



Courtesy of Advising Automobile Dealers LLC

www.AdvisingDealers.com

§ 2301.458. PROHIBITION: CHANGE IN DEALER OWNERSHIP.

Notwithstanding the terms of any franchise, except as provided by Section 2301.359 or 2301.360, a manufacturer, distributor, or representative may not fail to give effect to or attempt to prevent the sale or transfer of:

- (1) a dealer, dealership, or franchise;
- (2) an interest in a dealer, dealership, or franchise; or
- (3) the management of a dealer, dealership, or franchise.

Added by Acts 2001, 77th Leg., ch. 1421, § 5, eff. June 1, 2003.

§ 2301.359. TRANSFER OF OWNERSHIP BY DEALER.

(a) A dealer must notify the manufacturer or distributor of a vehicle the dealer is franchised to sell of the dealer's decision to assign, sell, or otherwise transfer a franchise or a controlling interest in the dealership to another person. The notice is the application by the dealer for approval by the manufacturer or distributor of the transfer.

(b) Notice under Subsection (a) must:

(1) be in writing and include the prospective transferee's name, address, financial qualifications, and business experience; and

(2) be sent by certified mail, return receipt requested.

(c) The notice must be accompanied by:

(1) a copy of pertinent agreements regarding the proposed assignment, sale, or transfer;

(2) completed application forms and related information generally used by the manufacturer or distributor in reviewing prospective dealers, if the forms are on file with the board; and

(3) the prospective transferee's written agreement to comply with the franchise to the extent that the franchise is not in conflict with this chapter.

(d) Not later than the 60th day after the date of receipt of a notice and application under this section, a manufacturer or distributor shall determine whether a dealer's prospective transferee is qualified and shall send a letter by certified mail, return receipt requested, informing the dealer of the approval or the unacceptability of the prospective transferee. If the prospective transferee is not acceptable, the manufacturer or distributor shall include a statement setting forth the material reasons for the rejection.

(e) A manufacturer or distributor may not unreasonably withhold approval of an application filed under Subsection (a). It is unreasonable for a manufacturer or distributor to reject a prospective transferee who is of good moral character and who meets the written, reasonable, and uniformly applied standards or qualifications, if any, of the manufacturer or distributor relating to the prospective transferee's business experience and financial qualifications.

(f) An application filed under this section is approved unless rejected by the manufacturer or distributor in the manner provided by this section.

Added by Acts 2001, 77th Leg., ch. 1421, § 5, eff. June 1, 2003.