

APPENDIX 45 NAC 19

Title 12, Chapter 1, Part 23 of the Code of Federal Regulations, entitled "Leasing."

Consumer Leasing Act of 1976, 15 U.S.C. 1667 et. seq.

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Title 12 - Banks and Banking

Chapter I - Comptroller of the Currency, Department of the Treasury

Part 23 Leasing

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PART 23 - LEASING

Authority: 12 U.S.C. 1 et seq., 24(Seventh), 24(Tenth), and 93a.

Source: 61 FR 66560, Dec. 18, 1996, unless otherwise noted.

Subpart A - General Provisions

§ 23.1 Authority, purpose, and scope.

- (a) **Authority.** A national bank may engage in personal property lease financing transactions pursuant to 12 U.S.C. 24(Seventh) or 12 U.S.C. 24(Tenth).
- (b) **Purpose.** The purpose of this part is to set forth standards for personal property lease financing transactions authorized for national banks.
- (c) **Scope.** This part applies to the acquisition of personal property by a national bank for the purpose of, or in connection with, the leasing of that property.

§ 23.2 Definitions.

- (a) **Affiliate** means an affiliate as described in § 23.6.

(b) **Capital and surplus** means:

(1) For qualifying community banking organizations that have elected to use the community bank leverage ratio framework, as set forth under the OCC's Capital Adequacy Standards at part 3 of this chapter:

(i) A qualifying community banking organization's tier 1 capital, as used under § 3.12 of this chapter; plus.

(ii) A qualifying community banking organization's allowance for loan and lease losses or adjusted allowances for credit losses, as applicable, as reported in the Consolidated Reports of Condition and Income (Call Report); or

(2) For all other national banks:

(i) A bank's tier 1 and tier 2 capital calculated under the OCC's risk-based capital standards set forth in part 3 of this chapter, as applicable, as reported in the Call Report; plus

(ii) The balance of a bank's allowance for loan and lease losses or adjusted allowances for credit losses, as applicable, not included in the bank's Tier 2 capital, for purposes of the calculation of risk-based capital described in paragraph (b)(2)(i) of this section, as reported in the Call Report.

(c) **CEBA Lease** means a personal property lease authorized under 12 U.S.C. 24(Tenth).

(d) **Conforming lease** means:

(1) A CEBA Lease that conforms with the requirements of subparts A and B of this part; or

(2) A Section 24(Seventh) Lease that conforms with the requirements of subparts A and C of this part.

(e) **Full-payout lease** means a lease in which the national bank reasonably expects to realize the return of its full investment in the leased property, plus the estimated cost of financing the property over the term of the lease, from:

(1) Rentals;

(2) Estimated tax benefits; and

(3) The estimated residual value of the property at the expiration of the lease term.

(f) **Net lease** means a lease under which the national bank will not, directly or indirectly, provide or be obligated to provide for:

(1) Servicing, repair, or maintenance of the leased property during the lease term;

(2) Parts or accessories for the leased property;

(3) Loan of replacement or substitute property while the leased property is being serviced;

(4) Payment of insurance for the lessee, except where the lessee has failed in its contractual obligation to purchase or maintain required insurance; or

(5) Renewal of any license or registration for the property unless renewal by the bank is necessary to protect its interest as owner or financier of the property.

(g) **Off-lease property** means property that reverts to a national bank's possession or control upon the expiration of a lease or upon the default of the lessee.

(h) **Section 24(Seventh) Lease** means a personal property lease authorized under 12 U.S.C. 24(Seventh).

[61 FR 66560, Dec. 18, 1996, as amended at 79 FR 11312, Feb. 28, 2014; 84 FR 4240, Feb. 14, 2019; 84 FR 61794, Nov. 13, 2019; 84 FR 69297, Dec. 18, 2019]

§ 23.3 Lease requirements.

- (a) **General requirements.** A national bank may acquire personal property for the purpose of, or in connection with leasing that property, and may engage in activities incidental thereto, if the lease qualifies as a full-payout lease and a net lease.
- (b) **Exceptions -**
 - (1) **Change in condition.** If, in good faith, a national bank believes that there has been a change in condition that threatens its financial position by increasing its exposure to loss, then the bank may:
 - (i) Take reasonable and appropriate action, including the actions specified in § 23.2(f), to salvage or protect the value of the leased property or its interests arising under the lease; and
 - (ii) Acquire or perfect title to the leased property pursuant to any existing rights.
 - (2) **Provisions to protect the bank's interests.** A national bank may include any provision in a lease, or make any additional agreement, to protect its financial position or investment in the event of a change in conditions that would increase its exposure to loss.
 - (3) **Arranging for services by a third party.** A national bank may arrange for a third party to provide any of the services enumerated in § 23.2(f) to the lessee at the expense of the lessee.

§ 23.4 Investment in personal property.

- (a) **General rule.** A national bank may acquire specific property to be leased only after the bank has entered into:
 - (1) A conforming lease;
 - (2) A legally binding written agreement that indemnifies the bank against loss in connection with its acquisition of the property; or
 - (3) A legally binding written commitment to enter into a conforming lease.
- (b) **Exception.** A national bank may acquire property to be leased without complying with the requirements of paragraph (a) of this section, if:
 - (1) The acquisition of the property is consistent with the leasing business then conducted by the bank or is consistent with a business plan for expansion of the bank's existing leasing business or for entry into the leasing business; and
 - (2) The bank's aggregate investment in property held pursuant to this paragraph (b) does not exceed 15 percent of the bank's capital and surplus.
- (c) **Holding period.** At the expiration of the lease (including any renewals or extensions with the same lessee), or in the event of a default on a lease agreement prior to the expiration of the lease term, a national bank shall either liquidate the off-lease property or re-lease it under a conforming lease as soon as practicable. Liquidation or re-lease must occur not later than five years from the date that the bank acquires the legal right to possession or control of the property, except the OCC may extend the period for up to an additional five years, if the bank provides a clearly convincing demonstration why any additional holding period is necessary. The bank must value off-lease property at the lower of current fair market value or book value promptly after the property becomes off-lease property.

- (d) **Bridge or interim leases.** During the holding period allowed by paragraph (c) of this section, a national bank may enter into a short-term bridge or interim lease pending the liquidation of off-lease property or the re-lease of the property under a conforming lease. A short-term bridge or interim lease must be a net lease, but need not comply with any requirement of subpart B or C of this part.

§ 23.5 Requirement for separate records.

If a national bank enters into both CEBA Leases and Section 24(Seventh) Leases, the bank's records must distinguish the CEBA Leases from the Section 24(Seventh) Leases.

§ 23.6 Application of lending limits; restrictions on transactions with affiliates.

All leases entered into pursuant to this part are subject to the lending limits prescribed by 12 U.S.C. 84, as implemented by 12 CFR part 32, or, if the lessee is an affiliate of the bank, to the restrictions on transactions with affiliates prescribed by 12 U.S.C. 371c and 371c-1 and Regulation W, 12 CFR part 223. The OCC may also determine that other limits or restrictions apply. The term affiliate means an affiliate as defined in 12 U.S.C. 371c or 371c-1, as implemented by Regulation W, 12 CFR part 223, as applicable. For the purpose of measuring compliance with the lending limits prescribed by 12 U.S.C. 84 as implemented by part 32, a national bank records the investment in a lease net of any nonrecourse debt the bank has incurred to finance the acquisition of the leased asset.

[61 FR 66560, Dec. 18, 1996, as amended at 73 FR 22244, Apr. 24, 2008; 85 FR 42642, July 14, 2020]

Subpart B - CEBA Leases

§ 23.10 General rule.

Pursuant to 12 U.S.C. 24(Tenth) a national bank may invest in tangible personal property, including vehicles, manufactured homes, machinery, equipment, or furniture, for the purpose of, or in connection with leasing that property, if the aggregate book value of the property does not exceed 10 percent of the bank's consolidated assets and the related lease is a conforming lease. For the purpose of measuring compliance with the 10 percent limit prescribed by this section, a national bank records the investment in a lease entered into pursuant to this subpart net of any nonrecourse debt the bank has incurred to finance the acquisition of the leased asset.

§ 23.11 Lease term.

A CEBA Lease must have an initial term of not less than 90 days. A national bank may acquire property subject to an existing lease with a remaining maturity of less than 90 days if, at its inception, the lease was a conforming lease.

§ 23.12 Transition rule.

- (a) **General rule.** A CEBA Lease entered into prior to July 22, 1991, may continue to be administered in accordance with the lease terms in effect as of that date. For purposes of applying the lending limits and the restrictions on transactions with affiliates described in § 23.6, however, a national bank that enters into a new extension of credit to a customer, including a lease, on or after July 22, 1991, shall include all outstanding leases regardless of the date on which they were made.
- (b) **Renewal of non-conforming leases.** A national bank may renew a CEBA Lease that was entered into prior to July 22, 1991, and that is not a conforming lease only if the following conditions are satisfied:
- (1) The bank entered into the CEBA Lease in good faith;

- (2) The expiring lease contains a binding agreement requiring that the bank renew the lease at the lessee's option, and the bank cannot reasonably avoid its commitment to do so; and
- (3) The bank determines in good faith, and demonstrates by appropriate documentation, that renewal of the lease is necessary to avoid financial loss and to recover its investment in, and its cost of financing, the leased property.

Subpart C - Section 24(Seventh) Leases

§ 23.20 General rule.

Pursuant to 12 U.S.C. 24(Seventh) a national bank may invest in tangible or intangible personal property, including vehicles, manufactured homes, machinery, equipment, furniture, patents, copyrights, and other intellectual property, for the purpose of, or in connection with leasing that property, if the related lease is a conforming lease representing a noncancelable obligation of the lessee (notwithstanding the possible early termination of that lease).

§ 23.21 Estimated residual value.

- (a) **Recovery of investment and costs.** A national bank's estimate of the residual value of the property that the bank relies upon to satisfy the requirements of a full-payout lease, for purposes of this subpart:
 - (1) Must be reasonable in light of the nature of the leased property and all circumstances relevant to the transaction; and
 - (2) Any unguaranteed amount must not exceed 25 percent of the original cost of the property to the bank or the percentage for a particular type of property specified in published OCC guidance.
- (b) **Estimated residual value subject to guarantee.** The amount of any estimated residual value guaranteed by the manufacturer, the lessee, or other third party may exceed 25 percent of the original cost of the property if the bank determines, and demonstrates by appropriate documentation, that the guarantor has the resources to meet the guarantee and the guarantor is not an affiliate of the bank.
- (c) **Leases to government entities.** A bank's calculations of estimated residual value in connection with leases of personal property to Federal, State, or local governmental entities may be based on future transactions or renewals that the bank reasonably anticipates will occur.

[61 FR 66560, Dec. 18, 1996, as amended at 66 FR 34792, July 2, 2001]

§ 23.22 Transition rule.

- (a) **Exclusion.** A Section 24(Seventh) Lease entered into prior to June 12, 1979, may continue to be administered in accordance with the lease terms in effect as of that date. For purposes of applying the lending limits and the restrictions on transactions with affiliates described in § 23.6, however, a national bank that enters into a new extension of credit to a customer, including a lease, on or after June 12, 1979, shall include all outstanding leases regardless of the date on which they were made.
- (b) **Renewal of non-conforming leases.** A national bank may renew a Section 24(Seventh) Lease that was entered into prior to June 12, 1979, and that is not a conforming lease only if the following conditions are satisfied:
 - (1) The bank entered into the Section 24(Seventh) Lease in good faith;

- (2) The expiring lease contains a binding agreement requiring that the bank renew the lease at the lessee's option, and the bank cannot reasonably avoid its commitment to do so; and
- (3) The bank determines in good faith, and demonstrates by appropriate documentation, that renewal of the lease is necessary to avoid financial loss and to recover its investment in, and its cost of financing, the leased property.

15 USC CHAPTER 41, SUBCHAPTER I, Part E: Consumer Leases

From Title 15—COMMERCE AND TRADE CHAPTER 41—CONSUMER CREDIT PROTECTION
SUBCHAPTER I—CONSUMER CREDIT COST DISCLOSURE

Part E—Consumer Leases**§1667. Definitions**

For purposes of this part—

(1) The term "consumer lease" means a contract in the form of a lease or bailment for the use of personal property by a natural person for a period of time exceeding four months, and for a total contractual obligation not exceeding \$50,000,¹ primarily for personal, family, or household purposes, whether or not the lessee has the option to purchase or otherwise become the owner of the property at the expiration of the lease, except that such term shall not include any credit sale as defined in section 1602(g)² of this title. Such term does not include a lease for agricultural, business, or commercial purposes, or to a government or governmental agency or instrumentality, or to an organization.

(2) The term "lessee" means a natural person who leases or is offered a consumer lease.

(3) The term "lessor" means a person who is regularly engaged in leasing, offering to lease, or arranging to lease under a consumer lease.

(4) The term "personal property" means any property which is not real property under the laws of the State where situated at the time offered or otherwise made available for lease.

(5) The terms "security" and "security interest" mean any interest in property which secures payment or performance of an obligation.

(Pub. L. 90–321, title I, §181, as added [Pub. L. 94–240, §3, Mar. 23, 1976, 90 Stat. 257](#); amended [Pub. L. 111–203, title X, §1100E\(a\)\(2\), July 21, 2010, 124 Stat. 2111](#).)

EDITORIAL NOTES**REFERENCES IN TEXT**

Section 1602(g) of this title, referred to in par. (1), was redesignated section 1602(h) of this title by [Pub. L. 111–203, title X, §1100A\(1\)\(A\), July 21, 2010, 124 Stat. 2107](#).

AMENDMENTS

2010—Par. (1). Pub. L. 111–203 substituted "\$50,000" for "\$25,000".

STATUTORY NOTES AND RELATED SUBSIDIARIES**EFFECTIVE DATE OF 2010 AMENDMENT**

Amendment by Pub. L. 111–203 effective on the designated transfer date, see section 1100H of Pub. L. 111–203, set out as a note under section 552a of Title 5, Government Organization and Employees.

EFFECTIVE DATE

[Pub. L. 94–240, §6, Mar. 23, 1976, 90 Stat. 261](#), provided that: "This Act [enacting this section and sections 1667a to 1667e of this title, amending sections 1601 and 1640 of this title, and enacting provisions set out as a note under section 1601 of this title] takes effect one year after the date of its enactment [Mar. 23, 1976]."

ADJUSTMENTS FOR INFLATION

On and after Dec. 31, 2011, dollar amount described in par. (1) of this section to be adjusted annually by the annual percentage increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers, see section 1100E(b) of Pub. L. 111–203, set out as a note under section 1603 of this title.

¹ See Adjustments for Inflation note below.

² See References in Text note below.

§1667a. Consumer lease disclosures

Each lessor shall give a lessee prior to the consummation of the lease a dated written statement on which the lessor and lessee are identified setting out accurately and in a clear and conspicuous manner the following information with respect to that lease, as applicable:

- (1) A brief description or identification of the leased property;
- (2) The amount of any payment by the lessee required at the inception of the lease;
- (3) The amount paid or payable by the lessee for official fees, registration, certificate of title, or license fees or taxes;
- (4) The amount of other charges payable by the lessee not included in the periodic payments, a description of the charges and that the lessee shall be liable for the differential, if any, between the anticipated fair market value of the leased property and its appraised actual value at the termination of the lease, if the lessee has such liability;
- (5) A statement of the amount or method of determining the amount of any liabilities the lease imposes upon the lessee at the end of the term and whether or not the lessee has the option to purchase the leased property and at what price and time;
- (6) A statement identifying all express warranties and guarantees made by the manufacturer or lessor with respect to the leased property, and identifying the party responsible for maintaining or servicing the leased property together with a description of the responsibility;
- (7) A brief description of insurance provided or paid for by the lessor or required of the lessee, including the types and amounts of the coverages and costs;
- (8) A description of any security interest held or to be retained by the lessor in connection with the lease and a clear identification of the property to which the security interest relates;
- (9) The number, amount, and due dates or periods of payments under the lease and the total amount of such periodic payments;
- (10) Where the lease provides that the lessee shall be liable for the anticipated fair market value of the property on expiration of the lease, the fair market value of the property at the inception of the lease, the aggregate cost of the lease on expiration, and the differential between them; and
- (11) A statement of the conditions under which the lessee or lessor may terminate the lease prior to the end of the term and the amount or method of determining any penalty or other charge for delinquency, default, late payments, or early termination.

The disclosures required under this section may be made in the lease contract to be signed by the lessee. The Bureau may provide by regulation that any portion of the information required to be disclosed under this section may be given in the form of estimates where the lessor is not in a position to know exact information.

(Pub. L. 90–321, title I, §182, as added [Pub. L. 94–240, §3, Mar. 23, 1976, 90 Stat. 258](#); amended [Pub. L. 111–203, title X, §1100A\(2\), \(10\)\(B\), July 21, 2010, 124 Stat. 2107, 2109](#).)

EDITORIAL NOTES**AMENDMENTS**

2010—Pub. L. 111–203, §1100A(2), (10)(B), made similar amendments, resulting in the substitution of "The Bureau" for "The Board" in concluding provisions.

STATUTORY NOTES AND RELATED SUBSIDIARIES

EFFECTIVE DATE OF 2010 AMENDMENT

Amendment by Pub. L. 111–203 effective on the designated transfer date, see section 1100H of Pub. L. 111–203, set out as a note under section 552a of Title 5, Government Organization and Employees.

§1667b. Lessee's liability on expiration or termination of lease

(a) Estimated residual value of property as basis; presumptions; action by lessor for excess liability; mutually agreeable final adjustment

Where the lessee's liability on expiration of a consumer lease is based on the estimated residual value of the property such estimated residual value shall be a reasonable approximation of the anticipated actual fair market value of the property on lease expiration. There shall be a rebuttable presumption that the estimated residual value is unreasonable to the extent that the estimated residual value exceeds the actual residual value by more than three times the average payment allocable to a monthly period under the lease. In addition, where the lessee has such liability on expiration of a consumer lease there shall be a rebuttable presumption that the lessor's estimated residual value is not in good faith to the extent that the estimated residual value exceeds the actual residual value by more than three times the average payment allocable to a monthly period under the lease and such lessor shall not collect from the lessee the amount of such excess liability on expiration of a consumer lease unless the lessor brings a successful action with respect to such excess liability. In all actions, the lessor shall pay the lessee's reasonable attorney's fees. The presumptions stated in this section shall not apply to the extent the excess of estimated over actual residual value is due to physical damage to the property beyond reasonable wear and use, or to excessive use, and the lease may set standards for such wear and use if such standards are not unreasonable. Nothing in this subsection shall preclude the right of a willing lessee to make any mutually agreeable final adjustment with respect to such excess residual liability, provided such an agreement is reached after termination of the lease.

(b) Penalties and charges for delinquency, default, or early termination

Penalties or other charges for delinquency, default, or early termination may be specified in the lease but only at an amount which is reasonable in the light of the anticipated or actual harm caused by the delinquency, default, or early termination, the difficulties of proof of loss, and the inconvenience or nonfeasibility of otherwise obtaining an adequate remedy.

(c) Independent professional appraisal of residual value of property at termination of lease; finality

If a lease has a residual value provision at the termination of the lease, the lessee may obtain at his expense, a professional appraisal of the leased property by an independent third party agreed to by both parties. Such appraisal shall be final and binding on the parties.

(Pub. L. 90–321, title I, §183, as added [Pub. L. 94–240, §3, Mar. 23, 1976, 90 Stat. 259.](#))

§1667c. Consumer lease advertising; liability of advertising media

(a) In general

If an advertisement for a consumer lease includes a statement of the amount of any payment or a statement that any or no initial payment is required, the advertisement shall clearly and conspicuously state, as applicable—

- (1) the transaction advertised is a lease;
- (2) the total amount of any initial payments required on or before consummation of the lease or delivery of the property, whichever is later;
- (3) that a security deposit is required;
- (4) the number, amount, and timing of scheduled payments; and
- (5) with respect to a lease in which the liability of the consumer at the end of the lease term is based on the anticipated residual value of the property, that an extra charge may be imposed at the end of the lease term.

(b) Advertising medium not liable

No owner or employee of any entity that serves as a medium in which an advertisement appears or through which an advertisement is disseminated, shall be liable under this section.

(c) Radio advertisements**(1) In general**

An advertisement by radio broadcast to aid, promote, or assist, directly or indirectly, any consumer lease shall be deemed to be in compliance with the requirements of subsection (a) if such advertisement clearly and conspicuously—

(A) states the information required by paragraphs (1) and (2) of subsection (a);

(B) states the number, amounts, due dates or periods of scheduled payments, and the total of such payments under the lease;

(C) includes—

(i) a referral to—

(I) a toll-free telephone number established in accordance with paragraph (2) that may be used by consumers to obtain the information required under subsection (a); or

(II) a written advertisement that—

(aa) appears in a publication in general circulation in the community served by the radio station on which such advertisement is broadcast during the period beginning 3 days before any such broadcast and ending 10 days after such broadcast; and

(bb) includes the information required to be disclosed under subsection (a); and

(ii) the name and dates of any publication referred to in clause (i)(II); and

(D) includes any other information which the Bureau determines necessary to carry out this part.

(2) Establishment of toll-free number**(A) In general**

In the case of a radio broadcast advertisement described in paragraph (1) that includes a referral to a toll-free telephone number, the lessor who offers the consumer lease shall—

(i) establish such a toll-free telephone number not later than the date on which the advertisement including the referral is broadcast;

(ii) maintain such telephone number for a period of not less than 10 days, beginning on the date of any such broadcast; and

(iii) provide the information required under subsection (a) with respect to the lease to any person who calls such number.

(B) Form of information

The information required to be provided under subparagraph (A)(iii) shall be provided verbally or, if requested by the consumer, in written form.

(3) No effect on other law

Nothing in this subsection shall affect the requirements of Federal law as such requirements apply to advertisement by any medium other than radio broadcast.

(Pub. L. 90–321, title I, §184, as added [Pub. L. 94–240, §3, Mar. 23, 1976, 90 Stat. 259](#); amended [Pub. L. 103–325, title III, §336\(a\), Sept. 23, 1994, 108 Stat. 2234](#); [Pub. L. 104–208, div. A, title II, §2605\(c\), Sept. 30, 1996, 110 Stat. 3009–473](#); [Pub. L. 111–203, title X, §1100A\(2\), \(10\)\(A\), July 21, 2010, 124 Stat. 2107, 2109](#).)

EDITORIAL NOTES**AMENDMENTS**

2010—Subsec. (c)(1)(D). Pub. L. 111–203, §1100A(2), (10)(A), made similar amendments, resulting in the

substitution of "the Bureau" for "the Board".

1996—Subsec. (a). Pub. L. 104–208, §2605(c)(1), (3), added subsec. (a) and struck out former subsec. (a) consisting of introductory provisions and 5 pars. relating to contents of lease agreements required if consumer lease advertisement stated amount of payment, number of required payments, or that any or no payments were required at lease inception.

Subsec. (b). Pub. L. 104–208, §2605(c)(3), added subsec. (b). Former subsec. (b) redesignated (c).

Subsec. (c). Pub. L. 104–208, §2605(c)(1), (2), redesignated subsec. (b) as (c) and struck out former subsec. (c) which read as follows: "There is no liability under this section on the part of any owner or personnel, as such, of any medium in which an advertisement appears or through which it is disseminated."

1994—Subsecs. (b), (c). Pub. L. 103–325 added subsec. (b) and redesignated former subsec. (b) as (c).

STATUTORY NOTES AND RELATED SUBSIDIARIES

EFFECTIVE DATE OF 2010 AMENDMENT

Amendment by Pub. L. 111–203 effective on the designated transfer date, see section 1100H of Pub. L. 111–203, set out as a note under section 552a of Title 5, Government Organization and Employees.

STUDY OF ADVERTISING RULES

[Pub. L. 103–325, title III, §336\(b\), Sept. 23, 1994, 108 Stat. 2235](#), provided that not later than 365 days after Sept. 23, 1994, the Board of Governors of the Federal Reserve System shall submit a report to the Congress on credit advertising rules.

§1667d. Civil liability of lessors

(a) Grounds for maintenance of action

Any lessor who fails to comply with any requirement imposed under section 1667a or 1667b of this title with respect to any person is liable to such person as provided in section 1640 of this title.

(b) Additional grounds for maintenance of action; "creditor" defined

Any lessor who fails to comply with any requirement imposed under section 1667c of this title with respect to any person who suffers actual damage from the violation is liable to such person as provided in section 1640 of this title. For the purposes of this section, the term "creditor" as used in sections 1640 and 1641 of this title shall include a lessor as defined in this part.

(c) Jurisdiction of courts; time limitation

Notwithstanding section 1640(e) of this title, any action under this section may be brought in any United States district court or in any other court of competent jurisdiction. Such actions alleging a failure to disclose or otherwise comply with the requirements of this part shall be brought within one year of the termination of the lease agreement.

(Pub. L. 90–321, title I, §185, as added [Pub. L. 94–240, §3, Mar. 23, 1976, 90 Stat. 260](#); amended [Pub. L. 96–221, title VI, §624, Mar. 31, 1980, 94 Stat. 185](#).)

EDITORIAL NOTES

AMENDMENTS

1980—Subsec. (b). Pub. L. 96–221 struck out applicability of section 1614 of this title to term "creditor".

STATUTORY NOTES AND RELATED SUBSIDIARIES

EFFECTIVE DATE OF 1980 AMENDMENT

Amendment by Pub. L. 96–221 effective on expiration of two years and six months after Mar. 31, 1980, with all regulations, forms, and clauses required to be prescribed to be promulgated at least one year prior to such effective date, and allowing any creditor to comply with any amendments, in accordance with the regulations, forms, and clauses prescribed by the Board prior to such effective date, see section 625 of Pub. L. 96–221, set out as a note under section 1602 of this title.

§1667e. Applicability of State laws; exemptions by Bureau from leasing requirements

(a) This part does not annul, alter, or affect, or exempt any person subject to the provisions of this part from complying with, the laws of any State with respect to consumer leases, except to the extent that those laws are inconsistent with any provision of this part, and then only to the extent of the inconsistency. The Bureau is authorized to determine whether such inconsistencies exist. The Bureau may not determine that any State law is inconsistent with any provision of this part if the Bureau determines that such law gives greater protection and benefit to the consumer.

(b) The Bureau shall by regulation exempt from the requirements of this part any class of lease transactions within any State if it determines that under the law of that State that class of transactions is subject to requirements substantially similar to those imposed under this part or that such law gives greater protection and benefit to the consumer, and that there is adequate provision for enforcement.

(Pub. L. 90–321, title I, §186, as added [Pub. L. 94–240, §3, Mar. 23, 1976, 90 Stat. 260](#); amended [Pub. L. 111–203, title X, §1100A\(2\), \(10\), July 21, 2010, 124 Stat. 2107, 2109](#).)

EDITORIAL NOTES

AMENDMENTS

2010—Pub. L. 111–203, §1100A(2), (10), substituted "Bureau" for "Board", "the Bureau" for "the Board", and "The Bureau" for "The Board" wherever appearing.

STATUTORY NOTES AND RELATED SUBSIDIARIES

EFFECTIVE DATE OF 2010 AMENDMENT

Amendment by Pub. L. 111–203 effective on the designated transfer date, see section 1100H of Pub. L. 111–203, set out as a note under section 552a of Title 5, Government Organization and Employees.

§1667f. Regulations

(a) Regulations authorized

(1) In general

The Bureau shall prescribe regulations to update and clarify the requirements and definitions applicable to lease disclosures and contracts, and any other issues specifically related to consumer leasing, to the extent that the Bureau determines such action to be necessary—

- (A) to carry out this part;
- (B) to prevent any circumvention of this part; or
- (C) to facilitate compliance with the requirements of the ¹ part.

(2) Classifications, adjustments

Any regulations prescribed under paragraph (1) may contain classifications and differentiations, and may provide for adjustments and exceptions for any class of transactions, as the Bureau considers appropriate.

(b) Model disclosure

(1) Publication

The Bureau shall establish and publish model disclosure forms to facilitate compliance with the disclosure requirements of this part and to aid the consumer in understanding the transaction to which the subject disclosure form relates.

(2) Use of automated equipment

In establishing model forms under this subsection, the Bureau shall consider the use by lessors of data processing or similar automated equipment.

(3) Use optional

A lessor may utilize a model disclosure form established by the Bureau under this subsection for purposes of compliance with this part, at the discretion of the lessor.

(4) Effect of use

Any lessor who properly uses the material aspects of any model disclosure form established by the Bureau under this subsection shall be deemed to be in compliance with the disclosure requirements to which the form relates.

(Pub. L. 90–321, title I, §187, as added [Pub. L. 104–208, div. A, title II, §2605\(b\)\(1\), Sept. 30, 1996, 110 Stat. 3009–471](#); amended [Pub. L. 111–203, title X, §1100A\(2\), \(10\), July 21, 2010, 124 Stat. 2107, 2109.](#))

EDITORIAL NOTES**AMENDMENTS**

2010—Pub. L. 111–203, §1100A(2), (10), substituted "Bureau" for "Board", "the Bureau" for "the Board", and "The Bureau" for "The Board " wherever appearing.

STATUTORY NOTES AND RELATED SUBSIDIARIES**EFFECTIVE DATE OF 2010 AMENDMENT**

Amendment by Pub. L. 111–203 effective on the designated transfer date, see section 1100H of Pub. L. 111–203, set out as a note under section 552a of Title 5, Government Organization and Employees.

EFFECTIVE DATE

Section 2605(b)(2) of div. A of Pub. L. 104–208 provided that:

"(A) In general.—Any regulation of the Board, or any amendment or interpretation of any regulation of the Board issued pursuant to section 187 of the Truth in Lending Act [15 U.S.C. 1667f] (as added by paragraph (1) of this subsection), shall become effective on the first October 1 that follows the date of promulgation of that regulation, amendment, or interpretation by not less than 6 months.

"(B) Longer period.—The Board may, at the discretion of the Board, extend the time period referred to in subparagraph (A) in accordance with subparagraph (C), to permit lessors to adjust their disclosure forms to accommodate the requirements of section 127 [187] of the Truth in Lending Act (as added by paragraph (1) of this subsection).

"(C) Shorter period.—The Board may shorten the time period referred to in subparagraph (A), if the Board makes a specific finding that such action is necessary to comply with the findings of a court or to prevent an unfair or deceptive practice.

"(D) Compliance before effective date.—Any lessor may comply with any means of disclosure provided for in section 127 [187] of the Truth in Lending Act (as added by paragraph (1) of this subsection) before the effective date of such requirement.

"(E) Definitions.—For purposes of this subsection, the term 'lessor' has the same meaning as in section 181 of the Truth in Lending Act [15 U.S.C. 1667]."

CONGRESSIONAL FINDINGS AND DECLARATION OF PURPOSES

Section 2605(a) of div. A of Pub. L. 104–208 provided that:

"(1) Findings.—The Congress finds that—

"(A) competition among the various financial institutions and other firms engaged in the business of consumer leasing is greatest when there is informed use of leasing;

"(B) the informed use of leasing results from an awareness of the cost of leasing by consumers; and

"(C) there has been a continued trend toward leasing automobiles and other durable goods for consumer use as an alternative to installment credit sales and that leasing product advances have occurred such that lessors have been unable to provide consistent industry-wide disclosures to fully account for the competitive progress that has occurred.

"(2) Purposes.—The purposes of this section are—

"(A) to assure a simple, meaningful disclosure of leasing terms so that the consumer will be able to compare more readily the various leasing terms available to the consumer and avoid the uninformed use of leasing, and to protect the consumer against inaccurate and unfair leasing practices;

"(B) to provide for adequate cost disclosures that reflect the marketplace without impairing competition and the development of new leasing products; and

"(C) to provide the Board with the regulatory authority to assure a simplified, meaningful definition and disclosure of the terms of certain leases of personal property for personal, family, or household purposes so as to—

"(i) enable the lessee to compare more readily the various lease terms available to the lessee;

"(ii) enable comparison of lease terms with credit terms, as appropriate; and

"(iii) assure meaningful and accurate disclosures of lease terms in advertisements."

¹ So in original. Probably should be "this".