



National Programs

BBB AUTO LINE®

NORTH CAROLINA LEMON LAW SUMMARY

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| 1. Citation | North Carolina Gen. Stat. §§ 20-351 through 20-351.10 |
| 2. Motor vehicle covered | Covers any new motor vehicle or new motorcycle, sold or leased in the state. Excludes used vehicles, mopeds, house trailers, or any motor vehicle that weighs more than 10,000 pounds. |
| 3. Consumer covered | (1) The purchaser, other than for purposes of resale, of a motor vehicle; (2) The lessee of a motor vehicle from a commercial lender, lessor or manufacturer or dealer; and (3) Any other person entitled by the terms of an express warranty to enforce its obligations. |
| 4. Nonconformity defined | Not defined. Any defect, condition, or series of defects or conditions that substantially impairs the value of the motor vehicle to the consumer is referred to as a <i>nonconformity</i> . |
| 5. Warranty defined | Not defined. Express warranties for a new motor vehicle must remain in effect for at least one year or 12,000 miles. The mileage limit of any express warranty for a new motor vehicle begins to accrue from the mileage on the odometer at the date of original delivery to the consumer. |
| 6. Lemon law rights period | Not defined. |
| 7. Manufacturer's obligation to repair | If a new motor vehicle does not conform to all applicable express warranties, and the consumer reports the nonconformity to the manufacturer, its agent or authorized dealer during the term of the express warranties or during a period of one year following the date of the motor vehicle's original delivery to the consumer, whichever is <i>greater</i> , then the manufacturer must make or arrange to have made 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 or the one year period. |
| 8. Manufacturer's obligation to repurchase or replace | If the manufacturer is unable to conform the motor vehicle to any applicable express warranty by repairing or correcting, or arranging for the repair or correction of, any nonconformity after a <i>reasonable number of repair attempts</i> , and the nonconformity occurred no later than (i.e., within the earlier of) two years or 24,000 miles following the motor vehicle's original delivery, then the manufacturer must, at the option of the consumer, either replace or repurchase the motor vehicle. |
| 9. Criteria for reasonable number of repair attempts | Presumed if either of the following occurs: (1) The same nonconformity has been presented for repair to the manufacturer, its agent or authorized dealer four or more times but the nonconformity continues to exist; or (2) The motor vehicle was out of service to the consumer during or while awaiting repair of the nonconformity or a series of nonconformities for a cumulative total of 20 or more business days during any one year period of the warranty. The consumer may prove that a defect or condition substantially impairs the value of the motor vehicle to the consumer in a manner other than the terms of the presumption set out above. |

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| 10. Notice of nonconformity and final opportunity to repair | <p>Two provisions for written notice from the consumer to the manufacturer:</p> <p>(1) If the consumer wishes to rely on the <i>presumption</i> of a reasonable number of repair attempts, the consumer must notify the manufacturer directly in writing of the existence of the nonconformity or series of nonconformities, and allow the manufacturer a reasonable period no longer than 15 calendar days to correct the nonconformity or series of nonconformities. The 15 calendar day period begins upon the manufacturer's receipt of the notice of nonconformity.</p> <p>This notice requirement applies if the manufacturer clearly and conspicuously discloses to the consumer in the warranty or owners manual that written notification of a nonconformity is required before a consumer may be eligible for a refund or replacement. The manufacturer must also include in the warranty or owners manual the name and address where written notification may be sent.</p> <p>(2) A consumer bringing a civil action against the manufacturer must give the manufacturer written notice of his intent to bring the action at least 10 days prior to filing the suit.</p> |
| 11. Affirmative defenses | <p>It is an affirmative defense that an alleged nonconformity or series of nonconformities is the result of abuse, neglect, odometer tampering by the consumer, or unauthorized modifications or alterations of a motor vehicle.</p> |
| 12. Refund | <p>Purchased vehicle</p> <p>Refund consists of:</p> <p>(1) The full contract price, including but not limited to charges for undercoating, dealer preparation and transportation, installed options, and the non-refundable portions of extended warranties and service contracts;</p> <p>(2) All collateral charges, including but not limited to sales tax, license and registration fees, and similar government charges;</p> <p>(3) All finance charges incurred by the consumer after the first report of the nonconformity to the manufacturer, its agent or authorized dealer; and</p> <p>(4) Any incidental damages and monetary consequential damages;</p> <p>(5) Less a reasonable allowance for the consumer's use of the vehicle.</p> <p>Leased vehicle</p> <p><i>To the lessee:</i></p> <p>(1) All sums previously paid by the consumer under the terms of the lease;</p> <p>(2) All sums previously paid by the consumer in connection with entering into the lease agreement, including but not limited to any capitalized cost reduction, sales tax, license and registration fees, and similar government charges; and</p> <p>(3) Any incidental and monetary consequential damages;</p> <p>(4) Less a reasonable allowance for the consumer's use of the vehicle.</p> <p><i>To the lessor:</i></p> <p>(1) 105% of the <i>lease price</i> (the actual purchase cost of the vehicle to the lessor);</p> <p>(2) Less 85% of the amount actually paid by the consumer to the lessor pursuant to the lease.</p> |

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| | The consumer's written lease must be terminated by the lessor without any penalty to the consumer. The lessor must transfer title of the motor vehicle to the manufacturer as necessary to effectuate the consumer's rights under the lemon law. |
| 13. Replacement | Replacement is a comparable new motor vehicle. In the replacement of a leased vehicle, the lessor must transfer title of the motor vehicle to the manufacturer as necessary to effectuate the consumer's rights under the lemon law. The reasonable allowance for use does not apply to a replacement. |
| 14. Reasonable allowance | <p>Applies to a refund only. The reasonable allowance for use is calculated in accordance with the following formula:</p> $\frac{\text{Number of miles used by the consumer up to the date of the third attempt to repair the same nonconformity which is the subject of the claim, or the twentieth cumulative business day when the vehicle is out of service by reason of repair of one or more nonconformities, whichever occurs first}}{120,000} \times \text{Vehicle purchase price or lessor's actual lease price}$ |
| 15. Refund of sales tax | Manufacturer refunds sales tax to the consumer. No provision for the manufacturer to obtain a refund of sales tax from the state. |
| 16. Enhanced damages | In an action brought under the lemon law, the court must triple any monetary damages upon a finding that the manufacturer unreasonably refused to comply with the obligation to repair or the obligation to replace or repurchase. |
| 17. Attorney's fees | In an action brought under the lemon law, the court may grant a reasonable attorney's fee for the attorney of the prevailing party upon a finding by the court that (1) the manufacturer unreasonably failed or refused to fully resolve the matter that constitutes the basis of the action, or (2) the party instituting the action knew, or should have known, the action was frivolous and malicious. |
| 18. Statute of limitations | Not specified. BBB AUTO LINE will accept a claim within four years from the date the alleged defect is discovered. |
| 19. Private dispute resolution program | <p>The manufacturer may require that the consumer first utilize the informal dispute settlement procedure before bringing an action under the lemon law if:</p> <ol style="list-style-type: none"> (1) The procedure complies with 16 C.F.R. Part 703, and (2) The manufacturer has clearly and conspicuously written this requirement into the written warranty and any warranty instructions provided to the consumer. |
| 20. State-sponsored arbitration | Not specified. |
| 21. Dealer liability | No authorized dealer may be held liable by the manufacturer for any refunds or vehicle replacements in the absence of evidence indicating that the dealership repairs have been carried out in a manner substantially inconsistent with the manufacturer's instructions. The lemon law does not create any cause of action by a consumer against an authorized dealer. |

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| 22. Restrictions on resale of returned vehicles | <p>If a motor vehicle was returned under any state's lemon law, regardless of whether there was any judicial determination that the motor vehicle had any defect or that it failed to conform to all express warranties, the manufacturer, its agent or authorized dealer may not resell the motor vehicle unless it discloses to the subsequent purchaser prior to sale:</p> <ul style="list-style-type: none"> (1) That the motor vehicle was returned under the lemon law; and (2) The defect or condition or series of defects or conditions that substantially impaired the value of the motor vehicle to the consumer. <p>Any subsequent purchaser of such a motor vehicle for resale with notice of the return must make the required disclosures to any person to whom he resells the motor vehicle.</p> |
| 23. Point of sale notice of lemon law rights | <p>The manufacturer must clearly and conspicuously disclose to the consumer in the warranty or owners manual that written notification of a nonconformity is required before a consumer may be eligible for a refund or replacement. The manufacturer must also include in the warranty or owners manual the name and address where written notification may be sent.</p> |
| 24. Limitation on waiver | <p>Any provision in any agreement between the manufacturer or its agent or authorized dealer and the buyer that provides that the buyer agrees to waive or forego any rights or remedies afforded by the lemon law is void.</p> |

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