

MOTOR VEHICLE FRANCHISE ACT (EXCERPT)
Act 118 of 1981

445.1570 Notice of termination, cancellation, nonrenewal, or discontinuance of dealer agreement.

Sec. 10.

Notwithstanding any agreement, prior to the termination, cancellation, nonrenewal, or discontinuance of any dealer agreement, the manufacturer or distributor shall furnish notice of the termination, cancellation, nonrenewal, or discontinuance to the new motor vehicle dealer as follows:

(a) Except as provided in subdivision (c) or (d), notice shall be made not less than 90 days prior to the effective date of the termination, cancellation, nonrenewal, or discontinuance.

(b) Notice shall be by certified mail to the new motor vehicle dealer and shall contain the following:

(i) A statement of intention to terminate, cancel, not renew, or discontinue the dealer agreement.

(ii) A statement of the reasons for the termination, cancellation, nonrenewal, or discontinuance.

(iii) The date on which the termination, cancellation, nonrenewal, or discontinuance takes effect.

(c) Notwithstanding subdivision (a), notice shall be made not less than 15 days prior to the effective date of the termination, cancellation, nonrenewal, or discontinuance for any of the following reasons:

(i) Insolvency of the new motor vehicle dealer, or the filing of any petition by or against the new motor vehicle dealer under any bankruptcy or receivership law.

(ii) Failure of the new motor vehicle dealer to conduct his or her customary sales and service operations during his or her customary business hours for 7 consecutive business days.

(iii) Conviction of the new motor vehicle dealer or its principal owners of a crime, but only if the crime is punishable by imprisonment in excess of 1 year under the law under which the dealer was convicted, or the crime involved theft, dishonesty, or false statement regardless of the punishment.

(iv) Revocation of any license under which the new motor vehicle dealer is required to have to operate a dealership.

(v) A fraudulent misrepresentation by the new motor vehicle dealer to the manufacturer or distributor, which is material to the dealer agreement.

(d) Notwithstanding subdivision (a), notice shall be made not less than 12 months prior to the effective date of a termination, cancellation, nonrenewal, or discontinuance if a manufacturer or distributor discontinues production of the new motor vehicle dealer's product line or discontinues distribution of the product line in this state.

History: 1981, Act 118, Imd. Eff. July 19, 1981