


RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:


20051209000639760 1/13 \$47.00
Shelby Cnty Judge of Probate, AL
12/09/2005 04:08:00PM FILED/CERT

WELLS FARGO BANK, NATIONAL
ASSOCIATION
Real Estate Merchant Banking
2030 Main Street, 8th Floor
Irvine, CA 92614
Attn: Sally Sison

Loan No.: 101914
Loan Name: Sovereign GL, LLC Guidance
Line
AU# 2014

**SUBORDINATION, NON DISTURBANCE
AND ATTORNMENMENT AGREEMENT**

THIS SUBORDINATION, NON DISTURBANCE AND ATTORNMENMENT AGREEMENT, dated as of November 8, 2005 (and effective as of November 18, 2005) (this "**Agreement**"), by and among WELLS FARGO BANK, NATIONAL ASSOCIATION, having an address at 333 South Grand Avenue, 9th Floor, Los Angeles, CA 90071, Attention: Raymond W. Lowe (the "**Lender**"), SOVEREIGN RA, LLC, a Delaware limited liability company, having an address at 333 Bush Street, Suite 2510, San Francisco, CA, 94104, Attention: Chief Financial Officer (the "**Ground Lessee**"), and HARCO, INC., an Alabama corporation, having an address at 30 Hunter Lane, Camp Hill, Pennsylvania 17011 (the "**Sublessee**"). Capitalized terms used and not otherwise defined herein shall have the meanings given such terms in the Loan Agreement (as defined below) and if not defined therein, then in the Lease (as defined below).

WITNESSETH:

WHEREAS, the Lender is the lender under that certain Guidance Line Loan Agreement dated as of May 9, 2005, as amended as of July 14, 2005 and as of the date hereof, between Sovereign GL, LLC, a Delaware limited liability company ("**Borrower**") and Lender (as the same may be amended, modified or supplemented from time to time, the "**Loan Agreement**"); and

WHEREAS, the obligations to Lender under the Loan Agreement and any and all other Loan Documents (as defined in the Loan Agreement) are secured by, among other things, various mortgages and deeds of trust made by certain wholly owned affiliates of Borrower, each of which shall be a Loan Document; and

WHEREAS, Ground Lessee holds a leasehold interest in and to the real property more particularly described on Schedule A attached hereto pursuant to that certain

Cahaba Title, Inc.

Ground Lease dated as of November 1, 2005 between Ground Lessee and Babington Properties, L.P.

WHEREAS, Ground Lessee is a wholly-owned subsidiary of Borrower, and will be the mortgagor, grantor or trustor under a mortgage or deed of trust by Ground Lessee in favor of Lender dated as of even date herewith (such security instrument, as the same may be amended, modified or supplemented from time to time, the "**Mortgage**") securing the indebtedness of Borrower (the amount of which indebtedness may be increased from time to time as between Lender and Borrower) and the obligations of various other subsidiaries of Borrower under the Loan Documents, by creating, among other things, a first mortgage or deed of trust lien on and security interest in the land and buildings and other improvements described on Schedule A hereto (the "**Premises**"); and

WHEREAS, the Sublessee is the tenant under that certain Sublease Agreement dated as of even date herewith (the "**Lease**") between the Ground Lessee and the Sublessee covering the Premises, a copy of which has been provided to the Lender and a memorandum of which will be recorded simultaneously herewith; and

WHEREAS, each of the Sublessee, the Ground Lessee and the Lender desires to confirm its understanding with respect to the Lease, the Loan Agreement and the Loan Documents.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter contained, each of the Sublessee, the Ground Lessee and the Lender hereby covenant and agree as follows:

1. The Mortgage shall unconditionally be and at all times remain a lien on the Premises prior and superior to the Lease and all of the rights of Sublessee contained therein. Sublessee intentionally waives and subordinates all of its right, title and interest in and to the Premises to the lien of the Mortgage, to any and all advances to be made thereunder, and to any and all renewals, modifications and extensions thereof, understanding that Lender would not have entered into the Loan Agreement or agreed to make the financial accommodations to the Ground Lessee contemplated thereby but for Sublessee's subordination and waiver hereunder.

2. The Lender agrees that if (a) the Lease shall be in full force and effect, (b) no Event of Default by Sublessee under the Lease ("**Sublessee Event of Default**") shall have occurred and be continuing, and (c) the Sublessee shall have attorned to the Successor Lessor (as such term is defined in Section 3) as described in Section 3:

(a) the Sublessee shall not be named or joined as a party defendant in any action, suit or proceeding which may be instituted by the Lender to foreclose the Mortgage or to collect the debt secured thereby, or which may otherwise be instituted or taken under or in connection with the Loan Agreement or any obligations secured thereby by reason of a default or an event of default under the Loan Agreement or any of the other Loan Documents (each, a "**Landlord Event of Default**") unless the Sublessee or any Person claiming through or under the Sublessee is required under applicable law to

be named or joined as a necessary party to such action, suit or proceeding, in which event such party may be so named or joined but such naming or joinder shall not otherwise be in derogation of the rights of the Sublessee set forth in this Agreement or the Lease, shall be at the expense of the naming party, and the Lease shall continue in full force and effect notwithstanding the commencement of any such proceeding; and

(b) the Sublessee shall not be evicted from the Premises, nor shall the leasehold estate or possession of the Sublessee be terminated by reason of any Landlord Event of Default or foreclosure of the Mortgage, and the Lender will not interfere in the Sublessee's rights under the Lease.

3. If, at any time, the Lender, or any Person, or the Lender's or such Person's successors or assigns (the Lender, or any such Person, or any such successor or assign being hereinafter referred to as the "**Successor Lessor**"), shall succeed to the interests of the landlord under the Lease as a result of any Landlord Event of Default prior to the expiration of the Lease, and if the Lease shall be in full force and effect and no Sublessee Event of Default shall have occurred and be continuing, then (a) the Lease shall not terminate, (b) the Sublessee shall attorn to and recognize such Successor Lessor as landlord under the Lease upon the then executory terms and conditions of the Lease and as hereinafter provided in this Section 3, and (c) such Successor Lessor shall accept such attornment and recognize the Sublessee as the tenant under the Lease. Upon such attornment and recognition, the Lease shall continue in full force and effect as, or as if it were, a direct lease between such Successor Lessor and the Sublessee upon and subject to all of the then executory terms, conditions and covenants as are set forth in the Lease and which shall be applicable after such attornment and recognition, except that such Successor Lessor, notwithstanding anything to the contrary set forth in the Lease and in addition to any other provisions or conditions of the Lease to which Lender is not to be subject or bound pursuant to the terms thereof, shall not be:

(a) liable for any previous act, omission or negligence of Ground Sublessee or any prior landlord under the Lease; or

(b) subject to any counterclaim, defense, offset, credit or deduction which shall have accrued to the Sublessee against Ground Lessee or any prior landlord under the Lease at any time prior to delivery of possession to the Successor Lessor; or

(c) bound by any previous prepayment (other than prepayments required by the Lease) of more than one month's rent, whether paid to any Ground Lessee or otherwise, unless such prepayment of more than one month's rent, shall have been paid to such Successor Lender and not returned to the Sublessee; or

(d) bound by any obligation of Ground Lessee or any prior landlord under the Lease to make any payment to Sublessee which was required to be made prior to the time Successor Landlord succeeded to Ground Lessee's or any such prior landlord's interest; or

(e) accountable for any monies deposited with any prior landlord (including security deposits), except to the extent such monies are actually received by Successor Landlord; or

(f) bound by any amendment or modification of the Lease or by any waiver or forbearance on the part of Ground Lessee or any prior landlord under the Lease, in either case to the extent the same is made or given without the prior written consent of Successor Landlord; or

(g) liable with respect to warranties or indemnities of any nature whatsoever made by Ground Lessee or any prior landlord under the Lease; or

(h) bound by Paragraph 33 of the Lease; or

(i) bound by Paragraph 34 of the Lease.

The foregoing provisions of this Section 3 shall inure to the benefit of and bind the Sublessee and the Successor Lessor and shall apply notwithstanding that, as a matter of law, the Lease may or would otherwise terminate upon the foreclosure (including judgment of foreclosure and sale) of the Mortgage.

In the event that any Successor Landlord shall acquire any prior landlord's estate in and to the Premises, such Successor Landlord shall have no obligation, nor incur any liability, beyond such Successor Landlord's then-equity interest, if any, in the Premises, and Tenant shall look exclusively to such equity interest, if any, in the Premises for the payment and discharge of any obligations or liability imposed upon such Successor Landlord under the Lease, under any new lease of the Premises or otherwise, except with respect to the misappropriation of insurance or condemnation proceeds which have been received by Successor Landlord.

4. Sublessee will provide Lender written notice of any breach or default by Ground Lessee under the Lease concurrently with any notice of the same given to Ground Lessee. Further, Sublessee shall not have the right to cancel or terminate the Lease or to claim a partial or total eviction, or to claim an abatement of rent or additional rent against the obligation of the Sublessee for rent or additional rent, or exercise any other right or remedy until (a) it has given written notice of Ground Lessee's failure to cure the breach or default of which Sublessee previously provided notice to the Lender, and (b) a reasonable period of time (but in no event less than thirty (30) days) for remedying such breach or default given the nature of such breach or default shall have elapsed following Lender's receipt of such second notice, provided that if such breach or default cannot be cured by Lender within thirty (30) days, the commencement of action by Lender within such period (unless Lender is legally restrained from doing so for any reason, in which case such 30-day period shall not begin to run until such restraint is no longer applicable) to either remedy such breach or default or to recover possession of the Premises (including without limitation the commencement of an action by Lender to foreclose under the Mortgage), within such thirty (30) day period shall be sufficient so long as Lender thereafter pursues the same diligently and continuously in good faith. Nothing

contained herein shall impose an obligation on Lender to cure any breach or default under the Lease.

5. The Sublessee certifies as follows:

(a) The Lease has been duly and unconditionally executed and delivered by Sublessee and is in full force and effect, and the obligations of Sublessee thereunder are valid and binding;

(b) To the best of the Sublessee's knowledge, there exists no default on the part of the landlord under the Lease; and

(c) The Lease represents a true and complete statement of the entire agreement of the parties thereto with respect to the Premises or the leasing thereof.

6. All notices and other communications hereunder shall be in writing and shall be deemed to have been given (a) if mailed by first class registered or certified mail, postage prepaid, three (3) days after being so mailed, or (b) if deposited for overnight delivery with a nationally recognized courier service, one (1) day after being so deposited, or (c) if delivered by hand, when received, addressed or directed as follows: (i) to the Lender, at its address set forth above, marked to the attention of Raymond W. Lowe, (ii) to the Ground Lessee, (A) at its address set forth above, marked to the attention of Chief Financial Officer, with a copy to 333 Bush Street, Suite 2510, San Francisco, CA, 94104, marked to the attention of General Counsel, and (iii) to the Sublessee at its address set forth above, marked to the attention of I. Lawrence Gelman, Vice President, with a copy to Wolf, Block, Schorr and Solis Cohen, LLP, 1650 Arch Street, 22nd Floor, Philadelphia, Pennsylvania 19103, marked to the attention of Thomas P. Witt. Any such address may be changed by like notice.

7. Without the prior, written consent of the Lender in each instance, the Sublessee will not make prepayments more than thirty (30) days in advance of any installment of rent to become due under the Lease, except prepayments which are expressly permitted or required to be paid thereunder. Any purported prepayment of any Basic Rent under the Lease, as described in this Section 7, made without the prior written consent of the Lender shall be voidable as against the Lender at its option.

8. Notwithstanding anything in this Agreement or the Lease to the contrary, the Lender may at any time and without the Sublessee's consent subordinate the Mortgage to the Lease.

9. Notwithstanding anything set forth in the Lease, Ground Lessee and Sublessee agree and acknowledge that:

(a) Lender shall be entitled to adjust, compromise, settle and collect all insurance and condemnation claims and proceeds with respect to the Premises that would otherwise accrue to Ground Lessee, and that any insurance or condemnation proceeds

received or accrued, whether before or after any foreclosure under the Mortgage or conveyance in lieu thereof, shall be held by Lender and, to the extent expressly required under the Lease, advanced for payment of the cost of repairing, replacing and rebuilding the Premises, or for such other purposes as required under the Lease, all in accordance with Section 5.6 of the Mortgage and Paragraph 15 of the Lease.

(b) In the event of any sale or transfer of the Premises by Ground Lessee pursuant to Paragraph 33 of the Lease or otherwise, any such sale or transfer shall require the release of the Premises from the lien of the Mortgage and the repayment of the indebtedness secured thereby in accordance with the Loan Agreement, together with the satisfaction of all other applicable conditions to release set forth in the Loan Agreement.

10. Upon receipt by Sublessee of written notice from Lender that Lender has elected to terminate the license granted to Ground Lessee to collect rents, as provided in the Mortgage, and directing the payment of rents by Sublessee to Lender, Sublessee shall comply with such direction to pay and shall not be required to determine whether Borrower or Ground Lessee, as applicable, is in default under the Loan Agreement, the Mortgage or any obligation secured thereby. Ground Lessee consents to the foregoing and irrevocably directs Sublessee to comply with all directions of Lender under this Section 10.

11. This Agreement may not be changed orally, but only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification or discharge is sought and such agreement is recorded in the appropriate recording office of the county in which the Premises are located.

12. The provisions of this Agreement shall be self operative and no further instrument shall be necessary to effect the aforementioned attornment, recognition and subordination. Nevertheless, in confirmation thereof, the Sublessee shall execute and deliver an appropriate certificate to confirm such attornment, recognition and subordination within fifteen (15) days following written request of the Lender.

13. This Agreement has been delivered in, and shall in all respects be governed by, and construed in accordance with, the laws of the State or Commonwealth in which the Premises is located, applicable to agreements made and to be performed entirely within such State, including all matters of construction, validity and performance.

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

15. The covenants herein shall be binding upon, and inure to the benefit of, the heirs, successors and assigns of the parties hereto.



20051209000639760 7/13 \$47.00
Shelby Cnty Judge of Probate, AL
12/09/2005 04:08:00PM FILED/CERT

IN WITNESS WHEREOF, the parties have duly executed this Subordination, Non Disturbance and Attornment Agreement as of the day and year first above written.

SIGNATURES OF PARTIES

Ground Lessee


SOVEREIGN RA, LLC,
a Delaware limited liability company

By: Sovereign GL, LLC, a Delaware
limited liability company

Its: Sole Manager

By: Sovereign Investment
Company, a California
corporation

Its: Sole Manager

By: 
Name: Jeffrey G. Hoppen
Its: Chief Investment Officer

By: Barry D. Bain
Name: Barry D. Bain
Its: Vice President

Witness C. Klumbach

Witness C. Klumbach

Sublessee

Charlene Granda
Witness

Lender

Witness

HARCO, INC.
an Alabama corporation

By: I. Lawrence Gelman
Name: I. Lawrence Gelman
Its: Vice President

**WELLS FARGO BANK,
NATIONAL ASSOCIATION**

By: _____
Name: _____
Its: _____

IN WITNESS WHEREOF, the parties have duly executed this Subordination,
Non Disturbance and Attornment Agreement as of the day and year first above written.

SIGNATURES OF PARTIES

Ground Lessee

SOVEREIGN RA, LLC,
a Delaware limited liability company

By: Sovereign GL, LLC, a Delaware
limited liability company

Its: Sole Manager

By: Sovereign Investment
Company, a California
corporation

Its: Sole Manager

By: _____
Name: Jeffrey G. Hoppen
Its: Chief Investment Officer

Witness

By: _____
Name: Barry D. Bain
Its: Vice President

Witness

Sublessee

HARCO, INC.
an Alabama corporation

By: _____

Name: _____

Its: _____

Witness

Lender

**WELLS FARGO BANK,
NATIONAL ASSOCIATION**

By: _____

Name: Raymond Lowe

Its: Managing Director

Cory Gott
Witness CORY GOTT



20051209000639760 9/13 \$47.00
Shelby Cnty Judge of Probate, AL
12/09/2005 04:08:00PM FILED/CERT

SCHEDULE A

Property Description

Real property in the County of Shelby, State of Alabama, described as follows:

Lot 1 according to the survey of Valleydale Rite Aid Survey as recorded in Map Book 36
Page 21 in the Probate Office, Shelby County, Alabama.

20051209000639760 10/13 \$47.00
Shelby Cnty Judge of Probate, AL
12/09/2005 04:08:00PM FILED/CERT

COMMONWEALTH OF PENNSYLVANIA:

COUNTY OF Philadelphia : SS :

On this, the 8th day of November, 2005, before me, a Notary Public in and for the Commonwealth and County aforesaid, the undersigned officer, personally appeared Jeffrey G. Hoppen who acknowledged himself to be the Chief Investment Officer of Sovereign Investment Company, a California corporation, sole manager of Sovereign GL, LLC, a Delaware limited liability company, the sole manager of Sovereign RA, LLC, a Delaware limited liability company and that he as such officer, being authorized to do so, executed the foregoing instrument on behalf of the company for the purposes therein contained.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

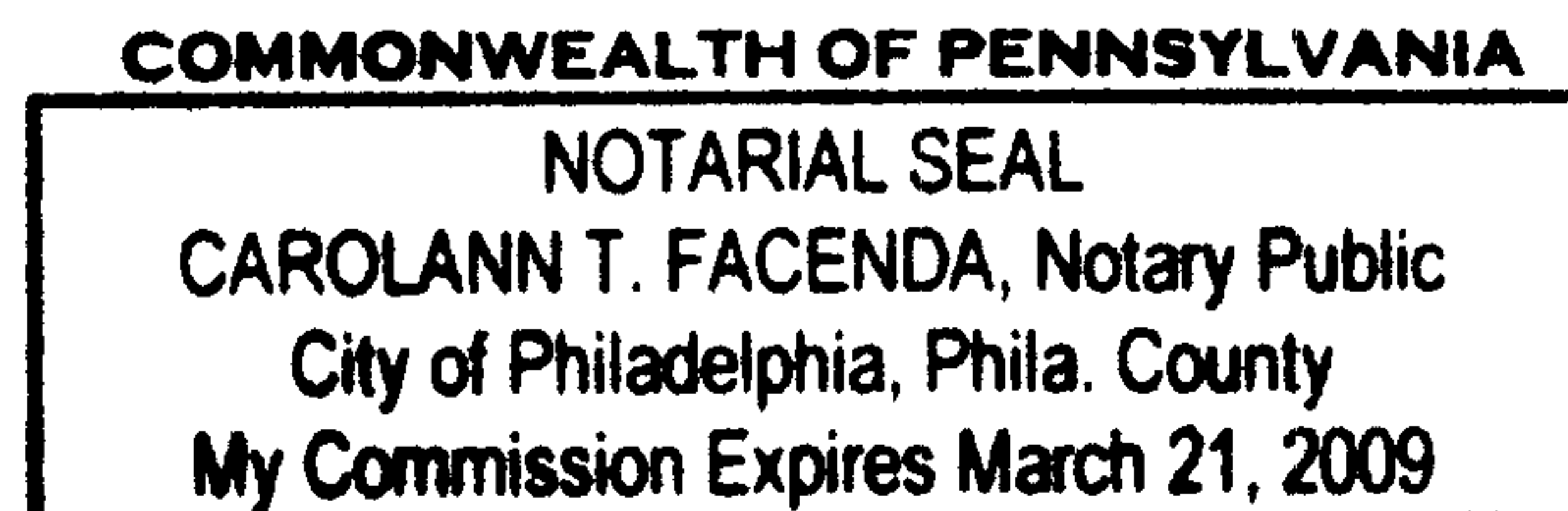
Carolann T. Facenda

NOTARY PUBLIC

CAROLANN T. FACENDA

(Printed Name of Notary)

My Commission Expires:



20051209000639760 11/13 \$47.00
Shelby Cnty Judge of Probate, AL
12/09/2005 04:08:00PM FILED/CERT

COMMONWEALTH OF PENNSYLVANIA:

COUNTY OF Philadelphia : SS :

On this, the 8th day of November, 2005, before me, a Notary Public in and for the Commonwealth and County aforesaid, the undersigned officer, personally appeared Barry D. Bain who acknowledged himself to be the Vice President of Sovereign Investment Company, a California corporation, sole manager of Sovereign GL, LLC, a Delaware limited liability company, the sole manager of Sovereign RA, LLC, a Delaware limited liability company and that he as such officer, being authorized to do so, executed the foregoing instrument on behalf of the company for the purposes therein contained.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

Carolann T. Facenda

NOTARY PUBLIC

CAROLANN T. FACENDA

(Printed Name of Notary)

My Commission Expires:

COMMONWEALTH OF PENNSYLVANIA
NOTARIAL SEAL
CAROLANN T. FACENDA, Notary Public
City of Philadelphia, Phila. County
My Commission Expires March 21, 2009

COMMONWEALTH OF PENNSYLVANIA:

COUNTY OF Philadelphia : SS

20051209000639760 12/13 \$47.00
Shelby Cnty Judge of Probate, AL
12/09/2005 04:08:00PM FILED/CERT

On this, the 8TH day of November, 2005, before me, a Notary Public in and for the Commonwealth and County aforesaid, the undersigned officer, personally appeared J. LAURENCE GERMAN who acknowledged himself/herself to be the VICE PRESIDENT of **HARCO, INC.**, an Alabama corporation and that he/she as such officer, being authorized to do so, executed the foregoing instrument on behalf of the company for the purposes therein contained.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

Carolann T. Facenda

NOTARY PUBLIC

CAROLANN T. FACENDA

(Printed Name of Notary)

My Commission Expires:

SF 1206067 v1
11/8/05 9:15 AM (13175.1440)

COMMONWEALTH OF PENNSYLVANIA
NOTARIAL SEAL
CAROLANN T. FACENDA, Notary Public
City of Philadelphia, Phila. County
My Commission Expires March 21, 2009



20051209000639760 13/13 \$47.00
Shelby Cnty Judge of Probate, AL
12/09/2005 04:08:00PM FILED/CERT

NOTARY ACKNOWLEDGEMENTS

STATE OF CALIFORNIA)
)
COUNTY OF Los Angeles) ss.

On 11-8-2005 before me, L. Hunton (here insert name and title of the notary public), personally appeared Raymond W. Lowe personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature L. Hunton
Notary Public

My commission expires: 10-7-2008

(SEAL)

