

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019

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HOUSE BILL 848

Short Title: RV Dealer Regulation. (Public)

Sponsors: Representative Torbett.

For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: Transportation, if favorable, Rules, Calendar, and Operations of the House

April 18, 2019

1 A BILL TO BE ENTITLED
2 AN ACT TO REMOVE RECREATIONAL VEHICLES FROM ARTICLE 12 OF CHAPTER
3 20 OF THE GENERAL STATUTES, WHICH PROVIDES FOR LICENSING AND
4 REGULATION OF MOTOR VEHICLE DEALERS AND MANUFACTURERS; TO
5 ENACT A NEW ARTICLE 19 IN CHAPTER 20 OF THE GENERAL STATUTES TO
6 REGULATE RECREATIONAL VEHICLE DEALERS AND MANUFACTURERS; AND
7 TO UPDATE DEFINITIONS AND CROSS REFERENCES.

8 The General Assembly of North Carolina enacts:

9
10 **REMOVE REFERENCES TO RECREATIONAL VEHICLES IN ARTICLE 12 OF**
11 **CHAPTER 20 OF THE GENERAL STATUTES**

12 **SECTION 1.(a)** G.S. 20-286(10) reads as rewritten:

13 "(10) Motor vehicle. – Any motor propelled vehicle, trailer or semitrailer, required
14 to be registered under the laws of this State. This term does not include
15 mopeds, as that term is defined in G.S. 20-4.01. This term does not include
16 recreational vehicles, as defined in Article 19 of this Chapter.

17"

18 **SECTION 1.(b)** G.S. 20-292 reads as rewritten:

19 **"§ 20-292. Dealers may display motor vehicles for sale at retail only at established**
20 **salesrooms.**

21 A new or used motor vehicle dealer may display a motor vehicle for sale at retail only at the
22 dealer's established salesroom, unless the display is of a motor vehicle that meets any of the
23 following descriptions:

- 24 (1) Contains the dealer's name or other sales information and is used by the dealer
25 as a "demonstrator" for transportation purposes.
26 (2) Is displayed at a trade show or exhibit at which no selling activities relating to
27 the vehicle take place.
28 (3) Is displayed at the home or place of business of a customer at the request of
29 the customer.

30 This section does not apply to ~~recreational vehicles~~, house trailers, or boat, animal, camping, or
31 other utility trailers."

32 **SECTION 1.(c)** G.S. 20-305(6) reads as rewritten:

33 "(6) Notwithstanding the terms, provisions or conditions of any franchise or
34 notwithstanding the terms or provisions of any waiver, to terminate, cancel or
35 fail to renew any franchise with a licensed new motor vehicle dealer unless



1 the manufacturer has satisfied the notice requirements of sub-subdivision c.
2 of this subdivision and the Commissioner has determined, if requested in
3 writing by the dealer within (i) the time period specified in
4 G.S. 20-305(6)c.1.II., III., or IV., as applicable, or (ii) the effective date of the
5 franchise termination specified or proposed by the manufacturer in the notice
6 of termination, whichever period of time is longer, and after a hearing on the
7 matter, that there is good cause for the termination, cancellation, or
8 nonrenewal of the franchise and that the manufacturer has acted in good faith
9 as defined in this act regarding the termination, cancellation or nonrenewal.
10 When such a petition is made to the Commissioner by a dealer for
11 determination as to the existence of good cause and good faith for the
12 termination, cancellation or nonrenewal of a franchise, the Commissioner
13 shall promptly inform the manufacturer that a timely petition has been filed,
14 and the franchise in question shall continue in effect pending the
15 Commissioner's decision. The Commissioner shall try to conduct the hearing
16 and render a final determination within 180 days after a petition has been filed.
17 If the termination, cancellation or nonrenewal is pursuant to
18 G.S. 20-305(6)c.1.III. then the Commissioner shall give the proceeding
19 priority consideration and shall try to render his final determination no later
20 than 90 days after the petition has been filed. Any parties to a hearing by the
21 Commissioner under this section shall have a right of review of the decision
22 in a court of competent jurisdiction pursuant to Chapter 150B of the General
23 Statutes. Any determination of the Commissioner under this section finding
24 that good cause exists for the nonrenewal, cancellation, or termination of any
25 franchise shall automatically be stayed during any period that the affected
26 dealer shall have the right to judicial review or appeal of the determination
27 before the superior court or any other appellate court and during the pendency
28 of any appeal; provided, however, that within 30 days of entry of the
29 Commissioner's order, the affected dealer provide such security as the
30 reviewing court, in its discretion, may deem appropriate for payment of such
31 costs and damages as may be incurred or sustained by the manufacturer by
32 reason of and during the pendency of the stay. Although the right of the
33 affected dealer to such stay is automatic, the procedure for providing such
34 security and for the award of damages, if any, to the manufacturer upon
35 dissolution of the stay shall be in accordance with G.S. 1A-1, Rule 65(d) and
36 (e). No such security provided by or on behalf of any affected dealer shall be
37 forfeited or damages awarded against a dealer who obtains a stay under this
38 subdivision in the event the ownership of the affected dealership is
39 subsequently transferred, sold, or assigned to a third party in accordance with
40 this subdivision or subdivision (4) of this section and the closing on such
41 transfer, sale, or assignment occurs no later than 180 days after the date of
42 entry of the Commissioner's order. Furthermore, unless and until the
43 termination, cancellation, or nonrenewal of a dealer's franchise shall finally
44 become effective, in light of any stay or any order of the Commissioner
45 determining that good cause exists for the termination, cancellation, or
46 nonrenewal of a dealer's franchise as provided in this subdivision, a dealer
47 who receives a notice of termination, cancellation, or nonrenewal from a
48 manufacturer as provided in this subdivision shall continue to have the same
49 rights to assign, sell, or transfer the franchise to a third party under the
50 franchise and as permitted under G.S. 20-305(4) as if notice of the termination
51 had not been given by the manufacturer. Any franchise under notice or threat

1 of termination, cancellation, or nonrenewal by the manufacturer which is duly
 2 transferred in accordance with G.S. 20-305(4) shall not be subject to
 3 termination by reason of failure of performance or breaches of the franchise
 4 on the part of the transferor.

5 ...

6 d. Payments.

7 1. Notwithstanding the terms of any franchise, agreement, or
 8 waiver, upon the termination, nonrenewal or cancellation of
 9 any franchise by the manufacturer or distributor, the cessation
 10 of business or the termination, nonrenewal, or cancellation of
 11 any franchise by any new motor vehicle dealer located in this
 12 State, or upon any of the occurrences set forth in
 13 G.S. 20-305(6)c.1.IV., the manufacturer or distributor shall
 14 purchase from and compensate the new motor vehicle dealer
 15 for all of the following:

16 I. Each new and unsold motor vehicle within the new
 17 motor vehicle dealer's inventory that has been acquired
 18 within 24 months of the effective date of the
 19 termination from the manufacturer or distributor or
 20 another same line-make dealer in the ordinary course
 21 of business, and which has not been substantially
 22 altered or damaged to the prejudice of the manufacturer
 23 or distributor while in the new motor vehicle dealer's
 24 possession, and which has been driven less than 1,000
 25 miles ~~or, for purposes of a recreational vehicle motor~~
 26 ~~home as defined in G.S. 20-4.01(32b)c., less than 1,500~~
 27 ~~miles following the original date of delivery to the~~
 28 ~~dealer, and for which no certificate of title has been~~
 29 issued. For purposes of this sub-subdivision, the term
 30 "ordinary course of business" shall include inventory
 31 transfers of all new, same line-make vehicles between
 32 affiliated dealerships, or otherwise between dealerships
 33 having common or interrelated ownership, provided
 34 that the transfer is not intended solely for the purpose
 35 of benefiting from the termination assistance described
 36 in this sub-subdivision.

37 ...

38 f. The provisions of sub-subdivision e. above shall not be applicable
 39 when the termination, nonrenewal, or cancellation of the franchise
 40 agreement by a new motor vehicle dealer is the result of the sale of
 41 assets or stock of the motor vehicle dealership. ~~The provisions of~~
 42 ~~sub subdivisions d. and e. above shall not be applicable when the~~
 43 ~~termination, nonrenewal, or cancellation of the franchise agreement is~~
 44 ~~at the initiation of a new motor vehicle dealer of recreational vehicle~~
 45 ~~motor homes, as defined in G.S. 20-4.01(32b)c., provided that at the~~
 46 ~~time of the termination, nonrenewal, or cancellation, the recreational~~
 47 ~~vehicle manufacturer or distributor has paid to the dealer all claims for~~
 48 ~~warranty or recall work, including payments for labor, parts, and other~~
 49 ~~expenses, which were submitted by the dealer 30 days or more prior~~
 50 ~~to the date of termination, nonrenewal, or cancellation.~~

51"

1 **SECTION 1.(d)** G.S. 20-305.1 reads as rewritten:

2 "**§ 20-305.1. Automobile dealer warranty and recall obligations.**

3 ...

4 (b) Notwithstanding the terms of any franchise agreement, it is unlawful for any motor
5 vehicle manufacturer, factory branch, distributor, or distributor branch to fail to perform any of
6 its warranty or recall obligations with respect to a motor vehicle, to fail to fully compensate its
7 motor vehicle dealers licensed in this State for a qualifying used motor vehicle pursuant to
8 subsections (i) and (j) of this section or warranty and recall parts ~~other than parts used to repair~~
9 ~~the living facilities of recreational vehicles, including motor homes, travel trailers, fifth wheel~~
10 ~~trailers, camping trailers, and truck campers as defined in G.S. 20-4.01(32b),~~ at the prevailing
11 retail rate according to the factors in subsection (a) of this section, or, in service in accordance
12 with the schedule of compensation provided the dealer pursuant to subsection (a) of this section,
13 or to otherwise recover all or any portion of its costs for compensating its motor vehicle dealers
14 licensed in this State for warranty or recall parts and service or for payments for a qualifying
15 used motor vehicle pursuant to subsections (i) and (j) of this section either by reduction in the
16 amount due to the dealer, or by separate charge, surcharge, or other imposition, and to fail to
17 indemnify and hold harmless its franchised dealers licensed in this State against any judgment
18 for damages or settlements agreed to by the manufacturer, including, but not limited to, court
19 costs and reasonable attorneys' fees of the motor vehicle dealer, arising out of complaints, claims
20 or lawsuits including, but not limited to, strict liability, negligence, misrepresentation, express or
21 implied warranty, or rescission or revocation of acceptance of the sale of a motor vehicle as defined
22 in G.S. 25-2-608, to the extent that the judgment or settlement relates to the alleged defective
23 negligent manufacture, assembly or design of new motor vehicles, parts or accessories or other
24 functions by the manufacturer, factory branch, distributor or distributor branch, beyond the
25 control of the dealer. Any audit for warranty or recall parts or service compensation, or
26 compensation for a qualifying used motor vehicle in accordance with subsections (i) and (j) of
27 this section shall only be for the 12-month period immediately following the date of the payment
28 of the claim by the manufacturer, factory branch, distributor, or distributor branch. Any audit for
29 sales incentives, service incentives, rebates, or other forms of incentive compensation shall only
30 be for the 12-month period immediately following the date of the payment of the claim by the
31 manufacturer, factory branch, distributor, or distributor branch pursuant to a sales incentives
32 program, service incentives program, rebate program, or other form of incentive compensation
33 program. Provided, however, these limitations shall not be effective in the case of fraudulent
34 claims.

35 ...

36 (j) Definitions – The following definitions apply in this section:

37 ...

38 Nothing in this subsection shall be construed as excluding from the definition of a qualifying
39 used motor vehicle a motor vehicle on which a previously issued notice of recall or a stop-sale
40 or do-not-drive order remains in effect as of the effective date of this subsection, or a motor
41 vehicle that becomes subject to a notice of recall or a stop-sale or do-not drive order on or after
42 the effective date of this subsection, provided that the motor vehicle otherwise meets the criteria
43 for a qualifying used motor vehicle. ~~Subsections (i) and (j) of this section shall not be applicable~~
44 ~~to any manufacturer, factory branch, distributor, or distributor branch that manufactures or~~
45 ~~distributes recreational vehicles.~~

46 "

47 **SECTION 1.(e)** G.S. 20-305.2(a)(7) is repealed.

48 **SECTION 1.(f)** G.S. 20-305.2(b) reads as rewritten:

49 "(b) Subsection (a) of this section does not apply to manufacturers or distributors of trailers
50 or ~~semitrailers that are not recreational vehicles as defined in G.S. 20-4.01~~ semitrailers."

51 **SECTION 1.(g)** G.S. 20-305.5 reads as rewritten:

1 "~~§ 20-305.5. Recreational vehicle manufacturer warranty recall obligations.~~Certain
2 provisions not applicable to dealers in mobile or manufactured type housing.

3 (a) ~~It is unlawful for any manufacturer, factory branch, distributor, or distributor branch~~
4 ~~that manufactures or distributes recreational vehicles to fail to fully compensate its dealers~~
5 ~~located in this State in accordance with this section for warranty or recall work performed by the~~
6 ~~dealers related to the living facilities of the vehicle, including all labor and parts used to repair~~
7 ~~such living facilities and any equipment, plumbing, appliances, and other options included by the~~
8 ~~manufacturer, factory branch, distributor, or distributor branch in the purchase price paid by the~~
9 ~~dealer for the vehicle. For purposes of this section, the term "recreational vehicle" includes motor~~
10 ~~homes, travel trailers, fifth wheel trailers, camping trailers, and truck campers as defined by~~
11 ~~G.S. 20-4.01(32b). With respect to those portions of the living facilities of recreational vehicles~~
12 ~~and any equipment, plumbing, appliances, and other options that are part of such living facilities~~
13 ~~and that are included by the recreational vehicle manufacturer, factory branch, distributor, or~~
14 ~~distributor branch in the purchase price paid by the dealer for the vehicle, the term "warrantor"~~
15 ~~shall mean any manufacturer or distributor of such living facilities or any equipment, plumbing,~~
16 ~~appliances, and other options that are part of such living facilities that offers a warranty in writing~~
17 ~~to either the recreational vehicle dealer or to the ultimate purchaser of the recreational vehicle.~~
18 ~~The term "warrantor" does not include a person that provides a service contract, mechanical or~~
19 ~~other insurance, or an extended warranty sold for separate consideration by a dealer or other~~
20 ~~person not controlled by a warrantor. Notwithstanding the terms or conditions of any contract or~~
21 ~~agreement, it is unlawful for any recreational vehicle manufacturer, factory branch, distributor,~~
22 ~~or distributor branch to fail to fully and timely compensate any of its franchised recreational~~
23 ~~vehicle dealers located in this State in accordance with this section for all parts and labor used~~
24 ~~by such franchised dealers in making warranty or recall repairs to such living facilities of~~
25 ~~recreational vehicles, including any equipment, plumbing, appliances, and other options included~~
26 ~~by the recreational vehicle manufacturer, factory branch, distributor, or distributor branch in the~~
27 ~~purchase price paid by the dealer for the vehicle, to the extent that the individual components of~~
28 ~~such living facilities are not separately warranted by the manufacturers or distributors of such~~
29 ~~components. Notwithstanding the terms or conditions of any warranty, contract, or agreement, it~~
30 ~~is unlawful for any warrantor, as defined in this subdivision, to fail to fully and timely compensate~~
31 ~~any franchised recreational vehicle dealer located in this State in accordance with this section for~~
32 ~~all parts and labor used by such franchised recreational vehicle dealer in making warranty or~~
33 ~~recall repairs to any component parts of the living facilities of recreational vehicles manufactured~~
34 ~~or distributed by such warrantor, including any equipment, plumbing, appliances, and other~~
35 ~~options included by a recreational vehicle manufacturer, factory branch, distributor, or distributor~~
36 ~~branch in the purchase price paid by the dealer for the vehicle.~~

37 (b) ~~Each warrantor as defined in this subdivision and each recreational vehicle~~
38 ~~manufacturer, factory branch, distributor, and distributor branch that sells or distributes~~
39 ~~recreational vehicles in this State shall specify in writing to each recreational vehicle dealer~~
40 ~~licensed in this State who sells products manufactured or distributed by such warrantor or such~~
41 ~~recreational vehicle manufacturer, factory branch, distributor, or distributor branch, the~~
42 ~~recreational vehicle dealer's obligations for preparation, delivery, and warranty and recall service~~
43 ~~on its products, the schedule of compensation to be paid such dealers for parts, work, and service~~
44 ~~in connection with warranty or recall service, and the time allowances for the performance of~~
45 ~~such work and service. In no event shall such schedule of compensation fail to include reasonable~~
46 ~~compensation for diagnostic work and associated administrative requirements as well as repair~~
47 ~~service, labor, and transportation provided by the dealer to transport a recreational vehicle to and~~
48 ~~from a location at which the repairs can be made. Provided, however, that with respect to~~
49 ~~reimbursement for a recreational vehicle dealer's transportation expenses, the dealer is required~~
50 ~~to obtain the prior written authorization of the affected warrantor before incurring any~~
51 ~~transportation expenses, which authorization shall not be unreasonably denied by the warrantor,~~

1 and provided further that any such request for transportation reimbursement must be denied by
2 the warrantor within 5 business days of the warrantor's receipt of the dealer's request for
3 reimbursement or the request shall be deemed authorized and allowed. Time allowances for the
4 performance of warranty work and service shall be reasonable and adequate for the work to be
5 performed. The compensation which must be paid under this section must be reasonable;
6 provided, however, that under no circumstances may the reasonable compensation under this
7 section be in an amount less than the recreational vehicle dealer's current retail labor rate for
8 nonwarranty work of like kind, provided such amount is competitive with the retail rates charged
9 for parts and labor by other franchised recreational dealers within the dealer's market.

10 (e) A warrantor may not require a dealer to establish the rate customarily charged by the
11 recreational vehicle dealer for labor by an unduly burdensome or time-consuming method or by
12 requiring information that is unduly burdensome or time-consuming to provide, including, but
13 not limited to, part by part or transaction by transaction calculations.

14 (d) For any part, equipment, plumbing system or device, or appliance or option, a
15 warrantor shall reimburse the dealer the cost of the part, equipment, plumbing system or device,
16 appliance or option, plus a minimum of a thirty percent (30%) handling charge and pay the cost,
17 if any, of freight to return the part, equipment, appliance, or option to the warrantor.

18 (e) If a warrantor furnishes a part or component to a dealer, at reduced or no cost, to use
19 in performing repairs under a warranty or recall repair, the warrantor shall compensate the dealer
20 for the part or component in the same manner as warranty parts compensation under this section,
21 by compensating the dealer on the basis of a thirty percent (30%) handling charge for the part or
22 component as listed in the warrantor's price schedule less the cost for the part or component.

23 (f) Notwithstanding the terms of any warranty, contract, or agreement, all claims made
24 by recreational dealers pursuant to this section for compensation for delivery, preparation,
25 warranty and recall work, and transportation costs, including labor, parts, and other expenses,
26 shall be paid by the affected warrantor within 30 days after receipt of claim from the dealer.
27 When any claim is disapproved, the dealer shall be notified in writing of the grounds for
28 disapproval. Any claim not specifically disapproved in writing within 30 days after receipt shall
29 be considered approved and payment is due immediately. No claim which has been approved
30 and paid may be charged back to the dealer unless it can be shown that the claim was false or
31 fraudulent, that the repairs were not properly made or were unnecessary to correct the defective
32 condition, or the dealer failed to reasonably substantiate the claim either in accordance with the
33 manufacturer's reasonable written procedures or by other reasonable means. A warrantor shall
34 not deny a claim or reduce the amount to be reimbursed to the dealer as long as the dealer has
35 provided reasonably sufficient documentation that the dealer (i) made a good faith attempt to
36 perform the work in compliance with the written policies and procedures of the warrantor and
37 (ii) actually performed the work.

38 Notwithstanding the foregoing, a warrantor shall not fail to fully compensate a dealer for
39 warranty or recall work or make any chargeback to the dealer's account based on the dealer's
40 failure to comply with the warrantor's claim documentation procedure or procedures unless both
41 of the following requirements have been met:

42 (1) The dealer has, within the previous 12 months, failed to comply with the same
43 specific claim documentation procedure or procedures.

44 (2) The warrantor has, within the previous 12 months, provided a written warning
45 to the dealer by certified United States mail, return receipt requested,
46 identifying the specific claim documentation procedure or procedures violated
47 by the dealer.

48 (g) Every recreational vehicle manufacturer, factory branch, distributor, or distributor
49 branch that manufactures or distributes recreational vehicles for sale in this State shall designate
50 at least one of its employees knowledgeable in warranty administration who shall be the
51 designated warranty contact person with whom its franchised dealers licensed in this State can

1 communicate to assist them in filing and getting paid on warranty claims related to all component
2 parts of all recreational vehicles such recreational vehicle manufacturer, factory branch,
3 distributor, or distributor branch sells or distributes in this State. Each recreational vehicle
4 manufacturer, factory branch, distributor, or distributor branch shall promptly notify, in writing,
5 all of its franchised recreational vehicle dealers licensed in this State, the Commissioner, and the
6 North Carolina Automobile Dealers Association, Incorporated, of the identity and contact
7 information of the designated warranty contact person and any changes in this information. A
8 recreational vehicle manufacturer or distributor that represents multiple suppliers or multiple
9 line-makes of vehicles shall be permitted to designate a single individual as the designated
10 warranty contact person for all such suppliers and line-makes of vehicles represented by such
11 recreational vehicle manufacturer or distributor.

12 (h) It shall be unlawful for any warrantor or for any recreational vehicle manufacturer,
13 factory branch, distributor, or distributor branch to recover or attempt to recover all or any portion
14 of its costs for compensating recreational vehicle dealers licensed in this State for warranty or
15 recall parts and service either by reduction in the amount due to the dealer or by separate charge,
16 surcharge, or other imposition.

17 (i) It shall be unlawful for any recreational vehicle manufacturer, factory branch,
18 distributor, or distributor branch to fail to indemnify and hold harmless its franchised dealers
19 licensed in this State against any judgment for damages or settlements agreed to by the
20 manufacturer, including, but not limited to, court costs and reasonable attorneys' fees of the
21 recreational vehicle dealer, arising out of complaints, claims, or lawsuits, including, but not
22 limited to, strict liability, negligence, misrepresentation, express or implied warranty, or
23 rescission or revocation of acceptance of the sale of a vehicle as defined in G.S. 25-2-608, to the
24 extent that the judgment or settlement relates to the alleged defective or negligent manufacture,
25 assembly, or design of new recreational vehicles, parts, or accessories or other functions by the
26 manufacturer, factory branch, distributor, or distributor branch beyond the control of the dealer.
27 It shall be unlawful for any warrantor to fail to indemnify and hold harmless any recreational
28 vehicle dealer located in this State who sold one or more products warranted by such warrantor
29 against any judgment for damages or settlements agreed to by the warrantor, including, but not
30 limited to, court costs and reasonable attorneys' fees of the recreational vehicle dealer, arising
31 out of complaints, claims, or lawsuits, including, but not limited to, strict liability, negligence,
32 misrepresentation, express or implied warranty, or rescission or revocation of acceptance of the
33 sale of a vehicle or vehicle part, component, or accessory, as defined in G.S. 25-2-608, to the
34 extent that the judgment or settlement relates to the alleged defective or negligent manufacture,
35 assembly, or design of a product warranted by the warrantor or other functions of the warrantor
36 beyond the control of the dealer. Any audit for warranty or recall parts or service compensation
37 shall only be for the 12-month period immediately following the date of the payment of the claim
38 by the manufacturer, factory branch, distributor, distributor branch, or warrantor. Any audit for
39 sales incentives, service incentives, rebates, or other forms of incentive compensation shall only
40 be for the 12-month period immediately following the date of the payment of the claim by the
41 manufacturer, factory branch, distributor, distributor branch, or warrantor. Provided, however,
42 these limitations shall not be effective in the case of fraudulent claims.

43 (j) It shall be unlawful for any warrantor or for any recreational vehicle manufacturer,
44 factory branch, distributor, or distributor branch to direct or encourage any owner or purchaser
45 of a recreational vehicle to have warranty or recall service work or other repairs on a recreational
46 vehicle made by a repair facility other than either the franchised dealer that sold the vehicle owner
47 the recreational vehicle or the franchised dealer closest in proximity to such recreational vehicle
48 owner or purchaser, provided that the recreational vehicle dealer who sold the vehicle to the
49 owner or purchaser or who is located in closest proximity to such recreational vehicle owner or
50 purchaser has sufficiently trained personnel and the necessary tools and equipment to make the
51 required repairs to the vehicle, has not expressly stated in writing its desire to have the repairs

1 made elsewhere, and is willing to make the repairs within a reasonable period of time after the
2 necessary parts have been supplied to the dealer.

3 ~~(k) In the event there is a dispute between a recreational vehicle dealer and a warrantor
4 or a recreational vehicle manufacturer, factory branch, distributor, or distributor branch, with
5 relating to any matter referred to in this section, either party may petition the Commissioner in
6 writing, within 30 days after either party has given written notice of the dispute to the other, for
7 a hearing on the subject and the decision of the Commissioner shall be binding on the parties,
8 subject to rights of judicial review and appeal as provided in Chapter 150B of the General
9 Statutes; provided, however, that nothing contained herein shall give the Commissioner any
10 authority as to the content of any warrantor's warranty. Upon the filing of a petition before the
11 Commissioner under this subsection, any chargeback to or any payment required of a recreational
12 vehicle dealer by a warrantor or by a recreational vehicle manufacturer, factory branch,
13 distributor, or distributor branch relating to warranty or recall parts or service compensation, or
14 to sales incentives, service incentives, rebates, other forms of incentive compensation, or the
15 withholding or chargeback of other compensation or support that a dealer would otherwise be
16 eligible to receive, shall be stayed during the pendency of the determination by the
17 Commissioner.~~

18 ~~(l) The provisions of G.S. 20-305(4) through G.S. 20-305(28) and G.S. 20-305.2 to
19 G.S. 20-305.4 shall not apply to manufacturers of or dealers in mobile or manufactured type
20 housing or who sell or distribute only nonmotorized recreational trailers; provided, however, that
21 unless specifically exempted, each of these provisions shall be applicable to all recreational
22 vehicle manufacturers, factory branches, distributors, and distributor branches who sell or
23 distribute any motorized recreational vehicles in this State. trailers. The provisions of
24 G.S. 20-305.1 shall not apply to manufacturers of or dealers in mobile or manufactured type
25 housing.~~

26 ~~(m) To the extent not expressly inconsistent with the provisions of this section, all of the
27 terms and provisions of G.S. 20-305.1 shall be applicable to recreational vehicle dealers and to
28 recreational vehicle manufacturers, factory branches, distributors, and distributor branches under
29 this section. For purposes of this section and Article 12 of Chapter 20 of the General Statutes of
30 North Carolina, the relationship between a recreational vehicle manufacturer or recreational
31 vehicle distributor, on the one part, and a recreational vehicle dealer that is located within this
32 State, on the other part, pursuant to which the recreational vehicle dealer purchases and resells
33 new recreational vehicles from the recreational vehicle manufacturer or recreational vehicle
34 distributor, shall be considered a "franchise", as this term is defined in G.S. 20-286(8a), whether
35 or not the rights and responsibilities of the parties have been delineated in a written agreement or
36 contract."~~

38 UPDATE THE DEFINITIONS FOR RECREATIONAL VEHICLES

39 SECTION 2.(a) G.S. 20-4.01(27)k. reads as rewritten:

40 "k. ~~Motor home or house car. — A vehicular unit, designed to provide
41 temporary living quarters, built into as an integral part, or permanently
42 attached to, a self-propelled motor vehicle chassis or van. The vehicle
43 must provide at least four of the following facilities: cooking,
44 refrigeration or icebox, self-contained toilet, heating or air
45 conditioning, a portable water supply system including a faucet and
46 sink, separate 110-125 volt electrical power supply, or an LP gas
47 supply.~~Motor home. — A motorized vehicle designed to provide
48 temporary living quarters for recreational, camping, or travel use. The
49 unit must contain at least four of the following permanently installed
50 independent life support systems:

- 51 1. A cooking facility with an on-board fuel source.

2. A potable water supply system that includes at least a sink, a faucet, and a water tank with an exterior service supply connection.
3. A toilet with exterior evacuation.
4. A gas or electric refrigerator.
5. A heating or air conditioning system with an on-board power or fuel source separate from the vehicle engine.
6. An electric power system separate from the vehicle."

SECTION 2.(b) G.S. 20-4.01(32b) reads as rewritten:

"(32b) ~~Recreational Vehicle. – A vehicular type unit primarily designed as temporary living quarters for recreational, camping, or travel use that either has its own motive power or is mounted on, or towed by, another vehicle. The basic entities are camping trailer, fifth wheel travel trailer, motor home, travel trailer, and truck camper. A vehicle that is either self-propelled or towed by a consumer-owned tow vehicle and designed to provide temporary living quarters for recreational, camping, or travel use that complies with all applicable federal vehicle regulations and does not require a special-movement permit to legally use the highways. This term shall not include a manufactured home as defined in G.S. 143-143.9(6). The basic entities types are defined as follows:~~

- a. ~~Camping trailer. – A vehicular portable unit mounted on wheels and constructed with collapsible partial side walls that fold for towing by another vehicle and unfold at the campsite to provide temporary living quarters for recreational, camping, or travel use.~~ Folding camping trailer. – A vehicle mounted on wheels and constructed with collapsible side walls that fold for towing by another vehicle and unfold at the campsite to provide temporary living quarters for recreational, camping, or travel use.
- b. ~~Fifth-wheel trailer. – A vehicular unit mounted on wheels designed to provide temporary living quarters for recreational, camping, or travel use, of a size and weight that does not require a special highway movement permit and designed to be towed by a motorized vehicle that contains a towing mechanism that is mounted above or forward of the tow vehicle's rear axle.~~ A vehicle mounted on wheels designed to provide temporary living quarters for recreational, camping, or travel use of such size and weight as to not require a special highway movement permit and designed to be towed by a motorized vehicle that contains a towing mechanism mounted above or forward of the tow vehicle's rear axle.
- c. ~~Motor home. – As defined in G.S. 20-4.01(27)k.~~
- d. ~~Travel trailer. – A vehicular unit mounted on wheels, designed to provide temporary living quarters for recreational, camping, or travel use, and of a size or weight that does not require a special highway movement permit when towed by a motorized vehicle.~~ A vehicle mounted on wheels designed to provide temporary living quarters for recreational, camping, or travel use of such size and weight as to not require a special highway movement permit when towed by a motorized vehicle.
- e. ~~Truck camper. – A portable unit that is constructed to provide temporary living quarters for recreational, camping, or travel use, consisting of a roof, floor, and sides and is designed to be loaded onto~~

1 ~~and unloaded from the bed of a pickup truck.~~ A vehicle designed to be
2 placed in the bed of a pickup truck to provide temporary living quarters
3 for recreational, camping, or travel use.

- 4 f. Park model RV. – A vehicle with all of the following characteristics:
5 1. Designed and marketed as temporary living quarters for
6 recreational camping, travel, or seasonal use.
7 2. Not permanently affixed to real property for use as a permanent
8 dwelling.
9 3. Built on a single chassis mounted on wheels with a gross trailer
10 area not exceeding 400 square feet in the set up mode."

11
12 **ENACT A NEW ARTICLE TO REGULATE RECREATIONAL VEHICLE DEALERS**
13 **AND MANUFACTURERS**

14 **SECTION 3.** Chapter 20 of the General Statutes is amended by adding a new Article
15 to read:

16 "Article 19.

17 "Regulation of Recreational Vehicle Dealers and Manufacturers.

18 **"§ 20-430. Definitions.**

19 The following definitions apply in this Article:

- 20 (1) Area of sales responsibility. – The geographical area, agreed to by the dealer
21 and the manufacturer in the manufacturer and dealer agreement, within which
22 area the dealer has the exclusive right to display and sell the manufacturer's
23 new recreational vehicles of a particular line-make to the retail public.
24 (2) Average trade-in value. – The value of a used recreational vehicle as
25 determined by reference to a generally accepted, nationally published,
26 third-party used vehicle valuation guide book.
27 (3) Automated ordering system. – A computerized system required by the
28 manufacturer that automatically specifies parts and accessories for sale and
29 shipment to the dealer without specific order initiated by the dealer.
30 (4) Coerce. – Threatening to terminate, cancel, or not renew a manufacturer and
31 dealer agreement without good cause or threatening to withhold product lines
32 the dealer is entitled to purchase pursuant to the manufacturer and dealer
33 agreement or delay product delivery as an inducement to amending the
34 manufacturer and dealer agreement.
35 (5) Dealer. – Any person, firm, corporation, or business entity licensed or required
36 to be licensed under this Article.
37 (6) Distributor. – Any person, firm, corporation, or business entity that purchases
38 new recreational vehicles for resale to dealers.
39 (7) Do-not-drive order. – A notification, directive, or order issued by a
40 manufacturer, factory branch, distributor, or distributor branch to its
41 franchised dealers or issued by the National Highway Traffic Safety
42 Administration stating that recreational vehicle models of certain used
43 vehicles in inventory shall not be sold or leased, at either retail or wholesale,
44 due to a federal safety recall for a defect or a noncompliance recall, or a federal
45 emissions recall.
46 (8) Factory campaign. – An effort on the part of a warrantor to contact recreational
47 vehicle owners or dealers in order to address a part or equipment issue.
48 (9) Family member. – A spouse, child, grandchild, parent, sibling, niece, or
49 nephew, or the spouse of a child, grandchild, parent, sibling, niece, or nephew.
50 (10) Line-make. – A specific series of recreational vehicles that meet the following
51 requirements:

- 1 a. Identified by a common series trade name or trademark.
2 b. Targeted to a particular market segment, as determined by their decor,
3 features, equipment, size, weight, and price range.
4 c. Lengths and interior floor plans that distinguish the recreational
5 vehicles from other recreational vehicles with substantially the same
6 decor, equipment, features, price, and weight.
7 d. Belongs to a single, distinct classification of recreational vehicle
8 product type by having a substantial degree of commonality in the
9 construction of the chassis, frame, and body.
10 e. The manufacturer and dealer agreement authorizes a dealer to sell.
11 (11) Manufacturer. – Any person, firm, corporation, or business entity that engages
12 in the manufacturing of recreational vehicles.
13 (12) Manufacturer and dealer agreement. – A written agreement or contract entered
14 into between a manufacturer and a dealer that fixes the rights and
15 responsibilities of the parties and pursuant to which the dealer sells new
16 recreational vehicles.
17 (13) New recreational vehicle dealer. – A recreational vehicle dealer who buys,
18 sells, or exchanges, or offers or attempts to negotiate a sale or exchange of an
19 interest in, or who is engaged, wholly or in part, in the business of selling new
20 or new and used recreational vehicles.
21 (14) Proprietary part. – Any part manufactured by or for and sold exclusively by a
22 manufacturer.
23 (15) Qualifying used recreational vehicle. – A recreational vehicle that meets all of
24 the following requirements:
25 a. A used recreational vehicle of a line-make for which the dealer holds
26 an active franchise with the manufacturer to sell and service new
27 recreational vehicles.
28 b. A used recreational vehicle of a model subject to a recall notice and
29 subject to or covered under a stop-sale or do-not-drive order issued by
30 the manufacturer of the recreational vehicle or issued by the National
31 Highway Traffic Safety Administration where the parts or other
32 remedy sufficient to fully repair the underlying defect that resulted in
33 the recall of the recreational vehicle to the extent that the recreational
34 vehicle is no longer subject to or covered by a stop-sale or do-not-drive
35 order issued by the manufacturer of the recreational vehicle were not
36 made available to the dealer within 30 days of the date of the notice of
37 recall by the manufacturer.
38 c. A recreational vehicle in the dealer's inventory or otherwise owned by
39 the dealer at the time a stop-sale or do-not-drive order is issued or
40 taken into the used recreational vehicle inventory of the dealer as a
41 consumer trade-in incident to the purchase of a recreational vehicle
42 from the dealer after the stop-sale or do-not-drive order is issued.
43 A recreational vehicle meeting the definition of a "qualifying used
44 recreational vehicle" pursuant to this subdivision shall cease to be a
45 "qualifying used recreational vehicle" on the earlier of the following: (i) the
46 date the remedy or parts to fully repair the underlying defect that resulted in
47 the recall of the recreational vehicle to an extent that the recreational vehicle
48 is no longer subject to or covered by a stop-sale or do-not-drive order issued
49 by the manufacturer of the recreational vehicle are made available to the
50 dealer, (ii) the date the dealer sells, trades, or otherwise disposes of the
51 qualifying used recreational vehicle, or (iii) the date the manufacturer provides

1 notice to the dealer that the stop-sale or do-not-drive order is no longer in
2 effect. Nothing in this subdivision shall be construed as excluding from the
3 definition of a qualifying used recreational vehicle a recreational vehicle on
4 which a previously issued notice of recall or a stop-sale or do-not-drive order
5 remains in effect as of the effective date of this subsection, or a recreational
6 vehicle that becomes subject to a notice of recall or a stop-sale or do-not drive
7 order on or after the effective date of this subsection, provided that the
8 recreational vehicle otherwise meets the criteria for a qualifying used
9 recreational vehicle.

10 (16) Recreational vehicle. – As defined in G.S. 20-4.01(32b) and certified by the
11 manufacturer to meet NFPA 1192 Standard for Recreation Vehicles or ANSI
12 119.5 Standard for Park Model RVs.

13 (17) Stop-sale. – As defined in subdivision (7) of this section.

14 (18) Supplier. – Any person, firm, corporation, or business entity that engages in
15 the manufacturing of recreational vehicle parts, accessories, or components.

16 (19) Transient customer. – A customer who is temporarily traveling through a
17 dealer's area of sales responsibility.

18 (20) Used recreational vehicle dealer. – A recreational vehicle dealer who buys,
19 sells, or exchanges, or offers or attempts to negotiate a sale or exchange of an
20 interest in, or who is engaged, wholly or in part, in the business of selling used
21 recreational vehicles only.

22 (21) Warrantor. – Any person, firm, corporation, or business entity including any
23 manufacturer or supplier that provides a written warranty to a consumer in
24 connection with a new recreational vehicle or a part, accessory, or component
25 thereof. The term does not include service contracts, mechanical or other
26 insurance, or extended warranties sold for separate consideration by a dealer
27 or other person not controlled by a manufacturer.

28 **§ 20-431. Licenses required; penalties.**

29 (a) License Required. – It shall be unlawful for any new recreational vehicle dealer, used
30 recreational vehicle dealer, recreational vehicle sales representative, manufacturer, factory
31 branch, factory representative, distributor, distributor branch, distributor representative, or
32 wholesaler to engage in business in this State without first obtaining a license as provided in this
33 Article. If any recreational vehicle dealer acts as a recreational vehicle sales representative, the
34 dealer shall obtain a recreational vehicle sales representative's license in addition to a recreational
35 vehicle dealer's license. A sales representative may have only one license. The license shall show
36 the name of the dealer or wholesaler employing the sales representative. The following license
37 holders may operate as a recreational vehicle dealer without obtaining a recreational vehicle
38 dealer's license or paying an additional fee: a manufacturer, a factory branch, a distributor, and a
39 distributor branch. Any of these license holders who operates as a recreational vehicle dealer may
40 sell recreational vehicles at retail only at an established salesroom.

41 (b) Civil Penalty for Violations by Licensee. – In addition to any other punishment or
42 remedy under the law for any violation of this section, the Division may levy and collect a civil
43 penalty, in an amount not to exceed one thousand dollars (\$1,000) for each violation, against any
44 person who has obtained a license pursuant to this section, if it finds that the licensee has violated
45 any of the provisions of G.S. 20-431 through G.S. 20-449, Article 15 of this Chapter, or any
46 statute or rule adopted by the Division relating to the sale of recreational vehicles, vehicle titling,
47 or vehicle registration.

48 (c) Civil Penalty for Violations by Person Without a License. – In addition to any other
49 punishment or remedy under the law for any violation of this section, the Division may levy and
50 collect a civil penalty, in an amount not to exceed five thousand dollars (\$5,000) for each
51 violation, against any person who is required to obtain a license under this section and has not

1 obtained the license, if it finds that the person has violated any of the provisions of G.S. 20-431
2 through G.S. 20-449, Article 15 of this Chapter, or any statute or rule adopted by the Division
3 relating to the sale of recreational vehicles, vehicle titling, or vehicle registration.

4 **"§ 20-432. Application for license; license requirements; expiration of license; bond.**

5 (a) A new recreational vehicle dealer, recreational vehicle sales representative,
6 manufacturer, factory branch, factory representative, distributor, distributor branch, distributor
7 representative, or wholesaler may obtain a license by filing an application with the Division. An
8 application must be on a form provided by the Division and contain the information required by
9 the Division. An application for a license must be accompanied by the required fee and by an
10 application for a dealer license plate.

11 (a1) A used recreational vehicle dealer may obtain a license by filing an application, as
12 prescribed in subsection (a) of this section, and providing the following:

13 (1) The required fee.

14 (2) Proof that the applicant, within the last 12 months, has completed a 12-hour
15 licensing course approved by the Division if the applicant is seeking an initial
16 license and a six-hour course approved by the Division if the applicant is
17 seeking a renewal license. The requirements of this subdivision do not apply
18 to a used recreational vehicle dealer, the primary business of which is the sale
19 of salvage vehicles on behalf of insurers. The requirement of this subdivision
20 does not apply to persons age 62 or older as of July 1, 2002, who are seeking
21 a renewal license. This subdivision also does not apply to an applicant who
22 holds a license as a new recreational vehicle dealer and operates from an
23 established showroom located in an area within a radius of 30 miles around
24 the location of the established showroom for which the applicant seeks a used
25 recreational vehicle dealer license. An applicant who also holds a license as a
26 new recreational vehicle dealer may designate a representative to complete
27 the licensing course required by this subdivision.

28 (3) If the applicant is an individual, proof that the applicant is at least 18 years of
29 age and proof that all salespersons employed by the dealer are at least 18 years
30 of age.

31 (4) The application for a dealer license plate.

32 (b) The Division shall require in such application, or otherwise, information relating to
33 matters set forth in G.S. 20-438 as grounds for the refusing of licenses, and to other pertinent
34 matters commensurate with the safeguarding of the public interest, all of which shall be
35 considered by the Division in determining the fitness of the applicant to engage in the business
36 for which he seeks a license.

37 (b1) The Division shall require in such license application and each application for renewal
38 of license a certification that the applicant is familiar with this Article and with other North
39 Carolina laws governing the conduct and operation of the business for which the license or
40 license renewal is sought and that the applicant shall comply with the provisions of these laws,
41 with the provisions of this Article, and with other lawful regulations of the Division.

42 (c) All licenses that are granted shall be for a period of one year unless sooner revoked
43 or suspended. The Division shall vary the expiration dates of all licenses that are granted so that
44 an equal number of licenses expire at the end of each month, quarter, or other period consisting
45 of one or more months to coincide with G.S. 20-79(c).

46 (d) To obtain a license as a wholesaler, an applicant who intends to sell or distribute
47 recreational vehicles must have an established office in this State.

48 To obtain a license as a recreational vehicle dealer, an applicant who intends to deal in
49 self-propelled vehicles must have an established salesroom in this State, and an applicant who
50 intends to deal in only trailers or semitrailers of more than 2,500 pounds unloaded weight must
51 have a place of business in this State where the records required under this Article are kept.

1 An applicant for a license as a manufacturer, a factory branch, a distributor, a distributor
2 branch, a wholesaler, or a recreational vehicle dealer must have a separate license for each
3 established office, established salesroom, or other place of business in this State. An application
4 for any of these licenses shall include a list of the applicant's places of business in this State.

5 (e) Each applicant approved by the Division for license as a recreational vehicle dealer,
6 manufacturer, factory branch, distributor, distributor branch, or wholesaler shall furnish a
7 corporate surety bond or cash bond or fixed value equivalent of the bond. The amount of the
8 bond for an applicant for a recreational vehicle dealer's license is fifty thousand dollars (\$50,000)
9 for one established salesroom of the applicant and twenty-five thousand dollars (\$25,000) for
10 each of the applicant's additional established salesrooms. The amount of the bond for other
11 applicants required to furnish a bond is fifty thousand dollars (\$50,000) for one place of business
12 of the applicant and twenty-five thousand dollars (\$25,000) for each of the applicant's additional
13 places of business.

14 A corporate surety bond shall be approved by the Commissioner as to form and shall be
15 conditioned that the obligor will faithfully conform to and abide by the provisions of this Article
16 and Article 15 of this Chapter. A cash bond or fixed value equivalent thereof shall be approved
17 by the Commissioner as to form and terms of deposits as will secure the ultimate beneficiaries of
18 the bond, and such bond shall not be available for delivery to any person contrary to the rules of
19 the Commissioner. Any purchaser of a recreational vehicle, including a recreational vehicle
20 dealer, who shall have suffered any loss or damage by the failure of any license holder subject to
21 this subsection to deliver free and clear title to any vehicle purchased from a license holder or
22 any other act of a license holder subject to this subsection that constitutes a violation of this
23 Article or Article 15 of this Chapter shall have the right to institute an action to recover against
24 the license holder and the surety. Every license holder against whom an action is instituted shall
25 notify the Commissioner of the action within 10 days after served with process. Except as
26 provided by subsections (f) and (g) of this section, a corporate surety bond shall remain in force
27 and effect and may not be canceled by the surety unless the bonded person stops engaging in
28 business or the person's license is denied, suspended, or revoked under G.S. 20-438. That
29 cancellation may be had only upon 30 days' written notice to the Commissioner and shall not
30 affect any liability incurred or accrued prior to the termination of such 30-day period.

31 (f) A corporate surety bond furnished pursuant to this section or renewal thereof may
32 also be canceled by the surety prior to the next premium anniversary date without the prior written
33 consent of the license holder for either of the following reasons:

34 (1) Nonpayment of premium in accordance with the terms for issuance of the
35 surety bond.

36 (2) An act or omission by the license holder or his representative that constitutes
37 substantial and material misrepresentation or nondisclosure of a material fact
38 in obtaining the surety bond or renewing the bond.

39 Any cancellation permitted by this subsection is not effective unless written notice of
40 cancellation has been delivered or mailed to the license holder and to the Commissioner not less
41 than 30 days before the proposed effective date of cancellation. The notice must be given or
42 mailed by certified mail to the license holder at its last known address. The notice must state the
43 reason for cancellation. Cancellation for nonpayment of premium is not effective if the amount
44 due is paid before the effective date set forth in the notice of cancellation. Cancellation of the
45 surety shall not affect any liability incurred or accrued prior to the termination of the 30-day
46 notice period.

47 (g) A corporate surety may refuse to renew a surety bond furnished pursuant to this
48 section by giving or mailing written notice of nonrenewal to the license holder and to the
49 Commissioner not less than 30 days prior to the premium anniversary date of the surety bond.
50 The notice must be given or mailed by certified mail to the license holder at its last known

1 address. Nonrenewal of the surety bond shall not affect any liability incurred or accrued prior to
2 the premium anniversary date of the surety bond.

3 **"§ 20-433. License fees.**

4 (a) The license fee for each fiscal year, or part thereof, shall be as follows:

5 (1) For recreational vehicle dealers, distributors, distributor branches, and
6 wholesalers, ninety dollars (\$90.00) for each place of business.

7 (2) For manufacturers, one hundred ninety-five dollars (\$195.00) and for each
8 factory branch in this State, one hundred thirty dollars (\$130.00).

9 (3) For recreational vehicle sales representatives, twenty dollars (\$20.00).

10 (4) For factory representatives, or distributor representatives, twenty dollars
11 (\$20.00).

12 (b) The fees collected under this section shall be credited to the Highway Fund. These
13 fees are in addition to all other taxes and fees.

14 **"§ 20-434. Licenses to specify places of business; display of license and list of salesmen;**
15 **advertising.**

16 (a) The license of a recreational vehicle dealer shall list each of the dealer's established
17 salesrooms in this State. A license of a manufacturer, factory branch, distributor, distributor
18 branch, or wholesaler shall list each of the license holder's places of business in this State. A
19 license shall be conspicuously displayed at each place of business. In the event the location of a
20 business changes, the Division shall endorse the change of location on the license, without
21 charge.

22 (b) Each dealer shall keep a current list of his licensed salesmen, showing the name of
23 each licensed salesman, posted in a conspicuous place in each place of business.

24 (c) Whenever any licensee places an advertisement in any newspaper or publication, the
25 licensee's name shall appear in the advertisement.

26 **"§ 20-435. Representatives to carry license and display it on request; license to name**
27 **employer.**

28 Every person to whom a sales representative, factory representative, or distributor
29 representative license is issued shall carry the license when engaged in business and shall display
30 it upon request. The license shall state the name of the representative's employer. If the
31 representative changes employers, the representative shall immediately apply to the Division for
32 a license that states the name of the representative's new employer. The fee for issuing a license
33 stating the name of a new employer is ten dollars (\$10.00).

34 **"§ 20-436. Dealers may display recreational vehicles for sale at retail only at established**
35 **salesrooms.**

36 A new or used recreational vehicle dealer may display a recreational vehicle for sale at retail
37 only at the dealer's established salesroom, unless the display is of a recreational vehicle that meets
38 any of the following descriptions:

39 (1) Contains the dealer's name or other sales information and is used by the dealer
40 as a "demonstrator" for transportation purposes.

41 (2) Is displayed at a trade show or exhibit at which no selling activities relating to
42 the vehicle take place.

43 (3) Is displayed at the home or place of business of a customer at the request of
44 the customer.

45 **"§ 20-437. Supplemental temporary license for sale of antique and specialty vehicles.**

46 Any dealer licensed as a recreational vehicle dealer under this Article may apply to the
47 Commissioner and receive, at no additional charge, a supplemental temporary license authorizing
48 the off-premises sales of antique recreational vehicles and specialty recreational vehicles for a
49 period not to exceed 10 consecutive calendar days. To obtain a temporary supplemental license
50 for the off-premises sale of antique recreational vehicles and specialty recreational vehicles, the
51 applicant shall:

- 1 (1) Be licensed as a recreational vehicle dealer under this Article.
- 2 (2) Notify the applicable local office of the Division of the specific dates and
3 location for which the license is requested.
- 4 (3) Display a sign at the licensed location clearly identifying the dealer.
- 5 (4) Keep and maintain the records required for the sale of recreational vehicles
6 under this Article.
- 7 (5) Provide staff to work at the temporary location for the duration of the
8 off-premises sale.
- 9 (6) Meet any local government permitting requirements.
- 10 (7) Have written permission from the property owner to sell at the location.

11 For purposes of this section, the term "antique recreational vehicle" shall mean any
12 recreational vehicle for private use manufactured at least 25 years prior to the current model year,
13 and the term "specialty recreational vehicle" shall mean any model or series of recreational
14 vehicle for private use manufactured at least three years prior to the current model year of which
15 no more than 5,000 vehicles were sold within the United States during the model year the vehicle
16 was manufactured.

17 This section does not apply to a nonselling recreational vehicle show or public display of new
18 recreational vehicles.

19 "**§ 20-438. Grounds for denying, suspending, placing on probation, or revoking licenses.**"

20 The Division may deny, suspend, place on probation, or revoke a license issued under this
21 Article for any one or more of the following grounds:

- 22 (1) Making a material misstatement in an application for a license.
- 23 (2) Willfully and intentionally failing to comply with this Article, Article 15 of
24 this Chapter, or G.S. 20-52.1, 20-75, 20-79.1, 20-79.2, 20-108, 20-109,
25 20-109.3, or a rule adopted by the Division under this Article.
- 26 (3) Failing to have an established salesroom, if the license holder is a recreational
27 vehicle dealer, or failing to have an established office, if the license holder is
28 a wholesaler.
- 29 (4) Willfully defrauding any retail buyer, to the buyer's damage, or any other
30 person in the conduct of the licensee's business.
- 31 (5) Employing fraudulent devices, methods, or practices in connection with
32 compliance with the requirements under the laws of this State with respect to
33 the retaking of recreational vehicles under retail installment contracts and the
34 redemption and resale of such recreational vehicles.
- 35 (6) Using unfair methods of competition or unfair deceptive acts or practices.
- 36 (7) Knowingly advertising by any means, any assertion, representation, or
37 statement of fact which is untrue, misleading, or deceptive in any particular
38 relating to the conduct of the business licensed or for which a license is sought.
- 39 (8) Knowingly advertising a used recreational vehicle for sale as a new
40 recreational vehicle.
- 41 (9) Being convicted of an offense set forth under G.S. 20-106, 20-106.1, 20-107,
42 or 20-112 while holding such a license or within five years next preceding the
43 date of filing the application, or being convicted of a felony involving moral
44 turpitude under the laws of this State, another state, or the United States.
- 45 (10) Submitting a bad check to the Division of Motor Vehicles in payment of
46 highway use taxes collected by the licensee.
- 47 (11) Knowingly giving an incorrect certificate of title, or failing to give a certificate
48 of title to a purchaser, a lienholder, or the Division, as appropriate, after a
49 vehicle is sold.
- 50 (12) Making a material misstatement in an application for a dealer license plate.
- 51 (13) Failure to pay a civil penalty imposed under G.S. 20-431.

"§ 20-439. Action on application.

The Division shall either grant or deny an application for a license within 30 days after receiving it. Any applicant denied a license shall, upon filing a written request within 30 days, be given a hearing at the time and place determined by the Commissioner or a person designated by the Commissioner. A hearing shall be public and shall be held with reasonable promptness.

"§ 20-440. Notice and hearing upon denial, suspension, revocation, placing on probation, or refusal to renew license.

No license shall be suspended, revoked, denied, placed on probation, or renewal thereof refused, until a written notice of the complaint made has been furnished to the licensee against whom the same is directed, and a hearing thereon has been had before the Commissioner, or a person designated by him. At least 10 days' written notice of the time and place of such hearing shall be given to the licensee by certified mail with return receipt requested to his last known address as shown on his license or other record of information in possession of the Division. At any such hearing, the licensee shall have the right to be heard personally or by counsel. After hearing, the Division shall have power to suspend, revoke, place on probation, or refuse to renew the license in question. Immediate notice of any such action shall be given to the licensee in accordance with G.S. 1A-1, Rule 4(j) of the Rules of Civil Procedure.

"§ 20-441. Retention and inspection of certain records.

(a) Vehicles. – A dealer must keep a record of all vehicles received by the dealer and all vehicles sold by the dealer. The records must contain the information that the Division requires and be made available for inspection by the Division within a reasonable period of time after being requested by the Division. A dealer may satisfy the record-keeping requirements contained in this subsection either by (i) keeping and maintaining written or paper records at the dealership facility where the vehicles were sold or at another site within this State provided that the location and the name of a designated contact agent are provided to the Division or (ii) maintaining electronic copies of the records required by this subsection, provided that the Division shall have access to these electronic records from a location within this State. For purposes of this section, the location where dealership written or electronic records are kept and maintained may be owned and operated by a party other than the dealer.

(b) Inspection. – The Division may inspect the pertinent books, records, letters, and contracts of a licensee relating to any written complaint made to the Division against the licensee.

(c) Records Format. – Any record required to be kept and maintained under this section may be converted to electronic form and retained by a dealer in electronic form without retention of the original or any copies of the record in paper or other nonelectronic form.

"§ 20-442. Franchise-related form agreements.

(a) All franchise-related form agreements, as defined in this subsection, offered to a recreational vehicle dealer in this State shall provide that all terms and conditions in the agreement inconsistent with any of the laws or rules of this State are of no force and effect. For purposes of this section, the term "franchise-related form agreements" means one or more contracts between a franchised recreational vehicle dealer and a manufacturer, factory branch, distributor, or distributor branch, including a written communication from a manufacturer or distributor in which a duty is imposed on the franchised recreational vehicle dealer under which:

- (1) The franchised recreational vehicle dealer is granted the right to sell and service new recreational vehicles manufactured or distributed by the manufacturer or distributor or only to service recreational vehicles under the contract and a manufacturer's warranty;
- (2) The franchised recreational vehicle dealer is a component of the manufacturer or distributor's distribution system as an independent business;
- (3) The franchised recreational vehicle dealer is substantially associated with the manufacturer or distributor's trademark, trade name, and commercial symbol;

1 (4) The franchised recreational vehicle dealer's business substantially relies on the
2 manufacturer or distributor for a continued supply of recreational vehicles,
3 parts, and accessories; or

4 (5) Any right, duty, or obligation granted or imposed by this Chapter is affected.

5 (b) Notwithstanding the terms of any franchise or agreement, it shall be unlawful for any
6 manufacturer, factory branch, distributor, or distributor branch to offer to a dealer, revise, modify,
7 or replace a franchise-related form agreement, as defined above in this section, which agreement,
8 modification, or replacement may adversely affect or alter the rights, obligations, or liability of
9 a recreational vehicle dealer or may adversely impair the sales, service obligations, investment,
10 or profitability of any recreational vehicle dealer located in this State, unless:

11 (1) The manufacturer, factory branch, distributor, or distributor branch provides
12 prior written notice by registered or certified mail to each affected dealer, the
13 Commissioner, and the North Carolina Automobile Dealers Association, Inc.,
14 of the modification or replacement in the form and within the time frame set
15 forth within this section and in subsection (c) of this section; and

16 (2) If a protest is filed under this section, the Commissioner approves the
17 modification or replacement.

18 (c) The notice required by subdivision (b)(1) of this section shall:

19 (1) Be given not later than the sixtieth day before the effective date of the
20 modification or replacement;

21 (2) Contain on its first page a conspicuous statement that reads: "NOTICE TO
22 DEALER: YOU MAY BE ENTITLED TO FILE A PROTEST WITH THE
23 COMMISSIONER OF THE NORTH CAROLINA DIVISION OF
24 RECREATIONAL VEHICLES AND HAVE A HEARING IN WHICH YOU
25 MAY PROTEST THE PROPOSED INITIAL OFFERING,
26 MODIFICATION, OR REPLACEMENT OF CERTAIN
27 FRANCHISE-RELATED FORM AGREEMENTS UNDER THE TERMS
28 OF THE RECREATIONAL VEHICLE DEALERS AND
29 MANUFACTURERS LICENSING LAW, IF YOU OPPOSE THIS
30 ACTION"; and

31 (3) Contain a separate letter or statement that identifies all substantive
32 modifications or revisions and the principal reasons for each such
33 modification or revision.

34 (d) A franchised dealer may file a protest with the Commissioner of the offering,
35 modification, or replacement pursuant to this section not later than the latter of:

36 (1) The sixtieth day after the date of the receipt of the notice; or

37 (2) The time specified in the notice.

38 (e) After a protest is filed, the Commissioner shall determine whether the manufacturer,
39 factory branch, distributor, or distributor branch has established by a preponderance of the
40 evidence that there is good cause for the proposed offering, modification, or replacement. The
41 prior franchise-related form agreement, if any, continues in effect until the Commissioner
42 resolves the protest.

43 (f) The Commissioner is authorized and directed to investigate and prevent violations of
44 this section, including inconsistencies of any franchise-related form agreement with the
45 provisions of this Article.

46 (g) Nothing contained in this section shall in any way limit a dealer's rights under any
47 other provision of this Article or other applicable law.

48 **§ 20-443. Insurance.**

49 It shall be unlawful for any dealer or salesman or any employee of any dealer, to coerce or
50 offer anything of value to any purchaser of a recreational vehicle to provide any type of insurance
51 coverage on said recreational vehicle. No dealer, salesman, or representative of either shall accept

1 any policy as collateral on any vehicle sold by him to secure an interest in such vehicle in any
2 company not qualified under the insurance laws of this State: provided, nothing in this Article
3 shall prevent a dealer or his representative from requiring adequate insurance coverage on a
4 recreational vehicle which is the subject of an installment sale.

5 **"§ 20-444. Acts of officers, directors, partners, salesmen, and other representatives.**

6 (a) If a licensee is a copartnership or a corporation, it shall be sufficient cause for the
7 denial, suspension, or revocation of a license that any officer, director, or partner of the
8 copartnership or corporation has committed any act or omitted any duty which would be cause
9 for refusing, suspending, or revoking a license to such party as an individual. Each licensee shall
10 be responsible for the acts of any or all of his salesmen while acting as his agent.

11 (b) Every licensee who is a manufacturer or a factory branch shall be responsible for the
12 acts of any or all of its agents and representatives while acting in the conduct of said licensee's
13 business whether or not such licensee approved, authorized, or had knowledge of such acts.

14 **"§ 20-445. Appeals from actions of Commissioner.**

15 Appeals from actions of the Commissioner shall be governed by the provisions of Chapter
16 150B of the General Statutes.

17 **"§ 20-446. Powers of Commissioner.**

18 (a) The Commissioner shall promote the interests of the retail buyer of recreational
19 vehicles.

20 (b) The Commissioner shall have power to prevent unfair methods of competition and
21 unfair or deceptive acts or practices and other violations of this Article. Any franchised new
22 recreational vehicle dealer who believes that a manufacturer, factory branch, distributor, or
23 distributor branch with whom the dealer holds a currently valid franchise has violated or is
24 currently violating any provision of this Article may file a petition before the Commissioner
25 setting forth the factual and legal basis for such violations. The Commissioner shall promptly
26 forward a copy of the petition to the named manufacturer, factory branch, distributor, or
27 distributor branch requesting a reply to the petition within 30 days. Allowing for sufficient time
28 for the parties to conduct discovery, the Commissioner or his designee shall then hold an
29 evidentiary hearing and render findings of fact and conclusions of law based on the evidence
30 presented. Any parties to a hearing by the Commissioner concerning the establishment or
31 relocating of a new recreational vehicle dealer shall have a right of review of the decision in a
32 court of competent jurisdiction pursuant to Chapter 150B of the General Statutes.

33 (c) The Commissioner shall have the power in hearings arising under this Article to enter
34 scheduling orders and limit the time and scope of discovery; to determine the date, time, and
35 place where hearings are to be held; to subpoena witnesses; to take depositions of witnesses; and
36 to administer oaths.

37 (d) The Commissioner may, whenever he shall believe from evidence submitted to him
38 that any person has been or is violating any provision of this Article, in addition to any other
39 remedy, bring an action in the name of the State against that person and any other persons
40 concerned or in any way participating in, or about to participate in practices or acts so in violation,
41 to enjoin any persons from continuing the violations.

42 (e) The Commissioner may issue rules and regulations to implement the provisions of
43 this section and to establish procedures related to administrative proceedings commenced under
44 this section.

45 (f) In the event that a dealer, who is permitted or required to file a notice, protest, or
46 petition before the Commissioner within a certain period of time in order to adjudicate, enforce,
47 or protect rights afforded the dealer under this Article, voluntarily elects to appeal a policy,
48 determination, or decision of the manufacturer through an appeals board or internal grievance
49 procedure of the manufacturer, or to participate in or refer the matter to mediation, arbitration, or
50 other alternative dispute resolution procedure or process established or endorsed by the
51 manufacturer, the applicable period of time for the dealer to file the notice, protest, or petition

1 before the Commissioner under this Article shall not commence until the manufacturer's appeal
2 board or internal grievance procedure, mediation, arbitration, or appeals process of the
3 manufacturer has been completed and the dealer has received notice in writing of the final
4 decision or result of the procedure or process. Nothing, however, contained in this subsection
5 shall be deemed to require that any dealer exhaust any internal grievance or other alternative
6 dispute process required or established by the manufacturer before seeking redress from the
7 Commissioner as provided in this Article.

8 (g) Notwithstanding any other statute, regulation, or rule or the existence of a pending
9 legal or administrative proceeding in any other forum, any franchised new recreational vehicle
10 dealer or any manufacturer, factory branch, distributor, or distributor branch may elect to file a
11 petition before the Commissioner for resolution of any dispute that may arise with respect to any
12 of the rights or obligations of the dealer or of the manufacturer, factory branch, distributor, or
13 distributor branch related to a franchise or franchise-related form agreement. The Commissioner
14 shall have the authority to apply principles of law, equity, and good faith in determining such
15 matters. The filing of a petition by a dealer or a manufacturer, factory branch, distributor, or
16 distributor branch pursuant to this section shall not preclude the party filing the petition from
17 pursuing any other form of recourse it may have, either before the Commissioner or in another
18 form, including any damages and injunctive relief. The Commissioner shall have the authority to
19 receive and evaluate the facts in the matter of controversy and render a decision by entering an
20 order which shall thereafter become binding and enforceable with respect to the parties, subject
21 to the right of review of the decision in a court of competent jurisdiction pursuant to Chapter
22 150B of the General Statutes.

23 **§ 20-447. Notice of additional charges against dealer's account; informal appeals**
24 **procedure.**

25 (a) Notwithstanding the terms of any contract, franchise, novation, or agreement, it shall
26 be unlawful for any manufacturer, factory branch, distributor, or distributor branch to charge or
27 assess one of its franchised recreational vehicle dealers located in this State, or to charge or debit
28 the account of the franchised recreational vehicle dealer for merchandise, tools, or equipment, or
29 other charges or amounts which total more than five thousand dollars (\$5,000), other than the
30 published cost of new recreational vehicles, and merchandise, tools, or equipment specifically
31 ordered by the franchised recreational vehicle dealer, unless the franchised recreational vehicle
32 dealer receives a detailed itemized description of the nature and amount of each charge in writing
33 at least 10 days prior to the date the charge or account debit is to become effective or due. For
34 purposes of this subsection, the prior written notice required pursuant to this subsection includes,
35 but is not limited to, all charges or debits to a dealer's account for advertising or advertising
36 materials; advertising or showroom displays; customer informational materials; computer or
37 communications hardware or software; special tools; equipment; dealership operation guides;
38 Internet programs; and any additional charges or surcharges made or proposed for merchandise,
39 tools, or equipment previously charged to the dealer; and any other charges or amounts which
40 total more than five thousand dollars (\$5,000). If the franchised new recreational vehicle dealer
41 disputes all or any portion of an actual or proposed charge or debit to the dealer's account, the
42 dealer may proceed as provided in G.S. 20-446(b) and G.S. 20-464. Upon the filing of a petition
43 pursuant to G.S. 20-446(b) or a civil action pursuant to G.S. 20-464, the affected manufacturer,
44 factory branch, distributor, or distributor branch shall not require payment from the dealer, or
45 debit or charge the dealer's account, unless and until a final judgment supporting the payment or
46 charge has been rendered by the Commissioner or court.

47 (b) Any franchised new recreational vehicle dealer who seeks to challenge an actual or
48 proposed charge, debit, payment, reimbursement, or credit to the franchised new recreational
49 vehicle dealer or to the franchised new recreational vehicle dealer's account in an amount less
50 than or equal to ten thousand dollars (\$10,000) and that is in violation of this Article or contrary
51 to the terms of the franchise may, prior to filing a formal petition before the Commissioner as

1 provided in G.S. 20-446(b) or a civil action in any court of competent jurisdiction under
2 G.S. 20-464, request and obtain a mediated settlement conference as provided in this subsection.
3 Unless objection to the timeliness of the franchised new recreational vehicle dealer's request for
4 mediation under this subsection is waived in writing by the affected manufacturer, factory
5 branch, distributor, or distributor branch, a franchised new recreational vehicle dealer's request
6 to mediate must be sent to the Commissioner within 75 days after the franchised new recreational
7 vehicle dealer's receipt of written notice from a manufacturer, factory branch, distributor, or
8 distributor branch of the charges, debits, payments, reimbursements, or credits challenged by the
9 franchised new recreational vehicle dealer. If the franchised new recreational vehicle dealer has
10 requested in writing that the manufacturer, factory branch, distributor, or distributor branch
11 review the questioned charges, debits, payments, reimbursements, or credits, a franchised new
12 recreational vehicle dealer's request to mediate must be sent to the Commissioner within 30 days
13 after the franchised new recreational vehicle dealer's receipt of the final written determination on
14 the issue from the manufacturer, factory branch, distributor, or distributor branch.

15 (1) It is the policy and purpose of this subsection to implement a system of
16 settlement events that are designed to reduce the cost of litigation under this
17 Article to the general public and the parties, to focus the parties' attention on
18 settlement rather than on trial preparation, and to provide a structured
19 opportunity for settlement negotiations to take place.

20 (2) The franchised new recreational vehicle dealer shall send a letter to the
21 Commissioner by certified or registered mail, return receipt requested,
22 identifying the actual or proposed charges the franchised new recreational
23 vehicle dealer seeks to challenge and the reason or basis for the challenge. The
24 charges, debits, payments, reimbursements, or credits challenged by the
25 franchised new recreational vehicle dealer need not be related, and multiple
26 issues may be resolved in a single proceeding. The franchised new
27 recreational vehicle dealer shall send a copy of the letter to the affected
28 manufacturer, factory branch, distributor, or distributor branch, addressed to
29 the current district, zone, or regional manager in charge of overseeing the
30 dealer's operations, or the registered agent for acceptance of legal process in
31 this State. Upon the mailing of a letter to the Commissioner and the
32 manufacturer, factory branch, distributor, or distributor branch pursuant to this
33 subsection, any chargeback to or any payment required of a franchised new
34 recreational vehicle dealer by a manufacturer, factory branch, distributor, or
35 distributor branch shall be stayed during the pendency of the mediation. Upon
36 the mailing of a letter to the Commissioner and manufacturer, factory branch,
37 distributor, or distributor branch pursuant to this subsection, any statute of
38 limitation or other time limitation for filing a petition before the
39 Commissioner or civil action shall be tolled during the pendency of the
40 mediation.

41 (3) Upon receipt of the written request of the franchised new recreational vehicle
42 dealer, the Commissioner shall appoint a mediator and send notice of that
43 appointment to the parties. A person is qualified to serve as mediator as
44 provided by this subdivision if the person is certified to serve as a mediator
45 under Rule 8 of the North Carolina Rules Implementing Statewide Mediated
46 Settlement Conferences in Superior Court Civil Actions and does not
47 represent recreational vehicle dealers or manufacturers, factory branches,
48 distributors, or distributor branches. A mediator acting pursuant to this
49 subdivision shall have judicial immunity in the same manner and to the same
50 extent as a judge of the General Court of Justice.

- 1 (4) The parties shall by written agreement select a venue and schedule for the
2 mediated settlement conference conducted under this subsection. If the parties
3 are unable to agree on a venue and schedule, the mediator shall select a venue
4 and schedule. Except by written agreement of all parties, a mediation
5 proceeding and mediated settlement conference under this subsection shall be
6 held in North Carolina.
- 7 (5) In this subsection, "mediation" means a nonbinding forum in which an
8 impartial person, the mediator, facilitates communication between parties to
9 promote reconciliation, settlement, or understanding among them. A mediator
10 may not impose his or her own judgment on the issues for that of the parties.
- 11 (6) At least 10 days prior to the mediated settlement conference, the affected
12 manufacturer, factory branch, distributor, or distributor branch shall, by
13 certified or registered mail, return receipt requested, send the mediator and the
14 franchised new recreational vehicle dealer a detailed response to the
15 allegations raised in the franchised new recreational vehicle dealer's written
16 request. The mediation may be conducted by officers or employees of the
17 parties themselves without the appearance of legal counsel. However, at least
18 10 days prior to the mediated settlement conference, either party may give
19 notice to the other and to the mediator of its intention to appear at the
20 mediation with legal counsel, in which event either party may appear at the
21 mediation with legal counsel.
- 22 (7) A mediation proceeding conducted pursuant to this subsection shall be
23 complete not later than the sixtieth day after the date of the Commissioner's
24 notice of the appointment of the mediator; this deadline may be extended by
25 written agreement of the parties. The parties shall be solely responsible for the
26 compensation and expenses of the mediator on a 50/50 basis. The
27 Commissioner is not liable for the compensation paid or to be paid a mediator
28 employed pursuant to this subsection.
- 29 (8) A party may attend a mediated settlement conference telephonically in lieu of
30 personal appearance. If a party or other person required to attend a mediated
31 settlement conference fails to attend without good cause, the Commissioner
32 may impose upon the party or person any appropriate monetary sanction,
33 including the payment of fines, attorneys' fees, mediator fees, expenses, and
34 loss of earnings incurred by persons attending the conference.
- 35 (9) If the mediation fails to result in a resolution of the dispute, the franchised
36 new recreational vehicle dealer may proceed as provided in G.S. 20-446(b)
37 and G.S. 20-464. Upon the filing of a petition pursuant to G.S. 20-446(b) or a
38 civil action pursuant to G.S. 20-464, the affected manufacturer, factory
39 branch, distributor, or distributor branch shall not require payment from the
40 dealer, or debit or charge the dealer's account, unless and until a final judgment
41 supporting the payment or charge has been rendered by the Commissioner or
42 court. All communications made during a mediation proceeding, including,
43 but not limited to, those communications made during a mediated settlement
44 conference are presumed to be made in compromise negotiation and shall be
45 governed by Rule 408 of the North Carolina Rules of Evidence.

46 **§ 20-448. Rules and regulations.**

47 The Commissioner may make such rules and regulations, not inconsistent with the provisions
48 of this Article, as he shall deem necessary or proper for the effective administration and
49 enforcement of this Article, provided that the Commissioner shall make a copy of such rules and
50 regulations available on a Web site maintained by the Division or the Department of
51 Transportation 30 days prior to the effective date of such rules and regulations.

1 **"§ 20-449. Installment sales to be evidenced by written instrument; statement to be**
2 **delivered to buyer.**

3 (a) Every retail installment sale shall be evidenced by one or more instruments in writing,
4 which shall contain all the agreements of the parties and shall be signed by the buyer.

5 (b) For every retail installment sale, prior to or about the time of the delivery of the
6 recreational vehicle, the seller shall deliver to the buyer a written statement describing clearly the
7 recreational vehicle sold to the buyer, the cash sale price thereof, the cash paid down by the
8 buyer, the amount credited the buyer for any trade-in and a description of the recreational vehicle
9 traded, the amount of the finance charge, the amount of any other charge specifying its purpose,
10 the net balance due from the buyer, the terms of the payment of such net balance, and a summary
11 of any insurance protection to be effected. The written statement shall be signed by the buyer.

12 **"§ 20-450. Coercion of retail dealer by manufacturer or distributor in connection with**
13 **installment sales contract prohibited.**

14 (a) It shall be unlawful for any manufacturer, wholesaler or distributor, or any officer,
15 agent or representative of either, to coerce, or attempt to coerce, any retail recreational vehicle
16 dealer or prospective retail recreational vehicle dealer in this State to sell, assign, or transfer any
17 retail installment sales contract, obtained by such dealer in connection with the sale by him in
18 this State of recreational vehicles manufactured or sold by such manufacturer, wholesaler, or
19 distributor, to a specified finance company or class of such companies, or to any other specified
20 persons, by any of the acts or means hereinafter set forth, namely:

21 (1) By any statement, suggestion, promise, or threat that such manufacturer,
22 wholesaler, or distributor will in any manner benefit or injure such dealer,
23 whether such statement, suggestion, threat, or promise is expressed or implied,
24 or made directly or indirectly.

25 (2) By any act that will benefit or injure such dealer.

26 (3) By any contract, or any expressed or implied offer of contract, made directly
27 or indirectly to such dealer, for handling recreational vehicles, on the
28 condition that such dealer sell, assign, or transfer his retail installment sales
29 contract thereon, in this State, to a specified finance company or class of such
30 companies, or to any other specified person.

31 (4) By any expressed or implied statement or representation, made directly or
32 indirectly, that such dealer is under any obligation whatsoever to sell, assign,
33 or transfer any of his retail sales contracts, in this State, on recreational
34 vehicles manufactured or sold by such manufacturer, wholesaler, or
35 distributor to such finance company, or class of companies, or other specified
36 person, because of any relationship or affiliation between such manufacturer,
37 wholesaler, or distributor and such finance company or companies or such
38 other specified person or persons.

39 (b) Any such statements, threats, promises, acts, contracts, or offers of contracts, when
40 the effect thereof may be to lessen or eliminate competition, or tend to create a monopoly, are
41 declared unfair trade practices and unfair methods of competition and against the public policy
42 of this State, and are unlawful and are hereby prohibited.

43 **"§ 20-451. Written agreements; designated territories; alteration of an agreement.**

44 (a) A manufacturer or distributor may not sell a recreational vehicle in this State to or
45 through a dealer without having first entered into a manufacturer and dealer agreement with a
46 dealer which has been signed by both parties.

47 (b) The manufacturer shall designate the area of sales responsibility exclusively assigned
48 to a dealer in the manufacturer and dealer agreement and may not change such area or contract
49 with another dealer for sale of the same line-make in the designated area for the duration of the
50 agreement. If, subsequent to entering into a manufacturer and dealer agreement, a dealer enters
51 into an agreement to sell any competing RV product, or enters into an agreement to increase its

1 pre-existing commitment to sell any competing RV product, a manufacturer may revise the area
2 of sales responsibility designated in the manufacturer and dealer agreement if the market
3 penetration of the manufacturer's product is jeopardized by the dealer's subsequent agreement.

4 (c) The area of sales responsibility may be reviewed or changed with the consent of both
5 parties not less than 12 months after the execution of the manufacturer and dealer agreement.

6 (d) A recreational vehicle dealer may not sell a new recreational vehicle in this State
7 without having first entered into a manufacturer and dealer agreement with a manufacturer or
8 distributor which has been signed by both parties.

9 **"§ 20-452. Termination, cancellation, nonrenewal, and alteration of a dealership by a**
10 **manufacturer.**

11 (a) A manufacturer or distributor, directly or through any authorized officer, agent, or
12 employee, may terminate, cancel, or fail to renew a manufacturer and dealer agreement with or
13 without good cause.

14 (1) If the manufacturer or distributor terminates, cancels, or fails to renew the
15 manufacturer and dealer agreement without good cause, the manufacturer or
16 distributor must comply with G.S. 20-454.

17 (2) If the manufacturer or distributor terminates, cancels, or fails to renew the
18 manufacturer and dealer agreement with good cause, G.S. 20-454 does not
19 apply.

20 (b) The manufacturer or distributor has the burden of showing good cause for
21 terminating, canceling, or failing to renew a manufacturer and dealer agreement with a dealer.
22 For purposes of determining whether there is good cause, any of the following factors may be
23 considered:

24 (1) The extent of the affected dealer's penetration in the area of sales
25 responsibility.

26 (2) The nature and extent of the dealer's investment in its business.

27 (3) The adequacy of the dealer's service facilities, equipment, parts, supplies, and
28 personnel.

29 (4) The effect of the proposed action on the community.

30 (5) The extent and quality of the dealer's service under recreational vehicle
31 warranties.

32 (6) The dealer's failure to follow agreed-upon procedures or standards related to
33 the overall operation of the dealership.

34 (7) The dealer's performance under the terms of its manufacturer and dealer
35 agreement.

36 (c) Except as otherwise provided in this section, a manufacturer or distributor shall
37 provide a dealer with at least 90 days prior written notice of termination, cancellation, or
38 nonrenewal of the manufacturer and dealer agreement in the event the dealer is being terminated
39 for good cause.

40 (1) The notice must state all reasons for the proposed termination, cancellation,
41 or nonrenewal and must further state that if, within 30 days following receipt
42 of the notice, the dealer provides to the manufacturer or distributor a written
43 notice of intent to cure all claimed deficiencies, the dealer will then have 90
44 days following receipt of the original notice to rectify the deficiencies.

45 (2) If the deficiencies are rectified within 90 days, the manufacturer's or
46 distributor's notice is voided. If the dealer fails to provide the notice of intent
47 to cure the deficiencies in the prescribed time period, or fails to cure the
48 deficiencies in the time period provided, the termination, cancellation, or
49 nonrenewal takes effect 30 days after the dealer's receipt of the original notice.
50 If the dealer has new and untitled inventory on hand, it may be sold pursuant
51 to G.S. 20-454.

1 (3) The notice period may be reduced to 30 days if the manufacturer's or
2 distributor's grounds for termination, cancellation, or nonrenewal are due to
3 any of the following good cause factors:

- 4 a. A dealer or one of its owners being convicted of or entering a
5 plea of nolo contendere to a felony;
6 b. The abandonment or closing of the business operations of the
7 dealer for 10 consecutive business days unless the closing is
8 due to an act of God, strike, labor difficulty, or other cause over
9 which the dealer has no control;
10 c. A significant misrepresentation by the dealer materially
11 affecting the business relationship;
12 d. A suspension or revocation of the dealer's license, or refusal to
13 renew the dealer's license by the department;
14 e. A material violation of this Act which is not cured within 30
15 days after the written notice by the manufacturer; or
16 f. A failure by the dealer to notify in writing any manufacturer
17 with whom the dealer has a manufacturer/dealer agreement at
18 least 30 days prior to entering into any additional
19 manufacturer/dealer agreement with the manufacturer of a
20 competing line-make of recreational vehicles.

21 (d) The notice provisions of subsection (c) of this section do not apply if the reason for
22 termination, cancellation, or nonrenewal is the dealer's insolvency, the occurrence of an
23 assignment for the benefit of creditors, or bankruptcy.

24 **§ 20-453. Termination, cancellation, nonrenewal, and alteration of a dealership by a**
25 **dealer.**

26 (a) A dealer may terminate or cancel its manufacturer and dealer agreement with a
27 manufacturer or distributor with or without good cause by giving 30 days' written notice.

28 (1) If the termination or cancellation is for good cause, the notice must state all
29 reasons for the proposed termination or cancellation and must further state that
30 if, within 30 days following receipt of the notice, the manufacturer or
31 distributor provides to the dealer a written notice of intent to cure all claimed
32 deficiencies, the manufacturer or distributor will then have 90 days following
33 receipt of the original notice to rectify the deficiencies.

34 (2) If the deficiencies are rectified within 90 days, the dealer's notice is voided. If
35 the manufacturer or distributor fails to provide the notice of intent to cure the
36 deficiencies or fails to cure the deficiencies in the time period prescribed in
37 the original notice, the termination or cancellation shall take effect as provided
38 in the original notice.

39 (b) If the dealer terminates, cancels, or fails to renew the manufacturer and dealer
40 agreement without good cause, the terms of G.S. 20-454 do not apply. If the dealer terminates,
41 cancels, or fails to renew the manufacturer/dealer agreement with good cause, G.S. 20-454 does
42 apply. The dealer has the burden of showing good cause. Any of the following items shall be
43 deemed "good cause" for the proposed termination, cancellation, or nonrenewal action by a
44 dealer:

45 (1) A manufacturer being convicted of, or entering a plea of nolo contendere to a
46 felony.

47 (2) The business operations of the manufacturer have been abandoned or closed
48 for 10 consecutive business days, unless the closing is due to an act of God,
49 strike, labor difficulty, or other cause over which the manufacturer has no
50 control.

- 1 (3) A significant misrepresentation by the manufacturer materially affecting the
2 business relationship.
- 3 (4) A material violation of this Article which is not cured within 30 days after
4 written notice by the dealer.
- 5 (5) A declaration by the manufacturer of bankruptcy, insolvency, or the
6 occurrence of an assignment for the benefit of creditors or bankruptcy.

7 **"§ 20-454. Repurchase of inventory.**

8 (a) If the manufacturer and dealer agreement is terminated, canceled, or not renewed by
9 the manufacturer or distributor without good cause under G.S. 20-452(a)(1), or if the dealer
10 terminates or cancels the manufacturer and dealer agreement for good cause under
11 G.S. 20-453(a)(1) and the manufacturer fails to provide notice or cure the claimed deficiencies
12 under G.S. 20-453(a)(2), the manufacturer shall at the dealer's option and within 45 days after
13 termination, cancellation, or nonrenewal, repurchase:

- 14 (1) All new, untitled recreational vehicles that were acquired from the
15 manufacturer or distributor within 12 months before the effective date of the
16 notice of termination, cancellation, or nonrenewal that have not been used,
17 except for demonstration purposes, and that have not been altered or damaged,
18 at one hundred percent (100%) of the net invoice cost, including
19 transportation, less applicable rebates and discounts to the dealer.
- 20 (2) In the event any of the vehicles repurchased are damaged, but do not trigger a
21 consumer disclosure requirement, the amount due the dealer shall be reduced
22 by the cost to repair the vehicle. Damage prior to delivery to the dealer that is
23 disclosed at the time of delivery will not disqualify repurchase under this
24 subsection. All undamaged accessories and proprietary parts sold to the dealer
25 for resale within the 12 months prior to termination, cancellation, or
26 nonrenewal, if accompanied by the original invoice, at one hundred and five
27 percent (105%) of the original net price paid to the manufacturer or distributor
28 to compensate the dealer for handling, packing, and shipping the parts.
- 29 (3) Any properly functioning diagnostic equipment, special tools, current
30 signage, or other equipment and machinery which was purchased by the dealer
31 upon the manufacturer or distributor's request within five years prior to the
32 termination, cancellation, or nonrenewal and which can no longer be used in
33 the normal course of the dealer's ongoing business at one hundred percent
34 (100%) of the dealer's net cost plus freight.

35 (b) Sale of remaining inventory after termination.

- 36 (1) A dealer is not prohibited from selling the remaining in-stock inventory of a
37 particular line-make after a dealer agreement has been terminated or not
38 renewed under G.S. 20-452.
- 39 (2) If recreational vehicles of a line-make subject to the terminated agreement are
40 not repurchased or required to be repurchased by the manufacturer or
41 distributor, the dealer may continue to sell such recreational vehicles that are
42 subject to the terminated dealer agreement and are currently in stock until
43 those recreational vehicles are no longer in the dealer's inventory.

44 **"§ 20-455. Transfer of dealership; family succession.**

45 (a) If a dealer desires to make a change in ownership by the sale of the business assets,
46 stock transfer, or otherwise, the dealer shall give the manufacturer or distributor written notice at
47 least 15 business days before the closing, including all supporting documentation as may be
48 reasonably required by the manufacturer or distributor to determine if an objection to the sale
49 may be made. In the absence of a breach by the selling dealer of its dealer agreement or this
50 Article, the manufacturer or distributor shall not object to the proposed change in ownership
51 unless any of the following apply to the prospective transferee:

- 1 (1) Has previously been terminated by the manufacturer for breach of its dealer
2 agreement.
- 3 (2) Has been convicted of a felony or any crime of fraud, deceit, or moral
4 turpitude.
- 5 (3) Lacks any license required by law.
- 6 (4) Does not have an active line of credit sufficient to purchase a manufacturer's
7 product.
- 8 (5) Has undergone in the last 10 years bankruptcy, insolvency, a general
9 assignment for the benefit of creditors, or the appointment of a receiver,
10 trustee, or conservator to take possession of the transferee's business or
11 property.

12 (b) If the manufacturer or distributor objects to a proposed change of ownership, the
13 manufacturer or distributor shall give written notice of its reasons to the dealer within 10 business
14 days after receipt of the dealer's notification and complete documentation. The manufacturer or
15 distributor has the burden of proof with regard to its objection. If the manufacturer or distributor
16 does not give timely notice of its objection, the change or sale shall be deemed approved.

17 (c) It is unlawful for a manufacturer or distributor to fail to provide a dealer an
18 opportunity to designate, in writing, a family member as a successor to the dealership in the event
19 of the death, incapacity, or retirement of the dealer. It is unlawful to prevent or refuse to honor
20 the succession to a dealership by a family member of the deceased, incapacitated, or retired dealer
21 unless the manufacturer or distributor has provided to the dealer written notice of its objections
22 within 10 days after receipt of the dealer's modification of the dealer's succession plan. In the
23 absence of a breach of the dealer agreement, the manufacturer may object to the succession for
24 the following reasons only:

- 25 (1) Conviction of the successor of a felony or any crime of fraud, deceit, or moral
26 turpitude.
- 27 (2) Bankruptcy or insolvency of the successor during the past 10 years.
- 28 (3) Prior termination by the manufacturer of the successor for breach of a dealer
29 agreement.
- 30 (4) Successor does not have an active line of credit sufficient to purchase the
31 manufacturer's product.
- 32 (5) Successor lacks any license required by law.

33 The manufacturer or distributor has the burden of proof regarding its objection.

34 (d) A family member may not succeed to a dealership if the succession involves, without
35 the manufacturer's or distributor's consent, a relocation of the business or an alteration of the
36 terms and conditions of the manufacturer/dealer agreement.

37 **"§ 20-456. Warranty obligations.**

38 (a) It is unlawful for any manufacturer, factory branch, distributor, or distributor branch
39 that manufactures or distributes recreational vehicles to fail to fully compensate its dealers
40 located in this State in accordance with this section for warranty or recall work performed by the
41 dealers related to the living facilities of the vehicle, including all labor and parts used to repair
42 such living facilities and any equipment, plumbing, appliances, and other options included by the
43 manufacturer, factory branch, distributor, or distributor branch in the purchase price paid by the
44 dealer for the vehicle. With respect to those portions of the living facilities of recreational
45 vehicles and any equipment, plumbing, appliances, and other options that are part of such living
46 facilities and that are included by the recreational vehicle manufacturer, factory branch,
47 distributor, or distributor branch in the purchase price paid by the dealer for the vehicle, the term
48 "warrantor" shall mean any manufacturer or distributor of such living facilities or any equipment,
49 plumbing, appliances, and other options that are part of such living facilities that offer a warranty
50 in writing to either the recreational vehicle dealer or to the ultimate purchaser of the recreational
51 vehicle. The term "warrantor" does not include a person that provides a service contract,

1 mechanical or other insurance, or an extended warranty sold for separate consideration by a
2 dealer or other person not controlled by a warrantor. Notwithstanding the terms or conditions of
3 any contract or agreement, it is unlawful for any recreational vehicle manufacturer, factory
4 branch, distributor, or distributor branch to fail to fully and timely compensate any of its
5 franchised recreational vehicle dealers located in this State in accordance with this section for all
6 parts and labor used by such franchised dealers in making warranty or recall repairs to such living
7 facilities of recreational vehicles, including any equipment, plumbing, appliances, and other
8 options included by the recreational vehicle manufacturer, factory branch, distributor, or
9 distributor branch in the purchase price paid by the dealer for the vehicle, to the extent that the
10 individual components of such living facilities are not separately warranted by the manufacturers
11 or distributors of such components. Notwithstanding the terms or conditions of any warranty,
12 contract, or agreement, it is unlawful for any warrantor, as defined in this subdivision, to fail to
13 fully and timely compensate any franchised recreational vehicle dealer located in this State in
14 accordance with this section for all parts and labor used by such franchised recreational vehicle
15 dealer in making warranty or recall repairs to any component parts of the living facilities of
16 recreational vehicles manufactured or distributed by such warrantor, including any equipment,
17 plumbing, appliances, and other options included by a recreational vehicle manufacturer, factory
18 branch, distributor, or distributor branch in the purchase price paid by the dealer for the vehicle.

19 (b) Each warrantor and each recreational vehicle manufacturer, factory branch,
20 distributor, and distributor branch that sells or distributes recreational vehicles in this State shall
21 specify in writing to each recreational vehicle dealer licensed in this State who sells products
22 manufactured or distributed by such warrantor or such recreational vehicle manufacturer, factory
23 branch, distributor, or distributor branch, the recreational vehicle dealer's obligations for
24 preparation, delivery, and warranty and recall service on its products, the schedule of
25 compensation to be paid such dealers for parts, work, and service in connection with warranty or
26 recall service, and the time allowances for the performance of such work and service. In no event
27 shall such schedule of compensation fail to include reasonable compensation for diagnostic work
28 and associated administrative requirements as well as repair service, labor, and transportation
29 provided by the dealer to transport a recreational vehicle to and from a location at which the
30 repairs can be made. Provided, however, that with respect to reimbursement for a recreational
31 vehicle dealer's transportation expenses, the dealer is required to obtain the prior written
32 authorization of the affected warrantor before incurring any transportation expenses, which
33 authorization shall not be unreasonably denied by the warrantor, and provided further that any
34 such request for transportation reimbursement must be denied by the warrantor within five
35 business days of the warrantor's receipt of the dealer's request for reimbursement or the request
36 shall be deemed authorized and allowed. Time allowances for the performance of warranty work
37 and service shall be reasonable and adequate for the work to be performed. The compensation
38 which must be paid under this section must be reasonable; provided, however, that under no
39 circumstances may the reasonable compensation under this section be in an amount less than the
40 recreational vehicle dealer's current retail labor rate for nonwarranty work of like kind, provided
41 such amount is competitive with the retail rates charged for parts and labor by other franchised
42 recreational dealers within the dealer's market.

43 (c) A warrantor may not require a dealer to establish the rate customarily charged by the
44 recreational vehicle dealer for labor by an unduly burdensome or time-consuming method or by
45 requiring information that is unduly burdensome or time-consuming to provide, including, but
46 not limited to, part by part or transaction by transaction calculations.

47 (d) For any part, equipment, plumbing system or device, or appliance or option, a
48 warrantor shall reimburse the dealer the cost of the part, equipment, plumbing system or device,
49 appliance or option, plus a minimum of a thirty percent (30%) handling charge and pay the cost,
50 if any, of freight to return the part, equipment, appliance, or option to the warrantor.

1 (e) If a warrantor furnishes a part or component to a dealer, at reduced or no cost, to use
2 in performing repairs under a warranty or recall repair, the warrantor shall compensate the dealer
3 for the part or component in the same manner as warranty parts compensation under this section,
4 by compensating the dealer on the basis of a thirty percent (30%) handling charge for the part or
5 component as listed in the warrantor's price schedule less the cost for the part or component.

6 (f) Notwithstanding the terms of any warranty, contract, or agreement, all claims made
7 by recreational dealers pursuant to this section for compensation for delivery, preparation,
8 warranty and recall work, and transportation costs, including labor, parts, and other expenses,
9 shall be paid by the affected warrantor within 30 days after receipt of claim from the dealer.
10 When any claim is disapproved, the dealer shall be notified in writing of the grounds for
11 disapproval. Any claim not specifically disapproved in writing within 30 days after receipt shall
12 be considered approved and payment is due immediately. No claim which has been approved
13 and paid may be charged back to the dealer unless it can be shown that the claim was false or
14 fraudulent, that the repairs were not properly made or were unnecessary to correct the defective
15 condition, or the dealer failed to reasonably substantiate the claim either in accordance with the
16 manufacturer's reasonable written procedures or by other reasonable means. A warrantor shall
17 not deny a claim or reduce the amount to be reimbursed to the dealer as long as the dealer has
18 provided reasonably sufficient documentation that the dealer (i) made a good-faith attempt to
19 perform the work in compliance with the written policies and procedures of the warrantor and
20 (ii) actually performed the work.

21 Notwithstanding the foregoing, a warrantor shall not fail to fully compensate a dealer for
22 warranty or recall work or make any chargeback to the dealer's account based on the dealer's
23 failure to comply with the warrantor's claim documentation procedure or procedures unless both
24 of the following requirements have been met:

- 25 (1) The dealer has, within the previous 12 months, failed to comply with the same
26 specific claim documentation procedure or procedures.
27 (2) The warrantor has, within the previous 12 months, provided a written warning
28 to the dealer by certified United States mail, return receipt requested,
29 identifying the specific claim documentation procedure or procedures violated
30 by the dealer.

31 (g) Every recreational vehicle manufacturer, factory branch, distributor, or distributor
32 branch that manufactures or distributes recreational vehicles for sale in this State shall designate
33 at least one of its employees knowledgeable in warranty administration who shall be the
34 designated warranty contact person with whom its franchised dealers licensed in this State can
35 communicate to assist them in filing and getting paid on warranty claims related to all component
36 parts of all recreational vehicles such recreational vehicle manufacturer, factory branch,
37 distributor, or distributor branch sells or distributes in this State. Each recreational vehicle
38 manufacturer, factory branch, distributor, or distributor branch shall promptly notify, in writing,
39 all of its franchised recreational vehicle dealers licensed in this State, the Commissioner, and the
40 North Carolina Automobile Dealers Association, Inc., of the identity and contact information of
41 the designated warranty contact person and any changes in this information. A recreational
42 vehicle manufacturer or distributor that represents multiple suppliers or multiple line-makes of
43 vehicles shall be permitted to designate a single individual as the designated warranty contact
44 person for all such suppliers and line-makes of vehicles represented by such recreational vehicle
45 manufacturer or distributor.

46 (h) It shall be unlawful for any warrantor or for any recreational vehicle manufacturer,
47 factory branch, distributor, or distributor branch to recover or attempt to recover all or any portion
48 of its costs for compensating recreational vehicle dealers licensed in this State for warranty or
49 recall parts and service either by reduction in the amount due to the dealer or by separate charge,
50 surcharge, or other imposition.

1 (i) It shall be unlawful for any recreational vehicle manufacturer, factory branch,
2 distributor, or distributor branch to fail to indemnify and hold harmless its franchised dealers
3 licensed in this State against any judgment for damages or settlements agreed to by the
4 manufacturer, including, but not limited to, court costs and reasonable attorneys' fees of the
5 recreational vehicle dealer, arising out of complaints, claims, or lawsuits, including, but not
6 limited to, strict liability, negligence, misrepresentation, express or implied warranty, or
7 rescission or revocation of acceptance of the sale of a vehicle as defined in G.S. 25-2-608, to the
8 extent that the judgment or settlement relates to the alleged defective or negligent manufacture,
9 assembly, or design of new recreational vehicles, parts, or accessories or other functions by the
10 manufacturer, factory branch, distributor, or distributor branch beyond the control of the dealer.
11 It shall be unlawful for any warrantor to fail to indemnify and hold harmless any recreational
12 vehicle dealer located in this State who sold one or more products warranted by such warrantor
13 against any judgment for damages or settlements agreed to by the warrantor, including, but not
14 limited to, court costs and reasonable attorneys' fees of the recreational vehicle dealer, arising
15 out of complaints, claims, or lawsuits, including, but not limited to, strict liability, negligence,
16 misrepresentation, express or implied warranty, or rescission or revocation of acceptance of the
17 sale of a vehicle or vehicle part, component, or accessory, as defined in G.S. 25-2-608, to the
18 extent that the judgment or settlement relates to the alleged defective or negligent manufacture,
19 assembly, or design of a product warranted by the warrantor or other functions of the warrantor
20 beyond the control of the dealer. Any audit for warranty or recall parts or service compensation
21 shall only be for the 12-month period immediately following the date of the payment of the claim
22 by the manufacturer, factory branch, distributor, distributor branch, or warrantor. Any audit for
23 sales incentives, service incentives, rebates, or other forms of incentive compensation shall only
24 be for the 12-month period immediately following the date of the payment of the claim by the
25 manufacturer, factory branch, distributor, distributor branch, or warrantor. Provided, however,
26 these limitations shall not be effective in the case of fraudulent claims.

27 (j) It shall be unlawful for any warrantor or for any recreational vehicle manufacturer,
28 factory branch, distributor, or distributor branch to direct or encourage any owner or purchaser
29 of a recreational vehicle to have warranty or recall service work or other repairs on a recreational
30 vehicle made by a repair facility other than either the franchised dealer that sold the vehicle owner
31 the recreational vehicle or the franchised dealer closest in proximity to such recreational vehicle
32 owner or purchaser, provided that the recreational vehicle dealer who sold the vehicle to the
33 owner or purchaser or who is located in closest proximity to such recreational vehicle owner or
34 purchaser has sufficiently trained personnel and the necessary tools and equipment to make the
35 required repairs to the vehicle, has not expressly stated in writing its desire to have the repairs
36 made elsewhere, and is willing to make the repairs within a reasonable period of time after the
37 necessary parts have been supplied to the dealer.

38 (k) In the event there is a dispute between a recreational vehicle dealer and a warrantor
39 or a recreational vehicle manufacturer, factory branch, distributor, or distributor branch, relating
40 to any matter referred to in this section, either party may petition the Commissioner in writing,
41 within 30 days after either party has given written notice of the dispute to the other, for a hearing
42 on the subject and the decision of the Commissioner shall be binding on the parties, subject to
43 rights of judicial review and appeal as provided in Chapter 150B of the General Statutes;
44 provided, however, that nothing contained herein shall give the Commissioner any authority as
45 to the content of any warrantor's warranty. Upon the filing of a petition before the Commissioner
46 under this subsection, any chargeback to or any payment required of a recreational vehicle dealer
47 by a warrantor or by a recreational vehicle manufacturer, factory branch, distributor, or
48 distributor branch relating to warranty or recall parts or service compensation, or to sales
49 incentives, service incentives, rebates, other forms of incentive compensation, or the withholding
50 or chargeback of other compensation or support that a dealer would otherwise be eligible to
51 receive, shall be stayed during the pendency of the determination by the Commissioner.

"§ 20-457. Indemnification.

(a) Notwithstanding the terms of any manufacturer and dealer agreement, it is a violation of this Article for a warrantor to fail to indemnify and hold harmless its new recreational vehicle dealer against any losses or damages to the extent that the losses or damages are caused by the negligence or willful misconduct of the warrantor subject to the following:

(1) 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 or new recreational trailer.

(2) 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.

(3) A new recreational vehicle dealer shall provide to a warrantor a copy of any pending law suit in which allegations are made that are covered by the provisions of this subsection within 10 days after receiving such suit. Notwithstanding anything to the contrary, this subdivision shall continue to apply even after the new recreational vehicle is titled.

(b) Notwithstanding the terms of any manufacturer and dealer agreement, it is a violation of this Article for 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 willful misconduct of the new recreational vehicle dealer; provided 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 come within the provisions of this subsection within 10 days after receiving such suit. Notwithstanding anything to the contrary, this subsection shall continue to apply even after the new recreational vehicle is titled.

"§ 20-458. Inspection and rejection by the dealer.

(a) Whenever a new recreational vehicle is damaged prior to transit to the dealer or is damaged in transit to the dealer when the carrier or means of transportation has been selected by the manufacturer or distributor, the dealer shall notify the manufacturer or distributor of the damage within the time frame specified in the manufacturer and dealer agreement and do either of the following:

(1) Request from the manufacturer or distributor authorization to replace the components, parts, and accessories damaged or otherwise correct the damage.

(2) Reject the vehicle within the timeframe set forth in subsection (d).

(b) If the manufacturer or distributor refuses or fails to authorize repair of such damage within 10 days after receipt of notification, or if the dealer rejects the RV because of damage, ownership of the new RV shall revert to the manufacturer or distributor.

(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 and 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 or distributor. In no instance shall a dealer deem an amount less than the distance between the dealer and the manufacturer's factory or a distributor's point of distribution, plus 100 miles, as unreasonable.

"§ 20-459. Coercion of dealer prohibited.

A manufacturer or distributor may not coerce or attempt to coerce a dealer to do any of the following:

- 1 (1) Purchase a product that the dealer did not order.
- 2 (2) Enter into an agreement with the manufacturer or distributor.
- 3 (3) Enter into an agreement that requires the dealer to submit its disputes to
4 binding arbitration or otherwise waive rights or responsibilities provided
5 under this act.

6 **"§ 20-460. Mediation.**

7 (a) A dealer, manufacturer, or warrantor injured by another party's violation of this act
8 may bring a civil action to recover actual damages. The court shall award attorneys' fees and
9 costs to the prevailing party in such an action. Venue for any civil action authorized by this
10 section shall be in any county in this State in which the dealer's business is located. In an action
11 involving more than one dealer, venue may be in any county in this State in which any dealer
12 that is party to the action has a business location.

13 (b) Prior to bringing suit under this section, the party bringing suit for an alleged violation
14 shall serve a written demand for mediation upon the offending party.

15 (1) The demand for mediation shall be served upon the other party via certified
16 mail at the address stated within the manufacturer and dealer agreement
17 between the parties.

18 (2) The demand for mediation shall contain a brief statement of the dispute and
19 the relief sought by the party filing the demand.

20 (3) Within 20 days after the date a demand for mediation is served, the parties
21 shall mutually select an independent certified mediator and meet with that
22 mediator for the purpose of attempting to resolve the dispute. The meeting
23 place shall be in this State in a location selected by the mediator. The mediator
24 may extend the date of the meeting for good cause shown by either party or
25 upon stipulation of both parties.

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

36 (5) The parties to the mediation shall bear their own costs for attorneys' fees and
37 divide equally the cost of the mediator.

38 (c) In addition to the remedies provided in this section and notwithstanding the existence
39 of any additional remedy at law, a manufacturer, or warrantor, or a dealer is authorized to make
40 application to a court for the grant, upon a hearing and for cause shown, of a temporary or
41 permanent injunction, or both, restraining any person from acting as a dealer without being
42 properly licensed, from violating or continuing to violate any of the provisions of this act, or from
43 failing or refusing to comply with the requirements of this act. Such injunction shall be issued
44 without bond. A single act in violation of the provisions of this act shall be sufficient to authorize
45 the issuance of an injunction.

46 **"§ 20-461. Article applicable to existing and future franchises and contracts.**

47 The provisions of this Article shall be applicable to all franchises and contracts existing
48 between recreational vehicle dealers and manufacturers, factory branches, and distributors at the
49 time of its ratification, and to all such future franchises and contracts.

50 **"§ 20-462. Jurisdiction.**

1 A franchisee who is substantially and primarily engaged in the sale of recreational vehicles
2 or parts, materials, or components of recreational vehicles, including batteries, tires,
3 transmissions, mufflers, painting, lubrication, or tune-ups may bring suit against any franchisor,
4 engaged in commerce, in the General Court of Justice in the State of North Carolina that has
5 proper venue.

6 **"§ 20-463. Penalties.**

7 Any person violating any of the provisions of this Article shall be guilty of a Class 1
8 misdemeanor.

9 **"§ 20-464. Civil actions for violations.**

10 (a) Notwithstanding the terms, provisions, or conditions of any agreement or franchise
11 or other terms or provisions of any novation, waiver, or other written instrument, any recreational
12 vehicle dealer who is or may be injured by a violation of a provision of this Article, or any party
13 to a franchise who is so injured in business or property by a violation of a provision of this Article
14 relating to that franchise, or an arrangement which, if consummated, would be in violation of this
15 Article may, notwithstanding the initiation or pendency of, or failure to initiate an administrative
16 proceeding before the Commissioner concerning the same parties or subject matter, bring an
17 action for damages and equitable relief, including injunctive relief, in any court of competent
18 jurisdiction with regard to any matter not within the jurisdiction of the Commissioner or that
19 seeks relief wholly outside the authority or jurisdiction of the Commissioner to award.

20 (b) Where the violation of a provision of this Article can be shown to be willful,
21 malicious, or wanton, or if continued multiple violations of a provision or provisions of this
22 Article occur, the court may award punitive damages, attorneys' fees and costs in addition to any
23 other damages under this Article.

24 (c) A new recreational vehicle dealer, who has not suffered any loss of money or
25 property, may obtain final equitable relief if it can be shown that the violation of a provision of
26 this Article by a manufacturer or distributor may have the effect of causing a loss of money or
27 property.

28 (d) Any association that is comprised of a minimum of 400 new recreational vehicle
29 dealers, substantially all of whom are new recreational vehicle dealers located within North
30 Carolina, and which represents the collective interests of its members, shall have standing to file
31 a petition before the Commissioner or a cause of action in any court of competent jurisdiction for
32 itself, or on behalf of any or all of its members, seeking declaratory and injunctive relief. Prior
33 to bringing an action, the association and manufacturer, factory branch, distributor, or distributor
34 branch shall initiate mediation as set forth in G.S. 20-460. An action brought pursuant to this
35 subsection may seek a determination whether one or more manufacturers, factory branches,
36 distributors, or distributor branches doing business in this State have violated any of the
37 provisions of this Article, or for the determination of any rights created or defined by this Article,
38 so long as the association alleges an injury to the collective interest of its members cognizable
39 under this section. A cognizable injury to the collective interest of the members of the association
40 shall be deemed to occur if a manufacturer, factory branch, distributor, or distributor branch
41 doing business in this State has engaged in any conduct or taken any action which actually harms
42 or affects all of the franchised new motor vehicle dealers holding franchises with that
43 manufacturer, factory branch, distributor, or distributor branch in this State. With respect to any
44 administrative or civil action filed by an association pursuant to this subsection, the relief granted
45 shall be limited to declaratory and injunctive relief and in no event shall the Commissioner or
46 court enter an award of monetary damages.

47 **"§ 20-465. Applicability of this Article.**

48 (a) Any person who engages directly or indirectly in purposeful contacts within this State
49 in connection with the offering or advertising for sale, or has business dealings, with respect to a
50 new recreational vehicle sale within this State, shall be subject to the provisions of this Article
51 and shall be subject to the jurisdiction of the courts of this State.

1 (b) The applicability of this Article shall not be affected by a choice of law clause in any
2 franchise, agreement, waiver, novation, or any other written instrument.

3 (c) Any provision of any agreement, franchise, waiver, novation, or any other written
4 instrument which is in violation of any section of this Article shall be deemed null and void and
5 without force and effect.

6 (d) It shall be unlawful for a manufacturer or distributor to use any subsidiary corporation,
7 affiliated corporation, or any other controlled corporation, partnership, association, or person to
8 accomplish what would otherwise be illegal conduct under this Article on the part of the
9 manufacturer or distributor.

10 (e) The provisions of this Article shall apply to all written agreements between a
11 manufacturer, wholesaler, or distributor with a recreational vehicle dealer including, but not
12 limited to, the franchise offering; the franchise agreement; sales of goods, services, or
13 advertising; leases or deeds of trust of real or personal property; promises to pay; security
14 interests; pledges; insurance contracts; advertising contracts; construction or installation
15 contracts; servicing contracts; and all other such agreements between a recreational vehicle dealer
16 and a manufacturer, wholesaler, or distributor."

17
18 **ADD CROSS REFERENCES TO NEW ARTICLE 19 OF CHAPTER 20 OF THE**
19 **GENERAL STATUTES**

20 **SECTION 4.(a)** G.S. 20-52.1(d) reads as rewritten:

21 "(d) When a manufacturer's statement of origin or an existing certificate of title on a motor
22 vehicle is unavailable, a motor vehicle dealer licensed under Article 12 of this Chapter and a
23 recreational vehicle dealer licensed under Article 19 of this Chapter may also transfer title to a
24 vehicle currently titled in this State to another by certifying in writing in a sworn statement to the
25 Division signed by the dealer principal, general manager, general sales manager, controller, or
26 owner of the dealership that, to the best of the signatory's knowledge and information as of the
27 date of sworn certification, all prior perfected liens on the vehicle that are known or reasonably
28 ascertainable by the signatory have been paid and that the ~~motor vehicle~~ dealer, despite having
29 used reasonable diligence, is unable to obtain the vehicle's statement of origin or certificate of
30 title. For purposes of this subsection, a dealer may certify that the dealer is unable to obtain the
31 vehicle's statement of origin or certificate of title because the statement of origin or certificate of
32 title was either (i) not delivered to the dealer or (ii) lost or misplaced. The Division is authorized
33 to require any information it deems necessary for the transfer of the vehicle and shall develop a
34 form for this purpose. The knowing and intentional filing of a false sworn certification with the
35 Division pursuant to this subsection shall constitute a Class H felony. A dealer principal, owner,
36 or manager who is not a signatory of the sworn certification under this subsection may only be
37 charged for a criminal violation for filing a false certification under this subsection by another
38 dealership employee if the dealer principal, owner, or manager had actual knowledge of the
39 falsity of the sworn certification at the time the sworn certification was submitted to the Division.
40 The dealer shall hold harmless and indemnify the consumer-purchaser from any damages arising
41 from the use of the procedure authorized by this subsection. No person shall have a cause of
42 action against the Division or Division contractors arising from the transfer of a vehicle by a
43 sworn certification pursuant to this section."

44 **SECTION 4.(b)** G.S. 20-72(b) reads as rewritten:

45 "(b) In order to assign or transfer title or interest in any motor vehicle registered under the
46 provisions of this Article, the owner shall execute in the presence of a person authorized to
47 administer oaths an assignment and warranty of title on the reverse of the certificate of title in
48 form approved by the Division, including in such assignment the name and address of the
49 transferee; and no title to any motor vehicle shall pass or vest until such assignment is executed
50 and the motor vehicle delivered to the transferee. The provisions of this section shall not apply
51 to any foreclosure or repossession under a chattel mortgage or conditional sales contract or any

1 judicial sale. The provisions of this subsection shall not apply to (i) any transfer to an insurer
2 pursuant to G.S. 20-109.1(b)(2) or (ii) any transfer to a used motor vehicle dealer pursuant to
3 G.S. 20-109.1(e1).

4 When a manufacturer's statement of origin or an existing certificate of title on a motor vehicle
5 is unavailable, a motor vehicle dealer licensed under Article 12 of this Chapter and a recreational
6 vehicle dealer licensed under Article 19 of this Chapter may also transfer title to a vehicle
7 currently titled in this State to another by certifying in writing in a sworn statement to the Division
8 that is signed by the dealer principal, general manager, general sales manager, controller, or
9 owner of the dealership that, to the best of the signatory's knowledge and information as of the
10 date of the sworn certification, all prior perfected liens on the vehicle that are known or
11 reasonably ascertainable by the signatory have been paid and that the ~~motor vehicle~~ dealer,
12 despite having used reasonable diligence, was unable to obtain the vehicle's statement of origin
13 or certificate of title. For purposes of this subsection, a dealer may certify that the dealer is unable
14 to obtain the vehicle's statement of origin or certificate of title if the statement of origin or
15 certificate of title has either (i) not been delivered to the dealer or (ii) has been lost or misplaced.
16 The Division is authorized to request any information it deems necessary to transfer the vehicle
17 and shall develop a form for this purpose. The knowing and intentional filing of a false sworn
18 certification with the Division pursuant to this subsection shall constitute a Class H felony. A
19 dealer principal, owner, or manager of a motor vehicle dealership who is not a signatory of the
20 sworn certification required under this subsection may only be charged for a criminal violation
21 for filing a false certification under this subsection by another dealership employee if the dealer
22 principal, owner, or manager had actual knowledge of the falsity of the sworn certification at the
23 time the sworn certification was submitted to the Division.

24 Any person transferring title or interest in a motor vehicle shall deliver the certificate of title
25 duly assigned in accordance with the foregoing provision to the transferee at the time of
26 delivering the vehicle, except when a certificate of title is unavailable as provided in this
27 subsection or in G.S. 20-72.1, and except that where a security interest is obtained in the motor
28 vehicle from the transferee in payment of the purchase price or otherwise, the transferor shall
29 deliver the certificate of title to the lienholder and the lienholder shall forward the certificate of
30 title together with the transferee's application for new title and necessary fees to the Division
31 within 20 days. If the title to a vehicle is unavailable and the dealer transfers the vehicle on a
32 sworn certification pursuant to this section or G.S. 20-52.1, and the title is subsequently received
33 or found by the dealer, the dealer shall retain a copy for its records and submit the title to the
34 Division. Any person who delivers or accepts a certificate of title assigned in blank shall be guilty
35 of a Class 2 misdemeanor. No person shall have a cause of action against the Division or Division
36 contractors arising from the transfer of a vehicle by a sworn certification pursuant to this section.

37 The title to a salvage vehicle shall be forwarded to the Division as provided in G.S. 20-109.1,
38 except with respect to the title of any salvage vehicle transferred pursuant to G.S. 20-109.1(b)(2)
39 or G.S. 20-109.1(e1)."

40 **SECTION 4.(c)** G.S. 20-72.1(a) reads as rewritten:

41 "(a) Notwithstanding any other provision in this Article, when a manufacturer's statement
42 of origin or an existing certificate of title on a motor vehicle is unavailable, a motor vehicle dealer
43 licensed under Article 12 of this Chapter and a recreational vehicle dealer licensed under Article
44 19 of this Chapter shall deliver the manufacturer's statement of origin or certificate of title to the
45 Division within 20 days of receipt of the title, but no later than 60 days following the later of the
46 date of the sale or transfer of the vehicle or the date of the creation of a security interest in the
47 vehicle pursuant to G.S. 20-58(b). The dealer may offer the vehicle for sale provided that the
48 purchaser is given written notice prior to sale that the dealer is not in possession of the
49 manufacturer's statement of origin or certificate of title and that the purchaser may be entitled to
50 liquidated damages pursuant to subsection (b) of this section if the dealer fails to deliver the
51 manufacturer's statement of origin or certificate of title to the Division in accordance with this

1 subsection. For purposes of this subsection, a vehicle's manufacturer's statement of origin or
2 existing certificate of title shall be considered unavailable under either of the following
3 circumstances:

- 4 (1) The manufacturer's statement of origin or certificate of title has not been
5 actually delivered to the dealer on or prior to the date the dealer sold or
6 transferred the vehicle.
- 7 (2) The manufacturer's statement of origin or certificate of title was lost or
8 misplaced on or prior to the date the dealer sold or transferred the vehicle. If
9 the motor vehicle being sold or transferred is a used motor vehicle, the dealer
10 is required to make application to the Division for a duplicate title within five
11 working days of the date of the sale or transfer of the vehicle. If the vehicle
12 being sold or transferred is a new motor vehicle, the dealer is required to
13 request a new or duplicate manufacturer's statement of origin from the
14 applicable manufacturer or distributor within five working days of the date of
15 the sale or transfer of the vehicle."

16 **SECTION 4.(d)** G.S. 20-75 reads as rewritten:

17 **"§ 20-75. When transferee is a charitable organization, dealer, or insurance company.**

18 A transferee of a vehicle registered under this Article is not required to register the vehicle or
19 forward the certificate of title to the Division as provided in G.S. 20-73 when the transferee is
20 any of the following:

- 21 (1) A dealer who is licensed under Article 12 or Article 19 of this Chapter and
22 who holds the vehicle for resale.
- 23 (2) An insurance company taking the vehicle for sale or disposal for salvage
24 purposes where the title is taken or requested as a part of a bona fide claim
25 settlement transaction and only for the purpose of resale.
- 26 (3) A charitable organization operating under section 501(c)(3) of the Internal
27 Revenue Code (26 U.S.C. § 501(c)(3)) and the vehicle was donated to the
28 charitable organization solely for purposes of resale by the charitable
29 organization.

30 To assign or transfer title or interest in the vehicle, the charitable organization, dealer, or
31 insurance company shall execute, in the presence of a person authorized to administer oaths, a
32 reassignment and warranty of title on the reverse of the certificate of title in the form approved
33 by the Division, which shall include the name and address of the transferee. The title to the
34 vehicle shall not pass or vest until the reassignment is executed and the motor vehicle delivered
35 to the transferee.

36 The dealer transferring title or interest in a motor vehicle shall deliver the certificate of title
37 duly assigned in accordance with the foregoing provision to the transferee at the time of
38 delivering the vehicle, except:

- 39 (1) Where a security interest in the motor vehicle is obtained from the transferee
40 in payment of the purchase price or otherwise, the dealer shall deliver the
41 certificate of title to the lienholder and the lienholder shall forward the
42 certificate of title together with the transferee's application for new certificate
43 of title and necessary fees to the Division within 20 days; or
- 44 (2) Where the transferee has the option of cancelling the transfer of the vehicle
45 within 10 days of delivery of the vehicle, the dealer shall deliver the certificate
46 of title to the transferee at the end of that period. Delivery need not be made
47 if the contract for sale has been rescinded in writing by all parties to the
48 contract.

49 Any person who delivers or accepts a certificate of title assigned in blank shall be guilty of a
50 Class 2 misdemeanor.

1 The title to a salvage vehicle shall be forwarded to the Division as provided in G.S. 20-109.1,
 2 except with respect to the title of any salvage vehicle transferred pursuant to G.S. 20-109.1(b)(2)
 3 or G.S. 20-109.1(e1)."

4 **SECTION 4.(e)** G.S. 20-79 reads as rewritten:

5 **"§ 20-79. Dealer license plates.**

6 (a) How to Get a Dealer Plate. – The Division may issue a person licensed under Article
 7 12 or Article 19 of this Chapter the appropriate classification of dealer license plate. A person
 8 eligible for a dealer license plate may obtain one by filing an application with the Division and
 9 paying the required fee. An application must be filed on a form provided by the Division. The
 10 required fee is the amount set by G.S. 20-87(7).

11 (b) Number of Plates. – A dealer who was licensed under Article 12 or Article 19 of this
 12 Chapter for the previous 12-month period ending December 31 may obtain the number of dealer
 13 license plates allowed by the following table; the number allowed is based on the number of
 14 motor vehicles the dealer sold during the relevant 12-month period and the average number of
 15 qualifying sales representatives the dealer employed during that same 12-month period:

<u>Vehicles Sold In Relevant</u>	<u>Maximum Number of Plates</u>
<u>12-Month Period</u>	
Fewer than 12	3
At least 12 but less than 25	6
At least 25 but less than 37	7
At least 37 but less than 49	8
49 or more	At least 8, but no more than 5 times the average number of qualifying sales representatives employed by the dealer during the relevant 12-month period

27 A dealer who was not licensed under Article 12 or Article 19 of this Chapter for part or all of
 28 the previous 12-month period ending December 31 may obtain the number of dealer license
 29 plates that equals four times the number of qualifying sales representatives employed by the
 30 dealer on the date the dealer files the application. A "qualifying sales representative" is a sales
 31 representative who works for the dealer at least 25 hours a week on a regular basis and is
 32 compensated by the dealer for this work.

33 A dealer who sold fewer than 49 motor vehicles the previous 12-month period ending
 34 December 31 but has sold at least that number since January 1 may apply for additional dealer
 35 license plates at any time. The maximum number of dealer license plates the dealer may obtain
 36 is the number the dealer could have obtained if the dealer had sold at least 49 motor vehicles in
 37 the previous 12-month period ending December 31.

38 A dealer who applies for a dealer license plate must certify to the Division the number of
 39 motor vehicles the dealer sold in the relevant period. Making a material misstatement in an
 40 application for a dealer license plate is grounds for the denial, suspension, or revocation of a
 41 dealer's license under ~~G.S. 20-294~~G.S. 20-294 or G.S. 20-438.

42 A dealer engaged in the alteration and sale of specialty vehicles may apply for up to two
 43 dealer plates in addition to the number of dealer plates that the dealer would otherwise be entitled
 44 to under this section.

45 This subsection does not apply to manufacturers licensed under Article 12 of this Chapter.

46 (c) Form and Duration. – A dealer license plate is subject to G.S. 20-63, except for the
 47 requirement that the plate display the registration number of a motor vehicle and the requirement
 48 that the plate be a "First in Flight" plate, a "First in Freedom" plate, or a "National/State Mottos"
 49 plate. A dealer license plate must have a distinguishing symbol identifying the plate as a dealer
 50 license plate. The symbol may vary depending upon the classification of dealer license plate

1 issued. The Division must provide suitably reduced sized license plates for motorcycle dealers
2 and manufacturers.

3 A dealer license plate is issued for a period of one year. The Division shall vary the expiration
4 dates of dealer registration renewals so that an approximately equal number expires at the end of
5 each month, quarter, or other period consisting of one or more months. A dealer license plate
6 may be transferred from one vehicle to another. When the Division issues a dealer plate, it may
7 issue a registration that expires at the end of any monthly interval. When one of the following
8 occurs, a dealer must surrender to the Division all dealer license plates issued to the dealer:

- 9 (1) The dealer surrenders the license issued to the dealer under Article 12 or
10 Article 19 of this Chapter.
- 11 (2) The Division suspends or revokes the license issued to the dealer under Article
12 12 or Article 19 of this Chapter.
- 13 (3) The Division rescinds the dealer license plates because of a violation of the
14 restrictions on the use of a dealer license plate.

15 To obtain a dealer license plate after it has been surrendered, the dealer must file a new
16 application for a dealer license plate and pay the required fee for the plate.

17 ...

18 (h) Definition. – For purposes of this section, the term "dealer" means a person who is
19 licensed under Article 12 or Article 19 of this Chapter."

20 **SECTION 4.(f)** G.S. 20-79.01(a) reads as rewritten:

21 "(a) Application. – A dealer who is licensed under Article 12 or Article 19 of this Chapter
22 and who agrees to loan to another for use at a special sports event a vehicle that could display a
23 dealer license plate if driven by an officer or employee of the dealer may obtain a temporary
24 special sports event license plate for that vehicle by filing an application with the Division and
25 paying the required fee. A "special sports event" is a sports event that is held no more than once
26 a year and is open to the public. An application must be filed on a form provided by the Division
27 and contain the information required by the Division. The fee for a temporary special sports event
28 license plate is five dollars (\$5.00)."

29 **SECTION 4.(g)** G.S. 20-79.02(a) reads as rewritten:

30 "(a) Application; Fee. – A franchised motor vehicle dealer, as defined in G.S. 20-286(8b)
31 and licensed in accordance with Article 12 of this Chapter, or a recreational vehicle dealer
32 licensed in accordance with Article 19 of this Chapter who agrees to loan, with or without charge,
33 a new motor vehicle owned by the dealer to a customer of the dealer who is having his or her
34 vehicle serviced by the dealer, may obtain a Loaner/Dealer "LD" license plate for the vehicle by
35 filing an application with the Division and paying the required fee. Receipt by a franchised motor
36 vehicle dealer of compensation or other consideration from a manufacturer, distributor,
37 manufacturer branch, distributor branch, third-party warranty, maintenance or service contract
38 company, or other third-party source related to a vehicle, including, but not limited to, incentive
39 compensation or reimbursement for maintenance, repairs, or other work performed on the
40 vehicle, does not prevent the franchised motor vehicle dealer from receiving an LD license plate
41 for the vehicle. An application must be filed on a form provided by the Division and contain the
42 information required by the Division. The annual fee for an LD license plate is two hundred
43 dollars (\$200.00) per 12 calendar months."

44 **SECTION 4.(h)** G.S. 20-79.1A(a)(1) reads as rewritten:

- 45 "(1) A person who applies, either directly or through a dealer licensed under
46 Article 12 or Article 19 of this Chapter, for a title to a motor vehicle and a
47 registration plate for the vehicle and who submits payment for the applicable
48 title and registration fees but does not submit payment for any municipal
49 corporation property taxes on the vehicle. A person who submits payment for
50 municipal corporation property taxes receives an annual registration plate."

51

1 **EFFECTIVE DATE**

2 **SECTION 5.** This act is effective when it becomes law and applies to all agreements
3 entered into on or after the date 12 months after the effective date.