

Stearns to Implement Comprehensive Financial Restructuring With Support From Blackstone

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Simpson Thacher is representing Blackstone in its agreement with Stearns Holdings, LLC to implement a comprehensive financial restructuring plan with funds affiliated with Blackstone. This plan is expected to significantly reduce the Stearns' outstanding debt, continue Stearns' operations and preserve the jobs of its employees, and better position the company for long-term success. 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.

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. This financing, combined with cash generated from the Stearns' ongoing operations, will be available as needed to support the business during the court-supervised restructuring process. Additionally, Stearns has secured firm commitments of \$1.5 billion from its warehouse providers. Blackstone will provide warehouse lenders with a limited first-loss guarantee. Through its role as plan sponsor, Blackstone expects to increase its ownership stake 100% in Stearns Holdings.

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.

The Simpson Thacher team includes Elisha Graff and Jamie Fell (Restructuring); Elizabeth Cooper and Michael Chao (M&A); Brian Gluck, Soogy Lee, Ismael Duran, Michael Vernace and Adam Moss (Banking & Credit); Drew Purcell and Sarah Katz (Tax); and Steven Klar (Funds). In addition, Summer Associate Esther Portyansky provided invaluable assistance.

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