

(b) *Amount of penalty.* The maximum penalty is \$21,018 for each violation.

[65 FR 50593, Aug. 18, 2000, as amended at 76 FR 36851, June 22, 2011; 79 FR 35042, June 19, 2014; 81 FR 38935, June 15, 2016; 82 FR 24524, May 30, 2017; 83 FR 32793, July 16, 2018; 84 FR 9453, Mar. 15, 2019; 85 FR 13044, Mar. 6, 2020; 86 FR 14373, Mar. 16, 2021; 87 FR 24420, Apr. 26, 2022; 88 FR 9748, Feb. 15, 2023]

§ 30.68 Section 8 owners.

(a) *Definitions.* The following definitions apply to this section only:

Agent employed to manage the property that has an identity of interest and identity of interest agent. An entity:

(1) That has management responsibility for a project;

(2) In which the ownership entity, including its general partner or partners (if applicable), has an ownership interest; and

(3) Over which the ownership entity exerts effective control.

Effective control. The ability to direct, alter, supervise, or otherwise influence the actions, policies, decisions, duties, employment, or personnel of the management agent.

Entity. An individual corporation; company; association; partnership; authority; firm; society; trust; state, local government or agency thereof; or any other organization or group of people.

Ownership interest. Any direct or indirect interest in the stock, partnership interests, beneficial interests (for a trust) or other medium of equity participation. An indirect interest includes equity participation in any entity that holds a management interest (e.g. general partner, managing member of an LLC, majority stockholder, trustee) or minimum equity interest (e.g., a 25% or more limited partner, 10% or more stockholder) in the ownership entity of the management agent.

(b) *General.* The Assistant Secretary for Housing—Federal Housing Commissioner, or his or her designee, or the Assistant Secretary for Public and Indian Housing, or his or her designee, may initiate a civil money penalty against any owner, any general partner of a partnership owner, or any agent employed to manage the property that has an identity of interest with the owner or the general partner of a part-

nership owner of a property receiving project-based assistance under section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f) for a knowing and material breach of a housing assistance payments contract. Examples of covered violations include, but are not limited to, the following:

(1) Failure to provide decent, safe, and sanitary housing pursuant to section 8 of the United States Housing Act of 1937 and 24 CFR 5.703; or

(2) Knowing or willful submission of false, fictitious, or fraudulent statements or requests for housing assistance payments to the Secretary or to any department or agency of the United States.

(c) *Maximum penalty.* The maximum penalty for each violation under this section is \$46,102.

(d) *Payment of penalty.* No payment of a civil money penalty levied under this section shall be payable out of project income.

(e) *Exceptions.* The Secretary may not impose penalties under this section for a violation, if a material cause of the violation is the failure of the Secretary, an agent of the Secretary, or a public housing agency to comply with an existing agreement.

[66 FR 63442, Dec. 6, 2001, as amended at 74 FR 2751, Jan. 15, 2009; 78 FR 4059, Jan. 18, 2013; 81 FR 38935, June 15, 2016; 82 FR 24525, May 30, 2017; 83 FR 32793, July 16, 2018; 84 FR 9454, Mar. 15, 2019; 85 FR 13044, Mar. 6, 2020; 86 FR 14373, Mar. 16, 2021; 87 FR 24421, Apr. 26, 2022; 88 FR 9748, Feb. 15, 2023]

Subpart C—Procedures

§ 30.70 Prepenalty notice.

(a) Prior to determining whether to issue a complaint under § 30.85, the official designated in subpart B of this part, or his or her designee (or the chairperson of the Mortgagee Review Board, or his or her designee, in actions under § 30.35), shall issue a written notice to the respondent. This prepenalty notice shall include the following:

(1) That HUD is considering seeking a civil money penalty;

(2) The specific violations alleged;

(3) The maximum civil money penalty that may be imposed;