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General Guidelines for Preneed Contracts and Cemetery Property Sales Logs

Funeral homes and cemeteries are required to maintain a log of all preneed merchandise and service sales. Endowment care cemeteries are required to maintain a log of all cemetery property sales. A preneed entity that is a combination funeral home/cemetery must maintain both logs. The logs should show all transactions made since April 30, 2002. The log must be in the form of or equivalent to the sample logs listed below.

Revision to General Guidelines:

The revised logs and instructions are effective 1-1-2015. You do not have to make these changes retroactively back to May 2002. The revised logs and instructions apply on a go-forward basis from January 1, 2015. You must still maintain the logs previously required. Those logs should date from May 2002 through December 31, 2014.

The logs must be available for inspection at all times and must contain at least the following information:

Preneed Contract Sales Log

The specific requirements are contained in Preneed Regulation 482-3-005-.04.

- 1) **Contract Number** - Sequentially numbered preneed contract number. If there is a break in the sequence, then you should retain the contract that was not used or other evidence to support the break. If someone supplies your contracts and there is a large break in the sequence, then some sort of documentation from the supplier referencing the last contracts provided, the fact that there is a break, and the next group of contracts in the sequence being provided. The letter should also contain contact information for the supplier (trust company, insurance company, etc.).
- 2) **Date of Contract** – Date the contract was executed (include month, day and year)
- 3) **Name of Purchaser** – Name of the person signing the contract
- 4) **Net Amount of Contract** – The contract price after insurance credits and all discounts, but prior to a down payment. If the customer were to write a check to pay for the contract in full at the time the contract was executed, what amount would the check need to be for.

- 5) **PIF/Instl** - Type of payments (paid-in-full = PIF or installments = Instl)
- 6) **Amount Collected to Date** – As of the most recent payment, how much has been collected on the contract?
- 7) **Date of Last Payment** – The date (include month, day and year) you last received a payment on the contract.
- 8) **Amount Trusted to Date** – As of your last trust deposit, what is the total amount you have placed in trust for the contract?
- 9) **Date of Last Trust Deposit** – Date (include month, day and year) you last sent funds to trust for the contract
- 10) **PIF Date** – Date (include month, day, year) the contract was paid in full, should match the “Date of Last Payment.” If paid in full at signing, then the date will match the “Date of Contract” and “Date of Last Payment”
- 11) **Face Amount of Insurance** – The amount of insurance being purchased to fund the contract. If the insurance has a graded or limited death benefit, then the ultimate value should be recorded.
- 12) **Ultimate Value of the Annuity** – The ultimate amount of the annuity, assuming the payments are made (amount/timing) according to the contract terms.
- 13) **Partial Delivery** – Yes/No – for instance if you install a vault or place a memorial, but prior to need and the contract has not been completely fulfilled. If using trust, you might be entitled to remove the related funds from trust.
- 14) **Date of Partial Delivery** – The date (include month, day and year) you set the memorial or installed the vault, etc. If you make partial delivery on more than one date, then you may add additional date columns or just revise the date upon each subsequent delivery.
- 15) **Date Contract Fulfilled** – The date (include month, day and year) you have completed 100% of your obligations under the contract.
- 16) **Date Contract Voided or Cancelled** – This column would only be used in the instances in which a contract is voided, cancelled or transferred. This is the date (include month, day and year) a written request is received from the purchaser or date the seller cancels or voids the contract under the terms of the contract (purchaser default, policy lapse, etc.).
- 17) **Date of Refund** – If a contract is cancelled, a refund is required within 30 days. This should be the date the refund is issued.
- 18) **Amount of Refund** – The actual amount of the refund made to the purchaser. If you are keeping an amount for cancellation or refund, then this should be reflected in the amount recorded (deducted).

See log example and further instructions on page 3.

Preneed Contract Log

Company Name:

Physical Address:

Phone Number:

Columns are numbered for instructional purposes only.

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
Contract Number	Date of Contract	Purchaser	Net Amount of Contract	PIF / Instl	Amount Collected to Date	Date of Last Payment	Amount Trusted to Date	Date of Last Trust Deposit	PIF Date	Face Amount* of Life Insurance Sold	Ultimate Value of Annuity	Partial Delivery YES / NO	Date of Partial Delivery	Date Contract Fulfilled	Date Contract Voided or Cancelled	Date of Refund	Amount of Refund

* If the life insurance policy has a graded or limited death benefit, use the ultimate value

If you **ONLY** fund contracts with **insurance and/or annuities** you may omit columns:
5,6,7, 8, 9, and 10

If you **do not** fund contracts with **insurance**, you may omit column **11**.

If you **do not** fund contracts with **annuities**, you may omit column **12**.

If you use a surety bond or letter of credit to fund contracts, **you should change the title of column 8 to "Amount of Liability," and column 9 to "Amount Covered by Bond/LOC."** The amount of the liability should be supported by an itemization/detail of contract items. The itemization should be included on the log if possible. You should add a column or rename an unnecessary one such as 11 & 12.

Cemetery Property Sales Log

The specific requirements are contained in Preneed Regulation 482-3-005-.05

- 1) **Contract Number** (preneed or at-need) – in chronological order. If you have interment right only contracts, preneed and/or at-need contracts, the contracts should be listed chronologically by date, but the sequences will be combined on the log. For example: At-need 010, might be followed by pre-need contracts 001 and 002, then interment right only contract 0050. At-need contract 011, should not be listed before 010. Preneed contract 003 should not be listed prior to 001 or 002. Interment right only contract 0051 should not be listed prior to 0050. It is not necessary to create an additional numbering system.
- 2) **Date of Contract** – Date the contract is signed (include month, day and year).
- 3) **Purchaser** – The name of the person signing the contract.
- 4) **Net Amount of Property Sold** - This is the dollar value of the interment rights sold after discounts or specials have been applied, regardless of whether listed on a contract for interment rights only or on a Preneed Contract); if complementary or free, so designate on the log
- 5) **PIF/Instl** – Use PIF, if the interment rights were paid-in full at the time the contract was signed. Use Instl if the interment right(s) will be paid for in installments.
- 6) **Date of Last Payment** – This is the last day a payment was received on the interment right contract (include month, day and year).
- 7) **PIF Date** – This is the date the final payment is received on the contract and should match the date of the final payment (include month, day and year). If paid in full at the contract signing, then it will also match the date of the contract.
- 8) **Price of Interment Rights** – This is the amount posted in the cemetery per ALA. CODE § 8-30-2 and Preneed Regulation 482-3-005-.07(g). This amount is prior to any discounts or specials.
- 9) **Number of Interment Rights Sold** – Provide the number of interment rights sold under the contract.
- 10) **Amount Due EC Trust** – This is the amount due to be deposited into Endowment Care trust based on the posted price of the interment right sold (recorded in column 8) multiplied by 15% if it is a grave or lawn crypt space or 5% if it is a mausoleum crypt or niche.
- 11) **Amount Trusted for EC** - This is the amount that you actually send to the endowment care trust related to the interment right. Columns 10 & 11 should match.
- 12) **Date of EC Contributions** – This is the date (include month, day and year) contributions were made to EC on the property sale (not more than 4 months after receipt of payment in full).
- 13) **Date Contract Voided or Cancelled** - This column would only be used in the instances in which a contract is voided, cancelled or transferred to another owner. This is the date (include month, day and year) a written request is received from the purchaser or date the seller cancels or voids the contract under the terms of the contract (purchaser default, policy lapse, etc.).
- 14) **Date of Refund** – If the Contract is cancelled (voided/transferred), then the date (include month, day and year) funds are refunded, if applicable.
- 15) **Amount of Refund** - If the Contract is cancelled (voided/transferred), then the amount funds refunded, if applicable.

See example and further instructions on page 5.

Cemetery Property Sales Log

Company Name:

Physical Address:

Phone Number:

Columns are numbered for instructional purposes only.

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Contract Number	Date of Contract	Purchaser	Net Amount of Property Sold #	PIF/Instl	Date of Last Payment	PIF Date	Price of Interment Right(s)*	Number of Interment Rights Sold	Amount Due EC Trust	Amount Trusted for EC	Date of EC Contribution	Date Contract Voided or Cancelled	Date of Refund	Amount of Refund

Net Amount of Property Sold – the amount the purchaser will pay after any discounts or specials, but prior to a down payment. This is the amount it would take at the signing of the contract to pay for the interment rights in full.

*** Price of Interment Right(s)** - Per the price list posted on the date of the contract (as required under ALA. CODE § 8-30-2 and Preneed Regulation 482-3-005-.07(g),) excluding discounts or specials. It is the Cemetery’s responsibility to maintain evidence of the price list on the date of the contract so that it may be presented to the examiner in support of the listed amount.

The following guidelines are to be followed on both the Preneed Contract Sales Log and Cemetery Property Sales Log.

- (1) The company name must be on each page of the preneed contract sales log and cemetery property sales log.
- (2) The bottom of each page of the logs must be numbered sequentially.
- (3) All contract logs must be typed or printed legibly.
- (4) If the contract logs are not being created using electronic software, such as Excel, all contract items should be completed using black or blue ink.
- (5) If the contract logs are not being created using an electronic spreadsheet, the column for “Amount Collected to Date,” “Date of Last Payment,” “Amount Trusted to Date,” and “Date of Last Trust Deposit” may be written in pencil until the contract is paid-in-full.
- (6) All logs must be readily accessible.
- (7) The logs must be in a form that can be copied and scanned.
- (8) The logs must be updated (at a minimum) on a quarterly basis.

At all times the certificate holder shall be able to determine the amount held in trust attributable to each contract holder. The determination shall be based upon the fair market value of the trust at the time of determination and the proportionate share of the fair market value of the trust attributable to each contract holder.

If your trustee or insurance provider does not help you track this information in some form or fashion at the contract level, there are trustees and insurers that specialize in Preneed and will do this for you, some at no additional cost. There are also third-parties that will work with your current trustee to help track this information for you.

Revision to Logs

The log revisions and recent instructions are effective 1-1-2015. You do not have to make these changes back to May 2002. The revised logs and instructions are apply on a go-forward basis from January 1, 2015.