

SENATE BILL 504

R4

4r1531
CF HB 605

By: **Senator McKay**

Introduced and read first time: January 24, 2024

Assigned to: Judicial Proceedings

Committee Report: Favorable

Senate action: Adopted

Read second time: February 27, 2024

CHAPTER _____

1 AN ACT concerning

2 **Motor Vehicles – Recreational Vehicle Dealer Agreements**

3 FOR the purpose of requiring recreational vehicle dealers to hold a dealer agreement with
4 a recreational vehicle manufacturer to sell the manufacturer’s recreational vehicles
5 in the State; establishing licensing requirements for a recreational vehicle
6 manufacturer, distributor, or factory branch; altering the required terms and
7 conditions of a recreational dealer agreement, including terms and conditions related
8 to termination and nonrenewal of an agreement, transfer of dealer ownership,
9 warranty obligations, dealer inspection and rejection of recreational vehicles, and
10 prohibited acts, dispute resolution, and penalties; and generally relating to
11 recreational vehicle dealer agreements.

12 BY adding to

13 Article – Transportation

14 Section 15–201.1; and 15–1001 through 15–1015 to be under the new subtitle

15 “Subtitle 10. Recreational Vehicle Dealer Agreements”

16 Annotated Code of Maryland

17 (2020 Replacement Volume and 2023 Supplement)

18 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

19 That the Laws of Maryland read as follows:

20 **Article – Transportation**

21 **15–201.1.**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 **THIS SUBTITLE DOES NOT APPLY TO MANUFACTURERS OR DISTRIBUTORS OF,**
2 **OR FACTORY BRANCHES FOR, RECREATIONAL VEHICLES.**

3 **SUBTITLE 10. RECREATIONAL VEHICLE DEALER AGREEMENTS.**

4 **15-1001.**

5 **(A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS**
6 **INDICATED.**

7 **(B) “AREA OF SALES” MEANS THE GEOGRAPHICAL AREA AGREED TO BY THE**
8 **DEALER AND THE MANUFACTURER IN AN AGREEMENT THAT GRANTS THE DEALER**
9 **THE EXCLUSIVE RIGHT TO DISPLAY OR SELL THE MANUFACTURER’S NEW**
10 **RECREATIONAL VEHICLES OF A PARTICULAR LINE-MAKE.**

11 **(C) (1) “COERCE” MEANS TO COMPEL OR ATTEMPT TO COMPEL AN**
12 **ACTION OR INACTION BY THREAT OF HARM, BREACH OF CONTRACT, OR OTHER**
13 **ADVERSE ACTION OR CONSEQUENCES.**

14 **(2) “COERCE” INCLUDES THREATENING TO TERMINATE, CANCEL, OR**
15 **NOT RENEW A DEALER AGREEMENT WITHOUT GOOD CAUSE, OR HOLD OR DELAY**
16 **PRODUCT DELIVERY AS AN INDUCEMENT TO AMEND THE DEALER AGREEMENT.**

17 **(D) “DEALER” MEANS ANY PERSON LICENSED OR REQUIRED TO BE**
18 **LICENSED TO SELL RECREATIONAL VEHICLES.**

19 **(E) “DEALER AGREEMENT” MEANS A WRITTEN AGREEMENT OR CONTRACT**
20 **ENTERED INTO BETWEEN A DEALER AND A MANUFACTURER OR DISTRIBUTOR:**

21 **(1) THAT STATES THE RIGHTS AND RESPONSIBILITIES OF THE**
22 **PARTIES; AND**

23 **(2) UNDER WHICH THE DEALER MAY SELL NEW RECREATIONAL**
24 **VEHICLES.**

25 **(F) “DISTRIBUTOR” MEANS ANY PERSON THAT PURCHASES NEW**
26 **RECREATIONAL VEHICLES FOR RESALE TO DEALERS.**

27 **(G) “FACTORY BRANCH” MEANS A BRANCH OFFICE OF A MANUFACTURER**
28 **FROM WHICH THE MANUFACTURER:**

1 **(1) SELLS OR PROMOTES SALES OF A PARTICULAR BRAND OR MAKE**
2 **OF NEW RECREATIONAL VEHICLES TO DEALERS IN THE STATE;**

3 **(2) DIRECTS AND SUPERVISES THE MANUFACTURER'S**
4 **REPRESENTATIVES IN THE STATE; OR**

5 **(3) SUPERVISES OR CONTACTS DEALERS OR PROSPECTIVE DEALERS**
6 **IN THE STATE.**

7 **(H) "FACTORY CAMPAIGN" MEANS AN EFFORT ON THE PART OF A**
8 **WARRANTOR TO CONTACT RECREATIONAL VEHICLE OWNERS OR DEALERS TO**
9 **ADDRESS A PART OR EQUIPMENT ISSUE.**

10 **(I) "FAMILY MEMBER" MEANS A SPOUSE, CHILD, GRANDCHILD, PARENT,**
11 **SIBLING, NIECE, OR NEPHEW, OR A SPOUSE OF A CHILD, GRANDCHILD, PARENT,**
12 **SIBLING, NIECE, OR NEPHEW.**

13 **(J) "LICENSE" MEANS A MANUFACTURER, DISTRIBUTOR, OR FACTORY**
14 **BRANCH LICENSE ISSUED BY THE ADMINISTRATION UNDER THIS SUBTITLE.**

15 **(K) "LINE-MAKE" MEANS A SPECIFIC SERIES OF RECREATIONAL VEHICLES**
16 **THAT:**

17 **(1) IS TARGETED TO A PARTICULAR MARKET SEGMENT, AS**
18 **DETERMINED BY ITS DECOR, FEATURES, EQUIPMENT, SIZE, WEIGHT, AND PRICE**
19 **RANGE;**

20 **(2) HAS LENGTHS AND INTERIOR FLOOR PLANS THAT DISTINGUISH**
21 **THE RECREATIONAL VEHICLES FROM OTHER SIMILAR MODELS; AND**

22 **(3) BELONGS TO A SINGLE DISTINCT CLASSIFICATION OF**
23 **RECREATIONAL VEHICLE PRODUCT TYPE THAT HAS A SUBSTANTIAL DEGREE OF**
24 **COMMONALITY IN THE CONSTRUCTION, CHASSIS, FRAME, AND BODY STYLE.**

25 **(L) "MANUFACTURER" MEANS ANY PERSON ENGAGED IN THE**
26 **MANUFACTURING OF RECREATIONAL VEHICLES.**

27 **(M) "MODEL" MEANS A SERIES OF RECREATIONAL VEHICLE PRODUCTS**
28 **IDENTIFIED BY A COMMON SERIES TRADE NAME OR TRADEMARK.**

29 **(N) "PROPRIETARY PART" MEANS ANY PART MANUFACTURED BY OR FOR**
30 **THE MANUFACTURER OR SOLD EXCLUSIVELY BY THE MANUFACTURER.**

1 **(O) (1) "RECREATIONAL VEHICLE" MEANS A VEHICLE THAT IS:**

2 **(I) EITHER SELF-PROPELLED OR TOWED BY A TOW VEHICLE;**

3 **AND**

4 **(II) DESIGNED TO PROVIDE TEMPORARY LIVING QUARTERS**
5 **FOR RECREATIONAL, CAMPING, OR TRAVEL USE.**

6 **(2) "RECREATIONAL VEHICLE" INCLUDES:**

7 **(I) A MOTOR HOME;**

8 **(II) A TRAVEL TRAILER;**

9 **(III) A FIFTH-WHEEL TRAVEL TRAILER;**

10 **(IV) A TRUCK CAMPER; AND**

11 **(V) A FOLDING CAMPING TRAILER.**

12 **(P) "TRANSIENT CUSTOMER" MEANS A CUSTOMER WHO IS TEMPORARILY**
13 **TRAVELING THROUGH A DEALER'S AREA OF SALES.**

14 **(Q) (1) "WARRANTOR" MEANS ANY PERSON THAT GIVES A WARRANTY IN**
15 **CONNECTION WITH NEW RECREATIONAL VEHICLE PARTS, ACCESSORIES, OR**
16 **COMPONENTS.**

17 **(2) "WARRANTOR" DOES NOT INCLUDE SERVICE CONTRACTS,**
18 **INSURANCE, OR EXTENDED WARRANTIES SOLD FOR SEPARATE CONSIDERATION BY**
19 **A DEALER OR PERSON NOT AFFILIATED WITH A MANUFACTURER OR DISTRIBUTOR.**

20 **15-1002.**

21 **(A) A MANUFACTURER MAY NOT TRANSFER ANY NEW RECREATIONAL**
22 **VEHICLE TO ANY DEALER OR DISTRIBUTOR IN THE STATE UNLESS THE**
23 **MANUFACTURER IS LICENSED BY THE ADMINISTRATION UNDER THIS SUBTITLE.**

24 **(B) A DISTRIBUTOR MAY NOT TRANSFER ANY NEW RECREATIONAL VEHICLE**
25 **TO ANY DEALER IN THE STATE UNLESS THE DISTRIBUTOR IS LICENSED BY THE**
26 **ADMINISTRATION UNDER THIS SUBTITLE.**

1 **(C) A PERSON MAY NOT CONDUCT THE BUSINESS OF A FACTORY BRANCH OF**
2 **A RECREATIONAL VEHICLE MANUFACTURER UNLESS THE PERSON IS LICENSED BY**
3 **THE ADMINISTRATION UNDER THIS SUBTITLE.**

4 **15-1003.**

5 **(A) IN ADDITION TO THE INFORMATION REQUIRED UNDER SUBTITLE 1 OF**
6 **THIS TITLE, EACH APPLICATION FOR A LICENSE UNDER THIS SUBTITLE SHALL**
7 **INCLUDE:**

8 **(1) THE ADDRESS OF THE PRINCIPAL PLACE OF BUSINESS OF THE**
9 **APPLICANT;**

10 **(2) THE ADDRESS OF EACH PLACE OF BUSINESS FROM WHICH THE**
11 **APPLICANT WILL MAKE SUBSTANTIAL CONTACTS WITH DEALERS IN THE STATE; AND**

12 **(3) THE NATURE OF THE BUSINESS TO BE CONDUCTED AT EACH**
13 **ADDRESS.**

14 **(B) EACH APPLICANT FOR A LICENSE SHALL SUBMIT AS PART OF THE**
15 **APPLICATION:**

16 **(1) A COPY OF EACH FORM FOR ANY NEW VEHICLE WARRANTY**
17 **CURRENTLY PROVIDED OR OFFERED BY THE APPLICANT;**

18 **(2) A COPY OF EACH FRANCHISE CONTRACT AND ANY OTHER**
19 **CONTRACT WITH DEALERS USED BY THE APPLICANT, TOGETHER WITH A LIST OF**
20 **DEALERS IN THE STATE WHO HOLD A FRANCHISE FROM THE APPLICANT;**

21 **(3) A COPY OF THE VEHICLE PREPARATION AND DELIVERY**
22 **OBLIGATIONS OF THE DEALERS DESCRIBED IN ITEM (2) OF THIS SUBSECTION; AND**

23 **(4) A STATEMENT OF THE COMPENSATION STRUCTURE THE**
24 **APPLICANT AGREES TO PAY A DEALER FOR PARTS SUPPLIED AND WORK DONE BY A**
25 **DEALER UNDER:**

26 **(I) THE PREPARATION AND DELIVERY OBLIGATIONS OF THE**
27 **DEALER; OR**

28 **(II) ANY OUTSTANDING EXPRESS OR IMPLIED NEW**
29 **RECREATIONAL VEHICLE WARRANTY.**

30 **15-1004.**

1 **(A) EACH LICENSEE SHALL PAY AN ANNUAL FEE TO THE ADMINISTRATION**
2 **FOR EACH LICENSE YEAR OR PART OF A LICENSE YEAR FOR WHICH THE LICENSE IS**
3 **ISSUED.**

4 **(B) THE ANNUAL LICENSE FEE FOR A MANUFACTURER OR A DISTRIBUTOR**
5 **SHALL BE ESTABLISHED BY THE ADMINISTRATION BASED ON THE COMBINED**
6 **NUMBER OF NEW RECREATIONAL VEHICLES TRANSFERRED BY THE MANUFACTURER**
7 **OR DISTRIBUTOR TO DEALERS IN THE STATE DURING THE PRECEDING LICENSE**
8 **YEAR.**

9 **(C) THE ANNUAL LICENSE FEE FOR A FACTORY BRANCH SHALL BE**
10 **ESTABLISHED BY THE ADMINISTRATION.**

11 **15-1005.**

12 **(A) AFTER THE ADMINISTRATION NOTIFIES A MANUFACTURER OR**
13 **DISTRIBUTOR OF NEW RECREATIONAL VEHICLES OF THE APPROVAL OF AN**
14 **APPLICATION FOR A LICENSE AND BEFORE THE ADMINISTRATION ISSUES A**
15 **LICENSE, THE MANUFACTURER OR DISTRIBUTOR SHALL FILE WITH THE**
16 **ADMINISTRATION A SURETY BOND IN THE FORM AND WITH THE SURETY THAT THE**
17 **ADMINISTRATION REQUIRES.**

18 **(B) (1) THE AMOUNT OF THE SURETY BOND SHALL BE BASED ON THE**
19 **NUMBER OF NEW RECREATIONAL VEHICLES TRANSFERRED BY THE MANUFACTURER**
20 **OR DISTRIBUTOR TO DEALERS IN THE STATE DURING THE PRECEDING LICENSE**
21 **YEAR, AS FOLLOWS:**

22 **(I) IF 1 TO 50 VEHICLES WERE TRANSFERRED, A \$25,000**
23 **SURETY BOND;**

24 **(II) IF 51 TO 500 VEHICLES WERE TRANSFERRED, A \$50,000**
25 **SURETY BOND;**

26 **(III) IF 501 TO 10,000 VEHICLES WERE TRANSFERRED, A**
27 **\$100,000 SURETY BOND; AND**

28 **(IV) IF MORE THAN 10,000 VEHICLES WERE TRANSFERRED, A**
29 **\$300,000 SURETY BOND.**

30 **(2) EACH SURETY BOND SHALL CONTINUOUSLY MAINTAIN THE**
31 **AMOUNT SPECIFIED IN THIS SUBSECTION.**

1 **(3) A MANUFACTURER OR DISTRIBUTOR NEED NOT FILE MORE THAN**
2 **ONE BOND REGARDLESS OF THE NUMBER OF MAKES OF RECREATIONAL VEHICLES**
3 **MANUFACTURED OR DISTRIBUTED.**

4 **15-1006.**

5 **A LICENSE ISSUED UNDER THIS SUBTITLE AUTHORIZES THE LICENSEE TO**
6 **CONDUCT THE BUSINESS OF A MANUFACTURER, DISTRIBUTOR, OR FACTORY**
7 **BRANCH DURING THE LICENSE YEAR FOR WHICH IT IS ISSUED.**

8 **15-1007.**

9 **(A) IN THIS SECTION, "GOOD FAITH" MEANS HONESTY IN FACT AND THE**
10 **OBSERVANCE OF REASONABLE COMMERCIAL STANDARDS OF FAIR DEALING IN THE**
11 **TRADE.**

12 **(B) A MANUFACTURER, DISTRIBUTOR, OR FACTORY BRANCH, WHETHER**
13 **DIRECTLY OR THROUGH AN AGENT, AN EMPLOYEE, OR A REPRESENTATIVE, MAY NOT**
14 **FAIL TO ACT IN GOOD FAITH:**

15 **(1) IN ACTING OR PURPORTING TO ACT UNDER THE TERMS,**
16 **PROVISIONS, OR CONDITIONS OF ANY FRANCHISE AGREEMENT; OR**

17 **(2) IN ANY TRANSACTION OR CONDUCT GOVERNED BY THIS**
18 **SUBTITLE.**

19 **15-1008.**

20 **(A) A MANUFACTURER OR DISTRIBUTOR MAY NOT SELL A NEW**
21 **RECREATIONAL VEHICLE IN THE STATE TO OR THROUGH A DEALER WITHOUT**
22 **HAVING FIRST ENTERED INTO A WRITTEN DEALER AGREEMENT THAT HAS BEEN**
23 **SIGNED BY BOTH PARTIES.**

24 **(B) (1) EXCEPT AS SPECIFIED IN PARAGRAPH (2) OF THIS SUBSECTION,**
25 **THE MANUFACTURER SHALL DESIGNATE THE DURATION OF THE DEALER**
26 **AGREEMENT AND THE AREA OF SALES EXCLUSIVELY ASSIGNED TO A DEALER IN THE**
27 **DEALER AGREEMENT AND MAY NOT MAKE CHANGES TO THE TERMS SPECIFIED IN**
28 **THE AGREEMENT.**

29 **(2) THE TERMS SPECIFIED IN THE DEALER AGREEMENT MAY BE**
30 **ALTERED WITH WRITTEN MUTUAL CONSENT OF BOTH PARTIES.**

1 **(C) A DEALER MAY NOT SELL A NEW RECREATIONAL VEHICLE IN THE STATE**
2 **UNLESS:**

3 **(1) THE DEALER IS LICENSED BY THE ADMINISTRATION UNDER**
4 **SUBTITLE 3 OF THIS TITLE;**

5 **(2) THE DEALER HAS ENTERED INTO A DEALER AGREEMENT; AND**

6 **(3) THE DEALER IS SELLING WITHIN THE AREA OF SALES**
7 **DESIGNATED IN THE DEALER AGREEMENT.**

8 **(D) (1) A MANUFACTURER OR DISTRIBUTOR SHALL DISTRIBUTE**
9 **RECREATIONAL VEHICLES TO ITS DEALERS IN A FAIR AND EQUITABLE MANNER.**

10 **(2) ON REQUEST, A MANUFACTURER OR DISTRIBUTOR SHALL**
11 **PROVIDE INFORMATION ON ITS MANNER OF DISTRIBUTION TO DEALERS.**

12 **(E) A MANUFACTURER OR DISTRIBUTOR SHALL PROVIDE ADEQUATE**
13 **REPAIR INSTRUCTIONS TO ITS LICENSED DEALERS TO FACILITATE THE DEALERS**
14 **PERFORMING PROPER SERVICE AND REPAIRS ON RECREATIONAL VEHICLES.**

15 **15-1009.**

16 **(A) (1) A MANUFACTURER OR DISTRIBUTOR MAY TERMINATE, CANCEL,**
17 **OR FAIL TO RENEW A MODEL, LINE-MAKE, OR DEALER AGREEMENT WITH A DEALER**
18 **ONLY FOR GOOD CAUSE.**

19 **(2) (I) THE MANUFACTURER OR DISTRIBUTOR HAS THE BURDEN**
20 **OF SHOWING GOOD CAUSE FOR THE TERMINATION OR CANCELLATION OF OR**
21 **FAILURE TO RENEW A MODEL, LINE-MAKE, OR DEALER AGREEMENT WITH A**
22 **DEALER.**

23 **(II) THE DETERMINATION OF GOOD CAUSE SHALL BE BASED ON:**

24 **1. THE EXTENT OF THE DEALER'S PENETRATION INTO**
25 **THE RELEVANT MARKET AREA FOR THE RELEVANT MODEL OR LINE-MAKE;**

26 **2. THE NATURE AND EXTENT OF THE DEALER'S**
27 **INVESTMENT IN THE DEALER'S BUSINESS;**

28 **3. THE ADEQUACY OF THE DEALER'S SERVICE**
29 **FACILITIES, EQUIPMENT, PARTS, SUPPLIES, AND PERSONNEL;**

1 4. **THE EFFECT OF THE PROPOSED ACTION ON THE**
2 **COMMUNITY;**

3 5. **THE EXTENT AND QUALITY OF THE DEALER'S SERVICE**
4 **UNDER RECREATIONAL VEHICLE WARRANTIES;**

5 6. **ANY FAILURE OF THE DEALER TO FOLLOW**
6 **AGREED-ON PROCEDURES AND STANDARDS RELATED TO THE OVERALL OPERATION**
7 **OF THE DEALERSHIP CONSISTENT WITH THE LAW AND THE DEALER AGREEMENT;**
8 **AND**

9 7. **THE DEALER'S PERFORMANCE UNDER THE TERMS OF**
10 **THE DEALER AGREEMENT.**

11 **(B) ON RENEWAL OF A DEALER AGREEMENT, A MANUFACTURER OR**
12 **DISTRIBUTOR MAY NOT REQUIRE ADDITIONAL INVENTORY STOCKING**
13 **REQUIREMENTS OR INCREASED SALES TARGETS IN EXCESS OF THE MARKET**
14 **GROWTH IN THE DEALER'S AREA OF SALES.**

15 **(C) (1) EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION, A**
16 **MANUFACTURER OR DISTRIBUTOR SHALL PROVIDE A DEALER WITH WRITTEN**
17 **NOTICE AT LEAST 120 DAYS BEFORE THE TERMINATION, CANCELLATION, OR**
18 **NONRENEWAL OF A MODEL, LINE-MAKE, OR DEALER AGREEMENT.**

19 **(2) THE NOTICE SHALL STATE ALL REASONS FOR THE PROPOSED**
20 **TERMINATION, CANCELLATION, OR NONRENEWAL.**

21 **(3) (I) WITHIN 30 DAYS FOLLOWING RECEIPT OF THE NOTICE, A**
22 **DEALER MAY PROVIDE WRITTEN NOTICE OF INTENT TO RECTIFY ALL CLAIMED**
23 **DEFICIENCIES.**

24 **(II) IF THE DEFICIENCIES ARE RECTIFIED BY THE DEALER**
25 **WITHIN 120 DAYS FOLLOWING THE NOTICE OF INTENT TO RECTIFY, THE**
26 **MANUFACTURER'S OR DISTRIBUTOR'S NOTICE OF TERMINATION IS VOID.**

27 **(III) SUBJECT TO PARAGRAPH (5) OF THIS SUBSECTION, IF A**
28 **DEALER FAILS TO PROVIDE TIMELY WRITTEN NOTICE OF INTENT TO RECTIFY OR**
29 **FAILS TO RECTIFY WITHIN 120 DAYS AFTER NOTICE OF INTENT TO RECTIFY, THE**
30 **TERMINATION, CANCELLATION, OR NONRENEWAL OF THE DEALER AGREEMENT**
31 **SHALL TAKE EFFECT.**

32 **(4) THE 120-DAY NOTICE PERIOD SHALL BE REDUCED TO 30 DAYS IF**
33 **THE TERMINATION, CANCELLATION, OR NONRENEWAL IS DUE TO:**

1 (I) A DEALER OR ONE OF THE DEALER'S OWNERS BEING
2 CONVICTED OF, OR ENTERING A PLEA OF NOLO CONTENDERE TO, A FELONY;

3 (II) THE ABANDONMENT OR CLOSING OF THE BUSINESS
4 OPERATIONS OF THE DEALER FOR 10 CONSECUTIVE BUSINESS DAYS, UNLESS THE
5 CLOSING IS DUE TO A CAUSE THAT IS OUT OF THE DEALER'S CONTROL;

6 (III) A SIGNIFICANT MISREPRESENTATION BY A DEALER
7 MATERIALLY AFFECTING THE BUSINESS RELATIONSHIP; OR

8 (IV) A SUSPENSION OR REVOCATION OF A DEALER'S LICENSE,
9 OR FAILURE BY A DEALER TO RENEW A DEALER'S LICENSE.

10 (5) THE NOTICE PROVISIONS OF THIS SECTION DO NOT APPLY IF THE
11 REASON FOR TERMINATION, CANCELLATION, OR NONRENEWAL IS INSOLVENCY, THE
12 OCCURRENCE OF AN ASSIGNMENT FOR THE BENEFIT OF CREDITORS, OR
13 BANKRUPTCY.

14 (D) (1) A DEALER MAY TERMINATE, CANCEL, OR NOT RENEW A MODEL, A
15 LINE-MAKE, OR THE DEALER AGREEMENT WITH A MANUFACTURER OR
16 DISTRIBUTOR WITH OR WITHOUT GOOD CAUSE AT ANY TIME BY GIVING 30 DAYS'
17 WRITTEN NOTICE TO THE MANUFACTURER OR DISTRIBUTOR.

18 (2) (I) IF THE TERMINATION, CANCELLATION, OR NONRENEWAL
19 OF THE MODEL, LINE-MAKE, OR DEALER AGREEMENT IS FOR GOOD CAUSE, THE
20 DEALER HAS THE BURDEN OF SHOWING GOOD CAUSE.

21 (II) A DETERMINATION OF GOOD CAUSE MAY BE BASED ON:

22 1. A MANUFACTURER OR DISTRIBUTOR BEING
23 CONVICTED OF, OR ENTERING A PLEA OF NOLO CONTENDERE TO, A FELONY;

24 2. THE BUSINESS OPERATIONS HAVING BEEN
25 ABANDONED OR CLOSED FOR 10 CONSECUTIVE DAYS, UNLESS THE CLOSING IS DUE
26 TO A CAUSE THAT IS OUT OF THE CONTROL OF THE MANUFACTURER OR
27 DISTRIBUTOR;

28 3. A SIGNIFICANT MISREPRESENTATION BY THE
29 MANUFACTURER OR DISTRIBUTOR THAT MATERIALLY AFFECTS THE BUSINESS
30 RELATIONSHIP;

1 4. A DECLARATION BY THE MANUFACTURER OR
2 DISTRIBUTOR OF INSOLVENCY, THE OCCURRENCE OF AN ASSIGNMENT FOR THE
3 BENEFIT OF CREDITORS, OR BANKRUPTCY;

4 5. A MANUFACTURER'S OR DISTRIBUTOR'S MATERIAL
5 VIOLATION OF THE DEALER AGREEMENT THAT IS NOT CURED WITHIN 120 DAYS
6 AFTER WRITTEN NOTICE BY THE DEALER;

7 6. A MANUFACTURER OR DISTRIBUTOR COERCING OR
8 ATTEMPTING TO COERCE A DEALER;

9 7. A MANUFACTURER OR DISTRIBUTOR VIOLATING AN
10 AREA OF SALES PROTECTION OR ALLOWING OTHER DEALERS TO VIOLATE AN AREA
11 OF SALES PROTECTION; OR

12 8. A MATERIAL VIOLATION OF THIS SECTION THAT IS
13 NOT CURED WITHIN 30 DAYS AFTER WRITTEN NOTICE OF THE VIOLATION BY THE
14 DEALER.

15 (E) IF THE DEALER AGREEMENT IS TERMINATED, CANCELED, OR NOT
16 RENEWED BY THE DEALER FOR GOOD CAUSE, WITHIN 45 DAYS AFTER THE
17 TERMINATION, CANCELLATION, OR NONRENEWAL, THE MANUFACTURER OR
18 DISTRIBUTOR SHALL, AT REQUEST OF THE DEALER, REPURCHASE:

19 (1) ALL NEW, UNALTERED, UNDAMAGED, AND UNTITLED
20 RECREATIONAL VEHICLES THAT WERE ACQUIRED FROM THE MANUFACTURER OR
21 DISTRIBUTOR WITHIN 18 MONTHS BEFORE THE TERMINATION, CANCELLATION, OR
22 NONRENEWAL, AT 100% OF THE INVOICE COST, INCLUDING TRANSPORTATION
23 COSTS, EXCEPT THAT IF ANY RECREATIONAL VEHICLE IS DAMAGED, THE AMOUNT
24 DUE TO THE DEALER SHALL BE REDUCED BY THE COST TO REPAIR THE DAMAGE;

25 (2) ALL NEW, UNDAMAGED ACCESSORIES AND PROPRIETARY PARTS
26 WITH THE ORIGINAL INVOICE SOLD TO THE DEALER FOR RESALE WITHIN 12 MONTHS
27 BEFORE THE TERMINATION, CANCELLATION, OR NONRENEWAL OF THE DEALER
28 AGREEMENT, AT 105% OF THE DEALER'S ORIGINAL PRICE PAID; AND

29 (3) ANY PROPERLY FUNCTIONING DIAGNOSTIC EQUIPMENT,
30 SPECIALTY TOOLS, CURRENT SIGNAGE, OR OTHER EQUIPMENT AND MACHINERY
31 THAT WAS PURCHASED WITHIN 5 YEARS BEFORE THE TERMINATION,
32 CANCELLATION, OR NONRENEWAL AND CAN NO LONGER BE USED IN THE NORMAL
33 COURSE OF BUSINESS, AT 100% OF THE DEALER'S ORIGINAL PRICE PAID, PLUS
34 FREIGHT, DESTINATION, DELIVERY, AND ANY APPLICABLE TAX.

1 (F) IF THE DEALER AGREEMENT IS TERMINATED, CANCELED, OR NOT
2 RENEWED BY THE MANUFACTURER OR DISTRIBUTOR WITHOUT GOOD CAUSE, THE
3 MANUFACTURER OR DISTRIBUTOR SHALL REPURCHASE DEALER INVENTORY AS
4 PROVIDED IN SUBSECTION (E) OF THIS SECTION.

5 (G) A DEALER IS NOT PROHIBITED FROM SELLING THE REMAINING
6 IN-STOCK INVENTORY OF A PARTICULAR MODEL OR LINE-MAKE AFTER A DEALER
7 AGREEMENT HAS BEEN TERMINATED, CANCELED, OR NOT RENEWED BY THE
8 MANUFACTURER OR DISTRIBUTOR.

9 (H) WHEN TAKING ON AN ADDITIONAL LINE-MAKE OF A RECREATIONAL
10 VEHICLE, A DEALER SHALL NOTIFY IN WRITING ANY MANUFACTURER OR
11 DISTRIBUTOR WITH WHOM THE DEALER HAS A DEALER AGREEMENT OF A SIMILAR
12 LINE-MAKE AT LEAST 30 DAYS BEFORE ENTERING INTO A DEALER AGREEMENT FOR
13 THE ADDITIONAL LINE-MAKE.

14 **15-1010.**

15 (A) (1) IF A DEALER DESIRES TO MAKE A TRANSFER IN OWNERSHIP BY
16 SALE OF THE BUSINESS ASSETS, STOCK TRANSFER, OR ANY OTHER METHOD, THE
17 DEALER SHALL GIVE A MANUFACTURER OR DISTRIBUTOR THAT HAS ENTERED INTO
18 A DEALER AGREEMENT WITH THE DEALER WRITTEN NOTICE AT LEAST 10 BUSINESS
19 DAYS BEFORE THE TRANSFER, INCLUDING ALL SUPPORTING DOCUMENTATION AS
20 MAY BE REASONABLY REQUIRED BY THE MANUFACTURER OR DISTRIBUTOR TO
21 DETERMINE WHETHER AN OBJECTION TO THE TRANSFER MAY BE MADE.

22 (2) A MANUFACTURER OR DISTRIBUTOR MAY NOT OBJECT TO THE
23 PROPOSED TRANSFER OF OWNERSHIP UNLESS THE PROSPECTIVE TRANSFEREE:

24 (I) HAS BEEN TERMINATED FOR CAUSE BY THE
25 MANUFACTURER OR DISTRIBUTOR;

26 (II) HAS BEEN CONVICTED OF A FELONY OR ANY CRIME OF
27 MORAL TURPITUDE;

28 (III) LACKS ANY DEALER LICENSE REQUIRED BY LAW;

29 (IV) LACKS AN ACTIVE LINE OF CREDIT SUFFICIENT TO
30 PURCHASE THE MANUFACTURER'S OR DISTRIBUTOR'S PRODUCT; OR

31 (V) HAS UNDERGONE BANKRUPTCY, INSOLVENCY, A GENERAL
32 ASSIGNMENT FOR THE BENEFIT OF CREDITORS, OR THE APPOINTMENT OF A

1 RECEIVER, TRUSTEE, OR CONSERVATOR TO TAKE POSSESSION OF THE
2 TRANSFEREE'S BUSINESS PROPERTY.

3 (B) (1) IF THE MANUFACTURER OR DISTRIBUTOR OBJECTS TO A
4 PROPOSED CHANGE OF OWNERSHIP, THE MANUFACTURER OR DISTRIBUTOR SHALL
5 GIVE WRITTEN NOTICE TO THE DEALER WITHIN 7 BUSINESS DAYS AFTER RECEIPT
6 OF THE DEALER'S NOTIFICATION AND COMPLETE DOCUMENTATION.

7 (2) IF THE MANUFACTURER OR DISTRIBUTOR DOES NOT GIVE TIMELY
8 NOTICE OF THE OBJECTION, THE TRANSFER SHALL BE DEEMED APPROVED.

9 (C) (1) A DEALER SHALL HAVE AN OPPORTUNITY TO DESIGNATE, IN
10 WRITING, A FAMILY MEMBER AS A SUCCESSOR TO THE DEALER'S BUSINESS IN THE
11 EVENT OF DEATH, INCAPACITY, OR RETIREMENT OF THE DEALER.

12 (2) A MANUFACTURER OR DISTRIBUTOR MAY OBJECT TO THE
13 SUCCESSOR WITHIN 10 BUSINESS DAYS AFTER RECEIPT OF THE DEALER'S
14 SUCCESSION PLAN ONLY IF THE SUCCESSOR:

15 (I) WAS CONVICTED OF A FELONY OR CRIME OF MORAL
16 TURPITUDE;

17 (II) DECLARED BANKRUPTCY OR INSOLVENCY WITHIN THE
18 PREVIOUS 10 YEARS;

19 (III) LACKS AN ACTIVE LINE OF CREDIT SUFFICIENT TO
20 PURCHASE THE MANUFACTURER'S OR DISTRIBUTOR'S PRODUCT;

21 (IV) LACKS ANY DEALER'S LICENSE REQUIRED BY LAW; OR

22 (V) WOULD CAUSE OR HAS CAUSED A BREACH OF THE DEALER
23 AGREEMENT.

24 15-1011.

25 (A) (1) EACH WARRANTOR SHALL:

26 (I) SPECIFY IN WRITING EACH DEALER'S OBLIGATIONS FOR
27 PREPARATION, DELIVERY, AND WARRANTY SERVICE FOR THE WARRANTOR'S
28 PRODUCTS;

29 (II) COMPENSATE THE DEALER FOR WARRANTY SERVICE
30 PERFORMED BY THE DEALER THAT IS COVERED BY THE WARRANTY; AND

1 (III) PROVIDE THE DEALER A SCHEDULE OF COMPENSATION TO
2 BE PAID AND THE REASONABLE TIME ALLOWANCE FOR THE PERFORMANCE OF ANY
3 SERVICE AND REPAIRS UNDER A WARRANTY.

4 (2) IF THE SCHEDULE OF COMPENSATION DOES NOT INCLUDE A
5 PARTICULAR SERVICE OR REPAIR, A WARRANTOR SHALL REIMBURSE THE DEALER
6 A REASONABLE AMOUNT FOR THE SERVICE OR REPAIR.

7 (B) (1) A WARRANTOR SHALL REIMBURSE THE DEALER FOR ANY
8 WARRANTY PART AT WHOLESALE COST PLUS A 30% HANDLING CHARGE.

9 (2) THE MAXIMUM HANDLING CHARGE UNDER THIS SUBSECTION IS
10 \$300.

11 (3) A WARRANTOR SHALL REIMBURSE A DEALER THE COST OF
12 FREIGHT TO RETURN A WARRANTY PART, AN ACCESSORY, OR A COMPONENT TO THE
13 WARRANTOR, IF THE RETURN IS REQUESTED BY THE WARRANTOR.

14 (C) WARRANTY AUDITS OF DEALER RECORDS MAY BE CONDUCTED BY THE
15 WARRANTOR ON A REASONABLE BASIS.

16 (D) (1) A DEALER SHALL SUBMIT A WARRANTY CLAIM WITHIN 45 DAYS
17 AFTER COMPLETING THE WORK.

18 (2) A WARRANTOR MAY DISAPPROVE WARRANTY CLAIMS ONLY IN
19 WRITING WITHIN 45 DAYS AFTER THE DATE THE WARRANTY CLAIM WAS SUBMITTED
20 BY THE DEALER IN THE MANNER PRESCRIBED BY THE WARRANTOR.

21 (3) CLAIMS NOT DISAPPROVED IN WRITING WITHIN 45 DAYS SHALL
22 BE DEEMED TO BE APPROVED AND SHALL BE PAID BY THE WARRANTOR WITHIN 60
23 DAYS.

24 (E) A DEALER SHALL GIVE NOTICE TO A WARRANTOR AS SOON AS
25 REASONABLY POSSIBLE IF THE DEALER IS UNABLE OR UNWILLING TO PERFORM
26 MATERIAL OR REPETITIVE WARRANTY REPAIRS.

27 (F) IT IS A VIOLATION OF THIS SECTION FOR ANY WARRANTOR TO:

28 (1) FAIL TO PERFORM ANY OF ITS WARRANTY OBLIGATIONS WITH
29 RESPECT TO ITS WARRANTED PRODUCTS;

1 **(2) FAIL TO INCLUDE WRITTEN NOTICES OF FACTORY CAMPAIGNS TO**
2 **RECREATIONAL VEHICLE OWNERS AND DEALERS FOR THE EXPECTED DATE BY**
3 **WHICH PARTS AND EQUIPMENT WILL BE AVAILABLE TO DEALERS TO PERFORM THE**
4 **CAMPAIGN WORK;**

5 **(3) IF THE CARRIER IS DESIGNATED BY THE MANUFACTURER,**
6 **DISTRIBUTOR, OR WARRANTOR, FAIL TO COMPENSATE A DEALER FOR AUTHORIZED**
7 **REPAIRS PERFORMED BY A DEALER FOR A PRODUCT DAMAGED IN TRANSIT TO THE**
8 **DEALER;**

9 **(4) FAIL TO COMPENSATE ANY DEALER FOR AUTHORIZED WARRANTY**
10 **SERVICE IN ACCORDANCE WITH THE TIME ALLOWANCES SET FORTH IN THE**
11 **SCHEDULE OF COMPENSATION, IF PERFORMED IN A TIMELY MANNER;**

12 **(5) INTENTIONALLY MISREPRESENT TO PURCHASERS OF**
13 **RECREATIONAL VEHICLES THAT A DEALER IS A WARRANTOR OR CO-WARRANTOR;**
14 **OR**

15 **(6) REQUIRE A DEALER TO MAKE WARRANTIES TO CUSTOMERS IN**
16 **ANY MANNER RELATED TO THE MANUFACTURING OF A RECREATIONAL VEHICLE.**

17 **(G) IT IS A VIOLATION OF THIS SECTION FOR A DEALER TO:**

18 **(1) FAIL TO PERFORM PREDELIVERY INSPECTION FUNCTIONS AS**
19 **SPECIFIED BY THE WARRANTOR;**

20 **(2) FAIL TO PERFORM WARRANTY SERVICE WORK AUTHORIZED BY**
21 **THE WARRANTOR IN A REASONABLY TIMELY MANNER ON ANY TRANSIENT**
22 **CUSTOMER'S RECREATIONAL VEHICLE OF THE SAME LINE-MAKE;**

23 **(3) FAIL TO TRACK ACTUAL TIME EXPENDED TO PERFORM WARRANTY**
24 **WORK NOT GOVERNED BY TIME ALLOWANCE IN THE SCHEDULE OF COMPENSATION;**

25 **(4) CLAIM AN AGENCY RELATIONSHIP WITH A WARRANTOR; OR**

26 **(5) MISREPRESENT THE TERMS OF A WARRANTY.**

27 **(H) UNLESS SPECIFIED IN THE TERMS OF A DEALER AGREEMENT, IT IS A**
28 **VIOLATION OF THIS SECTION FOR:**

29 **(1) A WARRANTOR TO FAIL TO INDEMNIFY, DEFEND, AND HOLD**
30 **HARMLESS A DEALER AGAINST ANY LOSSES OR DAMAGES TO THE EXTENT THE**

1 LOSSES OR DAMAGES ARE CAUSED BY THE NEGLIGENCE OR MISCONDUCT OF THE
2 WARRANTOR; OR

3 (2) A DEALER TO FAIL TO INDEMNIFY, DEFEND, AND HOLD HARMLESS
4 A WARRANTOR AGAINST ANY LOSSES OR DAMAGES TO THE EXTENT THE LOSSES OR
5 DAMAGES ARE CAUSED BY THE NEGLIGENCE OR MISCONDUCT OF THE DEALER.

6 (I) INDEMNIFICATION UNDER THIS SUBSECTION SHALL INCLUDE COURT
7 COSTS, REASONABLE ATTORNEY'S FEES, AND EXPERT WITNESS FEES INCURRED BY
8 THE DEFENDING PARTY.

9 15-1012.

10 (A) WHEN A NEW RECREATIONAL VEHICLE IS DAMAGED BEFORE TRANSIT
11 TO THE DEALER, OR IS DAMAGED IN TRANSIT TO THE DEALER AND THE
12 MANUFACTURER OR DISTRIBUTOR WAS RESPONSIBLE FOR TRANSIT, THE DEALER
13 SHALL:

14 (1) NOTIFY THE MANUFACTURER OR DISTRIBUTOR OF THE DAMAGE
15 WITHIN THE TIME FRAME SPECIFIED IN THE DEALER AGREEMENT;

16 (2) REQUEST AUTHORIZATION TO REPLACE THE COMPONENTS,
17 PARTS, OR ACCESSORIES DAMAGED; AND

18 (3) REJECT THE RECREATIONAL VEHICLE WITHIN 2 DAYS AFTER
19 PHYSICAL DELIVERY OF THE RECREATIONAL VEHICLE.

20 (B) (1) IF A DEALER DETERMINES THAT A RECREATIONAL VEHICLE AT
21 THE TIME OF DELIVERY HAS AN UNREASONABLE AMOUNT OF MILES ON THE
22 ODOMETER, THE RECREATIONAL VEHICLE MAY BE SUBJECT TO REJECTION BY THE
23 DEALER AND REVERSION OF THE RECREATIONAL VEHICLE TO THE MANUFACTURER
24 OR DISTRIBUTOR.

25 (2) A DEALER MAY NOT DEEM LESS THAN THE DISTANCE BETWEEN
26 THE DEALER AND THE MANUFACTURER'S FACTORY OR A DISTRIBUTOR'S POINT OF
27 DISTRIBUTION, AS APPROPRIATE, PLUS 100 MILES AS AN UNREASONABLE AMOUNT
28 OF MILES.

29 15-1013.

30 (A) A MANUFACTURER, DISTRIBUTOR, OR FACTORY BRANCH, WHETHER
31 DIRECTLY OR THROUGH AN AGENT, AN EMPLOYEE, AN AFFILIATE, OR A
32 REPRESENTATIVE, MAY NOT COERCE OR ATTEMPT TO COERCE A DEALER TO:

1 (1) PURCHASE A PRODUCT THE DEALER DID NOT ORDER;

2 (2) ENTER INTO AN AGREEMENT WITH THE MANUFACTURER OR
3 DISTRIBUTOR;

4 (3) TAKE ACTION THAT IS UNFAIR OR UNREASONABLE TO THE
5 DEALER; OR

6 (4) FORGO EXERCISING A RIGHT AUTHORIZED BY A DEALER
7 AGREEMENT OR ANY LAW GOVERNING THE BUSINESS RELATIONSHIP.

8 (B) A DEALER BEARS THE BURDEN OF PROOF REGARDING THE PROHIBITED
9 ACTS DESCRIBED IN THIS SECTION.

10 15-1014.

11 (A) NOTWITHSTANDING ANY ADMINISTRATIVE OR CRIMINAL SANCTIONS
12 IMPOSED BY THIS SUBTITLE, IF A PERSON SUFFERS FINANCIAL INJURY OR OTHER
13 DAMAGE AS A RESULT OF A VIOLATION OF THIS SUBTITLE BY ANY OTHER PERSON,
14 WHETHER OR NOT THAT OTHER PERSON HAS BEEN FOUND GUILTY OF A CRIMINAL
15 VIOLATION, THE INJURED PERSON MAY RECOVER DAMAGES AND REASONABLE
16 ATTORNEY'S FEES IN ANY COURT OF COMPETENT JURISDICTION.

17 (B) (1) BEFORE BRINGING A CIVIL ACTION UNDER THIS SECTION, THE
18 PARTY BRINGING THE ACTION SHALL SERVE A WRITTEN DEMAND FOR MEDIATION
19 ON THE OFFENDING PARTY.

20 (2) THE PARTIES TO MEDIATION SHALL PAY THEIR OWN COSTS FOR
21 ATTORNEY'S FEES AND DIVIDE THE MEDIATOR COST EQUALLY.

22 (3) THIS SUBSECTION DOES NOT APPLY TO AN ACTION FOR
23 INJUNCTIVE RELIEF.

24 (C) A DEALER, MANUFACTURER, DISTRIBUTOR, FACTORY BRANCH, OR
25 WARRANTOR MAY APPLY FOR A GRANT OF INJUNCTIVE RELIEF FROM A VIOLATION
26 OF THIS SUBTITLE OR A REFUSAL TO COMPLY WITH A REQUIREMENT OF THIS
27 SUBTITLE.

28 15-1015.

1 (A) THE ADMINISTRATION MAY SUSPEND OR REVOKE ANY DEALER,
2 MANUFACTURER, DISTRIBUTOR, OR FACTORY BRANCH LICENSE ON A FINDING THAT
3 A PARTY VIOLATED THIS SUBTITLE.

4 (B) THE ADMINISTRATION MAY IMPOSE A FINE NOT EXCEEDING \$1,000 FOR
5 EACH VIOLATION OF THIS SUBTITLE.

6 (C) A DEALER, MANUFACTURER, DISTRIBUTOR, FACTORY BRANCH, OR
7 WARRANTOR IS ENTITLED TO A HEARING UNDER TITLE 12, SUBTITLE 2 OF THIS
8 ARTICLE TO CONTEST AN ACTION OR FINE IMPOSED UNDER THIS SECTION.

9 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
10 October 1, 2024.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.