



FREQUENTLY ASKED QUESTIONS (FAQS) FOR DEALERS

15-DAY/500-MILE LIMITED POWERTRAIN WARRANTY REQUIREMENT FOR USED VEHICLE SALES

1. Does Illinois have a new law that requires dealers who sell used cars to provide a limited powertrain warranty? What kind of warranty is required?

Public Act 099-768 amended Section 2L of the Illinois Consumer Fraud and Deceptive Business Practices Act (815 ILCS 505/2L). It requires that any used vehicle sold by a dealer or auction company after July 1, 2017, include a 15-day/500-mile limited powertrain warranty unless the vehicle is exempt. See the full law here: <http://www.ilga.gov/legislation/publicacts/fulltext.asp?Name=100-0004>.

2. How is powertrain defined?

Powertrain includes the following: the engine block, head, all internal engine parts, oil pan and gaskets, water pump, intake manifold, transmission and all internal transmission parts, torque converter, drive shaft, universal joints, rear axle and all internal rear axle parts, and rear wheel bearings.

3. What vehicles are exempt?

This coverage does **not** apply to vehicles sold with more than 150,000 miles on the odometer, antique vehicles, vehicles that have a Gross Vehicle Weight Rating (GVWR) of 8,000 pounds or greater, or vehicles with a flood title or rebuilt title. The requirements also don't apply to any sale where the dealer offers an express warranty with equal or greater warranty coverage. Equal or greater warranty coverage means a warranty that covers powertrain components for 15 days or 500 miles and caps the consumer payment at \$100 for up to two repairs unless the second repair is for the same problem.

4. What if the consumer damaged the vehicle after the sale?

This limited warranty coverage does not apply to vehicles that after the sale have been damaged by off-road use, racing or towing, have been subjected to abuse, misuse or neglect, or haven't had regular maintenance.

5. What happens if a vehicle develops an issue with the powertrain within the 15-day/500-mile period?

If a covered vehicle develops a powertrain problem within the 15-day/500-mile period, the consumer is required to provide reasonable notice no later than 2 days after the 15-day statutory period. The consumer can provide notice via text, via phone, in writing or in person. The dealer shall be provided with a reasonable opportunity to fix the powertrain defect and can charge the consumer up to \$100 to repair the powertrain defect a maximum of two times unless the second repair is for the same problem.

6. What happens to the 15-day/500-mile period during the repair process?

Days and miles stop counting towards the 15-day/500-mile warranty period when the vehicle is in the shop for repair. For example, if a consumer’s purchased vehicle engine breaks down on the twelfth day of ownership after putting on 50 miles, and the consumer returns the vehicle to the dealer for a repair that takes two weeks, the repair time does not count towards the warranty period. In such a scenario, the consumer would still have 3 calendar days and 450 miles remaining on the statutory warranty.

7. What is the dealer’s maximum liability under the statutory 15-day/500-mile powertrain warranty?

The maximum liability of a seller for repairs pursuant to this Section is limited to the purchase price paid for the used motor vehicle, to be refunded to the consumer or lender, as applicable, in exchange for return of the vehicle.

8. Can I sell a vehicle that I know has a powertrain problem without this warranty, if I tell the customer about the problem?

Warranty coverage does not apply to a covered component if the dealer tells the consumer about a specific problem with the car at the time of sale and the consumer signs and acknowledges that he or she has been told about the problem. If you are relying on this exemption, you must use the specific disclosure language provided in the law and have it signed by the consumer:

“Attention consumer: sign here only if the seller has told you that this vehicle has the following problem or problems and you agree to buy the vehicle on those terms:

- 1. _____
- 2. _____
- 3. _____.”

9. Do I need to provide a disclosure about this new law to the consumer?

The following disclosure must be provided to the consumer in at least 10-point bold font unless the sale is exempt (see FAQ 3 for more details on exemptions). It must be signed by the consumer.

“Illinois law requires that this vehicle will be free of a defect in a power train component for 15 days or 500 miles after delivery, whichever is earlier, except with regard to particular defects disclosed on the first page of this agreement. “Power train component” means the engine block, head, all internal engine parts, oil pan and gaskets, water pump, intake manifold, transmission, and all internal transmission parts, torque converter, drive shaft, universal joints, rear axle and all rear axle internal parts, and rear wheel bearings. You (the consumer) will have to pay up to \$100 for each of the first 2 repairs if the warranty is violated.”

10. Can I use my old contracts and/or buyer's orders?

Yes, you can use your old contracts and forms as long as the required disclosure is provided to the consumer on a separate form in bold 10-point font. You may also include the disclosure in your buyer's order and/or Retail Installment Sales Contract.

11. Should I use a different Buyers Guide?

Unless a sale is exempt (see FAQ 3 above), dealers can no longer use the "As-Is" page of the Buyers Guide. Instead, dealers should use the "Implied Warranties Only" Buyers Guide found on page 2 of this link: <https://www.ftc.gov/tips-advice/business-center/guidance/buyers-guide-fillable-form>.

12. What box do I mark on the Buyers Guide if I do not provide any warranties other than the required statutory warranty?

Dealers who only want to provide the required statutory warranty should mark the "Implied Warranties Only" box on the Buyers Guide.

13. Do I need to provide a description of the warranty coverage on the Buyers Guide?

To avoid unintentionally giving other implied warranties, dealers may also want to add a description of what the implied warranty under Illinois law is (15 days/500 miles) to the Buyers Guide or refer to the limited powertrain warranty required by Section 2L of the Illinois Consumer Fraud and Deceptive Business Practices Act. The dealer may also wish to say that he or she restricts (or confines, limits) the implied warranty obligation to the minimum imposed by the state law (15 days/500 miles). Dealers can use the blank lines under "systems covered" on the form to add this language.

14. If I want to offer additional warranty coverage beyond the 15-day/500-mile statutory requirement, how should I fill out the Buyers Guide?

Dealers who offer additional warranty coverage should mark the "Dealer Warranty" box, then select full or limited warranty as appropriate. If your warranty provides coverage equal to or greater than the 15-day/500-mile statutory warranty, you do not need to make any additional disclosures. If your warranty does not provide coverage equal to or greater than the 15-day/500-mile statutory warranty, such as a warranty where you agree to cover 50% of labor and 50% of parts for a specified period, then you must also provide the 15-day/500-mile statutory warranty coverage. In this case, you should check the "Dealer Warranty" box on the Buyers Guide and describe both the 15-day/500-mile statutory limited powertrain coverage and your extended warranty coverage.

