

# Payday and Auto Title Lending in Texas

## Brownsville MSA 2018

Brownsville-Harlingen

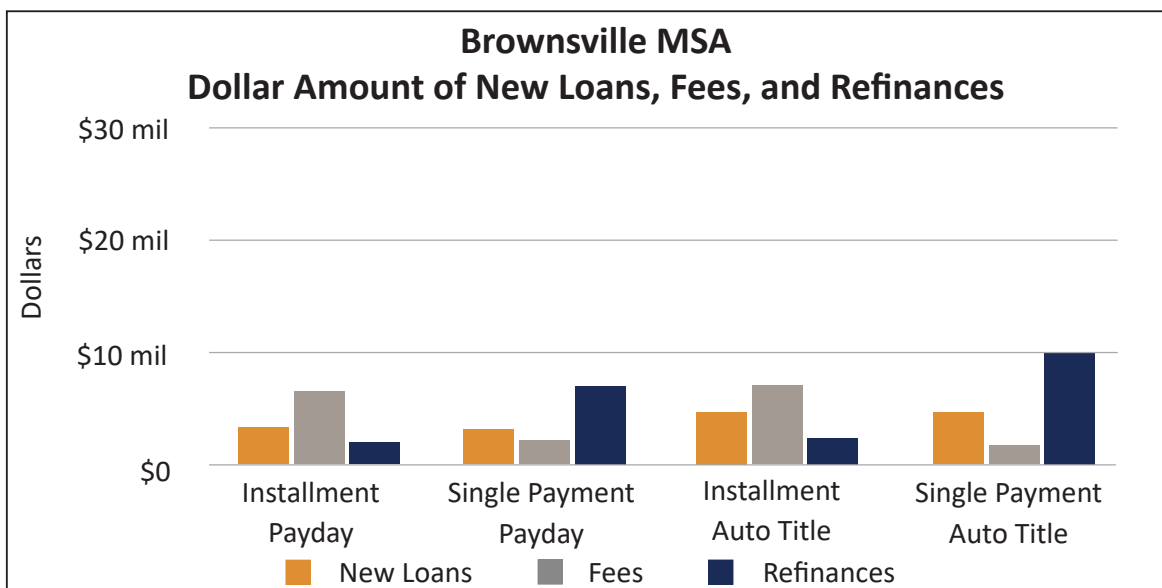


- **Store Locations:** 41
- **New Loans:** \$15,602,887
- **Fee Charges:** \$17,322,785
- **Refinances:** \$21,096,214
- **Repossessions (Auto Title):** 569 or 11 cars per week
- **Repossession Rate:** 11% of borrowers had car repossessed

### 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. **Fees for one installment loan are often the same as fees charged for 5 to 12 single payment loans.**

- **In the Brownsville MSA, refinances make up 66% of single payment loan transactions.**
- **Installment loan borrowers paid a total of \$13,502,790 in fees for \$7,922,283 in new loans, an average of \$170 in fees for every \$100 borrowed.**
- **Across all four loan types, the average cost to repay a \$500 loan with no refinances is \$578 to \$1,347. 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 190% to 518% (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)	162	19	159	30
Average Fees per \$100	\$165.02	\$22.88	\$114.93	\$14.76
Ave. Annual Percentage Rate (APR)	518%	450%	418%	190%
Amount Repaid with No Refinances	<b>\$1,347.24</b>	<b>\$617.01</b>	<b>\$1,096.41</b>	<b>\$577.91</b>
Ave. % of Borrowers Who Refinance in Same Quarter They Take Out a Loan	5.84%	54.48%	9.58%	49.20%
Average Refinances per Borrower	6.33	6.52	4.61	5.19
Amount Repaid with Ave. Refinances	<b>\$6,707.40</b>	<b>\$1,379.48</b>	<b>\$3,843.21</b>	<b>\$982.59</b>
Refinances as Percent of Total Number of Loan Transactions	22%	66%	28%	68%

## Market Volume Increased, with Growing Market Share of Installment Auto Title Loans

The total value of new loans, fees, and refinances increased by 6% from 2017 to 2018. During that same period, the dollar value of new loans increased by 6%, refinances grew by 9%, and fees were up by 3%. There was a 1% decrease in the number of vehicles repossessed by auto title lenders, and the repossession rate fell from 12% of auto title borrowers losing a car in 2017 to 11% in 2018. Installment auto title lending continued to increase as a share of both the total dollars lent and the fees. It increased from 14% of total dollars lent and 35% of the fees collected in 2017 to 19% of total dollars lent and 40% of the fees collected in 2018. Installment lending in total, including both payday and auto title loans, generated 77% of all fees collected in 2018.

