

FOR IMMEDIATE RELEASE

**STEARNS TO IMPLEMENT COMPREHENSIVE FINANCIAL RESTRUCTURING WITH
SUPPORT FROM BLACKSTONE**

**Files Voluntary Chapter 11 Petitions to Significantly Reduce Debt, Continue Stearns' Operations
and Preserve Jobs of Its Employees, and Better Position Stearns for Long-Term Success**

**Receives Commitment of Up to \$35 Million in Debtor-in-Possession Financing and
Commitment of \$1.5 Billion from Company's Warehouse Providers**

Stearns and Joint Venture and Preferred Partner Entities to Continue Operating as Normal

SANTA ANA, Calif. – July 9, 2019 – Stearns Holdings, LLC (“Stearns” or the “Company”), the parent company of Stearns Lending, LLC, a leading provider of residential mortgage lending services in Wholesale, Retail and Strategic Alliances sectors, today announced that it has reached an agreement with its majority equity holder, funds affiliated with Blackstone (“Blackstone,” NYSE: BX), on the terms of a comprehensive financial restructuring plan. This plan is expected to significantly reduce the Company's outstanding debt, continue Stearns' operations and preserve the jobs of its employees, and better position the Company for long-term success.

To implement the restructuring, Stearns and certain of its subsidiaries today filed voluntary petitions for reorganization under Chapter 11 of the U.S. Bankruptcy Code in the U.S. Bankruptcy Court for the Southern District of New York. Through this restructuring, Blackstone has agreed to serve as plan sponsor and contribute substantial new capital to Stearns in return for acquiring substantially all of the ownership of the Company. The Company will also have the opportunity to consider proposals from any third party that chooses to offer even more value to the Company. Blackstone has been an investor in Stearns since August 2015, when funds managed by the private equity group of Blackstone acquired a majority stake in Stearns Holdings. The company's debt, which would be restructured through this process, was in place prior to Blackstone's investment.

Stearns is operating as normal and its approximately 2,700 employees are focused on providing customers the high-quality service they expect from the Company. Stearns' joint venture and preferred partner entities are not subject to the Chapter 11 filings and continue to operate in the ordinary course of business.

“The action we are taking today is the next step in our efforts to reposition Stearns for future growth opportunities and enhanced profitability,” said David Schneider, Chief Executive Officer of Stearns Lending. “We have taken deliberate and proactive actions to reduce costs and refocus on our core businesses. We are now undertaking a comprehensive financial restructuring with the goal of moving forward in a stronger financial position. As a long-term investor in the Company, Blackstone knows our business well. They share our confidence in Stearns' future prospects and are dedicated to supporting us through this transition. Their desire to continue their relationship and ongoing commitment to our business, employees and partners demonstrates their belief that we will come out of this process stronger than before.”

Mr. Schneider added, “As we move forward, we remain firmly committed to our mission of helping homebuyers find the best loans for their current and future needs. I want to thank Stearns employees for their hard work and dedication to serving our customers and enabling them to reach their goals and achieve their dreams.”

In conjunction with the restructuring, Blackstone has pledged \$60 million in new money investment in its role as plan sponsor and has committed to provide up to \$35 million in “debtor in possession” financing. Upon approval by the Bankruptcy Court, this financing, combined with cash generated from the Company's ongoing operations, will be available as needed to support the business during the court-supervised restructuring process. Additionally, as of July 8, 2019, Stearns has secured firm commitments

of \$1.5 billion from its warehouse providers. Blackstone will provide warehouse lenders with a limited first-loss guarantee.

Stearns has filed a number of customary motions seeking court authorization to continue to support its business operations during the court-supervised process, including the continued payment of employee wages, salaries and health benefits as well as the continuation of all programs in support of the Company's customers and business partners. The Company expects to receive Court approval for these requests. The Company intends to pay suppliers and vendors in full under normal terms for goods and services provided on or after the Chapter 11 filing date.

Additional information is available on the restructuring page of the Company's website at www.stearnsrestructuring.com. In addition, court filings and other documents related to the court proceedings are available on a separate website administered by our claims agent, Prime Clerk, at <https://cases.primeclerk.com/stearns>. Information is also available by calling toll-free at 844-234-1461 or 917-942-6399 for calls originating outside of the U.S. or emailing Stearnsinfo@primeclerk.com.

Skadden, Arps, Slate, Meagher & Flom LLP is serving as legal advisor to Stearns, PJT Partners is serving as its financial advisor and Alvarez & Marsal is serving as its restructuring advisor.

About Stearns Lending, LLC

Stearns Lending, LLC is a leading provider of mortgage lending services in Wholesale, Retail, Strategic Alliances, Non-Delegated Correspondent and Financial Institutions sectors throughout the United States.

Stearns Lending is an equal housing lender and is licensed to conduct business in 49 states and the District of Columbia. Additionally, Stearns Lending is an approved HUD (United States Department of Housing and Urban Development) lender; a Single Family Issuer for Ginnie Mae (Government National Mortgage Association); an approved Seller/Servicer for Fannie Mae (Federal National Mortgage Association); and an approved Seller/Servicer for Freddie Mac (Federal Home Loan Mortgage Corporation). Stearns Lending is also approved as a VA (United States Department of Veterans Affairs) lender, a USDA (United States Department of Agriculture) lender, and is an approved lending institution with FHA (Federal Housing Administration). Stearns Lending, LLC is located at 4 Hutton Centre Drive, 10th Floor, Santa Ana, CA 92707. Company NMLS# 1854.

About Blackstone

Blackstone is one of the world's leading investment firms. We seek to create positive economic impact and long-term value for our investors, the companies we invest in, and the communities in which we work. We do this by using extraordinary people and flexible capital to help companies solve problems. Our asset management businesses, with \$512 billion in assets under management, include investment vehicles focused on private equity, real estate, public debt and equity, non-investment grade credit, real assets and secondary funds, all on a global basis. Further information is available at www.blackstone.com. Follow Blackstone on Twitter @Blackstone.

Forward-Looking Statements

This news release contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements include, but are not limited to, statements about the expected timing, completion, financial benefits and other effects of the proposed comprehensive financial restructuring plan and related transactions. Forward-looking statements can be identified by the use of the words "anticipate," "believe," "expect," "intend," "could" and "should," and other words of similar meaning. These forward-looking statements express management's current expectations or forecasts of future events and, by their nature, are subject to risks and uncertainties and there are a number of factors that could cause actual results to differ materially from those in such statements. These forward-looking statements are made only as of the date of this news release, and neither Stearns nor

Blackstone undertakes an obligation to release revisions to these forward-looking statements to reflect events or conditions after the date of this news release.

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