

January 2, 2018

Jonathan Gray
Global Head of Real Estate

David Blitzer
Senior Managing Director and Head of Tactical Opportunities

The Blackstone Group
345 Park Ave
New York, NY 10154

Dear Messrs. Gray and Blitzer,

We write to request a meeting regarding Blackstone's investments in home mortgages in Puerto Rico and beyond.

As you know, the *New York Times* recently profiled the role that Blackstone portfolio company Finance of America is playing in exacerbating the foreclosure crisis in Puerto Rico by aggressively foreclosing on homeowners with reverse mortgages.¹

Even prior to recent hurricanes, Puerto Rico has faced an unprecedented foreclosure crisis that has destabilized families and communities. In June 2017, an average of 18 families lost homes every day to foreclosure in Puerto Rico, more than double the rate a decade ago during the global financial crisis. A record 5,424 homes were foreclosed last year, up 130 percent from nearly a decade ago, when the government first began tracking those numbers.²

Currently, Blackstone's Finance of America has 146 active foreclosure suits in federal court in Puerto Rico and 78 suits in Puerto Rican courts.³ Finance of America filed at least two cases just days after Hurricane Maria devastated Puerto Rico.⁴

Blackstone's foreclosures are not limited to Puerto Rico. Finance of America has filed more than 100 suits in Florida in the last two years.⁵ Blackstone affiliate Bayview Asset Management has acquired at least 32,000 mortgages from the U.S. Dept. of Housing and Urban Development (HUD) and Freddie Mac, nearly 3,600 of which are in Florida.⁶ Bayview Loan Servicing, the servicing arm of Bayview Asset Management, has filed more than 460 suits in Florida in the last two years.⁷

For example, in December 2013 Bayview Asset Management purchased 905 mortgages in Florida in mortgage pool 119 as part of HUD's SFLS 2014-1 loan sale. Bayview purchased these mortgages for just 39% of the unpaid principal balance on the mortgages – a steep discount.⁸ Yet as of January 2017, HUD reported that nearly half (48%) of the mortgages in Pool 119 had been foreclosed on and another 22% of homeowners had lost their homes through a short sale or by handing over the deed while Bayview had modified just 24%.⁹

Since the beginning of 2012, consumers have made 2,440 complaints involving Bayview Loan Servicing with the Consumer Financial Protection Bureau (CFPB), including 700 complaints in the last year alone.¹⁰ Consumers have made 185 complaints involving Finance of America with the CFPB.¹¹

In light on the devastating impacts of Hurricanes Irma, Maria, and Harvey, we ask that Blackstone, its portfolio companies, and its affiliates immediately halt all foreclosure proceedings in hurricane-affected zones (i.e. in Puerto Rico, Florida, and East Texas).

In addition, we ask that Blackstone, its portfolio companies, and its affiliates abide by the following principles regarding investment in home mortgages:

- 1-year moratorium on foreclosures of homes in areas affected by recent hurricanes (i.e. East Texas, Florida, Puerto Rico).
- Reduce principal on all homes by at least one half of discount at which loan was purchased.

For example, in the HUD SFLS 2014-1 loan sale, Bayview purchased 905 mortgages in Pool 119 for 39% of the unpaid principal balance (UPB) on the loans.¹² Therefore, it should reduce homeowners' principal by at least 30.5%.

- Notice to agreed-upon community advocates prior to initiating foreclosure proceeding to enable negotiation to help keep people in their homes.
- Contribution of one half of foreclosed homes to not-for-profit community land trusts or to borrowers whose homes they have foreclosed on.

We have already made the same request of TPG Capital and Rushmore Loan Management and will also request the same of Blackstone's other peers active in home mortgage investments.

We request to meet with the most appropriate person(s) at Blackstone regarding the firm's mortgage investments.

Sincerely,

Julio López Varona
Make the Road Connecticut/ Hedgeclippers

Yulissa Arce
Organize Florida

Otoniel Figueroa-Duran
Alliance for Puerto Rico

Armando Santiago Pintado
Vamos4PR

David Galarza
LCLAA NYC

¹ [“The Next Crisis for Puerto Rico: A Crush of Foreclosures.” NY Times, Dec 16, 2017.](#)

² “Puerto Rico Grapples With Foreclosure Crisis as Thousands Lose Homes,” Associated Press, June 21, 2017.

³ <http://www.ramajudicial.pr/>, accessed Dec 19, 2017. [District of Puerto Rico - Document Filing System](#), accessed Dec 19, 2017.

⁴ Finance Of America Reverse Llc V. Feliciano Martinez Et Al, Finance Of America Reverse Llc V. United States Of America Et Al

⁵ courtlink.lexisnexis.com, accessed Dec 20, 2017.

⁶ HUD post-sale reports for [HVLS 2017-2SFLS 2016-2 SFLS 2016-1 SFLS 2016-1 SFLS 2015-1 SFLS 2014-2, Part 2 SFLS 2014-1 SFLS 2013-1 SFLS 2013-2 SFLS 2012-3 SFLS 2012-2](#)

⁷ courtlink.lexisnexis.com, accessed Dec 20, 2017.

⁸ [HUD SFLS-2014-1, Part 2 sale report, Dec. 17, 2013.](#)

⁹ [Appendices to the Report to the Commissioner on Post-Sale Reporting Distressed Asset Stabilization Program, HUD, March 2017.](#)

¹⁰ [CFPB Consumer Complaint Database, accessed Dec 20, 2017.](#)

¹¹ [CFPB Consumer Complaint Database, accessed Dec 20, 2017.](#)

¹² [HUD SFLS-2014-1, Part 2 sale report, Dec. 17, 2013.](#)