



State of New Mexico

Office of the Governor

Bill Richardson
Governor

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Governor Bill Richardson Announces Compromise Payday Lending Bill

SANTA FE – Governor Bill Richardson joined legislators and advocates for strong payday lending legislation to announce a compromise effort to protect New Mexico consumers against predatory lending practices.

“This is a compromise – which means all sides on this issue have given ground,” Governor Bill Richardson said. “The time is now to pass real protection for consumers, including our most vulnerable citizens, who have gone unprotected for too long.”

Key provisions of the compromise include:

- Term of loan: minimum of 14 days and maximum of 35 days, unless consumer requests shorter period.
- No renewals or rollovers of payday loans.
- Automatic 130 day no cost payment plan; Lender cannot litigate against a consumer if it did not offer the consumer a no cost payment plan or while consumer is in a payment plan.. Payment plan terms must be approximately equal successive payments. Effective APR of approximately 42%.
- Each Payday loan agreement shall conspicuously disclose in at least 12 point type, the consumer’s right to enter into a fee free payment plan of at least 130 days. Additionally, each licensee offering payday loans

must provide signage conspicuously notifying the consumer of its 130 day fee free payment plan right.

- Keep 25% of gross monthly income cap on all payday loans.
- Consumers are not allowed to obtain payday loans while in any payment plan.
- Ten day cooling off period after consumer completes a payment plan.
- Verification database required.
- Lenders may charge up to \$15.50 per \$100 borrowed.
- Allow lenders to add up to \$0.50 per \$100 borrowed to cover cost of verification database.
- NSF fee capped at \$15.00 once per check; no redeposit without consumer permission.
- No multiple checks or debit authorizations;
- No waiver of payment plans.