

SENATE BILL 284

C2

4lr1359

By: **Senator Zirkin**

Introduced and read first time: January 17, 2014

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Business Regulation – Collection Agency Licensing – Exception for Passive**
3 **Debt Buyers**

4 FOR the purpose of establishing an exception to a certain collection agency licensing
5 requirement for a passive debt buyer under certain circumstances; defining a
6 certain term; prohibiting a judgment collected by a passive debt buyer before
7 the effective date of this Act from being considered presumptively invalid under
8 certain circumstances; prohibiting a certain judgment entered before the
9 effective date of this Act from being considered presumptively invalid under
10 certain circumstances; and generally relating to collection agencies.

11 BY repealing and reenacting, with amendments,
12 Article – Business Regulation
13 Section 7–301
14 Annotated Code of Maryland
15 (2010 Replacement Volume and 2013 Supplement)

16 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
17 MARYLAND, That the Laws of Maryland read as follows:

18 **Article – Business Regulation**

19 7–301.

20 (a) Except as otherwise provided in this title, a person must have a license
21 whenever the person does business as a collection agency in the State.

22 (b) This section does not apply to:

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (1) a regular employee of a creditor while the employee is acting under
2 the general direction and control of the creditor to collect a consumer claim that the
3 creditor owns; or

4 (2) a regular employee of a licensed collection agency while the
5 employee is acting within the scope of employment.

6 **(C) (1) IN THIS SUBSECTION, "PASSIVE DEBT BUYER" MEANS A**
7 **PERSON WHO, FOR INVESTMENT PURPOSES, ACQUIRES A CONSUMER CLAIM IN**
8 **DEFAULT AT THE TIME OF ACQUISITION.**

9 **(2) A PASSIVE DEBT BUYER IS NOT REQUIRED TO HOLD A**
10 **LICENSE UNDER THIS TITLE IF THE PASSIVE DEBT BUYER:**

11 **(I) 1. DOES NOT UNDERTAKE ANY ACTIVITIES TO**
12 **DIRECTLY COLLECT A CONSUMER CLAIM; AND**

13 **2. RETAINS A LICENSED COLLECTION AGENCY TO**
14 **COLLECT THE CONSUMER CLAIM; OR**

15 **(II) COLLECTS A CONSUMER CLAIM THROUGH CIVIL**
16 **LITIGATION.**

17 SECTION 2. AND BE IT FURTHER ENACTED, That:

18 (a) a judgment collected by a passive debt buyer before the effective date of
19 this Act may not be considered presumptively invalid solely because the passive debt
20 buyer was not licensed at the time of the judgment; and

21 (b) a judgment entered in favor of a passive debt buyer before the effective
22 date of this Act may not be considered presumptively invalid solely because the
23 passive debt buyer was not licensed at the time of the judgment.

24 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
25 October 1, 2014.