IN THE CIRCUIT COURT FOR MONTGOMERY COUNTY, MARYLAND

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

OPINION AND ORDER

This matter came before the court on Defendant Bozzuto Management Company's Motion to Dismiss, opposed by Plaintiff Christine Smith. For the reasons stated herein, it is, this 18 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

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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).

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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

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

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

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

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

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transaction," *Smith v. Westminister 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

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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

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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."

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

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

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

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

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

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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.

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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."

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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

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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
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