

## **Advocacy Urges Congress to Modify HR 200 to Help Small Community Banks**

On January 27, 2009, the U.S. Small Business Administration's Office of Advocacy (Advocacy) submitted a letter to the U.S. House of Representatives Committee on the Judiciary on Section 4 of H.R. 200, the "Helping Families Save Their Homes in Bankruptcy Act of 2009." A copy of Advocacy's comments can be found at: <http://www.sba.gov/advo/laws/comments/legislative.html>.

- The Office of Advocacy applauded the Committee's effort to address the needs of homeowners who may be undergoing financial hardship.
- Section 4 of the legislation contains a provision that would provide bankruptcy judges broad authority to modify unilaterally the terms of mortgages.
- Advocacy expressed concerns that the provision could be potentially harmful to small community banks that are already having a difficult time during the current economic downturn. The provision may also bring additional risk and uncertainty to an already volatile mortgage market and would make home loans more expensive and less available for consumers.
- Advocacy urged the Committee not to allow bankruptcy judges to modify the terms of mortgages unilaterally.

For more information, visit Advocacy's webpage at [www.sba.gov/advo](http://www.sba.gov/advo) or contact Jennifer Smith at 202-205-6943.