

Payday and Auto Title Lending in Texas

Beaumont MSA 2016

Beaumont-Port Arthur

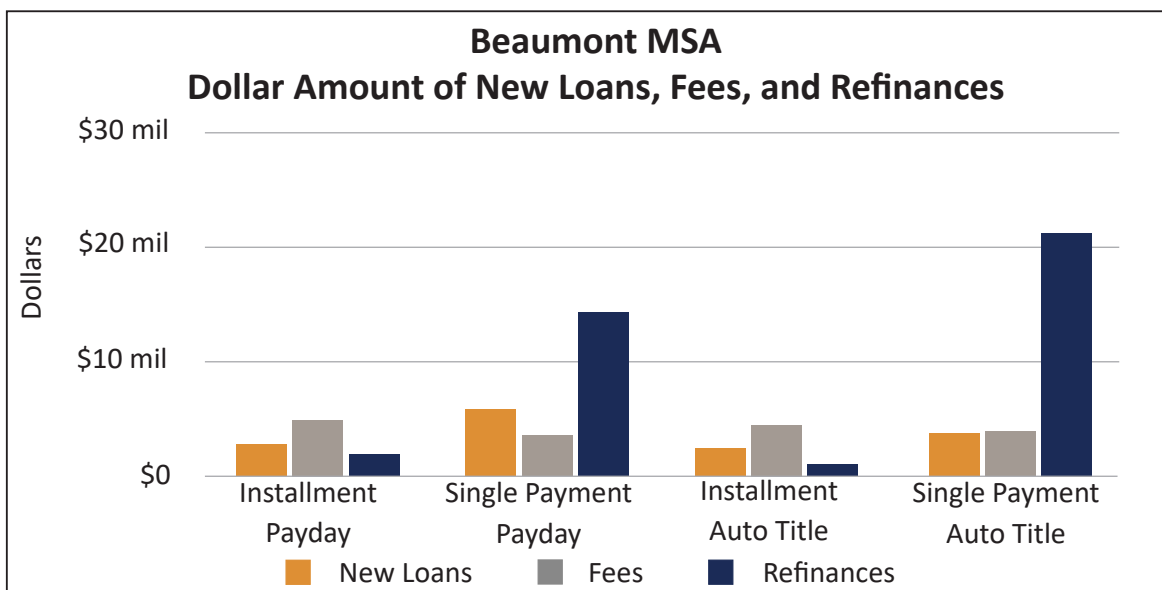


- **Store Locations:** 36
- **New Loans:** \$14,767,145
- **Fee Charges:** \$16,851,349
- **Refinances:** \$38,447,204
- **Repossessions (Auto Title):** 622 or 12 cars per week
- **Repossession Rate:** 11% of borrowers had car repossessed

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 Beaumont MSA, refinances make up 66% of single payment loan transactions.
- On average, installment borrowers paid \$280 for every \$100 borrowed.
- Across all four loan types, the average cost to repay a \$500 loan with no refinances is \$596 to \$1,367. 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 242% to 528% (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)	169	18	160	29
Average Fees per \$100	\$168.71	\$22.26	\$103.38	\$18.43
Ave. Annual Percentage Rate (APR)	528%	461%	352%	242%
Amount Repaid with No Refinances	\$1,366.75	\$613.71	\$1,038.81	\$596.16
Ave. % of Borrowers Who Refinance in Same Quarter They Take Out a Loan	7.23%	46.11%	8.43%	47.17%
Average Refinances per Borrower	3.66	6.79	4.82	7.00
Amount Repaid with Ave. Refinances	\$4,535.86	\$1,385.70	\$3,637.97	\$1,269.24
Refinances as Percent of Total Number of Loan Transactions	17%	63%	26%	74%

Overall Market Declines; Installment Auto Title Lending Continues to Grow

The dollar amount of new loans, refinances, and fees decreased by 16% from 2015 to 2016. The dollar amount of fees fell by 11%, compared to a 15% decline for new loans and an 18% decline for refinances. The number of vehicles repossessed by auto title lenders decreased by 29%. From 2015 to 2016, installment auto title lending grew from 4% of total payday and auto title dollar lent to 6% and from 16% of total fees collected to 27%.

