

PRELIMINARY
TERMS & CONDITIONS OF AUCTION
“ORIGIN AT SEAHAVEN”
15100 Front Beach Road
Panama City Beach, Bay County, Florida
December 13, 2008

ORAL REPRESENTATIONS CANNOT BE RELIED UPON AS CORRECTLY STATING THE REPRESENTATIONS OF THE SELLER. FOR CORRECT REPRESENTATIONS, REFERENCE SHOULD BE MADE TO THE PURCHASE AGREEMENT AND THE DOCUMENTS REQUIRED BY SECTION 718.503 FLORIDA STATUTES TO BE FURNISHED BY SELLER TO A BUYER.

The National Auction Group, Inc. (“Auction Company/Auctioneer”) has entered into a contract with **SEAHAVEN PHASE I, LLC., a Florida limited liability company**, (hereinafter referred to as “Seller” and sometimes referred to as “Seller”) to sell **29 Condominium Units at Origin at Seahaven Condominium**, located at **15100 Front Beach Road, Panama City Beach, Bay County, Florida 32413** (hereinafter referred to as “Property” and sometimes referred to as “Unit”) at absolute auction. The Units are being sold unfurnished. Furniture packages can be purchased separately from the condominium unit.

The Seller has the right, in its sole discretion, for any or no reason, to change or modify these terms and conditions, to add or withdraw any unit or all units, prior to the start of the bidding for each separate Unit or Units, by gavel of Auctioneer, before or at the Auction on **December 13, 2008**.

All information contained in the advertising and promotion of this sale has been provided by the Seller and is believed to be true and correct. The Auctioneer reserves the right to announce any additional terms and conditions before or during the Auction. The Auctioneer makes no warranty or guarantee as to the correctness and completeness of any information. All information is subject to actual verification thereof by bidder(s)/prospective Purchaser(s) prior to commencement of the Auction, and bidding constitutes evidence of bidder’s (s) acceptance of these terms and satisfactory verification of any information received or relied upon by any such bidder(s)/prospective Buyer(s).

The Property will be sold subject to conditions, covenants and agreements of The Declaration of Condominium for Origin at Seahaven Condominium, as amended, and any Exhibits annexed thereto, including the By-Laws of the Origin at Seahaven Condominium Association, Inc., the Declaration of Covenants, Conditions and Restrictions for Towne of Seahaven, as amended, current taxes, applicable zoning ordinances or other land use restrictions, conditions, limitations, utility service agreements, reservations, covenants, restrictions and easements of record at the time of closing.

Units 429, 621 and 1031 are selling subject to leases.

Purchaser shall be entitled to such statutory warranties as are deemed granted to Buyers of new condominium Units by the Seller in accordance with Section 718.203, Florida Statutes. Such warranties are in lieu of all other warranties express or implied.

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All bidders must register and receive a bid number in order to bid. In order to obtain a bid number, a prospective Buyer will be required to provide a personal check, company check or certified funds made payable to **First American Title Insurance Company d/b/a/ Bay County Land & Abstract Company**, issued on a U.S. bank, or other funds acceptable to Seller in the amount of **Seven Thousand Five Hundred Dollars (\$7,500.00) per condo for the Studio Units, Ten Thousand Dollars (\$10,000.00) per condo for the ONE Bedroom Units, Twelve Thousand Five Hundred Dollars (\$12,500.00) per condo for the TWO Bedroom Units and/or Fifteen Thousand Dollars (\$15,000.00) per condo for the THREE Bedroom Units (“Bidder Deposit”)**.

The units will be bid by the dollar (U.S.) and will be sold by the “High Bidder’s Choice” method for each Unit Type Group. The highest bidder in the initial round of bidding shall have the choice of all available units in the Unit Type Group designated by the Auctioneer. After the initial round of bidding and once the High Bidder’s Choice has been made, a new round of bidding shall begin for the Unit Type Group designated by the Auctioneer, with the highest bidder for that round choosing from the remaining available units in the Unit Type Group designated by the Auctioneer.

All decisions of the Auctioneer shall be final, including but not limited to, decisions on matters such as method of bidding, increments of bidding, disputes among bidders and any other issues that may arise before, during or after the sale.

The successful bidder shall be required to sign the Purchase Agreement and pay an Earnest Money Deposit (“Deposit”) equal to Ten Percent (10%) of the total purchase price immediately after being declared the successful bidder. The total purchase price shall be the winning high bid plus a Buyer's Premium equal to **Ten percent (10%)** (“Buyer's Premium”) of the winning high bid. The Earnest Money Deposit shall include the Bidder Deposit with the balance of the Earnest Money Deposit being paid by certified funds, personal check or company check immediately after being declared the successful bidder.

The Earnest Money Deposit will be held in an escrow account under the control of **First American Title Insurance Company d/b/a/ Bay County Land & Abstract Company**, hereinafter referred to as Escrow Agent/Closing Agent, located at **8128 Front Beach Road, Suite A, Panama City Beach, Florida 32407; Phone No.: (850) 235-2685**, to be held pending closing and in accordance with the terms of the Purchase Agreement. No disbursement will be made from this escrow account until closing or as otherwise set forth in accordance with the Purchase Agreement.

CLOSING: Closing shall take place on or before **January 12, 2009** (“Closing Date”), or in accordance with the Purchase Agreement or such date as mutually agreed upon by Seller and Buyer in writing. Title to the Unit shall be conveyed by **Special Warranty Deed** subject only to the matters set forth in the Commitment delivered to Buyer at closing. Each party shall pay its own attorneys fees and the closing costs as stated in Paragraph 5 the Purchase Agreement.

POSSESSION: Permanent possession of any Unit shall be delivered to Buyer upon Closing and funding of all of Buyer’s funds necessary to close in the form of “collected funds” such as a cashier’s check, certified check or wire transfer.

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TERMS: Terms shall be as follows: Ten Percent (10%) Earnest Money Deposit on Auction Day payable by personal check, company check, certified funds or other funds acceptable to the Seller with balance due at closing.

1031 EXCHANGE: Seller acknowledges that if Buyer is purchasing the Unit as a replacement property in connection with an exchange of like-kind property under Section 1031 of the Internal Revenue Code, Seller agrees to cooperate with Buyer in connection with Buyer's exchange, on the condition that, in no event shall Seller be obligated to: (i) take title to any property that Buyer desires to relinquish; (ii) act as a qualified intermediary; (iii) close on the sale of the Unit before Seller is required to do so under Paragraph 5 of the Agreement or make any change or concession not contemplated by the Agreement; or (iv) incur any obligation, indebtedness, liability, cost or expense as a result of cooperating with Buyer. Buyer agrees to indemnify and hold Seller harmless from and against any and all claims, suits, liabilities, damages, losses, costs and expenses, including, without limitation, attorney's fees and disbursements asserted against or incurred by Seller as a result of, or in any way connected with, Seller's cooperation with Buyer.

AUCTION COMPANY NOTICE OF AGENCY RELATIONSHIP: The Auction Company is acting as agent for the Seller in this transaction and is to be paid a fee by the Seller pursuant to a separate written agreement between Seller and the Auction Company. The Auction Company is not acting as agent for the Buyer in this transaction. Any third party broker is not a subagent of the Auction Company.

THE PROPERTY DESCRIBED HEREIN IS PART OF THE TOWNE OF SEAHAVEN DEVELOPMENT OF REGIONAL IMPACT AND IS SUBJECT TO A DEVELOPMENT ORDER, NOTICE OF WHICH IS RECORDED IN THE PUBLIC RECORDS OF BAY COUNTY, FLORIDA, WHICH IMPOSES CONDITIONS, RESTRICTIONS AND LIMITATIONS UPON THE USE AND DEVELOPMENT OF THE SUBJECT PROPERTY WHICH ARE BINDING UPON EACH SUCCESSOR AND ASSIGN OF THE SELLER, SEAHAVEN PHASE 2, LLC, SEAHAVEN PHASE 2EAST, LLC, SEAHAVEN PROPERTIES, INC., AND BENNETT'S REEF, INC. THE DEVELOPMENT ORDER DOES NOT CONSITITUTE A LIEN, CLOUD OR ENCUMBRANCE OF THE REAL PROPERTY OR ACTUAL OR CONSTRUCTIVE NOTICE OF SAME. A COPY OF THE DEVELOPMENT ORDER MAY BE REVIEWED AT THE PANAMA CITY BEACH PLANNING AND BUILDING DEPARTMENT IN PANAMA CITY BEACH, FLORIDA, OR AT THE FLORIDA DEPARTMENT OF COMMUNITY AFFAIRS IN TALLAHASSEE, FLORIDA.

THE SEAHAVEN COMMUNITY DEVELOPMENT DISTRICT ("CDD") HAS BEEN CREATED. THE CDD IS A SPECIAL PURPOSE FORM OF LOCAL GOVERNMENT ESTABLISHED AND EXISTING PURSUANT TO CHAPTER 190, FLORIDA STATUTES. THE CDD HAS BEEN ESTABLISHED TO FINANCE, FUND, PLAN, ESTABLISH, ACQUIRE, CONSTRUCT OR RECONSTRUCT, ENLARGE OR EXTEND, EQUIP, OPERATE AND MAINTAIN CERTAIN COMMUNITY INFRASTRUCTURE SYSTEMS, FACILITIES AND SERVICES FOR STORM WATER MANAGEMENT AND DRAINAGE INCLUDING ROADWAYS, PARKS AND RECREATION, WATER AND SEWER UTILITIES, AND SUCH OTHER SYSTEMS, FACILITIES AND SERVICES AS ARE ALLOWED BY CHAPTER 190, FLORIDA STATUTES, ("DISTRICT IMPROVEMENTS"). EACH OWNER AGREES AND ACKNOWLEDGES THAT THE CDD MAY IMPOSE AND LEVY TAXES OR ASSESSMENTS, OR BOTH TAXES AND ASSESSMENTS, ON THE PROPERTY. THESE TAXES AND ASSESSMENTS PAY THE CONSTRUCTION, OPERATION, AND MAINTENANCE COSTS OF CERTAIN PUBLIC FACILITIES AND SERVICES OF THE CDD AND ARE SET ANNUALLY BY THE GOVERNING BOARD OF THE CDD.

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THESE TAXES AND ASSESSMENTS ARE IN ADDITION TO THE COUNTY AND OTHER LOCAL GOVERNMENTAL TAXES AND ASSESSMENTS AND ALL OTHER TAXES AND ASSESSMENTS PROVIDED FOR BY LAW.

TOWNE OF SEAHAVEN IS WITHIN A COMMUNITY REDEVELOPMENT AREA ("CRA"). SUCH PROPERTY WITHIN THE CRA MAY INCLUDE COVENANTS RUNNING WITH THE LAND WHICH ARE CREATED TO ASSIST IN PREVENTING THE DEVELOPMENT OR SPREAD OF FUTURE SLUMS OR BLIGHTED AREAS OR TO OTHERWISE CARRY OUT THE PURPOSES OF THE CRA. THE BUYERS OR LESSEES AND THEIR SUCCESSORS AND ASSIGNS SHALL BE OBLIGATED TO DEVOTE SUCH REAL PROPERTY ONLY TO THE USES SPECIFIED IN THE COMMUNITY REDEVELOPMENT PLAN AND MAY BE OBLIGATED TO COMPLY WITH SUCH OTHER REQUIREMENTS AS THE COUNTY, MUNICIPALITY OR COMMUNITY REDEVELOPMENT AGENCY MAY DETERMINE TO BE IN THE PUBLIC INTEREST.

RADON GAS DISCLOSURE: THE FOLLOWING DISCLOSURE IS REQUIRED BY SECTON 404.056(8), FLORIDA STATUTES, FOR ALL CONTRACTS FOR SALE AND PURCHASE OF ANY BUILDING IN FLORIDA: "RADON IS A NATURALLY OCCURRING RADIOACTIVE GAS THAT, WHEN IT HAS ACCUMULATED IN A BUILDING IN SUFFICIENT QUANTITIES, MAY PRESENT HEALTH RISKS TO PERSONS WHO ARE EXPOSED TO IT OVER TIME. LEVELS OF RADON THAT EXCEED FEDERAL AND STATE GUIDELINES HAVE BEEN FOUND IN BUILDINGS IN FLORIDA. ADDITIONAL INFORMATION REGARDING RADON AND RADON TESTING MAY BE OBTAINED FROM YOUR COUNTY PUBLIC HEALTH UNIT.

THE PURCHASE AGREEMENT IS VOIDABLE BY BUYER BY DELIVERING WRITTEN NOTICE OF THE BUYER'S INTENTION TO CANCEL WITHIN FIFTEEN (15) DAYS AFTER THE DATE OF EXECUTION OF THE PURCHASE AGREEMENT BY BUYER, AND RECEIPT BY BUYER OF ALL ITEMS REQUIRED TO BE DELIVERED TO HIM BY THE SELLER UNDER §718.503, FLORIDA STATUTES. THE PURCHASE AGREEMENT IS ALSO VOIDABLE BY BUYER BY DELIVERING WRITTEN NOTICE OF THE BUYER'S INTENTION TO CANCEL WITHIN FIFTEEN (15) DAYS AFTER THE DATE OF RECEIPT FROM SELLER OF ANY AMENDMENT WHICH MATERIALLY ALTERS OR MODIFIES THE OFFERING IN A MANNER THAT IS ADVERSE TO THE BUYER. ANY PURPORTED WAIVER OF THESE VOIDABILITY RIGHTS SHALL BE OF NO EFFECT. BUYER MAY EXTEND THE TIME FOR CLOSING FOR A PERIOD OF NOT MORE THAN FIFTEEN (15) DAYS AFTER BUYER HAS RECEIVED ALL OF THE ITEMS REQUIRED. BUYER'S RIGHT TO VOID THE PURCHASE AGREEMENT SHALL TERMINATE AT CLOSING. FIGURES CONTAINED IN ANY BUDGET DELIVERED TO THE BUYER PREPARED IN ACCORDANCE WITH THE CONDOMINIUM ACT ARE ESTIMATES ONLY AND REPRESENT AN APPROXIMATION OF FUTURE EXPENSES BASED ON FACTS AND CIRCUMSTANCES EXISTING AT THE TIME OF THE PREPARATION OF THE BUDGET BY THE DEVELOPER. ACTUAL COSTS OF SUCH ITEMS MAY EXCEED THE ESTIMATED COSTS. SUCH CHANGES IN COST DO NOT CONSTITUTE MATERIAL ADVERSE CHANGES IN THE OFFERING.

THERE WILL BE A TEN PERCENT (10%) BUYER'S PREMIUM ADDED TO THE WINNING BID PRICE TO ARRIVE AT THE TOTAL PURCHASE PRICE. THIS BUYER'S PREMIUM WILL BE PAID BY THE BUYER.

THE NATIONAL AUCTION GROUP, INC. IS THE SELLER'S AGENT ONLY AND MAKES NO REPRESENTATION CONCERNING THIS PROPERTY WHATSOEVER.

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