

Monitor: Morgan Stanley Completes 27 Percent of its Consumer-Relief Obligations under Mortgage Settlement

BOSTON, MASS. – December 23, 2016 – Morgan Stanley has taken a major step towards fulfilling the consumer-relief obligations under its February 11, 2016, settlement agreement with New York State Attorney General Eric T. Schneiderman, according to Eric D. Green, independent Monitor of the settlement.

In the second of his required public reports on the settlement, Professor Green said he had reviewed and conditionally approved credit of \$100.2 million since early August for Morgan Stanley’s consumer-relief activities. Together with the \$10.5 million of conditional credit approved earlier this year, the bank so far has earned total conditional credit of \$110.7 million, or 27 percent of its \$400-million obligation under the agreement.

“Morgan Stanley is off to a good start,” said Professor Green, a professional mediator and a retired Boston University law professor.

The agreement settled potential legal claims against Morgan Stanley that it or its affiliates violated the law in connection with the creation, packaging, marketing, underwriting, sale, structuring, arrangement, and issuance of mortgage-based securities. Morgan Stanley agreed to provide \$550 million under the Settlement Agreement, including consumer relief valued at \$400 million to be distributed in the State of New York by the end of September 2019. Credit earned by the bank in each reporting period is conditional upon the Monitor’s final approval when all consumer-relief obligations under the settlement have been met.

The largest portion of the credit received in the current period – \$57,587,469 – was for the bank’s forgiveness of 502 second-lien loans. Professor Green noted that 302 of the loans were in Hardest Hit Areas, or neighborhoods defined by the U.S. Department of

Housing and Urban Development as having suffered the worst economic damage from the 2008 mortgage crisis.

The next largest portion of credit was \$30,753,658 for funding critical-need housing developments and associated services in New York. More than 525 affordable housing units are being created in the recipient developments.

Also during the period, Morgan Stanley received conditional credit of:

- \$8,337,500 for a grant to assist local government units and other eligible organizations in New York in acquiring non-performing loans;
- \$1,949,309 for forgiveness of four first-lien loans, and
- \$1,610,000 for grants to New York counties to support certified land banks.

Today's report is available at the Monitor's website at: <http://morganstanley.mortgagesettlementmonitor.com>. The website provides further details about the settlement, plus contact information for Morgan Stanley, Attorney General Schneiderman's office, and agencies that provide legal or tax advice to consumers.

The Monitor's mailing address is: Monitor of the Morgan Stanley Mortgage Settlement, P.O. Box 10300, Dublin, OH 43017-5900, and the e-mail address is morganstanleymonitor@mortgagesettlementmonitor.com.

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