



UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF CALIFORNIA
325 West "F" Street, San Diego, California 92101-6991

In Re

Debtor.

BANKRUPTCY NO.

Date of Hearing:

Time of Hearing:

Name of Judge:

ORDER ON

IT IS ORDERED THAT the relief sought as set forth on the continuation pages attached and numbered two (2) through _____ with exhibits, if any, for a total of _____ pages, is granted. Motion/Application Docket Entry No. _____

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DATED: December 05, 2005

Signature by the attorney constitutes a certification under Fed. R. of Bankr. P. 9011 that the relief in the order is the relief granted by the court.

Submitted by:

(Firm name)

By: _____
Attorney for Movant Respondent

Judge, United States Bankruptcy Court

ORDER ON

DEBTOR:

CASE NO:

ORDER ON TRUSTEE'S MOTION TO APPROVE SALE OF DEBTOR'S INTEREST IN REAL PROPERTY (PORTAL DEL MAR)

DEBTOR: TRI-NATIONAL DEVELOPMENT CORPORATION

CASE NO.: 01-10964-JH

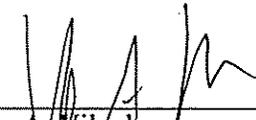
7. This Order is made with specific reference to the findings of fact and conclusions of law entered by the Court concurrently herewith regarding the Sale Motion.

Approved:

Dated: 12/1/05, 2005

SELTZER CAPLAN McMAHON VITEK

By:



Victor A. Wilaplana
Attorneys for Official Committee of
Unsecured Creditors

Dated: _____, 2005

SAMPSON & ASSOCIATES

By:

Mary L. Fickel
Attorneys for Capital Trust, Inc.

ORDER ON TRUSTEE'S MOTION TO APPROVE SALE OF DEBTOR'S INTEREST IN REAL PROPERTY (PORTAL DEL MAR)

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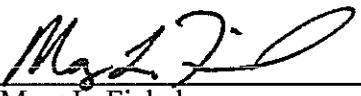
By:

Victor A. Vilaplana
Attorneys for Official Committee of
Unsecured Creditors

Dated: 12/1, 2005

SAMPSON & ASSOCIATES

By:



Mary L. Fickel
Attorneys for Capital Trust, Inc.

EXHIBIT A

**ASSET PURCHASE AGREEMENT
Re Portal Del Mar Property**

by and among

**ANGEL RZESLAWSKI,
or nominee,**

and

TRI-NATIONAL DEVELOPMENT CORPORATION

**DOUGLAS P. WILSON,
CHAPTER 11 TRUSTEE**

Dated October 21, 2005

LIST OF SCHEDULES AND EXHIBITS

Exhibit "A"	Legal Description
Exhibit "B"	Assignment

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ASSET PURCHASE AGREEMENT
Re Portal Del Mar Property

This Asset Purchase Agreement ("Agreement") is entered into, effective as of October ___, 2005, by and between Angel Rzeslawski or nominee ("Buyer") and Tri-National Development Corporation, a Wyoming corporation ("Seller"), acting by and through its Chapter 11 Trustee, Douglas P. Wilson ("Trustee"). Buyer and Seller may hereinafter be collectively referred to as the "Parties."

P R E A M B L E

A. Seller holds ownership rights in and to certain real property, consisting of approximately five (5) acres, located at Kilometer 38 near Rosarito Beach, Baja California, Mexico, as more particularly described in Exhibit "A", attached hereto and incorporated herein by this reference ("Land"). The Land is improved with the "Improvements," consisting of designated building sites for approximately one hundred twenty three (123) condominium units in various stages of development and completion. The Land and the Improvements are referred to herein as the "Property." Seller does not hold record title to the Property but Seller is entitled to receive or to direct delivery of title to the Property to Buyer. Buyer intends to purchase, and Seller intends to sell to Buyer, all of Seller's right, title and interest in and to Seller's Interest on an "as is, where is" basis. Seller's right, title and interest in the Property is referred to herein as "Seller's Interest."

B. Seller, acting by and through its court-appointed Chapter 11 Trustee, is presently the debtor in a Chapter 11 reorganization proceeding pending in the United States Bankruptcy Court for the Southern District of California (Case No. 01-10964-JH11) and is therefore under the jurisdiction and control of the United States Bankruptcy Court. Seller acts and operates through the Trustee, who is the sole authorized representative of the Seller's Chapter 11 estate pursuant to Bankruptcy Code section 323 (11 U.S.C. § 323). Sale of the Seller's Interest is contingent on obtaining an order of the Bankruptcy Court approving the sale and conveying Seller's Interest free and clear of any claims or interests of creditors or other parties in interest who are subject to the jurisdiction of the Bankruptcy Court, except as specifically described in this Agreement.

C. Seller's Interest is presently unencumbered in the United States, but there are various costs, fees, encumbrances and charges that have accrued against Seller's Interest in Mexico that will be assumed by Buyer.

D. Seller desires to sell to Buyer, and Buyer desires to purchase from Seller, Seller's Interest, all in accordance with, and subject to the terms and conditions set forth below.

E. Capitalized terms shall have the meanings set forth in connection with the use of such terms. If no definition is so set forth, a capitalized term shall have the meaning set forth in Section 1.2.

AGREEMENT

In consideration of the foregoing recitals and the mutual covenants, agreements, representations and warranties contained in this Agreement, the parties, intending to be legally bound, agree as follows:

ARTICLE 1 EFFECTIVENESS AND DEFINITIONS

1.1 Effectiveness of Agreement. This Agreement shall be fully effective and shall have full force and effect immediately upon signing by the parties, subject and conditioned only upon its approval by the Bankruptcy Court as set forth below. If such approval is not timely obtained, this Agreement shall have no force or effect and no party shall have any obligation or liability hereunder. If such approval is timely obtained, then the date upon which such approval is obtained is referred to as the "Effective Date."

1.2 Defined Terms. For purposes of this Agreement, the following terms shall have the following meanings:

"Action" shall mean any action, claim, suit, litigation, proceeding, arbitration, mediation or other dispute.

"Affiliate" of any Person means another person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such first Person.

"Ancillary Agreement" shall mean each other agreement executed in connection with this Agreement.

"Cash Equivalent" means a wire transfer of funds or a cashier's check drawn on a state or national bank with the issuing office located in San Diego County, California

"Disclosure Schedule" shall mean the Disclosure Schedules attached hereto.

"Encumbrances" shall mean any interest, claim, lien, pledge, option, charge, fee, easement, security interest, deed of trust, mortgage, right-of-way, encroachment, restriction, encumbrance or other right of third parties, of any kind or nature including, without limitation, any liens as a result of Seller's bankruptcy and any trust claims (known or unknown) arising from any right of offset.

"Knowledge" or similar terms as used herein shall mean, with respect to Seller, that nothing has come to the attention of Seller or the Trustee, as applicable, that (a) gives such person actual knowledge of or (b) would cause a reasonable person to make further inquiry into, the existence or absence of any material information bearing on the matter.

"Laws" shall mean all federal, state or local statutes, regulations, ordinances, orders, decrees, or any other laws, common law theories or reported decisions of any state or federal court, now or at any time hereafter in effect, including, without limitation, any of the foregoing relating to, or imposing liability or standards of conduct concerning, any hazardous, toxic or dangerous waste, substance or material or otherwise relating to the protection of human health and safety, natural resources or the environment.

"Mexican Encumbrances" shall mean any interest, claim, lien, pledge, option, charge, fee, easement, security interest, right-of-way, encroachment, restriction, encumbrance or other right of third parties, of any kind or nature including, without limitation, all notario fees, transfer taxes, delinquent real property taxes, liens, municipal costs, title costs, accrued utility costs and any other costs or charges associated with Seller's Interest in Mexico and any Action arising under the laws of Mexico.

"Person" shall mean an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization, or a governmental entity (or any department, agency, or political subdivision thereof), or any other legal entity.

"Representatives" shall mean any officer, manager, director, principal, member, stockholder, partner (including any general or limited partners), attorney, accountant, advisor, agent, employee, trustee, or other representative of a party hereto.

"Seller's Interest" shall mean all of Seller's right, title and interest in and to the Property, subject to all Mexican Encumbrances and any claim or liability that may arise under Mexican laws, regulations or judicial processes.

"Tax(es)" shall mean all taxes, charges, fees, levies or other assessments imposed by and required to be paid to any federal, state, local, or foreign taxing authority, including, without limitation, income, excise, property, sales, transfer, ad valorem, payroll and franchise taxes (including any interest, penalties or additions attributable to or imposed on or with respect to any such assessment) and any estimated payments or estimated taxes.

ARTICLE 2

PURCHASE AND SALE OF SELLER'S INTEREST

2.1 Purchase and Sale of Seller's Interest. On the terms and subject to the conditions of this Agreement, at the Closing (as defined in Section 8.1), Buyer shall purchase and acquire from Seller and Seller shall sell, assign, transfer, and deliver to Buyer, all of Seller's right, title and interest in and to Seller's Interest. Notwithstanding anything to the contrary in this Agreement, or any of the Schedules hereto, except as expressly provided in this Agreement, Buyer shall not purchase, nor shall Buyer assume, any liability related to, any other asset or liability of Seller.

2.2 Seller's Interest. Seller's Interest shall be transferred by Seller to Buyer free and clear of all Encumbrances, except those expressly granted herein; it being specifically understood and agreed that Seller's Interest will remain subject to the Mexican Encumbrances

and that Seller is making no representations or warranties of any kind regarding the existence, nature or extent of any such Mexican Encumbrances.

2.3 Purchase Price. The Purchase Price ("Purchase Price") for Seller's Interest shall be One Million Fifty Thousand Dollars (\$1,050,000.00), payable as follows:

(a) Deposit. Prior to the execution of this Agreement, Buyer has deposited with the Trustee Cash Equivalent in the amount of One Hundred Thousand Dollars (\$100,000.00) ("Deposit"). The Deposit shall be kept by the Trustee in a federally-insured interest-bearing account. The Deposit is non-refundable upon deposit, except in the event the Bankruptcy Court does not confirm the sale to Buyer despite Buyer's timely performance of all terms and conditions of this Agreement precedent to Buyer's performance. If Buyer is the successful bidder, the Deposit shall, at the Closing, be applied and credited toward payment of the Purchase Price.

(b) Cash Balance. At the Closing, Buyer shall pay to Seller Cash Equivalent in the amount of the balance of the Purchase Price.

2.4 Transfer of Title. At the Closing, Seller, acting by and through its Trustee, shall convey to Buyer all of Seller's Interest by assignment (in the form attached hereto as Exhibit "B") and by such appropriate legal instrument(s) as may be determined by Mexican counsel, free and clear of Encumbrances to the extent possible under the jurisdiction of the Bankruptcy Court, but subject to the Mexican Encumbrances. The Parties agree to execute such other instruments as may be reasonably necessary to evidence Buyer's purchase of Seller's Interest and to consummate the transaction contemplated by this Agreement.

2.5 Taxes. Buyer shall pay any transfer taxes or fees, if any, arising out of the transfer of Seller's Interest or the transfer to Buyer of the Property. Except for any Taxes included in the Mexican Encumbrances, Buyer shall not be responsible for any payroll, excise, income, business, occupation, franchise, sales, withholding or similar Tax, or any Taxes of any kind, related to any period up to and including the Closing Date.

ARTICLE 3

REPRESENTATIONS AND WARRANTIES OF THE TRUSTEE AND SELLER

3.1 Seller Representations. Seller and, to the best of his knowledge, the Trustee, hereby represent and warrant to Buyer that, except as set forth in the Disclosure Schedule attached hereto and incorporated herein by this reference, the following statements, as of the execution hereof and the Effective Date hereof unless another time is specified, are true, correct and complete and not misleading:

(a) Organization and Qualification of Seller. Seller is a corporation duly organized and validly existing under the Laws of the State of Wyoming. Seller has the requisite power and authority to own, lease and operate its assets and properties, subject to the jurisdiction of the Bankruptcy Court in the Seller's Chapter 11. The Trustee makes no representation or warranty with respect to the organization and qualification of Seller, nor with respect to the good standing of Seller in the States of Wyoming or California.

(b) Authorization. Subject to Bankruptcy Court approval, Seller, acting by and through its Trustee, has the requisite power and authority to execute and deliver this Agreement and each Ancillary Agreement to which it is a party, and to consummate the transactions contemplated hereby, and to perform its obligations hereunder. Subject to Bankruptcy Court approval, the Trustee, as the sole representative of the Seller's Chapter 11 estate, has the full legal right and capacity to execute and deliver this Agreement and each Ancillary Agreement on behalf of Seller, and to cause Seller to consummate the transactions contemplated hereby.

(c) Due Execution and Delivery; Binding Obligations. This Agreement and each of the Ancillary Agreements have been duly executed and delivered by the Trustee on behalf of Seller, subject to Bankruptcy Court approval. This Agreement and each Ancillary Agreement constitutes the legal, valid and binding agreement and obligation of Seller, subject to and conditioned upon Bankruptcy Court approval, enforceable against it in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer or conveyance or similar Laws relating to or limiting creditors' rights generally or by equitable principles relating to enforceability and except as rights of indemnity or contribution may be limited by federal or state securities or other laws or the public policy underlying such Laws.

(d) Consents and Approvals. The sale of assets contemplated under this Agreement is to be made with the approval of the Bankruptcy Court, free and clear of all liens, claims and interests. No consent, approval or authorization of any governmental or regulatory authority, or any other Person or entity, will be sought other than approval by the Bankruptcy Court.

3.2 Full Disclosure. All representations, warranties and other statement of Seller or the Trustee contained in this Agreement, any Ancillary Agreement or any other document, certificate or written statement furnished to Buyer by Seller or the Trustee in connection with the transactions contemplated by this Agreement are based on the best knowledge of the Trustee, without a duty to investigate beyond the normal investigation of a Chapter 11 trustee. There is no fact known to the Trustee which would make any such representation or warranty untrue.

3.3 Sale As Is; Where Is. Seller and the Trustee specifically disclaim (and the Buyer expressly agrees that Seller and the Trustee are not making or giving) any covenant, undertaking, representation or warranty, express or implied, in connection with the Seller's Interest or the Mexican Encumbrances, or the condition, quality, suitability, value, or merchantability of Seller's interest in or rights to the Property.

THE BUYER ACKNOWLEDGES AND AGREES THAT: (A) THE SALE OF SELLER'S INTEREST TO THE BUYER IS: ON AN "AS IS, WHERE IS" BASIS; WITHOUT ANY REPRESENTATION OR WARRANTY AS TO OWNERSHIP, TITLE, CONDITION, OR QUALITY; (B) NEITHER SELLER NOR THE TRUSTEE MAKES ANY REPRESENTATIONS AS TO THE VALUE, IF ANY, OF THE SELLER'S INTEREST; (C) THE SOLE REPRESENTATIONS AND WARRANTIES OF SELLER REGARDING SELLER'S INTEREST ARE THOSE SPECIFICALLY PROVIDED IN THIS ARTICLE 3 OF THIS AGREEMENT.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF BUYER

4.1 Buyer Representations. Buyer hereby represents and warrants to Seller that the following statements are true, correct and complete and not misleading as of the date of this Agreement:

(a) Organization. Buyer is an individual and is buying Seller's Interest in his personal capacity. In the event Buyer shall assign Buyer's right hereunder to an entity such entity shall be duly organized, validly existing, and in good standing under the Laws of the jurisdiction of its formation and shall, if required, be qualified to do business in the State of California.

(b) Authorization. Buyer has, and any assignee shall have, the requisite power and authority to execute and deliver this Agreement and any Ancillary Agreement to which he or it is a party, and to consummate the transactions contemplated hereby and thereby, and to perform obligations hereunder. All actions and proceedings on the part of Buyer necessary to authorize the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly taken.

(c) Due Execution and Delivery; Binding Obligations. This Agreement has been duly executed and delivered by Buyer. This Agreement constitutes the legal, valid and binding agreement and obligation of Buyer enforceable against Buyer in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer or conveyance or similar Laws relating to or limiting creditors' rights generally or by equitable principles relating to enforceability and except as rights of indemnity or contribution may be limited by federal or state securities or other laws or the public policy underlying such Laws.

(d) No Conflict or Violation. Neither the execution and delivery of this Agreement, nor Buyer's consummation of the transactions contemplated hereby, will result in a violation by Buyer of any contract, Law, order, judgment, writ, injunction decree or award to which Buyer is a party or by which Buyer or Buyer's assets are bound.

(e) Brokers, Finders, etc. Except as provided in Section 8.4, this Agreement, all negotiations relating to this Agreement and the transaction contemplated hereby have been carried on without the intervention of any Person acting on behalf of Buyer in such manner as to give rise to any claim against Buyer, Seller, Trustee or Representatives of each of them, for any brokerage or finders' commission or similar compensation.

4.2 Full Disclosure. All representations, warranties and other statement of Buyer contained in this Agreement, any Ancillary Agreement or any other document, certificate or written statement furnished by Buyer in connection with the transactions contemplated by this Agreement are based on the best knowledge of the Buyer. Buyer warrants that he has had a full and adequate opportunity to conduct his own independent investigation and due diligence review of Seller's Interest and Seller's Chapter 11 reorganization proceedings, and all claims

and interests relating thereto relevant to Seller's Interest, and that he is proceeding forward with this Agreement for the purchase of Seller's Interest on the basis of his own independent investigation, without reliance on representations, warranties or other statements of fact or law made by any person, including the Trustee or any of the Trustee's brokers, agents, employees or attorneys. There is no fact known to the Buyer which would make any such representation or warranty untrue.

ARTICLE 5 **SELLER'S OBLIGATIONS BEFORE CLOSING**

Seller covenants that during the period from the date of this Agreement to the Closing Date:

5.1 Access to Information. Buyer and its counsel, accountants and other Representatives shall have full access during normal business hours to books and records of Seller that pertain to the Property or to Seller's Interest. The Trustee shall furnish or cause to be furnished to Buyer and its Representatives all data and information concerning the Property that Buyer may reasonably request and that is in the possession of Trustee (or that Trustee can obtain upon request without payment of additional funds).

5.2 Bankruptcy Court Approval. Seller agrees to cooperate with Buyer to obtain the Bankruptcy Order (as defined below) approving the transactions contemplated by this Agreement, as provided in Section 7.3 below.

5.3 Fulfillment of Conditions and Covenants. Neither Seller nor the Trustee shall take any course of action inconsistent with satisfaction of the requirements or conditions applicable to Seller set forth in this Agreement. Seller and the Trustee shall each promptly do all acts and take all measures as may be appropriate to enable them to perform as expeditiously as possible the obligations herein provided to be performed by them.

ARTICLE 6 **BUYER'S OBLIGATIONS BEFORE CLOSING**

Buyer covenants that during the period from the date of this Agreement to the Closing Date:

6.1 Fulfillment of Conditions and Covenants. Buyer shall not take any course of action inconsistent with the satisfaction of the requirements or conditions applicable to it set forth in this Agreement. Buyer shall promptly do all acts and take all measures as may be appropriate to enable it to perform as expeditiously as possible the obligations herein provided to be performed by it.

6.2 Non-Refundable Deposit. Concurrently with the execution of this Agreement, Buyer shall have deposited with the Trustee a cash deposit of One Hundred Thousand Dollars (\$100,000.00). This sum shall be considered liquidated damages and shall be non-refundable unless Buyer is not approved as the successful bidder as set forth in Article 7, below. If Buyer is not approved as the successful bidder, the entire deposit shall be refunded within five (5) business days of the date the Sale Hearing (as defined below) concludes.

6.3 Bankruptcy Court Approval. Buyer agrees to cooperate with Seller to obtain the Bankruptcy Order (as defined below) approving the transactions contemplated by this Agreement, as provided in Sections 7.3 of this Agreement.

ARTICLE 7

CONDITIONS TO OBLIGATIONS OF PARTIES

The obligations of Buyer, and Seller and the Trustee, respectively, to perform their obligations under this Agreement are subject to the satisfaction, on or before the Closing Date, of each of the following conditions, unless waived in writing by all the Parties:

7.1 Accuracy of Representations and Warranties. All representations and warranties of Seller and the Trustee, on the one hand, and Buyer, respectively, shall be true, correct and complete in all material respects when made and on and as of the Closing Date as though made on and as of the Closing Date.

7.2 Performance of Covenants. All covenants, agreements and obligations required by the terms of this Agreement to be performed, satisfied or complied with by Seller and the Trustee at or before the Closing Date shall have been duly and properly performed in all material respects unless waived in writing by Buyer. All covenants, agreements and obligations required by the terms of this Agreement to be performed, satisfied or complied with by Buyer at or before the Closing Date shall have been duly and properly performed in all material respects unless waived in writing by Seller and the Trustee.

7.3 Bankruptcy Court Approval. Seller's obligation to sell and Buyer's right to buy is conditioned on the approval of the Bankruptcy Court of the transaction contemplated by this Agreement, as follows:

(a) Bankruptcy Order. The Bankruptcy Court shall have entered an order (the "Bankruptcy Order") approving the sale of Seller's Interest, which order shall include, without limitation, the following findings and/or rulings:

(1) that proper notice of the sale and adequate disclosure of relevant facts were provided to all creditors and parties in interest;

(2) that the assets are to be sold free and clear of all Encumbrances under 11 U.S.C. §363(f);

(3) that Buyer is a good faith purchaser of Seller's Interest such that 11 U.S.C. §363(m) would be applicable in the event of a sale pursuant to an unstayed order;

(4) that the sale terms are fair and reasonable and that Buyer paid reasonably equivalent value for the assets purchased;

(5) that the provision of Federal Bankruptcy Rule 6004(g) staying the order authorizing the sale of Seller's assets until the expiration of 10 days after entry of the order does not apply;

(6) that Buyer shall not assume or be responsible for any liability of Seller or for the failure by Seller to comply with any applicable Laws, including, without limitation, any environmental, labor, employee benefit (including ERISA), or any other Laws;

(7) that the Trustee has the authority to execute and deliver this Agreement on behalf of the Seller;

(8) that this Agreement and each Ancillary Agreement constitute the legal, valid and binding agreement and obligations of Seller, enforceable against it in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer or conveyance or similar Laws relating to or limiting creditors' rights generally or by equitable principles relating to enforceability and except as rights of indemnity or contribution may be limited by federal or state securities or other laws or the public policy underlying such Laws; and

(9) that all of the actions by Seller and matters concerning Seller provided for or contemplated by this Agreement are approved and authorized without need for further Court order.

Unless expressly waived in writing in whole or in part by Buyer, the Bankruptcy Order shall be final, non-appealable, unmodified and unstayed.

(b) Hearing; Overbid Procedure. The procedure for the approval of the sale shall be determined by the Bankruptcy Court, provided that the motion of the Trustee for approval of the sale of Seller's Interest to Buyer pursuant to this Agreement, will have requested the following terms and conditions for confirmation of the sale and for handling overbidding at the hearing on the motion ("Sale Hearing"):

(1) At any time prior to five (5) business days before the Sale Hearing, any party interested in participating in the sale as a potential overbidder (other than Buyer) must become a "Qualified Overbidder" by:

(i) Demonstrating to the reasonable satisfaction of Trustees' Counsel and the Trustee (based upon financial statements or other appropriate evidence of the overbidder's financial condition and ability) that they are financially qualified as to be able to perform all of the obligations arising under this Agreement. Such demonstration must specifically include evidence of adequate cash or liquid assets on hand to close on the date required by the Agreement, which shall be no later than three (3) calendar days following the conclusion of the Sale Hearing;

(ii) Depositing One Hundred Thousand Dollars (\$100,000.00) in cash or certified funds made payable to the Trustee, no later than 4:00 p.m., Pacific Standard Time, on that day which is five (5) business days before the date set for the sale. The deposit will then be deposited into a client trust account maintained by Trustee's counsel; and

(iii) Executing an asset purchase agreement on similar terms and conditions as the Buyer, provided, however, that any Qualified Overbidder's bid must exceed \$1,050, 000 by at least 10%.

(2) The initial overbid minimum increment shall be One Hundred Five Thousand Dollars (\$105,000.00). Each subsequent overbid shall be in minimum increments of Ten Thousand Dollars (\$10,000.00).

(3) Buyer and any Qualifying Overbidders and/or their qualified representatives must be present to participate in the overbid process by making a personal appearance at the Sale Hearing. A successful overbidder must pay the balance of the Purchase Price due with Cash or certified funds to Seller's counsel within three (3) business days after the conclusion of the Sale Hearing.

7.4 Notice. Notice of the Trustee's motion for approval of the sale of Seller's Interest shall be given by the Trustee to all creditors of Seller listed on the master mailing matrix maintained by the Bankruptcy Court as updated through the date such notice is served by Trustee's counsel.

ARTICLE 8 **THE CLOSING**

8.1 Closing. On the terms and subject to the satisfaction of the conditions contained in this Agreement, the closing of the sale and purchase of Seller's Interest (the "Closing") shall take place within one week following the satisfaction or waiver of all conditions contained herein at the offices of the Trustee's counsel, Sullivan Hill Lewin Rez & Engel, APLC, at 550 West "C" Street, Suite 1500, San Diego, California, or at such place, time and date as may be mutually agreed to by the parties. The date and time at which the Closing actually occurs is herein referred to as the "Closing Date."

8.2 Deliveries by Seller. At the Closing, Seller shall deliver, or cause to be delivered to Buyer, the following documents and instruments, in form and substance reasonably satisfactory to Buyer:

- (a) The Assignment;
- (b) The appropriate instrument(s) of transfer, as determined by Mexican counsel, to transfer Seller's Interest to Buyer under Mexican law; and
- (c) Such other fully executed assignments, certificates of title and any and all other instruments of conveyance and transfer as shall have been required by Buyer in order to effectively convey and transfer Seller's Interest to Buyer, free and clear of all Encumbrances as provided in this Agreement.

8.3 Deliveries by Buyer. At the Closing, Buyer shall deliver to the Trustee for Seller, the following documents or instruments, in form and substance reasonably satisfactory to Trustee and his counsel:

- (a) The appropriate instrument(s) of transfer, as determined by Mexican counsel, to transfer Seller's Interest to Buyer under Mexican law;

(b) The Cash Equivalent in the amount required under Section 2.3 of this Agreement.

8.4 Broker's Commission. Subject to Bankruptcy Court approval, Seller shall pay at the Closing, and only upon the Closing, a total broker's commission of 6 percent of the total purchase price to Seller's court-appointed broker, Mexico Retail Advisors, LLC. Buyer and Seller each represent to the other that it knows of no claim for broker's or finder's fees or other commissions in connection with this transaction other than as provided in this Section. In the event any other broker or finder asserts a claim for a commission or finder's fee, the party through whom the broker or finder makes his claim shall indemnify and defend the other party from said claim and all costs and expenses (including attorneys' fees) incurred by the other party in defending against the same.

ARTICLE 9 TERMINATION

9.1 Termination of this Agreement. The transactions contemplated by this Agreement may, in the discretion of the Trustee or Buyer, as applicable, be terminated and/or abandoned at any time prior to the Closing only as follows: (a) by stipulation of Seller and Buyer, approved by the Bankruptcy Court; (b) by Seller or Buyer if (i) the Closing shall not have occurred by December 31, 2005, or (ii) any court of competent jurisdiction or other governmental body shall have issued an order, decree or ruling or taken any other action restraining, enjoining or otherwise prohibiting the transaction contemplated by this Agreement and such order, decree, ruling or other action shall have become final and nonappealable, or (c) in the event of a Bankruptcy Court-approved overbid and Buyer is not the successful overbidder.

ARTICLE 10 INDEMNIFICATION AND OTHER POST CLOSING MATTERS

10.1 Successor Liability; Non-Indemnification. Buyer is not and is not to be deemed to be a successor of Seller, it being understood that Buyer is acquiring only Seller's Interest, and assuming no liabilities, pursuant to the terms of this Agreement. Buyer is obtaining the benefit of an order of the Bankruptcy Court that Seller's Interest is being sold free and clear of any Encumbrances. Therefore neither Seller nor the Trustee shall have any obligation to indemnify, defend or hold harmless Buyer and any of their respective affiliates or Representatives with respect to any post-closing matter.

10.2 Indemnification by Buyer. Buyer agrees to indemnify, defend and hold harmless Trustee and Seller, and any of their affiliates and their respective Representatives (collectively, the "Seller Indemnified Parties"), and shall reimburse the Seller Indemnified Parties, on demand, for any damages that Seller Indemnified Parties might incur or suffer relating in any way to Seller's Interest or the Property, irrespective of whether the claim or matter resulting in such damages occurred or arose before or after the Closing Date.

10.3 Indemnification Procedures. Any Seller Indemnified Party (collectively, the "Indemnified Parties" and each, an "Indemnified Party") entitled to indemnification hereunder shall (i) give prompt written notice to the Person or Persons obligated to provide such indemnification hereunder (the "Indemnifying Parties") of any claim with respect to which indemnification is being sought and (ii) permit the Indemnifying Party or the Indemnifying Parties to assume the defense of such claim with counsel selected by the applicable Indemnifying Parties; provided, however, that any Indemnified Party shall have the right to employ separate counsel and to participate in the defense of such claim, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party unless (a) the applicable Indemnifying Parties have agreed to pay such fees or expenses, (b) the applicable Indemnifying Parties have failed to assume the defense of such claim and employ counsel reasonably satisfactory to such Indemnified Party within ten (10) days of the written notice of such claim to the applicable Indemnifying Parties or (c) in the reasonable judgment of any Indemnified Party, based upon the written advice of counsel, a conflict of interest may exist between such Indemnified Party and the applicable Indemnifying Parties with respect to such claims (in which case, if the Indemnified Party notifies the applicable Indemnifying Parties in writing that such Indemnified Party elects to employ separate counsel at the expense of the applicable Indemnifying Parties, the applicable Indemnifying Parties shall not have the right to assume the defense of such claim on behalf of such Indemnified Party). No Indemnifying Party will be subject to any liability for any settlement made without such Indemnifying Party's consent (but such consent may not be unreasonably withheld). No Indemnified Party may, without the consent (which consent will not be unreasonably withheld) of the applicable Indemnifying Parties, consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to the Indemnifying Parties of a release from all liability in respect of such claim or litigation.

10.4 Further Assurances. Seller at any time on or after the Closing, will execute, acknowledge and deliver any further assignments and other assurances, documents and instruments of transfer, reasonably requested by Buyer, and will take any other action that may be reasonably requested by Buyer, for the purpose of assigning, transferring, granting, conveying and confirming to Buyer, or reducing to possession, the rights and property to be conveyed and transferred by this Agreement.

10.5 Nonsurvival of Representations and Warranties. None of the representations and warranties in this Agreement or liability therefor shall survive the Closing.

ARTICLE 11

MISCELLANEOUS PROVISIONS

11.1 Entire Agreement. This Agreement (including the Disclosure Schedule and any other exhibits or schedules hereto), and each Ancillary Agreement constitute the entire agreement of the parties, superseding and extinguishing all prior agreements and understandings, representations and warranties, relating to the subject matter hereof.

11.2 Expenses. Each party to this Agreement shall pay all costs and expenses incurred or to be incurred by it in negotiating, preparing, executing and delivering this Agreement and any Ancillary Agreement and the transactions contemplated hereby.

11.3 Governing Law. The validity, construction and performance of this Agreement, and any Action arising out of or relating to this Agreement or any of the Ancillary Agreements, shall be governed by the Laws, without regard to the Laws as to choice or conflict of Laws, of the State of California.

11.4 Consent to Jurisdiction and Venue. EACH OF THE PARTIES HERETO HEREBY CONSENTS AND AGREES THAT ALL ACTIONS; SUITS OR OTHER PROCEEDINGS ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY ANCILLARY AGREEMENT SHALL BE TRIED AND LITIGATED IN THE UNITED STATES BANKRUPTCY COURT FOR THE SOUTHERN DISTRICT OF CALIFORNIA, OR IF SUCH COURT NO LONGER HAS JURISDICTION OR VENUE, THEN IN ANY STATE OR FEDERAL COURTS LOCATED IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, WHICH COURTS SHALL HAVE EXCLUSIVE JURISDICTION TO HEAR AND DETERMINE ANY AND ALL CLAIMS, CONTROVERSIES AND DISPUTES ARISING OUT OF THIS AGREEMENT OR ANY ANCILLARY AGREEMENT OR ANY OTHER MATTER ARISING OUT OF OR RELATED TO THIS AGREEMENT OR ANY ANCILLARY AGREEMENT.

11.5 Waiver of Jury Trial. EACH OF THE PARTIES HERETO HEREBY WAIVES THE RIGHT TO A TRIAL BY JURY IN ANY ACTION, SUIT OR OTHER PROCEEDING UNDER THIS AGREEMENT OR ANY ANCILLARY AGREEMENT OR ANY CLAIM, CONTROVERSY OR DISPUTE ARISING OUT OF OR RELATED TO THE TRANSACTIONS CONTEMPLATED HEREBY OR BY ANY ANCILLARY AGREEMENT, REGARDLESS OF WHICH PARTY INITIATES SUCH ACTION OR ACTIONS.

11.6 Liquidated Damages. BUYER AND SELLER ACKNOWLEDGE THE IMPRACTICALITY AND EXTREME DIFFICULTY OF FIXING THE ACTUAL DAMAGES SELLER WOULD SUSTAIN AS A RESULT OF THE BREACH OF BUYER'S OBLIGATION TO COMPLETE THE PURCHASE OF SELLER'S INTEREST, AND THAT UNDER THE CIRCUMSTANCES EXISTING AS OF THE DATE OF THIS AGREEMENT, THE LIQUIDATED DAMAGES PROVIDED FOR IN THIS SECTION 6.2 REPRESENT A REASONABLE ESTIMATE OF THE DAMAGES THAT SELLER WILL INCUR AS A RESULT OF BUYER'S FAILURE TO COMPLETE THE PURCHASE. HOWEVER, THIS SECTION SHALL NOT LIMIT SELLER'S RIGHTS UNDER THE INDEMNITY OBLIGATIONS OR ATTORNEY'S FEES PROVISIONS OF THIS AGREEMENT, OR THE RIGHT TO RETURN OR DELIVERY OF DOCUMENTS, INFORMATION, REPORTS AND OTHER MATERIALS AS PROVIDED IN THIS AGREEMENT. IF BUYER BREACHES THE OBLIGATION TO COMPLETE THE PURCHASE OF SELLER'S INTEREST, THEN SELLER, BY NOTICE TO BUYER, MAY TERMINATE BUYER'S RIGHTS TO PURCHASE THE PROPERTY AND, AS SELLER'S SOLE REMEDY FOR THE DEFAULT BY BUYER, SELLER SHALL RECEIVE AND RETAIN THE DEPOSIT UNDER THIS AGREEMENT AS LIQUIDATED AND AGREED UPON DAMAGES. BY

SAV

INITIALING THE SPACES WHICH FOLLOW, BUYER AND SELLER SPECIFICALLY AND EXPRESSLY AGREE TO ABIDE BY THE TERMS AND PROVISIONS OF THIS PARAGRAPH CONCERNING LIQUIDATED DAMAGES.

SELLER'S INITIALS AK BUYER'S INITIALS AK

11.7 Interpretation. The language in all parts of this Agreement and each of the other Ancillary Agreements shall be in all cases construed simply according to its fair meaning and not strictly for or against any party. Whenever the context requires, all words used in the singular will be construed to have been used in the plural, and vice versa. The captions of the Sections and Subsections of this Agreement are for convenience only and shall not affect the construction or interpretation of any of the provisions of this Agreement.

11.8 Waiver and Amendment. This Agreement may be amended, supplemented, modified and/or rescinded only through an express written instrument signed by all parties or their respective successors and permitted assigns. Any party may specifically and expressly waive in writing any portion of this Agreement or any breach hereof, but only to the extent such provision is for the benefit of the waiving party, and no such waiver shall constitute a further or continuing waiver of any preceding or succeeding breach of the same or any other provision. The consent by one party to any act for which such consent was required shall not be deemed to imply consent or waiver of the necessity of obtaining such consent for the same or similar acts in the future, and no forbearance by a party to seek a remedy for noncompliance or breach by another party shall be construed as a waiver of any right or remedy with respect to such noncompliance or breach.

11.9 Assignment. Except as specifically provided otherwise in this Agreement, neither this Agreement nor any interest herein shall be assignable (voluntarily, involuntarily, by judicial process, operation of Law or otherwise), in whole or in part, by Seller without first obtaining the prior written consent of Buyer. Any attempt at such an assignment without such consent shall be void and, at the option of Buyer, shall be an incurable breach of this Agreement resulting in the termination of this Agreement.

11.10 Successors and Assigns. Each of the terms, provisions and obligations of this Agreement shall be binding upon, shall inure to the benefit of, and shall be enforceable by the parties and their respective legal representatives, successors and permitted assigns.

11.11 Notices. All notices and other communications under this Agreement ("Notice") shall be in writing and shall be deemed given: (1) when personally delivered, or (2) two (2) business days after being deposited in the United States mail, postage prepaid, certified or registered, or (3) the next business day after being deposited with a recognized overnight mail or courier delivery service, or (4) when transmitted by facsimile or telecopy transmission, with receipt acknowledgment upon transmission, addressed as follows:

Buyer: Angel Rzeslawski
404 Milagrosa Circle
Chula Vista, CA 91910
FAX No. (619) 482-0719

Trustee: Douglas P. Wilson
Douglas Wilson Companies
450 B Street, Suite 1900
San Diego, CA 92101
FAX No. (619) 641-1150

COPY TO: Joseph L. Marshall, Esq.
Sullivan, Hill, Lewin, Rez & Engel
550 West "C" St., Suite 1500
San Diego, California 92101
FAX No. (619) 231-4372

Notice of change of address will be given by written notice in the same manner set forth in this paragraph.

11.12 Severability. Each provision of this Agreement is intended to be severable. Should any provision of this Agreement or the application thereof be judicially declared to be or becomes illegal, invalid, unenforceable or void, the remainder of this Agreement will continue in full force and effect and the application of such provision to other persons or circumstances will be interpreted so as reasonably to effect the intent of the parties hereto. The parties further agree to replace such illegal, void or unenforceable provision of this Agreement with a valid and enforceable provision that will achieve, to the extent possible, the economic, business and other purposes of such illegal, void or unenforceable provision, subject to continuing approval of the Bankruptcy Court.

11.13 Warranty of Authority. Each of the individuals signing this Agreement on behalf of a party hereto warrants and represents that such individual is duly authorized and empowered to enter into this Agreement and bind such party hereto.

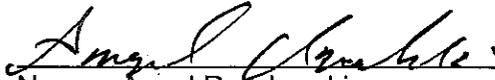
11.14 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute a single agreement.

11.15 Descriptive Headings. The descriptive headings of the several paragraphs of this Agreement are for convenience of reference only and do not constitute a part of this Agreement and are not to be considered in construing or interpreting this Agreement.

[Signatures Appear on Next Page]

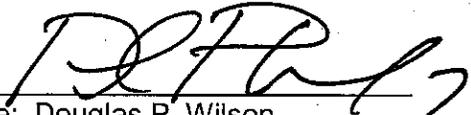
IN WITNESS WHEREOF, the undersigned have caused this Asset Purchase Agreement to be executed by their duly authorized agents, and the undersigned individual has executed this Asset Purchase Agreement, as of the date first above stated.

BUYER:


Name: Angel Rzeslawski

SELLER:

Tri-National Development Corporation,
a Wyoming corporation

By: 
Name: Douglas P. Wilson
Title: Chapter 11 Trustee of Tri-National
Development Corporation

[Signature Page to Asset Purchase Agreement]

EXHIBIT "A"
LEGAL DESCRIPTION

::ODMA\PCDOCS\PCDOCS\246751\3
10.20.2005:11:27



ING. ANTONIO N. MALOF CORDOVA
 Avaluos, Deslindes y Levantamientos Topograficos

REAL ESTATE APPRAISAL

I.- BACKGROUND

Appraisal Applicant: MR. JOHN MITCHELL

Appraiser : Ing. Antonio N. Malof Córdoba

Area of Expertise: Buildings, Machinery and Equipment

Date of Appraisal : 5-Feb-04 **Fecha de Inspección :** 5-Feb-04

Subject to be Appraised: TOURISTIC DEVELOPMENT "PORTAL DEL MAR" ALSO KNOWN AS "PORTAL AL MAR"

Location of Property: FRACTION OF THE PROPERTTY CALLED "SAN PEDRITO DE LOS PUENTES", FRACTION LOCATED ON THE WEST SIDE OF THE LOT #3 CALLED "EL MORRO" AND LOCATED IN THE "EL GATO" RANCH, PLAYAS DE ROSARITO MUNICIPALITY, BAJA CALIFORNIA, MEXICO.

Property Rights: PRIVATE, IN A BANK TRUST (FIDEICOMISO)

Property Owner: BENEFICIARY: BANCO DEL ATLANTICO, S.A., TRUSTEE: BANCA CREMI,S.N.C.

Appraisal Objective : DETERMINE THE COMMERCIAL VALUE

Appraisal Purpose: SALE THROUGH PUBLIC BID

Parcel Nos.: KH-158-001

Census Tract No : KH-158-001

Water Account: N/A

II.- URBAN FEATURES

Zoning: RESIDENTIAL

Construction Types: SINGLE HOUSES WITH ONE FLOOR AND MULTI-FAMILY BUILDINGS WITH 4 AND 6 FLOORS

Construction Area

Saturation:

Type of Population : DENSE

Contamination : N/A

Land Use : RESIDENTIAL

Access to the property and importance of these roads :
 MAIN ACCESS: FREEWAY TIJUANA-ENSENADA, SECONDARY ACCESS: UNDER THE BRIDGE "EL MORRO".

Public Services :

GJM
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EXHIBIT A

Signed by Judge John J. Hargrove December 05, 2005

EXHIBIT "B"
ASSIGNMENT

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10.20.2005:11:27

ASSIGNMENT OF RIGHT, TITLE AND INTEREST

THIS ASSIGNMENT OF RIGHT, TITLE AND INTEREST ("Assignment") is made and entered into effective as of _____, 2005 by and between Tri-National Development Corporation, a Wyoming corporation ("Seller"), acting by and through its Chapter 11 Trustee, Douglas P. Wilson ("Trustee") and ANGEL RZESLAWSKI, an individual. Except where otherwise defined herein, capitalized terms used in this Assignment shall have the respective meanings assigned to such terms in the "Asset Purchase Agreement" (as such term is defined in Recital A below). This Assignment is made with reference to the following facts and circumstances:

RECITALS

A. Seller entered into an Asset Purchase Agreement dated as of _____, 2005, to sell to Buyer all of Seller's right, title and interest, on an "as is, where is" basis, in and to certain real property, consisting of approximately five (5) acres, located at Kilometer 38 near Rosarito Beach, Baja California, Mexico ("Seller's Interest"). The real property is improved with designated building sites for approximately one hundred twenty three (123) condominium units in various stages of development and completion. The real property and improvements are referred to herein as the "Property."

B. Seller intends hereby, following approval of the United States Bankruptcy Court to assign to Buyer, all of Seller's Interest, as defined above.

NOW, THEREFORE, with reference to the foregoing Recitals, in consideration of the mutual covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller and the Trustee, on the one hand, and Buyer, on the other hand, hereby agree as follows:

AGREEMENT

1. Assignment of Seller's Interest. Seller hereby absolutely and unconditionally assigns, transfers, conveys and delivers the Seller's Interest to Buyer, and Buyer hereby accepts such assignment.

2. Sale As Is; Where Is. Seller and the Trustee specifically disclaim (and the Buyer expressly agrees that Seller and the Trustee are not making or giving) any covenant, undertaking, representation or warranty, express or implied, in connection with the assignment of Seller's Interest or the Mexican Encumbrances, or the condition, quality, suitability, value, or merchantability of Seller's interest in or rights to the Property.

THE BUYER ACKNOWLEDGES AND AGREES THAT: (A) THE SALE OF SELLER'S INTEREST TO THE BUYER IS: ON AN "AS IS, WHERE IS" BASIS; WITHOUT ANY REPRESENTATION OR WARRANTY AS TO OWNERSHIP, TITLE, CONDITION, OR QUALITY; (B) NEITHER SELLER NOR THE TRUSTEE MAKES ANY REPRESENTATIONS AS TO THE VALUE, IF ANY, OF THE SELLER'S INTEREST; (C) THE SOLE REPRESENTATIONS AND WARRANTIES OF SELLER REGARDING SELLER'S INTEREST ARE THOSE SPECIFICALLY PROVIDED IN ARTICLE 3 OF THE AGREEMENT.

IN WITNESS WHEREOF, the parties have executed this Assignment to be effective as of the date first set forth above.

BUYER:

Name: Angel Rzeslawski

SELLER:

Tri-National Development Corporation,
a Wyoming corporation

By: _____
Name: Douglas P. Wilson
Title: Chapter 11 Trustee of Tri-National
Development Corporation

