Payday and Auto Title Lending in Texas

Laredo MSA 2013

- Store Locations: 28
- New Loans: $10,845,699
- Fee Charges: $7,569,540
- Refinances: $12,018,480
- Repossessions (Auto Title): 295 — 6 cars per week
- Repossession Rate: 11% 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 Laredo MSA, refinances make up 62% of single payment loan transactions.
- On average, installment borrowers paid $0.91 in fees for every dollar borrowed.
  From 2012 to 2013, the fees for installment payday loans increased by 55%, more than twice the rate of the increase in dollars lent.
- Across all four loan types, the average cost to repay a $500 loan with no refinances is $617 to $869. For borrowers who refinance, the average cost to repay a $500 loan can reach over $2,000. Average APRs for payday and auto title loans in the Laredo MSA range from 206% to 508% (see table on back).

![Bar chart showing the dollar amount of new loans, fees, and refinances in the Laredo MSA for installments and single payment payday and auto title loans.]

Rev 8/16/15
Source: Texas Appleseed analysis of Texas Office of Consumer Credit Commissioner 2012 and 2013 Credit Access Business Quarterly and Annual Data Reports. Store location data is based on the Office of Consumer Credit Commissioner CAB licensing data for December 2013, and includes only active licensed locations in Texas.
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Laredo MSA at a Glance: Profile of Loan Terms and Repayment, $500 Loan

<table>
<thead>
<tr>
<th></th>
<th>Installment Payday</th>
<th>Single Payment Payday</th>
<th>Installment Auto Title</th>
<th>Single Payment Auto Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Loan Term (Days)</td>
<td>149</td>
<td>17</td>
<td>174</td>
<td>30</td>
</tr>
<tr>
<td>Average Fees per $100</td>
<td>$69.73</td>
<td>$23.19</td>
<td>$53.74</td>
<td>$22.59</td>
</tr>
<tr>
<td>Ave. Annual Percentage Rate (APR)</td>
<td>275%</td>
<td>508%</td>
<td>206%</td>
<td>285%</td>
</tr>
<tr>
<td>Amount Repaid with No Refinances</td>
<td>$869.00</td>
<td>$618.25</td>
<td>$792.57</td>
<td>$617.03</td>
</tr>
<tr>
<td>Percent of Borrowers Who Refinance (Ave. of Quarterly Rates)</td>
<td>0.35%</td>
<td>54.10%</td>
<td>29.51%</td>
<td>39.92%</td>
</tr>
<tr>
<td>Average Refinances per Borrower</td>
<td>4.46</td>
<td>5.27</td>
<td>0.90</td>
<td>5.10</td>
</tr>
<tr>
<td>Amount Repaid with Ave. Refinances</td>
<td>$2,515.01</td>
<td>$1,241.42</td>
<td>$1,054.63</td>
<td>$1,214.40</td>
</tr>
</tbody>
</table>

Single Payment Loans More Prevalent in Laredo Market
Instalment payday lending is growing in Laredo, but, contrary to the statewide trend, this loan type makes up a very small proportion of the total market. Single payment products continue to drive the lending market in the Laredo MSA. Single payment auto title lending has been rapidly increasing, with total dollars lent increasing by 24% and total fees increasing by 52% from 2012 to 2013.

Laredo MSA
2013 Comparison of Total Dollars Lent to Total Fees

- Installment Payday: 67% (1% of total)
- Single Payment Payday: 29% (30% of total)
- Installment Auto Title: 3% (5% of total)
- Single Payment Auto Title: 3% (62% of total)

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