

No. _____

PREFUNDED FUNERAL CONTRACT

THIS IS A LEGALLY BINDING CONTRACT. THIS CONTRACT IS SUBJECT TO THE TERMS AND CONDITIONS ON THE REVERSE SIDE HEREOF.

THIS CONTRACT is entered into this _____ day of _____, 20____ between _____ (“Purchaser”) and the _____ Funeral Home of _____, Iowa (“Funeral Home”) in order to provide for the future funeral service for _____ (“Beneficiary”).

Purchaser hereby deposits with Funeral Home \$_____ for the funeral of Beneficiary (Social Security No. _____) to be conducted by Funeral Home. The funds will be deposited with _____ in a(n) _____ (insert “revocable” or “irrevocable”) trust. If the funds are being deposited in a revocable trust, _____ (i.e.: “Purchaser,” “Funeral Home”) has the authority to amend or revoke the trust agreement.

GUARANTEED OR NONGUARANTEED PRICE - OPTIONS

- Select A or B by initialing the desired option.
- _____ **A. Guaranteed purchase agreement** is an agreement in which the seller provides the specified merchandise, services and cash advance items for the amount specified in the contract. Funeral Home agrees to place _____% (not less than 80 percent for guaranteed purchase agreements) of the original amount deposited in trust until death of Beneficiary.
- _____ **B. Nonguaranteed purchase agreement** means an agreement which is not a guaranteed purchase agreement. Iowa law requires 100% of the original amount deposited in trust until death of the Beneficiary.

If the amount paid on this contract, including accrued interest, is insufficient at the time of death to pay for the funeral, Funeral Home shall provide a funeral of that value and quality in which the amount paid on this contract will allow, or the beneficiary’s personal representative or next-of-kin may agree to pay the additional costs of the funeral.

Under Option B, the prices of merchandise and services under this agreement are subject to change in the future. Any funds paid under this agreement are only a deposit to be applied together with the accrued income toward the final costs of the merchandise or services agreed upon. Additional charges may be incurred when additional merchandise or services or both are provided or when prices have increased more than accrued income.

SERVICE/MERCHANDISE SELECTION FORM IS: (CHECK ONE)

- _____ attached
- _____ not attached, services and/or merchandise will be selected later (this option is available only if the Nonguaranteed Price option is selected)

REVOCATION OR DEFAULT BY PURCHASER/BENEFICIARY - CANCELLATION CHARGE

CANCELLATION CHARGE. Upon revocation of this contract or default by the Purchaser/Beneficiary, this contract shall be deemed canceled and Funeral Home shall retain actual expenses of _____% not to exceed 10% of the purchase price deposited as a cancellation charge.

The balance and accrued interest thereon, shall be refunded as specified in paragraphs 2 and 3 on the reverse hereof. Any and all of the Funeral Home’s obligations under this Contract shall terminate upon the return of said funds to the Purchaser. Default includes the procurement of funeral services for the Beneficiary after death from a person or entity other than Funeral Home. Purchaser expressly agrees that the amount, which is retained as a cancellation charge under this paragraph is fair and reasonable in light of the anticipated actual harm, which may be caused by default, the difficulties of proof of loss, and the inconvenience or non-feasibility of otherwise obtaining an adequate remedy.

All terms and conditions in this Contract, front and back and, if applicable, the attached Service/Merchandise Selection Form are hereby acknowledged and accepted. Additions to this Prefunded Funeral Contract may be made at any time hereafter. Said additions are committed to the fund and subject to the provisions of this Contract.

The undersigned acknowledge that I/we have received a General Price List, Casket Price List and Outer Burial Container Price List prior to discussing prices, services, merchandise, arrangements, or viewing merchandise.

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. See the attached notice of cancellation for an explanation of this right.

I also acknowledge that I have been notified orally of my right to cancel.

_____ By initialing here, I also agree that as necessary and appropriate to satisfy the eligibility requirements of Title XIX of the federal Social Security Act, the funds held in trust shall become irrevocable. If the funds held in trust become irrevocable, no distribution of trust assets may be made to the purchaser or beneficiary prior to the death of the beneficiary, nor used for a purpose other than the purchase of funeral services, funeral merchandise or cemetery merchandise or a combination thereof, or for reimbursement of any Title XIX medical assistance debt pursuant to Iowa Code 523A.303 and 249A.5(2).

For your prearranged funeral agreement, we will deposit not less than eighty percent of your payments in trust at UMB Bank, 7155 Lake Drive, Suite 120, West Des Moines, IA 50266 within fifteen days following receipt of the funds. For your protection, you will be notified within sixty days from the date of deposit from the financial institution, if act-ing as a trustee of trust funds under Iowa Code Chapter 523A, to confirm that the deposit of these funds has been made establishing a trust fund as required by law. If you do not receive this notification, you may contact the Iowa Insurance Division for assistance by calling the Insurance Division at 515-654-6600 or by mail at 1963 Bell Ave, Des Moines, IA 50315, or you may contact the financial institution by calling the financial institution at 515-368-6062 or by mail at the address indicated above.

Date Signed: _____, 20_____.

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|---------------------|--|------------------------------|----------------------|
| PURCHASER | | PURCHASER’S ADDRESS | |
| FUNERAL HOME NAME | | PRENEED SELLER LICENSE NO. | FUNERAL HOME ADDRESS |
| PRENEED SALES AGENT | | PRENEED SALES AGENT NO. | |
| FUNERAL DIRECTOR | | FUNERAL DIRECTOR LICENSE NO. | |

This agreement is subject to rules administered by the Iowa Insurance Division. You may call or write the Insurance Division at the phone number/address listed above.

(Original to Funeral Home, Copies to Consumer, Bank/Trustee and others)

ADDITIONAL TERMS AND CONDITIONS OF PREFUNDED FUNERAL CONTRACT

1. Income on Funds. All funds deposited in trust shall remain in trust until the death of the Beneficiary. All interest accrued on and allocated to the payments made by the Purchaser hereunder shall remain a part of the trust until the trust account is disbursed.

2. Refunds. If after all payments are made under the conditions and terms of this Contract for funeral merchandise or funeral services, or any funds remain in the nonguaranteed irrevocable burial trust fund, the Funeral Home shall disburse the remaining funds according to Iowa law.

3. Revocation/Refund. Purchaser has the right to revoke this purchase agreement, upon written demand and designate or appoint a trustee to hold, manage, invest, and distribute the trust assets. If the purchase agreement is cancelled, a purchaser requests a transfer of the trust assets upon cancellation of a purchase agreement, or another establishment provides merchandise or services designated in 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 merchandise and 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, not to exceed ten percent of the purchase agreement. Actual expenses are reasonable business expenses associated with the sale of cemetery merchandise, funeral merchandise, funeral services or a combination thereof. Actual expenses may include but are not limited to: marketing and promotional expenses, investment management fees, annual reporting fees, licensing fees, administration, regulatory reporting and custody expenses related to purchase agreements, computer and software expenses, related employee expenses, and miscellaneous office expenses. Seller may also deduct the value of merchandise and services already received by, delivered to, or warehoused for the purchaser. Funeral merchandise that cannot be delivered to the location specified in the purchase agreement within forty-eight hours of notice of beneficiary's death, unless the delay is caused by weather conditions or a natural disaster, will result in a refund within thirty days of receiving the written demand of the purchase price of the applicable funeral merchandise adjusted for inflation, using the consumer price index amounts announced by the commissioner annually.

Nothing herein shall prevent a purchaser who is or may become eligible for benefits under Title XIX of the federal Social Security Act from making a contract irrevocable to the extent that federal law or regulations require that such contract be irrevocable for purposes of a purchaser's eligibility for benefits under Title XIX of the federal Social Security Act, as permitted under federal law. If initialed on the front side, I also agree that as necessary and appropriate to satisfy the eligibility requirements of Title XIX of the federal Social Security Act, the funds held in trust shall become irrevocable. If the funds held in trust become irrevocable, no distribution of trust assets may be made to the purchaser or beneficiary prior to the death of the beneficiary, nor used for a purpose other than the purchase of funeral services, funeral merchandise or cemetery merchandise or a combination thereof, or for reimbursement of any Title XIX medical assistance debt pursuant to Iowa Code 523A.303 and 249A.5(2). Nothing herein shall change my rights pursuant to Iowa Code section 523A.602 to transfer trust assets to another funeral home.

4. Income Taxes. All federal and state income taxes due upon any income earned by the Beneficiary's trust account shall be paid by the Beneficiary or the Beneficiary's estate. Beneficiary will be issued a form 1099 or K-1 showing all taxable income earned by the trust account each year, or at the time of the Beneficiary's death, or until this Contract is earlier revoked or terminated. The Purchaser shall hold the Funeral Director, the Funeral Home, their successors or assigns, harmless from any claims, suits, charges, judgments, or other actions resulting from tax liability arising out of the Beneficiary's Trust Account. Beneficiary's social security number will be provided to the financial institution when these funds are deposited in trust.

5. Transportation Expense. Unless otherwise specified in the Service/Merchandise Selection Form, this Contract does not cover the cost of transporting Beneficiary's body a distance greater than that normally served by the Funeral Home as described in the General Price List at time of death.

6. Substitution of Merchandise by Funeral Home. If any merchandise selected by Purchaser is not available when needed, Funeral Home may substitute merchandise of similar type, value and quality provided Funeral Home gives prior verbal notice of the substitution to Beneficiary's personal representative or designee.

7. DISCLAIMER OF WARRANTIES. FUNERAL HOME MAKES NO REPRESENTATIONS OR WARRANTIES REGARDING THE PRODUCTS SOLD HEREIN. THE ONLY WARRANTIES, EXPRESSED OR IMPLIED, GRANTED IN CONNECTION WITH THE PRODUCTS SOLD WITH THIS FUNERAL SERVICE, ARE THE EXPRESSED WRITTEN WARRANTIES, IF ANY, EXTENDED BY THE MANUFACTURERS THEREOF. THE FUNERAL HOME HEREBY EXPRESSLY DISCLAIMS ALL WARRANTIES, EXPRESSED OR IMPLIED, RELATED TO ALL SUCH PRODUCTS, INCLUDING BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

8. Definitions:

- **Cash advance item** means any item of merchandise or service obtained from a third party and paid by the seller on the purchaser's behalf, including but not limited to certified copies of death certificates, clergy honoraria, honoraria for musicians and singers, obituary notices and sales tax.
- **Guaranteed purchase agreement** is an agreement in which the seller provides the specified merchandise, services and cash advance items for the amount specified in the contract.
- **Nonguaranteed purchase agreement** means an agreement which is not a guaranteed purchase agreement.

9. Additional Fees & Expenses. Standard and customary charges that are routine fees charged by the financial institution, trustee, or administrator of the preneed trust will be charged pursuant to current price structure.

10. Severability. This Contract shall be deemed to be severable, and any determination of unenforceability of any provision of this Contract shall have no effect upon the remainder hereof, and all other provisions, paragraphs and clauses shall remain in full force and effect.

11. Binding Effect; Governing Law. This Contract shall be binding on the heirs, executors, administrators, successors and assigns of the parties and shall be construed in accordance with Iowa law.

12. Complete Contract. This Contract contains the entire agreement between the parties and no promises, agreements, or warranties not therein expressed have been made to the Purchaser, nor is the Purchaser relying upon any statements or representations which are not set forth herein. This Contract may be modified only by a writing signed by all the parties hereto.