



Ohio Revised Code

Section 4517.56 Proposed transfer of franchise.

Effective: October 22, 1987

Legislation: House Bill 232 - 117th General Assembly

(A) If the sale or transfer of the business and assets or all or a controlling interest in the capital stock of a new motor vehicle dealer contemplates or is conditioned upon a continuation of the franchise relationship with the franchisor, and the proposed transferee has indicated a willingness to comply with all of the requirements of the franchise then in effect, the franchisee shall notify the franchisor of such intention by written notice setting forth the prospective transferee's name and address and the names and addresses of the transferee's prospective management personnel. The franchisee and prospective transferee shall also supply the franchisor with such other information regarding the transferee's character, business experience, and financial ability as may be reasonably requested by the franchisor to enable it to evaluate the transferee's qualifications and ability to comply with the requirements of the franchise then in effect. The franchisor shall evaluate the prospective transferee and the transferee's prospective management personnel on the basis of reasonable and objective criteria fairly and objectively applied.

(B) The franchisor shall provide the franchisee and the prospective transferee with written notice by certified mail of any refusal to approve a sale or transfer of the business and assets or all the business and assets or a controlling interest in the capital stock of a new motor vehicle dealer within thirty days of receipt of the written notice advising of the proposed transfer. The notice shall specify the objective criteria used to evaluate the prospective transferee and the criteria which the transferee failed to meet.

(C) Within ninety days after receipt of a notice of refusal as provided in division (B) of this section, the franchisee or prospective transferee may file a protest with the board against the franchisor's failure to approve the proposed sale or transfer. When such a protest has been filed, the board shall inform the franchisor that a timely protest has been filed and that a hearing is required pursuant to section 4517.57 of the Revised Code.

(D) A franchisor shall not fail or refuse to approve the sale or transfer of the business and assets or all or a controlling interest of a new motor vehicle dealer to, or refuse to continue the franchise



relationship with, the prospective transferee after the holding of a hearing on any protest if the board determines that good cause does not exist for the franchisor to fail or refuse to approve such a sale or transfer.

(E) Notwithstanding the terms, conditions, or provisions of a franchise or the date such franchise was executed, the following do not constitute sufficient good cause for failing to approve a sale or transfer to, or refusing to continue the franchise relationship with, a prospective transferee, although the board may consider these circumstances among others in determining whether good cause does not exist for the franchisor to fail or refuse to approve such a sale or transfer:

- (1) The fact that the prospective transferee or any prospective management personnel do not reside within the relevant market area of the affected dealership;
- (2) The fact that the prospective transferee does not intend to be employed full time in the dealership operation;
- (3) The fact that the prospective transferee, or the owner of any interest therein, owns, has an investment in, participates in the management of, or holds a license for the sale of another make or line of new motor vehicle or for the sale of the same make of new motor vehicle at another location;
- (4) The fact that the franchisor has previously determined to discontinue the franchise relationship with the transferor;
- (5) The fact that the proposed transferee proposes to relocate the business of the transferor, provided that the relocation facility meets the franchisor's facility standards.

(F) No franchisor shall impose any conditions upon approval of a proposed transfer other than the transferee's compliance with the requirements of the franchise agreement between the franchisor and the transferor.

(G) Any owner of a new motor vehicle dealer may appoint, by will or other written instrument, a designated family member to succeed in the ownership interest of a new motor vehicle dealer.