

# Payday and Auto Title Lending in Texas

## Laredo MSA 2013

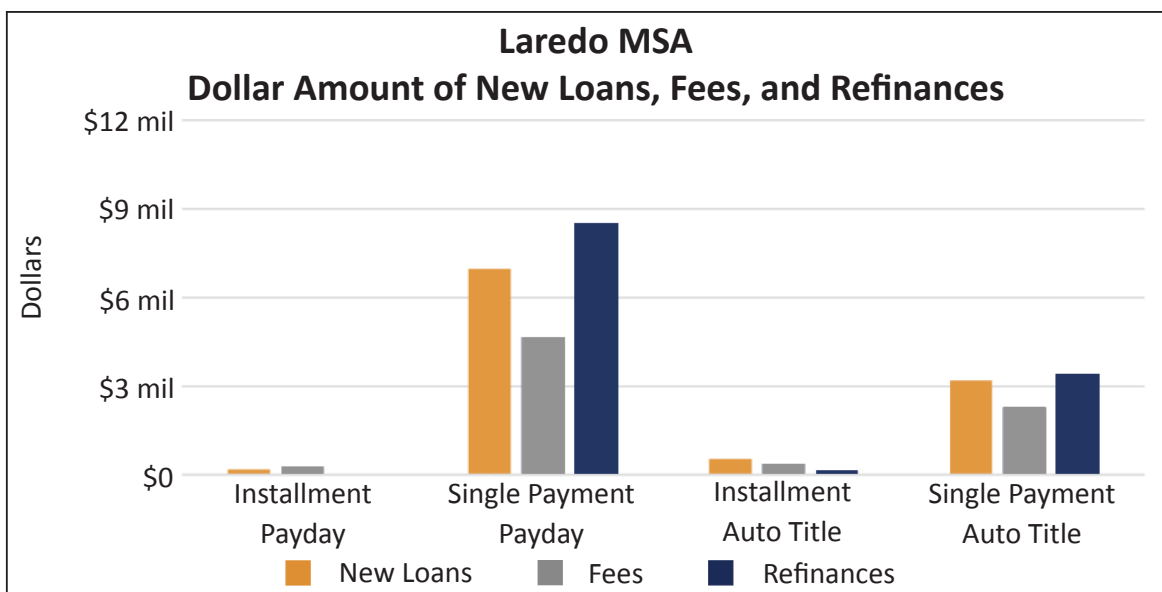


- **Store Locations:** 28
- **New Loans:** \$10,845,699
- **Fee Charges:** \$7,569,540
- **Refinances:** \$12,018,480
- **Repossessions (Auto Title):** 295—6 cars per week
- **Repossession Rate:** 11% of borrowers had car repossessed

### 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).



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## Laredo 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)	149	17	174	30
Average Fees per \$100	\$69.73	\$23.19	\$53.74	\$22.59
Ave. Annual Percentage Rate (APR)	275%	508%	206%	285%
Amount Repaid with No Refinances	<b>\$869.00</b>	<b>\$618.25</b>	<b>\$792.57</b>	<b>\$617.03</b>
Percent of Borrowers Who Refinance (Ave. of Quarterly Rates)	0.35%	54.10%	29.51%	39.92%
Average Refinances per Borrower	4.46	5.27	0.90	5.10
Amount Repaid with Ave. Refinances	<b>\$2,515.01</b>	<b>\$1,241.42</b>	<b>\$1,054.63</b>	<b>\$1,214.40</b>

## Single Payment Loans More Prevalent in Laredo Market

Installment 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.

