CHAPTER 532
(House Bill 1090)

AN ACT concerning

State Board of Morticians – Family Security Trust Fund and Pre-Need Contracts

FOR the purpose of establishing the Family Security Trust Fund; requiring the State Board of Morticians to administer the Fund and to build the Fund to a certain monetary level; requiring the Board to order a certain payment of a certain claim related to pre-need funds from the Fund in a certain manner; requiring the Board to deposit all money collected to the credit of the Fund with the State Treasurer; authorizing the State Treasurer to invest or reinvest Fund monies in a certain manner; requiring that accounting and financial reports be publicly available in a timely manner; requiring the Legislative Auditor to audit the accounts and transactions of the Fund in a certain manner; authorizing the Board to retain certain services for a certain purpose; requiring that costs of certain services be paid out of the Fund; requiring the Board to adopt certain regulations; specifying that the Fund is not subject to certain provisions of State law; specifying that the Fund is not liable to any other expenses or obligations of the Board; establishing the Family Security Trust Fund Advisory Committee; specifying the membership, leadership, and terms of the Advisory Committee; requiring the Advisory Committee to meet in a certain manner; specifying the purpose of the Advisory Committee; requiring the Board to work with the Advisory Committee in a certain manner and provide the Advisory Committee with certain information in a certain manner; prohibiting Advisory Committee members from receiving certain compensation but authorizing reimbursement for certain expenses; requiring a funeral establishment applicant to pay a certain fee to be credited to the Fund before the Board may issue an initial funeral establishment license; requiring each funeral establishment licensee to pay a certain annual fee to the Fund until the Fund has accumulated a certain balance; requiring each funeral establishment to pay a certain fee to the Fund under certain circumstances; prohibiting the Board from issuing a renewal funeral establishment license to a funeral establishment that has not made certain payment to the Board; requiring a funeral establishment to include certain written notice regarding the Fund in each sales contract provided by the funeral establishment; requiring that claims against the Fund be based on certain acts or omissions and be made in a certain manner; requiring the Board to process claims against the Fund in a certain manner; requiring the Board to provide the claimant and person against whom the complaint is made certain opportunities to participate in a certain hearing process; requiring that certain reimbursement be made to the Fund in a certain manner; establishing a certain lien in the favor of the State under certain circumstances; requiring the Board
to take certain disciplinary action against a licensee under certain circumstances; repealing a certain requirement that a certain seller of pre-need goods and services annually file a certain report with the Board; providing that the certain provisions of this Act do not limit the authority of the Board to take certain action under certain circumstances; prohibiting certain banking institutions and savings and loan associations from releasing any money from a certain pre-need account unless certain proof is provided; prohibiting a certain seller from withdrawing money from a certain pre-need account unless certain proof is provided; providing that it is an unfair or deceptive trade practice under the Maryland Consumer Protection Act to violate certain provisions of this Act; requiring the Board to provide certain notice to each banking institution and savings and loan association in the State on or before a certain date; defining certain terms; providing for a delayed effective date for certain provisions of this Act; making certain technical changes; and generally relating to the Family Security Trust Fund and the Family Security Trust Fund Advisory Committee, and pre-need contracts.

BY repealing and reenacting, with amendments,
   Article – Health Occupations
   Section 7–310(b)(1) and 7–314(e), 7–314(c), and 7–405(e)(1) and (2)
   Annotated Code of Maryland
   (2005 Replacement Volume and 2007 Supplement)

BY repealing and reenacting, without amendments,
   Article – Health Occupations
   Section 7–405(a), 7–405(e)(3), and 7–508
   Annotated Code of Maryland
   (2005 Replacement Volume and 2007 Supplement)

BY repealing
   Article – Health Occupations
   Section 7–405(i)
   Annotated Code of Maryland
   (2005 Replacement Volume and 2007 Supplement)

BY adding to
   Article – Health Occupations
   Section 7–4A–01 through 7–4A–13 to be under the new subtitle “Subtitle 4A. Family Security Trust Fund”
   Annotated Code of Maryland
   (2005 Replacement Volume and 2007 Supplement)

BY repealing and reenacting, with amendments,
   Article – Commercial Law
   Section 13–301(14)(xxii)
   Annotated Code of Maryland
BY repealing and reenacting, without amendments,

Article – Commercial Law
Section 13–301(14)(xxiii)
Annotated Code of Maryland
(2005 Replacement Volume and 2007 Supplement)

BY adding to

Article – Commercial Law
Section 13–301(14)(xxiv)
Annotated Code of Maryland
(2005 Replacement Volume and 2007 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:

Article – Health Occupations

7–310.

(b) (1) To apply for a funeral establishment license, an applicant shall:

(i) Submit an application to the Board on the form that the Board requires; and

(ii) Pay to the Board [an]:

1. AN application fee set by the Board; AND

2. THE FEE ESTABLISHED UNDER § 7–4A–05(A) OF THIS TITLE.

7–314.

(c) Except as otherwise provided in this section, before a license expires, the licensee periodically may renew it for additional terms, if the licensee:

(1) Has met the qualifications for licensure and is not under a suspension or revocation order of the Board;

(2) Except as otherwise provided under this title, pays to the Board a renewal fee set by the Board;

(3) Submits to the Board a renewal application on the form that it requires; [and]
(4) Submits to the Board satisfactory evidence of compliance with any continuing education requirements the Board may adopt by regulation; **AND**

(5) **FOR A FUNERAL ESTABLISHMENT LICENSE, PROVIDES PROOF OF ANY PAYMENT TO THE BOARD REQUIRED IN ACCORDANCE WITH § 7–4A–05(b) OF THIS TITLE.**

7–405.

[(i) A seller shall annually file a report with the Board which includes:

(1) A certification by a certified public accountant as to the seller’s compliance with the provisions of this section; and

(2) Any other information the Board deems necessary.]

**SUBTITLE 4A. FAMILY SECURITY TRUST FUND.**

7–4A–01.

(A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(B) “ADVISORY COMMITTEE” MEANS THE FAMILY SECURITY TRUST FUND ADVISORY COMMITTEE.

(C) “FUND” MEANS THE FAMILY SECURITY TRUST FUND.

7–4A–02.

THIS SUBTITLE DOES NOT LIMIT THE AUTHORITY OF THE BOARD TO:

(1) **TAKE ANY ACTION AGAINST A LICENSEE UNDER THE DISCIPLINARY PROVISIONS OF §§ 7–316 THROUGH 7–320 OF THIS TITLE; OR**

(2) **TAKE ANY OTHER DISCIPLINARY OR OTHER ACTION AUTHORIZED UNDER THIS TITLE.**

7–4A–03.

(A) **THERE IS A FAMILY SECURITY TRUST FUND.**

(B) **THE BOARD SHALL:**
(1) **Administer the Fund; and**

(2) **Over a reasonable period of time, build the Fund to a level of at least $1,000,000 and thereafter maintain the Fund at that level.**

(C) **The Fund is a special, nonlapsing fund that is not subject to § 7–302 of the State Finance and Procurement Article.**

(D) (1) **The Board shall deposit all money collected to the credit of the Fund with the State Treasurer for placement into a special account.**

(2) (I) **The State Treasurer may invest or reinvest money in the Fund in the same manner as money in the State Retirement and Pension System.**

   (II) **The investment earnings shall be:**

   1. **Credited to the Fund; and**

   2. **Available for the same purposes as the money deposited into the Fund.**

(E) **The Fund is not liable to any other expenses or obligations of the Board.**

(F) (1) **Accounting and financial reports related to the Fund shall be publicly available in a timely manner.**

(2) **The Legislative Auditor shall audit the accounts and transactions of the Fund as provided in § 2–1220 of the State Government Article.**

(G) (1) **The Board may retain the services of appropriate experts or service providers to advise about, or administer, the Fund.**

(2) **The costs of the services described in paragraph (1) of this subsection shall be paid out of the Fund.**

(H) **The Board shall adopt regulations for the administration and claims procedures of the Fund.**
(A) **There is a Family Security Trust Fund Advisory Committee.**

(B) **The Advisory Committee consists of the following five members:**

1. **Three members of the Board, including one consumer member, appointed by the Board;**

2. **One member designated by the Maryland State Funeral Directors Association; and**

3. **One member designated by the Funeral Directors and Morticians Association of Maryland, Inc.**

(C) **The Advisory Committee members may be, but are not required to be, licensees of the Board.**

(D) **(1) Except for the initial terms of the Advisory Committee, the term of a member is 4 years.**

   (2) **A member continues to serve until a successor is appointed and qualifies.**

   (3) **The terms of the initial members shall be staggered evenly between 3 years and 4 years as the Advisory Committee shall determine at the Advisory Committee’s first meeting.**

   (4) **A member may not serve for more than two 4-year terms.**

(E) **The Advisory Committee shall elect annually a chair, vice chair, and secretary from among its members.**

(F) **(1) The Advisory Committee shall meet at the call of the chair or the vice chair.**

   (2) **The Advisory Committee shall meet at least twice each year at the times and places that it determines.**
(G) **THE PURPOSE OF THE ADVISORY COMMITTEE IS TO PROVIDE NONBINDING COUNSEL AND ADVICE TO THE BOARD ON ANY FUND MATTERS OTHER THAN PENDING INDIVIDUAL CLAIM MATTERS.**

(H) **THE BOARD SHALL:**

(1) **WORK WITH THE ADVISORY COMMITTEE IN A COOPERATIVE MANNER; AND**

(2) **PROVIDE TO THE ADVISORY COMMITTEE, IN A TIMELY MANNER:**

(i) **ALL APPROPRIATE FUND INFORMATION, OTHER THAN INFORMATION INVOLVING PENDING CLAIM MATTERS; AND**

(ii) **SUMMARY INFORMATION ABOUT THE OUTCOME OF ALL CLOSED CLAIMS, INCLUDING ACTUAL AMOUNTS OF INDIVIDUAL AND TOTAL CLAIM PAYMENTS.**

(I) **A MEMBER OF THE ADVISORY COMMITTEE:**

(1) **MAY NOT RECEIVE COMPENSATION AS A MEMBER OF THE ADVISORY COMMITTEE; BUT**

(2) **MAY RECEIVE REIMBURSEMENT FOR EXPENSES UNDER THE STANDARD STATE TRAVEL REGULATIONS, AS PROVIDED IN THE STATE BUDGET.**

7–4A–05.

(A) **BEFORE THE BOARD ISSUES AN INITIAL FUNERAL ESTABLISHMENT LICENSE, THE FUNERAL ESTABLISHMENT SHALL PAY, IN ADDITION TO ALL OTHER APPLICABLE FEES, A FEE OF $375 TO BE CREDITED TO THE FUND.**

(B) (1) **EACH FUNERAL ESTABLISHMENT SHALL PAY $375 PER YEAR INTO THE FUND, UNTIL THE FUND HAS ACCUMULATED A BALANCE OF $1,000,000.**

(2) **IF, AFTER THE FUND HAS ACCUMULATED A BALANCE OF $1,000,000, THE AMOUNT IN THE FUND FALLS BELOW $1,000,000, THE BOARD SHALL ASSESS EACH FUNERAL ESTABLISHMENT AN ADDITIONAL FEE IN AN AMOUNT THAT WILL, OVER A REASONABLE PERIOD, RETURN THE FUND TO A LEVEL OF AT LEAST $1,000,000.**
(3) The Board may not issue a renewal funeral establishment license if the funeral establishment has not paid the fee required under this subsection.

7–4A–06.

(A) Subject to the provisions of this subtitle, a person may recover compensation from the Fund for an actual pre–need trust fund loss that occurred on or after January 1, 2010, and is based on an act or omission as described in subsection (B) of this section.

(B) A claim for the loss shall:

(1) Be based on an act or omission that occurs in the provision of funeral pre–need services by:

(I) A licensed mortician;

(II) A licensed funeral director;

(III) A licensed apprentice mortician;

(IV) A licensed apprentice funeral director; or

(V) An unlicensed employee of a licensed funeral establishment;

(2) Involve a transaction that relates to pre–need funeral planning that occurred in the State; and

(3) Be based on an act or omission:

(I) In which pre–need money is obtained from a person by theft, embezzlement, false pretenses, or forgery; or

(II) That constitutes fraud or misrepresentation.

(C) The amount recovered for any claim against the Fund:

(1) May not exceed the actual monetary loss suffered; and

(2) May not include noneconomic, consequential, or punitive damages.
(D) A FUNERAL ESTABLISHMENT SHALL INCLUDE IN EACH SALES CONTRACT THAT IS PROVIDED BY THE FUNERAL ESTABLISHMENT A WRITTEN NOTICE TO THE BUYER THAT THE BUYER MAY FILE A CLAIM WITH THE FUND.

7–4A–07.

(A) EACH CLAIM AGAINST THE FUND SHALL BE MADE IN ACCORDANCE WITH THIS SECTION.

(B) EACH CLAIM SHALL:

(1) BE IN WRITING;

(2) BE MADE UNDER OATH;

(3) STATE THE AMOUNT OF LOSS CLAIMED;

(4) STATE THE FACTS ON WHICH THE CLAIM IS BASED; AND

(5) BE ACCOMPANIED BY ANY DOCUMENTATION OR OTHER EVIDENCE THAT SUPPORTS THE CLAIM.

7–4A–08.

(A) THE BOARD SHALL ACT PROMPTLY ON A CLAIM MADE UNDER THIS SUBTITLE.

(B) ON RECEIPT OF A CLAIM, THE BOARD SHALL:

(1) FORWARD A COPY OF THE CLAIM:

(1) TO EACH LICENSEE ALLEGED TO BE RESPONSIBLE FOR THE ACT OR OMISSION GIVING RISE TO THE CLAIM;

(II) TO EACH UNLICENSED EMPLOYEE ALLEGED TO BE RESPONSIBLE FOR THE ACT OR OMISSION GIVING RISE TO THE CLAIM; AND

(III) TO EACH FUNERAL ESTABLISHMENT THAT EMPLOYS A LICENSEE OR UNLICENSED EMPLOYEE ALLEGED TO BE RESPONSIBLE FOR THE ACT OR OMISSION GIVING RISE TO THE CLAIM; AND
(2) Request from each of the persons listed in item (1) of this subsection a written response within 10 days to the allegations set forth in the claim.

(c) (1) The Board:

(i) Shall review the claim and any response to the claim; and

(ii) May conduct an investigation of the claim.

(2) On the basis of its review and any investigation that the Board conducts, the Board shall:

(i) Set the matter for a hearing; or

(ii) If the claim is frivolous, made in bad faith, or legally insufficient, dismiss the claim.

(d) At any claim hearing, the burden of proof shall be on the claimant to establish the validity of the claim.

7–4A–09.

(A) The Board shall give the following persons notice of the hearing and an opportunity to participate in the hearing:

(1) The claimant;

(2) Each licensee alleged to be responsible for the act or omission giving rise to the claim;

(3) Each unlicensed employee alleged to be responsible for the act or omission giving rise to the claim; and

(4) Each funeral establishment that employs a licensee or unlicensed employee alleged to be responsible for the act or omission giving rise to the claim.

(B) The Board may not proceed with the hearing unless the records of the Board show that the Board provided each notice required under the provisions of this section and § 7–4A–08 of this subtitle.
7–4A–10.

(A) If a claim against the Fund alleges that the act or omission giving rise to the claim was performed by a licensee, the Board may join the proceeding on the claim with any disciplinary proceeding against the licensee under this title arising from the same facts alleged in the claim.

(B) (1) For that part of a hearing on consolidated proceedings that relates to disciplinary action but does not relate to the Fund claim against a licensee, the claimant:

(I) May not be a party; and

(II) May participate only as a witness.

(2) For that part of a hearing on consolidated proceedings that relates to the claim against the Fund, the claimant is a party.

7–4A–11.

(A) The Board shall order full or partial payment of a claim by the Fund if, on the hearing, the claimant proves that the claimant has a valid claim under this subtitle.

(B) The Board may order full or partial payment by the Fund only for the actual monetary loss suffered by the claimant as a result of the claim proven by the claimant.

(C) A payment may not be made by the Fund under an order of the Board until:

(1) The expiration of the time provided under Title 10, Subtitle 2 of the State Government Article for seeking judicial review of the Board’s order; or

(2) The expiration of any judicial stay of the order of the Board.

(D) The Board shall order payment of each claim due in the order in which the claim was awarded.
(E) **IF, AT THE TIME A PAYMENT IS DUE, THE MONEY IN THE FUND IS INSUFFICIENT TO SATISFY FULLY THE ORDER FOR PAYMENT, THE BOARD:**

1. **IMMEDIATELY SHALL PAY TO THE CLAIMANT THE AMOUNT THAT IS AVAILABLE IN THE FUND; AND**

2. **WHEN SUFFICIENT FUNDS ARE AVAILABLE IN THE FUND, SHALL PAY THE CLAIMANT THE BALANCE DUE ON THE ORDER.**

7–4A–12.

(A) **AFTER PAYMENT OF A CLAIM BY THE FUND, A LICENSEE WHO THE BOARD FINDS RESPONSIBLE FOR THE ACT OR OMISSION THAT GAVE RISE TO THE CLAIM SHALL REIMBURSE THE FUND IN FULL FOR:**

1. **THE AMOUNT PAID BY THE FUND; AND**

2. **INTEREST ON THE AMOUNT PAID BY THE FUND AT AN ANNUAL RATE OF 6%.**

(B) **EACH LICENSEE WHO THE BOARD FINDS RESPONSIBLE FOR THE ACT OR OMISSION THAT GAVE RISE TO A CLAIM IS JOINTLY AND SEVERALLY LIABLE FOR THE CLAIM.**

(C) **IF A LICENSEE DOES NOT REIMBURSE THE FUND AS PROVIDED IN SUBSECTION (A) OF THIS SECTION, THE BOARD OR THE STATE CENTRAL COLLECTION UNIT, AS ASSIGNEE OF THE BOARD, MAY BRING AN ACTION AGAINST THE LICENSEE FOR THE AMOUNT THAT HAS NOT BEEN REIMBURSED.**

(D) **THE BOARD OR THE STATE CENTRAL COLLECTION UNIT, AS ASSIGNEE OF THE BOARD, SHALL BE ENTITLED TO A JUDGMENT FOR THE AMOUNT THAT THE LICENSEE HAS NOT REIMBURSED THE FUND IF THE BOARD PROVES THAT:**

1. **PAYMENT WAS MADE BY THE FUND BASED ON AN ACT OR OMISSION FOR WHICH THE BOARD FOUND THE LICENSEE WAS RESPONSIBLE;**

2. **A PERIOD OF AT LEAST 30 DAYS HAS PASSED SINCE PAYMENT WAS MADE BY THE FUND; AND**

3. **THE LICENSEE HAS NOT REIMBURSED THE FUND FOR THE AMOUNT FOR WHICH THE JUDGMENT IS SOUGHT.**
(E) (1) If a person liable for reimbursing the Fund under this section receives a demand for reimbursement and fails to reimburse the Fund, the reimbursement amount and any accrued interest or cost are a lien in favor of the State on any real property of the person if the lien is recorded and indexed as provided in this subsection.

(2) (i) The lien in favor of the State created by this subsection may not attach to specific property until the State Central Collection Unit records written notice of the lien in the office of the clerk of the court for the county in which the property subject to the lien or any part of the property is located.

(ii) The notice required under subparagraph (i) of this paragraph shall contain the name and address of the person against whose property the lien exists, the amount of the lien, a description of or reference to the property subject to the lien, and the date the Fund paid the claim giving rise to the lien.

(3) The lien in favor of the State created by this subsection does not have priority as to any specific property over any person who is a lienholder of record at the time the notice required under paragraph (2) of this subsection is recorded.

(4) On presentation of a release of any lien in favor of the State created by this subsection, the clerk of the court in which the lien is recorded and indexed shall record and index the release and shall note in the lien docket the date the release is filed and the fact that the lien is released.

(5) The notice required under paragraph (2) of this subsection and any release filed under paragraph (4) of this subsection shall be indexed with the judgment lien records maintained by the office of the clerk of the court where the notice is recorded.

(6) The clerk may collect a reasonable fee for recording and indexing each notice of lien or release of any lien under this subsection.

(F) For the purpose of excepting to a discharge of a licensee under 11 U.S.C. § 523, the Board or the State Central Collection Unit, as assignee of the Board, is a creditor of the licensee for the
AMOUNT THAT WAS PAID BY THE FUND BUT THAT HAS NOT BEEN REIMBURSED BY THE LICENSEE.

7–4A–13.

(A) IF THE BOARD ORDERS PAYMENT BY THE FUND OF A CLAIM BASED ON AN ACT OR OMISSION FOR WHICH A LICENSEE IS RESPONSIBLE, THE BOARD IMMEDIATELY AND WITHOUT FURTHER PROCEEDINGS SHALL SUSPEND THE LICENSE OF THE LICENSEE.

(B) THE BOARD MAY NOT REINSTATE A LICENSE THAT IS SUSPENDED UNDER THIS SECTION UNTIL THE PERSON WHOSE LICENSE WAS SUSPENDED:

(1) Repays in full:

(i) The amount paid by the fund; and

(ii) The interest due under § 7–4A–12(a)(2) of this subtitle; and

(2) Applies to the Board for reinstatement of the license.

(C) REGARDLESS OF WHETHER THE DISCIPLINARY SANCTION WAS IMPOSED FOR THE SAME ACT OR OMISSION THAT GAVE RISE TO THE CLAIM AGAINST THE FUND, THE REIMBURSEMENT OF THE FUND BY A LICENSEE DOES NOT AFFECT ANY SANCTION IMPOSED BY THE BOARD AGAINST A PERSON UNDER THE DISCIPLINARY PROVISIONS OF §§ 7–316 THROUGH 7–320 OF THIS TITLE.

SECTION 2. AND BE IT FURTHER ENACTED, THAT THE LAWS OF MARYLAND READ AS FOLLOWS:

Article – Commercial Law

13–301.

Unfair or deceptive trade practices include any:

(14) Violation of a provision of:

(xxii) Section 14–1319 or § 14–1320 of this article; [or]

(xxiii) Section 7–304 of the Criminal Law Article; or
SECTION 7–405 \((E)(2)(\text{II})\) OF THE HEALTH OCCUPATIONS ARTICLE; OR

**Article – Health Occupations**

7–405.

(a) (1) In this section the following words have the meanings indicated.

(2) “Beneficiary” means a person for whose benefit a pre–need contract is purchased and who will receive the merchandise or services offered under the contract.

(3) “Buyer” means a person that purchases a pre–need contract.

(4) “Seller” means a person who agrees to provide services or merchandise, directly or indirectly, under a pre–need contract.

(5) “Trustee” means a person that has responsibility for making pre–need arrangements in a manner that entitles the beneficiary to be eligible for benefits that restrict assets.

(e) (1) (I) Except as may be provided in an irrevocable trust established under paragraph (4) of this subsection AND IN SUBPARAGRAPH (II) OF THIS PARAGRAPH, the banking institution or savings and loan association with which funds are deposited under this section is not responsible for the application of pre–need contract escrow or trust funds.

(II) EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, THE BANKING INSTITUTION OR SAVINGS AND LOAN ASSOCIATION WITH WHICH FUNDS ARE DEPOSITED UNDER THIS SECTION MAY NOT RELEASE THE FUNDS TO THE SELLER UNLESS THE SELLER PROVIDES TO THE BANKING INSTITUTION OR SAVINGS AND LOAN ASSOCIATION:

1. A COPY OF THE DEATH CERTIFICATE OF THE BENEFICIARY; OR

2. A NOTARIZED STATEMENT AND WITHDRAWAL REQUEST FROM THE BUYER OR THE BUYER’S LEGAL REPRESENTATIVE.

(2) (I) Except as otherwise provided in this subsection, a seller may not withdraw from the account any money received from a buyer unless the services and merchandise have been provided as agreed in the contract.
(II) 1. EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION, A SELLER MAY NOT WITHDRAW FROM THE ACCOUNT ANY MONEY RECEIVED FROM A BUYER UNLESS THE SELLER PROVIDES TO THE BANKING INSTITUTION OR SAVINGS AND LOAN ASSOCIATION WITH WHICH FUNDS ARE DEPOSITED A COPY OF THE BENEFICIARY’S DEATH CERTIFICATE.

2. A VIOLATION OF SUBSUBPARAGRAPH 1 OF THIS SUBPARAGRAPH IS AN UNFAIR OR DECEPTIVE TRADE PRACTICE UNDER TITLE 13 OF THE COMMERCIAL LAW ARTICLE.

(3) A pre–need contract is ended and a seller shall refund to a buyer all payments and interest held for the buyer if:

(i) The buyer or the legal representative of the buyer demands in writing a refund of all payments made;

(ii) The business of the seller is discontinued or sold;

(iii) The seller is unable to perform under the terms and conditions of the pre–need contract; or

(iv) The buyer fails to pay the entire contract price before the death of the beneficiary, and the seller considers the pre–need contract void.

7–508.

A person who violates any provision of this title is guilty of a misdemeanor and on conviction is subject to a fine not exceeding $500 or imprisonment not exceeding 1 year or both.

SECTION 3. AND BE IT FURTHER ENACTED, That, on or before October 1, 2008, the State Board of Morticians shall provide notice of the provisions of §7–405(e)(1) and (2) of the Health Occupations Article, as enacted by Section 2 of this Act, to each banking institution and savings and loan association in the State.

SECTION 4. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall be construed to apply only prospectively and may not be applied or interpreted to have any effect on or application to any pre–need contract entered into before January 1, 2009.

SECTION 5. AND BE IT FURTHER ENACTED, That Sections 1, 2, and 4 of this Act shall take effect January 1, 2009.

SECTION 6. AND BE IT FURTHER ENACTED, That, except as provided in Section 5 of this Act, this Act shall take effect July 1, 2008.
Approved by the Governor, May 13, 2008.