

TRADEMARK ASSIGNMENT

Electronic Version v1.1
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	SECURITY INTEREST

CONVEYING PARTY DATA

Name	Formerly	Execution Date	Entity Type
Guesthouse International, L.L.C.		12/01/2006	LIMITED LIABILITY COMPANY:

RECEIVING PARTY DATA

Name:	American Security Bank & Trust Company
Street Address:	101 Springhouse Court
City:	Hendersonville
State/Country:	TENNESSEE
Postal Code:	37075
Entity Type:	banking corporation: TENNESSEE

PROPERTY NUMBERS Total: 7

Property Type	Number	Word Mark
Registration Number:	1952433	GH
Registration Number:	2363551	GH GUESTHOUSE FRIENDS CLUB
Registration Number:	2487568	GH GUESTHOUSE I N T E R N A T I O N A L
Registration Number:	2559342	GUESTHOUSE SUITES PLUS
Registration Number:	2746775	GH GUESTHOUSE INTERNATIONAL
Registration Number:	2816767	GH GUESTHOUSE INTERNATIONAL INNS HOTELS SUITES
Registration Number:	2871046	GUESTHOUSE INTERNATIONAL

CORRESPONDENCE DATA

Fax Number: (615)248-3040
Correspondence will be sent via US Mail when the fax attempt is unsuccessful.
 Phone: 615/252-3552
 Email: mward@boultcummings.com
 Correspondent Name: Mary Ward
 Address Line 1: 1600 Division Street, Suite 1600

OP \$190.00 1952433

Address Line 4: Nashville, TENNESSEE 37203

NAME OF SUBMITTER: Mary Ward

Signature: /mary ward/

Date: 12/08/2006

Total Attachments: 19

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SECURITY AGREEMENT

This Security Agreement (including all schedules, subschedules, annexes and exhibits hereto, as the same may be amended, supplemented, restated or otherwise modified from time to time, this "Agreement") dated as of December 1, 2006, is executed by GUESTHOUSE INTERNATIONAL, L.L.C. ("Debtor"), a South Dakota limited liability company, in favor of AMERICAN SECURITY BANK & TRUST COMPANY ("Lender"), a Tennessee banking corporation.

RECITALS:

A. Pursuant to that Loan Agreement dated as of the date hereof, executed by Debtor and Lender (as now existing and as may hereafter be amended, the "Loan Agreement"), Lender has agreed to extend credit to Debtor, on certain terms and conditions.

B. A condition to Lender's agreement to extend credit to Debtor is that Debtor must provide Lender a security interest in all of Debtor's personal property and fixtures.

AGREEMENT:

NOW THEREFORE, as an inducement to cause Lender to extend credit to Debtor, and for other valuable consideration, the receipt and sufficiency of which are acknowledged, it is agreed as follows:

ARTICLE 1 DEFINITIONS

As used below in this Agreement, (i) capitalized terms not otherwise defined herein shall have the meanings set forth in the Loan Agreement, (ii) terms defined in the preamble and recitals above shall have the meanings therein set forth, and (iii) the following capitalized terms have the meanings assigned below:

"Books and Records" means all of Debtor's books and records, including but not limited to records indicating, summarizing, or evidencing the Collateral, the Secured Indebtedness, and Debtor's property, business operations, or financial condition, computer runs, invoices, disks, cd-roms, tapes, processing software, processing contracts (such as contracts for computer time and services) and any computer prepared information, disks, cd-roms, tapes, or data of every kind and description, whether in the possession of Debtor or in the possession of third parties.

"Collateral" means all of Debtor's now owned or hereafter acquired interest in, to and under all personal property and all other assets, whether now owned or hereafter acquired by or arising in favor of Debtor (including under trade names, styles or derivatives thereof), and whether owned or consigned by or to, or leased from or to Debtor, and regardless of where located including the following, each as presently defined in Article 9 of the UCC (to the extent applicable): Accounts, Chattel Paper, Commercial Tort Claims, Deposit Accounts, all lockbox and lockbox accounts and all other bank accounts and all deposits therein, Documents, Equipment, General Intangibles (including the IP-Collateral), Goods, Instruments, Inventory, Investment Property, Letter of Credit Rights, all money, cash or cash equivalent of Debtor and

all Proceeds and to the extent not already included, all tort claims, insurance claims and rights to payment not otherwise included in the foregoing and products of the foregoing and all accessions to, substitutions for and replacements for, and rents and profits of each of the foregoing.

"Encumbrance" means any interest in or restriction upon Property owned by Debtor in favor of any other party, whether voluntary or involuntary, and including, but not limited to, (i) Liens, (ii) rights arising under options, voting agreements, use restrictions, licenses, leases, encroachments, easements, rights-of-way, restrictive covenants, and other such Secured Indebtedness, and (iii) any agreement (contingent or otherwise) to provide any of the foregoing.

"IP Collateral" means all of Debtor's right, title and interest in and to:

(a) all of its presently owned and hereafter acquired trademarks, service marks, and trademark or service mark applications, whether the foregoing are domestic (state or federal) or foreign, including, without limitation, each mark, registration, and application listed on Schedule 1(A) hereto, and together with (i) renewals thereof, (ii) all income, royalties, damages and payments hereafter due and/or payable with respect thereto, including, without limitation, damages and payment for past, present, or future infringements thereof, (iii) the right to sue for past, present, and future infringements thereof, (iv) all rights corresponding thereto throughout the world, (v) the Trademark License Rights, as hereinafter defined, (vi) trade dress, (vii) all customer and other lists related to any of the foregoing, (viii) together in each case with the goodwill of Debtor's businesses connected with the use of, and symbolized by any of the foregoing, and (ix) Debtor's entire right, title, and interest in, to, and under all license agreements with any person or entity, whether Debtor is licensor or licensee under any such license agreement, including, without limitation, the licenses listed on Schedule 1(A) (the "Trademark License Rights", and together with all other interests described in this Section, the "Trademark Collateral"); and

(b) all of its presently owned and hereafter acquired patentable inventions, patents, and patent applications, whether the foregoing be domestic or foreign, including, without limitation, the inventions and improvements described and claimed therein, including, without limitation, those listed on Schedule 1(B) attached hereto, and together with (i) all reissues, divisions, continuations, renewals, extensions, and continuations-in-part thereof, (ii) all income, royalties, damages, and payments now or hereafter due and/or payable with respect thereto, including, without limitation, damages and payments for past, present, or future infringements thereof, (iii) the right to sue for past, present, and future infringements thereof, (iv) all rights corresponding thereto throughout the world, and (v) all rights as licensor or licensee with respect to any patents, patent applications, and rights thereto and thereunder, including, without limitation, the licenses listed on Schedule 1(B) (such rights as licensor or licensee, collectively, the "Patent License Rights," and together with all other interests described in this Section, the "Patent Collateral"); and

(c) all of its presently owned and hereafter acquired copyright interests throughout the world, whether or not registered, including, without limitation, all copyright trade secret interests in any software and other works listed and described on Schedule 1(C) attached hereto, including any registrations thereof or applications therefor, and (i) all renewals thereof, (ii) all income, royalties, damages, and payments now or hereafter due and/or payable with

respect thereto, including, without limitation, damages and payments for past, present, or future infringements thereof, (iii) the right to sue for past, present, and future infringements thereof, and (iv) all rights under all license agreements with any person whether Debtor is licensor or licensee under any such license agreements, including, without limitation, the licenses listed on Schedule 1(C) (the "Copyright License Rights", and together with all other interests described in this Section, the "Copyright Collateral").

"Lien" means (i) the lien or security interest arising from a deed of trust, mortgage, pledge, security agreement, conditional sale, capital lease, consignment, bailment for security purposes, or other consensual security transaction, (ii) the existence of a financing statement filed against Debtor under the UCC, whether or not it secures any outstanding or committed obligation, and (iii) tax liens, judgment liens, mechanics' liens, and other liens arising by operation of law.

"Property" means any interest in any kind of property or asset, whether real, personal, or mixed, and whether tangible or intangible.

"UCC" means the Uniform Commercial Code as in effect from time to time in the State of Tennessee.

ARTICLE 2 GRANT OF SECURITY INTEREST

2.1 Security Interest. As security for the due and punctual payment and full and complete performance of the Secured Indebtedness, Debtor hereby grants, assigns, conveys, mortgage, pledges, hypothecates and transfers to Lender, a security interest in and general lien upon all of Debtor's rights, title, and interests in and to the Collateral.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES REGARDING COLLATERAL

Debtor represents and warrants to Lender, which representations and warranties shall be continuing representations and warranties until all of the Secured Indebtedness are satisfied in full, as follows:

3.1 Locations. The chief place of business, chief executive offices, and the office(s) where Debtor's records are kept concerning accounts, contract rights, and other similar Collateral, and the locations where their inventories, goods, equipment, fixtures, and other similar Collateral are kept, are as set forth on Schedule 3.1 attached hereto.

3.2 Trade names. Debtor conducts business under and through the legal name as set forth on the signature page hereto, and no other names.

3.3 No Consents Necessary. Except for the recording of evidence of this Agreement with the United States Patent and Trademark Office (with respect to the Trademark Collateral and the Patent Collateral) and with the United States Copyright Office (with respect to the Copyright Collateral), and the filing of UCC financing statements naming Debtor as "debtor" and Lender as "secured party" in the appropriate filing offices, and the requisite requirements to

perfect security interests in bank accounts and motor vehicles, no authorization, consent, approval, or other action by, and no notice to or filing or recording with, any governmental, administrative, or judicial authority or regulatory body is currently or is reasonably expected to be required either (i) for the grant by Debtor of the liens and security interests granted hereby or for the execution, delivery, or performance of this Agreement by Debtor, or (ii) for the perfection of or the exercise by Lender of its rights and remedies hereunder.

3.4 Rights in Collateral.

(a) Debtor has the right and the power to grant the security interests and transfer each item of Collateral upon which it purports to grant a lien created by this Agreement. The Collateral is not subject to any Encumbrances.

(b) Set forth on Schedules 1(A), (B) and (C) are complete and accurate lists of all Trademark License Rights and other Trademark Collateral, Patent License Rights and other Patent Collateral, and Copyright License Rights and other Copyright Collateral respectively, owned by Debtor.

3.5 Regarding the IP Collateral.

(a) Each item of Trademark Collateral identified on Schedule 1(A), each item of Patent Collateral identified on Schedule 1(B), and each item of Copyright Collateral identified on Schedule 1(C) is subsisting and has not been adjudged invalid or unenforceable, in whole or in part, and each such item is validly registered or registrable and enforceable and subject to no claims or adverse limitations.

(b) The Trademark License Rights, the Patent License Rights and the Copyright License Rights are in full force and effect, and Debtor is not in default of any of the foregoing License Rights and no event has occurred which with notice or the passage of time, or both, might constitute a material default by Debtor under the foregoing license rights.

3.6 Materially Misleading Statements. No representation, warranty, or statement made herein, on any Schedule hereto or in any certificate or document furnished or to be furnished pursuant hereto contains or will contain any untrue statement of material fact or omits or will omit any fact necessary to make it not misleading in any material respect.

3.7 Instruments, Chattel Paper, Certificated Securities, Documents, Letters of Credit. Debtor does not presently own or hold an interest in any Instruments, Chattel Paper, certificated security, or document of title (including bills of lading and warehouse receipts). Further, Debtor is not presently a beneficiary under a letter of credit.

3.8 Accounts. All information delivered to Lender relating to Accounts is true and correct in all material respects. All Accounts are, to the best of Debtor's knowledge, information, and belief, the legally enforceable obligation of the applicable account debtor shown on the Debtor's Books and Records. No Account (i) requires the approval of any third person for the grant of a security interest in such Account to Lender hereunder, (ii) is subject to any pending legal action, proceeding, or investigation, dispute, set-off, counterclaim, defense,

abatement, suspension, deferment, deductible, reduction, or termination by the related account debtor, or, to the best of Debtor's knowledge, information, and belief, any threatened legal action, proceeding, or investigation, dispute, set-off, counterclaim, defense, abatement, suspension, deferment, deductible, reduction, or termination by the account debtor, or (iii) is past, or within one hundred and eighty (180) days of the statutory limit for collection applicable to the account debtor. Debtor has no guaranty of, letter of credit support for, or collateral security for, any Account, other than any such guaranty, letter of credit, or collateral security as has been assigned to Lender. Neither any Account nor the related contract pursuant to which such Account arose contravenes any laws, rules or regulations applicable thereto (including, without limitation, laws, rules and regulations relating to usury, consumer protection, truth-in-lending, fair credit billing, fair credit reporting, equal credit opportunity, fair debt collection practices and privacy), and no party to such related contract is in violation of any such law, rule or regulation in connection with such contract. To the best of Debtor's knowledge, information, and belief, no account debtor on any Account is bankrupt, insolvent, or is unable to make payment of its Secured Indebtedness when due, and no other fact exists which would cause Debtor reasonably to expect that the amount billed to the related account debtor for such Account will not be paid in full when due.

ARTICLE 4 COVENANTS REGARDING COLLATERAL

4.1 Inspection of Collateral. At any time and from time to time, upon the demand of Lender, Debtor will permit representatives and agents of Lender access to its premises during normal business hours, to inspect the Collateral and the Books and Records and to audit and make abstracts from the Books and Records.

4.2 Filing of Financing Statements. At the sole option of Lender, and without Debtor's further consent, Lender may file all applicable financing statements or other applications, notices, or other registration documents in any jurisdiction or office to perfect its security interests and liens hereunder. Except for filing in connection with Permitted Encumbrances, without the prior written consent of Lender, Debtor will not file or authorize or permit to be filed in any jurisdiction any financing or like statement in which Lender is not named as the sole secured party.

4.3 Lender's Collateral Custody Duties. With respect to the Collateral, or any part thereof, which at any time may come into the possession, custody, or under the control of Lender or any of its agents, associates, or correspondents, Debtor hereby acknowledges and agrees that the sole duty of Lender with respect to the custody, safekeeping, and physical preservation of such Collateral, whether pursuant to Section 9-207 of the UCC or otherwise, shall be to deal with it in the same manner as Lender deals with similar property for its own account. Neither Lender, nor any of its partners, members, managers, directors, officers, employees, affiliates, agents, associates, or correspondents shall be liable for failure to demand, collect, or realize upon any of the Collateral or for any delay in doing so.

4.4 Defense of Collateral. Debtor shall defend the Collateral against all claims and demands of all persons or entities at any time claiming any interest therein other than Lender or those claiming under a Permitted Encumbrance.

4.5 Notice of Changes in State of Formation, Form of Entity, Location of Chief Executive Office, Residence, Books and Records, Collateral. Debtor shall provide Lender with prior written notice of: (i) any intended change in the form of entity of Debtor and/or its state of formation; (ii) any intended change in the chief executive office of Debtor and/or the office where Debtor maintains its Books and Records; (iii) the location or movement of any Collateral to or at an address other than Debtor's locations as set forth on Schedule 3.1 hereof; and (iv) the creation or acquisition of any additional IP Collateral. If any such new location in (ii) or (iii) above is located on leased or mortgaged premises, then Debtor will furnish Lender, prior to the effective date of any such change, with landlord's or mortgagee's waivers pertaining to such premises in form and substance satisfactory to Lender in its sole discretion.

4.6 Delivery of Instruments, Chattel Paper, Certificated Securities, and Documents of Title. Immediately upon receipt of any and all Instruments, Chattel Paper, certificate securities, and/or documents of title (including bills of lading and warehouse receipts), Debtor (i) shall deliver such Collateral to Lender or another party at the direction of Lender properly endorsed to Lender and/or accompanied by such instruments of assignment and transfer in such form and substance as Lender may request, and (ii) shall execute any form of assignment or endorsement reasonably requested by Lender with respect thereto. Debtor agree to stamp or otherwise mark any and all Documents, Instruments, Chattel Paper, certificated securities, and its Books and Records relating to the Collateral in such manner as Lender may reasonably require to reflect the terms of this Agreement and the security interest granted herein.

4.7 Insurance. To the extent the Collateral is insurable against such risks, Debtor shall maintain insurance at all times with respect to the Collateral (including all risk extended coverage) against the risks of fire, theft, and such other risks, including, without limitation, liability, errors and omissions, and business interruption, as Lender may require, containing such terms, in such form and amounts, for such periods, and written by such companies as are acceptable to Lender in its reasonable discretion. All such policies of insurance shall name Lender as a Lender/loss payee and shall provide for not less than thirty (30) days' prior written notice to Lender of intended cancellation or reduction in coverage. Debtor shall furnish Lender with certificates or other evidence satisfactory to Lender of compliance with the foregoing insurance provisions. Lender shall have the right (but shall be under no obligation) to pay any of the premiums on such insurance and all such payments shall become part of the Secured Indebtedness and be considered an advance at the highest rate of interest provided for in the Loan Documents. Debtor expressly authorizes its insurance carriers to pay proceeds of all insurance policies covering all or any part of the Collateral directly to Lender.

4.8 Disposition of Collateral. Debtor shall not license, sell, offer to sell, otherwise assign or permit the involuntary transfer of, or disposition of the Collateral or any interest therein, without the prior written consent of Lender.

4.9 Security Interests in Collateral. Debtor shall keep the Collateral free from any Liens. If reasonably requested by Lender, Debtor shall give notice of Lender's security interests in the Collateral to any third person with whom Debtor has any actual or prospective contractual relationship or other business dealings.

4.10 Collateral not to be used in Violation of Laws. Debtor shall not use the Collateral or any of its property in violation of any law, statute, regulation, or ordinance.

4.11 Assignment of United States Accounts. If any of the Accounts arise out of contracts with the United States or any of its departments, agencies, or instrumentalities, Debtor shall immediately notify and identify same to Lender, and shall promptly execute and deliver to Lender an assignment of claims for such Accounts in a form reasonably acceptable to Lender, and shall take all steps deemed necessary or desirable by Lender to protect Lender's interest therein under the Federal Assignment of Claims Act or any similar law or regulation.

4.12 Maintenance and Inspection of Equipment and Inventory. With respect to Equipment and Inventory, Debtor shall: (i) keep accurate Books and Records with respect thereto, including, without limitation, maintenance records and current stock, cost, and sales records accurately itemizing the types and quantities thereof; (ii) upon request, deliver to Lender, or another party at the direction of Lender, all evidence of ownership in such Collateral, including certificates of title with Lender's interests appropriately noted on the certificate; and (iii) preserve the Inventory and Equipment in good condition and repair, and pay the cost of all replacement parts, repairs to, and maintenance of the Inventory and Equipment.

4.13 Assignment of Accounts. Following the occurrence of an Event of Default, and upon request by Lender, Debtor shall promptly give Lender or another party at the direction of Lender assignments, in a form acceptable to Lender, of all Accounts, all original and other documents evidencing a right to payment of Accounts, financial statements, agings, reports, lists of account debtors, copies of purchase orders, invoices, contracts, shipping and delivery receipts, and such other data concerning the Accounts as Lender may request. Debtor agrees that Lender and its authorized agents shall at all times have the right to confirm orders and to verify any or all of the Accounts in Lender's names, or in any fictitious name used by Lender for verifications.

4.14 Collateral in the Possession of a Bailee. If any Collateral is at any time in the possession of a bailee, Debtor shall promptly notify Lender thereof and, at Lender's request and option, shall promptly obtain an acknowledgement from the bailee, in form and substance satisfactory to Lender, that the bailee holds such Collateral for the benefit of Lender, and that such bailee agrees to comply, without further consent of Debtor, with instructions from Lender as to such Collateral.

4.15 Continuing of Perfected Status of Collateral.

(a) Debtor agrees to cooperate and join, at its expense, with Lender, in taking such steps as are necessary, in the reasonable judgment of Lender, to perfect or continue the perfected status of the security interests granted herein. Without limiting the foregoing, Debtor agrees to take the following actions, at Debtor's expense: (i) execute, authorize, deliver, and/or file any financing statements, amendments thereto, and continuation statements requested by Lender; (ii) deliver all hereafter acquired Chattel Paper, Documents, certificated securities, or Instruments to Lender promptly upon receipt by any Debtor; (iii) obtain all landlords' and mortgagees' waivers reasonably required by Lender; (iv) promptly notify Lender of any Debtor's acquisition of any property subject to a certificate of title and, upon Lender's request, obtain

notation of encumbrance in favor of Lender on any such certificate of title; (v) promptly notify Lender of any hereafter acquired Commercial Tort Claims, Deposit Accounts, IP Collateral registered with the United States Copyright Office or the United States Patent and Trademark Office, real property, investment accounts, ships, or aircraft; and (vi) execute and file any additional collateral assignments, control agreements, security agreements, or other instruments requested by Lender.

(b) Following payment in full of all Secured Indebtedness, Lender agrees to cooperate and join, at Debtor's expense, in executing and delivering all documents and taking all actions as are necessary to release and terminate Lender's security interests in and assignments of the Collateral.

4.16 Lender as Attorney-in-Fact. Debtor hereby irrevocably appoints Lender (and any of its attorneys, officers, employees, or agents) as their its and lawful attorney-in-fact, said appointment being coupled with an interest, with full power of substitution, in the name of Debtor, Lender, or otherwise, for the sole use and benefit of Lender in its sole discretion, but at Debtor's expense, to exercise, to the extent permitted by law, in Lender's name or in the name of the Debtor or otherwise, the powers set forth herein, whether or not any of the Secured Indebtedness are due, and such powers shall include, but not be limited to, the following powers, at any time following the occurrence of an Event of Default: (i) to endorse the name of any Debtor upon any instruments of payment, invoice, freight or express bill, bill of lading, or storage or warehouse receipt relating to the Collateral; (ii) to demand, collect, receive payment of, settle, compromise, or adjust all or any of the Collateral; (iii) to file one or more financing statements naming Debtor as debtor and Lender as secured party and indicating therein the types or describing the items of Collateral herein specified; (iv) to correspond and negotiate directly with insurance carriers; (v) to sign and record one or more assignments or other instruments in favor of Lender to transfer ownership of any IP Collateral to Lender; and (vi) to execute and/or file any notice, statement, instrument, agreement, or other paper that Lender may require to create, preserve, perfect, or validate any security interest granted pursuant hereto or to enable Lender to exercise or enforce its rights hereunder or with respect to such security interest.

4.17 Liability of Lender as Attorney-in-Fact. Neither Lender nor its attorneys, officers, employees, or agents shall be liable for acts, omissions, errors in judgment or mistake in fact in its/their capacity as attorney-in-fact. Debtor hereby ratifies all acts of Lender as their attorney-in-fact other than as a result of the gross negligence or willful misconduct of Lender. This power, being coupled with an interest, is irrevocable until the Secured Indebtedness have been fully satisfied. Lender shall not be required to take any steps necessary to preserve any rights against prior parties with respect to any of the Collateral.

4.18 Effect of Extensions and Modifications. Lender may extend the time of payment, arrange for payment in installments, or otherwise modify the terms of payment of, or release, any of the Collateral, without thereby incurring responsibility to, or discharging or otherwise affecting any liability of, Debtor.

4.19 Letters of Credit. If any Debtor is at any time a beneficiary under a letter of credit, such Debtor shall promptly notify the Lender thereof and, at the request and option of the Lender, such Debtor shall, pursuant to an agreement in form and substance satisfactory to

Lender, either (i) arrange for the issuer and any confirmer or other nominated person of such letter of credit to consent to an assignment to the Lender of the proceeds of the letter of credit, or (ii) arrange for the Lender to become the transferee beneficiary of the letter of credit, with the Lender agreeing, in each case, that the proceeds of the letter of credit are to be applied as provided in the Loan Agreement.

ARTICLE 5 REMEDIES

5.1 General Rights of Lender. Upon the occurrence of an Event of Default, Lender may exercise any and all rights and remedies Lender may have under this Agreement, any other Loan Document, and/or applicable law.

5.2 Additional Rights and Remedies. In addition to the rights and remedies available to Lender as set forth above and any other rights or remedies available to Lender under applicable law, upon the occurrence of an Event of Default, Lender may, immediately and without notice, do any or all of the following, which rights and remedies are cumulative, may be exercised from time to time, and are in addition to any rights and remedies available to Lender under any other agreement or instrument by and between Debtor and Lender:

(a) Exercise any and all of the rights and remedies of a secured party under the UCC, including, without limitation, the right to require Debtor to assemble the Collateral and make it available to Lender at a place reasonably convenient to the parties.

(b) Operate, utilize, recondition, and/or refurbish any of the Collateral for the purpose of enhancing or preserving the value thereof by any means deemed appropriate by Lender, in its reasonable discretion, including, without limitation, converting raw materials and/or work-in-process into finished goods.

(c) Notify the account debtors for any of the Accounts to make payment directly to Lender, or to such post office box as Lender may direct.

(d) Demand, sue for, collect, or retrieve any money or property at any time payable, receivable on account of or in exchange for, or make any compromise or settlement deemed desirable with respect to any of the Collateral.

(e) Notify the post office authorities to change the address for delivery of Debtor's mail to an address designated by Lender and to receive, open, and distribute all mail addressed to Debtor, retaining all mail relating to the Collateral and forwarding all other mail to Debtor.

(f) Upon ten (10) calendar days' prior written notice to the Debtor (or one (1) day's notice by telephone with respect to Collateral that is perishable or that Lender reasonably believes will decline rapidly in value), which Debtor hereby acknowledges to be sufficient, commercially reasonable, and proper, Lender may sell, lease, or otherwise dispose of any or all of the Collateral at any time and from time to time at public or private sale, with or without advertisement thereof, and with or without providing any warranties of title,

infringement, possession, quiet enjoyment, merchantability, or other like warranties, express or implied, and apply the proceeds of any such sale first to Lender's expenses in preparing the Collateral for sale (including reasonable attorneys' fees) and second to the complete satisfaction of the Secured Indebtedness in any order deemed appropriate by Lender, in its sole discretion. Debtor waives the benefit of any marshaling doctrine with respect to Lender's exercise of its rights hereunder. Lender or anyone else may be the purchaser of any or all of the Collateral so sold and thereafter hold such Collateral absolutely, free from any claim or right of whatsoever kind, including any equity of redemption of Debtor, any such notice, right, and/or equity of redemption being hereby expressly waived and released.

5.3 Grant of License to Use Intangibles. In addition to the grant of a security interest in the IP Collateral hereinbefore provided, for the purposes of enabling Lender to exercise its rights and remedies hereunder at such time as Lender shall be lawfully entitled to exercise such rights and remedies upon the occurrence of an Event of Default, Debtor hereby grants to Lender an irrevocable, non-exclusive license (exercisable without payment of royalty or other compensation to Debtor, provided that the actual proceeds received by Lender of any use or sale of Lender's rights under such license shall be applied to the Secured Indebtedness) to use, assign, or sublicense any of the IP Collateral, now owned or hereafter acquired by Debtor, and wherever the same may be located, including in such license reasonable access to all media in which any of the licensed items may be recorded or stored, all computer software and programs, and all source code and object code relating to such computer software and programs.

5.4 Standards for Exercising Rights and Remedies. To the extent that applicable law imposes duties on Lender to exercise remedies in a commercially reasonable manner, Debtor acknowledge and agree that it is not commercially unreasonable for Lender: (i) to fail to incur expenses reasonably deemed significant by Lender to prepare Collateral for disposition or otherwise to fail to complete raw material or work in process into finished goods or other finished products for disposition; (ii) to fail to obtain third party consents for access to Collateral to be disposed of, or to obtain or, if not required by other law, to fail to obtain governmental or third party consents for the collection or disposition of Collateral to be collected or disposed of; (iii) to fail to exercise collection remedies against account debtors or other persons obligated on Collateral or to fail to remove liens or encumbrances on or any adverse claims against Collateral; (iv) to exercise collection remedies against account debtors and other persons obligated on Collateral directly or through the use of collection agencies and other collection specialists; (v) to advertise dispositions of Collateral through publications or media of general circulation, whether or not the Collateral is of a specialized nature; (vi) to contact other persons, whether or not in the same business as Debtor, for expressions of interest in acquiring all or any portion of the Collateral; (vii) to hire one or more professional auctioneers to assist in the disposition of Collateral, whether or not the collateral is of a specialized nature; (viii) to dispose of Collateral by utilizing Internet sites that provide for the auction of assets of the types included in the Collateral or that have the reasonable capability of doing so, or that match buyers and sellers of assets; (ix) to dispose of assets in wholesale rather than retail markets; (x) to disclaim disposition warranties, including, without limitation, warranties of title, infringement, possession, quiet enjoyment, merchantability, or other like warranties, express or implied; (xi) to purchase insurance or credit enhancements to insure Lender against risks of loss, collection, or disposition of Collateral or to provide to Lender a guaranteed return from the collection or disposition of Collateral; (xii) to the extent deemed appropriate by Lender, to obtain the services

of other brokers, investment bankers, consultants, and other professionals to assist Lender in the collection or disposition of any of the Collateral; (xiii) to require potential purchasers to enter into confidentiality undertakings with respect to the Collateral; or (xiv) to require the purchaser at any foreclosure sale to indemnify Lender and other parties against damages incurred in connection with the removal of the Collateral or to require such purchaser to maintain insurance in connection therewith. Debtor acknowledges that the purpose of this Section is to provide non-exhaustive indications of what actions or omissions by Lender would fulfill Lender's duties under the UCC or other law of the State of Tennessee or any other relevant jurisdiction in Lender's exercise of remedies against the Collateral and that other actions or omissions by Lender shall not be deemed to fail to fulfill such duties solely on account of not being indicated in this Section. Without limitation upon the foregoing, nothing contained in this Section shall be construed to grant any rights to Debtor or to impose any duties on Lender that would not have been granted or imposed by this Agreement or by applicable law in the absence of this Section.

ARTICLE 6 GENERAL PROVISIONS

6.1 Cumulative Remedies. The remedies provided Lender in this Agreement are not exclusive of any other remedies that may be available to Lender under any other document or at law or equity.

6.2 Notices. All notices and other communications hereunder shall be provided in the manner provided in the Loan Agreement.

6.3 Negotiated Document. This Agreement has been negotiated by the parties with full benefit of counsel and should not be construed against any party as author.

6.4 Not Partners; No Third Party Beneficiaries. The relationship of Lender and Debtor is that of secured party and debtor only, and neither is a fiduciary, partner, or joint venturer of the other for any purpose. This Agreement has been executed for the sole benefit of the parties hereto, and no third party is authorized to rely upon Lender's rights or duties hereunder.

6.5 Incorporation of Schedules. All Schedules and Exhibits referred to in this Agreement are incorporated herein by this reference.

6.6 Indulgence Not Waiver. Any party's indulgence in a departure from the terms of this Agreement shall not prejudice the party's right to demand strict compliance with this Agreement absent a written waiver or amendment that would be binding under the terms of this Agreement.

6.7 Assignment. This Agreement shall be binding upon and inure to the benefit of the respective successors and assigns of the parties, except that Debtor may not assign any rights or delegate any Secured Indebtedness arising hereunder without the prior written consent of Lender. Any attempted assignment or delegation by Debtor without the required prior consent shall be void.

6.8 Entire Agreement. This Agreement and the other written agreements executed by the parties represent the entire agreement of the parties concerning the subject matter hereof, and all oral discussions and prior agreements are merged herein; provided, however, if there is a conflict between this Agreement and the Loan Agreement, the provision of the Loan Agreement shall control.

6.9 Amendment and Waiver in Writing. No provision of this Agreement can be amended or waived, except by a statement in writing signed in hand by or on behalf of the party against which enforcement of the amendment or waiver is sought (emails, voice mails, and other forms of records that do not require handwritten signatures shall not be binding) and in accordance with the Loan Agreement.

6.10 Severability. Should any provision of this Agreement be declared invalid or unenforceable for any reason, the remaining provisions hereof shall remain in full effect.

6.11 Time of Essence. Time is of the essence of this Agreement, and all dates and time periods specified herein shall be strictly observed.

6.12 Gender and Number. Words used herein indicating gender or number shall be read as context may require.

6.13 Captions Not Controlling. Captions and headings have been included in this Agreement for the convenience of the parties, and shall not be construed as affecting the content of the respective Sections.

6.14 Counterparts. This Agreement may be executed in counterparts with all signatures or by counterpart signature pages, and it shall not be necessary that the signatures of all parties be contained on any one document. Each counterpart shall be deemed an original, but all of them together shall constitute one and the same instrument.

6.15 Facsimiles. This Agreement may be executed by facsimile signatures, and shall be effective when Lender has received original or telecopy transmissions of the signature pages executed by all parties hereto; provided, however, that all parties shall deliver original executed documents to Lender promptly following the execution hereof.

6.16 Applicable Law. The validity, construction, and enforcement of this Agreement and all other documents executed with respect to the Secured Indebtedness shall be determined according to the laws of Tennessee applicable to contracts executed and performed entirely within that state.

6.17 Consent to Jurisdiction; Exclusive Venue. Each party to this Agreement hereby irrevocably consents to the jurisdiction of the United States District Court for the Middle District of Tennessee and of all Tennessee state courts sitting in Davidson County, Tennessee, for the purpose of any litigation to which Lender may be a party and which arises from or is related to this Agreement. It is further agreed that venue for any such action shall lie exclusively with courts sitting in Davidson County, Tennessee, unless (i) Lender agrees to the contrary in writing, or (ii) Lender initiates litigation in

another court that either has personal jurisdiction over the parties to that action or has *in rem* jurisdiction over property relevant to the action. The parties waive any right to assert that the elected forum is not convenient and to raise any other objection to this election of exclusive venue.

6.18 Waiver of Jury Trial. Each party to this Agreement hereby knowingly, voluntarily, and with full benefit of counsel, irrevocably waives any right to obtain a trial by jury in any litigation arising from or related to this Agreement and confirms that the effect of this waiver is that all issues of fact and law in any such litigation shall be determined by a judge acting without a jury. This waiver is a material inducement to the execution of this Agreement and is intended to apply regardless of the basis of any claim raised in such litigation and, without limitation, shall apply to any litigation involving any claim or defense arising under contract law, tort, or under any statute or constitution.

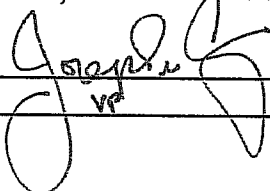
[The remainder of this page is intentionally blank.]

This Security Agreement is dated as of the date first written above.

THE UNDERSIGNED ACKNOWLEDGES A THOROUGH UNDERSTANDING OF THE TERMS OF THIS AGREEMENT AND AGREES TO BE BOUND THEREBY:

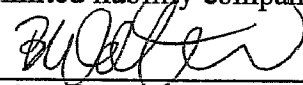
Lender:

AMERICAN SECURITY BANK & TRUST COMPANY, a Tennessee banking corporation

By: 
Title: VP

Debtor:

GUESTHOUSE INTERNATIONAL, L.L.C., a South Dakota limited liability company

By: 
Title: CEO

SCHEDULE 1(A)



Trademark Collateral

SHONEY'S MARKS

A. TRADEMARK LICENSE RIGHTS, pursuant to (i) that certain Amended and Restated License Agreement, dated September 27, 2000, by and among Shoney's, Inc., ShoLodge Franchise Systems, Inc. (predecessor to ShoLodge Franchise Systems, LLC) and ShoLodge, Inc., as assigned to Debtor pursuant to an assignment thereof of even date herewith, and (ii) that certain Agreement, dated March 15, 1994, between ShoLodge Franchise Systems, Inc. (predecessor to ShoLodge Franchise Systems, LLC) and Shoney's of Knoxville, Inc., as assigned to Debtor pursuant to an assignment thereof of even date herewith, and including without limitation the rights granted thereunder in the following trade names, trademarks and/or service marks:

- (1) "Shoney's Inn" (stylized). Registered February 16, 1982; Principal Register No. 1,190,289
- (2) "Shoney's Inn" (block letters). Registered August 4, 1992; Principal Register No. 1,705,676
- (3) "Shoney's Inn & Suites" (block letters). Registered October 22, 1996; Principal Register No. 2,011,023

B. OTHER TRADEMARK COLLATERAL:

- (1) GH & Design.  Registered January 30, 1996; Principal Register No. 1,952,433.
- (2) GH GUESTHOUSE FRIENDS CLUB. Registered July 4, 2000; Principal Register No. 2,363,551.
- (3) GH GUESTHOUSE INTERNATIONAL and Design.  Registered September 11, 2001; Principal Register No. 2, 487,568.
- (4) GUESTHOUSE SUITES PLUS. Registered April 9, 2002; Principal Register No. 2,559,342.



(5) GH GuestHouse International & Design (lined for colors red and green). Registered August 5, 2003; Principal Register No. 2,746,775.



(6) GH GuestHouse International Inns Hotels Suites Registered February 24, 2004; Principal Register No. 2,816,767.

(7) GUESTHOUSE INTERNATIONAL. Registered August 10, 2004; Principal Register No. 2,871,046.

SCHEDULE 1(B)

Patent Collateral

None

SCHEDULE 1(C)

Copyright Collateral

None

SCHEDULE 3.1

Location of Properties; Place of Business

1439622
104073-012

RECORDED: 12/08/2006

**TRADEMARK
REEL: 003440 FRAME: 0704**