



Consumer Tips

From
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Lemon Law of North Carolina

The North Carolina Lemon Law, also known as the New Motor Vehicles Warranties Act (N.C.G.S. 20-351), applies to new passenger cars, pick-up trucks, motorcycles and most vans bought in North Carolina. It requires automakers to repair defects that affect the use, value, or safety of a new motor vehicle within the first 24 months or 24,000 miles (whichever comes first).

Your car may be covered by the lemon law if:

- The problem occurs in some part of the vehicle that is covered by the manufacturer's warranty and appears within the warranty period, but it does not need to be something that keeps the car off the road. For example, faulty air conditioning or peeling paint could be considered defects under the lemon law.
- You tell the manufacturer about the problem in writing and give them a reasonable period, but not more than 15 calendar days, to fix it.
- The manufacturer makes “a reasonable number of attempts” to fix the vehicle. This means that the car has undergone repairs for the same problem four or more times, or that it has been out of service 20 or more business days over 12 months.
- The manufacturers’ efforts to fix the lemon fail. Under the law, they must either replace your car or buy it back. You get to decide between a comparable new car or a refund.
- It is also a good idea to read your warranty to find out what kind of remedies your manufacturer might offer outside of the lemon law.

Your rights under the lemon law:

- If the manufacturer hasn’t fixed your car after a reasonable number of attempts, you as the purchaser or lessee are entitled to choose a comparable, new replacement vehicle, or a refund. The statute is not specific as to what is a comparable new replacement vehicle, though it would appear to include an identical make and model.
- If your car is a lemon, you are entitled to a refund of:
 - o the full contract price including, but not limited to, charges for undercoating, dealer-preparation and installed options, plus the non-refundable portions of extended warranties and service contracts;
 - o all collateral charges, including but not limited to, sales tax, license and registration fees;
 - o all finance charges you incurred after you first reported the problem to the manufacturer, or authorized dealer;
 - o any incidental damages, less a reasonable allowance for your use of the vehicle.
- Under the law, the refund is reduced by a “reasonable allowance” for your use of the vehicle. The following formula is used to calculate the refund:

$$\text{Refund} = \text{Purchase Price} - \frac{(\text{Purchase Price} \times \text{Actual Mileage})}{100,000}$$

What about disputes?

- Many auto manufacturers have dispute resolution programs for customers with warranty problems. Some require you to use these programs before you go to court. Read your warranty for more information.
- You may also wish to consider seeking advice from a private attorney.