

STANDARDS OF THE COLORADO LEMON LAW

The following is a brief explanation of most relevant provisions of the Colorado lemon law. The complete text of the lemon law can be found at Colorado Rev. Stat. 42-10-101 *et seq.*

VEHICLES COVERED

The Colorado lemon law covers motor vehicles, which means private passenger vehicles, pickup trucks and vans that are:

1. Designed primarily for travel on the public highways;
2. Used to carry not more than ten persons; and
3. Sold to consumers in Colorado.

The lemon law *does not cover* motor homes or vehicles designed to travel on three or fewer wheels in contact with the ground. The lemon law does not cover leased vehicles but appears to cover used vehicles.

CONSUMERS COVERED

The lemon law covers consumers who fall into any one of the following categories:

1. The purchaser, other than for purposes of resale, of a motor vehicle normally used for personal, family, or household purposes;
2. Any person to whom such motor vehicle is transferred for the same purposes during the term of the manufacturer's express warranty; or
3. Any other person entitled by the terms of such warranty to enforce its obligations.

PROBLEMS COVERED

The lemon law covers any defect or condition that substantially impairs the use and market value of the motor vehicle. This is referred to as a *nonconformity*.

The lemon law provides manufacturers with an affirmative defense if it can be shown that the alleged nonconformity is the result of abuse, neglect, or unauthorized modifications or alterations of the vehicle by the consumer.

MANUFACTURER'S DUTY TO REPAIR

If a motor vehicle does not conform to the manufacturer's written warranty and the consumer reports the nonconformity to the manufacturer, its agent, or its authorized dealer during the term of the warranty or within one year after the vehicle's original delivery to a consumer, whichever comes first, the manufacturer, its agent, or its authorized dealer must make the necessary repairs to conform the motor vehicle to the

warranty. Such repairs must be made even if they occur after the expiration of the warranty term or the one-year period.

MANUFACTURER'S DUTY TO REPURCHASE OR REPLACE A VEHICLE

If the manufacturer, its agent, or its authorized dealer is unable to conform the vehicle to the warranty by repairing or correcting a nonconformity after a *reasonable number of repair attempts*, the manufacturer must, at its option, replace or repurchase the motor vehicle.

REASONABLE NUMBER OF REPAIR ATTEMPTS

The Colorado lemon law establishes a *presumption* that a manufacturer has had a *reasonable number of repair attempts* if, within the warranty term or one year after the vehicle's original delivery, whichever comes first, either of the following occurs:

1. The same nonconformity has been subject to repair four or more times by the manufacturer, its agent, or its authorized dealer and the nonconformity continues to exist, or
2. The motor vehicle has been out of service by reason of repair for a cumulative total of 30 or more business days of the repairer.

The warranty term, the 12-month period and the thirty-day period are extended by any period of time during which repair services are unavailable due to war or invasion, strike, or natural disaster.

NOTICE AND FINAL REPAIR ATTEMPT

The above presumption applies only to manufacturers that received prior written notice by certified mail from or on behalf of the consumer, and had an opportunity to cure the alleged defect. The manufacturer's opportunity to cure counts as one repair attempt towards meeting the reasonable number of repair attempts presumption.

DISPUTE RESOLUTION

If the manufacturer has established or participates in an informal dispute settlement procedure that substantially complies with 16 C.F.R. Part 703, the provisions requiring refund or replacement do not apply unless the consumer has first resorted to the informal dispute settlement procedure.

TIME PERIOD FOR FILING CLAIMS

An action must be commenced within the earlier of (1) six months following the expiration date of any warranty term, or (2) one year following the date of the vehicle's original delivery to a consumer. The time periods do not run during the period the consumer has submitted to the informal dispute settlement procedure.

REMEDIES UNDER THE COLORADO LEMON LAW

REPURCHASE

The Colorado lemon law provides that a manufacturer must pay the following amounts when it repurchases an owned vehicle under the lemon law:

1. Full Purchase price of the vehicle; and
2. Sales tax, license fees, registration fees and any similar governmental charges;
3. Less a reasonable allowance for the consumer's use of the motor vehicle.

A reasonable allowance for use is the amount directly attributable to use by the consumer or any previous consumer prior to the consumer's first written report of the nonconformity to the manufacturer, its agent, or dealer and during any subsequent period when the vehicle is not out of service for repair.

REPLACEMENT

When replacing a vehicle under the Colorado lemon law, the manufacturer must provide a comparable motor vehicle. The reasonable allowance for use appears not to apply to a replacement.