

PHIL WEISER
Attorney General

NATALIE HANLON LEH
Chief Deputy Attorney General

SHANNON STEVENSON
Solicitor General

TANJA WHEELER
Associate Chief Deputy Attorney
General



RALPH L. CARR
COLORADO JUDICIAL CENTER
1300 Broadway, 10th Floor
Denver, Colorado 80203
Phone (720) 508-6000

STATE OF COLORADO
DEPARTMENT OF LAW

PUBLIC ADVISORY ON
COLORADO'S UPDATED VEHICLE LEMON LAW

- Issued August 6, 2024 -

Attorney General Phil Weiser issues this Public Advisory on Colorado's motor vehicle lemon law. This law was updated with new consumer protections beginning on August 7, 2024, with the enactment of Senate Bill 24-192. Over the last several years, the Colorado Department of Law has received complaints from consumers who purchased defective motor vehicles, which are often informally referred to as "lemons." This Public Advisory provides guidance on the updated law and its protections for consumers.

UPDATED LAW GOVERNING LEMON SALES

Expansion of vehicles included under the lemon law. Colorado's prior lemon law protected only new automobiles that carried ten or fewer people and were normally used for personal, family, or household use. The updated law ensures that motor vehicles used by certain small businesses for both business and personal purposes are covered by Colorado's lemon law.ⁱ

Increases the duration of lemon law. Under the prior lemon law, motor vehicles were protected for up to one year after purchase, leaving some vehicles without lemon law protection despite still being under a manufacturer's express warranty protection. The updated law extends protections to two years after purchase or within the first 24,000 miles of the vehicle's operation, whichever is earlier.ⁱⁱ

Lowers the requirements for a vehicle to be presumed a lemon. A manufacturer must replace or refund a lemon, defined as a motor vehicle with a defect that substantially impairs the safety or use and market value of the vehicle that the manufacturer or dealer is unable to repair after a "reasonable" number of attempts. Under prior law, a reasonable number of attempts was presumed after four failed

repair attempts of the same defect or after a vehicle had been out of service for repairs for 30 or more business days.ⁱⁱⁱ The new law lowers the presumption to three failed repair attempts of the same defect or after the vehicle has been out of service for repair for 24 or more business days.^{iv}

The updated law also adds a new presumption for safety-related defects. Specifically, where a defect significantly impacts the safety of a vehicle, it will be presumed a lemon after two failed repair attempts of the defect.^v This change will limit the amount of time consumers must drive an unsafe vehicle before they can get it refunded or replaced by the manufacturer.

Extends the amount of time for consumers to file a lemon law claim. By extending the statute of limitations, the new law provides consumers more time to file a lemon law action against a manufacturer. It extends the statute of limitations to 30 months following the date the vehicle was delivered to the consumer.^{vi} Previous law limited this timeframe to six months following the expiration date of the manufacturer’s warranty or within one year of delivery to the consumer. The new law also provides that the time a motor vehicle is under repair and unusable does not count towards this 30-month limit.^{vii}

Clarifies the amount that can be deducted from a consumer’s refund. When a manufacturer refunds a consumer for a lemon, it may deduct an allowance for any use of the vehicle by the consumer. The prior law, however, did not provide any method to calculate the amount that could be deducted. The updated law provides a formula to calculate the allowance that may be deducted from a consumer’s refund, ensuring a fair and predictable refund process for the consumer.^{viii}

ADDITIONAL PROTECTIONS FOR USED “LEMON BUYBACK” VEHICLE PURCHASERS

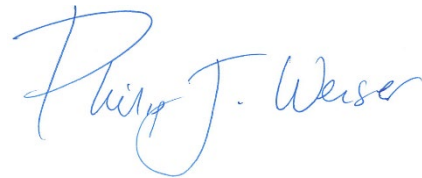
The updated law includes disclosure protections for purchasers of used “lemon buyback” motor vehicles, requiring that a decal be affixed to such vehicles indicating “Lemon Law Buyback”.^{ix} The vehicle’s title must also indicate such status. These disclosures ensure that consumers can make an informed decision when buying these types of vehicles, and that they can take this history into account when negotiating a price.

GENERAL GUIDANCE FOR CONSUMERS WHEN PURCHASING A VEHICLE

In the case of purchasing a new motor vehicle, lemon purchases are uncommon, but consumers should nonetheless exercise caution when doing so. When purchasing a vehicle, it’s recommended to take several steps to be an informed consumer such as:

- evaluate several different motor vehicles;
- research the reliability of the make and model of the motor vehicle and its history;
- take a vehicle on a test drive before purchasing it to ensure it performs properly;
- before making a purchase, have a motor vehicle examined by a trusted mechanic to determine if it has any problems;
- ensure that the dealer you are buying from is reputable and legitimate; and
- familiarize yourself with the vehicle's warranty and any other options the dealer offers, such as a limited time or mileage guarantee that allows the vehicle to be returned.

Most importantly, buyers should take their time when purchasing a vehicle and avoid feeling pressured to make a purchase. Buyers should also carefully review any paperwork before signing contracts or other legal documents. And buyers should always feel free to walk away from purchase before signing sales documents.



PHIL WEISER
Attorney General

ⁱ COLO. REV. STAT. § 42-10-101(1), (2).

ⁱⁱ *Id.* at §§ 102, 103(2)(a)(I).

ⁱⁱⁱ For the presumption to apply, the manufacturer must have received written notice of the defect by mail and been provided one opportunity to repair the defect. The new legislation retains these requirements, but adds a time limit of ten business days on the manufacturer's opportunity to cure the defect after receipt of the notification.

^{iv} *Id.* at § 103(2)(a)(I), (II).

^v *Id.* at § 103(2)(a)(III).

^{vi} *Id.* at § 107.

^{vii} *Id.*

^{viii} *Id.* at § 103(4).

^{ix} *Id.* at § 109.