# State Laws and Regulations


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# Federal

## HR5436
### Transcript Withholding

**Summary**: To amend title 38, United States Code, to prohibit an educational institution from withholding a transcript from an individual who pursued a course or program of education at such institution using Post-9/11 educational assistance.

# Arizona

## HB2302
### Student Loan Servicers; Licensure

**Summary:** Proposed law related to the **licensure of student loan servicers**. The bill aims to regulate companies that manage student loans by requiring them to obtain a **state operating license**. This legislation typically includes provisions for **consumer protections**, oversight mechanisms, and enforcement actions to ensure that loan servicers comply with fair lending practices. It will adopt a student loan bill of rights, create a student loan ombudsman, and require student loan servicers to be licensed.

# California

## AB1864
### California Consumer Financial Protection Law

**Summary:** On October 22, the California DFPI announced the state's approval of registration regulations enacted under the CCFPL, which will require providers of (1) debt settlement services, (2) education financing, (3) income-based advances (including earned wage access products), and (4) student debt relief services to register with the state and comply with data submission requirements. Financial service providers covered by the new regulations must file an application to register by February 15, 2025, to continue operating legally in the state.

Debt settlement companies are likely the largest sector under the new registration regime, but California has recently seen the number of student loan relief and earned wage access (EWA) products grow dramatically. EWA and wage advance products are already classified as loans under state law, and any voluntary or optional payments are considered "finance charges."
The mandatory registration is also temporary, lasting just four years. The DFPI will collect information on transaction volumes, business models and charges to consumers and will prepare a report at the end of the four-year period. The California legislature will then review the report and determine whether to continue with the oversight going forward.

## AB2771
### California Consumer Financial Protection Law

**Summary:** Amends the California Private Postsecondary Education Act of 2009. Will require private postsecondary schools to ensure that they do not, directly or indirectly, accept payments

derived from student loans that do not include specific language in the promissory note that would allow the borrower to assert against any holder of the note any claims or defenses that could be asserted against the school.

### AB1159
**Student Personal Information**

**Summary:** Imposes significant privacy obligations on institutions of higher education and their service providers.

## Connecticut

### S.B. 1257
**Act Concerning Consumer Credit and Commercial Financing**

**Summary:** S.B.1257 focuses on consumer credit and commercial financing, likely aiming to enhance transparency, regulation, and consumer protections. The bill may include provisions for Stronger oversight of consumer credit and lending practices, Clearer disclosures for commercial financing agreements and fair lending protections to prevent predatory practices.

## Florida

### SB 838
**Electronic Payments of Retail Installment Contracts**

**Summary:** Electronic Payments of Retail Installment Contracts; Defining the term "electronic payment"; authorizing a holder of a retail installment contract, or its agent, to collect a fee for processing a retail buyer's electronic payment only if certain conditions are met, etc. As of May 2026, no further action anticipated.

## Illinois

### SB 2000
**Debt Assist-Reporting**

**Summary:** Amends the Student Debt Assistance Act by expanding the definition of "institution of higher education" and requiring detailed reporting on financial-based transcript and registration holds, including student debt amounts, transcript and diploma releases, and registration holds to the Board of Higher Education or the Illinois Community College Board.

### 1010.170, Proposed Amendment
**Call Recordings with Borrowers**

**Summary:** Amends the Student Debt Assistance Act by expanding the definition of "institution of higher education" and requiring detailed reporting on financial-based transcript and registration holds, including student debt amounts, transcript and diploma releases, and registration holds to the Board of Higher Education or the Illinois Community College Board.

### HS4745
**Amendment to the Know Before You Own Loan Act**

**Summary:** Amends the Know Before You Owe Private Education Loan Act. Provides that the annual report to the Department of Financial and Professional Regulation and the Student Loan Ombudsman shall include the total number and dollar amount (instead of the volume) of private education loans made annually by a private educational lender, the total number and dollar amount (instead of the volume) of private education loans made annually at institutions of higher education, the total number and dollar amount of private education loans made annually with a cosigner, and the default rate for the private education loans reported by the private educational lender pursuant to specified provisions for the previous reporting period. Effective immediately. As of June 15, 2026, has been sent to Governor for signature.

### HB4687 – Repeal – Loan Default Act
**Call Recordings with Borrowers**

**Summary:** Repeals the existing Educational Loan Default Act, which requires state employees who are in default on an "Education Loan" to enter into a repayment agreement, which includes loans made from public funds for educational purposes.

## Indiana

### SB 404
**Access to Transcripts**

**Summary:** Provides that a state educational institution or private postsecondary educational institution operated for profit (institution) in Indiana may not: (1) refuse to provide a transcript for a current or former student of the institution on the grounds that the student owes a debt to the institution; (2) charge a higher fee for obtaining a transcript or provide less favorable treatment of a request for a transcript of a current or former student who owes a debt to the institution; or (3) withhold from a current or former student's transcript any degrees earned on the grounds that the student owes a debt to the institution; if the student has paid certain amounts in the past year on the debt owed. Provides that a current or former student may bring a civil action against an institution for a violation of these provisions.

## Iowa

### HF 2241

**Summary:** will require an institution of higher education governed by the state board of regents to pay 10% of any defaulted private student loan incurred by a student while enrolled at the institution.

### RA 26-305

**Summary:** The Commission proposes to amend Chapter 10 pursuant to 2026 Iowa Acts, House File 703. The purpose of this amendment is to add a definition of "offer of financial aid" (also referred to as "financial aid offer") to Chapter 10. The amendment provides clarity and consistency in the interpretation and application of financial aid-related provisions administered by the

Commission. "Offer of financial aid" or "financial aid offer" means notices of eligibility for grants, loans, student employment or other assistance that are prepared based on a student's submitted Free Application for Federal Student Aid, Iowa Financial Aid Application, or other application that is used to measure the financial need of an applicant.

## Louisiana

### HB72
### Statue of limitations for debts owed to educational institutions

**Summary:** Provides relative to prescription of certain debts

## Maryland

### HB 920
### Institutions of Postsecondary Education – Institutional Debt – Report

Maryland House Bill 920
In Maryland, House Bill 920 passed the House 131-7 on March 11. It is now the subject of an April 2 hearing of the state's Senate Committee on Education, Energy and the Environment. This legislation would require significant data reporting from the state's public and private colleges on institutional debts to the Maryland Higher Education Commission.

HB 920 would require institutions to file annual reports with the Commission with the following data:

Institutional Debt Breakdown

- Debt data must be disaggregated by demographic categories (race, ethnicity, age, gender, residency status, enrollment status, and credential pursued).
- Total number of enrolled and former students with institutional debt.
- The length of time the debt has been owed.
- The type of charges that led to the institutional debt (tuition, room & board, fees, etc.).
- The percentage and number of students with institutional debt who received a Federal Pell Grant.
- The total debt amount accrued during the current and previous fiscal years.

Institutional debt in good standing vs. past due.

- Institutional debts under tuition payment plans, including their standing.
- Institutional debts from student loans owed to the institution, including standing.
- Number of students who made voluntary payments and the total amount paid.
- Percentage and total amount of institutional debt charged off.
- Number of student accounts reported to credit agencies.
- Number and percentage of accounts sent to third-party debt collectors, including the total amount collected.
- Number and percentage of accounts subject to litigation, including total amount collected.
- For public institutions only: Number and percentage of accounts sent to nonjudicial collection (e.g., state agencies).

Debt Collection and Status
Administrative Holds

- Number of students with administrative holds due to institutional debt.
- Number of students who completed all courses but were denied a degree due to debt.

Debt-Related Third Parties

- A list of all entities used for loan origination, installment plans, debt collection, and lawsuits.

Debt-Related Documents

- Copies of documents used to establish institutional debt (promissory notes, tuition payment agreements, enrollment contracts, etc.).

Institutional Debt Policies

- Summary and citations for policies on:
  - Tuition payment plans
  - Student loans owed to the institution
  - Administrative holds
  - Debt collection
  - Credit reporting practices

The legislation also allows for the collection of, "Any additional data the commission deems necessary for evaluating institutional debt." As the University of Maryland has raised concerns with similar legislation interacting with the Family Educational Rights and Privacy Act (FERPA) in the past, this bill states, "Nothing in this section may be construed to require an institution of postsecondary education to report personal identifying information of an enrolled student or a former student."

The bill is up for a hearing in the Maryland Senate on April 2. The Student Loan Borrower Protection Center is among the witnesses speaking in favor of the bill and the Maryland Independent College and University Association is among the witnesses speaking in opposition of the bill.

Additional information on Maryland House Bill 920 is available online:
https://mgaleg.maryland.gov/mgawebsite/Legislation/Details/HB0920?ys=2025RS

## Massachusetts

### Notice of Public Hearing: 209 CMP 18.00 & 209 CMR 48.00

### Conduct of the Business of Debt Collectors, Student Loan Servicers, and Third-Party Load Servicers and Licensee Record Keeping

**Summary:** The purpose of 209 CMR 18.00: *Conduct of the Business of Debt Collectors, Student Loan Servicers, and Third Party Loan Servicers* is to establish standards, by defining unfair or deceptive acts or practices, for the servicing of loans and collection of debts from persons within the Commonwealth of Massachusetts by debt collectors, third party loan servicers, student loan servicers, and automatic federal student loan servicers; to establish procedures and requirements for the licensing and supervision of debt collectors and student loan servicers; and for the registration and supervision of third party loan servicers. The Division of Banks (Division) licenses debt collectors, student loan servicers, and automatic federal student loan servicers (collectively referred to herein as licensees). Third party loan servicers are required to register with the Division.

# Minnesota

## SF4097
### Loan Servicing Registration

**Summary:** Beginning January 1, 2025, student loan lenders must register "before providing services in Minnesota." A lender is defined as "an entity engaged in the business of securing, making, or extending student loans," and a student loan "means a government, commercial, or foundation extension of credit for actual costs paid for tuition and reasonable education and living expenses." There's no indication that this definition of a student loan is limited to actual costs of post-secondary education, or, for that matter, what "actual costs" means. How can a lender know what education-related costs are "actual costs" and which are not? This affects where the student resides.

## SF2739

**Summary:** Minnesota Senate File 2739 (SF 2739), introduced on March 20, 2025, proposes establishing minimum standards for student banking services offered through partnerships between higher education institutions and financial institutions. The bill aims to ensure transparency and protect students from potentially exploitative financial products.

Key Provisions:

1. Definitions:
    - Higher Education Institution: Refers to public postsecondary institutions, private postsecondary institutions, or Tribal colleges operating in Minnesota.
    - Student Banking Service: Encompasses consumer financial products or services—excluding student loans—such as checking or deposit accounts, prepaid cards, debit cards, or credit cards provided by a financial institution to students through a partnership with a higher education institution.
2. Reporting Requirements:
    - Institutions must report to the commissioner details related to student banking services, including:
    - The total number of service accounts maintained by students, categorized by tier 1 and tier 2 service accounts.
    - The amount of money the institution receives from financial institutions in connection with these accounts, broken down by tier.
    - The identities of partner financial institutions.
    - A summary of terms and conditions offered to students for both tier 1 and tier 2 service accounts, indicating compliance with the bill's requirements.

Potential Impact on Colleges and Universities in Minnesota:

- Administrative Responsibilities: Institutions will need to implement systems to collect, monitor, and report detailed information about student banking services, ensuring compliance with the new standards.
- Transparency and Student Protection: The bill promotes greater transparency in financial agreements between institutions and banks, aiming to protect students from unfavorable banking terms.
- Review of Existing Partnerships: Colleges and universities may need to reassess and possibly renegotiate existing contracts with financial institutions to align with the mandated standards.

Overall, SF 2739 seeks to enhance the financial well-being of students by ensuring that banking services associated with educational institutions meet specific standards of transparency and fairness but will place an additional reporting burden on IHE in the state of MN.

### HF 4188
**Commerce Policy Bill**

**Summary:** Legislation that would update the student loan servicing bill of rights and require servicers to record student phone calls is progressing. Signed by Governor on 5/27/26, anticipated to go into effect in August 2026.

## New Mexico

### HB 224
**NM Student Loan Servicing Bill of Rights**

**Summary:** HB 224, also known as the "Student Loan Bill of Rights Act," aims to establish a comprehensive regulatory framework for student loan servicers in New Mexico, requiring them to obtain a license and outlining specific responsibilities to protect borrowers, including providing alternative repayment options, clear communication, and protections for cosigners, while also allowing for loan discharge in cases of permanent disability; essentially creating a set of rights for student loan borrowers within the state by defining clear standards for loan servicing practices.

## New York

### AB431
**Private Education Debt Reporting- Amendment**

**Summary:** Provides that each student loan servicer shall submit an annual report containing a list of all private education creditors associated with the private education debts serviced by the student loan servicer that are owed by persons who resided in New York during the prior calendar year. Effective December 21, 2024.

### NYC Debt Collection Rules Amendment

**Summary**: In June 2020, the Department added new rules requiring debt collectors to inform consumers whether certain language access services are available and to retain records relating to language access services. After these rule changes took effect, the industry provided additional questions and feedback to the Department. In response, the Department is adopting these amendments. The Department is also amending its debt collection rules in response to changes in federal regulations. In late 2020, the Consumer Financial Protection Bureau (“CFPB”) promulgated new debt collection rules updating the Fair Debt Collection Practices Act of 1977. The CFPB’s new debt collection rules address current industry collection practices, the changing forms of communication, unfair practices, and debt collection problems facing consumers today nationally.

## ABA8067
### Loan Reporting

**Summary:** Each student loan servicer and private nonprofit postsecondary provider of higher education servicing student loan, as 'servicing' is defined in subdivision seven of section seven hundred ten of the banking law shall, by the first of April of each year, submit an annual report which complies with any instructions published by the superintendent, in the manner set forth in such instructions, certifying as accurate the following information for the private education debt such student loan servicer or private nonprofit postsecondary provider of higher education servicing student loans serviced during the prior calendar year:

§ 2. This act shall take effect immediately.

## A4922A
### Protections for private education loan borrowers and cosigners

**Summary:** Enacts protections for private education loan borrowers and cosigners; requires certain notifications from creditors and debt collectors; prohibits acceleration; enacts provisions for cosigner release.

## S3772
### Student Loan Borrow Bill of Rights

**Summary:** Establishes a student loan borrower bill of rights

## S9008
### Budget Bill

**Summary:** Enacts into law major components of legislation necessary to implement the state transportation, economic development and environmental conservation budget for the 2026-2027 state fiscal year

## S3824
### Transcripts

**Summary:** Prohibits elementary and secondary schools from withholding student transcripts for failure to pay tuition.

## A5741
### Credit Service Charges

**Summary:** Provides for a cap on the credit service charge computed and collected on a retail instalment contract.

## S8623B
### Prohibits the use of surveillance pricing

**Summary:** As drafted and passed by the NY legislature, the legislation prohibits "surveillance

pricing," which means the use an "algorithm" to set a price for goods or services offered to a NY consumer, if such algorithm uses, in whole or in part, a consumer's "personal data."

## New Jersey

### Bill A4254
**Transcript Law**

**Summary:** Establishes limits on transcript release restrictions at institutions of higher education and certain proprietary institutions.

Notable provisions:

- The law prohibits transcript withholding in all circumstances if the student "attests" that the transcript is needed to obtain new student loans or to refinance existing student loans.
- A school may not withhold transcripts in connection with debts of $2,000 or less incurred for "non-mandatory" charges. Non-mandatory charges mean:
    - all charges and fees imposed by an institution on a student other than tuition, room and board, and mandatory student fees and charges, as defined by the Secretary of Higher Education.
- An institution may condition providing a transcript on "the student's agreement to enter into a good faith repayment plan and submission of the first payment on that plan" in connection with
    - debts of any amount incurred for unpaid tuition, room and board, or other mandatory fees or charges; or
    - Debt exceeding $2,000 for non-mandatory charges
- The law doesn't apply to students who do not reside in the US.

### Bill S4011
**Educational Debt Registration**

**Summary:** Requires registration of postsecondary education debt creditors; establishes protections for borrowers.

### Bill A2098
**Transcript Release Limitations**

**Summary:** Establishes limits on transcript release restrictions at institutions of higher education and certain proprietary institutions.

### Bill S1338
**Transcript Release Prohibitions Due to Owed Balance**

**Summary:** Prohibits institutions of higher education and certain proprietary institutions from withholding transcript due to outstanding student account balance; establishes penalties for noncompliance.

**Bill A1319**
**Withdrawal policy for extenuating circumstances**

**Summary:** Will require public institutions of higher education to adopt a policy that permits a student to withdraw for an extenuating circumstance and receive a refund.

## North Carolina

**Senate Bill 426**
**Student Borrowers' Bill of Rights**

**Summary:** Establishes a Student Borrowers' Bill of Rights, including servicing loans without a license, licensing requirements, financial obligations, annual reporting requirements, student loan ombudsman, educational programs, and prohibited acts.

## Texas

**HB538**
**Transcript Law**

**Summary:** Relating to student access to certain academic records held by a public institution of higher education or career school or college; authorizing fees. Bill has passed the House and is awaiting consideration in the Texas Senate.

HB 538 would amend the Education Code to require a postsecondary educational institution, on request by a student, to release to the student the student's transcript or training completion certificate issued by the institution. The bill would define a "postsecondary educational institution" as a public or private higher education institution or a career school or college.
If the student making the request had not fulfilled the student's financial obligation to the institution, the institution would be required to release the student's transcript or certificate only if the student:

- had not been enrolled in the institution for at least five years;
- included with the student's request a copy of the posting for the job for which the student intended to apply, or a statement that the student intended to enroll in another postsecondary educational institution; and
- had made a good faith effort to fulfill the financial obligation, such as entering into a payment plan.

## Vermont

**H.385**
**An act relating to remedies and protections for victims of coerced debt**

**Summary:** This bill proposes to prohibit coerced debt and provide protections and remedies for victims of coerced debt.

## Washington

**SB 5720**
**Enacting the Uniform Consumer Debt Default Judgments Act**

**Summary:** SB 5720 aims to enact the "Uniform Consumer Debt Default Judgments Act," which establishes comprehensive rules for how creditors can obtain default judgments in consumer debt collection cases, aiming to protect consumers by requiring creditors to provide detailed information about the debt, clear warnings about potential consequences of not responding, and ensuring courts have the necessary information to fairly evaluate default judgment requests before granting them; essentially promoting transparency and fairness in debt collection lawsuits by mandating thorough documentation and consumer notification

## Washington D.C.

**B26-0569**
**DC Student Loan Authority Establishment Act of 2026**

**Summary:** Will establish a finance authority as an independent agency overseen by a 7-member board, including 5 voting members appointed by the Mayor and approved by the Council, plus 2 ex-officio members, to provide new student loans and refinance existing student loans.

## Case Law

### NELSON IQ INTERNATIONAL, INC. (Original Case)

### USDC E.D. Michigan February 06, 2025 Slip Copy 2025 WL 415731

**Summary:** Application of the usury statute for MCL 438.31: Imposition of a 5% interest rate without first seeking a judgment (filing suit) has no basis in Michigan law and thus constitutes a violation of the FDCPA