

Chapter 400

(Senate Bill 939)

AN ACT concerning

Bankruptcy Proceedings – Exemptions From Execution – Residential Real Property

FOR the purpose of ~~providing that the exemption for exempting certain~~ *providing that the exemption for* owner-occupied residential real property ~~from execution on a judgment in certain amounts and subject to certain adjustments~~ in a bankruptcy proceeding *includes certain real property held in a revocable trust; altering the amount of the exemption for owner-occupied residential real property in a bankruptcy proceeding* ~~includes certain real property held in a revocable trust; altering the amount of the exemption for owner-occupied residential real property in a bankruptcy proceeding~~; and generally relating to debtor exemptions and bankruptcy proceedings.

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

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

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

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

Article – Estates and Trusts

14.5–103.

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

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

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

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

Article – Courts and Judicial Proceedings

11–504.

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

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

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

~~(4)~~ (3) “REVOCABLE TRUST” HAS THE MEANING STATED IN § 14.5–103 OF THE ESTATES AND TRUSTS ARTICLE.

~~(5)~~ (4) “SETTLOR” HAS THE MEANING STATED IN § 14.5–103 OF THE ESTATES AND TRUSTS ARTICLE.

[(3)] ~~(6)~~ (5) “Value” means fair market value as of the date on 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.

(f) (1) (i) 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 in:

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

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

A. Owner-occupied residential real property, including a condominium unit [or], a manufactured home that has been converted to real property in

accordance with § 8B-201 of the Real Property Article, OR RESIDENTIAL REAL PROPERTY OF A SETTLOR THAT IS HELD IN A REVOCABLE TRUST; or

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

(ii) [The] SUBJECT TO SUBPARAGRAPH (III) OF THIS PARAGRAPH AND PARAGRAPH (2) OF THIS SUBSECTION, THE exemption allowed under subparagraph (i)2 of this paragraph may not exceed [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] \$125,000 FOR AN INDIVIDUAL.

(III) IF MULTIPLE INDIVIDUALS IN THE SAME BANKRUPTCY PROCEEDING CLAIM THE EXEMPTION UNDER SUBPARAGRAPH (I)2 OF THIS PARAGRAPH FOR THE SAME PROPERTY, THE TOTAL EXEMPTION AMOUNT MAY NOT EXCEED \$125,000.

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

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

(ii) The individual's spouse, child, child's spouse, parent, sibling, grandparent, or grandchild has claimed successfully the exemption on the property within 8 years prior to the filing of the bankruptcy proceeding in which the exemption under this 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) AND (III) OF THIS SUBSECTION SHALL BE:

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

(II) ROUNDED TO THE NEAREST \$25.

~~(b) (1) The following items are exempt from execution on a judgment:~~

~~[(1)] (I) 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)] (II) Except as provided in subsection (i) of this section, 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)] (III) Professionally prescribed health aids for the debtor or any dependent of the debtor.~~

~~[(4)] (IV) 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)] (V) Subject to subsection (c)(3) of this section, up to \$500 in a deposit account or other account of the debtor held by a depository institution, without election of the debtor.~~

~~[(6)] (VI) 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, except that the cumulative value of cash and property exempted under this item and item [(5)] (V) of this [subsection] PARAGRAPH may not exceed \$6,000.~~

~~[(7)] (VII) Money payable or paid in accordance with an agreement or court order for child support.~~

~~[(8)] (VIII) 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)(i) of the Commercial Law Article.~~

~~[(9)] (IX) The debtor's beneficial interest in any trust property that is immune from the claims of the debtor's creditors under § 14.5-511 of the Estates and Trusts Article.~~

~~[(10)] (X) With respect to claims by a separate creditor of a husband or wife, trust property that is immune from the claims of the separate creditors of the husband or wife under § 14.5-511 of the Estates and Trusts Article.~~

~~(XI) OWNER OCCUPIED RESIDENTIAL REAL PROPERTY, INCLUDING A CONDOMINIUM UNIT, A COOPERATIVE HOUSING CORPORATION THAT OWNS PROPERTY THAT THE DEBTOR OCCUPIES AS A RESIDENCE, A MANUFACTURED HOME, OR RESIDENTIAL REAL PROPERTY OF A SETTLOR THAT IS HELD IN A REVOCABLE TRUST, IN THE FOLLOWING AMOUNTS:~~

~~1. EXCEPT AS PROVIDED IN ITEM 2 OF THIS ITEM, \$150,000 FOR AN INDIVIDUAL; AND~~

~~2. \$300,000 FOR AN INDIVIDUAL WHO IS AT LEAST 65 YEARS OLD.~~

~~(2) (1) BEGINNING OCTOBER 1, 2027, AND EVERY 3 YEARS THEREAFTER, THE EXEMPTION AMOUNTS SPECIFIED UNDER PARAGRAPH (1)(XI) OF THIS SUBSECTION SHALL BE:~~

~~1. ADJUSTED BY ANY CHANGE IN THE CALENDAR YEAR PRECEDING THE FISCAL YEAR IN THE CONSUMER PRICE INDEX (ALL URBAN CONSUMERS UNITED STATES CITY AVERAGE ALL ITEMS), AS PUBLISHED BY THE U.S. BUREAU OF LABOR STATISTICS; AND~~

~~2. ROUNDED TO THE NEAREST \$25.~~

~~(H) ADJUSTMENTS MADE UNDER THIS PARAGRAPH MAY NOT APPLY TO BANKRUPTCY PROCEEDINGS FILED BEFORE OCTOBER 1, 2027.~~

~~(f) (1) (i) 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 in:~~

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

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

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

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

~~(ii) [The] SUBJECT TO SUBPARAGRAPH (III) OF THIS PARAGRAPH AND PARAGRAPH (2) OF THIS SUBSECTION, THE exemption allowed under subparagraph (i)2 of this paragraph may not exceed [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]:~~

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

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

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

~~2. \$150,000 FOR ANY OTHER INDIVIDUAL.~~

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

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

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

~~(ii) The individual's spouse, child, child's spouse, parent, sibling, grandparent, or grandchild has claimed successfully the exemption on the property within 8 years prior to the filing of the bankruptcy proceeding in which the exemption under this 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)(I) OF THIS SUBSECTION SHALL BE:~~

~~(I) ADJUSTED BY ANY CHANGE IN THE CALENDAR YEAR PRECEDING THE FISCAL YEAR IN THE CONSUMER PRICE INDEX (ALL URBAN~~

~~CONSUMERS UNITED STATES CITY AVERAGE ALL ITEMS), AS PUBLISHED BY THE U.S. BUREAU OF LABOR STATISTICS; AND~~

~~(H) ROUNDED TO THE NEAREST \$25.~~

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

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 bankruptcy proceeding filed before the effective date of this Act.

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

Approved by the Governor, May 12, 2026.