

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 paragraph 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, or is due to 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.

[2019 Acts, ch 67, §12, 20](#); [2019 Acts, ch 89, §14](#); [2020 Acts, ch 1063, §169](#)

Subsection 2, paragraph b amended