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SENATE BILL NO. 1334

Offered January 9, 2019

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A BILL to amend and reenact § 46.2-1569 of the Code of Virginia, relating to coercion of motor vehicle dealers; compensation; civil penalties.

Patrons—Cosgrove and Spruill

Referred to Committee on Transportation

Be it enacted by the General Assembly of Virginia:

1. That § 46.2-1569 of the Code of Virginia is amended and reenacted as follows:

§ 46.2-1569. Other coercion of dealers; transfer, grant, succession to and cancellation of dealer franchises; delivery of vehicles, parts, and accessories.

Notwithstanding the terms of any franchise agreement, it shall be unlawful for any manufacturer, factory branch, distributor, distributor branch, or affiliate, or any field representative, officer, agent, or their representatives to do any of the following. It shall further be unlawful for any manufacturer, factory branch, distributor, distributor branch, or any field representative, officer, agent, or their representatives to engage in conduct prohibited under this section through an affiliate.

1. To coerce or attempt to coerce any dealer to accept delivery of any motor vehicle or vehicles, parts or accessories therefor, or any other commodities, which have not been ordered by the dealer.

2. To coerce or attempt to coerce any dealer to enter into an agreement with the manufacturer, factory branch, distributor, or distributor branch, or representative thereof by threat to take or by taking any action in violation of the chapter, or by any other act unfair or injurious to the dealer. If a manufacturer, factory branch, distributor, or distributor branch conditions the grant of a new franchise to a dealer on the dealer's consent (i) to provide a site control agreement as defined in subdivision 10, (ii) to provide a written agreement containing an option to purchase the franchise of the dealer, provided, however, that agreements pursuant to § 46.2-1569.1 shall be permitted, or (iii) to provide a termination agreement to be held by the manufacturer, factory branch, distributor, or distributor branch for subsequent use, it shall be considered coercion and an act that is unfair and injurious to the dealer; provided, however, that the provisions of § 46.2-1572.3 related to the good faith settlement of disputes shall apply to the agreements described in clauses (i), (ii), and (iii) of this subdivision, mutatis mutandis. This subdivision shall not apply to any agreement the enforcement of which is subject to the jurisdiction of a United States Bankruptcy Court.

2a. To coerce or attempt to coerce any dealer to join, contribute to, or affiliate with any advertising association.

2b. To coerce or require any dealer to establish in connection with the sale of a motor vehicle prices at which the dealer shall sell products or services not manufactured or distributed by the manufacturer, factory branch, distributor, or distributor branch, whether by agreement, program, incentive provision, or otherwise.

2c. To coerce or require any dealer, whether by agreement, program, incentive provision, or otherwise, to construct improvements to its facilities or to install new signs or other franchisor image elements that replace or substantially alter those improvements, signs, or franchisor image elements completed within the preceding 10 years that were required or approved by the manufacturer, factory branch, distributor, or distributor branch or one of its affiliates. If a manufacturer, factory branch, distributor, or distributor branch offers incentives, or other payments under a program offered after the effective date of this subdivision and available to more than one dealer in the Commonwealth that are premised wholly or in part on dealer facility improvements or installation of franchisor signs or other franchisor image elements, a dealer that constructed improvements or installed signs or other franchisor image elements required by or approved by the manufacturer, factory branch, distributor, or distributor branch and completed within the 10 years preceding the program shall be deemed to be in compliance with the program requirements pertaining to construction of facilities or installation of signs or other franchisor image elements that would replace or substantially alter those previously constructed or installed within that 10-year period. This subdivision shall not apply to a program that provides lump sum payments to assist dealers in making facility improvements or to pay for signs or franchisor image elements when such payments are not dependent on the dealer selling or purchasing specific numbers of new vehicles and shall not apply to a program that is in effect with more than one dealer in the Commonwealth on the effective date of this subdivision, nor to any renewal or modification of such a program.

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59 2d. To coerce or require any dealer, whether by agreement, program, incentive provision, or
60 provision for loss of incentive payments or other benefits, to refrain from selling any used motor vehicle
61 subject to (i) recall, (ii) stop sale directive, (iii) technical service bulletin, or (iv) other manufacturer,
62 factory branch, distributor, or distributor branch notification to perform work on such used motor
63 vehicle, unless the manufacturer, factory branch, distributor, or distributor branch has a remedy and parts
64 available to the dealer to remediate the basis for the coercion or requirement of the dealer to refrain
65 from selling each affected used motor vehicle. If there is no remedy or there are no parts available from
66 the manufacturer, factory branch, distributor, or distributor branch to remediate each affected used motor
67 vehicle in the inventory of the dealer, the manufacturer, factory branch, distributor, or distributor branch
68 shall (a) compensate the dealer for any affected used motor vehicle in the inventory of the dealer that it
69 cannot sell because of such coercion or requirement at least one percent a month or any part thereof of
70 the cost of such used motor vehicle, including repairs and reconditioning expenses based on the financial
71 records of the dealer, and (b) establish a written procedure to compensate dealers under this subdivision
72 that it shall provide to dealers subject to its coercion or requirement and file with the Commissioner as a
73 franchise document pursuant to § 46.2-1566.

74 Any claim for compensation by a dealer shall be submitted on a monthly basis for the amount owed
75 pursuant to this subdivision. The manufacturer, factory branch, distributor, or distributor branch shall
76 process and pay the claim in the same manner as a claim for warranty reimbursements as provided in
77 § 46.2-1571. This subdivision shall not prevent a manufacturer, factory branch, distributor, or distributor
78 branch from (1) requiring that a motor vehicle not be subject to an open recall or stop sale directive in
79 order to be qualified, remain qualified, or be sold as a certified pre-owned vehicle or similar
80 designation; (2) paying incentives for selling used vehicles with no unremedied recalls; or (3) paying
81 incentives for performing recall repairs on a vehicle in the dealer's inventory.

82 Nothing in this subdivision shall prevent a manufacturer, factory branch, distributor, or distributor
83 branch from instructing that a dealer repair used vehicles of the line-make for which the dealer holds a
84 franchise with an open recall, provided that the instruction does not involve coercion that imposes a
85 penalty or provision of loss of benefits on the dealer.

86 *Upon the complaint of a dealer or any other person that a manufacturer, factory branch, distributor,*
87 *or distributor branch has failed to compensate dealers or to establish and follow the written procedure*
88 *required by this subdivision, the Commissioner may initiate an investigation and conduct a hearing. If*
89 *the Commissioner finds that a violation of this subdivision has occurred, the Commissioner may assess*
90 *civil penalties as permitted under § 46.2-1573.*

91 3. To prevent or refuse to approve the sale or transfer of the ownership of a dealership by the sale of
92 the business, stock transfer, or otherwise, or the transfer, sale, or assignment of a dealer franchise, or a
93 change in the executive management or principal operator of the dealership, unless the franchisor
94 provides written notice to the dealer of its objection and the reasons therefor by certified mail or
95 overnight delivery or other method designed to ensure delivery to the dealer at least 30 days prior to the
96 proposed effective date of the transfer, sale, assignment, or change. No such objection shall be sufficient
97 unless the failure to approve is reasonable. Notwithstanding the provisions of subsection D of
98 § 46.2-1573, the only grounds that may be considered reasonable for a failure to approve are that an
99 individual who is the applicant or is in control of an entity that is an applicant (i) lacks good moral
100 character, (ii) lacks reasonable motor vehicle dealership management experience and qualifications, (iii)
101 lacks financial ability to be the dealer, or (iv) fails to meet the standards otherwise established by this
102 title to be a dealer. No such objection shall be effective to prevent the sale, transfer, assignment, or
103 change if the Commissioner has determined, if requested in writing by the dealer within 30 days after
104 receipt of an objection to the proposed sale, transfer, or change, and after a hearing on the matter, that
105 the failure to permit or honor the sale, transfer, assignment, or change is unreasonable under the
106 circumstances. No franchise may be sold, assigned, or transferred unless (a) the franchisor has been
107 given at least 90 days' prior written notice by the dealer as to the identity, financial ability, and
108 qualifications of the proposed transferee on forms generally utilized by the franchisor to conduct its
109 review, as well as the full agreement for the proposed transaction, and (b) the sale or transfer of the
110 franchise and business will not involve, without the franchisor's consent, a relocation of the business.

111 3a. To impose a condition on the approval of the sale or transfer of the ownership of a dealership by
112 the sale of the business, stock transfer, or otherwise if the condition would violate the provisions of this
113 title if imposed on the existing dealer.

114 In the event the manufacturer, factory branch, distributor or distributor branch takes action to prevent
115 or refuse to approve the sale or transfer of the ownership of a dealership by the sale of the business,
116 stock transfer, or otherwise, or the transfer, sale or assignment of a dealer franchise, or a change in the
117 executive management or principal operator of the dealership, without a statement of specific grounds
118 for doing so that is consistent with subdivision 3 hereof or imposes a condition in violation of
119 subdivision 3a hereof, that shall constitute a violation of this section. The existing dealer may request
120 review of the action or imposition of the condition in a hearing by the Commissioner. If the

121 Commissioner finds that the action or the imposition of the condition was a violation of this section, the
 122 Commissioner may order that the sale or transfer be approved by the manufacturer, factory branch,
 123 distributor, or distributor branch, without imposition of the condition. If the existing dealer does not
 124 request a hearing by the Commissioner concerning the action or the condition imposed by the
 125 manufacturer, factory branch, distributor, or distributor branch, and the action or condition was the
 126 proximate cause of the failure of the contract for the sale or transfer of ownership of the dealership, the
 127 applicant for approval of the sale or transfer or the existing dealer, or both, may commence an action at
 128 law for violation of this section. The action may be commenced in the circuit court of the city or county
 129 in which the dealer is located, or in any other circuit court with permissible venue, within two years
 130 following the action or the imposition of the condition by the manufacturer, factory branch, distributor,
 131 or distributor branch for the damages suffered by the applicant or the dealer as a result of the violation
 132 of this section by the manufacturer, factory branch, distributor, or distributor branch, plus the applicant's
 133 or dealer's reasonable attorney fees and costs of litigation. Notwithstanding the foregoing, an exercise of
 134 the right of first refusal by the manufacturer, factory branch, distributor, or distributor branch pursuant to
 135 § 46.2-1569.1 shall not be considered the imposition of a condition prohibited by this section.

136 4. To grant an additional franchise for a particular line-make of motor vehicle in a relevant market
 137 area in which a dealer or dealers in that line-make are already located unless the franchisor has first
 138 advised in writing all other dealers in the line-make in the relevant market area. No such additional
 139 franchise may be established at the proposed site unless the Commissioner has determined, if requested
 140 by a dealer of the same line-make in the relevant market area within 30 days after receipt of the
 141 franchisor's notice of intention to establish the additional franchise, and after a hearing on the matter,
 142 that the franchisor can show by a preponderance of the evidence that after the grant of the new
 143 franchise, the relevant market area will support all of the dealers in that line-make in the relevant market
 144 area. Establishing a franchised dealer in a relevant market area to replace a franchised dealer that has
 145 not been in operation for more than two years shall constitute the establishment of a new franchise
 146 subject to the terms of this subdivision. The two-year period for replacing a franchised dealer shall begin
 147 on the day the franchise was terminated, or, if a termination hearing was held, on the day the franchisor
 148 was legally permitted finally to terminate the franchise. The relocation of a franchise in a relevant
 149 market area, whether by an existing dealer or by a dealer who is acquiring the franchise, shall constitute
 150 the establishment of a new franchise subject to the terms of this subdivision. This subdivision shall not
 151 apply to (i) the relocation of an existing dealer within that dealer's relevant market area if the relocation
 152 site is to be more than 10 miles distant from any other dealer for the same line-make; (ii) the relocation
 153 of an existing dealer within that dealer's relevant market area if the relocation site is to be more distant
 154 than the existing site from all other dealers of the same line-make in that relevant market area; or (iii)
 155 the relocation of an existing new motor vehicle dealer within two miles of the existing site of the
 156 relocating dealer.

157 5. Except as otherwise provided in this subdivision and notwithstanding the terms of any franchise,
 158 to terminate, cancel, or refuse to renew the franchise of any dealer without good cause and unless (i) the
 159 dealer and the Commissioner have received written notice of the franchisor's intentions at least 60 days
 160 prior to the effective date of such termination, cancellation, or the expiration date of the franchise,
 161 setting forth the specific grounds for the action, and (ii) the Commissioner has determined, if requested
 162 in writing by the dealer within the 60-day period prior to the effective date of such termination,
 163 cancellation, or the expiration date of the franchise and, after a hearing on the matter, that the franchisor
 164 has shown by a preponderance of the evidence that there is good cause for the termination, cancellation,
 165 or nonrenewal of the franchise. If any manufacturer, factory branch, distributor, or distributor branch
 166 takes action that will have the effect of terminating, canceling, or refusing to renew the franchise of any
 167 dealer (a) by use of a termination agreement executed by the dealer and obtained more than 90 days
 168 before the purported date of use, (b) by exercise of rights under a written option to purchase the
 169 franchise of a dealer, or (c) by exercise of rights under a site control agreement as defined in
 170 subdivision 10, that action shall be considered a termination, cancellation, or refusal to renew pursuant
 171 to the terms of this subdivision and subject to the rights, provisions, and procedures provided herein. In
 172 any case where a petition is made to the Commissioner for a determination as to good cause for the
 173 termination, cancellation, or nonrenewal of a franchise, the franchise in question shall continue in effect
 174 pending the Commissioner's decision or, if that decision is appealed to the circuit court, pending the
 175 decision of the circuit court. Where the termination, cancellation, or nonrenewal of a franchise will
 176 result from use of a termination agreement executed by the dealer and obtained more than 90 days
 177 before the purported date of use, exercise of rights under a written option to purchase the franchise of a
 178 dealer, or exercise of rights under a site control agreement as defined in subdivision 10, such use or
 179 exercise shall be stayed pending the Commissioner's decision or, if that decision is appealed to the
 180 circuit court, pending the decision of the circuit court, and its use or exercise will be allowed only
 181 where the franchisor has shown by a preponderance of the evidence that there is good cause for the

182 termination, cancellation, or nonrenewal of the franchise. In any case in which a franchisor neither
183 advises a dealer that it does not intend to renew a franchise nor takes any action to renew a franchise
184 beyond its expiration date, the franchise in question shall continue in effect on the terms last agreed to
185 by the parties. Notwithstanding the other provisions of this subdivision notice of termination,
186 cancellation, or nonrenewal may be provided to a dealer by a franchisor not less than 15 days prior to
187 the effective date of such termination, cancellation, or nonrenewal when the grounds for such action are
188 any of the following:

189 a. Insolvency of the franchised motor vehicle dealer or filing of any petition by or against the
190 franchised motor vehicle dealer, under any bankruptcy or receivership law, leading to liquidation or
191 which is intended to lead to liquidation of the franchisee's business.

192 b. Failure of the franchised motor vehicle dealer to conduct its customary sales and service
193 operations during its posted business hours for seven consecutive business days, except where the failure
194 results from acts of God or circumstances beyond the direct control of the franchised motor vehicle
195 dealer.

196 c. Revocation of any license which the franchised motor vehicle dealer is required to have to operate
197 a dealership.

198 d. Conviction of the dealer or any principal of the dealer of a felony.

199 The change or discontinuance of a marketing or distribution system of a particular line-make product
200 by a manufacturer or distributor, while the name identification of the product is continued in substantial
201 form by the same or a different manufacturer or distributor, may be considered to be a franchise
202 termination, cancellation, or nonrenewal. The provisions of this paragraph shall apply to changes and
203 discontinuances made after January 1, 1989, but they shall not be considered by any court in any case in
204 which such a change or discontinuance occurring prior to that date has been challenged as constituting a
205 termination, cancellation or nonrenewal.

206 5a. To fail to provide continued parts and service support to a dealer which holds a franchise in a
207 discontinued line-make for at least five years from the date of such discontinuance. This requirement
208 shall not apply to a line-make which was discontinued prior to January 1, 1989.

209 5b. Upon the involuntary or voluntary termination, nonrenewal, or cancellation of the franchise of
210 any dealer, by either the manufacturer, distributor, or factory branch or by the dealer, notwithstanding
211 the terms of any franchise whether entered into before or after the enactment of this section, to fail to
212 pay the dealer for at least the following:

213 (1) The dealer cost plus any charges by the franchisor for distribution, delivery, and taxes paid by
214 the dealer, less all allowances paid to the dealer by the franchisor, for new and undamaged motor
215 vehicles in the dealer's inventory acquired from the franchisor or from another dealer of the same line
216 — make in the ordinary course of business within 18 months of termination;

217 (2) The dealer cost as shown in the price catalog of the franchisor current at the time of repurchase
218 of each new, unused, undamaged, and unsold part or accessory if such part or accessory is in the current
219 parts catalog and is still in the original, resalable merchandising package and in unbroken lots, except
220 that in the case of sheet metal, a comparable substitute for the original package may be used;

221 (3) The fair market value of each undamaged sign owned by the dealer that bears a trademark, trade
222 name or commercial symbol used or claimed by the franchisor if such sign was purchased from or at
223 the request of the franchisor;

224 (4) The fair market value of all special tools and automotive service equipment owned by the dealer
225 that were recommended and designated as special tools or equipment by the franchisor, if the tools and
226 equipment are in usable and good condition, normal wear and tear excepted; and

227 (5) The reasonable cost of transporting, handling, packing, and loading of motor vehicles, parts,
228 signs, tools, and special equipment subject to repurchase hereunder.

229 The provisions of this subdivision do not apply to a dealer who is unable to convey clear title to the
230 property identified in this subdivision.

231 For purposes of this subdivision, a voluntary termination shall not include the transfer of the
232 terminating dealer's franchised business in connection with a transfer of that business by means of sale
233 of the equity ownership or assets thereof to another dealer.

234 5c. If the termination, cancellation, or nonrenewal of the dealer's franchise is the result of the
235 termination, elimination, or cessation of a line-make by the manufacturer, distributor, or factory branch,
236 then, in addition to the payments to the dealer pursuant to subdivision 5b, the manufacturer, distributor,
237 or factory branch shall be liable to the dealer for the following:

238 (1) An amount at least equivalent to the fair market value of the franchise for the line-make, which
239 shall be the greater of that value determined as of (i) the date the franchisor announces the action that
240 results in termination, cancellation, or nonrenewal, (ii) the date the action that resulted in the
241 termination, cancellation, or nonrenewal first became general knowledge, or (iii) the day 12 months prior
242 to the date on which the notice of termination, cancellation, or nonrenewal is issued. In determining the
243 fair market value of a franchise for a line-make, if the line-make is not the only line-make for which the

244 dealer holds a franchise in the dealership facilities, the dealer shall also be entitled to compensation for
245 the contribution of the line-make to payment of the rent or to covering obligation for the fair rental
246 value of the dealership facilities for the period set forth in subdivision 5c (2). Fair market value of the
247 franchise for the line-make shall only include the goodwill value of the dealer's franchise for that
248 line-make in the dealer's relevant market area.

249 (2) If the line-make is the only line-make for which the dealer holds a franchise in the dealership
250 facilities, the manufacturer, distributor, or factory branch shall also pay assistance with respect to the
251 dealership facilities leased or owned by the dealer as follows: (i) the manufacturer, distributor, or factory
252 branch shall pay the dealer a sum equivalent to the rent for the unexpired term of the lease or three
253 years' rent, whichever is the lesser, or (ii) if the dealer owns the dealership facilities, the manufacturer,
254 distributor, or factory branch shall pay the dealer a sum equivalent to the reasonable rental value of the
255 dealership facilities for three years.

256 To be entitled to facilities assistance from the manufacturer, distributor, or factory branch, the dealer
257 shall have the obligation to mitigate damages by listing the dealership facilities for lease or sublease
258 with a licensed real estate agent within 30 days after the effective date of the termination of the
259 franchise and thereafter by reasonably cooperating with such real estate agent in the performance of the
260 agent's duties and responsibilities. If the dealer is able to lease or sublease the dealership facilities on
261 terms that are consistent with local zoning requirements to preserve the right to sell motor vehicles from
262 the dealership facilities and the terms of the dealer's lease, the dealer shall be obligated to pay the
263 manufacturer the net revenue received from such mitigation, but only following receipt of facilities
264 assistance payments pursuant to clause (i) or (ii) of subdivision 5c (2), and only up to the total amount
265 of facilities assistance payments that the dealer has received.

266 6. To fail to allow a dealer the right at any time to designate a member of his family as a successor
267 to the dealership in the event of the death or incapacity of the dealer. Such designation may be made by
268 the dealer or, in the event of the death or incapacity of the dealer, by the qualified executor or personal
269 representative of the dealer. It shall be unlawful to prevent or refuse to honor the succession to a
270 dealership by a member of the family of a deceased or incapacitated dealer if the franchisor has not
271 provided to the member of the family designated the dealer's successor written notice of its objections to
272 the succession and of such person's right to seek a hearing on the matter before the Commissioner
273 pursuant to this article, and the Commissioner determines, if requested in writing by such member of the
274 family within 30 days of receipt of such notice from the franchisor, and after a hearing on the matter
275 before the Commissioner pursuant to this article, that the failure to permit or honor the succession is
276 unreasonable under the circumstances. No member of the family may succeed to a franchise unless (i)
277 the franchisor has been given written notice as to the identity, financial ability, and qualifications of the
278 member of the family in question, and (ii) the succession to the franchise will not involve, without the
279 franchisor's consent, a relocation of the business.

280 7. To delay, refuse, or fail to deliver to any dealer, if ordered by the dealer, in reasonable quantities
281 and within a reasonable time, any new vehicles of each series and model sold or distributed by the
282 franchisor as covered by such franchise and which are publicly advertised by the manufacturer, factory
283 branch, distributor, or distributor branch in the Commonwealth to be available for immediate delivery,
284 provided, however, that the failure to deliver any motor vehicle shall not be considered a violation of
285 this chapter if such failure is due to an act of God, a work stoppage or delay due to a strike or labor
286 difficulty, a shortage of materials, a lack of available manufacturing capacity, a freight embargo, or other
287 cause over which the manufacturer, factory branch, distributor, or distributor branch shall have no
288 control. If ordered by a dealer, a franchisor shall deliver an equitable supply of new vehicles during the
289 model year of each series and model under the dealer's franchise in proportion to the sales objectives or
290 goals established by the franchisor for the dealer compared to the sales objectives or goals established
291 by the other same line-make dealers in the Commonwealth, provided, however, that the failure to deliver
292 any motor vehicle shall not be considered a violation of this chapter if such failure is due to a cause
293 over which the manufacturer, factory branch, distributor, or distributor branch shall have no control.
294 Upon the written request of any dealer holding its sales or sales and service franchise, the manufacturer
295 or distributor shall disclose to the dealer in writing the basis upon which new motor vehicles of the
296 same line-make are allocated, scheduled, and delivered to dealers in the Commonwealth, and the basis
297 upon which the current allocation or distribution is being made or will be made to such dealer. In the
298 event that allocation is at issue in a request for a hearing, the dealer may demand the Commissioner to
299 direct that the manufacturer or distributor provide to the dealer, within 30 days of such demand, all
300 records of sales and all records of distribution of all motor vehicles to the same line-make dealers who
301 compete with the dealer requesting the hearing.

302 7a. To fail or refuse to offer to its same line-make franchised dealers all models manufactured for the
303 line-make, or require a dealer to pay any extra fee, or remodel, renovate, or recondition the dealer's
304 existing facilities, or purchase unreasonable advertising displays or other materials as a prerequisite to

305 receiving a model or a series of vehicles.

306 7b. To require or otherwise coerce a dealer to underutilize the dealer's facilities by requiring or
307 otherwise coercing a dealer to exclude or remove from the dealer's facilities operations for selling or
308 servicing of a line-make of vehicles for which the dealer has a franchise agreement to utilize the
309 facilities.

310 7c. To require a dealer to purchase goods or services from a vendor selected, identified, or
311 designated by a manufacturer, factory branch, distributor, distributor branch, or one of its affiliates by
312 agreement, program, incentive provision, or otherwise without making available to the dealer the option
313 to obtain the goods or services of substantially similar quality from a vendor chosen by the dealer. For
314 purposes of this subdivision, the term "goods" does not include moveable displays, brochures, and
315 promotional materials containing material subject to intellectual property rights of, or special tools and
316 training as required by the manufacturer, or parts to be used in repairs under warranty obligations of, a
317 manufacturer, factory branch, distributor, or distributor branch.

318 7d. To fail to provide a notice to a dealer when notifying it of the requirement to purchase goods or
319 services from a vendor selected, identified, or designated by a manufacturer, factory branch, distributor,
320 or distributor branch of the dealer's rights pursuant to subdivision 7c.

321 7e. To fail to provide to a dealer, when the manufacturer, factory branch, distributor, or distributor
322 branch claims that a vendor chosen by the dealer cannot supply goods and services of substantially
323 similar quality, a disclosure concerning the vendor selected, identified, or designated by the franchisor
324 stating (i) whether the manufacturer, factory branch, distributor, distributor branch, or one of its
325 affiliates, or any officer, director, or employee of the same, has an ownership interest, actual or
326 beneficial, in the vendor and, if so, the percentage of the ownership interest and (ii) whether the
327 manufacturer, factory branch, distributor, distributor branch, or one of its affiliates has an agreement or
328 arrangement by which the vendor pays to the manufacturer, factory branch, distributor, distributor
329 branch, or one of its affiliates, or any officer, director, or employee of the same, any compensation and,
330 if so, the basis and amount of the compensation to be paid as a result of any purchases by the dealer,
331 whether it is to be paid by direct payment by the vendor or by credit from the vendor for the benefit of
332 the recipient.

333 7f. To fail to provide to a dealer, if the goods and services to be supplied to the dealer by a vendor
334 selected, identified, or designated by the manufacturer, factory branch, distributor, or distributor branch
335 are signs or other franchisor image elements to be leased to the dealer, the right to purchase the signs or
336 other franchisor image elements of like kind and quality from a vendor selected by the dealer. If the
337 vendor selected by the manufacturer, factory branch, distributor, or distributor branch is the only
338 available vendor, the dealer must be given the opportunity to purchase the signs or other franchisor
339 image elements at a price substantially similar to the capitalized lease costs thereof. This subdivision
340 shall not be construed to allow a dealer to impair or eliminate the intellectual property rights of the
341 manufacturer, factory branch, distributor, or distributor branch, nor to permit a dealer to erect or
342 maintain signs that do not conform to the intellectual property usage guidelines of the manufacturer,
343 factory branch, distributor, or distributor branch.

344 8. To include in any franchise with a motor vehicle dealer terms that are contrary to, prohibited by,
345 or otherwise inconsistent with the requirements of this chapter.

346 8a. For any franchise agreement, to require a motor vehicle dealer to pay the attorney fees of the
347 manufacturer or distributor related to hearings and appeals brought under this article.

348 9. To fail to include in any franchise with a motor vehicle dealer the following language: "If any
349 provision herein contravenes the laws or regulations of any state or other jurisdiction wherein this
350 agreement is to be performed, or denies access to the procedures, forums, or remedies provided for by
351 such laws or regulations, such provision shall be deemed to be modified to conform to such laws or
352 regulations, and all other terms and provisions shall remain in full force," or words to that effect.

353 10. To enter into any agreement with a motor vehicle dealer in which the manufacturer, factory
354 branch, distributor, distributor branch, or one of its affiliates is given site control over the premises of a
355 dealer that does not terminate upon the occurrence of any of the following events: (i) the right of the
356 franchisor to manufacture or distribute the line-make of vehicles covered by the dealer's franchise is
357 sold, assigned, or otherwise transferred by the manufacturer, factory branch, distributor, or distributor
358 branch to another; (ii) the final termination of the dealer's franchise for any reason; or (iii) the
359 manufacturer, factory branch, distributor, or distributor branch of its affiliate fails for any reason to
360 exercise its right of first refusal to purchase the assets or ownership of the business of the dealer when
361 given the opportunity to do so by virtue of its franchise agreement, another agreement, or as set forth in
362 § 46.2-1569. For purposes of this subdivision, the term "site control" shall mean the contractual right to
363 control in any way the commercial use and development of the premises upon which a dealer's business
364 operations are located, including the right to approve of additional or different uses for the property
365 beyond those of its franchise, the right to lease or sublease the dealer's property, or the right or option
366 to purchase the dealer's property.

367 11. To require or coerce a motor vehicle dealer, whether by agreement, program, incentive provision,
368 or otherwise, to submit or to provide a manufacturer, factory branch, distributor, or distributor branch
369 access to consumer data maintained by the dealer (i) by any method that violates or would violate the
370 dealer's chosen policies and processes for complying with obligations to protect consumer data under
371 laws of the United States or the Commonwealth or (ii) through franchisor access to the computer
372 database of the dealer if the dealer chooses to submit data specified by the franchisor.

373 The manufacturer, factory branch, distributor, or distributor branch shall provide a dealer the right to
374 cancel the dealer's participation in a program under which the dealer provides consumer data or access
375 to data to the manufacturer, factory branch, distributor, or distributor branch, provided that a
376 manufacturer, factory branch, distributor, or distributor branch may require notice of up to 60 days of
377 the dealer's decision to cancel the dealer's participation.

378 If a manufacturer, factory branch, distributor, or distributor branch offers incentives or other
379 payments under a program offered after July 1, 2015, excluding any continuation, renewal, or
380 modification of any existing program, and available to more than one dealer in the Commonwealth that
381 are premised wholly or in part on dealer participation in manufacturer, factory branch, distributor, or
382 distributor branch programs under which consumer data is provided to or accessed by the manufacturer,
383 factory branch, distributor, or distributor branch, a dealer that exercises its rights under this subdivision
384 shall be deemed to be in compliance with the program requirements pertaining to providing consumer
385 data, provided that the dealer has otherwise met program requirements to the extent of providing any
386 consumer data that is not nonpublic personal information.

387 It shall not constitute a violation of this subdivision for a manufacturer, factory branch, distributor, or
388 distributor branch to require a motor vehicle dealer to provide data (a) concerning a new motor vehicle
389 sale or used motor vehicle sale under a manufacturer certification program, (b) to validate a customer or
390 dealer incentive, (c) to calculate dealer or market sales or evaluate service performance or customer
391 satisfaction to facilitate analysis of product quality and market feedback, (d) to facilitate warranty service
392 work on a vehicle, (e) concerning information with respect to recall repairs or information about a
393 recalled vehicle, (f) pursuant to a mutual agreement between a manufacturer, factory branch, distributor,
394 or distributor branch and a dealer, or (g) where consumer data is reasonably necessary to enable a
395 manufacturer, factory branch, distributor, or distributor branch to provide programs, products, or services
396 to a dealer.

397 A dealer that elects to submit or push data or information to the manufacturer, factory branch,
398 distributor, or distributor branch through any method other than that provided by the manufacturer,
399 factory branch, distributor, or distributor branch shall timely obtain and furnish the requested data in a
400 widely accepted electronic file format. A manufacturer, factory branch, distributor, or distributor branch
401 shall not impose a fee, surcharge, or charge of any type on a dealer that chooses to submit data
402 specified by the manufacturer, factory branch, distributor, or distributor branch rather than provide the
403 manufacturer, factory branch, distributor, or distributor branch access to the dealer's computer database.