

Payday and Auto Title Lending in Texas

Laredo MSA 2014

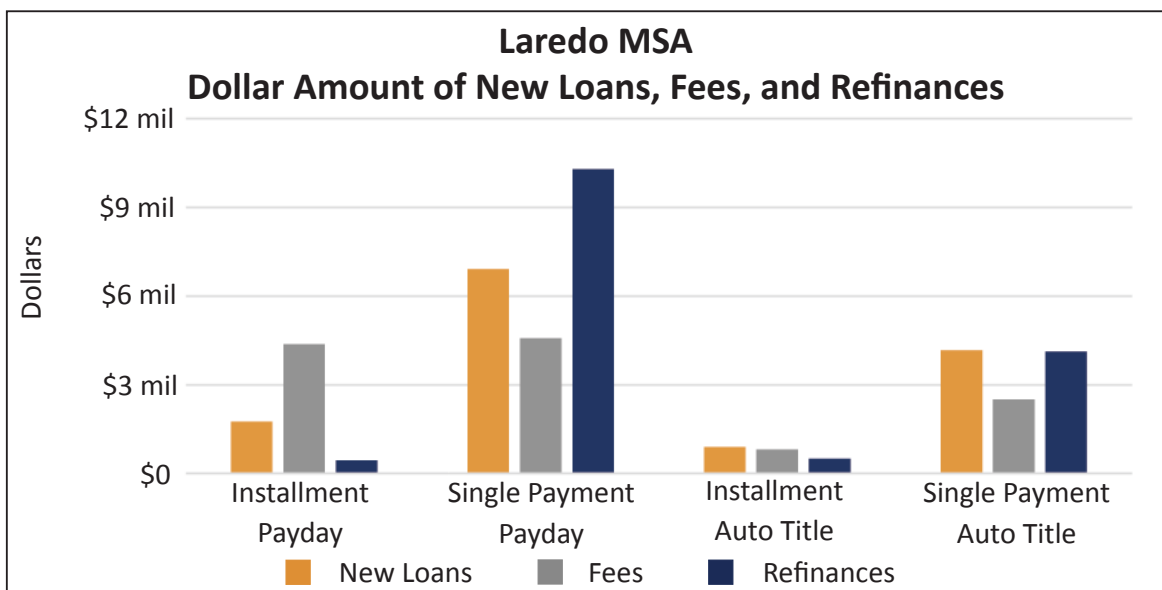


- **Store Locations:** 29
- **New Loans:** \$13,721,361
- **Fee Charges:** \$12,240,865
- **Refinances:** \$15,350,005
- **Repossessions (Auto Title):** 257 or 5 cars per week
- **Repossession Rate:** 8% of borrowers had car repossessed

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.

- **In the Laredo MSA, refinances make up 65% of single payment loan transactions.**
- **On average, installment borrowers paid \$1.95 in fees for every dollar borrowed.**
- **Across all four loan types, the average cost to repay a \$500 loan with no refinances is \$603 to \$1,471. 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 Laredo MSA range from 221% to 632% (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)	157	18	172	30
Average Fees per \$100	\$189.84	\$23.10	\$58.59	\$19.74
Ave. Annual Percentage Rate (APR)	632%	478%	221%	250%
Amount Repaid with No Refinances	\$1,470.74	\$617.87	\$816.44	\$602.81
Percent of Borrowers Who Refinance (Ave. of Quarterly Rates)	4.68%	50.97%	20.7%	47.68%
Average Refinances per Borrower	4.76	6.01	1.87	5.88
Amount Repaid with Ave. Refinances	\$6,091.79	\$1,325.73	\$1,407.82	\$1,207.20

Installment Payday Loans a Major Fee Driver

Installment payday loans made up 8% of the total dollars lent for 2014, but 35% of fee charges. Average fees per \$100 borrowed for installment payday and auto title loans increased from 2013 to 2014. Fees for installment payday loans increased from \$69.73 to \$189.84 and fees for installment auto title loans increased from \$53.74 to \$58.59. 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.**

