

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1989

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HOUSE BILL 100

Short Title: Disclosure Upon Vehicle Resale.

(Public)

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Sponsors: Representatives Beall; Fletcher, N. Crawford, Nesbitt, and Redwine.

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Referred to: Commerce.

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January 26, 1989

A BILL TO BE ENTITLED

1 AN ACT TO AMEND THE NEW MOTOR VEHICLES WARRANTIES ACT TO  
2 PROVIDE THAT IF A MANUFACTURER RESELLS A MOTOR VEHICLE  
3 THAT WAS RETURNED TO IT PURSUANT TO G.S. 20-351.3, THE  
4 MANUFACTURER SHALL DISCLOSE THE FACT OF RETURN AND THE  
5 REASON FOR RETURN TO THE SUBSEQUENT PURCHASER.  
6

7 The General Assembly of North Carolina enacts:

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

9 "**§ 20-351.3. Replacement or refund; disclosure requirement.**

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

18 (1) The full contract price including, but not limited to, charges for  
19 undercoating, dealer preparation and transportation, and installed  
20 options, plus the non-refundable portions of extended warranties and  
21 service contracts;

22 (2) All collateral charges, including but not limited to, sales tax, license  
23 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. Refunds  
6 shall be made to the consumer, and any lienholders as their interests  
7 may appear. A reasonable allowance for use is that amount directly  
8 attributable to use by the consumer prior to his first report of the  
9 nonconformity to the manufacturer, its agent, or its authorized dealer,  
10 and during any subsequent period when the vehicle is not out of  
11 service because of repair. 'Reasonable allowance' is presumed to be  
12 the cash price of the vehicle multiplied by a fraction having as its  
13 denominator 100,000 miles and its numerator the number of miles on  
14 the vehicle attributed to the consumer.

15 (b) If a manufacturer, its agent, or its authorized dealer resells a motor vehicle  
16 that was returned pursuant to subsection (a) of this section, the manufacturer, its agent,  
17 or its authorized dealer shall disclose to the subsequent purchaser that:

18 (1) The motor vehicle was returned pursuant to G.S. 20-351.3; and

19 (2) The defect or condition or series of defects or conditions which  
20 substantially impaired the value of the motor vehicle to the consumer."

21 Sec. 2. This act shall become effective October 1, 1989, and applies to  
22 resales of motor vehicles that occur on or after that date.