



Navigating State Laws: Essential Tools & Resources for Credit Managers

Tools, Resources, and Best Practices for Compliance and Decision-Making

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Session Agenda

- Why state laws matter for credit managers
- Key areas of state regulation
- Collections laws and restrictions
- Licensing and registration requirements
- Interest rate and usury laws
- UCC and secured transactions
- Statutes of limitations
- State-specific consumer protection laws
- Risk Assessment and compliance tools
- Resources and best practices
- Q&A

Why State Law Matters

50+

Unique regulatory frameworks

Credit management operates in a patchwork of state regulations

2x

Stricter than federal

States often impose requirements beyond federal baseline

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Non-compliance costs

Penalties, litigation, loss of rights, and reputational harm

Understanding state-specific rules is essential for collections, lending, and risk management.

The Regulatory Landscape

Federal vs. State

Federal (The Floor)

- Federal Debt Collection Practices Act (FDCPA)
- Fair Credit Reporting Act (FCRA)
- Truth in Lending Act (TILA)
- Equal Credit Opportunity Act (ECOA)

These provide the minimum standard of compliance.

State (Additional Layers)

- Mini-FDCPA statutes
- Mini-FCRA statutes
- Additional protections & obligations
- Preemption complexities

States frequently exceed federal requirements.

Key Areas of State Regulation



Collections

State debt collection statutes



Licensing

Registration requirements



Interest / Usury

Rate caps & penalties



UCC / Liens

Secured transactions



Limitations

Statutes of limitations



Consumer Protection

Unfair trade practices



Privacy

Data security laws

State Collection Laws

Many states have their own debt collection statutes beyond the federal FDCPA.

- Restrictions on communication methods, timing, and frequency
- Required disclosure and notices to debtors
- Prohibitions on certain collection practices
- Private rights of action for consumers

States with Strict Rules

California

Rosenthal Fair Debt Collection Practices Act

New York

NYC Dept. of Consumer Affairs Rules

Texas

Texas Debt Collection Act

State Licensing & Registration

01

License Required

Many states require collection agencies and creditors to obtain a license before engaging in collection activities.

02

Variable Requirements

Surety bonds, net worth minimums, registration fees, and background checks vary significantly by jurisdiction.

03

Consequences

Operating without proper licensing can void the right to collect and expose the creditor to penalties.

04

Key Resource: NMLS

Nationwide Multistate Licensing System streamlines multi-state compliance and tracking.

Interest Rate & Usury Laws

Key Considerations:

- States set maximum allowable interest rates on various types of credit.
- Usury laws vary significantly by state and transaction type.
- Penalties for violations can include forfeiture of interest or principal.
- Exemptions may exist for certain types of lenders or transactions.

Caution

Violating usury statutes can result in severe consequences including:

- Forfeiture of all interest
- Forfeiture of principal
- Criminal penalties
- Contract voidability

UCC & Secured Transactions

Universal Adoption

UCC adopted in all 50 states, but with significant state-specific variations in implementation.

Article 9

Governs secured transactions. Filing requirements for perfecting security interests vary by state.

Filing Requirements

Proper UCC filings are critical for establishing priority, especially in bankruptcy proceedings.

Priority in Bankruptcy

Correct and timely UCC filings determine whether a creditor maintains secured status in insolvency.

Mechanics' Liens & Construction Credit

Critical for credit managers in construction-related industries

- State-specific rules for mechanics' liens
- Notice and filing deadlines vary widely by jurisdiction
- Preliminary notice requirements must be met precisely
- Strict timelines: missing a deadline by one day can forfeit lien rights
- Distinction between residential and commercial projects

Best Practice

Maintain a state-by-state calendar of mechanics' lien deadlines. Automated tracking systems can prevent costly missed filings.

Statutes of Limitations

Time limits for bringing legal actions vary by state and type of claim.

Claim Type	Typical Range	Notes
Written Contracts	4–10 years	Most common for credit
Oral Contracts	3–6 years	Harder to enforce
Open Accounts	3–6 years	Revolving credit
Promissory Notes	5–10 years	UCC may apply

Implications: Impacts collections strategy, write-off decisions, and litigation timing. Track expiration dates proactively.

State Consumer Protection Acts

Unfair & Deceptive Trade Practices

- Every state has a consumer protection or unfair/deceptive trade practices act
- Some apply to B2B transactions as well as B2C
- Treble damages and attorney's fees provisions in many states
- Understanding applicability to credit and collection activities is critical

Risk Alert

Treble damages can turn a routine collection dispute into a six-figure liability. Many state acts have broad standing provisions that make class actions easier to bring.

State Privacy & Data Security Laws

- Growing patchwork of state data privacy laws (CCPA/CPRA and equivalents)
- Data breach notification requirements in all 50 states
- Implications for credit applications, account data, customer info
- Intersection with federal privacy rules (GLBA)

Key State Privacy Laws

- California (CCPA/CPRA)
- Virginia (VCDPA)
- Colorado (CPA)
- Connecticut (CTDPA)
- Utah (UCPA)
- Iowa, Indiana, Tennessee...

More states adopting privacy legislation every year

Prejudgment Remedies & Garnishment

➔ Attachment

State rules on when and how property can be seized before judgment.

➔ Wage Garnishment

Limits vary by state; some are stricter than federal standards.

➔ Bank Garnishment

Procedures and exemptions for levying bank accounts differ by jurisdiction.

➔ Prejudgment Attachment

Availability and requirements vary; some states restrict heavily.

Practice Tip

Always verify state-specific garnishment exemptions before pursuing. Failure to honor exemptions can result in sanctions and liability to the debtor.

State Liquidation & Insolvency Considerations

State Exemptions

Opt-out vs. federal exemptions determine what property debtors can protect in bankruptcy.

Assignment for Benefit of Creditors (ABC)

State-law alternative to formal bankruptcy proceedings. Rules vary significantly by state.

State Receiverships

Receivership laws offer another resolution mechanism outside federal bankruptcy court.

Risk Assessment

Understanding these options helps credit managers assess debtor risk and recovery prospects.

Federal Bankruptcy

- Bankruptcy cases are governed predominantly by the United States Bankruptcy Code (11 U.S.C. § 101, et seq.). Code can be accessed at no charge at <https://www.law.cornell.edu/uscode/text/11>)
- Bankruptcies are also procedurally governed by the Federal Rules of Bankruptcy Procedure, which can be accessed at <https://www.law.cornell.edu/rules/frbp>
- Further, most Bankruptcy Courts have sets of local rules and procedures that govern process in those courts, and vary substantially by federal district
- Bankruptcy cases frequently implicate state and non-bankruptcy federal laws, which govern the property rights of debtors and creditors alike (unless expressly set forth in the Bankruptcy Code).
 - Uniform Commercial Code
 - State contract law
 - Lien laws (i.e., mechanics' and warehousemen's liens)

Lien Laws & Priority Rules

- State-specific rules on judgment liens, tax liens, and consensual liens
- Priority rules and “first in time, first in right” variations
- Lien search and filing procedures differ by jurisdiction
- Critical impact on recovery in distressed situations

Typical Priority Order

1. Property Tax Liens
2. Purchase Money Security Interests
3. First-Filed UCC Liens
4. Judgment Liens
5. Unsecured Claims

Compliance & Tools

Building frameworks and leveraging resources for effective compliance

Framework

Monitoring & checklists

Assessment

Risk evaluation tools





Resources

Associations & platforms

Technology

Automation & alerts

Building a Compliance Framework

-  **State-by-State Checklists**
Develop comprehensive compliance checklists for each jurisdiction where you operate.
-  **Assign Responsibilities**
Designate compliance ownership within your team for each state or region.
-  **Regular Audits**
Conduct periodic audits and updates as state laws change, at minimum annually.
-  **Leverage Technology**
Use automated monitoring tools to track legislative changes in real time.

Impact

A well-maintained compliance framework reduces risk, prevents costly enforcement actions, and enables confident decision-making across jurisdictions.

Proactive compliance costs a fraction of reactive remediation.

Risk Assessment Tools

01

Credit Reporting & Scoring

Utilize tools that account for state-specific legal risks in credit decisions and scoring models.

02

State-Specific Risk Factors

Incorporate jurisdictional variables into credit assessments: collection difficulty, court backlogs, debtor protections.

03

Industry Benchmarking

Leverage industry data and peer comparisons to calibrate risk tolerance by state.

04

Legal Research Platforms

Use services like Westlaw, LexisNexis, or Bloomberg Law for current state law updates and analysis.

Essential Resources for Credit Managers

Professional Associations

- NACM (National Association of Credit Management)
- IACC (International Association of Commercial Collectors)
- State bar association publications
- Industry-specific trade groups

Research & Tracking Tools

- LexisNexis State Net
- Bloomberg Government
- State Secretary of State websites
- UCC filing and search portals
- Business entity search databases

Technology & Automation

Compliance Management Software

Centralize state-specific requirements, track deadlines, and maintain documentation.

Automated Law Monitoring

Set up alerts for legislative changes affecting your operating jurisdictions.

Document Management

Organize state-specific forms, notices, and templates for consistent use across teams.

CRM Integrations

Configure jurisdiction-specific workflows to ensure proper processes for each state.

Case Studies

01

Licensing Failure

Creditor failed to obtain required state collection license. Result: entire debt deemed uncollectible under state law. Loss: \$1.2M in receivables.

02

Missed UCC Filing

UCC filing deadline missed by three days. Result: loss of secured status in subsequent bankruptcy proceeding. Secured claim converted to unsecured.

03

Mini-FDCPA Violation

Collection communication violated state-specific timing restrictions. Result: statutory damages of \$1,000 per violation, class action certification.

Common Pitfalls to Avoid

✘ Assuming federal law is sufficient without checking state requirements

✘ Failing to update compliance practices when state laws change

✘ Overlooking licensing requirements when expanding to new jurisdictions

✘ Missing statutes of limitations deadlines for collection actions

✘ Ignoring state-specific notice and filing requirements

Best Practices Summary



Stay Current

Monitor state legislative changes through automated alerts and professional networks.



Maintain Compliance Matrices

Build and keep updated state-by-state compliance matrices for all active jurisdictions.



Train Your Team

Ensure staff understand jurisdiction-specific requirements through regular training.



Consult Legal Counsel

Engage specialized counsel for complex or high-risk situations.



Leverage Networks

Tap professional associations and peer networks for shared intelligence.

The right tools and resources make navigating the state law patchwork manageable.

Continuous education is essential in this evolving landscape.

Key Takeaways

 State laws significantly impact every aspect of credit management.

 Proactive compliance is far less costly than reactive remediation.

 The right tools and resources make navigating the patchwork manageable.

 Continuous education is essential in this evolving landscape.



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