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HOUSE MEMORIAL 25

**51ST LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2013**

INTRODUCED BY

Georgene Louis

A MEMORIAL

REQUESTING THE NEW MEXICO LEGISLATIVE COUNCIL TO APPOINT AN INTERIM CONSUMER LENDING TASK FORCE TO STUDY HIGH-COST LENDING IN NEW MEXICO AND REPORT ITS FINDINGS AND RECOMMENDATIONS TO THE NEW MEXICO LEGISLATIVE COUNCIL.

WHEREAS, data collected by the financial institutions division of the regulation and licensing department indicates there are currently over six hundred small loan lenders in New Mexico licensed pursuant to the New Mexico Small Loan Act of 1955 offering short-term and long-term loans to consumers; and

WHEREAS, data collected by the financial institutions division in 2012 indicates the interest rates of small loans offered in New Mexico average an annual percentage rate of five hundred thirty-three percent and may exceed three thousand percent; and

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1           WHEREAS, consumer loans currently being made by companies  
2 in New Mexico and on-line lenders to residents of New Mexico  
3 include payday loans, installment loans, car title loans and  
4 tax refund anticipation loans; and

5           WHEREAS, the 2009 federal deposit insurance corporation  
6 national survey of unbanked and under-banked households defines  
7 "unbanked" households as those without a checking or savings  
8 account at a federally insured depository institution and  
9 "under-banked" households as those with a checking or savings  
10 account but who have made use of alternative financial services  
11 such as payday lenders or other small loan lenders; and

12           WHEREAS, the 2009 federal deposit insurance corporation  
13 national survey of unbanked and under-banked households reports  
14 that eleven and four-tenths percent of New Mexico households  
15 are unbanked and that thirteen and four-tenths percent of  
16 Hispanic households and twenty-nine and three-tenths percent of  
17 "other" households, including Native American households, are  
18 unbanked; and

19           WHEREAS, the 2009 federal deposit insurance corporation  
20 national survey of unbanked and under-banked households reports  
21 that twenty-one and seven-tenths percent of all New Mexico  
22 households are under-banked and that twenty-seven and two-  
23 tenths percent of Hispanic households and twenty-nine percent  
24 of "other" households, including Native American households,  
25 are under-banked; and

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1           WHEREAS, unbanked and under-banked households often lack  
2 access to traditional forms of credit; and

3           WHEREAS, sustainable loan terms, including responsible  
4 underwriting standards, that take into consideration a  
5 borrower's income and other debt obligations are in the best  
6 interest of New Mexico's economy; and

7           WHEREAS, the New Mexico legislature in 2007 enacted  
8 statutory reforms to regulate payday loans to address, among  
9 other things, the high cost of small loans, the frequency of  
10 rollovers and recurring cycles of debt; and

11           WHEREAS, since 2007 some small loan lenders have revised  
12 their loans and business practices to circumvent and avoid the  
13 consumer protections enacted in the payday loan reform; and

14           WHEREAS, New Mexicans continue to be trapped in recurring  
15 cycles of debt with loans with high interest rates and are  
16 often exploited by exorbitant charges; and

17           WHEREAS, it is in the best interest of New Mexico to  
18 assure reasonable access to affordable credit for all New  
19 Mexico consumers;

20           NOW, THEREFORE, BE IT RESOLVED BY THE HOUSE OF  
21 REPRESENTATIVES OF THE STATE OF NEW MEXICO that the New Mexico  
22 legislative council be requested to create an interim consumer  
23 lending task force to study the consumer lending industry in  
24 New Mexico and in other states, evaluate the conditions and  
25 practices used by small loan lenders in New Mexico and in other

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1 states, consider best practices of small loan lenders and the  
2 interests of New Mexico consumers and borrowers and report back  
3 to the legislature its recommendations; and

4 BE IT FURTHER RESOLVED that the president pro tempore of  
5 the senate and the speaker of the house of representatives, in  
6 consultation with the consumer protection division of the  
7 office of the attorney general, appoint three members of the  
8 house of representatives and three members of the senate, two  
9 representatives of the attorney general, two representatives of  
10 the financial institutions division of the regulation and  
11 licensing department, three representatives from the small loan  
12 lending industry, three representatives of consumer advocacy  
13 groups or organizations and three representatives of members of  
14 the public to serve on the task force; and

15 BE IT FURTHER RESOLVED that the task force report its  
16 findings and recommendations, including any proposed  
17 legislation, to the appropriate interim legislative committee  
18 no later than December 1, 2013; and

19 BE IT FURTHER RESOLVED that copies of this memorial be  
20 transmitted to the president pro tempore of the senate, the  
21 speaker of the house of representatives, the attorney general,  
22 the director of the consumer protection division of the office  
23 of the attorney general, the director of the financial  
24 institutions division of the regulation and licensing  
25 department and the director of the legislative council service.

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