

## What You Should Know When Selecting a Loan Program Partner

## 1) Is the provider an FDIC-insured bank? —

**EnerBank**

EnerBank USA® is an FDIC-insured bank. This means you can count on us for a stable longterm relationship, and that the home improvement loans we provide will be funded regardless of economic conditions. Our standing as a well-capitalized bank lets us keep approval rates consistent without changing major credit criteria.

**Other Providers**

Most home improvement loan providers are non-bank consumer finance companies. Will your customers feel comfortable dealing with a finance company that is not subject to FDIC audits or regulations, or lacks access to their own capital?

## 2) Who owns the provider? —

**EnerBank**

EnerBank is owned by CMS Energy Corporation (NYSE: CMS).

**Other Providers**

Will the provider share its stockholder list? Can you determine the competence, character and financial stability of the stockholder(s)?

## 3) How well capitalized is the provider? —

**EnerBank**

EnerBank is well capitalized by FDIC standards and its financial statements are publicly available on the FDIC website.

**Other Providers**

Will you have access to the provider's complete financial statements so that you can determine if they are profitable and well capitalized?

## 4) Does the provider have sufficient capital to fund your loans on its balance sheet? —

**EnerBank**

EnerBank funds most of its loans on its balance sheet through FDIC-insured brokered CDs. This allows us to increase capital when necessary, because our CDs are an attractive investment vehicle in both good and bad economies.

**Other Providers**

Most home improvement loan providers lack the capital to fund loans on their balance sheet. Instead, they rely on third party banks and investors to fund their commitments — a weak business model that routinely fails during a disruption in secondary funding markets. How long would it take for these providers to raise additional capital?

## 5) What is the provider's primary line of business? What percentage is home improvement lending? —

**EnerBank**

EnerBank's only line of business is home improvement lending to consumers, most of which consists of unsecured loans.

**Other Providers**

For most providers, unsecured home improvement credit is a sideline and represents only a small percentage of their overall business.

## 6) With what priority will you be treated by senior management at your provider? —

**EnerBank**

EnerBank's senior management team routinely visits program sponsors. Our President & CEO is a frequent participant in these meetings.

**Other Providers**

Have you met the top executives at your provider?

## 7) Will the provider cross-sell other products or services to your customers? —

**EnerBank**

EnerBank does not.

**Other Providers**

Some providers aggressively attempt to sell other products and services directly to your customers.

## 8) How transparent is the provider's pricing? —

**EnerBank**

EnerBank's contractor fees are competitive and based upon objective criteria, consistently applied year-round. There are no hidden fees.

**Other Providers**

Some providers offer their best pricing only during seasonal promotion periods. You should also check to make sure there are no hidden transaction or merchant fees.

## 9) Does the provider have a comprehensive selection of payment options, and are all available all the time? —

**EnerBank**

EnerBank is a leader in the development of innovative consumer payment options. Program sponsors have the freedom to customize the loan options available to their contractors.

**Other Providers**

Some providers limit which or how many payment options can be offered at any point in time.

## 10) What is the provider's customer complaint rate? How does the provider handle customer complaints? —

**EnerBank**

EnerBank has an exceptionally low level of customer complaints. Complaint resolution is conducted collaboratively among the bank, contractor, and the customer. The bank's Customer Relations team facilitates complaint resolution.

**Other Providers**

Be sure to ask for the provider's specific complaint ratio, and what exactly happens when a customer lodges a complaint. Some providers are required to debit the contractor's merchant account for the amount of the disputed transaction until the customer's complaint has been resolved or determined invalid.

## 11) What is the provider's Better Business Bureau rating? —

**EnerBank**

EnerBank's BBB rating is A+.

**Other Providers**

Be sure to take a look.

## 12) What quantity and frequency of relevant business information does the provider offer? —

**EnerBank**

EnerBank's online PartnerPortal and accompanying mobile app provide a comprehensive dashboard with real-time data for program sponsors and contractors to effectively monitor and manage their payment options programs — right down to the individual customer level.

**Other Providers**

Some providers offer only periodic static reports of summary level program activity. Others offer no reporting at all.

## 13) Does the provider offer a choice of phone and internet application processes? —

**EnerBank**

EnerBank offers multiple paperless application methods, including Mobile Loan App, Online Loan Application, Loan-by-Phone, and API integration with popular platforms.

**Other Providers**

Some providers are still stuck in the world of paper applications.

## 14) Does the provider allow integrations with your website? —

**EnerBank**

EnerBank provides custom buttons with your unique code. We will customize buttons to match your site.

**Other Providers**

Some providers don't offer site integrations.

## 15) Does the provider require an exclusive relationship? —

**EnerBank**

EnerBank does not require this.

**Other Providers**

Some providers will not permit your company to use another lender.

## 16) Credit Commitment—for how long is the provider's credit approval valid? —

**EnerBank**

Our loan approval window is valid for up to 180 days\* after the customer's application is approved, giving your contractors plenty of time to plan and complete the project.

*\*except 6-Month Same-As-Cash, which is 150 days*

**Other Providers**

Most providers offer a conditional approval that they can withdraw at any time. During economic downturns, many providers cancel their outstanding approvals. This is particularly risky when dealing with providers who rely on thirdparty sources of capital.

## 17) What is the provider's application approval rate? —

**EnerBank**

EnerBank's approval rate (prior to pre-screening) is 80%.

**Other Providers**

Some providers state an approval rate that applies only to applications that have been pre-screened.

## 18) Does the provider change the interest rate offered to the customer at time of approval? —

**EnerBank**

EnerBank guarantees the interest rate for the term of the loan if the loan is closed before the approval expiration date. We do not impose a higher rate in the event of a payment default or for any other reason.

**Other Providers**

Some providers increase the borrower's interest rate at their discretion or increase the interest rate if a payment is made late or under other conditions.

## 19) How has the provider fared during economic downturns? —

**EnerBank**

EnerBank's business grew rapidly during the 2009 recession. We honored 100% of our credit commitments and increased our workforce. Our credit approval rate went up. We continued to fund 100% of our loans on our balance sheet. During the economic crisis of 2020, EnerBank continued to fund all commitments and keep approval rates consistent.

**Other Providers**

During past economic hard times, many providers cancelled their unfunded credit approvals, significantly tightened their approval criteria (thereby significantly decreasing their approval rates) and reduced their workforce. We are already seeing this with the early 2020 recession. Some of these companies have exited the home improvement lending sector entirely.

## 20) Does the provider require recourse on defaulted loans? —

**EnerBank**

EnerBank never requires recourse for credit defaults.

**Other Providers**

Some providers require that contractors provide recourse for first payment and other credit defaults.