

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re : Chapter 11 Case No.
EXTENDED STAY INC., et al. : 09-13764 (JMP)
Debtors. :
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**INTERIM ORDER PURSUANT TO SECTIONS 105 AND 363(B) OF THE
BANKRUPTCY CODE AUTHORIZING DEBTORS
TO REIMBURSE HVM L.L.C. FOR CRITICAL OPERATING EXPENSES
INCURRED ON DEBTORS' BEHALF PRIOR TO THE COMMENCEMENT DATE**

Upon the motion, dated, June 15, 2009 (the "Motion"), of Extended Stay Inc. and its debtor affiliates, as debtors and debtors in possession (collectively, the "Debtors"), for interim (the "Interim Order") pursuant to sections 105 and 363(b) of chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") and Rules 6003 and 6004 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), authorizing, but not obligating, the Debtors, in the Debtors' sole discretion, to reimburse HVM LLC ("HVM") for amounts due to pay certain operating expenses (the "Critical Operating Expenses") incurred on the Debtors' behalf prior to the Commencement Date; all as more fully described in the Motion; and the Court having jurisdiction to consider the Motion and the relief requested therein in accordance with 28 U.S.C. §§ 157 and 1334 and the Standing Order M-61 Referring to Bankruptcy Judges for the Southern District of New York Any and All Proceedings Under Title 11, dated July 10, 1984 (Ward, Acting C.J.); and consideration of the Motion and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Motion having been provided to the parties listed on "Exhibit 1" attached hereto, and those creditors holding the five largest



unsecured claims against the Debtors' estates (on a consolidated basis), and it appearing that no other or further notice need be provided; and a hearing having been held to consider the relief requested in the Motion (the "Hearing"); and the appearances of all interested parties having been noted in the record of the Hearing; and upon the Declaration of Joseph Teichman Pursuant to Local Bankruptcy Rule 1007-2 in Support of First-Day Motions and Applications, filed contemporaneously with the Motion, and upon the record of the Hearing, and all of the proceedings had before the Court; and the Court having found and determined that the relief sought in the Motion is in the best interests of the Debtors, their estates and creditors, and all parties in interest and that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor, it is

ORDERED that the Motion is granted; and it is further

ORDERED that, pursuant to this Interim Order, the Debtors are authorized, but not required, to reimburse HVM for amounts due for the Critical Operating Expenses incurred on the Debtors' behalf prior to the Commencement Date that become due and payable by HVM between the Commencement Date and entry of a final order approving this Motion, as set forth in the Budget attached hereto as Exhibit 2 and consistent with the Interim Order (A) Authorizing Use of Cash Collateral, (B) Granting Adequate Protection, (C) Modifying the Automatic Stay, and (D) Scheduling Final Hearing; ; and it is further

ORDERED that a hearing will be held on June 29, 2009 at 10:00 a.m. to consider the relief requested herein on an interim basis (the "Second Interim Hearing") and, pending entry of an order following the conclusion of the Second Interim Hearing, the relief granted herein shall remain in effect on an interim basis; and it is further

ORDERED that the requirements of Bankruptcy Rule 6003 are satisfied; and it is further

ORDERED that notwithstanding the possible applicability of Bankruptcy Rule 6004(h), the terms and conditions of this Interim Order shall be immediately effective and enforceable upon its entry; and it is further

ORDERED that the requirements of Bankruptcy Rule 6004(a) are hereby waived; and it is further

ORDERED that this Court shall retain jurisdiction with respect to all matters arising from or relating to the interpretation of implementation of this Interim Order.

Dated: New York, New York
June 16, 2009

s/ James M. Peck
UNITED STATES BANKRUPTCY JUDGE

EXHIBIT 1

<p>The Office of the United States Trustee for the Southern District of New York</p> <p>33 Whitehall Street, 21st Floor, New York New York 10004 Attn: Paul Schwartzburg, Esq.</p>	<p>Counsel to the Supporting Certificate Holders</p> <p>Fried Frank Harris Shriver & Jacobson LLP One New York Plaza, New York, New York 10004 Attn: Brad Eric Scheler, Esq. Jennifer Rodburg, Esq.</p>
<p>Counsel to the Ad Hoc Mezzanine Lender Group</p> <p>Cleary, Gottlieb, Steen & Hamilton One Liberty Plaza 37th Floor New York, NY 10006 Attn: Michael Weinberger, Esq.</p>	<p>- and-</p> <p>Counsel to Cerberus Capital Management, L.P.</p> <p>Schulte Roth & Zabel LLP 919 Third Avenue New York, NY 10022 Attn: Adam Harris, Esq.</p>
<p>Counsel to Wachovia Bank National Association, the Agent under the Mortgage Loan Agreement and the Mezzanine Loan Agreements</p> <p>Morrison & Foerster L.L.P. 1290 Avenue of the Americas New York, N.Y. 10104-0050 Attn: Jeffrey Temple, Esq.</p>	<p>Counsel to the Ad Hoc Mezzanine Lender Group</p> <p>Kaye Scholer LLP 425 Park Avenue, New York, New York 10022 Attn: Jeannie Bionda, Esq. and Louis Hait, Esq.</p>
<p>Trustee under the Trust and Servicing Agreement</p> <p>Wells Fargo Corporate Trust Services MAC N2702-011 9062 Old Annapolis Road Columbia, MD 21045 Attn: Elizabeth A. Brewster, Vice President</p>	<p>Counsel to Fortress Investment Group L.L.C.</p> <p>Sidley Austin L.L.P. 787 Seventh Avenue New York, New York 10019 Attn: Robert L. Golub, Esq.</p>
<p>Servicer under the Trust and Servicing Agreement</p> <p>Wachovia Securities 201 South College Street NC1075 Charlotte, NC 28288 Attn: Mike Benner</p>	<p>Counsel to the Servicer under the Trust and Servicing Agreement</p> <p>Seyfarth Shaw LLP 620 Eighth Avenue, New York, NY 10018 Attn: Mitchell Kaplan, Esq.</p>

EXHIBIT 2

Extended Stay Hotels

Cash Flow Forecast as of: Jun 14, 2009
 (\$\$ in 000s)

Week Ending: **Extended Stay Hotels**

	6/19	6/26	7/3	7/10	7/17	7/24	7/31	8/7	8/14	8/21	8/28	9/4	9/11	9/18	Forecast Total 13 Weeks
Financed Properties Revenues (665)	\$ 17,450	\$ 17,450	\$ 17,785	\$ 18,033	\$ 18,033	\$ 18,033	\$ 18,033	\$ 19,158	\$ 19,158	\$ 19,158	\$ 19,158	\$ 17,752	\$ 17,532	\$ 17,532	\$ 236,733
Mortgage Debt Service	(6,781)	(9,872)	(17,139)	(19,257)	(18,349)	(12,889)	(17,475)	(16,667)	(19,000)	(8,612)	(18,089)	(11,883)	(20,479)	(19,682)	(56,890)
HVM Disbursements	\$ 10,669	\$ 7,578	\$ 646	\$ (1,225)	\$ (17,823)	\$ 5,144	\$ 558	\$ 2,482	\$ (19,943)	\$ 10,546	\$ 1,069	\$ 5,869	\$ (22,628)	\$ (16,648)	\$ (16,648)
Net Cash Flow	\$ 23,113	\$ 33,783	\$ 41,361	\$ 42,006	\$ 40,781	\$ 22,958	\$ 28,102	\$ 28,660	\$ 31,152	\$ 11,609	\$ 22,155	\$ 23,224	\$ 29,093	\$ 29,093	\$ 23,113
Beginning Cash Balance (a)	10,669	7,578	42,006	40,781	22,958	5,144	558	2,482	(19,943)	10,546	1,069	5,869	(22,628)	(16,648)	(16,648)
Ending Cash Balance (b)	\$ 33,783	\$ 41,361	\$ 42,006	\$ 40,781	\$ 22,958	\$ 28,102	\$ 28,660	\$ 31,152	\$ 11,609	\$ 22,155	\$ 23,224	\$ 29,093	\$ 29,093	\$ 6,465	\$ 6,465

HVM LLC

Nonfinanced & Other Property Revenues

Disbursements	\$ 587	\$ 587	\$ 587	\$ 569	\$ 555	\$ 555	\$ 555	\$ 555	\$ 616	\$ 616	\$ 616	\$ 616	\$ 616	\$ 616	\$ 7,626
Property Level	\$ 7,261	\$ 300	\$ 7,261	\$ 300	\$ 7,528	\$ 300	\$ 7,528	\$ 300	\$ 7,528	\$ 300	\$ 7,528	\$ 300	\$ 7,602	\$ 7,602	\$ 54,036
Payroll and Related	1,213	1,213	1,310	1,375	1,375	1,375	1,617	1,617	1,617	1,617	1,617	1,381	1,322	1,322	18,406
Utilities	580	580	578	577	577	577	577	577	671	671	671	658	655	655	8,043
Repairs & Maintenance	1,269	1,269	1,335	1,379	1,379	1,379	1,469	1,469	1,469	1,469	1,469	1,411	1,396	1,396	18,069
All Other Controllable Expenses	141	141	163	178	178	178	195	195	195	195	225	232	232	232	2,395
Non-Controllable Expenses	\$ 10,462	\$ 3,502	\$ 10,647	\$ 3,809	\$ 11,038	\$ 3,809	\$ 4,251	\$ 4,251	\$ 11,479	\$ 4,251	\$ 11,479	\$ 3,975	\$ 11,208	\$ 11,208	\$ 100,948

Other Property Level

Ground Rent	\$ -	\$ 105	\$ -	\$ -	\$ -	\$ -	\$ 114	\$ -	\$ -	\$ -	\$ 54	\$ -	\$ -	\$ -	\$ 272
Property Taxes	146	234	2,220	1,133	68	311	259	2,587	1,313	508	477	-	3,593	-	12,848
Insurance Payments	868	868	-	-	-	-	868	-	-	-	868	-	-	-	2,603
Total Other Property Level	\$ 146	\$ 1,206	\$ 2,220	\$ 1,133	\$ 68	\$ 311	\$ 1,240	\$ 2,587	\$ 1,313	\$ 508	\$ 1,388	\$ -	\$ 3,593	\$ -	\$ 15,723

Corporate Overhead

Payroll and Related	\$ 1,319	\$ -	\$ 1,319	\$ -	\$ 1,319	\$ -	\$ 1,319	\$ -	\$ 1,319	\$ -	\$ 1,319	\$ -	\$ 1,319	\$ -	\$ 9,235
Reservation & Travel Agent Fees	428	-	698	-	428	-	698	-	432	-	704	-	-	-	3,388
All Other Overhead	575	575	567	562	562	562	562	605	605	605	605	582	582	582	7,549
Total Corporate Overhead	\$ 2,322	\$ 575	\$ 2,585	\$ 562	\$ 2,309	\$ 562	\$ 2,579	\$ 605	\$ 2,356	\$ 605	\$ 2,629	\$ 582	\$ 1,901	\$ 1,901	\$ 20,172

Capital Expenditures and Initiatives

Recurring Capex	\$ 1,355	\$ 955	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750	\$ 9,809
ESA Welcome Package	66	66	66	66	66	66	66	66	66	66	66	66	66	66	331
Other Misc. Capex	60	60	60	60	60	60	60	60	60	60	60	60	60	60	299
IT Projects	400	400	50	50	50	50	50	50	50	50	50	50	50	50	1,350
Total Capital Expenditures and Initiatives	\$ 1,881	\$ 1,481	\$ 926	\$ 926	\$ 926	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800	\$ 11,789

Other Disbursements

Other Debt Service and Leases	\$ -	\$ -	\$ 1,332	\$ -	\$ -	\$ -	\$ -	\$ 1,334	\$ -	\$ -	\$ -	\$ 1,334	\$ -	\$ -	\$ 3,999
Professional Fees	1,214	3,678	-	2,380	1,547	2,856	357	5,090	1,649	3,045	381	1,951	2,073	2,073	14,020
Occupancy Tax	-	-	-	-	500	-	250	-	-	-	-	-	-	-	750
Windows Litigation	17	17	17	16	16	16	18	18	18	18	18	17	17	17	222
Office Building Expense	-	-	-	6,000	-	-	-	-	-	-	-	-	-	-	6,000
Utility Deposits	-	-	-	-	1,000	-	1,000	-	1,000	-	1,000	-	500	500	4,500
AP "Catchup"	-	-	-	-	1,500	-	1,500	-	1,000	-	1,000	-	1,000	1,000	6,000
Capex "Catchup"	-	-	-	-	5,000	-	5,000	-	-	-	-	-	-	-	5,000
Litigation Reserve Funding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,000
Total Other Disbursements	\$ 1,231	\$ 3,695	\$ 1,349	\$ 13,396	\$ 4,563	\$ 7,962	\$ 3,123	\$ 8,979	\$ 3,667	\$ 3,062	\$ 2,398	\$ 7,142	\$ 3,590	\$ 3,590	\$ 64,158

Total Disbursements

Total Disbursements	\$ 16,042	\$ 10,459	\$ 17,726	\$ 19,826	\$ 18,904	\$ 13,444	\$ 17,222	\$ 19,615	\$ 9,227	\$ 18,705	\$ 12,499	\$ 21,091	\$ 21,091	\$ 21,091	\$ 212,791
Net Cash Flow	\$ (15,455)	\$ (9,872)	\$ (17,139)	\$ (19,257)	\$ (18,349)	\$ (12,889)	\$ (17,475)	\$ (16,667)	\$ (19,000)	\$ (8,612)	\$ (18,089)	\$ (11,883)	\$ (20,479)	\$ (20,479)	\$ (205,165)

Beginning Cash Balance	\$ 13,675	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 13,675
Net Cash Flow	(15,455)	(9,872)	(17,139)	(19,257)	(18,349)	(12,889)	(17,475)	(16,667)	(19,000)	(8,612)	(18,089)	(11,883)	(20,479)	(20,479)	(205,165)
Cash from ESH	6,781	9,872	17,139	19,257	18,349	12,889	17,475	16,667	19,000	8,612	18,089	11,883	20,479	20,479	196,491
Ending Cash Balance (b)	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000

Notes:

- (a) Pro forma cash balance for 6/15/2009 assuming payment of Mortgage Certificates interest
- (b) Ending cash balance does not include preferred equity reserve cash of \$5 mm, Insurance LOC collateral cash of \$18 mm and litigation reserve cash of \$5 mm (beginning week ending 7/10/2009)
- (c) Assumes minimum cash balance of \$5 mm