



Money Management International (MMI) Counseling Trends

October 7, 2008

Prepared by:
Chuck Stanley
Sr. Vice President, Client Education and Counseling

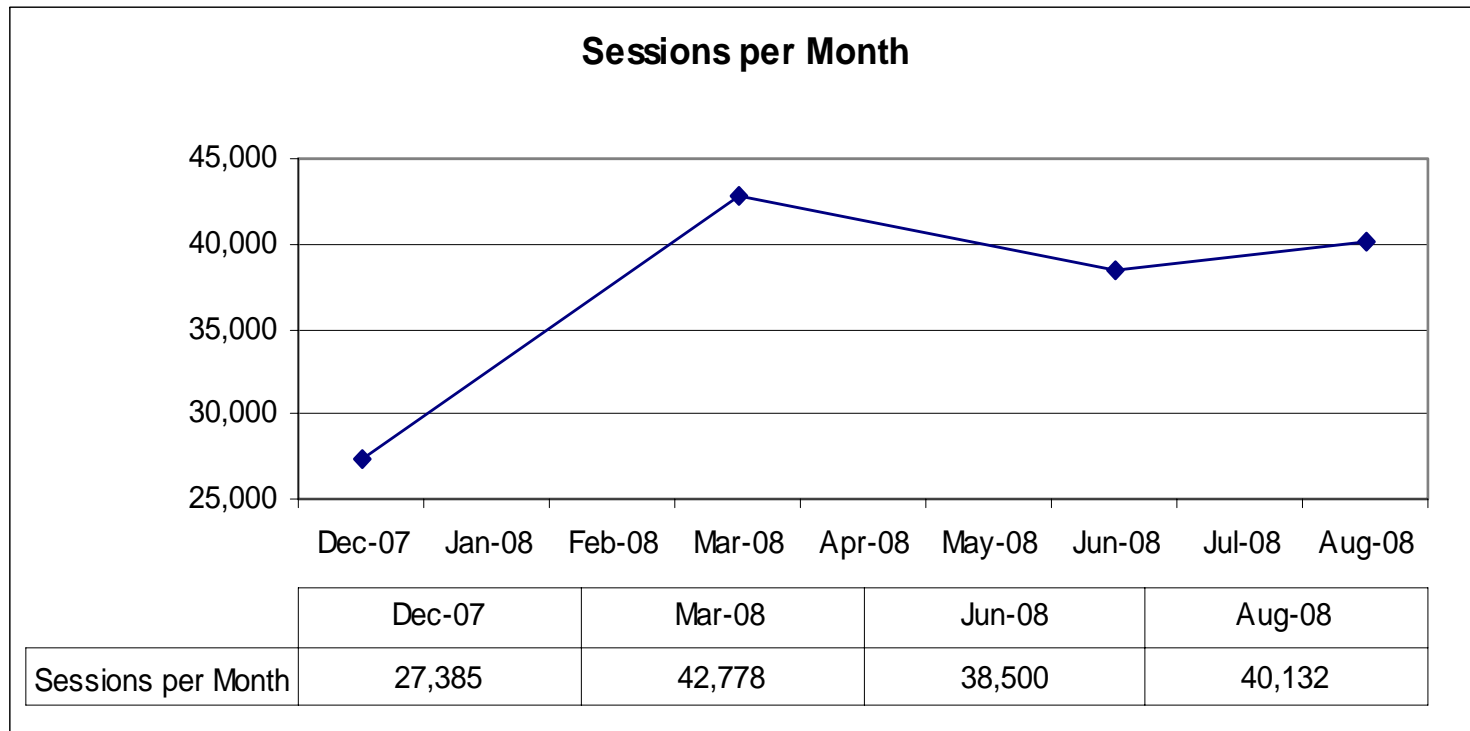


MMI Counseling

- Debt and Budget Counseling educates consumers on budgeting and their options for handling unsecured debts.
- Mortgage delinquency counseling assists homeowners who are delinquent on their mortgage. Homeowners will either qualify for a workout program to remain in their home or transition into affordable housing and mitigate their losses.
- Reverse mortgage counseling educates seniors on the features and types of reverse mortgages and options available to assist seniors to generate additional income.
- Pre-filing bankruptcy counseling and pre-discharge education educates consumers as they go through the bankruptcy process so that they understand all available options and provides them with the budgeting and money management tools needed to effectively manage their financial future.



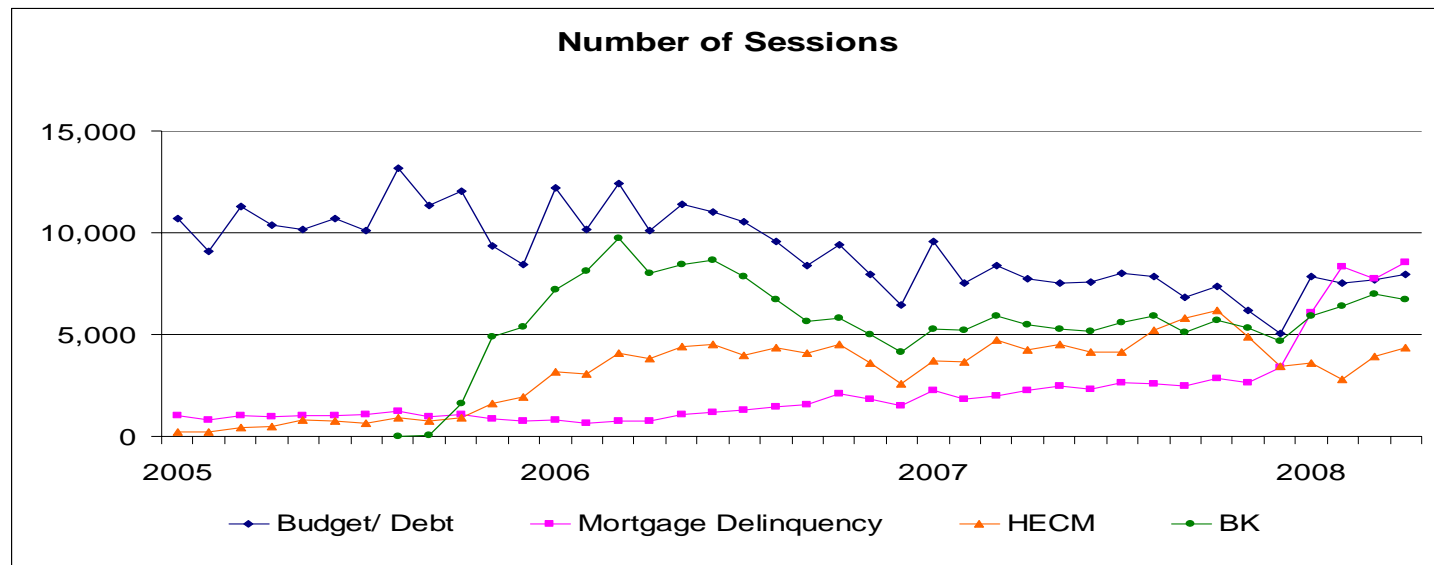
Counseling Sessions per Month



- Sessions per month have increased from an average of 31,300 in 2007 to 40,500 in 2008, a 29% increase



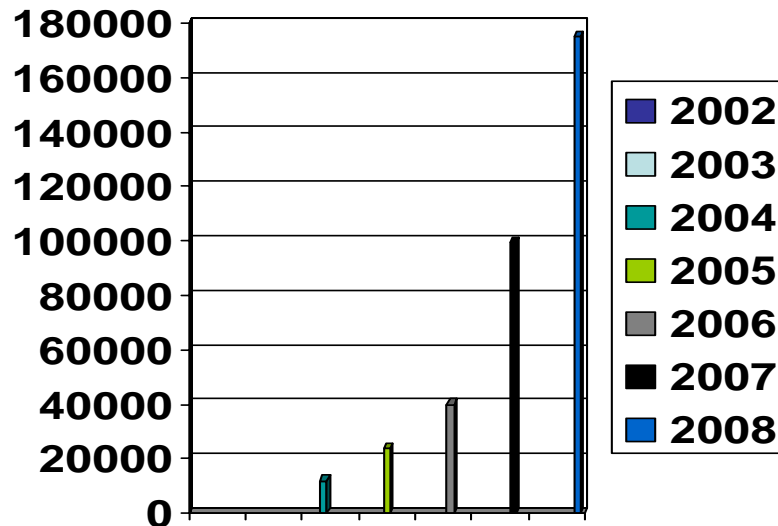
Number of Sessions by Session Type



- **January 2005**
 - Budget/debt counseling sessions represented 89.6% of all counseling sessions
 - Mortgage delinquency sessions represented 8.8%
 - Home Equity Conversion Mortgage (HECM) sessions represented 1.7%
- **August 2008**
 - Pre-filing bankruptcy counseling represented 24% of all counseling sessions
 - Mortgage delinquency sessions represented 31%
 - Budget/debt counseling sessions represented only 29%
 - HECM sessions represented 16%. HECM sessions lower than industry forecasts due to declining real estate values



Growth in Housing Counseling



- 2002 : 1,000
- 2003 : 2,000
- 2004 : 12,000
- 2005 : 24,000
- 2006 : 40,000
- 2007 : 99,476
- 2008 : 175,000*
- * Pace for 2008

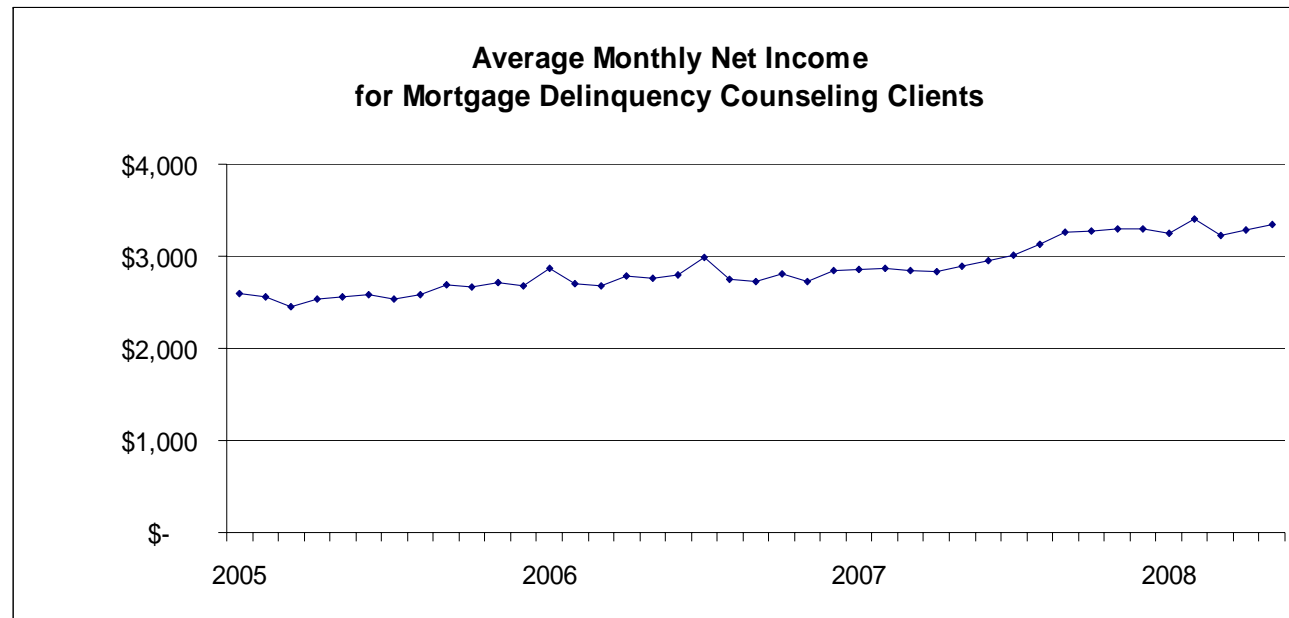
- MMI will conduct 110,000 mortgage delinquency sessions in 2008 vs. 37,000 in 2007, an increase of 197%.
- MMI will conduct 65,000 reverse mortgage sessions in 2008 vs. 62,000 in 2007, an increase of 5%.



Let's take a closer look at
clients who are past due on
their mortgage



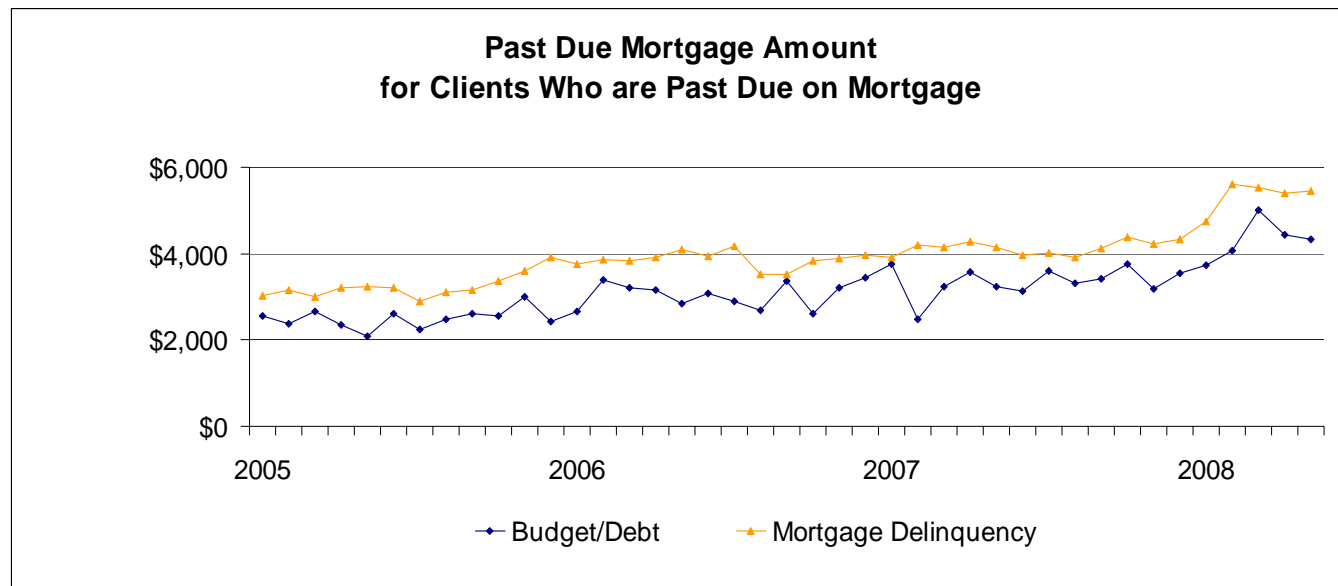
Average Income for Mortgage Delinquency Clients



- Average monthly net income rose 27%, from \$2,600 to \$3,300, unfortunately, the increase in income was overwhelmed by the increase in debt and expenses



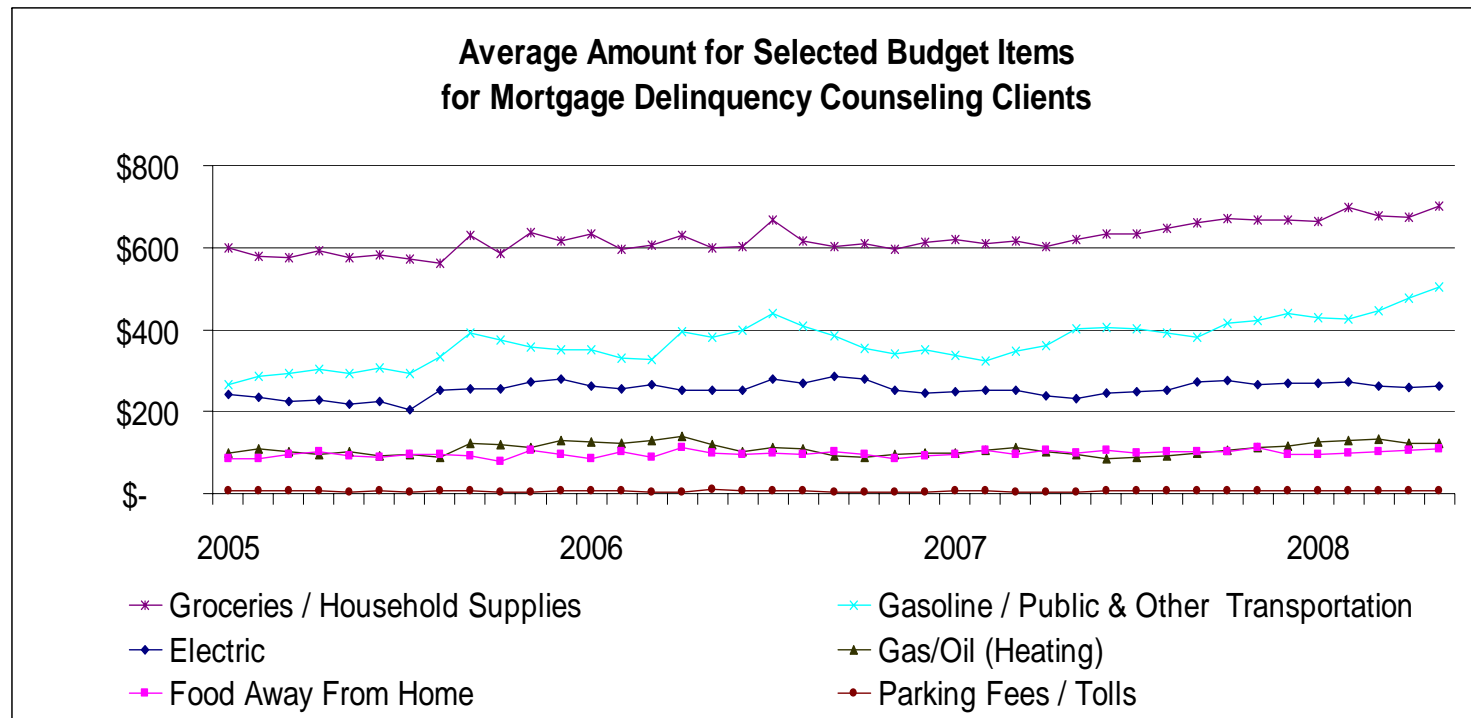
Past Due Mortgage Amount for Clients Delinquent on their Mortgage



- The average delinquency amount for clients who are past due on their mortgage has increased by 82% for Budget and Debt clients and 104% for Mortgage Delinquency clients
- Clients are more past due when they seek help and have larger mortgage payments



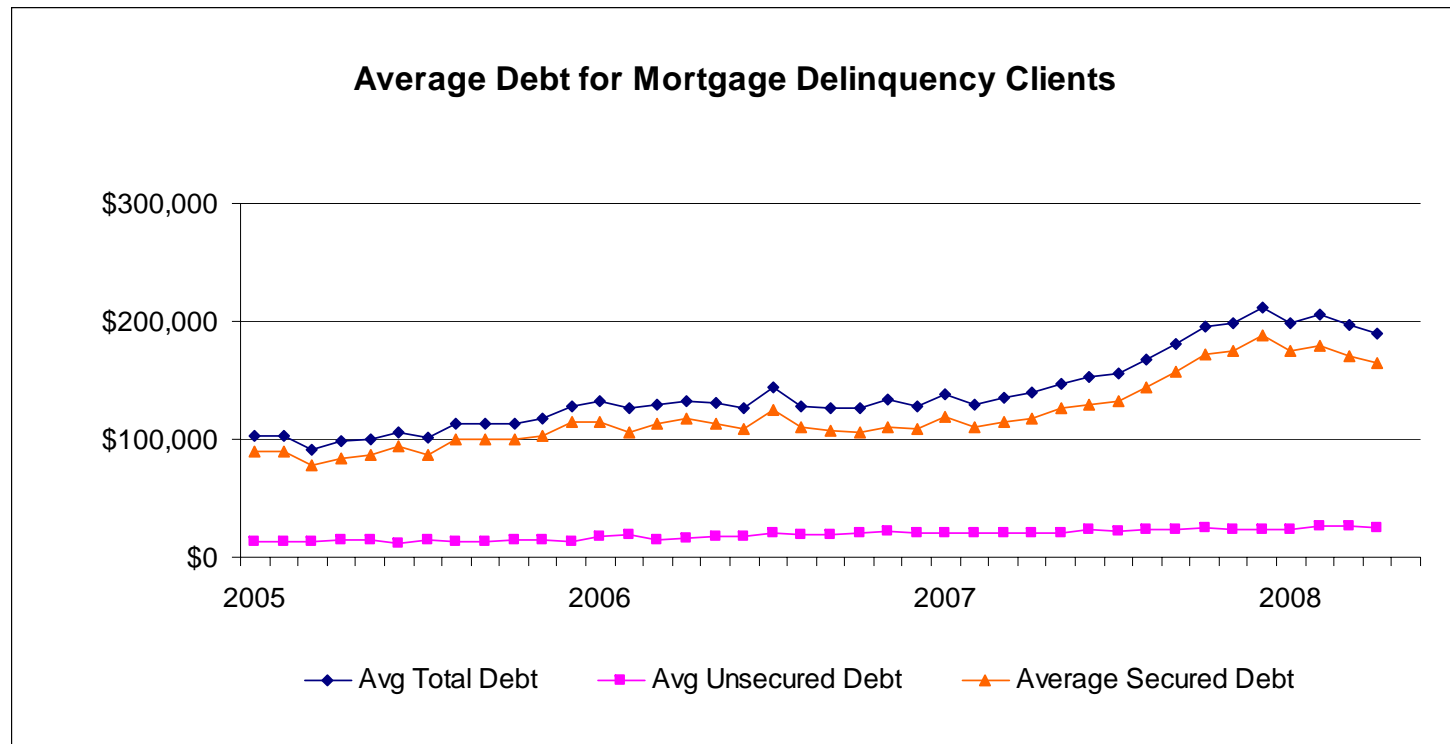
Average Amount for Selected Budget Items - Mortgage Delinquency Clients



- Expenses increased over \$350 per month
 - \$110 monthly increase in groceries - \$580 to \$690 (19% Increase)
 - \$200 monthly increase in fuel - \$280 to \$480 (70% increase)



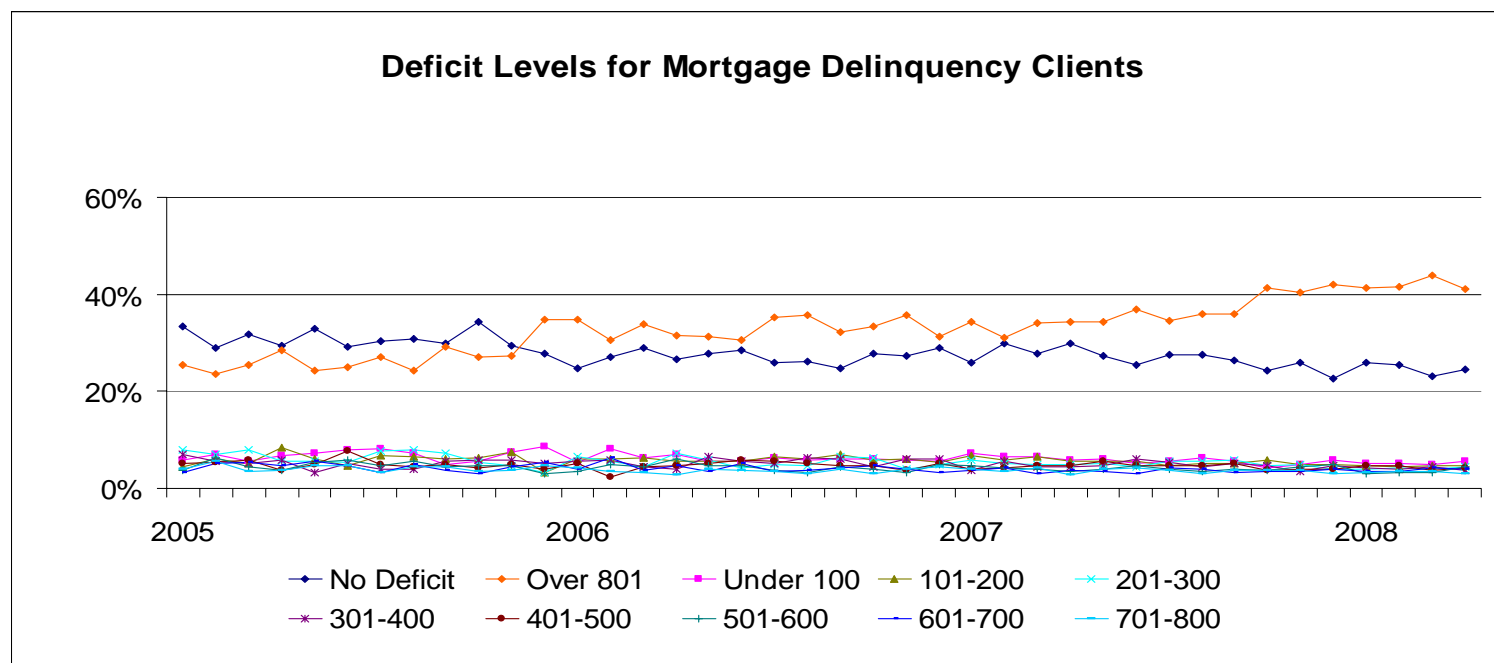
Average Debt for Mortgage Delinquency Clients



- Average total debt increased by 85%, from \$103,000 to \$190,000
- Average unsecured debt increased by 96%, from \$13,100 to \$25,600
- Average secured debt increased by 83%, from \$89,900 to \$164,400



Deficit Levels for Mortgage Delinquency Clients



- The “No Deficit” level reduced from 32% to 24%
- The “Over \$800 Deficit” level increased from 25% to 41%
- Mortgage Delinquency Clients are not the same clients we have traditionally serviced



Conclusion

- The mortgage crisis caused an explosion in mortgage delinquency counseling sessions
- Client's expenses have far out paced increases in income
- Client's are using credit to supplement income
- Debt and delinquency are increasing

- Help is available:
 - Debt Counseling 1-800-308-2227
 - Delinquent Mortgage Counseling 1-888-995-HOPE