S-3485.2				

SENATE BILL 6441

State of Washington 63rd Legislature 2014 Regular Session

By Senators Kohl-Welles, Darneille, Chase, Keiser, Hobbs, Hatfield, Kline, Rolfes, and Conway

Read first time 01/24/14. Referred to Committee on Commerce & Labor.

- 1 AN ACT Relating to consumer warranty protections; and adding new 2 sections to chapter 62A.2 RCW.
- 3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

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- 4 <u>NEW SECTION.</u> **Sec. 1.** A new section is added to chapter 62A.2 RCW to read as follows:
 - (1)(a) Every manufacturer, distributor, or retailer making express warranties with respect to consumer goods shall fully set forth those warranties in simple and readily understood language, which must clearly identify the party making the express warranties, and which must conform to the federal standards for disclosure of warranty terms and conditions set forth in the federal Magnuson-Moss warranty-federal trade commission improvement act (15 U.S.C. Sec. 2301 et seq.), and in the regulations of the federal trade commission adopted pursuant to the provisions of that act. If the manufacturer, distributor, or retailer provides a warranty or product registration card or form, or an electronic online warranty or product registration form, to be completed and returned by the consumer, the card or form must contain statements, each displayed in a clear and conspicuous manner, that do all of the following:

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1 (i) Inform the consumer that the card or form is for product 2 registration;

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- (ii) Inform the consumer that failure to complete and return the card or form does not diminish his or her warranty rights.
- (b) Every work order or repair invoice for warranty repairs or 5 service must clearly and conspicuously incorporate in ten-point 6 boldface type the following statement either on the face of the work 7 8 order or repair invoice, or on the reverse side, or on an attachment to the work order or repair invoice: "A buyer of this product in 9 Washington has the right to have this product serviced or repaired 10 during the warranty period. The warranty period will be extended for 11 12 the number of whole days that the product has been out of the buyer's 13 hands for warranty repairs. If a defect exists within the warranty period, the warranty will not expire until the defect has been fixed. 14 The warranty period will also be extended if the warranty repairs have 15 not been performed due to delays caused by circumstances beyond the 16 17 control of the buyer, or if the warranty repairs did not remedy the 18 defect and the buyer notifies the manufacturer or seller of the failure of the repairs within sixty days after they were completed. If, after 19 a reasonable number of attempts, the defect has not been fixed, the 20 21 buyer may return this product for a replacement or a refund subject, in 22 either case, to deduction of a reasonable charge for usage. 23 extension does not affect the protections or remedies the buyer has 24 under other laws."

If the required notice is placed on the reverse side of the work order or repair invoice, the face of the work order or repair invoice must include the following notice in ten-point boldface type: "Notice to Consumer: Please read important information on back."

A copy of the work order or repair invoice and any attachment must be presented to the buyer at the time that warranty service or repairs are made.

- (2) A warranty or product registration card or form, or an electronic online warranty or product registration form, may not be labeled as a warranty registration or a warranty confirmation.
- (3) This section does not apply to any warranty or product registration card or form that was printed prior to the effective date of this section, and was shipped or included with a product that was

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1 placed in the stream of commerce prior to the effective date of this 2 section.

- (4) Every manufacturer, distributor, or retailer making express warranties and who elects to maintain service and repair facilities within this state pursuant to this chapter shall perform one or more of the following:
- (a) At the time of sale, provide the buyer with the name and address of each service and repair facility within this state;
- (b) At the time of the sale, provide the buyer with the name and address and telephone number of a service and repair facility central directory within this state, or the toll-free telephone number of a service and repair facility central directory outside this state. It is the duty of the central directory to provide, upon inquiry, the name and address of the authorized service and repair facility nearest the buyer;
- (c) Maintain at the premises of retail sellers of the warrantor's consumer goods a current listing of the warrantor's authorized service and repair facilities, or retail sellers to whom the consumer goods are to be returned for service and repair, whichever is applicable, within this state. It is the duty of every retail seller provided with that listing to provide, on inquiry, the name, address, and telephone number of the nearest authorized service and repair facility, or the retail seller to whom the consumer goods are to be returned for service and repair, whichever is applicable.

NEW SECTION. Sec. 2. A new section is added to chapter 62A.2 RCW to read as follows:

- (1) Every manufacturer of consumer goods sold in this state and for which the manufacturer has made an express warranty shall:
- (a)(i) Maintain in this state sufficient service and repair facilities reasonably close to all areas where its consumer goods are sold to carry out the terms of those warranties or designate and authorize in this state as service and repair facilities independent repair or service facilities reasonably close to all areas where its consumer goods are sold to carry out the terms of the warranties.
- (ii) As a means of complying with this subsection (1)(a)(ii), a manufacturer may enter into warranty service contracts with independent service and repair facilities. The warranty service contracts may

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provide for a fixed schedule of rates to be charged for warranty 1 2 service or warranty repair work. However, the rates fixed by those contracts must be in conformity with the requirements of section 4(3) 3 4 of this act. The rates established pursuant to section 4(3) of this act, between the manufacturer and the independent service and repair 5 facility, do not preclude a good faith discount that is reasonably 6 7 related to reduced credit and general overhead cost factors arising 8 from the manufacturer's payment of warranty charges direct to the 9 independent service and repair facility. The warranty service 10 contracts authorized by this subsection may not be executed to cover a period of time in excess of one year, and may be renewed only by a 11 12 separate, new contract or letter of agreement between the manufacturer 13 and the independent service and repair facility;

- (b) Make available to authorized service and repair facilities sufficient service literature and replacement parts to effect repairs during the express warranty period.
- (2) Where those service and repair facilities are maintained in this state and service or repair of the goods is necessary because they do not conform with the applicable express warranties, service and repair must be commenced within a reasonable time by the manufacturer or its representative in this state. Unless the buyer agrees in writing to the contrary, the goods must be serviced or repaired so as to conform to the applicable warranties within thirty days. Delay caused by conditions beyond the control of the manufacturer or its representatives may extend this thirty-day requirement. Where delay arises, conforming goods must be tendered as soon as possible following termination of the condition giving rise to the delay.
- (3) The buyer shall deliver nonconforming goods manufacturer's service and repair facility within this state unless, due to reasons of size and weight, or method of attachment, or method of installation, or nature of the nonconformity, delivery cannot reasonably be accomplished. Ιf the buyer cannot return nonconforming goods for any of these reasons, he or she must notify the manufacturer or its nearest service and repair facility within the Written notice of nonconformity to the manufacturer or its service and repair facility constitutes return of the goods for purposes of this section. Upon receipt of that notice nonconformity, the manufacturer shall, at its option, service or repair

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the goods at the buyer's residence, or pick up the goods for service and repair, or arrange for transporting the goods to its service and repair facility. All reasonable costs of transporting the goods when a buyer cannot return them for any of the reasons in this subsection are at the manufacturer's expense. The reasonable costs of transporting nonconforming goods after delivery to the service and repair facility until return of the goods to the buyer are at the manufacturer's expense.

- (4) If the manufacturer or its representative in this state does not service or repair the goods to conform to the applicable express warranties after a reasonable number of attempts, the manufacturer shall either replace the goods or reimburse the buyer in an amount equal to the purchase price paid by the buyer, less that amount directly attributable to use by the buyer prior to the discovery of the nonconformity.
- (5)(a) If the goods cannot practicably be serviced or repaired by the manufacturer or its representative to conform to the applicable express warranties because of the method of installation or because the goods have become so affixed to real property as to become a part thereof, the manufacturer shall either replace and install the goods or reimburse the buyer in an amount equal to the purchase price paid by the buyer, including installation costs, less that amount directly attributable to use by the buyer prior to the discovery of the nonconformity.
- (b) With respect to claims arising out of deficiencies in the construction of a new residential dwelling, (a) of this subsection does not apply to either of the following:
 - (i) A product that is not a manufactured product;
- 29 (ii) A claim against a person or entity that is not the 30 manufacturer that originally made the express warranty for that 31 manufactured product.
- NEW SECTION. Sec. 3. A new section is added to chapter 62A.2 RCW to read as follows:
- 34 (1) Every manufacturer making an express warranty with respect to 35 an electronic or appliance product with a wholesale price to the 36 retailer of not less than fifty dollars and not more than ninety-nine 37 dollars and ninety-nine cents shall make available to service and

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repair facilities sufficient service literature and functional parts to effect the repair of a product for at least three years after the date a product model or type was manufactured, regardless of whether the three-year period exceeds the warranty period for the product.

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- (2) Every manufacturer making an express warranty with respect to an electronic or appliance product with a wholesale price to the retailer of one hundred dollars or more shall make available to service and repair facilities sufficient service literature and functional parts to effect the repair of a product for at least seven years after the date a product model or type was manufactured, regardless of whether the seven-year period exceeds the warranty period for the product.
- NEW SECTION. **Sec. 4.** A new section is added to chapter 62A.2 RCW to read as follows:
 - (1) If the manufacturer of consumer goods sold in this state for which the manufacturer has made an express warranty does not provide service and repair facilities within this state pursuant to section 2(1) of this act, or does not make available to authorized service and repair facilities service literature and replacement parts sufficient to effect repair during the express warranty period, the buyer of such manufacturer's nonconforming goods may take the following courses of action:
- 23 (a) Return the nonconforming consumer goods to the retail seller 24 thereof. The retail seller shall do one of the following:
- 25 (i) Service or repair the nonconforming goods to conform to the 26 applicable warranty;
- (ii) Direct the buyer to a reasonably close independent repair or service facility willing to accept service or repair under this section;
- 30 (iii) Replace the nonconforming goods with goods that are identical 31 or reasonably equivalent to the warranted goods; or
- (iv) Refund to the buyer the original purchase price less that amount directly attributable to use by the buyer prior to the discovery of the nonconformity;
- 35 (b) Return the nonconforming consumer goods to any retail seller of 36 like goods of the same manufacturer within this state who may do one of 37 the following:

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1 (i) Service or repair the nonconforming goods to conform to the 2 applicable warranty;

- (ii) Direct the buyer to a reasonably close independent repair or service facility willing to accept service or repair under this section;
- (iii) Replace the nonconforming goods with goods that are identical or reasonably equivalent to the warranted goods; or
- (iv) Refund to the buyer the original purchase price less that amount directly attributable to use by the buyer prior to the discovery of the nonconformity; or
- (c)(i) Secure the services of an independent repair or service facility for the service or repair of the nonconforming consumer goods, when service or repair of the goods can be economically accomplished. In that event, the manufacturer is liable to the buyer, or to the independent repair or service facility upon an assignment of the buyer's rights, for the actual and reasonable cost of service and repair, including any cost for parts and any reasonable cost of transporting the goods or parts, plus a reasonable profit. It is a rebuttable presumption affecting the burden of producing evidence that the reasonable cost of service or repair is an amount equal to that which is charged by the independent service dealer for like services or repairs rendered to service or repair customers who are not entitled to warranty protection. Any waiver of the liability of a manufacturer is void and unenforceable.
- (ii) The course of action prescribed in this subsection is available to the buyer only after the buyer has followed the course of action prescribed in either (a) or (b) of this subsection and such course of action has not furnished the buyer with appropriate relief. The provisions of this subsection are not available to the buyer with regard to consumer goods with a wholesale price to the retailer of less than fifty dollars. The buyer is not responsible or liable for service or repair costs charged by the independent repair or service facility which accepts service or repair of nonconforming consumer goods under this subsection. Such independent repair or service facility is only authorized to hold the manufacturer liable for such costs.
- (2) A retail seller to which any nonconforming consumer good is returned pursuant to subsection (1)(a) or (b) of this section has the option of providing service or repair itself or directing the buyer to

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a reasonably close independent repair or service facility willing to accept service or repair under this section. In the event the retail seller directs the buyer to an independent repair or service facility, the manufacturer is liable for the reasonable cost of repair services in the manner provided in subsection (1)(c) of this section.

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- (3) In the event a buyer is unable to return nonconforming goods to the retailer due to reasons of size and weight, or method of attachment, or method of installation, or nature of the nonconformity, the buyer shall give notice of the nonconformity to the retailer. Upon receipt of such notice of nonconformity the retailer shall, at its option, service or repair the goods at the buyer's residence, or pick up the goods for service or repair, or arrange for transporting the goods to its place of business. The reasonable costs of transporting the goods must be at the retailer's expense. The retailer is entitled recover all reasonable costs of transportation from the manufacturer. The reasonable costs of transporting nonconforming goods after delivery to the retailer until return of the goods to the buyer, when incurred by a retailer, is recoverable from the manufacturer. Written notice of nonconformity to the retailer constitutes return of the goods for the purposes of subsection (1)(a) or (b) of this section.
- (4) The manufacturer of consumer goods with a wholesale price to the retailer of fifty dollars or more for which the manufacturer has made express warranties shall provide written notice to the buyer of the courses of action available to him under subsection (1) (a), (b), or (c) of this section.

NEW SECTION. Sec. 5. A new section is added to chapter 62A.2 RCW to read as follows:

Where an option is exercised in favor of service and repair under section 4 of this act, such service and repair must be commenced within a reasonable time and, unless the buyer agrees in writing to the contrary, goods conforming to the applicable express warranties must be tendered within thirty days. Delay caused by conditions beyond the control of the retail seller or his or her representative extend this thirty-day requirement. Where such a delay arises, conforming goods must be tendered as soon as possible following termination of the

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1 condition giving rise to the delay.

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