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RETURN TO BOX 43 87675528

INV 16899 JHS

MORTGAGE

Dated as of November 1, 1987

FROM

JIFFY LUBE INTERNATIONAL OF MARYLAND, INC.

(the "Company")

TO

NEW ENGLAND MUTUAL LIFE INSURANCE COMPANY

(the "Mortgagee")

87675528

(Countryside, Illinois)

This instrument was prepared by:
Robert C. Nash
Chapman and Cutler
111 West Monroe Street
Chicago, Illinois 60603

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THIS MORTGAGE dated as of November 1, 1987 ("Mortgage") is from JIFFY LUBE INTERNATIONAL OF MARYLAND, INC., a Maryland corporation (the "Company"), having its principal office at 7008 Security Boulevard, Baltimore, Maryland 21207, Attention: Treasurer, to NEW ENGLAND MUTUAL LIFE INSURANCE COMPANY (the "Mortgagee"), having its principal office at 501 Boylston Street, Boston, Massachusetts 02117, Attention: Private Placement Department.

RECITALS:

A. The Company and the Mortgagee have executed and delivered a Note Agreement dated as of December 15, 1986 (the "Note Agreement") providing for the commitment of the Mortgagee to purchase the Adjustable Rate Secured Notes (the "Notes") due May 1, 2007 (the "Maturity Date") of the Company in an aggregate principal amount not to exceed $10,500,000, to be dated the date of issue, expressed to bear interest on the from time to time outstanding principal amount thereof at the rate of 9.5% per annum for the period from and including the date of issue to but not including May 1, 1994 and for the period from and including May 1, 1994 to and including the Maturity Date of the Notes at the Adjustable Rate determined as hereinafter set forth. The Notes will be expressed to mature as follows:

(a) Installments of interest only payable on the first day of each calendar month commencing on the first day of the calendar month next following the date of issue of the Notes thereafter to and including May 1, 1987; followed by

(b) Two hundred thirty-nine (239) equal installments, including both principal and interest, each in an amount equal to .932132% of the original principal amount of such Notes, payable monthly on June 1, 1987 and on the first day of each calendar month thereafter to and including April 1, 2007; and

(c) A final installment on the Maturity Date in an amount equal to the entire principal and interest remaining unpaid as of said date;

provided, however, that upon the adjustment of the interest rate payable in respect of the Notes from the rate set forth therein to the Adjustable Rate on and as of each Adjustment Date (as hereinafter defined), the amount of each of the remaining installments of principal and interest on the Notes shall be adjusted with the effect and result that the Notes will amortize to the Maturity Date in equal installments of principal and interest at the then effective Adjustable Rate.

Adjustable Rate shall mean a rate per annum equal to the lesser of (1) the maximum interest rate then permitted by applicable law, and (2) such interest rate as the holders of at least 75-% in principal amount of the outstanding Notes (the "Required Holders") would agree to charge a company with a creditworthiness comparable to that of the Company in connection with a loan with a term and in an amount and other relevant characteristics comparable to those pertaining to the Notes as shall be designated to the Company in writing at least thirty (30) days prior to the applicable Adjustment Date and which the Company shall have agreed to in writing at least fifteen (15) days prior to the applicable Adjustment Date. Adjustment Date shall mean May 1, 1994 and May 1, 2001. If for any reason whatsoever, the Required Holders fail to notify the Company of the then applicable Adjustable Rate at least thirty (30) days prior to either Adjustment Date or if

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for any reason whatsoever such notice has been timely given but the Company fails to agree or disagree to such Adjustable Rate at least fifteen (15) days prior to either Adjustment Date, the Notes shall, subject to Section 5.4 of the Note Agreement, continue to bear interest at the then effective interest rate until the next Adjustment Date or Maturity Date of the Notes, as the case may be.

The Notes will otherwise be in the form attached to the Note Agreement as Exhibit A. Overdue principal (including any overdue required or optional prepayment of principal) and premium, if any, and (to the extent legally enforceable) overdue installments of interest shall bear interest at a rate per annum 1% above the rate of interest then applicable to the Notes from and after the maturity thereof, whether by acceleration or otherwise, until paid. Interest on the Notes will be computed on the basis of a 360-day year of twelve 30-day months.

B. The Company has or will lease the mortgaged property (as hereinafter defined) to a franchisee of the Guarantor (as hereinafter defined) as tenant, under and pursuant to a lease and has or will assign all of its right, title and interest in and to such lease to the Mortgagee pursuant to that certain Collateral Assignment of Lease dated the date hereof (the "Assignment") between the Company and the Mortgagee.

C. The Notes and all principal thereof, premium, if any, and interest thereon and all additional amounts and other sums at any time due and owing from, and required to be paid by, the Company under the terms of the Notes, the Note Agreement, the Assignment, this Mortgage or any other mortgage, deed of trust or assignment executed and delivered by the Company to the Mortgagee are hereinafter sometimes referred to as the "indebtedness hereby secured."

D. The payment of all principal of and interest (and premium, if any) on the Notes issued by the Company and performance of all of the covenants contained in the Note Agreement, the Assignment, this Mortgage or any other mortgage, deed of trust or assignment executed and delivered by the Company to the Mortgagee to secure payment of the Notes, have been absolutely and unconditionally guaranteed by Jiffy Lube International, Inc., a Nevada corporation (the "Guarantor") under and pursuant to a Guaranty Agreement dated as of the date hereof, all as additional security for the Notes.

E. The Company is duly authorized under all applicable provisions of law, its articles of incorporation and by-laws to issue the Notes, to execute and deliver this Mortgage and to mortgage, convey and assign the "mortgaged property" (as hereinafter defined) to the Mortgagee as security for the Notes and all corporate action and all consents, approvals and other authorizations and all other acts and things necessary to make this Mortgage the valid, binding and legal instrument for the security of the Notes have been done and performed.

F. The Company and the Mortgagee intend that this Mortgage secures the Notes in an aggregate principal amount not to exceed $10,500,000, together with interest from time to time accrued thereon and unpaid balances of advances made with respect to the mortgaged property (as hereinafter defined) for the payment of taxes, assessments, insurance premiums or other costs incurred for the protection of the mortgaged property or the exercise of rights and remedies hereunder, including without limitation reasonable attorneys fees.

NOW, THEREFORE, THIS MORTGAGE WITNESSETH: That the Company, in consideration of the premises, the purchase and acceptance of the Notes by the Mortgagee and of the sum of Ten Dollars received by the Company from the Mortgagee and other good and valuable consideration, receipt whereof is hereby acknowledged, and in order to secure the payment of the principal of, premium, if any, and interest on the Notes according to their tenor and effect, and to secure the payment of all other indebtedness hereby secured and the performance and observance of all the covenants, agreements and conditions contained in the Notes, the Note Agreement, the Assignment, this Mortgage and any other mortgage, deed of trust or assignment from time to time entered into by the Company to secure payment of the Notes, the Company does hereby warrant, mortgage, pledge, assign, bargain, hypothecate, convey, grant, transfer and set over, with power of sale, unto the Mortgagee and its successors and assigns, in and to all and singular the following described properties, rights, interest and privileges and all of the Company's estate, right, title and interest therein, thereto and thereunder (all of which properties hereby mortgaged, assigned and pledged or intended so to be are hereinafter collectively referred to as the "mortgaged property"):

GRANTING CLAUSE FIRST

The parcels of land in Cook County, State of Illinois, described in Annex A attached hereto and made a part hereof, together with the entire interest of the Company in and to all buildings, structures, improvements and appurtenances now standing, or at any time hereafter constructed or placed, upon such land, including all right, title and interest of the Company, if any, in and to all building material, building equipment and fixtures of every kind and nature whatsoever on said land or in any building, structure or improvement now or hereafter standing on said land which are classified as fixtures under applicable law and which are used in connection with the operation, maintenance or protection of said buildings, structures and improvements as such (including, without limitation, all boilers, air conditioning, ventilating, plumbing, heating, lighting and electrical systems and apparatus, all communications equipment and intercom systems and apparatus, all sprinkler equipment and apparatus and all elevators and escalators), and which are not used in connection with the operation of any business conducted upon said parcels of land, together with the reversion or reversions, remainder or remainders, in and to said land, and the entire interest of the Company in and to all and singular the tenements, hereditaments, easements, rights of way, rights, privileges and appurtenances to said land, belonging or in anywise appertaining thereto, including, without limitation, the entire right, title and interest of the Company in, to and under any streets, ways, alleys, gores or strips of land adjoining said land, and all claims or demands whatsoever of the Company either in law or in equity, in possession or expectancy, of, in and to said land, it being the intention of the parties hereto that, so far as may be permitted by law, all property of the character hereinabove described, which is now owned or is hereafter acquired by the Company and is affixed or attached or annexed to said land, shall be and remain or become and constitute a portion of said land and the security covered by and subject to the lien of this Mortgage, together with all accessions, parts and appurtenances appertaining or attached thereto and all substitutions, renewals or replacements of and additions, improvements, accessions and accumulations to any and all thereof, and together with all rents, income, revenues, awards, issues and profits thereof, and the present and continuing right to make claim for, collect, receive and receipt for any and all of such rents, income, revenues, awards, issues and profits arising therefrom or in connection therewith.

GRANTING CLAUSE SECOND

Franchisee Leases

Each and every Franchisee Lease (as hereinafter defined) from time to time entered into by the Company with respect to the mortgaged property pursuant to Section 2.8(f) hereof, and all of the Company's estate, right, title, interest, claim and demand as landlord in, to and under such Franchisee Leases, including all extensions and renewals of the term thereof, and all existing or future amendments, supplements or modifications of any such Franchisee Lease (and to any short memorandum form of any such Franchisee Lease executed for recording purposes), together with all rights, powers, privileges, options and other benefits of the Company as landlord under such Franchisee Leases, including, without limitation, (a) the immediate and continuing right (whether or not an Event of Default under this Mortgage shall have occurred and be continuing) to receive and collect all rents, income, revenues, issues, profits, insurance proceeds, condemnation awards, bankruptcy claims, liquidated damages, purchase price proceeds and other payments, tenders and security payable to or receivable by the landlord under any such Franchisee Lease; (b) the right to make all waivers and agreements; (c) the right to give and receive copies of all notices and other instruments or communications; (d) the right to take such action upon the occurrence of an event of default under any such Franchisee Lease, including the commencement, conduct and consummation of legal, administrative or other proceedings, as shall be permitted by any such Franchisee Lease or by law; and (e) the right to do any and all other things whatsoever which the Company or any landlord is or may be entitled to do under any such Franchisee Lease; all rights under this Granting Clause Second having also been granted to the Mortgagee in and by the Assignment, which Assignment is hereby incorporated into this Granting Clause Second, it being understood that the assignment made herein and in the Assignment are intended to be one and the same.

GRANTING CLAUSE THIRD

Other and After-Acquired Property Relating to the Mortgaged Property

Any and all moneys and other property (including each amendment or supplement to any and all instruments included in the mortgaged property) which may from time to time, by delivery to the Mortgagee or by any instrument, including this Mortgage, be subjected to the lien hereof by the Company or by anyone on the behalf of the Company or with the consent of the Company, or which may come into the possession or be subject to the control of the Mortgagee pursuant to this Mortgage, or pursuant to any instrument included in the mortgaged property, it being the intention of the Company and the Mortgagee and it being hereby agreed by them that all property hereafter acquired by the Company and required to be subjected to the lien of this Mortgage or intended so to be shall forthwith upon the acquisition thereof by the Company be as fully embraced within the lien of this Mortgage as if such property were now owned by the Company and were specifically described in this Mortgage and granted hereby or pursuant thereto.

GRANTING CLAUSE FOURTH

Proceeds

All proceeds of the conversion, voluntary or involuntary, of any of the foregoing into cash or other liquidated claims, including, without limitation, all proceeds of insurance and condemnation awards and payments.

SUBJECT, HOWEVER, as to all property or rights in property at any time subject to the lien hereof (whether now owned or hereafter acquired), to the following:

(a) The agreement of the parties hereto that any and all trade fixtures, signs, furniture, furnishings, equipment, machinery or other tangible personal property located on the mortgaged property and not classified as fixtures under applicable law are expressly excluded from the lien and security interest created by this Mortgage, and that the same shall in no instance be deemed to be encompassed within the term "mortgaged property"; and

(b) The Permitted Encumbrances, as defined in Section 1 hereof.

TO HAVE AND TO HOLD the mortgaged property unto the Mortgagee and its successors and assigns forever for the purpose of securing performance of each agreement, covenant and warranty of the Company contained herein and payment of the indebtedness evidenced by the Notes issued under and pursuant to the Note Agreement. It is understood and agreed that this Mortgage is to secure the obligation of the Company to repay, without preference or priority, all of the Notes executed and delivered pursuant to the Note Agreement, including those heretofore executed, those of even date herewith and those to be executed in the future as specified in said Note Agreement;

PROVIDED, NEVERTHELESS, and these presents are upon the express condition that, if the Company performs the covenants herein contained and pays to the Mortgagee, its successors or assigns, the full amount of all principal of, and premium, if any, and interest on the Notes and all other sums due or payable hereunder or under the Note Agreement, the estate, right and interest of the Mortgagee in the property hereby conveyed shall cease and this Mortgage shall become null and void, but otherwise to remain in full force and effect.

It is agreed and understood by the parties hereto that:

1. The Notes are to be secured by other Mortgages (as hereinafter defined) on, and assignments of leases in respect of, other real estate in other counties and states. Each and all of said Mortgages and assignments of leases are intended to and shall constitute security for the entire indebtedness represented by said Notes without allocation.

2. Any part of the security herein described, and any security described in any other Mortgage, assignment of lease or other instrument now or hereafter given to secure the indebtedness which is secured by this Mortgage, may be released by the Mortgagee without affecting the lien hereof on the remainder.

3. The Company for itself and all who may claim through or under it waives any and all right to have the property and estates comprising the mortgaged property marshalled upon any foreclosure of the lien hereof, or to have the mortgaged property hereunder and the property covered by any other mortgage, deed of trust or assignment of lease securing the Notes marshalled upon any foreclosure of any of said Mortgages or assignments of leases, and agrees that any court having jurisdiction to foreclose such lien may order the mortgaged property sold as an entirety.

4. Upon the occurrence of an Event of Default hereunder the Mortgagee has, among other things, the right to foreclose on the mortgaged property and dispose of the same. The Mortgagee's deed or other instrument of conveyance, transfer or release (which may be in the name of the Mortgagee or as attorney for the Company, and the Mortgagee is hereby irrevocably appointed attorney for the Company) shall be effective to convey and transfer to the grantee an indefeasible title to the property covered thereby, discharged of all rights of redemption by the Company or any person claiming under it, and to bar forever all claims by the Company or the Mortgagee to the property covered thereby and no grantee from the Mortgagee shall be under any duty to inquire as to the authority of the Mortgagee to execute the same, or to see to the application of the purchase money.

SECTION 1. DEFINITIONS.

The following terms shall have the following meanings for all purposes of this Mortgage:

"Affiliate" shall mean a Person (other than a Subsidiary) (1) which, directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the Company, (2) which beneficially owns or holds 5% or more of any class of the Voting Stock of the Company, or (3) 5% or more of the Voting Stock (or in the of a Person which is not a corporation, 5% or more of the Securities of such Person shall confer any rights or interests similar to the Voting Stock of a corporation) of which is beneficially owned or held by the Company or Subsidiary. The term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"Aggregate Cost" shall mean an amount equal to the sum of the Cost of all of the Eligible Properties.

"Amended Note" shall have the meaning assigned thereto in the Note Agreement.

"Assignment" shall mean the Assignment of Lease dated the date hereof among the Company, the Franchisee and the Mortgagee pertaining to the mortgaged property, as the same may from time to time be supplemented or amended.

"Company" shall mean not only Jiffy Lube International of Maryland, Inc., but also its successors and assigns.

"Cost" with respect to the mortgaged property shall mean, without limitation, the sum of: (a) the cost of land, buildings, landscaping and site development, including interest paid on indebtedness (as such term is defined in the Note Agreement) incurred to finance the cost of construction of the mortgaged property and administrative expense or overhead associated with the supervision of construction of the mortgaged property but excluding the cost of trade fixtures, signs, furniture, equipment and inventory, incurred in connection with the acquisition and/or construction of the mortgaged property and capitalized on the books of the Company and/or the Guarantor in accordance with generally accepted accounting principles, (b) the fees and expenses referred to in Sections 1.8(b), (e) and (f) of the Note Agreement and (c) fees paid to real estate brokers and/or attorneys and title insurance and the cost of title insurance incurred by the Company or the Guarantor in connection with the acquisition of the mortgaged property; provided that the sum of the fees and expenses described in clauses (b) and (c) hereof shall not exceed seven percent of the Cost of the mortgaged property.

"Default" shall mean any event which would constitute an Event of Default if any requirement in connection therewith for the giving of notice, or the lapse of time, or the happening of any further condition, event or action had been satisfied.

"Determination of Obsolescence" shall mean the determination at any any time after May 1, 1992 and in good faith by the Board of Directors of the Company (which determination shall have been concurred in by a Responsible Officer of the Guarantor) that the mortgaged property is obsolete, uneconomical and no longer suitable to the needs of the Company as an automotive fast lubrication and fluid maintenance service center. For purposes of any such determination, interest rates payable by the Company or the Guarantor for indebtedness for borrowed money or finance charges payable by the Company or the Guarantor in connection with the development, acquisition and/or construction of automotive fast lubrication and fluid maintenance service centers under conditional sale contracts, leases, mortgages or other arrangements for deferred payment shall not be a basis for the determination of economical obsolescence or unserviceability.

"Eligible Property" shall mean any automotive fast lubrication and fluid maintenance service center operated by the Company or one of its Franchisees under the name "Jiffy Lube" which is subject to the Lien of a Mortgage securing payment of the Notes and in respect of which the Company shall have satisfied all of the requirements of Sections 3, 7.2(b), 7.2(c) and 7.12, as the case may be, and any from time to time substitution or replacement of any such Eligible Property pursuant to the applicable terms of the Note Agreement and the related Mortgage.

"Event of Default" shall mean any events specified in Section 5 hereof.

"Event of Loss" with respect to the mortgaged property shall mean: (a) the destruction of all or substantially all of the mortgaged property; (b)

damage to the mortgaged property to such an extent that, in the good faith determination of the Company as approved by its Board of Directors (which determination shall be made as soon as practicable after the occurrence of such damage, but in no event later than thirty days after such occurrence and which determination shall have been concurred in by a Responsible Officer of the Guarantor), the repair of the mortgaged property is impractical or uneconomic; or (c) the condemnation, confiscation or seizure of, or requisition of title to or use of, the mortgaged property by an act of the United States government by any state or local authority or any instrumentality or agency of any thereof for a definite term which extends beyond the maturity date of the Notes or for an indefinite term if such requisition in fact continues for more than 365 days.

"**Fair Market Value**" in respect of any Eligible Property or Substitute Eligible Property shall mean the aggregate cost thereof if and to the extent construction of such Eligible Property or Substitute Eligible Property was completed less than twelve months prior to the date of determination of such Fair Market Value and in all other cases shall be the appraised value thereof. The appraised value shall be determined by a Person not an Affiliate of the Company who is regularly engaged in such work and is in good standing in the American Institute of Real Estate Appraisers or the equivalent thereof and whose appraisal is in form and substance reasonably acceptable to the Mortgagee.

"**Fee-Owned Eligible Property**" shall mean each Eligible Property owned in fee by the Company and each Fee-Owned Eligible Property from time to time substituted therefor pursuant to the terms of the Note Agreement and the Mortgage to which it relates.

"**Franchisee**" shall mean any Person which is managing and operating an automotive fast lubrication and fluid maintenance service center under the name "Jiffy Lube" pursuant to a written agreement or agreements, including without limitation a Franchisee Lease, substantially the same in form and content as the agreement or agreements entered into by the Company and/or the Guarantor with other Franchisees of the Company and/or the Guarantor in the ordinary course of business.

"**Franchisee Lease**" shall mean any lease of an automotive fast lubrication and fluid maintenance service center operated under the name "Jiffy Lube" entered into by the Company, as lessor or landlord, with a Franchisee, as lessee or tenant, which Franchisee Lease shall be in form and substance substantially similar to leases entered into by the Company or the Guarantor with other Franchisees in the ordinary course of business and which shall provide for the payment of Rentals (as defined in the Note Agreement) by the Franchisee at least equal to 100% of the pro rata amount of the indebtedness evidenced by the Notes allocable to the Cost of the Mortgaged Property.

"**Guarantor**" shall mean not only Jiffy Lube International, Inc., but also its successors and assigns.

"**Leasehold Eligible Property**" shall mean each Eligible Property in which the Company has a leasehold interest created pursuant to a Ground Lease and the fee interest in respect of which is not subject to any mortgage, deed of trust or similar security instrument and each from time to time substitution or replacement of any thereof pursuant to the terms of the Note Agreement and the Mortgage to which it relates; provided that the outstanding principal amount of the Notes attributable to Subordinated Leasehold Eligible Properties shall not at any time exceed 15% of the aggregate outstanding principal amount of the Notes.

"**Lien**" shall have the meaning assigned thereto in the Note Agreement.

"**Loan Value**" of the mortgaged property shall be an amount determined by multiplying the aggregate unpaid principal amount of the Notes outstanding immediately prior to the date on which the Loan Value is to be determined by a fraction in which the numerator is the Cost of the mortgaged property and the denominator is the Aggregate Cost of all of the Eligible Properties subject to the lien of Mortgages originally delivered by the Company to the Mortgagee.

"**Mortgage**" shall have the meaning assigned thereto in the Note Agreement.

"**Note**" shall mean any of, and "**Notes**" shall mean all of, the Notes then outstanding under the Note Agreement. The term "outstanding" when used with reference to Notes shall mean, as of any particular time, all Notes delivered by the Company under the Note Agreement and secured hereby and by each and every other Mortgage delivered pursuant to the Note Agreement, except:

(a) Notes theretofore cancelled by the Company or delivered to the Company for cancellation; and

(b) Notes for the payment or prepayment of which moneys in the necessary amount shall have been paid by the Company; and

(c) Notes in lieu of or in substitution for which Amended Notes shall have been authenticated and delivered pursuant to the terms of Section 6 of the Note Agreement.

"**Note Agreement**" shall mean the Note Agreement dated as of December 15, 1986 between the Company and the Mortgagee, providing for the commitment of the Mortgagee to purchase the Notes of the Company issued under and pursuant to the terms thereof, as the same may from time to time be supplemented or amended.

"**Permitted Encumbrances**" shall mean the liens described in clauses (a) through (g) of Section 2.8 of this Mortgage.

"**Person**" shall mean an individual, partnership, corporation, trust or unincorporated organization, and a government or agency or political subdivision thereof.

"Responsible Officer" shall mean the President, any Vice President or the Treasurer of the Guarantor.

"Security" shall have the same meaning as in Section 2(1) of the Securities Act of 1933, as amended.

"Subordinated Leasehold Eligible Property" shall mean any Leasehold Eligible Property (a) the fee interest in which is subject to a mortgage, deed of trust or similar lien instrument which is not by its express terms subject and subordinate to the leasehold interest of the Company therein, and/or (b) the leasehold estate in respect of which has not been created pursuant to a Ground Lease; provided that in no event shall the outstanding principal amount of the Notes attributable to Subordinated Leasehold Eligible Properties exceed 15% of the aggregate outstanding principal amount of the Notes.

"Substitute Eligible Property" shall mean an Eligible Property substituted for the mortgaged property pursuant to Section 3.4 of this Mortgage; provided that if the mortgaged property is a Fee-Owned Eligible Property, only a Fee-Owned Eligible Property may constitute and be tendered as a Substitute Eligible Property pursuant to Section 3.4 hereof; and provided further that if the mortgaged property is a Leasehold Eligible Property which is not a Subordinated Leasehold Eligible Property, a Subordinated Leasehold Eligible Property may not constitute and be tendered as a Substitute Eligible Property pursuant to Section 3.4 hereof, unless after giving effect to such substitution, the outstanding principal amount of the Notes attributable to Subordinated Leasehold Eligible Properties would not exceed 15% of the aggregate outstanding principal amount of the Notes.

"Voting Stock" shall mean Securities of any class or classes of a corporation the holders of which are ordinarily, in the absence of contingencies, entitled to elect a majority of the corporate directors (or Persons performing similar functions).

SECTION 2. GENERAL COVENANTS AND WARRANTIES.

The Company covenants, warrants and agrees as follows:

2.1. Note Agreement and Assignment Covenants. Each and all of the terms, provisions, restrictions, covenants and agreements set forth in the Note Agreement and the Assignment, and in each and every supplement thereto or amendment thereof which may at any time or from time to time be executed and delivered by the parties thereto or their successors and assigns, are incorporated herein by reference to the same extent as though each and all of said terms, provisions, restrictions, covenants and agreements were fully set out herein and as though any amendment or supplement to the Note Agreement or the Assignment, as the case may be, were fully set out in an amendment or supplement to this Mortgage; and the Company does hereby covenant and agree well and truly to abide by, perform and be governed and restricted by each and all of the matters provided for by the Note Agreement or the Assignment and so incorporated herein to the same extent and with the same force and effect as if each and all of said

terms, provisions, restrictions, covenants and agreements so incorporated herein by reference were set out and repeated herein at length. Without limiting the foregoing, the Company covenants and agrees to pay all taxes, assessments and governmental charges or levies imposed upon this Mortgage, the Assignment or the Notes or any other indebtedness secured hereby.

2.2. **Ownership of Mortgaged Property.** The Company covenants and warrants that it has good and marketable title to the mortgaged property free and clear of all liens, charges and encumbrances whatever except Permitted Encumbrances, and the Company has full right, power and authority to convey, transfer and mortgage the same to the Mortgagee for the uses and purposes in this Mortgage set forth; and the Company will warrant and defend the title to the mortgaged property against all claims and demands whatsoever.

2.3. **Further Assurances.** The Company will, at its own expense, do, execute, acknowledge and deliver all and every further act, deed, conveyance, transfer and assurance necessary or proper for the better assuring, conveying, assigning and confirming unto the Mortgagee all of the mortgaged property, or property intended so to be, whether now owned or hereafter acquired.

2.4. **Payment of Principal and Interest.** The Company will duly and punctually pay the principal of, and premium, if any, and interest on all Notes secured hereby according to the terms thereof.

2.5. **Maintenance of Mortgaged Property, Other Liens, Compliance with Laws, etc.** (a) Without limiting the provisions of Section 7.2(a)(5) of the Note Agreement, the Company shall, or shall cause the Franchisee to: (i) promptly repair, restore or rebuild any buildings or improvements now or hereafter on the mortgaged property which may become damaged or be destroyed, whether by casualty, condemnation or otherwise, (ii) keep the mortgaged property in good condition and repair, ordinary wear and tear excepted, without waste, and free from all claims, liens, charges and encumbrances other than Permitted Encumbrances, (iii) pay when due any indebtedness which may be secured by a lien or charge on the mortgaged property on parity with or superior to the lien hereof, and upon request exhibit satisfactory evidence of the discharge of such prior lien to the Mortgagee, (iv) pay all operating costs of the mortgaged property, (v) complete, within a reasonable time, any building or buildings or other improvements now or at any time in the process of erection on the mortgaged property, (vi) comply with all requirements of statutes, ordinances, rules, regulations, orders, decrees and other requirements of law relating to the mortgaged property or any part thereof by any federal, state or local authority where the failure to so comply would materially and adversely affect the use or operation of the mortgaged property, (vii) refrain from any action and correct any condition which would materially increase the risk of fire or other hazard to the mortgaged property or any portion thereof (the phrase "materially increase the risk of fire or other hazard to the mortgaged property" shall mean for purposes of this clause (vii) any act or event the occurrence of which would materially increase the amount of the insurance premium required by the insurance carrier (the "insurance carrier") underwriting the insurance against such acts or events, or would cause such insurance carrier to refuse to underwrite insurance against the occurrence of such acts or events or would cause such insurance carrier to cancel its insurance policy due to the occurrence of such acts or event, provided that the "insurance carrier" shall be an insurance company that has been approved by the Mortgagee), (viii) comply with any restrictions and covenants of record with respect to the mortgaged property and the use thereof and observe and comply with

any conditions and requirements necessary to preserve and extend any and all rights, licenses, permits (including without limitation zoning variances, special exceptions and nonconforming uses), privileges, franchises and concessions that are applicable to the mortgaged property or its use and occupancy, (ix) cause the mortgaged property to be managed and operated in a competent and professional manner by the Franchisee in accordance with the terms of all agreements between the Company and the Franchisee, and (x) make no material alterations in said mortgaged property except as required by law or municipal ordinance; provided, that the Company may make any alterations of any kind to the mortgaged property if (A) the market value, structural integrity and usefulness of the mortgaged property would not be impaired; (B) the foregoing actions shall be performed in a good and workmanlike manner; and (C) such additions, alterations, substitutions and replacements shall be expeditiously completed in compliance with all laws, ordinances, orders, rules, regulations and requirements applicable thereto, including to the extent necessary to maintain in full force and effect the policies of insurance required by Section 2.6 hereof. The Company shall promptly pay all costs and expenses of each such addition, alteration, substitution and replacement, discharge all liens filed against the mortgaged property arising out of the same and procure and pay for all permits and licenses required in connection therewith.

(b) The Company may, at its expense, (i) construct upon the mortgaged property additional buildings, structures and other improvements and (ii) install, assemble and place upon the mortgaged property any items of machinery and equipment used or useful in the business of the Company or its Franchisee, in each case upon compliance with the provisions of paragraph (a) of this Section 2.5. All such buildings, structures and other improvements shall be and remain part of the realty and shall be subject to this Mortgage with respect thereto. Such machinery and equipment (other than building equipment) shall be and remain the property of the Company or its Franchisee, as the case may be, shall not be deemed part of the mortgaged property for purposes of condemnation or casualty and the Company or its Franchisee, as the case may be, may remove the same from the mortgaged property at any time prior to the expiration or earlier termination of this Mortgage, provided that the Company, at its expense, shall repair, or cause its Franchisee to repair, any damage to the mortgaged property resulting from such removal.

(c) The Company shall or shall cause its Franchisee to at all times use and operate the mortgaged property as an automotive fast lubrication and fluid maintenance center under the name "Jiffy Lube".

2.6. Insurance. (a) **Insurance Against Loss or Damage.** Without limiting the provisions of Section 7.2(a)(1) of the Note Agreement, the Company will insure the mortgaged property against such perils and hazards, and in such amounts and with such limits as the Mortgagee may from time to time reasonably require, and in any event will continuously maintain the following-described policies of insurance:

(i) Casualty insurance against loss and damage by all risks of physical loss or damage, including fire, windstorm, flood, earthquake and other risks covered by the so-called "all risk" form of casualty policy with replacement cost and agreed amount endorsements; provided, however, that the amount of such insurance with respect to the mortgaged property shall not at any time be less than the full insurable replacement value of the mortgaged property from time to time; and provided further that such insurance policy shall provide that not more than $10,000 may be deductible from the loss payable for any casualty;

(ii) During the course of any construction or repair of improvements on the mortgaged property, comprehensive public liability insurance (including coverage for elevators and escalators, if any, on the mortgaged property and, if any construction of new improvements occurs after execution of this Mortgage, completed operations coverage for two years after construction of the improvements has been completed) on an "occurrence basis" against claims for "personal injury" including without limitation bodily injury, death or property damage occurring on, in or about the mortgaged property and the adjoining streets, sidewalks and passageways, such insurance to afford immediate minimum protection to a limit of not less then the greater of $3,000,000 or such amount as may be required by the Mortgagee with respect to personal injury or death to any one or more persons or damage to property;

(iii) Workmen's compensation insurance (including employer's liability insurance, if requested by the Mortgagee) for all employees of the Company engaged on or with respect to the mortgaged property in such amount as is reasonably satisfactory to the Mortgagee, or if such limits are established by law, in such amounts;

(iv) During the course of any construction or repair of improvements on the mortgaged property, builder's completed value risk insurance against "all risks of physical costs", including collapse, with deductibles not to exceed $10,000, in nonreporting form, covering the total value of work performed and equipment, supplies and materials furnished. Such policy of insurance shall contain the "permission to occupy upon completion of work or occupancy" endorsement;

(v) Boiler and machinery insurance covering pressure vessels, air tanks, boilers, machinery, pressure piping, heating, air conditioning and elevator equipment and escalator equipment, provided the improvements contain equipment of such nature and insurance against loss or occupancy or use arising from any such breakdown, in such amounts as are reasonably satisfactory to the Mortgagee;

(vi) Insurance against loss or damage to personal property by fire and other risks covered by insurance of the type now known as "Fire and Extended Coverage" in such amounts as are reasonably satisfactory to the Mortgagee;

(vii) Earthquake and such other insurance, and in such amounts, as may from time to time be reasonably required by the Mortgagee against the same or other hazards;

(viii) Flood insurance in such amounts as are reasonably satisfactory to the Mortgagee; provided, however, that the Company shall not be required to maintain such flood insurance if and so long as and to the extent that the mortgaged property shall not be located in a flood hazard area, as designated as such pursuant to the Flood Disaster Protection Act of 1973, as amended, or other applicable law with such insurance to be at least the amount available under the National Flood Insurance Program and if available under policies issued by other sources, then in such additional amounts as the Mortgagee may reasonably require; and

(ix) Insurance insuring against liability for loss or damage to the person or property of others from such risks and in such amounts as are customarily carried by companies owning property of a similar character and engaged in a business similar to that engaged in by the Company; provided, however, that in no event shall the insurance maintained in accordance with this paragraph be less than an aggregate of $3,000,000 under single limit liability for such loss; and provided, further, that such insurance shall provide that not more than $10,000 may be deductible from the loss payable for any loss thereunder.

(b) **Form of Policies.** Any insurance policies carried in accordance with this Section 2.6 shall be written by companies of recognized national standing authorized to do business in the state in which the mortgaged property is located and: (i) shall name the Mortgagee and each other from time to time holder of the Notes as additional insureds, as their interests may appear, (ii) in the case of policies covering loss or damage to the mortgaged property, shall provide that losses, if any, shall be payable solely to the Mortgagee under a standard mortgage clause satisfactory to the Mortgagee, (iii) shall provide that the Mortgagee's interest shall be insured regardless of any breach or violation by the Company of any warranties, declarations or conditions contained in such policies, (iv) such insurance, as to the interest of the Mortgagee therein, shall not be invalidated by the use or operation of the mortgaged property for purposes which are not permitted by such policies, nor by any foreclosure or other proceedings relating to the mortgaged property, nor by change in title to or ownership of the mortgaged property, (v) the insurers shall waive any right of subrogation of the insurers to any set-off or counterclaim or any other deduction, whether by attachment or otherwise, in respect of any liability of the Company, (vi) if any premium or installment is not paid when due, or if such insurance would lapse or be cancelled, terminated or materially changed for any reason whatsoever, the insurers will promptly notify the Mortgagee and any such lapse, cancellation, termination or change shall not be effective as to the Mortgagee for thirty days after receipt of such notice, and (vii) appropriate certification shall be made to the Mortgagee by each insurer with respect thereto. Provided no Default or Event of Default has occurred or is continuing, the loss, if any, under any policy pertaining to loss by reason of damage to or destruction of any portion of the mortgaged property shall be adjusted with the insurance companies by the Company, subject to the approval of the Mortgagee if the loss exceeds $10,000. The loss so adjusted shall be paid to the Mortgagee pursuant to said loss payable clause unless said loss is $10,000 or less in which case said loss shall be paid directly to the Company, provided no Default or Event of Default has occurred and is continuing, in which event any such loss shall be paid to the Mortgagee.

The Company shall furnish the Mortgagee with certificates or other satisfactory evidence of maintenance of the insurance required hereunder and with respect to any renewal policy or policies shall furnish certificates evidencing such renewal not less than 30 days prior to the expiration date of the original policy or renewal policies. All such policies shall provide that the same shall not be cancelled without at least 30 days' prior written notice to each insured named therein.

2.7. Payment of Taxes and Other Charges. (a) **Payment.** Without limiting the provisions of Section 7.1 of the Note Agreement, the Company will pay and discharge, before the same shall become delinquent, together with interest and penalties thereon, if any, (i) all taxes, assessments (including assessments for benefits from public works or improvements whenever begun or completed), levies, fees, water and sewer rents

and charges, and all other governmental charges, general and special, ordinary and extraordinary, and whether or not within the contemplation of the parties hereto, which are at any time levied upon or assessed against it or the mortgaged property or any part thereof or upon this Mortgage or the Notes secured hereby or upon the revenues, rents, issues, income and profits in respect of the mortgaged property, or arising in respect of the occupancy, use or possession thereof, which failure to pay would result in the creation of a lien upon the mortgaged property or any part thereof, or upon the revenues, rents, issues, income and profits of the mortgaged property or in the diminution thereof or would result in any material interference with the use or operation of the mortgaged property by the Company, (ii) all corporate franchise, excise and other taxes, fees and charges assessed, levied or imposed in respect of its corporate existence or its right to do business in any state, (iii) all income, excess profits, excise, sales, franchise, gross receipts and other taxes, duties or imposts, whether of a like or different nature, assessed, levied or imposed by any governmental authority on it or the mortgaged property, or any portion thereof, or upon the revenues, rents, issues, income and profits of the mortgaged property whether or not the failure to pay any such tax, duty or impost might result in the creation of a lien upon any asset of the Company or the mortgaged property or any part thereof or upon the revenues, rents, issues, income and profits of the mortgaged property or in diminution thereof, and whether or not any such tax, duty or impost is payable directly by the Company or subject to withholding at the source, and (iv) all lawful claims and demands of mechanics, laborers, materialmen and others which, if unpaid, might result in the creation of a lien on the mortgaged property or upon the revenues, rents, issues, income and profits of the mortgaged property or any part thereof and, in general, will do or cause to be done everything necessary so that the lien hereof shall be fully preserved, at the cost of the Company, without expense to the Mortgagee (all of which taxes, assessments, levies, fees and other governmental or non-governmental charges, claims and demands of like nature are hereinafter referred to as "Impositions"). The Company shall discharge any claim or lien relating to Impositions upon the mortgaged property.

The Company will pay when due all utility charges which are incurred by the Company for the benefit of the mortgaged property or which may become a charge or lien against the mortgaged property for gas, electricity, water or sewer services furnished to the mortgaged property and all other assessments or charges of a similar nature, whether public or private, affecting the mortgaged property or any portion thereof, whether or not such taxes, assessments or charges are or may become liens thereon.

The Company covenants to furnish the Mortgagee within thirty (30) days after the date upon which any such Imposition is due and payable by the Company, official receipts of the appropriate taxing authority, or other proof satisfactory to the Mortgagee, evidencing the payments thereof.

(b) **Contest.** The Company may, in good faith and with reasonable diligence and by appropriate proceedings, contest or cause to be contested the validity or amount of any such Impositions, provided that:

(i) Such contest shall have the effect of preventing the collection of the Impositions so contested and the sale or forfeiture of the mortgaged property or any part thereof or interest therein to satisfy the same;

(ii) The Company has notified the Mortgagee in writing of the intention of the Company to contest the same or to cause the same to be contested before any Impositions have been increased by any interest, penalties, or costs; and

(iii) The Company has deposited or caused to be deposited with the Mortgagee, at such place as the Mortgagee may from time to time in writing designate, a sum of money or other security reasonably acceptable to the Mortgagee that is sufficient, in the Mortgagee's sole judgment, to pay in full such contested Impositions and all penalties and interest that might become due thereon, and shall keep on deposit an amount sufficient, in the Mortgagee's sole judgment, to pay in full such contested Impositions, increasing such amount to cover additional penalties and interest whenever, in the Mortgagee's sole judgment, such increase is advisable.

In the event the Company fails to prosecute such contest with reasonable diligence or fails to maintain sufficient funds on deposit as hereinabove provided, the Mortgagee may, at its option and upon ten days' prior written notice, apply the moneys and liquidate any Securities deposited with the Mortgagee, in payment of, or on account of, such Impositions, or any portion thereof then unpaid, including all penalties and interest thereon. If the amount of the money and any such security so deposited is insufficient for the payment in full of such Impositions, together with all penalties and interest thereon, the Company shall forthwith, upon demand, either deposit with the Mortgagee a sum that when added to the funds held on deposit is sufficient to make such payment in full, or, if the Mortgagee has applied funds on deposit on account of such Impositions, restore such deposit to an amount satisfactory to the Mortgagee. Provided that the Company is not then in Default hereunder, the Mortgagee shall, if so requested in writing by the Company, after final disposition of such contest and upon the Company's delivery to the Mortgagee of an official bill for such Impositions, apply the money, if any, so deposited and then held by the Mortgagee hereunder, to the payment of such Impositions or that part thereof then unpaid, together with all penalties and interest thereon with any excess to be returned to the Company.

2.8. Limitation on Liens. The Company will not create or incur or suffer to be incurred or to exist, any mortgage, pledge, security interest, encumbrance, lien or charge of any kind upon the mortgaged property or any of the trade fixtures, items of machinery, equipment, furniture and other personal property located therein or thereon, whether now owned or hereafter acquired, or upon any income or proceeds therefrom, or upon any proceeds of conversion thereof, whether voluntary or involuntary, except the following:

(a) liens for property taxes and assessments or governmental charges or levies and liens securing claims or demands of mechanics and materialmen, provided that payment thereof is not overdue or, if overdue, is being contested in the manner and upon the terms contemplated by Section 2.7(b) hereof;

(b) liens of or resulting from any judgment or award, the time for the appeal or petition for rehearing of which shall not have expired, or in respect of which the Company shall at any time in good faith be prosecuting an appeal or proceeding for a review and in respect of which a stay of execution pending such appeal or proceeding for review shall have been secured;

(c) survey exceptions or encumbrances, easements or reservations of, or rights of others for rights-of-way, utilities and other similar purposes, or zoning or other restrictions as to the use of real properties, which are described in the mortgage title insurance policy delivered to the Mortgagee in connection with its purchase of the Notes;

(d) liens of mortgages, conditional sale agreements, security interests or other arrangements for the retention of title securing payment of indebtedness issued or incurred by the Company or the Franchisee in connection with the acquisition of items of machinery, equipment, furniture, trade fixtures and other personal property (which do not constitute fixtures) located in or upon the mortgaged property, provided that the lien shall attach solely to the machinery, equipment, furniture, trade fixtures and other personal property so acquired;

(e) the lien of any Franchisee Lease of the mortgaged property, which Franchise Lease shall, as long as no default or event of default has occurred and is continuing thereunder, be superior in right of possession of the mortgaged property to this Mortgage (and which the Mortgagee shall, upon request of the Company, confirm to such Franchisee pursuant to a subordination and attornment agreement in a form customary for commercial real estate financings);

(f) the lien of this Mortgage; provided that the lien hereof shall be and is subject and subordinate to the terms of any Franchisee Lease of the mortgaged property as long as, but only as long as, the Franchisee is not in default thereunder; and

(g) the lien of the Assignment; provided that the lien thereof shall be and is subject and subordinate to the terms of any Franchisee Lease of the mortgaged property as long as, but only as long as, the Franchisee is not in default thereunder.

2.9. Advances. If the Company shall fail to comply with the covenants contained herein or in the Note Agreement or the Assignment and incorporated herein by reference, the Mortgagee, after giving ten days' prior written notice to the Company and without waiving or releasing any obligation or Default, may (but shall be under no obligation to) at any time thereafter make such payment or perform such act for the account and at the expense of the Company, and may enter upon the mortgaged property or any part thereof for such purpose and take all such action thereon as, in the opinion of the Mortgagee, may be necessary or appropriate therefor. All sums so paid by the Mortgagee and all costs and expenses (including without limitation, reasonable attorneys' fees and expenses) so incurred, together with interest thereon at a rate of one percent above the rate of interest then applicable to the Notes from the date of payment or incurrence, shall be secured hereby in priority to the indebtedness evidenced by the Notes and shall be paid by the Company to the Mortgagee on demand. The Mortgagee in making any payment authorized under this Section relating to taxes or assessments may do so according to any bill, statement or estimate procured from the appropriate public office without inquiry into the accuracy of such bill, statement or estimate or into the validity of any tax assessment, sale, forfeiture, tax lien or title or claim thereof. The Mortgagee, in performing any act hereunder, shall be the sole judge of whether the Company is required to perform the same under the terms of this Mortgage.

2.10. Recordation. The Company will, at its own expense, cause this Mortgage and all supplements hereto and, if required in the reasonable judgment of the Mortgagee to secure the Notes, the Assignment and all supplements thereto, and any financing statements and continuation statements required by law, including the Uniform

Commercial Code, in respect thereof at all times to be kept recorded and filed at its own expense in such manner and in such places as may be required by law in order to fully preserve and protect the rights of the Mortgagee hereunder and, if required in the reasonable judgment of the Mortgagee to secure the Notes, under the Assignment.

2.11. After-Acquired Property. Any and all property hereafter acquired which is of the kind or nature described in the Granting Clauses hereof and is or intended to become a part thereof, shall ipso facto, and without any further conveyance, assignment or act on the part of the Company or the Mortgagee become and be, subject to the lien of this Mortgage as fully and completely as though specifically described herein; but nevertheless the Company shall from time to time, if requested by the Mortgagee, execute and deliver any and all such further assurances, conveyances and assignments thereof as the Mortgagee may reasonably require for the purpose of expressly and specifically subjecting to the lien of this Mortgage any and all such property.

2.12. The Franchisee Lease. At all times the mortgaged property shall be leased to a Franchisee under a Franchisee Lease of the mortgaged property, excepting only when the Company has assumed the obligations of the Franchisee thereunder in conjunction with the removal of such Franchisee and substitution therefor of another Franchisee. The Company will punctually perform all obligations, covenants and agreements by it to be performed under such Franchisee Lease or the Assignment, strictly in accordance with the terms thereof, and will at all times do all things necessary in the Company's reasonable judgment to compel performance by the Franchisee of all covenants and agreements to be performed under such Franchisee Lease or the Assignment which if not performed would impair the lien of this Mortgage or impair the ability of the Company or the Guarantor to perform and comply with the financial covenants contained in the Note Agreement or the Guaranty Agreement, as the case may be. The Company will take no action and permit no action to be taken in the Company's reasonable judgment by other Persons which will impair the ability of the Company or the Guarantor to perform its respective obligations under the Notes, the Note Agreement, the Assignments, the Mortgages or the Guaranty Agreement or result in the termination, amendment or modification of, or impair the validity of, such Franchisee Lease or the Assignment. The Company will give prompt written notice to the Mortgagee of any defaults given to such Franchisee under such Franchisee Lease or the Assignment. Neither this Mortgage nor the Assignment nor any action or inaction on the part of the Mortgagee or the holders of the Notes shall constitute an assumption on the part of the Mortgagee or the holders of the Notes of any obligation to any Franchisee or any other Person under any Franchisee Lease. No action or inaction on the part of the Company shall adversely affect or limit in any way the rights of the Mortgagee or the holders of the Notes under this Mortgage or the Assignment, or, through this Mortgage or the Assignment, under any Franchisee Lease.

The Company will not, except with the prior written consent of the Mortgagee, take or suffer to be taken any action or consent to or permit any prepayment or discount of rent or payment of advanced rent under any Franchisee Lease.

SECTION 3. POSSESSION, USE AND RELEASE OF PROPERTY.

3.1. Company's Right of Possession. Provided no Default or Event of Default has occurred and is continuing, the Company shall be suffered and permitted to remain in full possession, enjoyment and control of the mortgaged property, including without limitation the rents, income, revenues and profits arising from any Franchisee

Lease, subject always to the observance and performance of the terms of this Mortgage and of the Note Agreement. It is expressly understood that the use and possession of the mortgaged property by any Franchisee under and subject to a Franchisee Lease shall not constitute a violation of this Section 3.1.

3.2. Release of Mortgaged Property - Event of Loss. Upon the occurrence of any Event of Loss in respect of the mortgaged property, the Company shall give the Mortgagee, within 30 days after the occurrence thereof, written notice of such Event of Loss, which notice shall specify whether (a) the Company will rebuild the mortgaged property or (b) in a case of an Event of Loss in respect of which the proceeds payable as a result thereof exceed $100,000, the Company will substitute a Substitute Eligible Property for the mortgaged property upon the terms and conditions set forth in Sections 3.4(a) through (e) hereof or, subject to the prior written consent of the holders of at least 66-2/3% of the outstanding principal amount of the Notes, make a prepayment of the Notes in accordance with the provisions of Section 4.1(a) hereof. Unless a Default or Event of Default has occurred and is continuing, the Mortgagee shall, whether or not such holders of the Notes have consented to such prepayment, execute a release in respect of the mortgaged property upon satisfaction of the terms and conditions set forth in said Sections 3.4(a) through (e).

3.3. Release of Mortgaged Property - Determination of Obsolescence. Upon the occurrence of a Determination of Obsolescence in respect of the mortgaged property, the Company shall give the Mortgagee, within 30 days thereafter, written notice of such Determination of Obsolescence. Unless a Default or Event of Default has occurred and is continuing, the Mortgagee shall execute a release in respect of the mortgaged property which has been the subject of such Determination of Obsolescence upon receipt of (a) satisfactory evidence that the Company has discontinued use of the mortgaged property, and has caused the Franchisees of the Company and the Guarantor to discontinue use thereof, as an Eligible Property in the business operations of the Company and its Affiliates and sold or otherwise disposed of the same and will not reacquire or use such mortgaged property for at least five years from the date of such sale or disposition, and (b) the Loan Value of the mortgaged property together with interest accrued thereon to the date of prepayment and the premium, if any, due on the Notes pursuant to Section 5.3 of the Note Agreement.

3.4. Release of Mortgaged Property - Substitution. Provided no Default or Event of Default has occurred and is continuing, the Company may at any time and from time to time after May 1, 1988 upon not less than sixty (60) days prior written notice to the Mortgagee, substitute a Substitute Eligible Unit for the mortgaged property. Prior to any release of the mortgaged property pursuant to this Section 3.4, the Mortgagee shall have received the following:

(a) A Mortgage or Mortgages substantially in the form of this Mortgage and an assignment or assignments of lease substantially in the form of the Assignment with respect to the Substitute Eligible Property or Properties, as the case may be (collectively the "Security Documents") duly executed, acknowledged and delivered by the Company, in full force and effect and recorded or filed for record, together with all necessary financing statements and similar notices if and to the extent permitted or required by applicable law, in each public office wherein such recording or filing is deemed necessary or appropriate by the Mortgagee and its counsel to perfect the lien thereof as a valid first mortgage lien on each such Substitute Eligible

Property and assignment of the related Franchisee Lease or Leases free and clear of all liens and encumbrances except Permitted Encumbrances;

(b) A survey, a mortgage title insurance policy, a certificate of the architects or engineers and of the President or any Vice President of the Company and of the Guarantor, a certificate of occupancy and evidence of insurance in each such case in the form and to the effect contemplated by Section 7.11. of the Note Agreement, but with respect to each Substitute Eligible Property;

(c) A certificate dated the date of the release of the mortgaged property, executed by the President or any Vice President of the Company and of the Guarantor, the truth and accuracy of which shall be a condition to the release of the mortgaged property:

(i) setting forth the Fair Market Value of each Substitute Eligible Property and the Fair Market Value and the Cost of the mortgaged property and demonstrating in reasonable detail that the aggregate Fair Market Value of each Substitute Eligible Property or Properties, as the case may be, is equal to or greater than the greater of (A) the Cost of the mortgaged property and (B) the Fair Market Value of the mortgaged property;

(ii) certifying that the aggregate Fair Market Value of all Substitute Eligible Properties substituted for mortgaged properties pursuant to this Section 3.4 and Section 3.4 of all of the other Mortgages (as such term is defined in the Note Agreement) during the immediately preceding twelve month period does not exceed 25% of the Aggregate Cost of the Eligible Properties and providing in reasonable detail the basis for such certification;

(iii) if the mortgaged property is a Fee-Owned Eligible Property, certifying that the Substitute Eligible Property or Properties, as the case may be, is or are Fee-Owned Eligible Properties; and

(iv) stating that no Default or Event of Default has occurred and is continuing;

which certificate shall have attached thereto the appraisal establishing the Fair Market Value of the mortgaged property and, if construction of the Substitute Eligible Property or Properties was completed more than twelve months prior to the date of release of the mortgaged property, the appraisal or appraisals of each such Substitute Eligible Property establishing the Fair Market Value thereof;

(d) An opinion of counsel for the Company in form and substance satisfactory to the Mortgagee and its counsel to the effect that: (i) the Security Documents have been duly authorized, executed and delivered by the Company and constitute the legal, valid and binding instruments enforceable

in accordance with their respective terms; (ii) the Security Documents have been filed for record and/or recorded in the manner and place required by law in order to establish, preserve and protect the lien of the Security Documents and the Security Documents constitute a valid mortgage lien upon the Substitute Eligible Property or Properties and a valid assignment of the related Franchise Lease or Leases; (iii) the Company has good and marketable title to all real estate and physical properties specifically described in the Security Documents; (iv) no approval, consent or withholding of objection on the part of, or filing, registration or qualification with any governmental body, Federal, state or local, is necessary in connection with the execution and delivery by the Company of the Security Documents or the performance by the Company of any of the matters required of the Company thereunder; and (v) compliance by the Company with all of the provisions of the Security Documents will not conflict with or result in any breach of any of the provisions of or constitute a default under or result in the creation or imposition of any lien or encumbrance on any property of the Company pursuant to the provisions of the articles of incorporation or by-laws of the Company or any other agreement or instrument known to such counsel to which the Company is a party or by which the Company may be bound (it being understood that insofar as the matters referred to in clause (ii) or (iii) of this Section 3.4(d) concern real estate, such opinion may be based and given in reliance upon the mortgage title insurance policy pertaining to such real estate procured by the Company for the Mortgagee); and

(e) Such other opinions, certificates, and other instruments as the Mortgagee or its counsel may reasonably request.

The Mortgagee may, in its sole and absolute discretion, waive or defer compliance with any of the conditions set forth in this Section 3.4.

The Company shall pay all reasonable costs, charges and expenses in any way relating to or incurred in connection with the mortgage of the Substitute Eligible Property or Properties, as the case may be, including reasonable attorneys' fees and expenses, recording fees, premiums covering title insurance and all applicable taxes which may be incurred or imposed by reason of such transactions. Anything herein to the contrary notwithstanding, this Mortgage shall remain in full force and effect until such time as the substitution of a Substitute Eligible Property or Properties, as the case may be, and execution and delivery of the Security Documents is consummated as contemplated by this Section 3.4.

For purposes of the Note Agreement, the Notes, this Mortgage and any other Mortgage securing the Notes, including without limitation this Section 3.4 and Sections 3.2, 3.3, 3.5, 3.6 and 4.1 of this Mortgage or any other mortgage or deed of trust securing the Notes and Sections 5.2 and 5.3 of the Note Agreement, after completion of the process of substitution, the Cost and the Loan Value of the Substitute Eligible Property or Properties, as the case may be, shall be the same as the Cost and the Loan Value, respectively, of the mortgaged property.

3.5. Release of Mortgaged Property - Mortgagee Consent. In addition to the sales, exchanges and releases pursuant to Sections 3.2, 3.3 and 3.4 hereof, the Company may sell or otherwise dispose of the mortgaged property and the Mortgagee shall release the same from the lien hereof to the extent and on the terms and upon compliance

with the conditions provided for in any written consent given thereto at any time or from time to time by the holders of all of the outstanding Notes.

3.6. **Eminent Domain.** The Company hereby irrevocably assigns to the Mortgagee any award or compensation payment to which the Company may become entitled by reason of the Company's interest in the mortgaged property if the use, occupancy or title to the mortgaged property or any part thereof is taken, requisitioned or sold in, by or on account of any actual or threatened eminent domain proceeding or other action by any Person having the power of eminent domain. Should any of the mortgaged property be taken by the exercise of the power of eminent domain or should any condemnation proceedings be commenced against the same, the Company may accept any award or consideration stated in a certificate of the President or any Vice President of the Company and of the Guarantor delivered to the Mortgagee to be satisfactory to the Company. The Mortgagee shall release the mortgaged property or part or portion thereof, as the case may be, taken or proposed to be taken upon receipt of: (a) an opinion of counsel satisfactory to the Mortgagee to the effect that such property has been taken or, upon the completion of the pending proceedings, such property will be taken, by the exercise of the power of eminent domain and (b) compliance by the Company with the terms and provisions of Section 4.1 hereof. In the event of such proceeding, the Mortgagee may be represented by counsel and the Mortgagee may or may not become a party to any proceeding as the Mortgagee in its discretion may determine. The proceeds of all property so taken shall be paid over to the Mortgagee and shall be held and disbursed or applied upon the terms and conditions provided in Section 4.1 hereof in respect of insurance proceeds.

SECTION 4. APPLICATION OF INSURANCE AND CERTAIN OTHER MONEYS RECEIVED BY THE MORTGAGEE.

4.1. **Insurance Proceeds and Condemnation Awards.** (a) All proceeds of fire and extended coverage insurance and condemnation awards and compensation covering the mortgaged property (except in cases where the amount payable in respect of any one Event of Loss is less than $100,000 and no Default or Event of Default shall have occurred and be continuing under this Mortgage, in which case the amount payable in respect of any such Event of Loss may be received by the Company, and if received by the Mortgagee shall be by the Mortgagee paid over to the Company for use by the Company in paying for replacement or repairs of or substitutes for the damaged or destroyed property) received by the Mortgagee under the provisions of this Mortgage and/or the Note Agreement or any instruments supplemental hereto or thereto, or under any policy or policies of insurance covering the mortgaged property or any part thereof, shall be held by the Mortgagee as part of the mortgaged property and shall be applied by the Company either to (x) reimburse the Company for the substitution of the Substitute Eligible Property for the mortgaged property, (y) the prepayment of the Notes in accordance with clause (i) of this Section 4.1(a), provided that the holders of the Notes have concurred or such prepayment pursuant to Section 5.2 of the Note Agreement, or (z) to the cost of repairing or replacing that part of the mortgaged property which was the subject of such Event of Loss in accordance with clause (ii) of this Section 4.1(a).

(i) In the event the Company elects to prepay the Notes, and the holders of the Notes have concurred therein, such proceeds, award or compensation, as the case may be, shall be applied in payment and satisfaction of the Loan Value of the mortgaged property, together with

interest accrued thereon to the date of payment, upon the terms and in the manner provided in Section 5.2 of the Note Agreement and the balance, if any, of any such proceeds, award or compensation shall be released to or upon the order of the Company. If for any reason such proceeds, award or compensation are less than the Loan Value of the mortgaged property, together with interest accrued thereon to the date of payment, the Company shall promptly pay the difference between such proceeds, award or compensation and the Loan Value plus such interest to the Mortgagee for application in accordance herewith; or

(ii) In the event the Company elects to repair or replace the mortgaged property, such proceeds, award or compensation shall be paid to the Company from time to time upon a written application signed by the President or any Vice President of the Company for the purpose of paying, or reimbursing the Company for the payment of, the reasonable cost, as shown by such certificate, of repairing or replacing that part or all of the mortgaged property damaged or destroyed, which application shall be accompanied by an approving certificate of an architect or engineer selected by the Company and approved by the Mortgagee demonstrating that the portion of such proceeds, award or compensation remaining on deposit with the Mortgagee, together with any additional funds irrevocably allocated or otherwise provided for in a manner satisfactory to the Mortgagee for such purpose, shall be sufficient to complete such repairs or replacements and restore the mortgaged property as nearly as possible to the market value, utility and condition which existed immediately prior to the Event of Loss, free from liens or encumbrances except this Mortgage and Permitted Encumbrances. Every such application for the payment of such proceeds, award or compensation shall state that no Default or Event of Default has occurred and is continuing. The Company shall promptly complete such repairs or replacements in accordance with the terms and provisions of Section 2.5 hereof. The Mortgagee shall receive a supplement hereto sufficient, as shown by an opinion of counsel (which may be counsel for the Company), to grant a valid first lien in any additions to or substitutions for the mortgaged property to the Mortgagee, which opinion shall also cover the filing and/or recording of such supplement (or a financing statement or similar notice thereof if and to the extent permitted or required by applicable law) so as to perfect the lien and security interest in such additions or substitutions, or in the alternative an opinion that no such supplement is required for such purpose; or

(iii) In the event that the Company elects to prepay the Notes, but the holders of 75% in outstanding principle amount of the Notes have not concurred therein pursuant to Section 5.2 of the Note Agreement, then and in such event such proceeds, award or compensation shall be paid to or upon the order of the Company and the Mortgagee shall execute a release in respect of the mortgaged property pursuant to Section 3.2 hereof.

(b) Subject to Section 2.6(b) hereof with respect to adjustments of losses, any appraisal or adjustment of such loss or any settlement or payment of indemnity therefor which shall be agreed upon between the Company and the relevant insurance company shall be accepted by the Mortgagee.

4.2. Mortgage Title Insurance. Any moneys received by the Mortgagee as payment for any loss under any policy of mortgage title insurance which was delivered by the Company shall become part of the mortgaged property and shall be paid and applied in the same manner contemplated by Section 5.3 hereof.

4.3. Investment of Insurance Proceeds and Condemnation Awards or Compensation. All insurance proceeds, condemnation awards or compensation received by the Mortgagee as payment for any Event of Loss under any policy of insurance or as an award or compensation for the taking in condemnation or other eminent domain proceedings relating to the mortgaged property or any part thereof shall, at the written request of the Company, be invested or reinvested by the Mortgagee for the account of the Company in (a) direct obligations of the United States of America maturing in not more than ninety days from the date of such investment, (b) commercial paper maturing within 270 days from the date of acquisition and rated in the highest rating classification by at least one national rating agency, (c) certificates of deposit of commercial banks in the United States of America with capital and surplus of $100,000,000 or more maturing in not more than five days from the date of such investment, or (d) repurchase agreements issued by a commercial bank or trust company which satisfies the requirements of the preceding clause (c), providing for the repurchase in not more than five days of obligations issued or guaranteed by the United States of America, as specified in such written request. Upon a written request of the Company in accordance with the terms of this Mortgage, or at any time when the Mortgagee shall determine that cash is required pursuant to Section 4.1 hereof, the Mortgagee shall sell all or any designated part of such investments at the then market price therefor and shall pay and apply the proceeds in accordance with the terms of said Section 4.1.

4.4. Other Proceeds. Provided that no Event of Default has occurred and is continuing, any other moneys received by the Mortgagee in connection with the release of property shall be held by the Mortgagee as part of the mortgaged property and shall be applied by the Mortgagee upon the terms and in the manner provided in Section 5 of the Note Agreement.

4.5. Application if Event of Default Exists. If an Event of Default has occurred and is continuing, all amounts received by the Mortgagee under this Mortgage shall be applied in the manner provided for in Section 5 hereof in respect of proceeds and avails of the mortgaged property.

SECTION 5. DEFAULTS AND REMEDIES THEREFOR.

5.1. Events of Default. The Company acknowledges and agrees that each and all of the terms and provisions of Sections 9.1 through 9.2, both inclusive, of the Note Agreement have been and are incorporated into this Mortgage by reference to the same extent as though fully set out herein and that the term Event of Default wherever used in this Mortgage shall mean:

(a) an Event of Default as defined in Section 9.1 of the Note Agreement; or

(b) the failure of the Company to comply with any covenant, agreement or warranty contained in this Mortgage or any other mortgage or deed of trust from time to time entered into by the Company for the benefit of the

holders of the Notes within 30 days after written notice thereof to the Company from any holder of the Notes (it being understood that such 30-day grace period shall apply only to any such failure of the Company to comply with any covenant, agreement or warranty hereunder); or

(c) the mortgaged property, or any part thereof or interest therein comprising part of the mortgaged property, shall be sold, mortgaged, encumbered, conveyed, transferred, disposed of or otherwise alienated (i) in violation of Section 7.4 of the Note Agreement or Sections 2.8 or 3 hereof, or (ii) without the prior written consent of the Mortgagee.

5.2. **Remedies.** When any Event of Default has occurred and is continuing, the Mortgagee may exercise any one or more or all, and in any order, of the remedies hereinafter set forth, it being expressly understood that no remedy herein or in the Note Agreement conferred is intended to be exclusive of any other remedy or remedies, but each and every remedy shall be cumulative and shall be in addition to every other remedy given herein or now or hereafter existing at law or in equity or by statute:

(a) The Mortgagee may, by notice in writing to the Company declare the entire unpaid balance of the Notes to be immediately due and payable; and thereupon all such unpaid balance, together with all accrued interest thereon and premium, if any, shall be and become immediately due and payable.

(b) The Mortgagee personally or by agents or attorneys may enter into and take possession of all or any part of the mortgaged property, and may forthwith use, operate and manage the mortgaged property, collect the earnings and income therefrom, pay all principal charges including taxes and assessments levied thereon and operating and maintenance expenses and all disbursements and liabilities of the Company hereunder and apply the net proceeds arising from any such operation of the mortgaged property as provided in Section 5.3 hereof in respect of the proceeds of a sale of the mortgaged property.

(c) The Mortgagee may, if at the time such action may be lawful and always subject to compliance with any mandatory legal requirements, either with or without taking possession and either before or after taking possession and without instituting any legal proceedings whatsoever and having first given notice of such sale by certified mail to the Company once at least, 10 days prior to the date of such sale, and any other notice which may be required by law, sell and dispose of said mortgaged property or any part thereof at public auction or private sale to the highest bidder, which may be the Company, in one lot as an entirety or in separate lots (the Company for itself and for all who may claim by, through or under it hereby expressly waiving and releasing all rights to have the property covered by the lien of this Mortgage marshalled), and either for cash or on credit and on such terms as the Mortgagee may determine and at any place (whether or not it be the location of the mortgaged property or any part thereof) designated in the notice above referred to. Any such sale or sales may be adjourned from time to time by announcement at the time and place appointed for such sale or sales or for any such adjourned sale or sales, without further published notice.

(d) The Mortgagee may proceed to protect and enforce its rights by a suit or suits in equity or at law, or for the specific performance of any covenant or agreement contained herein or in the Notes, or in aid of the execution of any power herein or therein granted, or for the foreclosure of this Mortgage, or for the enforcement of any other appropriate legal or equitable remedy. Upon the bringing of any suit to foreclose this Mortgage or to enforce any other remedy available hereunder, the plaintiff shall be entitled as a matter of right, without giving bond to the Company or anyone claiming under, by or through it, and without regard to the solvency or insolvency of the Company or the then value of the premises, to have a receiver appointed of all the mortgaged property and of the earnings, income, rents, issues, profits and proceeds thereof, with such power as the court making such appointment shall confer, and the Company does hereby irrevocably consent to such appointment.

(e) In case of any sale of the mortgaged property, or of any part thereof, pursuant to any judgment or decree of any court or otherwise in connection with the enforcement of any of the terms of this Mortgage, the principal of the Notes, if not previously due, and the interest accrued thereon, shall at once become and be immediately due and payable; also in the case of any such sale, the Mortgagee may bid and become the purchaser, and the purchaser or purchasers, for the purpose of making settlement for or payment of the purchase price, shall be entitled to turn in and use the Notes and any claims for interest and premium matured and unpaid thereon, in order that there may be credited as paid on the purchase price the sum apportionable and applicable to the Notes, including principal and interest and premium thereof, out of the net proceeds of such sale after allowing for the proportion of the total purchase price required to be paid in cash. If at any foreclosure proceeding the mortgaged property shall be sold for a sum less than the total amount of indebtedness for which judgment is therein given, the judgment creditor shall be entitled to the entry of a deficiency decree against the Company and against the property of the Company for the amount of such deficiency.

(f) The Mortgagee shall have any and all rights and remedies (including, without limitation, extra judicial power of sale) provided to a secured party by the Uniform Commercial Code with respect to any and all parts of the mortgaged property which are and which are deemed to be governed by the Uniform Commercial Code. Without limiting the generality of the foregoing, the Mortgagee shall, with respect to any part of the mortgaged property constituting property of the type in respect of which realization on a lien or security interest granted therein is governed by the Uniform Commercial Code, have all the rights, options and remedies of a secured party under the Uniform Commercial Code, including, without limitation, the right to the possession of any such property, or any part thereof, and the right to enter without legal process any premises where any such property may be found. Any requirement of said Code for reasonable notification shall be met by mailing written notice to the Company at its address set forth in Section 6.3 at least 10 days prior to the sale or other event for which such notice is required. The proceeds of any sale or realization upon any such property shall be applied to the payment of the indebtedness hereby secured, after first deducting therefrom any expenses for retaking, selling and

otherwise disposing of said property, including reasonable attorneys' fees and legal expenses incurred by the Mortgagee in connection therewith.

(g) The Mortgagee shall have any and all rights and remedies provided for in the Note Agreement.

It is understood and agreed that the Notes are also secured by other Mortgages and that in case of default in any of the terms, conditions or provisions of this Mortgage or the Note Agreement, the Mortgagee may resort to part or all of the security for the Notes and the Note Agreement and foreclose the Mortgages in any order. The pendency of any proceeding with respect to any one of the above-mentioned mortgages and deeds of trust shall not be grounds for the abatement of, or for hindering, delaying or preventing any proceeding with respect to foreclosure of this Mortgage.

5.3. **Application of Proceeds.** The purchase money proceeds and/or avails of any sale of the mortgaged property, or any part thereof and the proceeds and the avails of any remedy hereunder shall be paid to and applied as follows:

(a) first, to the payment of costs and expenses of foreclosure or suit, if any, and of such sale, and to the extent permitted by applicable law, the reasonable compensation of the Mortgagee, its agents, attorneys and counsel, and of all proper expenses, liability and advances incurred or made hereunder by the Mortgagee, and of all taxes, assessments or liens superior to the lien of these presents, except any taxes, assessments or other superior lien subject to which said sale may have been made;

(b) second, to the amount then owing or unpaid on the Notes for principal, premium, if any, and interest; and in case such proceeds shall be insufficient to pay in full the whole amount so due, owing or unpaid upon the Notes, then ratably according to the aggregate of such principal and the accrued and unpaid interest and premium, if any, with application on each Notes to be made, first, to the unpaid principal thereof, second, to unpaid premium, if any, thereon, and third, to unpaid interest thereon;

(c) third, to the payment of any other sums required to be paid by the Company pursuant to any provision of this Mortgage, any other Mortgage, the Notes, the Note Agreement or any other instrument given to secure the Notes; and

(d) fourth, to the payment of the surplus, if any, to the Company, its successors and assigns, or to whomsoever may be lawfully entitled to receive the same.

5.4. **Operation of Mortgaged Property as Jiffy Lube Service Center.** The Company covenants and agrees with the Mortgagee that from and after the date the Mortgagee takes possession of the Mortgaged Property in connection with the exercise of any of its remedies pursuant to this Section 5, the Mortgagee may operate the Mortgaged Property as a "Jiffy Lube Service Center" and shall have all of the rights, benefits and prerogatives that a franchisee or licensee of the name "Jiffy Lube" would have, with all such rights and benefits to be free of any charge, cost or expense to the Mortgagee; provided only that the Mortgagee shall have entered into the Guarantor's standard form license agreement. The Company further covenants and agrees that any Person to which the Mortgagee may sell the mortgaged property shall have all of the such rights and benefits as are herein accorded to the Mortgagee, excepting only that: (a) the sale of the

mortgaged property to such Person shall have been approved in writing by the Company (it being understood and agreed by the Company that the right of approval of any such sale shall be required if, and only if such Person has elected in writing to operate the mortgaged property as a "Jiffy Lube Service Center" and not if such Person shall otherwise operate the mortgaged property), and (b) such Person shall have agreed to pay the Company or the Guarantor such commercially reasonable fee or charge as the Company or the Guarantor would charge other Franchisees pursuant to the Guarantor's standard form license agreement to which such Person is a party.

5.5. **Waiver of Extension, Appraisement and Stay Laws.** The Company covenants that, upon the occurrence of an Event of Default and the acceleration of the Notes pursuant to Section 5.1 and to the extent that such rights may then be lawfully waived, it will not at any time thereafter insist upon or plead, or in any manner whatever claim or take any benefit or advantage of, any stay or extension or moratorium law now or at any time hereafter in force, or claim, take or insist upon any benefit or advantage of or from any law now or hereafter in force providing for the valuation or appraisement of the mortgaged property or any part thereof prior to any sale or sales thereof to be made pursuant to any provision herein contained, or to the decree, judgment or order of any court of competent jurisdiction or, after conformation of any such sale or sales claim or exercise any right under any statute now or hereafter made or enacted by any state or otherwise to redeem the property so sold or any part thereof, and hereby expressly waives for itself and on behalf of each and every Person, except decree or judgment creditors of the Company acquiring any interest in or title to the mortgaged property or any part thereof, subsequent to the date of this Mortgage, all benefit and advantage of any such law or laws which would otherwise be available to any such Person in connection with the enforcement of any of the Mortgagee's remedies hereunder; and covenants that it will not in connection with any such enforcement proceedings invoke or utilize any such law or laws or otherwise hinder, delay or impede the execution of any power herein granted and delegated to the Mortgagee but will suffer and permit the execution of every such power as though no such law or laws had been made or enacted. The Company hereby waives any and all rights of redemption from sale under any order or decree of foreclosure pursuant to rights herein granted, on behalf of the Company and each and every Person acquiring any interest in or title to the mortgaged property subsequent to the date of this Mortgage, and on behalf of all other Persons to the extent permitted by applicable law.

Any sale, whether under any power of sale hereby given or by virtue of judicial proceedings, shall operate to divest all right, title, interest, claim and demand whatsoever, either at law or in equity, of the Company in and to the property sold and shall be a perpetual bar, both at law and in equity, against the Company, its successors and assigns, and against any and all Persons claiming the property sold or any part thereof under, by or through the Company, its successors or assigns.

5.6. **Effect of Discontinuance of Proceedings.** In case the Mortgagee shall have proceeded to enforce any right under this Mortgage by foreclosure, sale, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely, then and in every such case the Company and the Mortgagee shall be restored to their former position and rights hereunder with respect to the property subject to the lien of this Mortgage.

5.7. **Delay or Omission Not a Waiver.** No delay, failure or omission of the Mortgagee to exercise any right, power or remedy arising from any default on the part of the Company shall exhaust or impair any such right, power or remedy or prevent its

exercise during the continuance of such default. No waiver by the Mortgagee of any such default, whether such waiver be full or partial, shall extend to or be taken to affect any subsequent default, or to impair the rights resulting therefrom, except as may be otherwise provided herein. No right, power or remedy hereunder is intended to be exclusive of any other right, power or remedy but each and every right, power and remedy shall be cumulative and in addition to any and every other right, power and remedy given hereunder or otherwise existing. Nor shall the giving, taking or enforcement of any other or additional security, collateral or guaranty for the payment of the indebtedness secured under this Mortgage operate to prejudice, waive or affect the security of this Mortgage or any rights, powers or remedies hereunder; nor shall the Mortgagee be required to first look to, enforce or exhaust such other or additional security, collateral or guaranties.

5.8. **Restoration of Positions.** If the Mortgagee or any other holder of the Notes has instituted any proceeding to enforce any right or remedy under this Mortgage by foreclosure, entry or otherwise and such proceeding has been discontinued or abandoned for any reason or has been determined adversely to the Mortgagee or to such holder of the Notes, then and in every such case the Company, the Mortgagee and the other holders of the Notes shall, subject to any determination in such proceeding, be restored to their former positions hereunder, and thereafter all rights and remedies of the Mortgagee and the other holders of the Notes shall continue as though no such proceeding has been instituted.

5.9. **Costs and Expenses of Foreclosure.** In any suit to foreclose the lien hereon there shall be allowed and included as additional indebtedness in the decree for sale all expenditures and expenses which may be paid or incurred by or on behalf of the Mortgagee for attorney's fees, appraiser's fees, outlays for documentary and expert evidence, stenographic charges, publication costs and costs (which may be estimated as the items to be expended after the entry of the decree) of procuring all such abstracts of title, title searches and examination, guarantee policies, and similar data and assurances with respect to title as the Mortgagee may deem to be reasonably necessary either to prosecute any foreclosure action or to evidence to the bidder at any sale pursuant thereto the true condition of the title to or the value of the mortgaged property, all of which expenditures shall become so much additional indebtedness hereby secured which the Company agrees to pay and all of such shall be immediately due and payable with interest thereon from the date of expenditure until paid at a rate of one percent above the rate of interest then applicable to the Notes.

SECTION 6. MISCELLANEOUS.

6.1. **Successors and Assigns.** Whenever any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party; and all the covenants, premises and agreements in this Mortgage contained by or on behalf of the Company, or by or on behalf of the Mortgagee, shall bind and inure to the benefit of the respective successors and assigns of such parties whether so expressed or not.

6.2. **Severability.** No provision of this Mortgage or the Notes shall require the payment or permit the collection of interest in excess of the maximum permitted by applicable law, any contrary provision in this Mortgage or the Notes notwithstanding. If any provision of this Mortgage or the Notes or its application shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of all other

provisions and applications hereof shall not in any way be affected or impaired. The unenforceability or invalidity of any provision or provisions of this Mortgage shall not render any other provision or provisions herein contained unenforceable or invalid.

6.3. Addresses for Notices and Demands. All communications provided for herein shall be in writing and shall be mailed by registered or certified mail, addressed as follows:

If to the Company:

Jiffy Lube International of Maryland, Inc.
7008 Security Boulevard
Baltimore, Maryland 21207

Attention: Treasurer

with a copy to:

Jiffy Lube International, Inc.
7008 Security Boulevard, Suite 300
Baltimore, Maryland 21207

Attention: Treasurer

If to the Mortgagee:

New England Mutual Life Insurance Company
501 Boylston Street
Boston, Massachusetts 02117

Attention: Private Placement Department

or as to either party at such other address as such party may designate by notice duly given in accordance with this Section to the other party. Any notice so addressed and delivered or mailed by registered or certified mail shall be deemed to be given when received.

6.4. Headings and Table of Contents. The headings of the sections of this Mortgage and the table of contents are inserted for purposes of convenience only and shall not be construed to affect the meaning or construction of any of the provisions hereof.

6.5. Release of Mortgage. The Mortgagee shall release this Mortgage and the lien hereof by proper instrument or instruments upon presentation of satisfactory evidence that all indebtedness secured hereby has been fully paid or discharged.

6.6. Counterparts. This Mortgage may be executed, acknowledged and delivered in any number of counterparts, each of such counterparts constituting an original but all together only one Mortgage.

6.7. Governing Law. This Mortgage shall be governed by and construed in accordance with the laws of the State of Illinois.

87675528

IN WITNESS WHEREOF, the Company has caused this Mortgage to be executed in its behalf by its Senior Vice President and Assistant Secretary and its corporate seal to be hereunto affixed and attested by its Assistant Secretary all as of the day and year first above written.

JIFFY LUBE INTERNATIONAL OF MARYLAND, INC.

By E.F. Kelley III

Printed Name: E.F. Kelley III

Its Sr VP

KMA

[CORPORATE SEAL]

ATTEST: K. T. Drew

Printed Name: Kevin T. Drew

Assistant Secretary

87675528

8 7 6 7 5 5 2 8

STATE OF MARYLAND)
) SS
COUNTY OF BALTIMORE)

I, Dorothea M. Dill, a Notary Public in and for the County and State aforesaid, do hereby certify that Edward F. Kelley, III and Kevin O'Neill, personally known to me to be the same persons whose names are respectively, as Senior Vice President and Assistant Secretary of JIFFY LUBE INTERNATIONAL OF MARYLAND, INC., a Maryland corporation, subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that they, being thereunto duly authorized, signed, sealed with the seal of said corporation, and delivered the said instrument as the free and voluntary act of said corporation and as their own free and voluntary act, for the uses and purposes therein set forth.

Given under by hand and notarial seal this 14th day of December, 1987.

Dorothea M. Dill
Notary Public

(SEAL)

Commission expires:

MY COMMISSION EXPIRES JULY 1, 1990

87675528

8 7 6 7 5 5 2 3

LEGAL DESCRIPTION OF REAL PROPERTY

The South 5.83 feet of Lot 17 and all of Lots 18 to 22 in Block 1 in Secor's 3rd Subdivision being a Subdivision of Lots 1 to 34 in Block 1 and Lots 1 to 18 in Block 2 and all of Blocks 3 and 4 in Secor's 2nd Subdivision of the North East 1/4 of the North West 1/4 of Section 16, Township 38 North, Range 12 East of the Third Principal Meridian, in Cook County, Illinois.

Address of Property:

5550 La Grange Rd
Countryside, IL.

Real Estate Tax I.D. Nos.:

18-16-102-022 (Affects South 5.83 feet of Lot 17)
18-16-102-018 (Affects Lot 18)
18-16-102-019 (Affects Lot 19)
18-16-102-020 (Affects Lot 20)
18-16-102-021 (Affects Lot 21)
18-16-102-022 (Affects Lot 22)

DDO

RETURN TO BOX 43

87675523

ANNEX A

47

DEPT-01 RECORDING $47.00

T#4444 TRAN 1749 12/28/87 11:10:00

#3610 # D *-87-675528

COOK COUNTY RECORDER

87-675528