

CITY OF SAN DIEGO

CONSENT TO ASSIGNMENT OF LEASE
(Presidio Hills Golf Course)

The CITY OF SAN DIEGO ("CITY"), under that certain Percentage Lease ("LEASE") pertaining to the Presidio Hills Golf Course on file with the City Clerk as document No. RR-289685 dated February 2, 1998 with

DONNA ABREGO

("LESSEE"), effective April 1, 1998, consents to the assignment of the LEASE contemplated by that certain Asset Purchase Agreement dated as of April 1, 2003 ("AGREEMENT", a copy of which is attached to this Consent), made by and between the above LESSEE and

GOLFQUEST MANAGEMENT GROUP, LLC, a California limited liability company

("COMPANY"), subject to the following terms and conditions as follows:

1. COMPANY agrees to assume all rights and obligations of LESSEE under the LEASE arising on and after the effective date of the AGREEMENT and to perform all covenants, conditions and provisions of the LEASE to be performed by LESSEE on and after the effective date of the LEASE.
2. This Consent is executed by the CITY acting by and through the City Manager and by LESSEE and COMPANY acting by and through their lawfully authorized officers. This consent is effective upon the date signed by the City Manager, or his designee.
3. COMPANY assumes responsibility for any and all rights and obligations of LESSEE under the Lease.
4. This Consent does not release LESSEE from liability for violation of any of the terms and conditions of the LEASE except as such liability is expressly assumed by COMPANY in the Agreement.
5. For clarification purposes, attached Exhibit "A-1" is added to Exhibit "A" in Section 1.1, (Premises).
6. Security Deposit. As a condition for the City's consent to assignment of the LEASE, LESSEE and CITY agree to the following:

A security deposit shall be paid to the CITY by LESSEE in the sum of Ten Thousand Dollars (\$10,000) on or before the effective date of this Consent to Assignment. All or any portion of the principal sum shall be available unconditionally to CITY for correcting any default or breach of this lease by LESSEE. LESSEE'S successors or assigns, or for

payment for expenses incurred by CITY as a result of LESSEE'S failure to faithfully perform all terms, covenants, and conditions of this lease.

The security deposit shall take one of the forms set out below:

- a. Cash. Cash deposits shall be deposited with CITY, and CITY shall not be liable to LESSEE for any interest thereon. Provided further, any interest earned by CITY from such deposit or redeposit shall be and remain the property of CITY.
- b. Instrument(s) of Credit. An instrument(s) of credit from one or more financial institutions, subject to regulation and insurance by the state or federal government, shall pledge that the funds are on deposit and guaranteed for payment and agree that any or all funds shall be paid to CITY upon demand by CITY. The financial institution and the form of any instrument pledging the funds must be approved by CITY.

LESSEE will maintain the required security deposit throughout the lease term and for ninety (90) days thereafter unless previously released by CITY. Failure to do so shall be considered a default and is grounds for immediate termination of this lease.

In the event CITY utilizes all or any portion of the security deposit, LESSEE shall reimburse the deposit within ten (10) days of notice from CITY to bring the security deposit up to the full specified amount.

The security deposit or any balance thereof will be returned to LESSEE within ninety (90) days following expiration or termination of this lease, provided LESSEE has faithfully complied with all terms, covenants, and conditions hereof.

The security deposit may be increased by CITY proportionate to any increased performance or rental liability of LESSEE upon sixty (60) days' prior written notice from CITY of such required increase.

- 7 Pursuant to Section 7.2 (Compliance with Law), the following provision is added to LEASE:

Water Quality - Best Management Practices and Stormwater Pollution Prevention Plan.

CITY and LESSEE are committed to the implementation of programs to manage activities on the Leased Premises in a manner which aids in the protection of San Diego's including the Stormwater Pollution Prevention Plan ("SWPPS") 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 Consent to Assignment, BMP and SWPPS that will control erosion and reduce the amount of pollutants and other sediments discharged from the Leased Premises. The BMP and SWPPS 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 SWPPS for City Manager review and approval within ninety (90) days of receipt of

notice. LESSEE shall implement any necessary changes to the BMP and SWPPS as a result of any review by CITY to ensure compliance with any changes in laws or regulations.

When the BMP and SWPPS have been developed and implemented by the LESSEE, it is crucial that the practices be enforced and maintained. It is LESSEE's responsibility to inform employees, contractors, subcontractors, agents and vendors of the BMP and SWPPS.

8. Pursuant to Section 5.2(b)(2) (Insurance, Modification) of the LEASE, the amount of public liability and property damage insurance required under the LEASE is increased to the amount of not less than Five Million Dollars (\$5,000,000).

9. Pursuant to Section 7.1(b) (Notices) of the LEASE, the following address is designated by LESSEE:

LESSEE:
Golf Quest Management Group, LLC
P.O. Box 86981
San Diego, CA 92138
Attn: Martin Dine

THE CITY OF SAN DIEGO

Dated 4-4-03

By: [Signature]
Tim C. Rothans
Deputy Director Real Estate Assets Department

DONNA ABREGO

Dated 3/28/03

By: Donna Abrego
Donna Abrego

GOLFQUEST MANAGEMENT GROUP, LLC a
California limited liability company

Dated 3.28.03

By: [Signature]

APPROVED AS TO FORM AND LEGALITY THIS 4th DAY OF April

CASEY GWINN, CITY ATTORNEY

By: [Signature]
Deputy City Attorney

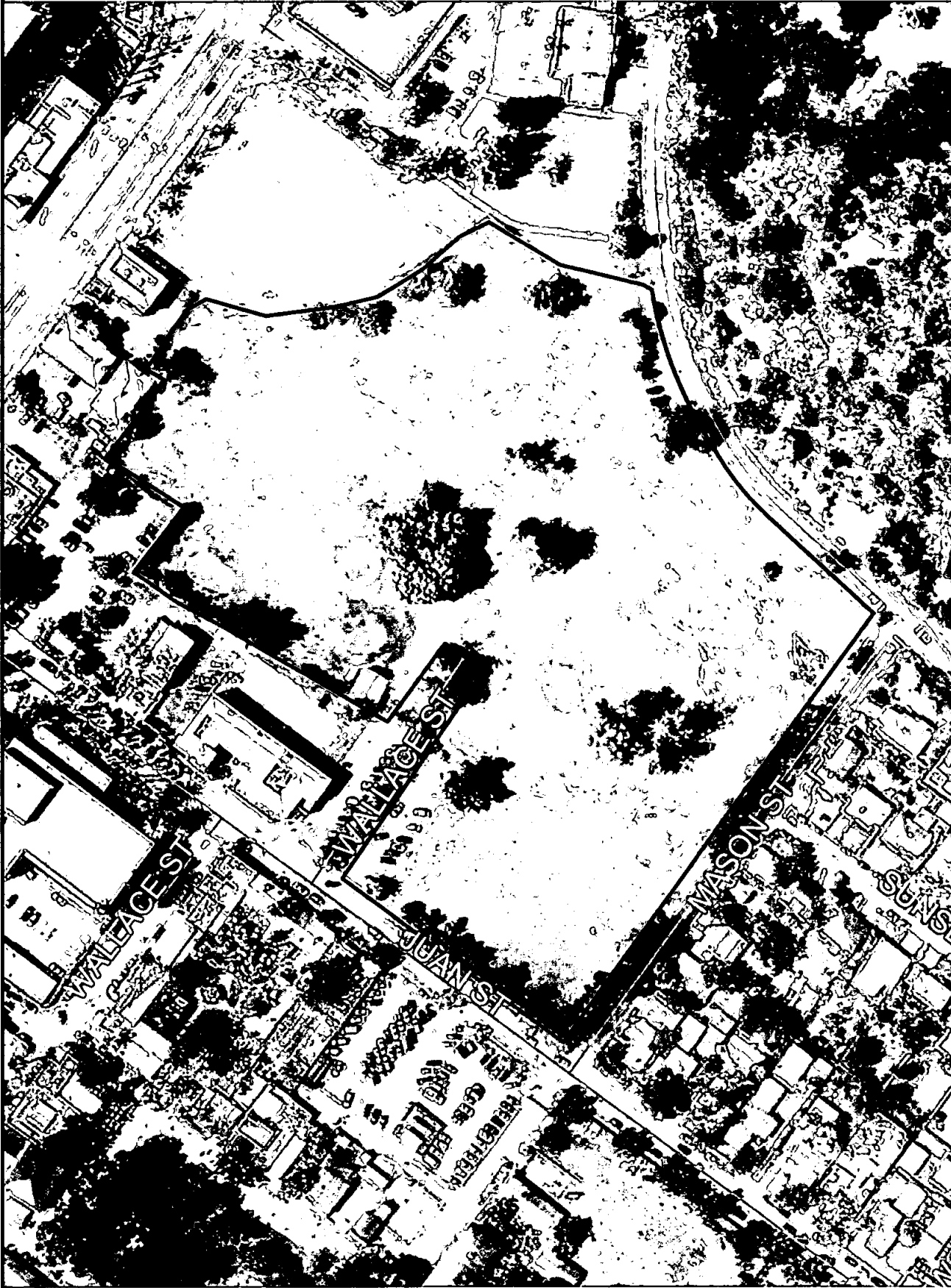
CPA/cdj
02/21/03

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PRESIDIO HILLS GOLF COURSE

EXHIBIT A-1

Legend



1:1800

Vicinity Map



SanGIS
We Have San Diego Covered!

This report is prepared for the City of San Diego, and is not to be used for any other purpose. The City of San Diego is not responsible for any errors or omissions in this report. The City of San Diego is not responsible for any damages or losses resulting from the use of this report. The City of San Diego is not responsible for any claims or liabilities resulting from the use of this report. The City of San Diego is not responsible for any claims or liabilities resulting from the use of this report.

Plot Date: 02/04/03

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT ("Agreement") is entered into as of April 1, 2003, by and among GOLFQUEST MANAGEMENT GROUP, LLC, a California limited liability company ("Buyer"), and DONNA ABREGO, an individual residing in San Diego County, California ("Seller").

RECITALS

Seller owns a business which operates and maintains a public 18-hole pitch and putt golf course, golf shop, snack bar, driving range, repair, sale and rental of golf equipment and supplies and golf instruction known as Presidio Hills Golf Course (the "Business"), located at 4136 Wallace Street, in San Diego County, California. Seller desires to sell the business to Buyer, and Buyer desires to purchase the business from Seller. Therefore, Buyer and Seller agree as follows:

AGREEMENT

1. **Sale and Transfer of Assets.** Subject to the terms and conditions set forth in this Agreement, and except as otherwise provided herein, Seller agrees to sell, convey, transfer, assign and deliver to Buyer and Buyer agrees to purchase from Seller those specified assets owned by Seller on the Closing Date ("Closing" and "Closing Date" are defined in Section 3(b) below). For purposes of this Agreement, the term "Assets" means those assets described in Sections 1.1 through 1.5, which shall include the Assets as of January 20, 2003, subject to such changes as may occur in the ordinary and normal course of Business through the date immediately preceding the Closing Date.

1.1 **Equipment.** All furniture, fixtures and equipment and all other tangible assets listed on EXHIBIT "A" attached hereto and incorporated herein by this reference.

1.2 **Intangible Assets.** All the trade, goodwill and other intangible assets, including but not limited to all of Seller's right, title and interest in the name "Presidio Hills."

1.3 **Supplies.** All supplies owned by Seller, wherever situated (the "Supplies").

1.4 **Contracts.** All right, title and interest of Seller, to and under all executory contracts and other agreements of Seller relating to the Business, including but not limited to, all supplier and customer contracts used in the Business as presently conducted, and equipment leases, all as set forth on EXHIBIT "B" attached hereto (the "Contracts"). Buyer is not assuming any Contracts that are not set forth on EXHIBIT "B."

1.5 **Lease.** All right, title and interest of Seller to the lease between Seller and the City of San Diego dated February 11, 1998 for the real property upon which the Business is located ("Lease").

2. **Purchase Price.** In consideration of the Assets to be transferred by Seller, Buyer shall issue to Seller One Hundred Thousand Dollars (\$100,000) (the "Purchase Price"), representing Fifteen Thousand Dollars (\$15,000) as compensation for the Assets listed on EXHIBIT "A" and in Section 1.1 through 1.4 of Section 1 above and Eighty Five Thousand (\$85,000) as compensation for the Lease. The Purchase Price shall be paid as follows: \$1000.00 as a deposit on January 8th, 2003 and the remaining \$99,000.00 upon closing, in the form of a cashiers check.

2.1 **Liability for Seller's Employees.** Buyer shall not be responsible, in any way, to employ any of Seller's employees following the Closing. However, Seller represents that it has sent out termination notices to each of its employees as of March 15th 2003 and that Buyer shall have the right to employ any of Seller's employees and Seller shall cooperate with Buyer in allowing Buyer to employ said employees. Seller shall ensure that there are no payments due to any of its employees at Closing, including payments of salary, reimbursements for expenses, withholding obligations or payments in lieu of deferred vacation or other time off. Buyer shall not be responsible for the assumption of any obligations to employees of Seller for accrued vacation or other time off or payment in lieu of such accrued time off.

2.2 **Instruments of Transfer, Etc.** Seller shall deliver to Buyer on the Closing Date and thereafter upon Buyer's request such bills of sale, assignments and other good and sufficient instruments of transfer, in form and substance satisfactory to Buyer, as are necessary to effectively transfer all of Seller's right, title and interest in the Assets to Buyer. The parties waive compliance with any bulk sales laws. From time to time after the Closing Date, and without further consideration, Seller shall execute, acknowledge and deliver to Buyer any further documents, assurances or other matters, and will take any other action consistent with the terms of this Agreement, that may reasonably be requested by Buyer and as are necessary or desirable to carry out the purpose of this Agreement.

2.3 **Allocation of Purchase Price.** Buyer and Seller each acknowledge that the amount of the Purchase Price allocated to the Assets in this Section represents the fair market value of the Assets, determined pursuant to arm's-length negotiation. Buyer and Seller each agree to report the sale of the business for income tax purposes according to the allocations set forth in this Section.

2.4 **Payment of Purchase Price.** The Purchase Price shall be paid by Buyer to Seller on the Closing Date except as otherwise provided above.

2.5 **Assignment of Lease; Lease Deposits.** Buyer shall take all actions reasonably necessary to procure an assignment of the Lease from the City of San Diego, including the provision of financial information.

3. **Closing** The closing ("Closing") of the sale and purchase of the Assets and the other transactions contemplated by this Agreement shall take place at the offices of Popov & McCulloch,

assumption of liability to Jan 2 2.4 ?

LLP, located at 4180 La Jolla Village Drive, Suite 450, La Jolla, California 92037, at 2:00 P.M., local time, or at such other time and place as the parties may mutually agree to in writing; provided, however, that the Lease shall be assigned at or prior to the Closing Date.

4. Representations and Warranties of Sellers. Except as provided in the Seller's Disclosure Schedule attached hereto, Seller represents, warrants and covenants to Buyer as of the date hereof and as of the Closing Date as follows. As used herein, the term "Seller's Disclosure Schedule" shall refer to the Seller's Disclosure Schedule attached hereto.

4.1 Authority. Seller has all power to execute and deliver this Agreement and to carry out and perform Seller's respective obligations under the terms of this Agreement and the related agreements required to be entered into as conditions of Closing under Section 5 hereof. Seller has full power to sell, transfer, exchange, assign and deliver the Assets, free and clear of all covenants, conditions, liens, encumbrances, equities, security interests, claims, charges and other claims or rights of third parties ("Encumbrances"). This Agreement, when executed and delivered by Seller, will constitute the valid and legally binding obligation of Seller, legally enforceable against Seller in accordance with the terms of this Agreement, subject to the effect of bankruptcy, insolvency, moratorium and other similar laws relating to or affecting the rights of creditors generally, limitations imposed by applicable, U.S. federal or state law or equitable principles upon the specific enforceability of any of the remedies, covenants or other provisions of this Agreement, and upon the availability of injunctive relief or other equitable remedies.

4.2 No Conflicts with Other Instruments. The execution and delivery of and the performance by Seller of her obligations under this Agreement, the related agreements required to be entered into as conditions of Closing under Section 6 hereof, and the transactions contemplated hereby (i) will not result in any violation of, conflict with, constitute a breach, violation or default of (with or without notice or lapse of time, or both) any agreement, arrangement, order, judgment or decree of any court or any governmental agency, contract, understanding, note, mortgage, indenture, lease, franchise, license, permit or other instrument to which Seller is a party or by which Seller or any of her properties or assets is bound, (ii) will not conflict with, or result in any breach or violation of, any statute, judgment, decree, order, rule or governmental regulation applicable to Seller or its properties or assets, or (iii) will not result in the imposition of any Encumbrance, as that term is defined in subsection 4.1 above, upon the Assets.

4.3 Title to Assets. Seller has and will transfer to Buyer good and marketable title to the Assets, free and clear of all mortgages, pledges, security interests, liens, claims, charges, restrictions and encumbrances.

4.4 Brokers and Finders. Seller has not dealt with any broker or finder in connection with the transactions contemplated hereby. Seller has not incurred, nor shall she incur, directly or indirectly, any liability for any brokerage or finders' fees, agent commissions or any similar charges in connection with this Agreement or any transaction contemplated hereby.

4.5 Undischarged Obligations There are no undischarged obligations affecting the Business or Assets other than obligations arising in the usual and regular course of business.

4.6 Taxes. All taxes owed by Seller on account of the Business have been paid.

4.7 Accuracy of Accounts. The books of account for the Business constitute a complete record of the financial affairs of the Business and accurately set forth, in all material respects, all liabilities, assets, and other matters regarding the financial condition of the Business.

4.8 Condition of Assets and Inventory. The tangible Assets shown on EXHIBIT "A" are in good condition and repair, excluding reasonable wear and tear. The Inventory consists of items of a quality and quantity usable and salable in the ordinary course of business, except for obsolete and slow-moving items and items below standard quality, all of which have been written down on the books of Seller.

4.9 Government Consents. No consent, waiver, approval, order or authorization of, or registration, qualification, designation, declaration or filing with, any governmental authority is required on the part of Seller in connection with the execution and delivery by Seller of this Agreement and each of the related documents to which she is a party, the performance by Seller of her obligations hereunder and thereunder, and the consummation by Seller of the transactions contemplated hereby and thereby.

4.10 Financial Statements. Seller has provided true, correct and complete copies of the financial statements of the Business for the period ending November 30, 2002 (the "Financial Statements"). The Financial Statements have been prepared on a tax basis applied consistently throughout the periods indicated therein and with each other, and present fairly, in all material respects, the financial condition of the Business as of the respective dates thereof, and the results of operations of the Business during the respective periods indicated therein.

4.11 Intellectual Property and Proprietary Rights.

(a) A true and complete copy of all material documentation relating to each item of material Intellectual Property owned by, or licensed to, Seller has been made available to Buyer and its agents and representatives ("Owned Intellectual Property"). The registrations for such Owned Intellectual Property are valid and subsisting in all applicable jurisdictions in which business is conducted by Seller; all necessary registration and renewal fees have been made or paid; all documents and certificates have been filed with the relevant patent, copyright and trademark authorities; and there are no pending or, to Seller's knowledge, threatened objections or oppositions by third parties against these registrations. For purposes of this provision, "Intellectual Property" means any (i) United States and foreign patents, patent applications, patent rights, patent disclosures and improvements, (ii) United States and foreign trademarks, service marks, trade dress,

logos, slogans, symbols, trade names and corporate names, the goodwill associated therewith, and the registrations and applications for registration thereof, and (iii) United States and foreign copyrights and maskworks, and any registrations and applications for registration thereof.

(b) Seller owns or has valid right to use all Proprietary Rights used by her to conduct the operations of the Business as currently conducted without infringing upon the rights. Seller does not use any Proprietary Rights by consent of any other person. The Proprietary Rights of Seller are fully assignable free and clear of any Encumbrances and will not be adversely affected by the execution and delivery of this Agreement or the consummation of the transactions contemplated hereby. To the knowledge of Seller, no other person is infringing upon the rights of Seller in or to any of the Owned Intellectual Property. Seller has not received written or actual notice from any person (or is otherwise aware) that the operation of the Business, including sale of its products and provision of services, conflicts with or infringes the Proprietary Rights of any person. For purposes of this provision, "Proprietary Rights" means (i) Intellectual Property, (ii) trade secrets and confidential business information (including, without limitation, ideas, formulas, compositions, inventions (whether patentable or unpatentable and whether or not reduced to practice), technology, know-how, research and development information, software, computer programs, databases, drawings, specifications, designs, plans, proposals, formulas, designs, copyrightable works, financial, marketing and business data, pricing and cost information, business and marketing plans and customer and supplier lists and information, (iii) other proprietary rights, (iv) copies and tangible embodiments thereof (in whatever form or medium), and (v) licenses granting any rights with respect to any of the foregoing.

4.12 Material Contracts. Seller has made available to Buyer and its agents and representatives a copy of each written material business contract and a written summary of each oral material business contract. Each material business contract is in full force and effect and represents a valid, binding and enforceable obligation of the Business in accordance with the respective terms thereof and represents a valid, binding and enforceable obligation of each of the other parties; and (ii) there exists no material breach or material default (or event that with notice or the lapse of time, or both, would constitute a material breach or material default) on the part of Seller or the Business or, to the knowledge of Seller, on the part of any other party under any material business contract.

4.13 Business Licenses. Seller owns or possesses all right, title and interest in and to all material licenses which are necessary to conduct the Business (each, a "Material Business License" and, collectively, the "Material Business Licenses"). No loss or expiration of any Material Business License is pending or, to the knowledge of Seller, threatened, other than the expiration of any Material Business Licenses in accordance with the terms thereof which may be renewed in the ordinary course of business. The Business is in compliance in all material respects with the terms of the Material Business Licenses.

4.14 Business Employees. Seller has provided Buyer with a true, correct and complete list of all employees of the Business, including (and designating as such) any such

employee who is an inactive employee on paid or unpaid leave of absence, and indicating date of employment, current title and compensation. Each employee set forth in such list who remains employed by Seller immediately prior to the Closing Date (whether actively or inactive), and each additional employee who is hired to work following the date hereof and prior to the Closing Date who remains employed by the Company immediately prior to the Closing Date (whether actively or inactive), shall be referred to individually as a "Business Employee" and, collectively, as "Business Employees."

4.15 Employee Benefit Plans.

(a) Seller has delivered to Buyer true, correct and complete list of each Benefit Plan (including 401(k) plans), if any, which Seller sponsors, or maintains, or under which Seller has any obligation to contribute to, or has any liability and which covers or otherwise provides benefits to any Business Employees or former Business Employees (or their dependents and beneficiaries)(each, a "Business Benefit Plan" and, collectively, the "Business Benefit Plans"). True, correct, and complete copies of the applicable following documents have been made available to Buyer and its agents and representatives with respect to each of the Business Benefit Plans, as applicable: (i) all current plan documents and related trust documents, and any amendments; (ii) Forms 5500, financial statements, and actuarial reports for the most recent plan year; (iii) the most recently issued IRS determination letter; and (iv) the most recent summary plan description. Each of the Business Benefit Plans presently complies and has been operated in compliance in all material respects with its terms and all applicable laws, and (ii) each of the Business Benefit Plans which is intended to be tax-qualified under Section 401(a) of the Internal Revenue Code has been determined by the IRS to be so qualified and, to the knowledge of the Company, no circumstances have occurred that would adversely affect the tax-qualified status of any such Business Benefit Plan.

(b) The execution and delivery by Seller of this Agreement and each of the related documents to which Seller is a party, the performance by Seller of obligations of the Business hereunder and thereunder, and the consummation by Seller of the transactions contemplated hereby and thereby, does not and will not result in the acceleration or creation of any rights or benefits of any current or former Business Employee (or other current or former individual who is a service provider to the Business) that would not have been required but for the transactions contemplated by this Agreement.

(c) Seller will not cause the Business to sponsor, or maintain, or have any obligation to contribute to, or have any Liability under any Benefit Plan other than the Business Benefit Plans. There has been no amendment of, written interpretation or announcement (whether or not written) by the Business relating to, or change in employee participation or coverage under, any Business Benefit Plan that would increase materially the expense of maintaining such Business Benefit Plan above the level of expense incurred in respect thereof during the calendar year 2001.

4.16 Litigation. There are no pending or, to the knowledge of Seller, threatened actions by any person or governmental authority against or relating to the Business, its assets, properties or business or, to the knowledge of Seller, any officers, partners, current or former employees (in their capacity as such) of Seller.

4.17 Compliance with Laws. The Business is in compliance in all material respects with, and Seller has never received any written claim or written notice that it is not in compliance with, each material law (including but not limited to environmental laws) or governmental order.

4.18 Environmental Matters. (i) No Hazardous Material is present at any of the real property in material violation of any applicable environmental law, (ii) during the course of operation, Seller has not engaged in any hazardous materials activity in material violation of any applicable environmental law, and (iii) no action is pending or, to the knowledge of Seller, has been threatened in writing against Seller concerning any of the real property, or any of the hazardous materials activities of the Business taken during the course of its operation. All activities and operations conducted at the real property, during the course of Seller's operation of the Business, comply and at all times have complied in all material respects with environmental laws.

4.19 Insurance Matters. All of the insurance policies carried on or by Seller are in full force and effect. Seller is not in default with respect to any material provision contained in any such policy, nor has Seller failed to give any notice or present any claim under any such policy in due and timely fashion. Seller has not received any notice of cancellation or non-renewal of any such insurance policy, nor has she received any notice from any of their insurance carriers that any premiums will be materially increased in the future or that any insurance coverage under the insurance policies will not be available in the future on substantially the same terms as now in effect. ?

4.20 Full Disclosure. No information furnished by Seller in connection with this Agreement (including, but not limited to, the financial statements and all Schedules and other Exhibits hereto) or the related documents to which they are parties contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements so made or information so delivered not misleading in light of all the circumstances in which they were made or delivered.

4.21 Absence of Changes or Events. Since the latest balance sheet provided to Buyer by Seller, Seller has conducted the Business only in the ordinary course and has not:

- (a) created, incurred or assumed any liability or obligation for borrowed money;
- (b) assumed or guaranteed any liability or responsibility (whether directly, contingently or otherwise) for the obligations of any other person, except for the endorsement by the Company of instruments in the ordinary course of business;

(c) sold, transferred, leased to others or otherwise disposed of any material assets, except for inventory and equipment sold in the ordinary course of business;

(d) received any written notice from any third party that such third party will terminate any material business contract or any material business license;

(e) made any increase in the rate of compensation, commission, bonus, severance benefits, or other direct or indirect remuneration payable to any officer or key employee other than increases occurring in the ordinary course of business in accordance with past practice (which shall include normal periodic performance reviews and related compensation and benefit increases);

(f) made any capital expenditures or capital additions in excess of an aggregate of \$5,000;
or

(g) made any change in the accounting methods of the Business, principles or practices except as required by law or GAAP.

5. Representations and Warranties of Buyer. Buyer represents, warrants and covenants to Seller as of the date hereof and as of the Closing Date as follows. As used herein, the term "Buyer's Disclosure Schedule" shall refer to the Buyer's Disclosure Schedule attached hereto.

5.1 Organization and Good Standing. Buyer is a limited liability company duly organized, validly existing, and in good standing under the laws of the State of California and has full corporate power and authority to enter into and perform its obligations under this Agreement.

5.2 Validity of Transactions Except as set forth on Buyer's Disclosure Schedule: (i) this Agreement, and each document executed and delivered by Buyer in connection with the transactions contemplated by this Agreement, and the performance of the transactions contemplated therein have been duly authorized by the directors of Buyer, have been duly executed and delivered by Buyer and is each the valid and legally binding obligation of Buyer, enforceable in accordance with its terms, except as limited by applicable bankruptcy, insolvency reorganization and moratorium laws and other laws affecting enforcement of creditor's rights generally and by general principles of equity.

5.3 No Conflict. Except as set forth on Buyer's Disclosure Schedule, the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby do not and will not conflict with, or result in a breach of any term or provision of, or constitute a default under or result in a violation of (i) its Operating Agreement, as amended, (ii) any agreement, contract, lease, license or instrument to which Buyer is a party or by which Buyer or any of its properties or assets are bound, or (iii) any judgment, decree, order, or writ by which Buyer is bound or to which it or any of its properties or assets are subject.

5.4 Brokers and Finders. Buyer has not dealt with any broker or finder in connection with the transactions contemplated hereby. Buyer has not incurred, nor shall it incur, directly or indirectly, any liability for any brokerage or finders' fees, agent commissions or any similar charges in connection with this Agreement or any transaction contemplated hereby.

5.5 Accuracy of Information. None of the representations or warranties or information provided and to be provided by Buyer to Seller this Agreement, or any schedules or exhibits hereto, contains or will contain any untrue statement of a material fact or omits or will omit to state any material facts necessary in order to make the statements and facts contained herein or therein not false or misleading. Copies of all documents heretofore or hereafter delivered or made available to Seller pursuant hereto were or will be complete and accurate records of such documents.

6. Conditions to Buyer's Obligations. Buyer's obligations hereunder are subject to the fulfillment, on or before the Closing Date, of the following conditions (any of which may be waived in writing by Buyer):

6.1 Representations and Warranties. The representations and warranties of Seller contained herein shall have been true and correct in all material respects as of the Closing Date.

6.2 Performance of Covenants. Seller shall have performed and complied in all material respects with all covenants, agreements, terms and conditions and executed all documents required by this Agreement to be performed, complied with or executed by it prior to or on the Closing Date.

6.3 Instruments of Transfer. Seller shall have delivered to Buyer an assignment of all right, title and interest in the Assets described in Section 1 in form and substance satisfactory to Buyer and its counsel as shall be necessary to effectively Transfer all of Seller's right, title and interest in the Assets to Buyer.

6.4 No Governmental or Other Proceeding or Litigation. No order of any court or administrative agency shall be in effect which restrains or prohibits the transactions contemplated hereby, and no suit, action, investigation, inquiry or proceeding by any governmental body or other person or legal or administrative proceeding shall have been instituted or threatened which questions the validity or legality of the transactions contemplated hereby.

6.5 Approval and Consents. All permits, consents or approvals of applications to public authorities, federal, state or local, and all approvals of any third persons, the granting of which are necessary for the consummation of the transactions contemplated hereby shall have been obtained.

6.6 Evidence of Insurance; Bonds. Sellers shall have delivered to Buyer evidence that, through the Closing Date, the Business (i) has carried general liability completed operations

coverage, (ii) has kept in full force and maintained all of its insurance and surety bonds in accordance with the specific requirements specified in contracts assigned to Buyer, and (iii) has maintained insurance for commercial general liability insurance covering personal injury and property damage in connection with its facilities.

6.7 Transfer of Licenses, Titles and Contracts. Seller shall have executed and delivered to Buyer all documents necessary for the transfer or assignment of all licenses, titles and contracts that belong to the Business.

6.8 Assignment of Lease. Seller shall have delivered to Buyer an assignment of the Lease, executed and acknowledged by the City of San Diego, transferring all of Seller's right, title and interest in the leased premises to Buyer.

7. Conditions to Sellers' Obligations. Seller's obligations hereunder are subject to the fulfillment, on or before the Closing Date, of the following conditions (any of which may be waived in writing by Seller):

7.1 Representations and Warranties. The representations and warranties of Buyer contained herein shall have been true and correct in all material respects as of the Closing Date.

7.2 Performance of Covenants. Buyer shall have performed and complied in all material respects with all covenants, agreements, terms and conditions and executed all documents required by this Agreement to be performed, complied with or executed by it prior to or on the Closing Date.

7.3 Approval and Consents. All permits, consents or approvals of applications to public authorities, federal, state or local, and all approvals of any third persons, the granting of which are necessary for the consummation of the transactions contemplated hereby shall have been obtained.

7.4 Proof of Insurance. Buyer shall have provided proof of insurance to Seller at or prior to Closing.

8. Indemnification.

8.1 General. The parties hereto agree to indemnify, defend and hold harmless each other against and in respect of any and all claims, demands, losses, costs, expenses, liabilities and damages, including interest, penalties, and reasonable attorneys' fees, that either party shall incur or suffer which arise, result from or relate to any material inaccuracy in or material breach or nonfulfillment of any of the representations, warranties, covenants or agreements made by the other party in this Agreement, the Schedules and Exhibits hereto or in any other document furnished to such party under this Agreement.

8.2 Procedures; Rights to Separate Counsel. In the event either party receives a complaint, claim or other notice of any loss, claim or damage, liability or action, giving rise to a claim for indemnification under this Section 8, the party claiming indemnification shall promptly notify the other party of such complaint, notice, claim or action, and such indemnifying party shall have the right to investigate and defend any such loss, claim, damage, liability or action. The party claiming indemnification shall have the right to employ separate counsel in any such action and to participate in the defense thereof but the fees and expenses of such counsel shall not be at the expense of the party against whom indemnification is sought, unless the indemnifying party fails to promptly defend, in which case the fees and expenses of such separate counsel shall be borne by the party against whom indemnification is sought. In no event shall a party against whom indemnification is sought be obligated to indemnify the other for any settlement of any claim or action effected without the indemnifying party's prior written consent.

9. Termination.

9.1 Conditions Permitting Termination. Any party may, on the Closing Date, terminate this Agreement, without liability to any other:

(a) If any bona fide action or proceeding shall be pending against any party on the Closing Date that could result in an unfavorable judgment, decree, or order that would prevent or make unlawful the performance of this Agreement or if any agency of the federal or of any state government shall have objected at or before the Closing Date to this acquisition or to any other action required by or in connection with this Agreement;

(b) by either Seller, on the one hand, and Buyer, on the other hand, at any time prior to the Closing with the mutual written consent of the other party or parties; or

(c) by either Seller or Buyer if the Closing does not occur on or before April 15, 200~~2~~³  X

9.2 Effect of Termination. If this Agreement is terminated pursuant to Section 9.1 hereof, this Agreement shall become null and void and none of the parties shall have any further liability hereunder.

10. Miscellaneous.

10.1 Agreement to Perform Necessary Acts. Each party agrees to perform any further acts and execute and deliver any documents which may be reasonably necessary to carry out the provisions and purposes of this Agreement.

10.2 Notices. All notices and other communications hereunder shall be in writing and shall be deemed to have been given when delivered personally or, if mailed, three (3) business days after having been mailed by registered or certified mail with return receipt requested, postage prepaid, addressed:

(a) If to Buyer:
c/o Golfquest Management Group, LLC
Post Office Box 86981
San Diego, CA 92138
Attention: Martin Dine

(b) If to Seller:
Donna Abrego
4136 Wallace Street
San Diego, CA 92110

or at such other address as shall have been furnished to the other in writing.

10.3 Successors and Assigns. Neither this Agreement nor the rights or obligations of Sellers under this Agreement shall be assignable without the written consent of Buyer and any such purported assignment without the written consent of Buyer shall be void and with effect. Except as otherwise provided herein, this Agreement and all covenants and agreements contained herein shall be binding upon and inure to the benefit of the parties hereto, their respective successors, representatives and assigns.

10.4 Attorneys' Fees. If any legal action or any mutually agreed upon arbitration or other proceeding is brought for the enforcement of this Agreement or because of an alleged dispute, breach, default or misrepresentation in connection with any of the provisions of this Agreement, the successful or prevailing party shall be entitled to recover reasonable attorneys' fees and other costs, including but not limited to, actual expert witness fees incurred in that action or proceeding, in addition to any other relief to which it may be entitled.

10.5 Entire Agreement. This Agreement embodies the entire agreement and understanding among the parties hereto with respect to the subject matter hereof.

10.6 Modification. This Agreement may be changed, waived, discharged or terminated only by an instrument in writing signed by the party against which enforcement of such change, waiver, discharge or termination is sought.

10.7 Fees and Expenses. Each party shall be responsible for its own fees and expenses associated with the preparation, negotiation and execution of this Agreement.

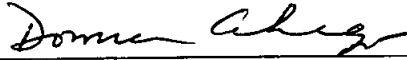
10.8 Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the State of California.

10.9 Counterparts. This Agreement may be executed in several counterparts, each of which is an original but all of which shall constitute one and the same instrument.

[THIS SPACE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, the undersigned have caused this Agreement to be executed on the day and year first hereinabove written.

SELLER:



DONNA ABREGO

BUYER:

GOLFQUEST MANAGEMENT GROUP, LLC,
a California limited liability company

By: 

Martin Dine

EXHIBIT A

LIST OF ASSETS

EXHIBIT B

LIST OF CONTRACTS

**CITY OF SAN DIEGO PROPERTY LEASE AGREEMENT
CALLAWAY JUNIOR WORLD GOLF CHAMPIONSHIPS
SAN DIEGO JUNIOR GOLF ASSOCIATION**

SELLER'S DISCLOSURE SCHEDULE

The following schedule is intended to provide Buyer with additional disclosure regarding the company and must be read in conjunction Section 4 of the Asset Purchase Agreement.

No encumbrances or claims.

BUYER'S DISCLOSURE SCHEDULE

The following schedule is intended to provide Seller with additional disclosure regarding the company and must be read in conjunction Section 5 of the Asset Purchase Agreement.