

## Chapter 350

(House Bill 456)

AN ACT concerning

~~Mortgage Foreclosure Bankruptcy Exemption~~  
Homestead Exemption – Bankruptcy

FOR the purpose of authorizing an individual to claim a certain exemption in a certain bankruptcy proceeding; providing that the exemption may be for a certain amount in an individual's interest in owner-occupied, residential real property; prohibiting an individual from claiming the exemption under certain conditions; ~~limiting the exemption to apply to claims by unsecured creditors;~~ prohibiting both a husband and wife from claiming the exemption in the same proceeding; ~~making conforming changes;~~ making a clarifying change; providing for the application of this Act; and generally relating to debtor exemptions in bankruptcy proceedings.

BY repealing and reenacting, with amendments,  
Article – Courts and Judicial Proceedings  
Section 11-504  
Annotated Code of Maryland  
(2006 Replacement Volume and 2009 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:

### Article – Courts and Judicial Proceedings

11-504.

(a) (1) In this section the following terms have the meanings indicated.

(2) “Value” means fair market value as of the date upon which the execution or other judicial process becomes effective against the property of the debtor, or the date of filing the petition under the federal Bankruptcy Code.

(b) The following items are exempt from execution on a judgment:

(1) Wearing apparel, books, tools, instruments, or appliances, in an amount not to exceed \$5,000 in value necessary for the practice of any trade or profession except those kept for sale, lease, or barter.

(2) Money payable in the event of sickness, accident, injury, or death of any person, including compensation for loss of future earnings. This exemption includes but is not limited to money payable on account of judgments, arbitrations, compromises, insurance, benefits, compensation, and relief. Disability income benefits are not exempt if the judgment is for necessities contracted for after the disability is incurred.

(3) Professionally prescribed health aids for the debtor or any dependent of the debtor.

(4) The debtor's interest, not to exceed \$1,000 in value, in household furnishings, household goods, wearing apparel, appliances, books, animals kept as pets, and other items that are held primarily for the personal, family, or household use of the debtor or any dependent of the debtor.

(5) Cash or property of any kind equivalent in value to \$6,000 is exempt, if within 30 days from the date of the attachment or the levy by the sheriff, the debtor elects to exempt cash or selected items of property in an amount not to exceed a cumulative value of \$6,000.

(6) Money payable or paid in accordance with an agreement or court order for child support.

(7) Money payable or paid in accordance with an agreement or court order for alimony to the same extent that wages are exempt from attachment under § 15-601.1(b)(1)(ii) or (2)(i) of the Commercial Law Article.

(c) (1) In order to determine whether the property listed in subsection (b)(4) and (5) of this section is subject to execution, the sheriff shall appraise the property at the time of levy. The sheriff shall return the appraisal with the writ.

(2) An appraisal made by the sheriff under this subsection is subject to review by the court on motion of the debtor.

(3) Procedures will be as prescribed by rules issued by the Court of Appeals.

(d) The debtor may not waive, by cognovit note or otherwise, the provisions of subsections (b) and (h) of this section.

(e) The exemptions in this section do not apply to wage attachments.

(f) **(1)** In addition to the exemptions provided in subsection (b) of this section, and in other statutes of this State, in any proceeding under Title 11 of the United States Code, entitled "Bankruptcy", any individual debtor domiciled in this

State may exempt the debtor's aggregate interest[, not to exceed \$5,000 in value, in real property or personal property] IN:

(I) PERSONAL PROPERTY, UP TO \$5,000; AND

~~(II) REAL PROPERTY, UP TO \$5,000; AND~~

~~(III) SINGLE FAMILY, OWNER OCCUPIED~~

(II) OWNER-OCCUPIED RESIDENTIAL REAL PROPERTY, UP TO \$80,000 \$20,200 THE AMOUNT UNDER 11 U.S.C. § 522(D)(1), ADJUSTED IN ACCORDANCE WITH 11 U.S.C. § 104, SUBJECT TO THE PROVISIONS OF PARAGRAPHS (2) AND (3) OF THIS SUBSECTION.

(2) AN INDIVIDUAL MAY NOT CLAIM THE EXEMPTION UNDER PARAGRAPH ~~(I)(III)~~ (1)(II) OF THIS SUBSECTION ON A PARTICULAR PROPERTY IF:

(I) THE INDIVIDUAL HAS CLAIMED SUCCESSFULLY THE EXEMPTION ON THE PROPERTY WITHIN ~~THE PRIOR~~ 8 YEARS PRIOR TO THE FILING OF THE BANKRUPTCY PROCEEDING IN WHICH THE EXEMPTION UNDER THIS SUBSECTION IS CLAIMED; OR

(II) ~~A MEMBER OF THE INDIVIDUAL'S IMMEDIATE FAMILY, AS DEFINED IN § 8-101(G) OF THE FINANCIAL INSTITUTIONS ARTICLE, THE INDIVIDUAL'S SPOUSE, CHILD, CHILD'S SPOUSE, PARENT, SIBLING, GRANDPARENT, OR GRANDCHILD~~ HAS CLAIMED SUCCESSFULLY THE EXEMPTION ON THE PROPERTY WITHIN ~~THE PRIOR~~ 8 YEARS PRIOR TO THE FILING OF THE BANKRUPTCY PROCEEDING IN WHICH THE EXEMPTION UNDER THIS SUBSECTION IS CLAIMED.

(3) THE EXEMPTION UNDER PARAGRAPH ~~(I)(III)~~ (1)(II) OF THIS SUBSECTION:

~~(I) APPLIES ONLY TO UNSECURED DEBT OF AN INDIVIDUAL; AND~~

~~(II) MAY MAY NOT BE CLAIMED BY BOTH A HUSBAND AND WIFE IN THE SAME BANKRUPTCY PROCEEDING.~~

(g) In any bankruptcy proceeding, a debtor is not entitled to the federal exemptions provided by § 522(d) of the federal Bankruptcy Code.

(h) (1) In addition to the exemptions provided in subsections (b) and (f) of this section and any other provisions of law, any money or other assets payable to a participant or beneficiary from, or any interest of any participant or beneficiary in, a retirement plan qualified under § 401(a), § 403(a), § 403(b), § 408, § 408A, § 414(d), or § 414(e) of the United States Internal Revenue Code of 1986, as amended, or § 409 (as in effect prior to January 1984) of the United States Internal Revenue Code of 1954, as amended, shall be exempt from any and all claims of the creditors of the beneficiary or participant, other than claims by the Department of Health and Mental Hygiene.

(2) Paragraph (1) of this subsection does not apply to:

(i) An alternate payee under a qualified domestic relations order, as defined in § 414(p) of the United States Internal Revenue Code of 1986, as amended;

(ii) A retirement plan, qualified under § 401(a) of the United States Internal Revenue Code of 1986, as amended, as a creditor of an individual retirement account qualified under § 408 of the United States Internal Revenue Code of 1986, as amended; or

(iii) The assets of a bankruptcy case filed before January 1, 1988.

(3) The interest of an alternate payee in a plan described in subsection (h)(1) of this section shall be exempt from any and all claims of any creditor of the alternate payee, except claims by the Department of Health and Mental Hygiene.

(4) If a contribution to a retirement plan described under paragraph (1) of this subsection exceeds the amount deductible or, in the case of contribution under § 408A of the Internal Revenue Code, the maximum contribution allowed under the applicable provisions of the United States Internal Revenue Code of 1986, as amended, the portion of that contribution that exceeds the amount deductible or, in the case of contribution under § 408A of the Internal Revenue Code, the maximum contribution allowed, and any accrued earnings on such a portion, are not exempt under paragraph (1) of this subsection.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be construed to apply only prospectively and may not be applied or interpreted to have any effect on or application to any case filed before the effective date of this Act.

SECTION ~~2~~ 3. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2010.

**Approved by the Governor, May 4, 2010.**