

Payday and Auto Title Lending in Texas

Waco MSA 2015

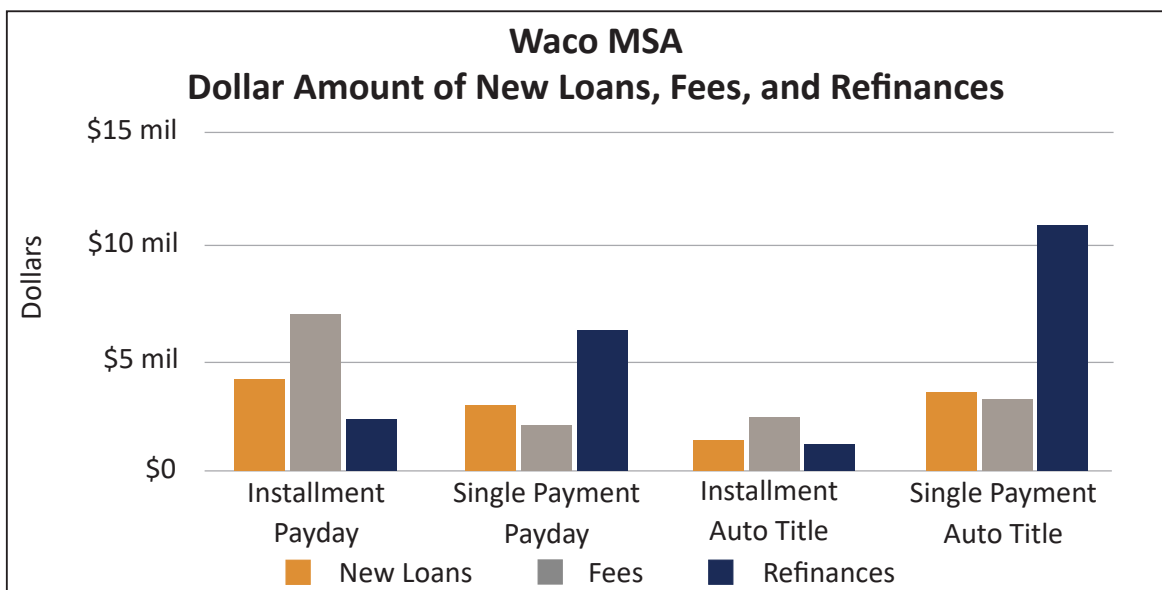


- **Store Locations:** 26
- **New Loans:** \$11,854,334
- **Fee Charges:** \$14,592,557
- **Refinances:** \$20,739,984
- **Repossessions (Auto Title):** 472 or 9 cars per week
- **Repossession Rate:** 12% of borrowers had car repossessed

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.

- **In the Waco MSA, refinances make up 65% of single payment loan transactions.**
- **On average, installment borrowers paid \$1.73 in fees for every dollar borrowed.**
- **Across all four loan types, the average cost to repay a \$500 loan with no refinances is \$598 to \$1,304. 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 239% to 495% (see table on back).



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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)	169	19	170	30
Average Fees per \$100	\$156.20	\$22.75	\$85.85	\$18.83
Ave. Annual Percentage Rate (APR)	495%	447%	303%	239%
Amount Repaid with No Refinances	\$1,304.18	\$616.37	\$952.51	\$598.20
Percent of Borrowers Who Refinance (Ave. of Quarterly Rates)	12.32%	38.46%	14.30%	49.93%
Average Refinances per Borrower	3.42	6.37	4.01	6.24
Amount Repaid with Ave. Refinances	\$4,055.86	\$1,357.71	\$2,766.02	\$1,211.05

Installment Payday and Auto Title Lending Increase Spurs Higher Fees

The dollar amount of new loans increased by 8% from 2014 to 2015, while total fee charges jumped 48%. The dollar amount of refinances fell by 15% during the same period. Installment payday lending increased from 14% of dollars lent and 37% of fees in 2014 to 20% of dollars lent and 48% of total fees. Installment auto title lending doubled from 4% of dollar lent in 2014 to 8% in 2015 and its proportion of total fees more than tripled, from 5% in 2014 to 16% in 2015. Depending on the loan terms, **fees for one installment loan are often the same as fees charged for 5 to 12 single payment loan transactions.**

