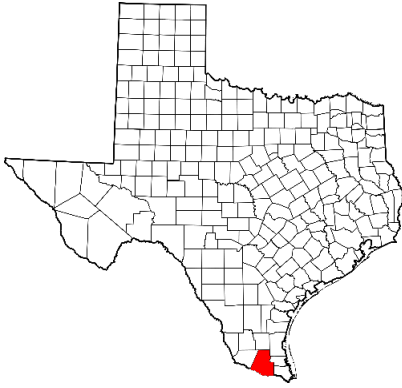


Payday and Auto Title Lending in Texas

McAllen MSA 2019

McAllen-Edinburg-Mission

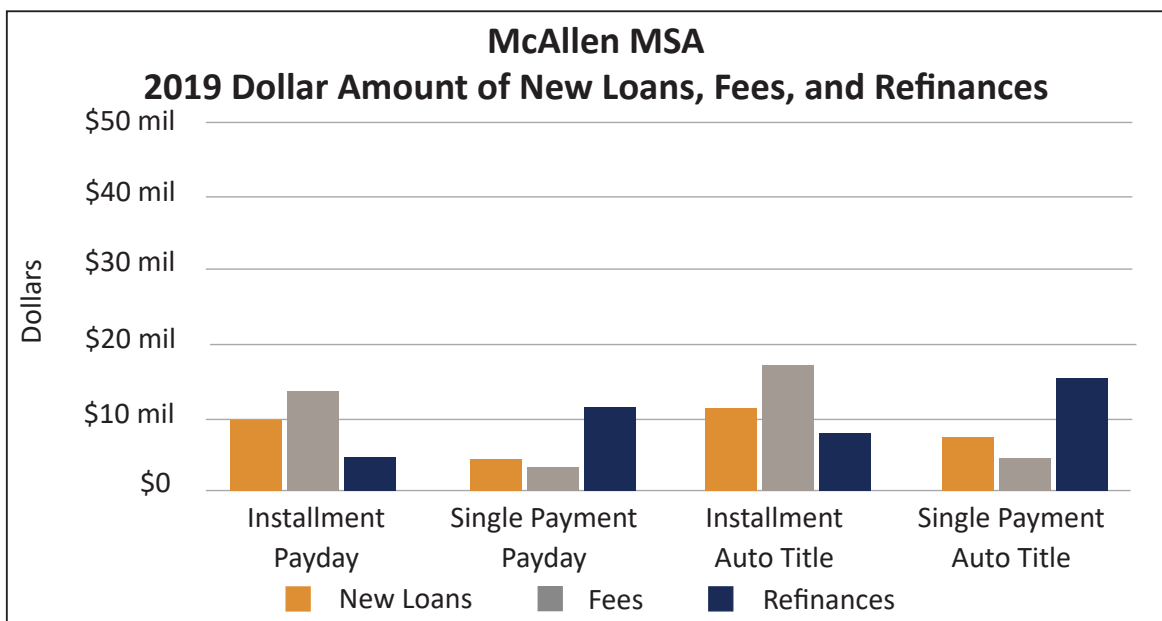


- **Store Locations:** 81
- **New Loans:** \$32,298,445
- **Fee Charges:** \$38,112,281
- **Refinances:** \$39,147,032
- **Repossessions (Auto Title):** 1,414 or 27 cars per week
- **Repossession Rate:** 14% of borrowers had car repossessed

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.
- Installment loan borrowers paid a total of \$30,609,443 in fees for \$20,752,320 in new loans, an average of \$147 in fees for every \$100 lent.
- Across all four loan types, the average cost to repay a \$500 loan with no refinances is \$581 to \$1,285. 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 205% to 485% (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)	166	19	167	30
Average Fees per \$100	\$152.37	\$22.22	\$101.50	\$15.45
Ave. Annual Percentage Rate (APR)	485%	437%	347%	205%
Amount Repaid with No Refinances	\$1,284.60	\$613.67	\$1,030.42	\$581.34
Ave. % of Borrowers Who Refinance in Same Quarter They Take Out a Loan	6.47%	38.92%	8.17%	45.82%
Average Refinances per Borrower	4.23	9.89	5.42	5.46
Amount Repaid with Ave. Refinances	\$4,604.27	\$1,737.44	\$3,905.97	\$1,025.82
Refinances as Percent of Total Number of Loan Transactions	16%	68%	29%	64%

Growth in Auto Title Loans and Fees Accompanies Surge in Repossessions

The total value of new loans, fees, and refinances increased by 4% from 2018 to 2019. During that same period, the dollar value of new loans increased by 5%, refinances increased by 3%, and fees increased by 5%. There was a 91% increase in the number of vehicle repossessions by auto title lenders, with the repossession rate doubling from 7% in 2018 to 14% in 2019. Auto title loans dominated the market, growing from 53% of dollars lent and 49% of total fees in 2018 to 59% of dollars lent and 56% of total fees in 2019.

