

SHANEKA HENSON
Legislative District 30
Anne Arundel County

Judicial Proceedings Committee

Joint Committee on Children,
Youth, and Families



James Senate Office Building
11 Bladen Street, Room 203
Annapolis, Maryland 21401
410-841-3578
800-492-7122 Ext. 3578
Shaneka.Henson@senate.state.md.us

THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

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SPONSOR TESTIMONY
Senate Bill 0939

**Real Property – Bankruptcy Proceedings- Exemption from Execution
Maryland Homeowner Preservation of Homestead Equity Act**

Chair Valderrama, Vice Chair Charkoudian and Committee Members

For the record, I am Shaneka Henson, representing District 30 in Anne Arundel County and request a favorable with amendments vote for SB939 to conform with HB1098.

Senate Bill 939 is a result of a lack of legislation that inadequately protects residents housing and focuses on the existing homestead exemptions. Its intent is to provide an exemption for owner-occupied residential property in a bankruptcy proceeding.

This legislation is a targeted, fiscally neutral reform that strengthens homeowner protection while preserving legitimate creditor rights. It reflects current housing market conditions and helps families manage temporary financial hardships without risking the loss of their primary residence.

Maryland's current homestead protections are among the weakest in the nation, despite having some of the country's highest median home values. Outside bankruptcy, homeowners rely on a \$6,000 general exemption, which offers minimal protection. In bankruptcy, they are limited to a federal exemption of roughly \$31,575, which has not kept pace with rising property values. As a result, homeowners may lose their homes to unsecured creditors—despite being current on mortgage payments—because of medical bills, job loss, or other short-term challenges.

SB939 establishes a true statutory homestead exemption for owner-occupied primary residences, protecting them against attachment, execution or levy, foreclosure by judgment creditors, and actions in insolvency or bankruptcy. These protections apply regardless of whether a homeowner files for bankruptcy.

The bill modernizes the definition of "homestead" to include owner-occupied residences, condominiums, manufactured or mobile homes converted to real property, cooperative

units, and homes held in living trusts. This ensures that protections align with contemporary ownership structures and avoid technical gaps.

SB939 provides meaningful equity protection by safeguarding

- \$150,000 in equity per homeowner, or
- up to \$300,000 per residence, with enhanced protection of up to \$300,000 per owner for seniors (60+), individuals with qualifying disabilities, and veterans.

The bill maintains creditor accountability by leaving unaffected:

- Mortgages and deeds of trust
- Federal and state tax liens
- Family law judgments, including child support and alimony

The exemption applies only to unsecured judgment creditors, ensuring that responsible lending and essential obligations remain enforceable.

The bill also creates a flexible claiming process, allowing homeowners to claim exemption at any point up to execution or levy, attachment proceedings, or bankruptcy filing—supporting real-world crisis needs.

Beginning October 1, 2027, and every three years thereafter, the exemption amounts will automatically adjust with the Consumer Price Index (CPI-U), preventing erosion over time. This reform strengthens communities by reducing forced home sales, stabilizing neighborhoods, supporting the local tax base, and lowering strain on housing and social services—all without fiscal impact on state or local governments.

We respectfully request a favorable vote to SB939.