

RCW 46.95.040 Transfer of ownership—Family succession. (1) If a dealer desires to make a change in ownership by the sale of the business assets, stock transfer, or otherwise, the dealer shall give the manufacturer or distributor written notice at least 10 business days before the closing, including all supporting documentation as may be reasonably required by the manufacturer or distributor to determine if an objection to the sale may be made. In the absence of a breach by the selling dealer of its dealer agreement or this chapter, the manufacturer or distributor shall not object to the proposed change in ownership unless the prospective transferee:

- (a) Has previously been terminated for cause by the manufacturer;
- (b) Has been convicted of a felony or any crime of fraud, deceit, or moral turpitude;
- (c) Lacks any license required by law;
- (d) Does not have an active line of credit sufficient to purchase a manufacturer's product; or
- (e) Has undergone in the last 10 years bankruptcy, insolvency, a general assignment for the benefit of creditors, or the appointment of a receiver, trustee, or conservator to take possession of the transferee's business or property.

(2) If the manufacturer or distributor objects to a proposed change of ownership, the manufacturer or distributor shall give written notice of its reasons to the dealer within seven business days after receipt of the dealer's notification and complete documentation. The manufacturer or distributor has the burden of proof with regard to its objection. If the manufacturer or distributor does not give timely notice of its objection, the change or sale shall be deemed approved.

(3)(a) It is unlawful for a manufacturer or distributor to fail to provide a dealer an opportunity to designate, in writing, a family member as a successor to the dealership in the event of the death, incapacity, or retirement of the dealer. It is unlawful to prevent or refuse to honor the succession to a dealership by a family member of the deceased, incapacitated, or retired dealer unless the manufacturer or distributor has provided to the dealer written notice of its objections within 10 business days after receipt of the dealer's modification of the dealer's succession plan. In the absence of a breach of the dealer agreement, the manufacturer may object to the succession for the following reasons only:

- (i) Conviction of the successor of a felony or any crime of fraud, deceit, or moral turpitude;
- (ii) Bankruptcy or insolvency of the successor during the past 10 years;
- (iii) Prior termination by the manufacturer of the successor for breach of a manufacturer/dealer agreement;
- (iv) The lack of an active line of credit for the successor sufficient to purchase the manufacturer's product; or
- (v) The lack of any license for the successor required by law.

(b) The manufacturer or distributor has the burden of proof regarding its objection. However, a family member may not succeed to a dealership if the succession involves, without the manufacturer's or distributor's consent, a relocation of the business or an alteration of the terms and conditions of the manufacturer/dealer agreement.

[2024 c 87 s 4.]