

commentary

**M&A Market Summary** – M&A transactions involving mortgage tech and services companies who solve Federal Government needs will win out in the short and medium-term. Whether buying mortgage backed securities through the US Treasury, backing Fannie Mae and Freddie Mac through receivership or owning significant portions of large banks through TARP, the Federal Government dominates the mortgage market. Deals which prove successful in the long run will include strategies which profit by helping the government usher in the return of private party mortgage investors and the “new normal” of securitization.

**External/Regulatory Factors** - Government initiatives like the Housing and Economic Recovery Act and the Emergency Economic Stabilization Act have stimulated increased mortgage originations, which are expected to reach \$2.0 trillion for 2009, a 30% increase in from 2008, primarily attributable to refinancing activity. (Source: LPS 10-Q).

**New Dynamics** - Mortgage BPO in mature markets is restructuring from origination- and securitization-focused services to default management services, as new loan volumes have declined and portfolios have faced deteriorating credit. (Source: Nelson Hall).

**BPO Value Proposition** - 61% of users of mortgage process outsourcing (MPO) claimed they achieved cost savings of 10% or greater. A high 16% of respondents achieved greater than 40% cost savings. In North America, 25% of respondents achieved 40% or more cost savings, mainly because of their broader adoption of offshore services in low-cost locations such as India. (Source: Gartner Report).

By the beginning of 2011, 48% of all US mortgages are projected to be underwater – leaving these borrowers with no equity in their homes.

- Deutsche Bank MBS Research Report – Aug. 2009

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public comparables

(\$USD in millions), share price as of 07DEC09

| Mortgage Services                             | TEV            | LTM Rev        | EBITDA       | Qtrly       |              | EBITDA %     | TEV /      | TEV /      |
|---|----------------|----------------|--------------|-------------|--------------|--------------|------------|------------|
|   |                |                |              | LTM         | Rev          |              | LTM        | LTM        |
| Altisource Portfolio Solutions (NASDAQ: ASPS) | 347.8          | 185.4          | 44.1         | NA          | 36.2%        | 23.8%        | 1.9x       | 7.9x       |
| First American Corp. (NYSE:FAF)               | 2,670.0        | 5,830.0        | 582.4        | 3.1%        | 47.0%        | 10.0%        | 0.5x       | 4.6x       |
| FirstService Corp. (NASDAQ:FSRV)              | 1,092.1        | 1,583.3        | 112.0        | NA          | 39.1%        | 7.1%         | 0.7x       | 9.8x       |
| Lender Processing Services (NYSE:LPS)         | 5,270.0        | 2,260.0        | 593.6        | 32.7%       | 30.0%        | 26.3%        | 2.3x       | 8.9x       |
| Ocwen Financial Corp. (NYSE:OCN)              | 944.5          | 361.9          | NA           | (26.0%)     | 117.9%       | NA           | 2.6x       | NA         |
| WNS (Holdings) Ltd. (NYSE:WNS)                | 794.39         | 556.3          | 86.7         | 2.2%        | 23.2%        | 15.6%        | 1.4x       | 9.2x       |
| <b>AVG</b>                                    | <b>1,853.1</b> | <b>1,796.2</b> | <b>283.8</b> | <b>3.0%</b> | <b>48.9%</b> | <b>16.5%</b> | <b>1.6</b> | <b>8.1</b> |
| <b>Median</b>                                 | <b>1,018.3</b> | <b>1,069.8</b> | <b>112.0</b> | <b>2.7%</b> | <b>37.7%</b> | <b>15.6%</b> | <b>1.7</b> | <b>8.9</b> |

| Mortgage Technology                   | TEV            | LTM Rev        | EBITDA       | Qtrly        |              | EBITDA %     | TEV /      | TEV /      |
|---------------------------------------|----------------|----------------|--------------|--------------|--------------|--------------|------------|------------|
|                                       |                |                |              | LTM          | Rev          |              | LTM        | LTM        |
| Bankrate Inc. (NasdaqGS:RATE)         | 483.2          | 153.6          | 40.7         | 15.7%        | 60.8%        | 26.5%        | 3.1x       | 11.9x      |
| Fiserv Inc. (NasdaqGM:FISV)           | 10,740         | 4,210.0        | 1,250.0      | (4.4%)       | 40.9%        | 18.7%        | 2.6x       | 8.6x       |
| Intuit Inc. (NasdaqGS:INTU)           | 9,460.6        | 3,194.5        | 948.7        | 2.8%         | 80.4%        | 29.7%        | 3.0x       | 10.0x      |
| Lender Processing Services (NYSE:LPS) | 5270           | 2260           | 593.6        | 32.7%        | 30.0%        | 26.3%        | 2.3x       | 8.9x       |
| Reis, Inc. (NasdaqGM:REIS)            | 64.6           | 33.1           | 6.2          | (58.3%)      | 56.9%        | 18.7%        | 1.9x       | 10.4x      |
| Tree.Com, Inc. (NasdaqGM:TREE)        | 46.3           | 217.1          | 9.7          | (6.1%)       | 71.5%        | 4.5%         | 0.2x       | 4.8x       |
| <b>AVG</b>                            | <b>4,344.1</b> | <b>1,678.1</b> | <b>474.8</b> | <b>-2.9%</b> | <b>56.8%</b> | <b>20.7%</b> | <b>2.2</b> | <b>9.1</b> |
| <b>Median</b>                         | <b>2,876.6</b> | <b>1,238.5</b> | <b>317.2</b> | <b>-0.8%</b> | <b>58.9%</b> | <b>22.5%</b> | <b>2.4</b> | <b>9.4</b> |

transactions

| Date      | Seller                       | Buyer                                  | Amount \$m | TV / Rev |
|-----------|------------------------------|--|------------|----------|
| 1-Nov-09  | Fiserv Inc. (certain assets) | ISGN Solutions Inc.                    | NA         | -        |
| 15-Oct-09 | BoFA (Wilshire Credit)       | IBM                                    | NA         | -        |
| 1-Oct-09  | Albertelli Law Firm          | Dolan Media                            | 19.0       | -        |
| 20-Jul-09 | PPR                          | CoStar                                 | 22.0       | 1.2x     |
| 22-Jul-08 | McDash Analytics             | Lender Processing Services, Inc.       | NA         | -        |
| 23-Sep-08 | GMAC Home Services           | Centract Residential Property Services | 178.1      | -        |
| 2-Sep-08  | National Default Exchange    | Dolan Media                            | 202.0      | -        |
| 16-Jun-08 | Staubach                     | Jones Lang Lasalle                     | 747.5      | -        |
| 13-Apr-08 | Clayton Holdings             | Greenfield Partners, LLC               | 157.3      | 1.2x     |
| 17-Mar-08 | Option One Mortgage          | American Home Mortgage Servicing       | 1,048.0    | -        |
| 26-Feb-08 | MDA Lending Solutions        | MacDonald Detwiler and Associates      | 42.4       | 0.3x     |

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