

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 61
Economic Matters

Financial Institutions – Definition of Student Financing Companies – Alteration

This bill excludes an “institution of postsecondary education” from the definition of a “student financing company”, exempting an institution from registration and reporting requirements under current law.

Fiscal Summary

State Effect: The bill does not materially affect State operations or finances.

Local Effect: The bill does not materially affect local government operations or finances.

Small Business Effect: None.

Analysis

Current Law:

Definitions

“Student financing” means an extension of credit to a consumer, contractual or otherwise, contingent or absolute, that is:

- not made, insured, or guaranteed under Title IV of the federal Higher Education Act of 1965;
- extended to a consumer expressly, in whole or in part, for postsecondary educational expenses, regardless of whether the extension of credit is provided by the institution of postsecondary education the consumer attends; and
- 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.

A “student financing company” means an entity engaged in the business of securing, making, or extending student financing products, or any purchaser, assignee, or holder of student financing products. However, it does not include (to the extent that State regulation is preempted by federal law):

- a bank, savings bank, savings and loan association, or credit union;
- a wholly owned subsidiary of a bank or credit union; or
- an operating subsidiary where each owner is wholly owned by the same bank or credit union.

An “institution of postsecondary education” means a school or other institution that offers an education program in the State for individuals who are at least 16 years old and who have graduated from or left elementary or secondary school. Institutions of postsecondary education include nonaccredited institutions or institutions not authorized to operate in the State. They do not include any adult education, evening high school, or high school equivalency program conducted by a public school system in the State or any apprenticeship or on-the-job training program subject to the approval of the Apprenticeship and Training Council.

Required Registration

A student financing company must register with the Office of Financial Regulation (OFR) in the Maryland Department of Labor before providing services in the State; the registration must be renewed annually, as specified. An application must include specified information. OFR may adopt and enforce:

- registration procedures for student financing companies, which may include the use of the Nationwide Multistate Licensing System (NMLS);
- registration fees for student financing companies, which may include fees for the use of NMLS, to be paid directly by the student financing company;
- procedures and fees for renewing a registration, which may include fees for the renewed use of NMLS, to be paid directly by the student financing company; and
- alternate registration procedures and fees for institutions of postsecondary education that offer student financing products.

Annual Reporting Requirement

A student financing company that secures, makes, or extends student financing in the State must report specified information to OFR. For example, a student financing company must report (among other things):

- a list of all schools attended by consumers who received student financing from the company and resided in Maryland at the time of the transaction and whose debt is outstanding (including student financing used to refinance an existing debt);
- the total outstanding dollar amount owed by consumers residing in the State who received student financing; and
- the rate of default for consumers residing in Maryland who obtained student financing, if applicable.

Similar requirements exist for a student financing company that acquires or assumes student financing products in the State. If a student financing company is required to report the required information under another provision of State or federal law, then OFR may establish a process to avoid duplicative reporting.

By June 15 of each year, OFR must make specified information and documents reported by the student financing companies available on a publicly accessible website developed and maintained by OFR.

Nationwide Mortgage Licensing System

Maryland uses the Nationwide Mortgage Licensing System and Registry, universally known as “NMLS,” for licensing and renewal of money transmitters.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

Information Source(s): Maryland Department of Labor; Maryland Higher Education Commission; University System of Maryland; Maryland Independent College and University Association; Baltimore City Community College; Morgan State University; St. Mary's College of Maryland; Department of Legislative Services

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