**26 DEPARTMENT OF THE ATTORNEY GENERAL**

**239 CONSUMER PROTECTION DIVISION**

**Chapter 106: RULES FOR ADMINISTERING STATE LEMON LAW ARBITRATION**

**SUMMARY**: This chapter describes the procedures for administering the State Lemon Law Arbitration Program established at 10 M.R.S.A. §§ 1161-1169. The Arbitration Program arbitrates consumer complaints dealing with new motor vehicles that may be so defective as to qualify for equitable relief under the Maine Lemon Law. Pursuant to 10 M.R.S.A. § 1169, the Department of the Attorney General is responsible for administering the Arbitration Program and for promulgating these Rules.

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**SECTION 1. PURPOSE AND DEFINITIONS**

 A. **Purpose**. These Rules are promulgated pursuant to the "Maine Lemon Law," 10 M.R.S.A. § 1169(3) [hereinafter referred to as "Lemon Law"]. They set forth the procedures for state-certified motor vehicle Lemon Law arbitration as required by that law. These Rules are designed to promote the speedy, efficient, and fair disposition of disputes arising out of defective motor vehicles.

 B. **Definitions**. Unless otherwise stated, terms used in these regulations are as defined or used in the Maine Lemon Law, 10 M.R.S.A. §§ 1161-1169.

 1. "Arbitrator" means the arbitrator selected by the Attorney General to conduct state-certified motor vehicle arbitrations.

 2. "Business day" means any day during which the service department of the authorized dealer of the manufacturer is normally open for business.

 3. "Decision's date of issuance" means the date the arbitrator mails the written decision to the parties, plus 3 days for mail delivery. For example, if a party appeals the arbitrator's decision the appeal must be filed within 24 days after the decision's mailing date.

 4. "Documents" means, but is not limited to, relevant manufacturer's service bulletins, technical reports or notices, work or repair orders, diagnoses, bills, and all communications relating to the consumer's claim.

 5. “Lease payments" means the total of the lease payments made by the consumer, including any down payment or any trade-in allowance that was part of the lease contract and any security deposit.

 6. "Lemon Law term of protection" means the term of the manufacturer's express warranties, or the period of three years following the date of original delivery of the motor vehicle to the original consumer buyer or lessee, or during the first 18,000 miles of operation, whichever is the earliest date.

 7. "Motor vehicle" means a new or used motor vehicle which meets the Lemon Law definition at 10 M.R.S.A. § 1161(3) and which is owned or leased by a consumer who meets the Lemon Law definition at 10 M.R.S.A. § 1161(1).

 8. “Total purchase price" means the total price charged the consumer by the dealer prior to subtracting any rebates or deposits or any credits or allowances for any trade-in vehicles, and including the cost of all options and services (e.g., air-conditioning, rustproofing) added to the price of the motor vehicle.

**SECTION 2. ARBITRATION REQUESTS**

 A. **Timely Application for Arbitration**. To apply for state-certified arbitration a consumer must submit a timely "request for arbitration" form, which will be supplied on request by the Attorney General.

 1. The application form should be submitted to the Attorney General's Lemon Law Arbitration Program within 3 years from the date of original delivery to the consumer of a new motor vehicle and within the term of the express warranty.

 2. Consumers who submit forms after this application deadline are still eligible for arbitration , if the manufacturer voluntarily agrees to participate. In such cases, the deadline for completion of forms specified in Section 3 shall not apply.

 B. **Properly Completed Application**. To be accepted for arbitration, the request for arbitration must be in compliance with all other rules, regulations, procedures and provisions of law.

**SECTION 3. PROCESSING OF ARBITRATION FORMS**

 A. **Timely processing**. The Attorney General shall process requests for arbitration forms in a timely manner.

 The Attorney General shall date-stamp upon receipt submitted arbitration forms.

 B. **Reviewed for completeness**. The Attorney General shall review submitted arbitration applications for completeness and compliance with the Lemon Law.

 1. **Incomplete application forms**. The Attorney General shall promptly return incomplete forms to the consumer for completion. Such forms when completed must be received by the Attorney General within 6 months of the application deadline, except when failure to complete the form is due to the untimely processing of the request for arbitration form by the Attorney General.

 2. **Rejected application forms**. If in the opinion of the Attorney General the arbitration request does not describe a motor vehicle that could meet the statutory definition of a lemon as described in 10 M.R.S.A. §1163 and Section 2(B), the Attorney General shall reject the application form and return it to the consumer with the specific reason for the rejection. The consumer shall then have at least an additional six months to submit a valid application form. Rejection by the Attorney General satisfies the requirement in 10 M.R.S.A. §1165 that the consumer seek to resolve the dispute by application to arbitration before initiating a court action.

 C. **Start of 45 day arbitration period**. The Attorney General shall note on the application the date that the application was found to be complete. This acceptance date shall begin the 45 day period in which the arbitrator must render a decision in the case, and shall be deemed to be the "date of receipt" for purposes of 10 M.R.S.A. §1169(2). If this 45 day period is extended (e.g., due to scheduling delays), the decision must be issued and mailed within 10 business days of the hearing.

**SECTION 4. NOTIFICATION AND SCHEDULING OF ARBITRATION HEARINGS**

 A. **Manufacturer's designee for notice**. Each manufacturer of cars sold in Maine shall forward to the Attorney General within 10 days after the effective date of these regulations the name, title, address, and telephone number of the person designated by said manufacturer to receive these notices:

 1. Consumer requests pursuant to 10 M.R.S.A. §1163(3-A) for the manufacturer to make a final opportunity to repair any defects; and

 2. Consumer requests for arbitration pursuant to 10 M.R.S.A. §1169.

 Such information shall be presumed to be correct unless updated by the manufacturer.

 B. **Hearing scheduling**. Hearings will be held between 8:00 a.m. and 5:00 p.m. on weekdays. Schedules must attempt to accommodate the geographic and time-of-day needs of the consumer and manufacturer.

 C. **Notice of acceptance for arbitration**. Within 7 days of acceptance of a request for arbitration, the Attorney General shall mail a notice to the consumer and to the manufacturer or its designee that the consumer's request for arbitration has been accepted. General information about the arbitration process shall also be included. A copy of the consumer's request for arbitration and accompanying narrative shall be included in these mailings.

 D. **Hearing date**. The hearing shall be scheduled so as to allow the arbitrator to issue a written decision within 45 days of acceptance of the consumer’s application. The arbitrator shall mail (return receipt requested) notice of the date, time, location of the hearing, and the arbitrator's name. These notices shall be mailed to both parties no later than 10 days prior to the hearing.

 The arbitrator's office shall attempt to call both parties to confirm the hearing date. If a party is informed of the hearing date by this call this shall constitute sufficient notice should that party claim nonreceipt of the mailed hearing notice provided for in this Rule.

**SECTION 5. MANUFACTURER'S RESPONSE TO ARBITRATION REQUEST**

 Within 14 days of receiving a copy of the consumer's request for arbitration, the manufacturer shall mail to the consumer, the arbitrator, and the Attorney General a specific response to the facts and issues raised in the consumer's request for arbitration form. This response shall provide a detailed defense to the consumer's claims and shall list the witnesses and documents, if any, the manufacturer at that time expects to present at the hearing. This response shall also document all warranty repair work by the manufacturer or its authorized dealers. The Attorney General will provide a form that the manufacturer shall use in making this response.

 If the manufacturer fails to properly complete this response from the consumer may complain to the Attorney General and the manufacturer can be required to supplement its response.

**SECTION 6. RESCHEDULING ARBITRATION HEARINGS**

 A. **Only one request for rescheduling**. Each party shall be allowed one request to reschedule the arbitration hearing and it shall be granted only for very compelling reasons. A rescheduled hearing cannot again be rescheduled by the party who requested the original rescheduling, except pursuant to Section 14. In rescheduling a hearing the arbitrator should if possible attempt to accommodate the needs of both parties.

 If a consumer requests a second rescheduling and this request is denied and the consumer then fails to attend the hearing, this shall constitute a withdrawal with prejudice and unless there are exceptional circumstances the consumer will have forfeited his right to arbitration. If the manufacturer does this it shall constitute a default without ­good cause.

 A rescheduling request to the arbitrator may be accomplished by any reasonable means, but must actually be received by the arbitrator no later than the business day before the scheduled hearing.

 B. **Rescheduling the hearing**. Upon receipt of a request for rescheduling, the arbitrator shall record the date it was received, and assign a new hearing date falling within the statutory 45 day period, if one is available. If a hearing date is not available then the next possible hearing date shall be assigned and the statutory requirement that the decision be made within 45 days may be deemed waived. Notice of such new date shall be made to both parties by any means appropriate for the time then remaining before the hearing.

 When a hearing is rescheduled, the decision must be issued either within the original 45 day period or within 10 business days of the hearing, whichever is later. Notice to the parties shall be made in accordance with Section 4.

 The arbitrator may reschedule any hearing due to circumstances beyond their control. In rescheduling the hearing, the procedure outlined in this Rule shall be utilized.

 C. **Rejection of arbitrator**. The rejection of a proposed arbitrator pursuant to 10 M.R.S.A. §1169 is automatically granted. It shall be treated as if it were a request to reschedule and subject to the requirements of paragraph B of this section.

**SECTION 7. DEFAULTS**

 A. **Defaults**. A party defaults when it fails to appear at the hearing.

 B. **Manufacturer defaults**. If a manufacturer defaults the arbitrator shall still hold the hearing. The arbitrator shall make a decision based on the evidence presented by the consumer, and any of the manufacturer's evidence already in the arbitrator's possession.

 If the manufacturer, by the end of the next business day following the hearing but prior to the mailing of a written decision by the arbitrator, demonstrates good cause to the arbitrator for defaulting, the default shall be considered a request for rescheduling, and subject to the limits on requesting rescheduling set forth in Section 6. If the limits on rescheduling have not been reached, a completely new hearing shall be held, disregarding any evidence presented by the consumer previously (if any).

 C. **Consumer defaults**. If the consumer defaults it shall be considered a withdrawal of the request for arbitration. The hearing shall be canceled if the consumer defaults with or without good cause.

 If the consumer by the end of the next business day following the hearing demonstrates to the arbitrator good cause for defaulting, the default shall be considered a request for rescheduling, and be subject to the limits on requesting rescheduling pursuant to Section 6.

 D. **Both parties default**. If both parties default, the disposition of the case shall be handled as if only the consumer defaulted pursuant to this Rule.

 E. **Default without good cause**. The arbitrator shall decide whether a default was for good cause. If either party defaults without good cause and the hearing is not held, the defaulting party shall promptly pay to the Attorney General its costs for the abandoned hearing, if any.

**SECTION 8. WITHDRAWAL BY CONSUMER**

 A. **Withdrawals**. A consumer may withdraw his request for arbitration at any time.

 B. **Withdrawals prior to hearing date**. Withdrawals received prior to the day of the hearing shall constitute a full and complete withdrawal from the arbitration system, except that the timeliness of a consumer's accepted request for arbitration shall be preserved for at least six months after the consumer's first voluntary withdrawal and the time requirements of Section 3 shall be extended by six months.

 C. **Withdrawals on day of hearing**. Withdrawals received on the day of the hearing or as a result of a default without good cause will be considered a withdrawal with prejudice and the consumer's complaint will not be eligible for future State Lemon Law arbitration.

**SECTION 9. REQUEST FOR INFORMATION**

 A. **Request for information by either party**. Upon request, either party shall provide to the other and to the arbitrator, any non-privileged documents or other information reasonably related to the consumer's claimed defect(s) and which will reasonably assist the consumer in preparing the Request for Arbitration application or in presenting its case at arbitration. Included in such information can be a view of the consumer's vehicle or a test drive, as long as this occurs in the presence of the consumer and no repairs or adjustments are made.

 A view or inspection requested by the manufacturer shall be at the convenience of the consumer and any actual expenses to the consumer shall be reimbursed by the manufacturer.

 A party's request must allow a reasonable time for the gathering of the information by the other party, and the response must be received by the requesting party in a timely fashion and certainly no later than 3 days before the hearing.

 B. **Requests by arbitrator**. The arbitrator or the Attorney General is empowered to request reasonable additional information on behalf of either party. The parties shall comply with any such requests within 7 days, or within such reasonable period as the Attorney General or the arbitrator designates.

 C. **Failure to comply**. Upon failure of a party to comply with the arbitrator's direction to produce documents or information, the arbitrator may draw a negative inference concerning any issue involving such documents or information.

**SECTION 10. THE HEARING**

 A. **Presentation of evidence**. The conduct of the hearing shall encourage a full and complete disclosure of the facts.

 The formal rules of evidence shall not apply. The parties may introduce any relevant evidence that will assist the arbitrator in making a decision. It shall, however, be in the arbitrator's sole discretion whether to personally examine or ride in the consumer's vehicle.

 The consumer or his representative shall present his evidence and witnesses, then the manufacturer or its representative shall present its case.

 Each party may question the other after his presentation, and may question each witness after his testimony. The arbitrator may question any party or witness at any time.

 The consumer may provide a rebuttal at the close of the manufacturer's evidence and witnesses.

 Each party is responsible for presenting at the hearing all his evidence in a concise manner.

 B. **Suspension of hearing due to disruption**. After a warning, the arbitrator may suspend any hearing which becomes unmanageable due to the behavior of either party.

 1. Such suspended hearing shall be considered a withdrawal with prejudice if caused primarily by the consumer.

 2. Such suspended hearing shall be considered a default without good cause if caused primarily by the manufacturer.

 C. **Delayed decisions**. Unless the arbitrator obtains the consumer's written consent to a delayed decision, the arbitrator may keep the record open only for additional evidence that he requests if that delay will not interfere with the timely rendering of a decision. Such additional evidence shall be provided to both parties and the arbitrator may grant the parties the opportunity to respond in writing.

 Unless the arbitrator obtains the consumer's written consent to a delayed decision, the arbitrator may continue a hearing only if that continuance will not interfere with the timely rendering of a decision.

 D. **Hearing procedures**. The arbitrator shall make all reasonable efforts to tape record the hearing.

 The arbitrator shall administer an oath or affirmation to each individual who testifies.

 The hearing procedure contemplates that both parties will be present. However, either party may offer written testimony only, as long as the arbitrator and the other party are informed of such and are in receipt of the evidence 3 business days prior to the day of the hearing.

 Upon approval by the arbitrator, a party may present its case by telephone, provided that adequate advance notice is given to the arbitrator and to the other party. In such cases, the party requesting the telephonic hearing shall pay all costs associated therewith, including but not limited to costs for long distance calls, conference calls, and telephone amplification equipment.

 E. **Neutral arbitrator**. There shall be a single arbitrator conducting each hearing. The arbitrator shall be neutral and must not have a financial or personal interest in the outcome of any hearing.

**SECTION 11. THE DECISION**

 A. **Form and timing of the decision**. The arbitrator shall mail (return receipt requested) a decision in each case within 45 days of the acceptance date stamped on the request for arbitration form. At the discretion of the Attorney General, failure to mail the decision within such time period, or to hold the hearing within 44 days of acceptance of the request for arbitration, shall not invalidate the decision.

 All decisions shall be in writing, dated and signed by the arbitrator, and mailed to both parties and the Attorney General.

 The mailing date of the decision shall determine compliance with the 45 day requirement.

 The arbitrator may make an oral decision at the hearing but it shall not be binding until a written decision is mailed.

 B. **Contents of the decision**. The full written decision shall contain a summary of the evidence presented, a finding of facts, a conclusion of whether the motor vehicle meets the standards for refund or replacement, a clear calculation of the monetary award if the vehicle meets such standards, and an order if appropriate.

 Any monetary award of the total purchase price or lease payments to date, collateral charges, and costs shall be calculated in accordance with 10 M.R.S.A. §1163, but may be affected by any previous rebates, awards or settlements made the consumer. Local excise taxes are not collateral charges for purposes of reimbursement. The "reasonable use allowance" shall be based on the mileage accumulated after delivery of the vehicle to the consumer buyer or lessee.

 If a replacement vehicle is accepted by the consumer and the replacement vehicle has less mileage than the consumer's vehicle, then the manufacturer may require the consumer to pay a reasonable allowance for use based on the difference in mileage. This allowance shall be calculated according to 10 M.R.S.A. §1161, sub-§4.

 C. **Standards for refund or replacement**. The arbitrator's decision shall only determine whether the motor vehicle does or does not meet the Lemon Law standards for refund or replacement.

 As long as the arbitrator determines that:

 1. The nonconformity(s) complained of continued to exist after the final opportunity to repair and substantially impairs the use, value, or safety of the vehicle;

 2. The consumer gave the manufacturer or dealer a reasonable number of attempts to repair the vehicle as defined in 10 M.R.S.A. §1163 (an attempt to diagnose a defect after a vehicle has been returned for repair may count as a repair attempt even if no repairs were made); and

 3. That all other requirements of 10 M.R.S.A. c. 203 have been met; then the arbitrator must find for the consumer, and order the manufacturer to make a refund or replacement within 21 days of receipt of the decision.

 D. **Determining whether a defect is substantial**. In determining compliance with the nonconformity standard that the defect substantially impairs the use, safety, or value of the vehicle, the arbitrator shall consider the entirety of the circumstances in each case.

 In determining whether the vehicle’s "value" has been impaired the arbitrator may consider evidence that the vehicle's current market value is substantially lower than it would have been but for the nonconformity(s).

 In determining whether the vehicle is substantially impaired, the arbitrator shall **not** consider evidence that the nonconformity(s) can be repaired given an additional attempt(s) subsequent to the hearing. Such evidence may be considered in determining whether there have been a reasonable number of attempts to repair the vehicle.

**SECTION 12. DISPUTING THE ARBITRATOR'S DECISION**

 A. **Date of issuance of decision**. The date the arbitrator's decision is mailed to the parties shall be entered on the first page of the decision. This date, plus three days for mailing, shall be the decision's "issuance date."

 B. **Technical corrections to arbitrator's decision**. The Attorney General may make "technical corrections" to an arbitrator's decision. "Technical corrections" shall generally be defined as errors or omissions in reimbursable costs, computational corrections, typographical corrections, or other minor corrections.

 Requests for technical corrections shall be submitted in writing, and must be received by the Attorney General within 14 days of the date of issuance of the arbitrator's full written decision.

 C. **Procedural complaints**. All claims concerning procedural irregularities, or complaints concerning an arbitrator's conduct, or legal errors should be made in writing to the Attorney General. This information is requested to assist the Attorney General in its oversight of the arbitration process and shall not constitute an appeal of any kind.

 D. **Notification of appeals**. If either the manufacturer or the consumer seeks a trial de novo and appeals the arbitrator's decision, or if the consumer initiates a new private action, the parties shall provide the Attorney General with a copy of their initial pleadings in the action. The parties shall provide these filings contemporaneously with their filing in court.

 E. **Frivolous appeals by the manufacturer**. It shall be prima facie evidence of an Unfair Trade Practice under 5 M.R.S.A. §§206-214 for a manufacturer to appeal an arbitrator's decision if there were not a reasonable basis for its appeal or if the appeal was frivolous.

**SECTION 13. NOTIFYING THE CONSUMER**

 The arbitrator shall include with the arbitration decision general information to the consumer explaining the consumer's right to appeal the decision to Superior Court or to initiate a new private legal action.

**SECTION 14. ADDITIONAL ARBITRATIONS**

 A. **Limit to arbitrations**. Consumers are generally entitled to only one state-certified arbitration per motor vehicle. Participation in any other arbitration or dispute resolution mechanism shall not affect eligibility for state-certified new car arbitration.

 B. **Discretion to allow an additional arbitration**. It shall be within the discretion of the Attorney General whether to allow a new arbitration or participation in arbitration after a withdrawal with prejudice by a consumer, after a party reaches the limit on rescheduling or after a consumer has not prevailed in a previous state-certified new car arbitration. In the case of the latter, the consumer must show a significant change in circumstances (e.g., the failure of a manufacturer's subsequent repair attempt after the arbitrator had ruled that there had not been a "reasonable number of (repair) attempts" or the discovery of a non-conformity(s) not considered in the initial arbitration decision) that would now qualify the vehicle for refund or replacement, assuming all other requirements of the Lemon Law had been satisfied.

**SECTION 15. NOTICE TO CONSUMERS**

 A. **Owner's Manual Sticker**. Beginning no later than 60 days after the effective date of these regulations, all new motor vehicles and those used motor vehicles still within the Maine Lemon Law term of protection which are sold, offered for sale, or displayed in Maine shall have affixed to the cover of the warranty booklet a yellow sticker which states in not smaller than 5 point type:

If your motor vehicle is seriously defective and cannot be repaired, you may be eligible for Maine State Lemon Arbitration and a new motor vehicle or your money back. For more information, read the Lemon Law brochure in this warranty booklet or call the Attorney General's Lemon Arbitration Program at (207) 626-8848, or (800) 436-2131 or e-mail **lemon.law@maine.gov**.

 B. **Manufacturer and dealer responsibilities**. The manufacturer shall be responsible for supplying these notices to selling dealers and for entering on each cardboard notice the name and address of the manufacturer's agent for that particular vehicle who should be contacted in order for the manufacturer to make its final repair attempt. The dealers shall be responsible for placing the notices on the owner's manual and inside the warranty booklet.

 Manufacturers are encouraged to submit a copy of their proposed sticker and notice to the Attorney General for prior approval.

 C. **Warranty Booklet Lemon Law Notice.** Beginning no later than 60 days after the effective date of these regulations, all new motor vehicles and those used motor vehicles still within the term of protection which are sold or offered for sale in Maine shall include inside the warranty booklet a separate yellow cardboard notice in the following form in not smaller than 10 point type:



**MAINE ATTORNEY GENERAL LEMON LAW ARBITRATION**

**IF YOU HAVE A SERIOUS PROBLEM WITH THIS VEHICLE**

The Maine Lemon Law (10 M.R.S.A. §§ 1161-1169) provides free Attorney General arbitration for consumer buyers or lessees whose motor vehicle (including motorcycles and motorized RVs) is seriously defective. Under the Maine Lemon Law, you may have a right to a **refund or a replacement** of the vehicle if the following applies:

 1. There is an unrepaired defect or combination of defects which substantially impairs the use, safety, or value of your vehicle; and

 2. This unrepaired defect was reported to the dealer or manufacturer:

* during the manufacturer’s express warranty; and
* within the 3 year period following the delivery date of the vehicle to the original purchaser or lessee; and
* during the first 18,000 miles of operation; and

 3. The defect still exists or has recurred after:

* 3 or more repair attempts for the same defect; **or**
* 1 or more repair attempts for the serious failure of either the braking or steering system; **or**
* Being out of service for repairs for a cumulative total of 15 or more business days (for one or more defects); **and**
* The manufacturer had been given in writing a 7 day Final Opportunity To Repair.

For this vehicle you should notify the Manufacturer or its authorized dealer of the defects and the right to make a final repair. Mail to:

[*Name and address of Manufacturer*]

 The Attorney General’s state-run arbitration is different from any manufacturer sponsored program to which you may also be entitled. Under the state Lemon Law program, you will receive a free hearing before a neutral state Arbitrator and a decision within 45 days of acceptance of your Lemon Law application. If your vehicle is declared a Lemon, the manufacturer must refund your purchase price or replace the vehicle.

 **You must apply for state-run arbitration within 3 years after delivery to the original consumer and within the term of the manufacturer's warranty.**

THIS SHEET PROVIDES ONLY A SUMMARY OF THE MAINE LEMON LAW

To request arbitration, or to get further information contact:

The Attorney General’s Lemon Law Arbitration Program

Consumer Protection Division, 6 State House Station, Augusta, ME 04333

Telephone: (207) **626-8848 or (800) 436-2131 (option 3)**

e-mail: [lemon.law@maine.gov](%5C%5C%5C%5CBMV-server2012%5C%5Cdata%5C%5CSOS%5C%5CWebsite%5C%5Csos%5C%5Ccec%5C%5Crules%5C%5C26%5C%5C239%5C%5Clemon.law%40maine.gov)

<http://www.maine.gov/ag/>

**SECTION 16. SANCTIONS**

 A. **Sanctions**. If either party fails to comply with these Rules, the arbitrator may make such orders as are just, and among others the following:

 1. An order prohibiting the party from introducing designated matters in evidence; or

 2. An order dismissing the proceedings or rendering a judgment by default against the noncomplying party.

**SECTION 17. DAMAGED VEHICLES**

 A. **Damage by consumer**. If a vehicle that is the subject of arbitration has suffered damage beyond reasonable wear and tear through no fault of the dealer or manufacturer, and that damage is unrelated to the defect, the consumer must either:

 1. Repair the damage;

 2. Pay to the manufacturer the reasonable costs of repair; or

 3. Allow a deduction from the award for the reasonable costs of repair.

 B. **Notice by consumer**. The consumer must notify the manufacturer and the Lemon Law Arbitration Program of the existence and nature of such damage before the hearing, or, if the damage occurs after the hearing, within three days of occurrence.

 C. **Damage as an issue at arbitration hearing**. If the issue of damage is raised at the hearing, the arbitrator may assess fault and the cost to repair the damage. If the arbitrator assesses fault, and if he determines that the damage is the fault of neither the dealer nor the manufacturer, the arbitrator shall deduct from the amount of the award the cost to repair the damage. The cost of damage suffered after an arbitration decision favorable to the consumer shall be fairly resolved between the consumer and the manufacturer.

 D. **Request for decision delay**. If the issue of damage is not resolved by the arbitrator, the manufacturer may submit a request in writing to the Attorney General for permission to delay issuing the award until the issue of damage is resolved. Unless such permission is granted the manufacturer shall pay the full award, or appeal the arbitrator's ruling, within the award/appeal period.

**SECTION 18. MANUFACTURER'S REPORTS TO THE ATTORNEY GENERAL**

 A. **Periodic reports**. Manufacturer shall notify the Attorney General of the following information:

 1. Within 30 days of delivery to the consumer, the terms of any award to consumers who filed a request for arbitration, including the terms of any settlements agreed to before the arbitration hearing;

 2. Within 30 days of sale, the new purchaser's name, if any, of any vehicle found by an arbitrator to be in violation of the Maine Lemon Law and then sold in Maine by the manufacturer.

**SECTION 19. BINDING SETTLEMENTS**

 If prior to the scheduled arbitration hearing the parties reach a settlement, either party may request that the Arbitrator issue a decision setting forth the terms of that settlement.

 Such a decision shall be binding upon the parties. If the manufacturer fails to comply with this decision it may be subject to penalties under the Maine Lemon Law, 10 M.R.S.A. §1169 ( 5, 8 and 10).

**SECTION 20. LEASED VEHICLES**

 If the manufacturer accepts an arbitrator's decision granting a refund to a consumer lessee, compliance with this decision shall be accomplished within 21 days of receipt of the decision and shall include payment of the refund to the consumer, satisfaction of the lessor's interest, and obtainment of clear title to the vehicle.

 For the purpose of calculating the refund's reasonable allowance for use, the "purchase price" of the leased vehicle shall be equal to a reasonable estimate of the vehicle's retail price (“gross capitalized cost”) if it had been sold at the time the consumer entered into the lease. This estimate shall be based on, but not limited to, the manufacturer's suggested retail price for that vehicle, if such a figure is available.

**SECTION 21. MISCELLANEOUS PROVISIONS**

 A. **Where to address correspondence**. All correspondence by parties to the Attorney General should be directed to the attention of the Lemon Law Arbitration Program.

 B. **Additional program guidelines**. The Attorney General may from time to time develop internal guidelines for the operation of the Lemon Law Arbitration program. Pursuant to 5 M.R.S.A. § 9001, the Attorney General may also issue advisory opinions interpreting the Maine Lemon Law and these Rules. Requests for an advisory opinion shall be addressed to the Attorney General and shall include the factual background that gave rise to the question. The Attorney General shall respond to such requests within 45 days.

 C. **Waiver of Rules**. Upon finding of extraordinary circumstances, the Attorney General may waive any of these Rules, if such waiver would be in the public interest, and serve to carry out the purpose and intent of the Maine Lemon Law and these Rules.

 D. **Unexpected situations**. Situations not covered in these regulations shall be handled by the Attorney General or the arbitrator in an equitable and efficient manner.

 E. **Executive or Demonstration Motor Vehicles**. An executive motor vehicle or demonstration ("demo") motor vehicle is covered under the Lemon Law if when it was originally sold to a consumer it met the statutory definition of a "new vehicle" at 10 M.R.S.A. § 1171(13). If the consumer and manufacturer cannot determine the date the vehicle was first used, the term of protection shall be the term of the consumer's express warranties, or 18,000 miles, whichever comes first.

 F. **Dealer defects**. The Lemon Law can result in a manufacturer being responsible for defects caused by an authorized dealer's mistakes in installing options which are the product of the manufacturer or in attempting warranty repairs.

 The effective date of Chapter 106, except for Section 15, shall be retroactive to October 1, 1989. For Section 15 the effective date shall be the date these Rules are actually promulgated.

EFFECTIVE DATE:

 January 17, 1990

AMENDED:

 May 9, 1990 (EMERGENCY)

 October 1, 1990 - Section 15

NON-SUBSTANTIVE CORRECTIONS:

 April 4, 2000

AMENDED:

 April 4, 2000

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