

February 11, 2026

Re: Letter of Opposition

Dear Chair, Vice-Chair, and Members of the Committee,

The Office of Financial Regulation (OFR) is Maryland’s state consumer financial protection agency. OFR provides this testimony in opposition of House Bill 433, Business Regulation - Collection Agencies - Licensure Exemption for Property Managers.

Bill Summary

HB433 seeks to remove property management companies collecting residential rent and utilities from the requirement to be licensed as debt collectors.

Background

The State of Maryland has long required property management companies (rather than landlords) collecting residential rent and utilities – even where payment is not in default – to be licensed as debt collection agencies. As far back as 1980, the Office of the Maryland Attorney General wrote that “all rent collectors must be licensed as collection agencies if: (1) they are engaged in the business of collecting or attempting to collect for others rents owed or claimed to be owed to those others by Maryland residents for leasehold interests acquired for personal, family, or household purposes[;] and (2) they do not fall within one of the specific exclusions contained in the law.” 65 Md. Op Att’y Gen. 315 (1980). The Maryland Appellate Court recently noted that the General Assembly’s only response to that opinion was to carve out narrow exemptions for real estate brokers and agents. *Williams vs. eWrit Filings, LLC*, 253 Md. App. 545, 559-60 (2022). In an opinion letter dated January 8, 2025, the Office of the Maryland Attorney General reiterated the statutory requirement for a collection license. The Office of Financial Regulation concurs with this understanding of the law and has continued to license property management companies.

Consumer Protection Concerns

Specific consumer protection concerns have also underlined the reason for continuing to license property managers as collection agencies. As seen in *Westminster Management, LLC v. Smith*, 486 Md 616 (2024) consumers are often subjected to summary ejectment proceedings for non-rent amounts. The recent settlement between the Office of the Attorney General and Real Property Management also demonstrated property management companies charging fees - including court costs - which renters had not incurred. OFR and the State Collection Agency Licensing Board provide important oversight of entities to check these abuses. Within

the past six months, the OFR has received four complaints related to debt collection by property management companies.

More than 1,000 companies are licensed debt collectors in Maryland and a subset of those are property managers who maintain an active license. Licensed debt collectors must provide a surety bond of at least \$50,000 which provides recourse for consumers in the event of fraud or unlawful practices. Additionally, the bond keeps undercapitalized entities out of Maryland and provides an incentive for companies to follow the law.

Fiscal Impact

In 2025, the licensing fee for a collection agency was \$350. Collection agencies are also subject to a modest annual assessment to be approved by the State Collection Agency Licensing Board (\$400 in FY2025). OFR is unsure of the exact number of property management companies currently licensed as debt collectors. Recent conversations with industry indicated that more property managers are not operating in compliance with current law. Estimates put the total number of property managers in the State at greater than 1,500.

Conclusion

Property managers engage in collection activities, including collecting back owed rent and charging late fees. The current licensing requirement provides vital protections for renters against fraud or unlawful practices. Therefore, OFR believes that continuing to require property managers to be licensed and subject to oversight by FR and the State Collection Agency Licensing Board is in the best interest of Maryland consumers.

OFR respectfully opposes this bill.