

# Payday and Auto Title Lending in Texas

## Houston MSA 2013

Houston-Sugar Land-Baytown

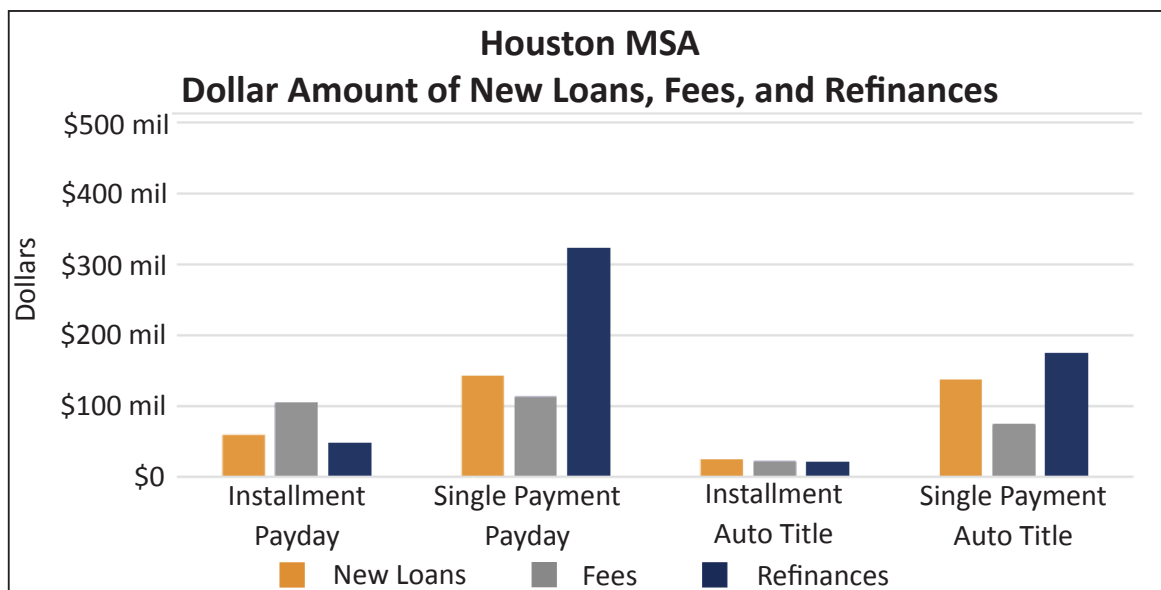


- **Store Locations:** 805
- **New Loans:** \$363,088,615
- **Fee Charges:** \$313,193,033
- **Refinances:** \$565,834,359
- **Repossessions (Auto Title):** 8,475—163 cars per week
- **Repossession Rate:** 9% of borrowers had car repossessed

### Refinances and High Fees 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.

- **In the Houston MSA, refinances make up 64% of single payment loan transactions.**
- **On average, installment borrowers paid \$1.51 in fees for every dollar borrowed.**  
The dollar amount of fees for all installment loans increased by 32% from 2012 to 2013. Fees for installment payday loans increased by 52%.
- **Across all four loan types, the average cost to repay a \$500 loan with no refinances is \$614 to \$1,265. 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 248% to 519% (see table on back).



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## 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)	166	16	212	30
Average Fees per \$100	\$148.39	\$22.31	\$86.12	\$21.89
Ave. Annual Percentage Rate (APR)	475%	519%	248%	276%
Amount Repaid with No Refinances	\$1,264.70	\$613.81	\$959.58	\$613.51
Percent of Borrowers Who Refinance (Ave. of Quarterly Rates)	12.22%	55.32%	8.07%	36.34%
Average Refinances per Borrower	3.14	5.78	9.26	6.22
Amount Repaid with Ave. Refinances	\$3,667.18	\$1,271.51	\$5,215.35	\$1,319.17

## New Trend: Installment Payday Loans

Installment payday loans made up 11% of dollars lent for all types of loans in 2013, but 33% of total fees, indicating that this product is a huge fee driver. Depending on the loan terms, **fees for one installment loan are often the same as the fees charged for 5 to 12 single payment loan transactions.**

