

Article - Health Occupations

Section 7-404(e)

Annotated Code of Maryland
(1991 Replacement Volume)

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

Article - Health Occupations

7-404.

(e) (1) Except as may be provided in an irrevocable trust established under paragraph (4) of this subsection, the banking institution or savings and loan association with which funds are deposited under this section is not responsible for the application of pre-need contract escrow or trust funds.

(2) Except as otherwise provided in this subsection, a seller may not withdraw from the account any money received from a buyer unless the services and merchandise have been provided as agreed in the contract.

(3) ~~{A} EXCEPT AS PROVIDED IN PARAGRAPH (8) (4) OF THIS SUBSECTION, A~~ pre-need contract is ended and a seller shall refund to a buyer all payments and interest held for the buyer if:

(i) The buyer or the legal representative of the buyer demands in writing a refund of all payments made;

(ii) The business of the seller is discontinued;

(iii) The seller is unable to perform under the terms and conditions of the pre-need contract; or

(iv) The buyer fails to pay the entire contract price before the death of the beneficiary, and the seller considers the pre-need contract void.

(4) (I) Notwithstanding the provisions of paragraph (3) of this subsection, the buyer of a pre-need contract has the option, at any time, to establish, under paragraph (5) of this subsection, an irrevocable trust with respect to all or any portion of the payment made under the contract in the escrow or trust account held by the seller, but only for the purpose of entitling the buyer to be eligible for any current Social Security benefits or for any benefits under any other plan that restricts eligibility to those with limited assets.

(II) THE TRUST DOCUMENT ESTABLISHING A TRUST UNDER THIS PARAGRAPH SHALL CONTAIN THE FOLLOWING NOTICE, CONSPICUOUSLY DISPLAYED IN 10-POINT BOLD FACE TYPE:

"THIS DOCUMENT CREATES AN IRREVOCABLE TRUST. UNDER THE TERMS OF THIS DOCUMENT, A BUYER MAY NOT RECEIVE A REFUND OF ANY PAYMENTS MADE FOR THE PRENEED BURIAL CONTRACT".