

Debt Collection Opinion - 2025 Circ Ct Montgomery


Uploaded by: Aaron Greenfield

Position: FAV

IN THE CIRCUIT COURT FOR MONTGOMERY COUNTY, MARYLAND

CHRISTINE SMITH,	:	
	:	
Plaintiff,	:	
	:	
vs.	:	Case No. C-15-CV-25-000340
	:	Track 4 (McGuckian, J.)
BOZZUTO MANAGEMENT COMPANY,	:	
	:	
Defendant.	:	
	:	

OPINION AND ORDER

This matter came before the court on Defendant Bozzuto Management Company’s Motion to Dismiss, opposed by Plaintiff Christine Smith. For the reasons stated herein, it is, this  day of December, 2025, by the Circuit Court for Montgomery County, Maryland, hereby

ORDERED, that Defendant’s Motion to Dismiss is **GRANTED**, with prejudice.

I. BACKGROUND

Christine Smith (“Ms. Smith”), a tenant, filed this putative class action lawsuit against her apartment community’s property manager, Bozzuto Management Company (“Bozzuto”), alleging that Bozzuto engaged in collection activities without a debt collection agency license and, separately, that Bozzuto unlawfully charges a late fee. The first three counts of the complaint are premised on Bozzuto’s status as an unlicensed debt collector in violation of Md. Code Ann., Com. Law § 14-201, *et seq.* Count I seeks a “Declaratory Judgment, Injunctive and Ancillary Relief Regarding Unenforceable Judgments Obtained by an Unlicensed Collection Agency”; Count II alleges “Unjust Enrichment”; and Count III requests relief under the “Maryland Consumer Debt Collection Practices Act and the Maryland Consumer Protection Act.” Count IV, for “Declaratory Judgment, Injunctive and Ancillary Relief Regarding Illegal Lease Provisions,” is based on the

contention that it is illegal to impose late fees under a consumer lease when rent is less than fifteen (15) days overdue, under Md. Code Ann., Com. Law § 14-1315(f).

According to the complaint, Ms. Smith has rented an apartment from Bozzuto since November 2023. The apartment lease (referenced in the complaint), which Ms. Smith alleges was prepared by Bozzuto, identifies the owner of the apartment community as “Kingsview Development, LLC,” with Bozzuto as the “owner’s representative or managing agent.” (Mot. Ex. 1) (“Lease”). Bozzuto’s representative signed every line of the Lease, either on behalf of Bozzuto or the owner. Ms. Smith alleges that she made rent payments to Bozzuto “collecting for the owner” and asserts that Bozzuto engages in collection activities, including filing lawsuits and obtaining judgments. She does not claim that Bozzuto’s primary business is debt collection and acknowledges that Bozzuto is a property management company that provides various services and functions for her apartment community, including rent collection. Ms. Smith does not allege that Bozzuto profits directly from rent collection, purchases unpaid rent accounts from the owner, receives a fee for collecting rent, or receives a percentage of the rent it collects.

Separately, Ms. Smith alleges that the Lease illegally obligates her to pay late fees for rent overdue by ten (10) days, although she does not claim that she paid any such late fee fewer than fifteen (15) days after it was due.

Bozzuto moved to dismiss on the basis that it is not a debt collection agency and therefore is not required to obtain a license, and that the late fee statute does not apply to residential leases.

II. STANDARD OF REVIEW

Every claim for relief must be accompanied by “a clear statement of the facts necessary to constitute a cause of action...” Md. Rule 2-305. Bald allegations and conclusory statements cannot support a claim for relief. *RRC Northeast, LLC v. BAA Maryland, Inc.*, 413 Md. 638, 644 (2010).

A motion to dismiss shall be granted where the plaintiff fails to state a claim upon which relief can be granted. Md. Rule 2-322(b)(2). The decision whether to grant a motion to dismiss “depends solely on the adequacy of the plaintiff’s complaint.” *Green v. H & R Block, Inc.*, 355 Md. 488, 501 (1999). Review is confined to the four corners of the complaint, the documents referred to or appended to the complaint as exhibits, and those facts that may fairly be inferred from the matters expressly alleged. *Sutton v. FedFirst Fin. Corp.*, 226 Md. App. 46, 74 n.13 (2015). Where a document (such as a lease) is referred to in the pleading and is at the core of the allegations, the court may consider it for purposes of a motion to dismiss. *See Advance Telecom Process, LLC v. DSFederal, Inc.*, 224 Md. App. 164, 175 (2015).

III. ANALYSIS

A. Counts I through III: Debt Collection License Requirement Claims

Ms. Smith’s claims in Counts I through III are rooted in her contention that Bozzuto is an unlicensed debt collector. In Count I, Ms. Smith demands disgorgement of rent collected from her and from other putative class members, a declaration that Bozzuto has no legal right to collect rent or to obtain or enforce judgments for rent, and an injunction preventing Bozzuto from collecting rent. Count II seeks disgorgement of rent collected by Bozzuto under an unjust enrichment theory. Count III is for money damages under both the Maryland Consumer Debt Collection Act, Md. Code Ann., Com. Law § 14-201, *et seq.* (“MCDCA”), and Maryland’s Consumer Protection Act, Com. Law § 13-101, *et seq.* (“MCPA”).

The MCDCA is a remedial statute enacted to prevent persons who collect consumer debt from using illegal or underhanded tactics in their collection efforts. The MCDCA defines a “collector” as “a person collecting or attempting to collect an alleged debt arising out of a consumer transaction.” Com. Law. § 14-201(b). Debt collectors are, *inter alia*, precluded from using or

threatening force to collect a debt, threatening criminal prosecution, and using obscene or grossly abusive language in communicating with a consumer debtor. Com. Law § 14-202. A companion statute, the Maryland Collection Agency Licensing Act (“MCALA”), requires “debt collection agencies” to be licensed by Maryland’s State Collection Agency Licensing Board. Bus. Reg. § 7-101, *et seq.* The MCALA defines a debt collection agency as one that “engages directly or indirectly in the business of ... collecting for, or soliciting from another, a consumer claim.” Bus. Reg. § 7-101(c)(1)(i). Although the MCALA does not provide consumers with a private right of action, a consumer may sue a debt collection agency for actual damages arising from violations of the MCDCA and, under the MCPA, for unfair and deceptive trade practices based on the same illegal conduct.¹

Counts I through III are predicated on Bozzuto’s qualification as a “debt collection agency” under § 7-101(c)(1)(i) of the MCALA. Ms. Smith argues that Bozzuto is a debt collection agency because it is engaged in “the business of ... collecting for, or soliciting from another, a consumer claim.” Ms. Smith’s straightforward argument is that Bozzuto collects rent for the owner of the apartment community, and, therefore, is in the business of collecting a consumer claim for another. According to Ms. Smith, Bozzuto is required to be licensed if its rent collection activities constitute any part of its business. Bozzuto concedes that Ms. Smith is a “consumer.” Its primary position is that it is a property management company, not a debt collection agency, and although it collects rent as one of its myriad duties, it is not “engaged in the business of” consumer debt collection and does not require a license.

The MCDCA requires all persons attempting to collect a debt to comply with the code of conduct outlined in Com. Law § 14-201. A residential lease is an “archetypal consumer

¹ Violations of the MCDCA are *per se* violations of the MCPA.

transaction,” *Smith v. Westminster Mgmt., LLC*, 257 Md. App. 336, 377, *aff’d*, 486 Md. 616 (2024), and Bozzuto collects consumer debt in the form of overdue rent. Therefore, Bozzuto may not engage in the improper conduct proscribed in Com. Law § 14-202. But not everyone involved in collecting consumer debts is required to obtain a license.

As set forth above, persons collecting consumer debt must obtain a license only if they qualify as a debt collection agency under Bus. Reg. § 7-101(c). A “[c]ollection agency” means a person who engages directly or indirectly in the business of ... (i) collecting for, or soliciting from another, a consumer claim; or (ii) collecting a consumer claim the person owns, if the claim was in default when the person acquired it.” Bus. Reg. § 7-101(c)(1); *see also*, § 7-301(a). Ms. Smith claims that Bozzuto falls under § 7-101(c)(1)(i) and therefore must be licensed.

In *Old Republic Ins. Co. v. Gordon*, 228 Md. App. 1, 17-18 (2016), the Appellate Court of Maryland considered whether an insurance company pursuing a consumer debt through subrogation is “in the business of ... collecting a consumer claim the person owns, if the claim was in default when the person acquired it” under Bus. Reg. § 7-101(c)(1)(ii). The court first examined the phrase “in the business of collecting.” Noting a dearth of Maryland authority defining that phrase, the court looked to decisions from other jurisdictions. *Id.* at 17-18. Reviewing the varying interpretations of the same phrase in other states (*e.g.*, Michigan’s “primary purpose/incidental nature test” and California’s consideration of whether the activity is any part of the collector’s business), the Appellate Court found the phrase “in the business of” ambiguous. *Id.* at 18-19. The court then turned to the legislative history of the 2007 MCALA amendment to § 7-101(c)(1)(ii), which extended licensing requirements to purchasers of consumer debt that was in default when purchased, to determine whether the legislature intended to include insurance companies pursuing subrogation rights. *Id.* at 19. The Appellate Court concluded that the

legislature enacted the 2007 amendment to close a licensure loophole exploited by persons who purchase defaulted consumer accounts, and that it did not intend to extend the statute's reach to insurance companies pursuing subrogation rights. *Id.* at 21.

With the Appellate Court's binding determination that the phrase "in the business of" in § 7-101(c) is ambiguous, this court will endeavor to interpret that phrase in the context of § 7-101(c)(1)(i).

The Supreme Court conveniently summarized the statutory history of the MCALA in *Blackstone v. Sharma*, 461 Md. 87, 93-94 (2018):

[The] MCALA was first enacted in 1977 to protect Maryland consumers from abusive debt collection practices employed **by the collection agency industry**. 1977 Md. Laws, ch. 319. The Act specifically defined 'collection agencies' as entities engaged in the practice of collecting consumer debts for others, excluding those entities collecting debts they owned. Pursuant to MCALA, these third-party debt collectors were required to obtain a license and file a \$5,000 surety bond for the benefit of the State and any member of the public damaged by such collection agencies. BR § 7-301; 7-304. The State Collection Agency Licensing Board ... is responsible for enforcing the Act...

(Emphasis added). The Supreme Court went on to explain the impetus for the 2007 amendment, consistent with the Appellate Court's explanation in *Old Republic Ins. Co.*

This court must interpret Bus. Reg. § 7-101(c)(1)(i) in a manner that carries out the legislature's object and purpose, *Harbor Island Marina, Inc. v. Bd. Of Cty. Comm'rs of Calvert Cty., Md.*, 286 Md. 303, 311 (1979), by considering the consequences of a narrow versus a broad meaning to avoid an illogical result inconsistent with common sense. *See Spangler v. McQuitty*, 449 Md. 33, 50 (2016). The MCALA was enacted in 1977 (and amended in 2007) to use licensure as a tool to address abusive practices in the "collection agency industry" by debt collection agencies that either purchase consumer debt at a discount and attempt to collect it or receive a fee or percentage of the consumer debt they collect for third parties, because these business models

are especially prone to abusive and illegal practices. *See also Md. Dep't of Leg. Servs., Preliminary Evaluation of the State Collection Agency Licensing Board*, at 5-6 (2009).

<https://dls.maryland.gov/pubs/prod/SunsetRevLab/ColAgnLicensingCollection-Agency.pdf>

The fiscal note for the original bill anticipated that approximately 110 collection agencies would be required to seek licensure. *MD Fisc. Note*, 1977 Sess., S.B. 435. The fiscal note for the 2007 amendment states that the “State Collection Agency Licensing Board currently regulates 1,304 collection agencies” and anticipates that 40 additional debt collection agencies would require a license if purchasers of defaulted consumer debt who collect for themselves, rather than merely “collecting for another,” are regulated. *MD Fisc. Note*, 2007 Sess., H.B. 1325. The legislative history of the MCALA makes clear that its purpose was and remains to regulate debt collectors within the collection agency industry.

The relatively small number of collection agencies the legislature contemplated would require licenses in 1977, and again in 2007, makes it implausible that property management companies were intended to be covered. It is also unlikely that, in enacting legislation to protect consumers from predatory debt collection agencies, the General Assembly intended to impose licensure requirements on professional property managers, but not on owners who manage their own buildings. Notably, the Maryland legislature has provided for 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). Nothing in the legislative history of the MCALA supports the conclusion that the General Assembly intended to include a person incidentally engaged in the collection of consumer debt, such as a property management company, as a “debt collection agency.”

The non-binding Maryland federal cases Bozzuto cites² are consistent with the above. *Young-Bey*, 2018 WL 4922349 at *1, is particularly supportive. There, the federal district court considered whether a residential property management company that was not “doing business as” a “collection agency” was required to obtain a license.³ The district court determined that because the property manager was listed on the lease and its primary business is property management for the apartment complex rather than debt collection, it likely does not qualify as a debt collection agency under the MCALA. *Id.* at *2.

The cases cited by Ms. Smith, *Williams v. eWrit Filings, LLC*, 253 Md. App. 545 (2022) and *LVNV Funding, LLC v. Finch*, 463 Md. 586 (2019), do not bolster her position. In *Williams*, the defendant was a third party engaged to file rent actions on behalf of the property manager, and the question was whether eWrit Filings (not the property manager) was a debt collector. *Williams*, 253 Md. at 551-52. In *LVNV*, the defendant’s *only* business was purchasing defaulted consumer debt and collecting it through litigation. Neither case is instructive, and no Maryland case supports the plaintiff’s position that a non-owner property manager who collects rent from tenants is, directly or indirectly, in the business of debt collection.

Informed by the above, inquiry into whether a person who collects consumer debt is a “debt collection agency” should focus on whether (a) consumer debt collection is the primary purpose of that person’s business; or (b) debt collection is merely incidental to its work. The question is not, as Ms. Smith suggests, “does the defendant engage in some debt collection as part of its

² *Young-Bey v. Southern Management Corp.*, No. TDC-18-2331, 2018 WL 4922349 (D. Md. Oct. 10, 2018); *Ramsay v. Sawyer Property Management of Maryland, LLC*, 948 F. Supp. 2d 525 (D. Md. 2013); *Jones v. Glendale Apartment Props. LLC*, No. DKC 24-3731, 2025 WL 2659875 (D. Md. Sept. 17, 2025); and *Queen v. OliveTree Mgmt. LLC*, No. 24-3474-BAH, 2025 WL 2696234 (D. Md. Sept. 22, 2025) (adopting Judge Chasanow’s reasoning in *Jones*).

³ The federal district court cited to an unreported decision of the Appellate Court of Maryland, *Ramsay v. Sawyer Prop. Mgmt. of Md., LLC*, No. 1673 Sept. Term 2015, 2016 WL 6583892 (Md. App. Ct. Nov. 4, 2016).

business?” In interpreting the phrase “in the business of,” this court will apply a primary purpose/incidental nature analysis to determine whether Bozzuto “engages directly or indirectly in the business of collecting for, or soliciting from another, a consumer claim.” Bus. Reg. § 7-101(c)(1)(i).

Here, the allegations are that Bozzuto is the property manager of a residential apartment community, that it is primarily a property manager, and that rent collection is an incidental component of its property management business. As a property manager responsible for all aspects of property management, including rent collection, Bozzuto is not “in the business of” collecting consumer debt. Moreover, because Bozzuto signed the lease with Ms. Smith, it is not collecting rent “for another.” Bozzuto is not required to obtain a debt collection license.

Finally, this court is unable to identify a practical problem requiring a solution as it relates to Bozzuto or to other persons who incidentally collect consumer debt. In the unlikely event that the General Assembly perceives a need to regulate businesses that include consumer debt collection as an incidental component of their operations, it certainly may extend the debt collection licensure requirements to incidental collectors.

Because Bozzuto is not in the business of collecting debt and is a party to the Lease, amending the complaint would be futile. Accordingly, Counts I through III are dismissed, with prejudice.

B. Count IV: Late Fees

Count IV seeks declaratory and injunctive relief regarding a Lease provision permitting late fees for unpaid rent ten (10) days after the rent payment is due. Ms. Smith argues that Com. Law § 14-1315(f) precludes the imposition of late fees before fifteen (15) days after the due date. Bozzuto responds that § 14-1315(f) does not apply to residential leases.

In response to the Supreme Court's decision in *United Cable Television of Baltimore Ltd. P'ship v. Burch*, 354 Md. 658 (1999), which held that a late payment provision in a consumer cable services contract was unenforceable as a penalty, the Maryland legislature imposed a fifteen (15) day grace period in Com. Law § 14-1315(f) for consumer contracts that meet the statutory definition in § 14-1315(a)(2). Relevant here is the definition of "consumer contract" in § 14-1315(a)(2) as one "involving the sale, lease, or provision of goods or services which are for personal, family, or household purposes." Section 14-1315(f)(3)(2), which provides that "a late fee included in a consumer contract pursuant to this section may not be imposed until 15 days after the date the bill was rendered for the good or services provided," is also instructive. The plain language of § 14-1315 is clear and unambiguous. The issue is whether a residential lease is a "good" or a "service" (and therefore covered by § 14-1315(f)), or neither (and not covered). For the reasons that follow, the court finds that it is neither.

1. Residential Lease is Not a "Good."

Although the term "goods" is not defined in § 14-1315, it is defined elsewhere in the Commercial Law Article. *See, e.g.*, Com. Law § 2-105 ("goods" means all things which are movable at the time of identification to the contract for sale); Com. Law § 7-102 ("goods" means all things that are treated as movable for purposes of a contract for storage or transportation); Com. Law § 2A-103 ("goods" means all things that are movable at the time of identification to the lease contract or are fixtures, but excludes money, documents, instruments, accounts, chattel paper, general intangibles, or minerals before extraction). Consistent with these definitions and common understanding, the term "goods" refers to movable, tangible items. A residential lease does not fit the definition of a "good."

2. A Residential Lease is Not a “Service.”

Section 14-1315 defines a “service” to include a “(1) building repair or improvement service; (2) subprofessional service; (3) repair of a motor vehicle, home appliance, or other similar commodity; and (4) repair, installation, or other servicing of any plumbing, heating, electrical, or mechanical device.” Com. Law § 14-1301(e). Under a plain reading of the statute, a residential lease does not fall within the definition of “services.” Ms. Smith’s arguments otherwise are unavailing.

3. Conclusion.

Because a residential lease is neither a “good” nor a “service,” it does not qualify as a “consumer contract” under § 14-1315 and the fifteen (15) day late fee grace period required under Com. Law § 14-1315(f) does not apply.

Because a residential lease is not a consumer contract, any amendment would be futile; therefore, Count IV is dismissed without leave to amend.

C. Damages and Remedies

Even assuming Bozzuto qualifies as a debt collector, dismissal is warranted. Ms. Smith may maintain a private right of action for damages under either the MCDCA directly or under the MCPA (with a violation of the MCDCA as a predicate) only if she suffers an actual injury or loss caused by Bozzuto. The payment of rent does not constitute a “loss” because Ms. Smith exchanged rent payments for the exclusive use of an apartment and access to the amenities of her apartment community. A “tenant must prove actual loss or injury caused by lack of licensure”; voluntary rent payments cannot, without more, satisfy the injury element. *See Assanah-Carroll v. Law Offices of Edward J. Maher, P.C.*, 480 Md. 394, 408-409 (2022) (where tenant sued unlicensed landlord

without actual damages, tenant does not have a claim under either the MCDCA or the MCPA); *see also, Aleti v. Metro. Balt., LLC*, 479 Md. 696, 718 (2022).

Other than the payment of rent and a passing, conclusory allegation that illegal late fees were paid (which fees are not, as set forth above, unlawful), Ms. Smith does not make a single specific allegation of injury or loss arising from either alleged statutory violation. She does not identify any lawsuit filed or judgment obtained by Bozzuto against her for unpaid rent. She does not allege that Bozzuto engaged in any threatening, intimidating, harassing, or inappropriate efforts to collect rent from her. She does not allege that she suffered emotional distress as a consequence of Bozzuto's actions. She does not specify an instance in which she paid a late fee that was more than ten (10) but fewer than fifteen (15) days overdue. The court strains to imagine what injury-in-fact Ms. Smith could have suffered as a result of the lack of licensure, absent any bad behavior by the defendant. Regardless, none was pled.

Finally, as to the remedy of disgorgement sought in Counts I and II, the Supreme Court has held that a tenant who paid rent to a landlord without a required rental license does not have a private right of action under either the MCPA or the MCDA to recover restitution or disgorgement of her rent because the MCPA reserves that remedy exclusively to the Consumer Protection Division of the Office of the Maryland Attorney General. *Assanah-Carroll*, 480 Md. at 414-421. Applying the Supreme Court's logic in *Assanah-Carroll* to the claim under the MCDCA, which also authorizes only civil damages, it follows that disgorgement for a violation of the MCDCA is equally unavailable to the plaintiff here.



The Honorable Rachel T. McGuckian
Circuit Court for Montgomery County, Maryland

MMHA - 2026 - HB 433 - debt collection licensing -

Uploaded by: Aaron Greenfield

Position: FAV



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
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HB0433-EMC-FAV (FINAL).pdf


Uploaded by: ARLISA ANDERSON

Position: FAV

Robin Truiett-Theodorson
Chairwoman, Board of Commissioners
Janet Abrahams
President / Chief Executive Officer



February 11, 2026

TO: Members of the Economic Matters Committee
FROM: Janet Abrahams, HABC President & CEO 
RE: HB 433 – Business Regulation – Collection Agencies – Licensure Exemption for Property Managers
POSITION: Support

Chair Kriselda, Vice Chair Lorig, and Members of the Economic Matters Committee, please be advised that the Housing Authority of Baltimore City (HABC) wishes to submit testimony on HB – Business Regulation – Collection Agencies – Licensure Exemption for Property Managers

HB 433 exempts property managers engaged in certain activities from the requirement to hold a license to do business as a collection agency from the State Collection Agency Licensing Board; and generally relating to property managers, collection agencies, and the State Collection Agency Licensing Board.

The Housing Authority of Baltimore City (HABC) is one of the country's largest public housing authorities (PHAs) and Baltimore City's largest provider of affordable housing opportunities. HABC serves over 46,000 low-income individuals in Baltimore City through its Public Housing and Housing Choice Voucher (HCVP) programs. HABC's public housing inventory currently consists of approximately 6,000 units, and we provide rental assistance to nearly 22,000 households through our voucher program. HABC is federally funded and regulated by the US Department of Housing and Urban Development (HUD).

HABC has Asset Managers at each of our public housing developments who perform the functions of property managers as defined in HB 433. Rent collection is a standard function of management, but not the primary purpose of our agency. We support the exemption created in this bill, as it will eliminate additional administrative burdens and prevent HABC from incurring increased operational costs. This will ensure that HABC's staff's time and funding is dedicated to support our overall mission of creating and providing quality affordable housing opportunities for the people we serve.

We respectfully request a favorable report for House Bill 433.

HB0433 -- Business Regulation - Collection Agencie

Uploaded by: Brian Levine

Position: FAV



**House Bill 433 -- *Business Regulation - Collection Agencies - Licensure Exemption for Property Managers*
House Economic Matters Committee
February 11, 2026
Support**

The Montgomery County Chamber of Commerce (MCCC), the voice of business in Metro Maryland, supports House Bill 433 -- *Business Regulation - Collection Agencies - Licensure Exemption for Property Managers*.

House Bill 433 exempts property managers from the requirement to hold a license to do business as a collection agency from the State Collection Agency Licensing Board.

The Chamber supports House Bill 433 because removing the requirement for residential property managers to obtain a debt collection agency license would reverse an unnecessary regulatory issue imposed last year. Property managers routinely collect rent from tenants on behalf of property owners, which is an ordinary business function comparable to any professional or contractor collecting payments from their customers.

When rent becomes delinquent, it is standard practice to refer those accounts to licensed, specialized debt collection agencies. Property managers themselves are not engaged in the business of debt collection, nor do they perform the functions that warrant a collection agency license. MCCC believes property managers should not be subject to licensing requirements intended for true debt collection entities.

For these reasons, the Montgomery County Chamber of Commerce supports House Bill 433 and respectfully requests a favorable report.

The Montgomery County Chamber of Commerce (MCCC), on behalf of its members, champions the growth of business opportunities, strategic infrastructure investments, and a strong workforce to position Metro Maryland as a premier regional, national, and global business location. Established in 1959, MCCC is an independent, non-profit membership organization.

*Brian Levine | Vice President of Government Affairs
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HB 433 - Licensure Exemption for Property Managers

Uploaded by: Christa McGee

Position: FAV



House Bill 433 – Business Regulation, Collection Agencies, Licensure Exemption for Property Managers

Position: Support

Maryland REALTORS® supports House Bill 433, which clarifies that routine collection of rent, utilities, and fees by a property manager for a residential property owner during the lease term or a holdover period does not require a collection agency license.

Maryland REALTORS® supports this clarification because the current interpretation of the Maryland Collection Agency Licensing Act can require a collection agency license for routine property management activities such as transmitting rent payments and sending payment notices, even when the property manager is acting within the scope of day-to-day management. Under current law and regulatory guidance, the real estate broker exemption is limited to Maryland licensed brokers and does not extend to brokers licensed in other states, even when the activity is routine rent and fee collection as part of managing residential property. House Bill 433 creates a clear and limited exemption tied to the lease term and holdover period and limited to situations where debt collection is not the primary purpose, providing consistency for property managers while preserving consumer protections.

For these reasons, Maryland REALTORS® respectfully requests a favorable report.

For more information contact
lisa.may@mdrealtor.org or christa.mcgee@mdrealtor.org

MDCC_HB 433_FAV.pdf

Uploaded by: Grason Wiggins

Position: FAV



House Bill 433

Date: February 11, 2026

Committee: Economic Matters

Position: Favorable

Founded in 1968, the Maryland Chamber of Commerce (the Chamber) is the leading voice for business in Maryland. We are a statewide coalition of more than 7,000 members and federated partners, and we work to develop and promote strong public policy that ensures sustained economic growth for Maryland businesses, employees, and families.

Property managers currently operate under Maryland's strict landlord tenant laws. House Bill 433 (HB 433) makes a simple statutory fix to allow property managers to collect rent payments without the need to be licensed as a debt collector. Under Maryland law, property managers are already subject to strict regulations regarding tenant relations, maintenance, leasing, and daily operations, all of which are governed by the Real Property Article.

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 that 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 showed the General Assembly intended to regulate debt collectors, not professional property managers who collect rent as part of their management duties. The court also noted that the General Assembly provided substantial and specific protections for residential tenants in Title 8 of the Real Property Article.

HB 433 does not weaken tenant protections or consumer safeguards. To be clear, the numerous existing requirements related to notice, court oversight, eviction procedures, and protections against unfair or deceptive practices remain fully intact. In sum, HB 433 simply ensures that property managers are regulated appropriately as housing professionals — not misclassified as debt collectors. For these reasons, the Chamber respectfully requests a **favorable report** on **HB 433**.

HB433_OFR_Letter of Opposition.pdf

Uploaded by: Amy Hennen

Position: UNF

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 OFR and the State Collection Agency Licensing Board is in the best interest of Maryland consumers.

OFR respectfully opposes this bill.

HB 433 Testimony UNF.pdf

Uploaded by: Chelsea Ortega

Position: UNF



SANTONI, VOCCI & ORTEGA LLC

**HB 433 - Business Regulation – Collection Agencies –
Licensure Exemption for Property Managers
Hearing before the House Economic Matters Committee, Feb. 11, 2026**

Position: UNFAVORABLE

Dear Chair Valderamma, Vice Chair Charkoudian, and Committee Members:

Thank you for the opportunity to testify. Santoni, Vocci & Ortega, LLC opposes HB 433 and urges the House Economic Matters Committee to issue an **unfavorable report**.

HB 433 creates a special exemption for property managers from Maryland’s debt collector licensing requirements without a substantial justification. **Exempting property managers from debt collector licensing will embolden bad actors to engage in more deceptive, abusive, and harassing debt collection tactics.**

Santoni, Vocci & Ortega, LLC is a private tenants’ rights and consumer protection firm representing tenants subjected to illegal evictions and unlawful debt collection practices. We regularly encounter debt collection abuse by property management companies, which wield far greater power over consumers than other collection agencies regulated by the Department of Labor, Licensing & Regulation—quite literally holding the keys to tenants’ homes and the roofs over their heads. We regularly represent tenants who are subjected to failure to pay rent proceedings for amounts that the tenants do not owe, in an effort to force tenants to pay or face eviction. We have represented tenants who have had police officers in their homes with property managers for “inspections” when rent was allegedly not paid on time. Finally, we have seen tenants who remain homeless for significant periods of time because property management companies report to potential landlords that the tenants owe them money after moving out, which include inflated and illegal charges for bogus repairs or fees.

The only meaningful way for renters without an attorney to hold predatory property managers accountable is to [file a complaint with the Dept. of Labor, Licensing & Regulation \(DLLR\)](#). If HB 433 passes, this one accountability measure will disappear. Property managers will no longer need to be licensed, and so DLLR will no longer have jurisdiction over a complaint. Bottom line: **HB 433 will make Maryland’s renting families less safe and secure in their homes.**

Whether property managers must become licensed as debt collectors is currently on appeal before Maryland’s Appellate Court in *Smith v. Buzzuto Management Company*, Case No. ACM-REG-2264-2025. Some property managers have been licensed for almost ten years, yet many choose not to do so. **The Committee should wait for the outcome of *Smith v. Buzzuto* before acting further.**

Like any other debt collectors, property managers are financially motivated to collect as much rent as possible for the owner, leading bad actors to use aggressive, deceptive tactics with impunity. Debt collection is central to a property manager’s role. Many contracts between property owners and property managers specify that managers receive a percentage of the rent collected. Managers are often rated on how much of the rent due is collected. Managers engage

in every aspect of rent collection, including sending notices to delinquent tenants and initiating eviction proceedings if the rent is not paid.

There is no separate licensing regime for property managers – only the current debt collector licensing requirement. Unlike barbers, contractors, lawyers, and virtually any other profession, there is no licensing regime for property managers. Some local jurisdictions have a residential rental property licensing program, but this is geared to ensuring that a rental property is habitable, has a valid lead certificate, and provides a contact person to the locality. There is no relief under most of local rental licensing regimes for tenants who have experienced deceptive, harassing, or predatory practices at the hands of a property manager. Only DLLR's complaint process fills this essential accountability role for property managers and can provide renting families relief.

It is important to note that small landlords are already effectively exempt. If you own a property and manage the property yourself, you do NOT need to become licensed as a collection agency. Only persons who collect on a debt owed to a different person must become licensed. If you own a property and contract out debt collection to a professional, the professional should become licensed as a debt collector. The owner does not need to be licensed.

For these reasons, we urge an **unfavorable** report on HB 433.

MVLS Written Testimony House Bill 433.pdf

Uploaded by: Courtland Merkel

Position: UNF



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HOUSE ECONOMIC MATTERS COMMITTEE
TESTIMONY OF MARYLAND VOLUNTEER LAWYERS SERVICE
IN OPPOSITION TO HOUSE BILL 0433: BUSINESS REGULATION –
COLLECTION AGENCIES – LICENSURE EXEMPTION FOR
PROPERTY MANAGERS
WEDNESDAY, FEBRUARY 11, 2026

Chair Valderrama, Vice Chair Charkoudian, and distinguished members of the Committee,

Thank you for the opportunity to testify in opposition to House Bill 433.

My name is Courtland Merkel, and I am a Consumer and Housing Staff Attorney at Maryland Volunteer Lawyers Service (MVLS). MVLS is the oldest and largest provider of pro bono civil legal services to low-income Marylanders. Since MVLS’ founding in 1981, our statewide panel of over 700 volunteers has provided free legal services to more than 115,000 Marylanders in a wide range of civil legal matters.

MVLS assists Marylanders facing debt in several ways, including a weekly courthouse clinic in Baltimore City, as well as representing Marylanders statewide in bankruptcy and other debt collection matters. Since 1999, we have assisted over 14,500 Marylanders with consumer debt issues, and in an average year, we assist more than 400 people facing debt collection at our courthouse clinic in Baltimore City. For the reasons explained below, we respectfully request an unfavorable report on House Bill 433.

As drafted, House Bill 433 would create a special exemption for property managers from Maryland’s debt collector licensing requirements without substantial justification. Exempting property managers from debt collector licensing will embolden bad actors to engage in more deceptive, abusive, and harassing debt collection tactics.

House Bill 433 would directly harm Marylanders like Ms. S, a client from MVLS’ weekly court clinics. Like many Marylanders, she is trying to manage multiple debts while also attempting to reach out to her property manager to set up a payment plan. Ms. S came to our clinic because she was being sued by her property manager. Since leaving her apartment, Ms. S had continuously tried to pay her debt and even had one payment accepted. However, her property manager failed to respond to her requests for a payment plan. She reached out for months by phone, email, and mail, but was ignored until her property manager filed a lawsuit against her in district court. Through our

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Syma Ahmad Siddiqui
Sheila J. Stewart
Emily J. Wilson

clinic, an attorney was able to contact the property manager’s counsel and set up a payment plan.

The only meaningful way for renters like Ms. S to hold predatory property managers accountable is to file a complaint with the Maryland Department of Labor, Licensing & Regulation (DLLR). If HB 433 passes, this accountability measure will disappear. Property managers would no longer need to be licensed, and DLLR would no longer have jurisdiction over complaints.

There is no separate licensing regime for property managers, only the current debt collector licensing requirement. Unlike barbers, contractors, lawyers, and virtually every other profession, there is no licensing regime for property managers. Some local jurisdictions have residential rental property licensing programs, but these are primarily designed to ensure rental properties are habitable, have valid lead certificates, and provide a contact person to the locality. Most local rental licensing regimes offer no relief for tenants who experience deceptive, harassing, or predatory practices from property managers. Only DLLR’s complaint process fills this essential accountability role and provides relief to renting families.

MVLS has been fighting to level the playing field for low-income Marylanders for decades. For these reasons, MVLS opposes House Bill 433 and urges an unfavorable report. This bill would remove accountability for abusive property managers and incentivize them to increase deceptive and abusive debt collection tactics. The bottom line is that House Bill 433 would make Maryland’s renting families less safe and secure in their homes.

Chair and members of the Committee, thank you again for the opportunity to testify.

rentersrights HB433.pdf

Uploaded by: Gwen DuBois

Position: UNF



HB 433 - Business Regulation – Collection Agencies – Licensure Exemption for Property Managers

Hearing before the House Economic Matters Committee, Feb. 11, 2026

Position: UNFAVORABLE (UNF)

Chair Valderrama, Vice Chair Charkoudian and Committee Members:

Chesapeake Physicians for Social Responsibility (CPSR) opposes HB 433 and urges the House Economic Matters Committee to issue an **unfavorable report**. As an organization founded by physicians, we understand that **prevention is far superior to treatment in reducing costs, illness, injury, deaths and suffering. Preventing evictions saves lives. Protecting rights for renters facing evictions upholds social, economic and racial justice.**

HB 433 creates a special exemption for property managers from Maryland’s debt collector licensing requirements without a substantial justification. **Exempting property managers from debt collector licensing will embolden bad actors to engage in more deceptive, abusive, and harassing debt collection tactics.**

Opposing HB433 is important to CPSR because of the strong evidence linking housing and health. It is one of the most basic social determinants of health.¹ A recent review of the best designed studies looked at the harms from eviction fillings and evictions on children from birth to age 9². In older children and adolescents, a history of multiple moves has been associated with mental health problems later in life including violence and suicide.³ A study from 2021 showing the relationship between evictions and depression add to evidence of the role of

¹ <https://jamanetwork.com/journals/jama/fullarticle/2667710>

² <https://jamanetwork.com/journals/jamanetworkopen/fullarticle/2803667>

³ <https://www.sciencedirect.com/science/article/pii/S0749379716301180>

evictions in population health inequality”⁴ Homelessness can be deadly.⁵ The homeless have a 5-10 x higher mortality than the housed with an average life expectancy of 53 years in one study.

For all of these reasons, alternatives to eviction should be sought and surely a bill which green lights separating people from their housing, by removing an important vehicle for them to assert their rights, should be opposed. If HB 433 passes, this one accountability measure will disappear: property managers will no longer need to be licensed, and so DLLR will no longer have jurisdiction over a complaint. Bottom line: **HB 433 will make Maryland’s renting families less safe and secure in their homes.**

As members of Renters United of Maryland, CPSR strongly opposes HB433 which could have the unintended consequence of evicting lawful residents who would not have a meaningful chance to challenge the eviction. **Without a way to regulate behavior of managers and other debt collectors working for landlords, more families might find themselves suffering the disruptive and dangerous experience of eviction.**

Housing is health! Chesapeake PSR **urges an unfavorable report on H433.**

Gwen L. DuBois MD, MPH President, Chesapeake Physicians for Social Responsibility
gdubois@jhsph.edu

For these reasons, we urge an **unfavorable** report on HB 433.

⁴ <https://pmc.ncbi.nlm.nih.gov/articles/PMC8045672/>

⁵ <https://jamanetwork.com/journals/jamainternalmedicine/fullarticle/2687991>

HB433_UNF_EconAction.pdf

Uploaded by: Jennifer Bevan-Dangel

Position: UNF



HB433: Business Regulation – Collection Agencies – Licensure Exemption for Property Managers

Position: UNFAVORABLE

February 11, 2026

The Honorable Kris Valderrama, Chair
Economic Matters Committee
Room 230, House Office Building
Annapolis, Maryland 21401
cc: Members, House Economic Matters

Chair Valderrama and Members of the Committee:

Economic Action Maryland Fund urges an unfavorable report on HB433, which would exempt property managers from licensing as a collection agency.

The question of whether property managers must be licensed as debt collectors is currently on appeal before Maryland's Appellate Court in *Smith v. Buzzuto Management Company*. The legislature historically gives deference to open litigation, allowing the court to rule before passing legislation related to an open ruling. This committee should wait until *Smith v. Buzzuto* is decided and then determine the appropriate next steps.

It is critical that property managers be licensed to collect rent and other fees. Currently, unlike most other professions, property managers are not licensed. Eliminating the requirement to hold a debt collection license means that property managers could pursue tenants in a deceptive, harassing, or predatory manner with impunity. Licensure ensures appropriate oversight, regulation, and enforcement from the Office of Financial Regulation. If the underlying concern is that property managers cannot qualify for debt collection licenses as the statute is currently drafted, the question before this committee should be what oversight and licensing regime is appropriate; not to waive licensing requirements altogether.

It is worth noting that small landlords are not impacted by this legislation. As the property owner they collect on debts owed to them directly, so fall outside the debt collection statute altogether.

HB433 would expose tenants to abusive or deceptive collections behaviors and we urge an unfavorable report.

Sincerely,
Jennifer Bevan-Dangel, Deputy Director

Economic Action (formerly the Maryland Consumer Rights Coalition) champions economic rights and housing justice through advocacy, research, consumer education, and direct service. Our 12,500 supporters include consumer advocates, practitioners, and low-income and working families throughout Maryland.

2209 Maryland Ave · Baltimore, MD 21218 | www.econaction.org
Marceline White · Marceline@EconAction.org | Jennifer Bevan-Dangel · Jennifer@EconAction.org

HB 433_MD Center on Economic Policy_UNF.pdf

Uploaded by: Kali Schumitz

Position: UNF



FEBRUARY 11, 2026

Marylanders Deserve Protection from Predatory Debt Collection

Position Statement Opposing House Bill 433

Given before the House Economic Matters Committee

Maryland's debt collection licensing requirements ensure oversight, professional standards, and recourse for individuals who are mistreated. House Bill 433 would create a special exemption for property managers from Maryland's debt collector licensing requirements without any substantial justification. This exemption would remove a key layer of accountability and consumer protection for Maryland renters. Exempting property managers from debt collector licensing will embolden bad actors to engage in more deceptive, abusive, and harassing debt collection tactics. Removing this requirement for property managers eliminates one of the few meaningful tools to hold predatory behavior in check. **For these reasons, the Maryland Center on Economic Policy respectfully requests that the House Economic Matters Committee issue an unfavorable report for HB 433.**

Currently, the only realistic way for renters, particularly those without legal representation, to hold abusive property managers accountable is by filing a complaint with the Department of Labor, Licensing, and Regulation (DLLR). If HB 433 passes, this avenue of accountability will disappear. Property managers will no longer need to be licensed, and DLLR will no longer have jurisdiction to investigate complaints.

In practical terms, this bill would leave tenants with no meaningful recourse when property managers:

- Use harassment or intimidation to collect rent,
- Threaten eviction unlawfully,
- Add illegal fees or charges,
- Refuse to make necessary repairs until payment is made, or
- Engage in misleading or deceptive collection practices.

The question of whether property managers must be licensed as debt collectors is currently before Maryland's Appellate Court in *Smith v. Buzzuto Management Company* (Case No. ACM-REG-2264-2025). While we understand the sponsor's interest in uniformity, DLLR has indicated that property managers are already able to obtain licenses under current law—yet many simply choose not to. Rather than creating a broad exemption that weakens consumer protections, the committee should wait for the court to resolve this matter before taking legislative action.

Like any other debt collectors, property managers are financially motivated to collect as much rent as possible for property owners. Their compensation structures often reinforce this incentive—many management contracts pay

managers a percentage of rent collected, and managers are frequently evaluated based on how aggressively and successfully they collect debts.

Property managers routinely:

- Send delinquency notices,
- Demand back rent and fees,
- Negotiate payment plans, and
- Initiate eviction proceedings.

Debt collection is not a minor or incidental part of their job—it is central to their role. Exempting them from debt collection licensing makes no sense and places tenants at risk.

Unlike many other professions, there is no comprehensive licensing regime for property managers in Maryland. While some local jurisdictions have rental property licensing programs, those programs are focused on habitability standards and basic administrative compliance. They do not address abusive or predatory debt collection practices.

DLLR’s debt collector licensing and complaint process is the only statewide mechanism that provides real relief for renters who experience harassment, deception, or unfair treatment by property managers. HB 433 would strip that protection away.

It is important to emphasize that small landlords are already effectively exempt from these requirements. A property owner who manages their own rental property does not need to be licensed as a debt collector. The licensing requirement only applies when a third party is hired to collect debts on behalf of someone else.

HB 433 is therefore not about protecting small “mom and pop” landlords—it is about shielding professional property management companies from accountability. **For these reasons, the Maryland Center on Economic Policy respectfully urges an unfavorable report on House Bill 433.**

Equity Impact Analysis: House Bill 433

Bill summary

HB 433 would exempt property managers from Maryland’s debt collector licensing requirements. Under current law, third parties who collect debts on behalf of others must be licensed as debt collectors and are subject to oversight by the DLLR. HB 433 would remove this requirement for property management companies, even when they are engaged in collecting rent, fees, and other debts from tenants. The bill would eliminate DLLR’s authority to investigate complaints against property managers for abusive, deceptive, or harassing debt collection practices.

Background

Maryland law requires third parties who collect debts on behalf of others to be licensed as debt collectors and subject to oversight by the DLLR. This licensing system provides essential consumer protections by allowing DLLR to investigate complaints and hold collectors accountable for deceptive, abusive, or harassing practices.

HB 433 would exempt property management companies from these licensing requirements, even though they routinely engage in debt collection activities such as demanding back rent, sending delinquency notices, and initiating evictions. Removing this oversight would eliminate one of the few accessible accountability tools available

to renters. Because Black and Brown Marylanders are disproportionately renters due to longstanding housing inequities, this change would leave communities of color especially vulnerable to predatory collection practices.

Equity Implications

Weakening tenant protections through HB 433 would have disproportionate and harmful impacts on Black and brown Marylanders.

Due to decades of discriminatory housing policies, income inequality, and structural barriers to homeownership, Black and Latino households in Maryland are far more likely to be renters than white households. These same communities are also more likely to live in lower-income neighborhoods, experience housing instability, and face eviction or aggressive rent collection practices.

Allowing property managers to operate without debt collection oversight would:

- Increase the risk of harassment and intimidation in communities of color,
- Exacerbate existing racial disparities in eviction and housing instability,
- Remove one of the few accessible complaint processes available to low-income renters, and
- Further tilt the balance of power away from tenants who already face economic and legal disadvantages.

For many Black and Brown renters, DLLR complaints are the only realistic path to justice when faced with predatory behavior. Eliminating that option will deepen racial inequities in Maryland's housing market and make it even harder for families of color to remain stably housed.

At a time when Maryland is working to reduce eviction rates and address historic racial disparities in housing, HB 433 would move the state in the wrong direction.

Impact

House Bill 433 will likely **worsen racial, health and economic equity** in Maryland.

HB 433_Consumer Protection Division_Unfavorable_FI

Uploaded by: Kira Wilpone-Welborn

Position: UNF

CAROLYN A. QUATTROCKI
Chief Deputy Attorney General

LEONARD J. HOWIE III
Deputy Attorney General

CARRIE J. WILLIAMS
Deputy Attorney General

SHARON S. MERRIWEATHER
Deputy Attorney General

ZENITA WICKHAM HURLEY
Deputy Attorney General



**STATE OF MARYLAND
OFFICE OF THE ATTORNEY GENERAL
CONSUMER PROTECTION DIVISION
HOUSING UNIT**

ANTHONY G. BROWN
Attorney General

WILLIAM D. GRUHN
Division Chief

KAREN M. VALENTINE
Deputy Division Chief

PETER V. BERNIS
General Counsel

CHRISTIAN E. BARRERA
Chief of Staff

KIRA WILPONE-WELBORN
Unit Chief

February 9, 2026

To: The Honorable Kriselda Valderrama
Chair, Economic Matters

From: Kira Wilpone-Welborn, Assistant Attorney General
Consumer Protection Division

Re: House Bill 433 – Business Regulation - Collection Agencies - Licensure Exemption for
Property Managers (OPPOSE)

The Consumer Protection Division of the Office of the Attorney General (the “Division”) opposes House Bill 433 sponsored by Delegates Lily Qi and Christopher T. Adams. House Bill 433 unnecessarily and dangerously exempts property managers from the Maryland Collection Agency Licensing Act (“MCALA”) at the risk of harming Maryland consumers and limiting appropriate State enforcement authority. The Division opposes House Bill 433 for the following reasons.

First, for over 45 years, MCALA has consistently required that property managers and other collectors of rent obtain and maintain a license. MCALA defines a “collection agency” to include “a person who engages directly or indirectly in the business of . . . collecting for, or soliciting from another, a consumer claim,” Md. Code Ann. Bus. Reg. (“BR”) § 7-101(c)(1)(i), and requires a person acting as a collection agency to possess a license. *Id.* § 7-301. In 1980, the Office of the Maryland Attorney General explained that MCALA requires that rent collectors, including property managers, be licensed as collection agencies.

It is our opinion 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 Op. Att’y 316 (1980). There simply is no reason now to exclude property managers, who are clear rent collectors, from their over 45-year obligation to obtain a license or seek other exemption.

Second, the MCALA licensing obligations of property managers protect Maryland consumers and provide an invaluable source of accountability. Landlord-tenant complaints are consistently among the top complaints received each year by the Division, including complaints from tenants facing unlawful demands for payment of rent, fees, and other charges. In the past five years, the Division has brought enforcement actions against several property managers for their unfair, abusive, and deceptive trade practices related to their illegal collection of rent and other fees. Specifically, the Division has obtained final orders against Westminster Management, LLC (2022)¹, Real Property Management Capital (2023)², and Heather Hill Property Company, LLC, *et. al.* (2025)³ for violations of the Consumer Protection Act, which included allegations that these entities collected money from consumers without the required MCALA license and engaged in other illegal debt collection activity. Excluding property managers from MCALA as House Bill 433 proposes could limit the actions the Division brings against unscrupulous property managers.

Third, the MCALA licensing requirements create two important points of accountability and consumer protection. At the front end, the MCALA licensing requirement requires that those seeking to collect money from Marylanders have provided the Collection Agency Licensing Board with basic information about themselves (personal information if an individual, and corporate information if a company); information about who is in control; and basic information about their policies. This information provided before a license is awarded ensures that those seeking to collect Marylanders’ money meet a minimum level of suitability. Then, at the back end, if an individual or entity that holds a collection agency license engages in practices that violate Maryland’s debt collection laws, the potential suspension or revocation of the license can have a powerful deterrent effect to thwart future violations. House Bill 433’s attempt to exempt property managers from MCALA would leave consumers vulnerable to unsuitable collectors, at the front end, and limit their avenues for complaint and accountability on the back end.

Finally, Maryland property managers are not required to hold any other license regulated by a State agency. If House Bill 433 were to pass, property managers would be subject to little oversight for their practices. Conversely, the entities and businesses presently excluded from MCALA are regulated by other agencies and boards. For example, real estate brokers are regulated by the Real Estate Commission and, likewise, attorneys are overseen by the Attorney Grievance Commission. As such, exempted individuals and businesses from MCALA have additional oversight to ensure compliance with Maryland laws, and avenues for accountability. If property managers were exempt from MCALA, property managers would operate in a regulatory black hole because there is not another licensing entity in Maryland for this profession.

¹ Impacting consumers in Baltimore City, Baltimore County, and Prince George’s County.

² Impacting consumers in the DC Metro Region, including Montgomery County.

³ Impacting consumers in Prince George’s County.

House Bill 433 risks great harm to Maryland consumers. As such, the Division requests the Economic Matters Committee issue an unfavorable report on House Bill 433.

cc: The Honorable Lily Qi
The Honorable Christopher T. Adams
Members, Economic Matters Committee

DRM testimony Opposing HB 433.pdf

Uploaded by: Leslie Dickinson

Position: UNF

HB 433 - Business Regulation – Collection Agencies – Licensure Exemption for Property Managers
Hearing before the House Economic Matters Committee, Feb. 11, 2026

Position: UNFAVORABLE (UNF)

Chair Valderrama, Vice Chair Charkoudian and Committee Members:

Disability Rights Maryland (DRM) is the federally designated Protection and Advocacy agency in Maryland, mandated to advance the civil rights of people with disabilities. DRM works to increase opportunities for Marylanders with disabilities to be part of their communities and live in safe, affordable, and accessible housing.

DRM opposes HB 433 and urges the House Economic Matters Committee to issue an **unfavorable report**.

Maryland’s Office of Financial Regulation requires that a person who engages directly or indirectly in the business of collecting for, or soliciting from another, a consumer claim must:

- 1) Submit an application with detailed information about the agency’s business structure, ownership and prior legal or regulatory issues.
- 2) Have sufficient training in federal and state debt collection laws, with an emphasis on Maryland law.
- 3) Undergo a background check including a review of the agency’s principals’ criminal history.
- 4) Provide a surety bond as a financial guarantee for compliance.
- 5) Maintain detailed records of collection activities to show compliance with Maryland and federal debt collection laws.

See [Collection Agencies - Industry - Office of Financial Regulation](#)

Additionally, the Maryland Commission of Financial Regulation evaluates financial responsibility, character and general fitness to ensure only ethical and financially stable agencies are licensed.

Accordingly, the purpose of licensure is to ensure that debt collectors are educated about their obligations under the law, and that they act ethically and transparently as they undertake debt collection activities. It is also important to have a procedure whereby debt collectors can be held accountable if they do not comply with their obligations.

Collecting rent and maintaining ledgers is central to a property manager’s role. Yet, they are often untrained in accounting practices resulting in ledgers with miscalculations, rent adjustments, and lack of clarity. If the tenant doesn’t pay what the property manager demands is due, the “ledger maintainer” becomes the debt collector – at times attempting to collect through the summary ejection process charges and fees that are not rent or attempting to collect rent that the tenant has already paid. These Property managers are engaged in the business of collecting a consumer claim. There is no reason or justification to exempt them from Maryland’s debt collector licensing requirement as HB 433 proposes to do.

Whether property managers must be licensed as debt collectors is currently on appeal before Maryland’s Appellate Court in *Smith v. Buzzuto Management Company*, Case No. ACM-REG-2264-2025. While we

appreciate the sponsor's intent to have a uniform standard, we understand from DLLR that property managers are already able to become licensed, yet many choose not to do so. This issue will be fully briefed by both sides providing comprehensive information to the Court. **Thus, the Committee should wait for the outcome of *Smith v. Buzzuto* before acting further.**

Considering the housing crisis, especially for low-income families, tenants are already at a disadvantage when dealing with difficult property managers. The only meaningful way for most renters to hold property managers accountable is to [file a complaint with the Dept. of Labor, Licensing & Regulation \(DLLR\)](#).¹ If HB 433 becomes law, this one accountability measure will disappear. Property managers will no longer need to be licensed, and DLLR will no longer have jurisdiction over a complaint. **HB 433 will make Maryland's renting families less safe and secure in their homes.**

Moreover, there is no separate licensing regime for property managers – only the current debt collector licensing requirement. Unlike barbers, contractors, lawyers, and virtually any other profession, there is no licensing regime for property managers. There is no relief under most local rental licensing regimes for tenants whose property managers engage in debt collection practices that violate Maryland or federal consumer protection or debt collection laws. Only DLLR's complaint process fills this essential accountability role for property managers and can provide relief to families who rent their homes.

It is important to note that small landlords are already effectively exempt. If you own a property and manage the property yourself, you do NOT need to become licensed as a debt collector.

For these reasons, we urge an **unfavorable** report on HB 433.

Thank you for your consideration. Please contact me with any questions regarding my testimony.

Sincerely,

/s/ Leslie Dickinson

Leslie Dickinson
Managing Attorney
Disability Rights Maryland
(443) 692-2488
LeslieD@Disabilityrightsmd.org

¹ Note that most of the attorneys working under the Access to Counsel statute are limited to same day representation and do not have the capacity to represent tenants in proceedings involving violation of consumer protection and debt collection statutes.

HB 433 - CLS Opposition to MCALA Exemption.pdf

Uploaded by: Lisa Sarro

Position: UNF



Jessica A. Quincosa, Esq.
Executive Director

Kayla Williams-Campbell, Esq.
Deputy Director

Lisa Sarro, Esq.
Director of Litigation &
Advocacy

**HB 433 – Business Regulation – Collection Agencies – License
Exemption for Property Managers
Hearing Before the Judicial Proceedings Committee
February 11, 2026**

Position: OPPOSE (UNFAVORABLE)

To the Honorable Members of the Economic Matters Committee:

Community Legal Services (CLS) strongly opposes House Bill 433.

CLS is a nonprofit legal services organization providing free legal services to income-eligible Marylanders. CLS is a designated Access to Counsel in Evictions (ACE) provider, through which CLS serves thousands of individuals and families facing eviction every year. Our testimony in strong opposition to House Bill 433 is informed by sustained, long term, daily representation of tenants in connection with their landlord-tenant relations and in eviction cases.

Renters make up roughly one-third of all households in Maryland, yet there are very few guardrails in place to protect Maryland renters from unscrupulous debt collection practices by property managers. In fact, *Maryland property managers are not required to hold any license regulated by a State agency other than the requirement that they have a debt collection agency license. This bill would dispense with even that requirement.*

Tenants are not in a good position to protect themselves from the actions of unscrupulous rent collection practices by property managers, particularly in the context of failure to pay rent cases in court. Failure to pay rent cases make up more than 95% of all eviction court cases, and the process is referred to as a “summary ejection” process with reason - it moves fast, does not allow for discovery, and is particularly unwelcoming of defenses based on bad actions by property managers. District courts are familiar with defenses associated with a landlord’s lack of a local rental license and the State’s mandatory lead certification. Court will often allow those defenses to be raised effectively by tenants, so the court eviction process can sort of operate as an informal enforcement tool for those laws. However, that is decidedly not the case for defenses based on a lack of debt collection license. Courts are much less familiar with the MCALA and the requirement that property managers have a debt collection license and, in our experience much less likely to accept a defense based on the MCALA than other defenses.

Even though appellate courts and attorney general opinions have consistently found (for at least the past 45+ years) that the MCALA requires that property managers obtain and maintain a debt collection license, some rental management companies simply disregard the debt collection licensing requirement and, when challenged in court, claim they are exempt from the law (despite there being no such exemption in the law). In practice, we find that, many district courts accept unlicensed property management companies’ claim that they are not required to have a license and allow eviction cases to go forward even when the property manager has no license.

Even in instances where the court acknowledges that property management companies are required to have debt collection licenses, we find that unlicensed property managers simply refile eviction cases with a different entity as the named plaintiff – the property owner – to get around the requirement. When that happens, we see courts allowing cases to proceed in the ordinary course, even though all the actual debt collection activity is still being undertaken by the unlicensed debt collector. The tenant is not positioned in those instances to seek accountability through the district court eviction case. However, **the behavior can be and often is reported to the Office of Financial Regulation and the Attorney General for enforcement action; enforcement inquiries then begin with a determination of whether the debt collector is properly licensed as a debt collector.**

The Maryland Consumer Protection Division of the Office of the Attorney General (OAG) has successfully brought enforcement actions against several property managers for their unfair, abusive, and deceptive trade practices related to their illegal collection of rent and other fees, including a case against Heather Hill Property Company, LLC, *et. al.* (2025), which operates in Prince George’s County, for violations of the Consumer Protection Act. The action included allegations that Heather Hill collected money from consumers *without the required MCALA license* and engaged in other illegal debt collection activity.

Community Legal Services was heavily involved with the OAG Consumer Protection Division’s recent enforcement action against Heather Hill Property Company. Although they removed their unlicensed property management company as part of the enforcement case, while the case was still pending in the Prince George’s County District Court, Heather Hill filed 269 failure to pay rent cases with a new, but still unlicensed, property management company as the plaintiff. After months of court efforts by CLS to hold back the cases while the OAG Consumer Protection Division’s case was resolved, the district court ultimately concluded that, as CLS argued, the property management company was unable to maintain the cases because it lacked the debt collection license required by the MCALA. However, the court simultaneously allowed a substitution of the named plaintiff (naming the property owner as the plaintiff), and the cases were allowed to proceed with absolutely no consequences to the property manager in connection with the failure to pay rent cases.

That same company subsequently filed 70+ cases through their initial unlicensed rental property management company (that was part of the OAG’s enforcement action), despite a specific prohibition on doing so in their Consent Agreement with the OAG. Those cases were ultimately dismissed voluntarily, but only after CLS again filed written motions and argued strenuously over the property management company’s objection that what they were doing was wrong. They continue to have an unlicensed management company handling their day-to-day rent collection activities, while filing under the name of the titled owner. Another large unlicensed property management company in the jurisdictions where we practice is engaging in the same practice – debt collection by an unlicensed property manager, while naming the titled owner as the plaintiff in court cases to avoid cases from being dismissed for lack of a debt collection license. We have challenged the practice, so far without much success at the district court level. Appeals are pending.

None of the practices mentioned above can be effectively challenged at the tenant/district court level. However, with the MCALA in place and covering property management companies, they

absolutely can be – and are - investigated and challenged by the Consumer Protection Division of the Office of the Attorney General. Engaging in debt collection activities without a license is a *per se* violation of Maryland consumer protection laws and can be a bright line for the start of an investigation of wrongdoing by unscrupulous property managers. **We urge this Committee not to take away this critical tool** for the protection of Maryland tenants by allowing the exemption of property managers from the MCALA.

For the reasons noted above, Community Legal Services respectfully requests the Economic Matters Committee issue an **UNFAVORABLE report on House Bill 433**. Please feel free to contact Lisa Sarro, Esq., at Sarro@clspgc.org or Jessica Quincosa, Esq., at Quincosa@clspgc.org with any questions.

HB 433.CivilJusticeInc.UNFAV.pdf

Uploaded by: Mary Miguez-Jordan

Position: UNF

February 9, 2026

HB 433 – Business Regulation – Collection Agencies – Licensure Exemption for Property Managers

**Written Testimony of Mary Miguez-Jordan, Managing Attorney, Civil Justice, Inc.
Before the House Economic Matters Committee**

Position: UNFAVORABLE

Dear Chair Valderrama, Vice Chair Charkoudian, and Members of the Committee:

On behalf of Civil Justice, Inc., a nonprofit legal services organization and member of Renters United Maryland, I urge an unfavorable report on HB 433.

Civil Justice represents low- and moderate-income Marylanders statewide, with a focus on housing stability and economic justice. Our clients face eviction-related debt, illegal collection practices, and credit reporting harm. For them, consumer protection laws are often the only barrier between stability and displacement.

HB 433 would exempt property managers from Maryland’s debt collector licensing requirements without justification. That exemption will increase abusive, deceptive, and harassing collection practices. We already see this conduct despite existing protections.

One client, Ms. T, lived in an unlicensed property. The landlord repeatedly filed failure-to-pay-rent actions that were dismissed due to lack of licensure. Despite clear court warnings that no collection could occur, the landlord banged on her door, threatened her, intimidated her, and attempted illegal eviction to collect money he was not entitled to. She also endured untreated infestations because the landlord refused repairs unless rent was paid.

Another client, Ms. L, was current on rent when she moved out. She had paid into the rent escrow due to unaddressed repairs. In court, the landlord, who was also the property manager, consented to a move-out date and return of escrowed funds. The landlord then appealed the consent order and filed new claims alleging rent arrears, first \$5,000, then \$17,348.21, without explanation. He made repeated demands for payment and sent family members to threaten her. Consumer protection laws were her only meaningful defense.

For renters without attorneys, the only practical accountability tool is the Department of Labor's complaint process. HB 433 would eliminate that protection. Without licensing, the Department loses jurisdiction. Predatory conduct would go unchecked.


Licensing exists to prevent abuse. The Maryland Consumer Debt Collection Act bars false statements, threats, harassment, and misrepresentations of legal authority. Maryland courts have enforced these protections against both licensed and unlicensed actors. Exempting property managers strips away oversight, bonding, and enforcement.

Debt collection is central to property management. Managers collect rent for owners, send delinquency notices, initiate evictions, and are often paid based on the rent they collect. Financial pressure creates incentives for aggressive conduct. Without licensing, bad actors operate without restraint.

There is no separate licensing regime for property managers. Local rental licensing focuses on habitability and registration, not consumer protection. Small landlords are already exempt when they manage their own properties. HB 433 is not needed to protect them.

HB 433 weakens long-standing consumer safeguards and makes renting to families less safe in their homes. For these reasons, we urge an unfavorable report.

Thank you for your consideration.


Mary Migués-Jordan, Esq.
Managing Attorney, Civil Justice, Inc.

HB 433 PJC UNF w Attachment.pdf

Uploaded by: Matt Hill

Position: UNF



C. Matthew Hill
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HB 433 - Business Regulation – Collection Agencies – Licensure Exemption for Property Managers

Hearing before the House Economic Matters Committee on Feb. 11, 2026

Position: Unfavorable

Chair Valderrama, Vice Chair Charkoudian and Committee Members:

Thank you for the opportunity to testify. Public Justice Center opposes HB 433 and urges the House Economic Matters Committee to issue an **unfavorable report**.

The Public Justice Center (PJC) is a nonprofit public interest law firm that stands with tenants to protect and expand their rights to safe, habitable, affordable, and non-discriminatory housing and their rights to fair and equal treatment by Maryland’s landlord-tenant laws, courts, and agencies. We represent or advise over 800 renter households each year, and we advocate to change laws that further a human right to house.

HB 433 creates a special exemption for property managers from Maryland’s debt collector licensing requirements without a substantial justification. **Exempting property managers from debt collector licensing will embolden bad actors to engage in more deceptive, abusive, and harassing debt collection tactics.**

For example, a large property management company sent our client – a disabled senior citizen who worked for local government for 20 years – the attached abandonment notice attached. The notice claims that the rent is past due; the landlord considers the apartment abandoned; and the landlord will treat the apartment as abandoned in 72 hours. The landlord had no good faith reason to believe that the property had been abandoned. Our client was in regular contact with the landlord about paying the rent as were we. The client was behind on the rent and was catching up. **This bad faith abandonment notice, however, caused our client to panic, lose sleep at night, and spiral into despair that she was about to be evicted any day, which was not true.**

Other examples of deceptive or predatory collection practices by property managers include: Threatening to call and calling Immigration Customs and Enforcement (ICE) if the family does not

pay allegedly past-due rent; refusing to make repairs to dangerous housing conditions (e.g., lack of heat), until allegedly past-due rent is paid; misallocating tenants' rent payment to illegal fees, claiming rent is still due, and threatening to evict families for non-payment; and calling a renter's employer and complaining that the employee-renter is not current on the rent.

The only meaningful way for renters without an attorney to hold predatory property managers accountable is to [file a complaint with the Dept. of Labor, Licensing & Regulation \(DLLR\)](#). If HB 433 passes, this one accountability measure will disappear. Property managers will no longer need to be licensed, and so DLLR will no longer have jurisdiction over a complaint. Bottom line: **HB 433 will make Maryland's renting families less safe and secure in their homes.**

Whether property managers must become licensed as debt collectors is currently on appeal before MD's Appellate Court in *Smith v. Buzzuto Management Company*, Case No. ACM-REG-2264-2025. While we appreciate the sponsor's intent to have a uniform standard, we understand from DLLR that property managers are already able to become licensed, yet many are not. **The Committee should wait for the outcome of *Smith v. Buzzuto* before acting.**

Like other debt collectors, property managers are financially motivated to collect as much rent as possible for the owner, leading bad actors to use aggressive, deceptive tactics with impunity. Debt collection is central to a property manager's role. Many contracts between property owners and property managers specify that managers receive a percentage of the rent collected. Managers are often rated on how much of the rent due is collected. Managers engage in every aspect of rent collection, including sending notices to delinquent tenants and initiating eviction proceedings if the rent is not paid.

There is no separate licensing regime for property managers – only the current debt collector licensing requirement. Unlike barbers, contractors, lawyers, and virtually any other profession, there is no licensing regime for property managers. Some local jurisdictions have a residential rental property licensing program, but this is geared to making sure a rental property is habitable and provides a contact person to the locality. There is no relief under most local rental licensing regimes for tenants who have experienced deceptive, harassing, or predatory practices by a property manager. Only DLLR's complaint process fills this essential accountability role.

It is important to note that small landlords are already effectively exempt. If you own a property and manage the property yourself, you do NOT need to become licensed as a debt collector. Only persons who collect on a debt owed to a different person must become licensed. If you own a property and contract out debt collection to a professional, the professional should become licensed. The owner does not need to be licensed.

Public Justice Center urges an **unfavorable** report on HB 433.

NOTICE OF ABANDONMENT

Apartment Address: [REDACTED]

Date: [REDACTED], 2025

Dear Resident(s):

We have made several attempts to contact you and have not heard from you to date. Please contact our office immediately to discuss your continued residency and past due balance in the amount of [REDACTED]

Please be advised that the Landlord will exercise the right, granted under the DEFAULT section of your lease, and assume possession of the leased premises. Failure to contact us within 72 hours of this notice will result in our assumption that you have abandoned the apartment, and the Landlord will elect to accept said abandonment as your surrender of legal possession. [REDACTED] Baltimore, MD [REDACTED]. Additionally, the Landlord will elect to accept said abandonment as your surrender of legal possession on Monday, [REDACTED] 2025.

Any items left in the apartment will be deemed abandoned and treated as such.

Respectfully,

[REDACTED]
Sr. Property Manager
[REDACTED]

HB0433-ECM-OPP.pdf

Uploaded by: Nina Themelis

Position: UNF



BRANDON M. SCOTT
MAYOR

*Office of Government Relations
88 State Circle
Annapolis, Maryland 21401*

HB 433

February 11, 2026

TO: Members of the House Economic Matters Committee

FROM: Nina Themelis, Director of Mayor's Office of Government Relations

RE: House Bill 433 – Business Regulation – Collection Agencies – Licensure Exemption for Property Managers

POSITION: Oppose

Chair Valderrama, Vice Chair Charkoudian, and Members of the Committee, please be advised that the Baltimore City Administration (BCA) **opposes** House Bill (HB) 433 – Collection Agencies – Licensure Exemption for Property Managers.

HB 433 creates a special exemption for property managers from Maryland's debt collector licensing requirements. Maryland's debt collector licensing requirements are an important consumer protection tool that allows enforcement agencies to hold bad actors accountable. For example, collecting debt without a required license is a violation of Baltimore's consumer protection ordinance. Exempting property managers from debt collector licensing will embolden bad actors to engage in more deceptive, abusive, and harassing debt collection tactics.

Like any other debt collectors, property managers are financially motivated to collect as much rent as possible for the owner, leading bad actors to use aggressive, deceptive tactics. Many renters are vulnerable to illegal debt collection activity because they lack the resources and time to vindicate their rights. Oftentimes property managers wield enormous power over tenants, because they can threaten eviction. Baltimore seeks to hold predatory property managers accountable. This bill would make that more difficult.

There is no separate licensing regime for property managers – only the current debt collector licensing requirement. Unlike barbers, contractors, lawyers, and virtually any other profession, there is no licensing regime for property managers. Baltimore has a residential rental property licensing program, but this is geared to ensuring that a rental property is habitable, has a valid lead certificate, and provides a contact person to the locality. There is no relief under Baltimore's rental property licensing laws for tenants who have experienced deceptive, harassing, or predatory practices at the hands of a property manager.

It is important to note that small landlords are already effectively exempt. If you own a property and manage the property yourself, you do NOT need to become licensed as a debt collector. Only persons who collect on a debt owed to a different person must become licensed. If you own a property and contract out debt collection to a professional, the professional should become licensed as a debt collector.

For these reasons, BCA respectfully requests an **unfavorable** report on HB 433.

*Annapolis – phone: 410.269.0207 • fax: 410.269.6785
Baltimore – phone: 410.396.3497 • fax: 410.396.5136
<https://mogr.baltimorecity.gov/>*

CLC on HB 433.pdf

Uploaded by: Phillip Robinson

Position: UNF

CONSUMER LAW CENTER LLC

Phillip Robinson*

A Consumer Rights Law Firm
1220 Blair Mill Road, Suite 1105
Silver Spring, MD 20910

* Admitted in MD

Phone (301) 448-1304
www.marylandconsumer.com

To: Chair Kriselda Valderrama
Vice Chair Lorig Charkoudian
Members of the House Economic Matters Committee

From: Phillip Robinson

Date: February 9, 2026

Subject: **HOUSE BILL 433 OPPOSITION LETTER**

On behalf of your constituents who I have represented throughout the State of Maryland, I oppose House Bill 433, which appears to be introduced for the sole purpose to favor property management companies who have failed to comply with longstanding law.

Property management firms have been sued for their unlawful activities in state and federal court and through administrative actions when they have abused their powers to seek and collect sums on behalf of others when they had no right to collect. For example:

- In Cilano v. Shea, No. PWG-19-827, 2020 WL 12744576 (D. Md. Apr. 2, 2020), the unlicensed property manager (who had been sued previously and settled in a class action lawsuit in the Circuit Court for Montgomery County), sought to collect wrongful fines from an elderly resident and also demanded sums not owed to preclude another homeowner from selling their home unless that homeowner paid the deceptive sums.
- In the Matter of: H&e Management, Ltd., A/k/a H&e Management Associates, Ltd, A/k/a H&e Management Services, LLC, Freeman P. Hair, Roberta E. Hair, and Elrick P. Hair, Respondents, 2018 WL 4051339, the unlicensed property management firm sought to collect “overdue fees” from a consumer despite the fact it was shown “copies of [the consumer’s] payment records” which confirmed no sums were owed. The management company “had persisted in contacting her regarding alleged Fees and dues owed, and ultimately engaged an attorney who sent her a collection letter threatening to obtain a lien on her property if she did not make a payment.”
- In the Matter of: the Management Group Associates, Inc., Respondent, 2014 WL 2809997, the Maryland State Collection Agency Licensing Board in the Office of the Commissioner of Financial Regulation (the “Agency”) entered into a public settlement which recognized “an HOA management company or agent is required to be licensed as a collection agency under MCALA, and is subject to the regulatory authority of the Agency.”

It should be noted, licensed realtors who collect rent are exempt from MCALA's scope. Md. Code Ann., Bus. Reg. § 7-102(b)(5). This is because the conduct of those licensed realtors are regulated by another license.

Here, however, there are no other agencies that license property management firms unless they are also licensed by the Maryland Real Estate Commission. So, what this bill seeks to do is favor those businesses that do not wish to be regulated so they can prey upon vulnerable adults and Maryland consumers without any government oversight. That is simple bad policy and should be rejected. Not only does this bill seek to interfere with the vested rights of homeowners' legal rights pending in court proceedings about the State, it simply seeks to give the unlicensed property management companies a competitive advantage over those honest property management companies who have obtained a license as required by law, which is neither burdensome nor onerous. It costs just \$350 to become licensed as a Maryland Collection Agency and the application is online. A real estate broker license fee costs \$211 and that application is also online.

Due to the pending and active litigation against some of the proponents of this legislation (which would potentially make the legislation unconstitutional)¹ and the above information, I recommend the committee vote UNFAVORABLE.

¹ *Dua v. Comcast Cable of Maryland, Inc.*, 370 Md. 604 (2002).

HB 433 - Opposition - Consumer Protection Commissi

Uploaded by: Steven Sakamoto-Wengel

Position: UNF

CAROLYN A. QUATTROCKI
Chief Deputy Attorney General

LEONARD J. HOWIE III
Deputy Attorney General

CARRIE J. WILLIAMS
Deputy Attorney General

SHARON S. MERRIWEATHER
Deputy Attorney General

ZENITA WICKHAM HURLEY
Deputy Attorney General



STATE OF MARYLAND
OFFICE OF THE ATTORNEY GENERAL
CONSUMER PROTECTION DIVISION
CONSUMER PROTECTION COMMISSION

ANTHONY G. BROWN
Attorney General

WILLIAM D. GRUHN
Division Chief

STEVEN M. SAKAMOTO-WENGEL
*Executive Counsel to the
Attorney General*

PETER V. BERNS
General Counsel

CHRISTIAN E. BARRERA
Chief of Staff

LEAH PERRY
Chair

February 11, 2026

To: The Honorable Kriselda Valderrama, Chair
Economic Matters Committee

From: The Consumer Protection Commission of Maryland

Re: **House Bill 433 - Business Regulation – Collection Agencies - License Exemption for Property Managers**

Position: OPPOSE (UNFAVORABLE)

To the Honorable Chair, Vice-Chair, and Members of the Economic Matters Committee:

The Consumer Protection Commission of Maryland (the “Commission”) opposes **House Bill 433**. House Bill 433 unnecessarily and dangerously exempts property managers from the Maryland Collection Agency Licensing Act (“MCALA”) at the risk of harming Maryland consumers and limiting appropriate State enforcement authority. The Commission is an advisory body to the Consumer Protection Division (“Division”), with nine members appointed by the Governor representing consumers, businesses and the public.

Renters make up roughly one-third of all households in Maryland, yet *Maryland property managers are not required to hold any license regulated by a State agency other than the requirement that they have a debt collection agency license*. Landlord-tenant complaints are consistently among the top complaints received each year by the Consumer Protection Division of the Office of the Attorney General, including complaints from tenants facing unlawful demands for payment of rent, fees, and other charges. If not for the MCALA debt collection licensing process, Maryland would have no tool available to ensure that rent collectors in Maryland have provided at least one State agency with basic identifying information about themselves and their practices before they are entitled to engage in debt collection activities, and there would be very little mechanism in place for tenants to complain and seek accountability for improper debt collection activities.

Enforcement of consumer protection laws in connection with rental property management is critically important for the protection of Maryland renters. The MCALA licensing requirements create two important points of accountability and consumer protection. At the front end, the MCALA licensing requirement requires that those seeking to collect money from Marylanders have provided the Collection Agency Licensing Board with basic information about themselves (personal information if an individual, and corporate information if a company); information about who is in control, and basic information about their policies. This information provided before a license is awarded ensures that those seeking to collect Marylanders' money meet a minimum level of suitability. Then, at the back end, if an individual or entity that holds a collection agency engages in practices that violate Maryland's debt collection laws, the potential suspension or revocation of the license can have a powerful deterrent effect to thwart future violations. House Bill 433's attempt to exempt property managers from MCALA would leave consumers vulnerable to unsuitable collectors, at the front end, and then limit their avenues for complaint and accountability at the back end by limiting the actions the Division is able to bring against unscrupulous property managers.

Since 1980, the official Maryland Attorney General interpretation of MCALA has consistently been that rent collectors, including property managers, must be licensed as collection agencies. The MCALA defines a "collection agency" to include "a person who engages directly or indirectly in the business of . . . collecting for, or soliciting from, another a consumer claim." Md. Code Ann. Bus. Reg. ("BR") § 7-101(d)(1)(i), and it requires a person acting as a collection agency to possess a license. *Id.* § 7-301.

It is our opinion that all rent collectors must be licensed a collection agencies if: (1) they are engaged in the business of collecting or attempting to collect for others rents owed or claimed to be owe 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 Op. Att'y 316 (1980) and subsequent interpretation. There simply is no legitimate reason or need now to exclude property managers, who are clear rent collectors, from their over 45-year obligation to obtain a license or seek other exemption.

Finally, while there are limited exemptions to the debt collection agency license requirement for lawyers (in some circumstances) and real estate brokers, those entities are regulated by other agencies and boards. Real estate brokers are regulated by the Real Estate Commission. Likewise, attorneys are overseen by the Attorney Grievance Commission. As such, exempted individuals and businesses from MCALA have additional oversight to ensure compliance with Maryland laws, and avenues for accountability. In contrast, as stated above, Maryland property managers are not required to hold any other license regulated by a State agency. There is also a "common ownership" exemption that may allow property management companies an exemption under certain documented circumstances. However, if all property managers were exempt from MCALA, property managers collecting rent for others would operate in a regulatory black hole because there is no other licensing entity in Maryland for this profession.

House Bill 433 risks great harm to Maryland consumers. As such, the Maryland Consumer Protection Commission requests **the Economic Matters Committee issue an UNFAVORABLE report on House Bill 433.**

HB0433 - Maryland Legal Aid - UNF.pdf

Uploaded by: Zafar Shah

Position: UNF



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:

Zafar Shah
Advocacy Director for Human Right to Housing
zshah@mdlab.org | (410) 951-7672

LeighAnn Rosenberg
Deputy Advocacy Director, Tenant Right to Counsel Project
rosenberg@mdlab.org | (410) 951-7795

HB0433_DHCD_INFO.pdf

Uploaded by: Chuck Cook

Position: INFO

DATE: February 11, 2026

BILL NO.: House Bill 433

TITLE: Business Regulation – Collection Agencies – Licensure Exemption for Property Managers

COMMITTEE: House Economic Matters Committee

Letter of Information

Description of Bill:

House Bill 433 would exempt property managers who collect rent payments, utilities, or fees from residential tenants, from requirements to hold a license to do business as a collection agency from the State Collection Agency Licensing Board in certain circumstances. The exemption would apply when property managers are collecting rent during the term of the lease or if a tenant holds over after the end of a lease, and only if the property manager’s primary purpose with respect to the property isn’t to collect debts including rent, utilities, and fees.

Background and Analysis:

The State Collection Agency Licensing Board (“Board”) is responsible for licensing and supervising collection agencies operating in Maryland. In addition to processing license applications, the Board also monitors and disciplines licensees, receives written complaints, mediates disputes, and engages in enforcement actions to address violations of Maryland law. In general, the landlord/tenant relationship is naturally imbalanced, with landlords and their agents having more information and greater financial resources than tenants. Property managers have the potential to have an outsized impact on tenants’ lives in how they collect rent payments, utilities, or fees from tenants. The existing licensure requirements for property managers in their debt collection activities, and tenants having an avenue to report and respond to malfeasance by bad actors, are important counterbalances.

In addition to reducing existing tenant protections, the legislation potentially could introduce ambiguity and uncertainty over the applicability of the licensing requirements. Property managers may unknowingly cross a line where licensure is required, and tenants may be left without recourse they otherwise should have had.