Unofficial Copy C2

(PRE-FILED)

# By: Senator Middleton

Requested: July 14, 1997 Introduced and read first time: January 14, 1998 Assigned to: Finance

Committee Report: Favorable with amendments Senate action: Adopted Read second time: March 31, 1998

CHAPTER\_\_\_\_\_

1 AN ACT concerning

2

## **Commercial Law - Equipment Dealer Contract Act**

3 FOR the purpose of repealing certain provisions of the Equipment Dealer Contract

4 Act that relate to the termination of contracts between equipment dealers and

- 5 suppliers; establishing rules to govern the termination and amendment of
- 6 contracts between equipment dealers and suppliers; requiring that a supplier
- 7 must have good cause before unilaterally terminating or amending, canceling, or
- 8 <u>failing to renew</u> a contract with an equipment dealer under certain
- 9 circumstances; requiring that notice be given to an equipment dealer or supplier
- 10 under certain circumstances; specifying certain requirements for notice required
- 11 under this Act; establishing rules to govern the transfer of the business of an
- 12 equipment dealer; prohibiting a supplier from requiring or proscribing changes
- 13 in the management or personnel of a dealer under certain circumstances;
- 14 defining a term; and generally relating to the Equipment Dealer Contract Act.

15 BY repealing

- 16 Article Commercial Law
- Section 19-301 through 19-305, inclusive, and the subtitle "Subtitle 3. Notice of
   Termination of Contracts"
- 19 Annotated Code of Maryland
- 20 (1990 Replacement Volume and 1997 Supplement)

21 BY adding to

- 22 Article Commercial Law
- 23 Section 19-301 through 19-306, inclusive, to be under the new subtitle "Subtitle
- 24 3. Termination and Amendment, Cancellation, and Nonrenewal of

	SENATE BILL 14			
1 2 3 4	Contracts and Notice Required"; <u>and</u> 19-4A-01 <u>and 19-4A-02</u> to be under the new subtitle "Subtitle 4A. Transfer of the Business of a Dealer" <del>; and 19 4B-01 to be under the new subtitle "Subtitle 4B. Miscellaneous Provisions"</del>			
5	Annotated Code of Maryland			
6	(1990 Replacement Volume and 1997 Supplement)			
7 8	BY repealing and reenacting, with amendments, Article - Commercial Law			
9				
10				
11	(1990 Replacement Volume and 1997 Supplement)			
12 13	SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:			
14	Article - Commercial Law			
15	[Subtitle 3. Notice of Termination of Contracts]			
16	[19-301.			
19	Notwithstanding any agreement to the contrary and subject to § 19-302 of this title, a supplier who plans to terminate a contract shall notify, in accordance with § 19-305 of this title, the dealer of the planned termination not less than 6 months prior to the effective date of the termination.]			
21	[19-302.			
22	A supplier may immediately terminate a contract at any time after:			
23 24	(1) The filing of a pleading to commence an assignment for the benefit of creditors proceeding, or receivership proceeding against the dealer;			
25 26	(2) The dealer has made an intentional misrepresentation with the intent to defraud the supplier;			
27 28	(3) The dealer defaults under a chattel mortgage or other security agreement between the dealer and the supplier;			
29 30	(4) The closing or sale of a substantial part of the dealer's business related to the handling of the supplier's product;			
31 32	(5) The commencement of procedures to dissolve or liquidate the dealer if the dealer is a partnership or corporation;			
33 34	(6) A change, without the prior written approval of the supplier, in the location of the dealer's principal place of business;			

1 (7) The withdrawal of an individual proprietor, partner, major 2 shareholder, or manager of the dealership, or a substantial reduction in interest of a 3 partner or major shareholder, without the prior written consent of the supplier; or				
4 (8) The revocation or discontinuance of any guarantee of the dealer's 5 present or future obligations to the supplier.]				
6 [19-303.				
<ul> <li>Notwithstanding any agreement to the contrary, a dealer who plans to</li> <li>8 terminate a contract with a supplier shall notify the supplier, in accordance with §</li> <li>9 19-305 of this title, of the planned termination not less than 6 months prior to the</li> <li>10 effective date of the termination.]</li> </ul>				
11 [19-304.				
12 The contract may be terminated by the mutual written consent of the parties, on 13 any effective date mutually agreed on.]				
14 [19-305.				
<ul> <li>(a) Notification under this subtitle shall be in writing and shall be by certified</li> <li>mail or personal delivery to the supplier or dealer.</li> </ul>				
(b) A notice shall contain:				
18 (1) A statement of intention to terminate the contract;				
19 (2) A statement of the reasons for the termination; and				
20 (3) The date on which the termination takes effect.]				
21SUBTITLE 3. TERMINATION AND AMENDMENT, CANCELLATION, AND NONRENEWAL22OF CONTRACTS AND NOTICE REQUIRED.				
23PART I. RULES OF TERMINATION AND AMENDMENT, CANCELLATION, AND24NONRENEWAL OF CONTRACTS.				
25 19-301.				
26 (A) (1) IN THIS SUBTITLE, "GOOD CAUSE" MEANS:				
27 ( <del>I) THE WITHDRAWAL BY THE SUPPLIER AND THE SUCCESSORS</del> 28 <del>AND ASSIGNS OF THE SUPPLIER OF THE SALE OF ITS PRODUCTS IN THE STATE; OR</del>				
29 (II) A DEFICIENCY IN DEALER PERFORMANCE, INCLUDING A 30 FAILURE OF THE DEALER TO:				
<ol> <li>COMPLY SUBSTANTIALLY, WITHOUT REASONABLE</li> <li>EXCUSE OR JUSTIFICATION, WITH A REASONABLE AND MATERIAL WRITTEN</li> <li>REQUIREMENT OF THE SUPPLIER;</li> </ol>				

MAINTAIN A SALES VOLUME OR TREND OF THE 1 2. 2 PRODUCTS OF THE SUPPLIER THAT IS COMPARABLE TO THE SALES VOLUME OR 3 TREND OF OTHER SIMILARLY SITUATED DEALERS OF THE SAME PRODUCTS: OR RENDER SERVICES THAT ARE COMPARABLE IN OUANTITY. 4 <del>3.</del> 5 OUALITY, AND VOLUME TO THE SERVICES RENDERED BY OTHER SIMILARLY 6 SITUATED DEALERS OF THE SAME PRODUCTS. "GOOD CAUSE" DOES NOT INCLUDE THE SALE OR PURCHASE OF A 7 (2)8 SUPPLIER. 9 IN THIS SECTION, "GOOD CAUSE" SHALL EXIST ON A FAILURE TO COMPLY (A) 10 WITH REQUIREMENTS IMPOSED BY A CONTRACT BETWEEN A SUPPLIER AND A 11 DEALER THAT ARE NOT DIFFERENT FROM THOSE IMPOSED BY THE SUPPLIER'S 12 CONTRACTS WITH OTHER SIMILARLY SITUATED DEALERS IN THE STATE. 13 (B) A SUPPLIER MAY NOT, DIRECTLY OR THROUGH AN OFFICER, AGENT, OR 14 EMPLOYEE, TERMINATE, CANCEL, OR FAIL TO RENEW A CONTRACT WITHOUT GOOD 15 CAUSE. EXCEPT AS PROVIDED IN § 19-302 OF THIS SUBTITLE, A SUPPLIER 16 <del>(B)</del> (C) 17 MAY NOT UNILATERALLY TERMINATE OR AMEND A CONTRACT UNLESS THE 18 SUPPLIER: 19 (1)COMPLIES WITH THE NOTICE PROVISIONS UNDER CONTAINED IN 20 PART II OF THIS SUBTITLE; AND 21 (2)HAS GOOD CAUSE. 22 (C)IN A DETERMINATION AS TO WHETHER A DEALER HAS FAILED TO COMPLY 23 SUBSTANTIALLY, WITHOUT REASONABLE EXCUSE OR JUSTIFICATION, WITH A 24 REASONABLE AND MATERIAL WRITTEN REQUIREMENT OF THE SUPPLIER, THE 25 DETERMINING ENTITY SHALL CONSIDER THE: 26 (1)**RELATIVE SIZE OF THE MARKET OF THE DEALER;** 27 (2)POPULATION THAT COMPRISES THE MARKET OF THE DEALER; 28 (3)**GEOGRAPHICAL LOCATION OF THE MARKET OF THE DEALER:** 29 (4)NUMBER OF RETAIL OUTLETS IN THE MARKET OF THE DEALER; AND 30 (5)DEMAND FOR RELEVANT PRODUCTS IN THE MARKET OF THE 31 DEALER AND IN COMPARABLE MARKETS.

32 (D) IN A DISPUTE AS TO WHETHER A SUPPLIER HAS ACTED WITH GOOD CAUSE
 33 UNDER THIS SECTION, THE SUPPLIER SHALL HAVE THE BURDEN OF PROVING THAT
 34 GOOD CAUSE EXISTED.

4

1 19-302.

2 (A) NOTWITHSTANDING ANY <u>OTHER</u> PROVISION IN THIS SUBTITLE, A
3 SUPPLIER MAY <del>IMMEDIATELY</del> TERMINATE A CONTRACT WITH A DEALER, WITHOUT
4 HAVING TO PROVE GOOD CAUSE AND WITHOUT PROVIDING THE DEALER WITH PRIOR
5 NOTICE, AT ANY TIME AFTER:

6

(1) THE FILING OF A PLEADING AGAINST THE DEALER TO COMMENCE A:

(I) PROCEEDING FOR AN ASSIGNMENT FOR THE BENEFIT OF
CREDITORS OR A SIMILAR DISPOSITION OF THE ASSETS OF THE BUSINESS OF THE
DEALER, OTHER THAN THE CREATION OF A SECURITY INTEREST IN THE ASSETS OF
THE BUSINESS OF THE DEALER FOR FINANCING IN THE ORDINARY COURSE OF THE
BUSINESS OF THE DEALER;

12

(II) RECEIVERSHIP PROCEEDING; OR

13

(III) BANKRUPTCY PROCEEDING;

14 (2) THE DEALER HAS MADE AN INTENTIONAL MISREPRESENTATION
15 WITH THE INTENT TO DEFRAUD THE SUPPLIER;

16 (3) THE DEALER DEFAULTS UNDER A CHATTEL MORTGAGE OR OTHER
17 SECURITY AGREEMENT BETWEEN THE DEALER AND THE SUPPLIER;

18 (4) THE CLOSING OR SALE OF A SUBSTANTIAL PART OF THE BUSINESS
19 OF A DEALER RELATED TO THE HANDLING OF THE PRODUCT OF THE SUPPLIER;

20 (5) THE COMMENCEMENT OF PROCEDURES TO DISSOLVE OR LIQUIDATE 21 THE DEALER IF THE DEALER IS A PARTNERSHIP OR CORPORATION;

22 (6) A CHANGE <u>OR ADDITION</u>, WITHOUT THE PRIOR WRITTEN APPROVAL
23 OF THE SUPPLIER, IN THE LOCATION OF THE PRINCIPAL <u>A</u> PLACE OF BUSINESS OF
24 THE DEALER;

(7) THE WITHDRAWAL OF AN INDIVIDUAL PROPRIETOR, PARTNER,
MAJOR SHAREHOLDER, OR MANAGER OF THE DEALERSHIP, OR A SUBSTANTIAL
REDUCTION IN INTEREST OF A PARTNER OR MAJOR SHAREHOLDER, WITHOUT THE
PRIOR WRITTEN CONSENT OF THE SUPPLIER;

29(8)THE REVOCATION OR DISCONTINUANCE OF ANY GUARANTEE OF30THE PRESENT OR FUTURE OBLIGATIONS OF THE DEALER TO THE SUPPLIER;

(9) THE FAILURE OF THE DEALER TO CONDUCT ITS CUSTOMARY SALES
 AND SERVICE OPERATIONS DURING ITS CUSTOMARY BUSINESS HOURS FOR 7
 CONSECUTIVE BUSINESS DAYS, UNLESS THE FAILURE RESULTED FROM WAS THE
 DIRECT RESULT OF:

- 35 (I) AN ACT OF GOD;
- 36

(II) CASUALTIES <u>A CASUALTY;</u>

# 1 (III)

2 (IV) A CIRCUMSTANCE BEYOND THE REASONABLE CONTROL OF 3 THE DEALER;

STRIKES A STRIKE; OR

4 (10) THE FAILURE OF THE DEALER TO PAY ANY UNDISPUTED AMOUNT
5 DUE TO THE SUPPLIER BEYOND 30 DAYS AFTER THE SUPPLIER PROVIDED THE
6 DEALER WITH WRITTEN NOTICE OF THE AMOUNT DUE; OR

7 (11) THE FINAL CONVICTION OF A FELONY OF A DEALER OR ANY PERSON8 WITH AN OWNERSHIP INTEREST IN THE DEALER.

9 (B) NOTWITHSTANDING ANY PROVISION IN THIS SUBTITLE, A SUPPLIER MAY

10 UNILATERALLY AMEND A CONTRACT WITH A DEALER WITHOUT HAVING TO PROVE

11 GOOD CAUSE AND WITHOUT PROVIDING PRIOR NOTICE TO A DEALER TO COMPLY

12 WITH A LAW OR REGULATION OF THE STATE OR FEDERAL GOVERNMENT.

13 19-303.

14 NOTWITHSTANDING ANY PROVISION IN THIS SUBTITLE, A SUPPLIER AND A
15 DEALER MAY TERMINATE OR AMEND THEIR CONTRACT ON ANY EFFECTIVE DATE
16 WITH THE MUTUAL WRITTEN CONSENT OF THE SUPPLIER AND THE DEALER.

17

# PART II. NOTICE REQUIRED.

18 19-304.

NOTWITHSTANDING ANY AGREEMENT TO THE CONTRARY AND SUBJECT TO §
 19-301 OF THIS SUBTITLE, A SUPPLIER THAT PLANS TO TERMINATE OR AMEND A
 CONTRACT WITH A DEALER UNILATERALLY SHALL NOTIFY THE DEALER, IN
 ACCORDANCE WITH § 19-306 OF THIS SUBTITLE, OF THE PLANNED TERMINATION OR
 AMENDMENT AT LEAST 180 DAYS PRIOR TO THE EFFECTIVE DATE OF THE
 TERMINATION OR AMENDMENT.

25 19-305.

26 NOTWITHSTANDING ANY AGREEMENT TO THE CONTRARY, A DEALER THAT
27 PLANS TO TERMINATE OR AMEND A CONTRACT WITH A SUPPLIER UNILATERALLY
28 SHALL NOTIFY THE SUPPLIER, IN ACCORDANCE WITH § 19-306 OF THIS SUBTITLE, OF
29 THE PLANNED TERMINATION OR AMENDMENT AT LEAST 180 DAYS PRIOR TO THE
30 EFFECTIVE DATE OF THE TERMINATION OR AMENDMENT.

31 19-306.

- 32 (A) EACH NOTIFICATION REQUIRED UNDER THIS SUBTITLE SHALL:
- 33 (1) BE IN WRITING;
- 34 (2) CONTAIN:

6

(I) A STATEMENT OF INTENTION TO TERMINATE OR AMEND THE 1 2 CONTRACT: 3 (II) A STATEMENT OF THE REASONS FOR THE TERMINATION OR 4 AMENDMENT: AND THE DATE ON WHICH THE TERMINATION OR AMENDMENT (III) 5 6 TAKES EFFECT: AND BE DELIVERED TO THE SUPPLIER OR DEALER BY: 7 (3)CERTIFIED OR REGISTERED MAIL WITH POSTAGE PREPAID; OR 8 (I) 9 (II) PERSONAL DELIVERY. 10 <del>(B)</del> (1)IF THE REASONS GIVEN BY THE SUPPLIER FOR THE TERMINATION 11 OR AMENDMENT OF A CONTRACT CAN BE RECTIFIED BY AN ACTION OF THE DEALER, 12 THE DEALER MAY TAKE THAT ACTION WITHIN 135 DAYS OF THE RECEIPT OF THE 13 NOTICE BY THE DEALER. IF A DEALER TAKES ACTION UNDER PARAGRAPH (1) OF THIS 14 (2)15 SUBSECTION. THE DEALER SHALL PROVIDE THE SUPPLIER WITH WRITTEN NOTICE 16 WITHIN 135 DAYS OF THE RECEIPT OF THE NOTICE BY THE DEALER THAT THE 17 DEALER HAS TAKEN THE RECTIFYING ACTION. IF THE SUPPLIER DOES NOT AGREE THAT THE ACTION TAKEN BY 18 (3)19 THE DEALER HAS RECTIFIED THE REASONS FOR THE TERMINATION OR 20 AMENDMENT, THE SUPPLIER SHALL PROVIDE THE DEALER WITH WRITTEN NOTICE 21 OF THAT DISAGREEMENT WITHIN 15 DAYS OF THE RECEIPT OF THE DEALER'S 22 NOTICE BY THE SUPPLIER. 23 (4)IF THE ACTION TAKEN BY THE DEALER UNDER PARAGRAPH (1) OF 24 THIS SUBSECTION RECTIFIES THE REASON FOR THE TERMINATION OR AMENDMENT. 25 THE SUPPLIER MAY NOT TERMINATE OR AMEND THE CONTRACT UNILATERALLY.  $(\mathbf{C})$ WITHIN 135 DAYS OF RECEIPT OF NOTICE UNDER § 19 304 OF THIS 26 (1)27 SUBTITLE, A DEALER MAY TRANSFER THE OWNERSHIP OF ITS BUSINESS TO 28 ANOTHER PERSON THAT MEETS THE MATERIAL AND REASONABLE OUALIFICATIONS

29 AND STANDARDS REQUIRED BY THE SUPPLIER.

(2) IF A DEALER TRANSFERS THE OWNERSHIP OF ITS BUSINESS UNDER
 PARAGRAPH (1) OF THIS SUBSECTION, THE TRANSFERRING DEALER SHALL PROVIDE
 WRITTEN NOTICE OF THE TRANSFER TO THE SUPPLIER WITHIN 135 DAYS OF THE
 RECEIPT OF NOTICE BY THE DEALER.

7

2 <del>19 4A 01.</del>

SUBTITLE 4A. TRANSFER OF THE BUSINESS OF A DEALER.

3 (A) (1) IF A TRANSFEREE OF A DEALER MEETS THE MATERIAL AND
4 REASONABLE QUALIFICATIONS AND STANDARDS REQUIRED BY THE SUPPLIER, THE
5 SUPPLIER MAY NOT UNREASONABLY WITHHOLD OR DELAY CONSENT TO A
6 TRANSFER OF THE:

7 (I) BUSINESS OF THE DEALER; OR

8 (II) STOCK OR OTHER INTEREST IN THE DEALERSHIP.

9 (2) A SUPPLIER MAY NOT WITHHOLD CONSENT TO A TRANSFER OF THE
 10 BUSINESS OF A DEALER OR THE STOCK OR OTHER INTEREST IN A DEALERSHIP
 11 BECAUSE THE PROPOSED TRANSFEREE IS A PUBLICLY HELD CORPORATION.

12 (B) (1) A DEALER SHALL PROVIDE THE SUPPLIER WITH WRITTEN NOTICE OF
 13 A PROPOSED TRANSFER OF THE BUSINESS OF THE DEALER OR THE STOCK OR OTHER
 14 INTEREST IN THE DEALERSHIP.

15 (2) ON RECEIPT OF THE NOTICE REQUIRED UNDER PARAGRAPH (1) OF
 16 THIS SUBSECTION, A SUPPLIER HAS 45 DAYS TO CONSIDER THE PROPOSED
 17 TRANSFER.

18 (3) IF THE SUPPLIER FAILS TO SEND A WRITTEN RESPONSE TO THE
 19 DEALER BEYOND 45 DAYS AFTER RECEIPT OF THE NOTICE OF THE PROPOSED
 20 TRANSFER, THE SUPPLIER MAY NOT WITHHOLD CONSENT TO THE PROPOSED
 21 TRANSFER.

(C) (1) IF THE SUPPLIER DETERMINES THAT THE PROPOSED TRANSFEREE
OF A DEALER DOES NOT MEET THE MATERIAL AND REASONABLE QUALIFICATIONS
AND STANDARDS REQUIRED BY THE SUPPLIER, THE SUPPLIER SHALL PROVIDE
WRITTEN NOTICE OF THAT DETERMINATION TO THE DEALER.

26 (2) THE NOTICE REQUIRED UNDER PARAGRAPH (1) OF THIS SUBSECTION
 27 SHALL CONTAIN THE SPECIFIC REASONS OF THE SUPPLIER FOR WITHHOLDING
 28 CONSENT TO THE PROPOSED TRANSFER.

(D) IN ANY DISPUTE AS TO WHETHER A SUPPLIER VIOLATED A PROVISION OF
THIS SUBTITLE BY WITHHOLDING CONSENT TO A PROPOSED TRANSFER OF THE
BUSINESS OF A DEALER OR THE STOCK OR OTHER INTEREST IN A DEALERSHIP, THE
SUPPLIER HAS THE BURDEN OF PROVING THAT THE PROPOSED TRANSFEREE OF A
DEALER DOES NOT MEET THE MATERIAL AND REASONABLE QUALIFICATIONS AND
STANDARDS REQUIRED BY THE SUPPLIER.

35 (E) UNDER AN AGREEMENT THAT IS CONSISTENT WITH THE PROVISIONS OF
 36 THIS TITLE, A TRANSFEREE OF THE BUSINESS OF A DEALER OR THE STOCK OR
 37 OTHER INTEREST IN A DEALERSHIP:

9		SENATE BILL 14	
1 2 <del>DEALER;</del>	( <del>1)</del> AND	ASSUMES ALL OF THE OBLIGATIONS OF THE TRANSFERRING	
3	(2)	SUCCEEDS TO ALL OF THE RIGHTS OF THE TRANSFERRING DEALER.	
4		SUBTITLE 4B. MISCELLANEOUS PROVISIONS.	
5 <del>19 4B 01.</del>			
<ul> <li>A SUPPLIER MAY NOT REQUIRE OR PROHIBIT A CHANGE IN THE MANAGEMENT</li> <li>OR PERSONNEL OF A DEALER UNLESS THE CURRENT OR POTENTIAL MANAGEMENT</li> <li>OR PERSONNEL FAIL TO MEET THE REASONABLE QUALIFICATIONS AND STANDARDS</li> <li>REQUIRED BY THE SUPPLIERS.</li> </ul>			
10		SUBTITLE 4A. TRANSFER OF THE BUSINESS OF A DEALER.	
11 <u>19-4A-01.</u>	<u>-</u>		
12 <u>(A)</u>	<u>IN TH</u>	IS SUBTITLE, "FAMILY MEMBER" MEANS A:	
13	<u>(1)</u>	<u>SPOUSE;</u>	
14	<u>(2)</u>	<u>CHILD:</u>	
15	<u>(3)</u>	SON-IN-LAW;	
16	<u>(4)</u>	DAUGHTER-IN-LAW; OR	
17 18 <u>THE DEA</u>	<u>(5)</u> LERSHII	LINEAL DESCENDANT OF THE DEALER OR PRINCIPAL OWNER OF P.	
21 BUSINES	S, OR TO	A DEALER SHALL SUBMIT TO A SUPPLIER A WRITTEN REQUEST TO FER THE DEALER'S BUSINESS, OR ANY PORTION OF THE DEALER'S O ENTER INTO AN AGREEMENT TO OPERATE THE DEALERSHIP WITH ON BEFORE EXECUTING THE SALE, TRANSFER, OR AGREEMENT.	
23	<u>(2)</u>	A DEALER'S REQUEST SHALL INCLUDE THE FOLLOWING	

24 INFORMATION REGARDING THE POTENTIAL TRANSFEREE AS REASONABLY
 25 REQUIRED BY THE SUPPLIER TO MAKE A DETERMINATION REQUIRED UNDER
 26 PARAGRAPH (1) OF THIS SUBSECTION:

- 27 <u>(I)</u> <u>FINANCIAL INFORMATION;</u>
- 28 (II) PERSONAL BACKGROUND;
- 29 (III) CHARACTER REFERENCES; AND
- 30 <u>(IV)</u> <u>WORK HISTORY.</u>

1(C)(1) A SUPPLIER SHALL MAKE A DETERMINATION ON A REQUEST2SUBMITTED BY A DEALER UNDER SUBSECTION (B)(1) OF THIS SECTION WITHIN 903DAYS OF RECEIPT.

4 (2) IF THE SUPPLIER DETERMINES THAT THE REQUEST IS NOT
5 ACCEPTABLE, THE SUPPLIER SHALL PROVIDE THE DEALER WITH A WRITTEN NOTICE
6 OF ITS DETERMINATION THAT INCLUDES A STATEMENT OF THE REASONS FOR
7 NONACCEPTANCE.

8(3)NOTHING IN THIS SUBSECTION PERMITS AN HEIR, A PERSONAL9REPRESENTATIVE, OR A FAMILY MEMBER OF A DECEASED DEALER TO OPERATE A10DEALERSHIP WITHOUT THE EXPRESS WRITTEN CONSENT OF THE SUPPLIER.

11 <u>19-4A-02.</u>

<u>(A)</u> <u>THE HEIRS OF A DECEASED DEALER HAVE 180 DAYS AFTER THE DEALER'S</u>
 <u>DEATH TO ENTER INTO A NEW CONTRACT WITH THE SUPPLIER TO OPERATE THE</u>
 <u>DEALERSHIP.</u>

15 (B) THE HEIRS OF A DECEASED DEALER MAY NOT OPERATE A DEALERSHIP
 16 MORE THAN 180 DAYS AFTER THE DEALER'S DEATH WITHOUT THE EXPRESS
 17 WRITTEN CONSENT OF THE SUPPLIER.

(C) NOTHING IN THIS SECTION PRECLUDES THE ENFORCEABLITY OF A VALID
 CONTRACT BETWEEN A SELLER AND A DEALER CONCERNING SUCCESSION RIGHTS
 MADE BEFORE THE DEALER'S DEATH, EVEN IF THE CONTRACT DESIGNATES A
 PERSON OTHER THAN A SURVIVING SPOUSE OR AN HEIR OF THE DEALER AS THE
 SUCCESSOR TO THE DEALER.

23 19-503.

24 In the event of failure to provide required notice of termination OR AMENDMENT

25 or otherwise comply with provisions of [the law] THIS TITLE, the supplier is civilly

26 liable for the dealer's loss of business for the time period the supplier is in violation of

27 [the notice of termination provisions of] this title, plus reasonable attorney fees and

28 court costs.

29 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect30 October 1, 1998.