

Store No. 52015

RECORDING REQUESTED BY, AND
WHEN RECORDED RETURN TO:

BLOCKBUSTER INC.
601 Gateway Blvd.
South San Francisco, CA 94080
Attn: Lease Administrator

Kathy Hill, Skagit County Auditor
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LAND TITLE COMPANY OF SKAGIT COUNTY
T-91095 SPACE ABOVE THIS LINE FOR
RECORDER'S USE

SUBORDINATION, NON-DISTURBANCE & ATTORNMENT AGREEMENT

THIS SUBORDINATION, NON-DISTURBANCE & ATTORNMENT AGREEMENT (the "Agreement") is made and entered into this 15th day of October, 1999, by and between **BLOCKBUSTER INC.**, a Delaware corporation ("Tenant") and **EVERETT MUTUAL BANK**, its successors and/or assigns ("Lender") and **MADRONA REAL ESTATE INVESTORS ONE, L.L.C.** ("Landlord").

RECITALS.

WHEREAS, Landlord executed a lease (the "Lease") dated as of October 30, 1998, in favor of Tenant, a memorandum of which may be recorded simultaneously herewith, covering a certain Demised Premises therein described located on a parcel of real estate, a legal description of which is attached hereto and incorporated herein by this reference as Exhibit "A" (said parcel of real estate and the Demised Premises being sometimes collectively referred to herein as the "Property"); and

WHEREAS, Landlord has executed a Deed dated October 21, 1999, and recorded on 11-2 1999, as Instrument No. 199911020042, of the Official Records of Skagit County, Wash, in favor of Lender, payable upon the terms and conditions described therein; and

WHEREAS, it is a condition to said loan that said Mortgage shall unconditionally be and remain at all times a lien or charge upon the Property, prior and superior to the Lease and to the leasehold estate created thereby; and

WHEREAS, the parties hereto desire to assure Tenant's possession and control of the Property under the Lease upon the terms and conditions therein contained;

NOW, THEREFORE, for and in consideration of the mutual covenants and premises herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged and confessed by the parties hereto, the parties hereto do hereby agree as follows:

AGREEMENT:

1. The Lease is and shall be subject and subordinate to the Mortgage, and to all renewals, modifications, consolidations, replacements and extensions thereof, and to all future advances made thereunder.

2. Should Lender become the owner of the Property, or should the Property be sold by reason of foreclosure, or other proceedings brought to enforce the Mortgage which encumbers the Property, or should the Property be transferred by deed in lieu of foreclosure, or should any portion of the Property be sold under a trustee's sale, the Lease shall continue in full force and effect as a direct lease between the then owner of the Property covered by the Mortgage and Tenant, upon, and subject to, all of the terms, covenants and conditions of the Lease for the balance of the term thereof remaining, including any extensions therein provided. Tenant does hereby agree to attorn to Lender or to any such owner as its landlord, and Lender hereby agrees that it will accept such attornment.

3. Notwithstanding any other provision of this Agreement, Lender shall not be (a) liable for any default of any landlord under the Lease (including Landlord), except that Lender agrees to cure any default of Landlord that is continuing as of the date Lender forecloses the Property within thirty (30) days from the date Tenant delivers written notice to Lender of such continuing default, unless such default is of such a nature to reasonably require more than thirty (30) days to cure and then Lender shall be permitted such additional time as is reasonably necessary to effect such cure, provided Landlord diligently and continuously proceeds to cure such default; (b) subject to any offsets or defenses which have accrued prior to the date of foreclosure, unless Tenant shall have delivered to Lender written notice of the default which gave rise to such offset or defense and permitted Lender the same right to cure such default as permitted Landlord under the Lease; (c) bound by any Rent that Tenant may have paid under the Lease more than one month in advance; (d) bound by any amendment or modification of the Lease which reduces the term of the Lease or Tenant's monetary obligations thereunder hereafter made without Lender's prior written consent; (e) responsible for the return of any security deposit delivered to Landlord under the Lease and not subsequently received by Lender.



4. If Lender sends written notice to Tenant to direct its Rent payments under the Lease to Lender instead of Landlord, then Tenant agrees to follow the instructions set forth in such written instructions and deliver Rent payments to Lender; however, Landlord and Lender agree that Tenant shall be credited under the Lease for any Rent payments sent to Lender pursuant to such written notice.

5. All notices which may or are required to be sent under this Agreement shall be in writing and shall be sent by first-class certified U.S. mail, postage prepaid, return receipt requested, and sent to the party at the address appearing below or such other address as any party shall hereafter inform the other party by written notice given as set forth above:

Tenant:

BLOCKBUSTER INC. #52015
1201 Elm Street
Dallas, Texas 75270
Attn: Real Estate/Legal Dept.

with a copy to:

BLOCKBUSTER INC. #52015
601 Gateway Blvd.
South San Francisco, CA 94080
Attn: Lease Administrator

Landlord:

Madrona Real Estate Investors One, LLC
500 Union Street, #900
Seattle, WA 98101-4052

Lender:

Everett Mutual Bank
Box 569
Everett, WA 98206
Attn: Cindy McCulley
Loan # 29-002553

All notices delivered as set forth above shall be deemed effective three (3) days from the date deposited in the U.S. mail.

6. Said 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 Demised Premises. 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.



199911020048

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7. This Non-Disturbance Agreement shall inure to the benefit of and be binding upon the parties hereto, their successors in interest, heirs and assigns and any subsequent owner of the Property secured by the Mortgage.

8. Should any action or proceeding be commenced to enforce any of the provisions of this Non-Disturbance Agreement or in connection with its meaning, the prevailing party in such action shall be awarded, in addition to any other relief it may obtain, its reasonable costs and expenses, not limited to taxable costs, and reasonable attorney's fees.

9. Tenant shall not be joined as a party/defendant in any action or proceeding which may be instituted or taken by reason or under any default by Landlord in the performance of the terms, covenants, conditions and agreements set forth in the Mortgage.

IN WITNESS WHEREOF, the parties hereto have caused this Non-Disturbance Agreement to be executed as of the day and year first above written.

LENDER:

Everett Mutual Bank

By: _____

Name: _____

Title: _____

TENANT:

BLOCKBUSTER INC.,

a Delaware corporation

By: _____

Bruce P. Brown, Director
Real Estate Administration



Kathy Hill, Skagit County Auditor

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LANDLORD:

Madrona Real Estate Investors One, L.L.C.

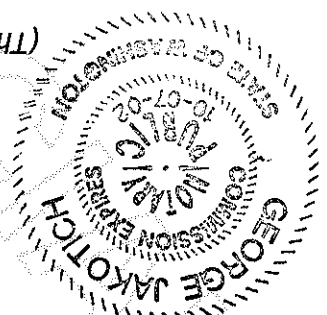
By: [Signature]
Name: William B. Augustine
Title: Managing Member

[Acknowledgment of Lender]

STATE OF Washington
COUNTY OF King
} SS.

On October 19, 1999 before me, George Jakotich
personally appeared William B. Augustine as Managing Member of _____
EVERETT MUTUAL BANK, a Washington state banking association, 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.



(This area for official notarial seal)

Signature



Kathy Hill, Skagit County Auditor
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[Acknowledgment of Tenant]

STATE OF TEXAS

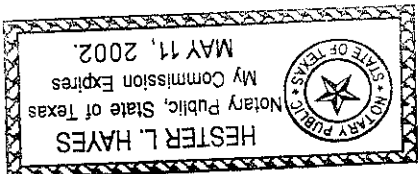
COUNTY OF COLLIN

}
} SS.
}

On October 15, 2002, before me, HESTER L. HAYES,

personally appeared **Bruce P. Brown**, as Director of Real Estate Administration of **BLOCKBUSTER INC., a Delaware corporation**, 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 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.

WITNESS my hand and official seal.



(This area for official notarial seal)

Signature

[Handwritten Signature]

[Acknowledgment of Landlord]

STATE OF

COUNTY OF

}
} SS.
}

On _____ before me, _____,

personally appeared _____, as _____ of _____,

MADRONA REAL ESTATE INVESTORS ONE, L.L.C., a Washington limited liability company, 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.

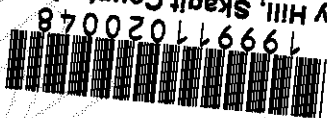
(This area for official notarial seal)

Signature



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Situated in Skagit County, Washington.

Lots 1 through 8, inclusive, the East 24 feet of Lot 17, and all of
Lots 18 through 20, inclusive, Block 46, MAP OF THE CITY OF
ANACORTES, according to the plat thereof recorded in Volume 2 of
Plats, pages 4 through 7, records of Skagit County, Washington;

Legal Description

Exhibit "A"