DEPARTMENT OF TRANSPORTATION

National Highway Traffic Safety Administration

49 CFR Parts 573 and 577

[Docket No. NHTSA–1998–3430; Notice 10] (formerly Docket 93–68)

RIN 2127–AG27

Defect and Noncompliance Reports; Defect and Noncompliance Notification

May 12, 1999.

AGENCY: National Highway Traffic Safety Administration, DOT.

ACTION: Supplemental notice of proposed rulemaking.

SUMMARY: The National Highway Traffic Safety Administration (NHTSA) is seeking additional public comment with respect to its ongoing rulemaking to implement the provisions of Chapter 301 of Title 49 of the United States Code (U.S.C.) that require manufacturers of motor vehicles and items of motor vehicle equipment to notify their dealers when they or NHTSA decide that vehicles or items of equipment contain a defect related to motor vehicle safety or do not comply with a Federal motor vehicle safety standard. The amendment proposed herein would require a manufacturer to furnish dealers with notification of a safety-related defect or noncompliance in accordance with a schedule that is to be submitted to the agency with the manufacturer's defect or noncompliance report. The notification would have to be within a reasonable time after the manufacturer decides that the defect or noncompliance exists. However, if the agency finds that the public interest requires dealers to be notified at an earlier date than that proposed by the manufacturer, the manufacturer would be required to notify its dealers in accordance with the agency's order. The proposed amendment also sets forth the required content of the dealer notification and the manner in which such notification is to be accomplished.

DATES: Comments must be received on or before June 18, 1999.

ADDRESSES: Comments must refer to the docket notice numbers cited at the beginning of this notice and be submitted to Docket Management, Room PL–401, 400 Seventh Street, SW, Washington, DC 20590. Please identify the proposed collection of information for which a comment is provided, by referencing its OMB clearance number. It is requested, but not required, that 2 copies of the comment be provided. The Docket Section is open on weekdays from 10 a.m. to 5 p.m.

FOR FURTHER INFORMATION CONTACT: Jonathan D. White, Office of Defects Investigation, National Highway Traffic Safety Administration, 400 Seventh Street, SW, Room 5319, Washington, DC 20590. Telephone: (202) 366–5226; FAX: (202) 366–7882.

SUPPLEMENTARY INFORMATION:

Background

On September 27, 1993, NHTSA published in the **Federal Register** a Notice of Proposed Rulemaking (NPRM) proposing several amendments to its regulations implementing the provisions of 49 U.S.C. Chapter 301 concerning manufacturers' obligations to provide notification and remedy without charge for motor vehicles and items of motor vehicle equipment found to contain a defect related to motor vehicle safety or a noncompliance with a Federal motor vehicle safety standard (58 FR 50314). On April 5, 1995, the agency issued a final rule addressing most aspects of that NPRM (60 FR 17254), and on January 4, 1996, it amended several provisions of that final rule after receiving petitions for reconsideration (61 FR 274). However, NHTSA decided to delay issuance of the final rule on the subject of dealer notification because it had not resolved all the issues raised by the comments on that subject that had been submitted in response to the NPRM.

The agency has now fully considered those issues. However, because it has tentatively decided to revise its original proposal significantly, the agency has decided to issue a supplemental notice of proposed rulemaking to obtain comments on the new proposal.

Statutory Framework

Under 49 U.S.C. 30118(c), a manufacturer of motor vehicles or replacement equipment for motor vehicles must notify NHTSA and owners, purchasers, and dealers if it decides in good faith that a safety-related defect or noncompliance exists in its vehicles or items of equipment. This notification must be accomplished within a reasonable time after the manufacturer decides that the defect or noncompliance exists. 49 U.S.C. 30119(c)(2). Similarly, if NHTSA decides, pursuant to 49 U.S.C. 30118(b), that vehicles or equipment items contain a safety-related defect or noncompliance, the agency must order the manufacturer to notify owners, purchasers, and dealers of the defect or noncompliance by a date prescribed by NHTSA. 49 U.S.C. 30119(c)(1). Section 30119(d)(4) of Title 49 specifies that manufacturers are to notify their dealers ''by certified mail or quicker means if available.''

These statutory provisions were originally enacted in 1974. Soon afterwards, NHTSA promulgated regulations addressing the duty to notify the agency and to notify owners and purchasers. 49 CFR Parts 573 and 577. However, the agency did not issue regulations addressing dealer notification.

Under 49 U.S.C. 30120(i), which was enacted as part of the Intermodal Surface Transportation Efficiency Act of 1991, if a manufacturer has provided notification to a motor vehicle dealer that a new motor vehicle or new item of replacement equipment in the dealer's possession contains a safety-related defect or noncompliance, the dealer may sell or lease the vehicle or equipment item only if the defect or noncompliance has been remedied before delivery under the sale or lease. This section was recently amended to clarify that this requirement also applies to equipment dealers. See section 7106(a) of the Transportation Equity Act for the 21st Century, Pub. L. 105–178 (June 9, 1998).

Under 49 U.S.C. 30116, motor vehicle manufacturers and distributors who do not provide dealers with the parts to remedy a safety-related defect or noncompliance, and all manufacturers of motor vehicle equipment items that have been determined to contain such a defect or noncompliance, must offer to repurchase all such vehicles and equipment items that remain in distributor or dealer inventory at the price paid, plus transportation and other charges.

Heretofore, NHTSA has not adopted regulations addressing the provisions of section 30120(i) or section 30116.

Dealer Notification in the NPRM

With respect to dealer notification, the September 1993 NPRM proposed that manufacturers conducting a safety recall provide their dealers with a document that contained the information set forth in the report submitted to the agency pursuant to 49 CFR Part 573, ''Defect and Noncompliance Reports,'' within five working days after submitting the report to NHTSA. If any of the required information was not known at the time of the original notification, it would have to be sent to the dealers as soon as possible after it became known by the manufacturer. The NPRM also proposed recordkeeping requirements.

NHTSA received comments on the dealer notification proposals in that

NPRM from manufacturer and dealer associations, individual manufacturers, and Advocates for Highway and Auto Safety. After considering those comments, NHTSA prepared a draft of a final rule. Pursuant to the Paperwork Reduction Act, the agency published a **Federal Register** notice requesting public comment on the potential paperwork burdens associated with the proposed final rule. 62 FR 63598 (December 1, 1997). Although that notice did not set out the anticipated regulatory language, it described the general approach that the agency was planning to adopt in the final rule. Comments objecting to the paperwork burdens and criticizing the agency's approach were submitted by manufacturer and dealer associations. In addition, representatives of those associations met with agency officials during March 1998 to discuss these issues. Memoranda summarizing those meetings have been placed in the docket for this rulemaking.

NHTSA's Revised Proposal

After considering the information presented in all of the comments and at those meetings, the agency is now proposing a different regulatory approach. In lieu of the fixed five-day period for dealer notification contemplated in the NPRM, the agency is now proposing to require manufacturers to notify their dealers of safety defects and noncompliances in accordance with a schedule submitted to the agency with the manufacturer's Part 573 report. Such a schedule will be reviewable by NHTSA to assure that the notification will be within a reasonable time.

This decision to permit greater flexibility than originally proposed is based on NHTSA's recognition that the process of dealer notification has worked well for over 20 years, notwithstanding the absence of formal regulatory requirements. In conformity with the statutory duty to notify dealers within a ''reasonable time'' (49 U.S.C. 30119(c)(2)), manufacturers have generally notified their dealers of defects and noncompliances in a manner that has allowed repairs to be performed promptly, with minimal disruption of the dealers' operations.

Where manufacturers have concluded that a defect or noncompliance presented an immediate safety risk, they have notified their dealers as soon as the defect or noncompliance determination was made, and have directed the dealers to stop sales (and leases) until the problem is corrected. On occasion, however, NHTSA and a manufacturer have disagreed about when notification should occur or whether immediate notification and immediate cessation of sales is appropriate. For this reason, the agency needs to know the manufacturer's proposed schedule for dealer notification so it can assess the safety implications of that schedule. Therefore, NHTSA is proposing a new section 573.5(c)(8)(iii), which would require the manufacturer to include the estimated date of its dealer notification in its Part 573 defect or noncompliance report, in the same manner as section 573.5(c)(8)(ii) currently requires the submission of the manufacturer's proposed schedule for its owner notification and remedy campaign. In addition, to eliminate the possibility that any disagreements between NHTSA and the manufacturers concerning the notification date of dealers, NHTSA is proposing a new section 577.7(c)(1), requires manufacturers to comply with a NHTSA order to notify their dealers on a specific date, if the agency has found that notification at that time is in the public interest. In making such determinations, the agency will consider such factors as the severity of the safety risk; the likelihood of occurrence of the defect or noncompliance; availability of an interim remedial action by the owner; whether an initial dealer inspection would identify suspect vehicles or equipment items; the time frame in which the defect will manifest itself; whether there will be a delay in the availability of the remedy from the manufacturer; and, in those recalls where a delay is expected, the anticipated length of such delay.

The foregoing applies to recalls following defect and noncompliance determinations by the manufacturer, pursuant to 49 U.S.C. 30118(c). Consistent with 49 U.S.C. 30119(c)(1), NHTSA has proposed in section 577.7(d) that where a recall is ordered by the Administrator pursuant to 49 U.S.C. 30118(b), the notification to dealers must be given on or before the date prescribed in the Administrator's order.

NHTSA is aware that this proposal could be construed by some as a step back from the proposal in the NPRM, which would have required manufacturers to notify dealers of all recalls within five working days of notifying NHTSA. However, the agency now believes that such a requirement could have several perverse effects. First, it could encourage manufactures to delay notifying NHTSA of a defect or noncompliance determination until the remedy was developed and a sufficient number of repair parts stockpiled. This would be particularly prejudicial in cases where owners could take steps to minimize the safety risk associated with the defect during the time the remedy was being developed.

Second, the proposal in the NPRM could encourage dealers to create their own inspection and remedy procedures in order to be able to sell otherwise embargoed vehicles quickly if the manufacturer's remedy were not available. The agency believes that dealers would be less likely to do this if embargoes were only required in those recalls that involved serious, imminent safety problems, because of the obvious safety risk and potential financial liability.

Finally, the agency notes that in many recalls, the safety consequences of the defect are unlikely to arise until the vehicle has been in service for an extended period of time; e.g., where the problem is caused by corrosion or metal fatigue. In such recalls, where repair parts are scarce, the proposal in the NPRM could encourage dealers to use those parts to fix vehicles in inventory rather than vehicles in service, even though the vehicles in service would be more likely to experience a safety problem as a result of the defect.

Another proposed change from the original NPRM is that manufacturers would not be required to include in the notification to dealers all of the information required to be submitted to NHTSA in the manufacturer's Part 573 report. See 49 CFR 573.5(c). Rather, as set out in new proposed section 577.11(a), the notice to dealers would only have to include the following: a statement that identifies the notification as being part of a safety recall campaign, an identification of the vehicles or items of equipment covered by the recall, a description of the defect or noncompliance, and a brief evaluation of the risk to motor vehicle safety related to the defect or noncompliance. The notification would also have to include a complete description of the recall remedy and the estimated date on which the remedy will be available. Information required by this paragraph that is not available at the time of the dealer notification would have to be provided to dealers as it becomes available.

To help effectuate 49 U.S.C. 30120(i), new section 577.11(b) provides that the dealer notification would have to contain an advisory stating that dealers are prohibited by Federal law from selling or leasing a new motor vehicle or new item of replacement equipment covered by the notification until the defect or noncompliance is remedied. Similarly, to assist in the implementation of 49 U.S.C. 30116, new

section 577.11 (c) provides that, for equipment items, the notification must also inform the dealer of the manufacturer's offer to repurchase the defective or noncomplying equipment that remain in the dealer's inventory at the price paid plus transportation and other charges. NHTSA has tentatively concluded that such language is not necessary with respect to notifications regarding defects and noncompliances in vehicles, since vehicle manufacturers generally provide their dealers with parts needed to remedy the defect or noncompliance, thus obviating the duty to repurchase.

The NPRM did not propose to require manufacturers to include these advisories in the notification sent to dealers. However, the statutory provisions were referenced in the NPRM, and the proposed advisories were alluded to in the Paperwork Reduction Act notice. All interested persons will now have the opportunity to comment on these provisions.

The NPRM would have required manufacturers to maintain records to confirm that they notified their dealers of the defect or noncompliance and that the dealers received the notification. The agency has decided that it would be unduly burdensome, and perhaps impracticable, to require manufacturers to keep records reflecting that each dealer received the notification. Therefore, proposed new section 577.11(d) requires only that the manufacturer be able to verify that it has sent the notification to its dealers and the date of such notification.

In response to comments by an association of equipment manufacturers, NHTSA is proposing two provisions to ease the burden on those manufacturers. First, proposed section 577.7(c)(2)(ii) provides that if a manufacturer of replacement equipment or tires sells its products to a group of retailers or distributors through a central office, notification to that central office will be deemed to be notification to the entire group. Second, proposed section 577.7(c)(2)(iii) would allow manufacturers that provide their products to retail outlets through independent distributors to use that distribution network for dealer notification purposes, if the distributors agree to transmit the notification to all applicable retail dealers within five working days of their receipt of the manufacturer's notification. However, the manufacturer would bear the legal responsibility for ensuring that all of its dealers and retail outlets receive the required notification in a timely manner.

Finally, NHTSA is also amending sections 577.1, ''Scope,'' and 577.2, ''Purpose,'' to reflect the new dealer notification requirements added to Part 577.

Rulemaking Analyses and Notices

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

NHTSA has considered the impact of this rulemaking under Executive Order 12866 and the Department of Transportation's regulatory policies and procedures, and determined that it is not a ''significant regulatory action'' within the meaning of Sec. 3 of E.O. 12866 and is not ''significant'' within the meaning of the Department of Transportation regulatory policies and procedures.

Manufacturers are currently required by statute to notify their dealers of safety defects and noncompliances. 49 U.S.C. 30118(b) and (c). Such notification must be within a ''reasonable time.'' 49 U.S.C. 30119(c)(2). This final rule restates that requirement, adding only that in the event that NHTSA disagrees with the manufacturer's assessment of what time period is reasonable, the agency's determination will control.

The agency anticipates, based on past experience, that there will be few disagreements on this issue. In any event, an agency order directing the manufacturer to accelerate its dealer notification will not impose any additional costs directly on the manufacturer, since the notification would eventually have to be made anyway.

NHTSA recognizes that an embargo on dealer sales of defective or noncompliant vehicles and equipment imposes costs, and that these costs could be relatively high if a large number of vehicles or equipment items is affected or if there is a significant delay in developing and implementing a remedy for the defect or noncompliance. In the first instance, such costs would be borne by dealers, since they might have to maintain inventory that could not be sold. However, the ultimate burden would almost certainly be borne by the manufacturers, either through contractual provisions or pursuant to 49 U.S.C. 30116, which requires manufacturers to provide, among other things, ''reasonable reimbursement of at least one percent a month of the price paid prorated from the date of notice of noncompliance or defect . . . .''

To the extent that agency orders issued pursuant to this rule impose additional costs, those costs would be outweighed by the safety benefit of ensuring that dealers do not sell or lease new motor vehicles or new items of replacement equipment containing safety-related defects or noncompliances before the defect or noncompliance has been remedied, as required by 49 U.S.C. 30120(i). Moreover, any impacts are likely to be minimal, because manufacturers will have an incentive to develop and provide a remedy as soon as possible.

2. Regulatory Flexibility Act

The agency has also considered the effects of this rulemaking action under the Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*). I certify that this proposed rule will not, if promulgated, have a significant economic impact on a substantial number of small entities.

The proposed new regulatory requirements would apply directly only to manufacturers of motor vehicles and items of motor vehicle equipment, which for the most part are not small businesses. Moreover, manufacturers are already required by statute to notify their dealers of defects and noncompliances. The only effect of the regulation is to require that, in relatively rare cases, manufacturers will be required to send notification to dealers earlier than the manufacturer had proposed in its Part 573 Report. Since manufacturers will generally have all of the required information at the time the notification is required, and can submit other required information as it becomes available, there should be no additional direct burden on manufacturers associated with this rule.

As noted above, a notification that required an embargo on sales could have an adverse effect on dealers, which often are small businesses, in that the dealers would be prohibited from selling or leasing defective or noncompliant vehicles or equipment items that had not been remedied. However, for the reasons described above, the costs associated with such a delay would almost certainly be borne by the manufacturer. In any case, such costs are the result of requirements imposed by 49 U.S.C. 30120(i), not this rule. Moreover, any impacts are likely to be minimal, because manufacturers will have an incentive to develop and provide a remedy as soon as possible. Finally, any such impacts would be offset by the safety benefits associated with preventing the sale or lease of defective or noncompliant vehicles or equipment items.

3. National Environmental Policy Act

In accordance with the National Environmental Policy Act of 1969, the agency has analyzed the environmental impacts of this rulemaking action and determined that implementation of this action would not have a significant impact on the quality of the human environment. The new notification requirements would not introduce any new or harmful matter into the environment.

4. Paperwork Reduction Act

This proposal contains provisions which are considered to be information collection requirements as that term is defined by the Office of Management and Budget (OMB) in 5 CFR part 1320. The reporting requirements associated with this proposed rule are subject to approval by OMB in accordance with 44 U. S. C. Chapter 3500. The agency needs this information in order to avoid unreasonable delays in dealers' receiving notification that vehicles or equipment in their inventory contain safety-related defects or noncompliances requiring a remedy. The agency will use this information to take appropriate action in those cases where the manufacturer's estimated dealer notification date seems to be inappropriate in relation to the severity of the recalled defect or noncompliance condition. Manufacturers will need to provide the agency with the estimated dealer notification date for each recall that they conduct. Manufacturers will only have to make the necessary changes to the dealer notification letter one time, since these changes will be replicated in all subsequent dealer notifications. The respondents affected by this proposal are manufacturers of motor vehicles and motor vehicle equipment. The respondents do not need to complete any standardized forms in order to be in compliance with this proposal. The agency estimates that the total number of burden hours for all manufacturers affected by this proposal would be 250, with an average burden hour for each of 500 involved respondents of ½ hour. The agency estimates that the total cost burden for all manufacturers affected by this proposal would be $12,500 (250 burden hours × $50 per hour respondent labor cost), with an average cost burden for each of 500 involved respondents of $25.

For further information contact Mr. Walter Culbreath, Office of Information Resources Management, NAD–40, NHTSA, 400 Seventh Street, SW, Washington, DC 20590 (Telephone: 202–366–1566). Individuals and organizations may submit comments on the proposed information collection requirements by June 18, 1999, and should direct them to: Docket Management, Room PL–401, 400 Seventh Street, SW, Washington, DC 20590, referencing the docket notice numbers cited at the beginning of this notice.

Pursuant to the Paperwork Reduction Act of 1995, and OMB's regulation at 5 CFR 1320.5(b)(2), NHTSA informs the potential individuals and organizations who are to respond to the collection of information that they are not required to respond to the collection of information unless it displays a currently valid OMB control number. The proposed amendment requiring notification of NHTSA adds to an information collection requirement in 49 CFR part 573 that has already been approved by OMB. The OMB control number for that collection of information is 2127–0004. The proposed amendment of 49 CFR part 577 to require manufacturers to include certain information in the notification of defect or noncompliance sent to dealers is a new information collection requirement (since the Paperwork Reduction Act did not apply to such third-party information collections prior to 1995). Accordingly, it does not have an OMB control number. The agency intends to obtain a valid OMB control number prior to the promulgation of the final rule.

5. Executive Order 12612 (Federalism)

This action has been analyzed in accordance with the principles and criteria contained in Executive Order 12612, and it has been determined that the rulemaking does not have sufficient federalism implications to warrant the preparation of a Federalism Assessment.

6. Executive Order 13084 (Consultation/Coordination with Indian Tribal Governments)

This action has been analyzed in accordance with the principles and criteria contained in Executive Order 13084, and it has been determined that the proposed rulemaking would not significantly or uniquely affect Indian tribal governments.

7. Unfunded Mandates Reform

This proposed rule would not impose any unfunded mandates under the Unfunded Mandates Reform Act of 1995 or under Executive Order 12875. It does not result in costs of $100 million or more to either State, local or tribal governments, in the aggregate, or to the private sector; and is the least burdensome alternative that achieves the objective of the proposed rule.

8. Civil Justice Reform Act

The proposed rule would not have a retroactive or preemptive effect. Judicial review of the proposed rule would be obtainable under 5 U.S.C. section 702. That section does not require that a petition for reconsideration be filed prior to seeking judicial review.

List of Subjects

49 CFR Part 573

Motor vehicle safety, Reporting and recordkeeping requirements.

49 CFR Part 577

Motor vehicle safety, Reporting and recordkeeping requirements.

In consideration of the foregoing, it is proposed that Parts 573 and 577 of Title 49 of the Code of Federal Regulations be amended as follows:

PART 573—DEFECT AND NONCOMPLIANCE REPORTS

1. Section 573.5 would be amended by redesignating paragraphs (c)(8)(iii) and (c)(8)(iv) as paragraphs (c)(8)(iv) and (c)(8)(v), respectively, and by adding new paragraph (c)(8)(iii) to read as follows:

§ 573.5 Defect and noncompliance information report.

* * * * *

(c) * * *

(8) * * *

(iii) The estimated date on which it will send notifications to dealers that there is a safety-related defect or noncompliance. If a manufacturer subsequently becomes aware that such notification will be delayed by more than two weeks, it shall promptly advise the agency of the delay and the reasons therefor, and furnish a revised estimate.

* * * * *

PART 577—DEFECT AND NONCOMPLIANCE NOTIFICATION

2. Section 577.1 would be revised to read as follows:

§ 577.1 Scope.

This part sets forth requirements for notification to owners and dealers of motor vehicles and items of replacement equipment about a defect that relates to motor vehicle safety or a noncompliance with a Federal motor vehicle safety standard.

3. Section 577.2 would be amended by adding a new sentence at the end to read as follows:

§ 577.2 Purpose.

* * * It is also to ensure that dealers of motor vehicles and items of

replacement equipment are made aware of the existence of defects and noncompliances and of their rights and responsibilities with regard thereto.

4. Section 577.7 would be amended by adding new paragraphs (c) and (d) to read as follows:

§ 577.7 Time and manner of notification.

* * * * *

(c) The dealer notification required by § 577.11 shall—

(1) Be furnished within a reasonable time after the manufacturer decides that a defect that relates to motor vehicle safety or a noncompliance exists, in accordance with the schedule submitted to the agency pursuant to 49 CFR 573.5(c)(8)(iii). The manufacturer's proposed schedule may be reviewed by the Administrator. The Administrator may order a manufacturer to send the notification to dealers on a specific date where the Administrator finds, after consideration of available information, that such notification is in the public interest. The factors that the Administrator may consider include, but are not limited to, the severity of the safety risk; the likelihood of occurrence of the defect or noncompliance; whether a dealer inspection would identify vehicles or equipment items that contain the defect or noncompliance; whether there will be a delay in the availability of the remedy from the manufacturer; and, in those recalls where a delay is expected, the anticipated length of such delay.

(2) Be accomplished—

(i) In the case of a notification required to be sent by a motor vehicle manufacturer, by certified mail, verifiable electronic means, or other more expeditious and verifiable means to all dealers.

(ii) In the case of a notification required to be sent by a manufacturer of replacement equipment or tires, by certified mail, verifiable electronic means, or other more expeditious and verifiable means to all retailers, dealers, and purchasers of such equipment for purposes of re-sale. Where the manufacturer sold the recalled equipment to a group of retailers or distributors through a central office, notification to that central office will suffice for notification to the group.

(iii) In those cases where a manufacturer uses independent distributors to provide products and information to retail outlets, the manufacturer may satisfy its dealer notification responsibilities by providing the information required by this section to its distributors, if those distributors agree to transmit it to all applicable retail dealers within five additional working days. The manufacturer shall retain the legal responsibility for ensuring that its dealers receive the information in a timely manner.

(d) Notwithstanding paragraph (c)(1) of this section, where the recall is being conducted pursuant to an order issued by the Administrator under 49 U.S.C. 30118(b), the notification to dealers shall be given on or before the date prescribed in the Administrator's order.

5. A new section 577.11 would be added to read as follows:

§ 577.11 Dealer notification.

(a) The notification to dealers of a safety-related defect or noncompliance with a Federal motor vehicle safety standard shall contain a clear statement that identifies the notification as being part of a safety recall campaign, an identification of the vehicles or items of equipment covered by the recall, a description of the defect or noncompliance, and a brief evaluation of the risk to motor vehicle safety related to the defect or noncompliance. The notification shall also include a complete description of the recall remedy, and the estimated date on which the remedy will be available. Information required by this paragraph that is not available at the time of the dealer notification shall be provided to dealers as it becomes available.

(b) The notification shall also include an advisory stating that it is a violation of Federal law for a dealer to sell or lease new vehicles or new items of replacement equipment covered by the notification until the defect or noncompliance is remedied.

(c) For notifications of defects or noncompliances in items of motor vehicle equipment, the notification shall contain the manufacturer's offer to repurchase the items that remain in the dealer's inventory at the price paid by the dealer, plus transportation charges and reasonable reimbursement of at least one per cent a month prorated from the date of notification to the date of repurchase.

(d) The manufacturer must be able to verify that it sent the required notification to each of its dealers and the date of that notification.

Kenneth N. Weinstein,

Associate Administrator for Safety Assurance.

[FR Doc. 99–12616 Filed 5–18–99; 8:45 am]

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