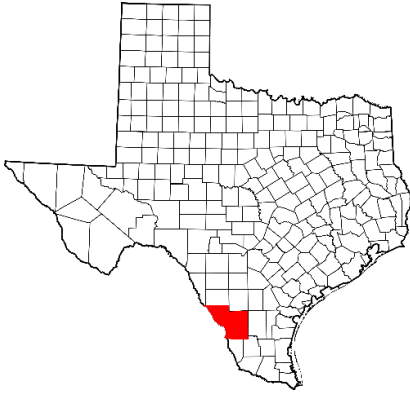


# Payday and Auto Title Lending in Texas

## Laredo MSA 2017

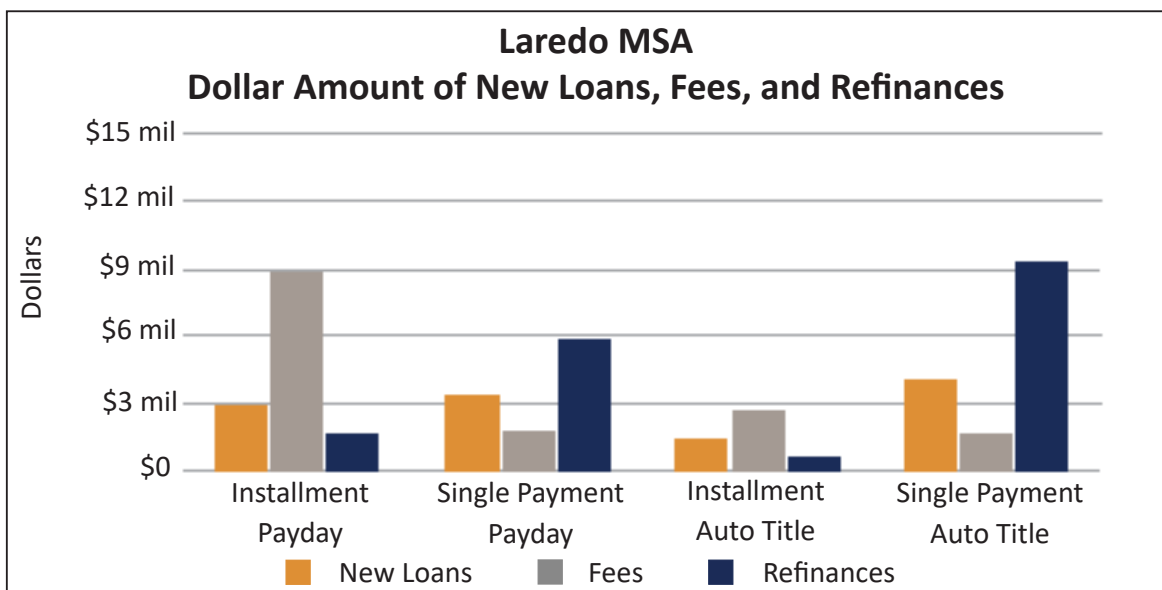


- **Store Locations:** 20
- **New Loans:** \$11,474,366
- **Fee Charges:** \$14,661,041
- **Refinances:** \$17,125,640
- **Repossessions (Auto Title):** 369 or 7 cars per week
- **Repossession Rate:** 11% of borrowers had car repossessed

### 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 Laredo MSA, refinances make up 65% of single payment loan transactions.
- On average, installment borrowers paid \$374 for every \$100 borrowed.
- Across all four loan types, the average cost to repay a \$500 loan with no refinances is \$585 to \$1,565. 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 207%% to 627% (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)	168	18	172	30
Average Fees per \$100	\$208.35	\$22.73	\$115.59	\$16.19
Ave. Annual Percentage Rate (APR)	627%	471%	387%	207%
Amount Repaid with No Refinances	<b>\$1,564.72</b>	<b>\$616.16</b>	<b>\$1,101.49</b>	<b>\$585.06</b>
Ave. % of Borrowers Who Refinance in Same Quarter They Take Out a Loan	9.74%	50.10%	8.92%	46.50%
Average Refinances per Borrower	4.09	6.06	3.94	7.08
Amount Repaid with Ave. Refinances	<b>\$5,914.93</b>	<b>\$1,320.15</b>	<b>\$3,470.51</b>	<b>\$1,187.06</b>
Refinances as Percent of Total Number of Loan Transactions	22%	61%	18%	71%

## Overall Market Volume Declines; Installment Lending Continues as Top Fee Driver

The total value of new loans, fees, and refinances decreased by 19% from 2016 to 2017. During that same period, the dollar value of new loans decreased by 8%, refinances fell by 28%, and fees fell by 15%. There was a 23% decrease in the number of vehicle repossessions by auto title lenders, and the repossession rate decreased from 14% auto title borrowers losing a car to repossession in 2016 to 11% in 2017. The proportion of the dollar amount of new loans distributed among the four loan products remained relatively stable from 2016 to 2017, but there was a jump in the fees collected for installment auto title loan, increasing from 9% in 2016 to 17% in 2017 of all fees collected. Installment payday and auto title lending continue to dominate fee charges, making up just 22% of the total value of dollars lent in 2017 and 77% of the total fees collected.

