

# Payday and Auto Title Lending in Texas

## Houston MSA 2017

Houston-Sugar Land-Baytown

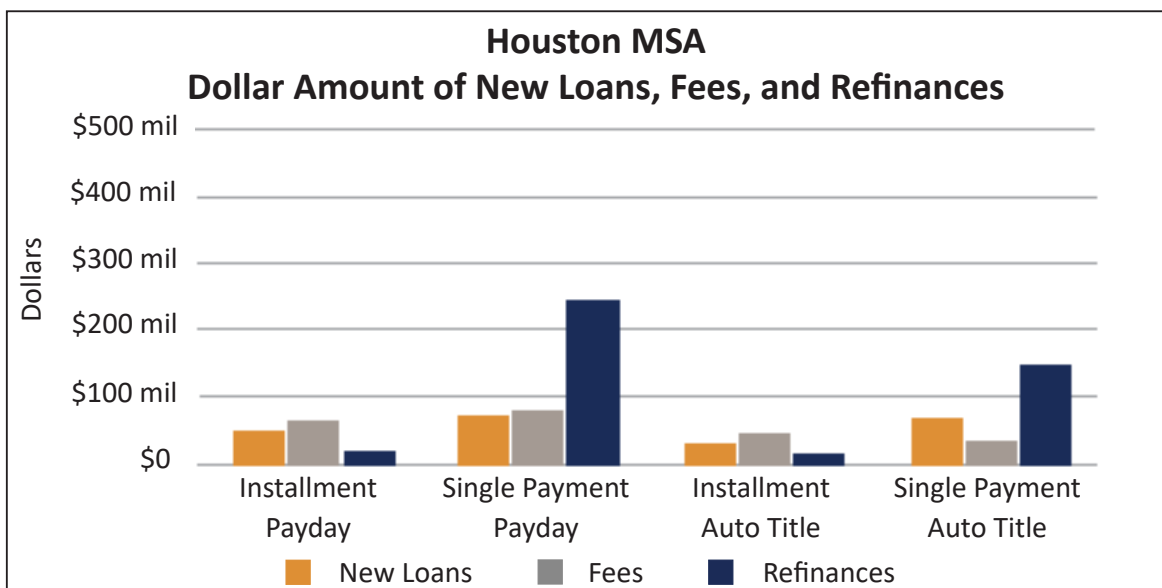


- **Store Locations:** 413
- **New Loans:** \$210,830,855
- **Fee Charges:** \$233,519,130
- **Refinances:** \$420,959,911
- **Repossessions (Auto Title):** 6,708 or 129 cars per week
- **Repossession Rate:** 14% of borrowers had car repossessed

### 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 Houston MSA, refinances make up 71% of single payment loan transactions.**
- **On average, installment borrowers paid \$267 for every \$100 borrowed.**
- **Across all four loan types, the average cost to repay a \$500 loan with no refinances is \$585 to \$1,290. 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).



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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)	155	15	155	30
Average Fees per \$100	\$153.73	\$25.43	\$128.71	\$16.22
Ave. Annual Percentage Rate (APR)	531%	629%	458%	207%
Amount Repaid with No Refinances	<b>\$1,289.85</b>	<b>\$629.23</b>	<b>\$1,164.80</b>	<b>\$585.23</b>
Ave. % of Borrowers Who Refinance in Same Quarter They Take Out a Loan	5.36%	64.55%	10.70%	43.60%
Average Refinances per Borrower	3.45	6.46	5.34	6.10
Amount Repaid with Ave. Refinances	<b>\$4,015.06</b>	<b>\$1,464.11</b>	<b>\$4,714.53</b>	<b>\$1,104.79</b>
Refinances as Percent of Total Number of Loan Transactions	12%	72%	31%	65%

## Overall Market Declines; Fees Increase for Single Payment Payday and Installment Auto Title Lending

The total value of new loans, fees, and refinances decreased by 6% from 2016 to 2017. During that same period, the dollar value of new loans stayed the same, refinances fell by 8%, and fees fell by 7%. There was an 10% increase in the number of vehicle repossessions by auto title lenders, and the repossession rate increased from 12% auto title borrowers losing a car to repossession in 2016 to 14% in 2017. The proportion of the dollar amount of new loans distributed among single payment and installment loans remained relatively stable from 2016 to 2017, but there was a jump in the fees collected for single payment payday loans from 29% in 2016 to 33% in 2017.

