

CONSUMER'S EDGE

CONSUMER PROTECTION DIVISION, MARYLAND OFFICE OF THE ATTORNEY GENERAL

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COVER YOUR BASES BEFORE SIGNING A CONTRACT

Famous baseball players aren't the only people who sign important contracts. Whether you realize it or not, whenever you buy goods or services, you're entering into a contract – and you should be just as cautious before signing your name as any athlete considering a major league contract.

A contract is a binding agreement between two parties that should benefit both sides. Contracts often contain complex language and small print, tempting many people to simply sign and hope for the best. *But don't!* It's essential you read and understand every term – without relying upon a salesperson's summary – before you sign.

Consider the following complaints our office has received:

A Baltimore woman paid \$2,000 to join a dating service after the salesperson assured her she could get her money back any time before her first date. The contract she signed, however, said dissatisfied clients are eligible for partial refunds only before they receive their first referral. After receiving an insulting call from her first and only caller, she sought a refund. The business refused, claiming she'd been given several referrals.

A Harford County consumer paid \$1,995 for an artificial hair process. His contract said that dissatisfied consumers must notify the company on the day the process is completed to receive a 50% refund. His process was completed near the end of the business day. After a night of extreme discomfort, the consumer requested a refund the next morning but the business refused, claiming his late request violated the contract terms.

Avoid Problems Before You Make a Commitment

Before considering any contract, make sure you have selected the product you want and comparison shopped to get the best price. Ask friends and family for their recommendations on products, services and businesses. During this process, check out the company's reputation. If you're buying a service, call references.

Our Consumer Protection Division or the Better Business Bureau can tell you if complaints have been filed against a particular company and, if so, how they were resolved.



After taking these steps, most people think the hard part is over and they can relax. Not so. First, before signing a contract for a major purchase, you should think about it for at least 24 hours – while you still have all your options. Second, once you've decided to proceed with the transaction, it's time to review the contract. In doing so, follow these important guidelines:

1. Take your time. Even if the salesperson says the opportunity won't wait, or you must decide right away, don't sign unless you're absolutely certain about your decision. Never let someone pressure you into signing a contract. Ask for a copy of the proposed contract so you can study its terms at your convenience. Sometimes the contract process occurs at the end of the deal, as when buying a car, and you may be tired. Papers may be shuffled at breakneck speed, so it's more crucial than ever to proceed slowly and understand everything you sign.



2. Carefully check all the terms. Make sure everything you and the seller agreed upon is written into the contract. Don't accept spoken promises; get everything in writing. Goods and services should be described accurately. Make sure precise dates for delivery, installation and completion are spelled out. The warranty period and terms should be clear. Give careful attention to the amount of money you must pay, including finance charges, and when payments are due.
3. Ask questions. And continue asking until all the contract's terms are clear. Never sign anything you don't understand. If you're still unsure, seek independent advice.
4. Watch out for unreasonable terms that could make trouble for you later. Sellers can offer contracts that give them certain advantages if problems arise after the contract is signed. A contract might say, for example, the seller isn't responsible if you're harmed by a defective product.
5. Agree only to terms you understand and think are reasonable. Just because many sellers use pre-printed contracts doesn't mean you can't change them or add your own conditions before you sign. If the terms seem harsh or unreasonable, change them. Understand, however, that businesses are not always accustomed to consumers proposing contract terms, and may refuse to accept your changes. If you make changes, make sure you and the seller date and initial each of them. Always draw a line through any blank spaces on the contract before signing so nothing can be added later.
6. Don't assume you can change your mind. Many consumers mistakenly believe all contracts allow you a three-day cooling off period to cancel. This misconception has led to costly mistakes. Generally, there's no cooling off period after you sign a contract. In Maryland, only a few types of transactions allow you three business days to cancel. But even in these cases, never sign a contract unless you're sure about the deal. As many consumers have learned, exercising your right to cancel is not always easy.
7. Some businesses, such as health clubs or car dealers, are no longer using paper contracts and ask you to sign a screen to accept the terms.

Do not sign unless you have had the chance to read what they are asking you to sign.

8. Once you have a signed contract, get a copy and keep it in case any questions arise later about the terms. No matter what reason the seller gives for sending it to you later, insist on your signed copy before leaving.

If you have a question or problem with a contract, call the Consumer Protection Division's Mediation Unit at 410-528-8662.



HOW TO CONTACT US

Consumer Protection Division

200 St. Paul Place, 16th Fl., Baltimore, MD 21202

- **General Consumer Complaints:** 410-528-8662
Toll-free: 1-888-743-0023 TDD: 410-576-6372
9 a.m. to 3 p.m. Monday-Friday
www.marylandattorneygeneral.gov/Pages/CPD/
- **Health Consumer Complaints:** 410-528-1840
Toll-free: 1-877-261-8807 TDD: 410-576-6372
9 a.m. to 4:30 p.m. Monday-Friday
www.marylandcares.org
- **For information on branch offices** in Largo, Salisbury, Hagerstown, and a full list of offices across Maryland, visit:
www.marylandattorneygeneral.gov/Pages/contactus.aspx

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