

Iowa Lemon Law

Chapter 322G.1-15

322G.1 Legislative intent.

The general assembly recognizes that a motor vehicle is a major consumer acquisition and that a defective motor vehicle undoubtedly creates a hardship for the consumer. The general assembly further recognizes that a duly franchised motor vehicle dealer is an authorized service agent of the manufacturer. It is the intent of the general assembly that a good faith motor vehicle warranty complaint by a consumer be resolved by the manufacturer within a specified period of time. It is further the intent of the general assembly to provide the statutory procedures whereby a consumer may receive a replacement motor vehicle, or a full refund, for a motor vehicle which cannot be brought into conformity with the warranty provided for in this chapter. However, this chapter does not limit the rights or remedies which are otherwise available to a consumer under any other law.

322G.2 Definitions.

As used in this chapter, unless the context otherwise requires:

1. "Collateral charges" means those additional charges to a consumer wholly incurred as a result of the acquisition of the motor vehicle. For the purposes of this chapter, collateral charges include, but are not limited to, charges for manufacturer-installed or agent-installed items, earned finance charges, use taxes, and title charges.
2. "Condition" means a general problem that may be attributable to a defect in more than one part.
3. "Consumer" means the purchaser or lessee, other than for purposes of lease or resale, of a new or previously untitled motor vehicle, or any other person entitled by the terms of the warranty to enforce the obligations of the warranty during the duration of the lemon law rights period.
4. "Days" means calendar days.
5. "Department" means the attorney general.
6. "Incidental charges" means those reasonable costs incurred by the consumer, including, but not limited to, towing charges and the costs of obtaining alternative transportation, which are the direct result of the nonconformity or nonconformities which are the subject of the claim. Incidental charges do not include loss of use, loss of income, or personal injury claims.
7. "Lease price" means the aggregate of the following:

- a. Lessor's actual purchase costs.
 - b. Collateral charges, if applicable.
 - c. Any fee paid to another to obtain the lease.
 - d. Any insurance or other costs expended by the lessor for the benefit of the lessee.
 - e. An amount equal to state and local use taxes, not otherwise included as collateral charges, paid by the lessor when the vehicle was initially purchased.
 - f. An amount equal to five percent of the lessor's actual purchase cost.
8. "Lemon law rights period" means the term of the manufacturer's written warranty, the period ending two years after the date of the original delivery of a motor vehicle to a consumer, or the first twenty-four thousand miles of operation attributable to a consumer, whichever expires first.
9. "Lessee" means any consumer who leases a motor vehicle for one year or more pursuant to a written lease agreement which provides that the lessee is responsible for repairs to the motor vehicle.
10. "Lessee cost" means the aggregate of the deposit and rental payments previously paid to the lessor for the leased vehicle.
11. "Lessor" means a person who holds the title to a motor vehicle leased to a lessee under a written lease agreement or who holds the lessor's rights under the agreement.
12. "Manufacturer" means a person engaged in the business of constructing or assembling new motor vehicles or installing on previously assembled vehicle chassis special bodies or equipment which, when installed, form an integral part of the new motor vehicle, or a person engaged in the business of importing new motor vehicles into the United States for the purpose of selling or distributing the new motor vehicles to new motor vehicle dealers.
13. "Motor vehicle" means a self-propelled vehicle purchased or leased in this state, except as provided in section 322G.15, and primarily designed for the transportation of persons or property over public streets and highways, but does not include mopeds, motorcycles, motor homes, or vehicles over ten thousand pounds gross vehicle weight rating.
14. "Nonconformity" means a defect, malfunction, or condition in a motor vehicle such that the vehicle fails to conform to the warranty, but does not include a defect, malfunction, or condition that results from an accident, abuse, neglect, modification, or alteration of the motor vehicle by persons other than the manufacturer or its authorized service agent.

15. "Person" means person as defined in section 714.16.

16. "Program" means an informal dispute settlement procedure established by a manufacturer which mediates and arbitrates motor vehicle warranty disputes arising in this state.

17. "Purchase price" means the cash price paid for the motor vehicle appearing in the sales agreement or contract, including any net allowance given for a trade-in vehicle.

18. "Reasonable offset for use" means the number of miles attributable to a consumer up to the date of the third attempt to repair the same nonconformity which is the subject of the claim, or the first attempt to repair a nonconformity that is likely to cause death or serious bodily injury, or the twentieth cumulative day when the vehicle is out of service by reason of repair of one or more nonconformities, whichever occurs first, multiplied by the purchase price of the vehicle, or in the event of a leased vehicle, the lessor's actual lease price plus an amount equal to two percent of the purchase price, and divided by one hundred twenty thousand.

19. "Replacement motor vehicle" means a motor vehicle which is identical or reasonably equivalent to the motor vehicle to be replaced, and as the motor vehicle to be replaced would have existed without the nonconformity at the time of original acquisition.

20. "Substantially impair" means to render the motor vehicle unfit, unreliable, or unsafe for warranted or ordinary use, or to significantly diminish the value of the motor vehicle.

21. "Warranty" means any written warranty issued by the manufacturer; or any affirmation of fact or promise made by the manufacturer, excluding statements made by the dealer, in connection with the sale or lease of a motor vehicle to a consumer, which relates to the nature of the material or workmanship and affirms or promises that the material or workmanship is free of defects or will meet a specified level of performance.
322G.3 Duties of manufacturer.

1. At the time of the consumer's purchase or lease of the vehicle, the manufacturer shall provide to the consumer a written statement that explains the consumer's rights and obligations under this chapter. The written statement shall be prepared by the attorney general and shall contain a telephone number that the consumer can use to obtain information from the attorney general regarding the rights and obligations provided under this chapter.

2. At the time of the consumer's purchase or lease of the vehicle, the manufacturer shall provide to the consumer the address and phone number for the zone, district, or regional office of the manufacturer for this state where a claim may be filed by the consumer. This information shall be provided to the consumer in a clear and conspicuous manner. Within thirty days of the introduction of a new model year for each make and model of motor vehicle sold in this state, the manufacturer shall notify the attorney general of such

introduction. The manufacturer shall also inform the attorney general that a copy of the owner's manual and applicable written warranties shall be provided upon request and provide information as to where the request should be made. The manufacturer shall inform the attorney general where such a request should be directed and shall provide the copy of the owner's manual and applicable written warranties within five business days of a request by the attorney general.

3. A manufacturer or the authorized service agent of the manufacturer shall make repairs as necessary to conform the vehicle to the warranty if a motor vehicle does not conform to the warranty and the consumer reports the nonconformity to the manufacturer or authorized service agent during the lemon law rights period. Such repairs shall be made irrespective of whether they can be made prior to the expiration of the lemon law rights period.

4. A manufacturer or the authorized service agent of the manufacturer, shall provide to the consumer, each time the motor vehicle is returned after being examined or repaired under the warranty, a fully itemized, legible statement or repair order indicating any diagnosis made, and all work performed on the motor vehicle including, but not limited to, a general description of the problem reported by the consumer or an identification of the defect or condition, parts and labor, the date and the odometer reading when the motor vehicle was submitted for examination or repair, and the date when the repair or examination was completed.

5. Upon request from the consumer, the manufacturer, or the authorized service agent of the manufacturer, shall provide a copy of either or both of the following:

a. Any report or printout of any diagnostic computer operation compiled by the manufacturer or authorized service agent regarding an inspection or diagnosis of the motor vehicle.

b. A copy of any technical service bulletin issued by the manufacturer regarding the year and model of the motor vehicle as it pertains to any material, feature, component, or the performance of the motor vehicle.

322G.4 Nonconformity of motor vehicles.

1. After three attempts have been made to repair the same nonconformity that substantially impairs the motor vehicle, or after one attempt to repair a nonconformity that is likely to cause death or serious bodily injury, the consumer may give written notification, which shall be by certified or registered mail or by overnight service, to the manufacturer of the need to repair the nonconformity in order to allow the manufacturer a final attempt to cure the nonconformity. The manufacturer shall, within ten days after receipt of such notification, notify and provide the consumer with the opportunity to have the vehicle repaired at a reasonably accessible repair facility and after delivery of the vehicle to the designated repair facility by the consumer, the manufacturer shall, within ten days, conform the motor vehicle to the warranty. If the manufacturer fails to notify and provide the consumer with the opportunity to have the vehicle repaired at a

reasonably accessible repair facility or perform the repairs within the time periods prescribed in this subsection, the requirement that the manufacturer be given a final attempt to cure the nonconformity does not apply.

After twenty or more cumulative days when the motor vehicle has been out of service by reason of repair of one or more nonconformities, the consumer may give written notification to the manufacturer which shall be by certified or registered mail or by overnight service. Commencing upon the date such notification is received, the manufacturer has ten cumulative days when the vehicle has been out of service by reason of repair of one or more nonconformities to conform the motor vehicle to the warranty.

2. If the manufacturer, or its authorized service agent, has not conformed the motor vehicle to the warranty by repairing or correcting one or more nonconformities that substantially impair the motor vehicle after a reasonable number of attempts, the manufacturer shall, within forty days of receipt of payment by the manufacturer of a reasonable offset for use by the consumer, replace the motor vehicle with a replacement motor vehicle acceptable to the consumer, or repurchase the motor vehicle from the consumer or lessor and refund to the consumer or lessor the full purchase or lease price, less a reasonable offset for use. The replacement or refund shall include payment of all collateral and reasonably incurred incidental charges. The consumer has an unconditional right to choose a refund rather than a replacement. If the consumer elects to receive a refund, and the refund exceeds the amount of the payment for a reasonable offset for use, the requirement that the consumer pay the reasonable offset for use in advance does not apply, and the manufacturer shall deduct that amount from the refund due to the consumer. If the consumer elects a replacement motor vehicle, the manufacturer shall provide the consumer a substitute motor vehicle to use until such time as the replacement vehicle is delivered to the consumer. At the time of the refund or replacement, the consumer, lienholder, or lessor shall furnish to the manufacturer clear title to and possession of the original motor vehicle.

Refunds shall be made to the consumer and lienholder of record, if any, as their interests appear. If applicable, refunds shall be made to the lessor and lessee as follows: the lessee shall receive the lessee's cost less a reasonable offset for use, and the lessor shall receive the lease price less the aggregate deposit and rental payments previously paid to the lessor for the leased vehicle. If it is determined that the lessee is entitled to a refund pursuant to this chapter, the consumer's lease agreement with the lessor is terminated upon payment of the refund and no penalty for early termination shall be assessed. The department of revenue and finance shall refund to the manufacturer any use tax which the manufacturer refunded to the consumer, lessee, or lessor under this section, if the manufacturer provides to the department of revenue and finance a written request for a refund and evidence that the use tax was paid when the vehicle was purchased and that the manufacturer refunded the use tax to the consumer, lessee, or lessor.

3. It is presumed that a reasonable number of attempts have been undertaken to conform a motor vehicle to the warranty if, during the lemon law rights period, any of the following occur:

a. The same nonconformity that substantially impairs the motor vehicle has been subject to examination or repair at least three times by the manufacturer or its authorized service agent, plus a final attempt by the manufacturer to repair the motor vehicle if undertaken as provided for in subsection 1, and such nonconformity continues to exist.

b. A nonconformity that is likely to cause death or serious bodily injury has been subject to examination or repair at least one time by the manufacturer or its authorized service agent, plus a final attempt by the manufacturer to repair the motor vehicle if undertaken as provided for in subsection 1, and such nonconformity continues to exist.

c. The motor vehicle has been out of service by reason of repair by the manufacturer, or its authorized service agent, of one or more nonconformities that substantially impair the motor vehicle for a cumulative total of thirty or more days, exclusive of down time for routine maintenance prescribed by the owner's manual. The thirty-day period may be extended by any period of time during which repair services are not available to the consumer because of war, invasion, strike, fire, flood, or natural disaster.

The terms of this subsection shall be extended for a period of up to two years after the date of the original delivery of a motor vehicle to a consumer, or the first twenty-four thousand miles of operation attributable to a consumer, whichever occurs first, if a nonconformity has been reported but has not been cured by the manufacturer, or its authorized service agent, before the expiration of the lemon law rights period.

4. A manufacturer, or its authorized service agent, shall not refuse to examine or repair any nonconformity for the purpose of avoiding liability under this chapter.

322G.5 Affirmative defenses.

Any of the following is an affirmative defense to a claim under this chapter:

1. The alleged nonconformity or nonconformities do not substantially impair the motor vehicle.

2. A nonconformity is the result of an accident, abuse, neglect, or unauthorized modification or alteration of the motor vehicle by a person other than the manufacturer or its authorized service agent.

3. The claim by the consumer was not filed in good faith.

4. Any other defense allowed by law which may be raised against the claim.

322G.6 Informal dispute settlement procedures---operations and certification.

1. At the time of the consumer's purchase or lease of the vehicle, a manufacturer who has established a program certified pursuant to this section shall, at a minimum, clearly and conspicuously disclose to the consumer in written materials accompanying the vehicle how and where to file a claim with the program.

2. A certified program shall be funded and competently staffed at a level sufficient to ensure fair and expeditious resolution of all disputes, and shall not charge consumers any fee for use of the program. The manufacturer shall take all steps necessary to ensure that a certified program and its staff and decision makers are sufficiently insulated from the manufacturer so that the performance of the staff and the decisions of the decision makers are not influenced by the manufacturer. Such steps, at a minimum, shall ensure that the manufacturer does not make decisions on whether a consumer's dispute proceeds to the decision maker. Staff and decision makers of a certified program shall be trained in the provisions of this chapter and rules adopted under this chapter.

3. A certified program shall allow an oral presentation by a party, or by a party's employee, agent, or representative.

Within five days following the consumer's notification to the certified program of the dispute, the program shall inform each party of their right to make an oral presentation.

Meetings of a certified program to hear and decide disputes shall be open to observers, including either party to the dispute, on reasonable and nondiscriminatory terms.

4. A certified program shall render a decision no later than sixty days from the day of the consumer's notification of the dispute, provided that a significant number of decisions are rendered within forty days. For the purposes of this section, notification is deemed to have occurred when a certified program has received the consumer's name and address; the current date and the date of the original delivery of the motor vehicle to a consumer; the year, make, model, and identification number of the motor vehicle; and a description of the nonconformity. If the consumer has not previously notified the manufacturer of the nonconformity, the sixty-day period is extended for an additional seven days.

5. A certified program shall, in rendering decisions, take into account the provisions of this chapter and all legal and equitable factors germane to a fair and just decision. The decision shall disclose to the consumer and the manufacturer the reasons for the decision, and the manufacturer's required actions, if applicable. If the decision is in favor of the consumer, the consumer shall have up to twenty-five days from the date of receipt of the certified program's decision to indicate acceptance of the decision. The decision shall prescribe a reasonable period of time, not to exceed thirty days from the date the consumer notifies the manufacturer of acceptance of the decision, within which the manufacturer must fulfill the terms of the decision. If the manufacturer has had a reasonable number of attempts to conform a motor vehicle to the warranty as set forth in section 322G.4, subsection 3, including a final attempt by the manufacturer to repair the motor vehicle, if undertaken as provided for in section 322G.4, subsection 1, and the consumer is entitled to a replacement vehicle or a refund under section 322G.4, subsection 2, the decision shall be limited to relief as allowed under section 322G.4, subsection 2. In an action brought by a consumer under this chapter, the decision of a certified program is admissible in evidence.

6. A certified program shall establish written procedures which explain operation of the certified program. Copies of the written procedures shall be made available to any person upon request and shall be sent to the consumer upon notification of the dispute.

7. A certified program shall retain all records for each dispute for at least four years after the final disposition of the dispute. A certified program shall have an independent audit conducted annually to determine whether the manufacturer and its performance and the program and its implementation are in compliance with this chapter. All records for each dispute shall be available for the audit. Such audit, upon completion, shall be forwarded to the attorney general.

8. Any manufacturer licensed to sell motor vehicles in this state may apply to the attorney general for certification of its program. A manufacturer seeking certification of its program in this state shall submit to the attorney general an application for certification on a form prescribed by the attorney general.

9. A program certified in this state or a program established by a manufacturer applying for certification in this state shall submit to the attorney general a copy of each settlement approved by the program or decision made by the decision maker within thirty days after the settlement is reached or the decision is rendered. The decision or settlement shall contain information prescribed by the attorney general.

10. The attorney general shall review the operations of any certified program at least once annually. The attorney general shall prepare annual and periodic reports evaluating the operation of certified programs serving consumers in this state or programs established by motor vehicle manufacturers applying for certification in this state. The reports shall indicate whether certification should be granted, renewed, denied, or revoked.

11. If a manufacturer has established a program which the attorney general has certified as substantially complying with the provisions of and the rules adopted under this chapter, and has informed the consumer how and where to file a claim with the program pursuant to subsection 1, the provisions of section 322G.4, subsection 2, do not apply to any consumer who has not first resorted to the program.

322G.7 Informal dispute settlement procedure---certification uniformity.

To facilitate uniform application, interpretation, and enforcement of this section and section 322G.6, and in implementing rules adopted pursuant to section 322G.14, the attorney general may cooperate with agencies that perform similar functions in any other states that enact these or similar sections. The cooperation authorized by this subsection may include any of the following:

1. Establishing a central depository for copies of all applications and accompanying materials submitted by manufacturers for certification, and all reports prepared, notices issued, and determinations made by the attorney general under section 322G.6.

2. Sharing and exchanging information, documents, and records pertaining to program operations.
3. Sharing personnel to perform joint reviews, surveys, and investigations of program operations.
4. Preparing joint reports evaluating program operations.
5. Granting joint certifications and certification renewals.
6. Issuing joint denials or revocations of certification.
7. Holding a joint administrative hearing.
8. Formulating, in accordance with chapter 17A, the administrative procedure Act, rules or proposed rules on matters such as guidelines, forms, statements of policy, interpretative opinions, and any other information necessary to implement section 322G.6.

322G.8 Consumer remedies.

1. If a consumer resorts to a manufacturer's certified program and a decision is not rendered within the time periods allowed in this chapter, or a manufacturer has no certified program and the consumer has notified the manufacturer pursuant to section 322G.4, subsection 1, the consumer may file an action in district court under this chapter within one year from the expiration of the lemon law rights period or an extension of the period pursuant to section 322G.4, subsection 3.
2. If a consumer resorts to a manufacturer's certified program and is not satisfied with the performance of the manufacturer as ordered in the decision, or the manufacturer does not perform as directed by the decision within the time period specified in the decision, the consumer may file an action in district court under this chapter within six months after the date prescribed in the decision by which the manufacturer must fulfill the terms of the decision. If the consumer declines to accept the decision of the manufacturer's certified program, the consumer may appeal the decision pursuant to subsection 4. For purposes of this subsection, "not satisfied with the performance of the decision" means, following the consumer's acceptance of the decision, the consumer indicates that the manufacturer failed to comply with the terms of the decision within the time specified in the decision or failed to cure the nonconformity within the time specified in the decision if further repairs were ordered.
3. In an action under either subsection 1 or 2, the court shall award a consumer who prevails the amount of any pecuniary loss, including relief the consumer is entitled to under section 322G.4, subsection 2, reasonable attorney's fees, and costs. In addition, if the court affirms the decision of the certified program, the court may award any additional amounts allowed under subsection 7.

4. A certified program's decision is final unless appealed by either party. A petition to the district court to appeal a decision must be made within fifty days after receipt of the decision or within twenty-five days from the date the consumer indicates acceptance of the decision to the manufacturer, whichever occurs first. Within seven days after the petition has been filed, the appealing party must send, by certified, registered, or express mail, a copy of the petition to the attorney general. If the attorney general receives no notice of the petition within sixty days after the manufacturer's receipt of a decision in favor of the consumer, and the consumer has indicated acceptance of the decision within the twenty-five days of receipt of the decision, but the manufacturer has neither complied with, nor petitioned to appeal the decision, the attorney general may apply to the court to impose a fine up to one thousand dollars per day against the manufacturer until the amount stands at twice the purchase price of the motor vehicle, unless the manufacturer provides clear and convincing evidence that the delay or failure was beyond its control or was acceptable to the consumer as evidenced by a written statement signed by the consumer. If the manufacturer fails to provide such evidence or fails to pay the fine, the attorney general shall initiate proceedings against the manufacturer for failure to pay the fine. The proceeds from the fine imposed shall be placed in the attorney general's motor vehicle fraud and odometer law enforcement fund for implementation and enforcement of this chapter.

5. If the manufacturer fails to comply with a decision which has been timely accepted by the consumer or fails to file a timely petition for appeal, the court shall affirm the board's decision upon application by the consumer.

6. An appeal of a decision by a certified program to the court by a consumer or a manufacturer shall be tried de novo, and may be based upon stipulated facts. In a written petition to appeal a decision by the board, the appealing party must state the action requested and the grounds relied upon for appeal.

7. If a decision of the certified program in favor of the consumer is affirmed or upheld by the court, recovery by the consumer shall include the pecuniary value of the award, including relief the consumer is entitled to under section 322G.4, subsection 2, attorney's fees incurred in obtaining confirmation of the award, and all costs and continuing damages in an amount of twenty-five dollars per day for all days beyond the twenty-five-day period following the manufacturer's receipt of the consumer's acceptance of the certified program's decision. If a court determines that a manufacturer filed a petition for appeal to be tried de novo in bad faith or brought such an appeal solely for the purpose of harassment, the court shall double, and may triple, the amount of the total award, after consideration of all circumstances.

8. Appellate review of a court decision in favor of the consumer may be conditioned upon payment by the manufacturer of the consumer's attorney's fees and giving security for costs and expenses resulting from the review period.

9. This chapter does not prohibit a consumer from pursuing other rights or remedies under any other law.

322G.9 Compliance and disciplinary action.

The attorney general may enforce and ensure compliance with the provisions of this chapter and rules adopted pursuant to section 322G.14, may issue subpoenas requiring the attendance of witnesses and the production of evidence, and may petition any court having jurisdiction to compel compliance with the subpoenas. The attorney general may levy and collect an administrative fine in an amount not to exceed one thousand dollars for each violation against any manufacturer found to be in violation of this chapter or rules adopted pursuant to section 322G.14. A manufacturer may request a hearing pursuant to chapter 17A, the administrative procedure Act, if the manufacturer contests the fine levied against it. The proceeds from any fine levied and collected pursuant to this section shall be placed in the attorney general's motor vehicle fraud and odometer law enforcement fund for implementation and enforcement of this chapter.

322G.10 Unfair or deceptive trade practice.

A violation by a manufacturer of this chapter is an unfair or deceptive trade practice in violation of section 714.16, subsection 2, paragraph "a".

322G.11 Dealer liability.

This chapter, except for the requirements of section 322G.12, does not impose any liability on a franchised motor vehicle dealer or create a cause of action by a consumer against a dealer. A dealer shall not be made a party defendant in any action involving or relating to this chapter, except as provided in this section. The manufacturer shall not charge back or require reimbursement by the dealer for any costs, including but not limited to any refunds or vehicle replacements, incurred by the manufacturer pursuant to this chapter, in the absence of a finding by a court that the related repairs had been carried out by the dealer in a manner substantially inconsistent with the manufacturer's published instructions. A manufacturer who is found by a court to have improperly charged back a dealer because of a violation of this section is liable to the injured dealer for full reimbursement plus reasonable costs and any attorney's fees.

322G.12 Resale of returned vehicles.

Subsequent to December 31, 1991, a manufacturer who accepts the return of a motor vehicle pursuant to a settlement, determination, or decision under this chapter shall notify the state department of transportation and report the vehicle identification number of that motor vehicle within ten days after the acceptance. The state department of transportation shall note the fact that the motor vehicle was returned pursuant to this chapter on the title for the motor vehicle. A person shall not knowingly lease; or sell, either at wholesale or retail; or transfer a title to a motor vehicle returned by reason of a settlement, determination, or decision pursuant to this chapter or a similar statute of any other state unless the nature of the nonconformity is clearly and conspicuously disclosed to the prospective transferee, lessee, or buyer. The attorney general shall prescribe by rule the form, content, and procedure pertaining to such a disclosure statement, recognizing the need of manufacturers to implement a uniform disclosure form. The manufacturer shall

make a reasonable effort to ensure that such disclosure is made to the first subsequent retail buyer or lessee. For purposes of this subsection, "settlement" includes an agreement entered into between the manufacturer and the consumer that occurs after the dispute has been submitted to a state-operated dispute resolution program or to a manufacturer-established program certified in this or any other state, but does not include agreements reached in informal proceedings prior to the first written or oral presentation to the state-operated or state-certified dispute resolution program by either party. "Settlement" also includes an agreement entered into between a manufacturer and a consumer that occurs after the dispute has been submitted to a dispute resolution program that is not state-operated or state-certified.

322G.13 Certain agreements void.

Any agreement entered into by a consumer that waives, limits, or disclaims the rights set forth in this chapter is void as contrary to public policy.

322G.14 Rulemaking authority.

1. The attorney general shall adopt rules as necessary to implement this chapter.
2. In prescribing rules and forms under this chapter, the attorney general may cooperate with agencies that perform similar functions in other states with a view to effectuating the policy of this chapter to achieve maximum uniformity in the form and content of certification, regulation, and procedural evaluation of manufacturer-established programs, required recordkeeping, required reporting wherever practicable, and required notices to consumers.

322G.15 Applicability.

This chapter applies to motor vehicles originally purchased or leased in this state by consumers on or after July 1, 1991. Except for section 322G.3, subsections 1 and 2, and section 322G.6, subsection 1, this chapter applies to motor vehicles originally purchased or leased in other states, if the consumer is a resident of this state at the time the consumer's rights are asserted under this chapter. Section 322G.14, which concerns rulemaking, shall take effect May 9, 1991.

Illinois Lemon Law Statutes

Chapter 815 Sec. 380

(815 ILCS 380/1) Sec. 1. This Act shall be known and may be cited as the New Vehicle Buyer Protection Act. (Source: P.A. 85-1350.) (815 ILCS 380/2) Sec. 2. Definitions. For the purposes of this Act, the following words have the meanings ascribed to them in this Section. (a) "Consumer" means an individual who purchases or leases for a period of at least one year a new vehicle from the seller for the purposes of transporting himself and others, as well as their personal property, for primarily personal, household or family purposes. (b) "Express warranty" has the same meaning, for the purposes of this Act, as it has for the purposes of the Uniform Commercial Code. (c) "New vehicle" means a passenger car, as defined in Section 1-157 of The Illinois Vehicle Code, a motor vehicle of the Second Division having a weight of under 8,000 pounds, as defined in Section 1-146 of that Code, and a recreational vehicle, except for a camping trailer or travel trailer that does not qualify under the definition of a used motor vehicle, as set forth in Section 1-216 of that Code. (d) "Nonconformity" refers to a new vehicle's failure to conform to all express warranties applicable to such vehicle, which failure substantially impairs the use, market value or safety of that vehicle. (e) "Seller" means the manufacturer of a new vehicle, that manufacturer's agent or distributor or that manufacturer's authorized dealer. "Seller" also means, with respect to a new vehicle which is also a modified vehicle, as defined in Section 1-144.1 of The Illinois Vehicle Code, as now or hereafter amended, the person who modified the vehicle and that person's agent or distributor or that person's authorized dealer. "Seller" also means, with respect to leased new vehicles, the manufacturer, that manufacturer's agent or distributor or that manufacturer's dealer, who transfers the right to possession and use of goods under a lease. (f) "Statutory warranty period" means the period of one year or 12,000 miles, whichever occurs first after the date of the delivery of a new vehicle to the consumer who purchased or leased it. (g) "Lease cost" includes deposits, fees, taxes, down payments, periodic payments, and any other amount paid to a seller by a consumer in connection with the lease of a new vehicle. (Source: P.A. 89-375, eff. 8-18-95.) (815 ILCS 380/3) Sec. 3. Failure of vehicle to conform; remedies; presumptions. (a) If after a reasonable number of attempts the seller is unable to conform the new vehicle to any of its applicable express warranties, the manufacturer shall either provide the consumer with a new vehicle of like model line, if available, or otherwise a comparable motor vehicle as a replacement, or accept the return of the vehicle from the consumer and refund to the consumer the full purchase price or lease cost of the new vehicle, including all collateral charges, less a reasonable allowance for consumer use of the vehicle. For purposes of this Section, "collateral charges" does not include taxes paid by the purchaser on the initial purchase of the new vehicle. The retailer who initially sold the vehicle may file a claim for credit for taxes paid pursuant to the terms of Sections 6, 6a, 6b, and 6c of the Retailers' Occupation Tax Act. Should the vehicle be converted, modified or altered in a way other than the manufacturer's original design, the party which performed the conversion or modification shall be liable under the provisions of this Act, provided the part or parts causing the vehicle not to perform according to its warranty were altered or modified. (b) A presumption that a reasonable

number of attempts have been undertaken to conform a new vehicle to its express warranties shall arise where, within the statutory warranty period, (1) the same nonconformity has been subject to repair by the seller, its agents or authorized dealers during the statutory warranty period, 4 or more times, and such nonconformity continues to exist; or (2) the vehicle has been out of service by reason of repair of nonconformities for a total of 30 or more business days during the statutory warranty period. (c) A reasonable allowance for consumer use of a vehicle is that amount directly attributable to the wear and tear incurred by the new vehicle as a result of its having been used prior to the first report of a nonconformity to the seller, and during any subsequent period in which it is not out of service by reason of repair. (d) The fact that a new vehicle's failure to conform to an express warranty is the result of abuse, neglect or unauthorized modifications or alterations is an affirmative defense to claims brought under this Act. (e) The statutory warranty period of a new vehicle shall be suspended for any period of time during which repair services are not available to the consumer because of a war, invasion or strike, or a fire, flood or other natural disaster. (f) Refunds made pursuant to this Act shall be made to the consumer, and lien holder if any exists, as their respective interests appear. (g) For the purposes of this Act, a manufacturer sells a new vehicle to a consumer when he provides that consumer with a replacement vehicle pursuant to subsection (a). (h) In no event shall the presumption herein provided apply against a manufacturer, his agent, distributor or dealer unless the manufacturer has received prior direct written notification from or on behalf of the consumer, and has an opportunity to correct the alleged defect. (Source: P.A. 89-359, eff. 8-17-95; 89-375, eff. 8-18-95; 89-626, eff. 8-9-96.) (815 ILCS 380/4) Sec. 4. (a) The provisions of subsection (a) of Section 3 shall not apply unless the consumer has first resorted to an informal settlement procedure applicable to disputes to which that subsection would apply where (1) The manufacturer of the new vehicle has established such a procedure; (2) The procedure conforms: (i) substantially with the provisions of Title 16, Code of Federal Regulation, Part 703, as from time to time amended, and (ii) to the requirements of subsection (c); and (3) The consumer has received from the seller adequate written notice of the existence of the procedure. Adequate written notice includes but is not limited to the incorporation of the informal dispute settlement procedure into the terms of the written warranty to which the vehicle does not conform. (b) If the consumer is dissatisfied with the decision reached in an informal dispute settlement procedure or the results of such a decision, he may bring a civil action to enforce his rights under subsection (a) of Section 3. The decision reached in the informal dispute settlement procedure is admissible in such a civil action. The period of limitations for a civil action to enforce a consumer's rights or remedies under subsection (a) of Section 3 shall be extended for a period equal to the number of days the subject matter of the civil action was pending in the informal dispute settlement procedure. (c) A disclosure of the decision in an informal dispute settlement procedure shall include notice to the consumer of the provisions of subsection (b). (Source: P.A. 85-1350.) (815 ILCS 380/5) Sec. 5. Persons electing to proceed and settle under this Act shall be barred from a separate cause of action under the Uniform Commercial Code. (Source: P.A. 85-1350.) (815 ILCS 380/6) Sec. 6. Any action brought under this Act shall be commenced within eighteen months following the date of original delivery of the motor vehicle to the consumer. (Source: P.A. 83-768.) (815 ILCS 380/7) Sec. 7. The seller who sells a new vehicle to a consumer, shall, upon delivery of that vehicle to the

consumer, provide the consumer with a written statement clearly and conspicuously setting forth in full detail the consumer's rights under subsection (a) of Section 3, and the presumptions created by subsection (b) of that Section. (Source: P.A. 85-1350.) (815 ILCS 380/8) Sec. 8. This Act shall apply to motor vehicles beginning with the model year following the effective date of this Act. (Source: P.A. 83-768.)

Indiana Lemon Law

IC 24-5-13

Chapter 13. Motor Vehicle Protection

IC 24-5-13-1

Sec. 1. This chapter applies to all motor vehicles that are sold, leased, transferred, or replaced by a dealer or manufacturer in Indiana.

As added by P.L.150-1988, SEC.1.

IC 24-5-13-2

Sec. 2. As used in this chapter, "business day" means a day other than Sunday or a legal holiday (as defined in IC 1-1-9-1).

As added by P.L.150-1988, SEC.1.

IC 24-5-13-3

Sec. 3. As used in this chapter, "buyer" means any person who, for purposes other than resale or sublease, enters into an agreement or contract within Indiana for the transfer, lease, or purchase of a motor vehicle covered under this chapter.

As added by P.L.150-1988, SEC.1.

IC 24-5-13-3.4

Sec. 3.4. As used in this chapter, "lease" means a contract in the form of a lease or bailment for the use of a motor vehicle by a person for more than four (4) months, whether or not the lessee has the option to purchase or otherwise become the owner of the property at the expiration of the lease.

As added by P.L.24-1989, SEC.25.

IC 24-5-13-3.7

Sec. 3.7. As used in this chapter, "lessor" means a person who:

(1) holds title to a motor vehicle leased to a lessee under a written lease agreement;

or

(2) holds the lessor's rights under an agreement described in subdivision (1).

As added by P.L.24-1989, SEC.26.

IC 24-5-13-4

Sec. 4. As used in this chapter, "manufacturer" means any person who is engaged in the business of manufacturing motor vehicles, or, in the case of motor vehicles not manufactured in the United States, any person who is engaged in the business of importing motor vehicles.

As added by P.L.150-1988, SEC.1.

IC 24-5-13-5

Sec. 5. As used in this chapter, "motor vehicle" or "vehicle" means any self-propelled vehicle that:

- (1) has a declared gross vehicle weight of less than ten thousand (10,000) pounds;
- (2) is sold to:
 - (A) a buyer in Indiana and registered in Indiana; or
 - (B) a buyer in Indiana who is not an Indiana resident (as defined in IC 9-13-2-78);
- (3) is intended primarily for use and operation on public highways; and
- (4) is required to be registered or licensed before use or operation.

The term does not include conversion vans, motor homes, farm tractors, and other machines used in the actual production, harvesting, and care of farm products, road building equipment, truck tractors, road tractors, motorcycles, mopeds, snowmobiles, or vehicles designed primarily for offroad use.

As added by P.L.150-1988, SEC.1. Amended by P.L.141-1990, SEC.1; P.L.2-1991, SEC.84.

IC 24-5-13-6

Sec. 6. As used in this chapter, "nonconformity" means any specific or generic defect or condition or any concurrent combination of defects or conditions that:

- (1) substantially impairs the use, market value, or safety of a motor vehicle; or
- (2) renders the motor vehicle nonconforming to the terms of an applicable manufacturer's warranty.

As added by P.L.150-1988, SEC.1.

IC 24-5-13-7

Sec. 7. As used in this chapter, "term of protection" means a period of time that:

- (1) begins:
 - (A) on the date of original delivery of a motor vehicle to a buyer; or
 - (B) in the case of a replacement vehicle provided by a manufacturer to a buyer under this chapter, on the date of delivery of the replacement vehicle to the buyer; and
- (2) ends the earlier of:
 - (A) eighteen (18) months after the date identified under subdivision (1); or
 - (B) the time the motor vehicle has been driven eighteen thousand (18,000) miles after the date identified under subdivision (1).

As added by P.L.150-1988, SEC.1.

IC 24-5-13-8

Sec. 8. If a motor vehicle suffers from a nonconformity and the buyer reports the nonconformity within the term of protection to the manufacturer of the vehicle, its agent, or its authorized dealer then the manufacturer of the motor vehicle or the manufacturer's agent or authorized dealer shall make the repairs that are necessary to correct the nonconformity, even if the repairs are made after expiration of the term of protection.

As added by P.L.150-1988, SEC.1.

IC 24-5-13-9

Sec. 9. (a) A buyer must first notify the manufacturer of a claim under this chapter if the manufacturer has made the disclosure required by subsection (b). However, if the manufacturer has not made the required disclosure, the buyer is not required to notify the manufacturer of a claim under this chapter.

(b) The manufacturer shall clearly and conspicuously disclose to the buyer, in the warranty or owner's manual, that written notification of the nonconformity is required before the buyer may be eligible for a refund or replacement of the vehicle. The manufacturer shall include with the warranty or owner's manual the name and address to which the buyer must send notification.

As added by P.L.150-1988, SEC.1.

IC 24-5-13-10

Sec. 10. If, after a reasonable number of attempts, the manufacturer, its agent, or authorized dealer is unable to correct the nonconformity, the manufacturer shall accept the return of the vehicle from the buyer and, at the buyer's option, either, within thirty (30) days, refund the amount paid by the buyer or provide a replacement vehicle of comparable value.

As added by P.L.150-1988, SEC.1.

IC 24-5-13-11

Sec. 11. (a) If a refund is tendered under this chapter with respect to a vehicle that is not a leased vehicle, the refund must be the full contract price of the vehicle, including all credits and allowances for any trade-in vehicle and less a reasonable allowance for use.

(b) To determine a reasonable allowance for use under this section, multiply:

(1) the total contract price of the vehicle; by

(2) a fraction having as its denominator one hundred thousand (100,000) and having as its numerator the number of miles that the vehicle traveled before the manufacturer's acceptance of its return.

(c) The refund must also include reimbursement for the following incidental costs:

(1) All sales tax.

(2) The unexpended portion of the registration fee and excise tax that has been prepaid for any calendar year.

(3) All finance charges actually expended.

(4) The cost of all options added by the authorized dealer.

(d) Refunds made under this section shall be made to the buyer and lienholder, if any, as their respective interests appear on the records of ownership.

As added by P.L.150-1988, SEC.1. Amended by P.L.24-1989, SEC.27.

IC 24-5-13-11.5

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Sec. 11.5. (a) If a refund is tendered under this chapter with respect to a leased motor vehicle, the refund shall be made as follows:

(1) The lessee shall receive all deposit and lease payments paid by the lessee to the lessor, including all credits and allowances for any trade-in vehicles, less a reasonable allowance for use.

(2) The lessor shall receive:

(A) the lessor's purchase cost, including freight and accessories;

(B) any fee paid to another to obtain the lease;

(C) any insurance premiums or other costs expended by the lessor for the benefit of the lessee;

(D) sales tax paid by the lessor; and
(E) five percent (5%) of the amount described in subdivision (2)(A);
less the total of all deposit and lease payments paid by the lessee to the lessor, including all credits and allowances for any trade-in vehicle.

(b) To determine a reasonable allowance for use under this section, multiply:

(1) the total lease obligation of the lessee at the inception of the lease; by

(2) a fraction having as its denominator one hundred thousand (100,000) and as its numerator the number of miles that the vehicle traveled before the lessor's acceptance of its return.

As added by P.L.24-1989, SEC.28.

IC 24-5-13-12

Sec. 12. (a) If a vehicle is replaced by a manufacturer under this chapter, the manufacturer shall reimburse the buyer for any fees for the transfer of registration or any sales tax incurred by the buyer as a result of replacement.

(b) If a replaced vehicle was financed by the manufacturer, its subsidiary, or agent, the manufacturer, subsidiary, or agent may not require the buyer to enter into any refinancing agreement concerning a replacement vehicle that would create any financial obligations upon the buyer less favorable than those of the original financing agreement.

As added by P.L.150-1988, SEC.1.

IC 24-5-13-13

Sec. 13. Whenever a vehicle is replaced or refunded under this chapter, the manufacturer shall reimburse the buyer for necessary towing and rental costs actually incurred as a direct result of the nonconformity.

As added by P.L.150-1988, SEC.1.

IC 24-5-13-14

Sec. 14. A buyer has the option of retaining the use of any vehicle returned under this chapter until the time that the buyer has been tendered a full refund or replacement vehicle of comparable value. The use of any vehicle retained by a buyer after its return to a manufacturer under this chapter must, in cases in which a refund is tendered, be reflected in the reasonable allowance for use required by section 11 of this chapter.

As added by P.L.150-1988, SEC.1.

IC 24-5-13-15

Sec. 15. (a) A reasonable number of attempts is considered to have been undertaken to correct a nonconformity if:

(1) the nonconformity has been subject to repair at least four (4) times by the manufacturer or its agents or authorized dealers, but the nonconformity continues to exist; or

(2) the vehicle is out of service by reason of repair of any nonconformity for a cumulative total of at least thirty (30) business days, and the nonconformity continues to exist.

(b) The thirty (30) business day period in subsection (a)(2) shall be extended by any period of time during which repair services are not available as a direct result of a strike. The manufacturer, its agent, or authorized dealer shall provide or make provision for the

free use of a vehicle to any buyer whose vehicle is out of service by reason of repair during a strike.

(c) The burden is on the manufacturer to show that the reason for an extension under subsection (b) was the direct cause for the failure of the manufacturer, its agent, or authorized dealer to cure any nonconformity during the time of the event.

As added by P.L.150-1988, SEC.1.

IC 24-5-13-16

Sec. 16. (a) A manufacturer, its agent, or authorized dealer may not refuse to diagnose or repair any vehicle for the purpose of avoiding liability under this chapter.

(b) A manufacturer, its agent, or authorized dealer shall provide a buyer with a written repair order each time the buyer's vehicle is brought in for examination or repair. The repair order must indicate all work performed on the vehicle including examination of the vehicle, parts, and labor.

As added by P.L.150-1988, SEC.1.

IC 24-5-13-17 Repealed

(Repealed by P.L.65-1992, SEC.4.)

IC 24-5-13-18

Sec. 18. It is an affirmative defense to any claim under this chapter that:

(1) the nonconformity, defect, or condition does not substantially impair the use, value, or safety of the motor vehicle; or

(2) the nonconformity, defect, or condition is the result of abuse, neglect, or unauthorized modification or alteration of the motor vehicle by the buyer.

As added by P.L.150-1988, SEC.1.

IC 24-5-13-19

Sec. 19. This chapter does not apply to any buyer who has not first resorted to an informal procedure established by a manufacturer or in which a manufacturer participates if:

(1) the procedure is certified by the attorney general as:

(A) complying in all respects with 16 C.F.R. 703; and

(B) complying with any other rules concerning certification adopted by the attorney general, including but not limited to the requirement of oral hearings, pursuant to IC 4-22-2; and

(2) the buyer has received adequate written notice from the manufacturer of the existence of the procedure.

Adequate written notice includes the incorporation of the informal dispute settlement procedure into the terms of the written warranty to which the motor vehicle does not conform.

As added by P.L.150-1988, SEC.1. Amended by P.L.24-1989, SEC.29.

IC 24-5-13-20

Sec. 20. This chapter does not limit the rights or remedies that are otherwise available to a buyer under any other applicable provision of law.

As added by P.L.150-1988, SEC.1.

IC 24-5-13-21

Sec. 21. A buyer may bring a civil action to enforce this chapter in any circuit or superior court.

As added by P.L.150-1988, SEC.1.

IC 24-5-13-22

Sec. 22. A buyer who prevails in any action brought under this chapter is entitled to recover as part of the judgment a sum equal to the aggregate amount of cost and expenses, including attorney's fees based on actual time expended by the attorney, determined by the court to have been reasonably incurred by the buyer for or in connection with the commencement and prosecution of the action.

As added by P.L.150-1988, SEC.1.

IC 24-5-13-23

Sec. 23. (a) An action brought under this chapter must be commenced within two (2) years following the date the buyer first reports the nonconformity to the manufacturer, its agent, or authorized dealer.

(b) When the buyer has commenced an informal dispute settlement procedure described in section 19 of this chapter, the two (2) year period specified in subsection (a) is tolled during the time the informal dispute settlement procedure is being conducted.

As added by P.L.150-1988, SEC.1.

IC 24-5-13-24

Sec. 24. Nothing in this chapter imposes any liability on a dealer or creates a cause of action by a consumer against a dealer, and a manufacturer may not, directly or indirectly, expose any franchised dealer to liability under this chapter.

As added by P.L.150-1988, SEC.1.