

S-306
Reg. W-26INTERPRETATION OF LAW OR REGULATION

(Copies to be sent to all Federal Reserve Banks)

September 5, 1941

TELEGRAM

Federal Reserve Bank of

Boston

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"First lien" referred to in section 6(a) of Regulation W means any first lien created by agreement of the parties at the time of or as an incident to the extension of credit, including first mortgages, first deeds of trust, and the like. It does not, however, include a lien arising by operation of law, independently of such an agreement, under statutes such as those designed to protect furnishers of labor or material. A lien of the kind existing in some jurisdictions which is sometimes referred to as a mechanic's lien but which is a first lien created by agreement of the parties, and not by operation of law under a statute, is a "first lien" under section 6(a).

(Signed) Chester Morrill

Morrill