

## LEASING AND REGULATION M

The Federal Reserve Board's Regulation M requires dealers to provide detailed pricing information in their lease contracts. Regulation M simplifies and clarifies lease documents and limits what dealers can say or print in their advertisements. Regulation M covers consumer leased vehicles for a period exceeding four months and for a total contractual obligation not exceeding \$25,000.

Regulation M can be found at the Federal Reserve System, [Part 213 - Consumer Leasing \(Regulation M\)](#). It also refers to [a revised disclosure format](#) that includes the segregation of certain disclosures; a total of payments disclosure (i.e., capitalized cost, cap cost reduction, and residual value); an itemization that shows the mathematical progression used to derive the periodic payment; a strong narrative warning of the possibility of substantial charges for early termination of a lease; and a notice to accompany any percentage rate.

Part 213.7 of Regulation M covers advertising and the "triggering terms" in an advertisement regarding a "consumer lease".