



### 23 Essential Questions for Program Sponsors to Ask Before Selecting a Lending Partner

Question	EnerBank	Other Providers
1) Is the provider an FDIC insured bank?	EnerBank USA is.	Some providers are non-bank consumer finance companies. Will your customers feel comfortable dealing with a finance company?
2) Who owns the provider?	EnerBank USA is owned by CMS Energy Corporation (NYSE).	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 USA is “well capitalized” by FDIC standards and its financial statements are publicly available on the FDIC website.	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 USA funds 100% of its loans on its balance sheet and has ready access to significant amounts of additional capital from its parent company if needed.	Some providers do not have the capital to fund loans on their balance sheet. Instead they originate and sell to third parties, a weak business model which routinely fails during a disruption in the 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 USA’s ONLY line of business is unsecured home improvement lending to consumers.	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’s senior management team routinely visits program sponsors. Our President & CEO is a frequent participant in these meetings.	Have you met the top executives at your provider?
7) Will the provider agree not to solicit your employees to work for them?	EnerBank will.	Some providers proactively recruit your employees to work for them.



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8) Will the provider cross sell other products or services to your dealers or their customers?	EnerBank does not.	Some providers aggressively attempt to sell other products and services directly to your dealers or their customers.
9) How transparent is the provider's pricing?	EnerBank's dealer fees are competitive and based upon objective criteria, consistently applied. EnerBank offers the best pricing level available to every partner year round. There are no hidden fees.	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.
10) Does the provider have a comprehensive selection of payment options, and are all available all the time?	EnerBank is a leader in the development of innovative unsecured consumer payment options. We strive to make every option available to every program sponsor. You can limit options on a dealer-by-dealer basis if desired and can change option availability at any time.	Some providers limit which payment options can be offered at any point in time and/or require that all dealers have access to the same options.
11) What is the provider's customer complaint rate? How does the provider handle customer complaints?	EnerBank has an exceptionally low level of customer complaints (1/2%). Complaint resolution is conducted collaboratively among the bank, program sponsor, dealer and customer, facilitated by the bank's Customer Relations team.	Be sure to ask for the provider's specific complaint rate and what exactly happens when a customer lodges a complaint. Some providers are required to debit the dealer's merchant account for the amount of the disputed transaction until the customer's complaint has been resolved or determined invalid.
12) What is the provider's Better Business Bureau Rating?	EnerBank's BBB rating is A+.	Be sure to take a look.



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13) What quantity and frequency of information does the provider offer?	EnerBank's online PartnerPortal website provides real-time data for program sponsors and their dealers to effectively monitor and manage their customer payment options programs. Information is available at the individual customer level. In addition to standard dashboards and reports, online report writing is available, and PartnerPortal includes an Admin WorkStation with robust application status tracking.	Some providers offer only periodic static reports of summary level program activity. Others offer no reporting at all.
14) Does the provider offer a choice of phone and internet application processes?	EnerBank currently offers a loan by phone application process. We will launch an internet application solution in 2016.	Some providers are still stuck in the world of paper applications.
15) Does the provider pre-qualify applicants?	EnerBank pre-qualifies applicants by phone at the applicant's request, and shares the outcome with program sponsors and dealers. We will launch an internet pre-qualification process in 2016.	Some providers require the customer to complete an actual credit application.
16) Does the provider require an exclusive relationship?	EnerBank does not.	Some providers will not permit your company to use another lender.
17) Credit Commitment – for how long is the provider's credit approval valid?	EnerBank's credit commitment and terms and conditions to the borrower are valid for 120 days and may reapply for subsequent 120 day periods if desired.	Most providers offer a conditional approval that they can withdraw at any time. During the recession, many providers cancelled their outstanding approvals. This is particularly risky when dealing with a provider who originates and sells.



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18) What is the provider's application approval rate?	EnerBank's approval rate ( <i>prior</i> to pre-screening) is 80%.	Some providers state an approval rate that applies only to applications that have been pre-screened.
19) Does the provider change the interest rate offered to the customer at time of approval?	EnerBank guarantees the interest rate for the term of the loan if the loan is closed before the approval expiration date (120 days). Customers may reapply for additional 120 day credit and rate approval if needed. We don't impose a higher rate in the event of a payment default or for any other reason.	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.
20) How did the provider fare during the recession?	EnerBank's business grew exponentially during the 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 recession, some providers were not even on the scene. Others cancelled their unfunded credit approvals, significantly tightened their approval criteria (thereby significantly decreasing their approval rates) and reduced their workforces. Some exited the home improvement lending sector entirely.
21) Does the provider screen participating dealers?	EnerBank allows its program sponsors to unilaterally select the dealers who will participate in the sponsor's program.	Some providers require that they approve each participating dealer.
22) Does the provider provide private-labeling for partner programs?	EnerBank does.	Some providers do not.
23) Does the provider require recourse on defaulted loans?	EnerBank never requires recourse for credit defaults.	Some providers require that program sponsors and dealers provide recourse for first payment and other credit defaults.