

## CHAPTER 271

AN ACT concerning new motor vehicle warranties and amending P.L.1988, c.123.

**BE IT ENACTED** by the Senate and General Assembly of the State of New Jersey:

1. Section 2 of P.L.1988, c.123 (C.56:12-30) is amended to read as follows:

C.56:12-30 Definitions.

2. As used in this act:

"Co-manufacturer" means, solely with respect to an authorized emergency vehicle as defined in R.S.39:1-1, any person that fabricates the authorized emergency vehicle utilizing a component or components of a new motor vehicle made by a manufacturer, other than modifying an existing standard model of a vehicle manufactured by a manufacturer, which component or components are obtained by the co-manufacturer from the manufacturer to fabricate the vehicle for use as an authorized emergency vehicle prior to an initial retail sale or lease of the emergency vehicle.

"Consumer" means a buyer or lessee, other than for purposes of resale or sublease, of a motor vehicle; a person to whom a motor vehicle is transferred during the duration of a warranty applicable to the motor vehicle; or any other person entitled by the terms of the warranty to enforce the obligations of the warranty.

"Dealer" means a person who is actively engaged in the business of buying, selling or exchanging motor vehicles at retail and who has an established place of business.

"Director" means the Director of the Division of Consumer Affairs in the Department of Law and Public Safety, or his designee.

"Division" means the Division of Consumer Affairs in the Department of Law and Public Safety.

"Informal dispute settlement procedure" means an arbitration process or procedure by which the manufacturer, or, in the case of an authorized emergency vehicle, the manufacturer, co-manufacturer, or post-manufacturing modifier, attempts to resolve disputes with consumers regarding motor vehicle nonconformities and repairs that arise during the vehicle's warranty period.

"Lease agreement" means a contract or other written agreement in the form of a lease for the use of a motor vehicle by a person for a period of time exceeding 60 days, whether or not the lessee has the option to purchase or otherwise become the owner of the motor vehicle at the expiration of the lease.

"Lessee" means a person who leases a motor vehicle pursuant to a lease agreement.

"Lessor" means a person who holds title to a motor vehicle leased to a lessee under a lease agreement or who holds the lessor's rights under such an agreement.

"Lien" means a security interest in a motor vehicle.

"Lienholder" means a person with a security interest in a motor vehicle pursuant to a lien.

"Manufacturer" means a person engaged in the business of manufacturing, assembling or distributing motor vehicles, who will, under normal business conditions during the year, manufacture, assemble or distribute to dealers at least 10 new motor vehicles.

"Motor vehicle" means a passenger automobile, farm tractor, authorized emergency vehicle, or motorcycle as defined in R.S.39:1-1 which is purchased or leased in the State of New Jersey or which is registered by the New Jersey Motor Vehicle Commission, except the living facilities of motor homes.

"Nonconformity" means a defect or condition which substantially impairs the use, value or safety of a motor vehicle.

"Post-manufacturing modifier" means, solely with respect to an authorized emergency vehicle as defined in R.S.39:1-1, any person who modifies the configuration of an existing standard model of a motor vehicle purchased from a manufacturer to adapt the vehicle for use as an authorized emergency vehicle prior to an initial retail sale or lease of the vehicle.

"Reasonable allowance for vehicle use" means the mileage at the time the consumer first presents the motor vehicle to the dealer, distributor, manufacturer, co-manufacturer, or post-manufacturing modifier for correction of a nonconformity times the purchase price, or the lease price if applicable, of the vehicle, divided by one hundred thousand miles.

"Warranty" means any warranty, whether express or implied of the manufacturer of a new motor vehicle, or, in the case of a new motor vehicle that is an authorized emergency vehicle, of the manufacturer, co-manufacturer or post-manufacturing modifier, of the vehicle's condition and fitness for use, including any terms or conditions precedent to the enforcement of obligations under the warranty.

2. Section 3 of P.L.1988, c.123 (C.56:12-31) is amended to read as follows:

C.56:12-31 Report of nonconformity; repairs.

3. If a consumer reports a nonconformity in a motor vehicle to the manufacturer, or, in the case of a motor vehicle that is an authorized emergency vehicle, the manufacturer, co-manufacturer or post-manufacturing modifier, or its dealer or distributor, during the first 24,000 miles of operation or during the period of two years following the date of original delivery to the consumer, whichever is earlier, the manufacturer, co-manufacturer, or post-manufacturing modifier shall make, or arrange with its dealer or distributor to make, within a reasonable time, all repairs necessary to correct the nonconformity. Such repairs if made after the first 12,000 miles of operation or after the period of one year following the date of original delivery to the consumer, whichever is earlier, shall be paid for by the consumer, unless otherwise covered by a warranty of the manufacturer, co-manufacturer or post-manufacturing modifier, and shall be recoverable as a cost under section 14 of P.L.1988, c.123 (C.56:12-42). If a consumer reports a nonconformity in a motor vehicle that is a farm tractor to the manufacturer, or its dealer or distributor, during the period of two years following the date of original delivery to the consumer, the manufacturer shall make, or arrange with the dealer or distributor to make, within a reasonable time, all repairs necessary to correct the nonconformity, and such repairs if made after the period of one year following the date of original delivery to the consumer shall be paid for by the consumer, unless otherwise covered by a warranty of the manufacturer, and shall be recoverable as a cost under section 14 of P.L.1988, c.123 (C.56:12-42).

3. Section 5 of P.L.1988, c.123 (C.56:12-33) is amended to read as follows:

C.56:12-33 Presumption of inability to correct nonconformity; written notification.

5. a. It is presumed that a manufacturer, or, in the case of an authorized emergency vehicle, the manufacturer, co-manufacturer, or post-manufacturing modifier, or its dealer or distributor, is unable to repair or correct a nonconformity within a reasonable time if, within the first 24,000 miles of operation or during the period of two years following the date of original delivery of the motor vehicle to the consumer, whichever is the earlier date, or in the case of a farm tractor, during the period of two years following the date of original delivery of the motor vehicle to the consumer:

(1) Substantially the same nonconformity has been subject to repair three or more times by the manufacturer, co-manufacturer, or post-manufacturing modifier, or its dealer or distributor, other than a nonconformity subject to examination or repair pursuant to paragraph (3) of this subsection because it is likely to cause death or serious bodily injury if the vehicle is driven, and the nonconformity continues to exist;

(2) The motor vehicle is out of service by reason of repair for one or more nonconformities for a cumulative total of 20 or more calendar days, or in the case of a motorhome, 45 or more calendar days, since the original delivery of the motor vehicle and a nonconformity continues to exist; or

(3) A nonconformity which is likely to cause death or serious bodily injury if the vehicle is driven has been subject to examination or repair at least once by the manufacturer, co-manufacturer, or post-manufacturing modifier, or its dealer or distributor, and the nonconformity continues to exist.

b. The presumption contained in subsection a. of this section shall apply against a manufacturer only if the manufacturer has received written notification, or, in the case of an authorized emergency vehicle, the manufacturer, and co-manufacturer or post-manufacturing modifier, if known, or the dealer or distributor, has received written notification, by or on behalf of the consumer, by certified mail return receipt requested, of a potential claim pursuant to the provisions of this act and has had one opportunity to repair or correct the defect or condition within 10 calendar days following receipt of the notification. Notification by the consumer shall take place any time after the motor vehicle has had substantially the same nonconformity subject to repair two or more times, or has been out of service by reason of repair for a cumulative total of 20 or more calendar days, or in the case of a motorhome, 45 or more calendar days, or with respect to a nonconformity which is likely to cause death or serious bodily injury if the vehicle is driven, the nonconformity has been subject to examination or repair at least once by the manufacturer, co-manufacturer, or post-manufacturing modifier, or its dealer or distributor, and the nonconformity continues to exist.

c. The two-year term and the 20-day period, or 45-day period for motorhomes, specified in this section shall be extended by any period of time during which repair services are not available to the consumer because of a war, invasion or strike, or a fire, flood, or other natural disaster.

d. (1) In the case of a motorhome where two or more manufacturers contributed to the construction of the motorhome, or in the case of an authorized emergency vehicle, it shall not be considered as any examination or repair attempt if the repair facility at which the consumer presented the vehicle is not authorized by the manufacturer, co-manufacturer, or post-manufacturing modifier to provide service on that vehicle.

(2) It shall be considered as one examination or repair attempt for a motorhome if the same nonconformity is addressed more than once due to the consumer's decision to continue traveling and to seek the repair of that same nonconformity at another authorized repair facility, rather than wait for the repair to be completed at the initial authorized repair facility.

(3) Days out of service for reason of repair for a motorhome shall be a cumulative total of 45 or more calendar days.

4. This act shall take effect on the 180th day following enactment.

Approved January 19, 2016.