

FEDERAL RESERVE BANK
OF NEW YORK

[Circular No. 10821]
[December 29, 1995]

REGULATION M — CONSUMER LEASING
Comment Period Extended to February 15 on Proposed Amendments

*To All Depository Institutions, and Others
Concerned, in the Second Federal Reserve District:*

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

The Federal Reserve Board has extended to February 15, 1996, the comment period on proposed amendments to its Regulation M which carries out provisions of the Consumer Leasing Act.

Purpose of the extension is to obtain views on the proposals from consumers who have experience in leasing or are interested in leasing by inviting individuals to take part in focus groups. Other public comment is also invited during this period.

The extension is not expected to delay implementation of the final rule which is anticipated in the second quarter of 1996.

Printed on the reverse side is the text of the Board's notice, which has been published in the *Federal Register*. Comments may now be submitted through February 15, 1996, and may be sent to the Board, as indicated in the notice, or to our Compliance Examinations Department.

WILLIAM J. McDONOUGH,
President.

FEDERAL RESERVE SYSTEM**12 CFR Part 213**

[Regulation M; Docket No. R-0892 and Docket No. R-0893]

Consumer Leasing; Extension of Comment Period

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Proposed rule and official staff interpretation; extension of comment period.

SUMMARY: On September 20, 1995, the Board published a request for comment on proposed amendments to Regulation M, which implements the Consumer Leasing Act (60 FR 48752). At that time, the Board also proposed revisions to the official staff commentary to Regulation M, which were published in the same issue of the *Federal Register* (60 FR 48769). The Consumer Leasing Act and Regulation M require lessors to provide uniform cost and other disclosures about consumer lease transactions. The Board's proposal contains several substantive amendments to the regulation and would also simplify and clarify its provisions. In order to obtain additional views on the proposal from individual consumers, the Board has extended the public comment period for 90 days. The comment period for the proposed revisions to the commentary is similarly extended for 90 days.

DATES: Comments must be received by February 15, 1996.

ADDRESSES: Comments should refer to Docket No. R-0892 and Docket No. R-0893, and be mailed to William W. Wiles, Secretary, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue NW., Washington, DC 20551. Comments also may be delivered to room B-2222 of the Eccles Building between 8:45 a.m. and 5:15 p.m. weekdays, or to the guard station in the Eccles Building courtyard on 20th Street NW., (between Constitution Avenue and C Street) any time. Comments may be inspected in room MP-500 of the Martin Building between 9 a.m. and 5 p.m. weekdays, except as provided in 12 CFR 261.8 of the Board's rules regarding the availability of information.

FOR FURTHER INFORMATION CONTACT: Kyung H. Cho-Miller, Obrea O. Poindexter, or W. Kurt Schumacher, Staff Attorneys, Division of Consumer and Community Affairs, Board of Governors of the Federal Reserve System, Washington, DC 20551, at (202) 452-2412 or 452-3667. For users of Telecommunications Device for the Deaf (TDD), please contact Dorothea Thompson at (202) 452-3544.

SUPPLEMENTARY INFORMATION: The Consumer Leasing Act (CLA), 15 U.S.C. 1667-1667e, was enacted into law in 1976 as an amendment to the Truth in Lending Act (TILA), 15 U.S.C. 1601 *et seq.* The Board was given rulewriting authority, and its Regulation M (12 CFR part 213) implements the CLA. An official staff commentary that interprets the regulation has also been published (Supplement I-CL-1 to 12 CFR 213).

The CLA generally governs consumer leases of personal property involving \$25,000 or less and a term of more than four months. An automobile lease is the most common type of consumer lease covered by the CLA. Like the credit provisions of the TILA, the CLA requires lessors to provide uniform cost and other disclosures in consumer lease transactions and lease advertising. Prior to entering into a lease agreement, lessors must give consumers fifteen to twenty disclosures, including the amount of initial charges to be paid, an identification of leased property, a payment schedule, the responsibilities for maintaining the leased property, and the liability for terminating a lease early.

The Board's Regulatory Planning and Review Program calls for the periodic review of Board regulations with four goals in mind: To clarify and simplify regulatory language; to determine whether regulatory amendments are needed to address technological and other developments; to reduce undue regulatory burden on the industry; and to delete obsolete provisions. On September 20, 1995, the Board published proposed revisions to Regulation M for comment (60 FR 48752). The proposal contains several substantive revisions to the regulation, for example: additional disclosure requirements about early termination charges, the gross cost of leases, the residual value, and the estimated lease charge; a requirement that certain leasing disclosures be segregated from other information; and pursuant to a statutory change, revisions to the advertising provisions for radio and television. The proposal also simplifies the language and format of the regulation to state the requirements more clearly.

The Board is extending the comment period until February 15, 1996, in order to obtain views on the proposals from consumers who have experience in leasing or are interested in leasing, by inviting certain individuals to participate in focus groups. The focus group participants will be asked to address key elements of the Board's proposed amendments to Regulation M and to provide comments on the proposed consumer leasing forms.

During the extension period, the Board's staff will undertake its review and analysis of the comments that have already been filed. The comment period is being extended primarily for the purpose of conducting these focus group interviews. Other members of the public may submit comments during this period, but they are encouraged to submit them as soon as possible. The Board does not expect this extension to delay the implementation of the final rule. The Board anticipates that revisions to Regulation M and the official staff commentary will be adopted in final form in the second quarter of 1996.

Board of Governors of the Federal Reserve System, November 30, 1995.

William W. Wiles,

Secretary of the Board.

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