



by Diane M. Calabrese

# WARRANTY BASICS

**T**hings happen. No one expects a piece of equipment to last forever, but a buyer does expect equipment to hum along without interruption for a good, long time, if the equipment is given proper maintenance. As for a machine fresh out of the box, there is no substitute for it working perfectly.

The U.S. Federal Trade Commission (FTC) expects manufacturers to stand behind their products. Even in the absence of a written warranty, that expectation is present. The law would come down firmly on the side of a purchaser who bought a piece of equipment that did not work.

State law is typically more prescriptive than federal law, especially on the side of residential consumers. (There are lemon laws regarding used vehicles, for example.) Implied

warranties are largely governed state by state. But in short, any business that is making a product and selling a product implies that the product is fit to be sold and was made to work. (Some states dictate conditions about resell of items, including items sold at garage or yard sales.)

A manufacturer that writes a warranty for a product must decide how much to promise. The FTC provides extensive assistance with writing warranties right down to the level of good and bad examples for fictitious products. Although any warranty should be reviewed by a legal professional before it accompanies a product out the door, the FTC guidance in Facts for Business, Writing Reasonable Warranties, which is available at no cost via the Internet ([www.ftc.gov/bcp/edu/pubs/business/adv/bus20.shtm](http://www.ftc.gov/bcp/edu/pubs/business/adv/bus20.shtm)), proves a valuable resource.

If a warranty is written, it is governed by the Magnuson-Moss Warranty Act, which Congress enacted in 1975. Magnuson-Moss encourages that warranties be written in simple, understandable prose.

## **Basic Warranty**

Federal requirements for written warranties encompass parts and problems, length of coverage, and steps to resolution. State law may require more information.

Which parts and problems are covered by the warranty? Clarifying may require listing which parts and problems are not covered, although one common warranty technique is to state that any part or problem that is not expressly mentioned is not covered. The utility of such a statement is that it excludes problems no one anticipated, particularly those that may have been caused by misuse.

Improper use of equipment is often difficult to determine and costly to verify through litigation, so a manufacturer must be guarded in making promises. A manufacturer writes a warranty to show good faith and demonstrate full confidence in a product. Sadly, in the 21st century, the manufacturer must also write with an eye toward repelling fraudulent claims.

How long a period should the warranty cover? Again, the warranty should cover a reasonable interval that reflects the nature of the part or equipment. A few months to one year are most common in basic coverage. (Manufacturers sometimes promise more than basic coverage, or an extended warranty, in return for an additional fee at purchase.)

If something goes wrong, how will the part be replaced? The “how” must include information about where the owner can get service. It should also indicate the scope of the corrective action that will be taken by the manufacturer.

In general, all warranties will be limited in some way. And the “limited” aspect must be stated in writing, too.

Clarity is the essence of a well-written warranty. As such, the warranty does not promise more than it should by what is written or by placement of extraneous materials. Mixing warranty information with information for distributors or service technicians is a bad idea. It confuses everyone, inviting problems.

#### **Full Warranty**

Five conditions must be met for a warranty to be categorized as a “full” warranty. They are: free service during period of warranty; refund or replacement if product cannot be repaired; response even if no warranty registration; same service to all owners; and no limit to implied warranties. Looking at the list, it is easy to see why most warranties beyond a short duration—no more than a month—are limited.

When a full warranty is offered, be sure to spell out how long it is offered and on which components. Do so in the simplest possible terms. “Full

one-year warranty on the diesel engine” is an example.

#### **Bad Players**

Routine maintenance and proper use keep equipment running. A written warranty must protect the manufacturer from those who would make false claims.

So it is prudent to outline in a written warranty the sorts of events that may lead to problems, but which are clearly not the fault of the manufacturer. They include use of the wrong line voltages or the wrong fuses.

The list of non-warranty events must also include failure to follow instructions for operation and repairs or doing alterations that are not recommended. Natural and human-made disasters should also be on the list.

If a tornado carries away a brand new pressure washer, the manufacturer cannot be expected to replace it.

When writing a warranty, keep in mind that (by law) an end user has responsibility. The manufacturer is not responsible for bad decisions made by the end user, such as failing to replace bad fuses or connecting to a power supply with the wrong voltage.

#### **Layered Warranties**

In some instances, it is easier to write separate warranties for the parts of a product. For a pressure washer, a warranty on the engine, which may come from a separate original equipment manufacturer, may be distinct from other parts.

The FTC recommends that a manufacturer conveying multiple warranties consider tabulating what is covered by the warranties, by whom, and for how long. Then, more detailed information can be provided under unique headers.

#### **Relationships**

Written warranties, and especially multiple warranties, signal that the days of doing business on a handshake and in good faith are fading fast.

Yet not all have abandoned hope.

The importance of knowing the product and those behind the product is as important as any written warranty. Take the word of a professional who has been in the industry for some time.

“I’ve sold Aaladin and Mi-T-M since I started,” says Charlie Kunkel, Sr., president of CK Enterprises, Inc., Lee’s Summit, MO. “A.J. Spiegel

There is no substitute for complete faith in a manufacturer, explains Kunkel, who has been in business for 25 years. He trusts his manufacturers because he knows them, and he knows how they make their products.

with Mi-T-M and Pat Wingen with Aaladin—those two guys back me up 100 percent and that’s the kind of stuff I like.”

There is no substitute for complete faith in a manufacturer, explains Kunkel, who has been in business for 25 years. He trusts his manufacturers because he knows them, and he knows how they make their products. “I’ve been in both of their plants,” says Kunkel. “I’ve seen their manufacturing lines. I have 100 percent respect for what they do. I trust them.”

A relationship with an equipment manufacturer that is built on confidence borne of firsthand knowledge counts for an enormous amount, says Kunkel. Written warranties aside, full confidence comes first.

“I can take their equipment and I can send their equipment across the country,” says Kunkel. When the box is opened, wherever it is opened, everything is as it ought to be. And on the rarest occasion when there is a problem, all it takes is a call to get the issue resolved fast. That is the way the warranty experience should be for everyone, says Kunkel. *cr*