

## Tennessee Lemon Law Statute

### [Summary of the Tennessee Lemon Law](#)

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#### **T.C.A. § 55-24-101**

#### **§ 55-24-101. Definitions**

As used in this chapter, unless the context otherwise requires:

(1) "Consumer" means the purchaser, other than for purposes of resale, or the lessee of a motor vehicle, any person to whom such 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 such warranty to enforce the obligations of the warranty.

"Consumer" does not include any governmental entity or any business or commercial entity which registers three (3) or more vehicles;

(2) "Lessee" means any consumer who leases a motor vehicle pursuant to a written lease agreement by which a manufacturer's warranty was issued as a condition of sale or which provides that the lessee is responsible for repairs to such motor vehicle;

(3) "Manufacturer" means any person who manufactures or assembles new or unused motor vehicles or, in the case of motor vehicles not manufactured in the United States, the importer of the motor vehicle;

(4) "Motor vehicle" means a motor vehicle as defined in § 55-1-103, that is sold and subject to the registration and certificate of title provisions in chapters 1-6 of this title in this state, or subject to similar registration and certificate of title provisions in another state, and classified as a Class B vehicle according to § 55-4-111. "Motor vehicle" includes a motorcycle, as defined in § 55-1-103, that is sold and subject to the registration and certificate of title provisions in chapters 1-6 of this title in this state, or subject to similar registration and certificate of title provisions in another state, and classified as a Class A vehicle according to § 55-4-111. "Motor vehicle" does not include motorized bicycles as defined in § 55-8-101, "motor homes" as defined in § 55-1-104, lawnmowers or garden tractors, recreational vehicles or off-road vehicles and vehicles over ten thousand pounds (10,000 lbs.) gross vehicle weight;

(5) "Person" means every natural person, partnership, corporation, association, trust, estate or other legal entity;

(6) "Substantially impair" means to render a motor vehicle unreliable or unsafe for normal operation or to reduce its resale market value below the average resale value for comparable motor vehicles; and

(7) "Term of protection" means the term of applicable express warranties or the period of one (1) year following the date of original delivery of the motor vehicle to a consumer, whichever comes first; or, in the case of a replacement vehicle provided by a manufacturer to a consumer under this part, one (1) year from the date of delivery to the consumer of the replacement vehicle.

#### **T.C.A. § 55-24-102**

##### **§ 55-24-102. Nonconformities, defects or conditions; corrections**

If a new motor vehicle does not conform to all applicable express warranties and the consumer reports the nonconformity, defect or condition to the manufacturer, its agent or its authorized dealer during the term of protection, the manufacturer, its agent or its authorized dealer shall correct the nonconformity, defect or condition at no charge to the consumer, notwithstanding the fact that such repairs are made after the expiration of the term. Any corrections or attempted corrections undertaken by an authorized dealer under this section shall be treated as warranty work and billed by the dealer to the manufacturer in the same manner as other work under warranty is billed.

#### **T.C.A. § 55-24-103**

##### **§ 55-24-103. Replacement of vehicles; refunds**

(a) The manufacturer must replace the motor vehicle with a comparable motor vehicle or accept return of the vehicle from the consumer and refund to the consumer the full purchase price if:

(1) The nonconformity, defect or condition substantially impairs the motor vehicle; and

(2) The manufacturer, its agent or authorized dealer is unable to conform the motor vehicle to any applicable express warranty after a reasonable number of attempts.

(b) For purposes of this section:

(1) "Collateral charges" means manufacturer-installed or agent-installed items or service charges, credit life and disability insurance charges, sales taxes, title charges, license

fees, registration fees, any similar governmental charges and other reasonable expenses incurred for the purchase of the motor vehicle;

(2) "Comparable motor vehicle" means a new motor vehicle of comparable worth to the same make and model with all options and accessories, with appropriate adjustments being allowed for any model year differences;

(3) "Full purchase price" means the actual cost paid by the consumer, including all collateral charges, less a reasonable allowance for use; and

(4)

(a) "Reasonable allowance for use" means that amount directly attributable to use by a consumer prior to such consumer's 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, plus a reasonable amount for any damage not attributable to normal wear.

(b) A reasonable allowance for use shall not exceed one half ( $\frac{1}{2}$ ) of the amount allowed per mile by the internal revenue service, as provided by regulation, revenue procedure or revenue ruling promulgated pursuant to § 162 of the Internal Revenue Code (26 U.S.C. § 162), for use of a personal vehicle for business purposes, plus an amount to account for any loss to the fair market value of the vehicle resulting from damage beyond normal wear and tear, unless the damage resulted from nonconformity to an express warranty.

(c) Refunds shall be made to the consumer, and lienholder, if any, as their interests appear. This section shall not affect the interests of a lienholder; unless the lienholder consents to the replacement of the lien with a corresponding lien on the vehicle accepted by the consumer in exchange for the vehicle having a nonconformity, the lienholder shall be paid in full the amount due on the lien, including interest and other charges, before an exchange of automobiles or a refund to the consumer is made.

(d) In instances where a vehicle that was financed by the manufacturer or its subsidiary or agent is replaced under this section, the manufacturer, subsidiary or agent shall not require the consumer to enter into any refinancing agreement which would create any financial obligations upon the consumer beyond those imposed by the original financing agreement.

(e) It shall be an affirmative defense to any claim under this chapter that:

(1) An alleged nonconformity does not substantially impair a motor vehicle; or

- (2) A nonconformity is the result of abuse, neglect or unauthorized modifications or alterations of a motor vehicle by a consumer.
  
- (f) Funds held by a manufacturer or manufacturer's distributor that are necessary to perform the manufacturer's or manufacturer's distributor's obligations to consumers under this section are trust funds held in trust by the manufacturer or manufacturer's distributor for the benefit of any consumer who is entitled to the protections and rights afforded under this section.

**T.C.A. § 55-24-104**

**§ 55-24-104. Leased vehicles; refunds.**

(a) In the case of a leased vehicle, refunds will be made to the lessor and lessee as follows: The lessee will receive the lessee cost and the lessor will receive the lease price less the aggregate deposit and rental payments previously paid to the lessor for the leased vehicle.

(b) For purposes of this section:

(1) "Lease price" means the aggregate of:

- (a) Lessor's actual purchase cost;
- (b) Freight, if applicable;
- (c) Accessories, if applicable;
- (d) Any fee paid to another to obtain the lease; and
- (e) An amount equal to five percent (5%) of subdivision (b)(1);

(2) "Lessee cost" means the aggregate deposit and rental payments previously paid to the lessor for the leased vehicle less service fees; and

(3) "Service fees" means the portion of a lease payment attributable to:

- (a) An amount for earned interest calculated

**T.C.A. § 55-24-105**

**§ 55-24-105. Presumptions; extension of time; notice**

(a) It shall be presumed that a reasonable number of attempts have been undertaken to conform a motor vehicle to the applicable express warranties, if:

(1) The same nonconformity has been subject to repair three (3) or more times by the manufacturer or its agents or authorized dealers, but such nonconformity continues to exist; or

- (1) The informal dispute settlement panel shall determine whether the motor vehicle does or does not conform to all applicable express warranties.
- (2) If the motor vehicle does not conform to all applicable express warranties, the informal dispute settlement panel shall then determine whether the nonconformity substantially impairs the motor vehicle.
- (3)

**T.C.A. § 55-24-108**

**§ 55-24-108. Costs; attorney fees.**

If a consumer finally prevails in any action brought under this chapter, the consumer may be allowed by the court to recover as part of the judgment a sum equal to the aggregate amount of costs and expenses, including attorneys' fees based on actual time expended, determined by the court to have been reasonably incurred by the plaintiff for or in connection with the commencement and prosecution of the action.

**T.C.A. § 55-24-109**

**§ 55-24-109. Repair orders; copies**

No action shall be commenced or maintained under this chapter against the seller or lessor of a motor vehicle unless the seller or lessor is also the manufacturer, or unless the manufacturer of the motor vehicle is not subject to service of process in this state, or service cannot be secured by this state's long-arm statutes, or unless the manufacturer has been judicially declared insolvent.

**T.C.A. § 55-24-112**

**§ 55-24-112. Fleet vehicle resale; disclosures**

Any business entity that purchases a fleet of new motor vehicles, titles the motor vehicles in the business entity's name and sells such vehicles to an individual purchaser shall disclose in writing any remaining manufacturer's warranty on the motor vehicles to the purchaser.

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