



Ohio Revised Code

Section 4517.55 Determination of good cause to terminate franchise.

Effective: September 14, 2016

Legislation: Senate Bill 242 - 131st General Assembly

(A) In determining whether good cause has been established by the franchisor for terminating, cancelling, or failing to continue or renew a franchise, the motor vehicle dealers board shall take into consideration the existing circumstances, including, but not limited to:

- (1) The amount of retail sales transacted by the franchisee during a five-year period immediately preceding such notice as compared to the business available to the franchisee;
- (2) The investment necessarily made and obligations incurred by the franchisee to perform its part of the franchise;
- (3) The permanency of the franchisee's investment;
- (4) Whether it is injurious or beneficial to the public interest for the franchise to be modified or replaced, or the business of the franchisee disrupted;
- (5) Whether the franchisee has adequate motor vehicle sales and service facilities, equipment, vehicle parts, and qualified service personnel to reasonably provide for the needs of the consumers for the motor vehicles handled by the franchisee, and is rendering adequate service to the public;
- (6) Whether the franchisee fails to fulfill the warranty obligations of the franchisor required to be performed by the franchisee;
- (7) The extent and materiality of the franchisee's failure to comply with the terms of the franchise and the reasonableness and fairness of the franchise terms;
- (8) Whether the owners of the new motor vehicle dealer had actual knowledge of the facts and circumstances upon which termination, cancellation, discontinuance, or nonrenewal is based;



(9) Whether the proposed termination, cancellation, discontinuance, or nonrenewal constitutes discriminatory enforcement of the franchise agreement.

(B) Notwithstanding the terms, conditions, or provisions of any franchise or waiver, the following do not constitute sufficient good cause for terminating, cancelling, or failing to continue or renew a franchise:

(1) Refusal by the franchisee to purchase or accept delivery of any new motor vehicle, parts, accessories, or any other commodity or service not ordered by the franchisee;

(2) The fact that the franchisee 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 the same or any other line-make of new motor vehicle;

(3) The sale, transfer, or issuance of any equity or debenture issue, or the transfer or issuance of any security or shares of stock in a new motor vehicle dealer to any person, whenever the sale, issuance, or transfer does not result in a change in the controlling ownership of the dealership;

(4) A change by the franchisee in the administrative or executive management of the dealership;

(5) Failure of the franchisee to achieve any unreasonable or discriminatory performance criteria;

(6) A loss of trust by the franchisor absent circumstances or facts that would be a material breach of the franchise agreement and that material breach is known and ratified by the owners of the new motor vehicle dealer;

(7) The failure of a franchisee to maintain a motor vehicle floor plan line of credit, unless the franchisee fails to maintain a floor plan line of credit for one hundred twenty days or longer;

(8) The export of new motor vehicles to a foreign country, unless division (A)(20)(b) of section 4517.59 of the Revised Code applies.

(C) Prior to a final determination by a franchisor that a franchisee has failed to achieve any



performance criteria for purposes of any action under this section, the franchisor shall give the franchisee a reasonable opportunity to present evidence demonstrating the effect of local market conditions that materially and adversely affected the franchisee's performance. If a franchisor makes a final decision related to performance criteria without allowing the franchisee the reasonable opportunity to present evidence, or does not consider the effect of the local market conditions on the franchisee's performance, the performance criteria is deemed unreasonable under division (B)(5) of this section.

(D) Divisions (B)(6) to (8) and (C) of this section shall not apply to franchisors or franchisees who deal in recreational vehicles.