

Payday and Auto Title Lending in Texas

Waco MSA 2019

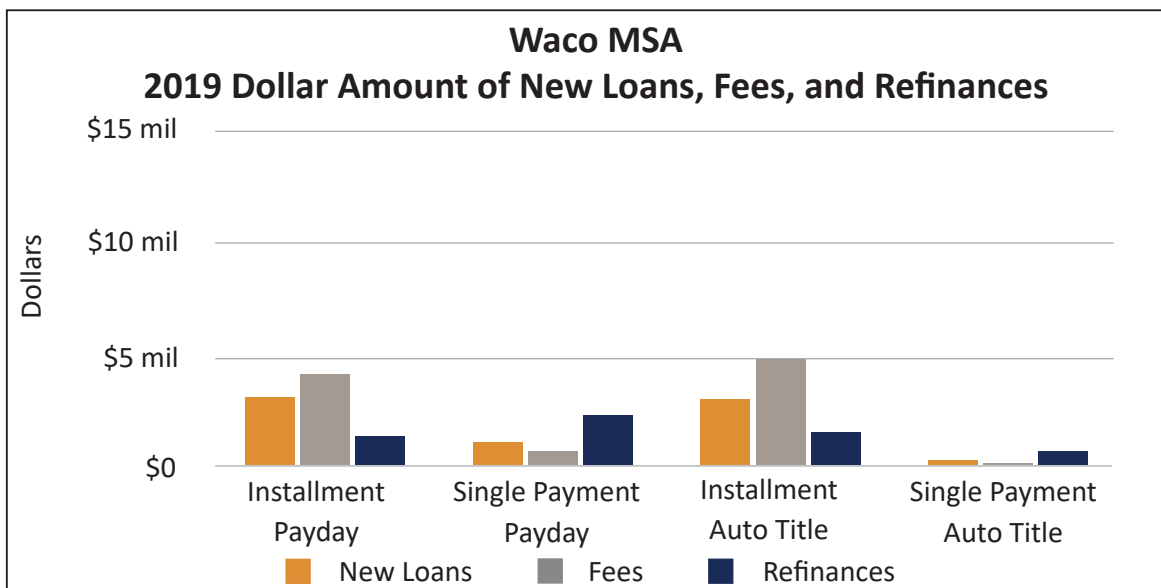


- **Store Locations:** 19
- **New Loans:** \$7,206,776
- **Fee Charges:** \$9,523,026
- **Refinances:** \$5,625,914
- **Repossessions (Auto Title):** 453 or 9 cars per week
- **Repossession Rate:** 16% of borrowers had car repossessed

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 59% of single payment loan transactions.
 - Installment loan borrowers paid a total of \$8,845,757 in fees for \$6,011,504 in new loans, an average of \$147 in fees for every \$100 lent.
 - Across all four loan types, the average cost to repay a \$500 loan with no refinances is \$593 to \$1,301. 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 225% to 494% (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	18	157	30
Average Fees per \$100	\$155.52	\$20.30	\$109.75	\$17.68
Ave. Annual Percentage Rate (APR)	494%	422%	402%	225%
Amount Repaid with No Refinances	\$1,300.72	\$603.97	\$1,070.22	\$592.53
Ave. % of Borrowers Who Refinance in Same Quarter They Take Out a Loan	4.93%	25.17%	8.74%	37.27%
Average Refinances per Borrower	3.67	9.75	5.06	6.57
Amount Repaid with Ave. Refinances	\$4,237.42	\$1,617.19	\$3,956.79	\$1,200.82
Refinances as Percent of Total Number of Loan Transactions	12%	58%	28%	67%

Installment Loans Generate High Fees; Repossessions Continue to Increase

The total value of new loans, fees, and refinances decreased by 2% from 2018 to 2019. During that same period, the dollar value of new loans decreased by 2%, refinances fell by 7%, and fees increased by 1%. There was a 14% increase in the number of vehicle repossessions by auto title lenders, and the repossession rate increased from 14% of auto title borrowers in 2018 to 16% in 2019. Installment loans dominated the market, making up 69% of the dollar value of new loans and refinances and 93% of total fees collected.

