

104TH CONGRESS  
2D SESSION

# H. R. 3741

To enhance the effectiveness of enforcement provisions relating to single family and multifamily housing, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

JUNE 27, 1996

Mr. LAZIO of New York (by request) introduced the following bill; which was referred to the Committee on Banking and Financial Services, and in addition to the Committees on the Judiciary and Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To enhance the effectiveness of enforcement provisions relating to single family and multifamily housing, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.**

4 (a) **SHORT TITLE.**—This Act may be cited as the  
5 “Housing Enforcement Act of 1996”.

6 (b) **TABLE OF CONTENTS.**—

Sec. 1. Short title and table of contents.

Sec. 2. Implementation.

## TITLE I—FHA SINGLE FAMILY AND MULTIFAMILY

- Sec. 10. MRB exemption from automatic stay provisions of bankruptcy Code.
- Sec. 11. Authorize MRB to immediately suspend mortgagees.
- Sec. 12. Extension of equity skimming to other single family and multifamily housing programs.
- Sec. 13. Civil money penalties against mortgagees, lenders, and other participants in FHA programs.

## TITLE II—FHA MULTIFAMILY

- Sec. 20. Civil money penalties against general partners, officers, directors, and certain managing agents of multifamily projects.
- Sec. 21. Civil money penalties for noncompliance with section 8 HAP contracts.
- Sec. 22. Extension of double damages remedy.
- Sec. 23. Obstruction of federal audits.
- Sec. 24. Disposition of amounts recovered under the Program Fraud Civil Remedies Act.
- Sec. 25. Extension of access to records to prevent fraud and abuse.

**1 SEC. 2. IMPLEMENTATION.**

2 (a) ISSUANCE OF NECESSARY REGULATIONS.—Not-  
 3 withstanding 42 U.S.C. 3535(o) or 24 CFR part 10, the  
 4 Secretary shall issue such regulations as may be necessary  
 5 to implement any provision of this Act, and any amend-  
 6 ment made by this Act, in accordance with section 552  
 7 or 553 of title 5, United States Code, as determined by  
 8 the Secretary.

9 (b) USE OF EXISTING RULES.—In implementing any  
 10 provision of this Act, the Secretary may, in the Secretary's  
 11 discretion, provide for the use of existing rules to the ex-  
 12 tent appropriate, without the need for further rulemaking.

1           **TITLE I—FHA SINGLE FAMILY AND**  
2                           **MULTIFAMILY**

3   **SEC. 10. MRB EXEMPTION FROM AUTOMATIC STAY PROVI-**  
4                           **SIONS OF BANKRUPTCY CODE.**

5           Section 202(c)(3) of the National Housing Act is  
6 amended by inserting at the end the following:

7                           “(F) EXEMPTION FROM BANKRUPTCY  
8                           STAY.—The stay provisions of title 11 of the  
9                           United States Code shall not preclude or limit  
10                          the exercise by the Board of its right to take  
11                          an administrative action against a mortgagee as  
12                          provided in this paragraph.”.

13   **SEC. 11. AUTHORIZE MRB TO IMMEDIATELY SUSPEND**  
14                           **MORTGAGEES.**

15           Section 202(c)(3)(C) of the National Housing Act is  
16 amended by inserting after the first sentence the following  
17 new sentence: “Notwithstanding paragraph (4)(A), a sus-  
18 pension shall be effective upon issuance by the Board if  
19 there exists adequate evidence in the determination of the  
20 Board that immediate action is required to protect the fi-  
21 nancial interests of the Department or the public.”.

1 **SEC. 12. EXTENSION OF EQUITY SKIMMING TO OTHER SIN-**  
2 **GLE FAMILY AND MULTIFAMILY HOUSING**  
3 **PROGRAMS.**

4 Section 254 of the National Housing Act is amended  
5 to read as follows:

6 “EQUITY SKIMMING PENALTY

7 “Whoever, as an owner, agent, or manager, or who  
8 is otherwise in custody, control, or possession of a multi-  
9 family project or a 1- to 4-family residence that is security  
10 for a mortgage note that is insured, acquired, or held by  
11 the Secretary pursuant to the National Housing Act, or  
12 is made pursuant to section 202 of the Housing Act of  
13 1959 (including property still subject to section 202 pro-  
14 gram requirements that existed before the date of enact-  
15 ment of the Cranston-Gonzalez National Affordable Hous-  
16 ing Act), or is insured or held pursuant to section 542  
17 of the Housing and Community Development Act of 1992,  
18 but is not reinsured under section 542 of the Housing and  
19 Community Development Act of 1992, willfully uses or au-  
20 thorizes the use of any part of the rents, assets, proceeds,  
21 income, or other funds derived from property covered by  
22 such mortgage note for any purpose other than to meet  
23 reasonable and necessary expenses that include expenses  
24 approved by the Secretary if such approval is required,  
25 during a period when the mortgage note is in default or  
26 the project is in a nonsurplus cash position as defined by

1 the regulatory agreement covering such property, or the  
2 mortgagor has failed to comply with the provisions of such  
3 other form of regulatory control imposed by the Secretary,  
4 shall be fined not more than \$500,000 or imprisoned not  
5 more than 5 years, or both.”.

6 **SEC. 13. CIVIL MONEY PENALTIES AGAINST MORTGAGEES,**  
7 **LENDERS, AND OTHER PARTICIPANTS IN FHA**  
8 **PROGRAMS.**

9 (A) CHANGE TO SECTION TITLE.—The title of sec-  
10 tion 536 of the National Housing Act is amended to read  
11 as follows: “CIVIL MONEY PENALTIES AGAINST MORTGA-  
12 GEES, LENDERS, AND OTHER PARTICIPANTS IN FHA  
13 PROGRAMS”.

14 (b) EXPANSION OF PERSONS ELIGIBLE FOR PEN-  
15 ALTY.—Section 536(a) of the National Housing Act is  
16 amended—

17 (1) in paragraph (1), by revising the first sen-  
18 tence to read as follows: “Whenever a mortgagee ap-  
19 proved under the Act, a lender holding a contract of  
20 insurance under title I of this Act, or a principal, of-  
21 ficer or employee of such mortgage or lender, or  
22 other person or entity participating in either an in-  
23 sured mortgage or title I loan transaction under this  
24 Act or providing assistance to the borrower in con-  
25 nection with any such loan, including sellers of the

1 real estate involved, borrowers, closing agents, title  
2 companies, real estate agents, mortgage brokers, ap-  
3 praisers, loan correspondents and dealers, knowingly  
4 and materially violates any of the applicable provi-  
5 sions of subsection (b), the Secretary may impose a  
6 civil money penalty on the mortgagee or lender, or  
7 such other person or entity, in accordance with the  
8 provisions of this section. The penalty shall be in ad-  
9 dition to any other available civil remedy or any  
10 available criminal penalty, and may be imposed  
11 whether or not the Secretary imposes other adminis-  
12 trative sanctions.”; and

13 (2) in paragraph (2)—

14 (A) in the first sentence, by inserting “or  
15 such other person or entity” after “lender”; and

16 (B) in the second sentence, by striking  
17 “provision” and inserting “the provisions”.

18 (c) ADDITIONAL VIOLATIONS FOR MORTGAGEES,  
19 LENDERS, AND OTHER PARTICIPANTS IN FHA PRO-  
20 GRAMS.—Section 536(b) of such Act is amended—

21 (1) by redesignating paragraph (2) as para-  
22 graph (3);

23 (2) by inserting after paragraph (1) the follow-  
24 ing new paragraph:

1           “(2) The Secretary may impose a civil money  
2           penalty under subsection (a) for any knowing or ma-  
3           terial violation by a principal, officer or employee of  
4           a mortgagee or lender, or other participants in ei-  
5           ther an insured mortgage or title I loan transaction  
6           under this Act or provision of assistance to the bor-  
7           rower in connection with any such loan, including  
8           sellers of the real estate involved, borrowers, closing  
9           agents, title companies, real estate agents, mortgage  
10          brokers, appraisers, loan correspondents, and dealers  
11          for the following:

12                   “(A) submission to the Secretary of infor-  
13                   mation that was false, in connection with any  
14                   mortgage insured under this Act, or any loan  
15                   that is covered by a contract of insurance under  
16                   title I of this Act;

17                   “(B) falsely certifying to the Secretary or  
18                   submitting to the Secretary a false certification  
19                   by another person or entity; or

20                   “(C) failure by a loan correspondent or  
21                   dealer to submit to the Secretary information  
22                   which is required by regulations or directives in  
23                   connection with any loan that is covered by a  
24                   contract of insurance under title I of this Act.”;

25          and

1           (3) in paragraph (3), as redesignated by para-  
 2           graph (1) of this subsection, by striking “or para-  
 3           graph (1)(F)” and inserting “or (F), or paragraph  
 4           (2)(A), (B), or (C)”.

5           (d) CONFORMING AND TECHNICAL AMENDMENTS.—  
 6 Section 536 of such Act is further amended as follows:

7           (1) in subsection (c)(1)(B), by inserting after  
 8           “lender” the following: “or such other person or en-  
 9           tity”;

10          (2) in subsection (d)(1)—

11                 (A) by inserting after “lender” the follow-  
 12                 ing: “or such other person or entity”; and

13                 (B) by striking “part 25” and inserting  
 14                 “parts 24 and 25”; and

15           (3) in subsection (e), by inserting after “lend-  
 16           er” each time it appears the following: “or such  
 17           other person or entity”.

## 18                         **TITLE II—FHA MULTIFAMILY**

### 19   **SEC. 20. CIVIL MONEY PENALTIES AGAINST GENERAL** 20                         **PARTNERS, OFFICERS, DIRECTORS, AND CER-** 21                         **TAIN MANAGING AGENTS OF MULTIFAMILY** 22                         **PROJECTS.**

23           (a) CIVIL MONEY PENALTIES AGAINST MULTIFAM-  
 24   ILY MORTGAGORS.—Section 537 of the National Housing  
 25   Act is amended—

1           (1) in subsection (b)(1), by striking “on that  
2           mortgagor” and inserting the following: “on that  
3           mortgagor, on a general partner of a partnership  
4           mortgagor, or on any officer or director of a cor-  
5           porate mortgagor”;

6           (2) in subsection (c)—

7           (A) by striking the heading and inserting  
8           the following: “(c) OTHER VIOLATIONS.—”;

9           (B) in paragraph (1)—

10           (i) by striking “VIOLATIONS.—The  
11           Secretary may” and all that follows  
12           through the colon and inserting the follow-  
13           ing:

14           “(A) LIABLE PARTIES.—The Secretary may  
15           also impose a civil money penalty under this section  
16           on—

17           “(i) any mortgagor of a property that in-  
18           cludes five or more living units and that has a  
19           mortgage insured, coinsured, or held pursuant  
20           to this Act;

21           “(ii) any general partner of a partnership  
22           mortgagor of such property;

23           “(iii) any officer or director of a corporate  
24           mortgagor;

1           “(iv) any agent employed to manage the  
2 property that has an identity of interest with  
3 the mortgagor, with the general partner of a  
4 partnership mortgagor, or with any officer or  
5 director of a corporate mortgagor of such prop-  
6 erty; or

7           “(v) any member of a limited liability com-  
8 pany that is the mortgagor of such property or  
9 is the general partner of a limited partnership  
10 mortgagor or is a partner of a general partner-  
11 ship mortgagor.

12           “(B) VIOLATIONS.—A penalty may be imposed  
13 under this section upon any liable party under sub-  
14 paragraph (A) that knowingly and materially takes  
15 any of the following actions:”;

16           (ii) in subparagraph (B), as des-  
17 igned by clause (i), by redesignating the  
18 subparagraph designations (A) through  
19 (L) as clauses (i) through (xii), respec-  
20 tively;

21           (iii) by adding after clause (xii), as re-  
22 designated by clause (ii), the following new  
23 clauses:

24           “(xiii) Failure to maintain the premises,  
25 accommodations, any living unit in the project,

1 and the grounds and equipment appurtenant  
2 thereto in good repair and condition in accord-  
3 ance with regulations and requirements of the  
4 Secretary, except that nothing in this clause  
5 shall have the effect of altering the provisions  
6 of an existing regulatory agreement or federally  
7 insured mortgage on the property.

8 “(xiv) Failure, by a mortgagor, a general  
9 partner of a partnership mortgagor, or an offi-  
10 cer or director of a corporate mortgagor, to pro-  
11 vide management for the project that is accept-  
12 able to the Secretary pursuant to regulations  
13 and requirements of the Secretary.”; and

14 (iv) in the last sentence, by deleting  
15 “of such agreement” and inserting “of this  
16 subsection”;

17 (3) in subsection (d)—

18 (A) in paragraph (1)(B), by inserting after  
19 “mortgagor” the following: “, general partner  
20 of a partnership mortgagor, officer or director  
21 of a corporate mortgagor, or identity of interest  
22 agent employed to manage the property”; and

23 (B) by adding at the end the following new  
24 paragraph:

1           “(5) PAYMENT OF PENALTY.—No payment of a  
2           civil money penalty levied under this section shall be  
3           payable out of project income.”;

4           (4) in subsection (e)(1), by deleting “a mortga-  
5           gator” and inserting “an entity or person”;

6           (5) in subsection (f), by inserting after “mort-  
7           gator” each place such term appears the following:  
8           “, general partner of a partnership mortgagor, offi-  
9           cer or director of a corporate mortgagor, or identity  
10          of interest agent employed to manage the property”;

11          (6) by striking the heading of subsection (f)  
12          and inserting the following: “CIVIL MONEY PEN-  
13          ALTIES AGAINST MULTIFAMILY MORTGAGORS, GEN-  
14          ERAL PARTNERS OF PARTNERSHIP MORTGAGORS,  
15          OFFICERS AND DIRECTORS OF CORPORATE MORT-  
16          GAGORS, AND CERTAIN MANAGING AGENTS”; and

17          (7) by adding at the end the following new sub-  
18          section:

19          “(k) IDENTITY OF INTEREST MANAGING AGENT.—

20          For purposes of this section, the terms ‘agent employed

21          to manage the property that has an identity of interest’

22          and ‘identity of interest agent’ mean an entity—

23                 “(1) that has management responsibility for a  
24          project;

1           “(2) in which the ownership entity, including its  
2           general partner or partners (if applicable) and its of-  
3           ficers or directors (if applicable), has an ownership  
4           interest; and

5           “(3) over which such ownership entity exerts ef-  
6           fective control.”.

7           (b) IMPLEMENTATION.—

8           (1) PUBLIC COMMENT.—The Secretary shall  
9           implement the amendments made by this section by  
10          regulation issued after notice and opportunity for  
11          public comment. The notice shall seek comments pri-  
12          marily as to the definitions of the terms “ownership  
13          interest in” and “effective control”, as such terms  
14          are used in the definition of the terms “agent em-  
15          ployed to manage the property that has an identity  
16          of interest” and “identity of interest agent”.

17          (2) TIMING.—A proposed rule implementing the  
18          amendments made by this section shall be published  
19          not later than one year after the date of enactment  
20          of this Act.

21          (c) APPLICABILITY OF AMENDMENTS.—The amend-  
22          ments made by subsection (a) shall apply only with respect  
23          to—

1 (1) violations that occur on or after the effective date of the final regulations implementing the amendments made by this section; and

2  
3  
4 (2) in the case of a continuing violation (as determined by the Secretary of Housing and Urban Development), any portion of a violation that occurs on or after such date.

8 **SEC. 21. CIVIL MONEY PENALTIES FOR NONCOMPLIANCE**  
9 **WITH SECTION 8 HAP CONTRACTS.**

10 (a) BASIC AUTHORITY.—Title I of the United States  
11 Housing Act of 1937 is amended by adding at the end  
12 the following new section:

13 **“SEC. 27. CIVIL MONEY PENALTIES AGAINST SECTION 8**  
14 **OWNERS.**

15 “(a) IN GENERAL.—The penalties set forth in this  
16 section shall be in addition to any other available civil remedy or any available criminal penalty, and may be imposed  
17 regardless of whether the Secretary imposes other administrative sanctions. The Secretary may not impose penalties under this section for a violation, if a material cause  
18 of the violation is the failure of the Secretary, an agent  
19 of the Secretary, or a public housing agency to comply  
20 with an existing agreement.  
21  
22  
23

1       “(b) VIOLATIONS OF HOUSING ASSISTANCE PAY-  
2       MENT CONTRACTS FOR WHICH PENALTY MAY BE IM-  
3       POSED.—

4               “(1) LIABLE PARTIES.—The Secretary may im-  
5       pose a civil money penalty under this section on—

6                       “(A) any owner of a property receiving  
7       project-based assistance under section 8;

8                       “(B) any general partner of a partnership  
9       owner of such property; and

10                      “(C) any agent employed to manage such  
11       property that has an identity of interest with  
12       the owner or the general partner of a partner-  
13       ship owner of the property.

14               “(2) VIOLATIONS.—A penalty may be imposed  
15       under this section for a knowing and material  
16       breach of a housing assistance payments contract,  
17       including the following:

18                      “(A) failure to provide decent, safe, and  
19       sanitary housing pursuant to section 8; or

20                      “(B) knowing or willful submission of  
21       false, fictitious, or fraudulent statements or re-  
22       quests for housing assistance payments to the  
23       Secretary or to any department or agency of  
24       the United States.

1           “(3) AMOUNT OF PENALTY.—The amount of a  
2 penalty imposed for a violation under this sub-  
3 section, as determined by the Secretary, may not ex-  
4 ceed \$25,000 per violation.

5           “(c) AGENCY PROCEDURES.—

6           “(1) ESTABLISHMENT.—The Secretary shall  
7 issue regulations establishing standards and proce-  
8 dures governing the imposition of civil money pen-  
9 alties under subsection (b). These standards and  
10 procedures—

11           “(A) shall provide for the Secretary or  
12 other department official to make the deter-  
13 mination to impose the penalty;

14           “(B) shall provide for the imposition of a  
15 penalty only after the liable party has received  
16 notice and the opportunity for a hearing on the  
17 record; and

18           “(C) may provide for review by the Sec-  
19 retary of any determination or order, or inter-  
20 locutory ruling, arising from a hearing, and ju-  
21 dicial review, as provided under subsection (d).

22           “(2) FINAL ORDERS.—If a hearing is not re-  
23 quested before the expiration of the 15-day period  
24 beginning on the date on which the notice of oppor-  
25 tunity for hearing is received, the imposition of a

1 penalty under subsection (b) shall constitute a final  
2 and unappealable determination. If the Secretary re-  
3 views the determination or order, the Secretary may  
4 affirm, modify, or reverse that determination or  
5 order. If the Secretary does not review that deter-  
6 mination or order before the expiration of the 90-  
7 day period beginning on the date on which the deter-  
8 mination or order is issued, the determination or  
9 order shall be final.

10 “(3) FACTORS IN DETERMINING AMOUNT OF  
11 PENALTY.—In determining the amount of a penalty  
12 under subsection (b), the Secretary shall take into  
13 consideration—

14 “(A) the gravity of the offense;

15 “(B) any history of prior offenses by the  
16 violator (including offenses occurring before the  
17 enactment of this section);

18 “(C) the ability of the violator to pay the  
19 penalty;

20 “(D) any injury to tenants;

21 “(E) any injury to the public;

22 “(F) any benefits received by the violator  
23 as a result of the violation;

24 “(G) deterrence of future violations; and

1           “(H) such other factors as the Secretary  
2           may establish by regulation.

3           “(4) PAYMENT OF PENALTY.—No payment of a  
4           civil money penalty levied under this section shall be  
5           payable out of project income.

6           “(d) JUDICIAL REVIEW OF AGENCY DETERMINA-  
7           TION.—Judicial review of determinations made under this  
8           section shall be carried out in accordance with section  
9           537(e) of the National Housing Act.

10          “(e) REMEDIES FOR NON-COMPLIANCE.—

11           “(1) JUDICIAL INTERVENTION.—If a person or  
12           entity fails to comply with the Secretary’s deter-  
13           mination or order imposing a civil money penalty  
14           under subsection (b), after the determination or  
15           order is no longer subject to review as provided by  
16           subsections (c) and (d), the Secretary may request  
17           the Attorney General of the United States to bring  
18           an action in an appropriate United States district  
19           court to obtain a monetary judgment against that  
20           person or entity and such other relief as may be  
21           available. The monetary judgment may, in the  
22           court’s discretion, include the attorney’s fees and  
23           other expenses incurred by the United States in con-  
24           nection with the action.

1           “(2) NONREVIEWABILITY OF DETERMINATION  
2           OR ORDER.—In an action under this subsection, the  
3           validity and appropriateness of the Secretary’s deter-  
4           mination or order imposing the penalty shall not be  
5           subject to review.

6           “(f) SETTLEMENT BY SECRETARY.—The Secretary  
7           may compromise, modify, or remit any civil money penalty  
8           which may be, or has been, imposed under this section.

9           “(g) DEPOSIT OF PENALTIES.—

10           “(1) Notwithstanding any other provision of  
11           law, where the mortgage covering the property re-  
12           ceiving section 8 assistance is insured or formerly in-  
13           sured by the Secretary, the Secretary shall apply all  
14           civil money penalties collected under this section to  
15           the appropriate insurance fund or funds established  
16           under this Act, as determined by the Secretary.

17           “(2) Notwithstanding any other provision of  
18           law, where the mortgage covering the property re-  
19           ceiving section 8 assistance is neither insured nor  
20           formerly insured by the Secretary, the Secretary  
21           shall make all civil money penalties collected under  
22           this section available for use by the appropriate of-  
23           fice within the Department for administrative costs  
24           related to enforcement of the requirements of the  
25           various programs administered by the Secretary.

1       “(h) DEFINITIONS.—For the purposes of this sec-  
2 tion—

3               “(1) the term ‘agent employed to manage such  
4 property that has an identity of interest’ means an  
5 entity—

6                       “(A) that has management responsibility  
7 for a project;

8                       “(B) in which the ownership entity, includ-  
9 ing its general partner or partners (if applica-  
10 ble), has an ownership interest; and

11                      “(C) over which such ownership entity ex-  
12 erts effective control; and

13               “(2) the term ‘knowing’ means having actual  
14 knowledge of or acting with deliberate ignorance of  
15 or reckless disregard for the prohibitions under this  
16 section.”.

17       (b) APPLICABILITY.—The amendments made by sub-  
18 section (a) shall apply only with respect to—

19               (1) violations that occur on or after the effec-  
20 tive date of final regulations implementing the  
21 amendments made by this section; and

22               (2) in the case of a continuing violation (as de-  
23 termined by the Secretary of Housing and Urban  
24 Development), any portion of a violation that occurs  
25 on or after such date.

1 (c) IMPLEMENTATION.—

2 (1) REGULATIONS.—The Secretary shall imple-  
3 ment the amendments made by this section by regu-  
4 lation issued after notice and opportunity for public  
5 comment. The notice shall seek comments as to the  
6 definitions of the terms “ownership interest in” and  
7 “effective control”, as such terms are used in the  
8 definition of the term “agent employed to manage  
9 such property that has an identity of interest”.

10 (2) TIMING.—A proposed rule implementing the  
11 amendments made by this section shall be published  
12 not later than one year from the date of enactment  
13 of this Act.

14 **SEC. 22. EXTENSION OF DOUBLE DAMAGES REMEDY.**

15 Section 421 of the Housing and Community Develop-  
16 ment Act of 1987 is amended—

17 (1) in subsection (a)(1)—

18 (A) in the first sentence, by striking “Act;  
19 or (B)” and inserting the following: “Act; (B)  
20 a regulatory agreement that applies to a multi-  
21 family project whose mortgage is insured or  
22 held by the Secretary under section 202 of the  
23 Housing Act of 1959 (including property sub-  
24 ject to section 202 of such Act as it existed be-  
25 fore enactment of the Cranston-Gonzalez Na-

1 tional Affordable Housing Act of 1990); (C) a  
2 regulatory agreement or such other form of reg-  
3 ulatory control as may be imposed by the Sec-  
4 retary that applies to mortgages insured or held  
5 by the Secretary under section 542 of the  
6 Housing and Community Development Act of  
7 1992, but not reinsured under section 542 of  
8 the Housing and Community Development Act  
9 of 1992; or (D)”;

10 (B) in the second sentence, by inserting  
11 after “agreement” the following: “, or such  
12 other form of regulatory control as may be im-  
13 posed by the Secretary,”;

14 (2) in subsection (a)(2), by inserting after  
15 “Act,” the following: “under section 202 of the  
16 Housing Act of 1959 (including section 202 of such  
17 Act as it existed before enactment of the Cranston-  
18 Gonzalez National Affordable Housing Act of 1990)  
19 and under section 542 of the Housing and Commu-  
20 nity Development Act of 1992,”;

21 (3) in subsection (b), by inserting after “agree-  
22 ment” the following: “, or such other form of regu-  
23 latory control as may be imposed by the Secretary,”;

24 (4) in subsection (c)—

1 (A) in the first sentence, by inserting after  
2 “agreement” the following: “, or such other  
3 form of regulatory control as may be imposed  
4 by the Secretary,”; and

5 (B) in the second sentence, by inserting  
6 before the period the following: “or under the  
7 Housing Act of 1959, as appropriate”; and

8 (5) in subsection (d), by inserting after “agree-  
9 ment” the following: “, or such other form of regu-  
10 latory control as may be imposed by the Secretary,”.

11 **SEC. 23. OBSTRUCTION OF FEDERAL AUDITS.**

12 Section 1516(a) of title 18, United States Code, is  
13 amended by inserting after “under a contract or sub-  
14 contract,” the following: “or relating to any property that  
15 is security for a mortgage note that is insured, guaran-  
16 teed, acquired, or held by the Secretary of Housing and  
17 Urban Development pursuant to any Act administered by  
18 the Secretary”.

19 **SEC. 24. DISPOSITION OF AMOUNTS UNDER THE PROGRAM**  
20 **FRAUD CIVIL REMEDIES ACT.**

21 Section 3806(g)(2) of title 31, United States Code,  
22 is amended by adding at the end the following new sub-  
23 paragraphs:

24 “(F) Any amount of a penalty or assessment  
25 imposed by the Secretary of Housing and Urban De-

1        velopment under this chapter with respect to a claim  
2        or statement made in connection with the mortgage  
3        and loan insurance functions of the Secretary under  
4        the National Housing Act shall be deposited in the  
5        appropriate Insurance Fund established under that  
6        Act.

7                “(G) Any amount of a penalty or assessment  
8        imposed by the Secretary of Housing and Urban De-  
9        velopment under this chapter with respect to a claim  
10       or statement made in connection with the guarantee  
11       functions of the Secretary under title III of the Na-  
12       tional Housing Act shall be deposited in the account  
13       of the Government National Mortgage Association  
14       with the United States Treasury.”.

15 **SEC. 25. EXTENSION OF ACCESS TO RECORDS TO PREVENT**  
16 **FRAUD AND ABUSE.**

17        Section 303(i)(5) of the Social Security Act is hereby  
18        repealed.

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