

Senate File 435 - Introduced

SENATE FILE 435

BY COMMITTEE ON TRANSPORTATION

(SUCCESSOR TO SSB 1180)

A BILL FOR

1 An Act relating to towable recreational vehicles, travel
2 trailers, and fifth-wheel travel trailers, making penalties
3 applicable, and including applicability provisions.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 321.1, subsection 36C, paragraph b, Code
2 2019, is amended to read as follows:

3 b. "Travel trailer" means a vehicle without motive power
4 used, manufactured, or constructed to permit its use as a
5 conveyance upon the public streets and highways and designed
6 to permit its use as a place of human habitation by one or
7 more persons. The vehicle may be up to eight feet six inches
8 in width and its overall length shall not exceed forty-five
9 feet. The vehicle shall be customarily or ordinarily used
10 for vacation or recreational purposes and not used as a place
11 of permanent habitation. If the vehicle is used in this
12 state as a place of human habitation for more than ~~ninety one~~
13 hundred eighty consecutive days in one location it shall be
14 classed as a manufactured or mobile home regardless of the size
15 limitations provided in this paragraph.

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

18 **322C.2 Definitions.**

19 As used in [this chapter](#) unless the context otherwise
20 requires:

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

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

27 ~~2.~~ 3. "*Department*" means the state department of
28 transportation.

29 ~~3.~~ 4. "*Distributor*" means a person who sells or distributes
30 ~~travel trailers~~ towable recreational vehicles to ~~travel trailer~~
31 towable recreational vehicle dealers either directly or through
32 a representative employed by a distributor.

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

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

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

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

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

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

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

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

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

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

3 ~~5.~~ 10. "Manufacturer" means a person engaged in the
4 ~~business of fabricating or assembling travel trailers of a type~~
5 ~~required to be registered~~ manufacture of towable recreational
6 vehicles.

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

13 ~~6.~~ 12. "New travel trailer" towable recreational vehicle"
14 means a travel trailer towable recreational vehicle that has
15 not been sold at retail.

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

18 a. The vehicle is designed to provide, and marketed as
19 providing, temporary living quarters for recreational, camping,
20 travel, or seasonal use.

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

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

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

29 ~~7.~~ 14. "Person" includes any individual, partnership,
30 corporation, association, fiduciary, or other legal entity
31 engaged in business, other than a unit or agency of government
32 or governmental subdivision.

33 ~~8.~~ 15. "Place of business" means a designated location
34 where facilities are maintained for displaying, reconditioning,
35 and repairing either new or used travel trailers towable

1 recreational vehicles.

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

4 ~~9.~~ 17. "Sell" includes barter, exchange, and other methods
5 of dealing.

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

8 19. "Towable recreational vehicle" means a vehicle
9 designed to be towed by a motor vehicle owned by a consumer
10 and to provide temporary living quarters for recreational,
11 camping, or travel use, that complies with all applicable
12 federal regulations, and that is certified by the vehicle's
13 manufacturer as in compliance with the national fire protection
14 association standard on recreational vehicles, commonly cited
15 as "NFPA 1192", or the American national standard for park
16 model recreational vehicles, commonly cited as "ANSI A 119.5",
17 as applicable. "Towable recreational vehicle" includes a
18 travel trailer, toy-hauler travel trailer, fifth-wheel travel
19 trailer, toy-hauler fifth-wheel travel trailer, folding camping
20 trailer, truck camper, and park model recreational vehicle.
21 For purposes of registration and titling under chapter 321,
22 a towable recreational vehicle shall be considered a travel
23 trailer or fifth-wheel travel trailer, as those terms are
24 defined in section 321.1, as applicable.

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

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

33 22. "Toy-hauler travel trailer" means a travel trailer
34 equipped with a back wall capable of being lowered to form a
35 ramp for loading and unloading a specialized rear compartment

1 that can then be resecured for travel.

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

5 ~~10.~~ 24. "Travel trailer" means a vehicle without motive
6 power used or so manufactured or constructed as to permit its
7 being used as a conveyance upon the public streets and highways
8 and designed to permit the vehicle to be used as a place of
9 human habitation by one or more persons. The vehicle may be
10 up to eight feet six inches in width and its overall length
11 shall not exceed forty-five feet mounted on wheels that has a
12 width of eight feet six inches or less and an overall length
13 of forty-five feet or less, is designed to provide temporary
14 living quarters for recreational, camping, or travel use,
15 and is of such a size and weight as to not require a permit
16 under chapter 321E when towed by a motor vehicle on a highway.
17 "Travel trailer" includes a toy-hauler travel trailer. "Travel
18 trailer" does not include a vehicle that is so designed as to
19 permit it to be towed exclusively by a motorcycle.

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

23 ~~11.~~ 26. "Used travel trailer" towable recreational vehicle"
24 means a travel trailer towable recreational vehicle which has
25 been sold at retail and previously registered in this or any
26 other state.

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

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

3 **322C.3 Prohibited acts — exception.**

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

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

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

31 4. A ~~travel-trailer~~ dealer shall not enter into a contract,
32 agreement, or understanding, expressed or implied, with a
33 manufacturer or distributor that the dealer will sell, assign,
34 or transfer an agreement or contract arising from the retail
35 installment sale of a ~~travel-trailer~~ towable recreational

1 vehicle only to a designated person or class of persons.
2 Any such condition, agreement, or understanding between a
3 manufacturer or distributor and a ~~travel-trailer~~ dealer is
4 against the public policy of this state and is unlawful and
5 void.

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

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

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

32 b. The agreement or contract complies with the Iowa consumer
33 credit code, [chapter 537](#), where applicable.

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

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

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

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

28 10. A person who has been convicted of a fraudulent
29 practice, has been convicted of three or more violations of
30 section 321.92, subsection 2, or section 321.99, or has been
31 convicted of any other indictable offense in connection with
32 selling or other activity relating to vehicles, in this state
33 or any other state, shall not for a period of five years from
34 the date of conviction be an owner, salesperson, employee,
35 officer of a corporation, or representative of a licensed

1 ~~travel-trailer~~ towable recreational vehicle dealer or represent
2 themselves as an owner, salesperson, employee, officer of a
3 corporation, or representative of a licensed ~~travel-trailer~~
4 towable recreational vehicle dealer.

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

7 **322C.4 Dealer's license application and fees.**

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

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

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

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

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

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

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

3 *e.* If the applicant is a party to a contract, agreement
4 including a manufacturer-dealer agreement, or understanding
5 with a manufacturer or distributor of ~~travel trailers~~ towable
6 recreational vehicles or is about to become a party to a
7 contract, agreement, or understanding, the applicant shall
8 state the name of each manufacturer and distributor and the
9 ~~make line-make~~ or ~~makes line-makes~~ of new ~~travel trailers~~
10 towable recreational vehicles, if any, which are the subject
11 matter of the contract, agreement, or understanding.

12 *f.* Other information concerning the business of the
13 applicant the department reasonably requires for administration
14 of [this chapter](#).

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

26 3. A licensee shall file with the department a supplemental
27 statement when there is a change in an item of information
28 required under ~~paragraphs "a" to "e"~~ of [subsection 1](#),
29 paragraphs "a" through "e", within fifteen days after the
30 change. Upon filing a supplemental statement, the licensee
31 shall surrender its license to the department together with
32 a thirty-five-dollar fee. The department shall issue a new
33 license modified to reflect the changes on the supplemental
34 statement.

35 4. Before the issuance of a ~~travel trailer~~ dealer's license,

1 the applicant shall furnish a surety bond executed by the
2 applicant as principal and executed by a corporate surety
3 company, licensed and qualified to do business within this
4 state, which bond shall run to the state of Iowa, be in the
5 amount of twenty-five thousand dollars, and be conditioned upon
6 the faithful compliance by the applicant as a dealer with all
7 statutes of this state regulating or applicable to a ~~travel~~
8 ~~trailer~~ dealer, and shall indemnify any person dealing or
9 transacting business with the dealer from loss or damage caused
10 by the failure of the dealer to comply with the provisions
11 of [chapter 321](#) and [this chapter](#), including the furnishing of
12 a proper and valid certificate of title to a ~~travel trailer~~,
13 ~~and that the~~ towable recreational vehicle. The bond shall be
14 filed with the department prior to the issuance of the license.
15 A person licensed under ~~chapter 322~~, with the same name and
16 location or locations, is not subject to the provisions of this
17 subsection.

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

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

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

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

31 **322C.7 Manufacturer's or distributor's license.**

32 A manufacturer or distributor of ~~travel trailers~~ towable
33 recreational vehicles shall not engage in business in this
34 state without a license pursuant to [this chapter](#).

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

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

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

9 **322C.9 License application and fees.**

10 Upon application and payment of a seventy dollar fee for
11 a two-year period or part thereof, a person may be licensed
12 as a manufacturer or distributor of ~~travel trailers~~ towable
13 recreational vehicles. The application shall be in the form
14 and shall contain information as the department prescribes.
15 The license shall be granted or refused within thirty days
16 after application. The license expires, unless sooner revoked
17 or suspended by the department, on December 31 of even-numbered
18 years. A licensee shall have the month of expiration and the
19 month after the month of expiration to renew the license. A
20 person who fails to renew a license by the end of this time
21 period and desires to hold a license shall file a new license
22 application and pay the required fee.

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

25 **322C.12 Semitrailer or ~~travel trailer~~ towable recreational**
26 **vehicle retail installment contract — finance charges.**

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

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

1 financed.

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

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

14 2. ~~Amount financed shall be~~ "Amount financed" means the same
15 as defined in [section 537.1301](#).

16 3. The limitations contained in [this section](#) do not apply
17 in a transaction referred to in [section 535.2, subsection 2](#).
18 With respect to a consumer credit sale, as defined in section
19 537.1301, the limitations contained in [this section](#) supersede
20 conflicting provisions of [chapter 537, article 2, part 2](#).

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

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

31 2. Except as provided in subsection 3, a
32 manufacturer-dealer agreement shall designate the community
33 exclusively assigned to a dealer by the manufacturer or
34 distributor, and the manufacturer or distributor shall not
35 change the community or contract with another dealer for the

1 sale of the same line-make of towable recreational vehicle in
2 the community for the duration of the agreement.

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

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

10 1. Notwithstanding section 322C.3, subsection 5, a
11 manufacturer or distributor may, either directly or through any
12 authorized officer, agent, or employee, terminate, cancel, or
13 fail to renew a manufacturer-dealer agreement with or without
14 good cause. If the manufacturer or distributor terminates,
15 cancels, or fails to renew a manufacturer-dealer agreement
16 without good cause, the manufacturer or distributor shall
17 comply with the repurchase requirements set forth in section
18 322C.16.

19 2. A manufacturer or distributor shall have the burden of
20 proof to demonstrate good cause for terminating, canceling, or
21 failing to renew a manufacturer-dealer agreement. For purposes
22 of determining whether good cause exists for the manufacturer's
23 or distributor's termination, cancellation, or failure to renew
24 a manufacturer-dealer agreement, any of the following factors
25 may be considered:

26 a. The extent of the dealer's presence in the community.

27 b. The nature and extent of the dealer's investment in the
28 dealer's business.

29 c. The adequacy of the dealer's service facilities,
30 equipment, parts, supplies, and personnel.

31 d. The effect that the proposed termination, cancellation,
32 or nonrenewal of the manufacturer-dealer agreement would have
33 on the community.

34 e. The extent and quality of the dealer's service under the
35 warranties of the towable recreational vehicles sold by the

1 dealer.

2 *f.* The dealer's failure to follow procedures or standards
3 related to the overall operation of the dealership that were
4 agreed to by the dealer.

5 *g.* The dealer's performance under the terms of the
6 manufacturer-dealer agreement.

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

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

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

28 *c.* The notice period for termination, cancellation, or
29 nonrenewal of a manufacturer-dealer agreement for good cause
30 may be reduced to thirty days if the grounds for termination,
31 cancellation, or nonrenewal are due to any of the following
32 factors:

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

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

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

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

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

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

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

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

30 2. The dealer shall have the burden of proof to demonstrate
31 good cause for terminating, canceling, or failing to renew a
32 manufacturer-dealer agreement. For purposes of determining
33 whether good cause exists for the dealer's termination,
34 cancellation, or failure to renew a manufacturer-dealer
35 agreement, any of the following factors shall be deemed to be

1 good cause:

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

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

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

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

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

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

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

34 (2) If the deficiencies are cured within ninety days, the
35 dealer's notice is voided. If the manufacturer or distributor

1 fails to provide the notice of intent to cure the deficiencies
2 within thirty days, or fails to cure the deficiencies within
3 ninety days, the termination or cancellation takes effect as
4 provided in the original notice.

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

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

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

31 *b.* All undamaged proprietary parts for any line-make subject
32 to the termination, cancellation, or nonrenewal that was sold
33 to the dealer for resale within twelve months prior to the
34 effective date of the termination, cancellation, or nonrenewal
35 of the manufacturer-dealer agreement, if accompanied by the

1 original invoice, at one hundred five percent of the original
2 net price paid to the manufacturer or distributor.

3 *c.* All properly functioning diagnostic equipment, special
4 tools, current signage, or other equipment and machinery
5 that was purchased by the dealer upon the request of the
6 manufacturer or distributor for any line-make subject to the
7 termination, cancellation, or nonrenewal within five years
8 prior to the effective date of the termination, cancellation,
9 or nonrenewal of the manufacturer-dealer agreement that can no
10 longer be used in the normal course of the dealer's ongoing
11 business.

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

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

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

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

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

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

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

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

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

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

27 2. a. A manufacturer or distributor shall provide
28 to a dealer the opportunity to designate, in writing, a
29 family member as a successor to ownership of a dealership
30 in the event of the death, incapacity, or retirement of the
31 dealer. If a dealer desires to designate a family member as
32 a successor to ownership of a dealership, the dealer shall
33 provide to the manufacturer or distributor that is a party
34 to the manufacturer-dealer agreement with the dealer written
35 notice of the proposed designation, or modification of a

1 previous designation, at least fifteen business days before
2 the designation or proposed modification of a designation
3 becomes effective. The notice shall include all supporting
4 documentation as may be reasonably required by the manufacturer
5 or distributor to determine whether to make an objection to the
6 succession plan.

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

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

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

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

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

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

28 *c.* If a manufacturer or distributor objects to a succession
29 plan, the manufacturer or distributor shall provide written
30 notice of the reasons for the objection to the dealer
31 within fifteen business days after receipt of the dealer's
32 notification and supporting documentation about the proposed
33 designation or proposed modification of a designation. The
34 manufacturer or distributor shall have the burden of proof to
35 demonstrate that the objection complies with the requirements

1 of this subsection. If the manufacturer or distributor does
2 not provide the dealer with timely notice of the objection, the
3 dealer's proposed succession plan shall be deemed approved.
4 A manufacturer or distributor shall allow the succession of
5 ownership of a dealership to a designated family member when a
6 dealer is deceased, incapacitated, or has retired, unless the
7 manufacturer or distributor has provided to the dealer written
8 notice of the manufacturer's or distributor's objections to
9 the succession within fifteen days after receipt of notice of
10 the succession. However, a family member of a dealer shall
11 not succeed to ownership of a dealership if the succession
12 involves, without the manufacturer's or distributor's consent,
13 a relocation of the dealership or alteration of the terms and
14 conditions of the manufacturer-dealer agreement.

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

16 1. A warrantor shall do all of the following:

17 a. Specify in writing to each dealer what obligations the
18 dealer has, if any, for the preparation and delivery of, and
19 warranty services on, the warrantor's products.

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

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

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

30 b. In determining what constitutes reasonable compensation
31 under this section, the principle factors to be given
32 consideration shall be the actual wage rates being paid by the
33 dealer and the actual retail wage rates being charged by other
34 dealers in the community in which the dealer is doing business.
35 The compensation of a dealer for warranty services shall not be

1 less than the lowest actual retail wage rates charged by the
2 dealer for similar nonwarranty services, as long as the actual
3 retail wage rates are reasonable.

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

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

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

20 6. A dealer shall immediately notify a warrantor in writing
21 if the dealer is unable to perform warranty services, including
22 diagnostic services, within ten days of receipt of a written
23 complaint from a consumer.

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

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

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

34 b. Fail to include, in written notices of a factory
35 campaign to towable recreational vehicle owners and dealers,

1 the expected date by which necessary parts and equipment,
2 including tires and chassis or chassis parts, will be available
3 to dealers to perform the factory campaign work. The warrantor
4 may ship parts to a dealer for purposes of factory campaign
5 work, and, if such parts are in excess of the dealer's
6 requirements, the dealer may return unused, undamaged parts
7 to the warrantor for credit after completion of the factory
8 campaign.

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

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

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

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

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

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

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

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

1 attempts for the same repair conducted on a single towable
2 recreational vehicle.

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

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

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

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

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

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

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

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

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

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

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

11 1. Whenever a new towable recreational vehicle is damaged
12 prior to transit or is damaged in transit to a dealer and
13 the carrier or means of transportation has been selected by
14 the manufacturer or distributor, the dealer shall notify the
15 manufacturer or distributor of the damage within the time frame
16 specified in the manufacturer-dealer agreement and shall do
17 either of the following:

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

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

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

30 3. The dealer shall exercise due care when in custody of a
31 damaged new towable recreational vehicle, but the dealer shall
32 have no other obligations, financial or otherwise, with respect
33 to the vehicle following rejection in accordance with the
34 manufacturer-dealer agreement pursuant to subsection 4.

35 4. The time frame for inspection and rejection of a damaged

1 new towable recreational vehicle by a dealer shall be specified
2 in the manufacturer-dealer agreement, but shall not be less
3 than two business days after the physical delivery of the
4 vehicle to the dealer.

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

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

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

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

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

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

35 *e.* The service of a demand for mediation under this section

1 shall toll the period during which a party is required to
2 file any complaint, petition, protest, or other action under
3 this chapter until representatives of both parties have met
4 with the mutually agreed-upon mediator for the purpose of
5 attempting to resolve the dispute or alleged violation. If a
6 complaint, petition, protest, or other action has been filed
7 before the mediation meeting, the court shall enter an order
8 suspending any proceeding or action relating to such complaint,
9 petition, protest, or other action until the mediation meeting
10 has occurred and may, upon written stipulation by all parties
11 to the proceeding or action that the parties wish to continue
12 mediation under this section, enter an order suspending
13 the proceeding or action for any period the court considers
14 appropriate.

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

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

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

32 1. The manufacturer's and retailer's inventory of mobile
33 homes, manufactured homes, or modular homes not in use as a
34 place of human habitation shall be exempt from the annual tax.
35 All travel trailers, fifth-wheel travel trailers, and towable

1 recreational vehicles shall be exempt from this tax. The
2 homes, and travel trailers, fifth-wheel travel trailers, and
3 towable recreational vehicles in the inventory of manufacturers
4 and retailers shall be exempt from personal property tax.

5 Sec. 20. APPLICABILITY. This Act applies to
6 manufacturer-dealer agreements pertaining to the sale
7 of new towable recreational vehicles entered into or renewed on
8 or after January 1, 2020.

9 EXPLANATION

10 The inclusion of this explanation does not constitute agreement with
11 the explanation's substance by the members of the general assembly.

12 This bill relates to towable recreational vehicles (TRVs),
13 travel trailers, and fifth-wheel travel trailers.

14 CODE CHAPTER 321. Under current law, if a travel trailer
15 is used as a place of human habitation for more than 90
16 consecutive days in one location, it must be classified as a
17 manufactured or mobile home. The bill increases the threshold
18 to 180 consecutive days.

19 CODE CHAPTER 322C. The bill defines or redefines various
20 terms for purposes of Code chapter 322C (travel trailer
21 dealers, manufacturers, and distributors), including
22 "community", "factory campaign", "family member", "fifth-wheel
23 travel trailer", "folding camping trailer", "line-make",
24 "manufacturer", "manufacturer-dealer agreement", "park model
25 recreational vehicle", "proprietary part", "supplier", "towable
26 recreational vehicle", "towable recreational vehicle dealer",
27 "toy-hauler fifth-wheel travel trailer", "toy-hauler travel
28 trailer", "transient consumer", "travel trailer", "truck
29 camper", and "warrantor". The bill provides that for purposes
30 of registration and titling, towable recreational vehicles are
31 considered travel trailers or fifth-wheel travel trailers under
32 Code chapter 321.

33 The bill makes corresponding changes from the use of the term
34 "travel trailer" in Code chapter 322C to the use of the term
35 "towable recreational vehicle".

1 Under current law, a manufacturer or distributor is
2 prohibited from refusing to renew a contract for a term of less
3 than five years. The bill changes the term to 12 months.

4 The bill strikes a provision in Code section 322C.4 that
5 exempts persons licensed under Code chapter 322 (motor vehicle
6 manufacturers, distributors, wholesalers, and dealers) from the
7 requirement to obtain a \$25,000 surety bond as a prerequisite
8 to the issuance of a TRV dealer's license.

9 APPLICABILITY TO AGREEMENTS. The bill provides that if a TRV
10 dealer also sells and services motorized recreational vehicles
11 or other motor vehicles, the provisions of Code chapter 322C
12 relating to manufacturer-dealer agreements apply only to such
13 agreements, or those provisions of such agreements, applicable
14 to TRVs.

15 AGREEMENT REQUIRED — COMMUNITY. The bill prohibits a
16 manufacturer or distributor from selling a new TRV in this
17 state to or through a TRV dealer without first entering into
18 a manufacturer-dealer agreement with the dealer that has been
19 signed by both parties. The bill also prohibits a dealer
20 from selling a new TRV in this state without first entering
21 into a manufacturer-dealer agreement with a manufacturer or
22 distributor that has been signed by both parties.

23 The bill requires a manufacturer-dealer agreement to
24 designate a community exclusively assigned to a dealer by the
25 manufacturer or distributor, and prohibits the manufacturer or
26 distributor from changing the community or from contracting
27 with another dealer for the sale of the same line-make of
28 TRV in the community for the duration of the agreement. The
29 community designated in a manufacturer-dealer agreement may be
30 reviewed or changed with the consent of both parties not less
31 than 12 months after execution of the agreement.

32 TERMINATION, CANCELLATION, OR NONRENEWAL BY MANUFACTURER OR
33 DISTRIBUTOR. The bill authorizes a manufacturer or distributor
34 to terminate, cancel, or fail to renew a manufacturer-dealer
35 agreement with or without good cause. If the manufacturer or

1 distributor terminates, cancels, or fails to renew an agreement
2 without good cause, the manufacturer or distributor is required
3 to comply with the repurchase requirements set forth in the
4 bill.

5 The manufacturer or distributor has the burden of proof to
6 demonstrate good cause. The bill sets forth certain factors to
7 consider in determining whether good cause exists.

8 The bill requires a manufacturer or distributor to provide
9 to a dealer written notice of termination, cancellation, or
10 nonrenewal of a manufacturer-dealer agreement for good cause
11 at least 90 days prior to terminating, canceling, or failing
12 to renew the manufacturer-dealer agreement. The notice must
13 state all of the reasons for the termination, cancellation, or
14 nonrenewal and that if, within 30 days following receipt of the
15 notice, the dealer provides to the manufacturer or distributor
16 a written notice of intent to cure all claimed deficiencies,
17 the dealer will then have 90 days following receipt of the
18 notice to cure the deficiencies. If the deficiencies are cured
19 within 90 days, the manufacturer's or distributor's notice is
20 voided. If the dealer fails to provide the notice of intent
21 to cure the deficiencies within 30 days, or fails to cure the
22 deficiencies within 90 days, the termination, cancellation, or
23 nonrenewal takes effect as provided in the original notice.

24 The bill specifies that the notice period for termination,
25 cancellation, or nonrenewal of a manufacturer-dealer agreement
26 for good cause may be reduced to 30 days if certain grounds
27 exist as set forth in the bill.

28 The manufacturer or distributor is not required to provide
29 the notice if the dealer is insolvent, or has filed for
30 bankruptcy, receivership, or assignment for the benefit of
31 creditors.

32 **TERMINATION, CANCELLATION, OR NONRENEWAL BY DEALER.** The
33 bill allows a dealer to terminate, cancel, or fail to renew
34 a manufacturer-dealer agreement with or without good cause.
35 If the dealer terminates, cancels, or fails to renew a

1 manufacturer-dealer agreement with good cause, the manufacturer
2 or distributor must comply with the repurchase requirements set
3 forth in the bill.

4 The dealer has the burden of proof to demonstrate good
5 cause for terminating, canceling, or failing to renew a
6 manufacturer-dealer agreement. The bill sets forth certain
7 factors to consider in determining whether good cause exists.

8 The bill requires a dealer to provide to a manufacturer
9 or distributor written notice of termination, cancellation,
10 or nonrenewal of a manufacturer-dealer agreement at least
11 30 days prior to terminating, canceling, or failing to
12 renew the manufacturer-dealer agreement. If a termination
13 or cancellation is for good cause, the notice must state
14 all of the reasons for the termination or cancellation and
15 that if, within 30 days following receipt of the notice,
16 the manufacturer or distributor provides to the dealer a
17 written notice of intent to cure all claimed deficiencies,
18 the manufacturer or distributor shall then have 90 days
19 following receipt of the notice to cure the deficiencies.
20 If the deficiencies are cured within 90 days, the dealer's
21 notice is voided. If the manufacturer or distributor fails to
22 provide the notice of intent to cure the deficiencies within
23 30 days, or fails to cure the deficiencies within 90 days, the
24 termination or cancellation takes effect as provided in the
25 original notice.

26 REPURCHASE OR SALE OF INVENTORY. If a manufacturer-dealer
27 agreement is terminated, canceled, or not renewed by the
28 manufacturer or distributor without good cause, or by a
29 dealer with good cause and, in the case of termination or
30 cancellation, the manufacturer or distributor fails to provide
31 notice or cure the deficiencies claimed by the dealer, the bill
32 requires the manufacturer or distributor to, at the dealer's
33 option and within 45 days after termination, cancellation, or
34 nonrenewal, repurchase certain items.

35 The repurchase includes all new, untitled TRVs that the

1 dealer acquired from the manufacturer or distributor within 12
2 months prior to the effective date of the notice that have not
3 been used other than for demonstration purposes, and that have
4 not been altered or damaged, at 100 percent of the net invoice
5 cost, including transportation, less applicable rebates and
6 discounts to the dealer.

7 The repurchase also includes all undamaged proprietary parts
8 for any line-make subject to the termination, cancellation,
9 or nonrenewal that was sold to the dealer for resale within
10 12 months prior to the effective date of the termination,
11 cancellation, or nonrenewal of the manufacturer-dealer
12 agreement, if accompanied by the original invoice, at 105
13 percent of the original net price paid to the manufacturer or
14 distributor.

15 The repurchase further includes all properly functioning
16 diagnostic equipment, special tools, current signage, or
17 other equipment and machinery that was purchased by the
18 dealer upon the request of the manufacturer or distributor for
19 any line-make subject to the termination, cancellation, or
20 nonrenewal within five years prior to the effective date of the
21 termination, cancellation, or nonrenewal that can no longer be
22 used in the normal course of the dealer's ongoing business.
23 The bill does not specify an amount at which such equipment,
24 tools, or machinery must be repurchased.

25 The bill provides that TRVs not repurchased or required to
26 be repurchased that are in the dealer's inventory may continue
27 to be sold by the dealer until the TRVs are no longer in the
28 dealer's inventory.

29 **TRANSFER OF OWNERSHIP.** If a TRV dealer makes or intends to
30 make a change in ownership of a dealership, the dealer must
31 provide to a manufacturer or distributor that is a party to a
32 manufacturer-dealer agreement with the dealer written notice of
33 the proposed change at least 15 business days before the change
34 becomes effective.

35 In the absence of a breach by the dealer of the

1 manufacturer-dealer agreement or a violation of Code chapter
2 322C, the bill prohibits the manufacturer or distributor from
3 objecting to the proposed change in ownership unless the
4 objection is to the prospective transferee for previously
5 being a party to a manufacturer-dealer agreement with the
6 manufacturer or distributor and the agreement was terminated,
7 canceled, or not renewed by the manufacturer or distributor
8 for good cause; being convicted of a felony or any crime of
9 fraud, deceit, or moral turpitude; lacking any license required
10 by law; failing to have an active line of credit sufficient
11 to purchase the manufacturer's or distributor's products; or
12 being insolvent within the previous 10 years, or filing for
13 bankruptcy, receivership, or assignment for the benefit of
14 creditors within the previous 10 years.

15 If a manufacturer or distributor objects to a proposed
16 change in ownership of a dealership, the manufacturer or
17 distributor must provide written notice of the reasons for the
18 objection to the dealer within 15 business days after receipt
19 of the dealer's notification and supporting documentation about
20 the proposed change. The manufacturer or distributor has the
21 burden of proof to demonstrate that the objection complies
22 with the requirements of the bill. If the manufacturer or
23 distributor does not provide the dealer with timely notice of
24 the objection, the dealer's proposed change in ownership of the
25 dealership is deemed approved.

26 The bill requires a manufacturer or distributor to provide
27 to a dealer the opportunity to designate, in writing, a
28 family member as a successor to ownership of a dealership
29 in the event of the death, incapacity, or retirement of the
30 dealer. If a dealer desires to designate a family member as a
31 successor to ownership of a dealership, the dealer must provide
32 to the manufacturer or distributor that is a party to the
33 manufacturer-dealer agreement with the dealer written notice
34 of the proposed designation, or modification of a previous
35 designation, at least 15 business days before the designation

1 or proposed modification of a designation becomes effective.

2 In the absence of a breach by the dealer of the
3 manufacturer-dealer agreement or a violation of Code chapter
4 322C, the bill prohibits the manufacturer or distributor from
5 objecting to the designation or proposed modification of a
6 designation unless the objection is to the designated successor
7 for any of the reasons stated above for objecting to a proposed
8 change in ownership.

9 If a manufacturer or distributor objects to a succession
10 plan, the manufacturer or distributor must provide written
11 notice of the reasons for the objection to the dealer within
12 15 business days after receipt of the dealer's notification
13 about the proposed designation or proposed modification
14 of a designation. The manufacturer or distributor has the
15 burden of proof to demonstrate that the objection complies
16 with the requirements of the bill. If the manufacturer or
17 distributor does not provide the dealer with timely notice of
18 the objection, the dealer's proposed succession plan is deemed
19 approved.

20 The bill requires a manufacturer or distributor to allow
21 the succession of ownership of a dealership to a designated
22 family member when a dealer is deceased, incapacitated,
23 or has retired, unless the manufacturer or distributor has
24 provided to the dealer written notice of the manufacturer's
25 or distributor's objections to the succession within 15 days
26 after receipt of notice of the succession. However, the bill
27 prohibits a family member of a dealer from succeeding to
28 ownership of a dealership if the succession involves, without
29 the manufacturer's or distributor's consent, a relocation of
30 the dealership or alteration of the terms and conditions of the
31 manufacturer-dealer agreement.

32 WARRANTY OBLIGATIONS. The bill requires a warrantor to
33 specify in writing to each dealer what obligations the dealer
34 has, if any, for preparation and delivery of, and warranty
35 services on, the warrantor's products; compensate the dealer

1 for warranty services the warrantor requires the dealer to
2 perform; and provide the dealer with a schedule of compensation
3 and time allowances for the performance of warranty services.
4 Time allowances for the performance of warranty services,
5 including diagnostic services, must be reasonable for the
6 service to be performed. In determining what constitutes
7 reasonable compensation, the bill specifies that the principle
8 factors to be given consideration must be the actual wage rates
9 being paid by the dealer and the actual retail wage rates being
10 charged by other dealers in the community in which the dealer
11 is doing business. The bill prohibits the compensation of a
12 dealer for warranty services from being less than the lowest
13 actual retail wage rates charged by the dealer for similar
14 nonwarranty services, as long as the actual retail wage rates
15 are reasonable.

16 The bill requires a warrantor to reimburse a dealer for
17 any warranty part, accessory, or complete component at actual
18 wholesale cost to the dealer plus a minimum of a 30 percent
19 handling charge, not to exceed \$150, and plus the cost, if any,
20 to the dealer to return such part, component, or accessory to
21 the warrantor.

22 The bill authorizes a warrantor to conduct a warranty audit
23 of a dealer's records within 12 months after the payment
24 of a warranty claim. The bill prohibits a warrantor from
25 denying a dealer's claim for warranty compensation except for
26 good cause, including performance of nonwarranty repairs,
27 material noncompliance with the warrantor's published policies
28 and procedures, lack of material documentation, fraud, or
29 misrepresentation.

30 The bill requires a dealer to submit claims for compensation
31 for the performance of warranty services to the warrantor
32 within 45 days after completion of the warranty services.
33 A dealer must immediately notify a warrantor in writing if
34 the dealer is unable to perform warranty services, including
35 diagnostic services, within 10 days of receipt of a written

1 complaint from a consumer.

2 A warrantor must deny a claim submitted by a dealer for
3 compensation for the performance of warranty services, in
4 writing, within 30 days after submission of the claim in the
5 manner and form prescribed by the warrantor. A claim not
6 specifically denied is deemed approved and must be paid within
7 60 days of submission of the claim.

8 The bill prohibits a warrantor from failing to perform any
9 of the warrantor's obligations with respect to its warranted
10 products; failing to include, in written notices of a factory
11 campaign to TRV owners and dealers, the expected date by which
12 necessary parts and equipment will be available to dealers to
13 perform the factory campaign work; failing to compensate the
14 warrantor's dealers for authorized repairs performed by the
15 dealer on merchandise damaged in manufacture or in transit to
16 the dealer; failing to compensate the warrantor's dealers in
17 accordance with the schedule of compensation provided to the
18 dealer, if the warranty services for which compensation is
19 claimed are performed by the dealer in a timely and competent
20 manner; intentionally misrepresenting to consumers that
21 warranties with respect to the manufacture, performance,
22 or design of TRVs are made by the dealer as warrantor or
23 co-warrantor; or requiring the warrantor's dealers to make
24 warranties to a consumer that are in any manner related to the
25 manufacture of a TRV.

26 The bill prohibits a dealer from failing to perform
27 predelivery inspection functions, as specified by the
28 warrantor, in a competent and timely manner; failing to
29 perform warranty services, as authorized by the warrantor,
30 in a competent and timely manner on any transient consumer's
31 TRV of a line-make sold or serviced by the dealer; failing to
32 accurately document the time spent completing each repair, the
33 total number of repair attempts conducted on a single TRV, and
34 the number of repair attempts for the same repair conducted on
35 a single TRV; failing to notify the warrantor within 10 days of

1 a second repair attempt on a TRV which impairs the use, value,
2 or safety of the TRV; failing to maintain written records,
3 including a consumer's written or electronic verification or
4 signature, regarding the amount of time a TRV is stored for the
5 consumer's convenience during a repair; or making fraudulent
6 warranty claims or misrepresenting the terms of any warranty.

7 INDEMNIFICATION. The bill requires a warrantor to indemnify
8 and hold harmless the warrantor's dealer against any loss or
9 damage, to the extent the loss or damage is caused by willful
10 misconduct of the warrantor. A warrantor is prohibited from
11 denying a dealer indemnification for failure to discover,
12 disclose, or remedy a defect in the design or manufacture
13 of a new TRV. However, a warrantor may deny a dealer
14 indemnification if the dealer fails to remedy a known and
15 announced defect in accordance with the written instructions
16 of the warrantor for whom the dealer is obligated to perform
17 warranty services. The bill requires a warrantor to provide to
18 the dealer a copy of any pending lawsuit in which allegations
19 are made against the warrantor of willful misconduct. The
20 warrantor must provide the copy to the dealer within 10 days
21 after receiving notice of the lawsuit.

22 The bill requires a dealer to indemnify and hold harmless the
23 dealer's warrantor against any loss or damage, to the extent
24 that the loss or damage is caused by willful misconduct of
25 the dealer. A dealer must provide to the warrantor a copy of
26 any pending lawsuit in which allegations are made against the
27 dealer of willful misconduct. The dealer must provide the copy
28 to the warrantor within 10 days after receiving notice of the
29 lawsuit.

30 INSPECTION AND REJECTION BY DEALER. Whenever a new TRV is
31 damaged prior to transit or is damaged in transit to a dealer
32 and the carrier or means of transportation has been selected
33 by the manufacturer or distributor, the dealer is required to
34 notify the manufacturer or distributor of the damage within
35 the time frame specified in the manufacturer-dealer agreement

1 and either request from the manufacturer or distributor
2 authorization to replace the components, parts, or accessories
3 damaged, or otherwise repair the vehicle, or reject the vehicle
4 within the time frame set forth in the manufacturer-dealer
5 agreement.

6 If the manufacturer or distributor refuses to authorize
7 repair of the new TRV within 10 days after receipt of a
8 dealer's notification, or if the dealer rejects the new TRV
9 because of damage, ownership of the TRV will revert to the
10 manufacturer or distributor.

11 The bill requires the dealer to exercise due care when in
12 custody of a new, damaged TRV, but the bill specifies that the
13 dealer has no other obligations, financial or otherwise, with
14 respect to the TRV following rejection in accordance with the
15 manufacturer-dealer agreement.

16 The bill requires the time frame for inspection and
17 rejection of a damaged new TRV by a dealer to be specified in
18 the manufacturer-dealer agreement, but provides that it shall
19 not be less than two business days after the physical delivery
20 of the TRV to the dealer.

21 CIVIL ACTION AND MEDIATION. The bill authorizes a dealer,
22 manufacturer, distributor, or warrantor injured by another
23 party's violation of Code chapter 322C to bring a civil action
24 in district court to recover actual damages resulting from the
25 violation. The court must award reasonable attorney fees and
26 costs to the prevailing party in such an action. Venue for
27 such a civil action must be exclusively in the county in which
28 the dealer's business is located. In an action involving more
29 than one dealer, venue may be in any county in which any dealer
30 that is a party to the action is located.

31 Prior to bringing such a civil action, the party alleging a
32 violation must serve a written demand for mediation upon the
33 alleged offending party. The demand for mediation must be
34 served upon the alleged offending party via certified mail at
35 the address stated in the manufacturer-dealer agreement between

1 the parties, if applicable. The demand for mediation must
2 contain a statement of the dispute or violation alleged and the
3 relief sought by the party serving the demand.

4 Within 20 days after service of a demand for mediation, the
5 bill requires the parties to mutually select an independent
6 certified mediator and meet with the mediator for the purpose
7 of attempting to resolve the dispute or alleged violation. The
8 meeting place for the mediation must be in Iowa at a location
9 selected by the mediator. The mediator may extend the date
10 before which the parties are required to have the meeting for
11 good cause shown by either party or upon a stipulation by both
12 parties.

13 The service of a demand for mediation tolls the period
14 during which a party is required to file any complaint,
15 petition, protest, or other action under Code chapter 322C
16 until representatives of both parties have met with the
17 mutually agreed-upon mediator for the purpose of attempting
18 to resolve the dispute or alleged violation. If a complaint,
19 petition, protest, or other action has been filed before the
20 mediation meeting, the court must enter an order suspending
21 any proceeding or action relating to such complaint, petition,
22 protest, or other action until the mediation meeting has
23 occurred and may, upon written stipulation by all parties to
24 the proceeding or action that the parties wish to continue
25 mediation, enter an order suspending the proceeding or action
26 for any period the court considers appropriate.

27 Each party to the mediation must pay its own costs for
28 attorney fees and the costs of the mediation services must be
29 equally allocated among each party.

30 The bill authorizes a manufacturer, distributor, warrantor,
31 or dealer to petition the district court, upon a hearing and
32 for cause shown, for a temporary or permanent injunction, or
33 both, restraining any person from acting as a dealer without
34 being properly licensed, from violating or continuing to
35 violate any of the provisions of Code chapter 322C, or from

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1 failing or refusing to comply with the requirements of Code
2 chapter 322C. Such injunction must be issued without bond.
3 The bill specifies that a single act is considered sufficient
4 cause to authorize the issuance of an injunction.

5 TAX EXEMPTION. The bill makes a corresponding change to Code
6 section 435.23 exempting TRVs and fifth-wheel travel trailers
7 from the property tax on manufactured or mobile homes.

8 APPLICABILITY. The bill applies to manufacturer-dealer
9 agreements pertaining to the sale of new TRVs entered into or
10 renewed on or after January 1, 2020.