

Payday and Auto Title Lending in Texas

Houston MSA 2016

Houston-Sugar Land-Baytown

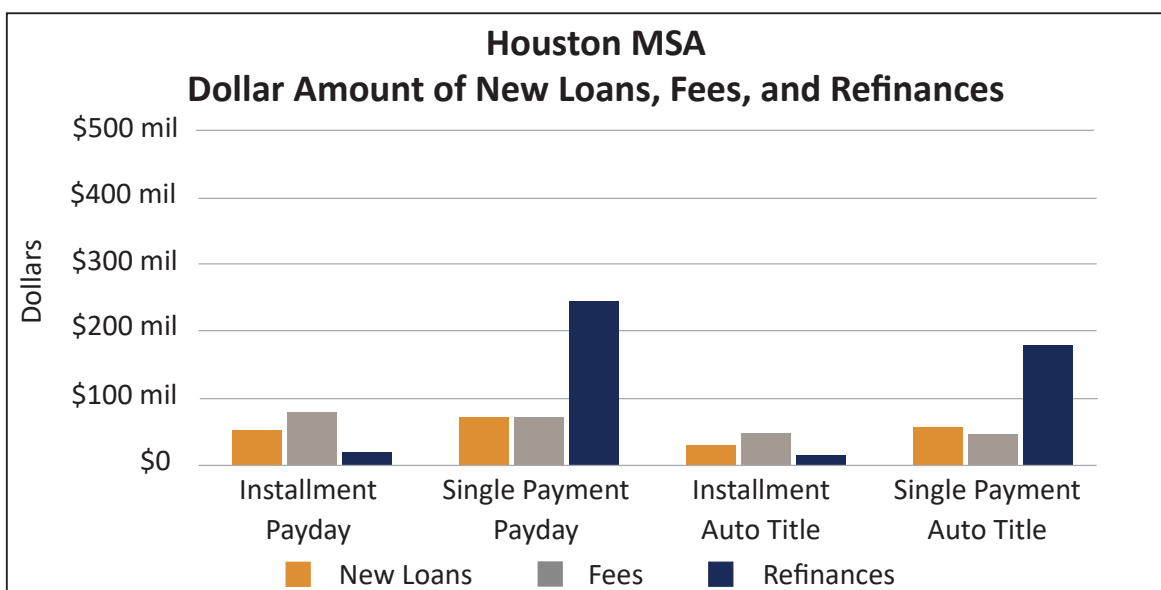


- **Store Locations:** 427
- **New Loans:** \$210,116,196
- **Fee Charges:** \$244,134,294
- **Refinances:** \$460,619,598
- **Repossessions (Auto Title):** 6,096 or 117 cars per week
- **Repossession Rate:** 12% of borrowers had car repossessed

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 Houston MSA, refinances make up 71% of single payment loan transactions.**
- **On average, installment borrowers paid \$255 for every \$100 borrowed.**
- **Across all four loan types, the average cost to repay a \$500 loan with no refinances is \$585 to \$1,340. 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 Houston MSA range from 206% to 592% (see table on back).



Payday and Auto Title Lending in Texas

Houston 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)	165	15	161	30
Average Fees per \$100	\$163.52	\$24.58	\$100.34	\$16.14
Ave. Annual Percentage Rate (APR)	514%	592%	344%	206%
Amount Repaid with No Refinances	\$1,340.11	\$625.01	\$1,023.73	\$584.76
Ave. % of Borrowers Who Refinance in Same Quarter They Take Out a Loan	5.09%	62.65%	10.85%	50.49%
Average Refinances per Borrower	4.18	6.55	4.37	6.10
Amount Repaid with Ave. Refinances	\$4,849.60	\$1,444.10	\$3,314.85	\$1,102.16
Refinances as Percent of Total Number of Loan Transactions	14%	71%	29%	72%

Overall Market Continues to Shrink; Installment Auto Title Loan Fees on the Rise

The total dollar value of new loans, fees, and refinances decreased by 8% from 2015 to 2016. During the same time period, new loans decreased by 12%, fees decreased by 10% and refinances fell by 5%. The number of vehicles repossessed by auto title lenders decreased by 17%. The market share of loan products remained stable from 2015 to 2016. Installment lending continued to drive fees, comprising 52% of total fee charges in 2016, while making up just 18% of the total dollars lent in the market. From 2015 to 2016, total fees charges declined for every product except installment auto title lending, which saw a 12% increase in the total dollar amount of fees.

