

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

March 5, 2026  
SPONSOR TESTIMONY  
Senate Bill 0939

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

Chair Smith, Vice Chair Waldstreicher and Committee Members

For the record, I am Shaneka Henson, representing District 30 in Anne Arundel County and member of the JPR Committee.

Senate Bill 939 is a result of a lack of legislation that inadequately protect 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.

The Act is a targeted, fiscally neutral reform that:

- Protects primary residences
- Preserves legitimate creditor rights
- Reflects today's housing market
- Helps families weather financial hardship without losing their home
- Temporary debt should not result in permanent housing loss.

While the State of Maryland does have a form of homestead protection, it is actually one of the **weakest homestead protections in the country** – despite the state having some of the highest median home values.

- Outside bankruptcy, Maryland homeowners rely primarily on a **\$6,000 general exemption**, which provides little real protection.
- In bankruptcy, homeowners are tied to a **federal homestead exemption (~\$27,900)** that has not kept pace with rising home values.

As a result, homeowners can lose their primary residence to **unsecured creditors**—even when they are current on their mortgage—due to medical debt, job loss, or other temporary hardships.

**SB939 Creates a True Homestead Exemption for residents in the State of Maryland** by establishing a “statutory homestead exemption” for owner-occupied primary residences which protects them from:

- Attachment
- Execution or levy
- Foreclosure by judgment creditors
- Insolvency and bankruptcy proceedings

This protection applies to whether or not a homeowner files for bankruptcy.

**The bill also include a Modern Definition of “Homestead”** on the property covered which includes:

- Owner-occupied residential real property
- Condominiums
- Manufactured/mobile homes converted to real property
- Cooperative housing units
- Homes held in living trusts

The definition now ensures that the protections reflect modern ownership structures and avoids technical loopholes

**SB939 will provides Meaningful Equity Protection** measures with

- \$150,000 in protected equity per homeowner
- \$300,000 total per residence

And enhanced protection—up to **\$300,000 per owner**—being provided for:

- Homeowners aged 60 or older
- Individuals with qualifying disabilities
- Veterans.

**The Bill Preserves Legitimate Creditor Rights**, because it does not affect,

- Mortgages or deeds of trust
- Federal or state tax liens
- Family law judgments (e.g., child support or alimony)

The exemption applies only to **unsecured judgment creditors**, ensuring responsible lending and family obligations remain fully enforceable.

**SB939 Creates a Flexible Claiming Process of the Exemption for Homeowners**, in that they may claim the homestead exemption at any time up to the point of:

- Execution or levy
- Attachment proceedings
- Bankruptcy filing

which ensures that the protection works in real-world crisis situations.

**Adjustments for Inflation are included.**

Beginning October 1, 2027, and every three years thereafter, the exemption amounts automatically adjust based on the **Consumer Price Index (CPI-U)**, preventing future erosion of the protection.

**The reasons this legislation is needed and why it should receive a favorable report is that this-- Act Strengthens Communities – protecting affordable homes—At No Cost**

- Fewer forced home sales
- More stable neighborhoods
- Stronger local tax base
- Reduced strain on housing and social services

Equally important, SB939 has **no fiscal impact** on State or local governments.

Panelists to expand in greater detail on SB939 include the following organizations.

1. Economic Action Maryland
2. Maryland Legal Aid
3. AARP – Stu Cohen

After hearing from them and in your deliberations, I urge the committee for a favorable vote.