

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005

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HOUSE BILL 1527
Committee Substitute Favorable 5/26/05

Short Title: Clarify MV Dealer Franchise Laws.

(Public)

Sponsors:

Referred to:

April 21, 2005

A BILL TO BE ENTITLED

AN ACT TO CLARIFY THE MOTOR VEHICLE DEALER FRANCHISE LAWS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 20-297.1 reads as rewritten:

"§ ~~20-297.1. Prefiling of franchise agreements and amendments.~~ Franchise-related form agreements.

~~Any franchise, as defined in G.S. 20-286(8a), offered to a motor vehicle dealer in this State shall provide that all terms and conditions in the agreement inconsistent with any of the laws or rules of this State are of no force and effect. On or before January 1, 1998, every manufacturer, factory branch, distributor, or distributor branch licensed by the Commissioner under this Article which uses an identical or substantially similar form franchise for its dealers or distributors in this State shall file with the Commissioner a copy of the franchise and all supplements. Any applicant for licensing by the Commissioner as a manufacturer, factory branch, distributor, or distributor branch licensed under this Article, which would use an identical or substantially similar form franchise, as defined in G.S. 20-286(8a), for its dealers or distributors in this State, shall, as a condition for the issuance of a license, file with the Commissioner a copy of the franchise and all supplements thereto. Not later than 60 days prior to the date a revision, modification, or addition to a franchise is offered generally to a licensee's franchisees in this State, the licensee shall notify the Commissioner of the proposed revision, modification, or addition to the franchise on file with the Commissioner and include with the notification:~~

~~(1) A copy of the form franchise which incorporates all of the proposed revisions, modifications, and additions;~~

~~(2) A separate statement which identifies all substantive revisions, modifications, and additions proposed.~~

~~It shall be unlawful for a franchise or any addendum or supplement thereto to be offered to a motor vehicle dealer in this State after January 1, 1998, until an applicant or licensee has complied with all of the requirements of this section. The Commissioner is~~

1 ~~authorized and directed to investigate and prevent violations of this section, including~~
2 ~~inconsistencies of any manufacturer's franchise with the provisions of this Article.~~

3 (a) All franchise-related form agreements, as defined in this subsection, offered
4 to a motor vehicle dealer in this State shall provide that all terms and conditions in the
5 agreement inconsistent with any of the laws or rules of this State are of no force and
6 effect. For purposes of this section, the term "franchise-related form agreements" means
7 one or more contracts between a franchised motor vehicle dealer and a manufacturer,
8 factory branch, distributor, or distributor branch, including a written communication
9 from a manufacturer or distributor in which a duty is imposed on the franchised motor
10 vehicle dealer under which:

11 (1) The franchised motor vehicle dealer is granted the right to sell and
12 service new motor vehicles manufactured or distributed by the
13 manufacturer or distributor or only to service motor vehicles under the
14 contract and a manufacturer's warranty;

15 (2) The franchised motor vehicle dealer is a component of the
16 manufacturer or distributor's distribution system as an independent
17 business;

18 (3) The franchised motor vehicle dealer is substantially associated with the
19 manufacturer or distributor's trademark, trade name, and commercial
20 symbol;

21 (4) The franchised motor vehicle dealer's business substantially relies on
22 the manufacturer or distributor for a continued supply of motor
23 vehicles, parts, and accessories; or

24 (5) Any right, duty, or obligation granted or imposed by this Chapter is
25 affected.

26 (b) Notwithstanding the terms of any franchise or agreement, it shall be unlawful
27 for any manufacturer, factory branch, distributor, or distributor branch to offer to a
28 dealer, revise, modify, or replace a franchise-related form agreement, as defined above
29 in this section, which agreement, modification, or replacement may adversely affect or
30 alter the rights, obligations, or liability of a motor vehicle dealer or may adversely
31 impair the sales, service obligations, investment, or profitability of any motor vehicle
32 dealer located in this State, unless:

33 (1) The manufacturer, factory branch, distributor, or distributor branch
34 provides prior written notice by registered or certified mail to each
35 affected dealer, the Commissioner, and the North Carolina Automobile
36 Dealers Association, Inc., of the modification or replacement in the
37 form and within the time frame set forth within this section and in
38 subsection (c) of this section; and

39 (2) If a protest is filed under this section, the Commissioner approves the
40 modification or replacement.

41 (c) The notice required by subdivision (b)(1) of this section shall:

42 (1) Be given not later than the 60th day before the effective date of the
43 modification or replacement;

1 (2) Contain on its first page a conspicuous statement that reads: 'NOTICE
 2 TO DEALER: YOU MAY BE ENTITLED TO FILE A PROTEST
 3 WITH THE COMMISSIONER OF THE NORTH CAROLINA
 4 DIVISION OF MOTOR VEHICLES AND HAVE A HEARING IN
 5 WHICH YOU MAY PROTEST THE PROPOSED INITIAL
 6 OFFERING, MODIFICATION, OR REPLACEMENT OF CERTAIN
 7 FRANCHISE-RELATED FORM AGREEMENTS UNDER THE
 8 TERMS OF THE MOTOR VEHICLE DEALERS AND
 9 MANUFACTURERS LICENSING LAW, IF YOU OPPOSE THIS
 10 ACTION'; and

11 (3) Contain a separate letter or statement that identifies all substantive
 12 modifications or revisions and the principal reasons for each such
 13 modification or revision.

14 (d) A franchised dealer may file a protest with the Commissioner of the offering,
 15 modification, or replacement pursuant to this section not later than the latter of:

16 (1) The 60th day after the date of the receipt of the notice; or

17 (2) The time specified in the notice.

18 (e) After a protest is filed, the Commissioner shall determine whether the
 19 manufacturer, factory branch, distributor, or distributor branch has established by a
 20 preponderance of the evidence that there is good cause for the proposed offering,
 21 modification, or replacement. The prior franchise-related form agreement, if any,
 22 continues in effect until the Commissioner resolves the protest.

23 (f) The Commissioner is authorized and directed to investigate and prevent
 24 violations of this section, including inconsistencies of any franchise-related form
 25 agreement with the provisions of this Article.

26 (g) Nothing contained in this section shall in any way limit a dealer's rights under
 27 any other provision of this Article or other applicable law."

28 **SECTION 2.** G.S. 20-305(5) reads as rewritten:

29 **"§ 20-305. Coercing dealer to accept commodities not ordered; threatening to**
 30 **cancel franchise; preventing transfer of ownership; granting additional**
 31 **franchises; terminating franchises without good cause; preventing family**
 32 **succession.**

33 It shall be unlawful for any manufacturer, factory branch, distributor, or distributor
 34 branch, or any field representative, officer, agent, or any representative whatsoever of
 35 any of them:

36 ...

37 (5) To enter into a franchise establishing an additional new motor vehicle
 38 dealer or relocating an existing new motor vehicle dealer into a
 39 relevant market area where the same line make is then represented
 40 without first notifying in writing the Commissioner and each new
 41 motor vehicle dealer in that line make in the relevant market area of
 42 the intention to establish an additional dealer or to relocate an existing
 43 dealer within or into that market area. Within 30 days of receiving
 44 such notice or within 30 days after the end of any appeal procedure

1 provided by the manufacturer, any new motor vehicle dealer may file
2 with the Commissioner a protest to the establishing or relocating of the
3 new motor vehicle dealer. When a protest is filed, the Commissioner
4 shall promptly inform the manufacturer that a timely protest has been
5 filed, and that the manufacturer shall not establish or relocate the
6 proposed new motor vehicle dealer until the Commissioner has held a
7 hearing and has determined that there is good cause for permitting the
8 addition or relocation of such new motor vehicle dealer.

9 a. This section does not apply:

- 10 1. To the relocation of an existing new motor vehicle dealer
11 within that dealer's relevant market area, provided that
12 the relocation not be at a site within 10 miles of a
13 licensed new motor vehicle dealer for the same line
14 make of motor vehicle. If this sub-subdivision is
15 applicable, only dealers trading in the same line-make of
16 vehicle that are located within the 10-mile radius shall be
17 entitled to notice from the manufacturer and have the
18 protest rights afforded under this section; or
- 19 2. If the proposed additional new motor vehicle dealer is to
20 be established at or within two miles of a location at
21 which a former licensed new motor vehicle dealer for the
22 same line make of new motor vehicle had ceased
23 operating within the previous two years;
- 24 3. To the relocation of an existing new motor vehicle dealer
25 within two miles of the existing site of the new motor
26 vehicle dealership if the franchise has been operating on
27 a regular basis from the existing site for a minimum of
28 three years immediately preceding the relocation;
- 29 4. To the relocation of an existing new motor vehicle dealer
30 if the proposed site of the relocated new motor vehicle
31 dealership is further away from all other new motor
32 vehicle dealers of the same line make in that relevant
33 market ~~area-area~~; or
- 34 5. To the relocation of an existing new motor vehicle dealer
35 to a location within four and one-half miles of the
36 existing site of the new motor vehicle dealership if the
37 line make has been operating on a regular basis from the
38 existing site for a minimum of 50 years immediately
39 preceding the effective date of this sub-subdivision,
40 provided that the relocation site not be located within
41 four miles of another licensed new motor vehicle dealer
42 for the same line make of motor vehicle."

43 **SECTION 3.** G.S. 20-305(30) reads as rewritten:

1 **"§ 20-305. Coercing dealer to accept commodities not ordered; threatening to**
2 **cancel franchise; preventing transfer of ownership; granting additional**
3 **franchises; terminating franchises without good cause; preventing family**
4 **succession.**

5 It shall be unlawful for any manufacturer, factory branch, distributor, or distributor
6 branch, or any field representative, officer, agent, or any representative whatsoever of
7 any of them:

8 ...

9 (30) To vary the price charged to any of its franchised new motor vehicle
10 dealers located in this State for new motor vehicles based on the
11 dealer's purchase of new facilities, supplies, tools, equipment, or other
12 merchandise from the manufacturer, the dealer's relocation,
13 remodeling, repair, or renovation of existing dealerships or
14 construction of a new facility, the dealer's participation in training
15 programs sponsored, endorsed, or recommended by the manufacturer,
16 whether or not the dealer is dualed with one or more other line makes
17 of new motor vehicles, or the dealer's sales penetration. Except as
18 provided in this subdivision, it shall be unlawful for any manufacturer,
19 factory branch, distributor, or distributor branch, or any field
20 representative, officer, agent, or any representative whatsoever of any
21 of them to vary the price charged to any of its franchised new motor
22 vehicle dealers located in this State for new motor vehicles based on
23 the dealer's sales volume, the dealer's level of sales or customer service
24 satisfaction, the dealer's purchase of advertising materials, signage,
25 nondiagnostic computer hardware or software, communications
26 devices, or furnishings, or the dealer's participation in used motor
27 vehicle inspection or certification programs sponsored or endorsed by
28 the manufacturer.

29 The price of the vehicle, for purposes of this subdivision shall
30 include the manufacturer's use of rebates, credits, or other
31 consideration ~~which~~that has the effect of causing a variance in the
32 price of new motor vehicles offered to its franchised dealers located in
33 the State.

34 Notwithstanding the foregoing, nothing in this subdivision shall be
35 deemed to preclude a manufacturer from establishing sales contests or
36 promotions ~~which~~that provide or award dealers or consumers rebates
37 or incentives; provided, however, that the manufacturer complies with
38 all of the following conditions:

39 a. With respect to manufacturer to consumer rebates and
40 incentives, the manufacturer's criteria for determining eligibility
41 shall:

42 1. Permit all of the manufacturer's franchised new motor
43 vehicle dealers in this State to offer the rebate or
44 incentive; and

1 this State and that varied the price charged to its franchised dealers in
2 this State in a manner that would violate this subdivision, and the
3 program or policy was implemented in this State subsequent to
4 October 1, 1999, and prior to June 30, 2001, and provided that the
5 program or policy is in compliance with this subdivision as it existed
6 as of June 30, 2001, it shall be lawful for that program or policy,
7 including amendments to that program or policy that comply with this
8 subdivision as it existed as of June 30, 2001, to continue in effect as to
9 the manufacturer's franchised dealers located in this State until June
10 30, ~~2006~~2010.

11 Any manufacturer shall be required to pay or otherwise compensate
12 any franchise dealer who has earned the right to receive payment or
13 other compensation under a program in accordance with the
14 manufacturer's program or policy.

15 The provisions of this subdivision shall not be applicable to
16 multiple or repeated sales of new motor vehicles made by a new motor
17 vehicle dealer to a single purchaser under a bona fide fleet sales policy
18 of a manufacturer, factory branch, distributor, or distributor branch."

19 **SECTION 4.** Chapter 20 of the General Statutes is amended by adding a
20 new section to read:

21 **"§ 20-304.1. Prohibited contractual requirements imposed by manufacturer,**
22 **distributor, or captive finance source.**

23 It shall be unlawful for any manufacturer, factory branch, distributor, or distributor
24 branch, or any field representative, officer, agent, or any representative of them,
25 notwithstanding the terms, provisions, or conditions of any agreement or franchise, to
26 require any of its franchised dealers located in this State to agree to any terms,
27 conditions, or requirements that are set forth in subdivisions (1) through (6) below in
28 order for any such dealer to floor plan any of the dealer's inventory, finance the sale or
29 lease of any motor vehicles purchased or leased by any of the dealer's customers,
30 finance the acquisition, construction, or renovation of any of the dealer's property or
31 facilities, or to be able to participate in, or otherwise, directly or indirectly, obtain the
32 benefits of any incentive program offered by or through any financial source that
33 provides automotive-related loans or purchases retail installment contracts or lease
34 contracts for motor vehicles in North Carolina and is, directly or indirectly, owned,
35 operated, or controlled by such manufacturer, factory branch, distributor, or distributor
36 branch ("captive finance source").

- 37 (1) Require a dealer to grant such captive finance source a power of
38 attorney to do anything on behalf of the dealer other than sign the
39 dealer's name on any check, draft, or other instrument received in
40 payment or proceeds under any contract for the sale or lease of a motor
41 vehicle that is made payable to the dealer but which is properly
42 payable to the captive finance source, is for the purpose of correcting
43 an error in a customer's finance application or title processing
44 document, is for the purpose of processing regular titling of the vehicle

1 or by signing the dealer's name on the promissory note or other
2 instrument evidences the dealer's obligation to repay the captive
3 finance source for amounts advanced to the dealer, or on behalf of the
4 dealer, in order for the dealer to purchase an inventory of motor
5 vehicles or other items pursuant to a written agreement between the
6 dealer and the captive finance source.

7 (2) Require a dealer to repurchase, pay off, or guaranty any contract for
8 the sale or lease of a motor vehicle or to require a dealer to indemnify
9 or hold harmless the captive finance source for settlements, judgments,
10 damages, litigation expenses, or other costs or expenses incurred by
11 such captive finance source when it has not been proven or specifically
12 alleged by the customer that such damages or expenses resulted
13 directly from the subject dealer's material breach of the terms of a
14 written agreement with the captive finance source or the subject
15 dealer's violation of applicable law. For purposes of this section, a
16 material breach includes, but is not limited to, a breach of a
17 representation by the dealer that all of the customers' signatures are
18 genuine signatures of the persons they purport to be and there has been
19 no identity fraud with respect to the contract, or that the contract being
20 assigned is a valid, enforceable contract. However, a breach of a
21 representation that requires a dealer to represent the completeness
22 and/or accuracy of the information received from the customer to a
23 standard higher than to the best of the dealer's knowledge is not a
24 material breach.

25 (3) Require a dealer to waive any defenses that may be available to it
26 under its agreements with the captive finance source or under any
27 applicable laws; provided, however, that the provisions of this
28 subdivision shall not be applicable to waivers of, or indemnification
29 by, the dealer for environmental risks or factors in the context of one
30 or more loans received by the dealer from the captive finance source
31 which are secured by real property.

32 (4) Require a dealer to settle or contribute any of its own funds or
33 financial resources toward the settlement of any multiparty or class
34 action litigation without obtaining the dealer's voluntary and written
35 consent subsequent to the filing of such litigation.

36 (5) Require a dealer to contribute to any reserve or contingency account
37 established or maintained by the captive finance source, for the
38 financing of the sale or lease of any motor vehicles purchased or
39 leased by any of the dealer's customers, in any amount or on any basis
40 other than the reasonable expected amount of future finance reserve
41 chargebacks to the dealer's account. This section shall not apply to or
42 limit (i) reasonable amounts reserved and maintained related to the
43 sale or financing of any products ancillary to the sale, lease, or
44 financing of the motor vehicle itself; (ii) a delay or reduction in the

1 payment of dealer's portion of the finance income pursuant to an
2 agreement between the dealer and a captive finance source under
3 which the dealer agrees to such delay or reduction in exchange for the
4 limitation, reduction, or elimination of the dealer's responsibility for
5 finance reserve chargebacks; or (iii) a chargeback to a dealer (or offset
6 of any amounts otherwise payable to a dealer by the captive finance
7 source) for any indebtedness, that has been agreed upon by both
8 parties specific to the charge in dispute, properly owing from a dealer
9 to the captive finance source.

- 10 (6) Require a dealer to repossess or otherwise gain possession of a motor
11 vehicle at the request of or on behalf of the captive finance source.
12 This section shall not apply to any requirements contained in any
13 agreement between the dealer and the captive finance source wherein
14 the dealer agrees to receive and process vehicles that are voluntarily
15 returned by the customer or returned to the lessor at the end of the
16 lease term.

17 Any clause or provision in any franchise or agreement between a dealer and a
18 manufacturer, factory branch, distributor, or distributor branch, or between a dealer and
19 any captive finance source, that is in violation of or that is inconsistent with any of the
20 provisions of this section shall be voidable at any time at the election of the dealer."

21 **SECTION 5.** Chapter 20 of the General Statutes is amended by adding a
22 new section to read:

23 **"§ 20-305.7. Unlawful equipment leases, contracts for computer services, and**
24 **access to dealership information.**

25 (a) It shall be unlawful for any person, corporation, or other entity to enter into a
26 contract or agreement with a motor vehicle dealer located in this State, after the
27 effective date of this section, that provides for or relates to the lease of computer-related
28 equipment or computer-related services which contains any terms or conditions that are
29 unreasonable to the dealer as determined by the Commissioner or a court of competent
30 jurisdiction. For purposes of this section, the term "computer-related equipment" is
31 defined as computers, servers, network and digital communications equipment, routers,
32 switches, terminal servers, printers, software, or other computer-related programs,
33 equipment, forms, or supplies excluding Internet Web sites provided by or on behalf of
34 the manufacturer, factory branch, distributor, or distributor branch. For purposes of this
35 section, the term "computer-related services" is defined as repair, maintenance, or
36 update services performed on computer-related equipment. Such unreasonable terms or
37 conditions include, but are not limited to, the following:

- 38 (1) Terms or conditions that establish an initial term for the contract or
39 agreement in excess of five years or which require the dealer to pay an
40 unreasonable amount of consideration in order to terminate the
41 agreement within the initial term of the agreement.
42 (2) Terms or conditions that extend the term of the contract or agreement
43 in excess of three years beyond the initial term of the agreement, or
44 that require the dealer to pay an unreasonable amount of consideration

1 in order to terminate the agreement within three years beyond the
2 initial term of the agreement; provided, however, that nothing
3 contained in this subdivision shall be deemed to prohibit the term of
4 any such contract or agreement from continuing on a month-to-month
5 basis subsequent to expiration of its initial term or extension, as long
6 as the dealer may terminate the contract or agreement without the
7 payment of any additional consideration upon providing notice not in
8 excess of 30 days to the provider of the computer-related equipment or
9 services. Nothing contained in this subdivision shall be deemed to
10 prohibit a dealer and a provider of computer-related equipment or
11 services from entering into a new or subsequent agreement related to
12 the provision of computer-related equipment or services upon
13 expiration or termination of a prior agreement between the parties,
14 provided, however, that such new or subsequent agreement is in
15 compliance with this subdivision.

- 16 (3) Terms or conditions that allow a manufacturer, factory branch,
17 distributor, or distributor branch, or any third party acting on their
18 behalf, to access or obtain data from, or write data to, a dealer's
19 computer system or network that does not enable the dealer to:
20 a. Maintain the security, integrity, and confidentiality of the
21 customer and dealership information collected or generated by
22 the dealer;
23 b. Reasonably and continually monitor the specific data accessed
24 from or written to the dealer's computer system or network by
25 the manufacturer, factory branch, distributor, or distributor
26 branch, or any third party acting on their behalf; and
27 c. Comply with any applicable State and federal laws and any
28 rules or regulations promulgated thereunder.

29 Any clause or provision in any contract or agreement between a dealer and any
30 person, corporation, or other entity that is in violation of or that is inconsistent with any
31 of the provisions of this section shall be voidable at anytime at the election of the dealer.

32 (b) Notwithstanding the terms of any franchise or agreement, it shall be unlawful
33 for any manufacturer, factory branch, distributor, or distributor branch to access or
34 obtain data from or write data to a dealer's computer system or network, or require or
35 coerce a dealer to utilize any computer-related services, network design, third-party
36 provider, third-party vendor, or other means of accessing, exchanging, or transferring
37 data relating to the dealer or the dealer's customers that does not enable the dealer to:

- 38 (1) Maintain the security, integrity, and confidentiality of the customer
39 and dealership information collected or generated by the dealer;
40 (2) Reasonably and continually monitor the specific data accessed from or
41 written to the dealer's computer system or network by the
42 manufacturer, factory branch, distributor, or distributor branch; and
43 (3) Comply with any applicable State and federal laws and any rules or
44 regulations promulgated thereunder.

1 (c) It shall be unlawful for any vendor of computer-related equipment or any
2 third party acting on behalf of any vendor of computer-related equipment or services,
3 manufacturer, factory branch, distributor, or distributor branch to:

4 (1) Provide access to any customer or dealership information collected,
5 received, or generated by the dealer without first obtaining the dealer's
6 explicit written consent in an agreement between the dealer and all
7 entities accessing or handling this customer or dealership information.
8 Such consent must:

- 9 a. Be in written form, and contain the original signature of the
10 dealer or the dealer's authorized representative and reference by
11 name;
12 b. Provide consent for a period not to exceed 180 days;
13 c. Provide authorization for the specific vendor of
14 computer-related equipment, vendor of computer-related
15 services, or third party to whom such consent is given and
16 describe the scope of the consent given;
17 d. Contain on its first page a conspicuous statement that reads:
18 'NOTICE TO DEALER: THIS AGREEMENT RELATES TO
19 THE TRANSFER AND ACCESSING OF CONFIDENTIAL
20 INFORMATION AND CONSUMER-RELATED DATA.
21 PROPER SAFEGUARDS SHOULD BE IN EFFECT TO
22 PROTECT THE CONFIDENTIALITY OF THIS DATA.'

23 No vendor of computer-related equipment or services, or any third party,
24 shall have any right to obtain, utilize, copy, view, or modify information
25 stored in or traversing computer-related equipment owned or utilized by a
26 dealer without first obtaining this explicit written consent; or

27 (2) Notwithstanding the terms of any contract, agreement, or consent to
28 access or obtain data from or write data to a dealer's computer system
29 or network that does not enable the dealer to:

- 30 a. Maintain the security, integrity, and confidentiality of the
31 customer and dealership information collected or generated by
32 the dealer;
33 b. Reasonably and continually monitor the specific data accessed
34 from or written to the dealer's computer system or network by
35 the vendor of computer-related equipment or services, or the
36 manufacturer, factory branch, distributor, or distributor branch;
37 and
38 c. Comply with any applicable State and federal laws and any
39 rules or regulations promulgated thereunder.

40 (d) This section shall not preclude, prohibit, or deny the right of the
41 manufacturer, factory branch, distributor, or distributor branch to receive from the
42 dealer customer or dealership information for the purposes of complying with federal or
43 State safety requirements or implementing steps related to manufacturer recalls at such
44 times as necessary in order to comply with such federal and State requirements or

1 manufacturer recalls provided that receiving such information from the dealer does not
2 impair, alter, or reduce the security, integrity, and confidentiality of the customer and
3 dealership information collected or generated by the dealer."

4 **SECTION 6.** G.S. 20-308.2 is amended by adding a new subsection to read:

5 "(e) The provisions of this Article shall apply to all written agreements between a
6 manufacturer, wholesaler, or distributor with a motor vehicle dealer including, but not
7 limited to, the franchise offering, the franchise agreement, sales of goods, services or
8 advertising, leases or deeds of trust of real or personal property, promises to pay,
9 security interests, pledges, insurance contracts, advertising contracts, construction or
10 installation contracts, servicing contracts, and all other such agreements between a
11 motor vehicle dealer and a manufacturer, wholesaler, or distributor."

12 **SECTION 7.** G.S. 20-286(10) reads as rewritten:

13 **"§ 20-286. Definitions.**

14 The following definitions apply in this Article:

15 ...

16 (10) Motor vehicle. – Any motor propelled vehicle, trailer or semitrailer,
17 required to be registered under the laws of this State.

18 a. "New motor vehicle" means a motor vehicle ~~which~~that has
19 never been the subject of a completed, successful, or
20 conditional sale that was subsequently approved sale~~other than~~
21 between new motor vehicle dealers, or between manufacturer
22 and dealer of the same franchise.

23 b. "Used motor vehicle" means a motor vehicle other than
24 described in paragraph (10)a above."

25 **SECTION 8.** This act is effective when it becomes law.