



MARYLAND COMMISSIONER OF FINANCIAL REGULATION INDUSTRY ADVISORY REGULATORY GUIDANCE



February 28, 2024

Supplemental Guidance on the Student Financing Company Act

The Office of Financial Regulation (“OFR”) is providing this supplemental guidance regarding the [Student Financing Company Act](#), 2023 House Bill 913 (the “Act”)¹ following the guidance for entities providing financing for post-secondary education expenses (a Student Financing Company or “SFC”) issued [October 3, 2023](#). While OFR is providing this general guidance, entities should both read the legislation and consult with their own counsel as to the applicability of the Act.

Registry with NMLS

An SFC is required to register using NMLS’s Student Financing Company category. SFC’s must register as a Student Financing Company prior to providing any required data to OFR.

Data Points to Provide

The Act requires SFCs to report certain information on student financing. Subtle differences in reporting requirements apply based on whether the SFC secured, made, or extended the student financing (“Lending SFCs”) or acquired or assumed the student financing (“Acquiring SFCs”). The Act requires Lending SFCs to provide 16 data points (§12-1103(a)(1)) and Acquiring SFCs to provide 11 data points (§12-1103(a)(2)).

For the purposes of consistency in reporting data among all SFCs, the OFR interprets “fiscal year” to mean from July 1 of a given year to June 30 of the following year. The General Assembly made a point to specify the time frame for some of the questions, but not others (*i.e.*, FY 23). OFR advises that where no stipulation of fiscal year was made in the Act, unless otherwise noted herein, the information to be provided to the OFR should not be limited to the information from the most recent fiscal year.

The following information follows the data points identified in §12-1103(a)(1) for Lending FSCs. To avoid unnecessary duplication in this Advisory, the difference for Acquiring SFCs will be noted below as opposed to listing Acquiring SFCs separately:

- i. A list of all schools attended by consumers who received student financing from the student financing company and resided within the State at the time of the transaction and whose debt is still outstanding, including student financing used to refinance an existing debt (*§12-1103(a)2(i) requires Acquiring SFCs to report this data for acquired or assumed student financing products*).

¹ The Act is codified in Commercial Law Article §12-1101 et. seq, Annotated Code of Maryland. All statutory references contained herein are to the Commercial Law Article.

The General Assembly did not limit the transactions or the time frame for this request. OFR interprets this requirement to call for the submission of a listing of all schools attended by student loan borrowers who received student financing products, listed a Maryland address at the time of the transaction, and still had outstanding debt at the end of the most recent fiscal year.

- ii. The total outstanding dollar amount owed by consumers residing in the State who received student financing from the SFC (*§12-1103(a)(2)(ii) combines the reporting required in §12-1103(a)(1)(ii) and (iii) and requires Acquiring SFCs to report this data for acquired or assumed student financing products*).

The General Assembly did not limit the transactions or the time frame for this request. OFR interprets this requirement to mean the total dollar amount of outstanding debt as of June 30, 2023, for reporting by March 15, 2024 and the dollar amount of outstanding debt at the end of each fiscal year going forward.

- iii. The total number of student financing products owed by consumers residing in the State who received student financing from the student financing company (*§12-1103(a)(2)(ii) combines the reporting required in §12-1103(a)(1)(ii) and (iii) and requires Acquiring SFCs to report this data for acquired or assumed student financing products*).

The General Assembly did not limit the transactions or the time frame for this request. OFR interprets this requirement to mean the total number of student financing products outstanding as of June 30, 2023 for reporting by March 15, 2024 and the total number of such products at the end of each fiscal year going forward.

- iv. The total outstanding dollar amount and number of student financing products owed by consumers who reside in the State, associated with each school identified under item (i) of this item (*§12-1103(a)(2)(iii) requires Acquiring SFCs to report this data for acquired or assumed student financing products*).

The General Assembly did not limit the transactions or the time frame for this request. OFR interprets this to mean the total dollar amount and number of products outstanding associated with each school as of June 30, 2023 for reporting by March 15, 2024 and the total at the end of each fiscal year going forward.

- v. The total dollar amount of student financing products provided by the SFC to consumers who resided in the State in the prior fiscal year (*§12-1103(a)(2)(iv) combines the reporting required in §12-1103(a)(1)(v) and (vi) and, requires Acquiring SFCs to report this data for acquired or assumed student financing products*).

The data to be provided pursuant to this request is limited to the most recent fiscal year. Information reported by March 15, 2024 need only include FY 2023 (i.e., July 1, 2022 to June 30, 2023). SFC's must collect and report such information for each subsequent fiscal year by the March 15th deadline.

- vi. The total number of student financing products provided by the SFC to consumers who resided in the State in the prior fiscal year (*§12-1103(a)(2)(iv) combines the reporting required in §12-1103(a)(1)(v) and (vi) and, requires Acquiring SFCs to report this data for acquired or assumed student financing products*).

The data to be provided pursuant to this request is limited to the most recent fiscal year. Information reported by March 15, 2024 need only include FY 2023 (i.e., July 1, 2022 to June 30, 2023). SFC's must collect and report such information for each subsequent fiscal year by the March 15th deadline.

- vii. The total outstanding dollar amount and number of student financing products owed by consumers who resided in the State, associated with each school identified under item (i) of this item, that were provided in the prior fiscal year (*§12-1130(a)(2)(v) requires Acquiring SFCs to report this data for acquired or assumed student financing products*).

The data to be provided pursuant to this request is limited to the most recent fiscal year. Information reported by March 15, 2024 need only include FY 2023 (i.e., July 1, 2022 to June 30, 2023). SFC's must collect and report such information for each subsequent fiscal year by the March 15th deadline. If you report a school under (i) but the debt has since been satisfied or legally discharged, that data point should be listed with a "0".

- viii. The rate of default for consumers residing in the State who obtained student financing from the SFC, if applicable (*§12-1103(a)(2)(vi) requires Acquiring SFCs to report this data for acquired or assumed student financing products*).

To ensure the ability to compare rates of default between years, OFR interprets this requirement to mean the percent of Maryland student loan borrowers in the SFC's loan portfolio who listed Maryland address and who went into default in the most recent fiscal year for reporting by March 15, of the following year. Data reported by March 15, 2024 should therefore include only those loans listing a Maryland address for the borrower that went into default between July 1, 2022 and June 30, 2023. SFC's must collect and submit such information for each subsequent fiscal year by the March 15th deadline. For (viii) and (ix), if a loan went into default on June 1, 2023 and remains in default in subsequent years, such default is only reported in the March 15, 2024 annual report and not in the subsequent annual reports. However, if the loan is reinstated but a subsequent default occurs under the reinstated loan, the subsequent default should be reported for the fiscal year in which such default occurs.

- ix. The rate of default for consumers residing in the State who obtained student financing from the SFC associated with each school identified under item (i) of this item, if applicable (*§12-1103(a)(2)(vii) requires Acquiring SFCs to report this data for acquired or assumed student financing products*).

To ensure the ability to compare rates of default between years, OFR interprets this requirement to mean the percent of student loan borrowers in the SFC's loan portfolio who listed Maryland address and attended each school identified in item (i) with outstanding debt who went into default in the most recent fiscal year for reporting by March 15, of the following year. Data reported by March 15, 2024 should therefore include only those loans listing a Maryland address for the borrower that went into default between July 1, 2022 and June 30, 2023. SFC's must collect and submit such information for each subsequent fiscal year by the March 15th deadline.

- x. The range of initial interest rates for student financing products provided by the SFC to consumers who resided in the State in the prior fiscal year (*There is no corresponding reporting requirement for Acquiring SFCs*).

The data to be provided pursuant to this request is limited to the most recent fiscal year. Information reported by March 15, 2024 need only include FY 2023 (i.e., July 1, 2022 to June 30, 2023). SFC's must collect and report such information for each subsequent fiscal year by the March 15th deadline.

- xi. Of the total number of consumers who received student financing products under item (x) of this item, the percentage of consumers who received each rate identified under item (x) of this item (*There is no corresponding reporting requirement for Acquiring SFCs*).

OFR interprets this to be broken down by whole percentages. For example, if the SFC's range is 3%-6% then the SFC should report the number of consumers receiving rates falling into one of the following ranges:

**3%-3.99%;
4%-4.99%;
5%-5.99%; and
6%-6.99%.**

- xii. The total dollar amount and number of student financing products provided in the prior fiscal year by the SFC to consumers who resided in the State at the time of the transaction and had a cosigner for the student financing product (*§12-1103(a)(2)(viii) requires Acquiring SFCs to report this data for acquired or assumed student financing products but does not limit the data to the most recent fiscal year. Therefore, and unlike Lending SFCs, Acquiring SFCs should not limit their reporting under (viii) to the prior fiscal year.*)

The data to be provided pursuant to this request is limited to the most recent fiscal year. Information reported by March 15, 2024 need only include FY 2023 (i.e., July 1, 2022 to June 30, 2023). SFC's must collect and report such information for each subsequent fiscal year by the March 15th deadline.

- xiii. The total dollar amount and number of student financing products provided by the SFC to consumers residing in the State used to refinance a prior student financing product or federal student loan in the prior fiscal year (*§12-1103(a)(2)(ix) requires Acquiring SFCs to report this data for acquired or assumed student financing products but does not limit the data to the most recent fiscal year. Therefore, and unlike Lending SFCs, Acquiring SFCs should not limit their reporting under (ix) to the prior fiscal year.*)

The data to be provided pursuant to this request is limited to the most recent fiscal year. Information reported by March 15, 2024 need only include FY 2023 (i.e., July 1, 2022 to June 30, 2023). SFC's must collect and report such information for each subsequent fiscal year by the March 15th deadline.

- xiv. The total dollar amount and number of student financing products for which the SFC had sued to collect from a consumer residing in the State in the prior fiscal year (*§12-1103(a)(2)(x) requires Acquiring SFCs to report this data for acquired or assumed student financing products.*)

The data to be provided pursuant to this request is limited to the most recent fiscal year. Information reported by March 15, 2024 need only include FY 2023 (i.e., July 1, 2022 to June 30, 2023). SFC's must collect and report such information for each subsequent fiscal year by the March 15th deadline.

- xv. A copy of any model promissory note, agreement, contract, or other instrument used by the student financing company in the previous fiscal year to substantiate that a consumer owes a new debt to the student financing company (*There is no corresponding reporting requirement for Acquiring SFCs*).

Please provide a PDF of the model note(s) in the most recent fiscal year. Information reported by March 15, 2024 need only include FY 2023 (i.e., July 1, 2022 to June 30, 2023). SFC's must collect and report such information for each subsequent fiscal year by the March 15th deadline.

- xvi. Any other information considered necessary by the Commissioner to assess the total size and status of the student financing market and well-being of consumers in the State (§12-1103(a)(2)(xi) contains an identical requirement for Acquiring SFCs).

OFR is not seeking anything additional for reporting on March 15, 2024.

Submission

Lending SFCs should [use this excel spreadsheet](#) for reporting required data. Acquiring SFCs should [use this excel spreadsheet](#) for submitting required data. Any SFC acting as both a Lending SFC and an Acquiring SFC should submit separate spreadsheets based on whether they extended the student financing product or acquired it. All information should be uploaded to <https://iproduct.dlr.state.md.us/form/StudentFinancingForms> by March 15, 2024 along with the SFCs NMLS registration number and contact information for questions about the submission.

Who should I contact if I have questions?

If you have any questions about the information you must report to the OFR, or any other aspect of the Act please contact Amy P. Hennen, Acting Student Loan Ombudsman, Office of Financial Regulation, by email at amy.hennen@maryland.gov or by phone at 410-230-6094.

The Office of Financial Regulation, a division of the Maryland Department of Labor, is Maryland's consumer financial protection agency and financial services regulator. For more information, please visit our website at www.labor.maryland.gov/finance.



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