

Payday and Auto Title Lending in Texas

Lubbock MSA 2012

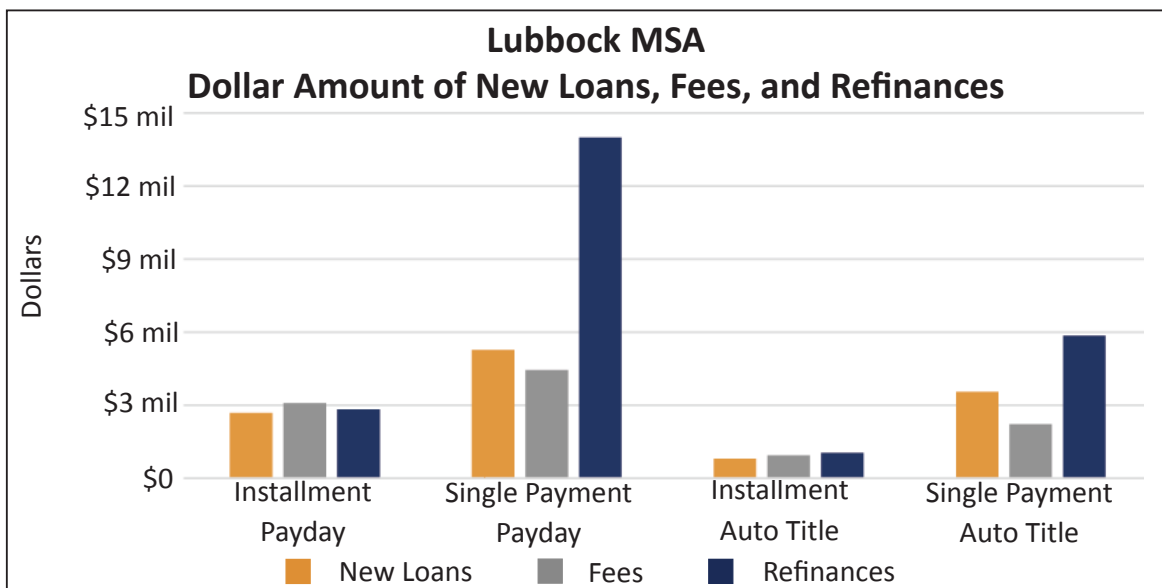


- **Store Locations:** 31
- **New Loans:** \$12,325,539
- **Fee Charges:** \$10,686,251
- **Refinances:** \$23,717,315
- **Repossessions (Auto Title):** 365, or 7 cars per week
- **Repossession Rate:** 9% of borrowers had car repossessed

Short-Term Loans Lead to Long-Term Debt

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. The 2012 data does not report quarterly data on installment loan products at the local level, making it difficult to capture rate and refinance information for those products.

- **In the Lubbock MSA, refinances make up 68% of single payment loan transactions.** Every quarter, 61% of payday loan borrowers and 36% of auto title borrowers refinance their loans.
- **For borrowers who refinance, a two-week payday loan lasts over 3 months on average, and a 30-day auto title loan lasts 6.5 months.** With no limits on refinances, these loans can extend indefinitely with mounting fees and no built-in principal repayment.
- **Average APRs for payday and auto title loans in the Lubbock MSA range from 294% to 484%** (see table on back).



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Lubbock MSA at a Glance: Profile of Loan Terms and Repayment, \$500 Loan*

	Single Payment Payday	Single Payment Auto Title
Average Loan Term (Days)	17	30
Average Fees per \$100	\$22.10	\$23.37
Ave. Annual Percentage Rate (APR)	484%	294%
Amount Repaid with no Refinances	\$612.79	\$620.96
Percent of Borrowers Who Refinance (Ave. of Quarterly Rates)	60.96%	35.95%
Average Refinances per Borrower	5.94	5.66
Ave. Amount Repaid with Refinances	\$1,283.29	\$1,305.44

*Quarterly data unavailable for installment loan products at the MSA level.

Single Payment Payday Loans Dominate Market

Single payment payday loans make up the vast majority of all loan types throughout the Lubbock MSA, making up 54% of total dollars lent (loans and refinances) and 41% of total fees. These loans also have the highest percent of borrowers who refinance, at 60.96%, with an average of 5.94 refinances for borrowers who refinance, indicating that these loans are difficult for borrowers to pay off.

