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Subject: Regulation Z

To whom it may concern:

Our company, Sigma Integrated Systems, Inc., trading as Sigma Financial Services, has been in business for nearly 25 years. We are proud that our Virginia mortgage broker license is the oldest continuously active license in the state. We are also licensed in DC and MD. We have never advertised. All our business comes from referrals from happy clients. When we started, mortgage brokers were the only people on the side of the borrower in a purchase transaction. Although I serve both the client and the lender, I represent neither, something that I consider a benefit to the client because it gives me freedom of choice.

My husband was president of the Virginia mortgage broker association for 2 years quite awhile ago. Back then we fought hard for full disclosure and consumer rights in a reluctant industry. Finally what we fought for is coming to be accepted by the industry as good and necessary. But I am concerned that according to current proposals, mortgage brokers are being treated as people our clients need to be protected from. My function is to help borrowers figure out what product(s) would be best for their situation and to shop for the best rate(s) for those products amount a variety of sources. Most lenders don't have access to as many products and sources as we offer.

I don't know before I lock a loan what the rate or points or yield spread premium will be. Rates can change several times in a single day. We have always disclosed our full compensation, including YSP. I realize many people in the industry haven't done that and the proposed requirements are a result of that. But when I use the new Maryland disclosures required by the state auditors, my clients are completely confused. They have become so used to getting loans at 0 points that when I try to explain that I have to show a possible fee which might come out of their pocket on the disclosure they are reluctant to sign the form even though I explain that I will probably be getting paid directly by the lender through a yield spread premium. I don't think the forms are written properly. They need to show that the broker may be paid by the borrower, by the lender or by both, depending on the rate the client wants. If lenders and banks had to do the same thing I would consider that fair. Everyone would be disclosing their fees or fee options, not just mortgage brokers. Why shouldn't a lender or a bank show what they are making on a loan? Requiring mortgage brokers to disclose fees that banks don't have to disclose makes it look like we are charging more, even when we aren't. Why are we considered so different? Nowadays, most banks regularly sell their loans just like we do.

When I first started in this industry, realtors were reluctant to let their clients use mortgage brokers. They didn't understand our function. That eventually changed when we demonstrated our value. Once again I am being told by realtors to my face that they don't want their clients using mortgage brokers and that they will do their best to dissuade them from using my services. Fortunately I have loyal clients. But we find ourselves back in the category of 'worthless' and 'to be avoided at all costs'. Problems in the industry were caused by many things. But lenders and banks design the loan products that we sell as brokers. I refused to sell many of the loan products they designed. I would never offer a client a mortgage I wouldn't take myself if I were in their shoes.

I want two things, consumer protection and a level playing field. Honesty across the board! No games or better treatment for banks because they're bigger and more powerful. Please don't forget that it was mortgage brokers who brought costs down for consumers. We showed banks that the little guy could compete and we helped the consumer as a result. We're all in this together, trying to get the best mortgage for the consumer. Let's not make categories up to benefit one segment of the industry over another. Consumers will not benefit from over-regulation of the one really flexible segment of the industry, the mortgage broker.

I appreciate your goals. Thank you for your patience and consideration.
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