



January 24, 2025

Delegate C. T. Wilson, Chair  
Economic Matters Committee  
Room 231, House Office Building  
Annapolis, MD 21401

**Testimony to the Economic Matters Committee  
HB 431: Civil Actions – Consumer Contracts – Limitations Periods  
Position: Favorable**

Honorable Chair Wilson and Members of the Committee:

My name is Christine Hines, and I am senior policy director at the National Association of Consumer Advocates. NACA is a national nonprofit organization of private and public sector attorneys, legal services attorneys, law professors, and law students actively engaged in promoting a fair and open marketplace that forcefully protects the rights of all consumers, particularly those of modest means.

We are deeply concerned about provisions in one-sided terms and conditions that restrict the rights and protections of consumers and working families who sign up for everyday products and services. These terms are ubiquitous, and consumers have no bargaining power over them. As such, we strongly support and urge favorable passage of HB 431 to ensure that Maryland residents are not restricted by one of these pervasive terms that shortens the time period in which a consumer can file a claim when they are cheated, ripped off, or otherwise harmed by predatory business practices.

In 2024, NACA released a report, *Fine Print Traps*, identifying what we believe to be some of the most harmful terms in standard-form consumer contracts.<sup>1</sup> These clauses, we found, weaken consumer protections and insulate corporate entities from accountability when they break laws and harm their customers. One of those too-common terms reduces the time limit for consumers to bring a case. That is, they unilaterally shorten the statute of limitations provided by state law.<sup>2</sup> For example, we have reviewed terms and conditions for products and services that would change a state's three-year statute of limitations period and reduce the time to file a claim to as little as six months. Practically, under these clauses, consumers have little time to discover their

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<sup>1</sup> Christine Hines, *Fine Print Traps – Terms in Corporate Form Contracts That Cause the Most Harm to Consumer Rights and Protections*, March 2024, <https://www.consumeradvocates.org/news/the-worst-of-the-fine-print-traps-in-everyday-terms-and-conditions/>

<sup>2</sup> Andrea J. Boyack, *Abuse of Contract: Boilerplate Erasure of Consumer Counterparty Rights*, IOWA LAW REVIEW, Vol. 110:497, at <https://ilr.law.uiowa.edu/sites/ilr.law.uiowa.edu/files/2025-01/ILR-110-Boyack.pdf>; also available at <https://ssrn.com/abstract=4756735> (March 2024).

injuries, investigate the potential wrongdoing, and to obtain legal assistance. This makes them less likely to fully enforce and benefit from laws that were passed to protect them.<sup>3</sup> This is the intention of the worst provisions in take-it-or-leave-it terms: to reduce the freedom, rights, and opportunities of everyday people who have no bargaining power over these terms.

Contract clauses that shorten statute of limitations periods also undermine the work of elected officials who pass laws to protect consumers. Maryland's Consumer Protection Act, for example, which protects residents from unfair, abusive, or deceptive trade practices involving the sales of products, services, real estate, and consumer credit gives harmed consumers a three to five-year window to file suit following various violations in the marketplace. Yet, corporate lawyers may simply use the fine print that accompany their products and services to undercut much of these statutory protections. The Consumer Financial Protection Bureau has also observed that companies in the consumer finance sector have an undue economic advantage because they can write these take-it-or-leave-it terms to shield themselves from legal liability by restricting the personal autonomy and freedom of individual consumers.<sup>4</sup>

Admittedly, standard-form terms and conditions help to make transactions more uniform and efficient, but they now go beyond the key terms of a deal, such as the price, repayment schedule, and interest rate, and include harmful clauses, such as these restrictive limitations periods.

Maryland lawmakers and courts recognize that a key purpose of a statute of limitations is to provide adequate time for diligent consumers to file suit.<sup>5</sup> And Maryland law already prohibits contracts from shortening the statute of limitations in other contexts, such as in insurance and surety contracts. The law considers these clauses to be against the state's public policy, illegal, and void. In addition, other states, including those that are traditionally more conservative, have determined that terms and conditions that shorten statutes of limitations periods are void because they breach their state's public policy.<sup>6</sup> Maryland lawmakers should similarly act to protect the state's consumer laws from the threat of obstruction in the corporate fine print.

**Maryland consumers would benefit from the commonsense protections in HB 431, to nullify restrictive clauses in consumer contracts that shorten the state's statute of limitations. For the reasons above, we strongly urge favorable passage of this legislation.**

Respectfully submitted,

Christine Hines

cc: Members, Economic Matters Committee

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<sup>3</sup> Consumer Financial Protection Bureau, Proposed Rule, *Registry of Supervised Nonbanks That Use Form Contracts To Impose Terms and Conditions That Seek To Waive or Limit Consumer Legal Protections*, 88 Fed. Reg. 6906, 6932, Feb 1, 2023. "For example, if the consumer would have had more time under the statute of limitations law to enforce the applicable legal protection, then the term or condition would be taking away that additional time during which the consumer could have enforced the applicable legal protection. That loss of time to enforce rights may pose potential risks to consumers, raising the need for greater public oversight to protect those rights."

<sup>4</sup> Consumer Financial Protection Bureau, Proposed Rule, *Prohibited Terms and Conditions in Agreements for Consumer Financial Products or Services (Regulation AA)*, 90 Fed. Reg. 3566, 3567, Jan. 14, 2025.

<sup>5</sup> See, *Ceccone v. Carroll Home Services*, 165 A.3d 475 (Md. 2017).

<sup>6</sup> See, e.g., *Delljack, Inc. v. U.S. Bank Nat'l Ass'n*, 2012 WL 4482049 at 6-7 (D. Idaho 2012). See, also, Idaho Code § 29-110(1).