



**Before the House Economic Matters Committee
March 5, 2026
Subject: NACBA Support of HB 1098 (Crossfiled with SB 0939)**

Chair Valderrama, Vice Chair Charkoudian and Members of the Committee:

On behalf of the National Association of Consumer Bankruptcy Attorneys (NACBA), we respectfully submit this testimony in support of HB 1098, sponsored by Delegate Vaughn Stewart.

NACBA is the only national organization dedicated to serving consumer bankruptcy attorneys and protecting the rights of consumer debtors. Formed in 1992, NACBA has more than 1,500 members nationwide, including Maryland practitioners who represent working families and individuals, seniors, veterans, and persons with disabilities who turn to bankruptcy as a lawful and structured means of addressing overwhelming debt and obtaining the meaningful fresh start promised under the Bankruptcy Code.

Maryland currently does not provide a meaningful independent state homestead exemption. Instead, Maryland law references the federal bankruptcy homestead exemption amount, which is currently \$31,575 under 11 U.S.C. § 522(d)(1). In today's housing market, that amount is insufficient to protect even modest home equity. As a result, homeowners who file bankruptcy in Maryland are severely limited in their ability to protect equity in their primary residence, leaving many families vulnerable to losing their homes despite the Bankruptcy Code's promise of a fresh start.

HB 1098 corrects this gap by establishing a state homestead exemption of \$150,000 for most individuals and \$300,000 for qualifying seniors, veterans, and individuals with disabilities, with appropriate inflation adjustments going forward. These updated amounts better reflect modern housing realities and preserve stability for Maryland families.

The absence of a strong homestead exemption undermines one of the core purposes of bankruptcy: providing a genuine fresh start. When families lose their homes due to insufficient exemption protections, the consequences are long-lasting and destabilizing. Housing is not simply an asset — it is the foundation of family stability, educational continuity for children, access to employment, and community participation.

In today's economic climate, this protection is more critical than ever. With continuing uncertainty in the broader economy and elevated housing interest rates, many Maryland homeowners who lose their homes in bankruptcy may never again be able to afford homeownership. For these families, the opportunity to retain their existing residence may be their only realistic path to long-term housing stability.

HB 1098 also modernizes Maryland law by clarifying that owner-occupied residential real property held in a revocable trust is included within the exemption, ensuring that common estate planning practices do not undermine a debtor's ability to protect a primary residence.

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A strong homestead exemption does not excuse debt; it balances the rights of creditors with the public interest in preserving family stability and preventing unnecessary displacement. Keeping families in their homes reduces strain on social services, stabilizes neighborhoods, and enables individuals to regain financial footing and contribute productively to their communities.

For these reasons, NACBA supports HB 1098.

Respectfully submitted,
National Association of Consumer Bankruptcy Attorneys

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