mail. As explained above, section 441d of the FECA states that ''[w]henever any person makes an expenditure for the purpose of financing communications expressly advocating the election or defeat of a clearly identified candidate, or solicits any contribution through any broadcasting station, newspaper, magazine, outdoor advertising facility, direct mailing, or any other type of general public political advertising,'' the communication must contain a disclaimer statement. *See also* 11 CFR 110.11. Comments are welcome on the question of whether list serves or other forms of electronic mail that are distributed to large numbers of recipients in bulk should be regarded as general public political advertisements for which a disclaimer is required.

The Commission is also interested in comments on any other issues raised by the use of electronic mail for candidate or election-related activity.

2. Membership

Section 441b(b)(4)(A) prohibits a corporation and its separate segregated fund from soliciting contributions from persons other than its stockholders and their families or its executive or administrative personnel and their families. However, under paragraph (b)(4)(C), a membership organization or its the separate segregated fund may solicit contributions from ''members'' of the organization. The Commission recently approved new rules defining the term ''member.'' 64 FR 41,266 (Jul. 30, 1999). These rules are currently before Congress pending legislative review.

Because of the increasing availability of the Internet, there may now be organizations that exist almost entirely on-line. Persons visiting the web site of such an organization may be invited to become members of the organization. Are there special considerations in determining whether these organizations qualify as ''membership organizations?'' Are there additional factors in evaluating whether someone is a ''member'' of an on-line membership organization?

3. Draft Committees

Periodically, groups form to encourage, or ''draft,'' someone to become a candidate for a particular office. The Internet may be the ideal vehicle for draft committees to use to generate support for their prospective candidates.

The Commission is interested in comments on the use of the Internet by draft committees. The current rules contain only one provision that is directed specifically at draft committees. Section 102.14(b)(2) states that ''[a] political committee established solely to draft an individual or to encourage him or her to become a candidate may include the name of such individual in the name of the committee provided the committee's name clearly indicates that it is a draft committee.'' Should the rules be revised to address other aspects of draft committee activities? Do web sites established by draft committees raise any special issues under the FECA? The Commission is interested in comments on these issues.

Conclusion

The Commission invites comments on these issues, and on any other issues related to the use of the Internet for campaign activity.

Dated: November 1, 1999.

Scott E. Thomas,

Chairman, Federal Election Commission.

[FR Doc. 99–28982 Filed 11–4–99; 8:45 am]

BILLING CODE 6715–01–U

FEDERAL RESERVE SYSTEM

12 CFR Part 226

[Regulation Z; Docket No. R–1050]

Truth in Lending

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Proposed rule.

SUMMARY: The Board is publishing for comment proposed revisions to the official staff commentary to Regulation Z (Truth in Lending). The commentary applies and interprets the requirements of Regulation Z. The proposed update addresses short-term cash advances commonly called ''payday loans'' and includes technical revisions.

DATES: Comments must be received on or before January 10, 2000.

ADDRESSES: Comments, which should refer to Docket No. R–1050, may be mailed to Ms. Jennifer J. Johnson, Secretary, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue, N.W., Washington, D.C. 20551. Comments addressed to Ms. Johnson may also be delivered to the Board's mail room between 8:45 a.m. and 5:15 p.m. weekdays, and to the security control room at all other times. The mail room and the security control room, both in the Board's Eccles Building, are accessible from the courtyard entrance on 20th Street between Constitution Avenue and C Street, N.W. Comments may be inspected in room MP–500 in the Board's Martin Building between 9:00 a.m. and 5:00 p.m., pursuant to the Board's Rules Regarding the Availability of Information, 12 CFR part 261.

FOR FURTHER INFORMATION CONTACT: Natalie E. Taylor, Michael E. Hentrel, or David A. Stein, Staff Attorneys; Division of Consumer and Community Affairs, Board of Governors of the Federal Reserve System, at (202) 452–3667 or 452–2412; for users of Telecommunications Device for the Deaf (TDD) *only*, contact Diane Jenkins at (202) 452–3544.

SUPPLEMENTARY INFORMATION:

I. Background

The purpose of the Truth in Lending Act (TILA; 15 U.S.C. 1601 *et seq.*) is to promote the informed use of consumer credit by providing for disclosures about its terms and cost. The act requires creditors to disclose the cost of credit as a dollar amount (the finance charge) and as an annual percentage rate. Uniformity in creditors' disclosures is intended to assist consumers in comparison shopping for credit. TILA requires additional disclosures for loans secured by consumers' homes and permits consumers to rescind certain transactions that involve their principal dwelling. In addition, the act regulates certain practices of creditors. The act is implemented by the Board's Regulation Z (12 CFR part 226).

The Board's official staff commentary (12 CFR part 226 (Supp. I)) interprets the regulation, and provides guidance to creditors in applying the regulation to specific transactions. The commentary is a substitute for individual staff interpretations; it is updated periodically to address significant questions that arise. The Board expects to adopt revisions to the commentary in final form in March 2000; to the extent the revisions impose new requirements on creditors, compliance would be optional until October 1, 2000, the effective date for mandatory compliance.

II. Proposed Revisions

Subpart A—General

Section 226.2—Definitions and Rules of Construction

2(a) Definitions
2(a)(14) Credit

The Board has been asked to clarify whether ''payday loans''—also known as ''cash advance loans,'' ''check advance loans,'' and ''post-dated check loans''—constitute credit for purposes of TILA. Typically in such transactions, a short-term cash advance is made to a consumer in exchange for the consumer's personal check in the

amount of the advance, plus a fee; sometimes the advance is made in exchange for the consumer's authorization to debit electronically the consumer's checking account in the amount of the advance, plus a fee. The transaction occurs with knowledge by both parties that the amount advanced is not, or may not be, available from the consumer's checking account at the time of the transaction. Thus, the parties agree that the consumer's check will not be cashed or the account electronically debited until a designated future date. On that date, the consumer usually has the option to repay the obligation by allowing the party advancing the funds to cash the check or electronically debit the consumer's checking account, or by providing cash or some other means of payment. The consumer may also have the option to defer repayment beyond the initial period by paying an additional fee.

Section 226.2(a)(14) defines credit as the right to defer the payment of debt or the right to incur debt and defer its payment. In the case of payday loans, this includes the agreement to defer cashing the check or debiting the consumer's account. Comment 2(a)(14)-2 would be added to clarify that payday loan transactions constitute credit for purposes of TILA. Persons that regularly extend payday loans and impose a finance charge are required to provide TILA disclosures to consumers.

Subpart C—Closed-End Credit

Section 226.19—Certain Residential Mortgage and Variable-rate Transactions

19(b) Certain variable-rate transactions

In December 1997, the Board revised the requirements in § 226.19(b)(2) concerning the disclosure of a fifteen-year historical example of interest rates and payments. (62 FR 63441, December 1, 1997.) The amendments to § 226.19(b)(2) provide creditors with the option of giving a statement that the periodic payments may increase or decrease substantially together with the maximum interest rate and payment amount for a $10,000 loan amount in lieu of having to give the fifteen-year historical example.

The Board proposes technical amendments to comment 19(b)-5 to conform the citations in the comment to § 226.19(b)(2), as amended. No substantive change is intended.

Subpart E—Special Rules for Certain Home Mortgage Transactions

Section 226.32—Requirements for Certain Closed-end Home Mortgages

32(a) Coverage

32(a)(1)(ii)

TILA imposes additional disclosure requirements and substantive limitations on certain closed-end mortgage loans bearing rates or fees above a certain percentage or amount. See § 226.32. Creditors must follow the rules in § 226.32 if the total points and fees payable by the consumer at or before loan closing exceed the greater of $400 or 8 percent of the total loan amount. The Board is required to adjust the $400 amount each year. The adjusted amount for 2000 ($451) is published elsewhere in today's **Federal Register** and would be added to comment 32(a)(1)(ii)–2.

III. Form of Comment Letters

Comment letters should refer to Docket No. R–1050, and, when possible, should use a standard typeface with a font size of 10 or 12. This will enable the Board to convert the text to machine-readable form through electronic scanning, and will facilitate automated retrieval of comments for review. Also, if accompanied by an original document in paper form, comments may be submitted on 3½ inch computer diskettes in any IBM-compatible DOS-or Windows-based format.

List of Subjects in 12 CFR Part 226

Advertising, Federal Reserve System, Mortgages, Reporting and recordkeeping requirements, Truth in lending.

Text of Proposed Revisions

Certain conventions have been used to highlight the proposed revisions to the text of the staff commentary. New language is shown inside bold-faced arrows, while language that would be deleted is set off with bold-faced brackets. Comments are numbered to comply with **Federal Register** publication rules.

For the reasons set forth in the preamble, the Board proposes to amend 12 CFR part 226 as follows:

PART 226—TRUTH IN LENDING (REGULATION Z)

1. The authority citation for part 226 continues to read as follows:

Authority: 12 U.S.C. 3806; 15 U.S.C. 1604 and 1637(c)(5).

2. In Supplement I to Part 226, under *Section 226.2—Definitions and Rules of Construction,* under *2(a)(14) Credit.,* a new paragraph 2. would be added to read as follows:

Supplement I to Part 226—Official Staff Interpretations

* * * * *

Subpart A—General

* * * * *

Section 226.2—Definitions and Rules of Construction

2(a) Definitions.

* * * * *

2(a)(14) Credit.

* * * * *

➧ 2. *Payday loans.* Credit includes a payday loan transaction in which a short-term cash advance is made to a consumer in exchange for the consumer's personal check, in the amount of the advance plus a fee, or in exchange for the consumer's authorization to debit the consumer's checking account, for the amount of the advance plus a fee. In both instances the parties agree that the check will not be cashed, or that the consumer's checking account will not be debited, until a designated future date.➧

3. In Supplement I to Part 226, under *Section 226.19—Certain Residential Mortgage and Variable-Rate Transactions,* under *19(b) Certain variable-rate transactions,* paragraph 5. would be revised to read as follows:

* * * * *

Subpart C—Closed-End Credit

* * * * *

Section 226.19—Certain Residential Mortgage and Variable-Rate Transactions

* * * * *

19(b) Certain variable-rate transactions.

* * * * *

5. *Examples of variable-rate transactions.* The following transactions, if they have a term greater than one year and are secured by the consumer's principal dwelling, constitute variable-rate transactions subject to the disclosure requirements of § 226.19(b).

i. Renewable balloon-payment instruments where the creditor is both unconditionally obligated to renew the balloon-payment loan at the consumer's option (or is obligated to renew subject to conditions within the consumer's control) and has the option of increasing the interest rate at the time of renewal. (See comment 17(c)(1)–11 for a discussion of conditions within a consumer's control in connection with renewable balloon-payment loans.)

ii. Preferred-rate loans where the terms of the legal obligation provide that the initial underlying rate is fixed but will increase upon the occurrence of some event, such as an employee leaving the employ of the creditor, and the note reflects the preferred rate. The disclosures under § 226.19(b)(1) and 226.19(b)(2)(v), (viii), (ix), [(x) and (xiii)] ➧and (xii)➧ are not applicable to such loans.

iii. ''Price level adjusted mortgages'' or other indexed mortgages that have a fixed rate of interest but provide for periodic adjustments to payments and the loan balance to reflect changes in an index measuring prices or inflation. The disclosures under § 226.19(b)(1) are not applicable to such loans, nor are the following provisions to the extent they relate to the determination of the interest rate by

the addition of a margin, changes in the interest-rate, or interest-rate discounts: Section 226.19(b)(2)(i), (iii), (iv), (v), (vi), (vii), (viii), ▶and◀ (ix)[, and (x)]. (See comments 20(c)–2 and 30–1 regarding the inapplicability of variable-rate adjustment notices and interest-rate limitations to price-level-adjusted or similar mortgages.)

iv. Graduated-payment mortgages and step-rate transactions without a variable-rate feature are not considered variable-rate transactions.

* * * * *

4. In Supplement I to Part 226, under *Section 226.32—Requirements for Certain Closed-End Home Mortgages,* under *32(a)(1)(ii),* paragraph 2.v. would be added to read as follows:

* * * * *

Subpart E—Special Rules for Certain Home Mortgage Transactions

* * * * *

Section 226.32—Requirements for Certain Closed-End Home Mortgages

32(a) Coverage.

* * * * *

Paragraph 32(a)(1)(ii). * * *

* * * * *

2. *Annual adjustment of $400 amount.*

* * *

* * * * *

▶v. For 2000, $451, reflecting a 2.3 percent increase in the CPI–U from June 1998 to June 1999, rounded to the nearest whole dollar.◀

* * * * *

By order of the Board of Governors of the Federal Reserve System, acting through the Secretary of the Board under delegated authority, November 1, 1999.

Jennifer J. Johnson,

Secretary of the Board.

[FR Doc. 99–29004 Filed 11–4–99; 8:45 am]

BILLING CODE 6210–01–P

FARM CREDIT ADMINISTRATION

12 CFR Part 611

RIN 3052–AB86

Organization; Termination of Farm Credit Status

AGENCY: Farm Credit Administration.

ACTION: Proposed rule.

SUMMARY: This proposed rule will amend Farm Credit Administration's (FCA) regulations that will allow a Farm Credit System (FCS, Farm Credit or System) institution to terminate its FCS charter and become a financial institution under another Federal or State chartering authority. The purpose of our proposal is to amend the existing regulations so they apply to all banks and associations and to make other changes. We also withdraw a proposed termination rule published in 1993.

DATES: Please send your comments to us on or before February 3, 2000.

ADDRESSES: We encourage you to send comments via electronic mail to ''reg-comm@fca.gov'' or through the Pending Regulations section of our interactive website at ''www.fca.gov.'' You may mail or deliver comments to Patricia W. DiMuzio, Director, Regulation and Policy Division, Office of Policy and Analysis, 1501 Farm Credit Drive, McLean, VA, 22102–5090 or send by facsimile transmission to (703) 734–5784. You may review copies of all comments we receive in the Office of Policy and Analysis, FCA.

FOR FURTHER INFORMATION CONTACT:

Alan Markowitz, Senior Policy Analyst, Office of Policy and Analysis, Farm Credit Administration, McLean, VA 22102–5090, (703) 883–4479;

or

Rebecca S. Orlich, Senior Attorney, Office of General Counsel, Farm Credit Administration, McLean, VA 22102–5090, (703) 883–4020, TDD (703) 883–4444.

SUPPLEMENTARY INFORMATION:

I. Objectives

The objectives of our proposed rule are to:

- Provide a termination procedure for Farm Credit associations and banks that implements section 7.10 of the Farm Credit Act of 1971, as amended (1971 Act);
- Ensure that all equity holders of a terminating institution are treated fairly and equitably;
- Ensure that stockholder disclosure materials are easy to read and understand;
- Ensure that the remaining FCS institutions can continue fulfilling their congressional mandate of serving the credit needs of farmers, ranchers, and cooperatives; and
- Ensure that the remaining FCS institutions are able to operate safely and soundly.

II. Background

The Agricultural Credit Act of 1987 [1] (1987 Act) amended the 1971 Act by adding section 7.10—Termination of System Institution Status. Section 7.10 allows an FCS institution to terminate its status as a Farm Credit institution if the institution:

- Provides advance notice to us at least 90 days before termination;
- Receives Federal or State approval of a charter for a bank, savings and loan or other financial institution;
- Receives our approval;
- Receives the approval of a majority of the institution's voting stockholders;
- Pays or adequately provides for the payment of all its outstanding debt obligations;
- Pays to the Farm Credit Insurance Fund (Insurance Fund) an amount by which the institution's capital exceeds 6 percent of its assets; and
- Fulfills any other conditions that we, by regulation, consider appropriate.

In addition to the requirements of section 7.10, section 7.11 of the 1971 Act requires that any plan of termination, including all information to be distributed to the stockholders, must be submitted to us for approval prior to the stockholder vote. Section 7.11 requires us to act on the plan of termination and related disclosure materials within 60 days of their submission to us. If we take no action, the institution may submit its proposal to stockholders. If we disapprove the plan, our notice to the institution must specify the reasons for disapproval.

On December 18, 1989, we published an Advance Notice of Proposed Rulemaking (ANPRM) [2] requesting comments on the manner and process for implementing the new termination procedures. On July 12, 1990, we published a proposed rule authorizing the termination of Farm Credit status for small associations only.[3] An association is defined as ''small'' when its investment in its affiliated Farm Credit Bank (FCB) is 25 percent or less of the bank's capital, or when its loan from the FCB totals 25 percent or less of the bank's total loans. On January 30, 1991, we published the current final rule that establishes the procedure for small associations.[4]

On March 19, 1993, we published a proposed rule establishing a procedure for the termination of large associations, FCBs and banks for cooperatives (BCs) and revisions to the regulations on the termination of FCS status for small associations (1993 proposed rule).[5] The 1993 proposed rule also included requirements enacted in the Farm Credit Banks and Associations Safety and Soundness Act of 1992 (1992 Act).[6] The 1992 Act amended the 1971 Act by increasing our time to review the application from 30 days to 60 days and clarifying provisions for the repayment of assistance for debt obligations issued by the Farm Credit System Financial Assistance Corporation (FAC).

[1] Public Law 100–233, 101 Stat. 1568 (1988).

[2] *See* 54 FR 51763.

[3] *See* 55 FR 28639.

[4] *See* 56 FR 3397.

[5] *See* 58 FR 15099.

[6] Public Law 102–552, 106 Stat. 4102 (1992).