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This Document Prepared by
and after Recording Return to:

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Kovitz Shifrin Nesbit
750 Lake Cook Road, #350
Buffalo Grove, IL 60089

Doc#: 0327331043
Eugene "Gene" Moore Fee: \$44.50
Cook County Recorder of Deeds
Date: 09/30/2003 10:06 AM Pg: 1 of 11

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SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT

THIS AGREEMENT is made and entered into as of the 27th day of Aug, 2003, by and between **THE GYMBOREE STORES, INC.**, a California corporation, ("Tenant"), **1645 NORTH CLYBOURN LLC**, an Illinois limited liability company ("Landlord"), and **NASI XI, LLC**, a Delaware limited liability company, its successors and assigns ("Mortgagee").

RECITALS:

A. Mortgagee is the holder of a certain Junior Mortgage, Assignment of Rents and Security Agreement (Building) dated June 28, 2002, and recorded with the Cook County, Illinois Recorder of Deeds on July 18, 2002, as Document No. 20785464 (as modified, amended or restated from time to time, "Mortgage") encumbering the Real Estate (hereinafter defined) and securing a principal indebtedness in an amount equal to Four Million Six Hundred Thirty Six Thousand Three Hundred Six Dollars (\$4,636,306.00).

B. Tenant has entered into a lease agreement (such lease agreement hereinafter being referred to as "Lease Agreement," and the Lease Agreement, together with all amendments and modifications thereof, hereinafter being referred to as "Lease") dated August 27, 2003 with Landlord (or Landlord's predecessor-in-interest), pursuant to which Tenant leased certain premises ("Leased Premises") consisting of approximately 1,650 rentable square feet of space in the building ("Building") on the parcel of land ("Land") legally described in Exhibit A attached hereto (the Land and Building herein being collectively referred to as "Real Estate").

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby covenant and agree as follows:

1. Tenant represents and warrants to Mortgagee that the Lease constitutes the entire agreement between Tenant and Landlord with respect to the Leased

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Premises and there are no other agreements, written or verbal, governing the tenancy of Tenant with respect to the Leased Premises.

2. Tenant has executed and delivered to Mortgagee a certain Tenant Estoppel Certificate (the "Estoppel Certificate") attached to the Lease as Exhibit E and dated on or about the date hereof. The provisions of the Estoppel Certificate are hereby incorporated into this Agreement as if fully set forth in this Agreement in their entirety, and Tenant acknowledges that Mortgagee will be relying on the statements made in the Estoppel Certificate in determining whether to disburse the proceeds of the loan secured by the Mortgage and whether to enter into this Agreement.

3. Prior to pursuing any remedy available to Tenant under the Lease, at law or in equity as a result of any failure of Landlord to perform or observe any covenant, condition, provision or obligation to be performed or observed by Landlord under the Lease (any such failure hereinafter referred to as a "Landlord's Default"), Tenant shall: (a) provide Mortgagee with a notice of Landlord's Default specifying the nature thereof, the Section of the Lease under which same arose, and (b) allow Mortgagee not less than thirty (30) days following receipt of such notice of Landlord's Default to cure the same; provided, however, that if by reason of the nature of the default such Landlord's Default is not readily curable within such thirty (30) day period, Tenant shall give Mortgagee such additional time as Mortgagee may reasonably need to obtain possession and control of the Real Estate and to cure such Landlord's Default so long as Mortgagee is diligently pursuing a cure. Tenant shall not pursue any remedy available to it as a result of any Landlord's Default unless Mortgagee fails to cure same within the time period specified above. For purposes of this Paragraph 3, a Landlord's Default shall not be deemed to have occurred until all grace and/or cure periods applicable thereto under the Lease have lapsed without Landlord having effectuated a cure thereof.

4. Tenant covenants with Mortgagee that the Lease shall be subject and subordinate to the lien and all other provisions of the Mortgage and to all modifications and extensions thereof, to the full extent of all principal, interest and all other amounts now or hereafter secured thereby and with the same force and effect as if the Mortgage had been executed and delivered prior to the execution and delivery of the Lease. Without limiting the generality of the foregoing subordination provision, Tenant hereby agrees that any of its right, title and interest in and to insurance proceeds and condemnation awards (or other similar awards arising from eminent domain proceedings) with respect to damage to or the condemnation (or similar taking) of any of the Real Estate, shall be subject and subordinate to Mortgagee's right, title and interest in and to such proceeds and awards.

5. Tenant acknowledges that Landlord has collaterally assigned to Mortgagee all leases affecting the Real Estate, including the Lease, and the rents and other amounts, including, without limitation, lease termination fees, if any, due and payable under such leases. In connection therewith, Tenant agrees that, upon receipt of a notice of a default by Landlord under such assignment and a demand by Mortgagee for direct payment to Mortgagee of the rents due under the Lease, Tenant

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will honor such demand and make all subsequent rent payments directly to Mortgagee. In such event, Tenant shall be entitled to rely solely upon such notice, shall have no duty to inquire as to the validity or appropriateness of Mortgagee's notice and Tenant shall be entitled to full credit under the Lease for any rents paid to Mortgagee in accordance with the provisions hereof. Any dispute between Mortgagee (or any other purchaser) and Landlord as to the existence of a default by Landlord under the provisions of the Mortgage, shall be dealt with and adjusted solely between Mortgagee (or any other purchaser) and Landlord, and Tenant shall not be made a party thereto unless Tenant is a necessary party under applicable law. Tenant further agrees that for as long as the Mortgage is of record, any Lease termination fees payable under the Lease shall be paid jointly to Landlord and Mortgagee.

6. Mortgagee agrees that so long as Tenant is not in default under the Lease:

(a) Tenant shall not be named or joined as a party in any suit, action or proceeding for the foreclosure of the Mortgage or the enforcement of any rights under the Mortgage (unless Tenant is a necessary party under applicable law); and

(b) The possession by Tenant of the Leased Premises and Tenant's rights thereto shall not be disturbed, affected or impaired by, nor will the Lease or the term thereof be terminated or otherwise affected by (i) any suit, action or proceeding for the foreclosure of the Mortgage or the enforcement of any rights under the Mortgage, or by any judicial sale or execution or other sale of the Leased Premises, or any deed given in lieu of foreclosure, or (ii) any default under the Mortgage;

7. If Mortgagee or any future holder of the Mortgage shall become the owner of the Real Estate by reason of foreclosure of the Mortgage or otherwise, or if the Real Estate shall be sold as a result of any action or proceeding to foreclose the Mortgage or transfer of ownership by deed given in lieu of foreclosure, the Lease shall continue in full force and effect, without necessity for executing any new lease, as a direct lease between Tenant and the new owner of the Real Estate as "landlord" upon all the same terms, covenants and provisions contained in the Lease (subject to the exclusions set forth in subparagraph (b) below), and in such event:

(a) Tenant shall be bound to such new owner under all of the terms, covenants and provisions of the Lease for the remainder of the term thereof (including the extension periods, if Tenant elects or has elected to exercise its options to extend the term), and Tenant hereby agrees to attorn to such new owner and to recognize such new owner as "landlord" under the Lease without any additional documentation to effect such attornment (provided, however, if applicable law shall require additional documentation at the time Mortgagee exercises its remedies then Tenant shall execute such additional documents evidencing such attornment as may be required by applicable law) so long as such documents do not reduce Tenant's rights hereunder or under the Lease or increase any of Tenant's obligations hereunder or under the Lease (other than a

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requirement to give notices of Landlord's defaults to Mortgagee and affording such party an opportunity to cure, or to deliver rent to such party in accordance with a direction to do so) nor reduce Landlord's obligations hereunder;

(b) Such new owner shall be bound to Tenant under all of the terms, covenants and provisions of the Lease for the remainder of the term thereof (including the extension periods, if Tenant elects or has elected to exercise its options to extend the term); provided, however, that such new owner shall not be:

(i) liable for any act or omission of any prior landlord (including Landlord) provided that new owner shall be liable for prior landlord's (including Landlord's) obligation to correct any conditions that existed as of the date of attornment and that violate new owner's obligations as landlord under the Lease;

(ii) subject to any offsets or defenses which Tenant has against any prior landlord (including Landlord) unless Tenant shall have provided Mortgagee with (A) notice of the Landlord's Default that gave rise to such offset or defense and (B) the opportunity to cure the same, all in accordance with the terms of Section 4 above;

(iii) bound by any base rent, percentage rent, additional rent or any other amounts payable under the Lease which Tenant might have paid in advance for more than thirty (30) days in advance of the due date under the Lease to any prior landlord (including Landlord);

(iv) liable to refund or otherwise account to Tenant for any security deposit not actually paid over to such new owner by Landlord;

(v) bound by any material amendment or modification of the Lease made without Mortgagee's consent;

(vi) bound by, or liable for any breach of, any representation or warranty or indemnity agreement contained in the Lease or otherwise made by any prior landlord (including Landlord);

(vii) liable for the completion of construction of any initial improvements on the Real Estate required to be performed by Landlord prior to the commencement date of the Lease;

(viii) personally liable or obligated to perform any such term, covenant or provision, such new owner's liability being limited in all cases to its interest in the Real Estate, subject to and in accordance with Section 13.11 of the Lease; or

(ix) bound by any consensual or negotiated surrender, cancellation or termination of the Lease, in whole or in part, agreed upon

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between Landlord and Tenant, unless effected unilaterally by Tenant pursuant to a specific provision in the Lease.

8. Any notices, communications and waivers under this Agreement shall be in writing and shall be (i) delivered in person, (ii) mailed, postage prepaid, either by registered or certified mail, return receipt requested, or (iii) by overnight express carrier, addressed in each case as follows:

To Mortgagee:	NASI XI, LLC c/o The Tuckerman Group 10 S. Wacker Drive, Suite 3250 Chicago, Illinois 60606 Attn: Mr. Glen S. Weisberg
With a copy to:	Barack Ferrazzano Kirschbaum Perlman & Nagelberg LLC 333 West Wacker Drive Suite 2700 Chicago, Illinois 60606 Attn: Bryan J. Segal, Esq.
To Tenant:	The Gymboree Stores, Inc. 700 Airport Boulevard, Suite 200 Burlingame, CA 94010-1912 Attn: Legal Department
With a copy to:	The Gymboree Stores, Inc. 700 Airport Boulevard, Suite 200 Burlingame, CA 94010-1912 Attn: Real Estate Administration

or to any other address as to any of the parties hereto, as such party shall designate in a written notice to the other party hereto. All notices sent pursuant to the terms of this Paragraph shall be deemed received upon the date of actual receipt or the date which delivery was attempted because the party to whom the notice was directed was not present to accept delivery thereof.

9. Tenant acknowledges and agrees that Mortgagee will be relying on the representations, warranties, covenants and agreements of Tenant contained herein and that any default by Tenant hereunder shall permit Mortgagee, at its option, to exercise any and all of its rights and remedies at law and in equity against Tenant and to join Tenant in a foreclosure action thereby terminating Tenant's right, title and interest in and to the Leased Premises.

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10. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto, their respective successors and assigns and any nominees of Mortgagee, all of whom are entitled to rely upon the provisions hereof. This Agreement shall be governed by the laws of the State of Illinois.

11. This Agreement may be executed in multiple counterparts and all of such counterparts together shall constitute one and the same Agreement.

SIGNATURES ON FOLLOWING PAGE

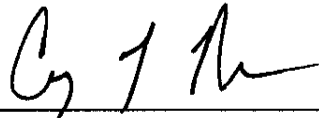
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IN WITNESS WHEREOF, the parties hereto have executed these presents the day and year first above written.

Tenant:

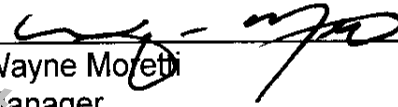
THE GYMBOREE STORES, INC.,
a California corporation

By: 
Name: Craig T. Nomura
Title: Vice President Retail Development

Landlord:

1845 NORTH CLYBOURN L.L.C., an Illinois limited liability company

By: 1845 North Clybourn II L.L.C., an Illinois limited liability company, its sole member and manager

By: 
Wayne Moretti
Manager

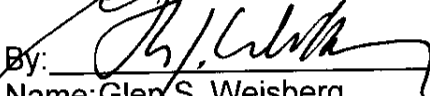
Mortgagee:

NASI XI, LLC, a Delaware limited liability company

By: National Automatic Sprinkler Industry Pension Fund, its sole member

By: State Street Global Advisors, a division of State Street Bank and Trust Company, its agent

By: The Tuckerman Group LLC, its Sub-Advisor

By: 
Name: Glen S. Weisberg
Title: Managing Director

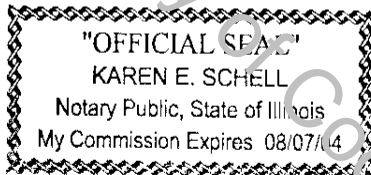
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STATE OF ILLINOIS)
)
COUNTY OF Cook) SS.

I, Karen E. Schell, a Notary Public in and for said County, in the State aforesaid, do hereby certify that Wayne Moretti, the Manager of 1845 North Clybourn II L.L.C., an Illinois limited liability company, the sole member and manager of 1845 North Clybourn L.L.C., an Illinois limited liability company, who is personally known to me to be the same person whose name is subscribed to the foregoing instrument as such Manager, appeared before me this day in person and acknowledged that he/she signed and delivered the said instrument as his/her own free and voluntary act and as the free and voluntary act of said corporation, general partner and Manager for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal, this 10th day of September, 2003.



Karen E. Schell
Notary Public

STATE OF CALIFORNIA)
) SS.
COUNTY OF SAN MATEO)

I, _____, a Notary Public in and for said County in the State aforesaid, do hereby certify that Craig t. Nomura, a Vice President of THE GYMBOREE STORES, INC., who is personally known to me to be the same person whose name is subscribed to the foregoing instrument as such Vice President, appeared before me this day in person and acknowledged that he/she signed and delivered such instrument as his/her own free and voluntary act and as the free and voluntary act of said partnership/corporation, for the uses and purposes set forth therein.

Given under my hand and notarial seal on _____, 2003.

Notary Public

see attached

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CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California }
County of San Mateo } ss.

On _____ before me, Mary Ruth Lee, Notary Public
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")
personally appeared Craig T. Nomura
Name(s) of Signer(s)

personally known to me
 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.

Mary Ruth Lee
Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: Subordination, Non-Disturbance & Attachment Agreement

Document Date: no date shown Number of Pages: Ten pages

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer

Signer's Name: Craig T. Nomura

- Individual
- Corporate Officer — Title(s): VP Retail Development
- Partner — Limited General
- Attorney-in-Fact
- Trustee
- Guardian or Conservator
- Other: _____

Signer Is Representing: The Lyubovna Street Lane

RIGHT THUMBPRINT OF SIGNER

Top of thumb here

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STATE OF ILLINOIS)
) SS.
COUNTY OF DUPAGE)

I, KATHRYN JAKUBOWSKI a Notary Public in and for said County in the State aforesaid, do hereby certify that Glen S. Weisberg, Managing Director of the Tuckerman Group LLC, Sub-Advisor to State Street Global Advisors, agent for National Automatic Sprinkler Industry Pension Fund, sole member of NASI XI, LLC, who is personally known to be to be the same person whose name is subscribed to the foregoing instrument as such person, appeared before me this day in person and acknowledged that he/she signed and delivered such instrument as his/her own free and voluntary act and as the free and voluntary act of said Bank, for the uses and purposes set forth therein.

Given under my hand and notarial seal on Sept 24, 2003.

Kathryn Jakubowski
Notary Public



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EXHIBIT A

Legal Description of Real Estate

Lots 11 through 23 all in Clark and Thomas' Subdivision of Lot 4 in Block 9 in Sheffields addition to Chicago, in Cook County, Illinois situated in the South East $\frac{1}{4}$ of Section 32, Township 40 North, Range 14 East of the Third Principal Meridian, in Cook County, Illinois.

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