

SETTLEMENT AGREEMENT

This Settlement Agreement (this "Agreement"), dated as of July __, 2010, by and among Extended Stay Inc., as debtor and debtor in possession ("ESI"), the affiliates and subsidiaries of ESI listed on the signature pages hereto, as debtors and debtors in possession (the "Debtors"), CWC Capital Asset Management LLC, in its capacity as special servicer of the Successor Trustee as trustee of the trust created under the TSA (as defined below) (the "Special Servicer") and Manufacturers and Traders Trust Company, in its capacity as Indenture Trustee for the Extended Stay Inc. 9-7/8% Senior Subordinated Notes due 2011 (the "Indenture Trustee").

RECITALS

A. On June 15, 2009 and February 18, 2010 (as applicable, the "Commencement Date"), ESI and the Debtors commenced jointly administered chapter 11 cases (the "Chapter 11 Cases") under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court").

B. Prior to the Commencement Date, certain of the Debtors were borrowers or guarantors under the \$4.1 billion loan made pursuant to the Mortgage Loan Agreement, dated as of June 11, 2007, by and among the Borrowers listed on Schedule 1.1(a) thereto and Wachovia Bank, National Association, Bear Stearns Commercial Mortgage, Inc. and Bank of America, N.A., as Lenders, as amended or modified from time to time and all documents entered into in connection therewith (the "Mortgage Loan").

C. ESI is a guarantor of certain obligations under the Mortgage Loan, pursuant to a Guaranty dated as of June 11, 2007 (the "ESI Guaranty").

D. The trust created under the Trust and Servicing Agreement, dated as of August 1, 2007 (as amended or modified, the "TSA"), originally entered into by and among Wachovia Large Loan, Inc., as Depositor, Wachovia Bank, National Association, as Servicer and Special Servicer, and Wells Fargo Bank, N.A., as Trustee, is the holder of the Mortgage Facility Claim and the Mortgage Facility Deficiency Claim, as well as a Guaranty Claim against ESI.

E. The Debtors' Fifth Amended Plan of Reorganization Under Chapter 11 of the Bankruptcy Code, dated June 8, 2010 (as amended, the "Debtors' Plan"), contemplates that ESI and the Debtors would enter into a settlement agreement, subject to the approval of the Bankruptcy Court, that provides for the resolution of various issues between ESI and its creditors, on the one hand, and the Debtors and their creditors, on the other hand. Unless otherwise defined, capitalized terms utilized in this Agreement shall have the meanings ascribed to such terms in the Debtors' Plan.

F. Pursuant to the Debtors' Plan, Centerbridge Partners, L.P. and Paulson & Co. Inc, each on behalf of various investment funds and accounts managed by them, and Blackstone Real Estate Partners VI L.P. on behalf of itself and its parallel funds and related alternative vehicles, solely in their capacity as such (the "Sponsors"), will acquire certain affiliates and subsidiaries of the Debtors.

G. The Debtors' Plan provides for certain releases to Released Parties (as defined in the Debtors' Plan), and contemplates releases of potential claims and causes of action by ESI. The Debtors' Plan currently provides no distributions to ESI or its creditors.

H. The ESI Guaranty Claim represents one of the largest potential claims against the estate of ESI.

I. Under the Debtors' Plan, and assuming Bankruptcy Court approval of this Agreement, a litigation trust (the "Litigation Trust") will be created into which various alleged claims and causes of action belonging to the Debtors and/or ESI will be transferred for the benefit of creditors of ESI and the Debtors.

J. The Indenture Trustee also is one of the largest unsecured creditors of ESI, and has asserted several objections to the Debtors' Plan.

K. Certain creditors of ESI, including the Indenture Trustee, have alleged that ESI has an interest in certain of the assets of the Debtors that are being directly or indirectly acquired by the Sponsors pursuant to the Investment Agreement, dated as of June 4, 2008 (the "Investment Agreement").

L. ESI does not have sufficient available liquid funds to wind down its estate, either by proposal and confirmation of a chapter 11 plan or conversion of its Chapter 11 Case to a case under chapter 7 of the Bankruptcy Code.

NOW, THEREFORE, in consideration of the foregoing, and in order to permit the Debtors' Plan to be confirmed, the parties hereto, intending to be legally bound hereby, agree as follows:

Section 1. Mutual Releases

Upon the Effective Date of this Agreement (as defined in section 7 below):

(a) The Indenture Trustee and ESI shall execute and deliver to each of the Released Parties including, without limitation, the Special Servicer, the Operating Advisor, and the Controlling Holder, a release, substantially in the forms annexed hereto as Exhibit "A" pursuant to which the Indenture Trustee and ESI shall release the Released Parties from any and all claims arising under or related to the ESI Guaranty, from any and all of their claims, demands, causes of action and the like, relating to ESI or the Debtors or their affiliates, advisors, officers, managers, directors and holders of equity interests existing as of the effective date of the Debtors' Plan; provided, that the releases granted by the Indenture Trustee and ESI under this Agreement shall be identical in breadth and scope to the releases granted by the other Debtors under the Plan as approved by the Confirmation Order.

(b) The Special Servicer shall execute and deliver to the Indenture Trustee and ESI a release, substantially in the form annexed hereto as Exhibit "B," pursuant to which (i) the Indenture Trustee shall be released from any and all of their claims, demands, causes of action and the like, relating to ESI or the Debtors or their affiliates, advisors, officers, managers, directors and holders of equity interests existing as of the effective date of the Debtors' Plan or

thereafter arising from any act, omission, event or other occurrence that occurred on or prior to the effective date of the Debtors' Plan and (ii) ESI shall be released from any and all claims arising under or related to the ESI Guaranty.

Section 2. Wind-Down Fund

On the Effective Date, the Debtors shall transfer to a separate bank account of ESI the sum of \$750,000 (the "Wind-Down Fund"), which shall be used by ESI to pay continuing administrative expenses and other costs and expenses associated with winding down the ESI estate. Any amounts remaining in the Wind-Down Fund after the wind-down of the ESI estate is completed shall be transferred to the Special Servicer, for the benefit of the holders of Mortgage Certificates. The winding down of the ESI estate shall be through a liquidating plan or another arrangement agreed upon by ESI, the Special Servicer (subject to the consent of the Operating Advisor) and the Creditors' Committee. The terms of any orders entered in connection with such wind-down shall be consistent with the terms of this Agreement and the Litigation Trust Agreement.

Section 3. Waiver of Claims by ESI

On the Effective Date, ESI shall be deemed to have waived any and all claims regarding its purported ownership of any and all of the assets owned by the Debtors or to be transferred to the Sponsor or NewCo pursuant to the Debtors' Plan and/or the Investment Agreement, including, without limitation, the Windows Litigation (as defined in the Investment Agreement).

Section 4. Transfer of ESI Causes of Action

On the Effective Date, ESI shall be deemed to have automatically transferred to the Litigation Trust all of its right, title and interest in and to the ESI Causes of Action (defined below) and all such ESI Causes of Action shall automatically vest in the Litigation Trust free and clear of all Claims and Liens, subject only to the Allowed Claims of the Litigation Trust Beneficiaries as set forth in this Agreement, the Plan and the Confirmation Order and the expenses of the Litigation Trust as provided in the Litigation Trust Agreement. Thereupon, ESI shall have no interest in the ESI Causes of Action, the Litigation Trust Assets or the Litigation Trust. The ESI Causes of Action include: (a) all claims and causes of action of ESI under sections 502(d), 542 through 551, and 553 of the Bankruptcy Code, and (b) any other potential claims, causes of action, charges, suits or rights of recovery referenced in the report of Ralph R. Mabey, examiner in the Chapter 11 Cases, filed on April 8, 2010 [Docket No. 913], other than, in each case, any such claims or causes of action, suits or rights of recovery against the Debtors, the Reorganized Debtors, NewCo, HVM, the Operating Advisor, the Indenture Trustee, the Successor Trustee, the Master Servicer, the Mortgage Facility Trust, the Controlling Holder, the Trustee, or the Special Servicer (each as defined in the Debtors' Plan) ((a) and (b), collectively, the "ESI Causes of Action"); provided, however, that to the extent any ESI Cause of Action cannot be transferred to the Litigation Trust because of a restriction on transferability under applicable non-bankruptcy law that is not superseded or preempted by section 1123 of the Bankruptcy Code or any other provision of the Bankruptcy Code, such ESI Causes of Action shall be deemed to have been retained by ESI, and the Litigation Trustee shall be deemed to have been designated as a representative of ESI, pursuant to section 1123(b)(3)(B) of the Bankruptcy

Code to enforce and pursue such ESI Causes of Action on behalf of ESI. Notwithstanding the foregoing, all net proceeds of such ESI Causes of Action shall be transferred to the Litigation Trust to be distributed to holders of the Litigation Trust Interests consistent with the order approving this Agreement, the Debtors' Plan and the Litigation Trust Agreement. In connection with the vesting and transfer of the ESI Causes of Action, including rights and causes of action, any attorney-client, work-product protection or other privilege or immunity attaching to any documents or communications (written or oral) transferred to the Litigation Trust shall vest in the Litigation Trust. ESI, the Debtors and the Litigation Trustee are authorized to take all necessary actions to effectuate the transfer of such privileges, protections and immunities. In the event of any conflict between the terms of this Section 4 and the Litigation Trust Agreement, the terms of the Litigation Trust Agreement shall govern.

Section 5. Settlement with the Indenture Trustee

On the Effective Date, the Indenture Trustee will be paid \$4 million (the "Indenture Trustee Payment") from the Centerbridge transaction proceeds to be gifted by the Special Servicer (to be applied by the Indenture Trustee consistent with the indenture for the 9-7/8% Senior Subordinated Notes due 2011, including payment or reimbursement of the Indenture Trustee's outstanding fees and expenses, including those of its counsel). After the Indenture Trustee Payment, the Indenture Trustee will have a claim against ESI in the amount of \$5.5 million (the "Reduced Indenture Trustee Claim"). The Indenture Trustee shall be a Litigation Trust Beneficiary and the Reduced Indenture Trustee Claim shall be treated as set forth in the Litigation Trust Agreement, substantially in the form annexed hereto as Exhibit "C". In consideration of the Indenture Trustee Payment, the Indenture Trustee hereby agrees: (a) not to seek allowance of any other or additional claims in these cases other than respecting the Indenture Trustee Payment and Reduced Indenture Trustee Claim; (b) to withdraw its objection to the Debtors' Plan and to support confirmation of the Plan and not to support any alternative plan proposed by someone other than the Debtors; and (c) not to transfer its claim (i) prior to the Effective Date without the consent of the Creditors' Committee, the Debtors and the Special Servicer or (ii) on or after the Effective Date without the consent of the Litigation Trustee; provided, however, that individual holders of the 9-7/8% Senior Subordinated Notes due 2011 may transfer their claims. As of the Effective Date, any interests or rights the Indenture Trustee has respecting the Litigation Trust Assets and the ESI Causes of Action shall be deemed transferred to and vested in the Litigation Trust. Neither the Indenture Trustee Payment nor the reduction of the Indenture Trustee's claim against ESI to the amount of the Reduced Indenture Trustee Claim on or after the Effective Date shall affect or impair in any manner the Indenture Trustee's status, for purposes of section 544(b)(1) of the Bankruptcy Code, any other section of the Bankruptcy Code or other relevant law, as a creditor holding a claim against ESI that is allowable under section 502 of the Bankruptcy Code or that is not allowable only under section 502(e) of the Bankruptcy Code.

Section 6. Assumption and Assignment of Contracts

On or before the Effective Date of the Plan, ESI will assume and assign the G&A Expense Reimbursement Agreement, dated as of May 11, 2004, between Extended Stay, Inc. and Homestead Village Management, LLC, as amended by: (1) First Amendment to G&A Expense

Reimbursement Agreement, dated as of October 8, 2004, between Extended Stay Inc. and Homestead Village Management, LLC; and (2) Second Amendment to G&A Expense Reimbursement Agreement, dated as of May 11, 2005, between Extended Stay Inc. and HVM L.L.C., f/k/a Homestead Village Management, LLC and the Services Agreement, dated as of January 1, 2006, between Extended Stay, Inc. and HVM L.L.C., to NewCo or its designee pursuant to sections 365(a) and (f) of the Bankruptcy Code.

Section 7. Effective Date

This Agreement shall be effective on the first date that both of the following conditions shall have been satisfied:

- (a) The Bankruptcy Court enters an order pursuant to Rule 9019 of the Federal Rules of Bankruptcy Procedure, approving the terms of this Agreement; and
- (b) The Effective Date of the Debtors' Plan has occurred.

Section 8. Miscellaneous

(a) Entire Agreement. This Agreement constitutes the entire agreement among the parties concerning the matters set forth herein, and supersedes any and all prior agreements between them concerning the matters set forth herein.

(b) Jurisdiction; Choice of Law. Each of the parties hereto irrevocably consents to the exclusive jurisdiction of the Bankruptcy Court with respect to any action to interpret or enforce the terms and provisions of this Agreement. This Agreement shall be governed by, construed and enforced in accordance with the laws of the State of New York, without regard to its conflict of laws provisions.

(c) Amendments. This Agreement may be amended, modified, superseded, cancelled, and the terms and conditions of this Agreement may be waived, only by a written instrument signed by all the parties, or in the case of a waiver, by the party waiving compliance, and subject, to the extent required, to the approval of the Bankruptcy Court.

(d) Execution in Counterparts. This Agreement may be executed in counterparts, all of which shall be considered one and the same agreement. The parties agree that facsimile and pdf signatures shall be considered for these purposes as original signatures.

(e) Notices. All notices and communications required or permitted by this Agreement shall be made in writing, signed by the party making the same and shall be deemed given or made (i) on the date delivered if delivered by telecopy or other standard form of written telecommunication and confirmed by receipt of electronic confirmation or other evidence of receipt, (ii) on the date delivered, if delivered in person, (c) on the third Business Day after mailing by registered or certified mail (return receipt requested) (with postage and other fees prepaid) or (d) on the day after it is delivered, prepaid, by any overnight express delivery service that confirms to the sender delivery on such day, as follows:

If to ESI or the other Debtors:

c/o HVM L.L.C.
100 Dunbar Street
Spartanburg, SC 29306
Attn: Gary A DeLapp
Email: gdelapp@extendedstay.com

with a copy to (which shall not constitute notice):

Weil, Gotshal & Manges LLP
767 Fifth Avenue
New York, NY 10153
Email: Jacqueline.marcus@weil.com

If to the Special Servicer:

CWCapital Asset Management LLC
701 13th Street, NW, Suite 1000
Washington, DC 20005
Attn: Stephen Abelman
Email: sabelman@cwcapital.com

With a copy to (which shall not constitute notice):

Venable LLC
750 East Pratt Street, Suite 900
Baltimore, MD 21202
Attn: Gregory A. Cross
Email: gacross@venable.com

If to the Indenture Trustee:

Manufacturers and Traders Trust Company
25 South Charles Street
Mail Code: MD2-CS58
Baltimore, MD 21201
Attn: Robert D. Brown, CCTS
rdbrown@mtb.com

With a copy to (which shall not constitute notice):

Foley & Lardner LLP
321 North Clark Street, Suite 2800
Chicago, IL 60654

Attn: Harold L. Kaplan
Email: hkaplan@foley.com

If to the Creditors' Committee:

Hahn & Hessen LLP
488 Madison Avenue
New York, NY 10022
Attn: Mark T. Power
Christopher A. Jarvinen
Email: mpower@hahnhausen.com
cjarvinen@hahnhausen.com

(f) Headings. The headings in this Agreement are for purposes of reference only and shall not limit or otherwise affect the meaning of this Agreement.

EXTENDED STAY INC.

By: _____
Name: David Lichtenstein
Title: President

**MANUFACTURERS AND TRADERS TRUST
COMPANY**, as Indenture Trustee for the 97/8%
Senior Subordinated Notes due 2011 issued in 2001

By: _____
Name:
Title:

CWCAPITAL ASSET MANAGEMENT LLC,
solely in its capacity as special servicer of the
Successor Trustee as trustee of the trust created
under the TSA

By: _____
Name:
Title:

**OFFICIAL COMMITTEE OF UNSECURED
CREDITORS**

By: _____

Name: Christopher A. Jarvinen

Title: Counsel for the Official Committee of
Unsecured Creditors

DEBTORS:

**ESA PROPERTIES L.L.C.
ESA 2005 PORTFOLIO L.L.C.
ESA 2005- SAN JOSE L.L.C.
ESA 2005- WALTHAM L.L.C.
ESA ACQUISITION PROPERTIES L.L.C.
ESA ALASKA L.L.C.
ESA CANADA PROPERTIES BORROWER
L.L.C.
ESA FL PROPERTIES L.L.C.
ESA MD BORROWER L.L.C.
ESA MN PROPERTIES L.L.C.
ESA P PORTFOLIO L.L.C.
ESA P PORTFOLIO MD BORROWER L.L.C.
ESA P PORTFOLIO PA PROPERTIES L.L.C.
ESA P PORTFOLIO TXNC PROPERTIES L.P.
ESA PA PROPERTIES L.L.C.
ESA TX PROPERTIES L.P.
ESH/HOMESTEAD PORTFOLIO L.L.C.
ESH/HV PROPERTIES L.L.C.
ESH/MSTX PROPERTY L.P.
ESH/TN PROPERTIES L.L.C.
ESH/TX PROPERTIES L.P.
ESA MD BENEFICIARY L.L.C.
ESA MD PROPERTIES BUSINESS TRUST
ESA P PORTFOLIO MD BENEFICIARY
L.L.C.
ESA P PORTFOLIO MD TRUST
ESA CANADA PROPERTIES TRUST
ESA CANADA TRUSTEE INC.
ESA CANADA BENEFICIARY INC.
ESA UD PROPERTIES L.L.C.
ESA 2007 OPERATING LESSEE, INC.
ESA 2005 OPERATING LESSEE INC.
ESA OPERATING LESSEE INC.**

**ESA P PORTFOLIO OPERATING LESSEE
INC.
ESA CANADA OPERATING LESSEE INC.
ESA P PORTFOLIO TXNC GP L.L.C.
ESA TXGP L.L.C.
ESH/MSTX GP L.L.C.
ESH/TXGP L.L.C.
ESH/TN MEMBER INC.
ESH/HOMESTEAD MEZZ L.L.C.
ESH/HOMESTEAD MEZZ 2 L.L.C.
ESH/HOMESTEAD MEZZ 3 L.L.C.
ESH/HOMESTEAD MEZZ 4 L.L.C.
ESH/HOMESTEAD MEZZ 5 L.L.C.
ESH/HOMESTEAD MEZZ 6 L.L.C.
ESH/HOMESTEAD MEZZ 7 L.L.C.
ESH/HOMESTEAD MEZZ 8 L.L.C.
ESH/HOMESTEAD MEZZ 9 L.L.C.
ESH/HOMESTEAD MEZZ 10 L.L.C.
ESA MEZZ L.L.C.
ESA MEZZ 2 L.L.C.
ESA MEZZ 3 L.L.C.
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ESA MEZZ 9 L.L.C.
ESA MEZZ 10 L.L.C.
ESA P MEZZ L.L.C.
ESA P MEZZ 2 L.L.C.
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ESA P MEZZ 4 L.L.C.
ESA P MEZZ 5 L.L.C.
ESA P MEZZ 6 L.L.C.
ESA P MEZZ 7 L.L.C.
ESA P MEZZ 8 L.L.C.
ESA P MEZZ 9 L.L.C.
ESA P MEZZ 10 L.L.C.
HOMESTEAD VILLAGE L.L.C.
EXTENDED STAY HOTELS L.L.C.
ESA P PORTFOLIO HOLDINGS L.L.C.
ESA MANAGEMENT L.L.C.
ESA BUSINESS TRUST**

By: _____
Name: David Lichtenstein
Title: President

Exhibit A

ESI and Indenture Trustee Releases

RELEASE

RELEASE (the “Release”), dated as of [_____, 2010] (the “Effective Date”), by Extended Stay Inc. (“ESI”), as a debtor and debtor in possession.

RECITALS:

A. On June 15, 2009 or February 18, 2010 (as applicable), ESI and the Debtors¹ filed voluntary cases (the “Chapter 11 Cases”) under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”) in the United States Bankruptcy Court for the Southern District of New York (the “Bankruptcy Court”). ESI and the Debtors have operated their business and managed their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No trustee has been appointed in these Chapter 11 Cases.

B. In accordance with Section 6.18 of the Plan, Manufacturers and Traders Trust Company, solely in its capacity as Indenture Trustee for the 9-7/8% Senior Subordinated Notes due 2011 (the “Indenture Trustee”), ESI, the other Debtors and CWC Capital Asset Management LLC, solely in its capacity as special servicer of the Successor Trustee as trustee of the trust created under the TSA (the “Special Servicer”) have entered into a settlement agreement, dated July __, 2010 (the “ESI Settlement”), which was approved by the Bankruptcy Court by order dated [July __, 2010] [Docket No. __].

C. Pursuant to the Plan, the “Released Parties” means: (a) the Debtors, (b) NewCo, (c) each member of the Creditors’ Committee, (d) the Investor, (e) each Sponsor, (f) the Debt Financing Lenders, (g) BHAC, (h) HVM, (i) HVM Manager, (j) HVM Manager Owner, (k) the Special Servicer, (l) the Mortgage Debt Parties, (m) the Mortgage Facility Trust, (n) the Master Servicer, (o) the Trustee, (p) the Successor Trustee, (q) the Operating Advisor, (r) the Controlling Holder, (s) Lightstone Holdings LLC, (t) the Indenture Trustee, (u) any present or former director, manager, officer, member, equity holder (and their respective Affiliates), employee, agent, financial advisor, partner, Affiliate, attorney, other professional advisor or representative (and their respective Affiliates) of the persons or parties described in clauses (a) through (t) hereof or of any Affiliate thereof, and (v) ESI and any of ESI’s Affiliates or present or former directors or officers; provided, that the definition of Released Parties for the purpose of this Release will be identical in breadth and scope as such term is defined in the Plan but only to the extent as approved by the Confirmation Order.

NOW THEREFORE, ESI, in consideration of the Recitals, the ESI Settlement, and for such other good and valuable consideration acknowledged by it to be satisfactory and adequate, and intending to be legally bound, does hereby agree as follows:

¹ “Debtors” shall have the same definition ascribed in the Fifth Amended Plan of Reorganization Under Chapter 11 of the Bankruptcy Code, dated June 8, 2010 (as amended, the “Plan”) [Docket No. 1027]. All terms not defined herein shall have the meanings ascribed to them in the Plan.

RELEASE AGREEMENT

Section 1. Recitals. The recitals set forth above are incorporated by reference and are explicitly made a part of this Release.

Section 2. ESI Release. As of the Effective Date, and in consideration of the ESI Settlement and additional consideration detailed in Section 10.10 of the Plan (but only to the extent as approved by the Confirmation Order), ESI releases unconditionally and forever each Released Party (other than ESI itself) from any and all Claims, demands, causes of action and the like, described in Section 10.10 of the Plan (but only to the extent as approved by the Confirmation Order), existing as of the Effective Date or thereafter arising from any act, omission, event or other occurrence that occurred on or prior to the Effective Date as detailed in Section 10.10 of the Plan (but only to the extent as approved by the Confirmation Order); provided, that nothing in this Section 2 shall be construed as a release of any Guaranty Claim other than a Guaranty Claim against ESI; provided, further, that nothing in this Section 2 shall be construed as a release of any claim constituting Litigation Trust Assets or ESI Causes of Action.

Section 3. Jurisdiction; Choice of Law. ESI irrevocably consents to the exclusive jurisdiction of the Bankruptcy Court with respect to any action to interpret or enforce the terms and provisions of this Release. This Release shall be governed by, construed and enforced in accordance with the laws of the State of New York, without regard to its conflict of laws provisions.

THE UNDERSIGNED WARRANTS THAT IT HAS READ THE TERMS OF THIS RELEASE, HAS HAD THE ADVICE OF COUNSEL OR THE OPPORTUNITY TO OBTAIN SUCH ADVICE IN CONNECTION WITH THE READING, UNDERSTANDING AND EXECUTING THIS RELEASE, AND HAS FULL KNOWLEDGE OF THE TERMS, CONDITIONS AND EFFECTS OF THIS RELEASE.

IN WITNESS WHEREOF, ESI has caused this Release to be executed as of the date set forth above.

EXTENDED STAY INC.

By: _____
Name: David Lichtenstein
Title: President

RELEASE

RELEASE (the “Release”), dated as of [_____, 2010] (the “Effective Date”), by Manufacturers and Traders Trust Company, solely in its capacity as Indenture Trustee for the 9-7/8% Senior Subordinated Notes due 2011 (the “Indenture Trustee”).

RECITALS:

A. On June 15, 2009 or February 18, 2010 (as applicable), ESI and the Debtors¹ filed voluntary cases (the “Chapter 11 Cases”) under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”) in the United States Bankruptcy Court for the Southern District of New York (the “Bankruptcy Court”). ESI and the Debtors have operated their business and managed their properties as debtors in possession pursuant to sections 1107(a) and 1008 of the Bankruptcy Code. No trustee has been appointed in these Chapter 11 Cases.

B. In accordance with Section 6.18 of the Plan, the Indenture Trustee, ESI, the other Debtors and CWC Capital Asset Management LLC, solely in its capacity as special servicer of the Successor Trustee as trustee of the trust created under the TSA (the “Special Servicer”) have entered into a settlement agreement, dated July __, 2010 (the “ESI Settlement”), which was approved by the Bankruptcy Court by order dated [July __, 2010] [Docket No. __].

C. Pursuant to the Plan, the “Released Parties” means: (a) the Debtors, (b) NewCo, (c) each member of the Creditors’ Committee, (d) the Investor, (e) each Sponsor, (f) the Debt Financing Lenders, (g) BHAC, (h) HVM, (i) HVM Manager, (j) HVM Manager Owner, (k) the Special Servicer, (l) the Mortgage Debt Parties, (m) the Mortgage Facility Trust, (n) the Master Servicer, (o) the Trustee, (p) the Successor Trustee, (q) the Operating Advisor, (r) the Controlling Holder, (s) Lightstone Holdings LLC, (t) the Indenture Trustee, (u) any present or former director, manager, officer, member, equity holder (and their respective Affiliates), employee, agent, financial advisor, partner, Affiliate, attorney, other professional advisor or representative (and their respective Affiliates) of the persons or parties described in clauses (a) through (t) hereof or of any Affiliate thereof, and (v) ESI and any of ESI’s Affiliates or present or former directors or officers; provided, that the definition of Released Parties for the purpose of this Release will be identical in breadth and scope as such term is defined in the Plan but only to the extent as approved by the Confirmation Order.

NOW THEREFORE, the Indenture Trustee, in consideration of the Recitals, the ESI Settlement, and for such other good and valuable consideration acknowledged by it to be satisfactory and adequate, and intending to be legally bound, does hereby agree as follows:

RELEASE AGREEMENT

Section 1. Recitals. The recitals set forth above are incorporated by reference

¹ “Debtors” shall have the same definition ascribed in the Fifth Amended Plan of Reorganization Under Chapter 11 of the Bankruptcy Code, dated June 8, 2010 (as amended, the “Plan”) [Docket No. 1027]. All terms not defined herein shall have the meanings ascribed to them in the Plan.

and are explicitly made a part of this Release.

Section 2. Indenture Trustee Release. As of the Effective Date, and in consideration of the ESI Settlement and other consideration, the Indenture Trustee releases unconditionally and forever each Released Party from any and all Claims, demands, causes of action and the like, described in Section 10.10 of the Plan (but only to the extent as approved by the Confirmation Order), existing as of the Effective Date or thereafter arising from any act, omission, event or other occurrence that occurred on or prior to the Effective Date as detailed in Section 10.10 of the Plan (but only to the extent as approved by the Confirmation Order); provided, that nothing in this Section 3 shall be construed as a release of any claim or causes or action constituting Litigation Trust Assets or impact the Indenture Trustee's claims or rights under the ESI Settlement or impact the Indenture Trustee's standing with respect to the claims or causes of actions constituting Litigation Trust Assets or ESI Causes of Action.

Section 3. Jurisdiction; Choice of Law. ESI and the Indenture Trustee irrevocably consent to the exclusive jurisdiction of the Bankruptcy Court with respect to any action to interpret or enforce the terms and provisions of this Release. This Release shall be governed by, construed and enforced in accordance with the laws of the State of New York, without regard to its conflict of laws provisions.

THE UNDERSIGNED WARRANTS THAT IT HAS READ THE TERMS OF THIS RELEASE, HAS HAD THE ADVICE OF COUNSEL OR THE OPPORTUNITY TO OBTAIN SUCH ADVICE IN CONNECTION WITH THE READING, UNDERSTANDING AND EXECUTING THIS RELEASE, AND HAS FULL KNOWLEDGE OF THE TERMS, CONDITIONS AND EFFECTS OF THIS RELEASE.

IN WITNESS WHEREOF, the Indenture Trustee has caused this Release to be executed as of the date set forth above.

MANUFACTURERS AND TRADERS TRUST
COMPANY, as Indenture Trustee for the 9-7/8%
Senior Subordinated Notes due 2011 issued in 2001.

By: _____

Name:

Title:

Exhibit B

Special Servicicr Release

RELEASE

RELEASE (the “Release”), dated as of [_____, 2010] (the “Effective Date”), by CWCapital Asset Management LLC, solely in its capacity as special servicer of the Successor Trustee as trustee of the trust created under the TSA (the “Special Servicer”).

RECITALS:

A. On June 15, 2009 or February 18, 2010 (as applicable), Extended Stay Inc. (“ESI”) and the Debtors¹ filed voluntary cases (the “Chapter 11 Cases”) under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”) in the United States Bankruptcy Court for the Southern District of New York (the “Bankruptcy Court”). ESI and the Debtors have operated their business and managed their properties as debtors in possession pursuant to sections 1107(a) and 1008 of the Bankruptcy Code. No trustee has been appointed in these Chapter 11 Cases.

B. In accordance with Section 6.18 of the Plan, the Indenture Trustee,² ESI, the other Debtors and the Special Servicer have entered into a settlement agreement, dated July ___, 2010 (the “ESI Settlement”), which was approved by the Bankruptcy Court by order dated July ___, 2010] [Docket No. _].

C. Prior to the Commencement Date, certain of the Debtors were borrowers or guarantors under the \$4.1 billion loan made pursuant to the Mortgage Loan Agreement, dated as of June 11, 2007, by and among the Borrowers listed on Schedule 1.1(a) thereto and Wachovia Bank, National Association, Bear Stearns Commercial Mortgage, Inc. and Bank of America, N.A., as Lenders, as amended or modified from time to time and all documents entered into in connection therewith (the “Mortgage Loan”).

D. ESI is a guarantor of certain obligations under the Mortgage Loan, pursuant to a Guaranty dated as of June 11, 2007 (the “ESI Guaranty”).

NOW THEREFORE, the Special Servicer, in consideration of the Recitals, the ESI Settlement, and for such other good and valuable consideration acknowledged by it to be satisfactory and adequate, and intending to be legally bound, does hereby agree as follows:

RELEASE AGREEMENT

Section 1. Recitals. The recitals set forth above are incorporated by reference and are explicitly made a part of this Release.

¹ “Debtors” shall have the same definition ascribed in the Fifth Amended Plan of Reorganization Under Chapter 11 of the Bankruptcy Code, dated June 8, 2010 (as amended, the “Plan”) [Docket No. 1027]. All terms not defined herein shall have the meanings ascribed to them in the Plan.

² Manufacturers and Traders Trust Company, as Indenture Trustee for the 9-7/8% Senior Subordinated Notes due 2011 issued in 2001 (the “Indenture Trustee”).

Section 2. Special Servicer Release of ESI. As of the Effective Date, and in consideration of the consideration provided by ESI to the other Debtors and their creditors under the ESI Settlement, the Special Servicer on behalf of the Mortgage Facility Trust, releases unconditionally and forever ESI from any and all claims arising under or related to the ESI Guaranty.

Section 3. Special Servicer Release of the Indenture Trustee. As of the Effective Date, and in consideration of the consideration provided by the Indenture Trustee to the Debtors and their creditors under the ESI Settlement, the Special Servicer on behalf of the Mortgage Facility Trust, releases unconditionally and forever the Indenture Trustee from any and all claims, demands, causes of action and the like described in Section 10.10 of the Plan (but only to the extent as approved by the Confirmation Order), existing as of the Effective Date or thereafter arising from any act, omission, event or other occurrence that occurred on or prior to the Effective Date as detailed in Section 10.10 of the Plan (but only to the extent as approved by the Confirmation Order); provided, that nothing in this Section 3 shall be construed as a release of any Guaranty Claim other than a Guaranty Claim against ESI; provided, further, that nothing in this Section 3 shall be construed as a release of any claim constituting Litigation Trust Assets or ESI Causes of Action.

Section 4. Jurisdiction; Choice of Law. The Special Servicer irrevocably consents to the exclusive jurisdiction of the Bankruptcy Court with respect to any action to interpret or enforce the terms and provisions of this Release. This Release shall be governed by, construed and enforced in accordance with the laws of the State of New York, without regard to its conflict of laws provisions.

THE UNDERSIGNED WARRANTS THAT IT HAS READ THE TERMS OF THIS RELEASE, HAS HAD THE ADVICE OF COUNSEL OR THE OPPORTUNITY TO OBTAIN SUCH ADVICE IN CONNECTION WITH THE READING, UNDERSTANDING AND EXECUTING THIS RELEASE, AND HAS FULL KNOWLEDGE OF THE TERMS, CONDITIONS AND EFFECTS OF THIS RELEASE.

IN WITNESS WHEREOF, the Special Servicer has caused this Release to be executed as of the date set forth above.

CWCapital Asset Management LLC, solely in its capacity as special servicer of the Successor Trustee as trustee of the trust created under the TSA

By: _____
Name:
Title: