



House Bill 433

Business Regulation – Collection Agencies – Licensure Exemption for Property Managers

Hearing before the House Economic Matters Committee

February 11, 2026

Position: Unfavorable

Maryland Legal Aid submits its written testimony on HB 433 at the request of Vice Chair Lorig Charkoudian.

Maryland Legal Aid is a non-profit law firm that seeks to achieve equity and social justice through free civil legal services, community collaboration and systems change with and for low-income and vulnerable Marylanders. Our 11 offices serve residents in each of Maryland’s 24 jurisdictions and handle a range of fundamental civil legal matters, many of which are housing cases. Our clients are critically impacted by the affordability crisis—as the costs of housing continue to outpace wage growth in Maryland, we see more renter households struggling to make ends meet and facing impossible budgeting choices. In this climate, Maryland must continue to protect renters from unfair and deceptive trade practices, including through the requirement for debt collectors to be licensed. We therefore urge the Committee to reject HB 433, which exempts property management companies from debt collector licensing requirements.

Currently, property management companies are subject to debt collector licensing requirements under Business Regulations Art. § 7-102. The licensing requirement reflects the reality that debt collection is not only a substantial part of property management operations, it is also a growth area in the industry. As one Maryland property management company boasts on its website: “Delinquent payment collection services are a vital tool of a landlord’s property management toolbox... As part of our comprehensive property management services in Maryland, we offer help collecting delinquent accounts. We take the hassle of overdue rent collection off your hands so you can focus on the rest of your business.”¹

Our clients continuously encounter debt collection practices conducted by property management employees. Property managers engage in all aspects of rent collection from tenants: they send reminders for rent payments, issue notices when rent is late, and file “Failure to Pay Rent” eviction cases and appear in court proceedings. They are ubiquitous in eviction and debt collection court proceedings throughout the state. They also continue to

¹ Tidewater Property Management, “Delinquent Rent Collection Services in Maryland,” <https://www.tidewaterproperty.com/overdue-rent-collection> (last accessed Feb. 9, 2026).

manage alleged debts that after the lease is over through deductions from the tenant's security deposit.

Property managers have unusual leverage on renters because of their regular, everyday proximity to the renter and their home. Some property management staff use this leverage to exploit tenants, including by: serial filing of lawsuits, obtaining judgments for satisfied claims, showing up at renters' homes, entering their homes without permission, blocking their access to utilities and amenities, and misallocating their payments.

Maryland lacks a professional licensing and oversight process for property management companies. To hold these companies to fair collections practices, the state relies on debt collection licensing requirements. For tenants who face aggressive and deceptive tactics by property management staff, filing a complaint with the Department of Labor, Licensing, and Regulation (DLLR) is the primary way to hold these bad actors accountable for unfair practices. Maryland Legal Aid also invokes property management companies' failure to carry a debt collector license as grounds for dismissal of eviction actions. By turning these unlicensed debt collectors away, the court incentivizes management companies to become licensed and thereby following the norms and rules that apply to all debt collectors.

HB 433 removes the incentive for property management staff to become licensed and, through licensing, to adopt fair debt collection practices. Worse, this bill leaves Maryland with no regulatory check on the abusive collections practices that Maryland Legal Aid sees throughout the rental market. HB 433 will embolden property management companies to disregard the rules that apply to other debt collectors and, effectively, to play by their own rules. An economic downturn is not the time to roll back protections for everyday Marylanders. The legislature must ensure that these companies uphold professional standards in debt collection activities. For these reasons, **Maryland Legal Aid urges the Committee's unfavorable report on HB 433.**

If you have any questions, please contact:

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