

What happens to the prices that were guaranteed if the funeral provider goes out of business?

The applicable Prepaid Funeral Guaranty Fund (Guaranty Fund) guarantees the obligations of the seller.

Trust-Funded: If the seller and funeral provider are the same entity, the Department will seek another funeral provider to perform the funeral services in the prepaid funeral contract at no additional costs to you. Funds from the Guaranty Fund are available to accomplish this.

When the seller and funeral provider are not the same entity, see the discussion below for insurance – funded contracts.

Insurance-Funded: When the seller and the funeral provider are not the same entity, the Department cannot ensure another funeral provider will honor the guaranteed prices.

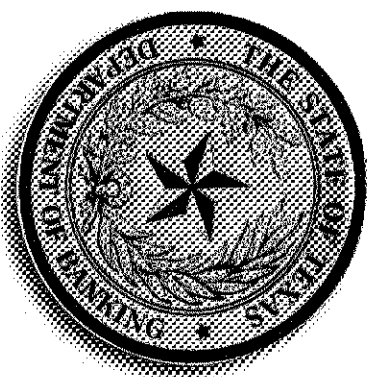
However, the seller may be able to assist in finding another funeral provider that will honor the prices that were guaranteed. Funds from the Guaranty Fund cannot be used in this situation.

Texas law requires sellers of prepaid funeral contracts to hold a permit issued by the Texas Department of Banking. Do not contract with any seller who does not hold a valid permit. To view a list of sellers that have permits or for additional information regarding prepaid funeral contracts, go to the website located at:

www.prepaidfunerals.state.tx.us or contact the Texas Department of Banking at:

2601 N. Lamar Blvd
Austin, Texas 78705
1.877.276.5554

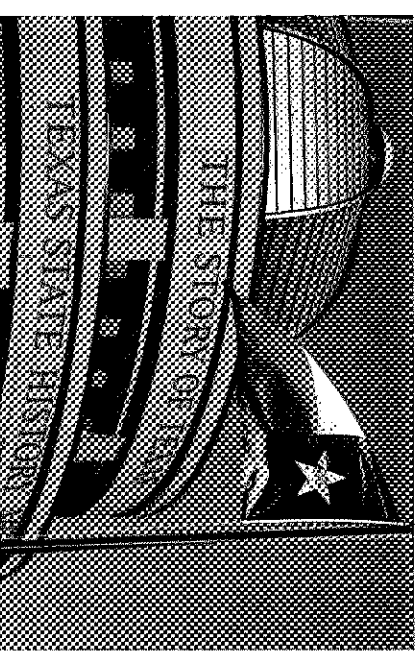
www.banking.state.tx.us



Information About Prepaid Funeral Planning

The contract you are considering purchasing is commonly called a prepaid funeral contract. The prepaid funeral contract will impose conditions on you (the buyer), the seller or permit holder, and the funeral provider. Texas law grants you certain rights, protections, and options.

Read this informational brochure carefully. It can help you understand prepaid funeral contract funding options.



This informational brochure is provided by

THE TEXAS DEPARTMENT
OF BANKING

In Texas, a prepaid funeral contract can be funded by a trust or by insurance. A seller may offer one or both funding types.

In a trust-funded prepaid funeral

contract, payments are placed in an approved interest bearing restricted bank account or formal trust account to pay for the future costs of the selected funeral goods and services.

Payments on the contract are made to the seller.

In most trust-funded contracts, the seller and the funeral provider are the same entity.

In an insurance-funded prepaid funeral contract, payments are used to purchase an insurance policy or

annuity to pay for the future cost of the selected funeral goods and

services. The Texas Department of Insurance has approved many kinds of insurance policies and annuities to fund prepaid funeral contracts. An

application for insurance must be completed at the same time as the prepaid funeral contract. Payments on the insurance policy or annuity funding the contract are made to the insurance company.

Questions and Answers on Other Differences in the Funding Options

Do I get a refund if I cancel a prepaid funeral contract?

Trust-Funded: Yes. In most cases, you will get 90% of your payments plus one-half of all interest earnings for contracts purchased after September 1, 2001.

Insurance-Funded: Yes. You must cancel both the prepaid funeral

contract and the insurance policy or annuity that funds it. You then receive the cash surrender value of the policy or annuity. The cash surrender value varies, but is most often less than your total payments.

Can a prepaid funeral contract be transferred to another funeral provider? Will the prices that were frozen or guaranteed still be honored?

Trust-Funded: The contract is not transferrable. While you may assign your trust account cancellation value to a different funeral provider, the new funeral provider is not obligated to honor the prepaid funeral contract

prices agreed to by the original funeral provider.

Insurance-Funded: Policy proceeds may be reassigned to a different funeral provider, but the new funeral provider is not obligated to honor the prepaid funeral contract prices agreed to by the original funeral provider.

Can the payments total more than the price of the prepaid funeral contract?

Trust-Funded: In most cases no. If the prepaid funeral contract is financed over time, the seller may charge interest. However, most sellers do not charge interest.

Insurance-Funded: Yes they can, depending upon factors like your age and health when the contract is purchased, date of death, and the type of policy issued. The insurance policy or annuity that funds the prepaid funeral contract dictates the payments to be made. The seller can calculate the total payments to be made.