80E.06 CANCELLATIONS, TERMINATIONS, OR NONRENEWALS.

Subdivision 1. **Requirements.** Notwithstanding the terms of any franchise agreement or waiver to the contrary, no manufacturer shall cancel, terminate, or fail to renew any franchise relationship with a licensed new motor vehicle dealer unless the manufacturer has:

(a) satisfied the notice requirement of section 80E.08;

(b) acted in good faith as defined in section 80E.03, subdivision 9; and

(c) good cause for the cancellation, termination, or nonrenewal.

For the purposes of sections 80E.06 to 80E.09, a manufacturer includes a distributor. Any action by a manufacturer terminating a contractual relationship with a distributor is not effective to terminate existing valid franchises running from the distributor to new motor vehicle dealers unless the manufacturer follows the provisions of sections 80E.06 to 80E.09.

Subd. 2. **Circumstances constituting good cause.** Notwithstanding the terms of any franchise agreement or waiver to the contrary, good cause exists for the purposes of a termination, cancellation, or nonrenewal, when the new motor vehicle dealer fails to comply with a provision of the franchise which is both reasonable and of material significance to the franchise relationship; provided, that the dealer has been notified in writing of the failure within 180 days after the manufacturer first acquired knowledge of the failure.

If failure by the new motor vehicle dealer relates to the performance of the new motor vehicle dealer in sales or service, then good cause shall be defined as the failure of the new motor vehicle dealer to comply with reasonable performance criteria established by the manufacturer; provided, that the new motor vehicle dealer was apprised by the manufacturer in writing of the failure; the notification stated that notice was provided for failure of performance pursuant to sections 80E.01 to 80E.17; the new motor vehicle dealer was afforded a reasonable opportunity in no event less than six months to comply with the criteria; and the dealer did not demonstrate substantial progress toward compliance with the manufacturer's performance criteria during the period.

To rebut allegations of good cause for a proposed termination, a dealer may present evidence including, but not limited to, a showing that the grounds for termination resulted from acts or circumstances beyond the control of the dealer and which were communicated to the manufacturer, or that in evaluating the dealer's compliance with reasonable sales criteria, the manufacturer failed to consider the dealer's sales of factory program vehicles. For the purposes of this subdivision, "factory program vehicle" means a vehicle of the current model year offered for sale and resold by the manufacturer directly or at a factory sponsored or authorized auction and purchased by a dealer holding a current franchise from the manufacturer for that same line make.

History: *1981 c 59 s 7; 1985 c 34 s 2; 1988 c 611 s 4; 1991 c 69 s 4*