

I swear that this is Exhibit "B" to my Affidavit sworn December 23, 2016.

SWORN BEFORE ME at the City of)
New York, in the State of New York, U.S.A.)
this 23rd day of December, 2016.)

Cecily Pereira
Notary Public)

Cecily Pereira
Notary Public, State of New York
No. 01FE6278148
Qualified in New York County
My Commission Expires March 8, 2017

David Orlofsky
DAVID ORLOFSKY



**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

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In re: : Chapter 11
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MODULAR SPACE HOLDINGS, INC., et al., : Case No. 16-12825 (____)
:

Debtors.¹ : Joint Administration Pending
:

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**DECLARATION OF DAVID ORLOFSKY, SENIOR MANAGING DIRECTOR OF
ZOLFO COOPER LLP, IN SUPPORT OF CHAPTER 11 PETITIONS AND
FIRST DAY PLEADINGS**

I, David Orlofsky, hereby declare under penalty of perjury that the following is true to the best of my knowledge, information and belief:²

1. I am a Senior Managing Director of Zolfo Cooper LLP (“Zolfo Cooper”), financial advisor to Modular Space Holdings, Inc. (“Holdings”), the ultimate parent of the other debtors and debtors in possession in the above-captioned Chapter 11 Cases (collectively, the “Debtors” or “ModSpace”). To enable the Debtors to minimize the adverse effects of these Chapter 11 Cases (as defined below) on their business, the Debtors intend to request various types of relief in “first day” applications and motions (collectively, the “First Day Pleadings”). I submit this declaration in support of the Debtors’ (a) voluntary petitions for relief under chapter 11 of Title 11 of the

¹ The Debtors and the last four digits of their respective United States Tax Identification Number, or similar foreign identification number, as applicable, are as follows: Modular Space Holdings, Inc. (8595); Modular Space Intermediate Holdings, Inc. (1161); Modular Space Corporation (5284); Resun ModSpace, Inc. (0701); ModSpace Government Financial Services, Inc. (8573); ModSpace Financial Services Canada, Ltd. (CRA BN 0001); and Resun Chippewa, LLC (6773). The address of the Debtors’ corporate headquarters is 1200 Swedesford Road, Berwyn, PA 19312.

² Capitalized terms used but not defined herein shall have the meaning ascribed to them in the Plan (as defined below).



United States Code, 11 U.S.C. §§ 101-1532 (the “Bankruptcy Code”) and (b) the First Day Pleadings. I am authorized to submit this declaration (the “Declaration”) on behalf of the Debtors.

2. I have worked at Zolfo Cooper for over 17 years and have provided both interim management and advisory services to various clients in a variety of restructuring matters, including as the Chief Restructuring Officer (“CRO”) and interim Chief Financial Officer (“CFO”) of RCS Capital, CRO of Preferred Sands, CRO of Mark IV Industries, interim Chief Operating Officer and CFO of Malden Mills, and as the financial advisor to Friendly’s Ice Cream, among others.

3. I have served as a financial advisor to the Debtors since July 2016 and during that time I have worked closely with the Debtors’ personnel. As a result of my extensive work with ModSpace, my review of relevant documents and my discussions with other members of the Debtors’ management teams, I am familiar with the Debtors’ day-to-day operations, business affairs and books and records. Except as otherwise noted, I have personal knowledge of the matters set forth herein and, if called as a witness, would testify competently thereto. Except as otherwise stated, all facts set forth in this Declaration are based on my personal knowledge, my discussions with other members of the Debtors’ senior management, my review of relevant documents or my opinion, and based on my experience and knowledge of the Debtors’ operations and financial conditions. In making this Declaration, I have relied in part on information and materials that the Debtors’ personnel and advisors have gathered, prepared, verified and provided to me, in each case under my ultimate supervision, at my direction and for my use in preparing this Declaration.

4. This Declaration is divided into two parts. Part I of this Declaration provides background information about the Debtors, their business operations, their corporate and capital

structures and the circumstances surrounding the commencement of these Chapter 11 Cases. Part II sets forth the relevant facts in support of the balance of the First Day Pleadings.

PART I
BACKGROUND

A. Chapter 11 Filings

5. On December 21, 2016 (the “Petition Date”), each Debtor commenced a case by filing a petition for relief under chapter 11 of the Bankruptcy Code (collectively, the “Chapter 11 Cases”) with this Court. The Debtors have requested that the Chapter 11 Cases be jointly administered for procedural purposes only.

6. The Debtors continue to operate their businesses and manage their properties as debtors and debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

7. To date, no creditors’ committee has been appointed in these Chapter 11 Cases by the Office of the United States Trustee for the District of Delaware. No trustee or examiner has been appointed in the Chapter 11 Cases.

8. Modular Space Corporation (“MSC”) is the main operating company within the Debtors’ corporate structure. Debtor ModSpace Financial Services Canada, Ltd. (“MFSC”) is the operating entity for the Debtors’ business in Canada. MFSC is a wholly-owned subsidiary of MSC and all material decisions regarding MFSC and its operations are made by MSC personnel in the United States. As a result, the center of main interests for MFSC is located in the United States. An ancillary proceeding under Part IV of the Companies’ Creditor Arrangement Act (Canada) (“CCAA”) has been commenced in Toronto, Ontario, Canada before the Ontario Supreme Court of Justice (Commercial List) (the “Canadian Court”).

B. The Debtors' Business

9. ModSpace is the largest U.S.-owned provider of temporary and permanent modular buildings, and is among the largest suppliers in the U.S. and Canada of temporary modular space and permanent modular construction. ModSpace provides a full range of buildings and storage products including office trailers, mobile offices, temporary classrooms, modular office complexes and portable storage units, and works with clients across many industries, including commercial, construction, education, government, military, healthcare, industrial, energy, retail, and sports and entertainment. ModSpace generates significant free cash flow and is viewed as a leader within its industry. ModSpace has a stable and highly regarded management team. This is a classic example of a good company with a bad balance sheet.

10. ModSpace was founded in June 1986 as Resun Leasing, Inc. ("Resun"), which was based in Dulles, Virginia. From the late 1980s through the 1990s, Resun expanded its geographic scope in response to growing demand for modular products in the Southern and Western U.S. markets. ModSpace was formed in 2007 when Resun acquired GE Capital Corporation's Modular Space U.S. and Canadian operations. Resun then changed its name to Modular Space Corporation and relocated its global corporate headquarters to Berwyn, Pennsylvania.

11. In the twelve months ending September 30, 2016, approximately 86% of ModSpace's consolidated revenue and 79% of ModSpace's total adjusted EBITDA were generated by its U.S. operations, while the remaining 14% of ModSpace's consolidated revenue and 21% of ModSpace's total adjusted EBITDA were generated by ModSpace's Canadian operations. ModSpace is seeking certain relief from the Bankruptcy Court in order to support the ongoing operations of its entire global enterprise, which in turn will preserve value on a global basis for the benefit of ModSpace and its stakeholders.

12. Delivery and installation of modular units are generally affected by annual winter weather conditions in the northern United States and Canada from November to March, resulting in seasonal fluctuations in ModSpace's business volume. Accordingly, the third and fourth quarters of each fiscal year³ (early April through late September) are typically ModSpace's strongest financial quarters. During the same period, ModSpace focuses on refurbishing and maintaining its existing asset fleet, resulting in increased working capital requirements.

13. Inventory and Products. ModSpace offers a wide range of mobile and modular products to meet the differing needs of its diverse customer base, including multi-unit complexes which have flexible and configurable footprints to, single-, double- or triple-wide units, classroom units, and storage units. The fleet comprises approximately 69,000 units with an average age of 10.5 years and a gross book value of approximately \$1.4 billion. The majority of the ModSpace fleet consists of single-sized units (approximately 31% of the total fleet), double- and triple-wide units (approximately 23%) and complexes (approximately 29%). Utilization as of fiscal September 2016 was approximately 71.0%, with a slightly higher utilization rate of 72.4% in the United States offset by a lower utilization rate in Canada of 66.1%.

14. ModSpace partners with prominent U.S. and Canadian manufacturers to develop and build its modular buildings. Since 1999, ModSpace has pioneered a number of groundbreaking modular units. The ePlex[®], the first modular complex to use interchangeable building modules to allow for variably sized buildings, has become the industry standard for modular complexes. The HQ[®], an 8'x20' complex-able ground-level office module with removable and reconfigurable wall panels, is ideal for commercial applications requiring elevated fire ratings.

³ The Debtors' fiscal year end is September 30.

15. ModSpace's units are owned by one of two ModSpace entities. If a unit is certificated (that is, if a certificate of title was issued for the unit), it is owned by MSC or its subsidiary, Resun ModSpace, Inc.; if a unit is not certificated, it is owned by the special-purpose entity Resun Chippewa, LLC and leased to MSC under a master lease agreement, which is periodically updated.

16. On average, the economic life of a modular asset is 20 years (longer if the asset is properly maintained and refurbished) with an estimated residual value of 50% of the original cost. The initial capital investment for each unit is partially offset by accelerated depreciation and tax benefits, and the annual maintenance costs per unit average approximately \$1,100.

17. Leasing and Related Services. ModSpace's core business focuses on leasing and related services for modular buildings (both standalone units and building complexes), as well as ancillary products such as steps, decks and ramps. In connection with its leases, ModSpace also offers certain products and services such as furnishings, wall partitions and site services, which are contracted through the lease agreement and are fulfilled by primarily by third-party service providers or contractors and, in a minority of cases, with in-house resources. These business lines produce substantial stable and recurring revenue streams. The leasing and servicing revenue stream accounted for approximately 80% of ModSpace's gross revenue for the twelve months ending September 30, 2016, and approximately 90% of ModSpace's gross margin for the same period.

18. ModSpace currently has approximately 28,000 lease contracts with \$124 million of future lease revenue under contracts, primarily through 2017. Leases are often structured as operating leases with terms ranging from one month to five or more years. The typical contract terms range from six to 18 months for single-sized units, and 12 months or more for modular

complexes. The average effective lease term is approximately 25 months, providing ModSpace with a base of predictable recurring revenue. Leases also provide early termination and damage reimbursement charges.

19. Sale of Used and New Products. ModSpace also generates revenue through the sale of used and new modular units, which yields both the value of the unit and the fees from its delivery and installation. Used units typically garner resale values in excess of 120% of net book value. Sales of used and new units generated approximately 20% of ModSpace's gross revenue for the twelve months ending September 30, 2016, and approximately 10% of ModSpace's gross margin for the same period.

20. New building sales benefit customers with customized facilities and ModSpace with increased purchasing power, overhead absorption and the flexibility to maintain a national, experienced construction services team. The latter, comprised of Project Managers, Construction Managers, Estimators and Design Professionals, is critical to the modular complex leasing business segment and creates a strong differentiator relative to its competitors and drives competitive advantage. New projects vary in size and time and, therefore, impact on ModSpace's cash flow.

21. Used building sales allow ModSpace to manage the mix, age and geographic distribution of its unit fleet, and to monetize the residual value of its existing modular units. ModSpace's ability to realize high resale values stems from its commitment to fleet asset maintenance and a robust sales and marketing platform including an industry leading on-line showroom.

22. Geographic Scope – Branches and Service Centers. ModSpace has two operating segments in the United States and Canada. These include approximately 82 branch and service

centers throughout North America and approximately 639 employees in total. ModSpace is a leader in many of the markets where it competes.

23. ModSpace's expansive geographic footprint and hub-and-spoke branch network provide cost-effective, local support to customers, and allow ModSpace to realize economies of scale, deploy fleet assets per regional demand, and serve large customers with national coverage. The broad branch network also provides proximity to customers and project sites – a critical factor in controlling transportation costs – and supports ModSpace's high standard of post-delivery service and maintenance.

24. Each branch includes a regional sales staff and administrative staff, and is supported by one to four service centers. Branches and service centers each may have maintenance personnel and drivers responsible for site installation, preventative maintenance, cleaning, repairs, refurbishment, delivery and pick-up. A significant portion of these tasks is typically outsourced to sub-contractors. Operations managers head each branch and service center, and report directly to district operation directors. Branches and service centers generally have storage lots to manage inventory levels.

25. Of the 142 locations occupied by ModSpace as of the Petition Date, 41 were owned and 101 were leased. ModSpace also maintains a refurbishment center, further enhancing ModSpace's ability to repair, maintain and refurbish its units, thus extending their useful lives. It serves as the main hub for the refurbishment, repurposing and recoding of ModSpace's units in core Eastern and Central U.S. markets.

26. Customers, Marketing, and Sales. ModSpace's client base spans many industries and includes numerous Fortune 500 companies. ModSpace benefits from low customer concentration with substantial end-market diversity. Approximately 90% of ModSpace's

customers (by gross book value) are concentrated in the construction, commercial and energy industries. ModSpace's top ten individual customers (by gross book value) typically come from the energy and construction industries.

27. ModSpace employs both a sales force and a marketing team, working in concert and supported by a customer relationship management system that tracks and measures their activities at the corporate level. The eight-person marketing team positions and promotes ModSpace's brand, generates sales leads, and supports selling efforts with point-of-sale materials.

28. The sales team is divided into three sub-teams: inside sales team, field-based sales force and vertical markets team. The inside sales team supports the needs of sophisticated transactional customers by delivering quick response times, one-call quotes and seamless coordination with operation teams to confirm product availability and delivery date. The inside sales team also responds to online quote requests and staffs the live chat sales function. In order to deliver customized support to larger customers with more complicated projects and specialized needs, ModSpace's field-based sales force leverages its extensive industry knowledge and technical expertise to coordinate with ModSpace's construction services team. Working together, the field-based sales force and construction services teams provide accurate, detailed project proposals and professional renderings, and assist customers with finding solutions to meet their specific needs. Finally, the vertical markets team focuses on the distinct needs of ModSpace's national accounts, as well as customers in the healthcare, government, franchise and sports and entertainment sectors.

C. The Debtors' Corporate and Capital Structures

(a). Corporate Structure

29. A corporate organization chart depicting the ownership structure of the Debtors and their non-debtor affiliates is attached hereto as Exhibit A.

30. Holdings, a Delaware corporation, is a holding company that is the direct or indirect parent company of each of the other Debtors and non-debtor affiliates. Holdings is the direct parent of Modular Space Intermediate Holdings, Inc., a Delaware corporation and holding company, which is in turn the direct parent of MSC (the “Issuer”). Each of the remaining Debtors, and certain non-debtor affiliates, are wholly-owned subsidiaries of MSC.

31. The majority of ModSpace’s day-to-day U.S. operations are conducted and managed by MSC. Specifically, MSC (a) operates the various U.S. branch locations, (b) is party to all of ModSpace’s U.S. real property leases, (c) owns a substantial portion of ModSpace’s U.S.-based certificated units and (d) employs all of ModSpace’s U.S. employees.

32. Likewise, ModSpace’s day-to-day Canadian operations are conducted by MFSC. MFSC (a) operates the Canadian branch locations, (b) owns ModSpace’s Canadian real property, (c) is party to ModSpace’s Canadian real property leases, (d) owns ModSpace’s Canada-based units and (e) employs ModSpace’s Canadian employees. Notably, however, administrative and back-office operations of MFSC are conducted from ModSpace’s global headquarters in Berwyn, PA, and the majority of the directors and officers of MFSC reside in the United States. MFSC also owns certain assets, including a bank account and certain modular units, located within the United States.

(b). Capital Structure

33. As of the Petition Date, as further set forth below, ModSpace had approximately \$984.2 million of outstanding long term debt and \$37.7 of accrued interest consisting of the following, each as further described below:

(i) approximately \$609.2 million of outstanding debt under an asset-based revolving credit facility, including \$3.2 million of funded letters of credit, plus accrued interest of approximately \$2.3 million as of the Petition Date; and

(ii) approximately \$375 million of 10.25% Senior Secured Second Lien Notes due 2019, plus outstanding and accrued interest of approximately \$35.4 million as of the Petition Date.

34. The ABL Facility. On June 6, 2011, MSC, Resun ModSpace, Inc. and ModSpace Government Financial Services, Inc., together with certain of their subsidiaries and affiliates, as the U.S. borrowers (the “U.S. Borrowers”) (and, as applicable, the “U.S. Guarantors”), MFSC, as Canadian borrower (the “Canadian Borrower”) (and, as applicable, the “Canadian Guarantors”) entered into a secured asset-based revolving credit facility (the “ABL Facility”) pursuant to that certain Third Amended and Restated Credit Agreement (as amended, amended and restated, modified, supplemented or restated and in effect from time to time, the “ABL Credit Agreement”) ⁴ among, *inter alia*, the U.S. Borrowers, the U.S. Guarantors, the Canadian Borrower, the Canadian Guarantors, Bank of America, N.A. as administrative agent (the “ABL Agent”) and other lenders party thereto (the “ABL Lenders”).

35. Under the ABL Facility, the amount that may be borrowed under the facility is limited to the lesser of (a) \$600 million in the case of U.S. Borrowers and \$200 million in the case of the Canadian Borrower (with a borrower’s option to increase the aggregate commitments with up to an additional \$250 million upon satisfaction of certain conditions) and (b) a borrowing base calculated through designated percentages of eligible accounts receivable, eligible progress billings, eligible insurance receivables, eligible rental equipment and eligible real estate of the

⁴ Any summary of an agreement in this Declaration is qualified in its entirety by the terms of that agreement.

respective borrowers and, as applicable, the Canadian Guarantors, less, in each case, customary reserves.

36. The U.S. Borrowers' obligations under the ABL Credit Agreement are guaranteed by each of the U.S. Borrowers' U.S. subsidiaries (but not by any Canadian entity), subject to certain customary exceptions with respect to, among others, immaterial subsidiaries and foreign subsidiaries. The U.S. Borrowers' obligations are secured by a first priority security interest in substantially all of the assets of the U.S. Borrowers and their U.S. subsidiaries, subject to certain customary exceptions and limitations.

37. The Canadian Borrower's obligations under the ABL Credit Agreement are secured by a first priority security interest in substantially all of the assets of the Canadian Borrower, subject to certain customary exceptions and limitations. Although MFSC has no subsidiaries, any subsequently formed or acquired subsidiaries would be required to guarantee the outstanding Canadian obligations, subject to certain customary exceptions with respect to, among others, immaterial subsidiaries and foreign subsidiaries.

38. The ABL Facility matured on June 6, 2016, and, as described below, the Debtors subsequently entered into the Forbearance Agreement (defined below) with the ABL Lenders. Pursuant to that agreement and its subsequent amendments, (a) with respect to U.S. Revolving Loans, the U.S. Prime Rate, plus a spread of 3.50%, and (b) with respect to Canadian Revolving Loans, the Canadian Prime Rate (with respect to Loans made in Canadian Dollars) or the Canadian Base Rate (with respect to Loans made in U.S. Dollars), plus a spread of 3.50% (as such capitalized terms are defined in the First Lien Credit Agreement). As of the Petition Date, ModSpace had approximately \$609.2 million outstanding under the ABL Facility comprised of

approximately \$549.1 million on account of U.S. Borrowers and approximately \$60.1 million on account of Canadian Borrower.

39. The Secured Notes: 10.25% Senior Secured Second Lien Notes due 2019. On February 25, 2014, MSC issued \$375.0 million aggregate principal amount of senior secured second lien notes (the “Secured Notes”). Under the terms of the governing indenture (as amended, amended and restated, modified, supplemented or restated and in effect from time to time, the “Indenture”), Issuer is required to pay fixed-rate interest at a rate of 10.25% semi-annually on January 31 and July 31 of each year. The Secured Notes mature on January 31, 2019.

40. Each of the Issuer’s U.S. subsidiaries guarantees the outstanding obligations under the Secured Notes, but the Canadian entities do not guarantee such outstanding obligations. The Secured Notes are secured by a second priority security interest in substantially all of the assets of the Issuer and each of the Issuer’s U.S. subsidiaries. The security interests of the Secured Notes in such assets are subordinated in each instance to any security interests of the ABL Lenders in such assets pursuant to an Intercreditor Agreement (as amended, amended and restated, modified, supplemented or restated and in effect from time to time, the “Intercreditor Agreement”) dated as of February 25, 2014 among, inter alia, the ABL Agent, Wells Fargo Bank, National Association (“Wells Fargo”) in its capacity as trustee and as collateral agent under the Secured Notes, and acknowledged and agreed to by Issuer and certain of its affiliates.⁵ However, the Secured Notes are secured by a pledge of 65% of the stock of MFSC, which is an asset of Issuer.

41. As of the Petition Date, MSC had approximately \$410.4 million outstanding in principal and accrued interest under the Secured Notes.

⁵ On November 3, 2016, MSC, Resun ModSpace, Inc., ModSpace Government Financial Services, Inc., Resun Chippewa, LLC, Modular Space Intermediate Holdings, Inc., Wilmington Savings Fund Society, FSB (“WSFS”), and Wells Fargo, entered into an agreement through which Wells Fargo resigned as trustee under the Indenture and WSFS became the successor trustee.

42. Intercompany Credit Agreement. On June 20, 2008, MSC, as lender, entered into an intercompany credit agreement (the “Intercompany Credit Agreement”) providing a revolving credit facility in the maximum principal amount of Canadian \$250,000,000 to MFSC, as borrower. Although the Intercompany Credit Agreement does not expire until June 20, 2018, all amounts outstanding were paid in full as of August 2016, since which time the intercompany balance has been, and remains, \$0.

D. Events Leading to the Chapter 11 Cases

43. ModSpace’s business has historically been driven by several macro-economic factors, including commercial office vacancy rates, employment levels, non-residential construction starts and commodity prices. With the widespread adoption of modular buildings in the energy and mining industries, oil and commodity prices became further key indicators of demand.

44. Given these economic drivers, it is not surprising that the 2007 economic recession heavily affected ModSpace’s business, with utilization levels falling from approximately 80% in mid-2007 to a low of approximately 61% in early 2012. The reduction in utilization and correlated reduction in rental prices and margins was the result of an unprecedented drop in non-residential construction compounded by the effect of significant increases in unemployment levels across the United States and Canada. Origination levels troughed in 2010 and began improving as capital investments drove (modest) improvements in non-residential construction. Gradual improvements in employment levels also improved the demand for modular products. Investment in the oil and gas industry accelerated the demand for modular products, particularly in Western Canada, Texas and other geographies rich in shale oil production. The oil driven momentum began a significant reversal in November of 2014 as the price per barrel of oil dropped from \$100 levels to sub-\$40 levels. Today, the Canadian business unit is experiencing a contraction in

earnings owing to the impact of the energy and commodity markets on product demand while the U.S. business has returned to targeted utilization levels for most asset classes and is now focused on driving rental prices which remain at a discount to historical norms. The blended portfolio utilization level was to 71.0% in Q4 FY2016.

45. In the summer and fall of 2015, ModSpace began to explore refinancing options in light of the approaching ABL Facility maturity date, including, among others, a refinancing with existing lenders as well as a potential first-in, last-out financing facility. Ultimately, however, ModSpace was unable to reach mutually agreeable terms with its existing ABL Lenders and determined that a refinancing was potentially achievable through a merger transaction, which ModSpace was simultaneously exploring.

46. William Scotsman Merger Transaction. On March 16, 2016, ModSpace entered into an Agreement and Plan of Merger (the "Merger Agreement") by and among Holdings, MSC, Crystal Merger Sub, Inc., a Delaware corporation and a wholly-owned non-debtor subsidiary of MSC, and Williams Scotsman International, Inc. ("William Scotsman"), an unaffiliated Delaware corporation. Pursuant to the Merger Agreement, ModSpace would acquire the North American modular operations of William Scotsman (the "Merger Transaction"), resulting in the merger of two of North America's leading providers of modular spaces. The Merger Transaction was expected to result in significant synergies through operational integration, and would further offer the merged entity an opportunity to right-size its capital structure and provide nearly \$500 million of new capital (assuming a transaction closing date of June 30, 2016 and a resulting ABL facility of \$1.5 billion). The Merger Agreement could be terminated by either party for failure to close any time after August 12, 2016. The parties had agreed that ModSpace's existing management team was going to lead the merged entity.

47. Consummation of the Merger Transaction was expected to require approximately \$1.75 billion of cash, which ModSpace planned to fund utilizing a new ABL facility combined with a new equity raise, a new bond offering or both. Shortly after the execution of the Merger Agreement, ModSpace engaged Morgan Stanley to advise it and launch an equity raise process to fund the Merger Transaction. Morgan Stanley contacted multiple parties who agreed to execute non-disclosure agreements to explore the equity raise, and management presentations were conducted throughout April and May 2016.

48. ABL Facility Defaults and Maturity. On December 30, 2015, ModSpace, the ABL Lenders, and the ABL Agent had entered into that certain Agreement Regarding Events of Default pursuant to which the ABL Lenders and ABL Agent agreed to suspend the applicability of certain events of default relating to ModSpace's failure to timely deliver certain audit opinion materials as required under the ABL Credit Agreement. The parties subsequently entered into multiple amendments which, among other things, extended the suspension period, set forth certain merger and contingency planning milestones, and triggered cash dominion for the U.S. Borrowers and the Canadian Borrower under the ABL Facility beginning on March 31, 2016.

49. While ModSpace was still pursuing the Merger Transaction, and in connection with the maturity of the ABL Facility described above, ModSpace, the ABL Lenders and the ABL Agent entered into a forbearance and extension agreement (the "Forbearance Agreement"), which has been amended and extended through and including December 19, 2016. The Forbearance Agreement contained covenants requiring ModSpace to achieve milestones (on parallel pathways) with respect to both the Merger Transaction and an alternative stand-alone restructuring effort. With respect to the Merger Transaction, between late May and early June, 2016, ModSpace successfully accomplished the first three merger milestones, whereby ModSpace issued a process

letter, obtained non-binding expressions of interests regarding the equity raise, prepared bond offering materials and met with rating agencies.

50. Shortly after June 23, 2016, when the United Kingdom voted to exit the European Union, certain potential equity investors advised ModSpace that they would not be pursuing the Merger Transaction further as their respective investment committees failed to approve the transaction. Morgan Stanley cited execution risks associated with the integration plan and other financial concerns as the primary factors leading the committees' decisions. Despite the failure to satisfy certain merger milestones, ModSpace continued to work diligently towards raising the needed capital to close the Merger Transaction.

51. In late July, ModSpace received two additional equity investment proposals, both of which were contingent on the satisfactory completion of significant additional due diligence. ModSpace held a meeting with certain restricted holders of the Secured Notes (such holders, the "Ad Hoc Group of Noteholders") and their advisors on August 4, 2016, seeking feedback on the two equity investment proposals. Following such meeting, the Ad Hoc Group of Noteholders advised that the proposed economic terms of the two equity investment proposals were unacceptable, and that it would prefer to undertake a restructuring and recapitalization transaction.

52. After due consideration of the Merger Transaction, including the related execution risk, ModSpace determined not to proceed with the Merger Transaction. On August 13, 2016, William Scotsman terminated the Merger Agreement pursuant to its terms, and shortly thereafter, ModSpace did the same. Consequently, ModSpace shifted its focus to the stand-alone restructuring milestones and process. ModSpace had already engaged Lazard Middle Market LLC and Lazard Frères & Co. LLC (collectively, "Lazard") in late May for this purpose.

Subsequent to Lazard's engagement, the Company engaged Zolfo Cooper, LLC on July 13, 2016 to assist with the restructuring process.

53. Secured Notes Default. The Ad Hoc Group of Noteholders began forming as early as May 2016 and retained Moelis & Company as financial advisor and Dechert LLP as legal advisor. On August 1, 2016, an interest payment of approximately \$19 million became due to holders of the Secured Notes. Given the uncertainty then surrounding the Merger Transaction, ModSpace elected not to make the interest payment, but rather utilized a 30-day grace period under the Indenture to discuss a potential broader-scale restructuring, recapitalization or other transaction with the holders of Secured Notes.

54. By August 2016, the Ad Hoc Group of Noteholders included eight entities holding, in the aggregate, approximately 72% of the issued and outstanding Secured Notes. On August 4, 2016, six members of the Ad Hoc Group of Noteholders (holding, in the aggregate, approximately 62% of the issued and outstanding Secured Notes) executed non-disclosure agreements and, as described above, met with ModSpace's management team and its advisors to discuss, among other things, the equity proposals received in connection with the proposed Merger Transaction. Following the meeting, the Ad Hoc Group of Noteholders expressed its preference to proceed with a stand-alone restructuring or recapitalization transaction. Throughout August and September 2016, the Ad Hoc Group of Noteholders and certain investment funds owned or managed by Calera Capital Advisors LP (including Calera Capital Partners II, LP, Calera VI, LLC, Calera XI, LLC, Calera Capital Offshore Partners II, LP, Calera Capital Partners III, LP, and any other investment funds owned or managed by Calera Capital Advisors LP that hold common stock of Holdings, "Calera"), the majority equity holder of Holdings exchanged a number of recapitalization proposals and proposed alternative transaction structures.

55. On November 3, 2016, the discussions between the Debtors, Ad Hoc Group of Noteholders and Calera culminated in agreement to a term sheet (as amended from time to time through December 9, 2016, the “Term Sheet”), contemplating a consensual restructuring to be effectuated by a plan of reorganization. In furtherance of this agreement, on December 20, 2016, the Debtors, the ABL Lenders, the Ad Hoc Group of Noteholders⁶ and Calera reached an agreement on a recapitalization of ModSpace, memorialized in a restructuring support agreement (the “RSA” or “Restructuring Support Agreement”) in support of a prepackaged chapter 11 plan of reorganization (as may be amended or modified, the “Plan”).

56. Following execution of the RSA, the Debtors commenced a prepetition solicitation of the Plan to the ABL Lenders, the Noteholders, Calera Capital Advisors L.P., as holders of the Management Agreement Claims, and the Debtors’ equityholders (the “Equityholders”) – the only classes of claims or interests entitled to vote will pursue a consensual chapter 11 reorganization pursuant to the terms of the Plan. The Debtors also intend to seek recognition in Canada of MFSC’s Chapter 11 Case.

E. The Proposed Restructuring

57. The RSA and the Plan contemplate a prompt emergence from bankruptcy with the following key terms:

- the ABL Lenders will provide the Debtors with post-petition financing to fund their operations during the pendency of the Chapter 11 Cases;
- administrative expense claims and prepetition priority claims will be paid in full in cash upon emergence;
- claims arising under the Debtors’ prepetition Indenture will receive:

⁶ Together with any Noteholder that subsequently agrees to be bound by the terms of the RSA, hereinafter the “Consenting Noteholders.”

- their pro rata share of 9,122,999 shares of equity of a reorganized entity, to be determined in accordance with the Plan, which will own, directly or indirectly, 100% of the equity interests in Modular Space Corporation as of the Effective Date (the “Reorganized Entity”) and the right to participate in an offering of \$90 million of equity in the Reorganized Entity (the “Rights Offering”) pursuant to which they may subscribe to purchase their pro rata share of an additional 18,317,500 shares of equity in the Reorganized Entity; and
- In exchange for their agreement to backstop the Rights Offering, on the terms and conditions set forth in the Backstop Commitment Agreement, certain members of the Ad Hoc Group of Noteholders will receive a backstop fee in an aggregate amount equal to 5% of the equity offered in the Rights Offering, or 915,875 shares of equity in the Reorganized Entity.
- Existing equity interests in Holdings will receive:
 - their pro rata share of 877,001 shares of equity in the Reorganized Entity; and
 - their pro rata share of two tranches of warrants, which may be exercised in exchange for an aggregate of 1,250,000 shares of equity in the Reorganized Entity.
- In the event of an Alternative Transaction (defined below), the holder of the Management Agreement Claims against Modular Space Corporation will be entitled to receive a distribution in the event of a Qualifying Liquidity Event (as defined in the Plan).
- the issuance of equity in the Reorganized Entity to holders of Notes and existing equity interests in Holdings will be subject to dilution by equity compensation issued in connection with a management incentive program (a “MIP”), equity issued to the former independent directors pursuant to the Plan, or other issuance of additional new equity securities on or after the effective date;
- The ABL Credit Agreement will be amended, restated, modified and assumed by the reorganized Debtors pursuant to the Exit Credit Facility (defined below); and
- Subject to an Alternative Transaction (defined below), each holder of all other allowed claims will receive treatment that renders such allowed claims unimpaired (either through reinstatement or satisfaction of such claim).

58. On or about the Petition Date the Debtors will file a motion seeking to set bar dates for general unsecured claims and claims of governmental units (subject to certain exclusions) against Holdings and Intermediate only. The proposed order excludes general unsecured claims held by (i) any ABL Lender or ABL Agent with respect to claims arising under or in connection

with the ABL Credit Facility (ii) any Noteholder or Trustee with respect to claims arising under or in connection with the Indenture, other Senior Secured Note Documents (as defined in the Indenture) or the Intercreditor Agreement; (iii) any entity holding a claim against Holdings in respect of that certain Agreement of Indemnity dated as of February 12, 2012 by and among the parties thereto; (iv) any entity holding a claim against Holdings in respect of that certain Amended and Restated Management Services Agreement dated as of March 30, 2007 by and among the parties thereto; (v) any entity holding claims under the Restructuring Support Agreement, including, without limitation, claims for payment or reimbursement of professional fees and expenses reimbursable under the Restructuring Support Agreement and the Plan; (vi) any director or officer of Holdings or Intermediate solely with respect to (a) claims arising under or in connection with any existing director and officer liability insurance or agreement or (b) claims for advancement, indemnification and/or contribution arising as a result of such director's or officer's services to Holdings or Intermediate; and (vii) any Debtor holding a claim against Holdings or Intermediate.

59. If any Holdings Claims (as defined in the Disclosure Statement) are filed against Holdings and/or Intermediate prior to the Bar Date, and such claims (i) have not been expunged, disallowed, extinguished, withdrawn or otherwise disposed of either by order of the Court or otherwise (including without limitation the potential satisfaction of the Holdings Claims by the Consenting Interest Holders in their sole discretion) and (ii) the Majority Noteholders have not agreed that such Holdings Claims are facially without merit as against Holdings or Intermediate (which agreement shall not be unreasonably withheld or delayed), the Noteholders reserve the right to direct the Debtors to withdraw the Plan for Holdings and modify the Plan for Intermediate to provide no recoveries for the General Unsecured Claims (the "Alternative Transaction"). The Alternative Transaction would have no impact on the recoveries of creditors at any Debtors other

than Holdings and Intermediate, with the exception of the Management Agreement Claims which would not be entitled to a distribution in the event of a Qualifying Liquidity Event as described in the Plan.

60. In the event of an Alternative Transaction, in lieu of other treatment provided for in the Plan for Existing Holdings Equity Interests and the Management Agreement Claims, the holders of such interests and claims will have an opportunity to participate in the Noteholder Plan Settlement as outlined in the Plan, pursuant to which they could receive their pro rata share of 877,001 shares of equity in the Reorganized Entity in exchange for their Management Agreement Claims and granting contractual releases to the Released Parties.

61. Irrespective of the ultimate structure of the Reorganized Debtors, the U.S. Borrowers (and, as applicable, the U.S. Guarantors) and the Canadian Borrower (and, as applicable, the Canadian Guarantors) seek to amend and restate the ABL Credit Agreement by and among the U.S. Borrowers, the U.S. Guarantors, the Canadian Borrower, the Canadian Guarantors, and the banks serving as lenders (the “Exit Lenders”) pursuant to such agreement (as amended and restated, the “Exit Credit Facility” or “Fourth Amended and Restated Credit Agreement”). The Fourth Amended and Restated Credit Agreement will provide exit financing to support the plan contemplated by the Restructuring Support Agreement and the ongoing working capital requirements of the reorganized Debtors in the approximate amount of \$719.5 million in revolving credit commitment and term loans:

- up to approximately \$496 million in senior secured domestic revolving facility for the U.S. Borrowers (including a \$40,000,000 sub-limit for letters of credit and a \$40,000,00 sub-limit for swingline loans);

- (ii) up to approximately \$149 million (including a \$20,000,000 sub-limit for letters of credit and a \$15,000,00 sub-limit for swingline loans) in senior secured Canadian revolving facility for the Canadian Borrower;
- (iii) a term loan consisting of converted pre-petition obligations owed to KKR Financial CLO 2005-1, Ltd., KKR Financial CLO 2005-2, Ltd. and KKR Financial CLO 2006-1, Ltd. (collectively, “KKR”), which shall not exceed approximately \$27 million minus an amount equal to the product of \$60,000,000 multiplied by a percentage, (x) the numerator of which is the balance of the portion of all debts, liabilities and obligations of the U.S. Borrowers, the U.S. Guarantors, the Canadian Borrower and the Canadian Guarantor under the ABL Credit Agreement (the “Existing Obligations”) owed to KKR at any time (the “KKR Existing Obligations”) immediately prior to the closing of the revolving credit facilities (the “Facilities”) and (y) the denominator of which is the sum of \$603 million plus the balance of the KKR Existing Obligations on the Effective Date of a pre-packaged or pre-arranged plan of reorganization in accordance with the Restructuring Support Agreement, which is to be applied to the KKR Existing Obligations immediately prior to the closing of the Facilities; and
- (iv) a term loan consisting of converted pre-petition existing obligations owed to pre-petition domestic lenders other than KKR, which shall not exceed approximately \$106 million minus an amount equal to the product of \$60,000,000 multiplied by a percentage, (x) the numerator of which is \$603 million and (y) the denominator of which is the sum of \$603 million plus the balance of the KKR Existing Obligations immediately prior to the closing of the Facilities, which is to be applied to the Existing

Obligations owed to pre-petition domestic lenders other than KKR immediately prior to the closing of the Facilities of approximately \$57 million.

62. The senior secured domestic facilities will be secured by duly perfected, first priority liens in favor of the ABL Agent (for the benefit of the Exit Lenders) upon all assets of each U.S. Borrower and each U.S. Guarantor, whether real or personal, tangible or intangible, now existing or hereafter created, acquired or arising, and wherever located and 65% of the equity interests of any foreign subsidiaries, including without limitation, the Canadian Borrower. The senior secured Canadian facility will be secured by duly perfected, first priority liens in favor of the ABL Agent (for the benefit of the Canadian Exit Lenders) upon all assets of each Borrower and Guarantor (including the U.S. Borrowers and U.S. Guarantors), whether real or personal, tangible or intangible, now existing or hereafter created, acquired or arising, and wherever located. The effectiveness of the Fourth Amended and Restated Credit Agreement and the obligation of the Exit Lenders to fund thereunder are conditioned upon, among other things, the consummation of the Plan and Rights Offering.

63. The Plan will significantly delever the Debtors' balance sheet and allow the Debtors to continue the successful operation of their businesses. Because the Plan provides more value to creditors than would have been possible under a liquidation of the Debtors' businesses, the Debtors anticipate confirming the Plan within a short timeframe. The Debtors believe that the swift emergence contemplated under the Plan will enhance the Debtors' ability to continue to focus on providing services to its clients.

PART II

FIRST DAY PLEADINGS

64. In furtherance of ModSpace's restructuring efforts, the Debtors will file First Day Pleadings substantially contemporaneously with this Declaration, and respectfully request that

this Court enter the proposed orders granting the relief requested in such First Day Pleadings. I believe that the relief sought in each of the First Day Pleadings (a) is vital to the Debtors' transition to, and operation in, chapter 11 with minimal interruption or disruption to their businesses or loss of productivity or value, and (b) constitutes a critical element in maximizing value during these Chapter 11 Cases.

65. The First Day Pleadings that are sought to be heard at the First Day hearing in these Chapter 11 Cases are:

- a. Debtors' Motion for Order Directing Joint Administration of Cases Pursuant to Bankruptcy Rule 1015(b) and Local Bankruptcy Rule 1015-1;
- b. Debtors' Motion for Interim and Final Orders Under Bankruptcy Code Sections 105(a), 363(b), 541, 507(a) 1107(a) and 1008 and Bankruptcy Rule 6003, Authorizing Debtors to Pay Prepetition Wages, Compensation and Employee Benefits;
- c. Debtors' Motion for Interim and Final Orders Pursuant to Bankruptcy Code Sections 105(a), 345(b), 363, 503(b) 1107 and 1008, Bankruptcy Rule 6003 and 6004, and Local Bankruptcy Rule 2015-2 (I) Authorizing Continued Maintenance of Prepetition Bank Accounts and Payment of Related Prepetition Obligations, (II) Authorizing Continued Use of Existing Cash Management System, (III) Authorizing Continued Use of Existing Business Forms, (IV) Authorizing the Continuation of, and Accordance of Administrative Expense Priority Status to, Intercompany Transactions and Granting the Debtors a Waiver of the Requirements Ccontained in Section 345(b) of the Bankruptcy Code on an Interim and Final Basis;
- d. Debtors' Motion for Interim and Final Orders (1) Approving Post-Petition Financing, (2) Granting Liens and Providing Superpriority Administrative Expense Claim Status Pursuant to 11 U.S.C. §§ 363 and 364, (3) Granting Adequate Protection to Pre-Petition Secured

Parties Pursuant to 11 U.S.C. §§ 361, 362, 363 and 364 (3) Modifying the Automatic Stay Pursuant to 11 U.S.C. § 362 and (4) Scheduling Final Hearing Pursuant to Bankruptcy Rule 4001(C);

e. Debtors' Motion For Entry of an Order Authorizing the Debtors to Pay Prepetition Claims of General Unsecured Creditors in the Ordinary Course of Business;

f. Motion of Debtors, Pursuant to Sections 105(a) and 107(b) of the Bankruptcy Code, for Entry of an Order Authorizing Debtors to File Under Seal the Fee Letters Relating to Postpetition Financing Motion;

g. Debtors' Application for Entry of Order Pursuant to Section 156(c) of Title 28 of the United States Code, Bankruptcy Code Section 105(a), Bankruptcy Rule 2002, and Local Bankruptcy Rule 2002-1(f) Authorizing Debtors to Employ and Retain Kurtzman Carson Consultants LLC as Claims and Noticing Agent Nunc Pro Tunc to the Petition Date;

h. Motion of Debtors for Order Pursuant to Sections 105(a), 363(b), 507(a), 541, 1107(a) and 1108 of the Bankruptcy Code, and Bankruptcy Rules 6003 and 6004, Authorizing Payment of Prepetition Taxes and Fees;

i. Debtors' Motion for Interim and Final Orders Pursuant to Bankruptcy Code Sections 105(a) and 366 (I) Approving Debtors' Proposed Form of Adequate Assurance of Payment, (II) Establishing Procedures for Resolving Objections by Utility Companies and (III) Prohibiting Utility Companies from Altering, Refusing or Discontinuing Service;

j. Debtors' Motion for Order under Bankruptcy Code Section 1505 Authorizing Modular Space Corporation to Act as Foreign Representative on Behalf of the Debtors' Estates;

k. Debtors' Motion for an Order (I) Confirming the Enforcement and Applicability of Section 362 of the Bankruptcy Code and (II) Confirming the Debtors' Authority with Respect to Postpetition Operations;

l. Debtors' Motion under Bankruptcy Code Sections 105, 362 and 541 for an Interim Order Establishing Notification Procedures and Approving Restrictions on Certain Transfers of the Debtors' Parents' Equity Securities;

m. Debtors' Motion for Entry of an Order (I) Scheduling a Combined Disclosure Statement Approval and Plan Confirmation Hearing, (II) Establishing a Plan and Disclosure Statement Objection Deadline and Related Procedures, (III) Approving Solicitation and Related Procedures, (IV) Approving the Notice Procedures, (V) Approving Notice and Objection Procedures for the Assumption, Assignment and Rejection Of Executory Contracts and Unexpired Leases and (VI) Extending the Time and, Upon Confirmation, Waiving the Requirements that Statements and Schedules Be Filed and a Creditors' Meeting Be Convened;

n. Debtors' Motion for Entry of an Order (A) Establishing Bar Dates for Filing Proofs of Claim, (B) Approving Manner For Filing Proofs Of Claim, (C) Approving Notice Thereof, and (D) Granting Related Relief; and

o. Debtors' Motion for an Order Approving Procedures for Rights Offering and Related Forms and Authorizing the Debtors to Conduct the Rights Offering in Connection with the Debtors' Joint Plan of Reorganization Pursuant to Chapter 11 of the Bankruptcy Code.

66. I have reviewed each of the First Day Pleadings (including the exhibits and schedules attached thereto) listed above, and, to the best of my knowledge, I believe that the facts set forth in the First Day Pleadings are true and correct. If I were called upon to testify, I could

and would, based on the foregoing, testify competently to the facts set forth in each of the First Day Pleadings.

67. Furthermore, as a result of my personal knowledge, information supplied to me by other members of ModSpace's management and from my colleagues that perform services for the Debtors, from my review of relevant documents, or upon my opinion based upon my experience, discussions with the Debtors' advisors and knowledge of ModSpace's operations and financial condition, I believe the relief sought in the First Day Pleadings is necessary for the Debtors to effectuate a smooth transition into chapter 11 bankruptcy, to avoid irreparable harm to their businesses and estates, and is in the best interests of the Debtors' creditors, estates and other stakeholders.

68. Accordingly, for the reasons stated herein and in each of the First Day Pleadings filed concurrently or in connection with the commencement of these Chapter 11 Cases, I believe that the relief sought in the First Day Pleadings should be granted by the Court in its entirety, together with such other and further relief for the Debtors as this Court deems just and proper, in the most expeditious manner possible.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

Executed: December 21, 2016
New York, New York

By:

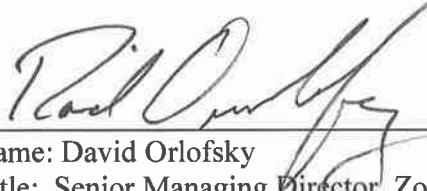
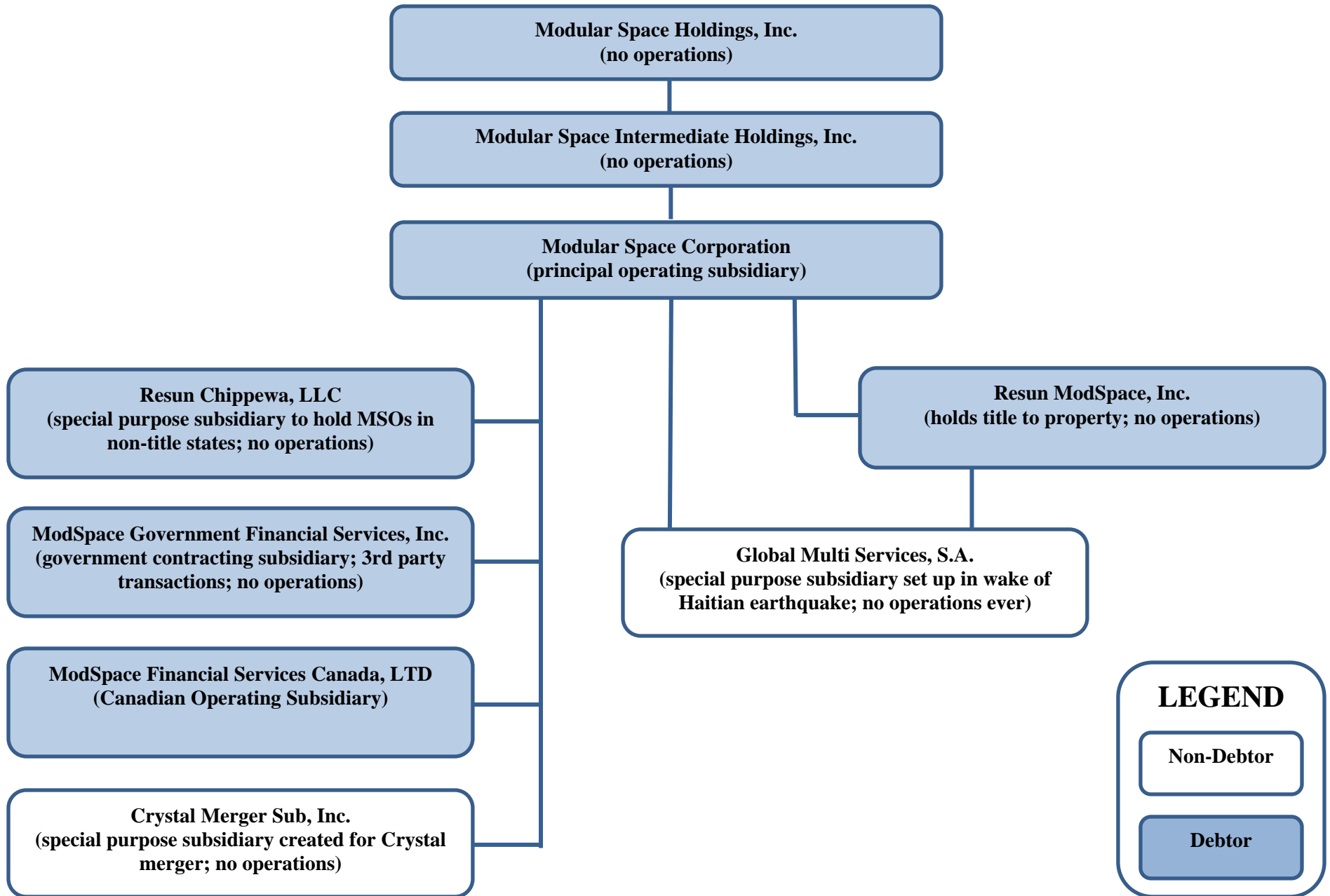

Name: David Orlofsky
Title: Senior Managing Director, Zolfo Cooper LLP

EXHIBIT A

Corporate Organizational Chart

ModSpace Corporate Structure



I swear that this is Exhibit "C" to my Affidavit sworn December 23, 2016.

SWORN BEFORE ME at the City of)
New York, in the State of New York, U.S.A.)
this 23rd day of December, 2016.)

Cecily Pereira)
Notary Public)

David Orlofsky
DAVID ORLOFSKY

Cecily Pereira
Notary Public, State of New York
No. 01FE6278148
Qualified in New York County
Commission Expires March 8, 2017



**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

----- X
 In re: : Chapter 11
 :
 MODULAR SPACE HOLDINGS, INC., et al., : Case No. 16-12825 (KJC)
 :
 : Jointly Administered
 :
 Debtors.¹ : Re: D.I. 6
 :
 ----- X

ORDER AUTHORIZING MODULAR SPACE CORPORATION TO ACT AS FOREIGN REPRESENTATIVE ON BEHALF OF THE DEBTORS' ESTATES

Upon the motion (the "Motion"),² of the Debtors for entry of an order, pursuant to section 1505 of title 11 of the United States Code, authorizing Modular Space Corporation to act as foreign representative ("Foreign Representative") on behalf of the Debtors' estates, as more fully set forth in the Motion; and upon consideration of the First Day Declaration; and due and sufficient notice of the Motion having been given under the particular circumstances, and it appearing that no other or further notice is necessary; and the Court having jurisdiction to consider the Motion and the relief requested therein in accordance with 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware, dated as of February 29, 2012; and consideration of the Motion and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and it appearing that the relief

¹ The Debtors and the last four digits of their respective United States Tax Identification Number, or similar foreign identification number, as applicable, are as follows: Modular Space Holdings, Inc. (8595); Modular Space Intermediate Holdings, Inc. (1161); Modular Space Corporation (5284); Resun ModSpace, Inc. (0701); ModSpace Government Financial Services, Inc. (8573); ModSpace Financial Services Canada, Ltd. (CRA BN 0001); and Resun Chippewa, LLC (6773). The address of the Debtors' corporate headquarters is 1200 Swedesford Road, Berwyn, PA 19312.

² Capitalized terms used but not defined herein shall have the same meaning ascribed to them in the Motion.

requested in the Motion is in the best interests of the Debtors, their estates, their creditors, and other parties in interest; and after due deliberation thereon; and good and sufficient cause appearing therefor; it is hereby,

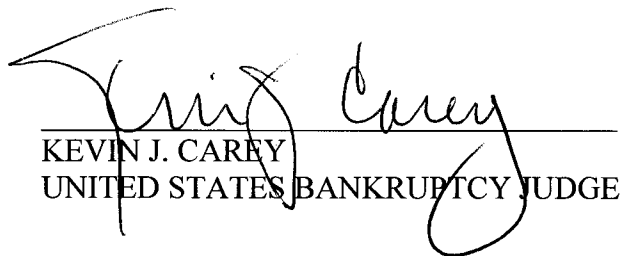
ORDERED, ADJUDGED, AND DECREED THAT:

1. The Motion is GRANTED as set forth herein.
2. Modular Space Corporation is authorized to act as Foreign Representative on behalf of the Debtors' estates in any judicial or other proceeding in a foreign country, including the Canadian Proceedings, and may act in any way permitted by applicable foreign law, including, without limitation, (i) seeking recognition of these Chapter 11 Cases in the Canadian Proceedings, (ii) requesting that the Canadian Court lend assistance to this Court in protecting the property of the Debtors' estates, and (iii) seeking any other appropriate relief from the Canadian Court that Modular Space Corporation deems just and proper in furtherance of the protection of the Debtors' estates.
3. This Court requests the aid and assistance of the Canadian Court to recognize these Chapter 11 Cases as a "foreign main proceeding" and Modular Space Corporation as a "foreign representative" pursuant to the CCAA and to recognize and give full force and effect to this Order in all provinces and territories of Canada.
4. This Court requests the assistance of the Canadian Court to act in aid of and be auxiliary to this Court in relation to the protection of the Debtors' estates in Canada, including by giving effect to the automatic stay under section 362(a) of the Bankruptcy Code in Canada.
5. The terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

6. The Debtors are authorized and empowered to take all actions necessary to implement the relief granted in this Order.

7. This Court shall retain jurisdiction with respect to all matters arising from or related to the implementation, interpretation, or enforcement of this Order.

Dated: December 22, 2016
Wilmington, Delaware



KEVIN J. CAREY
UNITED STATES BANKRUPTCY JUDGE

I swear that this is Exhibit "D" to my Affidavit sworn December 23, 2016.

SWORN BEFORE ME at the City of)
New York, in the State of New York, U.S.A.)
this 23rd day of December, 2016.)

Cecily Pereira)
Notary Public)

David Orlofsky
DAVID ORLOFSKY

Cecily Pereira
Notary Public, State of New York
No. 01FE6278148
Qualified in New York County
My Commission Expires March 8, 2017



**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

----- X
In re: : Chapter 11
MODULAR SPACE HOLDINGS, INC., : Case No. 16-12825 (KJC)
Debtor. :

----- X
In re: : Chapter 11
MODULAR SPACE INTERMEDIATE : Case No. 16-12826 (KJC)
HOLDINGS, INC., :
Debtor. :

----- X
In re: : Chapter 11
MODULAR SPACE CORPORATION, : Case No. 16-12827 (KJC)
Debtor. :

----- X
In re: : Chapter 11
RESUN MODSPACE, INC., : Case No. 16-12828 (KJC)
Debtor. :
----- X

----- X
 In re: : Chapter 11
 :
 MODSPACE GOVERNMENT FINANCIAL : Case No. 16-12829 (KJC)
 SERVICES, INC., :
 :
 Debtor. :
 :
 ----- X

In re: : Chapter 11
 :
 MODSPACE FINANCIAL SERVICES : Case No. 16-12830 (KJC)
 CANADA, LTD., :
 :
 Debtor. :
 :
 ----- X

In re: : Chapter 11
 :
 RESUN CHIPPEWA, LLC, : Case No. 16-12831 (KJC)
 :
 Debtor. :
 :
 Re: D.I. 5
 :
 ----- X

**ORDER DIRECTING JOINT ADMINISTRATION OF CASES PURSUANT TO
BANKRUPTCY RULE 1015(b) AND LOCAL RULE 1015-1**

Upon the motion (the "Motion")¹ of the Modular Space Holdings, Inc. ("Holdings") and certain of its affiliates, as debtors and debtors in possession in the above-captioned cases (collectively, the "Debtors"), for an order (this "Order") providing for the joint administration of the Chapter 11 Cases for procedural purposes only, as more fully set forth in the Motion; and the Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334 the *Amended Standing Order of Reference* from

¹ Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Motion or the First Day Declaration.

the United States District Court for the District of Delaware, dated as of February 29, 2012; and the Court having determined that consideration of the Motion is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and adequate notice of the Motion having been given as set forth in the Motion; and it appearing that no other or further notice is necessary; and upon the record herein; and the Court having determined that the legal and factual bases set forth in the Motion and First Day Declaration establish just cause for the relief requested in the Motion, and that such relief is in the best interests of the Debtors, their estates, their creditors and the parties in interest; and upon the record in these proceedings; and after due deliberation; it is hereby

ORDERED, ADJUDGED AND DECREED that:

1. The Motion is GRANTED as set forth herein.
2. Each of the above-captioned Chapter 11 Cases of the Debtors will be, and hereby is, jointly administered by the Court.
3. The caption of the jointly administered cases shall read as follows:

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

----- X
In re: : Chapter 11
: MODULAR SPACE HOLDINGS, INC., et al., : Case No. 16-12825 (KJC)
: Debtors.¹ : Jointly Administered
: :
----- X

¹. The Debtors and the last four digits of their respective United States Tax Identification Number, or similar foreign identification number, as applicable, are as follows: Modular Space Holdings, Inc. (8595); Modular Space Intermediate Holdings, Inc. (1161); Modular Space Corporation (5284); Resun ModSpace, Inc. (0701); ModSpace Government Financial Services, Inc. (8573); ModSpace Financial Services Canada, Ltd. (CRA BN 0001); and Resun Chippewa, LLC (6773). The address of the Debtors' corporate headquarters is 1200 Swedesford Road, Berwyn, PA 19312.

4. Each motion, application, and notice shall be captioned as indicated in the preceding decretal paragraph, and all original docket entries shall be made in the case of Holdings, Case No. 16-12825 (KJC).

5. The requirements under section 342(c)(1) of the Bankruptcy Code are hereby satisfied.

6. The requirements under Bankruptcy Rule 2002(n) that any other names used by the Debtors in the previous eight years and each Debtor's employer identification number be contained in the caption are hereby waived.

7. A docket entry shall be made in each of the Debtors' cases (except that of Holdings) substantially as follows:

An order has been entered in this case consolidating the chapter 11 cases of Modular Space Intermediate Holdings, Inc.; Modular Space Corporation; Resun ModSpace, Inc.; ModSpace Government Financial Services, Inc.; ModSpace Financial Services Canada, Ltd.; and Resun Chippewa, LLC with the case of Modular Space Holdings, Inc. for procedural purposes only and providing for its joint administration in accordance with the terms thereof. The docket in the chapter 11 cases of Modular Space Holdings, Inc., Case No. 16-12825 (KJC), should be consulted for all matters affecting this case.

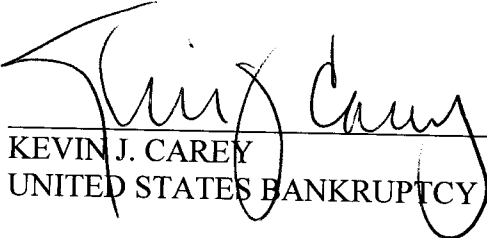
8. Any creditor filing a proof of claim against any of the Debtors shall clearly assert such claim against the particular Debtor allegedly obligated on such claim and not against the jointly administered Debtors, except as otherwise provided in any other order of this Court.

9. One consolidated docket, one file, and one consolidated service list shall be maintained for the Chapter 11 Cases by the Debtors and kept by the Clerk of the United States Bankruptcy Court for the District of Delaware, which file and docket shall be the file and docket for the chapter 11 case of Debtor Holdings, Case No. 16-12825 (KJC).

10. Nothing contained in the Motion or this Order shall be deemed or construed as directing or otherwise effecting a substantive consolidation of the Chapter 11 Cases.

11. This Court shall retain jurisdiction with respect to all matters arising from or related to the implementation, interpretation, or enforcement of this Order.

Dated: December 22, 2016
Wilmington, Delaware



KEVIN J. CAREY
UNITED STATES BANKRUPTCY JUDGE

I swear that this is Exhibit "E" to my Affidavit sworn December 23, 2016.

SWORN BEFORE ME at the City of)

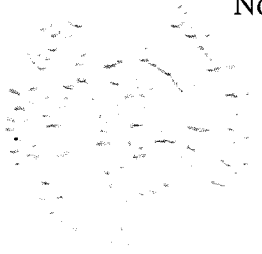
New York, in the State of New York, U.S.A.)

this 23rd day of December, 2016.)

Cecily Pereira)

Notary Public)

David Orlofsky
DAVID ORLOFSKY



Cecily Pereira
Notary Public, State of New York
No. 01FE6278148
Qualified in New York County
My Commission Expires March 8, 2017

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

	x	
	:	
In re:	:	Chapter 11
	:	
MODULAR SPACE HOLDINGS, INC., et al.,	:	Case No. 16-12825 (KJC)
	:	
Debtors. ¹	:	Jointly Administered
	:	
	x	Re: D.I. 12

**INTERIM ORDER UNDER
BANKRUPTCY CODE SECTIONS 105(a), 363(b), 507(a), 1107(a) AND 1108 AND
BANKRUPTCY RULES 6003 AND 6004, AUTHORIZING DEBTORS TO PAY
PREPETITION WAGES, COMPENSATION, AND EMPLOYEE BENEFITS**

Upon the motion (the "Motion")² of the Debtors for entry of interim and final orders, (i) authorizing, but not directing, the Debtors, inter alia, to pay prepetition wages, salaries, bonuses, commissions, and employee benefits, (ii) authorizing, but not directing, the Debtors to continue the maintenance of all employee benefit programs in the ordinary course, and (iii) authorizing financial institutions to receive, process, honor, and pay all checks, drafts, and other forms of payment, including fund transfers, used by the Debtors relating to the foregoing; and the Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334, and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware, dated as of February 29, 2012; and the Court having determined that consideration of the Motion is a core proceeding pursuant

¹ The Debtors and the last four digits of their respective United States Tax Identification Number, or similar foreign identification number, as applicable, are as follows: Modular Space Holdings, Inc. (8595); Modular Space Intermediate Holdings, Inc. (1161); Modular Space Corporation (5284); Resun ModSpace, Inc. (0701); ModSpace Government Financial Services, Inc. (8573); ModSpace Financial Services Canada, Ltd. (CRA BN 0001); and Resun Chippewa, LLC (6773). The address of the Debtors' corporate headquarters is 1200 Swedesford Road, Berwyn, PA 19312.

² Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Motion or the First Day Declaration.

to 28 U.S.C. § 157(b)(2), and that the Court may enter a final order consistent with Article III of the United States Constitution; and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and upon consideration of the First Day Declaration; and due and sufficient notice of the Motion having been given under the particular circumstances; and it appearing that no other or further notice is necessary; and it appearing that the relief requested in the Motion is in the best interests of the Debtors, their estates, their creditors, and other parties in interest; and after due deliberation thereon; and good and sufficient cause appearing therefore; it is hereby,

ORDERED, ADJUDGED, AND DECREED that:

1. The Motion is GRANTED as set forth herein on an interim basis.
2. If necessary, the final hearing on the Motion is set for January 19, 2017, at 11:00 a.m. (Eastern Time). Any objection or response to the Motion or entry of a final order thereon shall be filed and served upon proposed counsel to the Debtors so as to be received by 4:00 p.m. (Eastern Time) on December 12, 2017.
3. If no objections or responses are filed to the Motion, the Court may enter a final order without further notice or hearing.
4. The Debtors are authorized, but not directed, to pay or honor, in their sole discretion, the Prepetition Employee Obligations as and when such obligations are due, including any amounts in excess of the limits provided for by Bankruptcy Code sections 507(a)(4) or 507(a)(5).
5. The Debtors are authorized, but not directed, in their sole discretion, to honor the Employee Benefit Obligations and Employee Expense Obligations that were in effect as of the Petition Date, including, but not limited to: holidays, vacation, PTO, short-term disability program, long-term disability program, Flexible Spending Accounts, Medical Plans, Dental Plan,

Vision Plan, life and AD&D insurance, 401(k) Plan, Defined Contribution Pension Plan, Reimbursable Expenses, and Workers' Compensation Insurance, and to continue such programs in the ordinary course; provided, however, that no Employee may receive payment pursuant to this Interim Order of amounts in excess of the limits provided for by Bankruptcy Code sections 507(a)(4) or 507(a)(5); and provided further, however, that such relief shall not constitute or be deemed an assumption or an authorization to assume any of such Employee Benefit Obligations, including, but not limited to, policies, plans, programs, practices, and procedures, under Bankruptcy Code section 365(a).

6. The Debtors are authorized, but not directed, in their sole discretion, to pay all Employee Withholdings as and when such obligations are due. The Debtors may remit any and all amounts withheld from Employees, including Social Security, FICA, federal, state and provincial, and local taxes, Canadian Pension Plan payments, Quebec Pension Plan payments, Canada Revenue Agency employment insurance payments, garnishments, healthcare payments, other insurance premiums, retirement fund withholdings, and other types of withholdings, whether these amounts relate to before or after the Petition Date.

7. To the extent that the Debtors elect to make payments pursuant to the Medical Plans, such payments shall be made without regard to the current employment status of the Employee who incurred (or whose covered family member incurred) a medical expense for which payment is sought, provided that the medical expenses for which the payments are sought are otherwise eligible for payment under the applicable terms of the Medical Plans.

8. Subject to the terms and conditions of the Cash Management Order, the Debtors' banks and financial institutions are authorized, at the direction of the Debtors (and subject to the availability of adequate funds in the account and any applicable account agreement), to receive,

process, honor, and pay all prepetition and postpetition checks, drafts, wires, ACH transfers and fund transfers on account of the Prepetition Employee Obligations that had not been honored and paid as of the Petition Date, provided that sufficient funds are on deposit in the applicable accounts to cover such payments. The Debtors' banks and other financial institutions shall rely on the directions and representations of the Debtors as to which checks and fund transfers should be honored and paid pursuant to this order, and any such bank shall not have any liability to any party for relying on such direction by the Debtors as provided for in this order or for inadvertently failing to follow such direction.

9. The Debtors' banks shall not attempt to reverse or place a hold on any automatic transfers to any account that the Debtors inform the Debtors' banks are an account of a party for the Prepetition Employee Obligations. The Debtors shall be and hereby are authorized to issue new postpetition checks or effect new postpetition fund transfers on account of the Prepetition Employee Obligations to replace any prepetition checks or fund transfer requests that may be dishonored or rejected.

10. To the extent that the Debtors have not yet sought to remit payment on account of the Prepetition Employee Obligations, the Debtors are authorized, but not directed, to issue checks or provide for other means of payment of the Prepetition Employee Obligations.

11. Notwithstanding the relief granted herein and any actions taken hereunder, nothing herein is intended to create, nor shall it create, any rights in favor of, or enhance the status of any claim held by, any Employee or other third party.

12. Nothing in the Motion or this order shall be construed as impairing the Debtors' right to contest the validity, priority, or amount of any Prepetition Employee Obligations allegedly due or owing, and all of the Debtors' rights with respect thereto are hereby reserved.

13. Any party receiving payment from the Debtors is authorized and directed to rely upon the representations of the Debtors as to which payments are authorized by this order.

14. Nothing in the Motion or this order or the relief granted herein (including any actions taken or payments made by the Debtors pursuant to the relief granted herein) shall (a) be construed as a request for authority to assume any executory contract under Bankruptcy Code section 365; (b) waive, affect, or impair any of the Debtors' rights, claims, or defenses, including, but not limited to, those arising from Bankruptcy Code section 365, other applicable law, or any agreement; (c) grant third-party beneficiary status or bestow any additional rights on any third party; or (d) be otherwise enforceable by any third party other than the Banks.

15. Notice of the Motion as provided therein shall be deemed good and sufficient notice, and the requirements of the Bankruptcy Rules and Local Rules are satisfied thereby.

16. This Court finds that the relief requested is necessary to avoid immediate and irreparable harm and that the requirements of Bankruptcy Rule 6003 are satisfied.

17. Notwithstanding any applicable Bankruptcy Rule or Local Rule, including Bankruptcy Rule 6004(h), the terms and conditions of this Order are effective and enforceable immediately upon its entry.

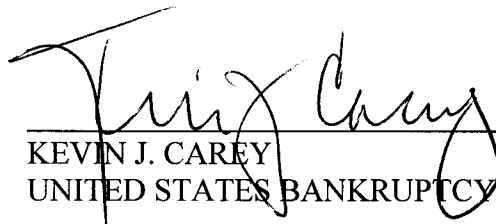
18. The requirements set forth in Local Rule 9013-1 are satisfied by the contents of the Motion.

19. Nothing in the Motion or this Interim Order shall be construed to authorize any payments governed by section 503(c)(3) of the Bankruptcy Code.

20. The Debtors are authorized and empowered to take all actions necessary to implement the relief granted in this Order.

21. This Court shall retain jurisdiction with respect to all matters arising from or related to the implementation, interpretation, or enforcement of this Order.

Dated: December 22, 2016
Wilmington, Delaware



KEVIN J. CAREY
UNITED STATES BANKRUPTCY JUDGE

I swear that this is Exhibit "F" to my Affidavit sworn December 23, 2016.

SWORN BEFORE ME at the City of)
New York, in the State of New York, U.S.A.)
this 23rd day of December, 2016.)

Cecily Pereira)
Notary Public)

David Orlofsky
DAVID ORLOFSKY



Cecily Pereira
Notary Public, State of New York
No. 01FE6278148
Qualified in New York County
Commission Expires March 8, 2017

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

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In re: : Chapter 11

:

MODULAR SPACE HOLDINGS, INC., et al., : Case No. 16-12825 (KJC)

:

Debtors.¹ : Jointly Administered

:

----- X Re D.I.: 9

INTERIM ORDER PURSUANT TO BANKRUPTCY CODE SECTIONS 105(a), 345(b), 363, 364, 503(b), 1107, AND 1108, BANKRUPTCY RULES 6003 AND 6004, AND LOCAL BANKRUPTCY RULE 2015-2 (I) AUTHORIZING CONTINUED MAINTENANCE OF PREPETITION BANK ACCOUNTS AND PAYMENT OF RELATED PREPETITION OBLIGATIONS, (II) AUTHORIZING CONTINUED USE OF EXISTING CASH MANAGEMENT SYSTEM, (III) AUTHORIZING CONTINUED USE OF EXISTING BUSINESS FORMS, (IV) AUTHORIZING THE CONTINUATION OF, AND ACCORDANCE OF ADMINISTRATIVE EXPENSE PRIORITY STATUS TO, INTERCOMPANY TRANSACTIONS AND (V) GRANTING THE DEBTORS A WAIVER OF THE REQUIREMENTS CONTAINED IN SECTION 345(b) OF THE BANKRUPTCY CODE ON AN INTERIM AND FINAL BASIS

Upon the motion (the “Motion”)² of the Debtors for entry of an interim order (the “Order”), pursuant to sections 105(a), 345(b), 363, 364, 503(b), 1007, and 1108 of the Bankruptcy Code, Bankruptcy Rules 6003 and 6004, and Local Rule 2015-2 (i) authorizing continued maintenance of prepetition bank accounts and payment of related prepetition obligations, (ii) authorizing continued use of existing Cash Management System, (iii) authorizing continued use of existing Business Forms, (iv) authorizing the continuation of, and accordance of

¹ The Debtors and the last four digits of their respective United States Tax Identification Number, or similar foreign identification number, as applicable, are as follows: Modular Space Holdings, Inc. (8595); Modular Space Intermediate Holdings, Inc. (1161); Modular Space Corporation (5284); Resun ModSpace, Inc. (0701); ModSpace Government Financial Services, Inc. (8573); ModSpace Financial Services Canada, Ltd. (CRA BN 0001); and Resun Chippewa, LLC (6773). The address of the Debtors’ corporate headquarters is 1200 Swedesford Road, Berwyn, PA 19312.

² Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Motion or the First Day Declaration.

administrative expense priority status to, certain Intercompany Transactions and (v) granting the debtors a waiver of the requirements contained in section 345(b) of the Bankruptcy Code on an interim and final basis; and the Court having jurisdiction to consider the Motion and the relief requested pursuant to 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware, dated as of February 29, 2012; and the Court having determined that consideration of the Motion is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2); and upon the First Day Declaration; and due and sufficient notice of the Motion having been given under the particular circumstances; and it appearing that no other or further notice need be provided; and it appearing that the relief requested by the Motion is in the best interests of the Debtors, their estates, their creditors, and other parties in interest; and after due deliberation thereon and good and sufficient cause appearing therefore, it is hereby,

ORDERED, ADJUDGED AND DECREED that:

1. The Motion is GRANTED on an interim basis as set forth herein.
2. Pursuant to sections 105(a) and 363(b) of the Bankruptcy Code, the Debtors, in their discretion, are authorized, but not directed, to designate, maintain, and continue to use any and all of their Bank Accounts in existence as of the Petition Date, with the same account numbers, including the accounts identified in Exhibit D annexed to the Motion. To the extent such practices and/or Bank Accounts do not comply with the applicable requirements under the United States Trustee Guidelines or otherwise, such requirements under the United States Trustee Guidelines or otherwise are waived.
3. For banks at which the Debtors hold Bank Accounts that are party to a Uniform Depository Agreement with the Office of the United States Trustee for the District of Delaware, within fifteen (15) days of the date of entry of this Order the Debtors shall (a) contact each bank,

(b) provide the bank with each of the Debtors' employer identification numbers, and (c) identify each of their bank accounts held at such banks as being held by a debtor in possession in a bankruptcy case, and provide the case number.

4. The Debtors are authorized to open any new bank accounts or close any existing Bank Accounts as they may deem necessary and appropriate in their sole discretion; provided, however, that the Debtors shall open any such new Bank Accounts at banks that have executed a Uniform Depository Agreement with the Office of the United States Trustee for the District of Delaware, or at such banks that are willing to immediately execute such an agreement; provided further, however, that notice of the opening and closing of such accounts will be given by the Debtors to the Office of the United States Trustee for the District of Delaware and any official committee appointed in these cases.

5. The relief granted in this Order is extended to any new bank account opened by the Debtors, in accordance with the provisions of this Order, after the date hereof, which account shall be deemed a Bank Account, and to the bank at which such account is opened.

6. The Debtors shall maintain accurate and detailed records of all transfers, including intercompany transfers, so that all transactions may be readily ascertained, traced, recorded properly, and distinguished between prepetition and postpetition transactions.

7. Notwithstanding the United States Trustee Guidelines or any other applicable constraint, the Debtors are authorized, but not directed, to continue to use their existing Business Forms without alteration or change and without the designation "Debtor in Possession" or the case number imprinted upon them; provided, however, that once the Debtors' existing checks have been used, the Debtors shall, when reordering checks, require the designation "Debtor in Possession" and the corresponding bankruptcy case number on all checks.

8. The Debtors are authorized to continue to use their existing Cash Management System. The Debtors may, in the ordinary course of business, transfer funds into, out of, and through the Cash Management System in accordance with the Debtors' prepetition practices as set forth in the Motion. In connection with the ongoing utilization of their Cash Management System, the Debtors shall continue to maintain records with respect to all transfers of cash so that all transactions may be readily ascertained, traced, and recorded properly. Except as otherwise set forth herein, the Debtors are further authorized to implement any non-material changes to the Cash Management System that they deem appropriate in their discretion.

9. The Bank Accounts are deemed debtor in possession accounts. The Debtors are authorized, but not directed, to maintain and use the Bank Accounts in the same manner and with the same account numbers, styles, and document forms as those employed prior to the Petition Date, including, without limitation: (a) to deposit funds in, and withdraw funds from, the Bank Accounts by all usual means, including checks, wire transfers, and other debits; (b) to pay prepetition and postpetition ordinary course bank fees and other charges in connection with the Bank Accounts and Cash Management System; (c) to perform their prepetition and postpetition obligations under the documents and agreements governing the Bank Accounts; and (d) to treat the Bank Accounts for all purposes as accounts of the Debtors in their capacities as debtors in possession.

10. The Debtors are authorized, but not directed, to pay the Cash Management Claims. The Cash Management Claims relating to the fees and other charges incurred in connection with the Cash Management System shall have administrative expense priority status pursuant to section 503(b) of the Bankruptcy Code.

11. Each Bank is authorized to accept, rely upon and act upon, without further inquiry, all representations and instructions from the Debtors as to which checks, drafts, wires, or ACH transfers are dated prior to, on, or after the Petition Date and which checks are to be honored or dishonored, regardless of whether or not such payment or honoring is or is not authorized by an order of the Court. No Bank shall incur, and each Bank is hereby released from, any liability to any party on account of (a) following the Debtors' instructions or representations as to any order of this Court, (b) the honoring of any prepetition check or item in a good faith belief that the Court has authorized such prepetition check or item to be honored or (c) a mistake made despite implementation of reasonable item handling procedures, unless (in the case of each of (a), (b) and (c)) such inadvertence constituted gross negligence or willful misconduct on the part of such Bank. Each Debtor shall promptly provide a list of checks to each Bank for each Bank Account maintained at such Bank specifying, by check sequencing number, dollar amount, date of issue, and payee information, those checks that are to be dishonored by such Bank, which checks may include those issued after the Petition Date as well as those issued prior to the Petition Date that are not to be honored or paid according to any order of the Court, and each Bank may honor all other checks. Except for those checks, drafts, wires, or ACH transfers that are authorized or required to be honored under an order of the Court, the Debtors shall not instruct or request any Bank to pay or honor any check, draft, or other payment item issued on a Bank Account prior to the Petition Date but presented to such Bank for payment after the Petition Date.

12. Each Bank shall be authorized to exercise rights of offset with respect to any indebtedness at any time owed by the Debtors to such Bank that arises out of or relates to the Debtors' cash management system at such Bank, regardless of whether such indebtedness was

incurred or arose prior to or after the Petition Date, including, without limitation, (i) all fees and expenses (including, without limitation, analysis and overdraft fees or charges) related to the maintenance or administration of any Bank Account or lockbox or the processing of any ACH transfer or wire transfer, (ii) all checks drawn on the Bank Accounts that were cashed at the Banks' counters or exchanged for cashier's checks by the payees thereof prior to the Petition Date, (iii) all overdrafts in any Bank Account and any indebtedness arising from returned checks initially deposited in a Bank Account, and (iv) all amounts payable or reimbursable to such Bank at any time in respect of ACH transfers or wire transfers.

13. Each Debtor is authorized to incur credit and debit card debt, overdrafts and related liabilities arising from treasury, depository, and cash management services, including, without limitation, any automated clearinghouse fund transfers provided to or for the benefit of any Debtor by any Bank (or any affiliate of any Bank), provided that nothing herein shall require any Bank to allow overdrafts to be incurred or to provide any such services or functions to any Debtor. Notwithstanding anything to the contrary herein, no Bank shall be obligated to (i) extend credit to any Debtor, (ii) honor any check or other payment item drawn on a Bank Account at such Bank unless there are sufficient and collected funds in such Bank Account, or (iii) process any ACH transfer or wire transfer except upon terms and conditions that are acceptable to such Bank in its discretion.

14. Each Debtor and each Bank is authorized to continue to perform pursuant to the terms of any prepetition agreement that exists between them relating to any Bank Accounts or other cash management services except to the extent otherwise expressly provided in this Order, and the parties to such agreements shall continue to enjoy the rights, benefits, liens, offset rights,

privileges, and remedies afforded them under such agreements except to the extent expressly modified by the terms of this Order.

15. The Debtors are authorized to continue engaging in Intercompany Transactions in connection with the Cash Management System in the ordinary course of business. The Intercompany Claims arising postpetition relating to the Intercompany Transactions shall have administrative expense priority status pursuant to section 503(b) of the Bankruptcy Code.

16. Notwithstanding the Debtors' use of a consolidated cash management system, the Debtors shall calculate quarterly fees payable under 28 U.S.C. § 1930(a)(6) based on the disbursements of (or on behalf of) each Debtor regardless of which entity actually makes such disbursements.

17. The Debtors' time to comply with section 345(b) of the Bankruptcy Code with respect to the Debtors' bank accounts held by ModSpace Financial Services Canada, Ltd. and maintained by Royal Bank of Canada is hereby extended pursuant to Local Rule 2015-2(b) for a period of forty-five (45) days, without prejudice to their right to seek a further waiver (which may be obtained without further order by agreement between the Debtors and the Office of the United States Trustee, or may be sought via motion and subsequent order), provided that nothing contained in such waiver shall affect the rights and obligations of any Bank under any Uniform Depository Agreement it may have with the Office of the United States Trustee covering the Debtors' bank accounts.

18. The Debtors shall serve a copy of this Order on the Banks within five (5) business days of the entry of this Order, and upon any bank at which the Debtors open a new bank account, immediately upon the opening of such new account.

19. To the extent applicable, the Court finds and determines that the requirements of Bankruptcy Rule 6003 are satisfied and that the relief requested is necessary to avoid immediate and irreparable harm.

20. Notwithstanding Bankruptcy Rule 6004(h), this Order shall be effective and enforceable immediately upon entry hereof.

21. Nothing hereto or in the Motion, and no actions taken by the Debtors pursuant hereto or thereto, shall (i) prejudice the Debtors' ability to contest the amount or validity of any claim, or (ii) constitute an assumption or rejection of an executory contract under Bankruptcy Code section 365.

22. The final hearing on this Motion is set for January 19, 2017, at 11:00 a.m. (prevailing Eastern Time). Any objections or responses to entry of the proposed Final Order shall be filed and served, so as to be received by 4:00 p.m. (prevailing Eastern Time) on January 12, 2017, upon: (i) the Debtors, care of Modular Space Holdings, Inc., 1200 Swedesford Road, Berwyn, PA 19312, Attention: Charles Paquin, President and James Sheets, Esq.; (ii) proposed counsel for the Debtors, Cleary Gottlieb Steen & Hamilton LLP, One Liberty Plaza, New York, NY 10006, Attention: James L. Bromley, Esq. and Jane VanLare, Esq. (iii) proposed co-counsel for the Debtors, Young Conaway Stargatt & Taylor LLP, Rodney Square, 100 North King Street, Wilmington, DE 19801 Attn: Pauline K. Morgan, Esq. and Joel A. Waite, Esq.; (iv) counsel to ad hoc group of the Debtors' secured prepetition bondholders, Dechert LLP, 1095 Avenue of the Americas, New York, NY 10036, Attention: Michael J. Sage, Esq.; (v) counsel to the agents for the Debtors' prepetition and postpetition secured lenders, Parker Hudson Rainer & Dobbs LLP, 303 Peachtree Street NE, Suite 3600, Atlanta, GA 30308, Attention: C. Edward Dobbs, Esq.; (vi) counsel to Calera Capital Advisors, L.P., Morris, Nichols, Arsht & Tunnel, 1201 N Market

St #1800, Wilmington, DE 19801, Attention: Robert J. Dehney, Esq. and Gregory W. Werkheiser, Esq.; and (vii) the Office of the United States Trustee, J. Caleb Boggs Federal Building, 844 King Street, Room 2207, Wilmington, DE 19801, Attention: Mark Kenney, Esq. (Mark.Kenney@usdoj.gov).

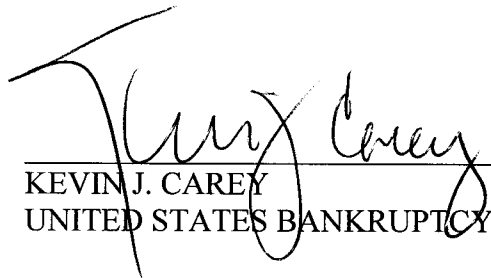
23. To the extent any other order is entered by this Court directing the Banks to honor checks, drafts, automated clearing house transfers, or other electronic funds transfers or any other withdrawals made, drawn, or issued in payment of prepetition claims, the obligation to honor such items shall be subject to this Order.

24. The Debtors are authorized and empowered to take all actions necessary to implement the relief granted in this Order.

25. This Court shall retain jurisdiction with respect to all matters arising from or related to the implementation or interpretation of this Order.

Dated: Wilmington, Delaware

December 22, 2016



KEVIN J. CAREY
UNITED STATES BANKRUPTCY JUDGE