

LEASE AMENDMENT AGREEMENT

THIS LEASE AMENDMENT AGREEMENT is made 7/01, 2004 by and between **WHITE CITY DEVELOPMENT**, a partnership dba **THE LAKEWOOD GROUP**, hereinafter called "**Landlord**" and **MEDFORD SPORTS INJURY AND THERAPY CENTER, INC.**, an Oregon corporation and **STEVEN ZERKEL AND BETH ANN ZERKEL**, hereinafter collectively called "**Tenant**".

RECITALS

A. By Lease dated January 16, 2002 (the "**Lease**"), Landlord leases to Tenant certain premises containing approximately 2,000 rentable square feet (the "**Premises**") consisting of a portion of Space B-1 in the Lakewood Shopping Center in White City, Oregon, as more particularly described in the Lease.

B. Landlord and Tenant desire to amend the terms of the Lease as provided in this instrument.

AGREEMENTS

In consideration of the mutual covenants and promises contained in this Agreement, Landlord and Tenant covenant and agree to the following:

1. **Additional Space.** In addition to the 2,000 rentable square feet of space (the "**Existing Space**") known as a portion of Space B-1 presently contained in the Premises described in the Lease, Landlord shall, as of July 1, 2004, further lease to Tenant and Tenant shall further lease from Landlord an additional 1,045 rentable square feet (the "**Additional Space**", known as Space B-2) adjacent to Tenant's Existing Space, for a total aggregate space of 3,045 rentable square feet (the "**Aggregate Space**") leased to Tenant, which Additional Space is more particularly shown hatched on the attached Exhibit A. Effective July 1, 2004 during the remaining term of the Lease (and any extension thereof pursuant to Section 1.03 of the Lease) the term "Premises" as used in the Lease shall mean the Aggregate Space.

2. **Lease Term.** The term of the Lease as it pertains to the Existing Space shall remain unchanged and shall expire on January 31, 2005 (unless extended pursuant to Section 1.03 of the Lease, as modified by this Amendment). The term of the Lease as it pertains to the Additional Space shall be for the period commencing on July 1, 2004 and ending on January 31, 2005 (unless extended pursuant to Section 1.03 of the Lease).

3. **Early Possession.** Following execution hereof, Tenant shall be entitled to possession of the Additional Space for the purpose of installing fixtures, equipment and inventory and making any improvements permitted under Section 13 below. Tenant shall be subject to all terms of the Lease during such early possession except that rent with respect to the Additional Space shall not be payable until the date (July 1, 2004) specified in Section 6 below.

Tenant will provide proof of required insurance coverage before taking early possession of the Additional Space under this paragraph.

4. **Option to Extend Term.** The option of Tenant to extend the term of the Lease for two extension terms of three years each pursuant to Section 1.03 of the Lease shall apply as it pertains to the Aggregate Space.

5. **No Expansion Opportunity.** Section 1.04 of the Lease is deleted.

6. **Base Rent.** In addition to the base rent Tenant shall pay to Landlord for the Existing Space pursuant to Sections 2.01 and 2.03 of the Lease, effective July 1, 2004 and during the remaining term of the Lease (and any extension thereof pursuant to Section 1.03 of the Lease) Tenant shall also pay to Landlord as initial base rent for the Additional Space, in the same manner and at the same time as base rent is payable under the Lease as it pertains to the Existing Space, the sum of \$1,045 per month calculated as \$1.00 per square foot per month times the agreed upon rentable square footage for the Additional Space of 1,045.

7. **Escalation of Base Rent with Respect to Existing Space.** Notwithstanding the definition of "Premises" in the Lease, as modified by this Amendment, the provisions in Section 2.03 of the Lease for escalation of base rent shall apply only to the base rent for the Existing Space.

8. **Escalation of Base Rent with Respect to Additional Space.** Notwithstanding the definition of "Premises" in the Lease, as modified by this Amendment, the base rent for the Additional Space shall be increased as of March 1 of each year, commencing March 1, 2005 by the greater of (i) three percent (3%) of the rent paid for the prior year, or (ii) a percentage of the rent paid for the prior year, which percentage is equal to the percentage increase in the Consumer Price Index published by the United States Bureau of Labor Statistics. The comparison shall be made using the index for "All Urban Consumers, all U.S. Cities, Subgroup All Items". The percentage increase shall be determined by a comparison of the figure for February of the year of adjustment with that for February of the preceding year. If the figure for February is not available, then adjustment will be computed as soon as it is available and made retroactive to March 1. If the consumer Price Index provided for above is not available, then Landlord may utilize some other generally used and recognized index of prices as a substitute index.

9. **Security Deposit.** To further secure Tenant's compliance with all of the terms of the Lease, Tenant shall pay to Landlord the sum of \$1,045.00, to be added to the \$1,500 security deposit held by Landlord pursuant to Section 3 of the Lease. The combined security deposit of \$2,545.00 shall be held by Landlord in accordance with Section 3 of the Lease.

10. **Payment of Tenant's Pro Rata Share.** Beginning July 1, 2004 and during the remainder of the term of the Lease (and any extension thereof pursuant to Section 1.03 of the Lease), Tenant's pro rata share under Section 4.05 of the Lease shall be 10.3 percent.

11. **Use.** Tenant shall use the Aggregate Space only for those purposes permitted by Section 6.01 of the Lease.

12. **Limits on Use.** Without limiting the generality of the limitations on the use that Tenant may make of the Existing Space and Additional Space as set forth in the Lease (as modified by this Amendment), Tenant acknowledges and agrees that it shall not sell chicken as its main menu item and shall not operate the following in the Premises:

- a. A "single price point variety retail store" (meaning a store that offers all of its merchandise for sale at a single price point).
- b. A "closeout store" (meaning a store that sells only discontinued merchandise).
- c. A retail store whose "principal business" (defined below) is:
 - i. Selling variety retail merchandise at a single price point;
 - ii. Selling gifts, cards and other party supplies (individually or collectively); or
 - iii. Selling artificial flowers and picture frames (individually or collectively); or
- d. Variety retail operations with the word "Dollar" in its trade name.

For purposes of this Lease, "principal business" means selling such merchandise in twenty-five percent (25%) or more of the sales floor area (including one-half of the adjacent aisle space).

13. **Improvement of Premises.** Section 9.01 of the Lease shall not apply to the Additional Space. Tenant accepts the Additional Space in its present condition, AS IS, subject to all applicable zoning, municipal, county and state laws, ordinances and regulations governing and regulating the use of the Additional Space. Landlord shall have no obligation to perform any work to ready the Additional Space for Tenant's occupancy. Tenant acknowledges that neither Landlord nor Landlord's agent, if any, has made any representations or warranty as to the suitability of the Additional Space for the conduct of Tenant's business. Any improvements to the Additional Space desired by Tenant to ready the Additional Space for Tenant's occupancy shall be at Tenant's sole expense and subject to (a) Landlord's prior written approval of the plans for such improvements, not to be unreasonably withheld or delayed, except Landlord reserves the right to approve structural changes (walls, floors, roofs) of the plans for such improvements in Landlord's sole and absolute discretion, and (b) the other provisions of Section 17 of the Lease. Tenant shall pursue any such work diligently to completion and shall perform it in compliance with all applicable laws, regulations, rules and ordinances. Tenant shall not perform any such work without first providing Landlord a copy of the approved building permit covering the plans as approved by Landlord.

14. **Breach by Landlord.** In the event any damages are awarded to Tenant against Landlord (including all or any of the persons, trustees or entities comprising Landlord) for breach of this Lease, Tenant's sole recourse shall be against the interest of Landlord in the Shopping Center as the same may then be encumbered, and Landlord (including all or any of the persons, trustees or entities comprising Landlord) shall have no personal liability therefor.

15. **Conveyance by Landlord.** In the event all or any of the persons, trustees or entities comprising Landlord sell or transfer their or his/her/its interest in the Premises during the term of this Lease, the persons, trustees or entities so transferring such interest shall be discharged from any obligations and responsibilities under this Lease with respect to the interest so transferred from and after the effective date of the sale or transfer, except for those already accrued.

16. **Incorporation.** The terms and conditions of this Amendment are hereby incorporated in and made a part of the Lease. Except to the extent expressly inconsistent herewith, the provisions of the Lease are hereby ratified and confirmed. In the event of any conflict between the terms of the Lease and those of this Amendment, the terms of this Amendment shall prevail.

IN WITNESS WHEREOF, the parties have executed this Amendment as of the day and year first set forth above.

LANDLORD:

**WHITE CITY DEVELOPMENT,
a partnership dba THE LAKEWOOD GROUP**

By: _____

Name: _____

Its: _____

TENANT:

Steven Zerkel

Beth Ann Zerkel

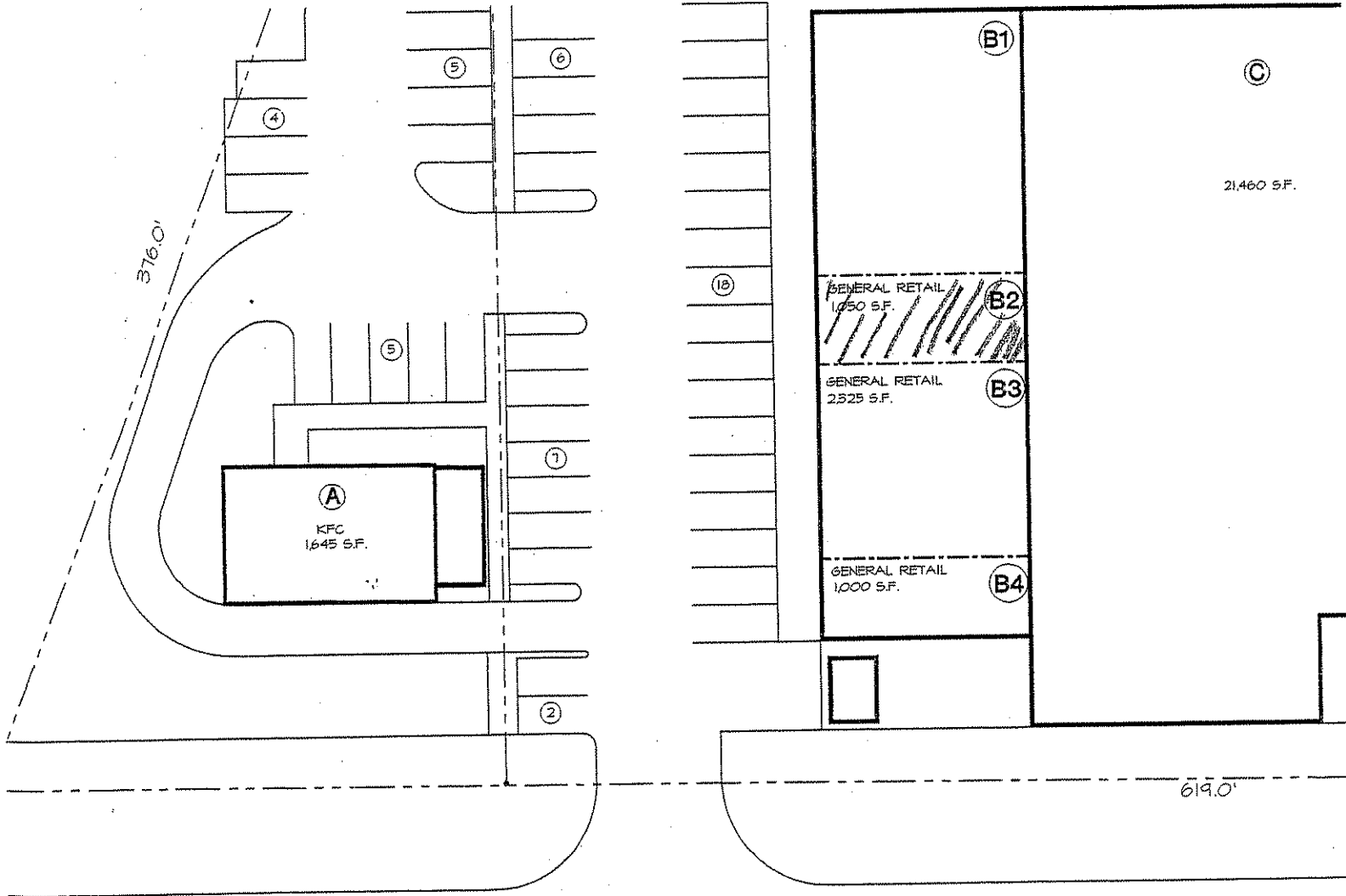
**MEDFORD SPORTS INJURY AND THERAPY
CENTER, INC.,
an Oregon corporation**

By: _____

Name: _____

Its: _____

EXHIBIT A



MERRY LANE



CONCEPTUAL

SCALE: 1" = 20'-0"