

CERTIFICATION OF ENROLLMENT

SUBSTITUTE HOUSE BILL 1996

68th Legislature
2024 Regular Session

Passed by the House February 13, 2024
Yeas 97 Nays 0

**Speaker of the House of
Representatives**

Passed by the Senate February 29,
2024
Yeas 49 Nays 0

President of the Senate

Approved

Governor of the State of Washington

CERTIFICATE

I, Bernard Dean, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **SUBSTITUTE HOUSE BILL 1996** as passed by the House of Representatives and the Senate on the dates hereon set forth.

Chief Clerk

FILED

**Secretary of State
State of Washington**

SUBSTITUTE HOUSE BILL 1996

Passed Legislature - 2024 Regular Session

State of Washington

68th Legislature

2024 Regular Session

By House Consumer Protection & Business (originally sponsored by Representatives Robertson, Chapman, and Graham)

READ FIRST TIME 01/26/24.

1 AN ACT Relating to establishing the Washington recreational
2 vehicle manufacturer and dealer law; reenacting and amending RCW
3 46.96.020; adding a new chapter to Title 46 RCW; and prescribing
4 penalties.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 NEW SECTION. **Sec. 1.** The definitions in this section apply
7 throughout this chapter unless the context clearly requires
8 otherwise.

9 (1) "Area of sales responsibility" means the geographical area
10 agreed to by the dealer and the manufacturer in the manufacturer/
11 dealer agreement within which the dealer has the exclusive right to
12 display or sell the manufacturer's new recreational vehicles of a
13 particular line-make.

14 (2) "Component manufacturer" means any person, firm, corporation,
15 or business entity that engages in the manufacturing of components,
16 accessories, or parts used in manufacturing recreational vehicles.

17 (3) "Dealer" means any person, firm, corporation, or business
18 entity licensed or required to be licensed that sells new
19 recreational vehicles at retail in the state of Washington.

1 (4) "Distributor" means any person, firm, corporation, or
2 business entity that purchases new recreational vehicles for resale
3 to dealers.

4 (5) "Factory campaign" means an effort on the part of a warrantor
5 to contact recreational vehicle owners or dealers in order to address
6 a part or equipment issue.

7 (6) "Family member" means a spouse, child, grandchild, parent,
8 sibling, niece, or nephew, or the spouse thereof.

9 (7) "Line-make" means a specific series of recreational vehicle
10 products that:

11 (a) Are targeted to a particular market segment as determined by
12 their décor, features, equipment, size, weight, and price range;

13 (b) Have lengths and interior floor plans that distinguish the
14 recreational vehicles from other recreational vehicles with
15 substantially the same décor, equipment, features, price, and weight;

16 (c) Belong to a single, distinct classification of recreational
17 vehicle product type having a substantial degree of commonality in
18 the construction of the chassis, frame, and body; and

19 (d) The manufacturer/dealer agreement authorizes a dealer to
20 sell.

21 (8) "Manufacturer" means any person, firm, corporation, or
22 business entity that engages in the manufacturing of recreational
23 vehicles.

24 (9) "Manufacturer/dealer agreement" means a written agreement or
25 contract entered into between a manufacturer and a dealer that fixes
26 the rights and responsibilities of the parties and pursuant to which
27 the dealer sells new recreational vehicles.

28 (10) "Model" is a series of recreational vehicle products
29 identified by a common series trade name or trademark that is a
30 subset of a line-make.

31 (11) "Proprietary part" means any part manufactured by or for and
32 sold exclusively by the manufacturer.

33 (12) "Recreational vehicle" means a vehicle that is towed by a
34 consumer-owned tow vehicle and designed to provide temporary living
35 quarters for recreational, camping, or travel use, including only
36 travel trailers, fifth-wheel travel trailers, truck campers, and
37 folding camping trailers.

38 (13) "Transient customer" means a customer who is temporarily
39 traveling through a dealer's area of sales responsibility.

1 (14) "Warrantor" means any person, firm, corporation, or business
2 entity that gives a warranty in connection with a new recreational
3 vehicle or parts, accessories, or components thereof. "Warrantor"
4 does not include service contracts, mechanical or other insurance, or
5 extended warranties sold for separate consideration by a dealer or
6 other person not controlled by a manufacturer.

7 **Requirement for a Written Manufacturer/Dealer Agreement; Area of**
8 **Sales Responsibility**

9 NEW SECTION. **Sec. 2.** (1) A manufacturer or distributor may not
10 sell a new recreational vehicle in this state to or through a dealer
11 without having first entered into a manufacturer/dealer agreement
12 with a dealer that has been signed by both parties.

13 (2) The manufacturer shall designate the area of sales
14 responsibility exclusively assigned to a dealer in the manufacturer/
15 dealer agreement and may not change such area or contract with
16 another dealer for sale of the same line-make in the designated area
17 during the duration of the agreement.

18 (3) The terms of the manufacturer/dealer agreement, including the
19 area of sales responsibility, may not be reviewed or changed during
20 the duration of the manufacturer/dealer agreement without the written
21 mutual consent of the parties. The duration of the manufacturer/
22 dealer agreement must be stated in the dealer agreement.

23 (4) A recreational vehicle dealer may not sell a new recreational
24 vehicle in this state without having first entered into a
25 manufacturer/dealer agreement with a manufacturer or distributor and
26 may not sell outside of the area of sales responsibility designated
27 in the agreement.

28 (5) A manufacturer may not unilaterally issue a policy or
29 procedure that violates or substantially alters a provision of the
30 manufacturer/dealer agreement during the duration of such agreement.

31 (6) A manufacturer will distribute new recreational vehicles to
32 its dealers in a fair and equitable manner. If requested, a
33 manufacturer will provide information on its manner of distribution.

34 (7) A manufacturer agrees to provide the dealer with adequate
35 technical data to perform proper service and repairs.

36 **Termination, Cancellation, and Nonrenewal of a Manufacturer/Dealer**
37 **Agreement**

1 NEW SECTION. **Sec. 3.** (1) A manufacturer or distributor,
2 directly or through any officer, agent, or employee, may only
3 terminate, cancel, or fail to renew a model, line-make, or entire
4 manufacturer/dealer agreement with good cause, and, upon renewal, may
5 not require additional inventory stocking requirements or increased
6 retail sales targets in excess of the market growth in the dealer's
7 area of sales responsibility.

8 (a) The manufacturer or distributor has the burden of showing
9 good cause for terminating, canceling, or failing to renew a model,
10 line-make, or manufacturer/dealer agreement with a dealer. For
11 purposes of determining whether there is good cause for the proposed
12 action, any of the following factors may be considered:

13 (i) The extent of the affected dealer's penetration in the
14 relevant market area for the relevant model or line-make;

15 (ii) The nature and extent of the dealer's investment in its
16 business;

17 (iii) The adequacy of the dealer's service facilities, equipment,
18 parts, supplies, and personnel;

19 (iv) The effect of the proposed action on the community;

20 (v) The extent and quality of the dealer's service under
21 recreational vehicle warranties;

22 (vi) The failure to follow agreed-upon, reasonable procedures or
23 standards related to the overall operation of the dealership
24 consistent with the law and the manufacturer/dealer agreement; or

25 (vii) The dealer's performance under the terms of its
26 manufacturer/dealer agreement.

27 (b) Except as otherwise provided in this section, a manufacturer
28 or distributor shall provide a dealer with at least 120 days prior
29 written notice of termination, cancellation, or nonrenewal of a
30 model, line-make, or the entire manufacturer/dealer agreement.

31 (i) The notice must state all reasons for the proposed
32 termination, cancellation, or nonrenewal and must further state that
33 if, within 30 days following receipt of the notice, the dealer
34 provides to the manufacturer or distributor a written notice of
35 intent to cure all claimed deficiencies, the dealer will then have
36 120 days following receipt of the notice to rectify the deficiencies.
37 If the deficiencies are rectified within 120 days, the manufacturer's
38 or distributor's notice is voided. If the dealer fails to provide the
39 notice of intent to cure the deficiencies in the prescribed time
40 period, the termination, cancellation, or nonrenewal takes effect 30

1 days after the dealer's receipt of the notice unless the dealer has
2 new and untitled inventory on hand that may be disposed of pursuant
3 to subsection (3) of this section.

4 (ii) The notice period may be reduced to 30 days if the grounds
5 for termination, cancellation, or nonrenewal are due to:

6 (A) A dealer or one of its owners being convicted of, or entering
7 a plea of nolo contendere to, a felony;

8 (B) The abandonment or closing of the business operations of the
9 dealer for 10 consecutive business days unless the closing is due to
10 an act of God, strike, labor difficulty, or other cause over which
11 the dealer has no control;

12 (C) A significant misrepresentation by the dealer materially
13 affecting the business relationship; or

14 (D) A suspension or revocation of the dealer's license, or
15 refusal to renew the dealer's license, by the department.

16 (iii) The notice provisions of this subsection (1)(b) do not
17 apply if the reason for termination, cancellation, or nonrenewal is
18 insolvency, the occurrence of an assignment for the benefit of
19 creditors, or bankruptcy.

20 (2) A dealer may terminate, cancel, or not renew a model, line-
21 make, or the entire manufacturer/dealer agreement with a manufacturer
22 or distributor with or without good cause at any time by giving 30
23 days written notice to the manufacturer. If the termination,
24 cancellation, or nonrenewal is for good cause, the dealer has the
25 burden of showing good cause. Any of the following items, among
26 others, may be deemed good cause for the proposed action by a dealer:

27 (a) A manufacturer being convicted of, or entering a plea of nolo
28 contendere to, a felony;

29 (b) The business operations of the manufacturer have been
30 abandoned or closed for 10 consecutive business days, unless the
31 closing is due to an act of God, strike, labor difficulty, or other
32 cause over which the manufacturer has no control;

33 (c) A significant misrepresentation by the manufacturer
34 materially affecting the business relationship;

35 (d) A material violation of this act, which is not cured within
36 30 days after written notice by the dealer;

37 (e) A declaration by the manufacturer of bankruptcy, insolvency,
38 or the occurrence of an assignment for the benefit of creditors or
39 bankruptcy;

1 (f) A material violation of the manufacturer/dealer agreement
2 that is not cured within 120 days after written notice by the dealer;

3 (g) Manufacturer coercion of dealer; or

4 (h) A manufacturer violation of area of sales responsibility
5 protections, or allowing other dealers to violate such protections.

6 (3) If the manufacturer/dealer agreement is terminated, canceled,
7 or not renewed by the dealer for good cause, the manufacturer shall,
8 at the election of the dealer and within 45 days after termination,
9 cancellation, or nonrenewal, repurchase:

10 (a) All new, untitled recreational vehicles that were acquired
11 from the manufacturer or distributor within 18 months before the date
12 of the notice of termination, cancellation, or nonrenewal that have
13 not been used, except for demonstration purposes, and that have not
14 been altered or damaged, at 100 percent of the net invoice cost,
15 including transportation, less applicable rebates and discounts to
16 the dealer. If any of the recreational vehicles repurchased are
17 damaged, the amount due to the dealer shall be reduced by the cost to
18 repair the damaged recreational vehicle. Damage prior to delivery to
19 the dealer will not disqualify repurchase under this subsection. Any
20 repurchased recreational vehicle must be paid in full before the
21 vehicle is removed from the dealer's premises. Upon payment, the
22 recreational vehicle must be immediately surrendered to the
23 manufacturer;

24 (b) All undamaged accessories and proprietary parts sold to the
25 dealer for resale within the 12 months prior to termination,
26 cancellation, or nonrenewal, if accompanied by the original invoice,
27 at 105 percent of the original net price paid to the manufacturer or
28 distributor to compensate the dealer for handling, packing, and
29 shipping the parts; and

30 (c) Any properly functioning diagnostic equipment, special tools,
31 current signage, and other equipment and machinery at 100 percent of
32 the dealer's net cost, plus freight, destination, delivery, and
33 distribution charges and sales taxes, if any, if it was purchased by
34 the dealer within five years before termination, cancellation, or
35 nonrenewal and upon the manufacturer's or distributor's request and
36 can no longer be used in the normal course of the dealer's ongoing
37 business.

38 (4) If the manufacturer/dealer agreement is terminated, canceled,
39 or not renewed by the manufacturer or distributor without good cause,
40 in violation of subsection (1) of this section, then the manufacturer

1 or distributor shall repurchase dealer inventory, equipment, parts,
2 etc. as provided in subsection (3) of this section.

3 (5) When selling the remaining inventory after termination:

4 (a) A dealer is not prohibited from selling the remaining in-
5 stock inventory of a particular line-make after a manufacturer/dealer
6 agreement has been terminated, canceled, or not renewed by the
7 manufacturer or distributor.

8 (b) If recreational vehicles of a line-make subject to the
9 terminated manufacturer/dealer agreement are not repurchased or
10 required to be repurchased by the manufacturer or distributor, the
11 dealer may continue to sell such recreational vehicles that are
12 subject to the terminated manufacturer/dealer agreement and are
13 currently in stock until those recreational vehicles are no longer in
14 the dealer's inventory.

15 (6) When taking on an additional line-make of a recreational
16 vehicle, a dealer shall notify in writing any manufacturer with whom
17 the dealer has a manufacturer/dealer agreement of the same line-make
18 at least 30 days prior to entering into a manufacturer/dealer
19 agreement with the manufacturer of the additional line-make.

20 **Transfer of Ownership; Family Succession**

21 NEW SECTION. **Sec. 4.** (1) If a dealer desires to make a change
22 in ownership by the sale of the business assets, stock transfer, or
23 otherwise, the dealer shall give the manufacturer or distributor
24 written notice at least 10 business days before the closing,
25 including all supporting documentation as may be reasonably required
26 by the manufacturer or distributor to determine if an objection to
27 the sale may be made. In the absence of a breach by the selling
28 dealer of its dealer agreement or this chapter, the manufacturer or
29 distributor shall not object to the proposed change in ownership
30 unless the prospective transferee:

31 (a) Has previously been terminated for cause by the manufacturer;

32 (b) Has been convicted of a felony or any crime of fraud, deceit,
33 or moral turpitude;

34 (c) Lacks any license required by law;

35 (d) Does not have an active line of credit sufficient to purchase
36 a manufacturer's product; or

37 (e) Has undergone in the last 10 years bankruptcy, insolvency, a
38 general assignment for the benefit of creditors, or the appointment

1 of a receiver, trustee, or conservator to take possession of the
2 transferee's business or property.

3 (2) If the manufacturer or distributor objects to a proposed
4 change of ownership, the manufacturer or distributor shall give
5 written notice of its reasons to the dealer within seven business
6 days after receipt of the dealer's notification and complete
7 documentation. The manufacturer or distributor has the burden of
8 proof with regard to its objection. If the manufacturer or
9 distributor does not give timely notice of its objection, the change
10 or sale shall be deemed approved.

11 (3)(a) It is unlawful for a manufacturer or distributor to fail
12 to provide a dealer an opportunity to designate, in writing, a family
13 member as a successor to the dealership in the event of the death,
14 incapacity, or retirement of the dealer. It is unlawful to prevent or
15 refuse to honor the succession to a dealership by a family member of
16 the deceased, incapacitated, or retired dealer unless the
17 manufacturer or distributor has provided to the dealer written notice
18 of its objections within 10 business days after receipt of the
19 dealer's modification of the dealer's succession plan. In the absence
20 of a breach of the dealer agreement, the manufacturer may object to
21 the succession for the following reasons only:

22 (i) Conviction of the successor of a felony or any crime of
23 fraud, deceit, or moral turpitude;

24 (ii) Bankruptcy or insolvency of the successor during the past 10
25 years;

26 (iii) Prior termination by the manufacturer of the successor for
27 breach of a manufacturer/dealer agreement;

28 (iv) The lack of an active line of credit for the successor
29 sufficient to purchase the manufacturer's product; or

30 (v) The lack of any license for the successor required by law.

31 (b) The manufacturer or distributor has the burden of proof
32 regarding its objection. However, a family member may not succeed to
33 a dealership if the succession involves, without the manufacturer's
34 or distributor's consent, a relocation of the business or an
35 alteration of the terms and conditions of the manufacturer/dealer
36 agreement.

37 **Warranty Obligations**

38 NEW SECTION. **Sec. 5.** (1) Each warrantor shall:

1 (a) Specify in writing to each of its dealers, the dealer's
2 obligations, if any, for preparation, delivery, and warranty service
3 on its products based on the warrantor's stated policies that must be
4 reasonable and customary in the recreational vehicle industry;

5 (b) Compensate the dealer for warranty service performed by the
6 dealer that is covered by the warrantor's own warranty;

7 (c) Provide the dealer the schedule of compensation to be paid
8 and the time allowances for the performance of any work and service.
9 The schedule of compensation must include reasonable compensation for
10 diagnostic work as well as warranty labor. If the schedule of
11 compensation required by this section does not include a particular
12 repair, the warrantor will reimburse the dealer for warranty service
13 for the actual time expended unless the warrantor demonstrates that
14 the actual time was not reasonable. In such event, the dealer will be
15 paid a reasonable sum.

16 (2) Time allowances for the diagnosis and performance of warranty
17 labor must be reasonable for the work to be performed. The
18 compensation of a dealer for warranty labor may not be less than the
19 lowest retail labor rate actually charged by the dealer in the
20 ordinary course of business for like nonwarranty labor as long as
21 such rate is reasonable in the dealer's market.

22 (3) The warrantor shall reimburse the dealer for any warranty
23 part, accessory, or complete component at actual wholesale cost plus
24 a minimum 30 percent handling charge and the cost, if any, of freight
25 to return such part, component, or accessory to the warrantor. If a
26 part is sent to the dealer at no cost, the dealer is entitled to
27 payment of 30 percent of the wholesale cost of the part from the
28 warrantor as a handling charge. The maximum handling charge for a
29 product sent to the dealer at no cost shall not exceed \$300. The
30 warrantor will also reimburse the dealer the cost of freight to
31 return a warranty part, accessory, or complete component to the
32 warrantor.

33 (4) Warranty audits of dealer records may be conducted by the
34 warrantor on a reasonable basis, and dealer claims for warranty
35 compensation may not be denied except for cause, such as performance
36 of nonwarranty repairs, material noncompliance with the warrantor's
37 published policies and procedures, lack of material documentation,
38 fraud, or misrepresentation.

39 (5) The dealer shall submit warranty claims within 45 days after
40 completing the work.

1 (6) The dealer shall notify the warrantor as soon as is
2 reasonably possible, verbally or in writing, if the dealer is unable
3 or unwilling to perform material or repetitive warranty repairs.

4 (7) The warrantor shall disapprove warranty claims in writing
5 within 45 days after the date of submission by the dealer in the
6 manner and form prescribed by the warrantor. Claims not specifically
7 disapproved in writing within 45 days shall be construed to be
8 approved and must be paid within 60 days.

9 (8) It is a violation of this chapter for any warrantor to:

10 (a) Fail to perform any of its warranty obligations with respect
11 to its warranted products;

12 (b) Fail to include, in written notices of factory campaigns to
13 recreational vehicle owners and dealers, the expected date by which
14 necessary parts and equipment, including tires and chassis or chassis
15 parts, will be available to dealers to perform the campaign work. The
16 warrantor may ship parts to the dealer to affect the campaign work,
17 and, if such parts are in excess of the dealer's requirements, the
18 dealer may return unused parts to the warrantor for credit after
19 completion of the campaign;

20 (c) Fail to compensate any of its dealers for authorized repairs
21 effected by the dealer of merchandise damaged in manufacture or
22 transit to the dealer, if the carrier is designated by the warrantor,
23 factory branch, distributor, or distributor branch;

24 (d) Fail to compensate any of its dealers for authorized warranty
25 service in accordance with the time allowances set forth in the
26 schedule of compensation if performed in a timely and competent
27 manner;

28 (e) Intentionally misrepresent in any way to purchasers of
29 recreational vehicles that warranties with respect to the
30 manufacture, performance, or design of the vehicle are made by the
31 dealer as warrantor or cowarrantor; or

32 (f) Require the dealer to make warranties to customers in any
33 manner related to the manufacture of the recreational vehicle.

34 (9) It is a violation of this chapter for any dealer to:

35 (a) Fail to perform predelivery inspection functions, as
36 specified by the warrantor, in a competent and timely manner;

37 (b) Fail to perform warranty service work authorized by the
38 warrantor in a reasonably competent and timely manner on any
39 transient customer's vehicle of the same line-make unless the dealer

1 determines that the customer is acting in a manner detrimental to its
2 business;

3 (c) Fail to track actual time expended to perform warranty work
4 not governed by time allowances in the schedule of compensation;

5 (d) Claim an agency relationship with warrantor or manufacturer;
6 or

7 (e) Misrepresent the terms of any warranty.

8 (10) Notwithstanding the terms of any manufacturer/dealer
9 agreement, it is a violation of this chapter for:

10 (a) A warrantor to fail to indemnify, defend, and hold harmless
11 its dealer against any losses or damages to the extent such losses or
12 damages are caused by the negligence or willful misconduct of the
13 warrantor. The dealer may not be denied indemnification or a defense
14 for failing to discover, disclose, or remedy a defect in the design
15 or manufacturing of the recreational vehicle. The dealer shall
16 provide to the warrantor a copy of any suit in which allegations are
17 made that come within this subsection within 10 days after receiving
18 such suit. This subsection shall continue to apply even after the
19 recreational vehicle is titled. Indemnification must include court
20 costs, reasonable attorneys' fees, and expert witness fees incurred
21 by the dealer.

22 (b) A dealer to fail to indemnify, defend, and hold harmless its
23 warrantor against any losses or damages to the extent such losses or
24 damages are caused by the negligence or willful misconduct of the
25 dealer. The warrantor shall provide to the dealer a copy of any suit
26 in which allegations are made that come within this subsection within
27 10 days after receiving such suit. This subsection shall continue to
28 apply even after the recreational vehicle is titled. Indemnification
29 must include court costs, reasonable attorneys' fees, and expert
30 witness fees incurred by the warrantor.

31 **Inspection and Rejection By the Dealer**

32 NEW SECTION. **Sec. 6.** (1)(a) Whenever a new recreational vehicle
33 is damaged prior to transit to the dealer or is damaged in transit to
34 the dealer when the carrier or means of transportation has been
35 selected by the manufacturer or distributor, the dealer shall notify
36 the manufacturer or distributor of the damage within the time frame
37 specified in the manufacturer/dealer agreement and:

1 (i) Request from the manufacturer or distributor authorization to
2 replace the components, parts, and accessories damaged or otherwise
3 correct the damage; or

4 (ii) Reject the vehicle within the time frame set forth in
5 subsection (3) of this section.

6 (b) If the manufacturer or distributor refuses or fails to
7 authorize repair of such damage within 10 days after receipt of
8 notification or if the dealer rejects the recreational vehicle
9 because of damage, ownership of the new recreational vehicle reverts
10 to the manufacturer or distributor.

11 (2) The dealer shall exercise due care in custody of the damaged
12 recreational vehicle, but the dealer shall have no other obligations,
13 financial or otherwise, with respect to that recreational vehicle.

14 (3) The time frame for inspection and rejection by the dealer
15 must be part of the manufacturer/dealer agreement and may not be less
16 than two business days after the physical delivery of the
17 recreational vehicle.

18 **Coercion of Dealer Prohibited**

19 NEW SECTION. **Sec. 7.** (1) A manufacturer or distributor may not
20 coerce or attempt to coerce a dealer to:

21 (a) Purchase a product that the dealer did not order;

22 (b) Enter into an agreement with the manufacturer or distributor;

23 (c) Take any action that is unfair or unreasonable to the dealer;

24 (d) Enter into an agreement that requires the dealer to submit
25 its disputes to binding arbitration or otherwise waive rights or
26 responsibilities provided under this chapter; or

27 (e) Forego exercising a right authorized by a manufacturer/dealer
28 agreement or any law governing the manufacturer/dealer relationship.

29 (2) As used in this section, the term "coerce" includes, but is
30 not limited to, threatening to terminate, cancel, or not renew a
31 manufacturer/dealer agreement without good cause or threatening to
32 withhold product lines or delay product delivery as an inducement to
33 amending the manufacturer/dealer agreement.

34 (3) The dealer bears the burden of proof regarding the prohibited
35 acts described in this section.

36 **Civil Dispute Resolution; Mediation; Relief**

1 NEW SECTION. **Sec. 8.** (1) A dealer, manufacturer, distributor,
2 or warrantor injured by another party's violation of this chapter may
3 bring a civil action in superior court to recover actual damages. The
4 court shall award attorneys' fees and costs to the prevailing party
5 in such action. Venue for any civil action authorized by this section
6 must exclusively be in the county in which the dealership is located.
7 In an action involving more than one dealer, the venue may be in any
8 county in which a dealer who is party to the action is located.

9 (2) Before bringing suit under this section, the party bringing
10 suit for an alleged violation shall serve a written demand for
11 mediation upon the offending party. This subsection does not apply to
12 a proceeding for injunctive relief.

13 (a) The demand for mediation shall be served upon the offending
14 party via certified mail at the address stated within the agreement
15 between the parties or, if the address is not contained in the
16 agreement or the address is no longer valid, the address on the
17 offending party's license filed with the state. In the event of a
18 civil action between two dealers, the demand must be mailed to the
19 address on the dealer's license filed with the state.

20 (b) The demand for mediation must contain a brief statement of
21 the dispute and the relief sought by the party filing the demand.

22 (c) Within 20 days after the date a demand for mediation is
23 served, the parties shall mutually select an independent mediator and
24 meet with the mediator for the purpose of attempting to resolve the
25 dispute. The meeting place must be in this state in a location
26 selected by the mediator. The mediator may extend the date of the
27 meeting for good cause shown by either party or upon stipulation of
28 both parties.

29 (d) The service of a demand for mediation under this subsection
30 stays the time for the filing of any complaint, petition, protest, or
31 action under this chapter until representatives of both parties have
32 met with a mutually selected mediator for the purpose of attempting
33 to resolve the dispute. If a complaint, petition, protest, or action
34 is filed before that meeting, the court shall enter an order
35 suspending the proceeding or action until the meeting has occurred
36 and may, upon written stipulation of all parties to the proceeding or
37 action that they wish to continue to mediate under this subsection,
38 enter an order suspending the proceeding or action for as long a
39 period as the court considers appropriate. A suspension order issued
40 under this subsection may be revoked by the court.

1 (e) The parties to the mediation shall bear their own costs for
2 attorneys' fees and divide equally the cost of the mediator.

3 (3) In addition to the remedies provided in this section and
4 notwithstanding the existence of any additional remedy at law, a
5 dealer or manufacturer may apply to a superior court for the grant,
6 upon a hearing and for cause shown, of a temporary or permanent
7 injunction, or both, restraining any person from acting as a dealer,
8 manufacturer, or distributor without being properly licensed pursuant
9 to this chapter, from violating or continuing to violate any of the
10 provisions of this chapter, or from failing or refusing to comply
11 with the requirements of this chapter. Such injunction shall be
12 issued without bond. A single act in violation of any of the
13 provisions of this chapter is sufficient to authorize the issuance of
14 an injunction.

15 **Penalties**

16 NEW SECTION. **Sec. 9.** This state may suspend or revoke any
17 dealer, manufacturer, or distributor license upon a finding that any
18 such party violated any provision of this chapter. The department may
19 impose, levy, and collect by legal process fines, in an amount not to
20 exceed \$1,000 for each violation, against any person if it finds that
21 such person has violated any provision of this chapter. Such person
22 is entitled to an administrative hearing or other proceeding
23 authorized under state law to contest the action or fine levied, or
24 about to be levied, against the person.

25 **Sec. 10.** RCW 46.96.020 and 2014 c 214 s 2 are each reenacted and
26 amended to read as follows:

27 In addition to the definitions contained in RCW 46.70.011, which
28 are incorporated by reference into this chapter, the definitions set
29 forth in this section apply only for the purposes of this chapter.

30 (1) "Completed vehicle" means a vehicle that requires no further
31 manufacturing operations to perform its intended function.

32 (2) "Dealer management computer system" means a computer hardware
33 and software system that is owned or leased by a new motor vehicle
34 dealer, including the dealer's use of internet applications,
35 software, or hardware, whether located at an existing dealership
36 facility or provided at a remote location, that provides access to
37 customer records and transactions by a motor vehicle dealer located

1 in this state, and that allows the new motor vehicle dealer timely
2 information in order to sell vehicles, parts, or services through the
3 existing dealership facility.

4 (3) "Dealer management computer system vendor" means a seller or
5 reseller of dealer management computer systems, to the extent that
6 the seller or reseller is engaged in such activities.

7 (4) "Designated successor" means:

8 (a) The spouse, biological or adopted child, stepchild,
9 grandchild, parent, brother, or sister of the owner of a new motor
10 vehicle dealership who, in the case of the owner's death, is entitled
11 to inherit the ownership interest in the new motor vehicle dealership
12 under the terms of the owner's will or similar document, and if there
13 is no such will or similar document, then under applicable intestate
14 laws;

15 (b) A qualified person experienced in the business of a new motor
16 vehicle dealer who has been nominated by the owner of a new motor
17 vehicle dealership as the successor in a written, notarized, and
18 witnessed instrument submitted to the manufacturer; or

19 (c) In the case of an incapacitated owner of a new motor vehicle
20 dealership, the person who has been appointed by a court as the legal
21 representative of the incapacitated owner's property.

22 (5) "Final-stage manufacturer" means a person who purchases an
23 incomplete vehicle from a licensed motor vehicle dealer and performs
24 such manufacturing operations that the incomplete vehicle becomes a
25 completed vehicle.

26 (6) "Franchise" means one or more agreements, whether oral or
27 written, between a manufacturer and a new motor vehicle dealer, under
28 which the new motor vehicle dealer is authorized to sell, service,
29 and repair new motor vehicles, parts, and accessories under a common
30 name, trade name, trademark, or service mark of the manufacturer.

31 "Franchise" includes an oral or written contract and includes a
32 dealer agreement, either expressed or implied, between a manufacturer
33 and a new motor vehicle dealer that purports to fix the legal rights
34 and liabilities between the parties and under which (a) the dealer is
35 granted the right to purchase and resell motor vehicles manufactured,
36 distributed, or imported by the manufacturer; (b) the dealer's
37 business is associated with the trademark, trade name, commercial
38 symbol, or advertisement designating the franchisor or the products
39 distributed by the manufacturer; and (c) the dealer's business relies

1 on the manufacturer for a continued supply of motor vehicles, parts,
2 and accessories.

3 (7) "Good faith" means honesty in fact and fair dealing in the
4 trade as defined and interpreted in RCW 62A.2-103.

5 (8) "Incomplete vehicle" means an assemblage consisting of, at a
6 minimum, chassis (including the frame) structure, power train,
7 steering system, suspension system, and braking system, in the state
8 that those systems are to be part of the completed vehicle, but
9 requires further manufacturing operations to become a completed
10 vehicle.

11 (9) A "new motor vehicle" is a vehicle that has not been titled
12 by a state and ownership of which may be transferred on a
13 manufacturer's statement of origin (MSO). "New motor vehicle" does
14 not include recreational vehicles as defined in section 1 of this
15 act.

16 (10) "New motor vehicle dealer" means a motor vehicle dealer
17 engaged in the business of buying, selling, exchanging, or otherwise
18 dealing in new motor vehicles or new and used motor vehicles at an
19 established place of business, under a franchise, sales and service
20 agreement, or contract with the manufacturer of the new motor
21 vehicles. However, "new motor vehicle dealer" does not include a
22 miscellaneous vehicle dealer as defined in RCW 46.70.011(17)(c) or a
23 motorcycle dealer as defined in chapter 46.94 RCW.

24 (11) "Owner" means a person holding an ownership interest in the
25 business entity operating as a new motor vehicle dealer and who is
26 the designated dealer in the new motor vehicle franchise agreement.

27 (12) "Person" means every natural person, partnership,
28 corporation, association, trust, estate, or any other legal entity.

29 (13) "Security breach" means an incident of unauthorized access
30 to and acquisition of records or data containing new motor vehicle
31 dealer or dealer customer information where unauthorized use of the
32 dealer's customer or dealer information has occurred or is reasonably
33 likely to occur or that creates a material risk of harm to the dealer
34 or dealer's customer. Any incident of unauthorized access to and
35 acquisition of records or data containing dealer or dealer customer
36 information, or any incident of disclosure of dealer customer
37 information to one or more third parties that has not been
38 specifically authorized by the dealer or dealer's customer,
39 constitutes a security breach.

1 NEW SECTION. **Sec. 11.** Sections 1 through 9 of this act
2 constitute a new chapter in Title 46 RCW.

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