

EXHIBIT 3.2
LEASE ADDENDUM AGREEMENT AND
COLLATERAL ASSIGNMENT OF LEASE

This Lease Addendum Agreement and Collateral Assignment of Lease (herein referred to as the "Addendum") is entered into as of _____, 200__, among _____, a _____ corporation having its principal offices at _____ (herein referred to as the "Landlord"), _____, a _____ corporation having its principal offices at _____ (herein referred to as the "Tenant"), and Relax The Back Corporation, a Delaware corporation, having its principal offices at 17785 Center Court Drive, Suite 250, Cerritos, California 90703 (herein referred to as the "Franchisor").

Recitals

A. WHEREAS, Landlord is granting Tenant lease rights for the premises located at _____, (herein referred to as the "Demised Premises") under which Tenant is permitted to operate its franchised Relax The Back retail store pursuant to a Lease Agreement dated _____ (herein referred to as the "Lease");

B. WHEREAS, Franchisor has granted Tenant the right to operate a franchised Relax The Back retail store at the Demised Premises pursuant to a Relax The Back franchise agreement (herein referred to as the "Franchise Agreement"); and

C. WHEREAS, Landlord, Tenant and Franchisor desire to enter into this Addendum to modify the Lease according to the following terms and conditions.

NOW, THEREFORE, in consideration of the foregoing recitals and in further consideration of the mutual terms and conditions set forth below, the parties agree as follows:

Agreement

1. **Lease Modification.** The Lease between Landlord and Tenant is hereby modified as expressly set forth herein. Except as specifically referenced herein, all terms and conditions of the Lease shall continue to be in full force and effect. The terms of this Addendum shall control over any conflicting terms contained in the Lease. Except as specifically stated herein, Franchisor shall have no rights or obligations under the Lease. The defined terms, as used in this Addendum, shall have the same meaning as defined in the Lease, unless specifically stated otherwise in this Addendum.

2. **Use for Demised Premises.** (a) Tenant acknowledges and agrees that the Demised Premises may only be used for the operation of a franchised Relax The Back retail store and for no other purpose. Tenant shall not permit any other use of the Demised Premises without the prior written consent of both Landlord and Franchisor, which consent by either Landlord or Franchisor may be withheld in that party's respective, sole discretion; provided, however, that if we do not take an assignment of the lease on termination or expiration of the Franchise Agreement, the premises may be sublet for purposes other than a Relax The Back Store.

(b) The Demised Premises shall be used for the purposes of the retail sales of back care products, including specialty furniture and other orthopedic or health related products. In addition, Tenant will be permitted to market any new products introduced by Franchisor. Provided the Tenant is not in default hereunder under the Lease or the Franchise Agreement, Landlord shall not rent any space in the entire shopping center or mall in which the Demised Premises are situated (the "Shopping Center") to any

other tenant whose principal sales are derived from back related products. Tenant shall have the exclusive right in the Shopping Center, existing tenants excepted, to sell ergonomically designed back support chairs, i.e. chairs designed specifically to support the back and meet human anatomical needs in that regard. Landlord shall use its best efforts to screen all prospective tenants in the Shopping Center that express intent to sell furniture to determine that no prospective tenant plans to sell back support chairs in conflict with this exclusive right hereunder. Landlord will cooperate with Tenant in requiring cessation of such activity.

3. **Rights of Tenants.** Landlord warrants that there are no other tenants in the shopping center that have leases that would prohibit, restrict or interfere with the construction or operation of the proposed Relax The Back retail store by Tenant.

4. **Alteration and Equipment.** Notwithstanding anything stated in Section ____ of the Lease, Tenant shall have the right to make interior non-structural alterations to the premise without the consent of Landlord. All trade fixtures, equipment, signs and other distinctive features of Relax The Back retail store shall be and remain the sole property of Tenant throughout the term of the Lease.

5. **Commencement of Rent.** The time allocated Tenant for making improvements under the Lease and the consequent commencement of rental payments shall not begin until such time as all of the following have occurred: (a) Landlord has provided Tenant with the necessary Non-Disturbance Agreement; (b) Landlord has approved Tenant's final plan; (c) Landlord has completed all work required under Section ____ of the Lease; and (d) Tenant has received a Certificate of Occupancy.

6. **Co-Tenancy.** (a) Notwithstanding any term or provision of this Addendum or the Lease to the contrary, the Commencement Date shall not occur, nor shall Tenant be obligated to open for business in the Demised Premises, nor shall Tenant be obligated to pay Annual Gross Rent, Percentage Rent or other amounts owing under the Lease until the "Initial Cotenancy Requirement" (as later defined) is met. If the Initial Cotenancy Requirement has not been met, and provided Tenant has elected, in its sole discretion, to open for business, then until the Initial Cotenancy Requirement is met, in lieu of all other Rent, Tenant shall pay only Tenant's Share of Operating Expenses, Tenant's Share of Taxes and Tenant's Share of Insurance Premiums. If the Initial Cotenancy Requirement is not met within twelve (12) months after Tenant opens for business, Tenant may, in addition to such other remedies as may be available to Tenant at law, in equity or under this Addendum or the Lease, terminate the Lease upon not less than thirty (30) days notice to Landlord. In the event that Tenant elects to terminate the Lease pursuant to Section ____ of the Lease, Landlord shall pay to Tenant, upon such termination, an amount equal to the unamortized portion (as of the date of such termination) of the total sums expended by Tenant in the performance of Tenant's Work and subsequent leasehold improvements (to the extent not in replacement of original items of Tenant's Work), with amortization to be on a straight-line basis over fifteen (15) years, which amortization period shall commence on the date that Tenant receives its Certificate of Occupancy. The total sums expended by Tenant in the performance of Tenant's Work shall be reflected in a written itemization certified by an officer of Tenant. As used herein, the "Initial Cotenancy Requirement" shall mean that at least ____ percent (____%) of the Mall Area of the Shopping Center shall be leased and occupied by permanent tenants whose retail businesses are operating and open to the public. "Mall- Area of the Shopping Center" shall mean the Leaseable Area of the Shopping Center, excluding the Demised Premises.

(b) After the Initial Cotenancy Requirement is met, in the event that the "Continuing Cotenancy Requirement" (as hereinafter defined) is not met at any time during the Term and provided Tenant is open and operating (other than for periods of permitted temporary closure), Tenant shall notify Landlord. If still not met within three (3) months after Tenant's notice, Annual Gross Rent shall be reduced by an amount equal to _____ Dollars (\$____) times the Demised Premises Square Footage (prorated for any portion of a month) until the Continuing Cotenancy Requirement is met. In the event the Continuing Cotenancy Requirement is not met for twelve (12) months or more, Tenant may continue in possession of the Demised Premises at said reduced rent. At the end of twelve (12)

months, if the Continuing Cotenancy Requirement is not met, Tenant may terminate the Lease upon thirty (30) days notice to Landlord. As used herein, the term "Continuing Cotenancy Requirement" shall mean that at least _____ percent (___%) of the Mall Area of the Shopping Center shall be leased and occupied by permanent tenants whose retail businesses are operating and open to the public in the Shopping Center. "Mall Area of the Shopping Center" shall mean the Leaseable Area of the Shopping Center, excluding the Demised Premises.

7. **Permits and Approvals.** Tenant reserves the right to cancel the Lease if Tenant is unable to obtain all necessary permits and approvals necessary to construct Tenant's desired improvements. Tenant agrees to diligently apply for and make a good faith effort to obtain all necessary permits and approvals.

8. **Cessation of Operations.** (a) Notwithstanding anything contained in the Lease or this Addendum to the contrary, Tenant shall not be obligated to continue to operate or keep open any business of any kind or nature whatsoever at the Demised Premises and may cease operations in the Demised Premises (such cessation being hereinafter referred to as "Go Dark" or "Gone Dark"). For purposes of Section ___ of the Lease, Tenant shall not have Gone Dark if Tenant temporarily ceases operations at the Demised Premises because of, as the case may be, casualty, condemnation, Force Majeure, permitted remodeling and/or renovation and/or alteration whether or not in connection with an assignment or a subletting, "inventory taking" or a legal holiday or any other similar event or occurrence by or for the benefit of Tenant or an assignee or sublessee (such events being defined as "Permitted Closings"). At any time while Tenant has Gone Dark pursuant to the provisions of Section ___ of the Lease, Tenant shall, nevertheless, be obligated to perform all of its other obligations hereunder and pay all Rent due hereunder (except Percentage Rent).

(b) If Tenant intends to Go Dark, Tenant may do so by giving three (3) months prior written notice (the "Go Dark Notice") of Tenant's intent to Go Dark. The written notice shall project a date on or about which Tenant intends to Go Dark. Landlord shall keep such information confidential. The date on which Tenant Goes Dark shall be the "Going Dark Effective Date."

9. **Default.** Landlord shall not declare any default under the Lease or this Addendum unless Landlord gives Tenant and Franchisor at least thirty (30) days' written notice and an opportunity to cure within such thirty (30) day period or longer if the cure of such default reasonably requires a longer period and Tenant has commenced to cure the default and is proceeding diligently.

10. **Tenant Signage.** Tenant shall have the right to install and display in and on the Demised Premises such signs and advertising materials, which are generally used by Tenant in connection with the operation and identity of its business, provided they are in compliance with all applicable governmental rules and regulations. Renderings of these items are attached as an attachment to this Addendum.

11. **Tenant's Hours.** The obligation to conform or maintain any specific hours of operation shall not apply to Tenant, except and to the extent that the major stores (i.e., the "anchor tenants") at the Shopping Center and other tenants occupying at least eighty percent (80%) of the balance of the Shopping Center are actually maintaining said hours.

12. **Reserved Parking Spaces.** Landlord agrees to designate the nearest _____ (___) parking spaces reserved for Relax The Back retail store customers only.

13. **Assignment; Sublease.** Tenant may not assign or lease all or any part of the Demised Premises or any of Tenant's rights under the Lease without the prior written consent of both Landlord and Franchisor, which consent by either Landlord or Franchisor may be withheld in that party's respective, sole discretion. Tenant acknowledges and agrees that any subtenant or assignee of Tenant must satisfy independent and separate conditions imposed by Landlord as to its policies and practices regarding

tenant qualifications and the independent and separate conditions imposed by Franchisor as to its policies regarding Relax The Back franchisee qualifications. Tenant acknowledges and agrees that any assignment or sublease of the Demised Premises must be to a party that also agrees to execute a Relax The Back franchise agreement and to operate a Relax The Back retail store from the Demised Premises.

14. **Sharing Information.** Landlord, Tenant and Franchisor agree that Landlord or Tenant, as the case may be, shall deliver to Franchisor concurrently with the delivery to Tenant or Landlord, respectively, any communication concerning a default, notice of breach or other matter concerning the legal status of the Lease or this Addendum.

15. **Cross-Default.** Tenant acknowledges and agrees that any material breach by Tenant of its obligations under the Lease or this Addendum shall also constitute a breach of the Franchise Agreement.

16. **Assignment and Transfer to Franchisor.** To assure the continued operation of the Relax The Back retail store at the Demised Premises, Landlord, Tenant and Franchisor agree that Tenant shall herewith assign and transfer to Franchisor all of Tenant's rights, titles and interests in the Lease and all rights appurtenant thereto. Landlord, Tenant and Franchisor agree that this assignment is for collateral purposes only, and that except as otherwise expressly set forth herein, Franchisor shall have no present right to occupy the Demised Premises and shall have no liability or obligation of any kind whatsoever arising from or in connection with the assignment under this Addendum or under the Lease, unless Franchisor shall have taken possession of the Demised Premises pursuant to the terms of this Addendum and shall have notified the Landlord in writing that it has exercised its rights under this Addendum.

17. **Default by Tenant.** (a) Upon a default by Tenant under the Lease, the Franchise Agreement or this Addendum, or in the event of a default by Tenant under any document or instrument securing the Franchise Agreement or under any other agreement between Tenant and Franchisor and its affiliates, Franchisor shall have the right, but not the obligation, and is hereby empowered to effect an immediate transfer and assignment of all of Tenant's rights under the Lease and this Addendum, to take possession of the Demised Premises from Tenant, and to expel Tenant therefrom, and, in such event, Tenant shall have no further right, title or interest in the Lease.

(b) In the event of such default by Tenant and transfer of the possession of the Demised Premises from Tenant to Franchisor, Franchisor shall be obligated from that date forward to perform all of the duties and obligations of Tenant under the Lease, but Franchisor shall have no obligation to fulfill any prior duty or obligation or cure any prior default of Tenant under the Lease.

(c) Thereafter, Franchisor shall continue to occupy the Demised Premises for the purposes of operating a Relax The Back retail store. If Franchisor approves a suitable new franchisee/tenant to assume the subject Relax The Back retail store operations and if Landlord accepts the new franchisee/tenant as a successor tenant for the Demised Premises, then the Lease shall be assigned to the successor tenant. Upon the assignment of the Lease, Franchisor shall be released from all further liability with respect to the Lease. Landlord agrees not to unreasonably withhold or delay its approval as to any proposed successor tenant.

18. **Tenant's Continuing Liabilities.** Notwithstanding anything to the contrary herein, Tenant acknowledges and agrees that the exercise of any rights by either Landlord or Franchisor regarding the collateral assignment of the Lease or regarding the subsequent reletting of the Demised Premises shall not in any manner relieve Tenant of its obligations under the Lease, this Addendum or the Franchise Agreement. Tenant shall be liable to Landlord with respect to any losses or damages suffered by Landlord as a result of a breach of the Lease or this Addendum or by any other errors or omissions by Tenant, including, without limitation, lost rents and other amounts payable under the Lease or this Addendum. Tenant shall be liable to Franchisor with respect to any losses or damages suffered by Franchisor as a result of a breach of the Franchise Agreement, Lease or this Addendum or by any other errors or omissions by Tenant, including, without limitation, lost royalties and other amounts owing under

the Franchise Agreement and other damages, losses or expenses incurred by Franchisor in connection with the operation of the Relax The Back retail store at the Demised Premises following any breach by Tenant. Tenant acknowledges and agrees that the liability for damages as referenced above shall not reduce or affect the liability of Tenant to Landlord and Franchisor under the Lease, this Addendum or the Franchise Agreement, or otherwise by operation of law.

19. **Renewal of Lease; Attorney-in-fact.** Tenant agrees that it will not suffer or permit any surrender, termination, amendment or modification of the Lease or this Addendum without the prior written consent of Franchisor. Throughout the term of the Franchise Agreement and any renewals thereto, Tenant agrees that it shall elect and exercise all options to extend the term of or renew the Lease or this Addendum not less than thirty (30) days prior to the last day that said option must be exercised, unless Franchisor otherwise agrees in writing. Upon failure of Franchisor to otherwise agree in writing or upon failure of Tenant to so elect to extend or renew the Lease as stated herein, Tenant hereby appoints Franchisor as its true and lawful attorney-in-fact to exercise such extension or renewal options in the name, place and stead of Tenant for the sole purpose of effecting such extension or renewal.

20. **Removal of Signs by Franchisor.** Notwithstanding anything to the contrary contained in this Addendum or the Lease, upon the termination of the Franchise Agreement for any reason, and with forty-eight (48) hours notice to Landlord, Franchisor shall have the right to enter into the Demised Premises to remove all signs, assets and other materials that bear the name, trademarks or service marks of Franchisor or that contain proprietary information of Franchisor.

21. **Attorney's Fees.** If legal action is necessary to enforce the terms and conditions of the Lease or this Addendum, the prevailing party shall be entitled to recover reasonable compensation for preparation, investigation, court costs, arbitration costs (if applicable) and reasonable attorney's fees, as fixed by a court of competent jurisdiction. Separate and distinct from the right of a prevailing party to recover expenses, costs and fees in connection with any legal proceeding, the prevailing party shall also be entitled to receive all expenses, costs and reasonable attorney's fees incurred in connection with the enforcement of any judgment entered. Furthermore, the right to recover post-judgment expenses, costs and attorney's fees shall be severable and shall survive any judgment and shall not be deemed merged into such judgment.

22. **Injunctive Relief.** Landlord, Tenant and Franchisor mutually acknowledge and agree that in the event of any breach or violation of the provisions of this Agreement by Tenant, Franchisor shall be entitled to equitable relief by way of injunction without the necessity of proving actual damages and without posting bond therefor, in addition to, and not in limitation of, any other relief or rights to which Franchisor may be entitled.

23. **Specific Performance.** Each of the parties' obligations under this Agreement are unique. If any party should default in its obligations under this Agreement, the parties each acknowledge that it would be extremely impracticable to measure the resulting damages; accordingly, the nondefaulting party, in addition to any other available rights or remedies, may obtain specific performance, and the parties each expressly waive the defense that a remedy in damages will be adequate; provided, however, this waiver shall not affect any other rights or remedies available to the parties under this Agreement or under the law.

24. **Effective Date.** This Addendum is effective as of the first date written above.

"Landlord"

By: _____
Title: _____

By: _____

"Tenant"

By: _____
Title: _____

By: _____

Title: _____

Title: _____

"Franchisor"

Relax The Back Corporation

By: _____

Title: _____

By: _____

Title: _____