



KIM REYNOLDS
GOVERNOR

OFFICE OF THE GOVERNOR

ADAM GREGG
LT GOVERNOR

May 2, 2019

The Honorable Paul Pate
Secretary of State of Iowa
State Capitol
Des Moines, Iowa 50319

Dear Mr. Secretary,

I hereby transmit:

Senate File 435, an Act relating to towable recreational vehicles, travel trailers, and fifth-wheel travel trailers, making penalties applicable, and including applicability provisions.

The above Senate File is hereby approved on this date.

Sincerely,

A handwritten signature in black ink, appearing to read "Kim Reynolds".

Kim Reynolds
Governor of Iowa



Senate File 435

AN ACT

RELATING TO TOWABLE RECREATIONAL VEHICLES, TRAVEL TRAILERS, AND FIFTH-WHEEL TRAVEL TRAILERS, MAKING PENALTIES APPLICABLE, AND INCLUDING APPLICABILITY PROVISIONS.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 321.1, subsection 36C, paragraph b, Code 2019, is amended to read as follows:

b. *Travel trailer* means a vehicle without motive power used, manufactured, or constructed to permit its use as a conveyance upon the public streets and highways and designed to permit its use as a place of human habitation by one or more persons. The vehicle may be up to eight feet six inches in width and its overall length shall not exceed forty-five feet. The vehicle shall be customarily or ordinarily used for vacation or recreational purposes and not used as a place of permanent habitation. If the vehicle is used in this state as a place of human habitation for more than ninety one

hundred eighty consecutive days in one location it shall be classed as a manufactured or mobile home regardless of the size limitations provided in this paragraph.

Sec. 2. Section 322C.2, Code 2019, is amended to read as follows:

322C.2 Definitions.

As used in this chapter unless the context otherwise requires:

1. To sell "*at retail*" means to sell a ~~travel trailer~~ towable recreational vehicle to a person who will devote it to a consumer use.

2. "*Community*" means a towable recreational vehicle dealer's area of responsibility as stipulated in the manufacturer-dealer agreement.

~~2.~~ 3. "*Department*" means the state department of transportation.

~~3.~~ 4. "*Distributor*" means a person who sells or distributes ~~travel trailers~~ towable recreational vehicles to ~~travel trailer~~ towable recreational vehicle dealers either directly or through a representative employed by a distributor.

5. "*Factory campaign*" means an effort by or on behalf of a warrantor to contact towable recreational vehicle dealers or owners to address an equipment or part issue.

6. "*Family member*" means a spouse, child, grandchild, parent, sibling, niece, or nephew, or the spouse of a child, grandchild, parent, sibling, niece, or nephew.

~~4.~~ 7. "*Fifth-wheel travel trailer*" means a type of travel trailer which is towed by a motor vehicle by a connecting device known as a fifth wheel. When used in this chapter, "travel trailer" includes a fifth-wheel travel trailer vehicle mounted on wheels that has an overall length of forty-five feet or less, is designed to provide temporary living quarters for recreational, camping, or travel use, is of such a size and weight as to not require a permit under chapter 321E when moved on a highway, and is designed to be towed by a motor vehicle equipped with a towing mechanism located above or forward of the motor vehicle's rear axle. "Fifth-wheel travel trailer" includes a toy-hauler fifth-wheel travel trailer.

8. "Folding camping trailer" means a vehicle mounted on wheels and constructed with collapsible side walls designed to be folded when towed by a motor vehicle and unfolded to provide temporary living quarters for recreational, camping, or travel use.

9. "Line-make" means a specific series of towable recreational vehicles meeting all of the following criteria:

a. The vehicles are identified by a common series trade name or trademark.

b. The vehicles are targeted at a particular market segment, as determined by the vehicles' decoration, features, equipment, size, weight, and price range.

c. The vehicles have lengths and interior floor plans distinguishable from other towable recreational vehicles with substantially similar decoration, features, equipment, weight, and price.

d. The vehicles belong to a single, distinct classification of a towable recreational vehicle product type having a substantial degree of commonality in the construction of the chassis, frame, and body.

e. A manufacturer-dealer agreement authorizes a dealer to sell the vehicles.

5. ~~10.~~ "Manufacturer" means a person engaged in the ~~business of fabricating or assembling travel trailers of a type required to be registered~~ manufacture of towable recreational vehicles.

11. "Manufacturer-dealer agreement" means a written agreement or contract entered into between a manufacturer or distributor and a towable recreational vehicle dealer that specifies the rights and responsibilities of the parties and authorizes the dealer to sell and service new towable recreational vehicles.

6. ~~12.~~ "New travel trailer" towable recreational vehicle means a ~~travel trailer~~ towable recreational vehicle that has not been sold at retail.

13. "Park model recreational vehicle" means a vehicle meeting all of the following criteria:

a. The vehicle is designed to provide, and marketed as providing, temporary living quarters for recreational, camping,

travel, or seasonal use.

b. The vehicle is not permanently affixed to real property for use as a permanent dwelling.

c. The vehicle is built on a single chassis mounted on wheels with a gross trailer area not exceeding four hundred square feet in the vehicle's set-up mode.

d. The vehicle is certified by the manufacturer as in compliance with the American national standard for park model recreational vehicles, commonly cited as "ANSI A 119.5".

7. 14. "Person" includes any individual, partnership, corporation, association, fiduciary, or other legal entity engaged in business, other than a unit or agency of government or governmental subdivision.

8. 15. "Place of business" means a designated location where facilities are maintained for displaying, reconditioning, and repairing either new or used ~~travel trailers~~ towable recreational vehicles.

16. "Proprietary part" means any part manufactured by or for, and sold exclusively by, a manufacturer.

9. 17. "Sell" includes barter, exchange, and other methods of dealing.

18. "Supplier" means a person engaged in the manufacture of towable recreational vehicle parts, accessories, or components.

19. "Towable recreational vehicle" means a vehicle designed to be towed by a motor vehicle owned by a consumer and to provide temporary living quarters for recreational, camping, or travel use, that complies with all applicable federal regulations, and that is certified by the vehicle's manufacturer as in compliance with the national fire protection association standard on recreational vehicles, commonly cited as "NFPA 1192", or the American national standard for park model recreational vehicles, commonly cited as "ANSI A 119.5", as applicable. "Towable recreational vehicle" includes a travel trailer, toy-hauler travel trailer, fifth-wheel travel trailer, toy-hauler fifth-wheel travel trailer, folding camping trailer, truck camper, and park model recreational vehicle. For purposes of registration and titling under chapter 321, a towable recreational vehicle shall be considered a travel trailer or fifth-wheel travel trailer, as those terms are

defined in section 321.1, as applicable.

20. "Towable recreational vehicle dealer" or "dealer" means a person required to be licensed under this chapter authorized to sell and service towable recreational vehicles.

21. "Toy-hauler fifth-wheel travel trailer" means a fifth-wheel travel trailer equipped with a back wall capable of being lowered to form a ramp for loading and unloading a specialized rear compartment that can then be resecured for travel.

22. "Toy-hauler travel trailer" means a travel trailer equipped with a back wall capable of being lowered to form a ramp for loading and unloading a specialized rear compartment that can then be resecured for travel.

23. "Transient consumer" means a consumer who is temporarily traveling through a towable recreational vehicle dealer's community.

~~10.~~ 24. "Travel trailer" means a vehicle without motive power used or so manufactured or constructed as to permit its being used as a conveyance upon the public streets and highways and designed to permit the vehicle to be used as a place of human habitation by one or more persons. The vehicle may be up to eight feet six inches in width and its overall length shall not exceed forty-five feet mounted on wheels that has a width of eight feet six inches or less and an overall length of forty-five feet or less, is designed to provide temporary living quarters for recreational, camping, or travel use, and is of such a size and weight as to not require a permit under chapter 321E when towed by a motor vehicle on a highway. "Travel trailer" includes a toy-hauler travel trailer. "Travel trailer" does not include a vehicle that is so designed as to permit it to be towed exclusively by a motorcycle.

25. "Truck camper" means a vehicle designed to be placed in the bed of a pickup truck to provide temporary living quarters for recreational, camping, or travel use.

~~11.~~ 26. "Used travel trailer" towable recreational vehicle" means a travel trailer towable recreational vehicle which has been sold at retail and previously registered in this or any other state.

27. "Warrantor" means a person, including a manufacturer,

distributor, or supplier, that provides a written warranty to a consumer in connection with a new towable recreational vehicle or any part, accessory, or component of a new towable recreational vehicle. "Warrantor" does not include a dealer, distributor, supplier, or other person that is not owned or controlled by a manufacturer that provides a service contract, mechanical or other insurance, or an extended warranty sold for separate consideration to a consumer.

Sec. 3. Section 322C.3, Code 2019, is amended to read as follows:

322C.3 Prohibited acts — exception.

1. A person shall not engage in this state in the business of selling at retail new ~~travel trailers~~ towable recreational vehicles of any ~~make~~ line-make, or represent or advertise that the person is engaged in or intends to engage in such business in this state, unless the person is authorized by a ~~contract in writing~~ manufacturer-dealer agreement between that person and the manufacturer or distributor of that ~~make~~ line-make of new ~~travel trailers~~ towable recreational vehicles to sell the ~~trailers~~ vehicles in this state, and unless the department has issued to the person a license as a ~~travel trailer~~ towable recreational vehicle dealer for the same ~~make~~ line-make of ~~travel trailer~~ towable recreational vehicle which the dealer is authorized to sell under the manufacturer-dealer agreement.

2. A person, other than a licensed ~~travel trailer~~ dealer in new ~~travel trailers~~ towable recreational vehicles, shall not engage in the business of selling at retail used ~~travel trailers~~ towable recreational vehicles or represent or advertise that the person is engaged in or intends to engage in such business in this state unless the department has issued to the person a license as a used ~~travel trailer~~ towable recreational vehicle dealer.

3. A person is not required to obtain a license as a ~~travel trailer~~ dealer if the person is disposing of a ~~travel trailer~~ towable recreational vehicle acquired or repossessed, so long as the person is exercising a power or right granted by a lien, title-retention instrument, or security agreement given as security for a loan or a purchase money obligation.

4. A ~~travel trailer~~ dealer shall not enter into a contract,

agreement, or understanding, expressed or implied, with a manufacturer or distributor that the dealer will sell, assign, or transfer an agreement or contract arising from the retail installment sale of a ~~travel-trailer~~ towable recreational vehicle only to a designated person or class of persons. Any such condition, agreement, or understanding between a manufacturer or distributor and a ~~travel-trailer~~ dealer is against the public policy of this state and is unlawful and void.

5. A manufacturer or distributor of ~~travel-trailers~~ towable recreational vehicles or an agent or representative of the manufacturer or distributor, shall not refuse to renew a ~~contract~~ manufacturer-dealer agreement for a term of less than ~~five years~~ twelve months, and shall not terminate or threaten to terminate a contract, agreement, or understanding for the sale of new ~~travel-trailers~~ towable recreational vehicles to a ~~travel-trailer~~ dealer in this state without just, reasonable, and lawful cause or because the ~~travel-trailer~~ dealer failed to sell, assign, or transfer a contract or agreement arising from the retail sale of a ~~travel-trailer~~ towable recreational vehicle to only a person or a class of persons designated by the manufacturer or distributor.

6. A ~~travel-trailer~~ dealer shall not make and enter into a security agreement or other contract unless the agreement or contract meets the following requirements:

a. The security agreement or contract is in writing, is signed by both the buyer and the seller and is complete as to all essential provisions prior to the signing of the agreement or contract by the buyer except that, if delivery of the ~~travel-trailer~~ towable recreational vehicle is not made at the time of the execution of the agreement or contract, the identifying numbers of the ~~travel-trailer~~ towable recreational vehicle or similar information and the due date of the first installment may be inserted in the agreement or contract after its execution.

b. The agreement or contract complies with the Iowa consumer credit code, chapter 537, where applicable.

7. A manufacturer or distributor of ~~travel-trailers~~ towable recreational vehicles or an agent or representative of a

manufacturer or distributor shall not coerce or attempt to coerce a ~~travel-trailer~~ dealer to accept delivery of a ~~travel-trailer towable recreational vehicle~~, or ~~travel-trailer~~ parts or accessories thereof, or any other commodity which has not been ordered by the dealer.

8. Except as provided under subsection 9 ~~of this section~~, a person licensed under section 322C.4 shall not, either directly or through an agent, salesperson, or employee, engage or represent or advertise that the person is engaged in or intends to engage in this state, in the business of buying or selling new or used ~~travel-trailers~~ towable recreational vehicles on Sunday.

9. A ~~travel-trailer~~ dealer may display new ~~travel-trailers~~ towable recreational vehicles at fairs, shows, and exhibitions on any day of the week as provided in this subsection. ~~Travel-trailer dealers~~ Dealers, in addition to selling ~~travel-trailers~~ towable recreational vehicles at their principal place of business and lots, may, upon receipt of a temporary permit approved by the department, display and offer new ~~travel-trailers~~ towable recreational vehicles for sale and negotiate sales of new ~~travel-trailers~~ towable recreational vehicles at fairs, shows, and exhibitions. Application for temporary permits shall be made upon forms provided by the department and shall be accompanied by a ten dollar permit fee. Temporary permits shall be issued for a period not to exceed fourteen days. The department may issue multiple consecutive temporary permits.

10. A person who has been convicted of a fraudulent practice, has been convicted of three or more violations of section 321.92, subsection 2, or section 321.99, or has been convicted of any other indictable offense in connection with selling or other activity relating to vehicles, in this state or any other state, shall not for a period of five years from the date of conviction be an owner, salesperson, employee, officer of a corporation, or representative of a licensed ~~travel-trailer~~ towable recreational vehicle dealer or represent themselves as an owner, salesperson, employee, officer of a corporation, or representative of a licensed ~~travel-trailer~~ towable recreational vehicle dealer.

Sec. 4. Section 322C.4, Code 2019, is amended to read as follows:

322C.4 Dealer's license application and fees.

1. Upon application and payment of a fee, a person may be licensed as a ~~travel-trailer~~ towable recreational vehicle dealer. The license fee is seventy dollars for a two-year period or part thereof. The person shall pay an additional fee of twenty dollars for a two-year period or part thereof for each ~~travel-trailer~~ towable recreational vehicle lot in addition to the principal place of business unless the lot is adjacent to the principal place of business. For purposes of this subsection, "*adjacent*" means that the principal place of business and each additional lot are adjoining parcels of property. The applicant shall file in the office of the department a verified application for license as a ~~travel-trailer~~ dealer in the form the department prescribes, which shall include the following:

a. The name of the applicant and the applicant's principal place of business.

b. The name of the applicant's business and whether the applicant is an individual, partnership, corporation, or other legal entity.

(1) If the applicant is a partnership, the name under which the partnership intends to engage in business and the name and post office address of each partner.

(2) If the applicant is a corporation, the state of incorporation and the name and post office address of each officer and director.

c. The ~~make~~ line-make or ~~makes~~ line-makes of new ~~travel-trailers~~ towable recreational vehicles, if any, which the applicant will offer for sale at retail in this state.

d. The location of each place of business within this state to be used by the applicant for the conduct of the business.

e. If the applicant is a party to a contract, agreement including a manufacturer-dealer agreement, or understanding with a manufacturer or distributor of ~~travel-trailers~~ towable recreational vehicles or is about to become a party to a contract, agreement, or understanding, the applicant shall state the name of each manufacturer and distributor and the

~~make line-make~~ or ~~makes line-makes~~ of new ~~travel-trailers~~ towable recreational vehicles, if any, which are the subject matter of the contract, agreement, or understanding.

f. Other information concerning the business of the applicant the department reasonably requires for administration of this chapter.

2. The license shall be granted or refused within thirty days after application. A license is valid for a two-year period and expires, unless revoked or suspended by the department, on December 31 of even-numbered years. A licensee shall have the month of expiration and the month after the month of expiration to renew the license. A person who fails to renew a license by the end of this time period and desires to hold a license shall file a new license application and pay the required fee. A separate license shall be obtained for each county in which an applicant does business as a ~~travel-trailer~~ dealer.

3. A licensee shall file with the department a supplemental statement when there is a change in an item of information required under ~~paragraphs "a" to "e"~~ of subsection 1, paragraphs "a" through "e", within fifteen days after the change. Upon filing a supplemental statement, the licensee shall surrender its license to the department together with a thirty-five-dollar fee. The department shall issue a new license modified to reflect the changes on the supplemental statement.

4. Before the issuance of a ~~travel-trailer~~ dealer's license, the applicant shall furnish a surety bond executed by the applicant as principal and executed by a corporate surety company, licensed and qualified to do business within this state, which bond shall run to the state of Iowa, be in the amount of twenty-five thousand dollars, and be conditioned upon the faithful compliance by the applicant as a dealer with all statutes of this state regulating or applicable to a ~~travel-trailer~~ dealer, and shall indemnify any person dealing or transacting business with the dealer from loss or damage caused by the failure of the dealer to comply with the provisions of chapter 321 and this chapter, including the furnishing of a proper and valid certificate of title to a ~~travel-trailer~~,

~~and that the towable recreational vehicle. The bond shall be filed with the department prior to the issuance of the license. A person licensed under chapter 322, with the same name and location or locations, is not subject to the provisions of this subsection.~~

Sec. 5. Section 322C.6, subsections 2 and 7, Code 2019, are amended to read as follows:

2. Made a material misrepresentation to the department in connection with an application for a license, certificate of title, or registration of a ~~travel trailer~~ towable recreational vehicle or other vehicle.

7. Knowingly made misleading, deceptive, untrue, or fraudulent representations in the business as a distributor of ~~travel trailers~~ towable recreational vehicles or engaged in unethical conduct or practice harmful or detrimental to the public.

Sec. 6. Section 322C.7, Code 2019, is amended to read as follows:

322C.7 Manufacturer's or distributor's license.

A manufacturer or distributor of ~~travel trailers~~ towable recreational vehicles shall not engage in business in this state without a license pursuant to this chapter.

Sec. 7. NEW SECTION. 322C.8 Applicability to agreements.

If a towable recreational vehicle dealer also sells and services motorized recreational vehicles or other motor vehicles, the provisions of this chapter relating to manufacturer-dealer agreements apply only to such agreements, or those provisions of such agreements, applicable to towable recreational vehicles.

Sec. 8. Section 322C.9, Code 2019, is amended to read as follows:

322C.9 License application and fees.

Upon application and payment of a seventy dollar fee for a two-year period or part thereof, a person may be licensed as a manufacturer or distributor of ~~travel trailers~~ towable recreational vehicles. The application shall be in the form and shall contain information as the department prescribes. The license shall be granted or refused within thirty days after application. The license expires, unless sooner revoked

or suspended by the department, on December 31 of even-numbered years. A licensee shall have the month of expiration and the month after the month of expiration to renew the license. A person who fails to renew a license by the end of this time period and desires to hold a license shall file a new license application and pay the required fee.

Sec. 9. Section 322C.12, Code 2019, is amended to read as follows:

322C.12 Semitrailer or ~~travel-trailer~~ towable recreational vehicle retail installment contract — finance charges.

1. A retail installment contract or agreement for the sale of a semitrailer or ~~travel-trailer~~ towable recreational vehicle may include a finance charge not in excess of the following rates:

a. Class 1. Any new semitrailer or ~~travel-trailer~~ towable recreational vehicle designated by the manufacturer by a year model not earlier than the year in which the sale is made, an amount equivalent to one and three-fourths percent per month simple interest on the declining balance of the amount financed.

b. Class 2. Any new semitrailer or ~~travel-trailer~~ towable recreational vehicle not in class 1 and any used semitrailer designated by the manufacturer by a year model of the same or not more than two years prior to the year in which the sale is made, an amount equivalent to two percent per month simple interest on the declining balance of the amount financed.

c. Class 3. Any used semitrailer or ~~travel-trailer~~ towable recreational vehicle not in class 2 and designated by the manufacturer by a year model more than two years prior to the year in which the sale is made, an amount equivalent to two and one-fourth percent per month simple interest on the declining balance of the amount financed.

2. ~~Amount financed shall be~~ "Amount financed" means the same as defined in section 537.1301.

3. The limitations contained in this section do not apply in a transaction referred to in section 535.2, subsection 2. With respect to a consumer credit sale, as defined in section 537.1301, the limitations contained in this section supersede conflicting provisions of chapter 537, article 2, part 2.

Sec. 10. NEW SECTION. 322C.13 Manufacturer-dealer agreement required — community.

1. A manufacturer or distributor shall not sell a new towable recreational vehicle in this state to or through a towable recreational vehicle dealer without first entering into a manufacturer-dealer agreement with the dealer that has been signed by both parties. A dealer shall not sell a new towable recreational vehicle in this state without first entering into a manufacturer-dealer agreement with a manufacturer or distributor that has been signed by both parties.

2. Except as provided in subsection 3, a manufacturer-dealer agreement shall designate the community exclusively assigned to a dealer by the manufacturer or distributor, and the manufacturer or distributor shall not change the community or contract with another dealer for the sale of the same line-make of towable recreational vehicle in the community for the duration of the agreement.

3. The community designated in a manufacturer-dealer agreement may be reviewed or changed with the consent of both parties not less than twelve months after execution of the agreement.

Sec. 11. NEW SECTION. 322C.14 Manufacturer-dealer agreement — termination, cancellation, nonrenewal, or alteration by manufacturer or distributor.

1. Notwithstanding section 322C.3, subsection 5, a manufacturer or distributor may, either directly or through any authorized officer, agent, or employee, terminate, cancel, or fail to renew a manufacturer-dealer agreement with or without good cause. If the manufacturer or distributor terminates, cancels, or fails to renew a manufacturer-dealer agreement without good cause, the manufacturer or distributor shall comply with the repurchase requirements set forth in section 322C.16.

2. A manufacturer or distributor shall have the burden of proof to demonstrate good cause for terminating, canceling, or failing to renew a manufacturer-dealer agreement. For purposes of determining whether good cause exists for the manufacturer's or distributor's termination, cancellation, or failure to renew a manufacturer-dealer agreement, any of the following factors

may be considered:

- a.* The extent of the dealer's presence in the community.
- b.* The nature and extent of the dealer's investment in the dealer's business.
- c.* The adequacy of the dealer's service facilities, equipment, parts, supplies, and personnel.
- d.* The effect that the proposed termination, cancellation, or nonrenewal of the manufacturer-dealer agreement would have on the community.
- e.* The extent and quality of the dealer's service under the warranties of the towable recreational vehicles sold by the dealer.
- f.* The dealer's failure to follow procedures or standards related to the overall operation of the dealership that were agreed to by the dealer.
- g.* The dealer's performance under the terms of the manufacturer-dealer agreement.

3. *a.* Except as otherwise provided in this subsection or subsection 4, a manufacturer or distributor shall provide to a dealer written notice of termination, cancellation, or nonrenewal of a manufacturer-dealer agreement for good cause at least ninety days prior to terminating, canceling, or failing to renew the manufacturer-dealer agreement.

b. (1) The notice shall state all of the reasons for the termination, cancellation, or nonrenewal and shall further state that if, within thirty days following receipt of the notice, the dealer provides to the manufacturer or distributor a written notice of intent to cure all claimed deficiencies, the dealer shall then have ninety days following receipt of the notice to cure the deficiencies.

(2) If the deficiencies are cured within ninety days, the manufacturer's or distributor's notice is voided. If the dealer fails to provide the notice of intent to cure the deficiencies within thirty days, or fails to cure the deficiencies within ninety days, the termination, cancellation, or nonrenewal takes effect as provided in the original notice. If the dealer has possession of new and untitled inventory, the inventory may be sold pursuant to section 322C.16.

c. The notice period for termination, cancellation, or

nonrenewal of a manufacturer-dealer agreement for good cause may be reduced to thirty days if the grounds for termination, cancellation, or nonrenewal are due to any of the following factors:

(1) The dealer or one of the dealer's owners has been convicted of, or has entered a plea of guilty or nolo contendere to, a felony.

(2) The dealer has abandoned or closed the dealer's business operations for ten consecutive business days. This subparagraph does not apply if the closing is due to a normal seasonal closing and the dealer notifies the manufacturer or distributor of the planned closing, an act of God, a strike, a labor difficulty, or any other cause over which the dealer has no control.

(3) The dealer has made a significant misrepresentation that materially affects the business relationship of the manufacturer or distributor and the dealer.

(4) The dealer's license has been suspended, revoked, denied, or has not been renewed by the department.

(5) The dealer has committed a material violation of this chapter which is not cured within thirty days after receipt of written notice of the violation.

4. Subsection 3 does not apply if the manufacturer or distributor terminates, cancels, or fails to renew the manufacturer-dealer agreement because the dealer is insolvent, or has filed for bankruptcy, receivership, or assignment for the benefit of creditors.

Sec. 12. NEW SECTION. 322C.15 Manufacturer-dealer agreement — termination, cancellation, nonrenewal, or alteration by dealer.

1. A dealer may terminate, cancel, or fail to renew a manufacturer-dealer agreement with or without good cause. If the dealer terminates, cancels, or fails to renew a manufacturer-dealer agreement with good cause, the manufacturer or distributor shall comply with the repurchase requirements set forth in section 322C.16.

2. The dealer shall have the burden of proof to demonstrate good cause for terminating, canceling, or failing to renew a manufacturer-dealer agreement. For purposes of determining

whether good cause exists for the dealer's termination, cancellation, or failure to renew a manufacturer-dealer agreement, any of the following factors shall be deemed to be good cause:

a. The manufacturer or distributor has been convicted of, or has entered a plea of guilty or nolo contendere to, a felony.

b. The manufacturer's or distributor's business operations have been abandoned or caused the dealer's business operations to close for ten consecutive business days. This subparagraph does not apply if the closing is due to a normal seasonal closing and the manufacturer or distributor notifies the dealer of the planned closing, an act of God, a strike, a labor difficulty, or any other cause over which the manufacturer or distributor has no control.

c. The manufacturer or distributor has made a significant misrepresentation that materially affects the business relationship of the manufacturer or distributor and the dealer.

d. The manufacturer or distributor has committed a material violation of this chapter which is not cured within thirty days after receipt of written notice of the violation.

e. The manufacturer or distributor is insolvent, or has filed for bankruptcy, receivership, or assignment for the benefit of creditors.

3. a. A dealer shall provide to a manufacturer or distributor written notice of termination, cancellation, or nonrenewal of a manufacturer-dealer agreement at least thirty days prior to terminating, canceling, or failing to renew the manufacturer-dealer agreement.

b. (1) If a termination or cancellation is for good cause, the notice shall state all of the reasons for the termination or cancellation and shall further state that if, within thirty days following receipt of the notice, the manufacturer or distributor provides to the dealer a written notice of intent to cure all claimed deficiencies, the manufacturer or distributor shall then have ninety days following receipt of the notice to cure the deficiencies.

(2) If the deficiencies are cured within ninety days, the dealer's notice is voided. If the manufacturer or distributor fails to provide the notice of intent to cure the deficiencies

within thirty days, or fails to cure the deficiencies within ninety days, the termination or cancellation takes effect as provided in the original notice.

Sec. 13. NEW SECTION. 322C.16 Repurchase or sale of inventory.

1. If a manufacturer-dealer agreement is terminated, canceled, or not renewed by the manufacturer or distributor without good cause, or by a dealer with good cause and, in the case of termination or cancellation, the manufacturer or distributor fails to provide notice or cure the deficiencies claimed by the dealer, the manufacturer or distributor shall, at the dealer's option and within forty-five days after termination, cancellation, or nonrenewal, repurchase all of the following:

a. All new, untitled towable recreational vehicles that the dealer acquired from the manufacturer or distributor within twelve months prior to the effective date of the notice of termination, cancellation, or nonrenewal of the manufacturer-dealer agreement that have not been used other than for demonstration purposes, and that have not been altered or damaged, at one hundred percent of the net invoice cost, including transportation, less applicable rebates and discounts to the dealer. If any of the towable recreational vehicles repurchased pursuant to this paragraph are damaged, but do not require a disclosure under section 321.69A, the amount due to the dealer shall be reduced by the cost to repair the vehicle. Damage incurred by a vehicle prior to delivery to the dealer that was disclosed at the time of delivery shall not disqualify repurchase pursuant to this paragraph.

b. All undamaged proprietary parts for any line-make subject to the termination, cancellation, or nonrenewal that was sold to the dealer for resale within twelve months prior to the effective date of the termination, cancellation, or nonrenewal of the manufacturer-dealer agreement, if accompanied by the original invoice, at one hundred five percent of the original net price paid to the manufacturer or distributor.

c. All properly functioning diagnostic equipment, special tools, current signage, or other equipment and machinery that was purchased by the dealer upon the request of the

manufacturer or distributor for any line-make subject to the termination, cancellation, or nonrenewal within five years prior to the effective date of the termination, cancellation, or nonrenewal of the manufacturer-dealer agreement that can no longer be used in the normal course of the dealer's ongoing business.

2. If towable recreational vehicles of a particular line-make subject to a terminated, canceled, or nonrenewed manufacturer-dealer agreement are not repurchased or required to be repurchased pursuant to the agreement, the dealer may continue to sell such vehicles existing in the dealer's inventory until the vehicles are no longer in the dealer's inventory.

Sec. 14. NEW SECTION. 322C.17 Transfer of ownership — family succession — objection.

1. *a.* If a towable recreational vehicle dealer makes or intends to make a change in ownership of a dealership by sale of the business assets, a stock transfer, or in another manner, the dealer shall provide to a manufacturer or distributor that is a party to a manufacturer-dealer agreement with the dealer written notice of the proposed change at least fifteen business days before the change becomes effective. The notice shall include all supporting documentation that may be reasonably required by the manufacturer or distributor to determine whether to make an objection to the change.

b. In the absence of a breach by the dealer of the manufacturer-dealer agreement or a violation of this chapter, the manufacturer or distributor shall not object to the proposed change in ownership unless the objection is to the prospective transferee for any of the following reasons:

(1) The transferee has previously been a party to a manufacturer-dealer agreement with the manufacturer or distributor and the agreement was terminated, canceled, or not renewed by the manufacturer or distributor for good cause.

(2) The transferee has been convicted of a felony or any crime of fraud, deceit, or moral turpitude.

(3) The transferee lacks any license required by law.

(4) The transferee does not have an active line of credit sufficient to purchase the manufacturer's or distributor's

products.

(5) The transferee is insolvent or has been within the previous ten years, or has filed for bankruptcy, receivership, or assignment for the benefit of creditors within the previous ten years.

c. If a manufacturer or distributor objects to a proposed change in ownership of a dealership, the manufacturer or distributor shall provide written notice of the reasons for the objection to the dealer within fifteen business days after receipt of the dealer's notification and supporting documentation about the proposed change. The manufacturer or distributor shall have the burden of proof to demonstrate that the objection complies with the requirements of this subsection. If the manufacturer or distributor does not provide the dealer with timely notice of the objection, the dealer's proposed change in ownership of the dealership shall be deemed approved.

2. *a.* A manufacturer or distributor shall provide to a dealer the opportunity to designate, in writing, a family member as a successor to ownership of a dealership in the event of the death, incapacity, or retirement of the dealer. If a dealer desires to designate a family member as a successor to ownership of a dealership, the dealer shall provide to the manufacturer or distributor that is a party to the manufacturer-dealer agreement with the dealer written notice of the proposed designation, or modification of a previous designation, at least fifteen business days before the designation or proposed modification of a designation becomes effective. The notice shall include all supporting documentation as may be reasonably required by the manufacturer or distributor to determine whether to make an objection to the succession plan.

b. In the absence of a breach by the dealer of the manufacturer-dealer agreement or a violation of this chapter, the manufacturer or distributor shall not object to the designation or proposed modification of a designation unless the objection is to the designated successor for any of the following reasons:

(1) The designated successor has previously been a party

to a manufacturer-dealer agreement with the manufacturer or distributor and the agreement was terminated, canceled, or not renewed by the manufacturer or distributor for good cause.

(2) The designated successor has been convicted of a felony or any crime of fraud, deceit, or moral turpitude.

(3) The designated successor lacks any license required by law at the time of succession.

(4) The designated successor does not have an active line of credit sufficient to purchase the manufacturer's or distributor's products at the time of succession.

(5) The designated successor is insolvent or has been within the previous ten years, or has filed for bankruptcy, receivership, or assignment for the benefit of creditors within the previous ten years.

c. If a manufacturer or distributor objects to a succession plan, the manufacturer or distributor shall provide written notice of the reasons for the objection to the dealer within fifteen business days after receipt of the dealer's notification and supporting documentation about the proposed designation or proposed modification of a designation. The manufacturer or distributor shall have the burden of proof to demonstrate that the objection complies with the requirements of this subsection. If the manufacturer or distributor does not provide the dealer with timely notice of the objection, the dealer's proposed succession plan shall be deemed approved. A manufacturer or distributor shall allow the succession of ownership of a dealership to a designated family member when a dealer is deceased, incapacitated, or has retired, unless the manufacturer or distributor has provided to the dealer written notice of the manufacturer's or distributor's objections to the succession within fifteen days after receipt of notice of the succession. However, a family member of a dealer shall not succeed to ownership of a dealership if the succession involves, without the manufacturer's or distributor's consent, a relocation of the dealership or alteration of the terms and conditions of the manufacturer-dealer agreement.

Sec. 15. NEW SECTION. 322C.18 Warranty obligations.

1. A warrantor shall do all of the following:

a. Specify in writing to each dealer what obligations the

dealer has, if any, for the preparation and delivery of, and warranty services on, the warrantor's products.

b. Compensate the dealer for warranty services the warrantor requires the dealer to perform.

c. Provide the dealer with a schedule of compensation and time allowances for the performance of warranty services. The schedule of compensation shall include reasonable compensation for warranty services performed by the dealer, including diagnostic services.

2. a. Time allowances for the performance of warranty services, including diagnostic services, shall be reasonable for the service to be performed.

b. In determining what constitutes reasonable compensation under this section, the principle factors to be given consideration shall be the actual wage rates being paid by the dealer and the actual retail wage rates being charged by other dealers in the community in which the dealer is doing business. The compensation of a dealer for warranty services shall not be less than the lowest actual retail wage rates charged by the dealer for similar nonwarranty services, as long as the actual retail wage rates are reasonable.

3. A warrantor shall reimburse a dealer for any warranty part, accessory, or complete component at actual wholesale cost to the dealer plus a minimum of a thirty percent handling charge, not to exceed one hundred fifty dollars, and plus the cost, if any, to the dealer to return such part, component, or accessory to the warrantor.

4. A warrantor may conduct a warranty audit of a dealer's records within twelve months after the payment of a warranty claim. A warrantor shall not deny a dealer's claim for warranty compensation except for good cause, including performance of nonwarranty repairs, material noncompliance with the warrantor's published policies and procedures, lack of material documentation, fraud, or misrepresentation.

5. A dealer shall submit claims for compensation for the performance of warranty services to the warrantor within forty-five days after completion of the warranty services.

6. A dealer shall immediately notify a warrantor in writing if the dealer is unable to perform warranty services, including

diagnostic services, within ten days of receipt of a written complaint from a consumer.

7. A warrantor shall deny a claim submitted by a dealer for compensation for the performance of warranty services, in writing, within thirty days after submission of the claim in the manner and form prescribed by the warrantor. A claim not specifically denied as required by this subsection shall be deemed approved and shall be paid within sixty days of submission of the claim.

8. A warrantor shall not do any of the following:

a. Fail to perform any of the warrantor's obligations with respect to its warranted products.

b. Fail to include, in written notices of a factory campaign to towable recreational vehicle owners and dealers, the expected date by which necessary parts and equipment, including tires and chassis or chassis parts, will be available to dealers to perform the factory campaign work. The warrantor may ship parts to a dealer for purposes of factory campaign work, and, if such parts are in excess of the dealer's requirements, the dealer may return unused, undamaged parts to the warrantor for credit after completion of the factory campaign.

c. Fail to compensate the warrantor's dealers for authorized repairs performed by the dealer on merchandise damaged in manufacture or in transit to the dealer by a carrier designated by the warrantor, factory branch, distributor, or distributor branch.

d. Fail to compensate the warrantor's dealers in accordance with the schedule of compensation provided to the dealer pursuant to this section, if the warranty services for which compensation is claimed are performed by the dealer in a timely and competent manner as required in this section.

e. Intentionally misrepresent in any way to consumers that warranties with respect to the manufacture, performance, or design of towable recreational vehicles are made by the dealer as warrantor or co-warrantor.

f. Require the warrantor's dealers to make warranties to a consumer that are in any manner related to the manufacture of a towable recreational vehicle.

9. A dealer shall not do any of the following:

a. Fail to perform predelivery inspection functions, as specified by the warrantor, in a competent and timely manner.

b. Fail to perform warranty services, as authorized by the warrantor, in a competent and timely manner on any transient consumer's towable recreational vehicle of a line-make sold or serviced by the dealer.

c. Fail to accurately document the time spent completing each repair, the total number of repair attempts conducted on a single towable recreational vehicle, and the number of repair attempts for the same repair conducted on a single towable recreational vehicle.

d. Fail to notify the warrantor within ten days of a second repair attempt on a towable recreational vehicle which impairs the use, value, or safety of the vehicle.

e. Fail to maintain written records, including a consumer's written or electronic verification or signature, regarding the amount of time a towable recreational vehicle is stored for the consumer's convenience during a repair.

f. Make fraudulent warranty claims or misrepresent the terms of any warranty.

Sec. 16. NEW SECTION. 322C.19 Indemnification — warrantor and dealer.

1. *a.* Notwithstanding the terms of a manufacturer-dealer agreement, a warrantor shall indemnify and hold harmless the warrantor's dealer against any loss or damage, to the extent the loss or damage is caused by willful misconduct of the warrantor.

b. A warrantor shall not deny a dealer indemnification for failure to discover, disclose, or remedy a defect in the design or manufacture of a new towable recreational vehicle. A warrantor may deny a dealer indemnification if the dealer fails to remedy a known and announced defect in accordance with the written instructions of the warrantor for whom the dealer is obligated to perform warranty services.

c. A warrantor shall provide to the dealer a copy of any pending lawsuit in which allegations are made against the warrantor of willful misconduct. The warrantor shall provide the copy to the dealer within ten days after receiving notice

of the lawsuit.

2. *a.* Notwithstanding the terms of a manufacturer-dealer agreement, a dealer shall indemnify and hold harmless the dealer's warrantor against any loss or damage, to the extent that the loss or damage is caused by willful misconduct of the dealer.

b. A dealer shall provide to the warrantor a copy of any pending lawsuit in which allegations are made against the dealer of willful misconduct. The dealer shall provide the copy to the warrantor within ten days after receiving notice of the lawsuit.

3. Notwithstanding any provision of law to the contrary, this section continues to apply after a new towable recreational vehicle is titled.

Sec. 17. NEW SECTION. 322C.20 Inspection and rejection by dealer.

1. Whenever a new towable recreational vehicle is damaged prior to transit or is damaged in transit to a dealer and 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-dealer agreement and shall do either of the following:

a. Request from the manufacturer or distributor authorization to replace the components, parts, or accessories damaged, or otherwise repair the vehicle to make it ready for sale at retail.

b. Reject the vehicle within the time frame set forth in the manufacturer-dealer agreement pursuant to subsection 4.

2. If the manufacturer or distributor refuses to authorize repair of the new towable recreational vehicle within ten days after receipt of a dealer's notification, or if the dealer rejects the new towable recreational vehicle because of damage to the vehicle, ownership of the vehicle shall revert to the manufacturer or distributor.

3. The dealer shall exercise due care when in custody of a damaged new towable recreational vehicle, but the dealer shall have no other obligations, financial or otherwise, with respect to the vehicle following rejection in accordance with the

manufacturer-dealer agreement pursuant to subsection 4.

4. The time frame for inspection and rejection of a damaged new towable recreational vehicle by a dealer shall be specified in the manufacturer-dealer agreement, but shall not be less than two business days after the physical delivery of the vehicle to the dealer.

Sec. 18. NEW SECTION. 322C.21 Civil action — mediation.

1. A dealer, manufacturer, distributor, or warrantor injured by another party's violation of this chapter may bring a civil action in district court to recover actual damages resulting from the violation. The court shall award reasonable attorney fees and costs to the prevailing party in such an action. Venue for a civil action authorized by this section shall be exclusively in the county in which the dealer's business is located. In an action involving more than one dealer, venue may be in any county in which any dealer that is a party to the action is located.

2. *a.* Prior to bringing a civil action under this section, the party alleging a violation of this chapter shall serve a written demand for mediation upon the alleged offending party.

b. The demand for mediation shall be served upon the alleged offending party via certified mail at the address stated in the manufacturer-dealer agreement between the parties, if applicable.

c. The demand for mediation shall contain a statement of the dispute or violation alleged and the relief sought by the party serving the demand.

d. Within twenty days after service of a demand for mediation, the parties shall mutually select an independent certified mediator and shall meet with the mediator for the purpose of attempting to resolve the dispute or alleged violation. The meeting place for the mediation shall be in this state at a location selected by the mediator. The mediator may extend the date before which the parties are required to have the meeting for good cause shown by either party or upon a stipulation by both parties.

e. The service of a demand for mediation under this section shall toll the period during which a party is required to file any complaint, petition, protest, or other action under

this chapter until representatives of both parties have met with the mutually agreed-upon mediator for the purpose of attempting to resolve the dispute or alleged violation. If a complaint, petition, protest, or other action has been filed before the mediation meeting, the court shall enter an order suspending any proceeding or action relating to such complaint, petition, protest, or other action until the mediation meeting has occurred and may, upon written stipulation by all parties to the proceeding or action that the parties wish to continue mediation under this section, enter an order suspending the proceeding or action for any period the court considers appropriate.

f. Each party to the mediation shall pay its own costs for attorney fees. The costs of the mediation services shall be equally allocated among each party.

3. In addition to the remedies provided in this section, and notwithstanding the existence of any additional remedy at law, a manufacturer, distributor, warrantor, or dealer may petition the district court, upon a hearing and for cause shown, for a temporary or permanent injunction, or both, restraining any person from acting as a dealer without being properly licensed, from violating or continuing to violate any of the provisions of this chapter, or from failing or refusing to comply with the requirements of this chapter. Such injunction shall be issued without bond. A single act in violation of this chapter shall be considered sufficient cause to authorize the issuance of an injunction pursuant to this subsection.

Sec. 19. Section 435.23, subsection 1, Code 2019, is amended to read as follows:

1. The manufacturer's and retailer's inventory of mobile homes, manufactured homes, or modular homes not in use as a place of human habitation shall be exempt from the annual tax. All travel trailers, fifth-wheel travel trailers, and towable recreational vehicles shall be exempt from this tax. The homes, ~~and~~ travel trailers, fifth-wheel travel trailers, and towable recreational vehicles in the inventory of manufacturers and retailers shall be exempt from personal property tax.

Sec. 20. APPLICABILITY. This Act applies to manufacturer-dealer agreements pertaining to the sale

of new towable recreational vehicles entered into or renewed on
or after January 1, 2020.

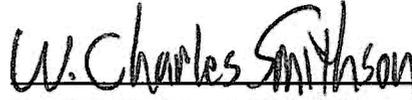


CHARLES SCHNEIDER
President of the Senate



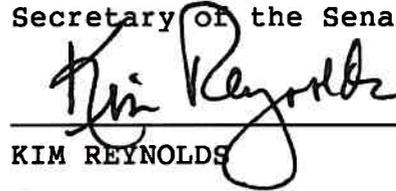
LINDA UPMEYER
Speaker of the House

I hereby certify that this bill originated in the Senate and
is known as Senate File 435, Eighty-eighth General Assembly.



W. CHARLES SMITHSON
Secretary of the Senate

Approved May 2nd, 2019



KIM REYNOLDS
Governor