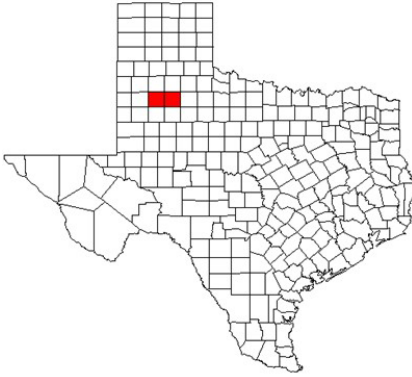


# Payday and Auto Title Lending in Texas

## Lubbock MSA 2016

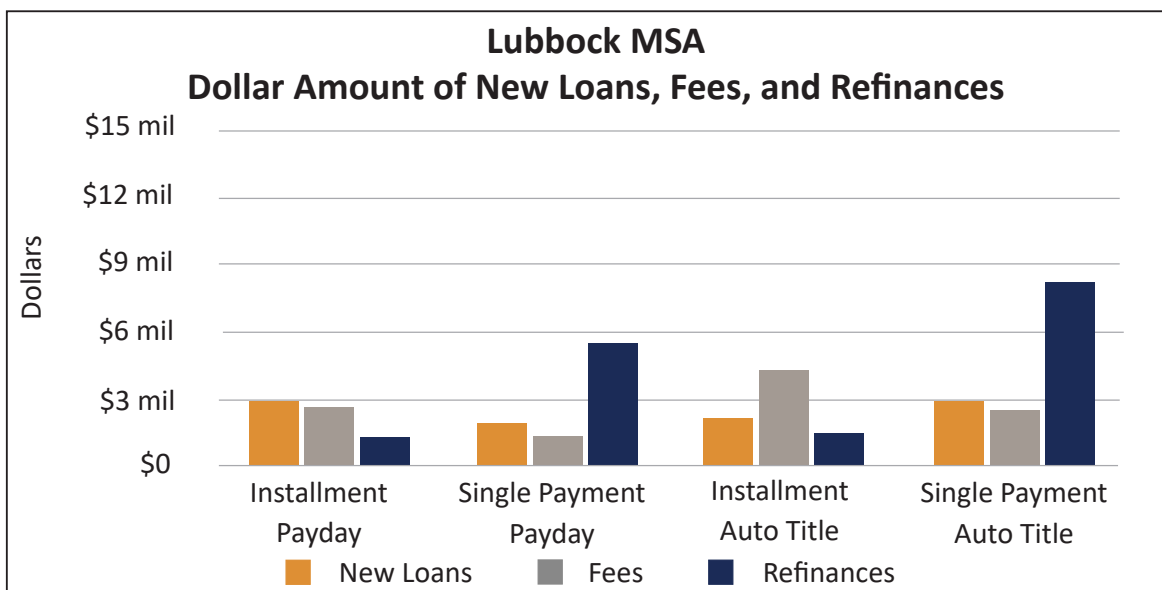


- **Store Locations:** 24
- **New Loans:** \$9,795,605
- **Fee Charges:** \$10,719,641
- **Refinances:** \$16,492,679
- **Repossessions (Auto Title):** 529 or 10 cars per week
- **Repossession Rate:** 15% of borrowers had car repossessed

### 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 Lubbock MSA, refinances make up 70% of single payment loan transactions.**
- **On average, installment borrowers paid \$238 for every \$100 borrowed.**
- **Across all four loan types, the average cost to repay a \$500 loan with no refinances is \$588 to \$1,029. 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 Lubbock MSA range from 213% to 430% (see table on back).



# Payday and Auto Title Lending in Texas

## Lubbock 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)	166	18	161	30
Average Fees per \$100	\$91.27	\$20.70	\$101.41	\$16.71
Ave. Annual Percentage Rate (APR)	318%	430%	321%	213%
Amount Repaid with No Refinances	<b>\$979.08</b>	<b>\$605.93</b>	<b>\$1,029.12</b>	<b>\$587.67</b>
Ave. % of Borrowers Who Refinance in Same Quarter They Take Out a Loan	8.69%	50.78%	15.82%	48.34%
Average Refinances per Borrower	4.10	6.92	4.50	6.31
Amount Repaid with Ave. Refinances	<b>\$2,941.15</b>	<b>\$1,338.45</b>	<b>\$3,412.17</b>	<b>\$1,140.59</b>
Refinances as Percent of Total Number of Loan Transactions	20%	69%	39%	72%

### Overall Market Declines; Installment Auto Title Lending Continues as Major Fee Driver

The total dollar value of new loans, fees, and refinances decreased by 12% from 2015 to 2016. During the same time period, new loans decreased by 17%, fees decreased by 5%, and refinances fell by 13%. The number of vehicles repossessed by auto title lenders decreased by 7%. The market share of installment lending continued to grow. Installment payday and auto title lending made up 30% of the total dollars lent and 65% of total fees in 2016, compared to 20% of dollars lent and 51% of fees in 2015. Installment auto title lending saw sharp growth in fees. While the dollar value of new installment auto title loans increased by 26%, fees jumped by 66%.

