

# Payday and Auto Title Lending in Texas

## Brownsville MSA 2014

Brownsville-Harlingen

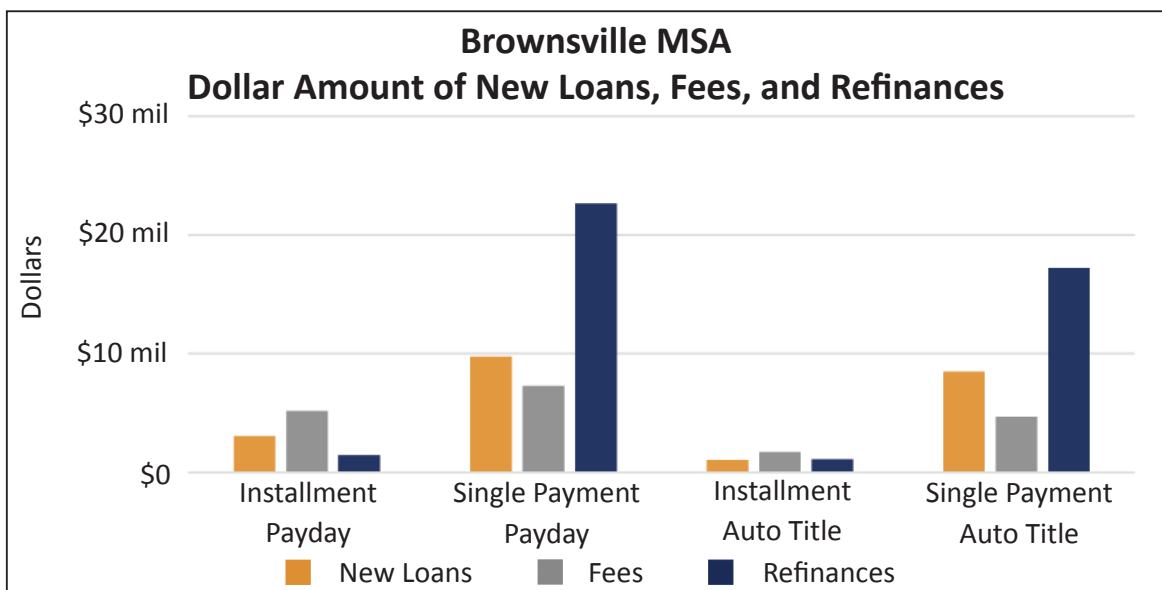


- **Store Locations:** 60
- **New Loans:** \$22,236,860
- **Fee Charges:** \$18,794,782
- **Refinances:** \$42,354,603
- **Repossessions (Auto Title):** 709 or 14 cars per week
- **Repossession Rate:** 11% of borrowers had car repossessed

### Refinances and High Fees Continue 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 Brownsville MSA, refinances make up 68% of single payment loan transactions.**
- **On average, installment borrowers paid \$1.70 in fees for every dollar borrowed.**
- **Across all four loan types, the average cost to repay a \$500 loan with no refinances is \$600 to \$1,268. 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 Brownsville MSA range from 261% to 476% (see table on back).



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## Brownsville 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)	167	19	225	28
Average Fees per \$100	\$148.96	\$22.34	\$109.58	\$19.27
Ave. Annual Percentage Rate (APR)	476%	439%	284%	261%
Amount Repaid with No Refinances	\$1,267.72	\$614.28	\$1,078.70	\$600.18
Percent of Borrowers Who Refinance (Ave. of Quarterly Rates)	10.79%	51.86%	9.98%	54.19%
Average Refinances per Borrower	3.13	7.14	6.56	5.17
Amount Repaid with Ave. Refinances	\$3,668.70	\$1,430.11	\$4,876.31	\$1,117.80

### Installment Payday Loans a Major Fee Driver

Installment payday loans made up 7% of the total dollars lent for 2014, but 27% of fee charges. Average fees per \$100 borrowed for installment payday and auto title loans increased from 2013 to 2014. Fees per \$100 borrowed for installment payday loans increased from \$125.50 to \$148.96 and fees for installment auto title loans increased from \$78.20 to \$109.58. Depending on the loan terms, **fees for one installment loan are often the same as the fees charged for 5 to 12 single payment loan transactions.** Single payment auto title loans increased from 28% of dollars lent in 2013 to 40% of dollars lent in 2014, indicating a market shift toward this loan type.

