



Credit Union National Association

cuna.org

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February 1, 2011

Ms. Jennifer J. Johnson  
Secretary of the Board  
Board of Governors of the Federal Reserve System  
20th Street and Constitution Avenue, NW  
Washington, DC 20551

Submitted via email to: [regs.comments@federalreserve.gov](mailto:regs.comments@federalreserve.gov)

Re: Docket No. R-1400 and RIN No. 7100-AD60 under Regulation M  
(Consumer Leases)

Dear Ms. Johnson:

This comment letter represents the views of the Credit Union National Association (CUNA) on the Federal Reserve Board's (Board's) proposal to increase the threshold for exempt consumer leases as required by the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) effective July 21, 2011. By way of background, CUNA is the largest credit union advocacy organization in this country, representing approximately 90 percent of our nation's 7,600 state and federal credit unions, which serve more than 93 million members.

The Dodd-Frank Act amended the Consumer Leasing Act (CLA) by increasing the threshold for exempt consumer leases from \$25,000 to \$50,000 effective July 21, 2011. In addition, this threshold must be adjusted annually by any increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) beginning January 1, 2012.

The changes to the staff commentary clarify that:

- A consumer lease would be exempt from the requirements of Regulation M if the total lease exceeds the threshold amount in effect at the time the loan is made;
- The threshold amount in effect during a particular period of time is the amount stated by the Board for that period;
- The threshold amount would be adjusted effective January 1 of each year by any annual percentage increase in the CPI-W that was in effect on the preceding June 1;
- Any increase in the threshold amount would be rounded to the nearest \$100 increment; and



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- If a consumer lease is exempt from the requirements of Regulation M at the time the loan is made, the lease would remain exempt regardless of a subsequent increase in the threshold.

The proposal also clarifies that Regulation M requirements, including advertising, do not apply if the lease amount exceeds the threshold in effect when the loan is made as well as similar clarifications.

CUNA generally agrees that the Board's approach to increase the threshold for exempt consumer leases under Regulation M is consistent with the new statutory requirement. However, we also urge the Board to minimize the regulatory burdens associated with the proposal particularly for small credit unions.

For example, lessors are required to retain evidence of compliance for 24 months and the regulation does not specify the types of records that must be retained. We urge the Board to clarify these compliance requirements while being mindful of the costs regulatees must bear to provide the records.

Also, as the Board noted in both the Regulatory Flexibility Act and Paper Reduction Act analysis, the proposed rule would impose new recordkeeping and compliance requirements for small entities, and it is estimated that an institution would have a one-time increase of 40 hours and additional 8 hours annually for compliance. We urge the Board to work with a focus group of financial institutions of all sizes to determine how these regulatory burdens could be minimized.

Thank you for the opportunity to comment on this proposal. If you have any questions concerning our letter, please feel free to contact Senior Vice President and Deputy General Counsel Mary Dunn or me at (202) 508-6733.

Sincerely,

A handwritten signature in blue ink that reads "Dennis Tsang". The signature is fluid and cursive, with the first name "Dennis" and last name "Tsang" clearly legible.

Dennis Tsang  
Regulatory Counsel