

## MARYLAND LEMON LAW SUMMARY

<b>EXECUTIVE SUMMARY</b>	
<b>TIME PERIOD FOR FILING CLAIMS</b>	Three years following original delivery for an owned vehicle; one year following termination of the lease for a leased vehicle.
<b>ELIGIBLE VEHICLE</b>	Any vehicle registered in Maryland as a passenger vehicle; motorcycle; truck with a 3/4 ton or less manufacturer's rated capacity; or multipurpose vehicle. Excludes motor homes and motor vehicles that are part of a fleet purchase or fleet lease of five or more motor vehicles.  Covers used vehicles.
<b>ELIGIBLE CONSUMER</b>	(1) The <b>purchaser</b> , other than for purposes of resale, or the <b>lessee</b> of a new motor vehicle; (2) any person to whom a new motor vehicle is transferred during the duration of the vehicle's warranty; (3) any other person who is entitled to enforce the warranty; and (4) a subsequent transferee of a new motor vehicle for the duration of the applicable warranties or assignee of the lessee's rights.
<b>TIME PERIOD FOR FIRST OCCURRENCE OR NOTICE</b>	The "manufacturer's warranty period" (defined as the earlier of 15,000 miles of operation or 15 months following original delivery).
<b>TIME PERIOD FOR REASONABLE NUMBER OF ATTEMPTS TO REPAIR</b>	The "manufacturer's warranty period" (defined as the earlier of 15,000 miles of operation or 15 months following original delivery).
<b>PRESUMPTION OR DEFINITION</b>	<b>Presumption:</b> within the "manufacturer's warranty period", (1) four repair attempts; (2) out of service for 30 or more days; or (3) one repair attempt to a braking or steering system failure plus notice and opportunity to cure.
<b>NOTICE TO MANUFACTURER</b>	During the "manufacturer's warranty period" (defined as the earlier of 15,000 miles of operation or 15 months following original delivery), written notice to manufacturer, factory branch, or lessor by certified mail, return receipt requested.
<b>FINAL OPPORTUNITY TO REPAIR</b>	Manufacturer must repair nonconformity within 30 days after receipt of consumer's written notice.
<b>REASONABLE ALLOWANCE</b>	Refund only; may not exceed 15% of the purchase price of an owned vehicle; not defined for leased vehicle.
<b>DISPUTE RESOLUTION</b>	Consumer may but need not resort to manufacturer's program that complies with 16 C.F.R. Part 703.
<b>DISCLOSURE TO SUBSEQUENT PURCHASER</b>	Yes.
<b>TITLE BRANDING</b>	Yes.

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<b>1. Citation</b>	Annotated Code of Maryland, Commercial Law §§ 14-1501 through 14-1504 and §§ 14-2001 through 14-2007.
<b>2. Motor vehicle covered</b>	Covers any vehicle registered in Maryland as a Class A passenger vehicle; Class D motorcycle; Class E truck with a 3/4 ton or less manufacturer's rated capacity; or Class M multipurpose vehicle.  Excludes motor homes and motor vehicles that are part of a fleet purchase or fleet lease of five or more motor vehicles.
<b>3. Consumer covered</b>	Covers the following consumers: (1) The purchaser, other than for purposes of resale, or the lessee of a new motor vehicle; (2) Any person to whom a new motor vehicle is transferred during the duration of the vehicle's warranty; and (3) Any other person who is entitled to enforce the warranty.  The rights available to a consumer under the lemon law inure to a subsequent transferee of a new motor vehicle for the duration of the applicable warranties, or to an assignee of the lessee's rights under the lease. If a lessor permits the lessee to assign any interest in the lease or the motor vehicle, upon such assignment the rights available to a lessee under the lemon law inure to an assignee of the lessee's rights under the lease or a subsequent transferee of the motor vehicle.
<b>4. Nonconformity defined</b>	Not defined. Any defect or condition that substantially impairs the use and market value of the motor vehicle to the consumer is referred to as a <i>nonconformity</i> .
<b>5. Warranty defined</b>	"Warranty" means warranties defined in § 2-312 (warranty of title), § 2-313 (express warranties), § 2-314 (implied warranty of merchantability) and § 2-315 (implied warranty of fitness for a particular purpose) of the Commercial Law (U.C.C.).
<b>6. Lemon law rights period</b>	"Manufacturer's warranty period" is defined as the earlier of (1) the period of the motor vehicle's first 15,000 miles of operation, or (2) 15 months following the date of the motor vehicle's original delivery to the consumer.
<b>7. Manufacturer's obligation to repair</b>	If a motor vehicle does not conform to all applicable warranties during the "manufacturer's warranty period" (the earlier of 15,000 miles of operation or 15 months following original delivery), the consumer must report the nonconformity during the "manufacturer's warranty period" by sending written notice to the manufacturer, factory branch, or lessor by certified mail, return receipt requested. Notice of this procedure must be conspicuously disclosed to the consumer in writing at the time of sale or delivery of the motor vehicle.  The consumer must provide the manufacturer or factory branch, its agent or authorized dealer, or the lessor with an opportunity to cure the nonconformity. The manufacturer or factory branch, its agent or authorized dealer, or the lessor must correct the nonconformity at no charge to the consumer within 30 days of the manufacturer's receipt of the consumer's written notification, even if repairs are made after the expiration of the statutory "warranty period".
<b>8. Manufacturer's obligation to repurchase or replace</b>	If the manufacturer or factory branch, its agent or authorized dealer, or the lessor is unable to repair or correct any nonconformity after a reasonable number of repair attempts within the "manufacturer's warranty period", the manufacturer must, at the option of the consumer, either replace or repurchase the motor vehicle.
<b>9. Criteria for reasonable number of repair attempts</b>	Presumed if, within the "manufacturer's warranty period", any of the following occurs: (1) The same nonconformity has been subject to repair by the manufacturer or factory branch, its agent or authorized dealer four or more times but continues to exist; (2) The vehicle was out of service by reason of repair of one or more nonconformities for a cumulative total of 30 or more days; or (3) A nonconformity resulting in a braking or steering system failure has been subject to the same repair at least once, the manufacturer has been notified and given the opportunity to cure the nonconformity, and the repair does not bring the vehicle into compliance with the motor vehicle safety inspection laws.

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<b>10. Notice of nonconformity and final opportunity to repair</b>	<p>The consumer must report the nonconformity during the “manufacturer’s warranty period” by sending written notice to the manufacturer, factory branch, or lessor by certified mail, return receipt requested. Notice of this procedure must be conspicuously disclosed to the consumer in writing at the time of sale or delivery of the motor vehicle.</p> <p>The consumer must provide the manufacturer or factory branch, its agent or authorized dealer, or the lessor with an opportunity to cure the nonconformity. The manufacturer or factory branch, its agent or authorized dealer, or the lessor must correct the nonconformity at no charge to the consumer within 30 days of the manufacturer’s receipt of the consumer’s written notification, even if repairs are made after the expiration of the “manufacturer’s warranty period”.</p> <p>The dealer must notify the manufacturer of the existence of a nonconformity within 7 days when the motor vehicle is delivered to the same dealer for a fourth repair attempt of the same nonconformity, or when the vehicle has been out of service for repair of one or more nonconformities for a cumulative total of 20 days. The failure of a dealer to give such notice does not affect the consumer's rights under the lemon law.</p>
<b>11. Affirmative defenses</b>	<p>It is an affirmative defense that the nonconformity, defect or condition:</p> <ol style="list-style-type: none"> <li>(1) does not substantially impair the use and market value of the motor vehicle; or</li> <li>(2) is the result of abuse, neglect, or unauthorized modifications or alterations of the motor vehicle.</li> </ol>
<b>12. Refund</b>	<p><b>Purchased Vehicle</b></p> <p>Refund consists of:</p> <ol style="list-style-type: none"> <li>1. The full purchase price; and</li> <li>2. All license and registration fees, and any similar governmental charges;</li> <li>3. Less a reasonable allowance for the consumer’s use of the vehicle not to exceed 15% of the purchase price;</li> <li>4. Less a reasonable allowance for damage not attributable to normal wear and not including damage resulting from a nonconformity.</li> </ol> <p>The consumer may recover from the Motor Vehicle Administration the excise taxes originally paid by the consumer for the returned vehicle. The excise taxes that the consumer is entitled to recover are calculated based on the amount of the purchase price or any portion of the purchase price of the motor vehicle that is refunded to the consumer.</p> <p><b>Leased Vehicle</b></p> <p>Refund consists of:</p> <p><i>To the lessee:</i></p> <p>The lemon law provides that it shall be construed to provide a mechanism through which the lessor and lessee are made whole for losses incurred as a result of a motor vehicle's nonconformity, defect, or condition. The Maryland Attorney General's Office has determined that an award making the lessee whole could include lease payments made by the lessee. The lemon law also requires that the manufacturer refund to the lessee:</p> <ol style="list-style-type: none"> <li>1. All money paid during the period in which the vehicle was not available due to the defect, condition or nonconformity;</li> <li>2. All sums paid by the lessee to repair the defect, condition or nonconformity;</li> <li>3. All excise tax, license and registration fees and similar governmental charges;</li> <li>4. Less a reasonable allowance for the lessee's unimpaired use of the vehicle.</li> </ol> <p><i>To the lessor:</i></p> <ol style="list-style-type: none"> <li>1. All amounts due to the lessor under the terms of the lease.</li> </ol> <p>The lessor may not assess the lessee any prepayment penalty, early termination fees, or other charges resulting from return of the vehicle.</p>

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<b>13. Replacement</b>	<p>Replacement is a comparable motor vehicle acceptable to the consumer.</p> <p>When a leased vehicle is replaced, provided that the lessee meets the lessor's then current credit criteria with respect to the lease, the lessor must transfer the title of the defective motor vehicle to the manufacturer; accept title to the comparable replacement motor vehicle; transfer possession of the comparable motor vehicle to the lessee; and execute a lease agreement with the lessee with the same time period, terms and conditions of the original lease.</p> <p>The Motor Vehicle Administration will allow a credit to the consumer against the excise tax imposed for the replacement vehicle in the amount of the excise taxes originally paid by the consumer for the returned vehicle. If the excise tax on the replacement vehicle exceeds the excise tax credit for the returned vehicle, the dealer will collect only that portion of excise tax due. If the excise tax credit on the returned vehicle exceeds the excise tax on the replacement vehicle, the consumer is entitled to recover a refund from the Motor Vehicle Administration of that excess.</p>
<b>14. Reasonable allowance</b>	<p>Applies to a refund but not to a replacement. The reasonable allowance for use of an owned vehicle may not exceed 15% of the purchase price. There is no description of the reasonable allowance for use of a leased vehicle.</p>
<b>15. Refund of sales tax</b>	<p>Manufacturer refunds all excise tax to lessees when repurchasing leased vehicles, and may then seek recovery of refunded excise tax from the Motor Vehicle Administration. Vehicle owners must seek refund of excise tax from the Motor Vehicle Administration. The excise taxes that the consumer is entitled to recover are calculated based on the amount of the purchase price or any portion of the purchase price of the motor vehicle that is refunded to the consumer.</p> <p>Vehicle owners and lessees whose vehicles are replaced may obtain credit for the excise tax paid on the replaced vehicle through the Motor Vehicle Administration. If the excise tax on the replacement vehicle exceeds the excise tax credit for the returned vehicle, the dealer will collect only that portion of excise tax due. If the excise tax credit on the returned vehicle exceeds the excise tax on the replacement vehicle, the consumer is entitled to recover a refund from the Motor Vehicle Administration of that excess.</p> <p>A dealer, manufacturer, factory branch or distributor that accepts return of a motor vehicle by judgment, decree, arbitration award, settlement agreement or voluntary agreement, must notify the consumer in writing that the consumer is entitled to recover the excise taxes from the Motor Vehicle Administration.</p>
<b>16. Enhanced damages</b>	<p>A court that finds the manufacturer, factory branch or distributor acted in bad faith may award the consumer damages up to \$10,000. In addition, a violation of the lemon law is considered an unfair or deceptive trade practice.</p>
<b>17. Attorney's fees</b>	<p>A court may award reasonable attorney's fees to a prevailing plaintiff.</p>
<b>18. Statute of limitations</b>	<p>An action on an owned vehicle must be commenced within three years of the date of the vehicle's original delivery to the consumer. An action on a leased vehicle must be commenced within one year after termination of the lease.</p>
<b>19. Manufacturer-sponsored arbitration</b>	<p>If the manufacturer has established an informal dispute settlement procedure that complies with 16 C.F.R. Part 703, the consumer may but need not resort to that procedure before the provisions requiring refund or replacement apply. A consumer who has resorted to an informal dispute settlement procedure may not be precluded from seeking the rights or remedies available by law.</p>
<b>20. State-sponsored arbitration</b>	<p>Not specified.</p>
<b>21. Dealer liability</b>	<p>Each dealer that sells a new motor vehicle in Maryland must provide to the purchaser, at the time of the sale or delivery, a copy of the Motor Vehicle Administration's notice of consumer lemon law rights.</p> <p>The dealer must notify the manufacturer of the existence of a nonconformity within 7 days when the motor vehicle is delivered to the same dealer for a fourth repair attempt of the same</p>

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	<p>nonconformity, or when the vehicle has been out of service for repair of one or more nonconformities for a cumulative total of 20 days. The notification must be sent by certified mail and a copy sent to the Motor Vehicle Administration.</p> <p>A violation of the lemon law is considered an unfair or deceptive trade practice.</p>
<b>22. Restrictions on resale of returned vehicles</b>	<p>The manufacturer or factory branch must notify the Motor Vehicle Administration in writing within 15 days after a motor vehicle is returned under the lemon law or by judgment, decree, arbitration award or voluntary agreement. If such a motor vehicle is transferred to a dealer in Maryland, the manufacturer or factory branch must also disclose to the dealer that the motor vehicle was returned under the lemon law or by judgment, decree, arbitration award or voluntary agreement. The disclosure must be in writing on a separate piece of paper in 10 point all-capital type, stating in a clear and conspicuous manner:</p> <ol style="list-style-type: none"> <li>(1) That the motor vehicle was returned to the manufacturer or factory branch;</li> <li>(2) The nature of the defect, if any, that resulted in the return; and</li> <li>(3) The condition of the motor vehicle at the time it is transferred to the dealer.</li> </ol> <p>If the returned vehicle is then made available for resale or release, the seller must provide a copy of the manufacturer's disclosure to the consumer prior to sale, and send a copy of the manufacturer's disclosure, signed by the consumer, to the Motor Vehicle Administration.</p> <p>The Motor Vehicle Administration will permanently note on the certificate of title that (1) prior to its sale to the transferee, the vehicle was returned to the manufacturer or factory branch under the lemon law; and (2) a history of the vehicle is on file with the Administration.</p>
<b>23. Point of sale notice of lemon law rights</b>	<p>The Motor Vehicle Administration will develop a notice that describes the rights to consumers under the lemon law, make the notice available to all dealers that sell new motor vehicles in Maryland, and adopt regulations to implement this provision.</p> <p>Each dealer that sells a new motor vehicle in Maryland must provide to the purchaser, at the time of the sale or delivery, a copy of the Motor Vehicle Administration's notice.</p>
<b>24. Limitation on waiver</b>	<p>Any agreement entered into by a consumer for the purchase or lease of a new motor vehicle that waives, limits or disclaims lemon law rights is void.</p>

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