

6:01:04:05. Individual mortgage loans serving as collateral. The individual mortgage loans serving as collateral for an issue of securities shall meet either of the following requirements:

(1) Be insured by the federal housing administration or guaranteed by the veterans' administration; or

(2) If not insured or guaranteed under subdivision (1) of this section, have a total loan-to-value ratio of 90 percent or less with a minimum of 20 percent mortgage insurance coverage issued by a private mortgage insurer. Up to 20 percent of the par value of the mortgage loans serving as collateral may be made up of mortgage loans having a loan-to-value ratio of up to 95 percent with a minimum of 25 percent mortgage insurance coverage issued by a private mortgage insurer. Insurance on all such mortgage loans shall be issued by a private mortgage insurer which meets the following requirements:

- (a) Is approved by the Federal Home Loan Mortgage Corporation;
- (b) Has been engaged in the mortgage insurance business for at least 3 years; and
- (c) Is authorized under SDCL 58-6-1 to issue mortgage insurance in South Dakota.

Source: 9 SDR 53, effective November 3, 1982.

General Authority: SDCL 4-5-28.

Law Implemented: SDCL 4-5-28.