

By: Flynn

H.B. No. 52

Substitute the following for H.B. No. 52:

By: Villarreal

C.S.H.B. No. 52

A BILL TO BE ENTITLED

AN ACT

relating to the sale of a cemetery plot; providing penalties;  
authorizing a fee.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 711.001, Health and Safety Code, is  
amended by adding Subdivision (2-b) to read as follows:

(2-b) "Cemetery broker" means a person who sells the  
exclusive right of sepulture for another person. The term does not  
include a person who:

(A) is an officer, agent, or employee of the  
cemetery organization in which the plot is located and who is exempt  
from registration under Subchapter C-1; or

(B) originally purchased the exclusive right of  
sepulture for personal use.

SECTION 2. Section 711.012(a), Health and Safety Code, is  
amended to read as follows:

(a) The Finance Commission of Texas may adopt rules to  
enforce and administer Subchapter C-1 and Sections 711.003,  
711.004, 711.007, 711.008, 711.0105, 711.021-711.024,  
711.032-711.036, 711.038, 711.0381, 711.040-711.042, 711.052, and  
711.061[~~, and 711.062~~] relating to perpetual care cemeteries.

SECTION 3. The heading to Section 711.038, Health and  
Safety Code, is amended to read as follows:

Sec. 711.038. SALE OF PLOTS BY CEMETERY ORGANIZATIONS.

1 SECTION 4. Section 711.038(e), Health and Safety Code, is  
2 amended to read as follows:

3 (e) A person who is an officer, agent, or employee of the  
4 cemetery organization or its affiliate and who is exempt from  
5 registration under Subchapter C-1 is not required to be licensed or  
6 registered to sell a plot in a dedicated cemetery.

7 SECTION 5. Subchapter C, Chapter 711, Health and Safety  
8 Code, is amended by adding Section 711.0381 to read as follows:

9 Sec. 711.0381. SALE OR RESALE OF PLOTS BY CERTAIN PERSONS.

10 (a) A person may not act as a cemetery broker in the sale or resale  
11 of the exclusive right of sepulture in a plot unless the person is  
12 registered as a cemetery broker under Subchapter C-1 or is exempt  
13 from registration under Subchapter C-1.

14 (b) Resale of the exclusive right of sepulture in a plot is  
15 subject to the rules of the cemetery organization and any  
16 restrictions in the certificate of ownership, quitclaim agreement,  
17 or other instrument of conveyance. A quitclaim agreement or other  
18 instrument evidencing the conveyance of the exclusive right of  
19 sepulture must be:

20 (1) in a form authorized by or otherwise acceptable to  
21 the cemetery organization, subject to Subsection (c);

22 (2) signed by:

23 (A) the grantee named in the certificate of  
24 ownership or other instrument of conveyance as filed and recorded  
25 in the cemetery organization's office in accordance with Section  
26 711.038 or 711.039(g)(2), as the seller or transferor;

27 (B) the designated purchaser or transferee; and

1           (C) each cemetery broker or other agent assisting  
2 in the transfer of the interment rights; and

3           (3) filed and recorded with the cemetery organization  
4 not later than the third business day after the date of the sale.

5           (c) On request of a person acting as a cemetery broker, a  
6 cemetery organization shall provide its rules, conveyance forms,  
7 and written guidelines and procedures for brokered sales, if any.

8           (d) The resale of the exclusive right of sepulture in a  
9 group of interment rights that were conveyed collectively may not  
10 be divided without the consent of the cemetery organization.

11           (e) A person acting as a cemetery broker that sells or  
12 resells the right of sepulture in a plot shall collect and remit to  
13 the cemetery organization:

14                   (1) all fees required by law; and

15                   (2) any other fee required by the rules of the cemetery  
16 organization, subject to Subsection (f).

17           (f) A fee required by a rule of the cemetery organization  
18 for the sale or resale of the right of sepulture in a plot under this  
19 section may not exceed the fee charged by the cemetery organization  
20 on the sale of the right of sepulture in a plot under Section  
21 711.038.

22           (g) A person acting as a cemetery broker must keep a record  
23 of each sale or resale under this section. The record must include:

24                   (1) the name and address of the purchaser;

25                   (2) the date of the purchase;

26                   (3) a copy of the purchase agreement, with the name and  
27 address of the cemetery;

- 1           (4) a specific description of the interment rights;
- 2           (5) the purchase price;
- 3           (6) the amount of fees collected and remitted in  
4 accordance with Subsection (e); and
- 5           (7) information on the disposal of the purchase  
6 agreement, including whether the agreement was conveyed, canceled,  
7 or voided.

8           SECTION 6. Chapter 711, Health and Safety Code, is amended  
9 by adding Subchapter C-1 to read as follows:

10           SUBCHAPTER C-1. CEMETERY BROKER REGISTRATION

11           Sec. 711.045. DEFINITIONS. In this subchapter:

- 12           (1) "Commission" means the Finance Commission of  
13 Texas.
- 14           (2) "Commissioner" means the banking commissioner of  
15 Texas.
- 16           (3) "Department" means the Texas Department of  
17 Banking.

18           Sec. 711.046. CEMETERY BROKER REGISTRATION. (a) To register  
19 under this subchapter, a cemetery broker shall file with the  
20 department a sworn, notarized statement that contains:

- 21           (1) the name and street address of the cemetery  
22 broker;
- 23           (2) the name, street address, and telephone number of  
24 the representative of the cemetery broker to be contacted regarding  
25 a written complaint; and
- 26           (3) any Internet or other electronic mail address of  
27 the cemetery broker.

1       (b) The registration of a cemetery broker is valid until  
2 withdrawn or revoked. Periodic renewal of the registration is not  
3 required.

4       (c) A registered cemetery broker shall update the  
5 information contained in the registration statement not later than  
6 the 60th day after the date the information changes.

7       (d) The department may charge a cemetery broker a reasonable  
8 fee to cover the costs of filing and maintaining the registration  
9 statement and administering this chapter. The administration fee  
10 may not exceed \$100 per year.

11       Sec. 711.047. EXEMPTIONS. This subchapter does not apply  
12 to a person offering to sell or selling the exclusive right of  
13 sepulture in a plot if the person is:

14               (1) an officer, agent, employee, or affiliate of the  
15 cemetery organization in which the plot is located, acting at the  
16 direction or under the control of the cemetery organization;

17               (2) an employee of a registered cemetery broker;

18               (3) with respect to the specific plot for sale:

19                       (A) a grantee named in the certificate of  
20 ownership or other instrument of conveyance for the plot as filed  
21 and recorded in the cemetery organization's office under Section  
22 711.038;

23                       (B) a spouse or other heir of the named grantee as  
24 described by Section 711.039;

25                       (C) an executor, administrator, or guardian of  
26 the named grantee appointed by court order; or

27                       (D) an attorney-in-fact for the named grantee

1 under a durable power of attorney if the person is not otherwise  
2 engaged in the business of a cemetery broker and does not solicit  
3 appointment as attorney-in-fact for the purpose of offering to sell  
4 or selling the exclusive right of sepulture of the named grantee; or

5 (4) otherwise exempt in accordance with rules adopted  
6 by the commission as necessary to protect the public health and  
7 safety.

8 Sec. 711.048. COMPLAINTS. (a) A cemetery broker is subject  
9 to rules adopted under Section 11.307, Finance Code, regarding the  
10 manner in which the cemetery broker provides consumers with  
11 information on how to file complaints with the department. The  
12 rules must be consistent with the obligations imposed by this  
13 section.

14 (b) If the department receives a signed written complaint  
15 from a person concerning a cemetery broker, the department shall  
16 provide written notification of the complaint to the cemetery  
17 broker's designated representative not later than the 31st day  
18 after the date the complaint was received and provide a copy of the  
19 complaint to the representative. The department may:

20 (1) require the cemetery broker to resolve the  
21 complaint or to provide the department with a response to the  
22 complaint; or

23 (2) provide written direction requiring the cemetery  
24 broker to take specific action to resolve the complaint.

25 Sec. 711.049. TERMINATION OF REGISTRATION. (a) A cemetery  
26 broker may withdraw the cemetery broker's registration at any time.

27 (b) After notice and opportunity for a hearing, the

1 commissioner may revoke the registration of a registered cemetery  
2 broker that:

3 (1) fails to pay the annual administration fee and  
4 fails to cure the default not later than the 30th day after the date  
5 written notice of the default is mailed by the department to the  
6 cemetery broker;

7 (2) fails or refuses to comply with the department's  
8 written request for a response to a complaint; or

9 (3) the commissioner concludes, after considering a  
10 complaint filed under this subchapter, has engaged in an  
11 intentional course of conduct that:

12 (A) violates federal or state law; or

13 (B) constitutes improper, fraudulent, or  
14 dishonest dealings.

15 (c) The commissioner shall state the basis of the decision  
16 in an order revoking the registration of a cemetery broker. The  
17 cemetery broker may appeal an order revoking registration in the  
18 manner provided by Chapter 2001, Government Code.

19 SECTION 7. Section 711.052(a), Health and Safety Code, is  
20 amended to read as follows:

21 (a) A person who is an individual, firm, association,  
22 corporation, or municipality, or an officer, agent, or employee of  
23 an individual, firm, association, corporation, or municipality,  
24 commits an offense if the person:

25 (1) engages in a business for cemetery purposes in  
26 this state other than through a corporation organized for that  
27 purpose, if a corporation is required by law;

1           (2) fails or refuses to keep records of interment as  
2 required by Sections 711.003 and 711.004;

3           (3) sells, offers to sell, or advertises for sale a  
4 plot or the exclusive right of sepulture in a plot for purposes of  
5 speculation or investment; [~~or~~]

6           (4) represents through advertising or printed  
7 material that a retail department will be established for the  
8 resale of the plots of plot purchasers, that specific improvements  
9 will be made in the cemetery, or that specific merchandise or  
10 services will be furnished to a plot owner, unless adequate funds or  
11 reserves are created by the cemetery organization for the  
12 represented purpose;

13           (5) offers or receives monetary inducement to solicit  
14 business for a cemetery broker;

15           (6) fails or refuses to keep records of sales or  
16 resales or to collect and remit fees as required by Section  
17 711.0381; or

18           (7) fails or refuses to register as a cemetery broker  
19 as required by Subchapter C-1.

20           SECTION 8. Section 711.056(a), Health and Safety Code, is  
21 amended to read as follows:

22           (a) If after a hearing conducted as provided by Chapter  
23 2001, Government Code, the trier of fact finds that a violation of  
24 this chapter or a rule of the Finance Commission of Texas  
25 establishes a pattern of wilful disregard for the requirements of  
26 this chapter or rules of the finance commission, the trier of fact  
27 shall recommend to the commissioner that the maximum administrative



1 penalty permitted under Section 711.055 be imposed on the person  
2 committing the violation or that the commissioner cancel or not  
3 renew:

4 (1) the person's registration under Subchapter C-1, if  
5 the person is registered under that subchapter; or

6 (2) the person's permit under Chapter 154, Finance  
7 Code, if the person holds such a permit.

8 SECTION 9. Subchapter D, Chapter 711, Health and Safety  
9 Code, is amended by adding Sections 711.057, 711.058, and 711.059  
10 to read as follows:

11 Sec. 711.057. EMERGENCY ORDER. (a) The commissioner may  
12 issue an emergency order that takes effect immediately if the  
13 commissioner finds that immediate and irreparable harm is  
14 threatened to the public or a beneficiary under a sale of the  
15 exclusive right of sepulture in a plot.

16 (b) An emergency order remains in effect unless stayed by  
17 the commissioner.

18 (c) The person named in the order may request in writing an  
19 opportunity for a hearing to show that the emergency order should be  
20 stayed. On receipt of the request, the commissioner shall set a  
21 time for the hearing before the 22nd day after the date the  
22 commissioner received the request, unless extended at the request  
23 of the person named in the order.

24 (d) The hearing is an administrative hearing relating to the  
25 validity of findings that support immediate effect of the order.

26 Sec. 711.058. RESTITUTION. The commissioner may issue an  
27 order to a person requiring restitution if, after notice and

1 opportunity for hearing, the commissioner finds that the person:

2 (1) failed to remit a fee in accordance with Section  
3 711.0381; or

4 (2) misappropriated, converted, or illegally withheld  
5 or failed or refused to pay on demand money entrusted to the person  
6 that belongs to a cemetery organization under an instrument of  
7 conveyance.

8 Sec. 711.059. SEIZURE OF ACCOUNTS AND RECORDS. (a) The  
9 commissioner may issue an order to seize accounts in which funds  
10 from the sale or resale of the exclusive right of sepulture in a  
11 plot, including earnings, may be held and may issue an order to  
12 seize the records that relate to the sale or resale of the exclusive  
13 right of sepulture in a plot if the commissioner finds, by  
14 examination or other credible evidence, that the person:

15 (1) failed to remit a fee in accordance with Section  
16 711.0381;

17 (2) misappropriated, converted, or illegally withheld  
18 or failed or refused to pay on demand money entrusted to the person  
19 that belongs to a cemetery organization under an instrument of  
20 conveyance;

21 (3) refused to submit to examination by the  
22 department;

23 (4) was the subject of an order to cancel, suspend, or  
24 refuse a registration under Subchapter C-1; or

25 (5) is required to register under Subchapter C-1 and  
26 is not registered or has transferred the ownership of the business  
27 that required registration to another person who is not registered.

1       (b) An order shall be served on the person named in the order  
2 by certified mail, return receipt requested, to the last known  
3 address of the person.

4       (c) An order takes effect immediately and remains in effect  
5 unless stayed by the commissioner, if the commissioner finds that  
6 immediate and irreparable harm is threatened to the public or a  
7 beneficiary under a sale of the exclusive right of sepulture in a  
8 plot. If such a threat does not exist, the order must state the  
9 effective date, which may not be before the 16th day after the date  
10 the order is mailed.

11       (d) An emergency order remains in effect unless stayed by  
12 the commissioner. The person named in the order may request in  
13 writing an opportunity for a hearing to show that the emergency  
14 order should be stayed. On receipt of the request, the commissioner  
15 shall set a time before the 22nd day after the date the commissioner  
16 received the request, unless extended at the request of the person  
17 named in the order. The hearing is an administrative hearing  
18 relating to the findings that support immediate effect of the  
19 order.

20       (e) A nonemergency order takes effect as proposed unless the  
21 person named in the order requests a hearing not later than the 15th  
22 day after the date the order is mailed.

23       (f) After the issuance of an order under this section, the  
24 commissioner may initiate an administrative claim for ancillary  
25 relief, including a claim for:

26               (1) costs incurred in the administration, transfer, or  
27 other disposition of the seized assets and records; or

1           (2) costs reasonably expected to be incurred in  
2 connection with the administration and performance of any  
3 outstanding certificate of ownership or other instrument of  
4 conveyance that is a part of a sale by the person subject to the  
5 order.

6           (g) The remedy provided by Subsection (f) is not exclusive.  
7 The commissioner may seek an additional remedy authorized under  
8 this subchapter.

9           SECTION 10. Chapter 711, Health and Safety Code, is amended  
10 by adding Subchapter F to read as follows:

11           SUBCHAPTER F. POWERS AND DUTIES OF DEPARTMENT

12                   RELATING TO CEMETERY BROKERS

13           Sec. 711.081. DEFINITIONS. In this subchapter:

14                   (1) "Commission" means the Finance Commission of  
15 Texas.

16                   (2) "Commissioner" means the banking commissioner of  
17 Texas.

18                   (3) "Department" means the Texas Department of  
19 Banking.

20           Sec. 711.082. ADMINISTRATION; FEES. (a) The department  
21 shall administer Subchapters C and C-1 relating to cemetery  
22 brokers.

23           (b) The commission may adopt reasonable rules concerning:

24                   (1) fees to defray the cost of administering  
25 Subchapters C and C-1;

26                   (2) the retention and inspection of records relating  
27 to the sale or resale of the exclusive right of sepulture in a plot;

1           (3) changes in the management or control of a cemetery  
2 broker's business; and

3           (4) any other matter relating to the enforcement and  
4 administration of Subchapters C and C-1.

5           (c) A fee set by the commission may not produce unnecessary  
6 fund balances.

7           Sec. 711.083. RECORDS; EXAMINATION. (a) A person acting as  
8 a cemetery broker shall maintain records in accordance with this  
9 subchapter and Section 711.0381.

10           (b) The department shall examine the records of each person  
11 acting as a cemetery broker if the commissioner determines the  
12 examination is necessary to:

13                   (1) safeguard the interests of purchasers and  
14 beneficiaries of the exclusive right of sepulture in a plot; and

15                   (2) efficiently enforce applicable law.

16           (c) A person may maintain and provide a record required to  
17 be maintained under this section in an electronic format if the  
18 record is reliable and can be retrieved in a timely manner.

19           Sec. 711.084. EXAMINATION FEE. (a) For each examination  
20 conducted under Section 711.083, the commissioner or the  
21 commissioner's agent shall impose on the cemetery broker a fee in an  
22 amount set by the commission under Section 711.082.

23           (b) The amount of the fee must be sufficient to cover:

24                   (1) the cost of the examination, including:

25                           (A) salary and travel expenses for department  
26 employees, including travel to and from the place where the records  
27 are kept; and

1                   (B) any other expense necessarily incurred in  
2 conducting the examination;

3                   (2) the equitable or proportionate cost of maintaining  
4 and operating the department; and

5                   (3) the cost of enforcing this subchapter.

6           SECTION 11. (a) Except as provided by Subsection (b) of  
7 this section, this Act takes effect immediately if it receives a  
8 vote of two-thirds of all the members elected to each house, as  
9 provided by Section 39, Article III, Texas Constitution. Except as  
10 provided by Subsection (b) of this section, if this Act does not  
11 receive the vote necessary for immediate effect, this Act takes  
12 effect September 1, 2013.

13           (b) Section 711.0381 and Subchapter C-1, Chapter 711,  
14 Health and Safety Code, as added by this Act, take effect January 1,  
15 2014.