

Payday and Auto Title Lending in Texas

Houston MSA 2012

Houston-Sugar Land-Baytown

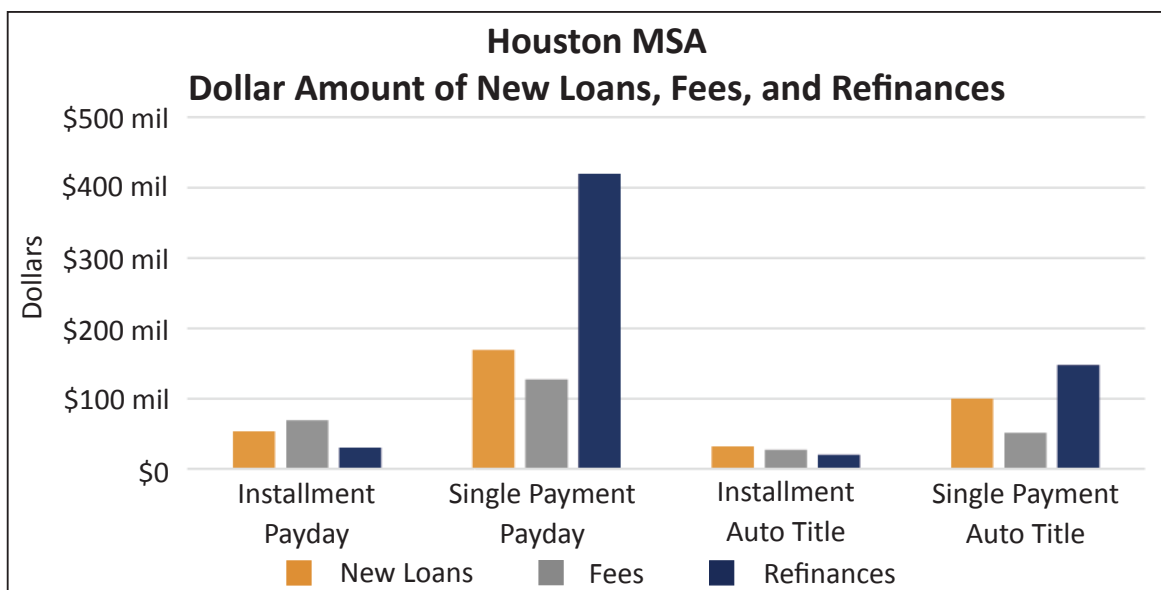


- **Store Locations:** 777
- **New Loans:** \$353,472,214
- **Fee Charges:** \$274,328,488
- **Refinances:** \$616,952,895
- **Repossessions (Auto Title):** 7,291—140 cars per week
- **Repossession Rate:** 9% of borrowers had car repossessed

Short-Term Loans Lead to Long-Term Debt

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. The 2012 data does not report quarterly data on installment loan products at the local level, making it difficult to capture rate and refinance information for those products.

- **In the Houston MSA, refinances make up 67% of single payment loan transactions.** Every quarter, 63% of payday loan borrowers and 50% of auto title borrowers refinance their loans.
- **For borrowers who refinance, a two-week payday loan lasts over 3 months on average, and a 30-day auto title loan lasts nearly 5.5 months.** With no limits on refinances, these loans can extend indefinitely with mounting fees and no built-in principal repayment.
- **Average APRs for payday and auto title loans in the Houston MSA range from 295% to 482%** (see table on back).



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Houston MSA at a Glance: Profile of Loan Terms and Repayment, \$500 Loan*

	Single Payment Payday	Single Payment Auto Title
Average Loan Term (Days)	17	30
Average Fees per \$100	\$22.01	\$23.42
Ave. Annual Percentage Rate (APR)	482%	295%
Amount Repaid with no Refinances	\$612.35	\$621.14
Percent of Borrowers Who Refinance (Ave. of Quarterly Rates)	63.24%	49.65%
Average Refinances per Borrower	5.87	4.41
Ave. Amount Repaid with Refinances	\$1,271.39	\$1,155.80

*Quarterly data unavailable for installment loan products at the MSA level.

Single Payment Payday Loans Dominate Market

Single payment payday loans make up the vast majority of all loan types throughout the Houston MSA, making up 61% of total dollars lent (loans and refinances) and 46% of total fees. These loans also have the highest percent of borrowers who refinance, at 63.24%, with an average of 5.87 refinances for borrowers who refinance, indicating that these loans are difficult for borrowers to pay off.

