



Courtesy of Advising Automobile Dealers LLC

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Texas Occupations Code - Section 2301.465.

Payment To Franchised Dealer Following Termination Of Franchise

§ 2301.465. PAYMENT TO FRANCHISED DEALER FOLLOWING TERMINATION OF FRANCHISE.

(a) In this section:

(1) "Net cost" means the franchised dealer cost for a new, unsold, undamaged, and complete motor vehicle of the current model year or the previous model year in a dealer's inventory:

(A) plus any charges by the manufacturer, distributor, or representative for distribution, delivery, and taxes; and

(B) less all allowances paid to the franchised dealer by the manufacturer, distributor, or representative.

(2) "Net discount value" is the net cost multiplied by the total mileage, exclusive of mileage placed on the motor vehicle before it was delivered to the dealer, divided by 100,000.

(b) Notwithstanding the terms of any franchise, after the termination of a franchise, a manufacturer, distributor, or representative shall pay to a franchised dealer or any lienholder, in accordance with the interest of each, the following amounts:

(1) the dealer cost of each new motor vehicle in the dealer's inventory with mileage of 6,000 miles or less, exclusive of mileage placed on the vehicle before it was delivered to the dealer, reduced by the net discount value of each vehicle, except that if a vehicle cannot be reduced by the net discount value, the manufacturer or distributor shall pay the dealer the net cost of the vehicle;

(2) the dealer **cost of each new, unused, undamaged, and unsold part or accessory** that:

(A) is **in the current parts catalogue** and is still **in the original, resalable merchandising package and in an unbroken lot**, except in the case of sheet metal, a comparable substitute for the original package may be used; and

(B) was **purchased** by the dealer either directly **from the manufacturer** or distributor **or from an outgoing authorized dealer** as a part of the dealer's initial inventory;

(3) the **fair market value of each undamaged sign** owned by the dealer **that bears a trademark or tradename used or claimed by the manufacturer**, distributor, or representative **and that was purchased from or at the request of the manufacturer**, distributor, or representative;

(4) the **fair market value of all special tools, data processing equipment, and automotive service equipment owned by the dealer that:**

(A) were recommended in writing and designated as special tools and equipment;

(B) were purchased from or at the request of the manufacturer, distributor, or representative; and

(C) are in usable and good condition except for reasonable wear and tear; and

(5) the cost of transporting, handling, packing, storing, and loading any property subject to repurchase under this section.

(c) An amount described by Subsection (b) is due:

(1) for property described by Subsection (b)(1), not later than the 60th day after the date a franchise is terminated; and

(2) for all other property described by Subsection (b), not later than the 90th day after the date a franchise is terminated.

(d) As a condition of payment, a franchised dealer must comply with reasonable requirements provided by the franchise regarding the return of inventory.

(e) A manufacturer or distributor shall reimburse a franchised dealer for the dealer's cost for storing any property covered by this section:

(1) beginning on the 91st day after the date the franchise is terminated;

or

(2) before the date described by Subdivision (1) if the dealer notifies the manufacturer or distributor of the commencement of storage charges within that period.

(f) On receipt of notice under Subsection (e)(2), a manufacturer or distributor may immediately take possession of the property by repurchase under this section.

(g) A manufacturer, distributor, or representative who fails to pay an amount within the time required by this section or at the time the dealer and any lienholder proffer good title before the time required for payment, is liable to the dealer for:

(1) the dealer cost, fair market value, or current price of the inventory, whichever amount is highest;

(2) interest on the amount due computed at the rate applicable to a judgment of a court; and

(3) reasonable attorney's fees and costs.

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

Amended by Acts 2003, 78th Leg., ch. 1276, § 14A.620(a), (b),
eff. Sept. 1, 2003.

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