

A Consumers Guide to the Arkansas Lemon Law

The Arkansas New Motor Vehicle Quality
Assurance Act

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**This guide represents the Consumer Protection Division's interpretation of the Arkansas New Motor Vehicle Quality Assurance Act (Act 297 of 1993). This guide is just that, a guide. If you have a question or are uncertain about a particular aspect of the Lemon Law, contact the Office of the Attorney General.*

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Who Is Covered Under the Lemon Law?

Any consumer who buys, leases, or licenses a new motor vehicle in the State of Arkansas is covered by the Lemon Law during the time period described below.

The consumer is protected during the term of the manufacturer's warranty for up to two (2) years after the original delivery date of the vehicle **OR** for the first 24,000 miles, whichever occurs last. If the vehicle is transferred to someone else during this period, that owner or person leasing the vehicle is also covered under the Lemon Law.

IMPORTANT: The Lemon Law does **NOT** cover the living quarters of motor homes. The Lemon Law generally does **NOT** cover vehicles over 10,000 pounds gross vehicle weight rating. However, motor homes over 10,000 pounds gross vehicle weight rating are covered.

Is Your Vehicle a Lemon?

The law creates what is known in legal terminology as a presumption; the Lemon Law presumes that you are entitled to a refund or replacement if the manufacturer or its dealer has made a certain number of unsuccessful attempts to repair nonconformities that **substantially impair** the use, value or safety of your vehicle (three plus one final repair attempt, or more than 30 days out of service).

However, there is an exception (or in legal terminology, the presumption is rebuttable). If the manufacturer can prove that it has not had a reasonable opportunity to repair your car, you may not be entitled to a refund or replacement vehicle. For example, if the manufacturer can prove that the number of repair attempts was not unreasonable because you did not follow the terms of the warranty, or some event (such as a labor strike) prevented timely repairs, the Lemon Law might not help you. In addition, if you abused the car or damaged it in an accident, the Lemon Law might not apply.

Dangerously defective vehicles may be returned in an even shorter period of time. If the problem involves a defect that is likely to cause death or serious bodily injury (such as brake failure or a steering wheel that locks) the Lemon Law may apply if the problem is not promptly corrected after the second attempt.

Getting Your Vehicle Repaired

It is very important that you report any defect or condition directly to the manufacturer or to the dealer **immediately**. It is also important that you keep all repair receipts and a complete record of all contacts with the manufacturer and dealer.

You have the right to receive a dated, detailed statement each time the vehicle is returned for repair. This statement should include any charges for parts and labor, a general description of the problem, the odometer reading at the time you brought the vehicle in for repair, the odometer reading at the time the car was picked up, as well as a list of all work performed. It should also state the date the vehicle was brought in for repair and the date you picked up the vehicle. Be sure you are given these statements (it's the law) and that you keep them in a file. A chart is provided later in this booklet for your convenience.

Who Pays?

Most manufacturers' warranties on purchased vehicles cover repairs for at least the first year following the original delivery date or the first 12,000 miles, whichever comes first.

If repairs are needed **after** your warranty has ended, you must pay for the repairs. Check your warranty booklet to find out the details of your particular coverage. If you are leasing a vehicle, check your leasing contract to find out who is responsible for repair bills.

Repair costs to correct defects that occurred while under the warranty coverage should be covered by your warranty, or if later proven to be a "lemon" under the law may be reimbursed. For this reason, remember to keep your receipts.

How Long Should the Repair Take?

The Lemon Law allows the manufacturer a "reasonable number of attempts" to repair or correct the defect. A "reasonable number" usually means a total of thirty (30) cumulative days out of service because of a series of defects or repairs; or three (3) repair attempts for the same defect that substantially impairs the safety, value or use of the car. Also, a "reasonable number of attempts to repair" may consist of five (5) or more attempts, on separate occasions, to repair varying nonconformities that together substantially impair the use or value of your vehicle.

(Repairs, cont.)

Final Repair Attempt

Before you can file a claim under the Lemon Law, you must give the manufacturer one final chance to repair the defect. You must send a letter to the manufacturer (**not the dealer**) by certified mail, return receipt requested, stating that you may have a claim and that you are giving the manufacturer one last chance to repair the defect. A sample letter is shown in the back of this guide.

This letter should be mailed **after** the **third** unsuccessful repair attempt. Consult your owner's manual for address information.

Keep a photocopy of the letter for your records and your certified mail receipt as **proof** that the letter was received by the manufacturer.

After receiving your letter, the manufacturer has ten (10) calendar days to schedule a final repair attempt. If the manufacturer does not timely schedule this final attempt to repair, the manufacturer cannot later assert that it did not have a reasonable opportunity to repair your vehicle. When a final attempt to repair has not been scheduled timely, or if the defect is not repaired within ten (10) days after the scheduled repair attempt, you have a right to demand a replacement vehicle or a refund. You may make this demand directly to the manufacturer or by filing a claim with the manufacturer's informal dispute procedure. You should be able to find the address to file your demand in the owner's manual or warranty papers that came with your vehicle. If you cannot locate the information, contact the Consumer Protection Division of the Arkansas Office of Attorney General.

You must maintain a copy of your letter and the return receipt verification before you can file a claim under the Lemon Law.

Getting Your Refund or Replacement

Replacement - The manufacturer may offer to replace your original vehicle; however, you do not have to accept the offer. You may say **NO** and demand a refund.

If you do accept a replacement vehicle, and the original vehicle was financed by the manufacturer, its subsidiary or agent, the manufacturer must make sure that you are not required to enter into any refinancing agreement that would create any financial obligations upon you beyond those of the original financing agreement. It is still up to you to have the title and registration transferred to your new vehicle.

Refund for Purchased Vehicles - If you choose to receive a refund, you will receive the full purchase price of your original motor vehicle, minus a “reasonable allowance for vehicle use.”

The full refund includes, but is not limited to:

- credits and allowances for any trade-in vehicle,
- costs of any options and other modifications added by the manufacturer or its authorized dealer,
- costs of sales tax, license and registration fees, and finance charges,
- charges for renting a similar vehicle while the original vehicle was out of service because of the defect,
- expert fees, and
- charges for extended warranty coverages provided by the manufacturer, its subsidiary or agent.

“The reasonable allowance for vehicle use” equals the purchase price multiplied by the mileage at the time the vehicle was first brought to the dealer or manufacturer for repair of the defect divided by 120,000 miles. For example, the reasonable allowance for a \$12,000 vehicle with 10,000 miles would be calculated as:

$$12,000 \times 10,000 = 120,000,000$$

$$120,000,000 \div 120,000 = 1,000$$

In this example, the reasonable allowance for vehicle use is \$1,000.

You may also be charged for any physical damage the vehicle has sustained.

Refund for Leased Vehicles - If your vehicle is leased, you can receive a full refund for any leasing fees less a reasonable allowance for vehicle use. Under the Lemon Law, your lease agreement ends when you return the vehicle. You cannot be charged any penalties for ending the lease early.

Enforcing your rights

If the manufacturer does not accept your Lemon Law claim and will not refund your money or replace your vehicle, you must file for a hearing through the manufacturer's informal dispute settlement program before you can use the Lemon Law in court.

You will not have to pay any fee to use the settlement program. Usually, you submit your complaint in writing to the program with copies for your records. Generally, your case must be decided within forty (40) days after the time your complaint is received. You may accept or reject the program's decision. If you accept, the manufacturer must also accept the decision and has thirty (30) days to comply. There is no appeal process for the manufacturer.

If you do not agree with the arbitrator's decision, you can reject it and go to court to assert your right to a replacement, refund, or other relief. If you go to court, the judge may consider the arbitrator's decision in deciding your case.

You are **required** to use the informal dispute program **only** if you want to use the Lemon Law's standard of "reasonable number attempts to repair." You may have other causes of action or rights outside of the Lemon Law. It is a good idea to consult an attorney regarding these options.

What Amounts Can Be Awarded to You if You Win?

If you win in the Manufacturer's Informal Dispute Procedure or if you win in court, you can receive the following:

- refund of vehicle purchase price or leasing costs, including sales tax,
- manufacturer or dealer installed accessories,
- finance charges (if any),
- reasonable attorney's fees, and
- reasonable costs of a rental vehicle while your vehicle is out of service because of the defect.

Can the Manufacturer Re-sell or Re-Lease a “Lemon”?

Yes, but the dealer or leasing company must give the first consumer who buys such a vehicle a written notice stating that the vehicle was “returned to the manufacturer because of a nonconformity not cured within a reasonable time.”

On occasion, vehicles are repurchased by the manufacturer before there is an arbitration hearing or lawsuit under the Lemon Law. The written notice is not necessarily given to consumers who purchase these types of “buy back” vehicles. So, if you are purchasing a used vehicle, ask if it was repurchased by the manufacturer because it was involved in a Lemon Law dispute.

Solving Problems with New Vehicles: A Review

If your vehicle is defective:

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

If the defect which substantially impairs the safety, value or use of the car continues after three (3) repair attempts:

- Give the Manufacturer written notice of its last chance to repair the defect.

If the substantial defect is not scheduled for repairs within ten (10) days after the manufacturer receives the written notice, or if repairs are not completed within ten (10) days after delivery for the final repair attempt:

- Demand a refund or a new vehicle.

If the Manufacturer does not agree that you are entitled to a refund under the Lemon Law:

- File for dispute resolution through the manufacturer’s informal dispute resolution system
- If you are still dissatisfied, contact an attorney regarding civil action in court.

Date	Name of Person	Manufacturer	Other	Problem	What was said or done	Comments

****Sample Letter to the Manufacturer**

IMPORTANT: Send this letter by Certified Mail Return Receipt Requested

Your Name
Your Address
Your Telephone Number

Certified Mail Number _____
Name of Manufacturer
Manufacturers Address

Dear Sir or Madam:

I believe that my [passenger vehicle/motor home] is a 'lemon' under the Arkansas New Motor Vehicle Quality Assurance Act (Act 297 of 1993). I am hereby making a written demand for relief under this Act.

I [purchased/leased] a [make, model, year of vehicle] on [date] from [name of dealership] in [city, state]. Since bought the vehicle, I have had to return it to the dealership a total of [number of times the vehicle was returned to an authorized dealer for repairs] times. My vehicle has been out of service for repairs for a total of [total number of calendar days the vehicle has been out of service being repaired] calendar days.

My vehicle has been in [authorized dealership] on the following dates for repair of the following defects:

[Date in/out]	[List problems]
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I am currently having the following problems with my vehicle at this time:

[list all problems the vehicle currently has]

Since these defects substantially impair the use, value or safety of my vehicle, I am hereby allowing you one final opportunity to repair my vehicle. If repairs are not scheduled within ten (10) days of receipt of this letter or completed within ten (10) days from delivery of the vehicle to you for repair, I am entitled to a replacement vehicle acceptable to me or a refund calculated in accordance with the Arkansas New Motor Vehicle Quality Assurance Act.

I look forward to hearing from you soon. You can reach me during the day at [phone number] and in the evening at [phone number].

Sincerely,

[Your Name]

Further Help and Information

If you have questions or want more information on your rights under the Arkansas New Motor Vehicle Quality Assurance Act (The Lemon Law), call or write:

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