

HF:4:16:86:JW
 PREPARED BY AND RETURN TO:
 WALT, DYER AND JAMES, ATTORNEYS
 1201 First Tennessee Building
 165 Madison AV
 Memphis, TN 38103

THE PURPOSE OF THIS DOCUMENT IS
TO MODIFY AN EXISTING INDEBTEDNESS
AND NO ADDITIONAL FUNDS HAVE BEEN
ADVANCED.

MODIFICATION OF
MORTGAGE AND SECURITY AGREEMENT

THIS MODIFICATION OF MORTGAGE AND SECURITY AGREEMENT made and entered into as of this 17th day of April, 1986, by and between SOUTHERN INNS ASSOCIATES, LTD. ("Mortgagor"), a Tennessee limited partnership, and LEADER FEDERAL SAVINGS AND LOAN ASSOCIATION ("Mortgagee")

W I T N E S S E T H :

WHEREAS, HOME FEDERAL SAVINGS AND LOAN ASSOCIATION OF MEMPHIS ("Home Federal") loaned to SOUTHERN INNS PARTNERS, a Tennessee partnership composed of H. F. Corporation, a Tennessee corporation, and Two-Eighty Associates, a partnership consisting of Clyde Dixon & Associates, Inc., a corporation, Clyde H. Dixon, Jr., Clyde D. Dixon, III, Kenneth W. Dixon and Charles E. Walpole, (hereinafter referred to as "Southern Inns Partners"), the sum of SIX MILLION DOLLARS (\$6,000,000) evidenced by a Note dated December 27, 1984 (a copy of which is attached hereto as Exhibit A and which Note is hereinafter referred to for convenience as "the Note" or "the indebtedness") and secured by a Mortgage dated the 27th day of December, 1984, and recorded in the Probate Office of Shelby County, Alabama on January 2, 1985 in Book 013, Page 288, (hereinafter referred to as "the MORTGAGE"); and

WHEREAS, Southern Inns Partners has sold, conveyed, and assigned its interest in the property described in and subject to the MORTGAGE to Mortgagor as evidenced by Warranty Deed of record in Book 056, Page 587 of the Register's Office of Shelby County, Alabama, which property is for convenience referred to herein as "the Premises"); and

WHEREAS, Home Federal has sold its interest in the MORTGAGE and NOTE to Mortgagee as evidenced by a recorded Assignment; and

WHEREAS, Mortgagee is the holder of the Note and has interests arising out of, pursuant to, and in the MORTGAGE, and Mortgagor is the owner of the Premises, and they desire to amend the MORTGAGE; and

WHEREAS, the Note secured by, and referred to in the Mortgage is being amended by Amendment To Note of even date herewith; and

WHEREAS, the Mortgagor is executing an Assignment of Lease of even date herewith which is additional security for payment of the Amended Note.

NOW, THEREFORE, in consideration of the premises and of the sum of Ten (\$10.00) Dollars in hand paid by Mortgagor to Mortgagee, the receipt and sufficiency of which are hereby acknowledged, Mortgagor and Mortgagee agree that the MORTGAGE is amended by adding thereto the following:

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Jack A

ARTICLE I

1.01. TAXES, LIENS AND OTHER CHARGES:

(a) Mortgagor shall pay all taxes, assessments, charges, expenses, costs and fees which may now or hereafter be levied, assessed or charged against, or incurred in connection with the Note, the MORTGAGE or any other instrument evidencing or securing the indebtedness evidenced by the Note whether levied against Mortgagor or Mortgagee. In the event of the passage of any state, federal, municipal or other governmental law, order, rule or regulation, in any manner changing or modifying the laws now in force governing the taxation of debts secured by the Mortgage or the manner of collecting taxes so as to affect adversely Mortgagee, Mortgagor will promptly pay any such tax imposed with respect to the MORTGAGE, the Premises, or the indebtedness secured hereby; if Mortgagor fails to make such payments, then such sums will become an indebtedness secured hereby.

(b) Mortgagor will not knowingly suffer any claim of mechanics, materialmen's, laborers', statutory or other liens to be filed and remain outstanding upon any part of the Premises, for a period exceeding thirty (30) days.

(c) Mortgagor shall pay to Mortgagee on the day monthly installments of principal and interest are payable under this Amended Note, until the Amended Note is paid in full, a sum (herein "Funds") equal to one-twelfth of the yearly taxes and assessments, plus one-twelfth of yearly premium installments for insurance required, all as estimated initially and from time to time by Mortgagee, to be applied by Mortgagee to pay said taxes, assessments, insurance premiums. The Funds are pledged as additional security for the sums secured by the MORTGAGE. No earnings or interest shall be payable to Mortgagor on the Funds. Mortgagee shall have the right to hold the Funds in any manner Mortgagee selects and may commingle the Funds with other monies held by Mortgagee.

If the amount of the Funds held by Mortgagee shall not be sufficient at any time to pay taxes, assessments and insurance premiums as they fall due, Mortgagee may treat the deficiency in accordance with paragraph 1.07. Upon payment in full of all sums secured by the MORTGAGE, Mortgagee shall promptly credit to or pay Mortgagor any Funds held by Mortgagee.

1.02 INSURANCE: Mortgagor will keep the buildings, fixtures and property conveyed hereby, whether now standing on the Premises or hereafter erected, continuously insured in such amounts as Mortgagee may require (not to exceed 100% of insurable value) against loss or damage by fire and against such other hazards including windstorm, hail, explosion, smoke, earthquake and flood, riot, riot attending a strike, civil commotion, aircraft and vehicles, vandalism and malicious mischief, as Mortgagee shall require for the benefit of Mortgagee. Mortgagor shall also cause the issuance and maintenance of comprehensive general public liability insurance as well as other insurance as may be required and, if applicable, during the time when improvements are being constructed on the Premises, protecting Mortgagor and Mortgagee as insured in such amounts as Mortgagee may require. All such insurance at all times will be with an

insurance company or companies and on terms acceptable to Mortgagee, with loss, if any, payable to Mortgagee as its interest may appear, pursuant to a New York Standard Mortgagee clause or other clause which shall be satisfactory to Mortgagee and providing for no less than thirty (30) days' advance written notice of cancellation to Mortgagee. Renewals of each such policy or certificates in form and substance satisfactory to Mortgagee which evidences such renewals shall be delivered to Mortgagee at least twenty (20) days before the insurance shall expire provided that if Mortgagor delivers to Mortgagee a

certificate of renewal, Mortgagor shall deliver to Mortgagee the renewal policy promptly thereafter. Mortgagor shall furnish flood insurance, or, if Mortgagee consents, a certificate in lieu thereof issued by the appropriate governmental authority stating that the Premises are not located in a flood-prone area as defined by the U.S. Department of Housing and Urban Development in the Flood Disaster Protection Act of 1973. Any policies furnished Mortgagee shall become its property in the event Mortgagee becomes the owner of the Premises by foreclosure or otherwise. Mortgagee is hereby authorized and empowered at its option, to adjust or compromise any loss under any insurance policies on the Premises, and to collect and receive the proceeds from any such policy or policies. Each insurance company is hereby authorized and directed to make payment for all such losses to Mortgagor and Mortgagee jointly. In case of loss under any such policy of insurance, Mortgagee may apply the net proceeds to the payment of the indebtedness hereby secured, whether due or not; or Mortgagee may require any improvements to be repaired or replaced by the use of such net proceeds (Mortgagor advancing any additional funds required) without affecting the lien of the MORTGAGE or the indebtedness secured hereby.

1.03 CARE OF PREMISES:

(a) Mortgagor will keep the improvements now or hereafter erected on the Premises in good condition and repair, will not commit or suffer any waste and will not do or suffer to be done anything which will increase the risk of fire or other hazard to the Premises or any part thereof.

(b) Mortgagor will not remove or demolish nor materially alter the design or structural character of any building, fixture, chattel or other part of the Premises without the prior written consent of Mortgagee.

(c) Mortgagee or its representative shall have access to and is hereby authorized to enter upon and inspect the Premises at all times.

(d) Mortgagor will promptly comply with all present and future laws, ordinances, rules and regulations of any governmental authority affecting the Premises or any part thereof.

(e) If all or any part of the Premises shall be damaged by fire or other casualty, Mortgagor will give immediate written notice of same to Mortgagee and, if Mortgagee elects to restore the Premises as provided in Section 1.03 above, Mortgagor will promptly restore the same to the equivalent of its original condition. If a part of the Premises shall be damaged through condemnation, Mortgagor will promptly restore, repair or alter the remaining property to a condition as nearly as is practically equivalent to the condition of the Premises prior to condemnation. If any work required under this paragraph shall involve an estimated expenditure exceeding twenty thousand dollars (\$20,000.00), no such work shall be performed except pursuant to plans and specifications approved in writing by Mortgagee. Mortgagor will discharge all claims for labor performed and material furnished therefor, and will not suffer any lien of mechanics or materialmen to attach to any part of the Premises. Mortgagor shall have the right to contest in good faith the validity of any such mechanics or materialmen's lien, provided Mortgagor shall first deposit with Mortgagee a bond or other security satisfactory to Mortgagee in such amount as Mortgagee shall reasonably require, but not more than one hundred fifty (150%) percent of the amount of the claim, and provided further that Mortgagor shall thereafter diligently proceed to cause such lien to be removed and discharged. If Mortgagor shall fail to discharge any such lien, then, in addition to any other right or remedy of Mortgagee, Mortgagee may, but shall not be obligated to, discharge the same, either by paying

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the amount claimed to be due, or by procuring the discharge of such lien by depositing in court a bond for the amount claimed, or otherwise, giving security for such claim, or by taking such action as may be prescribed by law. Mortgagor will guard every part of the Premises from removal, destruction and damage, and will not do or suffer to be done any act whereby the value of any part of the Premises may be lessened, normal wear and tear excepted. Mortgagor will not materially alter the Premises without the prior written consent of Mortgagee. Mortgagee may determine, in its discretion, whether the foregoing portions of this paragraph are being complied with and, for this purpose, Mortgagee shall have the right to inspect the Premises at any reasonable hour of the day. In the event Mortgagee reasonably determines in its inspection that Mortgagor is violating the provisions of this paragraph by deferring maintenance on the Premises, Mortgagee shall have the right to require Mortgagor to escrow with Mortgagee such funds as are necessary to correct said deferred maintenance.

1.04 FURTHER ASSURANCES: At any time, and from time to time, within fifteen (15) days after request by Mortgagee, Mortgagor will make, execute, acknowledge and deliver or cause to be made, executed and delivered to Mortgagee, any and all other further instruments, certificates and other documents, including without limitation, UCC financing statements, as, in the opinion of Mortgagee, may be necessary or desirable in order to effectuate, complete, or perfect or to continue and preserve the obligation of Mortgagor under the Note and the lien of the MORTGAGE. Upon any failure by Mortgagor so to do, Mortgagee may make, execute and record any and all such instruments, certificates and documents for and in the name of Mortgagor and Mortgagor hereby irrevocably appoints Mortgagee the agent and attorney-in-fact of Mortgagor so to do. Such failure shall also constitute default hereunder.

1.05 EXPENSES: Mortgagor will pay or reimburse Mortgagee for all reasonable attorneys' fees, costs and expenses incurred by Mortgagee in any legal proceeding or dispute of any kind in which Mortgagee is made a party, or appears as party plaintiff, defendant, or otherwise, affecting the indebtedness secured hereby, affecting the MORTGAGE or the interest created herein, or affecting the Premises or the validity or priority of this indenture including any condemnation action involving the Premises or any action to protect the security hereof; and any such amounts paid by Mortgagee shall be added to the indebtedness secured by the lien of the MORTGAGE.

1.06 PERFORMANCE BY MORTGAGEE OF DEFAULTS BY MORTGAGOR: If Mortgagor shall default in the payment of any tax, lien, assessment, or charge levied or assessed against the Premises; in the payment of any utility charge, whether public or private; in the payment of any insurance premium; in the procurement of insurance coverage, or in the performance or observance of any other covenant, condition or term of the MORTGAGE, then Mortgagee, at its option, may perform or observe the same, and all payments made for or costs incurred by Mortgagee in connection therewith, shall be secured by the MORTGAGE and shall be immediately repaid by Mortgagor to Mortgagee with interest thereon at the rate specified in paragraph 3.05. Mortgagee shall be the sole judge of the legality, validity and priority of any such tax, lien, assessment, charge, claim and premium; of the necessity for any such action and of the amount necessary to be paid or incurred in satisfaction thereof. Mortgagee is hereby empowered to enter and to authorize others to enter upon the Premises or any part thereof for the purpose of performing or observing any such defaulted covenant, condition or term, without thereby becoming liable to Mortgagee or any person in possession holding under Mortgagor.

1.07 CONDEMNATION: If all or any part of the Premises shall be damaged or taken through condemnation (which term shall include any damage or taking by any governmental authority and any transfer by private sale in lieu thereof, either temporarily or permanently), Mortgagee shall be entitled to all compensation, awards and other payments or relief thereof and is hereby authorized, at its option, to commence, appear in and prosecute, in its own or Mortgagee's name, or compromise any claim in connection therewith. All such compensation, awards, damages, claims, rights of action and proceeds and the right thereto are hereby assigned to Mortgagee, who after deducting therefrom all its expenses, including attorneys' fees, may, without affecting the lien of the MORTGAGE, apply the same to the repair, restoration or replacement of the Premises or any damage resulting from said condemnation or to the payment or reduction of indebtedness secured hereby. Mortgagor agrees to execute such further assignment of any compensation, awards, damages, claims, rights of action and proceeds as Mortgagee may require. The payment to Mortgagee of any condemnation proceeds shall not excuse or delay the payment of any installment of the indebtedness secured hereby.

1.08 SECURITY AGREEMENT: As to that portion of the Premises which constitutes personal property, the MORTGAGE shall constitute a security agreement and Mortgagee, as a secured party, shall have all of the rights and remedies of a secured party under the Uniform Commercial Code in addition to the rights and remedies provided herein or in any other instrument evidencing or securing the Note or by applicable law. Nevertheless, to the full extent permitted by law, all parts of the Premises shall be deemed to be Premises or fixtures and a part of the freehold, and not personal property.

1.09 WARRANTY OF TITLE: Without limitation to any warranties implied by law, Mortgagor represents and warrants that Mortgagor has good and marketable title in and to the Premises described herein subject only to the liens and encumbrances, if any, specifically described herein; that Mortgagor owns all chattels and improvements described herein and the same are free and clear of any liens, security interests or claims (except those which are subordinate to the MORTGAGE); that Mortgagor is vested with the right to convey the Premises, and that no consent of other parties is required as a condition thereto. Mortgagor has good right to make the MORTGAGE and it will forever warrant and defend its title to the Premises and will defend the validity and priority of the lien of the MORTGAGE against the claims and demands of all persons and parties. Mortgagor covenants and agrees to appear in and defend any action or proceeding purporting to affect the security hereof, or the rights or powers of Mortgagee, and should Mortgagee elect to institute, appear in or defend or file proofs of claims in, any such action or proceeding, including actions or proceedings to foreclosure the MORTGAGE, proceedings under the Federal Bankruptcy Code or similar insolvency laws, and proceedings for the administration of the estates of deceased or incompetents, and their successors, Mortgagor covenants to pay all costs and expenses including cost of evidence of title and attorneys' fees in a reasonable sum incurred by Mortgagee.

1.10 COMPLIANCE WITH LAWS: Mortgagor shall comply with all laws, rules, ordinances, building codes, regulations, covenants, conditions, restrictions, orders and decrees of any governmental authority or court applicable to Mortgagor, or the Premises and their use, Mortgagor shall pay all fees or charges of any kind in connection therewith. Mortgagor will not use or occupy or allow the use or occupancy of the Premises in any manner which violates any applicable law, rule, regulation or order or which constitutes a public or private nuisance or which

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makes void, voidable or cancellable any insurance then in force with respect thereto.

1.11 RENT ROLL, AND INCOME AND EXPENSE STATEMENTS:

Mortgagor shall maintain full and correct books and records showing in detail the income, expenses and earnings relating to the Premises, and shall provide Mortgagee the following:

- (a) Within ninety (90) days from the end of each fiscal year of Mortgagor, an annual financial statement which shall consist of a complete itemized statement of annual income and operating expenses related to the Premises described in the MORTGAGE certified by the Mortgagor; and
- (b) Within thirty (30) days from the end of each fiscal quarter, a quarterly operating statement consisting of an itemized statement of quarterly income and operating expenses related to the Premises described in the MORTGAGE; and
- (c) Within ninety (90) days after the end of the Mortgagor's fiscal year, audited financial statements of income and financial condition of the Mortgagor in form and substance as required by Mortgagee; and
- (d) Any other interim and unaudited financial statements or information as required by the Mortgagee.

ARTICLE II

2.01 EVENT OF DEFAULT: The term "default" or "event of default", wherever used in the MORTGAGE, the Note, or this Modification, shall mean any one or more of the following events:

- (a) Should the indebtedness secured hereby, or any part thereof or interest or charge thereon not be paid when the same shall have become due and payable or within the time allowed to cure a default under the terms of the instrument representing said indebtedness.
- (b) Should the Mortgagor default in any of the terms, conditions or covenants contained in the Loan Documents.
- (c) Should any federal or state tax lien, mechanic's lien or other claim of lien for labor, services or materials be filed against Mortgagor, any Guarantor, or the Premises and not be transferred to bond or other security, paid or otherwise discharged within ten (10) days' filing.
- (d) Should any claim of priority over the MORTGAGE, by title, lien or otherwise, be successfully asserted in any legal or equitable proceeding.
- (e) Should any order, judgment, decree, cease, and desist or other similar order, act or proceeding be instituted by any governmental authority or private person to stay the construction and development of the Premises or the use of any portion thereof for its intended purpose.
- (f) Should Mortgagor or any Guarantor make an assignment for the benefit of creditors, consent to the appointment of a receiver, liquidator or trustee for the Premises or for any Premises or for any of Mortgagor's property or assets, or should Mortgagor file any voluntary petition under the Federal Bankruptcy Code, or for any Premises or for any of Mortgagor's property or assets, or should Mortgagor file any voluntary petition under the Federal Bankruptcy Code, as amended from time to time, or any similar state insolvency statute, or should Mortgagor consent to be adjudicated insolvent or a debtor under any provision of the foregoing statutes.
- (g) Should any voluntary petition be filed against Mortgagor or any Guarantor, the Premises, or any of Mortgagor's assets, under the Federal Bankruptcy Code, as amended from time to time, or under any similar state insolvency statute, or should

a receiver trustee be appointed over Mortgagor, any Guarantor or a substantial part of the assets of such party.

(h) Should Mortgagor attempt to sell, transfer, convey, encumber, or assign any interest in the Premises, or if any interest in the Mortgagor is transferred, assigned, encumbered or conveyed, or should Mortgagor consent to the filing of any lien or instrument securing any financing or debt, whether any of the acts enumerated above are absolute or as security affecting the Premises.

(i) Should any material representation, warranty or statement made by Mortgagor or any Guarantor in any loan documents or in any certificate, report or other writing delivered pursuant to any loan document be untrue as of the date made.

(j) Should any legal or equitable action be commenced against Mortgagor, which if adversely determined, could reasonably be expected to impair the ability of Mortgagor to perform each and every obligation under the MORTGAGE, and other loan documents.

(k) Should any other covenant, condition or agreement of Mortgagor or any Guarantor under the MORTGAGE not be observed or complied with.

(l) A default in or termination of The Residence Inn Company Franchise Agreement between The Residence Inn Company and Southern Inns Partners, its successors and assigns.

2.02 WAIVER OF APPRAISEMENT, VALUATION, STAY, AND EXTENSION: Mortgagor agrees to the full extent permitted by law that in case of a default on its part hereunder, neither Mortgagor nor anyone claiming through or under Mortgagor shall or will set up, claim or seek to take advantage of any appraisal, valuation, stay, extension or laws or rights now or hereafter in force, in order to prevent or hinder the enforcement or foreclosure of the MORTGAGE, and Mortgagor, does hereby waive to the full extent permitted by law, the benefit of all such laws, and any and all right to have the assets comprising the Premises herein marshalled upon any foreclosure of the lien hereof and agrees that Mortgagee or any court having jurisdiction to foreclose the Mortgage may sell the Premises in part or as an entirety.

2.03 SUITS TO PROTECT THE PREMISES: Mortgagee shall have the power and authority to institute and maintain any suits and proceedings Mortgagee may deem advisable either in its own name, in Mortgagor's name or both, (a) to prevent any impairment of the Premises by any acts which may be unlawful or in violation of the MORTGAGE, (b) to preserve or protect its interest in the Premises, and (c) to restrain the enforcement of or compliance with any legislation or other governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement of or compliance with such enactment, rule or order might impair Mortgagee's security hereunder or be prejudicial to Mortgagee's interest.

2.04 MORTGAGOR AS TENANT HOLDING OVER: In the event of a foreclosure sale of the Premises, Mortgagor shall be deemed a tenant holding over and shall forthwith deliver possession to the purchaser or purchasers at such sale or be summarily dispossessed according to provisions of law applicable to tenants holding over.

2.05 REMEDIES CUMULATIVE: No right, power or remedy conferred upon or reserved to Mortgagee by this indenture, or the Note, or other Loan Documents is intended to be exclusive of any other right, power or remedy, but each and every such right, power and remedy shall be cumulative and concurrent and shall be in addition to any other right, power and remedy given hereunder or now or hereafter existing at law or in equity or by statute. No act of Mortgagee shall be construed as a waiver or as an

election to proceed under any provisions herein or the other documents evidencing the loan or securing same to the exclusion of any other provisions, and Mortgagees shall have the right to exercise any and all rights and remedies severally or concurrently as it shall see fit.

2.06 OTHER SECURITY: Mortgagee may take or release other security, release any party primarily or secondarily liable for any indebtedness secured hereby, and may grant extensions, renewals, and indulgences with respect to such indebtedness and may enforce or apply any other security or proceeds to the indebtedness secured hereby either prior to, simultaneously with or subsequent to any action taken by or on behalf of Mortgagee hereunder.

2.07 ESCROW FOR REPLACEMENT OF FURNITURE, FIXTURES, AND EQUIPMENT: The Mortgagor shall place in a separate interest-bearing escrow account, which shall be held by the Mortgagee, certain funds. These funds shall be paid by Mortgagor to Mortgagee on a monthly basis as set out below. The funds in this escrow shall be used for the replacement of furniture, fixtures, and equipment and shall be additional collateral for the Note and for all sums secured by the MORTGAGE. The amounts as indicated below shall be paid on or about the 20th day of the month following the month to which they apply:

<u>YEAR</u>	<u>MONTHLY PAYMENT</u>
1st	1% of gross income
2nd	2% of gross income
3rd	3% of gross income
4th and each year thereafter	4% of gross income

The above-described fund, including any accrued interest, shall in no event exceed \$930,000 or such greater amount as shall be determined on the adjustment date, said date to be determined in the discretion of Mortgagee at any time after closing, in direct proportion to any changes in the cost of living index. The base year for computing such amount shall begin April 17, 1986, on which date the cost of living index shall be established for the adjustment of said amount. Thereafter, the cost of living index shall be secured for the adjustment date. The adjusted replacement fund amount shall be computed by dividing the cost of living index for the adjustment date by the cost of living index on April 17, 1986, and then multiplying the result by \$930,000.

For example: April 17 index = X
Adjustment Date index ÷ X = 1.24
(930,000) x (1.24) = \$1,153,200

ARTICLE III

3.01 SUCCESSORS AND ASSIGNS INCLUDED IN PARTIES: The words "Mortgagor" and "Mortgagee" whenever used herein shall include the respective heirs, executors, administrators, legal representatives, successors, successors in title and assigns of the parties hereto, and all those holding under either of them, and the pronouns used herein shall include, when appropriate, either gender and both singular and plural.

3.02 HEADING, TERMS DEFINED: The headings of the section paragraphs and subdivisions of this indenture are for convenience of reference only, are not to be considered a part hereof and shall not limit or otherwise affect any of the terms hereof. To the extent not inconsistent herewith, all terms used in the MORTGAGE shall have the meanings and definitions set forth in Loan Documents of even date herewith.

3.03 LAW GOVERNING; INVALID PROVISIONS TO AFFECT NO OTHERS: The MORTGAGE and the Note shall be governed and controlled as to validity, enforcement, interpretation, construction, effect and in all other respects, including, but not limited to, the legality of the interest charged hereunder, by the statutes, laws and decisions of the State of Alabama.

3.04 DEPARTURE FROM TERMS, MODIFICATION: Any indulgence or departure at any time by the Mortgagee from any of the provisions hereof, or of any obligation hereby secured, or failure to exercise rights and remedies shall not modify the same or relate to the future, or waive future compliance therewith by Mortgagor. This indenture may not be amended or modified except by a written instrument signed by the party against whom such amendment or modification is sought to be enforced.

3.05 INTEREST: Any sums which may be due to Mortgagee hereunder shall bear interest at the Actual Rate as specified in the Amnded Note.

3.06 NOTICES: Every provision for notice or demand to Mortgagee required herein or in the Note or loan documents shall be deemed fulfilled by Mortgagee's depositing written notice in the U.S. Mail addressed to Mortgagor at the address in the caption hereof (or such other address as Mortgagor shall have designated by written notice) or by delivery of same to such address.

3.07 WAIVER OF HOMESTEAD: To the extent permitted by law, Mortgagor hereby waives and renounces all homestead and exemption rights provided for by the Constitution and laws of the United States and any state thereof as against the collection of the indebtedness secured hereby and any part thereof Mortgagor covenants and warrants that the Premises is not homestead.

3.08 TIME OF ESSENCE: Time is of the essence with respect to each and every covenant, agreement and obligation of Mortgagor under the MORTGAGE, the Note, and any other loan document instrument now or hereafter evidencing, securing or otherwise relating to the indebtedness secured hereby.

3.09 FUTURE ADVANCES: The Mortgagee may hereafter, at its option, at any time before full payment of the MORTGAGE make Further Advances to the Mortgagor or their successors in title, and the same with interest as may be agreed upon shall be secured by the MORTGAGE; provided, however, that the amount of principal secured by the MORTGAGE and remaining unpaid shall not at the time of and including any such advance exceed the original principal sum secured hereby; and provided further that if the Mortgagee at its option shall make such Further Advance or Advances as aforesaid, the Mortgagor or their successors agree to execute and deliver to the Mortgagee a note in evidence of each such advance and bearing such terms as the Mortgagee shall require. The Mortgagor covenants and agrees to repay same as aforesaid with interest thereon and the Mortgagor does further covenant and agree that each note evidencing the same shall be secured by the MORTGAGE and shall be subject to all of the covenants and conditions contained herein. Advances to such successors shall not release Mortgagor or successors from liability.

Mortgagor agrees not to collect any rentals assigned hereunder more than one (1) month in advance and further agrees that at the time of assignment of rentals to notify tenants or lessees of such assignment and to pay rentals in advance.

3.10 MORTGAGOR NOT RELEASED: Extension of the time for payment or modification of amortization of the sums secured by the MORTGAGE granted by Mortgagee to any successor in interest of Mortgagor shall not operate to release, in any manner, the liability of the original Mortgagor and Mortgagor's successors in interest. Mortgagee shall not be required to commence proceedings against such successor or refuse to extend time for payment or otherwise modify amortization of the sums secured by

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the MORTGAGE by reason of any demand made by the original
Mortgagor and Mortgagor's successors in interest.

LEADER FEDERAL SAVINGS AND
LOAN ASSOCIATION

BY: *James C. Lott*

Title: Vice President

SOUTHERN INNS ASSOCIATES, LTD.,
a Tennessee limited partnership

BY: SOUTHERN INNS PARTNERS,
a Tennessee limited partnership,
GENERAL PARTNER

H. F. CORPORATION

BY: *ERRY LOTT*

TWO EIGHTY ASSOCIATES

BY: *Clyde H. Dixon Jr.*

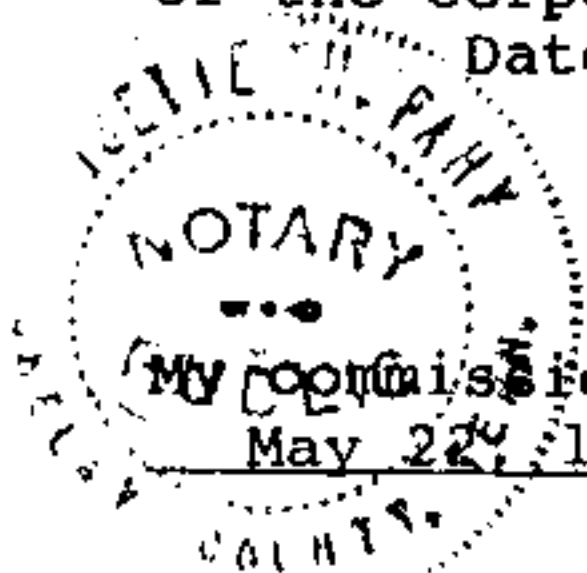
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Property Address: #3 Greenhill Parkway, Birmingham, Alabama 35243
Mail Tax Notice To: Leader Federal Savings and Loan
Association, 158 Madison Avenue, Memphis, TN 38103

STATE OF TENNESSEE)
COUNTY OF SHELBY)

Personally appeared before me, the undersigned, a Notary Public within and for said State and County, at Memphis, duly commissioned and qualified, James A. Watson, with whom I am personally acquainted, upon oath, acknowledged himself to be the Vice President of LEADER FEDERAL SAVINGS AND LOAN ASSOCIATION, the within named bargainor; and that he, as such officer, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by himself as such officer.

Dated this 17th day of April, 1986.



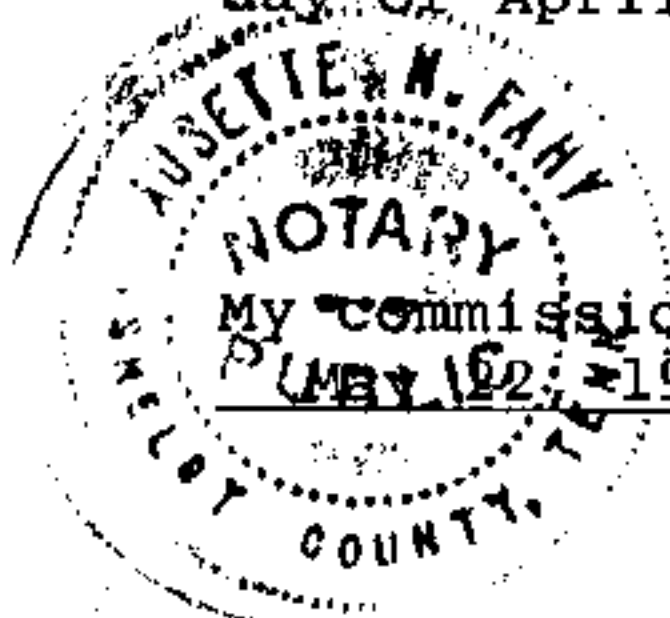
Aubette M. Tady
Notary Public

STATE OF TENNESSEE)
COUNTY OF SHELBY)

Before me, the undersigned Notary Public, in and for said State and County, personally appeared JERRY CLARKSON, with whom I am personally acquainted, and who, upon oath, acknowledged himself to be the Vice President of H.F. CORPORATION, a Tennessee corporation, the within named corporation acting as general partner of SOUTHERN INNS PARTNERS, a Tennessee limited partnership which is acting as general partner of SOUTHERN INNS ASSOCIATES, LTD., a Tennessee limited partnership, and that he, as such Vice President, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by himself as such Vice President of H. F. CORPORATION, a Tennessee corporation, as a general partner of SOUTHERN INNS PARTNERS, a Tennessee limited partnership, which is the general partner of SOUTHERN INNS ASSOCIATES, LTD., the within named bargainor.

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WITNESS my hand and Notarial Seal, at office, the 17th day of April, 1986.

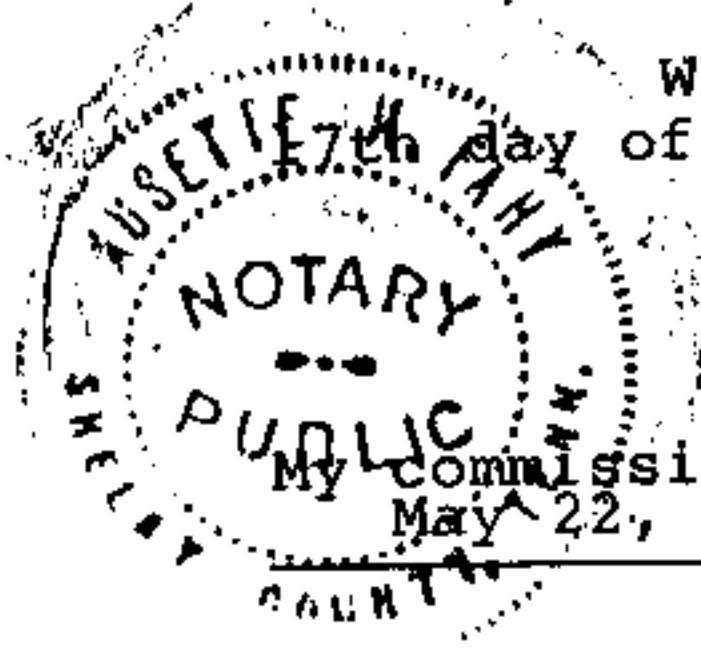


Aubette M. Tady
Notary Public

STATE OF TENNESSEE)
COUNTY OF SHELBY)

Before me, the undersigned Notary Public, in and for said State and County, personally appeared CLYDE H. DIXON, JR., with whom I am personally acquainted, and who, upon oath, acknowledged himself to be a partner of TWO EIGHTY ASSOCIATES, a Tennessee partnership, acting as general partner of SOUTHERN INNS PARTNERS, a Tennessee limited partnership, which limited partnership is acting as general partner of SOUTHERN INNS

ASSOCIATES, LTD., a Tennessee limited partnership, the within named bargainor, and that he, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing the name of TWO EIGHTY ASSOCIATES, a Tennessee partnership, by himself as general partner, which partnership is the general partner of SOUTHERN INNS PARTNERS, a Tennessee limited partnership, which partnership is a general partner of SOUTHERN INNS ASSOCIATES, LTD.



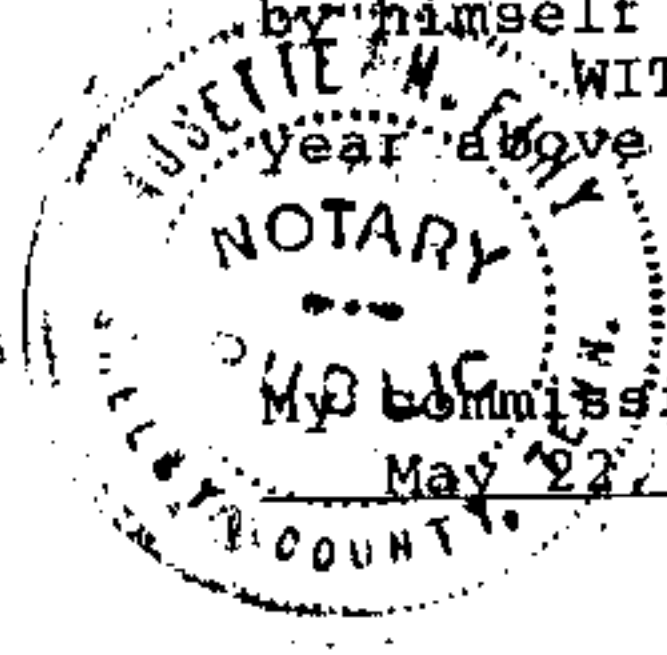
WITNESS my hand and notarial seal, at office, this the 17th day of April, 1986.

Margaret M. Fady
Notary Public

My commission expires:
May 22, 1989

STATE OF TENNESSEE)
COUNTY OF SHELBY)

On this 17th day of April, 1986, before me personally appeared CLYDE H. DIXON, JR., with whom I am personally acquainted, and who, upon his oath, acknowledged himself to be the partner in TWO EIGHTY ASSOCIATES, a Tennessee partnership, the within named bargainor, and that he, as such partner, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing the name of the partnership by himself as such partner.



WITNESS my hand and Notarial Seal at office the day and year above written.

Margaret M. Fady
Notary Public

My commission expires:
May 22, 1989

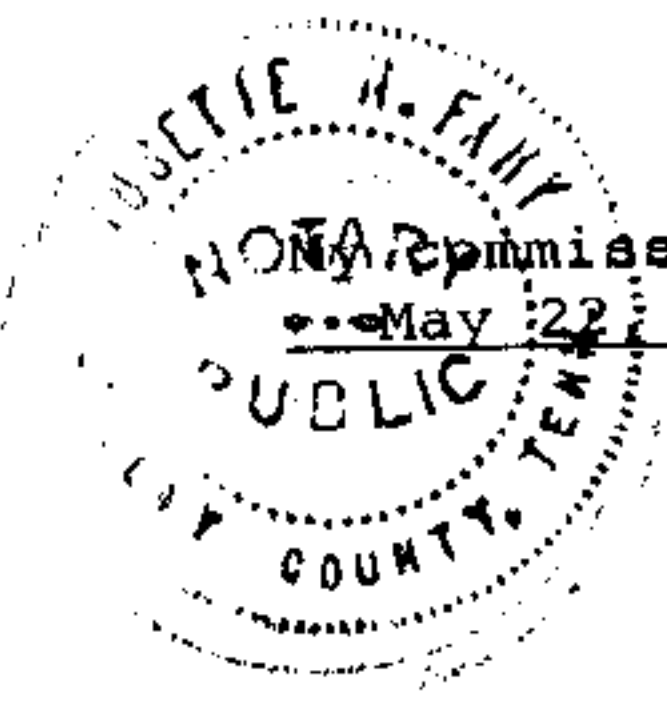
STATE OF TENNESSEE)
COUNTY OF SHELBY)

BOOK 068 PAGE 792

Personally appeared before me, the undersigned, a Notary Public within and for said State and County, at Memphis, duly commissioned and qualified, JERRY CLARKSON, with whom I am personally acquainted, upon oath, acknowledged himself to be the Vice President of H. F. CORPORATION, a Tennessee corporation, the within named bargainor; and that he, as such officer, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by himself as such officer.

Dated this 17th day of April, 1986.

Margaret M. Fady
Notary Public



My commission expires:
May 22, 1989

STATE OF ALA. SHELBY CO. 61
I CERTIFY THIS
INSTRUMENT WAS FILED

1986 APR 21 PM 1:42

Thomas A. Snowden, Jr.
JUDGE OF PROBATE

RECORDING FEES

Recording Fee	\$ 30.00
Index Fee	1.00
TOTAL	\$ 31.00