

**SUPPORTING STATEMENT FOR
CONSUMER LEASING ACT (REGULATION M)
OMB CONTROL NUMBER: 3170-0006**

A. JUSTIFICATION

1. Explain the circumstances that make the collection of information necessary. Identify any legal or administrative requirements that necessitate the collection. Attach a copy of the appropriate section of each statute and regulation mandating or authorizing the collection of 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 (i.e. with a residual amount due at lease end) and closed-end leases (i.e. “walkaway” leases with no substantial amount due at lease end).

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.¹

Regulation M includes model forms and clauses that can be used to comply with the written disclosure (non-advertising) requirements of the CLA and Regulation M.²

Recordkeeping

Section 1013.8 of Regulation M requires lessors to retain evidence of compliance with its requirements (other than its advertising rules) but does not specify the particular records to be kept. Entities subject to Regulation M 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.

¹ See 12 CFR 1013.4; 15 U.S.C. 1667a; 15 U.S.C. 1667f (written disclosures); 12 CFR 1013.7; 15 U.S.C. 1667c; 15 U.S.C. 1667f (advertising disclosures).

² See Appendices A-1, A-2, and A-3 to Regulation M. Correct use of these model forms clauses ~~in~~ protects lessors from liability under the CLA and Regulation M. See comment I-1.

2. Indicate how, by whom, and for what purpose the information is to be used. Except for a new collection, indicate the actual use the agency has made of the information received from the current collection.

Consumers rely upon the disclosures required by the CLA and Regulation M for information to comparison shop among leases as well as to ascertain the true costs and terms of lease offers.

Federal and state enforcement as well 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 federal agencies. Without Regulation M's recordkeeping requirement, the agencies' ability to enforce the CLA would be significantly impaired.

3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g., permitting electronic submission of responses, and the basis for the decision for adopting this means of collection. Also, describe any consideration of using information technology to reduce burden.

The disclosures required by Regulation M may be provided to the consumer in electronic form, subject to compliance with the consumer consent and other applicable provisions of the Electronic Signatures in Global and National Commerce Act (E-Sign Act), 15 U.S.C. 7001 *et seq.* Use of such electronic communications is consistent with the Government Paperwork Elimination Act (GPEA), Title XVII of Pub. L. 105-277, codified at 44 U.S.C. 3504. The E-Sign Act 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 lessors to retain records on any method that reproduces records accurately including computer programs, microfilm, or microfiche. Lessors need only retain enough information to reconstruct the required disclosure or other records. See 12 CFR 1013.8.

Most lessors use computer support to calculate the required information and generate the mandated disclosures, thereby limiting the burden on these entities.

4. Describe efforts to identify duplication. Show specifically why any similar information already available cannot be used or modified for use for the purposes described in Item A.2 above.

The disclosures required by the CLA and Regulation M are not otherwise available.

Although some lease cost information is contained in contractual documents, the information is not standardized. As a result of this practice, consumers cannot use them efficiently to comparison shop or fully appreciate lease terms.

The recordkeeping requirement of Regulation M preserves the information provided by lessors to consumers considering the costs and terms of lease offers. The lessor is the only source of this information. No other federal law mandates retention of this information. No state law known to the Bureau imposes this requirement, although some states may have other rules applicable to consumer leases.

5. If the collection of information impacts small businesses or other small entities, describe any methods used to minimize burden.

The CLA, Regulation M disclosure, and recordkeeping requirements are imposed on all lessors. Most lessors today utilize some measure of computerization in their business. Regulation M permits lessors to rely on computer support (among other alternatives) to meet their recordkeeping and disclosure requirements. This flexibility presumably yields reduced recordkeeping and disclosure costs (see Question #3 above). Regulation M also provides model forms and clauses that may be used to comply with its requirements. Correct use of these forms and clauses insulates a lessor from liability for the respective requirements.

6. Describe the consequence to federal program or policy activities if the collection is not conducted or is conducted less frequently, as well as any technical or legal obstacles to reducing burden.

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 enforcement agencies could not fulfill their duties to enforce CLA.

The current record retention period of two years supports the one-year statute of limitations for private actions, and enforcement 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.

7. Explain any special circumstances that would cause an information collection to be conducted in a manner:

- **requiring respondents to report information to the agency more often than quarterly;**
- **requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it;**
- **requiring respondents to submit more than an original and two copies of any document;**
- **requiring respondents to retain records, other than health, medical, government contract, grant-in-aid, or tax records for more than three years;**
- **in connection with a statistical survey, that is not designed to produce valid and reliable results that can be generalized to the universe of study;**
- **requiring the use of statistical data classification that has not been reviewed and approved by OMB;**

- **that includes a pledge of confidentiality that is not supported by authority established in statute or regulation, that is not supported by disclosure and data security policies that are consistent with the pledge, or which unnecessarily impedes sharing of data with other agencies for compatible confidential use; or**
- **requiring respondents to submit proprietary trade secret, or other confidential information unless the agency can demonstrate that it has instituted procedures to protect the information's confidentiality to the extent permitted by law.**

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

8. If applicable, provide a copy and identify the date and page number of publication in the Federal Register of the agency's notice, required by 5 CFR 1320.8(d), soliciting comments on the information collection prior to submission to OMB. Summarize public comments received in response to that notice and describe actions taken by the agency in response to these comments. Specifically address comments received on cost and hour burden.

Describe efforts to consult with persons outside the agency to obtain their views on the availability of data, frequency of collection, the clarity of instructions and recordkeeping, disclosure, or reporting format (if any), and on the data elements to be recorded, disclosed, or reported.

Consultation with representatives of those from whom information is to be obtained or those who must compile records should occur at least once every 3 years -- even if the collection-of-information activity is the same as in prior periods. There may be circumstances that may preclude consultation in a specific situation. These circumstances should be explained.

Per requirements in 44 USC 3506(c)(2)(a), the Bureau published a 60-day notice within the Federal Register³. No comments were received.

Per requirements in 44 USC 3507(b), the Bureau also published a 30-day notice within the Federal Register⁴. That notice directed respondents to submit comments directly to the OMB desk officer per normative procedure.

9. Explain any decision to provide any payments or gifts to respondents, other than remuneration of contractors or grantees.

No payments or gifts are provided to respondents.

10. Describe any assurance of confidentiality provided to respondents and the basis for the assurance in statute, regulation, or agency policy.

³ 87 FR 20394 (4/7/2022).

⁴ 87 FR 40512 (7/7/2022).

The recordkeeping and written disclosure requirements 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. However, there is no part of the rule that mandates information collection by the Bureau.

To the extent that information covered by a recordkeeping requirement is collected by the Bureau for law enforcement purposes, the confidentiality provisions of Bureau’s rules on Disclosure of Records and Information, 12 CFR Part 1070, would apply.

11. Provide additional justification for any questions of a sensitive nature, such as sexual behavior and attitudes, religious beliefs, and other matters that are commonly considered private. This justification should include the reasons why the agency considers the questions necessary, the specific uses to be made of the information, the explanation to be given to persons from whom the information is requested, and any steps to be taken to obtain their consent.

Regulation M only requires institutions to provide leasing information disclosures to consumers and keep records of those disclosures. No questions of a sensitive nature are asked of respondents.

12. Provide estimates of the hour burden of the collection of information

Requirement	Number of Respondents	Frequency	Number of Responses	Response Time (Hours)	Burden (Hours)
Requires 1013.4 disclosures	13,718	1	13,718	0	0
Disclosures required by 1013.3 (for any consumer lease)	13,718	1	13,718	0.13	1,783
Extends disclosure requirements of 1013.3 to lease renegotiation/extension	13,718	1	13,718	0.13	1,783
Advertising disclosure	0	0	0	N/A	0
Advertising disclosure on TV/radio	0	0	0	N/A	0
Recordkeeping requirements	13,718	1	13,718	0.05	686
TOTAL	13,718		13,718		2,126 ⁵

The Bureau and Federal Trade Commission (FTC) share enforcement authority for non-depository institutions subject to the Bureau’s regulation M with the Bureau assuming burden for half of all non-depository institutions. Our estimate excludes burden for motor vehicle dealers, which the FTC assumes burden for. The Bureau believes that depository institutions represent a negligible segment of the leasing market.

⁵ The other lessors’ total: 4,252. The Bureau’s share of the burden is exactly 50% or 2,126.

While the Bureau includes section 1013.3 in the table above, we attribute no burden to it since it just refers to other provisions in the regulation (where we do estimate burden). The Bureau estimates the total labor burden for ongoing recordkeeping and disclosure requirements under Regulation M to be 4,252 hours for non-motor vehicle lessors. The Bureau assumes 2,126 hours of this burden associated with regulation M. The burden estimates for respondent and market volumes are drawn from a number of public and proprietary sources.⁶

Associated Labor Cost: \$81,398

The Bureau calculated labor costs by estimating the burden hours associated with complying with the required disclosures, advertising disclosures, and recordkeeping activities described in Exhibit 1, and applying appropriate hourly cost figures.² With a composite wage of \$38.29, the cost for these labor hours then works out to be 4,252 hours * \$38.29/hour = \$162,835 labor cost overall, of which \$81,398.16 (2,126 hours * \$38.29/hour) = labor cost is attributed to the Bureau.

13. Provide an estimate of the total annual cost burden to respondents or record keepers resulting from the collection of information. (Do not include the cost of any hour burden shown in Items 12 and 14).

Additional Materials Cost: \$13,992.36

Requirement	Number of Respondents	Frequency	Number of Responses	Cost per Response (\$)	Total Cost (\$)
Requires 1013.4 disclosures	13,718	12	13,718	0	0
Disclosures required by 1013.3 (for any consumer lease)	13,718	12	13,718	0.08	13,169
Extends disclosure requirements of 1013.3 to lease renegotiation/extension	13,718	12	13,718	0.08	13,169
Advertising disclosure	0	0	0	N/A	0
Advertising disclosure on TV/radio	0	0	0	N/A	0
Recordkeeping requirements	13,718	12	13,718	0.01	1,646
TOTAL	13,718		13,718		13,992 ⁷

⁶ Market size sources include internal CFPB automobile markets data, Mintel® auto advertising data, publicly available Census data on County Business Patterns (2013-2014), and previous FTC estimate under OMB Control No. 3084-0086 (2012).

⁷ The other lessors' total: 27,984. The Bureau's share of the cost is approximately 50% or \$13,992.

The Bureau estimates the costs of providing the disclosures based on industry and supervisory estimates. The number of respondents and market sizes were estimated from proprietary and public data sources available to the Bureau.

14. Provide estimates of the annualized cost to the Federal Government. Also, provide a description of the method used to estimate cost, which should include quantification of hours, operational expenses (such as equipment, overhead, printing, and support staff), any other expense that would not have been incurred without this collection of information. Agencies also may aggregate cost estimates from Items 12, 13, and 14 into a single table.

As the Bureau does not collect any information, there are no additional costs to the Federal Government.

15. Explain the reasons for any program changes or adjustments.

There are no program changes or changes to requirements in this information collection request.

16. For collections of information whose results will be published, outline plans for tabulations, and publication. Address any complex analytical techniques that will be used. Provide the time schedule for the entire project, including beginning and ending dates of the collection of information, completion of report, publication dates, and other actions.

There are no plans to provide any publications based on the information collection of this regulation.

17. If seeking approval to not display the expiration date for OMB approval of the information collection, explain the reasons that display would be inappropriate.

The OMB control number and expiration date associated with this information collection will be displayed on the Federal government's electronic docket at www.reginfo.gov as well as on any applicable information collection instruments.

18. Explain each exception to the certification statement.

The Bureau certifies that this collection of information is consistent with the requirements of 5 CFR 1320.9 and the related provisions of 5 CFR 1320.8(b)(3) and is not seeking an exemption to these certification requirements.