UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	)	
RANDALL'S ISLAND FAMILY GOLF CENTERS, INC., et al.	)	Case Nos. 00-B-41065 through 00-B-41196 (SMB)
Debtors.	)	(Jointly Administered)

ORDER ESTABLISHING THE VALIDITY, PRIORITY,
EXTENT AND PERFECTION OF THE CLAIM
AND LIEN OF BANCO POPULAR NORTH AMERICA,
AND AUTHORIZING BANCO POPULAR NORTH AMERICA
TO CREDIT BID PURSUANT TO 11 U.S.C. § 363(k) AND PRIOR ORDERS

THIS MATTER having been opened to the Court upon the joint, oral application (the "Application") of Banco Popular North America, formerly known as Banco Popular de Puerto Rico ("Banco Popular") and certain other of the Non-Primed Lenders[1] and the Debtors at a hearing held before this Court on January 12, 2001, at which the Debtors sought, over the objections of the Non-Primed Lenders, to obtain additional financing from The Chase Manhattan Bank, as Agent for the DIP Lenders ("Chase"); and the Court, after hearing and considering the arguments of counsel presented during the January 12, 2001 hearing, having established January 31, 2001 as the date upon which the Non-Primed Lenders would be required to fix and/or establish the validity, priority, extent and perfection of their secured claims and/or liens; and it appearing that no further notice of the Application was required; and it appearing further that counsel to Chase, the United States Trustee, and the official unsecured creditors' committee appointed in this matter having appeared at the hearing held on January 31, 2001; and the Court having determined that the relief sought by the Application would likely permit the proposed sale of the

[1] Unless otherwise defined herein, all capitalized terms shall have the meanings set forth in the Debtors' Motion dated January 11, 2001, pursuant to 11 U.S.C. §§ 105, 363(b) and (f) and 365 and Fed. R. Bankr. P. 2002(a) and 6004 seeking, *inter alia*, an order: (a) authorizing and scheduling an auction for the sale of the Debtors' right, title and interest in and to certain assets (the "Motion"); and (b) approving the terms and conditions of such auction.

Debtors' Assets to proceed on an expedited basis, as sought by the Debtors at the hearing on the Motion held on January 19, 2001, as memorialized on the record and in the Court's Order of January 23, 2001; and the Court having determined that fixing and/or establishing the validity, priority, extent and perfection of Banco Popular's secured claim and mortgage lien prior to the Auction is in the best interest of the Debtors, their creditors and all parties in interest; and after due deliberation and sufficient cause appearing therefor;

IT IS HEREBY ORDERED, ADJUDGED AND DECREED as follows:

1. Notice of the Application was adequate and in accordance with the Bankruptcy Rules and/or the prior orders of this Court.

2. All objections to the relief sought by the Application, which have not been settled or withdrawn, are hereby overruled.

3. Banco Popular is hereby deemed to have an allowed secured claim, secured by a valid, perfected first mortgage lien, in the amount and on the real property as more particularly set forth below:

Debtor:	Lake Grove Family Golf Centers, Inc.
Real Property:	Debtor's leasehold interest in property described in attached Exhibit "A"
Amount:	$9,392,465.56, plus interest accruing from February 9, 2001, and legal fees and other costs and expenses incurred, as set forth in the Affidavit of John Incandela, attached as Exhibit "B"

4. Banco Popular is hereby deemed to be an approved bidder at the Auction with respect to the Real Property upon which Banco Popular holds an allowed secured claim, which is secured by a valid, perfected lien, as herein established.

5. Banco Popular shall have the right, pursuant to 11 U.S.C. § 363(k) and the terms more particularly set forth in this Court's January 23, 2001 Order, and the record established on January 12, 2001 and January 19, 2001, respectively, to bid at the Auction, as noted in paragraph 4 above, and, if Banco Popular purchases the Debtor's interest in the Real Property upon which Banco Popular holds an allowed secured claim, which is secured by a valid, perfected lien, as herein established, Banco Popular may offset its allowed claim against the purchase price of such Real Property.

6. Banco Popular shall have the right to credit bid the full amount of its claim as allowed herein (together with a cash bid, without deposit, sufficient to pay outstanding real property taxes on the

Real Property). No expenses of sale shall be charged to any cash portion of Banco Popular's bid which is included only with respect to the payment of outstanding real property taxes, and all such real property taxes shall be paid at closing, simultaneously with the delivery of free and clear title.

Dated: New York, New York
February **6**, 2001

/s/ STUART M. BERNSTEIN
HONORABLE STUART M. BERNSTEIN
Chief United States Bankruptcy Judge