

Payday and Auto Title Lending in Texas

Brownsville MSA 2015

Brownsville-Harlingen

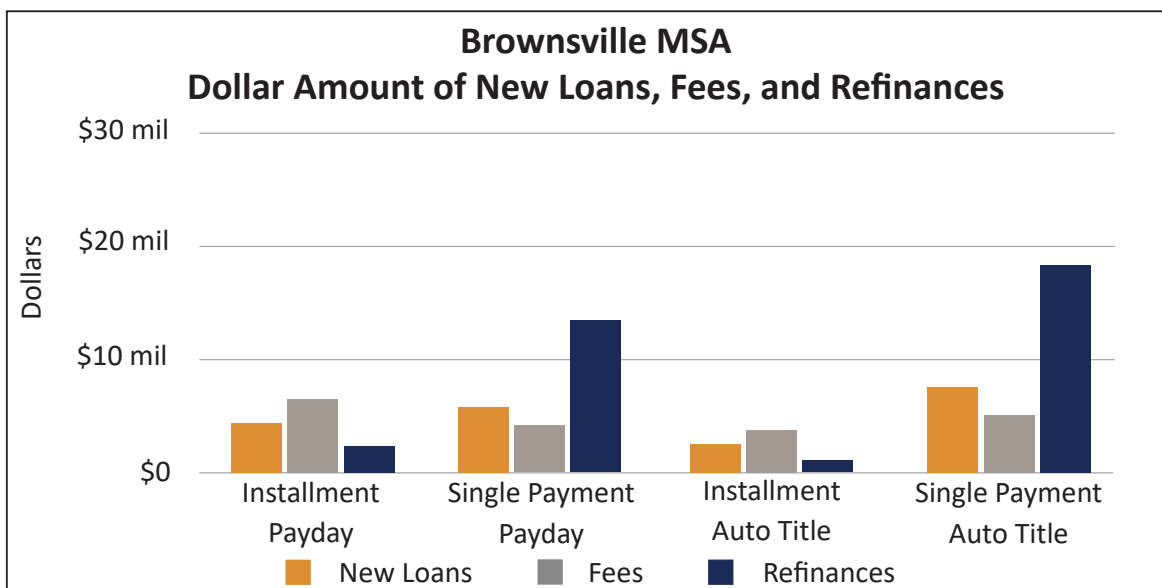


- **Store Locations:** 42
- **New Loans:** \$20,185,278
- **Fee Charges:** \$19,479,839
- **Refinances:** \$35,114,795
- **Repossessions (Auto Title):** 797 or 15 cars per week
- **Repossession Rate:** 14% of borrowers had car repossessed

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 67% of single payment loan transactions.**
- **On average, installment borrowers paid \$1.49 in fees for every dollar borrowed.**
- **Across all four loan types, the average cost to repay a \$500 loan with no refinances is \$587 to \$1,337. 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 220% to 513% (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)	164	19	173	29
Average Fees per \$100	\$163.11	\$22.35	\$87.63	\$16.68
Ave. Annual Percentage Rate (APR)	513%	439%	308%	220%
Amount Repaid with No Refinances	\$1,337.97	\$614.37	\$961.83	\$587.38
Percent of Borrowers Who Refinance (Ave. of Quarterly Rates)	9.73%	51.48%	5.02%	48.39%
Average Refinances per Borrower	4.54	6.41	7.06	6.02
Amount Repaid with Ave. Refinances	\$5,145.58	\$1,347.30	\$4,221.73	\$1,113.28

Installment Payday and Auto Title Lending Increase Spurs Higher Fees

From 2014 to 2015, there was a 9% decline in the dollar amount of new loans and a 17% decrease in the dollar amount of refinances, but fees charges increased by 4%. During the same time period, installment payday loans grew from 7% to 12% of the total dollars lent and 27% to 33% of the total fee charges. Installment auto title loans doubled from 3% to 6% of total dollars lent and 9% to 19% of the total fees. The cost of an average payday installment loan increased from 476% APR in 2014 to 513% APR in 2015; installment auto title loans increased from 284% APR to 308% APR. 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.**

