

Department of Legislative Services  
Maryland General Assembly  
2026 Session

FISCAL AND POLICY NOTE  
First Reader

House Bill 1098 (Delegate Stewart)  
Economic Matters

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**Bankruptcy Proceedings - Exemptions From Execution - Residential Real Property**

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This bill specifies that the exemption for owner-occupied residential real property in bankruptcy proceedings includes residential real property of a settlor held in a revocable trust. The bill also increases the exemption amount for residential real property to (1) \$300,000 for an individual who is at least age 60 and is either a veteran or has a disability, as specified and (2) \$150,000 for any other individual. If multiple individuals in the same bankruptcy proceeding claim the exemption for the same property, the total exemption may not exceed \$300,000. Beginning in fiscal 2028, the exemption amounts are adjusted annually based on changes in the Consumer Price Index (CPI) and rounded to the nearest \$25. The bill repeals existing provisions prohibiting repeat claims for an exemption of the same owner-occupied residential real property. **The bill applies prospectively to bankruptcy proceedings filed on or after June 1, 2026.**

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**Fiscal Summary**

**State Effect:** The bill does not directly affect State finances or operations.

**Local Effect:** The bill does not directly affect local finances or operations.

**Small Business Effect:** None.

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**Analysis**

**Bill Summary/Current Law:** Under current law, in any federal bankruptcy proceeding under Title 11 of the U.S. Code (the federal Bankruptcy Code), an individual debtor domiciled in the State may claim the statutory exemptions from execution on a money judgment and further exempt other specified assets. One of these specified assets is

owner-occupied residential real property, including a condominium unit or a manufactured home that has been converted to real property or a cooperative housing corporation that owns property that the debtor occupies as a residence. The bill adds residential real property of a settlor that is held in a revocable trust to this exemption.

Under current law, the exemption allowed for this property may not exceed the amount under 11 U.S.C. § 522(d)(1), adjusted in accordance with 11 U.S.C. § 104 (\$31,575 as of April 1, 2025). The bill repeals this provision and replaces it with a limit of (1) \$300,000 for an individual who is at least age 60 and is a veteran or has a disability certified by a licensed physician that is reasonably expected to last for 12 months after the beginning of the bankruptcy proceeding and (2) \$150,000 for any other individual. If multiple individuals in the same bankruptcy proceeding claim the exemption for the same property, the total exemption amount may not exceed \$300,000. Beginning in fiscal 2028, these exemption amounts must be adjusted annually based on changes in CPI and rounded to the nearest \$25.

Under current law, an individual may not claim this exemption on a particular property if the individual or specified family members of the individual have successfully claimed an exemption on the property within the eight years preceding the bankruptcy filing. A husband and wife may not both claim an exemption on the property in the same bankruptcy proceeding. The bill repeals these provisions.

The State has opted out of the federal bankruptcy exemptions that are similar to those exemptions specified above; thus, in a bankruptcy proceeding, a debtor is not entitled to the federal exemptions provided by § 522(d) of the federal Bankruptcy Code.

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### Additional Information

**Recent Prior Introductions:** Similar legislation has not been filed within the last three years.

**Designated Cross File:** SB 939 (Senator Henson) - Judicial Proceedings.

**Information Source(s):** Judiciary (Administrative Office of the Courts); Department of Legislative Services

**Fiscal Note History:** First Reader - March 3, 2026  
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