

LEASE

THIS LEASE, made this 28th day of February, 1997, by and between THE LAKEWOOD CENTER, hereinafter called "Landlord", and DAVID R. THOMASON and PURPLE PARROT OF OREGON, LLC, hereinafter called "Tenant".

WITNESSETH:

In consideration of the covenants and agreements herein contained on the part of the Tenant to be paid, kept, and faithfully performed, Landlord does hereby agree to lease to the Tenant and the Tenant hereby agrees to lease from the Landlord approximately 2000 square feet in that certain building in the Lakewood Center Shopping Center shown as a cross-hatched area on the plot plan attached hereto as Exhibit A, incorporated herein by reference, and made a part hereof, hereinafter called "the premises". A legal description of the entire shopping center is attached hereto as Exhibit B and incorporated herein by reference and made a part hereof. In addition to the building to be leased hereunder, Tenant shall have a right, together with other tenants and occupants of the shopping center of which the leased premises are a part, to the use of the parking and other common areas of the shopping center as set forth herein.

1. TERM:

1.01 Original Term: The term of this lease shall be for a term, commencing on February 15, 1997 and ending February 28, 2002.

1.02 Renewal Option: If the lease is not then in default tenant shall have the option to renew this lease for one additional term of five years as follows:

a. The renewal term shall commence on the day following the date of termination of the preceding term.

b. The option may be exercised by written notice to the Landlord given not less than 90 days prior to the last date of the expiring term. The giving of such notice shall be sufficient to make the lease binding for the renewal term without further act of the parties.

c. The terms and conditions of the lease for the renewal term shall be identical with the original term with rent continuing to escalate as provided in Paragraph 2.03 below.

2. RENT:

2.01 Basic Rent. Tenant shall pay to the Landlord as rent for the premises the sum of \$1,307.40 per month until November 1, 1997 at which time the rent shall increase to \$1,400.00 per month. Rent shall be payable on the first day of each month in advance at such place as may be designated by Landlord except that rent for the first and last month of the lease shall be paid upon execution of this lease. If the lease commences on a day other than the first day of the month, then rent for the first partial month shall be prorated on a daily basis and paid on the first day of the next succeeding month. The failure of the Tenant to pay the rent to the Landlord prior to the 10th day of each month shall cause said payment to be delinquent and the Landlord may in addition to all other remedies herein provided assess a 5% late charge on all rentals received after the 10th day of the month in which it is due.

2.02 Additional Rent. All taxes, insurance costs, common area maintenance charges, water charges and utility charges which Tenant is required to pay by this lease and any other sum which Tenant is required to pay to Landlord or third party shall be additional rent.

2.03 Escalation. The basic rent of \$1,400.00 per month shall be increased as of March 1 every year commencing March 1, 1998 by a percentage equal to the percentage increase in the Consumer Price Index published by the United States Bureau of Labor Statistics. A comparison shall be made using the index for "All Urban Consumers, City of Portland, Subgroup All Items". The percentage increase shall be determined by a comparison of the figure for January 1, 1997, with that of January for each succeeding year. If the figure for January is not available, then the figure for the closest preceding month shall be utilized. If the Consumer Price Index provided for above is not available, then the Landlord may utilize some other generally used and recognized index of prices as a substitute index.

3. SECURITY DEPOSIT:

To secure Tenant's compliance with all terms of this lease, Tenant shall pay to Landlord the sum of \$2,000 as a deposit upon execution hereof. The deposit shall be a debt from Landlord to Tenant refundable within 30 days

following expiration of the lease term or other termination not caused by the Tenant's default. Landlord shall have a right to offset against the deposit any sums owing from Tenant to Landlord and not paid when due, any damages caused by Tenant's default, the cost of curing any default by Tenant should Landlord elect to do so, and the cost of performing any repair or cleanup that is Tenant's responsibility under this lease. Offset against the deposit shall not be an exclusive remedy in any of the above cases but may be invoked by Landlord at its option in addition to any other remedy provided by law or this lease for Tenant's nonperformance. The Landlord shall give notice to Tenant each time an offset is claimed against the deposit and unless the lease is terminated, Tenant shall, within ten days following such notice, deposit with Landlord a sum equal to the amount of the offsets so that the total deposit amount, net of the offsets, shall remain constant throughout the lease term.

4. COMMON AREA AND WATER SYSTEM:

4.01 Definitions.

(A) The term "Shopping Center" means the entire area described in Exhibit B. Any portion of the Shopping Center that may be taken by eminent domain, private purchase in lieu of eminent domain, or dedicated for public use, upon such taking, purchase, or dedication, shall be excluded. Any additional property designated by Landlord for use as part of the Shopping Center shall be included until such designation shall be removed by Landlord.

(B) The term "common area" or "accommodation areas" means all areas and facilities outside the leased premises that are provided and designated by Landlord for general use and convenience (among others) of Tenant and other tenants of other parts of the Shopping Center and their respective employees, customers, and invitees. Accommodation areas include, but are not limited to, pedestrian sidewalks, landscaped areas, exterior stairways, corridors, sidewalks, the water system, and similar areas and improvements, the truckways, loading docks, loading areas, and delivery yards. Landlord reserves the right from time to time to make changes in the shape, size, location, number and extent of improvements, buildings accommodation areas, loading areas, parking layout or areas, and other improvements and to eliminate or add any improvements or buildings to any portion of the Shopping Center.

4.02 Maintenance by Landlord. During the term of this lease, Landlord shall operate, manage, and maintain all parking areas, roads, and accommodation areas within the Shopping Center. The manner in which such areas and facilities shall be maintained and the expenditures for maintenance shall be at the sole discretion of Landlord, and the use of such areas and facilities shall be subject to such reasonable regulations and changes as Landlord shall make from time to time, including without limitation the right to close, if necessary, all or any portion of such areas, roads, or facilities to such extent as may be legally sufficient in the opinion of Landlord's counsel to prevent a dedication thereof or the accrual or rights of any person or of the public therein, or to close temporarily all or any portion of such areas and facilities.

4.03 Right of Use by Tenant. Landlord hereby grants to Tenant during the term of this lease the right to use for the benefit of Tenant and Tenant's officers, employees, agents, customers, and invitees in common with others entitled to such use, all common areas including the accommodation areas, the parking areas, and roads, subject to any rights, powers, and privileges reserved to Landlord. The Landlord hereby also reserves the right to designate parking spaces as exclusively for the use of a particular tenant in the Shopping Center.

4.04 Successors and Assigns. Each and all of the covenants, provisions, and conditions of this lease to be performed by or on the part of Landlord, whether to be performed on or in the premises or in any other portion of the Shopping Center, and whether affirmative or negative in nature, are intended to and shall bind Landlord, its successors, lessees, and assigns, at any time and from time to time, and shall inure to the benefit of Tenant and Tenant's successors and assigns.

4.05 Payment of Tenant's Pro Rata Share. Within the limits of the Shopping Center, Landlord has hard-surfaced, marked, properly drained, adequately lighted and landscaped a parking area or areas, together with the necessary access roads. Landlord has installed at its cost a water system that provides water to each of the tenants in the Shopping Center. Tenant shall pay to Landlord each and every month on the first day of each month Tenant's pro rata share of the cost of lighting, cleaning, striping and general maintenance of the parking and common-use areas together with the physical repair to paved surfaces; Tenant's pro rata share of charges for management services; Tenant's pro rata share of the cost of maintaining and repairing the water system; plus a pro rata share of \$1,000.00 per month which represents

charges by the Landlord in respect to the cost of developing the water system. Tenant shall further pay any damage which may occur due to Tenant's negligence or misuse of the common areas. The Tenant's pro rata or proportionate share of the above described costs shall be 6.87%. The Tenant's payment of Tenant's share of the above costs are in addition to all other rents, charges, and other costs required to be paid by Tenant under the terms, provisions and conditions of this lease agreement. In addition to the foregoing, Tenant shall pay to Landlord a pro rata share of Landlord's cost of public liability and property damage insurance on the Shopping Center, together with a pro rata share of the real property taxes and assessments thereon. Tenant's pro rata share figure is 6.87%.

4.06 Changes by Landlord. Landlord reserves the right to make changes to the common areas including, without limitation, changes in the location of driveways, entrances, exists, vehicular parking spaces, parking area, or the direction of the flow of traffic, and further reserves the right to construct additional buildings in the parking area.

4.07 Parking by Tenant. Tenant and its officers, agents, and employees shall park their automobiles only in areas specifically designated for that purpose by Landlord from time to time, whether such areas be inside or outside but reasonably near the Shopping Center.

4.08 Loading Areas. Tenant agrees that all receiving and delivery of goods and merchandise and all removal of garbage and refuse shall be made only by way of the loading areas or such portions of the parking areas as Landlord may designate from time to time for such use by Tenant, and at such hours as may be designated by Landlord from time to time.

5. WASTE AND LIENS

Tenant covenants not to commit or suffer any strip or waste of said premises, and to keep the leased property free from all liens of every kind and description caused or incurred by any act or omission of the Tenant.

6. USE OF PREMISES:

Tenant covenants:

6.01 That it intends to operate under the trade name of Purple Parrot and shall use the premises solely for the purposes of conducting a sandwich shop which may include incidental sales of beer and wine. In addition the

Tenant may operate video poker machines on the leased premises similar in nature and likeness to and extent of the current video poker operations of the Tenant existing in the Bear Creek Shopping Center as of the date of this lease. Except as specified above Tenant shall not operate or permit to be operated on the premises any coin or token operated vending machines or similar devices for the sale or leasing of goods for its merchandise, services, foods, or beverages including, without limitation, pay telephones, pay lockers, pay toilets, scales, and amusement devices. No auction, fire, or bankruptcy sale shall be conducted on the premises without Landlord's consent. The sale of pizzas shall not be a permitted use of the premises.

6.02 That it will make no unlawful, improper or offensive use of said premises or any portion thereof, and during said term or any extension thereof will comply with all statutes of the United States and/or the State of Oregon and with all ordinances, rules, regulations and laws of any other governmental authorities applicable to said building and the general use thereof.

6.03 That Tenant shall not use or permit the leased premises to be used for any purpose other than provided in this lease, and that Tenant will not use or permit the use of the premises in any manner that will create a nuisance or a danger to life or limb, or that will unnecessarily disturb other tenants or occupants of the Shopping Center or upon the premises or other portions of the Shopping Center. All deliveries to the leased premises shall be made to the rear entrance, if any.

6.04 That Tenant shall occupy the leased premises on or before the "commencement date", shall continuously and uninterruptedly conduct its business therein during all normal business days and hours, unless prevented from doing so by causes beyond tenant's control, and except during reasonable periods for repairing, cleaning, and decorating the leased premises.

6.05 Days and minimum business hours shall be set by Landlord at its discretion, save that it shall not arbitrarily exercise the same, the intent hereof to be to provide for like days and hours as observed by like centers in the metropolitan area.

6.06 That Tenant shall install and maintain at all times displays of merchandise in the display windows (if any) of the leased premises, but shall not display merchandise beyond the confines of its own premises.

6.07 Tenant shall keep the leased premises free from any hazardous waste contamination and shall not store hazardous substances on the premises. Tenant further agrees to indemnify and hold Landlord harmless from any cost, liability or damages that Landlord may incur on account of any hazardous waste contamination caused by Tenant.

7. UTILITIES:

Tenant covenants:

7.01 To promptly pay upon their due date all water, light, power, and/or other utility service charges, including garbage, trash removal and sewage disposal, for all such services used by Tenant in or about said premises, whether such bills be presented before or after the termination of Tenant's occupancy.

7.02 That Landlord shall not be liable for any interruption or failure in the supply of any utility to the leased premises or to the Shopping Center.

7.03 That if Landlord purchases power in bulk for distribution to Tenant through the meter located on the demised premises, Tenant will pay to Landlord the separate user rate applicable to Tenant pursuant to the rules and regulations of the Public Utility Commission of the State of Oregon were it purchasing such power directly from Landlord's supplier.

8. SURRENDER:

Tenant covenants that at the end of said term, or upon any sooner termination of this lease, to quit and deliver up said premises to the Landlord peaceably and quietly and in as good order and condition, reasonable use and wear thereof, fire, and other insured casualties excepted, as the same now are or may hereafter be put into during the term of this lease.

9. REPAIRS AND MAINTENANCE:

9.01 Obligations of Landlord. Except as provided in this paragraph, Landlord shall be under no obligation whatsoever to make any repairs, alterations, or replacements to the leased premises or to the improvements thereon, provided, however: (a) Landlord shall be responsible for any repairs caused by the negligence of Landlord, its agents or employees; (b) Structural

*I don't think
it is the
Landlord's
responsibility.
Maybe he should
report to his
insurance?*

repairs and maintenance and roof repairs; (c) Repairs covered by Landlord's insurance to the extent covered by Landlord's insurance.

9.02 Obligations of Tenant. Tenant shall at its expense keep and maintain the leased premises in a clean, sightly, sanitary order and in good condition and repair, except as to damage due to fire not originating in Tenant's leased premises, earthquake, flood, windstorm, and other casualty or other cause beyond Tenant's control. Tenant will maintain an annual service contract for the maintenance of Tenant's air conditioning and heating equipment with a reputable service company and furnish Landlord with proof of the same.

10. INSURANCE:

10.01 Insurance Required by Tenant. Tenant covenants that it shall during the entire lease term keep in full force and effect a policy of public liability and property damage insurance with respect to the leased premises and the business operated by Tenant and any subtenants of the Tenant. The policy limits for public liability shall not be less than \$300,000 per person and \$1,000,000 per accident and for property damage liability shall not be less than \$100,000. The policy shall name the Landlord and any persons designated by the Landlord as well as the Tenant as insured and shall contain a clause that the insurer will not cancel or change the insurance without giving the landlord ten days prior notice. The insurance shall be in a reputable insurance company and a certificate of insurance shall be delivered to the Landlord.

10.02 Payment of Proportionate Share by Tenant. Landlord shall in the first instance obtain and maintain insurance upon the leased premises inclusive of all leasehold improvements owned by Landlord against loss or damage by fire and other risks from time to time included under extended coverage policies in the amount of the full replacement or insurable value thereof. The premium applicable to Tenant's premises is 6.87% of the entire premiums assessed the Landlord for the obtaining of said insurance. The Tenant shall pay to Landlord its proportionate share of said premium promptly. The Tenant shall pay 1/12 of said charges on the first day of each month.

11. SIGNS:

Tenant covenants not to erect or install any signs or advertising media or window or door lettering or placards visible from outside the leased premises without the previous written consent of the Landlord. Tenant will maintain any

such signs in good condition and repair at all times, remove the same at the expiration of the term of the lease, and repair all damage caused by such removal, and Tenant shall save Landlord harmless from any damage caused by the erection, maintenance, and removal of such signs. Landlord shall have full discretion to determine which Tenant shall have a right to be named on the sign for the Shopping Center and may remove Tenant's name at any time in its sole discretion.

12. TAXES:

Tenant shall pay to Landlord as additional rent the amount of real property taxes and assessments for land and improvements levied and assessed which may become payable during the term hereof upon the leased premises. Said taxes shall be due and payable in full not later than November 30th of each year.

12.01 The taxes applicable to Tenant's premises is 6.87% of all real property taxes assessed against the said Shopping Center and the real property under the same; together with a proportionate share of all real property taxes assessed against that portion of the Shopping Center not occupied by buildings and with such improvements as may be located thereon and of all other public liens and assessments assessed against the Shopping Center save that in the instance of any public lien and assessment which under the laws then in effect may be paid in annual installments, it shall be 6.87% of the amount of such annual installment.

12.02 If at any time during the term of this lease a tax or excise on rents or other tax, however described, is levied or assessed against Landlord on account of the rent expressly reserved hereunder as a substitute in whole or in part for ad valorem taxes assessed or imposed on land and/or buildings, such tax or excise on rents or other substitute tax shall be included within the definition of taxes applicable to Tenant's premises referred to in Section 12.01 of this article and dealt with as provided therein.

12.03 For any part of the term of this lease which is less than a full year, Tenant's obligation to pay the amount by which the taxes applicable to Tenant's premises or to pay any other lien or assessment shall be prorated on a daily basis per a year of 365 days as to the end that Tenant shall only pay for taxes or assessments attributable to the portion of the tax year occurring within the term of this lease.

13. DESTRUCTION OF PREMISES:

13.01 If the leased premises are damaged by fire or other casualty against which the Landlord is insured but are not thereby rendered partially untenable, Landlord shall at its own expense cause such damage to be repaired and the rent shall not be abated.

13.02 If by reason of such occurrence the premises shall be rendered partially untenable, Landlord shall at its own expense cause the damage to be repaired, and the fixed minimum rental meanwhile shall be abated proportionately as to the portion of the premises rendered untenable.

13.03 If the premises shall be rendered wholly untenable by reason of such occurrence the Landlord shall at its own expense cause such damage to be repaired and the fixed minimum rent meanwhile shall be abated except that Landlord shall have the right, which may be exercised by notice in writing delivered to Tenant within 60 days from and after such occurrence, to elect not to reconstruct the destroyed premises and in such an event this lease and the tenancy hereby created shall cease as of the day of that occurrence, the rent to be adjusted as of that date.

13.04 In the event that 50% or more of the rentable area of the entire Shopping Center shall be damaged or destroyed by a fire or other cause, the Landlord shall have the right, to be exercised by notice in writing to be delivered within 60 days from the date of the occurrence, to elect to cancel and terminate this lease. Upon the giving of such notice to the Tenant, the terms of this lease shall expire by lapse of time upon the third day after such notice is given and the Tenant shall vacate the leased premises and surrender the same to the Landlord.

13.05 Notwithstanding any terms of this article, if the damage was caused by Tenant's fault, rent shall not abate and Tenant shall reimburse Landlord the amount of any deductible in Landlord's insurance coverage.

14. WAIVER OF SUBROGATION RIGHTS:

14.01 Landlord hereby releases Tenant from any and all liability and waives Landlord's rights of recovery against Tenant, its agents and employees, for any loss or damage to Landlord's property resulting from any hazard insurable under a Landlord's fire and extended coverage policy of insurance including, but not limited to, theft, fire, smoke, explosion or water damage, and

Landlord hereby waives the subrogation rights of its insurance carriers under Landlord's policies of insurance providing coverage against loss or damage by any such hazard. Landlord shall take such steps as are necessary to inform its insurance carriers of this provision and to have endorsements if necessary placed on said insurance policies to carry into effect the provisions of this section. This does not apply to any claim for the deductible as provided in Article 13.05 above.

14.02 Tenant hereby releases Landlord from any and all liability and waives Tenant's rights of recovery against Landlord, its agents and employees, for any loss or damage to Tenant's property resulting from any hazard insurable under a tenant's fire and extended coverage policy of insurance, including but not limited to theft, fire, smoke, explosion, or water damage, and Tenant hereby waives the subrogation rights of its insurance carriers under Tenant's policies of insurance providing coverage against loss or damage by any such hazard. Tenant shall take such steps as are necessary to inform its insurance carriers of this provision and to have endorsements, if necessary, placed on said insurance policies to carry into effect the provisions of this section.

14.03 In particular, Landlord shall not be liable for any damage to property of Tenant or of others located on the leased premises, nor for the loss of or damage to any property of Tenant or of others by theft or otherwise. Landlord shall not be liable for injury or damage to property resulting from fire, explosion, sprinklers, falling plaster, steam, gas, electricity, water, rain, snow, or leaks or from any other part of the leased premises; or leaks from the pipes, appliances, or plumbing works; or leaks from the roof, street, or subsurface; or from any other place or by dampness. Tenant assumes the risk of all property kept or stored in the leased premises and shall hold harmless the Landlord from any claims arising out of damage to the same. Tenant shall give immediate notice to the Landlord in case of fire or accidents in the leased premises or in the building of which the premises are a part, or defects therein, or in any fixture or equipment.

15. INDEMNITY:

15.01 The Tenant agrees that it will at all times indemnify and hold the Landlord harmless against all actions, claims, demands, costs, damages, or expense of any kind on account thereof, including costs of defense, which may be brought or made against the Landlord or which the Landlord may pay or incur by reason of the Tenant's negligent performance of or failure to perform any of its obligations under this lease.

15.02 The Landlord agrees that it will at all times indemnify and hold the Tenant harmless against all actions, claims, demands, costs, damages, or expense of any kind on account thereof, including costs of defense, which may be brought or made against the Tenant or which the Tenant may pay or incur by reason of the Landlord's negligent performance of or failure to perform any of its obligations under this lease.

16. EMINENT DOMAIN:

16.01 If the leased premises be damaged by the exercise of the right of eminent domain or by the change of grade of adjacent street or other activity by a public body irrespective of whether such damage involves a physical taking of any portion of the property, this shall be considered a taking. If the extent of the taking is such that the demised premises are no longer suitable for the purpose for which the tenancy is created, this shall be considered a total taking. Any other taking shall be considered a partial taking.

16.02 In the case of a total taking, the lease shall terminate at the date the property is rendered unsuitable for the purposes of the tenancy and all compensation therefor whether fixed by agreement or judicial award shall be paid Landlord, and Tenant shall have no claims against Landlord for the value of any unexpired term of this lease.

16.03 If more than 20% of the store building determined on a square footage basis, or more than 50% of the designated parking area determined on a square footage basis, is taken, the Tenant, at its option to be exercised by written notice to Landlord within 60 days of such taking, may elect to terminate this lease for all purposes and rent shall be abated as of the date specified in the notice and Tenant shall have no claim against Landlord for the value of any unexpired term of this lease.

Provided however:

(A) That Landlord shall have a reasonable time in which to elect to provide parking that restores the same to 85% of the originally existing parking area by parking that is contiguous to the real property described in Exhibit B as freely available to the buildings located thereon, in avoidance of Tenant's right to terminate for the lack thereof as hereinabove set forth.

(B) That for the purposes of this provision and of the total provisions of this numbered section, existing highway and/or sidewalk

right-of-way lines for public passage presently bordering the property described in Exhibit B can be altered by an appropriate public body to extend said right-of-way 20 feet into the same from their present location for the purpose of widening said highways and/or sidewalks, and no such taking for such purpose within said 20 feet that affects any parking area shall be considered a taking of any such parking area for any of the purposes set forth herein.

16.04 In case of a partial taking and if this lease is not terminated, the Landlord shall repair the demised premises at its own expense to the original plan, but the Landlord shall not be obligated to expend for such repairs an amount greater than the compensation due from the condemning authority.

16.05 In case of any partial taking, all compensation whether fixed by agreement or judicial award shall be due the Landlord; and if the lease is not terminated as above provided, the rent shall be reduced to the extent of diminution of value of the premises save that no diminution shall be presumed from the mere fact of a taking.

17. ALTERATIONS:

No alterations can be made without written permission of Landlord. The Landlord may require a lien and completion bond as a condition of consent. All alterations or additions shall constitute a part of the leased premises and shall remain thereon when installed. Upon termination of the lease, however, the Landlord may require the Tenant to remove said alterations and repair any damage caused by such removal. All trade fixtures and all machinery, equipment, and/or other items of personal property placed in or upon the leased premises by the Tenant and paid for by it may be removed by it at any time. Tenant shall obtain all necessary permits and government approvals for any work to be done and all work shall be done in a workmanlike manner. Tenant shall not make any changes of any nature to the exterior of the premises without first obtaining Landlord's written consent.

18. EXAMINATION OF PREMISES:

The Landlord or its agents or representatives may at any or all reasonable times enter into or upon said premises or any part thereof for the purpose of examining the condition thereof and for the purpose of making any repairs which Landlord is either required to or may desire to make to said premises.

19. ASSIGNMENT AND SUBLETTING:

The Tenant shall not assign this lease in whole or in part nor sublet all or any part of the leased premises without prior written consent of the Landlord in each instance. The Landlord reserves the right to impose such conditions upon assignment or subletting as in the circumstances may be reasonable or necessary. No assignment or sublease shall accomplish a novation and Tenant shall remain fully liable on this lease and shall not be released from performing any of the terms, covenants, and conditions of the lease.

20. SUBORDINATION:

Upon request of the Landlord, Tenant will subordinate its rights hereunder to the lien of any mortgage or trust deed now or hereafter in force against the land and buildings of which the leased premises are a part or upon any building hereafter placed upon the land of which the leased premises are a part and to all advances made or hereafter to be made upon the security thereof. This section shall be self-operative and no further instrument of subordination shall be required by a mortgagee or a beneficiary under a trust deed, and Tenant does hereby constitute Landlord as its attorney in fact to execute such subordination on its behalf in such instance and toward such end. Nothing contained in this article shall require Tenant to agree to any subsequent modification in the term of this lease nor shall any mortgagee or beneficiary under trust deed succeeding to the Landlord's interest have any greater rights hereunder than the Landlord.

21. ESTOPPEL CERTIFICATES:

The Tenant acknowledges that Landlord may from time to time require an estoppel certificate from Tenant containing a statement of the condition of the lease. Tenant agrees to provide such an estoppel certificate to Landlord within ten days of the request.

22. SUCCESSORS AND ASSIGNS:

All rights, remedies, liabilities, and obligations herein given to or imposed upon either of the parties hereto shall inure to the benefit of and be binding upon the respective heirs, executors, administrator, successors in interest and permitted assigns of the respective parties. Wherever the word "Landlord" is used herein, it relates also to all of the respective landlords jointly and severally.

23. QUIET ENJOYMENT:

Landlord warrants and covenants that Tenant, discharging all of its obligations hereunder, shall and may peaceably and quietly hold and enjoy the demised premises for the term aforesaid.

24. EVENTS OF DEFAULT:

The following events shall be deemed to be events of default by Tenant under the lease:

24.01 If Tenant shall fail to pay any installment of the rent or any other charge designated herein to be paid as rent within ten days of the date that the same is due.

24.02 If Tenant shall fail to comply with any term, condition, or covenant of this lease other than the payment of rent or sum to be paid as rent or additional rent and shall not cure such failure within 30 days after written notice thereof to Tenant, or if such failure cannot reasonably be cured within the said 30 days and Tenant shall not have commenced to cure such failure within 30 days after written notice thereof to Tenant, or if such failure cannot reasonably be cured within the said 30 days and Tenant shall not with reasonable diligence and good faith proceed in the curing of such failure.

24.03 If Tenant shall become insolvent, or shall make a transfer in fraud of creditors, or shall make an assignment for the benefit of creditors; or if any petition under any section or chapter of the National Bankruptcy Act shall be filed to subject Tenant's affairs to the same; or if a receiver of substantially all of the assets of Tenant shall be appointed; or if any attempt shall be made by anyone other than Tenant to occupy the demised premises with or without color of law.

24.04 Failure of Tenant for 15 days or more to occupy the premises for one or more of the purposes permitted under the lease unless such failure is excused under the provisions of this lease.

25. REMEDIES ON DEFAULT:

Upon the occurrence of any of the foregoing events of default, Landlord shall have the option to pursue any one or more of the following remedies without any notice or demand whatsoever:

25.01 Terminate this lease, in which event Tenant shall immediately surrender the premises to Landlord. If Tenant fails to do so, Landlord may without prejudice to any other remedy which it may have for possession or arrearages in rent enter upon and take possession of the demised premises and expel or remove Tenant and any other person who may be occupying said premises or any part thereof, and Tenant agrees to pay to Landlord on demand the amount of all loss and damage which Landlord may suffer by reason of such termination, whether through inability to relet the premises or otherwise.

25.02 Enter upon and take possession of the demised premises and expel or remove Tenant and any other person who may be occupying said premises or any part thereof and relet the premises and receive the rent therefore, and Tenant agrees to pay to Landlord on demand any deficiency that may arise by reason of such reletting and any damages resulting from the inability to relet.

25.03 Enter upon and take possession of the demised premises and expel or remove Tenant and any other person who may be occupying said premises or any part thereof, and demand and receive from Tenant in lump sum damages an amount by which the rent provided for herein for the entire remainder of the term discounted to its present cash value at the time of such re-entry exceeds the fair rental value of the leased premises for the remainder of the term as of the time of said re-entry discounted to its present cash value using an 8% per annum discount rate.

25.04 Enter upon the demised premises and do whatever Tenant is obligated to do under the terms of this lease and Tenant agrees to reimburse Landlord on demand for expenses which Landlord may incur, thus effecting compliance with Tenant's obligations under this lease; and Tenant further agrees that Landlord shall not be liable for any damage resulting to the Tenant from such action caused by the negligence of Landlord.

25.05 Landlord may pursue any of the foregoing remedies singly or cumulatively and in addition to any other remedies provided by law. Pursuit of any remedy herein provided shall not constitute a forfeiture or waiver of any rent due to Landlord hereunder or of any damage accruing to Landlord by reason of the violation of any of the terms, conditions, and covenants herein contained; nor shall any termination and cancellation include a cancellation of Tenant's obligation hereunder for any deficiency or damage upon reletting

subsequent to said termination or cancellation, such obligations being independent and covenants surviving said termination or cancellations.

26. HOLDING OVER:

Any holding over after the expiration of the term of this lease with the consent of the Landlord shall be construed to be a tenancy from month to month for the rents herein specified (prorated on a monthly basis) and on the other terms and conditions herein specified, so far as applicable.

27. WAIVER:

The waiver by the Landlord of any breach of any term, covenant, or condition of this lease shall not be deemed to be a waiver of any past, present, or future breach of the same or any other term, covenant, or condition of the lease. The acceptance of rent by the Landlord hereunder shall never be construed to be a waiver of any term of the lease. No payment by Tenant or receipt by Landlord of a lesser amount than shall be due according to the terms of this lease shall be deemed or construed to be other than on account of the earliest rent due nor shall any endorsement or statement on any check or letter accompanying any payment be deemed to create an accord and satisfaction.

28. FORCE MAJEURE:

In the event that either party hereto shall be delayed or hindered in or prevented from the performance of any act required hereunder by reason of strikes, lockouts, labor troubles, inability to procure materials, failure of power, restrictive governmental laws or regulations, riot, insurrection, war or other reason of like nature not the fault of the party delayed in performing work or doing acts required under the terms of this lease, then performance of such act shall be excused for the period of the delay and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay. The provisions of this article shall not operate to excuse Tenant from prompt payment of rent, percentage rent, additional rent, or any other payments required by the terms of this lease.

29. RULES AND REGULATIONS:

Landlord reserves the right from time to time to adopt, amend or supplement reasonable rules and regulations applicable to the leased premises and the Shopping Center. Notice of such rules and regulations, and amendments and supplements, if any, shall be given to Tenant and Tenant

agrees thereupon to comply with and observe all such rules, regulations, amendments thereto, and supplements thereof, provided the same shall apply uniformly to all tenants of the Shopping Center.

30. HAZARDOUS WASTE:

Tenants shall not cause or permit any hazardous material, as defined below, to be brought, kept, or used in or about the Shopping Center by Tenant, its agents, employees, contractors, or invitees. Tenant indemnifies Landlord from and against any breach by Tenant of the obligations stated in the preceding sentence and agrees to defend and hold Landlord harmless from and against any and all claims, judgments, damages, penalties, fines, costs, liabilities, or losses. This indemnification of Landlord by Tenant includes, without limitations, costs incurred in connection with any investigation of site, conditions, or any cleanup, remedial removal or restoration work required by any federal, state, or local governmental agency or political subdivision because of hazardous material present in the soil or groundwater on or under the Shopping Center. Without limiting the foregoing, if the presence of any hazardous material on the Shopping Center caused or presented by Tenant results in the contamination of the Shopping Center, Lessee shall promptly take all actions as its sole expenses that are necessary to return the Shopping Center to the condition existing prior to the introduction of any such hazardous material. As used herein, the term hazardous material means any hazardous material as defined under any applicable federal, state, or local laws, ordinances, or regulations, including, without limitations, 42 USC, Section 9601-9657, Oregon Revised Statutes, Chapter 466, or by any other rule or regulation governing the property.

31. ATTORNEY FEES:

If suit or action is instituted in connection with any controversy arising out of this Lease, the prevailing party shall be entitled to recover, in addition to costs, such sum as the Court may adjudge reasonable as attorney fees.

32. AMENDMENTS IN WRITING:

This lease, including the exhibits and riders, if any, attached hereto and forming a part hereof are all of the covenants, promises, agreements, conditions and understandings, either oral or written, between the parties. No subsequent alteration, change, or amendment to this lease shall be binding upon the parties unless reduced to writing and signed by them.

33. NOTICES:

Any notice by Tenant to Landlord must be served by certified mail or registered mail, postage prepaid, addressed to Landlord as follows, or at such other address as Landlord may designate by written notice:

Lakewood Center
c/o Commercial Property Management
711 East Main Street, #24
Medford, Oregon 97504

Any notice by Landlord to Tenant must likewise be by certified or registered mail, postage prepaid, addressed to Tenant at the address set forth below:

Purple Parrot of Oregon, LLC
P.O. Box 226
Grants Pass, Oregon 97526

34. TIME OF ESSENCE:

Time is of the essence of this agreement.

35. STATUTORY DISCLAIMER:

THIS INSTRUMENT WILL NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY APPROVED USES.


36. CONDITION PRECEDENT:

The condition precedent to this Lease is the Landlord obtaining an agreement from the current Tenant to terminate its lease effective February 15, 1997.

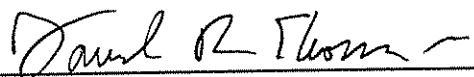
IN WITNESS WHEREOF, Landlord and Tenant have signed this lease the day and year first above written.

LANDLORD:

LAKEWOOD CENTER

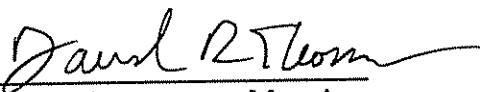
By: , Partner

TENANT:


David R. Thomason, Individually

PURPLE PARROT OF OREGON,
LLC

By: _____, Partner

By: 
David R. Thomason, Member

LAKE HIGHWAY

EXHIBIT A
LAKE OF THE WOODS HIGHWAY

MERRY LANE

SITE PLAN

EXHIBIT "A"

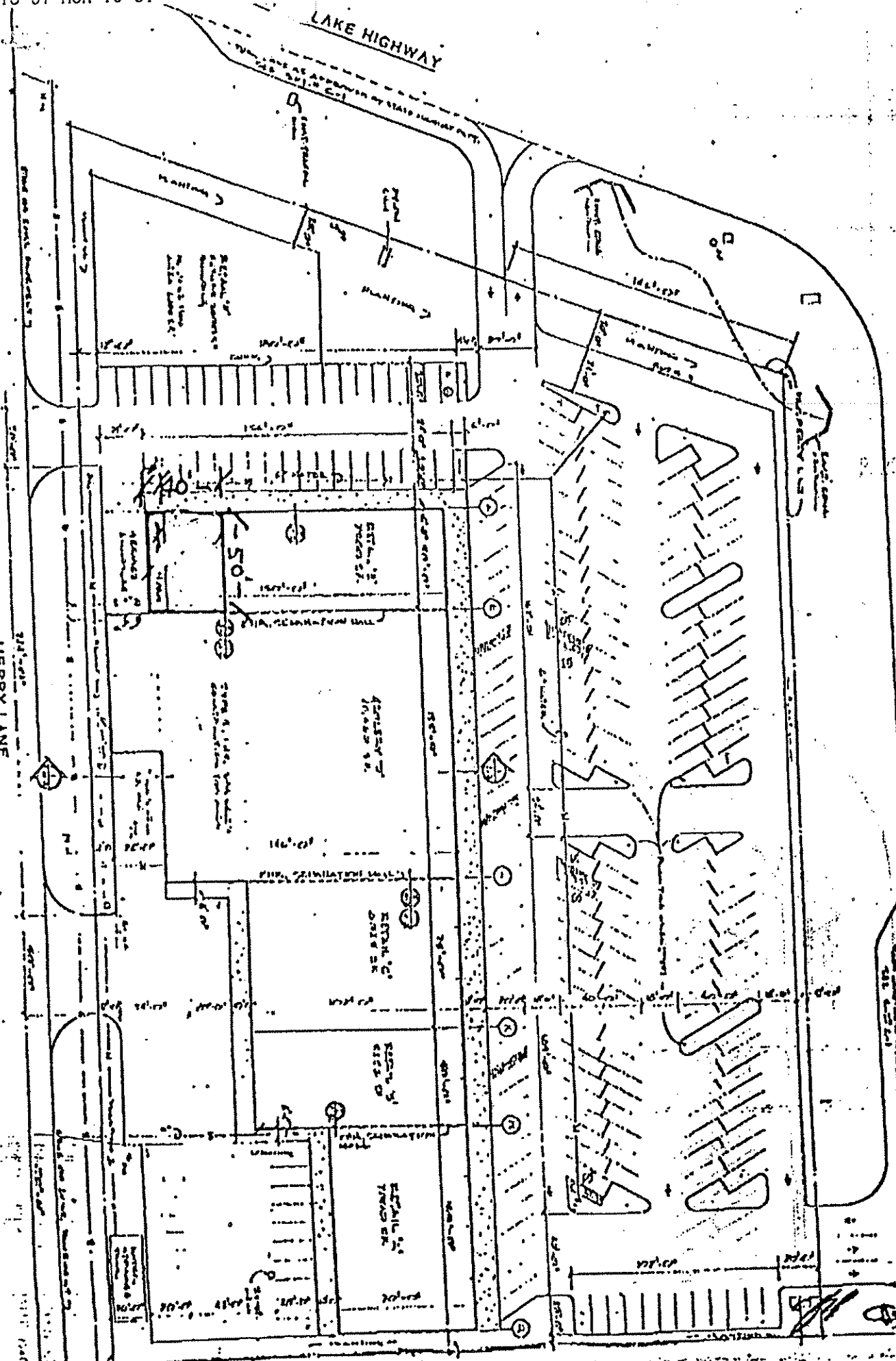


EXHIBIT DPARCEL 1:

Lot One (1) on Block Three (3) of AGATE SUBDIVISION EXTENSION NO. 1 in Jackson County, Oregon, according to the official plat thereof, now of record. EXCEPTING THEREFROM that portion conveyed to the State of Oregon, by and through its State Highway Commission, recorded December 20, 1968, as No. 68-12250 of the Official Records of Jackson County, Oregon.

PARCEL 2:

Lot Two (2) in Block Three (3) of AGATE SUBDIVISION EXTENSION NO. 1 in Jackson County, Oregon, according to the official plat thereof, now of record. EXCEPTING THEREFROM that portion conveyed to the State of Oregon, by and through its State Highway Commission, by deed recorded September 26, 1969, as No. 69-08737 of the Official Records of Jackson County, Oregon.

EXHIBIT BPAGE 1 of 1



PURPLE PARROT OF OREGON, L.L.C.
(541) 476-2558
1039 NE. PEPPERWOOD DR.
GRANTS PASS, OR 97526

96-212/1232
162013713

1155

DATE 3-11-97

PAY TO THE
ORDER OF

Commercial Prop. mss.
Asken

\$ 4533.59

Four Thousand Five Hundred Thirty Three and 59/100

DOLLARS Security features
provided
Detail on back.



VALLEY of the ROGUE BANK

7th & Midland Office
P.O. Box 771
Grants Pass, Oregon 97526-0277

MEMO *Rent/Sec. Dep PP7*

David R. Thon

MP

⑆ 123202125⑆ 162013713⑆ 1155

SAFETY PAPER

LETTER OF INTENT

The purpose of this agreement is to allow David R. Thomason to begin operating a sandwich shop under the name of the Purple Parrot at the Senior Sam's Mexican Grill in the Lakewood Shopping Center on February 15, 1997 and to expedite the introduction of Lottery devices at that location and comply with Oregon Lottery Commission requirements that the restaurant be open and operating 30 days prior to the placement of lottery machines.

Carl Tinsley acknowledges that the existing lease agreement dated March 21, 1995 between Carl Tinsley, owner of Senior Sam's Mexican Grill as lessee and the Lakewood Group as lessor continues in full force and effect and it is not the intent of the parties to discharge any obligations under that existing lease agreement until such time as a new lease is negotiated and signed by David R. Thomason as lessee and Lakewood Group.

The following parties would like to acknowledge their intent to enter into a new lease agreement between Lakewood Group (Lessor) and David R. Thomason F.M.P., Purple Parrot of Oregon L.L.C., P.O. Box 226, Grants Pass, Or 97526 (lessee) effective February 15, 1997 for the 2000 square foot building located in the Lakewood Shopping Center presently known as Senior Sam's Mexican Grill under the following terms and conditions:

Lease Term:

A lease term beginning February 15, 1997 and ending February 28, 2002 with one 5 year renewal option at the end of the lease term.

Rent:

Rent is to be at the current rate 1,307.40 per month or \$.6537 per square foot until November 1, 1997 at which point the rent is to change to \$1,400 per month or \$.70 per sq foot. Annual CPI increases every year there after starting March 1, 1998 through the end of the lease including renewal options.

Current Tenant:

The new lease is conditional on Senior Sam's agreeing to terminate the existing lease effective February 15, 1997.

Party to agreement:

The party to the lease agreement will be David R. Thomason or with David R. Thomason as personal guarantor.

Premises:

The use of the premises will be for a sandwich shop including incidental beer sales and video poker of the nature and likeness of the existing Purple Parrot business in the Bear Creek Shopping Center. No pizza sales are allowed in the facility. Specific language to be determined later.

Non-Exclusivity Clause

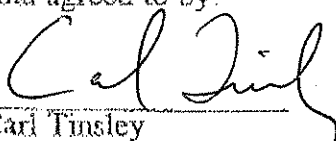
Lakewood Group reserves the right to and needs to have the flexibility to not be limited in any way in the type and nature of other tenants who are currently located or may locate in the future, in the Lakewood Shopping Center.

This letter of intent is not a binding agreement between the parties. The parties acknowledge that the full lease agreement will follow and must meet with both parties approval.

The above Letter of Intent is agreed to on behalf of the Lakewood Group by:

General Partner

And agreed to by:



Carl Tinsley



David R. Thomason