

§ 235.4 [Corrected]

5a. On page 10358, in the first column, in § 235.4, line 1, the letter “(a)” is deleted.

5b. On page 10358, in the first column, in § 235.4, paragraph (b), the letter “(b)” is deleted and the text of that paragraph is moved to § 240.1 as a new paragraph (d) with the following heading: “(d) *Withdrawal of application for admission.*”

§ 236.1 [Corrected]

6a. On page 10360, in the third column, in § 236.1 paragraph (c)(1) is redesignated as paragraph (c)(1)(i) and a new paragraph (c)(1)(ii) is added to read as follows:

§ 236.1 Apprehension, custody, and detention.

* * * * *

(c)(1)(i) * * *

(ii) While the Transition Period Custody Rules remain in effect, this paragraph and paragraph (d) of this section shall be subject to those Rules.

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6b. On page 10360, in the third column, in § 236.1(c), paragraph (2), the following is added at the end of the paragraph: “Such an officer may also, in the exercise of discretion, release an alien in deportation proceedings pursuant to the authority in section 242 of the Act (as designated prior to April 1, 1997), except as otherwise provided by law.

6c. On page 10361, in the first column, in § 236.1(d)(1), line 13, after the phrase “236 of the Act” the following phrase is added: “(or section 242(a)(1) of the Act as designated prior to April 1, 1997 in the case of an alien in deportation proceedings).”

Rosemary Hart,

Federal Register Liaison Officer.

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DEPARTMENT OF AGRICULTURE**Grain Inspection, Packers and Stockyards Administration****9 CFR Part 205**

RIN 0580-AA50

Clear Title—Protection for Purchasers of Farms Products

AGENCY: Grain Inspection, Packers and Stockyards Administration, USDA.

ACTION: Final rule.

SUMMARY: This document makes final an interim rule amending regulations relating to the establishment and

management of statewide central filing systems as they pertain specifically to the filing of “effective financing statements” for “farm products” as defined in section 1324 of the Food Security Act of 1985 (7 U.S.C. 1631) by allowing electronic filing of effective financing statements without the prior signature of the debtor provided State law authorizes such a filing. The interim rule brought the regulations into conformity with Sections 662 and 663 of the Federal Agriculture Improvement and Reform Act of 1996.

EFFECTIVE DATE: October 22, 1996.

FOR FURTHER INFORMATION CONTACT:

Gerald E. Grinnell, Industry Analysis Staff, Packers and Stockyards Programs, Grain Inspection, Packers and Stockyards Administration, STOP 3647, Room 3052, South Building, 1400 Independence Avenue S.W., Washington, D.C. 20250-3647, (202) 720-7455. Kimberly D. Hart, Esquire, Trade Practices Division, Office of the General Counsel, STOP 1413, Room 2430, South Building, 1400 Independence Avenue S.W., Washington, D.C. 20250-1413, (202) 720-8160.

SUPPLEMENTARY INFORMATION:**Background**

An interim rule was published in the **Federal Register** on October 22, 1996 (61 FR 54727) which allows electronic filing of effective financing statements without the signature of the debtor provided State law authorizes such a filing. The interim rules also allows States to distribute the master list by electronic means if requested by registrants.

Section 1324 of the Food Security Act of 1985 (Pub. L. 99-198) (7 U.S.C. 1631) (hereinafter “the Act”) provides that certain persons may be subject to a security interest in a farm product created by the seller under certain circumstances in which a lender files an “effective financing statement” with the “system operator” in a State which has a certified central filing system as defined by the Act. The Act requires the Secretary of Agriculture to prescribe regulations “to aid States in the implementation and management of a central filing system.” The Grain Inspection, Packers and Stockyards Administration was delegated with the Secretary’s responsibilities under the Act. Those regulations (9 CFR 205) were published on August 18, 1986 (51 FR 29450).

The Secretary’s authority and responsibility under the Act is limited to certification and prescribing regulations to aid in the implementation

and management of certified central filing systems. The Act does not give the Secretary the authority or responsibility for such matters as direct notification by secured parties, sales of and payment for products, procedures for payment or procedures for personal liability protection. Those matters are governed by State law. The Act does not contain any enforcement mechanism for noncompliance with the Act or its regulations.

Section 662 of the Federal Agriculture Improvement and Reform Act of 1996 (hereinafter “the Statute”) amended the Act and section 663 of the Statute provided that the amendment become effective upon enactment. The Act was amended because of concerns of States with certified central filing systems who desired to implement electronic filing procedures but could not because of the Act’s requirement that the debtor must sign the effective financing statement. Commercial lenders also expressed concern and confusion due to the vagueness of the continuation provisions for effective financing statements included in the Act and its inconsistency with Article IX of the Uniform Commercial Code.

Prior to the Act’s amendment by the Statute, lenders could not electronically file effective financing statements or amendments to the effective financing statements with State certified central filing systems because such statements were required to contain the signature of the debtor which could not be transmitted electronically. The amendment contained in the Statute was intended to remedy these concerns.

Section 662 of the Statute amended the Act. Section 663 of the Statute provided that the amendment become effective upon enactment. It is therefore necessary to amend the regulations to conform to the amendment to the Act.

Since prior notice and other public procedures with respect to the interim rule were impracticable and contrary to the public interest under these conditions, and because the rule relieves a regulatory restriction, there was good cause under 5 U.S.C. 553 to make it effective upon publication.

Comments Received

Two comments were received in response to the interim rule, one from a national bankers association and the other from a State bankers association. The comments support removal of the signature requirement for effective financing statements and encourage the Department to remove the signature requirement for paper-based continuation statements. Section 205.209(d) of the regulations currently

provides that continuation statements are to be treated in the same manner as amendments to effective financing statements. The interim rule amended section 205.209(c) to allow the electronic filing of amendments to effective financing statements without the signature of the debtor. Pursuant to section 205.209(d), this change applies to electronically filed continuation statements as well. Because the purpose of this rulemaking is to implement the amendments to the Act, it does not address the commentors' request to eliminate the signature requirement for the paper-based continuation statements. We plan to address this request in a separate rulemaking.

After review of the published interim rule and the comments received, we have determined that the interim rule as published at 61 FR 54727 will be adopted as the final rule.

Compliance With Regulatory Requirements

As set forth in the interim rule published at 61 FR 54727, this rulemaking was reviewed under and is issued in conformance with Executive Order 12866, Civil Justice Reform (formerly Executive Order 12778, now Executive Order 12988), and Regulatory Flexibility Act and Information Collection requirements. The previously approved information collection and recordkeeping requirements for 9 CFR Part 205 have been previously approved by the Office of Management and Budget under control number 0580-0016.

List of Subjects in 9 CFR Part 205

Agriculture, Central filing system.

PART 205—CLEAR TITLE— PROTECTION FOR PURCHASERS OF FARM PRODUCTS

Accordingly, the interim rule amending 9 CFR Part 205 which was published at 61 FR 54727 on October 22, 1996, is adopted as a final rule without change.

Dated: March 28, 1997.

James R. Baker,

Administrator, Grain Inspection,

Packers and Stockyards Administration.

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FEDERAL RESERVE SYSTEM

12 CFR Part 213

[Reg. M; Docket No. R-0952]

Consumer Leasing

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Final Rule.

SUMMARY: The Board is publishing revisions to Regulation M, which implements the Consumer Leasing Act. The act requires lessors to provide uniform cost and other disclosures about consumer lease transactions. The revisions primarily implement amendments to the act contained in the Economic Growth and Regulatory Paperwork Reduction Act of 1996, which streamline the advertising disclosures for lease transactions. In addition, the final rule makes the disclosure of upfront costs in connection with a specific lease agreement parallel statutory changes to the advertising rules disclosing upfront costs—which now include total amounts due by lease signing or delivery, if delivery occurs later. Several technical amendments also have been made to the regulation.

DATES: *Effective date.* April 1, 1997.

Compliance date. Compliance is optional until October 1, 1997.

FOR FURTHER INFORMATION CONTACT:

Kyung H. Cho-Miller or Obrea O. Poindexter, Staff Attorneys, Division of Consumer and Community Affairs, Board of Governors of the Federal Reserve System, Washington, DC 20551, at (202) 452-2412 or 452-3667. Users of Telecommunications Device for the Deaf only may contact Diane Jenkins, at (202) 452-3544.

SUPPLEMENTARY INFORMATION:

I. Background on the Consumer Leasing Act and Regulation M

The Consumer Leasing Act (CLA), 15 U.S.C. 1667-1667e, was enacted into law in 1976 as an amendment to the Truth in Lending Act (TILA), 15 U.S.C. 1601 *et seq.* The CLA generally applies to consumer leases of personal property in which the contractual obligation does not exceed \$25,000 and has a term of more than four months. An automobile lease is the most common type of consumer lease covered by the act. Under the act, lessors are required to provide uniform cost and other information about consumer lease transactions.

The Board was given rulewriting authority, and its Regulation M (12 CFR part 213) implements the CLA. An

official staff commentary interprets the regulation.

The Board recently completed a review of Regulation M, pursuant to its policy of periodically reviewing its regulations, and approved a final rule in September 1996 substantially revising the regulation to update the disclosure requirements and to carry out more effectively the purposes of the Act (61 FR 52246, October 7, 1996).

II. Revised Regulatory Provisions

In the September 1996 final rule, the advertising provisions implemented amendments to the CLA contained in the Riegle Community Development and Regulatory Improvement Act of 1994 (Pub. L. 103-325, 108 Stat. 2160); the amendments allow a toll-free number or a print advertisement to substitute for certain lease disclosures in radio commercials (which was expanded in the final rule to television commercials).

The advertisement provisions were amended and streamlined on September 30, 1996, by the Economic Growth and Regulatory Paperwork Reduction Act of 1996 (Pub. L. 104-208, 110 Stat. 3009)(the 1996 Act). The Board issued a proposal in December 1996 (62 FR 62, January 2, 1997). Nineteen comments were received. Based on the comments and further analysis, the Board's final rule implements the statutory changes. The final rule also revises the requirement to disclose "upfront costs" to parallel the statutory change made to a similar advertising disclosure—now requiring the total amount due by lease signing to include amounts due by delivery, whichever occurs later. The open- and closed-end model lease forms have been amended to reflect this change. This final rulemaking also contains some technical amendments to the regulation. For example, the model clause for providing a description of the leased property is added and the example of an annual charge as an other charge is deleted on the open- and closed-end vehicle lease model forms. Although a limited number of comments were received, generally all the commenters supported the proposed amendments. The final rule is discussed in detail in the section-by-section analysis below.

III. Revisions to Regulation M

Section 213.2 Definitions

2(f) Gross Capitalized Cost

Based on comments on the proposed revisions to the Official Staff Commentary published in February 1997, the Board is replacing the reference in § 213.2(f) to an outstanding "loan" balance with the broader term