

Common Questions Regarding Iowa Buyback Law

Recently, an increasing number of members have inquired about the Iowa Buyback Law due to manufacturer policy changes or dealers reviewing product lines.

Some manufacturers have started setting quotas for their dealers as a result of the declining farmer customer base and consolidation in the livestock industry. In effect, this implementation of quotas states that either some dealers continue to inadequately represent the manufacturer's product line, or the product is no longer salable in the area.

Dealers, on the other hand, are currently reviewing their product mix to determine the salability of certain products. Instead of keeping product lines just for parts as in the past, dealers are electing to cancel the contract.

Although most dealers seem aware there is a buyback law, many do not understand the specific details of the law. Some questions commonly asked include:

Question: Does it matter if I cancel or if the manufacturer cancels the agreement?

Answer: It doesn't matter who cancels, the buyback law still applies.

Question: Does the manufacturer have the right to cancel our contract due to low wholegood sales performance?

Answer: Yes. However, the manufacturer must provide a written notice that specifies the deficiency constituting a good cause for action. For example, the notice for a deficiency based on inadequate representation of a manufacturer's product relating to sales, must state that the dealer has 18 months to cure the deficiency. If the dealer cures the deficiency within 18 months from the date the notice was delivered, it becomes void.

Question: Does the law cover outdoor power equipment?

Answer: No. The law only covers parts, attachments and equipment used in agriculture, horticulture, or livestock production.

Question: Is the supplier required to take back the wholegoods I purchased from them?

Answer: The supplier must pay or credit the dealer's account 100 percent of the net cost on all unused complete equipment, including attachments. The equipment must be in new condition and purchased from the supplier within 24 months preceding notification by either party intending to terminate the contract.

Question: Is the supplier required to repurchase my parts? If so, what is the restocking fee?

Answer: The supplier must pay or credit a dealer's account with 90 percent of the net price for repair parts, including superseded parts listed in the price lists, or catalogs in use by the supplier on the date of termination. The supplier must also pay or credit 5 percent of the net price if they elect the dealer to pack and load the parts being returned to the supplier.

The supplier is not required to repurchase dealer repair parts containing a limited storage life, or subject to deterioration, including but not limited to rubber items, gaskets, and batteries. The supplier also is not required

to repurchase parts in broken or damaged packages, single repair parts priced as a set of two or more items, or repair parts that cannot be sold as new parts without new packaging or reconditioning.

Although the law covers many more areas, these remain common areas of discussion. If you decide to cancel a contract, I encourage you to send the letter of cancellation via certified mail. State in the letter that you intend to use the Iowa Buyback Law as a reference for the repurchase of parts and equipment. This will eliminate some confusion if the supplier is unaware of the state law