



Tennessee Lemon Law Statute

Summary of the Tennessee Lemon Law

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T.C.A. § 55-24-101

§ 55-24-101. Definitions

As used in this chapter, unless the context otherwise requires:

(1) "Consumer" means the purchaser, other than for purposes of resale, or the lessee of a motor vehicle, any person to whom such motor vehicle is transferred during the duration of an express warranty applicable to the motor vehicle, and any other person entitled by the terms of such warranty to enforce the obligations of the warranty.

"Consumer" does not include any governmental entity or any business or commercial entity which registers three (3) or more vehicles;

(2) "Lessee" means any consumer who leases a motor vehicle pursuant to a written lease agreement by which a manufacturer's warranty was issued as a condition of sale or which provides that the lessee is responsible for repairs to such motor vehicle;

(3) "Manufacturer" means any person who manufactures or assembles new or unused motor vehicles or, in the case of motor vehicles not manufactured in the United States, the importer of the motor vehicle;

(4) "Motor vehicle" means a motor vehicle as defined in § 55-1-103, that is sold and subject to the registration and certificate of title provisions in chapters 1-6 of this title in this state, or subject to similar registration and certificate of title provisions in another state, and classified as a Class B vehicle according to § 55-4-111. "Motor vehicle" includes a motorcycle, as defined in § 55-1-103, that is sold and subject to the registration and certificate of title provisions in chapters 1-6 of this title in this state, or subject to similar registration and certificate of title provisions in another state, and classified as a Class A vehicle according to § 55-4-111. "Motor vehicle" does not include motorized bicycles as defined in § 55-8-101, "motor homes" as defined in § 55-1-104, lawnmowers or garden tractors, recreational vehicles or off-road vehicles and vehicles over ten thousand pounds (10,000 lbs.) gross vehicle weight;

(5) "Person" means every natural person, partnership, corporation, association, trust, estate or other legal entity;

(6) "Substantially impair" means to render a motor vehicle unreliable or unsafe for normal operation or to reduce its resale market value below the average resale value for comparable motor vehicles; and

(7) "Term of protection" means the term of applicable express warranties or the period of one (1) year following the date of original delivery of the motor vehicle to a consumer, whichever comes first; or, in the case of a replacement vehicle provided by a manufacturer to a consumer under this part, one (1) year from the date of delivery to the consumer of the replacement vehicle.

T.C.A. § 55-24-102

§ 55-24-102. Nonconformities, defects or conditions; corrections

If a new motor vehicle does not conform to all applicable express warranties and the consumer reports the nonconformity, defect or condition to the manufacturer, its agent or its authorized dealer during the term of protection, the manufacturer, its agent or its authorized dealer shall correct the nonconformity, defect or condition at no charge to the consumer, notwithstanding the fact that such repairs are made after the expiration of the term. Any corrections or attempted corrections undertaken by an authorized dealer under this section shall be treated as warranty work and billed by the dealer to the manufacturer in the same manner as other work under warranty is billed.

T.C.A. § 55-24-103

§ 55-24-103. Replacement of vehicles; refunds

(a) The manufacturer must replace the motor vehicle with a comparable motor vehicle or accept return of the vehicle from the consumer and refund to the consumer the full purchase price if:

(1) The nonconformity, defect or condition substantially impairs the motor vehicle; and

(2) The manufacturer, its agent or authorized dealer is unable to conform the motor vehicle to any applicable express warranty after a reasonable number of attempts.

(b) For purposes of this section:

(1) "Collateral charges" means manufacturer-installed or agent-installed items or service charges, credit life and disability insurance charges, sales taxes, title charges, license

fees, registration fees, any similar governmental charges and other reasonable expenses incurred for the purchase of the motor vehicle;

(2) "Comparable motor vehicle" means a new motor vehicle of comparable worth to the same make and model with all options and accessories, with appropriate adjustments being allowed for any model year differences;

(3) "Full purchase price" means the actual cost paid by the consumer, including all collateral charges, less a reasonable allowance for use; and

(4)

(a) "Reasonable allowance for use" means that amount directly attributable to use by a consumer prior to such consumer's first report of the nonconformity to the manufacturer, agent or dealer and during any subsequent period when the vehicle is not out of service by reason of repair, plus a reasonable amount for any damage not attributable to normal wear.

(b) A reasonable allowance for use shall not exceed one half ($\frac{1}{2}$) of the amount allowed per mile by the internal revenue service, as provided by regulation, revenue procedure or revenue ruling promulgated pursuant to § 162 of the Internal Revenue Code (26 U.S.C. § 162), for use of a personal vehicle for business purposes, plus an amount to account for any loss to the fair market value of the vehicle resulting from damage beyond normal wear and tear, unless the damage resulted from nonconformity to an express warranty.

(c) Refunds shall be made to the consumer, and lienholder, if any, as their interests appear. This section shall not affect the interests of a lienholder; unless the lienholder consents to the replacement of the lien with a corresponding lien on the vehicle accepted by the consumer in exchange for the vehicle having a nonconformity, the lienholder shall be paid in full the amount due on the lien, including interest and other charges, before an exchange of automobiles or a refund to the consumer is made.

(d) In instances where a vehicle that was financed by the manufacturer or its subsidiary or agent is replaced under this section, the manufacturer, subsidiary or agent shall not require the consumer to enter into any refinancing agreement which would create any financial obligations upon the consumer beyond those imposed by the original financing agreement.

(e) It shall be an affirmative defense to any claim under this chapter that:

(1) An alleged nonconformity does not substantially impair a motor vehicle; or

- (2) A nonconformity is the result of abuse, neglect or unauthorized modifications or alterations of a motor vehicle by a consumer.

- (f) Funds held by a manufacturer or manufacturer's distributor that are necessary to perform the manufacturer's or manufacturer's distributor's obligations to consumers under this section are trust funds held in trust by the manufacturer or manufacturer's distributor for the benefit of any consumer who is entitled to the protections and rights afforded under this section.

T.C.A. § 55-24-104

§ 55-24-104. Leased vehicles; refunds.

(a) In the case of a leased vehicle, refunds will be made to the lessor and lessee as follows: The lessee will receive the lessee cost and the lessor will receive the lease price less the aggregate deposit and rental payments previously paid to the lessor for the leased vehicle.

(b) For purposes of this section:

(1) "Lease price" means the aggregate of:

- (a) Lessor's actual purchase cost;
- (b) Freight, if applicable;
- (c) Accessories, if applicable;
- (d) Any fee paid to another to obtain the lease; and
- (e) An amount equal to five percent (5%) of subdivision (b)(1);

(2) "Lessee cost" means the aggregate deposit and rental payments previously paid to the lessor for the leased vehicle less service fees; and

(3) "Service fees" means the portion of a lease payment attributable to:

- (a) An amount for earned interest calculated on the rental payments previously paid to the lessor for the leased vehicle at an annual rate equal to two (2) points above the prime rate in effect on the date of the execution of the lease; and
- (b) Any insurance or other costs expended by the lessor for the benefit of the lessee.

T.C.A. § 55-24-105

§ 55-24-105. Presumptions; extension of time; notice

(a) It shall be presumed that a reasonable number of attempts have been undertaken to conform a motor vehicle to the applicable express warranties, if:

(1) The same nonconformity has been subject to repair three (3) or more times by the manufacturer or its agents or authorized dealers, but such nonconformity continues to exist; or

(2) The vehicle is out of service by reason of repair for a cumulative total of thirty (30) or more calendar days during the term of protection.

(b) The term of protection and the thirty-day period shall be extended by any period of time during which repair services are not available to the consumer because of a war, invasion, strike or fire, flood or other natural disaster.

(c) It shall be the responsibility of the consumer, or the representative of the consumer, prior to proceeding under § 55-24-103, to give written notification by certified mail directly to the manufacturer of the need for the correction or repair of the nonconformity. If the address of the manufacturer is not readily available to the consumer in the owner's manual or manufacturer's warranty received by the consumer at the time of purchase of the motor vehicle, the written notification shall be mailed to an authorized dealer. The authorized dealer shall upon receipt forward such notification to the manufacturer. If, at the time the notice is given, either of the conditions set forth in subsection (a) already exists, the manufacturer shall be given an additional opportunity after receipt of the notification, not to exceed ten (10) days, to correct or repair the nonconformity.

T.C.A. § 55-24-106

§ 55-24-106. Informal dispute settlement

(a) If a manufacturer has established or participates in an informal dispute settlement procedure that complies with the provisions of Title 16, Code of Federal Regulations, Part 703, as those provisions read on November 3, 1983, and of this part, and causes the consumer to be notified of the procedure, the provisions of § 55-24-103 concerning refunds or replacement shall not apply to any consumer who has not first resorted to the procedure. The attorney general and reporter shall, upon application, issue a determination whether an informal dispute resolution mechanism qualifies under this section.

(b)

- (1) The informal dispute settlement panel shall determine whether the motor vehicle does or does not conform to all applicable express warranties.
- (2) If the motor vehicle does not conform to all applicable express warranties, the informal dispute settlement panel shall then determine whether the nonconformity substantially impairs the motor vehicle.
- (3) If the nonconformity does substantially impair the motor vehicle, the informal dispute settlement panel shall then determine, in accordance with this chapter, whether a reasonable number of attempts have been made to correct the nonconformity.
- (4) If a reasonable number of attempts have been made to correct the nonconformity, the informal dispute settlement panel shall determine whether the manufacturer has been given an opportunity to repair the motor vehicle as provided in § 55-24-102.
- (5) If the manufacturer has been given an opportunity to repair the motor vehicle as provided in § 55-24-102, the panel shall find that the consumer is entitled to refund or replacement as provided in § 55-24-103(a).
- (6) The informal dispute settlement panel shall determine the amount of collateral charges, where appropriate.

T.C.A. § 55-24-107

§ 55-24-107. Limitations of actions

(a) Any action brought under this chapter shall be commenced within six (6) months following:

(1) Expiration of the express warranty term; or

(2) One (1) year following the date of original delivery of the motor vehicle to a consumer, whichever is the later date.

(b) The statute of limitations shall be tolled for the period beginning on the date when the consumer submits a dispute to an informal dispute settlement procedure as provided in § 55-24-106 and ending on the date of its decision or the date before which the manufacturer, its agent or its authorized dealer is required by the decision to fulfill its terms, whichever comes later.

T.C.A. § 55-24-108

§ 55-24-108. Costs; attorney fees.

If a consumer finally prevails in any action brought under this chapter, the consumer may be allowed by the court to recover as part of the judgment a sum equal to the aggregate amount of costs and expenses, including attorneys' fees based on actual time expended, determined by the court to have been reasonably incurred by the plaintiff for or in connection with the commencement and prosecution of the action.

T.C.A. § 55-24-109

§ 55-24-109. Repair orders; copies

A manufacturer, its agent or authorized dealer shall provide to the consumer, each time the consumer's vehicle is returned from being serviced or repaired, a copy of the repair order indicating all work performed on the vehicle, including, but not limited to, parts and labor provided without cost or at reduced cost because of shop or manufacturer's warranty, the date the vehicle was submitted for repair, the date it was returned to the consumer, and the odometer reading.

T.C.A. § 55-24-110

§ 55-24-110. Rights or remedies

(a) Nothing in this chapter shall in any way limit the rights or remedies which are otherwise available to a consumer under any other law.

(b) In no event shall a consumer who has resorted to an informal dispute settlement procedure be precluded from seeking the rights or remedies available by law. However, if the consumer elects to pursue any other remedy in state or federal court, the remedy available under this chapter shall not be available insofar as it would result in recovery in excess of the recovery authorized by § 55-24-103 without proof of fault resulting in damages in excess of such recovery.

(c) Any agreement entered into by a consumer for, or in connection with, the purchase or lease of a new motor vehicle that waives, limits or disclaims the rights set forth in this chapter shall be void as contrary to public policy. These rights shall inure to a subsequent transferee of such motor vehicle.

T.C.A. § 55-24-111

§ 55-24-111. Sellers; lessors

No action shall be commenced or maintained under this chapter against the seller or lessor of a motor vehicle unless the seller or lessor is also the manufacturer, or unless the manufacturer of the motor vehicle is not subject to service of process in this state, or service cannot be secured by this state's long-arm statutes, or unless the manufacturer has been judicially declared insolvent.

T.C.A. § 55-24-112

§ 55-24-112. Fleet vehicle resale; disclosures

Any business entity that purchases a fleet of new motor vehicles, titles the motor vehicles in the business entity's name and sells such vehicles to an individual purchaser shall disclose in writing any remaining manufacturer's warranty on the motor vehicles to the purchaser.

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