

RECREATIONAL VEHICLE FRANCHISE ACT (EXCERPT)
Act 33 of 2009

445.1931 Termination or nonrenewal of dealer agreement by dealer; good cause required; provisions applicable to termination.

Sec. 11. (1) A dealer may not terminate a dealer agreement without good cause. A dealer that terminates a dealer agreement shall provide the manufacturer with written notice at least 90 days before the effective date of the termination.

(2) All of the following apply to a termination of a dealer agreement under this section for good cause:

(a) The notice described in subsection (1) shall state all reasons for the proposed termination.

(b) The notice described in subsection (1) shall state that if the manufacturer provides to the dealer a written notification of intent to cure all claimed deficiencies within 30 days after the manufacturer receives the notice, the manufacturer has 30 days after the date of the notice to correct the deficiencies. If all of the deficiencies are corrected within that 30-day period, the notice is void and the dealer may not terminate the dealer agreement because of the deficiencies stated in the notice. If the manufacturer does not provide a notification of intent to cure deficiencies in that 30-day period, the termination takes effect 90 days after the manufacturer received the notice.

(c) A dealer may reduce the notice period described in subsection (1) to 10 days, and is not required to allow the manufacturer an opportunity to correct the deficiencies, if the dealer's grounds for termination or nonrenewal are any of the specific categories of good cause described in subdivision (e)(i) to (v).

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

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

(i) Conviction of, or plea of *nolo contendere* by, the manufacturer to a felony.

(ii) Abandonment or closing the business operations of the manufacturer for 10 consecutive business days unless the closing is due to an act of God, strike, labor difficulty, or other cause over which the manufacturer has no control.

(iii) A material misrepresentation to the dealer by the manufacturer that affects the business relationship between the dealer and manufacturer.

(iv) A material violation of this act by the manufacturer that is not cured within 30 days after written notice of the violation by the dealer.

(v) A material breach of the dealer agreement by the manufacturer.

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

(f) If the manufacturer fails to cure any claimed deficiencies under subdivision (b), the dealer may require that the manufacturer repurchase any of the following from the dealer:

(i) All new, untitled recreational vehicles that were acquired from the manufacturer within 12 months before the effective date of the notice of termination that have not been used, except for demonstration purposes, and that have not been altered or damaged, at 100% of the net invoice cost of the recreational vehicles, including transportation, less applicable rebates and discounts to the dealer.

(ii) All current and undamaged accessories and proprietary parts sold to the dealer for resale within the 12 months before the effective date of the termination that are accompanied by the original invoice, at 105% of the original net price paid to the manufacturer to compensate the dealer for handling, packing, and shipping the accessories and parts.

(iii) Any properly functioning diagnostic equipment, special tools, current signage, and other equipment and machinery, purchased by the dealer within the 5 years before the effective date of the termination at the manufacturer's request, if it cannot be used in the normal course of the dealer's ongoing business, at 100% of the dealer's net cost, plus freight, destination, delivery, and distribution charges and sales taxes.

(g) The dealer shall promptly return or arrange for the return of all of the items the manufacturer is required to repurchase under subdivision (f) at the manufacturer's expense and the manufacturer shall pay all of the amounts owed to the dealer under subdivision (f) to the dealer within 30 days after it receives the returned items.

History: 2009, Act 33, Eff. Dec. 1, 2009.