

Department of Legislative Services  
Maryland General Assembly  
2026 Session

FISCAL AND POLICY NOTE  
First Reader

Senate Bill 582  
Finance

(Senator Jennings, *et al.*)

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Consumer Protection - Unsolicited Loans

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This bill prohibits a “creditor” from sending a check or other negotiable instrument to an individual if (1) the check or other negotiable instrument is sent in connection with an offer to extend credit to the individual, and (2) the individual has not submitted an application for or otherwise requested the extension of credit beforehand. The bill defines “creditor” as a person that engages in whole or in part in the business of making loans or other extensions of credit for personal, family, or household purposes. An individual who is sent a check or other negotiable instrument in violation of the bill is not liable for the amount of the check or other negotiable instrument unless the individual actually receives and negotiates the check or other negotiable instrument. A creditor that violates the bill is guilty of a misdemeanor and on conviction is subject to a fine of up to \$500.

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Fiscal Summary

**State Effect:** The bill does not materially affect State finances or operations.

**Local Effect:** The bill does not materially affect local government finances or operations.

**Small Business Effect:** Minimal.

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Analysis

**Current Law:** No provision of State law prohibits a creditor from sending a check or other negotiable instrument as part of an offer of credit.

**Additional Comments:** The Office of Financial Regulation notes that some Maryland lenders utilize a practice known as “live checks” or “pre-approved loan checks” as a

method of offering credit to consumers. The mechanics of this lending model involve the lender mailing a physical check directly to the consumer. The detailed terms and conditions of the loan being offered (including the principal amount, interest rate, repayment schedule, and any associated fees) are typically printed directly on the check itself or included in the accompanying documentation. The act of the consumer cashing, depositing, or otherwise negotiating this check is legally interpreted as the consumer's explicit agreement to and acceptance of all the specified loan terms, thereby immediately initiating the credit agreement. While this mechanism offers a rapid and convenient means for consumers to access funds, it has led to complaints from some Maryland consumers who may be unaware that they are entering into a loan obligation by cashing the check.

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### **Additional Information**

**Recent Prior Introductions:** Similar legislation has not been introduced within the last three years.

**Designated Cross File:** None.

**Information Source(s):** Office of the Attorney General (Consumer Protection Division); Judiciary (Administrative Office of the Courts); Maryland Department of Labor; Department of Legislative Services

**Fiscal Note History:** First Reader - February 17, 2026  
jg/jkb

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Analysis by: Eric F. Pierce

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510