



Maryland Licensing Workgroup



Office of Financial Regulation (OFR)

Meeting #3

January 16, 2026

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Brief Agenda

- Welcome and Opening Remarks
- Discussion Topics:
 - Proposals for Collection Agency Licensing
 - Consumer Loan and Installment Loan Lender Licensing
 - Indirect Vehicle Financing (Auto Dealers as Creditors)
 - Third-Party Litigation Financing and Probate Loans/Estate Loans
- Wrap-Up Discussion and Next Steps

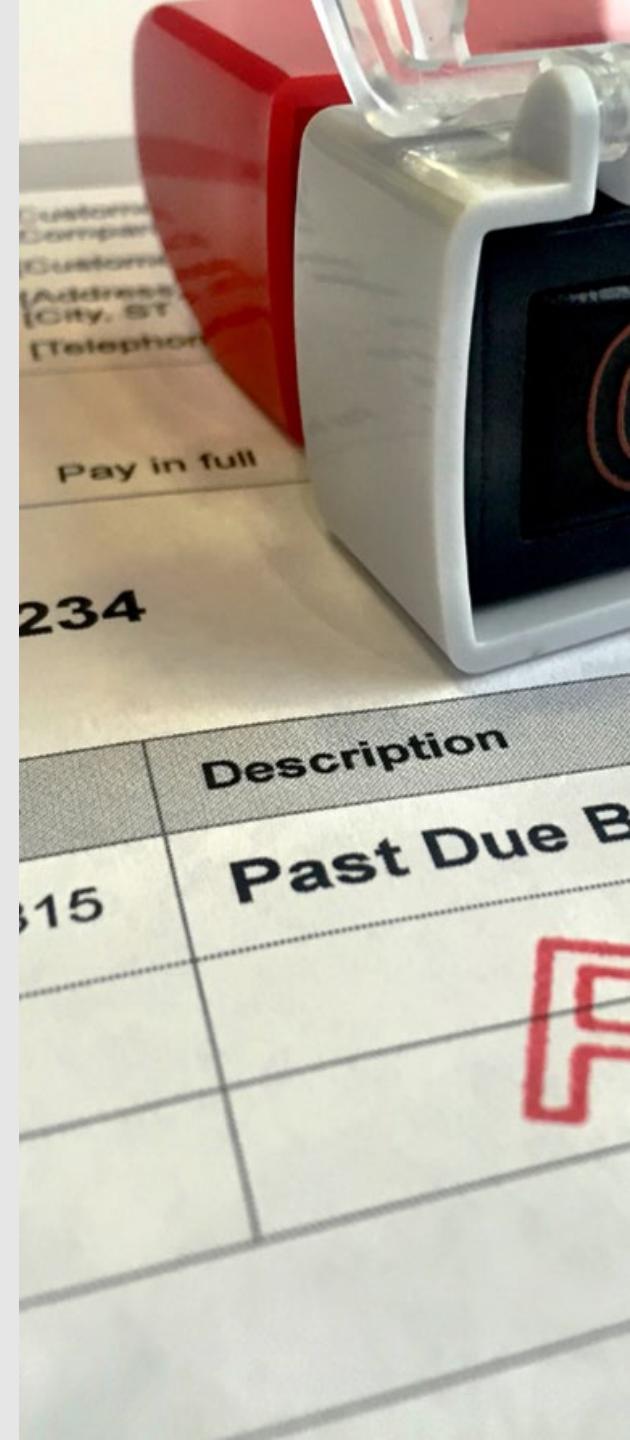
Be advised that this meeting is being recorded. The video recording will be posted online and available to the public.



Collection Agency Licensing and the State Collection Agency Licensing Board

Proposals from December meeting:

1. Leave sole licensing responsibility with OFR, while maintaining joint enforcement authority between OFR and the Board.
2. Remove the statutory requirement that a consumer member of the Board must be “an officer or member of the board of a recognized consumer group in the State or an employee of a local consumer protection unit in the State”. [\[MD Code, Business Regulation, §7-202\(b\)\(ii\)\]](#)



Consumer Loans and Installment Loans

Consumer Loan Law (CLL)

[Md. Code, Financial Institutions, Title 11, Subtitle 2-Licensing Provisions](#)

[Md. Code, Commercial Law, Title 12, Subtitle 3-Credit Provisions](#)

- Loans \$25,000 or less for personal, family, or household use.
- Banks, credit unions, trust companies, and savings and loans are exempt from licensure.
- Loan of \$25,000 or less presumed to be under CLL, *unless* lender affirmatively elects to make the loan under Subtitles for Interest and Usury, Secondary Mortgage, Credit Grantor Revolving, or Credit Grantor Closed End provisions [*Md. Code, Commercial Law, Title 12, Subtitles 1, 4, 9 or 10*].

Installment Loan Licensing Provisions

[Md. Code, Financial Institutions, Title 11, Subtitle 3](#)

- Generally, covers consumer loans not governed by CLL (with certain exceptions).
- Banks, credit unions, etc. are exempt from licensure, *unless* a bank or credit union is chartered by another state *and* does not have a branch in Maryland.
- **Installment loan and consumer loan licensing requirements and fees are identical.**
- **Consumer loan licensees are exempt from installment loan licensure.**



Vehicle Financing and Auto Loans

- Motor vehicle financing is most commonly in the form of retail installment contracts.
 - Retail installment sellers, including auto dealers, do not require any credit-related license.
 - Purchasers of retail installment contracts must have a **sales finance license** [[Md. Code, Commercial Law, Title 12, Subtitle 6](#)].
 - No limit on auto dealer compensation from sales finance company.
- Direct loans to auto buyers require licensure or exemption.
- Auto dealers are regulated by Motor Vehicle Administration.



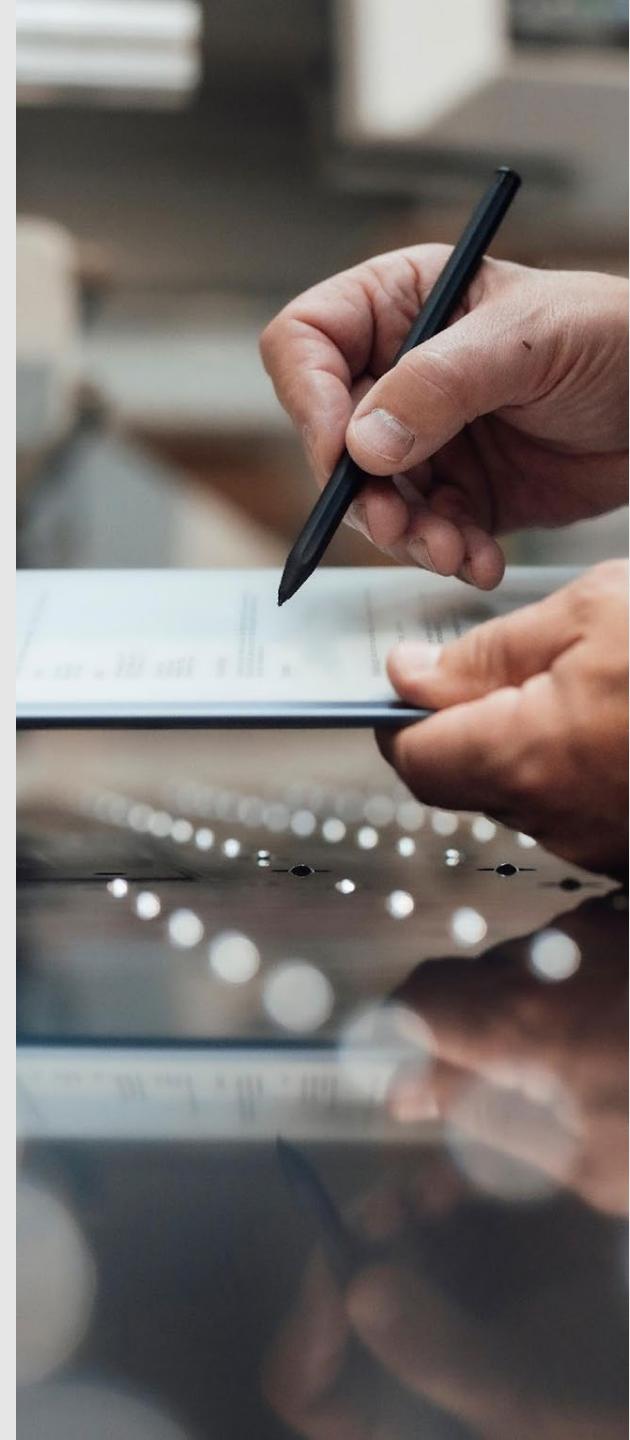
Third-Party Litigation Financing (TPLF)

Definition and Regulatory Status:

- An individual or business loans money to a plaintiff for their legal and living expenses, with repayment contingent on whether the plaintiff wins their case or receives a settlement.
- OFR has held that TPLF activities are loans subject to existing licensing requirements and usury laws. This position is supported by the Office of the Attorney General.

MD Senate Bill 985 (introduced in 2025 session):

- Created regulatory framework to promote TPLF consumer protection and transparency.
- Mandated extensive disclosures within all TPLF contracts.
- Outlined prohibited practices, such as accepting referral fees.
- Imposed a fiduciary duty on financiers in class action cases.
- Supporters (insurance/business) argued the bill is necessary to combat fraud and prevent onerous contracts.
- Opponents argued strict regulations will restrict consumer access to justice by eliminating funding options and that the bill may provide strategic leverage to corporate defendants.



Probate Loans/Estate Loans

- **Definition:** An individual or business purports to purchase a share of an estate, offering the heir(s) immediate cash in exchange for a share of the estate when disbursement is made.
- Generally, the heir is not liable for any repayment outside of the estate.
- Generally requires assets to be converted to cash.

MD OAG Press Release (8/6/2025):

[Attorney General Brown Announces \\$2.7M in Restitution for Maryland Consumers in Settlement with Probate Advance, LLC](#)



Wrap-Up Discussion and Next Steps

Next Meeting: February 13, 2026; 10:00am (virtual)

Web: www.labor.maryland.gov/finance/frmdlicensingworkgroup.shtml

