NFCC Mission, Vision & Member Standards

• Mission
  > The NFCC and its members offer people solutions and support to address financial challenges and take charge of their own financial futures.

• Vision
  > NFCC and its members empower people to take charge of their finances. And their futures.

• The highest of standards for member agencies
  > 18 Member Quality Standards
  > COA (Council on Accreditation) – agency accreditation required for all members, with reaccreditation every four years thereafter
  > NFCC Counselor Certification of member counselors covering each major service area
Key Demographic Focus Areas

The NFCC helps everyone. In particular, we serve Low and Middle Income consumers and the following market segments throughout the 50 US States and Puerto Rico:

- Minority Communities
- Women Financial Heads of Households
- Small Business Owners
- Military Families
- Student loan borrowers
- Retirement at Risk
NFCC Scale and Reach

**7.2 Million Clients Served in Last 5 Years**

**1.1 Million Clients Served in 2017 alone***

<table>
<thead>
<tr>
<th>Counseling Types</th>
<th>Prior Year’s Sessions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Counseling</td>
<td>374,571</td>
</tr>
<tr>
<td>Housing Counseling</td>
<td>196,281</td>
</tr>
<tr>
<td>Bankruptcy Counseling</td>
<td>172,043</td>
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<tr>
<td>Financial Education</td>
<td>30,845</td>
</tr>
<tr>
<td>Student Loan Counseling</td>
<td>6,157</td>
</tr>
</tbody>
</table>

*Includes actual Q1-3 2017 activity and *estimated* Q4 2017 activity.
NFCC Prepurchase Counseling Services

Preparing a New Generation of Homebuyers
Wells Fargo My Home Roadmap

• In January 2012, the NFCC and Wells Fargo Home Mortgage launched My Home Roadmap, a free pre-purchase financial coaching program designed to prepare consumers for sustainable homeownership

• Since program launch:
  > Over 87,000 consumers have been enrolled
    • Over 8,300 enrolled in 2018 to date
  > Over 10,800 have been served (12% conversion rate)
    • Average of 95 calls received per month in 2018

• Consumers are eligible to completed up to 5 free sessions – Information, Schedule, Basic Review and Action Plan (BRAP), Deep Dive Module Session (DDMS), & Follow-Up
  > Average number of sessions completed per client: 3.9
  > Average cost per client: $188.10
  > Average cost per session: $48.23
Envisioning Homeownership (EHO): Preparing a New Generation of Homebuyers

• Mortgage lenders are focused on expanding the mortgage market sustainably
  > Want to make loans to First Time Homebuyers
  > Want to expand services in underserved communities
  > Experiencing shortage of qualified, mortgage-ready borrowers

• NFCC member network serves 1.2 million clients per year: existing clients primed for EHO program
  > 570,000 financial counseling clients in 2016
  > EHO Study: 60,000 could be made homeownership ready through program
EHO Program Concept: Sourcing New Mortgage-Ready Borrowers

Of the NFCC’s 570,242 financial counseling clients every year:

- 41% homeowners
- 46% renters
- 13% other

Homeownership aspirations:

- 46% of current homeowners are interested in their next purchase
- 65% of renters aspire to home ownership in 1–3 years

Interest in pre-purchase counseling:

- 25% of current homeowner clients
- 70% of aspirational renters
- 32% of renters currently without a homeownership plan
- 30% of other clients

Have interest in counseling to help them achieve their next home purchase.

60,000 existing clients per year can achieve homeownership.

Pre-purchase counseling services:

- Establish goals (financial, family, etc.)
- Address current challenges (student debt, small business debt, etc.)
- Pre-purchase education

Mortgage-ready consumer
EHO Service Model: Agency Sourcing, Coaching, and Readiness

- Agencies recruit existing and former clients
  - Many will be DMP graduates who have already begun rehabilitating their finances, have trusted relationship with counseling agency
- Financial counseling, credit-improvement coaching will guide clients on path to mortgage readiness in 6-9 months
  - Client action plan will address credit, savings, debt issues in order to attain financial readiness for home purchase
  - Pre-purchase curriculum will ensure clients are prepared for home purchase process, positioned to sustain home ownership
- Clients will receive NFCC-issued “Readiness Certificate” when they meet pre-defined financial criteria
  - Credit score, liquidity, DTI, employment history are likely criteria
  - Certificate is a “snapshot in time” – not a guarantee of mortgage credit
EHO: Fee For Service Business Model

- Consumer Fee: client fee paid to counseling agency (earnest money)
- Borrower Incentive: Participating Lenders issue credit to Certified Borrowers at loan closing
- Counseling Payment - Lenders pay NFCC when a client closes a loan (covers program delivery cost):
  > NFCC retains a fixed portion of fee to cover program administration, Quality Control, and lender interface costs;
  > NFCC distributes remainder to counseling agency to cover service delivery cost (Consumer Fee will not cover entire cost of delivery)
Envisioning Homeownership – Program Development Next Steps

- NFCC recruiting lenders to participate in Program
  - See MOU with detailed program parameters
- NFCC working with CFPB and HUD on RESPA guidance
- NFCC “Proof of Concept” Pilot – funded by Fannie Mae:
  - Program testing client outreach, enrollment and sustained engagement
  - Will generate first 100 mortgage-ready clients
  - Will develop precise cost of program delivery to inform fee structure
- Wells Fargo Housing Foundation grant funding:
  - Protocol development and Counselor training
  - Develop borrower outreach and engagement tools
  - Lender interface technology and program management infrastructure