

TITLE 56.
MOTOR VEHICLES

CHAPTER 14

Regulation of Manufacturers, Distributors and Dealers of Recreational Vehicles

SECTION 56-14-10. Definitions.

As used in this chapter:

(1) "Area of sales responsibility" means the geographical area, agreed to by the dealer and the manufacturer in the manufacturer/dealer agreement, within which area the dealer has the exclusive right to display or sell the manufacturer's new recreational vehicles of a particular line make to the retail public.

(2) "Dealer" means any person, firm, corporation, or business entity licensed or required to be licensed under this chapter to sell new recreational vehicles to the retail public. The term includes a "recreational vehicle dealer" and a "new recreational vehicle dealer" as used in this chapter. This definition does not include:

(a) receivers, trustees, administrators, executors, guardians, or other persons appointed by or acting under the judgment or order of any court;

(b) a public official conducting the official duty of his office;

(c) persons disposing of motor vehicles acquired for their own use and used in good faith and not for the purpose of avoiding the provisions of law. Any person who effects or attempts to effect the sale of more than five recreational vehicles in any calendar year is considered a dealer or wholesaler, as appropriate, for purposes of this chapter;

(d) finance companies or other financial institutions who sell repossessed recreational vehicles and insurance companies who sell recreational vehicles owned as an incident to payments made under policies of insurance.

(3) "Department" means the South Carolina Department of Motor Vehicles.

(4) "Factory campaign" means an effort on the part of a warrantor to contact recreational vehicle owners or dealers in order to address a part or equipment issue.

(5) "Family member" means a spouse, child, grandchild, parent, sibling, niece, nephew, or the spouse thereof.

(6) "Line make" means a specific series of recreational vehicle products that:

(a) are identified by a common series trade name or trademark;

(b) are targeted to a particular market segment, as determined by their decor, features, equipment, size, weight, and price range;

(c) have lengths and interior floor plans that distinguish the recreational vehicles from other recreational vehicles with substantially the same decor, equipment, features, price, and weight;

(d) belong to a single, distinct classification of recreational vehicle product type having a substantial degree of commonality in the construction of the chassis, frame, and body; and

(e) the manufacturer/dealer agreement authorizes a dealer to sell.

(7) "Manufacturer" means any person, firm, corporation, or business entity that engages in the manufacturing of recreational vehicles.

(8) "Manufacturer/dealer agreement" means a written agreement or contract entered into between a manufacturer and a dealer that fixes the rights and responsibilities of the parties and pursuant to which the dealer sells new recreational vehicles.

(9) “New recreational vehicle” means a recreational vehicle that has never been sold to the retail public nor titled or registered in any state.

(10) “Person” means a natural person, corporation, partnership, trust, or other entity, and in case of an entity, includes any other entity in which it has a majority interest or effectively controls, as well as the individual officers, directors, and other persons in active control of the activities of each such entity.

(11) “Proprietary part” means any part manufactured by or for and sold exclusively by the manufacturer.

(12) “Recreational vehicle” means a motorhome, travel trailer, fifth-wheel trailer, or folding camping trailer designed to provide temporary living quarters for recreational, camping, or travel use, as defined herein.

(13) “Motorhome” means a self-propelled vehicle designed to provide temporary living quarters for recreational, camping, or travel use that complies with all applicable federal vehicle regulations. The unit must contain at least four of the following permanently installed independent life support systems which meet the NFPA 1192 Standard for Recreational Vehicles:

(a) a cooking facility with an on-board fuel source;

(b) a potable water supply system that includes at least a sink, a faucet, and a water tank with an exterior service supply connection;

(c) a toilet with exterior evacuation;

(d) a gas or electric refrigerator;

(e) a heating or air conditioning system with an on-board power or fuel source separate from the vehicle engine; or

(f) an electric power system.

(14) “Travel trailer” means a vehicle mounted on wheels designed to provide temporary living quarters for recreational, camping, or travel use that complies with all applicable federal vehicle regulations and is of such size and weight as to not require a special highway movement permit when towed by a motorized vehicle.

(15) “Fifth-wheel trailer” means a vehicle mounted on wheels designed to provide temporary living quarters for recreational, camping, or travel use that complies with all applicable federal vehicle regulations and is of such size and weight as to not require a special highway movement permit when towed by a motorized vehicle equipped with a towing mechanism that is mounted above or forward of the tow vehicle’s rear axle.

(16) “Folding camping trailer” means a vehicle mounted on wheels designed to provide temporary living quarters for recreational, camping, or travel use that complies with all applicable federal vehicle regulations and is constructed with collapsible partial side walls that fold for towing by another vehicle.

(17) “Supplier” means any person, firm, corporation, or business entity that engages in the manufacturing of recreational vehicle parts, accessories, or components.

(18) “Transient customer” means a customer who is temporarily traveling through a dealer’s area of sales responsibility.

(19) “Warrantor” means any person, firm, corporation, or business entity, including any manufacturer or supplier that provides a written warranty to the consumer in connection with a new recreational vehicle or a part, accessory, or component. The term does not include service contracts, mechanical or other insurance, or extended warranties sold for separate consideration by a dealer or other person not controlled by a manufacturer.

HISTORY: 2017 Act No. 51 (S.321), Section 1, eff November 19, 2017.

Editor's Note

2017 Act No. 51, Sections 6, 7, provide:

“SECTION 6. The department is authorized to promulgate regulations for the enforcement of the provisions of Chapter 14, Title 56.

“SECTION 7. This act takes effect six months after approval by the Governor and applies to manufacturer/dealer agreements entered into on or after July 1, 2018.”

SECTION 56-14-20. Persons subject to chapter and jurisdiction of courts; service of process.

Any person who engages directly or indirectly in purposeful contacts within this State in connection with the offering or advertising for sale or has business dealings with respect to a recreational vehicle within this State shall be subject to the provisions of this chapter and shall be subject to the jurisdiction of the courts of this State upon service of process in accordance with the provisions of Chapter 9, Title 15.

HISTORY: 2017 Act No. 51 (S.321), Section 1, eff November 19, 2017.

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SECTION 56-14-25. Applicability to park model trailers.

This chapter does not apply to park model trailers built to American National Standards Institute (ANSI) Standard A119.5.

HISTORY: 2017 Act No. 51 (S.321), Section 1, eff November 19, 2017.

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SECTION 56-14-30. License for dealer; exhibition license; fees; penalties.

(A) Before engaging in business as a recreational vehicle dealer in this State, a person first must make application to the Department of Motor Vehicles for a license. Each license issued expires on the last day of the month twelve months from the date of issue, the “licensing period”, and must be displayed prominently at the established place of business. The fee for the license is fifty dollars. The license applies to only one place of business of the applicant and is not transferable to another person or place of business.

(B) A licensed South Carolina recreational vehicle dealer may exhibit and sell recreational vehicles, as defined by Section 56-14-10, at fairs, recreational or sports shows, vacation shows, and other similar events or shows upon obtaining a temporary dealer's license in the manner

required by this section. No other exhibitions may be allowed, except as may be permitted by this section. Any recreational vehicle displayed must be owned by the dealer holding the temporary license. Before exhibiting and selling recreational vehicles at temporary locations, the dealer shall first make application to the department for a license. To be eligible for a temporary license, a dealer shall hold a valid recreational vehicle dealer's license issued pursuant to this chapter. Every temporary dealer's license issued is valid for a period not to exceed ten consecutive days and must be prominently displayed at the temporary place of business. No dealer may purchase more than six temporary licenses in any one licensing period. The fee for each temporary license issued is twenty dollars. A temporary license applies to only one dealer operating in a temporary location and is not transferable to any other dealer or location.

(C) The provisions of this section may not be construed as allowing the sale of any type of motor vehicles other than recreational vehicles at authorized temporary locations.

(D) A person who fails to secure either a temporary or a permanent license as required in this chapter is guilty of a misdemeanor and, upon conviction, must be fined:

(1) not less than fifty dollars or more than two hundred dollars or imprisoned for not more than thirty days for the first offense;

(2) not less than two hundred dollars or more than one thousand dollars or imprisoned for not more than six months, or both, for the second offense; and

(3) not less than one thousand dollars or more than ten thousand dollars or imprisoned for not more than two years, or both, for the third or any subsequent offense.

(E) For purposes of this section, the sale of each recreational vehicle constitutes a separate offense. The Department of Motor Vehicles shall enforce the provisions contained in this section.

(F) Nothing in this section shall be construed to prevent a licensed recreational vehicle dealer from providing vehicles for demonstration or test driving purposes.

HISTORY: 2017 Act No. 51 (S.321), Section 1, eff November 19, 2017.

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SECTION 56-14-40. Application for dealer license; bond; duty to notify department where information given by applicant changes or license ceases operations.

(A) Before a license as a recreational vehicle dealer is issued, an applicant shall file an application with the department and provide information the department may require including, but not limited to, the name and addresses of individuals who own or control ten percent or more of the interest in the business.

(B) Each applicant shall furnish a surety bond in the penal amount of thirty thousand dollars on a form prescribed by the department. A new bond or a proper continuation certificate must be delivered to the department annually before a dealer's license may be renewed. A dealer's license expires immediately upon expiration or termination of a dealer's bond. The bond must be given to the department and executed by the applicant, as principal, and by a corporate surety company authorized to do business in this State, as surety. The bond must be conditioned upon

the applicant or licensee complying with the statutes applicable to the license and as indemnification for loss or damage suffered by an owner of a recreational vehicle, or his legal representative, by reason of fraud practiced or fraudulent representation made in connection with the sale or transfer of a recreational vehicle by a licensed recreational vehicle dealer or the dealer's agent acting for the dealer, or within the scope of employment of the agent or loss or damage suffered by reason of the violation by the dealer or his agent of any provisions of this chapter. An owner or his legal representative who suffers the loss or damage has a right of action against the dealer and against the dealer's surety upon the bond and may recover damages as provided in this chapter. However, regardless of the number of years a bond remains in effect, the aggregate liability of the surety for claims is limited to thirty thousand dollars on each bond and to the amount of the actual loss incurred. The surety may terminate its liability under the bond by giving the department thirty days' written notice of its intent to cancel the bond. The cancellation does not affect liability incurred or accrued before the cancellation.

(C) If, during a license year, there is a change in the information a dealer gave the department in obtaining or retaining a license, the licensee must report the change to the department within thirty days on a form prescribed by the department.

(D) If a licensee ceases to be a recreational vehicle dealer, he shall notify the department within ten days and return any license and all dealer license plates.

HISTORY: 2017 Act No. 51 (S.321), Section 1, eff November 19, 2017.

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SECTION 56-14-50. Requirement as to dealer's maintenance of bona fide place of business; permanent sign.

No recreational vehicle dealer may be issued or allowed to maintain a recreational vehicle dealer's license unless:

(1) The dealer maintains a bona fide place of business for selling or exchanging recreational vehicles, which must be the principal business conducted from the location. A bona fide place of business includes a permanent, enclosed building, not excluding a permanently installed mobile home containing at least ninety-six square feet of floor space, occupied by the owner or operator and easily accessible by the public, at which a permanent business of bartering, trading, or selling recreational vehicles or displaying vehicles for bartering, trading, or selling is conducted, wherein the public may contact the owner or operator at all reasonable times and in which must be kept and maintained the books, records, and files required by this chapter.

(2) The business must display a permanent sign identifying the business with letters at least six inches in height, clearly readable from the nearest major avenue of traffic.

(3) The business must have a reasonable area or lot to properly display recreational vehicles.

HISTORY: 2017 Act No. 51 (S.321), Section 1, eff November 19, 2017.

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SECTION 56-14-60. Records of transfers; organization; penalties.

(A) Each recreational vehicle dealer must maintain complete records of each transaction under which a recreational vehicle is transferred for a period of not less than four years from the date of the transaction. The records must include the name and address of the person or persons from whom the recreational vehicle was acquired and the date of the transaction; a description of the vehicle, when transferred; the name and address of the person to whom the recreational vehicle was transferred; and the date of the transaction. The description of the recreational vehicle must include the vehicle identification number, make, model, type, and, if a motor home, the odometer readings at the time the recreational vehicle was transferred to and from the dealer. Upon reasonable notice, these records must be made available to the department for inspection.

(B) The records must be maintained in a reasonably organized fashion. Any records which are illegible or incapable of being accurately interpreted by either the record keeper or the department are not in compliance with this section.

(C) A dealer who fails to keep or make available to the department required records upon reasonable request, is guilty of a misdemeanor and, upon conviction, must be fined not less than fifty dollars nor more than two hundred dollars or imprisoned for not more than thirty days. The failure to keep or make available records on each separate recreational vehicle constitutes an offense.

HISTORY: 2017 Act No. 51 (S.321), Section 1, eff November 19, 2017.

Editor's Note

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SECTION 56-14-70. Denial, suspension, or revocation of license.

A license may be denied, suspended, or revoked if the applicant or licensee or an agent of the applicant or licensee is determined by the department to have:

- (a) made a material misstatement in the application for the license;
- (b) violated any provision of this chapter;
- (c) been found by a court of competent jurisdiction to have committed any fraud connected with the sale or transfer of a vehicle;
- (d) employed fraudulent devices, methods, or practices in connection with meeting the requirements placed on dealers by the laws of this State;
- (e) been convicted of any violation of law involving the acquisition or transfer of a title to a vehicle or of any violation of law involving tampering with, altering, or removing vehicle identification numbers or markings;
- (f) been found by a court of competent jurisdiction to have violated any federal or state law regarding the disconnecting, resetting, altering, or other unlawful tampering with a vehicle

odometer, including the provisions of 49 U.S.C. 32701—32711 (Title 49, Subtitle VI, Part C, Chapter 327);

(g) refused or failed to comply with the department’s reasonable requests to inspect or copy the records, books, and files of the dealer or failed to maintain records of each vehicle transaction as required by this chapter or by state and federal law pertaining to odometer records; or

(h) given, loaned, or sold a vehicle dealer license plate to any person or otherwise to have allowed the use of any dealer license plate in any way not authorized by Section 56-3-2320. Any dealer license plate issued to a dealer pursuant to Section 56-3-2320 which is determined by the department to be improperly displayed on any vehicle or in the possession of any unauthorized person is prima facie evidence of a violation of this section by the dealer to whom the license plate was originally issued.

The department shall notify the licensee or applicant in writing at the mailing address provided in his application of its intention to deny, suspend, or revoke his license at least twenty days in advance and shall inform the licensee of his right to request a contested case hearing with the Office of Motor Vehicle Hearings in accordance with the rules of procedure for the Administrative Law Court and pursuant to the Administrative Procedures Act of this State. A licensee desiring a hearing shall file a request in writing with the Office of Motor Vehicle Hearings within ten days of receiving notice of the proposed denial, suspension, or revocation of his dealer’s or wholesaler’s license.

Upon a denial, suspension, or revocation of a license, the licensee shall immediately return to the department the license and all dealer license plates.

HISTORY: 2017 Act No. 51 (S.321), Section 1, eff November 19, 2017.

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SECTION 56-14-80. Manufacturer/dealer agreement.

(A) A manufacturer or distributor may not sell a recreational vehicle in this State to or through a dealer without having first entered into a manufacturer/dealer agreement with a dealer signed by both parties.

(B) The manufacturer shall designate the area of sales responsibility exclusively assigned to a dealer in the manufacturer/dealer agreement and may not contract with another dealer for sale of the same line make in the designated area for the duration of the agreement.

(C) The area of sales responsibility may be reviewed or changed with the consent of both parties not less than twelve months after the execution of the manufacturer/dealer agreement.

(D) A recreational vehicle dealer may not sell a new recreational vehicle in this State without having first entered into a manufacturer/dealer agreement with a manufacturer or distributor signed by both parties.

HISTORY: 2017 Act No. 51 (S.321), Section 1, eff November 19, 2017.

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SECTION 56-14-90. Termination, cancellation, or failure to renew a manufacturer/dealer agreement; good cause; notice.

(A) A manufacturer, directly or through any authorized officer, agent, or employee, may terminate, cancel, or fail to renew a manufacturer/dealer agreement with good cause and the provisions contained in Section 56-14-110 do not apply.

(B) The manufacturer has the burden of showing good cause for terminating, canceling, or failing to renew a manufacturer/dealer agreement with a dealer.

(C) For purposes of determining whether there is good cause for the proposed action, any of the following factors may be considered:

(1) the extent of the affected dealer’s penetration in the area of sales responsibility;

(2) the nature and extent of the dealer’s investment in its business;

(3) the adequacy of the dealer’s service facilities, equipment, parts, supplies, and personnel;

(4) the effect of the proposed action on the community;

(5) the extent and quality of the dealer’s service under recreational vehicle warranties;

(6) the dealer’s failure to follow agreed upon procedures or standards related to the overall operation of the dealership; and

(7) the dealer’s performance under the terms of its manufacturer/dealer agreement.

(D) Except as otherwise provided in this section, a manufacturer or distributor shall provide a dealer with at least ninety days prior written notice of termination, cancellation, or nonrenewal of the manufacturer/dealer agreement.

(1) The notice must state all reasons for the proposed termination, cancellation, or nonrenewal and must further state that if, within thirty days following receipt of the notice, the dealer provides to the manufacturer a written notice of intent to cure all claimed deficiencies, the dealer will then have ninety days following receipt of the original notice to rectify the deficiencies.

(2) If the deficiencies are rectified within ninety days, the manufacturer’s notice is voided. If the dealer fails to provide the notice of intent to cure the deficiencies or fails to cure the deficiencies in the prescribed time period, the termination, cancellation, or nonrenewal takes effect as provided in the original notice.

(3) The notice period may be reduced to thirty days if the manufacturer’s grounds for termination, cancellation, or nonrenewal are due to any of the following good cause factors:

(a) a dealer or one of its owners being convicted of, or entering a plea of nolo contendere to, a felony;

(b) the abandonment or closing of the business operations of the dealer for ten consecutive business days unless the closing is due to an act of God, strike, labor difficulty, or other cause over which the dealer has no control;

(c) a significant misrepresentation by the dealer materially affecting the business relationship;

(d) a suspension or revocation of the dealer’s license, or refusal to renew the dealer’s license, by the department; or

(e) a material violation of this chapter which is not cured within thirty days after the written notice by the manufacturer.

(4) The notice provisions contained in this subsection do not apply if the reason for termination, cancellation, or nonrenewal is the dealer's insolvency, the occurrence of an assignment for the benefit of creditors, or bankruptcy.

HISTORY: 2017 Act No. 51 (S.321), Section 1, eff November 19, 2017.

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SECTION 56-14-100. Termination or cancellation of manufacturer/dealer agreement with or without good cause; notice of intent to cure; burden of proof.

(A) A dealer may terminate or cancel its manufacturer/dealer agreement with or without good cause by giving the manufacturer thirty day's written notice. If the termination or cancellation is for good cause, the notice must state all reasons for the proposed termination or cancellation and must further state that if, within thirty days following receipt of the notice, the manufacturer provides to the dealer a written notice of intent to cure all claimed deficiencies, the manufacturer will then have ninety days following receipt of the original notice to rectify the deficiencies. If the deficiencies are rectified within ninety days, the dealer's notice is voided. If the manufacturer fails to provide the notice of intent to cure the deficiencies or fails to cure the deficiencies in the time period prescribed, the termination or cancellation shall take effect as provided in the original notice.

(B) If the dealer terminates, cancels, or fails to renew the manufacturer/dealer agreement without good cause, the terms of Section 56-14-110 do not apply. If the dealer terminates, cancels, or fails to renew the manufacturer/dealer agreement with good cause, Section 56-14-110 shall apply. If the dealer terminates for cause and has new and untitled inventory on hand subject to the termination then the inventory may be sold pursuant to Section 56-14-110.

(C) The dealer has the burden of showing good cause. Any of the following items shall be deemed "good cause" for the proposed termination, cancellation, or nonrenewal action by a dealer:

- (1) a manufacturer being convicted of, or entering a plea of nolo contendere to, a felony;
- (2) the business operations of the manufacturer have been abandoned or closed for ten consecutive business days, unless the closing is due to an act of God, strike, labor difficulty, or other cause over which the manufacturer has no control;
- (3) a significant misrepresentation by the manufacturer materially affecting the business relationship;
- (4) a material violation of this chapter which is not cured within thirty days after written notice by the dealer;
- (5) a declaration by the manufacturer of bankruptcy, insolvency, or the occurrence of an assignment for the benefit of creditors or bankruptcy.

HISTORY: 2017 Act No. 51 (S.321), Section 1, eff November 19, 2017.

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SECTION 56-14-105. Manufacturer's repurchase of new recreational vehicles and accessories.

(A) If the dealer terminates or cancels the manufacturer/dealer agreement for good cause and the manufacturer fails to cure the claimed deficiencies, the manufacturer shall, at the election of the dealer and within forty-five days after termination, cancellation, or nonrenewal, repurchase:

(1) all new, untitled recreational vehicles to which the dealer can show clear title and that were acquired from the manufacturer or distributor within twelve months before the effective date of the notice of termination, cancellation, or nonrenewal that have not been used, except for demonstration purposes, and that have not been altered or damaged, at one hundred percent of the net invoice cost, including transportation, less applicable rebates and discounts to the dealer. In the event any of the vehicles repurchased pursuant to this subsection are damaged, but do not trigger a consumer disclosure requirement, the amount due the dealer shall be reduced by the cost to repair the vehicle. Damage prior to delivery to the dealer that is disclosed at the time of delivery will not disqualify repurchase under this provision;

(2) all undamaged accessories and proprietary parts sold to the dealer for resale within the twelve months prior to termination, cancellation, or nonrenewal, if accompanied by the original invoice, at one hundred five percent of the original net price paid to the manufacturer or distributor to compensate the dealer for handling, packing, and shipping the parts; and

(3) any properly functioning diagnostic equipment, special tools, current signage, and other equipment and machinery at one hundred percent of the dealer's net cost plus freight, destination, delivery, and distribution charges and sales taxes, if any, if the items were purchased by the dealer within five years before termination, cancellation, or nonrenewal, upon the manufacturer's or distributor's request, and which the dealer meets the burden of establishing, and can no longer be used in the normal course of the dealer's ongoing business.

(B) If recreational vehicles of a line make that was subject to a terminated dealer agreement are not repurchased or required to be repurchased by the manufacturer, the dealer may continue to sell such recreational vehicles that were subject to the terminated dealer agreement and were in the dealer's inventory on the effective date of the termination until those recreational vehicles are no longer in the dealer's inventory.

HISTORY: 2017 Act No. 51 (S.321), Section 1, eff November 19, 2017.

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SECTION 56-14-110. Sale of business assets, stock transfer, or other change in ownership by dealer; notice; objection; succession to dealership by family member; burden of proof.

(A) If a dealer desires to make a change in ownership by the sale of the business assets, stock transfer, or otherwise, the dealer shall give the manufacturer written notice at least fifteen business days before the closing, including all supporting documentation as may be reasonably required by the manufacturer to determine if an objection to the sale may be made. In the absence of a breach by the selling dealer of its dealer agreement or this chapter, the manufacturer shall not object to the proposed change in ownership unless the prospective transferee:

- (1) has previously been terminated by the manufacturer for breach of its dealer agreement;
- (2) has been convicted of a felony or any crime of fraud, deceit, or moral turpitude;
- (3) lacks any license required by law;
- (4) does not have an active line of credit sufficient to purchase a manufacturer's product; or
- (5) has undergone in the last ten years bankruptcy, insolvency, a general assignment for the benefit of creditors, or the appointment of a receiver, trustee, or conservator to take possession of the transferee's business or property.

(B) If the manufacturer objects to a proposed change of ownership, the manufacturer shall give written notice of its reasons to the dealer within ten business days after receipt of the dealer's notification and complete documentation. The manufacturer has the burden of proof with regard to its objection. If the manufacturer does not give timely notice of its objection, the change or sale shall be deemed approved.

(C) It is unlawful for a manufacturer to fail to provide a dealer an opportunity to designate, in writing, a family member as a successor to the dealership in the event of the death, incapacity, or retirement of the dealer. It is unlawful to prevent or refuse to honor the succession to a dealership by a family member of the deceased, incapacitated, or retired dealer unless the manufacturer has provided to the dealer written notice of its objections within ten days after receipt of the dealer's modification of the dealer's succession plan. In the absence of a breach of the dealer agreement, the manufacturer may object to the succession for the following reasons only:

- (1) conviction of the successor of a felony or any crime of fraud, deceit, or moral turpitude;
- (2) bankruptcy or insolvency of the successor during the past ten years;
- (3) prior termination by the manufacturer of the successor for breach of a dealer agreement;
- (4) the successor lacks an active line of credit sufficient to purchase the manufacturer's recreational vehicles; or
- (5) the successor lacks any license required by law.

(D) The manufacturer has the burden of proof regarding its objection. However, a family member may not succeed to a dealership if the succession involves, without the manufacturer's consent, a relocation of the business or an alteration of the terms and conditions of the manufacturer/dealer agreement.

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SECTION 56-14-120. Warrantors; warranty labor; dealer reimbursement; warranty audits; warranty claims; violations of this chapter.

(A) Each warrantor shall:

(1) specify in writing each of its dealer obligations, if any, for preparation, delivery, and warranty service on its products;

(2) compensate the dealer for warranty service required of the dealer by the warrantor; and

(3) provide the dealer the schedule of compensation to be paid and the time allowances for the performance of any work and service. The schedule of compensation must include reasonable compensation for diagnostic work as well as warranty labor.

(B) Time allowances for the diagnosis and performance of warranty labor must be reasonable for the work to be performed. In the determination of what constitutes reasonable compensation under this section, the principal factors to be given consideration shall be the actual wage rates being paid by the dealer, and the actual retail labor rate being charged by the recreational vehicle dealers in the community in which the dealer is doing business. The compensation of a dealer for warranty labor may not be less than the lowest retail labor rates actually charged by the dealer for like nonwarranty labor as long as such rates are reasonable.

(C) The warrantor shall reimburse the dealer for any warranty part at actual wholesale cost plus a minimum thirty percent handling charge and the cost, if any, of freight to return such part to the warrantor.

(D) Warranty audits of dealer records may be conducted by the warrantor on a reasonable basis, and dealer claims for warranty compensation may not be denied except for cause, such as performance of nonwarranty repairs, material noncompliance with the warrantor's published policies and procedures, lack of material documentation, fraud, or misrepresentation.

(E) The dealer shall submit warranty claims within forty-five days after completing work.

(F) The dealer immediately shall notify the warrantor verbally or in writing if the dealer is unable to perform any warranty repairs within ten days of receipt of verbal or written complaints from a consumer.

(G) The warrantor shall disapprove warranty claims in writing within forty-five days after the date of submission by the dealer in the manner and form prescribed by the warrantor. Claims not specifically disapproved in writing within forty-five days shall be construed to be approved and must be paid within sixty days of submission.

(H) It is a violation of this chapter for any warrantor to:

(1) fail to perform any of its warranty obligations with respect to its warranted products;

(2) fail to include, in written notices of factory campaigns to recreational vehicle owners and dealers, the expected date by which necessary parts and equipment, including tires and chassis or chassis parts, will be available to dealers to perform the campaign work. The warrantor may ship parts to the dealer to effect the campaign work, and, if such parts are in excess of the dealer's requirements, the dealer may return unused parts to the warrantor for credit after completion of the campaign;

(3) fail to compensate any of its dealers for authorized repairs effected by the dealer on recreational vehicles or products damaged in manufacture or transit to the dealer, if the carrier is designated by the warrantor;

(4) fail to compensate any of its dealers in accordance with the schedule of compensation provided to the dealer pursuant to this section if performed in a timely and competent manner;

(5) intentionally misrepresent in any way to purchasers of recreational vehicles that warranties with respect to the manufacture, performance, or design of the vehicle are made by the dealer as warrantor or cowarrantor; or

(6) require the dealer to make warranties to customers in any manner related to the manufacture of the recreational vehicle.

(I) It is a violation of this chapter for any dealer to:

(1) fail to perform predelivery inspection functions, as specified by the warrantor, in a competent and timely manner;

(2) fail to perform warranty service work authorized by the warrantor in a competent and reasonably timely manner on any transient customer's vehicle of a line make sold or serviced by that dealer;

(3) fail to accurately document the time spent completing each repair, the total number of repair attempts conducted on a single unit, and the number of repair attempts for the same repair conducted on a single vehicle;

(4) fail to notify the warrantor within ten days of a second repair attempt which impairs the use, value, or safety of the vehicle;

(5) fail to maintain written records, including a consumer's signature, regarding the amount of time a unit is stored for the consumer's convenience during a repair; or

(6) make fraudulent warranty claims or misrepresent the terms of any warranty.

HISTORY: 2017 Act No. 51 (S.321), Section 1, eff November 19, 2017.

Editor's Note

2017 Act No. 51, Sections 6, 7, provide:

“SECTION 6. The department is authorized to promulgate regulations for the enforcement of the provisions of Chapter 14, Title 56.

“SECTION 7. This act takes effect six months after approval by the Governor and applies to manufacturer/dealer agreements entered into on or after July 1, 2018.”

SECTION 56-14-130. Indemnification; violations of this chapter.

(A) Notwithstanding the terms of any manufacturer/dealer agreement, it is a violation of this chapter for:

(1) a warrantor to fail to indemnify and hold harmless its dealer against any losses or damages to the extent such losses or damages are caused by the negligence or wilful misconduct of the warrantor. A new recreational vehicle dealer may not be denied indemnification for failing to discover, disclose, or remedy a defect in the design or manufacturing of a new recreational vehicle. A new recreational vehicle dealer may be denied indemnification if the new recreational vehicle dealer fails to remedy a known and announced defect in accordance with the written instructions of a warrantor for whom the new recreational vehicle dealer is obligated to perform warranty service. A new recreational vehicle dealer shall provide to the warrantor a copy of any pending law suit or similar proceeding in which allegations are made that are covered by this subsection within ten days after receiving such suit. Notwithstanding anything to the contrary, this subsection shall continue to apply even after the new recreational vehicle is titled; and

(2) a new recreational vehicle dealer to fail to indemnify and hold harmless its warrantor against any losses or damages to the extent that the losses or damages are caused by the negligence or wilful misconduct of the new recreational vehicle dealer. A warrantor shall provide to a new recreational vehicle dealer a copy of any pending law suit or similar proceeding in which allegations are made that are covered by this subsection within ten days after receiving such suit. Notwithstanding anything to the contrary, this subsection shall continue to apply even after the new recreational vehicle is titled.

HISTORY: 2017 Act No. 51 (S.321), Section 1, eff November 19, 2017.

Editor's Note

2017 Act No. 51, Sections 6, 7, provide:

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SECTION 56-14-140. Procedures for new recreational vehicles damaged prior to transit to dealer.

(A) Whenever a new recreational vehicle is damaged prior to transit to the dealer or is damaged in transit to the dealer and the carrier or means of transportation has been selected by the manufacturer, the dealer shall notify the manufacturer of the damage within the timeframe specified in the manufacturer/dealer agreement and:

(1) request from the manufacturer authorization to replace the components, parts, and accessories damaged or otherwise correct the damage; or

(2) reject the vehicle within the timeframe set forth in subsection (D).

(B) If the manufacturer refuses or fails to authorize repair of such damage within ten days after receipt of notification, or if the dealer rejects the recreational vehicle because of damage, ownership of the new recreational vehicle shall revert to the manufacturer.

(C) The dealer shall exercise due care in custody of the damaged recreational vehicle, but the dealer shall have no other obligations, financial or otherwise, with respect to that recreational vehicle.

(D) The time frame for inspection and rejection by the dealer must be part of the manufacturer/dealer agreement and may not be less than two business days after the physical delivery of the recreational vehicle.

(E) Any recreational vehicle that has, at the time of delivery to the dealer, an unreasonable amount of miles on its odometer, as determined by the dealer, may be subject to rejection by the dealer and reversion of the vehicle to the manufacturer. In no instance shall a dealer deem an amount less than the distance between the dealer and the manufacturer's factory or point of distribution, plus one hundred miles, as unreasonable.

HISTORY: 2017 Act No. 51 (S.321), Section 1, eff November 19, 2017.

Editor's Note

2017 Act No. 51, Sections 6, 7, provide:

“SECTION 6. The department is authorized to promulgate regulations for the enforcement of the provisions of Chapter 14, Title 56.

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SECTION 56-14-150. Coercion by manufacturers prohibited.

(A) A manufacturer may not coerce or attempt to coerce a dealer to:

(1) purchase a product that the dealer did not order;

(2) enter into an agreement with the manufacturer; or

(3) enter into an agreement that requires the dealer to submit its disputes to binding arbitration or otherwise waive rights or responsibilities provided under this chapter.

(B) As used in this section, the term “coerce” includes, but is not limited to, threatening to terminate, cancel, or not renew a manufacturer/dealer agreement without good cause or threatening to withhold product lines the dealer is entitled to purchase pursuant to the manufacturer/dealer agreement or delay product delivery as an inducement to amending the manufacturer/dealer agreement.

HISTORY: 2017 Act No. 51 (S.321), Section 1, eff November 19, 2017.

Editor’s Note

2017 Act No. 51, Sections 6, 7, provide:

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SECTION 56-14-160. Civil actions; venue; demand for mediation; injunctions.

(A) A dealer, manufacturer, or warrantor injured by another party’s violation of this chapter may bring a civil action in circuit court to recover actual damages. The court shall award attorney’s fees and costs to the prevailing party in such an action. Venue for any civil action authorized by this section shall be in any county in this State in which the dealer’s business is located. In an action involving more than one dealer, venue may be in any county in this State in which any dealer that is party to the action is located.

(B) Prior to bringing suit under this section, the party bringing suit for an alleged violation shall serve a written demand for mediation upon the offending party. The demand for mediation shall be served upon the other party via certified mail at the address stated within the manufacturer/dealer agreement between the parties. The demand for mediation shall contain a brief statement of the dispute and the relief sought by the party filing the demand.

(C) Within twenty days after the date a demand for mediation is served, the parties shall mutually select an independent certified mediator and meet with that mediator for the purpose of attempting to resolve the dispute. The meeting place shall be in this State in a location selected by the mediator. The mediator may extend the date of the meeting for good cause shown either party or upon stipulation of both parties.

(D) The service of a demand for mediation under this section shall toll the time for the filing of any complaint, petition, protest, or other action under this chapter until representatives of both parties have met with a mutually selected mediator for the purpose of attempting to resolve the dispute. If a complaint, petition, protest, or other action is filed before that meeting, the court shall enter an order suspending the proceeding or action until the mediation meeting has occurred and may, upon written stipulation of all parties to the proceeding or action that they wish to continue to mediate under this section, enter an order suspending the proceeding or action for as long a period as the court considers appropriate.

(E) The parties to the mediation shall bear their own costs for attorney’s fees and divide equally the cost of the mediator.

(F) In addition to the remedies provided in this section and notwithstanding the existence of any additional remedy at law, a manufacturer, or warrantor, or a dealer is authorized to make application to a circuit court for the grant, upon a hearing and for cause shown, of a temporary or

permanent injunction, or both, restraining any person from acting as a dealer without being properly licensed, from violating or continuing to violate any of the provisions of this chapter, or from failing or refusing to comply with the requirements of this chapter. Such injunction shall be issued without bond. A single act in violation of the provisions of this chapter shall be sufficient to authorize the issuance of an injunction.

HISTORY: 2017 Act No. 51 (S.321), Section 1, eff November 19, 2017.

Editor's Note

2017 Act No. 51, Sections 6, 7, provide:

“SECTION 6. The department is authorized to promulgate regulations for the enforcement of the provisions of Chapter 14, Title 56.

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