

Payday and Auto Title Lending in Texas

Houston MSA 2018

Houston-Sugar Land-Baytown

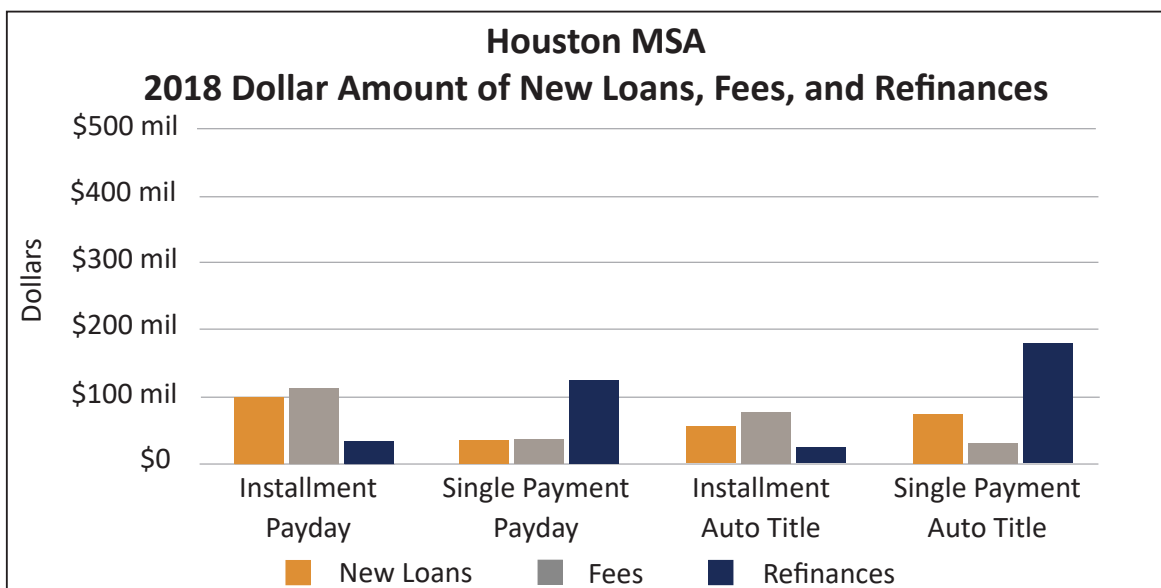


- **Store Locations:** 398
- **New Loans:** \$266,740,816
- **Fee Charges:** \$258,990,652
- **Refinances:** \$363,653,315
- **Repossessions (Auto Title):** 8,016 or 154 cars per week
- **Repossession Rate:** 14% of borrowers had car repossessed

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 68% of single payment loan transactions.**
- **Installment loan borrowers paid a total of \$192,027,649 in fees for \$156,090,399 in new loans, an average of \$123 in fees for every \$100 borrowed.**
- **Across all four loan types, the average cost to repay a \$500 loan with no refinances is \$581 to \$1,084. 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 198% to 556% (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)	93	17	153	30
Average Fees per \$100	\$84.72	\$25.43	\$112.59	\$15.47
Ave. Annual Percentage Rate (APR)	486%	556%	410%	198%
Amount Repaid with No Refinances	\$936.31	\$629.41	\$1,083.91	\$581.45
Ave. % of Borrowers Who Refinance in Same Quarter They Take Out a Loan	9.01%	52.36%	8.89%	50.09%
Average Refinances per Borrower	2.77	6.84	5.55	5.28
Amount Repaid with Ave. Refinances	\$2,146.80	\$1,514.64	\$4,326.17	\$1,011.73
Refinances as Percent of Total Number of Loan Transactions	15%	67%	28%	69%

Installment Loans and Fees on the Rise

The total value of new loans, fees, and refinances increased by 3% from 2017 to 2018. During that same period, the dollar value of new loans increased by 27%, refinances fell by 14%, and fees increased by 11%. There was a 19% increase in the number of vehicle repossessions by auto title lenders, but the repossession rate held steady, with 14% of auto title borrowers losing a car to repossession. There was a jump in installment lending, making up 34% of the dollars lent and 74% of the fees collected in 2018 compared to 16% of the dollars lent and 53% of the fee collected in 2017.

