

TITLE 12 - BANKS AND BANKING
CHAPTER 13 - NATIONAL HOUSING
SUBCHAPTER II - MORTGAGE INSURANCE

§ 1709–2. Equity skimming; penalty; persons liable; one dwelling exemption

Whoever, with intent to defraud, willfully engages in a pattern or practice of—

- (1) purchasing one- to four-family dwellings (including condominiums and cooperatives) which are subject to a loan in default at time of purchase or in default within one year subsequent to the purchase and the loan is secured by a mortgage or deed of trust insured or held by the Secretary of Housing and Urban Development or guaranteed by the Department of Veterans Affairs, or the loan is made by the Department of Veterans Affairs,
- (2) failing to make payments under the mortgage or deed of trust as the payments become due, regardless of whether the purchaser is obligated on the loan, and
- (3) applying or authorizing the application of rents from such dwellings for his own use,

shall be fined not more than \$250,000 or imprisoned not more than 5 years, or both. This section shall apply to a purchaser of such a dwelling, or a beneficial owner under any business organization or trust purchasing such dwelling, or to an officer, director, or agent of any such purchaser. Nothing in this section shall apply to the purchaser of only one such dwelling.

(Pub. L. 91–609, title IX, § 912, Dec. 31, 1970, 84 Stat. 1814; Pub. L. 100–242, title IV, § 416(a), Feb. 5, 1988, 101 Stat. 1907; Pub. L. 102–54, § 13(d)(1), June 13, 1991, 105 Stat. 274.)

Codification

Section was enacted as part of the Housing and Urban Development Act of 1970, and not as part of the National Housing Act which comprises this chapter.

Amendments

1991—Par. (1). Pub. L. 102–54 substituted “Department of Veterans Affairs” for “Veterans’ Administration” in two places.

1988—Pub. L. 100–242 inserted parenthetical reference to condominiums and cooperatives in par. (1), substituted “due, regardless of whether the purchaser is obligated on the loan” for “due” in par. (2), and substituted “\$250,000” for “\$5,000” and “5” for “three” in closing provisions.