

Engine and Parts Manufacturer Warranty Information under the Magnuson-Moss Warranty Act

The following information applies to products sold within the United States. For products sold in other countries, please check for their applicable laws, rules, and regulations.

We have highlighted the sections that are most applicable to our products in this section.

In brief, this act provides that a manufacturer cannot threaten to void a written warranty based on the use of non-OEM (aftermarket) parts, components, and, or supplies (such as fuel or oil additives) unless it is specifically prohibited in the warranty and the manufacturer must be able to show a valid reason for such a prohibition.

In layman's terms, this means the manufacturer must be able to prove that the non-OEM part, component, or supply (additive) caused the failure. If this cannot be shown, the warranty must be honored as written.

Understanding the Magnuson-Moss Warranty Act

The Magnuson-Moss Warranty Act is the federal law that governs consumer product warranties. Passed by Congress in 1975, the Act requires manufacturers and sellers of consumer products to provide consumers with detailed information about warranty coverage. In addition, it affects both the rights of consumers and the obligations of warrantors under-written warranties.

To understand the Act, it is useful to be aware of Congress' intentions in passing it. First, Congress wanted to ensure that consumers could get complete information about warranty terms and conditions. By providing consumers with a way of learning what warranty coverage is offered on a product before they buy, the Act gives consumers a way to know what to expect if something goes wrong, and thus helps to increase customer satisfaction.

Second, Congress wanted to ensure that consumers could compare warranty coverage before buying. By comparing, consumers can choose a product with the best combination of price, features, and warranty coverage to meet their individual needs.

Third, Congress intended to promote competition on the basis of warranty coverage. By assuring that consumers can get warranty information, the Act encourages sales promotion on the basis of warranty coverage and competition among companies to meet consumer preferences through various levels of warranty coverage.

Finally, Congress wanted to strengthen existing incentives for companies to perform their warranty obligations in a timely and thorough manner and to resolve any disputes with a minimum of delay and expense to consumers. Thus, the Act makes it easier for consumers to pursue a remedy for breach of warranty in the courts, but it also creates a framework for

companies to set up procedures for resolving disputes inexpensively and informally, without litigation.

What the Magnuson-Moss Act Does Not Require

In order to understand how the Act affects you as a businessperson, it is important first to understand what the Act does not require.

First, the Act does not require any business to provide a written warranty. The Act allows businesses to determine whether to warrant their products in writing. However, once a business decides to offer a written warranty on a consumer product, it must comply with the Act.

Second, the Act does not apply to oral warranties. Only written warranties are covered.

Third, the Act does not apply to warranties on services. Only warranties on goods are covered. However, if your warranty covers both the parts provided for a repair and the workmanship in making that repair, the Act does apply to you.

Finally, the Act does not apply to warranties on products sold for resale or for commercial purposes. The Act covers only warranties on consumer products. This means that only warranties on tangible property normally used for personal, family, or household purposes are covered. (This includes property attached to or installed on real property.) Note that applicability of the Act to a particular product does *not*, however, depend upon how an individual buyer will use it.

The following section of this manual summarizes what the Magnuson-Moss Warranty Act requires warrantors to do, what it prohibits them from doing, and how it affects warranty disputes.

What the Magnuson-Moss Act Requires

In passing the Magnuson-Moss Warranty Act, Congress specified a number of requirements that warrantors must meet. Congress also directed the FTC to adopt rules to cover other requirements. The FTC adopted three Rules under the Act, the *Rule on Disclosure of Written Consumer Product Warranty Terms and Conditions* (the Disclosure Rule), the *Rule on Pre-Sale Availability of Written Warranty Terms* (the Pre-Sale Availability Rule), and the *Rule on Informal Dispute Settlement Procedures* (the Dispute Resolution Rule). In addition, the FTC has issued an interpretive rule that clarifies certain terms and explains some of the provisions of the Act. This section summarizes all the requirements under the Act and the Rules.

The Act and the Rules establish three basic requirements that may apply to you, either as a warrantor or a seller.

1. As a warrantor, you must designate, or title, your written warranty as either "full" or "limited."
2. As a warrantor, you must state certain specified information about the coverage of your warranty in a single, clear, and easy-to-read document.
3. As a warrantor or a seller, you must ensure that warranties are available where your warranted consumer products are sold so that consumers can read them before buying.

The titling requirement, established by the Act, applies to all written warranties on consumer products costing more than \$10. However, the disclosure and pre-sale availability requirements, established by FTC Rules, apply to all written warranties on consumer products costing more than \$15. Each of these three general requirements is explained in greater detail in the following chapters.

What the Magnuson-Moss Act Does Not Allow

There are three prohibitions under the Magnuson-Moss Act. They involve implied warranties, so-called "tie-in sales" provisions, and deceptive or misleading warranty terms.

Disclaimer or Modification of Implied Warranties

The Act prohibits anyone who offers a written warranty from disclaiming or modifying implied warranties. This means that no matter how broad or narrow your written warranty is, your customers always will receive the basic protection of the implied warranty of merchantability. This is explained in Understanding Warranties.

There is one permissible modification of implied warranties, however. If you offer a "limited" written warranty, the law allows you to include a provision that restricts the duration of implied warranties to the duration of your limited warranty. For example, if you offer a two-year limited warranty, you can limit implied warranties to two years. However, if you offer a "full" written warranty, you cannot limit the duration of implied warranties. This matter is explained in "Titling Written Warranties as "Full" or "Limited"".

If you sell a consumer product with a written warranty from the product manufacturer, but you do not warrant the product in writing, you can disclaim your implied warranties. (These are the implied warranties under which the seller, not the manufacturer, would otherwise be responsible.) But, regardless of whether you warrant the products you sell, as a seller, you must give your customers copies of any written warranties from product manufacturers.

"Tie-In Sales" Provisions

Generally, tie-in sales provisions are not allowed. Such a provision would require a purchaser of the warranted product to buy an item or service from a particular company to use with the warranted product in order to be eligible to receive a remedy under the warranty. The following are examples of prohibited tie-in sales provisions.

In order to keep your new Plenum Brand Vacuum Cleaner warranty in effect, you must use genuine Plenum Brand Filter Bags. Failure to have scheduled maintenance performed, at your expense, by the Great American Maintenance Company, Inc., voids this warranty.

While you cannot use a tie-in sales provision, your warranty need not cover use of replacement parts, repairs, or maintenance that is inappropriate for your product. The following is an example of a permissible provision that excludes coverage of such things.

While necessary maintenance or repairs on your AudioMundo Stereo System can be performed by any company, we recommend that you use only authorized AudioMundo dealers. Improper or incorrectly performed maintenance or repair voids this warranty.

Although tie-in sales provisions generally are not allowed, you can include such a provision in your warranty if you can demonstrate to the satisfaction of the FTC that your product will not work properly without a specified item or service. If you believe that this is the case, you should contact the warranty staff of the FTC's Bureau of Consumer Protection for information on how to apply for a waiver of the tie-in sales prohibition.

Deceptive Warranty Terms

Obviously, warranties must not contain deceptive or misleading terms. You cannot offer a warranty that appears to provide coverage but, in fact, provides none. For example, a warranty covering only "moving parts" on an electronic product that has no moving parts would be deceptive and unlawful. Similarly, a warranty that promised service that the warrantor had no intention of providing or could not provide would be deceptive and unlawful.