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Vol. 1198 Page 15503

WHEN RECORDED, RETURN TO:

Gratiana & James LLP

835 Third Avenue, 24th Floor

New York, New York 10022-4834

Attention: Koren Blair, Esq.

K-50495

SUBORDINATION, NON-DISTURBANCE AND ATTORNMENMENT AGREEMENT

BY

J.C. PENNY COMPANY, INC..

IN FAVOR OF

COLUMN FINANCIAL, INC.

Store # (200) - Klamath Falls, Oregon

SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT
AGREEMENT WITH MORTGAGEE

THIS AGREEMENT, made as of April 8, 1998, between J. C. PENNEY COMPANY, INC., a Delaware corporation, having a mailing address of P. O. Box 10001, Dallas, Texas 75301-2105 ("Tenant"), and COLUMN FINANCIAL, INC., a Delaware corporation, having an address of 3414 Peachtree Road, N.E., Suite 1140, Atlanta, Georgia 30326-1113 ("Mortgagee");

W I T N E S S E T H :

WHEREAS, by Lease, dated as of May 20, 1997, between The Travelers Insurance Company ("Landlord"), and Tenant, a Memorandum of which, dated as of May 20, 1997, was filed for record on August 1, 1997 in the office of the Klamath County Clerk, Oregon, and duly recorded in Volume M97 of Deeds, Page 25069, as Document No. 42592 (said lease as amended by Term Agreement dated as of September 30, 1997 is hereinafter referred to as the "Penney Lease"), there was leased to Tenant a parcel of land containing approximately 2,010 square feet, in the City of Klamath Falls, County of Klamath, State of Oregon, which parcel forms a part of the Jefferson Square Mall Shopping Center described on Exhibit "A" to said Memorandum ("Entire Premises") and on Exhibit "A" attached hereto; and

WHEREAS, Mortgagee proposes to make a loan of \$2,600,000 to Landlord secured by Landlord's promissory note and a first mortgage, deed of trust, or deed to secure debt on all or a portion of the Entire Premises (the "Mortgage"); and

WHEREAS, Tenant is willing to so subordinate the Penney Lease, provided it obtains assurance from Mortgagee that its possession of the Demised Premises and its right to use the "Common Facilities", as defined in the Penney Lease, will not be disturbed by reason of or in the event of foreclosure of the Mortgage; and

WHEREAS, Mortgagee is willing to give such assurance.

NOW, THEREFORE, for and in consideration of the sum of One Dollar (\$1.00) paid by each party to the other, receipt whereof is hereby acknowledged, the mutual agreements herein contained and other good and valuable consideration, the parties hereto do hereby mutually covenant and agree as follows:

1. Tenant hereby subordinates the Penney Lease to the Mortgage and to all renewals, modifications, replacements, consolidations and extensions of same.

2. So long as no event of default on the part of Tenant under the Penney Lease shall exist which would entitle Landlord to terminate the Penney Lease, or if such an event of default shall exist, so long as Tenant's time to cure same shall not have expired, (a) Mortgagee will not at any time join Tenant as a party defendant in any action or proceeding to foreclose the Mortgage or any extension, renewal, consolidation or replacement of same unless required by law to do so, and (b) the term of the Penney Lease shall not be terminated or modified in any respect whatsoever, and Tenant's right of possession to the demised premises and its rights in and to the "Common Facilities" in the remainder of the mortgaged premises and its other rights arising

"Landlord includes successors and assigns

out of the Penney Lease will all be fully recognized and protected by Mortgagee and shall not be disturbed, canceled, terminated or otherwise affected by reason of the Mortgage or any action or proceeding instituted by Mortgagee to foreclose the Mortgage, or any extension, renewal, consolidation or replacement of same.

3. In the event that Mortgagee takes possession of the Entire Premises, either as the result of foreclosure of the Mortgage or accepting a deed to the Entire Premises in lieu of foreclosure, or otherwise, or the Entire Premises shall be purchased at such a foreclosure by a third party and Mortgagee or such third party shall furnish Tenant reasonably satisfactory evidence that it has acquired title to the Entire Premises, Tenant shall attorn to Mortgagee or such third party and recognize Mortgagee or such third party as its landlord under the Penney Lease and Mortgagee or such third party will recognize and accept Tenant as its tenant thereunder, whereupon, the Penney Lease shall continue in full force and effect as a direct lease between Mortgagee or such third party and Tenant for the full term thereof, together with all extensions and renewals thereof, and Mortgagee or such third party shall thereafter assume and perform all of Landlord's obligations, as landlord under the Penney Lease, with the same force and effect as if Mortgagee or such third party were originally named therein as Landlord, except that Mortgagee shall not be (i) liable for any act, omission, or default of Landlord, or any prior Landlord, except such acts, omissions, and defaults which are of a continuing nature, and of which Mortgagee received written notice within a reasonable time after the occurrence of same, (ii) bound by any prepayment of more than one month's rent reserved under the Penney Lease and (iii) bound by any amendment or modification of the Penney Lease made without the express written consent of Mortgagee, but the foregoing (i), (ii) and (iii) shall in no way be deemed to affect or curtail any of Tenant's rights, whether accrued or not, under the article of the Penney Lease, captioned "UNPERFORMED COVENANTS OF LANDLORD MAY BE PERFORMED BY TENANT". However, if conflicting claims should be made to the rent payable under the Penney Lease, Tenant shall have the right to institute an interpleader suit for the purpose of determining who is entitled to payment of such rent, and to pay the rent in accordance with the judicial determination rendered in such suit.

4. Landlord and Tenant may, from time to time, modify or amend the Penney Lease without Mortgagee's consent, provided such modifications or amendments do not result in the reduction of the rent payable thereunder or make Landlord's obligations thereunder more onerous; any such modifications having such result and made without Mortgagee's written consent shall be void and of no force and effect as between Mortgagee and Tenant.

5. If Landlord shall be in default of any provision under the Penney Lease which would permit Tenant to cancel the Penney Lease or terminate the term thereof, or to spend a sum of \$10,000 or more on behalf of Landlord and to withhold same from rent, Tenant agrees:

- (a) simultaneously with the service upon Landlord of notice of such default, a copy of such notice shall be served upon Mortgagee by certified or registered mail, return receipt requested, at the address for Mortgagee set forth at the head of this Agreement, or if no address is set forth, at such address as Mortgagee shall notify Tenant in writing as the address to which such notices are to be sent; and

- (b) performance by Mortgagee of Landlord's obligations under the Penney Lease within the applicable period of time set forth in the Penney Lease shall be accepted as if performance had been made by Landlord.

6. If Tenant has not received one original, fully executed copy of this Agreement, together with one copy of the recorded Agreement indicating that the Agreement has been recorded in the appropriate Recorder's Office, by June 26, 1998, the execution thereof by J. C. Penney Company, Inc. shall be deemed null and void. Furthermore, if any changes, additions or deletions are made to this Agreement without first obtaining Tenant's written approval thereof, the execution hereof by J. C. Penney Company, Inc. shall be deemed null and void.

7. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, successors and assigns and all subsequent owners of the Entire Premises acquiring title thereto from or through Mortgagee.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement by their proper corporate officers the day and year first above written.

ATTEST:

Margaret J. Cannon
Assistant Secretary



J. C. PENNEY COMPANY, INC.

By: Michael J. Brennan

Vice President

ATTEST:

Secretary

COLUMN FINANCIAL, INC.,
a Delaware corporation

By: [Signature]

Name: JOE P. BAKER

Title: VICE PRESIDENT

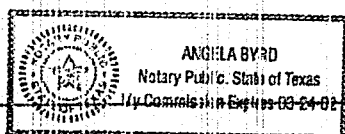
JOE P. BAKER
VICE PRESIDENT

STATE OF TEXAS)
) SS.:
COUNTY OF COLLIN)

This instrument was acknowledged before me on the 24 day of April, 1998 by Michael Lowenkron, a Vice President of J. C. PENNEY COMPANY, INC., a Delaware corporation, on behalf of said corporation.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

My Commission Expires:



Angela Byrd

Notary Public, State of Texas

STATE OF)
) SS.:
COUNTY OF)

On this the _____ day of _____, 1998, before me a Notary Public, duly authorized in and for the said County and in the State aforesaid to take acknowledgments, personally appeared _____, to me known and known to me to be _____ of COLUMN FINANCIAL, INC., one of the corporations described in the foregoing instrument, and acknowledged that as such officer, being authorized so to do, he executed the foregoing instrument on behalf of said corporation by subscribing the name of such corporation by himself as such officer and caused the corporate seal of said corporation to be affixed thereto, as his free and voluntary act, and as the free and voluntary act of said corporation, for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

My Commission Expires:

Notary Public

EXHIBIT "A"

The tract of land which, with the improvements erected and to be erected thereon, comprise the Entire Premises is situated in the City of Klamath Falls, County of Klamath, and State of Oregon, and is more particularly described as follows:

A parcel of land lying in the northwest quarter of Section 3, Township 39 South, Range 9 East of the Willamette Meridian, in the County of Klamath, State of Oregon, being more particularly described as follows:

Starting at the Northwest corner of said Section 3; thence South 00° 00' 30" East along the Westerly boundary of Section 3 and the centerline of Washburn Way, 917.42 feet to the intersection with the present centerline of Sixth Street, formerly known as the Dalles-California Highway, recorded bearing South 55° 52' 30" East, at Engineers Station 9 + 17.42 feet on Washburn Way and Engineers Station 16 + 14.87 feet on Sixth Street present centerline, and continuing thence along said boundary and centerline 48.32 feet to Engineers Station 9 + 65.74 feet on South boundary of Sixth Street, which is distant 40 feet at right angles Southwesterly from centerline of Sixth Street at Engineers Station 16 + 41.99 feet; thence South 55° 52' 30" East parallel to said centerline 463.02 feet to the true point of beginning of this description; thence from said true beginning point continuing South 55° 52' 30" East parallel to said centerline 795.36 feet; thence at right angles South 34° 07' 30" West, 204.00 feet; thence South 55° 52' 30" East parallel to Sixth Street 145.00 feet; thence at right angles South 34° 07' 30" West, 183.80 feet, more or less, to Northerly right of way line of the Oregon, California and Eastern Railroad; thence North 66° 57' 30" West along said line 982.45 feet, more or less, to a point on the Easterly right of way line of Washburn Way which is 40.00 feet Easterly of said centerline; thence North 00° 00' 30" West along said right of way line 503.39 feet; thence South 55° 52' 30" East, 306.22 feet; thence North 34° 07' 30" East, 160.00 feet to the true point of beginning.

* * * * *

Attached to and forming part of Subordination, Non-Disturbance and Attornment Agreement With Mortgagee, dated as of April 8, 1998 by and between J. C. PENNEY COMPANY, INC., as Tenant, and COLUMN FINANCIAL, INC., as Mortgagee, covering premises at Jefferson Square Mall Shopping Center in Klamath Falls, Oregon.

Initialed for
identification
for Tenant:

By.....
Attorney

Initialed for
identification
for Mortgagee:

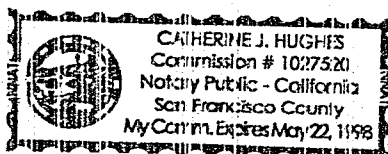
By.....

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

15510

State of California
 County of San Francisco
 On May 4, 1998 before me, Catherine J. Hughes
Name and Title of Officer (e.g., "Jane Doe, Notary Public")
 personally appeared Top Fisher
Name(s) of Signer(s)

☒ 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 the 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

Catherine J. Hughes
Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and misattachment of this form to another document.

Description of Attached Document:

Title or Type of Document: _____
 Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

- ☐ Individual
- ☐ Corporate Officer
 Title(s): _____
- ☐ Partner — ☐ Limited ☐ General
- ☐ Attorney-in-Fact
- ☐ Trustee
- ☐ Guardian or Conservator
- ☐ Other: _____

Signer Is Representing: _____

Signer's Name: _____

- ☐ Individual
- ☐ Corporate Officer
 Title(s): _____
- ☐ Partner — ☐ Limited ☐ General
- ☐ Attorney-in-Fact
- ☐ Trustee
- ☐ Guardian or Conservator
- ☐ Other: _____

Signer Is Representing: _____

STATE OF OREGON: COUNTY OF KLAMATH:

Filed for record at request of _____ First American Title _____ the 8th day
 of May A.D., 1998 at 9:22 o'clock A.M., and duly recorded in Vol. M98
 of Mortgages on Page 15503

FEE \$45.00

By Bernetha G. Letich County Clerk