

Arkansas Lemon Law Summary

EXECUTIVE SUMMARY	
TIME PERIOD FOR FILING CLAIMS	Informal dispute settlement claims must be filed within two years following the date the nonconformity is first reported to the manufacturer, agent, or dealer. Claims may be filed in court within two years following the date the informal dispute settlement procedure commences.
ELIGIBLE VEHICLE	Any self-propelled vehicle licensed, purchased, or leased in this state primarily designed for the transportation of persons or property over the public streets and highways. Does not include mopeds, motorcycles, the living facilities of a motor home, vehicles over 14,000 pounds gross vehicle weight rating, or a vehicle over 10,000 pounds gross vehicle weight rating that has been substantially altered after its initial sale from a dealer. Used vehicles might be covered if transferred during “Motor Vehicle Quality Assurance Act” period.
ELIGIBLE CONSUMER	(1) Purchaser or lessee, other than for lease or resale, of a new or previously untitled motor vehicle provided it is titled and registered; or (2) any other person entitled to enforce warranty obligations during “Motor Vehicle Quality Assurance Act” period provided that the vehicle is titled and registered.
TIME PERIOD FOR FIRST OCCURRENCE OR NOTICE	During the Motor Vehicle Quality Assurance Period (beginning on the date of delivery of the original vehicle or the date of delivery of a replacement vehicle, the later of 24 months after original delivery to a consumer or the first 24,000 miles of operation attributable to the consumer).
TIME PERIOD FOR REASONABLE NUMBER OF ATTEMPTS TO REPAIR	Not specified.
PRESUMPTION OR DEFINITION	Rebuttable Presumption: (1) three attempts and a final repair attempt; (2) one attempt to a nonconformity likely to cause death or serious bodily harm and a final repair attempt; (3) out of service for 30 or more calendar days; or (4) five or more attempts to any nonconformities that together substantially impair the use and value of the motor vehicle to the consumer. Nonrebuttable Presumption: There is a nonrebuttable presumption of reasonable number of repair attempts if the manufacturer fails to notify and provide the consumer with the opportunity to have the vehicle repaired or fails to perform the repairs within 10 days. In such a case, the manufacturer is not required to receive a final repair attempt.

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NOTICE TO MANUFACTURER	Certified or registered mail after either (1) three attempts to repair the same nonconformity or (2) after one attempt to repair a nonconformity likely to cause death or serious bodily harm.
FINAL OPPORTUNITY TO REPAIR	Manufacturer must contact consumer within 10 days after receipt of notice; repair within 10 days after delivery of vehicle to repair facility.
REASONABLE ALLOWANCE	Refund and replacement: miles traveled by vehicle prior to time consumer first delivered vehicle to manufacturer, agent, or dealer for correction of problem that gave rise to the nonconformity, divided by 120,000, multiplied by purchase price.
DISPUTE RESOLUTION	Manufacturers doing business in Arkansas must operate or participate in an informal dispute resolution settlement procedure located in Arkansas and comply with the “Motor Vehicle Quality Assurance Act”; provisions requiring repurchase or replacement do not apply unless consumer first uses the procedure.
DISCLOSURE TO SUBSEQUENT PURCHASER	Yes.
TITLE BRANDING	No.

ARKANSAS LEMON LAW SUMMARY	
1. Citation	New Motor Vehicle Quality Assurance Act, Arkansas Code §§ 4-90-401 through 4-90-417.
2. Motor vehicle covered	Motor vehicles that are licensed, purchased, or leased in Arkansas and primarily designed for transportation of persons or property over public streets and highways. Excludes cover mopeds, motorcycles, or the living facilities of motor homes, and vehicles (other than motor homes) with a G.V.W. rating of over 10,000 pounds.
3. Consumer covered	<p>(1) The purchaser or lessee, other than for the purpose of resale or sublease, of a new or previously untitled motor vehicle, provided the motor vehicle is titled and registered as prescribed by law; or</p> <p>(2) Any other “person” entitled to enforce the obligations of a manufacturer’s new vehicle warranty during the duration of the Motor Vehicle Quality Assurance period, provided the motor vehicle is titled and registered as prescribed by law.</p> <p>Guidance from the Arkansas Attorney General indicates that the lemon law covers the subsequent owner or lessee as long as the vehicle is transferred during the Motor Vehicle Quality Assurance Period (two years after original delivery or 24,000 miles of operation by the consumer).</p> <p>The definition of “person” includes any natural person, a partnership, firm, corporation, association, joint venture, trust, or other legal entity.</p>
4. Vehicle converter	Covers a vehicle converter.

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5. Nonconformity defined	<p>“Nonconformity” is any specific or generic defect or condition, or any concurrent combination of defects or conditions, that:</p> <p>(1) Substantially impairs the use, market value, or safety of a motor vehicle; or</p> <p>(2) Renders the vehicle nonconforming to the terms of an applicable manufacturer’s express warranty or implied warranty of merchantability.</p> <p>Note that the obligation to refund or replace requires that the nonconformity substantially impair the motor vehicle, and that it is an affirmative defense that the nonconformity, defect, or condition does not substantially impair the use, value, or safety of the vehicle.</p>
6. Warranty defined	<p>“Warranty” is any written warranty issued by the manufacturer, or any affirmation of fact or promise made by the manufacturer, excluding statements made by the dealer, in connection with the sale or lease of a motor vehicle to a consumer, which relates to the nature of the material or workmanship and affirms or promises that such material or workmanship is free of defects or will meet a specified level of performance.</p>
7. Lemon law rights period	<p>The <i>Motor Vehicle Quality Assurance period</i> is 24 months after the date of the original delivery of the vehicle to a consumer, or the first 24,000 miles of operation attributable to the consumer, whichever is later.</p>
8. Manufacturer’s obligation to repair	<p>If the consumer reports the nonconformity to the manufacturer, its agent, or authorized dealer during the <i>Motor Vehicle Quality Assurance period</i>, the nonconformity must be corrected, even if the repairs are made after the expiration of the lemon law rights period.</p> <p>After three attempts have been made to repair the same nonconformity, or after one attempt to repair a nonconformity likely to cause death or serious bodily injury, the consumer must notify the manufacturer by certified or registered mail of the need to repair the nonconformity in order to allow the manufacturer a final attempt to cure the nonconformity.</p>
9. Manufacturer’s obligation to repurchase or replace	<p>If the manufacturer, its agent, or authorized dealer has not conformed the motor vehicle to the warranty by repairing or correcting one or more nonconformities that substantially impair the motor vehicle after a <i>reasonable number of attempts</i>, the manufacturer must repurchase or replace the vehicle within 40 days. The consumer has an unconditional right to choose a refund rather than a replacement.</p> <p>In the case of a motor home where two or more manufacturers contributed to its construction, it does not count as a repair attempt if the repair facility at which the consumer presented the vehicle is not authorized by the manufacturer to provide warranty service on that vehicle. It will count as only one repair attempt if the same nonconformity in the motor home is being addressed for a second time due to the consumer’s decision to continue traveling and to seek the repair of the same nonconformity at another repair facility, rather than wait for the repair to be completed at the initial repair facility.</p>
10. Criteria for reasonable number of repair attempts	<p><i>Rebuttable presumption</i> if:</p>

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	<p>(1) A nonconformity continues to exist after three attempts PLUS a final repair attempt by the manufacturer after receipt of certified or registered notice;</p> <p>(2) A nonconformity that is likely to cause death or serious bodily injury continues to exist after one attempt PLUS a final repair attempt by the manufacturer after receipt of certified or registered notice;</p> <p>(3) The vehicle is out of service by reason of repair or attempt to repair for 30 or more calendar days; or</p> <p>(4) Five or more attempts on separate occasions to repair any nonconformities.</p> <p>Guidance from the Arkansas Attorney General's Office indicates that the requirement that the nonconformity continues to exist does not apply to a consumer who is not asserting the presumptions that arise after three attempts to the same nonconformity or one attempt to a nonconformity likely to cause death or bodily injury.</p> <p>Nonrebuttable presumption arises if, after the consumer sends the required notice by certified or registered mail, the manufacturer fails to notify and provide the consumer with the opportunity to have the vehicle repaired at a reasonably accessible repair facility or the manufacturer fails to perform the repairs within 10 days after the vehicle is delivered by the consumer to the designated repair facility.</p>
<p>11. Notice of nonconformity and final opportunity to repair</p>	<p>After three attempts have been made to repair the same nonconformity, or after one attempt to repair a nonconformity likely to cause death or serious bodily injury, the consumer must notify the manufacturer by certified or registered mail of the need to repair the nonconformity to allow the manufacturer a final attempt to cure the nonconformity.</p> <p>Within 10 days after receipt of the certified or registered notice from the consumer, the manufacturer must provide the consumer with the opportunity to have the vehicle repaired at a reasonably accessible repair facility. Repairs must be accomplished within 10 days after the vehicle is delivered by the consumer to that repair facility.</p> <p>The requirement that the manufacturer be given a final attempt to cure the nonconformity does not apply if (1) the manufacturer fails to notify and provide the consumer with the opportunity to have the vehicle repaired at a reasonably accessible repair facility; or (2) the manufacturer fails to perform the repairs within 10 days after the vehicle is delivered by the consumer to the designated repair facility.</p> <p>Guidance from the Arkansas Attorney General's Office indicates that the requirement for notice and final repair attempt does not apply to a consumer who is not asserting the presumptions that arise after three attempts to the same nonconformity or one attempt to a nonconformity likely to cause death or bodily injury.</p>
<p>12. Affirmative defenses</p>	<p>It is an affirmative defense that:</p> <p>(1) The nonconformity, defect, or condition does not substantially impair the use, value, or safety of the vehicle; or</p> <p>(2) The nonconformity, defect or condition is the result of an accident, abuse, neglect or unauthorized modification or alteration of the vehicle by persons other than the manufacturer, its agent, or authorized dealer.</p>
<p>13. Refund</p>	<p>Purchased Vehicle</p> <p>Refund consists of:</p> <p>(1) <i>Vehicle purchase price</i>. This means the cash price paid for the vehicle appearing in the sales agreement or contract, including any net allowance given for a trade-in vehicle.</p>

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	<p>(2) <i>Collateral charges</i>. These are defined as additional charges to a consumer wholly incurred as a result of the acquisition of the motor vehicle. They include but are not limited to:</p> <ul style="list-style-type: none"> • Manufacturer-installed or agent-installed items; • Earned finance charges; • Sales taxes; • Title charges; and • Charges for extended warranties provided by the manufacturer, its subsidiary or agent. <p>(3) <i>Incidental charges</i>. These are defined as reasonable costs (not including loss of use, loss of income, or personal injury claims) incurred by the consumer which are directly caused by nonconformity or nonconformities that are the subject of the claim. They include but are not limited to:</p> <ul style="list-style-type: none"> • Towing charges; and • Costs of obtaining alternative transportation. <p>(4) Less a reasonable offset for use and a reasonable offset for physical damage to the vehicle.</p> <p>Leased Vehicle Refund consists of:</p> <p><i>To the Lessor</i></p> <ol style="list-style-type: none"> (1) 105% of the lessor’s actual purchase costs, minus the total of all deposit and rental payments paid by the lessee to the lessor; (2) <i>Collateral charges</i> (see above), if applicable; (3) Any fee paid to another to obtain the lease; (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, paid by the lessor when the vehicle was purchased. <p><i>To the Lessee:</i></p> <ol style="list-style-type: none"> (1) All deposit and rental payments paid by the lessee to the lessor; and (2) <i>Incidental charges</i> (see above), if applicable. (3) Less a reasonable offset for use and a reasonable offset for physical damage to the vehicle.
<p>14. Replacement</p>	<p>After payment by consumer of a reasonable offset for use, replace with a vehicle acceptable to the consumer that is identical or reasonably equivalent to the replaced motor vehicle as it existed at the time of original acquisition, and pay all collateral and reasonably incurred incidental charges.</p>
<p>15. Reasonable allowance</p>	<p>Applies to a refund and a replacement. The reasonable offset for use is determined by the following formula:</p> $\frac{\text{\# miles traveled by vehicle prior to time the consumer first delivered vehicle to the manufacturer, agent or dealer for correction of the problem that gave rise to the nonconformity}}{120,000} \times \text{vehicle purchase price (including charges for transportation and manufacturer-installed options)}$ <p>A reasonable offset may also be made for physical damage sustained to the vehicle while under the ownership of the consumer.</p>

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16. Refund of sales tax	<p>Manufacturer refunds sales tax to the consumer.</p> <p>Under § 26-52-515, (a) The Director of the Department of Finance and Administration shall refund to a manufacturer any state and local sales or use tax which the manufacturer refunded to the consumer, lessee, or lessor pursuant to the Arkansas New Motor Vehicle Quality Assurance Act, § 4-90-401 et seq., or other defective vehicle buy-back agreement, if the manufacturer provides to the Department of Finance and Administration:</p> <p>(1) A written request for a refund in accordance with § 26-18-507;</p> <p>(2) Evidence that the sales tax was paid when the vehicle was registered;</p> <p>(3) Assignment of the tax refund by the taxpayer;</p> <p>(4) Proof that the manufacturer refunded the sales tax to the consumer, lessee, or lessor; and</p> <p>(5) Such other information as shall be required by the Director of the Department of Finance and Administration.</p> <p>(b) Claims for refund of sales or use tax under this section shall be subject to the Arkansas Tax Procedure Act, § 26-18-101 et seq. Any claim must be made in writing and filed within three (3) years from the date the vehicle was first registered.</p> <p>(c) (1) When a consumer has tendered a trade-in vehicle toward the purchase of the vehicle which is refunded under the Arkansas New Motor Vehicle Quality Assurance Act, § 4-90-401 et seq., or other defective vehicle buy-back agreement, the consumer may apply to the Director of the Department of Finance and Administration for a voucher in the amount of the trade-in vehicle's consideration.</p> <p>(2) The director shall prescribe the forms and other information necessary to issue the voucher.</p> <p>(3) In calculating the sales tax due upon registration of a subsequent replacement vehicle, the voucher shall be used to reduce the sales price of the subsequent replacement vehicle.</p> <p>(4) The voucher shall be valid for six (6) months from the date of issuance and may only be used by the consumer to whom it was issued.</p>
17. Enhanced damages	<p>Not specified, though a violation of the lemon law is deemed to be a deceptive trade practice.</p>
18. Attorney's fees	<p>A consumer who prevails is entitled to recover costs and expenses, including attorney's fees.</p>
19. Statute of limitations	<p>Claims must be filed with BBB AUTO LINE within two years following the date the nonconformity is first reported to the manufacturer, agent, or dealer.</p> <p>An action in court must be commenced within two years following the date that the consumer first reports the nonconformity to the manufacturer, its agent, or authorized dealer, or two years following the date that the consumer files a claim with the informal dispute settlement procedure.</p>
20. Manufacturer-sponsored arbitration	<p>A manufacturer doing business in Arkansas, entering into franchise agreements for the sale of its vehicles in Arkansas, or offering express warranties on its vehicles sold or distributed in Arkansas must operate or participate in an informal dispute settlement procedure. The informal procedure must be located in Arkansas and must comply with the lemon law.</p> <p>The lemon law provisions requiring repurchase or replacement of a nonconforming motor vehicle do not apply to a consumer who has not first used the informal procedure before commencing a civil action, unless the manufacturer allows a consumer to forego the procedure or the manufacturer, its agent or authorized dealer has failed to provide the consumer with the Attorney General's description of the consumer's rights and obligations under the lemon law.</p>

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21. State-sponsored arbitration	Not specified.
22. Dealer liability	Not specified.
23. Restrictions on resale of returned vehicles	<p>A motor vehicle that was replaced or repurchased as the result of a court judgment, an arbitration award, or any voluntary agreement between a manufacturer (directly or through a dealer) and a consumer that occurs after a consumer has notified the manufacturer of the consumer's desire to utilize BBB AUTO LINE, under the Arkansas lemon law or the law of another state, may not be resold in Arkansas unless:</p> <p>The manufacturer provides the same express warranty as was provided to the original purchaser, except that the term need only last for 12,000 miles or 12 months after the date of resale, whichever occurs first; and</p> <p>The manufacturer provides a written disclosure, signed by the consumer, indicating that the vehicle was returned to the manufacturer because of a nonconformity not cured within a reasonable time. The written disclosure applies to the first resale to a retail consumer of the vehicle in Arkansas by the manufacturer or its authorized dealer.</p>
24. Point of sale notice of lemon law rights	<p>At the time of purchase or lease, the manufacturer, agent, or dealer must provide to the consumer a written statement, prepared by the Consumer Protection Division of the Attorney General's Office, that explains the consumer's rights and obligations under the lemon law. The dealer must obtain the consumer's signed acknowledgement of receipt of the written statement and must maintain copies of the signed acknowledgement for at least five years.</p> <p>For each failure of the manufacturer, agent, or dealer to provide the written statement, or failure to retain a signed acknowledgement form, the manufacturer is liable for a civil penalty of not less than \$25 and not more than \$1,000.</p> <p>The manufacturer must clearly and conspicuously disclose in the warranty or owner's manual that written notice of the nonconformity is required before the buyer may be eligible for a refund or replacement. The manufacturer must provide the consumer with conspicuous notice of the address and phone number for its zone, district, or regional office for Arkansas, to which the buyer must send notification.</p>
25. Limitation on waiver	Not specified.

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