Monday, September 24th, 2007

Here are some quick comments on a several items:

Secretary Paulson and Fed Chairman Bernanke testified again before our Financial Services Committee last Thursday. There were no bombshells. But it is becoming increasingly evident that there will likely be legislation to increase the participation of the Government Sponsored Enterprises (GSE's - Fannie Mae, Freddie Mac, et al) in the home loan market. They will be allowed to guarantee and hold more loans, required to participate some more in some subprime loans, and be allowed in high-cost markets (like the greater LA area) to make loans in excess of the current $417,000 limit. In other words, more loans will be "conforming" and less "jumbos." This increased authority will becoupled with increased regulation because of the implicit guarantee of the federal government on these entities, and because of expected losses yet to come in their existing portfolios. The objective of all of this is to reduce the number of foreclosures without "bailing" anyone out, and to add more stability to larger elements of the mortgage market. I expect that the urgency of the situation will make such legislation move quickly and I am likely to be working directly on it and supporting it.

Secretary Paulson also made the point that over 50% of all foreclosures happen without any conversation between the borrower and the lender or a financial consultant. He will be strongly encouraging borrowers to contact their lenders before they default to see if they can arrange a "work-out."

The increased attention given to earmarks by yours truly and others has resulted in some interesting new disclosures that were reported in the Capitol Hill dailies last week. The Senate disclosed that the Defense Appropriations Bill has $5.1 billion of earmarks disclosed in it. But it appears that there may be an additional $3.5 billion of earmarks not disclosed. I bet those are really bad. Also, John Murtha (D-PA) had $114.5 million of earmarks in the House version of the Defense Appropriations Bill and it is reported that he received campaign contributions from 100% of the entities to whom those earmarks were directed, in the amount of $413,250 in the last 2 years. Four other members of Congress with similar records in this regard are Reps. Norm Dicks (D-WA), Bud Cramer (D-AL), Bill Young (R-FL), and David Hobson (R-OH). You can find out more detail if you want at my blog at www.greeneyeshadeblog.com . And, just in case you didn't see it last week (it was at the bottom of the laptop) here is the clip of a CBS news story on my recent exchange with Congressman Rangel (D-NY) on his "Monument to Me" earmark.

There are no Indian Casinos in Orange County but that could change if a few people have their way. There are a number of applications from people to be recognized as the Juaneno Indian Tribe in San Juan Capistrano. At least one group has denied that they are interested in a casino, but I have received a copy of their lobbying contract where the lobbyist's fee is a percentage of the casino take. If tribes want to be recognized for the preservation of their cultural heritage, fine. But we do not need a casino in Orange County. It is one thing to put a casino in an isolated and economically-challenged area. But there is no reason to put a self-regulating, monopolistic (only Indian tribes are allowed to have one) casino in the middle of metropolitan Orange County. One of the proposals is to put one on federal land that is part of

the Great Park. Or maybe the swallows will have to be bearing casino chips if they want to come back to Capistrano in March. The Federal Bureau of Indian Affairs should be ruling on this application sometime this week. I will go into more depth on this issue in a future laptop report.

I was part of a bicameral press conference this week in which the "Government Shutdown Prevention Act" was unveiled. This is an act which would continue government services at the prior year spending level in any year when a budget is not passed on time. This would avoid the "government shutdown" scenario that has occurred at both the state and federal level in past years when there are disagreements about the budget. Such disagreements are legitimate differences in policy for the future of the country. They eventually always get worked out. There is no reason to have parks closed and contractors not get paid while this debate is going on. We have such a disagreement this year. I don't know when it will be resolved, but it will not be by the end of the fiscal year this Friday. The Democrats in the Senate and the House have not yet agreed on a budget much less with the President or Congressional Republicans. But shutting everything down, and then starting it back up again is not good for the taxpayer or the government.

I read most of your responses to these laptops although I cannot say that I read all of them because the numbers are quite voluminous. Some of you want me to talk about either illegal immigration or the wars in Iraq and Afghanistan every time. These are clearly the two most important issues on the minds of many of you and I understand that. I, too, appreciate the critical impact of both of these issues and am involved in both. But the purpose of these missives is to try to keep you informed of a number of issues. And I try to make the laptop reports different each time so that you don't get bored. I also am as candid with you as I can be. That may not be typical of politicians. But frankly, I want to be atypical. I think most of you appreciate that.

Until next week, I remain respectfully,

Congressman John Campbell