

Groundbreaking New Research Reveals that 71% of Lenders Will Adopt “Smart” Online Lending Technology

First-Ever Survey Confirms that Online Mortgage-Application Volume Is Expected to More than Triple by 2013; Lenders Cite “Better Borrower Service” as Top Reason for Using Online Technology to Automate the Mortgage-Application Process

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Mequon, Wis. (June 30, 2010) — American banks and credit unions that do mortgage lending say their adoption of “smart” online-lending technology to automate their consumer-direct channel is both imminent and inevitable, according to a new survey of 330 American financial institutions conducted in early 2010 by **Lieberman Research Group**, one of the leading independent market-research firms. For example, while only 18 percent of lenders surveyed currently provide borrowers with a “smart,” online mortgage application, 71 percent of banks surveyed say they “will offer” the technology in the near future.

Sponsored by Mortgagebot® LLC (www.Mortgagebot.com), the leader in online lending technology, the survey tracks and analyzes to what extent mortgage lenders use the online channel to automate the mortgage-application process. Results from this first-ever survey verify that a technological sea change is taking place in the way lenders take mortgage applications, and confirm the increasingly vital role of online technology in helping lenders grow their mortgage businesses.

Independent research reveals the impressive rise of online lending technology

Working from a database of 2,391 banks and credit unions with assets of over \$100 million, Lieberman researchers conducted detailed, personal interviews with 330 financial institutions (251 banks and 79 credit unions) that are *not* clients of Mortgagebot. Due to the large sample size, survey results can be considered statistically significant at a 95 percent confidence level (plus or minus 5 percent).

The survey reveals that the online mortgage channel will grow *faster than any other channel* through 2013. In fact, respondents say they expect their overall online loan volume to increase by *157 percent*:

- **Banks** expect that their online application volume will more than triple (a *225 percent* increase).
- **Credit unions**—which already take one-fifth of their mortgage applications online—expect their online applications to grow from 20 percent to 31 percent of total volume (a *55 percent* increase).

Online channel automation: Increasingly perceived as a “must-have” solution for mortgage lenders

The survey confirms that today’s lenders are beginning to see the competitive value of the online mortgage channel, and are increasingly viewing smart, interactive mortgage point-of-sale automation as a “must-have” technology. In fact, 61 percent of banks and 82 percent of credit unions surveyed say they are either very or somewhat familiar with the technology.

A “smart,” interactive mortgage-application system is a fully transactional, Web-based solution that intelligently guides borrowers through the application, adjusting the questions for applicants according to their unique situations. It enables borrowers to complete an application and get conditional approval with full disclosures—all online, in just minutes.

While only 18 percent of lenders surveyed currently claim to offer a smart, online mortgage application, the survey reveals that widespread adoption of the technology is inevitable—and imminent. As shown in **Figure A**, 71 percent of banks say that they “envision a time in the future when they will need to offer” the technology to their borrowers. In addition, nearly half (46 percent) of the lenders surveyed are actually evaluating or planning to evaluate “smart” application solutions—and of those, about two-thirds (63 percent) plan to implement a solution before 2012.

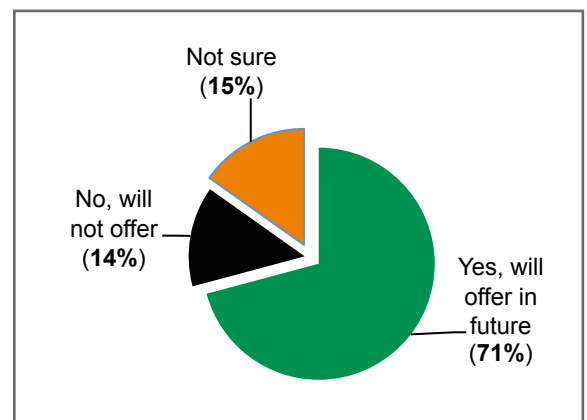


Figure A: Banks’ projected adoption of “smart,” online mortgage-application technology. The majority of banks see their adoption of “smart” online mortgage-application technology as inevitable (Source: Lieberman Research Group).

Better service online: The new reality in mortgage lending

The survey results contradict traditional attitudes that view the Internet as a poor substitute for personal service. Among the lenders surveyed that already offer or are planning to offer a smart, interactive mortgage application, well over half (and nearly two-thirds of those with \$500 million or more in assets) say their primary reason for going online is to *better serve borrowers* (Figure B). The need to improve efficiency came in a distant second.

These lenders' strong service focus shows they understand a *vital new trend*: Today's borrowers *prefer* the Internet as a delivery channel for financial services, including mortgages. Lenders that are fully engaged with their borrowers realize that to compete in 2010 and beyond, they must meet borrowers *at their preferred point of sale*.

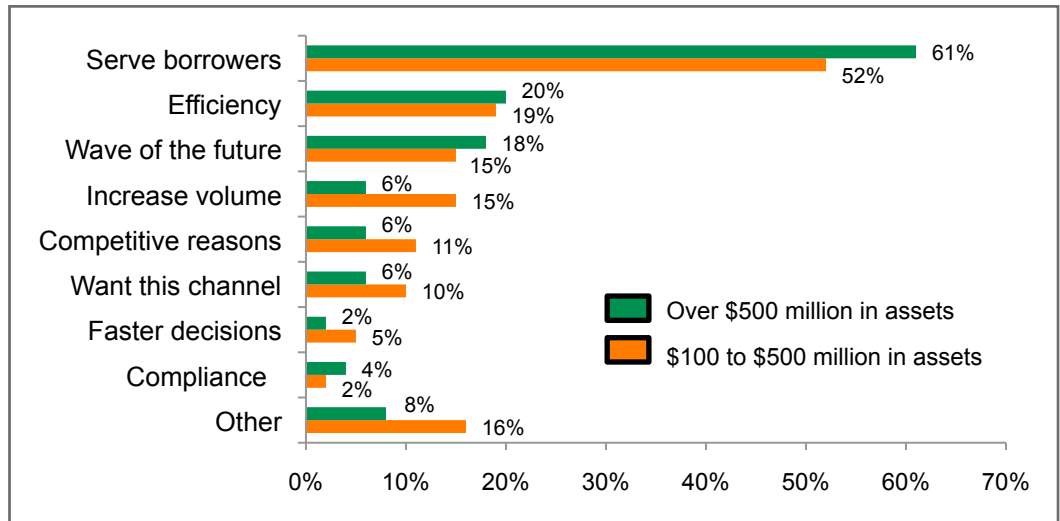


Figure B: Reasons why lenders have adopted or plan to adopt “smart,” online mortgage POS technology. Well over half of all lenders who either have adopted or plan to adopt “smart” online mortgage point-of-sale technology say their main reason for doing so is to provide better service (Source: Lieberman Research Group).

“We’re very pleased to not only sponsor this unique survey, but to share its results,” said Dan Welbaum, Mortgagebot’s Chief Marketing Officer. “As far as we know, this is the only independent survey ever done on this topic, and it reveals some surprising industry trends—not the least of which is how important the Internet point-of-sale channel is becoming to today’s banks and credit unions.”

Integrating mortgage POS channels: The next big thing

The survey also verifies the importance of providing a consistent “borrower experience” by using a single technology solution to integrate all of a lender’s mortgage point-of-sale channels (Web site, branch staff, call center, or loan officers). Such integrated point-of-sale (IPOS) technology provides many benefits—not the least of which is giving borrowers the flexibility to start a mortgage application in one channel (such as a bank Web site) and finish seamlessly through another channel (for example, in-person with a loan officer). The survey reveals that 23 percent of banks and 56 percent of credit unions see IPOS mortgage technology playing an “extremely important” role in their mortgage businesses in the near future.

About Lieberman Research Group

Founded in 1966, Lieberman Research Group (www.LiebermanResearch.com) is a top-ranked and nationally recognized market-research organization serving the business-to-business and consumer markets. Its New York-based interviewing facilities in Manhattan and Brooklyn have the capability to conduct interviews in more than 20 languages. Lieberman Research Group provides custom research and information analysis to its worldwide clients on a broad range of issues, including customer and employee satisfaction, loyalty, multicultural and ethnic marketing, new-product development, public policy, advertising, public relations, and more. Lieberman Research Group is a proud member of the Council of American Survey Research Organizations (CASRO).

About Mortgagebot

Mortgagebot LLC (www.Mortgagebot.com) is the industry-leading, Inc. 5000 company that provides the unique, award-winning PowerSite® family of integrated point-of-sale (IPOS) solutions. PowerSite technology enables lenders to take mortgage applications from every business channel: Web site, branch, call center, or loan officer. Mortgagebot blends deep mortgage experience with innovative “cloud-computing” technology to create scalable and affordable Web sites for more than 950 banks and credit unions nationwide. Lenders large and small implement PowerSite because it helps them deliver a superior borrower experience, increase their loan volume, reduce costs, and compete more effectively.

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