

NNNPLUS™ LEASE AGREEMENT

This NNN PLUS™ Lease Agreement (this "Lease"), made effective as of the date set forth below between FOR 1031 Watkins LLC, an Idaho limited liability company ("LLC"), the current owner or contract buyer of the Leased Premises (as defined below), and all future owners of tenant in common interests in the Leased Premises, as lessor (collectively, "LESSOR"), and DBSI Housing Inc., an Idaho corporation as lessee ("LESSEE"), recites and provides as follows:

RECITALS

LLC currently owns or is under contract to buy 100% of the Leased Premises. LLC intends to sell tenant in common interests in the Leased Premises.

Each purchaser of the Leased Premises (individually, a "Purchaser" and collectively, the "Purchasers") and LLC shall assume, and be subject to, all the terms, covenants, conditions and provisions of this Lease with respect to their interest in the Leased Premises.

Each of the Purchasers and LLC have agreed that their ownership of the Leased Premises shall be governed by a Tenants in Common Agreement (the "Tenants in Common Agreement"), which shall be effective on the date hereof.

All references to "LESSOR" herein shall mean, collectively, LLC, each Purchaser of the Leased Premises and their successors and assigns.

All sums due to LESSOR herein shall be due and payable to LLC, each Purchaser of the Leased Premises and their successors and assigns, prorated based on their percentage ownership of the Leased Premises.

AGREEMENT

1. LEASED PREMISES. In consideration of the rents, terms, provisions and covenants contained in this Lease, LESSOR hereby leases, lets and demises to LESSEE its entire interest in that certain parcel of land containing approximately 17.1 acres of fee land and approximately 90,000 square feet of buildings, located at 2000 Watkins Glen Drive, Franklin, Ohio 45005, (referred to herein as the "Leased Premises"), as more particularly described on Exhibit A attached hereto. The Leased Premises shall include any future improvements, alterations, and additions to the Leased Premises, as approved by LESSOR, in accordance with the Tenants in Common Agreement. LESSOR further grants, conveys, assigns and transfers to LESSEE any and all right, title and interest of LESSOR, as landlord or otherwise, in and to all leases of the Leased Premises existing as of the Commencement Date for the remaining term and all extensions thereof and to the rents set forth therein relating to the period from and after the Commencement Date until the expiration or termination of this Lease. LESSEE hereby accepts, assumes and agrees to perform all of the terms, covenants and conditions of such leases required to be performed by landlord from and after the Commencement Date until the expiration or termination of this Lease. LESSOR shall indemnify, defend and hold LESSEE harmless from and against any and all claims, costs, demands, losses, damages, liabilities, lawsuits, actions and other proceedings in law or in equity or otherwise, judgments, awards and expenses of every kind and nature whatsoever, including without limitation, attorneys' fees, arising out of or relating to, directly or indirectly, in whole or in part, such leases occurring before the Commencement Date. LESSEE shall indemnify, defend and hold LESSOR harmless from and against any and all claims, costs, demands, losses, damages, liabilities, lawsuits, actions and other proceedings in law or in equity or otherwise, judgments, awards and expenses of every kind and nature whatsoever, including without limitation, attorneys' fees, arising out of or relating to, directly or indirectly, in whole or in part, such leases occurring from and after the Commencement Date.

2. TERM. Subject to and upon the terms and conditions set forth herein, the term of this Lease shall commence on the date hereof (the "Commencement Date") and shall terminate 240 months thereafter, unless the LESSEE elects to extend the term for up to three additional terms of 120 months each. Notwithstanding the foregoing or anything elsewhere in this Lease that may appear to be to the contrary, this Lease shall terminate upon closing of a sale of the entire Leased Premises pursuant to Section 5.1 of the Tenants in Common Agreement or upon proper notice to the LESSEE that, pursuant to Section 5 of the Tenants in Common Agreement, a majority in percentage ownership of the Purchasers have voted to terminate this Lease. Since the LESSEE would no longer be

involved with the Leased Premises, termination by Tenant in Common vote shall be effective only when (i) the LESSEE and its affiliates have been removed from all obligations, including, without limitation, guarantees, related in any way whatsoever to the Leased Premises, its financing, its subtenants, its suppliers, or any other party or (ii) the LESSEE and its affiliates have been indemnified by a majority in percentage ownership of LESSOR and each principal of a majority in percentage ownership of LESSOR, in form reasonably acceptable to LESSEE, from and against any and all claims, actions, costs, damages, liabilities, deficiencies or expenses, arising out of, or in respect to, or in connection with any and all obligations, including, without limitation, guarantees, related in any way whatsoever to the Leased Premises, its financing, its subtenants, its suppliers, or any other party. Upon termination of this Lease, if all or any part of the Leased Premises are then assigned or sublet, LESSOR agrees to recognize such assignment or sublease provided no default or event that, with the passage of time or giving of notice, or both, would constitute a default then exists under such assignment or sublease.

3. RENT. LESSEE agrees to pay LESSOR the Base Rent, all increases in the Base Rent, the Additional Rent, and all other sums set forth in this Lease (collectively, the "Rent") as provided below.

(a) Subject to proportional adjustment for any returns of initial cash investment to the Lessors, the LESSEE will pay monthly, in arrears, Base Rent of (i) \$476,625.00 total each year for the term of the Lease.

(b) If a rental period is less than a full calendar month, the Rent for that month shall be prorated based on the actual number of days in that month.

(c) LESSEE shall pay, as additional rent (the "Additional Rent") all other sums as set forth in this Lease.

(d) The Rent and all other sums due hereunder shall be payable to LESSOR at the address shown below in 12 equal installments and must be sent to LESSOR by the fifth day of each month. The Rent shall be paid to each LESSOR based on their percentage ownership of the Leased Premises.

(e) Other remedies for nonpayment of the Rent notwithstanding, if any installment of the Rent is not received by LESSOR on or before the fifteenth day of the month for which it is due, a service charge of 5% of such past due amount shall become due and payable as a late charge for loss of the use of such funds, in addition to the Rent and shall constitute Additional Rent for purposes of this Lease.

(f) LESSOR and LESSEE acknowledge and agree that this Lease is intended to be a "triple net" lease, such that LESSEE is responsible for all "operating expenses" (as defined below) and LESSOR is not responsible for any operating expenses. For purposes of this Lease, "operating expenses" shall mean all expenses of whatever kind or class incurred with respect to the maintenance and operation of the Leased Premises, including by way of illustration, but not limitation, all: (i) maintenance; (ii) repair costs, including all parking lots, plumbing (including sprinkler system, if any), piping, heating, air conditioning, ventilating, electrical and lighting facilities and equipment, wiring fixtures, walls, wall coverings, ceilings, floors and floor coverings, windows, doors, glass, plate glass but excluding structural components of the roof, exterior walls, and foundation; (iii) utilities; for example, electricity, gas, water and sewer; (iv) trash and snow removal; (v) property and sales taxes; (vi) insurance as provided in Section 13 below; and (vii) wages and fringe benefits payable to LESSEE'S employees, agents and contractors. The term "operating expenses" does not include any payments of principal, interest or other sums on any present or future mortgage, loan or other indebtedness of LESSOR or any future improvements, alterations, or physical additions to the Leased Premises.

(g) LESSEE acknowledges that each LESSOR has entered into a Tenants in Common Agreement of even date herewith. LESSEE hereby acknowledges and agrees that, upon receipt of written notice (the "Notice") from any one or more persons or entities comprising LESSOR that additional funds are required in accordance with Section 4.2 of the Tenants in Common Agreement and any LESSOR has failed to pay funds due pursuant to Section 4.2 of the Tenants in Common Agreement, then LESSEE agrees to use the rent otherwise due the nonpaying Tenant(s) in Common to pay such sum directly to the paying Tenant(s) in Common in accordance with the Notice and Section 4.2 of the Tenants in Common Agreement. However, LESSEE shall not be responsible

for the proper application of any such funds and shall be able to rely, without independent investigation, upon any Notice received in accordance with Section 4.2 of the Tenants in Common Agreement.

4. SIGNS.

(a) LESSEE shall have the right, at its own expense, to erect and maintain signs on the Leased Premises. All signs shall be installed and removed in such a manner as to avoid injury or defacement of the Leased Premises.

(b) LESSEE shall, at its sole expense, remove all signs on termination of the Lease.

5. USAGE. LESSEE represents and warrants to LESSOR that the Leased Premises shall be used and occupied only for the purposes of income-producing rental and any related services and activities. LESSEE shall occupy the LEASED premises, conduct its business and control its agents, employees, invitees and visitors in such a manner as is lawful, reputable and will not create any nuisance or otherwise interfere with, annoy or disturb, any other persons.

6. WASTE AND HAZARDOUS ACTIVITIES. LESSEE shall not commit or suffer to be committed any waste on the leased premises, nor shall LESSEE permit the Leased Premises to be used in any way which would be extra hazardous on account of fire or otherwise would in any way increase or render void any insurance on the Leased Premises.

7. UTILITIES. LESSEE shall, at its own cost and expense, pay all utility charges, including, by way of illustration but not limitation, electricity, gas, water, sewer, and trash removal, incurred by LESSEE in connection with the Leased Premises. If any such charges are not paid when due, LESSOR may (but shall have no obligation to) pay the same, and any amount so paid by LESSOR shall constitute Additional Rent and thereupon become immediately due to LESSOR. LESSOR shall not be responsible for the quality, quantity, interruption or other interference with such services and failure or interruption of services shall not entitle LESSEE to any abatement of rents.

8. REPAIRS AND MAINTENANCE.

(a) By accepting possession of the Leased Premises, LESSEE shall be deemed to have accepted the Leased Premises in their present condition. From and after LESSEE'S acceptance of possession of the Leased Premises, LESSOR shall have no obligation to make any repairs whatsoever to the Leased Premises, except that LESSOR shall maintain in good repair during the Term the structural components of the roof, exterior walls and foundations (but not glass, plate glass or doors); provided further, that LESSOR shall not be required to make any repairs until notice of need for same is given by LESSEE to LESSOR. LESSEE covenants and agrees to maintain (including replacements) all elements of the Leased Premises excluding the structural components of the roof, exterior walls, and foundations, including, but not limited to, the interior of the Leased Premises, all plumbing (including sprinkler system, if any), piping, heating, air conditioning, ventilating, electrical and lighting facilities and equipment, wiring fixtures, walls, wall covering, ceilings, floors and floor coverings, windows, doors, glass, plate glass, and entrances in good and substantial repair during the Term. Further, LESSEE covenants and agrees to be responsible for all periodic interior painting and to keep the Leased Premises in good, clean and habitable condition. LESSEE shall, at its sole cost and expense, keep the Leased Premises free of insects, rodents, vermin and other pests. LESSEE agrees to make such repairs promptly as they shall be needed and at Lessee's expense. Repairs and maintenance do not include improvements, alterations, or physical additions.

(b) LESSEE shall, at its own cost and expense, repair or replace any damage or injury to all or any part of the Leased Premises, whether caused by LESSEE or LESSEE'S agents, employees, invitees, licensees, visitors or customers. If LESSEE fails to make the repairs or replacements promptly, LESSOR (having no duty to do so), at its option, may make the repairs or replacements and the cost thereof shall be charged to LESSEE as Additional Rent and shall be automatically payable by LESSEE with the next payment of Rent hereunder.

(c) LESSEE shall not allow any damage to be committed on any portion of the Leased Premises, and on termination of the Lease, by lapse of time or otherwise, LESSEE shall deliver the Leased Premises to LESSOR in as good condition as existed on the Commencement Date, ordinary wear and tear excepted. The cost and expense of any repairs necessary to restore the condition of the Leased Premises shall be borne solely by

charged to LESSEE as Additional Rent and shall be automatically payable by LESSEE with the next payment of Rent due hereunder.

(d) All requests for repairs or maintenance that are the responsibility of LESSOR pursuant to any provision of this Lease must be made in writing by LESSEE to LESSOR at the address set forth below.

9. COMPLIANCE WITH LAWS, RULES AND REGULATIONS. LESSEE, at LESSEE'S sole expense, shall comply with all laws, ordinances, ordeis, rules and regulations of state, federal, municipal or other agencies or bodies having jurisdiction relating to the use, condition and occupancy of the Leased Premises.

10. ALTERATIONS AND IMPROVEMENTS.

(a) LESSEE shall not make or allow to be made any improvements, alterations, or physical additions in or to the Leased Premises without first obtaining the prior written consent of LESSOR, which consent shall not be withheld by LESSOR unreasonably. LESSEE is not required to make any improvements, alterations, or physical additions on its own account. Any alterations, physical additions, or improvements to the Leased Premises made by any sublessees shall at once become the property of LESSOR and shall be surrendered to LESSOR upon termination of this Lease. LESSOR, at its option, may require LESSEE to remove any physical additions and/or repair any alterations in order to restore the Leased Premises to the condition existing at the time LESSEE took possession, all costs of removal and/or alterations to be borne solely by LESSEE. This requirement shall not apply to moveable equipment or furniture owned by LESSEE which may be removed by LESSEE at the end of the term of this Lease if LESSEE is not then in default and if such equipment and furniture is not then subject to any other rights, liens and interest of LESSOR.

(b) If LESSOR makes improvements, alterations, or physical additions to the Leased Premises in the future, in accordance with the Tenants in Common Agreement, such improvements shall become a part of the "Leased Premises" for purposes of the Lease.

11. CONDEMNATION.

(a) If, during the Term, all or a substantial part of the Leased Premises are taken for any public or quasi-public use under any governmental law, ordinance or regulation, or by right of eminent domain or by purchase in lieu thereof, and the taking would prevent or materially interfere with the use of the Leased Premises for the purpose for which they are then being used, this Lease shall terminate and the Rent shall be abated during the unexpired portion of the Term, effective on the earlier of (i) the date physical possession is taken by the condemning authority or (ii) the date on which it is impracticable for LESSEE to conduct its business on the Leased Premises. LESSEE shall have no claim to the condemnation award.

(b) If only a portion of the Leased Premises is so taken for any public or quasi-public use or by purchase in lieu thereof, and this Lease is not terminated as provided in subsection (a) above, LESSOR may (having no duty to do so) at LESSOR'S expense, restore and reconstruct the building and other improvements on the Leased Premises to the extent necessary to make it reasonably usable for LESSEE'S purposes. The Rent payable under this Lease during the expired portion of the term shall be adjusted to such an extent as may be fair and reasonable under the circumstances. LESSEE shall have no claim to the condemnation award.

12. FIRE AND CASUALTY.

(a) If the Leased Premises are destroyed by fire or other casualty, whether such loss is total or partial, this Lease shall not terminate and the Rent shall continue unabated. LESSEE shall be obligated, to the full extent of the insurance proceeds and other sums recovered, to return the Leased Premises to their former condition.

(b) In the event that LESSEE fails to complete the necessary repairs or rebuilding within 365 days from the date of the destruction, LESSOR may, at its option, terminate this Lease by delivering written notice of termination to LESSEE, whereupon all rights and obligations under this Lease shall cease to exist. LESSEE shall not be required to use additional funds to restore the Leased Premises. Notwithstanding anything above in this

LESSOR may terminate this Lease by delivering written notice and the insurance proceeds shall be distributed as provided in the Tenants in Common Agreement.

13. PROPERTY AND LIABILITY INSURANCE.

(a) LESSEE shall at all times during the Term, maintain a policy or policies of insurance with the premiums paid in advance, issued by and binding upon one or more solvent insurance company, insuring the Leased Premises against all risk of direct physical loss in an amount equal to the full replacement cost of the leased Premises as of the date of the loss and one year's loss of rent insurance.

(b) LESSEE agrees to carry, at its sole cost, public liability insurance which provides protection against any injury or damages sustained by individuals on the Leased Premises. LESSEE agrees at its own cost to carry adequate public liability insurance which provides sufficient protection against any injures or damages sustained by individuals while in the Leased Premises.

(c) LESSEE shall, at its sole cost, maintain insurance covering (i) personal property owned by LESSEE, its customers and visitors, providing protection against fire with extended coverage, sprinkler damage, vandalism and malicious mischief coverage, and (ii) all plate glass in the Leased Premises.

(d) LESSEE shall cause each person and entity comprising "LESSOR" to be individually named as an additional insured or loss payee, as the case may be, on the policies of insurance required by this Lease with respect to their tenants in common interests in the Leased Premises.

(e) Upon request, LESSEE shall provide LESSOR with certificates of insurance evidencing the coverage as described above.

14. WAIVER OF SUBROGATION. If, and only if, expressly permitted by the insurance policies issued in favor of the parties, LESSOR AND LESSEE shall waive and release each other of and from any and all rights of recovery, claims, actions or causes of action, against each other, their agents, officers and employees, for any loss or damage that may occur to the Leased Premises, improvements to (he Leased Premises, or personal property within the Leased Premises, by reason of fire or the elements regardless of cause or origin, including negligence of LESSOR or LESSEE and their agents, officers, contractors, employees, customers, and invitees. Because this mutual waiver will preclude the assignment of any claim mentioned by way of subrogation or otherwise to an insurance company or any other person, LESSOR and LESSEE each agree immediately to give to their insurance companies which have issued to t policies of insurance covering all risk of direct physical loss, written notice of the terms of the mutual waivers contained in this Section, and to have the insurance policies properly endorsed, if necessary, to prevent the invalidation of the insurance coverage by reason of the mutual waivers contained in this Section.

15. HOLD HARMLESS. LESSOR shall not be liable to LESSEE'S employees, agents, invitees, licensees, visitors or customers, or to any other persons, for any injury to person, damage to property, or otherwise, on or about the Leased Premises. LESSEE agrees to indemnify, defend and hold harmless LESSOR of and from any loss, attorneys' fees, expenses or claims or causes of action of any kind arising out of or related to the Leased Premises, This Section shall survive termination of this Lease.

16. QUIET ENJOYMENT. LESSOR warrants that it has full right to execute and to perform this Lease and to grant the leasehold estate demised and that LESSEE, upon payment of the Rent and performing the terms, conditions, covenants and agreements contained in this Lease, shall peaceably and quietly have, hold and enjoy the Leased Premises during the Term. However, LESSOR shall not be responsible for the acts or omissions of LESSEE or any third parties that may interfere with LESSEE'S use and enjoyment of the Leased Premises.

17. LESSOR'S RIGHT OF ENTRY. LESSOR shall have the right, at all reasonable hours, to enter the Leased Premises for the following reasons: inspection; cleaning, making repairs, alterations or additions as LESSOR may deem necessary or desirable; determining LESSEE'S use of Leased Premises, or determining if any act of default under this Lease has occurred.

18. ASSIGNMENT OR SUBLEASE LESSOR shall have the right, in its sole discretion, to transfer and assign, in whole or in part, the tenant-in-common interests in the Leased Premises; however, all transfers and

assignments shall be subject to this Lease. LESSEE shall not assign this Lease or, except for leases in the ordinary course of business, sublet all or any part of the Leased Premises without the prior written consent of LESSOR, which consent shall not be unreasonably withheld. In the event of any assignment or subletting, LESSEE shall nevertheless at all times remain fully responsible and liable for the payment of the Rent and for compliance with all of the other obligations under this Lease. Upon the occurrence of an "event of default" as described below, if all or any part of the Leased Premises are then assigned or sublet, LESSOR, in addition to any remedies provided by this Lease or provided by law, may, at its option, collect directly from the assignee, subtenant or customer of LESSEE all Rent due hereunder, and LESSOR shall have a security interest in all properties in or on the Leased Premises and rents and other sums due LESSEE from its customers to secure payment of such sums. Any collection directly by LESSOR from the assignee, subtenant or customer shall not be construed to constitute a novation or a release of the LESSEE from the full performance of its obligation under this Lease.

19. LESSOR'S LIEN. As security for payment of the Rent, damages, and all other payments required to be made by LESSEE under this Lease, LESSEE hereby grants to LESSOR a lien in or on all property of LESSEE now or subsequently located upon the Leased Premises and all sums collected or to be collected from LESSEE'S customers. If LESSEE abandons or vacates any substantial portion of the Leased Premises or is in default in the payment of any Rent or other payments required to be made by this Lease or in default of any other provision of this Lease, LESSOR may enter upon the Leased Premises, by force, if necessary, and take possession of all or any part of the personal property and attach all sums due from LESSEE'S customers. Further, LESSOR may sell all or any part of such personal property at a public or private sale, in one or successive sales, without notice, to the highest bidder for cash or otherwise, and on behalf of LESSEE, deliver to the highest bidder all of LESSEE'S right, title and interest in the personal property sold. The proceeds of the sale of the personal property, collections and sums collected from LESSEE'S customers shall be applied by LESSOR toward the reasonable costs and expense of the sale, including attorneys' fees and expense, and then toward the payment of all sums then due by LESSEE to LESSOR under this Lease, any excess remaining shall be paid to LESSEE or any other person lawfully entitled thereto.

20. UNIFORM COMMERCIAL CODE. This Lease is intended as and constitutes a security agreement within the meaning of the Uniform Commercial Code and LESSOR, in addition to the rights prescribed in this Lease, shall have all the rights, titles, liens and interest in and to LESSEE'S property now or hereafter located in or on the Leased Premises and all sums collected or to be collected from LESSEE'S customers, which are granted a security party, as that term is defined under the Uniform Commercial Code, to secure the payment to LESSOR of the sums provided in this Lease. LESSEE will on request execute and deliver to LESSOR a financing statement for the purpose of perfecting LESSOR'S security interest under the Lease or LESSOR may file this Lease or a copy thereof as a financing statement.

21. DEFAULT BY LESSEE. The following shall be deemed to be events of default by LESSEE under this Lease:

(a) LESSEE shall fail to pay when due any installment of Rent or any other payment required pursuant to this Lease. The Lessee shall be obligated to notify Lessor in writing within five (5) days after any failure to pay Rent when due, including, without limitation, carrying cost on the loan presently encumbering the Leased Premises or any replacement or additional future loans. Any failure to provide such notice shall also constitute an event of default hereunder.

(b) LESSEE shall abandon any substantial portion of the Leased Premises.

(c) LESSEE shall fail to comply with any term, provision or covenant of this Lease, other than payment of the Rent and obtaining the required policies of insurance, and the failure is not cured within 60 days after written notice to LESSEE.

(d) LESSEE shall file a petition or be adjudged bankrupt or insolvent under the Bankruptcy Code, 110 U.S.C. Section 10.1 *et seq.*, as amended and in effect from time to time, or any similar law or statute of

LESSEE; or LESSEE shall make a transfer in fraud of creditors.

(e) LESSEE shall do or permit to be done an act which results in a lien being filed against the Leased Premises or any portion of the Leased Premises.

22. REMEDIES FOR LESSEE'S DEFAULT. Upon the occurrence of any event of default set forth in this Lease, LESSOR shall have the option, in its sole discretion, to pursue any one or more of the following remedies without any notice or demand to LESSEE:

(a) Terminate this Lease, in which event LESSEE shall immediately surrender the Leased Premises to LESSOR and, if LESSEE fails to surrender the Leased Premises, LESSOR may, without prejudice to any other remedy which it may have for possession or arrearages in Rent, enter upon and take possession of the Leased Premises by force, if necessary, and lock out, expel or remove LESSEE and, except as otherwise provided in this Lease, any other person who may be occupying all or any part of the Leased Premises, without being liable for prosecution of any claim or damages. LESSEE agrees to pay upon demand the amount of all loss and damage, which LESSOR may suffer, up to the entire unpaid balance of the Rent for the entire Term.

(b) Enter upon and take possession of the Leased Premises as described above, without being liable for any claim for damages, relet the Leased Premises on behalf of LESSEE and receive directly the rent by reason of the reletting. LESSEE agrees to pay LESSOR on demand any deficiency that may arise by reason of any reletting of the Leased Premises; further, LESSEE agrees to reimburse LESSOR for any expenditure made by LESSOR, in its sole discretion, for remodeling or repairing in order to relet the Leased Premises.

(c) Enter upon the Leased Premises as described above, and do whatever LESSEE is obligated to do under the terms of this Lease. LESSEE agrees to reimburse LESSOR on demand for any expenses which LESSOR may incur in effecting compliance with LESSEE'S obligations under this Lease. Further, LESSEE agrees that LESSOR shall not be liable for any damages resulting to LESSEE from effecting compliance with LESSEE'S obligations under this Subsection caused by the negligence of LESSOR or otherwise.

23. WAIVER OF DEFAULT OR REMEDY. Failure of LESSOR to declare an event of default immediately upon its occurrence, or delay in taking any action in connection with an event of default, shall not constitute a waiver of the default, but LESSOR shall have the right to declare the default at any time and take such action as is lawful or authorized under this Lease. Pursuit of any one or more of the remedies set forth in Section 22 above shall not preclude pursuit of any one or more of the other remedies provided elsewhere in this Lease or provided by law, nor shall pursuit of any remedy provided constitute forfeiture or waiver of the Rent or damage occurring to LESSOR by reason of the violation of any of the terms, provisions or covenants of this Lease. Failure by LESSOR to enforce one or more of the remedies provided upon a event of default shall not be deemed or construed to constitute a waiver of the default or any other violation or breach of any of the terms, provisions and covenants in this Lease

24. ACTS OF GOD. LESSOR shall not be required to perform any covenant or agreement in this Lease or be liable in damages to LESSEE, so long as the performance or non-performance of the covenant or obligation is caused by or prevented by an act of God or force majeure.

25. ATTORNEYS' FEES. In the event LESSEE is in default of any of the terms, covenants, agreements or conditions contained in the Lease, LESSEE agrees to pay LESSOR reasonable attorneys' fees and costs, whether suit is actually filed or not.

26. HOLDING OVER. In the event of holding over by LESSEE after the expiration or termination of the Term, the hold over shall be as a tenant at will and all of the terms and provisions of this Lease shall be applicable during that period, except that LESSEE shall pay LESSOR, as rental for the period of such hold over, an amount equal to one and one-half the rent which would have been payable by LESSEE had the hold over period been a part of the Term. LESSEE agrees to immediately vacate and deliver the Leased Premises to LESSOR upon LESSEE'S receipt of notice from LESSOR to vacate. The Rent payable during the hold over period shall be payable

to LESSOR on demand. No holding over by LESSEE, whether with or without consent of LESSOR, shall operate to extend the Term.

27. RIGHTS OF MORTGAGEES. LESSEE accepts this Lease subject and subordinate to any recorded

mortgage or deed of trust lien presently existing or hereafter created upon the Leased Premises. LESSOR is hereby irrevocably vested with full power and authority to subordinate LESSEE'S interest under this Lease to any mortgage or deed of trust lien hereafter placed on the Leased Premises, and LESSEE agrees upon demand to execute additional instruments subordinating this Lease as LESSOR may require. If the interests of LESSOR under this Lease shall be transferred by reason of foreclosure or other proceedings for enforcement of any mortgage or deed of trust on the Leased Premises, LESSEE shall be bound to the transferee (hereinafter, called the "Lien Transferee"), at the option of the Lien Transferee, under the terms, covenants and conditions of this Lease for the balance of the Term, and any extensions or renewals, with the same force and effect as if the Lien Transferee were the original LESSOR under this Lease. Upon LESSEE and Lien Transferee executing a customary subordination, non-disturbance and attornment agreement subordinating LESSEE'S interest in the Leased Premises and agreeing to attorn to the Lien Transferee, the Lien Transferee shall agree not to disturb LESSEE'S use and enjoyment of the Leased Premises pursuant to this Lease during the Term and any extensions and renewals.

28. ESTOPPEL CERTIFICATES: LESSEE agrees to furnish promptly, from time to time, upon request of LESSOR or LESSOR'S mortgagee, a statement certifying, if applicable, that LESSEE is in possession of the Leased Premises, the Leased Premises are acceptable, the Lease is in full force and effect, the Lease is unmodified, LESSEE claims no present charge, lien or claim of offset against the Rent, the Rent is paid for the current month, but is not prepaid for more than one month in advance, there is no existing default by reason of any act or omission by LESSOR, and such other matters as may be reasonably required by LESSOR or LESSOR'S mortgagee.

29. SUCCESSORS. This Lease shall be binding upon and inure to the benefit of LESSOR and LESSEE, Purchasers of the tenant-in-common interests in the future, and each of the aforementioned respective heirs, personal representatives, successors and assigns. Except as provided in Sections 2 hereof and 5.1 of the Tenants in Common Agreement, it is hereby covenanted and agreed that, upon the transfer or assignment by whatever means of the tenant-in-common interests of the Purchasers or LLC, this Lease nevertheless shall remain unimpaired and in full force and effect with respect to the then owners of the tenant-in-common interests, and LESSEE hereunder agrees to attorn to the then owners of the tenant-in-common interests.

30. DEFINITIONS. The following definitions apply to the terms set forth below as used in this Lease:

(a) An "Act of God" or "force majeure" strikes, lockouts, sit-downs, material or labor restrictions by any governmental authority, unusual transportation delays, riots, floods, washouts, explosions, earthquakes, fire, storms, acts of public enemy, wars, insurrections and any other cause not reasonably within the control of LESSOR and which by the exercise of due diligence LESSOR is unable, wholly, or in part, to prevent or overcome.

(b) The "Commencement Date" is the date set forth below, which constitutes the commencement of this Lease for all purposes, whether or not LESSEE has actually taken possession.

31. MISCELLANEOUS. The captions appearing in this Lease are inserted only as a matter of convenience and in no way define, limit, construe or describe the scope or intent of such Section. If any provisions of this Lease shall be held to be invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision of this Lease, and such other provisions shall continue in full force and effect.

32. NOTICE: COMPLIANCE CERTIFICATE.

(a) The Rent and other payments required to be made by LESSEE shall be payable to each person or entity comprising LESSOR from time to time, at the address set forth below, as amended from time to time. Any notice or document required or permitted to be delivered by this Lease shall be deemed to be delivered (whether or not actually received) when deposited in the United States mail, postage prepaid, certified mail, return receipt

United States mail. Other than as provided in this Lease or in the Tenants in Common Agreement, any action requiring the consent or approval of LESSOR shall be approved if the persons or entities who own 100% of the Leased Premises consent in accordance with the Tenants in Common Agreement.

LESSOR:
FOR 1031 WatkinsLLC
12426 W. Explorer Drive, Ste. 220
Boise, Idaho 83713

and the persons or entities showed on Exhibit A of the Tenants in Common Agreement, as appropriate.

LESSEE: DBSI Housing
Inc. 1550 South Tech
Lane Meridian, Idaho
83642

(b) On a quarterly basis, the LESSEE shall furnish to each LESSOR a Compliance Certificate stating that the LESSEE is in material compliance with all terms of this Lease (or describing any material non-compliance). The Compliance Certificate shall be executed by a duly authorized officer of the LESSEE and shall include updated financial statements and audited financial statements, if and when available, and shall also indicate any material events regarding the Leased Premises that the LESSEE wishes to disclose to LESSOR.

33. MEMORANDUM OF LEASE At its option, LESSEE may cause a memorandum of this Lease to be recorded among the land records where the Leased Premises are located. LESSEE shall be solely responsible for all recording costs and filing fees associated therewith.

34. ENTIRE AGREEMENT AND LIMITATION OF WARRANTIES. It is expressly agreed by LESSEE, as a material consideration for the execution of this Lease, that this Lease is the entire agreement of the parties; that there are and were no verbal representations, warranties, understandings, stipulations, agreements or promises pertaining to this Lease not incorporated in writing in the Lease. LESSOR and LESSEE expressly agree that there are and shall be no implied warranties of merchantability, habitability, fitness for a particular purpose or any other kind arising out of this Lease and there are no warranties which extend beyond those expressly set forth in this Lease. It is also agreed that this Lease may not be altered, waived, amended or extended except by an instrument in writing signed by both LESSOR and LESSEE.

Signed effective on this ____ day of _____, 2004.

INITIAL LESSOR:
FOR 1031 Watkins LLC,
an Idaho limited liability company

LESSEE:
DBSI Housing Inc.,
an Idaho corporation

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

By: _____ By: _____ Its: _____
_____ Its: _____