

## **Indiana Lemon Law**

Title 24, Article 5, Chapter 13  
Trade Regulations; Consumer Sales And Credit  
Motor Vehicle Protection  
Buyback Vehicle Disclosure

### **Indiana Lemon Law IC 24-5-13-1**

This chapter applies to all motor vehicles that are sold, leased, transferred, or replaced by a dealer or manufacturer in Indiana.

### **Indiana Lemon Law IC 24-5-13-2**

As used in this chapter, "business day" means a day other than Sunday or a legal holiday (as defined in IC 1-1-9-1).

### **Indiana Lemon Law IC 24-5-13-3**

As used in this chapter, "buyer" means any person who, for purposes other than resale or sublease, enters into an agreement or contract within Indiana for the transfer, lease, or purchase of a motor vehicle covered under this chapter.

### **Indiana Lemon Law IC 24-5-13-3.4**

As used in this chapter, "lease" means a contract in the form of a lease or bailment for the use of a motor vehicle by a person for more than four (4) months, whether or not the lessee has the option to purchase or otherwise become the owner of the property at the expiration of the lease.

### **Indiana Lemon Law IC 24-5-13-3.7**

As used in this chapter, "lessor" means a person who:

- (1) holds title to a motor vehicle leased to a lessee under a written lease agreement; or
- (2) holds the lessor's rights under an agreement described in subdivision (1).

### **Indiana Lemon Law IC 24-5-13-4**

As used in this chapter, "manufacturer" means any person who is engaged in the business of manufacturing motor vehicles, or, in the case of motor vehicles not manufactured in the United States, any person who is engaged in the business of importing motor vehicles.

### **Indiana Lemon Law IC 24-5-13-5**

As used in this chapter, "motor vehicle" or "vehicle" means any self-propelled vehicle that:

- (1) has a declared gross vehicle weight of less than ten thousand (10,000) pounds;
- (2) is sold to:
  - (A) a buyer in Indiana and registered in Indiana; or
  - (B) a buyer in Indiana who is not an Indiana resident (as defined in IC 9-13-2-78);
- (3) is intended primarily for use and operation on public highways; and
- (4) is required to be registered or licensed before use or operation.

The term does not include conversion vans, motor homes, farm tractors, and other machines used in the actual production, harvesting, and care of farm products, road building equipment, truck tractors, road tractors, motorcycles, mopeds, snowmobiles, or vehicles designed primarily for off road use.

#### **Indiana Lemon Law IC 24-5-13-6**

As used in this chapter, "nonconformity" means any specific or generic defect or condition or any concurrent combination of defects or conditions that:

- (1) substantially impairs the use, market value, or safety of a motor vehicle; or
- (2) renders the motor vehicle nonconforming to the terms of an applicable manufacturer's warranty.

#### **Indiana Lemon Law IC 24-5-13-7**

As used in this chapter, "term of protection" means a period of time that:

- (1) begins:
  - (A) on the date of original delivery of a motor vehicle to a buyer; or
  - (B) in the case of a replacement vehicle provided by a manufacturer to a buyer under this chapter, on the date of delivery of the replacement vehicle to the buyer; and
- (2) ends the earlier of:
  - (A) eighteen (18) months after the date identified under subdivision (1); or
  - (B) the time the motor vehicle has been driven eighteen thousand (18,000) miles after the date identified under subdivision (1).

#### **Indiana Lemon Law IC 24-5-13-8**

If a motor vehicle suffers from a nonconformity and the buyer reports the nonconformity within the term of protection to the manufacturer of the vehicle, its agent, or its authorized dealer then the manufacturer of the motor vehicle or the manufacturer's agent or authorized dealer shall make the repairs that are necessary to correct the nonconformity, even if the repairs are made after expiration of the term of protection.

#### **Indiana Lemon Law IC 24-5-13-9**

(a) A buyer must first notify the manufacturer of a claim under this chapter if the manufacturer has made the disclosure required by subsection (b). However, if the manufacturer has not made the required disclosure, the buyer is not required to notify the manufacturer of a claim under this chapter.

(b) The manufacturer shall clearly and conspicuously disclose to the buyer, in the warranty or owner's manual, that written notification of the nonconformity is required before the buyer may be eligible for a refund or replacement of the vehicle. The manufacturer shall include with the warranty or owner's manual the name and address to which the buyer must send notification.

#### **Indiana Lemon Law IC 24-5-13-10**

If, after a reasonable number of attempts, the manufacturer, its agent, or authorized dealer is unable to correct the nonconformity, the manufacturer shall accept the return of the vehicle from the buyer and, at the buyer's option, either, within thirty (30) days, refund the amount paid by the buyer or provide a replacement vehicle of comparable value.

#### **Indiana Lemon Law IC 24-5-13-11**

(a) If a refund is tendered under this chapter with respect to a vehicle that is not a leased vehicle, the refund must be the full contract price of the vehicle, including all credits and allowances for any trade-in vehicle and less a reasonable allowance for use.

(b) To determine a reasonable allowance for use under this section, multiply:

(1) the total contract price of the vehicle; by

(2) a fraction having as its denominator one hundred thousand (100,000) and having as its numerator the number of miles that the vehicle traveled before the manufacturer's acceptance of its return.

(c) The refund must also include reimbursement for the following incidental costs:

(1) All sales tax.

(2) The unexpended portion of the registration fee and excise tax that has been prepaid for any calendar year.

(3) All finance charges actually expended.

(4) The cost of all options added by the authorized dealer.

(d) Refunds made under this section shall be made to the buyer and lien holder, if any, as their respective interests appear on the records of ownership.

#### **Indiana Lemon Law IC 24-5-13-11.5**

(a) If a refund is tendered under this chapter with respect to a leased motor vehicle, the refund shall be made as follows:

(1) The lessee shall receive all deposit and lease payments paid by the lessee to the lessor, including all credits and allowances for any trade-in vehicles, less a reasonable allowance for use.

(2) The lessor shall receive:

(A) the lessor's purchase cost, including freight and accessories;

(B) any fee paid to another to obtain the lease;

(C) any insurance premiums or other costs expended by the lessor for the benefit of the lessee;

(D) sales tax paid by the lessor; and

(E) five percent (5%) of the amount described in subdivision (2)(A);

less the total of all deposit and lease payments paid by the lessee to the lessor, including all credits and allowances for any trade-in vehicle.

(b) To determine a reasonable allowance for use under this section, multiply:

(1) the total lease obligation of the lessee at the inception of the lease; by

(2) a fraction having as its denominator one hundred thousand (100,000) and as its numerator the number of miles that the vehicle traveled before the lessor's acceptance of its return.

#### **Indiana Lemon Law IC 24-5-13-12**

(a) If a vehicle is replaced by a manufacturer under this chapter, the manufacturer shall reimburse the buyer for any fees for the transfer of registration or any sales tax incurred by the buyer as a result of replacement.

(b) If a replaced vehicle was financed by the manufacturer, its subsidiary, or agent, the manufacturer, subsidiary, or agent may not require the buyer to enter into any refinancing

agreement concerning a replacement vehicle that would create any financial obligations upon the buyer less favorable than those of the original financing agreement.

### **IC 24-5-13-13**

Whenever a vehicle is replaced or refunded under this chapter, the manufacturer shall reimburse the buyer for necessary towing and rental costs actually incurred as a direct result of the nonconformity.

### **IC 24-5-13-14**

A buyer has the option of retaining the use of any vehicle returned under this chapter until the time that the buyer has been tendered a full refund or replacement vehicle of comparable value. The use of any vehicle retained by a buyer after its return to a manufacturer under this chapter must, in cases in which a refund is tendered, be reflected in the reasonable allowance for use required by section 11 of this chapter.

### **IC 24-5-13-15**

(a) A reasonable number of attempts is considered to have been undertaken to correct a nonconformity if:

(1) the nonconformity has been subject to repair at least four (4) times by the manufacturer or its agents or authorized dealers, but the nonconformity continues to exist; or

(2) the vehicle is out of service by reason of repair of any nonconformity for a cumulative total of at least thirty (30) business days, and the nonconformity continues to exist.

(b) The thirty (30) business day period in subsection (a)(2) shall be extended by any period of time during which repair services are not available as a direct result of a strike. The manufacturer, its agent, or authorized dealer shall provide or make provision for the free use of a vehicle to any buyer whose vehicle is out of service by reason of repair during a strike.

(c) The burden is on the manufacturer to show that the reason for an extension under subsection (b) was the direct cause for the failure of the manufacturer, its agent, or authorized dealer to cure any nonconformity during the time of the event.

### **Indiana Lemon Law IC 24-5-13-16**

(a) A manufacturer, its agent, or authorized dealer may not refuse to diagnose or repair any vehicle for the purpose of avoiding liability under this chapter.

(b) A manufacturer, its agent, or authorized dealer shall provide a buyer with a written repair order each time the buyer's vehicle is brought in for examination or repair. The repair order must indicate all work performed on the vehicle including examination of the vehicle, parts, and labor.

### **Indiana Lemon Law IC 24-5-13-18**

It is an affirmative defense to any claim under this chapter that:

- (1) the nonconformity, defect, or condition does not substantially impair the use, value, or safety of the motor vehicle; or
- (2) the nonconformity, defect, or condition is the result of abuse, neglect, or unauthorized modification or alteration of the motor vehicle by the buyer.

### **Indiana Lemon Law IC 24-5-13-19**

This chapter does not apply to any buyer who has not first resorted to an informal procedure established by a manufacturer or in which a manufacturer participates if:

- (1) the procedure is certified by the attorney general as:
  - (A) complying in all respects with 16 C.F.R. 703; and
  - (B) complying with any other rules concerning certification adopted by the attorney general, including but not limited to the requirement of oral hearings, pursuant to IC 4-22-2; and
- (2) the buyer has received adequate written notice from the manufacturer of the existence of the procedure.

Adequate written notice includes the incorporation of the informal dispute settlement procedure into the terms of the written warranty to which the motor vehicle does not conform.

### **Indiana Lemon Law IC 24-5-13-20**

This chapter does not limit the rights or remedies that are otherwise available to a buyer under any other applicable provision of law.

### **Indiana Lemon Law IC 24-5-13-21**

A buyer may bring a civil action to enforce this chapter in any circuit or superior court.

### **Indiana Lemon Law IC 24-5-13-22**

A buyer who prevails in any action brought under this chapter is entitled to recover as part of the judgment a sum equal to the aggregate amount of cost and expenses, including attorney's fees based on actual time expended by the attorney, determined by the court to have been reasonably incurred by the buyer for or in connection with the commencement and prosecution of the action.

### **Indiana Lemon Law IC 24-5-13-23**

(a) An action brought under this chapter must be commenced within two (2) years following the date the buyer first reports the nonconformity to the manufacturer, its agent, or authorized dealer.

(b) When the buyer has commenced an informal dispute settlement procedure described in section 19 of this chapter, the two (2) year period specified in subsection (a) is tolled during the time the informal dispute settlement procedure is being conducted.

#### **Indiana Lemon Law IC 24-5-13-24**

Nothing in this chapter imposes any liability on a dealer or creates a cause of action by a consumer against a dealer, and a manufacturer may not, directly or indirectly, expose any franchised dealer to liability under this chapter.

#### **Indiana Lemon Law IC 24-5-13.5-1**

This chapter applies to all motor vehicles that are sold, leased, transferred, or replaced by a dealer or manufacturer in Indiana.

#### **Indiana Lemon Law IC 24-5-13.5-2**

As used in this chapter, "bureau" refers to the bureau of motor vehicles created by IC 9-14-1-1.

#### **Indiana Lemon Law IC 24-5-13.5-3**

As used in this chapter, "buyback vehicle" means a motor vehicle that has been replaced or repurchased by a manufacturer or a nonresident manufacturer's agent or an authorized dealer, either under this chapter or IC 24-5-13 by judgment, decree, arbitration award, settlement agreement, or voluntary agreement in Indiana or another state, but does not include a motor vehicle that was repurchased pursuant to a guaranteed repurchase or satisfaction program advertised by the manufacturer and was not alleged or found to have a nonconformity as defined in IC 24-5-13-6.

#### **Indiana Lemon Law IC 24-5-13.5-4**

As used in this chapter, "buyer" means a person who, for purposes other than resale or sublease, enters into an agreement or a contract within Indiana for the transfer, lease, or purchase of a buyback vehicle.

#### **Indiana Lemon Law IC 24-5-13.5-5**

As used in this chapter, "dealer" means a person engaged in the business of buying, selling, leasing, or exchanging motor vehicles. A person is a "dealer" under this section if the person sells, leases, or advertises the sale or lease of more than four (4) motor vehicles within a twelve (12) month period.

#### **Indiana Lemon Law IC 24-5-13.5-6**

As used in this chapter, "manufacturer" has the meaning set forth in IC 24-5-13-4.

#### **Indiana Lemon Law IC 24-5-13.5-7**

As used in this chapter, "motor vehicle" has the meaning set forth in IC 24-5-13-5.

#### **Indiana Lemon Law IC 24-5-13.5-8**

As used in this chapter, "nonconformity" has the meaning set forth in IC 24-5-13-6.

#### **Indiana Lemon Law IC 24-5-13.5-9**

As used in this chapter, "warranty" means:

- (1) a written warranty issued by the manufacturer; or
- (2) an affirmation of fact or promise made by the manufacturer, excluding statements made by the dealer;

in connection with the sale or lease of a motor vehicle to a consumer that relates to the nature of the material or workmanship and affirms or promises that such material or workmanship is free of defects or will meet a specified level of performance.

#### **Indiana Lemon Law IC 24-5-13.5-10**

A buyback motor vehicle may not be resold in Indiana unless the following conditions have been met:

- (1) The manufacturer provides the same express warranty the manufacturer provided to the original purchaser, except that the term of the warranty need only last for twelve thousand (12,000) miles or twelve (12) months after the date of resale.
- (2) The following disclosure language must be conspicuously contained in a contract for the sale or lease of a buyback vehicle to a consumer or contained in a form affixed to the contract:

#### **IMPORTANT**

**This vehicle was previously sold as new. It was subsequently returned to the manufacturer or authorized dealer in exchange for a replacement vehicle or a refund because it did not conform to the manufacturer's express warranty and the nonconformity was not cured within a reasonable time as provided by Indiana law.**

- (3) The manufacturer provides the dealer a separate document with a written statement identifying the vehicle conditions that formed the basis for the previous owner's or lessee's dissatisfaction and the steps taken to deal with that dissatisfaction in 10-point all capital type.

### **Indiana Lemon Law IC 24-5-13.5-11**

Before reselling a buyback motor vehicle in Indiana, a dealer must provide to the buyer the express warranty required by section 10(1) of this chapter and the written statement of disclosure required by section 10(3) of this chapter and obtain the buyer's acknowledgment of this disclosure at the time of sale or lease as evidenced by the buyer's signature on the statement of disclosure.

### **Indiana Lemon Law IC 24-5-13.5-12**

A manufacturer who accepts return of a motor vehicle that is considered a buyback vehicle under this chapter shall do the following:

- (1) Before transferring ownership of the buyback vehicle, stamp the words "Manufacturer Buyback A Disclosure on File" on the face of the original certificate of title.
- (2) Not more than thirty-one (31) days after receipt of the certificate of title, apply to the bureau for a certificate of title in the name of the manufacturer and provide to the bureau a copy of the disclosure document required by section 10(3) of this chapter.

### **Indiana Lemon Law IC 24-5-13.5-13**

(a) A person who fails to comply with section 10, 11, or 12 of this chapter is liable for the following:

- (1) Actual damages or the value of the consideration, at the election of the buyer.
- (2) The costs of an action to recover damages and reasonable attorney's fees.
- (3) Not more than three (3) times the value of the actual damages or the consideration as exemplary damages.
- (4) Other equitable relief, including restitution, as is considered proper in addition to damages and costs.

(b) Actual damages under this section include the following:

- (1) The difference between the actual market value of the vehicle at the time of purchase and the contract price of the vehicle.
- (2) Towing, repair, and storage expenses.
- (3) Rental of substitute transportation.
- (4) Food and lodging expenses.

(5) Lost wages.

(6) Finance charges.

(7) Sales or use tax or other governmental fees.

(8) Lease charges.

(9) Other incidental and consequential damages.

(c) Lack of privacy is not a bar to an action under this section.

(d) This subsection does not apply to consent orders or stipulated judgments in which there is no admission of liability by the defendant. A permanent injunction, final judgment, or final order of the court obtained by the attorney general under section 14 of this chapter is prima facie evidence in an action brought under this section that the defendant has violated section 10, 11, or 12 of this chapter.

(e) An action to enforce liability under this section may be brought within two (2) years from the date of discovery by the buyer.

#### **Indiana Lemon Law IC 24-5-13.5-14**

A manufacturer or dealer who fails to comply with section 10, 11, or 12 of this chapter, as applicable to the manufacturer or dealer, commits a deceptive act that is actionable by the attorney general under IC 24-5-0.5-4 and is subject to the remedies and penalties set forth in IC 24-5-0.5.