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**SUBSTITUTE HOUSE BILL 1996**

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**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.

2        **Sec. 3.**

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

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

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

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

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

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

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

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

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

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

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

2        **Sec. 8.**

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

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

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

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

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

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

--- **END** ---