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 2016**

- **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

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**Brownsville MSA**

**Dollar Amount of New Loans, Fees, and Refinances**

<table>
<thead>
<tr>
<th>Dollars</th>
<th>New Loans</th>
<th>Fees</th>
<th>Refinances</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0</td>
<td>$10 mil</td>
<td>$20 mil</td>
<td>$30 mil</td>
</tr>
</tbody>
</table>

---

Source: Texas Appleseed analysis of Texas Office of Consumer Credit Commissioner 2015 and 2016 Credit Access Business Quarterly and Annual Data Reports. Store location data is based on the Office of Consumer Credit Commissioner CAB licensing data for November 2016, and includes only active licensed locations in Texas.
Payday and Auto Title Lending in Texas

Brownsville MSA at a Glance: Profile of Loan Terms and Repayment, $500 Loan

<table>
<thead>
<tr>
<th></th>
<th>Installment Payday</th>
<th>Single Payment Payday</th>
<th>Installment Auto Title</th>
<th>Single Payment Auto Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Loan Term (Days)</td>
<td>163</td>
<td>19</td>
<td>164</td>
<td>30</td>
</tr>
<tr>
<td>Average Fees per $100</td>
<td>$162.65</td>
<td>$22.02</td>
<td>$102.19</td>
<td>$16.49</td>
</tr>
<tr>
<td>Ave. Annual Percentage Rate (APR)</td>
<td>512%</td>
<td>433%</td>
<td>349%</td>
<td>210%</td>
</tr>
<tr>
<td>Amount Repaid with No Refinances</td>
<td>$1,335.59</td>
<td>$612.72</td>
<td>$1,033.45</td>
<td>$586.50</td>
</tr>
<tr>
<td>Ave. % of Borrowers Who Refinance in Same Quarter They Take Out a Loan</td>
<td>7.72%</td>
<td>53.46%</td>
<td>8.71%</td>
<td>48.39%</td>
</tr>
<tr>
<td>Average Refinances per Borrower</td>
<td>5.90</td>
<td>6.50</td>
<td>5.23</td>
<td>5.63</td>
</tr>
<tr>
<td>Amount Repaid with Ave. Refinances</td>
<td>$6,267.86</td>
<td>$1,345.31</td>
<td>$3,824.40</td>
<td>$1,073.67</td>
</tr>
<tr>
<td>Refinances as Percent of Total Number of Loan Transactions</td>
<td>26%</td>
<td>65%</td>
<td>30%</td>
<td>71%</td>
</tr>
</tbody>
</table>

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.

Brownsville MSA
2016 Comparison of Total Dollars Lent to Total Fees

Source: Texas Appleseed analysis of Texas Office of Consumer Credit Commissioner 2015 and 2016 Credit Access Business Quarterly and Annual Data Reports. Store location data is based on the Office of Consumer Credit Commissioner CAB licensing data for November 2016, and includes only active licensed locations in Texas.