



Michigan Lemon Law Statute

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Michigan Lemon law Act 87 of 1986

AN ACT regarding warranties on new motor vehicles; to require certain repairs thereto; and to provide remedies for the failure to repair such vehicles.

History: 1986, Act 87, Eff. June 25, 1986.

The People of the State of Michigan enact:

Michigan Lemon law MCL 257.1401. NEW MOTOR VEHICLE WARRANTIES

Michigan Lemon law Definitions.

Sec. 1. As used in this act:

"Consumer" means any of the following, but does not include a lessee of a new motor vehicle:

1. A person who purchases a new motor vehicle for personal, family, or household use and not for the purpose of selling or leasing the new motor vehicle to another person.
2. A person who purchases less than 10 new motor vehicles a year.
3. A person who purchases 10 or more new motor vehicles a year only if the vehicles are purchased for personal, family, or household use.
4. Any other person entitled to enforce the provisions of an express warranty pursuant to the terms of that warranty.

"Manufacturer" means any person who manufactures, assembles, or is a distributor of new motor vehicles and includes an agent of a manufacturer but does not include a new motor vehicle dealer.

"Manufacturer's express warranty" means an express warranty as determined under the uniform commercial code, Act No.174 of the Public Acts of 1962, being sections 440.1101 to 440.11102 of the Michigan Compiled Laws, offered by the manufacturer on a new motor vehicle.

"Motor vehicle" means a motor vehicle as defined in section 33 of the Michigan vehicle code, Act No. 300 of the Public Acts of 1949, being section 257.33 of the Michigan Compiled Laws, that is designed as a passenger vehicle, but does not include a motor home, bus, truck other than a pickup truck or van, or any vehicle designed to travel on less than 4 wheels.

"New motor vehicle" means a motor vehicle that is purchased in this state or purchased by a resident of this state and is covered by a manufacturer's express warranty at the time of purchase.

"New motor vehicle dealer" means a person who holds a dealer agreement for the sale of new motor vehicles, who is engaged in the business of purchasing, selling, exchanging, or dealing in new motor vehicles, and who has an established place of business in this state; and an agent thereof.

"Person" means a natural person, or a sole proprietorship, partnership, corporation, association, unit or agency of government, trust, estate, or other legal entity.

"Resident of this state" means as follows:

1. For an individual, that the individual is a legal resident of this state.
2. For a sole proprietorship or partnership, that the sole proprietorship or partnership was created pursuant to the laws of this state and its main office is located in this state.
3. For a corporation, that the corporation is considered to be a domestic corporation and was created under the laws of this state.
4. For an association, that the association was created pursuant to the laws of this state and its main office is located in this state.
5. For a unit or agency of government, that the unit or agency is located in this state.

6. For a trust, estate, or other legal entity, that the trust, estate, or other legal entity was created pursuant to the laws of this state and is located in this state.

History: 1986, Act 87, Eff. June 25, 1986.

Michigan Lemon law MCL 257.1402. Repair of defect or condition; report.

Sec. 2. If a new motor vehicle has any defect or condition that impairs the use or value of the new motor vehicle to the consumer or which prevents the new motor vehicle from conforming to the manufacturer's express warranty, the manufacturer or a new motor vehicle dealer of that type of motor vehicle shall repair the defect or condition as required under section 3 if the consumer initially reported the defect or condition to the manufacturer or the new motor vehicle dealer within 1 of the following time periods, whichever is earlier:

1. During the term the manufacturer's express warranty is in effect.
2. Not later than 1 year from the date of delivery of the new motor vehicle to the original consumer.

History: 1986, Act 87, Eff. June 25, 1986.

Michigan Lemon law MCL 257.1403. Replacement of motor vehicle or refund; allowance for use; reimbursement for towing costs and costs for rental vehicle; consent to replacement of security interest; presumption; performing repairs after expiration of warranty; extension of time for repair services.

Sec. 3.

1. If a defect or condition which was reported to the manufacturer or new motor vehicle dealer pursuant to section 2 continues to exist and the new motor vehicle has been subject to a reasonable number of repairs as determined under subsection (3), the manufacturer shall within 30 days have the option to either replace the new motor vehicle with a comparable replacement motor vehicle currently in production and acceptable to the consumer or accept return of the vehicle and refund to the consumer the full purchase price including the cost of any options or other modifications installed or made by or for the manufacturer, and the amount of all other charges made by or for the manufacturer, less a reasonable allowance for the consumer's use of the vehicle not exceeding 10 cents per mile driven at the time of the initial report of the same defect or conditions or 10% of the purchase price of the vehicle, whichever is less, and less an amount equal to any appraised damage that is not attributable to normal use or to the defect or condition. A reasonable allowance for use is that amount directly attributable to use by the consumer and any previous consumer prior to

his or her first report of a defect or condition that impairs the use or value of the new motor vehicle to the manufacturer, its agents, or the new motor vehicle dealer. Whenever a vehicle is replaced or refunded under the provisions of this section, in those instances in which towing services and rental vehicles were not made available without cost to the consumer, the manufacturer shall also reimburse the consumer for those towing costs and reasonable costs for a comparable rental vehicle that were incurred as a direct result of the defect or condition.

2. The provisions of this act shall not affect the obligations of a consumer under a loan or sales contract or the secured interest of any secured party. The secured party shall consent to the replacement of the security interest with a corresponding security interest on a replacement motor vehicle which is accepted by the consumer in exchange for the motor vehicle having a defect or condition pursuant to subsection (1), if the replacement motor vehicle is comparable in value to the original motor vehicle. If for any reason the security interest in the new motor vehicle having a defect or condition pursuant to subsection (1) is not able to be replaced with a corresponding security interest on a new motor vehicle accepted by the consumer, the consumer shall accept a refund. Refunds required under this subsection or subsection (1) shall be made to the consumer and the secured party, if any, as their interests exist at the time the refund is to be made.
3. It shall be presumed that a reasonable number of attempts have been undertaken to repair any defect or condition if 1 of the following occurs:
 1. The same defect or condition that substantially impairs the use or value of the new motor vehicle to the consumer has been subject to repair a total of 4 or more times by the manufacturer or new motor vehicle dealer and the defect or condition continues to exist. Any repair performed on the same defect made pursuant to subsection (4) shall be included in calculating the number of repairs under this section. The consumer or his or her representative, prior to availing himself or herself of a remedy provided under subsection (1), and any time after the third attempt to repair the same defect or condition, shall give written notification, by return receipt service, to the manufacturer of the need for repair of the defect or condition in order to allow the manufacturer an opportunity to cure the defect or condition. The manufacturer shall notify the consumer as soon as reasonably possible of a reasonably accessible repair facility. After delivery of the vehicle to the designated repair facility, the manufacturer shall have 5 business days to repair the defect or condition.
 2. The new motor vehicle is out of service because of repairs for a total of 30 or more days or parts of days during the term of the manufacturer's

express warranty, or within 1 year from the date of delivery to the original consumer, whichever is earlier. It shall be the responsibility of the consumer, or his or her representative, prior to availing himself or herself of a remedy provided under subsection (1), and after the vehicle has been out of service for at least 25 days in a repair facility, to give written notification by return receipt service to the manufacturer of the need for repair of the defect or condition in order to allow the manufacturer an opportunity to cure the defect or condition. The manufacturer shall notify the consumer as soon as reasonably possible of a reasonably accessible repair facility. After delivery of the vehicle to the designated repair facility, the manufacturer shall have 5 business days to repair the defect or condition.

4. Any repairs required to be made under this act shall be made even if the repairs cannot be performed until after the expiration of the manufacturer's express warranty.
5. The term of an express warranty, and the 1-year, 30-day, and 5-day periods of time provided for in this section shall be extended because repair services were not available to the consumer because of war; invasion; strike; or fire, flood, or other natural disaster.

History: 1986, Act 87, Eff. June 25, 1986.

Michigan Lemon law 257.1404 Other legal remedies not limited or prohibited.

Sec. 4. Nothing in this act shall be construed to limit or prohibit any other legal remedy of a consumer regarding a breach of a manufacturer's express warranty or an implied warranty for a new motor vehicle.

History: 1986, Act 87, Eff. June 25, 1986.

Michigan Lemon law 257.1405 Informal dispute settlement procedure.

Sec. 5. If a manufacturer has established or participates in an informal dispute settlement procedure, the provisions of this act shall not apply to any consumer who has not first resorted to such procedure, if such procedure does all of the following:

1. Complies with the Magnuson-Moss warranty--federal trade commission improvement act, Public Law 93-637, 88 Stat. 2183, and 16 C.F.R. 703 (1975). An informal dispute settlement procedure which the federal trade commission rules does not comply with 16 C.F.R. 703 (1975) shall be considered as not meeting the requirements of this subdivision.

2. Requires that the manufacturer is bound by any decision reached if the consumer agrees to it.
3. Provides that the consumer is not obligated to accept the decision and may pursue the remedies provided for under this act.
4. Requires the manufacturer to initiate the process necessary to implement any final settlement not more than 30 days after the settlement has been reached.

History: 1986, Act 87, Eff. June 25, 1986.

Michigan Lemon law 257.1406 Defects or conditions to which act inapplicable.

Sec. 6. This act does not apply to any defect or condition that is the result of either of the following:

1. Any modification or modifications not installed or made by or for the manufacturer.
2. Abuse or neglect of the new motor vehicle or damage due to an accident which occurred after the new motor vehicle was purchased by the consumer.

History: 1986, Act 87, Eff. June 25, 1986.

Michigan Lemon law 257.1407 Waiver of rights and remedies prohibited; recovery of costs, expenses, and attorneys' fees.

Sec. 7.

1. Any rights and remedies provided a consumer under this act may not be waived.
2. A consumer who prevails in any action brought under this act may be allowed by the court to recover as part of the judgment a sum equal to the aggregate amount of cost and expenses, including attorneys' fees based on actual time expended by the attorney, determined by the court to have been reasonably incurred by the consumer for or in connection with the commencement and prosecution of such action, unless the court in its discretion shall determine that such an award of attorneys' fees would be inappropriate.

History: 1986, Act 87, Eff. June 25, 1986

Michigan Lemon law 257.1408 Written statement to be included with title; type size; form.

Sec. 8. The secretary of state shall include with any title for a new motor vehicle a written statement, in 10-point boldface type, in substantially the following form:

"IMPORTANT: IF THIS VEHICLE IS DEFECTIVE YOU MAY BE ENTITLED UNDER STATE LAW TO REPLACEMENT OF IT OR A REFUND OF ITS PURCHASE PRICE. TO OBTAIN REPLACEMENT OR A REFUND YOU MUST FIRST REPORT THE DEFECT IN WRITING TO THE MANUFACTURER AND YOU MAY BE REQUIRED TO FIRST ARBITRATE THE DISPUTE. IN ORDER TO PROTECT YOUR RIGHTS UNDER THIS LAW, YOU SHOULD:

1. KEEP COPIES OF ALL CORRESPONDENCE TO AND FROM THE MANUFACTURER AND THE DEALER.
2. KEEP COPIES OF ALL WORK ORDERS FOR REPAIRS ON THE VEHICLE INCLUDING THE DATE(S) THE WORK WAS PERFORMED AND THE MILEAGE ON THE VEHICLE AT THE TIME OF REPAIR.
3. FOLLOW ALL REQUIREMENTS OF THE WARRANTY, INCLUDING ANY REQUIREMENT THAT THE REPAIRS MUST BE DONE BY AN AUTHORIZED DEALER SPECIFIED BY THE MANUFACTURER. IF YOU HAVE ANY QUESTIONS REGARDING YOUR RIGHTS UNDER THIS LAW, CONSULT AN ATTORNEY OR OTHER QUALIFIED INDIVIDUAL."

History: 1986, Act 87, Eff. June 25, 1986.

Michigan Lemon law 257.1409 Applicability of act.

Sec. 9. This act shall apply to all new motor vehicles that are sold to the original consumer on or after the effective date of this act.

History: 1986, Act 87, Eff. June 25, 1986.

Michigan Lemon law 257.1410 Effect.

Sec. 10. This act shall take effect 60 days after its enactment.

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