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CONSUMER PROTECTION DIVISION
February 12, 2020

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To: The Honorable Dereck E. Davis
Chair, Economic Matters Committee

From: Steven M. Sakamoto-Wengel
Consumer Protection Division

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Re: House Bill 139 – Consumer Protection – Electronic Transactions – Sale of Vehicles
(SUPPORT WITH AMENDMENTS)

The Consumer Protection Division of the Office of the Attorney General submits the following written testimony in support of Senate Bill 139 sponsored by Delegate Brian Crosby, with amendments that have been agreed upon between the Division and the Maryland Automobile Dealers Association. With the amendments, this bill provides that the valid sale of a motor vehicle by an electronic contract requires that the consumer be given a clear and readable copy of all documents they are required to execute and a reasonable period of time to review them before agreeing to the sale. In addition, the bill requires that the customer be given a fully executed copy of the contract.

The purchase of a motor vehicle from a dealership is a complicated, time consuming process that requires a number of documents to be signed or initialed. Increasingly, the process is complicated by the inability to easily see the contract when signing or not being given sufficient time to review it. This bill attempts to remedy these concerns by requiring that when a motor vehicle is sold by a dealer through the use of an electronic contract, a clear and readable copy of the complete purchase agreement be given to the consumer in advance. The bill further requires that the consumer be given a reasonable period of time to review the contract. This ensures that consumers are not forced to attempt to read what they are signing on a small illegible screen and helps to ensure mutual consent.

As amended, the bill would further require that an electronic sale can only be entered into by a licensed dealer and, if the vehicle is not delivered to the consumer at the time of sale, would require delivery of the vehicle to the consumer's home within seven days unless the buyer agrees to a different date in writing.



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The Consumer Protection Division regularly receives calls and complaints from consumers who allege they were told they could only obtain a copy of the contract once all the signatures are complete. In addition, they are often only given a small signature pad to sign, but the provisions of the contract are only visible to the dealer. In one complaint, an elderly consumer advised that she was required to fill out a finance agreement on a screen with small print that she was unable to see clearly. After signing the agreement she advised that she believed the figures had been changed, resulting in charging her \$1,000.00 more than she had agreed. The business eventually refunded the \$1,000.00, but allowing a consumer to obtain a copy of the contract in advance would provide them with a better opportunity to review the documents and make an informed decision.

For these reasons, we ask that the Economic Matters Committee return a favorable report on House Bill 139 with the agreed amendments.

cc: The Honorable Brian Crosby
Members, Economic Matters Committee