Tax"). Tenant shall make the Rent Tax payment payable to Steve Coury and deliver to Steve Coury, at P.O. Box 2065, Payson, Arizona 85547. Tenant shall pay all other taxes and assessments, including any sales or transaction privilege taxes, or any other taxes which are directly or indirectly related to its business, operations, employment, assets, existence, sales, or the like, or other tax or levy on the rents payable by Tenant, other than taxes levied generally on the income of Landlord.

13. LIABILITY AND INDEMNIFICATION.

13.1. Tenant's Indemnity. Landlord shall not be liable to Tenant or any other person for any damage to, or loss or destruction of, property, assets, or rights of any kind, whether tangible or intangible, or any injury to or death of any person, if any such events occur upon the Premises during the Lease Term, arising from any cause whatsoever, including, but not limited to, acts of God, fire, water, existing or future defects in or about the Premises, theft, negligent or intentional acts, or otherwise, except for damages caused by the gross negligence or intentional acts of Landlord after the Commencement Date. Tenant shall indemnify and hold harmless Landlord from and against any and all liabilities, claims, demands, damages, expenses (including, without limitation, any and all reasonable attorneys' fees and expenses of suit), fees, fines, penalties, suits, proceedings, actions and causes of action of any and every kind and nature arising from any such damage, loss, destruction, injury, or death; or arising from or in any way connected with Tenant's use, occupancy, management or control of the Premises or any portion thereof; or arising from or in any way connected with any act or omission of Tenant, any of Tenant's subtenants, licensees, invitees, agents, employees or representatives and their respective successors and assigns, or anyone claiming by, through, under or against Tenant; or arising from any breach, violation or nonperformance by Tenant of any covenant, condition or agreement herein contained. Tenant shall defend any and all actions, suits or proceedings which may be brought against Landlord, or in which Landlord may be impleaded or joined with others, and shall satisfy, pay and discharge any and all judgments, orders and decrees that may be recovered against Tenant or Landlord in any such actions, suits or proceedings.

13.2. Landlord's Indemnity. Landlord shall indemnify and hold harmless Tenant from and against any and all liabilities, claims, demands, damages, expenses (including reasonable attorneys' fees), fees, fines, penalties, suits, proceedings, actions and causes of action of any and every kind and nature arising from any such damage, loss, destruction, injury, or death, directly or indirectly, based on the gross negligence or willful misconduct of Landlord, its contractors, consultants or agents during Landlord's entry on to the Premises during the Lease Term or on any legal requirement to remediate any environmental condition existing on the Commencement Date.

14. INSURANCE.

15.1. Liability Insurance. Tenant shall, during the Lease Term, keep in full force and effect, a policy or policies of commercial general liability insurance for personal injury (including wrongful death) and damage to property covering (a) any occurrence in the Premises, (b) any act or omission by Tenant, by any subtenant of Tenant, or by any of their respective invitees, agents, servants or employees anywhere in the Premises, (c) the business operated by Tenant and by any subtenant of Tenant in the Premises, and (d) the contractual liability of Tenant to Landlord pursuant to the indemnification provisions of Section 13.1, which coverage shall not be less than Two Million Dollars (\$2,000,000.00), combined single limit, per occurrence. If Landlord shall so request, Tenant shall increase the amount of such liability insurance to the amount then customary for premises and uses similar to the Premises and Tenant's use thereof. The liability policy or policies shall contain an endorsement naming Landlord and any mortgagee of Landlord as additional insureds.

14.2. Property Insurance. Tenant shall, during the Lease Term, keep in full force and effect, a policy or policies of so called "All Risk" or "All Peril" or "Causes of Loss-Special Form" insurance, insuring the Premises (including the Improvements and fixtures and equipment in the Premises, with coverage in an amount equal to the full replacement and cost thereof), as the same shall exist from time to time. Tenant agrees that the full replacement cost of the Premises as of the date of this Lease is \$5,750,000.00. Such policy shall also include a mortgagee clause in favor of Landlord's lender, Enterprise Bank. If the coverage is available and commercially appropriate, such policy or policies shall insure against all risk of direct physical loss or damage, including coverage for debris removal and the enforcement of any applicable governmental requirements requiring the upgrading, demolition, reconstruction or replacement of any portion of the Premises as a result of a covered loss. Said policy or policies shall also contain an agreed valuation provision in lieu of any co-insurance clause, waiver of subrogation, and inflation guard protection causing an increase in the annual property insurance coverage amount by a factor of not less than the adjusted Index. If such insurance coverage has a deductible clause, the deductible amount shall not exceed Fifty Thousand Dollars (\$50,000.00) per occurrence, and Tenant shall be liable for such deductible amount in the event an insured loss.

14.3. Tenant's Property Damage. Tenant shall obtain and maintain insurance coverage on all Tenant's personal property, trade fixtures and equipment. Such insurance shall be full replacement cost coverage with a deductible of not to exceed Fifty Thousand Dollars (\$50,000.00) per occurrence. The proceeds from any such insurance shall be used by Tenant for the replacement of personal property and trade fixtures. Tenant shall provide Landlord with written evidence that such insurance is in force.

14.4. Worker's Compensation Insurance. Tenant shall, during the Lease Term, keep in full force and effect, a policy or policies of worker's compensation insurance complying with applicable law.

14.5. Insurance Requirements. Each insurance policy and certificate thereof obtained by Tenant pursuant to this Lease shall contain a clause that the insurer will endeavor to provide Landlord and Landlord's attorney as set forth in Section 22 hereof with at least thirty (30) days prior written notice of any material change, non-renewable or cancellation of the policy. Each such insurance policy shall be with an insurance company authorized to do business in the State of Arizona and reasonably acceptable to Landlord. A certificate evidencing the coverage under each such policy, as well as a certified copy of the required additional insured endorsement(s) shall be delivered to Landlord prior to commencement of the Lease Term. All insurance policies required pursuant to this Section 14 shall be written as primary policies, not contributing with or in excess of any coverage which Landlord may carry. Tenant shall procure and maintain all policies entirely at its own expense and shall, at least twenty (20) days prior to the expiration of such policies, furnish Landlord with renewal certificates thereof. Tenant shall not do or permit to be done anything which shall invalidate the insurance policies maintained by Landlord or the insurance policies required pursuant to this Section 14 or the coverage thereunder. If Tenant or any subtenant of Tenant does or permits to be done anything which shall increase the cost of any insurance policies maintained by Landlord, then Tenant shall reimburse Landlord for any additional premiums attributable to any act or omission or operation of Tenant or any subtenant of Tenant causing such increase in the cost of insurance. Any such amount shall be payable as

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additional Rent within thirty (30) days after receipt by Tenant of a bill from Landlord.

14.6. Co-Insurance. If on account of the failure of Tenant to comply with the provisions of this **Section 14**, Landlord is deemed a co-insurer by its insurance carrier, and by reason thereof Landlord incurs any cost of restoration or sustains any other loss or damage, such cost, loss or damage shall be borne by Tenant and shall be paid by Tenant within thirty (30) days after receipt of a bill therefor.

14.7. Adequacy of Insurance. Landlord makes no representation or warranty to Tenant that the amount of insurance to be carried by Tenant under the terms of this Lease is adequate to fully protect Tenant's interests. If Tenant believes that the amount of any such insurance is insufficient, Tenant is encouraged to obtain, at its sole cost and expense, such additional insurance as Tenant may deem desirable or adequate. Tenant acknowledges that Landlord shall not, by the fact of approving, disapproving, waiving, accepting or obtaining any insurance, incur any liability for or with respect to the amount of insurance carried, the form or legal sufficiency of such insurance, the solvency of any insurance companies or the payment or defense of any lawsuit in connection with such insurance coverage, and Tenant hereby expressly assumes full responsibility therefore and all liability, if any, with respect thereto.

14.8. Waiver of Subrogation. Without affecting any other rights or remedies, Landlord and Tenant each hereby release and relieve the other, and waive their entire right to recover damages against the other, for loss of or damage to its property arising out or incident to the perils required to be insured against herein. The effect of such releases and waivers is not limited by the amount of insurance carried or required or by any deductibles hereto. The parties agree to have their respective property damage insurance carriers waive any right to subrogation that such companies may have against Landlord or Tenant, as the case may be, so long as the insurance is not invalidated thereby.

15. **CASUALTY**. In the event that the Premises or any part thereof or improvement thereon is damaged or destroyed by fire or the elements or any other casualty, subject to the prior rights of a mortgagee (defined below) to such insurance premiums Tenant shall be entitled to utilize the insurance proceeds to rebuild the damaged Premises to the condition existing prior to the casualty which caused the loss. Base Rent and Tenant's other obligations hereunder shall not be abated during the period of restoration or construction. Notwithstanding the foregoing, in the event the Premises are materially damaged during the last two (2) years of the Initial Term or during the Renewal Term, Tenant has the right to terminate this Lease upon thirty (30) days written notice to Landlord. For purposes of this **Section 15**, the Premises shall be deemed to be materially damaged if such damage renders the continued use of the Premises and/or the Improvements for the Permitted Uses impractical.

16. **CONDEMNATION**.

16.1. Taking or Near Total Taking. If: (i) the whole or any part of the Premises shall be taken or condemned, or sold under threat of taking or condemnation, by any competent authority for any public use or purpose during the term of this Lease; or (ii) such other portions of the Premises shall be so taken or condemned to the extent that, after such taking or condemnation,

there does not exist sufficient parking on the Premises to satisfy the applicable local code or the Premises is otherwise unsuitable, in Tenant's reasonable opinion, for the continued operation for Tenant's use of the display and sale of new and used vehicles and related businesses; or (iii) all access to the Premises from public roads shall be permanently closed as a result of such taking or condemnation (each of the foregoing events sometimes hereinafter referred to as an "Event of Condemnation") then, and in such event, Tenant may thereafter, upon written notice to Landlord delivered at any time prior to or within a period of thirty (30) days after the date when possession of the Premises or portion thereof shall be acquired by the condemning authority or access denied, elect to terminate this Lease. If Tenant shall so elect, this Lease shall terminate and expire as of the date of the giving of such notice, and Tenant shall pay to Landlord all rents due and owing through such termination date. Regardless of whether this Lease shall be terminated as aforesaid or whether or not Tenant shall be entitled to elect to so terminate, if the whole or any part of the Premises shall be taken or condemned, or access denied, all damages for any condemnation or all or any part of the Premises, including, but not limited to, all damages as compensation for diminution in value of, or damages to, the leasehold, reversion and/or the fee, shall, except as hereinafter provided, belong to Landlord without any deduction therefrom for any present or future estate of Tenant, and Tenant hereby assigns to Landlord all its right, title and interest in and to any such award. Notwithstanding the foregoing, Tenant shall have the right to claim and recover from the condemning authority, such compensation on account of any damage, cost or loss from causes including, without limitation, improvements and/or alterations made by or for Tenant in or to the Premises; removal of Tenant's merchandise, furniture, fixtures and/or equipment; and losses to Tenant's business.

16.2. Restoration. In the event Tenant shall fail to elect to terminate this Lease or in the event Tenant shall not be entitled to terminate this Lease pursuant to **Section 16.1** above, Tenant shall, with due diligence and at its own cost and expense, repair and restore the Premises, or what may remain thereof, as nearly as practicable to the condition of the same immediately prior to such taking or condemnation, subject to the prior rights of a mortgagee (defined below). Landlord shall make available to Tenant for restoration of the Premises any award payable to the Landlord with respect to the Improvements to the Premises except as provided in **Section 16.5**. Tenant shall also receive an equitable abatement or reduction in any Rent payable under this Lease in the event of a taking or condemnation of any part of the Premises or the denial of access unless this Lease shall be terminated as above provided, in which event all Rent thereafter payable shall cease as of the date of termination.

16.3. Temporary Taking. In the event that the use or occupancy of the Premises shall be temporarily requisitioned by any governmental authority, civil or military for less than ninety (90) consecutive days, this Lease shall remain in full force and effect and Tenant shall promptly repair any damage to the Premises caused by such temporary requisition. In the event of such temporary requisition, there shall be no abatement of Rent payable hereunder and, subject to the prior rights of a mortgagee (defined below), Tenant shall receive the entire award or payment resulting from such temporary requisition. If the use or occupancy of the Premises shall be temporarily requisitioned as aforesaid for more than ninety (90) consecutive days, such temporary requisitioning may be deemed an Event of Condemnation for purposes of **Section 17.1** above.

16.4. Notice of Legal Process. Upon service on either party hereto of any legal

process in connection with any condemnation proceedings, the party so served shall give prompt written notice thereof to the other party hereto.

16.5. Taking at Near End of Term. Notwithstanding any other provision of this **Section 16**, Tenant shall have no duty to repair or restore the Premises during the last two (2) years of the Initial Term or Renewal Term, and if Tenant elects to not restore or repair the Premises, then Tenant shall not be entitled to any award for restoring the improvements to the Premises, which award shall belong to Landlord.

16.6. No Pending Condemnation. Landlord hereby represents and warrants that it has received no notice of any condemnation proceeding affecting the Premises nor does Landlord have any actual knowledge of any such condemnation or threatened condemnation.

17. **SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT.** This Lease shall be automatically subordinate to any present and future mortgages covering the Premises and Tenant, promptly and not more than ten (10) days after such request, shall subordinate in writing this Lease and Tenant's leasehold interest herein to any such mortgages upon request of Landlord; provided that, as a condition to such subordination, automatic or otherwise, each mortgagee thereunder enters into a subordination, non-disturbance and attornment agreement ("SNDA") or similar instrument, on such mortgagee's then current standard or customary form reasonably acceptable to Tenant, pursuant to which such mortgagee(s) agrees that, in the event of foreclosure and subject to the attornment provisions below, this Lease shall continue in full force and effect, subject to the provisions of this **Section 17**, and Tenant's use and occupancy of the Premises will not be disturbed as long as Tenant's rights under this Lease shall not be terminated due to its default under this Lease beyond any applicable grace period. Upon execution of this Lease, Landlord shall deliver a SNDA duly executed by the mortgagee under any mortgage affecting the Premises, if any. In the event of foreclosure or deed in lieu thereof, Tenant will attorn to and acknowledge any purchaser in foreclosure, or by deed in lieu thereof, or their successors or assigns as landlord hereunder and this Lease shall continue as a direct lease between such person, as landlord and Tenant, as tenant; and such purchaser in foreclosure, or by deed in lieu thereof, or their successors or assigns shall not be liable for any act or omission of Landlord that occurred prior to such person's succession to title, or by the payment of Base Rent prior to such person's succession to title for more than one (1) month in advance; provided, however, that these specific avoidances of liability or responsibility by a subsequent purchaser at foreclosure or by deed in lieu thereof shall be the only reductions, limitations or eliminations of any rights of Tenant that are permitted by this Lease in such an event, and under no circumstances shall anything set forth in this Lease, including specifically, but not limited to, the reference above to the use of a SNDA be construed to permit or require any other reduction, limitation or elimination of any rights of Tenant that are provided in this Lease. Tenant also agrees that any mortgagee may elect to have this Lease superior to the lien of its mortgage, and in the event of such election and upon notification by such mortgagee to Tenant to that effect, this Lease shall be deemed prior in lien to the said mortgagee, whether this Lease is dated prior to or subsequent to the date of said mortgage. For the purposes of this Lease, the term "mortgagee" shall be deemed to include and refer collectively to mortgages, deeds of trust and other security instruments and ground leases and other underlying leases, and the term "mortgagee" shall be deemed to include and refer collectively to the holders and beneficiaries of any mortgages, deeds of trust or other security instruments and the

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lessor under any ground or other underlying lease, and the term "foreclosure" shall be deemed to include and refer collectively to any foreclosure, trustee or other similar sale or deed in lieu thereof or to the termination of any ground or other underlying lease.

18. ASSIGNMENT AND SUBLETTING.

(a) Tenant shall not, without the prior written consent of Landlord, which consent shall not be unreasonably withheld, condition or delay, as further described below: (i) assign, mortgage, pledge, hypothecate, encumber, or permit any lien to attach to, or otherwise transfer, this Lease or any interest hereunder, by operation of law or otherwise; (ii) sublet the Premises or any part thereof; or (iii) permit the use of the Premises by any person or entity other than Tenant and its employees (all of the foregoing are hereinafter sometimes referred to collectively as "Transfers" and any Person to whom any Transfer is made or sought to be made is hereinafter sometimes referred to as a "Transferee"). If Tenant shall desire Landlord's consent to any Transfer, Tenant shall notify Landlord in writing, which notice shall include: (a) the proposed effective date (which shall not be less than sixty (60) days after Tenant's notice); (b) the portion of the Premises to be Transferred (herein called the "Subject Premises"); (c) the terms of the proposed Transfer and the consideration therefor, the name and address of the proposed Transferee, and a copy of all documentation pertaining to the proposed Transfer; and (d) current financial statements of the proposed Transferee certified by an officer, partner or owner thereof, and any other information to enable Landlord to determine the financial responsibility, character, and reputation of the proposed Transferee, nature of such Transferee's business and proposed use of the Subject Premises, and such other information as Landlord may reasonably require. Any Transfer made without complying with this Section 19 shall, at Landlord's option, be null, void and of no effect, or shall constitute a Default under this Lease. Except for a Transfer in connection with the sale of all or substantially all of Tenant's assets at the Premises, in which Tenant will be released from any liability under this Lease, no assignment or sublease shall operate to release Tenant from an obligations under this Lease, which shall remain in full force and effect.

(b) Landlord will not unreasonably withhold, condition or delay, its consent to any proposed Transfer of the Subject Premises to the Transferee on the terms specified in Tenant's notice. The parties hereby agree that it shall be reasonable under this Lease and under any applicable law for Landlord to withhold consent to any proposed Transfer where one or more of the following applies (without limitation as to other reasonable grounds for withholding consent): (i) the proposed Transferee does not have the financial strength to perform its obligations under this Lease or any proposed sublease; (ii) the use of the Premises by the proposed Transferee would, in Landlord's reasonable judgment, impact the Premises and/or the Improvements in a negative manner, including, but not limited to, or requiring any alterations to the Improvements to comply with applicable law; (iii) the proposed Transferee intends to use the Subject Premises for other than a Permitted Use; (iv) the proposed Transferee is either a government or agency of instrumentality thereof; (v) the proposed Transferee does not have a reasonable financial condition in relation to the obligations to be assumed in connection with the Transfer; or (vi) Tenant has committed and failed to cure a default at the time Tenant requests consent to the proposed Transfer. Notwithstanding the foregoing, Landlord may not withhold, condition or delay, its consent to a Transfer to a purchaser approved by Manufacturer and, to the extent required, Landlord's lender, in connection with the sale of all or substantially all of Tenant's assets at the Premises.

(c) If Landlord consents to a Transfer hereunder for which its consent is required, the same shall not be effective unless and until (i) Tenant gives written notice thereof to Landlord and (ii) such Transferee shall deliver to Landlord: (A) a written agreement in form and substance satisfactory to Landlord pursuant to which such Transferee assumes all of the obligations and liabilities of Tenant hereunder; (B) a certified copy of the assignment agreement or sublease; and (C) the assignor agrees in writing satisfactory to Landlord in form and substance to remain liable under this Lease except for a Transfer in connection with the sale of all or substantially all of Tenant's assets at the Premises. If this Lease is transferred or assigned, as aforesaid, or if the Premises or any part thereof be sublet or occupied by anybody other than Tenant, in violation of this Lease, then Landlord, whether before or after default by Tenant, may, in addition to, and not in diminution of or substitution for, any other rights and remedies under this Lease or pursuant to law which Landlord may be entitled as a result thereof, collect rent from the Transferee or occupant and apply the net amount collected to the Rent herein reserved, but no such Transfer, occupancy or collection shall be deemed a waiver of Landlord's right to give or withhold consent to any Transfer or encumbering of the Premises, or a release of Tenant from the further performance by Tenant of covenants on the part of Tenant herein contained.

19. DEFAULT/REMEDIES.

19.1. Defaults. The occurrence of any one or more of the following events shall constitute a material default and breach of this Lease by Tenant: (i) Tenant shall fail to pay any installment of Base Rent or any other monetary obligation when due and shall allow such default to continue for five business (5) days after written notice from Landlord, (ii) Tenant shall fail to perform any other of the covenants, conditions or agreements herein contained on Tenant's part to be kept or performed, and any such non-monetary default(s) shall continue for thirty (30) days after written notice thereof given by or on behalf of Landlord (or shall continue uncured beyond such longer period as shall be necessary to completely cure the same if such non-monetary default(s) is incapable of practicably being cured with diligence within said thirty (30) day period and Tenant promptly commences to cure the same within such thirty (30) day period after notice and thereafter, using best efforts and due diligence, prosecutes the curing to completion), (iii) Tenant abandons or vacates the Premises without providing a commercially reasonable level of security, or the coverage of property insurance described in Section 14.2 is jeopardized as a result thereof, or without providing reasonable assurances to minimize protected vandalism, or (iv) the occurrence of any of the following events: (a) the making of any general arrangement or assignment for the benefit of creditors; (b) becoming a "debtor" as defined in 11 U.S.C. § 101 or any successor statute thereto (unless, in the case of a petition filed against Tenant, the same is dismissed within ninety (90) days); (c) the appointment of a trustee or receiver to take possession of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, where possession is not restored to Tenant within ninety (90) days; or (d) the attachment, execution or other judicial seizure of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease where such seizure is not discharged within ninety (90) days.

Upon the occurrence of any of the foregoing events, Landlord, at its option, may avail itself of all of its rights and remedies at law or in equity provided and, in addition to and not in diminution thereof or substitution therefore, Landlord shall have the right, without further notice

or demand:

(a) even though it may have relet the Premises as hereinbelow provided, to declare the Lease Term ended and re-enter the Premises and take possession thereof and remove all persons therefrom, and Tenant shall have no further claim thereon or thereto. Landlord shall, notwithstanding any such termination of this Lease, be entitled to recover from Tenant (in addition to any other amounts recoverable by Landlord as provided by law), the following amounts:

- (i) The worth at the time of award of the unpaid Base Rent which had been earned at the time of termination;
- (ii) The worth at the time of award of the amount by which the unpaid Base Rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided;
- (iii) The worth at the time of award of the amount by which the unpaid Base Rent for the balance of the Term after the time of award exceeds the amount of such rental loss that Tenant proves could be reasonably avoided; and
- (iv) Any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom, excluding any special or consequential damages.

For purposes of computing "the worth at the time of the award" of the amount specified in subsection (a)(iii) above, such amount shall be discounted at the discount rate of the Federal Reserve Bank of San Francisco at the time of award. For purposes of computing "the worth at the time of the award" under subsections (a)(i) and (c)(ii) above, an interest rate of ten percent (10%) per annum shall be utilized; plus any other amount necessary to compensate Landlord for the detriment proximately caused by Tenant's default including, without limitation, the reasonable cost of renovating the Premises and reasonable attorneys' fees less the amount of rent (comparable in concept to the Base Rent provided herein and any pass-through that may be charged to a subsequent tenant and are not recoverable under this Lease) actually collected from any and all new tenants or users of some or all of the Premises and less the present value (total sums to be received, discounted to present value at the same discount rate stated above) of future rents then under contract from new tenants or users; or

(b) the right of Landlord to bring suit for the collection of Base Rent, as it accrues pursuant to the terms of this Lease, and damages (including, without limitation, reasonable attorneys' fees and the cost of renovating the Premises) without retaking possession of the Premises or canceling this Lease or after retaking possession of said Premises and/or canceling this Lease; or

(c) the right of Landlord to re-enter or retake possession of the Premises from Tenant by summary proceedings or otherwise and to remove, or cause to be removed, Tenant or

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any other occupants from the Premises in such manner as Landlord shall deem advisable with legal process; and it is agreed that the commencement and prosecution of any action by Landlord in unlawful detainer, ejectment or otherwise, or any execution of any judgment or decree obtained in any action to recover possession of the Premises or any other reentry and removal shall not be construed as an election to terminate this Lease and shall not be deemed to have absolved or discharged Tenant from any of its obligations or liabilities for the remainder of the Lease Term. Tenant shall, notwithstanding any such entry or re-entry, continue to be liable for the payment of Base Rent and all other sums owed hereunder and the performance of the other covenants, conditions and agreements by Tenant to be performed as set forth in this Lease, and Tenant shall pay to Landlord all monthly deficits in Base Rent, after any such re-entry, in monthly installments as the amounts of such deficits from time to time are ascertained. In the event of any reletting, Landlord shall have the right to collect said rental and any other rental that may thereafter become payable, in which event the rentals received by Landlord from such reletting shall be applied: first, to the payment of any indebtedness other than Rent due hereunder from Tenant to Landlord; second, to the payment of any cost of recovery of possession and reletting (including, without limitation, the making of any alterations, repairs or decorations in the Premises which Landlord deems advisable); third, to the payment of the cost of any repairs to the Premises rendered necessary by the acts or omissions of Tenant, Tenant's agents, employees, contractors, vendors or invitees; fourth, to the payment of Base Rent due and unpaid hereunder; and the residue, if any, shall be held by Landlord and applied in payment of future Base Rent as the same may become due and payable hereunder. Should that portion of such rentals received from such reletting during any month, which is applied to the payment of Rent hereunder, be less than the Base Rent payable during that month by Tenant hereunder, then Tenant shall pay such deficiency to Landlord. Such deficiency shall be calculated and paid monthly; Tenant shall have no right to any excess rents paid upon reletting of the Premises. Tenant shall also pay to Landlord, as soon as ascertained, any costs and expenses, including, but not limited to, reasonable brokerage commissions and attorneys' fees, incurred by Landlord in recovery or reletting or in making such alterations and repairs not covered by the rental received from such reletting. Landlord shall use reasonable efforts to relet the Premises in order to mitigate its damages hereunder, but Landlord shall have no obligation or duty, express or implied, to relet such Premises for a use not included within the Permitted Uses, to any tenant that is not, in Landlord's reasonable opinion, creditworthy and financially sound, to any tenant or for any use not approved by Landlord's mortgagee(s). In the event of any entry or taking possession of the Premises as aforesaid, Landlord shall have the right, but not the obligation, to remove therefrom all or any part of the personal property located therein and may place the same in storage at a public warehouse at the expense and risk of the owner or owners thereof. The terms "re-enter" or "re-entry" as used in this Lease are not and shall not be restricted to their technical meaning but are used in their broadest sense.

19.2. Self-Help Remedy. If Tenant defaults in the performance of any obligation imposed on it by this Lease, and shall not cure such default within the applicable cure period provided herein, then Landlord (without waiving any claim of breach or for damages) at any time thereafter may make such payment or cure such other default for the account of Tenant, whereupon any sums reasonably expended by Landlord in so doing shall be and become immediately due and payable to Tenant to Landlord.

19.3. Remedies Cumulative. All rights and remedies of Landlord herein created

or otherwise existing at law or equity are cumulative and the exercise of one or more rights or remedies shall not be taken to exclude or waive the right to the exercise of any other. All such rights and remedies may be exercised and enforced concurrently and whenever and as often as Landlord shall deem desirable. The waiver by either party of any breach of any covenant or condition of this Lease shall not be construed as a waiver of such covenant or condition or of any subsequent breach thereof. The acceptance by Landlord of Rent, with knowledge of any breach by Tenant of any condition or covenant of this Lease, shall not be deemed a waiver of such breach. No waiver by either party of any provision hereof shall be deemed to have been made unless such waiver is in writing signed by the party alleged to have waived it. Even though Landlord may accept payment for less than the amount due and irrespective of any condition added to any check restricting or conditioning payment, Landlord shall not be deemed to have accepted such payment with such condition or restriction even though endorsed by Landlord.

20. ENVIRONMENTAL LAWS.

20.1. Environmental Assessment. Prior to the Commencement Date, Landlord shall, at its sole cost and expense, engage an environmental consultant to prepare a Phase I environmental site assessment (the "Initial Phase I") certified to Landlord and Tenant addressing the environmental condition of the Premises. In the event an existing Phase I environmental site assessment has been performed for or on behalf of Landlord within the five (5) year period immediately prior to the Commencement Date, the Initial Phase I can consist of an update to such existing Phase I, certified to Landlord and Tenant. Within sixty (60) days prior to the expiration of the Lease Term, Tenant shall, at its sole cost and expense, engage an environmental consultant to perform a new Phase I environmental site assessment or, if possible, update the Initial Phase I to reflect the environmental condition of the Premises as of Lease Termination (the "Termination Phase I"). In the event either the Initial Phase I or the Termination Phase I recommends the performing of additional environmental investigation, including, without limitation, the performance of a Phase II environmental site assessment, such additional investigation shall be performed at the sole cost and expense of the party responsible for paying for the Phase I recommending the performance of such additional investigation.

20.2. Compliance. Except to the extent that such materials are the by-product of, or are utilized in the normal course of the Tenant's business in the Premises (including, but not limited to, automotive supplies, solvents, oil and motor fluids, janitorial supplies and photocopying supplies) and are properly contained or stored in accordance with all applicable laws, Tenant covenants and agrees not to suffer, permit, introduce or maintain in, on or about any portion of the Premises any asbestos, polychlorinated biphenyls, petroleum products or any other hazardous or toxic materials, wastes and substances which are defined, determined or identified as such in any federal, state or local laws, rules or regulations or any judicial or administrative interpretation of any thereof, including, without limitation, (a) "hazardous wastes" as defined by the Resource Conservation and Recovery Act of 1976, as amended from time to time, (b) "hazardous substances" as defined by the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended from time to time, (c) "toxic substances" as defined by the Toxic Substances Control Act, as amended from time to time, or (d) "hazardous materials" as defined by the Hazardous Materials Transportation Act, as amended from time to time. Any such asbestos, polychlorinated biphenyls, petroleum products and any such other materials, wastes and toxic

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substances are herein collectively called "Hazardous Materials". Tenant shall comply with all applicable Federal, State, regional, and local laws, regulations and ordinances protecting the environment and natural resources including, but not limited to, the Federal Clean Water Act, Safe Drinking Water Act, Clean Air Act, Resource Conservation Recovery Act, Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("Superfund"), and all rules and regulations promulgated or adopted thereunder as same may from time to time be amended, except that Tenant shall have no liability or obligation with respect to any conditions on or under the Premises (i) as of the Commencement Date or (ii) caused by a third party not subject to Tenant's control. 21.3. Removal. Tenant shall dispose of all petroleum products and all other hazardous substances used in connection with the operation of its business introduced to the Premises by Tenant in accordance with applicable law, and shall on reasonable request of Landlord provide evidence of such compliance. Tenant agrees that if any pollutants, contaminants, toxic or hazardous wastes, or any other substances of which became present upon the Premises during the Lease Term, the removal of which is required, are discovered which must be removed, encapsulated, or otherwise abated pursuant to any present and future laws, ordinances, regulations and statutes, Tenant, at Tenant's sole cost and expense, shall diligently remove and/or encapsulate the same in accordance with the applicable laws, ordinances, regulations and statutes, and replace and restore the affected area to substantially the same condition as existed prior to such removal and/or encapsulation. Notwithstanding the foregoing, Tenant shall not be liable for any environmental contamination, conditions on or under the Premises or violations of applicable environmental laws existing prior to the Commencement Date as reflected by the Initial Phase I or related testing or resulting from migration or other offsite events, unless caused by Tenant.

20.4. Indemnification. Landlord covenants and agrees to indemnify, protect and save Tenant harmless against and from any and damages, losses, liabilities, obligations, penalties, claims, litigations, demands, defenses, judgments, suits, proceedings, costs, disbursements or expenses of any kind or of any nature whatsoever (including, without limitation, reasonable attorneys' and experts' fees and disbursements) (collectively, "Environmental Claims") which may at any time be imposed upon, incurred by or asserted or awarded against the Premises and/or Tenant, its agents or affiliates and arising from or out of any Hazardous Materials on, in, under or affecting all or any portion of the Premises, introduced by, or on behalf of, Landlord (whether or not permitted hereunder), as reflected by or evidenced in the Initial Phase I, including, without limitation (i) costs of removal of any and all such Hazardous Materials from all or any portion of the Premises or adjoining property, (ii) additional costs required to take necessary precautions to protect against the release of such Hazardous Materials on, in, under or affecting the Premises, into the air, any body of water, any other public domain or any surrounding areas and (iii) any costs incurred to comply, in connection with all or any portion of the Premises, with all applicable laws, orders, judgments and regulations with respect to such Hazardous Materials. Tenant covenants and agrees to indemnify, protect and save Landlord harmless against and from any and all Environmental Claims which may at any time be imposed upon, incurred by or asserted or awarded against Landlord arising from or out of any Hazardous Materials on, in, under or affecting all or any portion of the Premises, introduced by, or on behalf of, Landlord, (whether or not permitted hereunder) as reflected by or evidenced in the Termination Phase I, including, without limitation (I) the costs of removal of any and all such Hazardous Materials from all or any portion of the Premises or adjoining property, (II) additional costs required to take necessary precautions to protect against the release of such Hazardous Materials on, in, under or affecting the Premises,



into the air, any body of water, any other public domain or any surrounding areas and (III) any costs incurred to comply, in connection with all or any portion of the Premises, with all applicable laws, orders, judgments and regulations with respect to such Hazardous Materials.

20.5. Violation. Violation of any part of the foregoing provisions or disposition by Tenant of any sanitary waste, pollutants, contaminants, hazardous waste, toxic waste, industrial cooling water, sewage or any other materials in violation of the provisions of this "Environmental Laws" section shall be deemed to be a default under this Lease and, unless cured within thirty (30) days of receipt of written notice from Landlord or, if such default cannot be completely cured within that period, Tenant commences to cure within such thirty (30) day period and uses its best efforts to completely cure such default as expeditiously as possible, shall be deemed to be a material breach as provided for under this Lease. Tenant shall be strictly liable for, and hereby expressly assumes all responsibility for all citations, fines, environmental controls and monitoring, clean-up and disposal, restoration and corrective measures resulting from or in any way connected with the improper use, handling, storage, and/or disposal of all pollutants or contaminated materials, as same are defined by law, by Tenant or by Tenant's employees, invitees, suppliers or service or furnishers of materials, regardless of whether or not a default notice has been issued and notwithstanding any other obligations imposed upon Tenant pursuant to the terms of this Lease. All such remedies of Landlord with regard to environmental requirements as set forth herein shall be deemed cumulative in nature and shall survive termination of this Lease. Each party hereto covenants promptly to provide to the other copies of any and all written notices that either may receive from any third party relative to the obligations described this Section 20.5 or any alleged or possible violation thereof.

20.6. Representations and Warranties of Landlord: As of the Commencement Date, and except as reflected in the Initial Phase I, Landlord represents and warrants to Tenant:

- (i) To Landlord's knowledge, there are no past, present or threatened releases of Hazardous Materials in, on, above, under or from or to the Premises.
- (ii) There are no Liens under any Environmental Law on Sellers' Premises.
- (iii) To Landlord's knowledge, no property adjacent to the Premises is being used or has been used for the treatment, generation, transportation, processing, handling, production or disposal of any Hazardous Materials or as a landfill or other waste disposal site and there has been no spill or release of any Hazardous Materials on any property adjacent to the Premises.
- (iv) To Landlord's knowledge, none of the Premises or any portion thereof, or the Improvements has been subject to investigation by any governmental authority evaluating the need to investigate or undertake remedial action, and the Premises is not identified on the current or proposed (i) National Priorities List under 40 C.F.R. 300 Appendix B, (ii) Comprehensive Environmental Response Compensation and Liability Inventory System list, or (iii) any list arising from any statute analogous to CERCLA.

21. **WAIVER OF DEFAULT.** No waiver of any breach of any of the terms, covenants and conditions hereof shall be taken or construed to be the waiver of any other or succeeding breach of the same or any other term, covenant or condition hereof.

22. **NOTICES.** All notices or other communications required or permitted hereunder shall be given in writing and shall be deemed sufficient if delivered by hand, recognized overnight delivery service for next business day delivery or facsimile transmission (with original to follow by mail) or mailed by registered or certified mail, postage prepaid (return, receipt requested), as follows:

If to Landlord:

Steven C. Coury
P.O. Box 2065
Payson, AZ 85547
Facsimile: (928) 474-8805

with a copy to:

Timothy M. Collier.
LAW OFFICE OF TIMOTHY M. COLLIER, PLLC.
3295 North Drinkwater Blvd., Suite 9
Scottsdale, Arizona 85251
Facsimile: (480) 718-8759

If to Tenant:

JONES VERDE VALLEY, LLC
23454 West US Highway 85
Buckeye, Arizona 85326-4972
Attn: Thomas G. Jones
Facsimile: (623) 386-2373

with a copy to:

James J. Rossie, Jr., Esq.
ROSSIE PARTNERS, L.L.P.
99 East Virginia Avenue, Suite 205
Phoenix, Arizona 85004
Facsimile (602)253-6505

or such other address as shall be furnished in writing by such party, and any such notice or communication shall be effective and be deemed to have been given as of the date so delivered or three (3) days after the date so mailed; provided, however, that any notice or communication changing any of the addresses set forth above shall be effective and deemed given only upon its receipt.

23. **SEVERABILITY.** The invalidity or unenforceability of any provision, clause or phrase herein contained shall not serve to render the balance hereof ineffective or void, and the same shall be construed as if the invalid or unenforceable part had not been set forth herein.

24. **SECTION TITLES.** Section and subsection titles used herein are solely for convenience and are not to be used in interpreting particular provisions hereof.

25. **MISCELLANEOUS PROVISIONS AND DEFINITIONS.** All of the terms and provisions hereof shall be binding upon and the benefits shall inure to the parties hereto and their respective heirs, devisees, personal representatives, successors and assigns, if permitted. Whenever used herein, the singular number shall include the plural, the plural the singular and the use of any gender shall include all genders. No provision of this Lease shall be construed against or interpreted to the disadvantage of any party by reason of such party's having drafted such provision. This Lease and any exhibits or schedules referenced herein, constitutes the entire, integrated agreement between the parties regarding the subject matter hereof. Time is of the essence of this Lease. This Lease may not be amended or modified except by a written instrument duly executed by Landlord and Tenant.

26. **LANDLORD REPRESENTATIONS.** Landlord hereby represents and warrants the following to Tenant:

26.1. Landlord has the power and authority to enter into this Lease and to perform its obligations hereunder and no other approvals or consents are required from any other party.

26.2. Landlord has received no written notice directed to it from any governmental authority that the Premises is in violation of any state, federal or local laws, ordinance, rule or regulation, including, without limitation, (i) the Americans with Disabilities Act and other similar federal, state and local laws, and (ii) any laws relating to environmental matters.

26.3. Landlord has received no written notice directed to it, from any governmental authority with the jurisdiction and authority to condemn the Premises, of any pending condemnation action or any portion of the Premises.

27. **PRESENT CONDITION OF PREMISES.** Tenant represents that the Premises and the Improvements thereon and sub-surface conditions, have been examined by Tenant and Tenant's agents, and that Tenant accepts the same, without recourse to Landlord, in the "AS IS" condition or state in which they or any of them now are, without representation or warranty from Landlord, expressed or implied in fact or by law, as to the nature, condition, or usability thereof, or as to the use or uses to which the Premises or any part thereof may be put, or as to the prospective income from, and expense of operation of, the Premises, except as may otherwise be expressly set forth in this Lease or the Agreement For Purchase and Sale of Automobile Dealership dated February 23, 2015 by and between Tenant, as successor to Jones Auto Outlet, LLC, as Buyer, and Steve Coury Ford Lincoln-Mercury, Inc., as Seller.

28. **MEMORANDUM OF LEASE.** Neither Landlord nor Tenant shall execute and

record a memorandum of lease without the prior written consent of the other party.

29. **BROKER INDEMNITY.** The parties represent to one another that neither has had any dealings with any broker, finder or other party concerning the transaction contemplated by this Lease. Landlord and Tenant hereby agree to indemnify, defend and hold each other harmless from and against all losses, costs, damages and expenses (including reasonable attorneys' fees) incurred by the other as a result of any claim for a commission, finder's fee or similar compensation made by any third party claiming through the Indemnifying Party. The provisions of this **Section 30** shall survive the expiration or earlier termination of this Lease.

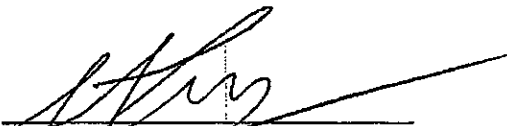
30. **ENTIRE AGREEMENT.** This Lease shall constitute the entire agreement between the Parties with respect to the subject matter of this Lease. The provisions of this Agreement supersede all contemporaneous oral agreements and all prior oral and written communications and understandings of the Parties with respect to the subject matter of this Lease. The Parties further agree to revoke all prior leases and amendments. This Lease may only be amended by a written amendment signed by both Parties.

31. **ATTORNEY FEES.** If litigation is commenced between the parties concerning any dispute arising out of or relating to this Lease, the prevailing party in any contested proceeding will be entitled to recover all court costs and all reasonable attorneys' fees.

32. **GOVERNING LAW; VENUE.** This Lease shall be construed in accordance with and governed for all purposes by the laws of the State of Arizona applicable to contracts executed and to be wholly performed within such State. Any action commenced to enforce the provisions of this Lease shall be commenced in the Yavapai County (Arizona) Superior Court.

IN WITNESS WHEREOF, the parties have executed this Lease as of the date first above written.

LANDLORD:


Steve C. Coury

TENANT:

JONES VERDE VALLEY, LLC,
an Arizona limited liability company

By: JONES

Name: RONALD JONES

Its: MANAGER

EXHIBIT "A"
(Description of Premises)

A PARCEL OF LAND LOCATED WITHIN THE EAST HALF OF SECTION 31, TOWNSHIP 15 NORTH, RANGE 4 EAST, GILA AND SALT RIVER BASE AND MERIDIAN, YAVAPAI COUNTY, ARIZONA, BEING A PORTION OF THAT PARCEL OF LAND DESCRIBED IN BOOK 4219 OF OFFICIAL RECORDS, PAGE 812, RECORDS OF YAVAPAI COUNTY, ARIZONA RECORD SOURCE #1 (R1), SAID PARCEL OF LAND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING FOR REFERENCE AT THE B.L.M. BRASS CAP MARKING THE SOUTHEAST CORNER OF SAID SECTION 31, FROM WHICH A B.L.M. BRASS CAP MARKING THE NORTHEAST CORNER OF SAID SECTION 31 BEARS NORTH 00 DEGREES 07 MINUTES 26 SECONDS EAST, BASIS OF BEARING (R1), A DISTANCE OF 5,294.61 FEET NORTH 00 DEGREES 07 MINUTES 26 SECONDS EAST, A DISTANCE OF 5,294.61 FEET (R1) ALONG THE EAST LINE OF SAID SECTION 31;

THENCE NORTH 00 DEGREES 07 MINUTES 57 SECONDS EAST, A DISTANCE OF 1863.28 FEET NORTH 00 DEGREES 07 MINUTES 26 SECONDS EAST, A DISTANCE OF 1863.43 FEET (R1) ALONG THE EAST LINE OF SAID SECTION 31, TO THE WESTERLY RIGHT OF WAY LINE OF STATE HIGHWAY 260;

THENCE ALONG THE ARC OF A NON-TANGENT CURVE TO THE RIGHT, SAID CURVE HAVING A RADIUS OF 23,018.32 FEET, AN ARC LENGTH OF 491.55 FEET, A CENTRAL ANGLE OF 01 DEGREES 13 MINUTES 25 SECONDS, A CHORD BEARING OF NORTH 35 DEGREES 25 MINUTES 08 SECONDS WEST, AND A CHORD LENGTH OF 491.54 FEET (R1), TO A P.K. NAIL WITH A PLASTIC CAP STAMPED L.S. 26925 AND THE TRUE POINT OF BEGINNING;

THENCE SOUTH 55 DEGREES 11 MINUTES 34 SECONDS WEST, A DISTANCE OF 462.30 FEET (R1), ALONG THE SOUTH LINE OF THAT PARCEL OF LAND DESCRIBED IN SAID (R1), TO A P.K. NAIL WITH A PLASTIC CAP STAMPED L.S. 26925;

THENCE NORTH 34 DEGREES 48 MINUTES 26 SECONDS WEST, A DISTANCE OF 530.68 FEET, TO A PLASTIC CAP ATOP A ½ INCH REBAR STAMPED L.S. 26925;

THENCE NORTH 56 DEGREES 28 MINUTES 27 SECONDS EAST, A DISTANCE OF 403.63 FEET, TO THE NORTH LINE OF THAT PARCEL OF LAND DESCRIBED IN (R1) AND A PLASTIC CAP ATOP A ½ INCH REBAR STAMPED L.S. 19853;

THENCE SOUTH 89 DEGREES 01 MINUTES 50 SECONDS EAST, A DISTANCE OF 78.36 FEET, SOUTH 89 DEGREES 02 MINUTES 23 SECONDS EAST (R1) ALONG THE NORTH LINE OF THAT PARCEL OF LAND DESCRIBED IN SAID (R1), TO THE WESTERLY RIGHT OF WAY LINE OF SAID HIGHWAY 260, AND A FOUND PLASTIC CAP ATOP A ½ INCH REBAR STAMPED L.S. 25384, MARKING THE NORTHEAST CORNER OF THAT PARCEL OF LAND IN (R1);

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THENCE ALONG SAID RIGHT OF WAY, ALONG THE ARC OF A NON-TANGENT CURVE TO THE LEFT, HAVING A RADIUS OF 23,018.32 FEET, AN ARC LENGTH OF 475.88 FEET, A CENTRAL ANGLE OF 01 DEGREES 11 MINUTES 14 SECONDS, A CHORD BEARING OF SOUTH 34 DEGREES 13 MINUTES 44 SECONDS EAST, AND A CHORD DISTANCE OF 475.87 FEET, HAVING A RADIUS OF 23,018.32 FEET, AN ARC LENGTH OF 475.65 FEET, A CENTRAL ANGLE OF 01 DEGREES 11 MINUTES 02 SECONDS, A CHORD BEARING OF SOUTH 34 DEGREES 12 MINUTES 55 SECONDS EAST, AND A CHORD LENGTH OF 475.64 FEET (R1) TO THE TRUE POINT OF BEGINNING;

EXCEPT THAT PORTION CONVEYED TO THE TOWN OF CAMP VERDE, A MUNICIPAL CORPORATION, BY DEED RECORDED MAY 17, 2006 IN BOOK 4397 OF OFFICIAL RECORDS PAGE 134.

Bearing Yavapai County Assessors' Parcel Number 407-09-043D.

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