

minutes

Maryland Collection Agency Licensing Board Open Session Minutes		
5.10.2018	10:30 a.m.	Dept. of Labor, Licensing and Regulation 500 N. Calvert Street
Meeting called to order at 10:33 a.m. by	Antonio P. Salazar, Chairman	
Administrator	Carole Smith-Rea	
Attendees	Susan Hayes (Industry Member), Joanne Young (Industry Member), Steve Hannan (Consumer Member), Eric Friedman (Consumer Member), Jedd Bellman (Staff), Cliff Charland (Staff),	
Acknowledgements	Mr. Salazar acknowledged the General Notice of the Board Meeting in the Maryland Register posted on April 27, 2018, along with the April 6, 2018 posting of both the Notice of the Meeting and the Notice of Agenda on the DLLR website.	
Approval of Minutes of February 8, 2018		
Mr. Salazar		
Discussion	After reviewing the minutes of the previous meeting, Mr. Hannan pointed out that his name had been misspelled. On a Hannan/ Motion, the minutes of the February 8, 2018 meeting as corrected.	
Recognition of Public Comments		
[Presenter]	None	
Discussion	No members of the public were present.	
1. Non-Depository Licensing Unit Report		
Jedd Bellman		
Discussion	<p>Mr. Bellman substituted for Ms. McBride and presented her collection agency license approval report listing 26 collection agencies, advising that each entity's application and supporting materials for licensure had been reviewed, and satisfied the requirements for licensure.</p> <p>The Board unanimously ratified its prior approval and issuance of all initial and renewal collection agency licenses since February 8, 2018.</p>	

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2. Consumer Services Unit Report

Kelly Mack

Discussion

Ms. Mack presented her Debt Services Complaints Report. She explained that the Consumer Services Unit had received year-to-date 161 total complaints as of May 8, 2018, of which 32 cases were still open, and 155 cases had been closed. Compared to the same period in 2017, in which 164 complaints had been received. Ms. Mack noted a decreasing trend in the number of complaints over the last 3 years.

Also, during the discussion, Ms. Hayes told the Board of a frivolous complaint that had been made against her company about 1 month ago. The matter was resolved by the Consumer Services Unit in @ 2 days.

3. Enforcement Unit Report

Jedd Bellman

Discussion

Mr. Bellman reported on 6 open enforcement cases, 3 are in the investigation phase, 2 are under review by investigation by the Office of the Attorney General, and 1 cease and desist order was issued for H&E Management Ltd. Mr. Bellman advised that 1 enforcement case was closed where there was no consumer harm.

Mr. Salazar added that the Enforcement Unit is in the process of looking for a new director, former Director Randy Kiser having left the agency. Mr. Bellman is managing that unit until a new Director is hired.

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4. Outreach to Licensees regarding Laws/Regulations

Mr. Bellman

Discussion

Mr. Bellman reported on the outreach project on which Mr. Hannan and Ms. Lawrence are working on a website that is intended to reduce burden on the staff and assist the industry in complying with the law, thereby reducing complaints.

Mr. Salazar added that the Commissioner's Office was going to undertake an outreach program in order to inform licensees about proposed and passed legislation that would impact them, as well as expectations for operations and licensing. Ms. Hayes asked Mr. Bellman about educational opportunities. Mr. Bellman advised that the first initiative focuses on the check cashing industry. Mr. Salazar invited the Board members going forward to provide their input.

Mr. Bellman advised that planning is underway for a panel discussion on federal issues (federal and state training) at the next NCARA conference, Mr. Salazar suggested that the Board bring suggestions to the September meeting.

5. NMLS 2.0 – Final Transition/Renewal Update

Mr. Bellman/
Mr. Charland

Discussion

Mr. Bellman reported that the development of NMLS 2.0 is continuing, but implementation has been delayed until the 2nd quarter of 2019. He is hopeful that the 2020 renewal process (beginning in November 2019) will improve the process. He added that proper training will be made available.

Mr. Charland also reported that the transition of licensees started in 2017 is finished. There were some licensees who did not know that they had to renew and make the transition. He explained that they will be using the same transition process this year, and hope to be able to use the new process (NMLS 2.0) by next year.

Mr. Salazar asked Mr. Charland if he had heard if other states were going through similar issues. Mr. Charland explained that he had spoken to another state's official that claimed a 95% transition with no major issue.

Mr. Bellman also discussed how the licensing fees have changed, i.e., decreased by 50% based on the change from a 2-year to a 1-year license term.

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6. Legislation/ Final Regulation Approval

Mr. Salazar

Discussion

1. On a Hayes/Hannon motion, the Board approved the final Regulation 09.03.13.02 which implements the licensing fee change from two to one year.
2. Mr. Salazar provided the following summary of current legislation impacting debt collection agencies:

House Bill 187, effective June 1, 2018, requires certain revenue, fees and examination and investigation fees and assessments relating to the licensure of collection agencies, etc. The legislation collapsed several license specific funds into one Nondeposit Special Fund. Upon enactment, the Commissioner and Board's activities are funded from the Nondeposit Special Fund.

House Bill 1634/Senate Bill 1068, Financial Consumer Protection Act of 2018, effective October 1, 2018, amended the Maryland Debt Collection Practices Act (MDCPA) the definition of "unfair or deceptive trade practice" to include "abusive", and adds unlicensed collection agency activity to the definition of "abusive". Accordingly, the OAG's Consumer Protection Division will have concurrent jurisdiction over unlicensed collection agency activity. Among other things, the legislation requires the Commissioner to designate a Student Loan Ombudsman. The Commissioner has begun preparations to implement the legislation. Mr. Bellman noted that penalties for violations of the MDCPA were increased to \$25,000.

The Board members and staff briefly discussed the Board's prior determination that student loan servicers should be licensed as collection agencies. However, the Board had concluded to wait for pending action by the Legislature. During the 2018 session, the licensing of student loan servicers was initially included in Senate Bill 1068, but deleted from the bill prior to passage. Given the Board's previous determination and the lack of direction from the Legislature, Mr. Salazar explained to the Board that he will discuss how to move forward with the licensing of student loan services, e.g., letter or advisory, with staff and advise the Board. Mr. Salazar noted that discussions will include the Office of the Attorney General in order that State action is coordinated as much as possible.

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Mr. Salazar further advised the Board that Attorney General has joined a letter along with other states' attorneys general to Secretary of Education DeVos concerning preemption argument not applying to all student loans. Mr. Bellman added that student loans can be private or federal.

Ms. Hayes asked if the increase in penalties would affect the licensees' required amount of their bond. Ms. Small and Mr. Bellman explained that under the 2017 amendment to the bond statute, the Board may collect the penalties from the surety on the bond. Mr. Salazar suggested that the Board discuss the bond amount at the September meeting.

The Board discussed Senate Bill 42 that amended §5-1202 of Courts and Judicial Proceedings Article providing that any subsequent payment toward, written or oral affirmation of, or any other activity on the debt that occurs after the expiration of the statute of limitations applicable to consumer debt collection action does not revive or extend the statute of limitations period; and this provision may not be interpreted to affect the state of limitations applicable to a separate written agreement or written payment plan entered into between the debtor and creditor or collector before the expiration of the applicable statute of limitations. Ms. Young noted the difficulty in finding a debtor and obtaining a payment in the time allotted by the statute. Mr. Salazar noted that creditors should seek guidance from their legal counsel.

7. Chairman's Statement – Closing the Session

Mr. Salazar

Discussion

Mr. Salazar gave the Chairman's Statement. On a Hannan/Hayes motion, the Board approved closing the session.

Re-Opened Session

Mr. Salazar

Discussion

On a Hayes/Hannan motion, the Board approved re-opening the session. . On a Hayes/Young motion, the Board approved Midland's license renewal application.

Meeting
Adjourned

On a Salazar/Hannan motion, the meeting adjourned at 11:45 a.m.