

SB582_FAV_EconAction.pdf

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Position: FAV



SB582: Consumer Protection - Unsolicited Loans

Position: Favorable

February 19, 2026

The Honorable Pam Beidle, Chair
Senate Finance Committee
3 East, Miller Senate Office Building
Annapolis, Maryland 21401
cc: Members, Senate Finance

Chair Beidle and Members of the Committee,

Economic Action Maryland Fund urges a favorable report on SB582, which would place guardrails around checks and other loans received, unsolicited, by consumers across Maryland.

We write in support of this bill on behalf of our clients, supporters, and all Marylanders, but our position is informed by personal experience. Our staff, like so many Marylanders, have received these unsolicited checks in the mail. Even as experienced consumer advocates we have been taken off guard, confused, and unsure about the nature of these unsolicited offers. We have found the marketing deceptive at worst and misleading at best.

These checks are a trap for people who are not savvy about this practice, do not understand they are loans with interest attached, and unwittingly commit themselves to a high interest loan believing it to be a regular check. In fact, the practice is so fraught that the Attorney General of the District of Columbia issued a warning to consumers about these checks.¹

Perhaps more concerning, these unsolicited checks expose individuals to identify theft and fraud. It is easy for someone to pull these offer letters out of a mailbox or out of someone's recycling. According to the FBI, mail-theft related check fraud is on the rise.² While their focus is on individuals stealing outgoing checks, it is just as easy for thieves to steal these unsolicited, incoming checks.

For these reasons, we urge a favorable report on SB582.

Sincerely,
Jennifer Bevan-Dangel, Deputy Director

¹ <https://oag.dc.gov/blog/strapped-cash-beware-high-cost-loans-disguised>

² <https://www.ic3.gov/PSA/2025/PSA250127>

Economic Action (formerly the Maryland Consumer Rights Coalition) champions economic rights and housing justice through advocacy, research, consumer education, and direct service. Our 12,500 supporters include consumer advocates, practitioners, and low-income and working families throughout Maryland.

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Position: FAV



SB 582 - Consumer Protection - Unsolicited Loans
Senate Finance Committee
February 19, 2026
SUPPORT

Chair Beidle, Vice-Chair, and members of the committee, thank you for the opportunity to submit testimony in support of Senate Bill 582. This bill strengthens Maryland's consumer protection framework by prohibiting creditors from sending unsolicited "live checks" or negotiable instruments that function as pre-approved loans.

The CASH Campaign of Maryland promotes economic advancement for low-to-moderate income individuals and families in Baltimore and across Maryland. CASH accomplishes its mission through operating a portfolio of direct service programs, building organizational and field capacity, and leading policy and advocacy initiatives to strengthen family economic stability. CASH and its partners across the state achieve this by providing free tax preparation services through the IRS program 'VITA', offering free financial education and coaching, and engaging in policy research and advocacy. **Almost 4,000 of CASH's tax preparation clients earn less than \$10,000 annually. More than half earn less than \$20,000.**

SB 582 addresses a harmful and outdated lending practice. Some creditors mail checks to consumers that can be deposited immediately. Once deposited, the check becomes a loan and often has high interest rates, fees, and repayment terms that the consumer may not fully understand. These offers frequently resemble promotional mail or refund checks, creating confusion and increasing the risk that a consumer will unknowingly activate debt. **This bill creates a clear and commonsense rule: credit should be extended only when it is requested.**

These protections are especially important in today's financial landscape. Many Marylanders are managing rising costs of housing, food, utilities, and transportation. In moments of financial strain, an unsolicited check can appear to be immediate relief. However, what seems like a short-term solution can quickly turn into long-term debt with compounding interest and fees.

Unsolicited live checks raise several consumer protection concerns:

- **Lack of informed consent:** Consumers may not fully understand that depositing the check activates a loan agreement.
- **Deceptive marketing risk:** The format and presentation of these checks can blur the line between an advertisement and a financial instrument.
- **Targeted vulnerability:** Financially stressed households are more likely to rely on mailed credit offers, increasing exposure to high-cost debt.
- **Identity theft risk:** Mailing negotiable instruments increases opportunities for fraud if checks are intercepted or misused.

Maryland has long been a leader in consumer protection. SB 582 builds on that tradition by closing a gap that allows unsolicited credit to be placed directly into consumers' hands without clear, affirmative consent. Responsible lending requires transparency, clarity, and consumer choice. It should not be a surprise debt triggered by depositing a mailed check.

Thus, we encourage you to return a favorable report for HB 582.

Creating Assets, Savings and Hope

MD AG CPD - SB 582 - Favorable 2.17.26.pdf

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Position: FAV

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February 19, 2026

To: The Honorable Pamela Beidle
Chair, Senate Finance Committee

From: Wilson Meeks
Nora Nichols
Consumer Protection Division
Office of the Attorney General

Re: Senate Bill 582 – Consumer Protection – Unsolicited Loans – (FAVORABLE)

The Consumer Protection Division (“the Division”) of the Office of the Attorney General supports Senate Bill 582, sponsored by Senators Jennings, Salling and Bailey, which prohibits the predatory lending practice of mailing “live” checks (and other similar negotiable instruments) in solicitations for loans to consumers who have not applied for or requested a loan. In addition, Senate Bill 582 provides intended recipients of checks sent in connection with unsolicited loans, in violation of the statute’s prohibition on sending such checks, protection from liability for fraud when someone other than the intended recipient deposits or cashes the check (or other negotiable instrument).

The unsolicited loans prohibited under the bill are when a lender mails a “live” check or other negotiable instrument on which an endorsement constitutes acceptance of the loan terms. “Live” check loans can be confusing to consumers, especially unsophisticated consumers and the elderly, and often come with onerous terms that are not easily identified or understood by recipients. In 2024, the Consumer Financial Protection Bureau (CFPB) issued consumer education relating to the practice of unsolicited loans and alerted consumers that live check loans often have much higher interest rates than other loans or credit cards.¹ Lenders often target unsolicited loans with “live” checks to low income populations and at specific times of year when consumers are

¹ Consumer Financial Protection Bureau, *I received an unexpected preapproved offer, or live check loan, in the mail. What happens if I cash or deposit it?* April 15, 2024, <https://www.consumerfinance.gov/ask-cfpb/unexpected-pre-approved-offer-or-live-check-loan-mail-en-2099/>

most vulnerable: when families are preparing to send children to school and during the holiday season.²

Senate Bill 582 seeks to prevent these potential harms by prohibiting the practice of mailing unsolicited loan offers with live checks altogether. Opponents will argue that restricting such solicitation practices will lead to reduced competition in the marketplace and consumers' access to credit. However, the Division believes the benefits of preventing predatory practices outweigh those concerns, especially because in 2026, consumers can more easily shop for the best loans on the internet and are likely able to apply for a loan, in just minutes, on their own volition and without predatory pressure from lenders. Senate Bill 582's protections for consumers who are sent a live check that is intercepted and cashed by a third party is important because the lender who sends the unsolicited check, and not the consumer, should bear the risk of such fraud.

Maryland has a long history of enacting legislation with strong consumer protections against predatory practices. Given the current evisceration of federal consumer protections and the Consumer Financial Protection Bureau, it is especially important for Maryland to support legislation, like Senate Bill 582, and protect Marylanders from deceptive lending practices. Accordingly, for the reasons set forth, the Consumer Protection Division requests that the Senate Finance Committee give Senate Bill 582 a favorable report.

cc. Members, Senate Finance Committee
The Honorable J.B. Jennings
The Honorable Johnny Ray Salling
The Honorable Jack Bailey

² Edgar Dyer Institute for Leadership and Public Policy Coastal Carolina University, *Examining the Landscape of Payday and Installment Loans in South Carolina*, pg. 7, <https://www.coastal.edu/media/2024/siteassets/contentassets/documents/spadonicollegeofeducation/dyerinstitute/PayDayandInstallmentLoans.pdf>

SB0582 - MBA - FWA - GR26.pdf

Uploaded by: Evan Richards

Position: FWA



SB 582 – Consumer Protection - Unsolicited Loans

Committee: Senate Finance Committee

Date: February 19, 2026

Position: Favorable with Amendments

The Maryland Bankers Association (MBA) **SUPPORTS SB 582 WITH AMENDMENTS**. This legislation prohibits creditors from mailing live checks or other negotiable instruments unless an individual has applied for or requested an extension of credit. While MBA appreciates the intent of the bill, we are concerned that it may inadvertently restrict the distribution of convenience checks. MBA respectfully requests an amendment to expressly exempt convenience checks from the bill’s provisions.

Convenience checks are issued by a credit card issuer that allow a borrower with an existing credit card account to borrow against the applicable credit card line using a check. They look like regular checks, but they function as a type of cash advance. Convenience checks can be used for all sorts of payments, but because they function as a cash advance, they can be subject to higher interest rates and cash-advance fees.

The Truth in Lending Act (TILA), implemented through Regulation Z, requires specific disclosures when credit is offered. Under [12 CFR 1026.6](#), issuers must provide clear and conspicuous disclosures at account opening, including the applicable annual percentage rate (APR), any promotional use-by dates, associated fees, and information related to interest accrual. Additional disclosures concerning APR and associated fees are required if a new access feature (like a convenience check) is issued more than 30 days after account opening, or if they are issued within the first 30 days after account opening but carry different terms from the initial account opening terms.

Because convenience checks are extended only to customers who already maintain an existing line of credit with the issuing institution—and because they are governed by robust federal disclosure requirements—MBA believes SB 582 should be amended to clarify that the bill’s restrictions do not apply to convenience checks. Accordingly, MBA urges the issuance of a **FAVORABLE** report **WITH AMENDMENTS** on SB 582.

The Maryland Bankers Association (MBA) represents FDIC-insured community, regional, and national banks, employing thousands of Marylanders and holding \$194.8 billion in deposits in over 1,100 branches across our State. The Maryland banking industry serves customers across the State and provides an array of financial services including residential mortgage lending, business banking, estates and trust services, consumer banking, and more.