

Payday and Auto Title Lending in Texas

Waco MSA 2013

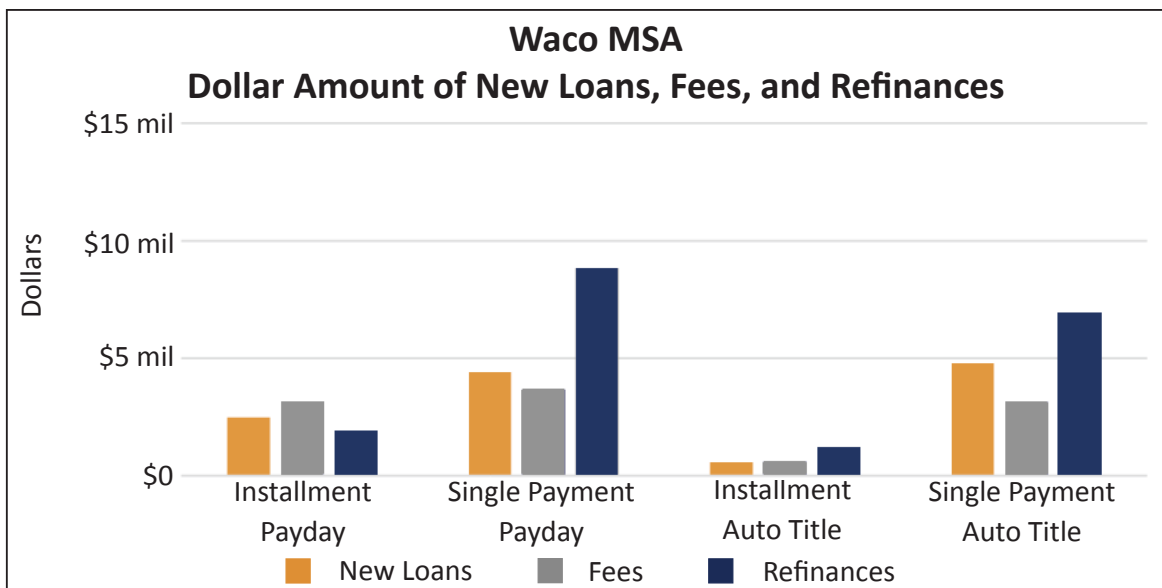


- **Store Locations:** 35
- **New Loans:** \$12,221,582
- **Fee Charges:** \$10,571,604
- **Refinances:** \$18,818,681
- **Repossessions (Auto Title):** 601—12 cars per week
- **Repossession Rate:** 13% of borrowers had car repossessed

Refinances and High Fees 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.

- **In the Waco MSA, refinances make up 64% of single payment loan transactions.**
 - **On average, installment borrowers paid \$1.23 in fees for every dollar borrowed.**
 - **Across all four loan types, the average cost to repay a \$500 loan with no refinances is \$619 to \$1,025. 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 Waco MSA range from 194% to 484% (see table on back).



Revised August 2015.

Source: Texas Appleseed analysis of Texas Office of Consumer Credit Commissioner 2012 and 2013 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 2013, and includes only active licensed locations in Texas.

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Waco 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)	168	18	168	29
Average Fees per \$100	\$100.31	\$23.38	\$50.22	\$23.28
Ave. Annual Percentage Rate (APR)	344%	484%	194%	303%
Amount Repaid with No Refinances	\$1,024.57	\$619.33	\$774.10	\$620.43
Percent of Borrowers Who Refinance (Ave. of Quarterly Rates)	16.25%	47.92%	29.41%	37.26%
Average Refinances per Borrower	4.30	5.86	5.67	4.83
Amount Repaid with Ave. Refinances	\$3,278.55	\$1,318.29	\$2,327.88	\$1,202.00

New Trend: Installment Payday Loans

Installment payday loans made up 14% of dollars lent for all types of loans in 2013, but 30% of total fees, indicating that this product is a huge fee driver. Depending on the loan terms, **fees for one installment loan are often the same as the fees charged for 5 to 12 single payment loan transactions.**

