

MOTOR VEHICLE FRANCHISE ACT (EXCERPT)
Act 118 of 1981

445.1574b Right of first refusal; conditions; liability; definitions.

Sec. 14b. (1) A manufacturer shall not exercise a right of first refusal or other right to acquire a new motor vehicle dealership from a new motor vehicle dealer, unless the manufacturer does all of the following:

(a) Within 75 days after the manufacturer receives a complete written application, including all required documentation and information requested by the manufacturer or distributor from a new motor vehicle dealer for a proposed sale, transfer, or exchange of a new motor vehicle dealership by the new motor vehicle dealer, submitted on the forms generally utilized by the manufacturer for that purpose and containing all of the information required by the manufacturer, notifies the dealer in writing that it intends to exercise the right to acquire the dealership.

(b) Pays to the dealer the same or greater consideration as the dealer has contracted to receive in connection with the proposed transfer or sale of all or substantially all of the dealership assets, stock, or other ownership interest, including, but not limited to, the purchase of, lease of, or assignment or transfer of any leased interest in, real property or improvements related to the transfer or sale of the dealership.

(c) Assumes all of the duties, obligations, and liabilities concerning the manufacturer's line-makes that the proposed transferee was to assume in the agreements between the proposed transferee and the dealer and with respect to which the manufacturer exercised the right of first refusal or other right to acquire the new motor vehicle dealership.

(d) Reimburses the proposed transferee for all reasonable expenses incurred in evaluating, investigating, and negotiating the transfer of the dealership before the manufacturer's exercise of its right of first refusal to acquire the dealership. All of the following apply for purposes of this subdivision:

(i) The proposed transferee shall submit an itemized list of its expenses to the manufacturer not later than 60 days after the manufacturer exercises its right of first refusal to acquire the motor vehicle franchise. However, if requested by the manufacturer, the proposed transferee must provide the list before the manufacturer exercises its right of first refusal.

(ii) The manufacturer must reimburse the proposed transferee for its reasonable expenses not later than 60 days after it receives the itemized list described in subparagraph (i).

(2) Except as provided in this section, a manufacturer that exercises its right of first refusal under this section and the new motor vehicle dealer are not liable to any person as a result of a manufacturer exercising its right of first refusal.

(3) A manufacturer that exercises a right of first refusal under this section may assign the lease or convey the real property of the new motor vehicle dealership.

(4) As used in this section:

(a) "Proposed transferee" means the person to which a new motor vehicle dealership would have been transferred, or was proposed to be transferred, if the manufacturer did not exercise a right of first refusal to acquire the dealership from a new motor vehicle dealer.

(b) "Reasonable expenses" includes the usual and customary legal and accounting fees charged for similar work, as well as expenses associated with the evaluation and investigation of any real property on which a new motor vehicle dealership is operated.

History: Add. 2018, Act 668, Eff. Mar. 28, 2019.