FEDERAL RESERVE BANK OF DALLAS

DALLAS, TEXAS 75222

Circular No. 77-5
January 5, 1977

PROPOSED BOARD INTERPRETATIONS OF REGULATION Z

Lease Disclosure Statements

TO ALL BANKS, OTHER CREDITORS,
AND OTHERS CONCERNED IN THE
ELEVENTH FEDERAL RESERVE DISTRICT:

The Board of Governors of the Federal Reserve System has published for public comment proposed sample forms and instructions that could be used by lessors to comply with the Board's regulations implementing the Consumer Leasing Act of 1976.

The three sample forms and the accompanying instructions for their use were proposed as Board interpretations of its Regulation Z (which implements the Truth-in-Lending Act and the Consumer Leasing Act). When properly used, the forms would constitute adequate disclosure of lease terms as required by Regulation Z.

The Board amended Regulation Z to carry out the provisions of the leasing act on October 13, 1976. The act and its implementing regulation become effective March 23, 1977.

The forms proposed concern three types of leasing: open-end and closed-end, vehicle leasing, and furniture leasing. They constitute disclosure statements and not lease contracts.

The Board asked that comment be directed especially to the adequacy and intelligibility of the instructions for using the disclosure forms; style, format, design, and the use of simplified language in the forms, whether additional or less information should be included in the forms; whether there are problems inherent in the types of leasing involved not addressed to the proposed interpretations and whether the disclosure language of Item 14 of the open-end vehicle leasing statement (Interpretation Sec. 226.1501) is an adequate and readily understandable statement of the limitations of the lessee's liability at the end of the lease term.

Any questions about the proposed interpretations should be directed to our Regulations Department at (214) 651-6169. A copy of the proposed interpretations, as submitted for publication in the FEDERAL REGISTER, will be furnished upon request to the Secretary's Office of this Bank (214) 651-6267.

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The deadline for receipt of written comments is January 21, 1977. Comments should be addressed to the Secretary, Board of Governors of the Federal Reserve System, Washington, D.C. 20551. Comments should include a reference to Docket No. R-0070.

Sincerely yours,

Robert H. Boykin

First Vice President