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HOUSE BILL 199

51ST LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2014

INTRODUCED BY

Yvette Herrell

AN ACT

RELATING TO FINANCIAL TRANSACTIONS; SETTING A MAXIMUM INTEREST RATE FOR TITLE LOAN PRODUCTS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. [NEW MATERIAL] REQUIREMENTS FOR TITLE LOAN PRODUCTS--MAXIMUM INTEREST CHARGES.--

A. A title lender shall not charge or receive from a consumer, directly or indirectly, interest for a title loan product except as follows:

(1) the interest rate for a title loan shall be no greater than twenty-five percent per year; and

(2) interest shall be computed only on the outstanding principal balance of the loan.

B. Nothing in this section shall be construed to affect or limit any other provision of law pertaining to

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1 financial transactions.

2 C. As used in this section:

3 (1) "consumer" means a person who enters into
4 a title loan product agreement and receives the loan proceeds
5 in New Mexico;

6 (2) "installment loan" means a loan that is to
7 be paid in a minimum of twelve successive substantially equal
8 payment amounts to pay off the loan in its entirety with a
9 period of at least one year to maturity;

10 (3) "title lender" means a person engaged in
11 the business of entering into title loan product agreements
12 with consumers;

13 (4) "title loan product" means a loan
14 transaction secured by a vehicle, but does not include credit
15 extended to finance the purchase of a vehicle or an installment
16 loan; and

17 (5) "vehicle" means a vehicle or motor vehicle
18 as defined by the Motor Vehicle Code.

19 SECTION 2. APPLICABILITY.--The provisions of this act
20 shall not apply to loans entered into before July 1, 2014.

21 SECTION 3. EFFECTIVE DATE.--The effective date of the
22 provisions of this act is July 1, 2014.

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