

MOTOR VEHICLE FRANCHISE ACT (EXCERPT)
Act 118 of 1981

445.1571 Compensation of dealer generally.

Sec. 11.

(1) Subject to section 12, if a manufacturer terminates, cancels, does not renew, or discontinues a dealer agreement for any reason other than a reason described in section 10(c), or if a dealer agreement is terminated, canceled, nonrenewed, or discontinued as a result of coercion by the manufacturer, the manufacturer shall pay the new motor vehicle dealer fair and reasonable compensation for all of the following:

(a) Each vehicle in the new motor vehicle dealer's inventory that meets all of the following:

(i) The vehicle is new, undamaged, not materially altered, and unsold.

(ii) The vehicle is a current model year vehicle or a vehicle from the model year preceding the current model year.

(iii) The vehicle was purchased from the manufacturer or another dealer of the same line make in the ordinary course of business before the dealer received notice of the termination, discontinuance, cancellation, or nonrenewal of the dealer agreement under section 10.

(iv) The vehicle has less than 750 miles registered on the odometer.

(b) Supplies and parts inventory purchased from the manufacturer and listed in the manufacturer's current parts catalog.

(c) Equipment and signs purchased from the manufacturer.

(d) Special tools purchased from the manufacturer in the 3-year period preceding the effective date of the termination, cancellation, nonrenewal, or discontinuance of the dealer agreement.

(e) Data processing programs, software, and equipment that a manufacturer required that a terminated new motor vehicle dealer obtain or purchase for communication of sales, service, warranty, or other information between the dealer and the manufacturer; that the terminated dealer used exclusively for the make or line of vehicle and location covered by the terminated dealer agreement to manage or report data to the manufacturer; and that meets 1 of the following:

(i) It was purchased by the dealer in the 2-year period preceding the date of the termination, discontinuance, cancellation, or nonrenewal of the dealer agreement.

(ii) It was leased by the dealer before the effective date of the termination. However, a manufacturer is only responsible under this subparagraph for the amounts remaining to be paid or paid in advance on the dealer's lease for a period that does not exceed 2 years.

(f) The net cost of any upgrades or alterations made by a terminated new motor vehicle dealer to the dealership facilities if the manufacturer required the upgrades or alterations and the upgrades or alterations were made in the 2-year period preceding the effective date of the termination of the dealer agreement. In determining fair and reasonable compensation under this subdivision, the manufacturer may offset any amounts paid by the manufacturer to subsidize or otherwise assist the dealer in making the upgrades or alterations.

(g) The net cost of any furnishings the manufacturer required that a terminated new motor vehicle dealer purchase in the 2-year period preceding the effective date of the termination of the dealer agreement. In determining fair and reasonable compensation under this subdivision, the manufacturer may offset any amounts paid by the manufacturer to subsidize or otherwise assist the dealer in purchasing those furnishings.

(2) In addition to the payment of compensation under subsection (1), subject to section 12, if a manufacturer terminates, cancels, does not renew, or discontinues a dealer agreement for any reason other than a reason described in section 10(c), the manufacturer shall also pay to the new motor vehicle dealer in equal monthly installments an amount equal to the fair rental value of its established place of business for a period of 1 year from the effective date of termination, cancellation, nonrenewal, or discontinuance, or the remainder of any lease, whichever is less. This obligation is subject to both of the following:

(a) The obligation to pay a new motor vehicle dealer fair rental value under this subsection applies only to the extent that the new motor vehicle dealer's established place of business is used for performance of sales and service obligations under the manufacturer's dealer agreement.

(b) If the new motor vehicle dealer terminates a dealer agreement, the manufacturer is only required to make the payment required under this subsection if the new motor vehicle dealer makes available to the manufacturer and the manufacturer accepts use and possession of the premises free of any claims of others for the 1-year period, except for use by the dealer for closing his or her business.

(3) In addition to the payment of compensation under subsection (1), subject to section 12, if a manufacturer terminates, cancels, does not renew, or discontinues a dealer agreement for any of the following reasons, the manufacturer shall pay the new motor vehicle dealer fair and reasonable compensation for the goodwill of the dealer:

(a) The ownership, operation, or control of all or part of the business of the manufacturer changes, whether by sale or transfer of assets, corporate stock, or other equity interest, assignment, merger, consolidation, combination, joint venture, redemption, or operation of law.

(b) All or part of the business operations of the manufacturer are terminated or suspended or cease.

(c) The manufacturer discontinues a line make.

(4) This section does not relieve a new motor vehicle dealer, lessor, or other owner of an established place of business from the obligation of mitigating damages.

History: 1981, Act 118, Imd. Eff. July 19, 1981 ;-- Am. 1983, Act 188, Imd. Eff. Nov. 1, 1983 ;-- Am. 2010, Act 141, Imd. Eff. Aug. 4, 2010