

SENATE BILL 485

Unofficial Copy  
R4

2001 Regular Session  
11r1832  
CF 11r2552

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By: **Senators Jimeno, Astle, Colburn, Collins, DeGrange, Miller, and Neall**  
Introduced and read first time: February 2, 2001  
Assigned to: Judicial Proceedings

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A BILL ENTITLED

1 AN ACT concerning

2 **Vehicle Laws - Manufacturers, Distributors, and Factory Branches - Good**  
3 **Faith Dealings**

4 FOR the purpose of defining the term "good faith" for purposes of certain business  
5 transactions involving vehicle manufacturers, distributors, and factory  
6 branches; prohibiting a vehicle manufacturer, distributor, or factory branch in  
7 the conduct of certain business transactions from failing to act in good faith;  
8 providing for the application and construction of this Act; and generally relating  
9 to a requirement that vehicle manufacturers, distributors, and factory branches  
10 act in good faith.

11 BY adding to  
12 Article - Transportation  
13 Section 15-206.1  
14 Annotated Code of Maryland  
15 (1999 Replacement Volume and 2000 Supplement)

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

18 **Article - Transportation**

19 15-206.1.

20 (A) IN THIS SECTION, "GOOD FAITH" MEANS HONESTY IN FACT AND THE  
21 OBSERVANCE OF REASONABLE COMMERCIAL STANDARDS OF FAIR DEALING IN THE  
22 TRADE.

23 (B) A MANUFACTURER, DISTRIBUTOR, OR FACTORY BRANCH, WHETHER  
24 DIRECTLY OR THROUGH AN AGENT, EMPLOYEE, OR REPRESENTATIVE, MAY NOT FAIL  
25 TO ACT IN GOOD FAITH:

26 (1) IN ACTING OR PURPORTING TO ACT UNDER THE TERMS, PROVISIONS,  
27 OR CONDITIONS OF ANY FRANCHISE AGREEMENT; OR

28 (2) IN ANY TRANSACTION OR CONDUCT GOVERNED BY THIS SUBTITLE.

1       SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be  
2 applicable to any franchise agreement in existence on or after the effective date of  
3 this Act.

4       SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall be  
5 construed prospectively only, except that it may be interpreted to apply to any  
6 lawsuit, appeal, or legal proceeding filed on or after March 1, 2001.

7       SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect  
8 October 1, 2001.