

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEMINTERPRETATION OF LAW OR REGULATION

February 3, 1942

W-126. Under section 3(a) of Regulation W, every person "engaged in the business of making extensions of instalment sale credit or instalment loan credit \*\*\*" must file a simple registration statement.

Since section 6 of the regulation exempts certain transactions from the requirements of sections 4 and 5, questions have been received as to whether a person must register if the only kinds of "instalment sale credit" or "instalment loan credit" he extends are those covered by section 6.

The answer is that he must. The exemption, as indicated above, is only from sections 4 and 5, and it does not affect section 3. Furthermore, the credits described in section 6 are closely related to the general purposes of the regulation--in fact, many of them are exempted only on certain important conditions that are similar in many respects to those stated in sections 4 and 5.

W-127. Interpretation W-25 of Regulation W stated that a first mortgage may be considered a "first lien" within the meaning of section 6(a) of Regulation W, even though a prior lien for "current taxes not due and payable" exists under State law.

Although the facts involved in that interpretation related only to current taxes not due and payable, the Board has recently considered other questions regarding property taxes on mortgaged real estate under the regulation, and the Board is of the opinion that a first mortgage is a "first lien" within the meaning of section 6(a) regardless of the status of any property taxes on the property, whether the taxes are current or past due.