

First American Title Insurance Company

FATIC 213X
ALTA Commitment (1982)

SCHEDULE A

Agent File No: **PLZ-**_____

1. Commitment Date: **May 29, 2008** at 8:00 a.m.
2. Policy (or Policies) to be issued:
 - (a) Owner's Policy (Identify policy type below) Policy Amount \$ **TBD**
ALTA Owners Policy (10-17-92)(with Florida Modifications)
Proposed Insured: **TBD**

 - (b) Loan Policy (Identify policy type below) Policy Amount \$
ALTA Loan Policy (10-17-92)(with Florida Modifications)
Proposed Insured:

 - (c) Other Policy (Identify policy type below) Policy Amount \$
Proposed Insured:
3. A Fee Simple interest in the land described in this Commitment is owned, at the Commitment Date, by:
Island Breeze, LLC, an Alabama Limited Liability Company
4. The land referred to in this Commitment is described as follows:
See Attached Schedule A Continued

Destin Land & Title, Inc.

By: _____
Authorized Signatory

THIS COMMITMENT IS FURNISHED BY FIRST AMERICAN TITLE INSURANCE COMPANY OR ITS POLICY ISSUING AGENT SOLELY FOR THE ISSUANCE OF A POLICY OR POLICIES OF TITLE INSURANCE OF FIRST AMERICAN TITLE INSURANCE COMPANY. THIS COMMITMENT IS NOT AN ABSTRACT OR AN OPINION OF TITLE. LIABILITY UNDER THIS COMMITMENT IS DEFINED BY AND LIMITED TO THE TERMS AND CONDITIONS OF THIS COMMITMENT AND THE TITLE INSURANCE POLICY TO BE ISSUED. PERSONS AND ENTITIES NOT LISTED ABOVE AS PROPOSED INSUREDS ARE NOT ENTITLED TO RELY UPON THIS COMMITMENT FOR ANY PURPOSE.

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The terms and provisions of the 1982 ALTA commitment jacket are an integral part of this commitment, and are hereby incorporated herein by reference. Please contact any First American office should you require a copy of the commitment jacket.

Schedule A (Continued)

Agent's File No.: **PLZ-**_____

UNIT _____, PALAZZO, A CONDOMINIUM, ACCORDING TO THE DECLARATION OF CONDOMINIUM THEREOF, AS RECORDED IN OFFICIAL RECORDS BOOK 3018, PAGE 748, AND AS MAY BE AMENDED FROM TIME TO TIME, OF THE PUBLIC RECORDS OF BAY COUNTY, FLORIDA, TOGETHER WITH AN UNDIVIDED INTEREST IN THE COMMON ELEMENTS IF ANY, APPURTENANT THERETO, SUBJECT TO AND IN ACCORDANCE WITH THE COVENANTS, CONDITIONS, RESTRICTIONS, TERMS AND OTHER PROVISIONS OF SAID DECLARATION.

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**SCHEDULE B - SECTION 1
REQUIREMENTS**

Agent's File No.: **PLZ-**_____

The following requirements must be met:

1. Pay and/or disburse the agreed amounts for the interest in the land to be insured and/or according to the mortgage to be insured.
2. Pay us the premiums, fees and charges for the policy.
3. Pay all taxes and/or assessments, levied and assessed against the land, which are due and payable.
4. The following documents, satisfactory to us, creating the interest in the land and/or the mortgage to be insured, must be signed, delivered and recorded:
 - a. Warranty Deed from Island Breeze, LLC, an Alabama Limited Liability Company, to **TBD** pursuant to and in accordance with Section 689.071 of the Florida Statutes, with recital of grant of powers, conveying the land described under Schedule "A".
5. Partial Release of record of mortgage in the original principal amount of \$10,000,000.00, executed by Island Breeze, LLC, an Alabama Limited Liability Company, in favor of AmSouth Bank, an Alabama Banking Corporation, recorded July 1, 2005 in Book 2633, Page 931, together with Additional Advance Agreement recorded February 10, 2006 in Book 2736, Page 2157, and Additional Advance Agreement recorded March 22, 2006 in Book 2753, Page 38, as to the property described in Schedule "A" hereof.
6. Partial Release of Assignment of Rents and Leases from Island Breeze, LLC, an Alabama Limited Liability Company, to AmSouth Bank, an Alabama Banking Corporation recorded July 1, 2005, in Book 2633, Page 957, as to the property described in Schedule "A" hereof.
7. Partial Termination of UCC-1 Financing Statement naming AmSouth Bank as secured party and Island Breeze, LLC as debtor, filed July 1, 2005, recorded in Book 2633, Page 964, as to the property described in Schedule "A" hereof.
8. Partial Release of record of mortgage in the original principal amount of \$4,000,000.00, executed by Island Breeze, LLC, an Alabama Limited Liability Company, in favor of AmSouth Bank, an Alabama Banking Corporation, recorded March 22, 2006 in Book 2753, Page 42, as to the property described in Schedule "A" hereof.

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9. Partial Release of Assignment of Rents and Leases from Island Breeze, LLC, an Alabama Limited Liability Company to AmSouth Bank, an Alabama Banking Corporation recorded March 22, 2006, in Book 2753, Page 63, as to the property described in Schedule "A" hereof.
10. Partial Termination of UCC-1 Financing Statement naming AmSouth Bank as secured party and Island Breeze, LLC as debtor, filed March 22, 2006, recorded in Book 2753, Page 70, as to the property described in Schedule "A" hereof.
11. Proof of payment of any Palazzo Condominium Association liens and/or assessments.
12. Note: 2007 ad valorem taxes show **PAID** in the gross amount of \$81,218.61 for Tax Identification No. 38325-000-000 (PARENT PARCEL). Assessed value is \$7,770,000.00.
13. Note: 2007 ad valorem taxes show **PAID** in the gross amount of \$4,309.63 for Tax Identification No. 38325-030-000 (PARENT PARCEL). Assessed value is \$411,206.00.
14. NOTE: We have conducted a search of the "Specially Designated Nationals and Blocked Persons List" and find nothing of record.
15. Note: Items 1, 2, 3, 4, and 5 of Schedule B, Section 2 of the Commitment, will be deleted from any policies issued pursuant thereto upon our review and acceptance of a Affidavit of Possession and No Liens in accordance with Florida Statutes, and the Company's review of the potential exposure for construction liens. The Company reserves the right to include exceptions from coverage relating to matters disclosed by the Affidavit, or discovered in the Company's review of the potential exposure for construction liens, and to make such additional requirements as it may deem necessary.

Note: Immediately prior to disbursement of the closing proceeds, the search of the public records must be continued from the effective date hereof. The Company reserves the right to raise such further exceptions and requirements as an examination of the information revealed by such search requires, provided, however, that such exceptions or requirements shall not relieve the Company from its liability under this Commitment arising from the matters which would be revealed by such search, to the extent that Company, or its Agent countersigning this Commitment, has disbursed said proceeds.

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FATIC 216X
ALTA Commitment (1982)
(with printed mineral exception)

**SCHEDULE B - SECTION 2
EXCEPTIONS**

Agent's File No.: **PLZ-**_____

Any policy we issue will have the following exceptions unless they are taken care of to our satisfaction.

1. Any rights, interests or claims of parties in possession of the land not shown by the public records.
2. Any rights, interest or claims affecting the land which a correct survey would disclose and which are not shown by the public records.
3. Any lien for services, labor, or materials in connection with improvements, repairs or renovations provided before, on, or after Date of Policy, not shown by the public records.
4. Any dispute as to the boundaries caused by a change in the location of any water body within or adjacent to the land prior to Date of Policy, and any adverse claim to all or part of the land that is, at Date of Policy, or was previously under water.
5. Taxes or special assessments not shown as lien in the public records or in the records of the local tax collecting authority, at Date of Policy.
6. Any minerals or mineral rights leased, granted or retained by current or prior owners.
7. Taxes and assessments for the year **2008** and subsequent years, which are not yet due and payable.
8. Terms, provisions, restrictive covenants, conditions, reservations, rights, duties and easements contained in Declaration of Condominium of PALAZZO, A CONDOMINIUM, and any Exhibits annexed thereto, including, but not limited to, provisions for a private charge or assessments, recorded in Book 3018, Page 748 .
9. Easement granted to Gulf Power Company by instrument recorded in Book 2885, Page 750.
10. Easement granted to Gulf Power Company by instrument recorded in Book 651, Page 535 and Book 651, Page 537.
11. Cable Television Installation and Service Subscription Agreement recorded in Book 2003, Page 353.

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12. Easement for beach restoration recorded in Book 1777, Page 183.
13. Terms, conditions, covenants, restrictions and provisions of the following documents:
 - a. Coastal Construction Control Line as set forth in instrument recorded in Book 1687, Page 1048;
 - b. 7 foot contour line as set forth in instrument recorded in Book 1810, Page 1039;
 - c. Erosion Control Line as set forth in Book 1793, Page 1625. Title to any land waterward of said line is not insured hereunder.
14. Right of Way Deed to the State of Florida recorded in Deed Book 66, Page 11, 19 and 21.
15. Restrictions and Easements on Warranty Deed recorded in Book 1078, Page 1568.
16. Waterworks Franchise recorded in Book 15, Page 362 and Assignment recorded in Deed Book 206, Page 307.
17. Any loss or damage caused by a lien for homeowner's association assessments pursuant to Section 720.3085, Florida Statutes, notwithstanding assurances to the contrary in any attached Florida Form 9 Endorsement or ALTA Form 5 PUD Endorsement.

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Note: All of the recording information contained herein refers to the Public Records of Bay County, Florida, unless otherwise indicated. Any reference herein to a Book and Page is a reference to the Official Record Books of said county, unless indicated to the contrary.

Notices - Where Sent

All notices required to be given the Company and any statement in writing required to be furnished the Company shall include the number of this policy and shall be addressed to the Company, Attention: Claims Department, 1 First American Way, Santa Ana, CA 92707.

Service, Quality and Availability

First American Title Insurance Company cares about its customers and their ability to obtain information and service on a convenient, timely and accurate basis. A qualified staff of service representatives is dedicated to serving you. A toll-free number is available for your convenience in obtaining information about coverage and to provide assistance in resolving complaints at 1-800-929-7186. Office hours are from 8:30 a.m. through 5:30 p.m. Monday through Friday.

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Privacy Policy

We Are Committed to Safeguarding Customer Information

In order to better serve your needs now and in the future, we may ask you to provide us with certain information. We understand that you may be concerned about what we will do with such information - particularly any personal or financial information. We agree that you have a right to know how we will utilize the personal information you provide to us. Therefore, together with our parent company, The First American Corporation, we have adopted this Privacy Policy to govern the use and handling of your personal information.

Applicability

This Privacy Policy governs our use of the information which you provide to us. It does not govern the manner in which we may use information we have obtained from any other source, such as information obtained from a public record or from another person or entity. First American has also adopted broader guidelines that govern our use of personal information regardless of its source. First American calls these guidelines its *Fair Information Values*, a copy of which can be found on our website at www.firstam.com.

Types of Information

Depending upon which of our services you are utilizing, the types of nonpublic personal information that we may collect include:

- Information we receive from you on applications, forms and in other communications to us, whether in writing, in person, by telephone or any other means;
- Information about your transactions with us, our affiliated companies, or others; and
- Information we receive from a consumer reporting agency.

Use of Information

We request information from you for our own legitimate business purposes and not for the benefit of any nonaffiliated party. Therefore, we will not release your information to nonaffiliated parties except: (1) as necessary for us to provide the product or service you have requested of us; or (2) as permitted by law. We may, however, store such information indefinitely, including the period after which any customer relationship has ceased. Such information may be used for any internal purpose, such as quality control efforts or customer analysis. We may also provide all of the types of nonpublic personal information listed above to one or more of our affiliated companies. Such affiliated companies include financial service providers, such as title insurers, property and casualty insurers, and trust and investment advisory companies, or companies involved in real estate services, such as appraisal companies, home warranty companies, and escrow companies. Furthermore, we may also provide all the information we collect, as described above, to companies that perform marketing services on our behalf, on behalf of our affiliated companies, or to other financial institutions with which we or our affiliated companies have joint marketing agreements.

Former Customers

Even if you are no longer our customer, our Privacy Policy will continue to apply to you.

Confidentiality and Security

We will use our best efforts to ensure that no unauthorized parties have access to any of your information. We restrict access to nonpublic personal information about you to those individuals and entities who need to know that information to provide products or services to you. We will use our best efforts to train and oversee our employees and agents to ensure that your information will be handled responsibly and in accordance with this Privacy Policy and First American's *Fair Information Values*. We currently maintain physical, electronic, and procedural safeguards that comply with federal regulations to guard your nonpublic personal information.