

STANDARDS OF THE MARYLAND LEMON LAW

The following is a brief explanation of most relevant provisions of the Maryland lemon law. The complete text of the lemon law can be found at Maryland Com. Law Code Ann. Sections 14-1501 *et seq.* and 14-2001 *et seq.*

VEHICLES COVERED

The Maryland lemon law covers vehicles 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.

The lemon law covers used vehicles, but does not cover motor homes or motor vehicles that are part of a fleet purchase or fleet lease of five or more motor 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, 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; or
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. 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.

LEMON LAW COVERAGE PERIOD

The "manufacturer's warranty period" and "warranty period" are defined to mean the earlier of the period of the motor vehicle's first 18,000 miles of operation, or 24 months following the date of the motor vehicle's original delivery to the consumer.

The lemon law's enforcement provisions apply only during this "warranty period."¹

PROBLEMS COVERED

The lemon law covers any defect or condition that is covered by the warranty², presently exists³, and substantially impairs the use and market value of the motor vehicle to the consumer. This is referred to as a *nonconformity*.

¹ *Zitterbart v. American Suzuki Motor Corp.*, 495 A.2d 372 (Md. Ct. Spec. App. 2008).

² *Laing v. Volkswagen of America, Inc.*, 180 Md. App. 136 (2008).

³ *Zitterbart v. American Suzuki Motor Corp.*, 495 A.2d 372 (Md. Ct. Spec. App. 2008) ; *Evans v. General Motors Corp.*, 459 F.Supp. 2d 407 (D. Md. 2006).

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

MANUFACTURER’S DUTY TO REPAIR

If a motor vehicle does not conform to all applicable warranties during the “warranty period,” the consumer must report the nonconformity during the “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 “warranty period.”

MANUFACTURER’S DUTY TO REPURCHASE OR REPLACE A VEHICLE

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 “warranty period,” and the nonconformity presently continues to exist,⁴ the manufacturer must, at the option of the consumer, either replace or repurchase the motor vehicle.

REASONABLE NUMBER OF REPAIR ATTEMPTS

The Maryland lemon law creates a *presumption* that a manufacturer has had a reasonable number of repair attempts if any of the following occurs within the “warranty period”:

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.

The term of any warranty, the “warranty period”, and the 30 day out-of-service period are extended by any time during which repair services are not available to the consumer by reason of war, invasion, strike, or fire, flood, or other natural disaster.

⁴ *Zitterbart v. American Suzuki Motor Corp.*, 495 A.2d 372 (Md. Ct. Spec. App. 2008); *Evans v. General Motors Corp.*, 459 F.Supp. 2d 407 (D. Md. 2006).

NOTICE AND OPPORTUNITY TO REPAIR

The consumer must report the nonconformity during the “warranty period” by sending written notice to the manufacturer, factory branch, or lessor by certified mail, return receipt requested. Notice is a required element to establish the obligation to replace or repurchase the motor vehicle.⁵ This requirement 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.

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.

DISPUTE RESOLUTION

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.

TIME PERIOD FOR FILING CLAIMS

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.

⁵ *Murphy v. 24th Street Cadillac Corp.*, 353 Md. 480 (1999).

This information is not intended as legal advice. Please direct specific questions to your legal counsel.
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REMEDIES UNDER THE MARYLAND LEMON LAW

REPURCHASE OF AN OWNED VEHICLE

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

1. The full purchase price; and
2. All license and registration fees, and any similar governmental charges;
3. Less a reasonable allowance for the consumer's use of the vehicle not to exceed 15% of the purchase price;
4. Less a reasonable allowance for damage not attributable to normal wear and not including damage resulting from a nonconformity.

Refunds must be made to the consumer and lienholder, if any, as their interests appear on the records of ownership maintained by the Motor Vehicle Administration.

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.

REPURCHASE OF A LEASED VEHICLE

The Maryland lemon law provides that a manufacturer must pay the following amounts when it repurchases a leased vehicle under the lemon law:

To the lessee:

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:

1. All money paid during the period in which the vehicle was not available due to the defect, condition or nonconformity;
2. All sums paid by the lessee to repair the defect, condition or nonconformity;
3. All excise tax, license and registration fees and similar governmental charges;
4. Less a reasonable allowance for the lessee's unimpaired use of the vehicle.

To the lessor:

1. All amounts due to the lessor under the terms of the lease.

The lessor may not assess the lessee any prepayment penalty, early termination fees, or other charges resulting from return of the vehicle.

REPLACEMENT

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

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.

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.