

## **STANDARDS OF THE UTAH LEMON LAW**

The following is a brief explanation of most relevant provisions of the Utah lemon law. The complete text of the lemon law can be found at Utah Code Ann. section 13-20-1 *et seq.*

### **VEHICLES COVERED**

The Utah lemon law covers any motor vehicle sold in the state and intended primarily for use and operation on the highways. This includes a motorcycle and the self-propelled vehicle and chassis of a motor home sold in the state.

The lemon law does not cover those portions of a motor home designated, used, or maintained primarily as a mobile dwelling, office, or commercial space; farm tractors; motorcycles designed primarily for use on unimproved terrain; road tractors or truck tractors; mobile homes; or any motor vehicle with a gross laden weight of over 12,000 pounds.

The Division of Consumer Protection defines “new motor vehicle” as a motor vehicle that has never been titled or registered and has been driven fewer than 7,500 miles.

### **CONSUMERS COVERED**

The lemon law covers the “consumer”, defined as an individual who, within the express warranty term or during the period of one year following the date of the motor vehicle’s original delivery to a consumer, whichever is earlier, has entered into an agreement or contract for the transfer, lease, or purchase of a *new motor vehicle* for purposes other than resale or sublease.

The lemon law does not cover the purchaser, lessee, or transferee of a used motor vehicle.

### **VEHICLE CONVERTERS**

The lemon law applies to vehicle converters.

### **PROBLEMS COVERED**

The lemon law covers any defect or condition that substantially impairs the use, market value or safety 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 does not substantially impair the consumer’s use of the motor vehicle and does not substantially impair the market value or safety of the motor vehicle; or the nonconformity is the result of abuse, neglect, or unauthorized modifications or alterations of a motor vehicle by a consumer.

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## **MANUFACTURER'S DUTY TO REPAIR**

If a motor vehicle does not conform to all applicable express warranties, and the consumer reports the nonconformity to the manufacturer, its agent or authorized dealer within the express warranty term or during the period of one year following the date of the motor vehicle's original delivery to a consumer, whichever is earlier, then the manufacturer, its agent or authorized dealer must make the necessary repairs to conform the motor vehicle to the express warranties.

The necessary repairs must be made even after the expiration of the express warranty term or the one year period.

## **MANUFACTURER'S DUTY TO REPURCHASE OR REPLACE A VEHICLE**

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

The Division of Consumer Protection has issued regulations defining "attempt" to repair to mean that the vehicle is or has been presented to the manufacturer or its agent for the same nonconformity.

## **REASONABLE NUMBER OF REPAIR ATTEMPTS**

The Utah 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, within the express warranty term or during the period of one year following the date of the motor vehicle's original delivery to a consumer, whichever is earlier, either of the following occurs:

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

The term of an express warranty, the one year period 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 or fire, flood or other natural disaster.

## **DISPUTE RESOLUTION**

If the manufacturer has established or participates in an informal dispute settlement procedure that complies with 16 C.F.R. Part 703, then 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**

Not specified. Assuming that the UCC statute of limitations applies, a claim must be filed with BBB AUTO LINE within four years from the date the alleged defect is discovered.

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## **REMEDIES UNDER THE UTAH LEMON LAW**

### **REPURCHASE OF AN OWNED VEHICLE**

The Utah 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 purchase price, defined by the Division of Consumer Protection to mean the actual amount paid for the motor vehicle, including taxes, licensing fees, and additional warranty fees, but not including collateral charges; and
2. All collateral charges, defined by the Division of Consumer Protection as including but not limited to sales taxes, document preparation fees, and the cost of additional warranties or extended warranties if included in the purchase price;
3. Less a reasonable allowance for the consumer's use of the vehicle.

Refunds must be made to the consumer and any lienholder as their interests may appear. Upon receipt of the refund, the consumer or lienholder must furnish to the manufacturer clear title to and possession of the motor vehicle.

The reasonable allowance for use is that amount directly attributable to use by the consumer prior to the first report of the nonconformity to the manufacturer, its agent or authorized dealer, and any subsequent period when the vehicle is not out of service because of repair. The Division of Consumer Protection has defined "reasonable allowance" to mean the dollar value based on the prescribed deduction per mile. The reasonable allowance may not be less than 10¢ per mile and may not exceed 21¢ per mile. The consumer is not liable for mileage on the vehicle at the time of delivery or during the time the vehicle was being repaired.

### **REPURCHASE OF A LEASED VEHICLE**

In addition to the amounts specified for the refund of an owned vehicle, the Division of Consumer Protection has set out the following provisions that apply to the refund of a leased vehicle:

1. All payments made under the lease;
2. Any trade-in value, inception payment, and security deposit; and
3. All payments on behalf of the lessee as necessary to obtain clear title to the motor vehicle;
4. Less a reasonable allowance for the consumer's use of the vehicle.

The excess from the payments made to the lessor must be paid to the lessee. Upon the lessor's and/or lienholder's receipt of the refund, the consumer, lessor or lienholder must furnish to the manufacturer clear title to and possession of the motor vehicle, and the consumer is relieved of any further obligation to the lessor and/or lienholder.

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## **REPLACEMENT**

When replacing a vehicle under the Utah lemon law, the manufacturer must provide a comparable new motor vehicle. The Division of Consumer Protection has defined “comparable new motor vehicle” to mean either of the following:

1. A motor vehicle that is determined by the Division to be identical to, or reasonably equivalent to, the nonconforming motor vehicle had it conformed to all applicable express warranties. A comparable new motor vehicle includes any service contracts, contract options, and factory or dealer installed options that were originally included in the sale of the nonconforming motor vehicle; or
2. A vehicle with an equivalent retail value including any service contracts, and factory or dealer installed options that were originally included with the nonconforming motor vehicle, if the consumer consents to a different make or model.

The Division of Consumer Protection has further provided that, if a manufacturer is unable to provide a comparable new motor vehicle, it may provide, upon the consent of the consumer, a replacement vehicle of comparable quality. The consumer must not incur additional expense with respect to the replacement vehicle except as a reasonable allowance for the use of the nonconforming motor vehicle.

Upon receipt of the replacement, the consumer, lienholder or lessor must furnish to the manufacturer clear title to and possession of the motor vehicle.

The reasonable allowance for use is that amount directly attributable to use by the consumer prior to the first report of the nonconformity to the manufacturer, its agent or authorized dealer, and any subsequent period when the vehicle is not out of service because of repair. The Division of Consumer Protection has defined “reasonable allowance” to mean the dollar value based on the prescribed deduction per mile. The reasonable allowance may not be less than 10¢ per mile and may not exceed 21¢ per mile. The consumer is not liable for mileage on the vehicle at the time of delivery or during the time the vehicle was being repaired.