

Texas Lemon Law





Greetings:

Since the inception of the Texas Lemon Law in 1983, it has continued to help consumers who buy or lease new motor vehicles with defects and who have repeated problems getting those vehicles properly repaired. From 1988 to 2006 there have been 16,031 complaints filed. It is estimated that since 1993 the Lemon Law has generated over 89.4 million dollars in relief to Texas consumers.

The 2006 report, which is the fifteenth annual report published on the Lemon Law, includes information on the program results, geographic distribution of complaints filed, defects reported, complaints filed and closed, complaint processing times, settlements and vehicles ordered repurchased or replaced.

Since the Lemon Law was enacted, several amendments have been made to the law by the Texas Legislature and several rules have been adopted by the various rulemaking authorities. The 1991 amendments to the law included increasing the time to file a complaint from 18 months to 30 months, expanding the relief to include incidental expenses and adding a disclosure requirement for reacquired vehicles. In 1997, the Legislature expanded the law by adding towable recreational vehicles (TRVs). This made Texas the first state to include TRVs in its Lemon Law.

In 1998, the Lemon Law Rules were amended to require that a label be affixed to the reacquired vehicles. In 2000, the disclosure requirement was expanded to include vehicles reacquired as a result of settlements and lemon vehicles transferred to Texas for resale. In an effort to hinder what is known in the industry as “lemon laundering” or “title washing” and facilitate the enforcement of the disclosure requirements, the Lemon Law Rules were amended to require that a manufacturer, distributor or convertor re-title a vehicle reacquired under the Lemon Law. The Vehicle Titles and Registration Division now annotates the title history of vehicles reacquired in Texas as well as vehicles reacquired in another state and transferred to Texas for resale. In 2004 hearings by written submission or by telephone were authorized. Recent legislation requires that complaints filed after September 1, 2007 be heard by an Administrative Law Judge (ALJ) from the State Office of Administrative hearings instead of by an ALJ from the Motor Vehicle Division (MVD).

The Motor Vehicle Division (MVD) has updated its databases into an integrated system and developed automated database applications to provide improved access by the staff. The new system includes Web publishing and document imaging. Within the next year, improved public access should be available, including the filing of complaints online.

The customer satisfaction survey results, which have been added to the report this year, continue to indicate that the vast majority of Texas citizens who have used the Lemon Law consider it to be an effective remedy in resolving a complaint involving a problem vehicle. Please feel free to contact the MVD staff to suggest improvements in the program.

Sincerely,

Brett Bray
Director
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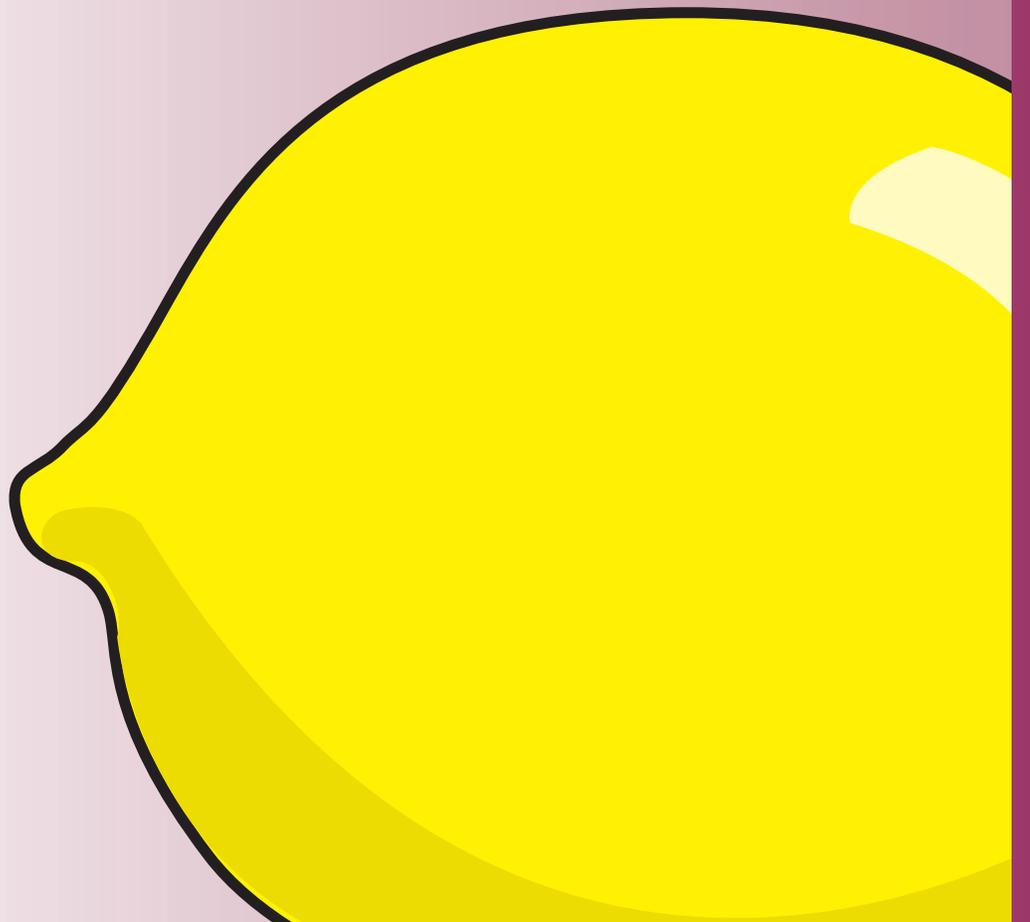
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VEHICLES COVERED





VEHICLES COVERED



PASSENGER CARS



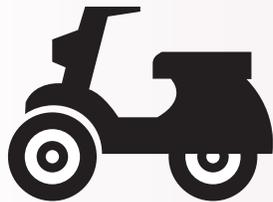
**LIGHT TRUCKS
INCLUDES MINI-VANS AND
SPORT UTILITY VEHICLES**



**MOTORCYCLES
(MC)**



**ALL TERRAIN VEHICLES
(ATV)**



MOPEDS



**MOTOR HOMES
(MH)**



**TOWABLE RECREATIONAL
VEHICLES
(TRV)**



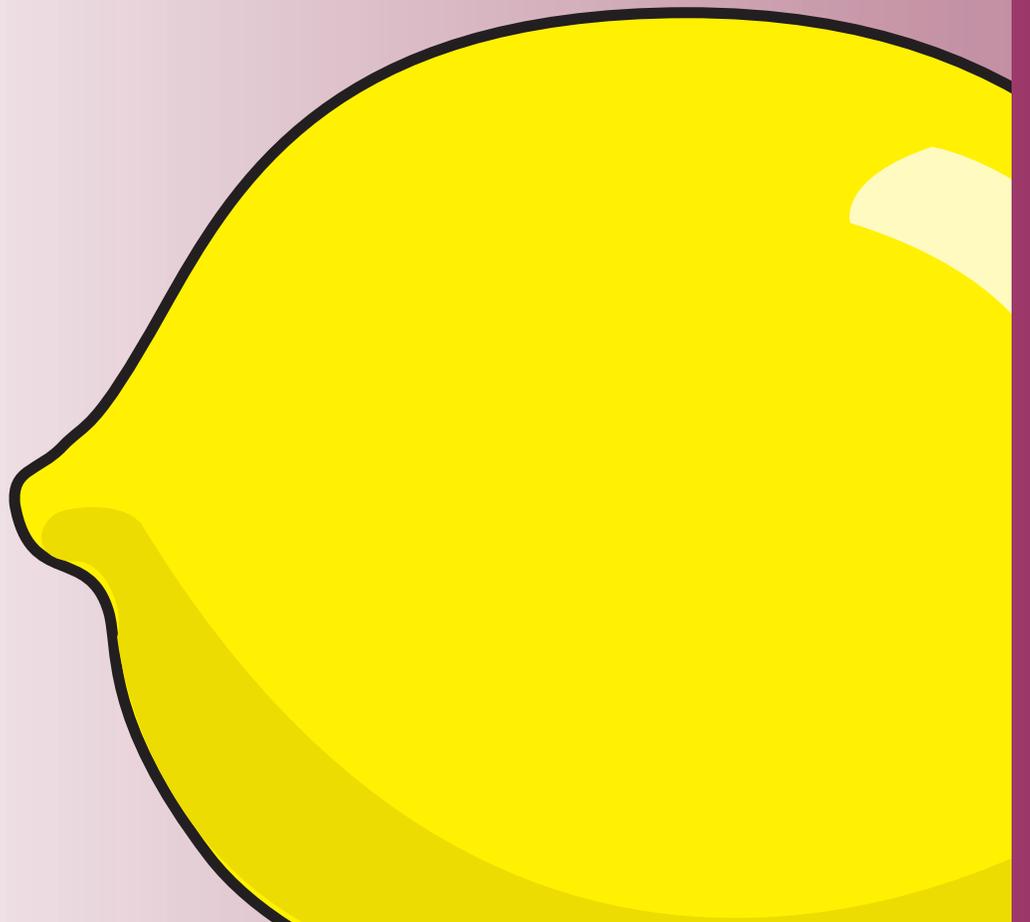
**MEDIUM TRUCKS
(MT)**



**HEAVY TRUCKS
(HT)**



**INTRODUCTION TO
THE PROGRAM
RESULTS FOR
CY 2006**





INTRODUCTION TO THE PROGRAM RESULTS FOR CY 2006

The report includes text and charts to illustrate the resolution of 621 complaints during 2006. Of the complaints processed in Calendar Year 2006 (CY '06), 292 were carried over from the end of CY '05 and 591 were complaints that were received in CY '06. Chart A shows an overview of the program results for CY '06 along with the previous two years' results for comparison.

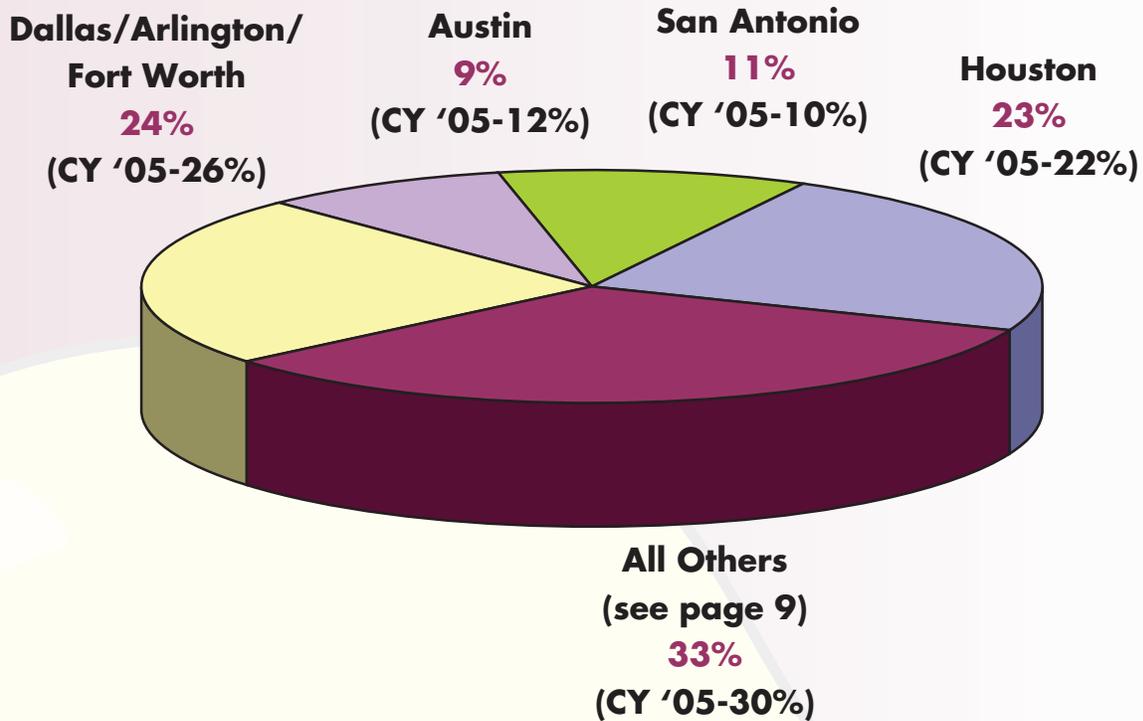
Most complaints involve passenger cars and light trucks; however, complaints were received on all terrain vehicles, medium trucks, heavy trucks, motorcycles, motor homes and towable recreational vehicles. Prices of the vehicles complained against ranged from a few thousand dollars to five hundred and twenty-five thousand dollars for a luxury motor home.

CHART A SUMMARY OF PROGRAM RESULTS

	CY '04	CY '05	CY '06
Complaints Filed	771	707	591
Complaints Closed	795	744	621
Mediation Inspections	100	57	39
Prehearing Settlements	363	322	270
Hearings Scheduled	546	566	490
Final Orders (Hearings Held)	146	152	107
Repurchase/Replacement Orders	32	41	32
Manufacturer Reacquired Vehicles	232	336	408

Chart B shows the geographic distribution of complaints filed by major metropolitan area. For consumers residing outside these areas, their complaints are included with a nearby metropolitan area. The hearings are held primarily at Texas Department of Transportation offices. For comparison purposes, the CY '05 distributions are also provided.

CHART B GEOGRAPHIC DISTRIBUTION OF COMPLAINTS FILED BY METROPOLITAN AREA

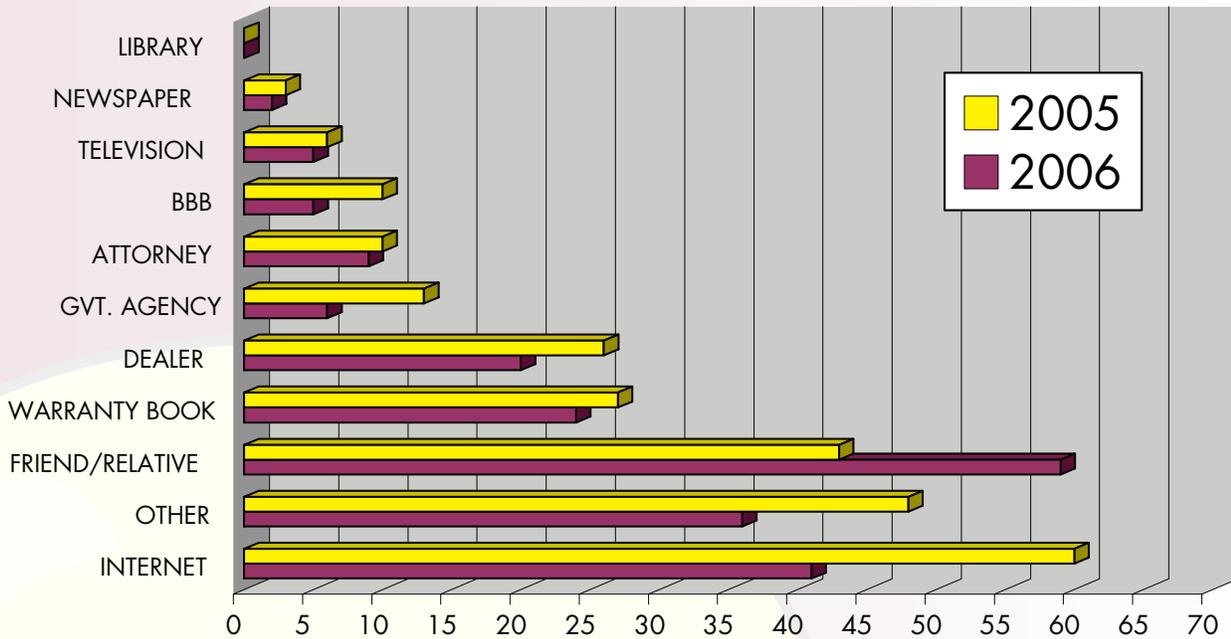


ALL OTHERS INCLUDE:

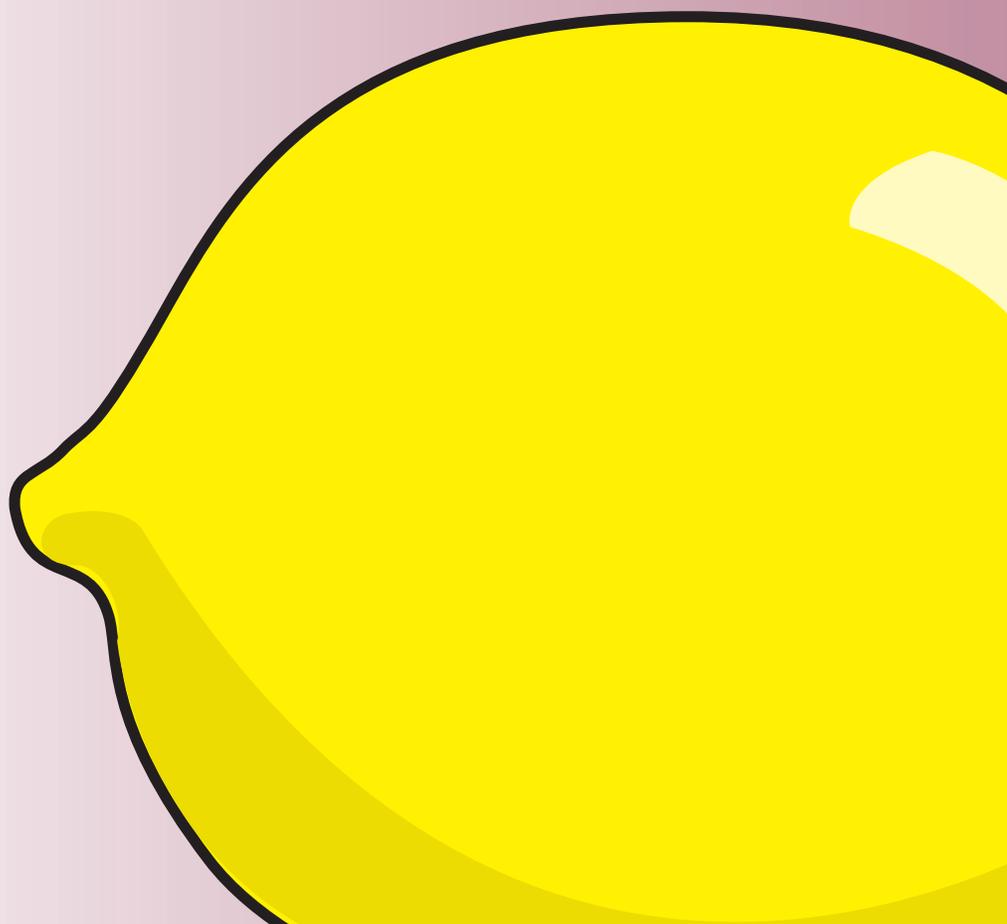
.51% Abilene	2.03% Lufkin
1.02% Amarillo	3.38% McAllen
.17% Atlanta/Texarkana	1.18% Midland
2.71% Beaumont/Port Arthur/Orange	.34% Odessa
.17% Brenham	.51% Paris
1.52% Brownsville	.68% Pharr
.51% Brownwood	1.02% San Angelo
1.52% Bryan/College Station/Huntsville	2.37% Tyler
1.86% Corpus Christi	1.52% Victoria
2.88% El Paso	2.54% Waco/Killeen/Temple
1.18% Laredo	1.02% Wichita Falls
1.52% Longview	.17% Yoakum
.34% Lubbock	

Chart C lists the different ways consumers hear about the Lemon Law. For CY '06, survey results indicate the predominate source of Lemon Law information for consumers has been their Friend/Relative. For CY '04 and '05, it was the Internet. Out of 576 surveys that were mailed to consumers in CY '06, 35 percent of them were returned, compared to 37 percent in CY '05. The numbers below come from the percentage of returned surveys that were received.

CHART C HOW CONSUMERS HEAR ABOUT THE LEMON LAW



COMPLAINT PROCESS





COMPLAINT PROCESS

PROVISIONS OF THE TEXAS LEMON LAW

According to Chapter 2301 of the Occupations Code:

Subchapter M provides **new** motor vehicle owners, lessors or lessees, who purchase or lease their vehicles from licensees of the Motor Vehicle Division, a forum to air complaints about vehicles that they have been unable to have repaired under warranty. Depending on the circumstances, a consumer can seek repurchase or replacement of the vehicle by the manufacturer, converter or distributor under the Lemon Law. A \$35.00 filing fee is required.

Section 2301.204 provides repair relief to motor vehicle owners whose vehicles do not qualify for repurchase or replacement according to Subchapter M.

For buyers of **used** vehicles or new vehicles purchased or leased from non-licensees of the Motor Vehicle Division, available relief is limited to repairs only under Section 2301.204.

ENFORCEMENT OF THE TEXAS LEMON LAW

The Motor Vehicle Division of the Texas Department of Transportation, specifically the Consumer Affairs Section, is responsible for enforcement of the Texas Lemon Law. Chart D describes the complaint process and time span which may vary depending on the case. A resolution of the complaint may be reached at any stage in the process.

CHART D COMPLAINT PROCESS AND TIME SPAN

1. RECEIPT OF COMPLAINT:

A consumer files a written complaint with the Motor Vehicle Division and may submit a \$35.00 filing fee if the vehicle meets eligibility for filing under Subchapter M.

2. 10 DAYS FROM RECEIPT OF COMPLAINT:

The Motor Vehicle Division notifies the vehicle manufacturer, the selling dealer and the servicing dealers of receipt of the complaint.

3. 35 DAYS FROM RECEIPT OF COMPLAINT:

The Case Advisors attempt to resolve the complaint through mediation. A mediation inspection may be scheduled.

4. 90 DAYS FROM RECEIPT OF COMPLAINT:

The Administrative Law Judge schedules and conducts a hearing on the complaint.

5. 135 DAYS FROM RECEIPT OF COMPLAINT:

The Administrative Law Judge issues a Decision and Final Order.

6. 150 DAYS FROM RECEIPT OF COMPLAINT:

If a party does not agree with the Administrative Law Judge's Decision and Final Order, a Motion for Rehearing may be filed with the Director of the Motor Vehicle Division.

7. 165 DAYS FROM RECEIPT OF COMPLAINT:

The Director rules on the Motion for Rehearing.

8. CLOSE COMPLAINT:

Parties may still file an appeal in the District Court in Travis County.

RESPONSIBILITIES OF THE CASE ADVISORS

Before a hearing is scheduled: When a complaint is received, it is evaluated by a Case Advisor who is ASE certified to determine whether the consumer is eligible for relief. After determining that a complaint meets the jurisdictional requirements of either Subchapter M or Section 2301.204, the Case Advisor serves as a liaison between the consumer and representatives of the manufacturer and dealer. Often, their assistance results in resolution of complaints soon after filing.

After a hearing is scheduled: The Case Advisor contacts consumers prior to a hearing to review the hearing procedures and to answer any questions that may arise. The Case Advisor furnishes information concerning the proof requirements of the Lemon Law described in the consumer handbook and the "Consumer's Guide to the Texas Lemon Law" video.

VEHICLE INSPECTION PROGRAM

The vehicle inspections are conducted by ASE certified inspectors in an attempt to resolve complaints earlier in the process without the need for a hearing. Generally, inspections are performed at authorized dealerships near the consumer so that diagnostic equipment is readily available. The Motor Vehicle Division's inspector analyzes the facts based on the inspection of the vehicle and the evidence that the consumer could prove, should a hearing be required. Very often, the parties (consumer, consumer's representatives and manufacturers' representatives) reach an agreement during the inspections to resolve the complaint. In CY '06, 39 inspections were conducted throughout the state. Of these complaints, 77 percent were resolved. Chart E shows the results.

CHART E MEDIATION INSPECTIONS

MANUFACTURER	2301.204 (repairs only)		Subchapter M (repurchase/replacement)	
	Held	Resolved	Held	Resolved
Big Dog	0	0	1	1
DaimlerChrysler	3	3	19	14
Fleetwood	1	1	0	0
Ford	1	1	4	3
General Motors	1	1	1	1
Honda	0	0	1	0
Jaguar	0	0	1	1
Land Rover	1	1	0	0
Mazda	0	0	1	0
Mitsubishi	1	1	0	0
Nissan	0	0	2	1
Suzuki	0	0	1	1
TOTALS	8	8	31	22
PERCENT RESOLVED	100%		71%	

HEARINGS

Administrative Law Judges travel throughout the state holding hearings in locations as convenient for consumers as possible.

WHAT TO EXPECT AT A HEARING

- Consumers and manufacturers are allowed to present evidence and arguments in support of their respective positions.
- The parties and their witnesses personally appear and present their evidence, under oath, and in accordance with the Administrative Procedure Act, the Texas Rules of Civil Procedure and the Texas Rules of Evidence.
- Consumers are required to bring their vehicle to the hearing for an inspection and test drive.

WHAT TO EXPECT FOLLOWING A HEARING

- The Administrative Law Judge considers all of the evidence received at a hearing and issues a written decision and order at a later date. Generally, orders require one of the following:
 - ❖ Repurchase or replacement of the vehicle by the manufacturer with a reasonable allowance for the consumer's use of the vehicle deducted,
 - ❖ Repair of the vehicle under the manufacturer's warranty, or
 - ❖ Dismissal of the complaint if the defect is not proven.

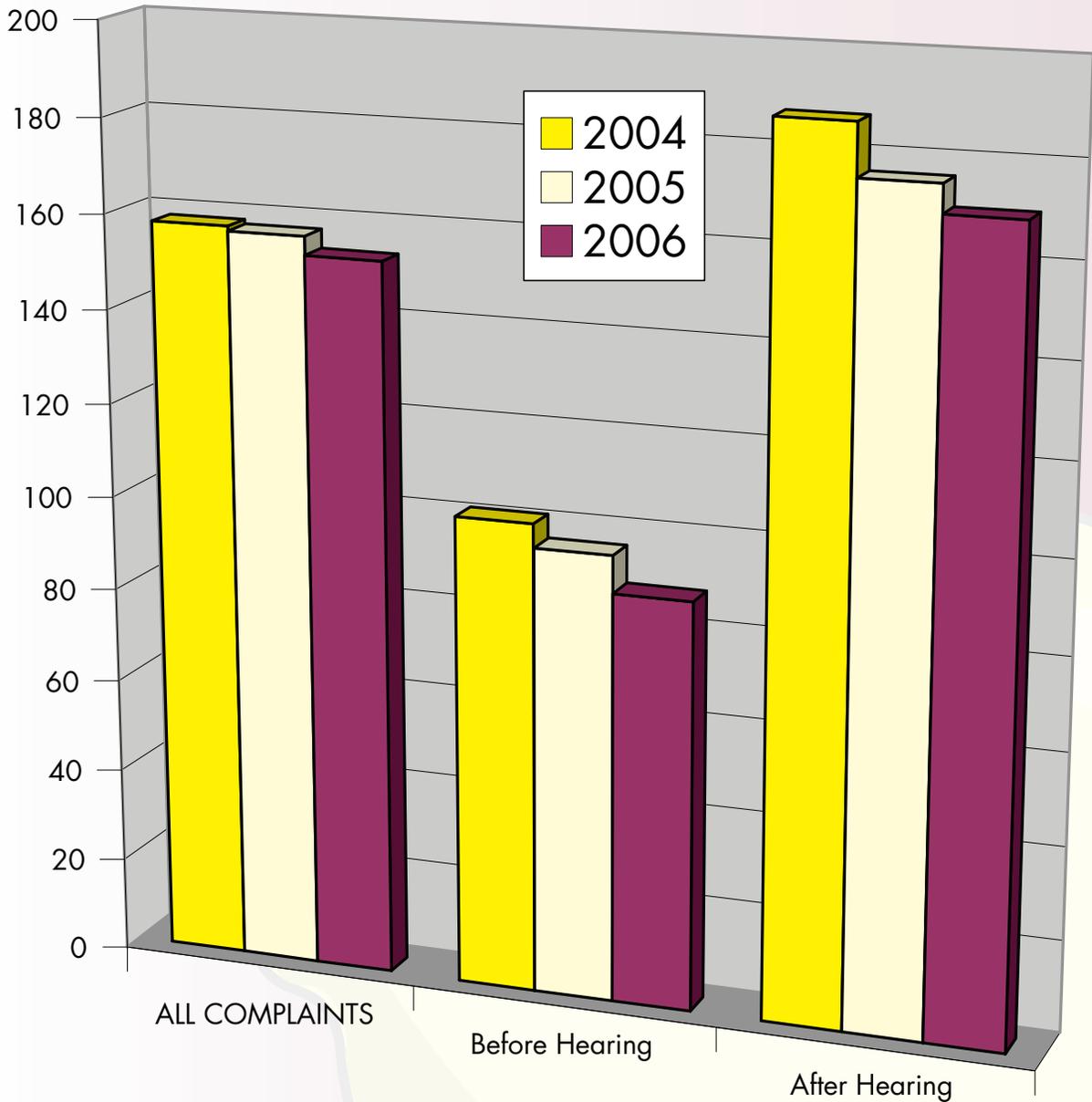
WHEN THE DECISION IS FINALIZED

The decision and order are sent to the parties by certified mail.

- Any party who disagrees with the decision may file a motion for rehearing (a request for reconsideration of the decision) with the Motor Vehicle Division. In CY '06, 18 motions for rehearing were filed with the Motor Vehicle Division. A motion for rehearing can result in an affirmation or minor modification of the original decision and order to the granting of a complete new hearing.
- After a final ruling on a motion for rehearing, any party who disagrees with the Motor Vehicle Division's final action may file an appeal in state district court under the substantial evidence rule. However, parties seldom file an appeal. In fact, during CY '04 and CY '06, no Lemon Law cases were appealed. In CY '05, two Lemon Law cases were appealed.

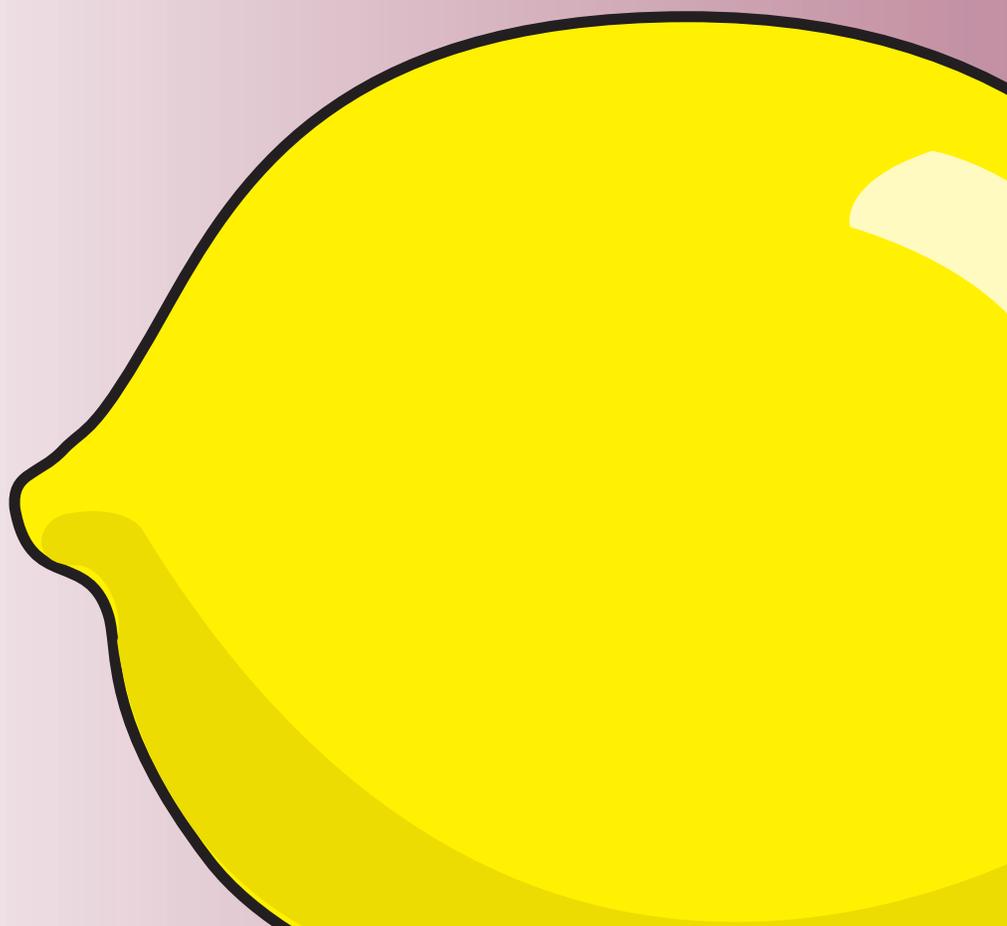
Chart F shows the average processing times for the complaints closed for CY '04 through CY '06. You will note that the number of days vary depending on what stage in the process the complaints are closed. You will also note the average processing times have decreased somewhat.

**CHART F
AVERAGE NUMBER OF DAYS TO
PROCESS COMPLAINTS**





COMPLAINTS FILED





COMPLAINTS FILED

Chart G shows how many complaints were filed against manufacturers (listed alphabetically by make) for CY '04 through CY '06. Although the number of complaints filed decreased by 16.4 percent from CY '05, some passenger car and truck manufacturer's experienced sharper declines such as Ford, Hyundai, Jaguar, Nissan, Saab and Volkswagen. On the other hand, there were a few passenger car and truck manufacturers that experienced sharp increases such as Isuzu, Mazda, Mercedes-Benz, Saturn, Suzuki and Toyota.

CHART G COMPLAINTS FILED - BY MANUFACTURER AND MAKE

MANUFACTURER	MAKE	CY04	CY05	CY06
Alfa Leisure (MH/TRV)		0	1	1
AM General		0	2	0
Ameri-Camp (TRV)		0	0	1
American Ironhorse (MC)		3	2	1
American La France (HT)		1	0	0
Aprilia (MC)		0	1	4
Arctic Cat (ATV)		0	0	1
Big Dog (MC)		3	2	1
	BMW	19	10	12
	Mini	2	2	2
BMW including (MC) TOTAL		21	12	14
Bourget (MC)		0	1	1
Crossroads (MH)		0	0	1
Daewoo		3	0	0
	Chrysler	23	34	32
	Dodge	80	77	79
	Jeep	12	14	25
	Plymouth	0	1	0
Chrysler TOTAL		115	126	136
Damon (MH)		0	1	0
Doubletree (TRV)		2	1	0
Ducati (MC)		0	1	0
Dynamax (MH)		0	1	1
Fleetwood (MH/TRV)		14	9	3
	Ford	156	159	82
	Lincoln	10	10	13
	Mercury	12	5	3
Ford TOTAL		178	174	98
Forest River (MH/TRV)		10	4	3
Four Winds (MH)		1	0	0
Freightliner (HT)		2	11	2
Frontier (TRV)		0	2	0
	Buick	0	1	3
	Cadillac	12	8	12
	Chevrolet	98	81	60
	GMC	22	9	17
	Hummer	1	2	1
	Oldsmobile	3	1	1
	Pontiac	11	9	11
General Motors TOTAL		147	111	105
Georgie Boy (MH)		1	0	0
Gulf Stream (MH/TRV)		4	4	3
Harley-Davidson (MC)		2	0	2
	Acura	5	7	1
(Including ATV/MC)	Honda	19	11	20
Honda TOTAL		24	18	21
Hyundai		9	9	4
International (HT)		1	1	0

CHART G (CONTINUED)

MANUFACTURER	MAKE	CY04	CY05	CY06
Isuzu		5	2	6
Jaguar		5	4	1
Jayco (MH/TRV)		0	2	1
Kawasaki (MC)		1	2	0
Keystone (TRV)		4	7	1
Kia		17	11	10
Kubota (ATV)		0	1	0
K-Z Inc. (TRV)		0	1	0
Land Rover		5	6	5
Leisure (MH)		2	0	0
Mack (HT)		1	0	0
Mazda		26	12	17
Mercedes-Benz		16	7	18
Mitsubishi		7	3	2
	Holiday Rambler	7	0	1
	Monaco	5	4	6
Monaco Coach (MH/TRV)		12	4	7
National RV (MH)		1	0	1
Navistar (HT)		0	0	1
Newmar (MH)		0	0	1
	Infiniti	0	4	6
	Nissan	26	52	25
Nissan TOTAL		26	56	31
	Kenworth	0	0	1
	Peterbilt	1	0	0
Paccar TOTAL (HT)		1	0	1
Peterson (TRV)		0	0	1
Pilgrim (TRV)		1	1	0
Polaris (ATV/MC)		0	1	1
Porsche		2	1	1
Precision Cycle Works (MC)		1	0	0
R-Vision Inc. (MH/TRV)		0	1	0
Red Horse (MC)		1	0	0
Saab		7	5	2
Saleen		0	1	0
Saturn		6	3	11
Saxon (MC)		0	0	1
Skyline (TRV)		1	1	0
Subaru		3	2	1
Sunl (ATV/MC)		0	0	2
Suzuki (Including ATV/MC)		12	10	16
	Aerolite (TRV)	1	0	0
	Airstream (MH)	1	0	1
	Dutchmen (TRV)	1	0	1
	Four Winds (MH)	0	0	1
	Thor (MH/TRV)	1	10	2
Thor TOTAL		4	10	5
Tiffin Motor Homes (MH)		3	1	1
	Lexus	6	1	3
	Toyota	17	9	11
Toyota TOTAL		23	10	14
Travel Supreme (MH)		1	0	1
Vento (MC)		0	0	1
	Audi	2	5	1
	Volkswagen	25	35	10
Volkswagen TOTAL		27	40	11
Volvo		5	3	4
Winnebago (MH)		2	3	5
Yamaha (MC)		2	2	7
TOTAL COMPLAINTS FILED		771	707	591

Chart H shows how many passenger car and truck complaints were filed by model. It also includes a complaint filed index (CFI). Note that the highlighted models reflect combined sales which result in one Market Share and one CFI for those particular series. The market share in Chart H is calculated based on the last three years of Texas sales, unless otherwise indicated. The CFI was obtained by dividing the model's share of the complaints filed by its market share. Charts H1, H2 and H3 contain the same information for motor homes, TRVs and motorcycles/all terrain vehicles.

CHART H (CARS AND TRUCKS) COMPLAINTS FILED INDEX BY MAKE AND MODEL

MAKE	MODEL	COMPLAINTS FILED	COMPLAINT SHARE	AVG. TX SALES	MARKET SHARE	CFI
Acura	TL	1	0.17%	5,065	0.4674%	0.36
Audi	A8	1	0.17%	177	0.0163%	10.36
BMW	300 Class	6	1.02%	6,498	0.5996%	1.69
	500 Class	1	0.17%	2,849	0.2629%	0.64
	700 Class	3	0.51%	1,254	0.1157%	4.39
	M3	2	0.34%	342	0.0316%	10.72
Buick	Lacrosse	2	0.34%	2,044	0.1886%	1.79
	Terraza	1	0.17%	431	0.0398%	4.25
Cadillac	CTS	1	0.17%	7,882	0.7273%	0.23
	Deville	3	0.51%	2,380	0.2197%	2.31
	Eldorado	1	0.17%	Unknown	Unknown	Unknown
	Escalade	3	0.51%	5,288	0.4879%	1.04
	SRX	3	0.51%	1,616	0.1491%	3.40
	STS	1	0.17%	1,426	0.1316%	1.29
Chevrolet	Astro Van	1	0.17%	719	0.0663%	2.55
	Avalanche	3	0.51%	7,959	0.7345%	0.69
	Aveo	2	0.34%	4,234	0.3907%	0.87
	Blazer	1	0.17%	569	0.0525%	3.22
	C/K 2500	2	0.34%	Unknown	Unknown	Unknown
	C/K 4500	1	0.17%	Unknown	Unknown	Unknown
	Cavalier	1	0.17%	5,145	0.4748%	0.36
	Colbalt	4	0.68%	8,694	0.8023%	0.84
	Colorado	2	0.34%	6,918	0.6384%	0.53
	Corvette	1	0.17%	3,102	0.2863%	0.59
	Equinox	3	0.51%	6,936	0.6400%	0.79
	Impala	1	0.17%	12,289	1.1341%	0.15
	Kodiak (MT)	2	0.34%	Unknown	Unknown	Unknown
	Malibu	6	1.02%	9,109	0.8406%	1.21
	Silverado	12	2.03%	72,714	6.7101%	0.30
	SSR	1	0.17%	563	0.0519%	3.26
	Suburban	4	0.68%	14,691	1.3557%	0.50
	Tahoe	6	1.02%	25,167	2.3224%	0.44
	Trailblazer	4	0.68%	12,270	1.1323%	0.60
	Uplander	2	0.34%	1,660	0.1532%	2.21
Venture	1	0.17%	1,235	0.1139%	1.49	
Chrysler	300	16	2.71%	8,340	0.7696%	3.52
	Pacifica	4	0.68%	3,758	0.3468%	1.95
	PT Cruiser	5	0.85%	7,951	0.7337%	1.15
	Sebring	2	0.34%	3,720	0.3433%	0.99
	Town & Country Van	5	0.85%	6,722	0.6203%	1.36

CHART H (CONTINUED)

MAKE	MODEL	COMPLAINTS FILED	COMPLAINT SHARE	AVG. TX SALES	MARKET SHARE	CFI
Dodge	Caravan Van	4	0.68%	9,704	0.8955%	0.76
	Charger*	1	0.17%	3,691	0.3406%	0.50
	Dakota Pickup	9	1.52%	4,720	0.4356%	3.50
	Durango	9	1.52%	8,785	0.8107%	1.88
	Intrepid*	1	0.17%	236	0.0218%	7.77
	Magnum	6	1.02%	1,897	0.1750%	5.80
	Neon	1	0.17%	6,771	0.6248%	0.27
	Nitro*	1	0.17%	663	0.0611%	2.77
	Ram 1500 Pickup	20	3.38%	48,707	3.8306%	1.77
	Ram 2500 Pickup	9	1.52%			
	Ram 3500 Pickup	11	1.86%			
	Sprinter*	3	0.51%	476	0.0439%	11.56
Stratus	4	0.68%	5,110	0.4716%	1.44	
Ford	Econoline	2	0.34%	4,847	0.4473%	0.76
	Excursion	1	0.17%	1,363	0.1258%	1.35
	Expedition	11	1.86%	17,363	1.6023%	1.16
	Explorer	3	0.51%	17,654	1.6291%	0.31
	F150 Pickup	22	3.72%	106,061	9.7874%	0.88
	F250 Pickup	12	2.03%			
	F350 Pickup	15	2.54%			
	F450 Pickup (MT)	2	0.34%			
	F750 Superduty	1	0.17%			
	Focus	2	0.34%	12,040	1.1111%	0.30
	Freestar	2	0.34%	2,875	0.2653%	1.28
	Mustang	5	0.85%	14,360	1.3251%	0.64
	Taurus	3	0.51%	8,152	0.7523%	0.67
	Thunderbird	1	0.17%	439	0.0405%	4.17
Freightliner	Century Class (MT)	1	0.17%	Unknown	Unknown	Unknown
	M2 (MT)	1	0.17%	Unknown	Unknown	Unknown
GMC	Envoy	4	0.68%	6,553	0.6047%	1.12
	Sierra 1500 Pickup	4	0.68%	19,833	1.8302%	0.37
	TC5C042 (MT)	3	0.51%	Unknown	Unknown	Unknown
	Yukon	6	1.02%	12,127	1.1191%	0.91
Honda	Accord	3	0.51%	26,242	2.4216%	0.21
	Civic	3	0.51%	20,101	1.8549%	0.27
	Civic Hybrid	2	0.34%			
	CRV	2	0.34%	8,933	0.8244%	0.41
	Element	1	0.17%	3,763	0.3473%	0.49
	Odyssey Van	4	0.68%	9,993	0.9222%	0.73
	Pilot	2	0.34%	8,237	0.7601%	0.45
Hummer	H3*	1	0.17%	3,731	0.3443%	0.49
Hyundai	Sante Fe	1	0.17%	4,587	0.4233%	0.40
	Sonata	1	0.17%	6,985	0.6446%	0.26
	Tiburon	1	0.17%	1,664	0.1536%	1.10
	XG350	1	0.17%	713	0.0658%	2.57

CHART H (CONTINUED)

MAKE	MODEL	COMPLAINTS FILED	COMPLAINT SHARE	AVG. TX SALES	MARKET SHARE	CFI
Infiniti	G35	1	0.17%	5,339	0.4927%	0.34
	M35*	1	0.17%	1,255	0.1158%	1.46
	M45	1	0.17%	317	0.0292%	5.79
	QX56*	3	0.51%	1,252	0.1155%	4.40
Isuzu	Axiom	3	0.51%	204	0.0189%	26.92
	Rodeo	2	0.34%	792	0.0731%	4.63
	Trooper*	1	0.17%	Unknown	Unknown	Unknown
Jaguar	S-Type	1	0.17%	485	0.0447%	3.78
Jeep	Commander*	2	0.34%	2,843	0.2624%	1.29
	Grand Cherokee	11	1.86%	8,582	0.7920%	2.35
	Liberty	5	0.85%	9,287	0.8570%	0.99
	Wrangler	7	1.18%	5,806	0.5357%	2.21
Kenworth	W900 (HT)	1	0.17%	Unknown	Unknown	Unknown
Kia	Optima	3	0.51%	3,310	0.3054%	1.66
	Rio	1	0.17%	3,565	0.3289%	0.51
	Sedona	3	0.51%	2,927	0.2701%	1.88
	Sorento	1	0.17%	4,656	0.4297%	0.39
	Sportage	2	0.34%	1,478	0.1364%	2.48
Land Rover	Freelander	1	0.17%	159	0.0146%	11.56
	LR3	1	0.17%	666	0.0615%	2.75
	Range Rover	3	0.51%	1,270	0.1172%	4.33
Lexus	ES Series	1	0.17%	5,564	0.5134%	0.33
	IS Series	1	0.17%	1,921	0.1773%	0.95
	RX400H	1	0.17%	8,199	0.7566%	0.22
Lincoln	Aviator	4	0.68%	1,345	0.1241%	5.45
	LS	1	0.17%	1,590	0.1468%	1.15
	Mark LT*	1	0.17%	1,495	0.1380%	1.23
	Navigator	6	1.02%	3,600	0.3322%	3.06
	Zephyr*	1	0.17%	882	0.0814%	2.08
Mazda	3	4	0.68%	7,594	0.7008%	0.97
	6	1	0.17%	4,976	0.4592%	0.37
	MPV Van	1	0.17%	1,161	0.1071%	1.58
	RX-8	9	1.52%	1,754	0.1619%	9.41
	Tribute	2	0.34%	4,541	0.4191%	0.81
Mercedes-Benz	C Class	3	0.51%	3,714	0.3427%	1.48
	CL/CLK Class	5	0.85%	1,162	0.1072%	7.89
	CLS Class*	1	0.17%	842	0.0777%	2.18
	E Class	3	0.51%	2,613	0.2412%	2.10
	S Class	4	0.68%	1,233	0.1138%	5.95
	SL/SLK Class	2	0.34%	1,343	0.1239%	2.73
Mercury	Grand Marquis	2	0.34%	4,564	0.4212%	0.80
	Sable	1	0.17%	906	0.0836%	2.02
Mini	Cooper	2	0.34%	2,617	0.2415%	1.40
Mitsubishi	Endeavor	1	0.17%	1,828	0.1687%	1.00
	Galant	1	0.17%	2,957	0.2728%	0.62
Navistar	9900I (HT)	1	0.17%	Unknown	Unknown	Unknown

CHART H (CONTINUED)

MAKE	MODEL	COMPLAINTS FILED	COMPLAINT SHARE	AVG. TX SALES	MARKET SHARE	CFI
Nissan	350Z	1	0.17%	2,647	0.2443%	0.69
	Altima	7	1.18%	18,124	1.6725%	0.71
	Armada	6	1.02%	3,868	0.3570%	2.84
	Maxima	2	0.34%	5,079	0.4687%	0.72
	Murano	2	0.34%	5,234	0.4830%	0.70
	Pathfinder	1	0.17%	4,474	0.4129%	0.41
	Quest Van	3	0.51%	2,423	0.2236%	2.27
	Sentra	1	0.17%	7,717	0.7122%	0.24
	Titan	1	0.17%	10,006	0.9234%	0.18
Xterra	1	0.17%	7,454	0.6879%	0.25	
Oldsmobile	Eighty-Eight	1	0.17%	Unknown	Unknown	Unknown
Pontiac	Aztek	1	0.17%	497	0.0459%	3.69
	G6	3	0.51%	3,986	0.3678%	1.38
	Grand Am	1	0.17%	3,205	0.2957%	0.57
	Grand Prix	2	0.34%	4,124	0.3805%	0.89
	GTO	1	0.17%	861	0.0794%	2.13
	Montana	1	0.17%	797	0.0735%	2.30
	Solstice*	1	0.17%	831	0.0767%	2.21
	Sunfire	1	0.17%	1,592	0.1469%	1.15
Porsche	Boxster	1	0.17%	294	0.0271%	6.24
Saab	9-3	2	0.34%	1,250	0.1154%	2.93
Saturn	ION	6	1.02%	6,076	0.5607%	1.81
	Relay	3	0.51%	455	0.0420%	12.08
	VUE	2	0.34%	5,315	0.4905%	0.69
Subaru	Impreza	1	0.17%	905	0.0835%	2.03
Suzuki	Aerio	2	0.34%	578	0.0533%	6.35
	Forenza	4	0.68%	3,141	0.2899%	2.33
	Reno	1	0.17%	293	0.0271%	6.25
	Verona	5	0.85%	642	0.0593%	14.27
	Vitara	1	0.17%	1,059	0.0977%	1.73
Toyota	4Runner	1	0.17%	10,251	0.9459%	0.18
	Camry	3	0.51%	27,802	2.5655%	0.20
	Corolla	3	0.51%	24,144	2.2280%	0.23
	Sequoia	1	0.17%	4,905	0.4527%	0.37
	Sienna	2	0.34%	7,454	0.6878%	0.49
	Tundra Pickup	1	0.17%	12,739	1.1756%	0.14
Volkswagen	GTI	1	0.17%	414	0.0382%	4.43
	Jetta	1	0.17%	7,947	0.7334%	0.23
	New Beetle	4	0.68%	3,405	0.3142%	2.15
	Passat	1	0.17%	3,139	0.2897%	0.58
	Touareg	3	0.51%	1,008	0.0930%	5.46
Volvo	S60	1	0.17%	1,376	0.1269%	1.33
	V70	2	0.34%	565	0.0521%	6.49
	XC90	1	0.17%	1,938	0.1788%	0.95
TOTAL COMPLAINTS FILED		526	89%			

Note: Highlighted models reflect combined sales which results in one Market Share and one CFI for those particular series.

* Texas sales for these models are based on a two year average.

Consumers can determine if a model has received more or less than its “expected share” of complaints by using the following criteria:

- A model’s share of the complaints filed equals its market share, the CFI will be 1.0
- A model has more than its expected share of complaints, the CFI will be greater than 1.0
- A model has less than its expected share of complaints, the CFI is less than 1.0

Based on the chart for cars and trucks, there are 24 models with a CFI range below 0.5 and 13 models in the range between 0.51 and 1.0. **Models included in these lists are only those with a market share greater than 0.5 percent or average sales over 5,418.** Those models from lowest to highest CFI are:

CFI RESULTS (PASSENGER CARS AND TRUCKS)

CFI RANGE BELOW 0.5		
MAKE	MODEL	CFI
Toyota	Tundra Pickup	0.14
Chevrolet	Impala	0.15
Nissan	Titan	0.18
Toyota	4Runner	0.18
Toyota	Camry	0.20
Honda	Accord	0.21
Lexus	RX400H	0.22
Cadillac	CTS	0.23
Toyota	Corolla	0.23
Volkswagen	Jetta	0.23
Nissan	Sentra	0.24
Nissan	Xterra	0.25
Hyundai	Sonata	0.26
Dodge	Neon	0.27
GMC	Envoy	0.28
Ford	Focus	0.30
Ford	Explorer	0.31
Lexus	ES Series	0.33
GMC	Sierra 1500 Pickup	0.37
Honda	CRV	0.41
Chevrolet	Tahoe	0.44
Honda	Pilot	0.45
Toyota	Sienna	0.49
Chevrolet	Suburban	0.50

CFI RANGE BETWEEN .51-1.0		
MAKE	MODEL	CFI
Ford	Mustang	0.51
Chevrolet	Colorado	0.53
Chevrolet	Trailblazer	0.60
Ford	Taurus	0.67
Chevrolet	Avalanche	0.69
Nissan	Altima	0.71
Honda	Odyssey Van	0.73
Dodge	Caravan Van	0.76
Chevrolet	Equinox	0.79
Chevrolet	Colbalt	0.84
GMC	Yukon	0.91
Mazda	3	0.97
Jeep	Liberty	0.99

CFI RANGE OVER 1		
MAKE	MODEL	CFI
Chrysler	PT Cruiser	1.15
Ford	Expedition	1.16
Chevrolet	Malibu	1.21
Chrysler	Town & Country Van	1.36
BMW	300 Class	1.69
Saturn	ION	1.81
Dodge	Durango	1.88
Jeep	Wrangler	2.21
Jeep	Grand Cherokee	2.35
Chrysler	300	3.52

There are 10 passenger car and truck models with a market share greater than 0.5 percent having a CFI greater than 1.0. Those models from lowest to highest CFI are:

CHART H1 (MOTOR HOMES) COMPLAINTS FILED INDEX BY MAKE AND MODEL

MAKE	MODEL	COMPLAINTS FILED	COMPLAINT SHARE	MARKET SHARE	AVG. TX SALES	CFI
Alfa Leisure	See Ya	1	0.17%	38	1.3249%	0.13
Dynamax	Grandsport*	1	0.17%	7	0.2462%	0.69
Fleetwood	Discovery	1	0.17%	84	2.9546%	0.06
Gulfstream	Sun Voyager	1	0.17%	191	0.1759%	0.96
	Tour Master	1	0.17%			
Monaco	Camelot	1	0.17%	11	0.3752%	0.45
	Cayman	1	0.17%	12	0.4338%	0.39
	Imperial	1	0.17%	8	0.2697%	0.63
	Knight	1	0.17%	Unknown	Unknown	Unknown
	Patriot By Beaver	2	0.34%	19	0.6800%	0.50
	Vacationer By Honda	1	0.17%	19	0.6566%	0.26
National RV	Tropical	1	0.17%	15	0.5159%	0.33
Newmar	Mountain Aire	1	0.17%	30	1.0552%	0.16
Thor	Airstream Land Yacht	1	0.17%	5	0.1759%	0.96
	Mandalay	1	0.17%	16	0.5628%	0.30
Tiffin	Allegro	1	0.17%	136	4.7954%	0.04
Travel Supreme	Supreme	1	0.17%	23	0.8207%	0.21
Winnebago	Adventure	1	0.17%	153	0.1759%	0.96
	Brave	1	0.17%			
	Itasca	1	0.17%			
	Navion	1	0.17%			
	Vectra	1	0.17%			
TOTAL COMPLAINTS FILED		23	4%			

Note: The market share for each make/model is based on the total motorhome sales in Texas of 2,843 units.

* Texas sales for these models are based on a two year average.

CHART H2 (TRVs) COMPLAINTS FILED INDEX BY MAKE AND MODEL

MAKE	MODEL	COMPLAINTS FILED	COMPLAINT SHARE	AVG. TX SALES	MARKET SHARE	CFI
Ameri-Camp	T310RLS	1	0.17%	51	0.2392%	0.71
Fleetwood	Prowler	1	0.17%	617	2.8940%	0.06
	Triumph	1	0.17%	29	0.1376%	1.23
Forest River	Cedar Creek	1	0.17%	222	1.0397%	0.16
	Rockwood	1	0.17%	500	2.3452%	0.07
	Sierra	1	0.17%	120	0.5629%	0.30
Gulf Stream	Travel	1	0.17%	366	1.7167%	0.10
Jayco	Jay Flight	1	0.17%	1105	5.1814%	0.03
Keystone	Zeppelin	1	0.17%	Unknown	Unknown	Unknown
Peterson	Excel	1	0.17%	43	0.2001%	0.85
Thor	Crossroads	1	0.17%	264	1.2367%	0.14
	Dutchmen	1	0.17%	374	1.7542%	0.10
	Tahoe	2	0.34%	166	0.7802%	0.43
TOTAL COMPLAINTS FILED		14	2%			

Note: The market share for each make/model is based on the total TRV sales in Texas of 21,320 units.

CHART H3 (MOTORCYCLES) COMPLAINTS FILED INDEX BY MAKE AND MODEL

MAKE	MODEL	COMPLAINTS FILED	COMPLAINT SHARE
American Ironhorse	Texas Chopper (MC)	1	0.17%
Aprilia	Mojito (MC)	2	0.34%
	Moto Guzzi (MC)	1	0.17%
	Scarabeo 50 (MC)	1	0.17%
Arctic Cat	Prowler (ATV)	1	0.17%
Big Dog	Pitbull (MC)	1	0.17%
Bourget	Fat Daddy (MC)	1	0.17%
Harley-Davidson	FLHXI (MC)	1	0.17%
	Buell (MC)	1	0.17%
Honda	CR125R6 (MC)	1	0.17%
	Elite 80 (MC)	1	0.17%
	Rancher ES (ATV)	1	0.17%
Polaris	Sportsman (ATV)	1	0.17%
Saxon	Warlord (MC)	1	0.17%
SunL Group	150CC (ATV)	1	0.17%
	LB200-2 (MC)	1	0.17%
Suzuki	Kawk Alliance (ATV)	2	0.34%
	Kingquad (ATV)	1	0.17%
Vento	V-Thunder (MC)	1	0.17%
Yamaha	FZS1000 (MC)	1	0.17%
	Silverado (MC)	1	0.17%
	V Star (MC)	2	0.34%
	XVS1100 (MC)	1	0.17%
	YFZ450 (MC)	1	0.17%
	YZFR1 (MC)	1	0.17%
TOTAL COMPLAINTS FILED		28	5%

Chart I shows how many defects by component system or category consumers reported on filing their complaints. Consumers reported 1,027 defects or 1.74 defects per vehicle with the engine (performance/emissions) category being the most common (22.30 percent). By comparison, in CY '05 consumers reported 1,150 defects, which was 1.63 defects per vehicle. The engine (performance/emissions) category was also the most common.

CHART I DEFECTS REPORTED

CATEGORY	NUMBER	PERCENT OF TOTAL REPORTED
Engine (mechanical)	96	9.35%
Engine (performance/emissions)	229	22.30%
Air conditioning and heating	67	6.52%
Automatic transmission	70	6.82%
Standard transmission	9	0.88%
Driveline (axles and driveshaft) / vibrations	56	5.45%
Brakes	59	5.74%
Electrical	128	12.46%
Suspension and steering	94	9.15%
Body and trim	96	9.35%
Paint	12	1.17%
Water leaks	33	3.21%
Safety devices, seat belts, airbags	29	2.82%
Other	49	4.77%
TOTAL DEFECTS REPORTED	1,027	100%

Chart J shows the predominate defect claimed by consumers on filing their complaints for vehicles with a market share of one percent or greater. The engine (performance/emissions) category was a predominate defect on eight of the 16 models listed. The suspension and steering category was a predominate defect on six of the 16 models listed.

The model's predominate defect percentage was obtained by dividing the total number of predominate defects reported for that model by the total number of complaints filed.

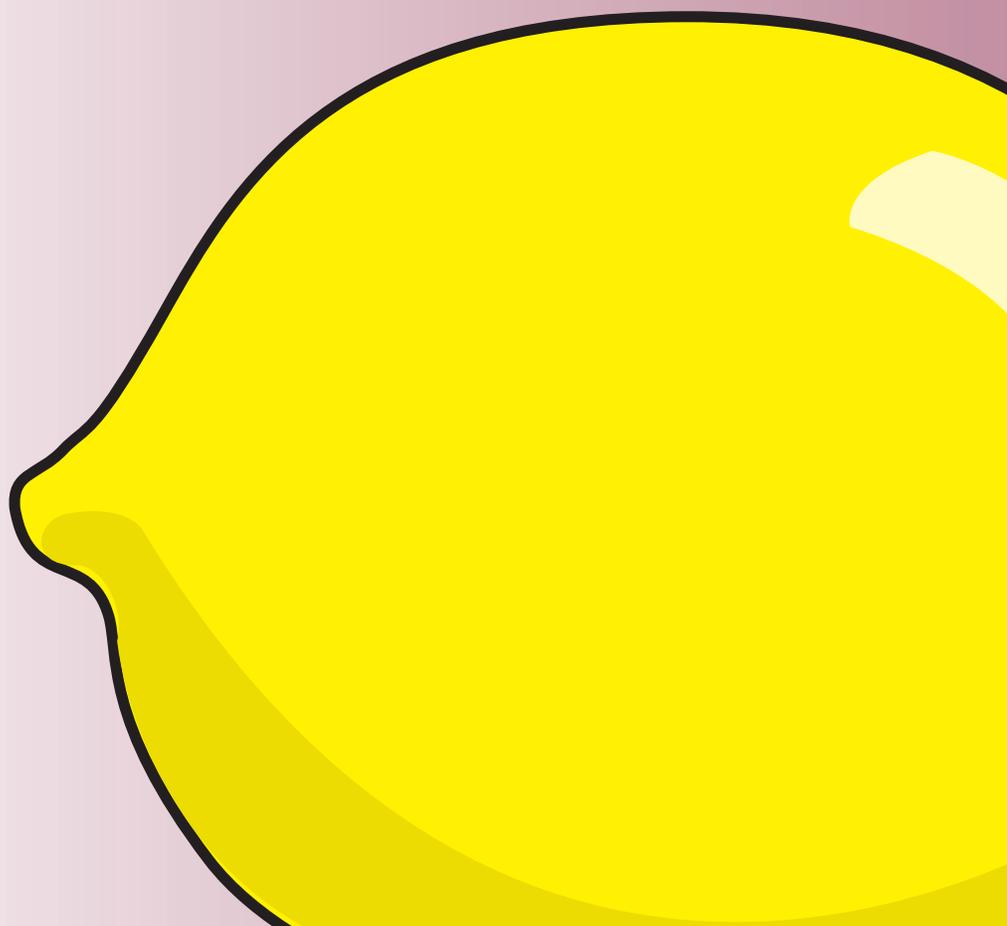
Example: Honda Accord had a total of two different defects reported on three complaints that were filed. There were two defects reported in the electrical category and one defect reported in the air conditioning and heating category. The defect percentage for the predominate defect is found by dividing the number of defects reported in the predominate category (2) by the number of complaints received (3), which equals .673 or 67 percent.

CHART J PREDOMINATE DEFECTS REPORTED (MARKET SHARE GREATER THAN 1%) BY MAKE AND MODEL

MAKE	MODEL	COMPLAINTS FILED	DEFECT	DEFECT % FOR MODEL
Chevrolet	Silverado	12	Engine (performance/emissions)	25%
			Body and trim	25%
			Suspension and steering	25%
	Suburban	4	Air condition & heating	50%
			Suspension and steering	50%
Tahoe	5	Suspension and steering	60%	
Trailblazer	4	Engine mechanical	50%	
Dodge	Ram Series	20	Engine (performance/emissions)	50%
Ford	Expedition	11	Engine (performance/emissions)	36%
			Air condition & heating	36%
	Explorer	3	Engine (performance/emissions)	67%
	F Series	52	Engine (performance/emissions)	21%
GMC	Sierra Series	4	Automatic transmission	50%
			Air condition & heating	50%
			Driveline / vibrations	50%
			Electrical	50%
	Yukon	6	Suspension and steering	50%
Honda	Accord	3	Electrical	67%
	Civic	3	Suspension and steering	67%
Nissan	Altima	7	Engine (performance/emissions)	57%
Toyota	Camry	3	Engine (performance/emissions)	67%
	Corolla	3	Engine (performance/emissions)	67%



**COMPLAINTS
CLOSED**





COMPLAINTS CLOSED

Chart K shows 131 complaints were resolved before a hearing was scheduled. The following methods of resolution and the numbers resolved are:

- Lack of jurisdiction, no warranty defect, etc., 32 which is 24.43 percent of the total resolved
- Not pursued (some may have settled with the initiation of communication by the Motor Vehicle Division between the consumer and the manufacturer), 27 which is 20.61 percent of the total resolved
- Consumer received relief, 72 which is 54.96 percent of the total resolved

CHART K
COMPLAINT RESOLUTION BEFORE HEARING SET

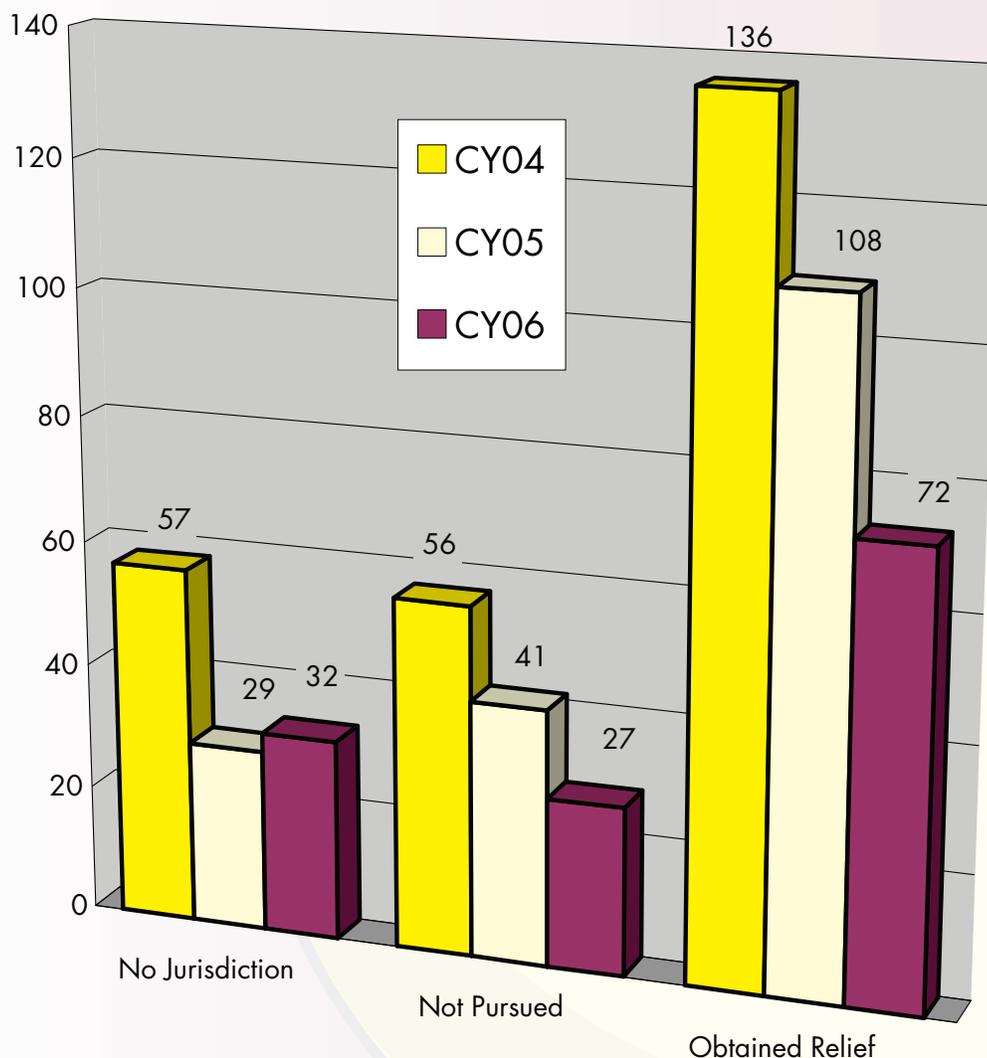


Chart L shows the number of cases settled in CY '06. Before a decision was issued, 361 complaints settled at various stages of the process.

- 72 (19.9 percent) settled prior to scheduling of a hearing
- 199 (55.1 percent) settled after a hearing was set but before the hearing was held
- 90 (24.9 percent) settled after a hearing convened

Of those that settled:

- 69 (19.1 percent) were repurchased
- 78 (21.6 percent) were replaced
- 11 (3.0 percent) were given trade assistance

CHART L SETTLEMENTS

	PRIOR TO HEARING SCHEDULED	AFTER HEARING SCHEDULED BUT BEFORE HEARING CONVENED	AFTER HEARING CONVENED
Repurchased	17	40	12
Replaced	15	45	18
Trade-assists	2	7	2
Repaired	22	51	15
Extended Service Contract	6	23	24
Others	10	33	19
TOTAL	72	199	90

Chart M compares the number of complaints closed for each manufacturer by repurchase, replacement or trade-assistance prior to the hearing being convened to the total number of complaints closed for the manufacturer. A comparison of the prehearing settlement rates indicates which manufacturers are more or less likely to settle early in the process.

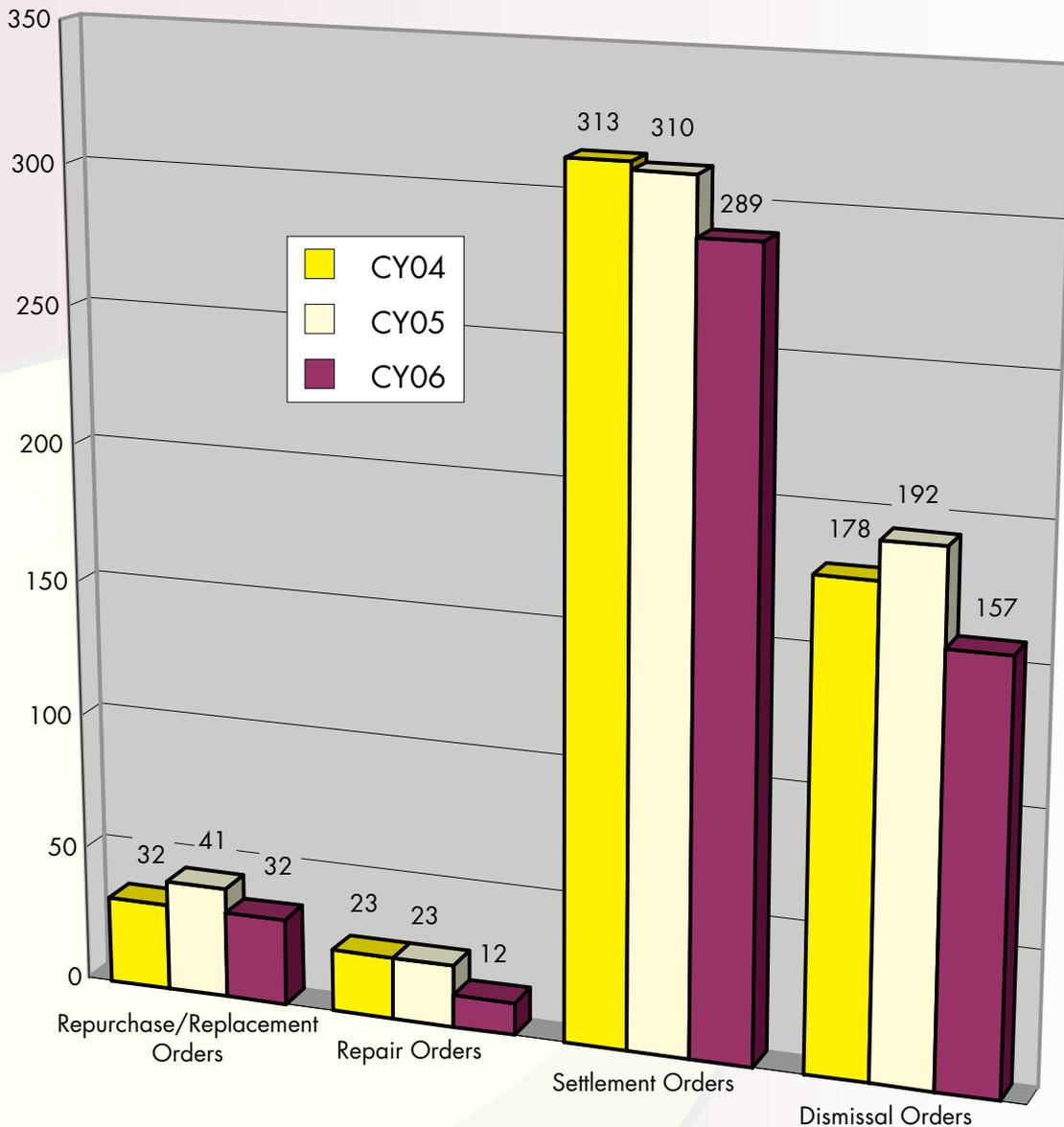
CHART M REPURCHASE/REPLACEMENT/TRADE ASSIST SETTLEMENTS BEFORE HEARING CONVENED - BY MANUFACTURER

MANUFACTURER	REPURCHASE	REPLACEMENT	TRADE ASSIST	PREHEARING SETTLEMENT TOTAL	COMPLAINTS CLOSED	PREHEARING SETTLEMENT %
Aprilia	1	0	0	1	2	50.00%
Arctic Cat	1	0	0	1	1	100.00%
BMW	1	2	0	3	14	21.43%
DaimlerChrysler	11	24	0	35	118	29.66%
Fleetwood	0	0	1	1	9	11.11%
Ford	4	4	0	8	129	6.20%
Forest River	0	1	0	1	3	33.33%
General Motors	5	18	5	28	97	28.87%
Harley-Davidson	1	0	0	1	1	100.00%
Honda	2	2	0	4	21	19.05%
Jaguar	0	0	1	1	1	100.00%
Jayco	1	0	0	1	1	100.00%
Kia	0	1	0	1	8	12.50%
Mazda	6	0	0	6	17	35.29%
Mercedes-Benz	2	0	0	2	15	13.33%
Nissan	10	1	0	11	40	27.50%
Pilgrim	1	0	0	1	1	100.00%
Saab	0	1	0	1	3	33.33%
Saturn	2	2	0	4	10	40.00%
Suzuki	3	0	0	3	14	21.43%
Toyota	2	1	0	3	15	20.00%
Volkswagen	4	3	1	8	14	57.14%
Volvo	0	0	1	1	5	20.00%
TOTAL	57	60	9	126	539	

Chart N shows the orders that were issued in 490 cases scheduled for hearing. Some form of relief was granted in 68 percent of the cases. The following methods of resolution after the hearing was set and numbers resolved are:

- Ordered repaired, repurchased or replaced, 44 or nine percent of the total resolved
- Settlement order, 289 or 59 percent of the total resolved
- Ordered dismissed (abandoned or not proven), 157 or 32 percent of the total resolved

**CHART N
COMPLAINT RESOLUTION AFTER HEARING SET**



Charts O1 and O2 reveal:

- The number of complaints closed **decreased** 21.9 percent from CY '04 and 16.5 percent from CY '05
- The number of hearings scheduled **decreased** 10.3 percent from CY '04 and 13.4 percent from CY '05
- The number of final orders issued **decreased** 26.7 percent from CY '04 and 29.6 percent from CY '05
- The number of vehicles ordered repurchased or replaced **remained the same** as CY '04 but **decreased** 22 percent from CY '05

**CHART O1
COMPLAINTS CLOSED COMPARISON**

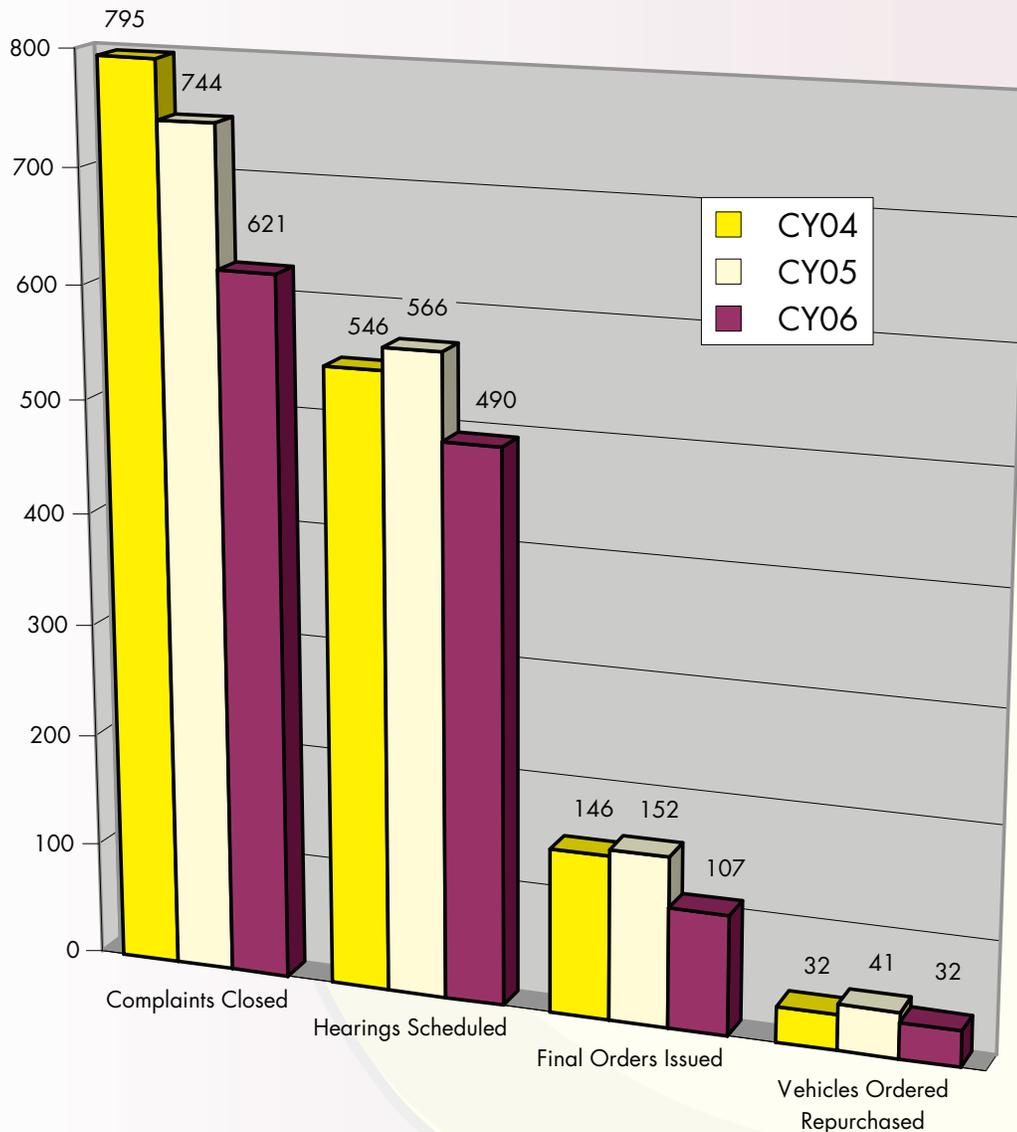


CHART 02

COMPLAINTS CLOSED - BY MANUFACTURER AND MAKE

MANUFACTURER	MAKE	COMPLAINTS CLOSED	HEARINGS SCHEDULED	FINAL ORDERS	REPURCHASE REPLACEMENT ORDERS
Alfa Leisure		1	0	0	0
Ameri-Camp		1	1	0	0
American Ironhorse		2	0	0	0
Aprilia		2	1	0	0
Arctic cat		1	1	0	0
Big Dog		3	3	1	1
BMW TOTAL	BMW	11	9	3	1
	MINI	3	2	1	1
		14	11	4	2
Bourget		2	2	0	0
DaimlerChrysler TOTAL	Chrysler	35	26	4	2
	Dodge	70	54	8	2
	Jeep	12	8	2	1
	Plymouth	1	0	0	0
		118	88	14	5
Damon		1	1	0	0
Ducati		1	0	0	0
Dynamax		1	1	0	0
Fleetwood		9	9	3	2
Ford TOTAL	Ford	116	101	39	7
	Lincoln	10	9	3	0
	Mercury	3	2	1	0
		129	112	43	7
Forest River		3	2	1	0
Freightliner		10	10	0	0
Frontier		2	2	1	1
General Motors TOTAL	Buick	3	1	0	0
	Cadillac	8	4	0	0
	Chevrolet	68	52	10	3
	GMC	9	9	2	1
	Hummer	1	0	0	0
	Oldsmobile	1	0	0	0
	Pontiac	7	6	0	0
		97	72	12	4
Gulf Stream		2	1	0	0
Harley-Davidson		1	1	0	0
Honda TOTAL	Acura	4	3	2	1
	Honda	17	12	0	0
		21	15	2	1
Hyundai		8	7	1	1
International		1	1	0	0
Isuzu		6	5	1	0
Jaguar		1	0	0	0
Jayco		1	1	0	0
Keystone		3	3	0	0
Kia		8	5	1	0

CHART O2 (CONTINUED)

MANUFACTURER	MAKE	COMPLAINTS CLOSED	HEARINGS SCHEDULED	FINAL ORDERS	REPURCHASE REPLACEMENT ORDERS
K-Z		1	1	0	0
Land Rover		3	3	0	0
Mazda		17	12	2	1
Mercedes-Benz		15	12	4	0
Mitsubishi		1	1	0	0
Monaco TOTAL	Holiday Rambler	0	0	0	0
	Monaco	5	4	1	0
		5	4	1	0
Navistar		1	1	0	0
Nissan TOTAL	Infiniti	6	5	0	0
	Nissan	34	30	6	2
		40	35	6	2
Paccar		1	0	0	0
Pilgrim		1	1	0	0
Polaris		2	1	0	0
Porsche		1	1	0	0
R-Vision		1	0	0	0
Saab		3	2	0	0
Saleen		1	1	0	0
Saturn		10	7	0	0
Subaru		1	1	1	0
Sunl Group		1	1	1	1
Suzuki		14	9	0	0
Thor TOTAL	Dutchmen	1	1	0	0
	Thor	7	5	2	2
		8	6	2	2
Tiffin		1	1	0	0
Toyota TOTAL	Lexus	3	3	0	0
	Toyota	12	10	3	0
		15	13	3	0
Travel Supreme		1	0	0	0
Vento		1	0	0	0
Volkswagen TOTAL	Audi	1	0	0	0
	Volkswagen	13	10	1	1
		14	10	1	1
Volvo		5	4	0	0
Winnebago		6	6	1	1
Yamaha		2	2	1	0
TOTAL CLOSED		621	490	107	32

There were 32 vehicles ordered repurchased or replaced after a contested hearing when an Administrative Law Judge found the complaint met the statutory requirements for relief under the Lemon Law.

Included are:

- 5 passenger cars
- 19 light trucks
- 4 motorcycles
- 4 towable recreational vehicles

Chart P describes the vehicles that were ordered repurchased or replaced by manufacturers listed alphabetically by make and model.

- The make's share of lemons (repurchase percentage) was obtained by dividing the number of that make's vehicles found to be lemons by the total number of vehicles found to be lemons by the Motor Vehicle Division (32).

Example: Ford had six vehicles repurchased, which would be 6 divided by 32, which equals .19 or 19 percent.

- The lemon index for each make was obtained by dividing the make's share of lemons by its market share in the state.

Example: BMW has a repurchase percentage of three percent which, when divided by their market share of 1.37 percent, gives them a lemon index of 2.28.

Use of the chart must be tempered by several considerations:

- The number of vehicles ordered repurchased or replaced is very small compared to the number of new vehicles registered in Texas in CY '06. The importance of this is that one additional vehicle ordered repurchased or replaced may significantly change the lemon index for a particular model.
- The market percentage figures were obtained from The Polk Company and based on the last three years of sales. The market percentage is used as an indicator of market percentage for all year makes involved in repurchase or replacement orders.
- Comparisons to results reported by other states should be used with caution due to major structural differences in the lemon laws of various states.

CHART P

VEHICLES ORDERED REPURCHASED OR REPLACED BY MAKE AND MODEL

YR	MAKE	MODEL	PROBLEM AREA	PRICE	MARKET	REPUR.	LEMON
03	Acura	TL	Automatic transmission	\$31,804.18	1.15%	3%	2.71
05	Big Dog	Pitbull (MC)	Other	\$27,591.24	Unknown	3%	Unknown
06	BMW	300 Class	Electrical	\$40,768.75	1.37%	3%	2.28
04	Chevrolet	Astro Van	Driveline vibrations	\$32,857.83	15.43%	9%	0.61
06	Chevrolet	Cobalt	Engine (performance/emissions)	\$15,398.63	15.43%	9%	0.61
04	Chevrolet	SSR	Air conditioning and heating	\$33,464.88	15.43%	9%	0.61
04	Chrysler	Pacifica	Engine (mechanical)	\$25,814.49	2.03%	6%	3.09
05	Chrysler	Pacifica	Engine (mechanical)	\$18,353.90	2.03%	6%	3.09
05	Dodge	Dakota Pickup	Driveline (Axle and Driveshaft)/ Vibrations	\$21,901.75	6.64%	6%	0.94
05	Dodge	Durango	Engine (mechanical)	\$28,177.15	6.64%	6%	0.94
05	Fleetwood	Revolution (MH)	Water Leaks	\$161,407.63	Unknown	6%	Unknown
04	Fleetwood	Terry (TRV)	Water Leaks	\$22,878.36	Unknown	6%	Unknown
04	Ford	Expedition	Automatic transmission	\$32,568.17	16.32%	19%	1.15
03	Ford	F150 Pickup	Engine (performance/emissions)	\$30,121.65	16.32%	19%	1.15
04	Ford	F150 Pickup	Engine (mechanical)	\$22,388.88	16.32%	19%	1.15
05	Ford	F250 Pickup	Engine (performance/emissions)	\$38,063.29	16.32%	19%	1.15
04	Ford	F350 Pickup	Engine (mechanical)	\$40,292.97	16.32%	19%	1.15
05	Ford	F450 Pickup	Engine (mechanical)	\$32,981.45	16.32%	19%	1.15
06	Frontier	Aspen (TRV)	Body and trim	\$27,320.45	Unknown	3%	Unknown
05	GMC	Sierra	Engine (performance/emissions), Electrical	\$27,167.74	3.50%	3%	0.89
03	Hyundai	Santa Fe	Engine (performance/emissions)	\$20,297.64	2.37%	3%	1.32
05	Jeep	Grand Cherokee	Engine (mechanical), Electrical	\$29,409.24	2.13%	3%	1.46
05	Mazda	MPV Van	Automatic transmission	\$26,822.45	1.98%	3%	1.58
05	Mini	Cooper	Electrical	\$22,184.10	0.23%	3%	13.88
05	Monaco	Executive (MH)	Electrical	\$524,480.38	Unknown	3%	Unknown
04	Nissan	Maxima	Electrical	\$23,698.33	6.70%	6%	0.93
04	Nissan	Titan	Automatic transmission	\$24,027.01	6.70%	6%	0.93
05	Sunl Group	LB200-2 (MC)	Engine (mechanical)	\$1,692.79	Unknown	3%	Unknown
03	Thor	Jazz (TRV)	Air conditioning and heating, Body and Trim, Other	\$25,370.71	Unknown	6%	Unknown
05	Thor	Tahoe (TRV)	Water Leaks, Other	\$24,160.84	Unknown	6%	Unknown
04	Toyota	Matrix	Engine (mechanical)	\$23,125.99	13.41%	3%	0.23
04	Volkswagen	Touareg	Water Leaks	\$46,913.33	1.60%	3%	1.95
04	Winnebago	Adventure (MH)	Water Leaks	\$134,779.64	Unknown	3%	Unknown
TOTAL VEHICLES REPURCHASED: 32				\$1,638,285.84			

Chart Q is provided to allow the reader to put the lemon index in perspective, taking into consideration the market share of the different manufacturers in Texas. The percentages are obtained by dividing the overall Texas sales for each manufacturer as furnished by The Polk Company by the total Texas sales. For the 10th year, more new trucks were registered in Texas than new cars.

New vehicles registered in Texas in 2006:

- Cars 438,015
- Trucks 645,642
(includes sport utility vehicles and minivans)

CHART Q

MARKET SHARE PERCENTAGE - BY MANUFACTURER AND MAKE

MANUFACTURER	MAKE	CARS	TRUCKS	COMBINED
BMW Total	BMW	2.817%	0.388%	1.370%
	Mini	0.557%	0.000%	0.225%
		3.374%	0.388%	1.595%
DaimlerChrysler Total	Chrysler	2.264%	1.863%	2.025%
	Dodge	2.659%	9.335%	6.637%
	Jeep	0.000%	3.581%	2.133%
		4.923%	14.779%	10.795%
Ford Total	Ford	8.592%	21.561%	16.319%
	Lincoln	1.041%	0.759%	0.873%
	Mercury	1.202%	0.464%	0.763%
		10.835%	22.785%	17.955%
Freightliner		0.000%	0.010%	0.006%
General Motors Total	Buick	1.330%	0.333%	0.736%
	Cadillac	2.241%	1.091%	1.556%
	Chevrolet	7.431%	20.864%	15.434%
	GMC	0.000%	5.870%	3.497%
	Hummer	0.000%	0.921%	0.549%
	Oldsmobile	0.000%	0.000%	0.000%
	Pontiac	2.622%	0.394%	1.294%
		13.624%	29.473%	23.067%
Honda Total	Acura	2.127%	0.494%	1.154%
	Honda	10.710%	5.741%	7.750%
	12.837%	6.235%	8.904%	
Hyundai		4.053%	1.225%	2.368%
Isuzu		0.000%	0.206%	0.123%
Jaguar		0.246%	0.000%	0.099%
Kia		3.427%	1.492%	2.274%
Land Rover		0.000%	0.418%	0.249%
Mazda		3.390%	1.022%	1.980%
Mercedes-Benz		2.545%	0.575%	1.371%
Mitsubishi		1.587%	0.506%	0.943%
Nissan Total	Infiniti	1.355%	0.398%	0.785%
	Nissan	7.771%	5.971%	6.698%
		9.125%	6.369%	7.483%
Porsche		0.316%	0.080%	0.175%
Saab		0.304%	0.000%	0.144%
Saturn		1.565%	0.887%	1.161%
Subaru		0.471%	0.291%	0.363%
Suzuki		1.329%	0.438%	0.798%
Toyota Total	Lexus	3.359%	1.595%	2.308%
	Toyota	17.402%	10.704%	13.412%
		20.761%	12.299%	15.719%
Volkswagen Total	Audi	0.570%	0.046%	0.258%
	Volkswagen	3.811%	0.102%	1.601%
	4.381%	0.147%	1.859%	
Volvo		0.742%	0.503%	0.498%
All Others		0.166%	0.004%	0.076%
		100%	100%	100%

Considering the number of complaints filed, the number of repurchase or replacement orders was relatively small in CY '06. It is more beneficial to focus on the total number of complaints closed by the Motor Vehicle Division and compare how manufacturers responded to their respective share of complaints.

Chart R indicates at what rate and in what manner manufacturers settled complaints that were closed. It is noteworthy that certain manufacturers were particularly receptive to settling complaints rather than contesting them at a formal hearing. The following chart illustrates the settlement rates of different manufacturers listed by make of vehicle.

DaimlerChrysler Motors Corporation and General Motors Corporation tend to settle cases prior to the entry of a decision through the hearing process. Together, the two manufacturers voluntarily repurchased or replaced 70 vehicles in CY '06. These were not counted in determining their lemon index in Chart P. In addition, several manufacturers improved their settlement rates significantly this year.

CHART R SETTLEMENT RATE - BY MAKE OF VEHICLE

VEHICLE MAKE	NUMBER OF COMPLAINTS CLOSED	NUMBER SETTLED	SETTLEMENT %	REPURCHASED/REPLACED
Acura	4	2	50%	2
Alfa Leisure	1	0	0%	0
Ameri-Camp	1	1	100%	0
American Ironhorse	2	1	50%	0
Aprilia	2	2	100%	1
Arctic Cat	1	1	100%	1
Audi	1	1	100%	1
Big Dog	3	2	67%	2
BMW	11	6	55%	2
Bourget	2	1	50%	0
Buick	3	2	67%	0
Cadillac	8	4	50%	3
Chevrolet	68	47	69%	19
Chrysler	35	27	77%	17
Damon	1	1	100%	0
Dodge	70	44	63%	19
Dutchmen	1	1	100%	0
Dynamax	1	1	100%	0
Fleetwood	9	6	67%	0
Ford	116	41	35%	13
Forest River	3	2	67%	1
Freightliner	10	0	0%	0
Frontier	2	1	50%	0
GMC	9	6	67%	3
Gulf Stream	2	1	50%	0
Harley-Davidson	1	1	100%	1
Honda	17	12	71%	4
Hummer	1	1	100%	0
Hyundai	8	4	50%	0
Infiniti	6	4	67%	2
International	1	1	100%	0
Isuzu	6	2	33%	0
Jaguar	1	1	100%	0
Jayco	1	1	100%	1
Jeep	12	10	83%	6
K-Z	1	0	0%	0

CHART R (CONTINUED)

VEHICLE MAKE	NUMBER OF COMPLAINTS CLOSED	NUMBER SETTLED	SETTLEMENT %	REPURCHASED/REPLACED
Kenworth	1	0	0%	0
Keystone	3	1	33%	0
Kia	8	4	50%	1
Land Rover	3	1	33%	0
Lexus	3	1	33%	2
Lincoln	10	5	50%	0
Mazda	17	13	76%	6
Mercedes-Benz	15	8	53%	2
Mercury	3	1	33%	0
Mini	3	2	67%	2
Mitsubishi	1	0	0%	0
Monaco	5	4	80%	1
Navistar	1	0	0%	0
Nissan	34	25	74%	13
Oldsmobile	1	0	0%	0
Pilgrim	1	1	100%	1
Plymouth	1	0	0%	0
Polaris	2	1	50%	0
Pontiac	7	5	71%	3
Porsche	1	1	100%	0
R-Vision	1	1	100%	0
Saab	3	2	67%	1
Saleen	1	1	100%	0
Saturn	10	8	80%	6
Subaru	1	0	0%	0
Sunl Group	1	0	0%	0
Superbike	1	0	0%	0
Suzuki	14	10	71%	4
Thor	7	3	43%	0
Tiffin	1	1	100%	0
Toyota	12	6	50%	2
Travel Supreme	1	0	0%	0
Vento	1	0	0%	0
Volkswagen	13	10	77%	6
Volvo	5	3	60%	0
Winnebago	6	4	67%	0
Yamaha	2	0	0%	0
TOTAL CLOSED	621	360		148

Texas Motor Vehicle Division Lemon Law Rule §8.210 (43 TAC 8.210.4) requires a manufacturer to issue a disclosure statement, hang a disclosure label from the rear view mirror and re-title a reacquired vehicle prior to resale when the vehicle has been:

- ordered repurchased or replaced by the Texas Motor Vehicle Division,
- reacquired to settle a Motor Vehicle Division lemon law or general warranty complaint, or
- transferred to Texas after being reacquired to resolve a warranty claim in another jurisdiction.

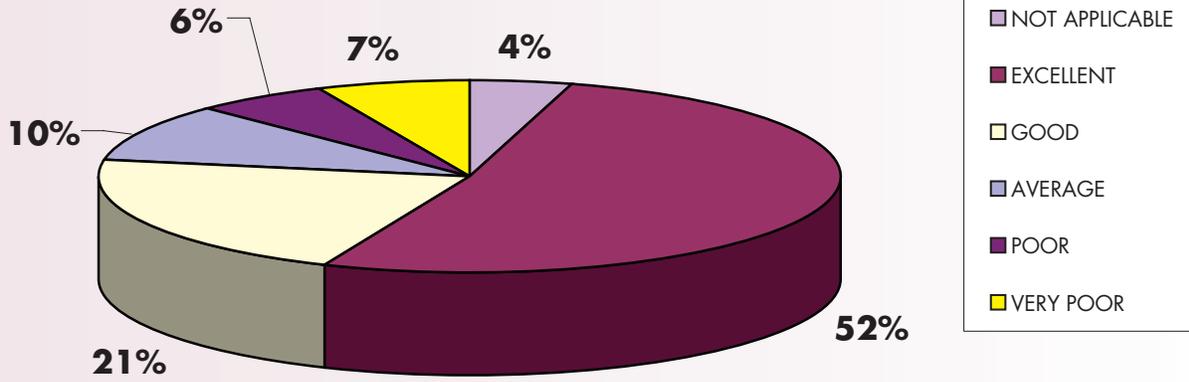
Chart S shows the number of vehicles reacquired by manufacturers for CY '04, CY '05 and CY '06. Both the disclosure statement and label are required to accompany the vehicle through the first retail sale. The selling dealer is required to return the completed disclosure statement and label to the Motor Vehicle Division within 60 days of the retail sale. The forms must be the ones provided by or approved by the Motor Vehicle Division. The manufacturer is also required to repair the defect or condition in the vehicle that resulted in the vehicle being reacquired and issue, at a minimum, a 12 month/12,000 mile (whichever comes first) basic warranty.

CHART S MANUFACTURER REACQUIRED VEHICLES

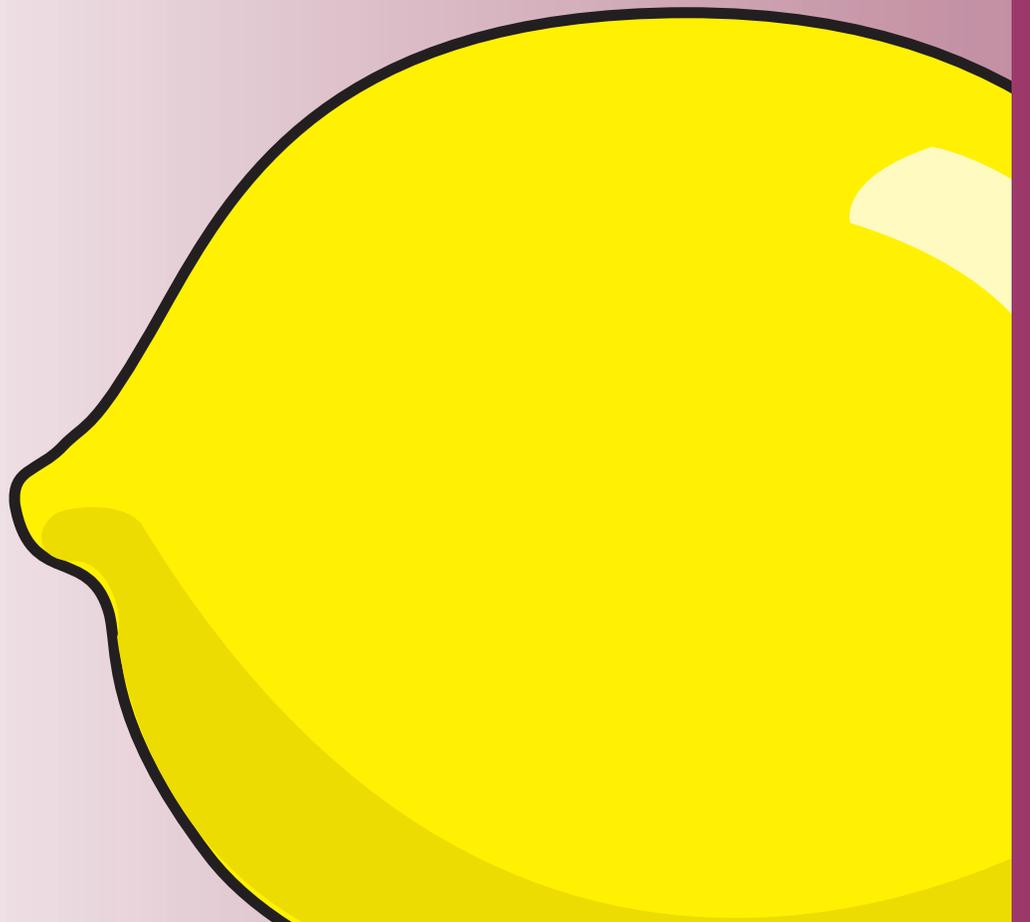
	CY '04	CY '05	CY '06
Ordered Repurchases/Replacements	32	41	32
Reacquired Vehicle Settlements	193	174	146
Reacquired Vehicles Transferred to Texas	103	121	274
Total	328	336	452

The customer satisfaction survey continues to indicate the overwhelming majority of the complaints rate the Texas Lemon Law Program above average. Chart T shows the ratings by category.

CHART T



CONCLUSION





CONCLUSION

The statistics for CY '06 reveal that most manufacturers have continued to view the Lemon Law as an opportunity to improve customer satisfaction and increase market share instead of costly litigation where success is defined as winning at any cost. For example, DaimlerChrysler Motors Corporation and General Motors Corporation voluntarily repurchased or replaced 70 vehicles in CY '06. As a result, complaint processing times have been minimized.

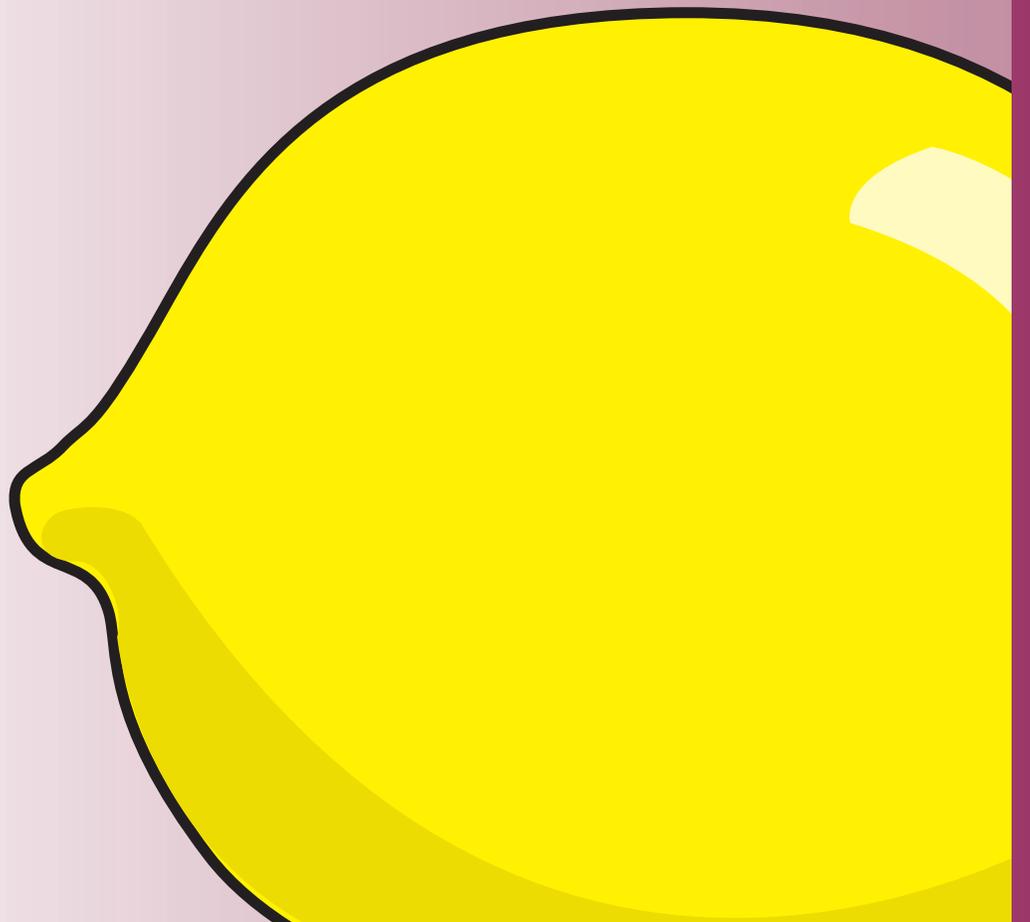
Further statistics reveal that in 65.2 percent of the complaints closed in CY '06, consumers received some type of relief totaling almost \$5.9 million in benefits to consumers. However, with the exclusion of the complaints closed for no jurisdiction, not pursued, withdrawn, etc., the success rate rises to 72.1 percent.

It is anticipated that the information presented here will be of benefit to consumers and manufacturers. Anyone who has questions may call 512/416-4800 or toll-free 800/622-8682 for further clarification. This report and additional Lemon Law information are available from the Texas Department of Transportation or on the Internet.

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