

# Payday and Auto Title Lending in Texas

## Brownsville MSA 2016

Brownsville-Harlingen

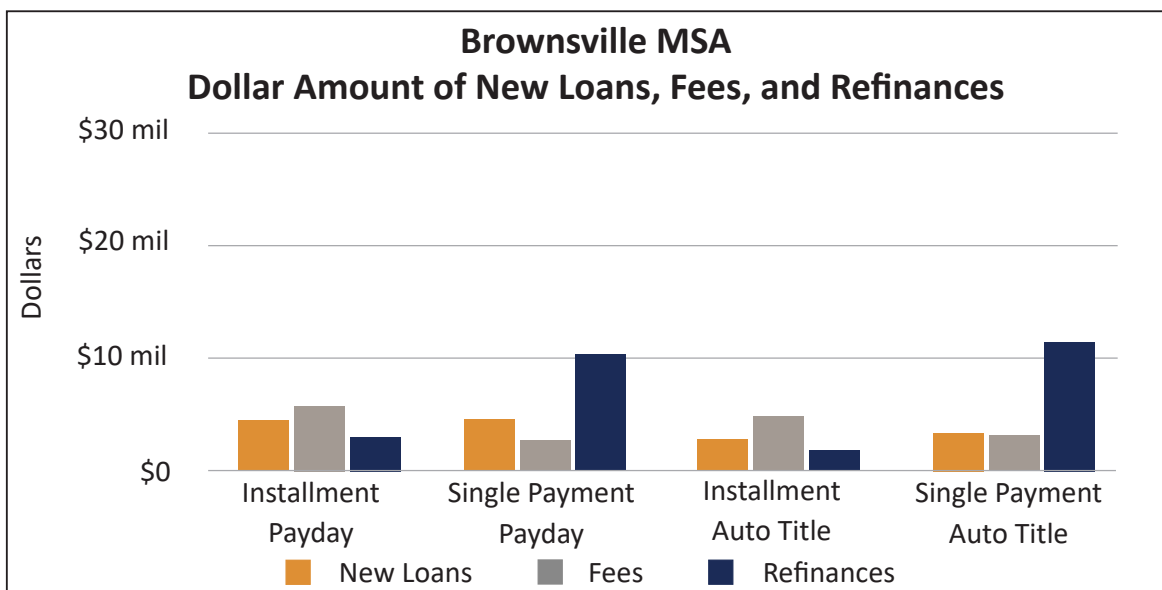


- **Store Locations:** 43
- **New Loans:** \$15,238,590
- **Fee Charges:** \$16,532,891
- **Refinances:** \$26,747,606
- **Repossessions (Auto Title):** 622 or 12 cars per week
- **Repossession Rate:** 13% of borrowers had car repossessed

### 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.**
- **On average, installment borrowers paid \$246 for every \$100 borrowed.**
- **Across all four loan types, the average cost to repay a \$500 loan with no refinances is \$587 to \$1,336. 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 210% to 512% (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)	163	19	164	30
Average Fees per \$100	\$162.65	\$22.02	\$102.19	\$16.49
Ave. Annual Percentage Rate (APR)	512%	433%	349%	210%
Amount Repaid with No Refinances	<b>\$1,335.59</b>	<b>\$612.72</b>	<b>\$1,033.45</b>	<b>\$586.50</b>
Ave. % of Borrowers Who Refinance in Same Quarter They Take Out a Loan	7.72%	53.46%	8.71%	48.39%
Average Refinances per Borrower	5.90	6.50	5.23	5.63
Amount Repaid with Ave. Refinances	<b>\$6,267.86</b>	<b>\$1,345.31</b>	<b>\$3,824.40</b>	<b>\$1,073.67</b>
Refinances as Percent of Total Number of Loan Transactions	26%	65%	30%	71%

## Overall Market Declines; Installment Auto Title Lending On the Rise

The overall dollar amount of new loans, refinances, and fees decreased by 22% from 2015 to 2016. New loans saw the sharpest decline, with a 25% decrease in the dollar value of new loans, followed closely by a 24% decrease in the dollar value of refinances. Fees fell by 15%. The number of vehicles repossessed by auto title lenders decreased by 22%. Despite the overall declines in the market, the total dollar value of installment auto title lending increased, with a 10% increase in the dollar value of new loans, 29% increase in fees, and 77% increase in refinances. Together, installment payday and auto title lending made up 29% of the total dollars lent and 64% of all the fees collected for 2016.

