

Dud Cars and Lemon Laws A talk with Steve Lehto

I. What is a Lemon

- A. A lemon generally is any defective product. In the automotive industry, a lemon is a vehicle (typically new) with a defect that significantly impacts the value, safety, or utility.
- B. All 50 states have varying lemon laws.
 - In a few states, including New York, lemon law applies to both used and new cars.
 - In most states, lemon law only applies to new vehicles.
- C. In most states, to qualify as a lemon, the car must:
 - Have a substantial defect covered by warranty;
 - That occurred within a certain period of time or a number of miles after purchase;
 - And unfixable after a reasonable or certain number of repair attempts.
- D. Substantial defect
 - The warranty will list the type of defect covered.
 - Typically, the problem is a substantial defect if it impairs the car's use, value, or safety.
 - Substantial vs minor defect
 - Substantial defects result in an impairment of use, value, or safety of the vehicle, e.g. faulty brakes or steering.
 - Minor defects may be issues that may cause inconvenience but do not impair the use, value, or safety of the car. Usually
 - When did the substantial defect occur
 - Typically, the defect must occur within a certain period of time (usually 1 or 2 years) or within a certain number of miles (usually 12,000 or 24,000). The specific time frame and mileage requirements vary by state.
 - The defect must have presented itself during regular use and not be caused by abuse.
- E. Repair Attempts
 - Requires a reasonable number of repair attempts for the same issue that remains unfixed before the car is considered a lemon. Typically, 3 or 4 repair attempts.
 - In some states, if the car is in the dealership or repair shop a certain number of days (usually 30 days in a one year period) to fix one or more substantial defect, it may qualify as a lemon.
- F. Vehicles not covered by lemon law

- Lemon laws generally cover new automobiles, passenger use pickup truck, and SUVs.
- Typically does not cover recreational vehicles, motorcycles, or boats.

II. Life Gave You a Lemon. Now What?

A. Purchase agreement

- The purchase agreement outlines the financial exchanges, service requirements, and warranties.
- At time of purchase, consumers should read all parts of the purchase agreement carefully and ensure that all verbal agreements and statements made by the dealer are memorialized in the agreement.

B. Recordkeeping

- When a defect is detected, it is important to document the defect and all repair attempts made.
- To the extent it's possible to do so safely, record and photograph the defect.
- Save all receipts from repairs.
- Last chance letter
 - Some states' lemon laws require the buyer to send a last chance letter giving the manufacturer final notice to repair the car.

C. Check state specific lemon law requirements and seek legal advice.

D. Alternative recovery under Magnuson-Moss Warranty Act (1975)

- Protects buyers of consumer products that come with express warranties.
- Requires warrantors to state their warranties in plain, readily understandable language. Warranties must comply with FTC requirements. Warrantors may not charge the consumer for any repairs completed under warranty.
- Requires service contracts to express their terms and conditions in plain language.

E. Recovery

- Some states include a mileage deduction in the recovery amount.
- In the case of leased cars, the manufacturer may buy the consumer out of the lease and offset the mileage.
- If the car was financed, the bank must cooperate with the consumer and the manufacturer in undoing the purchase deal.
- Pain and suffering is typically not included under lemon laws.
- Some states include towing costs or certain out of pocket damages caused by the defects.

Additional Resource

- Lemon laws by state: <https://www.dmv.org/automotive-law/lemon-law.php>