

**Congress of the United States**  
**Washington, DC 20515**

June 22, 2010

Hon. Barney Frank  
Chairman  
Committee on Financial Services  
2129 Rayburn House Office Building  
Washington, D.C. 20515

Hon. Spencer Bachus  
Ranking Member  
Committee on Financial Services  
B-371A Rayburn House Office Building  
Washington, D.C. 20515

Dear Chairman Frank and Ranking Member Bachus:

As you work to reconcile the House- and Senate-passed financial reform bills, we ask that you ensure any mortgage reform provisions do not unnecessarily impact individuals who sell property that they themselves own through an installment sale.

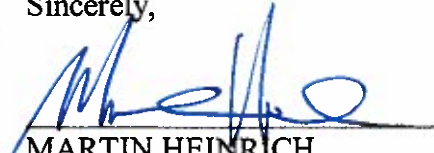
In New Mexico and many other largely rural states, many people buy property by paying the seller in monthly installments over an agreed-upon period of time, rather than by taking out a mortgage from a third party lender. Buyers and sellers turn to seller financing for many reasons, including the fact that banks will often not approve a mortgage for a mobile home or for vacant land. For sellers, financing the sale of their own property allows them a guaranteed stream of income in the future, which many prefer to cash at the time of sale.

Installment sales are not mortgages. There is no loan. Sellers have one hundred percent “skin in the game” as the recipient of the installment payments for the life of the contract. Installment sale contracts are not securitized, and are not owned or sold by banks. Installment sales simply allow a person who owns a five acre lot in the mountains to sell their property directly to a buyer, without the involvement of a bank or mortgage broker, and accept an agreed-upon number of payments over time rather than cash at the time of sale.

If the final financial reform legislation includes new regulations for mortgage originators, we ask for a specific exemption for people who sell real estate that they themselves own without the involvement of third-party financing. Such an exemption should not be limited to a certain number of transactions in a specified period of time, as is currently contained in the House-passed bill. Because these transactions are not mortgages, they should not be regulated as mortgages, and sellers who sign seller-financed contracts should not be considered “mortgage originators”.

We share your goal of passing legislation that cleans up Wall Street and protects the American people from dishonest bankers. Such legislation, however, should not unfairly penalize regular Americans selling their own property. We hope that the final conference report will include an exemption for this important part of the real estate industry in rural communities.

Sincerely,



MARTIN HEINRICH  
Member of Congress



BEN RAY LUJÁN  
Member of Congress

cc: Hon. Paul Kanjorski  
Hon. Maxine Waters  
Hon. Carolyn Maloney  
Hon. Luis Gutierrez  
Hon. Mel Watt  
Hon. Gregory Meeks  
Hon. Dennis Moore  
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Hon. Scott Garrett