

New Mexico's New Small Loan Law – H.B. 347 (2017)

All New Mexicans deserve access to fair and transparent loans

Rights of Borrowers Under the Law

- Borrowers have the right to clear information about total costs of loan.
- The total interest on a small loan cannot exceed 175% APR.
- Borrowers have the right to develop their credit history through payments made on small loans.

Duties of Lenders to Comply with the Law

- Lenders can only impose a limited set of fees above the 175% APR cap.
- All small loans are now required to have an initial maturity of 120 days, and cannot be subject to a repayment plan smaller than four payments of loan principal and interest.
- Each lender licensed by the state of New Mexico must pay an additional fee to support the state Financial Literacy Fund, which the state must implement.

Obligations of the Financial Institutions Division and Office of the Attorney General to Work Together to Enforce the Law

- The Financial Institutions Division must issue regulations to enforce H.B. 347.
- The Financial Institutions Division must examine all small loan lenders to ensure that all those licensed are in compliance with the new law.
- The State must ensure that lenders do not make false or misleading representations to a borrower in the course of issuing a loan.