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United States Senate

WASHINGTON, DC 20510-0504

<http://feinstein.senate.gov>

September 1, 2005

Mr. Michael Blomquist

18234 Daves Avenue
Monte Sereno, California 95030

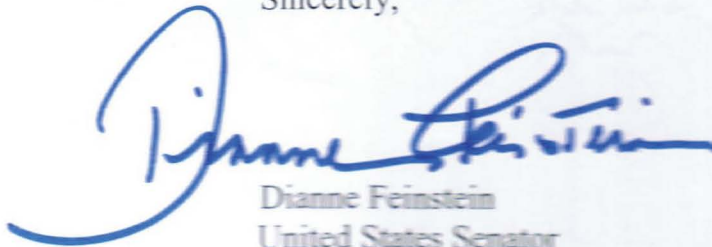
Dear Mr. Blomquist:

Thank you for contacting me to convey your concerns about rising home prices. I appreciate the time you took to write and welcome the opportunity to respond.

I share your concerns about rising home prices and what appears to be increasing speculation in real estate. I realize that the Federal government must be mindful of how lending standards impact Americans. Like you, I am concerned about the growing number of negatively amortized home loans as well as interest-only mortgages, which are especially popular in the areas of California where home prices are the highest. Chairman of the Federal Reserve, Alan Greenspan, articulated his apprehension in testimony before the Joint Economic Committee in June. According to Chairman Greenspan, low-interest mortgage rates are contributing to "froth" in some local markets and "exotic" loans such as interest-only loans are distressing. Please know that I am monitoring this situation closely and will be sure to keep your thoughts in mind should legislation related to this issue come to the Senate floor.

Again, thank you for your letter. It is especially helpful to hear your views on this subject. If you have further questions or comments, please feel free to contact my Washington, D.C. staff at (202) 224-3841. Best regards.

Sincerely,



Dianne Feinstein
United States Senator

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