

**MOTOR VEHICLE FRANCHISE ACT (EXCERPT)**  
**Act 118 of 1981**

**445.1577b Compensation to perform recall repairs; conditions; application of section; prohibited conduct; stop-sale order; exclusive remedy.**

Sec. 17b. (1) A manufacturer shall compensate its new motor vehicle dealers a reasonable amount for all labor and parts required by the manufacturer to perform recall repairs.

(2) If parts or a remedy are not reasonably available to perform a recall service or repair on a used vehicle held for sale by a new motor vehicle dealer authorized to sell and service new vehicles of the same line-make within 30 days of the manufacturer issuing the initial notice of recall, and the manufacturer has issued a stop-sale order on the vehicle, the manufacturer shall compensate the dealer at a prorated rate of at least 1% of the value of the vehicle per month beginning on the date that is 30 days after the date on which the stop-sale order was provided to the dealer, until the earlier of either of the following occurs:

- (a) The date the recall or remedy parts are made available.
- (b) The date the dealer sells, trades, or otherwise disposes of the affected used motor vehicle.

(3) For purposes of subsection (2), the value of a used motor vehicle is the average trade-in value for used vehicles as indicated in an independent third-party guide for the year, make, and model of the recalled vehicle.

(4) This section applies only to the following:

(a) A used motor vehicle that is subject to safety or emissions recalls under, and recalled in accordance with, federal law, if a stop-sale order has been issued and repair parts or remedy remains unavailable for 30 days or longer.

(b) A new motor vehicle dealer that holds an affected used vehicle for sale that meets both of the following:

(i) Is in inventory at the time the stop-sale order was issued, or was taken in the used vehicle inventory of the dealer as a consumer trade-in in connection with the purchase of a new motor vehicle from the dealer after the stop-sale order was issued.

(ii) Is of the same line-make as a new motor vehicle that the dealer is authorized by a manufacturer to sell or on which the dealer is authorized to perform recall repairs.

(5) A manufacturer shall not reduce the amount of compensation otherwise owed to a new motor vehicle dealer, whether through a chargeback, removal of the dealer from an incentive program, or reduction in amount owed under an incentive program, solely because the new motor vehicle dealer has submitted a claim for reimbursement under this section. This subsection does not apply to an action by a manufacturer that is applied uniformly among all new motor vehicle dealers of the same line-make in this state.

(6) All reimbursement claims made by new motor vehicle dealers under this section for recall remedies or repairs, or for compensation if a part or repair is not reasonably available and the vehicle is subject to a stop-sale order, are subject to the same limitations and requirements as a warranty reimbursement claim made under section 17. In the alternative, a manufacturer may compensate its new motor vehicle dealers under a national recall compensation program if the compensation under the program is equal to or greater than that provided under this section, or the manufacturer and dealer otherwise agree.

(7) A manufacturer may direct the manner and method the dealer must use to demonstrate the inventory status of an affected used motor vehicle to determine eligibility under this section, if that manner and method is not unduly burdensome and does not require information that is unduly burdensome to provide.

(8) This section does not require a manufacturer to provide total compensation to a new motor vehicle dealer that would exceed the total average trade-in value of the affected used motor vehicle as originally determined under subsection (3).

(9) Any remedy provided to a dealer under this section is exclusive and may not be combined with any other state or federal recall compensation remedy.

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