



MARYLAND COMMISSIONER OF FINANCIAL REGULATION INDUSTRY ADVISORY REGULATORY GUIDANCE



October 15, 2025

Maryland Collection Agency Licensing Act: Submetering of Rental Units

The Maryland Office of Financial Regulation (OFR) and the State Collection Agency Licensing Board (SCALB), which operates within OFR, are providing this guidance for persons who are collecting payments from tenants as part of providing “submetering” services to owners of multi-unit residential rental properties and to property managers. **Generally, such businesses must be licensed in accordance with the Maryland Collection Agency Licensing Act, codified in [Md. Code Ann., Business Regulation Article, Title 7](#).**

Background

Multi-unit properties in Maryland built before 1978 often have only a single meter for water or electricity. If a lease for a unit in such a property requires the tenant to pay the tenant’s share of the utility used at the property, which is billed by the local utility to the property owner, the owner or manager must allocate use among the tenants residing in the property. Submetering adds an individual meter, between the master meter and the unit, for each unit so that the cost of the utility used by the property can be accurately allocated to the tenants. Submetering services are typically provided by a third party; that party may also collect the amounts due from the tenants.

Maryland Collection Agency Licensing Act

The Maryland Collection Agency Licensing Act (MCALA) defines a collection agency, in part, as “a person who engages directly or indirectly in the business of, collecting for, or soliciting from another, a consumer claim...” A consumer claim is defined as “a claim that: (1) is for money owed or said to be owed by a resident of the State; and (2) arises from a transaction in which, for a family, household, or personal purpose, the resident sought or got credit, money, personal property, real property, or services.” Of note, neither of these definitions incorporates the concept of delinquency; a consumer claim is not limited to a delinquent claim, and a collection agency is not limited to a person collecting a delinquent claim.

A tenant’s obligation to pay for utility usage arises from a lease for the residential unit and is thus a claim arising from a transaction in which, for a family, household, or personal purpose, the tenant received property or services. Therefore, **a person collecting such a claim for a property owner or property manager is a collection agency, regardless of whether the claim is delinquent, and that person must be licensed by SCALB in accordance with MCALA.**

Licensing

Information on licensing may be found on [OFR's website](#). SCALB, through OFR, manages licensing through the Nationwide Multistate Licensing System (NMLS). Applications for licensure must be submitted through NMLS. Information and instructions on applying for a license may be found in the [NMLS Resource Center](#).

Contact

For any questions regarding this advisory, please contact Clifford Charland, Assistant Commissioner - Financial Services Licensing and Supervision, by phone at 410-230-6167 or by email at clifford.charland@maryland.gov.

For questions regarding the application process or the qualifications for licensure, please contact Arlene Williams, Director of Licensing, by phone at 410-230-6068 or by email at arlenef.williams@maryland.gov.

For assistance with the use of the Nationwide Multistate Licensing System (NMLS) when applying for licensure, please contact the NMLS Call Center at 1-855-665-7123; the call center is open Monday – Friday from 9 a.m. to 9 p.m. Eastern Time. Please note that OFR staff are not able to provide assistance with the use of the NMLS.

The Office of Financial Regulation, a division of the Maryland Department of Labor, is Maryland's consumer financial protection agency and financial services regulator. For more information, please visit our website at www.labor.maryland.gov/finance.



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