DEPARTMENT OF TRANSPORTATION

National Highway Traffic Safety Administration

49 CFR Parts 567, 591, 592, and 594

[Docket No. NHTSA–2000–8159; Notice 1]

RIN 2127–AH67

Certification; Importation of Vehicles and Equipment Subject to Federal Safety, Bumper and Theft Prevention Standards; Registered Importers of Vehicles Not Originally Manufactured To Conform With the Federal Motor Vehicle Safety Standards; Schedule of Fees Authorized by 49 U.S.C. 30141

AGENCY: National Highway Traffic Safety Administration (NHTSA), DOT.

ACTION: Notice of proposed rulemaking.

SUMMARY: This document proposes to amend regulations that pertain to the importation by registered importers (RIs) of motor vehicles that were not manufactured to comply with all applicable Federal motor vehicle safety, bumper, and theft prevention standards. The principal effect of these changes would be to expedite the importation of vehicles originally manufactured for sale in Canada. These proposals would require corresponding minor amendments to other regulations, which we are also proposing.

We are also proposing a number of changes in requirements for RI registration applications, RI duties, and suspension or revocation of RI registrations (49 CFR part 592). We are also proposing an amendment of our fee regulation, 49 CFR part 594, to add a new fee for processing the information that we would require from RI's who import motor vehicles from Canada under the simplified procedure we are proposing.

DATES: You should submit your comments early enough to ensure that Docket Management receives them not later than January 4, 2001.

The final rule would be effective 30 days after its publication in the **Federal Register**.

ADDRESSES: You should mention the docket number of this document in your comments, and submit your comments in writing to: Docket Management, Room PL–401, 400 Seventh Street, SW., Washington, DC 20590. Comments may also be submitted to the docket electronically by logging onto the Dockets Management System website at *http//dms.dot.gov*. Click on ''Help & Information,'' or ''Help/Info'' to obtain instructions for filing the document electronically.

You may call Docket Management at 202–366–9324. You may visit the Docket from 10 a.m. to 5 p.m., Monday through Friday.

FOR FURTHER INFORMATION CONTACT: Taylor Vinson, Office of Chief Counsel, NHTSA, 400 Seventh St., SW., Washington, DC 20590. (202–366–5263).

SUPPLEMENTARY INFORMATION:

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I. Background of This Rulemaking Action

A. The 1968 Importation Regulation (19 CFR 12.80)

The National Traffic and Motor Vehicle Safety Act of 1966 (''the Safety Act''), now codified as 49 U.S.C. Chapter 301 ''Motor Vehicle Safety,'' grants us authority to issue Federal motor vehicle safety standards (''FMVSS''), and to require that vehicles imported into the United States be brought into compliance with them. For the first two decades after enactment of the Safety Act, vehicles that were not originally manufactured to comply with the FMVSS were imported under a regulation we jointly issued with the United States Customs Service (''Customs''), 19 CFR 12.80, effective January 10, 1968. Under § 12.80(b)(1)(iii), a nonconforming motor vehicle could be brought into the United States permanently if its importer demonstrated to us within 120 days after entry that the vehicle had been brought into compliance with the FMVSS. Performance of the importer was secured by a Customs bond given at the time of importation. Until January 31, 1990, this was the DOT regulation that applied to the importation of noncomplying vehicles.

B. The Imported Vehicle Safety Compliance Act of 1988 (Pub. L. 100–562)

During the 1980s, as the dollar grew stronger against European currencies, the volume of nonconforming imported vehicles also grew, peaking at 65,000 units in 1985. When Congress reviewed our importation program in the wake of this influx, it concluded that the safety of the public could be enhanced by a comprehensive revision of the laws under which nonconforming motor vehicles were imported.

On October 31, 1988, Congress enacted the Imported Vehicle Safety Act of 1988 (''the 1988 Act''). It became effective on January 31, 1990. As we explain more fully below, under the 1988 Act, a nonconforming vehicle of a specific make, model, and model year could not be admitted into the United States unless we had determined that it was capable of being modified so that it would comply with the FMVSS in effect as of the date it was manufactured.[1] Further, the importer could no longer choose any facility to perform conformance work. Such work had to be performed by, and noncomplying vehicles intended for resale had to be imported by, a ''registered importer'' (''RI''). Under the 1988 Act, a RI is an entity that we have recognized as being technically and financially capable of satisfying a number of requirements, including the ability to conform noncomplying vehicles to the FMVSS and to remedy noncompliances and safety-related defects, without charge, that exist in the vehicles that they have imported. See generally 49 U.S.C. 30141–30147 and 49 CFR parts 591–594.

During the last few years, a strong dollar has once again resulted in an unanticipated volume of imported vehicles not originally manufactured to conform to the FMVSS, this time from Canada rather than from Europe. In 1998, 76,092 noncomplying vehicles were imported into the United States, which virtually doubled in 1999, to a total of 151,842 vehicles. Approximately 99 percent of these vehicles were Canadian.

C. Vehicle Eligibility Determinations (49 CFR Part 593)

As noted above, before a nonconforming motor vehicle can be imported into the United States, we must have decided that vehicles of that make, model, and model year are capable of being modified to comply with the FMVSS. We are authorized to make such a decision on one of two bases: (1) The nonconforming vehicle is substantially similar to one whose manufacturer has certified it for sale in the United States, and it is capable of being readily modified to comply with the FMVSS, or (2) if there is no substantially similar vehicle, the vehicle's safety features comply with, or are capable of being modified to comply with, the FMVSS (see 49 U.S.C. 30141). We make these decisions upon application by a RI or a manufacturer, or on our own initiative. In all cases, we publish notices in the **Federal Register**, first to invite comment, and then to announce our decision. Each year, we also publish a list of eligible vehicles, and this also appears as appendix A to 49 CFR part 593, *Determinations That a Vehicle Not Originally Manufactured to Conform to the Federal Motor Vehicle Safety Standards is Eligible for Importation.*

It has become apparent to us that many vehicles originally manufactured and certified for sale in Canada (we will refer to these as ''Canadian vehicles,'' even though some of these vehicles were manufactured elsewhere, such as the United States, and then imported into Canada) had counterparts of the same make, model, and model year in the United States that were virtually indistinguishable from them. This is due to the fact that the Canadian Motor Vehicle Safety Standards (''CMVSS'') are identical to the FMVSS in all but a few respects. To facilitate importation, we decided on our own initiative that most Canadian vehicles certified as complying with the CMVSS were ''substantially similar'' to vehicles certified as complying with the FMVSS and were therefore eligible for importation (see 55 FR 32988, August 13, 1990 and the portion of part 593, appendix A, entitled ''Vehicles Certified by Their Original Manufacturer as Complying With All Applicable Canadian Motor Vehicle Safety Standards''). By making blanket Canadian-vehicle-eligibility decisions on our own initiative, we have also facilitated international trade by removing the need for numerous individual petitions.

D. Importation of Canadian Vehicles for Personal Use

Some time ago, we simplified the procedures under which virtually-complying Canadian vehicles could be imported for personal use. We decided that the certification requirement of the Safety Act (49 U.S.C. 30115) could be satisfied by a letter from the original manufacturer of the Canadian vehicle to the importer stating that the vehicle met all applicable FMVSS except for minor labeling requirements (by this we mean such as those established by FMVSS No. 101 (a ''km'' label for a speedometer calibrated in kilometers) and the tire information placard required by S4.3 of FMVSS No. 110). On this basis, we have exempted from the RI process Canadian vehicles imported for personal use by individuals who have a *de facto* certification letter from the vehicle manufacturer. This has expedited traffic at the U.S./Canadian border and relieved a burden on importers whose Canadian cars virtually comply with the FMVSS. However, those Canadian vehicles that have not been manufactured to meet the FMVSS that are more stringent than the CMVSS, such as FMVSS No. 208, *Occupant Crash Protection,* and the dynamic crash requirements of FMVSS No. 214, Side Impact Protection, obviously cannot be covered by a manufacturer's virtual-compliance letter. Thus, such vehicles must be brought into compliance pursuant to a contract with a RI.

[1] The 1988 Act contains several exceptions under which noncomplying vehicles can be imported without going through a RI. See 49 U.S.C. 30112(b), *e.g.,* vehicles imported for temporary use, vehicles that are at least 25 years old.

II. How We Propose To Simplify the Importation Process for Canadian Vehicles Imported for Resale

We have concluded that some of the current procedures and requirements have resulted in regulatory requirements on the importation of Canadian vehicles for resale that are not necessary to implement the safety purposes of the statute. Therefore, we are proposing a number of simplifying amendments.

A. The Present Process

Nonconforming vehicles imported for resale can only be imported by a RI. The RI must enter the vehicle under a bond that guarantees that it will bring the vehicle into compliance and certify its compliance to us within 120 days after entry. 49 U.S.C. 30141(d); 49 CFR 591.8. The RI must support its certification with appropriate documentation. If we accept the certification and documentation, we inform the RI and release the bond.

Until the bond is released, the RI must not register the vehicle or license it for use on the public roads (or release it from its custody for such purposes). 49 U.S.C. 30146(a). However, if the RI has not heard from us within 30 days after submitting its certification package, it may release the vehicle. But if we advise the RI within the 30-day period that we intend to inspect the vehicle, the RI must retain custody until the inspection is completed. 49 U.S.C. 30146(c).

Failure of the RI to comply with these and other requirements can result in forfeiture of the bond, and/or civil penalty liability.

The ever-growing number of Canadian imports, the desire of RIs to turn over their inventory promptly, and the submission to and review by NHTSA of extensive compliance certification information has resulted in strains on the existing system. We have recently implemented procedures to expedite vehicle entry, and we are also working on a number of other measures, such as electronic submission of data by RIs, to improve the process. However, we believe that other improvements should be made that would require the regulatory changes proposed below.

B. How We Would Treat Canadian Vehicles Imported for Resale if the Manufacturer Has Informed NHTSA That the Vehicle Is in Virtual Compliance With the FMVSS

We have tentatively concluded that we should make it easier to import Canadian vehicles for resale that are covered by a letter from the original manufacturer indicating that they are in compliance with all applicable FMVSS except for some labeling requirements of Standards Nos. 101, 110 or 120 (and, occasionally, the daytime running lamp (DRL) specifications of Standard No. 108), the same way we have been doing for vehicles imported for personal use. Most manufacturers of Canadian-certified vehicles have informed us which of their late-model vehicles conform to the FMVSS except in minor respects. More than 99 percent of the 151,842 vehicles imported in 1999 came from Canada and 75 percent of them fit into this category. We propose to identify these virtually-conforming vehicles as ''Type 1 motor vehicles.'' However, we would require that the manufacturer's letter also include a statement of compliance with U.S. bumper and theft prevention standards. A ''Type 1 motor vehicle'' would be defined as follows:

> Type 1 motor vehicle means a motor vehicle that is certified by its original manufacturer as complying with all applicable Canadian motor vehicle safety standards and whose original manufacturer has informed NHTSA in writing that the vehicle complies with all applicable Federal motor vehicle safety, bumper, and theft prevention standards (except for the labeling requirements of Federal Motor Vehicle Safety Standards Nos. 101 and 110 or 120, and, if appropriate, S5.5.11 of Standard No. 108 (related to daytime running lamps)).

We propose to add an appendix A to part 592, as reflected in this notice, which would list by make, model, and model year the vehicles that would be Type 1 vehicles. We would revise that list from time to time to reflect the current circumstances.

Type 1 motor vehicles imported for resale would still have to be imported by a RI, and the RI would have to ensure they comply with all applicable FMVSS. In particular, because many Canadian vehicles have DRLs that do not comply with FMVSS No. 108 (either because they are too bright or because they are mounted higher than we permit), the RI, as today, would have to assure that the DRLs comply as manufactured, or either replace the DRL modules with compliant modules or disconnect the DRLs. In addition, the RI would have to substantiate that a Type 1 motor vehicle is not subject to any outstanding recalls or, alternatively, that all pending safety recall work has been completed. Under our proposal, a RI would not have to submit documents to us demonstrating that compliance work had been performed, but it would have to retain appropriate documentation for 10 years for our review if we asked for it. These are the same documents that importers of Type 2 motor vehicles (defined below) would have to retain, and are more specifically described in proposed § 592.6(b).

Neither a bond nor a conformity statement would have to be furnished for Type 1 vehicles. They would therefore be admitted pursuant to a new declaration added to 49 CFR part 591, specifically a new § 591.5(g) (to replace the present ''reserved'' subsection) stating that the vehicle has been manufactured and certified to conform to the CMVSS and that the manufacturer has represented to NHTSA that the vehicle conforms to the FMVSS, bumper, and theft prevention standards except for minor safety labeling requirements and, if appropriate, DRLs. Therefore, those provisions of 49 U.S.C. 30146(a), under which RIs must retain custody of vehicles for 30 days after submission of a conformance certification, or until notified by NHTSA that the bond has been released, would not apply. Type 1 motor vehicles could be released after the RI performs all necessary conformance work, affixes a certification label, and confirms that there are no outstanding unremedied safety recalls covering the vehicle. This will simplify procedures for both the RIs and NHTSA, and expedite the importation of these vehicles.

For purposes of safety recalls, the RI is the statutory manufacturer of each motor vehicle it imports or conforms. 49 U.S.C. 30147(a)(1)(B). Therefore, regardless of the Type of vehicle imported, the RI is required to assure that owners of vehicles it imports or conforms for personal use are notified of all determinations that the vehicles have a noncompliance or safety-related defect and that it can be remedied without charge. For this reason, among others, NHTSA needs to have certain information regarding all vehicles imported for resale. For Type 1 vehicles, we believe that the following information is necessary: Make, model, model year, Vehicle Identification Number (''VIN''), vehicle type, date of manufacture, and date of importation. RIs would be required to furnish this information to us on a monthly basis, not later than 10 calendar days after the end of the month in which the vehicle was imported. In addition, as noted above, RIs would have to keep records covering all importations, including documentation on the modifications that it performed to conform vehicles and substantiation of its confirmation that all outstanding safety recall work has been performed on all the vehicles that they import or conform for personal use, including Type 1 motor vehicles, and allow us to inspect these records upon our request.

Establishment of a Type 1 category represents our tentative conclusion as to how best to simplify importation from Canada of vehicles for resale. We are interested in having comments on the proposed process, whether there are additional ways in which the process could be simplified, or, alternatively, whether the simplified process proposed in this notice might compromise safety in a manner that has not occurred to us.

C. How We Would Treat Other Motor Vehicles

With respect to the remaining noncomplying motor vehicles that are not Type 1 motor vehicles, we propose to call them ''Type 2'' motor vehicles, and would define them as follows:

''Type 2 motor vehicle means a motor vehicle, other than a Type 1 motor vehicle, that is not certified by its original manufacturer as complying with all applicable Federal motor vehicle safety, bumper, and theft prevention standards.''

In addition to the requirements set out above for safety recall work and recordkeeping for Type 1 vehicles, Type 2 vehicles would still be imported under a conformance bond, and the RI would therefore be obligated under 49 U.S.C. 30146(a) to retain custody for 30 days after submission of the conformity certification to us, unless we release the bond earlier or request an inspection.

Approximately 99 percent of motor vehicles imported last year were manufactured for sale in Canada, comply with the Canadian Motor Vehicle Safety Standards, and thus are very similar to vehicles manufactured for sale in the United States (although 24% of these vehicles would by Type 2 motor vehicles because their manufacturers have not advised us that they comply with the FMVSS). The majority of RIs have not been importing vehicles manufactured for sale in countries other than Canada. At the present time, all RIs must fulfill the same requirements. Because conformance modifications of Canadian cars are relatively simple, and a RI may not need the technical expertise required to conform vehicles manufactured for sale in countries other than Canada, we have considered whether it is feasible to establish two categories of RIs, one restricted to importing vehicles certified to the CMVSS (Type 1 and Type 2 vehicles of Canadian origin), and the other, unrestricted as at present. We are interested in having comments on this subject, which will have some relevance to the more detailed registration requirements we are proposing below.

III. Problems We Have Encountered in Administering the RI Program and How We Propose To Deal With Them

In administering the RI program, we have encountered many situations that were not anticipated when we adopted part 592 in 1989. We are proposing a number of changes to part 592 and announcing several interpretations of the statute and existing regulations, in order to address these situations and to assure that the RI program operates efficiently under the circumstances existing today.

A. Requirements for Registration and Its Maintenance (Sec. 592.5)

An entity that wishes to register as an RI must file an application with us as specified in 49 CFR 592.5(a). Moreover, at the time an RI submits its annual fee, as required by 49 U.S.C. 30141(a)(3), it must file an annual statement in which it affirms that the information provided in its application remains unchanged. 49 CFR 592.5(e).

As addressed below, based on experience gained over the years, we would require more information from a person seeking to be a RI than was originally required. Moreover, we need to obtain this additional information from each existing RI. Because a RI who was registered before the application requirements are amended cannot affirm the continuing correctness of information that it has never furnished, we have concluded that the most appropriate way to ensure that appropriate information is provided is to require existing RIs to maintain their existing registrations by providing the additional information called for by any final rule not later than 30 days after the effective date of the amended regulation. See proposed § 592.6(r).

If you wish to comment on whether we should have two categories of RI, as discussed above, we ask that you also address which items of the proposed information should be different for applicants who would be permitted to import only Type 1 vehicles and Type 2 vehicles of Canadian origin.

1. Sections 592.5(a)(3)and (5): Whether a Post Office Box or Canadian Address Is an Acceptable Address for a RI; Identification of Officer(s) Authorized To Certify Compliance to NHTSA; Identification of Applicant and Its Principals

Section 592.5(a)(3) requires the applicant to provide its ''address,'' among other information. Two issues have arisen with respect to this requirement: Whether a RI may give a post office box as its sole address, and whether a Canadian address is acceptable.

We have accepted a post office box as the sole mailing address for a RI. However, there are times when we may wish to communicate with a RI by Registered Mail, such as notification of suspension of registration, and the U.S. Postal Service requires a street address for this purpose. Also, sometimes we use overnight delivery services that cannot deliver to a post office box. Further, we need to know the actual location of each of a RI's facilities in order to assure that the RI is properly carrying out its duties and responsibilities. Without street address(es), we are unable to inspect records and vehicles as authorized by 49 U.S.C. 30146(c), or to communicate by Registered Mail. Accordingly, we want to amend § 592.5(a)(3) to require a RI applicant to provide the street addresses of all its vehicle conversion, recordkeeping, and storage facilities in the United States, and to designate one of these as a mailing address. The applicant could also give a post office box as a mailing address, provided that it is located in the same city as the designated street address. The RI would be required to affirm in its annual statement to NHTSA that these addresses remain correct and to notify us of any change in these addresses (proposed §§ 592.5(f), 592.6(l), 592.6(m)).

We have not required that principals of a RI be citizens of the United States, and we have registered several RIs who have used mailing addresses in Canada; however, we have required them to maintain facilities in the United States where conformance work is performed and records are kept. We have reviewed the question of our ability to afford RIs with mailing addresses outside the United States adequate notice and process in administrative and judicial proceedings. We have concluded that if the RI is an entity organized under the laws of any State (e.g., corporation, partnership, sole proprietorship), it may be legally served at the street address of the United States facility it has provided us, even though its principal(s) may reside at a mailing address in Canada. The question of the adequacy of service may differ, however, if the RI is an entity that is not organized under the laws of any State, that is to say, if it is a sole proprietorship, partnership, or corporation under the laws of Canada.

The statute addresses the question of service upon non-residents to the extent of specifying that a manufacturer ''offering a motor vehicle or motor vehicle equipment for import shall designate an agent on whom service of

notices and process in administrative and judicial proceedings may be made.'' 49 U.S.C. 30164(a). We have implemented section 30164 with 49 CFR 551.45, *Service of process on foreign manufacturers and importers.* This regulation requires ''any manufacturer, assembler, or importer of motor vehicles'' to ''designate a permanent resident of the United States upon whom service of all processes, notices, orders, decisions, and requirements may be made for him and on his behalf * * * .'' 49 CFR 551.45(a). As a RI is an ''importer of motor vehicles,'' we therefore propose to require an applicant organized under the laws of another country to file a designation of agent in the form specified in Sec. 551.45 before we register it as a RI. (proposed Sec. 592.5(a)(5)(E)). This would not relieve the RI from maintaining required facilities and records within the United States.

Given the difficulties discussed above, we are interested in having comments on whether we should not register applicants organized under the laws of another country or sole proprietors who are not citizens of the United States.

We are also proposing that an applicant identify itself, its principals, and the form of its organization and the state laws under which it is organized. We would define a ''principal'' as any officer, partner, or director of a RI, and any person whose ownership interest in a RI is 10% or more. We need to be able to identify all officers and persons with a significant ownership interest in an applicant in order to be able to decide whether an application should be granted. For example, we need to know whether such an individual has previously been associated with a RI that has been suspended or revoked. If the applicant is a corporation, we intend to require it to include a statement provided by the Secretary of State, or other appropriate official of the state in which the applicant is organized, certifying that the applicant corporation is in good standing. We would also require an applicant to provide a copy of its license or similar document to do business as an importer/modifier/seller of motor vehicles in each state or political subdivision thereof where it intends to perform such activities as a RI or, alternatively, a statement by the applicant that it has made a bona fide inquiry and is not required by state or local law to have such a license.

We propose to require the principals of an applicant to provide their dates of birth and social security numbers, which we would keep confidential. The reason for this is to allow us to determine whether any person associated with an applicant has ever been convicted of a misdemeanor or felony involving motor vehicles or the motor vehicle business, such as title fraud, odometer fraud, auto theft, or the sale of stolen vehicles. If we discover that there is such a person associated with an applicant, we could deny the application after considering the severity of the offense and the prospective role of the associate in operating the RI's business.

For reasons discussed more fully later in this notice, we are proposing to require that conformity certifications be submitted to NHTSA by a principal of the RI. This would be an officer, a partner, or the sole proprietor of the RI but not someone who is merely an employee. Therefore, we are proposing to require that the RI application identify each principal who will be authorized to sign conformity certifications submitted to NHTSA.

2. Section 592.5(a)(8): Defining ''Service Insurance Policy'' and ''Independent Insurance Company'' To Best Ensure That Owners Will Be Able To Have Noncompliances and Safety-Related Defects Remedied Without Charge

Under 49 U.S.C. 30147(a)(1)(A), a noncompliance or a safety-related defect that is determined to exist in a vehicle that is substantially similar to a vehicle imported by a RI generally is deemed to exist in the vehicle imported by the RI. Since a RI ''shall be deemed to be the manufacturer of any imported motor vehicle that the importer imports or brings into compliance * * *.'' (49 U.S.C. 30147(a)(1)(B)), the RI has the responsibility, pursuant to 49 U.S.C. 30117(b), 30118–30121, and 30166(f), to ensure that owners are notified of such noncompliances and defects and that they can be remedied without charge to the vehicle owner.

Section 30147(b) directs us to require each RI (including any successor in interest) to provide and maintain evidence of sufficient financial responsibility to meet the above-referenced obligations. To implement section 30147(b), we currently require a RI applicant to submit to us a copy of a contract to acquire (or a copy of the policy itself) a prepaid ''mandatory service insurance policy underwritten by an independent insurance company,'' in an amount that equals $2,000 for each motor vehicle for which the applicant will furnish a certificate of conformity to the Administrator. Section 592.5(a)(8). In addition, we require each RI to maintain such an insurance policy in effect. Section 592.6(i). The purpose of these requirements is to ensure that each RI will have the financial capability to remedy any noncompliance or safety-related defect that exists in the vehicles it has imported, and to ensure that owners have a financial recourse if the RI does not perform, or if the RI is no longer in business.

In 1989, when we originally adopted this provision, we were guided by the experience of the Environmental Protection Agency (EPA), which had a similar provision addressing the financial capability of Independent Commercial Importers (ICIs) (i.e., entities that conform imported vehicles to EPA's emissions requirements) to honor emissions warranties (40 CFR 85.1510(b)(2)(I)). Equipment, vehicle, and engine manufacturers, and the California Air Resources Board (CARB), had suggested that ICIs acquire prepaid insurance and/or bonds to cover warranty and recall liability for the useful life of each vehicle. Without a requirement for an insurance policy or bond to cover warranty and recall repairs, owners of vehicles obtained from firms that are no longer in business would have to bear the repair costs.

EPA decided to require a prepaid ''mandatory service insurance policy'' that, in effect, assures effective warranty coverage. Following EPA's lead, and because the prepaid mandatory service insurance policy seemed to be an acceptable means of assuring the ICIs' performance with respect to warranties and emissions recalls, we required RIs to have a similar insurance policy covering the vehicles it imports, rather than post a recall bond.

We now understand that the mandatory service insurance policies under the Clean Air Act are intended to cover only those parts installed, and modifications performed, to satisfy the emissions requirements of that statute. Thus, the policies are financial guarantees or warranties of the work actually performed by the ICI. The purpose of the NHTSA requirement, on the other hand, is not to provide warranty coverage of compliance work performed by the RI, but to ensure that a vehicle owner will be compensated if the RI responsible for the vehicle is unable to provide a remedy without charge for all noncompliances and safety defects that exist in the vehicle, not just those related to the conformance work performed by the RI. Assuming that service insurance policies are effective and workable, we do not believe that this difference justifies a substantially different approach, such as a surety bond, from the course of action we have followed

for over a decade. However, to ensure that the current approach adequately protects owners, we are proposing to make certain changes, as described below.

When the 1988 Act became effective in 1990, we discovered that no established insurance company would issue a ''mandatory service insurance policy.'' However, American Consumer Service Corporation (ACSC) was willing to issue a ''Warranty Policy.'' After review, and in light of the unavailability of insurance products as originally intended, we decided to accept the warranty while the insurance remained unavailable, and ACSC has been the principal issuer of these policies to RIs. Within the past two years, other entities have been issuing similar ''warranty policies.'' However, we are concerned about the financial capability of the issuers of these policies to honor them. Some of the issuing companies do not appear to be recognized as insurance companies by the states in which they are located, and it is not clear whether there are state requirements regarding the adequacy of their financial reserves, etc. Moreover, we are unsure of how ''independent'' they may be of the RIs to which they furnish the policies.

Aware of our concern about stand-alone warranty policies, in the fall of 1999 ACSC persuaded the National Warranty Insurance Company Risk Retention Group to underwrite the warranty policies it issues, and Signet Star Reinsurance Company to act as the reinsurer. These two companies are registered by the state of Nebraska to conduct an insurance business. At this time, we intend to rely on these safeguards for the warranty policies issued by ACSC.

We have informed companies other than ACSC that are issuing warranty policies that they must be backed by a guarantee of performance similar to that above, either by becoming insurance companies that meet the requirements of State law if they are not already, or by having the policies they issue underwritten by a recognized insurance company. We have also informed them that such policies must be issued by a truly independent company, e.g., one in which no RI or any of its officers, directors, employees, or shareholders has a financial interest and in which no legal relation (e.g., relative) of a RI's officers, directors, shareholders or employees is employed.

While in this notice we are not proposing to change Sec. 592.5(a)(8), we are proposing to add definitions of the terms ''service insurance policy'' and ''independent insurance company'' to address our concerns.

A ''service insurance policy'' would be defined as any policy issued or underwritten by an independent insurance company which covers a specific Type 1 or Type 2 motor vehicle and guarantees that any noncompliance with a Federal motor vehicle safety standard or safety-related defect determined to exist in that vehicle, will be remedied without charge to the owner of the vehicle. An ''independent insurance company'' would be defined as an entity that is registered with any State and authorized thereby to conduct an insurance business, none of whose affiliates, shareholders, officers, directors, or employees, or in affinity with such, is employed by, or has a financial interest in or otherwise controls or participates in the business of, a RI to which it issues or underwrites such policies. The phrase ''in affinity with such'' includes but is not limited to family members.

We note, also, that some RIs are furnishing policies limited to coverage of vehicles originally manufactured for sale in Canada. These policies are not valid for vehicles manufactured for sale elsewhere, and we will not accept these restricted policies for compliance certification submissions for Type 2 vehicles of other than Canadian origin.

We are also interested in having comments on whether there might be an alternative, simpler means of ensuring that owners of vehicles imported by RIs will be able to have recalls performed, such as the provision of a bond in a certain amount (e.g., 5% of the dutiable value of the vehicle).

3. Section 592.5(a)(9): Capability of an Applicant To Perform Conformance Work

The original ''gray market'' provisions of the Safety Act emphasized the responsibility of the importer to bring its imported nonconforming vehicles into compliance, but the Act was silent regarding the qualifications of the importer/modifier. In the 1988 Act, Congress rejected the 20-year practice of leaving conformers of motor vehicles unregulated, and enacted a statutory scheme under which only RIs may import noncompliant vehicles for resale. The statute directed NHTSA to establish procedures and requirements that, among other things, ensure that the RI ''will be able technically'' to carry out conformance and recall repair work. 49 U.S.C. 30141(c)(1)(C). This was intended to reassure the public that a Federal agency had reviewed the qualifications of a person to bring vehicles into compliance with the FMVSS and to repair vehicles covered by safety recall campaigns. (Of course, the fact that an entity has become a RI should not be interpreted or represented as our ''approval'' of a RI; it simply means that the RI has met the requirements of the statute and regulations.)

As reflected in 49 CFR 592.5(a)(9), we currently require an applicant to demonstrate that it will be ''technically able (to remedy a noncompliance or safety-related defect) through repair.'' However, the regulation does not address the technical ability of the applicant to conform vehicles or the sufficiency of its facilities to do so. Therefore, we are proposing to amend § 592.5(a)(9) to correct this oversight by requiring an applicant to submit information sufficient to demonstrate to us that it has technical ability to bring vehicles into compliance with safety, bumper, and theft prevention standards, and to perform recall repairs on vehicles, such as its experience repairing vehicles and the qualifications of its personnel.

To demonstrate ownership or leasing of facilities adequate for the conformance, repair, and storage of vehicles, under § 592.5(a)(9)(B), an applicant would have to provide a copy of the lease agreement or ownership document relating to that facility. We are also proposing that the applicant provide a copy of a license or other similar document issued by an appropriate local authority permitting the applicant to do business as an importer, or modifier, or seller of motor vehicles, or, alternatively, a statement by the applicant that it has made a bona fide inquiry and is not required by state or local law to have such a license.

We are authorized to inspect the conformance, storage, and record-keeping facilities of an applicant to assist us in deciding on a RI application. 49 U.S.C. 30141(c)(1)(B). In some instances, we have conducted an on-site inspection to judge the technical competence of an applicant; in others, we have relied on the description provided in the application. To reduce the need to conduct on-site inspections and to expedite the process, we are proposing to require an applicant to submit photographs in non-electronic form, with street addresses, of each of its lots and garages; i.e., the facilities where vehicles would be conformed and stored prior to their release and remedied in safety recall campaigns.

If you are commenting on the feasibility of a two-tier RI system, your comments on this section of our proposal would be particularly pertinent.

4. Section 592.5(a)(11): Ensuring That an Applicant Understands Its Duties

At present, Section 592.5(a)(11) requires an applicant to state that it will fully comply with the duties of a RI as set forth in § 592.6. We are proposing additions to and clarifications of the duties of a RI. In this light, we are proposing an amendment of § 592.5(a)(11) to require an applicant to state that it has read and understood the duties of a registered importer as set forth in 49 CFR 592.6 and that it will fully comply with each such duty.

5. Section 592.5(b): Incomplete Applications

Under the present regulation, if the information submitted is incomplete, the Administrator notifies the applicant of the areas of insufficiency and that the application is in abeyance.

We propose a clarification under which the Administrator would notify the applicant of the ''information that is needed,'' and that the Administrator will not give further consideration to the application until the information is received.

6. Section 592.5(e): Denial of Applications

We would remove from present § 592.5(d) and place in a new subsection (e) material on denial of applications and refunds of certain components of the initial annual fee.

At present, the regulation states only that ''If the information [in the application] is not acceptable, the Administrator informs the applicant in writing that its application is not approved.'' We are proposing to expand this in several ways.

We currently require an applicant to state that it has never had a registration revoked pursuant to § 592.7 (§ 592.5(a)(6)). We would continue this requirement and we would restate section 30141(c)(3) as well by specifying that we shall deny registration to an applicant whose registration has previously been revoked.

We also currently require an applicant to state that it is not and was not ''directly or indirectly, owned or controlled by, or under common ownership or control with, a person who has had a registration revoked'' (§ 592.5(a)(6)). We would also continue this requirement and refer to the portion of section 30141(c)(3) that specifies that we may deny registration to an applicant that is or was owned or controlled by, or under common ownership or control with, a RI whose registration has been revoked. For example, if we revoke the registration of a corporate RI which had four officers, we would deny registration to an applicant in which any one of the four individuals, or specified family members, is involved.

Under the current regulation, each RI's application must include the ''names of all owners, including shareholders, partners, or sole proprietors'' (§ 592.5(a)(4)), and, if an owner is a corporation, ''the names of all shareholders of such corporation whose ownership interest is 10 percent or greater'' (§ 592.5(a)(5)). The RI is required to inform us of any change in the ownership information it has provided (§ 592.5(f)). Thus, under the present regulation, there is some information that can be used to compare the ownership interests of a RI whose registration has been revoked with those of an applicant. However, the present regulation, in our view, is not sufficient to cover situations where an application is filed by person(s) that may be influenced by a revoked RI, or its shareholders, principals, partners, or employees, and whose name may not have appeared on that RI's application. For example, this would include a spouse, in-law, child, partner, substantial shareholder, or employee. Thus, we would also require an applicant to state whether any of its shareholders, officers, directors, employees, or in affinity with such, had been previously affiliated with a RI in any capacity (e.g., major shareholder, partner, participant in the business), and, if so, to state the name of the RI and the capacity.

We would provide that denials shall be in writing and shall include the reasons for the denial. Applicants would be authorized to submit a petition for reconsideration of the denial within 30 days.

7. Section 592.5(f): The Due Date for the RI's Annual Fee

Present subsection (e) would be redesignated subsection (f). Under 49 U.S.C. 30141(a)(3), we are directed to establish, and a RI must pay, an annual fee ''to pay for the costs of carrying out the registration program for importers * * *.'' Such fees are specified in 49 CFR 594.6. Section 592.5(e) currently requires a RI to provide with this fee an annual statement that affirms that certain of the information provided in its original application ''remains correct.''

The annual fee covers a fiscal year, October 1 through September 30 of the year following. At present, the fee, along with the affirmation statement, must be filed and paid not later than October 31 of each year. This is a month after the beginning of the fiscal year. Moreover, § 592.7(a) now provides that we may not revoke or suspend a registration until the 31st calendar day after an unpaid fee is due and payable. The 31st calendar day after October 31 is December 1. This means that a RI that does not pay its annual fee has a ''free ride'' to continue to operate for two months into the fiscal year.

To address this anomaly, we want to amend the present provisions to require payment of the annual fee, and submission of the annual affirmation statement, not later than September 30 of each year, to cover the next fiscal year. In addition, as discussed in more detail below, we are proposing to amend § 592.7(a) to specify that we may automatically suspend an RI's registration if the annual fee has not been paid by the close of business on October 10 or, if October 10 is a weekend or a holiday, the next business day.

8. Transfer of Current Section 592.5(f): Notification of Change of Information in a RI Application

Under current § 592.5(f), a RI must notify us within 30 days of any change in the information provided in its application. This duty is more appropriately located in § 592.6, and we are proposing to transfer it to a new § 592.6(m).

9. Section 592.5(h): Treatment of Applications Pending on Effective Date of the Final Rule

We may have received, but not acted upon, registration applications that are pending when the final rule based upon this proposal becomes effective. Under proposed subsection (h), if the application does not contain all the information that will then be required by § 592.5(a) as amended by the final rule, we would notify the applicant of the additional information required by the new rule and inform it that we are deferring further consideration of its application until the information is received.

B. Duties of a Registered Importer (§ 592.6)

The duties of a RI are set forth in § 592.6. Upon review, we have tentatively decided that several provisions in that section should be amended or clarified, and that several more need to be modified to reflect the establishment of different Types of motor vehicles. Therefore, we propose revising § 592.6 in its entirety.

The present duties imposed by § 592.6 may be summarized as follows, by their subsection:

(a) Bond requirements;
(b) Record-keeping;
(c) Conformance records after initial certification for same make, model, and model year has been submitted;
(d) Certification of conformed vehicles;
(e) Certification to NHTSA;
(f) Substantiation of certification;
(g) Obligation to notify and remedy;
(h) Requirement to admit NHTSA representatives for inspection;
(i) Maintenance of prepaid mandatory service insurance policy; and
(j) Obligation upon failure to conform vehicles.

Under our proposed revision, we would adopt the following structure of subsections for § 592.6:
(a) Conformance and bond requirements;
(b) Recordkeeping;
(c) Certification of conformed vehicles;
(d) Certification documentation to be submitted to NHTSA for Type 2 motor vehicles;
(e) Information to be submitted to NHTSA for Type 1 motor vehicles;
(f) Acts prohibited before bond release;
(g) Furnishing the service insurance policy with the vehicle;
(h) Odometer disclosure requirements;
(i) Obligation to export or abandon a vehicle upon failure to conform it;
(j) Obligation to provide notification of and remedy for safety-related defects and noncompliances, and to submit related reports to NHTSA;
(k) Requirement to admit NHTSA representatives for inspection;
(l) Requirement to provide an annual statement with fee;
(m) Notification to NHTSA upon change of information provided in application; prior notice of change of facility.
(n) Assurance that at least one full-time employee is present at each facility;
(o) Prohibition against co-utilization of employees, or conformance, repair, or storage facilities with any other RI;
(p) Timely response to NHTSA information requests;
(q) Timely payment of fees; and
(r) provision not later than 30 days after effective date of final rule of information required of new RI applicants.

1. Section 592.6(a): Duties To Ensure Conformance of All Imported Vehicles With Safety, Bumper, and Theft Prevention Standards and To Furnish a Conformance Bond for Type 2 Motor Vehicles

Under current § 592.6(a), a RI has the duty to ''furnish to the Secretary of the Treasury (acting on behalf of the Administrator)'' a bond to assure that it will bring a nonconforming vehicle into conformity with the FMVSS within 120 days of entry. Literally speaking, this is a duty to furnish a bond only, and not, by its terms, a duty to conform the vehicle, which exists in the statute. We believe that subsection (a) should be amended to encompass both duties, and a third duty as well: To assure that any vehicle that a RI imports has been deemed eligible for importation by the Administrator pursuant to part 593. The duty to conform the vehicle would include conformance to Federal bumper and theft prevention standards if they applied to the vehicle.

Although we believe that 120 days is not required for the relatively minor or straightforward modifications needed to bring Type 2 motor vehicles of Canadian origin into compliance with applicable standards, we are not currently proposing to reduce this period and the present 120 days would continue to apply to Type 2 motor vehicles. However, we welcome comments on whether such a reduction for Canadian Type 2 vehicles would be appropriate, and, if so, an appropriate period.

Until now, part 592 has been silent on the RI's responsibility to ensure conformance with the theft prevention standard, though the matter is addressed in part 567, the certification regulation. It is a violation of Federal laws to import motor vehicles that do not comply with safety and bumper standards, but in each case the statutory prohibition does not apply if the vehicles have been determined to be capable of complying and are brought into conformity after importation (See 49 U.S.C. 30112, 30146, and 32506). It is also a violation of Federal law to import a vehicle that does not comply with the theft prevention standard (see 49 U.S.C. 33114), but section 33114 provides no exceptions. Thus, until now, we have interpreted section 33114 as requiring a vehicle to meet the theft prevention standard at the time of entry, and have not allowed post-entry conformance. We have implemented this through our certification regulation (49 CFR part 567): If a RI imports a passenger car or multipurpose passenger vehicle from a line listed in appendix A of 49 CFR part 541, *Federal Motor Vehicle Theft Prevention Standard,* and the original manufacturer has not affixed a label meeting the requirements of § 567.4(k), the RI is required to inscribe the Vehicle Identification Number on certain parts (§ 541.5(b)(3)), and to affix a label meeting these requirements before the vehicle is imported (§ 567.4(k)). We recognize, however, that it may be difficult to mark parts or to take other actions needed to certify compliance with the theft prevention standard outside the United States.

The purpose of the theft prevention standard ''is to reduce the incidence of motor vehicle thefts by facilitating the tracing and recovery of parts from stolen vehicles'' (§ 541.2). We view it as highly unlikely that an imported vehicle subject to the theft prevention standard would be stolen while in the custody of a RI. We have tentatively concluded that the purpose of the standard would not be compromised by allowing a RI to bring a vehicle into compliance after its entry, when it is conforming and certifying vehicles to the safety and bumper standards, and we are proposing an amendment of § 567.4(k) to permit this.

In accordance with our views, we propose that a RI, as part of its Type 1 information submission or as part of its Type 2 certification, include a statement that the vehicle is not subject to the parts marking requirements of the theft prevention standard, or, alternatively, that the vehicle conforms to these requirements. The submission would also have to indicate whether the vehicle conformed as originally manufactured or whether the RI brought it into conformity.

2. Section 592.6(b): Recordkeeping Requirements

For the most part, existing recordkeeping requirements will be retained. Our proposed amendment to Sec. 592.6(b) would clarify that record-keeping requirements apply to importations of Type 1 motor vehicles as well as to importations of any vehicle for which a RI furnishes a certificate of conformity to NHTSA (this includes vehicles imported for personal use conformed under contract, as well as vehicles that the RI imports for resale). We also want to clarify that all records must be kept as hard copies (not electronically) at the facility in the United States identified by the RI in its application. The records would include copies of certifications of conformity submitted to NHTSA covering Type 2 motor vehicles, and information furnished covering Type 1 motor vehicles. The use of the term ''the facility'' means that all required records must be stored at a single location.

A primary purpose of record-keeping is to provide a ready means of identifying vehicles for which a RI is responsible for providing remedy without charge in the event of a defect or noncompliance determination. The period of free remedy was recently

increased by the Transportation Recall Enhancement, Accountability, and Documentation (TREAD) Act (PL 106–414, effective November 1, 2000) from 8 to 10 years. Accordingly, Sec. 592.6(b) will be amended in the near future to specify that a RI shall retain the required records for 10 years, rather than for 8 years, as is presently required. This amendment is reflected in proposed 592.6(b).

3. Section 592.6(c): Whether a Person Other Than the RI May Affix a Certification Label to a Vehicle After It Is Conformed; Whether the Certification Label May Be Affixed Outside the United States

Under 49 U.S.C. 30146(a)(3), ''each registered importer shall include on each motor vehicle * * * a label prescribed by the (Administrator) identifying the importer and stating that the vehicle has been altered by the importer to comply with the standards applicable to the vehicle.'' We implemented this section by present § 592.6(d), which requires the RI, upon completion of compliance modifications, to permanently affix a certification of compliance to the vehicle that meets the general vehicle certification requirements of 49 CFR part 567, and to provide a photograph of the label to us. These requirements would be continued in proposed § 592.6(c), and modified as discussed below.

Two questions have arisen with respect to gray market vehicle certification: Who may affix the certification label, and whether the certification label may be affixed outside the United States if compliance work is completed before importation.

In a recent instance, we discovered that a RI had not taken possession of the vehicles it had imported and was shipping its certification labels to a customer without having actually seen the cars it was purporting to modify and certify. We had made it clear, in the preamble to the final rule adopting Part 592, that a RI may not contract to have another person conform a vehicle for which it is the importer of record (54 FR 40063 at 40066). For similar reasons, it is improper for a RI to delegate the responsibility to affix the certification label.

In every instance, the proper course of action for a RI is to take physical possession of a vehicle, then perform all necessary conformance modifications at a facility identified to NHTSA, and permanently affix the certification label on the vehicle at the conformance facility at the end of the modification process. We would therefore add to proposed Sec. 592.6(c) the requirement that all conformance work be performed at a facility identified to NHTSA for that purpose and that the certification label be permanently affixed at that facility after all appropriate modifications are performed on the vehicle.

We have not allowed pre-importation certification of motor vehicles that have been conformed by persons other than their original manufacturers. Congress intended to provide us with a review function to ensure that nonconforming vehicles are properly conformed by responsible entities. To allow certification outside the United States by someone other than the original manufacturer would allow these vehicles to be imported as ''complying'' vehicles, outside of the RI process, which would be inconsistent with the purpose and structure of the 1988 Act. We intend to continue this policy. Therefore, we specify in proposed § 592.6(c) that certification labels may be affixed only in the United States. However, we wish to clarify that a RI may perform conformance modifications and recall remedy repairs outside the U.S. before importation, provided that the RI has imported the vehicles before the label is permanently affixed and before it submits the relevant compliance information to NHTSA.

4. Sections 592.6(d) and 592.6(e): Documentation That a RI Must Submit to NHTSA

Currently, § 592.6(f) specifies a limited amount of information that must be submitted to NHTSA with the RI's conformance certification. However, it provides that the RI must also submit ''such information, if any, as the Administrator may request.'' Over the years, we have identified a number of other items that we need to effectively administer the RI importation program, and we have advised the RIs of these items through newsletters and direct communications. We will continue to require this information (with one exception discussed below) for Type 2 motor vehicles, and we have decided that it would be more appropriate to identify these items in § 592.6 rather than rely on informal communication with RIs.

Therefore, we are proposing a new § 592.6(d), which would specify that the initial certification conformance package submitted to NHTSA for a Type 2 motor vehicle contain (A) the make, model, model year and date of manufacture, odometer reading, VIN meeting the requirements of 49 CFR part 565, and Customs Entry Number, (B) a statement that the RI has brought the vehicle into conformity with all applicable Federal motor vehicle safety, bumper, and theft prevention standards, and a description, with respect to each standard for which modifications were needed, of how it has modified the vehicle, (C) a copy of the bond given at the time of entry to ensure conformance, (D) the vehicle's vehicle eligibility number, (E) a copy of the HS–7 form executed at the time of its importation if a Customs broker did not make an electronic entry with Customs, (F) true and unaltered front, side, and rear photographs of the vehicle, (G) true and unaltered photographs of the original manufacturer's certification label and the certification label of the Registered Importer permanently affixed to the vehicle (and, if the vehicle is a motorcycle, a photograph or photocopy of the Registered Importer certification label before it has been affixed), (H) documentation including photographs sufficient to demonstrate conformity, and (I) the policy number of the service insurance policy furnished with the vehicle pursuant to § 592.6(g).

A RI's second and subsequent certification submissions for a given make, model, and model year Type 2 motor vehicle would normally need to contain the same information as its first submission, including the conforming VIN of the vehicle covered, and would have to refer to its first submission. However, if the RI conformed the vehicle in the same manner as it stated in its initial submission, the RI may say so in a subsequent submission, and it need only provide photographs and other documentation of the modifications that it made to achieve conformity.

Currently, we require RIs to submit a copy of the actual service insurance policy that applies to each vehicle with the certification conformance package for the vehicle. We have tentatively concluded that this is not necessary, as long as the RI submits the insurance policy number or other identifying information so that we have a record in case the owner of the vehicle needs to utilize the policy. We would continue to require the RI to retain a copy of the policy in its records.

Section 592.6 does not currently address a RI's duties with respect to pending recalls on vehicles for which it is responsible under the statute. In recent years, we have required RIs to include a statement in each certification conformity package that there are no outstanding recalls (i.e., recalls for which the remedy had not been performed). However, we have found that some RIs were not actually checking to see if this was true and that

in some cases vehicles were being released to the public with unremedied noncompliances and safety defects. Because of the clear adverse impact that this practice has on safety, we are proposing to require that RIs substantiate that there are no unremedied defects or noncompliances applicable to any vehicle that it imports or conforms. We would require that a RI submit substantiation that, at the time of submission of its certification of conformity under § 592.6(d) or the required information under § 592.6(e), the vehicle is not subject to any safety recall campaigns being conducted by its original manufacturer (or its U.S. subsidiary) in the United States, or, alternatively, that all noncompliances and defects covered by those safety recalls have been remedied.

Such substantiation would normally be in the form of a document issued by the original manufacturer or a franchised dealer of that manufacturer stating that there are no recalls pending that apply to the vehicle for which the remedy work has not been performed. If the manufacturer's records indicated that there were one or more recall campaigns for which the remedy had not been performed, the RI would have to submit repair records demonstrating that the remedy work had been performed prior to release of the vehicle. We would like comments on whether it would be sufficient to merely require the RIs to maintain this substantiation in their records, or whether they should be required to submit it to us along with the other required information.

For Type 1 motor vehicles, we would adopt a new § 592.6(e) requiring the submission of much less documentation than is currently required, and much less than would be required for Type 2 motor vehicles. The required information would include the make, model, model year, odometer reading, VIN that conforms to 49 CFR part 565, date of manufacture, Customs entry number, the name of the insurance company and the policy number of the service insurance policy to be provided with the vehicle, and substantiation that there are no pending safety recalls for which the remedy work has not been performed. The RI would be required to provide this information on a monthly basis so that we receive it within 10 calendar days after the end of the month in which the vehicle was imported.

We are moving in our administration of import procedures to allow the electronic submission of certain conformance documentation. However, we need to assure ourselves that all photographic information is authentic. Current technology is sufficiently advanced that it is easy to alter photographs. We therefore have proposed to require that certain photographic information submitted for Type 2 motor vehicles, and retained for all vehicles conformed by RIs, be in true and non-altered form: specifically, views of the vehicle speedometer/odometer displays and the RI label and certification labels on the doors. As in the current regulation, for motorcycles, the RI would also have to submit a true and unaltered photograph or a photocopy of the label itself, flat, to allow readability, as well as of the label as affixed to the motorcycle crossbar.

Section 592.6(e) currently requires a RI, after it has completed bringing a vehicle into conformity, to certify to NHTSA that the vehicle complies with all applicable FMVSS, ''and that it is the person legally responsible for bringing the vehicle into conformity.'' In some recent instances, RIs have purported to certify vehicles without any knowledge or exercise of management control over the process. For example, certification to NHTSA has been provided by individuals, hundreds of miles away from the vehicles, who have been granted a power of attorney from the RI. In another instance, we informed a RI that we would not accept certifications to us from appointed individuals resident in Canada. In our view, certification to NHTSA is a responsibility that must not to be delegated by a RI to someone who has no personal knowledge of the relevant information. We therefore are proposing in new § 592.6(d) that the certification to NHTSA required for Type 2 motor vehicles can only be signed by a principal of the RI, who must attest to personal knowledge that the RI has performed all work required to bring the vehicle into conformity with all applicable Federal motor vehicle safety, bumper, and theft prevention standards. As noted above, the identity of the principal authorized to make this certification must be stated in the RI application or subsequent filings with NHTSA pursuant to § 592.6(m). Certification to the Administrator would have to be personally signed and not be a signature that is stamped or otherwise mechanical in origin. The submission to the Administrator would have to identify the facility where the conformance work was performed, and the location where the vehicle may be inspected.

Similarly, the information furnished to us for Type 1 motor vehicles would have to be submitted by a principal of the RI.

Finally, we want to add a word of caution. For many years we have accepted a RI's certification in the form of a check list that allows the RI to indicate whether the vehicle was originally manufactured to conform with a specific standard (by checking a column headed ''O''), or modified by the RI to conform to the standard (by checking a column headed ''M''), or that the standard is inapplicable (by checking a column headed ''N/A''). There have been times in their haste to certify that RIs have inaccurately checked the box of a standard that does not apply to the vehicle, or indicated that the RI modified the vehicle when the vehicle, in fact, was originally manufactured to comply, or indicated that a standard did not apply when it did. These inaccuracies call into question the accuracy of the remaining certifications. We wish to advise RIs that we may reject such certifications and return such submissions to the RI. We will also return submissions that are incomplete. If a submission is returned to a RI, we would charge to the RI the costs associated with the return. Return would not toll the 120-day period submitting compliance information as provided under § 592.6(a). Further, if a RI has certified that it has modified a vehicle, whether by checking an ''M'' box or otherwise, and we discover that it has not in fact modified the vehicle, we will consider that to be a knowingly false certification within the meaning of 49 U.S.C. 30115 and 30141(c)(4)(B), and grounds for automatic suspension of a RI registration, as discussed below. To bring greater accountability to the certification process by encouraging RIs to complete their certification in a careful and thorough manner so that NHTSA may expedite its certification review, we propose to add appropriate language to paragraph (d) to address these issues.

We seek comments on whether a registration ought to be suspended, either automatically or non-automatically, if a RI continues to submit inaccurate or incomplete certifications over a period of time.

5. Section 592.6(f): Acts Prohibited Before Expiration of 30 Days After Submission of Compliance Statement or Release of the Conformance Bond

A RI may license or register an imported motor vehicle for use on public roads, or release custody of a motor vehicle to a person for license or registration for use on public roads ''only after 30 days after the registered importer certifies (to NHTSA) that the motor vehicle complies [with applicable FMVSS].'' 49 U.S.C. 30146(a)(1). We

have construed this provision to allow a RI to license or register a vehicle, or release custody of a vehicle, for use on the public roads less than 30 days after receipt of the conformance package if we have notified the RI that the conformance bond required by 49 U.S.C. 30141(d) has been released.

We have tried to accommodate RIs by reducing data-submission requirements for Canadian vehicles, and expediting the process by releasing the conformance bonds. During this year, we have released those bonds within an average of five working days. However, despite these short processing times, we have discovered that in some instances vehicles imported from Canada have been shipped directly to auction houses or dealers and sold within days after entry, before bonds were released, and in some instances, even before we had received the vehicle's certification of conformity from the RI.

The RI's duty to retain ''custody'' of the vehicles is a statutory requirement that has not been explicitly implemented previously in part 592 even though it is one of the conditions of the performance bond required by part 591 and its Annex A. To eliminate any possible confusion, we want to clarify this statutory requirement.

Issues have arisen as to whether the retention of ''custody'' requires a RI to maintain physical possession of a vehicle at one of its own facilities, pending bond release. It has been our view that, at a minimum, we need to know the location of a vehicle to be able to inspect it during the period before we release the bond, and to have the same access to the vehicle as if it were stored at the RI's own facility. In addition, title to the vehicle must not have passed from the RI to any U.S. entity before bond release so that we can be certain that a RI will be able to fulfill the bond condition to export or abandon the vehicle if NHTSA does not release the bond. See letters of April 17, 2000, from Frank Seales, Jr., to Philip Trupiano, and of April 19, 2000, from Kenneth N. Weinstein to John Dowd et al.

As noted before, 75 percent of Canadian vehicles imported are Type 1 motor vehicles. Under today's proposal, the custody issue would no longer arise with respect to Type 1 motor vehicles, since they would enter free of bond requirements. However, they remain relevant to Type 2 motor vehicles.

With respect to Type 2 motor vehicles, we are proposing to adopt requirements that parallel those of EPA with respect to emissions requirements established under the Clean Air Act to ensure that the RI retains physical possession of a vehicle at its own facility pending bond release. Under EPA's regulation, during the period of ''conditional admission'' before EPA issues a certificate of conformity and a vehicle is released, the importer may not operate the vehicle on the public roads, sell or offer it for sale, or store it on the premises of a dealer. 40 CFR 85.1513(b). We believe that these restrictions would be appropriate for Type 2 motor vehicles, including those of Canadian origin that are not Type 1 motor vehicles. Thus, if a RI imports a Type 2 motor vehicle from Canada (or elsewhere) and sells it at any time before the end of the 30-day hold period or before the bond had been released, whichever first occurs, or stores it on another's lot, or allows it to be operated on the public roads, a violation will have taken place for which sanctions may be imposed. We recognize that this approach could affect present practices of some RIs with respect to some Canadian vehicles, but we believe that it is a necessary safeguard for vehicles not covered by a letter from their manufacturer that would qualify them as Type 1 motor vehicles.

In addition to the restrictions that parallel EPA's, we are also proposing language that tracks the statutory prohibitions against premature licensing or registering of a Type 2 motor vehicle for use on the public roads, or release of custody to any person for such purposes.

In line with our past interpretations, we propose to continue to permit a RI to obtain title in its own name to the vehicles that it imports for resale, either before or after importation, but we shall not allow the RI to title it in the name of any other entity (such as a title clearer, dealer or a retail purchaser) until after we have released the bond. This is designed to ensure that the RI retains the ability to export or abandon the vehicle to the United States, upon demand by the United States, for its failure to conform the vehicle.

Since Type 1 vehicles would be admitted free of bond, we seek comments on whether title restrictions are appropriate for them.

6. Section 592.6(g): Duty To Provide Copy of the Service Insurance Policy With Each Vehicle

We propose requiring that a RI provide a copy of the service insurance policy (guaranteeing that a remedy will be provided without charge to the vehicle owner in the event of a safety recall) with each vehicle it imports not later than the time the RI sells the vehicle. When a RI has conformed a vehicle imported for personal use, the RI would have to provide a copy with the vehicle not later than the time it releases custody of the vehicle to its importer-owner. Finally, on a monthly basis, a RI would have to provide to the insurance company issuing the policies the VINs of each vehicle covered by a policy, retaining a copy of this correspondence in its files. We are adding this duty to ensure that the purchasers of all gray market vehicles are aware of their ability to use this policy to have safety recall work done at no charge to them, and to ensure that the issuers of the policies are informed of the number and identity of the vehicles that their policies cover.

7. Section 592.6(h): Duty To Provide and Retain Copies of Odometer Disclosure Statements

We wish to call attention to an obligation that another statute imposes upon persons who sell vehicles. Pursuant to 49 U.S.C. 32705 and 49 CFR part 580, *Odometer Disclosure Requirements,* a person transferring ownership of a motor vehicle must provide an odometer mileage disclosure statement to the transferee. Dealers and distributors, such as a RI who imports vehicles for resale, must also retain a copy for five years (49 CFR 580.8(a)). We want to reiterate these obligations in part 592, so that a RI which focuses principally on 49 CFR parts 591–594 does not miss this requirement. Also, a failure to comply with these requirements would be a violation of this Part.

8. Section 592.6(j): Duty To Remedy Noncompliances and Safety-Related Defects, and To Provide Reports Regarding Recalls

As discussed above, each RI is statutorily responsible for conducting safety recalls in the vehicles that it imports or conforms. 49 U.S.C. 30147(a)(1). Section 592.6(g) currently specifies certain of a RI's responsibilities with respect to recalls, but it does not address all relevant issues.

As currently written, § 592.6(g) is primarily directed toward recalls that are announced after a vehicle has been released by the RI and is already in the possession of an owner, and does not address recalls that apply to imported vehicles at the time they are imported. To assure that there is no misunderstanding about the duties of a RI under the latter circumstances, we have proposed to amend §§ 592.6(b), (c), (d), and (e) to explicitly require a RI to assure that all recall remedy work has been performed. (Information about recalls is available from a variety of sources, including the vehicle

manufacturers, their dealers, and NHTSA's Internet Website: www.nhtsa.gov/cars/programs/recalls. Whether the recall work has been performed on a specific vehicle often can be determined by inspecting the vehicle or by reviewing its repair records. This information is always available from the manufacturer and usually from the manufacturer's franchised dealers).

We are also proposing amendments addressing a RI's responsibilities for recalls that are announced after the vehicle has been certified by the RI. These duties already exist by virtue of section 30147(a)(1). However, some RIs apparently have not attended to their obligations in this regard. To further emphasize these obligations, we propose to restate them in Part 592.

Current § 592.6(g) requires the RI to provide notification and remedy ''with respect to any motor vehicle for which it has furnished a certificate of conformity.'' As discussed above, we would no longer require submission of a ''certificate of conformity'' for Type 1 motor vehicles, but would continue the RI's responsibility for recalls affecting such vehicles. Therefore, we plan to amend the phrase in new § 592.6(j)(1) to read, ''with respect to any motor vehicle that it has imported or for which it has furnished a certificate of conformity.'' This will be broad enough to cover Type 1 motor vehicles that the RI imports for resale, as well as Type 2 motor vehicles that it sells and/or for which it furnishes conformity statements to NHTSA.

We understand that it is the practice of most major manufacturers who sell vehicles in the United States to include in their safety recall campaigns vehicles that were originally manufactured for sale in Canada that have been registered in the United States (with the exception of some Asian producers of Canadian vehicles). Nevertheless, the statute requires a RI to assure that the owner of each vehicle it imports or conforms has been provided with notification of all noncompliances and safety-related defects and the opportunity to receive a free remedy.

To allow us to ascertain whether a RI is satisfying those obligations, when a vehicle manufacturer determines that a noncompliance or safety-related defect exists in its vehicles and commences its notification and remedy campaign, we need each RI to inform us whether the manufacturer's campaign will also cover vehicles that the RI has imported. If it does not, the RI must notify the current owner and provide an appropriate remedy. We are proposing to require each RI to inform us not later than 30 days after a vehicle manufacturer commences its notification campaign whether the manufacturer's recall will cover vehicles imported by the RI. If not, the RI would be required to furnish us with a copy of the notification that it intends to send to the vehicle owners, in accordance with 49 CFR part 577, and to provide the appropriate remedy without charge.

To allow us to monitor the performance of manufacturers in carrying out their recall responsibilities, we issued 49 CFR 573.6, which requires manufacturers conducting recalls to provide six quarterly reports to us setting forth specified information regarding the recall. This information includes the number of vehicles or items of equipment covered by the campaign and the number of vehicles or equipment items remedied by the end of each calendar quarter. Although RIs are ''manufacturers,'' we have tentatively concluded that some of the provisions of § 573.6 can be relaxed with respect to them.

For recalls that have been announced by a vehicle manufacturer before the RI submits the information required by § 592.6(d) or (e), the RI must ensure the completion of appropriate recall repairs before it releases the vehicle; therefore, there appears to be no need for the RI to submit any reports pursuant to § 573.6 with respect to those recalls. This is reflected in proposed § 592.6(j)(5). Nor do we need to receive reports from RIs with respect to recall campaigns being conducted by the manufacturer on vehicles imported by the RI.

There may be instances when the U.S. manufacturer does not want to include the Canadian counterparts of the recalled vehicles in its campaign. Recall responsibility in this instance falls upon the RI, as it does when the RI makes its own determination of a defect or noncompliance. In these instances we need to receive reports from RIs. While 49 CFR 573.6 requires vehicle manufacturers to submit six quarterly reports containing extensive, detailed information, we believe that fewer reports and significantly less information is needed from RIs. Therefore, we are proposing to merely require two reports for each post-importation recall campaign. The first report would be due nine months after the RI began to notify owners, and the second report would cover the 18-month period after notification began. Those reports would be due not later than the 30th day following the end of each of the two periods. Also, in view of the differences between RIs and other vehicle manufacturers, we are proposing in § 592.6(j)(5) to reduce the amount of information required in such reports.

Finally, we have reviewed current § 592.6(g)(2)(i) relating to the 8-year period of remedy without charge, and have restated it in proposed § 592.6(j)(6) in a much simpler fashion. By doing so, we are heeding E.O. 12866 and its goal to write all rules in plain language. As noted in our discussion under § 592.6(b), the TREAD Act has increased the period of free remedy to 10 years. This increase, effective as of the date of enactment of the TREAD Act, is reflected in proposed § 592.6(j)(2).

9. Section 592.6(m): Duty To Notify NHTSA of Any Change of Information in the Registration Application Including Prior Notification Before Adding or Discontinuing the Use of Any Facility

At present, § 592.5(f) requires a RI to notify us not later than 30 days after a change in any of the information submitted in its registration application. We would maintain this requirement as a duty under new § 592.6(m), with one exception.

We have tentatively concluded that, where the change involves the use of a facility not designated in the registration application, we should be notified of the intent to use such facility not less than 30 days before such change takes place, and provided with the same information required in the original RI application, including non-electronic photographs of the facility. This will allow us to evaluate the adequacy of the new facility for the services to be performed there. We are also proposing to require the RI to notify us 10 days in advance before it discontinues the use of any identified facility, and to identify the facility, if any, that will be used in its stead.

10. Section 592.6(n): Duty To Assure That at Least One Full-Time Employee of a RI Is Present at Each of the RI's Facilities

Where a RI has several separate facilities, we are concerned about the RI's ability to supervise conformance and recall work to maintain records regarding the vehicles it has imported, and our ability to inspect the vehicles, operation, and records. To address these concerns, we have tentatively decided to adopt a new § 592.6(n) to require each RI to assure that at least one full-time employee of the RI is present at each of its facilities. This is consistent with our statement in the preamble to the final rule establishing part 592 that a RI may not utilize agents to fulfill its statutory responsibilities, and that ''conformance operations must be carried out by

Registered Importers (and) their employees.'' 54 FR 40083, at 40086.

11. Section 592.6(o): Prohibition of Two or More RIs Co-Utilizing the Same Employee or the Same Conformance, Repair, or Storage Facility

Questions have been raised whether two or more RIs may use common employees or a shared facility to perform conformance modifications or recall repairs, or to store imported vehicles. As indicated above, we do not allow a RI to make arrangements with other persons, including its customers (e.g., used car dealers) and other RIs, under which the other entity would perform the RI's duties. We have tentatively concluded that to allow two or more RIs to use the same employee, or a common facility for repairs, conformance work, or storage, raises the possibility of ineffective management and controls, particularly when the main office of a RI is some distance away from the facility in question. A storage facility shared with another RI will also make it more difficult to identify bonded vehicles for which an individual RI may be responsible when we are conducting inspections. We therefore propose to add a new § 592.6(o) to prohibit a RI from co-utilizing any employee, or any conformance, repair, or storage facility, with another RI.

If a RI stores bonded vehicles on premises that do not belong to it, the storage area should be clearly delineated and the vehicles being stored not mingled with vehicles for which the RI is not responsible (other than its vehicles that have been released from bond).

12. Section 592.6(p): Duty To Provide Timely Response To NHTSA Requests for Information

Under 49 U.S.C. 30166(e), we reasonably may require a manufacturer to make reports to enable us to decide whether it is complying with any of our requirements. Our requests for information invariably identify the date by which we expect a response. As noted above, a RI is a statutory manufacturer because it imports motor vehicles for resale. We have tentatively decided that a regulation reiterating the requirement to make timely reports under section 30166(e) will heighten our ability to obtain information, and to provide a basis for suspension or revocation of a registration if the information is not forthcoming.

13. Section 592.6(q): Duty To Pay Fees in a Timely Manner

We propose a new section adding a specific duty for a RI to pay all applicable fees in a timely manner. Although a registration may be suspended under § 592.7(a) upon a RI's failure to pay fees when they are due and payable, we wish to emphasize that it is an affirmative duty for a RI to pay fees and pay them in a timely manner.

14. Section 592.6(r): Duty of Entities That Are RIs When Final Rule is Adopted To Provide Information That Will Be Required of New RI Applicants

As described above, we are proposing to make comprehensive revisions in § 592.5 to the information required in RI applications. By their own terms, these new requirements would apply to applications pending as of the effective date of the final rule. However, we believe that, to assure proper qualifications and operations, entities that are RIs at the time the final rule becomes effective must furnish the equivalent information, even though that information was not required at the time they submitted their original applications. In order to ensure that this information is provided by those whose applications have been granted previously (*i.e.*, those who are already RIs at the time of the final rule), we are proposing that RIs, not later than 30 days after the effective date of the amendments to § 592.5(a), provide all the information that the revised regulation will require. A RI may incorporate by reference any item of information previously provided to the Administrator in its application, annual statement, or notification of change by a clear reference to the date, page and entry in the existing document. This additional information would include the RI's designation of an agent for service of process if it is not organized under the law of any state of the United States. Failure to provide this information in a timely manner would be grounds for suspension.

C. Automatic Suspension, Revocation, and Suspension of Registrations; Reinstatement of Registrations (Sec. 592.7)

1. Section 592.7(a): Automatic Suspension of a Registration

49 U.S.C. 30141(c)(4)(A) authorizes NHTSA to suspend a registration for not complying with specified statutory requirements as well as ''regulations prescribed under this subchapter'', *i.e.* 49 U.S.C. 30141–47. Two of the circumstances warranting suspension are of a serious enough nature that section 30141(c)(4)(B) requires the suspension to be automatic: when a Registered Importer does not, in a timely manner, pay a fee required by Part 594 of this title or for knowingly filing a false or misleading certification under 49 U.S.C. 30146. Our present regulation covers this in 49 CFR 592.7(a) and (b).

Currently, § 592.7(a) provides that a registration will automatically be suspended if we have not received a fee by the beginning of the 31st day after it is due and payable.

Until now, we have only applied this provision to the annual fee that the RI must pay pursuant to § 594.6. However, 49 U.S.C. 30141(a)(3) also authorizes the imposition of fees ''to pay for the costs of—(A) processing bonds provided * * * under subsection (d) of this section; and (B) making the decisions under this subchapter.''

Under this provision, we have established fees for the filing of a petition for a determination whether a vehicle is eligible for importation (§ 594.7); for importing a vehicle covered by an eligibility determination by NHTSA (§ 594.8); for reimbursement of bond processing costs (§ 594.9); and for review and processing of a conformity certificate (§ 594.10). We are also proposing to add a new § 594.11 to establish a fee applicable to the importation of Type 1 motor vehicles, infra.

Under current § 594.5(e), (f), and (g), the fees for importing a vehicle covered by a NHTSA eligibility determination, for bond processing costs, and for the NHTSA review and processing of a conformity certificate are to be submitted with the certificate of conformity. However, we have allowed RIs to delay payment until 30 days after we issue a monthly invoice indicating the amount due. In practice, about 80 percent of the payments are made less than two weeks after the invoice, and most payments are transmitted electronically or made by credit card. We are proposing to formalize the actual payment practice by establishing a due date of 15 days from the date of the invoice by deleting subsections (e), (f), and (g) and adding a new § 594.5(f).

Since there can be no legitimate reason for not paying required fees in a timely manner, we intend to suspend automatically a RI's registration if any of the required fees are not received by their due dates. As we propose in § 592.7(a)(1), if a RI has not paid its annual fee by October 10 or paid its other fees within 15 calendar days of NHTSA's invoice, on the next business day we would inform Customs that the RI's registration had been suspended

until further notice, and that the RI may not import any additional motor vehicles. We intend to apply this policy as of the effective date of the final rule to fees that are overdue as of that date under the old rule.

If a fee is paid after registration is suspended, following receipt and clearance of the payment we would reinstate the registration and inform Customs of this action. However, to further encourage timely payment and to partially cover our administrative costs of processing such a suspension and reinstatement, we are proposing to require the RI to also pay an amount equal to 10 percent of the overdue amount as a condition of having the registration reinstated.

Congress also directed us to establish procedures for automatically suspending a registration of a RI that has knowingly filed a false or misleading certification. 49 U.S.C. 30141(c)(4)(B). We have currently implemented this to some degree in § 592.7(b). The procedure that we currently follow is not truly ''automatic.'' We inform the RI in writing of the facts giving rise to our belief that it has knowingly filed a false or misleading certification, and afford it 30 days in which to present data, views, and arguments in its behalf. After considering the views of the RI, we make a final decision and notify the RI in writing. If we decide to suspend, we inform the RI of the period of suspension.

Upon review of these provisions, we propose to revise them to reflect the express intent of Congress that a knowing filing of a false or misleading certification shall result in automatic suspension of a registration. We believe there are certain situations under which we could justifiably conclude that a filing had been knowingly false or misleading, such as by filing(s) of false or misleading certifications after we have warned the RI of similar transgressions, by filing a document that was clearly falsified, by falsely representing a vehicle to be older than it really is and certifying it to performance requirements that applied in an earlier year rather than to the requirements that applied in the year of its manufacture, or by representing that recall work had been done when it had not been done. Under proposed § 592.7(a)(2), if we decide that a RI has knowingly filed a false or misleading certification, we would automatically suspend the RI's registration, notifying the RI by letter of the decision, the length of the suspension, if applicable, and the facts and conduct upon which our decision was based. We would afford the RI, within 30 days of the Administrator's notification, an opportunity to challenge the decision by presenting data, views and arguments in writing or in person. We could also suspend a registration non-automatically for these violations under section 30141(c)(4)(A). For example, in a complex case involving filing a false and misleading certification under section 30146, we might provide an opportunity for a hearing before issuing a suspension.

We have identified three further situations that we believe warrant automatic suspension. It is imperative that we be able to reach each RI to obtain information or to conduct an inspection. Each RI must include telephone numbers and a street address in the United States with its application. Under current § 592.5(f), a regulation prescribed under section 30141(c)(1), a RI is to notify us in writing within 30 days after its change of street address or phone number. As noted above, in proposed new § 592.6(m), a RI would be required to notify us at least 30 days in advance of its change of street address and/or telephone number.

There have been instances in which mail addressed to a RI has been returned as ''undeliverable.'' When this occurs, and the RI cannot readily be contacted by us, the agency has lost its ability to communicate with the RI even though the RI may still be importing motor vehicles. This is an untenable and unacceptable situation. Therefore, we are proposing in § 592.7(a)(3) to automatically suspend a registration, and request Customs not to allow vehicles to be imported into the U.S. by a RI, if our letters to the RI are returned to us as undeliverable at the street address it has provided to us or if the telephone number provided to us is disconnected.

As discussed above, we are proposing that each entity who is a RI at the time that the final rule is adopted provide us with information equivalent to that which will be required of new RI applicants not later than 30 days after the effective date of the final rule (§ 592.6(r)). If a RI fails to provide this information, we would automatically suspend its registration (§ 592.7(a)(4)).

Our final proposal for automatic suspension of a registration reflects our concern over the recent practice of some RIs of releasing vehicles based upon forged or otherwise falsified documents purporting to be agency bond release letters. Such falsification is a criminal action deserving of severe sanctions. We intend to refer such matters to the Department of Justice for its consideration of possible criminal prosecution. In addition, however, we believe that the registration of a RI that is releasing vehicles on the basis of such falsified bond release letters should be suspended automatically, and we are proposing to include appropriate language in § 592.7(a). Moreover, it is likely that during such a suspension we would commence a proceeding to revoke the registration, in accordance with the procedures discussed below that we would adopt as part of § 592.7(b).

We are interested in having comments as to whether other violations of section 30141(c)(4) might warrant automatic suspension, such as failure to admit a NHTSA inspector to the premises, or to make records available for inspection.

2. Section 592.7(b): Non-Automatic Suspension and Revocation of Registrations

49 U.S.C. 30141(c)(4)(A) requires us to establish procedures for revoking or suspending a registration for not complying with a requirement of 49 U.S.C. 30141–30147, or any of sections 30112, 30115, 30117–30122, 30125(c), 30127, or 30166, or regulations prescribed under any of those sections. We had intended to implement 49 U.S.C. 30141(c)(4)(A) by regulation but have not completely done so.

The statute authorizes us to consider revocation or suspension of a RI's registration for a broad range of violations, literally for any failure to comply with any aspect of the Imported Vehicle Safety Act of 1988 or its implementing regulations, 49 CFR parts 591–594, as well other general requirements of Chapter 301 relating to notification, recalls, inspections, and recordkeeping. We are therefore proposing in § 592.7(b) to reflect the statutory language of 49 U.S.C. 30141(c)(4)(A) and to clarify and broaden the circumstances under which a registration may be suspended or revoked. This would encompass any failure to perform any duty prescribed by § 592.6.

We have also reviewed the suspension and revocation procedures currently specified in § 592.7(b) and (c). Under these procedures, if the Administrator has reason to believe that a RI has failed to comply with a requirement and that a RI's registration should be suspended or revoked, (s)he notifies the RI in writing, affording an opportunity to present data, views, and arguments, either in writing or in person, as to why the registration should not be revoked or suspended. The Administrator then decides as to the appropriate action under the circumstances. If a registration is suspended or revoked, the RI may

request reconsideration of the decision ''if the request is supported by factual matter which was not available to the Administrator at the time the registration was suspended or revoked'' (current § 592.7(d)).

These procedures currently apply to all suspensions and revocations (other than the automatic suspension of § 592.7(a) for failure to pay a fee). As discussed above, they would be slightly modified to apply to automatic suspensions to address cases in which a RI knowingly files a false or misleading certification.

We are proposing a revised procedure for non-automatic suspension and revocation of registrations. Under our proposal, the Administrator would notify the RI if there was reason to believe that the RI had violated one or more statutes or regulations, and that suspension for a proposed period or revocation would be an appropriate sanction under the circumstances. The proceedings would then essentially follow those set out in §§ 592.7(a), (b), and (c) of the current regulation, affording the RI, within 30 days of the Administrator's notification, an opportunity to present data, views and arguments in writing or in person as to whether the violations occurred, why the registration ought not to be suspended or revoked, or whether the suspension should be shorter than proposed. The Administrator would make a decision on the basis of all information then available, and notify the RI in writing of the decision. Because the Registered Importer would have already been afforded an opportunity to present data, views, and arguments relating to the proposed suspension, we do not plan to provide an opportunity to seek administrative reconsideration of a decision to suspend or revoke a registration under this subsection.

3. Section 592.7(c): Reinstatement of Suspended Registrations

Current § 592.7(f) specifies that the Administrator shall reinstate a suspended registration if the cause that led to the suspension no longer exists, as determined by the Administrator, either upon the Administrator's motion, or upon the submission of further information or fees by the RI. We believe that the provisions governing reinstatement of registrations need to be clarified and expanded to reflect the changes we are proposing in our suspension procedures.

Under our proposal, there are four specific bases upon which a registration could be automatically suspended (§ 592.7(a)), and a registration may be suspended for failure to comply with statutory or regulatory authorities after notification from the Administrator (§ 592.7(b)). Proposed § 592.7(c) would specify the conditions under which the registrations would be reinstated under each of the proposed bases for suspension.

4. Section 592.7(d): Effect of Suspension or Revocation.

If a registration is suspended or revoked, the entity will no longer be considered a RI, will no longer have the rights and authorities appertaining thereto, and must cease and will not be allowed to import vehicles. We would notify Customs of our action.

Under current § 592.7(e), if a registration is revoked, the RI is not refunded any annual or other fees it has paid for the fiscal year in which its registration is revoked. This would be retained in new § 592.7(d). In addition, in accordance with 49 U.S.C. 30141(c)(2), the section would specify that a RI whose registration has been revoked may not apply for reregistration. The prohibition would apply if any of the principals of the applicant had been, or been affiliated with, a principal of the RI whose registration was revoked.

5. Section 592.7(e): Continuing Obligations of a RI Whose Registration Has Been Revoked or Suspended

Section 592.7(e)(1) would clarify that a RI whose registration is suspended or revoked remains obligated under § 592.6(j) to notify owners of, and to remedy, noncompliances or safety-related defects for each vehicle for which it has furnished a certificate of conformity or information to the Administrator.

Although a suspended or revoked RI will be foreclosed from importing vehicles, there may well be Type 2 motor vehicles in its custody that are still under bond, or Type 1 vehicles for which information has not been submitted to the Administrator pursuant to § 592.6(e). New § 592.7(e)(2) would cover these vehicles. With respect to those Type 2 motor vehicles that the RI has certified and for which it has submitted certificates of conformity to NHTSA at the time of a suspension or revocation, NHTSA will review and act upon the submissions as if the suspension or revocation had not occurred, and the RI may release the vehicles from custody when NHTSA releases the bonds, even if its suspension is in effect. With respect to those vehicles for which certification or information submissions have not been submitted at the time a registration has been suspended, and the suspension is for the first time, the RI would not be precluded from performing conformance work, and it would be allowed to certify vehicles and submit certificates of conformity or information to NHTSA when the registration is reinstated, but it would be required to retain custody of those vehicles during the suspension period. NHTSA will toll the 120-day submittal period during the term of the first suspension. When a registration has been revoked, or suspended for a second (or more) time, the RI would be required to export all vehicles for which it has not yet submitted certificates of conformity or information to NHTSA at the time of the suspension or revocation.

As for those vehicles imported for personal use under § 591.5(f)(2)(ii) that the RI has contracted to conform and for which it has not yet submitted certifications, the RI would be required to notify immediately the owners of the vehicles of NHTSA's action. We are proposing to adopt a conforming amendment to part 591 under which the notified owner would be required to contract with another RI in order to have the vehicle certified and released. The applicable 120-day period for submission of certification information would be tolled during the period from the date of the RI's notice to the importer until the date of the contract with the substitute RI. This would be designated as § 591.7(e). We would remove existing § 591.7(e), which has expired (§ 591.7(e) provided for applications to the Administrator, on or before February 14, 2000, to change the status of vehicles imported pursuant to § 591.5(j)).

D. Proposed Amendments of Part 591 to Preclude the Importation by a RI of a Salvage, Repaired Salvage, or Reconstructed Motor Vehicle; Minor Conforming Amendments to Part 591; § 592.9: Forfeiture of Bond

Within the past year, some RIs have sought to import heavily damaged motor vehicles both before and after their repair. In addition, some motor vehicles have been imported consisting of the body of one vehicle and the chassis and frame of another. Although we may have determined under part 593 that the original vehicles, as manufactured, are capable of being modified to meet Federal motor vehicle safety standards, when a vehicle has been heavily damaged or reconstructed, we have no assurance that it can be restored to a condition in which it complies, or can be brought into compliance with, the Federal motor vehicle safety standards. We have tentatively decided that the

safety of the American public would be served by prohibiting importation of salvage vehicles into this country. Accordingly, we propose amending part 591 to require a RI to declare that the motor vehicle it is importing (whether Type 1 or Type 2) is not a salvage motor vehicle, a repaired salvage motor vehicle, or a reconstructed motor vehicle as defined below.

Under the proposal, a ''salvage motor vehicle'' would mean a vehicle that is less than 25 years old that has been damaged to the extent that to restore it to operable and licensable condition would require replacement of two or more specified major components such as engine and transmission, frame, front clip assembly and rear clip assembly. This definition is based in large part upon that of the State of Georgia. A ''repaired salvage motor vehicle'' would mean a salvage motor vehicle that has been restored to an operable and licensable condition. A ''reconstructed motor vehicle'' would mean a vehicle less than 25 years old whose body is mounted on a chassis or frame that is not its original chassis or frame. Pursuant to 49 U.S.C. 30112(b)(9), motor vehicles that are at least 25 years old may be imported without the need to meet the Federal motor vehicle safety standards.

Under our proposal, Part 592 would be extended to cover conformance with the theft prevention standard. We need, then, to modify the terms of the safety and bumper standard conformance bonds (appendix A and appendix B of part 591) to cover compliance with the theft prevention standard as well, and appropriate amendments are proposed. The two bonds presently differ somewhat in wording because they were adopted at different times, and we would also revise them in nonsubstantive ways to be more consistent with each other.

There is no need to modify the bond terms to reflect their applicability only to Type 2 motor vehicles, since the regulatory text in the first instance does not require the entry of a Type 1 motor vehicle to be accompanied by a bond.

Section 591.8(c) requires that ''the surety on a bond shall possess a certificate of authority to underwrite Federal bonds. (See list of certificated sureties at 54 FR 27800, June 30, 1989).'' When published late in 1989, this list was intended to be a reference to current sureties, rather than a list of sureties that is incorporated by reference. The list is a document that changes as sureties are added to and dropped from the list, and we wish to drop the reference to it. The requirement would remain, of course, that, at the time the bond is given, the surety possesses a certificate of authority to underwrite Federal bonds.

To ensure that the conditions under which the conformance bond may be forfeited are clearly understood, we are proposing to adopt a new § 592.9 that clearly describes the forfeiture conditions.

E. Section 594.11: Fees To Be Paid by Registered Importers for Importation of Type 1 Motor Vehicles

Under 49 CFR part 594, *Schedule of Fees Authorized by 49 U.S.C. 30141,* certain fees are due from RIs: A fee for importation of a vehicle covered by an eligibility decision made on NHTSA's initiative (§ 594.8); a fee to cover bond processing costs (§ 594.9), and a fee to cover review of and processing a conformity certificate (§ 594.10).

Type 1 motor vehicles remain vehicles covered by an eligibility decision made on NHTSA's initiative, and it appears appropriate that RIs continue to pay the fee established by § 594.8(c) for each Type 1 motor vehicle they import. Because no bond or certification conformity statement would accompany these vehicles, the fees established by §§ 594.9 and 594.10 would no longer be applicable. However, we will be receiving and processing certain identifying information on Type 1 motor vehicles, including information relating to safety recalls, and we believe that we will spend some amount of time on these activities that should be reimbursed pursuant to 49 U.S.C. 30141(c)(4). Based upon our experience in processing conformity packages submitted by RIs for Canadian vehicles, we estimate that the cost of processing the importation of a Type 1 motor vehicle would be approximately $13. Accordingly, we are proposing to add a new § 594.11 to require a fee of $13 for each Type 1 motor vehicle imported by a RI. If the information is submitted by Automated Broker Interface (ABI), the fee would be $6, provided that payment is by credit card and that all the information is correct.

These fees are identical to those that we adopted on September 19, 2000, as an amendment to § 594.10, *Fee for review and processing of conformity certificate,* and which apply to the importation of all nonconforming vehicles, including Canadian vehicles, effective October 1, 2000 (65 FR 56497). Because we cannot adopt § 594.11 until the amendments to part 592 are adopted, the fees specified in § 594.11 for the processing of information submitted for Type 1 vehicles will not be effective until October 1, 2001, assuming that a final rule based on this proposal is issued before that date. The question then arises as to the fee to be paid to the agency by a RI for the importation of Type 1 vehicles in the period between the effective date of the final rule and October 1, 2001. Because the information furnished the Administrator for Type 1 vehicles is, in effect, a certification of conformity of those vehicles, we will continue to collect the fees specified in § 594.10 in the interim period. We note, too, that these fees would be identical to those proposed for § 594.11.

IV. Effective Date

The final rule would be effective 30 days after its publication in the **Federal Register**.

V. Rulemaking Analyses and Notices

A. Executive Order 12866 (Federal Regulation) and DOT Regulatory Policies and Procedures

This notice has not been reviewed under E.O. 12866. After considering the impacts of this rulemaking action, we have determined that the action is not significant within the meaning of the Department of Transportation regulatory policies and procedures. The intent of the rulemaking action is to modify regulatory procedures that have been in effect for almost ten years. In most cases, the effect of the proposed amendments would be to relax or eliminate burdens on regulated entities. This action does not involve a substantial public interest or controversy. The rulemaking action would not have a substantial impact on any transportation safety program or on state and local governments. The impacts are so minimal as not to warrant the preparation of a full regulatory evaluation.

B. Regulatory Flexibility Act

We have also considered the effects of this action in relation to the Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*). For the reasons discussed above under E.O. 12866 and the DOT Policies and Procedures, I certify that this action will not have a significant economic impact upon a substantial number of small entities.

The following is our statement providing the factual basis for our certification (5 U.S.C. 605(b)). The proposal primarily affects registered importers (RIs) of motor vehicles. As of September 20, 2000, there were 166 entities that are currently RIs under 49 CFR part 592. Their business is importing motor vehicles for resale. That this is a profitable business is

demonstrated by the growing number of vehicles imported from Canada and the increasing number of applicants to become a RI. About 75 percent of vehicles being imported are Type 1 motor vehicles as defined by the proposal. If the proposed rule is adopted, a RI would be relieved of the present necessity to provide conformance bonds for these vehicles and to provide conformance information to us, resulting in cost savings to the RI. Other aspects of the proposal are refinements and clarifications of existing RI obligations. RIs may or may not be small businesses as defined by the Small Business Administration's regulations, but we believe that the overall effect of the proposal will be to the economic benefit of any RI, regardless of its size. Governmental jurisdictions will not be affected.

C. Executive Order 13132 (Federalism)

E.O. 13132 (64 FR 43255, August 10, 1999), revokes and replaces E.O.s 12612 ''Federalism'' and 12875 ''Enhancing the Intergovernmental Partnership.'' E.O. 13132 requires NHTSA to develop an accountable process to ensure ''meaningful and timely input by State and local officials in the development of regulatory policies that have federalism implications.'' E.O. 13132 defines the term ''Policies that have federalism implications'' to include regulations that have ''substantial direct effects on the States, on the relationship between the national government and the States, or on the distribution of power and responsibilities among the various levels of government.'' Under E.O. 13132, NHTSA may not issue a regulation that has federalism implication, that imposes substantial direct compliance costs, and that is not required by statute, unless the Federal government provides the funds necessary to pay the direct compliance costs incurred by State and local governments, or NHTSA consults with State and local officials early in the process of developing the proposed regulation.

The proposed rule will not have substantial direct effects on the States, on the relationship between the national government and the States, or on the distribution of power and responsibilities among the various levels of government as specified in E.O. 13132. Thus, the requirements of section 6 of the Executive Order do not apply to this rule.

D. National Environmental Policy Act

We have analyzed this action for purposes of the National Environmental Policy Act. The action will not have a significant effect upon the environment because the proposal would not impose any manufacturing requirements. We expect the volume of vehicles imported from Canada to increase, independent of our rulemaking actions.

E. Civil Justice Reform

This proposed rule does not have a retroactive or preemptive effect. Judicial review of a rule based on this proposal may be obtained pursuant to 5 U.S.C. 702. That section does not require that a petition for reconsideration be filed prior to seeking judicial review.

F. Paperwork Reduction Act

The procedures in this rule to permit importation of motor vehicles and equipment not originally manufactured for the U.S. market include information collection requirements as that term is defined by the Office of Management and Budget (OMB) in 5 CFR part 1320. The original information collection requirements of part 591 were approved by the OMB pursuant to the requirements of the Paperwork Reduction Act (44 U.S.C. 3501 *et seq.*). Under the proposal, new requirements would be imposed for submission of safety recall data on all vehicles, but this would be more than offset by the proposed reduction in paperwork required for Type 1 motor vehicles, which are 75 percent of the vehicles currently imported. We believe, therefore, that the existing clearance covers a final rule that would be based on implementing this proposal and we have not sought a new or expanded clearance. This collection of information has been assigned OMB Control No. 2127–0002 (''Motor Vehicle Information'').

G. Unfunded Mandates Reform Act of 1995

The Unfunded Mandates Reform Act of 1995 (Pub. L. 104–4) requires agencies to prepare a written assessment of the cost, benefits, and other effects of proposed or final rules that include a Federal mandate likely to result in the expenditure by state, local, or tribal governments, in the aggregate, or by the private sector, of more than $100 million annually. Because a final rule based on this proposal would not have an effect of $100 million, no Unfunded Mandates assessment has been prepared.

H. Plain Language

E.O. 12866 and the President's memorandum of June 1, 1998, require each agency to write all rules in plain language. Application of the principles of plain language include consideration of the following questions:

—Have we organized the material to suit the public's needs?
—Are the requirements in the proposed rule clearly stated?
—Does the proposed rule contain technical language or jargon that is unclear?
—Would a different format (grouping and order of sections, use of heading, paragraphing) make the rule easier to understand?
—Would more (but shorter) sections be better?
—Could we improve clarity by adding tables, lists, or diagrams?
—What else could we do to make the rule easier to understand?

If you have any responses to these questions, please include them in your comments on this document.

Request for Comments

How Do I Prepare and Submit Comments?

Your comments must be written and in English. To ensure that your comments are correctly filed in the Docket, please include the docket number of this document in your comments.

Your comments must not be more than 15 pages long (49 CFR 553.21). We established this limit to encourage you to write your primary comments in a concise fashion. However, you may attach necessary additional documents to your comments. There is no limit on the length of the attachments.

Please submit two copies of your comments, including the attachments, to Docket Management at the beginning of this document, under **ADDRESSES**.

How Can I Be Sure That My Comments Were Received?

If you wish Docket Management to notify you upon its receipt of your comments, enclose a self-addressed, stamped postcard in the envelope containing your comments. Upon receiving your comments, Docket Management will return the postcard by mail.

How Do I Submit Confidential Business Information?

If you wish to submit any information under a claim of confidentiality, you should submit three copies of your complete submission, including the information you claim to be confidential business information, to the Chief Counsel, NHTSA, at the address given at the beginning of this document under **FOR FURTHER INFORMATION CONTACT**. In addition, you should submit two copies

from which you have deleted the claimed confidential business information, to Docket Management at the address given at the beginning of this document under **ADDRESSES**. When you send a comment containing information claimed to be confidential business information, you should include a cover letter setting forth the information specified in our confidential business information regulation, 49 CFR part 512.

Will the Agency Consider Late Comments?

We will consider all comments that Docket Management receives before the close of business on the comment closing date indicated at the beginning of this notice under **DATES**. To the extent possible, we will also consider comments that Docket Management receives after that date. If Docket Management receives a comment too late for us to consider in developing a final rule (assuming that one is issued), we will consider that comment as an informal suggestion for future rulemaking action.

How Can I Read the Comments Submitted By Other People?

You may read the comments received by Docket Management at the address and times given near the beginning of this document under **ADDRESSES**.

You may also see the comments on the internet. To read the comments on the internet, take the following steps:

(1) Go to the Docket Management System (DMS) Web page of the Department of Transportation (*http://dms.dot.gov/*).

(2) On that page, click on ''search.''

(3) On the next page (*http://dms.dot.gov/search/*), type in the four-digit docket number shown at the heading of this document. Example: if the docket number were ''NHTSA–2000–1234,'' you would type ''1234.''

(4) After typing the docket number, click on ''search.''

(5) The next page contains docket summary information for the docket you selected. Click on the comments you wish to see.

You may download the comments. Although the comments are imaged documents, instead of the word processing documents, the ''pdf'' versions of the documents are word searchable.

Please note that even after the comment closing date, we will continue to file relevant information in the Docket as it becomes available. Further, some people may submit late comments. Accordingly, we recommend that you periodically search the Docket for new material.

List of Subjects in 49 CFR Parts 567, 591, 592, and 594

Imports, Motor vehicle safety, Motor vehicles, Reporting and recordkeeping requirements.

In consideration of the foregoing, 49 CFR parts 567, 591, 592, and 594 would be amended as follows:

PART 567—CERTIFICATION

1. The authority citation for part 567 would continue to read as follows:

Authority: 49 U.S.C. 322, 30111, 30115, 30117, 30166, 32502, 32504, 33101–33104, 33108, and 33109; delegation of authority at 49 CFR 1.50.

2. Section 567.4 would be amended by revising paragraph (k) to read as follows:

§ 567.4 Requirements for manufacturers of motor vehicles.

* * * * *

(k) In the case of passenger cars and multipurpose passenger vehicles (as defined by § 541.4(b)(5) of this chapter) admitted to the United States under part 591 of this chapter to which the label with statement required by paragraphs (a) and (g)(5)(ii) respectively of this section has not been affixed by the original producer or assembler of the vehicle, if the vehicle is from a line listed in appendix A to part 541 of this chapter the registered importer shall affix a label meeting the requirements of paragraph (g)(5)(ii) this section.

* * * * *

PART 591—IMPORTATION OF VEHICLES AND EQUIPMENT SUBJECT TO FEDERAL SAFETY, BUMPER AND THEFT PREVENTION STANDARDS

1. The authority citation for part 591 would be revised to read as follows:

Authority: Pub. L. 100–562, 49 U.S.C. 322(a), 30117, 30141–30147; delegation of authority at 49 CFR 1.50.

2. Section 591.4 would be amended by adding the following definitions in alphabetical order:

§ 591.4 Definitions.

* * * * *

Reconstructed motor vehicle means a motor vehicle whose body is less than 25 years old and which is mounted on a chassis or frame that is not its original chassis or frame and that is less than 25 years old.

Repaired salvage motor vehicle means a salvage motor vehicle that has been repaired to the extent that any State will issue it a title and register it for use on the public streets, roads or highways.

Salvage motor vehicle means a motor vehicle less than 25 years old that has been wrecked, damaged, or destroyed to the extent that to repair it to the extent that any State would issue it a title and register it for use on the public streets, roads or highways would require replacement of two or more of the following subassemblies: Front clip assembly (fenders, grille, hood and bumper), rear clip assembly (rear quarter panels and floor panel assembly), side assembly (fenders, door(s), and quarter panel), engine and transmission, top assembly (except for convertible tops), or frame.

3. Section 591.5 would be amended as follows:

a. By revising the introductory text of paragraph (f),

b. By adding the word ''and'' following the semicolon at the end of paragraph (f)(2)(ii),

c. By adding a new paragraph (f)(3), and

d. By adding a new paragraph (g). The revision and additions read as follows:

591.5 Declarations required for importation.

* * * * *

(f) The vehicle does not conform with all applicable Federal motor vehicle safety, bumper, and theft prevention standards, but the importer is eligible to import it because:

* * * * *

(3) The vehicle is not a salvage motor vehicle, a repaired salvage motor vehicle, or a reconstructed motor vehicle.

(g) The vehicle was certified by its original manufacturer as complying with all applicable Canadian motor vehicle safety standards and its original manufacturer has informed NHTSA that it complies with all applicable Federal motor vehicle safety, bumper, and theft prevention standards except the labeling requirements of Federal Motor Vehicle Safety Standards Nos. 101 and 110 or 120, and (if appropriate) S5.5.11 of § 571.108 of this chapter (related to daytime running lamps). The vehicle is not a salvage motor vehicle, a repaired salvage motor vehicle, or a reconstructed motor vehicle.

* * * * *

4. Section 591.6 would be amended by revising paragraphs (c) and (d) to read as follows:

§ 591.6 Documents accompanying declarations.

* * * * *

(c) A declaration made pursuant to paragraph (f) of § 591.5 of this part, and under a bond for the entry of a single vehicle, shall be accompanied by a bond

in the form shown in Appendix A to this part in an amount equal to 150% of the dutiable value of the vehicle, or, if under bond for the entry of more than one vehicle, shall be accompanied by a bond in the form shown in Appendix B to this part and by Customs Form CF 7501, for the conformance of the vehicle(s) with all applicable Federal motor vehicle safety, bumper, and theft prevention standards, or, if conformance is not achieved, for the delivery of such vehicles to the Secretary of the Treasury for export at no cost to the United Sates, or for its abandonment.

(d) A declaration made pursuant to paragraph (f) of § 591.5 of this part by an importer who is not a Registered Importer shall be accompanied by a copy of the contract or other agreement that the importer has with a Registered Importer to bring the vehicle into conformance with all applicable Federal motor vehicle safety, bumper, and theft prevention standards.

* * * * *

5. Section 591.7 would be amended by revising paragraph (e) to read as follows:

§ 591.7 Restrictions on importations.

* * * * *

(e) If the importer of a vehicle under § 591.5(f)(2)(ii) has been notified in writing by the Registered Importer with which it has executed a contract or other agreement that the registration of the Registered Importer has been suspended (for other than the first time) or revoked, pursuant to § 592.7 of this chapter, and that it has not affixed a certification label on the vehicle and/or filed a certification of conformance with the Administrator as required by § 592.6 of this chapter, and that it therefore may not release the vehicle for the importer, the importer shall execute a contract or other agreement with another Registered Importer for the certification of the vehicle and submission of the certification of conformance to the Administrator. The Administrator shall toll the 120-day period for submission of certification information to the Administrator pursuant to § 592.6(d) of this chapter during the period from the date of the Registered Importer's notification to the importer until the date of the contract with the substitute Registered Importer.

6. Section 591.8 would be amended by revising the first sentence of paragraph (a) and by revising paragraphs (c), (d), introductory text, (d)(1), (d)(2), and (d)(6) to read as follows:

§ 591.8 Conformance bond and conditions.

(a) The bond required under paragraph (c) of § 591.6 of this part for importation of a vehicle not originally manufactured to conform with all applicable standards issued under part 541, part 571 and part 581 of this chapter shall cover only one motor vehicle and shall be in an amount equal to 150% of the dutiable value of the vehicle. * * *

* * * * *

(c) The surety on the bond shall possess a certificate of authority to underwrite Federal bonds.

(d) In consideration of the release from the custody of the U.S. Customs Service, or the withdrawal from a Customs bonded warehouse into the commerce of, or for consumption in, the United States, or a motor vehicle not originally manufactured to conform to applicable standards issued under part 541, part 571, and part 581 of this chapter, the obligors (principal and surety) shall agree to the following conditions of the bond:

(1) To have such vehicle brought into conformity with all applicable standards issued under part 541, part 571, and part 581 of this chapter within the number of days after the date of entry that the Administrator has established for such vehicle (to wit, 120 days);

(2) In the case of a vehicle imported pursuant to paragraph (f) of § 591.5, to file (or if not a Registered Importer, to cause the Registered Importer of the vehicle to file) with the Administrator, a certificate that the vehicle complies with each Federal motor vehicle safety, bumper, and theft prevention standard in the year that the vehicle was manufactured that applies in such year to the vehicle; or

* * * * *

(6) If the principal has received written notice from the Administrator that the vehicle has been found not to comply with all applicable Federal motor vehicle safety, bumper, and theft prevention standards, and written demand that the vehicle be abandoned to the United States, or delivered to the Secretary of the Treasury for export (at no cost to the United States), or to abandon the vehicle to the United States, or to deliver the vehicle, or cause the vehicle to be delivered to, the custody of the District Director of Customs of the port of entry listed above, or to any other port of entry, and to secure all documents necessary for exportation of the vehicle from the United States at no cost to the United States, or in default of abandonment or redelivery after prior notice by the Administrator to the principal, to pay to the Administrator the amount of the bond.

* * * * *

7. Appendix A to part 591 would be amended by revising the introductory text and Conditions (1), (2), and (6) to read as follows:

Appendix A to Part 591—Section 591.5(f) Bond for the Entry of a Single Vehicle

Department of Transportation

National Highway Traffic Safety Administration

Bond to ensure conformance with federal motor vehicle safety, bumper, and theft prevention standards

(To redeliver vehicle, to produce documents, to perform conditions of release such as to bring vehicle into conformance with all applicable Federal motor vehicle safety, bumper, and theft prevention standards)

Know All Men by These Presents That

(principal's name, mailing address which includes city, state, ZIP code, and state of incorporation if a corporation), as principal, and (surety's name, mailing address which includes city, state, ZIP code and state of incorporation), as surety, are held and firmly bound unto the UNITED STATES OF AMERICA in the sum of (bond amount in words) dollars ($ (bond amount in numbers)), which represents 150% of the entered value of the following described motor vehicle, as determined by the U.S. Customs Service: (model year, make, series, and VIN) for the payment of which we bind ourselves, our heirs, executors, and assigns (jointly and severally), firmly bound by these presents.

WITNESS our hands and seals this _____ day of _____, 20_____.

Whereas, motor vehicles may be entered under the provisions of 49 U.S.C. Chapters 301, 325, and 331; and DOT Form HS–7 ''Declaration,''

Whereas, pursuant to 49 CFR part 591, a regulation promulgated under the provisions of 49 U.S.C. Chapter 301, the above-bounden principal desires to import permanently the motor vehicle described above, which is a motor vehicle that was not originally manufactured to conform with the Federal motor vehicle safety, or bumper, or theft prevention standards; and

Whereas, pursuant to 49 CFR part 592, a regulation promulgated under the provisions of 49 U.S.C. Chapter 301, the above-bounden principal has been granted the status of Registered Importer of motor vehicles not originally manufactured to conform with the Federal motor vehicle safety, bumper, and theft prevention standards (or, if not a Registered Importer, has a contract with a Registered Importer covering the vehicle described above); and

Whereas, pursuant to 49 CFR part 593, a regulation promulgated under 49 U.S.C. Chapter 301, the Administrator of the National Highway Traffic Safety Administration has determined that the motor vehicle described above is eligible for importation into the United States; and

Whereas, the motor vehicle described above has been imported at the port of _____, and entered at said port for consumption on entry No. _____, dated _____, 20_____,

Now, therefore, the condition of this obligation is such that—

(1) The above-bounden principal (the ''principal''), in consideration of the permanent admission into the United States of the motor vehicle described above (the ''vehicle''), voluntarily undertakes and agrees to have such vehicle brought into conformity with all applicable Federal motor vehicle safety, bumper, and theft prevention standards within the time period specified by the Administrator of the National Highway Traffic Safety Administration (the ''Administrator'');

(2) The principal shall then file, or if not a Registered Importer, shall then cause the Registered Importer of the vehicle to file, with the Administrator a certificate that the vehicle complies with each Federal motor vehicle safety standard in effect in the year that the vehicle was manufactured and which applies in such year to the vehicle, and that the vehicle complies with applicable requirements of the Federal bumper and theft prevention standards;

* * * * *

(6) And if the principal has received written notice from the Administrator that the vehicle has been found not to comply with all applicable Federal motor vehicle safety, bumper, and theft prevention standards, and written demand that the vehicle be abandoned to the United States, or delivered to the Secretary of the Treasury for export (at no cost to the United States), the principal shall abandon the vehicle to the United States, or shall deliver the vehicle, or cause the vehicle to be delivered to, the custody of the District Director of Customs of the port of entry listed above, or any other port of entry, and shall execute all documents necessary for exportation of the vehicle from the United States, at no cost to the United States; or in default of abandonment or redelivery after proper notice by the Administrator to the principal, the principal shall pay to the Administrator the amount of this obligation;

* * * * *

8. Appendix B to part 591 would be amended by revising the introductory text and Conditions (1), (2), and (6) to read as follows:

Appendix B to Part 591—Section 591.5(f) Bond for the Entry of More Than a Single Vehicle

Department of Transportation

National Highway Traffic Safety Administration

Bond to ensure conformance with federal motor vehicle safety, bumper, and theft prevention standards

(To redeliver vehicles, to produce documents, to perform conditions of release such as to bring vehicles into conformance with all applicable Federal motor vehicle safety, bumper, and theft prevention standards)

Know All Men by These Presents That (principal's name, mailing address which includes city, state, ZIP code, and state of incorporation if a corporation), as principal, and (surety's name, mailing address which includes city, state, ZIP code and state of incorporation) as surety, are held and firmly bound unto the UNITED STATES OF AMERICA in the sum of (bond amount in words) dollars ($ (bond amount in numbers)), which represents 150% of the entered value of the following described motor vehicle, as determined by the U.S. Customs Service: (model year, make, series, and VIN of each vehicle) for the payment of which we bind ourselves, our heirs, executors, and assigns (jointly and severally), firmly bound by these presents.

WITNESS our hands and seals this __day of __, 20__.

Whereas, motor vehicles may be entered under the provisions of 49 U.S.C. Chapters 301, 325, and 331; and DOT Form HS–7 ''Declaration,''

Whereas, pursuant to 49 CFR part 591, a regulation promulgated under the provisions of 49 U.S.C. Chapter 301, the above-bounden principal desires to import permanently the motor vehicles described above, which are motor vehicles that were not originally manufactured to conform with the Federal motor vehicle safety, or bumper, or theft prevention standards; and

Whereas, pursuant to 49 CFR part 592, a regulation promulgated under the provisions of 49 U.S.C. Chapter 301, the above-bounden principal has been granted the status of Registered Importer of motor vehicles not originally manufactured to conform with the Federal motor vehicle safety, bumper, and theft prevention standards; and

Whereas, pursuant to 49 CFR part 593, a regulation promulgated under 49 U.S.C. Chapter 301, the Administrator of the National Highway Traffic Safety Administration has determined that each motor vehicle described above is eligible for importation into the United States; and

Whereas, the motor vehicles described above have been imported at the port of _____, and entered at said port for consumption on entry No. _____, dated _____, 20_____;

Now, therefore, the Condition of this Obligation is such that—

(1) The above-bounden principal (the ''principal''), in consideration of the permanent admission into the United States of the motor vehicles described above (the ''vehicles''), voluntarily undertakes and agrees to have such vehicles brought into conformity with all applicable Federal motor vehicle safety, bumper, and theft prevention standards within the time period specified by the Administrator of the National Highway Traffic Safety Administration (the ''Administrator'');

(2) For each motor vehicle described above, the principal shall then file with the Administrator a certificate that such vehicle complies with each Federal motor vehicle safety standard in effect in the year that such vehicle was manufactured and which applies in such year to such vehicle, and that such vehicle complies with applicable requirements of the Federal bumper and theft prevention standards;

* * * * *

(6) And if the principal has received written notice from the Administrator that such vehicle has been found not to comply with all applicable Federal motor vehicle safety, bumper, and theft prevention standards, and written demand that such vehicle be abandoned to the United States, or delivered to the Secretary of the Treasury for export (at no cost to the United States), the principal shall abandon such vehicle to the United States, or shall deliver such vehicle, or cause such vehicle to be delivered to, the custody of the District Director of Customs of the port of entry listed above, or any other port of entry, and shall execute all documents necessary for exportation of such vehicle from the United States, at no cost to the United States; or in default of abandonment or redelivery after proper notice by the Administrator to the principal, the principal shall pay to the Administrator an amount equal to 150% of the entered value of such vehicle as determined by the U.S. Customs Service;

* * * * *

PART 592—REGISTERED IMPORTERS OF VEHICLES NOT ORIGINALLY MANUFACTURED TO CONFORM TO THE FEDERAL MOTOR VEHICLE SAFETY STANDARDS

1. The authority citation for part 592 would be revised to read as follows:

Authority: Pub. L. 100–562, 49 U.S.C. 322(a), 30117, 30141–30147; delegation of authority at 49 CFR 1.50.

2. Section 592.4 would be amended by adding the following definitions in alphabetical order:

§ 592.4 Definitions.

* * * * *

Independent insurance company means an entity that is registered with any State and authorized to conduct an insurance business, none of whose affiliates, shareholders, officers, directors, or employees, or in affinity with such, is employed by, or has a financial interest in, or otherwise controls or participates in the business of, a Registered Importer to which it issues or underwrites a service insurance policy.

* * * * *

Principal means any officer, partner, or director of a Registered Importer, and any person whose ownership interest in a Registered Importer is 10% or more.

* * * * *

Safety recall means a notification and remedy campaign conducted pursuant to 49 U.S.C. 30118–30120 to address a noncompliance with a Federal motor vehicle safety standard or a defect that relates to motor vehicle safety.

Service insurance policy means any policy issued or underwritten by an independent insurance company which covers a specific Type 1 or Type 2 motor vehicle and guarantees that any noncompliance with a Federal motor vehicle safety standard or defect related to motor vehicle safety determined to exist in that vehicle will be remedied without charge to the owner of the vehicle.

Type 1 motor vehicle means a motor vehicle that is certified by its original manufacturer as complying with all applicable Canadian motor vehicle safety standards and whose original manufacturer has informed NHTSA in writing that the vehicle complies with all applicable Federal motor vehicle safety, bumper, and theft standards (except the labeling requirements of Federal Motor Vehicle Safety Standards Nos. 101 and 110 or 120, and (if appropriate) S5.5.11 of § 571.108 of this chapter (related to daytime running lamps)).

Type 2 motor vehicle means a motor vehicle, other than a Type 1 motor vehicle, that is not certified by its original manufacturer as complying with all applicable Federal motor vehicle safety, bumper, and theft prevention standards.

3. Section 592.5 would be amended by revising paragraphs (a)(3), (4), (5), (9) and (11), (b), (e) and (f) and by adding a new paragraph (h) to read as follows:

§ 592.5 Requirements for registration and its maintenance.

(a) * * *

(3) Sets forth the full name, street address, and title of the person preparing the application, and the full name, street address, e-mail address (if any), and telephone and facsimile (if any) numbers in the United States of the person for whom application is made (the ''applicant'').

(4) Specifies the form of the applicant's organization and the State under which it is organized, and:

(i) If the applicant is an individual, the application must include the full name, street address, date of birth, and Social Security Number of the individual;

(ii) If the applicant is a partnership, the application must include the full name, street address, date of birth, and Social Security Number of each partner; if one or more of the partners is a limited partnership, the application must include the names and street addresses of the general partners and limited partnership; if one or more of the partners is a corporation, the application must include the information specified by either paragraph (a)(4)(iii) or (iv) of this section, as applicable;

(iii) If the applicant is a non-public corporation, the application must include the full name, street address, date of bith, and Social Security Number of each officer, director, manager, and person who is authorized to sign documents on behalf of the corporation. The application must also include the name of any person who owns or controls 10 percent or more of the corporation. The applicant must also provide a statement issued by the Office of the Secretary of State, or other official of the State in which the applicant is incorporated, certifying that the applicant is a corporation in good standing;

(iv) If the applicant is a public corporation, the applicant must include a copy of its latest 10–K filing with the Securities and Exchange Commission, and provide the name and address of any person who is authorized to sign documents on behalf of the corporation;

(v) Contains a statement that the applicant has never had a registration revoked pursuant to § 592.7, nor is it, or was it, directly or indirectly, owned or controlled by, or under common ownership or control with, a Registered Importer which has had a registration revoked pursuant to § 592.7; and

(vi) Identifies any shareholder, officer, director, employee, or any person in affinity with such, who has been previously affiliated with another Registered Importer in any capacity. If the response is affirmative, the applicant shall state the name of each such Registered Importer and the affiliation of any identified person.

(5) Includes the following:

(i) The street address of each of its facilities for conformance, storage, and repair in the United States that the applicant will use to fulfill its duties as a Registered Importer and where the applicant will maintain the records it is required by this part to keep;

(ii) The street address that the applicant designates as its mailing address (in addition, an applicant may list a post office box, provided that it is in the same city as the street address designated as its mailing address);

(iii) A copy of the applicant's business license or other similar document issued by a State of the United States or a political subdivison thereof, authorizing it to do business as an importer, or modifier, or seller of motor vehicles, or a statement by the applicant that it has made a bona fide inquiry and is not required by such state or local law to have such a license or document;

(iv) The name of each principal of the applicant whom the applicant authorizes to submit conformity certifications to NHTSA and the street address of the repair, storage, or conformance facility where each such principal will be located; and

(v) If an applicant is not organized under the laws of a State of the United States, the application must be accompanied by the applicant's designation of an agent for service of process in the form specified by § 551.45 of this chapter.

* * * * *

(9) Sets forth in full complete descriptive information, views, and arguments sufficient to establish that the applicant:

(i) Is technically able to modify any nonconforming motor vehicle to conform to all applicable Federal motor vehicle safety, bumper, and theft prevention standards, including but not limited to the professional qualifications of the applicant and its employees at the time of the application (such as whether any such have been certified as mechanics), and a description of their experience in conforming and repairing vehicles;

(ii) Owns or leases facilities sufficient in nature and size to repair, conform, and store the number of vehicles for which it provides certification of conformance to NHTSA and which it imports and may hold pending release of conformance bonds, including a copy of a deed or lease evidencing ownership or tenancy for each such facility, still or video photographs of each such facility, the street address of each such facility, and for each such facility, a license or similar document issued by an appropriate state or local authority stating that the applicant is licensed to do business as an importer and/or modifier and/or seller of motor vehicles at that facility (or a statement by the applicant that it has made a bona fide inquiry and is not required by state or local law to have such a license or permission);

(iii) Is financially and technically able to notify and remedy a noncompliance with a Federal motor vehicle safety standard or defect related to motor vehicle safety determined to exist in the

vehicles that it imports and/or for which it provides certification of conformity to NHTSA through repair, repurchase or replacement of such vehicles; and

(iv) Is able to acquire and maintain information regarding the vehicles that it imported and the names and addresses of owners of the vehicles that it imported and/or for which it provided certifications of conformity to NHTSA in order to notify such owners when a noncompliance or defect related to motor vehicle safety has been determined to exist in such vehicles.

* * * * *

(11) Contains the statement: ''I certify that I have read and understood the duties of a Registered Importer, as set forth in 49 CFR 592.6, and that [name of applicant] will fully comply with each such duty. I further certify that all the information provided in this application is true and correct. I further certify that I understand that, in the event the registration for which it is applying is suspended or revoked, or lapses, (name of applicant) will remain obligated to notify owners and to remedy noncompliances or safety related defects, as required by 49 CFR 592.6(j), for each vehicle for which it has furnished a certificate of conformity or information to the Administrator.''

(b) If the application is incomplete, the Administrator notifies the applicant in writing of the information that is needed for the application to be complete and advises that no further action will be taken on the application until the applicant has furnished all the information needed.

* * * * *

(d) When the application is complete (and, if applicable, when the applicant has paid a sum representing the inspection component of the initial annual fee), the Administrator reviews the application and decides whether the applicant has complied with the requirements prescribed by paragraph (a) of this section. The Administrator shall base this decision on the application and upon any inspection NHTSA may have conducted of the applicant's conformance, storage, and recordkeeping facilities and any assessment of the applicant's personnel. If the Administrator decides that the applicant complies with the requirements, (s)he informs the applicant in writing and issues it a Registered Importer Number.

(e)(1) The Administrator shall deny registration to any applicant who (s)he decides does not comply with the requirements of paragraph (a) of this section and to an applicant whose previous registration has been revoked. The Administrator also may deny registration to an applicant that is or was owned or controlled by, or under common ownership or control with, or in affinity with, a Registered Importer whose registration has been revoked. In determining whether to deny an application, the Administrator may consider whether the applicant is comprised in whole or in part of relatives, employees, major shareholders, partners, or relations of former partners, of a Registered Importer whose registration was revoked.

(2) If the Administrator denies an application, (s)he informs the applicant in writing of the reasons for denial and that the applicant is entitled to a refund of that component of the initial annual fee representing the remaining costs of administration of the registration program, but not those components of the initial annual fee representing the costs of processing the application, and, if applicable, the costs of conducting an inspection of the applicant's facilities.

(3) Within 30 days of the date of the denial, the applicant may submit a petition for reconsideration. The applicant may submit information and/or documentation supporting its request. If the Administrator grants the request, (s)he notifies the applicant in writing and issues it a Registered Importer Number. If the Administrator denies the request, (s)he notifies the applicant in writing and refunds that component of the initial annual fee representing the remaining costs of administration of the registration program, but does not refund those components of the initial annual fee representing the costs of processing the application, and, if applicable, the costs of conducting an inspection.

(f) In order to maintain its registration, a Registered Importer must file an annual statement. The Registered Importer must affirm in its annual statement that all information provided in its application or pursuant to § 592.6(r) of this part, or as may have been changed in any notification that it has provided to the Administrator in compliance with § 592.6(m) of this part, remains correct, and that it continues to comply with the requirements to be a Registered Importer. The Registered Importer must include with its annual statement a current copy of its service insurance policy. Such statement must be titled ''Yearly Statement of Registered Importer,'' and must be filed not later than September 30 of each year. A Registered Importer must also pay any annual fee, and any other fee, that is established under part 594 of this chapter. An annual fee must be paid not later than September 30 of any calendar year for the fiscal year that begins on October 1 of that calendar year. The Registered Importer must pay any other fee not later than 15 days after the date of the written notice from the Administrator.

* * * * *

(h) An applicant whose application is pending on [the effective date of the final rule] and which has not provided the information required by paragraph (a) of this section, as amended, will be notified by the Administrator that it must provide all the information required by this amended subsection before the Administrator gives further consideration to the application.

4. Section 592.6 would be revised to read as follows:

§ 592.6 Duties of a registered importer.

Each Registered Importer must:

(a) With respect to each motor vehicle that it imports into the United States, assure that the Administrator has decided that it is eligible for importation pursuant to part 593 of this chapter, prior to such importation. The Registered Importer must also bring such vehicle into conformity with all applicable Federal motor vehicle safety standards prescribed under part 571 of this chapter, the bumper standard prescribed under part 581 of this chapter, if applicable, and the theft prevention standard prescribed under part 541 of this chapter, if applicable, and furnish certification to the Administrator pursuant to § 592.6(e) of this part, within 120 calendar days after such entry, if a Type 2 motor vehicle. For each Type 2 motor vehicle, the Registered Importer must furnish to the Secretary of Treasury at the time of importation a bond in an amount equal to 150 percent of the dutiable value of the eligible vehicle, as determined by the Secretary of the Treasury, to ensure that such vehicle either will be brought into conformity with all applicable Federal motor vehicle safety, bumper, and theft prevention standards or will be exported (at no cost to the United States) by the importer or the Secretary of the Treasury or abandoned to the Unites States. However, if the Registered Importer has procured a continuous entry bond, it must furnish the Administrator with such bond, and must furnish the Secretary of the Treasury (acting on behalf of the Administrator) with a photocopy of such bond and Customs Form CF 7501 at the time of importation of each Type 2 motor vehicle.

(b) Establish, maintain, and retain, for 10 years from the date of entry, at the facility in the United States it has identified in its application pursuant to

§ 592.5(a)(5)(ii) of this part, for each Type 1 motor vehicle that it imports, and each Type 2 motor vehicle for which it furnishes a certificate of conformity, the following records, correspondence and other documents, in hard copies:

(1) The declaration required by § 591.5 of this chapter.

(2) All vehicle or equipment purchase or sales orders or agreements, conformance agreements between the Registered Importer and persons who import motor vehicles for personal use, and correspondence between the Registered Importer and the owner or purchaser of the vehicle.

(3) The make, model, model year, odometer reading, and VIN of each vehicle that it imports and the last known name and address of the owner or purchaser of the vehicle.

(4) Records, both photographic and documentary, sufficient to identify the vehicle and to substantiate that it has been brought into conformity with all safety, bumper, and theft prevention standards that apply to the vehicle, that the certification label has been affixed, and that either the vehicle is not subject to any safety recalls or that all noncompliances and safety defects covered by such recalls were remedied before the submission to the Administrator under paragraph (d) or (e) of this section. All required photographs shall be in true and unaltered form.

(5) A copy of the certification submitted to the Administrator pursuant to paragraph (d) of this section, and information submitted pursuant to paragraph (e) of this section.

(6) The number that the issuer has assigned to the service insurance policy that will accompany the vehicle and the name of the issuer of the policy, and substantiation that the Registered Importer has notified the issuer of the policy that a policy of the issuer has been provided with the vehicle.

(c) Take possession of the vehicle and perform all modifications necessary to conform the vehicle to all Federal motor vehicle safety, bumper, and theft prevention standards that apply to the vehicle at a facility that it has identified to the Administrator pursuant to § 592.5(a)(5)(i) of this part, and permanently affix to the vehicle at that facility, upon completion of conformance modifications and remedy of all noncompliances and defects related to any pending safety recalls, a label that identifies the Registered Importer and states that the Registered Importer certifies that the vehicle complies with all Federal motor vehicle safety, bumper, and theft prevention standards that apply to the vehicle, and contains all additional information required by § 567.4 of this chapter.

(d) For each Type 2 motor vehicle, certify to the Administrator:

(1) within 120 days of the importation that it has brought the motor vehicle into conformity with all applicable Federal motor vehicle safety and bumper standards in effect at the time the vehicle was manufactured. The Registered Importer shall also certify, as appropriate, that either:

(i) The vehicle is not required to comply with the parts marking requirements of the theft prevention standard (part 541 of this chapter);

(ii) The vehicle complied as manufactured with those parts marking requirements; or

(iii) The Registered Importer has brought the vehicle into compliance with those requirements.

(2) If the Registered Importer certifies that the vehicle was originally manufactured to comply with a standard that does not apply to the vehicle or that it has modified the vehicle to conform to such standard, or if the certification is incomplete, the Administrator may refuse to accept the certification. The Administrator shall refuse to accept a certification for a vehicle that has not been determined to be eligible for importation under part 593 of this chapter. If the Administrator does not accept a submission, (s)he shall return it to the Registered Importer. The costs associated with such a return will be charged to the Registered Importer. If the Administrator returns the submission as described above, the 120-day period specified in paragraph (d)(1) of this section continues to run. If the Registered Importer certifies that it has modified the vehicle to bring it into compliance with a standard and has, in fact, performed no such modifications, the Administrator will regard such certification as ''knowingly false'' within the meaning of 49 U.S.C. 30115 and 49 U.S.C. 30141(c)(4)(B).

(3) The certification must be signed and submitted by a principal of the Registered Importer designated in its registration application pursuant to § 592.5(a)(5)(iv) of this part, with an original signature and not with a stamp or other device, and must include the statement that the signer has personal knowledge that the RI has performed all work required to bring such vehicle into conformity with all applicable Federal motor vehicle safety, bumper, and theft prevention standards.

(4) The submission to the Administrator must specify the location of the facility where the vehicle was conformed, and the location where the Administrator may inspect the motor vehicle.

(5) The submission to the Administrator must contain substantiation that the vehicle is not subject to any safety recall campaigns as of the time of such submission, or, alternatively, that all noncompliances and defects covered by those safety recall campaigns have been remedied.

(6) When a Registered Importer certifies a make, model, and model year of a Type 2 motor vehicle for the first time, its submission must include:

(i) The make, model, model year and date of manufacture, odometer reading, VIN that complies with § 565.4(b), (c), and (g) of this chapter, and Customs Entry Number,

(ii) A statement that it has brought the vehicle into conformity with all Federal motor vehicle safety, bumper, and theft prevention standards that apply to the vehicle, and a description, with respect to each standard for which modifications were needed, of the modifications performed,

(iii) A copy of the bond given at the time of entry to ensure conformance with the safety standards,

(iv) The vehicle's vehicle eligibility number,

(v) A copy of the HS–7 form executed at the time of its importation if a Customs broker did not make an electronic entry with Customs,

(vi) True and unaltered front, side, and rear photographs of the vehicle,

(vii) True and unaltered photographs of the original manufacturer's certification label and the certification label of the Registered Importer affixed to the vehicle (and, if the vehicle is a motorcycle, a photograph or photocopy of the Registered Importer certification label before it has been affixed),

(viii) Photographs and documentation sufficient to demonstrate conformity, and

(ix) The policy number of the service insurance policy furnished with the vehicle pursuant to paragraph (g) of this section.

(7) Except as specified below in this paragraph, a Registered Importer's second and subsequent certification submissions for a given make, model, and model year vehicle must contain the same information as its first submission, including the VIN of the vehicle covered that complies with § 565.4(b), (c), and (g) of this chapter, and must refer to its first submission. If the Registered Importer conformed such a vehicle in the same manner as it stated in its initial submission, it may say so in a subsequent submission and it need only provide photographs and documentation of the modifications that

it made to such a vehicle to achieve conformity.

(e) For each Type 1 motor vehicle:

(1) Submit to the Administrator the make, model, model year, odometer reading, VIN that complies with § 565.4(b), (c), and (g) of this chapter, date of manufacture, and Customs entry number of the vehicle, the policy number of the service insurance policy furnished with the vehicle pursuant to paragraph (g) of this section, and substantiation that the vehicle is not subject to any safety recall campaigns as of the time of the submission, or, alternatively, that all noncompliances and defects covered by those safety recall campaigns have been remedied.

(2) The submission must contain a statement that the vehicle complies with, or that the Registered Importer has brought it into compliance with, all safety and bumper standards that apply to the vehicle. The Registered Importer shall also state, as appropriate, that either:

(i) The vehicle is not required to comply with the parts marking requirements of the theft prevention standard (part 541 of this chapter);

(ii) The vehicle as manufactured complied with those parts marking requirements; or

(iii) The Registered Importer brought the vehicle into compliance with those requirements.

(3) The submission must be signed and submitted by a principal of the Registered Importer designated in its registration application pursuant to § 592.5(a)(5)(D) of this part, with an original signature and not with a stamp or other device, and must include the statement that the signer has personal knowledge that the RI has certified that the vehicle complies with all applicable Federal motor vehicle safety, bumper, and theft prevention standards.

(4) The information required by this subparagraph must be submitted on a monthly basis so that the Administrator receives it within 10 days of the end of the month in which the vehicle was imported.

(f) With respect to each Type 2 motor vehicle, not take any of the following actions until the bond referred to in paragraph (a) of this section has been released, unless 30 days have elapsed from the date the Administrator receives the Registered Importer's certification of compliance of the motor vehicle in accordance with paragraph (d) of this section (the 30-day period may be extended if the Administrator has made written demand to inspect the motor vehicle):

(1) Operate the motor vehicle on the public streets, roads, and highways;

(2) Sell the motor vehicle or offer it for sale;

(3) Store the motor vehicle on the premises of a dealer;

(4) License or register the motor vehicle for use on public streets, roads, or highways; or

(5) Release custody of the motor vehicle to a person for sale, or license or registration for use on public streets, roads, and highways.

(g) Furnish with each motor vehicle for which it furnishes certification or information to the Administrator in accordance with paragraphs (d) or (e) of this section, not later than the time it sells the vehicle, or releases custody of a vehicle to an owner who has imported it for personal use, a service insurance policy written or underwritten by an independent insurance company, in the amount of $2,000. The Registered Importer shall provide the insurance company with a monthly list of the VINs of vehicles covered by the policies of the insurance company, and shall retain a copy of each such list in its files.

(h) Comply with the requirements of part 580 of this chapter, *Odometer Disclosure Requirements,* when the Registered Importer is a transferor of a vehicle as defined by Sec. 580.3 of that part.

(i) With respect to any Type 2 motor vehicle it has imported and for which it has furnished a performance bond, deliver such vehicle to the Secretary of the Treasury for export, or abandon it to the United States, upon demand by the Administrator, if such vehicle has not been brought into conformity with all applicable Federal motor vehicle safety, bumper, and theft prevention standards in a timely manner.

(j)(1) With respect to any motor vehicle that it has imported or for which it has furnished a certificate of conformity or information to the Administrator as provided in paragraphs (d) or (e) of this section, provide notification and a remedy without charge to the vehicle owner according to part 577 of this chapter, after any determination that a vehicle to which such motor vehicle is substantially similar under part 593 of this chapter contains a defect related to motor vehicle safety or fails to conform with an applicable Federal motor vehicle safety standard. However, this obligation does not exist if the manufacturer of the vehicle or the Registered Importer of such vehicle demonstrates to the Administrator that the defect or noncompliance is not present in such vehicle, or that the defect or noncompliance was remedied before the submission of the certificate or the information to the Administrator, or that the original manufacturer of the vehicle will provide such notification and remedy.

(2) With respect to defects and noncompliances that are determined to exist in vehicles described in the first sentence of paragraph (j)(1) of this section, inform the Administrator in writing whether the original manufacturer or the Registered Importer will provide the required notification and remedy. If the Registered Importer informs the Administrator that the manufacturer will notify and remedy, the Registered Importer must submit documentation sufficient to support its statement. If the Registered Importer informs the Administrator that it will notify and remedy, it must provide the Administrator with a copy of the notification that it intends to send. A Registered Importer must inform the Administrator according to this subsection not later than 30 days after the original manufacturer commences its notification campaign.

(3) Any notification to vehicle owners sent by a Registered Importer must contain the information specified in § 577.5 of this chapter, and must include the statement that if the Registered Importer's repair facility is more than 50 miles from the owner's mailing address, remedial repairs may be performed at no charge at a specific facility designated by the Registered Importer that is within 50 miles of the owner's mailing address, or, if no such facility is designated, that repairs may be performed anywhere, with the cost of parts and labor to be reimbursed by the Registered Importer.

(4) Such notification by a Registered Importer must also conform to the requirements of §§ 577.7 and 577.8 of this chapter, and is subject to §§ 577.9 and 577.10 of this chapter.

(5) Except as provided in this paragraph, instead of the six quarterly reports required by § 573.6(a) of this chapter, the Registered Importer must submit to the Administrator two reports containing the information specified in § 573.6(b)(1)–(4) of this chapter. The reports shall cover the periods ending nine and 18 months after the commencement of the owner notification campaign, and must be submitted within 30 days of the end of each period. However, the reporting requirements established by this paragraph shall not apply to any safety recall that a vehicle manufacturer conducts that includes vehicles for which the Registered Importer has submitted the information required by paragraphs (d) or (e) of this section.

(6) The requirement that the remedy be provided without charge does not apply if the motor vehicle was bought by its first purchaser from the Registered Importer (or, if imported for personal use, conformed pursuant to a contract with the Registered Importer) more than 10 calendar years before the date the Registered Importer or the original manufacturer notifies the Administrator of the noncompliance or safety-related defect pursuant to part 573 of this chapter.

(k) In order that the Administrator may determine whether the Registered Importer is meeting its statutory responsibilities, allow representatives of NHTSA during operating hours, upon demand, and upon presentation of credentials, to copy documents, or to inspect, monitor, or photograph any of the following:

(1) Any facility where any vehicle for which a Registered Importer has the responsibility of providing a certificate of conformity to applicable safety standards is being modified, repaired, tested, or stored, and any facility where any record or other document relating to the modification, repair, testing, or storage of these vehicles is kept;

(2) Any part or aspect of activities relating to the modification, repair, testing, or storage of vehicles by the Registered Importer;

(3) Any motor vehicle for which the Registered Importer has provided a certification of conformity to the Administrator before the Administrator releases the conformance bond.

(l) Provide an annual statement and pay an annual fee as required by § 592.5(e) of this part.

(m) Except as noted in this paragraph, notify the Administrator in writing of any change that occurs in the information which was submitted in its registration application, not later than the 30th calendar day after such change. If a Registered Importer intends to use a facility that was not identified in its registration application, not later than 30 days before it begins to use such facility, it must notify the Administrator of its intent to use such facility with a description of its intended use, provide a copy of the lease or ownership agreement relating to that facility and a copy of the license or similar document issued by an appropriate state or municipal authority stating that the Registered Importer is licensed to do business at that facility as an importer and/or modifier and/or seller of motor vehicles (or a statement that it has made a bona fide inquiry and is not required by state or local law to have such a license or permission), and supply non-electronic photographs of that facility. If a Registered Importer intends to change its street address or telephone number or discontinue use of a facility that was identified in its registration application, it shall notify the Administrator not less than 10 days before such change or discontinuance of such use, and identify the facility, if any, that will be used instead.

(n) Assure that at least one full-time employee of the Registered Importer is present at each of the facilities it maintains for the repair, conformance, or storage of motor vehicles in connection with its duties as a Registered Importer.

(o) Not co-utilize the same employee, or any repair, conformance, or storage facility with any other Registered Importer.

(p) Make timely, complete, and accurate responses to any requests by the Administrator for information, whether by general or special order or otherwise, to enable the Administrator to decide whether the Registered Importer has complied or is complying with 49 U.S.C. Chapters 301, 325, and 331, and the regulations issued thereunder.

(q) Pay all fees either by certified check, cashier's check, money order, credit card, or Electronic Funds Transfer System made payable to the Treasurer of the United States, in accordance with the invoice of fees incurred by the Registered Importer in the previous month that is provided by the Administrator. All such fees are due and payable not later than 15 days from the date of the invoice.

(r) Not later than [30 days after the effective date of the final rule amending § 592.5(a)], file with the Administrator all information required by § 592.5(a) of this part, as amended. If a Registered Importer has previously provided any item of information to the Administrator in its registration application, annual statement, or notification of change, it may incorporate that item by reference in the filing required under this subsection, provided that it clearly indicates the date, page, and entry of the previously-provided document.

5. Section 592.7 would be revised to read as follows:

§ 592.7 Automatic suspension, suspension, revocation, and reinstatement of suspended registrations.

This section specifies the acts and omissions that may result in suspensions and revocations of Registered Importers by NHTSA, the process for such suspensions and revocations, and the provisions applicable to the reinstatement of suspended registrations.

(a) *Automatic suspension of a registration.* 49 U.S.C. 30141(c)(4)(B) explicitly authorizes NHTSA to automatically suspend a registration when a Registered Importer does not, in a timely manner, pay a fee required by part 594 of this chapter or for knowingly filing a false or misleading certification under 49 U.S.C. 30146. NHTSA also may automatically suspend a registration under other circumstances, as specified in paragraphs (a)(3), (4) and (5) of this section.

(1) If the Administrator has not received the annual fee from a Registered Importer by the close of business on October 10 of a year, or, if October 10 is a weekend or holiday, by the next business day thereafter, or has not received any other fee owed by a Registered Importer within 15 calendar days from the date of the Administrator's invoice, the Registered Importer's registration will be automatically suspended at the beginning of the first following business day. The Administrator will promptly notify the Registered Importer in writing of the suspension. Such suspension shall remain in effect until reinstated pursuant to paragraph (c)(1) of this section.

(2) If the Administrator decides that a Registered Importer has knowingly filed a false or misleading certification, (s)he shall promptly notify the Registered Importer in writing that its registration is automatically suspended. The notification shall inform the Registered Importer of the facts and conduct upon which the decision is based, and the period of suspension (which begins as of the date of the Administrator's written notification). The notification shall afford the Registered Importer an opportunity to seek reconsideration of the decision by presenting data, views, and arguments in writing and/or in person, within 30 days. Not later than 30 days after the submission of data, views, and arguments, the Administrator, after considering all the information available, shall notify the Registered Importer in writing of his or her decision on reconsideration. Any suspension issued under this paragraph shall remain in effect until reinstated pursuant to paragraph (c)(2) of this section.

(3) If mail is undeliverable to the Registered Importer at the official street address it has provided to the Administrator, or if the telephone has been disconnected at the telephone number specified by the Registered Importer, the Administrator may automatically suspend the Registered Importer's registration. Such suspension shall remain in effect until the

registration is reinstated pursuant to paragraph (c)(3) of this section.

(4) If a Registered Importer, not later than [30 days after the effective date of the final rule amending § 592.5(a)], does not file with the Administrator all information required by § 592.5(a) of this part, as required by § 592.6(r) of this part, the Administrator may automatically suspend the registration. The Administrator shall promptly notify the Registered Importer in writing of the suspension. Such a suspension shall remain in effect until the registration is reinstated pursuant to paragraph (c)(4) of this section.

(5) If a Registered Importer releases one or more Type 2 motor vehicles on the basis of a forged or falsified bond release letter, and the Administrator has not in fact issued such a letter, the Administrator may automatically suspend the registration. The Administrator shall promptly notify the Registered Importer in writing of the suspension. The notification shall afford the Registered Importer an opportunity to seek reconsideration of the decision by presenting data, views, and arguments in writing and/or in person, within 30 days. Not later than 30 days after the submission of data, views, and arguments, the Administrator, after considering all the information available, shall notify the Registered Importer in writing of his or her decision on reconsideration. Any suspension issued under this paragraph shall remain in effect until reinstated pursuant to paragraph (c)(2) of this section.

(6) The Administrator, in his or her sole discretion, may provide notice of a proposed suspension or revocation based on the matters in paragraphs (a)(1) through (a)(5) of this section, and provide an opportunity to be heard prior to a decision, as provided in paragraph (b)(2) of this section.

(b) *Non-automatic suspension or revocation of a registration.* (1) 49 U.S.C. 30141(c)(4)(A) authorizes NHTSA to revoke or suspend a registration if a Registered Importer does not comply with a requirement of 49 U.S.C. 30141–30147, or any of 49 U.S.C. 30112, 30115, 30117–30122, 30125(c), 30127, or 30166, or any regulations issued under these sections. These regulations include, but are not limited to, parts 567, 568, 573, 577, 591, 593, and 594 of this chapter.

(2) When the Administrator has reason to believe that a Registered Importer has violated one or more of the statutes or regulations cited in paragraph (b)(1) of this section and that suspension or revocation would be an appropriate sanction under the circumstances, (s)he shall notify the Registered Importer in writing of the facts giving rise to the allegation of a violation and the proposed length of a suspension, if applicable, or revocation. The notice shall afford the Registered Importer an opportunity to present data, views, and arguments, in writing and/or in person, within 30 days of the date of the notice, as to whether the violation occurred, why the registration ought not to be suspended or revoked, or whether the suspension should be shorter than proposed. If the Administrator decides, on the basis of the available information, that the Registered Importer has violated a statute or regulation, the Administrator may suspend or revoke the registration. The Administrator shall notify the Registered Importer in writing of the decision, including the reasons for it. A suspension or revocation is effective as of the date of the Administrator's written notification. The Administrator shall state the period of any suspension in the notice to the Registered Importer. There shall be no opportunity to seek reconsideration of a decision issued under this paragraph.

(c) *Reinstatement of suspended registrations.* (1) When a registration has been suspended under paragraph (a)(1) of this section, the Administrator will reinstate the registration when all fees owing are paid by wire transfer or certified check from a bank in the United States, together with a sum representing 10 percent of the amount of the fees that were not timely paid.

(2) When a registration has been suspended under paragraph (a)(2) or (a)(5) of this section, the registration will be reinstated after the expiration of the period of suspension specified by the Administrator, or such earlier date as the Administrator may subsequently decide is appropriate.

(3) When a registration has been suspended under paragraph (a)(3) of this section, the registration will be reinstated when the Administrator decides that the Registered Importer has provided a street address to which mail to it is deliverable and a telephone number in its name that is in service.

(4) When a registration has been suspended under paragraph (a)(4) of this section, the registration will be reinstated when the Administrator decides that the Registered Importer has provided all relevant documentation and information required by § 592.6(r) of this part.

(5) When a registration has been suspended under paragraph (b) of this section, the registration will be reinstated after the expiration of the period of suspension specified by the Administrator, or such earlier date as the Administrator may subsequently decide is appropriate.

(d) *Effect of suspension or revocation.* If a Registered Importer's registration is suspended or revoked, as of the date of suspension or revocation the entity will no longer be considered a Registered Importer, will no longer have the rights and authorities appertaining thereto, and must cease importing, and will not be allowed to import, vehicles for resale. The Registered Importer will not be refunded any annual or other fees it has paid for the fiscal year in which its registration is revoked. The Administrator shall notify the U.S. Customs Service of the suspension or revocation of the registration.

(e) *Continuing obligations.* (1) A Registered Importer whose registration is suspended or revoked remains obligated under § 592.6(j) of this part to notify owners and to remedy noncompliances or safety related defects for each vehicle for which it has furnished a certificate of conformity or information to the Administrator.

(2) With respect to any vehicle for which it has not affixed a certification label and submitted a certificate of conformity or information to the Administrator under § 592.6(d) or (e) of this part at the time its registration has been suspended, and the suspension is for the first time, the Registered Importer may not affix a certification label or submit a certificate of conformity until its registration is reinstated, and the Administrator will toll the 120-day period during the term of that suspension.

(3) When a registration has been revoked, or suspended for other than the first time, the Registered Importer must export within 30 days of the effective date of the suspension or revocation all vehicles that it imported to which it has not affixed a certification label and furnished a certificate of conformity or information to the Administrator pursuant to § 592.6(d) or (e) of this part. With respect to any vehicle imported pursuant to § 591.5(f)(2)(ii) of this part that the Registered Importer has agreed to bring into compliance with all applicable standards and for which it has not certified and furnished a certificate of conformity or information to the Administrator, the Registered Importer must immediately notify the owner of the vehicle in writing that its registration has been suspended or revoked.

6. Section 592.8 would be amended by revising paragraph (a), the first sentence of paragraphs (b), (c), and (d), and paragraph (e) to read as follows:

§ 592.8 Inspection; release of vehicle and conformance bond.

(a) With respect to any Type 2 motor vehicle for which it must provide a certificate of conformity to the Administrator as required by § 592.6(d) of this part, a Registered Importer shall not obtain title, licensing, or registration of the motor vehicle for use on the public roads, or release custody of it for such titling, licensing or registration, except in accordance with the provisions of this section.

(b) When conformance modifications to a Type 2 motor vehicle have been completed, a Registered Importer shall submit the certification and information required by § 592.6(d) of this part to the Administrator. * * *

(c) Before the end of the 30th calendar day after receipt of certification of a Type 2 motor vehicle, the Administrator may inform the Registered Importer in writing that an inspection of the vehicle is required to ascertain the veracity of the certification. * * *

(d) The Administrator may by written notice request certification verification by the Registered Importer before the end of the 30th calendar day after the date the Administrator receives certification of a Type 2 motor vehicle. * * *

(e) If the Registered Importer has received no written notice from the Administrator by the end of the 30th calendar day after it has furnished a certification of a vehicle to the Administrator, the Registered Importer may release the vehicle from custody, sell or offer it for sale, or have it titled, licensed or registered for use on the public roads.

* * * * *

7. New Section 592.9 would be added to read:

§ 592.9 Forfeiture of bond.

(a) A Registered Importer is required by § 591.6 of this chapter to furnish a bond with respect to each Type 2 motor vehicle that it imports. The conditions of the bond are set forth in § 591.8 of this chapter. Failure to fulfill any one of these conditions may result in forfeiture of the bond. A bond may be forfeited if the Registered Importer:

(1) Fails to bring the motor vehicle covered by the bond into compliance with all applicable standards issued under part 571, part 581, and part 541 of this chapter within 120 days;

(2) Fails to file with the Administrator a certificate that the motor vehicle complies with each Federal motor vehicle safety, bumper, and theft prevention standard in effect at the time the vehicle was manufactured and which applies to the vehicle;

(3) Fails to cause a motor vehicle to be available for inspection if it has received written notice from the Administrator that an inspection is required;

(4) Releases the motor vehicle before the Administrator accepts the certification and any modification thereof, if it has received written notice from the Administrator that there is reason to believe that the certification is false or contains a misrepresentation;

(5) Before the bond is released, releases custody of the motor vehicle to any person for license or registration for use on public roads, streets, and highways, or licenses or registers the vehicle, including titling the vehicle in the name of another person, unless 30 calendar days have elapsed after the Registered Importer has filed the certificate specified in paragraph (a)(2) of this section and the Registered Importer has not received written notice pursuant to paragraph (a)(3) or (a)(4) of this section. For purposes of this part, a vehicle is deemed to be released from custody if it is not located at a duly identified facility of the Registered Importer and the Registered Importer has not notified the Administrator of the vehicle's location or, if written notice has been provided, if the Administrator is unable to inspect the vehicle, or if the Registered Importer has transferred title to any other person regardless of the vehicle's location; or

(6) Fails to deliver the vehicle, or cause it to be delivered, to the custody of a District Director of Customs at any port of entry, for export or abandonment to the United States, and to execute all documents necessary to accomplish such purposes, if the Administrator has furnished it written notice that the vehicle has been found not to comply with all applicable Federal motor vehicle safety standards along with a demand that the vehicle be delivered for export or abandoned to the United States.

8. An Appendix A to part 592 would be added to read as follows:

APPENDIX A TO PART 592—TYPE 1 MOTOR VEHICLES AS OF [DATE FINAL RULE IS PUBLISHED] IMPORTED UNDER VSA 80 OR VSA 81

Year	Make	Model	Exceptions
1995	Audi	All.	
1996		All.	
1997		All.	
1998		All.	
1999		All.	
2000		All.	
1995–2000	Chrysler	Cirrus.	
1995–2000		Concorde.	
1995–2000		Intrepid.	
2000		Neon.	
1996–2000		Sebring Convertible.	
1995–2000		Sebring Coupe.	
1995–2000		Town & Country.	
1995–1999	Dodge	Avenger.	
1995–1999		Neon.	
1994–1995		Stealth.	
1995–1999		Stratus.	
1995–2000		Viper.	
1995–2000		Caravan.	
1995–2000		Grand Caravan.	
1995–2000		Dakota.	
1998–2000		Durango.	
1995–2000		Ram Pickup.	
1995–2000		Ram Van/Wagon.	

APPENDIX A TO PART 592—TYPE 1 MOTOR VEHICLES AS OF [DATE FINAL RULE IS PUBLISHED] IMPORTED UNDER VSA 80 OR VSA 81—Continued

Year	Make	Model	Exceptions
1994–1997	Eagle	Vision.	
1995	Ford	All.	
1996		All.	
1997		All.	
1998		All.	
1999		All.	
2000		All.	
1995	General Motors	All.	
1996	(Buick, Cadillac,	All.	
1997	Chevrolet, Geo,	All.	
1998	Oldsmobile, Pontiac,	All.	
1999	Saturn)	All.	
2000		All.	
1995	Infiniti	All.	
1996		All.	
1997		All.	
1998		All.	
1999		All.	
2000		All.	
1995–2000	Jeep	Cherokee.	
1995–2000		Grand Cherokee.	
1995–1996		YJ.	
1997–2000		TJ.	
1995	Nissan	All Except	Sentra
1996		All Except	Sentra
1997		All Except	Sentra
1998		All Except	Sentra
1999		All Except	Sentra
2000		All.	
1995–1999	Plymouth	Breeze.	
1995–1999		Neon.	
1997		Prowler.	
1999–2000		Prowler.	
1995–2000		Voyager.	
1995–2000		Grand Voyager.	
1995	Volkswagen	All.	
1996		All.	
1997		All.	
1998		All.	
1999		All Except	Gold
2000		All.	

PART 594—SCHEDULE OF FEES AUTHORIZED BY 49 U.S.C. 30141

1. The authority citation for part 594 would continue to read as follows:

Authority: Pub. L. 100–562, 49 U.S.C. 30141; 31 U.S.C. 9701; delegation of authority at 49 CFR 1.50.

2. Section 594.5 would be amended as follows:

a. By removing present paragraphs (e), (f), and (g) and adding new paragraph (f);

b. By redesignating paragraphs (h) and (i) as paragraphs (e) and (g) and revising newly redesignated paragraph (g). The addition and revision read as follows:

§ 594.5 Establishment and payment of fees.

* * * * *

(f) The Administrator will furnish each Registered Importer with a monthly invoice of the fees owed by the Registered Importer for reimbursement for bond processing costs and for the review and processing of conformity certificates and information regarding importation of Type 1 motor vehicles, as defined in § 592.4 of this chapter. A person who for personal use imports a vehicle covered by a determination of the Administrator must pay the fee specified in either § 594.8(b) or (c) of this chapter, as appropriate, to the Registered Importer, and the invoice will also include these fees. The Registered Importer must pay the fees within 15 days of the date of the invoice.

(g) Fee payments must be by certified check, cashier's check, money order, credit card, or Electronic Funds Transfer System, made payable to the Treasurer of the United States.

* * * * *

3. Section 594.9 would be amended by revising paragraph (a) to read as follows:

§ 594.9 Fee for reimbursement of bond processing costs.

(a) Each Registered Importer must pay a fee based upon the direct and indirect costs of processing each bond furnished to the Secretary of the Treasury on behalf of the Administrator with respect to each vehicle for which it furnishes a certificate of conformity pursuant to § 592.6(d) of this chapter.

* * * * *

4. Section 594.11 would be added to read as follows:

§ 594.11 Fee for review and processing of information relating to importation of Type 1 motor vehicles.

(a) Each Registered Importer must pay a fee based on the agency's direct and indirect costs for the review and processing of information relating to the

importation of a Type 1 motor vehicle pursuant to § 592.6(e) of this chapter.

(b) The direct costs attributable to the review and processing of information relating to the importation of a Type 1 motor vehicle include the estimated cost of contract and professional staff time, computer usage, and record assembly, marking, shipment and storage costs.

(c) The indirect costs attributable to the review and processing of information relating to the importation of a Type 1 motor vehicle include a pro rata allocation of the average benefits of persons employed in reviewing and processing the information, and a pro rata allocation of the costs attributable to the rental and maintenance of office space and equipment, the use of office supplies, and other overhead items.

(d) The fee for review and processing of information relating to the importation of each Type 1 motor vehicle submitted on and after October 1, 2001, is $13. However, if the vehicle covered by the information has been entered electronically with the U.S. Customs Service through the Automated Broker Interface and the Registered Importer submitting the information has an e-mail address, the fee for the information is $6, provided that the fee is paid by a credit card issued to the Registered Importer and that all the information is correct.

Issued on: November 28, 2000.

Kenneth N. Weinstein,

Associate Administrator for Safety Assurance.

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