

**ASSIGNMENT AND ASSUMPTION OF LEASE
AND
CONSENT TO ASSIGNMENT AGREEMENT**

The City of San Diego, a municipal corporation, as Lessor (City), Watt Industries/San Diego, Inc., a California corporation (Assignor) and Fairbanks Ranch Country Club, Inc., a California nonprofit mutual benefit corporation (Assignee), do agree as follows:

1. Assignor hereby transfers and assigns to Assignee for valuable consideration all its right, title and interest in and to that certain Percentage Lease Agreement dated December 6, 1982 by and between the City as Lessor and Watt Industries/San Diego, Inc., a California corporation, Lessee, filed as Document RR 257594-1 in the Office of the City Clerk of San Diego, California and recorded as Document 83-382965 on October 24, 1983, in the Office of the County Recorder of San Diego, California, covering premises more particularly described in said lease agreement and as described on Exhibit A attached hereto.
2. Assignee hereby assumes without limitations all rights, obligations and liabilities of the Assignor as Lessee under said lease agreement and agrees to fully and faithfully perform each every covenant, condition and provision of said lease agreement.
3. City hereby consents to the assignment to and assumption by Assignee of said lease agreement and declares subject to the performance of an audit of the membership sales by the City Auditor and Comptroller and determination that no sums are due City, pursuant to Section III Consideration subparagraph B(3) Additional Consideration, that there are to the best of our knowledge no breaches or defaults of the lessee's obligations under said lease agreement.
4. Assignor hereby consents to remain as a party to the lease agreement until Assignee shall have operated the business on the leasehold premises profitably for a period of one calendar year and until such time that any impending lawsuits regarding membership sales are settled. "Profitably for a period of one calendar year" for the purposes of this paragraph shall mean and require that Assignee have greater total revenues than expenses from use and operation of the leasehold for one calendar year as substantiated by an independent professional accounting firm to the reasonable satisfaction of the City Manager.
5. Assignee agrees during the entire remaining lease term to employ competent professional management to operate the day-to-day operations of the Country Club in a manner acceptable to the City Manager whose acceptance shall not be unreasonably withheld.

DOCUMENT NO. 769333

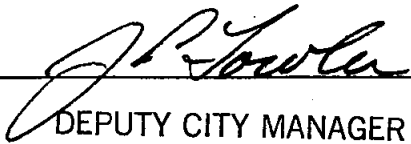
FILED MAR 18 1986

OFFICE OF THE CITY CLERK
SAN DIEGO, CALIFORNIA

6. Assignee acknowledges that the development provision, Section IV Covenants and Conditions Paragraph B(16), of the lease agreement requires that the Lessee complete the last 9 holes of the golf course by December 31, 2009 with construction to commence no later than December 31, 2008, and agrees to comply with such requirement.
7. Assignee acknowledges that the lease agreement contains a maintenance provision which, among other things, requires the Lessee to assume full responsibility for operation and maintenance of the river channel and open space areas north and south of the premises and that Lessee, as a minimum, shall perform semiannual litter and weed abatement on said open space areas.
8. Assignor warrants that it has fulfilled all of the terms and conditions of that certain Development Agreement dated September 8, 1983, the Subdivision Agreement dated September 12, 1983, the Conditional Use Permit 10-644-0 dated January 31, 1983, the Planned Residential Permit 20-252-0 dated July 22, 1982, and any other miscellaneous land use permits between the City and itself with regard to the premises.
9. Assignee acknowledges that it is aware of the terms and conditions of the grant deed from Watt Industries/San Diego, Inc., to the City covering the premises and any and all encumbrances on the premises.
10. Assignee will provide City with a copy of the resolution passed by its board of directors approving the purchase of the country club by the membership prior to closing of escrow.
11. Assignee will obtain City's approval prior to encumbering the leasehold premises during the term of the lease agreement.
12. This agreement maybe executed in counterparts each of which shall be deemed an original.

LESSOR: THE CITY OF SAN DIEGO

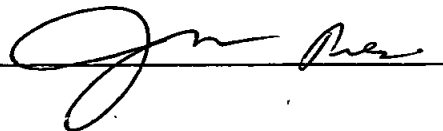
Date 1-30-86

By 
DEPUTY CITY MANAGER

ASSIGNOR: WATT INDUSTRIES/SAN DIEGO,
INC., a California corporation

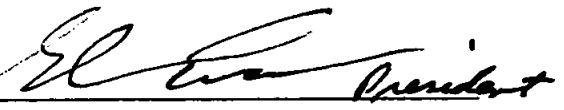
Date 1-31-86

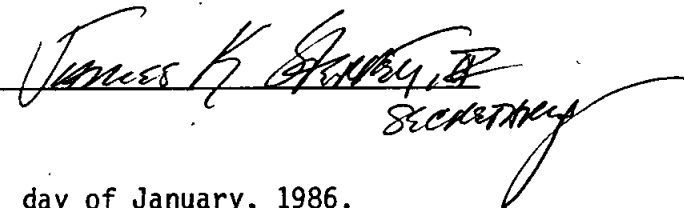
By 
Chairman

By 

ASSIGNEE: FAIRBANKS COUNTRY CLUB,
INC., a California nonprofit mutual
benefit corporation

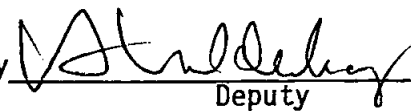
Date January 31, 1986

By 
President

By 
Secretary

Approved as to form and legality this 30 day of January, 1986.

JOHN W. WITT, City Attorney

By 
Deputy

RJC:baa(3)108
1-27-86

EXHIBIT "A"

Lot 2, Fairbanks Country Club Unit No. 1, in the City of San Diego, County of San Diego, State of California, according to Map thereof No. 10730, filed in the Office of the County Recorder of San Diego County, September 29, 1983.

RJC:jw(97-1)
1-31-86

STATE OF CALIFORNIA

COUNTY OF SAN DIEGO

On January 30, 1986 before me, the undersigned, a Notary Public in and for said State, personally appeared J. P. Fowler known to me to be the Deputy City Manager of the City of San Diego and known to me to be the person who executed the within instrument on behalf of said public corporation, agency or political subdivision, and acknowledged to me that such public corporation, agency, or political subdivision executed the same.

SUBSCRIBED AND SWORN TO before me on January 30, 1986.

WITNESS my hand and official seal.

Signature

Lorna M. Murt

Name (Typed or Printed)



CAT. NO. NN00737
TO 21945 CA (1-83)

(Corporation)

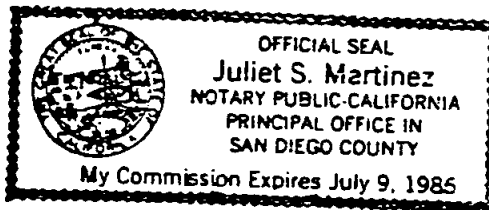
TICOR TITLE INSURANCE

STATE OF CALIFORNIA }
COUNTY OF San Diego } ss.

On January 31, 1986 before me, the undersigned, a Notary Public in and for said State, personally appeared Joseph Davis personally known to me or proved to me on the basis of satisfactory evidence to be the person who executed the within instrument as the President, and R A Watt

personally known to me or proved to me on the basis of satisfactory evidence to be the person who executed the within instrument as the Chairman of the Board of the Corporation that executed the within instrument and acknowledged to me that such corporation executed the within instrument pursuant to its by-laws or a resolution of its board of directors.
WITNESS my hand and official seal.

Signature Juliet S. Martinez



(This area for official notarial seal)

CAT. NO. NN00737
TO 21945 CA (1-83)

(Corporation)

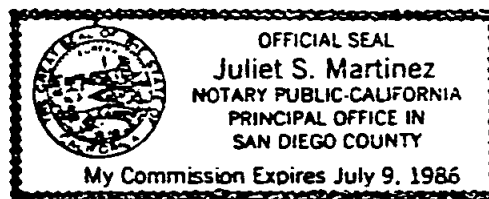
TICOR TITLE INSURANCE

STATE OF CALIFORNIA }
COUNTY OF San Diego } ss.

On January 31, 1986 before me, the undersigned, a Notary Public in and for said State, personally appeared Glenn Evans personally known to me or proved to me on the basis of satisfactory evidence to be the person who executed the within instrument as the President, and James K. Sterrett, II

personally known to me or proved to me on the basis of satisfactory evidence to be the person who executed the within instrument as the Secretary of the Corporation that executed the within instrument and acknowledged to me that such corporation executed the within instrument pursuant to its by-laws or a resolution of its board of directors.
WITNESS my hand and official seal.

Signature Juliet S. Martinez



(This area for official notarial seal)

*Deed to
open space
lots in Fairbanks
Country Club Unit 2*

765

Recording requested by
Engineering/Permits and
Mail to: City of San
Diego, Mail Sta 402

83-475021

RECORDED IN
OFFICIAL RECORDS
OF SAN DIEGO COUNTY, CALIF.

(R-84-837) 1983 DEC 29 AM 10:25

VERA L. LYLE
COUNTY RECORDER

RESOLUTION NUMBER R- 259633

Adopted on NOV 21 1983

NO FEE

BE IT RESOLVED, by the Council of The City of San Diego as follows:

That the acceptance by the City Manager of that deed of WATT INDUSTRIES/SAN DIEGO INC., a California corporation, executed in favor of The City of San Diego, bearing date of October 21, 1983, a copy of which deed is on file in the Office of the City Clerk as Document No. RR- 259633, granting to said City Lots 2 and 3 of Fairbanks Country Club Unit No. 2, as more particularly described in said deed, be, and the same is hereby approved.

BE IT FURTHER RESOLVED, that the City Clerk is hereby authorized and directed to deliver the deed and a certified copy of this resolution, attested by him under seal, to the Engineering Department for further handling.

APPROVED: John W. Witt, City Attorney

By *Harold O. Valderhaug*
Harold O. Valderhaug, Deputy

HOV:ps
11/09/83
Or.Dept:E&D
TM-83-0335
WO-830230
Form=r.deedr

Passed and adopted by the Council of The City of San Diego
on NOV 21 1983, by the following vote:

YEAS: Cleator, McColl, Struiksma, Gotch, Murphy, Martinez,

NAYS: None.

NOT PRESENT: Mitchell, Jones, Mayor Hedgecock.

AUTHENTICATED BY:

ROGER HEDGECOCK
Mayor of The City of San Diego, California.

CHARLES G. ABDELNOUR
City Clerk of The City of San Diego, California.

(SEAL)

By MAYDELL L. PONTECORVO, Deputy.

I HEREBY CERTIFY that the above and foregoing is a full,
true and correct copy of RESOLUTION NO. R-259633
passed and adopted by the Council of The City of San Diego,
California, on NOV 21 1983.

CHARLES G. ABDELNOUR
City Clerk of The City of San Diego, California.

(SEAL)

By Maydell L. Pontecorvo, Deputy.



WATT INDUSTRIES
SAN DIEGO, INC.
16236 San Dieguito Road
PO. Box 8086
Rancho Santa Fe, CA 92067
(714) 756-4467

November 12, 1982

Mr. Robert Collins
City of San Diego
Property Department
1222 First Avenue, 5th Floor
San Diego, California 92101

Dear Bob:

Attached please find 4 copies of the Conceptual Plans for the clubhouse at Fairbanks Country Club.

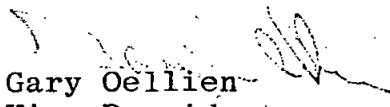
Please note that the materials used in the construction will be stucco over wood frame, with clay tile roofs, in a traditional Mediterranean/Mexican style.

In response to your question with regard to our estimated schedule for completing the last 9 holes of the 27 on our plan (Phase 2), we anticipate the completion prior to December 31, 2009 with construction to start 12 months prior.

Should you have any additional questions with regard to our development plan, please do not hesitate to contact me.

Sincerely,

WATT INDUSTRIES/SAN DIEGO, INC.


Gary Oellien
Vice President

GO/dt

Attach.

DOCUMENT NO. RR-257594-2
FILED DEC 6 1982
OFFICE OF THE CITY CLERK
SAN DIEGO, CALIFORNIA