

March 21, 2007

S 1351. CLARIFY MOTOR VEHICLE FRANCHISE LAWS. Filed 3/21/07. *TO CLARIFY MOTOR VEHICLE FRANCHISE LAWS AS THEY RELATE TO AUTOMOBILE DEALER WARRANTY OBLIGATIONS, CIVIL ACTIONS FOR VIOLATIONS, COERCION, AND INSTALLMENT SALES.*

To be summarized in tomorrow's *Daily Bulletin*.

Intro. by Hoyle.

GS 20

March 22, 2007

S 1351. CLARIFY MOTOR VEHICLE FRANCHISE LAWS. Filed 3/21/07. *TO CLARIFY MOTOR VEHICLE FRANCHISE LAWS AS THEY RELATE TO AUTOMOBILE DEALER WARRANTY OBLIGATIONS, CIVIL ACTIONS FOR VIOLATIONS, COERCION, AND INSTALLMENT SALES.*

Amends GS 20-305(4) to amend and clarify the notice requirements that apply when a franchise is transferred, sold, assigned, or relocated, or when the executive management or principle operators change. Amends GS 20-305(18) to remove provision that no manufacturer owes a duty to disclose to any purchaser of a motor vehicle franchise an opinion or determination that the franchise being sold is not viable or is not consistent with the manufacturer's distribution or marketing forecast or plans. Amends GS 20-305.1(b) to clarify that a manufacturer or distributor must fully compensate a dealer for warranty parts and not attempt to recover any portion of the compensation costs by indirect means. Enacts new GS 20-305.1 to require that manufacturers and dealers that manufacture or distribute heavy-duty trucks (new motor vehicles weighing 10,00 pound or more) must compensate dealers located in North Carolina for the cost of special tools, equipment and training for which the dealers are liable when the manufacturer or distributor sells a portion of its inventory to converters and other non-dealer retailers. Specifies terms for compensation. Amends GS 20-308.1 to specify that punitive damages, attorney fees, and costs, which are allowed in court proceedings when a violation is proven to be willful or malicious, are recoverable in administrative proceedings as well. Makes other technical and clarifying changes. Effective July 1, 2007.

Intro. by Hoyle.

GS 20

May 21, 2007

S 1351. CLARIFY MOTOR VEHICLE FRANCHISE LAWS. Filed 4/5/07. Senate committee substitute makes the following changes to 1st edition. Deletes proposed change to GS 20-303(a) and consolidates GS 20-303(a) and (b). Modifies GS 20-305(4) to require that a franchisor sending a notice of objection include detailed legal and factual basis for the notice based only on factual or legal issues that are specifically referenced in that subdivision. Modifies GS 20-305(18), removing proposed language that would make an opinion or determination by a manufacturer that the existence or location of one of its franchise dealers in NC is not viable or not consistent with the manufacturer's distribution, marketing forecast, or plans an unlawful basis for the manufacturer to fail or refuse to approve a dealer's proposed relocation. Modifies GS 20-305.1(b1) to clarify that a dealer's incidental failure to comply with the manufacturer's reasonable written procedures is not a sufficient basis to deny a dealer's claim for reimbursement. Deletes proposed new GS 20-305.1(g) regarding heavy truck dealer cost reimbursement. Enacts new GS 20-305(41) prohibiting a manufacturer from considering the performance of its franchised dealers relating to the sale of new vehicles in determining matters of the dealer's eligibility to purchase or receive certain discounts, credits, rebates, or sales incentives from the manufacturer for program, certified, or other used vehicles. Provides that the act is applicable to all franchises and agreements existing at the time it is ratified and thereafter, and provides that if any provision of the act is found to be invalid, it does not affect the validity of the remainder of the act.

May 23, 2007

S 1351. CLARIFY MOTOR VEHICLE FRANCHISE LAWS. Filed 3/21/07. Senate amendment makes the following changes to 2nd edition. Eliminates proposed deletion of GS 20-303(a) and

amends GS 20-303(a) to state that a retail installment sale must be evidenced by one or more instruments in writing. Makes conforming changes.

July 23, 2007

S 1351. CLARIFY MV FRANCHISE LAWS/DEALER TERMINATION (NEW). Filed 3/21/07.

House committee substitute makes the following changes to 3rd edition.

Modifies proposed amendments to GS 20-305(4) to provide additional time for a franchisor to provide notice of objection to the dealership regarding changes in executive management, relocation, or ownership or of franchise transfers, if the franchisor requests additional information to complete its review of a proposed change. Also prohibits franchisor from unreasonably refusing to approve a proposed change.

Modifies proposed amendments to GS 20-305.1(b1) to restore language clarifying that a manufacturer may not deny a claim or reduce the amount for reimbursement to a motor vehicle dealer who provides reasonably sufficient documentation that the dealer has actually performed the work and made a good faith effort to comply with the written policies and procedures of the manufacturer. Provides that a manufacturer may not deny a dealer's claim for reimbursement based solely on a failure to comply with the manufacturer's claim documentation procedures unless the dealer has failed to comply with the same procedures in the previous 12 months and received a written warning from the manufacturer about the failure. Permits a manufacturer to adopt or implement a policy for self-audit of dealers.

Deletes proposed amendments to GS 20-308.1(b) regarding administrative proceedings before the Commissioner of Motor Vehicles for violations of GS Chapter 20, Article 12 (Manufacturers Licensing Law). Amends GS 20-305.7(b) to prohibit a manufacturer from accessing the customer or prospect information contained in a dealer management computer system to solicit the customer on behalf of, or to direct the customer to, another dealer. Provides exceptions to the prohibition.

Enacts new GS 20-305.1(g) to require manufacturers of vehicles with a gross vehicle weight rating of 16,000 pounds or more to compensate dealers at a rate of \$600 per registered vehicle, for the cost of special tools, equipment, and training for which the dealers are liable when the manufacturer sells a portion of its vehicles to converters and other non-dealer retailers. Amends GS 20-305(6) to prohibit a manufacturer from terminating a franchise with a licensed new motor vehicle dealer unless certain requirements regarding notice, liability, and payment to the franchisor are met.

Changes the effective date from July 1, 2007, to August 1, 2007. Makes organizational and technical changes.

July 24, 2007

S 1351. CLARIFY MV FRANCHISE LAWS/DEALER TERMINATION. Filed 3/21/07. House amendment makes the following changes to 4th edition. Changes the effective date from August 1, 2007, to the later of August 1, 2007, or when the act becomes law.

July 26, 2007

S 1351. CLARIFY MV FRANCHISE LAWS/DEALER TERMINATION. Filed 3/21/07. House amendment makes the following changes to 4th edition, as amended. Directs that nothing in the act applies to any administrative proceedings pending before the Commissioner of Motor Vehicles or any case pending in a court on or before the effective date of the act.

September 4, 2007

SL 2007-513 (S 1351). CLARIFY MOTOR VEHICLE FRANCHISE LAWS/DEALER TERMINATION. *AN ACT TO CLARIFY MOTOR VEHICLE FRANCHISE LAWS AS THEY RELATE TO AUTOMOBILE DEALER WARRANTY OBLIGATIONS, CIVIL ACTIONS FOR VIOLATIONS, COERCION, AND INSTALLMENT SALES; AND TO REQUIRE THAT FAIR COMPENSATION BE PAID TO FRANCHISED MOTOR VEHICLE DEALERS TERMINATED AS*

A RESULT OF INDUSTRY REORGANIZATION. Summarized in *Daily Bulletin* 3/22/07, 5/21/07, 5/23/07, 7/23/07, 7/24/07, and 7/26/07. Enacted August 30, 2007. Effective August 30, 2007.