

1 VIRGINIA ACTS OF ASSEMBLY — CHAPTER

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

4 [H 1443]

5 Approved

6 **Be it enacted by the General Assembly of Virginia:**7 **1. That § 46.2-1569.1 of the Code of Virginia is amended and reenacted as follows:**

8 § 46.2-1569.1. Manufacturer or distributor right of first refusal.

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

14 1. To exercise its right of first refusal, the manufacturer or distributor must notify the dealer in
15 writing within ~~forty-five~~ 45 days of its receipt of the completed proposal for the proposed sale *or*
16 transfer;

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

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

23 4. The manufacturer or distributor agrees to pay the reasonable expenses, including attorney's fees
24 which do not exceed the usual, customary, and reasonable fees charged for similar work done for other
25 clients, incurred by the proposed new owner and transferee prior to the manufacturer's or distributor's
26 exercise of its right of first refusal in negotiating and implementing the contract for the proposed sale or
27 transfer of the dealership or dealership assets. Notwithstanding the foregoing, no payment of such
28 expenses and attorney's fees shall be required if the dealer has not submitted or caused to be submitted
29 an accounting of those expenses within ~~thirty~~ 30 days of the dealer's receipt of the manufacturer's or
30 distributor's written request for such an accounting. Such accounting may be requested by a
31 manufacturer or distributor before exercising its right of first refusal.

ENROLLED

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