

STATE OF INDIANA
LAKE COUNTY
FILED FOR RECORD

2004 JUN 15 AM 10:17

MORRIS W. CARTER
RECORDER

RECORDING REQUESTED BY, AND
WHEN RECORDED RETURN TO:

2004 049813

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

Loan No. _____

SUBORDINATION, NONDISTURBANCE,
AND ATTORNMENMENT AGREEMENT

THIS AGREEMENT (the "Agreement") made and entered into this 14 day of June, 2004, by and among HOLLYWOOD ENTERTAINMENT CORPORATION, an Oregon corporation ("Tenant"), whose address is 9275 S.W. Peyton Lane, Wilsonville, Oregon 97070, BEAR STEARNS COMMERCIAL MORTGAGE, INC., A New York corporation ("Lender"), whose address is 383 Madison Avenue, New York, New York 10179, Attention: J. Christopher Hoeffel, and INLAND HAMMOND HOLLYWOOD VIDEO, L.L.C., a Delaware limited liability company ("Borrower"), whose address is 2901 Butterfield Road, Oak Brook, Illinois 60523.

RECITALS:

- A. Lender has agreed to make or has made a Mortgage loan ("Loan") to Borrower in the amount of _____ (\$ _____), 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 September 17, 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.

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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Chicago Title Insurance Company

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 that Tenant shall retain all rights and remedies available to Tenant at law or pursuant to the Lease; or

(b) subject to any offsets or defenses which Tenant might have against any such prior lessor except to the extent such offsets or defenses arise out of acts or omissions of Lender or such other owner, and provided further, that 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 or additional rent which Tenant might have paid, except as otherwise expressly required by the terms of the Lease; or

(d) except as expressly provided by the terms of the Lease, 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, provided that in the event Lender or such other owner fails to respond within thirty (30) days after receipt of a request for consent to a modification or amendment of the Lease, Lender or such other owner will be deemed to have consented to the requested modification or amendment; or

(e) bound to return any security deposit unless Lender or such other owner 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. 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 Borrower's interest has been assigned to Lender as security under the Mortgage. Neither this assignment nor any receipt or collection of rents pursuant to this assignment shall cause Lender to have any duty, liability, or obligation under the Lease, or any extension or renewal thereof, unless and until Lender becomes owner of the Demised Premises and then subject to the limitations set forth in Section 3 above. In addition, except as expressly provided in the Lease, 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.

7. Mortgage, Condemnation, Casualty. Lender agrees that the Mortgage shall not cover or encumber and shall not be construed as subjecting in any manner to the lien thereof any of Tenant's improvements or trade fixtures, furniture, equipment or other personal property at any time placed or installed in the Property. In the event the Property or any part thereof shall be taken for public purposes by condemnation or transfer in lieu thereof or the same are damaged or destroyed, the rights of the parties to any condemnation award or insurance proceeds shall be determined and controlled by the applicable provisions of the Lease.

8. 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. Borrower hereby releases and discharges Tenant of and from any liability to Borrower resulting from Tenant's payment to Lender in accordance with any such written notice.

9. 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.


10. Effectiveness of Agreement. This Agreement shall become effective upon the execution and delivery by and to 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:

BEAR STEARNS COMMERCIAL MORTGAGE, INC., a New York corporation


By: 
Name: _____
Authorized Signatory
Richard A. Ruffer Jr.
Managing Director

BORROWER:

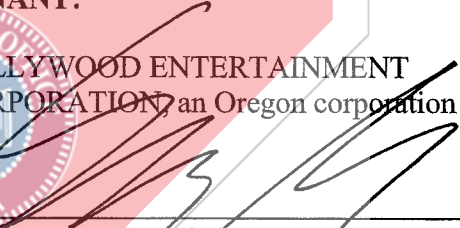
INLAND HAMMOND HOLLYWOOD VIDEO, L.L.C., a Delaware limited liability company

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 This Document is the property of the Lake County Recorder!
 STOP

By: _____
 Title: _____

By: 
 Inland Real Estate Corporation,
 a Maryland corporation, its sole member
 By: Mark Zalatoris
 Title: Sr. Vice President

TENANT:
 HOLLYWOOD ENTERTAINMENT CORPORATION, an Oregon corporation

By: 
 Title: Senior Vice President, Legal Affairs

[Acknowledgment page(s) follow(s)]

[Acknowledgment of Lender]

STATE OF New York)
)
COUNTY OF New York) ss.

On April 30, 2004, before me, Kimberley J. Frank, a Notary Public in and for said County and State, personally appeared Richard A. Puller, Jr., 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: Kimberley Frank

(seal)

KIMBERLEY J. FRANK
Notary Public, State of New York
No. 01FR6032737
Qualified in New York County
Commission Expires 2-13-2006

This Document is the property of
the Lake County Recorder!

STATE OF Illinois)
)
COUNTY OF DuPage) ss.

On April 21, 2004, before me, Jennifer R. Helmick, a Notary Public in and for said County and State, personally appeared Mark Zalatoris, 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: Jennifer R. Helmick

OFFICIAL SEAL
JENNIFER R HELMICK
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES: 07/09/06

(seal)

[Acknowledgment of Tenant]

STATE OF OREGON)
)
COUNTY OF WASHINGTON) ss.

On April 19, 2004, before me, Lynn Matteson, a Notary Public in and for said County and State, personally appeared Eric O. English, personally known to me (~~or proved to me on the basis of satisfactory evidence~~) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Signature: Lynn Matteson



NOTARY PUBLIC
LYNN MATTESON
NOTARY PUBLIC-OREGON
COMMISSION NO. 346100
MY COMMISSION EXPIRES JUNE 26, 2005

(seal)

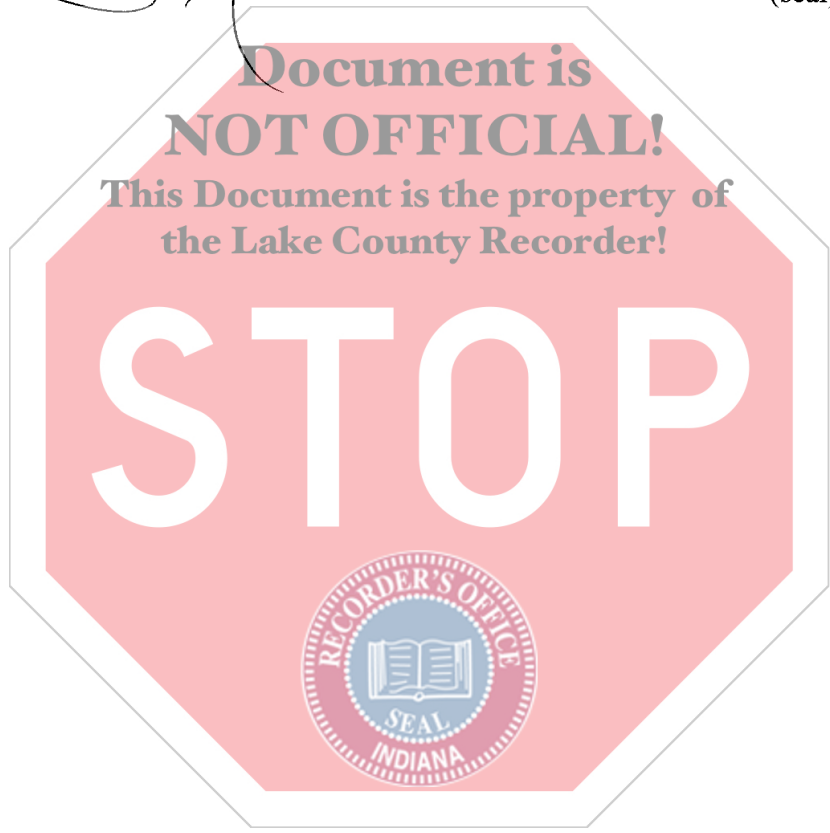


EXHIBIT A

LEGAL DESCRIPTION OF THE PREMISES

**Lot 5 in Rubloff Subdivision, an addition to the City of Hammond, as per plat thereof,
recorded in Plat Book 82, page 41, in the Office of the Recorder of Lake County, Indiana.**



No: 620042588

LEGAL DESCRIPTION

Parcel 1:

Lot 5 in Rubloff Subdivision, as per plat thereof, recorded in Plat Book 82 page 41, amended by Rubloff Subdivision, recorded in Plat Book 83 page 79, and further amended by Certificate of Amendment recorded February 26, 1998, as Document No. 98013554, in the Office of the Recorder of Lake County, Indiana.

Parcel 2:

An non-exclusive easement for access to 165th Street, for the benefit of Parcel 1, created in the Declaration of Covenants, Conditions, Restrictions and Reciprocal Easements dated April 18, 1997, recorded April 24, 1997, as Document No. 97025605, and re-recorded May 6, 1997, as Document No. 97028420, over and across the following described land:

the South 20 feet and the West 45 feet of Lot 4, the North 20 feet of Lot 8, and the North 20 feet of Lot 1, in Rubloff Subdivision, as per plat thereof, recorded in Plat Book 82 page 41, amended by Rubloff Subdivision, recorded in Plat Book 83 page 79, and further amended by Certificate of Amendment recorded February 26, 1998, as Document No. 98013554, in the Office of the Recorder of Lake County, Indiana, as shown by crosshatching on said Plats.

Parcel 3:

Non-exclusive easements for utilities, parking, and drainage, for the benefit of Parcel 1, created in the Declaration of Covenants, Conditions, Restrictions and Reciprocal Easements dated April 18, 1997, recorded April 24, 1997, as Document No. 97025605, and re-recorded May 6, 1997, as Document No. 97028420, over and under the land as described therein.

