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This Instrument Was Prepared By and Upon Recordation Should Be Returned To:

Duncan W. Miller, Esq.
Morris, Manning & Martin, L.L.P.
1600 Atlanta Financial Center
3343 Peachtree Road, N.E.
Atlanta, Georgia 30326

STATE OF ALABAMA)
)
COUNTY OF Shelby)

THIS MORTGAGE AND SECURITY AGREEMENT SERVES AS A FINANCING STATEMENT FILED AS A FIXTURE FILING PURSUANT TO SECTION 7-9-402(6), CODE OF ALABAMA, AS AMENDED (the "Code").

MORTGAGE, ASSIGNMENT OF LEASES AND RENTS AND SECURITY AGREEMENT

THIS **MORTGAGE, ASSIGNMENT OF LEASES AND RENTS AND SECURITY AGREEMENT** ("Mortgage"), is made and executed the 7 day of December, 2006, by **ALABASTER HOTEL, LLC**, an Alabama limited liability company, whose mailing address is 3522 Vann Road, Suite 102, Birmingham, Alabama 35235 Attn: William B. Murray ("Mortgagor") to, in favor of and for the benefit of **SPECIALTY FINANCE GROUP LLC** a

Title Group

Georgia limited liability company, whose mailing address is Three Ravinia Drive, Suite 230, Atlanta, Georgia 30346, Attn: Dilip R. Petigara ("SFG").

ARTICLE ONE
RECITALS

1.1 Note.

Mortgagor has executed and delivered to SFG a Promissory Note (the "Note") of even date herewith. In the Note, Mortgagor promises to pay to the order of SFG the principal sum of ONE MILLION TWO HUNDRED THIRTY THOUSAND and No/100 Dollars ($1,230,000.00) (the "Loan"). This Mortgage secures the Loan. From date hereof the Loan shall be repaid with interest thereon, in monthly installments as set forth in the Note, and the entire unpaid principal balance and all accrued interest thereon shall be due and payable on June 30, 2007 (the "Maturity Date"). The terms and provisions of the Note are by this reference thereto incorporated herein and made a part hereof.

1.2 Indebtedness.

The indebtedness evidenced by the Note, including principal, interest and prepayment premium, if any, together with all other sums which may at any time be due, owing, or required to be paid under the Note, this Mortgage, and the other Loan Documents (as hereinafter defined) are herein called the "Indebtedness."

1.3 Loan Documents.

In addition to this Mortgage and the Note, there have been executed and delivered by Mortgagor to and in favor of SFG, as security for the payment of the Indebtedness, that certain Loan Agreement dated of even date herewith (the "Loan Agreement") and certain other loan documents more particularly described on **Exhibit B** attached hereto and by this reference thereto made a part hereof (the Note, this Mortgage, the Loan Agreement and all other documents and instruments described on said **Exhibit B**, whether now or hereafter existing, and as same may be hereafter amended, modified, or supplemented from time to time, are collectively referred to herein as the "Loan Documents"). Terms used, but not defined herein, shall have the meanings set forth in the Loan Agreement or the other Loan Documents.

1.4 Obligations.

As used in this Mortgage, "Obligations" shall mean:

(a) The Indebtedness;

(b) The full and prompt payment and performance of all of the provisions, agreements, covenants and obligations contained in the Loan Agreement;

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(c) The full and prompt payment and performance of Harold Rosbottom, Jr. (the "Guarantor") of all of the provisions, agreements, covenants and obligations contained in that certain Guaranty made by the Guarantor in favor of SFG of even date herewith (the "Guaranty");

(d) The full and prompt payment and performance of all of the provisions, agreements, covenants and obligations herein contained and contained in any other Loan Documents, and the payment of all other sums therein covenanted to be paid;

(e) Any and all additional advances made by SFG to protect or preserve the Premises or security interest created hereby on the Premises, or for taxes, assessments or insurance premiums as hereinafter provided or for performance of any of the Mortgagor's obligations hereunder, under the Loan Agreement or under the other Loan Documents (whether or not the original Mortgagor remains the owner of the Premises at the time of such advances);

(f) Any and all future advances under any of the Loan Documents, whether such advances are obligatory or are to be made at the option of SFG or otherwise in accordance with the terms of the Loan Documents, as are made within twenty (20) years from the date of this Mortgage, to the same extent as if such future advances were made on the date of the execution of this Mortgage; and

(g) Any and all other indebtedness now or hereafter owing by Mortgagor or Guarantor to SFG, however and whenever incurred or evidenced, whether express or implied, direct or indirect, absolute or contingent, or due or to become due, and all renewals, modifications, consolidations, replacements and extensions thereof.

ARTICLE TWO
THE GRANT

In order to secure the payment and performance of the Obligations and in consideration of the sum of Ten and No/100 Dollars ($10.00), in hand paid by SFG to the Mortgagor, the Recitals hereinabove stated in Article One, and for other good and valuable considerations, the receipt and sufficiency of which are hereby acknowledged, Mortgagor hereby grants, bargains, sells, assigns, warrants, releases, aliens, transfers, conveys and mortgages to SFG and its successors and assigns a present and continuing lien upon and security interest in and to all of the following rights, interests, claims, and property (collectively, the "Premises"):

(a) All right, title, and interest of Mortgagor in those certain tracts or parcels of land located in Shelby County, Alabama and more particularly described in **Exhibit A** attached hereto and by this reference incorporated herein and made a part hereof (the "Land");

(b) All right, title, and interest of Mortgagor in those buildings, structures, and other improvements now or hereafter constructed, erected, installed, placed or situated

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upon the Land (collectively, the "Improvements"), and all materials owned by Mortgagor intended for construction, reconstruction, alteration and repairs of the Improvements now or hereafter erected, all of which materials shall be deemed to be included with the Improvements immediately upon the delivery thereof to the Land;

(c) All right, title and interest of Mortgagor now owned or hereafter acquired, including, without limitation, any after-acquired title, franchise (to the extent assignable), license (to the extent assignable), remainder or reversion, in and to (i) any land or vaults lying within the right-of-way of any street, avenue, way, passage, highway, or alley, open or proposed, vacated or otherwise, adjoining the Land; (ii) any and all alleys, sidewalks, streets, avenues, strips and gores of land adjacent, belonging or appertaining to the Land and Improvements; (iii) all rights of ingress and egress to and from the Land and all adjoining property; (iv) storm and sanitary sewer, water, gas, electric, railway, telephone, and all other utility services relating to the Land and Improvements; (v) all land use, zoning, developmental rights and approvals, all air rights, water, water rights, water stock, gas, oil, minerals, coal, and other substances of any kind or character underlying or relating to the Land or any part thereof; and (vi) each and all of the tenements, hereditaments, easements, appurtenances, other rights, liberties, reservations, allowances, and privileges relating to the Land or the Improvements or in any way now or hereafter appertaining thereto, including homestead and any other claim at law or in equity (collectively, the "Appurtenances");

(d) All leases, tenancies, licenses, subleases, assignments and/or rental or occupancy agreements and other agreements or arrangements (including, without limitation, any and all guarantees of any of the foregoing) heretofore or hereafter entered into affecting the use, enjoyment or occupancy of, or the conduct of any activity upon or in, the Premises and the Improvements, including any extensions, renewals, modifications or amendments thereof (collectively, the "Leases") and all rents, rent equivalents, moneys payable as damages or in lieu of rent or rent equivalents, royalties (including, without limitation, all oil and gas or other mineral royalties and bonuses), income, fees, receivables, receipts, revenues, deposits (including, without limitation, security, utility and other deposits), accounts, cash, issues, profits, charges for services rendered, and other payment and consideration of whatever form or nature received by or paid to or for the account of or benefit of Mortgagor or its agents or employees from any and all sources arising from or attributable to the Premises and the Improvements, including, without limitation, all hotel receipts, revenues and credit card receipts collected from guest rooms, restaurants, bars (including, without limitation, service charges for employees and staff), mini-bars, meeting rooms, banquet rooms, apartments, parking, and recreational facilities, health club membership fees, food and beverage wholesale and retail sales, service charges, convention services, special events, audio-visual services, boat cruises, travel agency fees, telephone charges, laundry services, vending machines and otherwise, all receivables, customer obligations, installment payment obligations and other obligations now existing or hereafter arising or created out of the sale, lease, sublease, license, concession or other grant of the right of the possession, use and occupancy of all or any portion of the Premises and the Improvements or personalty located thereon, or rendering of services by Mortgagor or

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any operator or manager of the hotel or the commercial space located in the Improvements or acquired from others (including, without limitation, from the rental of any office space, retail space, guest rooms or other space, halls, stores, and offices, and deposits securing reservations of such space, and charges for services such as room service, telecommunication and video, electronic mail, internet connection and other communications and entertainment services), license, lease, sublease and concession fees and rentals, and proceeds, if any, from business interruption or other loss of income insurance and any other items of revenue which would be included in operating revenues under the Uniform System of Accounts for Lodging Industry, current edition (the "Rents"), together with all proceeds from the sale or other disposition of the Leases and the right to receive and apply the Rents to the payment of the debt; subject, however, to the right power, and authority (the "License") granted Mortgagor in the Assignment of Leases and Rents executed by Mortgagor and in favor SFG herewith to collect and apply the Rents as provided therein;

(e) All building service, building maintenance, construction, development, management, franchise (to the extent assignable), indemnity and other similar agreements and contracts, written or oral, express or implied, now or hereafter entered into, arising or in any manner related to the construction, design, improvement, use, operation, ownership, occupation, enjoyment, sale, conversion or other disposition (voluntary or involuntary) of the Land, or the Improvements, or any other interest in the Land, or any combination thereof, including, without limitation, all property management agreements, franchise agreements (to the extent assignable), so-called "patronage" agreements, agreements relating to the collection of receivables or use of customer lists, all bookings and reservations for space or facilities within the Improvements or other information, sales contracts, purchase options, option agreements, rights of first refusal, contract deposits, earnest money deposits, prepaid items and payments due and to become due thereunder, and further including all payment and performance bonds, construction guaranties, warranties and other undertakings, construction contracts, subcontracts, architect's agreements, general contract agreements, design agreements, engineering agreements, technical service agreements, architectural plans and specifications, drawings, surveys, renderings and models, sewer and water and other utility agreements, permits, approvals, licenses, liquor licenses, agreements, contracts, building permits, service contracts, maintenance contracts, advertising contracts, purchase orders and equipment leases, personal property leases, tradenames, trademarks, servicemarks and logos, and all goodwill symbolized thereby or pertaining thereto and all causes of action relating thereto (collectively, the "Contracts");

(f) All general intangibles of Mortgagor, including, without limitation, goodwill, trademarks, trade names, option rights, permits, licenses, insurance policies and proceeds therefrom, rights of action, and books and records relating to the Land or Improvements (collectively, the "Intangible Personal Property");

(g) All right, title and interest of the Mortgagor in and to all fixtures, equipment and tangible personal property of every kind, nature or description attached or affixed to or situated upon or within the Land or Improvements, or both, provided the

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same are used, usable, or intended to be used for or in connection with any present or future use, occupation, operation, maintenance, management or enjoyment of the Land or Improvements, including, but not limited to, all vehicles, books, gas and electric fixtures, radiators, heaters, furnaces, engines and machinery, boilers, ranges, ovens, elevators and motors, bathtubs, sinks, commodes, basins, pipes, faucets and other plumbing, heating and air conditioning equipment, mirrors, refrigerating plant, refrigerators, iceboxes, dishwashers, carpeting, floor coverings, furniture, light fixtures, signs, lawn equipment, water heaters, cooking apparatus and appurtenances, china, glassware, tableware, uniforms, linen, guest ledgers, books, vehicles, telephone systems, televisions and television systems, computer systems, and all other fixtures and equipment now or hereafter owned by Mortgagor and located in, on or about, and used or intended to be used primarily with or in connection with the use, operation, or enjoyment of the Land or the Improvements, whether installed in such a way as to become a part thereof or not, including all extensions, additions, improvements, betterments, renewals and replacements of any of the foregoing and all the right, title and interest of Mortgagor in and to any of the foregoing now owned or hereafter acquired by Mortgagor, all of which are hereby declared and shall be deemed to be fixtures and accessions to the freehold and a part of the Improvements as between the parties hereto and all persons claiming by, through or under them (collectively, the "Tangible Personal Property");

(h) All proceeds of the conversion, voluntary or involuntary, of any of the Premises into cash or other liquidated claims, or that are otherwise payable for injury to, or the taking or requisitioning of the Premises, including all insurance and condemnation proceeds as provided in this Mortgage (collectively, the "Proceeds");

(i) All present and future funds, deposit accounts, accounts, instruments, accounts receivable, documents, policies of insurance, causes of action, claims, general intangibles, including, without limitation, all names by which the Land or the Improvements may be operated or known, all rights to carry on business under such names, all telephone numbers or listings, all rights, interest and privileges which Mortgagor have or may have as developer or declarant under any covenants, restrictions or declarations now or hereafter relating to the Land or the Improvements, and all notes or chattel paper now or hereafter arising from or by virtue of any transactions related to the Land or the Improvements and all customer lists, other lists, and business information relating in any way to the Land, the Improvements or the use thereof, whether now owned or hereafter acquired;

(j) All of the Mortgagor's right, power, or privilege to further hypothecate or encumber all or any portion of the property, rights and interests described in this Article Two as security for any debt or obligation; it being intended by this provision to divest the Mortgagor of the right, power and privilege to hypothecate or encumber, or to grant a Mortgage upon or security interest in any of the property hypothecated in or encumbered by this Mortgage as security for the payment of any debt or performance of any obligation without SFG's prior written consent, which consent shall not be unreasonably withheld (the "Right to Encumber");

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(k) All other property, rights, interests, or claims of every name, kind, character or nature, both in law and in equity, which Mortgagor now has or may hereafter acquire in the Land and Improvements and all other property, rights, interests, estates or claims of any name, kind, character or nature or properties now owned or hereafter acquired in the other properties and interests comprising the Premises ("Other Rights and Interests"); and

(l) All proceeds, products, substitutions and accessions of the foregoing of every type.

Mortgagor agrees that without the necessity of any further act of the Mortgagor or SFG, the lien of and the security interest created in and by this Mortgage shall automatically extend to and include any and all renewals, replacements, substitutions, accessions, products or additions to and proceeds of the Premises and any real property acquired by the Mortgagor which may be contiguous or attached to the Premises and may be required by law or by a tenant of the Premises to be used in or as part of the direct operation of the Premises.

TO HAVE AND TO HOLD the Premises hereby mortgaged and conveyed or so intended, unto SFG and the successors and assigns of SFG, its successors and assigns, forever, free from all rights and benefits under and by virtue of the Homestead Exemption Laws or similar laws of the State or other jurisdiction in which the Premises are located (which rights and benefits are hereby expressly released and waived), for the uses and purposes herein set forth and all parts, rights, members and appurtenances thereof; and Mortgagor covenants that Mortgagor is lawfully seized and possessed of the Premises, and has good right to convey the same, and that the Premises is unencumbered except for those matters expressly set forth in **Exhibit C** attached hereto and by this reference made a part hereof, and that the Mortgagor does warrant and will forever defend the title thereto against the claims of all persons whomsoever, except as to those matters set forth in said **Exhibit C** attached hereto.

ARTICLE THREE
GENERAL AGREEMENTS

To protect the security of this Mortgage, the Mortgagor further covenants and agrees as follows:

3.1 Recitals.

The recitals set forth above are true and correct and are by reference incorporated herein.

3.2 Obligations.

Mortgagor shall pay promptly each and every sum due to SFG under the Loan Documents either as the payments due under any of the terms thereof, as sums due as a result of the nonperformance of any of the covenants, agreements, and obligations thereof, or as amounts due as a result of a breach of any of the representations, warranties, and certifications contained

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therein (including fees and charges), at the times and in the manner provided in the Loan Documents. All such sums payable by Mortgagor shall be paid without demand, counterclaim, offset, deduction, or defense. Mortgagor hereby waives all rights now or hereafter conferred by statute or otherwise to any such demand, counterclaim, offset, deduction, or defense. Mortgagor shall fully and promptly perform all of the provisions, agreements and covenants of the Obligations.

3.3 Other Payments.

(a) If required by SFG in the exercise of its sole discretion, Mortgagor shall deposit, in addition to the monthly installments of principal and interest required by the Note, monthly until the Indebtedness is fully paid the following sums (collectively, the "Tax and Insurance Deposits"):

(i) A sum equal to one-twelfth (1/12th) of the annual Taxes (as hereinafter defined) next due on the Premises, all as estimated by SFG (the "Tax Deposits"); and

(ii) A sum equal to one-twelfth (1/12th) of the annual premium or premiums next payable for the insurance hereinafter required to be maintained on or with respect to the Premises (the "Insurance Deposits").

The amounts paid as Tax and Insurance Deposits are herein called the "Other Payments."

(b) Should the total Tax and Insurance Deposits on hand not be sufficient to pay all of the Taxes and insurance premiums, together with all penalties and interest thereon, when the same become due and payable, then the Mortgagor shall pay to SFG promptly on demand any amount necessary to make up the deficiency. If the total of such Tax and Insurance Deposits exceeds the amount required to pay the Taxes and insurance premiums, such excess shall be credited on subsequent payments to be made for such items.

(c) All such Tax and Insurance Deposits:

(i) Shall be held by SFG or a depository designated by SFG, in trust, with no obligation to segregate such payments and without any obligation arising for the payment of any interest thereon; and

(ii) Shall be held in trust to be applied by SFG for the purposes for which made (as hereinabove provided); subject, however, to the security interest granted SFG herein.

(d) Provided that no Event of Default (as hereinafter defined) exists and there are sufficient funds in the Tax and Insurance Deposits, SFG agrees to make the payment of the Taxes or insurance premiums with reasonable promptness following its receipt of

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appropriate tax and/or insurance bills therefor, or alternatively upon presentation by Mortgagor of receipts (paid for) tax and/or insurance bills SFG shall reimburse the Mortgagor for such Taxes and insurance premium payments made by the Mortgagor.

(e) Upon the occurrence of an Event of Default (as hereinafter defined), SFG may, at its option, without being required to do so, apply any Tax and Insurance Deposits on hand on account of any of the Indebtedness, in such order and manner as SFG may elect. When the Indebtedness has been fully paid, then any remaining Tax and Insurance Deposits shall be paid to the Mortgagor.

3.4 Maintenance, Repair, Restoration, Prior Liens, Parking.

The Mortgagor shall and hereby agrees to:

(a) Promptly repair, restore, replace, or rebuild any portion of the Improvements which may become damaged or destroyed, whether or not proceeds of insurance are available or sufficient for such purpose, with all replacements being at least equal in quality and condition as existed prior thereto, free from any security interest therein, encumbrances thereon, or reservation of title thereto;

(b) Keep the Improvements in good condition and repair (ordinary wear and tear excepted), without waste, and free from mechanics', materialmen's or like liens or claims or other liens or claims of lien other than Contested Liens in accordance with Section 3.5 hereof;

(c) Complete, within a reasonable time, any Improvements now or hereafter in the process of construction or erection upon the Land;

(d) Comply with all statutes, rules, regulations, orders, decrees, and other requirements of any governmental body, whether federal, state, or local, having jurisdiction over the Premises and the use thereof and observe and comply with any conditions and requirements necessary to preserve and extend any and all rights, licenses, permits (including, without limitation, zoning variances, special exceptions, and nonconforming uses), privileges, franchises, and concessions that are applicable to the Premises or its use and occupancy;

(e) Following the initial construction of any Improvements, make no material alterations in or to the Improvements, except as required in subsection (d) hereof or otherwise with the written consent of SFG (which consent shall not be unreasonably withheld) and in conformity with all applicable laws;

(f) Following the initial construction of any Improvements, not suffer nor permit any change in the general nature of the occupancy of the Improvements without SFG's prior written consent (which consent shall not be unreasonably withheld);

(g) Pay when due all operating costs of the Improvements;

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(h) Not initiate nor acquiesce in any zoning reclassification with respect to the Premises without SFG's prior written consent (which consent shall not be unreasonably withheld);

(i) Provide, improve, grade, surface and thereafter maintain, clean, repair, and adequately light all parking areas upon the Land of sufficient size to accommodate the greater of (i) the amount of standard-size vehicles required by law, ordinance, regulation; or (ii) the amount of standard-size vehicles required by the terms of any lease which is subject to the Assignment of Leases and Rents made by Mortgagor to and in favor of SFG of even date herewith, together with any sidewalks, aisles, streets, driveways and sidewalk cuts and sufficient paved areas for ingress, egress and rights-of-way to and from the adjacent thoroughfares necessary or desirable for the use thereof;

(j) Forever warrant and defend its title to the Premises (except for Permitted Encumbrances) and the validity, enforceability and priority of the lien and security interests granted in and by this Mortgage and the other Loan Documents against the claims and demands of all persons; and

(k) The amounts paid as Tax and Insurance Deposits are herein called the "Other Payments."

3.5 Property Taxes and Contest of Liens.

Notwithstanding the Other Payments required by Section 3.3, Mortgagor shall be responsible for the payment, when first due and owing and before delinquency and before any penalty attaches, of all Land and personal property taxes and assessments (general or special), water charges, sewer charges, and any other charges, fees, taxes, claims, levies, charges, expenses, liens, and assessments, ordinary or extraordinary, governmental or nongovernmental, statutory or otherwise, that may be asserted against the Premises or any part thereof or interest therein ("Taxes"). Notwithstanding anything contained herein to the contrary, Mortgagor may, in good faith and with reasonable diligence, contest the validity or amount of any such Taxes as well as any mechanics', materialmen's, or other liens or claims of lien upon the Premises (collectively, "Contested Liens"), provided that:

(a) Such contest shall have the effect of preventing the collection of the Contested Liens and the sale or forfeiture of Premises or any part thereof or interest therein to satisfy the same; and

(b) Mortgagor shall first notify SFG in writing of the intention of Mortgagor to contest the same before any Contested Liens have been increased by any interest, penalties, or costs.

3.6 Tax and Lien Payments by SFG.

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(a) Upon the failure of Mortgagor to pay the Tax Deposits as required in Section 3.3 or (in the event said payments are waived by SFG) to pay the Taxes required to be paid in Section 3.5 above, SFG is authorized, in its sole discretion, to make any payment of Taxes levied, assessed or asserted against the Premises, or any part thereof, in accordance with any tax bill or statement from the appropriate public office without inquiry into the accuracy or validity of any Taxes, sales, forfeiture, or title or claim relating thereto.

(b) SFG is also authorized, in the place and stead of Mortgagor, to make any payment relating to any apparent or threatened adverse title, lien, claim of lien, encumbrance, claim, charge, or payment otherwise relating to any other purpose but not enumerated in this Section, whenever, in SFG's judgment and discretion, such advance seems necessary to protect the full security intended to be created by this Mortgage.

(c) All such advances authorized by this Section 3.6 shall constitute additional Indebtedness and shall be repaid by Mortgagor to SFG upon demand with interest at the Default Rate (as defined in the Note) from the date of such advance.

3.7 Insurance.

a. Mortgagor, at its sole cost, for the mutual benefit of Mortgagor and SFG, shall obtain and maintain during the Term the following policies of insurance:

i. Property insurance insuring against loss or damage customarily included under so called "all risk" or "special form" policies including fire, lightning, flood, earthquake, vandalism, and malicious mischief, boiler and machinery and, if available, coverage for damage or destruction caused by "War", if available, and the "certified" (as defined in the Terrorism Risk Insurance Act of 2002) acts of terrorists (or such policies shall have no exclusion from coverage with respect thereto) and such other insurable hazards as, under good insurance practices, from time to time are insured against for other property and buildings similar to the Property in nature, use, location, height, and type of construction. Such insurance policy shall also insure costs of demolition and increased cost of construction (which insurance for demolition and increased cost of construction may contain a sub-limit satisfactory to SFG). Each such insurance policy shall (a) be in an amount equal to the greater of (1) one hundred percent (100%) of the then replacement cost of the Improvements without deduction for physical depreciation, and (2) such amount as is necessary so that the insurer would not deem Mortgagor a co-insurer under such policies, (b) have deductibles no greater than the lesser of $100,000 or five percent (5%) of Net Operating Income per occurrence, and (c) contain an agreed amount replacement cost endorsement with a waiver of depreciation, and shall cover, without limitation, all tenant improvements and betterments that Mortgagor is required to insure pursuant to any lease on a replacement cost basis. If the insurance required under this subparagraph is not obtained by blanket insurance policies, the insurance policy shall be endorsed to also provide guaranteed building replacement cost to the Improvements and such tenant improvements in an amount to be subject to the

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consent of SFG, which consent shall not be unreasonably withheld, but in all events, not less than would be required to restore the Premises following a Casualty. SFG shall be named "Lender Loss Payee" on a Standard Mortgagee Endorsement.

ii. Flood insurance if any part of the Premises is located in an area identified by the Federal Emergency Management Agency as an area having special flood hazards, in an amount at least equal to the lesser of: (a) the greater of (1) the then full replacement cost of the Premises without deduction for physical depreciation and (2) the unpaid Principal and (b) the maximum limit of coverage available under the National Flood Insurance Plan with respect to the Premises; provided, however, that SFG shall be entitled to require flood insurance in amounts greater than the foregoing, in its discretion.

iii. While the Property remains undeveloped, public liability insurance, including (a) "Commercial General Liability Insurance", (b) "Owned", "Hired" and "Non Owned Auto Liability"; and (c) umbrella liability coverage for personal injury, bodily injury, death, accident and property damage, such insurance providing in combination no less than $1,000,000 per occurrence and $2,000,000 in the annual aggregate on per location basis, if aggregate limits are shared with other locations the amount of umbrella liability insurance to be provided shall be not less than $5,000,000. The policies described in this subsection shall also include coverage independent contractors, "Contractual Liability" (covering, to the maximum extent permitted by law, Mortgagor's obligation to indemnify SFG as required under this Agreement and the other Loan Documents).

iv. Following the initial construction of the Improvements, public liability insurance, including (a) "Commercial General Liability Insurance", (b) "Owned", "Hired" and "Non Owned Auto Liability"; and (c) umbrella liability coverage for personal injury, bodily injury, death, accident and property damage, such insurance providing in combination no less than $5,000,000 per occurrence and in the annual aggregate on per location basis, if aggregate limits are shared with other locations the amount of umbrella liability insurance to be provided shall be not less than $20,000,000. The policies described in this subsection shall also include coverage for elevators, escalators, independent contractors, "Contractual Liability" (covering, to the maximum extent permitted by law, Mortgagor's obligation to indemnify SFG as required under this Agreement and the other Loan Documents), "Products" and "Completed Operations Liability" coverage.

iv. Following the initial construction of the Improvements, rental loss and/or business interruption insurance (a) with SFG being named as "Lender Loss Payee", (b) in an amount equal to one hundred percent (100%) of the projected Rents from the Premises during the period of restoration; and (c) containing an extended period of indemnity endorsement which provides that after the physical loss to the Premises has been repaired, the continued loss of income will be insured until such income either returns to the same level it was at prior to the

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loss, or the expiration of twelve (12) months from the date that the Premises is damaged, whichever first occurs, and notwithstanding that the policy may expire prior to the end of such period. The amount of such insurance shall be increased from time to time during the Term as and when the estimated or actual Rents increase.

v. To the extent such equipment is located at the Premises, comprehensive boiler and machinery insurance covering all mechanical and equipment against physical damage, rent loss and improvements loss and covering, without limitation, all tenant improvements and betterments that Mortgagor is required to insure pursuant to the lease on a replacement cost basis and in the minimum amount $3,000,000.

vi. Worker's compensation and disability insurance with respect to any employees of Mortgagor, if any, as required by any Legal Requirement.

vii. During any period of construction, repair or restoration, builder's "all-risk" insurance in an amount equal to not less than the full insurable value of the Premises, against such risks (including fire and extended coverage and collapse of the Improvements to agreed limits) as SFG may request, in form and substance acceptable to SFG, and coverage to compensate for the cost of demolition and the increased cost of construction in an amount satisfactory to SFG.

viii. Such other insurance (including environmental liability insurance, earthquake insurance and windstorm insurance) as may from time to time be reasonably required by SFG in order to protect its interests.

b. All policies of insurance (the "Policies") required pursuant to these insurance requirements shall (i) be issued by companies approved by SFG and licensed to do business in the State, with a claims paying ability rating of "AA" or better by S&P (and the equivalent by any other Rating Agency) and a rating of A:VII or better in the current Best's Insurance Reports; (ii) name SFG and its successors and/or assigns as their interests may appear as the mortgagee (in the case of property and rent loss or business interruption insurance) or an additional insured (in the case of liability insurance); (iii) contain (in the case of property insurance) a Non-Contributory Standard Mortgagee Clause and a SFG's Loss Payable Endorsement, or their equivalents, naming SFG as the Person to which all payments made by such insurance company shall be paid; (iv) provisions permitting Mortgagor to waive its rights of subrogation against SFG; (v) be assigned and the originals thereof delivered to SFG; (vi) contain such provisions as SFG deems reasonably necessary or desirable to protect its interest, including (A) endorsements providing that neither Mortgagor, SFG nor any other party shall be a co-insurer under the Policies, (B) that SFG shall receive at least thirty (30) days' prior written notice of any modification, reduction or cancellation of any of the Policies, (C) an agreement whereby the insurer waives any right to claim any premiums and commissions against SFG, provided that the policy need not waive the requirement that the premium be paid in order for a claim to be paid to the insured and (D) providing that SFG is

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permitted to make payments to effect the continuation of such Policy upon notice of cancellation due to non-payment of premiums; (vii) in the event any insurance policy (except for general public and other liability and workers compensation insurance) shall contain breach of warranty provisions, such policy shall provide that with respect to the interest of SFG, such insurance policy shall not be invalidated by and shall insure SFG regardless of (A) any act, failure to act or negligence of or violation of warranties, declarations or conditions contained in such policy by any named insured, (B) the occupancy or use of the premises for purposes more hazardous than permitted by the terms thereof, or (C) any foreclosure or other action or proceeding taken by SFG pursuant to any provision of the Loan Documents; and (viii) be satisfactory in form and substance to SFG and approved by SFG as to amounts, form, risk coverage, deductibles, loss payees and insureds. Mortgagor shall pay the premiums for such Policies (the "Insurance Premiums") as the same become due and payable and furnish to SFG evidence of the renewal of each of the Policies together with (unless such Insurance Premiums have been paid by SFG pursuant to Section 3.8) receipts for or other evidence of the payment of the Insurance Premiums reasonably satisfactory to SFG. If Mortgagor does not furnish such evidence and receipts at least thirty (30) days prior to the expiration of any expiring Policy, then SFG may, but shall not be obligated to, procure such insurance and pay the Insurance Premiums therefor, and Mortgagor shall reimburse SFG for the cost of such Insurance Premiums promptly on demand, with interest accruing at the Default Rate. Mortgagor shall deliver to SFG a certified copy of each Policy within thirty (30) days after its effective date. Within thirty (30) days after request by SFG, Mortgagor shall obtain such increases in the amounts of coverage required hereunder as may be reasonably requested by SFG, taking into consideration changes in the value of money over time, changes in liability laws, changes in prudent customs and practices, and the like.

3.8 Insurance Premium Payment by SFG.

(a) In the event the Mortgagor fails to make the Insurance Deposits as required by Section 3.3 or (if those payments have been waived) upon SFG's receipt (i) of notice of an unpaid insurance premium; (ii) of notice of a termination or cancellation of any required insurance policy; or (iii) of notice that a required insurance policy is not to be renewed and Mortgagor fails to provide replacement coverage at least fifteen (15) days prior to the termination of existing coverage, SFG may, at its option, procure and substitute another policy of insurance in the amount required pursuant to the foregoing terms of this Mortgage with such companies as SFG may select, the cost of which shall be paid by Mortgagor promptly following SFG's written demand should the amount available from the Insurance Deposit be insufficient to pay the premium therefor. All sums paid by SFG in procuring said insurance that are not promptly reimbursed by the Mortgagor shall be additional Indebtedness and shall be immediately due and payable without notice, with interest thereon at the Default Rate as defined in the Note.

(b) In the event of any insured damage to or destruction of the Improvements or any part thereof, Mortgagor shall promptly notify SFG and take such steps as necessary to preserve the undamaged portion of the Improvements. In SFG's sole discretion all insurance proceeds shall be applied: (i) to the installments of the

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Indebtedness in the inverse order of its maturity (provided, however, no premium or penalty shall be payable in connection with any prepayment of the Indebtedness from the insurance proceeds as aforesaid); or (ii) to the cost of restoring, repairing, replacing, or rebuilding (herein generally called "Restoration") the Improvements or any part thereof.

3.9 Condemnation.

(a) The Mortgagor shall give SFG prompt notice of any proceedings, instituted or threatened, seeking condemnation or taking by eminent domain or any like process (a "Taking") of all or any part of the Land or Improvements including any easement thereon or appurtenance thereto (including severance of, consequential damage to, or change in grade of streets), and shall deliver to SFG copies of any and all papers served in connection with any such proceeding.

(b) Mortgagor hereby assigns, transfers, and sets over unto SFG the entire proceeds of any and all awards resulting from any Taking (the "Award"). SFG is hereby authorized to collect and receive from the condemnation authorities the entire Award and is further authorized to give appropriate receipts and acquittances therefor.

(c) In the event of any such Taking, any and all such Award shall be applied, in SFG's sole discretion: (i) to the installments of the Indebtedness in the inverse order of their maturity (provided, however, no premium or penalty shall be payable in connection with any prepayment of the Indebtedness made out of such Award as aforesaid); or (ii) to the cost of Restoration of the Land and Improvements or any part thereof.

3.10 Restoration Using Proceeds.

(a) Notwithstanding Section 3.8 or Section 3.9 hereof, if any portion or portions of the Premises is damaged or destroyed or is the subject of a partial Taking, and such damage, destruction or Taking can be remedied by repairing, rebuilding or performing restoration work on the Premises (such repair, rebuilding or restoration being herein called the "Work"), SFG shall allow Mortgagor to use the proceeds of all insurance policies, judgments, settlements, or awards, less and except any costs to SFG for the recovery thereof (said net amount being hereinafter called the "Proceeds") for the Work, so long as the following conditions have been met:

(i) No Event of Default exists hereunder or under any of the other Loan Documents now or hereafter evidencing, securing or otherwise relating to the Loan or this Mortgage;

(ii) Mortgagor shall have delivered evidence reasonably satisfactory to SFG that the affected improvements may be reconstructed in accordance with all applicable zoning, building code, and other governmental requirements and that, upon completion of the Work, the condition of the affected improvements will be at least equal in value and general utility to that which existed on the date of this Mortgage;

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(iii) Mortgagor shall have delivered evidence reasonably satisfactory to SFG that sufficient funds, including the Proceeds, are available to perform the Work and that the Work is capable of completion prior to the maturity of the Note; and

(iv) In the event of a casualty loss that otherwise meets the requirements of this Section 3.10(a) above, Mortgagor has delivered evidence satisfactory to SFG that it has sufficient cash or business income insurance proceeds payable to Mortgagor as a result of the damage or destruction sufficient to cover the amount of the Note during the period the Work is being performed. In the event of a Taking that otherwise meets the requirements of this Section 3.10(a) above, Mortgagor has delivered evidence satisfactory to SFG that it has sufficient cash or income from the Premises sufficient to cover the amount of the Note during the period the Work is being performed.

(b) If all of the conditions set forth in subsection 3.10(a) above are satisfied, SFG shall make the Proceeds available for Restoration of the Land and/or Improvements, provided that:

(i) Mortgagor shall complete, in form and with supporting documentation reasonably required by SFG, an estimate of the cost to repair or to restore the Land and Improvements to the condition at least equal to the condition in which they existed prior to such damage, destruction or Taking, free from any security interest in, lien or encumbrances on, or reservation of title to such Land and Improvements.

(ii) The Proceeds necessary to complete Restoration shall be held by SFG, or if SFG so desires, a disbursing agent selected by SFG. Said Proceeds may be invested using Mortgagor's taxpayer identification number in an interest bearing account mutually acceptable to Mortgagor and SFG. The costs and expenses of administering disbursements shall be paid by Mortgagor. In the event the amount of the Proceeds are insufficient to cover the cost of Restoration, Mortgagor shall pay the cost of Restoration in excess of the Proceeds before being entitled to any reimbursement from the Proceeds.

(iii) Subject to SFG's right to limit the number of disbursements, the Proceeds shall be disbursed from time to time upon SFG's being furnished with architect's certificates, waivers of lien, contractor's sworn statements, and such other evidences as SFG or any disbursing agent may reasonably require to verify the cost and fact of the completion of the Improvements included in said disbursement. Under no circumstances shall any portion of the Proceeds be released until SFG has been reasonably assured that the Proceeds remaining after the requested disbursement will be sufficient to complete Restoration. No Payment made prior to the final completion of Restoration shall exceed ninety percent (90%) of the value of the work performed from time to time. Any Proceeds remaining after Restoration shall be applied at SFG's option against the Indebtedness in the inverse order of its maturity.

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(c) In the event any one (1) or more of the conditions set forth in subsection (a) above is not satisfied, SFG may apply the Proceeds as set forth in Section 3.8 and 3.9 above.

(d) If an Event of Default shall occur hereunder or if Mortgagor shall fail diligently to pursue and complete the Work, SFG may, at its sole option and its sole discretion, apply any undisbursed Proceeds and any of Mortgagor's deposits against the balance of the Indebtedness, and if SFG elects to apply such Proceeds to any amounts due by Mortgagor under the Loan Documents, SFG shall have no obligation to pay interest to Mortgagor on any amounts held by SFG pursuant to this Section 3.10.

3.11 Restrictions on Transfer.

(a) Without the prior written consent of SFG (which consent shall not unreasonably be withheld):

(i) Mortgagor shall not create, effect, contract for, commit or consent to, nor shall Mortgagor suffer or permit any sale, conveyance, transfer, assignment, collateral assignment, lien, other than Contested Liens as defined and permitted in Section 3.5 of this Mortgage, pledge, mortgage, security interest, or other hypothecation, encumbrance or alienation (or any agreement to do any of the foregoing) of the Premises, or any interest therein or title thereto, excepting, however, the sale or other disposition of Collateral (as hereinafter defined) no longer useful in connection with the operation of the Premises ("Obsolete Collateral"); provided, however, that prior to the sale or other disposition of Obsolete Collateral, such Obsolete Collateral shall have been replaced by Collateral of at least equal value and utility which is subject to the first and prior lien of this Mortgage; or

(ii) Mortgagor shall not fail to pay when the same shall become due all lawful claims and demands of mechanics, materialmen, laborers, and others which, if unpaid, might result in or permit the creation of a lien on the Land or Improvements, or on the Rents arising therefrom; or

(ii) If the Mortgagor is a corporation or limited liability company, or if any corporation or limited liability company is a beneficiary of a Trustee Mortgagor, any shareholder of such corporation or member of such limited liability company shall not create, effect, contract for, commit or consent to, or shall suffer or permit any sale, conveyance, transfer, assignment, collateral assignment, lien pledge, deed, security interest, or other hypothecation, encumbrance or alienation of any such shareholder's shares of such corporation or limited liability company (provided, however, that if such corporation or limited liability company is a corporation or limited liability company whose stock is publicly traded on a national securities exchange or on the "Over The Counter" market, then this subparagraph (iv) shall be inapplicable); or

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(iii) No member of Mortgagor shall create, effect, contract for, commit or consent to, or shall suffer or permit any sale, conveyance, transfer, assignment, collateral assignment, lien, pledge, deed, security interest, or other hypothecation, encumbrance or alientation of such member's equity interests in Mortgagor; or

(iv) There shall not be any change in control (by way of transfers of stock ownership, partnership interests, membership interests, or otherwise) in any corporation, limited liability company or partnership constituting or included within the Mortgagor which directly or indirectly controls any corporation, limited liability company or partnership constituting or included within the Mortgagor that result in a material change in the identity of the person(s) in control of such entity.

(b) It is expressly provided, however, that the foregoing provisions of this Section 3.11 shall not apply (i) to liens securing the Indebtedness; or (ii) to the lien of current Taxes not in default. The provisions of this Section 3.11 shall be operative with respect to, and shall be binding upon, any persons who, in accordance with the terms hereof or otherwise, shall acquire any part of or interest in or encumbrance upon the Premises, or such beneficial interest in, share of stock of, or partnership or joint venture interest in the Mortgagor or any beneficiary of a Trustee Mortgagor. Any waiver by SFG of the provisions of this Section 3.11 shall not be deemed to be a waiver of the right of SFG in the future to insist upon strict compliance with the provisions of this Section 3.11.

3.12 SFG's Dealings With Transferee.

In the event SFG gives its written consent to a sale or transfer, whether by operation of law, voluntarily, or otherwise, of all or any part of the Premises, SFG shall be authorized and empowered to deal with the Transferee with regard to the Premises, the Indebtedness, and any of the terms or conditions of this Mortgage as fully and to the same extent as it might with the original Mortgagor, without in any way releasing or discharging the original Mortgagor from any of its covenants under this Mortgage, and without waiving SFG's right of acceleration of the maturity of the Indebtedness as provided in this Mortgage or the Note.

3.13 Change in Tax Laws.

In the event of the enactment of or change in (including a change in interpretation) any applicable law, in any manner changing or modifying the laws governing (a) the taxation of deeds to secure debt or other security instruments or the debts secured thereby; or (b) the manner of collecting such taxes, so as to adversely affect SFG, this Mortgage or any other Loan Document or the Indebtedness, Mortgagor shall promptly pay any such tax and otherwise compensate SFG to the extent of such detriment; provided, however, that if Mortgagor fails to make such payment or if any such law prohibits Mortgagor from making such payment or would penalize SFG in the event of such payment, SFG may elect, by notice in writing given to the

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Mortgagor, to declare all of the Indebtedness secured hereby to be and become due and payable, at par, within ninety (90) days from the giving of such notice.

3.14 Inspection of Premises.

Mortgagor hereby grants to SFG, its agents, employees, consultants and contractors the right following at least two (2) days prior written notice to Mortgagor to enter upon the Premises, during regular business hours and in such a manner as shall not be disruptive to the ongoing construction or operations of the Premises, for the purpose of making any and all inspections, reports, tests, inquiries and reviews as SFG (in its sole and absolute discretion) deems necessary to assess the then current condition of the Premises, or for the purpose of performing any other acts which SFG is authorized to perform under this Mortgage or under the Environmental Indemnification Agreement; Mortgagor will cooperate with SFG to facilitate each such entry and the accomplishment of such purposes.

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3.15 Certified Annual Operating Statements.

(a) Throughout the term of the Loan, Mortgagor must furnish or cause to be furnished to SFG within one hundred twenty (120) days of the close of each of its fiscal years, fiscal year end audited, current, and signed financial statements (including an annual balance sheet, a profit/loss statement, statement of cash flow and footnotes) on a consolidated or combined basis, and an income and expense statement of the operation of the Premises, all which must be addressed to SFG Specialty Finance Group, LLC, a Georgia limited liability company, and its successors and/or assigns. Mortgagor shall also annually furnish SFG: (i) annual U.S. Income Tax Returns; (ii) a statement disclosing all contingent liabilities; and (iii) such interim statements as may reasonably be required by SFG from time to time. Mortgagor and Guarantor shall advise SFG of its respective fiscal year-end dates and shall notify SFG, in writing, of any change in such year-end dates. Mortgagor shall also furnish to SFG current signed rent rolls prior to the Closing and annually thereafter, no later than one hundred twenty (120) days after the close of Mortgagor's fiscal year, certified to be correct by Mortgagor.

Initial: _____

(b) Throughout the term of the Loan, Mortgagor shall furnish to SFG within ninety (90) days after the end of each calendar year of Mortgagor an unaudited, management prepared financial statement of Mortgagor and a statement of income and expenses of the Premises.

Initial: _____

(c) Throughout the term of the Loan, Mortgagor shall furnish to SFG within thirty (30) days after the end of each fiscal quarter of Mortgagor an unaudited, management prepared financial statement of Mortgagor and a statement of income and expenses of the Premises.

Initial: _____

(d) Throughout the term of the Loan while the Guaranty remains in effect, Guarantor shall provide their annual personal financial statements within ninety (90) days of the end of each calendar year and their annual tax returns, including all schedules, within thirty (30) days of filing of said tax returns.

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All reports and statements required above (other than the Guarantor's statements and returns) shall be made and presented in accordance with generally acceptable accounting principles. The person or entity that will prepare the above referenced financial documents is: _____, whose address is _____. Failure of Mortgagor or Guarantor to perform its obligations pursuant to this Section 3.15 shall be deemed an Event of Default.

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3.16 [Intentionally Omitted].

3.17 Usury.

SFG intends that Mortgagor shall not be required to pay, and SFG shall not be entitled to receive or collect, interest in excess of the maximum legal rate permitted under applicable usury laws. In the event SFG or any court determines that any charge, fee or interest paid or agreed to be paid in connection with the Loan may, under applicable usury laws, cause the interest rate on the Loan to exceed the maximum rate permitted by law, then such charges, fees or interest shall be reduced to the maximum rate permitted by law and any amounts actually paid in excess of such maximum rate permitted by law shall, at SFG's option, be applied by SFG to reduce the outstanding principal balance of the Loan or repaid by SFG directly to Mortgagor.

3.18 Lease and Contract Obligations.

(a) Mortgagor covenants and agrees to keep, observe and perform and to require all parties to Leases and Contracts of the Premises to keep, observe and perform all the covenants, agreements and provisions of any present or future of lease or contract, the Premises on their respective part to be kept, observed and performed. If Mortgagor shall neglect or refuse to so perform or fail to require such parties to so perform, then SFG may, at its option, itself perform and comply or require performance or compliance by such party with any such lease or contract covenants, agreements and provisions. Any sums expended by SFG in performance or compliance with such Leases or Contracts or in enforcing performance or compliance with such Leases or Contracts by the parties, including costs and expenses and reasonable attorneys' fees, shall be paid by Mortgagor promptly following written demand with interest thereon at the Default Rate as defined in the Note and in the absence of such payment all such sums shall be deemed to be and become part of the Indebtedness secured by this Mortgage.

(b) Mortgagor, as further security for the payment of the Indebtedness, has, pursuant to this Mortgage and by separate Assignment of Leases and Rents of even date herewith, sold, transferred and assigned to SFG, its successors and assigns, all of Mortgagor's right, title and interest, in and to the Leases demising all or a portion of the Premises, together with the Rents provided therein, including, without limitation, the Leases and Contracts.

3.19 Environmental Compliance.

Mortgagor hereby agrees to comply and cause all tenants of the Premises to comply with any and all Requirements relating to or addressing the protection of air, land, water or the environment including, but not limited to, The Comprehensive Environmental Response, Compensation, and Liability Act of 1980, 42 U.S.C. §§ 9601, et seq. ("CERCLA"), as amended by The Superfund Amendments and Reauthorization Act of 1986 ("SARA"), The Resource Conservation and Recovery Act, 42 U.S.C. §§ 6901, et seq. ("RCRA") and all other Requirements as are in, or may hereafter come into, effect and apply to Mortgagor, SFG, the

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Loan or the Premises or any occupancy users thereof, whether as lessees, tenants, licensees, or otherwise ("Environmental Laws"). Mortgagor shall defend, indemnify and save and hold SFG harmless from and against any and all claims, costs, losses, demands, actions, liabilities, fines, penalties, governmental assessments, investigation and remediation costs, expenses (including attorneys fees and expenses of litigation and engineering or consultants fees) damages, injunctive relief and obligations of any nature arising from or relating to such environmental protection provisions as set forth in the Environmental Indemnification Agreement.

3.20 Further Assurances.

(a) Mortgagor shall do all acts necessary to keep valid and effective the lien and security interest created by this Mortgage and the security intended to be afforded by the Loan Documents and to carry into effect their objectives.

(b) Mortgagor shall, upon the request of SFG from time to time, and in the event all or any portion of the Premises is leased to a person or entity affiliated with Mortgagor, Mortgagor will cause such person or entity to execute, acknowledge and deliver all such additional papers and instruments and perform all such further acts as may be reasonably necessary to perform the Obligations and, as SFG deems reasonably necessary, to evidence, perfect or confirm the liens and security interests, or the priority thereof, created by this Mortgage and the other Loan Documents.

(c) Without limiting the generality of the foregoing, Mortgagor will promptly and, insofar as not contrary to applicable law, at Mortgagor's expense, execute, record, rerecord, file and refile in such offices, at such times and as often as may be necessary, this Mortgage, additional Mortgages, security agreements, and every other instrument in addition to or supplemental hereto, including applicable financing statements, continuation statements, affidavits or certificates as may be necessary to create, perfect, maintain, continue, extend and/or preserve the liens, encumbrances and security interests intended to be granted and created in and by the Loan Documents and the rights and remedies of SFG and Mortgagor thereunder. Upon request of SFG, Mortgagor shall promptly supply evidence of fulfillment of the foregoing acts and further assurances.

3.21 Change of Name, Identity or Structure.

Except as may be expressly permitted by SFG in writing, Mortgagor shall not change its name, identity (including its trade name or names) or, if not an individual, its corporate, partnership, limited liability company or other structure without notifying SFG at least thirty (30) days prior to the effective date of such change and, in the case of a change in the Mortgagor's structure, without first obtaining the prior written consent of SFG (which consent shall not be unreasonably withheld). Notwithstanding the forgoing, once the Mortgagor enters into a franchise agreement for the operation of the Premises as a hotel, and SFG has reviewed and approved of such franchise agreement, the Mortgagor may operate the hotel under the trade name set forth in the approved franchise agreement.

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ARTICLE FOUR
EVENTS OF DEFAULT

4.1 Defaults.

It shall constitute an event of default ("Event of Default") of and under this Mortgage and under the other Loan Documents, if any of the following events shall occur:

(a) Any default in the payment or performance of the obligations of Mortgagor hereunder; provided that for any non-payment default that is capable of being cured, Mortgagor shall have thirty (30) days following written notice from SFG of the default in which to cure such default; further provided, that if, with respect to any non-payment default, such default cannot be cured within such thirty (30) day period and, SFG determines in their sole but reasonable discretion, that Borrower has initiated efforts to cure such default and is in good faith diligently pursuing such action until such default is cured, then Borrower shall have an additional sixty (60) day period (beyond the end of the original thirty (30) day period) in which to cure such default; (notwithstanding the foregoing however, no such cure period is provided with respect to amounts due under the Note at maturity, a failure to pay taxes and/or liens as required in Section 3.5, a failure to maintain insurance as required in Section 3.7, any default under Section 3.11, or any default excluded from any provision for cure of defaults contained in the Loan Agreement or any other Loan Documents); or

(b) Any representation or warranty of Mortgagor hereunder proving to be untrue in any material respect upon the date when made or deemed to have been made or repeated; or

(c) Any default in the performance of any of the obligations of Mortgagor under any of the Loan Documents beyond the expiration of any applicable notice, grace and cure period; or

(d) Any Event of Default under, and as defined in, the Loan Agreement or any other Event of Default under, and as defined in, any of the other Loan Documents; or

(e) Any amendment to or termination of a financing statement naming Mortgagor as debtor and SFG as secured party, or any correction statement with respect thereto, is filed in any jurisdiction by, or caused by, or at the instance of any Mortgagor or by, or caused by, or at the instance of any member of Mortgagor without the prior written consent of SFG; or

(f) Any amendment to or termination of a financing statement naming Mortgagor as debtor and SFG as secured party, or any correction statement with respect thereto, is filed in any jurisdiction by any party other than a member of Mortgagor or SFG or SFG's counsel without the prior written consent of SFG, and Mortgagor fails to use its best efforts to cause the effect of such filing to be completely nullified to the reasonable satisfaction of SFG within ten (10) days after notice to Mortgagor thereof; or

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(g) The sale or transfer of (i) all or any part of the Premises; or (ii) all or any part of the beneficial interest in Mortgagor (if Mortgagor is not a natural person or persons but is a corporation, limited liability company, partnership, trust or other legal entity) (the person or entity to whom or which all or any part of the Premises have been so sold or transferred, being the "Transferee"), without the prior written consent of SFG.

ARTICLE FIVE
REMEDIES

5.1 Remedies.

(a) Upon the occurrence of an Event of Default, SFG, at its option, may at any time thereafter accelerate the maturity date of the Note and declare the entire Indebtedness to be immediately due and payable and the same shall thereupon become immediately due and payable, without any further presentment, demand, protest or notice of any kind being required and SFG, at its option and in its sole discretion, shall also be entitled to do any of the following:

(i) In person, by SFG, or by a Receiver, without regard to the adequacy of security, the solvency of Mortgagor or the condition of the Premises, without obligation to do so and without notice to or demand upon Mortgagor, enter upon and take possession of the Premises, or any part thereof, in its own name or in the name of a Trustee and do any acts which SFG deems necessary to preserve the value or marketability of the Premises; sue for or otherwise collect the Rents, and apply the same, less costs and expenses of operation and collection, including reasonable attorneys' fees, against the Indebtedness and Obligations, all in such order as SFG may determine; appear in and defend any action or proceeding purporting to affect, in any manner whatsoever, the Obligations, the security hereof or the rights or powers of SFG; pay, purchase or compromise any encumbrance, charge or lien that in the judgment of SFG is prior or superior hereto; and in exercising any such powers, pay necessary expenses, employ counsel and pay reasonable attorneys' fees;

(ii) As a matter of strict right and without notice to Mortgagor or anyone claiming under Mortgagor, and without regard to: (A) the solvency of Mortgagor; (B) whether there has been or may be any impairment of or diminution in the value of the Premises; or (C) whether the amount of the Indebtedness exceeds the then value of the Premises, apply ex parte to any court having jurisdiction to appoint a Receiver to enter upon and take possession of the Premises, and Mortgagor hereby waives notice of any application therefor, provided a hearing to confirm such appointment with notice to SFG is set within the time required by law (any such Receiver shall have all the powers and duties of Receivers in similar cases and all the powers and duties of SFG in case of entry as provided herein, and shall continue as such and exercise all such powers until the date of confirmation of sale, unless such Receivership is sooner terminated);

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(iii) Commence an action to foreclose this Mortgage in the manner provided in this Mortgage or by law; and

(iv) With respect to any Collateral, proceed as to both the real and personal property in accordance with SFG's rights and remedies in respect of the Land and Improvements, or proceed to sell said Collateral separately and without regard to the Land and Improvements in accordance with SFG's rights and remedies to the Collateral.

(b) In (i) any action to foreclose the lien of this Mortgage or enforce any other remedy of SFG under any of the Loan Documents; or (ii) any other proceeding whatsoever in connection with any of the Loan Documents or the Premises in which SFG is named as a party, there shall be allowed and included, as additional indebtedness in the judgment or decree for sale resulting therefrom, all expenses paid or incurred in connection with such proceeding by or on behalf of SFG including, without limitation, reasonable attorneys' and paralegals' fees, appraisers' fees, outlays for documentary and expert evidence, stenographers' charges, publication costs, land and environmental survey costs, and costs (which may be estimated as to items to be expended after entry of such judgment or decree) of procuring all abstracts of title, title certificates, title searches and examinations, title insurance policies, and any similar data and assurances with respect to the title to the Premises as SFG may deem reasonably necessary either to prosecute or defend in such proceeding or to evidence to bidders at any sale pursuant to such decree the true condition of the title to or value of the Premises. All expenses and fees of the ongoing nature, and such expenses and fees as may be incurred in the protection of the Premises and the maintenance of the lien of this Mortgage thereon in any litigation affecting the Loan Documents, or the Premises, including probate and bankruptcy proceedings, or in preparation for the commencement or defense of any proceeding or threatened suit or proceeding in connection therewith, shall promptly upon written demand from SFG be due and payable by Mortgagor with interest thereon at the Default Rate and shall become a part of the Indebtedness secured by this Mortgage.

(c) Unless otherwise provided herein, if Mortgagor shall at any time fail to perform or comply with any of the terms, covenants and conditions required on Mortgagor's part to be performed and complied with under any of the Loan Documents or any other agreement that, under the terms of this Mortgage, Mortgagor is required to perform, then SFG may, at its option and in its sole discretion:

(i) Make any payments hereunder or thereunder payable by Mortgagor; and/or

(ii) After the expiration of any applicable notice, grace or cure period and subject to SFG's rights to contest certain obligations specifically granted in this Mortgage, perform any such other acts thereunder on part of the Mortgagor to be performed and enter upon the Premises for such purpose.

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Any amounts disbursed by SFG pursuant to this subsection 5.1(c), with interest thereon, shall become a portion of the Obligations secured by this Mortgage. Unless Mortgagor and SFG agree to other terms of payment, such amounts shall be payable promptly following written notice from SFG to Mortgagor requesting payment thereof and shall bear interest from the date of disbursement at the interest rate for overdue amounts stated in the Loan Agreement unless collection from Mortgagor of interest at such rate would be contrary to applicable law, in which event such amounts shall bear interest at the highest rate which may be collected from Mortgagor under applicable law. Mortgagor shall have the right to prepay such amounts in whole or in part at any time and without penalty. Nothing contained in this subsection 5.1(c) shall require SFG to incur any expense or do any act.

(d) In any foreclosure sale of the Premises to satisfy the Indebtedness, the Premises, including the Land and Improvements, may be sold in one parcel (i.e., as a single entity) or in two or more parcels and, otherwise, in such manner or order as SFG, in its sole discretion, may elect or as the court having jurisdiction over such foreclosure sale may otherwise order or direct.

(e) The proceeds of any foreclosure sale of the Premises shall be distributed and applied first to the expenses of such sale and of all proceedings in connection therewith, including attorneys' and trustees' fees, then to insurance premiums, liens, assessments, taxes and charges including utility charges advanced by SFG then to payment of the outstanding principal balance of the Indebtedness secured hereby, then to the accrued interest on all of he foregoing, and finally the remainder, if any shall be paid to Mortgagor.

(f) All remedies of SFG provided for herein are cumulative and shall be in addition to any and all other rights and remedies provided in the other Loan Documents or by law, including any right of offset. The exercise of any right or remedy by SFG hereunder shall not in any way constitute a cure or waiver of any default or Event of Default hereunder or under the Loan Documents, or invalidate any act done pursuant to any notice of default, or prejudice SFG in the exercise of any of its rights hereunder or under the Loan Documents.

(g) To the extent permitted by law, Mortgagor hereby waives its right of redemption in the event of foreclosure.

ARTICLE SIX
SECURITY AGREEMENT AND FIXTURE FILING

6.1 Security Agreement.

To the extent assignable, Mortgagor hereby assigns and grants to SFG a first priority present security interest in and to the Rents, Contract Rights, Intangible Personal Property, Tangible Personal Property, Proceeds, Right to Encumber and Other Rights and Interests

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described in Article Two and in and to any other part or component of the Premises which may not be deemed real property or which may not constitute a "fixture" (within the meaning of the Code [as defined on the front page]), and all replacements, substitutions, and additions of, for and to the same, and the proceeds thereof (collectively, the "Collateral") in order to secure payment of the Indebtedness and performance by the Mortgagor of the other Obligations. This Mortgage shall constitute a Security Agreement within the meaning of the Code.

6.2 Fixture Filing.

This Mortgage, upon recording or registration in the real estate records of the proper office, shall constitute a "fixture filing" within the meaning of the Code with respect to any and all Fixtures included within the foregoing description and definition of the Premises and any Collateral that may now be or hereafter become "fixtures" within the meaning of the Code.

6.3 Remedies.

If any Event of Default occurs under this Mortgage, SFG, in addition to its other rights and remedies provided under this Mortgage, shall have all the rights and remedies available to a secured party under the Code as well as all other rights and remedies available at law or in equity. Mortgagor upon request by SFG, will assemble the Collateral and make it available to SFG, at a place SFG designates to allow SFG to take possession or dispose of the Collateral. Mortgagor agrees that ten 10) days' prior written notice of the time and place of the sale of the Collateral, sent to Mortgagor in the manner provided for the mailing of notices herein, is reasonable notice to Mortgagor. The sale of the Collateral may be conducted by an employee or agent of SFG and any Person, including both the Mortgagor and SFG, shall be eligible to purchase any part or all of the Collateral at the sale. The reasonable expenses of retaking, holding, preparing for sale, selling and the like incurred by SFG shall include, but not be limited to, reasonable attorneys' and paralegals' fees and legal expenses incurred by SFG, and shall be paid by Mortgagor.

6.4 Waivers.

Mortgagor waives any right to require SFG to (a) proceed against any Person; (b) proceed against or exhaust any Collateral; or (c) pursue any other remedy in its power. Mortgagor further waives any defense arising by reason of any power and any defense arising by reason of any disability or other defense of Mortgagor or any other Person, or by reason of the cessation from any cause whatsoever of the liability of Mortgagor or any other Person. Until the Indebtedness shall have been paid in full, Mortgagor shall not have any right to subrogation, and Mortgagor waives any right to enforce any remedy which Mortgagor now has or may hereafter have against SFG or against any other Person and waives any benefit of and any right to participate in any Collateral or security whatsoever now or hereafter held by SFG for or with respect to the Indebtedness and/or the Obligations.

6.5 Authorization.

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Mortgagor hereby authorizes SFG at any time and from time to time during the life of the Loan to file in any filing office in any Code jurisdiction any financing statements, amendments or addendums thereto and continuation statements (the "UCC Documents") in order to perfect or continue the perfection of any security interest granted under this Mortgage or any of the other Loan Documents. Mortgagor agrees to provide any information needed to complete such UCC Documents to SFG promptly upon request.

Mortgagor shall pay to SFG, within ten 10) business days of written demand, any and all costs and expenses incurred by SFG in connection with the preparation, processing and filing of any such UCC Documents, including reasonable attorneys' fees and all disbursements. Such costs and expenses shall bear interest at the Default Rate from the date paid by SFG until the date repaid by Mortgagor and such costs and expenses, together with such interest, shall be part of the Indebtedness and shall be secured by this Mortgage.

6.6 Preservation of Mortgagor's Existence.

Mortgagor shall do all things necessary to preserve and keep in full force and effect its existence, franchises, rights and privileges under the laws of the state of its formation and of the State of Alabama.

6.7 Notice of Change.

Without giving at least thirty (30) days' prior written notice to SFG, Mortgagor shall not: (a) change its jurisdiction of organization; (b) change the location of its place of business (or chief executive office if more than one place of business); or (c) add to or change any location at which any of the Collateral (as defined in Section 6.1) is stored, held or located.

6.8 Representations and Warranties.

Mortgagor hereby represents and warrants that (a) Alabaster Hotel, LLC is the correct legal name (including, without limitation, punctuation and spacing) indicated on the public record of Mortgagor's jurisdiction of organization, which shows Mortgagor to be organized; (b) Mortgagor is a limited liability company organized under the laws of the State of Alabama; (c) the federal tax identification number of Mortgagor is 20-5084362; (d) the mailing address of Mortgagor is as indicated on page 1 of this Mortgage; and (e) all of the collateral described in this Mortgage is located on the Land.

ARTICLE SEVEN
MISCELLANEOUS

7.1 Notices, Consents, and Approvals.

Any notice, consent, or approval that SFG or Mortgagor may desire or be required to give to the other shall be in writing and shall be mailed or delivered to the intended recipient thereof at its address set forth below or at such other address as such intended recipient may, from time to time, by notice in writing, designate to the sender pursuant hereto. Any such notice, consent,

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or approval shall be deemed effective (a) if given by nationally recognized overnight courier for next day delivery, one (1) business day after delivery to such courier; or (b) if given by United States mail (registered or certified), two (2) business days after such communication is deposited in the mails; or (c) if given in person, when written acknowledgment of receipt thereof is given. Except as otherwise specifically required herein, notice of the exercise of any right or option granted to SFG by this Mortgage is not required to be given.

(a) If to SFG:

Specialty Finance Group LLC
Three Ravinia Drive
Suite 230
Atlanta, Georgia 30346
Attention: Dilip R. Petigara

(b) If to Mortgagor:

Alabaster Hotel, LLC
3522 Vann Road, Suite 102
Birmingham, Alabama 35235
Attn: William B. Murray

7.2 Time of Essence.

It is specifically agreed that time is of the essence for all of the terms and provisions contained in this Mortgage.

7.3 Covenants of Mortgage Run With Title to the Land.

The covenants and obligations set forth in this Mortgage are intended as, shall be deemed and are hereby declared to be covenants running with the title to the land which constitutes the Land and any and all portions(s) thereof, and such covenants and obligations shall be binding upon, and enforceable by the owner and holder of this Mortgage personally against, the Mortgagor and any successor in title to the Mortgagor who or which shall acquire and/or hold title to the Land while the same is subject to and encumbered by this Mortgage. Every person or entity who or which shall have, claim, own, hold, accept or otherwise acquire title to the Land, whether or not such title is reflected in the Public Records of the state and county in which the Land is located, shall be conclusively presumed and deemed to have consented and agreed to personally perform each and every covenant and obligation of the Mortgagor contained in this Mortgage, to the same extent as the original Mortgagor, whether or not any reference to this Mortgage is contained in the document or instrument pursuant to which such person or entity shall have acquired title to the Land and whether or not such person or entity shall have expressly agreed in writing to assume or perform the covenants and obligations of the Mortgagor contained in this Mortgage.

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7.4 Governing Law.

THE ENFORCEMENT OF THIS INSTRUMENT SHALL BE GOVERNED, CONSTRUED AND INTERPRETED BY THE LAWS OF THE STATE IN WHICH THE LAND IS LOCATED. NOTHING IN THIS INSTRUMENT, OR IN ANY OTHER AGREEMENT AMONG MORTGAGOR AND SFG SHALL REQUIRE MORTGAGOR TO PAY, OR SFG TO ACCEPT, INTEREST IN AN AMOUNT WHICH WOULD SUBJECT SFG TO ANY PENALTY UNDER APPLICABLE LAW. IN THE EVENT THAT THE PAYMENT OF ANY INTEREST DUE HEREUNDER OR UNDER ANY SUCH OTHER AGREEMENT WOULD SUBJECT SFG TO ANY PENALTY UNDER APPLICABLE LAW, THEN AUTOMATICALLY THE OBLIGATIONS OF MORTGAGOR TO MAKE SUCH PAYMENT SHALL BE REDUCED TO THE HIGHEST RATE AUTHORIZED UNDER APPLICABLE LAW.

7.5 Severability.

If any provision of this Mortgage, or any paragraph, sentence, clause, phrase, or word, or the application thereof, in any circumstance, is held invalid, the validity of the remainder of this Mortgage shall be construed as if such invalid part were never included herein.

7.6 Headings.

The headings of articles, sections, paragraphs, and subparagraphs in this Mortgage are for convenience of reference only and shall not be construed in any way to limit or define the content, scope, or intent of the provisions hereof.

7.7 Grammar.

As used in this Mortgage, the singular shall include the plural, and masculine, feminine, and neuter pronouns shall be fully interchangeable, where the context so requires.

7.8 Mortgage in Trust.

If title to the Premises or any part thereof is now or hereafter becomes vested in a trustee, any prohibition or restriction contained herein against the creation of any lien on the Premises shall be construed as a similar prohibition or restriction against the creation of any lien on or security interest in the beneficial interest of such trust.

7.9 Successors and Assigns.

This Mortgage and all provisions hereof shall be binding upon and enforceable against Mortgagor, its successors, assigns, legal representatives, and all other persons or entities claiming under or through Mortgagor, and the word "Mortgagor" when used herein, shall include all such persons and entities and any others liable for the payment of the Indebtedness or any part thereof, whether or not they have executed the Note or this Mortgage. The word "SFG" when

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used herein, shall include SFG's successors, assigns, and legal representatives, including all other holders, from time to time, of the Note.

7.10 No Oral Change.

This Mortgage may only be modified, amended or changed by an instrument in writing signed by the Mortgagor and SFG, and may only be released, discharged or satisfied of record by an instrument in writing signed by SFG. No waiver of any term, covenant, condition, or provision of this Mortgage shall be effective unless given in writing by SFG and if so given by SFG shall only be effective in the specific instance in which given.

7.11 Entire Agreement.

This Mortgage and the other Loan Documents supersede, in all respects, all prior written or oral agreements between the Mortgagor and SFG relating to the Loan, this Mortgage and the other Loan Documents and there are no agreements, understandings, warranties or representations between the parties except as set forth in this Mortgage and the other Loan Documents.

7.12 Waiver of Trial by Jury.

MORTGAGOR, ON BEHALF OF ITSELF AND ITS RESPECTIVE SUCCESSORS AND ASSIGNS, WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION OR PRECEEDING TO ENFORCE OR DEFEND ANY RIGHTS OR REMEDIES UNDER THIS INSTRUMENT, OR UNDER ANY OF THE OTHER LOAN DOCUMENTS OR RELATING THERETO.

7.13 Expenses.

Mortgagor acknowledges and agrees that SFG shall impose certain administrative processing fees (the "Servicing Fees") in connection with (a) the extension, renewal, modification, amendment and termination of the Loan Documents; (b) the release or substitution of collateral therefor; (c) the consideration of any consents, waivers and approvals with respect to the Premises or the Mortgagor; (d) the review of any Lease or proposed Lease or the preparation or review of any tenant estoppel certificate or any subordination, nondisturbance and attornment agreement; or (e) any other services provided by SFG or any of its agents to or on behalf of the Mortgagor in connection with the Premises, the Loan Documents or the Indebtedness secured thereby (the occurrence of any of the foregoing shall hereinafter be referred to as a "Servicing Action"). Mortgagor hereby acknowledges and agrees to pay, promptly following written demand from SFG, all such Servicing Fees (as the same may be increased or decreased from time to time), and any additional fees of a similar type or nature that may be imposed by SFG from time to time, in connection with a Servicing Action. Mortgagor shall also be responsible for the payment of all fees and expenses of SFG's outside attorneys in the event that SFG, in its sole discretion, shall determine that the assistance of an outside attorney is necessary to accomplish the Servicing Action.

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7.14 Waivers.

MORTGAGOR AGREES TO THE FULL EXTENT PERMITTED BY LAW, THAT IN CASE OF AN EVENT OF DEFAULT HEREUNDER, NEITHER MORTGAGOR NOR ANYONE CLAIMING THROUGH OR UNDER MORTGAGOR SHALL OR WILL SET UP, CLAIM OR SEEK TO TAKE ADVANTAGE OF ANY APPRAISEMENT, VALUATION, STAY, EXTENSION, HOMESTEAD OR EXEMPTION LAWS NOW OR HEREAFTER IN FORCE, IN ORDER TO PREVENT OR HINDER THE ENFORCEMENT OR FORECLOSURE OF THIS MORTGAGE, OR THE ABSOLUTE SALE OF THE PREMISES, OR THE FINAL AND ABSOLUTE PUTTING INTO POSSESSION THEREOF, IMMEDIATELY AFTER SUCH SALE, OF THE PURCHASERS THEREAT, AND MORTGAGOR, FOR MORTGAGOR AND ALL WHO MAY AT ANY TIME CLAIM THROUGH OR UNDER MORTGAGOR, HEREBY WAIVES TO THE FULLEST EXTENT THAT MORTGAGOR MAY LAWFULLY SO DO, THE BENEFIT OF ALL SUCH LAWS, AND ANY AND ALL RIGHT TO HAVE THE ASSETS COMPRISED IN THE SECURITY INTENDED TO BE CREATED HEREBY MARSHALED UPON ANY FORECLOSURE OR OTHER TRANSFER OF THE PREMISES. NO DELAY OR OMISSION OF SFG OR OF ANY HOLDER OF THE NOTE TO EXERCISE ANY RIGHT, POWER OR REMEDY ACCRUING UPON ANY EVENT OF DEFAULT SHALL EXHAUST OR IMPAIR ANY SUCH RIGHT, POWER OR REMEDY OR SHALL BE CONSTRUED TO BE A WAIVER OF ANY SUCH DEFAULT, OR ACQUIESCENCE THEREIN; AND EVERY RIGHT, POWER AND REMEDY GIVEN BY THIS MORTGAGE TO SFG MAY BE EXERCISED FROM TIME TO TIME AND AS OFTEN AS MAY BE DEEMED EXPEDIENT BY SFG. NO CONSENT OR WAIVER, EXPRESSED OR IMPLIED, BY SFG TO OR OF ANY EVENT OF DEFAULT SHALL BE DEEMED OR CONSTRUED TO BE A CONSENT OR WAIVER TO OR OF ANY OTHER EVENT OF DEFAULT. FAILURE ON THE PART OF SFG TO COMPLAIN OF ANY ACT OR FAILURE TO ACT WHICH CONSTITUTES AN EVENT OF DEFAULT, IRRESPECTIVE OF HOW LONG SUCH FAILURE CONTINUES, SHALL NOT CONSTITUTE A WAIVER BY SFG OF SFG'S RIGHTS HEREUNDER OR IMPAIR ANY RIGHTS, POWERS OR REMEDIES CONSEQUENT ON ANY EVENT OF DEFAULT. NO ACT OR OMISSION OF SFG SHALL PRECLUDE SFG FROM EXERCISING ANY RIGHT, POWER OR PRIVILEGE HEREIN GRANTED OR INTENDED TO BE GRANTED IN THE EVENT OF ANY EVENT OF DEFAULT THEN MADE OR OF ANY SUBSEQUENT EVENT OF DEFAULT; NOR, EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN AN INSTRUMENT OR INSTRUMENTS EXECUTED BY SFG, SHALL THE RIGHTS, POWERS OR INTEREST OF SFG HEREUNDER BE ALTERED THEREBY. IN THE EVENT OF THE SALE OR TRANSFER BY OPERATION OF LAW OR OTHERWISE OF ALL OR ANY PART OF THE PREMISES, SFG, WITHOUT NOTICE, IS HEREBY AUTHORIZED AND EMPOWERED TO DEAL WITH ANY SUCH VENDEE OR TRANSFEREE WITH REFERENCE TO THE PREMISES OR THE OBLIGATIONS OR WITH REFERENCE TO ANY OF THE TERMS, COVENANTS, CONDITIONS OR AGREEMENTS HEREOF, AS FULLY AND TO THE SAME EXTENT AS IT MIGHT DEAL WITH THE ORIGINAL PARTIES HERETO AND WITHOUT IN ANY WAY RELEASING OR DISCHARGING ANY LIABILITIES, OBLIGATIONS OR UNDERTAKINGS (INCLUDING, WITHOUT LIMITATION, THE RESTRICTIONS UPON TRANSFER CONTAINED IN SECTION 3.11 HEREOF).

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7.15 Subrogation.

SFG shall be subrogated to all right, title, lien or equity of all persons to whom SFG may have paid any monies in settlement of liens, charges or assessments, or in acquisition of title or for its benefit hereunder, or for the benefit or account of Mortgagor upon execution of the Note or subsequently paid under any provisions hereof.

7.16 Indemnification; Subrogation; Waiver of Offset.

(a) Mortgagor shall indemnify, defend and hold SFG harmless against any and all liability, obligations, losses, damages, penalties, claims, actions, suits, reasonable costs and expenses (including SFG's reasonable attorneys' fees, together with reasonable appellate counsel fees, if any) of whatever kind or nature which may be asserted against, imposed on or incurred by SFG in connection with the Obligations, this Mortgage, the Premises, or any part thereof, or the exercise by SFG of any rights or remedies granted to it under this Mortgage; provided, however, that nothing herein shall be construed to obligate Mortgagor to indemnify, defend and hold harmless SFG from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs and expenses asserted against, imposed on or incurred by SFG by reason of SFG's willful misconduct or gross negligence.

(b) If SFG is made a party defendant to any litigation or any claim is threatened or brought against SFG concerning the Obligations, this Mortgage, the Premises, or any part thereof, or any interest therein, or the construction, maintenance, operation or occupancy or use thereof, then Mortgagor shall indemnify, defend and hold SFG harmless from and against all liability by reason of said litigation or claims, including reasonable attorneys' fees actually incurred (together with reasonable appellate counsel fees, if any) and expenses reasonably incurred by SFG in any such litigation or claim, whether or not any such litigation or claim is prosecuted to judgment; provided, however, that nothing in this subsection 7.16(b) shall be construed to obligate Mortgagor to indemnify, defend and hold harmless SFG from and against any and all liabilities or claims imposed on or incurred by SFG by reason of SFG's willful misconduct or gross negligence. If SFG commences an action against Mortgagor to enforce any of the terms hereof or to prosecute any breach by any Mortgagor of any of the terms hereof or to recover any sum secured hereby, Mortgagor shall pay to SFG its reasonable attorneys' fees actually incurred (together with reasonable appellate counsel, fees, if any) and expenses. The right to such attorneys' fees actually incurred (together with reasonable appellate counsel fees, if any) and expenses shall be deemed to have accrued on the commencement of such action, and shall be enforceable whether or not such action is prosecuted to judgment. If Mortgagor breaches any term of this Mortgage, SFG may engage the services of an attorney or attorneys to protect its rights hereunder, and in the event of such engagement following any breach by any Mortgagor, Mortgagor shall pay SFG reasonable attorneys' fees actually incurred (together with reasonable appellate counsel fees, if any) and expenses reasonably incurred by SFG, whether or not an action is actually commenced against Mortgagor by reason of such breach.

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(c) A waiver of subrogation shall be obtained by Mortgagor from its insurance carrier and, consequently, Mortgagor waives any and all right to claim or recover against SFG, its officers, employees, agents and representatives, for loss of or damage to Mortgagor, the Premises, Mortgagor's property or the property of others under Mortgagor's control from any cause insured against or required to be insured against by the provisions of this Mortgage.

(d) ALL SUMS PAYABLE BY MORTGAGOR HEREUNDER SHALL BE PAID WITHOUT NOTICE (EXCEPT AS MAY OTHERWISE BE PROVIDED HEREIN), DEMAND, COUNTERCLAIM, SETOFF, DEDUCTION OR DEFENSE AND WITHOUT ABATEMENT, SUSPENSION, DEFERMENT, DIMINUTION OR REDUCTION, AND THE OBLIGATIONS AND LIABILITIES OF MORTGAGOR HEREUNDER SHALL IN NO WAY BE RELEASED, DISCHARGED OR OTHERWISE AFFECTED BY REASON OF: (I) ANY DAMAGE TO OR DESTRUCTION OF OR ANY CONDEMNATION OR SIMILAR TAKING OF THE PREMISES OR ANY PART THEREOF; (II) ANY RESTRICTION OR PREVENTION OF OR INTERFERENCE WITH ANY USE OF THE PREMISES OR ANY PART THEREOF; (III) ANY TITLE DEFECT OR ENCUMBRANCE OR ANY EVICTION FROM THE LAND OR THE IMPROVEMENTS ON THE LAND OR ANY PART THEREOF BY TITLE PARAMOUNT OR OTHERWISE; (IV) ANY BANKRUPTCY, INSOLVENCY, REORGANIZATION, COMPOSITION, ADJUSTMENT, DISSOLUTION, LIQUIDATION, OR OTHER LIKE PROCEEDING RELATING TO SFG, OR ANY ACTION TAKEN WITH RESPECT TO THIS MORTGAGE BY SFG OR RECEIVER OF SFG, OR BY ANY COURT, IN SUCH PROCEEDING; (V) ANY CLAIM WHICH MORTGAGOR HAS, OR MIGHT HAVE, AGAINST SFG; (VI) ANY DEFAULT OR FAILURE ON THE PART OF SFG TO PERFORM OR COMPLY WITH ANY OF THE TERMS HEREOF OR OF ANY OTHER AGREEMENT WITH MORTGAGOR; OR (VII) ANY OTHER OCCURRENCE WHATSOEVER, WHETHER SIMILAR OR DISSIMILAR TO THE FOREGOING, WHETHER OR NOT MORTGAGOR SHALL HAVE NOTICE OR KNOWLEDGE OF ANY OF THE FOREGOING; PROVIDED, HOWEVER, THAT THE FOREGOING SHALL NOT PROHIBIT MORTGAGOR FROM RAISING ANY COMPULSORY COUNTERCLAIM THAT MORTGAGOR MAY HAVE; PROVIDED FURTHER THAT THE MERE EXISTENCE OF ANY SUCH CLAIM SHALL NOT AFFECT THE OBLIGATION OF MORTGAGOR SET FORTH HEREIN TO PAY ALL SUMS TO SFG AS REQUIRED BY THIS SECTION. MORTGAGOR WAIVES ALL RIGHTS NOW OR HEREAFTER CONFERRED BY STATUTE OR OTHERWISE TO ANY ABATEMENT, SUSPENSION, DEFERMENT, DIMINUTION, OR REDUCTION OF ANY SUM SECURED HEREBY AND PAYABLE BY MORTGAGOR.

[SIGNATURES BEGIN ON THE FOLLOWING PAGE]

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IN WITNESS WHEREOF, Mortgagor has caused this Mortgage to be executed as of the date hereinabove first written.

MORTGAGOR:

ALABASTER HOTEL, LLC, an Alabama limited liability company

By: Chek Investments, L.L.C., a Louisiana limited liability company, its sole member

By: _____
Harold Rosbottom, Jr., manager

STATE OF Texas :
COUNTY OF Dallas :

I, the undersigned, a Notary Public in and for said County and State, hereby certify that Harold Rosbottom, Jr., whose name as manager of Chek Investments, L.L.C., a Louisiana limited liability company, as sole member of ALABASTER HOTEL, LLC, an Alabama limited liability company, is signed to the foregoing instrument and who is known to me, acknowledged before me on this day that, being informed of the contents of the said instrument, he as such officer and with full authority, executed the same voluntarily for and as the act of said company on the date the same bears date.

Given under my hand and official notarial seal this 4th day of December, 2006.

LINDA LOWE
MY COMMISSION EXPIRES
June 8, 2010

_____
Notary Public

My Commission Expires:

6-8-2010

[NOTARY SEAL]

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EXHIBIT A

Legal Description of Land

Lot 3, according to the Final Plat of Balmoral Phase II as recorded in Map Book 37, Page 137 in the Probate Office of Shelby County, Alabama.

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EXHIBIT B

Other Loan Documents

1. Assignment of Leases and Rents executed by Mortgagor to and in favor of SFG of even date with this Mortgage.

2. Environmental Indemnification Agreement executed by Mortgagor and Guarantors to and in favor of SFG of even date with this Mortgage.

3. Guaranty Agreement executed by Guarantors to and in favor of SFG of even date with this Mortgage.

4. Loan Agreement executed by Mortgagor to and in favor of SFG of even date with this Mortgage.

5. UCC Financing Statement filed in Shelby County, Alabama with Mortgagor listed as the debtor and SFG listed as the secured party.

6. UCC Fixture Filing filed with the Alabama Secretary of State with Mortgagor listed as the debtor and SFG listed as the secured party.

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EXHIBIT C

Permitted Encumbrances

1. General and special taxes or assessments for 2007 and subsequent years not yet due and payable.

2. Declaration of Covenants and Restrictions as recorded in Instrument #20041027000594700, Probate Office of Shelby County, Alabama.

3. Declaration of Slope, Detention Pond and Construction Easement as recorded in Instrument #20040521000271360, aforesaid records.

4. Right of way to Alabama Power Company as set out in instrument recorded in Deed Book 48, Page 617, aforesaid records.

5. Right of way to Alabama Power Company as set out in instrument recorded in Deed Book 207, Page 676, aforesaid records.

6. 50' set back line, 15' set back line and 15' sewer drainage easement as shown on Map Book 37, Page 137, aforesaid records.