

STATE OF ALABAMA
SHELBY COUNTY

GROUND LEASE

THIS GOUND LEASE made and entered into on this 20 day of October, 2000, by and between J.G. Properties, Inc., an Alabama corporation ("Lessor"), and EMM Auto, L.L.C., ("Lessee"):

1. PREMISES: Lessor, for and in consideration of the covenants hereinafter set forth and made on the part of Lessee, does hereby demise, lease and let unto Lessee, and Lessee does hereby lease from Lessor the following described real property, located and situated in Shelby County, Alabama. Said real property is outlined in yellow on Exhibit "A", which is attached hereto and expressly incorporated herein by reference, and described as follows, to-wit:

Commence at the Northeast corner of the Northeast quarter of Section 14, T-21-S, R-3-W, Shelby County, Alabama; thence run South along said East section line for 525.56 feet; thence turn an angle to the right of 90 degrees and run West for 589.21 feet to a point lying on the Southerly right of way of Shelby County Highway No. 26 (80' ROW) said point being the Northeast corner of that certain property conveyed by Instrument No. 1996-19123, dated June 12, 1996, as recorded in the Office of the Judge of Probate, Shelby County, Alabama; thence run along said right of way, South 54 degrees 39 minutes 42 seconds West, 194.04 feet to the POINT OF BEGINNING; thence from said Point of Beginning, leave said right of way and run South 36 degrees 09 minutes 47 seconds East 312.41 to a point; along the West line of the said conveyed property, North 36 degrees 09 minutes 47 seconds West, 312.46 feet to an iron pin located on the aforementioned Southerly right of way of Shelby County Highway No. 26; thence run along said right of way North 54 degrees 39 minutes 42 seconds East 140.00 feet to the Point of Beginning.

Said described property lying and being situated in the Northeast quarter of Section 14, T-21-S, R-3-W, Shelby County, Alabama, and contains 43744 square feet, more or less.

2. LEASE TERM: Lessee shall hold the demised premises for a term of twenty (20) years. The term shall commence on the 1st day of August, 2000 and terminate on the 31st day of July 2020. Lessee shall be entitled to possession and occupancy of the demised premises on the date of the commencement of the term thereof.
3. RENT:
 - A. It is anticipated by Lessor and Lessee that Douglas Martin Melton d/b/a Melton Automotive, Inc. will be the tenant of the ground lease premises and the facility located thereon. In the event that Douglas Martin Melton d/b/a Melton Automotive, Inc. will be the tenant of the ground lease premises and the facility situated thereon, the annual rental on the ground lease premises shall be in the

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amount of One Thousand Two Hundred and no/100 Dollars (\$1,200.00) per annum, payable in advance.

- B. In the event Douglas Martin Melton d/b/a Melton Automotive, Inc., is not the tenant of the ground lease premises i.e. a sub-lease by EMM Auto, L.L.C. and the facility situated thereon, the annual rental on the ground lease premises shall be in the amount of Two Thousand Four Hundred and NO/100 Dollars (\$2,400.00) per annum, payable in advance.

The rent shall be adjusted at the end of each five year period during the lease term as determined by the Consumer Price Index (CPI) as published by the United States Department of Labor, to reflect an increase in rent based on increase in CPI.

4. LESSOR'S WARRANTIES AND COVENANTS: Lessor hereby covenants, represents and warranty as follows:

- A. That the demised premises is free and clear of all tenancies, whether oral or written and that Lessee shall have sole and actual possession thereof from the commencement date of the term hereof.

- B. The demised premises is free and clear of all liens, except the following:

1. Taxes due in the year, 2000, a lien, but not yet due and payable.

5. USE: The Ground Lease premises shall be used as an automotive repair facility with the building and improvements on subject property being a Butler type building, the dimensions of which are 70' x 140', any addition constructed will require written consent of Lessor.

6. ASSIGNMENT AND SUBLETTING: Lessee shall not, without the prior written consent of Lessor, sublease or assign this Ground Lease or its rights hereunder. Such consent shall not be unreasonably withheld. In the event Lessor should consent to subleasing or assigning this lease, Lessee shall remain liable for the payment of rent required to be paid hereunder and for the performance of all terms, covenants and conditions herein undertaken by Lessee. Without limitation, it is agreed that Lessee shall have the right to mortgage, or otherwise encumber its leasehold interest.

7. TAXES AND ASSESSMENTS: Lessee shall pay promptly and before they become delinquent, all taxes, assessments and other impositions generally or specially imposed at any time during the term hereof of this Ground Lease, or any renewal thereof, upon or against the demised premises including the land and all buildings and improvements now or hereafter located thereon, lawfully assessed either in the name of Lessor, fee owner or Lessee. Lessee's obligation to pay taxes and assessments shall commence to accrue on the date of the commencement of the term hereof.

8. **BUILDINGS AND IMPROVEMENTS:** Lessee is hereby authorized, at its sole cost and expense, to construct, erect and complete such building and improvements as may be lawfully placed on the demised premises. Said building and improvements should be constructed so as to comply with the applicable building codes, zoning ordinances and regulations of the governmental authorities thereof. Lessee shall promptly pay for all labor, materials and subcontractors who perform work and provide materials for such construction; Lessee shall not allow or permit any mechanic or materialman lien or liens to be perfected against the demised premises or any part thereof, at any time during the term hereof, or any renewal thereof. Grounds around building shall be maintained in a neat and orderly manner. Water runoff control shall be maintained according to current regulations.
9. **HOLDING OVER:** In the event Lessee continues to occupy the demised premises after the last day of the term hereof, and Lessor elects to accept rent thereafter, a tenancy from month to month only shall be created, and not for any longer period.
10. **EMINENT DOMAIN:** If the whole or any part of the demised premises shall be taken or condemned by any competent authority for any public use or purpose during the term hereof this Ground Lease, or any renewal thereof, Lessee reserves the right to claim and prosecute its claim in all appropriate courts and agencies for an award or damages based upon its leasehold interest in and to the demised premises.

In the event that a part of the demised shall be taken or condemned which, in the sole judgment of Lessee is sufficient to render the remaining portion thereof unsuitable for its continued use or occupancy, then and in any such event, Lessee shall have the option to either terminate and cancel this Ground Lease at the time the portion of the demised premises is acquired by the condemning authority, or Lessee shall have the option to remain in the demised premises with monthly rentals provided for herein, reduced by an amount determined by that ratio which is the number of square feet of the demised premises acquired by Eminent Domain, or threat thereof, bears to the total number of square feet of the demised premises existing immediately proper to the taking.

11. **TITLE EVIDENCE:** Lessor shall furnish Lessee a leasehold title insurance policy issued by a title insurance company licensed and qualified to do business in the State of Alabama, in the amount of Four Hundred Eighty Thousand and no/100 (\$480,000.00) Dollars, with exceptions therein satisfactory and acceptable to Lessee. Cost to be paid by Lessee.
12. **RECORDING:** The within Ground Lease shall be filed for record in the Office of the Shelby County Probate Judge no later than ninety (90) days after the date hereof. The recording fee shall be paid by Lessee.

13. **DEFAULT AND LESSOR'S RIGHT OF RE-ENTRY:** If Lessee shall fail to pay any installments of rental promptly on the day when same shall become due and payable hereunder, and shall continue in default for a period of thirty (30) days after written notice thereof by Lessor, or if Lessee shall fail to promptly keep and perform any other affirmative covenants of this Ground Lease in accordance with the terms hereof and shall continue in default for a period of ten (10) days after written notice thereof by Lessor of default and demand of performance, then and in any such event, and as often as any such event shall occur, Lessor may (a) Declare this Ground Lease terminated, and enter in and onto said demised premises or any part thereof, either with or without process of law, and expel Lessee or any person occupying same in or the said demised premises, using such force as may be necessary to do so, and to repossess and enjoy the demised premises as in Lessor's former estate; and/or (b) Relet the Ground Lease premises, applying the rent from the new tenant on this Ground Lease, and Lessee shall be responsible for no more than the balance that may be due, should a balance exist. Anything contained herein to the contrary notwithstanding, if any default shall occur other than in the payment of money, which cannot with due diligence be cured within a period of ten (10) days, and Lessee, prior to the expiration of ten (10) days from and after the giving of notice as aforesaid, shall commence to eliminate the cause of such default, then Lessor shall not have the right to declare said term ended by reason of such default.
14. **TITLE TO BUILDING AND IMPROVEMENTS:** The buildings constructed, erected and completed or to be constructed, erected and completed and improvements constructed or to be constructed on the demised premises shall be the property of and be owned by Lessee. Building shall be defined as any structure, which can be removed from the property without damage to the fee owner. Permanent fixtures cannot be removed.
15. **NOTICES:** If at any time after the execution of this Ground Lease, it shall become necessary or convenient for one of the parties hereto to serve any notice, demand or communication shall be in writing, signed by the party serving same, deposited in the certified United States mail, return receipt requested, postage prepaid and (a) If intended for Lessor, shall be addressed to:

J.G. Properties, Inc.
958 Highway 202
Calera, AL 35040

and if intended for Lessee, shall be addressed to:

EMM Auto, L.L.C.
425 Golf Drive
Birmingham, AL 35226

J.D.
EMM

or to such other address or addresses as either party may have furnished to the other in writing as a place for the service of notice. Any notice so mailed shall be deemed to have been given as of the time same is deposited in the United States mail.

16. **ATTORNEY'S FEE:** In the event that at any time during the term hereof of this Ground Lease, or any renewal thereof, either Lessor or Lessee shall institute any action or proceeding against the other relating to provisions of this Ground Lease, or any default thereunder, then, and in that event, each party shall be responsible for their own attorney fees.
17. **WASTE AND REPAIRS:** Lessee shall, at all times, maintain and keep the buildings and improvements on the demised premises in a good state of repair and shall not, at any time during the term of this Ground Lease, or any renewal thereof, commit waste on the demised premises or permit waste to occur. The building and improvements on the demised premises, including the exterior lighting and off-street parking, shall, at all times, be kept and maintained in a good state of repair, and Lessee shall maintain the demised premises so that same will be kept in a neat and clean condition, free from trash, debris and weeds.
18. **FIRST RIGHT OF REFUSAL:** (1) Lessee EMM Automotive, LLC shall have the right to purchase the Ground Lease premises in the event Lessor elects to sell same with the purchase price being determined by an appraisal made by a member of the American Appraisal Institute selected by mutual consent of Lessor and Lessee. In the event an appraiser cannot be agreed upon then both parties shall pick an appraiser with the purchase price being the average of both. Such appraisal and purchase price shall be based on the Ground Lease premises, excluding the building and improvements. (2) In the event Lessee EMM Automotive, LLC elects not to purchase the ground lease premises, Douglas Martin Melton d/b/a Melton Automotive, Inc. shall have the same right as listed above and under the same terms and conditions. (3) In the event the Lessee elects to sell the building and improvements, Douglas Martin Melton d/b/a Melton Automotive, Inc. shall have the first option to buy such building and improvements at a purchase price to be determined by an appraisal made by a member of the American Appraisal Institute selected by mutual consent of Lessor and Lessee. In the event an appraiser cannot be agreed upon then both parties shall pick an appraiser with the purchase price being the average of both. In the event Douglas Martin Melton d/b/a Melton Automotive, Inc. shall not elect to exercise said option to purchase then Lessor shall have the first option to buy under the same terms and conditions as listed above.
19. **WATER AND SEWER TAPS:** Lessee shall be solely responsible for the payment of any water and sewer tap fees assessed or levied by the City of Alabaster. Lessee agrees to pay Lessor \$3,000.00 as reimbursement for taps which have already been paid for.

20. COMPLIANCE WITH LAWS: Lessee shall, at all times during the term hereof of any renewal thereof operate and maintain the demised premises so as to comply with all laws, ordinances and statutes of all governmental authorities having jurisdiction of the Ground Lease premises.
21. HEADINGS FOR CONVENIENCE ONLY: Headings used herein are for convenience and shall not be resorted to for the purposes of interpretation or construction hereof.
22. AMENDMENTS TO BE IN WRITING: This Ground Lease may be modified or amended only by a writing duly authorized and executed by both Lessor and Lessee. It may not be amended or modified by oral agreements or understandings between the parties unless the same shall be reduced in writing duly authorized and executed by both Lessor and Lessee.
23. MERGER: This Ground Lease states the entire agreement by and between Lessor and Lessee and merges herein all statements, representations and covenants heretofore made, and any other agreements, oral or written, not incorporated herein, are void and of no force and effect.
24. RENEWAL: There shall be no renewal or extension of this lease agreement without the written consent of the Lessor.
25. NON-COMPETE: Lessee or any Sub-Lessee or Purchaser shall not enter into any competing business with Lessor i.e. auto salvage, body shop, auto recycling or "junkyard" type of business.
26. ENVIRONMENTAL IMPACT: Lessee shall be responsible for cleanup of any environmental problem which may arise due the operation of his business as may be required under the current ADEM Guide Lines.
27. ALTERNATE PURCHASER: In the event any other purchaser as established in #18 above, other than Douglas Martin Melton d/b/a Melton Automotive, Inc. or the Lessor herein, this Lease shall become void.

IN WITNESS WHEREOF, the parties hereto have set their hands and seals on the date first above written.

J.G.PROPERTIES, INC., LESSOR

EMM AUTO, L.L.C., LESSEE

By: Jon D Graham
Its OWNER

By: EM Melton
Its OWNED

STATE OF ALABAMA
SHELBY COUNTY

I, the undersigned, a Notary Public in and for said County, in said State, hereby certify that JON G. GRAHAM whose name as Owner of J.G. Properties, Inc. is signed to the foregoing Ground Lease, and who is known to me, acknowledged before me on this date that, being informed of the contents of this Ground Lease, he, as such officer and with full authority, executed the same voluntarily for and as the act of said corporation.

Given under my hand and official seal this 20 day of October, 2000.

Roy Alcala
Notary Public
My Commission Expires 6/24/2001

STATE OF ALABAMA
SHELBY COUNTY

I, the undersigned, a Notary Public in and for said County, in said State, hereby certify that EM MELTON whose name as Owner of EMM Auto, L.L.C., is signed to the foregoing Ground Lease, and who is known to me, acknowledged before me on this date that, being informed of the contents of this Ground Lease, he, as such officer and with full authority, executed the same voluntarily for and as the act of said corporation.

Given under my hand and official seal this 20 day of October, 2000.

Roy Alcala
Notary Public
My Commission Expires 6/24/2001

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