
By: **Delegates Donoghue and Barve**
Introduced and read first time: February 18, 2002
Assigned to: Rules and Executive Nominations

A BILL ENTITLED

1 AN ACT concerning

2 **Preneed Burial Contracts - Interest and Finance Charges**

3 FOR the purpose of altering the conditions under which a preneed burial contract
4 may provide for interest or a finance charge; providing that a preneed burial
5 contract that provides for interest or a finance charge is subject to certain
6 provisions of the Commercial Law Article; conditioning the sale of a preneed
7 burial contract by a registered cemeterian or permit holder to a commercial
8 lending institution; providing for the application of this Act; and generally
9 relating to the imposition of interest and finance charges in preneed burial
10 contracts.

11 BY repealing and reenacting, with amendments,
12 Article - Business Regulation
13 Section 5-704(e)
14 Annotated Code of Maryland
15 (1998 Replacement Volume and 2001 Supplement)

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

18 **Article - Business Regulation**

19 5-704.

20 (e) (1) [Except as otherwise provided in this subsection, a] SUBJECT TO
21 PARAGRAPH (3) OF THIS SUBSECTION, A preneed burial contract may [not] provide
22 for interest or a finance charge.

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

26 (3) If a cemetery imposes interest or a finance charge as permitted in
27 paragraph [(2)] (1) of this subsection, the interest or finance charge shall be at a fixed

1 rate or sum not greater than allowed by the provisions of Title 12 of the Commercial
2 Law Article.

3 (3) A PRENEED BURIAL CONTRACT THAT PROVIDES FOR INTEREST OR A
4 FINANCE CHARGE IS SUBJECT TO TITLE 12, SUBTITLES 5 AND 6 OF THE COMMERCIAL
5 LAW ARTICLE.

6 (4) (I) [A] SUBJECT TO ITEM (II) OF THIS PARAGRAPH, A registered
7 cemeterian or permit holder may sell a preneed burial contract to a commercial
8 lending institution at the financing terms in the contract if the preneed burial
9 contract signed by the original buyer of the preneed goods or preneed services
10 contains the following language in 12-point or larger type:

11 "Notice to consumers: This contract of sale may be sold to a commercial

12 lending institution. After the sale, the commercial lending institution
13 may impose interest or a finance charge on the remaining balance due".

14 (II) IF A REGISTERED CEMETERIAN OR PERMIT HOLDER SELLS A
15 PRENEED BURIAL CONTRACT TO A COMMERCIAL LENDING INSTITUTION UNDER
16 ITEM (I) OF THIS PARAGRAPH, THE PURCHASING COMMERCIAL LENDING
17 INSTITUTION IS RESTRICTED TO THE FINANCING TERMS OF THE PRENEED BURIAL
18 CONTRACT.

19 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be
20 construed to apply only prospectively and may not be applied or interpreted to have
21 any effect on or application to any preneed burial contract executed before the
22 effective date of this Act.

23 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
24 October 1, 2002.