§ 7607. Management and investment of funds. (a) Each of the two funds governed by this article shall be separate and apart. Each fund shall also be separate and apart from any other fund and from all other state moneys, and the faith and credit of the state of New York is pledged for their safekeeping. The commissioner shall be the custodian of the funds. All disbursements shall be made by the commissioner upon vouchers signed by the superintendent, or his deputy. The moneys of the funds may be invested by the commissioner in obligations of the United States or of this state and in interest bearing certificates of deposit of a bank or trust company located and authorized to do business in this state, or of a national bank located in this state, secured by a pledge of direct obligations of the United States or of the state of New York in an amount equal to the amount of such certificates of deposit, or in accordance with the provisions of section ninety-eight-a of the state finance law.

(b) With respect to the moneys in the property/casualty insurance security fund the commissioner may also invest in:

(1) obligations of public benefit corporations whose obligations are legal for investment by public officers and bodies of this state;

(2) up to thirty-three and one-third percent of the net value of the fund in mortgage loans or deeds of trust on real property improved by one, two, three or four family residences owned by one or more individuals and occupied by an owner and located in this state. The amount invested in mortgage loans and deeds of trust may not exceed the lesser of ninety percent of the appraised value of the real property or thirty-five thousand dollars if a one-family residence, forty thousand dollars if a two-family residence, forty-five thousand dollars if a three-family residence, or fifty thousand dollars if a four-family residence. The mortgage or deed of trust shall provide for monthly principal and interest payments in amounts sufficient to pay all interest and effect full repayment of principal within seventy-five percent of the estimated remaining useful life of the building or thirty years, whichever is less.

(c) The commissioner may sell any investment of either fund, if advisable, for proper administration or in the best interests of the fund.