

§1174-C. Survivorship

1. Right of family member. The right of a designated family member to succeed in dealer ownership is governed by the following provisions.

A. A designated family member of a deceased, incapacitated or retiring new motor vehicle dealer, which family member has been designated under the will of the dealer or in writing to the manufacturer, distributor, factory branch, factory representative, wholesaler, distributor branch or distributor representative, may succeed the dealer in the ownership or operation of the dealership under the existing franchise or distribution agreement if the designated family member gives the manufacturer, distributor, factory branch, factory representative, wholesaler, distributor branch or distributor representative of new motor vehicles written notice of the intention to succeed to the dealership within 120 days of the dealer's death, incapacity or retirement and unless there exists good cause for refusal to honor the succession on the part of the manufacturer, factory branch, factory representative, distributor, wholesaler, distributor branch or distributor representative. The manufacturer has the burden of demonstrating good cause by clear and convincing evidence. [PL 2017, c. 217, §6 (AMD).]

B. The manufacturer, distributor, factory branch, factory representative or importer may request and the designated family member shall provide, upon the request, on forms provided for that purpose, personal and financial data that is reasonably necessary to determine whether the succession shall be honored. [PL 1981, c. 331, §7 (NEW).]

C. In addition to a designated family member, a person who has been a general manager or other employee with significant and varied managerial experience for a dealer for at least 5 years may be designated by that dealer to succeed in dealer ownership, and the designee has the same rights and status as a designated family member. [PL 1997, c. 521, §24 (NEW).]
[PL 2017, c. 217, §6 (AMD).]

2. Refusal to honor; notice required. The refusal to honor the succession to ownership is governed by the following provisions.

A. If a manufacturer, distributor, factory branch, factory representative or importer believes that good cause exists for refusing to honor the succession to the ownership and operation of a dealership by a family member of a deceased or incapacitated new motor vehicle dealer under the existing franchise agreement, the manufacturer, distributor, factory branch, factory representative or importer may, within 60 days of receipt of the information requested in subsection 1, paragraph B, serve upon the designated family member notice of its refusal to honor the succession or its intent to discontinue the existing franchise agreement with the dealership no sooner than 90 days from the date the notice is served. [PL 1981, c. 331, §7 (NEW).]

B. The notice shall state the specific grounds for the refusal to honor the succession and of its intent to discontinue the existing franchise agreement with the dealership no sooner than 90 days from the date the notice is served. [PL 1981, c. 331, §7 (NEW).]

C. If notice of refusal and discontinuance is not timely served upon the family member, the franchise agreement shall continue in effect subject to termination only as otherwise permitted by this section. [PL 1981, c. 331, §7 (NEW).]
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3. Written designation of succession unaffected. This section does not preclude a new motor vehicle dealer from designating any person as the dealer's successor by written instrument filed with the manufacturer, distributor, factory branch, factory representative or importer.
[RR 2023, c. 2, Pt. C, §16 (COR).]

SECTION HISTORY

PL 1981, c. 331, §7 (NEW). PL 1997, c. 521, §§23,24 (AMD). PL 1997, c. 521, §24 (AMD). PL 2003, c. 356, §9 (AMD). PL 2017, c. 217, §6 (AMD). RR 2023, c. 2, Pt. C, §16 (COR).

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