

Payday and Auto Title Lending in Texas

Amarillo MSA 2018

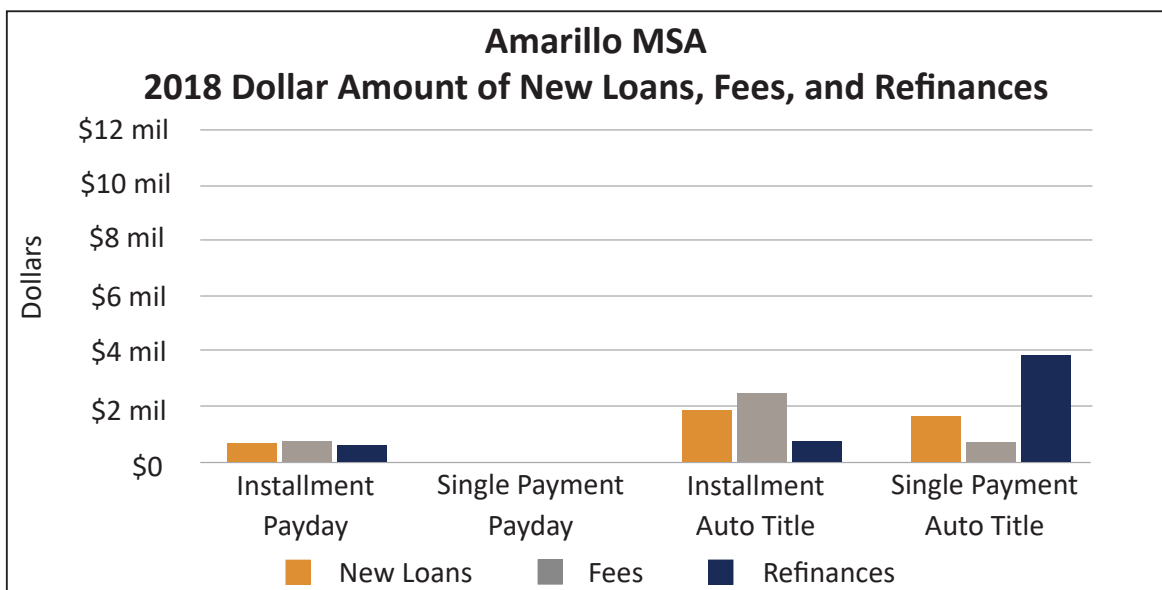


- **Store Locations:** 15
- **New Loans:** \$4,224,789
- **Fee Charges:** \$3,952,878
- **Refinances:** \$5,231,536
- **Repossessions (Auto Title):** 405 or 8 cars per week
- **Repossession Rate:** 20% of borrowers had car repossessed

Refinances and High Fees Continue to Drive Costs

Payday and auto title businesses in Texas offer two main loan types: single payment loans, due in full in 2 weeks or 1 month, and installment loans, due in a series of payments over a period of up to 6 months. **Longer loan terms mean installment loans have fewer refinances, but even higher fees. Fees for one installment loan are often the same as fees charged for 5 to 12 single payment loans.**

- **In the Amarillo MSA, refinances make up 66% of single payment loan transactions.**
- **Installment loan borrowers paid a total of \$743,755 in fees for \$675,507 in new loans, an average of \$110 in fees for every \$100 borrowed.**
- **Across all four loan types, the average cost to repay a \$500 loan with no refinances is \$587 to \$1,158.** Average APRs for payday and auto title loans in the Amarillo MSA range from 212% to 454% (see table on back).



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Amarillo MSA at a Glance: Profile of Loan Terms and Repayment, \$500 Loan

	Installment Payday	Single Payment Payday	Installment Auto Title	Single Payment Auto Title
Average* Loan Term (Days)	156	-	153	30
Average Fees per \$100	\$127.38	-	\$107.80	\$16.60
Ave. Annual Percentage Rate (APR)	454%	-	399%	212%
Amount Repaid with No Refinances	\$1,158.31	-	\$1,059.93	\$587.09
Ave. % of Borrowers Who Refinance in Same Quarter They Take Out a Loan	0.24%	-	6.09%	46.80%
Average Refinances per Borrower	-	-	6.39	1.85
Amount Repaid with Ave. Refinances	-	-	\$4,637.21	\$748.64
Refinances as Percent of Total Number of Loan Transactions	16%	-	25%	66%

*Where fewer than four quarters of data are available, all averages reflect the average of quarters with available data.

Surge in Auto Title Lending Fuels Increase in Auto Repossessions

The total value of new loans, fees, and refinances increased by 78% from 2017 to 2018. During that same time period, the dollar value of new loans increased by 54%, refinances increased by 93%, and fees increased by 92%. Repossessions by auto title lenders increased from 225 cars repossessed in 2017 to 405 in 2018, an 80% increase. The repossession rate fell from 24% of the total number of auto title borrowers to 20%. Auto title lending dominated the market in 2018, making up 86% of the dollars lent and 81% of the fees collected.

