

President
Mark Greek



Executive Vice President
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December 24, 2009

Jennifer J. Johnson
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20511

Re: Proposed Changes to Closed-End Mortgage Rules (Docket No. R-1366)

Dear Sir or Madam:

The Texas Land Title Association ("TLTA") appreciates this opportunity to comment on the proposed rule amending Regulation Z with respect to closed-end mortgages ("Proposed Rule"). Founded in 1908, TLTA is a statewide trade association representing the Texas title insurance industry. Serving over 13,000 professionals, TLTA's primary membership consists of licensed title insurance agents and title insurance underwriting companies involved in the safe and efficient transfer of real estate throughout Texas. TLTA members operate in every county in Texas, searching, reviewing, and insuring land titles to protect homebuyers and mortgage lenders who invest in real estate.

To begin, TLTA respectfully refers the Board to the comment letter submitted by the American Land Title Association ("ALTA"). Like ALTA, TLTA supports enhanced consumer protection in the residential mortgage loan process. However, TLTA also agrees with ALTA's concern that implementation of the all-in finance charge, as proposed, would have unintended, but serious, consequences for consumers.

TLTA strongly agrees with and supports each of the sound policy concerns set forth in the ALTA comment letter. In particular, TLTA respectfully refers the Board to ALTA's concern regarding the different treatment of Lender and Owner title policies under the Proposed Rule. In support of this point, TLTA notes its agreement with ALTA that the Board is correct in excluding the cost related to an Owner title insurance policy from the APR calculation. The proposed inclusion of Lender title insurance premiums into the APR, however, when considered in the context of applicable state title insurance rate regulations, would create a fundamental inconsistency between the respective APRs of purchase and refinance transactions that would work to the detriment of Texas consumers seeking to refinance their homes.

By way of explanation, rates for Lender and Owner title policies in the state of Texas are promulgated exclusively by the Texas Department of Insurance ("TDI"). TDI Rate Rule

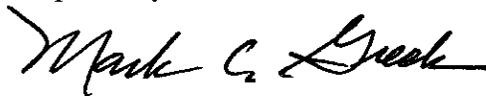
R-5, in relevant part, provides that in the case of simultaneous issuance of Owner and Lender policies, “. . . the Owner Policy shall be issued at the Basic Rate, and the premium for the Mortgagee Policy(ies) shall be \$100.00 each.” Accordingly, in a Texas purchase transaction for which both Lender and Owner policies are issued, the bulk of the total premiums apply to the Owner policy, which under the Proposed Rule would not be included in the APR calculation. In this scenario, the only premium calculated into the APR would be the premium for the Lender policy, which under TDI Rate Rule R-5 is limited to \$100.00. Such a small premium amount would not substantially affect the APR of many, if not most, purchase loans.

In a Texas refinance transaction where only a Lender policy is typically issued, however, the premium limitation set forth in TDI Rate Rule R-5 is inapplicable. Accordingly, the Lender policy premium for a refinance transaction is substantially higher than that paid in connection with a comparable purchase transaction that includes simultaneous issuance of the Lender and Owner policies. Considering TDI Rate Rule R-5’s treatment of the Lender policy premium in a purchase versus a refinance transaction, including the Lender policy premium in the APR calculation would result in APRs being substantially higher for Texas refinance transactions than for comparable purchase transactions. Having an arbitrarily higher APR than comparable purchase transactions would restrict credit for refinance loans and therefore harm Texas consumers seeking to refinance their homes.

The Board is correct in excluding the cost related to an Owner title insurance policy from the APR calculation. However, by applying the opposite treatment to the costs related to a Lender title insurance policy, the Board would inadvertently create a situation that would harm Texas consumers. Accordingly, TLTA respectfully requests that the Board reconsider its proposal to include title fees and Lender title insurance premiums in the APR calculation.

TLTA and its members appreciate the opportunity to comment on the Proposed Rule. Please feel free to contact Aaron Day, TLTA Director of Government Affairs, at 512.472.6593 with any questions.

Respectfully submitted,



Mark C. Greek
President
Texas Land Title Association