STANDARDS OF THE MAINE LEMON LAW

The following is a brief explanation of most relevant provisions of the Maine lemon law. The complete text of the lemon law can be found at10 Maine Rev. Stat. Ann. Section 1161 *et seq*.

VEHICLES COVERED

The Maine lemon law covers any motor driven vehicle sold or leased in the state that is designed for the conveyance of passengers or property on the public highways.

The lemon law covers used vehicles, but does not cover motor vehicles used primarily for commercial purposes with a gross vehicle weight of 8,500 pounds or more.

CONSUMERS COVERED

The lemon law covers the following consumers:

1. The purchaser, for purposes other than resale, or the lessee of a motor vehicle;
2. Any person to whom the motor vehicle is transferred during the duration of an express warranty applicable to the motor vehicle; and
3. Any other person entitled by the terms of the warranty to enforce the obligations of the warranty.

The lemon law does not cover any government entity, or any business or commercial enterprise that registers three or more motor vehicles.

VEHICLE CONVERTERS

The lemon law applies to vehicle converters.

PROBLEMS COVERED

The lemon law covers any defect or condition, or combination of defects or conditions, that substantially impairs the use, safety or 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 nonconformity is the result of abuse, neglect, or unauthorized modifications or alterations of a motor vehicle by anyone other than the manufacturer, its agents or authorized dealer after delivery to the consumer.

MANUFACTURER'S DUTY TO REPAIR A VEHICLE

If a motor vehicle does not conform to all express warranties and the consumer reports the nonconformity to the manufacturer, its agent or authorized dealer during the term of the express warranties; a period of three years following the date of the motor vehicle's original delivery to a consumer; or the vehicle's first 18,000 miles of operation

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– whichever occurs earliest – then the manufacturer, its agent or authorized dealer must make the necessary repairs to conform the vehicle to the express warranties. The necessary repairs must be made even after the expiration of the term of the express warranties, the three year period, or the first 18,000 miles.

MANUFACTURER'S DUTY TO REPURCHASE OR REPLACE A VEHICLE

If the manufacturer, its agents or authorized dealers are unable to conform the vehicle to any applicable express warranty by repairing or correcting any nonconformity after a *reasonable number of repair attempts*, the manufacturer must either replace or repurchase the motor vehicle. The consumer may reject any offered replacement and receive a repurchase instead.

REASONABLE NUMBER OF REPAIR ATTEMPTS

The Maine 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, during the period of three years following the date of the motor vehicle's original delivery to a consumer, or during the vehicle's first 18,000 miles of operation, whichever occurs earliest, any of the following occurs:

1. The same nonconformity has been subject to a repair attempt three or more times by the manufacturer, its agents or authorized dealers, and the nonconformity continues to exist;

2. The same nonconformity has resulted in a serious failure of either the braking or steering systems in the vehicle and has been subject to a repair attempt one or more times by the manufacturer, its agents or authorized dealers; or

3. The motor vehicle is out of service by reason of a repair attempt by the manufacturer, its agents or authorized dealers of any defect, condition, or combination of defects for a cumulative total of 15 or more business days.

The term of an express warranty, and the one year, two year, and 15 day periods 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.

NOTICE AND FINAL REPAIR ATTEMPT

If the manufacturer or its agents are unable to conform the motor vehicle to the express warranties, the consumer must notify the manufacturer or authorized dealer in writing of the consumer's desire for refund or replacement. This notice can be given after one repair attempt to a nonconformity resulting in a serious failure of the braking or steering systems.

The notice requirement does not apply unless the manufacturer has clearly and conspicuously disclosed, in the warranty or owner's manual, that written notification of

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the nonconformity is required before the consumer may be eligible for a refund or replacement.

The manufacturer has seven business days following receipt by the dealer or manufacturer of the written notice from the consumer to correct or repair any nonconformities. The final repair effort must be at a repair facility reasonably accessible to the consumer.

DISPUTE RESOLUTION

The provisions requiring refund or replacement do not apply unless the consumer has first resorted to the state-operated arbitration program or an informal dispute settlement procedure that complies with 16 C.F.R. Part 703. This prior resort requirement is satisfied 40 days after notification to the procedure or when the procedure's duties are completed, whichever occurs sooner.

TIME PERIOD FOR FILING CLAIMS

A claim must be filed within the earlier of (1) three years from the date of the vehicle's original delivery to the consumer, or (2) the term of the express warranties.

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REMEDIES UNDER THE MAINE LEMON LAW

REPURCHASE OF OWNED VEHICLE

The Maine 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 of the motor vehicle, including any paid finance charges;
2. All collateral charges, including but not limited to sales tax, registration fees and similar government charges; and
3. Reasonable costs incurred by the consumer for towing and storage of the motor vehicle and for procuring alternative transportation while the vehicle could not be driven because it did not conform to any applicable express warranty;
4. Less a reasonable allowance for use of the motor vehicle.

Refunds must be made to the consumer and lienholder, if any, as their interests exist at the time the refund is to be made.

The reasonable allowance for use may not exceed the lesser of (1) one-third of the amount allowed per mile by the Internal Revenue Service for the use of a personal vehicle for business purposes, based on the mileage reported on the application for arbitration PLUS all mileage directly attributable to use by a consumer beyond 20,000 miles; or (2) 10% of the purchase price of the vehicle.

REPURCHASE OF LEASED VEHICLES

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

1. Lease payments made to date, including any paid finance charges;
2. All collateral charges, including but not limited to sales tax, license and registration fees and similar government charges; and
3. Reasonable costs incurred by the consumer for towing and storage of the motor vehicle and for procuring alternative transportation while the vehicle could not be driven because it did not conform to any applicable express warranty;
4. Less a reasonable allowance for use of the motor vehicle.

Refunds must be made to the lessor and lessee as their interests exist at the time the refund is to be made. The lessee's lease agreement with the lessor and all contractual obligations terminate upon a decision that the vehicle does not conform to the express warranty and the vehicle is returned. The lessee may not be liable to the manufacturer or lessor for any further costs or charges under the lease agreement. The lessor shall release the motor vehicle title to the manufacturer upon payment by the manufacturer under the lemon law.

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The reasonable allowance for use may not exceed the lesser of (1) one-third of the amount allowed per mile by the Internal Revenue Service for the use of a personal vehicle for business purposes, based on the mileage reported on the application for arbitration PLUS all mileage directly attributable to use by a consumer beyond 20,000 miles; or (2) 10% of the purchase price of the vehicle.

REPLACEMENT

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

Any secured party must consent to the replacement of the security interest with a corresponding security interest on a replacement motor vehicle if the replacement motor vehicle is comparable in value to the original motor vehicle. If the security interest in the vehicle to be replaced is not able to be replaced with a corresponding security interest on a replacement motor vehicle, the consumer is entitled to a refund.

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