

Payday and Auto Title Lending in Texas

Waco MSA 2017

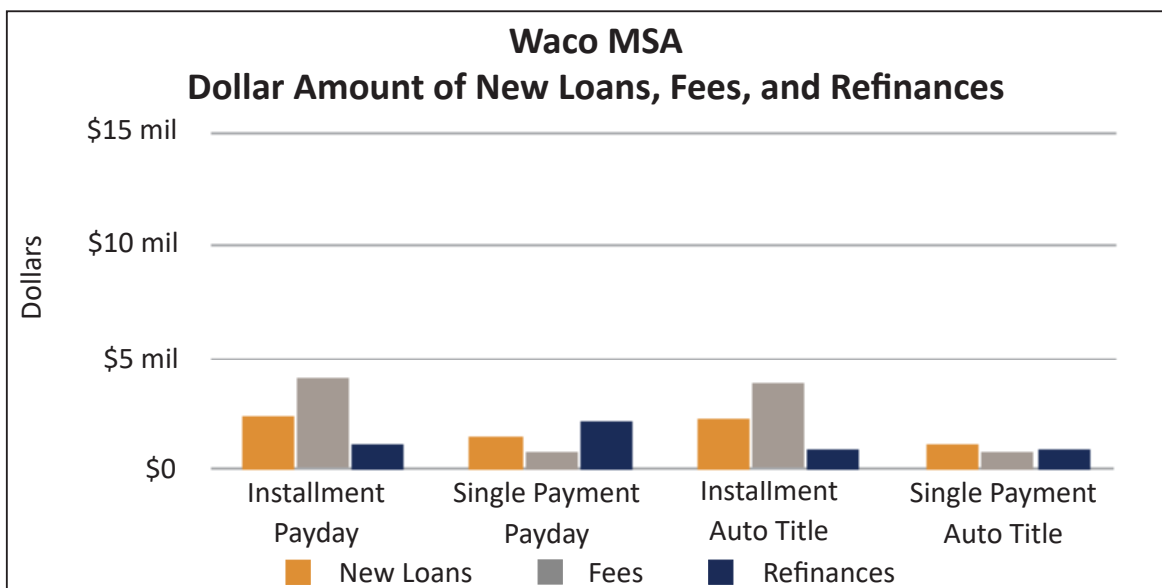


- **Store Locations:** 19
- **New Loans:** \$6,594,454
- **Fee Charges:** \$8,886,722
- **Refinances:** \$4,751,858
- **Repossessions (Auto Title):** 147 or 3 cars per week
- **Repossession Rate:** 6% of borrowers had car repossessed

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 Waco MSA, refinances make up 51% of single payment loan transactions.**
- **On average, installment borrowers paid \$282 for every \$100 borrowed.**
- **Across all four loan types, the average cost to repay a \$500 loan with no refinances is \$594 to \$1,314. 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 229% to 501% (see table on back).



Payday and Auto Title Lending in Texas

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)	162	18	161	30
Average Fees per \$100	\$158.33	\$22.40	\$129.85	\$17.97
Ave. Annual Percentage Rate (APR)	501%	464%	425%	229%
Amount Repaid with No Refinances	\$1,313.89	\$614.47	\$1,171.34	\$593.96
Ave. % of Borrowers Who Refinance in Same Quarter They Take Out a Loan	4.37%	35.53%	9.41%	36.48%
Average Refinances per Borrower	4.56	4.64	5.68	2.37
Amount Repaid with Ave. Refinances	\$5,028.67	\$1,145.04	\$4,986.92	\$816.42
Refinances as Percent of Total Number of Loan Transactions	13%	53%	31%	43%

Overall Market Volume Continues Decline; Installment Auto Title Loans Generate High Fees

The total value of new loans, fees, and refinances decreased by 41% from 2016 to 2017. During that same period, the dollar value of new loans decreased by 28%, refinances fell by 65%, and fees fell by 22%. There was a 60% decrease in the number of vehicle repossessions by auto title lenders, and the repossession rate fell from 12% of auto title borrowers in 2016 to 6% in 2017. The proportion of the dollar amount of new loans for installment payday loans held steady and single payment auto title loans fell, while there was a jump in single payment payday loans and installment auto title loans from 2016 to 2017. Installment auto title lending jumped from 26% of all fees collected in 2016 to 41% in 2017.

