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SB 589 - Business Regulation – Collection Agencies – Licensure Exemption for Property Managers
Hearing before the Senate Finance Committee, Feb. 26, 2026

Position: UNFAVORABLE

Chair Beidle, Vice Chair Hayes and Committee Members:

Thank you for the opportunity to testify. SB 589 would eliminate the only statewide oversight mechanism that currently applies to property managers when they collect debts on behalf of landlords. I represent renters across Maryland and have seen how this licensing structure operates in practice. SB 589 would remove a critical accountability mechanism by exempting property managers from Maryland’s collection-agency licensing requirements.

The Collection Agency License Is The Only Regulation Of Property Managers

There is no license required to be a property manager. There is no other regulation of property managers other than MCALA.

Property Managers Are Not Regulated By The Real Property Article Or Local Laws

You may hear that property managers are already regulated because of the Real Property Laws. Those provisions apply to Landlords not property managers. The term property manager does not appear in any of the residential lease provisions.

The same is true for local laws. The local laws regulate the landlords not property managers. Some local jurisdictions require rental property licensing, but those programs focus on property habitability and safety—not the debt-collection practices. None provide a mechanism for addressing deceptive, abusive, or harassing collection activity. The MCALA licensing framework currently fills that gap.

As Collectors, Property Managers Have A Unique Tool

Property managers possess a unique debt-collection tool that licensed collection agencies do not — the ability to initiate eviction proceedings, a fast-track process that exerts extraordinary leverage on tenants. Property managers also send delinquency notices, demand payment, negotiate arrearages. These are the same functions performed by licensed collection agencies.

Debt collection is central to their role. Many management agreements compensate property managers based on rent collected, and performance is often measured by collection rates. Property managers send delinquency notices, demand payment, negotiate arrearages, and initiate eviction proceedings when rent is not paid. These are the same things that any licensed collection agencies does.

This Is Nothing New

In a 1980 opinion, the Attorney General concluded that persons collecting rent owed to another for residential leaseholds must be licensed unless a statutory exemption applies. 65 Md. Op. Att’y Gen. 316 (1980). The General Assembly has amended MCALA multiple times since 1980 without disturbing that interpretation.

MCALA Does Not Affect Property Owners

Importantly, all landlords are already exempt. Owners collecting their own rent are not required to obtain a collection-agency license. Licensure applies only when a third party collects the landlord’s debts.

Without Licensing There Is No Regulatory Authority

The practical effect is not simply deregulation—it is the elimination of any jurisdiction or oversight over property managers.

Licensing creates regulatory authority. When an entity must be licensed, the State can investigate complaints, impose discipline, and protect consumers. Without licensure, there is no registration requirement, no administrative complaint process, no disciplinary authority, and no oversight mechanism. SB 589 would cut out one of the only meaningful avenues available to renters when property managers engage in abusive or unlawful debt-collection practices.

Who Can Be Hurt By Unregulated Debt Collectors – 760,000 Renters

When collectors are not regulated, renters face increased risk of coercive practices—such as pressure tied to repair requests, aggressive demands, and eviction leverage—without a meaningful avenue for complaint or oversight.

This change would affect a substantial portion of Maryland residents. Maryland has approximately 760,000 renter households—about one-third of all households in the State—making renters a major population directly affected by this legislation. *See* National Low Income Housing Coalition, *Out of Reach: 2025*. Take away the regulation and you take away state agencies. Eliminating licensure would remove that pathway.

The Existing Exemptions Are Entities Who Are Already Regulated

Property managers are not subject to a comparable licensing or disciplinary scheme. SB 589 would grant a unique and unwarranted exemption to property managers who engage in the same conduct as licensed collection agencies—collecting debts owed to another. The existing exemptions are limited and purposeful. They apply to entities already subject to comprehensive regulation or professional oversight, including:

- banks and credit unions;
- mortgage lenders;
- savings and loan associations;
- trust and title companies;

- licensed real estate brokers acting within a regulated framework;
- lawyers operating under professional licensure; and
- persons acting under court order.

It Is An Issue Before the Courts.

The Appellate Court of Maryland has already interpreted the statute in *Williams v. eWrit*. Other circuit courts have reached similar conclusions. One recent circuit court decision has taken a different view and is currently on appeal. The issue is actively being resolved through the judicial process. Enacting an exemption now would preempt that process and permanently alter the statutory structure before the appellate courts have spoken.

For these reasons, I respectfully urge the Committee to issue an unfavorable report on SB 589.

Yours truly,

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