

Maryland Enacts Student Financing Act

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On May 8, 2023, Governor Wes Moore of Maryland signed HB 913 into law, creating the [Student Financing Act](#) (the Act). Under the Act, “student financing” is defined as an extension of credit to a consumer that is (1) not made, insured, or guaranteed under Title IV of the federal Higher Education Act of 1965, (2) extended to a consumer expressly, in whole or in part, for postsecondary education expenses, regardless of whether it is provided by the institution that the consumer attends, and (3) not a loan secured by real property or a dwelling. “Student financing” also includes (1) an extension of credit used to refinance or repay existing student financing or federal student loan debt, and (2) financial obligations in which the repayment amount is equal to a predetermined percentage of a consumer’s future income. Further, the Act defines “student financing company” as an entity engaged in the business of securing, making, or extending student financing products, or any purchaser, assignee, or holder of student financing products. The Act expressly excludes banks, savings banks, savings and loan associations, credit unions, and wholly owned subsidiaries or operating subsidiaries of these entities.

Beginning March 15, 2024, student financing companies must register with the Commissioner of Financial Regulation before providing services in Maryland and submit the requisite reports prescribed in the Act. Failure to comply with the registration and reporting requirements will make a student financing product void and unenforceable. The Act will add Subtitle 11 to Maryland’s Financial Institutions Law effective October 1, 2023.

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