



August 21, 2023

**VIA E-MAIL ONLY**

Chief Counsel's Office  
Attention: Comment Processing  
Office of the Comptroller of the Currency  
400 7<sup>th</sup> Street SW,  
Suite 3E-218,  
Washington, DC 20219  
Docket ID OCC-2023-0002

Ann E. Misback, Secretary,  
Board of Governors of the Federal Reserve System  
20<sup>th</sup> Street and Constitution Avenue NW,  
Washington DC 20551  
Docket No. R-1807

James P. Sheesley  
Assistant Executive Secretary  
Attention: Comments/Legal OES (RIN 3064-AE68)  
Federal Deposit Insurance Corporation,  
550 17th Street NW,  
Washington, DC 20429

Melane Conyers Ausbrooks, Secretary of the Board,  
National Credit Union Administration,  
1775 Duke Street,  
Alexandria, Virginia 22314-3428  
RIN 3133-AE23

Comment Intake—CFPB-2023-0025,  
Consumer Financial Protection Bureau,  
c/o Legal Division Docket Manager,  
1700 G Street NW,  
Washington, DC 20552

Clinton Jones, General Counsel,  
Attention: Comments/RIN 2590-AA62,  
Federal Housing Finance Agency,  
Fourth Floor, 400 Seventh Street SW,  
Washington, DC 20219

**RE: Quality Control Standards for Automated Valuation Models; Docket No: RIN 2590-AA62**

Dear Ladies and Gentlemen,

The Wisconsin Bankers Association (WBA) is the largest financial trade association in Wisconsin, representing nearly 200 state and nationally chartered banks, savings banks, and savings and loan associations located in communities throughout the State. WBA appreciates the opportunity to comment on the notice of proposed rulemaking to implement quality control



standards for automated valuation models issued by the Office of the Comptroller of the Currency, Treasury, Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, National Credit Union Administration, Consumer Financial Protection Bureau, and Federal Housing Finance Agency (collectively, the agencies).

The agencies have proposed a rule to implement the quality control standards mandated by the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) for the use of automated valuation models (AVMs) by mortgage originators and secondary market issuers in determining the collateral worth of a mortgage secured by a consumer's principal dwelling. The proposal would require institutions that engage in certain credit decisions or securitization determinations to adopt policies, practices, procedures, and control systems to ensure that AVMs used in these transactions to determine the value of mortgage collateral adhere to quality control standards designed to ensure a high level of confidence in the estimates produced by AVMs, protect against the manipulation of data, seek to avoid conflicts of interest, require random sample testing and reviews, and comply with applicable nondiscrimination laws.

The proposal would fulfill the statutory mandate in the Dodd-Frank Act that the agencies promulgate regulations to implement quality control standards for AVMs used by mortgage originators and secondary market issuers to determine the collateral worth of a mortgage secured by a consumer's principal dwelling. WBA appreciates the agencies' efforts to issue a proposal which would allow for flexibility to set quality controls for AVMs as appropriate based on the size of the institution and the risk and complexity of transactions for which they will use AVMs. Given the nature of AVMs as an advancing mode of technology, such models will continue to grow and evolve, making a flexible approach appropriate in order to allow institutions to refine their policies, practices, procedures, and control systems as appropriate as this technology changes. WBA encourages the agencies to maintain this approach, and to remain mindful that any unnecessary burdens could constrain the meaningful use of AVMs.

WBA would add that Wisconsin banks fully support fair lending laws and are aware of the unique considerations which AVMs present. As a result, Wisconsin banks rely on current fair lending requirements, and underwriting and appraisal management guidance, to guide their usage of AVMs, for example, through current supervisory model risk management guidance. As discussed above, WBA appreciates that the agencies' flexible approach would assist in the process of adapting existing policies into the proposed framework of quality control standards.

The agencies have proposed to require quality control standards for AVMs used in credit decisions or covered securitization determinations. Credit decision meaning under what terms to originate, modify, terminate, or make other changes to a mortgage, including decisions to extend new or additional credit. The proposed requirements would not apply to the use of AVMs in monitoring the quality or performance of mortgages, reviews of the quality of already completed determinations, or the development of an appraisal by a licensed appraiser. WBA supports the scope of the proposal and the categories excluded from coverage. In this way, appropriate safeguards can be maintained to the quality control standards proposed for AVMs used in connection with making credit decisions, while permitting banks clearer certainty in using AVMs for purposes such as portfolio monitoring. Additionally, the exclusion of use of an AVM by licensed and certified appraisers is appreciated. Appraisers are already subject to quality control standards, and avoiding duplicative and burdensome regulation in an area where banks are already encountering appraiser shortages is appreciated.

## Conclusion

WBA recognizes the requirement for the agencies to implement quality control standards to maintain confidence in AVM usage by the Dodd-Frank Act. The proposal would meet this



requirement, while specifying an appropriate scope and providing flexibility for banks to would meet the new quality control standards. WBA appreciates the agencies recognizing the need for such a scope and flexibility.

Once again, WBA appreciates the opportunity to comment.

Respectfully,



Rose Oswald Poels  
President/CEO