Payday and Auto Title Lending in Texas

State of Texas 2018

- Store Locations: 1,937
- New Loans: $1,642,301,697
- Fee Charges: $1,858,264,030
- Refinances: $1,690,508,274
- Repossessions (Auto Title): 37,669 or 724 cars per week
- Repossession Rate: 15% 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.

- Statewide, refinances make up 57% of single payment loan transactions.
- Installment loan borrowers paid a total $1.482 billion in fees for $922 million 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 $584 to $1,197. 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 Texas range from 204% to 523% (see table on back).

Source: Texas Appleseed analysis of Texas Office of Consumer Credit Commissioner 2017 and 2018 Credit Access Business Quarterly and Annual Data Reports. Store location data is based on the Office of Consumer Credit Commissioner CAB licensing data for December 2018, and includes only active licensed locations in Texas.
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Texas at a Glance: Profile of Loan Terms and Repayment, $500 Loan

<table>
<thead>
<tr>
<th></th>
<th>Installment Payday</th>
<th>Single Payment Payday</th>
<th>Installment Auto Title</th>
<th>Single Payment Auto Title</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Average Loan Term (Days)</strong></td>
<td>142</td>
<td>21</td>
<td>155</td>
<td>30</td>
</tr>
<tr>
<td><strong>Average Fees per $100</strong></td>
<td>$135.52</td>
<td>$23.57</td>
<td>$114.79</td>
<td>$15.93</td>
</tr>
<tr>
<td><strong>Ave. Annual Percentage Rate (APR)</strong></td>
<td>523%</td>
<td>420%</td>
<td>417%</td>
<td>204%</td>
</tr>
<tr>
<td><strong>Amount Repaid with No Refinances</strong></td>
<td>$1,197.10</td>
<td>$620.76</td>
<td>$1,095.10</td>
<td>$583.76</td>
</tr>
<tr>
<td><strong>Ave. % of Borrowers Who Refinance in Same Quarter They Take Out a Loan</strong></td>
<td>6.88%</td>
<td>41.44%</td>
<td>9.96%</td>
<td>49.16%</td>
</tr>
<tr>
<td><strong>Average Refinances per Borrower</strong></td>
<td>4.39</td>
<td>6.44</td>
<td>5.21</td>
<td>5.29</td>
</tr>
<tr>
<td><strong>Amount Repaid with Ave. Refinances</strong></td>
<td>$4,259.63</td>
<td>$1,398.18</td>
<td>$4,195.66</td>
<td>$1,027.11</td>
</tr>
<tr>
<td><strong>Refinances as Percent of Total Number of Loan Transactions</strong></td>
<td>18%</td>
<td>54%</td>
<td>30%</td>
<td>70%</td>
</tr>
</tbody>
</table>

Market Volume Ticks Up with Installment Loan Growth; Repossessions Increase

The total value of new loans, fees, and refinances increased by 3% from 2017 to 2018. During that same time period, the dollar value of new loans increased by 8%, fees increased by 5% and refinances fell by 3%. The number of vehicles repossessed by auto title lenders increased by 16%. The proportion of total dollars lent through installment payday lending increased from 23% in 2017 to 28% in 2018, coinciding with a decline in dollars lent for single payment payday loans, from 43% of the market to 33%. Installment auto title lending grew from 6% of the total dollars lent in 2017 to 10% in 2018. Installment lending continues to generate high fees, reaching 80% of total fees collected in 2018.

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Numbers may not add up to 100% due to rounding error.