Over time the Commission has found several dealerships that were unaware of the statutory obligations of the manufacturer or distributor when a dealership is terminated. We hope this guide will inform and instruct you through the process.

Dealership Termination Checklist

- Read termination portion of franchise agreement.
- Send termination letter to manufacturer or distributor.
- Send copy of termination letter to the Commission.
- Prepare current and previous year model vehicles for shipping.
- Prepare inventory list of parts, signs and tools to be sent to Manufacturer or Distributor.
- Ensure Manufacturer or Distributor has a current copy of the inventory list of parts, signs and tools.
- Receive authorization or acknowledgment to return vehicles, parts, signs and tools.
- Coordinate with the Manufacturer or Distributor on shipping current and previous year model vehicles according to Manufacturer or Distributor policy.
- Coordinate with the Manufacturer or Distributor on shipping parts, signs and tools to Manufacturer or Distributor according to policy.
- Coordinate with Manufacturer or Distributor to receive payment or credit for returned vehicles, parts, signs & tools.

This document is subject to change as we listen to your welcomed input and suggestions.
• Notify your Manufacturer or Distributor in writing stating your intention to terminate your Franchise Agreement, Sales and Service Agreement, or bonafide contract.
• Mail a copy of the termination letter to the Commission.
• Repurchase obligations must be met within sixty (60) days after termination in some cases it could be up to ninety (90) days.
• Read the termination instructions of your franchise agreement, however these instructions may not be in line with the termination statutes.

Upon receipt of the termination letter from you:
• The Commission will forward a copy of your letter along with the repurchase obligations of the manufacturer or distributor.
• A copy of the documents sent to the manufacturer or distributor will be sent to your dealership.
• Please contact the Commission at any time during the termination process if you are having difficulties with the process or you have questions.

Manufacturer & Distributor Repurchase Obligations
In accordance with Ark. Code Ann. §23-112-403(a)(2)(K) the manufacturer or distributor must:
• Repurchase current and previous year model vehicles at dealer cost less allowances.
• Repurchase each new, unused, undamaged and unsold part or accessory in the current parts catalogue.
• Repurchase signs.
• Repurchase all special tools and service equipment.
• Pay the cost of transporting, handling, packing and loading of motor vehicles, parts, signs, tools and equipment.

Upon receipt of the termination letter from you:
• The Commission will forward a copy of your letter along with the repurchase obligations of the manufacturer or distributor.
• A copy of the documents sent to the manufacturer or distributor will be sent to your dealership.
• Please contact the Commission at any time during the termination process if you are having difficulties with the process or you have questions.

Review all documents before signing to assure you agree with the termination requirements. Some Manufacturers or Distributors may attempt to avoid the Arkansas statutory repurchase obligations.