Course Objectives

- Increase your knowledge about financial planning
- Improve your ability to make informed decisions
Lemon Law, Knowing Your Rights
Hawai'i Department of Commerce & Consumer Affairs

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Regulated Industries Complaints Office Chief Enforcement Officer
State Certified Arbitration Program (SCAP)
• Learn about your rights when buying a new car
• Learn about the Lemon Law process and where to go for help
· What is a lemon?
· What do I do?
· What is the deadline?
· What do I have to prove?
· What is the process?
· What happens at arbitration?
What is a Lemon?

Vehicle with nonconformity, defect or condition

• Covered by warranty
• Impairs vehicle’s use, safety, or value
• Exists after a reasonable opportunity to repair
If it’s a Lemon

- Manufacturer should replace it, or
- Manufacturer should repurchase it
What Do I Do?

- Read the *Lemon Law Consumer Handbook*
- Take the vehicle in for repair
- Make sure all examinations or repair attempts are documented. Keep all copies
- Write to the manufacturer if the problem was not fixed within a reasonable number of times
Two important deadlines:

1) Lemon Law Rights Period
2) SCAP Case Initiation Deadline
Lemon Law Rights Period

Whichever comes first:

- Two years after the date of the original delivery of the vehicle to a consumer, or
- 24,000 miles of operation
Your case should be initiated by the State Certified Arbitration Program (SCAP)

- Within one year after the Lemon Law Rights Period expires
- All documents must be submitted
What Do I Have to Prove?

- Serious safety defect or nonconformity covered under warranty that substantially impairs the use, safety, or value of the vehicle; **and**

- The manufacturer/authorized repair dealership was given a reasonable opportunity to repair the vehicle
Reasonable Opportunity to Repair Guidelines:

#1 to #3
Guideline #1

If you have a serious safety defect, you must show:

- Vehicle had been subject to exam or repair at least once
- Defect continued to exist
- Likely to cause death or serious bodily injury if the vehicle is driven
For a nonconformity that is not a serious safety defect, you must show:

- Vehicle subject to exam or repair at least three times
- Nonconformity continued to exist
  - Substantial impairment of the use, safety, or value of the vehicle
  - Renders it unfit, unreliable, or unsafe for warranted or normal use
  - Significantly diminishes value of the vehicle
Guideline #3

For a vehicle that has been in repair for a lengthy period of time, you must show:

- Out of service by reason of repair
- One or more nonconformities
- Total of 30 or more business days during the Lemon Law rights period
In 2013, there were only 12 Lemon Law Cases

- 3 settled without arbitration
- 1 withdrawn by owner
- 8 went to arbitration. 50% of the decisions favored the consumer; 50% favored the manufacturer.
In 2012, there were only 12 Lemon Law Cases

- 7 settled without arbitration
- 1 withdrawn by owner
- 4 went to arbitration. Only 1 decision favored the manufacturer
What is the Process?

- Lemon Law Consumer Handbook
- Letter to manufacturer
- Demand for Arbitration form
- Repair orders, sales contract, relevant pages of warranty, letter to the manufacturer, and application fee
- Packet to SCAP
- SCAP confirms initiation of the case and schedule arbitration
What Happens at Arbitration?

Watch the following video of a State Certified Arbitration Program (SCAP) hearing
What Happens at Arbitration?

Arbitrator:
- Explains the process
- Swears the parties in
What Happens at Arbitration?

Consumer:
- Presents case
- Expert/witness
- Calculation of expected refund
Manufacturer presents defense:

- No reasonable opportunity for repair
- Condition didn’t exist or substantial impairment
- Defect not serious
- Repair not 30+ days
- Condition is due to consumer
After the Hearing is Closed

The decision is mailed:

- Consumer wins and manufacturer is ordered to repurchase
- Binding arbitration was chosen, decision is final
- Non-binding arbitration chosen; either party can appeal
Consumer Resource Center

- Phone (808) 587-4272
- http://cca.hawaii.gov/rico/scap_llaw/

Lemon Law Consumer Handbook
Website & TV Channels

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