



General Assembly

February Session, 2010

**Raised Bill No. 5453**

LCO No. 1989

\*01989\_\_\_\_\_TRA\*

Referred to Committee on Transportation

Introduced by:  
(TRA)

**AN ACT CONCERNING RECREATIONAL VEHICLE FRANCHISES.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective October 1, 2010*) As used in sections 1 to  
2 14, inclusive, of this act:

3 (1) "Area of sales responsibility" means a geographical area agreed  
4 to by a dealer and the manufacturer in a dealer agreement, in which  
5 the dealer has the exclusive right to display or sell the manufacturer's  
6 new recreational vehicles of a particular line-make to the public;

7 (2) "Dealer" means a dealer, as defined section 42-133r of the general  
8 statutes, who has been issued a new car dealer's license pursuant to  
9 section 14-52 of the general statutes;

10 (3) "Dealer agreement" means a written agreement or contract  
11 entered into by a manufacturer and a dealer that establishes the legal  
12 rights and obligations of such manufacturer and dealer and pursuant  
13 to which such dealer is authorized to sell new recreational vehicles  
14 manufactured or distributed by such manufacturer;

15 (4) "Commissioner" has the same meaning as provided in section 14-  
16 1 of the general statutes;

17 (5) "Factory campaign" means an effort by a warrantor to contact  
18 recreational vehicle owners or dealers in order to address an issue  
19 concerning a problem or defective part or equipment;

20 (6) "Family member" means: (A) A spouse; (B) a child, grandchild,  
21 parent, sibling, niece or nephew, or (C) a spouse of a child, grandchild,  
22 parent, sibling, niece or nephew;

23 (7) "Line-make" means a specific series of recreational vehicle  
24 products that: (A) Are identified by a common series trade name or  
25 trademark; (B) are targeted to a particular market segment based on  
26 their decor, features, equipment, size, weight and price range; (C) have  
27 dimensions and interior floor plans that distinguish the recreational  
28 vehicles from recreational vehicles that have substantially the same  
29 decor, features, equipment, weight and price; (D) belong to a single,  
30 distinct classification of recreational vehicle product type that has a  
31 substantial degree of commonality in the construction of the chassis,  
32 frame and body; and (E) are authorized for sale by the dealer in the  
33 dealer agreement;

34 (8) "Manufacturer" means a person that manufactures or wholesales  
35 recreational vehicles or that distributes or wholesales recreational  
36 vehicles to dealers;

37 (9) "Person" means an individual, partnership, corporation, limited  
38 liability company, association, trust, estate or other legal entity;

39 (10) "Proprietary part" means a recreational vehicle part  
40 manufactured by or for and sold exclusively by a manufacturer;

41 (11) "Recreational vehicle" has the same meaning as provided in  
42 section 14-1 of the general statutes;

43 (12) "Transient customer" means a person who owns a recreational

44 vehicle, is temporarily traveling through a dealer's area of sales  
45 responsibility and engages such dealer to perform service work on  
46 such recreational vehicle; and

47 (13) "Warrantor" means a manufacturer or any other person that  
48 provides a warranty to the consumer in connection with a new  
49 recreational vehicle or parts, accessories or components of a new  
50 recreational vehicle. "Warrantor" does not include a person that  
51 provides a service contract, mechanical or other insurance or an  
52 extended warranty sold for separate consideration by a dealer or other  
53 person not controlled by a manufacturer.

54 Sec. 2. (NEW) (*Effective October 1, 2010*) (a) A manufacturer shall not  
55 sell a recreational vehicle to or through a dealer unless the  
56 manufacturer has a dealer agreement, as defined in section 1 of this  
57 act, with such dealer that meets the requirements of sections 2 to 14,  
58 inclusive, of this act.

59 (b) Except as provided in subsection (c) of this section, a dealer shall  
60 not sell a new recreational vehicle in this state unless the dealer has a  
61 dealer agreement with a manufacturer of such recreational vehicle that  
62 meets the requirements of sections 2 to 14, inclusive, of this act.

63 (c) All of the following apply to a dealer's area of sales responsibility  
64 included in a dealer agreement between a manufacturer and a dealer:

65 (1) The manufacturer shall designate in the dealer agreement the  
66 area of sales responsibility exclusively assigned to the dealer.

67 (2) The manufacturer shall not change the dealer's area of sales  
68 responsibility or establish another dealer for the same line-make in that  
69 area during the term of the dealer agreement.

70 (3) If the dealer enters into an agreement to sell any recreational  
71 vehicles that compete with the recreational vehicles included in the  
72 dealer agreement, or enters into an agreement to increase a preexisting  
73 commitment to sell any recreational vehicles that compete with the

74 recreational vehicles included in the dealer agreement, while the  
75 dealer agreement is in place, the manufacturer may revise the dealer's  
76 area of sales responsibility if both of the following are met:

77 (A) The dealer agreement does not authorize or permit the dealer to  
78 enter into that subsequent agreement.

79 (B) If, in the reasonable opinion of the manufacturer, the market  
80 penetration of the manufacturer's products is jeopardized by that  
81 subsequent agreement.

82 (4) The area of sales responsibility is not subject to review or change  
83 in the one-year period after the date of the first delivery of new  
84 recreational vehicles to the dealer under the initial dealer agreement.

85 (d) A dealer agreement shall include a designated principal of the  
86 dealer. A dealer agreement may identify a family member as the  
87 successor of such designated principal or may include such designated  
88 principal's succession plan. A dealer may at any time change a  
89 designation or succession plan made in the dealer agreement by  
90 providing written notice to the manufacturer.

91 Sec. 3. (NEW) (*Effective October 1, 2010*) (a) A manufacturer shall,  
92 from time to time, publish its prices, charges and terms of sale for  
93 recreational vehicles and shall only sell a recreational vehicle to a  
94 dealer in accordance with the published prices, charges and terms of  
95 sale in effect at the time of sale.

96 (b) If a manufacturer offers a dealer a rebate, discount or program  
97 on any recreational vehicles, the manufacturer must offer the same  
98 rebate, discount or program to every similarly situated dealer.

99 (c) In a renewal of a dealer agreement, the manufacturer shall not  
100 impose on the dealer additional inventory stocking requirements or  
101 retail sales targets in excess of market growth in the dealer's area of  
102 sales responsibility.

103       Sec. 4. (NEW) (*Effective October 1, 2010*) (a) A manufacturer, directly  
104 or through an officer, agent or employee of such manufacturer, shall  
105 not terminate or refuse to renew a dealer agreement without good  
106 cause.

107       (b) A manufacturer shall have the burden of showing good cause for  
108 the termination or nonrenewal of a dealer agreement. The following  
109 factors shall be considered in determining if there is good cause for a  
110 proposed termination or nonrenewal of a dealer agreement:

111       (1) The extent of the dealer's penetration in the relevant market area.

112       (2) The nature and extent of the dealer's investment in its business.

113       (3) The adequacy of the dealer's service facilities, equipment, parts,  
114 supplies and personnel.

115       (4) The effect of the proposed action on the community.

116       (5) The extent and quality of the dealer's service under recreational  
117 vehicle warranties.

118       (6) Whether the dealer fails to follow agreed-upon procedures or  
119 standards related to the overall operation of the dealership.

120       (7) The dealer's performance under the terms of dealer agreement.

121       (c) Except as otherwise provided in this section, a manufacturer  
122 shall provide a dealer with written notice of termination or  
123 nonrenewal of a dealer agreement. The following provisions shall  
124 apply to such written notice:

125       (1) Except as provided in subsection (d) or (e) of this section, the  
126 manufacturer shall provide such written notice of termination or  
127 nonrenewal at least ninety days before the effective date of the  
128 termination or nonrenewal;

129       (2) Such written notice of termination or nonrenewal of a dealer

130 agreement shall state all of the reasons for the termination or  
131 nonrenewal;

132 (3) The notice of termination or nonrenewal of a dealer agreement  
133 shall state that if the dealer provides to the manufacturer a written  
134 notice of intent to cure all claimed deficiencies not later than thirty  
135 days after the dealer receives the notice of termination or nonrenewal,  
136 the dealer shall have thirty days after the date of such notice of intent  
137 in which to correct such deficiencies. If all of the deficiencies are  
138 corrected within such thirty-day period, the notice shall be void and  
139 the manufacturer shall not terminate or refuse to renew the dealer  
140 agreement because of the deficiencies stated in the notice. If the dealer  
141 does not provide a notification of intent to cure deficiencies in such  
142 thirty-day period, the termination or nonrenewal shall become  
143 effective ninety days after the dealer receives the notice;

144 (4) A manufacturer may reduce such notice period to ten days and  
145 shall not be required to allow the dealer an opportunity to correct the  
146 deficiencies if the manufacturer's grounds for termination or  
147 nonrenewal are any of the specific categories of good cause described  
148 in subsection (f) of this section; and

149 (5) A manufacturer is not required to provide notice or an  
150 opportunity to correct deficiencies under this subsection if the  
151 manufacturer's grounds for termination or nonrenewal is that the  
152 dealer becomes insolvent, is bankrupt or makes an assignment for the  
153 benefit of creditors.

154 (d) If a manufacturer terminates or refuses to renew a dealer  
155 agreement for good cause under this section, the manufacturer shall  
156 have the option to repurchase any of the following from such dealer:

157 (1) All new, untitled recreational vehicles that were acquired from  
158 the manufacturer at least twelve months before the effective date of the  
159 notice of termination that have not been used, except for  
160 demonstration purposes, and that have not been altered or damaged,

161 at one hundred per cent of the net invoice cost of the recreational  
162 vehicles, including transportation, less applicable rebates and  
163 discounts to the dealer;

164 (2) All current and undamaged accessories and proprietary parts  
165 sold to the dealer for resale during the twelve months before the  
166 effective date of the termination that are accompanied by the original  
167 invoice, at one hundred and five per cent of the original net price paid  
168 to the manufacturer to compensate the dealer for handling, packing  
169 and shipping the accessories and parts; and

170 (3) Any properly functioning diagnostic equipment, special tools,  
171 current signage and other equipment and machinery purchased by the  
172 dealer at least five years before the effective date of the termination at  
173 the manufacturer's request, if such diagnostic equipment, special tools,  
174 current signage, and other equipment and machinery cannot be used  
175 in the normal course of the dealer's ongoing business, at one hundred  
176 per cent of the dealer's net cost, plus freight, destination, delivery and  
177 distribution charges and sales taxes.

178 (e) The dealer shall promptly return or arrange for the return of all  
179 of the items the manufacturer elects to repurchase, at the  
180 manufacturer's expense and the manufacturer shall pay all of the  
181 amounts owed to the dealer not later than thirty days after it receives  
182 the returned items.

183 (f) As used in this section, "good cause" includes, but is not limited  
184 to, any of the following:

185 (1) Conviction of, or plea of nolo contendere by a dealer or an owner  
186 of a dealer to a felony;

187 (2) Abandonment or closing of the business operations of a dealer  
188 for ten consecutive business days unless the closing is due to an act of  
189 God, strike, labor difficulty or other cause over which the dealer has no  
190 control;

191 (3) A misrepresentation to a manufacturer by a dealer that affects  
192 the business relationship between the dealer and the manufacturer;

193 (4) Suspension or revocation of a dealer's license, or refusal to renew  
194 a dealer's license, by the commissioner;

195 (5) Any violation of sections 2 to 14, inclusive, of this act by a dealer  
196 that is not cured not later than thirty days after written notice of the  
197 violation by a manufacturer; or

198 (6) The dealer becomes insolvent, is bankrupt or makes an  
199 assignment for the benefit of creditors.

200 Sec. 5. (NEW) (*Effective October 1, 2010*) (a) A dealer shall not  
201 terminate a dealer agreement without good cause. A dealer that  
202 terminates such agreement shall provide the manufacturer with  
203 written notice of such termination at least ninety days before the  
204 effective date of the termination.

205 (b) The following provisions shall apply to a termination of a dealer  
206 agreement under this section for good cause:

207 (1) The notice described in subsection (a) of this section shall state  
208 all reasons for the proposed termination;

209 (2) The notice described in subsection (a) of this section shall state  
210 that if the manufacturer provides to the dealer a written notification of  
211 intent to cure all claimed deficiencies not later than thirty days after  
212 the manufacturer receives the notice, the manufacturer shall have  
213 thirty days after the date of the notice to correct the deficiencies. If all  
214 of the deficiencies are corrected within such thirty-day period, the  
215 notice shall be void and the dealer shall not terminate the dealer  
216 agreement because of the deficiencies stated in the notice. If the  
217 manufacturer does not provide a notification of intent to cure  
218 deficiencies in such thirty-day period, the termination shall take effect  
219 ninety days after the manufacturer receives the notice.

220 (c) A dealer may reduce the notice period described in subsection  
221 (a) of this section to ten days, and shall not be required to allow the  
222 manufacturer an opportunity to correct the deficiencies if the dealer's  
223 grounds for termination or nonrenewal are any of the categories of  
224 good cause described in this section.

225 (d) A dealer shall not be required to provide notice or an  
226 opportunity to correct deficiencies under this subsection if the dealer's  
227 grounds for termination or nonrenewal is that the manufacturer  
228 becomes insolvent, is bankrupt or makes an assignment for the benefit  
229 of creditors.

230 (e) The dealer has the burden of showing good cause. Each of the  
231 following is considered good cause for a proposed termination of a  
232 dealer agreement by a dealer:

233 (1) Conviction of, or plea of nolo contendere by, the manufacturer to  
234 a felony;

235 (2) Abandonment or closing the business operations of the  
236 manufacturer for ten consecutive business days unless the closing is  
237 due to an act of God, strike, labor difficulty or other cause over which  
238 the manufacturer has no control;

239 (3) A misrepresentation to the dealer by the manufacturer that  
240 affects the business relationship between the dealer and manufacturer;

241 (4) Any violation of sections 2 to 14, inclusive, of this act by the  
242 manufacturer that is not cured not later than thirty days after written  
243 notice of the violation by the dealer;

244 (5) A material breach of the dealer agreement by the manufacturer;  
245 or

246 (6) The manufacturer becomes insolvent, is bankrupt or makes an  
247 assignment for the benefit of creditors.

248 (f) If the manufacturer fails to cure any claimed deficiencies under  
249 this section, the dealer may require that the manufacturer repurchase  
250 any of the following from the dealer:

251 (1) All new, untitled recreational vehicles that were acquired from  
252 the manufacturer at least twelve months before the effective date of the  
253 notice of termination that have not been used, except for  
254 demonstration purposes, and that have not been altered or damaged,  
255 at one hundred per cent of the net invoice cost of the recreational  
256 vehicles, including transportation, less applicable rebates and  
257 discounts to the dealer;

258 (2) All current and undamaged accessories and proprietary parts  
259 sold to the dealer for resale at least twelve months before the effective  
260 date of the termination that are accompanied by the original invoice, at  
261 one hundred and five per cent of the original net price paid to the  
262 manufacturer to compensate the dealer for handling, packing and  
263 shipping the accessories and parts; and

264 (3) Any properly functioning diagnostic equipment, special tools,  
265 current signage, and other equipment and machinery, purchased by  
266 the dealer at least five years before the effective date of the termination  
267 at the manufacturer's request, if it cannot be used in the normal course  
268 of the dealer's ongoing business, at one hundred per cent of the  
269 dealer's net cost, plus freight, destination, delivery and distribution  
270 charges and sales taxes.

271 (g) The dealer shall promptly return or arrange for the return of all  
272 of the items the manufacturer is required to repurchase under this  
273 section at the manufacturer's expense and the manufacturer shall pay  
274 all of the amounts owed to the dealer under this section to the dealer  
275 not later than thirty days after it receives the returned items.

276 Sec. 6. (NEW) (*Effective October 1, 2010*) A dealer may not be  
277 prohibited from selling a particular line-make after a dealer agreement  
278 has been terminated or not renewed under section 9 or 11 of this act. If

279 recreational vehicles of a line-make are not returned or required to be  
280 returned to the manufacturer, the dealer may continue to sell all line-  
281 makes that were subject to the dealer agreement and are currently in  
282 stock until those line-makes are no longer in the dealer inventory.

283       Sec. 7. (NEW) (*Effective October 1, 2010*) (a) The following shall apply  
284 to a proposed sale of the business assets, transfer of the stock or other  
285 transaction that will result in a change of ownership of a dealer, except  
286 a transaction described in subsection (b) of this section:

287       (1) The dealer must provide written notice to the manufacturer at  
288 least ninety days before the proposed closing of the transaction. The  
289 notice shall include complete copies of all documentation of the  
290 proposed transaction and any other documentation reasonably  
291 requested by the manufacturer in order to determine if it will make an  
292 objection to the transaction;

293       (2) If the dealer is not in breach of the dealer agreement or in  
294 violation of sections 2 to 14, inclusive, of this act at the time it provides  
295 the notice described in this section, the manufacturer shall not object to  
296 the proposed transaction unless the prospective transferee meets one  
297 or more of the following:

298       (A) It previously was a party to a dealer agreement with the  
299 manufacturer that the manufacturer terminated.

300       (B) It previously was convicted of a felony or any crime of fraud,  
301 deceit, or moral turpitude.

302       (C) It does not have any license required by law to conduct business  
303 as a dealer in this state.

304       (D) It does not have an active line of credit sufficient to purchase  
305 recreational vehicles from the manufacturer according to the terms of  
306 the dealer agreement.

307       (E) In the preceding ten years, it was bankrupt or insolvent, made a

308 general assignment for the benefit of creditors, or a receiver, trustee or  
309 conservator was appointed to take possession of the transferee's  
310 business or property.

311 (b) If the manufacturer objects to the proposed transaction, the  
312 manufacturer shall give written notice of its objection, including its  
313 reasons for objecting, to the dealer not later than thirty days after  
314 receiving the notice described in this section. If the manufacturer does  
315 not give notice of its objection within such thirty-day period, the  
316 proposed transaction shall be considered approved by the  
317 manufacturer.

318 (c) For purposes of subsection (b) of this section, the manufacturer  
319 has the burden of demonstrating its objection to the proposed  
320 transaction.

321 (d) All of the following apply concerning the death, incapacity or  
322 retirement of the designated principal of a dealer:

323 (1) The manufacturer must provide the dealer an opportunity to  
324 designate, in writing, a family member as a successor to the dealer in  
325 the event of the death, incapacity or retirement of the designated  
326 principal.

327 (2) The manufacturer shall not prevent or refuse to honor the  
328 succession to a dealership by a family member of the deceased,  
329 incapacitated or retired designated principal of that dealer unless the  
330 manufacturer had provided written notice to the dealer of any  
331 objections to the dealer's succession plan not later than thirty days after  
332 receiving the dealer's succession plan or any modification of the  
333 dealer's succession plan.

334 (3) Except as provided in subsection (e) of this section, unless the  
335 dealer is in breach of the dealer agreement, a manufacturer shall not  
336 object to the succession to a dealership by a family member of the  
337 deceased, incapacitated, or retired designated principal unless the

338 successor meets one or more of the following:

339 (A) It was previously convicted of a felony or any crime of fraud,  
340 deceit, or moral turpitude.

341 (B) In the preceding ten years, it was bankrupt, insolvent or made  
342 an assignment for the benefit of creditors.

343 (C) It was previously a party to a dealer agreement with the  
344 manufacturer that the manufacturer terminated for a breach of a dealer  
345 agreement.

346 (D) It does not have an active line of credit sufficient to purchase  
347 recreational vehicles from the manufacturer according to the terms of  
348 the dealer agreement.

349 (E) It does not have any license required by law to conduct business  
350 as a dealer in this state.

351 (e) The manufacturer shall have the burden of proof regarding any  
352 objection to the succession to a dealership by a family member of the  
353 deceased, incapacitated or retired designated principal.

354 (f) The manufacturer's consent shall be required for the succession  
355 to a dealership by a family member of the deceased, incapacitated or  
356 retired designated principal if the succession involves a relocation of  
357 the business or an alteration of the terms and conditions of the dealer  
358 agreement.

359 Sec. 8. (NEW) (*Effective October 1, 2010*) (a) A warrantor shall have  
360 all of the following obligations to each dealer engaged in the sale or  
361 lease of products that are covered by a warranty from that warrantor:

362 (1) To specify in writing to the dealer the dealer's obligations, if any,  
363 for preparation, delivery and warranty service on its products.

364 (2) To compensate the dealer for warranty service required of the  
365 dealer by the warrantor.

366 (3) To provide the dealer with a schedule of compensation the  
367 warrantor will pay for warranty work and the warrantor's time  
368 allowances for the performance of that work. All of the following  
369 apply to the schedule of compensation required under this  
370 subdivision:

371 (A) It must include reasonable compensation for diagnostic work  
372 and warranty labor;

373 (B) Time allowances in the schedule for the diagnosis and  
374 performance of warranty labor must be reasonable for the work to be  
375 performed; and

376 (C) The compensation of a dealer for warranty labor shall equal or  
377 exceed the lowest retail labor rates actually charged by the dealer for  
378 similar nonwarranty labor if those rates are consistent with the actual  
379 wage rates paid by the dealer and the actual retail labor rates charged  
380 by the dealer in the community in which the dealer is doing business.

381 (4) To reimburse the dealer for warranty parts at actual wholesale  
382 cost, plus a minimum handling charge of thirty per cent and any  
383 freight costs to return warranty parts to the warrantor.

384 (5) To deny dealer claims for warranty compensation only for cause,  
385 including, but not limited to, performance of nonwarranty repairs,  
386 material noncompliance with the warrantor's published policies and  
387 procedures, lack of material documentation of claims, fraud or  
388 misrepresentation.

389 (b) A warrantor may conduct audits of the records of a dealer that  
390 sells or leases its warranted products on a reasonable basis.

391 (c) A dealer shall submit warranty claims to a warrantor not later  
392 than forty-five days after completing warranty work on a warranted  
393 product.

394 (d) A dealer shall immediately notify the warrantor orally, or in

395 writing, if the dealer is unable to perform warranty repairs on a  
396 warranted product as soon as is reasonably possible, but not later than  
397 twelve days after the delivery of the recreational vehicle to the dealer  
398 for warranty repair. A warrantor that receives a notification from a  
399 dealer under this subsection shall make arrangements for another  
400 dealer or repair facility to perform the warranty repairs identified by  
401 the dealer in the notification not later than twelve days after receiving  
402 the notification.

403 (e) A warrantor shall approve or disapprove a warranty claim on a  
404 warranted product, in writing, not later than thirty days after the date  
405 the dealer submits the claim, if the claim is submitted in the manner  
406 and in the form prescribed by the warrantor. If a claim that is properly  
407 submitted is not specifically disapproved, in writing, by a warrantor  
408 within such thirty-day period, the claim shall be considered approved  
409 by the warrantor and the warrantor shall pay the amount of the claim  
410 to the dealer not later than forty-five days after the dealer submitted  
411 the claim.

412 Sec. 9. (NEW) (*Effective October 1, 2010*) (a) A warrantor shall not:

413 (1) Fail to perform all of its warranty obligations with respect to a  
414 warranted product.

415 (2) In any written notice of a factory campaign to recreational  
416 vehicle owners and dealers, fail to include the expected date by which  
417 necessary parts and equipment, including tires and chassis or chassis  
418 parts if required, will be available to dealers to perform the campaign  
419 work. The warrantor shall provide sufficient parts to the dealer to  
420 perform the campaign work. If the number of parts provided to the  
421 dealer under this subdivision exceed the dealer's requirements to  
422 perform the campaign work, the dealer may return unused parts to the  
423 warrantor for credit after completion of the campaign.

424 (3) Fail to compensate a dealer for authorized repairs of warranted  
425 products damaged during the manufacturing process, or damaged

426 while in transit to the dealer if the warrantor selected the carrier.

427 (4) Fail to compensate a dealer for authorized warranty service  
428 under this section in accordance with the applicable schedule of  
429 compensation provided to the dealer under the provisions of sections 2  
430 to 14, inclusive, of this act if the warranty service is performed in a  
431 timely and competent manner.

432 (5) Intentionally misrepresent in any way to a purchaser of a  
433 warranted product that any warranty concerning the manufacture,  
434 performance or design of the warranted product is made by the dealer  
435 either as a warrantor or cowarrantor.

436 (6) Require a dealer to make warranties to customers in any manner  
437 related to the manufacture of a warranted product.

438 (b) A warrantor shall indemnify the dealer for any money paid or  
439 costs incurred by a dealer in connection with a claim or cause of action  
440 asserted against the dealer, to the extent that payment or those costs  
441 are based on the negligence or intentional conduct of the warrantor. A  
442 warrantor may not limit the obligation to indemnify described in this  
443 subsection by agreement with the dealer. The dealer shall provide a  
444 warrantor with a copy of any claim or complaint in which an  
445 allegation described in this subsection is made not later than ten days  
446 after receiving that claim or complaint.

447 (c) As used in this section:

448 (1) "Products" means new recreational vehicles or parts, accessories  
449 or components of new recreational vehicles; and

450 (2) "Warranted products" means products subject to a warranty  
451 from a specific warrantor.

452 Sec. 10. (NEW) (*Effective October 1, 2010*) (a) A dealer shall not:

453 (1) Fail to perform predelivery inspection of products, if required, in

454 a competent and timely manner.

455 (2) If a transient customer requests service work on a recreational  
456 vehicle of a line-make that the dealer is authorized to display and sell,  
457 fail to perform any warranty service work authorized by a warrantor  
458 in a reasonably competent and timely manner without good cause.

459 (3) Make a fraudulent warranty claim to a warrantor.

460 (4) Misrepresent the terms of any warranty.

461 (b) A dealer shall indemnify a warrantor for any money paid or  
462 costs incurred by a warrantor in connection with a claim or cause of  
463 action asserted against the warrantor, to the extent that payment or  
464 those costs are based on the negligence or intentional conduct of the  
465 dealer. A dealer may not limit the obligation to indemnify described in  
466 this subsection by agreement with the warrantor. The warrantor shall  
467 provide a dealer with a copy of any claim or complaint in which an  
468 allegation described in this subsection is made not later than ten days  
469 after receiving that claim or complaint.

470 Sec. 11. (NEW) (*Effective October 1, 2010*) (a) If a new recreational  
471 vehicle is damaged before it is shipped to a dealer, or is damaged in  
472 transit to the dealer and the manufacturer selected the carrier or means  
473 of transportation, the dealer shall notify the manufacturer of the  
474 damage within the time period specified in the dealer agreement and  
475 shall do either of the following:

476 (1) In the notice, request authorization to replace the components,  
477 parts and accessories damaged or otherwise correct the damage, from  
478 the manufacturer; or

479 (2) Reject the recreational vehicle within the time period specified in  
480 the dealer agreement.

481 (b) If the manufacturer refuses or fails to authorize repair of the  
482 damage not later than ten days after receiving notice under this

483 section, or if the dealer rejects the recreational vehicle because of the  
484 damage within the time period specified in the dealer agreement,  
485 ownership of the recreational vehicle shall revert to the manufacturer.

486 (c) The dealer shall exercise due care in the custody of the damaged  
487 recreational vehicle, but the dealer has no financial or other obligation  
488 with respect to that recreational vehicle.

489 (d) A dealer agreement shall include a time period for inspection  
490 and rejection of damaged recreational vehicles under subsection (a) of  
491 this section that is not less than two business days after the physical  
492 delivery of the recreational vehicle to the dealer.

493 (e) If a dealer determines that a new recreational vehicle has an  
494 unreasonable number of miles on its odometer at the time it is  
495 delivered to the dealer, the dealer may reject that recreational vehicle  
496 and ownership of the recreational vehicle shall revert to the  
497 manufacturer, except that if the number of miles on the odometer is  
498 less than the sum of the distance between the dealer and the  
499 manufacturer's factory or point of distribution plus one hundred miles,  
500 the dealer shall not consider the number of miles on the odometer  
501 unreasonable for purposes of this subsection.

502 Sec. 12. (NEW) (*Effective October 1, 2010*) (a) A manufacturer shall  
503 not coerce or attempt to coerce a dealer to purchase a product or  
504 service that the dealer did not order.

505 (b) A manufacturer shall not coerce or attempt to coerce a dealer to  
506 enter into any agreement with the manufacturer.

507 (c) A manufacturer shall not coerce or attempt to coerce a dealer to  
508 enter into an agreement with the manufacturer or any other person  
509 that requires the dealer to submit its disputes to binding arbitration or  
510 otherwise waive its rights or responsibilities under sections 2 to 14,  
511 inclusive, of this act.

512 (d) As used in this section, the term "coerce" includes, but is not

513 limited to, (1) threatening to terminate or not renew a dealer  
514 agreement without good cause; (2) threatening to withhold line-makes  
515 or other product lines the dealer is entitled to display and sell under  
516 the dealer agreement; or (3) threatening to delay delivery of  
517 recreational vehicles as an inducement to amend the dealer agreement.

518 Sec. 13. (NEW) (*Effective October 1, 2010*) (a) A dealer, manufacturer  
519 or warrantor injured by another party's violation of sections 2 to 14,  
520 inclusive, of this act may bring a civil action in circuit court to recover  
521 its actual damages. The court shall award attorney's fees and costs to  
522 the prevailing party in a civil action under this section.

523 (b) The venue for a civil action under this section involving a dealer  
524 is the county in which the dealer's business is located. In an action  
525 involving more than one dealer, any county in which the business of  
526 any dealer that is party to the action is located is a proper venue for  
527 that action.

528 (c) Before bringing a civil action under this section, the party  
529 bringing suit for an alleged violation of sections 2 to 14, inclusive, of  
530 this act shall serve a written demand for mediation on the offending  
531 party. The demand for mediation shall include a brief statement of the  
532 dispute and the relief sought by the party making the demand. The  
533 party making the demand for mediation shall serve the demand by  
534 certified mail to one of the following addresses:

535 (1) In an action between a dealer and a manufacturer, the address  
536 stated in the dealer agreement between the parties.

537 (2) In an action between a dealer and a warrantor that is not a  
538 manufacturer, the address stated in any agreement between the  
539 parties.

540 (3) In an action between two dealers, the address of the offending  
541 dealer in the records of the Department of Motor Vehicles.

542 (d) Not later than twenty days after a demand for mediation is

543 served under subsection (c) of this section, the parties shall mutually  
544 select an independent mediator who is approved by the department,  
545 and meet with that mediator for the purpose of attempting to resolve  
546 the dispute at a location in this state selected by the mediator. The  
547 mediator may extend the date of the meeting for good cause shown by  
548 either party or if the parties agree to the extension.

549 (e) The service of a demand for mediation under subsection (c) of  
550 this section tolls the time for the filing of any complaint, petition,  
551 protest, or other action under this act until representatives of both  
552 parties have met with the mediator selected under subsection (d) of  
553 this section for the purpose of attempting to resolve the dispute. If a  
554 complaint, petition, protest or other action is filed before that meeting,  
555 the court shall enter an order suspending the proceeding or action  
556 until the mediation meeting has occurred and may, if all of the parties  
557 to the proceeding or action stipulate, in writing, that they wish to  
558 continue to mediate under this section, enter an order suspending the  
559 proceeding or action for as long a period as the court considers  
560 appropriate. The court may modify, extend or revoke a suspension  
561 order issued under this subsection if it considers that action  
562 appropriate.

563 (f) Each of the parties to the mediation under this section is  
564 responsible for its own attorney fees. The parties shall equally divide  
565 the cost of the mediator.

566 Sec. 14. (NEW) (*Effective October 1, 2010*) (a) In addition to any  
567 remedy available under sections 2 to 14, inclusive, of this act or  
568 otherwise available by law, a manufacturer, warrantor or dealer may  
569 apply to a circuit court for the grant, after a hearing and for cause  
570 shown, of a temporary or permanent injunction or other equitable  
571 relief restraining any person from doing any of the following:

572 (1) Acting as a dealer without a proper license.

573 (2) Violating or continuing to violate any provision of sections 2 to

574 14, inclusive, of this act. A single violation of sections 2 to 14, inclusive,  
575 of this act is a sufficient basis for the court to grant equitable relief  
576 under this section.

577 (3) Failing or refusing to comply with any requirement of sections 2  
578 to 14, inclusive, of this act.

579 (b) The court may not require a bond as a condition to the grant of  
580 equitable relief under this section.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2010</i>	New section
Sec. 2	<i>October 1, 2010</i>	New section
Sec. 3	<i>October 1, 2010</i>	New section
Sec. 4	<i>October 1, 2010</i>	New section
Sec. 5	<i>October 1, 2010</i>	New section
Sec. 6	<i>October 1, 2010</i>	New section
Sec. 7	<i>October 1, 2010</i>	New section
Sec. 8	<i>October 1, 2010</i>	New section
Sec. 9	<i>October 1, 2010</i>	New section
Sec. 10	<i>October 1, 2010</i>	New section
Sec. 11	<i>October 1, 2010</i>	New section
Sec. 12	<i>October 1, 2010</i>	New section
Sec. 13	<i>October 1, 2010</i>	New section
Sec. 14	<i>October 1, 2010</i>	New section

**Statement of Purpose:**

To regulate recreational vehicle franchises.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*