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1998-12-08 14:57:05
Cook County Recorder 33.00



RECORDING REQUESTED BY, AND
WHEN RECORDED RETURN TO:

HOLLYWOOD ENTERTAINMENT
CORPORATION, an Oregon corporation
9275 S.W. Peyton Lane
Wilsonville, Oregon 97070

Handwritten: 77-66-528 J2

SUBORDINATION, NONDISTURBANCE,
AND ATTORNMENT AGREEMENT

THIS AGREEMENT (the "Agreement") made and entered into this 1st day of December, 1998, by and between HOLLYWOOD ENTERTAINMENT CORPORATION, an Oregon corporation ("Tenant") whose address is 9275 S.W. Peyton Lane, Wilsonville, Oregon 97070, and AMERICAN NATIONAL BANK AND TRUST COMPANY OF CHICAGO ("Lender"), whose address is 33 North LaSalle Street, Chicago, Illinois 60690.

RECITALS:

A. Lender has agreed to make or has made a mortgage loan ("loan") to AMERICAN NATIONAL BANK AND TRUST CO. OF CHICAGO, not personally, but solely as Trustee under Trust Agreement dated August 18, 1997 and known as Trust Number 123257-00 ("Borrower") whose address is Land Trust Department, 33 North LaSalle Street, Chicago, Illinois 60690, Attention: Land Trust Officer, in the amount of TWO MILLION DOLLARS (\$2,000,000.00), to be secured by a Mortgage (the "Mortgage") on the real property (the "Premises") legally described in Exhibit A attached hereto; and

B. Tenant is the present lessee under a lease dated October 7, 1997, of a portion of the Premises (said lease, including amendments, if any, being referred to as the "Lease"); and

C. Lender requires that Tenant subordinate the Lease and its interest in the Premises in all respects to the lien of the Mortgage and that Tenant attorn to Lender, and acknowledge that the Lease is in full force and effect; and

D. In return, Lender is agreeable to not disturbing Tenant's possession of the portion of the Premises covered by the Lease (the "Demised Premises"), so long as Tenant is not in default under the Lease.

BOX 333-CT1

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NOW, THEREFORE, the parties hereby agree as follows:

1. Subordination. So long as Tenant's occupancy is not disturbed as provided in Section 2 below, the rights of Tenant in, to, and under the Lease, and the Demised Premises are hereby subjected and subordinated, and shall remain in all respects and for all purposes subject and subordinate, to the lien of the Mortgage, and to any and all renewals, modifications, and extensions thereof, and any and all other instruments held by Lender as security for the loan.

2. Tenant Not to be Disturbed. So long as Tenant is not in default (beyond any period given Tenant by the terms of the Lease to cure such default) in the payment of rent or additional rent or in the performance of any of the terms, covenants, or conditions of the Lease on Tenant's part to be performed, (a) Tenant's possession of the Demised Premises, or any extension or renewal rights therefor in the Lease, shall not be diminished or interfered with by Lender, and Tenant's occupancy of the Demised Premises shall not be disturbed by Lender during the term of the Lease or any such extensions or renewals thereof, and (b) Lender will not join Tenant as a party defendant in any action or proceeding foreclosing the Mortgage unless such joinder is necessary to foreclose the Mortgage and then only for such purpose and not for the purpose of terminating the Lease.

3. Tenant to Attorn to Lender. If Lender shall become the owner of the Demised Premises, or the Demised Premises shall be sold by reason of foreclosure or other proceedings brought to enforce the Mortgage, or the Demised Premises shall be transferred by deed in lieu of foreclosure, the Lease shall continue in full force and effect as a direct lease between the then owner of the Demised Premises and Tenant, and Tenant hereby attorns to Lender or any other such owner as its lessor, said attornment to be effective and self-operative without the execution of any further instruments; provided, however, that Lender or such other owner shall not be

(a) liable for any act or omission of any prior lessor (including Borrower as lessor), except to the extent Lender continues such act or omission, provided, however, that nothing herein shall limit Landlord's or Lender's responsibility during the time they hold title to, or have possession of, the Demised Premises for Landlord's maintenance and repair responsibilities or for breach of the covenant of quiet enjoyment under the Lease; or

(b) subject to any offsets or defenses which Tenant might have against any such prior lessor, unless Tenant shall have delivered to Lender written notice of the default which gave rise to such offset or defense and permitted Lender the same right to cure such default as permitted Borrower under the Lease; or

(c) bound by any prepayment of rent or additional rent which Tenant might have paid, except as otherwise expressly required by the terms of the Lease; or

(d) bound by any material amendment or modification of the Lease or by any waiver or forbearance on the part of any such prior lessor made or given without the written consent of Lender or any subsequent holder of the Mortgage, which consent shall not be unduly withheld or delayed; or

(e) bound to return any security deposit unless Lender has actually received that security deposit.

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Tenant shall be under no obligation to pay rent to Lender or any such other owner until Tenant receives written notice from Lender or any such other owner that it has succeeded to Borrower's interest under the Lease.

4. Purchase Option. Any option or rights contained in the Lease, or otherwise, to acquire any or all of the Demised Premises are hereby made subject and subordinate to the rights of Lender under the Mortgage and any acquisition of any or all of the Demised Premises made by Tenant during the term of the Mortgage shall be made subordinate and subject to the Mortgage.

5. Lender's Option to Cure Borrower's Default. Tenant agrees that Borrower shall not be in default under the Lease unless written notice specifying such default is given to Lender. Tenant agrees that Lender shall have the right to cure such default on behalf of Borrower within thirty (30) days after the receipt of such notice. Tenant further agrees not to invoke any of its remedies under the Lease until said thirty (30) days have elapsed, or during any period that Lender is proceeding to cure such default with due diligence, or is diligently taking steps to obtain the right to enter the Demised Premises and cure the default. Notwithstanding the foregoing, nothing herein shall preclude Tenant from maintaining or repairing the Demised Premises pursuant to Sections 6.1(d) and 7.2 of the Lease.

6. Assignment of Lease. Tenant acknowledges that the interest of landlord in the Lease is held by Borrower and that Borrower's interest has been assigned to Lender as security under the Mortgage and that Lender assumes no duty, liability, or obligation under the Lease or any extension or renewal of the Lease, either by virtue of said assignment or by any subsequent receipt or collection of rents under the assignment, and that unless the written consent of Lender is first obtained, no cancellation, surrender, or modification may be made of the Lease and no rental shall be paid other than as now provided in the Lease or in such modification of the Lease as may receive the written approval of Lender.

7. Rental Payment. Until such time as Tenant is otherwise notified in writing by Lender, it shall make all rental payments under the Lease to Borrower as provided therein.

8. Successors and Assigns. This Agreement and each and every covenant, agreement, and other provision hereof shall be binding upon and shall inure to the benefit of the parties hereto, and their heirs, administrators, representatives, successors, and assigns.

9. Effective Date. This Agreement shall become effective upon the execution and delivery by and each party hereto.

[Signature page(s) follow(s)]

IN WITNESS WHEREOF, the parties hereto have each caused this Agreement to be executed as of the date first above.

LENDER:

AMERICAN NATIONAL BANK AND TRUST COMPANY OF CHICAGO

33 North LaSalle Street
Chicago, Illinois 60690

By: [Signature]
Title: _____

BORROWER:

AMERICAN NATIONAL BANK AND TRUST CO. OF CHICAGO, not personally, but solely as Trustee under Trust Agreements dated as of August 18, 1997 and March 24, 1960, and known as Trust Numbers 12357-00 and 15407 respectively

33 North LaSalle Street
Chicago, Illinois 60690

By: _____
Title: TRUST OFFICER

TENANT:

HOLLYWOOD ENTERTAINMENT CORPORATION, an Oregon corporation

9275 S.W. Peyton Lane
Wilsonville, Oregon 97070

By: [Signature]
Donald J. Ekman
Senior Vice President and General Counsel

This instrument is executed by the undersigned Land Trustee, not personally but solely as Trustee in the exercise of the power and authority conferred upon and vested in it as such Trustee. It is expressly understood and agreed that all the warranties, indemnities, representations, covenants, undertakings and agreements herein made on the part of the Trustee are undertaken by it solely in its capacity as Trustee and not personally. No personal liability or personal responsibility is assumed by or shall at any time be incurred or enforceable against the Trustee on account of any warranty, indemnity, representation, covenant, undertaking or agreement of the Trustee in this instrument.

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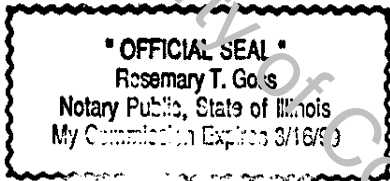
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[Acknowledgment of Lender]

STATE OF Illinois)
)
COUNTY OF Cook) ss.

I, Rosemary T. Goss, a Notary Public in and for and residing in said County and State, DO HEREBY CERTIFY THAT Peter C. Malecek, First Vice President of American National BK & Trust Co, a _____ personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he signed and delivered said instrument as his own free and voluntarily act and as the free and voluntary act of said _____ for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 30 day of November, 1998.
Rosemary T. Goss
Notary Public



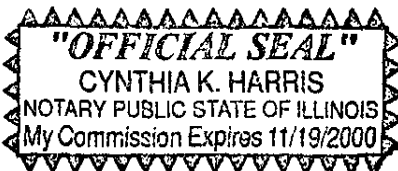
My Commission Expires:
3/16/99

[Acknowledgment of Borrower]

STATE OF Illinois)
)
COUNTY OF Cook) ss.

I, Cynthia K. Harris, a Notary Public in and for and residing in said County and State, DO HEREBY CERTIFY THAT EILEEN F. NEARY of American National Bank and Trust Company of Chicago, a TRUST OFFICER personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he signed and delivered said instrument as TRUST OFFICER own free and voluntarily act and as the free and voluntary act of said TRUST OFFICER for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 17 day of 1998, 1998.
Cynthia K. Harris
Notary Public



My Commission Expires:

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EXHIBIT A

LEGAL DESCRIPTION OF THE CENTER

LOT 3 (EXCEPT THE NORTH 4 FEET THEREOF AND EXCEPT THE EAST 31.70 FEET THEREOF)
LOT 4 AND 5 (EXCEPT THE NORTH 4 FEET OF SAID LOTS) AND THE EAST 31.70 FEET OF LOT 6 (EXCEPT THE
NORTH 4 FEET THEREOF) IN CHESTERFIELD NILES RESUBDIVISION UNIT NO. 1 OF PART OF FIRST ADDITION
TO DEMPSTER-WAUKEGAN ROAD SUBDIVISION OF IN THE NORTHWEST 1/4 OF SECTION 19, TOWNSHIP 41
NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

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