

**RESOLUTION NO 07/26/2021B**

**A RESOLUTION IN SUPPORT OF AN ALL-INCLUSIVE 36% APR CAP ON  
STOREFRONT LOAN COMPANIES IN NEW MEXICO**

**WHEREAS**, the Town of Bernalillo has at least 8 licensed storefront loan companies that routinely charge New Mexicans up to 175% APR on loan products;

**WHEREAS**, storefront loan companies licensed to do business in New Mexico make a variety of high-cost loan products, including unsecured installment loans, loans secured by a car title, and tax-time refund anticipation loans;

**WHEREAS**, studies completed by the Consumer Financial Protection Bureau, the Center for Responsible Lending, and the Pew Charitable Trusts have all shown that triple-digit interest rate lending traps borrowers and their families in cycles of debt; and

**WHEREAS**, studies conducted by the Consumer Financial Protection Bureau and other organizations show that triple-digit interest rate loans take money out of consumers' pockets, thus damaging local businesses and reducing jobs in local economies; and

**WHEREAS**, high-cost storefront lenders target low-income New Mexicans, particularly communities of color;

**WHEREAS**, 64% of storefronts lenders in New Mexico are located with 15 miles of Native American land;

**WHEREAS**, data reported by the New Mexico Regulation and Licensing Department shows that in 2019, storefront lenders lent more than \$666 million in high cost loans and collected more than \$220 million in interest and fees from New Mexico borrowers;

**WHEREAS**, data reported by the New Mexico Regulation and Licensing Department shows that in 2019, storefront lenders repossessed 2,293 vehicles from New Mexico borrowers;

**WHEREAS**, as of November 30, 2020, there were 561 storefront loan companies licensed by the New Mexico Regulation and Licensing Department;

**WHEREAS**, more than 85% of storefront lenders in New Mexico are subsidiaries of large, out of state corporations;

**WHEREAS**, New Mexico has the highest interest rate cap in the nation for loans over \$2000 and has one of the highest interest rate caps in the nation for loans up to \$500;

**WHEREAS**, 17 states and the United States Department of Defense have interest rates of 36% APR or lower and have not reported any decrease in availability of credit;

**WHEREAS**, more than two-thirds of New Mexicans surveyed supported an interest rate cap of 36% APR;

**WHEREAS**, the New Mexico Legislature has the authority to determine and to cap the interest rate that storefront lenders doing business in New Mexico can charge consumers.

**NOW, THEREFORE**, be it resolved by the governing body of the Town of Bernalillo:

(I)

**THAT** the Town of Bernalillo Council/Mayor urges the New Mexico Legislature and the Governor of New Mexico to enact an all-inclusive cap of 36% on the interest rate and fees that storefront lenders doing business in New Mexico can charge.

(II)

**THAT** the Town of Bernalillo Council/Mayor further urges the Director of the Financial Institutions Division of the Regulation and Licensing Department and the New Mexico Attorney General to exercise its full rulemaking powers under the Small Loan and Bank Installment Loan Acts and the Unfair Practices Act, respectively, to end high-cost storefront lending abuses.

(III)

**THAT** a copy of this resolution will be forwarded to the Governor of the State of New Mexico, the New Mexico Regulation and Licensing Department, the New Mexico Attorney General, the Sandoval County legislators, and other entities or persons as designated by the Town Manager and the Town of Bernalillo Council.

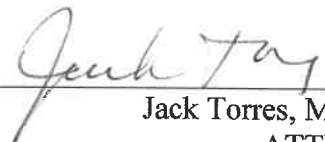
(IV)

**THAT** Town of Bernalillo staff is hereby authorized to do all deeds as necessary in the accomplishment of the herein above.

Passed, Approved, and Adopted by the Governing Body of the Town of Bernalillo at its meeting of July 26, 2021.



Ida Fierro, Town Clerk



Jack Torres, Mayor  
ATTEST: