



# State of New Mexico

## *Office of the Governor*

**Bill Richardson**  
Governor

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### **Governor Richardson, Attorney General Madrid develop Payday Lending Regulations**

SANTA FE - Governor Bill Richardson and Attorney General Patricia Madrid today announced that they have jointly developed new regulations for the payday lending industry in New Mexico. The proposed regulations are designed to protect consumers against predatory practices that take unfair advantage of New Mexicans.

“These are very tough, but reasonable regulations,” Governor Bill Richardson said. “I believe the state has an obligation to scrutinize and set limits that protect consumers from unfair practices.”

Attorney General Madrid said, “I am pleased to stand with Governor Richardson and announce that we have proposed regulations that will protect New Mexicans from the spiraling cycle of debt that many consumers can fall in when they rely on payday loans. Since taking office in 1999 I have been concerned that New Mexico is one of the few states in the nation that does not have a usury cap, which opened the door to predatory lending in our state. The cycle of debt predatory lending creates for New Mexicans can be devastating.

“These proposed regulations stop that cycle,” Madrid added. “They guarantee payday loan consumers the right to enter into a payment plan that provides needed time and creates a reasonable approach to paying back the debt. I thank Governor Richardson, Superintendent Ed Lopez and their staffs for their hard work and determination to protect New Mexican consumers with these regulations.”

The state Regulation and Licensing Department will publish the proposed regulations and seek public input before finalizing the rules.

Governor Richardson vowed to go back to the Legislature in 2007 to support the same payday lending oversight changes in law. The Governor directed the Regulation and Licensing Department to extend the current moratorium on new licenses for payday lenders in New Mexico.

The proposed regulations would do the following:

1. Stop the cycle of debt for consumers of payday loans. Consumers would have the sole discretion of renewing a loan two times at a maximum fee of \$15.50 per \$100.
2. Cap the amount of borrowed money at 25 percent of the consumer's gross monthly income.
3. Consumers would have the ability to enter into a longer payment plan – as long as 130 days – with no additional fees – after a second renewal.
4. Set a flat fee for new loans and renewals at \$15.50 per \$100.
5. Launch an aggressive consumer advocacy program to 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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