



# State of Tennessee

## PUBLIC CHAPTER NO. 781

SENATE BILL NO. 1980

By Massey

Substituted for: House Bill No. 2471

By Calfee

AN ACT to amend Tennessee Code Annotated, Title 55, relative to recreational vehicles.

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

SECTION 1. Tennessee Code Annotated, Section 55-1-104, is amended by deleting subsection (b) in its entirety and substituting instead the following:

(b) "Motor home" has the same meaning as defined in § 55-54-102.

SECTION 2. Tennessee Code Annotated, Section 55-17-102(16), is amended by deleting the following language:

"motor home" as defined in § 55-1-104;

SECTION 3. Tennessee Code Annotated, Section 55-17-102, is further amended by deleting the language contained in subdivision (23) and substituting instead the following language:

"Recreational vehicle" has the same meaning as defined in § 55-54-102;

SECTION 4. Tennessee Code Annotated, Section 55-17-102, is further amended by:

(1) Deleting the language "or recreational vehicles" wherever it appears in subdivision (17) and substituting instead the language "or used recreational vehicles";

(2) Adding the following language to the end of subdivision (16):

and does not include a recreational vehicle as defined in § 55-54-102;

(3) Deleting the language contained in subdivision (18) and substituting instead the following language:

"Motor vehicle salesperson" or "vehicle salesperson" means any person who is not excluded by subdivision (19), and who is:

(A) Employed by a licensed motor vehicle dealer who is engaged in the business of effecting or attempting to effect the sale or purchase of motor vehicles or used recreational vehicles owned by some other person to residents of the state, for which service some form of remuneration is expected, whether the remuneration be designated as a salary, fee commission, rental, or otherwise, and regardless of whether the remuneration is paid by the buyer, seller, or a third party; or

(B) Employed by a recreational vehicle dealer licensed pursuant to part 4 of this chapter, and who is engaged in the business of effecting or attempting to effect the sale or purchase of recreational vehicles or used motor vehicles owned by some other person to residents of the state, for which service some form of remuneration is expected, whether the remuneration be designated as a salary, fee commission, rental, or otherwise,

and regardless of whether the remuneration is paid by the buyer, seller, or a third party;

(4) Adding the following language as a new subdivision (F) in subdivision (19):

(F) A recreational vehicle dealer licensed pursuant to part 4 of this chapter engaged in the business of selling, offering to sell, soliciting, or advertising the sale of new or used recreational vehicles or used motor vehicles pursuant to § 55-17-419;

(5) Deleting subdivisions (4) and (25) in their entireties.

SECTION 5. Tennessee Code Annotated, Section 55-17-110, is amended by deleting subsections (c) and (d) and substituting instead the following:

(c) No motor vehicle dealer or recreational vehicle dealer as defined in § 55-17-401 shall hire any person for the purpose of selling motor vehicles or recreational vehicles or for acting in the capacity of a motor vehicle salesperson without first determining that the person is duly licensed as a motor vehicle salesperson.

(d) No motor vehicle salesperson shall sell or attempt to sell any motor vehicle or recreational vehicle for any motor vehicle dealer or recreational vehicle dealer, unless the motor vehicle salesperson is employed by the motor vehicle dealer or recreational vehicle dealer having an interest in the sale of the motor vehicle or recreational vehicle.

SECTION 6. Tennessee Code Annotated, Section 55-17-106(a)(4), is amended by adding the language "and part 4 of this chapter" immediately after the phrase "of this part".

SECTION 7. Tennessee Code Annotated, Section 55-17-107, is amended by adding the language "and part 4 of this chapter" immediately after the phrase "of this part".

SECTION 8. Tennessee Code Annotated, Section 55-17-114, is amended by deleting subdivisions (b)(1)(M) and (c)(26) in their entireties and by adding the language "or part 4 of this chapter" immediately after the language "under this part" wherever it appears in subdivisions (a)(1)(A) and (a)(1)(B).

SECTION 9. Tennessee Code Annotated, Section 55-17-128, is amended by deleting the section in its entirety.

SECTION 10. Tennessee Code Annotated, Title 55, Chapter 17, is amended by adding the following as a new part:

**55-17-401.** As used in this part, unless the context otherwise requires:

(1) "Closed title" means an executed certificate of title indicating the recreational vehicle dealer as the current owner or transferee;

(2) "Commission" means the Tennessee motor vehicle commission;

(3) "Distributor" means any person who in whole or in part sells or distributes any new and unused recreational vehicles to recreational dealers or who maintains distributor representatives;

(4) "Established place of business" means a permanent structure or structures owned, leased, or rented by a recreational vehicle dealer providing signs, facilities, and office space used exclusively for buying, selling, displaying, advertising, demonstrating, servicing, or repairing recreational vehicles or functional or nonfunctional parts of recreational vehicles and where replacement parts, repair tools, and equipment as well as the books and records needed to conduct the business are kept. The structure or structures must be physically apart from any other business and shall not include a private residence of any sort, tent, or temporary stand;

(5) "Factory representative" means a representative employed by a manufacturer for the purpose of making or promoting the sale of recreational vehicles or for supervising, servicing, instructing, procuring, controlling, or contacting for any reason recreational vehicle dealers or prospective recreational vehicle dealers or their employees;

(6) "Fraud" includes:

(A) A misrepresentation in any manner, whether intentionally false or due to gross negligence, of a material fact;

(B) A promise or representation not made honestly and in good faith;  
or

(C) An intentional failure to disclose a material fact;

(7) "Manufacturer" means any person who manufactures or assembles new and unused recreational vehicles, or who maintains factory representatives;

(8) "Person" means every natural person, partnership, corporation, association, trust, estate, or any other legal entity;

(9) "Recreational vehicle" has the same meaning as defined in § 55-54-102;

(10) "Recreational vehicle dealer":

(A) Means a person engaged in the business of selling, offering to sell, soliciting, or advertising the sale of new or used recreational vehicles or used motor vehicles pursuant to § 55-17-419, or possessing such vehicles for the purpose of resale, either on that person's own account or on behalf of another, either as that person's primary business or incidental to that person's business; and

(B) Does not include:

(i) Receivers, trustees, administrators, executors, guardians, or other persons appointed by or acting under a judgment or order of any court;

(ii) Public officers while performing or in the operation of their duties;

(iii) Employees of persons, corporations, or associations described in subdivision (10)(B)(i) when engaged in the specific performance of their duties as employees;

(iv) A motor vehicle dealer licensed pursuant to part 1 of this chapter not engaged in the business of selling, offering to sell, soliciting, or advertising the sale of new recreational vehicles;

(v) News or other advertising media and their employees while in the performance of their usual duties with regard to the sale of advertising; or

(vi) All banks, finance companies, loan companies, insurance companies, auto body shops, or garages that have not obtained a recreational vehicle for the purpose of resale, selling, or offering to sell used recreational vehicles directly to the public without the intervention of any other person, when these sales are merely incidental to their primary business activities;

(11) "Sale" means the issuance, transfer, agreement for transfer, exchange, pledge, hypothecation, or mortgage in any form, whether by transfer in trust or otherwise, of any recreational vehicle or interest in such vehicle, as well as any option, subscription or other contract, or solicitation looking to sell, offer, or attempt to sell in any form, whether spoken or written. A gift or delivery of any recreational vehicle as a bonus on account of the sale of another vehicle or otherwise shall be deemed a sale of the recreational vehicle; and

(12) "Vehicle salesperson" means a person licensed as a motor vehicle salesperson pursuant to part 1 of this chapter.

**55-17-402.**

The commission is vested with those powers and duties necessary and proper to enable it to fully and effectively carry out the provisions and objectives of this part, including, but not limited to:

(1) The authority to promulgate reasonable substantive and procedural rules as they relate to the operation of this part and pursuant to the Uniform Administrative Procedures Act, compiled in title 4, chapter 5; and

(2) The authority to prescribe all forms to be used by the commission in the transaction of its business including application, license, compliance, and financial forms.

**55-17-403.**

(a) No person shall engage in business as, serve in the capacity of, or act as a manufacturer, recreational vehicle factory representative, or recreational vehicle dealer, without first obtaining a license as required in this part.

(b) It is unlawful for any person to commercially engage in any activity involving the distribution or sale of any recreational vehicles or used motor vehicles pursuant to § 55-17-419 without first qualifying for and obtaining a license or licenses specifically authorized by this part or, in the case of vehicle salespersons, part 1 of this chapter, unless the requirement for licensure is specifically exempted by statute.

**55-17-404.**

(a) Any person engaging, acting, or serving in more than one (1) of the activities for which a license is required under § 55-17-403 or having more than one (1) location where the business is carried on or conducted, is required to obtain and hold a separate, current license for each activity in which the person is engaged for each location.

(b) No recreational vehicle dealer shall hire any person for the purpose of selling recreational vehicles, or for acting in the capacity of a vehicle salesperson, without first determining that the person is duly licensed as a vehicle salesperson.

(c) No vehicle salesperson shall sell or attempt to sell any recreational vehicle for any recreational vehicle dealer, unless the vehicle salesperson is employed by the recreational vehicle dealer having an interest in the sale of the recreational vehicle.

(d) No person licensed under this section shall give, pay, or in any manner compensate any other person for services rendered as a vehicle salesperson without first engaging or employing the person in the capacity of a vehicle salesperson.

**55-17-405.**

(a) The commission shall prescribe and provide forms to be used for applications for licenses and for the renewals thereof to be issued under the terms and provisions of this part, and require all applicants and their enfranchised manufacturers, as a condition precedent to the issuance of a license, to provide information touching on and concerning the applicant's character, honesty, integrity, reputation, business relationships, and ability as the commission may deem necessary; provided, that every application for a new recreational vehicle dealer's license shall contain, in addition to any information the commission may require, a statement as to the following facts:

(1) The applicant's name and residential address and the trade name, if any, under which the applicant intends to conduct business;

(2) If the applicant is a partnership, each partner's name and residential address, whether a limited or general partner, and the name under which the partnership business is to be conducted;

(3) If the applicant is a corporation, the name of the corporation and the name and address of each of its principal officers, directors, and all persons owning more than five percent (5%) of outstanding shares of stock issued by the corporation;

(4) The names of any inventory financiers, including floor planners used by the dealership. Applicants shall provide this information to the commission and keep it current;

(5) A complete description, including the city, town, or village with the street and number, if any, of the permanent, established place of business

and any other additional place or places of business as shall be operated and maintained by the applicant in conjunction with the permanent, established place of business;

(6) A financial statement prepared in accordance with generally accepted accounting principles by a certified public accountant or public accountant dated not earlier than twelve (12) months prior to the date of the application and copies of the most current financial information furnished to the manufacturer, distributor, or their representatives under the terms of any franchise agreements; and

(7) A duly executed service agreement on forms provided by the commission with a factory authorized service or repair garage within a reasonable distance from the applicant's established place of business if the recreational vehicle dealer applicant does not have facilities at the dealer's established place of business to service or repair recreational vehicles.

(b) All applications for licenses required to be obtained under this part shall be verified by oath or affirmation of the applicant or the applicants.

(c) All applications shall be accompanied by the payment of the fee prescribed by § 55-17-406. In the event that any application is denied or the license applied for is not issued, seventy-five percent (75%) of the license fee shall be refunded to the applicant or applicants.

(d) All licenses shall expire two (2) years from the date of issuance.

(e) Any change of address of a recreational vehicle dealer must be reported to the commission.

(f) When a vehicle salesperson desires to change employment from one dealer to another, that salesperson must submit such person's license to the commission for endorsement of change of employer and may become a salesperson at that person's new place of employment upon submission of the license for endorsement of change of location and payment of any fees due.

(g)(1) Each application for a license or renewal of a license of a recreational vehicle dealer shall be accompanied by evidence satisfactory to the commission that the dealer has a surety bond in the amount of at least fifty thousand dollars (\$50,000) in force. A letter of credit shall not be satisfactory evidence of a surety bond in the required amount.

(2)(A) The bond is for the benefit of any person who suffers loss because of either:

(i) Nonpayment by the dealer of a retail customer's prepaid title, registration, or other related fees or taxes; or

(ii) The recreational vehicle dealer's failure to deliver in conjunction with the sale of a recreational vehicle a valid recreational vehicle title certificate free and clear of any prior owner's interests and all liens except a lien created by or expressly assumed in writing by the buyer of the recreational vehicle.

(B) The aggregate liability of the surety to all persons shall in no event exceed the amount of this bond.

(3) In lieu of a corporate surety on the bond required by subdivision (g)(1), the commission may allow the recreational vehicle dealer to secure the bond by depositing collateral in the form of a certificate of deposit, as accepted and authorized by the banking laws of this state, that has a face value equal to the amount of the bond. The collateral may be deposited with or executed through any authorized state depository designated by the commission. Interest on any deposited certificate of deposit shall be payable to the dealer who has deposited it as collateral, or to a person as the recreational vehicle dealer or the certificate may direct.

(4) The surety bond must remain and continue in force for as long as the licensee remains licensed and must name the Tennessee motor vehicle

commission as beneficiary. Upon notice of cancellation, the licensee shall either cease business operations until proof of minimum coverage is provided, or provide evidence of minimum coverage from another provider.

(5) Any surety is required to provide sixty (60) days' notice of cancellation of the bond or certificate of deposit or letter of credit to the commission.

(6) No license so issued shall be transferable, and a separate license shall be required for each separate place of business and shall be prominently displayed in the place of business operated by the person to whom the license is issued.

(h)(1) All applications for issuance or renewal of a recreational vehicle dealer license shall contain an attestation that the applicant will comply with each of the following requirements:

(A) The applicant shall maintain the surety bond required by subsection (g) in full force and effect during all times that the license is active; and

(B) The applicant shall notify the commission upon a change in ownership or location of the dealership as required by § 55-17-407.

(2) Additionally, all applications for issuance or renewal of a recreational vehicle dealer license shall contain the following statement, immediately following the attestation required by subdivision (h)(1):

FAILURE TO MAINTAIN A SURETY BOND AS REQUIRED BY T.C.A. § 55-17-405, OR NOTIFY THE TENNESSEE MOTOR VEHICLE COMMISSION OF A CHANGE IN THE OWNERSHIP OR LOCATION OF THE DEALERSHIP AS REQUIRED BY T.C.A. § 55-17-407, MAY RESULT IN THE ASSESSMENT OF A CIVIL PENALTY AND/OR SUSPENSION OR REVOCATION OF THE RECREATIONAL VEHICLE DEALER LICENSE.

**55-17-406.**

(a) The biennial license fees for licenses issued and renewed under this part shall be set by the commission.

(b) A penalty of fifty percent (50%) of the amount of the license fee will be assessed on any renewal application postmarked after the expiration date of the license.

(c) No renewal application will be accepted more than ninety (90) days after the expiration date of a license.

(d) Notwithstanding § 55-17-413, all revenue resulting from fees, penalties, or interest shall be allocated to the commission.

**55-17-407.**

(a) The license issued to each recreational vehicle dealer or manufacturer under this part shall specify the location of the factory, dealership, office, or branch, as applicable.

(b) Any recreational vehicle dealer licensed under this part shall promptly notify the commission of a change in ownership, location, or franchise or any other matters the commission may require by rule.

(c) Every vehicle salesperson shall have the license in the person's possession when engaged in business and shall display it upon request. The name of the employer of the vehicle salesperson shall appear on the face of the license.

(d) In addition to the license required under this part or part 1 of this chapter, any person engaged in the business of a public automobile auction and selling recreation vehicles shall also be licensed as a public automobile auction pursuant to § 55-17-109.

(e) Nothing in this chapter shall be construed to require a motor vehicle salesperson licensed pursuant to part 1 of this chapter to obtain more than one (1) salesperson license to perform such actions for any dealer dually licensed as a recreational vehicle dealer pursuant to this part and motor vehicle dealer pursuant to part 1 of this chapter.

**55-17-408.**

(a) The commission may deny any application for a license or revoke or suspend any license after it has been issued upon finding that:

(1) The applicant or license holder was previously the holder of a license issued under this part or part 1 of this chapter, which license was revoked for cause and never reissued by the commission, or which license was suspended for cause and the terms of suspension have not been fulfilled;

(2) The applicant or license holder was previously a partner, stockholder, director, or officer controlling or managing a partnership or corporation whose license issued under this part or part 1 of this chapter was revoked for cause and never reissued or was suspended for cause and the terms of the suspension have not been terminated;

(3) The licensee or applicant has been convicted of a crime of moral turpitude and fewer than five (5) years have passed since the licensee or applicant has completed serving the licensee's or applicant's sentence, including parole or probation, whichever is later;

(4) The applicant or license holder has filed an application for a license that as of its effective date was incomplete in any material respect or contained any statement that was, in light of the circumstances under which it was made, false or misleading with respect to any material fact;

(5) The applicant or license holder has willfully and continually failed to pay the proper application or license fee;

(6) The applicant or license holder has practiced fraud in the conduct of business; or

(7)(A) The license holder has failed to return to a customer any parts that were removed from the recreational vehicle and replaced during the process of repair if the customer, at the time repair work was authorized, requested return of the parts; provided, that any part retained by the license holder as part of a trade-in agreement or core charge agreement for a reconditioned part need not be returned to the customer unless the customer agrees to pay the license holder the additional core charge or other trade-in fee; and provided, further, that any part required to be returned to a manufacturer or distributor under a warranty agreement or any part required by any federal or state statute, rule or regulation, or local ordinance to be disposed of by the license holder need not be returned to the customer;

(B) The license holder has failed to permit inspection of any parts retained by the license holder if the customer, at the time repair work was authorized, expressed the customer's desire to inspect the parts; provided, that if, after inspection, the customer requests return of the parts, the restrictions set forth in subdivision (a)(7)(A) shall apply;

(C) The license holder has failed to post in a prominent location notice of this subdivision (a)(7); or

(D) The license holder has failed to print on the repair contract notice of this subdivision (a)(7).

(b) The license holder need not retain any parts not returned to the customer after the recreational vehicle has been returned to the customer.

(c) In addition to the grounds contained in subdivisions (a)(1)-(7), the commission may deny an application for a license or revoke or suspend the license of a recreational vehicle dealer or salesperson who:

(1) Has required the purchaser of a recreational vehicle, as a condition of sale and delivery of the vehicle, to also purchase special features, appliances, accessories, or equipment not desired or requested by the purchaser unless the features, appliances, accessories, or equipment are the type that are ordinarily installed on the vehicle by the manufacturer or distributor when the recreational vehicle is received or acquired by the dealer;

(2) Has represented or sold as a new or unused recreational vehicle any recreational vehicle that has been operated for demonstration purposes or that is otherwise a used recreational vehicle;

(3) Has sold or offered for sale as a new or unused recreational vehicle any recreational vehicle for which the dealer or salesperson cannot secure for the purchaser of the recreational vehicle such new recreational vehicle warranty as may be extended by the manufacturer of the vehicle to purchasers of one (1) of the manufacturer's new recreational vehicles unless the fact that the vehicle is being sold without a manufacturer's warranty is communicated to the purchaser and disclosed prominently in writing on the bill of sale;

(4) Has no established place of business that is used or will be used primarily for the purpose of selling, buying, displaying, repairing, or servicing recreational vehicles;

(5) Resorts to or uses false or misleading representations in connection with that person's business as a recreational vehicle dealer or salesperson; provided, that dealers are specifically authorized to charge a document preparation fee, processing fee, or servicing fee in addition to the sales price of the recreational vehicle and these fees shall not be deemed to be a false or misleading representation made in connection with the sale of a recreational vehicle, nor a violation of the Tennessee Consumer Protection Act of 1977, compiled in title 47, chapter 18, part 1; and provided, further, that the amount of these fees is separately stated and clearly and conspicuously disclosed on the face of the sales contract or buyer's invoice prior to the buyer's execution of the contract or invoice. For purposes of this subdivision (c)(5), the disclosure shall be deemed to be conspicuous if it is listed on the contract or invoice in the same place and manner and in type face no smaller or less obvious than the other type face used in the contract or invoice with respect to other charges listed, and shall be deemed to be clear if it states that the charge is a fee for document preparation, processing, or servicing, or language or abbreviations to the same or a similar effect. The authorization provided by this subdivision (c)(5) shall not apply if the recreational vehicle dealer represents to the buyer that the fee is required by or will be paid to any governmental agency or entity;

(6) Gives false or fictitious names or addresses for the purpose of registering the sale of a recreational vehicle or who makes application for the registration of a recreational vehicle in the name of any person other than the true owner;

(7) Employs any person who has not been licensed as a motor vehicle salesperson;

(8) Fails to reasonably supervise agents, salespersons, or employees;

(9) Uses or permits the use of special license plates assigned to that person for any purpose other than those permitted by law;

(10) Disconnects, turns back, or resets the odometer of any motor home as defined in § 55-54-102, in violation of state or federal law, except as provided for in § 39-14-132(b);

(11) Commits any act or practice involving the purchase, sale, repair, or servicing of a recreational vehicle or the parts or accessories of a recreational vehicle, that, in the opinion of the commission, is false, fraudulent, or deceptive;

(12) Increases the price of a new recreational vehicle to a retail customer after the recreational vehicle dealer has accepted an order of purchase or a contract from a buyer, except that a trade-in may be

reappraised if it subsequently suffered damage, or parts or accessories have been removed or if the trade-in is not in the condition described by the consumer prior to the dealer seeing or evaluating the trade-in and the original sales price was based on the consumer's description of the trade-in. Price differences applicable to new models or a new series of recreational vehicles at the time of the introduction of new models or new series shall not be considered a price increase or price decrease;

(13) Sold, or offered for sale, a recreational vehicle without the recreational vehicle being manufactured in accordance with the NFPA 1192 - 2015 Standard for Recreational Vehicles;

(14) Possesses any certificate of title that is not a closed title, unless the recreational vehicle dealer maintains an executed consignment form developed by the commission on each recreational vehicle that does not have a closed title;

(15) Issues more temporary plates than allowed by law or fails to maintain a record of the issuance of temporary plates;

(16) Engaged in curbstoning, as defined in § 55-16-103; or

(17) Violated any provision of chapter 54 of this title as evidenced by an order from a court of competent jurisdiction stating the specific sections violated and facts supporting such violations.

(d) Whenever any licensee pleads guilty or is convicted of the offense of odometer tampering or any other criminal offense involving moral turpitude, the licensee, within sixty (60) days, shall notify the commission and provide the commission with certified copies of the conviction. The licensee's license shall automatically be revoked sixty (60) days after the guilty plea or conviction unless, during the sixty-day period, the licensee makes a written request to the commission for a hearing. Following the hearing, the commission, in its discretion, may impose upon the licensee any sanction permitted by this part.

(e) A recreational vehicle dealer shall pay off the agreed upon indebtedness on the trade-in vehicle within thirty (30) days after the dealer has received actual payment on the financing contract for the new recreational vehicle purchase.

(f)(1) Notwithstanding any law to the contrary, the commission may revoke or suspend the license of or levy a civil penalty against any recreational vehicle dealer who, in a recreational vehicle transaction that is conditioned upon final funding to the dealer by a third party financial institution, fails to:

(A) Provide in writing to the customer the conditional delivery agreement set forth in § 55-17-114(b)(4)(D);

(B) Retain possession of any vehicle used by the consumer as consideration, commonly known as a trade-in vehicle, until the dealer has received funding from the financial institution;

(C) Allow the consumer to void the motor vehicle transaction if any of the terms of the transaction change after the consumer has approved and accepted the terms; or

(D) Pay off the agreed upon indebtedness on the trade-in vehicle within thirty (30) days after the dealer has received funding from the financial institution on the financing contract for the new purchase.

(2) As used in this subsection (f), "funding" means actual payment to the dealer by the financial institution purchasing the financing contract or lease.

(3) Compliance with this subsection (f) may not be waived by any consumer.

(g) In addition to the grounds contained in subdivisions (a)(1)-(7), the commission may deny an application for a license, or revoke or suspend the license of a manufacturer or distributor, who has:

(1) Refused to deliver to any recreational vehicle dealer having a franchise, manufacturer/dealer agreement, or contractual arrangement for the retail sale of new and unused recreational vehicles sold or distributed by the manufacturer any recreational vehicle publicly advertised for immediate delivery within sixty (60) days after the dealer's order has been received;

(2) Obtained money, goods, services, or any other benefit from any other person with whom the recreational vehicle dealer does business, on account of, or in relation to, the transaction between the dealer and such other person, other than for compensation for services rendered, unless the benefit is promptly accounted for, and transmitted to the dealer;

(3) Increased prices of recreational vehicles that the recreational vehicle dealer has ordered but not delivered for private retail customers prior to the dealer's receipt of the written official price increase notification. A sales contract by a private retail customer shall constitute evidence of each such order. In the event of manufacturer price reductions, the amount of any reduction received by a recreational vehicle dealer shall be passed on to the private retail customer by the recreational vehicle dealer if the retail price was negotiated on the basis of the previous higher price to the recreational vehicle dealer. A price reduction shall apply to all recreational vehicles in the dealer's inventory that are subject to the price reduction. Price differences applicable to new models or a new series of recreational vehicles at the time of the introduction of new models or new series shall not be considered a price increase or price decrease. This subsection (f) shall not apply to price changes caused by either:

(A) The addition to a recreational vehicle of required or optional equipment pursuant to state or federal law; or

(B) Revaluation of the United States dollar in the case of foreign-made vehicles;

(4) Failed to pay a recreational vehicle dealer, within a reasonable time following receipt of a valid claim by a recreational vehicle dealer thereof, any payment agreed to be made by the manufacturer to the recreational vehicle dealer by reason of the fact that a new vehicle of a prior year model is in the dealer's inventory at the time of introduction of new model recreational vehicles;

(5) Offered any refunds or other types of inducements to any person for the purchase of new recreational vehicles of a certain line-make to be sold to the state or any political subdivision thereof or to any other person without making the same offer to all other recreational vehicle dealers in the same line-make within the state;

(6) Employed any person as a representative who has not been licensed pursuant to this part;

(7) Sold recreational vehicles to persons not licensed under this part as recreational vehicle dealers;

(8) Coerced or attempted to coerce any recreational vehicle dealer to accept delivery of any recreational vehicle or recreational vehicles, appliances, equipment, parts, tools, or accessories, or any other commodity or commodities that have not been voluntarily ordered by the dealer;

(9) Coerced or attempted to coerce any recreational vehicle dealer to contribute or pay money or anything of value into any cooperative or other advertising program or fund;

(10) Coerced or attempted to coerce any recreational vehicle dealer to engage in any business pursuit that is not directly related to the sale of recreational vehicles as defined by the commission;

(11) Sold, or offered for sale, a recreational vehicle without the recreational vehicle being manufactured in accordance with the NFPA 1192 - 2015 Standard for Recreational Vehicles; or

(12) Violated any provision of chapter 54 of this title as evidenced by an order from a court of competent jurisdiction stating the specific provisions violated and facts supporting such violations.

(h) The commission may revoke or suspend any license that the commission has issued upon finding that the licensee has not maintained any of the requirements for issuance of such license.

**55-17-409.**

All final decisions of the commission pursuant to this part may be judicially reviewed in accordance with § 4-5-322. The venue for these actions shall be Davidson County.

**55-17-410.**

The Uniform Administrative Procedures Act, compiled in title 4, chapter 5, shall govern all matters and procedures respecting the hearing and judicial review of any contested case arising under this part.

**55-17-411.**

(a) A recreational vehicle show is any display, except as provided in subsection (h), of recreational vehicles by one (1) or more manufacturers or recreational vehicle dealers.

(b) A recreational vehicle show permit must be obtained from the commission by the sponsor or promoter of the show no later than ten (10) days prior to the commencement of the recreational vehicle show. The permit, or a copy of the permit, shall be prominently displayed at any entrance into the recreational vehicle show.

(c) A recreational vehicle show permit shall be valid for seven (7) consecutive days and may be renewed one (1) time for an additional seven (7) consecutive days. Any such renewal shall begin the day after the expiration of the original permit. A sponsor or promoter may obtain only one (1) recreational vehicle show permit and renewal per calendar year for the same location.

(d) The applicant shall provide to the commission the names and addresses of each manufacturer or recreational vehicle dealer displaying recreational vehicles at the show.

(e) The sales price of each recreational vehicle displayed at the show shall be prominently displayed with the recreational vehicle. Any warranty information associated with the recreational vehicle must be available upon request.

(f) A licensed recreational vehicle dealer may only sell travel trailers, fifth wheel trailers, and folding camping trailers, as defined in § 55-54-102, at up to six (6) shows permitted by the Tennessee motor vehicle commission per year, in addition to selling travel trailers, fifth wheel trailers, and folding camping trailers at the dealer's established place of business.

(g) Any manufacturer or recreational vehicle dealer displaying recreational vehicles at the recreational vehicle show shall have a representative present at all times during the recreational vehicle show.

(h) A manufacturer or recreational vehicle dealer may display at a single location without obtaining a recreational vehicle show permit; provided, that no representatives of the displayer are present and that no sales solicitations or activities take place, at the following locations:

- (1) The interior common areas of shopping malls, hotels, or convention centers;
- (2) The interior of wholesale shopping clubs;
- (3) County, regional, or state fairs;
- (4) Agricultural events and educational demonstrations;
- (5) Sporting and entertainment events in conjunction with the sponsorship of the event; and

(6) Commercial airport terminals.

**55-17-412.**

(a) In addition to the remedies provided in this part, any person violating this part, any rule promulgated under this part, or any order issued by the commission, is subject to a civil penalty of not less than one hundred dollars (\$100) nor more than five thousand dollars (\$5,000) for each day of violation or for each act of violation, as the commission or the court may deem proper. All civil penalties shall be paid into the general fund of the state.

(b) Whenever it appears that any person has violated, is violating, or is about to violate this part, any rule promulgated under this part, or any order issued by the commission, through the attorney general and reporter, may cause a civil suit to be instituted in a court of competent jurisdiction for injunctive relief to restrain the person from continuing the violation or threat of violation or for the assessment and recovery of the civil penalty provided in this section or for both.

(c) A suit for injunctive relief or for recovery of a civil penalty or for both may be brought either in the county where the defendant resides or conducts business or in the county where the violation or threat of violation occurs.

(d) In any suit filed by the commission, the court may grant the commission, without bond or other undertaking, any prohibitory or mandatory injunction the facts may warrant, including temporary restraining orders, preliminary injunctions, and permanent injunctions.

(e) Any person knowingly violating this part commits a Class C misdemeanor.

**55-17-413.**

The commission shall pay all money received as fees and charges into the state treasury, and commissioner of finance and administration shall make these allotments out of the general fund as the commissioner may deem proper for the necessary and proper expenses of the commission. No expenditure shall be made by the commission unless and until the allotment has been made by the commissioner. The allotment shall be subject to an appropriation being made by the general assembly in the annual general appropriations act.

**55-17-414.**

All fees and charges under this part shall be collected and received by the executive director of the commission and paid by the executive director into the state treasury.

**55-17-415.**

The sale or other transfer of a recreational vehicle from a manufacturer to a distributor is not unlawful under § 55-17-403 or § 55-17-408.

**55-17-416.**

A recreational vehicle dealer licensed to sell recreational vehicles may operate one (1) additional business at the recreational vehicle dealer's established place of business; provided, at least sixty-six percent (66%) of the recreational vehicle dealer's established place of business is used for the sale or service, or both, of recreational vehicles and that the income derived from the additional business is less than thirty-three percent (33%) of the gross income of the dealership. The recreational vehicle dealer may also install signs at the dealer's established place of business for the purpose of advertising the other business.

**55-17-417.**

(a)(1) On or before February 15 of each year, each recreational vehicle dealer shall submit to the commission an annual sales report indicating the number of recreational vehicles sold by the recreational vehicle dealer during the preceding calendar year, the number of recreational vehicle dealer registration plates issued to the dealer during the year, and the county or counties in which the plates were issued.

(2) Notwithstanding any other law to the contrary, if a recreational vehicle dealer:

(A) Fails to timely file the annual sales report, the recreational vehicle dealer shall not be eligible for any recreational vehicle dealer registration plates until the annual sales report is filed;

(B) Timely files the annual sales report and sells twenty-four (24) or more recreational vehicles during a calendar year, then there is a rebuttable presumption that the recreational vehicle dealer is eligible to receive, retain, and use dealer registration plates otherwise authorized by § 55-4-221; or

(C) Timely files the annual sales report, and sells fewer than twenty-four (24) recreational vehicles during a calendar year or if a recreational vehicle dealer engaged in business for only a portion of the calendar year but sold fewer than two (2) recreational vehicles on average per month during this portion of the year, then the recreational vehicle dealer is eligible to receive, retain, and use up to three (3) recreational vehicle dealer registration plates. Upon written request by the recreational vehicle dealer and with justification shown, the motor vehicle commission may approve the issuance of additional plates. The commission shall furnish to each county clerk a listing of eligible recreational vehicle dealers.

(3) If pursuant to this section, a dealer is no longer eligible to receive, retain, or use recreational vehicle dealer registration plates, then the commission is authorized to undertake appropriate action to take possession of any plates issued to the recreational vehicle dealer and shall promptly forward the plates to the department of revenue.

(b) Upon request of the commission, the department shall make available for the commission's inspection departmental information concerning the number of recreational vehicle dealer registration plates issued to each recreational vehicle dealer.

**55-17-418.**

(a) Whenever a license issued under part 1 of this chapter is required to engage in business as, or to act as a buyer or seller at, an automobile auction or public automobile auction, an additional license issued under this part shall not also be required for the sale of recreational vehicles to, at, or through an automobile auction or public automobile auction.

(b) Whenever a license issued under part 1 of this chapter is required to engage in business as, or to act as a buyer or seller at, an automotive dismantler or recycler, an additional license issued under this part shall not also be required for the sale of recreational vehicles to, at, or through an automotive dismantler or recycler.

**55-17-419.**

A recreational vehicle dealer licensed to sell recreational vehicles may sell used motor vehicles provided that the annual income derived from the sale of used motor vehicles is less than thirty-three percent (33%) of the gross annual income of the dealership.

SECTION 11. Tennessee Code Annotated, Title 55, is amended by adding the following as a new chapter:

**55-54-101.** This chapter shall be known and may be cited as the "Tennessee Recreation Vehicle Franchise Act of 2016".

**55-54-102.** As used in this chapter:

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

(2) "Dealer" means any person, firm, corporation, or business entity licensed or required to be licensed under this chapter or chapter 17, part 4 of this title;

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

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

(5) "Family member" means a spouse, child, grandchild, parent, sibling, niece, or nephew, or the spouse of such family member;

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

(7) "Folding camping trailer" means a vehicle 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;

(8) "Line-make" means a specific series of recreational vehicles 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 recreational vehicles from other recreational vehicles with substantially the same decor, equipment, features, price, and weight;

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

(E) The manufacturer/dealer agreement authorizes a dealer to sell;

(9) "Manufacturer" means any person, firm, corporation, or business entity that engages in the manufacturing of recreational vehicles;

(10) "Manufacturer/dealer agreement" means a written agreement or contract entered into between a manufacturer and a dealer that fixes the rights and responsibilities of the parties and pursuant to which the dealer sells new recreational vehicles;

(11) "Motor home" means a motorized vehicle designed to provide temporary living quarters for recreational, camping, or travel use. The vehicle must contain at least four (4) of the following permanently installed independent life support systems which meet the National Fire Protection Association Standard for Recreational Vehicles:

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

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

(C) A toilet with exterior evacuation;

(D) A gas or electric refrigerator;

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

(F) An electric power system separate from the vehicle engine;

(12) "Proprietary part" means any part manufactured by or for and sold exclusively by a manufacturer;

(13) "Recreational vehicle":

(A) Means a vehicle which is either self-propelled or towed by a consumer-owned tow vehicle, and designed to provide temporary living quarters for recreational, camping, or travel use that complies with all

applicable federal vehicle regulations and does not require a special-movement permit to legally use the highways; and

(B) Includes the following basic products:

- (i) Motor home;
- (ii) Travel trailer;
- (iii) Fifth wheel travel trailer; and
- (iv) Folding camping trailer;

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

(15) "Transient customer" means a customer who is temporarily traveling through a dealer's area of sales responsibility;

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

(17) "Warrantor":

(A) Means any person, firm, corporation, or business entity, including a manufacturer or supplier, that provides a written warranty to a consumer in connection with a new recreational vehicle or a part, accessory, or component of such vehicle; and

(B) Does not include service contracts, mechanical or other insurance, or extended warranties sold for separate consideration by a dealer or other person not controlled by a manufacturer.

**55-54-103.**

(a) A manufacturer or distributor may only sell a recreational vehicle in this state to or through a dealer having first entered into a manufacturer/dealer agreement with a dealer that has been signed by both parties.

(b) The manufacturer shall designate the area of sales responsibility exclusively assigned to a dealer in the manufacturer/dealer agreement and shall not contract with another dealer for sale of the same line-make in the designated area for the duration of the agreement.

(c) The area of sales responsibility may be reviewed or changed not less than one (1) year after the execution of the manufacturer/dealer agreement and only with the consent of both parties.

(d) A recreational vehicle dealer shall not sell a new recreational vehicle in this state without having first entered into a manufacturer/dealer agreement with a manufacturer or distributor that has been signed by both parties.

**55-54-104.**

(a) A manufacturer or distributor, directly or through any authorized officer, agent, or employee, may terminate, cancel, or fail to renew a manufacturer/dealer agreement only with good cause.

(b) The manufacturer or distributor has the burden of showing good cause for terminating, canceling, or failing to renew a manufacturer/dealer agreement with a 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 dealer's penetration in the area of sales responsibility;

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

(3) The adequacy of the 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 dealer's service under recreational vehicle warranties;

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

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

(c) Except as otherwise provided in this section, a manufacturer or distributor shall provide a dealer with at least ninety (90) days prior written notice of termination, cancellation, or nonrenewal of the manufacturer/dealer agreement.

(d)(1) The notice must state all reasons for the proposed termination, cancellation, or nonrenewal and must further state that if, within thirty (30) days following receipt of the notice, the dealer provides to the manufacturer or distributor a written notice of intent to cure all claimed deficiencies, the dealer will then have ninety (90) days following receipt of the original notice to rectify the deficiencies.

(2) If the deficiencies are rectified within ninety (90) days, the manufacturer's or distributor's notice is voided. If the dealer fails to provide the notice of intent to cure the deficiencies or fails to cure the deficiencies in the prescribed time period, the termination, cancellation, or nonrenewal takes effect as provided in the original notice.

(e) The notice period may be reduced to thirty (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:

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

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

(3) A significant misrepresentation by the dealer materially affecting the business relationship;

(4) A suspension or revocation of the dealer's license, or refusal to renew the dealer's license, by the commission; or

(5) A material violation of this chapter which is not cured within thirty (30) days of written notice by the manufacturer.

(f) Subsection (c) does not apply if the reason for termination, cancellation, or nonrenewal is the dealer's insolvency, the occurrence of an assignment for the benefit of creditors, or bankruptcy.

**55-54-105.**

(a) A dealer may terminate or cancel its manufacturer/dealer agreement with a manufacturer or distributor with or without good cause by giving thirty (30) days' written notice.

(b)(1) If the termination or cancellation is for good cause, the notice must state all reasons for the proposed termination or cancellation and must further state that if, within thirty (30) days following receipt of the original notice, the manufacturer or distributor provides to the dealer a written notice of intent to cure all claimed deficiencies, the manufacturer or distributor will then have ninety (90) days following receipt of the original notice to rectify the deficiencies.

(2) If the deficiencies are rectified within ninety (90) days, the dealer's notice is voided. If the manufacturer or distributor fails to provide the notice of intent to cure the deficiencies or fails to cure the deficiencies in the prescribed time period, the termination or cancellation will take effect as provided in the original notice.

(3) If the manufacturer/dealer agreement is terminated, canceled, or not renewed by the dealer for good cause, and the manufacturer fails to provide notice or to cure the claimed deficiencies, the manufacturer shall at the dealer's option and within forty-five (45) days after termination, cancellation, or nonrenewal, repurchase:

(A) All new, untitled recreational vehicles that were acquired from the manufacturer or distributor within twelve (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 one hundred percent (100%) of the net invoice cost, including transportation, less applicable rebates and discounts to the dealer;

(B) All undamaged accessories and proprietary parts sold to the dealer for resale within the twelve (12) months prior to termination, cancellation, or nonrenewal, if accompanied by the original invoice, at one hundred five percent (105%) of the original net price paid to the manufacturer or distributor to compensate the dealer for handling, packing, and shipping the parts; and

(C) Properly functioning diagnostic equipment, special tools, current signage, and other equipment and machinery at one hundred percent (100%) of dealers' net cost plus freight if the dealer can prove the equipment can no longer be used in the normal course of the dealer's ongoing business.

(4) In the event any of the vehicles repurchased pursuant to subdivision (b)(3) are damaged, but do not trigger a consumer disclosure requirement, the amount due the dealer shall be reduced by the cost to repair the vehicle. Damage prior to delivery to the dealer that is disclosed at the time of delivery will not disqualify repurchase under this subdivision (b)(4).

(5) A dealer is not prohibited from selling the remaining in-stock inventory of a particular line-make after the manufacturer/dealer agreement for that line-make has been terminated or not renewed. If recreational vehicles of a line-make are not returned or required to be returned to the manufacturer or distributor, the dealer may continue to sell all line-makes that were subject to the terminated manufacturer/dealer agreement and are currently in stock until those line-makes are no longer in the dealer's inventory.

(6) The dealer has the burden of showing good cause. Any of the following items shall be deemed good cause for the proposed termination, cancellation, or nonrenewal action by a dealer:

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

(B) The business operations of the manufacturer have been abandoned or closed for ten (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;

(C) A significant misrepresentation by the manufacturer materially affecting the business relationship;

(D) A material violation of this chapter which is not cured within thirty (30) days after written notice by the dealer; or

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

(a)(1) If a dealer desires to make a change in ownership by the sale of the business assets, stock transfer, or otherwise, the dealer shall give the manufacturer or distributor written notice at least fifteen (15) business days before the closing, including all supporting documentation as 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 dealer of its dealer agreement or this chapter, the manufacturer or distributor shall not object to the proposed change in ownership unless the prospective transferee:

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

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

(C) Lacks any license required by law;

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

(E) Has undergone in the last ten (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.

(2) If the manufacturer or distributor objects to a proposed change of ownership, the manufacturer or distributor shall give written notice of its reasons to the dealer within ten (10) business days after receipt of the dealer's notification and complete 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 or sale shall be deemed approved.

(b)(1) A manufacturer or distributor must provide a dealer 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 dealer. A manufacturer or distributor shall not prevent or refuse to honor the succession to a dealership by a family member of the deceased, incapacitated, or retired dealer unless the manufacturer or distributor has provided to the dealer written notice of its objections within ten (10) days after receipt of the dealer's modification of the dealer's succession plan. In the absence of a breach of the dealer agreement, the manufacturer may object to the succession for the following reasons only:

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

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

(C) Prior termination by the manufacturer of the successor for breach of a dealer agreement;

(D) Successor does not have an active line of credit sufficient to purchase the manufacturer's product; or

(E) Successor lacks any license required by law.

(2) The manufacturer or distributor has the burden of proof regarding its objection. However, a family member shall 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.

**55-54-107.**

(a) Each warrantor shall:

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

(2) Compensate the dealer for warranty service required of the dealer by the warrantor; and

(3) Provide the dealer the 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 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 shall be the actual wage rates being paid by the dealer, and the actual retail labor rate being charged by the dealers in the community in which the dealer is doing business. The compensation of a dealer for warranty labor shall not be less than the lowest retail labor rates actually charged by the dealer for like nonwarranty labor as long as such rates are reasonable.

(c) The warrantor shall reimburse the dealer for any warranty part, accessory, or complete component at actual wholesale cost plus a minimum thirty percent (30%) handling charge up to a maximum of one hundred fifty dollars (\$150) and the cost, if any, of freight to return such part, component, or accessory to the warrantor.

(d) Warranty audits of dealer records may be conducted by the warrantor within twelve (12) months of payment of the claim and adjustments, if any, will include debits and credits. Dealer claims for warranty compensation shall not be denied except for cause, including performance of nonwarranty repairs, material noncompliance with the warrantor's published policies and procedures, lack of material documentation, fraud, or misrepresentation.

(e) The dealer shall submit warranty claims within forty-five (45) days after completing work.

(f) The dealer shall immediately notify the warrantor verbally or in writing if the dealer is unable to perform any warranty repairs within ten (10) days of receipt of verbal or written complaints from a consumer. If the cause for the consumer complaint is a delay in delivery of warranty parts from the manufacturer, then the dealer need only report this fact to the manufacturer.

(g) The warrantor shall disapprove warranty claims in writing within thirty (30) days after the date of submission by the dealer in the manner and form prescribed by the warrantor. Claims not specifically disapproved in writing within thirty (30) days shall be construed to be approved and must be paid within sixty (60) days of submission.

(h) A dealer is not obligated to store defective warranty parts for more than thirty (30) days from the time the warranty work is paid by the warrantor, if the defective parts, components, or accessories are not immediately returned to the warrantor or the consumer.

(i) It is a violation of this chapter for any 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 recreational vehicle owners and dealers, the expected date by which necessary parts and equipment, including tires and chassis or chassis parts, will be available to dealers to perform the campaign work. The warrantor may ship parts to the dealer to effect the campaign work, and, if such parts are in excess of the dealer's requirements, the dealer may return unused, undamaged parts to the warrantor for full credit of the original charge to the dealer for the value of the parts returned after completion of the campaign;

(3) Fail to compensate any of its dealers for authorized repairs effected by the dealer on vehicles damaged in manufacture or transit to the dealer, if the carrier is designated by the warrantor, factory branch, distributor, or distributor branch;

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

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

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

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

(1) Fail to perform pre-delivery 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 reasonably timely manner on any transient customer's vehicle of a line-make sold or serviced by that dealer;

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

(4) Make fraudulent warranty claims or misrepresent the terms of any warranty.

**55-54-108.**

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 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 shall not be denied indemnification for failing to discover, disclose, or remedy a defect in the design or manufacturing of a new recreational vehicle. 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 lawsuit in which allegations are made that are covered by this subdivision (1) within ten (10) days after receiving such suit. Notwithstanding any law to the contrary, this subdivision (1) shall continue to apply even after the new recreational vehicle is titled; or

(2) A 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 dealer. A warrantor shall provide to a new recreational vehicle dealer a copy of any pending lawsuit or similar proceeding in which allegations are made that come within this subdivision (2) within ten (10) days after receiving such suit. Notwithstanding any law to the contrary, this subdivision (2) shall continue to apply even after the new recreational vehicle is titled.

**55-54-109.**

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

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

(2) Reject the vehicle within the timeframe set forth in subsection (d).

(b) If the manufacturer or distributor refuses or fails to authorize repair of such damage within ten (10) days after receipt of notification, or if the dealer rejects the

recreational vehicle because of damage, ownership of the new recreational vehicle shall revert to the manufacturer or distributor.

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

(d) The timeframe for inspection and rejection by the dealer must be part of the manufacturer/dealer agreement and shall not be less than two (2) business days after the physical delivery of the recreational vehicle.

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

**55-54-110.**

(a) A manufacturer or distributor shall not coerce or attempt to coerce a dealer to:

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

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

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

(b) As used in this section, "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 the dealer is entitled to purchase pursuant to the manufacturer/dealer agreement or delay product delivery as an inducement to amending the manufacturer/dealer agreement.

**55-54-111.**

(a) A dealer, manufacturer, or warrantor injured by another party's violation of this chapter may bring a civil action in circuit court to recover actual damages. The court shall award attorney's fees and costs to the prevailing party in such an action. Venue for any civil action authorized by this section shall exclusively be in the county in which the dealer's business is located. In an action involving more than one (1) dealer, venue may be in any county in which any dealer that is party to the action is located.

(b)(1) Prior to bringing suit under this section, the party bringing suit for an alleged violation shall serve a written demand for mediation upon the offending party.

(2) The demand for mediation shall be served upon the other party via certified mail at the address stated within the manufacturer/dealer agreement between the parties.

(3) The demand for mediation shall contain a brief statement of the dispute and the relief sought by the party filing the demand.

(4) Within twenty (20) days after the date 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 shall 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 of both parties.

(5) The service of a demand for mediation under this section shall toll the time for the filing of any 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 that meeting, the

court shall enter an order suspending the proceeding or action until the mediation meeting has occurred and may, upon written stipulation of all parties to the proceeding or action that the parties wish to continue to mediate under this section, enter an order suspending the proceeding or action for as long a period as the court considers appropriate.

(6) The parties to the mediation shall bear the parties' 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, warrantor, or dealer is authorized to make application to a circuit court 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 dealer without being properly licensed, from violating or continuing to violate any of the provisions of this act, or from failing or refusing to comply with the requirements of this chapter. Such injunction shall be issued without bond. A single act in violation of this chapter shall be sufficient to authorize the issuance of an injunction.

SECTION 12. 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 13. The headings to sections, chapters, and parts in this act are for reference purposes only and do not constitute a part of the law enacted by this act. However, the Tennessee Code Commission is requested to include the headings in any compilation or publication containing this act.

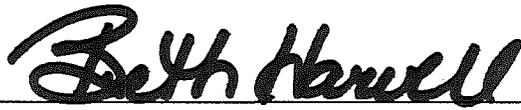
SECTION 14. Section 11 of this act shall take effect July 1, 2017, the public welfare requiring it, and shall apply to new or renewed manufacturer/dealer agreements entered into on or after that date. The remaining sections of this act shall take effect January 1, 2017, the public welfare requiring it, and shall apply to any licenses issued or renewed on or after that date.

SENATE BILL NO. 1980

PASSED: March 28, 2016



RON RAMSEY  
SPEAKER OF THE SENATE



BETH HARWELL, SPEAKER  
HOUSE OF REPRESENTATIVES

APPROVED this 12<sup>th</sup> day of April 2016



BILL HASLAM, GOVERNOR