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**By: Senator Jimeno**

Introduced and read first time: January 31, 1997

Assigned to: Judicial Proceedings

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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 has 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 has a duty of good faith to a consumer in certain  
11 conduct; defining a certain term; and generally relating to motor vehicles and good  
12 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, AND AN  
28 AGENT OR EMPLOYEE OF A DEALER, HAS A DUTY OF GOOD FAITH TO A CONSUMER  
29 IN THE CONDUCT OF ALL TRANSACTIONS SUBJECT TO THE REQUIREMENTS OF THIS  
30 SUBTITLE.

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1 15-207.

2 (G) NOTWITHSTANDING THE TERMS OF ANY FRANCHISE AGREEMENT, A  
3 MANUFACTURER, DISTRIBUTOR, AND FACTORY BRANCH AND ANY  
4 REPRESENTATIVE OF A MANUFACTURER, DISTRIBUTOR, AND FACTORY BRANCH,  
5 HAS:

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

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

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