

Tips for Smart Consumers

The Vermont Lemon Law

A Message from Attorney General Bill Sorrell

The purpose of the "lemon law" is to provide a fast, efficient, and inexpensive remedy for consumers who purchase new cars that, despite numerous repair attempts by the dealer under the warranty, have not been properly repaired. Here are the answers to some frequently asked questions about your rights under the law.

What is a "lemon" under the law?

The law defines a "lemon" as a motor vehicle that does not conform to the manufacturer's *express warranty** and that, after a "reasonable number of attempts," cannot be properly repaired.

*An express warranty is generally a written promise from the manufacturer that should you experience problems in materials or workmanship within a specified period of time--e.g., 3 years or 36,000 miles from the date of purchase--the vehicle will be repaired free of charge. An "extended warranty" or "service contract," usually purchased as an option, is not an express warranty.

What is a "reasonable number of attempts?"

The law presumes that a reasonable number of attempts have been made if:

- the same defect has been subject to repair at least three times, with at least the *first repair* occurring within the express warranty period, and the defect still exists; or
- the vehicle is out of service for a total of 30 or more calendar days during the express warranty period.

These presumptions apply only if an attempt to repair is shown by a written examination or repair order issued by the manufacturer or an authorized dealer. And--unless you can show good cause why it would be unreasonable--all three attempts must be made by the same dealer.

Is the dealer required to give me a repair order?

Yes. The dealer is required by law to give you an examination or repair order or other written summary each time you bring the vehicle in for repair. You should save copies of all repair orders.

Is it possible to file with fewer than three repair attempts or 30 days out of service?

Yes, but with less than three repair attempts the defect must be safety-related. In either case, you must persuade the Board that the manufacturer had a reasonable opportunity to repair.

What vehicles are covered by the law?

The law applies to cars and trucks (trucks with a maximum gross vehicle weight of 10,000 pounds) registered in Vermont within 15 days of purchase or lease, regardless of where purchased or leased. Your vehicle is covered, *even if you are not the first owner*, as long as the first of *your* three repair attempts or *your* 30 days out of use occurs before the expiration of the manufacturer's express warranty.

Does the law apply to all defects?

The law applies to defects covered by the manufacturer's express warranty that "substantially impair the use, market value, or safety of the motor vehicle" and are not the result of abuse, neglect, or unauthorized modification. Minor defects are not covered. At the hearing you will need to be prepared to explain to the Board how the defect substantially impairs the vehicle's use, market value and/or safety.

Do the 30 days "out of service" have to be consecutive?

No. They only need to accumulate to 30 days before the expiration of the manufacturer's express warranty.

Must the defect be present when I file a claim?

Yes, if you are filing under the three repair attempts provision; but the defect need not be present at the time of the hearing.

What is the procedure for filing a claim?

- Notify the Vermont Motor Vehicle Arbitration Board and the manufacturer by mailing the appropriate copies of the forms you received when your car was delivered.

- Arbitration of your claim by the Board must be held within 45 days of receipt of the notice. Either party may obtain an extension if good cause is shown. If the manufacturer requests the extension, they must provide you with free use of a vehicle if yours is out of service.
- The manufacturer has one final opportunity to repair the defect prior to the hearing, at no cost to you. If you are not satisfied with the repair, *even if the defect appears to have been fixed*, you may continue to hearing. If you are satisfied with the repair, the arbitration process ends. However, you have the right to renew the arbitration if the repair proves to be unsatisfactory before expiration of the manufacturer's express warranty.
- You may not use this procedure if you have discontinued financing or lease payments due to the manufacturer's alleged breach of warranty.
- You may not use this procedure if you elected to use the manufacturer's dispute settlement mechanism as an alternative to filing with the Motor Vehicle Arbitration Board.

What if the Board determines that the vehicle is a "lemon?"

You have the right to choose between the following:

- A new motor vehicle from the same manufacturer, of comparable worth to the same make and model with all options and accessories, with appropriate adjustments for any model year differences.
- A refund of the full purchase price and all credits and allowances for any trade-in or down payment, license fees, finance charges, credit charges, registration fees, and any similar charges and incidental and consequential damages. However, an amount is withheld from the refund of the purchase price for use of the vehicle prior to the first repair attempt and is calculated as a fraction of 100,000 miles. (For example, if you drove the car 10,000 miles before the first repair attempt, the allowance for use would be :
 - $10,000 = 1 = 10\%$
 - $100,000 = 10$
- In this example, you would be refunded 90% of the purchase price.)
- You may also recover the same proportionate amount of your purchase and use tax by filing a claim with the commissioner of motor vehicles (90% in the example given).

What am I credited if I am leasing the vehicle that is determined to be a "lemon?"

The manufacturer must return your deposit--including down payment and trade-in allowance--and rental payments, plus any incidental and consequential damages, minus a reasonable allowance for use and allocated payments for

purchase and use tax. The allowance for use is determined in the same manner as described above for a vehicle that was purchased, except that it is determined by multiplying the fraction by the amount of the deposit and rental payments made rather than the purchase price.

What can I do if I am not satisfied with the Board's decision?

The law provides for an appeal to superior court within 30 days of the Board's decision. However, the grounds for overruling the Board's decision are very narrow and do not include disagreement with the Board's finding of facts.

Where can I file a claim or get additional information about eligibility?

You should contact the Board at the following address:

Motor Vehicle Arbitration Board
Agency of Transportation -- Drawer 33
Policy & Hearing Section
National Life Records Building
Montpelier, VT 05633-5001
(802) 828-2943 (phone)
(802) 828-2413 (fax)

Where can I get information about car buying and car repair issues in general?

Contact the Attorney General's Consumer Assistance Program at the following address:

Consumer Assistance Program
Morrill Hall-UVM
Burlington, VT 05405
Phone: 800-649-2424 (toll-free) or
802-656-1025 (Chittenden County)
Email: ConsumerComplaint@atg.state.vt.us