

THIS INSTRUMENT WAS PREPARED BY AND
AFTER RECORDING SHOULD BE MAILED TO:
THOMAS P. DUFFY, ESQ.
WILDMAN, HARROLD, ALLEN & DIXON
225 WEST WACKER DRIVE
SUITE 2600
CHICAGO, ILLINOIS 60606



**SUBORDINATION, ATTORNMENT AND
NONDISTURBANCE AGREEMENT**

THIS SUBORDINATION, ATTORNMENT AND NONDISTURBANCE AGREEMENT (hereinafter referred to as the "Agreement") is made as of the 29th day of ~~January~~ ^{July} 1997, by and among AMERICAN NATIONAL BANK AND TRUST COMPANY OF CHICAGO, a national banking association (hereinafter referred to as "Mortgagee"), T-L OAK FOREST COMMONS, INC., an Illinois corporation (hereinafter referred to as "Landlord"), and HOLLYWOOD ENTERTAINMENT CORPORATION, an Oregon corporation (hereinafter referred to as "Tenant");

WITNESSETH:

WHEREAS, Mortgagee has agreed to make a loan in the principal amount of approximately Ten Million One Hundred Thousand and No/100 Dollars (\$10,100,000.00) (hereinafter referred to as the "Loan") to Landlord ("Borrower") which Loan is secured by that certain Construction Mortgage dated October 15, 1996 made by Landlord to Mortgagee and recorded in Cook County, Illinois as Document No. 96789294 (hereinafter referred to as the "Mortgage") encumbering the real estate legally described on Exhibit A attached hereto and made a part hereof (hereinafter referred to as the "Premises"), and other Loan Documents (as defined in the Mortgage), and evidenced by that certain Note dated as of October 15, 1996 made by Borrower to Mortgagee in the original principal amount of Ten Million One Hundred Thousand and No/100 Dollars (\$10,100,000) (hereinafter referred to as the "Note") (Mortgagee is hereby authorized to fill in the preceding blanks with appropriate identifying information after execution of this Agreement); and

WHEREAS, by Lease dated January 15th 1997, (hereinafter referred to as the "Lease"), by and between Landlord and Tenant, a portion of the Premises was leased to Tenant, said leased premises being more particularly described in the Lease and on Exhibit B attached hereto (hereinafter referred to as the "Leased Premises"); and

WHEREAS, as a condition precedent to making and disbursing the Loan to Borrower, Mortgagee has required this Agreement; and

S-YES
P-12
N-NO
M-YES

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WHEREAS, Mortgagee, Landlord and Tenant are willing to agree to a subordination, attornment and nondisturbance agreement on the terms and conditions hereinafter provided;

NOW, THEREFORE, in consideration of the premises, the mutual covenants contained herein, and other good and valuable consideration, receipt and sufficiency of which are hereby acknowledged, Mortgagee, Landlord and Tenant hereby agree as follows:

1. **Subordination**. Tenant hereby covenants, agrees and declares that the Lease and any renewal, extension, modification or amendment thereof and all of Tenant's right, title and interest under the Lease, including any options to expand, renew or purchase contained in the Lease, in and to said Leased Premises are and shall be fully subject and subordinate in all respects to the Mortgage and the indebtedness evidenced by the Note, and to any future advance, disbursement, renewal, increase, replacement, extension or other modification or amendment thereof, with the same force and effect as if the Mortgage and the indebtedness evidenced by the Note, and any future advance, disbursements, renewal, increase, replacement, extension or other modification or amendment thereof, had been executed, delivered and recorded prior to the execution and delivery of the Lease.

2. **Attornment**. Tenant hereby further covenants and agrees as follows:

(a) That in the event of Landlord's default under the Loan Documents and Mortgagee's election to exercise any of its rights or remedies thereunder, including, without limitation, in the event of Mortgagee's exercise of its rights under any Collateral Assignment of Rents and Leases made by Landlord to Mortgagee, or in the event of a foreclosure of the Mortgage or a conveyance in lieu of foreclosure, any of which occurs prior to the expiration date of the Lease, including any extensions and renewals thereof, Tenant hereby covenants and agrees to make full and complete attornment to Mortgagee, its successors, nominees or assigns, or to the purchaser of any foreclosure sale or grantee of any deed-in-lieu of foreclosure, and their successors, nominees and assigns, as the case may be, (all of said parties being hereinafter also collectively referred to as "Mortgagee") for the balance of the term of the Lease, including any extensions and renewals thereof, subject to and upon the same terms and conditions as therein provided, so as to establish direct privity of estate and contracts as between the Tenant and Mortgagee with the same force and effect as though the Lease were originally made directly from Mortgagee to Tenant, and Tenant thereafter shall make all rent payments and any other payments and otherwise perform under the Lease directly to and for the benefit of Mortgagee. The parties acknowledge and agree that the foregoing agreement of Tenant to attorn to Mortgagee is conditioned upon Mortgagee's agreement to recognize the Lease and Tenant's rights thereunder.

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(b) That said attornment shall be effective and self-operative without the execution of any further instruments on the part of any of the parties hereto; provided, however, that upon the election and written demand of Mortgagee, Tenant shall execute an instrument, satisfactory to Mortgagee, confirming and acknowledging said attornment.

3. **Nondisturbance.** In the event of Landlord's default under the Loan Documents and Mortgagee's election to exercise any of its rights or remedies thereunder, including, without limitation, in the event of foreclosure of the Mortgage or conveyance in lieu of foreclosure, any of which occurs prior to the expiration date of the Lease, including any extensions and renewals thereof, then Mortgagee agrees as follows:

(a) That no proceeding to foreclose the Mortgage and no conveyance in lieu of foreclosure thereof, will disturb Tenant's rights under the Lease, and any rights of Tenant under the Lease will not be diminished, affected or cut off thereby and Tenant will not be named by Mortgagee as a party defendant to said foreclosure proceeding; and

(b) The Lease shall continue in full force and effect and Mortgagee shall recognize the Lease and the Tenant's rights thereunder, so as to establish direct privity of estate and contract between Tenant and Mortgagee, with the same force and effect as though the Lease were originally made directly from Mortgagee to Tenant, and Mortgagee shall perform Landlord's obligations arising thereafter for the benefit of Tenant, subject to the terms of Section 4 hereof.

Mortgagee's obligation under Sections 3 (a) and (b) is subject to the condition that as of the date Mortgagee commences to exercise any right or remedy and at all times thereafter the following conditions have been and continue to be fulfilled:

i) Tenant shall be and remain in compliance with the terms and provisions of this Agreement and shall not, after the expiration of any applicable grace periods, be in default in the performance or observance of any of the terms, covenants, or conditions contained in the Lease to be performed or observed by Tenant thereunder and Tenant shall continue to attorn to Mortgagee; and

ii) Either of the following shall have been and continue to be fulfilled:

(A) the Landlord's Work, as defined in the Lease, shall have been completed and Tenant shall have accepted possession of the Leased Premises; or

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(B) the Landlord's Work shall have not yet been completed, but Mortgagee shall have elected to exercise its option to complete the Landlord's Work and in addition thereto Tenant shall have reconfirmed the terms and conditions of its Lease and shall have agreed to extend the applicable completion and delivery dates thereunder to provide Mortgagee with the legal and practical ability to complete the Landlord's Work and otherwise to perform Landlord's obligations thereunder within the extended deadlines (except for Tenant's obligations with respect thereto);

In the event that either condition set forth in subsections i) or ii) above has not been fulfilled, then the foregoing nondisturbance agreement shall be inoperative between Mortgagee and Tenant, and unless the parties can reach mutual agreement otherwise to keep the Lease or an amended or modified version thereof in effect, Mortgagee shall have the right and option through the process of foreclosure or otherwise to terminate or extinguish Tenant's rights in and to the Leased Premises.

4. Landlord's Prior Act.

(a) In the event of Landlord's default under the Loan Documents and Mortgagee's election to exercise any of its rights or remedies thereunder, including without limitation, in the event of foreclosure of the Mortgage or conveyance in lieu of foreclosure, Mortgagee and Tenant agree that Mortgagee shall not in any way or to any extent

i) be obligated or liable to Tenant for any security deposit or any other sums deposited with Landlord under the Lease and not physically delivered to Mortgagee; or

ii) be bound by any previous prepayment of rent for a period greater than one (1) month, unless such prepayment shall have been expressly approved in writing by Mortgagee; and

iii) Tenant shall have no right to assert any of the foregoing or any damages arising therefrom in any claim or suit against Mortgagee personally or as an offset or defense against Mortgagee's enforcement of the Lease against Tenant or as a grounds for termination of the Lease. The foregoing shall not limit Tenant's rights of recourse, if any, against Landlord for its breach of any such obligations under the Lease.

(b) In the event of Landlord's default under the Loan Documents and Mortgagee's election to exercise any of its rights and remedies thereunder, including without limitation, in the event of foreclosure of the Mortgage or

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conveyance in lieu of foreclosure, Mortgagee and Tenant agree that Mortgagee shall not

i) be obligated or liable to Tenant with respect to construction and completion of any improvements in the Leased Premises; or

ii) be obligated or liable to Tenant for, or be bound by, any other prior act, omission, breach or default on the part of Landlord under the Lease, and Tenant shall have no right to assert any of the foregoing or any damages arising therefrom in any claim or suit against Mortgagee personally. However, the foregoing shall not limit Tenant's rights of recourse, if any, against Landlord for such failure to complete or other such breach of its obligations under the Lease or limit Tenant's rights under the Lease to terminate the Lease based on such failure or breach, if not otherwise performed, or limit Tenant's right of set-off, defense or other rights or remedies under the Lease with respect to such failure or breach.

(c) Tenant expressly acknowledges and agrees that, except as otherwise herein expressly provided in Sections 3(a) and (b) with respect to Mortgagee's nondisturbance agreement, Mortgagee shall not be obligated to perform or fulfill any obligation of Landlord under the Lease and shall not be deemed to have made a covenant or promise of Mortgagee to perform Landlord's obligations under the Lease.

5. **Additional Covenants.** Tenant hereby further covenants and agrees as follows:

(a) Tenant agrees to give to you, by certified mail, a copy of any notice of default under the Lease served by Tenant upon Landlord. Tenant further agrees that if Landlord shall have failed to cure such default within the time provided in the Lease, then you shall have an additional thirty (30) days after the expiration of Landlord's cure period within which to cure such default, or, if such default cannot be cured within that time, then such additional time as may be necessary if, within your initial thirty (30) day cure period, you shall have commenced and shall be diligently pursuing the remedies necessary to cure such default (including, but not limited to, commencement of foreclosure proceedings if necessary to effect such cure). Such period of time shall be extended by any period within which you are prevented from commencing or pursuing such foreclosure proceedings by reason of the bankruptcy of Landlord. Until the time allowed as aforesaid for you to cure such default has expired without cure, Tenant shall have no right to and shall not terminate the Lease on account of default.

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(b) That Tenant hereby agrees that it shall in no event:

i) make prepayment of rent for a period in excess of one (1) month;

ii) except as allowed under the express terms of Section 13 of the Lease, sublet the Leased Premises or any part thereof or assign its interest under the Lease, or permit its interest under the Lease to be assigned by operation of law or otherwise;

without in each and every instance the express prior written consent of Mortgagee or its successors, nominees or assigns, which consent shall not be unreasonably withheld.

(c) That except as provided herein, Tenant hereby agrees that it shall in no event subordinate or agree to subordinate the Lease to any other lien or encumbrance affecting the Premises and/or the Leased Premises without the express written consent of Mortgagee and any such attempted subordination or agreement to subordinate without such consent of Mortgagee shall be void and of no force and effect.

6. **Modification.** No modification, amendment, waiver or release of any provision of this Agreement or of any right, obligation, claim or cause of action arising hereunder shall be valid or binding for any purpose whatsoever unless in writing and duly executed by the party against whom the same is sought to be enforced.

7. **Notices.** All notices or other communications required or permitted to be given hereunder shall be in writing and shall be considered as properly given if mailed by first-class United States mail, postage prepaid, registered or certified with return receipt requested, or by delivering same in person to the intended address or by prepaid messenger or reliable overnight service as follows:

If to Tenant: Hollywood Entertainment Corporation
25600 SW Parkway Center Drive
Wilsonville, Oregon 97070
Attention: Donald J. Ekman

If to Mortgagee: American National Bank and Trust
Company of Chicago
33 North LaSalle Street
Chicago, Illinois 60690
Attention: James E. Phillipp

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Copy to: Wildman, Harrold, Allen & Dixon
225 West Wacker Drive
Suite 2600
Chicago, Illinois 60606
Attention: Thomas P. Duffy

If to Landlord: T-L Oak Forest Commons, Inc.
One Westbrook Corporate Center
Suite 250
Westchester, Illinois 60154-5674
Attention: Richard F. Dube

Copy to: Burke, Warren & MacKay, P.C.
330 North Wabash, 22nd Floor
Chicago, Illinois 60611
Attention: Jeffrey D. Warren

or to such other place as any party hereto may by notice in writing designate as a place for service of notice hereunder. Notice so mailed shall be effective three (3) days after the date of its deposit. Notice given in any other manner shall be effective only if and when received by the addressee.

8. **Successors and Assigns.** This Agreement shall inure to the benefit of, and be binding upon, the parties hereby and their respective successors or assigns; provided, however, that upon the assignment of the interest of the original or any successor Mortgagee hereunder, all obligations of such Mortgagee under this Agreement shall terminate, and thereupon all such obligations shall be the responsibility of the party or parties to whom such Mortgagee's interest is so assigned.

9. **Estoppel Certificates.** Tenant shall, at any time and from time to time, upon not less than ten (10) days prior written request from Mortgagee, execute, acknowledge and deliver to Mortgagee in form reasonably satisfactory to Mortgagee, a written statement certifying that Tenant has or has not accepted the Leased Premises, that the Lease is unmodified and in full force and effect (or, if there have been modifications, that the same is in full force and effect as modified and stating the modifications), that the Landlord, to its knowledge, is or is not in default thereunder, and specifying the nature of any default then known about, the date to which the rental and other charges have been paid in advance, if any, or such other accurate certification as may be required by Mortgagee.

10. **Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but such counterparts shall together constitute but one and the same instrument.

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IN WITNESS WHEREOF, Mortgagee, Tenant and Landlord have respectively executed this Agreement as of the day and year first above written.

MORTGAGEE:

AMERICAN NATIONAL BANK AND TRUST
COMPANY OF CHICAGO, a national
banking association

By: *Terrence J. Kelly*
Its: Assistant Vice President

LANDLORD:

T-L OAK FOREST COMMONS, INC., an
Illinois corporation

By: *[Signature]*
Its: President

TENANT:

HOLLYWOOD ENTERTAINMENT
CORPORATION, an Oregon corporation

By: *[Signature]*
Its: Vice President

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MORTGAGEE'S ACKNOWLEDGEMENT

STATE OF ILLINOIS

COUNTY OF

I, the undersigned, a Notary Public, in and for said County, in the State aforesaid, do hereby certify that Jennifer S. Kelley personally known to me to be the same person whose name is subscribed to the foregoing instrument as such Asst. Vice President of AMERICAN NATIONAL BANK AND TRUST COMPANY OF CHICAGO, a national banking association, appeared before me this 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 national banking association, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 29th day of July, 1997.

Maria I. Parra
Notary Public

My Commission Expires:



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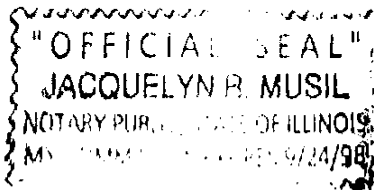
LANDLORD'S ACKNOWLEDGEMENT

STATE OF ILLINOIS

COUNTY OF DuPage

I, the undersigned, a Notary Public, in and for said County, in the State aforesaid, do hereby certify that Richard F. Duble, personally known to me to be the same person whose name is subscribed to the foregoing instrument as such President of T-L OAK FOREST COMMONS, INC., an Illinois corporation, appeared before me this day in person and acknowledged that he signed and delivered the 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 14th day of July, 1997



Jacquelyn R. Musil
Notary Public

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TENANT'S ACKNOWLEDGMENT

STATE OF Oregon

COUNTY OF Washington

I, the undersigned, a Notary Public, in and for said County, in the State aforesaid, do hereby certify that David S. Kirk

_____ personally known to me to be the same person whose name is subscribed to the foregoing instrument as such Vice President of HOLLYWOOD ENTERTAINMENT CORPORATION, an Oregon corporation, appeared before me this day in person and acknowledged that he signed and delivered the said instrument as his own free 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 15 day of January, 1997.

Heather M. Hartley
Notary Public

My Commission Expires: March 11, 2000



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EXHIBIT ALEGAL DESCRIPTION

PARCEL 1:

THAT PART OF THE WEST 1/2 OF THE SOUTHWEST 1/4 OF SECTION 16, TOWNSHIP 36 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS: BEGINNING AT THE POINT OF INTERSECTION OF THE NORTH LINE OF THE SOUTH 64.50 FEET OF THE NORTH 1/2 OF THE SOUTHWEST 1/4 OF THE SOUTHWEST 1/4 OF SECTION 16 AFORESAID AND THE EAST LINE OF THE WEST 50 FEET OF THE WEST 1/2 OF THE SOUTHWEST 1/4 OF SECTION 16 AFORESAID; THENCE EAST ALONG SAID NORTH LINE OF THE SOUTH 64.50 FEET OF THE NORTH 1/2 OF THE SOUTHWEST 1/4 OF THE SOUTHWEST 1/4 OF SECTION 16 AFORESAID, A DISTANCE OF 740 FEET; THENCE SOUTH PARALLEL TO THE WEST LINE OF THE SOUTHWEST 1/4, A DISTANCE OF 459.44 FEET; THENCE EAST PARALLEL WITH THE SOUTH LINE OF THE SOUTHWEST 1/4, A DISTANCE OF 333 FEET; THENCE SOUTH PARALLEL TO THE WEST LINE OF THE SOUTHWEST 1/4, A DISTANCE OF 14.30 FEET; THENCE WEST, PARALLEL TO THE SOUTH LINE OF THE SOUTHWEST 1/4, A DISTANCE OF 185 FEET; THENCE SOUTH PARALLEL TO THE WEST LINE OF THE SOUTHWEST 1/4, A DISTANCE OF 208 FEET TO THE NORTH LINE OF 159TH STREET (SAID NORTH LINE BEING A LINE 50 FEET NORTH OF AND PARALLEL WITH THE SOUTH LINE OF SAID WEST 1/2 OF THE SOUTHWEST 1/4 OF SECTION 16); THENCE WEST ALONG THE SAID NORTH LINE OF 159TH STREET, A DISTANCE OF 35 FEET; THENCE NORTH PARALLEL TO THE WEST LINE OF THE SOUTHWEST 1/4, A DISTANCE OF 175 FEET; THENCE WEST, A DISTANCE OF 140 FEET TO THE EAST LINE OF THE WEST 763 FEET OF SAID WEST 1/2 OF THE SOUTHWEST 1/4 OF SECTION 16; THENCE SOUTH ALONG SAID EAST LINE, A DISTANCE OF 15 FEET TO THE NORTH LINE OF THE SOUTH 210 FEET OF SAID WEST 1/2 OF THE SOUTHWEST 1/4 OF SECTION 16; THENCE WEST ALONG SAID NORTH LINE, A DISTANCE OF 245 FEET THENCE SOUTH PARALLEL TO THE WEST LINE OF THE SOUTHWEST 1/4 A DISTANCE OF 160 FEET TO THE SAID NORTH LINE OF 159TH STREET; THENCE WEST ALONG SAID NORTH LINE OF 159TH STREET, A DISTANCE OF 268 FEET TO A LINE DRAWN PARALLEL TO AND 200 FEET EAST OF THE EAST LINE OF CENTRAL AVENUE (BEING A LINE 50 FEET EAST OF AND PARALLEL WITH THE WEST LINE OF SAID WEST 1/2 OF THE SOUTHWEST 1/4 OF SECTION 16); THENCE NORTH ALONG SAID PARALLEL LINE, A DISTANCE OF 150 FEET; THENCE WEST ON A LINE PARALLEL TO THE NORTH RIGHT OF WAY LINE OF 159TH STREET, A DISTANCE OF 200 FEET TO THE EAST LINE OF CENTRAL AVENUE; THENCE NORTH ALONG SAID EAST LINE, A DISTANCE OF 531.66 FEET TO THE POINT OF BEGINNING, IN COOK COUNTY, ILLINOIS.

PARCEL 2:

PERPETUAL NON-EXCLUSIVE EASEMENT APPURTENANT TO AND FOR THE BENEFIT OF PARCEL 1 FOR INGRESS AND EGRESS AND FOR THE PASSAGE AND PARKING OF VEHICLES AND THE PASSAGE AND ACCOMODATION OF PEDESTRIANS IN, TO, OVER AND ACROSS THE "COMMON AREA" AS DEFINED AND AS CREATED BY DECLARATION OF RECIPROCAL EASEMENTS DATED JANUARY 2, 1980 AND RECORDED FEBRUARY 27, 1980 AS DOCUMENT 25375404, IN COOK COUNTY, ILLINOIS.

PIN: 28-16-302-006-0000

Address of Property: Central Avenue and 159th Street, Oak Forest, Cook
County, Illinois

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