

**190A.050 New recreational vehicle dealer may terminate a dealer agreement with recreational vehicle manufacturer with or without good cause -- Conditions applicable to termination -- Burden of showing good cause -- Notice -- Clear title required for inventory to be repurchased by manufacturer.**

- (1) A new recreational vehicle dealer may terminate a dealer agreement with a recreational vehicle manufacturer with or without good cause. If the dealer terminates or does not renew the dealer agreement with good cause, the manufacturer shall comply with the provisions of subsection (5) of this section. If the dealer terminates or does not renew the dealer agreement without good cause, the provisions of subsection (5) of this section shall not apply. A dealer that terminates a dealer agreement for good cause shall provide the manufacturer with written notice at least ninety (90) days prior to the effective date of the termination of the dealer agreement.
- (2) All of the following conditions shall apply to a termination of a dealer agreement under this section for good cause:
  - (a) The notice described in subsection (1) of this section shall state all reasons for the proposed termination; and
  - (b) The notice described in subsection (1) of this section shall state that if the manufacturer provides to the dealer within thirty (30) days after the manufacturer receives the notice of termination a written notification of intent to cure all claimed deficiencies, the manufacturer shall have ninety (90) days after the manufacturer's receipt of the original notice to correct the deficiencies. If all of the deficiencies are corrected within the ninety (90) day period, the notice shall be deemed void and the dealer shall not terminate the dealer agreement because of the claimed deficiencies stated in the notice. If the manufacturer does not provide a notification of intent to cure deficiencies within thirty (30) days of receiving the original notice, the termination shall take effect thirty (30) days from the manufacturer's receipt of the original notice.
- (3) The dealer has the burden of showing good cause. Any of the following factors shall be considered good cause for the proposed termination of a dealer agreement by a dealer:
  - (a) A conviction of a felony or a plea of guilty or nolo contendere to a felony by a manufacturer of a crime that was committed during the time frame of the current dealer agreement; provided there is full disclosure, in writing, of any felony conviction or plea of guilty or nolo contendere to any such felony crime that occurred within ten (10) years of entering into the dealer agreement;
  - (b) Abandonment or permanent closing of the business operations of the manufacturer for ten (10) consecutive business days without contacting the dealer prior to the closing, unless the closing is due to an act of God, strike, labor difficulty, or other cause over which the manufacturer has no control;
  - (c) A misrepresentation to the dealer by the manufacturer that materially affects the business relationship between the dealer and manufacturer;

- (d) A material violation of any of the provisions of this chapter by the manufacturer;
  - (e) A material breach of the dealer agreement by the manufacturer; or
  - (f) The manufacturer becomes insolvent, is bankrupt, or makes an assignment for the benefit of the creditors.
- (4) A dealer is not required to provide notice or an opportunity to correct deficiencies under this section if the grounds for termination or nonrenewal of the dealer agreement by the dealer includes one (1) of the following:
- (a) The manufacturer becomes insolvent;
  - (b) The manufacturer is bankrupt; or
  - (c) The manufacturer makes an assignment for the benefit of creditors.
- (5) If the manufacturer fails to provide the notice of intent to cure or fails to cure any claimed deficiencies pursuant to subsection (2) of this section, the manufacturer shall, at the election of the dealer and within forty-five (45) days after termination or nonrenewal, repurchase as follows:
- (a) All new, untitled recreational vehicles that were acquired from the manufacturer within the twelve (12) months prior to the effective date of the notice of termination of the dealer agreement that have not been used, except for demonstration purposes, and that have not been altered or damaged, may be repurchased at one hundred percent (100%) of the net invoice cost of the recreational vehicles, including transportation, less applicable rebates and discounts to the dealer. In the event any of the vehicles repurchased pursuant to this paragraph are damaged, but do not trigger a consumer disclosure requirement, the amount due the dealer shall be reduced by the cost to repair the vehicle. Damage prior to delivery to the dealer that is disclosed at the time of delivery shall not disqualify repurchase of that vehicle under this section;
  - (b) All current and undamaged accessories and proprietary parts sold to the dealer for resale by the manufacturer or distributor within the twelve (12) months prior to the effective date of the termination of the dealer agreement that are accompanied by the original invoice may be repurchased at one hundred five percent (105%) of the original net price paid to the manufacturer to compensate the dealer for handling, packing, and shipping the accessories and parts; and
  - (c) Any properly functioning diagnostic equipment, special tools, current signage, and other equipment and machinery at one hundred percent (100%) of the dealer's net cost plus freight, destination, delivery, and distribution charges and sales taxes, if any, shall be repurchased if it was purchased by the dealer upon the manufacturer's request within five (5) years before termination, cancellation, or nonrenewal, and it can no longer be used in the normal course of the dealers' ongoing business. The manufacturer or distributor shall pay the dealer within thirty (30) days after receipt of the returned items.
- (6) The dealer shall show clear title to vehicle inventory and promptly return or arrange for the return of all the items the manufacturer is required to repurchase under

subsection (5) of this section at the expense of the manufacturer.

**Effective:** January 1, 2015

**History:** Created 2014 Ky. Acts ch. 27, sec. 5, effective January 1, 2015.