



Myths vs. Truths

MYTH:

OppFi is a “rent-a-bank” that uses “a bank charter” to make loans in other states.

TRUTH:

OppFi is not a “rent-a-bank”, and our operations in Maine prove that

- The banks that partner with OppFi are the named lender on the loan documents;
- The bank originates the loan with its own funds;
- The bank retains the title to the loans;
- The bank maintains a high level of control over all facets of the program.
- The challenge with this set up, and the reason for seeking to repeal the PEI test in Maine, is to satisfy the PEI test the bank must retain and keep on their books a high percentage of the capital to support the loan on their books. This limits the ability of the bank to sell the debt, just like banks do with credit card and mortgage debt, and therefore limits the bank’s ability to make loans in Maine. In fact, the PEI test has forced our partner banks to reduce their lending capacity in Maine by about 50%.

MYTH:

OppFi cannot lend in Maine because they can’t pass the test of being a true bank partnership.

TRUTH:

OppFi worked with our bank partners to ensure that loans that the banks make in Maine comply with the pei test

Maine is a strong example of why we are NOT a “rent-a-bank,” because we work with our bank partners to expand credit access in Maine in full compliance with the PEI test.

MYTH:

The person taking on the most risk is not the bank, but OppFi.

TRUTH:

In Maine, the partner bank retains the most risk and the predominant economic interest.

OppFi and our partner banks DO operate in Maine, albeit at reduced capacity, and our partner banks retain the Predominant Economic Interest.

MYTH:

Nothing about the language you passed in 2021 stops a legitimate bank partnership from lending in the State of Maine.

TRUTH:

The PEI test requires a bank to retain a far greater percentage of a loan than they do in most other contexts. This means that they cannot make as many loans in Maine as they otherwise would – in our bank partners' case, about 50% less, because of the capital requirements.

Community banks use fintech partners like OppFi because they may need help addressing a market: big banks have a lot of money to spend on sophisticated technology, but most community banks do not. Therefore, many banks partner with companies like ours to obtain the assistance or technology that they may not be able to develop on their own.

Therefore, without a bank partner, the bank faces severely constrained ability to make loans – it does not foreclose the ability to engage in a state like Maine, but it does severely restrict it.

MYTH:

OppFi is buying 95% of the receivables.

TRUTH:

The partner bank retains more than 50% of the economic interest in the receivables of the loan in Maine.

In addition, OppFi is still subject to all of the banking laws that the bank is subject to.

MYTH:

I don't think OppFi would be here is they thought that they could pass the true test of a bank partnership.

TRUTH:

In fact, we are very confident that the bank's lending program in Maine meets the PEI test and thus DOES qualify as a "true bank partnership."

However, we believe that our bank partners would be able to lend to more consumers in Maine if they were not constrained by the PEI test.

MYTH:

Refis are a default avoidance measure.

TRUTH:

- **Less than half of our customers in Maine refinance;**
- **They do so an average of 6 months after receiving their first loan, not “31-to 40 days” as alleged, falsely, by our opponents;**
- **The average that they add to their loan is \$552;**
- **The typical number of refinances is 2.3**

In other words, most of our consumers pay down a significant portion of their debt before they seek to borrow again; and the amount they borrow does not consign them to a “cycle of debt.”

Further, it is important to note that our partner banks ONLY refinance consumers who consistently pay on time, and they DO NOT CHARGE ANY FEES for refinancing a loan.

We urge the Committee to get the real and accurate facts before making a policy decision that could impact thousands of consumer in Maine.

MYTH:

One borrower refinanced 16 times, and “that is a sign that it is incredibly unaffordable.”

TRUTH:

ONE customer out of several thousand is not typical and should not be the basis for a policy decision.

In fact, this customer has not had any negative servicing incidents, has made all their payments, and has not entered any hardship program.

On March 20, 2024, they gave us a 10 out of 10 rating on our internal survey.

Here is their loan history:

- First loan approved in 2019; paid off 6/9/2022
- They CAME BACK to us on 12/10/2023 – a year and a half later; their loan remains in good standing.
- We discourage consumers from refinancing more than 3 times, but we do not prohibit them from doing so.

MYTH:

“The reason that OppFi is able to have such a high [rating is because]... they refi people pretty quickly.”

TRUTH:

Our ratings are high because consumers who can't get credit from other sources understand that the loans that we facilitate are transparent, heavily regulated, helpful and generally less expensive than other options they encounter.

Opponents of this legislation struggle to explain why OppFi gets such high rankings from our customers. Usually they condescendingly claim that “consumers don't know any better.”

In fact, however, our ratings on Trust Pilot are unsolicited and are a reflection of the lack of choices that these consumers see in the market. We encourage you to read the reviews about us on TrustPilot and draw your own conclusions.

We also conduct a post-loan survey of our customers to get their feedback and look for ways to improve our service – our Net Promoter Score.

Our NPS ranges from 79-81, putting us in the “World Class” category. In Maine, 82% of our respondents gave us a 9-10, and 7% gave us a 0-6. These numbers are consistent across new loan and refi customers.

MYTH:

OppFi charges consumers for refinances

TRUTH:

A refinance is a completely new loan, including new underwriting by the bank, and there are no fees associated with a refi

As we have disclosed in numerous filings and other statements, OppLoans and our bank partners in fact do NOT assess any fees for a consumer refinancing. A refinance application is treated like a new loan and is reunderwritten by the bank. No fees are assessed, and the consumer is given the opportunity to borrow more money.