



Ohio Revised Code

Section 1353.02 Repurchase of inventory upon termination of agreement.

Effective: October 26, 2001

Legislation: House Bill 200 - 124th General Assembly

(A) If a dealer enters into a dealer agreement with a supplier that is evidenced by a written or implied contract, sales agreement, or security agreement in which the dealer agrees to maintain an inventory, and the dealer agreement is subsequently terminated by the supplier in violation of section 1353.06 of the Revised Code or of the terms of the dealer agreement or because of the merger or consolidation of the supplier with or into another corporation, the supplier shall repurchase the inventory of the dealer in accordance with this chapter. The dealer may choose to keep the inventory if the dealer has a contractual right to do so.

(B) Except as provided in division (D) of this section, the supplier shall repurchase inventory previously purchased from the supplier and held by the dealer at the time the dealer agreement was terminated. The supplier shall pay eighty-five per cent of the current net price for all used special service tools in good condition. The supplier shall pay the average "as-is" value shown in current industry guides for each component of a rental fleet of farm machinery or construction equipment that is owned by the dealer or financed by the supplier or its finance subsidiary, provided that the component was purchased from the supplier not more than thirty months prior to the date of termination of the dealer agreement. The supplier shall pay the net cost for all other new, unused, and undamaged inventory, except that the supplier shall repurchase at its fair market value any data processing hardware that the supplier required the dealer to purchase to satisfy the minimum requirements of the dealer agreement or shall assume any computer hardware lease responsibilities of the dealer when the supplier required the dealer to lease the hardware from a specific supplier. The supplier may handle, pack, and load all new, unused, and undamaged repair parts and special service tools or pay five per cent of the current net price of the parts and tools to cover the cost of handling, packing, and loading. The dealer shall pay the freight charges for shipping repurchased inventory to the supplier's nearest warehouse or to another mutually agreeable site. The supplier may furnish a representative to inspect all parts and to certify their acceptability when packed for shipment. The supplier may set off against the repurchase amount debts owed by the dealer to the supplier at the time of repurchase, except the supplier may not set off debts disputed by the dealer in good faith.



(C) The supplier shall tender payment of the repurchase amount less any allowable set-off to the dealer within ninety days after the supplier receives the inventory. If the supplier fails to pay the repurchase amount to the dealer within ninety days after receipt of the inventory, the supplier shall pay interest on the current net price of the inventory computed at the interest rate established pursuant to division (A) of section 1343.03 of the Revised Code from the ninety-first day after receipt of the inventory. Upon payment of the repurchase amount to the dealer, the title and right of possession to the repurchased inventory shall transfer to the supplier.

(D) Division (B) of this section does not require a supplier to repurchase any of the following:

- (1) Any repair part that has a limited storage life or shows evidence of deterioration;
- (2) Any single repair part priced as, or only sold as, a part of a set of two or more items;
- (3) Any repair part in such condition as not to be resaleable as a new part, and repair parts in damaged or broken packages;
- (4) Inventory for which the dealer cannot furnish evidence, satisfactory to the supplier, of title free and clear of all claims, liens, and encumbrances;
- (5) Inventory that the dealer chooses to keep and has a contractual right to keep;
- (6) Inventory that is not in new, unused, undamaged, complete, and saleable condition;
- (7) Special service tools not in good condition or not currently available on a new basis;
- (8) Inventory purchased thirty or more months prior to notice of termination of the dealer agreement;
- (9) Inventory ordered by the dealer on or after notice of termination of the dealer agreement;
- (10) Inventory acquired by the dealer from a source other than the supplier.