

P.L. 1997, CHAPTER 22, *approved February 27, 1997*  
Senate, No. 1006 (*First Reprint*)

1 AN ACT concerning certain motor vehicles and amending <sup>1</sup>and  
2 supplementing<sup>1</sup> P.L.1995, c.373.

3

4 **BE IT ENACTED** by the Senate and General Assembly of the State  
5 of New Jersey:

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7 1. Section 1 of P.L.1995, c.373 (C.56:8-67) is amended to read as  
8 follows:

9 1. As used in this act:

10 "As is" means a used motor vehicle sold by a dealer to a consumer  
11 without any warranty, either express or implied, and with the  
12 consumer being solely responsible for the cost of any repairs to that  
13 motor vehicle.

14 "Consumer" means the purchaser or prospective purchaser, other  
15 than for the purpose of resale, of a used motor vehicle normally used  
16 for personal, family or household purposes.

17 "Covered item" means and includes the following components of a  
18 used motor vehicle: Engine - all internal lubricated parts, timing  
19 chains, gears and cover, timing belt, pulleys and cover, oil pump and  
20 gears, water pump, valve covers, oil pan, manifolds, flywheel,  
21 harmonic balancer, engine mounts, seals and gaskets, and  
22 turbo-charger housing; however, housing, engine block and cylinder  
23 heads are covered items only if damaged by the failure of an internal  
24 lubricated part. Transmission Automatic/Transfer Case - all internal  
25 lubricated parts, torque converter, vacuum modulator, transmission  
26 mounts, seals and gaskets. Transmission Manual/Transfer Case - all  
27 internal lubricated parts, transmission mounts, seals and gaskets, but  
28 excluding a manual clutch, pressure plate, throw-out bearings, clutch  
29 master or slave cylinders. Front-Wheel Drive - all internal lubricated  
30 parts, axle shafts, constant velocity joints, front hub bearings, seals and  
31 gaskets, Rear-Wheel Drive - all internal lubricated parts, propeller

**EXPLANATION - Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and intended to be omitted in the law.**

**Matter underlined thus is new matter.**

**Matter enclosed in superscript numerals has been adopted as follows:**

<sup>1</sup> Senate SCM committee amendments adopted May 2, 1996.

1 shafts, supports and U-joints, axle shafts and bearings, seals and  
2 gaskets.

3 "Dealer" means any person or business which sells or offers for sale  
4 a used motor vehicle after selling or offering for sale three or more  
5 used motor vehicles in the previous 12-month period.

6 "Deduction for personal use" means the mileage allowance set by  
7 the federal Internal Revenue Service for business usage of a motor  
8 vehicle in effect on the date a used motor vehicle is repurchased by a  
9 dealer in accordance with section 5 of this act, multiplied by the total  
10 number of miles a used motor vehicle is driven by a consumer from the  
11 date of purchase of that vehicle until the time of its repurchase.

12 "Director" means the Director of the Division of Consumer Affairs  
13 in the Department of Law and Public Safety.

14 "Excessive wear and tear" means wear or damage to a used motor  
15 vehicle beyond that expected to be incurred in normal circumstances.

16 "Material defect" means a malfunction of a used motor vehicle,  
17 subject to a warranty, which substantially impairs its use, value or  
18 safety.

19 "Repair insurance" means a contract in writing to refund, repair,  
20 replace, maintain or take other action with respect to a used motor  
21 vehicle for any period of time or any specified mileage and provided  
22 at an extra charge beyond the price of the used motor vehicle.

23 "Service contract" means a contract in writing to refund, repair,  
24 replace, maintain or take other action with respect to a used motor  
25 vehicle for any period of time or any specific mileage or provided at  
26 an extra charge beyond the price of the used motor vehicle.

27 "Used motor vehicle" means a passenger motor vehicle, excluding  
28 motorcycles, motor homes and off-road vehicles, title to, or possession  
29 of which has been transferred from the person who first acquired it  
30 from the manufacturer or dealer, and so used as to become what is  
31 commonly known as "secondhand," within the ordinary meaning  
32 thereof but does not mean a passenger motor vehicle, subject to a  
33 motor vehicle lease agreement<sup>1</sup> which was in effect for more than 90  
34 days<sup>1</sup>, which is sold by the lessor to the lessee, or to a family member  
35 or employee of the lessee upon the termination of the lease agreement.

36 "Warranty" means any undertaking, in writing and in connection  
37 with the sale by a dealer of a used motor vehicle, to refund, repair,  
38 replace, maintain or take other action with respect to the used motor  
39 vehicle, and which is provided at no extra charge beyond the price of  
40 the used motor vehicle.

41 (cf: P.L.1995, c.373, s.1)

42

43 <sup>1</sup>2. (New section) A lessor who is a dealer and who sells or offers  
44 for sale a used passenger motor vehicle, subject to a motor vehicle  
45 lease agreement which was in effect for more than 90 days, to a  
46 consumer who is not the lessee, or a family member or employee of

1 the lessee upon the termination of the lease agreement, shall be subject  
2 to the provisions of P.L. 1995, c. 373 (C. 56:8-67 et seq.) including  
3 the bonding requirement of section 11 of that act (C.56:11-77).<sup>1</sup>

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5 <sup>1</sup>[2.] 3.<sup>1</sup> This act shall take effect immediately.

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10 Exempts certain leased vehicles from "lemon law" for used motor  
11 vehicles.