

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

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

A manufacturer, factory branch, distributor, distributor branch, or wholesaler of new motor vehicles sold or transferred to a motor vehicle dealer in this State shall disclose to the motor vehicle dealer, in writing, before delivery of a vehicle to the motor vehicle dealer all in-transit, post-manufacture, or other damage to the vehicle that was sustained or incurred by the motor vehicle at any time after the manufacturing process was complete but before delivery of the vehicle to the dealer. This disclosure is not required when the cost to repair does not exceed 6% of the manufacturer's suggested retail price of the vehicle based upon the dealer's actual retail repair cost, including labor, parts, and materials if the damage is repaired or retail estimate to repair if the vehicle is not repaired. New motor vehicles that are repaired may be sold as new and shall be fully warranted by the manufacturer.

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

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

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

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

vehicle.

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

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

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

A manufacturer, factory branch, distributor, distributor branch, or wholesaler of new motor vehicles shall, notwithstanding the terms of any franchise agreement, indemnify and hold harmless the motor vehicle dealer obtaining a new motor vehicle from the manufacturer, factory branch, distributor, distributor branch, or wholesaler from and against any liability, including reasonable attorney's fees, expert witness fees, court costs, and other expenses incurred in the litigation, so long as such fees and costs are reasonable, that the motor vehicle dealer may be subjected to by the purchaser of the vehicle because of damage to the motor vehicle that occurred before delivery of the vehicle to the dealer and that was not disclosed in writing to the dealer prior to delivery of the vehicle. This indemnity obligation of the manufacturer, factory branch, distributor, distributor branch, or wholesaler applies regardless of whether the damage falls below the 6% threshold under this Section. The failure of the manufacturer, factory branch, distributor, distributor branch, or wholesaler to indemnify and hold harmless the motor vehicle dealer is a violation of this Section.

(Source: P.A. 91-485, eff. 1-1-00; 92-758, eff. 1-1-03.)