FEDERAL RESERVE BANK OF NEW YORK

Circular No. 8027]
January 5, 1977

REGULATION Z

Proposed Lease Disclosure Statements

To All Member Banks, and Others Concerned, in the Second Federal Reserve District:

Following is the text of a statement issued December 23 by the Board of Governors of the Federal Reserve System:

The Board of Governors of the Federal Reserve System today published for public comment proposed sample forms and instructions that could be used by lessors to comply with the Board's regulations implementing the Consumer Leasing Act of 1976.

The Board requested comment through January 21, 1977.

The three sample forms and the accompanying instructions for their use, were proposed as Board interpretations of its Regulation Z (which implements the Truth in Lending Act and the Consumer Leasing Act). When properly used, the forms would constitute adequate disclosure of lease terms as required by Regulation Z.

The Board amended Regulation Z to carry out the provisions of the Consumer Leasing Act on October 13, 1976. The Act and its implementing Regulation become effective March 23, 1977.

The forms proposed today concern three types of leasing: open-end and closed-end vehicle leasing and furniture leasing. They would be disclosure statements, not lease contracts.

The Board asked that comment be directed especially to the adequacy and intelligibility of the instructions for using the disclosure forms; style, format, design and the use of simplified language in the forms, whether additional or less information should be included in the forms; whether there are problems inherent in the types of leasing involved not addressed by the proposed interpretations and whether the disclosure language of Item 14 of the open-end vehicle leasing statement (Interpretation Sec. 226.1501) is an adequate and readily understandable statement of the limitations of the lessee's liability at the end of the lease term.

Reprinted on the following pages is an extract from the *Federal Register* of December 29, 1976, which contains the text of Board's proposal. Comments thereon should be submitted by January 21, 1977, and may be sent to our Bank Regulations Department.

PAUL A. VOLCKER,

President.

proposed rules

This section of the FEDERAL REGISTER contains notices to the public of the proposed issuance of rules and regulations. The purpose of these notices is to give interested persons an opportunity to participate in the rule making prior to the adoption of the final rules.

FEDERAL RESERVE SYSTEM

[12 CFR Part 226]

[Docket No. R-0070; Reg. Z]

PART 226-TRUTH IN LENDING

Proposed Board Interpretations of Regulation Z; Sample Lease Disclosure Statements

The Board is publishing for comment three proposed Board interpretations of Regulation Z in the form of sample lease disclosure statements. These sample statements are being proposed to facilitate lessor compliance with the Consumer Leasing Act of 1976 (Pub. L. 94–240) and amendments to Regulation Z issued by the Board on October 8, 1976. (41 FR 45537, October 15, 1976) which implemented the Act.

The Board believes that the proposed interpretations will be, when properly used, adequate disclosure statements of lease terms as required by Regulation Z. When finalized, their proper use will protect lessors from liability for violations of the Consumer Leasing Act, as provided by 15 U.S.C. 1640(f). The Board wishes to emphasize, however, that these forms are not the exclusive format by which compliance with the Regulation may be achieved. Lessors remain free to design and implement other forms and sequences of disclosure.

There are disclosure statements for three types of leasing transactions: (1) Open-end or finance vehicle leasing, (2) Closed-end or net vehicle leasing and (3) Furniture leasing. The Board solicits comment on whether these three forms are sufficient to encompass most types of consumer leasing.

Detailed instructions for each form are included in the proposed interpretations. These instructions are an integral part of the forms and were designed to provide guidance to those persons actually completing them. The Board asks that comments be directed to the adequacy and intelligibility of the instructions.

The Board has completed a form for each type of leasing transaction and the completed forms accompany the proposed interpretations. These completed forms are not part of the interpretations, however, and are provided for informational purposes only.

The forms are designed as disclosure statements and not as lease contracts. The Board has chosen to propose these interpretations as disclosure statements rather than as contracts in order to avoid imposition of contract terms upon the lease parties. Lessors who wish to provide disclosures on the contract document rather than on a separate disclosure statement may incorporate the disclosure into a contract as permitted by § 226.15(a) (1). Further, the forms have a skeletal design, which will permit lessors to provide specific disclosure language. The Board is concerned that lessors have the greatest amount of flexibility in structuring their lease agreements and disclosures. Similarly, the design of the forms is such that lessors may provide any permissible language for the specific disclosures. An exception to this skeletal format is the language of Item 14 in Interpretation § 226.1501 (the openend vehicle lease statement) which contains specified language for the endterm liability disclosures required by § 226.15(b) (ii) and (iii).

The disclosures must be made only if they are applicable to the lessor's particular lease. Any inapplicable disclosure may be deleted from the form. The Board has provided brackets around disclosures which are alternative in nature, e.g., the disclosures concerning purchase options.

To insure compliance with the form and protection from liability, lessors should not alter the wording of the statements, except in those instances (e.g., initial payments, total of other charges) where provision has been made for deletion or substitution of terms. The numbering system used in the statements may also be deleted.

Use of the instructions is not required; they may be disregarded by lessors or other instructions may be substituted, provided they are not used to circumvent the Regulation in any manner.

The open end vehicle lease disclosure statement is reproduced on two pages in the FEDERAL REGISTER because of page size limitations. It can be reproduced on a single side of a legal size page.

The Board invites comment on all facets of the proposed interpretations and particularly on those issues indicated in the previous discussion and below:

1. The proposed skeletal design of the forms and their issuance as disclosure statements rather than as lease contracts.

2. The general style and format of the forms and the manner in which they could be improved.

3. The use of simplified language throughout the forms.

4. Whether there are unnecessary disclosures in the form and whether information which is not required should be added in order to render the forms more understandable to consumers.

5. Whether there are problems peculiar to each type of consumer leasing encompassed by the forms which are not adequately addressed in the proposed interpretations.

6. Whether the disclosure language of

6. Whether the disclosure language of Item 14 in Interpretation § 226.1501 is an adequate and readily understandable statement of the limitations on the lesser's endterm liability.

The deadline for receipt of written comments is January 21, 1977. Comments should be addressed to the Secretary, Board of Governors of the Federal Reserve System, Washington, D.C. 20551. Comments should include a reference to Docket No. R-0070.

Pursuant to the authority granted in 15 U.S.C. 1604 (1968) the Board proposes to issue the following interpretations of 12 CFR Part 226:

SECTION 226.1501---OPEN-END OR FINANCE VEHICLE LEASE DISCLOSURE STATEMENT

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IIf IIf	at the end of the term the price will be \$*
[Les	see has no option to purchase the leased vehicle.)
19.	Warranties
_	The leased vehicle is subject to the following express varranties: (Identify any manufacturer's or lessor's warranties available to the lessee.)
20.	Maintenance
	[You are responsible for the following maintenance and servicing of the leased vehicle:
	[We are responsible for the following maintenance and servicing of the leased vehicle:
21	Standards for year and use
	The following standards are applicable for determining unresconable or excessive wear and use of the leased vehicle: (e.g., No more than

INSTRUCTIONS FOR COMPLETION OF § 226.1501-OPEN-END OR FINANCE VEHICLE LEASE DIS-CLOSURE STATEMENT

GENERAL INSTRUCTIONS

Completion of this form may be facilitated by reference to the following instructions. Any question as to the permissibility or ac-curacy of a specific disclosure may be an-swered by reference to Regulation Z, 12 CFR Part 226.

Information which is required to be disclosed may be estimated if the information is unknown or unavailable, provided that the information is clearly identified as an estimate and the estimate is based on the best information available and is reasonable (§ 226.6(f))

inapplicable disclosures may be deleted.

All numerical amounts must be stated in figures and shall be printed in not less than the equivalent of ten point type or elite typewritten numerals or legibly handwritten (§ 226.6(a)).

Certain numerical items may be disclosed by giving the amount or the method of determining the amount. These items are identified by an asterisk.

SPECIFIC INSTRUCTIONS

Item 1. The disclosures must be made on a written dated statement. All lessors and lessees must be identified by name (§ 226.15 (a)). If, for example, one person arranges the lease and another person enters into the lease with the lessee, both must be identified as lessors (§ 226.2 (n) and (oo)). An address may augment the identification but need not be supplied as part of the disclosure form.

Item 2. This disclosure provides a brief.

description of the leased property (§ 226.15 (b) (1)). Lessors may include a more detailed description including, for example, special accessories. There is no requirement that a serial number for the vehicle be disclosed.

Item 3. This disclosure shows the total amount of any initial payment the customer must make when the lease is entered into (§ 226.15(b)(2)). The components of the initial payment must be identified and may, at the lessor's option, be itemized with respect to dollar amount. The checklist is provided to aid in the identification.

The initial payment does not include any periodic payment disclosed under Item even though a periodic payment may be due prior to delivery of the leased property. Items 4, 5 and 6. When completed, these combined items disclose the term of the lease, the number, amount and due dates of each periodic payment, and the total amount of all periodic payments to be made under the lease (§ 226.15(b)(3)). The amount shown for each periodic payment should include any incidental charges for taxes, insurance or both, if those charges are payable as part of the periodic payment.

Item 7. This item discloses other charges payable to the lessor (§ 226.15(b) (15)). This excludes charges for official fees, taxes, insur-ance and charges disclosed under other

miles during the lease term, compliance with manufacturer's warranty maintenance schedule.)

Item 8. This item discloses the total amount to be paid by the lessee during the lease term for taxes and other official fees

(§ 226.15(b)(4)).

Item 9. This item requires disclosure of the types and amounts of insurance coverage, with their costs, if the insurance is provided by the lessor (§ 226.15(b)(6)(1)). In the alternative, the types and amounts of coverage required of the lessee must be dis-

closed (§ 226.15(b)(6)(ii)).

Item 10. This item provides for disclosure of the estimated value of the leased vehicle at the end of the term, an element of the "total lease obligation" (§ 226.15(b) (15) (i)). The reference to item 14 is to call the lessee's attention to the qualifying disclosures in that item required by §§ 226.15(b) (14) and 226.15(b) (15) (ii) and (iii).

Item 11, 12 and 13. These items provide

for disclosure of the difference between the total lease obligation and the property's value at the inception of the lease. The definition of "total lease obligation" (§ 226.2 (rr)) is the sum of any initial charges (Item the total of periodic payments (Item 6) and the estimated value of the property at the end of the term (Item 10), excluding any refundable security deposit and insurance premiums contained in the periodic pay-ments. The Board has indicated it does not consider these latter amounts properly includable in the total lease obligation. 41 Fed. Reg. 45537.

Item 14. This item provides disclosures with respect to the lessee's liability at the end of the lease term. The bracketed phrase in the second sentence is appropriate only where the lessee will be given any surplus resulting from the disposition. Item 14(a) implements, in lay language, the disclosures required by § 226.15(b) (15) (ii) and (iii). Item 14(b) discloses the lessee's right to an independent appraisal required by § 226.15

Item 15. When completed, this item dis-closes the conditions under which the lessee and lessor may terminate the lease prior to the end of the lease term. It also discloses the amount or method of determining the amount of the charge which the lessee must pay for early termination (§ 226.15(b)(12)). This item also discloses the amount or method of determining the amount of any default charges (§ 226.15(b) (10)).

Item 16. This disclosure of the security taken must include, in the space provided, a brief identification of the types of security interest and an identification of the property covered by each (§ 226.15(b) (9)).

Item 17. This disclosure, when completed, indicates the amount or method of determining the amount of any charges for late payment.

Item 18. This item provides alternative disclosures covering the several options a lessor may offer to a lessee to purchase the leased property. A lessor should use the disclosure applicable to the lease plan used. For example, if no option to purchase is offered. only the last sentence of the item need be used. If the lessor offers an option to purchase, the times at which it may be exercised must be supplied. The price must be disclosed for an option exercised at the end of the term and the price or method of computing the price for an option exercised during the lease term must be supplied (§ 226.15(b) (11)).

Item 19. This item discloses all express warranties on the leased property made by the manufacturer or lessor and available to the lessee. A brief identification of the warranty must be supplied. A reference to the standard manufacturer's warranty, for example, would suffice.

Item 20. This item provides for disclosure of the maintenance and servicing responsibilities (§ 226.15(b)(8)). These responsibilities may be allocated either to the lessor or to the lessee, or may be divided between

Item 21. When completed, this item discloses reasonable standards for wear and use established by the lessor. The lessor is permitted but not required to set such standards. Therefore, the disclosure may be omitted by lessors who do not set standards for wear and use (§) 226.15(b) (8)).

^{*} May use amount or method of determining the amount,

SECTION 226.1501--- OPEN-END OR FINANCE VEHICLE LEASE DISCLOSURE STATEMENT

L. LESFOR(S)			DATE April 15, 19-7/				
Custom Auto Lehains		-	Hary S. Re-				
			(4)2364,790	M My MA	CATE COLD STORY COME		
2. Description of leased prop-	erty	and the second second			Ministral of		
YEAR	MAKE Ford	MODEL	BODY MAKE	100	SERIAL #		
1977					8c40716001		
Annual Control of the	of: (Actual Sollar amore) // Refundable Security Department // Sales Tax on Advance Pa	posit /_/Trade-in Al	lowance		\$ 580.00		
on 4/15/77; subsorting the following subsorting to the following subsorting s	24 months (e.g., country payments on the ment: \$146.50 Include: \$146.50 X	of weeks, months, quar 5th of each mon es tax of \$ 8.29 on \$3,516.00	ters) The first periodic payment in the thereafter. a monthly payment of	\$138,21	\$ 3.516.00		
. Total of Other Charges Pays /_/Maintenance:\$	ble to Lessor: /x/Dispos	be itemized)	to althous your and properly all als	allo s	\$50_00		
Official Fees and Taxes** Total amount you will pay	during the term for official	al fees, registration, cer	tificate of title, license fees and	taxes.	\$ 338.96		
annually (lesson) acros to 0	rovide insurance coverage que	in the amounts and types	indicated above.		. 2 000 00		
			for this sum is limited. See I temperate deposit and insurance premium		\$_3,000.00 \$_7.096.00 \$_5.950.00 \$_1.146.00		
for any difference in excess of 1. Excessive use or dam. 2. You voluntarily agree 3. The matter is not obligate that our original estimule might prove that the actual decline in value for that type Unless we prove that the	of that amount, you will be age represented more than a with us after the end of hervise resolved and we will ate of the value of the lead to wall was less than the of wehicle.	e liable only if: normal wear and tear and t the lease term to make a n a lawsuit against you se ased property at the end o original estimated value, e result of excessive use	teking a higher payment. Should we of the lease term was reasonable and although the original estimate was or unreasonable wear and tear, we a	bring a last was made; reasonable;	t the end of the term. vauit against you, we must in good faith. For example, because of an unanticipated our ressonable attorney's fees		
(b) If you disagree with eased vehicle [which could be ctual value.	the actual value assigned realized at sale] by an i	f to the vehicle, you may independent third party ag	chtain, at your own expense, a prof recable to both of us. The apprais	essional ap	ppraisal of the value of the		
15. Early Termination and De					,		
his agreement, on 30 day	s written notice, by surre	nding the leased vehicle t	the following conditions: At any time or us at our place of business. inder of periodic payments.	ne after	6 months from the date of		
(b) [Prior to the end of my obligation under the lesse (Specify any other conditions)	, including failure to make	ninate this lease under the any payment; the institu	e following conditions: Occurrence tion of insolvency proceedings by o	e of defaul r against y	ltyour failure to fulfill ou.		
pon such termination we shall plus 50% of any remaining	be entitled to the follow periodic payments.	ving charge(s) for defaul	t* \$50.00 plus all costs of re	taking poss	ession of the leased vehicle		
(Specify other charges)*							
(c). To the extent these appreciael as upon lease expire	charges take into account stion (Item 14(c))	the value of the vehicle	at the end of the lease term, you h	eve the see	se right to a professional		
16. Security Interest							
We reserve a security intinterest in the lessed vehicle	erest of the following type described in the security	e in the property listed agreement attached to the	below to secure performence of your e lease contract.	bbligation	ng under this lease: A securit		
7. Lote Paymentsh The charge for late paymen	nts is 3% per month on s	my amounts due and unpaid	after 5 days.				

98 . 1	 s Osti	on to	Purchase

IYou have an option to purchase the leased vehicle at the following times: At any time after 12 months from the date of the lesse contract.

[If at the end of the term the price will be \$ 3 000].
[If prior to end of the term the price will be \$ 4 the estimated value of the vehicle at the end of the term plus 70% of all periodic payments unaccrued. at the date the option is excercised.

[Lessee has no option to purchase the leased vehicle.]

19. Warranties

The leased vehicle is subject to the following express varranties: The vehicle is subject to the Ford new card warranty which accompanies the vehicle.

Lessor makes no varranties, express or implied, of merchantability or fitness, with respect to the lessed vehicle.

20. Maintenance

You are responsible for the following maintenance and servicing of the leased vehicle; All normal operating expenses, including gasoline, oil and lubrication; all maintenance and repairs necessary to maintain the leased vehicle in conformity with the standards for year and use.

[We are responsible for the following maintenance and servicing of the lessed vehicle:

21. Standards for wear and use

The following standards are applicable for determining unreasonable or excessive wear and use of the leased vehicle:

No more than \$50,000 miles during the lease term; compliance with manufacturer's warranty maintenance schedule; no body or interior damage with an aggregate repair coat in excess of \$100.00. No more than \$50,000

* May use amount or method of determining the amount.

** Estimate

Section 226.1502---CLOSED-END OR MET VEHICLE LEASE DISCLOSURE STATEMENT

	LESSOR(S)		te	LESSEE(3)			
	No. of the American at		a chalait to a sale and				
	Description of leased property YEAR	MAKE	HODEL	RODA WYKE	SERIAL P		
	arman file as from a set	tauro	The same of the sa	and to worklass of sets and	and any of all forth in the		
	Initial Charges, consisting of: ///Advance Payment ///Delivery.Charge	//Refundable	ts may, but need not be item e Security Deposit t be identified)	/	•		
	The term of this lease is is due on Amount of each periodic payment Total of Periodic Payments;	; subsequent pe	(s.g., # of weeks, months, cayments on the (May include charges for tax	quarters). The first periodic pay of each thereas xes and insurance.)			
	Total of Other Charges Payable //Maintenance \$	to Lessor: //Disposition // Other-must	ition Charge \$ t be itemized)	de than Persons payment to the tier	of too of Lorente on the least		
-	Official Fees and Taxes Total amount you will pay durin	g the term for official	l fees, registration, certi	ficate of title, license fees and	taxes, \$		
	Insurance The following types and amounts personal liability, uninsured m Me (lessor) will provide th You (lessee) agree to provide Early Termination and Default (a) [Prior to the end of the 1	otorist insurance), e insurance coverage qu de insurance coverage i	onted above for a premium co	dicated above.	AND TRANSPORT OF THE PROPERTY OF THE SERVICE OF THE		
	The charge for such early term	ination is*[
_	(b) [Prior to the end of the 1	ease term we may termin	nate this lease under the fo	ollowing conditions: [Occurrence of	of default (specify)		
pe	cify any other conditions)						
on	such termination we shall be e	ntitled to the following	ng charge(s) for [default*]				
	ecify other charges)*		Mark only III Ional sa				
	Security Interest We reserve a security interest	of the following type	in the property listed belo	ow to secure performance of your o	bligations under this lease:		
	Late Payments* The charge for late payments i	1					
3.	Lessee's Option to Purchase [You have an option to purchase	e the leased vehicle at	t the following times:				
	at the end of the term the price prior to end of the term the pri						
	See has no option to purchase the Marranties The leased vehicle is subject		s warranties: (Identify an	ny manufacturer's or lessor's warr	ranties available to the lessee.)		
5.	Maintenance [You are responsible for the for	ollowing maintenance ar	nd servicing of the leased w	vehicle;			
	(Ve are responsible for the fo	11-1-		ahicle:			
_	I we are responsible for the ro	llowing maintenance and	servicing of the leased ve	CHACAC.			

*May use amount or method of determining the amount.

INSTRUCTIONS FOR COMPLETION OF § 226.1502— CLOSED-END OR NET VEHICLE LEASE DIS-CLOSURE STATEMENT

GENERAL INSTRUCTIONS

Completion of this form may be facilitated by reference to the following instructions. Any question as to the permissibility or accuracy of a specific disclosure may be answered by reference to Regulation Z, 12 CFR Part 226.

Information which is required to be disclosed may be estimated if the information is unknown or unavailable, provided that the information is clearly identified as an estimate and the estimate is based on the best information available and is reasonable (§ 226.6(f)).

Any inapplicable disclosures may be deleted.

All numerical amounts must be stated in figures and shall be printed in not less than the equivalent of ten point type or elite type-written numerals or legibly handwritten (§ 226.6(a)).

Certain numerical items may be disclosed by giving the amount or the method of determining the amount. These items are identified by an asterisk.

SPECIFIC INSTRUCTIONS

Item 1. The disclosures must be made on a written dated statement. All lessors and lessees must be identified by name (§ 226.15 (a)). If, for example, one person arranges the lease and another person enters into the lease with the lessee, both must be identified as lessors (§ 226.2 (n) and (oo)). An address may augment the identification but need not be supplied as part of the disclosure form.

Item 2. This disclosure provides a brief description of the leased property (§ 226.15(b) (1)). Lessors may include a more detailed description including, for example, special accessories. There is no requirement that a serial number for the vehicle be disclosed.

Item 3. This disclosure shows the total amount of any initial payment the customer must make when the lease is entered into (§ 226.15(b)(2)). The components of the initial payment must be identified and may, at the lessor's option, be itemized with respect to dollar amount. The checklist is provided to aid in the identification.

The initial payment does not include any periodic payment disclosed under Item 5 even though a periodic payment may be due prior

to delivery of the leased property.

Items 4, 5 and 6. When completed, these combined items disclose the term of the lease, the number, amount and due dates of each periodic payment, and the total amount of all periodic payments to be made under the lease (\$ 226.15(b) (3)). The amount shown for each periodic payment should include any incidental charges for taxes, insurance or both, if those charges are payable as part of the periodic payment.

Item 7. This item discloses other charges payable to the lessor (§ 226.15(b) (15)). This excludes charges for official fees, taxes, insurance and charges disclosed under other items.

Item 8. This item discloses the total amount to be paid by the lessee during the lease term for taxes and other official fees (§ 226.15(b)(4)).

Item 9. This item requires disclosure of the types and amounts of insurance coverage, with their costs, if the insurance is provided by the lessor (§ 226.15(b)(6)(1)). In the alternative, the types and amounts of coverage required of the lessee must be disclosed (§ 226.15(b)(6)(ii)).

Item 10. When completed, this item discloses the conditions under which the lessee and lessor may terminate the lease prior to the end of the lease term. It also discloses the amount or method of determining the amount of the charge which the lessee must pay for early termination (§ 226.15(b) (12)). This item also discloses the amount or

method of determining the amount of any default charges (§ 226.15(b)(10)).

Item 11. This disclosure of the security taken must include, in the space provided, a brief identification of the types of security interest and an identification of the property covered by each (§ 226.15(b)(9)).

Item 12. This disclosure, when completed, indicates the amount or method of determining the amount of any charges for late payment.

Item 13. This item provides alternative disclosures covering the several options a lessor may offer to a lessee to purchase the leased property. A lessor should use the disclosure applicable to the lease plan used. For example, if no option to purchase is offered, only the last sentence of the item need be used. If the lessor offers an option to purchase, the times at which it may be exercised must be supplied. The price must be disclosed for an option exercised at the end of the term and the price or method of computing the price for an option exercised during the lease term must be supplied (§ 226.15 (b) (11)).

Item 14. This item discloses all express warranties on the leased property made by the manufacturer or lessor and available to the lessee. A brief identification of the warranty must be supplied. A reference to the standard manufacturer's warranty, for example, would suffice.

Item 15. This item provides for disclosure of the maintenance and servicing responsibilities (§ 226.15(b)(8)). These responsibilities may be allocated either to the lesser or to the lessee, or may be divided between them.

Item 16. When completed, this item discloses reasonable standards for wear and use established by the lessor. The lessor is permitted but not required to set such standards. Therefore, the disclosure may be omitted by lessors who do not set standards for wear and use (§ 226.15(b) (8)).

Section 274.1507---CLUSED-EXD OR RET VEHICLE LEASE DISCLOSURE STATEMENT

			Date	3/29/1 77
LESSOR(S)		LIST	EE (S)	
D-Drive-It Car Dealer		Yok	n P. Pne	
Commence of the last of the la		3011	1 21 197	
2. Description of leased propert	у			
YZAR	MAKE	MODEL	BODY MAKE	SERIAL #
1977	Cadillac	Seville	4 Door Sedam	9F51827112
3. Initial Charges, consisting of the Advance Payment / Ty/Delivery Charge	/X/Refundable	Security Deposit	Trade-in Allowance	\$ 1,150.00
The term of this lease is 48 is due on 3/29/29/16 48 5. Amount of each periodic payme 6. Total of Periodic Paymants:	subsequent pay	Advance Payment S of wacks, contins, quents on the 15th Includes sales tage of \$1	of each month thereafter. I.07 per month.	\$11_160_00
7. Total of Other Charges Payable	e to lessor: /X/Disposit	ion Charge \$ 50.00		50.00
/_/Maintenance S	//(Other-must	be itemized)		\$
Z. Official fees and Taxes ** Total amount you will pay dur- (including sales tax on advan-	ing the term for official	fees, registration, certiff	cate of title, license fees and taxes	. \$ 837.36
Tros (lessee) serve to pro-	olde insurance coverage in	the amounts and types fodi	Tease: \$ 100,000 / 300,000 shensive, Actual Cash Value: t of \$ 336,000 ** payable cated above. Though conditions: At any time after business.	. 12 months from the date of the
The energy for such early to	lease term we may termina	te this lease under the fol	lowing conditions: Occurrence of def	late of the territation.
Upon such termination we shall be plus 50% of all unpaid periodic		charge(s) for default* 5	50.00 plus all costs of retaking	possession of the leased vehicle.
[(Specify other charges)*	st of the following type is	n the property listed below security agreement attached	to secure performance of your obligate the lease contract.	tions under this lease:
12. Late Farments* The charge for late payments	is 3% per month for any	amounts overdue for 10 d	lays.	
13. Lossee's Option to Porchase You have an option to purchase	ase the leased vehicle at	the following times: At th	e end of the lesse term.	
If at the end of the term the pri		00		
Lessee has no option to purchase 14. <u>Vortanties</u> The leased vehicle is subject Lessor makes no warranties, expres	t to the following express	warranties: The wehicle is bility or fitness, with res	subject to the Cadillec new car warr	anty which accompanies the vehicle.
15. Enintenance You are responsible for the cation; all maintenance and repoir live are responsible for the i	s necessary to maintain th	e leased vehicle in conform	hicle: All normal operating expenses, ity with the standards for wear and u icle.	including gasoline, oil and lubri-
16. Standards for Wear and Use The following standards are a during the lease term; compliance \$ 100.	applicable for determining with considerater's warra	unreasonable or excessive a	wear and use of the leased vehicles so body or interior damage with an agg	No more than 50,000 miles

*May use amount or method of determining the amount.

SELTION 226.1503 -- PURKLYUNE LEASE-DISCLOSURE STATISHENT

ESSOR(S)	acres, ada ya regarded, to	bata matures at me	LESSEE (S)	ing appropriat		of transfer
all tills beseignes stat	Tir .51. mat\	gale bas tenizueb	and the Tanastal	Parties and the state of the st		
Description of lessed prope	rty [to attached].					
EMS	PRICE	COLOR	STOCK #	MFG.	QTY.	
(a) E stor () and authorist	pay for early	sayment may be	nough a periodic	0579	The second second	
	C SERVICE STREET	med bedalgroot	self D and S. When	ment applementally v	THE OWN THE	MR O'STATE
((9)(1)(0)(2)(0)(0)(1)	remain Jimmah	NO. 20 DESCRIPTION	Mendath subst has	Darmon - and warm	annually and	
	THE WATER	CONTRACTOR OF THE PARTY OF THE	na Spaniyay di bors	The state of the s		
se south end at abuth.	C Setson Haxed					
and the mail and Marchia	a hose seconduct	renous ed7 (() (G) CL() (E 3) (G) (G)			
ctal promount done no	governal ity et	consens for laxes	Langablant was a	Carbon (A.Berry) Scrip	Manager with the	to all of the or
ends Rudor attendently of	FF .bt custs	Ord our resurery in	nee or both, if the	berozulth so s	AND PROPERTY AND P	Sales of Allert
Totale) Charges consisting	of: (Actual dollar	er amounts may but mea	i not be itemized.)			
Initial Charges, consisting	osit / /Deliver	y Charge / / (Other-	-must be identified)	Idayaq	\$	
The term of this lease is_		(e.g., # of weeks, mo	onths, quarters) The	first periodic payment is thereafter	THE SECTION OF	
Amount of each periodic pay	ment:	(May include	charges for taxes and	thereafter waiver fee or insurance.)	-	
Total of Periodic Payments:		х	-	MOTE AND DESCRIPTION	5	
Total of Other, Charges Paya	ble to Lessor: /	/Fick-up charge \$	(Other-must	be (cemized) \$	- -	
Official Fees and Taxes Total amount you will pay d	uring the term for	official fees and taxes	((+)(d)(1)		13	
Insurance	School and M	N. 12 1102 100703	4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4	NOTE THE REAL PROPERTY OF THE	100 1000 0000	
L/You (lessee) agree to						
/ /Ne (lessor) will provi			THE RESIDENCE OF THE PARTY OF T	smount is payable		
Maintenance	offonting marvet rec	In fred of Insolunce.	the state of the s	The same of the sa		
You are responsible for the	e following mainten	ance of the leased prop	perty:	colores of latteriors		10 10 10 10
[We are responsible for the	following maintena	nce of the leased prope	erty:			
Standards for wear and use		(0) (0) (1, 02) (1 sol	Process of Japan age	Day of Manual and	The state of the s	
The following standards ar	e applicable for de	termining unreasonable	or excessive wear and	use of the leased property	:	
(a) [Prior to the end of the	lease term you may	terminate this lease u	under the following cor	iditions:	a delice mont	The Physical
The charge for such early			SOLD STORY SOLDS	N 2/2 266 WATER TO		
Time charge for such carry	COLUMNIA CAON AS					
(b) [Prior to the end of the	lease term we may	terminate this lease un	der the following cond	ittions: [Occurrence of de	fault (specify)_	
[(Specify other conditions)						
[Upon such termination we s		the following charge(s) for (default*			
topon such termination we s	nair of entitled to	the rotrowing charge(s	, 101 (0011010			
[(Specify other charges)*					-	
We reserve a security inter-	est of the followin	g type in the listed pr	roperty to secure perfo	rmance of your obligations	under this lease	
Late Payments*						
The charge for late payment						
Lessee's Option to Purchase	hase any or all ite	ms of the lessed proper	rty at the following ti	mest		
	che price will be \$					-
[If at the end of the term			THE RESERVE AND ADDRESS OF THE PARTY OF THE			
[If at the end of the term	m the price will be	5.4		***		
[If at the end of the term						

* May use amount or method of determining the amount

INSTRUCTIONS FOR COMPLETION OF § 226.1503-FURNITURE LEASE DISCLOSURE STATEMENT GENERAL INSTRUCTIONS

Completion of this form may be facilitated by reference to the following instructions. Any questions as to the permissibility or accuracy of a specific disclosure may be answered by reference to Regulation Z, 12 CFR Part 226.

Information which is required to be dis-closed may be estimated if the information is unknown or unavailable, provided that the information is clearly identified as an estimate and the estimate is based on the best information available and is reasonable (§ 226.6(f)).

Any inapplicable disclosures may be de-

leted

All numerical amounts must be stated in figures and shall be printed in not less than the equivalent of ten point or elite typewritten numerals or legibly handwritten (§ 226.6

Certain numerical items may be disclosed by giving the amount or the method of de-termining the amount. These items are identified by an asterisk.

SPECIFIC INSTRUCTIONS

Item 1. The disclosures must be made on a written dated statement. All lessors and lessees must be identified by name (§ 226 .-15(a)). If, for example, one person arranges the lease and another person enters into the lease with the lessee, both must be identified as lessors (§ 226.2(n) and (oo)). An address may augment the identification but need not be supplied as part of the disclosure form.

Item 2. This disclosure provides a brief description of the leased item (§ 226.15(b)(1)). In the left column the name of the item should appear. The relevant entry should be made in the appropriate box in the columns to the right of the names of the items as indicated by the column headings. All of the descriptive elements in the column headings, except the one labelled "ITEMS," are examples only. Those which are inapplicable to a lease plan may be deleted. Other descriptive column headings may be added (as indicated by the blank columns) if the lessor desires.

Item 3. This disclosure shows the total amount of any initial payment the customer must make when the lease is consummated (§ 226.15(b)(2)). The components of the initial payment must be identified and may, at the lessor's option, be itemized with respect to dollar amount. The checklist is provided to aid in the identification.

The initial payment does not include any periodic payment disclosed under item 5, even though a periodic payment may be

due prior to delivery of the leased items.

Items 4, 5 and 6. When completed, these combined items disclose the term of the lease, the number, amount and due dates of each periodic payment, and the total amount of all periodic payments to be made under or all periodic payments to be made under the lease (§ 226.15(b)(3)). The amount shown for each periodic payment should include any incidental charges for taxes, insurance or both, if those charges are payable as part of the periodic payment.

Item 7. This item discloses other charges payable to the lessor (§ 226.15(b)(5)). This excludes charges for official fees, taxes, insurance and charges disclosed under other items.

This item discloses the total amount to be paid by the lessee during the lease term for taxes and other official fees (§ 226.15(b)(4)).

Item 9. This item provides alternative methods of disclosing insurance coverage. It provides a disclosure for situations in which the lessee provides the coverage, in which case the types and amounts of coverage must be specified (§ 226.15(b)(6)(ii)). It provides a disclosure for situations in which the lessee procures coverage through the lessor, in which case the types, amounts and costs of coverage must be specified (§ 226.15(b)(6) (i)). It also provides disclosure of a fee in lieu of insurance.

Item 10. This item, when completed, dis-closes the maintenance responsibilities of the parties. If only one party has maintenance responsibilities the inapplicable disclosure may be omitted (§ 226.15(b) (8)).

Item 11. When completed, this item discloses standards for wear and use established by the lessor. The lessor is permitted, but not required, to set such standards (§ 226.15(b) (10)).

Item 12. When completed, this item discloses the conditions under which the lessee and lessor may terminate the lease prior to the end of the lease term. It also discloses the amount or method of determining the amount of the charge which the lessee must pay for early termination (§ 226.15(b) (12)). This item also discloses the amount of method of determining the amount of any default charges (§ 226.15(b) (10)).

Item 13. This disclosure of the security taken must include, in the space provided, a brief identification of the types of security interest and an identification of the property covered by each such interest (§ 226.15(b) (9)).

Item 14. This disclosure, when completed, indicates the amount or method of determining the amount of any charges for late

Item 15. This item provides alternative disclosures covering the several options a lessor may offer to a lessee to purchase the leased property. A lessor should use the disclosure applicable to the lease plan used. For example, if no option to purchase is offered only the last sentence of the item need be used. If the lessor offers an option to purchase, the relevant times must be supplied. The price for exercise of the option at the end of the term must be disclosed and the price or method of computing the price for an exercise of the option during the lease term must be supplied (§ 226.15(b) (11)).

Item 16. This item discloses all express warranties applicable to the leased property made by the manufacturer or lessor and available to the lessee. A brief identification of the warranty must be supplied. A reference to the standard manufacturer's warranty would suffice (§ 226.15(b) (7)).

SECTION 226.1503 -- FURNITURE LEASE DISCLOSURE STATEMENT

				DATE May 1.	1977	
1. LESSOR(S) XYZ Furniture Lessor, Inc.			LESSEE(S) S. Customer			
2. Description of lease	d property [is attached].					
[LIEMS	PRICE	COLOR	STOCK Ø	MFG,	QTY,	
Sofa	\$650.00	Green	12345	Alpha Sofa Company	1	
End Table	150.00	Mahogany	12346	Beta Furniture Company	2	
Coffee Table	200.00	Mahogany	12347	Beta Furniture Company	1	
Recliner Chair	500.00	Brown	12348	Gamma Chair Company	1	
J. Initial Charges, con /X /Refundable Secure. A. The corm of this leadue on the 1St	se is 24 months.	(e.g., t of weeks,	er-must be locatilied)	e first periodic payment is	\$_50.00	
5. Amount of each period. Total of Periodic Pa	dic payment: \$40.00	(May included	se charges for taxes s	nd waiver fee or insurance.)	\$ 960.00	
	cs Payable to Lessor: /X		0.00 (Other-mo	st be itemized) \$	\$ 20.00	
3. Official Fees and Ta Total amount you wil	xes 1 pay during the term for	official fees and tax	ces.		\$ 55.00**	
9. Insurance		warnes of the follow	ing types in the fall	owine amounts:		
Trou agree to pa	tor a \$20 00 promium by the following waiver fee	pes and amounts of in	surance coverage at t	he cost indicated:property da	mage insurance in	the amount of
10. Maintenance				nd repair of minor damage fro		
		ance of the leased p	roperty: Repair of a	ajor damage from ordinary use	. if without such	repairs the items
11. Standards for wear The following stan of doors without p	and use	etermining unreasonal will be considered	ble or excessive wear unreasonable and exces	and use of the leased propert	y: Use of the lo	eased property out
(a) Prior to the er us 1 0 days written The charge for suc		y terminate this lead delivered to our pl	se under the following ace of business. total of periodic pay	conditions: After expiration	of 1/2 the lease	term, if you give
(b) Prior to the er	nd of the lease term we may lease within 30 days after	terminate this leas	e under the following	conditions: Occurrence of c rty from the State without ou	efault (specify) Fa	ilure to make a
Upon such terminal previously paid t	tion we shall be entitled t axes, less unaccrued but pr	o the following char eviously paid insura	ge(s) for [default* Ance premiums, plus \$7	ll unpaid periodic payments.	less taxes and lesside transport of the	unaccrued but ne leased property:
(Specify other cha	arges)*					
We reserve a securi interest, as eviden	ity interest of the followinced by the document entitl	ng type in the listered "Security Agreemen	d property to secure part" attached hereto ar	performance of your obligation d made a part hereof, in the	ns under this lease leased property.	: A security
14. Late Payments' The charge for late	e payments is \$3.00 for e	ach periodic payment	late more than 10	days,		
	n to purchase any or all it the term the price will be			og times: At end of term or at an		
[If prior to end of at the time of exe	f the term the price will b roise of the option,	c computed by adding	the end term purchase	option price to the total pe	riodic paymer's un;	paid, less taxes,
The leased property attached hereto and	y is subject to the followid made a part hereof.	ng express warrantie	s: Those warranties o	ontained in documents entitle	d "Standard Manufac	turers Warranty"
* May use asount or	method of determining the	amount.				

Board of Governors of the Federal Reserve System, December 20, 1976.

THEODORE E. ALLISON, Secretary of the Board.

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