

SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT

AGREEMENT made this ^{13th} day of ~~October~~ ^{November}, 1997 by and between GMAC COMMERCIAL MORTGAGE, its successors and assigns, having an address at 2300 North Mayfair Road, Suite 545, Wauwatosa, Wisconsin 53226 ("Mortgagee"), and THE PEP BOYS MANNY, MOE & JACK OF CALIFORNIA, a California corporation, having an address at 3111 W. Allegheny Avenue, Philadelphia, PA 19132 ("Tenant").

RECITALS

Mortgagee is now the owner and holder of a mortgage (the "Mortgage") dated DECEMBER 4th 1991 to be recorded concurrently herewith in the Official Records of Cook County, Illinois on the real property ("Center") commonly known as 5222 W. Touhy Avenue, Skokie, Cook County, Illinois, and more particularly described on Exhibit A attached hereto. Tenant is the tenant under that certain Lease Agreement (the "Lease") dated February 7, 1997, by and between Tenant and Talon Real Estate, Inc., a Michigan corporation ("Landlord"), for a portion of the Center more particularly described on Exhibit B hereto, together with certain rights and easements granted to Tenant by Landlord pursuant to the Lease (the "Premises"). Tenant and Mortgagee desire to confirm certain understandings with respect to the Lease and the Mortgage.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, and intending to be legally bound hereby, Mortgagee and Tenant hereby agree and covenant as follows:

1. The Lease, as the same may heretofore and hereafter be modified, amended or extended, and all rights and options of the Tenant thereunder, are and shall be subject, subordinate and inferior to the lien of the Mortgage and to each and every advance made or hereafter made under the Mortgage.

2. So long as Tenant is not in default (beyond any period given Tenant or any Lienholder [as defined in the Lease] to cure such default) in the payment of rent or in the performance of any of the terms and provisions on Tenant's part to be performed under the Lease, whether or not the Lease has been rejected in any proceeding under the Bankruptcy Code, 11 U.S.C. §101 et seq. (the "Code"), involving Landlord, Tenant's possession of the Premises and Tenant's rights and privileges provided for in the Lease, or any extensions or renewals thereof which may be effected in accordance with any option therefor in the Lease, shall not be diminished or interfered with by Mortgagee, and Tenant's occupancy of the Premises shall not be disturbed by

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Mortgagee for any reason whatsoever during the term provided for in the Lease or any such extensions or renewals thereof.

3. Mortgagee acknowledges receipt of a copy of the Lease, approves the Lease, and agrees that this Agreement satisfies any condition or requirement in the Mortgage or any other instrument evidencing, securing or relating to the indebtedness secured by the Mortgage relating to the approval by Mortgagee of the Lease.

4. So long as Tenant is not in default (beyond any period given Tenant or any Lienholder to cure such default) in the payment of rent or in the performance of any of the terms and provisions of the Lease on Tenant's part to be performed, whether or not the Lease has been rejected in any proceeding under the Code involving Landlord, Mortgagee will not join Tenant as a party defendant in any action or proceeding for the purpose of terminating Tenant's interest and estate under the Lease because of any default under the Mortgage.

5. If Mortgagee or its personal representatives, successors or assigns shall, by foreclosure, conveyance in lieu of foreclosure or otherwise, succeed to the interest of Landlord under the Lease and/or in the Center (Mortgagee or said party being herein called "Successor Landlord"), whether or not the Lease has been rejected in any proceeding under the Code involving Landlord, Successor Landlord shall be bound to Tenant under all the terms and provisions of the Lease and Tenant agrees, from and after such event, to attorn to Successor Landlord, all rights and obligations under the Lease to continue as though the interest of Landlord had not been terminated or such foreclosure proceedings not been brought, and Tenant shall have the same remedies against Successor Landlord for the breach of an agreement contained in the Lease that Tenant might have had under the Lease against Landlord if Successor Landlord had not succeeded to the interest of Landlord; provided, however, that Successor Landlord shall not be:

(a) bound by any rent which Tenant might have paid to any prior landlord (including Landlord) more than thirty (30) days in advance of the due date under the Lease; or

(b) bound by any amendment or modification of the Lease resulting in or effecting a change in the Base Annual Rent, Term or Land made without its consent.

Tenant shall, however, be under no obligation to pay rent to Successor Landlord until Tenant receives written notice from Successor Landlord that it has succeeded to the interest of Landlord under the Lease (or if the Lease has been rejected in any proceeding under the Code involving Landlord, the interest of Landlord in the Premises) and is entitled to receive the rents under the Lease directly from Tenant, and Successor Landlord hereby agrees to indemnify, defend and hold Tenant harmless from all liabilities, costs and expenses, including attorneys' fees,

arising out of any claims made by Landlord or any trustee of Landlord with respect to monies paid by Tenant to Successor Landlord at the direction of Successor Landlord. Whether or not the Lease has been rejected in any proceeding under the Code involving Landlord, the respective rights and obligations of Tenant and Successor Landlord upon such attornment, to the extent of the then remaining balance of the term of the Lease and any such extensions and renewals, shall be and are the same as now set forth therein; it being the intention of the parties hereto for this purpose to incorporate the Lease in this Agreement by reference with the same force and effect as if set forth at length herein.

6. If there is any damage or destruction to the improvements constructed upon the Premises or the Center or condemnation or eminent domain proceedings are commenced with respect thereto or a settlement in lieu thereof is made, Mortgagee and any Successor Landlord shall be bound by the terms and provisions of Articles XVI and XVII of the Lease, including but not limited to the provisions regarding the allocation and application of insurance and condemnation proceeds set forth therein.

7. Neither the Mortgage nor any other security instrument executed in connection therewith shall cover, or be construed as subjecting in any manner to the liens thereof, any of Tenant's Fixtures (as defined in the Lease).

8. This Agreement shall be governed by and construed in accordance with the laws of the State of Illinois. This Agreement may not be modified orally or in any manner other than by an agreement in writing signed by the parties hereto or their respective successors in interest. This Agreement shall inure to the benefit of and be binding upon the parties hereto, their respective personal representatives, successors and assigns, including, without limitation, a mortgagee, its successors or assigns who shall have succeeded to the interest of Landlord or Tenant in the Premises or acquired possession thereof by, through or under foreclosure, purchase in lieu of foreclosure or otherwise.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

ATTEST:

GMAC COMMERCIAL MORTGAGE

(Assistant) Secretary

By: *David W. Higgins*
(Vice) President

[CORPORATE SEAL]

ATTEST:

THE PEP BOYS MANNY, MOE & JACK OF CALIFORNIA, a California corporation

Fisher M. King
Secretary

By: *J. M. King*
(Vice) President

[CORPORATE SEAL]

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STATE OF PENNSYLVANIA)
) SS
COUNTY OF PHILADELPHIA)

I, Sharon B. Roman, a Notary Public in and for the County and State aforesaid, do hereby certify that [Signature] and [Signature], respectively, the (Vice) President and Secretary of The Pep Boys Manny, Moe & Jack of California, a California corporation, who are personally known to me to be the same persons whose names are subscribed to the foregoing instrument as such officers of said corporation, respectively, appeared before me in person and acknowledged that they signed and delivered the said instrument as their own free and voluntary act and as the free and voluntary act of said corporation for the uses and purposes therein set forth, and the said Secretary of said corporation then and there acknowledged that he, as custodian of the corporate seal of said corporation, did affix such corporate seal to said instrument as his own free and voluntary act and as the free and voluntary act of said corporation for the uses and purposes therein set forth.

Given under my hand and notarial seal this 11 day of September, 1997.

[Signature]
Notary Public

My Commission Expires:

Notarial Seal
Sharon B. Roman, Notary Public
Philadelphia, Philadelphia County
My Commission Expires Nov. 29, 1998
Member, Pennsylvania Association of Notaries

EXHIBIT 'A'

LOT 2 AND LOT 3 IN GERLANN BABS SUBDIVISION OF THE SOUTH 495 FEET OF THE EAST 455 FEET (EXCEPT THE EAST 33 FEET THEREOF) ALSO THE NORTH 45 FEET OF THE SOUTH 495 FEET OF THE EAST 540 FEET OF THE EAST HALF OF THE SOUTHWEST 1/4 OF SECTION 28, TOWNSHIP 41 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

10-28-313-026
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