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**By: Delegate Barve**

Introduced and read first time: January 31, 1997

Assigned to: Economic Matters

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A BILL ENTITLED

1 AN ACT concerning

2 **Manufacturers, Distributors, and Factory Branches - Dealers - Good Faith**  
3 **Requirements**

4 FOR the purpose of establishing that a motor vehicle manufacturer, distributor, and  
5 factory branch owes a duty of good faith to a dealer in the performance and  
6 enforcement of a franchise agreement; establishing that a motor vehicle  
7 manufacturer, distributor, and factory branch has the burden of proof in  
8 establishing that it acted in good faith and had good cause for engaging in certain  
9 conduct; establishing that a manufacturer, distributor, factory branch, dealer, or  
10 agent or employee of the dealer owes a duty of good faith to a consumer in certain  
11 transactions; defining a certain term; and generally relating to motor vehicles and  
12 good faith requirements.

13 BY adding to

14 Article - Transportation  
15 Section 15-101(h), 15-115, and 15-207(g)  
16 Annotated Code of Maryland  
17 (1992 Replacement Volume and 1996 Supplement)

18 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
19 MARYLAND, That the Laws of Maryland read as follows:

20 **Article - Transportation**

21 15-101.

22 (H) "GOOD FAITH" MEANS HONESTY IN FACT IN THE CONDUCT OR  
23 TRANSACTION INVOLVED AND THE OBSERVANCE OF REASONABLE COMMERCIAL  
24 STANDARDS OF FAIR DEALING IN THE TRADE AS EVIDENCED BY ALL  
25 SURROUNDING CIRCUMSTANCES.

26 15-115.

27 A MANUFACTURER, DISTRIBUTOR, FACTORY BRANCH, DEALER, OR AGENT OR  
28 EMPLOYEE OF A DEALER SHALL OWE A DUTY OF GOOD FAITH TO A CONSUMER IN  
29 THE CONDUCT OF ALL TRANSACTIONS SUBJECT TO THE REQUIREMENTS OF THIS  
30 TITLE.

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1 15-207.

2 (G) NOTWITHSTANDING THE TERMS OF ANY FRANCHISE AGREEMENT, A  
3 MANUFACTURER, DISTRIBUTOR, OR FACTORY BRANCH AND THEIR RESPECTIVE  
4 REPRESENTATIVES SHALL:

5 (1) OWE A DUTY OF GOOD FAITH TO A DEALER IN THE PERFORMANCE  
6 AND ENFORCEMENT OF A FRANCHISE AGREEMENT; AND

7 (2) HAVE THE BURDEN OF PROOF IN ESTABLISHING THAT IT ACTED IN  
8 GOOD FAITH AND HAD GOOD CAUSE FOR ENGAGING IN ANY CONDUCT GIVING RISE  
9 TO A CLAIM UNDER THE FRANCHISE AGREEMENT OR THIS SUBTITLE.

10 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
11 October 1, 1997.