

Governor caps interest rates on storefront loans

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SANTA FE – Gov. Michelle Lujan Grisham signed House Bill 132 on March 1, reforming predatory lending practices by lowering the cap on small loan interest rates from 175% to 36%.

“As we continue to grow our economy and create quality jobs for New Mexicans across the state, protecting New Mexico consumers remains critically important,” Lujan Grisham said. “After many years of effort by advocates and legislators, I am glad to finally sign this legislation into law and deliver common-sense protections to vulnerable New Mexicans in rural and urban communities statewide.”

Sponsored by Rep. Susan Herrera, Speaker of the House Brian Egolf, Rep. Joy Garratt, Rep. Phelps Anderson, and Rep. Daymon Ely, the legislation enacts a 36 percent maximum rate of interest chargeable under the New Mexico Bank Installment Loan Act of 1959 and the New Mexico Small Loan Act of 1955, limiting such loans to the same maximum annual percentage permitted by the U.S. Department of Defense for active-duty members of the military.

“This is going to make a real difference in the lives of New Mexicans who struggle to make ends meet. By capping these interest rates, we can stop the debt trap and help more families get ahead,” Egolf said. “This historic achievement is the result of years of hard work by Representative Herrera and other champions of our working families.”

The legislation also increases the maximum loan size from \$5,000 to \$10,000.

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