

AGREEMENT

This AGREEMENT (this "Agreement"), effective and dated as of the [] day of November , 2010 is made and entered into, subject to the approval of the United States Bankruptcy Court, Southern District of New York (the date of such approval, the "Effective Date"), by and among Extended Stay LLC ("Newco"), Extended Stay Inc. ("ESI") and Zurich American Insurance Company (together with its affiliates, "Zurich"). Newco, ESI and Zurich are individually referred to herein as a "Party" or collectively, as the "Parties".

RECITALS:

WHEREAS, for the policy periods from August 1, 1995 to October 1, 2011, Zurich provided workers' compensation and employer liability, general liability and deductible protection policies to ESI and certain of ESI's affiliates (the "Insureds"), pursuant to various policies, including, but not limited to, those policies listed on "Exhibit A" attached hereto (collectively, the "Policies"); and

WHEREAS, ESI, in connection with the Policies, entered into Deductible Agreements, Deductible and Paid Loss Retrospective Rating Agreements, Incurred Deductible Agreements and Incurred Loss Retrospective Rating Agreements, as amended, together with annual specifications thereto, with Zurich (collectively, the "Non-Policy Agreements" and with the Policies, the "Insurance Agreements"); and

WHEREAS, ESI and seventy-four of its affiliates (the "Debtors") filed chapter 11 petitions in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court") on either June 15, 2009 or February 18, 2010, and the bankruptcy cases are being jointly administered under Case No. 09-13764 (the "Bankruptcy Case"); and

WHEREAS, on July 20, 2010, the Bankruptcy Court confirmed the Debtors' Fifth Amended Joint Plan of Reorganization, as Amended (the "Plan"), which plan included all of the Debtors with the exception of ESI; and

WHEREAS, on October 8, 2010 the Effective Date of the Plan occurred; and

WHEREAS, pursuant to Section 11.4 of the Plan, as of the Effective Date, the applicable Reorganized Debtors assumed all of the Debtors' rights and obligations under the Insurance Agreements and assigned the Insurance Agreements to Newco, other than those rights and obligations owing to or by ESI; and

WHEREAS, Newco has agreed, subject to Bankruptcy Court approval, to assume all of the obligations and liabilities of ESI to Zurich under the Insurance Agreements, of any nature whatsoever, at law or in equity, past or present, in contract, in tort or otherwise, whether or not now or heretofore known, suspected or claimed, including the obligations to provide collateral to Zurich pursuant to the terms of the Insurance Agreements, solely for and relating to the policy period commenced on June 30, 2005 and concluded on June 30, 2006 (the "Assumed Obligations"), and ESI has agreed to assign all of its rights, title and interest in any return premium or dividends now owing or which may become due to any Insureds with respect to the Policies (the "Return Premium"), the Loss Reimbursement Fund established pursuant to the terms of the Insurance Agreements (the "Loss Fund"), all recoveries related to claims asserted under the Policies (the "Subrogation Recoveries"), and all rights under the Policies, including the right to enter into any additional agreements relating to the Policies, including, but not limited to claims settlements, policy assignments or novation agreement (the "Policy Rights") to Newco for all policy years;

NOW, THEREFORE, in consideration of and in reliance upon the premises, recitals, and Exhibits (all of which are incorporated in full into this Agreement), and the mutual promises, covenants and premises, recitals and agreements, subject to the terms and conditions stated herein, and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, and intending to be legally bound hereby, the Parties hereto agree as follows:

ARTICLE I

Assumption and Assignment

1.1 Effective as of the Effective Date, ESI shall assume and assign to Newco (i) all of the Assumed Obligations, and (ii) all of its rights, title and interest in any Return Premium, Loss Fund, Subrogation Recoveries or Policy Rights; and Newco hereby accepts such assignment.

1.2 Effective as of the Effective Date, ESI shall be released from any obligations or liabilities to Zurich arising from or under the Insurance Agreements.

ARTICLE II

Notices and Reports

Except as otherwise specifically set forth herein, all notices and reports to be given by a Party shall be in writing and shall be sufficiently given if sent or delivered by hand delivery, nationally recognized overnight delivery service with proof of delivery, by prepaid, registered or certified mail, return receipt requested or by facsimile transmission. No notice or report shall be effective until received by the Party to whom it is addressed. The addresses of the parties for notices and reports are as follows:

If to Extended Stay LLC:	c/o HVM L.L.C. 100 Dunbar Street
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Spartanburg, South Carolina 29306
Attention: F. Joseph Rogers
Facsimile No.: (864) 573-2090
Attention: General Counsel
Facsimile No.: (864) 573-1665

with a copy to:

Centerbridge Partners, L.P.
375 Park Avenue
New York, New York 10152
Attention: William D. Rahm
Facsimile No.: (212) 672-5001
Attention: General Counsel and Scott Hopson
Facsimile No.: (212) 672-4501 and (212) 672-4526

and a copy to:

Paulson & Co. Inc.
1251 Avenue of the Americas, 50th Floor
New York, New York 10020
Attention: Michael Barr
Facsimile No.: (212) 351-5892
Attention: General Counsel
Facsimile No.: (212) 977-9505

and a copy to:

The Blackstone Group
345 Park Avenue
New York, New York 10154
Attention: A.J. Agarwal
Facsimile No.: (212) 583-5725
Attention: General Counsel
Facsimile No.: (646) 253-8983

and a copy to:

Fried, Frank, Harris, Shriver & Jacobson LLP
One New York Plaza
New York, New York 10004
Attention: Harry R. Silvera, Esq.
Facsimile No.: (212) 859-4000

If to Extended Stay Inc:

c/o The Lightstone Group
1985 Cedar Bridge Avenue, Suite 1
Lakewood, NJ 08701
Attention: Joseph Teichman, Esq.
Facsimile No.: (732) 612-1444

If to Zurich:

Zurich American Insurance Company
1400 American Lane
Schaumburg, IL 60196
Attention: Office of the General Counsel
Facsimile No.: (847) 605-6773

Changes in notice addresses or recipients may be made by the Parties by following the procedure specified in this Article 2 rather than the procedure for amendment of this Agreement.

ARTICLE III

Incontestability

In consideration of the mutual covenants and agreements contained herein, each Party hereto does hereby agree that this Agreement, and each and every provision hereof, is and shall be enforceable by and between them according to its terms, and each Party does hereby agree that it shall not, directly or indirectly, contest the validity or enforceability hereof.

ARTICLE IV

Entire Agreement

This Agreement, including the Recitals, together with the Exhibits hereto, constitutes the entire agreement among the parties hereto with respect to the subject matter hereof and supersedes all prior agreements, understandings, proposals, and negotiations, both written and oral, among such parties with respect to such subject matter.

ARTICLE V

Counterparts

This Agreement may be executed in counterparts (or by counterpart signature pages), each of which shall be deemed an original and all of which constitute one and the same instrument. The exchange of copies of this Agreement and of signature pages by facsimile transmission or by electronic mail shall constitute effective execution and delivery of this Agreement as to the Parties and may be used in lieu of the original Agreement for all purposes.

Signatures of the parties transmitted by facsimile or electronic mail transmission shall be deemed to be their original signatures for all purposes.

ARTICLE VI

Assignment

This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns. Neither this Agreement nor any right hereunder may be assigned by any Party without the prior written consent of the other parties, which consent shall not be unreasonably withheld.

ARTICLE VII

Governing Law

This Agreement shall be governed by and construed in accordance with the internal laws of the State of New York, without giving effect to the principles of conflicts of laws thereof that would call for the application of the law of another jurisdiction. The Parties hereby submit to the exclusive jurisdiction of, and venue in, the federal and state courts in the Borough of Manhattan, City of New York, County of New York.

ARTICLE VIII

Exercise of Rights

The failure or refusal by any Party to exercise any rights granted hereunder shall not constitute a waiver of such rights or preclude the subsequent exercise thereof, and no verbal communication shall be asserted as a waiver of any such rights hereunder unless such communication shall be confirmed in a writing plainly expressing an intent to waive such rights and signed by the Party against whom such waiver is asserted.

ARTICLE IX

Duty of Cooperation

Each Party hereto shall cooperate in good faith fully with the other parties and at its own expense use reasonable commercial efforts in light of each Party's circumstances in order to accomplish the objectives of this Agreement.

ARTICLE X

Subject to Bankruptcy Court Approval

The Parties hereby acknowledge and understand that the terms and conditions set forth in this Agreement are subject to and conditioned upon approval by the United States Bankruptcy Court for the Southern District of New York.

[Signature Page Follows]

IN WITNESS HEREOF, the parties have entered into this Agreement as of the Effective Date.

EXTENDED STAY INC.

By: _____

Name:

Title:

IN WITNESS HEREOF, the parties have entered into this Agreement as of the Effective Date.

EXTENDED STAY LLC

By: _____

Name:

Title:

IN WITNESS HEREOF, the parties have entered into this Agreement as of the Effective Date.

**ZURICH AMERICAN INSURANCE
COMPANY (for itself and its affiliates)**

By: _____

Name:

Title:

EXHIBIT A

[Zurich Signature Page to Insurance Assumption Agreement]

EXTENDED STAY

10/1/10-11	DL-DW Holding		
01	BAP 5085640-06		Guaranteed Cost
	GLO 9373922-07	Inc. Ded	Loss Reimbursement Fund
	WC 9301785-10		Guaranteed Cost
	CGL 9082069-06	Inc. Ded	Canada
	8834068		Canadian GL Policy (Deductible)
	AC 9800061		Canadian Auto Policy (Guaranteed Cost)
	AC 9800088		Canadian Garage Policy (Guaranteed Cost)
10/1/09-10	DL-DW Holding		
01	BAP 5085640-05		Guaranteed Cost
	GLO 9373922-06	Inc. Ded	Loss Reimbursement Fund
	WC 9301785-09		Guaranteed Cost
	8834068		Canadian GL Policy (Deductible)
	AC 9800061		Canadian Auto Policy (Guaranteed Cost)
	AC 9800088		Canadian Garage Policy (Guaranteed Cost)
	CGL 9082069-05	Inc. Ded	Canada
10/1/08-09	DL-DW Holding		
01	WC 9301785-08		Guaranteed Cost
	BAP 5085640-04		Guaranteed Cost
	BAP 9083301-03	Canada	Extended Stay GC
	BAP 9084833-03	Canada	Extended Stay GC
	GLO 9373922-05	Inc. Ded	Loss Reimbursement Fund
	8834068		Canadian GL Policy (Deductible)
	AC 9800061		Canadian Auto Policy (Guaranteed Cost)
	AC 9800088		Canadian Garage Policy (Guaranteed Cost)
	CGL 9082069-04	Inc. Ded	Canada
10/1/07-08	DL-DW Holding		
01	WC 9301785-07		Guaranteed Cost
	BAP 5085640-03		Guaranteed Cost
	BAP 9083301-02	Canada	Extended Stay GC
	BAP 9084833-02	Canada	Extended Stay GC
	GLO 9373922-04	Inc. Ded	Loss Reimbursement Fund
	8834068		Canadian GL Policy (Deductible)
	AC 9800061		Canadian Auto Policy (Guaranteed Cost)
	AC 9800088		Canadian Garage Policy (Guaranteed Cost)
	CGL 9082069-03	Inc. Ded	Canada
6/30/07-10/1/07	Extended Stay Inc.		
01	WC 9301785-06	Ded	
	WC 9301786-06	Retro	
	BAP 9084833-01	Canada	Extended Stay GC
	BAP 9083301-01	Canada	Extended Stay GC
	CGL 9082069-02	Ded	
2/15/07-6/30/07			
	BAP 9084833-00	Canada	Extended Stay GC
7/14/06-6/30/07			
	BAP 9083301-00	Canada	Extended Stay GC

6/30/06-07	Extended Stay Inc.		
01	WC 9301785-05	Ded	
	WC 9301786-05	Retro	
	CGL 9082069-01	Ded	
6/30/06-10/1/07	Extended Stay Inc.		
	BAP 5085640-02		
	GLO 9373922-03	Ded	
	8834068	Ded	
10/31/05-6/30/06			
	CGL 9082069-00	Ded	
6/30/05-06	Extended Stay Inc.		
01	WC 9301785-04	Ded	Loss Reimbursement Fund
	WC 9301786-04	Retro	
	BAP 5085640-01		
	GLO 9373922-02	Ded	
	8834068		
6/30/04-05	Extended Stay Inc.		
01	WC 9301785-03	Ded	
	WC 9301786-03	Retro	
	BAP 5085640-00		
	GLO 9373922-01	Ded	
11/1/03-5/1/05	Cancelled 6/30/04		ESA Services
01	WC 9301785-02	Ded	Covered by DEP
	WC 9301786-02	Retro	
	DEP 9301787-02	Retro	
6/30/03-04	BRE-Homestead Village LLC.		
	WC 9304679-01	Ded	
	WC 9304680-01	Retro	
	GLO 9304678-01	Ded	
5/1/03-6/30/04			
	GLO 9373922-00	Ded	Covered by DEP
	DEP 9374053-00	Retro	
11/1/02-03	ESA Services		
01	WC 9301785-01	Ded	Covered by DEP
	WC 9301786-01	Retro	
	DEP 9301787-01	Retro	
6/30/02-03	BRE-Homestead Village LLC.		
	WC 9304679-00	Ded	
	WC 9304680-00	Retro	
	GLO 9304678-00	Ded	
11/1/01-02			
01	WC 9301785-00	Ded	Covered by DEP
	WC 9301786-00	Retro	

DEP 9301787-00 Retro

6/30/01-02 **HOMESTEAD VILLAGE LLC**

WC 8374858-03 Retro

WC 8374857-03 Ded

11/1/00-01 **ESA Services**

WC 8182170-06 Ded Covered by DEP

DEP 2836001-01 Retro

8/1/99-11/1/00 **ESA Management**

WC 8182170-05 Ded Covered by DEP

WC 2836000-00 Retro

DEP 2836001-00 Not Retro Rated

8/1/98-99

08 WC 8182170-04

8/1/97-98

03 WC 8182170-03

8/1/96-97

WC 8182170-02

8/1/95-96

WC 8182170-00