

Compliance Check Up

August 2, 2024



Correction

Dear Subscribers,

Thanks to an astute reader, we have discovered an error in our article regarding the new AVM control rules. The scope of the new rule, in part, indicates that an AVM is any computerized model used by mortgage originators “to determine the collateral worth of a mortgage secured by a consumer’s principal dwelling.”

The phrase “consumer’s principal dwelling” requires the reader to get behind the definitions and into the Commentary that was released with the final rule. Within the Commentary, the regulators discuss their struggle to determine whether or not commercial and agricultural loans secured by a consumer’s principal dwelling should be included in the definition. They ultimately landed on Yes. So, the new AVM rules pertain to any loan, for any purpose, secured by the principal dwelling of a consumer or consumers. This applies to first mortgages as well as junior liens, and is not limited to loans subject to Regulation Z.

We apologize for the confusion, and thank you all for your continued support.

Sincerely,

The UBB Compliance Services Team

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