

**RCW 46.96.060 Good cause, what constitutes—Burden of proof.**

(1) Notwithstanding the terms of a franchise or the terms of a waiver, and except as otherwise provided in RCW 46.96.070(2) (a) through (d), good cause exists for termination, cancellation, or nonrenewal when there is a failure by the new motor vehicle dealer to comply with a provision of the franchise that is both reasonable and of material significance to the franchise relationship, if the new motor vehicle dealer was notified of the failure within one hundred eighty days after the manufacturer first acquired knowledge of the failure and the new motor vehicle dealer did not correct the failure after being requested to do so.

If, however, the failure of the new motor vehicle dealer relates to the performance of the new motor vehicle dealer in sales, service, or level of customer satisfaction, good cause is the failure of the new motor vehicle dealer to comply with reasonable performance standards determined by the manufacturer in accordance with uniformly applied criteria, and:

(a) The new motor vehicle dealer was advised, in writing, by the manufacturer of the failure;

(b) The notice under this subsection stated that notice was provided of a failure of performance under this section;

(c) The manufacturer provided the new motor vehicle dealer with specific, reasonable goals or reasonable performance standards with which the dealer must comply, together with a suggested timetable or program for attaining those goals or standards, and the new motor vehicle dealer was given a reasonable opportunity, for a period not less than one hundred eighty days, to comply with the goals or standards; and

(d) The new motor vehicle dealer did not substantially comply with the manufacturer's performance standards during that period and the failure to demonstrate substantial compliance was not due to market or economic factors within the new motor vehicle dealer's relevant market area that were beyond the control of the dealer.

(2) If the new motor vehicle dealer claims insufficient allocation, a manufacturer does not have good cause for termination, cancellation, or nonrenewal, unless:

(a) The manufacturer or distributor allocated sufficient inventory in the new motor vehicle dealer's primary allocation, both in quantity and product mix, for the dealers' assigned market area. The inventory must have been delivered in a manner that allowed the dealer to reasonably meet the manufacturer's performance standards; and

(b) The manufacturer provides to the new motor vehicle dealer, upon the dealers' request, documentation sufficient to develop a market analysis. This documentation must include, but is not limited to, the allocation of inventory to the dealer and other dealers in the same zone during the period established by the manufacturer, and must not be shared by the dealer with any party not involved in preparing a market analysis or otherwise engaged in the termination proceeding.

(3) The manufacturer has the burden of proof of establishing good cause and good faith for the termination, cancellation, or nonrenewal of the franchise under this section. [2014 c 214 s 3; 1989 c 415 s 6.]

**Application—2014 c 214:** See note following RCW 46.70.045.