

FINAL BILL REPORT

SHB 2429

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Synopsis as Enacted

Brief Description: Addressing the resale of motor vehicles previously determined as having nonconformities.

Sponsors: House Committee on Commerce & Labor (originally sponsored by Representatives Wood, Condotta, Williams, Takko, Eddy, Morrell, O'Brien, Conway and Ormsby; by request of Attorney General).

House Committee on Commerce & Labor
Senate Committee on Transportation
Senate Committee on Labor, Commerce & Consumer Protection

Background:

The Motor Vehicle Warranty Act (Act), also known as the state's "lemon law," establishes the rights and responsibilities of consumers, dealers, and manufacturers when a new or nearly new vehicle has a serious safety or other substantial defect.

The Act requires that notice of manufacturers' warranties be given to consumers along with information to assist the consumer who needs to repair a defective vehicle. Once repair is requested, the manufacturer must make a reasonable effort to repair the vehicle. If, after reasonable attempts to repair the vehicle, the defect continues to exist, the consumer may request replacement of the vehicle or repurchase of the defective vehicle by the manufacturer.

If a manufacturer elects to repurchase a defective vehicle, the manufacturer may then resell the vehicle if the defect can be corrected and the manufacturer so warrants. The manufacturer generally sells a repaired vehicle to a motor vehicle dealer, who then sells the motor vehicle to a retail purchaser.

The Act requires manufacturers, their agents, and new vehicle dealers to disclose to potential purchasers if a vehicle was repurchased pursuant to the state's lemon law. Any intervening transferor, prior to the first retail transaction, who fails to make the required disclosure must:

- indemnify any subsequent transferor or first retail purchaser or lessee for all damages caused by the failure to disclose; or
- repurchase the vehicle at full purchase price, including fees, taxes, and costs incurred.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

A violation of the Act is also a violation of the Consumer Protection Act.

Summary:

When selling a vehicle repurchased under the Motor Vehicle Warranty Act (Act), used motor vehicle dealers must comply with the same disclosure requirements and are subject to the same remedies as new vehicle dealers for failure to disclose.

Manufacturers and dealers must identify the nonconformity and include a title brand on the resale disclosure form.

When a manufacturer does not provide notice of repair of a nonconformity, the Department of Licensing (DOL) must issue a new title with a title brand indicating that the nonconformity has not been corrected. When the DOL receives a title application for a motor vehicle previously titled in another state and that vehicle has a title brand indicating it was reacquired by a manufacturer under a law similar to the Act, the DOL must issue a new title with a title brand indicating the vehicle was returned under a similar law of another state.

Votes on Final Passage:

House	96	0
Senate	47	0

Effective: June 10, 2010