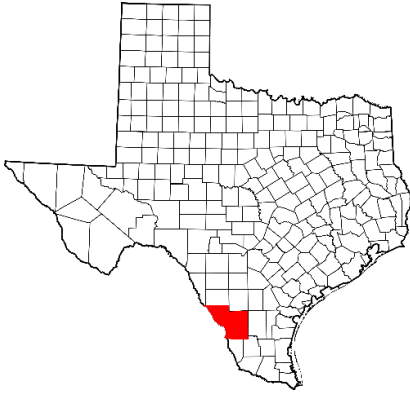


# Payday and Auto Title Lending in Texas

## Laredo MSA 2018

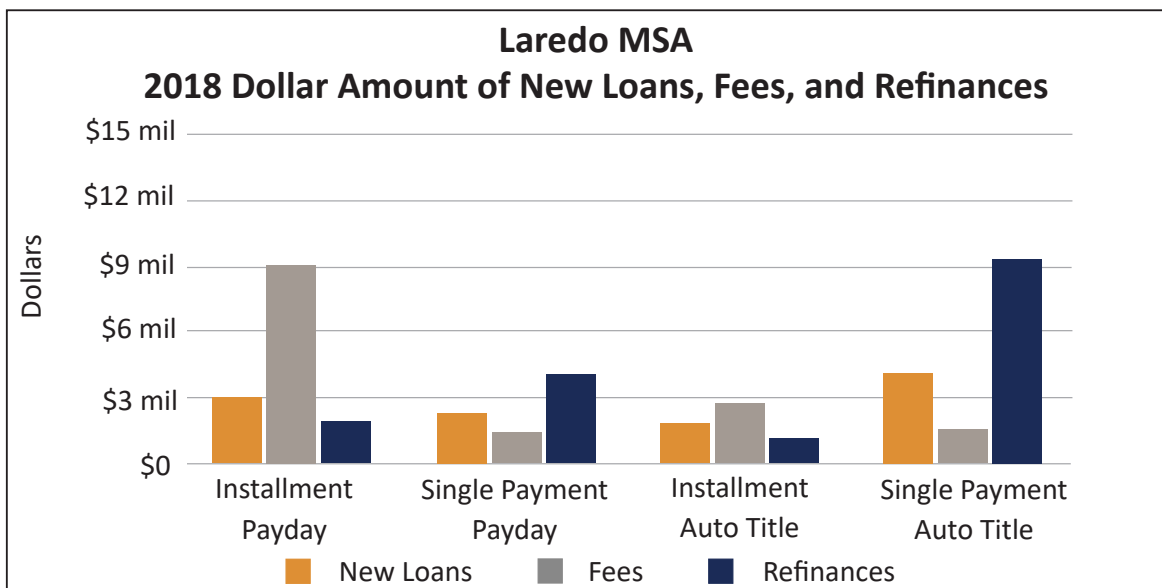


- **Store Locations:** 24
- **New Loans:** \$11,184,880
- **Fee Charges:** \$14,712,404
- **Refinances:** \$16,706,656
- **Repossessions (Auto Title):** 451 or 9 cars per week
- **Repossession Rate:** 13% of borrowers had car repossessed

### 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 64% of single payment loan transactions.**
- **Installment loan borrowers paid a total of \$11,763,292 in fees for \$4,789,415 in new loans, an average of \$246 in fees for every \$100 borrowed.**
- **Across all four loan types, the average cost to repay a \$500 loan with no refinances is \$578 to \$1,543. 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 191% to 616% (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)	167	18	172	25
Average Fees per \$100	\$203.92	\$22.73	\$108.87	\$14.98
Ave. Annual Percentage Rate (APR)	616%	471%	368%	191%
Amount Repaid with No Refinances	<b>\$1,542.51</b>	<b>\$616.14</b>	<b>\$1,067.92</b>	<b>\$578.30</b>
Ave. % of Borrowers Who Refinance in Same Quarter They Take Out a Loan	9.41%	48.17%	5.97%	52.77%
Average Refinances per Borrower	4.55	5.59	4.31	6.24
Amount Repaid with Ave. Refinances	<b>\$6,282.85</b>	<b>\$1,265.62</b>	<b>\$3,515.94</b>	<b>\$1,066.68</b>
Refinances as Percent of Total Number of Loan Transactions	23%	59%	19%	71%

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

The total value of new loans, fees, and refinances decreased by 2% from 2017 to 2018. During that same period, the dollar value of new loans decreased by 3%, refinances fell by 2%, and fees were unchanged. There was a 22% increase in the number of vehicle repossessions by auto title lenders, and the repossession rate increased from 11% auto title borrowers losing a car to repossession in 2017 to 13% in 2018. Installment payday and auto title lending continue to dominate fee charges, making up just 29% of the total value of dollars lent in 2018 and 80% of the total fees collected.

