

STATE OF INDIANA
LAKE COUNTY
FILED & RECORDED
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RECORDING REQUESTED BY, AND
WHEN RECORDED RETURN TO: 98042326

HOLLYWOOD ENTERTAINMENT
CORPORATION, an Oregon corporation
25600 S.W. Parkway Center Drive
Wilsonville, Oregon 97070

SUBORDINATION, NONDISTURBANCE,
AND ATTORNMENT AGREEMENT

THIS AGREEMENT (the "Agreement") made and entered into this 14th day of June, 1998, by and among HOLLYWOOD ENTERTAINMENT CORPORATION, an Oregon corporation ("Tenant"), whose address is 25600 S.W. Parkway Center Drive, Wilsonville, Oregon 97070, LASALLE BANK, NI ("Lender"), whose address is 3201 North Ashland Avenue, Chicago, Illinois 60657, and RMGT BUILDING LLC, a limited liability company ("Borrower"), whose address is c/o Normark Real Estate Service, Ltd., 2500 E. Devon, Suite 102, Des Plaines, Illinois 60018.

This Document is the property of
the Lake County Recorder!

RECITALS:

- A. Lender has agreed to make or has made a mortgage loan ("loan") to Borrower in the amount of TWO MILLION NINE HUNDRED THOUSAND DOLLARS (\$2,900,000.00), which is secured by a Mortgage (the "Mortgage") dated May 30, 1997 and recorded June 23, 1997 with the Lake County, Indiana Recorder's Office at document No. 97040473, on the real property (the "Premises") legally described in Exhibit A attached hereto; and
- B. Tenant is the present lessee under a lease dated September 30, 1997, of a portion of the Premises (said lease 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.

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.

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2. **Tenant Not to be Disturbed.** So long as the Lease is in full force and effect and 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 Borrower's or Lender's responsibility during the time they hold title to, or have possession of, the Demised Premises for Borrower's maintenance and repair responsibilities or for breach of the covenant of quiet enjoyment under the Lease or for any offsets or defenses that arise therefrom; or

(b) subject to any offsets or defenses which Tenant might have against any such prior lessor, for acts or omissions of such prior lessor which occurred prior to the Lender's acquisition of title to the Demised Premises; provided, however, nothing herein shall limit Tenant's offsets or defenses for Lender's or such other owner's responsibilities under the Lease during the time Lender or such other owner holds title to, or has possession of, the Demised Premises, for breach of the maintenance and repair responsibilities or for breach of the covenant of quiet enjoyment under the Lease, or for any offsets or defenses which arise therefrom; or

(c) bound by any prepayment of rent more than thirty (30) days before such rent was first due, 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

(f) bound by any covenant to undertake or complete the construction of the Demised Premises if such construction has not commenced prior to the date on which Lender or any new owner succeeded to the interests of Borrower. In the event such construction has been commenced on the date on which Lender or new owner succeeded to the interests of Borrower, Lender or new owner shall complete such construction as set forth in the Lease; provided, however, the completion date of the Demised Premises and the two (2) days of free rent for each (1) day of delay provision as set forth in section 3.3 (a) of the Lease shall

be extended for a reasonable time so long as Lender or such other new owner is diligently and continually proceeding with the construction of the Demised Premises.

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

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. **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.

5. **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.

6. **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.

7. **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.

8. **Lender Exculpation.** Notwithstanding anything in this Agreement or the Lease to the contrary, Lender's obligations and liability under the Lease shall never extend beyond its interest in the Premises and rents, income and profits therefrom from time to time (including insurance and condemnation proceeds).

9. **Notice.** Any notices required in accordance with any of the provisions herein, or desired to be given hereunder, shall be delivered personally, or by express courier, or if mailed, then mailed by certified mail, return receipt requested, and addressed to the party as set forth above, or at such other place as such party may in writing from time to time direct. Notices shall be deemed given when delivered, if delivered personally or by express courier, upon receipt or rejection if sent by the United States mail as set forth above.

10. **Conflict.** If this Agreement conflicts with the terms of the Lease, the terms of the Agreement shall prevail.

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

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

LENDER:

LASALLE BANK, NL

By: 

Title: _____
JOHN C. SCHELLINGER
VICE PRESIDENT

BORROWER:

RMGT BUILDING LLC, a limited liability company

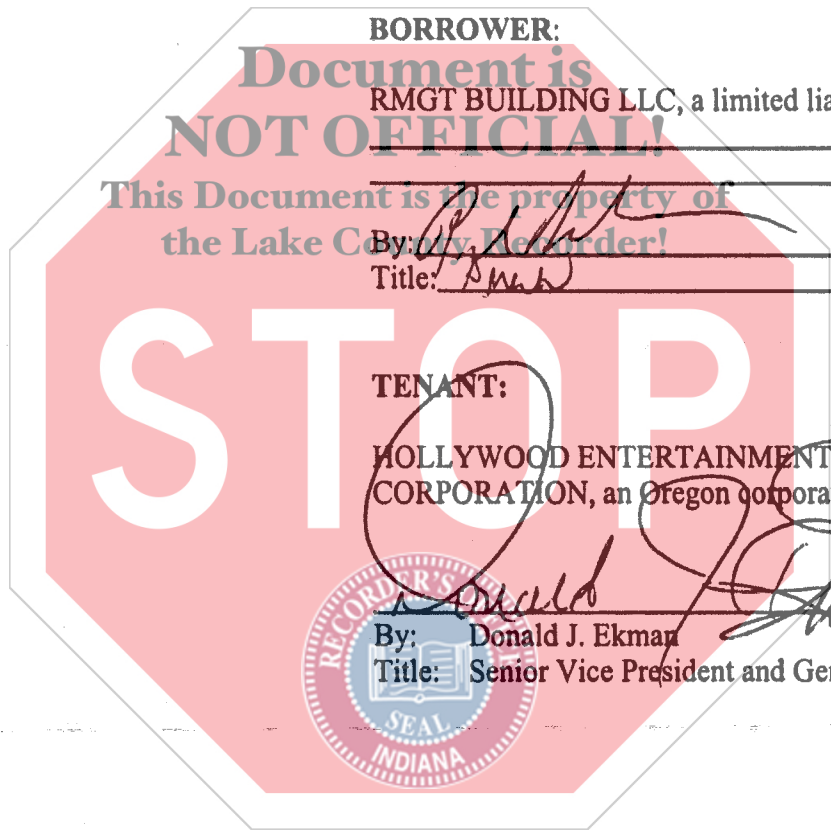
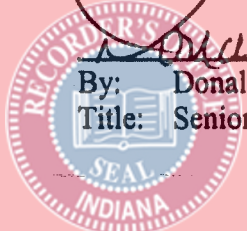
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the Lake County Recorder!

By:  _____
Title: _____

TENANT:

HOLLYWOOD ENTERTAINMENT
CORPORATION, an Oregon corporation

By:  _____
Title: Senior Vice President and General Counsel



[Acknowledgment of Lender]

STATE OF ILLINOIS
COUNTY OF COOK

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)
)
SS.

On March 10, 1998, before me, _____, a Notary Public in and for said County and State, personally appeared Joseph C. Szymanski, Nicholas, personally known to me (or 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 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.



Signature: Smart [unclear]

Document is NOT OFFICIAL!

(seal)

This Document is the property of the Lake County Recorder!

[Acknowledgment of Borrower]

STATE OF Illinois
COUNTY OF COOK

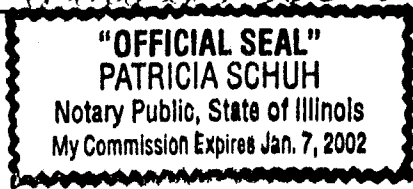
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SS.

On March 18, 1998, before me, Patricia Schuh, a Notary Public in and for said County and State, personally appeared Ronald Kashkow, personally known to me (or 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 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.

Signature: Patricia Schuh

(seal)



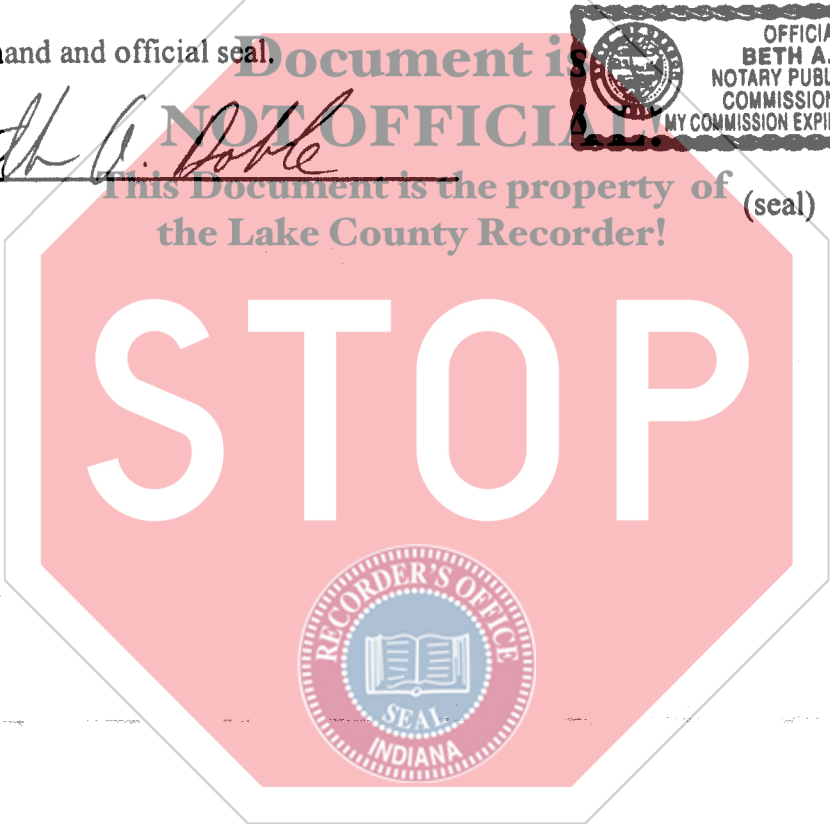
[Acknowledgment of Tenant]

STATE OF OREGON)
) ss.
COUNTY OF CLACKAMAS)

On March 6, 1998, before me, Beth A. Doble, a Notary Public in and for said County and State, personally appeared Donald J. Ekman, personally known to me (~~or 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 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.

Signature: Beth A. Doble



(seal)

EXHIBIT A

LEGAL DESCRIPTION OF THE PREMISES

THAT PARCEL OF LAND LYING IN THE NORTHWEST QUARTER OF SECTION 24, TOWNSHIP 36 NORTH, RANGE 10 WEST OF THE SECOND PRINCIPAL MERIDIAN, BEING DESCRIBED AS COMMENCING AT THE INTERSECTION OF THE CENTERLINE OF RIDGE ROAD AND THE WESTERLY RIGHT-OF-WAY LINE OF THE LOUISVILLE, NEW ALBANY AND CHICAGO RAILWAY COMPANY, THENCE WESTERLY ALONG SAID CENTERLINE OF RIDGE ROAD 50.72 FEET; THENCE SOUTH ALONG A LINE 50.00 FEET WEST OF AND PARALLEL WITH SAID WESTERLY RIGHT-OF-WAY LINE 40.58 FEET, TO THE SOUTH LINE OF SAID RIDGE ROAD AND THE POINT OF BEGINNING; THENCE CONTINUE SOUTH 187.91 FEET, TO A POINT OF CURVE; THENCE SOUTHWESTERLY ALONG A CURVE LINE CONVEX SOUTHEASTERLY, HAVING A RADIUS OF 180.00 FEET AN ARC DISTANCE OF 181.19 FEET, THE CHORD OF SAID ARC LYING SOUTH 28 DEGREES 50 MINUTES 13 SECONDS WEST A DISTANCE OF 173.64 FEET, TO A POINT OF REVERSE CURVE; THENCE SOUTHERLY ALONG A CURVED LINE CONVEX NORTHWESTERLY HAVING A RADIUS OF 220.00 FEET AN ARC DISTANCE OF 118.47 FEET, THE CHORD OF SAID ARC LYING SOUTH 42 DEGREES 14 MINUTES 49 SECONDS WEST A DISTANCE OF 117.04 FEET, TO THE NORTH LINE OF SCHOONS, SOUTH VIEW FIRST ADDITION SUBDIVISION EXTENDED EASTERLY THENCE NORTH 80 DEGREES 19 MINUTES 00 SECONDS WEST ALONG SAID NORTH LINE OF SAID SUBDIVISION TO A POINT ON A LINE DRAWN PARALLEL WITH THE CENTERLINE OF MANOR AVENUE AND 298.00 FEET WESTERLY (AS MEASURED ALONG THE SAID NORTH LINE OF SCHOON'S SOUTH VIEW FIRST ADDITION SUBDIVISIONS OF THE SAID CENTERLINE OF MANOR AVENUE; THENCE NORTH ALONG SAID LINE PARALLEL WITH THE CENTERLINE OF SAID MANOR AVENUE A DISTANCE OF 454.42 FEET, TO THE SOUTH LINE OF RIDGE ROAD AFORESAID, THENCE EASTERLY ALONG SAID SOUTH LINE OF RIDGE ROAD A DISTANCE OF 466.51 FEET, TO THE POINT OF BEGINNING IN THE TOWN OF MUNSTER, LAKE COUNTY, INDIANA, NOW DESCRIBED AS:

LOT 1, RIDGEWOOD DEVELOPMENT, AN ADDITION TO THE TOWN OF MUNSTER, AS SHOWN IN PLAT BOOK 82, PAGE 85, IN LAKE COUNTY, INDIANA.