

April 1, 1997

Maine Bureau of Financial Institutions
Maine Bureau of Consumer Credit Protection
JOINT ADVISORY RULING #106
DISCLOSURES OF REVERSE MORTGAGES AND CONSUMER LEASES

Dear

Several creditors have inquired regarding the proper method of disclosure of reverse mortgage transactions and consumer leases under Article 8 of the Maine Consumer Credit Code and Regulation Z-2.

Regulation Z-2 (OCCR Rule 240) constitutes adoption on the state level of Regulations Z and M, as promulgated by the Federal Reserve Board, subject to certain enumerated exceptions and limitations. Since the most recent promulgation of Regulation Z-2 in 1992, the Truth-in-Lending Act and Regulation Z have been amended to permit, and establish the disclosure requirements for, reverse mortgage transactions. In addition, the consumer lease disclosure requirements required under Regulation M have been amended.

The Bureau of Banking and the Office of Consumer Credit Regulation have initiated the process of promulgating a revised version of Regulation Z-2, which will adopt the revisions made to Regulation Z and Regulation M since 1992. In the interim, creditors wishing to follow the provisions of Regulation Z and Regulation M with respect to reverse mortgages and consumer leases, respectively, are advised that the Bureau of Banking and the Office of Consumer Credit Regulation interpret Article 8 of the Maine Consumer Credit Code and Regulation Z-2 as permitting disclosure of those transactions in the manner set forth in the federal regulations.

The two agencies will follow the Official Staff Commentaries and other interpretations published by the Federal Reserve Board unless and until public notice to the contrary is given. This is consistent with the rules of interpretation contained in Maine's Regulation Z-2, which encourages deference to the federal rules, commentary and interpretations.

Sincerely,

Sincerely,

/s/ Lloyd P. LaFountain III
Superintendent

Bureau of Financial Institutions

/s/ William N. Lund
Superintendent

Bureau of Consumer Credit
Protection