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FISCAL IMPACT REPORT

SPONSOR Aragon DATE TYPED 2/10/04 HB _____

SHORT TITLE Financial Self-Empowerment Institutions SB SJM 50

ANALYST Wilson

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY04	FY05	FY04	FY05		
			NFI		

SOURCES OF INFORMATION

LFC Files

Responses Received From

Regulation and Licensing Department (RLD)

Mortgage Finance Authority (MFA)

SUMMARY

Synopsis of Bill

Senate Joint Memorial 50 encourages New Mexico to support community development corporations for low-income people and to establish alternative financial self-empowerment institutions that encompass federally recognized “pockets of poverty” designations.

Significant Issues

MFA supports any encouragement to assist persons of low-income in their housing needs, whether it is through credit unions or other lending institutions. This memorial compliments MFA’s mission to “engage in self-sustaining practices that make New Mexico a better place to live by investing in community efforts to preserve and expand affordable housing opportunities for those underserved by traditional markets.”

New Mexico has worked for many years to assist persons of low income to obtain access to private loan programs.

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The gap between conventional banking institutions and the small loan industry still remains wide.

There are currently provisions in federal and state law allowing community development corporations within pockets of poverty to empower those they serve by developing community credit unions.

Credit unions for persons of low income may include services targeted at assisting persons of low income, establishing good credit, repairing bad credit and providing general banking services to persons who have no access to conventional lending institutions.

Many people have no option other than to use the services of quasi-financial services establishments that provide few, if any, specialized credit programs or banking services and charge high market interest rates.

DW/dm