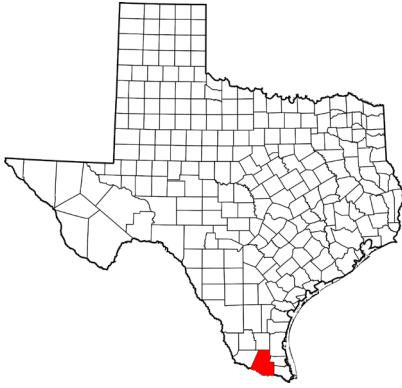


Payday and Auto Title Lending in Texas

McAllen MSA 2015

McAllen-Edinburg-Mission

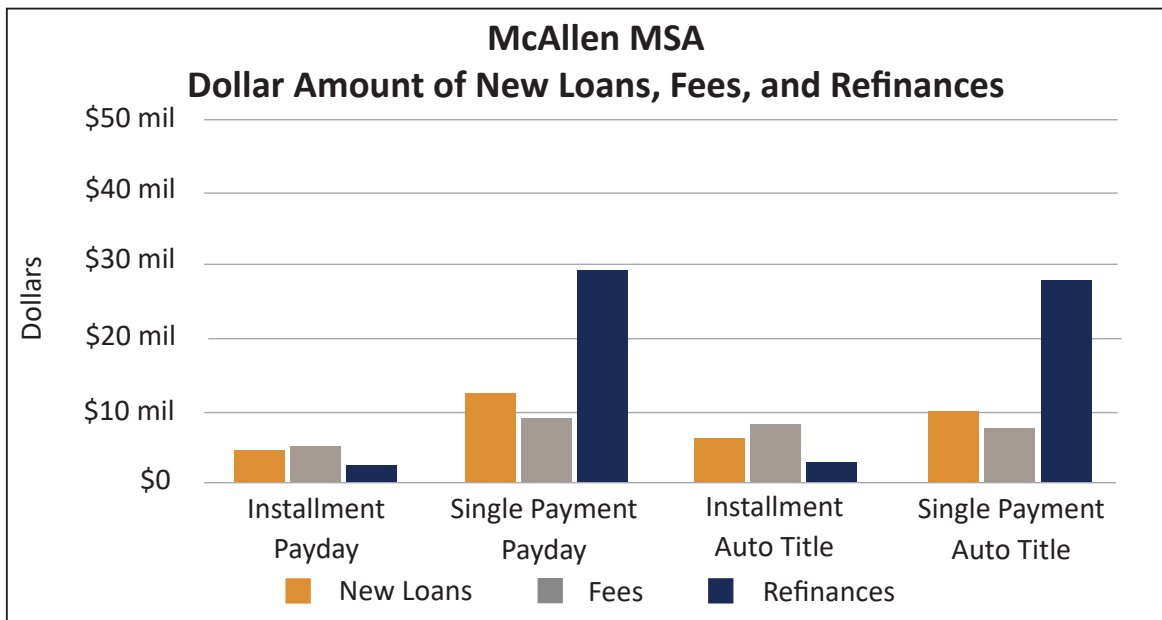


- **Store Locations:** 78
- **New Loans:** \$32,219,243
- **Fee Charges:** \$28,872,757
- **Refinances:** \$61,874,711
- **Repossessions (Auto Title):** 911 or 18 cars per week
- **Repossession Rate:** 9% of borrowers had car repossessed

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 McAllen MSA, refinances make up 69% of single payment loan transactions.**
- **On average, installment borrowers paid \$1.23 in fees for every dollar borrowed.**
- **Across all four loan types, the average cost to repay a \$500 loan with no refinances is \$589 to \$1,172. 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 McAllen MSA range from 232% to 440% (see table on back).



Payday and Auto Title Lending in Texas

McAllen 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)	165	19	175	28
Average Fees per \$100	\$129.99	\$22.40	\$78.40	\$17.03
Ave. Annual Percentage Rate (APR)	439%	440%	261%	232%
Amount Repaid with No Refinances	\$1,172.49	\$614.59	\$916.05	\$589.01
Percent of Borrowers Who Refinance (Ave. of Quarterly Rates)	12.42%	56.80%	5.70%	57.11%
Average Refinances per Borrower	4.19	6.41	7.09	5.33
Amount Repaid with Ave. Refinances	\$3,989.31	\$1,349.08	\$3,867.66	\$1,063.78

Increase in Installment Payday and Auto Title Lending Spurs Higher Fees

The dollar amount of new loans decreased by 2.4% from 2014 to 2015, while refinances held steady and fees jumped by 28%. Growth in installment payday and auto title loans was responsible for the jump in fees. Installment payday loans increased from 5% to 7% of the total dollars lent from 2014 to 2015 and from 14% to 17% of the total fees. Installment auto title lending increased at a higher rate, more than doubling from 4% of total dollars lent in 2014 to 9% in 2015. The percent of total fees from installment auto title loans almost tripled, from 10% in 2014 to 27% in 2015. During the same time period, the average cost of installment payday loans increased from 379% APR to 439% APR, and installment auto title loans increased from 254% APR to 261% APR. Depending on the loan terms, **fees for one installment loan are often the same as fees charged for 5 to 12 single payment loan transactions.**

