

LODGIAN, INC. AUDIT COMMITTEE CHARTER

Adopted by the Company's Board of Directors on January 24, 2003, as amended February 9, 2004.

I. STATEMENT OF PURPOSE

The Board of Directors appoints an Audit Committee to represent and assist the Board of Directors in discharging its responsibilities relating to the accounting, reporting and financial practices and legal compliance of the Company and its subsidiaries. The Audit Committee has general responsibility for oversight of the accounting and financial processes of the Company and its subsidiaries, including oversight of the integrity of the Company's financial statements, the Company's compliance with legal and regulatory requirements, the qualification and independence of the Company's auditors and the performance of the Company's internal audit function and independent auditors.

Consistent with this function, the Audit Committee should encourage continuous improvement of, and should foster adherence to, the Company's policies, procedures and practices at all levels. The Audit Committee should also provide an open avenue of communication among the independent auditors, financial and senior management, members of the internal auditing team and the Board of Directors.

II. COMMITTEE MEMBERS

The Audit Committee shall have at least three members appointed by the Board of Directors with one member appointed as chairperson. The Audit Committee shall consist entirely of "independent" members of the Board of Directors. "Independent" means a director who (i) satisfies all criteria for independence established by the Securities and Exchange Commission (the "SEC"), (ii) meets the American Stock Exchange (the "AMEX") definition of "independence" (including all criteria imposed with respect to service on an audit committee) and (iii) is otherwise free from any relationship that, in the opinion of the Board of Directors, would interfere with the exercise of his or her independent judgment as a member of the Audit Committee, all as determined by the Board of Directors.

Each member of the Audit Committee shall be able to read and understand financial statements, including the Company's balance sheet, income statement, and cash flow statement (or will become able to do so within a reasonable period of time after his or her appointment to the Audit Committee) as determined in the Board of Directors' judgment. At least one member of the Audit Committee shall have past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background which results in the individual's financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities in compliance with criteria established by AMEX and, in addition,

shall have such accounting or related financial management expertise as required to be an “audit committee financial expert” in compliance with the criteria established by the SEC, both as determined in the Board of Directors’ judgment. The identity of such financial expert and whether such financial expert meets the SEC’s “independence” criteria shall be disclosed in the Company’s annual report as filed with the SEC and such other reports as the SEC may require.

The members of the Audit Committee shall be elected by the Board of Directors at each annual meeting of the Board of Directors or until their successors shall be duly elected and qualified. Unless a chair is elected by the full Board of Directors, the members of the Audit Committee may designate a chair by majority vote of the full Audit Committee.

III. POWERS, DUTIES AND RESPONSIBILITIES

In carrying out its intended purpose, the Audit Committee shall have the powers, duties and responsibilities delegated to it by the Board of Directors. The Audit Committee shall:

Services of Independent Auditors

A. Have sole authority to engage a public accounting firm to serve as the Company’s independent auditors and to perform the Company’s annual audit (subject, if applicable, to shareholder ratification). This authority shall include the sole discretion to retain and discharge such independent auditors and to approve the terms and conditions of all audit engagements as well as all significant non-audit engagements with such independent auditors, including a determination of the compensation to be paid to such independent auditors. This authority may not be delegated to management (although the Audit Committee may obtain input from management).

B. Oversee the work performed by the Company’s independent auditors (including resolution of disagreements between management and the independent auditors regarding financial reporting). Such independent auditors shall report directly to the Audit Committee, although they shall remain accountable to the entire Board of Directors as well as to the Audit Committee.

C. Review with the independent auditors the scope of the audit, preapprove the audit services (which may entail providing comfort letters in connection with securities underwritings) to be performed by the independent auditors, and review the results of the annual audit examination and any reports of the independent auditors with respect to the Company’s financial statements or policies.

D. Preapprove all non-audit services provided to the Company by the independent auditors by either (i) the Audit Committee or (ii) pursuant to preapproval policies and procedures established by the Audit Committee, provided the Audit Committee is informed of each non-audit service. In no event shall approval be granted for any non-audit service that the SEC, AMEX or other applicable regulatory authority determines is impermissible. Non-audit services which constitute less than 5% of the revenues paid by the Company and its subsidiaries to the independent auditors during the fiscal year in which the non-audit services are provided, may be

approved by the Audit Committee (or one or more members authorized by the Audit Committee) after the services are commenced but before the completion of the audit, provided that such services were not recognized by the Company at the time of the engagement to be non-audit services and such services are promptly brought to the attention of the Audit Committee. As may be required by the SEC, the Audit Committee shall disclose the approval of non-audit services and/or any preapproval policies and procedures in periodic reports filed by the Company with the SEC.

E. Periodically assess the independence of the Company's auditors as defined by the rules, regulations and standards of the SEC, the AMEX and other applicable authorities. The Audit Committee shall, at least annually, obtain and review a report by the Company's independent auditors describing: (1) the firm's internal quality-control procedures; (2) any material issues raised by the most recent internal quality-control review, or peer review, of the audit firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and (3) all relationships between the independent auditors and the Company consistent with Independence Standards Board Standard 1.

F. Although the audit committee has the responsibilities and powers set forth in this charter, the committee is not responsible for certifying the company's financial statements, guaranteeing the independent auditor's report, determining the company's financial statements are complete and accurate and in accordance with generally accepted accounting principles, or guaranteeing the company's compliance with laws, regulations, compliance policies, or programs. The fundamental responsibility for the company's financial statements and disclosures and its compliance with laws and regulations rests with management.

Audit Practices and Financial Reporting Matters

G. Obtain and review all reports and other information that the independent auditors are required by law, rule or regulation to submit to the Audit Committee, including periodic reports on (1) all critical accounting policies and practices to be used by the Company, (2) all alternative treatments of financial information within generally accepted accounting principles in effect from time to time ("GAAP") that have been discussed with management, the ramification of the use of such alternative disclosures and treatment, and the treatment preferred by the independent auditors, and (3) other material written communications between the independent auditors and management of the Company.

H. Review and discuss with management and the independent auditors the Company's annual audited financial statements and quarterly financial statements, including a discussion of the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" and a discussion with the independent auditors of their judgments as to the quality of the Company's accounting principles.

I. Review with management and the independent auditors the results of any significant matters identified as a result of the independent auditors' interim review procedures prior to the filing of each Form 10-Q or as soon thereafter as possible. The Audit Committee

may delegate this function to one or more of its members having sufficient accounting or financial management expertise to perform such review.

J. Establish guidelines for the Company's internal audit function and periodically review the adequacy of the Company's internal controls.

K. Review changes in the accounting policies of the Company and accounting and financial reporting proposals that may have a significant impact on the Company's financial reports, and make reports on the foregoing to the Board of Directors.

L. Review as necessary and appropriate with the independent auditors any audit problems or difficulties and management's response, including any restrictions on the scope of the independent auditors' activities or access to information and any significant disagreements with management.

Company Governance Policies and Compliance

M. Prepare the report that SEC rules require to be included in the Company's annual proxy statement.

N. Establish clear policies for the Company to follow in hiring employees or former employees of the independent auditors (which may include a prohibition on such hiring). Any such policies should consider the restriction that no registered public accounting firm may audit the Company if the Company's chief executive officer, chief financial officer, chief accounting officer, controller or other persons serving similar functions were employed by the accounting firm and participated in the Company's audit during the one year prior to commencement of the audit.

O. Discuss with management policies with respect to risk assessment and risk management, including guidelines to govern the process by which risk assessment and management is undertaken by the Company.

P. Review and reassess the adequacy of the Audit Committee Charter on an annual basis.

Q. Review with management and the independent auditors any correspondence with regulators or governmental agencies and any employee complaints or published reports, which raise material issues regarding the Company's financial statements or accounting policies. In connection therewith, the Audit Committee shall establish procedures for (1) the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and (2) the confidential, anonymous submission by employees of the Company of concerns of questionable accounting or auditing matters.

R. Review annually and update as needed the Company's Code of Ethics.

- S. Review and approve any related party transactions in excess of \$5,000 per year.

General Powers

T. Have the ability (but not the obligation) to conduct or authorize, if it considers appropriate, investigations into any matters within the scope of its responsibilities.

U. Have the authority (without separate approval from the Board of Directors) to obtain advice, services and assistance from outside legal, accounting or other advisors, as the Audit Committee deems necessary to assist it in carrying out its responsibilities, and to determine the compensation for any such advisors.

V. Perform such activities consistent with this Charter, the Company's bylaws and applicable law as the Board of Directors or the Audit Committee deems necessary or appropriate.

W. Otherwise make regular reports and recommendations to the Board of Directors within the scope of its functions.

X. Any expenses arising from such Audit Committee activities shall be borne by the Company.

IV. COMMITTEE MEETINGS

The Audit Committee will meet at least four times annually, or more often as it deems necessary or appropriate, in its judgment, either in person or telephonically, and at such times and places as the Audit Committee determines. Periodically, as it deems appropriate, the Audit Committee (or designated members thereof, if appropriate) will meet in private sessions with the independent auditors, the Company's chief financial officer, the senior manager(s) of the Company's internal audit functions and other management personnel as the Audit Committee deems appropriate regarding any matters, that the Audit Committee or any of these groups believe should be discussed, including any matters within the scope of the Audit Committee's responsibilities. The majority of the members of the Audit Committee shall constitute a quorum for Audit Committee meetings and, unless otherwise required by this Charter of the Company's bylaws, action may be taken by majority vote of the members present at such meetings. Minutes shall be maintained of each meeting.

V. ACCOUNTABILITY

At the next meeting of the Board of Director's following any meeting of the Audit Committee, a report of the Audit Committee findings and actions shall be rendered by the Chairman of the Audit Committee.