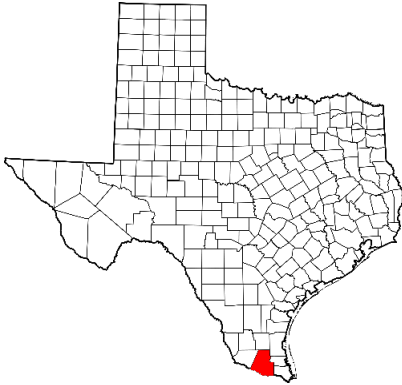


Payday and Auto Title Lending in Texas

McAllen MSA 2018

McAllen-Edinburg-Mission

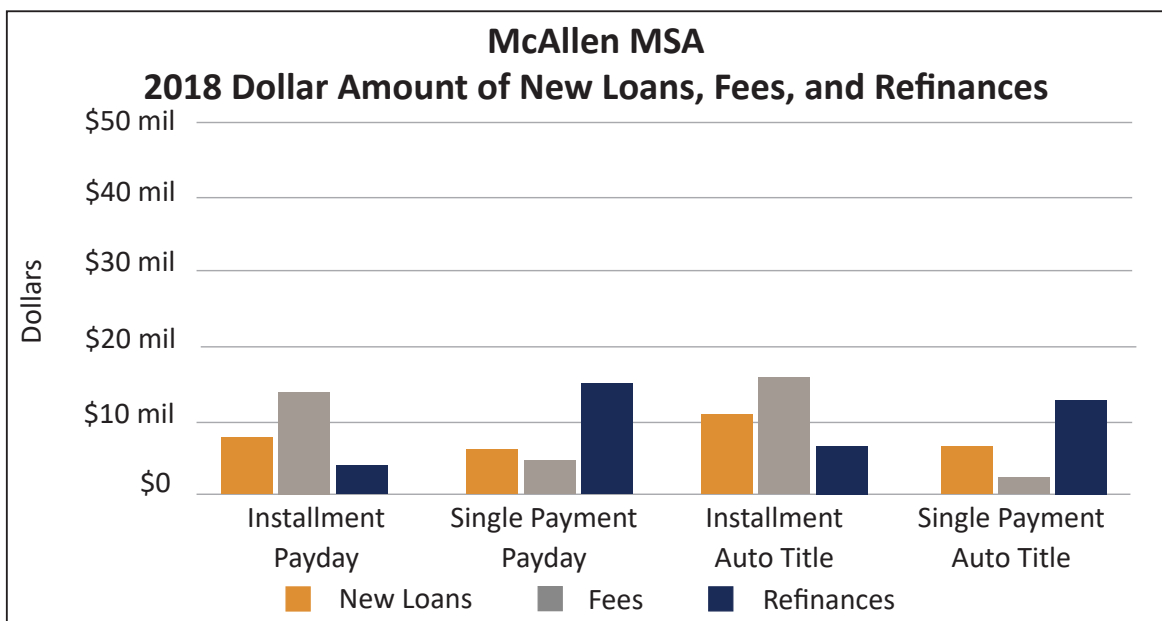


- **Store Locations:** 80
- **New Loans:** \$30,793,915
- **Fee Charges:** \$36,337,187
- **Refinances:** \$37,938,524
- **Repossessions (Auto Title):** 740 or 14 cars per week
- **Repossession Rate:** 7% of borrowers had car repossessed

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 68% of single payment loan transactions.
- Installment loan borrowers paid a total of \$29,528,815 in fees for \$18,359,018 in new loans, an average of \$161 in fees for every \$100 borrowed.
- Across all four loan types, the average cost to repay a \$500 loan with no refinances is \$585 to \$1,297. 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 213% to 492% (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	163	29
Average Fees per \$100	\$154.84	\$22.69	\$110.49	\$16.13
Ave. Annual Percentage Rate (APR)	492%	446%	372%	213%
Amount Repaid with No Refinances	\$1,296.78	\$616.05	\$1,074.82	\$584.64
Ave. % of Borrowers Who Refinance in Same Quarter They Take Out a Loan	8.01%	55.09%	10.86%	46.71%
Average Refinances per Borrower	4.10	6.42	3.21	6.91
Amount Repaid with Ave. Refinances	\$4,564.30	\$1,360.53	\$2,920.58	\$1,169.57
Refinances as Percent of Total Number of Loan Transactions	19%	68%	24%	69%

Overall Market Volume Increased; Installment Loans Generate High Fees

The total value of new loans, fees, and refinances increased by 2% from 2017 to 2018. During that same period, the dollar value of new loans increased by 5%, refinances fell by 5%, and fees increased by 9%. There was an 11% decrease in the number of vehicle repossessions by auto title lenders and a decrease in the repossession rate from 9% of auto title borrowers in 2017 to 7% in 2018. The the dollar amount of new loans for installment payday and auto title loans increased from 33% of the market in 2017 to 42% in 2018. There also was a jump in the fees collected for installment payday and auto title loans, increasing from 77% of all fees collected in 2017 to 81% in 2018. Installment auto title lending was the largest fee driver, making up 43% of all fees collected in 2018.

