

WHEN RECORDED MAIL TO:

U.S. Bank National Association
101 S. Capitol Blvd., Suite 601
P.O. BOX 8247
Boise, ID 83733-8247

2000 MAY -2 PM 2: 25

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SPACE ABOVE THIS LINE IS FOR RECORDER'S USE ONLY

SUBORDINATION, NONDISTURBANCE,
AND ATTORNMENMENT AGREEMENT

OF LEASE TO TRUST DEED MOO-15792

THIS AGREEMENT (the "Agreement") made and entered into this 3 day of APRIL, 2000, by and among HOLLYWOOD ENTERTAINMENT CORPORATION, an Oregon corporation ("Tenant"), whose address is 9275 S.W. Peyton Lane, Wilsonville, Oregon 97070, U.S. BANK NATIONAL ASSOCIATION ("Lender"), whose address is 101 S. Capitol Boulevard, Suite 601, Boise, Idaho 83702, and CAN AM RETAIL PARTNERS/KLAMATH FALLS, LLC, an Oregon limited liability company ("Borrower"), whose address is 2081 Business Court Drive, #101, Irvine, California 92612, Attention: Jeff Robertson.

RECITALS:

A. Lender has agreed to make or has made a mortgage loan ("Loan") to Borrower in the amount of ONE MILLION ONE HUNDRED EIGHTY-ONE THOUSAND TWO HUNDRED FIFTY DOLLARS (\$1,181,250.00), to be secured by a Deed of Trust (the "Deed of Trust") 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 21, 1999, 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 Deed of Trust 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 Deed of Trust, 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 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 Deed of Trust unless such joinder is necessary to foreclose the Deed of Trust 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 Deed of Trust, 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) 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 Deed of Trust, 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 Deed of Trust and any acquisition of any or all of the Demised Premises made by Tenant during the term of the Deed of Trust shall be made subordinate and subject to the Deed of Trust.

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 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 Deed of Trust 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.

7. 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.

8. 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.

9. 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:

NATIONAL ASSOCIATION
 U.S. BANK, ~~a national banking association~~


 By: ROBERT YAMASHIDA
 Title: VICE PRESIDENT AND RELATIONSHIP MANAGER

BORROWER:

CAN AM RETAIL PARTNERS/KLAMATH FALLS,
 LLC, an Oregon limited liability company


 WILLIAM BUCKNER, Member

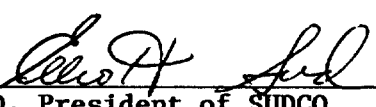
BORROWER:

CAN AM RETAIL PARTNERS/KLAMATH FALLS,
 LLC, an Oregon limited liability company


 By: BERNARD WEINER, Member
 Title: _____

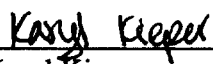
BORROWER:

CAN AM RETAIL PARTNERS/KLAMATH FALLS,
 LLC, an Oregon limited liability company


 ELLIOTT SUD, President of SUDCO
 DEVELOPMENT CORP., Member

TENANT:

HOLLYWOOD ENTERTAINMENT
 CORPORATION, an Oregon corporation


 By: Karyl Kieper
 Title: Vice President of Asset Management

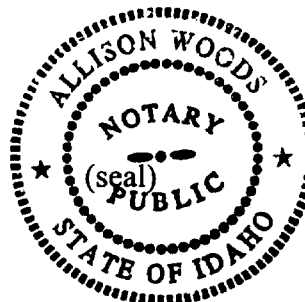
[Acknowledgement of Lender]

STATE OF Idaho)
COUNTY OF Ada) ss.

On 24, 2000, before me, ALLISON WOODS, a Notary Public in and for said County and State, personally appeared ROBERT YAMASHITA 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: Allison Woods



[Acknowledgement of Borrower]

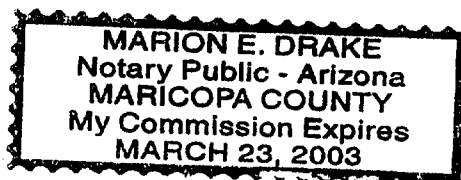
STATE OF Arizona)
COUNTY OF Maricopa) ss.

On April 17, 2000, before me, Marion E. Drake, a Notary Public in and for said County and State, personally appeared Bernard Weiner, 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: Marion E. Drake

(seal)



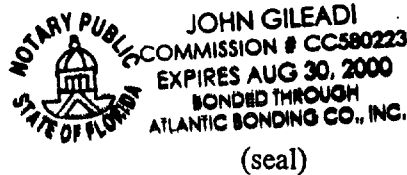
[Acknowledgment of Borrower]

STATE OF FLORIDA)
)
 COUNTY OF BROWARD) SS.

(78)

On 4/20/00, 2000, before me, ~~John~~ John Gileadi, a Notary Public in and for said County and State, personally appeared ELLIOTT SUD, 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.

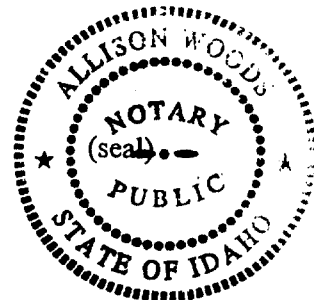
Signature: John Gileadi

[Acknowledgment of Borrower]

STATE OF Idaho)
)
 COUNTY OF Ada) SS.

On 4-24-, 2000, before me, ALLISON WOODS, a Notary Public in and for said County and State, personally appeared WILLIAM BUCKNER, 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: Allison Woods

[Acknowledgment of Tenant]

STATE OF OREGON

)

)

ss.

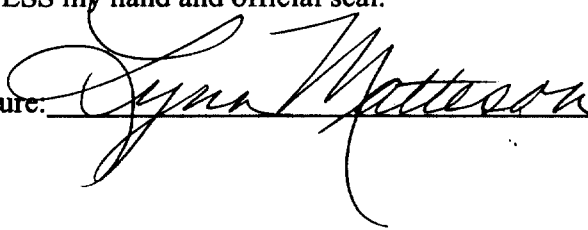
COUNTY OF CLACKAMAS

)

On April 12, 2000, before me, Lynn Matteson, a Notary Public in and for said County and State, personally appeared Karyl Kieper, 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 she executed same in her authorized capacity, and that by her 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: _____




(seal)

EXHIBIT "A"
LEGAL DESCRIPTION

Parcel 2 of Land Partition 15-99 being Parcel 2 of Land Partition 24-98 situated in Lots 1 through 8 of Block 1 and Lots 1, 2, 3, 8 and 9 of Block 2 of BAILEY TRACTS NO. 2, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon, being in the NE1/4 SE1/4 of Section 2, Township 39 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon.

State of Oregon, County of Klamath
Recorded 05/02/00, at 2:25 p.m.
In Vol. M00 Page 15821
Linda Smith,
County Clerk Fee \$ 56⁰⁰