



THOMAS J. VILSACK  
GOVERNOR

**OFFICE OF THE GOVERNOR**

SALLY J. PEDERSON  
LT. GOVERNOR

April 22, 2003

The Honorable Chester Culver  
Secretary of State  
State Capitol Building  
LOCAL

Dear Mr. Secretary:

I hereby transmit:

**House File 616**, an Act prohibiting a cancellation penalty upon cancellation of a purchase agreement for cemetery merchandise, funeral merchandise, and funeral services.

The above House File is hereby approved this date.

Sincerely,

Thomas J. Vilsack  
Governor

TJV:jmc

cc: Secretary of the Senate  
Chief Clerk of the House





HOUSE FILE 616

AN ACT

PROHIBITING A CANCELLATION PENALTY UPON CANCELLATION OF A  
PURCHASE AGREEMENT FOR CEMETERY MERCHANDISE, FUNERAL  
MERCHANDISE, AND FUNERAL SERVICES.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 523A.602, subsection 2, paragraph b,  
Code 2003, is amended to read as follows:

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 establishment 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 ~~cancellation-penalty~~ 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 ~~cancellation-penalty~~ 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) For the purposes of this paragraph "b", "actual expenses" means all reasonable business expenses of an establishment 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 establishment.
- (e) Administration, regulatory reporting, and custody expenses related to purchase agreements.
- (f) Computer and software expenses.
- (g) Expenses related to employees of the establishment such as licensing fees, continuing education, and salaries and commissions.
- (h) Miscellaneous office expenses.



CHRISTOPHER C. RANTS  
Speaker of the House



MARY E. KRAMER  
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 616, Eightieth General Assembly.



MARGARET THOMSON  
Chief Clerk of the House

Approved april 22, 2003



THOMAS J. VILSACK  
Governor