

(2) A LIFE INSURER MAY NOT INCLUDE AN AMOUNT FROM AN INVESTMENT MADE UNDER PARAGRAPH (1) OF THIS SUBSECTION THAT EXCEEDS 75% OF THE FAIR MARKET VALUE OF THE REAL ESTATE IN RESERVE AND CAPITAL STOCK INVESTMENTS UNDER THIS SUBTITLE UNLESS THE REAL ESTATE:

(I) IS PRIMARILY IMPROVED BY A RESIDENCE; OR

(II) IS FARM PROPERTY USED FOR FARMING PURPOSES AND THE LOAN AMOUNT ON ANY ONE FARM PROPERTY DOES NOT EXCEED \$500,000.

(3) A LOAN AUTHORIZED BY THIS SUBSECTION MUST PROVIDE FOR THE AMORTIZATION OF PRINCIPAL OVER A PERIOD OF NOT MORE THAN 30 YEARS, WITH PAYMENTS TO BE MADE AT LEAST ANNUALLY.

(4) (I) IF A LOAN IS MADE ON REAL ESTATE IMPROVED BY A BUILDING, THE IMPROVEMENTS MUST BE INSURED AGAINST LOSS BY FIRE.

(II) THE FIRE INSURANCE POLICY REQUIRED BY SUBPARAGRAPH (I) OF THIS PARAGRAPH SHALL:

1. CONTAIN THE NEW YORK OR MASSACHUSETTS STANDARD MORTGAGE CLAUSE OR ITS EQUIVALENT; AND

2. BE DELIVERED TO THE MORTGAGEE AS ADDITIONAL SECURITY FOR THE LOAN.

(III) A POLICY THAT INSURES AGAINST LOSS BY FIRE AND OTHER COVERAGES SATISFIES THE REQUIREMENTS OF THIS SUBSECTION.

(5) THE REQUIREMENTS OF THIS SECTION AND ANY OTHER LAW OF THE STATE THAT REQUIRE SECURITY ON A LOAN, PRESCRIBE THE NATURE, AMOUNT, OR FORM OF SECURITY ON A LOAN, OR LIMIT THE INTEREST RATE ON A LOAN DO NOT APPLY IF THE RESERVE INVESTMENTS CONSIST OF BONDS, NOTES, OR OTHER EVIDENCES OF INDEBTEDNESS SECURED BY MORTGAGES OR DEEDS OF TRUST THAT ARE GUARANTEED OR INSURED BY AN INSTRUMENTALITY OF THE UNITED STATES UNDER THE NATIONAL HOUSING ACT, SERVICEMEN'S READJUSTMENT ACT OF 1944, OR BANKHEAD-JONES FARM TENANT ACT.

(H) GROUND RENTS.

(1) SUBJECT TO PARAGRAPHS (2) AND (3) OF THIS SUBSECTION, THE RESERVE INVESTMENTS OF A LIFE INSURER MAY INCLUDE GROUND RENTS IN ANY STATE.

(2) FOR UNEXPIRED REDEEMABLE GROUND RENTS, ANY PREMIUMS PAID MUST BE:

(I) AMORTIZED OVER THE PERIOD BETWEEN THE DATE OF ACQUISITION AND THE EARLIEST REDEMPTION DATE; OR

(II) CHARGED OFF BEFORE THE REDEMPTION DATE.