

BOOK

82 PAGE 172

STATE MS. - DESOTO CO.
FILED

AUG 5 2 18 PM '99

STATE OF MISSISSIPPI

LEASE AGREEMENT

COUNTY OF DESOTO

OLIVE BRANCH, MS

BK 82 PG 172
W.E. DAVIS CH. CLK.

THIS LEASE AGREEMENT is made as of this 15th day of March, 1999, by and between E B I INC., hereinafter referred to as "LESSOR"; and Oakwood Mobile Homes, Inc., a North Carolina Corporation, with its principal office in Greensboro, Guilford County, North Carolina, hereinafter referred to as "LESSEE":

WITNESSETH:

THAT LESSOR, in consideration of the rents agreed to be paid and the mutual covenants and agreements herein contained does hereby demise and lease unto LESSEE, and LESSEE does hereby lease and take from LESSOR all that certain tract or parcel of land situate, lying and being in County of DESOTO, State of Mississippi, and being more particularly described on Exhibit A attached hereto and made a part hereof, together with all privileges, appurtenances and rights-of-way thereunto belonging (collectively the "Premises").

TO HAVE AND TO HOLD the premises unto LESSEE upon the following terms and conditions:

1. **TERM.** The term of this Lease shall be FIVE (5) years, and shall commence on the first day of April, 1999 and shall end on the 31st day of March, 2004 at 12 o'clock Midnight. LESSEE shall be given a period of time in which to obtain necessary permits from local governing bodies prior to LESSEE'S onset of construction. Lease payments shall commence sixty (60) days after LESSEE'S receipt of said permits.

2. **OPTION TO RENEW.** LESSEE shall have the right and option to renew and extend this Lease for TEN (10) successive additional terms of ONE (1) year each under the same terms and conditions as the initial term. Such renewal shall be automatic unless LESSEE shall give LESSOR notice as provided in Paragraph 18 herein of its election not to renew and extend this Lease at least three (3) months in advance of the commencement date of each renewal period.

3. **RENT DURING INITIAL TERM.** LESSEE agrees to pay LESSOR during the first year of the initial term of this Lease a monthly rent of Three Thousand Six Hundred dollars (\$3,600.00) payable in equal monthly installments in advance on the first day of each month. During the second year of the initial term, LESSEE agrees to pay LESSOR a monthly rent of Three Thousand Seven Hundred Forty-Four dollars (\$3,744.00) payable in equal monthly installments in advance on the first day of each month. During the third

year of the initial term, LESSEE agrees to pay to LESSOR monthly rent of Three Thousand Eight Hundred Ninety-Four dollars (\$3,894.00) payable in equal monthly installments in advance on the first day of each month. During the fourth year of the initial term, LESSEE agrees to pay to LESSOR monthly rent of Four Thousand Fifty dollars (\$4,050.00) payable in equal monthly installments in advance on the first day of each month. During the fifth year of the initial term, LESSEE agrees to pay to LESSOR monthly rent of Four Thousand Two Hundred Twelve dollars (\$4,212.00) payable in equal monthly installments in advance on the first day of each month. Lease payments shall commence sixty (60) days after LESSEE'S receipt of necessary permits as referenced in paragraph 1 herein.

- 4. RENT DURING RENEWAL PERIODS.** In the event LESSEE exercises its option to extend this Lease as provided in Paragraph 2 hereof, LESSEE agrees to pay LESSOR rent during the renewal periods as follows:
- (a) During the first renewal period, an annual rental of Fifty-Two Thousand Five Hundred Sixty dollars (\$52,560.00) payable in equal monthly installments of Four Thousand Three Hundred Eighty dollars (\$4,380.00) each in advance on or before the first day of each month.
 - (b) During the second renewal period an annual rental of Fifty-Four Thousand Six Hundred Sixty dollars (\$54,660.00) payable in equal monthly installments of Four Thousand Five Hundred Fifty-Five dollars (\$4,555.00) each in advance on or before the first day of each month.
 - (c) During the third renewal period an annual rental of Fifty-Six Thousand Eight Hundred Forty-Four dollars (\$56,844.00) payable in equal monthly installments of Four Thousand Seven Hundred Thirty-Seven dollars (\$4,737.00) each in advance on or before the first day of each month.
 - (d) During the fourth renewal period an annual rental of Fifty-Nine Thousand One Hundred Twelve dollars (\$59,112.00) payable in equal monthly installments of Four Thousand Nine Hundred Twenty-Six dollars (\$4,926.00) each in advance on or before the first day of each month.
 - (e) During the fifth renewal period an annual rental of Sixty-One Thousand Four Hundred Seventy-Six dollars (\$61,476.00) payable in equal monthly installments of Five Thousand One Hundred Twenty-Three dollars (\$5,123.00) each in advance on or before the first day of each month.
 - (f) During the sixth renewal period an annual rental of Sixty-Three Thousand Nine Hundred Thirty-Six dollars (\$63,936.00) payable in equal monthly installments of Five Thousand Three Hundred Twenty-Eight dollars (\$5,328.00) each in advance on or before the first day of each month.
 - (g) During the seventh renewal period an annual rental of Sixty-Six Thousand Four Hundred Ninety-Two dollars (\$66,492.00) payable in equal monthly installments of Five Thousand Five Hundred Forty-One dollars (\$5,541.00) each in advance on or before the first day of each month.
 - (h) During the eighth renewal period an annual rental of Sixty-Nine Thousand One Hundred Fifty-Six dollars (\$69,156.00) payable in equal monthly installments of Five Thousand Seven Hundred Sixty-Three dollars (\$5,763.00) each in advance on or before the first day of each month.

(i) During the ninth renewal period an annual rental of Seventy-One Thousand Nine Hundred Twenty-Eight dollars (\$71,928.00) payable in equal monthly installments of Five Thousand Nine Hundred Ninety-Four dollars (\$5,994.00) each in advance on or before the first day of each month.

(j) During the tenth renewal period an annual rental of Seventy-Four Thousand Eight Hundred Eight dollars (\$74,808.00) payable in equal monthly installments of Six Thousand Two Hundred Thirty-Four dollars (\$6,234.00) each in advance on or before the first day of each month.

All rental payments shall be payable to LESSOR at the address provided in Paragraph 18 herein until notice to the contrary is given by LESSOR.

5. FIRST RIGHT OF REFUSAL. It is understood and agreed between the parties to this Lease that at any time during the initial term or in the event of any options or extensions, Oakwood shall have the right of first refusal to purchase the Premises, which right of first refusal shall be exercisable and be subject to the conditions as follows:

(a) Upon receipt of a bona fide offer from a third party purchaser which is acceptable to LESSOR for the sale of the Premises, LESSOR shall notify Oakwood of the existence and terms and conditions of such offer, furnishing Oakwood with a correct copy of such offer, and Oakwood shall have thirty (30) days after the receipt of such offer to notify LESSOR that Oakwood desires to purchase the Premises on the same terms and conditions as were contained in such offer. Such notice to LESSOR from Oakwood shall be accompanied by a cash deposit of ten percent (10%) of the purchase price, and Oakwood further agrees to close the purchase transaction within ninety (90) days of said notification.

(b) If Oakwood declines so to meet such offer, or fails to reply to LESSOR's notice of such offer within such thirty (30) days period, LESSOR may accept such offer.

6. INSURANCE. LESSEE agrees to procure and maintain in force during the term of the Lease and any renewal hereof, at its own expense, public liability insurance in an amount adequate to protect against liability for damage claims to the public use of arising out of accidents occurring in or about the leased premises as a mobile home sales and service operation, in an amount not less than \$1,000,000.00 per occurrence for bodily injury and property damage and to name LESSOR as additional insured.

7. USE OF PREMISES. LESSEE covenants to use the premises as a facility for selling and servicing mobile homes or other lawful activities. LESSEE agrees not to engage in, carry on, or permit any illegal activities or nuisances on the premises and will not knowingly allow the premises to be used for any business or purpose that is declared illegal by local, state or federal laws. LESSEE agrees to comply with all laws, ordinances, decrees, orders, rules and regulations of any lawful authority, agency or governmental unit having jurisdiction over the premises.

8. IMPROVEMENTS, ALTERATIONS AND ADDITION. LESSEE, at its expense, may make such improvements as it may desire in connection with its use and occupancy of the premises, provided that any improvement, alteration or addition (a) shall not materially disturb or impair the physical condition of the premises existing immediately prior to the commencement of such alteration, improvement or addition, (b) is effected with due diligence in a good and workmanlike manner and in compliance with all governmental regulation, and (c) is promptly and fully paid for by LESSEE.

9. FIXTURES AND PERSONAL PROPERTY. LESSEE shall supply and install all trade fixtures, mobile homes, movable equipment, furniture, supplies, inventory, merchandise and other personal property used in or on the premises. Such trade fixtures, mobile homes, movable equipment, furniture, supplies, inventory, merchandise and other personal property shall at all times be and remain the property of LESSEE, which shall have the right to remove the same from the premises at any time during the initial term or any renewal period of this Lease.

10. UTILITIES.

(a) LESSEE covenants and agrees to provide or cause to be constructed adequate water and sewer facilities for use by LESSEE in connection with the operation of its sales facility. LESSEE, at its sole expense, shall be responsible for all maintenance and upkeep of the water and sewer facilities.

(b) LESSEE shall pay for all electricity, gas, heat, air conditioning, water, sewerage, janitorial services, garbage disposal, landscaping and other utilities or services relating to its use and/or occupancy of the premises.

(c) LESSOR shall provide LESSEE with a physical address and plat of the leased premises prior to the execution of this lease. If a physical address does not exist at the time of execution of this Lease Agreement, then LESSOR shall contact the U.S. Post Office and request that a physical address be assigned. LESSOR shall make known to LESSEE the physical address of the premises, or if such address must be assigned by the U.S. Post Office, then LESSOR shall notify LESSEE with same as soon as an address has been assigned. In addition, LESSOR shall stake the property on each of the four corners for visual clarification of the borders. LESSEE reserves the right to conduct a survey, at its own expense and discretion, in the event that LESSEE feels that same is necessary.

11. TAXES AND ASSESSMENTS. LESSEE covenants and agrees to pay all ad valorem taxes which may be levied, assessed or charged against the premises by governmental authorities, and LESSEE shall pay for all operating license fees for the conduct of its business and all ad valorem taxes, assessments or other governmental or public charges levied, assessed or charged against its personal property, trade fixtures, inventory, stock or other merchandise located on the premises.

12. LESSOR'S AUTHORITY AND COVENANT OF QUIET ENJOYMENT.

LESSOR represents that it has full right and authority to lease the premises upon the terms and conditions of this Lease and that LESSEE shall peacefully and quietly hold and enjoy the premises for the full term and any renewals or extensions thereof free from adverse claims of any and all persons whomsoever so long as it does not default in the performance of any of its covenants hereunder.

13. ZONING.

(a) LESSOR represents and warrants to LESSEE that the premises are in a zoning district or are zoned in zoning category in which or under which LESSEE may conduct and maintain the business of selling and servicing mobile homes. If the LESSOR's representation and warranty is not true and correct on the commencement date of the initial term, LESSEE may cancel this lease without any liability to LESSOR.

(b) If at any time during the term hereof or any renewal term, LESSEE is prohibited by applicable governmental law, rules or regulations from maintaining on the premises the business of selling and servicing mobile homes, LESSEE may terminate this lease by giving sixty (60) days written notice to LESSOR.

14. EMINENT DOMAIN. In the event that the whole of the leased premises shall be condemned or taken in any matter for any public or quasi-public use, this lease shall immediately terminate as of the date of the vesting of title in the public authority. In the event of such termination, all obligations of LESSOR and LESSEE hereunder shall cease and any rent prepaid by LESSEE shall be returned to LESSEE proportionate to the time the leased premises were used by LESSEE. In the event that less than all of the surface area leased shall be so condemned or taken, then LESSEE shall have its option of continuing the lease in effect or terminating the lease. If LESSEE options to continue the Lease, then LESSEE shall give LESSOR notice of continuation or termination of the Lease within sixty (60) days from vesting of title in the public authority of the portion so taken. The rent shall be abated proportionately to that percentage of the land so reduced.

In the event of termination for any of the reasons set forth above in this provision, this Lease shall expire as of the date of such termination, with the same effect as if that were the date herein set forth for the expiration of the term of this Lease, and the rent hereunder shall be prorated as of that date of all or any portion of the leased premises. LESSOR and LESSEE shall be entitled to receive so much of the award in the condemnation proceedings as the value of their interest shall be determined. If this Lease is terminated and LESSEE loses the value of its improvements, such as surfacing, landscaping, sign placement, etc., LESSOR shall reimburse LESSEE, out of the funds received by LESSOR, the prorated amount of such loss, such proration to be based on the amount of time remaining on the term of this agreement, including any option period, if

such loss of LESSEE has not been included in LESSEE'S value.

15. ASSIGNING, MORTGAGING AND SUBLETTING. LESSEE agrees not to assign, mortgage, pledge or encumber this Lease in whole or in part or to sublet the whole or any part of the premises or permit the use of the whole or any part of the premises by any licensee without first obtaining the written consent of LESSOR, which consent shall not be unreasonably withheld.

16. DEFAULT. This lease is made upon the understanding that the parties hereto will punctually and faithfully perform all of the agreements to be performed herein. If either party defaults in the observance or performance of the covenants, agreements or conditions of this Lease on its part to be kept and performed, and such default shall continue for a period of thirty (30) days after the receipt of written notice of default by the other party then and in any such event, either party at its option, may declare the term of this Lease ended without prejudice to any other legal or equitable remedy the aggrieved party may have on account of such default.

17. NOTICES. Any notice provided for in this Lease shall be in writing and either hand delivered to the addressee designated below or mailed via certified mail, return receipt requested, addressed as follows:

As to LESSOR: E B I INC.
 Robert M. Bailey, President
 Post Office Box 7
 Tunica, Ms 38676
 (601) 363-0002
 Tax ID#64-0750012

As to LESSEE: Oakwood Mobile Homes, Inc.
 P. O. Box 27081
 Greensboro, NC 27425-7081

Either of the parties hereto may change the address to which notices are to be sent by giving notice to the other party of such change of address as provided in this paragraph.

18. ENVIRONMENTAL. Except as fully disclosed heretofore in writing to LESSEE, LESSOR represents and warrants to LESSEE that the Premises have not been used for the treatment, storage, use, generation, transportation or disposal of any toxic or hazardous waste or substance or any other substance that is prohibited, limited or regulated by any governmental authority or quasi-governmental authority or that, even if not so regulated could or does pose a hazard to the health and safety of the occupants of the Premises or surrounding

property. LESSOR further represents and warrants to Tenant that the Premises are in full compliance with all federal, state and local environmental laws. Without limiting the generality of the foregoing, LESSOR acknowledges that LESSEE is neither the owner nor operator of any underground or aboveground storage tank(s) that may exist on the Premises and that LESSEE has no liability whatsoever for said tanks, including but not limited to liability for registration, installation of leak detection or spill/overflow devices, removal and remediation of contamination. LESSOR shall save LESSEE harmless and defend LESSEE from any and all claims, liabilities, penalties, fines, costs, expenses or damages resulting from LESSOR's breach of the covenants contained in this paragraph. The indemnity herein shall survive the expiration or earlier termination of this Lease Agreement.

19. MISCELLANEOUS.

(a) **LEASE BINDING ON HEIRS, ETC.** It is expressly agreed and understood that all covenants and agreements herein made shall extend to and be binding upon the parties hereto and their respective heirs, personal representatives, successors and permitted assigns, and that no modification of this Lease shall be binding unless evidenced by an agreement in writing signed by both the LESSOR and LESSEE.

(b) **ENTIRE AGREEMENT.** This Lease contains the entire agreement between the parties hereto with respect to the subject matter hereof and sets forth all of the representations and warranties of the parties hereto with respect to the subject matter hereof, and supersedes any and all prior or contemporaneous oral or written agreements, representations, warranties or understandings with respect to the subject matter hereof.

(c) **MEMORANDUM OF LEASE.** It is understood that LESSEE is going to record this Lease with the local Register of Deeds office. If the LESSOR prefers to have a memorandum of this Lease recorded instead of the original lease, then LESSOR at his own expense will prepare and execute the Memorandum of Lease in a form sufficient to publish notice and protect the validity of this Lease.

(d) **DUE DILIGENCE.** LESSEE shall use due diligence to obtain all necessary certificates and permits to develop the property according to Oakwood Mobile Homes, Inc. standard specifications taking into consideration all factors associated in managing a typical mobile home sales center. This lease is contingent upon LESSEE'S acceptance of any and all requirements imposed by city, county, or state permits or any other impositions so required by Governmental or Regulatory agencies. Should LESSEE at its sole discretion determine that any item is not acceptable to develop the property according to Oakwood Mobile Homes, Inc. standard specifications, then LESSEE shall have sixty (60) days from the date that all necessary certificates and permits are received by LESSEE to notify LESSOR of his intent to cancel this lease.

(e) **POSSESSION.** Granted to LESSEE with the completed execution of this document.

IN WITNESS WHEREOF, the parties hereto have executed and sealed this Lease Agreement, this the day and year first above written.

"LESSOR"

E B I INC.

By: Robert M. Bailey
Robert M. Bailey, President

(Corporate Seal)
Attest:

[Signature]
Secretary

"LESSEE"

OAKWOOD MOBILE HOMES, INC.

By: [Signature]
Vice President

(Corporate Seal)
Attest:

Cynthia J. Brown
Assistant Secretary



EXHIBIT "A"

TO LEASE AGREEMENT BY AND BETWEEN
E B I INC.,
as LESSOR,
and Oakwood Mobile Homes, Inc.,
as LESSEE, dated as of
April 1, 1999.

LEGAL DESCRIPTION OF THE PREMISES

2.48 acres consisting of Lots 1, 2, and 3 of Craft Industrial Park, Section I and;

.8 acres consisting of Lot 43 of Craft Industrial Park, Section H.

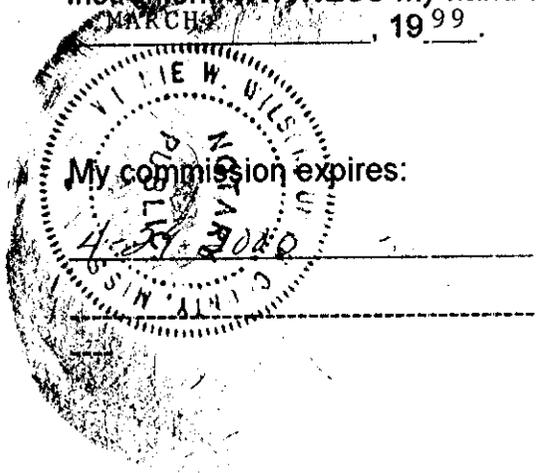
STATE OF MISSISSIPPI

COUNTY OF UNION

I, WINNIE W. WILSON, a notary public for the county and state aforesaid, certify that Robert M. Bailey personally appeared before me this day, on behalf of E B I INC. and acknowledged the due execution of the foregoing instrument. **WITNESS** my hand and notarial seal, this 15th day of

MARCH, 1999.

Winnie W. Wilson
Notary Public

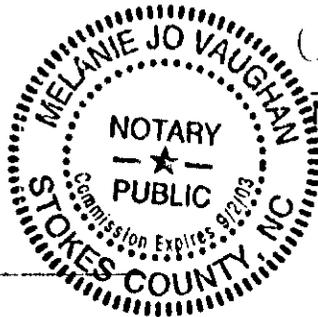


STATE OF NORTH CAROLINA

COUNTY OF STOKES

I, Melanie Jo Vaughan, a notary public of the county and state aforesaid, certify that Cynthia J. Brown personally came before me this day and acknowledged that she is the Assistant Secretary of OAKWOOD MOBILE HOMES, Inc., a North Carolina corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its Vice President, sealed with its corporate seal, and attested by herself as its Assistant Secretary.

Witness my hand and notarial seal, this 24th day of March, 1999.



Melanie Jo Vaughan
Notary Public

My commission expires:

09/02/03

STATE OF MISSISSIPPI

OLIVE BRANCH, MS

COUNTY OF DESOTO

ADDENDUM TO LEASE AGREEMENT

THIS ADDENDUM TO LEASE AGREEMENT is made as of this 10th day of June, 1999, by and between E B I INC., hereinafter referred to as "LESSOR"; and Oakwood Mobile Homes, Inc., a North Carolina Corporation, with its principal office in Greensboro, Guilford County, North Carolina, hereinafter referred to as "LESSEE".

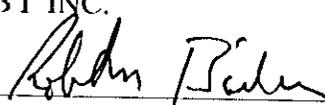
The provisions set forth in the written Lease Agreement between the parties dated the 15th day of March, 1999, are hereby incorporated in this addendum.

This Addendum is made upon the following terms and conditions:

Exhibit "A" of the aforementioned Lease Agreement dated March 15, 1999, shall be revised to reflect a change in the legal description of the property leased. The revised Exhibit "A" is attached hereto and shall replace the previous Exhibit "A".

LESSOR and LESSEE agree further that this lease contains the entire agreement between LESSOR and LESSEE, that its terms may not be varied or contradicted by oral testimony.

IT WITNESS WHEREOF, the parties hereto have executed and sealed this Lease Agreement in duplicate, this the day and year first above written.

"LESSOR"
E B I INC.

Robert M. Bailey, President

(Corporate Seal)
Attest:

Secretary
MISSISSIPPI

"LESSEE"

OAKWOOD MOBILE HOMES, INC.

By 
Vice President



(Corporate Seal)

Attest.

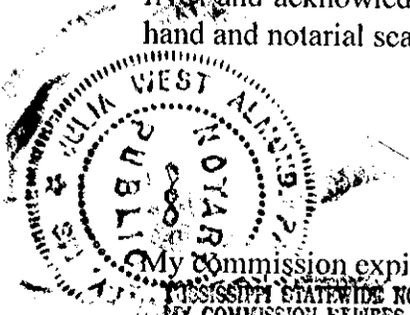
~~Secretary~~



STATE OF MISSISSIPPI

COUNTY OF UNION DeSoto

I, Julia W. Almond, a notary public for the county and state aforesaid, certify that Robert M. ~~Wilson~~ ^{Bailey} personally appeared before me this day, on behalf of E B I INC. and acknowledged the due execution of the foregoing instrument. WITNESS my hand and notarial seal, this 10th day of June, 1999



Julia W. Almond
Notary Public

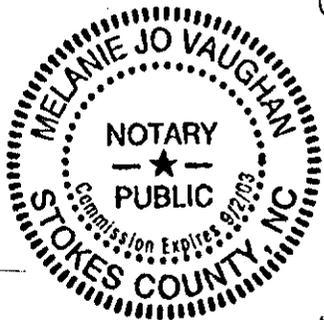
My commission expires:
MISSISSIPPI STATEWIDE NOTARY PUBLIC
MY COMMISSION EXPIRES FEB. 27, 2000
CONCED THRU STEGALL NOTARY SERVICE

STATE OF NORTH CAROLINA

COUNTY OF STOKES

I, Melanie Jo Vaughan, a notary public of the county and state aforesaid, certify that Cynthia J. Brown personally came before me this day and acknowledged that (s)he is Assistant Secretary of Oakwood Mobile Homes, Inc., a corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its Vice President, sealed with its corporate seal, and attested by (her)himself as its Secretary.

Witness my hand and notarial seal, this 24th day of June, 1999.



Melanie Jo Vaughan
Notary Public

My commission expires:

09/02/03

EXHIBIT "A"

TO LEASE AGREEMENT BY AND BETWEEN
E B I INC.,
as LESSOR,
and OAKWOOD MOBILE HOMES, INC.,
as LESSEE, dated as of
April 1, 1999.

LEGAL DESCRIPTION OF THE PREMISES

2.49 acres consisting of Lots 1, 2, and 3 of Craft Industrial Park, Section I and;

.73 acres consisting of Lot 42 of Craft Industrial Park, Section H.

Melanie J. Vaughan-Johnson
OAKWOOD MOBILE HOMES, INC.
7800 McClovel Rd.
GREENSBORO NC. 27409
1-800-556-2080 ext 2592