

AN ACT concerning business.

**Be it enacted by the People of the State of Illinois,  
represented in the General Assembly:**

Section 5. The Motor Vehicle Franchise Act is amended by changing Sections 1.1, 2, 4, and 12 as follows:

(815 ILCS 710/1.1) (from Ch. 121 1/2, par. 751.1)

Sec. 1.1. Declaration of purpose. The Legislature finds and declares that the distribution and sale of vehicles within this State vitally affects the general economy of the State and the public interest, and welfare, and safety and that in order to promote the public interest, and welfare, and safety, and in the exercise of its police power, it is necessary to regulate motor vehicle manufacturers, distributors, wholesalers and factory or distributor branches or representatives, and to regulate dealers of motor vehicles doing business in this State in order to prevent frauds, impositions, discrimination, and other abuses upon its citizens, to protect and preserve the investments and properties of the citizens of this State, to foster healthy competition, and to provide adequate and sufficient service to consumers generally. The licensing and supervision of motor vehicle dealers is necessary for the protection of consumers and the sale of motor vehicles by unlicensed dealers should be prevented.

The Legislature further finds that the regulation of motor vehicle manufacturers, distributors, wholesalers, factory branches, distributor branches and representatives, and dealers promotes the distribution of motor vehicles to the public and provides a system for servicing vehicles and for complying with manufacturer warranties so that consumers can keep their motor vehicles properly functioning and safe. The sale and distribution of motor vehicles constitutes a continuing obligation of manufacturers, distributors, wholesalers, factory branches, distributor branches and representatives, and dealers to consumers, and the public has an interest in promoting the availability of post-sale mechanical and operational services.

(Source: P.A. 83-922.)

(815 ILCS 710/2) (from Ch. 121 1/2, par. 752)

Sec. 2. Definitions. As used in this Act, the following words shall, unless the context otherwise requires, have the following meanings:

(a) "Motor vehicle", any motor driven vehicle required to be registered under "The Illinois Vehicle Code". Beginning January 1, 2010, the term "motor vehicle" also includes any engine, transmission, or rear axle, regardless of whether it is attached to a vehicle chassis, that is manufactured for installation in any motor-driven vehicle with a gross vehicle weight rating of more than 16,000 pounds that is required to be

registered under the Illinois Vehicle Code.

(b) "Manufacturer", any person engaged in the business of manufacturing or assembling new and unused motor vehicles. "Manufacturer" includes a factory branch, distributor, and distributor branch.

(c) "Factory branch", a branch office maintained by a manufacturer which manufactures or assembles motor vehicles for sale to distributors or motor vehicle dealers or which is maintained for directing and supervising the representatives of the manufacturer.

(d) "Distributor branch", a branch office maintained by a distributor or wholesaler who or which sells or distributes new or used motor vehicles to motor vehicle dealers.

(e) "Factory representative", a representative employed by a manufacturer or employed by a factory branch for the purpose of making or promoting the sale of motor vehicles or for contracting with, supervising, servicing or instructing motor vehicle dealers or prospective motor vehicle dealers.

(f) "Distributor representative", a representative employed by a distributor branch, distributor or wholesaler.

(g) "Distributor" or "wholesaler", any person who sells or distributes new or used motor vehicles to motor vehicle dealers or who maintains distributor representatives within the State.

(h) "Motor vehicle dealer", any person who, in the ordinary course of business, is engaged in the business of selling new or used motor vehicles to consumers or other end users.

(i) "Franchise", an oral or written arrangement for a definite or indefinite period in which a manufacturer, distributor or wholesaler grants to a motor vehicle dealer a license to use a trade name, service mark, or related characteristic, and in which there is a community of interest in the marketing of motor vehicles or services related thereto at wholesale, retail, leasing or otherwise.

(j) "Franchiser", a manufacturer, distributor or wholesaler who grants a franchise to a motor vehicle dealer.

(k) "Franchisee", a motor vehicle dealer to whom a franchise is offered or granted.

(l) "Sale", shall include the issuance, transfer, agreement for transfer, exchange, pledge, hypothecation, mortgage in any form, whether by transfer in trust or otherwise, of any motor vehicle or interest therein or of any franchise related thereto; and any option, subscription or other contract or solicitation, looking to a sale, or offer or attempt to sell in any form, whether oral or written. A gift or delivery of any motor vehicle or franchise with respect thereto with or as a bonus on account of the sale of anything shall be deemed a sale of such motor vehicle or franchise.

(m) "Fraud", shall include, in addition to its normal legal connotation, the following: a misrepresentation in any manner, whether intentionally false or due to reckless disregard for truth or falsity, of a material fact; a promise or representation not made honestly and in good faith; and an

intentional failure to disclose a material fact.

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

(o) "New motor vehicle", a motor vehicle which has not been previously sold to any person except a distributor or wholesaler or motor vehicle dealer for resale.

(p) "Market Area", the franchisee's area of primary responsibility as defined in its franchise.

(q) "Relevant Market Area", the area within a radius of 10 miles from the principal location of a franchise or dealership if said principal location is in a county having a population of more than 300,000 persons; if the principal location of a franchise or dealership is in a county having a population of less than 300,000 persons, then "relevant market area" shall mean the area within a radius of 15 miles from the principal location of said franchise or dealership.

(r) "Late model vehicle" means a vehicle of the current model year and one, 2, or 3 preceding model years for which the motor vehicle dealer holds an existing franchise from the manufacturer for that same line make.

(s) "Factory repurchase vehicle" means a motor vehicle of the current model year or a late model vehicle reacquired by

the manufacturer under an existing agreement or otherwise from a fleet, lease or daily rental company or under any State or federal law or program relating to allegedly defective new motor vehicles, and offered for sale and resold by the manufacturer directly or at a factory authorized or sponsored auction.

(t) "Board" means the Motor Vehicle Review Board created under this Act.

(u) "Secretary of State" means the Secretary of State of Illinois.

(v) "Good cause" means facts establishing commercial reasonableness in lawful or privileged competition and business practices as defined at common law.

(Source: P.A. 95-678, eff. 10-11-07; 96-11, eff. 5-22-09.)

(815 ILCS 710/4) (from Ch. 121 1/2, par. 754)

Sec. 4. Unfair competition and practices.

(a) The unfair methods of competition and unfair and deceptive acts or practices listed in this Section are hereby declared to be unlawful. In construing the provisions of this Section, the courts may be guided by the interpretations of the Federal Trade Commission Act (15 U.S.C. 45 et seq.), as from time to time amended.

(b) It shall be deemed a violation for any manufacturer, factory branch, factory representative, distributor or wholesaler, distributor branch, distributor representative or

motor vehicle dealer to engage in any action with respect to a franchise which is arbitrary, in bad faith or unconscionable and which causes damage to any of the parties or to the public.

(c) It shall be deemed a violation for a manufacturer, a distributor, a wholesaler, a distributor branch or division, a factory branch or division, or a wholesale branch or division, or officer, agent or other representative thereof, to coerce, or attempt to coerce, any motor vehicle dealer:

(1) to accept, buy or order any motor vehicle or vehicles, appliances, equipment, parts or accessories therefor, or any other commodity or commodities or service or services which such motor vehicle dealer has not voluntarily ordered or requested except items required by applicable local, state or federal law; or to require a motor vehicle dealer to accept, buy, order or purchase such items in order to obtain any motor vehicle or vehicles or any other commodity or commodities which have been ordered or requested by such motor vehicle dealer;

(2) to order or accept delivery of any motor vehicle with special features, appliances, accessories or equipment not included in the list price of the motor vehicles as publicly advertised by the manufacturer thereof, except items required by applicable law; or

(3) to order for anyone any parts, accessories, equipment, machinery, tools, appliances or any commodity whatsoever, except items required by applicable law.

(d) It shall be deemed a violation for a manufacturer, a distributor, a wholesaler, a distributor branch or division, or officer, agent or other representative thereof:

(1) to adopt, change, establish or implement a plan or system for the allocation and distribution of new motor vehicles to motor vehicle dealers which is arbitrary or capricious or to modify an existing plan so as to cause the same to be arbitrary or capricious;

(2) to fail or refuse to advise or disclose to any motor vehicle dealer having a franchise or selling agreement, upon written request therefor, the basis upon which new motor vehicles of the same line make are allocated or distributed to motor vehicle dealers in the State and the basis upon which the current allocation or distribution is being made or will be made to such motor vehicle dealer;

(3) to refuse to deliver in reasonable quantities and within a reasonable time after receipt of dealer's order, to any motor vehicle dealer having a franchise or selling agreement for the retail sale of new motor vehicles sold or distributed by such manufacturer, distributor, wholesaler, distributor branch or division, factory branch or division or wholesale branch or division, any such motor vehicles as are covered by such franchise or selling agreement specifically publicly advertised in the State by such manufacturer, distributor, wholesaler, distributor branch

or division, factory branch or division, or wholesale branch or division to be available for immediate delivery. However, the failure to deliver any motor vehicle shall not be considered a violation of this Act if such failure is due to an act of God, a work stoppage or delay due to a strike or labor difficulty, a shortage of materials, a lack of manufacturing capacity, a freight embargo or other cause over which the manufacturer, distributor, or wholesaler, or any agent thereof has no control;

(4) to coerce, or attempt to coerce, any motor vehicle dealer to enter into any agreement with such manufacturer, distributor, wholesaler, distributor branch or division, factory branch or division, or wholesale branch or division, or officer, agent or other representative thereof, or to do any other act prejudicial to the dealer by threatening to reduce his allocation of motor vehicles or cancel any franchise or any selling agreement existing between such manufacturer, distributor, wholesaler, distributor branch or division, or factory branch or division, or wholesale branch or division, and the dealer. However, notice in good faith to any motor vehicle dealer of the dealer's violation of any terms or provisions of such franchise or selling agreement or of any law or regulation applicable to the conduct of a motor vehicle dealer shall not constitute a violation of this Act;

(5) to require a franchisee to participate in an

advertising campaign or contest or any promotional campaign, or to purchase or lease any promotional materials, training materials, show room or other display decorations or materials at the expense of the franchisee;

(6) to cancel or terminate the franchise or selling agreement of a motor vehicle dealer without good cause and without giving notice as hereinafter provided; to fail or refuse to extend the franchise or selling agreement of a motor vehicle dealer upon its expiration without good cause and without giving notice as hereinafter provided; or, to offer a renewal, replacement or succeeding franchise or selling agreement containing terms and provisions the effect of which is to substantially change or modify the sales and service obligations or capital requirements of the motor vehicle dealer arbitrarily and without good cause and without giving notice as hereinafter provided notwithstanding any term or provision of a franchise or selling agreement.

(A) If a manufacturer, distributor, wholesaler, distributor branch or division, factory branch or division or wholesale branch or division intends to cancel or terminate a franchise or selling agreement or intends not to extend or renew a franchise or selling agreement on its expiration, it shall send a letter by certified mail, return receipt requested, to the affected franchisee at least 60 days before the

effective date of the proposed action, or not later than 10 days before the proposed action when the reason for the action is based upon either of the following:

(i) the business operations of the franchisee have been abandoned or the franchisee has failed to conduct customary sales and service operations during customary business hours for at least 7 consecutive business days unless such closing is due to an act of God, strike or labor difficulty or other cause over which the franchisee has no control; or

(ii) the conviction of or plea of nolo contendere by the motor vehicle dealer or any operator thereof in a court of competent jurisdiction to an offense punishable by imprisonment for more than two years.

Each notice of proposed action shall include a detailed statement setting forth the specific grounds for the proposed cancellation, termination, or refusal to extend or renew and shall state that the dealer has only 30 days from receipt of the notice to file with the Motor Vehicle Review Board a written protest against the proposed action.

(B) If a manufacturer, distributor, wholesaler, distributor branch or division, factory branch or division or wholesale branch or division intends to

change substantially or modify the sales and service obligations or capital requirements of a motor vehicle dealer as a condition to extending or renewing the existing franchise or selling agreement of such motor vehicle dealer, it shall send a letter by certified mail, return receipt requested, to the affected franchisee at least 60 days before the date of expiration of the franchise or selling agreement. Each notice of proposed action shall include a detailed statement setting forth the specific grounds for the proposed action and shall state that the dealer has only 30 days from receipt of the notice to file with the Motor Vehicle Review Board a written protest against the proposed action.

(C) Within 30 days from receipt of the notice under subparagraphs (A) and (B), the franchisee may file with the Board a written protest against the proposed action.

When the protest has been timely filed, the Board shall enter an order, fixing a date (within 60 days of the date of the order), time, and place of a hearing on the protest required under Sections 12 and 29 of this Act, and send by certified mail, return receipt requested, a copy of the order to the manufacturer that filed the notice of intention of the proposed action and to the protesting dealer or franchisee.

The manufacturer shall have the burden of proof to establish that good cause exists to cancel or terminate, or fail to extend or renew the franchise or selling agreement of a motor vehicle dealer or franchisee, and to change substantially or modify the sales and service obligations or capital requirements of a motor vehicle dealer as a condition to extending or renewing the existing franchise or selling agreement. The determination whether good cause exists to cancel, terminate, or refuse to renew or extend the franchise or selling agreement, or to change or modify the obligations of the dealer as a condition to offer renewal, replacement, or succession shall be made by the Board under subsection (d) of Section 12 of this Act.

(D) Notwithstanding the terms, conditions, or provisions of a franchise or selling agreement, the following shall not constitute good cause for cancelling or terminating or failing to extend or renew the franchise or selling agreement: (i) the change of ownership or executive management of the franchisee's dealership; or (ii) the fact that the franchisee or owner of an interest in the franchise owns, has an investment in, participates in the management of, or holds a license for the sale of the same or any other line make of new motor vehicles.

(E) The manufacturer may not cancel or terminate, or fail to extend or renew a franchise or selling agreement or change or modify the obligations of the franchisee as a condition to offering a renewal, replacement, or succeeding franchise or selling agreement before the hearing process is concluded as prescribed by this Act, and thereafter, if the Board determines that the manufacturer has failed to meet its burden of proof and that good cause does not exist to allow the proposed action;

(7) notwithstanding the terms of any franchise agreement, to fail to indemnify and hold harmless its franchised dealers against any judgment or settlement for damages, including, but not limited to, court costs, expert witness fees, reasonable attorneys' fees of the new motor vehicle dealer, and other expenses incurred in the litigation, so long as such fees and costs are reasonable, arising out of complaints, claims or lawsuits including, but not limited to, strict liability, negligence, misrepresentation, warranty (express or implied), or rescission ~~reversion~~ of the sale as defined in Section 2-608 of the Uniform Commercial Code, to the extent that the judgment or settlement relates to the alleged defective or negligent manufacture, assembly or design of new motor vehicles, parts or accessories or other functions by the manufacturer, beyond the control of the dealer; provided

that, in order to provide an adequate defense, the manufacturer receives notice of the filing of a complaint, claim, or lawsuit within 60 days after the filing;

(8) to require or otherwise coerce a motor vehicle dealer to underutilize the motor vehicle dealer's facilities by requiring or otherwise coercing the motor vehicle dealer to exclude or remove from the motor vehicle dealer's facilities operations for selling or servicing of any vehicles for which the motor vehicle dealer has a franchise agreement with another manufacturer, distributor, wholesaler, distribution branch or division, or officer, agent, or other representative thereof; provided, however, that, in light of all existing circumstances, (i) the motor vehicle dealer maintains a reasonable line of credit for each make or line of new motor vehicle, (ii) the new motor vehicle dealer remains in compliance with any reasonable facilities requirements of the manufacturer, (iii) no change is made in the principal management of the new motor vehicle dealer, and (iv) the addition of the make or line of new motor vehicles would be reasonable. The reasonable facilities requirement set forth in item (ii) of subsection (d)(8) shall not include any requirement that a franchisee establish or maintain exclusive facilities, personnel, or display space. Any decision by a motor vehicle dealer to sell additional makes or lines at the motor vehicle dealer's facility shall be

presumed to be reasonable, and the manufacturer shall have the burden to overcome that presumption. A motor vehicle dealer must provide a written notification of its intent to add a make or line of new motor vehicles to the manufacturer. If the manufacturer does not respond to the motor vehicle dealer, in writing, objecting to the addition of the make or line within 60 days after the date that the motor vehicle dealer sends the written notification, then the manufacturer shall be deemed to have approved the addition of the make or line; ~~or~~

(9) to use or consider the performance of a motor vehicle dealer relating to the sale of the manufacturer's, distributor's, or wholesaler's vehicles or the motor vehicle dealer's ability to satisfy any minimum sales or market share quota or responsibility relating to the sale of the manufacturer's, distributor's, or wholesaler's new vehicles in determining:

(A) the motor vehicle dealer's eligibility to purchase program, certified, or other used motor vehicles from the manufacturer, distributor, or wholesaler;

(B) the volume, type, or model of program, certified, or other used motor vehicles that a motor vehicle dealer is eligible to purchase from the manufacturer, distributor, or wholesaler;

(C) the price of any program, certified, or other

used motor vehicle that the dealer is eligible to purchase from the manufacturer, distributor, or wholesaler; or

(D) the availability or amount of any discount, credit, rebate, or sales incentive that the dealer is eligible to receive from the manufacturer, distributor, or wholesaler for the purchase of any program, certified, or other used motor vehicle offered for sale by the manufacturer, distributor, or wholesaler;=

(10) to take any adverse action against a dealer pursuant to an export or sale-for-resale prohibition because the dealer sold or leased a vehicle to a customer who either exported the vehicle to a foreign country or resold the vehicle in violation of the prohibition, unless the export or sale-for-resale prohibition policy was provided to the dealer in writing either electronically or on paper, prior to the sale or lease, and the dealer knew or reasonably should have known of the customer's intent to export or resell the vehicle in violation of the prohibition at the time of the sale or lease. If the dealer causes the vehicle to be registered and titled in this or any other state, and collects or causes to be collected any applicable sales or use tax to this State, a rebuttable presumption is established that the dealer did not have reason to know of the customer's intent to resell the

vehicle;

(11) to coerce or require any dealer to construct improvements to his or her facilities or to install new signs or other franchiser image elements that replace or substantially alter those improvements, signs, or franchiser image elements completed within the past 10 years that were required and approved by the manufacturer or one of its affiliates. The 10-year period under this paragraph (11) begins to run for a dealer, including that dealer's successors and assigns, on the date that the manufacturer gives final written approval of the facility improvements or installation of signs or other franchiser image elements or the date that the dealer receives a certificate of occupancy, whichever is later. For the purpose of this paragraph (11), the term "substantially alter" does not include routine maintenance, including, but not limited to, interior painting, that is reasonably necessary to keep a dealer facility in attractive condition; or

(12) to require a dealer to purchase goods or services to make improvements to the dealer's facilities from a vendor selected, identified, or designated by a manufacturer or one of its affiliates by agreement, program, incentive provision, or otherwise without making available to the dealer the option to obtain the goods or services of substantially similar quality and overall

design from a vendor chosen by the dealer and approved by the manufacturer; however, approval by the manufacturer shall not be unreasonably withheld, and the dealer's option to select a vendor shall not be available if the manufacturer provides substantial reimbursement for the goods or services offered. "Substantial reimbursement" means an amount equal to or greater than the cost savings that would result if the dealer were to utilize a vendor of the dealer's own selection instead of using the vendor identified by the manufacturer. For the purpose of this paragraph (12), the term "goods" does not include movable displays, brochures, and promotional materials containing material subject to the intellectual property rights of a manufacturer. If signs, other than signs containing the manufacturer's brand or logo or free-standing signs that are not directly attached to a building, or other franchiser image or design elements or trade dress are to be leased to the dealer by a vendor selected, identified, or designated by the manufacturer, the dealer has the right to purchase the signs or other franchiser image or design elements or trade dress of substantially similar quality and design from a vendor selected by the dealer if the signs, franchiser image or design elements, or trade dress are approved by the manufacturer. Approval by the manufacturer shall not be unreasonably withheld. This paragraph (12) shall not be construed to allow a dealer or

vendor to impair, infringe upon, or eliminate, directly or indirectly, the intellectual property rights of the manufacturer including, but not limited to, the manufacturer's intellectual property rights in any trademarks or trade dress, or other intellectual property interests owned or controlled by the manufacturer. This paragraph (12) shall not be construed to permit a dealer to erect or maintain signs that do not conform to the manufacturer's intellectual property rights or trademark or trade dress usage guidelines.

(e) It shall be deemed a violation for a manufacturer, a distributor, a wholesaler, a distributor branch or division or officer, agent or other representative thereof:

(1) to resort to or use any false or misleading advertisement in connection with his business as such manufacturer, distributor, wholesaler, distributor branch or division or officer, agent or other representative thereof;

(2) to offer to sell or lease, or to sell or lease, any new motor vehicle to any motor vehicle dealer at a lower actual price therefor than the actual price offered to any other motor vehicle dealer for the same model vehicle similarly equipped or to utilize any device including, but not limited to, sales promotion plans or programs which result in such lesser actual price or fail to make available to any motor vehicle dealer any preferential

pricing, incentive, rebate, finance rate, or low interest loan program offered to competing motor vehicle dealers in other contiguous states. However, the provisions of this paragraph shall not apply to sales to a motor vehicle dealer for resale to any unit of the United States Government, the State or any of its political subdivisions;

(3) to offer to sell or lease, or to sell or lease, any new motor vehicle to any person, except a wholesaler, distributor or manufacturer's employees at a lower actual price therefor than the actual price offered and charged to a motor vehicle dealer for the same model vehicle similarly equipped or to utilize any device which results in such lesser actual price. However, the provisions of this paragraph shall not apply to sales to a motor vehicle dealer for resale to any unit of the United States Government, the State or any of its political subdivisions;

(4) to prevent or attempt to prevent by contract or otherwise any motor vehicle dealer or franchisee from changing the executive management control of the motor vehicle dealer or franchisee unless the franchiser, having the burden of proof, proves that such change of executive management will result in executive management control by a person or persons who are not of good moral character or who do not meet the franchiser's existing and, with consideration given to the volume of sales and service of the dealership, uniformly applied minimum business

experience standards in the market area. However where the manufacturer rejects a proposed change in executive management control, the manufacturer shall give written notice of his reasons to the dealer within 60 days of notice to the manufacturer by the dealer of the proposed change. If the manufacturer does not send a letter to the franchisee by certified mail, return receipt requested, within 60 days from receipt by the manufacturer of the proposed change, then the change of the executive management control of the franchisee shall be deemed accepted as proposed by the franchisee, and the manufacturer shall give immediate effect to such change;

(5) to prevent or attempt to prevent by contract or otherwise any motor vehicle dealer from establishing or changing the capital structure of his dealership or the means by or through which he finances the operation thereof; provided the dealer meets any reasonable capital standards agreed to between the dealer and the manufacturer, distributor or wholesaler, who may require that the sources, method and manner by which the dealer finances or intends to finance its operation, equipment or facilities be fully disclosed;

(6) to refuse to give effect to or prevent or attempt to prevent by contract or otherwise any motor vehicle dealer or any officer, partner or stockholder of any motor vehicle dealer from selling or transferring any part of the

interest of any of them to any other person or persons or party or parties unless such sale or transfer is to a transferee who would not otherwise qualify for a new motor vehicle dealers license under the ~~"The~~ Illinois Vehicle Code~~"~~ or unless the franchiser, having the burden of proof, proves that such sale or transfer is to a person or party who is not of good moral character or does not meet the franchiser's existing and reasonable capital standards and, with consideration given to the volume of sales and service of the dealership, uniformly applied minimum business experience standards in the market area. However, nothing herein shall be construed to prevent a franchiser from implementing affirmative action programs providing business opportunities for minorities or from complying with applicable federal, State or local law:

(A) If the manufacturer intends to refuse to approve the sale or transfer of all or a part of the interest, then it shall, within 60 days from receipt of the completed application forms generally utilized by a manufacturer to conduct its review and a copy of all agreements regarding the proposed transfer, send a letter by certified mail, return receipt requested, advising the franchisee of any refusal to approve the sale or transfer of all or part of the interest and shall state that the dealer only has 30 days from the receipt of the notice to file with the Motor Vehicle

Review Board a written protest against the proposed action. The notice shall set forth specific criteria used to evaluate the prospective transferee and the grounds for refusing to approve the sale or transfer to that transferee. Within 30 days from the franchisee's receipt of the manufacturer's notice, the franchisee may file with the Board a written protest against the proposed action.

When a protest has been timely filed, the Board shall enter an order, fixing the date (within 60 days of the date of such order), time, and place of a hearing on the protest, required under Sections 12 and 29 of this Act, and send by certified mail, return receipt requested, a copy of the order to the manufacturer that filed notice of intention of the proposed action and to the protesting franchisee.

The manufacturer shall have the burden of proof to establish that good cause exists to refuse to approve the sale or transfer to the transferee. The determination whether good cause exists to refuse to approve the sale or transfer shall be made by the Board under subdivisions (6) (B). The manufacturer shall not refuse to approve the sale or transfer by a dealer or an officer, partner, or stockholder of a franchise or any part of the interest to any person or persons before the hearing process is concluded as prescribed

by this Act, and thereafter if the Board determines that the manufacturer has failed to meet its burden of proof and that good cause does not exist to refuse to approve the sale or transfer to the transferee.

(B) Good cause to refuse to approve such sale or transfer under this Section is established when such sale or transfer is to a transferee who would not otherwise qualify for a new motor vehicle dealers license under the ~~"the Illinois Vehicle Code"~~ or such sale or transfer is to a person or party who is not of good moral character or does not meet the franchiser's existing and reasonable capital standards and, with consideration given to the volume of sales and service of the dealership, uniformly applied minimum business experience standards in the market area.

(7) to obtain money, goods, services, anything of value, or any other benefit from any other person with whom the motor vehicle dealer does business, on account of or in relation to the transactions between the dealer and the other person as compensation, except for services actually rendered, unless such benefit is promptly accounted for and transmitted to the motor vehicle dealer;

(8) to grant an additional franchise in the relevant market area of an existing franchise of the same line make or to relocate an existing motor vehicle dealership within or into a relevant market area of an existing franchise of

the same line make. However, if the manufacturer wishes to grant such an additional franchise to an independent person in a bona fide relationship in which such person is prepared to make a significant investment subject to loss in such a dealership, or if the manufacturer wishes to relocate an existing motor vehicle dealership, then the manufacturer shall send a letter by certified mail, return receipt requested, to each existing dealer or dealers of the same line make whose relevant market area includes the proposed location of the additional or relocated franchise at least 60 days before the manufacturer grants an additional franchise or relocates an existing franchise of the same line make within or into the relevant market area of an existing franchisee of the same line make. Each notice shall set forth the specific grounds for the proposed grant of an additional or relocation of an existing franchise and shall state that the dealer has only 30 days from the date of receipt of the notice to file with the Motor Vehicle Review Board a written protest against the proposed action. Unless the parties agree upon the grant or establishment of the additional or relocated franchise within 30 days from the date the notice was received by the existing franchisee of the same line make or any person entitled to receive such notice, the franchisee or other person may file with the Board a written protest against the grant or establishment of the

proposed additional or relocated franchise.

When a protest has been timely filed, the Board shall enter an order fixing a date (within 60 days of the date of the order), time, and place of a hearing on the protest, required under Sections 12 and 29 of this Act, and send by certified or registered mail, return receipt requested, a copy of the order to the manufacturer that filed the notice of intention to grant or establish the proposed additional or relocated franchise and to the protesting dealer or dealers of the same line make whose relevant market area includes the proposed location of the additional or relocated franchise.

When more than one protest is filed against the grant or establishment of the additional or relocated franchise of the same line make, the Board may consolidate the hearings to expedite disposition of the matter. The manufacturer shall have the burden of proof to establish that good cause exists to allow the grant or establishment of the additional or relocated franchise. The manufacturer may not grant or establish the additional franchise or relocate the existing franchise before the hearing process is concluded as prescribed by this Act, and thereafter if the Board determines that the manufacturer has failed to meet its burden of proof and that good cause does not exist to allow the grant or establishment of the additional franchise or relocation of the existing franchise.

The determination whether good cause exists for allowing the grant or establishment of an additional franchise or relocated existing franchise, shall be made by the Board under subsection (c) of Section 12 of this Act. If the manufacturer seeks to enter into a contract, agreement or other arrangement with any person, establishing any additional motor vehicle dealership or other facility, limited to the sale of factory repurchase vehicles or late model vehicles, then the manufacturer shall follow the notice procedures set forth in this Section and the determination whether good cause exists for allowing the proposed agreement shall be made by the Board under subsection (c) of Section 12, with the manufacturer having the burden of proof.

A. (Blank).

B. For the purposes of this Section, appointment of a successor motor vehicle dealer at the same location as its predecessor, or within 2 miles of such location, or the relocation of an existing dealer or franchise within 2 miles of the relocating dealer's or franchisee's existing location, shall not be construed as a grant, establishment or the entering into of an additional franchise or selling agreement, or a relocation of an existing franchise. The reopening of a motor vehicle dealership that has not been in operation for 18 months or more shall be deemed the grant of an

additional franchise or selling agreement.

C. This Section does not apply to the relocation of an existing dealership or franchise in a county having a population of more than 300,000 persons when the new location is within the dealer's current relevant market area, provided the new location is more than 7 miles from the nearest dealer of the same line make. This Section does not apply to the relocation of an existing dealership or franchise in a county having a population of less than 300,000 persons when the new location is within the dealer's current relevant market area, provided the new location is more than 12 miles from the nearest dealer of the same line make. A dealer that would be farther away from the new location of an existing dealership or franchise of the same line make after a relocation may not file a written protest against the relocation with the Motor Vehicle Review Board.

D. Nothing in this Section shall be construed to prevent a franchiser from implementing affirmative action programs providing business opportunities for minorities or from complying with applicable federal, State or local law;

(9) to require a motor vehicle dealer to assent to a release, assignment, novation, waiver or estoppel which would relieve any person from liability imposed by this

Act;

(10) to prevent or refuse to give effect to the succession to the ownership or management control of a dealership by any legatee under the will of a dealer or to an heir under the laws of descent and distribution of this State unless the franchisee has designated a successor to the ownership or management control under the succession provisions of the franchise. Unless the franchiser, having the burden of proof, proves that the successor is a person who is not of good moral character or does not meet the franchiser's existing and reasonable capital standards and, with consideration given to the volume of sales and service of the dealership, uniformly applied minimum business experience standards in the market area, any designated successor of a dealer or franchisee may succeed to the ownership or management control of a dealership under the existing franchise if:

(i) The designated successor gives the franchiser written notice by certified mail, return receipt requested, of his or her intention to succeed to the ownership of the dealer within 60 days of the dealer's death or incapacity; and

(ii) The designated successor agrees to be bound by all the terms and conditions of the existing franchise.

Notwithstanding the foregoing, in the event the motor

vehicle dealer or franchisee and manufacturer have duly executed an agreement concerning succession rights prior to the dealer's death or incapacitation, the agreement shall be observed.

(A) If the franchiser intends to refuse to honor the successor to the ownership of a deceased or incapacitated dealer or franchisee under an existing franchise agreement, the franchiser shall send a letter by certified mail, return receipt requested, to the designated successor within 60 days from receipt of a proposal advising of its intent to refuse to honor the succession and to discontinue the existing franchise agreement and shall state that the designated successor only has 30 days from the receipt of the notice to file with the Motor Vehicle Review Board a written protest against the proposed action. The notice shall set forth the specific grounds for the refusal to honor the succession and discontinue the existing franchise agreement.

If notice of refusal is not timely served upon the designated successor, the franchise agreement shall continue in effect subject to termination only as otherwise permitted by paragraph (6) of subsection (d) of Section 4 of this Act.

Within 30 days from the date the notice was received by the designated successor or any other

person entitled to notice, the designee or other person may file with the Board a written protest against the proposed action.

When a protest has been timely filed, the Board shall enter an order, fixing a date (within 60 days of the date of the order), time, and place of a hearing on the protest, required under Sections 12 and 29 of this Act, and send by certified mail, return receipt requested, a copy of the order to the franchiser that filed the notice of intention of the proposed action and to the protesting designee or such other person.

The manufacturer shall have the burden of proof to establish that good cause exists to refuse to honor the succession and discontinue the existing franchise agreement. The determination whether good cause exists to refuse to honor the succession shall be made by the Board under subdivision (B) of this paragraph (10). The manufacturer shall not refuse to honor the succession or discontinue the existing franchise agreement before the hearing process is concluded as prescribed by this Act, and thereafter if the Board determines that it has failed to meet its burden of proof and that good cause does not exist to refuse to honor the succession and discontinue the existing franchise agreement.

(B) No manufacturer shall impose any conditions upon honoring the succession and continuing the

existing franchise agreement with the designated successor other than that the franchisee has designated a successor to the ownership or management control under the succession provisions of the franchise, or that the designated successor is of good moral character or meets the reasonable capital standards and, with consideration given to the volume of sales and service of the dealership, uniformly applied minimum business experience standards in the market area;

(11) to prevent or refuse to approve a proposal to establish a successor franchise at a location previously approved by the franchiser when submitted with the voluntary termination by the existing franchisee unless the successor franchisee would not otherwise qualify for a new motor vehicle dealer's license under the Illinois Vehicle Code or unless the franchiser, having the burden of proof, proves that such proposed successor is not of good moral character or does not meet the franchiser's existing and reasonable capital standards and, with consideration given to the volume of sales and service of the dealership, uniformly applied minimum business experience standards in the market area. However, when such a rejection of a proposal is made, the manufacturer shall give written notice of its reasons to the franchisee within 60 days of receipt by the manufacturer of the proposal. However,

nothing herein shall be construed to prevent a franchiser from implementing affirmative action programs providing business opportunities for minorities, or from complying with applicable federal, State or local law;

(12) to prevent or refuse to grant a franchise to a person because such person owns, has investment in or participates in the management of or holds a franchise for the sale of another make or line of motor vehicles within 7 miles of the proposed franchise location in a county having a population of more than 300,000 persons, or within 12 miles of the proposed franchise location in a county having a population of less than 300,000 persons; ~~or~~

(13) to prevent or attempt to prevent any new motor vehicle dealer from establishing any additional motor vehicle dealership or other facility limited to the sale of factory repurchase vehicles or late model vehicles or otherwise offering for sale factory repurchase vehicles of the same line make at an existing franchise by failing to make available any contract, agreement or other arrangement which is made available or otherwise offered to any person; or.

(14) to exercise a right of first refusal or other right to acquire a franchise from a dealer, unless the manufacturer:

(A) notifies the dealer in writing that it intends to exercise its right to acquire the franchise not

later than 60 days after the manufacturer's or distributor's receipt of a notice of the proposed transfer from the dealer and all information and documents reasonably and customarily required by the manufacturer or distributor supporting the proposed transfer;

(B) pays to the dealer the same or greater consideration as the dealer has contracted to receive in connection with the proposed transfer or sale of all or substantially all of the dealership assets, stock, or other ownership interest, including the purchase or lease of all real property, leasehold, or improvements related to the transfer or sale of the dealership. Upon exercise of the right of first refusal or such other right, the manufacturer or distributor shall have the right to assign the lease or to convey the real property;

(C) assumes all of the duties, obligations, and liabilities contained in the agreements that were to be assumed by the proposed transferee and with respect to which the manufacturer or distributor exercised the right of first refusal or other right to acquire the franchise;

(D) reimburses the proposed transferee for all reasonable expenses incurred in evaluating, investigating, and negotiating the transfer of the

dealership prior to the manufacturer's or distributor's exercise of its right of first refusal or other right to acquire the dealership. For purposes of this paragraph, "reasonable expenses" includes the usual and customary legal and accounting fees charged for similar work, as well as expenses associated with the evaluation and investigation of any real property on which the dealership is operated. The proposed transferee shall submit an itemized list of its expenses to the manufacturer or distributor not later than 30 days after the manufacturer's or distributor's exercise of the right of first refusal or other right to acquire the motor vehicle franchise. The manufacturer or distributor shall reimburse the proposed transferee for its expenses not later than 90 days after receipt of the itemized list. A manufacturer or distributor may request to be provided with the itemized list of expenses before exercising the manufacturer's or distributor's right of first refusal.

Except as provided in this paragraph (14), neither the selling dealer nor the manufacturer or distributor shall have any liability to any person as a result of a manufacturer or distributor exercising its right of first refusal.

For the purpose of this paragraph, "proposed

transferee" means the person to whom the franchise would have been transferred to, or was proposed to be transferred to, had the right of first refusal or other right to acquire the franchise not been exercised by the manufacturer or distributor.

(f) It is deemed a violation for a manufacturer, a distributor, a wholesaler, a distributor branch or division, a factory branch or division, or a wholesale branch or division, or officer, agent, broker, shareholder, except a shareholder of 1% or less of the outstanding shares of any class of securities of a manufacturer, distributor, or wholesaler which is a publicly traded corporation, or other representative, directly or indirectly, to own or operate a place of business as a motor vehicle franchisee or motor vehicle financing affiliate, except that, this subsection shall not prohibit:

(1) the ownership or operation of a place of business by a manufacturer, distributor, or wholesaler for a period, not to exceed 18 months, during the transition from one motor vehicle franchisee to another;

(2) the investment in a motor vehicle franchisee by a manufacturer, distributor, or wholesaler if the investment is for the sole purpose of enabling a partner or shareholder in that motor vehicle franchisee to acquire an interest in that motor vehicle franchisee and that partner or shareholder is not otherwise employed by or associated with the manufacturer, distributor, or wholesaler and

would not otherwise have the requisite capital investment funds to invest in the motor vehicle franchisee, and has the right to purchase the entire equity interest of the manufacturer, distributor, or wholesaler in the motor vehicle franchisee within a reasonable period of time not to exceed 5 years; or

(3) the ownership or operation of a place of business by a manufacturer that manufactures only diesel engines for installation in trucks having a gross vehicle weight rating of more than 16,000 pounds that are required to be registered under the Illinois Vehicle Code, provided that:

(A) the manufacturer does not otherwise manufacture, distribute, or sell motor vehicles as defined under Section 1-217 of the Illinois Vehicle Code;

(B) the manufacturer owned a place of business and it was in operation as of January 1, 2016;

(C) the manufacturer complies with all obligations owed to dealers that are not owned, operated, or controlled by the manufacturer, including, but not limited to those obligations arising pursuant to Section 6;

(D) to further avoid any acts or practices, the effect of which may be to lessen or eliminate competition, the manufacturer provides to dealers on substantially equal terms access to all support for

completing repairs, including, but not limited to, parts and assemblies, training, and technical service bulletins, and other information concerning repairs that the manufacturer provides to facilities that are owned, operated, or controlled by the manufacturer; and

(E) the manufacturer does not require that warranty repair work be performed by a manufacturer-owned repair facility and the manufacturer provides any dealer that has an agreement with the manufacturer to sell and perform warranty repairs on the manufacturer's engines the opportunity to perform warranty repairs on those engines, regardless of whether the dealer sold the truck into which the engine was installed.

(g) Notwithstanding the terms, provisions, or conditions of any agreement or waiver, it shall be deemed a violation for a manufacturer, a distributor, a wholesaler, a distributor branch or division, a factory branch or division, or a wholesale branch or division, or officer, agent or other representative thereof, to directly or indirectly condition the awarding of a franchise to a prospective new motor vehicle dealer, the addition of a line make or franchise to an existing dealer, the renewal of a franchise of an existing dealer, the approval of the relocation of an existing dealer's facility, or the approval of the sale or transfer of the ownership of a

franchise on the willingness of a dealer, proposed new dealer, or owner of an interest in the dealership facility to enter into a site control agreement or exclusive use agreement unless separate and reasonable consideration was offered and accepted for that agreement.

For purposes of this subsection (g), the terms "site control agreement" and "exclusive use agreement" include any agreement that has the effect of either (i) requiring that the dealer establish or maintain exclusive dealership facilities; or (ii) restricting the ability of the dealer, or the ability of the dealer's lessor in the event the dealership facility is being leased, to transfer, sell, lease, or change the use of the dealership premises, whether by sublease, lease, collateral pledge of lease, or other similar agreement. "Site control agreement" and "exclusive use agreement" also include a manufacturer restricting the ability of a dealer to transfer, sell, or lease the dealership premises by right of first refusal to purchase or lease, option to purchase, or option to lease if the transfer, sale, or lease of the dealership premises is to a person who is an immediate family member of the dealer. For the purposes of this subsection (g), "immediate family member" means a spouse, parent, son, daughter, son-in-law, daughter-in-law, brother, and sister.

If a manufacturer exercises any right of first refusal to purchase or lease or option to purchase or lease with regard to a transfer, sale, or lease of the dealership premises to a

person who is not an immediate family member of the dealer, then (1) within 60 days from the receipt of the completed application forms generally utilized by a manufacturer to conduct its review and a copy of all agreements regarding the proposed transfer, the manufacturer must notify the dealer of its intent to exercise the right of first refusal to purchase or lease or option to purchase or lease and (2) the exercise of the right of first refusal to purchase or lease or option to purchase or lease must result in the dealer receiving consideration, terms, and conditions that either are the same as or greater than that which they have contracted to receive in connection with the proposed transfer, sale, or lease of the dealership premises.

Any provision contained in any agreement entered into on or after November 25, 2009 (the effective date of Public Act 96-824) ~~this amendatory Act of the 96th General Assembly~~ that is inconsistent with the provisions of this subsection (g) shall be voidable at the election of the affected dealer, prospective dealer, or owner of an interest in the dealership facility.

(h) For purposes of this subsection:

"Successor manufacturer" means any motor vehicle manufacturer that, on or after January 1, 2009, acquires, succeeds to, or assumes any part of the business of another manufacturer, referred to as the "predecessor manufacturer", as the result of any of the following:

(i) A change in ownership, operation, or control of the predecessor manufacturer by sale or transfer of assets, corporate stock or other equity interest, assignment, merger, consolidation, combination, joint venture, redemption, court-approved sale, operation of law or otherwise.

(ii) The termination, suspension, or cessation of a part or all of the business operations of the predecessor manufacturer.

(iii) The discontinuance of the sale of the product line.

(iv) A change in distribution system by the predecessor manufacturer, whether through a change in distributor or the predecessor manufacturer's decision to cease conducting business through a distributor altogether.

"Former Franchisee" means a new motor vehicle dealer that has entered into a franchise with a predecessor manufacturer and that has either:

(i) entered into a termination agreement or deferred termination agreement with a predecessor or successor manufacturer related to such franchise; or

(ii) has had such franchise canceled, terminated, nonrenewed, noncontinued, rejected, nonassumed, or otherwise ended.

For a period of 3 years from: (i) the date that a successor manufacturer acquires, succeeds to, or assumes any part of the

business of a predecessor manufacturer; (ii) the last day that a former franchisee is authorized to remain in business as a franchised dealer with respect to a particular franchise under a termination agreement or deferred termination agreement with a predecessor or successor manufacturer; (iii) the last day that a former franchisee that was cancelled, terminated, nonrenewed, noncontinued, rejected, nonassumed, or otherwise ended by a predecessor or successor manufacturer is authorized to remain in business as a franchised dealer with respect to a particular franchise; or (iv) November 25, 2009 (the effective date of Public Act 96-824) ~~this amendatory Act of the 96th General Assembly~~, whichever is latest, it shall be unlawful for such successor manufacturer to enter into a same line make franchise with any person or to permit the relocation of any existing same line make franchise, for a line make of the predecessor manufacturer that would be located or relocated within the relevant market area of a former franchisee who owned or leased a dealership facility in that relevant market area without first offering the additional or relocated franchise to the former franchisee, or the designated successor of such former franchisee in the event the former franchisee is deceased or a person with a disability, at no cost and without any requirements or restrictions other than those imposed generally on the manufacturer's other franchisees at that time, unless one of the following applies:

- (1) As a result of the former franchisee's

cancellation, termination, noncontinuance, or nonrenewal of the franchise, the predecessor manufacturer had consolidated the line make with another of its line makes for which the predecessor manufacturer had a franchisee with a then-existing dealership facility located within that relevant market area.

(2) The successor manufacturer has paid the former franchisee, or the designated successor of such former franchisee in the event the former franchisee is deceased or a person with a disability, the fair market value of the former franchisee's franchise on (i) the date the franchisor announces the action which results in the termination, cancellation, or nonrenewal; or (ii) the date the action which results in termination, cancellation, or nonrenewal first became general knowledge; or (iii) the day 12 months prior to the date on which the notice of termination, cancellation, or nonrenewal is issued, whichever amount is higher. Payment is due within 90 days of the effective date of the termination, cancellation, or nonrenewal. If the termination, cancellation, or nonrenewal is due to a manufacturer's change in distributors, the manufacturer may avoid paying fair market value to the dealer if the new distributor or the manufacturer offers the dealer a franchise agreement with terms acceptable to the dealer.

(3) The successor manufacturer proves that it would

have had good cause to terminate the franchise agreement of the former franchisee, or the successor of the former franchisee under item (e)(10) in the event that the former franchisee is deceased or a person with a disability. The determination of whether the successor manufacturer would have had good cause to terminate the franchise agreement of the former franchisee, or the successor of the former franchisee, shall be made by the Board under subsection (d) of Section 12. A successor manufacturer that seeks to assert that it would have had good cause to terminate a former franchisee, or the successor of the former franchisee, must file a petition seeking a hearing on this issue before the Board and shall have the burden of proving that it would have had good cause to terminate the former franchisee or the successor of the former franchisee. No successor dealer, other than the former franchisee, may be appointed or franchised by the successor manufacturer within the relevant market area of the former franchisee until the Board has held a hearing and rendered a determination on the issue of whether the successor manufacturer would have had good cause to terminate the former franchisee.

In the event that a successor manufacturer attempts to enter into a same line make franchise with any person or to permit the relocation of any existing line make franchise under this subsection (h) at a location that is within the relevant

market area of 2 or more former franchisees, then the successor manufacturer may not offer it to any person other than one of those former franchisees unless the successor manufacturer can prove that at least one of the 3 exceptions in items (1), (2), and (3) of this subsection (h) applies to each of those former franchisees.

(Source: P.A. 99-143, eff. 7-27-15; 99-844, eff. 8-19-16; revised 10-27-16.)

(815 ILCS 710/12) (from Ch. 121 1/2, par. 762)

Sec. 12. Arbitration; administrative proceedings; civil actions; determining good cause.

(a) The franchiser and franchisee may agree to submit a dispute involving Section 4, 5, 6, 7, 9, 10.1, or 11 to arbitration. Any such proceeding shall be conducted under the provisions of the Uniform Arbitration Act by a 3 member panel composed of one member appointed by the franchisee and one member appointed by the franchiser who together shall choose the third member.

An arbitration proceeding hereunder for a remedy under paragraph (6) of subsection (d) or paragraph (6), (8), (10) or (11) of subsection (e) of Section 4 of this Act shall be commenced by written notice to the franchiser by the objecting franchisee within 30 days from the date the dealer received notice to cancel, terminate, modify or not extend or renew an existing franchise or selling agreement or refusal to honor

succession to ownership or refusal to honor a sale or transfer or to grant or enter into the additional franchise or selling agreement, or to relocate an existing motor vehicle dealer; or within 60 days of the date the franchisee received notice in writing by the franchiser of its determination under any provision of Section 4 (other than paragraph (6) of subsection (d) or paragraph (6), (8), (10) or (11) of subsection (e) of Section 4), 5, 6, 7, 9, 10.1, or 11 of this Act; however, if notice of the provision under which the determination has been made is not given by the franchiser, then the proceeding shall be commenced as provided by Section 14 of this Act.

The franchiser and the franchisee shall appoint their respective arbitrators and they shall select the third arbitrator within 14 days of receipt of such notice by the franchiser. The arbitrators shall commence hearings within 60 days after all the arbitrators have been appointed and a decision shall be rendered within 30 days after completion of the hearing.

During the pendency of the arbitration, any party may apply to a court of competent jurisdiction which shall have power to modify or stay the effective date of a proposed additional franchise or selling agreement, or the effective date of a proposed motor vehicle dealership relocation or the effective date of a cancellation, termination or modification or refusal to honor succession or refusal to allow a sale or transfer or extend the expiration date of a franchise or selling agreement

pending a final determination of the issues raised in the arbitration hearing upon such terms as the court may determine. Any such modification or stay shall not be effective for more than 60 days unless extended by the court for good cause or unless the arbitration hearing is then in progress.

(b) If the franchiser and the franchisee have not agreed to submit a dispute involving Section 4, 5, 6, 7, 9, 10.1, or 11 of this Act to arbitration under subsection (a), then a proceeding before the Motor Vehicle Review Board as prescribed by subsection (c) or (d) of Section 12 and Section 29 of this Act for a remedy other than damages under paragraph (6) of subsection (d) or paragraph (6), (8), (10), or (11) of subsection (e) of Section 4 of this Act shall be commenced upon receipt by the Motor Vehicle Review Board of a timely notice of protest or within 60 days of the date the franchisee received notice in writing by the franchiser of its determination under any provision of those Sections other than paragraph (6) of subsection (d) or paragraph (6), (8), (10), or (11) of subsection (e) of Section 4 of this Act; however, if notice of the provision under which the determination has been made is not given by the franchiser, then the proceeding shall be commenced as provided by Section 14 of this Act.

During the pendency of a proceeding under this Section, a party may apply to a court of competent jurisdiction that shall have power to modify or stay the effective date of a proposed additional franchise or selling agreement, or the effective

date of a proposed motor vehicle dealership relocation, or the effective date of a cancellation, termination, or modification, or extend the expiration date of a franchise or selling agreement or refusal to honor succession to ownership or refusal to approve a sale or transfer pending a final determination of the issues raised in the hearing upon such terms as the court may determine. Any modification or stay shall not be effective for more than 60 days unless extended by the court for good cause or unless the hearing is then in progress.

(c) In proceedings under (a) or (b), when determining whether good cause has been established for granting such proposed additional franchise or selling agreement, or for relocating an existing motor vehicle dealership, the arbitrators or Board shall consider all relevant circumstances in accordance with subsection (v) of Section 2 of this Act, including but not limited to:

(1) whether the establishment of such additional franchise or the relocation of such motor vehicle dealership is warranted by economic and marketing conditions including anticipated future changes;

(2) the retail sales and service business transacted by the objecting motor vehicle dealer or dealers and other motor vehicle dealers of the same line make with a place of business in the relevant market area to be served by the additional franchise or the relocated motor vehicle

dealership during the 5 year period immediately preceding such notice as compared to the business available to them;

(3) the investment necessarily made and obligations incurred by the objecting motor vehicle dealer or dealers and other motor vehicle dealers of the same line make with a place of business in the relevant market area to be served by the additional franchise or the relocated motor vehicle dealership to perform their obligations under existing franchises or selling agreements; and, the manufacturer shall give reasonable credit for sales of factory repurchase vehicles purchased by the objecting motor vehicle dealer or dealers and other motor vehicle dealers of the same line make with the place of business in the relevant market area to be served by the additional franchise or the relocated motor vehicle dealership, or the additional motor vehicle dealership or other facility limited to the sale of factory repurchase or late model vehicles, at manufacturer authorized or sponsored auctions in determining performance of obligations under existing franchises or selling agreements relating to total new vehicle sales;

(4) the permanency of the investment of the objecting motor vehicle dealer or dealers and other motor vehicle dealers of the same line make with a place of business in the relevant market area to be served by the additional franchise or the relocated motor vehicle dealership;

(5) whether it is beneficial or injurious to the public welfare for an additional franchise or relocated motor vehicle dealership to be established;

(6) whether the objecting motor vehicle dealer or dealers and other motor vehicle dealers of the same line make with a place of business in the relevant market area to be served by the additional franchisee or relocated motor vehicle dealership are providing adequate competition and convenient consumer care for the motor vehicles of the same line make owned or operated in the area to be served by the additional franchise or relocated motor vehicle dealership;

(7) whether the objecting motor vehicle dealer or dealers and other motor vehicle dealers of the same line make with a place of business in the relevant market area to be served by the additional franchisee or the relocated motor vehicle dealership have adequate motor vehicle sales and service facilities, equipment, vehicle parts and qualified personnel to reasonably provide for the needs of the customer; provided, however, that good cause shall not be shown solely by a desire for further market penetration;

(8) whether the establishment of an additional franchise or the relocation of a motor vehicle dealership would be in the public interest;

(9) whether there has been a material breach by a motor vehicle dealer of the existing franchise agreement which

creates a substantially detrimental effect upon the distribution of the franchiser's motor vehicles in the affected motor vehicle dealer's relevant market area or fraudulent claims for warranty work, insolvency or inability to pay debts as they mature;

(10) the effect of an additional franchise or relocated motor vehicle dealership upon the existing motor vehicle dealers of the same line make in the relevant market area to be served by the additional franchisee or relocated motor vehicle dealership; and

(11) whether the manufacturer has given reasonable credit to the objecting motor vehicle dealer or dealers and other motor vehicle dealers of the same line make with a place of business in the relevant market area to be served by the additional franchise or relocated motor vehicle dealership or additional motor vehicle dealership or other facility limited to the sale of factory repurchase or late model vehicles, for retail sales of factory repurchase vehicles purchased by the motor vehicle dealer or dealers at manufacturer authorized or sponsored auctions.

(d) In proceedings under subsection (a) or (b), when determining whether good cause has been established for cancelling, terminating, refusing to extend or renew, or changing or modifying the obligations of the motor vehicle dealer as a condition to offering a renewal, replacement, or succeeding franchise or selling agreement, the arbitrators or

Board shall consider all relevant circumstances in accordance with subsection (v) of Section 2 of this Act, including but not limited to:

(1) The amount of retail sales transacted by the franchisee during a 5-year period immediately before the date of the notice of proposed action as compared to the business available to the franchisee.

(2) The investment necessarily made and obligations incurred by the franchisee to perform its part of the franchise.

(3) The permanency of the franchisee's investment.

(4) Whether it is injurious to the public interest for the franchise to be cancelled or terminated or not extended or modified, or the business of the franchise disrupted.

(5) Whether the franchisee has adequate motor vehicle sales and service facilities, equipment, vehicle parts, and service personnel to reasonably provide for the need of the customers for the same line make of motor vehicles handled by the franchisee.

(6) Whether the franchisee fails to fulfill the warranty obligations of the manufacturer required to be performed by the franchisee.

(7) The extent and materiality of the franchisee's failure to comply with the terms of the franchise and the reasonableness and fairness of those terms.

(8) Whether the owners of the franchise had actual

knowledge of the facts and circumstances upon which cancellation or termination, failure to extend or renew, or changing or modification of the obligations of the franchisee as a condition to offering a renewal, replacement, or succeeding franchise or selling agreement.

(9) The extent to which local market factors in the dealer's market area presented by the dealer impacted the dealer's performance.

(e) If the franchiser and the franchisee have not agreed to submit a dispute to arbitration, and the dispute did not arise under paragraph (6) of subsection (d) or paragraph (6), (8), (10), or (11) of subsection (e) of Section 4 of this Act, then a proceeding for a remedy other than damages may be commenced by the objecting franchisee in the circuit court of the county in which the objecting franchisee has its principal place of business, within 60 days of the date the franchisee received notice in writing by the franchiser of its determination under any provision of this Act other than paragraph (6) of subsection (d) or paragraph (6), (8), (10), or (11) of subsection (e) of Section 4 of this Act; however, if notice of the provision under which the determination has been made is not given by the franchiser, then the proceeding shall be commenced as provided by Section 14 of this Act.

(f) The changes to this Section made by this amendatory Act of the 92nd General Assembly (i) apply only to causes of action accruing on or after its effective date and (ii) are intended

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SB1687 Enrolled

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to provide only an additional venue for dispute resolution without changing any substantive rights under this Act.

(Source: P.A. 92-272, eff. 1-1-02.)

Section 99. Effective date. This Act takes effect upon becoming law.