



**New Jersey Department of Law
& Public Safety**

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A large, yellow, hand-drawn speech bubble graphic with a thick yellow border, tilted at an angle. Inside the bubble, the title of the guide is written in blue, bold, sans-serif font.

**Consumer's Guide
to the New Jersey
Lemon Law**

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What is the Lemon Law?

The Lemon Law is a consumer protection law enacted by the New Jersey Legislature to assist consumers when they purchase a new motor vehicle that develops repeated defects or lengthy unusable periods during the first two years or 18,000 miles (**whichever comes first**). The intent of the law is to require the manufacturer of a new motor vehicle to correct defects that are originally covered under the manufacturer’s warranty and are identified and reported within a specific time period. The law also provides procedures to quickly resolve disputes between a consumer and a manufacturer and specific remedies when the uncorrected defect substantially impairs the use, value or safety of the new vehicle.

Lemon Law procedures are very specific. Please read this information carefully and keep it in your files. Be sure to keep accurate written records of all service to your vehicle. When corresponding with the dealer, the manufacturer or the Division’s Lemon Law Unit concerning problems, send all mail by certified mail with a return receipt requested. The Division of Consumer Affairs’ Lemon Law Unit offers information and application processing only. The Division does not hear cases directly; that is the responsibility of the Office of Administrative Law.

Who is covered under the Lemon Law?

Any consumer who buys, leases or registers a new passenger vehicle or motorcycle in the State of New Jersey is covered by the Lemon Law.* The consumer is protected for two years after the original delivery date of the vehicle, OR for the first 18,000 miles, whichever comes first. If the vehicle is transferred to someone else during this two-year/18,000-mile period, that owner or the person leasing the vehicle is also covered under the Lemon Law. **Important:** The Lemon Law does not cover commercial vehicles or the living quarters of motor homes.

*NOTE: The Lemon Law became effective on March 14, 1989, for all new vehicles registered in the State of New Jersey. As of August 4, 1991, the law covers vehicles purchased or leased in New Jersey, **regardless of the state where the vehicle is registered**. However, this change is **not** retroactive.

Is your vehicle a lemon?

A new motor vehicle is presumed to be a lemon if it has one or more defects that continue to exist after **three** attempts at repairs, OR after the vehicle has been out of service for a total of **20 cumulative calendar days**. The Lemon Law requires that the consumer write to the manufacturer giving notification of one last chance to repair the defect (see page 3 for more information about this process). To qualify under the Lemon Law, the defect must substantially impair the use, value or safety of the vehicle. However, the Lemon Law does not cover defects caused by an accident, vandalism, abuse or neglect. It also does not cover defects caused by attempts to repair or to modify the vehicle by a person other than the manufacturer, its agent or an authorized dealer.

Getting Your Vehicle Repaired

It is very important that you report any defect or condition directly to the manufacturer or the dealer immediately. It is also important to keep all receipts of repair attempts and a complete record of all contact with the manufacturer and 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 at the time you brought the vehicle in for repair and also when you pick up the car, 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 car. Be sure you are given these statements (**it's the law**) and that you keep them on file.

Who pays for the repairs?

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. Repair costs can be recovered if the vehicle is later proven to be a "lemon" under the law. For this reason, it is important to remember to keep your receipts.

If you are leasing a vehicle, check your leasing contract to find out who is responsible for repair bills.

How long should the repair take?

The Lemon Law allows the manufacturer a "reasonable amount of time" to repair or correct the defect. A "reasonable amount of time" means three repair attempts for the same defect or a total of 20 cumulative calendar days out of service because of a series of defects or repairs.

Final Repair Attempt: Before you can file a claim under the Lemon Law with the Division of Consumer Affairs, 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 on page 5.) This letter should be mailed after the **second** unsuccessful repair attempt or after the 20-cumulative-calendar-day period. Contact the Division of Consumer Affairs' Lemon Law Unit for the address of the manufacturer's regional office.

Keep a photocopy of the letter for your records and send the original to the manufacturer by certified mail, return receipt requested. This receipt is proof that the letter was received by the manufacturer. Keep it with your records. After receiving your letter, the manufacturer has 10 calendar days to attempt a final repair. If the defect is not repaired within this time, you have the right to demand a refund.

You must provide a copy of your 10-day demand letter, the return receipt verification and the final repair attempt invoice 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 refuse the offer of a replacement vehicle and demand a refund. If the manufacturer refuses to give you a refund, you can pursue the matter through a hearing or in court. If you do accept a replacement vehicle, and the original vehicle was financed, the manufacturer 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 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 can include, but is not limited to:

- credits and allowances for any trade-in vehicles;
- costs of any options and other modifications added by the manufacturer or its authorized dealer within 30 days after the original delivery date;
- cost of sales tax, license and registration fees, and finance charges;
- towing;
- cost of vehicle repairs paid for by you;
- charges for renting a similar vehicle while the original vehicle was out of service because of the defect;
- attorney’s fees;
- expert witness fees; and
- the Lemon Law filing fee.

Reasonable Allowance for Vehicle Use

“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 100,000 miles. For example, the reasonable allowance for a \$12,000 vehicle with 10,000 miles on the odometer would be calculated as follows:

$$12,000 \times 10,000 \text{ miles} = 120,000,000$$

$$120,000,000 \text{ divided by } 100,000 = 1,200$$

The reasonable allowance for vehicle use in this case is \$1,200.

The purchase price can include finance charges, license and registration fees, sales tax, towing charges and other costs. See N.J.S.A. 56:12-32(a) of the New Jersey Lemon Law for a detailed list of costs included in the vehicle purchase price.

You may be eligible to receive a refund for a leased vehicle. You can receive a full refund for any leasing fees you have already paid and certain other fees (see page 4), less a reasonable allowance for vehicle use. Under the Lemon Law, your lease agreement ends when you return the leased 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 have three choices. You may:

- ask for a hearing through the Division of Consumer Affairs’ Automotive Dispute Resolution Program; or
- send your complaint to the manufacturer’s informal dispute settlement program; or
- file a civil action in court.

Resolution through the Division - The Lemon Law gives consumers the chance to have their cases heard before an administrative law judge in the Office of Administrative Law. An attorney is not required for this hearing. However, it may be to your advantage to have one present, because the manufacturer will have legal representation. If you are successful in proving your case, you will be awarded any reasonable attorney’s fees. The Lemon Law Unit does not provide legal representation for the consumer.

IMPORTANT: To qualify for a hearing before an administrative law judge:

- You must have allowed the manufacturer three (3) chances to repair substantially the same defect(s) OR your vehicle must have been out of service due to repairs for a total of 20 cumulative calendar days for a single problem or a series of problems.
- You must have notified the manufacturer in writing of its final chance to repair the defect before the vehicle goes beyond 18,000 miles or two years old, whichever comes first.
- You must have given the manufacturer that final chance to repair the vehicle.
- You must have the certified mail receipt proving that you sent the final-chance notification to the manufacturer.

The Lemon Law Hearing Process

If the matter is resolved, you should inform the Lemon Law Unit of the disposition. If the matter is not resolved after the final repair attempt has been completed, follow the steps below.

1. Send the Lemon Law Unit legible photocopies of your letter to the manufacturer, certified mail return receipt and a copy of the final repair invoice, together with a letter asking for an application for a hearing before an administrative law judge (if you have not already done so).

2. Fill out the application and return it to the Lemon Law Unit, along with copies of all related papers and correspondence (repair orders, etc.). **Do not send the original documents.**
3. 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 Office of Administrative Law. If so, the Lemon Law Unit will approve your application and ask you to send a check or money order for the \$50 application fee. This fee cannot be refunded. If you win your case, the fee will be returned to you as part of the amount awarded.
4. Once payment is received and the application is accepted, the Lemon Law Unit will contact you and the manufacturer to arrange a hearing date. The hearing will be set no later than 20 days from that date, unless you agree to a later date.
5. Once the case has been heard, a decision will be issued within 20 days after the hearing ends.
6. The Director of the Division of Consumer Affairs can accept, modify or reject the decision within 15 days. If no action is taken by the Director, the decision of the administrative law judge becomes final.

If the administrative law judge decides in your favor and the Director of Consumer Affairs agrees, you will receive a refund plus other costs. You may only use the Lemon Law hearing process once for a motor vehicle.

Resolution by the Manufacturer

You are not required to use the manufacturer's dispute resolution program. If you do use it and you are not satisfied with the outcome, you may still file for a hearing before an administrative law judge. However, any findings made during the manufacturer's dispute resolution program can be used against you later in the Office of Administrative Law hearing or in court.

Court Action

You may choose to file a civil action in court to resolve your claim. However, once a court decision has been issued, you can no longer use the Division's program.

It is a good idea to consult with a lawyer if you are considering court action, to determine whether you have other courses of action in addition to a Lemon Law claim. If you bring an action, your interests may best be repre-

mented by an attorney (the manufacturer will be represented by counsel). If you win, the manufacturer must repay you for costs, reasonable attorney's fees and expert witness fees.

Can the decision of the Division or the court be appealed?

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

The Lemon Law protects you against a manufacturer who appeals without good reason. A manufacturer who files an appeal must post a bond equal to the amount awarded to you by the final decision, plus an extra \$2,500 to cover your attorney's fees. The bond is payable to you, and the amount will be turned over to you if you win the appeal.

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

If the manufacturer fails to comply with the final decision, you should notify the Division of Consumer Affairs immediately by calling the Lemon Law Unit. A manufacturer can be penalized \$5,000 per day for each day it unreasonably fails to comply.

What amounts can be awarded to you if you win?

If you prevail in the Office of Administrative Law hearing (and the decision is accepted by the Division) or if you win in court, you can receive the following:

- refund of vehicle purchase price or leasing costs;
- finance charges (if any);
- reasonable attorney's fees;
- the application fee for the Division's resolution program;
- cost of vehicle repairs paid for by you;
- reasonable costs of a rental vehicle while your vehicle is out of service because of the defect; and
- fees for expert witnesses.

Can the manufacturer resell or re-lease a "lemon"?

Yes, but under the revised Lemon Law, effective April 1, 1993, the dealer or leasing company must have the consumer sign a written notice certifying that the consumer knows the vehicle was returned as a "lemon." If the dealer or leasing company resells or transfers own-

ership of a returned “lemon,” the dealer or leasing company must notify the Division of Motor Vehicles so the vehicle’s title can be marked accordingly. So, if you are purchasing a used vehicle, do not forget to ask **before you sign anything or hand over any cash to the dealer** whether the vehicle had ever been returned to the manufacturer as a “lemon.”

Solving Problems with a New Vehicle - 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 substantial defects continue after two repair attempts or 20 cumulative calendar days:

- Give the manufacturer written notice of its last chance to repair the defect. Be sure to send the letter by certified mail, return receipt requested.

If the substantial defect is not corrected within 10 calendar days after the manufacturer receives the written notice:

- Demand a refund.

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

- File for dispute resolution through the Division of Consumer Affairs; or
- File for dispute resolution through the manufacturer’s system; or
- File a civil action in court.

If you are not satisfied with the outcome of the manufacturer’s system:

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

If you are not satisfied with the decision of the Division or the court:

- You have 45 days to file for an appeal in the Appellate Division of the Superior Court (609-292-4822).

The following is a sample letter to a manufacturer. It is **VERY IMPORTANT** to send this letter by Certified Mail - Return Receipt Requested.

Your name
Your address
Your telephone number
The date

The name of the manufacturer
The manufacturer’s address

To Whom it May Concern:

I believe that my (passenger vehicle/motorcycle) is a “lemon” under the New Jersey Lemon Law (N.J.S.A. 56:12-29 to 56:12-49). I am hereby making a written demand for relief under the Lemon Law.

I purchased/leased a (make, model, year of vehicle and vehicle identification number) on (date) from (name of dealership) in (city, state). Since I 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. The current mileage on my vehicle is (current odometer reading).

My vehicle has been in (name of authorized dealership) on the following dates for repair of the following defects:

(date in & date out) (list the vehicle’s problems)

My vehicle is currently experiencing the following defects: (List current defects.)

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 these repairs are not completed within 10 calendar days of receipt of this letter, I am entitled to a refund calculated in accordance with the Lemon Law.

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

Sincerely,

Your name

Further Help and Information

If you have questions or want more information on your rights under the Lemon Law, call or write to:

New Jersey Division of Consumer Affairs
Lemon Law Unit
PO Box 45026, 124 Halsey Street
Newark, N.J. 07101
973-504-6226

For more information about the New Jersey Division of Consumer Affairs, call the Tel-Consumer automated information service at 1-800-242-5846 or write to:

ATTN.: CONSUMER EDUCATION
New Jersey Division of Consumer Affairs
PO Box 40527, 124 Halsey Street
Newark, N.J. 07101
973-504-6200

(Please do not use this phone number for questions about the Lemon Law.)

For additional information visit the Division's site on the Internet - <http://www.state.nj.us/lps/ca/home.htm>
You can also contact the Division by e-mail - askconsumeraffairs@oag.lps.state.nj.us

Remember: Take advantage of us so no one takes advantage of you.