

**RECORDING REQUESTED BY, AND  
WHEN RECORDED RETURN TO:**

BLOCKBUSTER INC.  
3000 Redbud Blvd.  
McKinney, TX 75069  
Attn: Sandra Livingston, Area Lease Administrator



200409300090  
Skagit County Auditor

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**DEMISED PREMISES:**  
**Blockbuster Inc., # 52015**  
**Anacortes, Washington**

113082-PA

LAND TITLE OF SKAGIT COUNTY

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 the 29<sup>th</sup> day of Sept, 2004, by and between **BLOCKBUSTER INC.**, a Delaware corporation ("Tenant"), and **BRIDGER COMMERCIAL FUNDING** (Lender"), and **MADRONA REAL ESTATE INVESTORES ONE, LLC**, a Washington limited liability company ("Landlord").

**RECITALS:**

WHEREAS, Landlord has 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

Auditor # 9906030042

WHEREAS, Landlord has executed a Deed of Trust, (the "Mortgage") dated Sept 29, 2004 and recorded on Sept 30, 2004, at Volume \_\_\_\_\_, Page \_\_\_\_\_, of the \_\_\_\_\_ Records of Skagit County, State of Washington, in favor of Lender, payable upon the terms and conditions described therein; and

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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 Lender 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  
3000 Redbud Blvd.  
McKinney, TX 75069  
Attn: Area Lease Administrator

with a copy to: Blockbuster Inc.. # 52015  
1201 Elm Street  
Dallas, TX 75270  
Attn: Real Estate Counsel  
Law Department

Landlord: Madrona Real Estate Investors One, LLC  
1320 East Pike Street  
Seattle, WA 98122

Lender: Bridger Commercial Funding  
100 Shoreline Hwy, Ste. 100B  
Mill Valley, CA 94941

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.

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:**

**Bridger Commercial Funding**

By: Paul O'Rear  
Name: Paul O'Rear  
Title: Senior Vice President

**TENANT:**

**Blockbuster Inc.,**  
a Delaware corporation

By: David Roskelley  
David Roskelley, Senior Vice President



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**LANDLORD:**

**Madrona Real Estate Investors One, LLC**

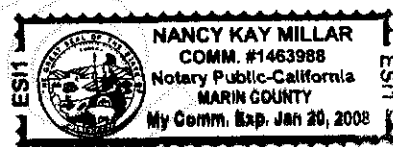
By: Madrona Real Estate Srus, LLC  
It's manager  
Name: By: [Signature]  
It's  
Title: Managing Member

**[Acknowledgment of Lender]**

STATE OF CALIFORNIA }  
COUNTY OF MARIN } SS.


On SEPTEMBER 14, 2004 before me, NANCY KAY MILLAR,  
personally appeared PAUL O'REAR, as Sr. VICE PRESIDENT of,  
BRIDGER COMMERCIAL FUNDING, 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 [Signature: Nancy Kay Millar]

  
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[Acknowledgment of Tenant]

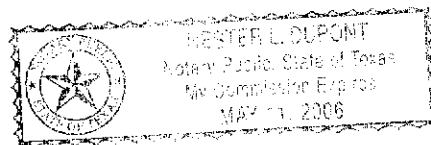
STATE OF TEXAS

COUNTY OF COLLIN

}  
}  
} SS.

On August 30, 2004 before me, Hester S. Dupont, personally appeared **DAVID ROSKELLEY**, as **SENIOR VICE PRESIDENT 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.



Signature

Hester S. Dupont

(This area for official notarial seal)

[Acknowledgment of Landlord]

STATE OF Washington

COUNTY OF King

}  
}  
} SS.

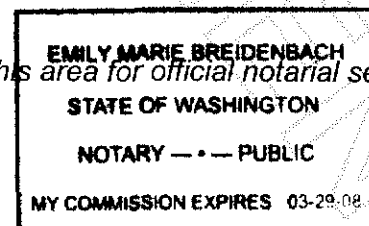
On Sept. 10, 2004 before me, Emily Breidenbach, personally appeared David Augustine, as managing member of **MADRONA REAL ESTATE SERVICES, LLC**, a Washington limited liability company, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are 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.

Signature

Emily Breidenbach

(This area for official notarial seal)



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MY COMMISSION EXPIRES 03/01/2011  
NOTARY PUBLIC  
STATE OF WASHINGTON  
EMILY MARIE BREIDENBACH

EXHIBIT "A"

LEGAL DESCRIPTION

Legal Description of the Shopping Center

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;

Situated in Skagit County, Washington.



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