

# **Debt collection Bozzuto court case .pdf**

Uploaded by: Aaron Greenfield

Position: FAV

IN THE CIRCUIT COURT FOR MONTGOMERY COUNTY, MARYLAND

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

---

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.<sup>1</sup>

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

---

<sup>1</sup> 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 cites<sup>2</sup> 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.<sup>3</sup> 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

---

<sup>2</sup> *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*).

<sup>3</sup> 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.



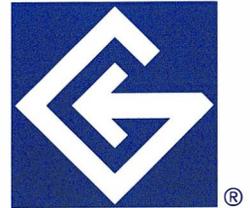
The Honorable Rachel T. McGuckian  
Circuit Court for Montgomery County, Maryland

# Grady SB589 FAV.pdf

Uploaded by: Brian Anleu

Position: FAV

The Honorable Pamela Beidle, Chair  
Senate Finance Committee  
3 East Miller Senate Office Building  
Annapolis, Maryland 21401



Dear Chair Beidle,

I am the President & Chairman of Grady Management. Grady manages 34 communities consisting of 7,943 apartment homes in Maryland.

The main function of property management companies are overseeing the operations, maintenance, and quality of life of residents. The last few weeks, for examples, nearly all Grady team members at each community have been ensuring the sidewalks, drive lanes and parking spaces are free of snow and ice.

Nevertheless, Grady has been proactively trying to get licensed for over six months. The application process is far too cumbersome and intrusive. The system used to complete the application is a national system (NMLS) that is used to track and manage licenses for mortgage loan originators.

This system then attempts to incorporate further requirements for state of Maryland, but none of these requirements are geared towards or covers property management. The application asks for both personal information, including employment history, business interests, and personal identifying information. It also asks for extensive business documentation including a business plan, organization hierarchy, and a \$50,000 surety bond.

It is unclear whether Grady would need one license or separate licenses for each subsidiary and affiliated company that Grady manages property on behalf of. My company is already required to obtain county rental housing licenses and there are already strict laws that govern the collection of rent.

The debt collection licensing requirement does nothing to protect tenants and only adds to the cost of operating rental housing in Maryland.

For these reasons, I respectfully urge a favorable report on Senate Bill 589.

Sincerely,  
Brian Alford

# **SB0589 -- Business Regulation - Collection Agencie**

Uploaded by: Brian Levine

Position: FAV



**Senate Bill 589 -- *Business Regulation - Collection Agencies - Licensure Exemption for Property Managers*  
Senate Finance Committee  
February 26, 2026  
Support**

The Montgomery County Chamber of Commerce (MCCC), the voice of business in Metro Maryland, supports Senate Bill 589 -- *Business Regulation - Collection Agencies - Licensure Exemption for Property Managers*.

Senate Bill 589 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 Senate Bill 589 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 Senate Bill 589 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  
Montgomery County Chamber of Commerce  
51 Monroe Street | Suite 1800  
Rockville, Maryland 20850  
301-738-0015 | [www.mcccmd.com](http://www.mcccmd.com)

# **SB 589 - Licensure Exemption for Property Managers**

Uploaded by: Christa McGee

Position: FAV



**Senate Bill 589 – Business Regulation, Collection Agencies, Licensure Exemption for Property Managers**

**Position: Support**

Maryland REALTORS® supports Senate Bill 589, 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. Senate Bill 589 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](mailto:lisa.may@mdrealtor.org) or [christa.mcgee@mdrealtor.org](mailto:christa.mcgee@mdrealtor.org)**

**MDCC\_SB 589\_Favorable.pdf**

Uploaded by: Grason Wiggins

Position: FAV



## Senate Bill 589

**Position: Favorable**

Committee: Finance

Date: February 26, 2026

---

Founded in 1968, the Maryland Chamber of Commerce (“Maryland Chamber”) is a statewide coalition of more than 7,000 members working to develop and promote strong public policy that ensures sustained economic growth and opportunity for all Marylanders.

Senate Bill 589 provides important statutory clarity by confirming that certain property managers are not required to obtain a collection agency license when collecting rent, utilities, or fees on behalf of a property owner. The bill appropriately limits this exemption to situations where a property manager is collecting payments during the term of an active lease or lawful holdover period and where debt collection is not the manager’s primary business purpose.

Property management is fundamentally distinct from debt collection. Under Maryland law, property managers operate pursuant to the Real Property Article and Maryland’s landlord-tenant framework. Their core responsibilities include leasing, maintenance, tenant relations, financial reporting, regulatory compliance, and daily property operations. Rent collection is simply one administrative component of managing an ongoing housing relationship. Property managers do not purchase debt, pursue charged-off accounts, or operate independent debt recovery enterprises – the type of conduct the Collection Agency Licensing Act was designed to regulate.

This distinction has already been recognized by the Montgomery County Circuit Court in *Smith v. Bozzuto* (Case No. C-15-CV-25-000340). In that case, Judge Rachel McGuckian concluded that property managers are not “debt collection agencies” under the Maryland Collection Agency Licensing Act (MCALA). After examining the legislative history of the MCALA, the court determined that the statute was intended to regulate businesses in the debt collection industry, particularly those engaging in predatory practices – not professional property managers who incidentally collect rent as part of broader management duties.

The court further observed that Maryland law already provides comprehensive tenant protections under Title 8 of the Real Property Article, and that Montgomery County provides additional protections under Chapter 29 of the County Code. The legislature has created a detailed and housing-specific regulatory framework governing landlord-tenant relations, separate from laws regulating consumer debt collectors.

Importantly, even when rent remains unpaid, Maryland law treats these matters as housing disputes – not traditional debt collection actions. Failure-to-pay-rent proceedings under Real Property § 8-401 are summary actions focused on possession of the premises rather than the recovery of a money judgment. Property managers do not obtain judgments that permit wage garnishment, liens, or other conventional debt collection remedies. Instead, courts issue judgments for possession, and tenants retain statutory redemption rights up to the point of eviction.

Senate Bill 589 does not diminish tenant protections or consumer safeguards. All existing requirements regarding notice, court oversight, eviction procedures, and prohibitions against unfair or deceptive practices remain fully intact. The bill simply ensures that property managers are regulated as housing professionals consistent with their primary function, rather than misclassified as debt collection agencies.

By aligning regulatory oversight with the practical realities of property management and existing Maryland law, Senate Bill 589 preserves tenant protections while avoiding unnecessary and duplicative licensure requirements. **For these reasons, the Maryland Chamber of Commerce respectfully requests a favorable report on Senate Bill 589.**



**MBIA Letter of Support SB589.pdf**

Uploaded by: Lori Graf

Position: FAV

February 26, 2026

The Honorable Pamela Beidle  
Chair, Senate Finance Committee  
3 East Miller Senate Office Building  
Annapolis, Maryland 21401

**RE: MBIA Letter of Support SB 589 - Business Regulation - Collection Agencies - Licensure Exemption for Property Managers**

Dear Chair Beidle,

The Maryland Building Industry Association, representing 100,000 employees of the building industry across the State of Maryland supports this legislation to 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, under specified circumstances.

Property managers acting within the ordinary scope of their management responsibilities are not third-party debt collectors in the traditional sense. They are agents of the property owner, engaged in the routine administration of rental housing, including collecting rent and related charges pursuant to a lease agreement. Requiring these professionals to obtain a separate collection agency license imposes duplicative regulation that does not meaningfully enhance consumer protection.

Property managers are already subject to extensive oversight, contractual obligations, and, in many cases, professional licensure requirements. Imposing an additional licensing layer increases administrative costs, creates unnecessary compliance burdens, and exposes housing providers and managers to legal risk for engaging in standard operational activities. These added costs ultimately flow through to housing providers and, potentially, to tenants.

This narrowly tailored exemption recognizes the practical realities of property management while maintaining appropriate protections against abusive third-party debt collection practices. By clarifying that routine rent collection by a property manager does not constitute collection agency activity, the bill provides needed certainty and avoids unintended regulatory consequences.

For these reasons, we respectfully urge a favorable report on this legislation.

For more information about this position, please contact Lori Graf at 410-800-7327 or [lgraf@marylandbuilders.org](mailto:lgraf@marylandbuilders.org).

cc: Members of the Senate Finance Committee



**2026.SB589.Fin Comm.Testimony.Support Property Man**

Uploaded by: Sandra Paik

Position: FAV

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.

**SB 589 PJC UNF.pdf**

Uploaded by: Albert Turner

Position: UNF



Albert Turner  
Attorney  
Public Justice Center  
201 North Charles Street, Suite 1200  
Baltimore, Maryland 21201  
410-625-9409, ext. 229  
turnera@publicjustice.org

---

**SB 589- Business Regulation – Collection Agencies – Licensure Exemption for Property Managers**

**Hearing before the Senate Finance Committee on Feb. 26, 2026**

**Position: Unfavorable**

---

Members of the Senate Finance Committee:

Thank you for the opportunity to testify. Public Justice Center opposes SB 589 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.

SB 589 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 SB 589 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: **SB 589 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 SB 589.

# **SB589 OFR Letter of Opposition.pdf**

Uploaded by: Amy Hennen

Position: UNF

February 26, 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 Senate Bill 589, Business Regulation - Collection Agencies - Licensure Exemption for Property Managers.

**Bill Summary**

SB589 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. 316 (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 FR and the State Collection Agency Licensing Board is in the best interest of Maryland consumers.

**OFR respectfully opposes this bill.**

**SB589\_UNF\_EconAction.pdf**

Uploaded by: Jennifer Bevan-Dangel

Position: UNF



**SB589: Business Regulation – Collection Agencies – Licensure Exemption for Property Managers**

**Position: UNFAVORABLE**

February 26, 2026

The Honorable Pam Beidle, Chair  
Senate Finance Committee  
3 East, Miller Senate Office Building  
Annapolis, Maryland 21401  
cc: Members, Senate Finance

Chair Beidle and Members of the Committee,

Economic Action Maryland Fund urges an unfavorable report on SB589, 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.

SB589 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](http://www.econaction.org)  
Marceline White · [Marceline@EconAction.org](mailto:Marceline@EconAction.org) | Jennifer Bevan-Dangel · [Jennifer@EconAction.org](mailto:Jennifer@EconAction.org)

# **SB 589\_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. BERNS**  
*General Counsel*

**CHRISTIAN E. BARRERA**  
*Chief of Staff*

**KIRA WILPONE-WELBORN**  
*Unit Chief*

February 24, 2026

To: The Honorable Pamela Beidle  
Chair, Finance Committee

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

Re: Senate Bill 589 – Business Regulation - Collection Agencies - Licensure Exemption for  
Property Managers (OPPOSE)

---

The Consumer Protection Division of the Office of the Attorney General (the “Division”) opposes Senate Bill 589 sponsored by Senator Benjamin F. Kramer. Senate Bill 589 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 Senate Bill 589 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.<sup>1</sup>

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)<sup>2</sup>, Real Property Management Capital (2023)<sup>3</sup>, and Heather Hill Property Company, LLC, *et. al.* (2025)<sup>4</sup> 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 Senate Bill 589 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. Senate Bill 589’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.

---

<sup>1</sup> Indeed, the Maryland Appellate Court held in *Williams v. eWrit Filings*, 253 Md. App. 545, 559-560 (2022) that MCALA by its plain language covered rent collection activities. The Court further observed: “We find it notable that the Maryland Senate seemingly responded to the Attorney General’s opinion when it proposed a bill two weeks after the opinion’s issuance to clarify that real estate brokers and their agents that collect rents would not constitute debt collection agencies. . . . In light of the Attorney General’s broad interpretation that rent collectors must be licensed as collection agencies, the General Assembly carved out a single exemption for real estate brokers and their agents who engage in the collection of rent. By failing to exempt any other rent collection entities in the bill, the General Assembly inferentially manifested its intent that all other rent collectors engage in debt collection activity.”

<sup>2</sup> Impacting consumers in Baltimore City, Baltimore County, and Prince George’s County.

<sup>3</sup> Impacting consumers in the DC Metro Region, including Montgomery County.

<sup>4</sup> Impacting consumers in Prince George’s County.

Finally, Maryland property managers are not required to hold any other license regulated by a State agency. If Senate Bill 589 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 are subject to other oversight to ensure compliance with Maryland laws and provide avenues for accountability. In contrast, 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.

Senate Bill 589 risks great harm to Maryland consumers. As such, the Division requests the Finance Committee issue an unfavorable report on Senate Bill 589.

cc: The Honorable Benjamin F. Kramer  
Members, Finance Committee

# **SB 589 - 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

**SB 589 – Business Regulation – Collection Agencies – License  
Exemption for Property Managers  
Hearing Before the Judicial Proceedings Committee  
February 26, 2026**

**Position: OPPOSE (UNFAVORABLE)**

---

To the Honorable Members of the Judicial Proceedings Committee:

**Community Legal Services (CLS) strongly opposes Senate Bill 589.**

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 Senate Bill 589 is informed by sustained, long term, daily representation of tenants in connection with their landlord-tenant relations and in eviction cases.

**In many states, property managers are required to have a property management or real estate broker’s license, and their practices are governed and overseen by the agencies regulating those professions. However, Maryland has no such requirement. Other than the Debt Collection Agency License which this bill would exempt them from, Maryland property managers are not required to hold any license regulated by any State agency.**

Debt collection activity by property managers is not limited to filing failure to pay rent cases in court. Property managers:

- Send out invoices for rent
- Collect rent
- Maintain ledgers
- Manage tenant payment portals
- Add charges and credits to ledgers
- Tell tenants how much is due and owing
- Call tenants to prompt tenants to make payments
- Go by tenants’ units in person to seek payments
- Send late notices
- Serve 10-day notices
- File failure to pay rent cases against tenants
- ***Represent property owners against tenants in court AS NON-LAWYERS, free from the professional and ethical rules governing the practice of law.***

**Renters make up roughly one-third of all households in Maryland, and failure to pay rent cases make up more than 95% of all eviction court cases filed, yet tenants are in a very weak 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. The process moves fast, does not allow for discovery, and is particularly unwelcoming of defenses based on bad actions by property managers. 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. Tenants are 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 Heather Hill removed their unlicensed property management company as part of the OAG enforcement case, they simultaneously filed 269 failure to pay rent cases with a different (but still unlicensed) property management company as the plaintiff. After months of court efforts by CLS to hold back the cases while the OAG'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, at the same time, the court 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 operating in the jurisdictions where we practice is engaging in the same practice – **debt collection activity is performed by an unlicensed property manager, while the titled owner is named as the plaintiff in court cases to avoid dismissals 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, **these practices 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 giving property managers an exemption from the MCALA.**

For the reasons noted above, Community Legal Services respectfully requests the Economic Matters Committee issue an **UNFAVORABLE report on Senate Bill 589**. Please feel free to contact Lisa Sarro, Esq., at [Sarro@clspgc.org](mailto:Sarro@clspgc.org) or Jessica Quincosa, Esq., at [Quincosa@clspgc.org](mailto:Quincosa@clspgc.org) with any questions.

# **CLC Opposition on Property Management SB 589.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](http://www.marylandconsumer.com)

To: Chair Pamela Beidle  
Vice Chair Antonio Heyes  
Members of the Senate Finance Committee

From: Phillip Robinson

Date: February 24, 2026

Subject: **SENATE BILL 589 OPPOSITION LETTER**

On behalf of your constituents who I have represented throughout the State of Maryland, I oppose Senate Bill 589, which appears to be introduced for the sole purpose to favor property management companies who have failed to comply with longstanding law when their competitor property management first have so complied.

Property management firms have been sued for their unlawful activities in state and federal court and through administrative actions related to their debt collection activities 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 consumer from moving unless she 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 that 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)<sup>1</sup> and the above information, I recommend the committee vote UNFAVORABLE.**

---

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

## **2.24 - SB 589 - Business Regulation - Collection A**

Uploaded by: Robin McKinney

Position: UNF



**SB 589 - Business Regulation - Collection Agencies - Licensure Exemption for Property Managers  
Senate Finance Committee**

**February 26, 2026**

**OPPOSE**

Chair Beidle, Vice-Chair, and members of the committee, thank you for the opportunity to submit testimony in opposition of Senate Bill 589. This bill creates a special exemption for property managers from Maryland's debt collector licensing requirements without a substantial justification.

The CASH Campaign of Maryland promotes economic advancement for low-to-moderate income individuals and families in Baltimore and across Maryland. CASH accomplishes its mission through operating a portfolio of direct service programs, building organizational and field capacity, and leading policy and advocacy initiatives to strengthen family economic stability. CASH and its partners across the state achieve this by providing free tax preparation services through the IRS program 'VITA', offering free financial education and coaching, and engaging in policy research and advocacy. **Almost 4,000 of CASH's tax preparation clients earn less than \$10,000 annually. More than half earn less than \$20,000.**

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. 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. **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

*Creating Assets, Savings and Hope*



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 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. The owner does not need to be licensed.

Exempting property managers from debt collector licensing will embolden bad actors to engage in more deceptive, abusive, and harassing debt collection tactics.

**Thus, we encourage you to return an unfavorable report for SB 589.**

**opp sb 589 unfavorable scott borison.pdf**

Uploaded by: Scott Borison

Position: UNF

Scott C. Borison –  
Consumers Rights Attorney  
Admitted in CA, DC & MD  
scott@borisonfirm.com

**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,

*Scott C. Borison*

Scott C. Borison

SCB/

# **SB 589 - 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 26, 2026

To: The Honorable Pam Beidle, Chair  
Finance Committee

From: The Consumer Protection Commission of Maryland

Re: **Senate Bill 589 -- Business Regulation – Collection Agencies -- License  
Exemption for Property Managers**

**Position: OPPOSE (UNFAVORABLE)**

---

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

**The Maryland Consumer Protection Commission (the “Commission”)** opposes **Senate Bill 589**. Senate Bill 589 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. Senate Bill 589'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.

Senate Bill 589 risks great harm to Maryland consumers. As such, the Maryland Consumer Protection Commission requests **the Senate Finance Committee issue an UNFAVORABLE report on Senate Bill 589.**

cc: The Honorable Benjamin Kramer

**SB0589\_DHCD\_INFO.pdf**

Uploaded by: Jake Day

Position: INFO

**DATE:** February 26, 2026

**BILL NO.:** Senate Bill 589

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

**COMMITTEE:** Senate Finance Committee

### Letter of Information

#### **Description of Bill:**

Senate Bill 589 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.