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To: The Honorable Delores G. Kelley
Chair, Finance Committee

From: Karen S. Straughn
Consumer Protection Division

Re: Senate Bill 134 – 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 134 submitted by Senator Brian J. Feldman. Attached are amendments to the bill that have been agreed upon between the Division and the Maryland Auto 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.

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. More often than not, 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.

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 \$1000.00 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 Finance Committee return a favorable report on this bill.

cc: The Honorable Brian J. Feldman
Members, Finance Committee

Section 15-311.4 ELECTRONIC SALE AND DELIVERY OF VEHICLES

- (A) ONLY A DEALER MAY CONTRACT FOR SALE AND DELIVERY OF A MOTOR VEHICLE BY ELECTRONIC MEANS.
- (B) A CONSUMER SHALL BE DEEMED NOT TO HAVE AGREED TO ENTER INTO A TRANSACTION FOR THE SALE OR LEASE OF A VEHICLE WITH A DEALER BY ELECTRONIC MEANS UNLESS THE DEALER PROVIDES A CONSUMER WITH:
 - (I) A CLEAR AND READABLE COPY OF EACH DOCUMENT SIGNED BY THE CONSUMER IN AN ELECTRONIC OR WRITTEN FORMAT; AND
 - (II) REASONABLE OPPORTUNITY FOR THE CONSUMER TO REVIEW THE DOCUMENTS BEFORE PROVIDING AN ELECTRONIC SIGNATURE.
- (C) UPON EXECUTION BY BOTH THE DEALER AND CONSUMER OF A MOTOR VEHICLE CONTRACT BY ELECTRONIC MEANS, IF THE VEHICLE IS NOT DELIVERED TO THE CONSUMER AT THE DEALERSHIP, THE DEALER SHALL DELIVER THE MOTOR VEHICLE FROM THEIR PRIMARY BUSINESS LOCATION TO A PHYSICAL ADDRESS PROVIDED BY THE BUYER AT A DATE AND TIME AGREED UPON BY THE BUYER AND THE DEALER THAT IS WITHIN SEVEN BUSINESS DAYS UNLESS THE BUYER AGREES IN WRITING TO A DIFFERENT DELIVERY DATE.