

SENATE BILL 939

D3, N1

6lr2785
CF HB 1098

By: Senator Henson

Introduced and read first time: February 6, 2026

Assigned to: Judicial Proceedings

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:

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]:

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

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

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.

(3) The exemption under paragraph (1)(i)2 of this subsection may not be claimed by both a husband and wife in the same bankruptcy proceeding] **FOR FISCAL YEAR 2028 AND EACH FISCAL YEAR THEREAFTER, THE EXEMPTION AMOUNTS 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.