



**House Bill 103 – Consumer Protection – Consumer Contracts – Prohibited
Waiver
Hearing on February 10, 2026 – Economic Matters Committee
Position: FAVORABLE**

Maryland Legal Aid (MLA) submits its written and oral testimony on HB 103 in response to a request from Delegate Vaughn Stewart.

Maryland Legal Aid (MLA) appreciates the opportunity to testify in support of this vital legislation. We are the state’s largest nonprofit law firm, representing thousands of low-income Marylanders every year in civil legal cases involving a wide range of issues, including family law, housing, public benefits, consumer law, and criminal record expungements to remove barriers to obtaining child custody, housing, driver's licenses, and employment. Because HB 103 would prohibit consumer contracts from limiting the rights of a consumer has under Maryland or federal law, MLA testifies in strong support of this bill.

As consumer contracts have become more complex and are presented electronically in a read and click approval format, companies have increasingly included provisions that a person may not see or truly understand. Virtually every consumer transaction from cellular telephone contracts to car and home purchases can be delivered electronically. These contracts are contracts of adhesion. The agreements are often unreadable. As noted in the conclusion of the law review article *The Duty to Read the Unreadable*:

Sign-in-wrap contracts permit online firms to contract with millions of users, with negotiation, and without verifying that the contract was read (let alone understood). Although consumers are legally presumed to read these contracts, websites are not obliged to provide consumers with readable ones. This legal reality raises an imperative question: are sign-in-wrap contracts, which consumers are obliged to read, in fact readable? Is it fair and efficient to impose the duty to read on consumers who allegedly accept these contracts?¹

Some of these contracts require steps such as binding arbitration, while others limit the consumer’s ability to sue entirely. Even if a consumer contract is in writing, the document is often lengthy with many provisions that are not explained and are not read. The National Consumer Law Center has reported that upwards of 99% of consumers do not even realize that the contracts that they signed contained arbitration clauses that limited their legal rights². HB 103 clarifies that regardless of what a consumer contract states provisions that are illegal are not enforceable and

¹ Uri Benoliel and Shmuel I. Becher, “The Duty to Read the Unreadable”, pg. 2296.
<<https://bclawreview.bc.edu/articles/320/files/63a92425205eb.pdf>.>

² <https://www.nclc.org/study-99-of-consumers-unaware-they-are-subject-to-forced-arbitration/>

the ability for a consumer to defend against a violation of Maryland's consumer protection laws cannot be abbreviated by the seller's boilerplate written agreement.

At MLA, we have seen how difficult it is in the best of circumstances for clients to understand standard contract terms in consumer agreement. In two agreements for loan modifications, mortgage servicers attempted to limit MLA clients' rights to file bankruptcy, even though a private contract would have no influence over a federal court. This attempt to limit the consumer's rights put the consumer in the unenviable position of having to choose to either sign an agreement to preserve their home or waive their federal bankruptcy rights. In reviewing the agreement, MLA realized the burden placed on the consumer by the provision requested and asked that it be removed. If the consumer was without counsel, they would not have realized that the provision was impermissible. HB 103 makes clear that consumers that enter into agreements in Maryland that limit their ability to exercise rights protected by Maryland or federal law will not be permitted.

Because this bill would prevent companies from enforcing consumer contracts that are illegal under Maryland law, MLA gives strong support to HB 103. If you need additional information regarding this bill, please contact William Steinwedel at wsteinwedel@mdlabor.org and (410) 951-7643.