

The Situation

Southern National Bank of Texas, a highly successful independent bank in Sugar Land, TX, was in dire need of a better system for managing their ever-expanding loan operations. Bank employees found themselves becoming buried in a deluge of paper documents, running out of space for files, and unable to quickly find and effectively use the information in their files—all leading to a drop in productivity. Adding to the chaos was the separate application the bank was using to track credit and collateral expirations or exceptions, and print notice letters on given dates when a document has expires, or has not been received. Integration of those functions with the document management software would be necessary in order to streamline the workflow. Extensive consultation between hal Systems and Southern National Bank of Texas (SNB) resulted in identifying several key requirements for a solution:

- Scan all credit and collateral documents, converting them into compressed, compact digital images
- Index document information into databases, allowing for fast searching on one or more fields
- Eliminate re-keying of data into multiple databases
- Integration of expiration/exception report generation into the management application
- Receive loan information from the ITI mainframe, and flow the data to multiple databases
- Simultaneous access by multiple users, including those at branch offices
- A scalable system, able to easily expand as needed, to add more users and new features

The Solution

hal Systems designed a solution for SNB that provides the functionality, ease of use, and expandability that the bank required.

Four integrated databases are used to manage the bank's loan operations data:

Primary Customer (PC), Loan Records (LR), Collateral Documents (CL), and Credit Documents (CR). Key to the efficiency of the system is the automatic flow of information at the higher levels down to the lower levels. If a change is made to the primary customer information (an address change, for example) then the LR, CL, and CR databases are updated automatically. If a change is made at the loan level then the corresponding loan information is updated for that loan.

The mainframe computer software used at SNB is from industry leader Fiserv/Information Technology, Inc. (ITI). A vital element in the design of SNB's new system was to insure seamless data transfer from the mainframe system. New and updated loan information is automatically posted to the PC and LR databases each morning from the mainframe. Existing customer information and loan information is also updated with the current loan balance, officer, paid status, etc. Typically, the PC and LR databases are populated automatically but these records can be created manually as well by indexing without an image in the PC and LR databases.

The CR database contains credit documents tied to a particular tax id (CIF) number. Documents are scanned at this level and given a category and expiration date. This date is used to generate expiration letters requesting updated information from the customer as well as exception reports for the loan officer to review. Letters can be sent out prior to expiration using the category maintenance program and setting the appropriate notification days (30, 60, 90, etc.) When you enter a tax id (CIF) at this level corresponding information is pulled from the PC level for speed of data entry.

The CL database contains collateral documents related to a particular loan. Documents are scanned at this level and assigned a category and expiration date. A separate collateral exception report can be generated as well as expiration notices at this level as well. When a tax ID (CIF) and loan number are entered at

(more over)

this level the corresponding information is pulled from the PC and LR levels for speed of data entry. Each time updated information is received for a particular category the pages can be appended to the front of the previous document so that the most current information is always at the front. Older pages can be moved to a "history" document and most users will only see "active" documents based on their user ID. Document level security can also be assigned for other purposes, such as only allowing certain people to see information on employee loans or other "private" information.

The category maintenance utility allows the user to setup their own category list. For each category, the number of lead days for officer and expiration notices can be defined. Expiration notices will be generated based on the number of lead days and the expiration date of the particular document. This allows notices to be sent out in advance of a document's expiration at the credit and collateral document levels. This also allows officers to see certain critical types of documents in advance of their expiration on their exception report. For each category, a Crystal report can be specified that allows the creation of forms-based expiration letters personalized with information from the databases so that expiration notices are ready to fold and send to the customer. The critical / non-critical status allows the user to create exception totals based on these two categories.

The Exception Report program allows SNB to generate exception reports based on a date range or specific date. It also allows them to restrict the report by category as well as the loan officer(s). This same utility allows them to generate expiration notice letters using either Crystal Reports™ or Microsoft Word™.

The Internal Loan Review program is used to assign a category of Internal Loan Review to audit a particular person, their loans, and any associated parties (guarantors) related to that loan. This category is also assigned an expiration date so that it is only reviewed at specific times (typically annually).

SNB has five scanners: four desktop production scanners and one high-speed production scanner. Documents are automatically archived to a large disk array and are always accessible online.

Southern National Bank also has two branch offices where halFILE is installed (over a T1 WAN). When the bank was ready to provide access to more employees, the rollout was simplified by using hal Systems' browser-based software, e.halFILE™, allowing these new users to retrieve documents using a standard Web browser.

About Southern National Bank of Texas

Located in Sugar Land, TX, and housed in a building inspired by Thomas Jefferson's Monticello, Southern National Bank of Texas combines the rich traditions of the past with technology of the future to create a financial home for the residents of Harris and Fort Bend Counties.

On the Web: <http://snbtx.com/default.asp>

customer quote:

"We just completed a FHLB (Federal Home Loan Bank) audit, and as with all of our audits and exams involving loans, it was done using e.halFile. In our wrap-up, [the auditor] stated that our imaging system was the best, by far, of any imaging system he has ever worked on. He stated how user friendly it was, and how easy it was to locate the various documents."

Sandy McCarver, EVP/Chief of Loan Operations
Southern National Bank of Texas