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HOUSE BILL 36

52ND LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2015

INTRODUCED BY

Gail Chasey and William P. Soules

FOR THE COURTS, CORRECTIONS AND JUSTICE COMMITTEE

AN ACT

RELATING TO LENDING; ENACTING NEW SECTIONS OF THE NEW MEXICO BANK INSTALLMENT LOAN ACT OF 1959 AND THE NEW MEXICO SMALL LOAN ACT OF 1955; IMPOSING A CAP ON INTEREST RATES; REPEALING A SECTION OF THE NEW MEXICO SMALL LOAN ACT OF 1955.

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

SECTION 1. Section 58-7-1 NMSA 1978 (being Laws 1959, Chapter 327, Section 1) is amended to read:

"58-7-1. SHORT TITLE.--~~[This act shall be known]~~ Chapter 58, Article 7 NMSA 1978 may be cited as the "New Mexico Bank Installment Loan Act of 1959".

SECTION 2. A new section of the New Mexico Bank Installment Loan Act of 1959 is enacted to read:

"[NEW MATERIAL] MAXIMUM INTEREST RATES--EXCEPTIONS.--

A. Except as provided for in this section, the

underscored material = new
[bracketed material] = delete

underscored material = new
[bracketed material] = delete

1 maximum lawful rate of interest charged or received for the
2 extension of credit shall not exceed thirty-six percent per
3 year.

4 B. The calculation of interest shall include any
5 periodic or nonperiodic interest, any periodic or nonperiodic
6 finance charge, any ancillary products or services and any
7 other charges or fees incident to the extension of credit.

8 C. Any contract for the extension of credit entered
9 into after January 1, 2015 having a rate of interest in excess
10 of the maximum lawful rate shall be void as to principal and
11 interest.

12 D. The limitation on interest for the extension of
13 credit shall not apply to any federally insured depository
14 institution or government-issued bonds.

15 E. In the event the United States prime lending
16 rate exceeds ten percent, the maximum lawful rate of interest
17 charged or received may exceed thirty-six percent per year but
18 shall not exceed thirty percentage points in excess of the
19 United States prime lending rate."

20 SECTION 3. A new section of the New Mexico Small Loan Act
21 of 1955 is enacted to read:

22 "[NEW MATERIAL] MAXIMUM INTEREST RATES--EXCEPTIONS.--

23 A. Except as provided for in this section, the
24 maximum lawful rate of interest charged or received for the
25 extension of credit shall not exceed thirty-six percent per

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underscoring material = new
~~[bracketed material] = delete~~

1 year.

2 B. The calculation of interest shall include any
3 periodic or nonperiodic interest, any periodic or nonperiodic
4 finance charge, any ancillary products or services and any
5 other charges or fees incident to the extension of credit.

6 C. Any contract for the extension of credit entered
7 into after January 1, 2015 having a rate of interest in excess
8 of the maximum lawful rate shall be void as to principal and
9 interest.

10 D. The limitation on interest for the extension of
11 credit shall not apply to any federally insured depository
12 institution or government-issued bonds.

13 E. In the event the United States prime lending
14 rate exceeds ten percent, the maximum lawful rate of interest
15 charged or received may exceed thirty-six percent per year but
16 shall not exceed thirty percentage points in excess of the
17 United States prime lending rate."

18 SECTION 4. REPEAL.--Section 58-15-33 NMSA 1978 (being
19 Laws 2007, Chapter 86, Section 15) is repealed.

20 SECTION 5. EFFECTIVE DATE.--The effective date of the
21 provisions of this act is July 1, 2015.