

Security agreement.

This security agreement is made and entered into this _____, 19___, between _____ as Trustee of the _____ Childrens' Trust created under Trust Indenture dated _____, 19___; _____ as Trustee of the _____ Childrens' Trust created under Trust Indenture dated _____, 19___; _____ and _____, husband and wife, as community property: _____ and _____, husband and wife, as community property, (collectively called "Secured Party") and _____, a _____ Corporation ("Debtor").

Recitals:

1. Indebtedness—The Collateral listed in this security agreement is security for (i) payment of indebtedness arising from sale and purchase of a partnership interest in the amount of _____, (ii) payment of all existing and all future indebtedness, including, but not limited to, future advances of Secured Party to Debtor, (iii) payment of any and all notes evidencing any such indebtedness, and (iv) performance of Debtor's obligations under this agreement.

2. Creation of Security Interest—Debtor grants to Secured Party a security interest in and to the collateral described in Paragraph 3 to secure the performance or payment of the obligations of Debtor to Secured Party referred to elsewhere in this agreement.

3. Collateral—The collateral subject to this security agreement and as to which a security interest is granted is: (i) Debtor's partnership interest now existing as well as any later acquired in and to that partnership known and described as _____, a _____ general partnership (the Partnership) which Partnership owns and leases real properties and hotel structure, improvements and personal property known as the _____ Hotel, in _____, _____ County, _____ (ii) all Partnership distributions to Debtor as a partner in the Partnership, (iii) Debtor's capital account both initial and any additional in the Partnership, (iv) any indebtedness owed by the Partnership on and any after the date Debtor becomes a partner in the Partnership, (v) any distributions payable to Debtor as a partner in the Partnership whether as or for return of capital or payment of income or profits of the Partnership, and (vi) any other payment or payments at any time due or payable to Debtor as a partner in the Partnership. The collateral also consists of each and every addition to any of the above described collateral as well as any now existing or future acquisitions of any of such described collateral.

4. Sale of Collateral—No portion of the collateral shall be sold by Debtor without prior written consent of Secured Party and if such consent is given, Debtor agrees to immediately remit all proceeds of the sale to Secured Party. If any sale occurs without prior written consent of Secured Party, Secured Party may accelerate and declare the entire indebtedness secured immediately due and payable. The inclusion of proceeds from sale of collateral in this security agreement is in no way to be construed as giving Debtor authority to sell or dispose of any collateral without first obtaining the written consent of Secured Party. The collateral sold and also all proceeds of sale whether consented to or not shall be deemed encumbered by and subject to the security interest in favor of Secured Party until actual payment over of the proceeds to Secured Party and its acceptance of them as in lieu of the lien on the collateral itself to the extent of it. The word "sale" shall be deemed to include any transfer or assignment of any such collateral.

5. Payment—Debtor will pay when due any and all indebtedness secured by this Security Agreement, together with interest, and any and every rent, tax, levy, assessment, or other claim which is or may become a lien against the collateral.

6. Due Date—Upon the filing by or against Debtor of a petition for relief under the Federal Bankruptcy Act, or under the insolvency laws of any state, or upon the making by Debtor of an assignment for the benefit of creditors, or upon the levy by a creditor upon any of the collateral, or in the event of failure to make any payment of interest or principal secured by this agreement, then the entire indebtedness secured shall, at the option of Secured Party, become immediately due and payable and Secured Party may proceed to enforce its security interest by any means provided in this agreement, any means provided under any applicable Uniform Commercial Code, or by any means otherwise allowed by law.

7. Setoff—Secured Party may at any time exercise the right to setoff with respect to any money held for the account of Debtor, reducing the debt only by the amount of such setoff and without curing any default.

8. Statute of Limitations—The right to plead any statute of limitations as a defense to any action by Secured Party, its successors or assigns, is expressly waived, to the extent permitted by law.

9. Successors and Assigns—All rights of the Secured Party shall inure to the benefit of its successors and assigns; and all obligations of the Debtor shall bind its successors, and assigns. If there be more than one

Debtor, their obligations shall be deemed joint and several; and in construction of this agreement the singular includes the plural, the plural includes the singular, and masculine pronouns include the feminine and neuter.

10. Financing Statements—Debtor shall sign and deliver to Secured Party such financing statements prepared by Secured Party and from time to time submitted to Debtor for signing and filing; and, in the event of any lapse of perfection of the security interest created in this agreement by reason of failure to timely file a continuation statement, Debtor shall upon demand by Secured Party, sign and file any such new financing statements submitted by Secured Party to Debtor.

11. Attachment or Execution—The transfer of any of the collateral by judicial sale or the making of any levy of attachment or of execution on any of the Collateral shall constitute a default under this agreement.

12. Applicable Law—Secured Party and Debtor acknowledge their intention and understanding that the terms, provisions and conditions of this Security Agreement are to be governed by the laws of the State of _____.

13. Nonwaiver—Debtor specifically agrees that waiver of any default is not waiver of any subsequent default.

14. Disposition of Collateral by Public or Private Sale—In the event of default, Secured Party may dispose of the collateral by public or private sale and may do so by way of one or more contracts or in a unit or in parcels, except, however, that the Partnership interest itself shall be sold as a single unit of collateral and not in separate parcels or units.

Notice of time and place of sale of any public sale or notification of the time after which any private sale or other intended disposition is to be made, shall be deemed reasonable if mailed to Debtor at least 10 days before any such event is to occur and is mailed either certified mail or registered mail, return receipt requested, to Debtor at the address designated by Debtor on the Financing Statement first signed by Debtor in connection with this transaction or to the Debtor at the last mailing address from which a letter or payment was mailed or sent from Debtor to Secured Party.

Secured Party may buy the collateral at any public sale or at private sale subject to the limitations of any applicable Uniform Commercial Code.

15. Default of Other Obligations—Default in payment or performance of the Note secured by this agreement or Default in payment of any indebtedness or performance of any term, covenant or condition of the Note secured by this agreement shall constitute a default and Secured Party may declare the entire indebtedness secured immediately due and payable and exercise such rights and remedies as are provided in this agreement.

16. Future Advances and Expenditures—This security agreement shall be deemed also to secure any and all renewal or replacement notes replacing or renewing any of the indebtedness above referred to.

17. Attorney's Fees and Costs—Debtor agrees that should it become in default under or breach this security agreement, it will pay to Secured Party all costs reasonably incurred by the Secured Party for the purpose of enforcing its rights, including, but not limited to, the costs of locating the Debtor, costs of locating the collateral, costs of any action for foreclosure or for money damages, should any of such actions be commenced, and Secured Party prevails in them, and a reasonable fee for the services of an attorney should one be employed by the Secured Party for consultation, drafting documents, sending notices or instituting, prosecuting or defending litigation, and, however, with respect to such litigation, only if Secured Party prevails in such litigation.

18. Construction for Validity—Should any paragraph clause or provision of this security agreement be construed or interpreted by a court of competent jurisdiction to be void, invalid or unenforceable, such decision shall affect only those paragraphs, clauses or provisions so construed or interpreted, and shall in no event affect the remaining paragraphs, clauses or provisions of this agreement which shall remain enforceable.

19. Notices—Notices whenever required by this security agreement shall be deemed actually served two business days after deposit in any United States postal box, postage prepaid, and properly addressed to the intended recipient.

20. Remedies at Law or Equity—Upon any breach of this security agreement by Debtor, Secured Party may pursue any remedy available at law or in equity as the same shall from time to time be available under the laws then in force, and in addition, and not by way of limitation, Secured Party shall have the right to file suit and obtain judgment and in conjunction with said suit, Secured Party may avail itself of any and all ancillary remedies provided by law including but not limited to levy of attachment and garnishment and pursuing such rights or remedies either separately, successively or concurrently, shall be deemed not to waive, discharge or release the lien of this security agreement except to the extent discharged or released through the conducting of any sale of the security upon execution or as otherwise provided in this agreement.

