

Every domestic life insurer must have and continually keep to the extent of an amount equal to its entire reserves, as required by this article, invested in any combination of the following types of assets subject to the limit, if any, set forth with regard to each type or class of investment:

(7) Loans secured by first mortgages, or deeds of trust, on unencumbered fee-simple or improved leasehold real estate in the District of Columbia or in any state of the United States of America or province of Canada, to an amount not exceeding 85 percent of the fair market value of such fee-simple or improved leasehold real estate provided that any amount exceeding 75 percent of the fair market value of such fee-simple or leasehold real estate shall not be included in reserve and capital investments unless such fee-simple or leasehold real estate is primarily improved by a residence OR IS FARM PROPERTY USED FOR FARMING PURPOSES IF THE LOAN AMOUNT ON ANY ONE FARM PROPERTY DOES NOT EXCEED \$500,000, and such loans provide for amortization of principal, such amortization payments to be made annually or more frequently, over a period of not more than 30 years. Whenever such loans are made upon fee-simple, or leasehold real estate which is improved by a building or buildings, the said improvements shall be insured against loss by fire, and the fire insurance policies shall contain the New York or Massachusetts standard mortgage clause or one equivalent thereto and shall be delivered to the mortgagee as additional security for the said loans; and upon bonds, notes or other evidence of indebtedness secured by mortgages or deeds of trust which are guaranteed or insured by an instrumentality of the United States, pursuant to acts of Congress, as heretofore and hereafter amended, known as the National Housing Act; Servicemen's Readjustment Act of 1944; Bankhead-Jones Farm Tenant Act; and neither the limitations of this section nor any other law of this State requiring security upon which loans shall be made, or prescribing the nature, amount or forms of such security, or limiting the interest rates upon loans, shall be deemed to apply to such insured or guaranteed mortgage loans. A policy insuring against loss by fire and other coverages shall be deemed to meet the requirements of this subsection.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 1982.

Approved June 1, 1982.

CHAPTER 729

(House Bill 1558)