

HOUSE BUSINESS & INDUSTRY COMMITTEE

Chairman, Rep. Jerry Metcalf, called the Business & Industry Committee to order on January 19, 1983, at 9:00 a.m. in Room 420 of the Capitol Building, Helena, Montana. All members were present except Rep. Ellerd who was excused.

HOUSE BILL 18

REP. DAN HARRINGTON, District 88, sponsor, opened by saying House Bill 18 can affect anyone who buys a new automobile, many times the second largest out-put of money that anyone makes. The consumer should expect a certain amount of quality from this product. The manufacturer and not the dealer should comply with the warranty. This bill will take the dealers off the hook. People will not be able to take advantage of this bill unless they have proven the problems exist. (Exhibit #1 is depositions of unsatisfied consumers)

PROponents:

BRINTON MARKLE, Department of Commerce, Helena, said his department received 90 to 100 warranty complaints a year. Fifteen to twenty a year are unsolved. The only recourse these people have is to try to go to court. Before a consumer could use this bill, he would have to use the Magnuson-Moss Act which requires a trip to Denver. I have never heard of one of these procedures being used in this state. Warranties are totally voluntary statements by the manufacturer on his product. We now have Autocap and when we get a complaint, we send them to Autocap. If no satisfaction is received there, they would have to go to Denver. After that, then the thrust of HB 18 would take effect. There would be 3 or 4 steps he would have to take before he could utilize this bill. If the manufacturers showed good will toward this bill, I think it would speed things up.

THERESA NORDHOLM, consumer, Anaconda, testified she has had nothing but problems with her 1981 Toyota. After many excuses and tries at rectifying the problems, she asked for her money back but they said no. She is now making payments on a car she cannot use and does not feel safe in.

STEVEN SLAGLE, consumer, Clancy, explained the many problems he had with his AMC vehicle with no satisfaction. He feels that he has exhausted practically every avenue of recourse short of litigation and believes there is a definite need for HB 18. (Exhibit #2)

ANNA BLOOM, consumer, Anaconda, is very dissatisfied with her Subaru vehicle and stated she finally called Subaru of America and they told her they were sorry she was dissatisfied but there was nothing more they could do and the problem was now between her and her dealer. She finally sold the car, not in her home town as she did not want any of her neighbors to get stuck with her lemon.

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ROBERT ANDERSON, Montana Public Interest Research Group, Missoula, said it should be stressed that this Lemon Law is not an attack on the auto industry. It simply provides for the fact that, in a mechanized process such as automobile production, quality control measures notwithstanding, a few "lemon" units are bound to get through, and the consumer should be protected against having to foot the bill for these. (Exhibit #3)

JERRY RAUNIG, Montana Automobile Dealers Association, said his organization was not taking a stand on this bill. He was here only to explain the Autocap Program now in effect all over the state. They are requesting dealers to put brochures on Autocap in the glove compartment of all their new cars. (Exhibit #4) The object of his program is to put consumers in contact with dealers. They have a panel made up of three dealers and three consumer representatives. Since their organization began in December 1982, they have received 23 phone complaints and 5 written complaints. Four have been closed by the Autocap staff; one in favor of the dealer, two in favor of the consumer and one compromise.

OPPONENTS:

TOM SCHWERTFEGER, Motor Vehicle Manufacturers Association, Denver, said he recognized there were problems but suggested there were other mechanisms available besides legislation to solve them. 1. The Manufacturer's Transport System which could require a trip to Denver, and 2. The Autocap program. Ultimately this bill would be a legal remedy and would require a lawyer. The costs are going to be passed on to the consumer. Their recommendation is to allow the Autocap Program to work. He submitted amendments which he feels would make the bill more workable. (Exhibit #5)

REP. HARRINGTON: I hope you will not just look at this bill and put it off for a while. The consumer needs this bill. I think Montana should be the fourth state to pass this bill.

QUESTIONS:

REP. LYBECK: Mr. Raunig, who is going to appoint the panel for Autocap? Mr. Raunig: It has been done through the Montana Automobile Dealers Association. They selected them last April.

REP. JENSEN: Is there any provision in Autocap that it demand the manufacturer to give a person a new car? Mr. Raunig: They could recommend that.

REP. SAUNDERS: Mr. Schwertfeger, do you think it's fair to the consumer to have to go to the expense of the courts to get satisfaction on a lemon? Mr. Schwertfeger: No, sir, I do not. That's why we are in favor of arbitration that is available. There is no expense to the consumer to take part in the Autocap Program.

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HOUSE BILL 175

REP. GENE DONALDSON, District 29, sponsor, opened by saying there are two problems in the current law. 1. It can only be extended to one year and 2. It should be for the amount of the indebtedness. You have to change it almost weekly in many cases.

PROPOSERS:

JOHN CADBY, Montana Bankers Association, said we have an obsolete law restricting what is common practice in business today. We provide level term credit life insurance on a monthly premium. If he dies one month later, the insurance company pays off his debt at the bank and gives the balance to his survivors. You can't buy more than you are borrowing. If a borrower wishes to obtain term life insurance for the amount of the loan, he can buy it directly from an insurance man probably at a lower premium than the bank offers. Under the current law, the insurance cannot exceed the indebtedness. We want this changed. This bill clears up the law so that Life Term Credit Life Insurance can be written on all kinds of loans.

OPPOSERS:

ELMER HAUSKEN, lobbyist, Montana Life Underwriters, stated they object to the proposed extension of credit life face amounts to become level term insurance because it exceeds the proper intent of banking activities by denying complete freedom of choice and/or economic savings to be obtained in an open market without the inference or implied suggestion that a credit line is at stake.

ROGER McGLENN, Independent Insurance Agents Association of Montana, said he did not see a benefit to consumers with this bill.

REP. KITSELMAN: Being an independent insurance agent he is opposed to this bill. He stated the banks really push their own credit life insurance. His wife worked at a bank and was offered a bonus on any sales of this insurance. One reason he objects to bankers selling insurance is that they have complete financial information on their clients, an advantage independent agents don't have.

NORMA SEIFFERT, Montana Insurance Department, Helena, stated she is aware of the amount of complaints that her office receives. Many times the people do not know that they have insurance - it has just been automatically included in.

REP. DONALDSON: This bill won't keep bankers from taking advantage of people. This bill does not address that. Mainly, this bill allows that each time your indebtedness changes you don't have to take out another policy. We are not trying to

put banks in competition with insurance agencies.

QUESTIONS: none

HOUSE BILL 190

REP. TOM ASAY, District 50, sponsor, opened by saying this is a simple bill to allow the sale of gasoline in large volume the option to buy on a temperature corrected basis. The present law provides for sale on a gross gallon basis only. This bill allows them to buy either on a gross gallon basis or on the assumption that the product comes out of the pump at 60° F. He will have to make his option on an annual basis. This is in line with neighboring states and will put us in conformity with states around us.

PROPONENTS:

JOHN BRAUNBECK, Independent Businessman, Helena, stated all they were asking is that the statute be changed to include the option that the wholesale purchaser can exercise the option to buy gross or temperature corrected on a yearly basis. DAVE SAYLOR, Forsyth, said the refineries have decided to cut back on the number of gallons they store which makes it a hotter product. Those people purchasing from a pipe line get a product where the temperature has come down. We have trouble staying in competition with the people pulling from the pipe line. We in the Billings area have had some pretty substantial losses in the last year due to the fact that the refineries cut back on storage.

GARY DELANO, Weights and Measures Division, Helena, stated the companies have come to the division hoping they could make a regulation on this but we have a statute that states gross gallons only. We want to make sure that it is an option and that transaction for petroleum products is limited to those who want to buy in a certain mass. We also want to make sure there is no price differential in the way the product is purchased. The only penalty is that the invoice would be invalid, but if a purchaser were refused there wouldn't be any invoice, so we may have trouble with that. Under subsection 3 the word "transporter" confuses me. I would like an explanation of that.

OPPONENTS: none

REP. ASAY: The main problem now is that refineries have reduced the amounts they have in storage for the temperature to be consistent.

QUESTIONS:

REP. FABREGA: We are talking about an exchange not a sale?

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Mr. Saylor: The method of transfer before it's sold is exchanges. I believe transporters means exchange partners before there is a sale. We have no objection to deleting the word transporters out.

Mr. Delano: Subsection 3 could be eliminated all together.
REP. SCHULTZ: Can a dealer come to a refinery for small loads? Mr. Asay: He has to buy in 75 or 100 lots. He has to be a licensed distributor.

EXECUTIVE SESSION ON HOUSE BILL 190:

REP. FABREGA moved that HB 190 DO PASS with the following amendment: Delete Subsection 3. So moved. Passed unanimously. Question by Rep. Schultz. House Bill 190 was voted DO PASS AS AMENDED unanimously.

EXECUTIVE SESSION ON HOUSE BILL 134:

REP. FABREGA moved to reconsider the Committee's action on House Bill 134. Passed unanimously.

REP. FABREGA proposed the following amendment to HB 134: Eliminate the 10-day requirement and insert a 3-day requirement. So moved. Passed unanimously.

REP. FABREGA moved to strike the \$10 catering fee and insert \$40. Rep. Pavlovich: The \$40 is good because catering people are in direct competition with tavern owners. If they want to make a profit from a private party, they should be required to pay the \$40 fee.

Question by Rep. Harper. Passed unanimously.

REP. KITSELMAN moved that House Bill 134 DO PASS AS AMENDED. Question by Rep. Fabrega. Passed unanimously.

CHAIRMAN METCALF asked that the Committee meet an hour earlier on January 20 for an Executive Session before the regularly scheduled hearing at 9:00 a.m.

The hearing adjourned at 11:15 a.m.



JERRY METCALF, CHAIRMAN



Linda Palmer, Secretary

STANDING COMMITTEE REPORT

January 19

1983

MR. Speaker:

We, your committee on **BUSINESS & INDUSTRY**

having had under consideration **HOUSE** Bill No. **190**
first reading copy (white)

A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING PURCHASERS OF GASOLINE IN LARGE VOLUMES THE OPTION OF PURCHASING GASOLINE ON A TEMPERATURE CORRECTED BASIS; AMENDING SECTION 30-12-409, MCA; AND PROVIDING AN EFFECTIVE DATE."

Respectfully report as follows: That **HOUSE** Bill No. **190**

be amended as follows:

- 1. Page 2, lines 8 through 10
Strike: Subsection (3) in its entirety**

AND AS AMENDED

DO PASS

STANDING COMMITTEE REPORT

1 of 2

January 19, 1983

19.....

MR. **Speaker:**.....

We, your committee on **BUSINESS & INDUSTRY**.....

having had under consideration **HOUSE**..... Bill No. **134**.....

first reading copy (white)
color

A BILL FOR AN ACT ENTITLED: "AN ACT ELIMINATING THE 10 DAY APPLICATION FILING REQUIREMENT FOR ALL-ALCOHOLIC BEVERAGES LICENSE CATERING ENDORSEMENTS AND BEER AND TABLE WINE SPECIAL PERMITS; REMOVING THE DEPARTMENT OF REVENUE'S INVESTIGATORY DUTIES FOR SUCH ENDORSEMENTS AND PERMITS; REDUCING THE CATERING APPLICATION FEE; AMENDING SECTIONS 16-4-204, 16-4-301, AND 16-4-402, MCA."

Respectfully report as follows: That **HOUSE**..... Bill No. **134**.....

BE AMENDED AS FOLLOWS:

1. Title, line 5
Following: "AN ACT"
Strike: "ELIMINATING THE 10-DAY"
Insert: "PROVIDING A 3-DAY"

2. Title, line 10
Strike: "REDUCING THE CATERING APPLICATION FEE;"

3. Page 6, line 2
Following: "\$40"
Strike: "\$10"
Insert: "\$40"

4. Page 6, line 3
Following: ~~minimum~~ "at-least-10-days"
Insert: "at least 3 days"

EXHIBIT

5. Page 7, lines 19 and 20

Strike: "filed with the department prior to the event"

6. Page 7, line 20

Following: "event"

Insert: "presented 3 days in advance"

AND AS AMENDED
DO PASS

VISITOR'S REGISTER

HOUSE D-I

COMMITTEE

BILL HB 18

DATE 1-19-83

SPONSOR _____

NAME	RESIDENCE	REPRESENTING	SUP-PORT	OP-POSE
Robert Anderson	30 1/2 Plaine, MSLA	MONT PIRG	✓	
Gordon Bruce	Helena, MT.		—	—
Tom SCAWSTER	DENVER, CO	MOTOR VEHICLE MANUFACTURERS Assoc.		✓
P. Munkie	Helena	Dept. of Commerce	✓	
R. Bloom	Anaconda	Yoursself	✓	
Rena P. Papp	Anaconda	Yoursself	✓	
Merissa Nordholm	Anaconda	Yoursself	✓	
Heidre Slagle	Clancy	" "	✓	
Steven E. Slagle	Clancy	Self	✓	
Loraine J. Hill	Philipsburg	self		
John K. Kiser	Helena	MT Auto Dealers Assoc - neutral		
P. G. HAVDANL	Helena	MT Motor Comm Assoc		
W. H. ...	Helena	Common Cause	✓	
John DeBolt	Butte - Helena	NO-one	✓	

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.
 WHEN TESTIFYING PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

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DEPARTMENT OF COMMERCE
DIVISION OF BUSINESS AND PROFESSIONAL LICENSING
CONSUMER AFFAIRS UNIT
1424 9TH AVENUE
HELENA, MONTANA 59620
(406)449-3163

EXHIBIT 01
RECEIVED
FEB 25 1982

Ted Schwinden, Governor
Gary Buchanan, Director

Brinton R. Markle, Attorney/Unit Manager
Jerome D. Wines, Administrative Officer
Deanne R. Moore, Complaint Analyst

C O N S U M E R C O M P L A I N T

(please print or type)

Party Complained Of General Motors - Eleroas Buick
Street Address 800 E Park
City ANACONDA Mont 59711
(State) (zip code)

Your Name Wayne Kahm
Street Address 1220 Bonine Dr #35
City Havre Mont 59501
(State) (zip code)

Telephone No. 563-5256

Telephone No. (Home) 265-6433
(Business)

Date of Transaction 6-23-81

Manager or Salesperson Errol Eleroas

PRODUCT OR SERVICE INVOLVED 1981 Buick Regal
(Model #) (Serial #) 1G4AM47A4B21239

Purchase Price of Product \$ 10,907.00
Approximate Cost of Repair or Replacement \$ 10,907.00

WAS A CONTRACT SIGNED? Yes (X) No () (If so, please attach copy)

IF YOUR COMPLAINT RELATES TO FALSE ADVERTISING OR DECEPTIVE TRADE PRACTICES, INDICATE WHEN AND WHERE THE PRODUCT OR SERVICE WAS ADVERTISED. (If possible, attach a copy of the advertisement.)

WAS A WARRANTY ISSUED? Yes (X) No () (If so, please attach a copy)

FINANCIAL INSTITUTION INVOLVED, IF ANY

NAME(S) AND ADDRESSES OF ANY OTHER WITNESSES:

REFERRED BY: (Name and address of private attorney or legal aid group, etc.)

7 = #1518

HAVE YOU CONTACTED THE PARTY COMPLAINED OF? Yes (X) No ()
DO YOU RETAINED A PRIVATE ATTORNEY? Yes () No (X)

BRIEFLY EXPLAIN THE NATURE OF YOUR COMPLAINT. (Describe events in the order in which they occurred. Use additional pages if necessary.)

Cracked plastic panel in back seat (replaced) paint coming off of new panel. Both door windows squeek & rattle, dashboard rattles. Electronic part in the car horn that measures the amount of fuel went out, (replaced.) The day after we got the car back, four pistons went out. The car was in the shop for ~~one~~ ^{3 weeks}. The day we got it back it still wasn't running right and we barely made it home. We took it back to the shop and this time they had it for a month. We got the car back and ~~the~~ it still wasn't running right. The service manager said that was all he could do to fix it, we would have to take it back to where it was repaired the first time - which is 300 miles away and the car is under warranty by GM. We do not think the car will make the trip or that we should have to take the car elsewhere to be repaired. The day after we picked the

state the relief you desire, i.e., cancellation of contract, refund, repair, etc.

Refund or replacement:

I hereby authorize the use of my name in investigating the company or individual complaint of and referral of the complaint to other regulatory agencies. I have read all the material contained in the complaint and hereby affirm that it is true and complete to the best of my knowledge.

DATE: July 23, 1982 SIGNED: Pellie Kahn

Please attach copies of all documents that have a direct bearing on the complaint.)

HB18

car up this last time the cigarette lighter, the interior lights and the clock all stopped working. ~~It~~

I have contacted the district manager in Portland and also the dealer here and the one in Astoria where it was purchased and repaired the first time. ~~and also the~~ I have heard nothing from any of them for over a week. We have been more than cooperative with all of them and General Motors for well over 2 months. We would like to know what legal steps we can take to get satisfaction.

I have made numerous long distance calls on this - with no response and don't feel I should have to keep after them when they are all very much aware of our problem. The service manager here was supposed to pick up the car, where I work a week ago and never did. I feel we have had very poor service. For a new car, purchased for dependability it has been very much the opposite.

Note - Our last name was misspelled on the letter we ~~is~~ received along with this complaint form. Thank you.

VEHICLE ORDER

DATE 6-30 1961

DEALER Edwards

PURCHASER W. J. ...

PLEASE ENTER MY ORDER FOR ONE SMV. VEHICLE AS FOLLOWS:

YEAR	MAKE	MODEL	TYPE	COLOR
<u>61</u>	<u>Dodge</u>	<u>Light</u>	<u>2 Dr</u>	<u>Black</u>
V.I. OR SERIAL NO.		STOCK NO.	TO BE DELIVERED	
<u>1G4AMU7A532123926</u>		<u>2305</u>	<u>2-05</u>	
CASH SALES PRICE				<u>10422</u>
TRADE IN				<u>7321</u>
DIESEL				<u>6000</u>
DOCUMENTARY CHARGE & FEES	LICENSE	LICENSE TRANSFER	TITLE	REGISTRATION
TOTAL CASH DELIVERED PRICE				
CREDITS	DEPOSIT ON ORDER			
	ALLOWANCE FOR TRADE-IN AS APPRAISED			
	LESS: BALANCE OWING TO -			
	CASH ON DELIVERY			
RECORD OF TRADE-IN				
YEAR	MAKE	MODEL	TYPE	COLOR
<u>61</u>	<u>DODGE</u>		<u>PA</u>	<u>Black</u>
V.I. OR SERIAL NO.		LICENSE NO.	TITLE NO.	

The front and back of this Order comprise the entire agreement affecting this purchase and no other agreement or understanding of any nature concerning same has been made or entered into, or will be recognized.

I have read the matter printed on the back hereof and agree to it as a part of this order the same as if it were printed above my signature. I certify that I am of legal age to execute binding contracts in this State and hereby acknowledge receipt of a copy of this order.

BUYER'S SIGNATURE [Signature]

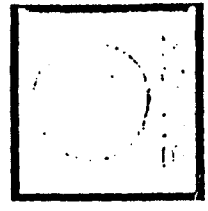
ADDRESS [Address]

THIS ORDER IS NOT VALID UNLESS SIGNED AND ACCEPTED BY DEALER OR HIS AUTHORIZED REPRESENTATIVE.

ACCEPTED BY _____ DEALER OR AUTHORIZED REPRESENTATIVE

1981
BUICK

NEW CAR WARRANTY INFORMATION (EXCEPT CALIFORNIA)



25-429

EILERAAS BUICK & GMC, INC.
800 E. PARK ST.
ANACONDA, MT. 59711

Wayne Kahm

Owner's Name

110 Mtn. View Homes

Street Address

Anaconda, Mt. 59711

City and State

1 | G | 4 | A | M | 4 | 7 | A | 4 | B | Z | 1 | 2 | 3 | 9 | 8 | 6

Vehicle Identification No.

June 30, 1981

Date of Delivery to First Retail Purchaser
(Service Date if Applicable)

0 3 1 1 8

Vehicle Mileage at Time of Such Delivery

... control systems of your 1981 Buick ... were designed, built and tested using ... parts and the car is certified as being in ... with applicable federal emission control ... accordingly. It is recommended that any ... parts used for maintenance or for the re- ... ion control systems be new. Genuine GM

... OBLIGATIONS ARE NOT DEPENDENT ... SE OF ANY PARTICULAR BRAND OF RE- ... PARTS. THE OWNER MAY ELECT TO USE ... E GM PARTS FOR REPLACEMENT PURPOSES. ... YMENT PARTS WHICH ARE NOT OF EQUIV- ... Y MAY IMPAIR THE EFFECTIVENESS OF EMIS- ... OL SYSTEMS.

... new, genuine GM parts are used for ... replacements or for the repair of com- ... cting emission control, the owner should ... ill/herself that such parts are warranted ... nufacturer to be equivalent to genuine ... rts parts in performance and durability.

... SERVICE CAN BE PERFORMED BY ANY ... RVICE OUTLET; HOWEVER, WARRANTY SER- ... BE PERFORMED BY AN AUTHORIZED ... ealers covering the performance of ... nance should be retained in the event ... ise concerning maintenance. These re- ... d be transferred to each subsequent ... : car. Buick reserves the right deny war- ... ge if the vehicle has not been properly ... However, this decision would not be ... on the absence of maintenance records.

... called information concerning parts of the ... ntrol systems components covered by the ... ntrol Systems Warranties, ask your dealer.

... ther warranties covered in this folder, take ... /our Buick dealer to obtain service under ... Performance Warranty. This should be ... on as possible after failing an EPA- ... M Test.

... s qualifying under the warranty will be

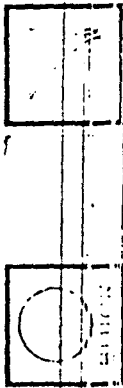
(Cont'd. on next panel)

performed by your dealer at no charge. Repairs which do not qualify will be charged to you. In any event, you will be notified if a repair is covered under the warranty within a reasonable time (not to exceed 30 days) after receipt of the car by the dealer, or within the time period required by local or state law. The only exceptions would be if you request or agree to an extension, or if a delay results from events beyond the control of your dealer or Buick. If you are not so notified, you may be eligible to receive any required emission performance repairs at no charge.

In the event a warranty matter is not handled to your satisfaction, refer to the three-step procedure in this folder entitled "Owner Assistance."

For further information or to report violations of the Emission Performance Warranty, you may contact the Director, Field Operation and Support Division (EN-397), Environmental Protection Agency, 401 M Street S.W., Washington, D.C. 20460.

The Emission Performance Warranty is currently the subject of litigation with the U.S. Environmental Protection Agency. As a result, the warranty may be modified by the actions of the courts. Buick reserves the right to change the terms of the warranty to be consistent with those actions. See your dealer for information regarding possible changes.



WARRANTY (Cont'd.)

Washing Your Car
 The best way to preserve your car's finish is to keep the car clean by washing frequently. Wash your car only with lukewarm or soft water. Do not wash the car in the direct rays of the sun. Use strong soap or chemical detergents. Any cleaning agents used should be washed off promptly and allowed to dry on the finish.

Material Deposits - Calcium chloride and lime, ice melting agents, road oil and tar, tree and droppings, chemicals from industrial chimneys and other foreign matter may damage the car left on painted surfaces. Prompt washing may completely remove all these deposits. Additional cleaning is may be needed. When using chemical cleaning agents developed for this purpose, be sure they are used on painted surfaces.

Body Maintenance - Corrosive materials used in snow removal and dust control can collect on body parts. If these materials are not removed, accelerated rusting can occur on underbody parts such as fuel lines, frame, floor pan and the suspension. At least every spring, flush these materials from the underbody with plain water. Take care to clean all areas where mud and other debris can collect.

Damage - Any stone chips, fractures or deep scratches in the finish should be repaired promptly. Metal will corrode quickly and can develop into rust. Repair expense. Minor chips and scratches can be repaired with touch-up materials available from your dealer.

Sheet Metal - If your car is damaged and sheet metal repair or replacement is necessary, shop applies anti-corrosion materials to the repaired or replaced.

EMISSION COMPONENTS DEFECT WARRANTY

years, whichever occurs first. The 5-year/50,000-mile warranty period shall begin on the date the car is delivered to the first retail purchaser or, if the car is first placed in service as a demonstrator or company car prior to sale at retail, on the date the car is first placed in such service. Emission related defects in the genuine GM components listed below (designated with *) are covered by this warranty.

EMISSION PERFORMANCE WARRANTY

(Including the denial of the right to use the vehicle) under local, state or federal law.
 If all of the foregoing conditions are met, Buick warrants that your Buick dealer will replace, repair or adjust to GM specification, at no charge to you, any of the component listed below, or parts thereof, which may be necessary to cause your car to conform to the applicable emission standards. Parts "Certified to EPA Standards" shall be covered by this performance warranty.

This performance warranty begins on the date the car is first put into use and continues for a period of 5 years or 50,000 miles, whichever occurs first, except that if the vehicle has been in operation for over 24 months or 24,000 miles, repairs or replacement shall be limited to only those components (designated with †) which were installed on or in the vehicle for the sole or primary purpose of reducing vehicle emissions and not in general use prior to model year 1966.

WHAT IS COVERED

- Listed below are components affecting emissions of your Buick, if so equipped. EMISSION CONTROL RELATED PARTS OF THESE COMPONENTS ARE COVERED BY THE ABOVE WARRANTIES, WHERE APPLICABLE. Some items require scheduled replacement and are warranted up to the replacement interval. (Refer to Maintenance Schedule folder.)
- Thermostatic Air Cleaner Switch, Control Valve and Associated Parts
 - † Air Injection Reactor (AIR) Pump, Air Distributor and Valves
 - Pulse AIR Valve and Associated Parts
 - † Positive Crankcase Ventilation (PCV) Valve and Associated Parts
 - † Exhaust Gas Recirculation (EGR) Valve and Associated Controls
 - † Choke Switches and Carburetor Parts
 - Diesel Fuel Injection Pump, Nozzles and Lines
 - Early Fuel Evaporation (EFE) Valve and Associated Controls
 - † Computer Command Control: Carbureted Engines
 - † Catalytic Converter, Catalyst and Associated Parts
 - Distributor Parts and Associated Controls
 - Spark Plugs and Ignition Wires
 - † Fuel Tank Filler Cap, Restrictor and Vapor Control Valves
 - † Evaporative Emission Control Carbon Canister and Associated Controls
 - † Emission Related Hoses, Clamps, Belts, Pulleys, Tubes, Fittings and Wiring Harness used on the above components

WHAT IS NOT COVERED

- THESE WARRANTY OBLIGATIONS DO NOT APPLY TO:
1. Conditions resulting from tampering, misuse, improper adjustments, dirty fuel, alteration, accident, failure to use recommended fuel or not performing maintenance services;
 2. The replacement of maintenance parts used in regular maintenance services;
 3. Loss of time, inconvenience, loss of use of the car or other consequential damages;
 4. Any car on which odometer mileage has been changed so that mileage cannot be readily determined.
- Buick does not authorize any person to create for it any other obligations or liability in connection with these system warranties are in addition to the 1981 Buick New Car Warranty.

...tion and goodwill of owners are of pri-
...ncern to Buick dealers and Buick Motor Divi-
...the event a warranty or some other matter is
...died to your satisfaction, the following steps
...tested:

...s the problem with your Buick dealership
...agement.

...ct the Buick Zone Office (General Motors
...Office in Canada) closest to you as listed in
... Buick Owner's Manual.

...ct the Customer Service Advisor, Buick Motor
...on, General Motors Corporation, Flint, Michi-
...48550. (In Canada contact the Customer Ser-
...Representative at General Motors of Canada
...d, Oshawa, Ontario L1J 5Z6.)

THINGS YOU SHOULD KNOW ABOUT THE BUICK NEW CAR WARRANTY

...tent to repair under the warranty, without
...anything that goes wrong during the warranty
...that is our fault. This includes replacing service
...such as oils, coolant and refrigerant, when
...in making these repairs.

...note the distinction between "defects" and
..."defects" as used in the warranty. Defects are cov-
...er because we, the manufacturer, are responsible;
...other hand, we have no control over damage
...by such things as collision, misuse and lack of
...care which occurs after the car is delivered to
...before, damage for any reason which occurs
...car is delivered to you is not covered under
...warranty.

...once services also are excluded from the
...because it is the owner's responsibility to
...his/her own vehicle in accordance with the
...once Schedule provided.

...ants

..."adjustments" as used in the warranty, refers
...repairs not usually associated with the re-
...ment of parts. The warranty covers any adjust-
...cessary to correct a defect. For instance, if a
...uld become loose or misaligned in normal
...it will be corrected without charge anytime
...full term of the warranty.

...warranty service - U.S. and Canada
...We recommend that you return the car to the dealer who
...sold you your car because of the continued and per-
...sonal interest in you. If you are touring or move, visit
...any Buick dealer in the United States or Canada for
...warranty service. This also applies to service under the
...other warranties presented in this folder. In the event
...your car breaks down due to the failure of a warranted
...part, contact the nearest Buick dealer.

Warranty Service - Foreign Countries

Where General Motors dealer service is not available
in the country in which you are touring and warranty
repairs are needed, obtain paid receipts covering the
work from the service station that performed it. Upon
your return home, a statement of the circumstances
relative to the work performed, along with the paid
receipts, should be given to your dealer for reim-
bursement consideration. Please note that repairs
made necessary by the use of improper or dirty fuels
are not covered under the warranty. See Owner's
Manual.

Sheet Metal, Paint and Other Appearance Items

Defects or damage to sheet metal, paint, trim or other
appearance items may occur at the factory during as-
sembly or while the car is being shipped to the dealer.
Normally, any factory defect or damage is detected and
corrected at the factory during the inspection process. In
addition, Buick dealers are obligated to inspect each car
before delivery. They repair any uncorrected factory de-
fects or damage and any transit damage which they de-
tect before the car is delivered to you.

Sheet metal, paint or appearance defects still present at
the time the car is delivered to you are covered by the
warranty. However, for your protection, we suggest that
if you do find any such defects, you advise your dealer
without delay, as normal deterioration due to use and
exposure is not covered by the warranty.

Air Conditioning

Because of the seasonal use of air conditioning, the
sealed refrigerant portion of the air conditioning sys-
tem installed in your car as original equipment by
Buick is covered under the warranty for 12 months, re-
gardless of mileage.

Warranty Repair Order

For your records, the servicing dealer will provide a
copy of the Warranty Repair Order listing all warranty
repairs performed.

Production Changes

Buick and its dealers reserve the right to make
changes in cars built and/or sold by them at any time
without incurring any obligation to make the same or
similar changes on cars previously built and/or sold
by them.

Buick Motor Division, General Motors Corporation, war-
rants for 1981 model cars that your Buick dealer will re-
pair or replace at no charge any part, assembly or sub-
system components, found to have developed defec-
tion (rust-through) due to corrosion. This warranty
begins on the date the car is first delivered or put in use
and extends for 36 months, regardless of mileage.

The warranty applies to Buicks registered and nor-
mally operated in the United States and Canada.

It is the owner's obligation under the terms of this war-
ranty to maintain the car as specified in this folder.

This warranty does not cover:

- Corrosion due to accident, damage, abuse or ve-
hicle alteration;
- Payment for loss of use of the car during warranty
repairs; or
- Surface corrosion, such as that caused by sand,
salt, hail or stones.

Corrosion, other than perforation (rust-through), due to
defects in material or workmanship, is covered by the
12 month or 12,000 mile New Car Warranty.

For service under this warranty, take your car to your
Buick dealer.

The "Other Terms" presented below the New Car War-
ranty also apply to this warranty.

THINGS YOU SHOULD KNOW ABOUT THE BUICK CORROSION WARRANTY

What Is Covered

The corrosion warranty covers perforation due to cor-
rosion only. Perforation means a rust-through condition,
such as an actual hole in a sheet metal panel. Cosmet-
ic or surface corrosion is not covered under the war-
ranty. For example, corrosion caused by stone chips or
scratches in the paint would not be repaired under this

After-Manufacture "Rust-Proofing"

Since your car was designed and built to resist corro-
sion, use of additional rust-inhibiting materials is not
necessary and not a requirement under the 36 month
Buick corrosion warranty. The decision to obtain such
protection is, therefore, left to your discretion.

satisfaction and goodwill of owners are of prime concern to Buick dealers and Buick Motor Division. In the event a warranty or some other matter is related to your satisfaction, the following steps are suggested:

1. Contact the problem with your Buick dealership management.

2. Contact the Buick Zone Office (General Motors Office in Canada) closest to you as listed in Buick Owner's Manual.

3. Contact the Customer Service Advisor, Buick Motor Division, General Motors Corporation, Flint, Michigan 48550. (In Canada, contact the Customer Service Representative at General Motors of Canada Ltd., Oshawa, Ontario L1J 5Z6.)

THINGS YOU SHOULD KNOW ABOUT BUICK NEW CAR WARRANTY

Intend to repair under the warranty, without anything that goes wrong during the warranty that is our fault. This includes replacing service items such as oils, coolant and refrigerant, when making these repairs.

of the distinction between "defects" and "failures" as used in the warranty. Defects are covered because we, the manufacturer, are responsible; failures, on the other hand, are the responsibility of you, the owner, or other factors such as collisions, misuse and lack of proper maintenance. Damage for any reason which occurs after the car is delivered to you is not covered under the warranty.

Other services also are excluded from the warranty because it is the owner's responsibility to maintain his/her own vehicle in accordance with the Maintenance Schedule provided.

The "adjustments" as used in the warranty, refers to repairs not usually associated with the replacement of parts. The warranty covers any adjustment to correct a defect. For instance, if a part becomes loose or misaligned in normal use, it will be corrected without charge. The

While any Buick dealer will provide a warranty service, we recommend that you return to the dealership that sold you your car because of their continued and personal interest in you. If you are touring or moving, visit any Buick dealer in the United States or Canada for a warranty service. This also applies to service under the other warranties presented in this folder. In the event your car breaks down due to the failure of a warranted part, contact the nearest Buick dealer.

Warranty Service - Foreign Countries

Where General Motors dealer service is not available in the country in which you are touring and warranty repairs are needed, obtain paid receipts covering the work from the service station that performed it. Upon your return home, a statement of the circumstances relative to the work performed, along with the paid receipts, should be given to your dealer for reimbursement consideration. Please note that repairs made necessary by the use of improper or dirty fuels are not covered under the warranty. See Owner's Manual.

Sheet Metal, Paint and Other Appearance Items
Defects or damage to sheet metal, paint, trim or other appearance items may occur at the factory during assembly or while the car is being shipped to the dealer. Normally, any factory defect or damage is detected and corrected at the factory during the inspection process. In addition, Buick dealers are obligated to inspect each car before delivery. They repair any uncorrected factory defects or damage and any transit damage which they detect before the car is delivered to you.

Sheet Metal, Paint or Appearance Defects still present at the time the car is delivered to you are covered by the warranty. However, for your protection, we suggest that if you do find any such defects, you advise your dealer without delay, as normal deterioration due to use and exposure is not covered by the warranty.

Air Conditioning

Because of the seasonal use of air conditioning, the sealed refrigerant portion of the air conditioning system installed in your car as original equipment by Buick is covered under the warranty for 12 months, regardless of mileage.

Warranty Repair Order

For your records, the servicing dealer will provide a copy of the Warranty Repair Order listing all warranty repairs performed.

Production Changes

Buick and its dealers reserve the right to make changes in cars built and/or sold by them at any time without incurring any obligation to make the same or similar changes on cars previously built and/or sold.

Buick Motor Division, General Motors Corp. Buick Motor Division, 1981 model cars that your Buick dealer will repair or replace at no charge any part or system component found to have defective operation (rust-through) due to corrosion. This warranty begins on the date the car is first delivered or put in use and extends for 36 months, regardless of mileage.

The warranty applies to Buicks registered and normally operated in the United States and Canada.

It is the owner's obligation under the terms of this warranty to maintain the car as specified in this folder.

This warranty does not cover:

- Corrosion due to accident, damage, abuse or vehicle alteration;
- Payment for loss of use of the car during warranty repairs; or
- Surface corrosion, such as that caused by sand, salt, hail or stones.

Corrosion, other than perforation (rust-through), due to defects in material or workmanship, is covered by the 12 month or 12,000 mile New Car Warranty.

For service under this warranty, take your car to your Buick dealer.

The "Other Terms" presented below the New Car Warranty also apply to this warranty.

THINGS YOU SHOULD KNOW ABOUT THE BUICK NEW CAR WARRANTY

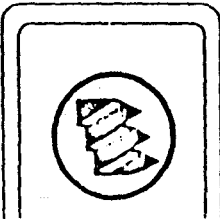
What is Covered

The corrosion warranty covers perforation due to corrosion only. Perforation means a rust-through condition, such as an actual hole in a sheet metal panel. Cosmetic or surface corrosion is not covered under the warranty. For example, corrosion caused by stone chips or scratches in the paint would not be repaired under this

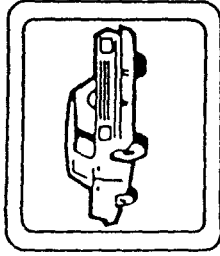
After-Manufacture Changes

Since your car was designed and built to resist corrosion, use of additional rust-inhibiting materials is not necessary and not a requirement under the 36 month Buick corrosion warranty. The decision to obtain such protection is the owner's responsibility.

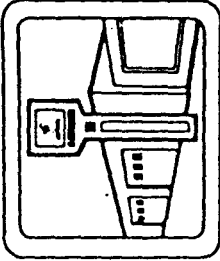
WHAT IS COVERED



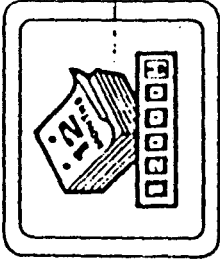
Motor Division, General Motors Corporation, warrants new 1981 car.



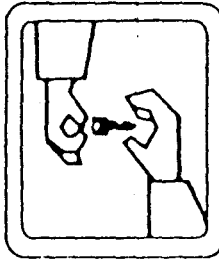
DEFECTS
This warranty covers any repairs and needed adjustments to correct defects in material or workmanship.



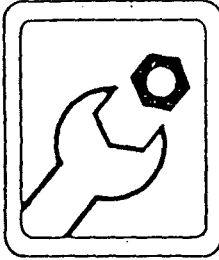
REPAIRS
Your Buick dealer will make the repairs or adjustments, using new or remanufactured parts.



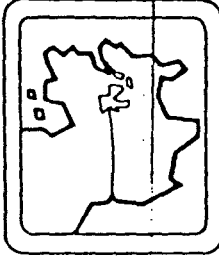
WHICHEVER COMES FIRST
This warranty is for 12 months or 12,000 miles, whichever comes first.



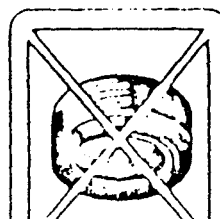
WARRANTY BEGINS
The warranty period begins on the date the car is first delivered or put in use.



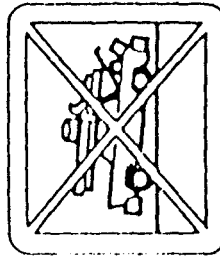
NO CHARGE
Warranty repairs and adjustments (parts and/or labor) will be made at no charge. A reasonable time must be allowed after taking the car to the dealer.



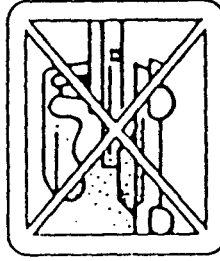
WARRANTY APPLIES
This warranty is for Buicks registered and normally operated in the United States or Canada.



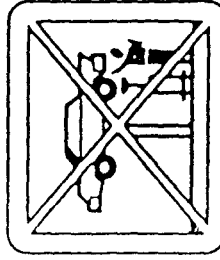
is warranted by the title. See the warranty booklet.



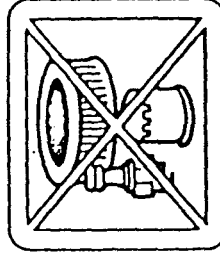
DAMAGE DUE TO ACCIDENTS, MISUSE OR ALTERATIONS
Accidents or damage from objects striking the car. Misuse of the car such as driving over curbs, potholes, etc. Damage to the car or its parts due to the actions of the driver or passengers by changing the load on the car.



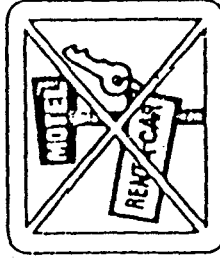
DAMAGE FROM ENVIRONMENT
Acid-rain fallout (chemicals, tree sap, etc.), salt, hail, windstorm, lightning, etc.



DAMAGE DUE TO LACK OF MAINTENANCE OR USE OF WRONG FUEL, OIL OR LUBES
Lack of proper maintenance as described in the Maintenance Schedule. Failure to use fuel, oil and lubricants recommended in Owner's Manual.



MAINTENANCE IS OWNER EXPENSE
Cleaning and polishing, lubrication, and replacing filters, spark plugs and worn brake and clutch linings are some of the normal maintenance services all cars require. See Maintenance Schedule for full details.



EXTRA EXPENSES
This warranty does not cover payment for loss of the use of the car during warranty repairs. This includes adding bills, car rental, or other travel costs of loss of pay.

WHAT IS NOT COVERED

4B/8
March 5, 1982

Errol Eilerass
Eilerass Buick
800 E. Park
Anaconda, MT 59711

RE: Debbie Kahm
1220 Bonnie Dr. #35
Havre, MT 59501

Dear Mr. Eilerass:

We have received a complaint from the above party pursuant to the Montana Unfair Trade Practices and Consumer Protection Act of 1973 which this office administers. The complaint concerns the following:

Enclosed is a copy of Mrs. Kahm's complaint for details.

Mrs. Kahm states the repair on the engine was defective and the Havre G.M.C. dealer apparently is having difficulty resolving the problem. Do you have any suggestions on how the problem can be resolved.

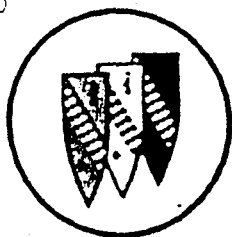
We cannot assess the validity of this complaint until we have considered your position. We would therefore appreciate receiving a written statement of your position in the matter within ten days.

Sincerely yours,

Jerome D. Wines
Administrative Officer
Consumer Affairs Unit

JDW:dm
Enc.

cc: GMC Zone Manager
Salt Lake City, UT



BUICK

GMC
TRUCKS



EILERAAS BUICK & GMC

300 E Park St. Telephone 563-2291
ANACONDA, MONTANA 59711

RECEIVED

CONSUMER AFFAIRS
1982

March 8, 1982

Montana department of Commerce
Consumer Affairs Unit
1424 9th Ave.
Helena, Mt. 59620

RECEIVED
MAR 9 1982

Attn: Jerome D. Wines

Dear Mr. Wines:

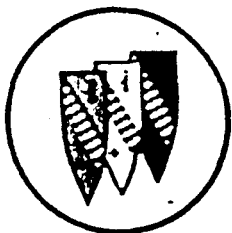
In reply to the letter we received from your office on a complaint made by Mrs. Debbie Kahm. During Christmas vacation the Kahm's returning to Anaconda from Havre experienced trouble with their car. We received the car Saturday, Dec. 19th. Monday tests were made. At this time we found no compression on 1 cylinder. Engine was then torn down finding a broken piston. Engine was then inspected, 4 pistons w/rings, gaskets, oil filter & oil replaced at no cost to the Kahm's. Parts had to be ordered and car was back in operation on Jan. 8th. The Kahm's in the mean time had to return to Havre where Mr. Kahm is attending school.

The Eileraas Buick furnished the Kahm's with an 81 GMC, demo to use while their was being fixed at no cost to them. The Kahm's were not able to pick up their car until Jan. 23 due to bad weather conditions.

On Feb. 15th the Kahm's called Errol Eileraas to inform him they were having trouble with the car. I called our Zone Service Manager, Tom Farley, and, also the Service Manager in Havre. The Havre service manager informed that they were picking up the car to check it out.

I called them again and was informed an electrical problem in the distributor had been found and that they were going to repair it as soon as the parts came in.





BUICK



EILERAAS BUICK & GMC

800 E. Park St. Telephone 563-2291

ANACONDA, MONTANA 59711

March 8, 1982

page 2

The plastic panel in the back seat came to us unpainted. We had it painted to match the interior. As far as the paint coming off, your letter was the first time I knew of this condition.

I called a number of times and talked to Mrs. Kahm. The Havre service manager informed me that he took them for a ride and that everything was O. K. I informed our Zone Service Manager, Tom Farley of this.

On March 4th Mrs. Kahm called Errol & said they would be in Anaconda March 19th and asked if we would have a look at their car then. We have never refused to do this.

Sincerely,

EILERAAS BUICK & GMC, INC.

Fred J. Hayes
Service Mgr.

FJH/em



HB18

x: 449-3163

March 11, 1982

Debbie Kahm
1220 Bonnie Drive #35
Havre, MT 59501

RE: Eileraas Buick and GMC

Dear Mrs. Kahm:

Enclosed is the written response I received from the Service Manager of Eileraas Buick. Mr. Hayes states that the Havre dealer did find some problem areas in the distributor, which have been repaired. Has this repair been made since you filed the complaint?

Also, Mr. Hayes states that you have made arrangements to be in Anaconda on March 19, 1982, and that the vehicle can be examined at that time.

At this point in time, I think it only fair that Eileraas review the problem on March 19, 1982. It would appear that they would work with you in an effort to resolve the problem. If you feel that Eileraas does not satisfy the problem, please advise.

Sincerely yours,

Jerome D. Wines
Administrative Officer
Consumer Affairs Unit

JDW:dm
Enc.

Exhibit #2

Steven E. Slagle
Forest Park
Clancy, MT 59634
Home: 406-933-5664
Office: 406-449-5263

Sept. 7, 1982

American Motors Sales Corp.
Owner Relations Dept.
14250 Plymouth Road
Detroit, Michigan 48232

Dear Sir:

I am writing this letter to express my total disgust with both the product and service of American Motors and as a final attempt to resolve the inequities involved before further action is pursued.

The apparent impress stems from the inability to get defects repaired on a 1981 Eagle SX/4 purchased in April of this year from Lyons Motor Company in Butte, Montana as a new car. Shortly after delivery of this car, I detected numerous defects. The most serious of these defects include a loud resonating noise inside the car (similar to a bad muffler) and a howl (or whine) in the drivetrain. The car was returned to the dealer (105 miles round trip from my home) in late April for repair of these, and other defects. They were not repaired. The car has since been returned to the dealer four additional times for the same repairs. In late July and early August the car was at the dealer for nine consecutive days. As of the

HB18

the shop for 18 days and is still there.

Because the repairs have not been made, and the distance to the dealership, I have driven over 500 miles, made approximately 8 long distance phone calls (including one to your office in Denver), lost 3 days of work, and have used approximately 40 extra gallons of gas getting to and from work (because of having to drive my truck) in addition to paying insurance and interest costs on a car which I cannot use.

As the car is still in the shop, I am not positive which repairs (if any) have been made and which have not. I was, however, informed Friday (Sept. 3) that the source of the noise in the drivetrain could not be located and would not be repaired. I was advised to drive the car until it broke, and then the problem could be found. I refuse to accept this "solution" for two primary reasons:

- 1) in the area in which I travel, where towns are sometimes 70 miles apart and winter temperatures reach 40° below zero, I am not willing to drive a car of questionable reliability (the principal reason I bought a new car) and
- 2) The noise is irritating and I am not willing

to listen to it. Regarding the resonating noise inside the car, I spoke with the factory representative (who was at the dealership at the time) on Sept. 2 and got the impression that, because the source of the noise was questionable, there were no plans to repair that either. In addition, there are other defects which I sense have not yet been repaired.

It is my opinion, and I am positive it would be upheld, that by issuing a warranty, American Motors is responsible for seeing that the warranty is honored. Furthermore, in the event that the company is unable, or unwilling, to make the necessary repairs, the obligation exists to refund the cost of or replace the defective product.

As you can see, I have spent a large amount of time, effort, and money in an attempt to obtain only that to which I am rightfully entitled, and should have been a simple procedure.

I am expecting a timely and favorable reply regarding this matter.

Thanking you in advance for your consideration I am

Respectfully Yours,

Oscar E. D'Agostino

11/18

In considering the manner in which to relay my message, I concluded that perhaps it could best be conveyed by recapping the events which led to my presence here today.

The primary problems encountered have been the inability to get repairs made, the car being held in the shop for extensive periods of time, and the absence of response from the dealers, the manufacturer and an organized liaison group.

Steve
Slagel

1a

4-27-82 Wife took car to shop -

Essentially, nothing done except notice that parts would have to be ordered

7-12-82 Took day off work to take car to shop

Arrived approximately 8:30 AM. - went to shopping center to kill time - Returned to shop about 11:30 AM - car had not been moved - Car finally taken to alignment shop about noon - Car returned and broken emblem glued, speedometer cable lubed and new control unit for seat belt warning installed. Discovered that parts that were to be ordered on 4-27-82 were never even ordered. Appointment made to bring car back on 7-27-82.

7-27-82 Took car to shop - arrived approximately 8:30 AM -

left car at shop - Was to be notified when car was repaired - Having heard nothing, I called shop on 8-2-82 as I had plans to leave for vacation on 8-6-82, - I was told that car was not ready, but was near completion ^(parts were not in but would be soon) - I called again on 8-3-82 and was told that car was not complete because they had cars ahead of mine (Appointment was made on 7-12-82 and shop had had car for 7 days at that time) - That message prompted me

to call the AMC zone office in Denver - Only response was that they would check into the matter and get back to me - I have not heard from them - Finally was able to pick up the car on 8-6-82 after talking with the V.P. of the dealership (from whom I purchased the car) - Found that real problem was that wrong parts were ordered -- Discovered after leaving shop that brake caliper was dragging (While in shop, speedometer cable was replaced, ripped seat was repaired, and new bearings were installed on rear differential (one bad bearing race found but not source of noise))

8-20-82

Returned car to shop for repair of same defects that had been reported on previous visits - left car to be repaired - was to be informed when car was ready - had heard nothing by 9-7-82 so called shop to check on status - was informed that car had been "ready" for over a week but that problems could not be located - suggested I drive car until it broke and then problems could be located - I refused to accept this solution and made arrangements to take car to another shop. - Car was transferred to another shop on 9-8-82

9-7-82

Sent letter to AMC Owner Relations Department in Detroit

- 9-21-82 Received call from Amc Owner Relations Department - Was told that they would "follow up" and report back to me by 9-28-82 - Have not heard from them.
- 10-20-82 Retrieved car from shop (after 61 consecutive days in two shops - New bearings had been installed in transfer case (1 bad bearing found), new flywheel had been installed, and missing motor mount bolts were finally installed - Noise and vibration still existed. Discussed problems with Amc District Service Representative (who was at dealership at the time) He agreed to personally search for source of problems in Helena on 11-9-82.
- 11-9-82 Car taken to shop in Helena where District Service Representative inspected car and personally supervised installation of re-designed brake drums (source of vibration in brakes) - District Representative's diagnosis of howl in driveline was bearings in transfer case (which had already been replaced) - I suggested that entire gearbox be replaced - Reply was that Amc did not want to spend that kind of money. - Arrangements were made to return car to shop on 11-30-82 for repairs

- 11-30-82 Car returned to shop and left for repairs - while in shop it was decided that source of noise was front differential - Bearings in front differential were replaced - It was also discovered that rear driveshaft had been installed with U-joints out of phase - Noise and engine vibration persist.
- Approx 11-14-82 Wife hears part of story on radio about an arbitration board to deal with problems with new cars and calls Montana Department of Consumer Affairs seeking more information - is referred to AUTOCAP
- Approx 11-15-82 I contact AUTOCAP and am informed that they usually don't deal with problems that originated more than about 1 month before the complaint but to call the owner of the dealership in Helena (with which I had had no problems) and if I could get no satisfaction there, to file a formal complaint.
- Approx 1-3-83 Contacted owner of dealership in Helena - was informed he would follow up and get back to me - No response to date.

- Approx 1-10-83 Heard story on radio about a bill introduced in legislature that dealt with type of problem I was having.
- 4-17-83 Contacted Representative Harrington's office and was asked to testify at hearing.

Expenses incurred in futile attempts to obtain repair of defects on this car are now approaching \$1000 including 6 days lost work time, over 1000 miles driven, 14 telephone calls, and approximately 100 extra gallons of gasoline (because of having to drive my truck to work). These expenses do not include cost of such items as insurance, taxes, license, and interest incurred while the car is in the shop and not available for use. I have discovered that part of the long time required for repairs stems from AMC's very poor parts distribution system wherein an inadequate stock is maintained by the dealers (at least some) and when parts are ordered, it takes from 2 to 4 weeks for delivery. It also appears that AMC has no incentive to follow up on complaints and to return contacts as is often promised.

It is my opinion that I have afforded Amc every opportunity to carry out their obligation to honor the warranty and they have failed to do so. I also feel that I have exhausted practically every avenue of recourse short of litigation. I, therefore believe that there is a definite need for the legislation that is being discussed today.

Defects not Repaired
(as of 1-18-83)

	<u>Date reported</u>
Howl in drivetrain	4-27-82
Vibration in engine	7-12-82
Pulsating and resonating rumble	7-12-82
Squawking and popping in front suspension	4-27-82
Fender flare warped	7-12-82
Rattle in steering column	7-12-82
Lower radiator hose rubbing on x-member	7-12-82
Chatter in shifter	9-8-82
Noisy valve train	7-12-82
Brake caliper rubbing	8-20-82
Misalignment of doors	7-12-82
Missing warranty card	7-12-82

Defects Repaired
(as of 1-18-83)

	<u>Date reported</u>	<u>Date repaired</u>
Vibrating speedometer needle	4-27-82	8-6-82
Ripped seat	before purchase	8-6-82
Missing motor mount bolts	4-27-82	10-20-82
Broken emblem	7-12-82	7-12-82
Vibration in brakes	7-12-82	12-2-82
Broken lift-wheel release lever	7-12-82	Received part 9-8-82
Seat belt buzzer and light	4-27-82	7-12-82
Front end alignment	7-12-82	7-12-82
Consistent low water-level in radiator	7-12-82	Received part 8-6-82
Leaking pinion and transfer case seals	7-12-82	7-12-82

Defects not reported
(as of 1-18-83)

- Broken spring in drivers seat
- Noisy alternator bearings
- Bad shock absorbers (front)
- Choke adjustment

Number of days in shop

<u>Date to shop</u>	<u>Date returned</u>	<u>Location</u>	<u>Days in shop</u>	<u>Mileage</u>
4-27-82	4-27-82	Butte	1	4601
7-12-82	7-12-82	Butte	1	9279
7-27-82	8-6-82	Butte	11	9852
8-20-82	9-8-82	Butte	20	13337
9-8-82	10-20-82	Bozeman	41	13490
11-7-82	11-7-82	Halawa	1	
11-30-82	12-2-82	Halawa	<u>3</u>	
Total days in shop			78	

Telephone Calls

4-21-82	4:15 P	Butte, MT	494-7874	5 min	\$ 1.31
6-15-82	4:14 P	"	"	8	2.00
7-6-82	4:07 P	"	"	6	1.54
8-2-82	4:02 P	"	"	4	1.08
8-2-82	4:07 P	"	"	3	.85
8-3-82	4:09 P	"	"	4	1.08
8-3-82	4:13 P	Aurora, CO	373-5800	6	2.77
8-16-82	2:23 P	Butte, MT	494-7874	2	.62
9-7-82	4:00 P	"	"	1	.39
9-7-82	4:06 P	Bozeman, MT	587-5127	1	.45
9-8-82	9:07 A	Butte, MT	494-7874	10	2.46
10-11-82	9:18 A	Bozeman, MT	587-5127	2	.75
10-19-82	3:36 P	"	"	2	.75
10-21-82	4:28 P	Aurora, CO	373-5800	2	1.05
					\$ 20.10



Exhibit #3

MONTANA PUBLIC INTEREST RESEARCH GROUP

729 KEITH AVENUE
MISSOULA, MT. 59801
(406) 721-6040

TESTIMONY BEFORE THE BUSINESS AND INDUSTRY

COMMITTEE OF THE MONTANA STATE HOUSE OF REPRESENTATIVES

IN SUPPORT OF HOUSE BILL #18

January 19, 1983

Good morning, Mr. Chairman and members of the committee. Thank you for the opportunity to testify on behalf of House Bill #18, the so-called "Lemon Law".

My name is Robert S. Anderson. I am a student at the University of Montana and a staff person for the Montana Public Interest Research Group (MontPIRG), Inc. MontPIRG is a non-profit, non-partisan organization funded and directed by students at the University of Montana which performs research and advocates on issues relating to consumer protection, the environment, governmental responsibility and general social concern. MontPIRG's focus on consumer issues includes the operation of a "consumer hotline", investigations into common consumer problems and an ongoing series of marketplace surveys.

MontPIRG supports Representative Harrington's bill very strongly, and I would like to briefly outline for you the reasons why we consider House Bill #18 to be an extremely important and timely piece of consumer protection legislation.

There is no question that defective automobiles constitute a consumer problem of the highest magnitude in this country today. The Federal Trade Commission recently reported that complaints about the purchase and repair of autos jumped from fifth to first place in 1981. This is reflected by many state and federal consumer groups, as well as the White House Office of Consumer Affairs, the national Louis Harris poll and the U.S. Council of Better Business Bureaus.

This problem is enormous and destined to keep getting larger as more and more cars are sold under conditions that prevent the buyer from returning to the manufacturer defective, unsafe autos.

In Montana alone, the lemon problem is substantial. The Montana Auto Dealers Association reports that roughly 27,600 new cars were sold in this state in 1982. If we estimate that as little as one percent of those suffered from "non-conformity" as defined in this bill, then nearly 300 Montanans purchased defective autos last year. At today's prices we are talking about more than one million dollars that consumers of this state pay out every year for new automobiles that fail to satisfy the express warranty of merchantability. And that number comes before the car begins its trips back to the dealer, with all the expense, frustration and lost time they can incur.

But the problem is not just one of consumers throwing huge portions of their income away on a faulty, non-returnable product. Unlike the defective toaster or vacuum cleaner, the defective auto is much more than an annoyance. It is a safety hazard and dangerous not only to its operator and passengers, but to everyone else on the road as well. Nor does this situation end with the car's first owner. The lemon automobile is truly a gift that "keeps on giving". Today's new lemon is tomorrow's clunker, as these cars pass from owner to owner, multiplying in number every year, racking up repair bills and endangering more and more people.

What can we do about them? Under the present statutes, very little. Although Congress has passed several laws in the past decade aimed at assisting consumers plagued with defective cars, shoddy repair work or other forms of automotive abuse, none has been at all effective in addressing the problem of lemons. The Magnuson-Moss Act of 1975, for example, was expected to significantly reduce the problems consumers had in replacing defective cars, but it contains a number of serious loopholes. Specifically, the bill fails to define what constitutes a "reasonable number of attempts" to fix the car. What is worse, its key lemon provision, under which a defective car may be returned, is avoided by all auto makers except AMC by their refusal to give a full warranty. As Michael Pertschuk, former chairman of the Federal Trade Commission puts it:

"Manufacturers offer warranties to assure consumers that their cars are well designed and built. They promise to remedy defects that become apparent in the first part of the car's life. But too often these assurances of quality are not met, and consumers suffer the loss. Congress was aware of warranty performance and Magnuson-Moss Act offers two possible remedies...Unfortunately, in the case of autos, it now appears that these remedies are neither solving the problems nor lessening their severity."

The lemon owner is stuck. Faced with a mountain of payments that have just begun and a new car in constant need of attention at the dealership, the lemon owner usually either gives up in despair:

"I've taken the car back there so many times already, and the problem is just as bad as when it first began. I've just stopped going. And let's face it -- I am a single female. They just treat me like a nuisance."

-Janet Maulolo
Montana Lemon Owner

or initiates an often lengthy, always costly legal battle which rarely achieves the desired result:

"I have never seen one of these (lemon) cases successfully resolved. The consumer is simply outgunned." -William Morse

Montana Attorney who has
handled several lemon cases

CONCLUSION

House Bill #18 puts defective toasters and defective cars on equal footing by allowing both to be returned or replaced. It will provide the person who buys a lemon in Montana with a badly needed tool for dealing successfully with the car's manufacturer. The bill applies to all new cars, not just to those with a full warranty. It clearly defines a "reasonable number of attempts" to repair the car, and it limits applicable defects to those which impair the "use or value" of the car. House Bill #18, unlike presently operating complaint panels, enables the car buyer to deal ultimately with the car's manufacturer, not just the dealer. This makes sense because it is the manufacturer who must bear the responsibility for how a product is made, and the cost of replacing it, if necessary.

It should be stressed that this Lemon Law (and those like it which have been passed in Connecticut and California) is not an attack on the auto industry. It simply provides for the fact that, in a mechanized process such as automobile production, quality control measures notwithstanding, a few "lemon" units are bound to get through, and the consumer should be protected against having to foot the bill for these. Indeed, the bill contains some hidden benefits for the auto industry, as recognized by dealers in California after the bill was passed there. As Jerry Burdett, general sales manager for San Diego Volvo told the San Diego Union, "...if the consumers feel they are protected, that's got to be good for business." Also Isuzu, the Japanese truck manufacturer, took out a full-page ad in the Los Angeles Times praising the new law and encouraging other states to adopt similar legislation.

The Lemon Law will strengthen the position of the car buyer who is forced to play the game when a manufacturer or its agent refuses to acknowledge defects or requests endless opportunities to fix them. It will help to restore the confidence of the American working public in our automobile industry and hopefully, see the industry restored to its former stature. It will improve the automobile manufacturer's quality control. It will improve repair service by dealers. It will reduce the inconvenience, the expense, the frustration, the fear and the emotional trauma that "lemon" owners commonly endure; and it will provide a clear standard which will give the consumers an effective, reasonable and meaningful remedy which will, in turn ultimately reduce costs and delays of litigation.

Right now, the cards are stacked against the American consumer. There are no practical, economic, legal or procedural solutions available. The financial and emotional "squeeze" of a lemon car must be put on the manufacturer, where it belongs.

APPENDIX

- I. MontPIRG suggests the following changes to H.B. #18 in order to further strengthen the bill:
- A. Section 3(1): should be amended to read "...any defect or condition that substantially impairs the use, value or safety of the motor vehicle..."
 - B. Section 4(2): should be amended to read "...the vehicle is out of service because of non-conformity for a cumulative total of 30 or more days..." This will ensure that down time for a number of different non-conformities is cumulative and applicable under this bill.
 - C. Section 4 should provide for an objective test in the event that the manufacturer or dealer claims that non-conformity is a result of abusive use by the owner. For example, when the dealer claims abuse or damage by accident, the consumer should be given the right to a diagnosis by an independent facility selected by the consumer. If the diagnosis supports the consumer, the manufacturer must pay the cost of inspection.
 - D. The bill should include a section requiring that each new car dealer in this state prominently display in the service bay a notice outlining the consumers' right under this bill, in wording approved by the office of the Montana Attorney General.
- II. Federal Trade Commission Regulations, part 703; alluded to in Section 7 of this bill:
- establish requirements for consumer notification;
 - require the mechanism to be insulated from the manufacturer's influence and that the decision-makers not be associated in any way with a party to the dispute;
 - require that the mechanism be free to the consumer;
 - generally require that a dispute be settled within 40 days.

CAR DEALERS' VIEW

'Lemon Law' Seen Sales Aid

By SUZANNE CHONEY

Staff Writer, The San Diego Union

Some local car dealers said yesterday the "lemon law" passed by the Legislature this week may help restore sagging car sales and consumer confidence in the auto industry.

"It may cost some dealers more money, but let's face it, the public has a fear of auto dealers as it is," said Jerry Burdett, general sales manager for San Diego Volvo. "Now if consumers feel they are protected, that's got to be good for business."

"I'm fairly sympathetic," said a spokesman for Bob Lewis Volkswagens. "I was a consumer before I was in the auto business, and I know how frustrating it can be" to deal with a problem car.

"It's a fair deal for the consumers and for the dealers," said Jack Olson, general manager of Harloff BMW-Chevrolet in Encinitas. "Dealers need as much protection as consumers. There needs to be guidelines as to what a lemon is, and this law will help provide that."

The measure, AB 1787, by Assemblywoman Sally Tanner, D-El Monte, was approved by the Legislature Thursday, and is awaiting Gov. Brown's signature. If signed into law, it would take effect Jan. 1, 1983.

Under the law, automakers would be required to replace new cars or trucks designated as lemons, or reimburse the buyers.

A "lemon" would be a new vehicle that continues to malfunction after four repair attempts have been made, or be out of service for more than 30 days. Both provisions apply only in the first year or 12,000 miles.

If repair efforts fail to satisfy the customer, the next step would be an arbitration process offered by the manufacturer.

The auto industry initially objected to the bill because it failed to specify what was considered a major or minor defect in making the car a lemon. The bill was amended to provide that the problem had to be a "non-conformity," one which "impairs the use, value or safety of the vehicle," said Jay De Furia, an aide to Tanner.

A broken radio or cigarette lighter would not qualify the car as a lemon, according to the bill, but a car window that did not roll up "could be considered an impairment of the value of the car," De Furia said.

"There are no lemons; there are bad mechanics," said Olson. "The law will give the dealer and the manufacturer a chance to repair the car without having to give the customer a new car. Anything can be repaired on a new car."

Some car dealers, like Larry Salus of Drew Ford, believe the law will only "add to the cost of buying a car," and is "unnecessary."

"There's never been a time when dealers didn't want to see customers happy," he said.

Rosemary Shahan-Dunlap, who helped organize Motor Voters in San Diego after her own problems with a car dealership, and testified on behalf of the lemon law several times, said the bill is "fair and reasonable."

The next step, she said, will be educating consumers and attorneys about the bill, and working for the passage of a similar law for used cars, although she was less optimistic about its chances of success.

The House of Representatives last month overturned a Federal Trade Commission rule that would have required auto dealers to disclose known defects in their used cars.

De Furia said a state bill that would have provided protection to the used car buyer "went down in flames" two years ago. He added that Tanner is not sure whether she will pursue the issue with another bill.

WHAT'S YOURS TO SAY ABOUT AUTOCAP

"Agreeing to participate in AUTOCAP and to be bound by its decisions, is an excellent way for automobile dealers and manufacturers to demonstrate their commitment to quality and customer service."

Virginia Knauer,
U.S. Office of Consumer
Affairs

"I am lost for the proper words to thank you for assisting me in a seemingly futile effort in obtaining a new windshield for my car."

Gretchen L. Jack,
Charleston, West Virginia

"Once again, thank you for your help and assistance. Please relate to the dealer my sincere thanks for standing behind their product and making the deal satisfactory for both of us."

Helen Lothrop
Boston, Massachusetts

"As an attorney with no small amount of experience in helping others with their consumer complaints, I must say that your results are most impressive."

Patrick Corbin
Duncanville, Texas

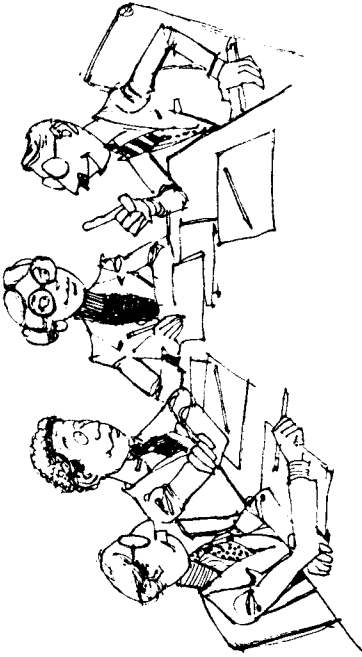
"Because of your efforts I was able to get the results I wanted but had not been able to obtain on my own. Hopefully I will not have to call on your organization again but if I do, I know I will be in good hands."

Karen Ostiller
Beverly Hills, California

AUTOCAPSM

Automotive Consumer Action Program

AUTOCAP



Where to get help when you have an automotive complaint involving a new car or truck dealer



Montana AUTOCAP
Sponsored by the Montana Automobile
Dealers Association
501 N. Sanders
Helena, Montana 59601

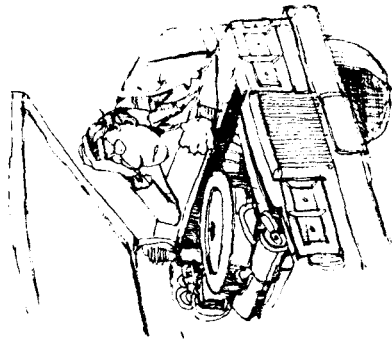
Exhibit #4

A CONSUMER SERVICE

AUTOCAP—Automotive Consumer Action Program—is a free, easy-to-use public service that can help you when you have a problem involving a participating new car or truck dealer, or manufacturer.

Most problems are solved at the dealer-ship level, but if you are unable to reach an understanding, AUTOCAP can informally mediate your disagreement through a panel of consumer and dealer representatives. The panel will review the case facts and recommend a course of action. A fair solution is achieved in virtually all cases.

Voluntarily sponsored by many state and local dealer associations, all AUTOCAPs follow standards set by the National Automobile Dealers Association. These standards have been endorsed by the U.S. Office of Consumer Affairs as a "major step in addressing automotive complaints."



IF YOU HAVE A PROBLEM

We hope you won't have any problems with your new car or truck, but if you do, use the following procedure:

exactly what is wrong and how you feel about it. Ask what will be done.

For example, talk to the service manager if the problem involves auto service, or the sales manager for a sales problem. If you still have a problem after this, talk to the owner of the dealership. Dealer personnel are anxious to make you a satisfied customer and will work with you on problems that arise.

If the problem involves the manufacturer, ask your dealer's personnel to help you get in touch with the local zone representative to discuss your problem.

STEP 2. If you cannot reach an understanding with the participating dealer or manufacturer, contact AUTOCAP.

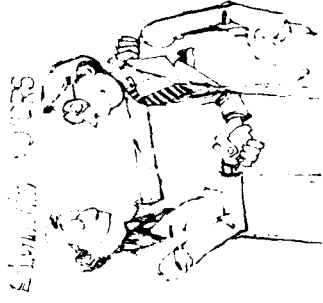
A. AUTOCAP staff will provide you with a form to record your complaint in writing. You'll be asked to note the following information:

- Vehicle year, make, model, serial number (VIN), mileage, date of purchase.
- The nature of your complaint—service, warranty, new or used car or truck purchase, advertising, etc.
- A brief description of the problem.
- What remedy or action you think is appropriate.

B. Once the AUTOCAP staff receives your complaint in writing, they will forward it to the participating dealer or manufacturer, giving them reasonable time to respond. If the complaint cannot be satisfactorily resolved at this level, then it will be referred for review by the AUTOCAP panel at its next meeting.

C. The AUTOCAP panel, composed of no fewer than 50 percent consumer representatives, meets periodically to review unresolved automotive consumer com-

plaints and to recommend fair solutions. You will be kept fully informed of all actions, meetings, decisions, and any delays in processing your case. Participating dealers or manufacturers voluntarily agree to honor the decisions of the panel. However, if you choose, you are free to pursue other existing remedies of redress.



AUTOCAP cannot be effective in cases where:

1. Legal action has already begun.
2. You have already hired a lawyer, unless the lawyer agrees to participate.
3. The problem involves a dealership or manufacturer not participating in the AUTOCAP program.

Remember, if you're having an automotive problem with a car or truck dealer, or manufacturer, try to talk to the dealer or zone office first, then contact AUTOCAP. Your closest AUTOCAP address is:

Montana AUTOCAP
501 North Sanders
Helena, Montana 59601

(406) 443-4426

ST. ALTAISON in authority at the dealership, first. Tell them

House Committee Amendments suggested to House Bill 18 by Motor Vehicle Manufacturers Association of U. S. before the Montana House Business and Industry Committee, January 18, 1983.

AMEND HOUSE BILL 18 AS FOLLOWS:

Amendment No. 1

On Page 1, line 17, after the word "vehicle," insert the following: "normally used for personal, family or household purposes".

Amendment No. 2

On Page 1, line 23, delete the word "or" and at the beginning of line 24, delete the word "property".

Amendment No. 3

On Page 2, line 5, after the word "notifies", add the words "in writing" and at the end of line 5, delete the words "or authorized dealer".

Amendment No. 4

On Page 2, line 18, before the word "value", insert the word "market".

Amendment No. 5

On Page 2, line 20, delete the word "new" and substitute in lieu thereof the word "comparable" and in line 20, after the word vehicle, delete the remainder of the line.

Amendment No. 6

On Page 2, at the beginning of line 21, delete the words "style and" and at the end of line 21, after the word "equal", add the word "market".

Amendment No. 7

On Page 2, line 25, delete the words "collateral charges" and insert in lieu thereof the words "sales tax, license fees, registration fees and any similar governmental charges".

Amendment No. 8

On Page 3, line 5, after the word "consumer", insert the words "and any previous consumers" and in line 5, after the word "first", add the word "written".

Amendment No. 9

On Page 3, line 6, delete the words and punctuation ",agent, or dealer" and insert in lieu thereof, "or its agent".

Amendment No. 10

On Page 3, line 18, after the word "more", add the word "business".

Amendment No. 11

On Page 3, at the end of line 25, add the following:

"In no event shall the presumption herein provided apply against a manufacturer unless the manufacturer has received prior written notification from or on behalf of the consumer and has received an opportunity to cure the alleged defect."

Amendment No. 12

On Page 4, line 7, after the word "in", add the word "substantial".

Amendment No. 13

On Page 4, after line 10, insert the following:

"Section 8. Any action brought under this act shall be commenced within six months following (1) expiration of the express warranty term or (2) one year following the date of original delivery of the motor vehicle to the consumer, whichever is the earlier date."

STATEMENT OF C. R. TAYLOR

IN FAVOR OF HOUSE BILL 18

There is already national legislation that was enacted several years ago for consumer protection. It is the Magnuson-Moss Warranty Act. Briefly, it enables the purchaser of a new consumer product to sue the manufacturer if that product is defective and the defects are not corrected by the manufacturer. If the consumer proves to the court that the manufacturer is at fault and fails to correct the defect, it can be liable to pay up to triple the amount of damages claimed.

This all sounds good for the consumer, but there is a slight hitch. First, the consumer must try to reach a satisfactory agreement with the manufacturer through the normal warranty procedures. If this fails, then the consumer has to retain an attorney to represent him and take care of all of the legal aspects. This can be a long drawn out, expensive process.

Here are the main reasons I feel that Montana needs strong consumer protection laws like House Bill 18.

In August of 1980 I purchased a new Pontiac Sunbird automobile out of state, where I then resided. It had a severe vibration from 35 miles per hour and up. It also had numerous other defects. For example, the heater didn't work, cold air comes in around where the heater fastens to the firewall, the windows leaked, etc., etc. The car was taken into General Motors shops for corrections of these defects starting the first week I owned the car. The shops did fix the leaking windows, but I had to fix the heater myself after the shop had tried three times. Also, I stopped the cold leak after four trips to the shop. The vibration has never been corrected, even though the car was in the shops of General Motors and Pontiac dealers at

least six times and was taken to other independent shops for corrections on other occasions. Finally, the manufacturer put on a new set of tires and had the front wheels realigned. This was the third set of tires in less than 12,000 miles and the fifth wheel alignment job. The car still vibrates and the tires now scrap the inner fender liners when the car is turned to the right. The manufacturer now claims the car has been corrected and will take no further action.


Therefore, after almost two years of this kind of treatment, I retained an attorney. I have filed a lawsuit against the manufacturer. We have just received a trial date and the case is not scheduled until October of 1983, and since it is in Federal Court, it is to be tried at Billings rather than Helena where I now reside. My attorney advises me there could be other delays in the legal process.

For the above reasons, that is why I am for House Bill 18, the proposed "Lemon Law".

As indicated above, I purchased a new car that cannot be safely driven and have tried since August of 1980 to no avail to have it repaired. This experience points out that the manufacturer, at least of this car, under these circumstances does not intend to meet its warranty obligations, nor do they have the dealer service organizations that support and back up their products after they have been sold.

I strongly recommend that any recent purchaser of a new car, or prospective purchaser, support consumer protection legislation such as proposed House Bill 18.

DATED this 17th day of January, 1983, and signed by C. R. Taylor.



C. R. Taylor

INTRODUCTION:

The amendments suggested by the MVMA are clearly intended to weaken H.B. 18, and limit the manufacturer's liability for its own defective product. I feel that all of these amendments should be disregarded. The following are, in my opinion, the worst of the lot and I have briefly indicated my reasons for opposing them.

AMENDMENTS 1 & 2:

Mr. Schwertfeger (MVMA) indicated that the thrust of these amendments was to exclude trucks from the bill. If we assume that trucks, like any vehicle including passenger cars, are designed and constructed for a particular purpose, there is no reason to exclude them from a measure intended to ensure that they perform according to that purpose. These amendments also unnecessarily limit the availability of this remedy to the car's first owner.

AMENDMENT 3:

This amendment places a heavy burden on the consumer to meet overly strict notification requirements in the event the consumer decides to exercise his or her rights under this bill. This requirement works against the consumer since the majority of auto owners who exercise their legal rights would not be aware of this requirement. When a consumer deals orally and through

service documents with the service manager, he or she considers those communications to be official and with an authorized representative of the company.

AMENDMENT 4:

This attempts to tie the non-conformity to the dollar value of the automobile, implying that the car is only a lemon if expensive defects creep up. Many small (in dollars) things can go wrong with an auto which very substantially impair its value as a useable product. For example, VW Rabbits have a chronic problem with accelerator cables that snap causing the car either to over-rev or stall. The cable itself costs only a few dollars, and under this amendment, would not qualify the car as a lemon. But certainly the owner of a car that kept racing or stopping would not make such a fine distinction.

AMENDMENT 5:

~~This wording could feasibly allow the dealer to replace a lemon~~
with a used car! Simply stated, the lemon owner is entitled to a new car. That's what he or she is making payments on--that was the original agreement with the manufacturer.

AMENDMENT 6:

In the extremely unlikely event that a manufacturer cannot produce the same make and model year of the lemon, a car of equal value should be provided. But the inclusion of this amendment would

open up a lengthy process to determine what is meant by equal value. Moneywise? Would the consumer with an \$8,000 passenger lemon be strapped with an \$8,000 truck? The end result will be more frustration and delay for the consumer, and another method for the automaker to limit its responsibility.

AMENDMENTS 7, 8, & 10:

The insertion of these amendments would further chip away at the heart of this measure which is to provide an effective, equitable vehicle which the consumer can use to avoid getting stuck with a seriously defective automobile. I believe that they should be disregarded.

AMENDMENT 9:

This wording may well exclude the dealer where the car was purchased from being an authorized repair facility for purposes of this bill. The consumer would thus be required to seek out an "authorized" agent to get service that would apply under HB 18. I feel that any dealer or agent certified to perform warranty work should be covered by this bill. Hence, my initial wording, which I believe should stand as it is.

AMENDMENT 11:

- a) See "Amendment 3" regarding required written notification.
- b) The consumer would not be held responsible for delays in repair (which often include ordering of parts, waiting for an appointment, etc.) when a defect causes the car to break down. This dangerous

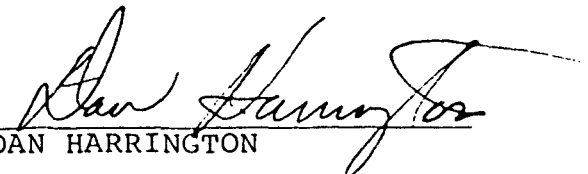
amendment would allow the dealer to stall or completely refuse to address a non-conformity. When a car is out of service because of non-conformity, it is useless to the consumer from the time it breaks down. The 30 days should begin from the time the dealership is notified that the defect has occurred, and should, in fact, include the time it takes to tow the vehicle to the shop, if necessary.

AMENDMENT 12:

This would effectively allow AUTOCAP to be used as the dispute mechanism. This is a very dangerous amendment that would relegate the consumer's right to redress to a group that is run by the manufacturers but is not binding on the manufacturers. The whole point of this bill is to allow the consumer to deal effectively with the entity ultimately responsible for producing, and then replacing the lemon. AUTOCAP is not publicly accountable, does not have majority consumer representation on its panel, and is not binding on the manufacturer.

AMENDMENT 13:

Again, this amendment is an attempt by the manufacturers to limit the number of lemons successfully replaced or returned. It serves no other real purpose and would only weaken this bill and limit the remedies open to the consumer.


DAN HARRINGTON

SUGGESTED AMENDMENTS TO HB18

Amendment #1

Page 2, line 19, after consumer, add "or that a non-conformity is the result of abuse, neglect or unauthorized modifications or alterations of a motor vehicle by a consumer."

Amendment #2

Page 3, line 16, after exist; delete the word "or" replace with "and"

Amendment #3

Page 3, line 18, after total of, change 30 or more days to "60 or more days".

Amendment #4

Page 4, line 10, after procedure, delete "without satisfaction".

Amendment #5

Page 4, line 11, add new section 8:

"Nothing in this act shall be construed as imposing any liability on a dealer or creating a cause of action by a consumer against a dealer under Section 3 of this Act."

Amendment #6

Add new Section 9: "This act shall apply only to covered motor vehicles purchased after its effective date".

Exhibit #6

Mr. Chairman, members of the Committee, I am Elmer Hausken, Lobbyist for the Montana Association of Life Underwriters.

Our Association respectfully asks you to put a do not pass designation on HB 175 because:

On October 15, 1982 P.L. 97-320 and Title VI of that law as amended prohibiting certain insurance activities by bank holding companies was signed by the President of the United States. Title VI (The Depository Institutions Amendments of 1982) cites six exceptions to the bank holding company prohibitions to sell life insurance.

The exceptions protect small communities of 5,000 or less and permit banks to engage in credit life, disability and involuntary unemployment insurance and general insurance of property, casualty and liability activities.

In addition, those banks with less than \$50,000,000 of assets may engage in any insurance activity in their area subject to exceptions A, B & C.

There is also a grandfather exception for small finance or banking companies on areas covered prior to May 1, 1982.

We have no quarrel with these exceptions and emphasize that point here.

We do object to the proposed extension of credit life face amounts to become level term insurance because it exceeds the proper intent of banking activities by denying complete freedom of choice and/or economic savings to be obtained in an open market without the inference or implied suggestion that a credit line is at stake. Such things are hard to prove, but they exist. In one instance in Helena, the credit life premium was over twice the amount finally paid to a private insurance agent and the borrower had to be harsh to avoid the heavy pressure applied to buy from the bank.

We deplore any such activities and ask that you leave Montana banking restrictions as they are.

Senator Jake Garn and Senator George Mitchell successfully argued in September 1982 that it was highly improper to relate insurance sales to credit.

It might add, MALU believes it is not a proper banking activity to sell credit life on a large loan, add the premium to the loan and pay interest on life insurance premiums.

It is an unfair competitive advantage over other sellers who do not have power to extend or withhold credit. Purchasers will purchase insurance from banks simply because they will wish to protect their credit.

Thank you.

ORIGINAL SENATE
FILE NO. 11

AUG 24 RECD

ENROLLED ACT NO. 19, SENATE

FORTY-SIXTH LEGISLATURE OF THE STATE OF WYOMING
1982 SESSION

AN ACT to create W.S. 40-10-115; and to amend W.S. 40-10-101; and by renumbering existing W.S. 40-10-115 as 40-10-116 relating to weights and measures; providing that sales of gasoline and distillates may be by gross volume; providing an exception; defining sale; and providing for an effective date.

Be It Enacted by the Legislature of the State of Wyoming:

Section 1. W.S. 40-10-115 is created to read:

40-10-115. Sale of gasoline and distillates on other than gross volume basis unlawful; exception; sale defined.

(a) Except as provided in subsection (b) of this section, the sale of gasoline and distillates on a temperature corrected basis or on any basis other than the gross volume of gasoline or distillate actually delivered is unlawful. Any contract in violation of this section shall be unenforceable to the extent of the violation.

(b) Sellers of motor fuel within this state shall offer to prospective purchasers the option to buy the product either by gross gallons or on the assumption that the temperature of the product is sixty degrees fahrenheit (60°F) or the centigrade equivalent. This purchaser option may be exercised only on an annual basis and applied only to single deliveries of seven thousand five hundred (7,500) gallons or more or the metric equivalent. Any adjustments to volumes during the temperature compensation process shall be made in accordance with the standards set by the American Society of Testing Materials.

(c) For purposes of this act, "sale" does not include the exchange of gasoline or distillate between refiners or transporters of petroleum or petroleum products.

Section 2. W.S. 40-10-101 is amended to read:

40-10-101. Definitions.