IT IS SO ORDERED.

Dated: March 13, 2026

Mina Nami Khorrami
United States Bankruptcy Judge

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF OHIO
EASTERN DIVISION

In re:	*	**Case No. 2:23-bk-53043**
WELCOME GROUP 2, LLC *et al.*,[1]	*	**Chapter 11**
	*	**Judge Mina Nami Khorrami**
Debtors.[2]	*	**Jointly Administered**

MEMORANDUM OPINION AND ORDER DENYING RSS WFCM2019-C50 – OH WG2, LLC'S AMENDED EMERGENCY MOTION FOR RELIEF FROM THE AUTOMATIC STAY (Dkt. No. 28)

I. Introduction

RSS WFCM2019-C50 – OH WG2, LLC ("RSS") seeks relief from the automatic stay as it relates to the real and personal property of the Debtor, Dayton Hotels 2, LLC (the "Debtor"),

[1] The Debtors and the last four digits of their federal tax identification numbers are as follows: Welcome Group 2, LLC (6795), Hilliard Hotels, LLC (6063), Dayton Hotels, LLC (1123), and Dayton Hotels 2, LLC (0707). The Debtors' headquarters are located at 5955 E. Dublin Granville Road, New Albany, Ohio 43054.

[2] Unless otherwise noted, references to and citation of documents filed with the electronic case management system known as CM/ECF shall relate to the CM/ECF docket for the member case *In re Dayton Hotels 2, LLC*, No. 2:25-bk-52719.

for cause under 11 U.S.C. § 362(d)(1) on the bases that this bankruptcy was not filed in good faith and RSS lacks adequate protection of its interest in the Debtor's property. RSS also requests relief from the automatic stay under 11 U.S.C. § 362(d)(2) on the bases that the Debtor lacks equity in the property that secures the debt owed to RSS because the amount of RSS's claim exceeds the value of that property and the Debtor's property is not necessary to an effective reorganization.[3] For the reasons that follow, the Court declines to grant RSS relief from the automatic stay because the Debtor filed this bankruptcy in good faith and RSS did not demonstrate that the value of its interest is declining post-petition. In addition, the Court lacked sufficient evidence to make a determination as to whether there is equity in the property that secures the claim of RSS.

II. Jurisdiction

The Court has jurisdiction over this matter under 28 U.S.C. § 1334 and the Amended General Order 05-02 entered by the United States District Court for the Southern District of Ohio, referring all bankruptcy matters to this Court. This matter is a core proceeding under 28 U.S.C. § 157(b)(2)(G). Venue is properly before this Court under 28 U.S.C. §§ 1408 and 1409.

III. Findings of Facts

The Debtor was formed on May 18, 2018, and its managing and sole member is InnVite

[3] RSS filed *RSS WFCM2019-C50 – OH WG2, LLC's Emergency Motion For Relief From The Automatic Stay* (Dkt. No. 21) and then *RSS WFCM2019-C50 – OH WG2, LLC's Amended Emergency Motion For Relief From The Automatic Stay* (Dkt. No. 28) (collectively, the "Motion"). Mot., Dkt. No. 21; Am. Mot., Dkt. No. 28. In response, the Debtor filed the *Objection Of Debtor/Debtor In Possession Dayton Hotels 2, LLC To RSS WFCM2019-C50 - OH WG2 LLC's Amended Motion For Relief From The Automatic Stay (Doc. 28)* (Dkt. No. 83) (the "Objection"). Obj., Dkt. No. 83. A final hearing (the "Hearing") on the Motion was held August 11, 2025. At the Hearing, Denis Blasius and Darlene Fierle appeared on behalf of the Debtor, Tami Kirby and Walter Reynolds appeared on behalf of RSS, David Catuogno appeared on behalf of Days Inn Worldwide, Inc., and Pamela Arndt appeared on behalf of the United States Trustee. Testimony was taken from Abhijit Vasani, a representative of the Debtor, and various exhibits were admitted into evidence; when citing to the testimony from the Hearing, the Court will cite the times provided in its Electronic Court Reporting System ("ECRO"). The Court permitted the parties to file post-hearing briefs (the "Post-Hearing Briefs"), and upon the agreement of the parties the Post-Hearing Briefs were filed November 14, 2025. *In re Welcome Grp. 2, LLC*, No. 2:23-bk-53043, RSS's Post-Hearing Brief, Dkt. No. 497; Debtor's Post-Hearing Brief, Dkt. No. 498.

Opco, Inc. Vasani Decl. ¶ 1, Dkt. No. 6. Abhijit Vasani ("Mr. Vasani")[4] serves as the president and chairman of the board for InnVite Opco, Inc. Vasani Decl. ¶ 1, Dkt. No. 6. The Debtor owns and operates what is now the Days Inn by Wyndham Dayton Airport located at 20 Rockridge Road, Englewood, Ohio 45322 (the "Days Inn"). Vasani Decl. ¶ 2, Dkt. No. 6. The daily operations of the Debtor are managed by InnVite Hospitality Group, LLC of which Mr. Vasani is the managing member. Vasani Decl. ¶ 7, Dkt. No. 6.

On April 9, 2019, the Debtor along with Welcome Group 2, LLC, Hilliard Hotels, LLC, Dayton Hotels, LLC, [5] and Elite Hospitality LLC (individually "Elite" and collectively the "Co-Obligors") entered into a loan agreement (the "Loan") with UBS AG, predecessor in interest to RSS, in the principal amount of $21,300,000.00 and executed a promissory note (the "Note") regarding same. Stip. of Facts ¶¶ 2-3; Stip. Ex. II; Stip. Ex. III. On the same day, the Debtor executed an open-end mortgage and security agreement (the "Mortgage") and an assignment of leases and rents (the "Assignment of Rents") with RSS's predecessor in interest to secure the Loan and the Note.[6] As additional security for the Loan and the Note, RSS's predecessor in interest also recorded a uniform commercial code ("UCC") fixture filing (the "UCC Fixture Filing") and filed a UCC financing statement (the "UCC Financing Statement") in April 2019. Stip. Ex. VI; Stip.

[4] Mr. Vasani and his wife started working in the hospitality industry in the year 2000 by purchasing their first hotel and have continued to purchase and manage hotels ever since then. Vasani Decl. ¶ 3, Dkt. No. 6.

[5] Welcome Group 2, LLC, Hilliard Hotels, LLC, Dayton Hotels, LLC (collectively, the "Affiliated Debtors") each filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code on September 1, 2023. *In re Welcome Grp. 2, LLC*, No. 2:23-bk-53043, Voluntary Pet., Dkt. No. 1; *In re Dayton Hotels, LLC*, No. 2:23-bk-53044, Voluntary Pet., Dkt. No. 1; *In re Hilliard Hotels, LLC*, No. 2:23-bk-53045, Voluntary Pet., Dkt. No. 1. The Debtor filed its voluntary petition for relief under chapter 11 of the Bankruptcy Code on June 20, 2025. *In re Dayton Hotels 2, LLC*, No. 2:25-bk-52719, Voluntary Pet., Dkt. No. 1. On September 11, 2025, the Court entered the *Order (I) Directing Joint Administration Of Chapter 11 Cases And (II) Granting Related Relief (Doc. 97)* (Dkt. No. 118) for joint administration of the bankruptcy cases for the Debtor and the Affiliated Debtors for procedural purposes only. Order ¶ 1, Dkt. No. 118.

[6] The Co-Obligors also executed mortgages and assignments of rents in favor of RSS's predecessor in interest with respect to the real property owned by each of those entities to secure the Loan and the Note in addition to RSS's predecessor in interest filing UCC fixture filings and financing statements. Vasani Decl. ¶8, Dkt. No. 6; Stip. Ex. XVII at 4 ¶ 3, at 12 ¶ 3, at 20 ¶ 3.

Ex. VII. The Days Inn in addition to the hotels and the real property owned by the Co-Obligors (the "Other Hotels"), among other assets, provided security for the Loan and the Note. Vasani Decl. ¶ 8, Dkt. No. 6; Stip. Ex. XVII, at 4, ¶ 3; at 12, ¶ 3; at 20, ¶ 3.

In December 2021, RSS, through its special servicer, commenced foreclosure proceedings against the Debtor and the Co-Obligors in state court (the "State Court") based on allegations of default under the Loan and the Note. Vasani Decl. ¶ 20, Dkt. No. 6. In August 2023, the State Court entered an order (the "Receivership Order") appointing a receiver (the "Receiver") to oversee the management of the Days Inn[7] and the Other Hotels.[8] Vasani Decl. ¶ 21; Stip. Ex. VIII-X. After being appointed, the Receiver managed to obtain branding for the Debtor's unbranded hotel as a Days Inn by Wyndham Hotels & Resorts, Inc. Vasani Decl. ¶ 19; Am. Mot. ¶ 24, Dkt. No. 28. The Receivership Order required the Receiver to "file with the [State Court] for approval no less frequently than every ninety (90) days, by the 20th day after the end of each such quarterly period, an accounting of his receipts and expenditures as Receiver, including any fees paid to the Receiver per this Order." Stip. Ex. X, at 11. The Receiver, however, did not file his reports with the State Court every ninety days and instead only filed two or three reports during the receivership period[9] of August 2, 2023 to June 24, 2025. ECRO 1:41:05-1:41:33; Vasani Decl. ¶ 22, Dkt. No. 6.

On June 3, 2025, RSS filed a motion in the State Court requesting authority for the Receiver to engage a real estate broker to sell the Days Inn. Stip. Ex. XVI. In April 2025, an online auction platform began sending emails that advertised a receivership auction for the Days Inn with a

[7] Before the Receiver was appointed, the Debtor operated its hotel as an independent and unbranded hotel under the name Hotel at Dayton North. Vasani Decl. ¶ 19; Stip. Ex. IX, at 4.
[8] Elite never filed for bankruptcy protection, and the Receiver sold Elite at auction for $2,450,000.00. *See* ECRO 10:46:28-10:48:24.
[9] The Debtor regained possession of the Days Inn on June 24, 2025. ECRO 10:57:14-10:57:24.

starting bid of $1,200,000.00. ECRO 10:45:27 – 10:52:55. After receiving several emails from the online auction platform, Mr. Vasani could not verify whether the Receiver truly intended on selling the Days Inn at auction or if he or the online auction platform was simply exploring the market to determine the level of interest. ECRO 10:45:27-10:46:26. Mr. Vasani received an email on May 6, 2025 from an online auction platform indicating the Days Inn would be sold at auction on May 19-21 with a starting bid of $1,200,000. *Id.*; Ex. A. Mr. Vasani reviewed the State Court docket in the foreclosure case to try to determine whether the State Court had authorized the Receiver to sell the Days Inn and found nothing explaining that the Receiver had authority to do so. ECRO 10:50:25-10:53:54. Consequently, Mr. Vasani could not determine whether the May 19-21 auction dates were legitimate. ECRO 10:44:54-10:53:54. Thereafter, Mr. Vasani received additional emails from the online auction platform indicating the Days Inn auction was rescheduled to June 25, 2025, at which point he believed the Receiver would proceed with the auction and was no longer testing the market for interest. *Id.*

Mr. Vasani did not believe an auction would maximize the value of the Days Inn and obtain the best sale price. *Id.* His concerns were in part because Elite was previously sold by the Receiver at auction for $2,450,000, which was an amount that was well below what could have been obtained if the sale were properly marketed. *Id.* Mr. Vasani is of the impression that the Receiver essentially conducted a fire sale of Elite, and that had Mr. Vasani been able to sell it, Elite would have sold for an additional $1,000,000. *Id.*

The Receiver remained in place managing the Days Inn until June 24, 2025 (the "Date of Turnover") when the Days Inn was turned over to the Debtor. *See* ECRO 10:57:14-10:57:24. After the bankruptcy case was filed, the Debtor worked diligently to negotiate and execute a franchise agreement with Days Inn (the "Franchise Agreement") for a period of one year with an

option to renew the agreement. ECRO 10:40:55 – 10:41:55; 10:44:15-10:44:24. At the time of the Hearing, the Franchise Agreement fee of $5,000 remained unpaid, which caused the Debtor not to have full access to the franchisor's portal.[10] ECRO 10:42:35-10:44:25. Without the Franchise Agreement, the Debtor does not have access to the franchisor's portal. *Id.* Mr. Vasani believes that the Franchise Agreement is significant for the Debtor because it will permit the Debtor to access sales opportunities, including requests for proposals ("RFPs") for corporate and/or group bookings through the franchisor's portal. *Id.* The franchisor's portal also allows the Debtor to change the room rates for the Days Inn based on whether the demand for hotel rooms is low or high for any given period. *Id.* Access to the franchisor's portal permits the Debtor to run promotions and specials on certain hotel reservation websites like Booking.com, Expedia, etc., which usually provide 30%-40% of the Debtor's business. *Id.* Not having access to the franchisor's portal limits the Debtor's ability to maximize its revenue by impacting the average daily rate that the Debtor can charge and the occupancy levels. *Id.* Once the Franchise Agreement is fully in place, Mr. Vasani anticipates an increase of 10%-20% in revenue.

On the Date of Turnover, Mr. Vasani discovered that the Days Inn had approximately twenty rooms in disrepair and not rentable, which is much higher than normal, and the out-of-order rooms were not rentable to hotel guests. Ex. G. Mr. Vasani testified that having so many inoperable rooms has a negative impact both on the revenue that the Days Inn generates and the overall value of the hotel. ECRO 10:52:56-11:17:09. He also produced photographs that he and his employees had taken of the inoperable rooms and other areas of the Days Inn that demonstrated the poor condition in which the Days Inn was left by the Receiver. *Id.*; Ex. B. Mr. Vasani

[10] Even though the Debtor and the franchisor had executed the Franchise Agreement, the franchisor required the payment of an application fee prior to the Debtor obtaining full access to the franchise portal. ECRO 10:40:55-10:43:22.

described the condition of the Days Inn on the Date of Turnover as being representative of months' worth of neglect. ECRO 10:52:56-11:17:09.

More specifically, the meeting room on the Date of Turnover was not being rented and it appeared to have mold in it that was caused by a flood. *Id.* Soon after discovering the condition of the meeting room, Mr. Vasani fixed the leak causing the flooding in the room, remediated the mold, painted the walls, and consequently, he expected the meeting room to be ready to rent soon. *Id.*; Ex. B. Mr. Vasani provided pictures of one of the inoperable rooms depicting how it appeared on the Date of Turnover and also pictures of that same room after he had completed improvements to demonstrate that the room would be rent-ready. ECRO 10:52:56-11:17:09; Ex. B. Mr. Vasani also discovered on the Date of Turnover that the Days Inn had twenty-one rooms missing smoke detectors, which he promptly remedied by installing them in each of the rooms. ECRO 10:55:52; Ex. H.

In addition to making improvements to the inoperable rooms, Mr. Vasani rectified other issues with the Days Inn: he resolved fire department violations, fixed exterior locks and non-functioning doors, temporarily repaired the exhaust system, professionally cleaned carpeting, instituted pest control, and fixed the broken sink in the food preparation area. ECRO 11:17:20-11:18:54. The Debtor is now operating and has employees.[11] ECRO 11:29:46; RSS Ex. 2. And Mr. Vasani believes that the Days Inn is now in substantially better condition than it was on the Date of Turnover. ECRO 11:41:50. Mr. Vasani's intention is to maintain the Days Inn and reorganize the Debtor; he does not intend to sell the Days Inn. ECRO 11:50:08.

[11] One of the first day motions the Debtor filed in this case was a wage motion reflecting that the Debtor had employees. Wage Mtn., Dkt. No. 11. In addition, the monthly operating report filed by the Debtor on August 7, 2025, indicates the Debtor had a cash balance of $167,155 and produced gross income in the amount of $74,530 for the applicable reporting period. Monthly Op. Report 2, Dkt. No. 93.

At the time of the Hearing, the Debtor paid RSS $12,000 and proposed to continue paying RSS $12,000 monthly as adequate protection payment for the use of the Days Inn. ECRO 2:05:35-2:05:41. Mr. Vasani believes it is necessary for the Debtor to have possession of the Days Inn to be able to reorganize because the Days Inn and other personal property of the Debtor are the source of the Debtor's income. ECRO 11:50:10-11:50:16; *In re Welcome Grp. 2, LLC*, No. 2:23-bk-53043, Debtor's Post-Hr'g Br. 6, Dkt. No. 498.

With respect to the value of the Days Inn, the Debtor indicated on its *Schedule A/B: Assets – Real and Personal Property* (Dkt. No. 55) that the current value is $3,600,000.00. Stip. Ex. I at 15; Sch. A/B 4, Dkt. No. 55. Mr. Vasani confirmed that the value of the Days Inn, in his opinion, is $3,600,000.00, but he emphasized several times that the value is a conservative estimate. ECRO 11:46:37-11:49:21. Mr. Vasani further stated that the value of the Days Inn could increase substantially once the hotel is stabilized and the Debtor has full access to the franchise portal because that will allow the Debtor to increase sales and marketing for the Days Inn in addition to allowing the Debtor to adjust the room rates based on demand. *Id.* Mr. Vasani did not specify how he determined the estimated value for the Days Inn was $3,600.000.00. The county auditor assessed the Days Inn with a value in the amount of $2,016,000 for the year 2024. Stip. Ex. XII, at 1.

The amount of RSS's claim is disputed by the parties. The Debtor listed a debt owed to RSS on *Schedule D: Creditors Who Have Claims Secured by Property* (Dkt. No. 55) as contingent, unliquidated, and disputed in the amount of $4,575,000.00.[12] Stip. Ex. I at 19-20; Sch. D 1-2, Dkt. No. 55. RSS, however, has not filed a proof of claim in the Debtor's bankruptcy case[13] but has

[12] The monthly operating report filed by the Debtor on August 7, 2025, indicates that the Debtor has total assets in the amount of $3,837,567 and prepetition secured debt of $4,606,044. Monthly Op. Report 2, Dkt. No. 93. Monthly Op. Report 2, Dkt. No. 93. No evidence was produced regarding an itemization of those amounts. ECRO 1:33:15-1:33:57.
[13] The deadline for filing proofs of claim in this case is May 7, 2026. Ord. for Claims Bar Date 1, Dkt. No. 122.

filed a proof of claim in each of the Affiliated Debtors' cases indicating the amount of RSS's claim is $31,960,016.83. Ex. XVII. Mr. Vasani does not believe this amount is an accurate reflection of what the Debtor and the Affiliated Debtors owe RSS and that the claims filed by RSS are overstated. ECRO 11:45:00-11:46:26. The Affiliated Debtors have objected to the proofs of claim (the "Omnibus Objection") filed by RSS.[14] *In re Welcome Grp. 2, LLC*, No. 2:23-bk-53043, Omnibus Obj. to Claims, Dkt. No. 395. And according to the Objection filed in response to the Motion, the Debtor contends that:

> In each accounting provided in the Proof of Claims, the following amounts are disputed by the Debtor (without prejudice to dispute any number set forth on the attachment):
> (a) Default Interest
> (b) Late Fees
> (c) Special Servicing Fee
> (d) Est. Interest on Advances
> (e) Liquidation Fee
> (f) PPP Tax Midland
> (g) PPP Midland
> (h) Yield Maintenan[c]e/Prepay
> (i) PPA WF
> (j) Payoff Processing Fee
> (k) Payoff Quotes/Verification fee
>
> The total of these preliminarily disputed amounts is in excess of $8,899,287.30.

Obj. 8-9, Dkt. No. 83.

IV. Positions of the Parties

RSS asserts that it is entitled to relief from the automatic stay under both § 362(d)(1) and § 362(d)(2). RSS contends that it is entitled to relief from the automatic stay under § 362(d)(1) for cause because the Debtor filed this bankruptcy case in bad faith and RSS lacks adequate

[14] An evidentiary hearing to consider the Omnibus Objection was initially scheduled to be heard before the Court on December 8, 2025. *In re Welcome Grp. 2, LLC*, No. 2:23-bk-53043, Scheduling Order 5, Dkt. No. 432. At the parties' request, the initial hearing has been continued multiple times and was recently continued to a date to be determined by the parties. *In re Welcome Grp. 2, LLC*, No. 2:23-bk-53043, Agreed Order 2, Dkt. No. 539; Proceeding Mem. dated Feb. 25, 2026.

protection. RSS argues that because the Debtor filed for bankruptcy protection days before the scheduled auction of the Days Inn such conduct is evidence of bad faith and an intent by the Debtor to cause delay and thwart the sale of the hotel. RSS also suggests that the Debtor's lack of employees and a franchise agreement are other evidence of the Debtor's bad faith. RSS asserts that cause exists for granting relief from the automatic stay because the Debtor cannot provide adequate protection of RSS's interest in the Days Inn. RSS also claims that the Debtor lacks equity in the Days Inn because the amount of RSS's claim exceeds the value of the Days Inn as scheduled by the Debtor and assessed by the county auditor. RSS argues that the Days Inn is not necessary to an effective reorganization because the Debtor cannot satisfy the fair and equitable requirements mandated for confirmation of the plan under 11 U.S.C. § 1129(b).

In response, the Debtor argues that it filed bankruptcy in good faith to prevent the Debtor from being sold at auction for an amount that was well below the Debtor's actual fair market value and to preserve the Debtor as a going concern. The Debtor also asserts that relief from stay is not appropriate under § 362(d)(1) for lack of adequate protection because the Debtor is proposing to pay and has paid RSS $12,000 a month to provide RSS adequate protection.

The Debor contends that RSS failed to prove the Debtor lacks equity in the Days Inn because RSS failed to provide sufficient evidence of the value of the Other Hotels in addition to the Days Inn which is necessary due to the Loan and the Note being cross-collateralized. The Debtor also asserts that the lack of equity cannot be determined since the claim amount is subject to the outcome of the Omnibus Objection and the Debtor disputes the amount RSS claims it is owed in this case as well. The Debtor argues that the Days Inn is necessary for an effective reorganization because the Days Inn generates income necessary to fund a plan of reorganization,

and the Debtor intends on filing a plan of reorganization with the Affiliated Debtors. Therefore, according to the Debtor, relief from the automatic stay under § 362(d)(2) is not appropriate.

V. Legal Analysis

Upon the filing of a petition for relief, 11 U.S.C. § 362(a) imposes a stay of virtually all activities and efforts to collect a debt from a debtor. *See* 11 U.S.C. § 362(a).

> As the automatic stay provision may impose an unfair hardship on particular creditors, Section 362(d) directs the bankruptcy court to grant relief from the stay (1) "for cause," which includes the inadequate protection of a creditor's interest in the collateral; or (2) when the debtor has no equity in the property and the property is unnecessary to an effective reorganization.

Laguna Assocs. Ltd. P'ship v. Aetna Cas. & Sur. Co. (In re Laguna Assocs. Ltd. P'ship), 30 F.3d 734, 737 (6th Cir. 1994) (citing 11 U.S.C. § 362(d)(1)-(2)). "[I]n any hearing under § 362(d) concerning relief from the automatic stay, the party requesting such relief has the burden of proof on the debtor's equity in property, and the party opposing such relief has the burden of proof on all other issues." *In re Cheerview Enters., Inc.*, 586 B.R. 881, 908 (Bankr. E.D. Mich. 2018); 11 U.S.C. § 362(g).

> The burden of proof on a motion to lift or modify the automatic stay is a shifting one. Section 362(d)(1) requires an initial showing of cause by the movant, while Section 362(g) places the burden of proof on the debtor for all issues other than "the debtor's equity in property"[.] If the movant fails to make an initial showing of cause, however, the court should deny relief without requiring any showing from the debtor that it is entitled to continued protection.

In re Holly's, Inc., 140 B.R. 643, 683 (Bankr. W.D. Mich. 1992) (alteration in original) (citation omitted).

A. 11 U.S.C. § 362(d)(1) - Cause

A bankruptcy court may grant relief from the automatic stay for cause under 11 U.S.C. § 362(d)(1), which provides in pertinent part:

> (d) On request of a party in interest and after notice and a hearing, the court shall grant relief from the stay provided under subsection (a) of this section, such as by terminating, annulling, modifying, or conditioning such stay—
>
> (1) for cause, including the lack of adequate protection of an interest in property of such party in interest[.]

11 U.S.C. § 362(d)(1). Except for adequate protection, the Bankruptcy Code does not otherwise define cause. *In re Holly's, Inc.*, 140 B.R. 643, 684 (Bankr. W.D. Mich. 1992). Consequently, "courts must determine whether discretionary relief is appropriate on a case-by-case basis" to determine whether cause exists. *Laguna*, 30 F.3d at 737.

1. Lack of Good Faith

A debtor's lack of good faith in filing a voluntary petition for relief under the Bankruptcy Code may constitute cause for granting relief from the automatic stay. *See Laguna*, 30 F.3d at 737; *Trident Assocs. Ltd. P'ship v. Metro. Life Ins. Co. (In re Trident Assocs. Ltd. P'ship)*, 52 F.3d 127, 131 (6th Cir. 1995); *Baxter v. Sarmadi*, 602 Fed. App'x 322, 325 (6th Cir. 2015). In the Sixth Circuit, the totality of the circumstances must be considered when determining whether a petition was filed in good faith; consequently, a single test for good faith does not exist. *See Trident*, 52 F.3d at 131. "Both the Supreme Court and the Sixth Circuit Court of Appeals have declined to precisely define good and bad faith in the bankruptcy context, *see Marrama v. Citizens Bank of Massachusetts*, 549 U.S. 365, 127 S. Ct. 1105, 1111-12 n.11, 166 L. Ed. 2d 956 (2007); *Metro Employees Credit Union v. Okoreeh-Baah (In re Okoreeh-Baah)*, 836 F.2d 1030, 1033 (6th Cir. 1988), but certain parameters of the concept are nonetheless clear." *Webb Mtn., LLC v. Whaley (In re Webb Mtn., LLC)*, No. 3:07-CV-437, 2008 U.S. Dist. LEXIS 10030, *6-7 (E.D. Tenn. Feb. 8, 2008).

> Good faith is an amorphous notion, largely defined by factual inquiry. While no single fact is dispositive, courts have found the following factors meaningful in evaluating an organizational debtor's good faith:
> (1) the debtor has one asset;

(2) the pre-petition conduct of the debtor has been improper;
(3) there are only a few unsecured creditors;
(4) the debtor's property has been posted for foreclosure, and the debtor has been unsuccessful in defending against the foreclosure in state court;
(5) the debtor and one creditor have proceeded to a standstill in state court litigation, and the debtor has lost or has been required to post a bond which it cannot afford;
(6) the filing of the petition effectively allows the debtor to evade court orders;
(7) the debtor has no ongoing business or employees; and
(8) the lack of possibility of reorganization.

Trident, 52 F.3d at 131 (citing *Laguna*, 30 F.3d at 738). "In detailing these indicia of bad faith, we are mindful that 'no list is exhaustive of all the conceivable factors which could be relevant when analyzing a particular debtor's good faith.'" *Laguna*, 30 F.3d at 738 (quoting *In re Caldwell*, 851 F.2d 852, 860 (6th Cir. 1988)).

Considering the factors above as they relate to the Debtor does not suggest this case was filed in bad faith. According to the *Summary of Assets and Liabilities for Non-Individuals* (Dkt. No. 55) filed by the Debtor in this case, it owns more than one asset; the Debtor owns real property in the amount of $3,600,000.00 and personal property in the amount of $265,650.67. Stip. Ex. I at 11; Summ. of Assets 1, Part 1, Dkt. No. 55. The Debtor has more than a few unsecured creditors and in fact listed thirty-eight unsecured creditors on its *Schedule E/F: Creditors Who Have Unsecured Claims* (Dkt. No. 55). Stip. Ex. I at 22-28; Sch. E/F 1-7, Dkt. No. 55. No evidence was produced at the Hearing to show that the Debtor's pre-petition conduct was improper or fraudulent. The Debtor was placed in a receivership by the State Court pre-petition, and the Days Inn was scheduled to be sold through an online auction just days before the bankruptcy case was filed, but the filing of a bankruptcy case to stop judicial proceedings from progressing is not by itself an indication of bad faith, nor is it uncommon for debtors to do so. *See In re 234-6 West 22nd St. Corp.*, 214 B.R. 751, 757 (Bankr. S.D.N.Y. 1997) (citation omitted) ("[A] filing on the eve of foreclosure is not per se indicative of bad faith."); *Webb Mtn., LLC v. Whaley (In re Webb Mtn.,*

LLC), No. 3:07-CV-437, 2008 U.S. Dist. LEXIS 10030, *9 (E.D. Tenn. Feb. 8, 2008) ("Mere filing by a business or individual in order to avoid foreclosure is, in and of itself, neither atypical nor extraordinary."); *In re Quicker Liquor LLC*, Case No. 22-10331-mkn, Chapter 11 (Jointly administered), Case No. 22-10332-mkn, Chapter 11, 2022 Bankr. LEXIS 1846, *18 (Bankr. D. Nev. June 22, 2022) ("Debtors often seek bankruptcy protection, including Chapter 11 relief, on the eve of creditor activity.").

Moreover, no evidence was produced to suggest that the filing of the bankruptcy somehow permits the Debtor to evade court orders. The Debtor is now operating and has employees. ECRO 11:29:46; RSS Ex. 2. One of the first day motions the Debtor filed in this case was a wage motion reflecting that the Debtor had employees. No evidence was produced that showed the Debtor lacked the possibility of reorganizing. And in contrast, the monthly operating report filed by the Debtor on August 7, 2025, indicates the Debtor had a cash balance of $167,155 and produced gross income in the amount of $74,530 for the applicable reporting period. Monthly Op. Report 2, Dkt. No. 93.

Mr. Vasani also testified that the Debtor promptly began remedying fire code violations that were discovered on the Date of Turnover by placing smoke detectors in the rooms missing them. In addition, the Debtor improved several of the rooms at the Days Inn so that they will be able to be rented in the near future which will bolster the Debtor's possibility of reorganizing. The evidence demonstrates that since the Date of Turnover, the Debtor has been trying to improve the condition of the Days Inn to maximize revenue. This illustrates the Debtor's intent to reorganize. Thus, the Court concludes that the improvements made by the Debtor since the Date of Turnover and the prompt attention to remedy fire code violations establish that the Debtor is sincere in its intent to reorganize and that this bankruptcy case was filed in good faith.

Mr. Vasani further explained why the Debtor filed bankruptcy when it did. Mr. Vasani did not believe that an auction of the Days Inn would be the best way to obtain the highest value of the hotel. Consequently, Mr. Vasani was concerned that if the Days Inn were auctioned, it would be sold for a much lower price than it is worth as was the case, in his opinion, with the receivership sale of Elite. As discussed above, the Days Inn is cross-collateralized with the Other Hotels, so any proposed sale of the Days Inn would not only impact the Debtor but would also impact the remaining liability under the Loan and the Note for each of the Other Hotels.

The Court finds that the Debtor's filing for relief under chapter 11 of the Bankruptcy Code was predominantly motivated by the urgency and desire to preserve the value of the Debtor's assets, which is a legitimate business reason for filing for bankruptcy protection that aligns with the protections afforded to a debtor under the Bankruptcy Code. *See In re 68 W. 127 St., LLC*, 285 B.R. 838, 845 (Bankr. S.D.N.Y. 2002) ("[N]otwithstanding the routinely cited bad faith factor of an eve-of-foreclosure bankruptcy filing, apparently no court has applied that factor in isolation to find bad faith. Indeed, several courts have observed that resort to bankruptcy to stave off foreclosure is consistent with bankruptcy's goals of preserving going concerns and maximizing value[.]" (citing cases)); *see also Cinema Serv. Corp. v. Edbee Corp.*, 774 F.2d 584, 586 (3rd Cir. 1985) ("[T]he automatic stay granted in chapter 11 petitions is intended to give the debtor 'breathing room' to facilitate reorganization. An attempt to stop a sheriff's sale, if undertaken pursuant to a legitimate effort at reorganization, is not reprehensible and is in accord with the aim of the Bankruptcy Code.").

> Filing a bankruptcy petition with the intent to frustrate creditors does not by itself establish an absence of intent to seek rehabilitation. Indeed, because a major purpose behind our bankruptcy laws is to afford a debtor some breathing room from creditors, it is almost inevitable that creditors will, in some sense, be frustrated when their debtor files a bankruptcy petition. In reality, there is a considerable gap

> between delaying creditors, even secured creditors, on the eve of foreclosure and the concept of abuse of judicial purpose.

In re Cohoes Indus. Terminal, 931 F.2d 222, 228 (2nd Cir. 1991) (citation modified).

Based on the totality of the circumstances presented here, the Court is persuaded that the Debtor filed its voluntary petition for relief under chapter 11 of the Bankruptcy Code for the legitimate purposes of preserving the Debtor as a going concern and trying to maximize the value of the Days Inn with the intent to reorganize. Accordingly, termination of the automatic stay on the basis that the Debtor filed this case in bad faith is not warranted, and the request for same is denied.

2. Adequate Protection

RSS contends that it is entitled to relief from the automatic stay under § 362(d)(1) for cause based on lack of adequate protection but fails to establish a prima facie case for that request.

> In the relief from stay context, adequate protection includes protecting the secured creditor from any decrease in the value of the secured creditor's interest in the collateral caused by the imposition of the automatic stay, and the existence or non-existence of equity should not be the sine qua non for adequate protection.

In re Planned Sys., Inc., 78 B.R. 852, 861-62 (Bankr. S.D. Ohio 1987) (footnote omitted) (citation modified).

> A secured creditor lacks adequate protection if the value of its collateral is declining as a result of the stay. It must, therefore, prove this decline in value - or the threat of a decline - in order to establish a prima facie case. Additionally, the general rule is that for adequate protection purposes a secured creditor's position as of the petition date is entitled to adequate protection against deterioration.

In re Armenakis, 406 B.R. 589, 620 (Bankr. S.D.N.Y. 2009) (citation modified).

> Under § 362(d)(1), the party seeking relief from the stay carries the burden of at least establishing a prima facie case that it holds a valid security interest. *See In re Cambridge Woodbridge Apartments, LLC*, 292 B.R. 832 (Bankr. N.D. Ohio 2003). In *In re Cambridge Woodbridge Apartments, LLC*, the moving party could establish its prima facie case by showing "(1) a demonstration of a debt owing from the debtor to [the creditor]; (2) a valid security interest possessed by [the creditor] that

> secures the debt; and (3) a decline in the value of the collateral securing the debt combined with [the] debtor's failure to provide adequate protection of [the creditor's] interest." *Id.* at 841 (quoting *In re Howery*, 275 B.R. 852, 854 (Bankr. S.D. Ohio 2002)). The burden then shifts to the debtor to prove the creditor is adequately protected. *Id.*

In re McKenzie, 1:11-cv-192; 1:11-cv-274; 1:12-cv-025, 2012 U.S. Dist. LEXIS 143160, at *15-16 (E.D. Tenn. Oct. 2, 2012). The secured creditor must establish a factual and legal right to relief from the automatic stay as part of its prima facie case, and the "party seeking relief from the automatic stay under § 362(d)(1) must carry the initial burden of showing that it is entitled to relief before the debtor is obligated to go forward with its proof." *Armenakis*, 406 B.R. at 619 (citation modified).

In this case, the Debtor listed a debt owed to RSS on *Schedule D: Creditors Who Have Claims Secured by Property* (Dkt. No. 55) as contingent, unliquidated, and disputed in the amount of $4,575,000.00. Stip. Ex. I at 19-20; Sch. D 1-2, Dkt. No. 55. And the Debtor did not dispute the existence of a debt between the parties. Thus, RSS sufficiently established that there is a debt owed by the Debtor to RSS.[15] With regard to the validity and perfection of the security interests securing that debt, the Debtor and RSS stipulated to certain exhibits as each being an "accurate copy" of the following recorded or filed documents: the Mortgage, the Assignment of Rents, the UCC Fixture Filing, and the UCC Financing Statement. *See* Stip. ¶¶ 4-7; Stip. Ex. IV-VII. The parties, however, did not stipulate that RSS has valid and duly perfected security interests. *See* Stip. ¶¶ 4-7. But Stipulated Exhibits IV-VII establish a prima facie case for validity and perfection, and the Debtor did not come forward with any evidence or argument disputing that RSS holds valid and duly perfected security interests. Therefore, for the purposes of the Motion, the Court finds that RSS satisfied its burden of showing that it has a valid and perfected security interest.

[15] As discussed below, however, RSS did not establish the amount of that debt.

With respect to the final element required for establishing a prima facie case under § 362(d)(1), RSS did not show a decline or threatened decline in its collateral since the bankruptcy case was filed. "[T]he general rule is that for adequate protection purposes a secured creditor's position as of the petition date is entitled to adequate protection against deterioration." *In re Armenakis*, 406 B.R. 589, 620 (Bankr. S.D.N.Y. 2009) (citation modified).

> It is common ground that the "interest in property" referred to by § 362(d)(1) includes the right of a secured creditor to have the security applied in payment of the debt upon completion of the reorganization; and that that interest is not adequately protected if the security is depreciating during the term of the stay.

United Sav. Ass'n of Tex. v. Timbers of Inwood Forest Assocs., Ltd., 484 U.S. 365, 370, 108 S. Ct. 626, 98 L. Ed. 2d 740 (1988). A "secured creditor lacks adequate protection if the value of its collateral is declining as a result of the stay. It must, therefore, prove this decline in value -- or the threat of a decline -- in order to establish a *prima facie* case." *In re Elmira Litho, Inc.*, 174 B.R. 892, 902 (Bankr. S.D.N.Y. 1994) (footnote omitted) (citations omitted); *In re Rosado*, Case No. 24-11851 (JLG), 2025 Bankr. LEXIS 1312, *7 (Bankr. S.D.N.Y. May 28, 2025) (same).

> The most persuasive proof of declining value is *quantitative*. It comes from appraisal or similar evidence showing that the collateral at the beginning of the case was worth more than at the date of the hearing, or more generally, that it was worth more at an earlier date than it is or will be worth at some future date. Alternatively, a secured creditor can adduce evidence of declining value through proof of the marginal or periodic rate of decline during the post-petition period, without regard to the absolute values at the beginning of the case and the present time.

In re Elmira Litho, Inc., 174 B.R. 892, 903 (Bankr. S.D.N.Y. 1994).

Here, RSS neither alleged nor presented any evidence to show that its collateral at the beginning of the case was worth more than at the time of the Hearing. On the contrary, the only evidence presented at the Hearing established that the value of the Days Inn has increased since the filing of the bankruptcy. Mr. Vasani testified that after the Date of Turnover, he made several improvements to the hotel rooms that were out of order. And as a result, the overall condition of

the Days Inn improved after the bankruptcy was filed. Thus, RSS did not show that its collateral was declining in value since the filing of the bankruptcy. The Court thus finds that RSS has not alleged sufficient cause to grant relief from the automatic stay under § 362(d)(1) for lack of adequate protection. *See In re Chauncy St. Assoc. Ltd. P'ship*, 107 B.R. 7, 8 (Bankr. D. Mass. 1989) ("The Bank has not alleged that the value of its collateral is decreasing. Therefore, it has not alleged sufficient 'cause' to grant relief from the automatic stay under § 362(d)(1), the erosion of its equity cushion notwithstanding.").

As a result, the burden did not shift to the Debtor to prove RSS was adequately protected. Yet Mr. Vasani specified that the Debtor proposes to continue to pay RSS $12,000 monthly as adequate protection, and at the time of the Hearing, the Debtor made one payment to RSS. RSS presented no evidence to show that the $12,000 monthly payment proposed by the Debtor was insufficient adequate protection. Therefore, for the purposes of this Motion, the Court finds that RSS did not establish a prima facie case that cause exists to grant relief from the stay based on a lack of adequate protection under § 362(d)(1). And notwithstanding, the Court is persuaded that RSS is adequately protected by the Debtor making monthly payments in the amount of $12,000 to RSS. Having determined that RSS is not entitled to relief from stay under § 362(d)(1), the Court must now determine whether relief from the automatic stay is warranted under § 362(d)(2).

B. 11 U.S.C. § 362(d)(2) - Lack of Equity and Necessary to an Effective Reorganization

RSS argues that it is entitled to relief from stay under §362(d)(2) because the Debtor lacks equity in the Days Inn and it is not necessary for an effective reorganization. Section 362(d)(2) provides that the automatic stay may be modified "with respect to a stay of an act against property under subsection (a) of this section, if— (A) the debtor does not have an equity in such property; and (B) such property is not necessary to an effective reorganization[.]" 11 U.S.C. § 362(d)(2).

"Because § 362(d)(2) is drafted in the conjunctive, both prongs must be satisfied to grant relief from the stay." *In re Holly's, Inc.*, 140 B.R. 643, 697 (Bankr. W.D. Mich. 1992) (citations omitted).

1. Equity

RSS is not entitled to relief from stay under § 362(d)(2) because RSS did not present sufficient credible evidence for the Court to make a determination regarding equity in the Days Inn. "The secured creditor who seeks relief from the automatic stay under § 362(d)(2) must demonstrate (1) the amount of its claim, (2) that its claim is secured by a valid, perfected lien in property of the estate, and (3) that the debtor lacks equity in the property. *In re Elmira Litho, Inc.*, 174 B.R. 892, 900 (Bankr. S.D.N.Y. 1994) (citations omitted). "Equity . . . is the value, above all secured claims against the property, that can be realized from the sale of the property for the benefit of the unsecured creditors." *Stephens Indus., Inc. v. McClung*, 789 F.2d 386, 392 (6th Cir. 1986) (citation modified).

> Unlike the adequate protection provision of § 362(d)(1), which focuses on harm to a secured creditor from the decline or threatened decline in the creditor's security position, § 362(d)(2) focuses on whether keeping the stay in place will benefit other creditors if the property is sold or will benefit other creditors or the debtor in a reorganization. The "no equity" requirement for stay relief under § 362(d)(2) preserves the value of the property for the benefit of unsecured creditors unless another ground exists to grant stay relief.
>
> Because the § 362(d)(2)(A) equity analysis focuses on whether there is equity for unsecured creditors if the property is sold, unlike in the creditor's security position analysis under § 362(d)(1), equity is determined under § 362(d)(2)(A) by comparing the value that can be realized from the sale of the property in the bankruptcy case with the aggregate amount of all secured claims against the property.

In re Jacobs, No. 19-12591-j11, 2021 Bankr. LEXIS 1406, *21-22 (Bankr. D.N.M. May 24, 2021) (footnotes and citations omitted). "Equity means the difference between the value of the property and the total amount of claims that it secures." *In re Elmira Litho, Inc.*, 174 B.R. 892, 901 (Bankr. S.D.N.Y. 1994) (citation modified). In this case, RSS did not present an expert or an appraiser to

testify about the value of the Days Inn. Instead, RSS relied on the county auditor's indication of value from that agency's website for the year 2024, the documents filed by the Debtor in this case, and Mr. Vasani's testimony regarding his opinion of value to support RSS's allegation that there is no equity in the Days Inn. RSS's reliance on these sources as evidence for the value of the Days Inn is problematic for several reasons.

The county auditor assessed the value for the Days Inn for the year 2024 in the amount of $2,016,000. Stip. Ex. XII at 1. This statement of value is unreliable for two reasons. First, no evidence was produced to explain what method of valuation was used by the county auditor in assessing the value, and the value is stated for the year 2024 which is more than a year before the Hearing. *See In re Jacobs*, No. 19-12591-j11, 2021 Bankr. LEXIS 1406, *23 (Bankr. D.N.M. May 24, 2021) ("[P]roperty should be valued under § 362(d)(2)(A) at or near the time of the final hearing on the motion for relief from stay."). Further, the value of the Days Inn for purposes of this bankruptcy would normally include consideration of the Days Inn as a going concern and not be limited to just the value of the land upon which the Days Inn is located. No evidence was presented as to whether the going concern was accounted for in the auditor's valuation for the Days Inn. *See In re Petrella*, 230 B.R. 829, 834 n.4 (Bankr. N.D. Ohio 1999) (noting that the county auditor assesses value for tax purposes which may not be the same as fair market value).

The Debtor listed the real property on which the Days Inn is located on the Debtor's *Schedule A/B: Assets – Real and Personal Property* (Dkt. No. 55) with an indication that the current value of the Debtor's interest in that property is $3,600,000.00. Stip. Ex. I at 15; Sch. A/B 4, Dkt. No. 55. Mr. Vasani confirmed that the value of the Days Inn is $3,600,000.00 in his opinion, but he emphasized several times that this was a conservative estimate. Mr. Vasani further stated that the value of the Days Inn could increase substantially once the hotel is stabilized and the

Debtor has full access to the franchise systems because that will allow the Debtor to increase sales and marketing for the Days Inn in addition to allowing the Debtor to adjust the room rates based on whether the demand for hotel rooms is high or low at any given point in time. Mr. Vasani did not specify how he determined the estimated value of the Days Inn was $3,600.000.00. The Court does not find Mr. Vasani's opinion of value or the value stated on Schedule A/B to be sufficiently reliable for the Court to determine value for purposes of deciding whether the automatic stay should be terminated.[16]

At least one court declined to accept a debtor's scheduled value and his testimony regarding the value of his property when considering a request for relief from stay under § 362(d)(2). *In re Jacobs*, No. 19-12591-j11, 2021 Bankr. LEXIS 1406, *24-25 (Bankr. D.N.M. May 24, 2021). In *Jacobs*, the secured creditor engaged a licensed appraiser to formally appraise the debtor's real property. The appraiser determined the value of the property as of the date the bankruptcy was filed was $375,000. The appraisal was prepared approximately seventeen months before the final hearing on the motion for relief from stay. The debtor in *Jacobs* indicated on his bankruptcy schedule containing the real property that the value of the property was $400,000, and the debtor testified regarding the value of the property at the relief from stay hearing. The secured creditor's appraiser also testified at the hearing but could not provide the court with a more current opinion of value for the property. In addition, the appraiser did not update his appraisal to a date that was closer in time to the date of the final hearing. The *Jacobs* court ultimately held that it could not

[16] In general, an officer of a business is normally competent to offer her opinion of value regarding the business assets. *In re Latex Foam Int'l, LLC*, Chapter 11, Case No. 19-51064, Case No. 19-51065, Case No. 19-51066, Case No. 19-51067, Case No. 19-51068, (Jointly Administered Under Case No. 19-51064), 2020 Bankr. LEXIS 1203, *14-15 (Bankr. D. Conn. 2020) ("Most courts have permitted the owner or officer of a business to testify to the value or projected profits of the business, without the necessity of qualifying the witness as an accountant, appraiser, or similar expert"). Thus, the Court's finding that Mr. Vasani's opinion of value is not reliable is strictly limited to the facts and circumstances presented in this particular case.

determine value because the appraisal value was outdated and the debtor's testimony of value was not "sufficiently reliable to support a finding of value." *Jacobs*, 2021 Bankr. LEXIS 1406, at *24.

To further complicate whether the Debtor lacks equity, the Loan and Note are not only secured by the Days Inn, which is owned by the Debtor, but they are also secured by the Other Hotels. RSS presented no evidence at the Hearing on the value of the Other Hotels. As stated previously, "[e]quity is the value, above all secured claims against the property, that can be realized from the sale of the property for the benefit of the unsecured creditors." *Stephens Indus., Inc. v. McClung*, 789 F.2d 386, 392 (6th Cir. 1986) (citation modified); *In re Planned Sys., Inc.*, 78 B.R. 852, 862 n.10 (Bankr. S.D. Ohio 1987) ("Equity has been defined by bankruptcy courts as the difference between the property value and the total amount of liens against it."). Based on this mathematical formula for determining equity, the values of the Other Hotels and the amount of RSS's claim must be known before the Court can make a final determination regarding equity. As emphasized earlier, the Loan and Note are cross-collateralized with the property of the Other Hotels, so it is not enough to show just the value of the Days Inn in this case.

Furthermore, the monthly operating report that was filed by the Debtor on August 7, 2025, is also not helpful to the Court in its determination of equity because the report is limited to the total assets and prepetition secured debt as it relates to the Debtor. In addition, the monthly operating report does not itemize what each of those categories consists of nor was there any evidence elicited at the Hearing to clarify that information. The Court declines to consider the value of the Days Inn in isolation as that ignores the reality of the financial transactions between the Debtor, the Co-Obligors, and RSS because additional property (i.e., the Other Hotels) is available to secure the debt which impacts the calculation of equity. *See In re Dye*, 502 B.R. 47, 56 (Bankr. M.D. Penn. 2013) (determining that "[the secured creditor's] interest in the properties

securing the six cross collateralized loans must be considered together. Four of the loans are in default, thus the value of all properties serving as collateral for the six loans may provide a source of adequate protection" and finding that the debtors do not have equity in the properties).

In this case, there was no appraisal presented, but even assuming the scheduled value of the Days Inn and Mr. Vasani's testimony were sufficient evidence of the value, the Court is still unable to make a determination of whether the Debtor lacks equity because no evidence was presented regarding the value of the Other Hotels and the amount of RSS's claim is in dispute. A determination regarding the issue of equity without the benefit of a complete record on the value of all the property that secures the Loan and the Note is inappropriate in this case. Furthermore, the Debtor and Affiliated Debtors contend that the claim filed by RSS is overstated.

RSS has not filed a proof of claim here but has filed proofs of claim in the Affiliated Debtors' cases. Stip. Ex. XVII. The Affiliated Debtors have objected to the proofs of claim filed by RSS. *In re Welcome Grp. 2, LLC*, No. 2:23-bk-53043, Omnibus Obj. to Claims, Dkt. No. 395. Because the Debtor and Affiliated Debtors are jointly liable under the Loan and the Note, RSS's claim amount in this case should be the same as in the Affiliated Debtors' cases.[17] Mr. Vasani testified that the Debtor disputes the amount of RSS's claims as filed in the cases for the Affiliated Debtors. As indicated in the Debtor's response to the Motion:

> In each accounting provided in the Proof of Claims, the following amounts are disputed by the Debtor (without prejudice to dispute any number set forth on the attachment):
> (a) Default Interest
> (b) Late Fees
> (c) Special Servicing Fee
> (d) Est. Interest on Advances

[17] In addition, counsel for RSS indicated that the parties reached a settlement regarding the application of the proceeds from the sale of Elite. ECRO 10:48:26. A review of the claims filed by RSS in the cases for the Affiliated Debtors, does not show that the claims have been amended since they were initially filed on December 19, 2023, to account for those sale proceeds. Arguably, the application of the sale proceeds from the auction of Elite will have some impact on the overall indebtedness as well.

(e) Liquidation Fee
(f) PPP Tax Midland
(g) PPP Midland
(h) Yield Maintenan[c]e/Prepay
(i) PPA WF
(j) Payoff Processing Fee
(k) Payoff Quotes/Verification fee

The total of these preliminarily disputed amounts is more than $8,899,287.30. Calling into question a minimum of $8,899,287.30 of RSS's claim amount could have a significant impact on this Court's determination regarding equity if the objection to RSS's proofs of claim is ultimately sustained such that it reduces the claim in that amount or a higher amount.

Therefore, for all the reasons stated, the Court concludes that it has insufficient evidence to be able to make a determination regarding equity in this case, as RSS did not satisfy its burden of showing that the Debtor lacks equity under § 362(d)(2), and the request for relief from stay must be denied. Thus, the burden did not shift to the Debtor to show that the Days Inn is necessary to an effective reorganization, and therefore the Court does not reach that issue.

VI. Conclusion

For the reasons stated, the Court finds that cause does not exist under § 362(d)(1) to grant relief from the automatic stay because the Debtor filed this bankruptcy case in good faith, and RSS's interest in the Days Inn is not declining and is adequately protected. The Court further finds that RSS failed to provide sufficient evidence to demonstrate that the Debtor lacks equity under § 362(d)(2).

Therefore, **IT IS ORDERED** that *RSS WFCM2019-C50 – OH WG2, LLC's Amended Emergency Motion For Relief From The Automatic Stay* (Dkt. No. 28) is DENIED.

IT IS SO ORDERED.

Service List: Default List