

February 24, 2026

Maryland Senate Finance Committee  
Testimony of Sandra Paik, Tower Companies  
In support of SB589 – Collection Agencies – Licensure Exemption for Property Managers

Thank you Chair, Vice Chair and Committee Members for this opportunity to share comments in support of Senate Bill 589.

I am the general counsel of Tower Construction Group. Tower supports the property management teams that serve our commercial and multifamily residential portfolio in Montgomery County, Maryland. In addition to Tower, I have served as an in-house attorney in 2 other privately-owned property management companies that operate commercial and multifamily residential properties in Montgomery County.

Half of my nearly 25-year legal career has been in financial services, serving as an in-house attorney in a green bank as well as in Freddie Mac's Law Division where I worked on approximately \$2b in loan transaction volume of Freddie's targeted affordable lending and securitization portfolio, and serving as outside counsel to several affordable and market-rate housing lenders and investors, so I have deep familiarity with financial services and their regulatory environment.

Most leases provide that rent paid to a landlord is for the use, occupancy and enjoyment of rental property for the current month and generally is not collection of an arrearage, and our lenders generally require that we operate our properties on this basis. A landlord in Maryland that is not receiving rent from most of their tenants on a current basis is not operating a viable business, because in Maryland debt collection from nonpaying tenants involves the statutory limit prohibiting landlords from charging interest in excess of 5% on past due rents.

When I reviewed the Maryland state licensing regimes around debt collection licensure, they describe financial regulatory regimes. Maryland's debt collection licensing regime uses the Nationwide Multistate Licensing System (or NMLS) to administer its financial licensing of collection agencies. According to its website, NMLS is a system of record for non-depository financial services licensing or registration for participating state licensing authorities . On the website for Maryland's office of financial regulation, it states that the Office of Financial Regulation regulates financial institutions and financial services providers. Under the "Who We Regulate" section of its website, it includes: "lenders, check cashing and money transmission services, collection agencies and credit reporting agencies, debt management and credit repair businesses, sales financing companies and student loan servicing companies, and Maryland chartered banks, credit unions and trust companies." These are all entities that are clearly in the financial services business.

Property management is not financial services. The business of property management companies is the management and operation of real property and buildings. Property management operations cover a wide range of activities to manage, operate and lease buildings to preserve the value of the real property while at the same time ensuring the properties provide a safe and habitable environment for the building occupants.

A typical multifamily residential property management operation requires a significant number and range of property management professionals as well as various contractors to ably perform the necessary maintenance and repair of the physical building structure, building systems, the interior common areas, as well as keeping the residential unit fixtures, appliances and utility services in good working order, to manage leasing operations, and to provide the suite of services and amenities that landlords and property managers choose to offer to residents. In exchange for the housing and resident services, tenants live according to the terms of their lease.

There are extensive federal, state and local regulatory regimes that specifically govern the residential lease, the handling of rent payments, and what happens when rent fails to be paid according to a lease agreement.

In Maryland, in addition to federal and local legal frameworks, Title 8 of the Maryland Real Property Code contains a comprehensive landlord-tenant regime that governs the landlord-tenant relationship, consisting of more than 100 pages of the Maryland Real Property Code, in which 3 of the 9 subtitles specifically address residential tenancy. These subtitles dictate provisions that must be included in residential leases, notice requirements and the processes by

which a landlord can enforce a lease when a residential tenant has breached their lease agreement obligations, including when a tenant fails to pay their rent, and a number of tenant rights including a right of redemption that enables tenants to preserve their housing after a landlord obtains a judgment in landlord-tenant court.

Property management for residential housing is a highly regulated business that is facing many economic challenges. Layering a licensure regime that is designed for financial regulation is not only onerous but also is not a sound policy choice. It will make residential real estate less economically viable for landlords and property managers and will further constrain housing supply in the face of a national housing crisis.

Thank you for your deliberation.