

***Motor Vehicles—Warranties—Lemon Law—N.J. Stat. Ann. §§ 56:12-29 to -49 (West Supp. 1989).***

The New Jersey Legislature has found that the purchase of a new vehicle is a major consumer expense and that the inability to repair defects in new vehicles creates an economic hardship on the consumer.<sup>1</sup> The intent of the Act is to alleviate this hardship by requiring the manufacturer of new vehicles to correct defects covered under the original warranty identified and reported during the first 18,000 miles of road life or the first two years of ownership, whichever is earlier.<sup>2</sup>

If the manufacturer or its representative is unable to correct the defect within a reasonable time, the consumer is entitled to a full refund of the purchase price.<sup>3</sup> The manufacturer may offer to replace the defective vehicle, however, the option remains with the consumer to choose a refund or a replacement vehicle.<sup>4</sup> These remedies also apply to consumers who lease new vehicles.<sup>5</sup> The consumer must be notified of his rights and remedies in writing.<sup>6</sup> The consumer cannot waive these rights and any instrument signed by the consumer to do so would be void.<sup>7</sup>

The Act provides for a presumption that the manufacturer is unable to repair the defect if the same defect needs repair three or more times, or if the defect places the vehicle out of service for more than twenty calendar days.<sup>8</sup> This presumption applies only if the consumer notifies the manufacturer in writing of the defect and the manufacturer has had the opportunity to correct it.<sup>9</sup>

The Act provides an affirmative defense if the manufacturer can show that the defect does not substantially impair the value or safety of the vehicle, or if the defect was the result of abuse, neglect, or unauthorized modification by the consumer.<sup>10</sup>

The Act provides for alternative dispute resolution of the

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<sup>1</sup> N.J. STAT. ANN. § 56:12-29 (West Supp. 1989).

<sup>2</sup> *Id.* §§ 56:12-29, -31.

<sup>3</sup> *Id.* § 56:12-32.

<sup>4</sup> *Id.*

<sup>5</sup> *Id.* § 56:12-32(b).

<sup>6</sup> *Id.* § 56:12-34(a).

<sup>7</sup> *Id.* § 57:12-48.

<sup>8</sup> *Id.* § 56:12-33(a)(1)-(2).

<sup>9</sup> *Id.* § 56:12-33(b).

<sup>10</sup> *Id.* § 56:12-40.

problem either through the manufacturer's informal dispute settlement procedure or through the Division of Consumer Affairs, Department of Law and Public Safety.<sup>11</sup> The outcome of the procedure is binding on the parties, however, either party may appeal the decision to the Appellate Division of the Superior Court.<sup>12</sup>

The Act mandates that the Division of Consumer Affairs will monitor all disputes by make and model.<sup>13</sup> These statistics will become public information.<sup>14</sup>

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<sup>11</sup> *Id.* § 56:12-36(b), -37(a).

<sup>12</sup> *Id.* § 56:12-37(d).

<sup>13</sup> *Id.* § 56:12-38.

<sup>14</sup> *Id.*