

[7-404.] 7-405.

(a) In this section, "seller" means a person who agrees to provide services or merchandise, directly or indirectly, under a pre-need contract.

(b) Only a licensed mortician, a licensed funeral director, or a holder of a surviving spouse license may offer or agree, directly or indirectly, to provide services or merchandise under a pre-need contract.

(c) (1) A pre-need contract shall contain:

(i) The name of each party to the contract and, if the beneficiary is an individual other than the buyer, the name of the beneficiary of the contract;

(ii) A description of any service or merchandise to be provided under the pre-need contract;

(iii) The total price of the services and merchandise agreed on; and

(iv) The method of payment.

(2) A pre-need contract shall be executed in duplicate and be signed by each party.

(3) The seller shall give one of the duplicate originals of the pre-need contract to the buyer.

(d) (1) Within 10 days after receiving a payment under a pre-need contract, the seller shall deposit the payment into an INTEREST BEARING, escrow or trust account with:

(i) A banking institution that is insured by an agency of the federal government [or an agency of this State]; or

(ii) A savings and loan association that is insured by an agency of the federal government [or an agency of this State].

(2) A seller need not have a separate escrow or trust account for each pre-need contract.

(3) (I) Any interest or dividends earned by the escrow or trust account PRIOR TO SERVICE BEING RENDERED belong to the buyers of the pre-need contracts.

(II) UPON PERFORMANCE OF THE CONTRACT, ANY INTEREST OR DIVIDENDS EARNED BY THE ESCROW OR TRUST ACCOUNT BELONG TO THE SELLER.

(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.