

SUBCHAPTER M. WARRANTIES: RIGHTS OF VEHICLE OWNERS

Sec. 2301.601. DEFINITIONS. In this subchapter:

(1) "Impairment of market value" means a substantial loss in market value caused by a defect specific to a motor vehicle.

(2) "Owner" means a person who is entitled to enforce a manufacturer's warranty with respect to a motor vehicle, and who:

(A) purchased the motor vehicle at retail from a license holder;

(B) is a lessor or lessee, other than a sublessee, who purchased or leased the vehicle from a license holder;

(C) is a resident of this state and has registered the vehicle in this state;

(D) purchased or leased the vehicle at retail and is an active duty member of the United States armed forces stationed in this state at the time a proceeding is commenced under this subchapter; or

(E) is:

(i) the transferee or assignee of a person described by Paragraphs (A)-(D);

(ii) a resident of this state; and

(iii) the person who registered the vehicle in this state.

(3) "Reasonable allowance for use" means the amount directly attributable to use of a motor vehicle when the vehicle is not out of service for repair.

(4) "Serious safety hazard" means a life-threatening malfunction or nonconformity that:

(A) substantially impedes a person's ability to control or operate a motor vehicle for ordinary use or intended purposes; or

(B) creates a substantial risk of fire or explosion.

Added by Acts 2001, 77th Leg., ch. 1421, Sec. 5, eff. June 1, 2003.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 1290 (H.B. [2017](#)), Sec. 17, eff. September 1, 2011.

Sec. 2301.602. DUTY OF BOARD. (a) The board shall cause a manufacturer, converter, or distributor to perform an obligation imposed by this subchapter.

(b) The board shall adopt rules for the enforcement and implementation of this subchapter.

Added by Acts 2001, 77th Leg., ch. 1421, Sec. 5, eff. June 1, 2003.

Sec. 2301.603. CONFORMANCE WITH WARRANTY REQUIRED. (a) A manufacturer, converter, or distributor shall make repairs necessary to conform a new motor vehicle to an applicable manufacturer's, converter's, or distributor's express warranty.

(b) Subsection (a) applies after the expiration date of a warranty if:

(1) during the term of the warranty, the owner or the owner's agent reported the nonconformity to the manufacturer, converter, or distributor, or to a designated agent or franchised dealer of the manufacturer, converter, or distributor; or

(2) a rebuttable presumption relating to the vehicle is created under Section [2301.605](#).

(c) This subchapter does not limit a remedy available to an owner under a new motor vehicle warranty that extends beyond the provisions of this subchapter.

Added by Acts 2001, 77th Leg., ch. 1421, Sec. 5, eff. June 1, 2003.

Sec. 2301.604. REPLACEMENT OF OR REFUND FOR VEHICLE. (a) A manufacturer, converter, or distributor that is unable to conform a motor vehicle to an applicable express warranty by repairing or correcting a defect or condition that creates a serious safety hazard or substantially impairs the use or market value of the motor vehicle after a reasonable number of attempts shall reimburse the owner for reasonable incidental costs resulting from loss of use of the motor vehicle because of the nonconformity or defect and:

(1) replace the motor vehicle with a comparable motor vehicle; or

(2) accept return of the vehicle from the owner and refund to the owner the full purchase price, less a reasonable

allowance for the owner's use of the vehicle, and any other allowances or refunds payable to the owner.

(b) A refund made for a vehicle for which there is a lienholder shall be made to the owner and lienholder in proportion to each person's interest in the vehicle.

(c) As necessary to promote the public interest, the board by rule:

(1) shall define the incidental costs that are eligible for reimbursement;

(2) shall specify other requirements necessary to determine an eligible cost; and

(3) may set a maximum amount that is eligible for reimbursement, either by type of eligible cost or by a total for all costs.

Added by Acts 2001, 77th Leg., ch. 1421, Sec. 5, eff. June 1, 2003.

Sec. 2301.605. REBUTTABLE PRESUMPTION--REASONABLE NUMBER OF ATTEMPTS. (a) A rebuttable presumption that a reasonable number of attempts have been undertaken to conform a motor vehicle to an applicable express warranty is established if:

(1) the same nonconformity continues to exist after being subject to repair four or more times by the manufacturer, converter, or distributor or an authorized agent or franchised dealer of a manufacturer, converter, or distributor and the attempts were made before the earlier of:

(A) the date the express warranty expires; or

(B) 24 months or 24,000 miles, whichever occurs first, following the date of original delivery of the motor vehicle to the owner;

(2) the same nonconformity creates a serious safety hazard and continues to exist after causing the vehicle to have been subject to repair two or more times by the manufacturer, converter, or distributor or an authorized agent or franchised dealer of a manufacturer, converter, or distributor and the attempts were made before the earlier of:

(A) the date the express warranty expires; or

(B) 24 months or 24,000 miles, whichever occurs first, following the date of original delivery of the motor vehicle to the owner; or

(3) a nonconformity still exists that substantially impairs the vehicle's use or market value, the vehicle is out

of service for repair for a cumulative total of 30 or more days, and the attempts were made before the earlier of:

(A) the date the express warranty expires; or  
(B) 24 months or 24,000 miles, whichever occurs first, following the date of original delivery of the motor vehicle to the owner.

(b) A period or a number of days or miles described by Subsection (a) is extended for any period that repair services are not available to the owner because of:

- (1) a war, invasion, or strike; or
- (2) a fire, flood, or other natural disaster.

(c) The 30 days described by Subsection (a) (3) do not include any period during which the manufacturer or distributor lends the owner a comparable motor vehicle while the owner's vehicle is being repaired by a franchised dealer.

Added by Acts 2001, 77th Leg., ch. 1421, Sec. 5, eff. June 1, 2003.

Amended by:

Acts 2017, 85th Leg., R.S., Ch. 354 (H.B. [2070](#)), Sec. 1, eff. September 1, 2017.

Sec. 2301.606. CONDUCT OF PROCEEDINGS. (a) Repealed by Acts 2013, 83rd Leg., R.S., Ch. 1135 (H.B. 2741), Sec. 140(1), eff. September 1, 2013, and Ch. 1379 (H.B. 1692), Sec. 12, eff. January 1, 2014.

(b) In a hearing under this subchapter, a manufacturer, converter, or distributor may plead and prove as an affirmative defense to a remedy under this subchapter that a nonconformity:

- (1) is the result of abuse, neglect, or unauthorized modification or alteration of the motor vehicle; or
- (2) does not substantially impair the use or market value of the motor vehicle.

(c) An order issued under this subchapter may not require a manufacturer, converter, or distributor to make a refund or to replace a motor vehicle unless:

(1) the owner, a person on behalf of the owner, or the department has provided written notice of the alleged defect or nonconformity to the manufacturer, converter, or distributor; and

(2) the manufacturer, converter, or distributor has been given an opportunity to cure the alleged defect or nonconformity.

(d) A proceeding under this subchapter must be commenced not later than six months after the earliest of:

(1) the expiration date of the express warranty term;  
or

(2) the dates on which 24 months or 24,000 miles have passed since the date of original delivery of the motor vehicle to an owner.

Added by Acts 2001, 77th Leg., ch. 1421, Sec. 5, eff. June 1, 2003.

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 1135 (H.B. [2741](#)), Sec. 19, eff. September 1, 2013.

Acts 2013, 83rd Leg., R.S., Ch. 1135 (H.B. [2741](#)), Sec. 140(1), eff. September 1, 2013.

Acts 2013, 83rd Leg., R.S., Ch. 1379 (H.B. [1692](#)), Sec. 3, eff. January 1, 2014.

Acts 2013, 83rd Leg., R.S., Ch. 1379 (H.B. [1692](#)), Sec. 12, eff. January 1, 2014.

Acts 2017, 85th Leg., R.S., Ch. 354 (H.B. [2070](#)), Sec. 2, eff. September 1, 2017.

Sec. 2301.607. EXHAUSTION OF ADMINISTRATIVE REMEDIES; RIGHT TO SUE. (a) A refund or replacement under this subchapter because a motor vehicle is alleged to not conform to an express warranty is not available to the owner of the vehicle unless the owner has exhausted the administrative remedies provided by this subchapter.

(b) A refund or replacement under this subchapter is not available to a party in an action against a seller under Chapter [2](#) or [17](#), Business & Commerce Code, but is available in an action against a manufacturer, converter, or distributor brought under Chapter [17](#), Business & Commerce Code, after the owner has exhausted the administrative remedies provided by this subchapter.

(c) If a final order is not issued before the 151st day after the date a complaint is filed under this subchapter, the department shall provide written notice by certified mail to the complainant and to the manufacturer, converter, or distributor of the expiration of the 150-day period and of the complainant's right to file a civil action. The department shall extend the 150-day period if a delay is requested or caused by the person who filed the complaint.

(d) Notwithstanding a requirement of this section that administrative remedies be exhausted, a person who receives notice under Subsection (c) may file a civil action against any person named in the complaint.

(e) The failure to issue notice under Subsection (c) does not affect a person's right to bring an action under this chapter.

(f) This subchapter does not limit a right or remedy otherwise available to an owner under another law.

(g) A contractual provision that excludes or modifies a remedy provided by this subchapter is prohibited and is void as against public policy unless the exclusion or modification is made under a settlement agreement between the owner and the manufacturer, converter, or distributor.

Added by Acts 2001, 77th Leg., ch. 1421, Sec. 5, eff. June 1, 2003.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 1403 (H.B. [3601](#)), Sec. 1, eff. September 1, 2007.

Acts 2013, 83rd Leg., R.S., Ch. 1135 (H.B. [2741](#)), Sec. 20, eff. September 1, 2013.

Acts 2013, 83rd Leg., R.S., Ch. 1379 (H.B. [1692](#)), Sec. 4, eff. January 1, 2014.

Acts 2017, 85th Leg., R.S., Ch. 354 (H.B. [2070](#)), Sec. 3, eff. September 1, 2017.

Sec. 2301.608. ASSESSMENT OF COSTS FOR REPLACEMENT OR REFUND. (a) An order issued under this subchapter must name the person responsible for paying the cost of any refund or replacement. A manufacturer, converter, or distributor may not cause a franchised dealer to directly or indirectly pay any money not specifically required by the order.

(b) If the final order requires a manufacturer, converter, or distributor to make a refund or replace a motor vehicle under this subchapter, the final order may require the franchised dealer to reimburse the owner, lienholder, manufacturer, converter, or distributor only for an item or option added to the vehicle by the dealer to the extent that the item or option contributed to the defect that served as the basis for the order.

(c) In a case involving a leased vehicle, the final order may terminate the lease and apportion allowances or refunds,

including the reasonable allowance for use, between the lessee and lessor of the vehicle.

Added by Acts 2001, 77th Leg., ch. 1421, Sec. 5, eff. June 1, 2003.

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 1135 (H.B. [2741](#)), Sec. 21, eff. September 1, 2013.

Acts 2013, 83rd Leg., R.S., Ch. 1379 (H.B. [1692](#)), Sec. 5, eff. January 1, 2014.

Reenacted and amended by Acts 2017, 85th Leg., R.S., Ch. 354 (H.B. [2070](#)), Sec. 4, eff. September 1, 2017.

Sec. 2301.609. JUDICIAL REVIEW. (a) A party to a proceeding under this subchapter that is affected by a final order related to the proceeding is entitled to judicial review of the order under the substantial evidence rule in a district court of Travis County.

(b) Judicial review is subject to Chapter [2001](#), Government Code, to the extent that chapter is not inconsistent with this chapter.

Added by Acts 2001, 77th Leg., ch. 1421, Sec. 5, eff. June 1, 2003.

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 1135 (H.B. [2741](#)), Sec. 22, eff. September 1, 2013.

Acts 2013, 83rd Leg., R.S., Ch. 1379 (H.B. [1692](#)), Sec. 6, eff. January 1, 2014.

Sec. 2301.610. DISCLOSURE STATEMENT. (a) A manufacturer, distributor, or converter that has been ordered to repurchase or replace a vehicle shall, through its franchised dealer, issue a disclosure statement stating that the vehicle was repurchased or replaced by the manufacturer, distributor, or converter under this subchapter. The statement must accompany the vehicle through the first retail purchase following the issuance of the statement and must include the toll-free telephone number described by Subsection (d) that will enable the purchaser to obtain information about the condition or defect that was the basis of the order for repurchase or replacement.

(b) The manufacturer, distributor, or converter must restore the cause of the repurchase or replacement to factory

specifications and issue a new 12-month, 12,000-mile warranty on the vehicle.

(c) The board shall adopt rules for the enforcement of this section.

(d) The department shall maintain a toll-free telephone number to provide information to a person who requests information about a condition or defect that was the basis for repurchase or replacement by an order issued under this subchapter. The department shall maintain an effective method of providing information to a person who makes a request.

Added by Acts 2001, 77th Leg., ch. 1421, Sec. 5, eff. June 1, 2003.

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 1135 (H.B. [2741](#)), Sec. 23, eff. September 1, 2013.

Acts 2013, 83rd Leg., R.S., Ch. 1379 (H.B. [1692](#)), Sec. 7, eff. January 1, 2014.

Acts 2015, 84th Leg., R.S., Ch. 1236 (S.B. [1296](#)), Sec. 14.002, eff. September 1, 2015.

Acts 2017, 85th Leg., R.S., Ch. 354 (H.B. [2070](#)), Sec. 5, eff. September 1, 2017.

Sec. 2301.611. ANNUAL REPORT ON REPURCHASED OR REPLACED VEHICLES. (a) The department shall publish an annual report on the motor vehicles ordered repurchased or replaced under this subchapter.

(b) The report must list the number of vehicles by brand name and model and include a brief description of the conditions or defects that caused the repurchase or replacement.

(c) The department shall make the report available to the public and may charge a reasonable fee to cover the cost of the report.

Added by Acts 2001, 77th Leg., ch. 1421, Sec. 5, eff. June 1, 2003.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 1290 (H.B. [2017](#)), Sec. 18, eff. September 1, 2011.

Sec. 2301.613. NOTICE TO BUYER. (a) The department shall prepare, publish, and distribute information concerning an owner's rights under this subchapter. The retail seller of a



new motor vehicle shall conspicuously post a copy of the information in the area where its customers usually pay for repairs.

(b) The failure to provide notice as required by this section is a violation of this chapter.

Added by Acts 2001, 77th Leg., ch. 1421, Sec. 5, eff. June 1, 2003.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 1290 (H.B. [2017](#)), Sec. 19, eff. September 1, 2011.