

TENANTS IN COMMON AGREEMENT

This TENANTS IN COMMON AGREEMENT ("Agreement") is made effective as of the date hereof, by and among the parties listed on Exhibit A attached hereto and incorporated herein (each sometimes referred to as a "Tenant in Common" or collectively as the "Tenants in Common"), with reference to the facts set forth below.

RECITALS

The Tenants in Common own real property and improvements thereon as more particularly described on Exhibit B attached hereto and incorporated herein ("Project").

The Tenants in Common desire to enter into this Agreement to (a) provide for the orderly administration of their rights and responsibilities as to each other and (b) confirm their desire to lease the entire Project to DBSI Housing Inc., an Idaho corporation (the "Lessee"), on a long-term NNN PLUS™ lease basis whereby the Lessee operates the Project on its own behalf and not as an agent for the Tenants in Common, in consideration of the rent and other terms and conditions set forth in the applicable NNN PLUS™ Lease Agreement among each of the Tenants in Common, each as a lessor, and the Lessee, as lessee (together with any replacement master lease, the "NNN PLUS™ Lease").

NOW THEREFORE, in consideration of the mutual covenants and conditions contained in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as set forth below.

1. Nature of Relationship Between Co-Tenants.

1.1 Co-Ownership not Partnership. The Tenants in Common shall each hold their respective interests in the Project as tenants -in-common. The Tenants in Common do not intend by this Agreement to create a partnership or joint venture arrangement among themselves, but merely to set forth the terms and conditions upon which each of them shall hold their respective interests in the Project. In addition, the Tenants in Common do not wish to create a partnership or joint venture with the Lessee.

1.2 Mandatory Election to be Excluded from Partnership Taxation. Each Tenant in Common hereby elects to be excluded from the provisions of Subchapter K of Chapter 1 of the Internal Revenue Code of 1986, as amended (the "Code"), with respect to the undivided tenancy in common ownership of the Project. The exclusion elected by the Tenants in Common hereunder shall commence with the execution of this Agreement. Each Tenant in Common hereby covenants and agrees to report on his federal and state income tax returns such Tenant in Common's respective share of all items of gross income, deduction and credits which result from owning the Project in a manner consistent with the exclusion of Tenants in Common from Subchapter K of Chapter 1 of the Code, commencing with the first taxable year of the tenancy-in-common created by this Agreement. No Tenant in Common shall notify the Commission of Internal Revenue that such Tenant in Common desires that Subchapter K of the Code apply to the Tenants in Common, and each Tenant in Common hereby agrees to indemnify, protect, defend and hold the other Tenants in Common free and harmless from all costs, liabilities, tax consequences and expenses, including, without limitation, attorneys' fees, which may result from such Tenant in Common so notifying the Commissioner in violation of this Agreement or otherwise taking a contrary position on any tax return. Except as expressly provided herein, no Tenant in Common is authorized to act as agent for, to act on behalf of, or to do any act that will bind, any other Tenant in Common or to incur any obligations with respect to the Project.

1.3 Management Agreement. If they deem desirable in the future, subject to the Lessee's rights under the NNN PLUS™ Lease, the Tenants in Common by unanimous consent may enter into a management agreement as long as the agreement is renewable no less frequently than annually and the member is not a tenant of the Property. The determination of any fees paid by the Tenants in Common to the member may not depend in whole or in part on the income or profits derived by any person from the Property and may not exceed the fair market value of the member's services.

2. NNN PLUS™ Lease.

2.1 NNN PLUS™ Lease. Concurrently with the acquisition of the Project, the Tenants in Common will enter into the NNN PLUS™ Lease with the Lessee. Pursuant to the NNN PLUS Lease, the Lessee shall be the sole and exclusive operator of the Project acting on the Lessee's account solely and not as the agent of the Tenants in Common with respect to the Project.

2.2 Ratification. The NNN PLUS™ Lease is hereby unanimously ratified and confirmed by the Tenants in Common and all of the terms, covenants and conditions of the NNN PLUS™ Lease are incorporated herein as if set forth in fu 11 herein. This constitutes the unanimous consent required under Section 5.1 hereof.

3. Income and Liabilities.

3.1 Tenants in Common. Each of the Tenants in Common shall be entitled to all benefits of ownership of the Project, including, without limitation, rent under the NNN PLUS™ Lease, distributable proceeds from insurance proceeds, sale, refinance or condemnation of the Project, and shall be liable for all Debt due with respect to the financing of the Project, all in proportion to their respective undivided interests in the Project.

3.2 Lessee. For so long as the NNN PLUS™ Lease is in effect, the Lessee shall be entitled to all benefits and obligations of the operation of the Project, subject to the terms of the NNN PLUS™ Lease, including, without limitation, all gross income, operating expenses and cash from operations of the Project, and shall bear, and be liable for, payment of expenses associated with the financing (debt carrying costs) and operation of the Project.

4. Obligations of Tenants in Common. The Tenants in Common each agree to perform such acts as may be reasonably necessary to carry out the terms and conditions of this Agreement, including, without limitation:

4.1 Documents. Executing documents required in connection with a sale or refinancing of the Project in accordance with Section 5 below and such additional documents as may be required under this Agreement or may be reasonably required to effect the intent of the Tenants in Common with respect to the Project or any loans encumbering the Project.

4.2 Additional Funds. Each Tenant in Common will be responsible for a pro rata share (based on each Tenant in Common's undivided interest in the Project) of any amounts due from the Lessor under the NNN Plus™ Lease, and, following the termination of the NNN Plus™ Lease, any future amounts needed in connection with the ownership and maintenance of the Project as determined by all of the Tenants in Common. To the extent any Tenant in Common fails to pay any funds pursuant to this Section 4.2, any other Tenant in Common may contribute such funds. The nonpaying Tenant(s) in Common shall reimburse the paying Tenant(s) in Common upon demand the amount of any such payments plus interest thereon at the rate of thirteen percent (13%) per annum (but not more than the maximum rate allowed by law) until paid. The Tenant(s) in Common acknowledge and agree that, upon receipt of written notice from any paying Tenant(s) in Common (the "Notice"), the Lessee will use future rent otherwise payable to the nonpaying Tenant(s) in Common to reimburse the paying Tenant(s) in Common for all funds advanced with interest thereon, as provided in any Notice given in accordance with Section 3(g) of the NNN PLUS™ Lease. The remedies against a nonpaying Tenant in Common provided for herein are in addition to any other remedies that may otherwise be available, including the right to obtain a lien against the undivided interest in the Project of the nonpaying Tenant in Common, to the extent allowed by law.

5. Sale of Project: Unanimous Consent: Impasse Resolution: Distributions.

5.1 Sale: Unanimous Consent: Impasse Resolution. The following actions shall require the unanimous approval of the Tenants in Common: (a) entering to the NNN Plus™ Lease or any other lease of all or any portion of the Project; (b) seeking and negotiating the sale of all or any portion of the Project to a third party (other than a sale pursuant to Section 8 below or the buy-sell procedure described in this Section 5.1); (c) following the termination of the NNN Plus™ Lease, the hiring of any property member to manage the Project); and (d) all financing and refinancing of the Project. All other decisions regarding the Project may be approved by the Tenants in Common who own more than 50% of the interests in the Project. Any Tenant in Common affiliated with the

order to resolve impasse situations regarding future decisions of the Tenants in Common, the following "buy-sell" procedure shall apply. If Tenants in Common holding at least 75% of the tenant in common interests in the Project shall have voted for a decision requiring unanimous consent (the "Approval Group"), each of the Tenants in Common that shall have voted against such decision (individually a "Dissenter" collectively the "Dissenters") shall be deemed to have issued to any or all of the Approval Group an option to purchase the interest in the Project held by such Dissenter for an exercise price equal to the fair market value of the interest determined as of the time the option is exercised. For this purpose, the fair market value of an interest in the Project is equal to the percentage interest in the Project multiplied by the fair market value of the Project as a whole as determined by an independent appraisal. Within thirty (30) days after the vote, any or all of the members of the Approval Group may exercise such option to purchase all of the interests in the Project of the Dissenters by written notice of the intent to exercise the option at the fair market value of the Project determined by an independent appraisal. Each Dissenter shall then do one of the following (i) change his vote to be in favor of the decision, thereby becoming a part of the Approval Group, (ii) sell his interest in the Project to the Approval Group for the exercise price determined by the independent appraisal, or (iii) purchase each interest in the Project held by the Tenants in Common in the Approval Group at the price determined by the independent appraisal. The purchased interests in the Project shall be apportioned among the Tenants in Common that purchase interests as they unanimously agree. If they do not unanimously agree, the purchased interests shall be apportioned among such purchasers in proportion to their then-current percentage interest divided by all the percentages of all the purchasers.

5.2 Distribution of Loan, Sales or Other Proceeds. Notwithstanding any other provisions of this Agreement, proceeds of a loan (after funded reserves) or sale of all or any portion of the Project, and any condemnation or insurance proceeds shall be distributed as set forth below.

5.2.1 To the extent necessary, the proceeds shall first be used to pay in full any loans (Debt) encumbering title to the Project or to repair any casualty loss.

5.2.2 The proceeds shall next be used to pay all outstanding third party costs and expenses.

5.2.3 The proceeds shall next be used to pay all other outstanding fees and costs.

5.2.4 Any net proceeds remaining shall be paid as provided in Section 3.1 above.

6. Possession. The Tenants in Common intend to lease the entire Project at all times, and no Tenant in Common shall have the right to occupy or use any portion of the Project at any time during the term of this Agreement.

7. Transfer or Encumbrance. Except as specifically provided in this Agreement and subject to compliance with applicable laws and any loans (and associated loan agreements and documents) secured by the Project, each Tenant in Common may sell, transfer, convey, pledge, encumber or hypothecate its interest in the Project or any part thereof, provided that (a) any transferee shall take such interest subject to this Agreement and the NNN PLUS Lease and (b) any transferee shall execute and cause to be recorded an assignment and assumption agreement whereby (i) the transferor assigns to the transferee all of his right, title and interest in and to this Agreement and the NNN PLUSTM Lease and (ii) the transferee assumes and agrees to perform faithfully and to be bound by all of the terms, covenants, conditions, provisions and agreements of the Agreement and the NNN PLUSTM Lease with respect to the undivided interest to be transferred. Upon execution and recordation of such assumption agreement, the transferee shall become a party to this Agreement without further action by the other Tenants in Common.

8. Right of Partition. The Tenants in Common agree that any Tenant in Common and any of its successors in interest shall have the right, while this Agreement remains in effect, to file a complaint or institute any proceeding at law or in equity to have the Project partitioned in accordance with, and to the extent provided by, applicable law. The Tenants in Common acknowledge and agree that partition of the Project may result in a forced sale by all of the Tenants in Common.

at a price equal to (a) the Fair Market Value (as defined below) of Seller's undivided interest minus (b) selling, prepayment or other costs that would apply in the event the Project was sold on the date of the offer. The other Tenants in Common shall be entitled to purchase a portion of the selling Tenant in Common's interest in proportion to their undivided interest in the Project. In the event any Tenant in Common elects not to purchase its share of the selling Tenant in Common's interest, the other Tenants in Common shall be entitled to purchase additional interests based on their undivided shares in the Project. "Fair Market Value" shall mean the fair market value of Seller's undivided interest in the Project on the date the Offer is made as determined in accordance with the procedures set forth below. The other Tenants in Common have twenty (20) days after delivery of the Offer to accept the Offer. If any or all of the other Tenants in Common ("Purchaser") accept the Offer, Seller and Purchaser shall commence negotiation of the Fair Market Value within fifteen (15) days after the Offer is accepted. If the parties do not agree, after good faith negotiations, within ten (10) days, then each party shall submit to the other a proposal containing the Fair Market Value the submitting party believes to be correct ("Proposal"). If either party fails to timely submit a Proposal, the other party's submitted proposal shall determine the Fair Market Value. If both parties timely submit Proposals, then the Fair Market Value shall be determined by final and binding arbitration in accordance with the procedures set forth below. The parties shall meet within seven (7) days after delivery of the last Proposal and make a good faith attempt to mutually appoint a certified MAI real estate appraiser who shall have been active full time over the previous five (5) years in the appraisal of comparable properties located in the area in which the Project is located to act as the arbitrator. If the parties are unable to agree upon a single arbitrator, then the parties each shall, within five (5) days after the meeting, each select an arbitrator that meets the foregoing qualifications. The two (2) arbitrators so appointed shall, within fifteen (15) days after their appointment, appoint a third arbitrator meeting the foregoing qualifications. The determination of the arbitrators) shall be limited solely to the issue of whether Seller's or Purchaser's Proposal most closely approximates the fair market value of the Project. The decision of the single arbitrator or the arbitrator(s) shall be made within thirty (30) days after the appointment of a single arbitrator or the third arbitrator, as applicable. The arbitrator(s) shall have no authority to create an independent structure of fair market value or prescribe or change any or several of the components or the structure thereof; the sole decision to be made shall be which of the parties' Proposals most closely corresponds to the fair market value of the Project. The decision of the single arbitrator or majority of the three (3) arbitrators shall be binding upon the parties. If either party fails to appoint an arbitrator within the time period specified above, the arbitrator appointed by one of them shall reach a decision which shall be binding upon the parties. The cost of the arbitrators shall be paid equally by Seller and Purchaser. The arbitration shall be conducted in Boise, Idaho, in accordance with applicable Idaho law, as modified by this Agreement. The parties agree that Federal Arbitration Act, Title 9 of the United States Code, shall not apply to any arbitration hereunder. The parties shall have no discovery rights in connection with the arbitration. The decision of the arbitrators) may be submitted to any court of competent jurisdiction by the party designated in the decision. Such party shall submit to the superior court a form of judgment incorporating the decision of the arbitrators), and such judgment, when signed by a judge of the superior court, shall become final for all purposes and shall be entered by the clerk of the court on the judgment roll of the court. If one party refuses to arbitrate an arbitration dispute and the party demanding arbitration obtains a court order directing the other party to arbitrate, the party demanding the arbitration shall be entitled to all of its reasonable attorneys' fees and costs in obtaining such order, regardless of which party ultimately prevails in the matter. BY EXECUTING THIS AGREEMENT YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS DESCRIBED IN SECTION 8 AND SECTION 9.2 OF THIS AGREEMENT DECIDED BY NEUTRAL ARBITRATION AS PROVIDED HEREIN, AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY EXECUTING THIS AGREEMENT YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF IDAHO LAW. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY.

9. General Provisions

9.1 Mutual Reciprocity Runs with the Land. All provisions, conditions, covenants, restrictions, obligations and agreements contained herein or in the NNN PLUS Lease: (a) are made for the direct, mutual and reciprocal benefit of each and every part of the Project; shall be binding upon and shall inure to the benefit of each of the Tenants in Common and their respective transferees, heirs, executors, administrators, successors, assigns, devisees, representatives, lessees and all other persons acquiring any undivided interest in the Project or any portion thereof whether by operation of law or any manner whatsoever (collectively, the "Successors"); (b) shall create mutual, equitable servitudes and burdens upon the undivided interest in the Project of each Tenant in Common in favor of the interest of every other Tenant in Common; (c) shall create reciprocal rights and obligations between the respective Tenants in Common, their interests in the Project, and their Successors; and (d) shall, as to each of the Tenants in Common and their Successors, operate as covenants running with the land, for the benefit of the other Tenants in Common pursuant to applicable law. It is expressly agreed that each covenant contained herein or in the NNN PLUS™ Lease (i) is for the benefit of and is a burden upon the undivided interests in the Project of each of the Tenants in Common, (ii) runs with the undivided interest in the Project of each Tenant in Common, and (iii) benefits and is binding upon each Successor owner during its ownership of any undivided interest in the Project, and each owner having any interest therein derived in any manner through any Tenant in Common or Successor. Every person or entity who now or hereafter owns or acquires any right, title or interest in or to any portion of the Project is and shall be conclusively deemed to have consented and agreed to every restriction, provision, covenant, right and limitation contained herein or in the NNN PLUS™ Lease, whether or not such person or entity expressly assumes such obligations or whether or not any reference to this Agreement or the NNN PLUS™ Lease is contained in the instrument conveying such interest in the Project to such person or entity. The Tenants in Common agree that, subject to the restrictions on transfer contained herein, any Successor shall become a party to this Agreement and the NNN PLUS™ Lease upon acquisition of an undivided interest in the Project as if such person was a Tenant in Common initially executing this Agreement.

9.2 Binding Arbitration. Except as provided in Section 8 hereof, any controversy arising out of or related to this Agreement or the breach thereof or an investment in the interests shall be settled by binding arbitration in Boise, Idaho in accordance with the rules of The American Arbitration Association, and judgment entered upon the award rendered may be enforced by appropriate judicial action pursuant to Idaho law. The arbitration panel shall consist of one member agreed to by each party to the dispute within 30 days following notice by one party that he desires that a matter be arbitrated. If the parties are unable within such 30-day period to agree upon an arbitrator, then the panel shall be one arbitrator selected by the nearest office of The American Arbitration Association, which arbitrator shall be experienced in the area of real estate and who shall be knowledgeable with respect to the subject matter area of the dispute. The losing party shall bear any fees and expenses of the arbitrator, other tribunal fees and expenses, reasonable attorneys' fees of both parties, any costs of producing witnesses and any other reasonable costs or expense incurred by him or the prevailing party, as determined by the arbitrator. The arbitrator shall render a decision within 30 days following the close of presentation by the parties of their cases and any rebuttal. The parties shall agree within 30 days following selection of the arbitrator to any pre-hearing procedures or further procedures necessary for the arbitration to proceed, including interrogatories or other discovery; provided, in any event each Tenant in Common shall be entitled to discovery in accordance with applicable law.

9.3 Attorneys' Fees. If any action or proceeding is initiated between all or any of the Tenants in Common arising from or, related to or with this Agreement as provided in Section 9.2, the Tenant(s) in Common prevailing in such action or arbitration shall be entitled to recover from the other Tenant(s) in Common all of his or their costs of action or arbitration, including, without limitation, reasonable attorneys' fees and costs as fixed by the court or arbitrator therein.

9.4 Entire Agreement. This Agreement, together with the NNN PLUS™ Lease, constitutes the entire agreement between the parties hereto pertaining to the subject matter hereof and all prior and contemporaneous agreements, representations, negotiations and understandings of the parties hereto, oral or written, are hereby superseded and merged herein.

9.5 Governing Law. This Agreement shall be governed by and construed under the internal laws of the state in which property is located without regard of choice of law rules.

9.6 Modification. No modification, waiver, amendment, discharge or change of this Agreement shall be valid unless the same is in writing and signed by the party against which the enforcement of such modification, waiver, amendment, discharge or change is or may be sought.

9.7 Notice and Payments. Any notice to be given or other document or payment to be delivered by any party to any other party hereunder may be delivered in person, or may be deposited in the United States mail, duly certified or registered, return receipt requested, with postage prepaid, or by Federal Express or other similar overnight delivery service, and addressed to the Tenants in Common at the addresses specified in Exhibit "A" hereto. Any party hereto may from time to time, by written notice to the others, designate a different address which shall be substituted for the one above specified. Unless otherwise specifically provided for herein, all notices, payments, demands or other communications given hereunder shall be in writing and shall be deemed to have been duly given and received (i) upon personal delivery, or (ii) as of the third business day after mailing by United States registered or certified mail, return receipt requested, postage prepaid, addressed as set forth above, or (iii) the immediately succeeding business day after deposit with Federal Express or other similar overnight delivery system.

9.8 Successors and Assigns. All provisions of fliis Agreement shall inure to the benefit of and shall be binding upon the successors-in-interest, assigns and legal representatives of the parties hereto.

9.9 Term. This Agreement shall commence as of the effective date and shall terminate at such time as the Tenants in Common or their Successors or assigns no longer own the Project as tenants -in-common. In no event shall this Agreement continue beyond December 31, 2055.

9.10 Waivers. No act of any Tenant in Common shall be construed to be a waiver of any provision of this Agreement, unless such waiver is in writing and signed by the Tenant in Common affected. Any Tenant in Common hereto may specifically waive any breach of this Agreement by any other Tenant in Common, but no such waiver shall constitute a continuing waiver of similar or other breaches.

9.11 Counterparts. This Agreement may be executed in counterparts, each of which, when taken together, shall be deemed one fully executed original.

9.12 Severability. If any portion of this Agreement shall become illegal, null or void or against public policy, for any reason, or shall be held by any court of competent jurisdiction to be illegal, null or void or against public policy, the remaining portion of this Agreement shall not be affected thereby and shall reman in full force and effect to the fullest extent permissible by law.

9.13 Memorandum of Agreement. FOR 1031 Watkins LLC shall execute a memorandum of this Agreement and cause it to be recorded among the land records where the Project is located. FOR 1031 Watkins LLC shall be solely responsible for all recording costs and filing fees associated therewith.

9.14 Time is of the Essence. Time is of the essence of each and every provision of this Agreement.

**SIGNATURES TO FOLLOW ON NEXT PAGE'

TENANTS IN COMMON

FOR 1031 WatkinsLLC,
an Idaho limited liability company

1

By: FOR 1031 LLC,
an Idaho limited liability company stBuyer By:
a member

—
Its: _____ 2nd Buyer

IN WITNESS WHEREOF, this Agreement has been
executed as of the Effective Date.

Dated: _____ Dated: _____

LIST OF EXHIBITS Exhibit

"A"Tenants in Common and Percentage Interests

Exhibit "B"Legal Description of the Project

**CALIFORNIA NOTARIES MUST ATTACH STATE REQUIRED ALL-PURPOSE FORM
ACKNOWLEDGMENT OR USE THE FOLLOWING:**

For a California notarization:

State of _____
County of _____ i ss.

On this ____ day of _____, 2004, before me, a Notary Public in and for said state, personally appeared 1st Buyer, 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.

NOTARY SIGNATURE
My commission expires: _____

NOTARY SEAL