

Recording Requested by
and when Recorded return to:

WELLS FARGO BANK, N.A.
Commercial Mortgage Servicing
1901 Harrison Street, 2nd Floor
Oakland, CA 94612

2012-013677
Klamath County, Oregon
12/10/2012 10:57:37 AM
Fee: \$92.00

Attention: CMS Lease Reviews
Loan No.: 31-0906684

SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT

Tenant's Trade Name: JO-ANN FABRIC AND CRAFT STORES®

NOTICE: THIS SUBORDINATION AGREEMENT RESULTS IN YOUR LEASEHOLD ESTATE IN THE PROPERTY BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF THE SECURITY DOCUMENTS (DEFINED BELOW).

THIS SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT ("Agreement") is made as of October 4, 2012 by and between JO-ANN STORES, INC., an Ohio corporation ("Tenant"), and U.S. BANK NATIONAL ASSOCIATION, as Trustee, successor-in-interest to BANK OF AMERICA, N.A., as Trustee, successor by merger to LASALLE BANK NATIONAL ASSOCIATION, as Trustee, for the registered holders of Bear Stearns Commercial Mortgage Securities Inc., Commercial Mortgage Pass-Through Certificates, Series 2007-PWR17 ("Lender").

RECITALS

- A. KLAMATH FALLS, LLC, an Oregon limited liability company ("Owner" or "Landlord") is the owner of the land and improvements located in Klamath Falls, Oregon and commonly known as and more specifically described in Exhibit A attached hereto ("Property").
- B. Tenant is the lessee under a lease dated January 31, 2012, as amended by First Amendment to Lease Agreement dated August 24, 2012 (together, the "Lease") executed by Owner, as landlord, and Tenant, as tenant covering certain premises (the "Premises") comprising all or a part of the Property.
- C. Lender is the current holder of a mortgage loan (the "Loan") previously made to Owner, evidenced by a note (the "Note") and secured by, among other things: (a) a first mortgage, deed of trust or deed to secure debt encumbering the Property (the "Mortgage"); and (b) a first priority assignment of leases and rents on the Property (the "Assignment of Leases and Rents") contained in the Mortgage or in a separate document. The Mortgage and the Assignment of Leases and Rents are collectively referred to as the "Security Documents." The Note, the Security

Documents and all other documents executed in connection with the Loan are collectively referred to as the "Loan Documents."

- D. Tenant has requested Lender's agreement that if Lender forecloses the Mortgage or otherwise exercises Lender's remedies under the Security Documents, Lender will not disturb Tenant's right to quiet possession of the Premises under the terms of the Lease.
- E. Lender is willing to so agree on the terms and conditions provided in this Agreement, including, without limitation, Tenant's agreement to subordinate the Lease and attorn to Lender as provided herein.

NOW, THEREFORE, for mutual consideration, including the mutual covenants and agreements set forth below, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **SUBORDINATION.** The Lease is and shall remain unconditionally subject and subordinate to (a) the liens or charges imposed by the Security Documents, (b) all currently outstanding or future advances secured by the Security Documents, and (c) all renewals, amendments, modifications, consolidations, replacements and extensions of the Security Documents. The subordination described herein is intended by the parties to have the same force and effect as if the Security Documents and such renewals, modifications, consolidations, replacements and extensions of the Security Documents had been executed, acknowledged, delivered and recorded prior to the Lease and any amendments or modifications thereof.
2. **NON-DISTURBANCE.** If Lender exercises any of its rights under the Security Documents, including any right of entry on the Property pursuant to the Mortgage or upon a foreclosure of or deed in lieu of foreclosure of the Mortgage, Lender shall not disturb Tenant's right of quiet possession of the Premises under the terms of the Lease, so long as Tenant is not in default under this Agreement or in default beyond any applicable grace period under the Lease.
3. **ATTORNMEN**. Notwithstanding anything to the contrary contained in the Lease, should title to the Premises and the landlord's interest in the Lease be transferred to Lender or any other person or entity by foreclosure of or deed in-lieu of foreclosure of the Mortgage, Tenant shall, for the benefit of Lender or such other person or entity, effective immediately and automatically upon the occurrence of any such transfer, attorn to Lender or such other person or entity as landlord under the Lease and shall be bound under all provisions of the Lease including, but not limited to, the obligation to pay all rent required to be paid by Tenant pursuant to the terms of the Lease, for the remainder of the Lease term.
4. **PROTECTION OF LENDER.** If Lender succeeds to the interest of landlord under the Lease, Lender shall not be:
 - (a) liable for any act or omission of any previous landlord under the Lease, except for non-monetary defaults of a continuing nature which relate to repair or maintenance obligations of which Lender has received notice and an opportunity to cure in accordance with Section 5 herein (notwithstanding anything to the contrary, it being understood that nothing in this subparagraph (a) shall limit Tenant's rights to any "self-help" and "set-off" remedies specifically set forth in the Lease for such repair and maintenance required under this subparagraph (a));

- (b) subject to any offsets (excluding those offset rights afforded Tenant under subparagraph (a) above) or defenses which Tenant may have against any previous landlord under the Lease (it being understood that, subject to the terms of subparagraph (a) above, nothing in this subparagraph (b) shall be deemed to limit Tenant's right to (i) any "self-help" and "set-off" remedies for repair and maintenance required of Owner under the Lease from and after the date Lender takes title to the Premises, whether or not the need for such repairs or maintenance accrued before or after such date);
- (c) bound by any payment of rent or additional rent which Tenant might have paid for more than one month in advance of the due date under the Lease to any previous landlord;
- (d) obligated to make any payment to Tenant which any previous landlord was required to make before Lender succeeded to the landlord's interest;
- (e) accountable for any monies deposited with any previous landlord (including security deposits), except to the extent such monies are actually received by Lender;
- (f) bound by any amendment or modification of the Lease or any waiver of any term of the Lease made without Lender's written consent;
- (g) bound by any surrender or termination of the Lease made without Lender's written consent (unless effected unilaterally by Tenant pursuant to the express terms of the Lease);
- (h) obligated to complete any improvement or construction on the Property or to pay or reimburse Tenant for any tenant improvement allowance, construction allowance or leasing commissions;
- (i) liable for any default of any previous landlord under the Lease other than as provided in this Section 4; and
- (j) bound by any provision in the Lease granting Tenant a purchase option or first right of refusal or offer with regard to the Property.

Furthermore, notwithstanding anything to the contrary contained in this Agreement or the Lease, upon any such succession, the Lease shall be deemed to have been automatically amended to provide that Lender's obligations and liabilities under the Lease shall be limited solely to Lender's interest, if any, in the Property, and the proceeds from any sale or disposition of the Property by Lender (collectively, "Lender's Interest") and, following such succession, Tenant shall look exclusively to Lender's Interest for the payment or discharge of any obligations of Lender under the Lease.

5. **LENDER'S RIGHT TO CURE.** Tenant shall deliver to Lender a copy of any notice of any default(s) by Landlord under the Lease in the same manner as, and whenever, Tenant shall give any such notice to Owner. Lender shall have the right to remedy, or cause to be remedied, any default by Owner under the Lease, and for such purpose Tenant grants Lender thirty (30) days beyond the initial thirty (30) days provided under Section 29(b) of the Lease to enable Lender to remedy, or cause to be remedied, any such defaults provided, however, in the event Lender commences to cure an Owner default on or before the last day of the aforesaid sixty (60) day period and proceeds to cure such default with diligence until cured, then Lender shall not be deemed to be in default (excluding an "emergency" repair as defined in Section 29(b) of the

Lease). Tenant shall accept performance by Lender of any covenant or condition to be performed by Owner under the Lease with the same force and effect as though performed by Owner. No default by Landlord under the Lease shall exist or shall be deemed to exist so long as Lender, in good faith, shall have commenced to cure such default within the above-referenced time period and shall be prosecuting the same to completion with reasonable diligence, subject to force majeure. Lender shall have the right, without notice to Tenant or Tenant's consent, to foreclose the Mortgage or to accept a deed in lieu of foreclosure of the Mortgage or otherwise realize upon the Mortgage or to exercise any other remedies under the Security Documents or state law.

6. **ASSIGNMENT OF LEASES AND RENTS.** Tenant acknowledges the Assignment of Leases and Rents and acknowledges Lender shall have no duty, liability or obligation whatsoever under the Lease or any extension or renewal thereof, either by virtue of said assignment or by any subsequent receipt or collection of rents thereunder, unless Lender shall specifically undertake such liability in writing or unless Lender or its designee or nominee becomes, and then only with respect to periods in which Lender or its designee or nominee becomes, the fee owner of the Premises. Upon Tenant's receipt of a written notice from Lender of a default by Owner under the Loan, Tenant shall thereafter, if requested by Lender, pay rent to Lender in accordance with the terms of the Lease. Lender's delivery of such notice to Tenant, or Tenant's compliance therewith, shall not be deemed to (a) cause Lender to succeed to or assume any obligations or responsibilities of Owner under the Lease or (b) relieve Owner of any of its obligations under the Lease.
7. **INSURANCE PROCEEDS AND CONDEMNATION AWARDS.** Notwithstanding anything to the contrary contained in this Agreement or the Lease, the terms of the Loan Documents shall continue to govern with respect to the disposition of any insurance proceeds or condemnation awards, and any obligations of Owner to restore the Property following a casualty or condemnation shall, insofar as they apply to Lender, be limited to the amount of any insurance proceeds or condemnation awards received by Lender after the deduction of all costs and expenses incurred in obtaining such proceeds or awards. Following the foreclosure or deed in lieu of foreclosure of the Mortgage, the provisions of this section shall remain in full force and effect unless and until fee title to the Premises becomes vested in a person or entity other than (a) the holder of the Loan at the time of such foreclosure or deed in lieu of foreclosure or (b) a parent, subsidiary or affiliate of such holder.
8. **MISCELLANEOUS.**
 - 8.1 **Heirs, Successors and Assigns.** The covenants herein shall be binding upon, and inure to the benefit of, the heirs, successors and assigns of the parties hereto. The term "Lender" as used herein includes any successor or assign of the named Lender herein, including without limitation, any co-lender at the time of making the Loan, any purchaser at a foreclosure sale and any transferee pursuant to a deed in lieu of foreclosure, and their successors and assigns, trustees and agents, as well as any single purpose entity established by Lender to take title to the Property by reason of such foreclosure or deed in lieu of foreclosure. The terms "Tenant" and "Owner" as used herein include any successor or assign of the named Tenant and Owner herein, respectively; provided, however, that such reference to Tenant's or Owner's successors and assigns shall not be construed as Lender's consent to any assignment or other transfer by Tenant or Owner.

- 8.2 **Addresses; Request for Notice.** All notices and other communications that are required or permitted to be given to a party under this Agreement shall be in writing and shall be sent to such party, either by personal delivery, by overnight delivery service, by certified first class mail, return receipt requested, or by facsimile transmission, to the address or facsimile number below. All such notices and communications shall be effective upon receipt of such delivery or facsimile transmission (as to Lender only). The addresses and facsimile numbers of the parties shall be:

Tenant:

Jo-Ann Stores, Inc.
Attn: Senior Vice President Real Estate
5555 Darrow Road
Hudson, OH 44236

With a copy to:

Jo-Ann Stores, Inc.
Attn: Senior Legal Counsel
5555 Darrow Road
Hudson, OH 44236

Lender:

Wells Fargo Bank, N.A., as Master
Servicer
Attn: Lease Reviews
1901 Harrison Street, 2nd Floor
Oakland, California 94612
FAX No.: 510-446-4468

provided, however, any party shall have the right to change its address for notice hereunder by the giving of written notice thereof to the other party in the manner set forth in this Agreement.

- 8.3 **Entire Agreement.** This Agreement constitutes the entire agreement between Lender and Tenant with regard to the subordination of the Lease to the Security Documents and the rights and obligations of Tenant and Lender as to the subject matter of this Agreement, and shall supersede and cancel, but only insofar as would affect the priority between the Security Documents and the Lease, any prior agreements as to such subordination, including, without limitation, those provisions, if any, contained in the Lease which provide for the subordination of the Lease to a deed or deeds of trust, a mortgage or mortgages, a deed or deeds to secure debt or a trust indenture or trust indentures.
- 8.4 **Disbursements.** Lender, in making disbursements of any funds pursuant to the Loan Documents, is under no obligation to, nor has Lender represented that it will, monitor or control the application of such funds by the recipient and any application of such funds, including, without limitation, any application of such funds for purposes other than those provided for in the Loan Documents, shall not defeat this agreement to subordinate in whole or in part.
- 8.5 **Counterparts.** This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute and be construed as one and the same instrument.

- 8.6 **Section Headings.** Section headings in this Agreement are for convenience only and are not to be construed as part of this Agreement or in any way limiting or applying the provisions hereof.
- 8.7 **Attorneys' Fees.** If any legal action, suit or proceeding is commenced between Tenant and Lender regarding their respective rights and obligations under this Agreement, the prevailing party shall be entitled to recover, in addition to damages or other relief, costs and expenses, attorneys' fees and court costs (including, without limitation, expert witness fees). As used herein, the term "prevailing party" shall mean the party which obtains the principal relief it has sought, whether by compromise settlement or judgment. If the party which commenced or instituted the action, suit or proceeding shall dismiss or discontinue it without the concurrence of the other party, such other party shall be deemed the prevailing party.
- 8.8 **Severability.** If any provision of this Agreement is held to be invalid or unenforceable by a court of competent jurisdiction, such provision shall be deemed modified to the extent necessary to be enforceable, or if such modification is not practicable, such provision shall be deemed deleted from this Agreement, and the other provisions of this Agreement shall remain in full force and effect, and shall be liberally construed in favor of Lender.
- 8.9 **Termination; Amendment.** Neither this Agreement nor any of the terms hereof may be terminated, amended, supplemented, waived or modified orally, but only by an instrument in writing executed by the party against which enforcement of the termination, amendment, supplement, waiver or modification is sought.
- 8.10 **Governing Law.** This Agreement and any claim, controversy or dispute arising under or related to or in connection with this Agreement, the relationship of the parties or the interpretation and enforcement of the rights and duties of the parties shall be governed by the law of the state where the Property is located, without regard to any conflicts of law principles.
- 8.11 **Authority.** Tenant and all persons executing this Agreement on behalf of Tenant jointly and severally represent and warrant to Lender that such persons are authorized by Tenant to do so and that such execution hereof is the binding act of Tenant enforceable against Tenant.
- 8.12 **Form of Agreement.** Owner and Tenant acknowledge that Wells Fargo Bank, N.A. enters into numerous agreements of this type on a regular basis, both in its own capacity and as a commercial mortgage servicer on behalf of other lenders, and that the specific provisions contained in any agreement of this type entered into by Wells Fargo Bank, N.A. will vary depending on numerous transaction-specific factors, including, without limitation, the borrowers, loan documents, tenants, leases, servicers, servicing agreements and property and market conditions involved in the transaction. Accordingly, Owner and Tenant further acknowledge that the specific provisions contained in this Agreement will not necessarily be acceptable to Wells Fargo Bank, N.A. in connection with any other transaction.

- 8.13** This Agreement shall be deemed to be a contract entered into pursuant to the laws of the State of Oregon and shall in all respects be governed, construed, applied and enforced in accordance with the laws of the State of Oregon.

[Remainder of Page Intentionally Left Blank – Signatures Follow on Next Page]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

LENDER:

U.S. BANK NATIONAL ASSOCIATION, as Trustee,
successor-in-interest to BANK OF AMERICA, N.A., as
Trustee, successor by merger to LASALLE BANK
NATIONAL ASSOCIATION, as Trustee, for the
registered holders of Bear Stearns Commercial Mortgage
Securities Inc., Commercial Mortgage Pass-Through
Certificates, Series 2007-PWR17

By: Wells Fargo Bank, National Association
as Master Servicer

By:

Name:

Title:

Paul P. Alcaraz

Paul P. Alcaraz
~~Assistant Vice President~~

TENANT:

JO-ANN STORES, INC.

By:

David B. Goldston
David B. Goldston
Senior Vice President, General Counsel,
and Secretary

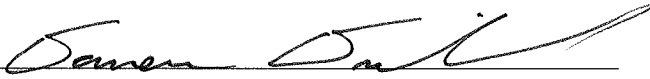


[Signature Page to SNDA dated September __, 2012 - Klamath Falls,OR]

The undersigned Owner hereby consents to the foregoing Agreement and confirms the facts stated in the foregoing Agreement and the acknowledgement contained in Section 9.12 of the foregoing Agreement.

OWNER:

KLAMATH JEFFERSON, LLC

By: 
Its: MANAGING MEMBER

IT IS RECOMMENDED THAT, PRIOR TO EXECUTING THIS AGREEMENT, THE PARTIES CONSULT WITH THEIR ATTORNEYS WITH RESPECT HERETO.

ALL SIGNATURES MUST BE ACKNOWLEDGED.

STATE OF _____)
) SS.
COUNTY OF _____)

SEE ATTACHED
cb
10/4/12

On _____, 2012, personally appeared the above named _____, a _____ of WELLS FARGO BANK, NATIONAL ASSOCIATION, acting in its authorized capacity as Master Servicer for and on behalf of _____, **AS TRUSTEE FOR THE REGISTERED HOLDERS OF COMMERCIAL MORTGAGE TRUST, COMMERCIAL MORTGAGE PASS-THROUGH CERTIFICATES, SERIES _____**, and acknowledged the foregoing to be the free act and deed of said association, before me.

Notary Public
My commission expires: _____

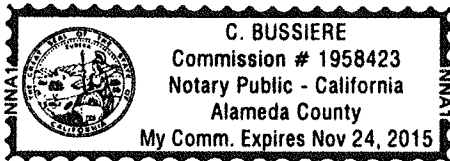
CALIFORNIA NOTARY ACKNOWLEDGEMENT

State of California)
)ss
County of Alameda)

On OCT. 4, 20 12 before me, C. Bussiere, Notary Public, personally appeared RAUL P. ALCARAZ, who 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 the 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.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

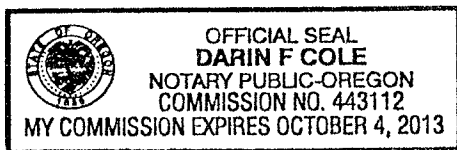


C. Bussiere

STATE OF Oregon)
) SS
COUNTY OF BENTON)

BEFORE ME, a Notary Public in and for said County and State, personally appeared **Klamath Jefferson, LLC**, an Oregon limited liability company, by M. Eugene Dickerhoof, its managing member, who did sign the foregoing instrument on behalf of the limited liability company and that the same is his/her free act and deed of the limited liability company and personally and as such authorized representative.

IN TESTIMONY WHEREOF, I have hereunto set my hand and official seal at Corvallis, Oregon, this 25 day of September, 2012.



Darin F. Cole
NOTARY PUBLIC

STATE OF OHIO)
) SS
COUNTY OF SUMMIT)

BEFORE ME, a Notary Public in and for said County and State, personally appeared **Jo-Ann Stores, Inc.**, an Ohio corporation, by David B. Goldston, its senior vice president, general counsel and secretary, who acknowledged before me that he did sign the foregoing instrument on behalf of said corporation and that the same is his free act and deed personally and as such officers.

IN TESTIMONY WHEREOF, I have hereunto set my hand and official seal at Hudson, Ohio, as of September 21, 2012.



BONITA CAESAR
Notary Public, State of Ohio
My Commission Expires
August 17, 2017

Bonita Marie Caesar
NOTARY PUBLIC

EXHIBIT A
(Description of Property)

EXHIBIT A to SUBORDINATION, NON-DISTURBANCE AND ATTORNMENMENT AGREEMENT dated as of October 4, 2012 executed by JO-ANN STORES, INC., an Ohio corporation, as "Tenant", and U.S. BANK NATIONAL ASSOCIATION, as Trustee, successor-in-interest to BANK OF AMERICA, N.A., as Trustee, successor by merger to LASALLE BANK NATIONAL ASSOCIATION, as Trustee, for the registered holders of Bear Stearns Commercial Mortgage Securities Inc., Commercial Mortgage Pass-Through Certificates, Series 2007-PWR17, by Wells Fargo Bank, National Association, as Master Servicer as "Lender".

Parcel 2 of Land Partition No. 48-05, said Land Partition being a replat of a portion of Lots 34 and 44 of Enterprise Tracts located in the West ½ of the NW ¼ of Section 3, Township 39 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon.

Attention: CMS Lease Reviews
Loan No.: 31-0906684