

**REGULATION OF MOTOR VEHICLE MANUFACTURERS, DISTRIBUTORS, WHOLESALERS,  
AND DEALERS (EXCERPT)  
Act 118 of 1981**

**445.1567 Cancellation, termination, nonrenewal, or discontinuance of dealer agreement; conditions; existence of good cause.**

Sec. 7. (1) Notwithstanding any agreement, a manufacturer or distributor shall not cancel, terminate, fail to renew, or refuse to continue any dealer agreement with a new motor vehicle dealer unless the manufacturer or distributor has complied with all of the following:

- (a) Satisfied the notice requirement of section 10.
- (b) Acted in good faith.
- (c) Has good cause for the cancellation, termination, nonrenewal, or discontinuance.

(2) Notwithstanding any agreement, good cause shall exist for the purposes of a termination, cancellation, nonrenewal, or discontinuance under subsection (1)(c) when both of the following occur: (a) there is a failure by the new motor vehicle dealer to comply with a provision of the dealer agreement and the provision is both reasonable and of material significance to the relationship between the manufacturer or distributor and the new motor vehicle dealer and (b) the manufacturer or distributor first acquired actual or constructive knowledge of the failure not more than 2 years prior to the date on which notification was given pursuant to section 10.

(3) If the failure by the new motor vehicle dealer to comply with a provision of the dealer agreement relates to the performance of the new motor vehicle dealer in sales or service, good cause shall exist for the purposes of a termination, cancellation, nonrenewal, or discontinuance under subsection (1) when the new motor vehicle dealer fails to effectively carry out the performance provisions of the dealer agreement if all of the following have occurred:

- (a) The new motor vehicle dealer was given written notice by the manufacturer or distributor of the failure.
- (b) The notification stated that the notice of failure of performance was provided pursuant to this act.
- (c) The new motor vehicle dealer was afforded a reasonable opportunity to exert good faith efforts to carry out the dealer agreement.
- (d) The failure continued for more than 180 days after the date notification was given pursuant to subdivision (a).

**History:** 1981, Act 118, Imd. Eff. July 19, 1981.