

Reprint 3/7

FEB 7 1984

Place On Calendar

HOUSE FILE 2234

BY COMMITTEE ON SMALL
BUSINESS AND COMMERCE

(Formerly House File 2117)

Passed House, Date 2-5-84 (4-6-84) Passed Senate, Date _____

Vote: Ayes 96 Nays 1 Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act requiring repair or replacement of a new motor vehicle
2 which does not conform to express warranties.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 2234

1 Section 1. NEW SECTION. NEW MOTOR VEHICLE WARRANTIES.

2 1. As used in this section:

3 a. "Consumer" means the original purchaser, other than
4 for purposes of resale, of a motor vehicle for a personal,
5 family, household, or agricultural purpose, any person to
6 whom the motor vehicle is transferred during the duration
7 of an express warranty applicable to the motor vehicle, and
8 any other person entitled by the terms of the warranty to
9 enforce the obligations of the warranty.

10 b. "Motor vehicle" means a new car or pickup as defined
11 in section 321.1.

12 2. If a new motor vehicle does not conform to all
13 applicable express warranties, and the consumer reports the
14 nonconformity to the manufacturer, its agent or its authorized
15 dealer during the term of the express warranties or during
16 the period of one year following the date of original delivery
17 of the motor vehicle to a consumer, whichever term or period
18 ends earlier, the manufacturer, its agent or its authorized
19 dealer shall make repairs as are necessary to conform the
20 vehicle to express warranties, notwithstanding the fact that
21 repairs are made after the expiration of the term or the one-
22 year period.

23 3. If the manufacturer, or its agents or authorized dealers
24 are unable after a reasonable number of attempts to conform
25 the motor vehicle to any applicable express warranty by
26 repairing or correcting any defect or condition which
27 substantially impairs the use and value of the motor vehicle
28 to the consumer, the manufacturer shall replace the motor
29 vehicle with a new motor vehicle or accept return of the
30 vehicle from the consumer and refund to the consumer the full
31 purchase price including all collateral charges, less a
32 reasonable allowance for the consumer's use of the vehicle.
33 Refunds shall be made to the consumer, and lienholder if any,
34 as their interests may appear. A reasonable allowance for
35 use shall be that amount directly attributable to use by the

1 consumer prior to the first report of the nonconformity to
2 the manufacturer, agent or dealer and during any subsequent
3 period when the vehicle is not out of service by reason of
4 repair. It is an affirmative defense to a claim under this
5 section that an alleged nonconformity does not substantially
6 impair the use and value of the motor vehicle to the consumer
7 or that a nonconformity is the result of abuse, neglect or
8 unauthorized modifications or alterations of a motor vehicle
9 by a consumer.

10 4. It shall be presumed that a reasonable number of
11 attempts have been undertaken to conform a motor vehicle to
12 the applicable express warranties, if the same nonconformity
13 has been subject to repair four or more times by the
14 manufacturer or its agents or authorized dealers within the
15 express warranty term or during the period of one year
16 following the date of original delivery of the motor vehicle
17 to a consumer, whichever period ends earlier, but the
18 nonconformity continues to exist, or if the vehicle is out
19 of service by reason of repair for a cumulative total of
20 thirty or more calendar days during the applicable term or
21 period. However, the presumption shall not operate against
22 a manufacturer unless the manufacturer has received prior
23 direct notice of the defect from or on behalf of the consumer
24 and has had an opportunity to correct the defect alleged.
25 The term of an express warranty, the one-year period and the
26 thirty-day period shall be extended by any period of time
27 during which repair services are not available to the consumer
28 because of a war, invasion or strike, or fire, flood or other
29 natural disaster.

30 5. This section does not limit the rights or remedies
31 which are otherwise available to a consumer under any other
32 law.

33 6. If a manufacturer has established an informal dispute
34 settlement procedure which complies in all respects with 16
35 C.F.R. part 703, the provisions of subsection 3 or this section

1 concerning refunds or replacement does not apply to a consumer
2 who has not first resorted to the dispute settlement procedure.
3 7. Any action brought under this section shall be commenced
4 within six months following either the expiration of the
5 express warranty term, or one year following the date of
6 original delivery of the motor vehicle to a consumer, whichever
7 is the earlier date.

8 EXPLANATION

9 This bill requires that the manufacturer, its agent or
10 its authorized dealer repair, replace, or refund the purchase
11 price of a new passenger motor vehicle which does not conform
12 to any express warranties for the period of the warranty or
13 one year, whichever period ends earlier. This bill takes
14 effect July 1 following its enactment.

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HOUSE FILE 2234

H-5359

- 1 Amend House File 2234 as follows:
2 1. Page 1, line 29, by inserting after the words
3 "with a" the word "comparable".
4 2. Page 1, line 32, by inserting after the word
5 "vehicle." the words "Replacement of the motor vehicle
6 with a new motor vehicle shall only take place upon
7 the return of the motor vehicle by the consumer
8 accompanied by either the certificate of title free
9 of liens, or an agreement of any lienholder to release
10 the lien on the motor vehicle and substitute a lien
11 on the new motor vehicle. The fact that there is
12 a lien on the title of the motor vehicle will not
13 be a bar to a decision by the consumer to return the
14 motor vehicle for replacement by a comparable new
15 motor vehicle rather than receive a refund of the
16 purchase price, if the lienholder is or is owned by
17 the manufacturer, is a subsidiary of the manufacturer,
18 or is under common ownership with the manufacturer."
19 3. Page 2, line 8, by striking the word "vehicle"
20 and inserting in lieu thereof the word "vehicle."
21 4. Page 2, by striking line 9.

BY KNAPP of Dubuque
HUMMEL of Benton

H-5359 FILED MARCH 1, 1984
Adopted 3/5 (f 695)

HOUSE FILE 2234

H-5389

1 Amend House amendment H-5359 to House File 2234
2 as follows:
3 1. Page 1, by inserting after line 1 the following:
4 "1. Page 1, by inserting after line 9 the
5 following:
6 "b. "Major household appliance" means any new
7 appliance designed and used for household purposes
8 that has a purchase price in excess of five hundred
9 dollars."
10 2. Page 1, line 12, by inserting after the word
11 "vehicle" the words "or major household appliance".
12 3. Page 1, line 17, by inserting after the word
13 "vehicle" the words "or major household appliance".
14 4. Page 1, line 20, by inserting after the word
15 "vehicle" the words "or appliance".
16 5. Page 1, line 25, by inserting after the word
17 "vehicle" the words "or major household appliance".
18 6. Page 1, line 27, by inserting after the word
19 "vehicle" the words "or appliance".
20 7. Page 1, line 29, by inserting after the first
21 word "vehicle" the words "or appliance".
22 2. Page 1, by inserting after line 3 the following:
23 "9. Page 1, line 29, by inserting after the words
24 "motor vehicle" the words "or appliance".
25 3. Page 1, by striking line 5 and inserting in
26 lieu thereof the words "'vehicle" the words "or
27 appliance. Replacement of the motor vehicle".
28 4. Page 1, by inserting after line 18 the
29 following:
30 "11. Page 2, line 3, by inserting after the word
31 "vehicle" the words "or appliance".
32 12. Page 2, line 6, by inserting after the word
33 "vehicle" the words "or appliance".
34 5. Page 1, by striking line 20 and inserting in
35 lieu thereof the words "and inserting in lieu thereof
36 the words "vehicle or appliance".
37 6. Page 1, by inserting after line 21 the
38 following:
39 "15. Page 2, line 11, by inserting after the word
40 "vehicle" the words "or major household appliance".
41 16. Page 2, line 16, by inserting after the word
42 "vehicle" the words "or appliance".
43 17. Page 2, line 18, by inserting after the word
44 "vehicle" the words "or appliance".
45 18. Page 3, line 6, by inserting after the word
46 "vehicle" the words "or major household appliance".

H-5389 FILED MARCH 2, 1984 BY CARL of Poweshiek

Filed not german 3/5 (7.6 75)

Sen Commerce 3/7 Do Pass 3/20 (p. 932)

HOUSE FILE 2234

Commerce
Nyström, Chair
Gallagher
Jensen

HOUSE FILE 2234

BY COMMITTEE ON SMALL
BUSINESS AND COMMERCE

(As Amended and Passed by the House)

RePassed House, Date 4-3-84 (p. 1592) Passed Senate, Date 3-26-84 (p. 1037)

Vote: Ayes 95 Nays 1 Vote: Ayes 47 Nays 0

Approved May 15, 1984

A BILL FOR

- 1 An Act requiring repair or replacement of a new motor vehicle
- 2 which does not conform to express warranties.
- 3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

HOUSE FILE 2234

S-5522

- 1 Amend House File 2234 as amended, passed, and re-
- 2 printed by the House as follows:
- 3 1. Page 3, by inserting after line 19 the fol-
- 4 lowing:
- 5 "8. All new cars sold in this state shall have
- 6 affixed thereto in writing at the time of delivery of
- 7 the new car to the purchaser the following state-
- 8 ment: "The purchaser of this new car is protected under the
- 9 warranty provisions of House File 2234. For further
- 10 information contact the Consumer Protection Division
- 11 of the Iowa Attorney General's Office."

S-5522 FILED & ADOPTED
MARCH 26, 1984 (p. 1037)

BY TOM SLATER
JOHN N. NYSTROM

SENATE AMENDMENT TO HOUSE FILE 2234

H-5910

- 1 Amend House File 2234 as amended, passed and re-
- 2 printed by the House as follows:
- 3 1. Page 3, by inserting after line 19 the fol-
- 4 lowing:
- 5 "8. All new cars sold in this state shall have
- 6 affixed thereto in writing at the time of delivery of
- 7 the new car to the purchaser the following state-
- 8 ment: "The purchaser of this new car is protected under the
- 9 warranty provisions of House File 2234. For further
- 10 information contact the Consumer Protection Division
- 11 of the Iowa Attorney General's Office."

H-5910 FILED MARCH 28, 1984 RECEIVED FROM THE SENATE

House Concurred 4/3 (p. 1592)

1 Section 1. NEW SECTION. NEW MOTOR VEHICLE WARRANTIES.

2 1. As used in this section:

3 a. "Consumer" means the original purchaser, other than
4 for purposes of resale, of a motor vehicle for a personal,
5 family, household, or agricultural purpose, any person to
6 whom the motor vehicle is transferred during the duration
7 of an express warranty applicable to the motor vehicle, and
8 any other person entitled by the terms of the warranty to
9 enforce the obligations of the warranty.

10 b. "Motor vehicle" means a new car or pickup as defined
11 in section 321.1.

12 2. If a new motor vehicle does not conform to all
13 applicable express warranties, and the consumer reports the
14 nonconformity to the manufacturer, its agent or its authorized
15 dealer during the term of the express warranties or during
16 the period of one year following the date of original delivery
17 of the motor vehicle to a consumer, whichever term or period
18 ends earlier, the manufacturer, its agent or its authorized
19 dealer shall make repairs as are necessary to conform the
20 vehicle to express warranties, notwithstanding the fact that
21 repairs are made after the expiration of the term or the one-
22 year period.

23 3. If the manufacturer, or its agents or authorized dealers
24 are unable after a reasonable number of attempts to conform
25 the motor vehicle to any applicable express warranty by
26 repairing or correcting any defect or condition which
27 substantially impairs the use and value of the motor vehicle
28 to the consumer, the manufacturer shall replace the motor
29 vehicle with a comparable new motor vehicle or accept return
30 of the vehicle from the consumer and refund to the consumer
31 the full purchase price including all collateral charges,
32 less a reasonable allowance for the consumer's use of the
33 vehicle. Replacement of the motor vehicle with a new motor
34 vehicle shall only take place upon the return of the motor
35 vehicle by the consumer accompanied by either the certificate

1 of title free of liens, or an agreement of any lienholder
2 to release the lien on the motor vehicle and substitute a
3 lien on the new motor vehicle. The fact that there is a lien
4 on the title of the motor vehicle will not be a bar to a
5 decision by the consumer to return the motor vehicle for
6 replacement by a comparable new motor vehicle rather than
7 receive a refund of the purchase price, if the lienholder
8 is or is owned by the manufacturer, is a subsidiary of the
9 manufacturer, or is under common ownership with the
10 manufacturer. Refunds shall be made to the consumer, and
11 lienholder if any, as their interests may appear. A reasonable
12 allowance for use shall be that amount directly attributable
13 to use by the consumer prior to the first report of the
14 nonconformity to the manufacturer, agent or dealer and during
15 any subsequent period when the vehicle is not out of service
16 by reason of repair. It is an affirmative defense to a claim
17 under this section that an alleged nonconformity does not
18 substantially impair the use and value of the motor vehicle
19 to the consumer or that a nonconformity is the result of
20 abuse, neglect or unauthorized modifications or alterations
21 of a motor vehicle.

22 4. It shall be presumed that a reasonable number of
23 attempts have been undertaken to conform a motor vehicle to
24 the applicable express warranties, if the same nonconformity
25 has been subject to repair four or more times by the
26 manufacturer or its agents or authorized dealers within the
27 express warranty term or during the period of one year
28 following the date of original delivery of the motor vehicle
29 to a consumer, whichever period ends earlier, but the
30 nonconformity continues to exist, or if the vehicle is out
31 of service by reason of repair for a cumulative total of
32 thirty or more calendar days during the applicable term or
33 period. However, the presumption shall not operate against
34 a manufacturer unless the manufacturer has received prior
35 direct notice of the defect from or on behalf of the consumer

1 and has had an opportunity to correct the defect alleged.
2 The term of an express warranty, the one-year period and the
3 thirty-day period shall be extended by any period of time
4 during which repair services are not available to the consumer
5 because of a war, invasion or strike, or fire, flood or other
6 natural disaster.

7 5. This section does not limit the rights or remedies
8 which are otherwise available to a consumer under any other
9 law.

10 6. If a manufacturer has established an informal dispute
11 settlement procedure which complies in all respects with 16
12 C.F.R. part 703, the provisions of subsection 3 or this section
13 concerning refunds or replacement does not apply to a consumer
14 who has not first resorted to the dispute settlement procedure.

15 7. Any action brought under this section shall be commenced
16 within six months following either the expiration of the
17 express warranty term, or one year following the date of
18 original delivery of the motor vehicle to a consumer, whichever
19 is the earlier date.

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HOUSE FILE 2234

AN ACT

REQUIRING REPAIR OR REPLACEMENT OF A NEW MOTOR VEHICLE WHICH
DOES NOT CONFORM TO EXPRESS WARRANTIES.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. NEW SECTION. NEW MOTOR VEHICLE WARRANTIES.

1. As used in this section:

a. "Consumer" means the original purchaser, other than for purposes of resale, of a motor vehicle for a personal, family, household, or agricultural purpose, any person to whom the motor vehicle is transferred during the duration of an express warranty applicable to the motor vehicle, and any other person entitled by the terms of the warranty to enforce the obligations of the warranty.

b. "Motor vehicle" means a new car or pickup as defined in section 321.1.

2. If a new motor vehicle does not conform to all applicable express warranties, and the consumer reports the nonconformity to the manufacturer, its agent or its authorized dealer during the term of the express warranties or during the period of one year following the date of original delivery of the motor vehicle to a consumer, whichever term or period ends earlier, the manufacturer, its agent or its authorized dealer shall make repairs as are necessary to conform the vehicle to express warranties, notwithstanding the fact that repairs are made after the expiration of the term or the one-year period.

3. If the manufacturer, or its agents or authorized dealers are unable after a reasonable number of attempts to conform

the motor vehicle to any applicable express warranty by repairing or correcting any defect or condition which substantially impairs the use and value of the motor vehicle to the consumer, the manufacturer shall replace the motor vehicle with a comparable new motor vehicle or accept return of the vehicle from the consumer and refund to the consumer the full purchase price including all collateral charges, less a reasonable allowance for the consumer's use of the vehicle. Replacement of the motor vehicle with a new motor vehicle shall only take place upon the return of the motor vehicle by the consumer accompanied by either the certificate of title free of liens, or an agreement of any lienholder to release the lien on the motor vehicle and substitute a lien on the new motor vehicle. The fact that there is a lien on the title of the motor vehicle will not be a bar to a decision by the consumer to return the motor vehicle for replacement by a comparable new motor vehicle rather than receive a refund of the purchase price, if the lienholder is or is owned by the manufacturer, is a subsidiary of the manufacturer, or is under common ownership with the manufacturer. Refunds shall be made to the consumer, and lienholder if any, as their interests may appear. A reasonable allowance for use shall be that amount directly attributable to use by the consumer prior to the first report of the nonconformity to the manufacturer, agent or dealer and during any subsequent period when the vehicle is not out of service by reason of repair. It is an affirmative defense to a claim under this section that an alleged nonconformity does not substantially impair the use and value of the motor vehicle to the consumer or that a nonconformity is the result of abuse, neglect or unauthorized modifications or alterations of a motor vehicle.

4. It shall be presumed that a reasonable number of attempts have been undertaken to conform a motor vehicle to the applicable express warranties, if the same nonconformity

has been subject to repair four or more times by the manufacturer or its agents or authorized dealers within the express warranty term or during the period of one year following the date of original delivery of the motor vehicle to a consumer, whichever period ends earlier, but the nonconformity continues to exist, or if the vehicle is out of service by reason of repair for a cumulative total of thirty or more calendar days during the applicable term or period. However, the presumption shall not operate against a manufacturer unless the manufacturer has received prior direct notice of the defect from or on behalf of the consumer and has had an opportunity to correct the defect alleged. The term of an express warranty, the one-year period and the thirty-day period 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 fire, flood or other natural disaster.

5. This section does not limit the rights or remedies which are otherwise available to a consumer under any other law.

6. If a manufacturer has established an informal dispute settlement procedure which complies in all respects with 15 C.F.R. part 703, the provisions of subsection 3 or this section concerning refunds or replacement does not apply to a consumer who has not first resorted to the dispute settlement procedure.

7. Any action brought under this section shall be commenced within six months following either the expiration of the express warranty term, or one year following the date of original delivery of the motor vehicle to a consumer, whichever is the earlier date.

8. All new cars sold in this state shall have affixed thereto in writing at the time of delivery of the new car to the purchaser the following statement: "The purchaser of this new car is protected under the warranty provisions of House File 2234. For further information contact the

Consumer Protection Division of the Iowa Attorney General's Office."

DONALD D. AVENSON
Speaker of the House

CHARLES F. MILLER
President Pro Tempore of the Senate

I hereby certify that this bill originated in the House and is known as House File 2234, Seventieth General Assembly.

JOSEPH O'HERN
Chief Clerk of the House

Approved 3/15 1984

TERRY E. BRANSTAD
Governor