

Payday and Auto Title Lending in Texas

Beaumont MSA 2015

Beaumont-Port Arthur

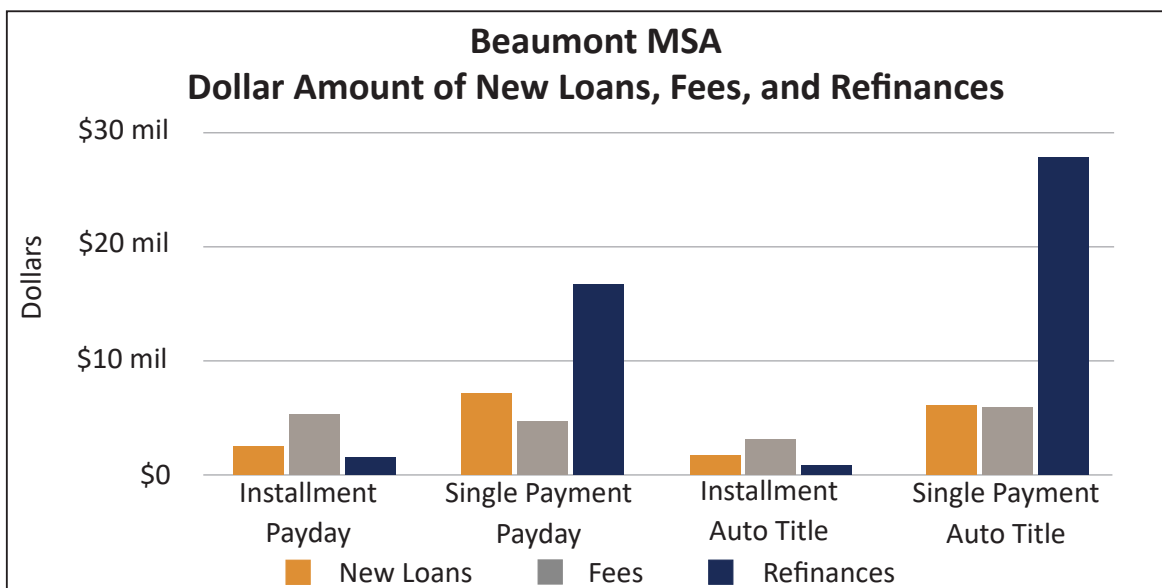


- **Store Locations:** 44
- **New Loans:** \$17,334,452
- **Fee Charges:** \$19,035,847
- **Refinances:** \$46,908,797
- **Repossessions (Auto Title):** 871 or 17 cars per week
- **Repossession Rate:** 15% of borrowers had car repossessed

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.

- **In the Beaumont MSA, refinances make up 65% of single payment loan transactions.**
- **On average, installment borrowers paid \$2.02 in fees for every dollar borrowed.**
- **Across all four loan types, the average cost to repay a \$500 loan with no refinances is \$596 to \$1,410. For borrowers who refinance, the average cost to repay a \$500 loan can reach over \$3,000.** Average APRs for payday and auto title loans in the Beaumont MSA range from 235% to 550% (see table on back).



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Beaumont 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)	163	19	173	30
Average Fees per \$100	\$177.45	\$21.75	\$88.02	\$18.47
Ave. Annual Percentage Rate (APR)	550%	428%	309%	235%
Amount Repaid with No Refinances	\$1,409.57	\$611.35	\$963.77	\$596.40
Percent of Borrowers Who Refinance (Ave. of Quarterly Rates)	8.38%	45.80%	6.07%	47.17%
Average Refinances per Borrower	3.61	6.24	5.05	6.08
Amount Repaid with Ave. Refinances	\$4,696.69	\$1,305.91	\$3,304.39	\$1,182.52

Installment Auto Title Lending Spurs Increase in Fees

The dollar amount of new payday and auto title loans decreased by 12% from 2014 to 2015, the dollar amount of refinances decreased by 5% and total fees charges increased by 12%. During the same period, installment auto title loans increased fourfold, from 1% to 4% of the total dollars lent. The proportion of fee charges from installment auto title loans was 8 times higher, increasing from 2% to 16% of the total fees charged. The average APR for installment auto title loans increased from 263% to 309%. Installment payday loans continued to be a major fee driver, making up 6% of the dollars lent, but 28% of the fees charged. Depending on the loan terms, **fees for one installment loan are often the same as fees charged for 5 to 12 single payment loan transactions.** Single payment auto title loans had the largest market share, generating 53% of the total dollars lent and 31% of the total fees.

