

HOUSE BILL 517

C2, I3

11r1748
CF SB 245

By: **Delegate Kach**

Introduced and read first time: February 7, 2011

Assigned to: Health and Government Operations

A BILL ENTITLED

1 AN ACT concerning

2 **Cemeteries – Preneed Burial Contracts – Interest or Finance Charges**

3 FOR the purpose of authorizing a cemetery to provide for interest or a finance charge
4 in a preneed burial contract; repealing a provision that limits to certain goods
5 and services the authority of a cemetery to impose interest or a finance charge
6 in a preneed burial contract; and generally relating to interest or finance
7 charges in preneed burial contracts by a cemetery.

8 BY repealing and reenacting, with amendments,
9 Article – Business Regulation
10 Section 5–704
11 Annotated Code of Maryland
12 (2010 Replacement Volume and 2010 Supplement)

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

15 **Article – Business Regulation**

16 5–704.

17 (a) A preneed burial contract shall contain:

18 (1) the name of the buyer;

19 (2) the name of the seller;

20 (3) the name of each individual, other than the buyer, as to whom the
21 preneed goods or preneed services are to be furnished;

22 (4) a description of the preneed goods or preneed services; and

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (5) the amount of the buyer's financial obligation.

2 (b) (1) A preneed burial contract shall be dated and executed in duplicate
3 by the buyer and seller.

4 (2) The seller shall give the buyer a duplicate original of the preneed
5 burial contract.

6 (c) (1) A preneed burial contract may provide for delivery of identified
7 preneed goods by providing for the seller to:

8 (i) transfer physical possession of the preneed goods to the
9 buyer or designee of the buyer;

10 (ii) attach the preneed goods to a designated burial space;

11 (iii) pay for and suitably store the preneed goods until needed, at
12 a cemetery or other location of the seller, if the preneed goods are marked with the
13 name of the buyer and the sale is supported by a verifiable record; or

14 (iv) have the supplier of the preneed goods:

15 1. cause title to be transferred to the buyer or designee
16 of the buyer; and

17 2. agree in writing to ship the preneed goods at the
18 direction of the buyer or designee of the buyer.

19 (2) If a preneed burial contract does not provide for the manner of
20 delivery of preneed goods, compliance with paragraph (1)(i) or (ii) of this subsection is
21 delivery in accordance with this subtitle.

22 (d) Notwithstanding any provision in a preneed burial contract, identified
23 preneed services are not considered to have been performed until performance actually
24 occurs.

25 (e) (1) [Except as otherwise provided in this subsection, a] A preneed
26 burial contract may [not] provide for interest or a finance charge.

27 (2) [A cemetery that makes a preneed burial contract may impose
28 interest or a finance charge on preneed goods delivered before death or preneed
29 services performed before death.

30 (3)] If a cemetery imposes interest or a finance charge [as permitted in
31 paragraph (2) of this subsection] **IN A PRENEED BURIAL CONTRACT**, the interest or

1 finance charge shall be at a fixed rate or sum not greater than allowed by the
2 provisions of Title 12 of the Commercial Law Article.

3 **[(4)] (3)** A registered cemeterian or permit holder may sell a preneed
4 burial contract to a commercial lending institution at the financing terms in the
5 contract if the preneed burial contract signed by the original buyer of the preneed
6 goods or preneed services contains the following language in 12–point or larger type:

7 “Notice to consumers: This contract of sale may be sold to a commercial lending
8 institution. After the sale, the commercial lending institution may impose interest or a
9 finance charge on the remaining balance due”.

10 (f) A provision of a preneed burial contract that purports to waive any
11 provision of this subtitle is void.

12 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
13 October 1, 2011.