

TEXAS LEMON LAW SUMMARY

EXECUTIVE SUMMARY	
TIME PERIOD FOR FILING CLAIMS	Six months following earlier of (1) expiration of warranty or (2) 24 months or 24,000 miles following original delivery to a consumer.
ELIGIBLE VEHICLE	(1) A self-propelled vehicle that has two or more wheels and has as its primary purpose the transport of persons or property on a public highway; (2) a self-propelled, titled vehicle that has two or more wheels and has as its primary purpose of off-road transportation of persons or property; (3) an engine, transmission, or rear axle manufactured for installation in a vehicle of more than 16,000 pounds GVWR and having as its primary purpose the transport of persons or property on a public highway; or (4) a towable recreational vehicle.
ELIGIBLE CONSUMER	(1) Purchaser of a motor vehicle at retail from a Texas dealer, who is entitled to enforce the terms of the manufacturer's warranty; (2) lessor or lessee (other than a sublessee) who purchased or leased a motor vehicle from a Texas dealer or lessor; or (3) transferee or assignee of a retail purchaser, lessor or lessee, as long as the transferee or assignee is a resident of Texas and is entitled to enforce the terms of the manufacturer's warranty.
TIME PERIOD FOR FIRST OCCURRENCE OR NOTICE	Express warranty period.
TIME PERIOD FOR REASONABLE NUMBER OF ATTEMPTS TO REPAIR	Not specified.
PRESUMPTION OR DEFINITION	Presumption: (1) four or more repair attempts to same nonconformity, two of the attempts made within earlier of 12 months or 12,000 miles, and other two made within earlier of 12 months or 12,000 miles following second repair attempt; (2) two or more repair attempts to same serious safety nonconformity, at least one attempt made within earlier of 12 months or 12,000 miles, and at least one other made within earlier of 12 months or 12,000 miles after first attempt; or (3) out of service for 30 or more days within earlier of 24 months or 24,000 miles, with at least two attempts made within 12 months or 12,000 miles delivery.
NOTICE TO MANUFACTURER	Before a refund or replacement may be ordered; written notice.
FINAL OPPORTUNITY TO REPAIR	Before a refund or replacement may be ordered.
REASONABLE ALLOWANCE	Miles before first report, divided by 120,000 and multiplied by purchase price or lessor's purchase price; plus miles after first report, divided by 120,000 and multiplied by 50% of purchase price or lessor's purchase price.
DISPUTE RESOLUTION	Before bringing an action in court, consumer must first resort to state-operated arbitration program.
DISCLOSURE TO SUBSEQUENT PURCHASER	Yes.
TITLE BRANDING	No.

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1. Citation	Texas Rev. Civ. Stat. Ann. title 14, § 2301.001 <i>et seq.</i> ; and Texas Admin. Code Title 43 §§ 8.201 through 8.210.
2. Motor vehicle covered	<ol style="list-style-type: none"> (1) Every fully self-propelled vehicle that has two or more wheels and has as its primary purpose the transport of persons or property on a public highway; (2) Every fully self-propelled, titled vehicle that has two or more wheels and has as its primary purpose of off-road transportation of persons or property; or (3) An engine, transmission, or rear axle whether or not attached to a vehicle chassis, that is manufactured for installation in a vehicle having as its primary purpose the transport of persons or property on a public highway and having a gross vehicle weight rating of more than 16,000 pounds.
3. Consumer covered	<ol style="list-style-type: none"> (1) A person who purchases a motor vehicle at retail from a Texas dealer, and who is entitled to enforce the terms of the manufacturer's warranty; (2) The lessor or lessee (other than a sublessee) who purchased or leased a motor vehicle from a Texas dealer or lessor; or (3) The transferee or assignee of a retail purchaser, lessor or lessee as described above, as long as the transferee or assignee is a resident of Texas and is entitled to enforce the terms of the manufacturer's warranty.
4. Nonconformity defined	<p>Not defined. Any defect or condition that creates a serious safety hazard or substantially impairs the use or market value of the motor vehicle is referred to as a <i>nonconformity</i>. The Texas Department of Transportation has indicated that the nonconformity must continue to exist.</p> <p>"Serious safety hazard" is defined as a life-threatening malfunction or nonconformity that substantially impedes a person's ability to control or operate a motor vehicle for ordinary use or intended purposes or that creates a substantial risk of fire or explosion.</p> <p>"Impairment of market value" is defined as a substantial loss in market value caused by a defect specific to the motor vehicle.</p>
5. Warranty defined	Not defined.
6. Lemon law rights period	Not specified.
7. Manufacturer's obligation to repair	<p>If a new motor vehicle does not conform to the manufacturer's, converter's, or distributor's express warranty, then the manufacturer, converter or distributor must make the necessary repairs if:</p> <ol style="list-style-type: none"> (1) The consumer or the consumer's agent reports the nonconformity to the manufacturer, converter, or distributor, or any of their agents or franchised dealers during the term of the express warranty; or (2) The terms of the <i>presumption</i> relating to the vehicle (see below) have been met. <p>The necessary repairs must be made regardless of whether the applicable warranty period has expired.</p>
8. Manufacturer's obligation to repurchase or replace	If the manufacturer, converter, or distributor is unable to conform the motor vehicle to the applicable express warranty by repairing or correcting a nonconformity after a <i>reasonable number of attempts</i> , the manufacturer, converter, or distributor must either replace or repurchase the motor vehicle.
9. Criteria for reasonable number of repair attempts	<p>Presumed if any of the following occurs:</p> <ol style="list-style-type: none"> (1) The same nonconformity continues to exist after being subject to repair four or more times by the manufacturer, converter, or distributor, or any of their agents or franchised dealers. Two of the repair attempts must be made within 12 months or 12,000 miles, whichever occurs first, following the date of original delivery to a consumer. The two other repair attempts must be made within 12 months or 12,000 miles, whichever occurs first, immediately following the date of the second repair attempt; (2) The same nonconformity creates a serious safety hazard and continues to exist after being subject to repair two or more times by the manufacturer, converter, or distributor, or any

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	<p>of their agents or franchised dealers. At least one attempt to repair must be made within 12 months or 12,000 miles, whichever occurs first, following the date of original delivery to a consumer. At least one other attempt must be made within 12 months or 12,000 miles, whichever occurs first, after the first repair attempt; or</p> <p>(3) A nonconformity that substantially impairs the vehicle's use or market value still exists and the vehicle is out of service for repair for a cumulative total of 30 or more days with in the 24 months or 24,000 miles, whichever occurs first, following the date of original delivery to a consumer. At least two repair attempts must be made within the first 12 months or 12,000 miles following the date of original delivery to a consumer.</p> <p>The 30 day period does not include any period during which the manufacturer or distributor lends a comparable motor vehicle to the consumer during the time of repairs by a franchised dealer.</p>
10. Notice of nonconformity and final opportunity to repair	<p>The manufacturer, converter, or distributor will not be required to replace or repurchase a vehicle unless:</p> <p>(1) The consumer or a person on behalf of the consumer mailed written notice of the alleged nonconformity or defect to the manufacturer, converter or distributor; and</p> <p>(2) The manufacturer, converter, or distributor has been given an opportunity to cure the alleged defect or nonconformity.</p>
11. Affirmative defenses	<p>It is an affirmative defense that:</p> <p>(1) The nonconformity is the result of abuse, neglect, or unauthorized modifications or alterations of the motor vehicle, or</p> <p>(2) The nonconformity does not substantially impair the use or market value of the motor vehicle.</p>
12. Refund	<p>Purchased vehicle</p> <p>Refund consists of:</p> <p>(1) The full purchase price. The Texas Department of Transportation indicates this means the amount of the total purchase price of the vehicle, including sales taxes and title, registration and documentary fees, but not including the amount of any interest or finance charge or insurance premiums; and</p> <p>(2) Reasonable incidental costs resulting from loss of use of the motor vehicle because of the nonconformity or defect. The Texas Department of Transportation has defined reimbursable incidental expenses as including but not limited to:</p> <p>(a) alternate transportation;</p> <p>(b) towing;</p> <p>(c) telephone calls or mail charges directly attributable to contacting the manufacturer, distributor, converter or dealer regarding the vehicle;</p> <p>(d) meals and lodging necessitated by the vehicle's failure during out-of-town trips;</p> <p>(e) loss or damage to personal property;</p> <p>(f) attorney fees if the complainant retains counsel after notification that the respondent is represented by counsel; and</p> <p>(g) items or accessories added to the vehicle at or after purchase, taking into consideration the permanent nature, functionality and value added by the items or accessories and whether the items or accessories are original equipment manufacturer parts or non-OEM parts;</p> <p>(3) Less a reasonable allowance for the consumer's use of the vehicle.</p> <p>Leased vehicle</p> <p>Refund consists of:</p> <p><i>To the lessee</i></p> <p>(1) All lease payments previously paid by the lessee to the lessor under the terms of the lease;</p> <p>(2) All sums previously paid to the lessor in connection with entering into the lease, including but not limited to any capitalized cost reduction, down payment, trade-in, or similar cost; and</p> <p>(3) Sales tax, license and registration fees, and other documentary fees, if applicable; and</p> <p>(4) Reasonable incidental costs resulting from loss of use of the motor vehicle because of the nonconformity or defect (see above);</p> <p>(5) Less a reasonable allowance for the consumer's use of the vehicle.</p>

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	<p><i>To the lessor</i></p> <ol style="list-style-type: none"> (1) 105% of the actual price paid by the lessor for the vehicle (2) Any tax, title, license and documentary fees paid by the lessor and as evidenced in a bill of sale, bank draft demand, tax collector's receipt, or similar instrument; (3) Any amount or fee, if any, paid by the lessor to secure the lease or interest in the lease; (4) Less all payments made by the lessee. <p>The refund will be allocated to the lessee and lessor as set out above except in cases involving unusual and extenuating circumstances, supported by a preponderance of the evidence.</p> <p>The motor vehicle must be returned to the manufacturer, converter or distributor with clear title upon payment of these amounts. The lessor must transfer title of the motor vehicle to the manufacturer, converter or distributor as necessary to effectuate the lessee's rights under the lemon law. The lease must be terminated without any penalty to the lessee.</p>																																			
13. Replacement	<p>Replacement is a comparable motor vehicle. The Texas Department of Transportation indicates on its web site that a replacement award will be reduced for mileage used.</p> <p>The manufacturer must also reimburse the consumer for reasonable incidental costs resulting from loss of use of the motor vehicle because of the nonconformity or defect. The Texas Department of Transportation has defined reimbursable incidental expenses as including but not limited to:</p> <ol style="list-style-type: none"> (1) alternate transportation; (2) towing; (3) telephone calls or mail charges directly attributable to contacting the manufacturer, distributor, converter or dealer regarding the vehicle; (4) meals and lodging necessitated by the vehicle's failure during out-of-town trips; (5) loss or damage to personal property; (6) attorney fees if the complainant retains counsel after notification that the respondent is represented by counsel; and (7) items or accessories added to the vehicle at or after purchase, taking into consideration the permanent nature, functionality and value added by the items or accessories and whether the items or accessories are original equipment manufacturer parts or non-OEM parts, less a reasonable allowance for the consumer's use of the vehicle. 																																			
14. Reasonable allowance	<p>The reasonable allowance for a consumer's use of the vehicle must be that amount directly attributable to use of the motor vehicle when the vehicle is not out of service for repair. The Texas Department of Transportation has established a presumption that a motor vehicle has a useful life of 120,000 miles, and has defined reasonable allowance for use of a purchased vehicle to be the following except in cases where the preponderance of the evidence shows that the vehicle has a longer or shorter expected useful life than 120,000 miles:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">a) miles vehicle traveled from delivery to consumer until first report of defect or condition leading to repurchase</td> <td style="width: 5%; text-align: center;">-----</td> <td style="width: 5%; text-align: center;">X</td> <td style="width: 15%; text-align: center;">Purchase Price</td> <td style="width: 15%;"></td> </tr> <tr> <td style="text-align: center;">120,000</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td colspan="5">plus</td> </tr> <tr> <td>b) miles vehicle traveled after date of first report of defect or condition leading to repurchase through date of the hearing</td> <td style="text-align: center;">-----</td> <td style="text-align: center;">X</td> <td style="text-align: center;">Purchase Price</td> <td style="text-align: center;">X 50%</td> </tr> <tr> <td style="text-align: center;">120,000</td> <td></td> <td></td> <td></td> <td></td> </tr> </table> <p>The Texas Department of Transportation has defined reasonable allowance for use of a leased vehicle to be the following except in cases where the preponderance of the evidence shows that the vehicle has a longer or shorter expected useful life than 120,000 miles:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">a) miles vehicle traveled from delivery to consumer until first report of defect or condition leading to repurchase</td> <td style="width: 5%; text-align: center;">-----</td> <td style="width: 5%; text-align: center;">X</td> <td style="width: 15%; text-align: center;">Actual price paid by the lessor for the vehicle</td> <td style="width: 15%;"></td> </tr> <tr> <td style="text-align: center;">120,000</td> <td></td> <td></td> <td></td> <td></td> </tr> </table>	a) miles vehicle traveled from delivery to consumer until first report of defect or condition leading to repurchase	-----	X	Purchase Price		120,000					plus					b) miles vehicle traveled after date of first report of defect or condition leading to repurchase through date of the hearing	-----	X	Purchase Price	X 50%	120,000					a) miles vehicle traveled from delivery to consumer until first report of defect or condition leading to repurchase	-----	X	Actual price paid by the lessor for the vehicle		120,000				
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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	Not specified.
17. Attorney's fees	A decision by the state-operated arbitration program may award as an incidental expense attorney fees if the complainant retains counsel after notification that the respondent is represented by counsel.
18. Statute of limitations	A proceeding must be commenced within six months following the earlier of (1) expiration of the express warranty term, or (2) 24 months or 24,000 miles following the date of the vehicle's original delivery to a consumer.
19. Manufacturer-sponsored arbitration	Not specified.
20. State-sponsored arbitration	A consumer may not file an action seeking refund or replacement unless the consumer has first exhausted the administrative remedies through the state-operated arbitration program operated by the Motor Vehicle Board.
21. Dealer liability	The provisions of the lemon law are not available to a party in an action against a seller. The state-operated arbitration program will make its order with respect to responsibility for payment of the cost of any refund or replacement, and no manufacturer, converter or distributor may cause any franchised dealer to pay directly or indirectly any sum not specifically ordered. If the state-operated arbitration program orders a manufacturer, converter or distributor to refund or replace a motor vehicle because it meets lemon law criteria, the program may order the franchised dealer to reimburse the consumer, lienholder, manufacturer, converter, or distributor only for items or options added to the vehicle by the dealer and only to the extent that one or more of the items or options contributed to the defect that served as the basis for the refund or replacement. However, this does not mean that a manufacturer, converter or distributor will be required to repurchase a vehicle due to a defect or condition that was solely caused by a dealer add-on item or option.
22. Restrictions on resale of returned vehicles	<p>Lemon Law</p> <p>A manufacturer, converter or distributor that has been ordered to repurchase or replace a motor vehicle must issue a disclosure statement, through its franchised dealer, stating that the vehicle was repurchased or replaced under the lemon law. The statement must accompany the vehicle through the first retail purchase, and must include a toll-free telephone number of the Motor Vehicle Board that will enable a purchaser of a repurchased or replaced vehicle to obtain information about the condition or defect that was the basis for the repurchase or replacement.</p> <p>The manufacturer, converter or distributor must restore the cause of the repurchase or replacement to factory specifications and issue a new 12 month/12,000 mile warranty on the vehicle.</p> <p>Regulations</p> <p>A manufacturer, converter or distributor that replaces or repurchases a vehicle pursuant to an order, reacquires a vehicle to settle a lemon law complaint, or brings into Texas a vehicle that has been reacquired to resolve a warranty claim in another jurisdiction, must prior to resale issue a disclosure statement on a form provide by or approved by the motor Vehicle Board. The manufacturer, converter or distributor must affix a disclosure label provide by or approved by the Board on an approved location in or on the vehicle. Both the statement and label must accompany the vehicle through the first retail purchase. No manufacturer, converter, distributor, or franchised dealer may remove or cause the removal of the disclosure label until</p>

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	<p>delivery of the vehicle to the first retail purchaser. Within 60 days of each transfer, a manufacturer, converter, or distributor must provide the Board in writing the name, address and telephone number of any transferee, regardless of residence, to whom the manufacturer, converter or distributor transfers the vehicle. The selling dealer must return the completed disclosure statement to the board within 60 days of the retail sale of a reacquired vehicle.</p> <p>The manufacturer, converter or distributor must repair the defect or condition in the vehicle and issue a minimum basic warranty of 12 months/12,000 miles, except for non-original equipment manufacturer items or accessories, on a form provided by or approved by the board. The warranty must be provided to the first retail purchaser.</p>
23. Point of sale notice of lemon law rights	Not specified.
24. Limitation on waiver	A contractual provision that excludes or modifies the remedies provided by the lemon law is prohibited and will be deemed null and void as against public policy unless the exclusion or modification is done with respect to a settlement agreement between the consumer and the manufacturer, converter or distributor.

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