

## Heartland Financial USA

### Centralizes Loan Operations Among Eight Banks

### Using Cypress Software's Mark IV Loan Automation System

#### CHALLENGE

At Heartland Financial USA, Inc. (NASDAQ: HTLF), efficiency matters as much as size.

With more than \$2.6 billion in assets and 950 employees, the Dubuque, Iowa-based financial services holding company oversees operations for eight banks and 47 branches across six states.

Despite being spread throughout 34 communities in Iowa, Illinois, Wisconsin, New Mexico, Arizona and Montana, Heartland aims to localize its banking operations to fit the needs of each community. Every bank in Heartland's growing consortium provides banking, lending, investment, insurance and trust services to individuals and businesses.

Over time, as new banks joined Heartland's group, they brought their own traditions and business processes, creating a kaleidoscope of regional cultures within the company, but also developing inconsistency and confusion for the loan department.

Les Oelke, vice president and manager of the consumer loan department at Dubuque Bank & Trust, Heartland's lead bank, says the company needed to develop efficiency and uniformity within its loan process.

"With eight banks using their own loan origination, underwriting and pricing methods, it was hard to find consistency and effectively manage the loan process across the entire organization," said Oelke. "We needed a centralized system that would standardize our processes and underwriting and help get a quick loan decision back to our customers."

In 2000, Heartland executives decided that loan automation software would solve this problem, and they first implemented a DOS-based software platform that quickly became antiquated and hard to use. As a result, Heartland turned to Cypress Software Systems LP and its Mark IV application in 2003.

#### SOLUTION

"Cypress' staff of ex-banking executives clinched the deal for us. They are forward-thinkers and really know what a banking application should look like and how it should operate," said Oelke. "Their Windows-based Mark IV software is very comprehensive, accounting for many needs and desires that bankers and loan officers seek when automating the loan process."

Mark IV provides lenders with a user-friendly application data entry point, quick retrieval of credit reports, reconciliation of debt information, and deployment of the bank's loan policies. Cypress

provides these tools with the goal of speeding a quality loan decision back to the applicant, and assisting the financial institution in maximizing loan performance.

The one-week rollout took place Feb. 17-22, 2003, with a three-day training program at Dubuque Bank & Trust's main branch. Member banks were brought online two at a time and the transition was smooth and quick.

Today, 125 personal bankers across the eight Heartland banks use Mark IV. Customer information is collected and entered into Mark IV

#### CUSTOMER PROFILE

**Name:** Heartland Financial USA, Inc.

**Location:** Dubuque, Iowa

**Founded:** 1982

**Banks:** 8

**Branches:** 47

**Assets:** \$2.6 billion

**Employees:** 950

**About:** Heartland Financial USA, Inc. is a financial services company providing a complete line of banking, mortgage, investment, insurance and trust services to individuals and businesses in 34 communities in eight states -- Iowa, Illinois, Wisconsin, New Mexico, Arizona, Colorado, Montana and Massachusetts. Heartland is listed on NASDAQ. Its trading symbol is HTLF.

by the bankers and then sent electronically to Heartland's Credit Center at the Dubuque Bank & Trust for centralized review of each application. Within minutes, the loan decision is then sent back to the bank electronically.

"Mark IV really flows well," said Oelke. "From data entry to the debt reconciliation screen to the final decision, it's a very smooth system to work with and has met every loan officer's needs."

Heartland also selected the NADA module for Mark IV that speeds auto loans through by accessing a database of vehicle book values and automatically inserting that value into the loan application.

## RESULTS

To date, results have included an increase in the quality of loans given, lower delinquency ratios and a dramatic decrease in loan-decision turnaround time.

"Mark IV has brought consistency, centralization and speed to the lending process across the entire company," said Oelke. "Soon after we began using Mark IV, our loan officers noticed a dramatic increase in decision turnaround. For our loan process and preferred level of automation, Cypress originally said that most loans could be processed in 35 minutes or less, but we have consistently seen decisions that come back in 20 minutes or less."

Depending on the complexity of a bank's loan automation desires, Mark IV is capable of producing a lightning-fast decision in mere seconds. For example, a bank that simply wants to automate their

## ABOUT MARK IV

Mark IV is a "behind-the-firewall" Windows-based consumer application processing solution that provides lenders with a user-friendly application data entry point, quick retrieval of credit reports, reconciliation of debt information, and deployment of the bank's loan policies. Cypress provides these tools with the goal of speeding a quality loan decision back to the applicant and assisting the financial institution in maximizing loan performance.

approve/decline decisions can have results returned in 10 seconds or less, following application entry and submission. This includes the time it takes for Mark IV to retrieve a customer's credit information and automatically interpret the results. As additional processes are automated, the decision turnaround time is increased.

By storing all their loan information online, Heartland has created a paperless loan system, shrinking their consumer loan files tremendously and saving numerous man-hours.

Heartland is considering additional Mark IV modules for further automation, including the New Account Setup (NAS) module for automatic data transfer and the WebApp module, for online application access and entry.

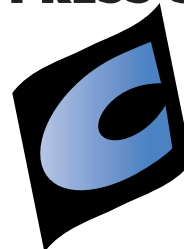
Oelke added, "Cypress and Mark IV have greatly streamlined our loan processes. They've made the lending experience smooth for both our employees and our customers."

## ABOUT CYPRESS

Headquartered in North Richland Hills, TX, Cypress Software Systems, LP is a leading developer of automated credit application decision support technologies. The company serves community and regional banks, finance companies and credit unions with loan application decision and tracking tools on par with those used by larger national lending institutions. The Company's flagship product, Mark IV, is used by clients nationwide to quickly and consistently process consumer loan applications. Cypress Mark IV offers a flexible, risk-based processing approach that includes tracking applications from point of entry to point of decision.



## CYPRESS SOFTWARE SYSTEMS



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