



# State of New Mexico

## *Office of the Governor*

**Bill Richardson**  
*Governor*

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## **Governor Richardson, Attorney General Madrid Vow to Appeal Payday Lending Decision**

SANTA FE - Governor Bill Richardson and Attorney General Patricia Madrid today vowed to appeal a preliminary injunction that enables the payday lending industry to avoid having to abide by reasonable regulations that would protect consumers from predatory lending practices. State District Judge Knowles granted the injunction today in the 2<sup>nd</sup> Judicial District in Albuquerque.

The payday lending industry filed a lawsuit earlier this month attempting to block the regulations crafted by Governor Richardson and Attorney General Madrid. The industry representatives argued to the court that they should be free from regulation given the Legislature's "pro-competitive, deregulatory policy" in this area and that there should be no legal restrictions in the amount of interest and fees that they can impose on borrowers.

"We respect the opinion of the court, but we disagree and will appeal," said Attorney General Patricia Madrid.

Governor Richardson said he will continue to work with the Attorney General to protect consumers from predatory lending practices.

"The payday lending industry wants to avoid regulation and remain free to charge unreasonably high interest rates on loans to New Mexico consumers," Governor Bill Richardson said. "That is unacceptable, and we will continue to help New Mexicans who are struggling to make ends meet."

The state Regulation & Licensing Department wrote the new regulations, based on input from the Attorney General, that are designed to do the following:

1. Require all payday loans in New Mexico to be **interest free**; lenders may not charge more than a \$15.50 fee per \$100 borrowed.
2. Stop the cycle of debt for consumers of payday loans by prohibiting unlimited loan renewals and giving consumers the sole discretion to renew and, if they choose to renew, they can renew only twice.

3. Consumers will have sole discretion to enter into a free and longer payment plan – a minimum of 130 days – with no additional fees – after a second renewal.
4. Limit the amount of all outstanding payday loans a consumer has throughout the state with all licensed lenders to 25 percent of the consumer's gross monthly income. The new database will monitor compliance with this rule.
5. Launch an aggressive consumer advocacy and financial literacy program to educate the public and inform consumers that they **do not** have to repay payday loans made by anyone who is not duly licensed to make such loans.

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