

# State Regulators Support Ed Dept.'s Revised Student Lending Policy

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State financial regulators today expressed support for the U.S. Department of Education's new legal interpretation regarding state regulation of federal student loan servicers and debt collectors.

In a [letter](#) to the Education Department, the Conference of State Bank Supervisors (CSBS) and North American Collection Agency Regulatory Association (NACARA) stated their strong support of the legal interpretation made in August, which recognizes state authority and supports state and federal cooperation. The legal interpretation replaces a policy made in 2018 by the Trump Administration that attempted to prevent state financial regulators from supervising federal student loan servicers and providing consumer protections under state law.

The legal interpretation makes clear that neither state laws requiring licensure nor state laws imposing affirmative obligations would be preempted by federal law, the letter said.

In addition to voicing their support, CSBS and NACARA encouraged the Department to restore provisions in its servicing contracts to require federal student loan servicers and debt collectors to comply with state law and regulation. These provisions, removed under the Trump Administration policy, foster cooperative federalism, which improves student loan servicing for the benefit of student borrowers and their families.