Payday and Auto Title Lending in Texas

Lubbock MSA 2020

- Store Locations: 18
- New Loans: $6,563,842
- Fee Charges: $8,601,913
- Refinances: $10,653,951
- Repossessions (Auto Title): 575 or 11 cars per week
- Repossession Rate: 26% 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 Lubbock MSA, refinances make up 54% of single payment loan transactions.
- Installment loan borrowers paid a total of $5,460,986 in fees for $2,486,604 in new loans, an average of $220 in fees for every $100 lent.
- Across all four loan types, the average cost to repay a $500 loan with no refinances is $579 to $1,200. 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 Lubbock MSA range from 193% to 479% (see table on back).

<table>
<thead>
<tr>
<th>Lubbock MSA</th>
<th>2020 Dollar Amount of New Loans, Fees, and Refinances</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
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<tr>
<td>Dollars</td>
<td></td>
</tr>
<tr>
<td>$15 mil</td>
<td></td>
</tr>
<tr>
<td>$12 mil</td>
<td></td>
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<tr>
<td>$9 mil</td>
<td></td>
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<tr>
<td>$6 mil</td>
<td></td>
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<tr>
<td>$3 mil</td>
<td></td>
</tr>
<tr>
<td>$0</td>
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</tbody>
</table>

Instalment 
Payday 
New Loans 
Fees 
Refinances 
Instalment 
Auto Title 
Single Payment 
Payday 
New Loans 
Fees 
Refinances 
Single Payment 
Auto Title 
New Loans 
Fees 
Refinances

Source: Texas Appleseed analysis of Texas Office of Consumer Credit Commissioner 2019 and 2020 Credit Access Business Quarterly and Annual Data Reports. Store location data is based on the Office of Consumer Credit Commissioner CAB licensing data for November 2020, and includes only active licensed locations in Texas.
Lubbock MSA at a Glance: Profile of Loan Terms and Repayment, $500 Loan

<table>
<thead>
<tr>
<th></th>
<th>Installment Payday</th>
<th>Single Payment Payday</th>
<th>Installment Auto Title</th>
<th>Single Payment Auto Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Loan Term (Days)</td>
<td>171</td>
<td>18</td>
<td>156</td>
<td>30</td>
</tr>
<tr>
<td>Average Fees per $100</td>
<td>$68.35</td>
<td>$20.41</td>
<td>$135.77</td>
<td>$15.06</td>
</tr>
<tr>
<td>Ave. Annual Percentage Rate (APR)</td>
<td>251%</td>
<td>424%</td>
<td>479%</td>
<td>193%</td>
</tr>
<tr>
<td>Amount Repaid with No Refinances</td>
<td>$865.17</td>
<td>$604.45</td>
<td>$1,200.22</td>
<td>$579.41</td>
</tr>
<tr>
<td>Ave. % of Borrowers Who Refinance in Same Quarter They Take out a Loan</td>
<td>14.99%</td>
<td>21.77%</td>
<td>22.97%</td>
<td>27.10%</td>
</tr>
<tr>
<td>Average Refinances per Borrower</td>
<td>0.63</td>
<td>8.48</td>
<td>3.75</td>
<td>7.31</td>
</tr>
<tr>
<td>Amount Repaid with Ave. Refinances</td>
<td>$1,096.45</td>
<td>$1,490.45</td>
<td>$3,823.90</td>
<td>$1,160.11</td>
</tr>
<tr>
<td>Refinances as Percent of Total Number of Loan Transactions</td>
<td>7%</td>
<td>53%</td>
<td>42%</td>
<td>56%</td>
</tr>
</tbody>
</table>

Overall Market Volume Declines; Auto Title Lending Dominates Market

The total value of new loans, fees, and refinances decreased by 31% from 2019 to 2020. During that same period, the dollar value of new loans decreased by 38%, refinances fell by 33%, and fees fell by 21%. There was a 21% decrease in the number of vehicle repossessions by auto title lenders, but the rate of repossessions per borrower increased from 22% of auto title borrowers losing a car in 2019 to 26% in 2020. Auto Title lending dominated the local market, making up 66% of total dollars lent and 68% of total fees collected.

Lubbock MSA
2020 Comparison of Total Dollars Lent to Total Fees

% of Total Dollars Lent

- Installment Payday: 19%
- Single Payment Payday: 14%
- Installment Auto Title: 13%
- Single Payment Auto Title: 53%

% of Total Fees

- Installment Payday: 34%
- Single Payment Payday: 30%
- Installment Auto Title: 34%
- Single Payment Auto Title: 3%

Numbers may not add up to 100% due to rounding error.