

THE RESERVE INVESTMENTS OF AN INSURER MAY INCLUDE BANK AND BANKERS' ACCEPTANCE AND OTHER BILLS OF EXCHANGE OF THE KIND AND MATURITIES MADE ELIGIBLE BY LAW FOR PURCHASE IN THE OPEN MARKET BY FEDERAL RESERVE BANKS.

(J) FIRST MORTGAGE LOANS OR DEEDS OF TRUST.

(1) THIS SUBSECTION DOES NOT APPLY TO OBLIGATIONS ELIGIBLE FOR INVESTMENT UNDER SUBSECTION (E) OF THIS SECTION.

(2) (I) THE RESERVE INVESTMENTS OF AN INSURER MAY INCLUDE BONDS OR EVIDENCES OF INDEBTEDNESS THAT ARE SECURED BY FIRST MORTGAGES OR DEEDS OF TRUST ON UNENCUMBERED FEE-SIMPLE OR IMPROVED LEASEHOLD REAL PROPERTY LOCATED IN THE UNITED STATES.

(II) FOR PURPOSES OF SUBPARAGRAPH (I) OF THIS PARAGRAPH, REAL PROPERTY IS NOT CONSIDERED ENCUMBERED BECAUSE OF:

1. THE EXISTENCE OF INSTRUMENTS RESERVING MINERAL, OIL, OR TIMBER RIGHTS, RIGHTS-OF-WAY, SEWER RIGHTS, OR RIGHTS IN WALLS;

2. LIENS FOR TAXES OR ASSESSMENTS NOT YET DUE;

3. BUILDING RESTRICTIONS OR OTHER RESTRICTIVE COVENANTS; OR

4. LEASES ON THE REAL PROPERTY UNDER WHICH RENTS OR PROFITS ARE RESERVED TO THE OWNER IF THE SECURITY FOR THE LOAN IS A FIRST LIEN ON THE REAL PROPERTY AND IF THERE IS NO CONDITION OR RIGHT OF REENTRY OR FORFEITURE UNDER WHICH THE LIEN MAY BE CUT OFF, SUBORDINATED, OR OTHERWISE DISTURBED.

(3) AT THE TIME OF INVESTMENT BY THE INSURER, A MORTGAGE LOAN MADE OR ACQUIRED BY AN INSURER ON ANY ONE PROPERTY MAY NOT EXCEED 80% OF THE VALUE OF THE REAL PROPERTY SECURING THE LOAN.

(4) A MORTGAGE LOAN MAY NOT BE MADE OR ACQUIRED BY AN INSURER UNLESS AN APPRAISAL IS MADE BY AN APPRAISER FOR THE PURPOSE OF THE INVESTMENT.

(5) A MORTGAGE LOAN MADE OR ACQUIRED BY AN INSURER THAT IS A PARTICIPATION OR A PART OF A SERIES OF ISSUE SECURED BY THE SAME MORTGAGE OR DEED OF TRUST IS NOT A LAWFUL INVESTMENT UNDER THIS SUBSECTION UNLESS:

(I) THE ENTIRE SERIES OR ISSUE THAT IS SECURED BY THE SAME MORTGAGE OR DEED OF TRUST IS HELD BY THE INSURER; OR

(II) THE INSURER HOLDS A PARI PASSU PARTICIPATION INTEREST IN THE MORTGAGE OR DEED OF TRUST AND HAS THE RIGHTS OF A FIRST MORTGAGEE.