

MOTOR VEHICLE FRANCHISE ACT (EXCERPT)
Act 118 of 1981

445.1575 Succession to dealership by designated family member of deceased or incapacitated dealer or executive manager of dealership; conditions; refusal to honor existing dealer agreement for good cause; personal and financial information; notice of refusal to approve succession; contents; service; designation of successor by written instrument.

Sec. 15. (1) If a new motor vehicle dealer dies or becomes incapacitated, any designated family member of the dealer or executive manager of the dealership may succeed the dealer in the ownership or operation of the dealership under the existing dealer agreement if the designated family member or executive manager gives the manufacturer written notice of his or her intention to succeed to the dealership within 120 days after the dealer's death or incapacity, agrees to be bound by all of the terms and conditions of the existing dealer agreement, is designated a successor in a written instrument filed with the manufacturer, and meets the manufacturer's uniformly applied requirements and criteria to be a dealer. A manufacturer may refuse to continue the existing dealer agreement with the designated family member or executive manager only for good cause.

(2) A manufacturer may request from a designated family member or executive manager described in subsection (1) a completed application form and any personal and financial information that is reasonably necessary to determine whether the existing dealer agreement should continue. The designated family member or executive manager shall supply the completed application form and personal and financial information promptly on request. As used in this subsection and subsection (3), "application form" means the application form generally used by the manufacturer in connection with a proposal to continue a dealer agreement under this section.

(3) If a manufacturer believes that good cause exists for refusing to continue a dealer agreement under this section with a designated family member or executive manager described in subsection (1), the manufacturer may, within 75 days after receiving notice of the designated family member's or executive manager's intent to succeed the dealer in the ownership and operation of the dealership, or within 75 days after receiving the requested personal and financial information and completed application form, whichever is later if both occur, serve on the designated family member or executive manager notice of its refusal to approve the succession.

(4) A notice of refusal served by a manufacturer under subsection (3) shall state the specific grounds for the refusal to approve the succession and that discontinuance of the agreement shall take effect on a date specified in the notice that is at least 90 days after the date the notice is served.

(5) If a notice of refusal described in subsection (3) is not served within the 75-day period described in subsection (3), the dealer agreement shall continue in effect and is subject to termination only as otherwise permitted under this act.

(6) Subject to section 14(z), this section does not preclude a new motor vehicle dealer from designating any person as the dealer's successor by filing a written instrument with the manufacturer designating any person as the dealer's successor. A written instrument filed under this subsection shall determine the succession rights to the management, ownership, and operation of the dealership if, at the time of succession, the person designated in the written instrument meets the manufacturer's uniformly applied requirements and criteria to be a dealer.

History: 1981, Act 118, Imd. Eff. July 19, 1981;—Am. 2010, Act 138, Imd. Eff. Aug. 4, 2010;—Am. 2018, Act 668, Eff. Mar. 28, 2019.