

523A.602 Consumer rescission, cancellation, and refund rights — purchase agreement compliance with other laws.

1. A seller shall furnish the purchaser with a completed copy of a purchase agreement pertaining to the sale at the time the purchase agreement is signed. The seller shall comply with the following terms:

a. The same language shall be used in both the oral sales representation and the written purchase agreement.

b. The seller shall give notice in the purchase agreement of the purchaser's right to rescind after signing the purchase agreement. The rescission period must be, but may be greater than, three business days after the date of the purchase agreement. The notice must:

- (1) Be located close to the signature line.
- (2) Be printed in twelve point boldface type.
- (3) State in language that is substantially similar to the following language:

You, the purchaser, have the right to rescind this agreement at any time prior to midnight of the (insert relevant number, not less than three) business days after the date of this agreement.

c. All moneys shall be refunded without penalty within ten days after rescission.

2. *Cancellation refund.*

a. A purchase agreement must include a statement that the purchaser has the right to cancel the agreement for the purchase of cemetery merchandise, funeral merchandise, and funeral services upon written demand and designate or appoint a trustee to hold, manage, invest, and distribute the trust assets.

b. (1) If a purchase agreement is canceled, a purchaser requests a transfer of the trust assets upon cancellation of a purchase agreement, or another seller provides merchandise or services designated in a purchase agreement, the seller shall refund or transfer within thirty days of receiving a written demand no less than the purchase price of the applicable cemetery merchandise, funeral merchandise, and funeral services adjusted for inflation, using the consumer price index amounts announced by the commissioner annually, less any actual expenses incurred by the seller pursuant to the purchase agreement as set forth in the purchase agreement under [section 523A.601, subsection 1](#), paragraph "f". The amount of the actual expenses deducted by the seller shall not exceed ten percent of the purchase price of the applicable cemetery merchandise, funeral merchandise, and funeral services. The seller may also deduct the value of the cemetery merchandise, funeral merchandise, and funeral services already received by, delivered to, or warehoused for the purchaser.

(2) If a purchase agreement is canceled before the purchase price is paid in full, a purchaser requests a transfer of the trust assets upon cancellation of a purchase agreement before the purchase price is paid in full, or another seller provides cemetery merchandise, funeral merchandise, funeral services, or a combination thereof, designated in a purchase agreement before the purchase price is paid in full, the seller shall refund or transfer within thirty days of receiving a written demand no less than the amount paid by the purchaser, less any actual expenses incurred by the seller pursuant to the purchase agreement as set forth in the purchase agreement under [section 523A.601, subsection 1](#), paragraph "f". The amount of the actual expenses deducted by the seller shall not exceed ten percent of the total original purchase price of the applicable cemetery merchandise, funeral merchandise, funeral services, or a combination thereof. The seller may also deduct the value of the cemetery merchandise, funeral merchandise, and funeral services already received by, delivered to, or warehoused for the purchaser.

(3) For the purposes of this paragraph "b", "actual expenses" means all reasonable business expenses of a seller that are associated with the sale of cemetery merchandise, funeral merchandise, funeral services, or a combination thereof. "Actual expenses" includes but is not limited to the following:

- (a) Marketing and promotional expenses.
- (b) Investment management fees.
- (c) Annual reporting fees related to accounting and regulatory requirements.

- (d) Licensing fees of the seller.
- (e) Administration, regulatory reporting, and custody expenses related to purchase agreements.
- (f) Computer and software expenses.
- (g) Expenses related to employees of the seller such as licensing fees, continuing education, and salaries and commissions.
- (h) Miscellaneous office expenses.

c. A purchase agreement must include a statement that the purchaser is entitled to a refund of the purchase price of the applicable funeral merchandise adjusted for inflation, using the consumer price index amounts announced by the commissioner annually for any item of funeral merchandise that cannot be delivered to the location specified in the purchase agreement within forty-eight hours of notice of the individual's death, unless the delay is caused by weather conditions or a natural disaster. The seller must return such refund to the purchaser within thirty days of receiving the written demand.

3. [This section](#) does not prohibit a purchaser who is or may become eligible for benefits under Tit. XIX of the federal Social Security Act from making a guaranteed price purchase agreement irrevocable to the extent that federal law or regulations require that such an agreement be irrevocable for purposes of a purchaser's eligibility for benefits under Tit. XIX of the federal Social Security Act, as permitted under federal law. The seller of credit sale agreements shall comply with the requirements of [chapter 537](#), the Iowa consumer credit code, and is subject to the remedies and penalties provided in that chapter for noncompliance.

[2001 Acts, ch 118, §37; 2003 Acts, ch 58, §1; 2006 Acts, ch 1117, §117; 2007 Acts, ch 175, §67 – 69; 2010 Acts, ch 1061, §180; 2013 Acts, ch 90, §158; 2017 Acts, ch 54, §76](#)

Referred to in [§523A.601](#)