



Bill Title: House Bill 433, Business Regulation - Collection Agencies - Licensure Exemption for Property Managers

Committee: Economic Matters Committee

Date: February 11, 2026

Position: Favorable

This testimony is offered on behalf of the Maryland Multi-Housing Association (MMHA) and the Apartment and Office Building Association (AOBA) Metro Washington. MMHA is a professional trade association established in 1996, whose members consist of owners and managers of more than 210,000 rental housing homes in over 958 apartment communities. Our members house over 538,000 residents of the State of Maryland. MMHA also represents over 250 associate member companies who supply goods and services to the multi-housing industry. The Apartment and Office Building Association (AOBA) of Metropolitan Washington is a non-profit trade association representing the owners and managers of more than 23 million square feet of commercial office space and 133,000 apartment rental units in Montgomery and Prince George's counties.

MMHA & AOBA strongly support House Bill 433, which would exempt certain property managers from the requirement to obtain a collection agency license when collecting rent, utilities, or fees from residential tenants on behalf of a property owner. The exemption is appropriately limited to situations in which the property manager is collecting payments during the term of a lease or a lawful holdover period and where debt collection is not the manager's primary business purpose.

House Bill 433 provides important clarity by confirming that routine property management functions are not the same as debt collection and should not trigger a collection agency license. Property managers operate under Maryland's real estate and landlord-tenant laws, where their core role is managing housing — not collecting consumer debt.

Under Maryland law, property management centers on tenant relations, maintenance, leasing, financial reporting, legal compliance, and daily property operations, all of which are governed by the Real Property Article. Rent collection is simply one administrative component of managing an active lease. Property managers do not purchase debt, pursue charged-off accounts, or operate independent debt recovery businesses — the conduct the Collection Agency Licensing Act was designed to regulate.

In fact, a well-reasoned Montgomery County Circuit Court case (Smith v. Bozzuto, Case No. C-15-CV-25-000340) has already established that property managers are not "debt collection



agencies" under the Maryland Collection Agency Licensing Act (MCALA). In this case, Judge Rachel McGuckian ruled that the legislative history of the MCALA makes clear that its purpose was and remains to regulate debt collectors within the collection agency industry, not property managers who incidentally collect consumer debt.

The court's decision was based on a thorough analysis of the MCALA's legislative history, which shows that the General Assembly intended to regulate debt collectors who engage in predatory practices, not professional property managers who collect rent as part of their management duties. The court also noted that the Maryland legislature has provided substantial and specific protections for residential tenants in Title 8 of the Real Property Article (Landlord and Tenant), as has Montgomery County in Chapter 29 of the Montgomery County Code (Landlord-Tenant Relations).

MMHA agrees with the court's conclusion that the primary purpose/incidental nature analysis is the correct approach to determining whether a person is a "debt collection agency" under the MCALA. This approach recognizes that property managers are not in the business of collecting consumer debt but rather are responsible for managing and maintaining real property, with rent collection being an incidental component of their business.

Further, even when rent is unpaid, Maryland law treats these matters as housing disputes, not debt collection. Failure-to-pay-rent actions under Real Property § 8-401 are summary proceedings focused on possession of the property, not on obtaining a money judgment. Property managers do not receive judgments that allow for wage garnishment, liens, or other traditional debt collection remedies. The court issues a judgment for possession, and tenants retain statutory redemption rights up to the point of eviction.

House Bill 433 does not weaken tenant protections or consumer safeguards. All existing requirements related to notice, court oversight, eviction procedures, and protections against unfair or deceptive practices remain fully intact. The bill simply ensures that property managers are regulated appropriately as housing professionals — not misclassified as debt collectors.

For these reasons, House Bill 433 aligns regulatory oversight with existing Maryland law, preserves tenant protections, and avoids unnecessary licensure burdens that do not reflect how property management actually operates.

For these reasons, we respectfully request a favorable report on House Bill 433.

Aaron J. Greenfield, MMHA Director of Government Affairs, 410.446.1992
Brian Anleu, Vice President of Government Affairs, banleu@aoba-metro.org