

MOTOR VEHICLE ARBITRATION BOARD

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Manufacturers' Guide to Vermont's New Motor Vehicle Arbitration

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1. Manufacturer Representatives

Please notify the Arbitration office in writing when there is a new representative and include the person's phone and fax numbers and e-mail per Board Rule 3;

Manufacturer's Filing

All motor vehicle manufacturers doing business in Vermont shall file their corporate or eastern zone office address, telephone and facsimile numbers and any other means of contact with the Clerk. A manufacturer shall also file a copy of the procedures, if any, and any descriptive material for its alternate dispute resolution process, including address, phone and facsimile numbers, and any other means of contact.

<http://dmv.vermont.gov/safety/laws/lemonlaw#BoardRules>

2. Introduction – Access the site from LemonLaw.vermont.gov

The Motor Vehicle Arbitration Board
Contact Information
Definitions
Eligibility Requirements
Frequently Asked Questions (FAQ's)

Forms & Informational Materials
Program Overview
Related Links
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Lemon Law brochure: http://dmv.vermont.gov/sites/dmv/files/pdf/DMV-LemonLaw_Brochure.pdf

The Arbitration program, established in 1984, provides consumers with a forum through which to resolve warranty problem(s) with **motor vehicles** pursuant to **Sections 4170-4181 of 9 V.S.A.**

A consumer may file a **Demand for Arbitration** to request a hearing after demonstration of reasonable repair, which is usually three unsuccessful attempts or thirty cumulative calendar days out of service within the **manufacturer's express warranty**. The first repair for a "three-times-out" claim must occur within the express warranty; subsequent repairs may occur after the warranty expires; but a Demand must be filed within one year after the expiration. A repair order reflecting "no problem found," "no repair made," "condition characteristic," or similar language for the claimed condition is considered a repair attempt by the consumer presenting the vehicle for a defect(s)/condition(s).

The final repair attempt provides an opportunity for the manufacturer to assess and repair the claimed defect(s) to the consumer's satisfaction prior to hearing. The consumer may withdraw from the arbitration process if the repair is acceptable, and retains the option to request a hearing if the condition recurs, as long as the vehicle is still covered by the manufacturer's express warranty. The manufacturer has the option to waive the final repair due to case circumstances.

The final repair opportunity is applicable for the 3-times-out and 30-days out-of-service filing methods.

If the consumer is not satisfied with the vehicle after the final repair attempt and continues to hearing, he/she must convince the Board the defect(s)/condition(s) substantially impairs one or

more of: the vehicle's use, market value or safety as of the date of filing the Demand. For a 30-days out-of-service claim, the defect is the history within the 30-day timeframe. The consumer may continue to hearing even if the claimed condition appears to be fixed. The Board would then weigh the reason(s) for dissatisfaction.

There are five Motor Vehicle Arbitration Board members and three alternates appointed by the Governor for a three-year term. Each full member may be appointed for additional three-year terms twice. "One member of the board and one alternate shall be new car dealers in Vermont, one member and one alternate shall be persons active as automobile technicians, and three members and one alternate shall be persons having no direct involvement in the design, manufacture, distribution, sales or service of motor vehicles or their parts." (9 V.S.A. Section 4174)

Hearings are usually held monthly in Montpelier, Vermont. Demands will not proceed to hearing if they are resolved by settlement, acceptance of the final repair attempt, administrative dismissal or other disposition.

The Board has the authority to order:

- a pro-rated refund based on a statutory formula with guidelines for reimbursement of fees, incidental and consequential damages and purchase and use tax;
- a judgment in favor of the manufacturer; or
- a dismissal.

3. Lemon Law - [9 V.S.A. §§ 4170 – 4181](#)

- Legislative intent, §4170
- Definitions, §4171
- Enforcement of warranties, §4172
- Procedure to obtain refund or replacement, §4173
- Vermont motor vehicle arbitration board, §4174
- Fees and costs, §4175
- Appeal from board, §4176
- Unfair and deceptive acts and practices, §4177
- Limitations, §4178
- Effective date; limitations, §4179
- Notification to consumers, §4180
- Notice of return, title branding required; sale of defective motor vehicles prohibited; defense, § 4181

4. Board Rules

<http://dmv.vermont.gov/safety/laws/lemonlaw#BoardRules>

5. Notice to Consumer

http://dmv.vermont.gov/sites/dmv/files/pdf/DMV-LemonLaw_Notice_To_Consumer.pdf

6. Eligibility Criteria

- The vehicle was purchased *or* leased in Vermont *or* is registered in Vermont.

- At least the first repair attempt for the claimed defect(s) was covered by the manufacturer's express warranty for a "three-times-out" claim. Additional repair orders may occur after the warranty expires by time or mileage and will be considered towards demonstration of reasonable repair if the Demand is filed within the statute of limitations, which is one year after expiration of warranty. The defect(s)/condition(s) must be present as of the date the consumer files/signs the Demand for a "three-times-out" claim.
- All repair orders were completed within the manufacturer's express warranty for a "30-days-out-of-service" claim. A symptom does not have to be present on the day the consumer files/signs the Demand.
- The gross vehicle weight rating (GVWR) for a truck does not exceed 12,000 pounds. The GVWR label is usually located on the inside edge of driver's door or may be obtained from manufacturer or dealer documentation.
- A business or commercial enterprise may have a maximum of two registered or leased vehicles to meet definition of *consumer*.
- Vehicles within a government entity are not covered under Vermont's lemon law; i.e., don't meet definition of *consumer*.
- A vehicle finance account or lease payments must be current as of the date of the hearing. The consumer signs a certification within Section 8 of the Demand payments will be current.
- A consumer may not proceed through the State of Vermont arbitration if the manufacturer's dispute settlement mechanism is elected. This third-party option is usually referenced in the owner's manual.
- A Demand for Arbitration must be filed within one year after expiration of the manufacturer's express warranty by time or mileage, whichever occurs first (statute of limitations).
- There may be additional jurisdictional items which impact eligibility and depend on case circumstances.

7. Demand for Arbitration

A link to the most recent Demand and instructions follows and may be used when printing for dealer distribution with Notice to Consumer and a stamped zone envelope. The manufacturer is responsible for notification to consumer per § 4180 of 9 V.S.A.

[Demand_For_Arbitration](#)

[LemonLaw_Filing_Instructions](#)

8. Manufacturer Zone Offices

[LemonLaw_Manufacturer_Offices](#)

9. Case Acceptance Letter

[Case_Acceptance_Letter](#)

10. Final Repair

<http://legislature.vermont.gov/statutes/section/09/115/04173>

9 V.S.A. 4173(d)

Within the 45-day period set forth in subsection (c) of this section but at least five days prior to hearing, the manufacturer shall have one final opportunity to correct and repair the defect which the consumer claims entitles him or her to a refund or replacement vehicle. Any right to a final repair attempt is waived if the manufacturer does not complete it at least five days prior to hearing. If the consumer is satisfied with the corrective work done by the manufacturer or his delegate, the arbitration proceedings shall be terminated without prejudice to the consumer's right to request arbitration be recommenced if the repair proves unsatisfactory for the duration of the express warranty.

The final repair attempt provides an opportunity for the manufacturer to assess and repair the claimed defect(s) (Filing Method A – “three times out”) to the consumer's satisfaction prior to hearing. The evaluation can also assist the manufacturer in deciding whether settlement is a resolution option.

A final repair is applicable for a “30-days out of service” claim (Filing Method B). The defect with this filing method is the repair history within the timeframe out of service. There may or may not be a current symptom as of the date of filing/signing the Demand.

The manufacturer has the option to independently waive the final repair due to case circumstances.

If the consumer is not satisfied with the vehicle after the final repair attempt and continues to hearing, he/she must convince the Board that the defect(s)/condition(s) substantially impairs the vehicle's use, market value or safety (as of the date of filing the Demand). The consumer may continue to hearing even if the claimed condition appears to be fixed. The Board would weigh the consumer's reason(s) for dissatisfaction.

Please contact the arbitration office in writing if the consumer does not cooperate with final repair arrangements despite your explanation of the manufacturer's legal right for the opportunity.

11. Manufacturer's Answer

The Manufacturer's Answer form is supplied with the hearing notice or may be accessed from [LemonLaw_Manufacturer_Answer](#)

- When the manufacturer asserts no defense within the Answer, there is no need for attendance by parties at a hearing. An order will be issued within 30 days after Board's receipt of the Answer, which must be provided to consumer by manufacturer. 9 V.S.A. Sections 4173(c)(1)(B) and 4174(d).
- If the case will be defended, complete the Answer as applicable. It is recommended a technical expert, familiar with the subject vehicle, be present.

- File six copies of the Answer with the Board office AND send one copy to the consumer to be received within five days prior to hearing (Board Rule 5).
- Any evidence as technical service bulletins or special service statements supporting manufacturer's position must be received by Board and consumer 3 days pre-hearing (Board Rule 9).

12. Settlement protocol

- A copy of the written terms, with signatures of both parties, of any settlement agreement should be provided via one of the following contact methods to be received by the Board office several days prior to hearing.

E-mail: LemonLaw@vermont.gov
 Mail: Motor Vehicle Arbitration Board
 14 Baldwin Street
 Montpelier, VT 05602
Fax: 802-828-5809

- The vehicle refund worksheet for purchased and leased vehicles may be used as a template for negotiations and may be accessed from [Forms & Informational Materials](#).
- A timeframe for completing the settlement transaction should be included in the agreement.
- If a refund or replacement settlement is negotiated, return the title to the Lemon Law Administrator, per the settlement disposition document, for branding by the Vermont Department of Motor Vehicles (at no charge) per 9 V.S.A. § 4181. : Notice of return, title branding required; sale of defective motor vehicles prohibited; defense

(a) Any manufacturer or its agent or any dealer registered in this state who attempts to resell a motor vehicle after a final determination, adjudication, or settlement resulting in the vehicle being returned pursuant to the provisions of this chapter or under similar laws of any other state, shall apprise prospective buyers in Vermont of such return by means of a clearly visible window sticker. Manufacturers, agents, and dealers are prohibited from reselling in Vermont any vehicle determined or adjudicated as having a serious safety defect. Notice that a vehicle has been returned pursuant to such law shall also be conspicuously printed on the motor vehicle certificate of title.

13. Refund Worksheet for Purchased Vehicle

[LemonLaw_Sample_Refund_Worksheet](#)

14. Refund Worksheet for Leased Vehicle

[LemonLaw_Sample_Lessee_Worksheet](#)

15. Tentative Hearing Schedule

LemonLaw.vermont.gov

16. Hearing Notice

The Hearing Notice is e-mailed approximately two weeks prior to hearing and is accompanied by pre-hearing information including parties' responsibilities, the manufacturer's Answer, hearing protocol and a map with parking options.

17. Hearing Protocol

[LemonLaw_Hearing_Protocol](#)

18. Order transmittal letter

The letter includes order compliance criteria and options as motion for reconsideration and appeal provisions.

[LemonLaw_Order_Transmittal_Letter](#)

19. Reacquired Vehicles, Disclosure + Title branding

<http://legislature.vermont.gov/statutes/section/09/115/04181>

§ 4181. Notice of return, title branding required; sale of defective motor vehicles prohibited; defense

(a) Any manufacturer or its agent or any dealer registered in this State who attempts to resell a motor vehicle after a final determination, adjudication, or settlement resulting in the vehicle being returned pursuant to the provisions of this chapter or under similar laws of any other state, shall apprise prospective buyers in Vermont of such return by means of a clearly visible window sticker. Manufacturers, agents, and dealers are prohibited from reselling in Vermont any vehicle determined or adjudicated as having a serious safety defect. Notice that a vehicle has been returned pursuant to such law shall also be conspicuously printed on the motor vehicle certificate of title.

(b) Affirmative defense. A person who demonstrates both of the following shall not be subject to liability or a penalty for a violation of this section:

- (1) the person acquired a motor vehicle without actual knowledge that it was returned pursuant to the provisions of this chapter or under similar laws of another state; and
- (2) at the time of acquisition, the title of the motor vehicle did not bear notice of such return. (Added 1983, No. 211 (Adj. Sess.), § 1; amended 2011, No. 164 (Adj. Sess.), § 7.)

The title will be reissued in the manufacturer's name at no charge and branded.

23 V.S.A. § 2018 (f) If a vehicle has been returned to the manufacturer after final determination, adjudication, or settlement pursuant to the provisions of 9 V.S.A. chapter 115 or after final determination, adjudication, or settlement under similar laws of any other state, any certificate of title for the vehicle shall contain an appropriate legend as determined by the Commissioner.

NOTE: "Manufacturer buy back" is the new brand, which is a NMVTIS (National Motor Vehicle Title Information System) standard brand.

20. Statistics + Details

Access fiscal year trends, case disposition details and activity summaries from LemonLaw.vermont.gov

21. Wish List

Encourage dealer completion of repair orders with in/out mileage, dates, reason presented for repair and action, if any, to meet "fully itemized statement" for each visit.

9 V.S.A. § 4172

(d) A manufacturer, its agent or authorized dealer shall not refuse to provide a consumer with a written repair order and shall provide to the consumer each time the consumer's vehicle is brought in for examination or repair of a defect, a written summary of the complaint and a fully itemized statement indicating all work performed on the vehicle including, but not limited to, examination of the vehicle, parts and labor.

<http://legislature.vermont.gov/statutes/section/09/115/04172;>

- Encourage dealers to enter "W" or "warranty" instead of N/C (no charge) and W-ESP, or similar, if the applicable warranty is an optional extended warranty.
- Recommend any rebate, customer cash, credit and similar items be identified on the purchase contract including negative equity.

Please advise if any section requires clarification or if you'd like another topic included.

Suggestions are always welcome towards improving any aspect of arbitration now or in the future.

Thank you.