



BILL SUMMARY

RV Franchise Law HF 587

Status of Bill: House Calendar
Committee: Transportation (Passed Committee 13-7)
Lead Democrats: Rep. David Dawson
Floor Manager: Rep. Brian Guillaume
Research Analyst: Brian Guillaume, 515-281-5159
brian.guillaume@legis.iowa.gov

March 16, 2015

Background

This bill comes from the Recreation Vehicle Industry Association and proposes a Recreation Vehicle (RV) specific franchise law in the Iowa Code. Currently motorhomes are covered in the Iowa car franchise law in Chapter 322A and towables have some coverage in Chapter 322C. This bill would create a comprehensive RV franchise law under 322E.

Summary

Definitions

Outlines the definitions that will govern the RV franchise law

Area of Sales Responsibility

Requires that a manufacturer or distributor cannot sell a new RV in Iowa without entering a written manufacturer and dealer agreement signed by both parties. A dealer cannot sell without first entering into a written manufacturer and dealer agreement with a manufacturer or distributor that has been signed by both parties. The agreement designates the area of sales responsibility exclusively assigned to the dealer by the manufacturer or distributor. Manufacturers and distributors are not allowed to change that area or contract with another dealer for the same line-making for the length of the agreement. Agreements must last one year before being reviewed or changed without consent of both parties.

Termination, Cancellation, Nonrenewal, and Alteration

This section sets the guidelines that allows for manufacturer or distributor to cancel, terminate, or not renew an agreement with good cause, but has the burden of showing good cause for ending the agreement. When cancelling an agreement the manufacturer must show good cause for cancellation.

The following are good cause factors to be considered:

1. Dealer's penetration in the area of sales responsibility.
2. Nature and extent of dealer's investment in the dealer's business.
3. Adequacy of dealer's facilities.
4. Effect of termination on the community.
5. Extent and quality of dealer's service under the warranties of the RV's sold.
6. Dealer's failure to follow agreed upon procedures.
7. Dealer's performance under the agreement.

Repurchase or sale of inventory

Outlines what the manufacturer or distributor is required to repurchase in the event of a cancellation of an agreement by the dealer.

Transfer of Ownership-Objections

Outlines the objections that a manufacturer or dealer is allowed to make if there is a change in ownership or stock and not a breach of contract

Warranty Obligations

Clarifies what should be included and what the warrantor cannot do. Some of the requirements of a warrantor are: specify dealer obligations, compensate the dealer for warranty services, schedule of compensation and time allowances for the performance of warranty service, reimbursements, audits, and claims.

Indemnification

Includes indemnification provisions for both the dealer and the warrantor.

Inspection and Rejection by dealer

Gives the steps and requirements for a dealer to reject or replace aspects of the RV

Coercion of Dealer

Prohibits the manufacturer or distributor from coercing the dealer from purchasing a product the dealer did not order, entering into an agreement, entering into an agreement that requires the dealer to go to binding arbitration.

Mediation

Allows for parties in agreement to go to bring civil action in district court to recover actual damages. Prior to filing charges a request for mediation is allowed.

Jurisdiction, Choice of Law, Waivers Void

Clarifies the restrictions of an agreement between dealer and manufacturer dealing with jurisdiction, choice of law, waivers void

Application and Administration of Chapter

States that an RV as defined in this chapter is not governed by 322A and shall be administered by the director of the Department of Transportation.