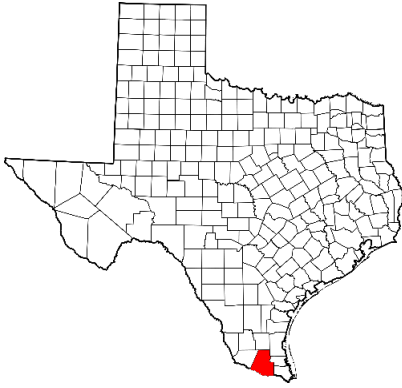


Payday and Auto Title Lending in Texas

McAllen MSA 2017

McAllen-Edinburg-Mission

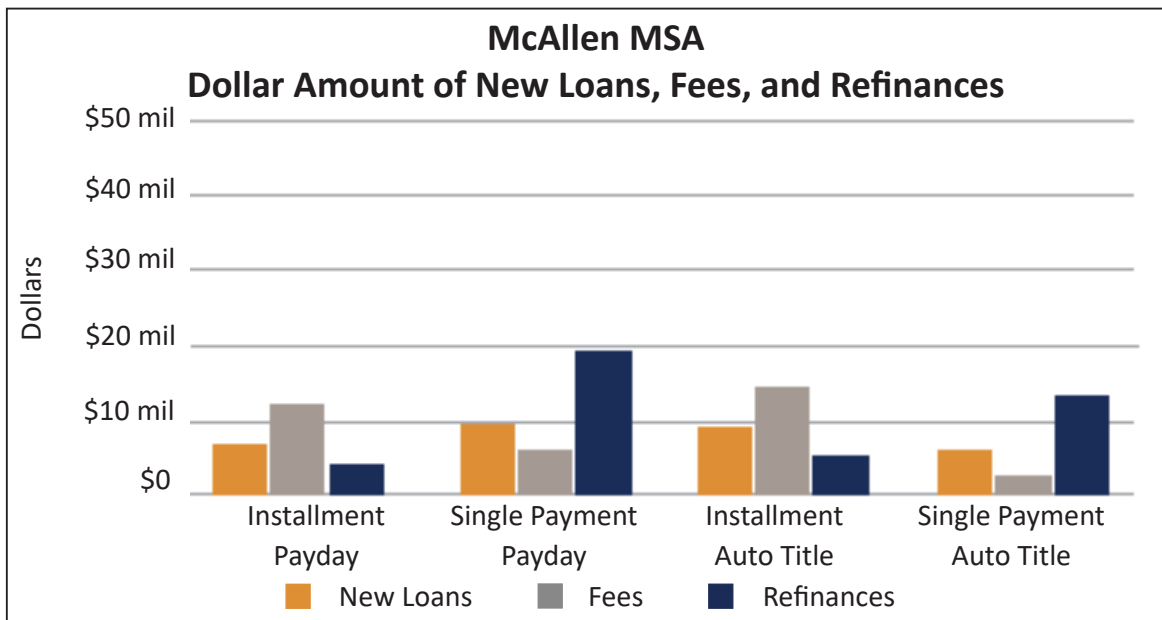


- **Store Locations:** 79
- **New Loans:** \$29,356,865
- **Fee Charges:** \$33,420,323
- **Refinances:** \$39,958,494
- **Repossessions (Auto Title):** 836 or 16 cars per week
- **Repossession Rate:** 9% of borrowers had car repossessed

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. **Fees for one installment loan are often the same as fees charged for 5 to 12 single payment loans.**

- In the McAllen MSA, refinances make up 67% of single payment loan transactions.
- On average, installment borrowers paid \$272 for every \$100. Numbers may not add up to 100%.
- Across all four loan types, the average cost to repay a \$500 loan with no refinances is \$584 to \$1,280. 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 212% to 483% (see table on back).



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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)	164	19	164	29
Average Fees per \$100	\$151.48	\$22.69	\$108.32	\$16.07
Ave. Annual Percentage Rate (APR)	483%	446%	366%	212%
Amount Repaid with No Refinances	\$1,279.87	\$616.08	\$1,064.10	\$584.32
Ave. % of Borrowers Who Refinance in Same Quarter They Take Out a Loan	10.40%	54.51%	7.90%	46.47%
Average Refinances per Borrower	4.01	6.83	5.95	6.95
Amount Repaid with Ave. Refinances	\$4,409.09	\$1,408.83	\$4,422.58	\$1,169.95
Refinances as Percent of Total Number of Loan Transactions	23%	66%	28%	71%

Overall Market Volume Continues Decline; Installment Loans Generate High Fees

The total value of new loans, fees, and refinances decreased by 9% from 2016 to 2017. During that same period, the dollar value of new loans increased by 5%, refinances fell by 29%, and fees increased by 16%. There was an 11% decrease in the number of vehicle repossessions by auto title lenders, but the repossession rate held steady at 9%. The proportion of the dollar amount of new loans for installment payday and auto title loans increased from 21% of the market in 2016 to 33% in 2017. There also was a jump in the fees collected for installment payday and auto title loan, increasing from 56% in 2016 to 77% in 2017 of all fees collected. Installment auto title lending was the largest fee driver, making up 42% of all fees collected in 2017.

