

# 2003 SESSION

INTRODUCED

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## HOUSE BILL NO. 1443

Offered January 8, 2003

Prefiled November 18, 2002

*A BILL to amend and reenact § 46.2-1569.1 of the Code of Virginia, relating to proposed sales or transfers of motor vehicle dealerships; manufacturer's or distributor's right of first refusal.*

Patron—Callahan

Referred to Committee on Transportation

### Be it enacted by the General Assembly of Virginia:

#### 1. That § 46.2-1569.1 of the Code of Virginia is amended and reenacted as follows:

§ 46.2-1569.1. Manufacturer or distributor right of first refusal.

Notwithstanding the terms of any franchise agreement, in the event of a proposed sale or transfer of a dealership, the manufacturer or distributor shall be permitted to exercise a right of first refusal to acquire the new vehicle dealer's assets or ownership, if such sale or transfer is conditioned upon the manufacturer's or dealer's entering into a dealer agreement with the proposed new owner or transferee, only if all the following requirements are met:

1. To exercise its right of first refusal, the manufacturer or distributor must notify the dealer in writing within forty-five days of its receipt of the completed proposal for the proposed sale transfer;

2. The exercise of the right of first refusal will result in the dealer's and dealer's owner's receiving the same or greater consideration as they have contracted to receive in connection with the proposed change of ownership or transfer;

3. The proposed sale or transfer of the dealership's assets does not involve the transfer or sale to a member or members of the family of one or more dealer owners, or to a qualified manager or a partnership ~~or~~, *limited liability company*, corporation, *or other entity* controlled by such persons; and

4. The manufacturer or distributor agrees to pay the reasonable expenses, including attorney's fees which do not exceed the usual, customary, and reasonable fees charged for similar work done for other clients, incurred by the proposed new owner and transferee prior to the manufacturer's or distributor's exercise of its right of first refusal in negotiating and implementing the contract for the proposed sale or transfer of the dealership or dealership assets. Notwithstanding the foregoing, no payment of such expenses and attorney's fees shall be required if the dealer has not submitted or caused to be submitted an accounting of those expenses within thirty days of the dealer's receipt of the manufacturer's or distributor's written request for such an accounting. Such accounting may be requested by a manufacturer or distributor before exercising its right of first refusal.

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