



HOUSE ECONOMIC MATTERS COMMITTEE  
TESTIMONY OF MARYLAND VOLUNTEER LAWYERS SERVICE  
IN SUPPORT OF HOUSE BILL 1098: BANKRUPTCY PROCEEDINGS –  
EXEMPTIONS FROM EXECUTION – RESIDENTIAL REAL PROPERTY  
THURSDAY, MARCH 5, 2026

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Chair Valderrama, Vice Chair Charkoudian, and distinguished members of the Committee, thank you for the opportunity to testify in support of House Bill 1098.

My name is Courtland Merkel, and I am a Consumer and Housing Staff Attorney at Maryland Volunteer Lawyers Service (MVLS). MVLS is the oldest and largest provider of pro bono civil legal services to low-income Marylanders. Since MVLS’ founding in 1981, our statewide panel of over 700 volunteers has provided free legal services to more than 115,000 Marylanders in a wide range of civil legal matters.

MVLS assists Marylanders facing debt in several ways, including a weekly courthouse clinic in Baltimore City, as well as representing Marylanders statewide in chapter 7 bankruptcy and other debt collection matters. Since 1999, we have assisted over 14,500 Marylanders with consumer debt issues, and in an average year, we assist more than 400 people facing debt collection at our courthouse clinic in Baltimore City. For the reasons explained below, we respectfully request a favorable report on House Bill 1098.

As drafted, House Bill 1098 would increase the cap on the allowable amount of the bankruptcy homestead exemption for owner-occupied residential real property from \$31,575 to \$150,000 for most Marylanders, and a higher cap of \$300,000 for people over 60 who are veterans or have disabilities. The current cap of \$31,575 derives from federal bankruptcy code passed as part of the Bankruptcy Reform Act of 1978. Back then, the median cost of a house in Maryland was around \$58,000 –which would have allowed individuals filing bankruptcy to hold onto a significant portion of ownership interest in their homes and keep roofs over their heads. That is no longer the case today with the median cost of a Maryland house at around \$420,000.

The current cap of \$31,575 no longer reflects the economic realities facing Maryland homeowners filing for bankruptcy. House Bill 1098 would directly benefit Marylanders by modernizing Maryland’s protections for its families. A new cap of \$150,000 is better matched for current conditions and the housing economy, allowing families a fair chance to recover without losing the very shelter that makes recovery possible. The bill is also pro-market and pro-work: it reduces the downward spiral that occurs when housing insecurity leads to



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missed work, increased public assistance needs, and higher costs borne by local communities. The benefits to the Marylanders will be more sustainable as a result as the new cap under House Bill 1098 will be adjusted for inflation in future years.

The average client who applies for bankruptcy help at MVLS is an older adult on a fixed income, who has often faced a medical calamity or loss of a family member and the need to cover the costs of a funeral. In many cases right now, we cannot help these clients file chapter 7 bankruptcy because it would entail them losing their only place to live. This bill provides an avenue to recover from their debt while maintaining roofs above their children’s head and guarantees meaningful remedies for the creditors. House Bill 1098 is a fiscally responsible adjustment that furthers this state’s commitment to family stability, reduces preventable homelessness, and aligns the law with modern housing values.

MVLS has been fighting to level the playing field for low-income Marylanders for decades. For these reasons, MVLS endorses House Bill 1098 and urges a favorable report. The bottom line is that House Bill 1098 would provide more realistic and workable solutions for Marylanders facing bankruptcy and keep them secure in their homes.

Chair and members of the Committee, thank you again for the opportunity to testify.