

**Federal Trade Commission**  
**Supporting Statement for Information Collection**  
**Provisions of Regulation M**  
**(Consumer Leasing Act)**  
**12 C.F.R. 213; 12 C.F.R. 1013**  
**(OMB Control Number: 3084-0086)**

**1. Necessity for Collecting the Information**

The Consumer Leasing Act, 15 U.S.C. 1667 *et seq.* (“CLA”), an amendment to the Truth in Lending Act (“TILA”), 15 U.S.C. 1601 *et seq.*, was enacted to foster comparison shopping and informed decision making by requiring accurate disclosure of the costs and terms of leases to consumers. Lessors are subject to disclosure requirements that apply to both open-end leases (*e.g.*, with a residual due at lease end) and closed-end leases (*e.g.*, “walkaway” leases, with no substantial amount due at lease end). The CLA now applies to consumer leases up to \$54,600 plus an annual adjustment, based on changes made by the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank Act”), Pub. L. 111-203, 124 Stat. 1376 (2010).

Subject to the discussion below, the Federal Trade Commission (“FTC” or “Commission”) enforces the CLA as to all lessors and advertisers except those that are subject to the regulatory authority of another federal agency (such as federally chartered or insured depository institutions). The CLA also contains a private right of action with a one-year statute of limitations for aggrieved consumers.

The Board of Governors of the Federal Reserve System (“FRB”) promulgated the original Regulation M (12 C.F.R. Part 213) to implement the CLA, as required by the statute. Under the Dodd-Frank Act, however, almost all rulemaking authority for the CLA transferred from the FRB to the Consumer Financial Protection Bureau (“CFPB”) on July 21, 2011 (“transfer date”). Although the Dodd-Frank Act transferred most rulemaking authority under CLA to the CFPB, the FRB retained rulemaking authority for certain motor vehicle dealers.<sup>1</sup> The CFPB’s regulations for entities under its jurisdiction for Regulation M appear in 12 C.F.R. Part 1013.<sup>2</sup>

As a result of the Dodd-Frank Act, the FTC and CFPB now share the authority to enforce Regulation M for entities for which the FTC had enforcement authority before the Act, except for certain motor vehicle dealers. The FTC generally has sole authority to enforce Regulation M regarding motor vehicle dealers predominantly engaged in the sale and servicing of motor

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<sup>1</sup> Generally, these are dealers “predominantly engaged in the sale and servicing of motor vehicles, the leasing and servicing of motor vehicles, or both.” See Dodd-Frank Act, § 1029(a), -(c).

<sup>2</sup> Because both the FRB and the CFPB have certain rulemaking authority under Regulation M – as discussed further below – citations to both aspects of the regulation are included in this document. Hence, 12 C.F.R. 213 refers to the FRB-issued Regulation M; 12 C.F.R. 1013 refers to the CFPB-issued Regulation M. Generally, these two aspects of Regulation M are virtually identical, other than occasional minor technical differences, and citations.

vehicles, the leasing and servicing of motor vehicles, or both.<sup>3</sup>

### Recordkeeping

Sections 213.8/1013.8 of Regulation M requires lessors to retain evidence of compliance with its requirements (other than its advertising rules), but it does not specify the particular records to be kept. Entities subject to the regulation may choose the records they consider adequate to show compliance, and each entity may interpret the requirement differently. Records, however, must be retained for twenty-four months.

### Disclosure

Regulation M imposes disclosure requirements on all types of lessors, including automobile lessors (such as auto dealers, independent leasing companies, and manufacturers' captive finance companies), computer lessors (such as computer dealers and other retailers), furniture lessors, various electronic commerce lessors, and diverse types of lease advertisers, and others. These requirements are intended to ensure that consumers are fully apprised of the terms of leases prior to consummation of the transaction. The written disclosures required by Regulation M are derived from statutory disclosures and directives mandated by the CLA. *See* 12 C.F.R. 213.4/12 C.F.R. 1013.4; 15 U.S.C. 1667a; 15 U.S.C. 1667f (written disclosures); 12 C.F.R. 213.7/12 C.F.R. 1013.7; 15 U.S.C. 1667c; 15 U.S.C. 1667f (advertising disclosures).

The FRB and CFPB have issued model forms and clauses that can be used to comply with the written disclosure (non-advertising) requirements of the CLA and Regulation M. *See, e.g.,* Appendices A-1 - A-3 to Regulation M; 12 C.F.R. 213, Appendices A-1 - A-3; 12 C.F.R. 1013, Appendices A-1 - A-3. Correct use of these model forms and clauses insulates lessors from liability for the respective requirements under the CLA and Regulation M. *See* FRB Official Staff Commentary to Regulation M ("FRB Commentary"), Appendix C, Comment 1; 12 C.F.R. 213, Supp. I, Appendix C, Comment 1; CFPB Official Staff Commentary to Regulation M ("CFPB Commentary"), Appendix C, Comment 1; 12 C.F.R. 1013, Supp. I, Appendix C, Comment 1.

## **2. Use of the Information**

The FTC, other agencies, and private litigants use the records to ascertain whether accurate and complete disclosures of the cost of leases have been provided to consumers prior to consummation of the lease. This information provides the primary evidence of law violations in CLA enforcement actions brought by the FTC. Without the Regulation M recordkeeping requirement, the FTC's ability to enforce the CLA would be significantly impaired.

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<sup>3</sup> *See* Dodd-Frank Act, § 1029(a), -(c).

As noted above, consumers rely upon the disclosures for information to comparison shop among leases, as well as to ascertain the true costs and terms of lease offers. This information provides the primary evidence of law violations in CLA enforcement actions brought by the FTC and private actions brought by consumers. Without these requirements, and the resulting disclosures, the FTC (and consumers) would be unable to enforce the law.

### **3. Consideration of the Use of Improved Information Technology**

The FRB and CFPB have issued rules to establish uniform standards for using electronic communication to deliver disclosures required under Regulation M, within the context of the Electronic Signatures in Global and National Commerce Act (“ESIGN”), 15 U.S.C. 7001 *et seq.*, and Sections 213.3(a)/1013.3(a) of Regulation M. These rules enable businesses to utilize electronic disclosures and compliance, consistent with the requirements of ESIGN. Use of such electronic communications is also consistent with the Government Paperwork Elimination Act (“GPEA”), codified at 44 U.S.C. 3504, note. ESIGN and GPEA serve to reduce businesses’ compliance burden related to federal requirements, including Regulation M, by enabling lessors to utilize more efficient electronic media for disclosures and compliance.

Regulation M also permits a lessor to retain records by microfilm or microfiche or by any other method that reproduces records accurately (including computer programs). Lessors need only retain enough information to reconstruct the required disclosure or other records. Section 213.8-1 of the FRB Commentary; Section 1013.8-1 of the CFPB Commentary.

### **4. Efforts to Identify Duplication/Availability of Similar Information**

The recordkeeping requirement of Regulation M preserves the information provided by the lessor to consumers considering the costs and terms of lease offers. The lessor is the only source of this information. No other federal law, nor is staff aware of any state law, that mandates retention of this information. Similarly, the disclosures required by the CLA and Regulation M are not required by any other provision of law. Although some lease cost information is contained in contractual documents, the information is not standardized. As a result, consumers cannot use it efficiently to comparison shop or fully appreciate lease terms. The lessor is the only source of this information. No other federal law mandates these disclosures. State laws do not duplicate these requirements, although some states may have other rules applicable to consumer leases.

### **5. Efforts to Minimize Burdens on Small Businesses**

The Regulation M recordkeeping and disclosure requirements are imposed on all lessors. The recordkeeping requirement is mandated by Regulation M. The disclosure requirements are mandated jointly by the CLA and Regulation M. As previously noted, the FTC’s role in this area is limited to enforcement because the CLA vested rulemaking authority in the FRB and CFPB. Nonetheless, as also noted above, Regulation M provides model forms and clauses that may be

used to comply with its disclosure requirements. Correct use of these forms and clauses insulates a lessor from liability for the respective requirements.

**6. Consequences of Conducting Collection Less Frequently**

The current record retention period of two years supports the one-year statute of limitations for private actions, and the FTC's (and other administrative agencies') need for sufficient time to bring enforcement actions regarding lease transactions. If the retention period were shortened, consumers who sue under the CLA, and the administrative agencies, might find that lessor records needed to prove violations of the CLA no longer exist.

The disclosure requirements are needed to facilitate comparison cost shopping and to spur informed lease decision making. If these requirements were eliminated, consumers would not have access to this critical information. Their right to sue under the CLA would be undermined, and the FTC (and other administrative agencies) could not fulfill their mandate to enforce the CLA.

**7. Circumstances Requiring Collection Inconsistent with Guidelines**

The recordkeeping and disclosure requirements in Regulation M are consistent with the applicable guidelines contained in 5 C.F.R. 1320.5(d)(2).

**8. Consultation Outside the Agency**

The disclosure and recordkeeping requirements of Regulation M were issued by the FRB and CFPB. Before the regulation was initially issued and prior to each amendment, the amendments were published for public comment in the Federal Register.

More recently, the Commission sought public comment in connection with its latest PRA clearance request for these regulations, in accordance with 5 C.F.R. 1320.8(d). *See* 80 Fed. Reg. 17,749 (April 2, 2015). The Commission received a comment from the National Automobile Dealers Association ("NADA") pertaining to regulatory burden affecting Regulation M. The comment repeats many of the points NADA made in its comments submitted in 2012 when the FTC last sought renewed OMB clearance regarding the FTC's enforcement oversight of the recordkeeping and disclosure provisions of these regulations issued by the FRB and CFPB.<sup>4</sup>

As before, NADA asserts that the FTC's burden estimates greatly underestimate its

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<sup>4</sup> NADA's 2015 comment and related 2012 comment are available at <https://www.ftc.gov/policy/public-comments/2015/06/01/comment-00003>. The remaining (two) commenters' submissions were not relevant to the statutes and regulations at issue.

members<sup>5</sup> regulatory burdens under Regulation M. Despite the FTC's prior and continuing explanation in its Federal Register Notices regarding the terms "setup," "monitoring," and "transaction-related," NADA has misinterpreted FTC estimates of *disclosure time per transaction* as the estimated time the FTC accords to *monitoring to review compliance*.<sup>6</sup> Rather, FTC estimates of "monitoring" burden address covered entities' time and costs to review changes to regulatory requirements, make necessary revisions to compliance systems and procedures, and to monitor the ongoing operation of systems and procedures *to ensure continued compliance*. "Transaction-related" burden, by contrast, refers to the *disclosure time and cost per individual transaction*, thus, generally, of much lesser magnitude than "monitoring" (or "setup") burden.

In its June 1, 2015 comment, NADA asserts that "daily compliance burdens at a dealership often must be handled by managerial, not clerical staff."<sup>7</sup> NADA also asserts that "[m]any dealers are small businesses that do not benefit from sophisticated records retention or computer systems, and cannot leverage robust compliance structures. Even larger dealer groups often do not have the economy of scale necessary to justify in-house legal counsel, compliance staff, or other expert or technical resources. As a result, they rely heavily on outside counsel, consultants, and computer and other experts to help them to comply with their regulatory obligations – and pay the concomitant fees associated with those third party services."

While Regulation M covers not only NADA's membership of franchised car and truck dealers, but also independent motor vehicle dealers and non-motor vehicle dealers, NADA's constituency comprises a sizeable proportion of the overall affected respondents under Regulation M to warrant FTC staff's reassessment of and adjustment to its prior estimates for labor cost burden under the regulation. It is not practicable, however, to make projections about and provide estimates regarding the additional or alternative use of such outside sources to maintain regulatory compliance (neither has NADA attempted to do so in its comment). Instead, the FTC's revised labor cost estimates increase apportionment to managerially performed tasks from 10% to 90%, and remove "clerical" support, while allocating the remaining 10% to skilled technical staff. In doing this, it is worth noting that in NADA's survey of its members in 2012 – reincorporated in NADA's 2015 comment – the purported average response for labor apportionment for all facets of complying with Regulation M was no more than 61.5% for managerial staff, 24.7% for technical staff, and 13.9% for clerical staff. Accordingly, FTC staff believes that its reapportionment of labor costing under Regulation M is a fair response to these

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<sup>5</sup> NADA states that it represents approximately 16,000 new car and truck dealers, both domestic and import, with over 32,500 separate franchises. *Id.*

<sup>6</sup> In NADA's 2015 comment, it misread the 15 second estimates the FTC accorded to disclosure time per lease advertisement, as the time the FTC estimated for dealer monitoring of advertisements for compliance under Regulation M. In actuality, the FTC estimate for the latter monitoring category, and as reappearing in the Regulation M disclosure hour tables in this Notice, is 30 minutes for lease advertising.

<sup>7</sup> However, the only apportioning in the FTC's estimates to clerical staff was for recordkeeping. The remaining attributions, for disclosure, had been to managerial (10%) and skilled technical (90%) staff.

varying propositions and conditions. This reapportionment appears in the labor cost burden table appearing in response to item 12 of this document.

In addition, NADA's comment states that, for Regulation M, the estimate that assumed an average of 40 lease advertising transactions per respondent is not adequate, and that dealers advertise hundreds, if not thousands, of vehicles per year with many ads being subject to Regulation M. However, the FTC's estimates of transaction time and volume are intended as averages. Some respondents may have more covered ads, and others may have fewer (if any). Moreover, the number of vehicles advertised is not the issue for compliance with Regulation M requirements; rather the question is whether specific terms used in the advertisements trigger the disclosure requirements of this regulation.<sup>8</sup> Some entities' advertisements may not include terms that are covered by these requirements at all.<sup>9</sup>

Finally, we note that the report developed for NADA and attached to NADA's comment by the Center for Automotive Research ("CAR Report") addresses the impact on franchised automobile dealerships related to many federal statutes, regulations, and requirements. NADA stated these requirements cover diverse issues but that certain regulations, including Regulation M, still "represent a material portion of dealers' regulatory obligations." *See, e.g.*, NADA comment, CAR Report at 2, 3, 19-34. However, NADA's specific points refer to a generalized concern about regulatory burden for automobile dealers.

Nonetheless, as noted above, the FTC estimates for this regulation have been partially revised in response to some of NADA's comments. This is shown below in the labor cost calculation table. Consistent with 5 C.F.R. 1320.12(c), the FTC is again seeking public comment contemporaneously with this submission.

## **9. Payments or Gifts to Respondents**

Not applicable.

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<sup>8</sup> Further, to facilitate compliance, Regulation M permits the use of illustrative transactions to make the necessary disclosures. That is, where a range of terms is possible or offered, the ad may use examples of typical transactions and include the required disclosures, rather than stating a wide list of transactions and terms for multiple vehicles. *See* 12 C.F.R. 1013.7(d)(1)-1, Supp. 1, and 12 CFR 213.7(d)(1)-1, Supp. 1, CFPB and FRB Regulation M Official Staff Commentaries.

<sup>9</sup> For example, some advertisements may promote sales prices rather than lease terms, and are not subject to Regulation M. Other ads generally may promote the availability of leasing without specific terms, such as "welcome college graduates and military." Some ads may offer terms that do not trigger advertising responsibilities under Regulation M, such as "we offer long-term leasing."

## 10. & 11. Assurances of Confidentiality/Matters of a Sensitive Nature

The required recordkeeping and written disclosures contain private financial information about consumers who apply for and/or obtain consumer leases. Such information is protected by the Right to Financial Privacy Act, 12 U.S.C. 3401 *et seq.* Such records may also constitute confidential customer lists. Any of these records provided to the FTC would be covered by the protections of Sections 6(f) and 21 of the FTC Act, 15 U.S.C. 46(f) and 57b-2, by Section 4.10 of the Commission's Rules of Practice, 16 C.F.R. 4.10, and by the exemptions of the Freedom of Information Act, 5 U.S.C. 552(b), as applicable.

## 12. Estimated Hours and Labor Cost Burden

**Estimated Hours Burden:** 106,510 (32,577 recordkeeping hours: 5,000 + 27,577 carve-out for motor vehicles + 73,933 disclosure hours: 2,986 + 70,947 carve-out for motor vehicles)<sup>10</sup>

The following discussion and tables present FTC estimates under the PRA of recordkeeping and disclosure average time and labor costs, excluding that which the FTC believes entities incur customarily in the ordinary course of business<sup>11</sup> and information compiled and produced in response to FTC law enforcement investigations or prosecutions.<sup>12</sup>

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<sup>10</sup> Recordkeeping and disclosure burden estimates for Regulation M are more substantial for motor vehicle leases than for other leases, including burden estimates based on market changes and regulatory definitions of coverage. As noted above, for purposes of burden calculations, and in view of the different types of motor vehicle dealers, the FTC is including for itself the entire PRA burden for all motor vehicle dealers in the burden estimates below.

<sup>11</sup> PRA “burden” does not include “time, effort, and financial resources” expended in the ordinary course of business, regardless of any regulatory requirement. *See* 5 CFR 1320.3(b)(2).

<sup>12</sup> *See* 5 CFR 1320.4(a) (excluding information collected in response to, among other things, a federal civil action or “during the conduct of an administrative action, investigation, or audit involving an agency against specific individuals or entities”).

FTC enforcement initiatives are based on diverse statutory and regulatory requirements. Some actions are brought in partnership with other federal and state agencies and encompass matters enforced by those agencies, not solely issues related to Regulation M. Further, even where Regulation M matters also are involved in FTC actions, or are in the broader initiative or enforcement sweep of automobile actions, the actions frequently include charges of unfair and/or deceptive practices under Section 5 of the FTC Act, 15 U.S.C. 45(a), and/or may involve warranty violations under the Magnuson Moss Warranty Act, 15 U.S.C. 2301-2312, and other issues not pertinent to this PRA submission. *See, e.g.,* FTC, Press Release, *FTC, Multiple Law Enforcement Partners Announce Crackdown on Deception, Fraud in Auto Sales, Financing and Leasing*, Mar. 26, 2015, available at <https://www.ftc.gov/news-events/press-releases/2015/03/ftc-multiple-law-enforcement-partners-announce-crackdown>. The FTC also frequently issues business “blog” guidance with its enforcement initiatives to guide and facilitate compliance. *See, e.g.,* Lesley Fair, *Operation Ruse Control: Six tips if cars are up your alley*, FTC BUSINESS CENTER BLOG (Mar. 26, 2015), available at <https://www.ftc.gov/news-events/blogs/business-blog/2015/03/operation-ruse-control-6-tips-if-cars-are-your-alley>; Lesley Fair, “*Advertise auto promotions car-fully*,” FTC BUSINESS CENTER BLOG (Dec. 23, 2014), available at <https://www.ftc.gov/news-events/blogs/business-blog/2014/12/advertise-auto-promotions-car-fully>.

Because of their shared enforcement jurisdiction for Regulation M, the CFPB and FTC have divided the FTC’s previously-cleared PRA burden between them,<sup>13</sup> except that the FTC has wholly assumed the part of that burden associated with motor vehicle dealers (for brevity, referred to in the burden summaries below as a “carve-out”).<sup>14</sup> The division of PRA burden hours not attributable to motor vehicle dealers is reflected in the CFPB’s PRA clearance requests to OMB.<sup>15</sup> The FTC’s burden estimates below reflect both the shared enforcement jurisdiction and the FTC’s separate accounting under the PRA for its jurisdiction to enforce Regulation M for motor vehicle dealers.

### Recordkeeping

Staff estimates that Regulation M’s recordkeeping requirements affect approximately 32,577 firms within the FTC’s jurisdiction leasing products to consumers at an average annual burden of one hour per firm, for a total of 32,577 hours.

### Disclosure

Regulation M applies to automobile lessors (such as auto dealers, independent leasing companies, and manufacturers’ captive finance companies), computer lessors (such as computer dealers and other retailers), furniture lessors, various electronic commerce lessors, and diverse types of lease advertisers, and others. Below is staff’s best estimate of burden applicable to this very broad spectrum of covered entities.

### Regulation M: Disclosures – Burden Hours

Disclosures	Respondents	Setup/Monitoring		Number of Transactions	Transaction-related		
		Average Burden per Respondent (hours)	Total Setup/Monitoring Burden (hours)		Average Burden per Transaction (minutes)	Total Transaction Burden (hours)	Total Burden (hours)
Motor Vehicle Leases <sup>1</sup>	27,577	1	27,577	4,000,000	.50	33,333	60,910
Other Leases <sup>2</sup>	5,000	.50	2,500	100,000	.25	417	2,917
Advertising <sup>3</sup>	15,181	.50	7,591	603,490	.25	2,515	10,106

<sup>13</sup> The CFPB also factored into its burden estimates respondents over which it has jurisdiction but the FTC does not.

<sup>14</sup> This includes dealers specified by the Dodd-Frank Act under § 1029 (a), but as limited by subsection (b). Subsection (b) does not preclude CFPB regulatory oversight regarding, among others, businesses that extend retail credit or retail leases for motor vehicles in which the credit or lease offer is provided directly from those businesses, rather than unaffiliated third parties, to consumers. It is not practicable, however, for PRA purposes, to estimate the portion of dealers that engage in one form of financing versus another (and that would or would not be subject to CFPB oversight). Thus, FTC staff’s “carve-out” for this PRA burden analysis reflects a general estimated volume of motor vehicle dealers. This attribution does not change actual enforcement authority.

<sup>15</sup> OMB Control Number 3170-0008 (Regulation M).



<sup>1</sup> This category focuses on consumer vehicle leases. Vehicle leases are subject to more lease disclosure requirements (pertaining to computation of payment obligations) than other lease transactions. (Only consumer leases for more than four months are covered.) See 15 U.S.C. § 1667(1); 12 CFR § 1013.2(e)(1). While the number of respondents for vehicle leases has decreased, the number of vehicle lease transactions has increased, with market changes, from past FTC estimates. Additionally, leases up to \$54,600 (plus an annual adjustment) are now covered. The resulting total burden has increased.

<sup>2</sup> This category focuses on all types of consumer leases other than vehicle leases. It includes leases for computers, other electronics, small appliances, furniture, and other transactions. (Only consumer leases for more than four months are covered.) See 15 U.S.C. § 1667(1); 12 CFR § 1013.2(e)(1). The number of respondents has decreased, based on market changes in companies and types of transactions they offer; the number of such transactions has also declined, based on types of transactions offered that are covered by the CLA. Leases up to \$54,600 (plus an annual adjustment) are now covered. The resulting total burden has decreased.

<sup>3</sup> Respondents for advertising have increased as have lease advertisements, based on market changes, from past FTC estimates. More types of lease advertisements are occurring. The resulting total burden has increased.

**Associated labor costs:** \$5,815,432 (\$1,778,700 recordkeeping costs: \$273,000 + \$1,505,700 carve-out for motor vehicles + \$4,036,732 disclosure costs: \$163,030 + \$3,873,702 carve-out for motor vehicles)

Staff calculated labor costs by applying appropriate hourly cost figures to the burden hours described above. The hourly rates used below (\$56 for managerial or professional time, \$42 for skilled technical time, and \$17 for clerical time) are averages.<sup>16</sup>

### Recordkeeping

For the 32,577 recordkeeping hours, staff estimates that 90 percent of the burden hours require managerial time and 10 percent require skilled technical time. As shown below, the total recordkeeping cost is \$1,778,700.

### Disclosure

For each notice or information item listed, staff estimates that 90 percent of the burden hours require managerial time and 10 percent require skilled technical time. As shown below, the total disclosure cost is \$4,036,732.

### Regulation M: Recordkeeping and Disclosures – Cost

Required Task	-----Managerial-----		-----Skilled Technical-----		-----Clerical-----		Total Cost (\$)
	Time (hours)	Cost (\$56/hr.)	Time (hours)	Cost (\$42/hr.)	Time (hours)	Cost (\$17/hr.)	
Recordkeeping	29,319	\$1,641,8643,258	\$136,836	0	0	\$1,778,700	

Disclosures:

<sup>16</sup> These inputs are based broadly on mean hourly data found within the “Bureau of Labor Statistics, Economic News Release,” March 25, 2015, Table 1, “National employment and wage data from the Occupational Employment Statistics survey by occupation, May 2014.” <http://www.bls.gov/news.release/ocwage.t01.htm>.

Motor Vehicle Leases	54,819	\$3,069,864,091	\$255,822	0	0	\$3,325,686
Other Leases	2,625	\$147,000	292	\$12,264	0	\$159,264
Advertising	9,095	\$509,320	1,011	\$42,462	0	\$551,782
Total Disclosures						\$4,036,732
Total Recordkeeping and Disclosures						\$5,815,432

### 13. Estimated Capital and Other Non-Labor Costs

The applicable requirements impose minimal start-up costs, as lessors and/or advertisers generally have or obtain necessary equipment for other business purposes. For the same reason, staff believes that the cost of printing and copying needed to comply with Regulation M is minimal. Staff anticipates that the requirements noted above necessitate ongoing, regular training so that covered entities stay current and have a clear understanding of federal mandates. However, this training would be a small portion of and subsumed within the ordinary training that employees receive apart from that associated with collecting information to comply with Regulation M.

### 14. Estimated Cost to the Federal Government

The FRB and CFPB issued the recordkeeping requirement of Regulation M, so there is no cost to the FTC for that purpose. Enforcement of the recordkeeping requirement of Regulation M is incidental to overall enforcement of the CLA. Staff estimates that enforcing this requirement will cost the FTC Bureau of Consumer Protection no more than \$81,303, which is a representative year's cost of enforcing Regulation M's requirement during the three-year clearance period sought. This estimate is based on the assumption that one-half of one attorney work year will be expended. Clerical and support services are included in this estimate.

The FRB and CFPB issued the Regulation M disclosure requirements, so there is no cost to the FTC for that purpose. Regarding enforcement, staff estimates that the cost to the FTC Bureau of Consumer Protection for these requirements will approximate \$325,206. This estimate is based on the assumption that two attorney work years will be expended. Clerical and other support services are included in this estimate.

### 15. Program Changes or Adjustments

Estimated net annual burden, cumulative of recordkeeping and disclosure, has decreased by 16,335 hours (from 122,845 hours to 106,510 hours). Cumulative estimated burden for recordkeeping, though unchanged per respondent (one hour), decreased due to a reduced estimated number of affected respondents (from 54,442 to 32,577). Estimated cumulative disclosure burden increased by 5,530 hours (from 68,403 hours to 73,933 hours). This reflects the combination of increased volume of vehicle lease transactions and lease advertisements, generally (each a reflection of market changes), as well as an increase in the estimated number of respondents promoting leases (and hence providing advertising disclosures). The overall increase in estimated labor costs (from \$3,129,338 to \$5,815,432), after factoring in the

offsetting effects above, is the result of updated, higher mean hourly wage estimates for the assumed labor categories in staff's analysis and the adjustments staff made in response to NADA's comment.

**16. Publishing Results of the Collection of Information**

Not applicable.

**17. Display of Expiration Date for OMB Approval**

Not applicable.

**18. Exceptions to the Certification for PRA Submissions**

Not applicable.