

Used Car Lemon Law



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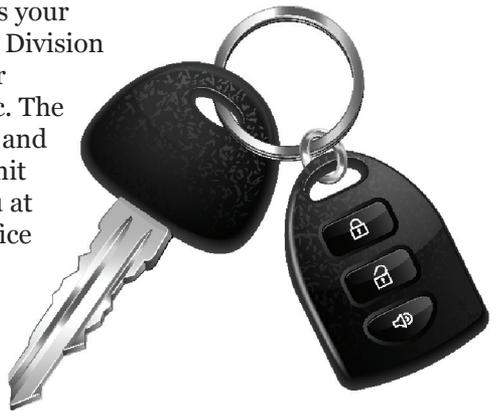
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What is the New Jersey Used Car Lemon Law?

The Used Car Lemon Law (U.C.L.L.) protects and assists consumers when they purchase used motor vehicles from licensed dealers, and the vehicles develop repeated problems with parts covered under the warranty. The law also requires dealers to provide a limited warranty based on the mileage of the vehicle at the time of purchase. This warranty must be provided at no extra charge and the dealer must repair the problems within the warranty period.

The Lemon Law Unit, which handles your complaint, is part of the New Jersey Division of Consumer Affairs. Procedures for filing an application are very specific. The Lemon Law Unit offers information and application processing only. The Unit does not hear cases or represent you at hearings. Cases are heard at the Office of Administrative Law (O.A.L.) in a quasi-judicial setting.



What vehicles are covered under the Used Car Lemon Law?

The law covers passenger vehicles, purchased from a licensed dealer, which are seven (7) model years old or less. The purchase price must be at least \$3,000 and the mileage must not exceed 100,000 miles at the time of purchase. If your vehicle meets these requirements, the dealer is required to provide you with a warranty which shall at least have the following minimum durations:

- If a motor vehicle has 24,000 miles or less on its odometer, the dealer must provide the consumer with a warranty for 90 days or 3,000 miles, whichever comes first.
- If a motor vehicle has between 24,000 miles and 60,000 miles on its odometer, the dealer must provide the consumer with a warranty for 60 days or 2,000 miles, whichever comes first.



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- If a motor vehicle has between 60,000 miles and 100,000 miles on its odometer, the dealer must provide the consumer with a warranty for 30 days or 1,000 miles, whichever comes first. *

***NOTE:** In negotiating a better price for the vehicle, consumers may waive their right to a warranty. The vehicle must have more than 60,000 miles on its odometer and the waiver must be in writing.

The written warranty shall require the dealer, upon failure or malfunction of a covered item during the term of the warranty, to correct the malfunction or defect, provided the used motor vehicle is delivered to the dealer, at his regular place of business, and subject to a deductible amount of \$50 to be paid by the consumer for each repair of a covered item.

If the dealer fails to provide the consumer with a written warranty at the time of purchase, the dealer is deemed to have provided that warranty, as specified in the law, unless the consumer has signed a waiver.

What the Used Car Lemon Law does not cover!

- Motorcycles
- Commercial vehicles
- Leased vehicles
- Vehicles still covered by a manufacturer's warranty
- Private sales
- Lessees who buy out their leased vehicles
- Total loss/ salvaged vehicles / flood-damaged vehicles

The Used Car Lemon Law excludes repairs that are covered by any manufacturer's warranty, recall program, misuse, negligence or alteration of the vehicle by someone other than the original dealer. The U.C.L.L. does not cover repairs resulting from collision, abuse, or the consumer's failure to properly maintain the motor vehicle in accordance with the manufacturer's recommended maintenance schedule. It also does not cover defects caused by attempts to repair or modify the vehicle by a person other than the authorized dealer or the dealer's agent.



What vehicle parts are covered by the Used Car Lemon Law?

The written warranty requires the dealer to repair a covered item upon failure or malfunction. Covered items are limited to:

Engine: All internal lubricated parts, timing chains, gears and cover, timing belt, pulleys and cover, oil pump and gears, water pump, valve covers, oil pan, manifolds, flywheel, harmonic balancer, engine mounts, seals and gaskets, and turbo-charger housing. (Housing, engine block and cylinder heads are covered items only if they are damaged by the failure of an internal lubricated part.)



Transmission Automatic/Transfer Case: All internal lubricated parts, torque converter, vacuum modulator, transmission mounts, seals and gaskets.

Transmission Manual/Transfer Case: All internal lubricated parts, transmission mounts, seals and gaskets, excluding a manual clutch, pressure plate, throw-out bearings, clutch master or slave cylinders.

Front-Wheel Drive: All internal lubricated parts, axle shafts, constant velocity joints, front hub bearings, seals and gaskets.

Rear-Wheel Drive: All internal lubricated parts, propeller shafts, supports and U-joints, axle shafts and bearings, seals and gaskets.

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Is your vehicle a “Lemon”?

A used motor vehicle is presumed to be a lemon if:

- there have been at least three (3) repair attempts on the same covered item, AND/OR
- the vehicle has been out of service for a total of twenty (20) cumulative calendar days for a single problem or a series of problems with a covered item while the dealer is attempting to fix it.

To qualify under the Used Car Lemon Law, **the defect must substantially impair the use, value or safety of the vehicle.**

Getting your vehicle repaired

It is very important that you immediately report any defect or condition directly to the dealer. It is also important to keep all of the receipts from repair attempts and a complete record of all of the meetings or conversations you have had with the dealer.

You have the right to receive a dated, detailed statement each time the vehicle is brought in for repair. This statement should include any charges for parts and labor, a general description of the problem, the odometer reading and date at the time you brought the vehicle in for repair and the odometer reading and date when you picked up the car, as well as a list of all of the work performed. Be sure you are given this information and that you keep it in a file.



How long should the repair take?

The Lemon Law allows the dealer a “reasonable amount of time” to repair or correct the defect. A “reason-able amount of time” means at least three repair attempts for the same defect or a total of 20 cumulative calendar days out of service on a covered item during the limited warranty. Once repair attempts have been made and the problem or problems still exist, you should contact the Lemon Law Unit’s office to obtain a Lemon Law application. When you receive the application, be sure to fill it out completely and send a copy of every relevant document for review.

IMPORTANT: The defect must still exist after the final repair attempt in order to apply for relief under the Lemon Law.

Getting your replacement vehicle or a refund

Replacement Vehicle:

The dealer may offer to replace your vehicle; however, you do not have to accept the offer. You may refuse the offer of a replacement vehicle and insist on a refund. If the dealer refuses to give you a refund, you can pursue the matter through a Lemon Law hearing in the O.A.L. or through a private court action. If you do accept a replacement vehicle, and the original vehicle was financed, the dealer must make sure the financing is transferred from the original vehicle to the replacement vehicle. It is your responsibility to have the title and registration transferred to your new vehicle.



Refund: If you choose to receive a refund, you will receive the full purchase price of your original motor vehicle, minus a “deduction for personal use.”



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Your refund includes the total purchase price of the used motor vehicle, but excludes:

- All sales taxes
- Title and registration fees or any similar governmental charges
- A reasonable allowance for excessive wear and tear
- A deduction for personal use.

Deduction for personal use

The “deduction for personal use” multiplies the total number of miles a used motor vehicle is driven by a consumer from the date of purchase until the time it is repurchased.

For example, if you purchase a vehicle and you drove it 1,000 miles it would be calculated as follows: 1,000 miles x 51 cents = \$510 (This is the amount that will be deducted from the purchase price.)

NOTE: The 51 cents is the standard that the United States Internal Revenue Service uses to calculate mileage usage and is subject to change.

Enforcing your rights

Once you have provided the Lemon Law Unit with your completed application and copies of all of the relevant paperwork, you may seek resolution in one of the following ways:

- Through the Division’s Lemon Law Unit, in conjunction with the Office of the Administrative Law (O.A.L);
- Through the Division’s Alternative Dispute Resolution Unit (A.D.R.), in which both parties agree to participate in an informal settlement discussion with an independent third party;
- Through an independent legal action in the Superior Court of New Jersey; or
- Through the dealer’s informal dispute resolution procedure, if one is available.



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Resolution through the Division: If you choose to have your case heard before an administrative law judge (A.L.J.), a hearing will be scheduled at the O.A.L. The Lemon Law Unit does not provide legal representation for you. It is advisable to consult with an attorney since the dealer may have legal representation. Although an attorney is not required, this is a quasi-judicial hearing and, therefore, it may be to your advantage to have one present at the hearing.

IMPORTANT: To qualify for a hearing before an A.L.J., within the dealer's limited warranty period, you must have allowed the dealer at least three (3) chances to repair a covered item AND/OR your vehicle must have been out of service due to repairs for a total of twenty (20) cumulative calendar days.



The Lemon Law hearing process

If the matter is resolved before the hearing, you should inform the Lemon Law Unit of the outcome. If the matter has not been resolved and you choose to proceed with a hearing, you must do the following

1. Fill out the Lemon Law application and return it to the Lemon Law Unit, along with copies of all of the related papers and correspondence (repair orders, etc.). Do not send the original documents.
2. After receiving your application package, the Lemon Law Unit will review your case to see if it meets the requirements for a Lemon Law hearing at the O.A.L. If so, the Lemon Law Unit will approve your application and send it to the dealer requesting a response within 10 days.



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3. If there is no response from the dealer or the problem has not been resolved, you must decide if you want to proceed to have your case heard in the O.A.L.
4. Once the case has been heard at the O.A.L., an initial decision will be issued by the judge within 20 days following the completion of the hearing.
5. The Director of the Division of Consumer Affairs can accept, modify or reject the decision within 15 days. If the Director takes no action, the decision of the A.L.J. becomes final.
6. If the A.L.J. decides in your favor and the Director of the Division of Consumer Affairs agrees, you will receive a refund. You may only use the Lemon Law hearing process once for the same motor vehicle.

Resolution by the dealer

If you decide to use a dispute resolution program available through the dealer or another consumer organization, you may still file a complaint with the Division of Consumer Affairs or an application with the Used Car Lemon Law Unit. Your Lemon Law application may be approved if you have not already signed an agreement with the dealer. Please also keep in mind that any findings made during the proceedings of an alternative program may be used against you in a Lemon Law hearing if you qualify.

Court Action

You may choose to file a private civil action in court to resolve your claim. However, once a court decision has been issued, you can no longer use the Division's Lemon Law program. It is also a good idea to consult with a lawyer if you are considering a private court action.



Initial decision/exceptions

If you are not satisfied with the A.L.J.'s initial decision, you are allowed to file what is known as an "exception." An exception is a written explanation of why you believe that the judge's decision should not be adopted by the Director of the Division of Consumer Affairs. If you file an exception, it must be received by the Division within eight (8) days from the date stamped on the front of the judge's decision. The exception should be mailed to the Director of the Division of Consumer Affairs, c/o the Lemon Law Unit, P.O. Box 45026, Newark, NJ 07101.

If you file an exception to the initial decision, please make sure that:

- You have first reviewed the A.L.J.'s initial decision carefully.
- Your exception is no longer than three (3) typed pages in length.
- You note any omissions of fact.
- You do not restate the evidence already presented in the initial decision.

Remember, your exception must be received by the Division within eight (8) days from the date stamped on the front cover of the A.L.J.'s decision.

Can the Final decision be appealed?

Yes. You or the dealer can file an appeal in the Appellate Division of Superior Court.

You have 45 days to file for an appeal in the Appellate Division of Superior Court .

What if the dealer fails to comply with the final decision?

The dealer has 15 days to comply with the final decision. If a dealer fails to comply, you should notify the New Jersey Division of Consumer Affairs immediately by calling the Lemon Law Unit. The dealer may be subject to penalties for failure to comply.



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Solving problems with a used vehicle – a review

If your vehicle is defective:

- Give your dealer an opportunity to repair your vehicle.
- Keep all of the repair receipts and a complete record of every contact with the dealer.

If substantial defects continue after three repair attempts or 20 cumulative calendar days:

- Contact the Lemon Law Unit to obtain an application.
- Complete the application and return it to the Lemon Law Unit along with a copy of all of the relevant paperwork.



If you are not satisfied with the outcome of the dealer’s dispute resolution program and you have not signed a settlement with the dealer:

- You can still file for a Lemon Law hearing through the Division or file a private civil action in court.

If you use the Division’s Lemon Law program and are not satisfied with the Final decision:

- You have 45 days to file for an appeal in the Appellate Division of Superior Court.

REMEMBER: The Lemon Law does not guarantee success at your hearing. You get the opportunity to present your case before an A.L.J. in a quasi-judicial setting. You must prove your vehicle is a “lemon.”

How should I prepare for my hearing?



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- 1. Use your Lemon Law application as a guide.** The application contains much of the information you will need at the hearing.
- 2. Bring every written record** pertaining to the dispute, including all correspondence, work orders, receipts and warranties.
- 3. Organize your records** - Putting them in chronological order will help you when you are presenting the history of the problem.

- 4. Prepare an outline** - Outlining the major points you wish to present will help you remember all of the relevant facts.

- 5. Be prepared to discuss the problem in its entirety.**

- a.** State the specific nature of each defect and how it substantially impairs the use, value and/or safety of the vehicle;
- b.** Restate any conversations with the dealer's representative;
- c.** Describe any repair attempts or other actions;
- d.** State your opinion concerning what you think would constitute a fair resolution of the dispute;
- e.** Prepare a list of questions to ask the dealer's representative; and
- f.** Prepare a final summary which should briefly review the facts you have discussed. This summary should include a statement regarding your opinion about a fair resolution of the dispute.



DID YOU KNOW?

The Monmouth County Division of Consumer Affairs provides a free service to consumers who are experiencing difficulties with a business and need assistance in resolving a problem. The staff has the resources and the authority to investigate consumer complaints about billing, gift cards, home repair, automobile sales and repairs, vacation clubs and more.

Consumer Affairs is a law enforcement agency granted the legal authority to enforce the NJ Consumer Fraud Act, which prohibits businesses from engaging in unconscionable business practices, deception and misrepresentation in the sale of goods and services. Since the office was established in 1977, Consumer Affairs has recovered more than \$22 million for consumers and \$9 million over the past five years.

The office is a program of the Monmouth County Board of Chosen Freeholders.





Monmouth County Division of Consumer Affairs

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