

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1989

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HOUSE BILL 1201

Short Title: Defective Vehicle/Lessee's Remedies.

(Public)

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Sponsors: Representatives Beall; Fletcher, Flaherty, and Bowman.

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Referred to: Commerce.

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April 12, 1989

A BILL TO BE ENTITLED

AN ACT TO CLARIFY THE REMEDIES UNDER THE NEW MOTOR VEHICLES  
WARRANTIES ACT OF A LESSEE OF A NEW MOTOR VEHICLE.

The General Assembly of North Carolina enacts:

Section 1. G.S. 20-351.3 reads as rewritten:

**"§ 20-351.3. Replacement or refund.**

(a) ~~If~~ When the consumer is the purchaser or a person entitled by the terms of the express warranty to enforce the obligations of the warranty, if the manufacturer is unable, after a reasonable number of attempts, to conform the motor vehicle to any express warranty by repairing or correcting, or arranging for the repair or correction of, any defect or condition or series of defects or conditions which substantially impair the value of the motor vehicle to the consumer, and which occurred no later than 24 months or 24,000 miles following original delivery of the vehicle, the manufacturer shall, at the option of the consumer, replace the vehicle with a comparable new motor vehicle or accept return of the vehicle from the consumer and refund to the consumer the following:

- (1) The full contract price including, but not limited to, charges for undercoating, dealer preparation and transportation, and installed options, plus the non-refundable portions of extended warranties and service contracts;
- (2) All collateral charges, including but not limited to, sales tax, license and registration fees, and similar government charges;

1 (3) All finance charges incurred by the consumer after he first reports the  
2 nonconformity to the manufacturer, its agent, or its authorized dealer;  
3 and

4 (4) Any incidental damages and monetary consequential damages, less a  
5 reasonable allowance for the consumer's use of the vehicle.

6 (b) When the consumer is a lessee, if the manufacturer is unable, after a  
7 reasonable number of attempts, to conform the motor vehicle to any express warranty  
8 by repairing or correcting, or arranging for the repair or correction of, any defect or  
9 condition or series of defects or conditions which substantially impair the value of the  
10 motor vehicle to the consumer, and which occurred no later than 24 months or 24,000  
11 miles following original delivery of the vehicle, the manufacturer shall, at the option of  
12 the consumer, replace the vehicle with a comparable new motor vehicle or accept return  
13 of the vehicle from the consumer and refund to the consumer the following:

14 (1) All sums previously paid by the consumer under the terms of the lease;

15 (2) All sums previously paid by the consumer in connection with entering  
16 into the lease agreement, including, but not limited to, sales tax,  
17 license and registration fees, and similar government charges;

18 (3) All sums necessary to pay the consumer's remaining obligations under  
19 the lease; and

20 (4) Any incidental and monetary consequential damages, less a reasonable  
21 allowance for the consumer's use of the vehicle.

22 The lessor shall transfer title of the motor vehicle to the manufacturer as necessary to  
23 effectuate the consumer's rights pursuant to this Article.

24 (c) Refunds shall be made to the consumer, and any lienholders as their interests  
25 may appear. A reasonable allowance for use is that amount directly attributable to use  
26 by the consumer prior to his first report of the nonconformity to the manufacturer, its  
27 agent, or its authorized dealer, and during any subsequent period when the vehicle is not  
28 out of service because of repair. 'Reasonable allowance' is presumed to be the cash  
29 price of the vehicle multiplied by a fraction having as its denominator 100,000 miles  
30 and its numerator the number of miles on the vehicle attributed to the consumer."

31 Sec. 2. This act is effective upon ratification and applies to all motor vehicles  
32 under warranty on or after that date.