

**SUBORDINATION NONDISTURBANCE AND
ATTORNMENMENT AGREEMENT (SNDA)
LENDER AND MANAGER POSITIONS**

Subordination Nondisturbance and Attornment Agreement (“SNDA”)
Lender and Manager Positions¹

LENDER POSITION	MANAGER POSITION
The form of the SNDA will be determined by the Lender	If the Borrower/Owner defaults under the loan, but the Manager is not in default under the Management Agreement, the Lender cannot terminate the Manager.
Lender can terminate the Management Agreement if the Borrower/Owner defaults under the loan.	If the Borrower/Owner defaults under the loan, but the Manager is not in default under the Management Agreement, the Lender cannot terminate the Manager.
Lender has the right to approve the annual budget, or the Borrower/Owner cannot approve the annual budget without the Lender’s prior approval	Manager is obligated under the Management Agreement to operate the Hotel pursuant to the Management Agreement and the approved annual budget, so any Lender fiscal controls must respect Manager’s duties
Lender will put in place various lock-box and cash management devices and procedures to ensure that there is fiscal control over hotel operations.	Manager is obligated under the Management Agreement to operate the Hotel pursuant to the Management Agreement and the approved annual budget, so any Lender fiscal controls must respect Manager’s duties
Manager’s Fees will be subordinate to debt service payments.	Manager’s Base Fee, Marketing Fee, Centralized Services Fee and other fees related to operating the Hotel must be paid. The Incentive Management Fee can be made subordinate to the debt service.
Lender must receive notice of any Defaults under the Management Agreement and have an additional cure period if the Owner/Borrower fails to affect a cure.	Managers will generally agree to notice. The length of the additional cure period is negotiated.
Once Lender commences enforcement procedures under the loan documents, the Manager cannot terminate the Management Agreement during the pendency of the enforcement proceedings.	This is subject to exceptions relating to enforcement of Brand Standards and enforcement of any Owner violations on the use of the Manager’s mark and intellectual property. Managers may also seek an outside date for the duration of Manager’s forbearance.

¹This Chart includes the respective positions of the Lender and the Manager without a position of the Owner. The Owner should be interested in the negotiation of the SNDA, but generally, the Owner simply wants Lender and Manager to agree on a document to permit the Owner to close on its financing and move forward. The Owner’s desire is that there is peace between Lender and Manager so that the financing transaction can close.¹

Lender may sell the Hotel at foreclosure to the highest bidder.	A Successful bidder at foreclosure must be a permitted transferee under the Management Agreement.
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