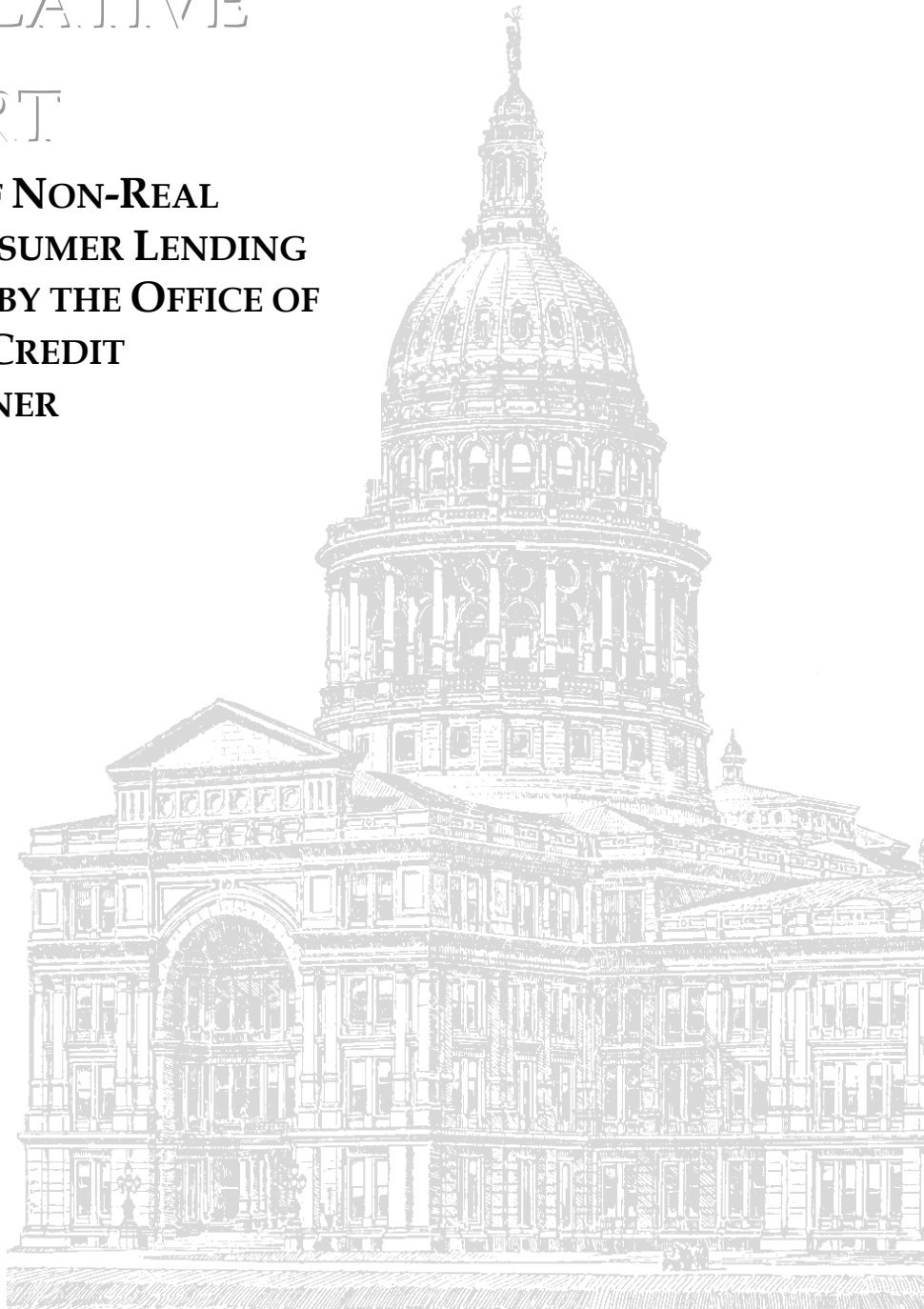


LEGISLATIVE REPORT

ANALYSIS OF NON-REAL ESTATE CONSUMER LENDING REGULATED BY THE OFFICE OF CONSUMER CREDIT COMMISSIONER



REPORT PREPARED FOR
THE FINANCE COMMISSION OF TEXAS AND
THE OFFICE OF CONSUMER CREDIT COMMISSIONER
BY THE TEXAS LEGISLATIVE COUNCIL
APRIL 15, 2005

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Consumer
Credit
Commissioner**



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Leslie L. Pettijohn
Commissioner

April 15, 2005

Texas Legislature
Texas State Capitol
Austin, Texas 78711

Dear Member:

The Finance Commission and the Office of Consumer Credit Commissioner (OCCC) are pleased to present this Analysis of Non-Real Estate Consumer Lending Regulated by the Office of Consumer Credit Commissioner. The study is one of the first of its kind to explore this market in Texas, and the project exists as a direct result of two legislative actions:

SB 272, 77th Regular Session – Section 11.305(a) requires the Finance Commission, through the Office of Consumer Credit Commissioner, to establish a program addressing alternatives to high-cost lending in the state. The program calls for a study and report on the problem of high-cost lending, including the availability, quality, and prices of certain financial services; and

House Bill 1, 78th Regular Legislative Session, Article VIII-26 – 4. High-Cost Lending. . . . the Office of Consumer Credit Commissioner shall:

- a. compile and provide information regarding high-cost lending in the state, as required by Section 11.305, Finance Code.

The Finance Commission and the OCCC could not have presented this report without valued assistance from the Texas Legislative Council. Staff at Texas Legislative Council devised the sampling plan, analyzed the data, and also produced the report.

The report contains valuable information about many of the lending markets the OCCC regulates. The information displayed should help lead to a better understanding of the Non-Real Estate Consumer Lending market in Texas. Should you have any questions about the information contained in this report, please call me or Steven O'Shields at (512) 936-7640.

Sincerely,

A handwritten signature in cursive script, appearing to read "Leslie L. Pettijohn".

Leslie L. Pettijohn

Analysis of Non-Real Estate Consumer Lending Regulated by the Office of Consumer Credit Commissioner (OCCC)

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Summary of Findings

As the subprime lending market has grown, many important questions have arisen about it. In some cases, the questions deal with the terms of the loans themselves: what are the real costs of the loans, how long do they last, and how often do consumers renew the loans? In other cases, the questions relate more closely to policy concerns: where are the lenders located, and are there any alternatives to subprime loans?

Unfortunately, little research has been published about the subprime market itself, particularly as it relates to individual states. To address this lack of research, Senate Bill 272, Acts of the 77th Legislature, Regular Session, 2001, requires the Finance Commission of Texas to study high-cost lending in the state. The commission is required to report, among other items, on the availability and prices of financial services and on the locations of high-cost lenders. It also is required to evaluate alternatives to high-cost lending.

The Finance Commission of Texas, Office of Consumer Credit Commissioner (OCCC), and Texas Legislative Council have collected and analyzed current and historical data in an attempt to ascertain the characteristics and types of credit available to Texas consumers in the high-cost, consumer-lending credit market that is not secured by real estate. Specifically, this research analyzes five types of loans: consumer installment, signature, payday export, payday state rate, and pawn.¹

How did the volume of OCCC-licensed lending change over time?

- In 2000, OCCC-licensed lenders made approximately 13.5 million consumer installment, signature, payday export, payday state rate, and pawn loans. In 2003, that total increased to over 15.3 million loans. Payday loans with exported rates, introduced in 2000, grew rapidly in number from 2001 through 2003.
- The total dollars loaned increased from about \$3.9 billion in 2000 to over \$4.8 billion in 2003.
- The average loan amount was fairly stable for signature, payday, and pawn loans. The average amount of a consumer installment loan had a large increase in 1999.
- The number of companies reporting consumer installment lending or signature lending decreased from 2000 through 2003, while the number of companies reporting payday lending (using state rates or exported rates) increased. Reports for these types of loans are submitted at the company level, and a change in the number of companies does not necessarily correspond to a change in the number of licensees. Pawn reports are submitted by each licensed location, and the number of pawn licensees decreased from 2000 through 2003.

How were OCCC-licensed lending institutions geographically distributed throughout Texas?

- In the spring of 2004, Texas had 3,823 OCCC-Licensed Locations (OLLs) and 5,246 banks. Overall, 98 percent of Texas counties had a bank and 69 percent had an OLL.

- Counties with higher percentages of minorities tended to have higher proportions of OLLs, higher proportions of signature lenders, and higher proportions of lenders licensed for both pawn and payday export lending than other counties. However, counties with higher percentages of minorities tended to have lower proportions of lenders licensed only for pawn lending.
- Metropolitan counties tended to have higher proportions of OLLs than other counties.
- Border counties tended to have higher proportions of lenders licensed for both pawn and payday export lending than other counties.

What were the characteristics of loans that Texas consumers received from OCCC licensees?

- The study included five types of loans made by OCCC licensees in the first half of 2003. Pawn loans made up about 58 percent of the loans included in the study, followed by signature loans (27 percent), payday export loans (14 percent), and consumer installment loans (one percent). There were so few payday state rate loans (less than one percent) that data were not presented for that group.
- Documentation requirements varied widely depending on the type of loan. Pawn loans typically required only a government-issued picture ID and the item to be pawned, whereas payday export loans required an average of six types of documentation.
- Credit checks were usually used for all types of loans except pawn loans.
- Average loan characteristics are shown below.

**Summary Table
Average Loan Characteristics**

Characteristic	Consumer Installment Loans	Signature Loans	Payday Export Loans	Pawn Loans
Average amount financed	\$5,352	\$314	\$338	\$115
Average length of loan	42 months	7 months	0.5 months	1 month
Average disclosed APR	25%	93%	511%	227%

- Some loans started as renewals (i.e., they were taken out to pay off a previous loan), and some loans ended as renewals (i.e., they were paid off by taking out another loan). The average percentage of loans that both started and ended as renewals was highest for signature loans (about 48 percent), followed by payday export (nine percent), consumer installment (seven percent), and pawn (three percent).
- Late charges were assessed on roughly 44 percent of consumer installment loans and 41 percent of signature loans. Late charges were not used in pawn loans or payday export loans.

Were unlicensed businesses lending money to Texas consumers?

- The study attempted to assess the market of unlicensed lending. Initial reports indicated many businesses were extending cash advances or making loans without a license. A mail survey was conducted that targeted 187 businesses that appeared to be unlicensed and making loans. Twenty businesses returned questionnaires with data describing their lending activities. Because such a small group of businesses provided data, no valid results could be produced.
- The magnitude of the unlicensed market was determined to be smaller than it initially appeared, possibly due to the highly transient nature of the businesses.

Introduction

The purpose of this report is to describe non-real estate consumer lending regulated by the Office of Consumer Credit Commissioner (OCCC), the agency within the Finance Commission of Texas that licenses nondepository lenders. The Texas Finance Code requires nondepository lenders making personal loans with effective rates of 10 percent or higher to maintain a license with the OCCC.^{2,3} Companies with several locations are required to maintain a license for each location. These lenders can be divided into two categories: real estate lenders (such as home equity lenders and mortgage lenders) and non-real estate lenders (such as consumer installment lenders, signature loan companies, payday lenders, and pawnshops).

This research was undertaken by the Finance Commission of Texas, the OCCC, and the Texas Legislative Council (TLC) in response to a legislative requirement that the commission study high-cost lending and report its research findings to the legislature. The legislature required that the study assess the availability and prices of financial services, evaluate alternatives to high-cost lending, and identify the locations of high-cost lenders.⁴ The commission has provided the legislature with two reports in response to this requirement. In 2003, the commission submitted a report describing the characteristics of home mortgage loans in Texas.⁵ A report on consumer opinions about loans and the lending process was submitted in 2000.⁶

This report describes consumer installment loans, signature loans, payday loans, and pawn loans made to consumers by lenders with locations in Texas. It is divided into five sections, with each section describing a different set of characteristics of these loan types. The first section examines reports submitted annually by OCCC-licensed lenders to determine how the volume of OCCC-licensed lending changed from 1987 through 2003. The second section describes the distribution of OCCC-licensed lenders across Texas. It investigates differences by type of lender, presents findings relative to selected county-specific characteristics, and contrasts the distribution of OCCC-licensed lenders to that of banks. The third section explores the characteristics of loans made by OCCC licensees. It is based on the results of a statewide survey of consumer installment, signature, payday, and pawn loans made by OCCC-licensed lenders during the first six months of 2003. The fourth section presents results of a survey of businesses not licensed by the OCCC that appeared to be making loans of the type regulated by the OCCC. The report concludes with a discussion of the alternatives to high-cost lending. The body of the report contains the study findings. More detailed information about how the study data were gathered is included in the report appendixes.

The loans included in this study typically serve a group of consumers that is referred to as the “subprime market.”

The subprime market consists of individuals who have less-than-perfect credit records due to past bankruptcies, late payments, or a generally poor record in managing debt. An individual’s impaired credit record may also be attributable to carrying too much credit card debt and having an irregular employment history. Subprime lenders are lenders who loan money to individuals in this market segment. In general, subprime loans carry higher interest rates to compensate lenders for assuming the higher risk of lending to subprime borrowers.⁷

A borrower’s creditworthiness is an important consideration in the making of many subprime loans. Many lenders assess a borrower’s creditworthiness through a credit score and underwriting standards.⁸ Analysis of a lender’s credit decision matrix and underwriting standards was beyond the scope of this study. Although those data were not obtained for this study, other data collected during the study may provide insight into the application process for loans.

**Table 1
Types of Loans Included in Study***

Type of Loan	Description	Characteristics	2003 Loan Volume
Consumer Installment	large consumer loans	<ul style="list-style-type: none"> • typically greater than \$500 (maximum depends on rate charged) • length usually 1-5 years • paid back in several installments • typically secured by personal property • APRs range from 18% to 32% (depends on loan amount and whether customer has another loan) 	<ul style="list-style-type: none"> • 0.39 million loans • \$2,023 million loaned
Signature	small consumer loans	<ul style="list-style-type: none"> • \$500 maximum • length usually 2-12 months • paid back in several installments • typically unsecured, but may be secured by personal property • APRs range from 72% to 240% 	<ul style="list-style-type: none"> • 4.16 million loans • \$1,524 million loaned
Payday With Exported Rates	small brokered loans with out-of-state lender	<ul style="list-style-type: none"> • maximum loan amount depends on exporting state • length usually 2-3 weeks • paid back in one installment • typically secured by personal check for amount loaned plus interest and fees • APRs regulated by exporting state 	<ul style="list-style-type: none"> • 1.81 million loans • \$612 million loaned
Payday With State Rates	small loans with in-state lender	<ul style="list-style-type: none"> • \$500 maximum • length usually 2-3 weeks • paid back in one installment • typically secured by personal check for amount loaned plus interest and fees • APRs range from 153% to 570% 	<ul style="list-style-type: none"> • 0.10 million loans • \$14 million loaned
Pawn	loans secured by property left with lender	<ul style="list-style-type: none"> • \$12,500 maximum • length one month • paid back in one installment • secured by personal property • APRs range from 12% to 240% 	<ul style="list-style-type: none"> • 8.89 million loans • \$669 million loaned

* Maximum allowable loan amounts are periodically adjusted for inflation. These amounts are from the period between January 2003 and June 2003. The volume statistics are for all of calendar year 2003.

This study includes five types of consumer loans: consumer installment loans, signature loans, payday loans with exported rates, payday loans with state rates, and pawn loans. The types of loans included in this study are only a portion of the loans serving the subprime market. Other types of loans, such as home mortgages and automobile loans, may also be subprime loans. Additionally, to provide an accurate statewide assessment of OCCC-licensed lending, lenders and loans were included in this study without regard to interest rates. Information about interest rates charged by banks is presented, and the value judgment of what would be “high cost” is left to the reader. Information about these loans is presented in Table 1.

Consumer installment loans are authorized under Subchapter E, Chapter 342, Texas Finance Code. They are sometimes referred to as “Subchapter E” loans. These loans are typically over \$500, and most are secured by personal property. The loans are paid back in several installments and are usually one to five years in length. The Texas Finance Code sets maximum allowable rates for these loans, determined by the loan amount and whether the customer has more than one loan. For loans up to \$1,500, lenders may charge a maximum effective rate of 32 percent. For loans from \$1,500 to \$12,500, lenders may charge a maximum rate that is a blended rate of 30 percent, 24 percent, and 18 percent.^{9,10} For example, under the blended rate structure, a \$4,000 loan for 18 months would produce a maximum annual percentage rate (APR) of 29.56 percent.¹¹ A customer may have only one loan at this maximum blended rate. Additional loans of more than \$1,500 have a maximum effective rate of 18 percent. In addition, late charges may be assessed, and lenders may offer the borrower credit insurance and property insurance.

Signature loans are authorized under Subchapter F, Chapter 342, Texas Finance Code. They are sometimes referred to as “Subchapter F” loans. At the time of this study, these loans could not exceed \$500. They are usually from two to twelve months in length and are paid back in installments. These loans are typically unsecured, but they may be secured by personal property. Under Texas law, the maximum allowable rate for signature loans is determined by the loan amount and term. Lenders may assess finance charges resulting in APRs that range from 72 percent to 240 percent. For example, a \$200 loan for eight months would produce an APR of 90.96 percent at maximum rates. Late charges may be assessed, but insurance or other similar charges are not allowed.

Payday loans also are authorized under Subchapter F, Chapter 342, Texas Finance Code.¹² These loans are typically secured by a personal check for the amount loaned plus interest and fees. They are usually two to three weeks in length and paid back in a single installment. There are two payday loan models being used: the state rate model and the bank model. The state rate model operates under Texas state law, i.e., rates must comply with the Texas Finance Code. Under the bank model, the payday business aligns with an out-of-state bank in an arrangement where the out-of-state bank exports the rates of its home state into Texas. These two models result in two different categories of payday loans: payday loans with state rates and payday loans with exported rates.¹³ Both categories of payday loans were first introduced in 2000. Under Texas law, the maximum allowable rate for payday loans with state rates is determined by the loan amount and term. Lenders may assess finance charges resulting in APRs that range from 152.99 percent to 569.92 percent.¹⁴ For example, a \$200 loan for 14 days would produce an APR of 178.98 percent at maximum rates. Late charges, insurance, or other similar charges may not be assessed. Most payday loans are made using the bank model with the accompanying exported rates. Many states allow loan rates that are higher than Texas loan rates. Lending institutions locate in those states and export their rates to Texas, so payday loans with exported rates typically have higher rates than payday loans with state rates.

Pawn loans are authorized by Chapter 371 of the Texas Finance Code. To obtain a pawn loan, the customer must pledge an item as collateral. The lender bases the loan amount on the value of the item pledged. Pawn loans are one month long and are paid back in a single installment. Although Texas law allows pawn loans up to \$12,500, almost all are for under \$1,000. The maximum allowable charge for pawn loans up to \$150 yields an APR of 240 percent, and the maximum allowable charge for pawn loans from \$150.01 to \$1,000 yields an APR of 180 percent. Late charges, insurance, or other similar charges may not be assessed.

How Did the Volume of OCCC-Licensed Lending Change Over Time?

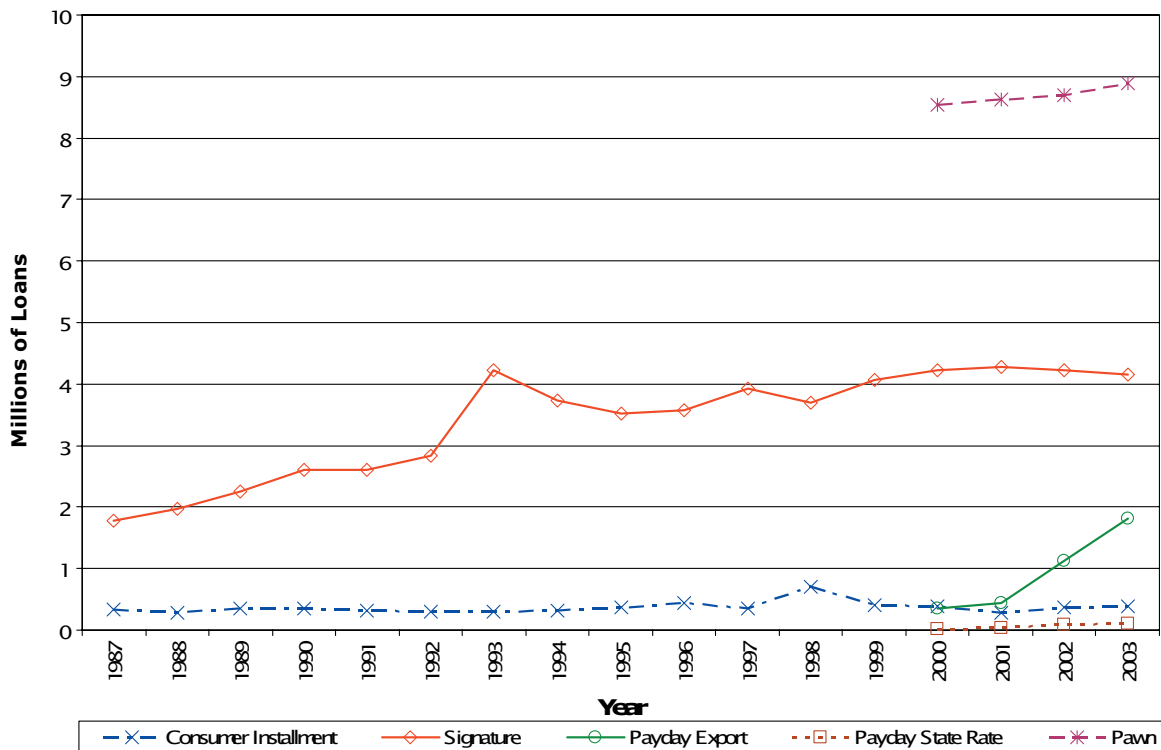
OCCC licensees are required to submit annual reports that include the total number of loans they made and the total amount they loaned. Consumer installment loan, signature loan, and payday loan companies submit a single annual report that combines the information for all of their licensed locations. Pawn lenders submit an annual report for each licensed location. A comparison of annual report data from 1987 through 2003 provides an overview of how OCCC-licensed lending changed over that 17-year period.¹⁵

How did the number of loans change over time?

In 1987, the number of consumer installment and signature loans combined was about 2.1 million. By 1999, that figure had more than doubled, to 4.5 million. In 2000, when payday loans were introduced and pawn lenders were required to submit reports, the combined total was 13.5 million, and it increased to over 15.3 million in 2003.

As shown in Graph 1, the number of payday loans with exported rates has increased dramatically since their introduction in 2000. The number of payday loans with state rates increased much more slowly during the same time period. This is consistent with the small number of licensees currently providing payday state-rate loans. In 2003, payday lenders using state rates made up only about two percent of the licensees offering payday loans.¹⁶

Graph 1
Number of Loans by Type of Loan*



* Payday Export and Payday State Rate lenders were authorized to offer loans beginning in 2000. Pawn lenders were not required to submit data prior to 2000.

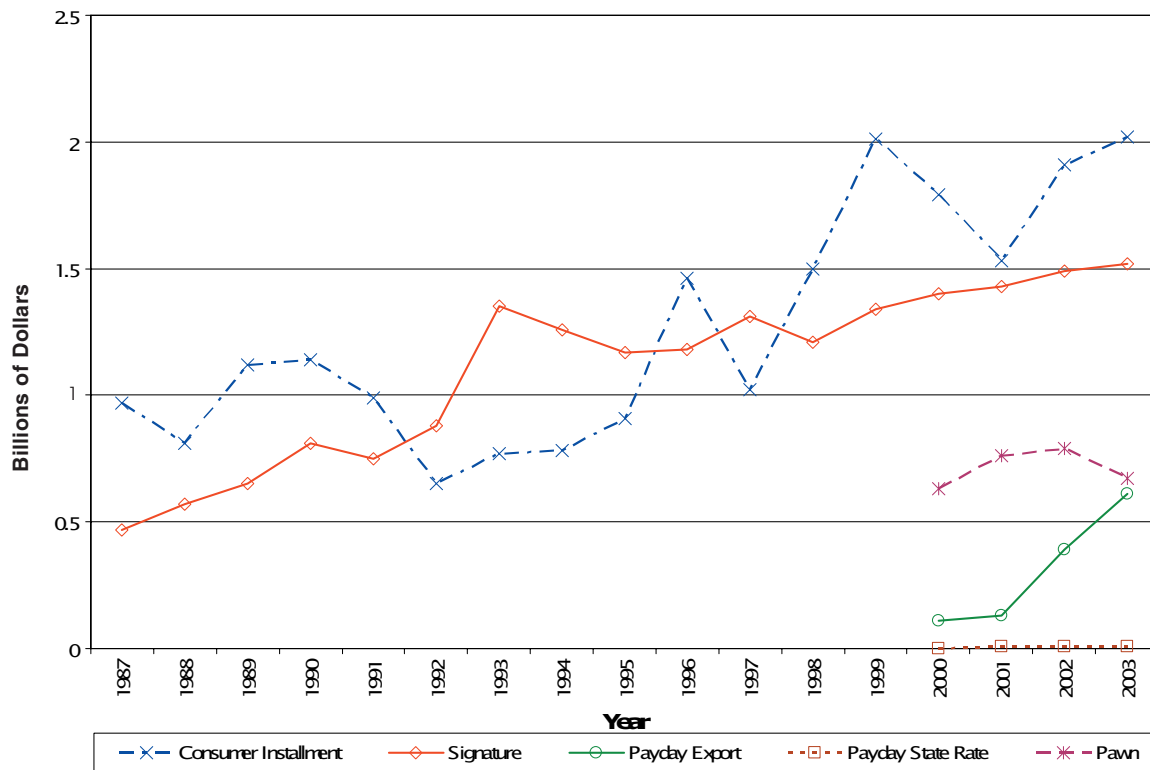
The number of pawn loans grew steadily from 2000 through 2003. However, the number of pawn loans as a proportion of all loans in the study dropped from 63 percent in 2000 and 2001 to 58 percent in 2003. This drop coincided with an increase in the proportion of payday loans with exported rates.

The number of signature loans generally increased since 1987, while the number of consumer installment loans remained stable, except for an increase in 1998. After the one-year increase in 1998, the number of consumer installment loans returned to earlier levels.

How did the total amount loaned change over time?

The total amount loaned also increased from 1987 through 2003. In 1987, consumer installment loans and signature loans combined totaled approximately \$1.4 billion. By 1999, that amount had grown to \$3.4 billion. In 2000, with the addition of payday loans and pawn loans, a combined total of about \$3.9 billion was loaned. The combined total amount loaned in 2003 was over \$4.8 billion. Graph 2 presents the amount loaned by type of loan.

**Graph 2
Amount Loaned by Type of Loan (Reported in 2003 Dollars)***



* Payday Export and Payday State Rate lenders were authorized to offer loans beginning in 2000. Pawn lenders were not required to submit data prior to 2000.

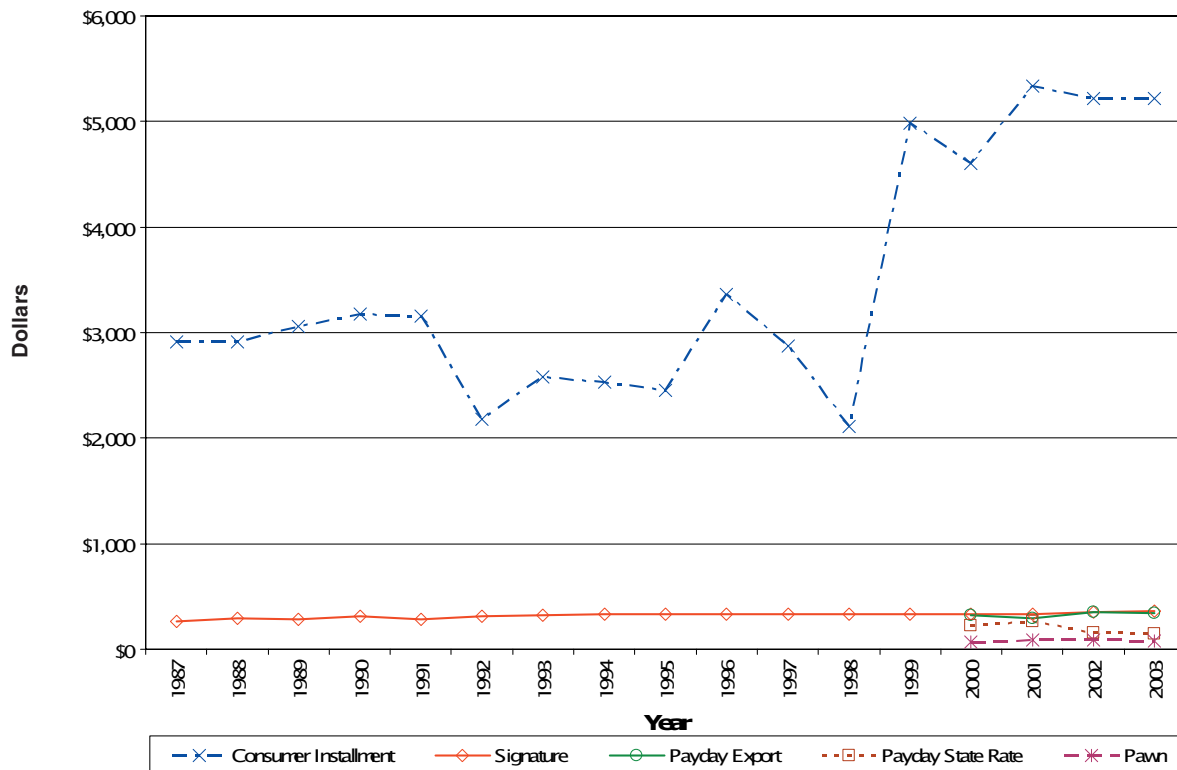
Among the types of loans included in this study, most of the dollars loaned from 1987 through 2003 were either consumer installment loans or signature loans. Consumer installment loans were less common than signature loans, but they tended to be much larger loans. Overall, the total amount borrowed with these two types of loans increased throughout the 17-year period.

For payday loans with exported rates, the amount loaned increased dramatically in 2002 and 2003, reflecting the increase in the number of these loans. In 2003, the amount loaned with payday export loans approached the total dollar amount loaned with pawn loans, even though there were almost five times as many pawn loans as payday export loans.

How did the size of the loans change over time?

The size of signature and payday loans stayed approximately the same throughout the time period. The relatively low ceiling for these loans limited the extent to which the sizes of these loans could vary. There was much more variation in the size of consumer installment loans. As indicated in Graph 3, the average size of a consumer installment loan has increased dramatically since 1999. The average size of pawn loans did not vary much from 2000 through 2003 and was the smallest of all of the loan types examined. The size of a pawn loan depends on the value of the property the customer has available to pledge as collateral for the loan.

Graph 3
Amount Per Loan by Type of Loan (Reported in 2003 Dollars)*



* Payday Export and Payday State Rate lenders were authorized to offer loans beginning in 2000. Pawn lenders were not required to submit data prior to 2000.

How did the number of companies with licensed locations change over time?

The number of companies engaged in consumer installment lending decreased substantially from 1999 to 2003.¹⁷ As shown in Table 2, the number of companies engaged in signature lending also decreased during that five-year period. Although the number of companies reporting payday state-rate lending grew from 2000 through 2003, there were still relatively few companies making that type of loan. The number of companies offering payday loans with exported rates was also small, in contrast to the rapidly growing number of loans made. Companies engaged in consumer installment lending, signature lending, or payday lending provide a single annual report detailing combined data for all locations of the company, so it is not possible to determine whether the change in the number of companies resulted in a change in the number of locations offering those loans.

**Table 2
Number of Loan Companies by Type***

Year	Consumer Installment	Signature	Payday Export	Payday State Rates
1999	78	440	n.a.	n.a.
2000	72	450	15	4
2001	67	435	17	6
2002	76	433	20	10
2003	57	410	19	12

n.a. = not applicable

*One company may have many licensed locations. Consumer installment lenders, signature lenders, and payday lenders submit one annual report per company regardless of the number of licenses.

Pawn lenders submitted separate annual reports for each licensee. Although the number of pawn loans increased steadily from 2000 through 2003, the number of licensees decreased every year during that four-year period. The number of pawn licensees is presented in Table 3.

**Table 3
Number of Pawn Licensees***

Year	Pawn Licensees
2000	1,277
2001	1,257
2002	1,217
2003	1,204

*Pawn lenders submit one annual report per license.

How Were OCCC-Licensed Lending Institutions Geographically Distributed Throughout Texas?

OCCC licensees made over 15.3 million loans in 2003, and the total amount loaned was over \$4.8 billion. Where were these businesses located? Are there any distinctions by population area or geographic region of the state? Were OCCC-licensed lenders located in areas not served by traditional banks? Do the locations of OCCC-licensed lenders show any relationship to the percentage of families living in poverty or to the percentage of minorities? These questions were answered by a geographic analysis of the locations of OCCC-licensed lenders. The geographic analysis also examined whether different types of OCCC-licensed lenders were located in different areas. It provides a county-level analysis of the locations of lending institutions, but an explanation of why lending institutions located where they did is outside the scope of the study.¹⁸

Different types of lending require different types of OCCC licenses, so a single business location may have more than one license.¹⁹ We defined “OCCC-licensed locations” (OLLs) as distinct locations with one or more OCCC licenses.²⁰ In the spring of 2004, Texas had 3,823 OLLs and 5,246 banking facilities registered by the Federal Deposit Insurance Corporation (FDIC).²¹ Sixty-nine percent of Texas counties had at least one OLL, and 98 percent had at least one bank.

The geographic analysis examines differences between metropolitan counties, suburban counties, and rural counties.²² It also examines differences between border counties (the 14 counties that share a border with Mexico) and non-border counties (the other 240 Texas counties). Table 4 presents the distribution of counties, OLLs, and banks in each of these classifications.

Table 4
Distribution of Counties, OCCC-Licensed Locations, and Banks by Metropolitan and Border Status

Area	Counties		OLLs		Banks	
	Count	Percent	Count	Percent	Count	Percent
Statewide	254	100.00%	3,823	100.00%	5,246	100.00%
Metropolitan Counties	27	10.63%	2,651	69.34%	3,117	59.42%
Suburban Counties	50	19.69%	480	12.56%	1,062	20.24%
Rural Counties	177	69.69%	692	18.10%	1,067	20.34%
Border Counties	14	5.51%	602	15.75%	314	5.99%
Non-Border Counties	240	94.49%	3,221	84.25%	4,932	94.01%

The geographic analysis also examines differences among counties in the location of lending institutions in relation to the percentage of minorities in each county and to the percentage of persons in each county living in poverty.^{23,24} The minority percentage includes everyone not classified in the 2000 Census as “white, non-Hispanic,” and the percentage living in poverty includes everyone living below the 1999 federal poverty level. Data from the 2000 Census indicate that about 48 percent of Texas residents met this definition of minority and that about 15 percent of Texas residents were living below the federal poverty level.²⁵

For the analysis, we first correlated the proportions of different types of lending institutions with each county characteristic. The correlations were influenced by interrelationships between county characteristics in several ways. For example, there was a strong relationship between the percentage of the population that was minority and the percentage living in poverty. Also, border counties tended to have higher percentages of minorities and higher percentages of people living in poverty. Therefore, as a second step, we used regression analyses to control the effects of these interrelationships.²⁶

These two types of analysis produce two different types of information. The correlations describe the relationship between each characteristic and the proportion of a type of lender with any effects of the other characteristics included. This type of information identifies patterns that often can be seen with the naked eye. The regression detects which characteristics underlie the correlations. The results of both types of analyses are used to describe the distribution of OLLs as a whole and different types of OLLs across Texas.

What county characteristics were related to the proportion of OLLs?

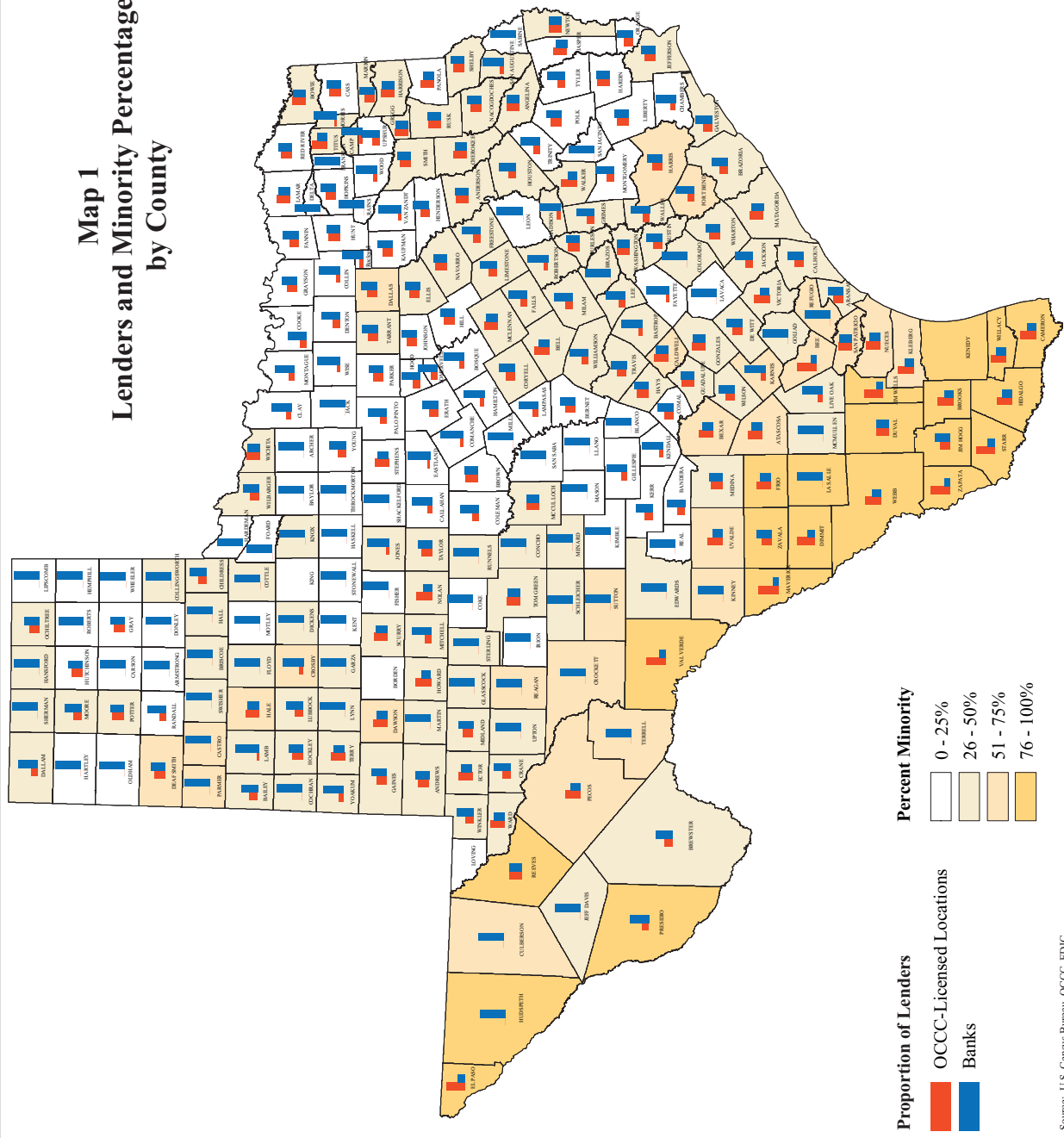
To determine the characteristics that were related to the proportion of OLLs, we examined the relationship between each of the county characteristics described above (metropolitan status, border status, percent minority, and percent poverty) and the proportion of lenders that were OLLs.²⁷ Examining the proportion of OLLs relative to the proportion of banks is appropriate because banks are also “brick and mortar” institutions offering loans. The proportion of OLLs in a county shows the density of OLLs relative to the density of banks in the county.

In the 175 counties with OLLs, the proportion of OLLs ranged from a low of about seven percent (Lamb County, with one OLL and 14 banks) to a high of almost 79 percent (Maverick County, with 26 OLLs and seven banks). The 3,823 OLLs and 5,246 banks in Texas make the statewide proportion of OLLs approximately 42 percent.

Using county-level data, we correlated the proportion of OLLs with each of the county characteristics of interest: metropolitan status (whether a county was metropolitan, suburban, or rural), border status, percent minority, and percent poverty. We also examined the combination of percent minority and percent poverty because our early investigations indicated that the combination might be more closely related to the proportion of OLLs than either minority or poverty alone.²⁸ Of these characteristics, the minority percentage of the county was correlated most strongly with the proportion of OLLs: in counties where more of the population were minorities, more of the lenders tended to be OLLs.²⁹ This relationship can be seen in Map 1, which shows the proportion of OLLs and the minority percentage for each county. Counties with higher percentages of *both* minorities and people living in poverty also tended to have higher proportions of OLLs. Metropolitan counties tended to have higher proportions of OLLs, although the correlation was not as strong as that for the combination of minority and poverty. Map 2 shows the proportion of OLLs and the metropolitan and border status for each county.

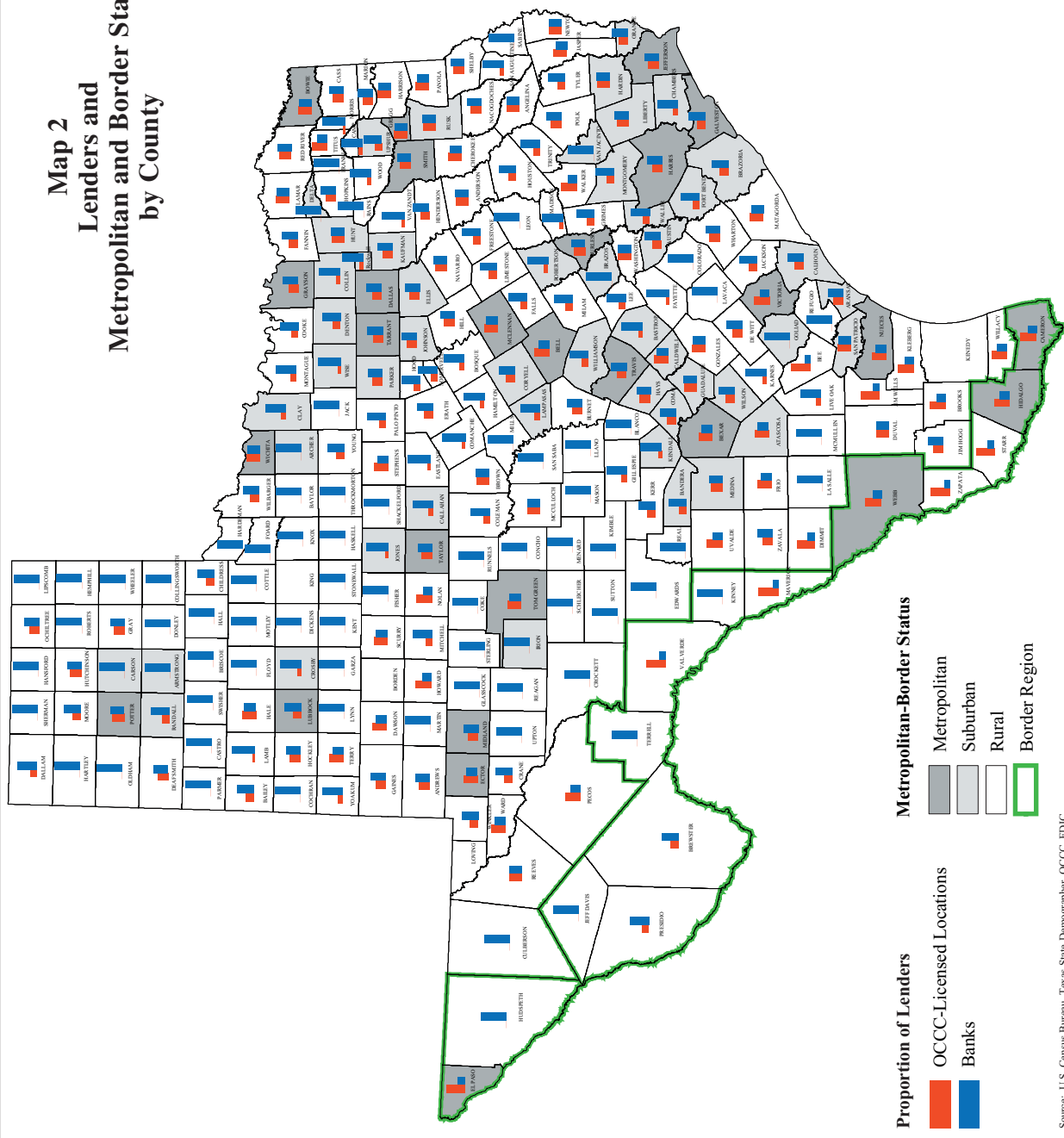
Counties with higher poverty percentages and border counties tended to have higher proportions of OLLs, but rural counties tended to have lower proportions of OLLs. However, the correlations for these three characteristics were not as strong as the correlations for percent minority, the combination of minority and poverty, and whether the county was metropolitan. The relationship between the proportion of OLLs and whether a county was suburban was too small to provide any useful information.³⁰

Map 1 Lenders and Minority Percentage by County



Source: U.S. Census Bureau, OCC, FDIC
Texas Legislative Council, 2/4/2005, 57247

Map 2 Lenders and Metropolitan and Border Status by County



Source: U.S. Census Bureau, Texas State Demographer, OCC, FDIC
Texas Legislative Council, 2/4/2015, 5247

The regression results were consistent with the correlations that indicated that the percentage of the county population that was minority had the strongest relationship to the proportion of OLLs. Regression results also indicated that metropolitan counties were more likely than other counties to have a higher proportion of OLLs. The other characteristics were not as important when isolated in this manner, indicating that the correlations between those characteristics and the proportion of OLLs were likely due to underlying relationships with the proportion of minorities and whether the county was metropolitan.

What county characteristics were related to the proportion of each type of OCCC-licensed lender?

To determine the characteristics that were related to the proportion of lending institutions in a county that were a specific type of OLL, we divided OLLs into mutually-exclusive categories based on their type of lending.³¹ Separate categories were developed for lenders with more than one type of license. We computed the proportion of each category of lender in each county (e.g., the proportion of lenders that were consumer installment lenders) in the same manner that we computed the proportion of OLLs as a whole.³²

As indicated in Table 5, there were more signature lenders than any other type of OLL. Although the statewide proportion of signature lenders was about 17 percent, the proportion in an individual county was as high as 70 percent (Dimmit County). About 13 percent of lenders statewide were pawn lenders, including the “pawn,” “pawn and payday export,” and “pawn and other” categories. The proportion reached 25 percent in three counties.³³ The number of payday export lenders was large, considering that this type of lending was not available in Texas until 2000. Nueces County, with about 18 percent, had the highest proportion of payday export lenders. Including the 12 “pawn and payday export” lenders, about 25 percent of lenders in Nueces County were payday export lenders.³⁴

Table 5
Number of Lenders and Proportions by Type of Lender

Type of Lender	Number of Lenders Statewide	Proportion of Lenders Statewide*	Highest Proportion (County)	Number of Counties with No Lenders of This Type
Consumer Installment	344	3.79%	13.33% (Matagorda)	187
Signature	1,501	16.55%	70.00% (Dimmit)	93
Payday Export	759	8.37%	17.88% (Nueces)	178
Payday State Rate	9	0.10%	1.47% (Taylor)	248
Pawn	794	8.76%	25.00% (Somervell, Trinity, and Newton)	123
Pawn and Payday Export	389	4.29%	12.50% (Brooks)	193
Pawn and Other	27**	0.30%	10.00% (Chambers)	234
Banks	5,246	57.85%	100.00% (79 counties)	4
Total	9,069	100.00%	n.a.	n.a.

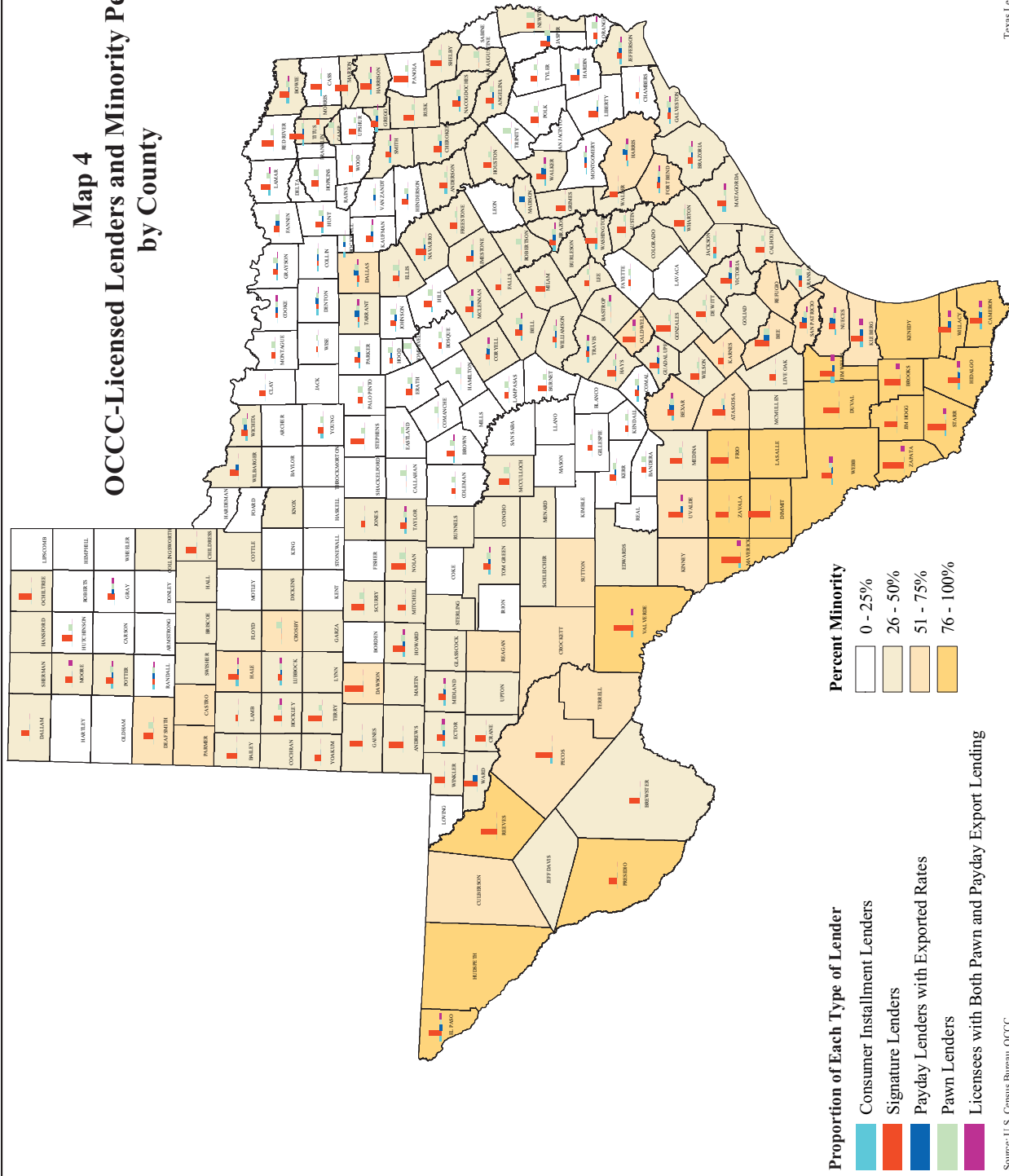
n.a. = not applicable

* Percentages do not add to 100.00% due to rounding error.

** Includes one “pawn and consumer installment,” 12 “pawn and signature,” and 14 “pawn and payday state rate.”

Five of the mutually-exclusive categories included enough lenders for analysis: consumer installment, signature, payday export, pawn, and pawn and payday export. Each of the following questions is about the relationship between the county characteristics (whether the county was metropolitan, suburban, or rural; border status; percent minority; percent poverty; and the combination of minority and poverty) and the proportion of one of these five types of lenders. Two maps are provided to illustrate the discussion: Map 3 shows the proportion of each type of lender by the county’s metropolitan and border status. Map 4 shows the proportion of each type of lender by the county’s minority percentage.

Map 4 OCCC-Licensed Lenders and Minority Percentage by County



What county characteristics were related to the proportion of consumer installment lenders?

Only two of the county characteristics included in the geographic analysis showed a relationship to the proportion of consumer installment lenders: whether the county was suburban and whether the county was on the Texas-Mexico border. Suburban counties tended to have lower proportions of consumer installment lenders, while border counties tended to have higher proportions of consumer installment lenders. Regression analyses indicated that while suburban counties tended to have lower proportions of consumer installment lenders than rural counties, it was not an especially strong relationship. However, no other characteristic included in the regression analysis had as strong a relationship to the proportion of consumer installment lenders.

What county characteristics were related to the proportion of signature lenders?

There was a relatively strong correlation between a county's minority percentage and the proportion of signature lenders: in counties where more of the population were minorities, more of the lenders tended to be signature lenders. The combination of minority population and poverty population showed a relatively strong relationship to the proportion of signature lenders, as did the proportion of the county living in poverty. Also, border counties tended to have a higher proportion of signature lenders than non-border counties. However, the proportion of signature lenders in a county was not related to whether the county was metropolitan, suburban, or rural. In the regression analyses, only the county's minority percentage showed a relatively strong relationship to the proportion of signature lenders. The correlations with the other characteristics appear to have resulted primarily from relationships between those characteristics and the county's minority percentage.

What county characteristics were related to the proportion of payday export lenders?

Only one of the county characteristics included in the geographic analysis showed a relationship to the proportion of payday export lenders: metropolitan counties tended to have a higher proportion of payday export lenders, although the relationship was relatively weak. The regression analyses also indicated that the relationship was not very strong, but none of the other county characteristics included in the geographic analysis had a stronger relationship to the proportion of payday export lenders.

What county characteristics were related to the proportion of pawn lenders?

Three of the county characteristics showed a relationship to the proportion of pawn lenders in a county: the county's percentage of minority population, the county's percentage of population in poverty, and the combination of minority population and poverty population. In contrast to the findings for the other types of lenders, high levels of these characteristics were associated with smaller proportions of pawn lenders. For example, in counties where more of the population was minority, fewer of the lenders tended to be pawn lenders. Metropolitan status and border status did not have an important relationship to the proportion of pawn lenders. The regression analyses indicated that a county's minority percentage was relatively strongly related to the proportion of pawn lenders, and none of the other county characteristics included in the geographic analysis was as strongly related.

What county characteristics were related to the proportion of lenders licensed to make both pawn and payday export loans?

Locations of lenders licensed to make both pawn and payday export loans showed a relationship to the combination of minority and poverty, the county's poverty percentage, and the county's minority percentage: as those characteristics increased in a county, the county tended to have more businesses licensed to make both pawn and payday export loans. This is the opposite of the relationships for lenders licensed to make only pawn loans. Border counties tended to have a higher proportion of lenders that were licensed to provide both pawn and payday export loans, but suburban counties tended to have a smaller proportion of this type of lender. Regression results indicated that the proportion of lenders licensed to provide both pawn and payday loans was higher in counties with higher proportions of minorities and in border counties and lower in suburban counties than in rural counties.

Overall, what county characteristics were most closely related to the proportions of lenders?

The regression findings indicated that as the percentage of minorities in a county increased, the county tended to have a higher proportion of OLLs. Among the five types of OLLs examined for this analysis, the proportion of signature lenders was most closely related to the percentage of minorities. In contrast, the proportion of pawn lenders tended to decrease as the percentage of minorities increased. The geographic analysis also indicated that the proportion of "pawn and payday export" lenders had a very different relationship to the county characteristics than the proportion of pawn lenders or the proportion of payday export lenders.

What Were the Characteristics of Loans That Texas Consumers Received From OCCC Licensees?

The OCCC licensees made over 15 million loans in 2003. What types of loan were most common? What documentation were applicants required to provide to obtain a loan? What were the terms of an average loan? What proportion of loans were used to pay off a previous loan? Did many of the loans incur late charges? These questions were answered using data from a sample of loans made by OCCC licensees.

The OCCC examiners collected data from a sample of licensees in accordance with a survey designed by the TLC.³⁵ Survey results represent consumer installment, signature, payday, and pawn loans made by OCCC licensees from January 1, 2003, through June 30, 2003. Payday loans with state rates are included in the data reported for all loans (labeled “all types”), but results for this group are not reported separately because the sample of these loans was too small.

What types of loan were most common?

Survey results indicated that almost 60 percent of all loans made by the sampled OCCC licensees were pawn loans and that over 25 percent were signature loans. As shown in Table 6, over 13 percent of all loans were payday loans with exported rates, which were not introduced until 2000.

Table 6
Percentage of Loans by Loan Type (January 1, 2003 - June 30, 2003)

Loan Type	Percent
Consumer Installment	1.39%
Signature	27.12%
Payday Export	13.63%
Payday State Rates	0.16%
Pawn	57.70%
All Types	100.00%

What types of documentation were loan applicants required to provide?

As shown in Table 7, a government-issued picture ID was required for most loans. For pawn loans, that was typically the only documentation required. Other types of loan generally required a completed loan application, and most required applicants to submit proof of their income. Applicants obtaining payday export loans were typically required to provide a bank account statement and were often required to leave the lender a completed personal check in the amount of the loan plus interest and fees.³⁶

**Table 7
Documentation Required of Applicants by Loan Type**

Documentation Required	All Types	Consumer Installment	Signature	Payday Export	Pawn
Driver's license or other government-issued picture ID	99.81%	98.44%	99.39%	100.00%	100.00%
Proof of income	39.25%	65.92%	91.56%	97.92%	0.00%
Completed loan application	38.96%	96.36%	90.03%	95.76%	0.00%
Rent statement or utility bill with applicant's current home address	28.24%	18.46%	77.67%	49.61%	0.00%
Bank account statement	14.67%	8.23%	6.48%	92.77%	0.00%
Current telephone bill	12.58%	2.85%	9.29%	72.76%	0.00%
Completed personal check	11.28%	0.00%	1.35%	78.93%	0.00%
Social security card or number	8.51%	3.02%*	26.97%	8.46%	0.00%
References	7.84%	0.48%	17.69%	21.86%	0.00%
Other document(s)	1.60%	10.79%	1.96%	6.67%	0.00%
Average number of required documents	2.63	3.05	4.22	6.25	1.00
Percentage of loans that were from lenders where everyone who qualified for a loan received the same rate regardless of their qualifications	99.15%	53.08%	99.91%	100.00%	99.70%

* Many consumer installment loan applications already include the consumer's social security number; therefore, this information would not have been collected separately.

On average, an applicant for a payday export loan was required to present six types of documentation to qualify for a loan. Applicants for signature loans were asked to present less documentation, although payday export loans were often secured with a personal check and signature loans typically were unsecured.

The level of documentation required for loans is not necessarily correlated to the level of underwriting associated with the loan. For example, although payday export loans had the highest number of documents required at 6.25, OCCC staff indicated that payday loans typically had one of the shortest underwriting processes.³⁷ For all types of loans except consumer installment, customers who qualified for the loan typically received the same rate regardless of their qualifications.

Did the lenders conduct credit checks?

With the exception of pawn loans, credit checks were typically part of the lending process. As indicated in Table 8, the type of credit check used would often depend on the type of loan. For consumer installment loans, at least one of the three primary credit rating companies (Equifax, Experian, and TransUnion) was consulted. For signature loans, one of the three primary credit rating companies was typically consulted and other creditors were more likely to be contacted for verification than for the other types of loans. For payday export loans, Tele-Track was the most common form of credit check. Customers with better credit were likely to receive a better rate for consumer installment loans, but not for other types of loans.

Table 8
Use of Credit Checks by Loan Type

Credit Check Use	Overall	Consumer Installment	Signature	Payday Export	Pawn
Percentage of loans that were from lenders using credit checks	40.73%	100.00%	99.44%	90.28%	0.00%
Of loans from lenders using credit checks, percentage where lender					
Used Tele-Track	26.77%	0.00%	0.00%	88.25%	n.a.
Used Equifax, Experian, or TransUnion	72.62%	100.00%	99.32%	11.75%	n.a.
Directly contacted other creditors	26.66%	6.07%	39.95%	0.00%	n.a.
Used other types of credit check	1.30%	0.00%	1.65%	0.00%	n.a.
Offered more favorable loan rates to customers with better credit	5.30%	87.52%	3.58%	0.05%	n.a.

n.a. = not applicable

What percentage of loan applications was denied?

Table 9 shows that the odds of a loan application being denied were different for different types of loan. The percentage of denied loan applications was calculated by dividing the number of denied loan applications by the total number of loans made plus the number of denied loan applications. The total number of loans made includes new loans and renewed loans. Because signature loans have a high renewal rate, the percentage of denied signature loans was reduced by including renewed loans in the denominator, resulting in a lower denial rate than some would expect. For new applications alone, the denial rate would have been higher.

**Table 9
Denied Loan Applications by Loan Type**

Loan Type	Percent
Consumer Installment	63.75%
Signature	9.18%
Payday Export	8.07%
Pawn	n.a.
All Types	10.58%

n.a. = not applicable

Some licensees denied a much larger proportion of applications than other licensees providing the same type of loan. The percentage of denied applications does not correspond to the percentage of customers turned away without loans because a customer may apply for a loan and have his or her application denied, then repeat the process several times before the application is accepted.

What were the terms of the loans?

Many of the differences in loan terms reflected statutory differences among the types of loan. Consumer installment loans typically were larger loans with longer terms and lower APRs than the other types of loans included in this analysis. Pawn loans tended to be smaller loans. Signature loans had lower APRs and longer lengths than payday export loans, although the amount financed with those two types of loans was very similar. Average loan terms are presented in Table 10.

**Table 10
Loan Characteristics by Loan Type**

Loan Characteristic	All Types	Consumer Installment	Signature	Payday Export	Pawn
Average amount financed	\$272	\$5,352	\$314	\$338	\$115
Average length of loan in months	3.17	41.81	7.19	0.52	1.00
Average disclosed APR	226.09%	25.11%	92.69%	510.76%	226.72%

The Texas Finance Code specifies maximum allowable rates for consumer installment, signature, payday state rate, and pawn loans. The maximum allowable rate depends on the type of loan, the amount borrowed, and the length of the loan. During the time these loans were made, rates could not exceed 240 percent APR for signature loans and pawn loans, and 570 percent APR for payday loans with state rates.³⁸ Rates typically ranged from 18 percent to 32 percent APR for consumer installment loans. During the same time period, the rate for most bank loans was 18 percent APR or less.³⁹

Study results indicated that almost all pawn and signature loans charged the maximum allowable rate. Most licensees use computer programs to calculate loan terms. These programs, reviewed and approved by the OCCC, are used to ensure that the loan terms do not exceed the maximum allowable rate under the Texas Finance Code.⁴⁰ Even if the program were not available when a loan was made, the loan would be entered into a computer system for tracking, and any errors should be detected by the automated system and corrected.

There were more differences in the APRs of payday export loans than in the APRs for any other type of loan. Also, the APRs for payday export loans tended to be higher than APRs for other types of loan. The average APR for payday export loans was 511 percent, and the highest rate encountered in the sampled loans was 6,570 percent.⁴¹ For payday export loans, the maximum APR is determined by the maximum rate permissible in the out-of-state bank's home state.

Customers obtaining signature, payday, and pawn loans are likely to be more aware of the out-of-pocket charges than the APR. This is especially true for payday and pawn loans, which are structured as single-payment loans. Table 11 presents examples of out-of-pocket charges. For a pawn loan of \$100 for one month, the finance charge would be \$20 (66 cents a day). For a \$300 payday export loan of two weeks, the finance charge could be approximately \$53 (less than \$4 a day).⁴² A signature loan of \$300 for six months would have a finance charge of \$82 (45 cents a day). In these examples, the APRs range from about 88 percent to 460 percent. The examples present finance charges for loans paid back on time. Customers who do not pay back their loans on time incur additional finance charges, and the finance charge becomes a larger proportion of the original loan amount.

Table 11
Example Finance Charges by Loan Type

Loan Characteristics	All Types	Consumer Installment	Signature	Payday Export	Pawn
Example loan amount	n.a.	n.a.	\$300	\$300	\$100
Example loan term	n.a.	n.a.	6 months	2 weeks	1 month
Finance charge if loan is paid back on time	n.a.	n.a.	\$82.00	\$52.92*	\$20.00
Expressed as percentage of loan amount	n.a.	n.a.	27%	18%	20%
Expressed as daily finance charge	n.a.	n.a.	\$0.45	\$3.78	\$0.66
Expressed as APR	n.a.	n.a.	88.48%	459.90%	240.00%

n.a. = not applicable

*Typical finance charge for sampled loans with these characteristics.

What was the status of the loans when the study data were collected?

As mentioned previously, the loans included in this study were made from January through June 2003. The OCCC examiners determined the status of the loans from February through July 2004. Again, the different types of loan have different characteristics. The average length of consumer installment loans is over three years, so most of those loans were still open. However, nine percent of consumer installment loans ended in default within approximately one year. The majority of signature loans had been paid back by taking out a new loan. Most payday export and pawn loans were paid back on time or early, although for almost one-third of pawn loans, the customers did not return to claim the property pledged as collateral. Table 12 shows the status of the loans at data collection.

Table 12
Status of Loans at Data Collection by Loan Type*

Loan Status	All Types	Consumer Installment	Signature	Payday Export	Pawn
Paid off on time or early (did not pay off with another loan)	52.73%	8.65%	21.23%	76.72%	62.57%
Paid off by taking out a new loan	24.06%	16.84%	69.00%	15.21%	5.56%
Loan still open	2.93%	65.37%	4.98%	1.14%	0.96%
Loan in default (if pawn, item was pulled)	20.28%	9.14%	4.80%	6.93%	30.90%

*Data were collected from February through July 2004.

Were many of the loans used to pay back previous loans?

For this report, a loan was considered to be a “renewal” if part of the loan was used to pay back a previous loan with the same company. As shown in Table 13, over one-fourth of loans made during the study period started as renewals. Signature loans were the most likely to be renewed, with almost 50 percent of loans made during the study period both starting and ending as renewals. Pawn loans were the least likely to be renewed. The proportion of consumer installment loans that ended as renewals could not be accurately assessed because the average term for those loans is greater than three years. However, over 16 percent of consumer installment loans were renewed within the first year. Although payday export loans reflect a renewal rate of 25.75 percent, the term for these loans is generally two weeks. To accurately compare the renewal ratio for payday loans to the ratio for signature loans, it would be necessary to review the rate of repeat transactions during a period that is similar to the term of a signature loan. Data to make this comparison were not collected.

**Table 13
Loan Renewals by Loan Type**

Renewal Status	All Types	Consumer Installment	Signature	Payday Export	Pawn
Loan started as renewal (at least part of the loan was originally used to pay back a previous loan with the same company)	27.46%	44.57%	68.71%	25.75%	8.11%
Loan ended as renewal (at least part of the loan was paid back by taking out a new loan)	24.06%	16.84%	69.00%	15.21%	5.56%
Loan both started and ended as a renewal	16.15%	6.92%	48.01%	9.13%	3.09%

Were late charges a major cost for most customers?

Table 14 presents information about late charges. Over 40 percent of consumer installment loans had late charges, similar to the proportion for signature loans. The total amount of late charges on a loan is affected by the length of the loan: as the number of payment periods increases, the risk of making a late payment also increases. Because late charges are based on payment amount, and consumer installment loans are for larger amounts and are paid over a longer period of time than signature loans, it is not surprising that the average total of late charges was higher for consumer installment loans than for signature loans.

**Table 14
Late Charges by Loan Type**

Late Charge Characteristic	Overall	Consumer Installment	Signature	Payday Export	Pawn
Percentage of loans with late charges*	41.61%	43.66%	41.50%	n.a.	n.a.
Of loans with late charges**					
Average late charges	\$9.03	\$33.22	\$7.73	n.a.	n.a.
Late charges as percentage of total amount paid on loan***	3.59%	1.89%	3.68%	n.a.	n.a.

n.a. = not applicable

*Excludes Payday Export, Payday State Rate, and Pawn Loans. Late charges are not used for those types of loans.

**Includes loans that were still open.

***Total amount paid on loan includes late charges.

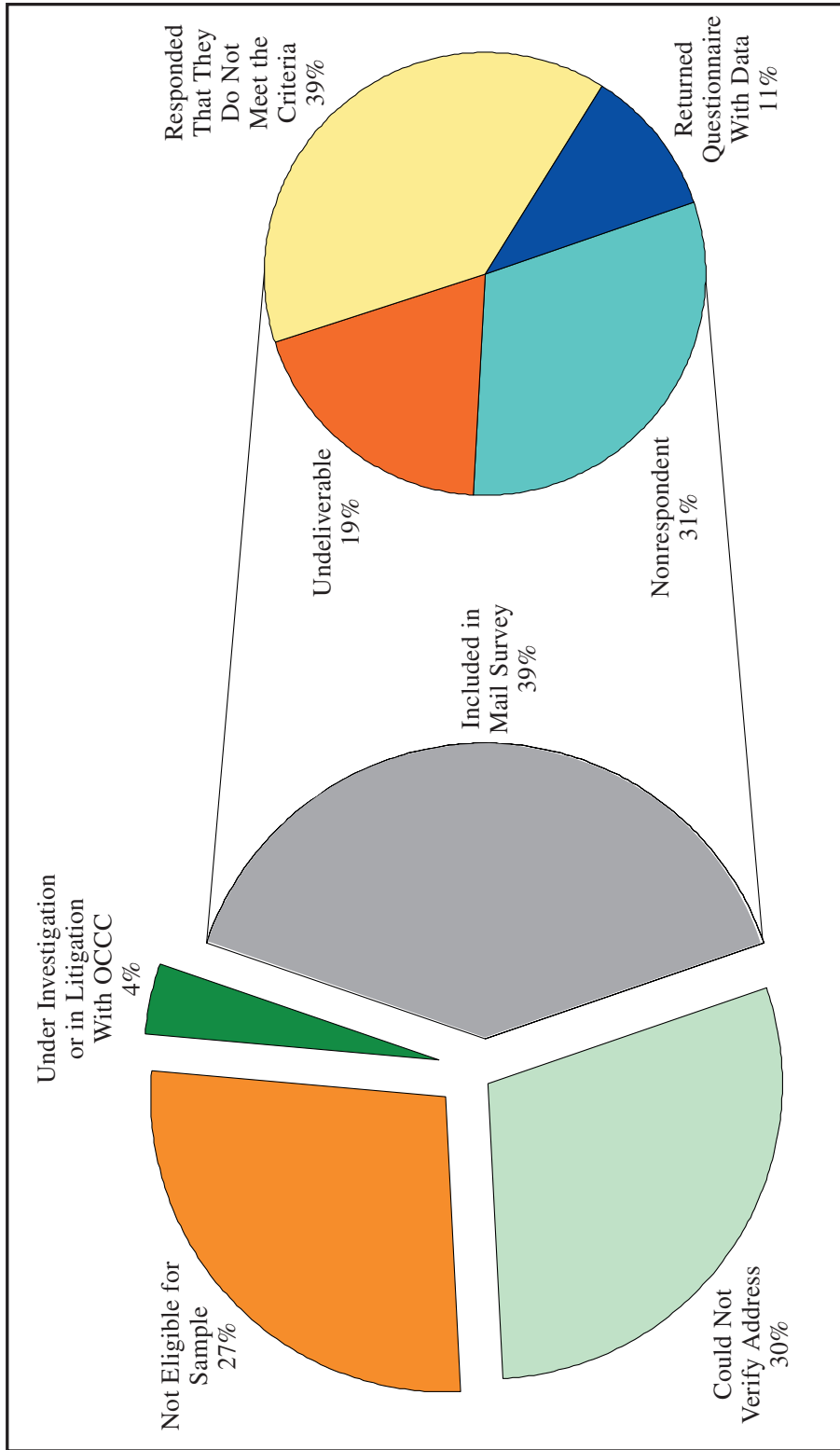
Were Unlicensed Businesses Lending Money to Texas Consumers?

The OCCC-licensed lenders provided over \$4.8 billion in loans in 2003, and these loans tended to be small and short-term. As noted previously, the OCCC regulates the terms of the loans provided by their licensees, and lenders who make loans at greater than a 10 percent effective rate must be licensed by the OCCC. However, the yellow pages and other publications include listings for businesses that advertise as “lenders” or “pawnshops” but do not appear on the list of businesses licensed by the OCCC. To what extent are unlicensed businesses also providing these types of loans? To answer this question, the TLC conducted a mail survey of businesses that appeared to be making these types of loans but were not licensed by the OCCC.

The yellow pages and, where available, the *Greensheet* advertising weekly were searched to prepare a list of potentially unlicensed lenders located in a sample of 29 Texas counties. A total of 474 businesses were identified through this search. The list of 474 potentially unlicensed lenders was verified using a reverse look-up Internet service that returned a business name and address, given a phone number. If the reverse look-up did not return the same business name and address as in the yellow pages or *Greensheet*, the number was called to verify the business information.⁴³ It was not possible to verify addresses for 30 percent of the 474 businesses, typically because they had disconnected telephone numbers or repeated phone calls were unanswered. For 27 percent, the phone number was not associated with a business that would be eligible for the mail survey. For example, the phone contact revealed that the new business name and/or address was that of an OCCC licensee, the phone number rang at a residence, or the phone number rang at a business that did not make consumer loans. In many of these cases, the person answering the phone said they had been called by others looking for the business, but that they had no knowledge of its whereabouts. An additional four percent were businesses under investigation by the OCCC or with litigation already in progress. Only 187 (39 percent of the initial group of 474) appeared to be unlicensed lenders not under investigation by the OCCC. Graph 4 presents the distribution of the 474 businesses initially identified from the yellow pages and *Greensheet*.

A mail survey was sent to the 187 potentially unlicensed lenders. The survey was designed to produce results comparable to those obtained from the survey of OCCC licensees. The questionnaire stated that the study included only consumer/personal loans, payday loans, pawn loans, or other cash transactions with Texas consumers from January 1, 2003, through June 30, 2003. When asked if their business engaged in transactions that met those criteria, 39 percent reported that they did not.⁴⁴ These businesses were not eligible for the survey. Another 19 percent could not be included because their mail was returned as undeliverable. Excluding the undeliverable group from the survey, the response rate was 62 percent. However, only 20 lenders returned questionnaires with data describing their lending activity. Results based on such a small group of lenders will not be reported because they may be misleading.

Graph 4
Distribution of Potentially Unlicensed Lenders (N=474)



What Are the Alternatives to High-Cost Lending?

Alternatives to high-cost lending include credit cards, overdraft protection, line-of-credit loans, and borrowing from family and friends. However, the increasing demand for high-cost loans indicates that there is a large group of Texas consumers whose needs are not being met by these lower-cost options. One large financial institution recently donated \$400,000 to the National Federation of Community Development Credit Unions to research alternative ways to make short-term loans available to lower-income borrowers.⁴⁵ Some credit unions have started to offer payday loan products for this segment of the loan market.⁴⁶ However, credit unions and banks require customers to meet eligibility requirements to qualify for these services. Typically, the customer's paycheck must be deposited into his or her account electronically for a period of time, often a year, before obtaining a loan. These products are not likely to provide viable alternatives to high-cost loans for consumers who do not receive regular paychecks and are unable to maintain a checking or savings account. Research identified few alternative, competitive, market-driven products for this segment of the market.

A consumer's level of financial literacy critically affects decisions about borrowing. Loan transactions can contain complex pricing structures and terms that can be difficult for even the most financially astute borrowers to fully understand. As products become more complex, the asymmetry of information (i.e., imbalance of knowledge) between the well-informed lenders or brokers and the less-informed borrowers widens. There appears to be a broad consensus that continuing financial literacy education is needed to bridge this gap. Lender organizations have advocated improving consumer education.⁴⁷ The Texas Legislature recently directed the Texas Education Agency to include personal finance among the essential knowledge and skills in the required public school curriculum.⁴⁸ The OCCC also is engaged in financial literacy efforts. The OCCC conducts seminars and publishes credit education brochures in an effort to provide financial literacy information directly to consumers. The OCCC is working directly with licensees to develop "plain language contracts," replacing legalese with consumer-friendly words and phrases. While the OCCC makes public presentations at events across the state, the agency also has proposed a public/private project to develop a consumer educational program targeted at the needs of specific communities. Additionally, consumer credit counseling provided by reputable nonprofit agencies also may be an effective tool for increasing consumers' financial skills.

Much discussion has focused on regulations to address potentially abusive practices in the high-cost lending market. Consumer organizations have reported on the ways some lenders have allegedly circumvented existing law, and the organizations have published recommendations for legislation to protect vulnerable consumers.⁴⁹ An organization representing payday lenders also has published recommendations for legislation.⁵⁰

High-cost loans have found a place in the economy and will continue as long as consumer demand for high-cost loans exists. Consumer organizations and many lenders agree that a combination of financial education and regulation is needed. The prevailing belief is that consumers should have financial tools and the ability to access the credit market, but the market must be fair and the people should be well-informed.

Appendix A: Annual Report Analysis

Each year, OCCC licensees are required to submit annual reports summarizing their lending activity for the previous year.⁵¹ Regulated lending companies submit a single report that combines the information for all of their locations, reporting the total number of loans and the total amount they loaned by type of loan. The information is not audited for accuracy, although the OCCC reviews it for reasonableness.⁵² The OCCC revokes the licenses of companies that do not submit annual reports. Therefore, the annual report data do not include lending activity for former licensees with revoked licenses. Annual report data also are missing for companies that went out of business before submitting their annual report.

The following tables present the data underlying the graphics in the report. Payday lenders were first licensed in 2000, and annual report data for pawn lenders were not available before 2000.

**Table A-1
Number of Loans by Year and Type of Loan**

Year	Consumer Installment	Signature	Payday Export	Payday State Rate	Pawn	TOTAL
1987	333,254	1,772,926	n.a.	n.a.	n.a.	2,106,180
1988	277,278	1,969,575	n.a.	n.a.	n.a.	2,246,853
1989	364,726	2,247,205	n.a.	n.a.	n.a.	2,611,931
1990	358,083	2,595,210	n.a.	n.a.	n.a.	2,953,293
1991	314,719	2,607,070	n.a.	n.a.	n.a.	2,921,789
1992	299,853	2,840,229	n.a.	n.a.	n.a.	3,140,082
1993	297,195	4,226,361	n.a.	n.a.	n.a.	4,523,556
1994	307,942	3,744,841	n.a.	n.a.	n.a.	4,052,783
1995	372,285	3,522,942	n.a.	n.a.	n.a.	3,895,227
1996	435,009	3,579,800	n.a.	n.a.	n.a.	4,014,809
1997	354,672	3,930,470	n.a.	n.a.	n.a.	4,285,142
1998	709,948	3,694,849	n.a.	n.a.	n.a.	4,404,797
1999	403,043	4,074,377	n.a.	n.a.	n.a.	4,477,420
2000	388,869	4,225,187	353,903	13,178	8,529,428	13,510,565
2001	286,651	4,277,828	437,398	31,211	8,617,013	13,650,101
2002	366,564	4,223,122	1,125,807	80,122	8,689,385	14,485,000
2003	387,579	4,160,306	1,810,789	96,687	8,889,734	15,345,095

Table A-2
Amount Loaned by Year and Type of Loan (in 2003 Dollars)⁵³

Year	Consumer Installment	Signature	Payday Export	Payday State Rate	Pawn	TOTAL*
1987	\$970,639,037	\$472,220,924	n.a.	n.a.	n.a.	\$1,442,859,961
1988	\$807,039,561	\$574,955,895	n.a.	n.a.	n.a.	\$1,381,995,457
1989	\$1,117,000,243	\$646,558,967	n.a.	n.a.	n.a.	\$1,763,559,210
1990	\$1,137,057,824	\$805,947,996	n.a.	n.a.	n.a.	\$1,943,005,819
1991	\$993,736,258	\$745,161,780	n.a.	n.a.	n.a.	\$1,738,898,039
1992	\$654,485,515	\$881,763,877	n.a.	n.a.	n.a.	\$1,536,249,392
1993	\$767,021,665	\$1,354,489,529	n.a.	n.a.	n.a.	\$2,121,511,194
1994	\$779,328,297	\$1,263,874,887	n.a.	n.a.	n.a.	\$2,043,203,184
1995	\$912,475,704	\$1,172,881,864	n.a.	n.a.	n.a.	\$2,085,357,567
1996	\$1,460,472,958	\$1,177,429,684	n.a.	n.a.	n.a.	\$2,637,902,642
1997	\$1,018,390,368	\$1,311,395,986	n.a.	n.a.	n.a.	\$2,329,786,354
1998	\$1,497,182,505	\$1,210,207,593	n.a.	n.a.	n.a.	\$2,707,390,099
1999	\$2,010,038,275	\$1,341,146,703	n.a.	n.a.	n.a.	\$3,351,184,978
2000	\$1,791,370,764	\$1,396,431,625	\$112,639,085	\$2,934,687	\$625,215,223	\$3,928,591,384
2001	\$1,530,193,893	\$1,432,783,672	\$127,477,181	\$8,246,909	\$763,679,315	\$3,862,380,970
2002	\$1,913,097,281	\$1,492,612,013	\$391,779,107	\$12,567,587	\$793,978,797	\$4,604,034,786
2003	\$2,023,506,701	\$1,524,234,719	\$611,761,364	\$14,119,021	\$668,784,286	\$4,842,406,091

*Total may not be the sum of the columns due to rounding error.

Table A-3
Amount Per Loan by Year and Type of Loan (in 2003 Dollars)⁵⁴

Year	Consumer Installment	Signature	Payday Export	Payday State Rate	Pawn
1987	\$2,913	\$266	n.a.	n.a.	n.a.
1988	\$2,911	\$292	n.a.	n.a.	n.a.
1989	\$3,063	\$288	n.a.	n.a.	n.a.
1990	\$3,175	\$311	n.a.	n.a.	n.a.
1991	\$3,158	\$286	n.a.	n.a.	n.a.
1992	\$2,183	\$310	n.a.	n.a.	n.a.
1993	\$2,581	\$320	n.a.	n.a.	n.a.
1994	\$2,531	\$337	n.a.	n.a.	n.a.
1995	\$2,451	\$333	n.a.	n.a.	n.a.
1996	\$3,357	\$329	n.a.	n.a.	n.a.
1997	\$2,871	\$334	n.a.	n.a.	n.a.
1998	\$2,109	\$328	n.a.	n.a.	n.a.
1999	\$4,987	\$329	n.a.	n.a.	n.a.
2000	\$4,607	\$331	\$318	\$223	\$73
2001	\$5,338	\$335	\$291	\$264	\$89
2002	\$5,219	\$353	\$348	\$157	\$91
2003	\$5,221	\$366	\$338	\$146	\$75

Appendix B: Geographic Analysis

This technical appendix provides additional information about the geographic analysis section of the report. It presents more detailed information on the correlation and regression analyses and provides the county-level data used for the correlations, regressions, and maps.

Correlation Analyses

We used correlations to measure the relationship between each of the county characteristics of interest (metropolitan status, border status, percent minority, percent poverty, the combination of minority and poverty) and the proportion of OLLs.^{55,56,57} Additional correlation analyses were performed for each of the five types of OCCC-licensed lenders listed in Table B-1. The four counties with no banks and no OLLs were excluded from the analysis.⁵⁸ Counties that did not have a particular type of lender were included with a zero proportion.⁵⁹

We coded metropolitan status using three variables (metropolitan, suburban, and rural) and coded border status using a single variable.⁶⁰ The “combination of minority and poverty” was computed as the product of the minority percentage and the poverty percentage. Table B-1 presents the correlations described in the geographic analysis.

Table B-1
Correlations between County Characteristics and Proportions of OLLs and Types of Lenders in the County

County Characteristic	Proportion of OLLs	Proportion of Consumer Installment Lenders	Proportion of Signature Lenders	Proportion of Payday Export Lenders	Proportion of Pawn Lenders	Proportion of Pawn & Payday Export
Percent Minority	0.42	*	0.50	*	-0.36	0.31
Percent Poverty	0.23	*	0.39	*	-0.24	0.33
Minority and Poverty**	0.37	*	0.48	*	-0.33	0.34
Metropolitan	0.32	*	*	0.21	*	*
Suburban	*	-0.24	*	*	*	-0.23
Rural	-0.20	*	*	*	*	*
Border	0.19	0.17	0.24	*	*	0.30

* This correlation was not reported because the probability value was greater than .01.

** The combination of minority and poverty was the product of the minority percentage and the poverty percentage.

Regression Analyses

Regression analyses were used to distinguish which county characteristics were related to the proportion of OLLs independent of the intercorrelations between the county characteristics.⁶¹ We performed an initial regression analysis with five county characteristics (percent minority, percent poverty, whether the county was metropolitan, whether the county was suburban, and whether the county was a border county) and 10 first-order interactions.⁶² We then conducted additional regression analyses, omitting county characteristics and interactions with probability values greater than .01. The standardized parameter estimates and the adjusted R^2 for the final regression equation are reported in Table B-2.⁶³ None of the interactions met our criteria for inclusion in the final regression equation.

Equivalent regression analyses were conducted for each of the five types of OCCC-licensed lenders discussed in the geographic analysis. Table B-2 includes the standardized parameter estimates and the adjusted R^2 for the each of the final regression equations.

Table B-2
Standardized Parameter Estimates from Regression Equations

County Characteristic	Proportion of OLLs	Proportion of Consumer Installment Lenders	Proportion of Signature Lenders	Proportion of Payday Export Lenders	Proportion of Pawn Lenders	Proportion of Pawn & Payday Export Lenders
Percent Minority	0.38	*	0.50	*	-0.36	0.18
Percent Poverty	*	*	*	*	*	*
Metropolitan	0.26	*	*	0.21	*	*
Suburban	*	-0.24	*	*	*	-0.17
Border	*	*	*	*	*	0.20
<i>Adjusted R²</i>	<i>0.23</i>	<i>0.06</i>	<i>0.25</i>	<i>0.04</i>	<i>0.13</i>	<i>0.15</i>

* This county characteristic was omitted from the regression equation because the probability value for the parameter estimate was greater than .01.

County Data

The county-level data used for the geographic analysis are presented in the following three tables. Table B-3 presents the proportion of each type of lender, Table B-4 presents the number of each type of lender, and Table B-5 presents the metropolitan status, border status, percent minority, and percent poverty.

**Table B-3
Proportion of Each Type of Financial Institution by County**

Column Headings:

CI – consumer installment lenders

SIG – signature lenders

EXP – payday lenders with exported rates

PSR – payday lenders with state rates

Pawn-EXP– licensees with both pawn and payday export lending

Pawn-Other– licensees with both pawn and another type of lending

OLLs – OCCC-licensed locations

FIPS Code	County Name	CI	SIG	EXP	PSR	Pawn	Pawn-EXP	Pawn-Other	OLLs	Banks
1	Anderson	8.70%	26.09%	0.00%	0.00%	8.70%	0.00%	4.35%	47.83%	52.17%
3	Andrews	0.00%	44.44%	0.00%	0.00%	0.00%	0.00%	0.00%	44.44%	55.56%
5	Angelina	6.52%	26.09%	4.35%	0.00%	13.04%	0.00%	0.00%	50.00%	50.00%
7	Aransas	0.00%	10.00%	10.00%	0.00%	20.00%	0.00%	0.00%	40.00%	60.00%
9	Archer	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
11	Armstrong	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
13	Atascosa	0.00%	40.00%	5.00%	0.00%	10.00%	0.00%	0.00%	55.00%	45.00%
15	Austin	0.00%	28.57%	0.00%	0.00%	7.14%	0.00%	0.00%	35.71%	64.29%
17	Bailey	0.00%	33.33%	0.00%	0.00%	0.00%	0.00%	0.00%	33.33%	66.67%
19	Bandera	0.00%	14.29%	0.00%	0.00%	14.29%	0.00%	0.00%	28.57%	71.43%
21	Bastrop	0.00%	0.00%	0.00%	0.00%	11.11%	5.56%	0.00%	16.67%	83.33%
23	Baylor	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
25	Bee	0.00%	44.44%	16.67%	0.00%	16.67%	0.00%	0.00%	77.78%	22.22%
27	Bell	5.41%	21.62%	9.01%	0.00%	18.92%	3.60%	0.00%	58.56%	41.44%
29	Bexar	5.37%	18.09%	13.32%	0.00%	10.93%	6.96%	0.00%	54.67%	45.33%
31	Blanco	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
33	Borden	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
35	Bosque	0.00%	9.09%	0.00%	0.00%	9.09%	0.00%	0.00%	18.18%	81.82%
37	Bowie	7.69%	30.77%	1.92%	0.00%	7.69%	3.85%	0.00%	51.92%	48.08%
39	Brazoria	3.53%	12.94%	3.53%	0.00%	10.59%	2.35%	1.18%	34.12%	65.88%
41	Brazos	7.46%	17.91%	7.46%	0.00%	10.45%	2.99%	0.00%	46.27%	53.73%

Table B-3 (continued)
Proportion of Each Type of Financial Institution by County

FIPS Code	County Name	CI	SIG	EXP	PSR	Pawn	Pawn-EXP	Pawn-Other	OLLS	Banks
43	Brewster	0.00%	33.33%	0.00%	0.00%	0.00%	0.00%	0.00%	33.33%	66.67%
45	Briscoe	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
47	Brooks	0.00%	50.00%	0.00%	0.00%	0.00%	12.50%	0.00%	62.50%	37.50%
49	Brown	4.00%	24.00%	0.00%	0.00%	16.00%	4.00%	0.00%	48.00%	52.00%
51	Burleson	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
53	Burnet	0.00%	27.27%	0.00%	0.00%	13.64%	0.00%	0.00%	40.91%	59.09%
55	Caldwell	0.00%	38.46%	0.00%	0.00%	7.69%	7.69%	0.00%	53.85%	46.15%
57	Calhoun	0.00%	27.27%	0.00%	0.00%	9.09%	0.00%	0.00%	36.36%	63.64%
59	Callahan	0.00%	0.00%	0.00%	0.00%	20.00%	0.00%	0.00%	20.00%	80.00%
61	Cameron	5.59%	36.87%	7.26%	0.56%	4.47%	9.50%	0.00%	64.25%	35.75%
63	Camp	0.00%	0.00%	0.00%	0.00%	16.67%	0.00%	0.00%	16.67%	83.33%
65	Carson	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
67	Cass	5.00%	35.00%	0.00%	0.00%	5.00%	0.00%	0.00%	45.00%	55.00%
69	Castro	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
71	Chambers	0.00%	10.00%	0.00%	0.00%	0.00%	0.00%	10.00%	20.00%	80.00%
73	Cherokee	3.57%	25.00%	7.14%	0.00%	10.71%	0.00%	7.14%	53.57%	46.43%
75	Childress	0.00%	33.33%	0.00%	0.00%	0.00%	0.00%	0.00%	33.33%	66.67%
77	Clay	0.00%	20.00%	0.00%	0.00%	0.00%	0.00%	0.00%	20.00%	80.00%
79	Cochran	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
81	Coke	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
83	Coleman	0.00%	12.50%	0.00%	0.00%	12.50%	0.00%	0.00%	25.00%	75.00%
85	Collin	2.70%	3.78%	4.86%	0.00%	4.86%	0.00%	0.00%	16.22%	83.78%
87	Collingsworth	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
89	Colorado	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
91	Comal	6.06%	12.12%	3.03%	0.00%	12.12%	0.00%	3.03%	36.36%	63.64%
93	Comanche	0.00%	0.00%	0.00%	0.00%	11.11%	0.00%	0.00%	11.11%	88.89%
95	Concho	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
97	Cooke	0.00%	6.67%	6.67%	0.00%	6.67%	6.67%	0.00%	26.67%	73.33%
99	Coryell	0.00%	12.90%	9.68%	0.00%	6.45%	6.45%	0.00%	35.48%	64.52%
101	Cottle	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%

Table B-3 (continued)
Proportion of Each Type of Financial Institution by County

FIPS Code	County Name	CI	SIG	EXP	PSR	Pawn	Pawn-EXP	Pawn-Other	OLLS	Banks
103	Crane	0.00%	33.33%	0.00%	0.00%	0.00%	0.00%	0.00%	33.33%	66.67%
105	Crockett	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
107	Crosby	0.00%	0.00%	0.00%	0.00%	16.67%	0.00%	0.00%	16.67%	83.33%
109	Culberson	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
111	Dallam	0.00%	25.00%	0.00%	0.00%	0.00%	0.00%	0.00%	25.00%	75.00%
113	Dallas	3.93%	4.53%	14.06%	0.00%	11.44%	4.17%	0.00%	38.14%	61.86%
115	Dawson	0.00%	57.14%	0.00%	0.00%	0.00%	0.00%	0.00%	57.14%	42.86%
117	Deaf Smith	0.00%	28.57%	0.00%	0.00%	14.29%	0.00%	0.00%	42.86%	57.14%
119	Delta	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
121	Denton	5.23%	5.88%	9.80%	0.00%	6.54%	1.31%	0.00%	28.76%	71.24%
123	De Witt	0.00%	28.57%	0.00%	0.00%	9.52%	0.00%	0.00%	38.10%	61.90%
125	Dickens	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
127	Dimmit	0.00%	70.00%	0.00%	0.00%	0.00%	0.00%	0.00%	70.00%	30.00%
129	Donley	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
131	Duval	0.00%	50.00%	0.00%	0.00%	0.00%	0.00%	0.00%	50.00%	50.00%
133	Eastland	0.00%	0.00%	0.00%	0.00%	10.00%	0.00%	0.00%	10.00%	90.00%
135	Ector	6.78%	23.73%	6.78%	0.00%	10.17%	8.47%	0.00%	55.93%	44.07%
137	Edwards	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
139	Ellis	0.00%	20.00%	2.22%	0.00%	17.78%	0.00%	0.00%	40.00%	60.00%
141	El Paso	8.20%	40.98%	8.61%	0.00%	5.33%	7.79%	0.41%	71.31%	28.69%
143	Erath	0.00%	18.18%	4.55%	0.00%	13.64%	0.00%	0.00%	36.36%	63.64%
145	Falls	0.00%	16.67%	0.00%	0.00%	0.00%	0.00%	8.33%	25.00%	75.00%
147	Fannin	0.00%	15.79%	10.53%	0.00%	10.53%	0.00%	0.00%	36.84%	63.16%
149	Fayette	0.00%	5.56%	0.00%	0.00%	5.56%	0.00%	0.00%	11.11%	88.89%
151	Fisher	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
153	Floyd	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
155	Foard	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
157	Fort Bend	2.91%	8.74%	5.83%	0.00%	5.83%	2.91%	0.00%	26.21%	73.79%
159	Franklin	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
161	Freestone	0.00%	21.43%	0.00%	0.00%	7.14%	0.00%	0.00%	28.57%	71.43%

Table B-3 (continued)
Proportion of Each Type of Financial Institution by County

FIPS Code	County Name	CI	SIG	EXP	PSR	Pawn	Pawn-EXP	Pawn-Other	OLLS	Banks
163	Frio	0.00%	55.56%	0.00%	0.00%	0.00%	0.00%	0.00%	55.56%	44.44%
165	Gaines	0.00%	40.00%	0.00%	0.00%	0.00%	0.00%	0.00%	40.00%	60.00%
167	Galveston	2.61%	9.57%	6.96%	0.00%	12.17%	2.61%	0.00%	33.91%	66.09%
169	Garza	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
171	Gillespie	0.00%	14.29%	0.00%	0.00%	7.14%	0.00%	0.00%	21.43%	78.57%
173	Glasscock	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
175	Goliad	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
177	Gonzales	0.00%	46.67%	0.00%	0.00%	6.67%	0.00%	0.00%	53.33%	46.67%
179	Gray	0.00%	21.43%	7.14%	0.00%	7.14%	7.14%	0.00%	42.86%	57.14%
181	Grayson	4.48%	14.93%	2.99%	0.00%	14.93%	1.49%	0.00%	38.81%	61.19%
183	Gregg	7.78%	22.22%	5.56%	0.00%	14.44%	1.11%	0.00%	51.11%	48.89%
185	Grimes	0.00%	30.00%	0.00%	0.00%	0.00%	0.00%	0.00%	30.00%	70.00%
187	Guadalupe	3.03%	30.30%	6.06%	0.00%	3.03%	6.06%	0.00%	48.48%	51.52%
189	Hale	8.33%	33.33%	4.17%	0.00%	4.17%	4.17%	0.00%	54.17%	45.83%
191	Hall	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
193	Hamilton	0.00%	0.00%	0.00%	0.00%	16.67%	0.00%	0.00%	16.67%	83.33%
195	Hansford	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
197	Hardeman	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
199	Hardin	0.00%	26.32%	5.26%	0.00%	15.79%	0.00%	0.00%	47.37%	52.63%
201	Harris	3.01%	4.68%	15.38%	0.08%	9.04%	6.26%	0.32%	38.78%	61.22%
203	Harrison	2.70%	35.14%	2.70%	0.00%	8.11%	2.70%	0.00%	51.35%	48.65%
205	Hartley	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
207	Haskell	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
209	Hays	2.13%	27.66%	2.13%	0.00%	10.64%	2.13%	0.00%	44.68%	55.32%
211	Hemphill	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
213	Henderson	0.00%	19.35%	3.23%	0.00%	12.90%	0.00%	0.00%	35.48%	64.52%
215	Hidalgo	4.81%	37.78%	6.67%	0.37%	2.59%	8.15%	0.00%	60.37%	39.63%
217	Hill	3.57%	25.00%	0.00%	0.00%	14.29%	0.00%	0.00%	42.86%	57.14%
219	Hockley	0.00%	25.00%	0.00%	0.00%	12.50%	6.25%	0.00%	43.75%	56.25%
221	Hood	0.00%	9.09%	4.55%	0.00%	13.64%	0.00%	0.00%	27.27%	72.73%

Table B-3 (continued)
Proportion of Each Type of Financial Institution by County

FIPS Code	County Name	CI	SIG	EXP	PSR	Pawn	Pawn-EXP	Pawn-Other	OLs	Banks
223	Hopkins	0.00%	22.22%	0.00%	0.00%	16.67%	0.00%	0.00%	38.89%	61.11%
225	Houston	0.00%	23.08%	0.00%	0.00%	7.69%	0.00%	0.00%	30.77%	69.23%
227	Howard	5.26%	36.84%	5.26%	0.00%	10.53%	5.26%	0.00%	63.16%	36.84%
229	Hudspeth	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
231	Hunt	5.88%	23.53%	2.94%	0.00%	14.71%	0.00%	0.00%	47.06%	52.94%
233	Hutchinson	0.00%	33.33%	0.00%	0.00%	11.11%	0.00%	0.00%	44.44%	55.56%
235	Irion	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
237	Jack	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
239	Jackson	10.00%	10.00%	0.00%	0.00%	10.00%	0.00%	0.00%	30.00%	70.00%
241	Jasper	0.00%	29.17%	8.33%	0.00%	16.67%	0.00%	0.00%	54.17%	45.83%
243	Jeff Davis	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
245	Jefferson	6.45%	13.98%	8.60%	0.00%	9.68%	4.30%	0.00%	43.01%	56.99%
247	Jim Hogg	0.00%	40.00%	0.00%	0.00%	0.00%	0.00%	0.00%	40.00%	60.00%
249	Jim Wells	11.11%	44.44%	7.41%	0.00%	0.00%	11.11%	0.00%	74.07%	25.93%
251	Johnson	1.89%	16.98%	5.66%	0.00%	16.98%	0.00%	0.00%	41.51%	58.49%
253	Jones	0.00%	12.50%	0.00%	0.00%	0.00%	0.00%	0.00%	12.50%	87.50%
255	Karnes	0.00%	16.67%	0.00%	0.00%	0.00%	0.00%	0.00%	16.67%	83.33%
257	Kaufman	0.00%	21.88%	6.25%	0.00%	6.25%	3.13%	3.13%	40.63%	59.38%
259	Kendall	0.00%	7.69%	0.00%	0.00%	7.69%	0.00%	0.00%	15.38%	84.62%
261	Kenedy	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
263	Kent	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
265	Kerr	0.00%	19.05%	4.76%	0.00%	9.52%	0.00%	0.00%	33.33%	66.67%
267	Kimble	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
269	King	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
271	Kinney	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
273	Kleberg	8.00%	36.00%	8.00%	0.00%	0.00%	12.00%	0.00%	64.00%	36.00%
275	Knox	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
277	Lamar	6.25%	31.25%	0.00%	0.00%	12.50%	3.13%	0.00%	53.13%	46.88%
279	Lamb	0.00%	6.67%	0.00%	0.00%	0.00%	0.00%	0.00%	6.67%	93.33%
281	Lampasas	0.00%	11.11%	0.00%	0.00%	11.11%	0.00%	0.00%	22.22%	77.78%

Table B-3 (continued)
Proportion of Each Type of Financial Institution by County

FIPS Code	County Name	CI	SIG	EXP	PSR	Pawn	Pawn-EXP	Pawn-Other	OLLs	Banks
283	La Salle	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
285	Lavaca	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
287	Lee	0.00%	16.67%	0.00%	0.00%	8.33%	0.00%	0.00%	25.00%	75.00%
289	Leon	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
291	Liberty	0.00%	29.17%	4.17%	0.00%	4.17%	0.00%	8.33%	45.83%	54.17%
293	Limestone	0.00%	20.00%	6.67%	0.00%	6.67%	0.00%	0.00%	33.33%	66.67%
295	Lipscomb	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
297	Live Oak	0.00%	20.00%	0.00%	0.00%	0.00%	0.00%	0.00%	20.00%	80.00%
299	Llano	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
301	Loving	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
303	Lubbock	6.14%	12.28%	2.63%	0.00%	7.02%	5.26%	0.00%	33.33%	66.67%
305	Lynn	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
307	McCulloch	0.00%	33.33%	0.00%	0.00%	16.67%	0.00%	0.00%	50.00%	50.00%
309	McLennan	5.05%	24.24%	7.07%	0.00%	12.12%	6.06%	0.00%	54.55%	45.45%
311	McMullen	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
313	Madison	0.00%	0.00%	16.67%	0.00%	0.00%	0.00%	0.00%	16.67%	83.33%
315	Marion	0.00%	40.00%	0.00%	0.00%	0.00%	0.00%	0.00%	40.00%	60.00%
317	Martin	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
319	Mason	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
321	Matagorda	13.33%	26.67%	0.00%	0.00%	6.67%	6.67%	0.00%	53.33%	46.67%
323	Maverick	6.06%	60.61%	0.00%	0.00%	0.00%	12.12%	0.00%	78.79%	21.21%
325	Medina	0.00%	37.50%	0.00%	0.00%	8.33%	0.00%	0.00%	45.83%	54.17%
327	Menard	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
329	Midland	4.69%	20.31%	6.25%	0.00%	3.13%	6.25%	0.00%	40.63%	59.38%
331	Milam	0.00%	28.57%	0.00%	0.00%	0.00%	0.00%	0.00%	28.57%	71.43%
333	Mills	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
335	Mitchell	0.00%	25.00%	0.00%	0.00%	0.00%	0.00%	0.00%	25.00%	75.00%
337	Montague	0.00%	11.11%	0.00%	0.00%	11.11%	0.00%	0.00%	22.22%	77.78%
339	Montgomery	2.42%	8.06%	5.65%	0.00%	9.68%	3.23%	0.00%	29.03%	70.97%
341	Moore	0.00%	22.22%	0.00%	0.00%	0.00%	11.11%	0.00%	33.33%	66.67%

Table B-3 (continued)
Proportion of Each Type of Financial Institution by County

FIPS Code	County Name	CI	SIG	EXP	PSR	Pawn	Pawn-EXP	Pawn-Other	OLLS	Banks
343	Morris	0.00%	10.00%	0.00%	0.00%	0.00%	0.00%	0.00%	10.00%	90.00%
345	Motley	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
347	Nacogdoches	2.70%	24.32%	5.41%	0.00%	10.81%	0.00%	0.00%	43.24%	56.76%
349	Navarro	3.57%	32.14%	3.57%	0.00%	7.14%	0.00%	0.00%	46.43%	53.57%
351	Newton	0.00%	25.00%	0.00%	0.00%	25.00%	0.00%	0.00%	50.00%	50.00%
353	Nolan	0.00%	45.45%	0.00%	0.00%	18.18%	0.00%	0.00%	63.64%	36.36%
355	Nueces	3.91%	20.11%	17.88%	0.00%	7.82%	6.70%	0.56%	56.98%	43.02%
357	Ochiltree	0.00%	40.00%	0.00%	0.00%	0.00%	0.00%	0.00%	40.00%	60.00%
359	Oldham	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
361	Orange	3.33%	13.33%	0.00%	0.00%	16.67%	3.33%	0.00%	36.67%	63.33%
363	Palo Pinto	0.00%	13.04%	0.00%	0.00%	13.04%	0.00%	0.00%	26.09%	73.91%
365	Panola	0.00%	45.45%	0.00%	0.00%	9.09%	0.00%	0.00%	54.55%	45.45%
367	Parker	3.23%	16.13%	6.45%	0.00%	16.13%	0.00%	0.00%	41.94%	58.06%
369	Parmer	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
371	Pecos	7.69%	53.85%	0.00%	0.00%	0.00%	0.00%	0.00%	61.54%	38.46%
373	Polk	0.00%	23.53%	0.00%	0.00%	11.76%	0.00%	5.88%	41.18%	58.82%
375	Potter	6.90%	20.69%	3.45%	0.00%	10.34%	3.45%	1.72%	46.55%	53.45%
377	Presidio	0.00%	25.00%	0.00%	0.00%	0.00%	0.00%	0.00%	25.00%	75.00%
379	Rains	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
381	Randall	6.06%	6.06%	6.06%	0.00%	6.06%	3.03%	0.00%	27.27%	72.73%
383	Reagan	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
385	Real	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
387	Red River	0.00%	36.36%	0.00%	0.00%	9.09%	0.00%	0.00%	45.45%	54.55%
389	Reeves	0.00%	50.00%	0.00%	0.00%	0.00%	0.00%	0.00%	50.00%	50.00%
391	Refugio	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
393	Roberts	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
395	Robertson	0.00%	0.00%	0.00%	0.00%	16.67%	0.00%	0.00%	16.67%	83.33%
397	Rockwall	5.56%	0.00%	5.56%	0.00%	5.56%	0.00%	0.00%	16.67%	83.33%
399	Runnels	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
401	Rusk	0.00%	34.78%	0.00%	0.00%	8.70%	0.00%	4.35%	47.83%	52.17%

Table B-3 (continued)
Proportion of Each Type of Financial Institution by County

FIPS Code	County Name	CI	SIG	EXP	PSR	Pawn	Pawn-EXP	Pawn-Other	OLLS	Banks
403	Sabine	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
405	San Augustine	0.00%	0.00%	0.00%	0.00%	16.67%	0.00%	0.00%	16.67%	83.33%
407	San Jacinto	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
409	San Patricio	0.00%	23.08%	15.38%	0.00%	10.26%	2.56%	0.00%	51.28%	48.72%
411	San Saba	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
413	Schleicher	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
415	Scurry	0.00%	38.46%	0.00%	0.00%	15.38%	0.00%	0.00%	53.85%	46.15%
417	Shackelford	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
419	Shelby	0.00%	35.00%	0.00%	0.00%	10.00%	0.00%	0.00%	45.00%	55.00%
421	Sherman	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
423	Smith	6.42%	17.43%	5.50%	0.00%	10.09%	3.67%	1.83%	44.95%	55.05%
425	Somervell	0.00%	0.00%	0.00%	0.00%	25.00%	0.00%	0.00%	25.00%	75.00%
427	Starr	3.03%	57.58%	0.00%	0.00%	3.03%	9.09%	0.00%	72.73%	27.27%
429	Stephens	0.00%	44.44%	0.00%	0.00%	11.11%	0.00%	0.00%	55.56%	44.44%
431	Sterling	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
433	Stonewall	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
435	Sutton	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
437	Swisher	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
439	Tarrant	4.56%	4.20%	13.87%	0.73%	9.12%	5.29%	0.36%	38.14%	61.86%
441	Taylor	5.88%	17.65%	2.94%	1.47%	8.82%	4.41%	1.47%	42.65%	57.35%
443	Terrell	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
445	Terry	0.00%	44.44%	0.00%	0.00%	11.11%	0.00%	0.00%	55.56%	44.44%
447	Throckmorton	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
449	Titus	3.70%	44.44%	3.70%	0.00%	7.41%	0.00%	0.00%	59.26%	40.74%
451	Tom Green	6.56%	22.95%	6.56%	0.00%	13.11%	3.28%	0.00%	52.46%	47.54%
453	Travis	5.44%	8.50%	7.48%	0.00%	7.82%	7.48%	0.00%	36.73%	63.27%
455	Trinity	0.00%	0.00%	0.00%	0.00%	25.00%	0.00%	0.00%	25.00%	75.00%
457	Tyler	0.00%	20.00%	0.00%	0.00%	10.00%	0.00%	0.00%	30.00%	70.00%
459	Upshur	0.00%	21.43%	0.00%	0.00%	7.14%	0.00%	0.00%	28.57%	71.43%

Table B-3 (continued)
Proportion of Each Type of Financial Institution by County

FIPS Code	County Name	CI	SIG	EXP	PSR	Pawn	Pawn-EXP	Pawn-Other	OLLs	Banks
461	Upton	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
463	Uvalde	0.00%	44.44%	5.56%	0.00%	0.00%	5.56%	5.56%	61.11%	38.89%
465	Val Verde	6.25%	59.38%	0.00%	0.00%	0.00%	6.25%	3.13%	75.00%	25.00%
467	Van Zandt	0.00%	0.00%	5.26%	0.00%	5.26%	0.00%	0.00%	10.53%	89.47%
469	Victoria	3.92%	35.29%	9.80%	0.00%	7.84%	5.88%	0.00%	62.75%	37.25%
471	Walker	3.70%	29.63%	14.81%	0.00%	7.41%	7.41%	0.00%	62.96%	37.04%
473	Waller	0.00%	25.00%	0.00%	0.00%	0.00%	0.00%	0.00%	25.00%	75.00%
475	Ward	0.00%	42.86%	14.29%	0.00%	0.00%	0.00%	0.00%	57.14%	42.86%
477	Washington	5.56%	38.89%	0.00%	0.00%	5.56%	0.00%	0.00%	50.00%	50.00%
479	Webb	4.90%	33.33%	4.90%	0.00%	9.80%	11.76%	0.00%	64.71%	35.29%
481	Wharton	3.03%	33.33%	0.00%	0.00%	3.03%	0.00%	3.03%	42.42%	57.58%
483	Wheeler	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
485	Wichita	5.56%	18.06%	9.72%	1.39%	15.28%	1.39%	0.00%	51.39%	48.61%
487	Wilbarger	0.00%	27.27%	9.09%	0.00%	0.00%	0.00%	0.00%	36.36%	63.64%
489	Willacy	0.00%	40.00%	10.00%	0.00%	0.00%	10.00%	0.00%	60.00%	40.00%
491	Williamson	1.92%	12.50%	1.92%	0.00%	8.65%	0.96%	0.00%	25.96%	74.04%
493	Wilson	0.00%	28.57%	0.00%	0.00%	7.14%	0.00%	0.00%	35.71%	64.29%
495	Winkler	0.00%	33.33%	0.00%	0.00%	0.00%	0.00%	0.00%	33.33%	66.67%
497	Wise	0.00%	5.00%	0.00%	0.00%	5.00%	0.00%	0.00%	10.00%	90.00%
499	Wood	0.00%	11.54%	0.00%	0.00%	3.85%	0.00%	0.00%	15.38%	84.62%
501	Yoakum	0.00%	20.00%	0.00%	0.00%	0.00%	0.00%	0.00%	20.00%	80.00%
503	Young	8.33%	16.67%	0.00%	0.00%	8.33%	0.00%	0.00%	33.33%	66.67%
505	Zapata	0.00%	66.67%	0.00%	0.00%	0.00%	11.11%	0.00%	77.78%	22.22%
507	Zavala	0.00%	40.00%	0.00%	0.00%	0.00%	0.00%	0.00%	40.00%	60.00%
	Statewide	3.79%	16.55%	8.37%	0.10%	8.76%	4.29%	0.30%	42.15%	57.85%

**Table B-4
Number of Each Type of Financial Institution by County**

Column Headings:

CI – consumer installment lenders

SIG – signature lenders

EXP – payday lenders with exported rates

PSR – payday lenders with state rates

Pawn-EXP– licensees with both pawn and payday export lending

Pawn-Other– licensees with both pawn and another type of lending

OLLs – OCCC-licensed locations

FIPS Code	County Name	CI	SIG	EXP	PSR	Pawn	Pawn-EXP	Pawn-Other	OLLs	Banks
1	Anderson	2	6	0	0	2	0	1	11	12
3	Andrews	0	4	0	0	0	0	0	4	5
5	Angelina	3	12	2	0	6	0	0	23	23
7	Aransas	0	1	1	0	2	0	0	4	6
9	Archer	0	0	0	0	0	0	0	0	4
11	Armstrong	0	0	0	0	0	0	0	0	1
13	Atascosa	0	8	1	0	2	0	0	11	9
15	Austin	0	4	0	0	1	0	0	5	9
17	Bailey	0	1	0	0	0	0	0	1	2
19	Bandera	0	1	0	0	1	0	0	2	5
21	Bastrop	0	0	0	0	2	1	0	3	15
23	Baylor	0	0	0	0	0	0	0	0	3
25	Bee	0	8	3	0	3	0	0	14	4
27	Bell	6	24	10	0	21	4	0	65	46
29	Bexar	27	91	67	0	55	35	0	275	228
31	Blanco	0	0	0	0	0	0	0	0	6
33	Borden	0	0	0	0	0	0	0	0	0
35	Bosque	0	1	0	0	1	0	0	2	9
37	Bowie	4	16	1	0	4	2	0	27	25
39	Brazoria	3	11	3	0	9	2	1	29	56
41	Brazos	5	12	5	0	7	2	0	31	36
43	Brewster	0	2	0	0	0	0	0	2	4
45	Briscoe	0	0	0	0	0	0	0	0	2

Table B-4 (continued)
Number of Each Type of Financial Institution by County

FIPS Code	County Name	CI	SIG	EXP	PSR	Pawn	Pawn-EXP	Pawn-Other	OLLs	Banks
47	Brooks	0	4	0	0	0	1	0	5	3
49	Brown	1	6	0	0	4	1	0	12	13
51	Burleson	0	0	0	0	0	0	0	0	8
53	Burnet	0	6	0	0	3	0	0	9	13
55	Caldwell	0	5	0	0	1	1	0	7	6
57	Calhoun	0	3	0	0	1	0	0	4	7
59	Callahan	0	0	0	0	1	0	0	1	4
61	Cameron	10	66	13	1	8	17	0	115	64
63	Camp	0	0	0	0	1	0	0	1	5
65	Carson	0	0	0	0	0	0	0	0	4
67	Cass	1	7	0	0	1	0	0	9	11
69	Castro	0	0	0	0	0	0	0	0	4
71	Chambers	0	1	0	0	0	0	1	2	8
73	Cherokee	1	7	2	0	3	0	2	15	13
75	Childress	0	2	0	0	0	0	0	2	4
77	Clay	0	1	0	0	0	0	0	1	4
79	Cochran	0	0	0	0	0	0	0	0	2
81	Coke	0	0	0	0	0	0	0	0	2
83	Coleman	0	1	0	0	1	0	0	2	6
85	Collin	5	7	9	0	9	0	0	30	155
87	Collingsworth	0	0	0	0	0	0	0	0	2
89	Colorado	0	0	0	0	0	0	0	0	13
91	Comal	2	4	1	0	4	0	1	12	21
93	Comanche	0	0	0	0	1	0	0	1	8
95	Concho	0	0	0	0	0	0	0	0	2
97	Cooke	0	1	1	0	1	1	0	4	11
99	Coryell	0	4	3	0	2	2	0	11	20
101	Cottle	0	0	0	0	0	0	0	0	2
103	Crane	0	1	0	0	0	0	0	1	2
105	Crockett	0	0	0	0	0	0	0	0	3
107	Crosby	0	0	0	0	1	0	0	1	5
109	Culberson	0	0	0	0	0	0	0	0	1
111	Dallam	0	2	0	0	0	0	0	2	6

Table B-4 (continued)
Number of Each Type of Financial Institution by County

FIPS Code	County Name	CI	SIG	EXP	PSR	Pawn	Pawn-EXP	Pawn-Other	OLLs	Banks
113	Dallas	33	38	118	0	96	35	0	320	519
115	Dawson	0	4	0	0	0	0	0	4	3
117	Deaf Smith	0	2	0	0	1	0	0	3	4
119	Delta	0	0	0	0	0	0	0	0	4
121	Denton	8	9	15	0	10	2	0	44	109
123	De Witt	0	6	0	0	2	0	0	8	13
125	Dickens	0	0	0	0	0	0	0	0	1
127	Dimmit	0	7	0	0	0	0	0	7	3
129	Donley	0	0	0	0	0	0	0	0	3
131	Duval	0	3	0	0	0	0	0	3	3
133	Eastland	0	0	0	0	1	0	0	1	9
135	Ector	4	14	4	0	6	5	0	33	26
137	Edwards	0	0	0	0	0	0	0	0	1
139	Ellis	0	9	1	0	8	0	0	18	27
141	El Paso	20	100	21	0	13	19	1	174	70
143	Erath	0	4	1	0	3	0	0	8	14
145	Falls	0	2	0	0	0	0	1	3	9
147	Fannin	0	3	2	0	2	0	0	7	12
149	Fayette	0	1	0	0	1	0	0	2	16
151	Fisher	0	0	0	0	0	0	0	0	2
153	Floyd	0	0	0	0	0	0	0	0	4
155	Foard	0	0	0	0	0	0	0	0	1
157	Fort Bend	3	9	6	0	6	3	0	27	76
159	Franklin	0	0	0	0	0	0	0	0	5
161	Freestone	0	3	0	0	1	0	0	4	10
163	Frio	0	5	0	0	0	0	0	5	4
165	Gaines	0	2	0	0	0	0	0	2	3
167	Galveston	3	11	8	0	14	3	0	39	76
169	Garza	0	0	0	0	0	0	0	0	2
171	Gillespie	0	2	0	0	1	0	0	3	11
173	Glasscock	0	0	0	0	0	0	0	0	1
175	Goliad	0	0	0	0	0	0	0	0	2
177	Gonzales	0	7	0	0	1	0	0	8	7

Table B-4 (continued)
Number of Each Type of Financial Institution by County

FIPS Code	County Name	CI	SIG	EXP	PSR	Pawn	Pawn-EXP	Pawn-Other	OLLs	Banks
179	Gray	0	3	1	0	1	1	0	6	8
181	Grayson	3	10	2	0	10	1	0	26	41
183	Gregg	7	20	5	0	13	1	0	46	44
185	Grimes	0	3	0	0	0	0	0	3	7
187	Guadalupe	1	10	2	0	1	2	0	16	17
189	Hale	2	8	1	0	1	1	0	13	11
191	Hall	0	0	0	0	0	0	0	0	4
193	Hamilton	0	0	0	0	1	0	0	1	5
195	Hansford	0	0	0	0	0	0	0	0	4
197	Hardeman	0	0	0	0	0	0	0	0	4
199	Hardin	0	5	1	0	3	0	0	9	10
201	Harris	38	59	194	1	114	79	4	489	772
203	Harrison	1	13	1	0	3	1	0	19	18
205	Hartley	0	0	0	0	0	0	0	0	1
207	Haskell	0	0	0	0	0	0	0	0	5
209	Hays	1	13	1	0	5	1	0	21	26
211	Hemphill	0	0	0	0	0	0	0	0	1
213	Henderson	0	6	1	0	4	0	0	11	20
215	Hidalgo	13	102	18	1	7	22	0	163	107
217	Hill	1	7	0	0	4	0	0	12	16
219	Hockley	0	4	0	0	2	1	0	7	9
221	Hood	0	2	1	0	3	0	0	6	16
223	Hopkins	0	4	0	0	3	0	0	7	11
225	Houston	0	3	0	0	1	0	0	4	9
227	Howard	1	7	1	0	2	1	0	12	7
229	Hudspeth	0	0	0	0	0	0	0	0	1
231	Hunt	2	8	1	0	5	0	0	16	18
233	Hutchinson	0	3	0	0	1	0	0	4	5
235	Irion	0	0	0	0	0	0	0	0	1
237	Jack	0	0	0	0	0	0	0	0	4
239	Jackson	1	1	0	0	1	0	0	3	7
241	Jasper	0	7	2	0	4	0	0	13	11
243	Jeff Davis	0	0	0	0	0	0	0	0	1

Table B-4 (continued)
Number of Each Type of Financial Institution by County

FIPS Code	County Name	CI	SIG	EXP	PSR	Pawn	Pawn-EXP	Pawn-Other	OLLs	Banks
245	Jefferson	6	13	8	0	9	4	0	40	53
247	Jim Hogg	0	2	0	0	0	0	0	2	3
249	Jim Wells	3	12	2	0	0	3	0	20	7
251	Johnson	1	9	3	0	9	0	0	22	31
253	Jones	0	1	0	0	0	0	0	1	7
255	Karnes	0	1	0	0	0	0	0	1	5
257	Kaufman	0	7	2	0	2	1	1	13	19
259	Kendall	0	1	0	0	1	0	0	2	11
261	Kenedy	0	0	0	0	0	0	0	0	0
263	Kent	0	0	0	0	0	0	0	0	1
265	Kerr	0	4	1	0	2	0	0	7	14
267	Kimble	0	0	0	0	0	0	0	0	2
269	King	0	0	0	0	0	0	0	0	0
271	Kinney	0	0	0	0	0	0	0	0	1
273	Kleberg	2	9	2	0	0	3	0	16	9
275	Knox	0	0	0	0	0	0	0	0	2
277	Lamar	2	10	0	0	4	1	0	17	15
279	Lamb	0	1	0	0	0	0	0	1	14
281	Lampasas	0	1	0	0	1	0	0	2	7
283	La Salle	0	0	0	0	0	0	0	0	1
285	Lavaca	0	0	0	0	0	0	0	0	8
287	Lee	0	2	0	0	1	0	0	3	9
289	Leon	0	0	0	0	0	0	0	0	8
291	Liberty	0	7	1	0	1	0	2	11	13
293	Limestone	0	3	1	0	1	0	0	5	10
295	Lipscomb	0	0	0	0	0	0	0	0	5
297	Live Oak	0	1	0	0	0	0	0	1	4
299	Llano	0	0	0	0	0	0	0	0	11
301	Loving	0	0	0	0	0	0	0	0	0
303	Lubbock	7	14	3	0	8	6	0	38	76
305	Lynn	0	0	0	0	0	0	0	0	4
307	McCulloch	0	2	0	0	1	0	0	3	3
309	McLennan	5	24	7	0	12	6	0	54	45

Table B-4 (continued)
Number of Each Type of Financial Institution by County

FIPS Code	County Name	CI	SIG	EXP	PSR	Pawn	Pawn-EXP	Pawn-Other	OLLs	Banks
311	McMullen	0	0	0	0	0	0	0	0	1
313	Madison	0	0	1	0	0	0	0	1	5
315	Marion	0	2	0	0	0	0	0	2	3
317	Martin	0	0	0	0	0	0	0	0	2
319	Mason	0	0	0	0	0	0	0	0	3
321	Matagorda	2	4	0	0	1	1	0	8	7
323	Maverick	2	20	0	0	0	4	0	26	7
325	Medina	0	9	0	0	2	0	0	11	13
327	Menard	0	0	0	0	0	0	0	0	2
329	Midland	3	13	4	0	2	4	0	26	38
331	Milam	0	4	0	0	0	0	0	4	10
333	Mills	0	0	0	0	0	0	0	0	2
335	Mitchell	0	1	0	0	0	0	0	1	3
337	Montague	0	1	0	0	1	0	0	2	7
339	Montgomery	3	10	7	0	12	4	0	36	88
341	Moore	0	2	0	0	0	1	0	3	6
343	Morris	0	1	0	0	0	0	0	1	9
345	Motley	0	0	0	0	0	0	0	0	1
347	Nacogdoches	1	9	2	0	4	0	0	16	21
349	Navarro	1	9	1	0	2	0	0	13	15
351	Newton	0	1	0	0	1	0	0	2	2
353	Nolan	0	5	0	0	2	0	0	7	4
355	Nueces	7	36	32	0	14	12	1	102	77
357	Ochiltree	0	2	0	0	0	0	0	2	3
359	Oldham	0	0	0	0	0	0	0	0	1
361	Orange	1	4	0	0	5	1	0	11	19
363	Palo Pinto	0	3	0	0	3	0	0	6	17
365	Panola	0	5	0	0	1	0	0	6	5
367	Parker	1	5	2	0	5	0	0	13	18
369	Parmer	0	0	0	0	0	0	0	0	5
371	Pecos	1	7	0	0	0	0	0	8	5
373	Polk	0	4	0	0	2	0	1	7	10
375	Potter	4	12	2	0	6	2	1	27	31

Table B-4 (continued)
Number of Each Type of Financial Institution by County

FIPS Code	County Name	CI	SIG	EXP	PSR	Pawn	Pawn-EXP	Pawn-Other	OLLs	Banks
377	Presidio	0	1	0	0	0	0	0	1	3
379	Rains	0	0	0	0	0	0	0	0	4
381	Randall	2	2	2	0	2	1	0	9	24
383	Reagan	0	0	0	0	0	0	0	0	1
385	Real	0	0	0	0	0	0	0	0	2
387	Red River	0	4	0	0	1	0	0	5	6
389	Reeves	0	2	0	0	0	0	0	2	2
391	Refugio	0	0	0	0	0	0	0	0	3
393	Roberts	0	0	0	0	0	0	0	0	1
395	Robertson	0	0	0	0	1	0	0	1	5
397	Rockwall	1	0	1	0	1	0	0	3	15
399	Runnels	0	0	0	0	0	0	0	0	9
401	Rusk	0	8	0	0	2	0	1	11	12
403	Sabine	0	0	0	0	0	0	0	0	5
405	San Augustine	0	0	0	0	1	0	0	1	5
407	San Jacinto	0	0	0	0	0	0	0	0	4
409	San Patricio	0	9	6	0	4	1	0	20	19
411	San Saba	0	0	0	0	0	0	0	0	2
413	Schleicher	0	0	0	0	0	0	0	0	1
415	Scurry	0	5	0	0	2	0	0	7	6
417	Shackelford	0	0	0	0	0	0	0	0	2
419	Shelby	0	7	0	0	2	0	0	9	11
421	Sherman	0	0	0	0	0	0	0	0	2
423	Smith	7	19	6	0	11	4	2	49	60
425	Somervell	0	0	0	0	1	0	0	1	3
427	Starr	1	19	0	0	1	3	0	24	9
429	Stephens	0	4	0	0	1	0	0	5	4
431	Sterling	0	0	0	0	0	0	0	0	1
433	Stonewall	0	0	0	0	0	0	0	0	1
435	Sutton	0	0	0	0	0	0	0	0	2
437	Swisher	0	0	0	0	0	0	0	0	5
439	Tarrant	25	23	76	4	50	29	2	209	339
441	Taylor	4	12	2	1	6	3	1	29	39

Table B-4 (continued)
Number of Each Type of Financial Institution by County

FIPS Code	County Name	CI	SIG	EXP	PSR	Pawn	Pawn-EXP	Pawn-Other	OLLs	Banks
443	Terrell	0	0	0	0	0	0	0	0	1
445	Terry	0	4	0	0	1	0	0	5	4
447	Throckmorton	0	0	0	0	0	0	0	0	3
449	Titus	1	12	1	0	2	0	0	16	11
451	Tom Green	4	14	4	0	8	2	0	32	29
453	Travis	16	25	22	0	23	22	0	108	186
455	Trinity	0	0	0	0	1	0	0	1	3
457	Tyler	0	2	0	0	1	0	0	3	7
459	Upshur	0	3	0	0	1	0	0	4	10
461	Upton	0	0	0	0	0	0	0	0	2
463	Uvalde	0	8	1	0	0	1	1	11	7
465	Val Verde	2	19	0	0	0	2	1	24	8
467	Van Zandt	0	0	1	0	1	0	0	2	17
469	Victoria	2	18	5	0	4	3	0	32	19
471	Walker	1	8	4	0	2	2	0	17	10
473	Waller	0	2	0	0	0	0	0	2	6
475	Ward	0	3	1	0	0	0	0	4	3
477	Washington	1	7	0	0	1	0	0	9	9
479	Webb	5	34	5	0	10	12	0	66	36
481	Wharton	1	11	0	0	1	0	1	14	19
483	Wheeler	0	0	0	0	0	0	0	0	5
485	Wichita	4	13	7	1	11	1	0	37	35
487	Wilbarger	0	3	1	0	0	0	0	4	7
489	Willacy	0	4	1	0	0	1	0	6	4
491	Williamson	2	13	2	0	9	1	0	27	77
493	Wilson	0	4	0	0	1	0	0	5	9
495	Winkler	0	2	0	0	0	0	0	2	4
497	Wise	0	1	0	0	1	0	0	2	18
499	Wood	0	3	0	0	1	0	0	4	22
501	Yoakum	0	1	0	0	0	0	0	1	4
503	Young	1	2	0	0	1	0	0	4	8
505	Zapata	0	6	0	0	0	1	0	7	2
507	Zavala	0	2	0	0	0	0	0	2	3
	State Totals	344	1,501	759	9	794	389	27	3,823	5,246

**Table B-5
County Demographic Data**

FIPS Code	County Name	Metropolitan Status	Border Status	Total Population	Percent Minority	Percent in Poverty
1	Anderson	Rural	Non-Border	55,109	36.92%	16.47%
3	Andrews	Rural	Non-Border	13,004	43.69%	16.42%
5	Angelina	Rural	Non-Border	80,130	30.59%	15.78%
7	Aransas	Suburban	Non-Border	22,497	26.23%	19.91%
9	Archer	Suburban	Non-Border	8,854	6.67%	8.96%
11	Armstrong	Suburban	Non-Border	2,148	6.52%	10.61%
13	Atascosa	Suburban	Non-Border	38,628	60.43%	20.20%
15	Austin	Suburban	Non-Border	23,590	28.09%	12.05%
17	Bailey	Rural	Non-Border	6,594	49.70%	16.67%
19	Bandera	Suburban	Non-Border	17,645	15.94%	10.83%
21	Bastrop	Suburban	Non-Border	57,733	34.59%	11.62%
23	Baylor	Rural	Non-Border	4,093	14.22%	16.12%
25	Bee	Rural	Non-Border	32,359	64.92%	23.96%
27	Bell	Metropolitan	Non-Border	237,974	42.75%	12.08%
29	Bexar	Metropolitan	Non-Border	1,392,931	64.37%	15.87%
31	Blanco	Rural	Non-Border	8,418	17.89%	11.17%
33	Borden	Rural	Non-Border	729	14.40%	13.99%
35	Bosque	Rural	Non-Border	17,204	15.68%	12.67%
37	Bowie	Metropolitan	Non-Border	89,306	29.78%	17.67%
39	Brazoria	Suburban	Non-Border	241,767	34.63%	10.18%
41	Brazos	Metropolitan	Non-Border	152,415	33.97%	26.90%
43	Brewster	Rural	Border	8,866	46.88%	18.18%
45	Briscoe	Rural	Non-Border	1,790	26.31%	16.00%
47	Brooks	Rural	Non-Border	7,976	92.06%	40.16%
49	Brown	Rural	Non-Border	37,674	20.97%	17.22%
51	Burleson	Suburban	Non-Border	16,470	31.02%	17.21%
53	Burnet	Rural	Non-Border	34,147	17.95%	10.90%
55	Caldwell	Suburban	Non-Border	32,194	50.52%	13.07%
57	Calhoun	Suburban	Non-Border	20,647	47.82%	16.38%
59	Callahan	Suburban	Non-Border	12,905	8.39%	12.25%
61	Cameron	Metropolitan	Border	335,227	85.48%	33.05%
63	Camp	Rural	Non-Border	11,549	35.00%	20.86%
65	Carson	Suburban	Non-Border	6,516	9.39%	7.29%

**Table B-5 (continued)
County Demographic Data**

FIPS Code	County Name	Metropolitan Status	Border Status	Total Population	Percent Minority	Percent in Poverty
67	Cass	Rural	Non-Border	30,438	22.66%	17.69%
69	Castro	Rural	Non-Border	8,285	54.56%	19.01%
71	Chambers	Suburban	Non-Border	26,031	22.36%	11.02%
73	Cherokee	Rural	Non-Border	46,659	30.67%	17.86%
75	Childress	Rural	Non-Border	7,688	35.97%	17.58%
77	Clay	Suburban	Non-Border	11,006	6.26%	10.31%
79	Cochran	Rural	Non-Border	3,730	50.03%	26.99%
81	Coke	Rural	Non-Border	3,864	20.32%	13.02%
83	Coleman	Rural	Non-Border	9,235	17.72%	19.86%
85	Collin	Suburban	Non-Border	491,675	23.91%	4.87%
87	Collingsworth	Rural	Non-Border	3,206	28.60%	18.71%
89	Colorado	Rural	Non-Border	20,390	35.43%	16.23%
91	Comal	Suburban	Non-Border	78,021	25.22%	8.57%
93	Comanche	Rural	Non-Border	14,026	22.67%	17.34%
95	Concho	Rural	Non-Border	3,966	42.89%	11.90%
97	Cooke	Rural	Non-Border	36,363	15.23%	14.15%
99	Coryell	Suburban	Non-Border	74,978	39.47%	9.47%
101	Cottle	Rural	Non-Border	1,904	29.20%	18.40%
103	Crane	Rural	Non-Border	3,996	47.87%	13.45%
105	Crockett	Rural	Non-Border	4,099	56.28%	19.36%
107	Crosby	Suburban	Non-Border	7,072	53.32%	28.08%
109	Culberson	Rural	Non-Border	2,975	75.36%	25.08%
111	Dallam	Rural	Non-Border	6,222	31.58%	14.10%
113	Dallas	Metropolitan	Non-Border	2,218,899	55.68%	13.43%
115	Dawson	Rural	Non-Border	14,985	57.63%	19.70%
117	Deaf Smith	Rural	Non-Border	18,561	59.64%	20.55%
119	Delta	Suburban	Non-Border	5,327	13.35%	17.59%
121	Denton	Suburban	Non-Border	432,976	24.05%	6.62%
123	De Witt	Rural	Non-Border	20,013	39.20%	19.63%
125	Dickens	Rural	Non-Border	2,762	32.77%	17.40%
127	Dimmit	Rural	Non-Border	10,248	86.83%	33.24%
129	Donley	Rural	Non-Border	3,828	11.91%	15.91%
131	Duval	Rural	Non-Border	13,120	88.93%	27.17%

**Table B-5 (continued)
County Demographic Data**

FIPS Code	County Name	Metropolitan Status	Border Status	Total Population	Percent Minority	Percent in Poverty
133	Eastland	Rural	Non-Border	18,297	14.27%	16.81%
135	Ector	Metropolitan	Non-Border	121,123	48.67%	18.71%
137	Edwards	Rural	Non-Border	2,162	46.30%	31.56%
139	Ellis	Suburban	Non-Border	111,360	28.70%	8.60%
141	El Paso	Metropolitan	Border	679,622	83.00%	23.81%
143	Erath	Rural	Non-Border	33,001	17.37%	16.03%
145	Falls	Rural	Non-Border	18,576	44.21%	22.62%
147	Fannin	Rural	Non-Border	31,242	15.82%	13.95%
149	Fayette	Rural	Non-Border	21,804	20.79%	11.42%
151	Fisher	Rural	Non-Border	4,344	25.18%	17.49%
153	Floyd	Rural	Non-Border	7,771	50.14%	21.50%
155	Foard	Rural	Non-Border	1,622	21.27%	14.27%
157	Fort Bend	Suburban	Non-Border	354,452	53.79%	7.15%
159	Franklin	Rural	Non-Border	9,458	14.05%	15.58%
161	Freestone	Rural	Non-Border	17,867	28.23%	14.24%
163	Frio	Rural	Non-Border	16,252	79.42%	28.96%
165	Gaines	Rural	Non-Border	14,467	39.15%	21.72%
167	Galveston	Metropolitan	Non-Border	250,158	36.90%	13.22%
169	Garza	Rural	Non-Border	4,872	43.35%	22.34%
171	Gillespie	Rural	Non-Border	20,814	17.21%	10.19%
173	Glasscock	Rural	Non-Border	1,406	32.08%	14.74%
175	Goliad	Suburban	Non-Border	6,928	40.60%	16.44%
177	Gonzales	Rural	Non-Border	18,628	48.79%	18.55%
179	Gray	Rural	Non-Border	22,744	21.74%	13.83%
181	Grayson	Metropolitan	Non-Border	110,595	16.04%	11.27%
183	Gregg	Metropolitan	Non-Border	111,379	31.00%	15.09%
185	Grimes	Rural	Non-Border	23,552	37.28%	16.61%
187	Guadalupe	Suburban	Non-Border	89,023	40.62%	9.82%
189	Hale	Rural	Non-Border	36,602	54.85%	17.97%
191	Hall	Rural	Non-Border	3,782	36.62%	26.32%
193	Hamilton	Rural	Non-Border	8,229	8.88%	14.23%
195	Hansford	Rural	Non-Border	5,369	32.87%	16.41%
197	Hardeman	Rural	Non-Border	4,724	21.02%	17.79%

**Table B-5 (continued)
County Demographic Data**

FIPS Code	County Name	Metropolitan Status	Border Status	Total Population	Percent Minority	Percent in Poverty
199	Hardin	Suburban	Non-Border	48,073	10.68%	11.18%
201	Harris	Metropolitan	Non-Border	3,400,578	57.88%	14.97%
203	Harrison	Rural	Non-Border	62,110	30.70%	16.67%
205	Hartley	Rural	Non-Border	5,537	22.88%	6.59%
207	Haskell	Rural	Non-Border	6,093	24.50%	22.83%
209	Hays	Suburban	Non-Border	97,589	35.50%	14.26%
211	Hemphill	Rural	Non-Border	3,351	18.77%	12.57%
213	Henderson	Rural	Non-Border	73,277	15.22%	15.06%
215	Hidalgo	Metropolitan	Border	569,463	89.57%	35.87%
217	Hill	Rural	Non-Border	32,321	22.41%	15.67%
219	Hockley	Rural	Non-Border	22,716	42.09%	18.90%
221	Hood	Rural	Non-Border	41,100	9.51%	8.51%
223	Hopkins	Rural	Non-Border	31,960	18.82%	14.60%
225	Houston	Rural	Non-Border	23,185	36.27%	20.95%
227	Howard	Rural	Non-Border	33,627	43.21%	18.58%
229	Hudspeth	Rural	Border	3,344	76.97%	35.77%
231	Hunt	Suburban	Non-Border	76,596	20.14%	12.78%
233	Hutchinson	Rural	Non-Border	23,857	19.92%	11.10%
235	Irion	Suburban	Non-Border	1,771	25.41%	8.41%
237	Jack	Rural	Non-Border	8,763	14.78%	12.95%
239	Jackson	Rural	Non-Border	14,391	33.67%	14.72%
241	Jasper	Rural	Non-Border	35,604	23.27%	18.06%
243	Jeff Davis	Rural	Border	2,207	37.65%	15.01%
245	Jefferson	Metropolitan	Non-Border	252,051	48.18%	17.37%
247	Jim Hogg	Rural	Non-Border	5,281	91.02%	25.95%
249	Jim Wells	Rural	Non-Border	39,326	77.11%	24.13%
251	Johnson	Suburban	Non-Border	126,811	16.84%	8.80%
253	Jones	Suburban	Non-Border	20,785	33.84%	16.80%
255	Karnes	Rural	Non-Border	15,446	59.15%	21.89%
257	Kaufman	Suburban	Non-Border	71,313	23.68%	10.50%
259	Kendall	Suburban	Non-Border	23,743	19.54%	10.50%
261	Kenedy	Rural	Non-Border	414	79.71%	15.33%
263	Kent	Rural	Non-Border	859	9.55%	10.35%

**Table B-5 (continued)
County Demographic Data**

FIPS Code	County Name	Metropolitan Status	Border Status	Total Population	Percent Minority	Percent in Poverty
265	Kerr	Rural	Non-Border	43,653	22.57%	14.47%
267	Kimble	Rural	Non-Border	4,468	22.09%	18.78%
269	King	Rural	Non-Border	356	11.52%	20.68%
271	Kinney	Rural	Border	3,379	53.03%	24.04%
273	Kleberg	Rural	Non-Border	31,549	71.48%	26.71%
275	Knox	Rural	Non-Border	4,253	33.48%	22.91%
277	Lamar	Rural	Non-Border	48,499	19.35%	16.35%
279	Lamb	Rural	Non-Border	14,709	48.65%	20.94%
281	Lampasas	Suburban	Non-Border	17,762	20.50%	14.07%
283	La Salle	Rural	Non-Border	5,866	81.01%	29.77%
285	Lavaca	Rural	Non-Border	19,210	18.90%	13.23%
287	Lee	Rural	Non-Border	15,657	31.51%	11.87%
289	Leon	Rural	Non-Border	15,335	19.36%	15.55%
291	Liberty	Suburban	Non-Border	70,154	25.47%	14.33%
293	Limestone	Rural	Non-Border	22,051	33.29%	17.75%
295	Lipscomb	Rural	Non-Border	3,057	23.32%	16.74%
297	Live Oak	Rural	Non-Border	12,309	41.51%	16.50%
299	Llano	Rural	Non-Border	17,044	6.89%	10.32%
301	Loving	Rural	Non-Border	67	10.45%	0.00%
303	Lubbock	Metropolitan	Non-Border	242,628	37.47%	17.83%
305	Lynn	Rural	Non-Border	6,550	48.44%	22.64%
307	McCulloch	Rural	Non-Border	8,205	29.41%	22.48%
309	McLennan	Metropolitan	Non-Border	213,517	35.36%	17.61%
311	McMullen	Rural	Non-Border	851	34.67%	20.68%
313	Madison	Rural	Non-Border	12,940	39.71%	15.79%
315	Marion	Rural	Non-Border	10,941	28.54%	22.36%
317	Martin	Rural	Non-Border	4,746	43.19%	18.73%
319	Mason	Rural	Non-Border	3,738	22.10%	13.20%
321	Matagorda	Rural	Non-Border	37,957	47.57%	18.50%
323	Maverick	Rural	Border	47,297	96.60%	34.85%
325	Medina	Suburban	Non-Border	39,304	49.32%	15.43%
327	Menard	Rural	Non-Border	2,360	33.60%	25.79%
329	Midland	Metropolitan	Non-Border	116,009	37.92%	12.90%

**Table B-5 (continued)
County Demographic Data**

FIPS Code	County Name	Metropolitan Status	Border Status	Total Population	Percent Minority	Percent in Poverty
331	Milam	Rural	Non-Border	24,238	30.84%	15.92%
333	Mills	Rural	Non-Border	5,151	15.22%	18.35%
335	Mitchell	Rural	Non-Border	9,698	44.93%	17.67%
337	Montague	Rural	Non-Border	19,117	7.32%	13.97%
339	Montgomery	Suburban	Non-Border	293,768	18.59%	9.39%
341	Moore	Rural	Non-Border	20,121	50.11%	13.49%
343	Morris	Rural	Non-Border	13,048	29.36%	18.28%
345	Motley	Rural	Non-Border	1,426	17.81%	19.44%
347	Nacogdoches	Rural	Non-Border	59,203	29.70%	23.32%
349	Navarro	Rural	Non-Border	45,124	34.41%	18.15%
351	Newton	Rural	Non-Border	15,072	25.98%	19.09%
353	Nolan	Rural	Non-Border	15,802	33.68%	21.68%
355	Nueces	Metropolitan	Non-Border	313,645	62.32%	18.19%
357	Ochiltree	Rural	Non-Border	9,006	33.69%	12.96%
359	Oldham	Rural	Non-Border	2,185	15.24%	19.77%
361	Orange	Suburban	Non-Border	84,966	14.14%	13.75%
363	Palo Pinto	Rural	Non-Border	27,026	17.99%	15.88%
365	Panola	Rural	Non-Border	22,756	22.53%	14.13%
367	Parker	Suburban	Non-Border	88,495	10.75%	8.29%
369	Parmer	Rural	Non-Border	10,016	51.32%	16.97%
371	Pecos	Rural	Non-Border	16,809	66.64%	20.43%
373	Polk	Rural	Non-Border	41,133	25.31%	17.37%
375	Potter	Metropolitan	Non-Border	113,546	42.34%	19.20%
377	Presidio	Rural	Border	7,304	85.23%	36.36%
379	Rains	Rural	Non-Border	9,139	10.46%	14.85%
381	Randall	Suburban	Non-Border	104,312	14.27%	8.07%
383	Reagan	Rural	Non-Border	3,326	53.55%	11.83%
385	Real	Rural	Non-Border	3,047	24.32%	21.23%
387	Red River	Rural	Non-Border	14,314	24.07%	17.35%
389	Reeves	Rural	Non-Border	13,137	76.17%	28.89%
391	Refugio	Rural	Non-Border	7,828	52.70%	17.78%
393	Roberts	Rural	Non-Border	887	4.17%	7.16%
395	Robertson	Suburban	Non-Border	16,000	40.13%	20.64%

**Table B-5 (continued)
County Demographic Data**

FIPS Code	County Name	Metropolitan Status	Border Status	Total Population	Percent Minority	Percent in Poverty
397	Rockwall	Suburban	Non-Border	43,080	16.86%	4.68%
399	Runnels	Rural	Non-Border	11,495	32.21%	19.17%
401	Rusk	Suburban	Non-Border	47,372	28.78%	14.64%
403	Sabine	Rural	Non-Border	10,469	12.93%	15.93%
405	San Augustine	Rural	Non-Border	8,946	32.19%	21.18%
407	San Jacinto	Suburban	Non-Border	22,246	19.21%	18.82%
409	San Patricio	Suburban	Non-Border	67,138	54.20%	18.02%
411	San Saba	Rural	Non-Border	6,186	25.28%	16.61%
413	Schleicher	Rural	Non-Border	2,935	45.66%	21.52%
415	Scurry	Rural	Non-Border	16,361	34.77%	15.98%
417	Shackelford	Rural	Non-Border	3,302	8.72%	13.58%
419	Shelby	Rural	Non-Border	25,224	30.37%	19.40%
421	Sherman	Rural	Non-Border	3,186	28.97%	16.15%
423	Smith	Metropolitan	Non-Border	174,706	32.12%	13.78%
425	Somervell	Rural	Non-Border	6,809	15.36%	8.56%
427	Starr	Rural	Border	53,597	97.98%	50.89%
429	Stephens	Rural	Non-Border	9,674	18.74%	15.62%
431	Sterling	Rural	Non-Border	1,393	31.44%	16.83%
433	Stonewall	Rural	Non-Border	1,693	16.60%	19.32%
435	Sutton	Rural	Non-Border	4,077	52.56%	17.96%
437	Swisher	Rural	Non-Border	8,378	42.12%	17.36%
439	Tarrant	Metropolitan	Non-Border	1,446,219	38.10%	10.59%
441	Taylor	Metropolitan	Non-Border	126,555	27.31%	14.55%
443	Terrell	Rural	Border	1,081	51.06%	25.21%
445	Terry	Rural	Non-Border	12,761	50.23%	23.25%
447	Throckmorton	Rural	Non-Border	1,850	10.54%	13.47%
449	Titus	Rural	Non-Border	28,118	40.32%	18.49%
451	Tom Green	Metropolitan	Non-Border	104,010	37.02%	15.20%
453	Travis	Metropolitan	Non-Border	812,280	43.64%	12.53%
455	Trinity	Rural	Non-Border	13,779	18.07%	17.63%
457	Tyler	Rural	Non-Border	20,871	17.16%	15.79%
459	Upshur	Suburban	Non-Border	35,291	15.76%	14.90%
461	Upton	Rural	Non-Border	3,404	45.53%	19.92%

**Table B-5 (continued)
County Demographic Data**

FIPS Code	County Name	Metropolitan Status	Border Status	Total Population	Percent Minority	Percent in Poverty
463	Uvalde	Rural	Non-Border	25,926	67.33%	24.28%
465	Val Verde	Rural	Border	44,856	78.30%	26.13%
467	Van Zandt	Rural	Non-Border	48,140	11.47%	13.30%
469	Victoria	Metropolitan	Non-Border	84,088	47.09%	12.94%
471	Walker	Rural	Non-Border	61,758	39.94%	18.38%
473	Waller	Suburban	Non-Border	32,663	50.13%	16.00%
475	Ward	Rural	Non-Border	10,909	47.80%	17.93%
477	Washington	Rural	Non-Border	30,373	29.16%	12.90%
479	Webb	Metropolitan	Border	193,117	95.08%	31.17%
481	Wharton	Rural	Non-Border	41,188	46.99%	16.54%
483	Wheeler	Rural	Non-Border	5,284	16.99%	12.99%
485	Wichita	Metropolitan	Non-Border	131,664	26.71%	13.19%
487	Wilbarger	Rural	Non-Border	14,676	31.30%	13.06%
489	Willacy	Rural	Non-Border	20,082	88.30%	33.21%
491	Williamson	Suburban	Non-Border	249,967	26.45%	4.79%
493	Wilson	Suburban	Non-Border	32,408	39.13%	11.32%
495	Winkler	Rural	Non-Border	7,173	46.68%	18.68%
497	Wise	Suburban	Non-Border	48,793	13.94%	9.85%
499	Wood	Rural	Non-Border	36,752	13.34%	14.30%
501	Yoakum	Rural	Non-Border	7,322	48.20%	19.56%
503	Young	Rural	Non-Border	17,943	13.51%	15.69%
505	Zapata	Rural	Border	12,182	85.46%	35.81%
507	Zavala	Rural	Non-Border	11,600	92.03%	41.77%
	Statewide			20,851,820	47.57%	15.37%

Appendix C: Survey of OCCC Licensees

The purpose of this appendix is to describe the statistical plan of the licensee sample. Each major aspect of this plan is described in its own section. Because this research took place within the context of the work schedule of OCCC examiners, that context provided the initial framework for planning the fieldwork and for designing the sampling plan.

Work Schedule of the Examiners

Before each quarter, OCCC staff members prepare a list of licensees to examine during that quarter. Licensees are selected on a risk-based assessment, with priority given to licensees about whom the OCCC has received complaints or the need for more frequent examination was indicated because of previous examination results. Other licensees are scheduled for examination within about two years of their previous examination. Most licensees scheduled for examination during a quarter met at least one of these three criteria.

The OCCC examiners are engaged with these examinations on an ongoing basis. One implication is that there was not an available group of examiners to examine the necessary number of licensees needed for an independent sample. We integrated the sampling plan with the examination process so that the scheduled examinations served both purposes of examining the licensees and collecting the survey data.

Sampling Plan

The overall approach was to use what is popularly known as scientific sampling, or probability-based random sampling. This sampling technique meets contemporary public policy sampling standards. The main performance criteria of scientific sampling methods are that they simultaneously insure impartiality, produce unbiased estimates, and maximize precision for a fixed cost.

The main design issue for the sample was the need to integrate the two purposes described above. This was accomplished with stratification. One design stratum contained scheduled licensees that were sampled with certainty, in the manner of a census; that is, the licensees that were scheduled for examination were brought into the sample in their own stratum. Another design stratum contained licensees that were sampled randomly. The remaining design strata were the five lender types: consumer installment, signature, payday export rate, payday state rate, and pawn. These design strata generated 10 (2 by 5) analytic strata.

Within strata, clusters were defined at the first stage as licensees; that is, a company with five branches was represented for sampling as five separate records. For sampled licensees, the examiners were instructed for the second stage to collect data for five randomly selected loans or all loans, whichever number was smaller. To summarize, the sampling design was stratified two-stage. The two stages are licensees and loans within licensees. Table C-1 describes the population and the sample for the two stages. The 10 rows in Table C-2 describe the 10 strata.

Table C-1
Number of Licensees and Loans for the Study by Type of Lender

Type Lender	Licensees in OCCC Population*	Licensees in Study Population**	Licensees in Sample	Loans in Sample
Consumer Installment	345	344	98	488
Signature	1,513	1,504	280	1,400
Payday Using Exported Rates	1,148	1,138	230	1,150
Payday Using State Rates	23	22	5	25
Pawn	1,210	1,204	250	1,250
TOTAL	4,239	4,212	863	4,313

*Includes only lenders that had active licenses during both the study period (January through June 2003) and the data collection period (February through July 2004).

**Twenty-seven licensees were excluded from the Study Population because they were on the OCCC schedule (and therefore not available for the random sample) but no usable data were collected. Most of these licensees made no loans during the study period or they were closed before data could be collected. Four of these licensees provide more than one type of loan product and data were collected for the wrong type of loan product.

**Table C-2
Number of Licensees and Number of Loans by Stratum**

Type Lender	Stratum	Licensees in OCCC Population	Licensees in Study Population	Licensees in Sample	Loans in Sample
Consumer Installment	Scheduled	80	79	79	393
	Random	265	265	19	95
Signature	Scheduled	239	230	230	1,150
	Random	1,274	1,274	50	250
Payday Using Exported Rates	Scheduled	195	185	185	925
	Random	953	953	45	225
Payday Using State Rates	Scheduled	1	0	0	0
	Random	22	22	5	25
Pawn	Scheduled	205	199	199	995
	Random	1,005	1,005	51	255
TOTAL		4,239	4,212	863	4,313

Calculation of weights. We chose a sampling design that did not use equal selection probabilities across all strata. We re-proportioned the selection probability of each record by assigning statistical weights. To accomplish this, each record was first assigned an expansion weight equal to the reciprocal of its probability of selection and then assigned an additional relative weight to reflect the sample size. These two weights were multiplied to produce the analytic weight for each record.

Statistical Performance of the Sampling Plan

Scientific samples are known for insuring impartiality and producing estimates that are not biased by the research design. An important additional criterion is statistical precision. Communicating the precision of analytic samples is complicated because they can result in many separate estimates, and each estimate generates a unique measure of precision. To optimize this detail, statistical samplers often summarize the precision obtained by a sample survey through the use of coefficients of variation.

A coefficient of variation is a number for each estimate that ranges from a low of 0 percent, representing the ideal of absolute precision, to a larger percentage that would indicate less precision than this unrealistic ideal. This coefficient of variation indicates the percent of an estimate that is sampling imprecision. A coefficient of variation of 10 percent means that 1/10th of the magnitude of an estimate is due to sampling imprecision and 90 percent of its magnitude is not.

Table C-3 summarizes the obtained precision of this sample by reporting coefficients of variation (CV), which are calculated to be coding invariant. That is, it is appropriate to directly compare the coefficients of variation between two or more different types of information (such as APR and loan status).

Table C-3
Coefficient of Variation by Type of Question

Questions of Major Importance	CV
What types of documentation did you require for the loans made in 2003?	6%
Did everyone who qualified for a loan receive the same rate regardless of qualifications?	9%
Did you typically conduct any credit check before you made a loan?	8%
Disclosed APR	4%
Was any part of this loan used to pay off a previous loan with this company?	7%
Loan status	9%
Overall average of these questions	7%

Thus, readers of this report can more easily keep in mind that the estimates they see have an acceptably low amount of sampling variability of less than 10 percent or, if they prefer, the complementary concept of high (90 percent or higher) precision.

Appendix D: Survey of Unlicensed Lenders

A mail survey, fielded as part of the study, was designed to obtain state-level information about consumer loans made by lenders not licensed by the OCCC. To accomplish this, Texas counties were sampled, a list of lenders that did not appear to be licensed was prepared, and a mail survey was conducted.

Sample of Counties

All Texas counties were grouped according to two classifications: population density and border status. Counties were designated as Metropolitan, Suburban, or Rural as described in Appendix B. This classification was used to produce groups of counties that could be characterized as having different population densities. To insure that counties along the Texas-Mexico border were sufficiently represented, counties also were classified as either “Border” (directly adjacent to Mexico) or “Non-border.” No border counties are classified as “Suburban,” so five groups resulted. Preliminary examinations of yellow pages listings indicated that potentially unlicensed lenders were much more common in the largest cities. Therefore, the four counties with the highest populations (Harris, Dallas, Tarrant, and Bexar) and the border county with the highest population (El Paso) were deliberately selected for the sample. Additional counties were randomly sampled from within each of the five groups, and the resulting sample of counties is presented in Table D-1. Although these five groups were used to select the counties, the sample was not designed to produce estimates at the group level.

Table D-1
Counties Selected for Mail Survey of Potentially Unlicensed Lenders (N=29)*

	Border	Non-border		
Metropolitan	El Paso Webb	Bexar Midland	Dallas Tarrant	Harris Tom Green
Suburban	none**	Armstrong	Coryell	Ellis
Rural	Hudspeth	Bee Concho Hall King Oldham Stonewall	Bosque Crane Harrison La Salle Palo Pinto Wharton	Colorado Foard Kenedy Montague Parmer

*This metropolitan status classification is based on the 2003 MSA definition from the Office of Management and Budget.

**No border counties are classified as “Suburban.”

List of Lenders

Using the most recent local yellow pages for all towns in the sampled counties and the *Greensheet*, where it was available, TLC prepared a list of lenders and pawn shops that did not appear to be licensed by the OCCC.⁶⁴ Lenders that met the following criteria were included:

- the business name and either the address or the phone number were not the same as that of an OCCC licensee;
- the business had a local address or a local phone number;
- the business address was in a sampled county;
- the name of the business did not indicate a type of business excluded from the study (e.g., banks, credit unions, mortgage lenders, automobile lenders, cash-for-title); and
- an Internet search did not indicate a type of business excluded from the study.

When more than one location was listed with the same business name, each location was considered to be a separate business. A total of 474 businesses appeared to meet the criteria listed above.

The list of 474 potentially unlicensed lenders was refined using AnyWho reverse look-up and phone calls. AnyWho was consulted to verify the business name and address.⁶⁵ If AnyWho returned a different name or address than was in the yellow pages (or *Greensheet*), or if AnyWho did not return any information, the business was called to obtain the current name and address. The name and address was updated if the phone number was for a business that provided consumer loans and met the criteria listed above. The business was excluded if the address could not be verified. The resulting list, now with new business names and addresses, was rechecked to eliminate duplicates, OCCC licensees, and businesses under investigation or in litigation with the OCCC.⁶⁶ Of the 474 businesses on the list of potentially unlicensed lenders, 187 remained after this verification process. Table D-2 summarizes the results of the verification process.

**Table D-2
Status of All Potentially Unlicensed Lenders**

Category	Subcategory (explanation)	Number in Subcategory	Number in Category	Percent
Included in Mailing List			187	39.45%
Could Not Verify Address	Phone Disconnected	98	140	29.54%
	No Answer (repeated attempts)	38		
	Refused to Provide Address	4		
Not Eligible for Sample	OCCC Licensee	44	128	27.00%
	Residence	32		
	Different Type of Business	22		
	Duplicate	12		
	Located Outside of Sampled Area	9		
	Corporate Office with No Lending	6		
	Closed	3		
Under Investigation or in Litigation with OCCC			19	4.01%
TOTAL			474	100.00%

Mail Survey

The mail survey was conducted from April through June 2004, and included five separate mailings: a prenotice letter, an initial cover letter and questionnaire, a postcard reminder (and thank you to respondents), a replacement cover letter and questionnaire sent only to nonrespondents, and a final replacement letter and questionnaire sent by certified mail to those that still did not respond.

Table D-3 presents the status of the potentially unlicensed lenders included in the mailing list. The 36 businesses with survey documents returned by the U.S. Postal Service as undeliverable were considered not available to respond. These businesses were removed from the calculation of the response rate. Table D-4 shows that ninety-three businesses either returned the questionnaire with data or responded that they did not meet the criteria for participating in the survey, resulting in a 61.59 percent response rate for the survey.

Table D-3
Status of Potentially Unlicensed Lenders Included in Mailing List

Status	Count	Percent*
Nonrespondent	58	31.02%
Responded That They Did Not Meet the Criteria	73	39.04%
Undeliverable	36	19.25%
Returned Questionnaire with Data	20	10.70%
TOTAL	187	100.00%

*Percentages sum to 100.01% due to rounding error.

Table D-4
Response Rate for Mail Survey of Potentially Unlicensed Lenders

Number of Respondents	93
Number Available to Respond	151
Ratio: Number of Respondents / Number Available to Respond	61.59%

Notes

1. For detailed information see pages 1-4.
2. Applicable loans are usually payable in monthly installments and are not secured by a lien on real property. Section 342.005 of the Texas Finance Code describes the types of loans included. Section 342.051 of the Texas Finance Code describes the licensing requirement.
3. The “effective rate” is the total of all charges that can be construed as interest paid by the customer (including actual interest, late charges, and any other charges considered as interest) expressed as a percentage of the amount borrowed.
4. Section 11.305(a), Texas Finance Code.
5. Texas Legislative Council, “Analysis of Home Mortgage Disclosure Act (HMDA) Data for Texas, 1999-2001” (April 11, 2003), <http://www.occ.state.tx.us/pages/publications/HMDAdataApr103Web.pdf>.
6. Analytica, Inc., “Research Into Consumer Lending In Texas” (September 2000), <http://www.fc.state.tx.us/CLendingStudy.pdf>.
7. Texas Legislative Council, “Analysis of Home Mortgage Disclosure Act (HMDA) Data for Texas, 1999-2001” (April 11, 2003), <http://www.occ.state.tx.us/pages/publications/HMDAdataApr103Web.pdf>, 13.
8. Underwriting is the process of determining the risk of lending money to a potential borrower.
9. The maximum blended rate is authorized by Section 342.201(e), Texas Finance Code.
10. Maximum allowable loan amounts are adjusted periodically for inflation. The amounts in this study are for the period from January 2003 through June 2003.
11. Annual percentage rate (APR) is a measure of the cost of credit, expressed as a yearly rate.
12. Section 342.253, Texas Finance Code.
13. Some prefer to use the term “imported” rates, because the lender “imports” the loan rates. We use the term “exported” because the out-of-state banks export their rates into Texas.
14. Although an APR of 1,042.86 percent is allowable for very small loans with short terms (e.g., 10 dollars borrowed for seven days), it is used so rarely that it is not considered to be a valid representation of state rates for payday loans.
15. Appendix A provides background information for the analysis in this section of the report.
16. Appendix C presents the number of licensees authorized to offer each type of loan.
17. Pre-1999 data are not available at the company level.

18. The FDIC Expanded Guidance for Subprime Lending Programs (PR-9-2001) is one of many factors that may influence lender locations.
19. Five types of licenses were included in this study: consumer installment, signature, payday with exported rates, payday with state rates, and pawn.
20. The most common example of a business with two types of OCCC licenses was a business with both a pawn license and a license allowing them to provide payday loans. This business would be counted as a single OLL. No OLL had more than two licenses of the types included in the study.
21. The FDIC listing is updated regularly. Data for this report were downloaded from the FDIC website (<http://www2.fdic.gov/idasp/main.asp>) on May 20, 2004.
22. The categories for metropolitan status used in this analysis are based on classifications available from the Texas State Data Center. Our “metropolitan” counties are equivalent to the State Data Center’s “metro central city” counties; our “suburban” counties are equivalent to their “metro suburban” counties; and our “rural” counties are equivalent to their “non-metro adjacent” counties plus their “non-metro non-adjacent” counties.
23. Research indicates that locations of providers of “alternative financial services” may be related to the minority proportion of the population and the proportion of the population living in poverty. (Kenneth Temkin and Noah Sawyer, *Analysis of Alternative Financial Service Providers*, Urban Institute (February 19, 2004), http://www.urban.org/UploadedPDF/410935_AltFin-ServProviders.pdf.)
24. The minority percentage and the poverty percentage of each county were based on data from the 2000 U.S. Census Bureau. Details are available in Appendix B.
25. The poverty threshold was defined in U.S. Census Bureau, “Poverty 2000,” source: Current Population Survey, <http://www.census.gov/hhes/poverty/threshld/thresh00.html>.
26. Appendix B describes the regression analyses.
27. The proportion of OLLs was computed for each county by dividing the number of OLLs in the county by the sum of the number of banks in the county plus the number of OLLs. Appendix B presents the county-level data used in the geographic analysis, including the proportion of lenders that were OLLs.
28. The combination of minority and poverty was computed by multiplying the minority percentage by the poverty percentage.
29. Table B-1 in Appendix B presents the correlation coefficients.
30. Appendix B describes our criteria for determining which correlations would be reported.
31. The categorization was based on the primary type of lending listed for each license.

32. Each proportion was computed by dividing the number of that type of licensee in the county by the sum of the number of OLLs plus the number of banks in the county. The proportions are presented in Appendix B, Table B-3.
33. None of the lenders in these three counties held more than one type of license.
34. Table B-4 in Appendix B includes the number of lenders of each type.
35. Information about the survey is available in Appendix C.
36. Some payday lenders require the customer to authorize an automatic withdrawal from the customer's bank account instead of leaving a check.
37. Steven O'Shields, OCCC Director of Administration, personal communication with author, January 4, 2005.
38. These APRs represent the maximum allowable rate for each type of loan. The maximum allowable rate was lower for some loans, depending on the amount borrowed and the length of the loan.
39. Informal poll of members of the Independent Bankers Association of Texas (IBAT) conducted by IBAT in June 2004 for this report.
40. Payday export loans are an exception. The terms of these loans are regulated by the exporting states.
41. The majority of the one-day loans in the sample had an APR of 6,570 percent, and most were made by the same company. Loan amounts ranged from \$150 to \$500, and the cost to customers who paid back the loan on time was 18 percent of the amount borrowed.
42. The survey included several loans of \$300 borrowed for two weeks. The majority were made by the same company.
43. Appendix D provides more detailed information about the survey of unlicensed lenders.
44. In an attempt to circumvent the Texas Finance Code, some of these businesses may claim that their transactions are not "loans" or "cash advance transactions." This issue was discussed in the Senate Committee on Economic Development, Subcommittee on Consumer Credit Laws, "Interim Report to the 77th Texas Legislature" http://www.senate.state.tx.us/75r/senate/commit/archive/c510/pdf/Consumer/Consumer_credit_Laws_report.pdf.
45. Ed Robinson, "JPMorgan, Banks Back Lenders Luring Poor With 780 Percent Rates," *Bloomberg News* (November 23, 2004), <http://quote.bloomberg.com/apps/news?pid=nifea&&sid=ayYDo5tpjTY8>.
46. Kim Nilsen, "SECU to Provide Payday Lending," *Triangle Business Journal* (January 1, 2001), <http://triangle.bizjournals.com/triangle/stories/2001/01/01/story5.html>.

47. Financial Service Centers of America, Inc., “Consumer Financial Freedom of Choice in Payday Advance Transactions,” (paper presented at the Conference of State Bank Supervisors Summit, Chicago, Illinois, June 6-9, 2004), 16.
48. House Concurrent Resolution 15, 78th Regular Legislative Session.
49. Jean Ann Fox, “Unsafe and Unsound: Payday Lenders Hide Behind FDIC Bank Charters to Peddle Usury,” *Consumer Federation of America* (March 30, 2004), <http://www.consumerfed.org/pdlrentabankreport.pdf>; Tom Feltner and Marva Williams, “New Terms for Payday Loans: High Cost Lenders Change Loan Terms to Evade Illinois Consumer Protections,” Woodstock Institute Reinvestment Alert Number 26 (April 2004), http://woodstockinst.org/document/alert_26.pdf; National Consumer Law Center, “Model Deferred Deposit Loan Act” (October 18, 2004), http://www.consumerlaw.org/initiatives/payday_loans/paydayac.shtml.
50. Financial Service Centers of America, Inc., “Consumer Financial Freedom of Choice in Payday Advance Transactions,” (paper presented at the Conference of State Bank Supervisors Summit, Chicago, Illinois, June 6-9, 2004), 17-20.
51. Annual report forms are available at <http://www.occc.state.tx.us/pages/industry/Index.htm>.
52. The OCCC completed a review of 2003 annual report data in 2004. The data included in this report were provided by the OCCC in July 2004, after the review was complete.
53. For Tables A-2 and A-3, dollar amounts were adjusted using the United States Bureau of Labor Statistics Consumer Price Index (CPI). Because the CPI is not calculated for state level, the Dallas Metropolitan Area CPI and the Houston Metropolitan Area CPI were averaged to approximate a CPI for Texas.
54. See note 53 above.
55. Correlations measure the strength of the relationship between the characteristic of interest and the proportion of OLLs. Correlations can range from -1 (counties with a high proportion of OLLs always have a low level of the characteristic of interest; counties with a low proportion of OLLs always have a high level of the characteristic of interest) to +1 (counties with a high proportion of OLLs always have a high level of the characteristic of interest; counties with a low proportion of OLLs always have a low level of the characteristic of interest). While the sign of the correlation indicates the direction of the relationship, the absolute value of the correlation indicates the magnitude of the relationship. A correlation of zero indicates that there is no relationship.
56. The categories for metropolitan status are based on classifications available from the Texas State Data Center. Our “metropolitan” counties are equivalent to the State Data Center’s “metro central city” counties; our “suburban” counties are equivalent to their “metro suburban” counties; and our “rural” counties are equivalent to their “non-metro adjacent” counties plus their “non-metro non-adjacent” counties. Border counties are the 14 Texas counties that share a border with Mexico.

57. The minority percentage and the poverty percentage of each county were based on data from the 2000 U.S. Census Bureau. The poverty data were from Summary File 3 (http://www2.census.gov/census_2000/datasets/Summary_File_3/Texas/), and the minority data were from Summary File 1 (http://www2.census.gov/census_2000/datasets/Summary_File_1/Texas/).
58. Borden, Kenedy, King, and Loving Counties had no banks and no OLLs.
59. The proportions of OLLs in each county were transformed so the mean of the distribution of each of the proportions would be independent of the variance of that distribution. This was done using the formula for unequal sample sizes in Norman Richard Draper and Harry Smith, *Applied Regression Analysis*, 3rd ed. (New York: John Wiley & Sons, 1998): 293. These transformed data were also used for the regressions.
60. Each county was assigned a value of one or zero for a variable depending on whether the county shared that characteristic. For example, “metropolitan” was coded as one for metropolitan counties and zero for all other counties.
61. The proportion of OLLs in each county was transformed so the mean would be independent of the variance. These transformed data were also used for the correlations. See Note 59 above.
62. The 10 first-order interactions correspond to the 10 unique pairs among the group of five characteristics. The third dummy-coded variable for metropolitan status, whether the county was rural, was not needed for the regression because that group of counties was uniquely identified by a combination of the other two metropolitan status variables (i.e., the counties that were both “not metropolitan” and “not suburban”). Therefore rural counties are the comparison group for the “metropolitan” and “suburban” variables in the regression.
63. Parameter estimates are reported as standardized regression coefficients. As with correlation coefficients, the sign of the regression coefficient indicates the direction of the relationship, and the absolute value indicates the magnitude of the relationship. The adjusted R^2 is the proportion of variance accounted for by the regression equation.
64. Most yellow pages were less than one year old.
65. The phone number was entered into an automated form on the AnyWho website (<http://www.anywho.com>), and the name and address of the business were returned.
66. Businesses under investigation by the OCCC or already in litigation were omitted to insure that the mail survey would not interfere with the investigation or litigation.