

Payday and Auto Title Lending in Texas

Laredo MSA 2016

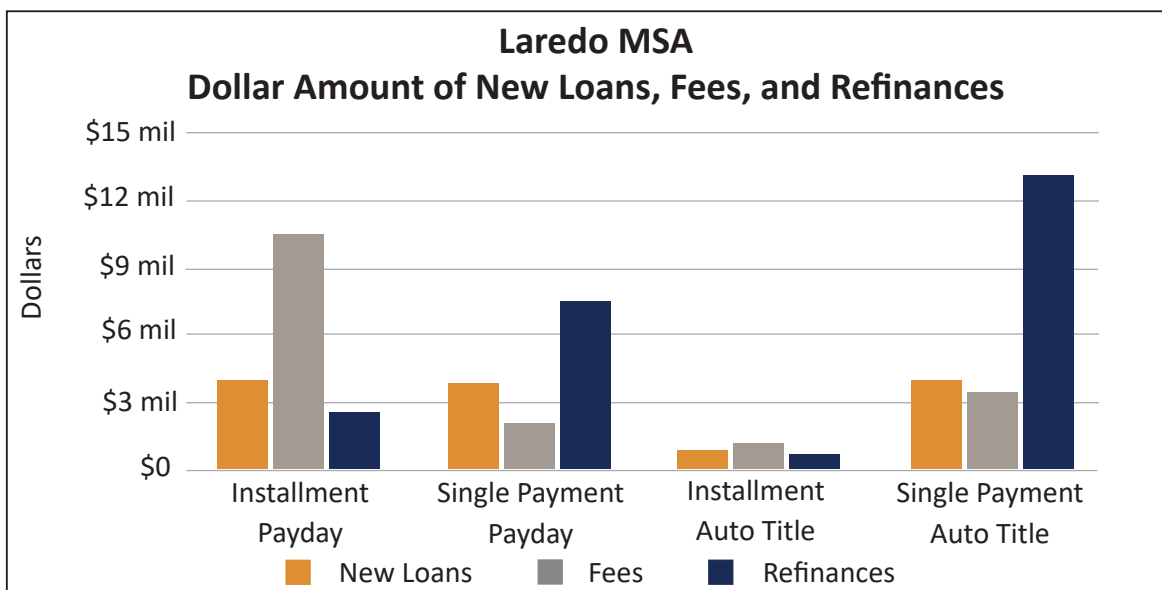


- **Store Locations:** 21
- **New Loans:** \$12,521,362
- **Fee Charges:** \$17,028,869
- **Refinances:** \$23,631,553
- **Repossessions (Auto Title):** 479 or 9 cars per week
- **Repossession Rate:** 14% of borrowers had car repossessed

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 Laredo MSA, refinances make up 66% of single payment loan transactions.
- On average, installment borrowers paid \$345 for every \$100 borrowed.
- Across all four loan types, the average cost to repay a \$500 loan with no refinances is \$585 to \$1,629. 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 Laredo MSA range from 207% to 659% (see table on back).



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Laredo 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	164	30
Average Fees per \$100	\$221.09	\$22.46	\$122.43	\$16.20
Ave. Annual Percentage Rate (APR)	659%	466%	405%	207%
Amount Repaid with No Refinances	\$1,628.56	\$614.79	\$1,134.62	\$585.10
Ave. % of Borrowers Who Refinance in Same Quarter They Take Out a Loan	10.03%	53.21%	9.68%	48.71%
Average Refinances per Borrower	3.52	5.81	5.57	6.10
Amount Repaid with Ave. Refinances	\$5,595.51	\$1,281.38	\$4,666.74	\$1,104.65
Refinances as Percent of Total Number of Loan Transactions	20%	63%	34%	72%

Installment Loan Fees Highest in State; Repossessions on the Rise

The total dollar value of new loans, fees, and refinances decreased by 2% from 2015 to 2016. During the same time period, new loans decreased by 17%, fees stayed the same, and refinances increased by 6%. The number of vehicles repossessed by auto title lenders increased by 25%. The proportion of auto title borrowers losing a car also increased from 10% to 14%. Installment lending continued to grow. Installment payday and auto title lending made up 23% of the total dollars lent and 70% of total fees in 2016, compared to 17% of dollars lent and 61% of fees in 2015. Installment loan costs were the highest among Texas regions with reported data. On average, borrowers paid \$345 per \$100 borrowed, compared to \$258 statewide.

