

Iowa Code § 322.2

This document is current through legislation from the 2021 Regular Session and HF364, HF604, HF728, HF736, HF803, HF771, HF825, HF2079, HF2080, HF2081, HF2097, HF2123, HF2124, HF2126, HF2127, HF2130, HF2147, HF2154, HF2155, HF2165, HF2168, HF2169, HF2172, HF2198, HF2200, HF2201, HF2202, HF2209, HF2217, HF2222, HF2239, HF2246, HF2258, HF2259, HF2295, HF2298, HF2300, HF2316, HF2317, HF2330, HF2340, HF2341, HF2343, HF2355, HF2358, HF2367, HF2372, HF2373, HF2378, HF2380, HF2384, HF2390, HF2399, HF2411, HF2412, HF2416, HF2420, HF2431, HF2462, HF2463, HF2466, HF2468, HF2469, HF2475, HF2481, HF2484, HF2489, HF2496, HF2515, SF333, SF384, SF463, SF513, SF551, SF577, SF581, SF2080, SF2119, SF2128, SF2130, SF2190, SF2232, SF2233, SF2245, SF2260, SF2266, SF2267, SF2279, SF2287, SF2325, SF2378, SF2380, SF2383 and SF2385 of the 2022 Regular Session of the 89th General Assembly.

LexisNexis® Iowa Annotated Statutes > Title VIII Transportation (Subts. 1 — 4) > Subtitle 2 Vehicles (Chs. 321 — 323A) > Chapter 322 Motor Vehicle Manufacturers, Distributors, Wholesalers, and Dealers (§§ 322.1 — 322.36)

322.2 Definitions.

As used in this chapter and unless a different meaning appears from the context:

1. “At retail” means to dispose of a motor vehicle to a person who will devote it to a consumer use.
2. “Autocycle” means as defined in section 321.1.
3. “Completed motor vehicle” means a motor vehicle which does not require any additional manufacturing operations to perform its intended function except the addition of readily attachable equipment, components, or minor finishing operations. “Completed motor vehicle” also includes a glider kit vehicle as defined in section 321.1.
4. “Department” means the state department of transportation.
5. “Distributor” or “wholesaler” means a person, resident or nonresident, who in whole or part, sells or distributes motor vehicles to motor vehicle dealers, or who maintains distributor representatives.
6. “Distributor branch” means a branch office similarly maintained by a distributor or wholesaler for the same purposes.
7. “Distributor representative” means a representative similarly employed by a distributor, distributor branch, or wholesaler.
8. “Engaged in the business” means doing any of the following acts for the purpose of the sale of motor vehicles at retail: acquiring, selling, exchanging, holding, offering, displaying, brokering, accepting on consignment, conducting a retail auction, advertising as being engaged in any of those acts, or acting as an agent for the purpose of doing any of those acts. A person selling at retail more than six motor vehicles during a twelve-month period may be presumed to be engaged in the business.
9. “Factory branch” means a branch office maintained by a person who manufactures or assembles motor vehicles, for the sale of motor vehicles to distributors, or for the sale of motor vehicles to motor vehicle dealers or for directing or supervising in whole or part, its representatives.
10. “Factory representative” means a representative employed by a person who manufactures or assembles motor vehicles or by a factory branch, for the purpose of making or promoting the sale of its motor vehicles, or for supervising or contacting its dealers or prospective dealers.
11. “Final-stage manufacturer” means a person who performs such manufacturing operations on an incomplete motor vehicle that it becomes a completed motor vehicle.

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- 12.** The “holder” of a retail installment contract means the retail seller of the motor vehicle under or subject to the contract or, if the contract is purchased by a sales finance company or other assignee, the sales finance company or other assignee.
- 13.** “Incomplete motor vehicle” means an assemblage consisting, at a minimum, of frame and chassis structure, power train, steering system, suspension system, and braking system to the extent that those systems are to be part of a completed motor vehicle, that requires further manufacturing operations, other than the addition of readily attachable components, such as mirrors or tire and rim assemblies, or minor finishing operations such as painting, to become a completed motor vehicle.
- 14.** “Incomplete motor vehicle manufacturer” means a person who manufactures an incomplete motor vehicle by assembling components none of which, taken separately, constitute a completed motor vehicle.
- 15.** “Manufacturer” means any person engaged in the business of fabricating or assembling motor vehicles. “Manufacturer” does not include a person who converts, modifies, or alters a completed motor vehicle manufactured by another person or a person who assembles a glider kit vehicle as defined in section 321.1. “Manufacturer” includes a person who uses a completed motor vehicle manufactured by another person to construct a class “B” motor home as defined in section 321.124 or a motorsports recreational vehicle as defined in section 321.1. “Manufacturer” also includes a final-stage manufacturer.
- 16.** “Motorcycle” means as defined in section 321.1. “Motorcycle” does not include an all-terrain vehicle as defined in section 321.1.
- 17.** “Motor vehicle” means any self-propelled vehicle subject to registration under chapter 321.
- 18.** “Multi-stage manufactured vehicle” means a motor vehicle built in two or more stages in which an incomplete motor vehicle, built by one manufacturer, is completed by another manufacturer who adds cargo carrying components or other components to the vehicle.
- 19.** “Person” includes any individual, firm, corporation, partnership, joint adventure, or association, and the plural as well as the singular number.
- 20.** “Place of business” means a designated location wherein proper and adequate facilities shall be maintained for displaying, reconditioning, and repairing either new or used cars.
- 21.** “Retail buyer” or “buyer” means a person who buys a motor vehicle from a retail seller.
- 22.** “Retail installment contract” or “contract” means an agreement, entered into in this state, pursuant to which the title to, the property in or a lien upon the motor vehicle, which is the subject matter of a retail installment transaction, is retained or taken by a retail seller from a retail buyer as security, in whole or in part, for the buyer’s obligation. The term includes a chattel mortgage, a conditional sales contract and a contract for the bailment or leasing of a motor vehicle by which the bailee or lessee contracts to pay as compensation for its use a sum substantially equivalent to or in excess of its value and by which it is agreed that the bailee or lessee is bound to become, or has the option of becoming, the owner of the motor vehicle upon full compliance with the provisions of the contract.
- 23.** “Retail installment transaction” means any sale evidenced by a retail installment contract between a retail buyer and a retail seller wherein the retail buyer buys a motor vehicle from a retail seller at a time price payable in one or more installments.
- 24.** “Retail seller” or “seller” means a person who sells a motor vehicle to a retail buyer.
- 25.** “Sales finance company” means a person engaged, in whole or in part, in the business of purchasing retail installment contracts from one or more retail sellers. The term also includes a retail seller engaged, in whole or in part, in the business of creating and holding retail installment contracts. The term does not include the pledgee of an aggregate number of such contracts to secure a bona fide loan thereon.

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26. "Selling" includes bartering, exchanging, delivering, or otherwise dealing in.
27. "Special equipment" means equipment installed on a motor truck which, in combination with the motor truck on which the equipment is installed, constitutes a self-contained unit configured for a specific purpose. To constitute special equipment, a minimum of seven thousand five hundred dollars or twenty-five percent of the retail value of the motor truck, whichever is greater, must be expended in installing the equipment on the motor truck, including the cost of the equipment. "Special equipment" does not include equipment designed for the transportation of passengers.
28. "Used motor vehicle" or "second-hand motor vehicle" means any motor vehicle of a type subject to registration under the laws of this state which has been sold "at retail" as defined in this chapter and previously registered in this or any other state.

History

C39, § 5039.02; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, § 322.2] 97 Acts, ch 108, § 35; 2000 Acts, ch 1134, § 4; 2001 Acts, ch 32, § 29; 2008 Acts, ch 1032, § 106; 2010 Acts, ch 1069, § 107; 2012 Acts, ch 1048, § 1, 6; 2013 Acts, ch 103, § 19, 21; 2014 Acts, ch 1127, § 16; 2016 Acts, ch 1083, § 3, effective July 1, 2016; 2016 Acts, ch 1098, § 18, effective July 1, 2016; 2018 Acts, ch 1010, § 2, § 3, effective July 1, 2018.

Annotations

Notes

Amendment Notes

The 2016 amendments to this section by ch. 1083 added "advertising as being engaged in any of those acts" in the first sentence of 7.

The 2016 amendments to this section by ch. 1098 added 1A.

The 2018 amendments by ch. 1010 added (10A), (11A), (11B), and (14A); and added the last sentence of (12).

Research References & Practice Aids

Hierarchy Notes:

Iowa Code Title VIII, Subtit. 2, Ch. 322

State Notes

Notes

Section Notes:

Subsection 11 amended

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End of Document

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322.3 Prohibited acts.

1. A person shall not engage in this state in the business of selling at retail new motor vehicles of any make or represent or advertise that the person is engaged or intends to engage in such business in this state unless the person is authorized to do so by a contract in writing with the manufacturer or distributor of such make of new motor vehicles and unless the department has licensed the person as a motor vehicle dealer in this state in motor vehicles of such make and has issued to the person a license in writing as provided in this chapter. Notwithstanding the prohibitions in this subsection, a final-stage manufacturer of multi-stage manufactured vehicles that holds a used motor vehicle dealer license issued pursuant to this chapter may assign an incomplete motor vehicle's manufacturer's statement of origin to a retail buyer for purposes of issuance of a certificate of title by a county treasurer as a new motor vehicle with the same make as the incomplete motor vehicle without holding a new motor vehicle dealer license and without paying any associated motor vehicle registration fees. A licensed dealer in new motor vehicles may also assign an incomplete motor vehicle's manufacturer's statement of origin in the same manner as provided in this subsection.
2. A person other than a licensed dealer in new motor vehicles shall not engage in this state in the business of selling at retail used motor vehicles or represent or advertise that the person is engaged or intends to engage in such business in this state unless and until the department has licensed the person as a used motor vehicle dealer in the state and has issued to the person a license in writing as provided in this chapter.
3. Subsections 1, 2, and 16 shall not be construed to require the separate licensing of persons employed as salespersons of motor vehicles by a retail motor vehicle dealer. However, the department may promulgate reasonable rules as necessary for the proper identification of persons employed as salespersons.
4. A person who is engaged in the business of selling at retail motor vehicles shall not enter into any contract, agreement, or understanding, express or implied, with any manufacturer or distributor of any such motor vehicles that the person will sell, assign, or transfer any retail installment contracts arising from the retail installment sale of such motor vehicles only to a designated person or class of persons. A condition, agreement, or understanding between any manufacturer or distributor and a motor vehicle dealer in this state of this nature is hereby declared to be against the public policy of this state and to be unlawful and void.

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- 5.** A manufacturer or distributor of motor vehicles or any agent or representative of a manufacturer or distributor shall not terminate, threaten to terminate, or fail to renew any contract, agreement, or understanding for the sale of new motor vehicles to any motor vehicle dealer in this state without just, reasonable, and lawful cause or because the motor vehicle dealer failed to sell, assign, or transfer any retail installment contract arising from the retail sale of such motor vehicles or any one or more of them to a person or a class of persons designated by the manufacturer or distributor.
- 6.** A person who is engaged in the business of selling at retail motor vehicles shall not make and enter into a retail installment contract unless the contract meets the following requirements:

 - a.** Every retail installment contract shall be in writing, shall be signed by both the buyer and the seller, and shall be completed as to all essential provisions prior to the signing of the contract by the buyer except that, if delivery of the motor vehicle is not made at the time of the execution of the contract, the identifying numbers or marks of the motor vehicle or similar information and the due date of the first installment may be inserted in the contract after its execution.
 - b.** The contract shall comply with the Iowa consumer credit code, chapter 537, where applicable.
- 7.** This section shall not be construed to require that a place of business as defined in this chapter shall be maintained by a person selling motor vehicles at retail solely for the purpose of disposing of motor vehicles acquired or repossessed by such person in exercise of powers or rights granted by lien or title-retention instruments or contracts given as security for loans or purchase money obligations.
- 8.** A manufacturer or distributor of motor vehicles or agent or representative of a manufacturer or distributor shall not coerce or attempt to coerce any motor vehicle dealer to accept delivery of any motor vehicle or vehicles, parts, or accessories, or any other commodity or commodities which have not been ordered by the dealer.
- 9.** A person licensed under this chapter shall not, either directly or through an agent, salesperson, or employee, engage in this state, or represent or advertise that the person is engaged or intends to engage in this state, in the business of buying or selling at retail new or used motor vehicles, other than mobile homes more than eight feet in width or more than thirty-two feet in length as defined in section 321.1, on the first day of the week, commonly known and designated as Sunday.
- 10.** A manufacturer, distributor, or importer of motor vehicles or agent or representative of such manufacturer, distributor, or importer shall not require a motor vehicle dealer to submit to arbitration to resolve a controversy before the controversy arises. The parties may enter into a voluntary agreement to arbitrate a controversy after it arises. Such an agreement shall require that the arbitrator apply Iowa law in resolving the controversy. Either party may appeal a decision of an arbitrator to the district court on the grounds that the arbitrator failed to apply Iowa law.
- 11.** A person who is engaged in the business of selling motor vehicles at retail shall not sell, offer for sale, display, represent, or advertise that the person intends to sell motor vehicles from a location other than the person's place of business, except as provided in section 322.5.
- 12.** A person who has been convicted of a fraudulent practice, has been convicted of three or more violations of section 321.92, subsection 2, or section 321.99, has been convicted of three or more violations of subsection 16 of this section in the previous three-year period, or has been convicted of any other indictable offense in connection with selling or other activity relating to motor vehicles, in this state or any other state, shall not for a period of five years from the date of conviction be an owner, salesperson, employee, officer of a corporation, or representative of a licensed motor vehicle dealer or represent themselves as an owner, salesperson, employee, officer of a corporation, or representative of a licensed motor vehicle dealer.
- 13.**

 - a.** A manufacturer, distributor, or importer of motor vehicles or agent or representative of such manufacturer, distributor, or importer shall not reduce the amount of compensation for, or disallow a

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claim for, any of the following if twelve months or more have passed since the claim was submitted to the manufacturer, distributor, or importer or agent or representative thereof:

- (1) Warranty parts, repairs, or service supplied by a motor vehicle dealer.
- (2) Sales or leasing incentives provided to a motor vehicle dealer or to a customer of a motor vehicle dealer including but not limited to rebates and discounted interest rates.

b. The twelve-month limitation shall not apply if a court of competent jurisdiction in this state finds the claim was fraudulent.

14. A manufacturer or importer shall not directly or indirectly be licensed as, own an interest in, operate, or control a motor vehicle dealer. This subsection shall not prohibit any of the following:

a. A manufacturer or importer from being licensed as a motor vehicle dealer or owning an interest in, operating, or controlling a motor vehicle dealership for a period not to exceed one year to facilitate transfer of the motor vehicle dealership to a new owner if both of the following apply:

- (1) The prior owner transferred the motor vehicle dealership to the manufacturer or importer.
- (2) The motor vehicle dealership is continuously offered for sale by the manufacturer or importer upon reasonable terms and conditions.

b. A manufacturer or importer from temporarily owning an interest in a motor vehicle dealership for the purpose of enhancing opportunities for persons who lack the financial resources to purchase the motor vehicle dealership without such assistance. A manufacturer or importer may temporarily own an interest in a motor vehicle dealership pursuant to this paragraph only if the manufacturer or importer enters into a contract with a person pursuant to which all of the following apply:

- (1) The person operates the motor vehicle dealership.
- (2) The person has made a significant financial investment in the motor vehicle dealership and is subject to loss on such investment.
- (3) The person has an ownership interest in the motor vehicle dealership.
- (4) The person will acquire full ownership of the motor vehicle dealership within a reasonable time under reasonable conditions.

c. A manufacturer or importer from owning an interest in, operating, or controlling a person whose primary business is renting motor vehicles and who is licensed as a used motor vehicle dealer.

d. A manufacturer of motor homes, as defined in section 321.1, from owning an interest in, operating, or controlling a motor vehicle dealer of the motor homes manufactured by that manufacturer or from being licensed as a motor vehicle dealer only of the motor homes manufactured by that manufacturer.

e. A manufacturer from owning a minority interest in an entity that owns and operates motor vehicle dealers, licensed under this chapter or the laws of the jurisdiction in which they are located, of the line-make manufactured by the manufacturer if all of the motor vehicle dealers owned and operated by the entity in this state are motor vehicle dealers of only the line-make manufactured by the manufacturer and if, on January 1, 2000, there were not less than one and not more than three motor vehicle dealers of that line-make licensed under this chapter.

f. A final-stage manufacturer of multi-stage manufactured vehicles from being licensed as a used motor vehicle dealer or from assigning an incomplete motor vehicle's manufacturer's statement of origin to a retail buyer for purposes of issuance of a certificate of title by a county treasurer as a new motor vehicle with the same make as the incomplete motor vehicle without holding a new motor vehicle dealer license and without paying any associated motor vehicle registration fees. This paragraph shall not be construed to authorize a manufacturer or incomplete motor vehicle manufacturer to directly sell at retail incomplete or completed motor vehicles to a retail buyer except as provided in this subsection.

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15. A manufacturer, distributor, or importer of motor vehicles or an agent or representative of a manufacturer, distributor, or importer shall not reduce the amount of compensation for, or disallow a claim for, warranty parts, repairs, or service supplied by a motor vehicle dealer on the grounds that the dealer failed to submit a claim fewer than sixty days after the motor vehicle dealer completed the work underlying the claim for warranty parts, repairs, or service.

16. A motor vehicle dealer or wholesaler licensed under this chapter shall not sell, loan, rent, lease, or charge a fee for the use of the license to another person for the purpose of allowing the person to engage in the business of selling motor vehicles.

History

C39, § 5039.03; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, § 322.3; 90 Acts, ch 1061, § 1; 96 Acts, ch 1090, § 13; 97 Acts, ch 108, § 36; 98 Acts, ch 1075, § 26; 99 Acts, ch 69, § 1; 2000 Acts, ch 1003, § 1; 2000 Acts, ch 1232, § 66; 2001 Acts, ch 32, § 30, 31, 40; 2003 Acts, ch 44, § 114; 2006 Acts, ch 1068, § 34; 2009 Acts, ch 130, § 35; 2010 Acts, ch 1011, § 1; 2010 Acts, ch 1035, § 8; 2010 Acts, ch 1061, § 180; 2016 Acts, ch 1083, § 4, § 5, § 6, effective July 1, 2016; 2018 Acts, ch 1010, § 4, § 5, effective July 1, 2018.

Annotations

LexisNexis® Notes

Notes

Amendment Notes

The 2016 amendments to this section by ch. 1083 substituted “Subsections 1, 2, and 16” for “Subsections 1 and 2” in the first sentence of 3; added “has been convicted of three or more violations of subsection 16 of this section in the previous three-year period” in 12; and added 16.

The 2018 amendments by ch. 1010 added the second and last sentences of (1) and added (14)(f).

Case Notes

Governments: State & Territorial Governments: Licenses

Five-year revocation period for a used car dealer’s motor vehicle dealer license was improperly tolled until the litigation concluded because, under the plain language of the statute, the revocation period ran from the date of conviction. The legislature knew stays of enforcement of agency action were available but did not include a tolling mechanism in this section. *Carreras v. Iowa DOT, Motor Vehicle Div.*, 2021 Iowa App. LEXIS 657 (Iowa Ct. App. Aug. 4, 2021).

Used car dealer’s motor vehicle dealer license was properly revoked based on the dealer’s federal conviction for structuring currency deposits. The dealer’s structuring activities were in connection with selling or other activity related to motor vehicles because keeping deposits below \$10,000 was a regular business practice, and the dealer used dealership accounts to commit the offense. *Carreras v. Iowa DOT, Motor Vehicle Div.*, 2021 Iowa App. LEXIS 657 (Iowa Ct. App. Aug. 4, 2021).

Opinion Notes

OPINIONS OF ATTORNEY GENERAL

CONSTITUTIONAL LAW: SALES: MOTOR VEHICLES: FAIRS. § 322.5, Code of Iowa, 1977, as amended. A nonresident motor vehicle dealer may not display motor vehicles at fairs, vehicle shows, or vehicle exhibitions in the State unless that dealer is licensed under the provisions of Chapter 322, Code of Iowa, 1977., 78-12-7, 1977 Iowa Op. Att'y Gen. 831, 1978 Iowa AG LEXIS 32; 1977 Iowa Op. Att'y Gen. 831, 1978 Iowa AG LEXIS 32.

Research References & Practice Aids

Hierarchy Notes:

Iowa Code Title VIII, Subtit. 2, Ch. 322

State Notes

Research References & Practice Aids

Section Notes:

Referred to in § 321.105A, 322.5, 322.6, 322.29

Fraudulent practices, see § 714.8 - 714.14

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322.27 Manufacturer's license.

A manufacturer, except an alien manufacturer represented by an importer, shall not engage in business as a manufacturer in this state or employ, appoint, or maintain distributors or wholesalers or dealers, without a license as provided in this chapter. However, new motor vehicle dealers may wholesale motor vehicles without an additional license and used motor vehicle dealers may wholesale used motor vehicles without an additional license.

History

C66, 71, 73, 75, 77, 79, 81, § 322.27; 2000 Acts, ch 1154, § 24.

Annotations

Research References & Practice Aids

Hierarchy Notes:

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Iowa Code § 322A.1

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322A.1 Definitions.

When used in this chapter, unless the context otherwise requires:

1. “Additional motor vehicle dealership” includes a facility providing manufacturer-authorized or distributor-authorized service or warranty work for motor vehicles, except motor homes, of a line-make in a community in which the same line-make is represented.
2. “Community” means the franchisee’s area of responsibility as stipulated in the franchise.
3. “Consumer care” means to perform, for the public, necessary maintenance and repairs to motor vehicles.
4. “Department” means the state department of transportation.
5.
 - a. “Franchise” means a contract between two or more persons when all of the following conditions are included:
 - (1) A commercial relationship of definite duration or continuing indefinite duration is involved.
 - (2) The franchisee is granted the right to offer and sell motor vehicles manufactured or distributed by the franchiser.
 - (3) The franchisee, as an independent business, constitutes a component of the franchiser’s distribution system.
 - (4) The operation of the franchisee’s business is substantially associated with the franchiser’s trademark, service mark, trade name, advertising, or other commercial symbol designating the franchiser.
 - (5) The operation of the franchisee’s business is substantially reliant on the franchiser for the continued supply of motor vehicles, parts, and accessories.
 - b. “Franchise” includes a separate written agreement between the franchisee and the franchiser which materially affects the franchise, whether entered into prior to the date of the franchise, contemporaneously with the franchise, or subsequent to the date of the franchise.
6. “Franchisee” means a person who receives motor vehicles from the franchiser under a franchise and who offers and sells such motor vehicles to the general public.

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7. "Franchiser" means a person who manufactures or distributes motor vehicles and who may enter into a franchise as hereinafter defined.
8. "Motor vehicle" means "motor vehicles" as defined in chapter 321 which are subject to registration pursuant to the provisions thereof.
9. "Person" means a sole proprietor, partnership, corporation, or any other form of business organization.
10. "Substantially detrimental" means that, by a preponderance of the evidence, the market share of the franchiser's motor vehicles in the community will be significantly reduced in comparison to the franchiser's historical market share in the community.
11. "Termination or noncontinuance" includes a reduction of the geographic area of a community.

History

C71, 73, 75, 77, 79, 81, § 322A.1; 81 Acts, ch 22, § 22; 86 Acts, ch 1245, § 1940; 91 Acts, ch 27, § 3; 99 Acts, ch 69, § 2; 2001 Acts, ch 32, § 35, 40; 2010 Acts, ch 1081, § 1; 2013 Acts, ch 30, § 70.

Annotations

LexisNexis® Notes

Case Notes

Bankruptcy Law: Case Administration: Administrative Powers: Executory Contracts & Unexpired Leases: Powers

Business & Corporate Law: Distributorships & Franchises: Assignments & Transfers

Business & Corporate Law: Distributorships & Franchises: Franchise Relationships: Franchise Agreements

Bankruptcy Law: Case Administration: Administrative Powers: Executory Contracts & Unexpired Leases: Powers

Bankruptcy court would not apply Iowa Code ch. 322A in reaching its decision on a debtor's motion to assume and assign franchise agreements because neither manufacturer had taken action to terminate or discontinue their franchises and because, having filed bankruptcy, it was not appropriate for debtor to request that state law provisions be applied in lieu of the requirements of the Bankruptcy Code. In re Gretter Autoland, Inc., 2015 Bankr. LEXIS 2734 (Bankr. S.D. Iowa Aug. 17, 2015).

Business & Corporate Law: Distributorships & Franchises: Assignments & Transfers

Bankruptcy court would not apply Iowa Code ch. 322A in reaching its decision on a debtor's motion to assume and assign franchise agreements because neither manufacturer had taken action to terminate or discontinue their franchises and because, having filed bankruptcy, it was not appropriate for debtor to request that state law provisions be applied in lieu of the requirements of the Bankruptcy Code. In re Gretter Autoland, Inc., 2015 Bankr. LEXIS 2734 (Bankr. S.D. Iowa Aug. 17, 2015).

Business & Corporate Law: Distributorships & Franchises: Franchise Relationships: Franchise Agreements

The Iowa Department of Transportation (DOT) and the district court erred in resorting to principles of statutory construction to alter the plain meaning of “community” within Iowa Code § 322A.16 because the legislature provided a clear and unambiguous definition of “community” in Iowa Code § 322A.1(2). *Sioux City Truck Sales, Inc. v. Iowa DOT*, 2021 Iowa App. LEXIS 478 (Iowa Ct. App. June 16, 2021).

Research References & Practice Aids

Hierarchy Notes:

Iowa Code Title VIII, Subtit. 2, Ch. 322A

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LexisNexis® Iowa Annotated Statutes > Title VIII Transportation (Subts. 1 — 4) > Subtitle 2 Vehicles (Chs. 321 — 323A) > Chapter 322A Motor Vehicle Franchisers (§§ 322A.1 — 322A.24)

322A.2 Discontinuing franchise.

1. Unless otherwise provided in subsection 2, notwithstanding the terms, provisions, or conditions of any agreement or franchise, a franchiser shall not terminate or refuse to continue any franchise unless the franchiser has first established, in a hearing held under the provisions of this chapter, that both of the following apply:
 - a. The franchiser has good cause for termination or noncontinuance.
 - b. Upon termination or noncontinuance, another franchise in the same line-make will become effective in the same community, without diminution of the motor vehicle service formerly provided, or that the community cannot be reasonably expected to support such a dealership.
2. A franchiser may terminate a franchise for a particular line-make if the franchiser discontinues that line-make and a franchiser may terminate a franchise if the franchisee's license as a motor vehicle dealer is revoked pursuant to the provisions of chapter 322.

History

C71, 73, 75, 77, 79, 81, § 322A.2; 2010 Acts, ch 1069, § 110.

Annotations

LexisNexis® Notes

Case Notes

Business & Corporate Law: Distributorships & Franchises: Terminations: General Overview

Franchisee's car dealership franchise was justified as being terminated by franchisor because good cause was shown; the franchisee had falsified sales information in order to claim dealer and customer cash incentives. *Craig Foster Ford, Inc. v. Iowa DOT*, 562 N.W.2d 618, 1997 Iowa Sup. LEXIS 135 (Iowa 1997).

Research References & Practice Aids

LAW REVIEWS

19 Iowa J. Corp. L. 607, NOTE: Making a Case for Federal Regulation of Franchise Terminations—A Return-of-Equity Approach.

Hierarchy Notes:

Iowa Code Title VIII, Subtit. 2, Ch. 322A

State Notes

Research References & Practice Aids

Section Notes:

Referred to in § 322A.22

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LexisNexis® Iowa Annotated Statutes > Title VIII Transportation (Subts. 1 — 4) > Subtitle 2 Vehicles (Chs. 321 — 323A) > Chapter 322A Motor Vehicle Franchisers (§§ 322A.1 — 322A.24)

322A.3 New franchise.

In the event that a franchiser is permitted to terminate or not continue a franchise, and is further permitted not to enter into a franchise for the line-make in the community, no franchise shall thereafter be entered into for the sale of motor vehicles of that line-make in the community, unless the franchiser has first established, in a hearing held under the provisions of this chapter, that there has been a change of circumstances so that the community at that time can be reasonably expected to support the dealership.

History

C71, 73, 75, 77, 79, 81, § 322A.3.

Annotations

Research References & Practice Aids

Hierarchy Notes:

Iowa Code Title VIII, Subtit. 2, Ch. 322A

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LexisNexis® Iowa Annotated Statutes > Title VIII Transportation (Subts. 1 — 4) > Subtitle 2 Vehicles (Chs. 321 — 323A) > Chapter 322A Motor Vehicle Franchisers (§§ 322A.1 — 322A.24)

322A.3A Alteration of franchise.

1. A franchiser shall not unreasonably alter a franchisee's community.
2. A franchiser shall notify a franchisee of a proposed alteration to the franchisee's community at least sixty days prior to the effective date of the proposed alteration. Within thirty days of a request by the affected franchisee, unless otherwise provided in the notice, the franchiser shall provide the franchisee with an explanation of the basis for the proposed alteration.
3. Prior to the effective date of a proposed alteration of a franchisee's community and after the receipt of the explanation of the basis for the proposed alteration, a franchisee may object to the proposed alteration of the franchisee's community. Upon a franchisee's objection, a franchiser shall provide an internal appeal process for the franchisee. However, the franchiser is not required to provide an internal appeal process if the franchiser has already provided the franchisee with an opportunity to object to the alteration of the franchisee's community and to provide information in objection to the alteration for the franchiser's consideration prior to the franchiser's issuance of notice of the proposed alteration.
4.
 - a. Within fifteen days of the completion of the franchiser's internal appeal process, a franchisee may challenge the reasonableness of the proposed alteration of the franchisee's community by filing an application with the department requesting a hearing to be held pursuant to section 322A.7.
 - b. After a hearing held as described in this subsection, the department of inspections and appeals may affirm, deny, or modify the proposed alteration of a franchisee's community, may enter any other orders necessary to ensure that an alteration of the franchisee's community is reasonable in light of all the relevant circumstances, and may assess the costs of the hearing among the parties to the hearing as appropriate.
5. No change to the franchisee's community shall take effect during the pendency of the internal appeals process specified in subsection 3 or the hearing specified in subsection 4.
6. A franchiser shall not take any adverse action against a franchisee as a result of an alteration of the franchisee's community for at least twelve months after the effective date of the alteration.

History

Annotations

Research References & Practice Aids

Hierarchy Notes:

Iowa Code Title VIII, Subtit. 2, Ch. 322A

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322A.4 Additional franchise.

No franchiser shall enter into any franchise for the purpose of establishing an additional motor vehicle dealership in any community in which the same line-make is then represented, unless the franchiser has first established in a hearing held under the provisions of this chapter that there is good cause for such additional motor vehicle dealership under such franchise, and that it is in the public interest.

History

C71, 73, 75, 77, 79, 81, § 322A.4.

Annotations

Research References & Practice Aids

Hierarchy Notes:

Iowa Code Title VIII, Subtit. 2, Ch. 322A

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322A.5 Warranties and recalls.

1. Every franchiser and franchisee shall fulfill the terms of any express or implied warranty concerning the sale of a motor vehicle to the public of the line-make which is the subject of a contract or franchise agreement between the parties. If it is determined by the district court that either the franchiser or franchisee, or both, have violated an express or implied warranty, the court shall add to any award or relief granted an additional award for reasonable attorney fees and other necessary expenses for maintaining the litigation.
2.
 - a. A franchiser shall specify in writing to each of the franchiser's franchisees operating in this state the franchisee's obligations for preparation, delivery, and warranty services related to the franchiser's products. The franchiser shall compensate the franchisee for the warranty services the franchiser requires the franchisee to provide, including warranty and recall obligations related to repairing and servicing motor vehicles of the franchiser and all parts and components authorized by the manufacturer to be installed in or manufactured for installation in such motor vehicles.
 - b. The franchiser shall provide to the franchisee a schedule of compensation that specifies reasonable compensation the franchiser will pay to the franchisee for such warranty services, including for parts, labor, and diagnostics.
 - (1) In determining the schedule of compensation for parts, the franchiser may multiply the price paid by the franchisee for parts, including all shipping costs and other charges, by the sum of one and the franchisee's average percentage markup. The franchisee's average percentage markup is calculated by subtracting one from the result of dividing the total amounts charged by the franchisee for parts used in warranty-like repairs by the total cost to the franchisee for the parts in the retail service orders submitted pursuant to subparagraph (3).
 - (2) In determining the schedule of compensation for labor-related warranty services, the franchiser may calculate the franchisee's retail labor rate by dividing the total amount of retail sales attributable to labor for warranty-like services by the number of hours of labor spent to generate the retail sales in the retail service orders submitted pursuant to subparagraph (3).
 - (3)
 - (a) The franchisee may establish its average percentage markup for parts or its labor rate by submitting to the franchiser copies of one hundred sequential retail service orders paid by the franchisee's customers, or all of the franchisee's retail service orders paid by the franchisee's

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customers in a ninety-day period, whichever is less, for services provided within the previous one-hundred-eighty-day period. The franchiser shall not consider retail service orders or portions of retail service orders attributable to routine maintenance such as tire service or oil service.

(b) Within thirty days of receiving the franchisee's submission, the franchiser may choose to audit the submitted orders. The franchiser shall then approve or deny the establishment of the franchisee's average percentage markup or labor rate. If the franchiser approves the establishment of the franchisee's average percentage markup or labor rate, the markup or rate calculated under this subparagraph shall go into effect forty-five days after the date of the franchiser's approval. If the franchiser denies the establishment of the franchisee's average percentage markup or labor rate, the franchisee may file a complaint with the department and a hearing shall be held before the department of inspections and appeals. The franchiser shall have the burden of proof to establish that the franchiser's denial was reasonable. If the department of inspections and appeals finds the denial was not reasonable, the denial shall be deemed a violation of this chapter and the department of inspections and appeals shall determine the franchisee's average percentage markup or labor rate for purposes of calculating a reasonable schedule of compensation. In making such a determination, the department of inspections and appeals shall not consider retail service orders or portions of retail service orders attributable to routine maintenance such as tire service or oil service.

(c) A franchiser shall not require a franchisee to establish an average percentage markup or labor rate by a methodology, or by requiring the submission of information, that is unduly burdensome or time-consuming to the franchisee, including but not limited to requiring part-by-part or transaction-by-transaction calculations.

(d) A franchisee shall not request a change in the franchisee's average percentage markup or labor rate more than once in any one-year period.

(4) The compensation to the franchisee for warranty parts and labor shall not be less than the rates charged by the franchisee for like parts and services to retail customers, provided the rates are reasonable.

c. The franchiser shall provide to the franchisee a list of time allowances for the performance of warranty services. Time allowances for the performance of warranty services, including diagnostic services, shall be reasonable and adequate for the services to be performed.

3. A franchiser shall not do any of the following:

a. Fail to perform any warranty obligation.

b. Fail to compensate any of the franchiser's franchisees operating in this state for repairs relating to a recall.

4.

a. A claim made by a franchisee for warranty services pursuant to this section shall be paid within thirty days after the claim's approval. A franchiser shall either approve or deny a claim within thirty days after the franchiser receives a claim if the claim is submitted on a proper form generally used by the franchiser and the claim contains the information required by the franchiser. If a franchiser does not deny a claim in writing within thirty days after the receipt of the claim, the claim shall be deemed to be approved by the franchiser and payment shall be made to the franchisee within thirty days.

b. A franchiser may deny a franchisee's claim for compensation for warranty or recall services if the franchisee's claim is based on a repair not related to warranty or recall services, the repair was not properly performed, the franchisee lacks the reasonably required documentation for the claim, the franchisee fails to comply with the terms and conditions of the franchiser's warranty or recall compensation program, or the franchiser has a bona fide belief based on factual evidence that the franchisee's claim was submitted containing an intentionally false or fraudulent statement or

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misrepresentation. A franchiser may reject, but shall not deny, a claim based solely on a franchisee's unintentional failure to comply with a specific claim processing requirement, such as a clerical error, that does not otherwise affect the legitimacy of the claim. If a claim is rejected for such a failure, the franchisee may resubmit a corrected claim in a timely manner to the franchiser.

c. The requirement to approve a claim within thirty days or to pay an approved claim within thirty days as provided in this subsection shall not be construed to preclude denials, reductions, or chargebacks not otherwise prohibited under section 322.3, subsection 13.

5. The obligations set forth in this section shall apply to any franchiser as defined in this chapter and any franchiser of new motor vehicle transmissions, engines, or rear axles that separately warrants such components to customers.

History

C71, 73, 75, 77, 79, 81, § 322A.5; 2018 Acts, ch 1095, § 4, effective July 1, 2018; 2021 Acts, ch 38, § 5, effective July 1, 2021.

Annotations

Notes

Effective Dates

The 2021 amendment to this section by ch. 38 added (2)(c).

Amendment Notes

The 2018 amendment by ch. 1095 substituted "Warranties and recalls" for "Warranties" in the section heading; added the (1) designation; and added (2) through (5).

Research References & Practice Aids

Hierarchy Notes:

Iowa Code Title VIII, Subtit. 2, Ch. 322A

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322A.6 Application filed with the department.

If a franchiser seeks to terminate or not continue a franchise, or seeks to enter into a franchise establishing an additional motor vehicle dealership of the same line-make, the franchiser shall file an application with the department for permission to terminate or not continue the franchise, or for permission to enter into a franchise for additional representation of the same line-make in that community.

An applicant seeking permission to enter into a franchise for additional representation of the same line-make in a community shall deposit with the department at the time the application is filed, an amount of money to be determined by the department of inspections and appeals to pay the costs of the hearing.

History

C71, 73, 75, 77, 79, 81, § 322A.6; 81 Acts, ch 22, § 22; 86 Acts, ch 1244, § 42; 89 Acts, ch 273, § 5.

Annotations

Research References & Practice Aids

Hierarchy Notes:

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322A.11 Condition barring change in franchise.

Notwithstanding the terms, provisions, or conditions of any agreement or franchise, the following shall not be considered facts supporting a finding of good cause for the termination or noncontinuation of a franchise, or for entering into a franchise for the establishment of an additional dealership in a community for the same line-make:

1. The sole fact that franchiser desires further penetration of the market.
2. The change of ownership of the franchisee's dealership or the change of executive management of the franchisee's dealership, unless the franchiser, having the burden of proof, proves that such change of ownership or executive management will be substantially detrimental to the distribution of the franchiser's motor vehicles in the community and that good cause for the termination or noncontinuation of the franchise or for the establishment of an additional dealership otherwise exists.
3. The fact that the franchisee refused to purchase or accept delivery of any motor vehicle or vehicles, parts, accessories or any other commodity or service not ordered by the franchisee.
4. The fact that the dealership moved to another facility and location within the dealership's community which are equal to or superior to the dealership's former location and facility or the fact that the dealership added an additional line-make to the dealership if the dealership's facility is adequate to accommodate the additional line-make.
5. The fact that the dealership does not meet an index or standard established by the franchiser, unless the franchiser proves that the failure of the dealership to meet the index or standard will be substantially detrimental to the distribution of the franchiser's motor vehicles in the community and that good cause for the termination or noncontinuation of the franchise or for the establishment of an additional dealership otherwise exists.

History

C71, 73, 75, 77, 79, 81, § 322A.11; 98 Acts, ch 1075, § 27; 2000 Acts, ch 1232, § 26; 2001 Acts, ch 32, § 36, 37, 40.

Annotations

LexisNexis® Notes

Case Notes

Business & Corporate Law: Distributorships & Franchises: Terminations: General Overview

Iowa Department of Transportation (DOT) properly interpreted Iowa Code § 322A.11(2) to mean that a franchiser could establish good cause for termination of a franchise agreement if it proved that a change in dealer ownership would be substantially detrimental to the distribution of its vehicles in the community, properly concluded that customer satisfaction index scores established substantial detriment to the distributor's sale of its cars, and did not improperly apply a "business judgment rule" that simply permitted the franchiser to implement its business philosophies. *Midwest Auto. III, L.L.C. v. Iowa DOT*, 646 N.W.2d 417, 2002 Iowa Sup. LEXIS 110 (Iowa 2002).

Using the statutory definition of "community" and the common meaning of the other statutory terms, a franchiser seeking to terminate a franchise under Iowa Code § 322A.11(2) must prove that transfer of ownership will cause considerable or material harm to the marketing and supplying of its vehicles in the area served by the franchisee. *Midwest Auto. III, L.L.C. v. Iowa DOT*, 646 N.W.2d 417, 2002 Iowa Sup. LEXIS 110 (Iowa 2002).

There is nothing in Iowa Code § 322A.11(2) to indicate that once substantial detriment is shown, a change in ownership of a franchise simply becomes another circumstance to consider in determining good cause; rather, a plain reading of the statutory language leads to a contrary interpretation, namely, that a change in ownership constitutes good cause when the franchiser proves substantial detriment. *Midwest Auto. III, L.L.C. v. Iowa DOT*, 646 N.W.2d 417, 2002 Iowa Sup. LEXIS 110 (Iowa 2002).

Research References & Practice Aids

Hierarchy Notes:

Iowa Code Title VIII, Subtit. 2, Ch. 322A

State Notes

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Section Notes:

Referred to in § 322A.12, 322A.15, 322A.22

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Iowa Code § 322A.12

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LexisNexis® Iowa Annotated Statutes > Title VIII Transportation (Subts. 1 — 4) > Subtitle 2 Vehicles (Chs. 321 — 323A) > Chapter 322A Motor Vehicle Franchisers (§§ 322A.1 — 322A.24)

322A.12 Sale or transfer of ownership.

1. Notwithstanding the terms, provisions, or conditions of an agreement or franchise, subject to the provisions of section 322A.11, subsection 2, in the event of the sale or transfer of ownership of a franchisee's dealership by sale or transfer of the business or by stock transfer or in the event of a change in the executive management of a franchisee's dealership, the franchiser shall give effect to the change in the franchise unless the transfer of the franchisee's license under chapter 322 is denied or the new owner is unable to obtain a license under that chapter.
2. Notwithstanding the terms, provisions, or conditions of an agreement or franchise, the sale or transfer, or the proposed sale or transfer, of a franchisee's dealership, or the change or proposed change in the executive management of a franchisee's dealership shall not make applicable any right of first refusal of the franchiser.

History

C71, 73, 75, 77, 79, 81, § 322A.12; 2002 Acts, ch 1063, § 39.

Annotations

LexisNexis® Notes

Case Notes

Business & Corporate Law: Distributorships & Franchises: Assignments & Transfers

Business & Corporate Law: Distributorships & Franchises: Business Opportunities

Business & Corporate Law: Distributorships & Franchises: Assignments & Transfers

Iowa Code § 322A.12

Literal interpretation of former Iowa Code § 322A.12 was entirely inconsistent with a recognition of a right of first refusal in the franchiser. Former § 322A.12 provided that with regard to a franchise change, that the franchiser was required to give effect to such a change unless certain enumerated conditions existed, and where those conditions were not shown to exist where the franchisee sought to sell automobile franchise, the provisions of the statute at the time rendered invalid the franchiser's right of first refusal as contained in the franchise agreement. *Bob Zimmerman Ford, Inc. v. Midwest Auto. I, L.L.C.*, 679 N.W.2d 606, 2004 Iowa Sup. LEXIS 161 (Iowa 2004).

Former Iowa Code § 322A.12 provided that with regard to a franchise change, that the franchiser had to give effect to such a change unless certain enumerated conditions existed, and short of termination or the absence of a license, former § 322A.12 required a franchiser faced with the sale of a dealership to recognize the transfer. *Bob Zimmerman Ford, Inc. v. Midwest Auto. I, L.L.C.*, 679 N.W.2d 606, 2004 Iowa Sup. LEXIS 161 (Iowa 2004).

Business & Corporate Law: Distributorships & Franchises: Business Opportunities

Literal interpretation of former Iowa Code § 322A.12 was entirely inconsistent with a recognition of a right of first refusal in the franchiser. Former § 322A.12 provided that with regard to a franchise change, that the franchiser was required to give effect to such a change unless certain enumerated conditions existed, and where those conditions were not shown to exist where the franchisee sought to sell automobile franchise, the provisions of the statute at the time rendered invalid the franchiser's right of first refusal as contained in the franchise agreement. *Bob Zimmerman Ford, Inc. v. Midwest Auto. I, L.L.C.*, 679 N.W.2d 606, 2004 Iowa Sup. LEXIS 161 (Iowa 2004).

Former Iowa Code § 322A.12 provided that with regard to a franchise change, that the franchiser had to give effect to such a change unless certain enumerated conditions existed, and short of termination or the absence of a license, former § 322A.12 required a franchiser faced with the sale of a dealership to recognize the transfer. *Bob Zimmerman Ford, Inc. v. Midwest Auto. I, L.L.C.*, 679 N.W.2d 606, 2004 Iowa Sup. LEXIS 161 (Iowa 2004).

Research References & Practice Aids

Hierarchy Notes:

Iowa Code Title VIII, Subtit. 2, Ch. 322A

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Iowa Code § 322A.14

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322A.14 License to dealer denied.

In the event that a franchiser enters into or attempts to enter into a franchise, whether upon termination or refusal to continue another franchise or upon the establishment of an additional motor vehicle dealership in a community where the same line-make is then represented, without first complying with the provisions of this chapter, no license under chapter 322 shall be issued to that franchisee or proposed franchisee to engage in the business of selling motor vehicles manufactured or distributed by that franchiser.

History

C71, 73, 75, 77, 79, 81, § 322A.14.

Annotations

Research References & Practice Aids

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Iowa Code Title VIII, Subtit. 2, Ch. 322A

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Iowa Code § 322A.15

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322A.15 Guidelines.

1. In determining whether good cause has been established for terminating or not continuing a franchise, the department of inspections and appeals shall take into consideration the existing circumstances, including, but not limited to:
 - a. Amount of business transacted by the franchisee.
 - b. Investment necessarily made and obligations incurred by the franchisee in the performance of the franchisee's part of the franchise.
 - c. Permanency of the investment.
 - d. Whether it is injurious to the public welfare for the business of the franchisee to be disrupted.
 - e. Whether the franchisee has adequate motor vehicle service facilities, equipment, parts and qualified service personnel to reasonably provide consumer care for the motor vehicles sold at retail by the franchisee and any other motor vehicles of the same line-make.
 - f. Whether the franchisee refuses to honor warranties of the franchiser to be performed by the franchisee, provided that the franchiser reimburses the franchisee for such warranty work performed by the franchisee.
 - g. Except as provided in section 322A.11, failure by the franchisee to substantially comply with those requirements of the franchise which are determined by the department of inspections and appeals to be reasonable and material.
 - h. Except as provided in section 322A.11, bad faith by the franchisee in complying with those terms of the franchise which are determined by the department of inspections and appeals to be reasonable and material.
2. Good cause does not include a realignment, relocation, or reduction of dealerships.

History

C71, 73, 75, 77, 79, 81, § 322A.15; 81 Acts, ch 22, § 22; 97 Acts, ch 108, § 40; 2010 Acts, ch 1061, § 180.

Annotations

LexisNexis® Notes

Case Notes

Business & Corporate Law: Distributorships & Franchises: Terminations: General Overview

Franchisee's car dealership franchise was justified as being terminated by franchisor because good cause was shown; the franchisee had falsified sales information in order to claim dealer and customer cash incentives. *Craig Foster Ford, Inc. v. Iowa DOT*, 562 N.W.2d 618, 1997 Iowa Sup. LEXIS 135 (Iowa 1997).

Research References & Practice Aids

Hierarchy Notes:

Iowa Code Title VIII, Subtit. 2, Ch. 322A

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322A.16 Additional guidelines.

In determining whether good cause has been established for entering into an additional franchise for the same line-make, the department of inspections and appeals shall take into consideration the existing circumstances, including, but not limited to:

1. Amount of business transacted by other franchisees of the same line-make in that community.
2. Investment necessarily made and obligations incurred by other franchisees of the same line-make, in that community, in the performance of their part of their franchises.
3. Permanency of the investment.
4. Effect on the retail motor vehicle business as a whole in that community.
5. Whether it is injurious to the public welfare for an additional franchise to be established.
6. Whether the franchisees of the same line-make in that community are providing adequate consumer care for the motor vehicles of the line-make which shall include the adequacy of motor vehicle service facilities, equipment, supply of parts and qualified service personnel.

History

C71, 73, 75, 77, 79, 81, § 322A.16; 81 Acts, ch 22, § 22.

Annotations

LexisNexis® Notes

Case Notes

Business & Corporate Law: Distributorships & Franchises: Franchise Relationships: Franchise Agreements

Iowa Code § 322A.16

The Iowa Department of Transportation (DOT) and the district court erred in resorting to principles of statutory construction to alter the plain meaning of “community” within Iowa Code § 322A.16 because the legislature provided a clear and unambiguous definition of “community” in Iowa Code § 322A.1(2). *Sioux City Truck Sales, Inc. v. Iowa DOT*, 2021 Iowa App. LEXIS 478 (Iowa Ct. App. June 16, 2021).

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322A.17 Review.

A decision of the department of inspections and appeals is subject to review by the state department of transportation, whose decision is final agency action for the purpose of judicial review.

Judicial review of actions of the state department of transportation may be sought in the manner provided for in section 322.10.

History

C71, 73, 75, 77, 79, 81, § 322A.17; 81 Acts, ch 22, § 22; 89 Acts, ch 273, § 6.

Annotations

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322A.18 Duty of good faith.

A franchise imposes on the parties a duty of good faith in performance and enforcement of the franchise agreement. “Good faith” means honesty in fact and the observance of reasonable commercial standards of fair dealing in the trade.

History

2010 Acts, ch 1081, § 2.

Annotations

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322A.19 Jurisdiction.

1. A condition, stipulation, or provision in a franchise restricting jurisdiction to a forum outside this state is void.
2. A condition, stipulation, or provision in a franchise providing that the franchisee consents to the jurisdiction of a forum outside this state is void.
3. A civil action or proceeding arising out of a franchise may be commenced wherever jurisdiction over the parties or subject matter exists, even if the franchise limits actions or proceedings to a designated jurisdiction.

History

2010 Acts, ch 1081, § 3.

Annotations

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322A.20 Choice of law.

1. A condition, stipulation, or provision in a franchise requiring the application of the law of another state in lieu of this chapter is void.
2. A condition, stipulation, or provision in a franchise that the franchise is to be governed by or construed in accordance with the law of another state is void.

History

2010 Acts, ch 1081, § 4.

Annotations

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322A.21 Waivers void.

A condition, stipulation, or provision in a franchise requiring a franchisee to waive compliance with or relieving a person of a duty or liability imposed by or a right provided by this chapter or order under this chapter is void. This section shall not affect the settlement of disputes, claims, controversies or civil lawsuits arising or brought pursuant to this chapter by written release or other written document where separate and adequate consideration is offered and accepted.

History

2010 Acts, ch 1081, § 5.

Annotations

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322A.22 Other line-makes.

A condition, stipulation, or provision in a franchise prohibiting or restricting the franchisee from continuing another line-make at the dealership or adding an additional line-make to the dealership is void. This section does not limit a franchiser from establishing good cause for the termination of a franchise pursuant to sections 322A.2 and 322A.11 on the grounds that the franchisee's dealership facility is not adequate to accommodate an additional line-make that has been added to the franchisee's dealership.

History

2010 Acts, ch 1081, § 6.

Annotations

Research References & Practice Aids

Hierarchy Notes:

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Iowa Code § 322A.23

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322A.23 Customer lists.

A condition, stipulation, or provision in a franchise which requires the franchisee to provide its customer lists or service files to the franchiser is void. This section shall not apply to notification by the franchisee to the franchiser of the delivery of a new motor vehicle to a customer, including information necessary to complete the sale of the vehicle, or to the submission to the franchiser of a claim for warranty parts, recalls, repairs, or services supplied or performed by the franchisee.

History

2010 Acts, ch 1081, § 7.

Annotations

Research References & Practice Aids

Hierarchy Notes:

Iowa Code Title VIII, Subtit. 2, Ch. 322A

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Iowa Code § 322A.24

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322A.24 Construction.

This chapter shall be liberally construed to effectuate its purposes.

History

2010 Acts, ch 1081, § 8.

Annotations

Research References & Practice Aids

Hierarchy Notes:

Iowa Code Title VIII, Subtit. 2, Ch. 322A

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