

CHAPTER 58**CEMETERY OR FUNERAL MERCHANDISE AND FUNERAL SERVICES
— CANCELLATION OF PURCHASE AGREEMENTS***H.F. 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.

Approved April 22, 2003