



REPUBLIC of the PHILIPPINES
Quezon City

Seventeenth Congress
Second Regular Session

HOUSE BILL NO. 7113

Introduced by Representative Federico S. Sandoval II

EXPLANATORY NOTE

This bill seeks to require owners of motor vehicle repair and service centers to register their business with the Land Transportation Office and submit a report on the damages and repairs made on the motor vehicles brought to their establishment.

Purchasing a vehicle is a practical investment, a top priority perhaps second to purchasing real property. Owning a motor vehicle makes a person's life easier because of the convenience it gives in going from one place to another. The person doesn't have to rely on public transportation for daily commutes and will enjoy the liberty and independence that come with having a car. It is a property which may be resold and traded. Thus, when resold or traded, it should be in its suitable condition for the safety and well-being of the passengers and drivers of the motor vehicle.

This proposed measure aims to protect buyers or transferees of used motor vehicles. Firstly, the owners of motor vehicle repair and service centers are required to register their business with the Land Transportation Office (LTO) for proper and easier monitoring especially when an untoward incident happens as a result of the non-disclosure of any repair done on the used motor vehicle sold. Secondly, the owners shall also indicate and report to the (LTO) on a monthly basis all the damages and repairs done on the vehicles brought to their establishment. The report will then be included in the original registration records of the motor vehicle for comparison.

Dealers of these used motor vehicles are also required to give an express written warranty to the consumer or buyer covering the full cost of both parts and labor necessary to repair a defect existing at the time of sale that impairs the said motor vehicle's safety or use. The warranties of the dealer cannot be waived under any circumstance.

It is also a fact that buyers of used motor vehicles rely heavily on the odometer reading as an index in determining the condition and value of the motor vehicle. Prospective buyers would more often than not, assume that the lower the mileage, the better the condition of the car which is not always the case. Tampering with the odometer of the motor vehicle is a misrepresentation which may endanger public safety because the vehicle may not be road-worthy if the meter reading is not truly reflected. This is not to mention the loss that the buyer may incur because of the reliance on the tampered odometer. It is imperative to protect the interest of the consumers, promote their general welfare and establish standards of conduct in the automotive industry.

In view of the foregoing, approval of this bill is earnestly sought.



FEDERICO S. SANDOVAL II

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AN ACT

REQUIRING OWNERS OF MOTOR VEHICLE REPAIR AND SERVICE
CENTERS TO REGISTER THEIR BUSINESS WITH THE LAND
TRANSPORTATION OFFICE AND TO SUBMIT REPORT ON THE
DAMAGES AND REPAIRS MADE ON MOTOR VEHICLES BROUGHT
TO THEIR ESTABLISHMENT

*Be it enacted by the Senate and House of Representatives of the Philippines in
Congress assembled:*

SECTION 1. *Short Title.* – This Act shall be known as the “*Used Motor
Vehicle Buyer’s Protection Act.*”

SEC. 2. *Declaration of Policy.* – It is hereby declared the policy of the State
to afford full protection to consumers in the purchase of motor vehicles whether
new or used. As such, all deceptive, unfair or any other act inimical to the interest
the consumer and the public, especially concerning used motor vehicles, shall be
dealt with accordingly by law.

SEC. 3. *Definition of Terms.* – As used in this Act:

1 (a) *Used motor vehicle* refers to a pre-owned vehicle, or a second-hand car
2 or vehicle that has previously had one or more retail owners which is sold through
3 a variety of outlets, including franchise and independent car dealers, rental car
4 companies, leasing offices, auctions, and private party sales;

5 (b) *Motor vehicle* refers to any self-propelled four (4)-wheeled road
6 vehicle designed to carry passengers including sedans, coupes, station wagons,
7 convertibles, pickups, vans, sports utility vehicles (SUVs) and Asian utility
8 vehicles (AUVs) but excluding motorcycles, delivery trucks, dump trucks, buses,
9 road rollers, trolley cars, street sweepers, sprinklers, lawn mowers and heavy
10 equipment such as bulldozers, payloaders, graders, forklifts, amphibian trucks,
11 cranes and vehicles which run only on rails or tracks, and tractors trailers and
12 traction engines of all kinds used exclusively for agricultural purposes. Trailers
13 having any number of wheels, when propelled or intended by attachment to a
14 motor vehicle, shall be classified as separate motor vehicle with no power rating;

15 (c) *Motor vehicle service and repair center* refers to an establishment
16 where motor vehicles are repaired by auto mechanics and technicians;

17 (d) *Consumer* refers to a buyer, other than for purposes of resale, of a
18 motor vehicle or any person to whom ownership of a motor vehicle is transferred;
19 and

(e) *Dealer* refers to any person engaged in the business of selling, offering for sale, or negotiating the retail sale of used motor vehicles or selling motor vehicles as broker or agent for another, including the officers, agents and employees of such person and any combination or association of dealers, but not including a bank or other financial institution, or the commonwealth, its agencies, bureaus, boards, commissions, authorities, nor any of its political subdivisions. A person shall be deemed to be engaged in the business of selling used motor vehicles if such person has sold more than three used motor vehicles in the preceding twelve months.

SEC. 4. *Mandatory Registration of Business and Submission of Report.* –

All owners of motor vehicle repair and servicecenters are required to register their business with the Land Transportation Office(LTO) and to maintain a record of all damages and repairs made on the motor vehicles brought in their establishment. A copy of the records shall be submitted to the LTO every end of the month for purposes of monitoring and maintaining the repair history of a registered motor vehicle. The LTO shall include and attach a copy of the repair history in the registration records of the motor vehicle.

In case of sale, trade in or any other mode of transfer of the used motor vehicle, consumers may readily refer to the history record available in the LTO.

1 SEC.5.*Sales with Written Warranty.*—No used motor vehicle shall be sold by
2 a dealer to a consumer unless accompanied by an express written warranty
3 covering the full cost of both parts and labor necessary to repair a defect existing at
4 the point of sale that impairs the said used motor vehicle's safety or use. Dealer
5 warranties cannot be waived under any circumstance.

6 Defects that affect only the appearance of the motor vehicle are not deemed to
7 impair the safety or use of the motor vehicle for purposes of this Act.

8 SEC.6.*Duration of Warranty.*— The express written warranty to be provided
9 by the dealer of a used motor vehicle shall have the following durations:

10 (a) If at the time of the sale, the used motor vehicle has been operated for
11 less than Sixty-four thousand five hundred (64, 500) kilometers, the warranty shall
12 be for ninety (90) days or Six thousand thirty-five (6,035) kilometers, whichever
13 occur first;

14 (b) If at the time of the sale, the used motor vehicle has been operated
15 Sixty-four thousand five hundred kilometers (64,500 km) or more, but less than
16 One hundred twenty-eight thousand and seven hundred forty-seven kilometers
17 (128,747 km.), the warranty shall be for sixty days or, Four thousand and twenty-
18 three kilometers (4,023 km.), whichever occurs first;

19 (c) If at the time of the sale, the used motor vehicle has been operated
20 One hundred twenty-eight thousand and seven hundred forty-seven kilometers

(128,747 km.), or more, but less than Two hundred one thousand and one hundred sixty-eight kilometers (201,168 km.), thirty days or Two thousand and twelve kilometers (2,012 km.), whichever occurs first;

(d) If the used motor vehicle's true mileage is not known, such warranty period shall be determined by the age of said used motor vehicle in the following manner: a used motor vehicle three years old or less shall have a warranty as provided in paragraph (A); a used motor vehicle more than three, but less than six years old, shall have a warranty as provided in paragraph (B); and a used motor vehicle six years old or more shall have a warranty as provided in paragraph (C).

A used motor vehicle's age shall be determined by subtracting its model year from the year in which the warranty holder purchased said used vehicle;

(e) The warranty periods established by this section shall be tolled during any period in which the used motor vehicle is out of service as result of any repair attempt pursuant to any warranty created by this section. The application warranty period shall be extended thirty days from the date of completion of any repair required by this section as to the defect repaired if the warranty would otherwise have expired during such period.

SEC. 7. *Odometer Tampering.* – It shall be unlawful for any person to commit any of the following acts:

1 (a) Alter the mileage reading of a motor vehicle or cause the alteration of
2 mileage of a motor vehicle;

3 (b) Advertise for sale, sell, use or install a device that makes an odometer of a
4 motor vehicle register a mileage different from the mileage the vehicle was driven,
5 as registered by the odometer within the designed tolerance of the manufacturer of
6 the odometer;

7 (c) Disconnect, reset or alter an odometer of a motor vehicle intending to
8 change the mileage registered by the odometer;

9 (d) With intent to defraud, operate a motor vehicle on a street, road, or
10 highway knowing that the odometer of the vehicle is disconnected or not
11 operating; or

12 (e) Conspire to violate this section of this Act.

13 An owner of a motor vehicle may service, repair or replace an odometer of a
14 motor vehicle if the mileage registered by the odometer remains the same as before
15 the service, repair or replacement. If the mileage cannot remain the same, the
16 repair shop owner or its staff can adjust the odometer to read zero: *Provided*, That
17 the owner of the vehicle or the agent of the owner through the repair center owner
18 or staff shall attach a written notice to the left of the door frame of the vehicle
19 specifying the mileage before the service, repair or replacement and the date of
20 service, repair or replacement. The owner of the vehicle shall not, with intent to

defraud, remove or alter the notice attached to the motor vehicle required under this section.

For the purpose of this Act, an *odometer* or *odograph* refers to an instrument used for measuring the distance travelled by a motor vehicle which may be electronic, mechanical, or a combination of the two.

Odometer tampering or *odometer fraud* refers to the illegal practice of rolling back odometers to make it appear that vehicles have lower mileage than they actually do.

SEC.8. *Penalties.*— The following penalties shall be imposed upon any person found guilty of violating the provisions of this Act:

(a) The owner of the motor vehicle repair and service center who violates the provision under Section 4 of this Act shall be punished with imprisonment of not less than six (6) months and one (1) day but not more than four (4) years or a fine of not less than One hundred thousand pesos (P100,000.00) but not more than Three hundred thousand (P300,000.00), or both, at the discretion of the court.

(b) The dealer who violates the provisions of the express warranties under Sections 5 and 6 of this Act shall be liable to pay a minimum amount of One hundred thousand pesos (P100,000.00) as damages to the aggrieved party without prejudice to the filing of any civil or criminal liability that may incur under existing laws.

1 (c) Any person who knowingly or wilfully commits odometer tampering
2 under Section 7 of this Act shall suffer the penalty of imprisonment of not less
3 than six (6) months and one (1) day but not more than six (6) years or a fine of not
4 less than Two hundred thousand pesos (P200,000.00)but not more than Five
5 hundred thousand (P500,000.00), or both, at the discretion of the court.

6 If the offender is a juridical person, the proprietor, the partners or the
7 officers of the corporation responsible for the violation shall suffer the penalty
8 imposed under this section.

9 Any violation of Sections 4 and 7 of this Act may also be a ground for the
10 closure of the business establishment.

11 SEC. 9.***Implementing Rules and Regulations.*** – The Executive Director of
12 the Land Transportation Office in consultation with the Secretary of Transportation
13 shall issue the necessary rules and regulations for the effective implementation of
14 this Act not later than three (3) months from the approval of this Act.

15 SEC. 10.***Repealing Clause.*** – All laws, decrees, orders, rules and regulations,
16 other issuances, or parts thereof inconsistent with the provisions of this Act are
17 hereby repealed or modified accordingly.

18 SEC. 11.***Effectivity.*** – This Act shall take effect fifteen (15) days after its
19 publication in the *Official Gazette* or a newspaper of general circulation.

20 Approved,