

STANDARDS OF THE RHODE ISLAND LEMON LAW

The following is a brief explanation of most relevant provisions of the Rhode Island lemon law. The complete text of the lemon law can be found at Rhode Island Gen. Laws § 31-5.2-1 *et seq.*

VEHICLES COVERED

The Rhode Island lemon law covers any “motor vehicle”, defined as (1) an automobile, truck, motorcycle, or van with a registered gross vehicle weight of less than 10,000 pounds, that is sold, leased or replaced by a dealer or manufacturer; and (2) a municipality, municipal agency or fire district owned or leased fire department motorized apparatus which has not been significantly altered in such a manner to cause a breach of the manufacturer's warranty.

The lemon law covers used vehicles but does not cover motorized campers.

CONSUMERS COVERED

The lemon law covers the following consumers:

1. The buyer, other than for purposes of resale, of a motor vehicle;
2. Any person to whom the motor vehicle is transferred for the same purposes during the duration of any express or implied warranty applicable to the motor vehicle;
3. Any other person entitled by the terms of the warranty to enforce its obligations; and
4. The lessee of a motor vehicle for one year or more pursuant to a written lease agreement that makes the lessee responsible for repairs to the vehicle or the lessee of a motor vehicle pursuant to a lease-purchase agreement.

PROBLEMS COVERED

The lemon law covers any *nonconformity*, which is defined as any specific or generic defect or malfunction, or any concurrent combination of defects or malfunctions, that substantially impairs the use, market value or safety of the motor vehicle.

The lemon law provides manufacturers with an affirmative defense if it can be shown that the alleged nonconformity does not substantially impair the use, market value, or safety of the motor vehicle, or the nonconformity is the result of abuse, neglect, or unauthorized substantial modification or alteration of a motor vehicle by the consumer.

LEMON LAW COVERAGE PERIOD

The Rhode Island lemon law establishes a *term of protection* ending one year or 15,000 miles after the date of the motor vehicle's original delivery to the consumer, whichever comes first.

MANUFACTURER'S DUTY TO REPAIR A VEHICLE

If a motor vehicle does not conform to any applicable express or implied warranties, including the implied warranty of merchantability and the implied warranty of fitness for a particular purpose, and the consumer reports the nonconformity to the manufacturer, its agent or authorized dealer during the *term of protection*, then the manufacturer, its agent or authorized dealer must make the necessary repairs to conform the vehicle to the warranty. The necessary repairs must be made even after the expiration of the *term of protection*.

MANUFACTURER'S DUTY TO REPURCHASE OR REPLACE A VEHICLE

If the manufacturer, its agent or authorized dealer or lessor does not conform the motor vehicle to any applicable express or implied warranty by curing any nonconformity after a *reasonable number of repair attempts*, the manufacturer must, at the consumer's option, either replace or repurchase the motor vehicle.

REASONABLE NUMBER OF REPAIR ATTEMPTS

The Rhode Island lemon law establishes a *presumption* that a reasonable number of repair attempts has been undertaken to conform a motor vehicle to the applicable express warranties if, during the *term of protection*, either of the following occurs:

1. The same nonconformity has been subject to repair four or more times by the manufacturer, its agents or authorized dealers or lessors, but the nonconformity continues to exist or the nonconformity recurs; or
2. The motor vehicle is out of service by reason of repair of any nonconformity for a cumulative total of 30 or more calendar days.

The *term of protection* and the 30 day period are extended by any period of time during which repair services are not available to the consumer because of a war, invasion, strike, fire, flood or other natural disaster. For the period of time that repair services are not available because of a strike, the manufacturer must provide the consumer with the free use of a comparable motor vehicle.

OPPORTUNITY TO REPAIR

The presumption that a reasonable number of repair attempts has been undertaken does not apply unless the manufacturer is afforded one additional opportunity to cure any nonconformity arising during the *term of protection*, even if the additional opportunity occurs after the *term of protection* expires.

The additional opportunity to cure the nonconformity may not exceed seven calendar days, and begins on the day the manufacturer first knows or should have known that the terms of the *presumption* have been met. This seven day period is extended by any period of time during which repair services are not available to the consumer for the reasons listed above.

DISPUTE RESOLUTION

If the manufacturer has established an informal dispute settlement procedure that complies with 16 C.F.R. Part 703, or that has been approved by the Rhode Island Attorney General, then the provisions requiring refund or replacement do not apply unless the consumer has first resorted to the informal dispute settlement procedure. This requirement does not apply unless the manufacturer, its agents or authorized dealer or lessor has provided the consumer with clear and conspicuous written notice of the procedure at the time of the motor vehicle's delivery.

The consumer has the option of initiating a request for arbitration with the independent procedure provided by the Attorney General.

TIME PERIOD FOR FILING CLAIMS

An action must be commenced within the earlier of (1) three years of the date of the vehicle's original delivery to the consumer, or (2) two years of the date on which the mileage on the vehicle reached 15,000 miles. The statute of limitations does not run during the period from the initiation of an informal dispute settlement procedure until 30 days following the procedure's final decision.

REMEDIES UNDER THE RHODE ISLAND LEMON LAW

REPURCHASE OF OWNED VEHICLES

The Rhode Island lemon law sets out the following amounts that a manufacturer must pay when it repurchases an owned motor vehicle under the lemon law:

1. The full contract price of the motor vehicle, including all credits and allowances for any trade-in vehicle;
2. Reimbursement to the consumer for any “incidental costs” including sales tax, registration fee, finance charges, and any cost of nonremovable options added by an authorized dealer; and
3. Towing and reasonable rental costs that were a direct result of the nonconformity when towing services and rental vehicles of comparable year and size were not made available at no cost to the consumer;
4. Less a reasonable allowance for use.

Refunds must be made to the consumer and lienholder, if any, as their interests may appear.

The consumer has the option of retaining the use of any repurchased motor vehicle until the consumer receives the full refund. The continued use of the motor vehicle will be reflected in the reasonable allowance for use.

The reasonable allowance for use is calculated in accordance with the following formula:

$$\begin{array}{l} \text{reasonable} \\ \text{allowance} \\ \text{for use} \end{array} = \frac{\begin{array}{l} \text{Number of miles that the motor vehicle} \\ \text{traveled prior to the consumer's first} \\ \text{report of the nonconformity to the} \\ \text{manufacturer, its agent or authorized} \\ \text{dealer, and during any subsequent period} \\ \text{when the motor vehicle was not out of} \\ \text{of service by reason of repair} \end{array}}{100,000} \times \begin{array}{l} \text{total} \\ \text{contract} \\ \text{price of} \\ \text{the motor} \\ \text{vehicle} \end{array}$$

REPURCHASE OF LEASED VEHICLES

The Rhode Island lemon law sets out the following amounts that a manufacturer must pay when it repurchases a leased motor vehicle under the lemon law:

To the lessor:

1. 105% of the lessor’s actual purchase costs;
2. Collateral charges, if applicable;
3. Any fee paid to another to obtain the lease;

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4. Any insurance or other costs expended by the lessor for the benefit of the lessee; and
5. An amount equal to state and local sales taxes not otherwise included as collateral charges, that were paid by the lessor when the vehicle was initially purchased;
6. Less the aggregate deposit and rental payments previously paid to the lessor for the leased vehicle.

To the lessee:

1. Aggregate deposit and rental payments previously paid to the lessor for the leased vehicle;
2. All credits and allowances for any trade-in vehicle;
3. All “incidental” costs including sales tax, registration fee, finance charges, and any cost of nonremovable options added by an authorized dealer or lessor; and
4. Towing and reasonable rental costs that were a direct result of the nonconformity when towing services and rental vehicles of comparable year and size were not made available at no cost to the consumer;
5. Less a reasonable allowance for use.

Refunds must be made to the lessor and lessee as their interests may appear. The lessee’s lease agreement with the lessor is terminated upon payment of the refund, and no penalty for early termination may be assessed.

The consumer has the option of retaining the use of any repurchased motor vehicle until the consumer receives the full refund. The continued use of the motor vehicle will be reflected in the reasonable allowance for use.

The reasonable allowance for use is calculated in accordance with the following formula:

$$\begin{array}{rcl}
 \text{reasonable} & & \text{Number of miles that the motor vehicle} \\
 \text{allowance} & & \text{traveled prior to the consumer’s first} \\
 \text{for use} & = & \text{report of the nonconformity to the} \\
 & & \text{manufacturer, its agent or authorized} \\
 & & \text{dealer, and during any subsequent period} \\
 & & \text{when the motor vehicle was not out of} \\
 & & \text{of service by reason of repair} \quad \times \\
 & & \text{100,000} \quad \quad \quad \text{aggregate} \\
 & & & \text{deposit} \\
 & & & \text{and rental} \\
 & & & \text{payments} \\
 & & & \text{paid to the} \\
 & & & \text{lessor}
 \end{array}$$

REPLACEMENT

The Rhode Island lemon law provides that a replacement motor vehicle be a comparable new motor vehicle in good working order. The reasonable allowance for use does not apply to a replacement.

A replacement motor vehicle must be accompanied with the following amounts:

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1. Reimbursement to the consumer for any fees for the transfer of registration or any sales tax incurred by the consumer as a result of the replacement; and
2. Towing and reasonable rental costs that were a direct result of the nonconformity when towing services and rental vehicles of comparable year and size were not made available at no cost to the consumer.

If the motor vehicle to be replaced was financed or leased by the manufacturer, its subsidiary or agent, the manufacturer, subsidiary or agent may not require the consumer to enter into any refinancing or lease agreement with an interest rate or other financial terms that are less favorable to the consumer than those stated in the original financing agreement or lease.

The consumer has the option of retaining the use of the motor vehicle to be replaced until the consumer receives a replacement motor vehicle acceptable to the consumer.

The manufacturer has 30 calendar days from the date of the motor vehicle's return to deliver a comparable motor vehicle. If within that 30 days no comparable motor vehicle has been delivered, the manufacturer must provide a refund as set out above.