STATE MS.-DESOTO CO.
FILED
OCT 22 10 39 AM '96
BK 73 PG 84
W. DELBERT H. CLK.

LEASE

THIS LEASE, made this 26 day of October, 1996, by and between HARRIS (the "Lessor") and RONALD E. PICCIOTTI and TARA H. PICCIOTTI (the "Lessee").

1. Location and Term. The Lessor, in consideration of the rent reserved herein to be paid by the Lessee and of the other covenants, agreements and conditions hereinafter contained to be kept, performed and observed by the Lessee, does hereby let and lease unto the Lessee certain real property and improvements thereon located in DeSoto County, Mississippi and more particularly described on Exhibit A attached hereto and incorporated herein by reference (the "Leased Premises") for the term beginning on the 1st day of October, 1996, and ending on the 30th day of September, 2006 unless the Lease is terminated earlier pursuant to the terms and conditions hereof.

2. Rental. The Lessee hereby covenants and agrees to pay to the Lessor as rent for the Leased Premises in advance on the first day of each and every month beginning November 1, 1996 installments of $1,100.00 at the office of Lessor at 3774 Orchard Avenue, Ogden, Utah 84403, or at such other place as Lessor may require.

3. Subleasing. The Lessee agrees that this Lease shall not be assigned nor shall the Leased Premises be sublet or transferred in any fashion by the Lessee without the written consent of the Lessor, which consent shall not be unreasonably withheld. It is further understood and agreed that if this Lease is executed by more than one Lessee, each Lessee will become individually, as well as jointly, liable for all of the obligations herein stated. The covenants and conditions herein contained shall apply to and bind the heirs, legal representatives and assigns of the parties hereto.

4. Inspection of Premises. The Lessee warrants that they have inspected the Leased Premises, including any fixtures, kitchen equipment, carpets, and/or furnishings therein, and agrees that the same are in acceptable condition.

5. Maintenance, Repair and Alterations. The Lessee agrees to keep the Leased Premises in good condition and to pay for all repairs required to be made to the Leased Premises. The Lessee shall have the right to make any and all alterations, modifications, and additions of any nature whatsoever to the Leased Premises without the consent of the Lessor, and Lessee shall have no obligation to return the Leased Premises to their original condition upon the expiration or earlier termination of the Lease.

6. Taxes and Insurance, Additional Rent. As additional rent hereunder, it is the intention of the Lessor and the Lessee that the rent herein specified shall be net to the Lessor during the term of this Lease, that all costs, expenses, taxes, charges and obligations of every kind relating to the Leased Premises, including, but not limited to, the costs of casualty and general liability insurance on the Leased Premises and the costs of maintaining and repairing the Leased Premises, which may arise or become due during the term of this Lease, shall be paid by the Lessee, and that the Lessor shall be indemnified by the Lessee against such costs, taxes, expenses, charges and other obligations.

All taxes, charges, costs, expenses and other obligations which the Lessee is required to pay hereunder, together with all interest and penalties that may accrue thereon in the event of the Lessee's failure to pay such amounts when due, and all damages, costs, and expenses which the Lessor may incur by reason of any default of the Lessee or failure on the Lessee's part to comply with the terms of this Lease, shall be deemed to be additional rent, and in the event of nonpayment by the Lessee, the Lessor shall have all the rights and remedies with respect thereto as the Lessor has for the nonpayment of the monthly minimum rent hereunder.

7. Risk of Loss. The Lessee hereby covenants that all property of every nature and kind brought upon the Leased Premises by Lessee and/or his invitees shall be at the risk of the Lessee only, except as to loss which occurs as a result of Lessor's negligence or willful misconduct.

8. Untenability. In the case of partial destruction or injury to the Leased Premises by fire, the elements or other casualty, the Lessee shall repair the same with reasonable dispatch. In such event Lessee shall have the right to immediately exercise the option provided for under Paragraph 13 and Lessor shall assign all of his rights to any insurance proceeds to Lessee.

596-0710

9. Waiver. In the event the Lessor, at his option, agrees to a waiver of any of the terms and conditions recited herein, such waiver shall not for any purpose be construed as a waiver of any succeeding breach of the same or any other terms or conditions of this Lease.

10. Damages and Indemnity. The Lessee hereby agrees to hold the Lessor harmless from any damage to any personal property of the Lessee which may be placed in the Leased Premises, including storage areas, parking areas, or any other portion of the property owned by the Lessor, unless the cause of the damage is as a direct result of the negligence or willful misconduct of the Lessor. The Lessee further agrees not to hold the Lessor liable for damage to Lessee's personal property for any stoppage of or damage from sewer, water, or drain pipes by reason of obstructions or freezing, nor for the failure to provide heat, air conditioning, refrigeration, hot water, or utilities, except as caused by Lessor's negligence or willful misconduct. The Lessee hereby agrees to indemnify and hold Lessor harmless from any and all claims or demands whatsoever which may be asserted against Lessor by third parties for losses on the Leased Premises for which Lessee is responsible hereunder.

11. Default. In the event of the default by the Lessee in the payment of any installment of rent or performance of any of Lessee's obligations hereof, the Lessor may, at his sole option, pursue all remedies available to it either at law or in equity; provided, however, that Lessor shall give Lessee thirty (30) days prior written notice of the default, and Lessee shall have thirty (30) days after receipt of such notice to cure the default. If the default is of such a nature that it cannot be cured within such thirty (30) day period, and provided Lessee is diligently proceeding to cure such default, and continues to cure such default until completion, Lessee shall not be deemed to be in default.

12. Legal Expenses. If any legal action or other proceeding is brought for the enforcement of this Lease, or because of an alleged dispute, breach, default or misrepresentation in connection with any provisions of this Lease, the successful or prevailing party or parties shall be entitled to recover reasonable attorneys' fees, court costs and all expenses even if not taxable as court costs (including, without limitation, all such fees, costs and expenses incident to appeals), incurred in that action or proceeding, in addition to any other relief to which such party or parties may be entitled.

13. Option to Purchase. Upon the earlier of (i) the death of Lessor or (ii) one year from the date of this Lease and continuing until the expiration of this Lease, Lessor hereby grants to Lessee an option to purchase the Leased Premises (the "Option") upon the terms and conditions set forth below.

a. Purchase Price. The purchase price for the Leased Premises upon the exercise of the Option shall be Two Hundred Twenty Thousand and No/100ths Dollars ($220,000.00) less the product of (i) $200.00 and (ii) the number of months from the date of this Lease through the exercise of this Option that Lessee has paid rent to Lessor (the "Purchase Price).

b. Exercise of Option; Closing. In order to exercise the Option, Lessee must give written notice of exercise of the Option to Lessor. The closing of any purchase by Lessee hereunder shall occur not less than ten (10) and not more than sixty (60) days after the date of exercise of the Option, at the offices of Black Bobango & Morgan, a Professional Corporation, 530 Oak Court Drive, Suite 345, Memphis, Tennessee on any Monday through Friday which is not a federal holiday, between the hours of 9:00 a.m. and 5:00 p.m., at a particular date and time specified by Lessee in its notice of exercise. The closing need not occur prior to the termination of the Lease by its terms.

c. Covenants of Lessor. Lessor represents, warrants, covenants, and agrees as follows:

(i) At the closing of any purchase under this Option, Lessor shall sell and convey the Leased Premises, together with all improvements and fixtures now or hereafter located thereon, to Lessee, by good and sufficient warranty deed, conveying good and marketable title to the Leased Premises, free and clear of all liens and encumbrances other than those existing on the date hereof or otherwise approved by Lessee, together with all improvements, tenements, hereditaments, easements,

rights-of-way, rights, privileges, and appurtenances pertaining thereto. Any presently existing improvements or fixtures on the Leased Premises shall be delivered at closing in as good a condition as they are on the date hereof, ordinary wear and tear excepted.

(ii) Throughout the terms of this Lease, Lessor shall not convey, option, mortgage, pledge, hypothecate, or otherwise encumber the Leased Premises.

(iii) Upon the exercise of the Option, Lessor shall furnish at Lessee's option, either (i) for examination only, at Lessor's expense, a title search or adequate abstracts of title, taxes, and judgments, ten (10) days prior to closing, covering the Property, or (ii) a policy of title insurance, delivered at closing by Lawyers Title Insurance Company, in the amount of the Purchase Price, insuring unto Lessee the marketability of title, and paid for by Lessee and containing no exceptions other than those approved by Lessee.

(iv) Possession of the Leased Premises shall be delivered by Lessor to Lessee at closing.

d. Expenses of Sale. Lessor shall pay for preparation of the warranty deed, recording of purchase money trust deed, if any, title search or abstracts, state tax, register's fee, and indebtedness tax on the trust deed, if any, and notary fee on the warranty deed. Lessee shall pay for preparation of note and trust deed, if any, notary fee on trust deed, recording of warranty deed, state tax and clerk's fee on warranty deed, and expenses of title insurance, except as hereinbefore provided.

e. Lessor Financing. Lessor agrees to provide one hundred percent (100%) "seller financing" in connection with Lessee's exercise of the Option and purchase of the Leased Premises. The amount of seller financing shall include, but not be limited to, the Purchase Price and any and all closing expenses incurred by Lessee in connection with the Purchase of the Leased Premises. The financing by Lessor shall be evidenced by a promissory note with a fifteen (15) year term, simple interest at four percent (4%) per annum, bi-monthly payments, and the right of Lessee to prepay any or all of such indebtedness at any time without penalty.

f. In connection with the Option and the purchase of the Leased Premises thereunder by Lessee, Lessor does hereby constitute and appoint the Lessee, Ronald E. Picciotti and Tara H. Picciotti, of DeSoto County, Mississippi, as his true and lawful attorneys-in-fact, for him and in his name, place and stead, with full power of substitution thereto, to:

(i) Execute and enter into on his behalf all warranty deeds, owner's affidavits, certificates, instruments, documents, and settlement statements of every kind and nature with any person or entity as may be required or necessary to accomplish the sale of the Leased Premises upon an exercise of the Option.

(ii) Without in any way limiting the foregoing appointment, Lessor hereby confers upon Ronald E. Picciotti and Tara H. Picciotti, as his attorneys-in-fact, the power to undertake and perform any and all acts and to execute any and all purchase agreements, deeds, affidavits, agreements, contracts, certificates and documents of every nature as may be necessary, appropriate or desirable so as to accomplish the sale of the Leased Premises, with the full power of substitution or revocation, and Lessor hereby ratifies and confirms all that his attorneys-in-fact shall lawfully do or cause to be done by virtue of the power of attorney granted hereunder and the rights and powers herein granted.

(iii) The power granted hereunder shall remain in effect until revoked by Lessor in writing and Lessor further and specifically states that no mental or physical debility that he may subsequently suffer shall revoke any of the powers granted to his attorneys-in-fact herein.

14. Entire Agreement and Rules of Construction. This Lease contains all of the agreements and conditions made between the parties hereto, and no representations or statements claim to have been made and not herein contained shall vary or modify this contract in any way. The terms "Lessor" and "Lessee" shall be construed in the singular or plural number according to the number of persons represented thereby. Pronouns shall be construed according to their proper gender and number according to the context hereof. The invalidity of any provision of this Lease as determined by a court of competent jurisdiction, shall in no way affect the validity of any other provision hereof. The article and paragraph captions herein are not a part of this Lease, are for convenience only and are not to be construed as conditions of this Lease.

15. Quiet Possession. Upon Lessee paying the rent reserved hereunder and observing and performing all of the covenants, conditions and provisions on Lessee's part to be observed and performed hereunder, Lessee shall have quiet possession of the Leased Premises for the entire term hereof subject to all the provisions of this Lease.

16. Governing Law. This Lease shall be deemed to be a contract made under the laws of the State of Mississippi and shall be construed in accordance with the laws of such state.

17. Multiple Copies. This Lease may be signed in multiple copies each of which shall be deemed an original.

18. Successors and Assigns. This Lease shall be binding upon and inure to the benefit of Lessor and Lessee, as well as such parties successors, assigns and personal representatives.

IN TESTIMONY WHEREOF, the above named Lessor and the above named Lessee have executed this Lease on the day and year above written.

LESSEE:

Ronald E. Picciotti

RONALD E. PICCIOTTI

Tara H. Picciotti

TARA H. PICCIOTTI

LESSOR:

DELBERT J. HARRIS

STATE OF TENNESSEE
COUNTY OF SHELBY

On this 2ND day of October, personally appeared Ronald E. Picciotti, to me known to be the person described in and who executed the foregoing instrument and acknowledged that he executed the same as and of his free act and deed.

Michael P. [illegible]

Notary Public

My Commission Expires:
My Commission Expires June 9, 1997

STATE OF TENNESSEE
COUNTY OF SHELBY

On this 2ND day of October, 1996, personally appeared Tara H. Picciotti, to me known to be the person described in and who executed the foregoing instrument and acknowledged that she executed the same as and of her free act and deed.

Notary Public

My Commission Expires:

My Commission Expires June 9, 1997

STATE OF UTAH
COUNTY OF DAVIS

On this 8th day of October, 1996, personally appeared Delbert J. Harris, to me known to be the person described in and who executed the foregoing instrument and acknowledged that he executed the same as and of his free act and deed.

NOTARY PUBLIC
GORDON GURR, JR.
958 S Palos Verdes Dr
Kaysville, UT 84037
My Commission Expires
October 31st, 1996
STATE OF UTAH

Notary Public

My Commission Expires:
October 31, 1996

vargo\picciotti\lease.bel