§ 6406. Investments; exception. (a) Every title insurance corporation organized and doing business under this article shall invest and keep invested an amount at least equal to its required minimum capital in the types of investments specified in section one thousand four hundred two of this chapter, except that it shall invest and keep invested at least thirty-five percent of its minimum capital in those types of investments specified in paragraphs one and two of subsection (b) of such section.

(b) Every title insurance corporation organized and doing a title insurance business under this article shall confine its investment of all of its funds, other than those specified in subsection (a) hereof, to investments permitted by paragraph two of subsection (a) of section one thousand four hundred three of this chapter except as follows:

(1) No loan secured by mortgage on any one piece or parcel of property (excluding any part guaranteed under title three of the Servicemen's Readjustment Act of 1944 (38 U.S.C. § 1801)) shall at the time of investment exceed (i) three-fourths of the value of the real property securing the same if (I) such real property is primarily improved by a single family residence, (II) the aggregate principal amount of the loan or loans secured by such real property does not exceed thirty thousand dollars, and (III) the evidences of indebtedness provide for amortization of principal over a period of not more than thirty years, or (ii) two-thirds of the value of the real property securing the same in all other cases, as shown by the appraisal of one or more competent and experienced appraisers.

(2) Any such corporation may invest in loans secured by mortgages on real property guaranteed as to principal or interest by the United States.

(3) No title insurance corporation shall at any time have invested in bonds, notes or other evidences of indebtedness secured by deeds of trust or real estate mortgages, as specified in this paragraph except bonds or notes secured by mortgage or trust deed guaranteed or insured by the federal housing administration under an act of congress of the United States of June 27, 1934, entitled the "National Housing Act,"(12 U.S.C. § 1701). Notwithstanding the provisions of clause (I) of item (v) of subparagraph (A) of paragraph four of subsection (a) of section one thousand four hundred four of this chapter, the aggregate investments held by a title insurance corporation of the types described in such

subparagraph and in purchase money mortgages received by it in part payment of the consideration for the sale or exchange of real property owned by it, shall not exceed seventy percent of its admitted assets as shown by its last statement on file with the superintendent.

(4) No title insurance corporation shall invest in or lend upon the security of any one parcel of property an amount exceeding seven percent of its total admitted assets, except that such corporation may invest in or lend upon an obligation or obligations secured by a mortgage or mortgages on property guaranteed as to principal or interest by the United States, or guaranteed or insured under the National Housing Act (12 U.S.C. § 1701), an amount not exceeding twenty-five percent of its total admitted assets, if at the time of the making of the commitment for such investment or loan such corporation shall have entered into an agreement in writing with a mortgagee approved under the provisions of the National Housing Act, for the sale of such investment or loan for an amount in cash not less than the full amount of such investment or loan.

(5) Notwithstanding the provisions of paragraph eight of subsection (a) of section one thousand four hundred four of this chapter, no title insurance corporation shall invest in, or otherwise acquire or loan upon in any one institution's outstanding equity interests an amount which exceeds two percent of the admitted assets of such title insurance corporation as shown by its last statement on file with the superintendent. The aggregate cost of all investments in equity interests then held by any title insurance corporation pursuant to this paragraph, paragraph six hereof, section one thousand four hundred three and paragraph eight of subsection (a) of section one thousand four hundred four of this chapter shall not exceed the lesser of twenty-five percent of the insurer's total admitted assets or one-half of the insurer's surplus to policyholders as shown by its last statement on file with the superintendent.

(6) Notwithstanding the provisions of paragraph eight of subsection (a) of section one thousand four hundred four of this chapter and paragraph five hereof, a title insurance corporation may invest in the shares of other insurance corporations and in the shares and obligations of any corporation which is engaged exclusively in a kind of business properly incidental to the insurance business of such title insurance corporation, amounts which do not in total exceed ten percent of its

total admitted assets as shown by its last statement on file with the superintendent.

(7) No title insurance corporation shall hold a direct or indirect ownership interest in a risk retention group, as defined in article fifty-nine of this chapter, other than in a risk retention group all of whose members are insurance companies.