

SUPPORTING STATEMENT
RECORDKEEPING AND DISCLOSURE REQUIREMENTS
IN CONNECTION WITH REGULATION M (CONSUMER LEASING)
(OMB No. 3064-0083)

INTRODUCTION

The Federal Deposit Insurance Corporation (“FDIC”) is requesting a three-year renewal of the information collection (3064-0083) for the recordkeeping and disclosure requirements contained in Regulation M. The current clearance for the collection expires on November 30, 2020. There is no change in the method or substance of the collection.

Regulation M (12 C.F.R. 1013), issued by the Bureau of Consumer Financial Protection, implements the consumer leasing provisions of the Truth in Lending Act. Regulation M requires lessors of personal property to provide consumers with meaningful disclosures about the costs and terms of the leases for personal property. Lessors are required to retain evidence of compliance with Regulation M for twenty-four months.

A. Justification

1. Circumstances and Need

The requirements for this collection are contained in Regulation M – Consumer Leasing (12 C.F.R. 1013) issued by the Bureau of Consumer Financial Protection (CFPB). Regulation M is issued under the authority 15 U.S.C. § 1604 and implements the Consumer Leasing Act (“CLA”). The CLA was enacted in 1976 as an amendment to the Truth in Lending Act and is codified at 15 U.S.C. §§ 1667-1667f. Regulation M requires lessors of personal property to provide consumers with meaningful disclosures about the costs and terms of the leases for personal property. Although the CFPB has authority to promulgate rules to implement CLA, the FDIC has enforcement authority, pursuant to 15 U.S.C. §1607, for state nonmember banks.

2. Use of Information Collected

Regulation M is intended to provide consumers with disclosures about the costs and terms of leases for personal property. The disclosures enable consumers to compare the terms for a particular lease with those for other leases and, when appropriate, to compare lease terms with those for credit transactions. The lease disclosure requirements apply to leases of personal property for a period exceeding four months where the contractual obligation is \$50,000 or less. Lessors are required to provide certain key information to consumers in a standard, uniform manner before they enter into the lease transaction.

The purpose of the advertising rules is to provide potential shoppers with uniform and accurate information. The advertising requirements apply to all persons that

promote the availability of consumer leases through commercial messages in any form, including messages in print, electronic media, direct mailings, or on any sign or display. Advertising certain terms triggers the requirement for additional disclosures. For television or radio advertisements, special rules allow alternative disclosures using toll-free telephone numbers or written advertisements in a publication of general circulation.

Lessors are required to retain evidence of compliance with Regulation M for twenty-four months, but the regulation does not specify types of records that must be retained.

3. Use of Technology to Reduce Burden

The Regulation M information collection consists of third-party disclosures and recordkeeping requirements. There are no reporting forms. Institutions may provide electronic disclosures consistent with the Electronic Signatures in Global and National Commerce Act, 15 U.S.C. §§ 7001 et seq., and § 1013.3 of Regulation M.

4. Efforts to Identify Duplication

A lease contract may contain many of the same items required by the Regulation M disclosures, but not all of them and not in the same terminology or form.

5. Minimizing the Burden on Small Businesses

Consistent with the statute, Regulation M and its requirements apply to lessors based on the amount of their leasing activity. The CFPB provides model forms to ease the compliance burden for small institutions. Of the 52 respondents affected by this information collection, 38 are small institutions.

6. Consequence of Less Frequent Collections

The information collection is triggered by specific events consistent with Regulation M. The frequency of response varies according to the lessor's level of consumer leasing and advertising activities.

7. Special Circumstances

There are no special circumstances.

8. Consultation with Persons Outside the FDIC

A notice seeking public comment for a 60-day period was published in the *Federal Register* on September 23, 2020 (85 FR 59797). No comments were received.

9. Payment or Gift to Respondents

None.

10. Confidentiality

As no information is collected, no issue of confidentiality arises.

11. Information of a Sensitive Nature

This collection contains no sensitive information.

12. Estimates of Annualized Hour Burden and Associated Cost

2020 Summary of Annual Burden and Internal Cost (3064-0083)						
	Type of Burden	Estimated Number of Respondents	Estimated Number of Responses	Estimated Time per Response	Frequency of Response	Total Annual Estimated Burden
Recordkeeping and Disclosure Requirements in Connection with Regulation M (Consumer Leasing)	Recordkeeping	19	100	0.375	On Occasion	712.5 hours
Recordkeeping and Disclosure Requirements in Connection with Regulation M (Consumer Leasing)	Third-Party Disclosure	19	100	0.375	On Occasion	712.5 hours
TOTAL HOURLY BURDEN						1,425 hours
TOTAL INTERNAL COST*	\$64.88	/HR				\$92,454

Total Annual Burden: 1,425 hours

The total estimated annual cost for all respondents is:

$$1,425 \text{ hours} \times \$64.88 = \$92,454.$$

Summary of Hourly Burden Cost Estimate (3064-0083)

Estimated Category of Personnel Responsible for Complying with the PRA Burden	Total Estimated Hourly Compensation	Estimated Weights	Weighted Hourly Wage
Executives and Managers ¹	\$121.85	10%	\$12.19
Compliance Officers ²	\$66.55	15%	\$9.98
Financial Analysts ³	\$78.46	45%	\$35.31
Clerical ⁴	\$33.05	30%	\$7.40
Weighted Average			\$64.88

Source: Bureau of Labor Statistics: "National Industry-Specific Occupational Employment and Wage Estimates: Industry: Credit Intermediation and Related Activities (5221 And 5223 only)" (May 2019), Employer Cost of Employee Compensation (June 2020), Consumer Price Index (June 2020).

Note: The 75th percentile wage information reported by the BLS in the Specific Occupational Employment and Wage Estimates does not include health benefits and other non-monetary benefits. According to the March 2020 Employer Cost of Employee Compensation data compensation rates for health and other benefits are 33.9 percent of total compensation. Additionally, the wage has been adjusted for inflation according BLS data on the Consumer Price Index for Urban Consumers (CPI-U) so that it is contemporaneous with the non-wage compensation statistic. The inflation rate was 0.67 percent between May 2019 and June 2020.

13. Capital/Start-up and Operation/Maintenance Cost

None.

14. Cost to Government

None.

15. Reason for Change in Burden

There is no change in the method or substance of the collection. The 2,475 reduction in burden hours is a result of (1) economic fluctuation and (2) an updated estimate (based on historical information) of state nonmember banks and state savings associations engaged in consumer leasing. In particular, the number of respondents has decreased while the hours per response remain the same.

16. Publication

Not applicable.

17. Display of Expiration Dates

1 Occupation (SOC Code): Management Occupations (110000).

2 Occupation (SOC Code): Compliance Officers (131040).

3 Occupation (SOC Code): Financial and Investment Analysts, Financial Risk Specialists, and Financial Specialists, All Other (132098).

4 Occupation (SOC Code): Office and Administrative Support Occupations (430000).

Not applicable.

18. Exceptions to Certification

None.

B. STATISTICAL METHODS

Not applicable.