

Record and return to:

Principal Life Insurance Company
711 High Street
Des Moines, IA 50392-1360
ATTN: Donna J. Howell
Commercial Real Estate Closing

Inst # 1998-43417
11/04/1998-43417
08:11 AM CERTIFIED
SHELBY COUNTY JUDGE OF PROBATE
DOB CRH 26.00

State of Alabama, County of Shelby

SUBORDINATION, NON-DISTURBANCE
AND ATTORNMENMENT AGREEMENT
D-751811

THIS AGREEMENT, made and entered into as of the 30th day of October, 1998, by and between PRINCIPAL LIFE INSURANCE COMPANY, an Iowa corporation with its principal office at 711 High Street, Des Moines, Iowa 50392 (hereinafter called "Mortgagee"), MCWHORTER PROPERTIES—HOOVER, L.L.C., an Alabama limited liability company, with its principal office at 1117 Glenwood Terrace, Anniston AL 36207 (hereinafter called "Lessor") and LOWE'S HOME CENTERS, INC., a North Carolina corporation, d/b/a LOWE'S OF HOOVER, ALABAMA, having its principal office at Box 1111 (Highway 268 East, N. Wilkesboro, NC 28659) N. Wilkesboro, NC 28656, (hereinafter called "Lessee");

WITNESSETH:

WHEREAS, Lessee has by a written lease dated October 30, 1997 (hereinafter called the "Lease") leased from Lessor all or part of certain real estate and improvements thereon located in the City of Hoover, as more particularly described in Exhibit A attached hereto (the "Demised Premises"); and

WHEREAS, Lessor is encumbering the Demised Premises as security for a loan from Mortgagee to Lessor (the "Mortgage"); and

WHEREAS, Lessee, Lessor and Mortgagee have agreed to the following with respect to their mutual rights and obligations pursuant to the Lease and the Mortgage;

NOW, THEREFORE, for and in consideration of Ten Dollars (\$10.00) paid by each party to the other and the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt whereof is hereby acknowledged, the parties hereto do hereby covenant and agree as follows:

(1) Lessee's interest in the Lease and all rights of Lessee thereunder, including any purchase option and any rights of first refusal granted to the Lessee, if any, shall be and are hereby declared, subject and subordinate to the Mortgage upon the Demised Premises and its terms, and the term "Mortgage" as used herein shall also include any amendment, supplement, modification, renewal or replacement thereof. Notwithstanding anything to the contrary contained above, Mortgagee

ALABAMA TITLE

acknowledges that the right of first refusal set forth in the Lease remains operative after Mortgagee or any purchaser at foreclosure becomes lessor.

(2) Mortgagee agrees to make the proceeds of insurance from any casualty loss or proceeds from condemnation available for repair and restoration of the Demised Premises in the manner provided in paragraph 10 hereof so long as all of the following conditions have been met: (i) Lessee is not in default beyond any grace period under the Lease at the time the proceeds are to be released, (ii) the Lease remains in full force and effect and Lessee specifically waives its rights provided for in the Lease, if any, to terminate the Lease as a result of the casualty or condemnation giving rise to such proceeds, (iii) in the event of the bankruptcy of Lessee, Lessee has received a final, non-appealable bankruptcy court order reaffirming the Lease and a cure of any of Lessee's lease defaults pursuant to Section 365 of the bankruptcy code; and (iv) in the event of the bankruptcy of Lowe's Companies, Inc. ("Lowe's"), guarantor of the Lease, Lowe's has received a final non-appealable bankruptcy court order reaffirming the guaranty of the Lease.

(3) In the event of any foreclosure of the Mortgage or any conveyance in lieu of foreclosure, provided that the Lessee shall not then be in default beyond any grace period under the Lease and that the Lease shall then be in full force and effect, then Lessee shall not be made a party in any action or proceeding to remove or evict Lessee or to disturb its possession, nor shall the leasehold estate of Lessee created by the Lease be affected in any way, and the Lease shall continue in full force and effect as a direct lease between Lessee and Mortgagee.

(4) After the receipt by Lessee of notice from Mortgagee of any foreclosure of the Mortgage or any conveyance of the Demised Premises in lieu of foreclosure, Lessee will thereafter attorn to and recognize Mortgagee or any purchaser from Mortgagee at any foreclosure sale or otherwise as its substitute lessor, and having thus attorned, Lessee's possession shall not thereafter be disturbed provided, and so long as, Lessee shall continue to timely pay all rentals under the Lease and otherwise observe and perform the covenants, terms and conditions of the Lease.

(5) Lessee shall not prepay any of the rents under the Lease more than one month in advance except with the prior written consent of Mortgagee.

(6) In no event shall Mortgagee be liable for any act or omission of the Lessor, nor shall Mortgagee be subject to any offsets or deficiencies which Lessee may be entitled to assert against the Lessor as a result of any act or omissions of Lessor occurring prior to Mortgagee's obtaining possession of the premises. The provisions of the preceding sentence shall not limit the obligations of Mortgagee as substitute Lessor for an act or omission of Mortgagee which may occur after Mortgagee has obtained possession of the Demised Premises or for a default of Lessor under the Lease which may have occurred prior to Mortgagee's obtaining possession of the Demised Premises and which continues thereafter (such as a necessary repair which is the responsibility of Lessor) provided that (i) Mortgagee has received notice and an opportunity to cure the default as provided in Section 4 of the Lessee's Certificate of even date herewith given by Lessor to Mortgagee and (ii) Mortgagee shall not be liable to Lessee for damages

resulting from any prior act or omission of the Lessor or for any consequences of Lessor's prior acts or omissions (provided, however, Lessee does retain its rights of offset as set forth in the Lease for said damages).

(7) No conveyance of Lessor's interest in the Demised Premises or any part thereof to Lessee shall, insofar as Mortgagee is concerned, cause the fee estate and leasehold estate created by the Lease to merge, rather said estates shall remain separate and distinct and the Lease shall continue in full force and effect notwithstanding the vesting of the leasehold and fee estates in any single person or entity by reason of such conveyance or otherwise.

(8) The Lease may not be amended, altered, or terminated without the prior written consent of Mortgagee, which consent shall not be unreasonably withheld or delayed.

(9) This Agreement and its terms shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, including without limitation, any purchaser at any foreclosure sale.

(10) In the event proceeds are released for restoration or rebuilding, such proceeds shall be made available from time to time upon the furnishing to Mortgagee of satisfactory evidences of the estimated cost of completion thereof and such architect's certificate, waivers of lien, contractor's sworn statements, and other evidence of cost and payment and of the continued priority of the lien hereof over any potential liens of mechanics and materialmen as Mortgagee may require and approve. No payment made by Mortgagee prior to the final completion of the work shall, together with all payments theretofore made, exceed 90% of the value of the work performed to the time of payment, and at all times the undisbursed balance of said proceeds shall be at least sufficient to pay for the cost of completion of the work free and clear of liens.

(11) This Agreement may be executed in counterparts, each of which shall be deemed to be an original, and such counterparts when taken together shall constitute but one agreement.

(12) In the event of any conflicts between the Lease and this Subordination, Non-Disturbance and Attornment Agreement, this Agreement will prevail as between Mortgagee and Lessee.

IN WITNESS WHEREOF, this Agreement has been fully executed under seal on the day and year first above written.

WITNESSES:

Alma R. Hackbart
Name: Alma R. Hackbart

Sharon Rodish
Name: Sharon Rodish

Alma R. Hackbart
Name: Alma R. Hackbart

Sharon Rodish
Name: Sharon Rodish

PRINCIPAL LIFE INSURANCE
COMPANY, an Iowa Corporation, Mortgagee

By S. P. Franzenburg S. P. Franzenburg
Name: Director
Title: Asset Preservation

By Daniel E. Thornton
Name: Daniel E. Thornton
Title: Assistant Director
Commercial Real Estate

MCWHORTER PROPERTIES - HOOVER,
L.L.C., an Alabama limited liability company,
Lessor

By Earlon C. McWhorter
Name: Earlon C. McWhorter
Title: Manager

LOWE'S HOME CENTERS, INC., a North
Carolina corporation, d/b/a LOWE'S OF
HOOVER, ALABAMA, Lessee

Jackie K. Huffman
Name: Jackie K. Huffman

Shannon W. Lowe
Name: Shannon W. Lowe

By David E. Shelton
Name: David E. Shelton
Title: Senior Vice President

ATTEST: Kevin D. Bennett
Name: Kevin D. Bennett
Title: Assistant Secretary

REC
MON

STATE OF IOWA)
)
COUNTY OF POLK)

On this 30th day of September, 1998, before me, a Notary Public in and for said County, personally appeared S. P. Franzenburg and Daniel E. Thornton to me personally known to be the identical persons whose names are subscribed to the instrument, who being each by me duly sworn did say that they are the Director, Commercial Real Estate and Assistant Director, Commercial Real Estate, respectively, of PRINCIPAL LIFE INSURANCE COMPANY, an Iowa corporation, and that the seal affixed to the said instrument is the seal of said corporation, and that said instrument was signed and sealed on behalf of the said corporation by authority of its Board of Directors, and the aforesaid officers each acknowledged the execution of said instrument to be the voluntary act and deed of said corporation, by it and by each of them voluntarily executed.



Notary Public in and for Polk County Iowa



STATE OF)
SS.
COUNTY OF)

I, T. M. Davis, a Notary Public in and for said County in said State, hereby certify that Carlton C. McWhorter whose name as T. M. Magee of McWhorter Properties-Hoover, L.L.C., an Alabama limited liability company, is signed to the foregoing instrument, and who is known to me, acknowledged before me on this date that, being informed of the contents of the instrument, he, as such officer and with full authority, executed the same voluntarily on the day the same bears date and as the act of said company oration.

Given under my hand and official seal this 2nd day of October, 1998.

[Signature]
Notary Public MY COMMISSION EXPIRES: 9-24-99

[SEAL]

STATE OF NORTH CAROLINA
COUNTY OF WILKES

I, Sheri E. Hayes, a Notary Public in and for said County in said State, hereby certify that David E. Shelton, whose name as Senior Vice President of Lowe's Home Centers, Inc., a North Carolina corporation, is signed to the foregoing conveyance, and who is known to me, acknowledged before me on this day that, being informed of the contents of the conveyance, 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 seal of office this 30th day of October, 1998

My commission expires:

8/11/2001

Sheri E. Hayes
Notary Public

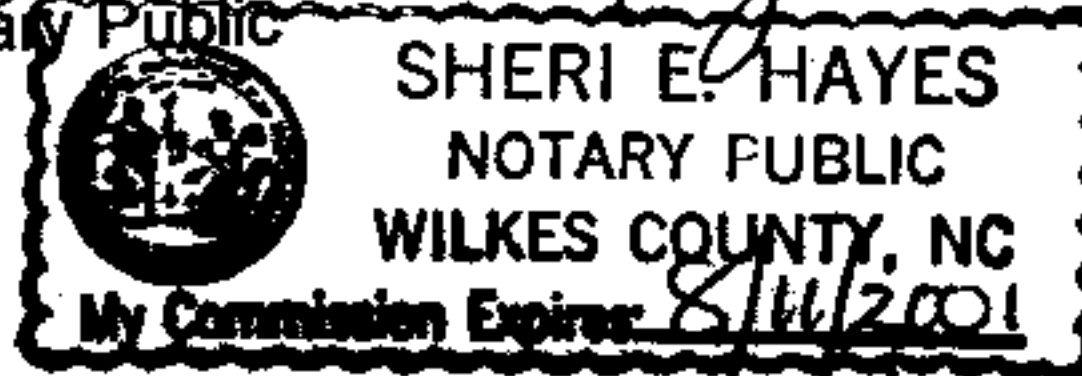


Exhibit A
D-751811

A tract of land in Sections 20 and 29, Township 19 South, Range 2 West, Shelby County, Alabama, being more particularly described as follows: Begin at the NE corner of the NW 1/4 of the NW 1/4 of said Section 29 and run Southerly along the East line of said 1/4 1/4 Section a distance of 201.41 feet; thence turn 40 degrees 05 minutes 32 seconds left and run Southeasterly 128.89 feet to a point on the Northwest right of way line of Valleydale Road; thence turn 96 degrees 26 minutes 38 seconds right and run Southwesterly along said right of way line 430.12 feet; thence turn 35 degrees 56 minutes 44 seconds right and run Westerly 478.15 feet; thence turn 71 degrees 49 minutes 38 seconds right and run Northwesterly 295.80 feet; thence turn 15 degrees 53 minutes 15 seconds right and run Northerly 251.18 feet; thence turn 16 degrees 31 minutes 05 seconds right and run Northeasterly 333.60 feet; thence turn 73 degrees 31 minutes 48 seconds right and run Easterly 738.03 feet; thence turn 89 degrees 56 minutes 03 seconds right and run 337.80 feet to the point of beginning; being situated in Shelby County, Alabama.

For informational purposes only:

The Ad Valorem Tax ID No.(s): 58-10-4-20-0-001-009-002 and 58-10-9-29-0-001-048

DH:mjm:s:751811:exha
10/15/98

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