

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 582
Finance

(Senator Jennings, *et al.*)

Economic Matters

Consumer Protection - Unsolicited Loans

This bill prohibits a person from sending a check or other negotiable instrument to an individual if (1) the check or other negotiable instrument is sent in connection with an offer to extend credit to the individual and (2) the individual has not submitted an application for or otherwise requested the extension of credit beforehand. In addition, a person may not send a check or other negotiable instrument to an individual as part of an unsolicited offer to purchase real property. An individual who is sent a check or other negotiable instrument in violation of the bill is not liable for the amount of the check or other negotiable instrument unless the individual actually receives and negotiates the check or other negotiable instrument. The bill does not apply to a person that sends a convenience check to an individual for the sole purpose of accessing an existing credit line of the individual. A person that violates the bill is guilty of a misdemeanor and on conviction is subject to a fine of up to \$500.

Fiscal Summary

State Effect: The bill does not materially affect State finances or operations.

Local Effect: The bill does not materially affect local government finances or operations.

Small Business Effect: Minimal.

Analysis

Current Law: No provision of State law prohibits a creditor from sending a check or other negotiable instrument as part of an offer of credit.

Additional Comments: The Office of Financial Regulation notes that some Maryland lenders utilize a practice known as “live checks” or “pre-approved loan checks” as a method of offering credit to consumers. The mechanics of this lending model involve the lender mailing a physical check directly to the consumer. The detailed terms and conditions of the loan being offered (including the principal amount, interest rate, repayment schedule, and any associated fees) are typically printed directly on the check itself or included in the accompanying documentation. The act of the consumer cashing, depositing, or otherwise negotiating this check is legally interpreted as the consumer’s explicit agreement to and acceptance of all the specified loan terms, thereby immediately initiating the credit agreement. While this mechanism offers a rapid and convenient means for consumers to access funds, it has led to complaints from some Maryland consumers who may be unaware that they are entering into a loan obligation by cashing the check.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

Information Source(s): Office of the Attorney General (Consumer Protection Division); Judiciary (Administrative Office of the Courts); Maryland Department of Labor; Department of Legislative Services

Fiscal Note History: First Reader - February 17, 2026
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