

CHAPTER 161  
FORMERLY  
SENATE SUBSTITUTE NO. 1 FOR  
SENATE BILL NO. 22  
AS AMENDED BY  
SENATE AMENDMENT NO. 1

AN ACT TO AMEND TITLE 21 AND TITLE 30 OF THE DELAWARE CODE RELATING TO RECREATIONAL VEHICLES.

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

Section 1. Amend Title 21 of the Delaware Code by making insertions as shown by underlining and deletions as shown by strike through to read:

Chapter 84. NEW RECREATIONAL VEHICLE OR NEW RECREATIONAL TRAILER  
MANUFACTURER-DEALER AGREEMENTS.

§ 8401. Legislative intent.

(a) The intent of the Legislature is to protect the public health, safety, and welfare of the residents of the State by regulating the relationship among new recreational vehicle dealers, manufacturers, distributors, and suppliers; maintaining competition; and providing consumer protection and fair trade.

(b) The intent of the Legislature is that the provisions of this chapter be applied to manufacturer-dealer agreements in regard to new recreational vehicles, or new recreational trailers, entered into on or after July 1, 2014.

§ 8402. Definitions.

As used in this chapter, the following definitions apply:

(1) "Area of sales responsibility" means the geographical area, agreed to by the new recreational vehicle dealer and the manufacturer in the manufacturer-dealer agreement, within which the new recreational vehicle dealer has the exclusive right to display or sell the manufacturer's new recreational vehicles and new recreational trailers of a particular line-make to the retail public.

(2) "Distributor" means a person, firm, corporation, or business entity that purchases new recreational vehicles or new recreational trailers from a manufacturer for resale to new recreational vehicle dealers.

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

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

(5) "Fifth-wheel trailer" means a vehicle, mounted on wheels, designed to provide temporary living quarters for recreational, camping, or travel use. A "fifth-wheel trailer" must be of such size and weight as to not require a special highway movement permit, and must be designed to be towed by a motorized vehicle that contains a towing mechanism that is mounted above or forward of the tow vehicle's rear axle.

(6) "Folding camping trailer" means a vehicle that is mounted on wheels and constructed with collapsible partial side walls that fold for towing by another vehicle and unfold at the campsite to provide temporary living quarters for recreational, camping, or travel use.

(7) "Line-make" means a specific series of new recreational vehicles or new recreational trailers that:

a. Are identified by a common series trade name or trademark;  
b. Are targeted to a particular market segment, as determined by their decor, features, equipment, size, weight, and price range;

c. Have lengths and interior floor plans that distinguish the new recreational vehicles or new recreational trailers from other new recreational vehicles or new recreational trailers with substantially the same decor, equipment, features, price, and weight;

d. Belong to a single, distinct classification of new recreational vehicle or new recreational trailer types having a substantial degree of commonality in the construction of the chassis, frame, and body; and

e. The manufacturer-dealer agreement authorizes a new recreational vehicle dealer to sell.

(8) "Manufacturer" means a person, firm, corporation, or business entity that engages in the manufacturing of new recreational vehicles or new recreational trailers.

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

(10) "Motor home" means a motor vehicle designed to provide temporary living quarters for recreational, camping, or travel use. A "motor home" must contain at least four of the following permanently installed, independent life-support systems which meet the National Fire Protection Association standard for recreational vehicles:

(i) A cooking facility with an on-board fuel source;

(ii) A potable water supply system that includes at least a sink, a faucet, and a water tank with an exterior service supply connection;

(iii) A toilet with exterior evacuation;

(iv) A gas or electric refrigerator;

(v) A heating or air conditioning system with an on-board power or fuel source separate from the vehicle engine; or

(vi) A 110-125 volt electric power supply.

(11) "New recreational trailer" means a travel trailer, fifth-wheel trailer, or folding camping trailer which has not been titled.

(12) "New recreational vehicle" means a motorhome which has not been titled.

(13) "New recreational vehicle dealer" means a person, firm, corporation, or business entity who is engaged in the business of buying, selling, or exchanging new recreational vehicles or new recreational trailers.

(14) "Proprietary part" means any part manufactured by or for, and sold exclusively by, the manufacturer.

(15) "Supplier" means any person, firm, corporation, or business entity that engages in the manufacturing of new recreational vehicle or new recreational trailer parts, accessories, or components.

(16) "Transient customer" means a customer who is temporarily traveling through a new recreational vehicle dealer's area of sales responsibility.

(17) "Travel trailer" means a vehicle, mounted on wheels, designed to provide temporary living quarters for recreational, camping, or travel use. A "travel trailer" must be of such size and weight as to not require a special highway movement permit when towed by a motorized vehicle.

(18) "Warrantor" means any person, firm, corporation, or business entity, including any manufacturer or supplier that provides a written warranty to the consumer in connection with a new recreational vehicle or new recreational trailer, or parts, accessories, or components thereof. The term "warrantor" does not include service contracts, mechanical or other insurance, or extended warranties sold for separate consideration by a new recreational vehicle dealer or other person not controlled by a manufacturer.

§ 8403. Written agreements and designated territories.

(a) A manufacturer or distributor may not sell a new recreational vehicle or new recreational trailer in this State to or through a new recreational vehicle dealer without having first entered into a written and signed manufacturer-dealer agreement with a new recreational vehicle dealer.

(b) A manufacturer or distributor shall designate the area of sales responsibility exclusively assigned to a new recreational vehicle dealer in a manufacturer-dealer agreement and may not change the area or contract with another new recreational vehicle dealer for the sale of the same line-make in the designated area during the duration of the agreement, except as provided for in §6311(b) of this title.

(c) The area of sales responsibility may not be reviewed or changed without the consent of both parties for 1 year after the execution of the manufacturer-dealer agreement.

(d) Except as provided in subsection (e) of this section, a new recreational vehicle dealer may not sell a new recreational vehicle or new recreational trailer in this State without having first entered into a manufacturer-dealer agreement with a manufacturer or distributor which has been signed by both parties.

(e) A new recreational vehicle dealer may not be prohibited from selling a particular line-make after a manufacturer-dealer agreement has been terminated or not renewed under § 8404 of this chapter, if new recreational vehicles or new recreational trailers of the terminated line-make are not returned or required to be returned to the manufacturer. The new recreational vehicle dealer may continue to sell all-line makes that were subject to the manufacturer-dealer agreement and are currently in stock until those line-makes are no longer in the new recreational vehicle dealer's inventory.

§ 8404. Termination, cancellation, nonrenewal, or alteration of a dealership.

(a) A manufacturer or distributor, directly or through any authorized officer, agent or employee, may not terminate, cancel, or fail to renew a manufacturer-dealer agreement without good cause. If the manufacturer or distributor with good cause terminates, cancels, or fails to renew the manufacturer-dealer agreement, § 8405 of this chapter does not apply.

(b) A manufacturer or distributor has the burden of showing good cause for terminating, canceling, or failing to renew a manufacturer-dealer agreement with a new recreational vehicle dealer. For purposes of determining whether there is good cause for the proposed action, any of the following factors may be considered:

(1) The extent of the affected new recreational vehicle dealer's penetration in the area of sales responsibility.

(2) The nature and extent of the new recreational vehicle dealer's investment in its business.

(3) The adequacy of the new recreational vehicle dealer's service facilities, equipment, parts, supplies, and personnel.

(4) The effect of the proposed action on the community.

(5) The extent and quality of the new recreational vehicle dealer's service under new recreational vehicle or new recreational trailer warranties.

(6) The new recreational vehicle dealer's failure to follow agreed-upon procedures or standards related to the overall operation of the dealership.

(7) The new recreational vehicle dealer's performance under the terms of its manufacturer-dealer agreement.

(c) Except as otherwise provided in this chapter, a manufacturer or distributor shall provide a new recreational vehicle dealer with at least 120 days prior written notice of termination, cancellation, or nonrenewal of the manufacturer-dealer agreement if the new recreational vehicle dealer is being terminated, cancelled, or nonrenewed for good cause.

(1) The notice must state all reasons for the proposed termination, cancellation, or nonrenewal, and must further state that if, within 30 days following receipt of the notice, the new recreational vehicle dealer provides to the manufacturer or distributor a written notice of intent to cure all claimed deficiencies, the new recreational vehicle dealer will then be entitled to the full 120-day notice period, commencing from the new recreational vehicle dealer's receipt of the manufacturer's or distributor's original notice to rectify the deficiencies. If the deficiencies are rectified within the 120-day notice period, the manufacturer's or distributor's notice is voided. If the new recreational vehicle dealer fails to provide the notice of intent to cure the deficiencies in the prescribed 30-day time period, the termination, cancellation, or nonrenewal takes effect 30 days after the new recreational vehicle dealer's receipt of the manufacturer's or distributor's original notice.

(2) The notice period may be reduced to 30 days if the manufacturer's or distributor's grounds for termination, cancellation, or nonrenewal are due to any of the following good cause factors:

a. A new recreational vehicle dealer being convicted of, or entering a plea of *nolo contendere* to, a felony;

b. The abandonment or closing of the business operations of the new recreational vehicle dealer for 10 consecutive business days unless the closing is due to an act of God, strike, labor difficulty, or other cause over which the new recreational vehicle dealer has no control;

c. A significant misrepresentation by a new recreational vehicle dealer that materially affects the business relationship between the new recreational vehicle dealer and the manufacturer or distributor;

d. A suspension or revocation of a new recreational vehicle dealer's license, or refusal to renew the new recreational vehicle dealer's license, by the Division of Motor Vehicles;

e. A material violation of this chapter which the new recreational vehicle dealer does not cure within 30 days after written notice by the manufacturer or distributor; or

f. A declaration by a new recreational vehicle dealer of bankruptcy, insolvency, or the occurrence of an assignment for the benefit of creditors or bankruptcy;

(d) A new recreational vehicle dealer may terminate, cancel, or not renew its manufacturer-dealer agreement with a manufacturer or distributor with or without good cause by giving 30-days written notice. In the case of a new recreational vehicle dealer terminating, cancelling, or failing to renew a manufacturer-dealer agreement for good cause, the notice must state all the reasons for the proposed termination, cancellation, or nonrenewal, and must further state that if, within 30 days following receipt of the notice, the manufacturer or distributor provides to the new recreational vehicle dealer a written notice of intent to cure all claimed deficiencies, the manufacturer or distributor will then be entitled to a 90-day notice period commencing from the manufacturer's receipt of the new recreational vehicle dealer's original notice. If the deficiencies are rectified within the 90-day notice period, the new recreational vehicle dealer's notice is voided. If the manufacturer or distributor fails to provide the notice of intent to cure the deficiencies in the prescribed 30-day time period, the termination, cancellation, or nonrenewal takes effect 30 days after the manufacturer's or distributor's receipt of the new recreational vehicle dealer's original notice, unless the parties agree otherwise in writing.

(e) If the new recreational vehicle dealer terminates, cancels or fails to renew a manufacturer-dealer agreement without good cause, the provisions of § 8405 of this chapter do not apply. If the new recreational vehicle dealer terminates, cancels, or fails to renew the manufacturer-dealer agreement with good cause, § 8405 of this chapter applies. The new recreational vehicle dealer has the burden of showing good cause. Any of the following items are considered "good cause" for a proposed termination, cancellation, or nonrenewal action by the new recreational vehicle dealer:

(1) A manufacturer or distributor being convicted of, or entering a plea of nolo contendere to, a felony.

(2) The business operations of a manufacturer or distributor have been abandoned or closed for 10 consecutive business days, unless the closing is due to an act of God, strike, labor difficulty, or other cause over which the manufacturer has no control.

(3) A significant misrepresentation by a manufacturer or distributor that materially affects the business relationship between the manufacturer and the new recreational vehicle dealer.

(4) A material violation of this chapter which the manufacturer or distributor does not cure within 30 days after written notice by the new recreational vehicle dealer.

(5) A declaration by a manufacturer or distributor of bankruptcy, insolvency, or the occurrence of an assignment for the benefit of creditors or bankruptcy.

§ 8405. Repurchase of inventory.

(a) If a new recreational vehicle dealer terminates, cancels, or fails to renew a manufacturer-dealer agreement for good cause as defined in § 8404(e) of this chapter and the manufacturer fails to cure the claimed deficiencies as provided in § 8404(d) of this chapter, at the election of the new recreational vehicle dealer and within 45 days after termination, cancellation, or nonrenewal, the manufacturer shall, repurchase:

(1) All new, untitled recreational vehicles and recreational trailers that were acquired from the manufacturer or distributor within 12 months before the effective date of the notice of termination, cancellation, or nonrenewal that have not been used, except for demonstration purposes, and that have not been altered or damaged, at 100 percent of the net invoice cost, including transportation, less applicable rebates and discounts to the new recreational vehicle dealer. If any of the vehicles repurchased pursuant to this subdivision are damaged, but do not trigger a consumer disclosure requirement, the amount due the new recreational vehicle dealer must be reduced by the cost to repair the vehicle. Damage prior to delivery to the new recreational vehicle dealer that is disclosed at the time of delivery will not disqualify repurchase under this provision.

(2) All undamaged accessories and proprietary parts sold to a new recreational vehicle dealer for resale within the 12 months prior to termination, cancellation, or nonrenewal, if accompanied by the original invoice, at 105 percent of the original net price paid to the manufacturer or distributor to compensate the new recreational vehicle dealer for handling, packing, and shipping the parts; and

(3) Any properly functioning diagnostic equipment, special tools, current signage, and other equipment and machinery at 100 percent of the new recreational vehicle dealer's net cost plus freight, destination, delivery, and distribution charges and sales taxes, if any, if the items were purchased by the new recreational vehicle dealer within 5 years before termination, cancellation, or nonrenewal upon the manufacturer's or distributor's request, and can no longer be used in the normal course of the new recreational vehicle dealer's ongoing business.

(b) The manufacturer or distributor shall pay the new recreational vehicle dealer within 30 days after receipt of the items returned pursuant to this section.

§ 8406. Transfer of dealership; family succession.

(a) If a new recreational vehicle dealer desires to make a change in ownership by the sale of the business assets, stock transfer, or otherwise, the new recreational vehicle dealer shall give the manufacturer or distributor written notice at least 15 business days before the closing, along with all supporting documentation that may be reasonably required by the manufacturer or distributor to determine if an objection to the sale may be made. In the absence of a breach by the selling new recreational vehicle dealer of its manufacturer-dealer agreement or a provision of this chapter, the manufacturer or distributor may not object to the proposed change in ownership unless the prospective transferee:

(1) Has previously been terminated by the manufacturer for breach of its manufacturer-dealer agreement;

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

(3) Lacks a license required by law;

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

(5) Has undergone in the last 10 years bankruptcy, insolvency, a general assignment for the benefit of creditors, or the appointment of a receiver, trustee, or conservator to take possession of the transferee's business or property.

(b) If the manufacturer or distributor objects to a proposed change of ownership pursuant to subsection (a) of this section, the manufacturer or distributor shall give written notice of its reasons to the new recreational vehicle dealer within 10 business days after receipt of the new recreational vehicle dealer's notification and all supporting documentation. The manufacturer or distributor has the burden of proof with regard to its objection. If the manufacturer or distributor does not give timely notice of its objection, the change of ownership is deemed approved.

(c) It is unlawful for a manufacturer or distributor to fail to provide a new recreational vehicle dealer with an opportunity to designate, in writing, a family member as a successor to the dealership in the event of the death, incapacity, or retirement of the new recreational vehicle dealer. It is unlawful to prevent or refuse to honor the succession to a dealership by a family member of the deceased, incapacitated, or retired new recreational vehicle dealer, unless the manufacturer or distributor has provided to the new recreational vehicle dealer written notice of its objections within 10 days after receipt of the new recreational vehicle dealer's modification of the new recreational vehicle dealer's succession plan. In the absence of a breach of the manufacturer-dealer agreement, the manufacturer or distributor may object to the succession for the following reasons only:

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

(2) Bankruptcy or insolvency of the successor during the past 10 years;

(3) Prior termination by the manufacturer or distributor of the successor for breach of a manufacturer-dealer agreement;

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

(5) The lack of a license for the successor required by law.

(d) A manufacturer or distributor has the burden of proof regarding its objection under subsection (c) of this section. However, a family member may not succeed to a dealership if the succession involves, without the manufacturer's or distributor's consent, a relocation of the business or an alteration of the terms and conditions of the manufacturer-dealer agreement.

§ 8407. Warranty obligations.

(a) A warrantor shall:

(1) Specify in writing to each of its new recreational vehicle dealers all new recreational vehicle dealer obligations, if any, for preparation, delivery, and warranty service on its products;

(2) Compensate the new recreational vehicle dealer for performing warranty service required of the new recreational vehicle dealer by the warrantor; and

(3) Provide the new recreational vehicle dealer with a schedule of compensation to be paid and the time allowances for the performance of any work and service. The schedule of compensation must include reasonable compensation for diagnostic work as well as for warranty labor.

(b) Time allowances for the diagnosis and performance of warranty labor must be reasonable for the work to be performed. In the determination of what constitutes reasonable compensation under this section, the principal factors to be given consideration are the actual wage rates being paid by the new recreational vehicle dealer, and the actual retail labor rate being charged by the new recreational vehicle dealers in the community in which the new recreational vehicle dealer is doing business. The compensation of a new recreational vehicle dealer for warranty labor may not be less than the lowest retail labor rates actually charged by the new recreational vehicle dealer for like nonwarranty labor, as long as such rates are reasonable.

(c) A warrantor shall reimburse a new recreational vehicle dealer for warranty parts at actual wholesale cost plus a minimum 30-percent handling charge and the cost, if any, of freight to return warranty parts to the warrantor.

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

(e) A new recreational vehicle dealer shall submit warranty claims within 30 days after completing work.

(f) A new recreational vehicle dealer shall immediately notify a warrantor, verbally or in writing, if the new recreational vehicle dealer is unable to perform any warranty repairs within 10 days of receipt of verbal or written complaints from a consumer.

(g) A warrantor shall disapprove warranty claims in writing within 30 days after the work is completed and submitted by the new recreational vehicle dealer in the manner and form prescribed by the warrantor. Claims not specifically disapproved in writing within 30 days are construed to be approved and must be paid within 45 days after the work is completed and the claim submitted.

(h) It is a violation of this chapter for a warrantor to:

(1) Fail to perform any of its warranty obligations with respect to its warranted products;

(2) Fail to include, in written notices of factory campaigns to new recreational vehicle or new recreational trailer owners and new recreational vehicle dealers, the expected date by which necessary parts and equipment, including tires and chassis or chassis parts, will be available to new recreational vehicle dealers to perform the campaign work. A warrantor may ship parts to a new recreational vehicle dealer to effect the campaign work, and, if the parts are in excess of the new recreational vehicle dealer's requirements, the new recreational vehicle dealer may return unused parts to the warrantor for credit after completion of the campaign;

(3) Fail to compensate any of its new recreational vehicle dealers for authorized repairs effected by the new recreational vehicle dealer of merchandise damaged in manufacture or transit to the new recreational vehicle dealer, if the carrier is selected by the warrantor, factory branch, distributor, or distributor branch;

(4) Fail to compensate any of its new recreational vehicle dealers in accordance with the schedule of compensation provided to the new recreational vehicle dealer pursuant to this section, if performed in a timely and competent manner;

(5) Intentionally misrepresent in any way to purchasers of new recreational vehicles or new recreational trailers that warranties with respect to the manufacture, performance, or design of the vehicle are made by the new recreational vehicle dealer as warrantor or co-warrantor; or

(6) Require a new recreational vehicle dealer to make warranties to customers in any manner related to the manufacture of the new recreational vehicle or new recreational trailer.

(i) It is a violation of this chapter for a new recreational vehicle dealer to:

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

(2) Fail to perform warranty service work authorized by the warrantor in a competent and timely manner on any transient customer's vehicle of the same line-make;

(3) Fail to accurately document the time spent completing each repair, the total number of repair attempts conducted on a single unit, and the number of repair attempts for the same repair conducted on a single vehicle;

(4) Fail to notify the warrantor within 10 days of a second repair attempt which impairs the use, value or safety of the vehicle;

(5) Fail to maintain written records, including a consumer's signature, regarding the amount of time a unit is stored for the consumer's convenience during a repair; or,

(6) Make fraudulent warranty claims or misrepresent the terms of a warranty.

#### § 8408. Indemnification.

Notwithstanding the terms of any manufacturer-dealer agreement, it is a violation of this chapter for:

(1) A warrantor to fail to indemnify and hold harmless its new recreational vehicle dealer against any losses or damages to the extent that the losses or damages are caused by the negligence or willful misconduct of the warrantor. A new recreational vehicle dealer may not be denied indemnification for failing to discover, disclose, or remedy a defect in the design or manufacturing of a new recreational vehicle or new recreational trailer. A new recreational vehicle dealer may be denied indemnification if the new recreational vehicle dealer fails to remedy a known and announced defect in accordance with the written instructions of a warrantor for whom the new recreational vehicle dealer is obligated to perform warranty service. A new recreational vehicle dealer shall provide to a warrantor a copy of any pending law suit in which allegations are made that are covered by the provisions of this subsection within 10 days after receiving such suit. Notwithstanding anything to the contrary, this paragraph shall continue to apply even after the new recreational vehicle or new recreational trailer is titled.

(2) A new recreational vehicle dealer to fail to indemnify and hold harmless its warrantor against any losses or damages to the extent that the losses or damages are caused by the negligence or willful misconduct of the new recreational vehicle dealer. A warrantor shall provide to a new recreational vehicle dealer a copy of any pending law suit or similar proceeding in which allegations are made that come within the provisions of this subsection within 10 days after receiving such suit. Notwithstanding anything to the contrary, this paragraph shall continue to apply even after the new recreational vehicle or new recreational trailer is titled.

#### § 8409. Inspection and rejection by the dealer.

(a) If a new recreational vehicle or new recreational trailer is damaged prior to transit to a new recreational vehicle dealer or is damaged in transit to the new recreational vehicle dealer when the carrier or means of transportation has been selected by the manufacturer or distributor, the new recreational vehicle dealer shall notify the manufacturer or distributor of the damage within the timeframe specified in the manufacturer-dealer agreement and:

(1) Shall request from the manufacturer or distributor authorization to replace the components, parts, and accessories damaged or to otherwise correct the damage; or

(2) Shall reject the vehicle within the timeframe set forth in subsection (d) of this section.

(b) If a manufacturer or distributor refuses or fails to authorize repair of damage pursuant to subsection (a) of this section within ten days after receipt of notification, or if the new recreational vehicle dealer rejects the new recreational vehicle or new recreational trailer because of damage, ownership of the new recreational vehicle or new recreational trailer reverts to the manufacturer or distributor.

(c) A new recreational vehicle dealer shall exercise due care while the damaged new recreational vehicle or new recreational trailer is in the new recreational vehicle dealer's custody, but the new recreational vehicle dealer has no other obligations, financial or otherwise, with respect to the vehicle.

(d) The timeframe for inspection and rejection of a new recreational vehicle or new recreational trailer by a new recreational vehicle dealer must be part of the manufacturer-dealer agreement and may not be less than 2 business days after the physical delivery of the vehicle.

(e) A new recreational vehicle or new recreational trailer that has, at the time of delivery to a new recreational vehicle dealer, an unreasonable amount of miles on its odometer as determined by the new recreational vehicle dealer, may be subject to rejection by the new recreational vehicle dealer and reversion of the vehicle to the manufacturer or distributor. In no instance may a new recreational vehicle dealer deem an amount less than the distance between the new recreational vehicle dealer and the manufacturer's factory or a distributor's point of distribution, plus 100 miles, as unreasonable.

§ 8410. Coercion of new recreational vehicle dealer prohibited.

(a) A manufacturer or distributor may not coerce or attempt to coerce a new recreational vehicle dealer to:

(1) Purchase a product that the new recreational vehicle dealer did not order;

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

(3) Enter into an agreement that requires the new recreational vehicle dealer to submit its disputes to binding arbitration or otherwise waive rights or responsibilities provided under this chapter.

(b) As used in this section, the term "coerce" includes, but is not limited to, threatening to terminate, cancel, or not renew a manufacturer-dealer agreement without good cause; or threatening to withhold product lines that the new recreational vehicle dealer is entitled to purchase pursuant to the manufacturer-dealer agreement; or threatening to delay product delivery as an inducement to amending the manufacturer-dealer agreement.

§ 8411. Mediation

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

(b) Prior to bringing suit under this chapter, the plaintiff shall serve upon the offending party a written demand for mediation. Mediation must take place in accordance with this section; Title 6, Chapter 77 does not apply.

(1) In the case of a manufacturer, distributor, or new recreational vehicle dealer, a demand for mediation must be served upon the other party via certified mail at the address stated within the manufacturer-dealer agreement between the parties. In the case of a different warrantor, the notice must be sent via certified mail to the address identified in the warrantor's warranty, with a copy to the manufacturer or distributor.

(2) A demand for mediation must contain a brief statement of the dispute and the relief sought by the party filing the demand.

(3) Within 20 days after the date on which a demand for mediation is served, the parties shall mutually select an independent certified mediator and meet with that mediator for the purpose of attempting to resolve the dispute. The meeting place must be in this State in a location selected by the mediator. The mediator may extend the date of the meeting for good cause shown by either party or upon stipulation by both parties.

(4) The service of a demand for mediation under this section tolls the time for the filing of a complaint, petition, protest, or other action under this chapter until representatives of both parties have met with a



mutually selected mediator for the purpose of attempting to resolve the dispute. If a complaint, petition, protest, or other action is filed before meeting with the mediator, the court shall enter an order suspending the proceeding or action until mediation has occurred, and, upon written stipulation by all parties to the proceeding or action that they wish to continue to mediate under this section, the court shall enter an order suspending the proceeding or action for as long a period as the court considers appropriate.

(5) The parties to the mediation shall bear their own costs for attorney's fees and divide equally the cost of the mediator.

(c) In addition to the remedies provided in this section and notwithstanding the existence of any additional remedy at law, a manufacturer, distributor, warrantor, or new recreational vehicle dealer may make application to a court of competent jurisdiction for the grant, upon a hearing and for cause shown, of a temporary or permanent injunction, or both, restraining any person from acting as a new recreational vehicle dealer without being properly licensed, from violating or continuing to violate any of the provisions of this chapter, or from failing or refusing to comply with the requirements of this chapter or §6311(b) of this Title. An injunction must be issued without bond. A single act in violation of the provisions of this chapter is sufficient for a court to authorize the issuance of an injunction.

§ 8412. Regulations.

The Division of Motor Vehicles shall have the authority to promulgate and adopt rules and regulations necessary to carry out the provisions of this chapter.

Section 2. Amend Chapter 63, Title 21, Delaware Code by making insertions as shown by underlining and deletions as shown by strikethrough as follows:

§ 6301. Definitions.

As used in this chapter:

~~(7) "Franchised Motor Vehicle Dealer" means a dealer in new vehicles that has a franchise agreement with a manufacturer or distributor of vehicles.~~

"Franchised Motor Vehicle dealer" means a dealer in new vehicles that has a franchise agreement with a manufacturer or distributor of vehicles or, in the case of a recreational vehicle dealer, has a manufacturer-dealer agreement with a manufacturer of distributor to sell a particular line-make of new recreational vehicle or new recreational trailer. As used in this section, the term "line-make" is defined in § 8402(6) of this title.

(8) "Vehicle" means motor vehicles, trailers, recreational vehicles, recreational trailers, mobile homes, and any other device, in, upon, or by which any person or property is or may be transported or drawn upon a public highway, excepting devices moved by animal power, human power, off-highway vehicles, special mobile equipment and farm equipment.

(9) "Wholesale ~~D~~ dealer" means a dealer who may sell vehicles only to another dealer or licensed auto auction.

§ 6303. Location requirements; ~~and~~ records.

(a) Except as provided in § 6311(b), no dealers license shall be issued to any vehicle dealer unless the dealership has an established place of business owned, rented, or leased by the dealership and which:

(1) Satisfies all local zoning requirements. Zoning approval shall be submitted to the Division when the application is submitted;

(2) Has sales and office space devoted to the dealership and has adequate display space for 5 or more vehicles, and, in the case of a new recreational vehicle dealer, has a service facility;

(3) Has a telephone installed in the office and listed in the business name;

(4) Has adequate liability insurance as required by § 2118 of this title;

(5) Has a sign on the premises measuring at least 24 x 36 inches which lists the dealership's approved name.

(b) The dealership office shall maintain and have adequate file cabinets to maintain records required by the Department. All dealer records regarding purchases, sales, transfers of ownership, collection of vehicle document fees, titling, registration fees, odometer disclosure statements, temporary license plates and records of

dealer registration plates assigned to the dealer shall be maintained on the premises of the licensed location. All records shall be maintained for a minimum of 5 years. The Director may, on written request by a dealer, permit records to be maintained at a location other than the premises of the licensed location for good cause shown.

(c) Every dealer shall have in its possession a certificate of title assigned to the dealership or other documentary evidence of the dealer's right to the possession of, and for, every ~~motor~~ vehicle in the dealership's possession or on the dealership premises.

(d) During business hours, the records of the dealership shall be open to inspection by Department officials, any police officer or any duly authorized investigator at the Department of Justice while discharging their official duties.

§ 6311. License requirements.

(a) In the event any dealer intends to change a licensed location, the dealer shall provide the Division of Motor Vehicles advance written notice. A successful inspection of the new location shall be required prior to approval of a change of location by the dealer. All requirements of § 6303 of this title shall be completed prior to final approval.

(b) Notwithstanding anything herein to the contrary, a recreational vehicle dealer may sell and display new and used recreational vehicles or recreational trailers at trade or public retail vehicle shows, rallies, or exhibitions, including those in enclosed malls, for up to 14 days per event, provided that:

(1) Delaware recreational vehicle dealers outside of their "area of sales responsibility," as the term is defined in §8402(1) of this title, do not exhibit, sell or offer for sale the same line-make of recreational vehicle or recreational trailers as a Delaware dealer whose area of sales responsibility encompasses the location of the recreational vehicle trade show or public retail vehicle show, or rally or exhibition, where the term "line-make" has the same meaning as defined in § 8402(6) of this title; and without the written permission of the dealer whose area of responsibility encompasses the show, rally, or exhibition site;

(2) An out-of-state recreational vehicle dealer, without an established place of business in Delaware, must meet all of the following conditions:

(i) The dealer must be from a state contiguous to Delaware that permits Delaware dealers to participate in recreational vehicle trade shows, or public retail vehicle shows, or rallies, or exhibitions, including those in enclosed malls, in the dealer's state under conditions substantially equivalent to those imposed on out-of-state dealers by Delaware;

(ii) The dealer must be in compliance with the laws of the dealer's state of residence;

(iii) The recreational vehicle trade show or public retail vehicle show, or rally, or exhibition in which the dealer is participating must have a minimum of three (3) participating dealers, the majority of which are from Delaware;

(iv) The dealer may not exhibit, sell, or offer for sale the same line-make of recreational vehicle or recreational trailers as a Delaware dealer who is participating in the same recreational vehicle trade show or public retail vehicle show, rally, or exhibition without the Delaware dealer's written permission, where the term "line-make" has the same meaning as defined in § 8402(6) of this title; and

(3) In the event that an out of state dealer is in violation of 6311(b)(2), the affected in-state dealer may bring a cause of action pursuant to 8411(c).

§ 6312. Issuance of dealer license.

~~The Department, u~~ Upon receiving an dealer license application for approval, and ~~when~~ satisfied that the applicant is of good character and, so far as can be ascertained, the applicant has complied with and will comply with, the laws of this and other states, the Department shall approve the application and issue a dealer license. ~~The approval shall~~ A license entitles ~~the~~ a dealer to carry on and conduct the business of a dealer during the calendar year in which ~~approval~~ the license is issued. Franchised new vehicle dealers must provide the Division a copy of the franchise agreement, or, in the case of a recreational vehicle dealer, a manufacturer-dealer agreement, prior to being licensed as a new vehicle dealer.

§ 6313. Grounds for denying renewal of dealer license; ~~or~~ suspension or revocation of license.

A dealer license applied for or issued pursuant to this chapter may be denied, suspended, or revoked for any one of the following reasons:

(1) Material misstatement or omission on the application for a dealer license.

(2) Failure to maintain an established place of business, business phone or Division of Revenue Dealer Business License.

(3) Failure to comply subsequent to receipt from the Division of a cease and desist order; or a written warning or arrest; or failure to comply with this title and Title 30.

(4) Conviction of the dealership of any fraudulent or criminal act in violation of Title 11 in connection with the business of selling vehicles.

(5) Failure to maintain a service facility, if the licensee is a dealer of new recreational vehicles. Recreational vehicle dealers with multiple locations in Delaware may maintain a service facility at one location to satisfy this requirement.

§ 6317. Cease and desist orders and injunctive relief.

In addition to the legal remedies provided for in this chapter, the Division of Motor Vehicles is authorized to issue cease and desist orders to any person, corporation, partnership, proprietorship or other legal entity who violates this chapter. The Division is also authorized to file a complaint for injunctive relief with the Court of Chancery upon notice that a cease and desist order is violated. The Chancery Court is authorized to award attorney fees and costs to the Division if a preliminary or permanent injunction is granted by the court. Nothing herein shall prevent the Attorney General from seeking any other civil remedy or criminal sanction for any conduct constituting a violation of this chapter.

Section 4. Severability. If any provision of this Act or the application thereof to any person or circumstance is held invalid, the invalidity shall not affect other provisions or applications of the Act which can be given effect without the invalid provision or application and, to this end, the provisions of this Act are declared severable.

Section 5. Effective date. The provisions of this chapter only apply to manufacturer-dealer agreements entered into on or after July 1, 2014.

Approved August 05, 2013