

MOTOR FUEL DISTRIBUTION ACT (EXCERPT)
Act 134 of 1990

445.1804 Franchise and lease or other agreement; transfer or assignment; consent; standards; notice of intent; objection; approval; compliance; assumption of obligations; effect of termination or nonrenewal of franchise; option of franchisor to purchase; exception.

Sec. 4. (1) A franchise agreement and any other lease or agreement in connection with the franchise agreement between a franchisor and a franchisee shall be transferable or assignable if the franchisor consents to the assignment. The franchisor's consent shall not be unreasonably withheld. A proposed assignee shall meet the standards normally required by the franchisor of a prospective franchisee.

(2) Prior to any transfer or assignment by the franchisee, the franchisee shall provide written notice to the franchisor of an intention to transfer or assign setting forth the prospective assignee's name, address, statement of financial qualification and business experience during the previous 5 years, and such further information as the franchisor shall reasonably request.

(3) The franchisor, within 60 days after receipt of the notice of intent and all requested information, shall advise the franchisee of its consent or objection to the transfer or assignment.

(4) If the franchisor objects to the transfer or assignment, it shall state its reasons in writing to the franchisee. If the franchisor does not reply within 60 days, approval of the transfer or assignment shall be considered granted.

(5) The transfer or assignment shall not be valid until the assignee agrees in writing to comply with all the requirements of the franchise and any other lease or agreement in connection with the franchise then in effect and assumes all obligations of the franchisee.

(6) A franchisee may not exercise the right of assignment or transfer after he or she has been notified of termination or nonrenewal of the franchise for a cause permitted in the petroleum marketing practices act, Public Law 95-297, 15 U.S.C. 2801 to 2806 and 2821 to 2841.

(7) A franchisee shall not sell, convey, or otherwise dispose of the franchisee's interest in a lease, any franchise relationship attendant to a lease, or the franchisee's business as related to a lease without first giving the franchisor an option to purchase or otherwise acquire the interest on the same terms and conditions as set forth in any contract entered into and fully executed by the franchisee in a bona fide transaction, except for a sale or transfer from the franchisee to the franchisee's spouse, adult child, stepchild, son-in-law, or daughter-in-law.

History: 1990, Act 134, Eff. Oct. 1, 1990.