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RECORDING REQUETSED BY:

WHEN RECORDED RETURN TO:

Brian T. Soltzer, Esq. SELTZER CAPLAN WILKINS & MCMAHON 3003-3043 Acarth Avenue San Diego, California 92103

(Space Above For Recorder's Use)

SUBGRDINATION, NONDISTURBANCE AND MYTORNMENT AGREEMENT

NOTICE: THIS AGREEMENT RESULTS IN THE LEASE-HOLD ESTATE IN THE PROPURTY BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENT.

THIS AGREEMENT is made this 15th day of November 1985 between E. F. HUTTON LIFE INSURANCE COMPANY ("Lender") and JEG JEWELERS ("Tenant"), who agree as follows:

- 1. This Agreement is executed in contemplation of the following facts and circumstances:
 - a. Lender is or is about to be the owner and holder of a Mortgage or Deed of Trust and Assignment of Rents and accompanying Security Agreement and Assignment of Leases (collectively "Deed of Trust") now or hereafter encumbering that certain real property described in Exhibit A attached hereto and incorporated by this reference, and the buildings, improvements, and personal property thereon ("Premises") securing the payment of a Secured Promissory Note in the stated principal amount of \$5,575,000.00 executed by

LaSalle Mational Bank as Trustee under Trust No. 105958 dated February 15, 1983

("Borrower") to the order of Lender ("Secured")

Promissory Note").

This document was prepared by

Brian T. Seltzer, Esq. SELTZER CAPLAN WILKINS & McMAHON 3003-3043 Fourth Avenue San Diego, California 92103

Box 158

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W. Walley

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- b. Tenant is the tenant under a lease ("Lease") dated

 June 15, 1983 , made by IA SALLE NATIONAL DANK AS TRUSTEE UNDER TRUST NO. 105958

 dated February 15, 1983 , as landlord (said landlord and its successors and assigns occupying the position of landlord under the Lease are referred to herein as "Landlord"), covering a part of the Premises ("Demised Premises").
 - c. Tenant and Lender desire to confirm their understanding with respect to the Lease and the Deed of Trust.
 - 1. The Lease (and the leasehold estate created thereunder and all rights and privileges of Tenant thereunder) shall now, and shall at all times hereafter continue to be, subject and subordinate in each and every respect, to the Deed of Trust and to any and all increases, renewals, modifications, extensions, substitutions, replacements and(or) consolidations of the Deed of Trust, provided that any and all such increases, renewals, modifications, extensions, substituations, replacements and(or) consolidations shall nevertheless be subject to the terms of this Agreement.
 - 2. So long as Terant is not in default (beyond any period given Tenant 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 and Tenant's rights and privileges under the Lease, or any extensions or renewals thereof or acquisition of additional space which may be effected in accordance with any option therefor in the Lease, shall not be diminished or interfered with by Lender in the exercise of any of its rights under the Deed of Trust; (b) Tenant's occupancy of the Demised Premises or any such additional space shall not be disturbed by Lender in the exercise of any of its rights under the Deed of Trust during the term of the Lease or any such extensions or renewals thereof; and, (c) Lender 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 Deed of Trust.
 - In the event any proceeding are brought for the foreclosure of the Deed of Trust or if the Premises are sold pursuant to a trustee's sale under the Deed of Trust, or a deed is given in lieu thereof, Tenant shall and hereby agrees to attorn to the purchaser or transferce upon any such foreclosure sale, trustee's sale or transfer and shall recognize such purchase:/transferee as the Landlord under the Lease. Such attornment shall be effective and self-operative without the execution of any further instrument on the part of any of the parties hereto. Tenant agrees, however, to execute and deliver at any time and from time to time, upon the request of Landlord or of any holder(s) of any of the indebtedness or other obligations secured by the Deed of Trust or any such purchaser/transferee, any instrument or certificate which, in the sole judgment of Landlord or of such holder(s) or such purchaser/transferee, may be necessary or appropriate in any such foreclosure proceeding or otherwise to evidence such attornment. irrevocably appoints Lender and any other or future holders of the indebtedness or other obligations secured by the Deed of Trust or any such purchaser/transferee jointly and severally the special agent and attorney in fact of Tenant to execute and deliver for and on behalf of Tenant and such instrument or certificate. Such power of attorney shall not terminate on

disability of the principal, and shall be deemed coupled with an interest. In the event of any such attornment, Tenant further waives the provisions of any statute or rule of law, now or hereafter in effect, which may give or purport to give Tenant any right or election to terminate or otherwise adversely affect the Lease and the obligation of Tenant thereunder as a result of any such foreclosure proceeding or trustee's sale.

- If Lender shall succeed to the interest of Landlord under the Lease in any manner, or if any purchaser/transferee acquires the Demised Premises upon any foreclosure of the Deed of Trust or any trustee's sale under the Deed Trust or any deed given in lieu thereof, Lender purchaser transferee, as the case may be, shall have the same remedies by entry, action or otherwise in the event of any default by Tenant (beyond any period given Tenant to cure such default) in the payment of rent or additional reit or in the performance of any of the terms, covenants and conditions of the Lease on Tenant's part to be performed that Landlord had or would have had if Lender or such purchaser had not succeeded to the interest of Landlord, provided, however, that in no event shall Lender or such purchaser/transferee be (a) liable for any act or omission of any prior landlord (including Landlord); (b) subject to any offsets or defenses which Tenant might have paid for more than the current month to any prior landlord (including Landlord); (c) boing by any rent or additional rent which Tenant might have paid for more than the current month to any prior landlord (including landlord) or for the repayment of any security deposit: (d) bound by any amendment or modification of the Lease made without its consent; or, (e) liable for any act or omission of any subsequent Landlord.
- 5. If Lender shall succeed to the interest of Landlord under the Lease in any manner, or if any purchaser/transferee acquires the Demised Premises upon any foreclosure of the Deed of Trust or any trustee's sale under the Deed of Trust or any deed given in lieu thereof, Lendet or such purchaser, as the case may be, shall have the right to transfer, assign, and convey, in whole or in part, the Demised Premises and any and all of its rights under the Lease, and in the event the Lender assigns its right under the Lease, Lender shall thereby be released from any further obligations hereunder and Tenant agrees to look solely to such successor in interest of the Lender for performance of such obligations.
- 6. Nothing herein contained is intended, nor shall it be construed, to abridge or adversely affect any right or remedy of Landlord under the Lease in the event of any default by Tenant (beyond any period given Tenant to cure such default) in the payment of rent or additional rent or in the performance of any of the terms, convenants or conditions of the Lease on Tenant's part to be performed.
 - 7. Tenant declares, agrees and acknowledges that:
 - a. Lender, in making disbursements under such Secured Promissory Note, is under no obligation or duty to, nor has Lender represented that it will, see to the application of such proceeds by the person or persons to whom Lender disburses such proceeds and any misapplication of the same shall not defeat the subordination made hereunder either in whole or in part; and,

- b. It intentionally and unconditionally waives, relinquishes, subjects and subordinates the Lease, the leasehold estate created thereby together with all rights and privileges of Tenant thereunder in favor of the lien and charge of the Deed of Trust and understands that in reliance upon, and in consideration of, this waiver, relinquishment, subjection and subordination, specific loans and advances are being and will be made and, as part and parcel thereof, specific monetary and other obliqations are being and will be entered into which would not be made or entered into but for said reliance upon this waiver, relinquishment, subjection and subordination.
- 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 respetive successors in interest. This Agreement shall inure to the benefit of and be binding upon the parties hereto, their heirs, personal representatives, successors and assigns, and any purchaser or purchasers at foreclosure of the Premises, or transferee where a deed is given in lieu thereof, and their respective heirs, person reprentatives, successors and assigns,
- To the extent that the Lease shall entitle the Tenant to notice of any deed of trust, this Agreement shall constitute such notice to the Tenant with respect to the Deed of Trust and to any and all other deeds of trust which may hereafter be subject to the terms of this Agreement as provided above.

NOTICE: THIS AGREEMENT CONTAINS A IROVISION WHICH ALLOWS THE PERSON OBLIGATED ON YOUR LEASE TO OBTAIN A LOAN A PORTION OF WHICH MAY BE EXPENDED FOR OTHER PURPOSES THAN IMPROVEMENTS OF THE PROPERTY.

	IFNDER:
	E. F. HUTTON LIFE INSURANCE COMPANY
	By and
	Paul W. Parrell, Ass't Vice Pres.
	TENANT:
Subscribed and sworn to before me this 21st day of January, 1986.	JEG JEWELERS
Notary Public	By Wantle W Tonk the (Signature) Juanita M. Tagler Hite
	Dat

(Signature)

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THAT PART OF BLOCKS 25, 26, 27 AND 28 TOGETHER WITH THAT PART OF VARIOUS VACATED STREETS AND ALLEYS WITHIN AND ADJOINING SAID BLOCKS, IN CRANE VIEW ARCHER AVENUE HOME ADDITION TO CHICAGO BEING A SUDDIVISION OF THE WEST 1/2 OF THE WEST 1/2 OF SECTION 9, TOWNSHIP 30 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, EXCEPT THE NORTH 9, 225 ACRES THEREOF AND EXCEPT ALSO A STRIP OF LAND 66 FEET WIDE ACROSS THE WEST 1/2 OF THE SOUTH WEST 1/4 OF SAID SECTION 9 TO BE USED FOR RAILROAD PURPOSES, ALL TAKEN AS A TRACT, BOUNDED AND DESCRIBED AS FOLLOWS: BEGINNING AT THE NORTH WEST CORNER OF LOT 7 IN SAID BLOCK 28, THENCE NORTHEASTERLY ALONG THE NORTHERLY LINE OF SAID BLOCKS 28, 27 AND 26 A DISTANCE OF 850, 80 FEET TO THE NORTH EAST CORNER OF LOT 1 IN SAID BLOCK 26: THENCE SOUTH ALONG THE EAST LINE OF SAID LOT 1 AND ITS SOUTHERLY EXTENSION, A DISTANCE OF 143, 48 FEET TO THE NURTH EAST CORNER OF LOT 11 IN SAID BLOCK 26; THENCE NORTHEASTERLY 67, 14 FEET TO THE NORTH WEST CORNER OF LOT 25 IN SAID BLOCK 25; THENCE HORTHEASTERLY ALONG THE NORTHERLY LINE OF SAID LOT 25 A DISTANCE OF 127.97 FEET TO THE NORTH EAST CORNER OF LOT 25 IN SAID BLOCK 25: THENCE SOUTH ALONG THE EAST LINE OF LOTS 25 TO 20 AND ITS SOUTHERLY EXTENSION IN SAID BLOCK 25 A DISTANCE OF 211, 23 FEET TO THE SOUTH LINE OF BLOCK 25 AFORESAID; THENCE WEST ALONG THE

SOUTH LINE OF BLOCKS 25, 26 AND 27 TO THE SOUTH WEST CORNER OF LOT 14 IN SAID BLOCK 27; THENCE CONTINUING WEST ALONG THE SOUTH LINE OF VACATED SOUTH LUNA AVENUE AND THE SOUTHERLY LINE OF THE VACATED 16 FOOT PUBLIC ALLEY SOUTH OF AND ADJOINING SAID BLOCK 28 TO THE EAST LINE OF PROPERTY ACQUIRED BY THE STATE OF ILLINOIS FOR STREET PURPOSES PER CONDEMNATION CASE NUMBER 60S18536, BEING THE SOUTHERLY EXTENSION OF THE EAST LINE OF THE WEST 1.00 FOOT OF LOT 11 IN SAID BLOCK 28; THENCE NORTH ALONG SAID SOUTHERLY EXTENSION TO THE NORTH LINE OF SAID VACATED ALLEY TO THE NORTH LINE OF SAID VACATED ALLEY TO THE SOUTH WEST CORNER OF LOT 7 IN SAID BLOCK 28; THENCE NORTH ALONG THE WEST LINE OF SAID LOT 7 A DISTANCE OF 152.00 FEET TO THE PLACE OF BEGINNING, IN COOK COUNTY, ILLINOIS.

Permanent Index No(s). 19 09 317 070 Volume No. 382 Archer and Central Avenues, Chicago, Illinois

EXHIBIT

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STATE OF CALIFORNIA) SS COUNTY OF LOS ANGELES) On this 7th day of February , in the year 1986, before me, the undersigned, a Notary Public in and for said County and State, personally appeared Paul W. Farrell , personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed the within Instrument as Assistant Vice President orp, seutea

Clark's Office behalf of the corporation therein named and acknowledged to me that the corporation executed it.

(Notary Seal)

DOLORES C ARRIAGA NOTARY PUBLIC - CALIFORNIA My comm. expires JAN 24, 1989

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STATE OF ILLINOIS) 55 COUNTY OF DU PAGE)

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I, JO MARIE PONTARELLI, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that JUANITA 1. TAGLER HITE, as an officer of JBG JEWELERS, who is personally known to me to be the same person whose name is subscribed to the foregoing instrument as such an officer, appeared before me tris day in person and acknowledged that she signed and delivered the said instrument as her own free and voluntary act and as the free and voluntary act of said Company, for the uses and purposes therein set forth.

hand a County Clarks GIVEN under my hand and notarial seal this 21st day of January, 1986.

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