

SUMMARY OF MICHIGAN'S LEMON LAW

Current through the 2007 session and Public Act No.41 of 2008 (March 21, 2008)

Created By: Public Act No. 86 of 1986, effective June 25, 1986.

Amended By: Public Acts No. 486 and 487 of 1998, effective January 4, 1999.

Cite As: §§257.1401-257.1410, *Michigan Compiled Laws Annotated*, or §§9.2705(1)-9.2705(10), *Michigan Statutes Annotated*.

VEHICLES COVERED BY THE LAW

A **new motor vehicle** sold to an original consumer is covered. So is a vehicle leased to an original consumer on or after January 4, 1999.

A passenger or sport utility vehicle is a "motor vehicle" for purposes of the lemon law. A motor home, a bus, a truck other than a pickup truck or van, or a vehicle designed to travel on fewer than four wheels--such as a motorcycle--is not.

To be considered "new," a motor vehicle must have been:

- Bought or leased in Michigan, or by a Michigan resident; and
- Covered by a manufacturer's express warranty at the time it was bought or leased.

PERSONS PROTECTED BY THE LAW

Only **consumers** are entitled to relief under the lemon law. A "consumer" is a person who:

- Buys or leases a new motor vehicle for personal, family, or household use, and not for the purpose of selling or leasing it to another;
- Buys or leases nine or fewer new motor vehicles per year, or 10 or more new motor vehicles per year strictly for personal, family, or household use; or
- Is entitled by the terms of an express warranty to enforce it.

WHEN REPAIRS ARE REQUIRED

The manufacturer, or one of its dealers, must repair a

defect or condition if:

- It either impairs the vehicle's use or value to the consumer, or prevents the vehicle from conforming to the manufacturer's express warranty; and
- The consumer first reported it while the manufacturer's express warranty was still in force, and no later than one year after the vehicle was delivered to the original consumer.

UNREPAIRED DEFECTS OR CONDITIONS

In order for a consumer's vehicle to qualify for relief under the lemon law, it must have a defect or condition that:

- Substantially impairs the vehicle's use and value; and
- Still exists after a reasonable number of attempts to repair it.

The lemon law presumes that a **reasonable number of repair attempts** have occurred if either of the following is true:

- The same defect or condition still exists, even though it was subject to repair four or more times by the manufacturer within two years of the first repair attempt. Repair attempts made after the end of the manufacturer's express warranty count toward the total if they were a continuation of an original attempt to repair the defect.
- The vehicle was out of service because of repairs for a total 30 or more days (or parts of a day) within the one-year period after it was delivered to the original consumer, provided that the manufacturer's express warranty was in force during all 30 of the days out of service.

THE CONSUMER'S OBLIGATIONS

Even if a defect or condition still exists after a reasonable number of repair attempts, the consumer must take two additional steps in order to qualify for relief.

1. Give the Manufacturer a Final Opportunity to Repair

After three unsuccessful attempts to repair the same defect, or after the vehicle has been out of service for 25 days because of repairs, the consumer must notify the manufacturer in writing and give it a final opportunity to repair the defect.

A manufacturer receiving notice from a consumer must notify the consumer as soon as possible of a reasonably accessible repair facility. After the consumer delivers the vehicle to the designated repair facility, the manufacturer has five business days to have the defect or condition repaired.

2. Participate in the Manufacturer's Dispute Settlement Procedure

Before filing a lawsuit under the lemon law, the consumer must first resort to an informal dispute settlement procedure offered by the manufacturer, provided that the procedure meets all of the following criteria:

- It complies with the federal Magnuson-Moss Warranty Act;
- The manufacturer must comply with a decision in favor of the consumer;
- The consumer has the right to reject an unfavorable decision and go to court instead; and
- The manufacturer must, within 30 days, take steps to comply with the decision.

In the case of a **leased vehicle**, the manufacturer must refund the *lease price*.

- This is the actual sales price paid by the lessor (including any cash payment by the consumer), plus any allowance for a trade-in.
- It also includes the cost of options or other modifications installed or made by the manufacturer,

DEFECTS NOT COVERED BY THE LAW

The lemon law does not apply to defects or conditions resulting from any of the following:

- A modification not installed or made by the manufacturer;
- Abuse or neglect of the vehicle; or
- Damage resulting from an accident that happened after the consumer bought or leased the vehicle.

THE CONSUMER'S REMEDIES

Refund or a Replacement Vehicle

The manufacturer must, within 30 days, either (a) replace the consumer's vehicle or (b) refund the purchase or lease price. The consumer may insist on a refund.

In the case of a **purchased vehicle**, the manufacturer must refund the *purchase price*.

- This is the actual sales price listed on the buyer's order for the vehicle (including cash payments made by the consumer), plus any allowance for a trade-in.
- It also includes the cost of options or other modifications installed or made by the manufacturer, as well as all other charges imposed by the manufacturer.
- But it does not include debt from other transactions; manufacturer-to-consumer discounts, rebates, or incentives; or sales tax, license and registration fees, or similar government charges, not included elsewhere, that the buyer paid and were part of the purchase price.

as well as all other charges imposed by the manufacturer.

- But it does not include debt from other transactions; manufacturer-to-consumer discounts, rebates, or incentives; or sales tax, license and registration fees, and similar government charges, not included elsewhere, that the lessor paid on behalf of the lessee and were part of the lease price.

A **reasonable allowance for use** must be deducted from the purchase or lease price. A reasonable allowance for use equals:

- The purchase or lease price,
- Times the number of miles the consumer drove the vehicle before first reporting the defect or condition,
- Divided by 100,000.

A reasonable allowance must be deducted for *all* use of the vehicle beyond 25,000 miles, unless the consumer can prove it did not provide reliable transportation for ordinary personal or household use for any period after the first 25,000 miles.

Additionally, the amount of any appraised damage to the vehicle, not attributable to normal use or the vehicle's defect or condition, must be deducted.

Costs and Attorney's Fees

If the consumer wins a lawsuit under the lemon law, the court may award him or her the costs of the lawsuit. The court may also award the consumer attorney's fees, based on actual time reasonably spent by the attorney, if it considers such an award appropriate.

Cost of Towing and Substitute Transportation

A manufacturer that has either replaced or bought back a vehicle must reimburse the consumer for the cost of towing services and the reasonable cost of renting a comparable substitute vehicle, provided those costs directly resulted from the vehicle's defect or condition.

MISCELLANEOUS PROVISIONS

The lessor of a vehicle may not charge a fee for early termination of a lease, if the termination was caused by the lemon law.

The lemon law does not bar or limit a consumer's other legal remedies for breach of a manufacturer's express or implied warranty covering the vehicle.

The consumer's rights and remedies under the lemon law cannot be waived.

The lemon law does not affect a consumer's obligations under a loan or a sales or lease contract. Nor does it affect the interests of a person holding a security interest in the vehicle. If a vehicle is replaced under the lemon law, the secured party must agree to take a security interest in the replacement vehicle.