

minimize the rule's economic impact on small entities and reasons why the alternatives were rejected. The final amendments will apply to all financial institutions subject to Regulation DD, including small institutions. The amendments represent minor changes to the existing regulation; in some cases, the amendments reduce economic burden. Accordingly, the amendments should not have a negative economic impact on small institutions, and, therefore, there were no significant alternatives that would have further minimized the economic impact on those institutions.

V. Paperwork Reduction Act

In accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. 3506; 5 CFR 1320 Appendix A.1), the Board reviewed the rule under the authority delegated to the Board by the Office of Management and Budget. The Federal Reserve may not conduct or sponsor, and an organization is not required to respond to, this information collection unless it displays a currently valid OMB control number. The OMB control number is 7100-0271.

The collection of information that is revised by this rulemaking is found in 12 CFR 230—Regulation DD, including Appendices A and B and Supplement I. This information collection is mandatory under the Truth in Savings Act (12 U.S.C. 4308) and the Board's Regulation DD, which requires that consumers be given certain account disclosures. The disclosures assist consumers in comparing deposit accounts offered by depository institutions, principally through the disclosure of fees, APY, interest rates, and other account terms whenever a consumer requests the information and before an account is opened. The regulation also requires that fees and other information be provided on any periodic statement the institution sends to the consumer. The respondents are for-profit financial institutions, including small businesses. Institutions are also required to retain records for twenty-four months as evidence of compliance. No comments specifically addressing the burden estimate were received.

The Board also extended the recordkeeping and disclosure requirements in connection with Regulation DD for three years. The current total annual burden for this information collection is an estimated 1,478,395 hours. This amount reflects the burden estimate of the Federal Reserve System for the 996 state member banks under its supervision. The modified rules for indoor lobby

signs and elimination of subsequent disclosure requirements for automatically renewable time accounts with terms less than one month will decrease the frequency of response slightly. The estimated total annual burden after the revisions will be about 1,476,071 hours, a decrease of 2,324 hours. There is estimated to be no associated capital or start up cost and no annual cost burden.

Because the records would be maintained at state member banks and the notices are not provided to the Federal Reserve, no issue of confidentiality arises under the Freedom of Information Act.

The Board has a continuing interest in the public's opinions of Federal Reserve collections of information. At any time, comments regarding the burden estimate, or any other aspect of this collection of information, including suggestions for reducing the burden, may be sent to: Secretary, Board of Governors of the Federal Reserve System, 20th and C Streets, N.W., Washington, DC 20551; and to the Office of Management and Budget, Paperwork Reduction Project (7100-0271), Washington, DC 20503.

List of Subjects in 12 CFR Part 230

Advertising, Banks, banking, Consumer protection, Federal Reserve System, Reporting and recordkeeping requirements, Truth in savings.

Text of Revisions

For the reasons set forth in the preamble, the Board amends 12 CFR part 230, as set forth below:

PART 230—TRUTH IN SAVINGS (REGULATION DD)

1. The authority citation for part 230 continues to read as follows:

Authority: 12 U.S.C. 4301 *et seq.*

§ 230.5 [Amended]

2. Section 230.5 is amended by removing paragraph (c) and redesignating paragraph (d) as new paragraph (c).

3. Section 230.8 is amended by revising paragraph (e)(2)(i) to read as follows:

§ 230.8 Advertising.

* * * * *

(e) *Exemption for certain advertisements.* * * *

(2) *Indoor signs.* (i) Signs inside the premises of a depository institution (or the premises of a deposit broker) are not subject to paragraphs (b), (c), (d) or (e)(1) of this section.

* * * * *

4. Section 230.9 is amended by revising paragraph (b) to read as follows:

§ 230.9 Enforcement and record retention.

* * * * *

(b) *Civil liability.* Section 271 of the Act contains the provisions relating to civil liability for failure to comply with the requirements of the act and this part; Section 271 is repealed effective September 30, 2001.

* * * * *

SUPPLEMENT I to PART 230—OFFICIAL STAFF INTERPRETATION

PART 230—SUPPLEMENT I [AMENDED]

5. In Supplement I to Part 230, in Section 230.5—Subsequent disclosures, under paragraph (c), paragraph 1. is removed.

6. In Supplement I to Part 230, in Section 230.8—Advertising, under paragraph (e)(2)(i), paragraph 2. is removed.

By order of the Board of Governors of the Federal Reserve System, September 23, 1998.

Jennifer J. Johnson,

Secretary of the Board.

[FR Doc. 98-26010 Filed 9-28-98; 8:45 am]

BILLING CODE 6210-01-P

FEDERAL RESERVE SYSTEM

12 CFR Part 213

[Regulation M; Docket No. R-1004]

Consumer Leasing

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Final rule.

SUMMARY: The Board is publishing a final rule amending Regulation M, which implements the Consumer Leasing Act. The act requires lessors to provide consumers with uniform cost and other disclosures about consumer lease transactions. The final rule adopts several technical amendments to the regulation and commentary concerning lease payments, advertisements, and the treatment of taxes.

DATES: This rule is effective September 24, 1998. Compliance is optional until October 1, 1999.

FOR FURTHER INFORMATION CONTACT: Kyung Cho-Miller, Staff Attorney, Division of Consumer and Community Affairs, Board of Governors of the Federal Reserve System, at (202) 452-3667. For users of Telecommunications Device for the Deaf (TDD) *only*, Diane Jenkins at (202) 452-3544.

SUPPLEMENTARY INFORMATION:

I. Background

The Consumer Leasing Act (CLA), 15 U.S.C. 1667–1667e, is implemented by the Board's Regulation M (12 CFR 213). The CLA requires lessors to provide consumers with uniform cost and other disclosures about consumer lease transactions. The act generally applies to consumer leases of personal property in which the contractual obligation does not exceed \$25,000 and has a term of more than four months. An automobile lease is the most common type of consumer lease covered by the act.

II. Regulatory Revisions

On March 25, 1998, the Board published several technical amendments to Regulation M (63 FR 14538). Seventeen commenters, representing major leasing companies and a consumer representative, submitted comments on the proposed amendments; most generally supported the revisions.

In the same rulemaking, the Board proposed to allow lessors to provide Regulation M disclosures electronically. Similar proposals were made under Regulations B (Equal Credit Opportunity), DD (Truth in Savings), and Z (Truth in Lending); an interim rule was issued under Regulation E. The Board anticipates further action on these proposals by year-end.

III. Section-by-Section Analysis

Section 213.4—Content of Disclosures

4(f)(8) Lease term

In September 1996, Regulation M was revised to require, among other things, that lessors show consumers a mathematical progression of how a scheduled payment is derived in a motor vehicle lease. In deriving a scheduled payment, the "total of base periodic payments" is divided by the number of lease payments. The caption in the regulation and on the model forms refers to the number of lease payments as the "lease term."

To avoid confusion, references to the "lease term" in § 213.4(f)(8) have been changed to "lease payments" with corresponding changes to the model forms in appendix A of Regulation M. For example, in reflecting the consumer's legal obligation to make one payment under a single-payment lease, the figure disclosed under § 213.4(f)(8) should be one (not the lease term such as 24 months or 36 months).

Despite the revision to the model forms, lessors may continue to use the existing form until supplies are exhausted. If properly completed, those forms comply with the requirements of

the act and regulation, protecting lessors from civil liability under sections 130 of the Truth in Lending Act and 185 of the Consumer Leasing Act.

The term of the lease (such as 24 months or 36 months) is not a required disclosure. Lessors may, however, disclose the lease term among the segregated disclosures if they choose. This guidance, included in the preamble to the proposed change, has been incorporated into the commentary, replacing existing comment 4(f)(8)–1. Lessors should note, however, that the calculation under § 213.4(f)(8) calls for the number of payments.

Section 213.7—Advertising

On April 1, 1997, the Board revised Regulation M to implement amendments to the act contained in the Economic Growth and Regulatory Paperwork Reduction Act of 1996, which streamlined the advertising disclosures for lease transactions (62 FR 15364). Under the act, certain terms in an advertisement will trigger the disclosure of additional information. A statement in a lease advertisement that no initial payment is required is a "triggering" term that has been added to § 213.7(d)(1)(ii). It had been inadvertently omitted previously.

Appendix A—Model Forms

Several technical changes have been made to the model forms in appendix A. The model forms for open- and closed-end leases in appendix A–1 and A–2 have been revised to change the reference under the payment calculation (from "Lease term. The number of months in your lease." to "Lease payments. The number of payments in your lease"). Page 2 of the open-end model form has been revised; in the "end of term liability," the second line of the paragraph following item 3 has been corrected by changing "actual" to read "actual value." Model form A–3 for a furniture lease has been revised by adding "or delivery" in the heading "Amount due at lease signing."

IV. Commentary Provisions

Section 213.4—Content of Disclosures

4(f) Payment Calculation

4(f)(7) Total of Base Periodic Payments

For motor vehicle leases, lessors are required under § 213.4(f) to provide a mathematical progression of how scheduled lease payments are derived. Some lessors have expressed concern about exposure to civil liability if one divides the total of the base periodic payments disclosed under § 213.4(f)(7) by the number of payments in the lease disclosed under § 213.4(f)(8) and then

multiplies the base periodic payment disclosed under § 213.4(f)(9) by the number of payments in the lease disclosed under § 213.4(f)(8); the results are different because of rounding.

Comment 4(f)(7)–1 has been added to respond to this concern. The comment has been revised from the proposed language for clarity, without substantive change. The anomaly also could be avoided by making adjustments to the rent charge.

4(f)(8) Lease Payment.

Current comment 4(f)(8)–1 has been deleted as unnecessary, and has been replaced by a new comment 4(f)(8)–1 that allows lessors to include the lease term among the segregated disclosures. (Generally, lessors may not add information to the segregated disclosures unless required by regulation in § 213.3(a)(2) or permitted to be included among the segregated disclosures. See comment 3(a)(2)–2 and comments 1 and 2 to appendix A.)

4(n) Fees and Taxes

Several examples are provided in comment 4(n)–1 to illustrate when taxes are disclosed under this section. This comment has been revised to clarify that taxes which are part of the scheduled payments are required to be disclosed under § 213.4(n).

Appendix A—Model Forms

Comment 2 to appendix A provides examples of acceptable changes that may be made to the model forms. At the request of commenters, the comment has been revised to clarify that inapplicable disclosures may be deleted.

V. Regulatory Flexibility Analysis

In accordance with section 3(a) of the Regulatory Flexibility Act (5 U.S.C. 604), the Board has reviewed the final amendments to Regulation M. Two of the three requirements of a final regulatory flexibility analysis under this section are (1) a succinct statement of the need for and the objectives of the rule and (2) a summary of the issues raised by the public comments, the agency's assessment of the issues, and a statement of the changes made in the final rule in response to the comments. These two areas are discussed above.

The third requirement of the analysis calls for a description of significant alternatives to the rule that would minimize the rule's economic impact on small entities and reasons why the alternatives were rejected. The final amendments will apply to all lessors subject to Regulation M, including small entities. The amendments represent relatively small changes to the existing

regulation; in some cases, the amendments clarify rights and duties of covered lessors or reduce economic burden. Accordingly, the amendments should not have a negative economic impact on small entities, and, therefore, there were no significant alternatives that would have minimized further the economic impact on those entities.

VI. Paperwork Reduction Act

In accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. 3506; 5 CFR 1320 Appendix A.1), the Board reviewed the final rule under the authority delegated to the Board by the Office of Management and Budget. The Federal Reserve may not conduct or sponsor, and an organization is not required to respond to, this information collection unless it displays a currently valid OMB control number. The OMB control number is 7100-0202.

The collection of information that is revised by this rulemaking is found in 12 CFR 213— Regulation M, including Appendices A, B, C, and D and Supplement I. This information collection is mandatory under the Consumer Leasing Act (CLA) (15 U.S.C. 1667 *et seq.*) and the Board’s Regulation M. The purpose of the disclosures associated with Regulation M is to ensure that lessees of personal property receive meaningful information that enables them to compare lease terms with other leases and, where appropriate, with credit transactions. The respondents/recordkeepers are individuals or businesses that regularly lease, offer to lease, or arrange for the lease of personal property under a consumer lease, including small businesses. Institutions are also required to retain records for twenty-four months as evidence of compliance. No comments specifically addressing the burden estimate were received.

The Board also extended the recordkeeping and disclosure requirements in connection with Regulation M for three years. The current estimated annual burden for this information collection is 11,179 hours. It is estimated that there are 310 disclosure respondents and 15 advertising respondents with an average frequency of 120 and 3 responses per respondent each year, respectively. The technical amendments clarifying the rules on lease payments, advertisements and rounding calculations are estimated to have no effect on burden. There is estimated to be no annual cost burden and no associated capital or start up cost.

Consumer lease information in or referred to by advertisements is available to the public. Disclosures of the costs, liabilities, and terms of consumer lease transactions relating to specific leases are not publicly available. Because the Federal Reserve does not collect any of the information, no issue of confidentiality under the Freedom of Information Act normally arises. However, the information may be protected from disclosure under the exemptions (b)(4), (6), and (8) of the Freedom of Information Act (5 U.S.C. 522 (b)(4), (6), and (8)).

The Board has a continued interest in the public’s opinions of Federal Reserve collections of information. At any time, comments regarding the burden estimate, or any other aspect of this collection of information, including suggestions for reducing the burden, may be sent to: Secretary, Board of Governors of the Federal Reserve System, 20th and C Streets, N.W., Washington DC 20551; and to the Office of Management and Budget, Paperwork Reduction Project (7100-0202), Washington, DC 20503.

List of Subjects in 12 CFR Part 213

Advertising, Federal Reserve System, Reporting and recordkeeping requirements, Truth in lending.

For the reasons set forth in the preamble, the Board amends Regulation M, 12 CFR Part 213, as set forth below:

PART 213—CONSUMER LEASING (REGULATION M)

1. The authority citation for part 213 is revised to read as follows:

Authority: 15 U.S.C. 1604; 1667f.

2. Section 213.4 is amended by revising paragraph (f)(8) to read as follows:

§ 213.4 Content of disclosures.

* * * * *

(f) *Payment calculation.* * * *

(8) *Lease payments.* The lease payments with a description such as “the number of payments in your lease.”

* * * * *

3. Section 213.7 is amended by revising paragraph (d)(1)(ii) to read as follows:

§ 213.7 Advertising.

* * * * *

(d) *Advertising of terms that require additional disclosure.*—(1) *Triggering terms.* * * *

(ii) A statement of any capitalized cost reduction or other payment (or that no payment is required) prior to or at consummation or by delivery, if delivery occurs after consummation.

* * * * *

4. Appendix A to part 213 is amended by revising Appendix A-1, Appendix A-2, and Appendix A-3 to read as follows:

BILLING CODE 6210-01-P

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

Federal Consumer Leasing Act Disclosures

Date _____

Lessor(s) _____

Lessee(s) _____

Amount Due at Lease Signing or Delivery	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)
(Itemized below)* \$ _____	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) \$ _____ Total \$ _____	\$ _____ You will owe an additional amount if the actual value of the vehicle is less than the residual value.

*** Itemization of Amount Due at Lease Signing or Delivery**

Amount Due At Lease Signing or Delivery:	How the Amount Due at Lease Signing or Delivery will be paid:
Capitalized cost reduction \$ _____ First monthly payment _____ Refundable security deposit _____ Title fees _____ Registration fees _____ Total \$ _____	Net trade-in allowance \$ _____ Rebates and noncash credits _____ Amount to be paid in cash _____ 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 credit or lease balance)	\$ _____
If you want an itemization of this amount, please check this box. <input type="checkbox"/>	
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 payments. The number of payments 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.

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

Description of Leased Property				
Year	Make	Model	Body Style	Vehicle ID #

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 value 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.]

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 or Delivery	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)
(Itemized below)* \$ _____	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) \$ _____ Total \$ _____	\$ _____

*** Itemization of Amount Due at Lease Signing or Delivery**

Amount Due At Lease Signing or Delivery:	How the Amount Due at Lease Signing or Delivery 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 credit or lease balance)	\$ _____
If you want an itemization of this amount, please check this box. <input type="checkbox"/>	
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 payments. The number of payments 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

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

Description of Leased Property				
Year	Make	Model	Body Style	Vehicle ID #

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.]

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 or Delivery First monthly payment \$ _____ Refundable security deposit \$ _____ Delivery/Installation fee \$ _____ _____ \$ _____ Total \$ _____	Monthly Payments 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 \$ _____.	Other Charges (not part of your monthly payment) Pick-up fee \$ _____ _____ \$ _____ Total \$ _____	Total of Payments (The amount you will have paid by the end of the lease) \$ _____
--	---	---	--

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: _____

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.]

BILLING CODE 6210-01-C

5. In Supplement I to Part 213—Official Staff Commentary to Regulation M, under Section 213.4—Content of Disclosures, the following amendments are made:

a. A new paragraph 4(f)(7) Total of Base Periodic Payments is added in numerical order.

b. The heading to paragraph 4(f)(8) and paragraph 1. are revised.

c. Under paragraph 4(n) Fees and taxes, paragraph 1.ii. is revised.

d. Under Appendix A—Model Forms, paragraph 2.v. is revised.

The addition and revisions read as follows:

Supplement I to Part 213—Official Staff Commentary to Regulation M

* * * * *

Section 213.4—Content of Disclosures

* * * * *

4(f)(7) Total of Base Periodic Payment

1. Accuracy of disclosure. If the periodic payment calculation under § 213.4(f) has been calculated correctly, the amount disclosed under § 213.4(f)(7)—the total of base periodic payments—is correct for disclosure purposes even if that amount differs from the base periodic payment disclosed under § 213.4(f)(9) multiplied by the number of lease payments disclosed under § 213.4(f)(8), when the difference is due to rounding.

* * * * *

4(f)(8) Lease Payment

1. Lease Term. The lease term may be disclosed among the segregated disclosures.

* * * * *

4(n) Fees and taxes.

1. Treatment of certain taxes. * * *

ii. Taxes that are part of the scheduled payments are reflected in the disclosure under § 213.4(c), (f), and (n).

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Appendix A—Model Forms

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2. Examples of acceptable changes.

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v. Deleting or blocking out inapplicable disclosures, filling in "N/A" (not applicable) or "0," crossing out, leaving blanks, checking a box for applicable items, or circling applicable items (this should facilitate use of multipurpose standard forms).

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By order of the Board of Governors of the Federal Reserve System, September 23, 1998.

Jennifer J. Johnson, Secretary of the Board.

[FR Doc. 98-26011 Filed 9-28-98; 8:45 am]

BILLING CODE 6210-01-P

FEDERAL RESERVE SYSTEM

12 CFR Part 205

[Regulation E; Docket No. R-1007]

Electronic Fund Transfers

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Final rule; technical amendments.

SUMMARY: The Board is publishing a final rule under Regulation E revising the time periods for investigating alleged errors involving point-of-sale and foreign-initiated transactions. The former rule extended the statutory time periods for these transactions to allow financial institutions a longer period to investigate before they must provisionally credit an account and a longer period to complete an

investigation. The final rule requires financial institutions to provisionally credit an account within 10 business days (rather than 20) and leaves in place the 90 calendar day period to complete the investigation of an alleged error.

At the same time, the Board is extending the time periods to provisionally credit funds and investigate claims involving new accounts. The rule applies to claims made within 30 calendar days after an account is opened. The rule allows 20 business days for resolving an alleged error and up to 90 calendar days for completing the investigation.

DATES: This rule is effective September 24, 1998. Compliance is optional until April 1, 1999.

FOR FURTHER INFORMATION CONTACT: John C. Wood or Jane Jensen Gell, Senior Attorneys, Division of Consumer and Community Affairs, Board of Governors of the Federal Reserve System, at (202) 452-2412 or (202) 452-3667. For users of Telecommunications Device for the Deaf (TDD) only, contact Diane Jenkins at (202) 452-3544.

SUPPLEMENTARY INFORMATION:

I. Background

The Electronic Fund Transfer Act (EFTA), 15 U.S.C. 1693-1693r, provides a basic framework establishing the rights, liabilities, and responsibilities of participants in electronic fund transfer (EFT) systems. The Board's Regulation E (12 CFR Part 205) implements the act. Types of transfers covered by the act and regulation include transfers initiated through an automated teller machine (ATM), point-of-sale (POS) terminal, automated clearinghouse, telephone bill-payment system, or home banking program. The rules prescribe restrictions on the unsolicited issuance of ATM cards and other access devices;