

Payday and Auto Title Lending in Texas

State of Texas 2012

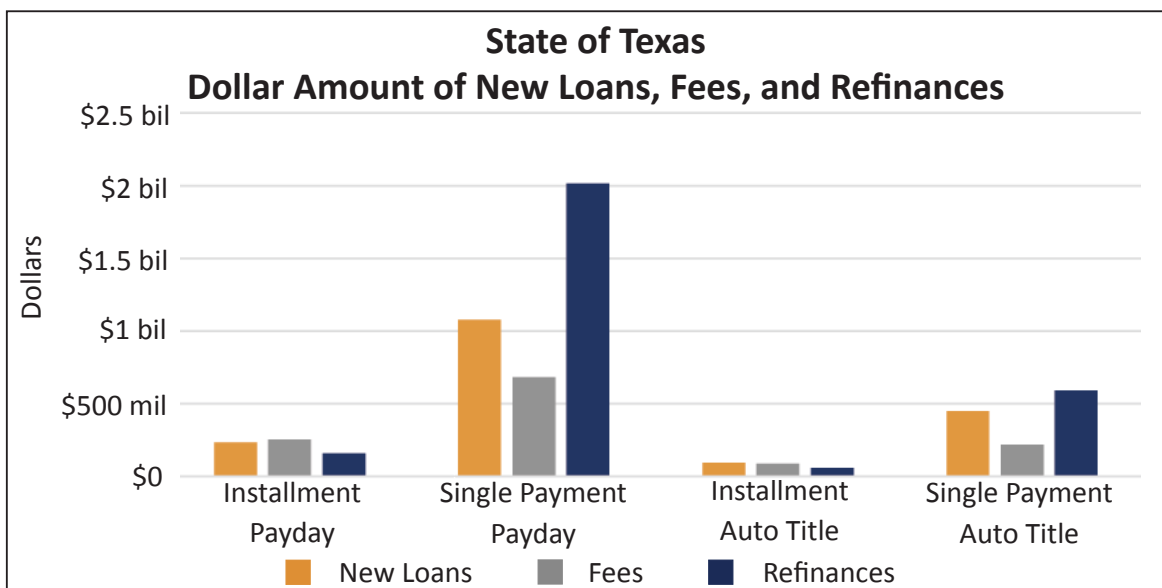


- **Store Locations:** 3,272
- **New Loans:** \$1,857,123,231
- **Fee Charges:** \$1,244,267,352
- **Refinances:** \$2,821,161,656
- **Repossessions (Auto Title):** 37,062, or 713 cars per week
- **Repossession Rate:** 10% of borrowers had car repossessed

Short-Term Loans Lead to Long-Term Debt

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.

- **Statewide, refinances make up 62% of single payment loan transactions.** Every quarter, 64% of payday loan borrowers and 46% of auto title borrowers refinance their loans.
- **For borrowers who refinance, a two-week payday loan lasts nearly 3 months on average, and a 30-day auto title loan lasts over 5.5 months.** With no limits on refinances, these loans can extend indefinitely with mounting fees and no built-in principal repayment.
- **Average APRs for payday and auto title loans in Texas range from 294% to 738%** (see table on back).



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Texas 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)	98	19	146	29
Average Fees per \$100	\$137.89	\$22.85	\$91.79	\$22.57
Ave. Annual Percentage Rate (APR)	738%	449%	378%	294%
Amount Repaid with No Refinances	\$1,202.92	\$616.84	\$979.01	\$616.90
Percent of Borrowers Who Refinance (Ave. of Quarterly Rates)	30.93%	63.95%	27.98%	46.32%
Average Refinances per Borrower	1.91	5.24	2.12	4.71
Amount Repaid with Ave. Refinances	\$2,546.92	\$1,229.31	\$1,994.47	\$1,167.19

Single Payment Payday Loans Dominate Market

Single payment payday loans make up the vast majority of all loan types throughout the State of Texas, making up 66% of total dollars lent (loans and refinances) and 55% of total fees. These loans also have the highest percent of borrowers who refinance, at 63.95%, with an average of 5.24 refinances for borrowers who refinance, indicating that these loans are difficult for borrowers to pay off.

