

NICHE UNDERWRITING / BORROWER FIELD GUIDE

Extended-stay hotels

Does a longer guest stay profile improve cash generation after operating costs and renovation needs?

Prepare a monthly bridge from available rooms to paid room nights, then split those nights by stay length, customer and booking arrangement. A longer average stay may change operating activity, but it does not itself prove stable revenue or apartment-like financing. Keep hospitality operations, corporate receivables and any local legal classification questions visible in the file.

Describe the actual lodging product

Hilton's extended-stay brand page presents longer-stay accommodation and features such as kitchens and laundry. That is a primary operator example, not a national underwriting definition. Document the actual room product, guest mix and service level at this property.

Use the real service obligation

Hilton's published housekeeping policy varies by brand and location and notes possible adjustments. Do not assume that longer stays eliminate housekeeping costs. Obtain the applicable operating standards and reconcile staffing, supplies and room-turn work to the actual guest pattern.

Separate durable demand from temporary blocks

Build a customer concentration schedule for project crews, relocation stays, insurers or other material booking sources actually present. Distinguish signed commitments from repeat business and identify cancellation and payment terms. Show the ordinary demand case after a temporary block expires.

Use with the dedicated Excel model for this niche. All numerical scenarios are hypothetical. Research and calculation scope are separated throughout this guide.

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What lenders want to understand

These are preparation questions. The actual lender determines required evidence, accepted cash flow and approval conditions.

01 / What generates paid room nights month by month?

Reconcile room inventory, out-of-order rooms, occupied nights, rate, discounts and bank collections; show stay-length segments without double counting the same room nights.

02 / What happens when a large booking source stops?

Prepare customer-level booking history, remaining commitments, cancellation rights, receivables and a supported replacement-demand scenario.

03 / What work and operating cash come with the brand or purchase?

Obtain actual franchise/management terms, renovation requirements, operating standards and closure assumptions, plus appropriate local advice on classification and taxes.

Turn questions into an evidence ledger

For each answer, record the document date, responsible person, unresolved issue and lender response. Distinguish requested, received, reconciled and accepted. A document upload does not establish acceptance.

Hypothetical: a project crew departs

An extended-stay hotel shows strong occupancy while one contractor houses a project team.

Reconcile the contracted remaining stay and payment evidence. Build a separate post-project occupancy case, including marketing, rate, service and collection changes rather than extending the current month indefinitely.

A long stay already booked and a long stay hoped for belong in different revenue columns.

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Document checklist

Use a common financial cutoff date. Record gaps and discrepancies alongside the documents.

Document and purpose	Status / owner
Monthly room-night and revenue reconciliation - Connect occupancy and rates to actual receipts and identify rooms unavailable for sale.	☐ Received ☐ Reconciled Owner: _____
Stay-length, customer and channel schedule - Expose concentration and recurring demand separately from a hotel-wide average.	☐ Received ☐ Reconciled Owner: _____
Corporate contracts and receivables aging - Identify payment timing, cancellations, uncollected bills and the actual obligors.	☐ Received ☐ Reconciled Owner: _____
Service standards and departmental cost evidence - Support housekeeping, front-desk, laundry, utilities and maintenance assumptions.	☐ Received ☐ Reconciled Owner: _____
Renovation, franchise and local-use file - Document actual requirements, professional interpretations, costs and rooms removed from service.	☐ Received ☐ Reconciled Owner: _____

Attach the financing and cash evidence

Include a signed sources-and-uses reconciliation, existing debt and equipment obligations, proposed term sheet, available equity evidence, and a dated explanation for every material model assumption. Separate restricted balances from spendable cash.

Keep personal and customer records private

Use aggregate operating evidence in this educational workbook. Share sensitive supporting documents only through the lender or advisor's appropriate secure process. The workbook contains no upload connection.

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Use your dedicated Excel model

Stay Length and Collections -> Operations -> Debt and Funding -> Summary

01 / Select a case

Save an untouched copy. In Assumptions D5 select 1 for Base or 2 for Downside. Both cases feed one monthly calculation; changing the selector recalculates the workbook.

02 / Populate the niche schedule

Replace blue input cells in Stay Length and Collections!D10:M21 with dated source evidence. Retain formula cells. Source columns are: Available rooms; Occupied fraction; Daily room rate, net of lodging tax; Average paid stay length; Service cost / occupied night; Departure cleaning / completed stay; Corporate billed share of charges; Current corporate bills collected; Monthly operating payroll; Room and property capital.

03 / Replace scenario assumptions

Replace illustrative scenario drivers, property value, acquisition uses, available equity and financing terms in Assumptions. These examples are not market benchmarks or lender requirements.

04 / Reconcile cash and financing

Trace monthly Operations into Debt and Funding. The signed funding surplus deducts closing equity and additional operating cash need; a negative result is an unfunded requirement.

05 / Resolve missing inputs

Inspect the Review checks and every unavailable result. Missing or invalid selected data is n.a.; a valid zero remains zero. Do not replace missing records with zeros.

06 / Confirm the transaction scope

Reconcile the chosen case to lender definitions and actual documents. The model covers twelve operating months and a contractual principal calculation at maturity; it does not forecast future refinancing approval.

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Calculation scope and conventions

Read these alongside the visible formulas. The source schedule is dedicated to this niche; contractual and eligibility decisions remain outside the model.

Room-nights use calendar days. Completed stays equal occupied nights / average stay length as a steady-state cleaning estimate; arrival-level timing and early departures are not modeled.

Night-service costs exclude the separate departure cleaning cost. Brand fees use earned room charges, including uncollected corporate bills. Payroll and fixed property costs must cover distinct expenses.

Corporate charges roll through current receipts, prior receipts, write-offs and ending receivables. Noncorporate charges are collected immediately. Operating revenue is cash received; one-time receivable recovery may need a lender NCF adjustment. Write-offs are not deducted again as cash expense.

Rates exclude lodging taxes and ancillary income. Room-use legality, guest tenancy rights, franchise terms, corporate credit and actual collection timing require separate review. This is hotel operating cash, not an apartment rent roll or a guaranteed debt-service basis.

Sizing cash equals modeled annual cash NCF plus the entered lender adjustment. The adjustment does not create spendable cash.

Coverage size uses amortizing annual service. The loan is the minimum of coverage, LTV, debt yield and the requested ceiling.

The three sizing thresholds are illustrative editable inputs. Negative NCF produces zero income-supported capacity, never a negative loan.

Monthly payments use annual rate/12; IO principal is unchanged. After IO the original principal amortizes over the entered period.

Closing cash and later operating shortfalls are reconciled without counting the same cash reserve twice.

All numerical values are illustrative; no market facts or lender approval are asserted.

The twelve-month operating model omits taxes on investor returns and future refinancing costs except expressly entered items.

Author verification uses Artifact Tool recalculation, saved-XLSX reimport and separate JS arithmetic; independent application verification is recorded separately.

Legal, licensing, environmental, engineering and lender-specific recognition require actual diligence.

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A reconciled hypothetical example

Base and Downside are separate recalculations of the same model. Displayed dollars are rounded; Excel retains unrounded values.

Illustrative result	Base	Downside
Modeled revenue / contribution	\$2,694,748	\$2,309,208
NCF after reserve	\$1,263,166	\$797,045
NCF used for sizing	\$1,263,166	\$772,045
Modeled loan	\$9,000,000	\$6,412,156
Binding sizing constraint	Requested ceiling	DSCR
First-year debt service	\$657,112	\$553,427
Required closing equity	\$5,000,000	\$7,587,844
Equity left / (closing gap)	\$1,500,000	-\$1,087,844
Additional operating cash need	\$0	\$0
Equity left / (combined gap)	\$1,500,000	-\$1,087,844
Principal at modeled maturity	\$8,248,449	\$5,975,638

Base NCF used for sizing is \$1,263,166. The modeled loan is \$9,000,000, with Requested ceiling binding. Closing uses of \$14,000,000 less that loan require \$5,000,000 of equity. Available equity is \$6,500,000; the signed combined surplus/gap is \$1,500,000 after any additional operating cash need. Downside changes the loan to \$6,412,156 and the combined result to -\$1,087,844.

Illustrative Base / Downside inputs: Property value \$14,500,000 / \$12,500,000; Annual note rate 6.50% / 8.00%; Maximum LTV 65.00% / 60.00%; Minimum sizing DSCR 1.25 / 1.3; Minimum debt yield 9.00% / 10.00%; Amortization after IO (years) 25 / 25; Initial interest-only months 6 / 6.

Change the case and trace the result

Compare the binding sizing constraint, closing equity, monthly cash low point and maturity principal. A smaller modeled loan can increase the sponsor funding need even if the property remains cash-positive. The lender may use different income adjustments, payment conventions or collateral limits.

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Sources, limits and next steps

Sources below support identified research claims. They do not validate the fictional numerical inputs or represent a financing commitment.

Hilton - Extended Stay Hotel Brands

Extended stay brands for every occasion; amenities

Primary brand description used only to illustrate product features, not performance or eligibility.

<https://www.hilton.com/en/p/extended-stay/>

Source checked: 2026-10-21

Hilton - Housekeeping Policy

Published housekeeping policy and local-law/other-requirements qualification

Brand- and location-specific service example; obtain the actual property's current requirements.

<https://www.hilton.com/en/help-center/hotel-information/hiltons-housekeeping-policy/>

Source checked: 2026-10-21

About this educational model

Prepared with AI assistance and independently checked against the published example. Artifact Tool recalculation and saved-file checks are recorded in the release evidence. Native Microsoft Excel recalculation has not been independently verified. Verify your edited scenario in your spreadsheet application before using its results.

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Start a commercial financing request

Online niche guide, matching downloads and related research

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