

HOUSE BILL 1098

D3, N1

6lr1887
CF SB 939

By: **Delegate Stewart**

Introduced and read first time: February 11, 2026

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Bankruptcy Proceedings – Exemptions From Execution – Residential Real**
3 **Property**

4 FOR the purpose of providing that the exemption for owner-occupied residential real
5 property in a bankruptcy proceeding includes certain real property held in a
6 revocable trust; altering the amount of the exemption for owner-occupied residential
7 real property in a bankruptcy proceeding; and generally relating to debtor
8 exemptions and bankruptcy proceedings.

9 BY repealing and reenacting, without amendments,
10 Article – Estates and Trusts
11 Section 14.5–103(a), (v), and (w)
12 Annotated Code of Maryland
13 (2022 Replacement Volume and 2025 Supplement)

14 BY repealing and reenacting, with amendments,
15 Article – Courts and Judicial Proceedings
16 Section 11–504(a) and (f)
17 Annotated Code of Maryland
18 (2020 Replacement Volume and 2025 Supplement)

19 BY repealing and reenacting, without amendments,
20 Article – Courts and Judicial Proceedings
21 Section 11–504(g)
22 Annotated Code of Maryland
23 (2020 Replacement Volume and 2025 Supplement)

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

26 **Article – Estates and Trusts**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 14.5–103.

2 (a) In this title the following words have the meanings indicated.

3 (v) “Revocable”, as applied to a trust, means revocable by the settlor without the
4 consent of the trustee or a person holding an adverse interest.

5 (w) (1) “Settlor” means a person, including a testator, that creates or
6 contributes property to a trust.

7 (2) “Settlor” includes a person that, with other settlors, creates or
8 contributes property to a trust in which case each such person is a settlor of the portion of
9 the trust property attributable to the contribution of that person except to the extent
10 another person has the power to revoke or withdraw that portion.

11 **Article – Courts and Judicial Proceedings**

12 11–504.

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

14 (2) “Depository institution” means a bank, credit union, trust company,
15 savings bank, or savings and loan association, or any of their affiliates or subsidiaries.

16 **(3) “DISABILITY” MEANS A PHYSICAL OR MENTAL IMPAIRMENT THAT**
17 **RESULTS IN A SUBSTANTIAL IMPEDIMENT TO EMPLOYMENT.**

18 **(4) “REVOCABLE TRUST” HAS THE MEANING STATED IN § 14.5–103 OF**
19 **THE ESTATES AND TRUSTS ARTICLE.**

20 **(5) “SETTLOR” HAS THE MEANING STATED IN § 14.5–103 OF THE**
21 **ESTATES AND TRUSTS ARTICLE.**

22 **[(3)] (6)** “Value” means fair market value as of the date on which the
23 execution or other judicial process becomes effective against the property of the debtor, or
24 the date of filing the petition under the federal Bankruptcy Code.

25 (f) (1) (i) In addition to the exemptions provided in subsection (b) of this
26 section, and in other statutes of this State, in any proceeding under Title 11 of the United
27 States Code, entitled “Bankruptcy”, any individual debtor domiciled in this State may
28 exempt the debtor’s aggregate interest in:

29 1. Personal property, up to \$5,000; and

30 2. Subject to subparagraph (ii) of this paragraph:

1 A. Owner-occupied residential real property, including a
2 condominium unit [or], a manufactured home that has been converted to real property in
3 accordance with § 8B-201 of the Real Property Article, **OR RESIDENTIAL REAL**
4 **PROPERTY OF A SETTLOR THAT IS HELD IN A REVOCABLE TRUST; or**

5 B. A cooperative housing corporation that owns property that
6 the debtor occupies as a residence.

7 (ii) [The] **SUBJECT TO SUBPARAGRAPH (III) OF THIS**
8 **PARAGRAPH AND PARAGRAPH (2) OF THIS SUBSECTION, THE** exemption allowed under
9 subparagraph (i)2 of this paragraph may not exceed [the amount under 11 U.S.C. §
10 522(d)(1), adjusted in accordance with 11 U.S.C. § 104, subject to the provisions of
11 paragraphs (2) and (3) of this subsection]:

12 1. **\$300,000 FOR AN INDIVIDUAL WHO IS AT LEAST 60**
13 **YEARS OLD AND:**

14 A. **IS A VETERAN, AS DEFINED IN § 9-901 OF THE STATE**
15 **GOVERNMENT ARTICLE; OR**

16 B. **HAS A DISABILITY CERTIFIED BY A LICENSED**
17 **PHYSICIAN THAT CAN REASONABLY BE EXPECTED TO LAST FOR A CONTINUOUS**
18 **PERIOD OF AT LEAST 12 MONTHS AFTER THE DATE ON WHICH THE PROCEEDING**
19 **BEGINS; AND**

20 2. **\$150,000 FOR ANY OTHER INDIVIDUAL.**

21 **(III) IF MULTIPLE INDIVIDUALS IN THE SAME BANKRUPTCY**
22 **PROCEEDING CLAIM THE EXEMPTION UNDER SUBPARAGRAPH (I)2 OF THIS**
23 **PARAGRAPH FOR THE SAME PROPERTY, THE TOTAL EXEMPTION AMOUNT MAY NOT**
24 **EXCEED \$300,000.**

25 (2) [An individual may not claim the exemption under paragraph (1)(i)2 of
26 this subsection on a particular property if:

27 (i) The individual has claimed successfully the exemption on the
28 property within 8 years prior to the filing of the bankruptcy proceeding in which the
29 exemption under this subsection is claimed; or

30 (ii) The individual's spouse, child, child's spouse, parent, sibling,
31 grandparent, or grandchild has claimed successfully the exemption on the property within
32 8 years prior to the filing of the bankruptcy proceeding in which the exemption under this
33 subsection is claimed.

1 (3) The exemption under paragraph (1)(i)2 of this subsection may not be
2 claimed by both a husband and wife in the same bankruptcy proceeding] **FOR FISCAL**
3 **YEAR 2028 AND EACH FISCAL YEAR THEREAFTER, THE EXEMPTION AMOUNTS**
4 **SPECIFIED IN PARAGRAPH (1)(II) OF THIS SUBSECTION SHALL BE:**

5 **(I) ADJUSTED BY ANY CHANGE IN THE CALENDAR YEAR**
6 **PRECEDING THE FISCAL YEAR IN THE CONSUMER PRICE INDEX (ALL URBAN**
7 **CONSUMERS – UNITED STATES CITY AVERAGE – ALL ITEMS), AS PUBLISHED BY THE**
8 **U.S. BUREAU OF LABOR STATISTICS; AND**

9 **(II) ROUNDED TO THE NEAREST \$25.**

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

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

15 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect June
16 1, 2026.