

**RCW 46.95.030 Termination, cancellation, and nonrenewal of a manufacturer/dealer agreement.**

(1) A manufacturer or distributor, directly or through any officer, agent, or employee, may only terminate, cancel, or fail to renew a model, line-make, or entire manufacturer/dealer agreement with good cause, and, upon renewal, may not require additional inventory stocking requirements or increased retail sales targets in excess of the market growth in the dealer's area of sales responsibility.

(a) The manufacturer or distributor has the burden of showing good cause for terminating, canceling, or failing to renew a model, line-make, or manufacturer/dealer agreement with a dealer. For purposes of determining whether there is good cause for the proposed action, any of the following factors may be considered:

(i) The extent of the affected dealer's penetration in the relevant market area for the relevant model or line-make;

(ii) The nature and extent of the dealer's investment in its business;

(iii) The adequacy of the dealer's service facilities, equipment, parts, supplies, and personnel;

(iv) The effect of the proposed action on the community;

(v) The extent and quality of the dealer's service under recreational vehicle warranties;

(vi) The failure to follow agreed-upon, reasonable procedures or standards related to the overall operation of the dealership consistent with the law and the manufacturer/dealer agreement; or

(vii) The dealer's performance under the terms of its manufacturer/dealer agreement.

(b) Except as otherwise provided in this section, a manufacturer or distributor shall provide a dealer with at least 120 days prior written notice of termination, cancellation, or nonrenewal of a model, line-make, or the entire manufacturer/dealer agreement.

(i) The notice must state all reasons for the proposed termination, cancellation, or nonrenewal and must further state that if, within 30 days following receipt of the notice, the dealer provides to the manufacturer or distributor a written notice of intent to cure all claimed deficiencies, the dealer will then have 120 days following receipt of the notice to rectify the deficiencies. If the deficiencies are rectified within 120 days, the manufacturer's or distributor's notice is voided. If the dealer fails to provide the notice of intent to cure the deficiencies in the prescribed time period, the termination, cancellation, or nonrenewal takes effect 30 days after the dealer's receipt of the notice unless the dealer has new and untitled inventory on hand that may be disposed of pursuant to subsection (3) of this section.

(ii) The notice period may be reduced to 30 days if the grounds for termination, cancellation, or nonrenewal are due to:

(A) A dealer or one of its owners being convicted of, or entering a plea of nolo contendere to, a felony;

(B) The abandonment or closing of the business operations of the dealer for 10 consecutive business days unless the closing is due to an act of God, strike, labor difficulty, or other cause over which the dealer has no control;

(C) A significant misrepresentation by the dealer materially affecting the business relationship; or

(D) A suspension or revocation of the dealer's license, or refusal to renew the dealer's license, by the department.

(iii) The notice provisions of this subsection (1)(b) do not apply if the reason for termination, cancellation, or nonrenewal is insolvency, the occurrence of an assignment for the benefit of creditors, or bankruptcy.

(2) A dealer may terminate, cancel, or not renew a model, line-make, or the entire manufacturer/dealer agreement with a manufacturer or distributor with or without good cause at any time by giving 30 days written notice to the manufacturer. If the termination, cancellation, or nonrenewal is for good cause, the dealer has the burden of showing good cause. Any of the following items, among others, may be deemed good cause for the proposed action by a dealer:

(a) A manufacturer being convicted of, or entering a plea of nolo contendere to, a felony;

(b) The business operations of the manufacturer have been abandoned or closed for 10 consecutive business days, 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 significant misrepresentation by the manufacturer materially affecting the business relationship;

(d) A material violation of chapter 87, Laws of 2024, which is not cured within 30 days after written notice by the dealer;

(e) A declaration by the manufacturer of bankruptcy, insolvency, or the occurrence of an assignment for the benefit of creditors or bankruptcy;

(f) A material violation of the manufacturer/dealer agreement that is not cured within 120 days after written notice by the dealer;

(g) Manufacturer coercion of dealer; or

(h) A manufacturer violation of area of sales responsibility protections, or allowing other dealers to violate such protections.

(3) If the manufacturer/dealer agreement is terminated, canceled, or not renewed by the dealer for good cause, the manufacturer shall, at the election of the dealer and within 45 days after termination, cancellation, or nonrenewal, repurchase:

(a) All new, untitled recreational vehicles that were acquired from the manufacturer or distributor within 18 months before the date of the notice of termination, cancellation, or nonrenewal that have not been used, except for demonstration purposes, and that have not been altered or damaged, at 100 percent of the net invoice cost, including transportation, less applicable rebates and discounts to the dealer. If any of the recreational vehicles repurchased are damaged, the amount due to the dealer shall be reduced by the cost to repair the damaged recreational vehicle. Damage prior to delivery to the dealer will not disqualify repurchase under this subsection. Any repurchased recreational vehicle must be paid in full before the vehicle is removed from the dealer's premises. Upon payment, the recreational vehicle must be immediately surrendered to the manufacturer;

(b) All undamaged accessories and proprietary parts sold to the dealer for resale within the 12 months prior to termination, cancellation, or nonrenewal, if accompanied by the original invoice, at 105 percent of the original net price paid to the manufacturer or distributor to compensate the dealer for handling, packing, and shipping the parts; and

(c) Any properly functioning diagnostic equipment, special tools, current signage, and other equipment and machinery at 100 percent of the dealer's net cost, plus freight, destination, delivery, and distribution charges and sales taxes, if any, if it was purchased by

the dealer within five years before termination, cancellation, or nonrenewal and upon the manufacturer's or distributor's request and can no longer be used in the normal course of the dealer's ongoing business.

(4) If the manufacturer/dealer agreement is terminated, canceled, or not renewed by the manufacturer or distributor without good cause, in violation of subsection (1) of this section, then the manufacturer or distributor shall repurchase dealer inventory, equipment, parts, etc. as provided in subsection (3) of this section.

(5) When selling the remaining inventory after termination:

(a) A dealer is not prohibited from selling the remaining in-stock inventory of a particular line-make after a manufacturer/dealer agreement has been terminated, canceled, or not renewed by the manufacturer or distributor.

(b) If recreational vehicles of a line-make subject to the terminated manufacturer/dealer agreement are not repurchased or required to be repurchased by the manufacturer or distributor, the dealer may continue to sell such recreational vehicles that are subject to the terminated manufacturer/dealer agreement and are currently in stock until those recreational vehicles are no longer in the dealer's inventory.

(6) When taking on an additional line-make of a recreational vehicle, a dealer shall notify in writing any manufacturer with whom the dealer has a manufacturer/dealer agreement of the same line-make at least 30 days prior to entering into a manufacturer/dealer agreement with the manufacturer of the additional line-make. [2024 c 87 s 3.]