

## **STANDARDS OF THE ALASKA LEMON LAW**

### **Alaska Motor Vehicle Warranties Act**

The following is a brief explanation of most relevant provisions of the Alaska lemon law. The complete text of the lemon law can be found at Alaska Stats. 45.45.300 *et seq.*

#### **VEHICLES COVERED**

The Alaska lemon law covers motor vehicles that are (1) normally used for personal, family, or household purposes, and (2) required to be registered in Alaska.

The lemon law does not cover tractors, farm vehicles and vehicles designed primarily for off-road use. Guidance from the Attorney General's Office indicates the lemon law does not cover used vehicles.

#### **CONSUMERS COVERED**

The lemon law covers the purchaser of a *new* motor vehicle, other than for resale, and a person to whom ownership of the motor vehicle is transferred. The lemon law does not cover a lessee.

#### **PROBLEMS COVERED**

The lemon law covers any *nonconformity*, which is defined as a defect or condition in a motor vehicle caused by a manufacturer, distributor, dealer, or repairing agent that substantially impairs the use or market value of a motor vehicle. The nonconformity must also cause the vehicle to not conform to an applicable manufacturer written warranty.

“Substantially impairs the use” mean a nonconformity that prevents a motor vehicle from being operated or makes the vehicle unsafe to operate. “Substantially impairs the market value” means a nonconformity that substantially decreases the dollar value of a vehicle to the owner when compared to the dollar value of a similar vehicle that does not have the nonconformity.

The lemon law does not apply if the manufacturer or distributor can show that the alleged nonconformity is the result of:

1. Alteration of the vehicle by the owner or a person other than a dealer or repairing agent that is not authorized by the manufacturer or distributor; or
2. Abuse or neglect by the owner or a person other than the dealer or repairing agent.

#### **MANUFACTURER'S DUTY TO REPAIR**

If a motor vehicle does not conform to the manufacturer's express written warranty and the owner reports the nonconformity to the manufacturer or the manufacturer's or distributor's dealer during the term of the warranty, then the manufacturer, distributor,

dealer, or a repairing agent must make the necessary repairs to conform the motor vehicle to the express warranty.

### **MANUFACTURER'S DUTY TO REPURCHASE OR REPLACE A VEHICLE**

If the manufacturer, distributor, dealer, or repairing agent is unable to conform the vehicle to an applicable manufacturer written warranty after a *reasonable number of attempts* during the term of the manufacturer written warranty or within one year from the date of delivery of the motor vehicle to the original owner, whichever period ends first, then the manufacturer must, at the owner's option, repurchase or replace the motor vehicle.

### **REASONABLE NUMBER OF REPAIR ATTEMPTS**

The Alaska lemon law establishes a presumption that a reasonable number of repair attempts have been made to conform a vehicle under an applicable manufacturer's express written warranty if, during the term of the express warranty or the one-year period after delivery of the motor vehicle to the original owner, whichever period ends first, either of the following occurs:

1. The same nonconformity has been subject to repair three or more times by the manufacturer, distributor, dealer or repairing agent but the nonconformity continues to exist; or
2. The vehicle is out of service for repair for a total of 30 or more business days during the express warranty term or the one-year period after delivery to the original owner, whichever period ends first.

Any period that repairs are not performed for reasons that are beyond the control of the manufacturer, distributor, or dealer, or repairing agent is *excluded* from the 30-day time period.

### **NOTICE AND OPPORTUNITY TO REPAIR**

In order to claim a refund or replacement under the lemon law, the owner must give written notice by certified mail to the manufacturer and its dealer or repairing agent at any time before 60 days have elapsed after the expiration of the manufacturer's express written warranty or the one-year period after the date of delivery of the motor vehicle to the original owner, whichever period ends first. This written notice must:

1. State that the vehicle has a nonconformity;
2. Provide a reasonable description of the nonconformity;
3. State that the manufacturer, distributor, dealer or repairing agent has made a reasonable number of repair attempts to conform the vehicle; and
4. State that the owner demands a refund or replacement vehicle to be delivered on the 60th day after the mailing of the written notice.

This information is not intended as legal advice. Please direct specific questions to your legal counsel.  
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The manufacturer may make a final repair attempt to be completed within 30 days of receiving the required written notice.

### **DISPUTE RESOLUTION**

If the manufacturer or distributor has established an informal dispute settlement procedure that substantially complies with 16 C.F.R. Part 703, or if the manufacturer or distributor offers in writing to participate in an arbitration or mediation process that is binding on the manufacturer or distributor but not on the consumer, and if the informal dispute settlement procedure or arbitration/mediation process is approved by the Attorney General, then the provisions requiring refund or replacement do not apply unless the consumer has first resorted to the informal dispute settlement procedure or arbitration/mediation process.

### **TIME PERIOD FOR FILING CLAIMS**

Not specified. Assuming that the UCC statute of limitations applies, a claim must be filed with BBB AUTO LINE within four years from the date the alleged defect is discovered.

**Important:** In order to claim a refund or replacement under the lemon law, the owner must give written notice by certified mail to the manufacturer and its dealer or repairing agent at any time before 60 days have elapsed after the expiration of the manufacturer's express written warranty or the one-year period after the date of delivery of the motor vehicle to the original owner, whichever period ends first.

## **REMEDIES UNDER THE ALASKA LEMON LAW**

### **REPURCHASE**

The Alaska lemon law provides that a manufacturer must pay the following amounts when it repurchases an owned vehicle under the lemon law:

1. *Full purchase price* of the vehicle, which is defined as the total price paid for the motor vehicle by the original owner, including costs added to the retail price such as the original registration fees, transportation fees, dealer preparation, and dealer installed options;
2. Less a reasonable allowance for use.

The reasonable allowance for the consumer's use of the vehicle means an amount attributable to an owner's use of a motor vehicle. The reasonable allowance may not exceed:

1. An amount equal to the depreciation in value of the vehicle for the period during which the vehicle is available for use by the owner, calculated by a straight line depreciation method over seven years;
2. Plus an amount equal to the depreciation in value of the vehicle that is caused by:
  - any neglect or abuse by the owner; or
  - body damage not caused by a nonconformity.

### **REPLACEMENT**

When replacing a vehicle under the Alaska lemon law, the manufacturer must provide a new, comparable vehicle.