

S. 311
Reg. W-30

INTERPRETATION OF LAW OR REGULATION

(Copies to be sent to all Federal Reserve Banks)

September 5, 1941

TELEGRAM

Federal Reserve Bank of

Boston

New York

Philadelphia

Cleveland

Richmond

Atlanta

Chicago

St. Louis

Minneapolis

Kansas City

Dallas

San Francisco

An inquiry which may be stated as follows has been received under Regulation W:

"A mortgagee, who has made a loan of \$2,000 secured by a first mortgage, advances \$400 more to the same borrower but instead of combining the two transactions into one debt secured by one mortgage, the lender takes another note and a second mortgage. Can the latter mortgage be regarded as a 'first lien' within the meaning of section 6(a)?"

The Board is of the opinion that the second mortgage securing the additional loan of \$400 may not be regarded as a "first lien" within the meaning of section 6(a).

(Signed) Chester Morrill

Morrill