



**Bill Title:** Senate Bill 589, Business Regulation - Collection Agencies - Licensure Exemption for Property Managers

**Committee:** House Economic Matters Committee

**Date:** April 1, 2026

**Position:** Favorable

This testimony is offered on behalf of the Maryland Multi-Housing Association (MMHA). 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 Maryland Multi-Housing Association (MMHA) respectfully urges a favorable report on Senate Bill 589. This straightforward, technical legislation is urgently needed to resolve ongoing chaos in Maryland's District Courts and to provide certainty to the multifamily housing industry pending the final resolution of Christine Smith v. Bozzuto Management Company (Case No. C15CV25000340).

Whether a property manager must obtain and maintain a debt collection agency license under Title 7 of the Business Regulation Article has become a flashpoint of confusion and inconsistency at the District Court level. The Smith v. Bozzuto litigation—which directly challenges the applicability of collection agency licensing requirements to routine property management activities—has created a legal gray area that is causing significant disruption in failure-to-pay-rent actions, garnishment proceedings, and landlord-tenant dockets across the State.

Smith v. Bozzuto 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 tenants rent.

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.

Without legislative clarity, property managers, owners, and their counsel face a patchwork of judicial interpretations. Some District Court judges have held that property managers collecting rent on behalf of owners are engaging in unlicensed debt collection, while others have rejected this view. This inconsistency breeds chaos: cases are being dismissed or continued based on licensing technicalities rather than the merits of the underlying tenancy dispute, wasting judicial resources and creating unpredictable outcomes for housing providers and tenants alike.

Senate Bill 589 is not an expansion of regulatory relief; it is a clarifying measure. It ensures that Maryland's housing industry is not held hostage to inconsistent interim court rulings while awaiting the final adjudication of the Smith litigation. By providing this narrow, immediate stay on enforcement, the bill restores sanity to District Court landlord-tenant dockets and allows property managers to continue essential housing operations without fear of inadvertently violating collection agency licensing laws.

Senate Bill 589 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, we respectfully request a favorable report on Senate Bill 589.

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