

STANDARD FORM 2
FEBRUARY 1965 EDITION
GENERAL SERVICES
ADMINISTRATION
FPR (41 CFR) 1-16.601

U.S. GOVERNMENT
LEASE FOR REAL PROPERTY

DATE OF LEASE

LEASE NO.

GS-07B-16355

THIS LEASE, made and entered into this date by and between Flat Creek Development, LLP

whose address is 204 Stubbs Street
Edinburg, TX 78539

and whose interest in the property hereinafter described is that of owner, hereinafter called the Lessor, and the UNITED STATES OF AMERICA, hereinafter called the Government:

WITNESSETH: The parties hereto for the consideration hereinafter mentioned, covenant and agree as follows:

1. The Lessor hereby leases to the Government the following described premises: A facility to be constructed at Broadway Street and Griner Street in Val Verde County, Del Rio, Texas. The facility will consist of approximately 8,280 rentable square feet, which shall yield 7,200 usable square feet of office and related space, along with 37 parking spaces in a paved/lighted parking area to be used for such purposes as determined by General Services Administration. This lease will be amended with a Supplemental Lease Agreement to establish the actual square footage of the building, the exact annual rental amount and the start date of the lease.

2. TO HAVE AND TO HOLD the said premises with their appurtenances for the term beginning within 180 calendar days from the Notice to Proceed for a period of Fifteen (15) YEARS , subject to termination and renewal rights as may be hereinafter set forth.

3. The Government shall pay the Lessor annual rent of \$289,055.00 at the rate of \$24,087.92 per month in arrears. Rent for months 1,2, 3, 121, 122 and 123 shall be abated. Rent for a lesser period shall be prorated. Rent checks shall be made payable to:

FCS-2 DEL RIO LP
~~Flat Creek Development, LLP~~
204 Stubbs Street
Edinburg, Texas 78539

4. The Government may terminate this lease after the tenth year by giving at least 90 days notice in writing to the Lessor and no rental shall accrue after the effective date of termination. Said notice shall be computed commencing with the day after the date of mailing.

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5. The Lessor shall furnish to the Government, as part of the rental consideration, the following:
 - A. Such facilities, utilities, service, maintenance and tenant improvements shall be provided within 180 calendar days of receipt of the Notice to Proceed and in accordance with the terms of the attached Solicitation for Offers (SFO) 5TX0205 dated June, 2006.
 - B. Thirty-seven (37) parking space, including handicap parking spaces, shall be provided on a paved and lighted parking lot as part of the rental condition. Employee (20 spaces) and visitor (17 spaces) parking shall be separated. Twenty (20) employee parking spaces shall be located in the rear of the building with a control gate access from Garfield Avenue. The employee parking shall be covered. The Lessor shall be able to provide an additional 2 inside secured parking space at anytime during the term of the lease without and increase in the annual rental amount.
 - C. Services, utilities and maintenance shall be provided daily extending from 7:00 AM to 6:00 PM except Saturdays, Sundays and Federal holidays.
 - D. This lease is subject to a base operating rate as established in Paragraphs 3.8 Operating Cost Base of SFO 5TX0205. The Base Operating Cost is established at \$5.62 per rentable square foot.
 - E. This lease is subject to an overtime HVAC rate as established in Paragraph 7.3 Overtime Usage, of SFO 5TX0205. The overtime HVAC rate is established at \$6.70 per hour.
 - F. This lease is subject to an adjustment for vacant space as established in Paragraph 3.12, Adjustment for Vacant Premises of SFO 5TX0205. The adjustment for vacant space shall be \$2.00 per rentable square foot.
 - G. This lease is subject to real estate tax adjustment as established in Paragraph 3.5 Tax Adjustment of SFO 5TX0205. The percentage of occupancy has been established at one hundred percent (100%).

6. The following are attached and made a part hereof:
 - A. Sheet 3 containing paragraphs 8-9 to Lease GS-07B-16355 (1 page)
 - B. Solicitation for Offer 5TX0205, dated June 2006, 76 pages
 - C. Amendments 1 and 2.
 - D. Land Option Agreement between GSA and Val Verde Housing Corporation, 7 pages.
 - E. General Clauses, GSA Form 3517B, 33 pages, (rev 11/05)
 - F. Representations and Certifications, GSA Form 3518, 7 pages, (rev 7/05).

7. The following changes were made in this lease prior to its execution: the Government will amend this lease, with a Supplemental Lease Agreement, to establish occupancy/effective date upon completion of the required construction and acceptance of the space. A mutual measurement will all be made at the time the space is complete and the lease will be amended to establish the actual square footage under the lease. The rental rate will be adjusted based upon the annual rate of \$34.91 per rentable square foot of space.

IN WITNESS WHEREOF, the parties hereto have hereunto subscribed their names as of the date first above written.

LESSOR Flat Creek Development, LLP

BY _____
(Signature)

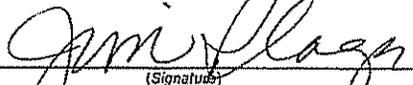
(Signature)

IN PRESENCE OF:

(Signature)

(Address)

UNITED STATES OF AMERICA GENERAL SERVICES ADMINISTRATION

BY 
(Signature)

Contracting Officer
(Official title)

8. In accordance with Paragraph 1.13 (Broker Commission and Commission Credit), Studley, Inc. ("Studley") is the authorized real estate broker representing GSA in connection with this lease transaction. The Lessor and Studley have agreed to a cooperating lease commission of [REDACTED] of the firm term value of this lease ("Commission"). The total amount of the Commission is [REDACTED]. This Commission is earned upon lease execution and payable (i) [REDACTED] when the Lease is awarded and (ii) [REDACTED] upon the earlier of Tenant's occupancy of the premises leased pursuant to the Lease or the commencement date of the Lease. Due to the Commission Credit described in Paragraph 1.13, only [REDACTED], which is [REDACTED] of the Commission, will be payable to Studley when the Lease is awarded. The remaining [REDACTED], which is [REDACTED] of the Commission ("Commission Credit"), shall be credited to the shell rental portion of the annual rental payments due and owing shall be reduced to fully recapture this Commission Credit. The reduction in shell rent shall commence with the first month of the rental payments and continue until the credit has been fully recaptured.

9. The tenant buildout will conform to the specifications in SFO 5TX0205 and are to be provided by the Lessor as part of the total rental payment. The tenant buildout costs of \$227,088.00 are amortized for a period of 120 months at 8.0%. Tenant improvement rental adjustments shall be made in accordance with SFO Paragraph 1.11.

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