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Online Mortgage Lending Gains Popularity

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Now that the influx of mortgage applications and refinancing has slowed due to the increase in interest rates, credit unions can focus on examining the processes followed for originating mortgage loans. One example that some credit unions are looking into is an online mortgage program. Some may have thought that online lending would only be successful for consumer loans, but member response shows that mortgage activity can be robust in the electronic channel as well.

[Callahan & Associates Survey Consortium Group](#) recently found that 22% of online loan originations among its credit unions are first mortgages. The opportunity for this type of online lending is significant due to the relative complexity of processing mortgages as well as the size of most mortgages compared to other loans.

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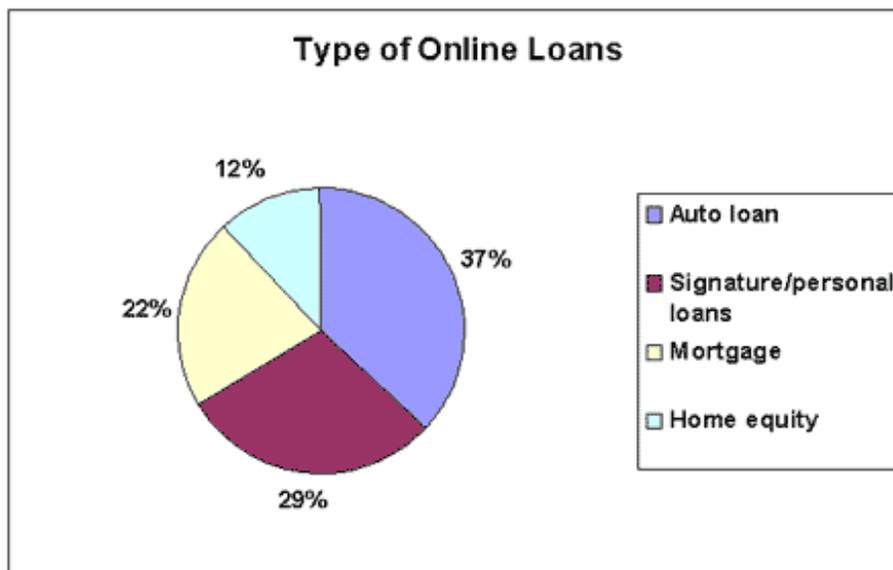
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There are a myriad of credit unions successfully using online mortgage lending outside of the survey consortium group as well. For example, Eric Bangarter, Director of Internet Services for UW Credit Union (\$700m, Madison, WI), says he is "very surprised how many people have decided to initiate an online mortgage application on their own." With the installation of a new online mortgage-lending program provided by Mortgagebot, Bangarter says that members online initiate approximately 53% of their first mortgages. This is a higher percentage than in the consumer lending category in which approximately 13% of loans are originated online. Members are obviously responding well to the new online mortgage program.

BECU (\$4.7b, Seattle, WA) has seen great success with their online mortgage origination using the Prime Alliance system. With the online mortgage loan process BECU now receives 35% of their mortgage applications after normal business hours. The convenience of applying anytime day or night allows BECU to capitalize on these opportunities that otherwise would be lost.

Lake Michigan Credit Union (\$1b, Grand Rapids, MI) receives approximately 75% of their mortgage applications from members over the Internet and the remaining 25% at the branch. Kathy Carlson, Director of Mortgage Lending at the credit union, says that their mortgage volume has increased, but more significant to her has been the "efficiencies on the processing end."

These are just a few examples of the success credit unions have realized using online mortgage applications. Now that the opportunity and member interest is evident, online mortgage lending will continue to gain popularity in the future.

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