§ 5. Loans pursuant to the "Servicemen's Readjustment Act of 1944." 1. Subject to such regulations and restrictions as the superintendent of financial services finds to be necessary and proper, (i) any loan at least twenty per centum of which is guaranteed under title three of an act of congress entitled the "Servicemen's Readjustment Act of 1944," may be made or invested in by any banking organization having the power to make loans, and the savings and loan bank of the state of New York, and (ii) any bank or trust company may make any loan made on the security of a loan or loans eligible under the preceding subparagraph (i), without regard to the limitations and restrictions of this chapter; provided however, that

(a) No such loan upon the security of real estate shall be made or invested in if the amount of such loan exceeds the appraised value of such real estate, as improved or to be improved by the application of the proceeds of such loan, or if the amount of such loan, when added to the amount unpaid upon prior mortgages, liens and encumbrances upon such real estate, exceeds such appraised value. Such appraised value shall be determined by an appraiser appointed pursuant to policies established by the board of directors or trustees of the corporation making or investing in such loan, or, in the case of a private banker, shall be determined by the private banker or by an appraiser appointed pursuant to policies established by such private banker;

(b) Each such loan, if secured by real property, shall be subject to the provisions of this chapter relating to the recording of mortgages and assignments of mortgages upon real property;

(bb) The requirements of the foregoing paragraphs (a) and (b) shall not apply when not less than ten such mortgages are assigned as security for a loan made under paragraph (ii), providing the term of such loan does not exceed twelve months;

(c) Each such loan shall be subject to the provisions of this chapter prescribing the maximum limits, in amount, of (1) loans in the aggregate to, or upon the net liability of, any one individual and (2) loans in the aggregate secured by real property;

(d) Each such loan made or invested in by a savings bank, a savings and loan association, or the savings and loan bank of the state of New York shall be subject to the following additional provisions: (1) a loan pursuant to section five hundred one, five hundred two or five hundred

three of the "Servicemen's Readjustment Act of 1944," for the purpose of repairing, altering or improving a building or buildings, and a loan pursuant to section five hundred five (a) of such act, need not be secured by a lien on real property, but all other loans pursuant to such act must be secured by a first lien on such property; and (2) in the case of each loan for the acquisition or benefit of, or secured by, real property, such real property must, if located without the state of New York, be located, in the case of a savings bank, within twenty-five miles of the principal office of such savings bank; in the case of a savings and loan association, within fifty miles of the principal office of such association; and, in the case of the savings and loan bank of the state of New York, within fifty miles of the principal office of such bank or the principal office of one of its member savings and loan associations; except that, if the amount of a loan secured by real property, after deducting therefrom the amount thereof which is guaranteed pursuant to such act, is in excess of two-thirds of the appraised value of such real property, as determined in accordance with paragraph (a) of this subdivision, such real property must be located within the state of New York and, in the case of a savings bank or a savings and loan association, within one hundred miles of the principal office of any such corporation which makes, and any such corporation which invests in, such loan; and except that, in the case of a loan pursuant to section five hundred five (a) of such act, the real property for the acquisition or benefit of which such loan is made may be located within the applicable and prescribed limits of this chapter as to the location of real property securing a loan insured by the federal housing commissioner.

(e) The authority provided in this subdivision to invest in any loan secured by real property guaranteed pursuant to the provisions of the act of congress entitled the "Servicemen's Readjustment Act of 1944", shall include authority to acquire title to real property in connection with investing in an installment contract for the sale of real property, so guaranteed, where the purchaser under such contract is in possession and control of the property, and title is acquired by the banking organization solely as security for the obligations of the purchaser.

2. In complying with the provisions of this chapter which prescribe

the maximum limits, in amount, of loans in the aggregate to, or upon the net liability of, any one individual, and loans in the aggregate secured by real property, a banking organization or the savings and loan bank of the state of New York may deduct from the total amount of each loan made or invested in by it that portion of such loan which is guaranteed pursuant to the "Servicemen's Readjustment Act of 1944", and, in the case of each loan made or invested in by it which is secured by a loan which is guaranteed pursuant to said act, may deduct that portion which is equal to the portion of such security which is so guaranteed.

3. The foregoing provisions of this section shall not apply to loans insured pursuant to section five hundred eight of the "Servicemen's Readjustment Act of 1944," but the superintendent of financial services shall have power to authorize banking organizations and the savings and loan bank of the state of New York to make and invest in such loans upon such terms and conditions as it shall prescribe. Nothing contained in this section shall prevent loans guaranteed or insured pursuant to the "Servicemen's Readjustment Act of 1944" from being made or invested in under, and subject to the limitations and restrictions of, other provisions of this chapter.