

IOWA LEMON LAW SUMMARY

EXECUTIVE SUMMARY	
TIME PERIOD FOR FILING CLAIMS	One year after lemon law rights period (the earlier of the written warranty term, two years after original delivery, or 24,000 miles by a consumer). To file in court, (1) six months after date for performance specified in certified program's decision; or (2) consumer may appeal decision of certified program within 50 days after receipt of decision or 25 days from date manufacturer receives acceptance of decision.
ELIGIBLE VEHICLE	Motor vehicle that is (1) primarily designed for the transportation of persons or property over streets; and (2) purchased or leased in Iowa, or purchased or leased in another state if the consumer is a resident of Iowa at the time the consumer's rights under the lemon law are asserted. Excludes mopeds, motorcycles, motor homes, or vehicles over 10,000 pounds G.V.W.R. Appears to cover used vehicles.
ELIGIBLE CONSUMER	(1) The purchaser or lessee , other than for purposes of lease or resale, of a new or previously untitled motor vehicle, and (2) any other person entitled by the terms of the warranty to enforce its obligations during the lemon law rights period.
TIME PERIOD FOR FIRST OCCURRENCE OR NOTICE	During the lemon law rights period (the earlier of the written warranty term, two years after original delivery, or 24,000 miles by a consumer).
TIME PERIOD FOR REASONABLE NUMBER OF ATTEMPTS TO REPAIR	Not specified.
PRESUMPTION OR DEFINITION	Presumption: during the lemon law rights period, (1) three times plus a final attempt; (2) once to a serious nonconformity plus a final attempt; or (3) out of service for 30 calendar days.
NOTICE TO MANUFACTURER	Written notice by registered or express mail after 3 repair attempts, 1 attempt to a serious nonconformity, or 20 days out of service.
FINAL OPPORTUNITY TO REPAIR	Manufacturer must contact consumer within 10 days after receiving consumer's notice; repair within 10 days after delivery of vehicle to repair facility.
REASONABLE ALLOWANCE	Both refund and replacement: miles at time of 3 rd repair attempt, 1 st attempt to a serious nonconformity, or 20 days out of service, divided by 120,000 and multiplied by purchase price or lease price+.
DISPUTE RESOLUTION	Before obtaining lemon law remedies, must resort to manufacturer's program if certified and consumer adequately notified.
DISCLOSURE TO SUBSEQUENT PURCHASER	Yes.
TITLE BRANDING	Yes.

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1. Citation	Iowa Code §§ 322G.1 through 322G.15; Iowa Admin. Code R. 61-30.1 (322G) through 61-30.6(322G).
2. Motor vehicle covered	Covers a motor vehicle that is (1) primarily designed for the transportation of persons or property over public streets and highways and (2) purchased or leased in Iowa or purchased or leased in another state if the consumer is a resident of Iowa at the time the consumer's rights under the lemon law are asserted. Excludes mopeds, motorcycles, motor homes, or vehicles with a G.V.W. rating of over 10,000 pounds.
3. Consumer covered	Covers (1) the purchaser or lessee, other than for purposes of lease or resale, of a new or previously untitled motor vehicle, and (2) any other person entitled by the terms of the warranty to enforce its obligations during the lemon law rights period. "Person" includes any natural person or his/her legal representative, a partnership, corporation, company, trust, business entity or association.
4. Nonconformity defined	A defect, malfunction, or condition in a motor vehicle such that the vehicle fails to conform to the warranty. Excludes 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. Note that the obligation to refund or replace requires that the nonconformities substantially impair the motor vehicle, and that it is an affirmative defense that the nonconformity or nonconformities do not substantially impair the motor vehicle. "Condition" means a general problem that may be attributable to a defect in more than one part. "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.
5. Warranty defined	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.
6. Lemon law rights period	The earlier of (1) the term of the manufacturer's written warranty, (2) two years after the motor vehicle's original delivery to a consumer, or (3) the first 24,000 miles of operation attributable to a consumer.
7. Manufacturer's obligation to repair	If a motor vehicle has a nonconformity and the consumer reports the nonconformity to the manufacturer, its agent, or authorized dealer during the lemon law rights period, the nonconformity must be corrected, even if the repairs are made after the expiration of the lemon law rights period. 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 notice to the manufacturer, by certified or registered mail or by overnight service, of the need to repair the nonconformity in order to allow the manufacturer a final attempt to cure the nonconformity. After the motor vehicle is out of service by reason of repair of one or more nonconformities for a cumulative total of 20 or more cumulative calendar days, the consumer may give written notice to the manufacturer by certified or registered mail or by overnight service.
8. Manufacturer's obligation to repurchase or replace	If the manufacturer or its authorized service agent does not repair or correct one or more nonconformities that substantially impair a motor vehicle after a reasonable number of repair attempts, the manufacturer must, at the consumer's option, repurchase or replace the vehicle.
9. Criteria for reasonable	Presumed if, during the lemon law rights period, (1) the same nonconformity that substantially impairs the motor vehicle has been subject to examination or repair at least three times by the

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number of repair attempts	<p>manufacturer or its authorized service agent, plus a final attempt by the manufacturer, and the nonconformity continues to exist; (2) a nonconformity that is likely to cause death or serious bodily injury has been subject to examination or repair at least once by the manufacturer or authorized service agent, plus a final attempt by the manufacturer, and the nonconformity continues to exist; or (3) the motor vehicle is 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 30 or more calendar days, exclusive of down time for routine maintenance.</p> <p>The terms of the presumption are extended for a period of up to two years after the motor vehicle's original delivery to a consumer, or the first 24,000 miles of operation attributable to a consumer, whichever comes first, if a nonconformity has been reported but not cured by the manufacturer or its authorized service agent before the expiration of the lemon law rights period.</p> <p>A manufacturer or its authorized service agent may not refuse to examine or repair any nonconformity for the purpose of avoiding liability under the lemon law.</p>
10. Notice of nonconformity and final opportunity to repair	<p>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 notice to the manufacturer, by certified or registered mail or by overnight service, of the need to repair the nonconformity in order to allow the manufacturer a final attempt to cure the nonconformity.</p> <p>Within 10 days after the manufacturer receives the consumer's notice, the manufacturer must notify and provide the consumer with the opportunity to have the vehicle repaired at a reasonably accessible repair facility. After the consumer delivers the vehicle to the designated repair facility, the manufacturer must conform the motor vehicle to the warranty within 10 days.</p> <p>The requirement for the manufacturer to be given a final attempt to cure does not apply 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 does not perform the repairs within the prescribed time periods.</p> <p>If the motor vehicle is out of service by reason of repair of one or more nonconformities for a cumulative total of 20 or more cumulative calendar days, the consumer may give written notice to the manufacturer by certified or registered mail or by overnight service. After receiving the notice from the consumer, the manufacturer has 10 cumulative when the vehicle is out of service by reason of repair of one or more nonconformities to conform the motor vehicle to the warranty.</p>
11. Affirmative defenses	<p>It is an affirmative defense that:</p> <ol style="list-style-type: none"> (1) The alleged nonconformity or nonconformities do not substantially impair the motor vehicle; (2) The 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 was not filed in good faith; or (4) Any other defense allowed by law.
12. Refund	<p>Purchased Vehicle Refund consists of:</p> <ol style="list-style-type: none"> (1) Vehicle purchase price – the cash price paid for the vehicle appearing in the sales agreement, including any net allowance given for a trade-in vehicle; (2) Collateral charges – additional charges to a consumer wholly incurred as a result of the acquisition of the motor vehicle, including all use taxes and title charges; the cost of any manufacturer-installed or agent-installed options; and all earned finance charges; and (3) Incidental charges – reasonable costs (not including loss of use, loss of income, or personal injury claims) incurred by the consumer as a direct result of the nonconformity, including towing charges and costs of alternative transportation; (4) Less a reasonable offset for use by the consumer.

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	<p>Leased Vehicle</p> <p><i>To the Lessor:</i></p> <ol style="list-style-type: none"> (1) 105% of the lessor's actual purchase costs, minus the total of all deposit and lease payments paid by the lessee to the lessor; (2) Collateral charges, if applicable; (3) Any fee paid to another to obtain the lease; (4) Any insurance premiums or other costs expended by the lessor for the benefit of the lessee, and (5) An amount equal to state and local use taxes paid by the lessor when the vehicle was purchased, not otherwise included as collateral charges. <p><i>To the Lessee:</i></p> <ol style="list-style-type: none"> (1) All deposit and lease payments paid by the lessee to the lessor; (2) Collateral charges – additional charges to a consumer wholly incurred as a result of the acquisition of the motor vehicle, including all use taxes and title charges; the cost of any manufacturer-installed or agent-installed options; and all earned finance charges; and (3) Incidental charges – reasonable costs (not including loss of use, loss of income, or personal injury claims) incurred by the consumer as a direct result of the nonconformity, including towing charges and costs of alternative transportation; (4) Less a reasonable offset for use by the consumer.
13. Replacement	<p>Replacement is a motor vehicle acceptable to the consumer that is identical or reasonably equivalent to the motor vehicle to be replaced, as it would have existed without the nonconformity at the time of original acquisition. In addition, the manufacturer must pay the following amounts:</p> <ol style="list-style-type: none"> (1) Collateral charges – additional charges to a consumer wholly incurred as a result of the acquisition of the motor vehicle, including all use taxes and title charges; the cost of any manufacturer-installed or agent-installed options; and all earned finance charges; and (2) Incidental charges – reasonable costs (not including loss of use, loss of income, or personal injury claims) incurred by the consumer as a direct result of the nonconformity, including towing charges and costs of alternative transportation.
14. Reasonable allowance	<p>Applies to a refund and a replacement. The reasonable offset for use for a purchased vehicle is defined as:</p> $\frac{\text{\# miles at time of manufacturer's third repair attempt of same nonconformity, or at first attempt to repair a nonconformity likely to cause death or serious bodily injury, or at 20th cumulative day that vehicle is out of service for repair for nonconformity}}{120,000} \times \text{purchase price}$ <p>The reasonable offset for use for a leased vehicle is defined as:</p> $\frac{\text{\# miles at time of manufacturer's third repair attempt of same nonconformity, or at first attempt to repair a nonconformity likely to cause death or serious bodily injury, or at 20th cumulative day that vehicle is out of service for repair for nonconformity}}{120,000} \times \text{lease price plus 2\% of purchase price}$
15. Refund of sales tax	<p>Manufacturer refunds use tax to the consumer. The Department of Revenue and Finance will refund use tax to the manufacturer if the manufacturer provides a written request for a refund and evidence that the manufacturer refunded the tax.</p>
16. Enhanced damages	<p>If a manufacturer appeals a decision by a certified program, and the court affirms or upholds the decision, the consumer will recover the value of the award, attorney's fees incurred in obtaining confirmation, all costs, and continuing damages of \$25 per day for all days beyond the 25-day period for filing appeals. If a court determines that a manufacturer filed an appeal in bad faith or solely for harassment, the court must double and may triple the award after</p>

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	<p>consideration of all circumstances.</p> <p>A violation by a manufacturer of the lemon law is an unfair or deceptive trade practice.</p>
17. Attorney's fees	<p>A consumer who prevails in a court action must be awarded the amount of any pecuniary loss including lemon law relief, reasonable attorney's fees, and costs.</p> <p>If a manufacturer appeals a decision by a certified program, and the court affirms or upholds the decision, the consumer will recover the value of the award, attorney's fees incurred in obtaining confirmation, all costs, and continuing damages of \$25 per day for all days beyond the 25-day period for filing appeals.</p>
18. Statute of limitations	<p>An action must be commenced within one year from the expiration of the lemon law rights period.</p> <p>If a consumer resorts to a certified program and a decision is not rendered in 60 days, the consumer may file an action in court within one year from the expiration of the lemon law rights period. If a consumer resorts to a certified program and is not satisfied with the manufacturer's performance of a decision, or the manufacturer does not perform with the time period specified by the decision, the consumer may file an action in court within six months after the date for performance specified in the decision. If a consumer resorts to a certified program but declines to accept the decision, the consumer may appeal the decision in court within 50 days after receipt of the decision or within 25 days from the date the consumer indicates acceptance of the decision to the manufacturer, whichever occurs first.</p>
19. Manufacturer-sponsored arbitration	<p>The lemon law provisions requiring repurchase or replacement of a nonconforming motor vehicle do not apply to a consumer who has not first used an informal dispute settlement procedure if:</p> <ol style="list-style-type: none"> (1) The procedure has been certified by the Attorney General as complying with lemon law regulations; and (2) At the time of the vehicle's purchase or lease, the manufacturer clearly and conspicuously disclosed to the consumer in written materials accompanying the vehicle how and where to file a claim with the procedure.
20. State-sponsored arbitration	Not specified.
21. Dealer liability	<p>Other than provisions relating to resale of returned vehicles, the lemon law 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 cannot be made a party defendant in any action involving or relating to the lemon law. The manufacturer must not charge back or require reimbursement by the dealer for any costs, including but not limited to any refunds or replacements, incurred by the manufacturer pursuant to the lemon law, 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 is liable to the injured dealer for full reimbursement plus reasonable costs and attorney's fees.</p>
22. Restrictions on resale of returned vehicles	<p>Lemon law</p> <p>A manufacturer who accepts return of a motor vehicle pursuant to a settlement, determination, or decision under the lemon law must (1) notify the state Department of Transportation, (2) report the VIN within 10 days after accepting the vehicle, and (3) obtain a new certificate of title in the manufacturer's name.</p> <p>In obtaining a new certificate of title, the manufacturer must title the vehicle in the county of the transferor's residence, though it will be exempt from the registration fee. A manufacturer's acceptance of the returned vehicle is not considered "use" for purposes of the use tax.</p> <p>The new certificate of title and all subsequent registration receipts and certificates must contain a designation indicating that the motor vehicle was returned to the manufacturer pursuant to Iowa's or another state's lemon law. The state Department of Transportation must determine the manner in which the designation is to be indicated on registration receipts and certificates of title.</p>

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A person must not knowingly lease, 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 Iowa’s or another state’s lemon law unless the nature of the nonconformity is clearly and conspicuously disclosed to the prospective transferee, lessee, or buyer. The Attorney General must prescribe by rule the form, content, and procedure pertaining to such a disclosure statement. The manufacturer must make a reasonable effort to ensure that such disclosure is made to the first subsequent buyer or lessee.

“Settlement” includes an agreement between the manufacturer and consumer that occurs after the 30th day following the manufacturer’s receipt of the consumer’s written notification by certified or registered mail or by overnight service of the need to repair the nonconformity.

Regulations

A certificate of title issued to a manufacturer pursuant to lemon law provisions relating to returned vehicles must contain the designation “lemonbuyback”. This designation must be carried forward to all subsequent Iowa titles and registration receipts for the motor vehicle. If the vehicle with a foreign title was returned to the manufacturer under any state’s lemon law, the new and all subsequent Iowa titles and registration receipts must contain the designation “lemonbuyback”. Exception: a designation of “prior salvage”, “rebuilt”, “flood”, “fire”, “vandalism” or “theft” supersedes a “lemonbuyback” designation.

A person must 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 any state’s lemon law unless the nature of the nonconformity is clearly and conspicuously disclosed to the prospective transferee, lessee, or buyer. The disclosure required by this rule must be made on a separate sheet of paper in at least 12-point type and must state the following in uppercase letters:

“THE FIRST RETAIL PURCHASER OR LESSEE OF THIS VEHICLE RETURNED IT TO THE MANUFACTURER AS PART OF A SETTLEMENT OR DECISION UNDER THE IOWA LEMON LAW, IOWA CODE CHAPTER 322G, OR THE LEMON LAW OF ANOTHER STATE. THE FACT THAT THE MANUFACTURER ACCEPTED RETURN OF THE VEHICLE DOES NOT NECESSARILY MEAN THAT THERE ARE STILL PROBLEMS WITH THE VEHICLE. THE FIRST RETAIL PURCHASER OR LESSEE STATED THAT THE VEHICLE HAD THE FOLLOWING PROBLEMS:

 _____.”

The disclosure (1) must contain the name and address of the seller and transferee, lessee or buyer, (2) must be signed by the seller, or the seller’s representative, and the transferee, lessee, or buyer and (3) must contain the date the form was signed by the seller and transferee, lessee, or buyer. The transferee, lessee, or buyer must be provided with an adequate opportunity to review the disclosure form before signing and must be provided with a copy of the completed form at the time of signing. The seller must retain a copy of any completed form for five years following the date the form is completed.

Substantially similar disclosures to that required by this rule will be permitted with the prior approval of the attorney general.

“Completed” means that all disclosures required by this rule have been made on the form and the form contains the dated signatures of seller and transferee, lessee, or buyer.

23. Point of sale notice of lemon law rights

Lemon law

At the time of the consumer’s purchase or lease, the manufacturer must provide to the consumer a written statement that explains the consumer’s rights and obligations under the lemon law. The statement must be prepared by the Attorney General and must contain a telephone number that the consumer can use to obtain information from the Attorney General regarding lemon law rights and obligations.

At the time of the consumer’s purchase or lease, the manufacturer must provide to the

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consumer, in a clear and conspicuous manner, the address and phone number for the zone, district, or regional office of the manufacturer for Iowa where a claim may be filed by the consumer. A manufacturer who has established a certified arbitration program must also clearly and conspicuously disclose to the consumer in written materials accompanying the vehicle how and where to file a claim with the program.

The manufacturer must (1) notify the Attorney General within 30 days of the introduction of a new model year for each make and model of motor vehicle sold in Iowa; (2) inform the Attorney General that a copy of the owner's manual and applicable written warranties will be provided upon request and provide information as to where the request should be made; (3) inform the Attorney General where such a request should be directed; and (4) provide the copy of the owner's manual and warranty within 5 days of a request.

Regulations

At the time of purchase or lease of a new motor vehicle, a statement of the rights and obligations of a purchaser or lessee under the lemon law must be provided to the purchaser or lessee. This statement must be hand-delivered to the purchaser or lessee on a sheet of paper and must be in uppercase letters in at least 12-point type. The statement must be as follows:

THE PURCHASER OR LESSEE OF THIS VEHICLE IS PROTECTED UNDER THE WARRANTY PROVISIONS OF IOWA CODE CHAPTER 322G, COMMONLY REFERRED TO AS THE "LEMON LAW." IF THIS VEHICLE FAILS TO CONFORM TO THE MANUFACTURER'S EXPRESS WARRANTY DURING THE TERM OF THE WARRANTY, THE FIRST 2 YEARS OF OWNERSHIP, OR THE FIRST 24,000 MILES, WHICHEVER EXPIRES FIRST, AND THE NONCONFORMITY SUBSTANTIALLY IMPAIRS THE VEHICLE, YOU MAY QUALIFY FOR A REFUND OR REPLACEMENT OF THIS VEHICLE. CONTACT THE MANUFACTURER OF THE VEHICLE IF YOU BELIEVE THE VEHICLE FAILS TO CONFORM TO THE MANUFACTURER'S EXPRESS WARRANTY. FOR FURTHER INFORMATION REGARDING YOUR RIGHTS AND OBLIGATIONS UNDER THE LEMON LAW, CONTACT THE CONSUMER PROTECTION DIVISION OF THE IOWA ATTORNEY GENERAL'S OFFICE AT: CONSUMER PROTECTION DIVISION, HOOVER STATE OFFICE BUILDING, DES MOINES, IOWA 50319, OR TELEPHONE (515)281-5926.

The sheet containing this disclosure must also contain the address and telephone number for the zone, district, or regional office of the manufacturer for this state where a claim may be filed by the consumer.

24. Limitation on waiver

Any agreement entered into by a consumer that waives, limits, or disclaims lemon law rights is void as contrary to public policy.