

1 AN ACT in relation to business transactions.

2 Be it enacted by the People of the State of Illinois,
3 represented in the General Assembly:

4 Section 5. The Motor Vehicle Franchise Act is amended by
5 changing Section 5 as follows:

6 (815 ILCS 710/5) (from Ch. 121 1/2, par. 755)

7 Sec. 5. Delivery and preparation obligations; damage
8 disclosures. Every manufacturer shall specify in writing to
9 the dealer the delivery and preparation obligations of its
10 motor vehicle dealers prior to delivery of new motor vehicles
11 to retail buyers. A copy of the delivery and preparation
12 obligations of its motor vehicle dealers and a schedule of
13 the compensation to be paid to its motor vehicle dealers for
14 the work and services they shall be required to perform in
15 connection with such delivery and preparation obligations
16 shall be presented to the dealer and the obligations
17 specified therein shall constitute any such dealer's only
18 predelivery obligations as between such dealer and such
19 manufacturer. The compensation as set forth on said schedule
20 shall be reasonable.

21 A manufacturer, factory branch, distributor, distributor
22 branch, or wholesaler of new motor vehicles sold or
23 transferred to a motor vehicle dealer in this State shall
24 disclose to the motor vehicle dealer, in writing, before
25 delivery of a vehicle to the motor vehicle dealer all
26 in-transit, post-manufacture, or other damage to the vehicle
27 that was sustained or incurred by the motor vehicle at any
28 time after the manufacturing process was complete but before
29 delivery of the vehicle to the dealer. This disclosure is
30 not required when the cost to repair does not exceed 6% of
31 the manufacturer's suggested retail price of the vehicle

1 based upon the dealer's actual retail repair cost, including
2 labor, parts, and materials if the damage is repaired or
3 retail estimate to repair if the vehicle is not repaired. New
4 motor vehicles that are repaired may be sold as new and shall
5 be fully warranted by the manufacturer.

6 For purposes of this Section, "manufacturer's suggested
7 retail price" means the retail price of the new motor vehicle
8 suggested by the manufacturer including the retail delivered
9 price suggested by the manufacturer for each separately
10 priced accessory or item of optional equipment physically
11 attached to the new motor vehicle at the time of delivery.

12 Whenever a new motor vehicle sustains or incurs any
13 in-transit, post-manufacture, or other damage at any time
14 after the manufacturing process is complete, but before
15 delivery of the vehicle to the motor vehicle dealer, the
16 dealer may within a reasonable period of time after delivery
17 of the motor vehicle notify the manufacturer or distributor
18 of that damage and either:

19 (1) revoke acceptance of the delivery of the new
20 motor vehicle whereby ownership of the motor vehicle
21 shall revert to the manufacturer, and the dealer shall
22 incur no obligations, financial, or otherwise for that
23 new motor vehicle; or

24 (2) request authorization from the manufacturer to
25 repair the damage sustained or incurred by the new motor
26 vehicle. If the manufacturer refuses or fails to
27 authorize repair of the damage within 3 days of the
28 request by the dealer, the dealer may then revoke
29 acceptance of the delivery of the new motor vehicle;
30 ownership shall revert to the manufacturer; and the
31 dealer shall incur no obligations, financial, or
32 otherwise for that new motor vehicle.

33 A motor vehicle dealer shall disclose to the purchaser
34 before delivery of the new motor vehicle, in writing, any

1 damage that the dealer has actual knowledge was sustained or
2 incurred by the motor vehicle at any time after the
3 manufacturing process was complete but before delivery of the
4 vehicle to the purchaser. This disclosure is not required
5 when the cost to repair does not exceed 6% of the
6 manufacturer's suggested retail price of the vehicle based
7 upon the dealer's actual retail repair cost, including labor,
8 parts, and materials if the damage is repaired or the retail
9 estimate to repair the vehicle if it is not repaired.

10 Damage to glass, tires, bumpers, video and telephonic
11 components, and in-dash audio equipment is not to be
12 considered in determining the cost of repair if replaced with
13 the manufacturer's original equipment.

14 If disclosure is not required under this Section, a
15 purchaser may not revoke or rescind a sales contract due to
16 the fact the new vehicle was damaged and repaired before
17 completion of the sale. In that circumstance, nondisclosure
18 does not constitute a misrepresentation or omission of fact.

19 A manufacturer, factory branch, distributor, distributor
20 branch, or wholesaler of new motor vehicles shall,
21 notwithstanding the terms of any franchise agreement,
22 indemnify and hold harmless the motor vehicle dealer
23 obtaining a new motor vehicle from the manufacturer, factory
24 branch, distributor, distributor branch, or wholesaler from
25 and against any liability, including reasonable attorney's
26 fees, expert witness fees, court costs, and other expenses
27 incurred in the litigation, so long as such fees and costs
28 are reasonable, that the motor vehicle dealer may be
29 subjected to by the purchaser of the vehicle because of
30 damage to the motor vehicle that occurred before delivery of
31 the vehicle to the dealer and that was not disclosed in
32 writing to the dealer prior to delivery of the vehicle. This
33 indemnity obligation of the manufacturer, factory branch,
34 distributor, distributor branch, or wholesaler applies

1 regardless of whether the damage falls below the 6% threshold
2 under this Section. The failure of the manufacturer, factory
3 branch, distributor, distributor branch, or wholesaler to
4 indemnify and hold harmless the motor vehicle dealer is a
5 violation of this Section.

6 (Source: P.A. 91-485, eff. 1-1-00.)