

FEDERAL RESERVE BANK  
OF NEW YORK

AT-10929  
March 10, 1997

*To All Depository Institutions in the Second Federal Reserve  
District, and Others Maintaining Sets of Board Regulations:*

Enclosed is a copy of Regulation M, "Consumer Leasing," effective October 31, 1996.

The revised pamphlet supersedes the previous printing of this Regulation and any subsequent amendments thereto.

This pamphlet has been punched with an additional hole so that it can be inserted into our two-volume 8-1/2 x 11 size binders.

Public Information Department

AT-10929

Board of Governors of the Federal Reserve System

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# Regulation M Consumer Leasing

12 CFR 213, as amended effective October 31, 1996



Any inquiry relating to Regulation M should be addressed to the Federal Reserve Bank of the District in which the inquiry arises.

November 1996

# Contents

	<i>Page</i>		<i>Page</i>
Section 213.1—Authority, scope, purpose, and enforcement . . . . .	1	(s) Limitations on rate information . . . . .	5
(a) Authority . . . . .	1	Section 213.5—Renegotiations, extensions, and assumptions . . . . .	5
(b) Scope and purpose . . . . .	1	(a) Renegotiation . . . . .	5
(c) Enforcement and liability . . . . .	1	(b) Extension . . . . .	6
Section 213.2—Definitions . . . . .	1	(c) Assumption . . . . .	6
Section 213.3—General disclosure requirements . . . . .	2	(d) Exceptions . . . . .	6
(a) General requirements . . . . .	2	Section 213.6 [Reserved]	
(b) Additional information; nonsegregated disclosures . . . . .	2	Section 213.7—Advertising . . . . .	6
(c) Multiple lessors or lessees . . . . .	3	(a) General rule . . . . .	6
(d) Use of estimates . . . . .	3	(b) Clear-and-conspicuous standard . . . . .	6
(e) Effect of subsequent occurrence . . . . .	3	(c) Catalogs and multipage advertisements . . . . .	6
(f) Minor variations . . . . .	3	(d) Advertisement of terms that require additional disclosure . . . . .	6
Section 213.4—Content of disclosures . . . . .	3	(e) Alternative disclosures— merchandise tags . . . . .	7
(a) Description of property . . . . .	3	(f) Alternative disclosures— television or radio advertisements . . . . .	7
(b) Amount due at lease signing . . . . .	3	Section 213.8—Record retention . . . . .	7
(c) Payment schedule and total amount of periodic payments . . . . .	3	Section 213.9—Relation to state laws . . . . .	7
(d) Other charges . . . . .	3	(a) Inconsistent state law . . . . .	7
(e) Total of payments . . . . .	3	(b) Exemptions . . . . .	7
(f) Payment calculation . . . . .	3	Appendix A—Model forms . . . . .	9
(g) Early termination . . . . .	4	Appendix B—Federal enforcement agencies . . . . .	15
(h) Maintenance responsibilities . . . . .	4	Appendix C—Issuance of staff interpretations . . . . .	15
(i) Purchase option . . . . .	4	Truth in Lending Act . . . . .	17
(j) Statement referencing nonsegregated disclosures . . . . .	4	Section 181—Definitions . . . . .	17
(k) Liability between residual and realized values . . . . .	5	Section 182—Consumer lease disclosures . . . . .	17
(l) Right of appraisal . . . . .	5	Section 183—Lessee's liability on expiration or termination of lease . . . . .	18
(m) Liability at end of lease term based on residual value . . . . .	5	Section 184—Consumer lease advertising . . . . .	18
(n) Fees and taxes . . . . .	5	Section 185—Civil liability . . . . .	19
(o) Insurance . . . . .	5	Section 186—Relation to state laws . . . . .	20
(p) Warranties or guarantees . . . . .	5		
(q) Penalties and other charges for delinquency . . . . .	5		
(r) Security interest . . . . .	5		

# Regulation M

## Consumer Leasing

12 CFR 213; as amended effective October 31, 1996\*

### SECTION 213.1—Authority, Scope, Purpose, and Enforcement

(a) *Authority.* The regulation in this part, known as Regulation M, is issued by the Board of Governors of the Federal Reserve System to implement the consumer leasing provisions of the Truth in Lending Act, which is title I of the Consumer Credit Protection Act, as amended (15 USC 1601 et seq.).

(b) *Scope and purpose.* This part applies to all persons that are lessors of personal property under consumer leases as those terms are defined in section 213.2(e)(1) and (h). The purpose of this part is—

(1) to ensure that lessees of personal property receive meaningful disclosures that enable them to compare lease terms with other leases and, where appropriate, with credit transactions;

(2) to limit the amount of balloon payments in consumer lease transactions; and

(3) to provide for the accurate disclosure of lease terms in advertising.

(c) *Enforcement and liability.* Section 108 of the act contains the administrative enforcement provisions. Sections 112, 130, 131, and 185 of the act contain the liability provisions for failing to comply with the requirements of the act and this part.

### SECTION 213.2—Definitions

For the purposes of this part the following definitions apply:

(a) *Act* means the Truth in Lending Act (15 USC 1601 et seq.) and the Consumer Leasing Act is chapter 5 of the Truth In Lending Act.

(b) *Advertisement* means a commercial message in any medium that directly or indirectly promotes a consumer lease transaction.

(c) *Board* refers to the Board of Governors of the Federal Reserve System.

(d) *Closed-end lease* means a consumer lease other than an open-end lease as defined in this section.

(e) (1) *Consumer lease* means a contract in the form of a bailment or lease for the use of personal property by a natural person primarily for personal, family, or household purposes, for a period exceeding four months and for a total contractual obligation not exceeding \$25,000, whether or not the lessee has the option to purchase or otherwise become the owner of the property at the expiration of the lease. Unless the context indicates otherwise, in this part “lease” means “consumer lease.”

(2) The term does not include a lease that meets the definition of a credit sale in Regulation Z (12 CFR 226.2(a)). It also does not include a lease for agricultural, business, or commercial purposes or a lease made to an organization.

(3) This part does not apply to a lease transaction of personal property which is incident to the lease of real property and which provides that—

(i) the lessee has no liability for the value of the personal property at the end of the lease term except for abnormal wear and tear, and

(ii) the lessee has no option to purchase the leased property.

(f) *Gross capitalized cost* means the amount agreed upon by the lessor and lessee as the value of the leased property and any items that are capitalized or amortized during the lease term, including but not limited to taxes, insurance, service agreements, and any outstanding balance from a prior loan or lease. *Capitalized cost reduction* means the total amount of any rebate, cash payment, net trade-in allowance, and noncash credit that reduces the gross capitalized cost. The *adjusted capitalized cost* equals the gross capitalized cost less the capitalized cost reduction, and is the amount used by the lessor in calculating the base periodic payment.

\* Compliance with the revised version is optional until October 1, 1997.

(g) *Lessee* means a natural person who enters into or is offered a consumer lease.

(h) *Lessor* means a person who regularly leases, offers to lease, or arranges for the lease of personal property under a consumer lease. A person who has leased, offered, or arranged to lease personal property more than five times in the preceding calendar year or more than five times in the current calendar year is subject to the act and this part.

(i) *Open-end lease* means a consumer lease in which the lessee's liability at the end of the lease term is based on the difference between the residual value of the leased property and its realized value.

(j) *Organization* means a corporation, trust, estate, partnership, cooperative, association, or government entity or instrumentality.

(k) *Person* means a natural person or an organization.

(l) *Personal property* means any property that is not real property under the law of the state where the property is located at the time it is offered or made available for lease.

(m) *Realized value* means—

- (1) the price received by the lessor for the leased property at disposition;
- (2) the highest offer for disposition of the leased property; or
- (3) the fair market value of the leased property at the end of the lease term.

(n) *Residual value* means the value of the leased property at the end of the lease term, as estimated or assigned at consummation by the lessor, used in calculating the base periodic payment.

(o) *Security interest* and *security* mean any interest in property that secures the payment or performance of an obligation.

(p) *State* means any state, the District of Columbia, the Commonwealth of Puerto Rico, and any territory or possession of the United States.

### SECTION 213.3—General Disclosure Requirements

(a) *General requirements.* A lessor shall make the disclosures required by section 213.4, as applicable. The disclosures shall be made clearly and conspicuously in writing in a form the consumer may keep, in accordance with this section.

(1) *Form of disclosures.* The disclosures required by section 213.4 shall be given to the lessee together in a dated statement that identifies the lessor and the lessee; the disclosures may be made either in a separate statement that identifies the consumer lease transaction or in the contract or other document evidencing the lease. Alternatively, the disclosures required to be segregated from other information under paragraph (a)(2) of this section may be provided in a separate dated statement that identifies the lease, and the other required disclosures may be provided in the lease contract or other document evidencing the lease. In a lease of multiple items, the property description required by section 213.4(a) may be given in a separate statement that is incorporated by reference in the disclosure statement required by this paragraph.

(2) *Segregation of certain disclosures.* The following disclosures shall be segregated from other information and shall contain only directly related information: section 213.4(b) through (f), (g)(2), (h)(3), (i)(1), (j), and (m)(1). The headings, content, and format for the disclosures referred to in this paragraph (a)(2) shall be provided in a manner substantially similar to the applicable model form in appendix A of this part.

(3) *Timing of disclosures.* A lessor shall provide the disclosures to the lessee prior to the consummation of a consumer lease.

(4) *Language of disclosures.* The disclosures required by section 213.4 may be made in a language other than English provided that they are made available in English upon the lessee's request.

(b) *Additional information; nonsegregated disclosures.* Additional information may be provided with any disclosure not listed in paragraph (a)(2) of this section, but it shall not be stated, used, or placed so as to mislead

or confuse the lessee or contradict, obscure, or detract attention from any disclosure required by this part.

(c) *Multiple lessors or lessees.* When a transaction involves more than one lessor, the disclosures required by this part may be made by one lessor on behalf of all the lessors. When a lease involves more than one lessee, the lessor may provide the disclosures to any lessee who is primarily liable on the lease.

(d) *Use of estimates.* If an amount or other item needed to comply with a required disclosure is unknown or unavailable after reasonable efforts have been made to ascertain the information, the lessor may use a reasonable estimate that is based on the best information available to the lessor, is clearly identified as an estimate, and is not used to circumvent or evade any disclosures required by this part.

(e) *Effect of subsequent occurrence.* If a required disclosure becomes inaccurate because of an event occurring after consummation, the inaccuracy is not a violation of this part.

(f) *Minor variations.* A lessor may disregard the effects of the following in making disclosures:

- (1) that payments must be collected in whole cents;
- (2) that dates of scheduled payments may be different because a scheduled date is not a business day;
- (3) that months have different numbers of days; and
- (4) that February 29 occurs in a leap year.

#### SECTION 213.4—Content of Disclosures

For any consumer lease subject to this part, the lessor shall disclose the following information, as applicable:

(a) *Description of property.* A brief description of the leased property sufficient to identify the property to the lessee and lessor.

(b) *Amount due at lease signing.* The total amount to be paid prior to or at consummation, using the term "amount due at lease signing." The lessor shall itemize each com-

ponent by type and amount, including any refundable security deposit, advance monthly or other periodic payment, and capitalized cost reduction; and in motor vehicle leases, shall itemize how the amount due will be paid, by type and amount, including any net trade-in allowance, rebates, noncash credits, and cash payments in a format substantially similar to the model forms in appendix A of this part.

(c) *Payment schedule and total amount of periodic payments.* The number, amount, and due dates or periods of payments scheduled under the lease, and the total amount of the periodic payments.

(d) *Other charges.* The total amount of other charges payable to the lessor, itemized by type and amount, that are not included in the periodic payments. Such charges include the amount of any liability the lease imposes upon the lessee at the end of the lease term; the potential difference between the residual and realized values referred to in paragraph (k) of this section is excluded.

(e) *Total of payments.* The total of payments, with a description such as "the amount you will have paid by the end of the lease." This amount is the sum of the amount due at lease signing (less any refundable amounts), the total amount of periodic payments (less any portion of the periodic payment paid at lease signing), and other charges under paragraphs (b), (c), and (d) of this section. In an open-end lease, a description such as "you will owe an additional amount if the actual value of the vehicle is less than the residual value" shall accompany the disclosure.

(f) *Payment calculation.* In a motor-vehicle lease, a mathematical progression of how the scheduled periodic payment is derived, in a format substantially similar to the applicable model form in appendix A of this part, which shall contain the following:

- (1) *Gross capitalized cost.* The gross capitalized cost, including a disclosure of the agreed-upon value of the vehicle, a description such as "the agreed-upon value of the vehicle [state the amount] and any items you pay for over the lease term (such as service contracts, insurance, and any outstanding prior loan or lease balance)," and

a statement of the lessee's option to receive a separate written itemization of the gross capitalized cost. If requested by the lessee, the itemization shall be provided before consummation.

(2) *Capitalized cost reduction.* The capitalized cost reduction, with a description such as "the amount of any net trade-in allowance, rebate, noncash credit, or cash you pay that reduces the gross capitalized cost."

(3) *Adjusted capitalized cost.* The adjusted capitalized cost, with a description such as "the amount used in calculating your base [periodic] payment."

(4) *Residual value.* The residual value, with a description such as "the value of the vehicle at the end of the lease used in calculating your base [periodic] payment."

(5) *Depreciation and any amortized amounts.* The depreciation and any amortized amounts, which is the difference between the adjusted capitalized cost and the residual value, with a description such as "the amount charged for the vehicle's decline in value through normal use and for any other items paid over the lease term."

(6) *Rent charge.* The rent charge, with a description such as "the amount charged in addition to the depreciation and any amortized amounts." This amount is the difference between the total of the base periodic payments over the lease term minus the depreciation and any amortized amounts.

(7) *Total of base periodic payments.* The total of base periodic payments with a description such as "depreciation and any amortized amounts plus the rent charge."

(8) *Lease term.* The lease term with a description such as "the number of [periods of repayment] in your lease."

(9) *Base periodic payment.* The total of the base periodic payments divided by the number of payment periods in the lease.

(10) *Itemization of other charges.* An itemization of any other charges that are part of the periodic payment.

(11) *Total periodic payment.* The sum of the base periodic payment and any other charges that are part of the periodic payment.

(g) *Early termination.*

4

(1) *Conditions and disclosure of charges.* A statement of the conditions under which the lessee or lessor may terminate the lease prior to the end of the lease term; and the amount or a description of the method for determining the amount of any penalty or other charge for early termination, which must be reasonable.

(2) *Early-termination notice.* In a motor-vehicle lease, a notice substantially similar to the following: "Early Termination. You may have to pay a substantial charge if you end this lease early. *The charge may be up to several thousand dollars.* The actual charge will depend on when the lease is terminated. The earlier you end the lease, the greater this charge is likely to be."

(h) *Maintenance responsibilities.* The following provisions are required:

(1) *Statement of responsibilities.* A statement specifying whether the lessor or the lessee is responsible for maintaining or servicing the leased property, together with a brief description of the responsibility;

(2) *Wear-and-use standard.* A statement of the lessor's standards for wear and use (if any), which must be reasonable; and

(3) *Notice of wear-and-use standard.* In a motor vehicle lease, a notice regarding wear and use substantially similar to the following: "Excessive Wear and Use. You may be charged for excessive wear based on our standards for normal use." The notice shall also specify the amount or method for determining any charge for excess mileage.

(i) *Purchase option.* A statement of whether or not the lessee has the option to purchase the leased property, and:

(1) *End of lease term.* If at the end of the lease term, the purchase price; and

(2) *During lease term.* If prior to the end of the lease term, the purchase price or the method for determining the price and when the lessee may exercise this option.

(j) *Statement referencing nonsegregated disclosures.* A statement that the lessee should refer to the lease documents for additional information on early termination, purchase options and maintenance responsibilities, warran-



ties, late and default charges, insurance, and any security interests, if applicable.

(k) *Liability between residual and realized values.* A statement of the lessee's liability, if any, at early termination or at the end of the lease term for the difference between the residual value of the leased property and its realized value.

(l) *Right of appraisal.* If the lessee's liability at early termination or at the end of the lease term is based on the realized value of the leased property, a statement that the lessee may obtain, at the lessee's expense, a professional appraisal by an independent third party (agreed to by the lessee and the lessor) of the value that could be realized at sale of the leased property. The appraisal shall be final and binding on the parties.

(m) *Liability at end of lease term based on residual value.* If the lessee is liable at the end of the lease term for the difference between the residual value of the leased property and its realized value:

(1) *Rent and other charges.* The rent and other charges, paid by the lessee and required by the lessor as an incident to the lease transaction, with a description such as "the total amount of rent and other charges imposed in connection with your lease [state the amount]."

(2) *Excess liability.* A statement about a rebuttable presumption that, at the end of the lease term, the residual value of the leased property is unreasonable and not in good faith to the extent that the residual value exceeds the realized value by more than three times the base monthly payment (or more than three times the average payment allocable to a monthly period, if the lease calls for periodic payments other than monthly); and that the lessor cannot collect the excess amount unless the lessor brings a successful court action and pays the lessee's reasonable attorney's fees, or unless the excess of the residual value over the realized value is due to unreasonable or excessive wear or use of the leased property (in which case the rebuttable presumption does not apply).

(3) *Mutually agreeable final adjustment.* A

statement that the lessee and lessor are permitted, after termination of the lease, to make any mutually agreeable final adjustment regarding excess liability.

(n) *Fees and taxes.* The total dollar amount for all official and license fees, registration, title, or taxes required to be paid to the lessor in connection with the lease.

(o) *Insurance.* A brief identification of insurance in connection with the lease including:

(1) *Voluntary insurance.* If the insurance is provided by or paid through the lessor, the types and amounts of coverage and the cost to the lessee; or

(2) *Required insurance.* If the lessee must obtain the insurance, the types and amounts of coverage required of the lessee.

(p) *Warranties or guarantees.* A statement identifying all express warranties and guarantees from the manufacturer or lessor with respect to the leased property that apply to the lessee.

(q) *Penalties and other charges for delinquency.* The amount or the method of determining the amount of any penalty or other charge for delinquency, default, or late payments, which must be reasonable.

(r) *Security interest.* A description of any security interest, other than a security deposit disclosed under paragraph (b) of this section, held or to be retained by the lessor; and a clear identification of the property to which the security interest relates.

(s) *Limitations on rate information.* If a lessor provides a percentage rate in an advertisement or in documents evidencing the lease transaction, a notice stating that "this percentage may not measure the overall cost of financing this lease" shall accompany the rate disclosure. The lessor shall not use the term "annual percentage rate," "annual lease rate," or any equivalent term.

#### SECTION 213.5—Renegotiations, Extensions, and Assumptions

(a) *Renegotiation.* A renegotiation occurs when a consumer lease subject to this part is

satisfied and replaced by a new lease undertaken by the same consumer. A renegotiation requires new disclosures, except as provided in paragraph (d) of this section.

(b) *Extension.* An extension is a continuation, agreed to by the lessor and the lessee, of an existing consumer lease beyond the originally scheduled end of the lease term, except when the continuation is the result of a renegotiation. An extension that exceeds six months requires new disclosures, except as provided in paragraph (d) of this section.

(c) *Assumption.* New disclosures are not required when a consumer lease is assumed by another person, whether or not the lessor charges an assumption fee.

(d) *Exceptions.* New disclosures are not required for the following, even if they meet the definition of a renegotiation or an extension:

- (1) a reduction in the lease charge;
- (2) the deferment of one or more payments, whether or not a fee is charged;
- (3) the extension of a lease for not more than six months on a month-to-month basis or otherwise;
- (4) a substitution of leased property with property that has a substantially equivalent or greater economic value, provided no other lease terms are changed;
- (5) the addition, deletion, or substitution of leased property in a multiple-item lease, provided the average periodic payment does not change by more than 25 percent; or
- (6) an agreement resulting from a court proceeding.

## SECTION 213.6

[Reserved]

## SECTION 213.7—Advertising

(a) *General rule.* An advertisement for a consumer lease may state that a specific lease of property at specific amounts or terms is available only if the lessor usually and customarily leases or will lease the property at those amounts or terms.

(b) *Clear-and-conspicuous standard.* Disclo-

sure required by this section shall be made clearly and conspicuously.

(1) *Amount due at lease signing.* Except for the statement of a periodic payment, any affirmative or negative reference to a charge that is a part of the total amount due at lease signing under paragraph (d)(2)(ii) of this section, such as the amount of any capitalized cost reduction (or no capitalized cost reduction is required), shall not be more prominent than the disclosure of the total amount due at lease signing.

(2) *Advertisement of a lease rate.* If a lessor provides a percentage rate in an advertisement, the rate shall not be more prominent than any of the disclosures in section 213.4, with the exception of the notice in section 213.4(s) required to accompany the rate; and lessor shall not use the term “annual percentage rate,” “annual lease rate,” or equivalent term.

(c) *Catalogs and multipage advertisements.* A catalog or other multipage advertisement that provides a table or schedule of the required disclosures shall be considered a single advertisement if, for lease terms that appear without all the required disclosures, the advertisement refers to the page or pages on which the table or schedule appears.

(d) *Advertisement of terms that require additional disclosure.*

(1) *Triggering terms.* An advertisement that states any of the following items shall contain the disclosures required by paragraph (d)(2) of this section, except as provided in paragraphs (e) and (f) of this section:

- (i) the amount of any payment;
- (ii) the number of required payments; or
- (iii) a statement of any capitalized cost reduction or other payment required prior to or at consummation, or that no payment is required.

(2) *Additional terms.* An advertisement stating any item listed in paragraph (d)(1) of this section shall also state the following items:

- (i) that the transaction advertised is a lease;
- (ii) the total amount due at lease signing, or that no payment is required;
- (iii) the number, amounts, due dates or

periods of scheduled payments, and total of such payments under the lease;

(iv) a statement of whether or not the lessee has the option to purchase the leased property, and where the lessee has the option to purchase at the end of the lease term, the purchase-option price. The method of determining the purchase-option price may be substituted in disclosing the lessee's option to purchase the leased property prior to the end of the lease term;

(v) a statement of the amount, or the method for determining the amount, of the lessee's liability (if any) at the end of the lease term; and

(vi) a statement of the lessee's liability (if any) for the difference between the residual value of the leased property and its realized value at the end of the lease term.

(e) *Alternative disclosures—merchandise tags.*

A merchandise tag stating any item listed in paragraph (d)(1) of this section may comply with paragraph (d)(2) of this section by referring to a sign or display prominently posted in the lessor's place of business that contains a table or schedule of the required disclosures.

(f) *Alternative disclosures—television or radio advertisements.*

(1) *Toll-free number or print advertisement.*

An advertisement made through television or radio stating any item listed in paragraph (d)(1) of this section complies with paragraph (d)(2) of this section if the advertisement states the items listed in paragraphs (d)(2)(i) through (iii) of this section, and—

(i) lists a toll-free telephone number along with a reference that such number may be used by consumers to obtain the information required by paragraph (d)(2) of this section; or

(ii) directs the consumer to a written advertisement in a publication of general circulation in the community served by the media station, including the name and the date of the publication, with a statement that information required by paragraph (d)(2) of this section is included in the advertisement. The written advertisement shall be published beginning at

least three days before and ending at least ten days after the broadcast.

(2) *Establishment of toll-free number.*

(i) The toll-free telephone number shall be available for no fewer than ten days, beginning on the date of the broadcast.

(ii) The lessor shall provide the information required by paragraph (d)(2) of this section orally, or in writing upon request.

### SECTION 213.8—Record Retention

A lessor shall retain evidence of compliance with the requirements imposed by this part, other than the advertising requirements under section 213.7, for a period of not less than two years after the date the disclosures are required to be made or an action is required to be taken.

### SECTION 213.9—Relation to State Laws

(a) *Inconsistent state law.* A state law that is inconsistent with the requirements of the act and this part is preempted to the extent of the inconsistency. If a lessor cannot comply with a state law without violating a provision of this part, the state law is inconsistent within the meaning of section 186(a) of the act and is preempted, unless the state law gives greater protection and benefit to the consumer. A state, through an official having primary enforcement or interpretative responsibilities for the state consumer leasing law, may apply to the Board for a preemption determination.

(b) *Exemptions.*

(1) *Application.* A state may apply to the Board for an exemption from the requirements of the act and this part for any class of lease transactions within the state. The Board will grant such an exemption if the Board determines that —

(i) the class of leasing transactions is subject to state-law requirements substantially similar to the act and this part or that lessees are afforded greater protection under state law; and

(ii) there is adequate provision for state enforcement.

(2) *Enforcement and liability.* After an exemption has been granted, the requirements of the applicable state law (except for additional requirements not imposed by federal

law) will constitute the requirements of the act and this part. No exemption will extend to the civil liability provisions of sections 130, 131, and 185 of the act.

APPENDIX A—Model Forms

A-1—Model Open-End or Finance Vehicle Lease Disclosures

Appendix A-1 Model Open-End or Finance Vehicle Lease Disclosures

**Federal Consumer Leasing Act Disclosures**

Date \_\_\_\_\_

Lessor(s) \_\_\_\_\_ Lessee(s) \_\_\_\_\_

<p><b>Amount Due at Lease Signing</b> (Itemized below)*</p> <p>\$ _____</p>	<p><b>Monthly Payments</b></p> <p>Your first monthly payment of \$ _____ is due on _____, followed by _____ payments of \$ _____ due on the _____ of each month. The total of your monthly payments is \$ _____.</p>	<p><b>Other Charges</b> (not part of your monthly payment)</p> <p>Disposition fee (if you do not purchase the vehicle) \$ _____</p> <p>[Annual tax] _____</p> <p>Total \$ _____</p>	<p><b>Total of Payments</b> (The amount you will have paid by the end of the lease)</p> <p>\$ _____</p> <p>You will owe an additional amount if the actual value of the vehicle is less than the residual value.</p>
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**\* Itemization of Amount Due at Lease Signing**

<b>Amount Due At Lease Signing:</b>	<b>How the Amount Due at Lease Signing will be paid:</b>
Capitalized cost reduction \$ _____	Net trade-in allowance \$ _____
First monthly payment _____	Rebates and noncash credits _____
Refundable security deposit _____	Amount to be paid in cash _____
Title fees _____	
Registration fees _____	
Total \$ _____	Total \$ _____

**Your monthly payment is determined as shown below:**

Gross capitalized cost. The agreed upon value of the vehicle (\$ \_\_\_\_\_) and any items you pay over the lease term (such as service contracts, insurance, and any outstanding prior loan or lease balance) ..... \$ \_\_\_\_\_

If you want an itemization of this amount, please check this box.

Capitalized cost reduction. The amount of any net trade-in allowance, rebate, noncash credit, or cash you pay that reduces the gross capitalized cost .....	-
Adjusted capitalized cost. The amount used in calculating your base monthly payment .....	=
Residual value. The value of the vehicle at the end of the lease used in calculating your base monthly payment .....	-
Depreciation and any amortized amounts. The amount charged for the vehicle's decline in value through normal use and for other items paid over the lease term .....	=
Rent charge. The amount charged in addition to the depreciation and any amortized amounts .....	+
Total of base monthly payments. The depreciation and any amortized amounts plus the rent charge .....	=
Lease term. The number of months in your lease .....	+
Base monthly payment .....	=
Monthly sales/use tax .....	+
Total monthly payment .....	= \$ _____

Rent and other charges. The total amount of rent and other charges imposed in connection with your lease \$ \_\_\_\_\_.

**Early Termination.** You may have to pay a substantial charge if you end this lease early. The charge may be up to several thousand dollars. The actual charge will depend on when the lease is terminated. The earlier you end the lease, the greater this charge is likely to be.

**Excessive Wear and Use.** You may be charged for excessive wear based on our standards for normal use [and for mileage in excess of \_\_\_\_\_ miles per year at the rate of \_\_\_\_\_ per mile].

**Purchase Option at End of Lease Term.** [You have an option to purchase the vehicle at the end of the lease term for \$ \_\_\_\_\_ [and a purchase option fee of \$ \_\_\_\_\_].] [You do not have an option to purchase the vehicle at the end of the lease term.]

**Other Important Terms.** See your lease documents for additional information on early termination, purchase options and maintenance responsibilities, warranties, late and default charges, insurance, and any security interest, if applicable.

## Appendix A-1 Model Open-End or Finance Vehicle Lease Disclosures

Page 2 of 2

[The following provisions are the nonsegregated disclosures required under Regulation M.]

**Official Fees and Taxes.** The total amount you will pay for official and license fees, registration, title, and taxes over the term of your lease, whether included with your monthly payments or assessed otherwise: \$ \_\_\_\_\_.

**Insurance.** The following types and amounts of insurance will be acquired in connection with this lease:

\_\_\_\_\_ We (lessor) will provide the insurance coverage quoted above for a total premium cost of \$ \_\_\_\_\_.

\_\_\_\_\_ You (lessee) agree to provide insurance coverage in the amount and types indicated above.

**End of Term Liability.** (a) The residual value (\$ \_\_\_\_\_) of the vehicle is based on a reasonable, good faith estimate of the value of the vehicle at the end of the lease term. If the actual value of the vehicle at that time is greater than the residual value, you will have no further liability under this lease, except for other charges already incurred [and are entitled to a credit or refund of any surplus.] If the actual value of the vehicle is less than the residual value, you will be liable for any difference up to \$ \_\_\_\_\_ (3 times the monthly payment). For any difference in excess of that amount, you will be liable only if:

1. Excessive use or damage [as described in paragraph \_\_\_\_] [representing more than normal wear and use] resulted in an unusually low value at the end of the term.

2. The matter is not otherwise resolved and we win a lawsuit against you seeking a higher payment.

3. You voluntarily agree with us after the end of the lease term to make a higher payment.

Should we bring a lawsuit against you, we must prove that our original estimate of the value of the leased property at the end of the lease term was reasonable and was made in good faith. For example, we might prove that the actual was less than the original estimated value, although the original estimate was reasonable, because of an unanticipated decline in value for that type of vehicle. We must also pay your attorney's fees.

(b) If you disagree with the value we assign to the vehicle, you may obtain, at your own expense, from an independent third party agreeable to both of us, a professional appraisal of the \_\_\_\_\_ value of the leased vehicle which could be realized at sale. The appraised value shall then be used as the actual value.

**Standards for Wear and Use.** The following standards are applicable for determining unreasonable or excess wear and use of the leased vehicle:

**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:

\_\_\_\_\_ ].

**Warranties.** The leased vehicle is subject to the following express warranties:

\_\_\_\_\_.

**Early Termination and Default.** (a) You may terminate this lease before the end of the lease term under the following conditions:

\_\_\_\_\_.

The charge for such early termination is:

\_\_\_\_\_.

(b) We may terminate this lease before the end of the lease term under the following conditions:

\_\_\_\_\_.

Upon such termination we shall be entitled to the following charge(s) for:

\_\_\_\_\_.

(c) To the extent these charges take into account the value of the vehicle at termination, if you disagree with the value we assign to the vehicle, you may obtain, at your own expense, from an independent third party agreeable to both of us, a professional appraisal of the \_\_\_\_\_ value of the leased vehicle which could be realized at sale. The appraised value shall then be used as the actual value.

**Security Interest.** We reserve a security interest of the following type in the property listed below to secure performance of your obligations under this lease:

\_\_\_\_\_.

**Late Payments.** The charge for late payments is: \_\_\_\_\_.

**Option to Purchase Leased Property Prior to the End of the Lease.** [You have an option to purchase the leased vehicle prior to the end of the term. The price will be \$ \_\_\_\_\_ / [the method of determining the price].] [You do not have an option to purchase the leased vehicle.]

A-2—Model Closed-End or Net Vehicle Lease Disclosures

Appendix A-2 Model Closed-End or Net Vehicle Lease Disclosures

**Federal Consumer Leasing Act Disclosures**

Date \_\_\_\_\_

Lessor(s) \_\_\_\_\_ Lessee(s) \_\_\_\_\_

Amount Due at Lease Signing (Itemized below)*	Monthly Payments	Other Charges (not part of your monthly payment)	Total of Payments (The amount you will have paid by the end of the lease)
\$ _____	Your first monthly payment of \$ _____ is due on _____, followed by _____ payments of \$ _____ due on the _____ of each month. The total of your monthly payments is \$ _____.	Disposition fee (if you do not purchase the vehicle) \$ _____ [Annual tax] _____ Total \$ _____	\$ _____

\* Itemization of Amount Due at Lease Signing

Amount Due At Lease Signing:	How the Amount Due at Lease Signing will be paid:
Capitalized cost reduction \$ _____	Net trade-in allowance \$ _____
First monthly payment _____	Rebates and noncash credits _____
Refundable security deposit _____	Amount to be paid in cash _____
Title fees _____	
Registration fees _____	
Total \$ _____	Total \$ _____

Your monthly payment is determined as shown below:

Gross capitalized cost. The agreed upon value of the vehicle (\$ \_\_\_\_\_) and any items you pay over the lease term (such as service contracts, insurance, and any outstanding prior loan or lease balance) ..... \$ \_\_\_\_\_

If you want an itemization of this amount, please check this box.

Capitalized cost reduction. The amount of any net trade-in allowance, rebate, noncash credit, or cash you pay that reduces the gross capitalized cost .....	-	_____
Adjusted capitalized cost. The amount used in calculating your base monthly payment .....	=	_____
Residual value. The value of the vehicle at the end of the lease used in calculating your base monthly payment .....	-	_____
Depreciation and any amortized amounts. The amount charged for the vehicle's decline in value through normal use and for other items paid over the lease term .....	=	_____
Rent charge. The amount charged in addition to the depreciation and any amortized amounts .....	+	_____
Total of base monthly payments. The depreciation and any amortized amounts plus the rent charge .....	=	_____
Lease term. The number of months in your lease .....	+	_____
Base monthly payment .....	=	_____
Monthly sales/use tax .....	+	_____
Total monthly payment .....	=	\$ _____

**Early Termination.** You may have to pay a substantial charge if you end this lease early. The charge may be up to several thousand dollars. The actual charge will depend on when the lease is terminated. The earlier you end the lease, the greater this charge is likely to be.

**Excessive Wear and Use.** You may be charged for excessive wear based on our standards for normal use [and for mileage in excess of \_\_\_\_\_ miles per year at the rate of \_\_\_\_\_ per mile].

**Purchase Option at End of Lease Term.** [You have an option to purchase the vehicle at the end of the lease term for \$ \_\_\_\_\_ [and a purchase option fee of \$ \_\_\_\_\_].] [You do not have an option to purchase the vehicle at the end of the lease term.]

**Other Important Terms.** See your lease documents for additional information on early termination, purchase options and maintenance responsibilities, warranties, late and default charges, insurance, and any security interest, if applicable.

Appendix A-2 Model Closed-End or Net Vehicle Lease Disclosures

Page 2 of 2

[The following provisions are the nonsegregated disclosures required under Regulation M.]

**Official Fees and Taxes.** The total amount you will pay for official and license fees, registration, title, and taxes over the term of your lease, whether included with your monthly payments or assessed otherwise: \$ \_\_\_\_\_.

**Insurance.** The following types and amounts of insurance will be acquired in connection with this lease:

\_\_\_\_\_

\_\_\_\_\_ We (lessor) will provide the insurance coverage quoted above for a total premium cost of \$ \_\_\_\_\_.

\_\_\_\_\_ You (lessee) agree to provide insurance coverage in the amount and types indicated above.

**Standards for Wear and Use.** The following standards are applicable for determining unreasonable or excess wear and use of the leased vehicle:

\_\_\_\_\_

**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:

\_\_\_\_\_ ]

**Warranties.** The leased vehicle is subject to the following express warranties:

\_\_\_\_\_

**Early Termination and Default.** (a) You may terminate this lease before the end of the lease term under the following conditions:

\_\_\_\_\_

The charge for such early termination is:

\_\_\_\_\_

(b) We may terminate this lease before the end of the lease term under the following conditions:

\_\_\_\_\_

Upon such termination we shall be entitled to the following charge(s) for:

\_\_\_\_\_

(c) To the extent these charges take into account the value of the vehicle at termination, if you disagree with the value we assign to the vehicle, you may obtain, at your own expense, from an independent third party agreeable to both of us, a professional appraisal of the \_\_\_\_\_ value of the leased vehicle which could be realized at sale. The appraised value shall then be used as the actual value.

**Security Interest.** We reserve a security interest of the following type in the property listed below to secure performance of your obligations under this lease:

\_\_\_\_\_

**Late Payments.** The charge for late payments is: \_\_\_\_\_

**Option to Purchase Leased Property Prior to the End of the Lease.** [You have an option to purchase the leased vehicle prior to the end of the term. The price will be \$ \_\_\_\_\_ /the method of determining the price.] [You do not have an option to purchase the leased vehicle.]



A-3—Model Furniture Lease Disclosures

Appendix A-3 Model Furniture Lease Disclosures

Federal Consumer Leasing Act Disclosures

Date \_\_\_\_\_

Lessor(s) \_\_\_\_\_ Lessee(s) \_\_\_\_\_

Description of Leased Property				
Item	Color	Stock #	Mfg.	Quantity

Amount Due at Lease Signing	Monthly Payments	Other Charges (not part of your monthly payment)	Total of Payments (The amount you will have paid by the end of the lease)
First monthly payment \$ _____	Your first monthly payment of \$ _____	Pick-up fee \$ _____	\$ _____
Refundable security deposit \$ _____	is due on _____, followed by	\$ _____	
Delivery/Installation fee \$ _____	_____ payments of \$ _____ due on	Total \$ _____	
_____ \$ _____	the _____ of each month. The total of your		
Total \$ _____	monthly payments is \$ _____.		

**Purchase Option at End of Lease Term.** [You have an option to purchase the leased property at the end of the lease term for \$ \_\_\_\_\_ [and a purchase option fee of \$ \_\_\_\_\_].] [You do not have an option to purchase the leased property at the end of the lease term.]

**Other Important Terms.** See your lease documents for additional information on early termination, purchase options and maintenance responsibilities, warranties, late and default charges, insurance, and any security interest, if applicable.

[The following provisions are the nonsegregated disclosures required under Regulation M.]

**Official Fees and Taxes.** The total amount you will pay for official fees, and taxes over the term of your lease, whether included with your monthly payments or assessed otherwise: \$ \_\_\_\_\_.

**Insurance.** The following types and amounts of insurance will be acquired in connection with this lease: \_\_\_\_\_.

\_\_\_\_\_ We (lessor) will provide the insurance coverage quoted above for a total premium cost of \$ \_\_\_\_\_.

\_\_\_\_\_ You (lessee) agree to provide insurance coverage in the amount and types indicated above.

**Standards for Wear and Use.** The following standards are applicable for determining unreasonable or excess wear and use of the leased property: \_\_\_\_\_.

**Maintenance.**

[You are responsible for the following maintenance and servicing of the leased property: \_\_\_\_\_.]

[We are responsible for the following maintenance and servicing of the leased property: \_\_\_\_\_.]

**Warranties.** The leased property is subject to the following express warranties: \_\_\_\_\_.

**Early Termination and Default.** (a) You may terminate this lease before the end of the lease term under the following conditions: \_\_\_\_\_.

The charge for such early termination is: \_\_\_\_\_.

(b) We may terminate this lease before the end of the lease term under the following conditions: \_\_\_\_\_.

Upon such termination we shall be entitled to the following charge(s) for: \_\_\_\_\_.

Appendix A-3 Model Furniture Lease Disclosures

Page 2 of 2

**Early Termination and Default.** (continued)

(c) To the extent these charges take into account the value of the leased property at termination, if you disagree with the value we assign to the property, you may obtain, at your own expense, from an independent third party agreeable to both of us, a professional appraisal of the \_\_\_\_\_ value of the property which could be realized at sale. The appraised value shall then be used as the actual value.

**Security Interest.** We reserve a security interest of the following type in the property listed below to secure performance of your obligations under this lease:  
\_\_\_\_\_

**Late Payments.** The charge for late payments is: \_\_\_\_\_

**Purchase Option Prior to the End of the Lease Term.**

[You have an option to purchase the leased property prior to the end of the term. The price will be [\$ \_\_\_\_\_ ]/the method of determining the price.]

[You do not have an option to purchase the leased property.]

## APPENDIX B—Federal Enforcement Agencies

The following list indicates which federal agency enforces Regulation M (12 CFR 213) for particular classes of business. Any questions concerning compliance by a particular business should be directed to the appropriate enforcement agency. Terms that are not defined in the Federal Deposit Insurance Act (12 USC 1813(s)) shall have the meaning given to them in the International Banking Act of 1978 (12 USC 3101).

*1. National banks and federal branches and federal agencies of foreign banks*

District office of the Office of the Comptroller of the Currency for the district in which the institution is located.

*2. State member banks, branches and agencies of foreign banks (other than federal branches, federal agencies, and insured state branches of foreign banks), commercial lending companies owned or controlled by foreign banks, and organizations operating under section 25 or 25A of the Federal Reserve Act*

Federal Reserve Bank serving the District in which the institution is located.

*3. Nonmember insured banks and insured state branches of foreign banks*

Federal Deposit Insurance Corporation Regional Director for the region in which the institution is located.

*4. Savings institutions insured under the Savings Association Insurance Fund of the FDIC and federally chartered savings banks insured under the Bank Insurance Fund of the FDIC (but not including state-chartered savings banks insured under the Bank Insurance Fund)*

Office of Thrift Supervision regional director for the region in which the institution is located.

*5. Federal credit unions*

Regional office of the National Credit Union

Administration serving the area in which the federal credit union is located.

*6. Air carriers*

Assistant General Counsel for Aviation Enforcement and Proceedings  
Department of Transportation  
400 Seventh Street, S.W.  
Washington, D.C. 20590

*7. Those subject to Packers and Stockyards Act*

Nearest Packers and Stockyards Administration area supervisor.

*8. Federal Land Banks, Federal Land Bank Associations, Federal Intermediate Credit Banks, and Production Credit Associations*

Farm Credit Administration  
490 L'Enfant Plaza, S.W.  
Washington, D.C. 20578

*9. All other lessors (lessors operating on a local or regional basis should use the address of the FTC regional office in which they operate)*

Division of Credit Practices  
Bureau of Consumer Protection  
Federal Trade Commission  
Washington, D.C. 20580

## APPENDIX C—Issuance of Staff Interpretations

Officials in the Board's Division of Consumer and Community Affairs are authorized to issue official staff interpretations of this Regulation M (12 CFR 213). These interpretations provide the formal protection afforded under section 130(f) of the act. Except in unusual circumstances, interpretations will not be issued separately but will be incorporated in an official commentary to Regulation M (supplement I of this part), which will be amended periodically. No staff interpretations will be issued approving lessor's forms, statements, or calculation tools or methods.



# Truth in Lending Act

15 USC 1601 et seq.; 82 Stat. 146; Pub. L. 90-321 (May 29, 1968)

*Public Law 90-321 (as amended), Title I  
(Chapters 1, 2, and 5)*

## CHAPTER 5—CONSUMER LEASES

### Section

- 181 Definitions
- 182 Consumer lease disclosures
- 183 Lessee's liability on expiration or termination of lease
- 184 Consumer lease advertising
- 185 Civil liability
- 186 Relation to State laws

### SECTION 181—Definitions

For purposes of this chapter—

- (1) The term “*consumer lease*” means a contract in the form of a lease or bailment for the use of personal property by a natural person for a period of time exceeding four months, and for a total contractual obligation not exceeding \$25,000, primarily for personal, family, or household purposes, whether or not the lessee has the option to purchase or otherwise become the owner of the property at the expiration of the lease, except that such term shall not include any credit sale as defined in section 103(g). Such term does not include a lease for agricultural, business, or commercial purposes, or to a government or governmental agency or instrumentality, or to an organization.
- (2) The term “*lessee*” means a natural person who leases or is offered a consumer lease.
- (3) The term “*lessor*” means a person who is regularly engaged in leasing, offering to lease, or arranging to lease under a consumer lease.
- (4) The term “*personal property*” means any property which is not real property under the laws of the State where situated at the time offered or otherwise made available for lease.
- (5) The terms “*security*” and “*security interest*” mean any interest in property which

secures payment or performance of an obligation.

[15 USC 1667. As added by act of March 23, 1976 (90 Stat. 257). ]

### SECTION 182—Consumer Lease Disclosures

Each lessor shall give a lessee prior to the consummation of the lease a dated written statement on which the lessor and lessee are identified setting out accurately and in a clear and conspicuous manner the following information with respect to that lease, as applicable:

- (1) A brief description or identification of the leased property;
- (2) The amount of any payment by the lessee required at the inception of the lease;
- (3) The amount paid or payable by the lessee for official fees, registration, certificate of title, or license fees or taxes;
- (4) The amount of other charges payable by the lessee not included in the periodic payments, a description of the charges and that the lessee shall be liable for the differential, if any, between the anticipated fair market value of the leased property and its appraised actual value at the termination of the lease, if the lessee has such liability;
- (5) A statement of the amount or method of determining the amount of any liabilities the lease imposes upon the lessee at the end of the term and whether or not the lessee has the option to purchase the leased property and at what price and time;
- (6) A statement identifying all express warranties and guarantees made by the manufacturer or lessor with respect to the leased property, and identifying the party responsible for maintaining or servicing the leased property together with a description of the responsibility;
- (7) A brief description of insurance provided or paid for by the lessor or required of the lessee, including the types and amounts of the coverages and costs;

(8) A description of any security interest held or to be retained by the lessor in connection with the lease and a clear identification of the property to which the security interest relates;

(9) The number, amount, and due dates or periods of payments under the lease and the total amount of such periodic payments;

(10) Where the lease provides that the lessee shall be liable for the anticipated fair market value of the property on expiration of the lease, the fair market value of the property at the inception of the lease, the aggregate cost of the lease on expiration, and the differential between them; and

(11) A statement of the conditions under which the lessee or lessor may terminate the lease prior to the end of the term and the amount or method of determining any penalty or other charge for delinquency, default, late payments, or early termination.

The disclosures required under this section may be made in the lease contract to be signed by the lessee. The Board may provide by regulation that any portion of the information required to be disclosed under this section may be given in the form of estimates where the lessor is not in a position to know exact information.

[15 USC 1667a. As added by act of March 23, 1976 (90 Stat. 258). ]

### SECTION 183—Lessee's Liability on Expiration or Termination of Lease

(a) Where the lessee's liability on expiration of a consumer lease is based on the estimated residual value of the property such estimated residual value shall be a reasonable approximation of the anticipated actual fair market value of the property on lease expiration. There shall be a rebuttable presumption that the estimated residual value is unreasonable to the extent that the estimated residual value exceeds the actual residual value by more than three times the average payment allocable to a monthly period under the lease. In addition, where the lessee has such liability on expiration of a consumer lease there shall be a rebuttable presumption that the lessor's estimated residual value is not in good faith to

the extent that the estimated residual value exceeds the actual residual value by more than three times the average payment allocable to a monthly period under the lease and such lessor shall not collect from the lessee the amount of such excess liability on expiration of a consumer lease unless the lessor brings a successful action with respect to such excess liability. In all actions, the lessor shall pay the lessee's reasonable attorney's fees. The presumptions stated in this section shall not apply to the extent the excess of estimated over actual residual value is due to physical damage to the property beyond reasonable wear and use, or to excessive use, and the lease may set standards for such wear and use if such standards are not unreasonable. Nothing in this subsection shall preclude the right of a willing lessee to make any mutually agreeable final adjustment with respect to such excess residual liability, provided such an agreement is reached after termination of the lease.

(b) Penalties or other charges for delinquency, default, or early termination may be specified in the lease but only at an amount which is reasonable in the light of the anticipated or actual harm caused by the delinquency, default, or early termination, the difficulties of proof of loss, and the inconvenience or non-feasibility of otherwise obtaining an adequate remedy.

(c) If a lease has a residual value provision at the termination of the lease, the lessee may obtain at his expense, a professional appraisal of the leased property by an independent third party agreed to by both parties. Such appraisal shall be final and binding on the parties.

[15 USC 1667b. As added by act of March 23, 1976 (90 Stat. 259). ]

### SECTION 184—Consumer Lease Advertising

(a) No advertisement to aid, promote, or assist directly or indirectly any consumer lease shall state the amount of any payment, the number of required payments, or that any or no downpayment or other payment is required at inception of the lease unless the advertisement also states clearly and conspicuously and

in accordance with regulations issued by the Board each of the following items of information which is applicable:

- (1) That the transaction advertised is a lease.
- (2) The amount of any payment required at the inception of the lease or that no such payment is required if that is the case.
- (3) The number, amounts, due dates or periods of scheduled payments, and the total of payments under the lease.
- (4) That the lessee shall be liable for the differential, if any, between the anticipated fair market value of the leased property and its appraised actual value at the termination of the lease, if the lessee has such liability.
- (5) A statement of the amount or method of determining the amount of any liabilities the lease imposes upon the lessee at the end of the term and whether or not the lessee has the option to purchase the leased property and at what price and time.

(b) *Radio advertisements.*

(1) An advertisement by radio broadcast to aid, promote, or assist, directly or indirectly, any consumer lease shall be deemed to be in compliance with the requirements of subsection (a) if such advertisement clearly and conspicuously—

- (A) states the information required by paragraphs (1) and (2) of subsection (a);
- (B) states the number, amounts, due dates or periods of scheduled payments, and the total of such payments under the lease;

(C) includes—

(i) a referral to—

- (I) a toll-free telephone number established in accordance with paragraph (2) that may be used by consumers to obtain the information required under subsection (a); or

(II) a written advertisement that—

- (aa) appears in a publication in general circulation in the community served by the radio station on which such advertisement is broadcast during the period beginning 3 days before any such broadcast and ending 10 days after such broadcast; and

(bb) includes the information required to be disclosed under subsection (a); and

(ii) the name and dates of any publication referred to in clause (i)(II); and

(D) includes any other information which the Board determines necessary to carry out this chapter.

(2) (A) In the case of a radio broadcast advertisement described in paragraph (1) that includes a referral to a toll-free telephone number, the lessor who offers the consumer lease shall—

(i) establish such a toll-free telephone number not later than the date on which the advertisement including the referral is broadcast;

(ii) maintain such telephone number for a period of not less than 10 days, beginning on the date of any such broadcast; and

(iii) provide the information required under subsection (a) with respect to the lease to any person who calls such number.

(B) The information required to be provided under subparagraph (A)(iii) shall be provided verbally or, if requested by the consumer, in written form.

(3) Nothing in this subsection shall affect the requirements of Federal law as such requirements apply to advertisement by any medium other than radio broadcast.

(c) There is no liability under this section on the part of any owner or personnel, as such, of any medium in which an advertisement appears or through which it is disseminated.

[15 USC 1667c. As added by act of March 23, 1976 (90 Stat. 259) and amended by act of Sept. 23, 1994 (108 Stat. 2234).]

## SECTION 185—Civil Liability

(a) Any lessor who fails to comply with any requirement imposed under section 182 or 183 of this chapter with respect to any person is liable to such person as provided in section 130.

(b) Any lessor who fails to comply with any requirement imposed under section 184 of this

chapter with respect to any person who suffers actual damage from the violation is liable to such person as provided in section 130. For the purposes of this section, the term "creditor" as used in sections 130 and 131 shall include a lessor as defined in this chapter.

(c) Notwithstanding section 130(e), any action under this section may be brought in any United States district court or in any other court of competent jurisdiction. Such actions alleging a failure to disclose or otherwise comply with the requirements of this chapter shall be brought within one year of the termination of the lease agreement.

[15 USC 1667d. As added by act of March 23, 1976 (90 Stat. 260). ]

#### SECTION 186—Relation to State Laws

(a) This chapter does not annul, alter, or affect, or exempt any person subject to the provisions of this chapter from complying with, the laws of any State with respect to con-

sumer leases, except to the extent that those laws are inconsistent with any provision of this chapter, and then only to the extent of the inconsistency. The Board is authorized to determine whether such inconsistencies exist. The Board may not determine that any State law is inconsistent with any provision of this chapter if the Board determines that such law gives greater protection and benefit to the consumer.

(b) The Board shall by regulation exempt from the requirements of this chapter any class of lease transactions within any State if it determines that under the law of that State that class of transactions is subject to requirements substantially similar to those imposed under this chapter or that such law gives greater protection and benefit to the consumer, and that there is adequate provision for enforcement.

[15 USC 1667e. As added by act of March 23, 1976 (90 Stat. 260). ]