



SB 939 – Bankruptcy Proceedings - Exemptions From Execution - Residential Real Property

Committee: House Economic Matters Committee

Date: April 2, 2026

Position: Favorable with Amendments

The Maryland Bankers Association (MBA) **SUPPORTS SB 939 WITH AMENDMENTS**. This legislation as amended in the Senate extends the existing bankruptcy exemption for owner-occupied residential real property to all judgments and increases the overall exemption amount. As amended, SB 939 creates a rapid expansion of the homestead property exemption and would result in secured creditors losing much of their collateral, likely resulting in increased credit costs for Maryland households.

Homestead exemptions play an important role in bankruptcy, but extending those protections outside of bankruptcy would create serious problems. Bankruptcy provides homestead protection as part of a structured and balanced system. Debtors must fully disclose their finances, submit to court and trustee oversight, give up non-exempt assets, and participate in a process that treats all creditors together. In return, the debtor may receive a discharge that permanently resolves eligible debts. Applying the same homestead protection in ordinary judgment proceedings removes those safeguards. It allows debtors to shield assets from collection without the disclosure, oversight, or fair allocation of losses that bankruptcy requires.

MBA supports an amendment that would limit the homestead property exemption exclusively to bankruptcy proceedings, consistent with the intent of SB 939 as originally introduced. MBA is also engaged in ongoing discussions with the bill sponsor and other stakeholders to reach consensus on an exemption amount acceptable to all parties.

Accordingly, the Maryland Bankers Association respectfully urges a **FAVORABLE** report **WITH AMENDMENTS** on SB 939.

The Maryland Bankers Association (MBA) represents FDIC-insured community, regional, and national banks, employing thousands of Marylanders and holding \$194.8 billion in deposits in over 1,100 branches across our State. The Maryland banking industry serves customers across the State and provides an array of financial services including residential mortgage lending, business banking, estates and trust services, consumer banking, and more.