

CONSENT TO ASSIGNMENT OF LEASE AGREEMENT

The City of San Diego ("City"), as Lessor under that certain Lease Agreement ("Master Lease") with

CHONG FLOWER GROWERS

("Lessee" also referred to as "Assignor"), dated June 29, 1992, as filed in the office of the City Clerk as Document No. RR-280244, consents to the following assignment of the Master Lease by Assignor to:

SUNCOAST BOTANICALS, INC., a California Corporation

("Assignee") by Assignment Agreement between the parties dated May 27, 2004, subject to the following conditions:

1. Assignee agrees to assume all rights and obligations of Lessee under the Master Lease and to perform all covenants, conditions and provisions of the Master Lease to be performed by Lessee on and after the date of close of escrow of the Assignment Agreement.
2. Assignor shall pay all rent and adjustment rent due to the City as of the close of escrow for the Assignment Agreement. Assignor shall not be relieved of any obligation to pay any sums owed to City through the effective date of the Assignment Agreement or any other sums subsequently disclosed by a verification of the accuracy of the escrow statement and distribution of proceeds by City. Assignor and Assignee shall be jointly and severally liable for any such sums owed to City by Assignor. The failure by either Assignor or Assignee to pay to City the full amount owed shall constitute a default of the Master Lease; however, Assignor shall be relieved of any other liability owed to City occurring on or after the effective date of the assignment to Assignee.
3. Pursuant to Section 9.5, Equity Sharing, of the Master Lease, City is entitled to receive twenty-five percent (25%) of all consideration received by Lessee (Assignor) as consideration for an assignment of the Master Lease. The percentage due City shall be based on the total consideration for the assignment including but not limited to cash payments, deferred payments, secured notes or unsecured notes and any forbearance regarding claims and judgments. Assignor agrees the amount shall be paid to City as set forth in Section 9.5 and in certified funds made payable to the City Treasurer and paid through the escrow transaction and reflected on the closing statement provided to the City as a condition of this consent to the Assignment Agreement.
4. Assignee agrees to maintain a policy of public liability and property damage insurance providing coverage required under the Master Lease in the amount of not less than TWO MILLION DOLLARS (\$2,000,000) Combined Single Limit Liability. Assignee shall obtain a separate endorsement naming the City of San Diego, its elected officials,

officers, representatives, agents and employees, as additional insureds. All other terms of Section 5.2, Insurance, of the Master Lease, remain the same.

5. In accordance with Section 8.8, Best Management Practices, of the Master Lease, Assignee agrees to adhere to the following:

LESSEE shall comply with the Best Management Practices (BMP) including the Stormwater Pollution Prevention Plan (SWPPP) approved by CITY's Stormwater Management Program. LESSEE shall submit for review and approval by City Manager or its designee, within ninety (90) days of the execution of this Leases, BMP and SWPPP that will control erosion and reduce the amount of pollutants and other sediments discharged from the Leased Premises. The BMP and SWPPP will be reviewed periodically by CITY. Upon written notice from the City Manager requesting an update of the BMP, LESSEE shall submit updated BMP and SWPPP FOR City Manager review and approval within ninety (90) days of receipt of notice. LESSEE shall implement any necessary changes to the BMP and SWPPP as a result of any review by CITY to ensure compliance with any changes in laws or regulations.

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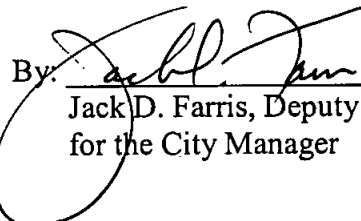
Except as provided above with respect to the release of the Assignor, the execution of this Consent by City does not amend the Master Lease or waive any of City's rights under the Master Lease, and in the event of a conflict between the provisions of this Consent and the Master Lease, the terms of the Master Lease shall prevail.

This Consent is executed by City acting by and through the City Manager. This Consent is effective upon the date signed by the City Manager, and approved by the City Attorney.

LESSOR:

THE CITY OF SAN DIEGO

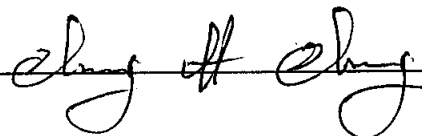
Dated: 6/21/04

By: 
Jack D. Farris, Deputy Director
for the City Manager

ASSIGNOR:

CHONG FLOWER GROWERS

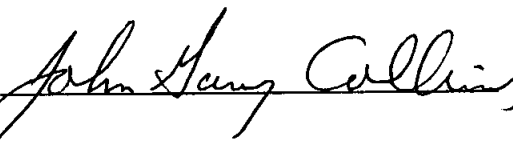
Dated: 6.23.04

By: 

ASSIGNEE:

SUNCOAST BOTANICALS, INC.

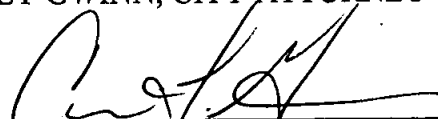
Dated: 6-24-04

By: 

APPROVED AS TO FORM AND LEGALITY THIS 25th DAY OF June, 2004.

CASEY GWINN, CITY ATTORNEY

Dated: _____

By: 
Deputy City Attorney

MFW/DCM

6/10/04

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NEW CENTURY TITLE COMPANY

3131 Camino del Rio North, Suite 1250
San Diego, CA 92108
Phone: (619) 308-1700 ♦ Fax (619) 308-1726

June 25, 2004

The City of San Diego-Treasurer
1200 Third Ave., # 1700, MS 51A
San Diego, CA 92101
Attn: David Martens

RECEIVED
CITY OF SAN DIEGO
04 JUN 25 PM 12:54
REAL ESTATE ASSETS DIV.

Re: **Escrow Number:** 10041238-GC
 Escrow Officer: Genny Chable
 Property Address: 15850 Ysabel Creek Rd, Escondido, CA 92025

In connection with the above referenced escrow, we enclose the following items:

- ♦ Check in the sum of \$72,250.00
- ♦ Lease Assignment-2 copies
- ♦ Insurance Binder

Should you have any questions, please contact the undersigned.

Sincerely,

NEW CENTURY TITLE COMPANY

Genny Chable

Genny Chable
Escrow Officer

Direct Fax: (619) 308-1726

AA



Earnest Money Receipt and Offer For Purchase and Sale of Assets

Vanguard Resource Group Phone (858) 391-3388
13400 Sabre Springs Pkwy, #245 Fax (858) 391-3389
San Diego, CA 92128

I. THE TRANSACTION

1. Received from Terry L. Cutter and John Gary Collins and or Nominee on April 20, 2004 hereinafter referred to as PURCHASER, the sum of \$10,000 in the form of a check as a deposit on the purchase price of all the equipment, fixtures, goodwill, inventory, trademarks, trade names, web site, telephone numbers, lease and all other intangible and tangible assets of that certain BUSINESS known as Chong's Flower Growers located at 15850 Ysabel Creek Road Escondido CA 92027, hereinafter known as BUSINESS. BUSINESS is owned by Chong Hui Chong, hereinafter known as SELLER. Vanguard Resource Group, hereinafter known as BROKER, is authorized by the PURCHASER and SELLER to hold PURCHASER'S check uncashed until opening escrow.
2. The TOTAL PURCHASE PRICE of \$289,000 shall be paid as follows:
 - a. \$10,000 Deposit on the date of this Agreement to be included in down payment.
 - b. \$50,000 Additional deposit upon opening escrow to be included in down payment.
 - c. \$229,000 Balance of down payment to be deposited with escrow holder at the settlement through escrow in cash or certified funds.
 - \$289,000 Total down payment
 - d. N/A Cash to SELLER at closing resulting from PURCHASER'S new financing utilizing an SBA guaranteed loan.
 - e. N/A Assumption of an existing obligation for _____ to be paid directly or through SELLER, payable as follows: _____ per month (including interest)
 - f. N/A Balance of purchase price to be paid to SELLER pursuant to a Secured Promissory Note in said amount (\$), payable at 0 or more per month for 48 months, with interest thereon at 0 per annum, together with a security agreement and a financing statement as provided by the Uniform Commercial Code of California, which shall be filed with the appropriate State agency. This Note shall be personally guaranteed by PURCHASER and shall be subordinate to primary acquisition financing, if any, as stated in section d.
 - g. N/A Additional Payment Terms:
 - h. \$289,000 TOTAL PURCHASE PRICE

ADDITIONAL CONDITIONS OF SALE: See Section #10 Consulting

- I. PURCHASER to pay SELLER an additional \$20,000 bonus if gross sales exceed an average of \$129,000 a month for the first twelve month period following the close of escrow. Bonus to be paid thirty days after the end of the twelve month period. If gross sales for the above billing period falls below \$125,000 a month, then no bonus shall be paid to SELLER.
- II. If gross sales exceed \$1,600,000 during the second twelve month period following the close of escrow. Bonus of \$25,000 to be paid thirty days following the close of escrow. No bonus will be paid to SELLER if gross sales are below \$1,600,000 in net sales during this second twelve month period.

3. **ACCOUNTS RECEIVABLE AND PAYABLE:** All accounts receivable and payable and all employee benefits including sick, vacation, and bonuses accruing up to the close of the sale shall remain the property and the responsibility of the SELLER and are not included in this sale. Immediately from and after the closing of the sale, all accounts receivable and payable accrued and realized shall be the sole property and responsibility of the PURCHASER. It is agreed that existing contracts for yellow page advertising will be assumed by the PURCHASER. All other contracts or agreements presently in place but which may be cancelled with less than a 60 day notice, will also be assumed by PURCHASER.
4. **INVENTORY AND WORK IN PROGRESS:** The full purchase price shall include current, useable and saleable inventory of raw materials, finished goods, work in progress, and packaging in the same or similar amount that SELLER normally maintains. Work in progress, if any, shall be determined by adding the actual cost of goods to the actual cost of direct labor spent to produce those works in progress. PURCHASER does not want to inherit any work in progress jobs except for minor routine repairs.
5. **DEPOSITS:** Any and all amounts currently on deposit for the benefit of the BUSINESS for the premise's lease, utility services, insurance and other obligations, are and shall remain, the sole property of the SELLER and are not included as part of this transaction. PURCHASER shall, prior to the closing, deposit such amounts necessary to continue the operation of the BUSINESS or shall reimburse SELLER for these amounts at the time of closing.
6. **TAX:** The sales tax on fixtures and equipment, if any, shall be paid by the PURCHASER at settlement (through escrow) and all other taxes and similar expenses or taxes shall be pro-rated as of the date of transfer of ownership.
7. **EQUIPMENT:** SELLER warrants that, at the time physical possession is delivered to PURCHASER, all equipment will be in working order and that the premises will pass all inspections necessary to conduct such business. Possession date shall be at settlement (close of escrow).
8. **TRADE NAME:** SELLER hereby grants PURCHASER, effective with the closing of this sale, any and all rights held by SELLER in the trade name, logos, web sites and telephone numbers, and hereby waives all rights thereto, and after closing shall not make use of these directly or indirectly.
9. **TRAINING:** SELLER, without cost to PURCHASER, shall familiarize, train, and acquaint PURCHASER with all material aspects of the BUSINESS from the close of sale as follows Chong Chong shall be available for a period of four months at 25 hours per week. All training shall be done during normal business hours. After the initial training period, PURCHASER to pay SELLER \$2,500.00 per month for 20 hours a week for 12 months.
10. **CONSULTING:** SELLER'S son, James Tribble to enter into a consulting agreement with PURCHASER prior to closing escrow. An acceptable agreement shall be negotiated between Seller and Purchaser as a condition of this sale. It shall be conclusively presumed that this condition is met upon the closing of escrow.
11. **COVENANT NOT TO COMPETE:** SELLER agrees that they shall not and will not, for a period of seven consecutive years from close of this sale, directly or indirectly, engage in a like business, provided that PURCHASER is not in default under any terms of the Agreement; nor aid or assist anyone else, except the PURCHASER, to do so within the limits of the Continental USA; nor have any interest directly or indirectly, in such business, excepting as an employee of the PURCHASER. If SELLER is a corporation, the officers and shareholders individually agree to the above restrictions of competition. This covenant shall become an asset of the business and may be transferred as part of any future sale of the business.

12. PURCHASE PRICE ALLOCATION: The total purchase prices of shall be allocated as follows:

Equipment and Fixtures		BUSINESS Trade Name	
Goodwill		Covenant Not To Compete	
Inventory of Goods at Cost		Real Estate (Bldg & Land)	
Leasehold Improvements		Franchise License	
Leasehold Interest Right		Customer Account List	

If blank, PURCHASER and SELLER agree to mutually determine the amounts in escrow.

13. SECURITY AGREEMENT: If this Agreement involves SELLER financing, at the close of this sale PURCHASER and SELLER shall enter into and execute a Security Agreement giving SELLER a lien against all of the assets included in this sale, as more fully described in the "Purchase Price Allocation," until the Promissory Notes owed to SELLER hereunder have been paid full. This Security Agreement shall be subject to any existing liens described herein, if any, and be subordinate to any other institutional financing used in the purchase of the BUSINESS.

14. RIGHT OF OFFSET: If this purchase involves SELLER financing, it is understood and agreed that PURCHASER expects to receive possession and control of the BUSINESS free and clear of any debts and encumbrances except as set forth in this agreement. If after the closing of the sale, PURCHASER shall become aware of any debts against the BUSINESS not disclosed by SELLER in writing and which have been previously agreed to, and said debt might adversely affect the goodwill and operation the BUSINESS being transferred hereunder, PURCHASER shall promptly notify SELLER in writing of such claim. In the event SELLER has not paid such valid claim within ten (10) days following receipt of such notice from PURCHASER or cannot reasonably prove to PURCHASER that this debt has been satisfied, then PURCHASER may pay such claim and shall receive full credit against the balance owed to SELLER on the Promissory note.

II. CONTINGENCIES OF SALE:

15. FINANCIAL RECORDS: The sale is contingent upon PURCHASER'S verification of and satisfaction with the financial records of the BUSINESS. PURCHASER shall submit a written list of financial records they wish to review to SELLER within two (2) business days of offer acceptance and SELLER shall make those records available within three (3) business days after receipt of the request. PURCHASER will personally examine the books and records, tax returns, invoices, banking records and other records of the BUSINESS and will rely solely on their personal examination in making this offer and not upon any statements or representations made by BROKER or their agents in deciding to purchase or value the BUSINESS. This contingency shall be removed in writing within fifteen (15) business days of acceptance of this offer. In the event that this contingency is not removed in writing, the parties' satisfaction with the financial records shall be conclusively presumed upon the opening of escrow.

16. FIXTURES, FURNISHING AND EQUIPMENT: The sale is contingent upon PURCHASER'S inspection of the fixtures, furniture and equipment (FF&E), which constitute the physical facility. PURCHASER will personally examine the equipment, fixtures, stock on hand, leasehold improvements and other assets and liabilities of the BUSINESS and will rely solely on their personal examination in making this offer and not upon any statements or representations made by BROKER or their agents in deciding to purchase or value the BUSINESS. This contingency shall be removed in writing within fifteen (15) business days of acceptance of this offer. In the event that this contingency is not removed in writing, the parties' satisfaction with the Fixtures, Furnishings, and Equipment shall be conclusively presumed upon the opening of escrow. PURCHASER to complete final walk through the day before escrow closes.

17. LOANS: If this sale is contingent upon PURCHASER obtaining an SBA guaranteed loan, PURCHASER must submit an application to an SBA approved lender within five (5) business days of offer acceptance. PURCHASER must provide a Lender's commitment letter to SELLER within fifteen (15) business days of

offer acceptance and PURCHASER'S failure to comply with this requirement shall permit the SELLER in their sole discretion to extend the time or terminate this Agreement. If this sale involves SELLER providing financing to the PURCHASER, this sale shall be contingent upon SELLER'S approval of PURCHASER'S financial condition and resume. In the event that this contingency is not removed in writing, the parties' satisfaction with all items within this paragraph shall be conclusively presumed upon the closing of escrow.

18. **SUITABILITY:** PURCHASER shall, within three (3) business days after offer acceptance, submit a resume, financial statement and credit report for SELLER'S approval. SELLER shall have three (3) business days after receipt to approve of PURCHASER and remove this contingency in writing. If the sale does not involve a SELLER note or continuing liability for lease assumptions or other obligations, SELLER may at their sole discretion waive this requirement and instead only require proof of financial ability to complete the transaction. In the event that this contingency is not removed in writing, the parties' satisfaction with all items within this paragraph shall be conclusively presumed upon the opening of escrow.
19. **LEASE:** In the event this offer involves the transfer of SELLER'S leasehold interest, SELLER hereby guarantees to deliver to PURCHASER a valid lease assignment, sublease of existing lease, or new lease with rates and terms equal to current lease. PURCHASER and SELLER will work together in obtaining a new lease, sublease or assignment suitable to PURCHASER prior to close of escrow and SELLER authorizes PURCHASER to contact landlord immediately following the acceptance of this Agreement. By signing a sublease, assignment, or new lease, PURCHASER removes any contingency relating to the lease. PURCHASER would like an a minimum of ten years of coverage on the lease and option period. Purchaser agrees to a lease assignment of the existing Chong's Flower Growers lease which includes the following terms and conditions but no changes to the existing lease without the express written permission from Purchaser.
20. **OTHER CONTINGENCIES:** See section #10 Consulting
21. **BACKUP OFFERS.** Upon SELLER(s) acceptance of this offer to purchase, SELLER may review backup offers to purchase, but may not accept any other offer until this purchase agreement is no longer in force.
22. **FAILURE:** The failure of the PURCHASER or the SELLER to comply with the requirements set forth by the contingencies of sale shall relieve the PURCHASER from its purchase agreement hereinafter, in which event all funds deposited by PURCHASER shall be returned to PURCHASER immediately.

III. ESCROW & CLOSING

23. **OPENING ESCROW:** For the purpose of completing this transaction, upon the removal of the contingencies of sale, escrow shall be opened at the office of New Century Title and closing shall take place on or about June 1, 2004. In the event that closing has not occurred within 30 days after this date, PURCHASER AND SELLER must mutually agree to extend closing date. Closing and escrow costs shall be shared equally by PURCHASER and SELLER.
24. **DEPOSITS:** PURCHASER and SELLER do hereby, jointly and severally, direct and authorize BROKER to hold deposit amounts of earnest money uncashed until opening of escrow.
25. **DOCUMENTS:** Escrow holder is authorized to draw the necessary escrow instructions for consummation of this transaction. PURCHASER and SELLER agree to execute all documents necessary to consummate this transaction.
26. **UNIFORM COMMERCIAL CODE - BULK TRANSFERS:** SELLER AND PURCHASER agree to assist escrow to comply with the Bulk Sale transfer notification required under the Uniform Commercial Code.

27. **BILL OF SALE:** SELLER shall deliver to PURCHASER at the closing a Bill of Sale for the BUSINESS and all assets included in this transaction for which SELLER warrants that it has good and marketable title, free and clear of liens and encumbrances, except those liens acknowledged by the PURCHASER, which are to be assumed and paid by PURCHASER.
28. **LOSS/DAMAGE:** In the event there is any loss or damage to the BUSINESS premises, or any of the improvements, systems, equipment or other assets included in this sale at any time prior to the closing of this sale, the risk of loss shall be upon the SELLER. Immediately from and after the closing of this sale, all risk of loss or damage shall be upon the PURCHASER.
29. **BUSINESS RECORDS:** At the close of this sale, SELLER shall deliver to PURCHASER, all customer accounts and records and any other documents pertinent to the operation of the BUSINESS which SELLER may have. Such records shall include copies of those documents necessary to conduct BUSINESS with suppliers and customers of the BUSINESS.
30. **BROKER'S COMMISSION:** SELLER and PURCHASER acknowledge that the SELLER is obligated to pay a commission to BROKER as outlined per written Agreement and SELLER hereby irrevocably authorizes escrow agent to pay such fee to BROKER at closing of such sale as denoted in Commission agreement, or 50% of the deposit in case such deposit is forfeited by PURCHASER, provided such payment shall not exceed the full amount of BROKER'S fee in accordance with the signed Representation Agreement or other written agreements previously entered into by BROKER and SELLER. Commission shall be due on all amounts paid under any consulting agreement, non compete, or other compensation due to Seller or family members.

IV. REPRESENTATIONS AND WARRANTIES

31. **TITLE:** The SELLER warrants that they have a good, clear and marketable title to the BUSINESS being sold except as disclosed within this agreement.
32. **LIABILITIES:** SELLER warrants that all outstanding liabilities of the BUSINESS except as specifically set forth herein shall be paid in full on or before close of this sale, and that PURCHASER shall receive possession and control of the BUSINESS free and clear of any other encumbrances, except for any security interest granted SELLER, should SELLER finance any part of the transaction.
33. **PERMITS AND CERTIFICATES:** SELLER hereby warrants that all licenses and certificates necessary to continue the operation of the BUSINESS as in the past shall be current and valid as of the closing and can be renewed at no expense to PURCHASER other than normal license fees.
34. **PREMISES:** Any expense to bring the premises to the necessary standards shall be the sole responsibility of and shall be paid in full by the SELLER when due. Until possession is given, SELLER agrees to maintain the BUSINESS premise including heating, cooling, plumbing and electrical systems, built-in fixtures, together with all other equipment and assets included in this sale, in working order and to maintain and leave the premises in a clean and orderly condition.
35. **LITIGATION:** SELLER represents and warrants that to the SELLER'S best knowledge there is no litigation or proceeding(s) pending against or relating to the BUSINESS, its properties or employees (except for personal litigation or proceedings which are unknown to the SELLER); nor does the SELLER know or have any reasonable grounds to know of any basis of any such action or governmental investigation relative to the BUSINESS, its properties or activities.
36. **OPERATION OF THE BUSINESS PRIOR TO CLOSING:** SELLER hereby agrees, from the date of execution this Agreement to the date of closing, to carry on the activities and operations of the BUSINESS diligently and substantially in the same manner as had been customary in the past. Additionally there shall be no

material changes in the financial performance of the BUSINESS between the time this offer is accepted and the date of closing.

V. INDEMNIFICATION

37. INDEMNIFICATION: SELLER does hereby indemnify PURCHASER and shall hold and save harmless from and against all debts, claims, actions, causes of action, losses, damages and attorney's fees now existing or that may hereafter arise from or grow out of SELLER'S past operation and ownership of the BUSINESS, either directly or indirectly, excepting those liabilities being assumed by PURCHASER hereunder, if any. This indemnification shall also apply to any known or unknown environmental issues relating to the building or BUSINESS. PURCHASER does hereby indemnify SELLER and shall hold and save harmless from and against all debts, claims, actions, causes of action, losses, damages and attorney's fees that may hereafter arise from or grow out of PURCHASER'S operation and ownership of the BUSINESS from the closing date forward into the future.

VI. DISCLAIMERS

- 38. EYES WIDE OPEN: BROKER,** its agents and employees make no representations or warranties as to the accuracy, completeness, authenticity, or legal effect of any statements, reports or other documents furnished to the parties to this transaction and are not responsible for any loss which may arise from the transaction. PURCHASER and SELLER further acknowledge that they are entering into this Agreement with their "Eyes Wide Open" and they are relying upon their own judgment and decisions and the advice and counsel of their legal, tax and accounting advisors in making the offer and in entering into and or consummating the purchase or sale of the BUSINESS.
- 39. REPRESENTATION BY COUNSEL:** It is understood and acknowledged that both the SELLER and PURCHASER have been advised to seek the advice of legal and tax counsel and have done so to the extent they have desired. PURCHASER and SELLER acknowledge that each of them has not received or requested any legal advice or legal consultation with regard to the legal effect of any of the documents involved in this transaction from BROKER or its agents or employees.
- 40. AS TO PURCHASER:** By signing this agreement, PURCHASER hereby acknowledges that PURCHASER is relying solely on PURCHASER'S own inspection of the BUSINESS and the representations of SELLER not of BROKER with regard to the prior operating history of the BUSINESS, the value of the assets being purchased and all other material facts of SELLER in making this offer. PURCHASER acknowledges that BROKER has not verified, and will not verify, the representations of SELLER and should any such representations be untrue, PURCHASER agrees to look solely to SELLER for relief and agrees to indemnify BROKER and hold BROKER harmless in connection with all losses and damages caused PURCHASER thereby.
- 41. AS TO SELLER:** SELLER acknowledges that BROKER has made no representations concerning the credit-worthiness or ability of PURCHASER to complete this transaction or repay any obligations, and relies solely on representations of the PURCHASER and not BROKER with respect thereto. SELLER understands that they may have continuing liability for leases or other obligations of the BUSINESS after the closing. SELLER agrees to look solely to PURCHASER for relief and agrees to indemnify BROKER and hold BROKER harmless in connection with all losses and damages caused SELLER thereby.
- 42. MAXIMUM LIABILITY:** In the event of any judgement, award or arbitration decision, PURCHASER AND SELLER AGREE the maximum liability of Broker or its agents shall be limited to the amount of commission actually received.

VII. CHOICE OF LAW, AGENCY AND DISPUTES

43. **CHOICE OF LAW:** This contract shall be governed by and construed under the laws of the State of California. Any action taken regarding this contract must be initiated in the State of California, County of San Diego.
44. **DUAL AGENCY:** PURCHASER and SELLER understand and acknowledge that business opportunity sales in the State of California are governed by the California Department of Real Estate and that BROKER is representing both PURCHASER and SELLER in this transaction and hereby consent to this dual agency. A dual agent has a fiduciary responsibility to both PURCHASER and SELLER.
45. **BINDING EFFECT:** This contract shall bind and enure to the benefit of the successors, assigns, personal representatives, heirs and legatees of the parties hereto, and upon execution by all parties, this Contract shall be absolutely binding and fully enforceable.
46. **SEVERABILITY:** In the event that any of the provisions, or portions thereof, of this contract are held to be unenforceable or invalid by any court of competent jurisdiction, the validity and enforceability of the remaining portions thereof shall not be affected thereby and effect shall be given to the intent manifested by the provision or portions thereof, and shall be held to be enforceable and valid.
47. **SECTION AND PARAGRAPH HEADINGS:** The various headings are inserted for the convenience of reference only, and shall not affect the meaning or interpretation of the Contract or any section thereof.
48. **NOTICES:** All notices as may be required by this contract shall be sent to the respective parties at the address set forth herein; the place of notice may be modified by appropriate registered or certified mailing to parties.
49. **MEDIATION/ARBITRATION:** Any controversy or claim between the parties hereto and/or BROKER that arise out of or relate to this contract, the breach hereof, or any resulting transaction shall be submitted for mediation of a negotiated settlement. In the event any such mediation is unsuccessful, the parties agree that any such controversy or claim shall be decided by binding arbitration in accordance with the rules of the American Arbitration Association as provided in the California Code of civil procedure, beginning at section 1280 and to include full rights of discovery. Any arbitrator chosen in accordance therewith shall be a person experienced in transactions involving the sale of a business. The prevailing party in arbitration shall be entitled to reasonable attorney fees and costs in addition to any other relief that may be granted. PURCHASER and SELLER hereby submit to the jurisdiction and venue of the State of California in and for the County of San Diego and any judgment or award may be entered in this court. In the event of any judgment or arbitration decision, the maximum liability of Broker or its agents shall be limited to the amount of commission actually received.
50. **TIME IS OF THE ESSENCE:** When signed by PURCHASER, this deposit receipt is an OFFER on the part of PURCHASER to purchase the BUSINESS on the terms stated. Should the SELLER fail to accept this offer by his signature hereon prior to 5:00 PM on Thursday, April 20, 2004, the PURCHASER shall revoke this offer and deposit will be returned by BROKER to PURCHASER.
51. **ENTIRE UNDERSTANDING:** This document contains the entire understandings between the parties and, should there be any conflict between the provisions of this agreement and any escrow instructions executed pursuant hereto, the provisions of this agreement shall control.
52. **MODIFICATIONS:** This agreement, and any other exhibits and/or addendum attached hereto and signed by the parties, constitutes the entire agreement; there are no oral agreements, understandings or representations being relied upon by the parties. Any modifications must be in writing and signed by all parties to this agreement.
53. **AUTHORITY:** PURCHASER and SELLER have full power and authority to enter into this agreement and to conclude the transaction described herein, and no contract or agreement to which either PURCHASER or SELLER is a party prevents either of them from concluding the transaction described herein, nor is the consent

of any third party required thereof. If the SELLER or PURCHASER is a corporation or partnership, the undersigned hereby individually guarantees performance hereunder and shall deliver duly executed Corporate Resolution authorizing sale prior to closing.

PURCHASER and SELLER individually acknowledge receipt of a copy of this agreement. This is a legally binding document. Read It carefully. If you do not understand it, consult an attorney. BROKER is not authorized to give legal or financial advice.

DATE: 4/27/04

PURCHASER

Chong Hui Chong
SELLER

PURCHASER

SELLER

John Gary Collins
Address: 43153 Martina Ct
City, State, Zip: Temecula CA 92592
Home Phone: 909-303-0996

Chong Hui Chong
Address: 15850 Yaabel Creek Road
City, State, Zip: Escondido CA 92029
Home Phone: 760-737-5089

Terry L. Cutter
Address: 25168 Estate Hill Way
Murrietta CA 92562

Vanguard Resource Group

By: _____
Duly Authorized Agent

By: _____
Approved by BROKER

04/27/2004 13:13

9097 036

STAPLES TEMECULA

PAGE 09

04/26/2004 23:05

8584833657

VR BIZ BROKERS

PAGE 09

PURCHASER and SELLER individually acknowledge receipt of a copy of this agreement. This is a legally binding document. Read it carefully. If you do not understand it, consult an attorney. BROKER is not authorized to give legal or financial advice.

DATE: 4-27-04


PURCHASER

SELLER


PURCHASER

SELLER

John Gary Collins
Address: 43183 Martin Ct
City, State, Zip: Temecula CA 92592
Home Phone: 909-303-0996

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Terry L. Cutter
Address: 25168 Estate Hill Way
Marrietta CA 92542

Vanguard Resource Group

By: _____
Duty Authorized Agent

By: _____
Approved by BROKER