

HOUSE BILL 715

I3, I4

11r0745

By: **Delegates Walker, Barnes, Branch, Braveboy, Davis, Feldman, Hixson, Howard, Hubbard, Luedtke, Mitchell, Morhaim, Murphy, Niemann, Olszewski, Ross, Stukes, F. Turner, Vallario, Vaughn, Waldstreicher, and Wilson**

Introduced and read first time: February 10, 2011

Assigned to: Economic Matters

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 27, 2011

CHAPTER _____

1 AN ACT concerning

2 **Consumer Protection – Home Appliances – Warranty Enforcement**

3 FOR the purpose of requiring a manufacturer of home appliances, or its agent, ~~or its~~
4 ~~authorized dealer~~ to repair or correct a nonconformity in a home appliance at no
5 cost to the consumer if the home appliance does not conform to the
6 manufacturer's express warranties; providing that a manufacturer's obligation
7 to repair or correct a nonconformity under this Act applies only if the consumer
8 satisfies certain conditions; requiring a manufacturer, under certain
9 circumstances and at the option of the consumer, to replace a home appliance
10 with a comparable home appliance or accept return of a home appliance and
11 refund the purchase price less certain reasonable allowances; requiring that a
12 refund of the purchase price be made to the consumer and any holder of a
13 perfected security interest in the home appliance in a certain manner; providing
14 that the manufacturer is responsible for the cost of returning a home appliance
15 to the manufacturer; providing for certain affirmative defenses; establishing a
16 certain presumption; providing for the extension of the term of a manufacturer's
17 express warranty by any time during which a home appliance is out of service
18 for repair of a nonconformity; providing for the extension of the term of a
19 manufacturer's express warranty and a certain out-of-service period if repair
20 services are not available for certain reasons; providing that this Act does not
21 limit the rights and remedies that otherwise are available to a consumer under
22 any other law; providing that a consumer is not required to resort to a certain

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 informal dispute settlement procedure before certain provisions of this Act
 2 apply; providing that a consumer who resorts to an informal dispute resolution
 3 procedure may not be precluded from seeking other available remedies;
 4 providing that an agreement for the purchase of a home appliance is void to the
 5 extent that it attempts to waive, limit, or disclaim certain rights of a consumer;
 6 providing that a manufacturer that fails to comply with certain provisions of
 7 this Act is liable to the consumer for certain damages; authorizing a court to
 8 award reasonable attorney's fees to a prevailing plaintiff in an action brought
 9 under this Act; authorizing a court to order a party to pay to the other party
 10 reasonable attorney's fees if it appears that an action is brought in bad faith or
 11 is frivolous in nature; requiring that an action brought under this Act be
 12 brought within a certain time; providing that a violation of certain provisions of
 13 this Act is an unfair or deceptive trade practice within the meaning of the
 14 Maryland Consumer Protection Act; prohibiting a consumer who recovers
 15 damages under certain provisions of this Act from recovering damages for the
 16 same violation under a certain provision of the Maryland Consumer Protection
 17 Act; providing for the application of this Act; defining certain terms; and
 18 generally relating to home appliances and the enforcement of manufacturers'
 19 express warranties on home appliances.

20 BY adding to

21 Article – Commercial Law

22 Section 14–15A–01 through 14–15A–08 to be under the new subtitle “Subtitle
 23 15A. Home Appliance Warranty Enforcement Act”

24 Annotated Code of Maryland

25 (2005 Replacement Volume and 2010 Supplement)

26 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
 27 MARYLAND, That the Laws of Maryland read as follows:

28 **Article – Commercial Law**

29 **SUBTITLE 15A. HOME APPLIANCE WARRANTY ENFORCEMENT ACT.**

30 **14–15A–01.**

31 **(A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS**
 32 **INDICATED.**

33 **(B) “CONSUMER” MEANS:**

34 **(1) THE PURCHASER, OTHER THAN FOR PURPOSES OF RESALE,**
 35 **OF A HOME APPLIANCE; OR**

1 (2) ANY OTHER PERSON WHO IS ENTITLED TO ENFORCE THE
2 OBLIGATIONS OF A MANUFACTURER'S EXPRESS WARRANTY ON A HOME
3 APPLIANCE.

4 (C) ~~(1)~~ "HOME APPLIANCE" MEANS ~~AN APPLIANCE NORMALLY A~~
5 REFRIGERATOR, A WASHER, A DRYER, OR A DISHWASHER THAT IS USED OR
6 SOLD FOR USE IN A PRIVATE RESIDENCE.

7 ~~(2) "HOME APPLIANCE" INCLUDES:~~

8 ~~(I) A REFRIGERATOR;~~

9 ~~(II) A FREEZER;~~

10 ~~(III) A COOKING RANGE;~~

11 ~~(IV) A MICROWAVE OVEN;~~

12 ~~(V) A WASHER;~~

13 ~~(VI) A DRYER;~~

14 ~~(VII) A DISHWASHER;~~

15 ~~(VIII) A TRASH COMPACTOR;~~

16 ~~(IX) AN AIR CONDITIONER;~~

17 ~~(X) A HEAT PUMP; AND~~

18 ~~(XI) ANY SIMILAR APPARATUS OR DEVICE.~~

19 (D) (1) "MANUFACTURER" MEANS A PERSON ENGAGED IN THE
20 BUSINESS OF MANUFACTURING, ASSEMBLING, IMPORTING, OR DISTRIBUTING
21 HOME APPLIANCES.

22 (2) "MANUFACTURER" DOES NOT INCLUDE A HOME APPLIANCE
23 DEALER.

24 14-15A-02.

25 (A) SUBJECT TO SUBSECTION (B) OF THIS SECTION, IF A HOME
26 APPLIANCE DOES NOT CONFORM TO THE MANUFACTURER'S EXPRESS
27 WARRANTIES, THE MANUFACTURER, OR ITS AGENT, ~~OR ITS AUTHORIZED~~

1 ~~DEALER~~ SHALL REPAIR OR CORRECT THE NONCONFORMITY AT NO COST TO THE
2 CONSUMER.

3 (B) THE MANUFACTURER'S OBLIGATION TO REPAIR OR CORRECT A
4 NONCONFORMITY UNDER SUBSECTION (A) OF THIS SECTION APPLIES ONLY IF
5 THE CONSUMER:

6 (1) REPORTS THE NONCONFORMITY TO THE MANUFACTURER, OR
7 ITS AGENT, ~~OR ITS AUTHORIZED DEALER~~; AND

8 (2) MAKES THE HOME APPLIANCE AVAILABLE FOR REPAIR.

9 14-15A-03.

10 (A) IF THE MANUFACTURER, OR ITS AGENT, ~~OR ITS AUTHORIZED~~
11 ~~DEALER~~ IS UNABLE TO CONFORM THE HOME APPLIANCE TO THE ~~APPLICABLE~~
12 MANUFACTURER'S EXPRESS WARRANTIES AFTER A REASONABLE NUMBER OF
13 ATTEMPTS AND THE NONCONFORMITY SUBSTANTIALLY IMPAIRS THE USE AND
14 MARKET VALUE OF THE HOME APPLIANCE TO THE CONSUMER, THE
15 MANUFACTURER, AT THE OPTION OF THE CONSUMER, SHALL:

16 (1) REPLACE THE HOME APPLIANCE WITH A COMPARABLE HOME
17 APPLIANCE ACCEPTABLE TO THE CONSUMER; OR

18 (2) ACCEPT RETURN OF THE HOME APPLIANCE FROM THE
19 CONSUMER AND REFUND TO THE CONSUMER THE FULL PURCHASE PRICE,
20 INCLUDING ALL SALES TAXES PAID IN CONNECTION WITH THE PURCHASE OF
21 THE HOME APPLIANCE, LESS:

22 (I) A REASONABLE ALLOWANCE FOR THE CONSUMER'S USE
23 OF THE HOME APPLIANCE NOT TO EXCEED 15% OF THE PURCHASE PRICE; AND

24 (II) A REASONABLE ALLOWANCE FOR DAMAGE NOT
25 ATTRIBUTABLE TO NORMAL WEAR, BUT NOT INCLUDING DAMAGE RESULTING
26 FROM A NONCONFORMITY.

27 (B) ANY REFUNDS MADE UNDER SUBSECTION (A) OF THIS SECTION
28 SHALL BE MADE TO THE CONSUMER AND ANY HOLDER OF A PERFECTED
29 SECURITY INTEREST IN THE HOME APPLIANCE IN ACCORDANCE WITH THEIR
30 RESPECTIVE INTERESTS.

31 (C) THE MANUFACTURER IS RESPONSIBLE FOR THE COST OF
32 RETURNING THE HOME APPLIANCE TO THE MANUFACTURER.

1 (D) IT IS AN AFFIRMATIVE DEFENSE TO ANY CLAIM UNDER THIS
2 SECTION THAT THE NONCONFORMITY:

3 (1) DOES NOT SUBSTANTIALLY IMPAIR THE USE AND MARKET
4 VALUE OF THE HOME APPLIANCE; OR

5 (2) IS THE RESULT OF ABUSE OR NEGLIGENCE OF THE HOME
6 APPLIANCE.

7 (E) IT IS PRESUMED THAT A REASONABLE NUMBER OF ATTEMPTS HAVE
8 BEEN UNDERTAKEN TO CONFORM A HOME APPLIANCE TO THE ~~APPLICABLE~~
9 MANUFACTURER'S EXPRESS WARRANTIES IF:

10 (1) THE SAME NONCONFORMITY HAS BEEN SUBJECT TO REPAIR
11 THREE OR MORE TIMES BY THE MANUFACTURER, OR ITS AGENT, ~~OR ITS~~
12 ~~AUTHORIZED DEALER~~ BUT THE SAME NONCONFORMITY CONTINUES TO EXIST;
13 OR

14 (2) THE HOME APPLIANCE IS OUT OF SERVICE BY REASON OF
15 REPAIR OF ONE OR MORE NONCONFORMITIES FOR A CUMULATIVE TOTAL OF 30
16 OR MORE DAYS.

17 14-15A-04.

18 (A) THE TERM OF A MANUFACTURER'S EXPRESS WARRANTY SHALL BE
19 EXTENDED BY ANY TIME DURING WHICH THE WARRANTED HOME APPLIANCE IS
20 OUT OF SERVICE BY REASON OF REPAIR OF ONE OR MORE NONCONFORMITIES.

21 (B) THE TERM OF A MANUFACTURER'S EXPRESS WARRANTY AND THE
22 30-DAY OUT-OF-SERVICE PERIOD UNDER § 14-15A-03(E)(2) OF THIS SUBTITLE
23 SHALL BE EXTENDED BY ANY TIME DURING WHICH REPAIR SERVICES ARE NOT
24 AVAILABLE TO THE CONSUMER BY REASON OF:

25 (1) WAR;

26 (2) INVASION;

27 (3) STRIKE; OR

28 (4) FIRE, FLOOD, OR OTHER NATURAL DISASTER.

29 14-15A-05.

1 **THIS SUBTITLE DOES NOT LIMIT THE RIGHTS OR REMEDIES THAT**
2 **OTHERWISE ARE AVAILABLE TO A CONSUMER UNDER ANY OTHER LAW,**
3 **INCLUDING THE MARYLAND UNIFORM COMMERCIAL CODE AND TITLE 15,**
4 **CHAPTER 50 OF THE U.S. CODE (MAGNUSON-MOSS ACT).**

5 **14-15A-06.**

6 **(A) IF A MANUFACTURER HAS ESTABLISHED AN INFORMAL DISPUTE**
7 **SETTLEMENT PROCEDURE THAT COMPLIES IN ALL RESPECTS WITH 16 C.F.R.**
8 **PART 703, A CONSUMER IS NOT REQUIRED TO RESORT TO THAT PROCEDURE**
9 **BEFORE § 14-15A-03 OF THIS SUBTITLE APPLIES.**

10 **(B) A CONSUMER WHO HAS RESORTED TO AN INFORMAL DISPUTE**
11 **SETTLEMENT PROCEDURE MAY NOT BE PRECLUDED FROM SEEKING OTHER**
12 **REMEDIES PROVIDED BY LAW.**

13 **14-15A-07.**

14 **AN AGREEMENT ENTERED INTO BY A CONSUMER FOR THE PURCHASE OF A**
15 **HOME APPLIANCE IS VOID TO THE EXTENT THAT IT ATTEMPTS TO WAIVE, LIMIT,**
16 **OR DISCLAIM THE CONSUMER'S RIGHTS UNDER THIS SUBTITLE.**

17 **14-15A-08.**

18 **(A) A MANUFACTURER THAT FAILS TO COMPLY WITH § 14-15A-02 OR**
19 **§ 14-15A-03 OF THIS SUBTITLE IS LIABLE TO THE CONSUMER FOR:**

20 **(1) ACTUAL DAMAGES SUSTAINED BY THE CONSUMER AS A**
21 **RESULT OF THE MANUFACTURER'S FAILURE TO COMPLY; AND**

22 **(2) IF THE MANUFACTURER ACTED IN BAD FAITH, AN**
23 **ADDITIONAL AMOUNT OF UP TO TWO TIMES THE ACTUAL DAMAGES SUSTAINED**
24 **BY THE CONSUMER.**

25 **(B) (1) A COURT MAY AWARD REASONABLE ATTORNEY'S FEES TO A**
26 **PREVAILING PLAINTIFF UNDER THIS SUBTITLE.**

27 **(2) IF IT APPEARS TO THE SATISFACTION OF THE COURT THAT AN**
28 **ACTION IS BROUGHT IN BAD FAITH OR IS OF A FRIVOLOUS NATURE, THE COURT**
29 **MAY ORDER THE OFFENDING PARTY TO PAY TO THE OTHER PARTY REASONABLE**
30 **ATTORNEY'S FEES.**

31 **(C) AN ACTION BROUGHT UNDER THIS SUBTITLE MUST BE BROUGHT**
32 **WITHIN 1 YEAR OF THE MANUFACTURER'S VIOLATION OF THIS SUBTITLE.**

1 **(D) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, A**
2 **VIOLATION OF § 14-15A-02 OR § 14-15A-03 OF THIS SUBTITLE IS AN UNFAIR**
3 **OR DECEPTIVE TRADE PRACTICE WITHIN THE MEANING OF TITLE 13 OF THIS**
4 **ARTICLE.**

5 **(2) A CONSUMER WHO RECOVERS DAMAGES UNDER THIS**
6 **SECTION FOR A VIOLATION OF § 14-15A-02 OR § 14-15A-03 OF THIS SUBTITLE**
7 **MAY NOT RECOVER DAMAGES FOR THE SAME VIOLATION UNDER § 13-408 OF**
8 **THIS ARTICLE.**

9 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be
10 construed to apply only prospectively to home appliances that are sold on or after the
11 effective date of this Act.

12 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
13 October 1, 2011.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.