

SB939 Favorable MVLS.pdf

Uploaded by: Courtland Merkel

Position: FAV



JUSTICE FOR ALL

SENATE JUDICIAL PROCEEDINGS COMMITTEE
TESTIMONY OF MARYLAND VOLUNTEER LAWYERS SERVICE
IN SUPPORT OF SENATE BILL 939: BANKRUPTCY PROCEEDINGS –
EXEMPTIONS FROM EXECUTION – RESIDENTIAL REAL PROPERTY
THURSDAY, MARCH 5, 2026

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Chair Smith, and distinguished members of the Committee, thank you for the opportunity to testify in support of Senate Bill 939.

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 Senate Bill 939.

As drafted, Senate Bill 939 would increase the cap on the allowable amount of 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. Senate Bill 939 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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Maryland Volunteer Lawyers Service (MVLS) removes barriers to justice through free civil legal help, community engagement, and advocacy for equitable laws. Our vision is for a fair legal system that is free of injustice and equitably serves underrepresented Marylanders.



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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 Senate Bill 939 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. Senate Bill 0939 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 Senate Bill 939 and urges a favorable report. The bottom line is that Senate Bill 939 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.

NACBA_Testimony_MD Senate Bill 939_FINAL.pdf

Uploaded by: Krista DAmelio

Position: FAV



Before the Senate Judicial Proceedings Committee
March 5, 2026
Subject: NACBA Support of SB 0939 (Crossfiled with HB 1098)

Chair Smith, Vice Chair Waldstreicher, and Members of the Committee:

On behalf of the National Association of Consumer Bankruptcy Attorneys (NACBA), we respectfully submit this testimony in support of SB 0939, sponsored by Senator Shaneka Henson.

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.

SB 0939 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.

SB 0939 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.

National Association of Consumer Bankruptcy Attorneys

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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 respectfully urges a favorable report on SB 0939.

Respectfully submitted,
National Association of Consumer Bankruptcy Attorneys

Submitted by:

Krista D'Amelio
Director of Government Affairs and Communications
National Association of Consumer Bankruptcy Attorneys
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SB939 Bankruptcy Proceedings EconAction FAV.docx.p

Uploaded by: Marceline White

Position: FAV



Testimony to the Judicial Proceedings Committee
SB939 Bankruptcy Proceedings - Exemptions From Execution - Residential Real Property
Position: Favorable

March 5, 2026

The Honorable Will Smith, Chair
Senate Judicial Proceedings Committee
2 East, Miller Senate Office Building
Annapolis, Maryland 21401
cc: Members, Judicial Proceedings Committee

Chair Smith and Members of the Committee:

Economic Action writes in strong support of SB939 which increases the exemptions from execution for homes in bankruptcy proceedings. Under SB939, if a homeowner is at least 60 years old and either has a disability or is a veteran, the homeowner will be able to protect \$300,000 of their equity. For anyone else, \$150,000 in home equity will be protected.

The current homestead exemption protects \$31,575 in a person's home but hasn't been updated for years. As home values rise, it is critical to update exemptions to keep pace with fair market value of homes. SB939 ties future increases to the Consumer Price Index so that protections remain aligned with price changes.

In Maryland, there were 11,108 bankruptcies in 2024, with 62% of bankruptcies filed under Chapter 7.

Expanding protections, particularly in light of the current affordability crisis, is critical. SB939 increases homeowner's exemptions in bankruptcy. This will increase homeowners' economic security during the critical time a household is facing bankruptcy.

For all these reasons, we support SB939 and urge a favorable report.

Best,

Marceline White
Executive Director

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info@econaction.org · www.econaction.org
Tax ID 52-2266235

Economic Action Maryland Fund is a 501(c)(3) nonprofit organization and your contributions are tax deductible to the extent allowed by law.

SB0939 sponsor testimony26.pdf

Uploaded by: Senator Shaneka Henson

Position: FAV

SHANEKA HENSON
Legislative District 30
Anne Arundel County

Judicial Proceedings Committee

Joint Committee on Children,
Youth, and Families



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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.

NPAM LOS with amendment HB1098 SB0939 2026.pdf

Uploaded by: Malinda Duke

Position: FWA



**NURSE PRACTITIONER
Association of Maryland**

“Advocating for Maryland NPs Since 1992”

February 24, 2026

Re: Bill: HB 1098/SB 0939 – Bankruptcy Proceedings - Exemptions From Execution - Residential Real Property

Support with Amendments

Dear Chair, Vice Chair and Members of the Committee,

On behalf of the Nurse Practitioner Association of Maryland, Inc. (NPAM) representing over 8,500 NPs licensed in Maryland and 850 active NPAM members, I am writing to state support for **HB 1098/ SB 0939 - Bankruptcy Proceedings - Exemptions From Execution - Residential Real Property** with amendment.

We commend the sponsors for their efforts in addressing this important issue and respectfully request that provider neutral language be used in reference to lines 16 through 19 of the bill and recommend that “Licensed healthcare provider” be used to replace “Licensed Physician.”

**HAS A DISABILITY CERTIFIED BY A LICENSED
17 PHYSICIAN THAT CAN REASONABLY BE EXPECTED TO LAST FOR A
CONTINUOUS
18 PERIOD OF AT LEAST 12 MONTHS AFTER THE DATE ON WHICH THE
PROCEEDING
19 BEGINS; AND**

Nurse practitioners (NPs) are licensed and nationally certified advanced practice registered nurses, have advanced clinical training and education, and practice independently in Maryland. In both in-patient and outpatient settings, NPs participate in the healthcare team, deliver cost-effective, high-quality healthcare services to patients, and are chosen by many patients to serve as their Primary Care Provider, including those patients with known disabilities.

For these reasons, we respectfully request you vote favorably to support this bill with the above referenced amendment of using provider neutral language “licensed healthcare provider” which would include the over 8,500 Maryland nurse practitioners who serve as the primary care provider of choice for many citizens of Maryland.

Should you have any questions feel free to contact me at NPAMexecdir@gmail.com.

Sincerely,

Beverly Lang, MScN, RN, ANP-BC, FAANP

Beverly Lang MScN, RN, ANP-BC, FAANP

Interim Executive Director,

Nurse Practitioner Association of Maryland, Inc.

The Nurse Practitioner Association of Maryland, Inc.

5372 Iron Pen Place, Columbia, MD 21044

Phone: 443-367-0277 Fax: 410-740-7217 www.NPAMonline.org

SB 939 - Bankruptcy Proceedings – Exemptions From

Uploaded by: Stuart Cohen

Position: FWA



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**SB 939 – Bankruptcy Proceedings – Exemptions From Execution –
Residential Real Property
Judicial Proceedings Committee
March 5, 2026
FAVORABLE**

Good afternoon, Chair Smith, Vice Chair Waldstreicher, and members of the committee. I am Stuart Cohen, an advocacy volunteer with AARP Maryland and former Senior Vice President of Legal Advocacy for AARP Foundation and former Director of Litigation at the Legal Aid Bureau (now Maryland Legal Aid). We thank Senator Henson for sponsoring this legislation.

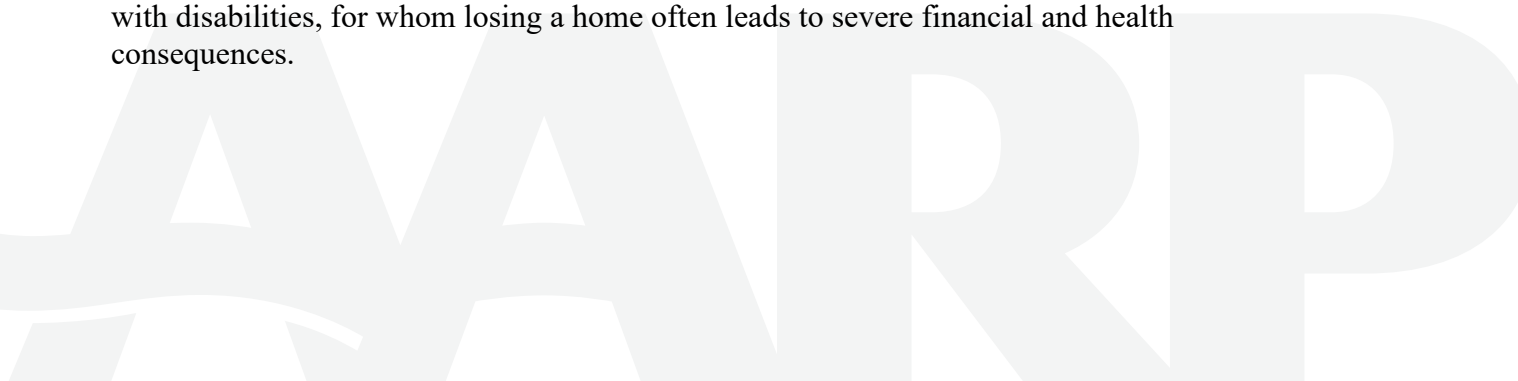
AARP is a nonpartisan, nonprofit, nationwide organization, representing approximately 850,000 members in Maryland. We help people turn their goals and dreams into real possibilities, strengthen communities, and fight for the issues that matter most to families, such as health care, employment and income security, retirement planning, affordable utilities, and protection from financial abuse.

SB 939 is sorely needed because our state has outdated and insufficient homeowner protections, despite having among the highest median home values. Current law provides that, outside of bankruptcy, homeowners rely on only a \$6,000 general exemption, which offers no real protection. And in bankruptcy, homeowners are limited to the federal homestead exemption, currently around \$31,575, an amount that has not kept pace with modern housing values.

SB 939 creates a true homestead exemption in the state that protects owner-occupied primary residences, whether or not the homeowner files for bankruptcy, giving families meaningful tools in moments of temporary financial crisis.

The bill also modernizes the definition of “homestead,” acknowledging the many ways residents own their homes, including condominiums, cooperative housing units, and homes held in revocable living trusts. This change closes technical loopholes and ensures families are not punished for standard estate planning practices.

Perhaps most importantly, the bill offers exemptions that reflect today’s housing values with \$150,000 in protected equity per homeowner and \$300,000 total per residence. Enhanced protection, up to \$300,000 per eligible owner, is provided for homeowners aged 60 or older, individuals with qualifying disabilities, and veterans. This is critical for older adults and people with disabilities, for whom losing a home often leads to severe financial and health consequences.



Conclusion

SB 939 is an urgently needed modernization of Maryland's homestead protections. It will help protect primary residences; support seniors, veterans, and people with disabilities; preserve legitimate creditor rights; and prevent unnecessary displacement.

For these reasons, AARP respectfully urges the Committee to issue a **favorable report**.

If you have any questions, please contact Sara Westrick at swestrick@aarp.org or by calling 410-310-0374.

SB 939.pdf

Uploaded by: William Steinwedel

Position: FWA



**SB 939– Bankruptcy Proceedings – Exemptions from Execution – Residential
Real Property
Hearing on March 5, 2026 – Judicial Proceedings Committee
Position: FAVORABLE WITH AMENDMENTS**

Maryland Legal Aid (MLA) submits its written and oral testimony on SB 939 in response to a request from Senator Shaneka Henson.

Maryland Legal Aid (MLA) is a non-profit law firm that provides free legal services to the State's low-income and vulnerable residents, including abused and neglected children, nursing home residents, and veterans. Maryland Legal Aid (MLA) appreciates the opportunity to testify in support of this vital legislation. We are the state's largest nonprofit law firm, representing thousands of low-income Marylanders every year in civil legal cases involving a wide range of issues, including family law, housing, public benefits, consumer law. SB 939 creates a homestead exemption allowing for the protection of home equity in bankruptcy and as amended, from judgment creditors outside of bankruptcy. MLA testifies in strong support of SB 939, as amended to protect Marylanders homes from creditors both inside and outside bankruptcy, to protect Marylanders who live and own homes.

Despite the fact that homeownership is the most important way for low-income and middle-class citizens to build wealth¹, Maryland is only one of a hand full of states that has no exemption specifically focused on a person's homestead that protects homeowners from judgment creditors. Under current law a Maryland homeowner may file bankruptcy for a limited dollar amount to protect their homestead and only under certain circumstances. The homestead exemption² passed in 2010³ is tied to the federal homestead bankruptcy exemption. In 2010, the median home value in Maryland was \$289,300.00⁴. The current median home sales price in Maryland is \$495,038⁵, an increase of \$161,921.00. The bankruptcy homestead exemption has only increased \$10,075.00 from \$21,500.00 to \$31,575.00 since 2010. SB 939 creates an exemption of at least \$150,000 for all homeowners, which would be much more reflective of the increases in home equity that have occurred in Maryland in the last fifteen years.

¹ <https://www.habitat.org/our-work/impact/research-series-how-does-homeownership-contribute-to-wealth-building>

² The current homestead exemption is \$31,575 and can only be claimed as part of a bankruptcy filing. It cannot be claimed outside of bankruptcy. The only "exemption" that can be claimed outside of bankruptcy is a \$6,000.00 exemption of any property, including real property.

³ Md. Cts. and Jud. Proc. § 11-504(f)(1)(i)(2)

⁴ https://planning.maryland.gov/MSDC/Documents/American_Community_Survey/2010-2012/Chart_County/Chart_H4_Median_Value.pdf

⁵ <https://www.mdrealtor.org/Portals/22/adam/Page%20Elements/6PbyCYFmAUuCknSNNK36Ag/January/January%202026%20Housing%20Statistics.pdf>

MLA supports amending SB 939 to permit homeowners the ability to raise the homestead exemption outside of bankruptcy. Maryland is far out of step with the national trend on this issue. The National Consumer Law Center gives Maryland a D grade overall for exemptions available to consumers and a F grade for available homestead exemptions⁶. The increase in the homestead exemption that SB 939 brings Maryland much more into the mainstream on this issue.

Limited exemptions have real-life consequences for homeowners and consumers in Maryland. If a homeowner has more than approximately \$40,000.00 worth of equity in their property, a judgment creditor with a judgment has a basis to sell the home at a sheriff's sale. Should the homeowner choose to protect their home by filing for bankruptcy, they cannot file a Chapter 7 bankruptcy without the risk that the bankruptcy trustee sells their home for the benefit of the creditors. In addition, if a homeowner has substantial equity in their home, they cannot file a Chapter 13 bankruptcy to cure a mortgage default without paying all their other debts under the bankruptcy code⁷. This makes a Chapter 13 an unrealistic and unaffordable option for most of the clients that MLA represents.

Ms. M, a low income homeowner in Prince George's County is a good example of the current challenge homeowners face. Ms. M cares for a family of five, including an elderly mother and three grandchildren. She defaulted on her mortgage due to illness, but was determined to keep the home for her grandchildren. The mortgage servicer, refused to allow her to modify the mortgage, leaving a Chapter 13 Plan as her only option to keep the home. She is employed six days a week as a caregiver and pays into her Chapter 13 Plan and mortgage payment. Unfortunately, because of the current exemption statute in Maryland, she has to also pay all of her other debts, which means that she has to pay over \$2,500 and her monthly mortgage payment to the bankruptcy court in order to stay in her home. If this legislation becomes law, Ms. M would only have to pay the regular monthly mortgage payment and the mortgage arrears, which would still be very difficult, but would relieve some of the financial burden that Ms. M currently has.

State exemptions are not a way for debtors to avoid paying debt, but are a choice of what the state determines to be of value. If a debtor in Maryland has a \$4.5 million dollar 401K, that is completely protected by Maryland's exemption statute. If a debtor has a \$50,000.00 house without a mortgage, that is not protected in full. The current Maryland exemption statute harms Marylanders in financial trouble that only have a homestead as their most valuable asset and most often those persons are the elderly and low income persons across the State. MLA in strong support of SB 939 because it seeks to correct this imbalance. If you have further questions, please contact William Steinwedel, Deputy Advocacy Director for Homeownership Preservation, at wsteinwedel@mdlaborg.

⁶ https://www.nclc.org/wp-content/uploads/2026/01/2025_Report_No-Fresh-Start_State-Summaries.pdf

⁷ This is known as the liquidation test. Basically, creditors must receive the same amount that they would receive in a Chapter 7 in a Chapter 13 Plan. 11 U.S.C. § 1325(a)(4).

SB0939 - OPPOSED - MMBBA - Gough.pdf

Uploaded by: DENNIS RASMUSSEN

Position: UNF



Testimony offered on behalf of:
MARYLAND MORTGAGE BANKERS & BROKERS ASSOCIATION, INC.

IN OPPOSITION OF:
SB0939

**Bankruptcy Proceedings – Exemptions From Execution –
Residential Real Property**

Senate Judicial Proceedings Committee
Hearing – 3/5/2026 at 1:00 PM

The MMBBA represents lenders, servicers, and housing-finance professionals responsible for providing access to responsible mortgage credit across the State. We respectfully OPPOSE Senate Bill 0939.

While we appreciate the goal of modernizing statutory treatment of residential property held in trusts, the bill, as drafted, would substantially expand homestead exemption protections without sufficient safeguards for secured creditors. Mortgage lending is fundamentally based on the enforceability and predictability of collateral rights. When exemption statutes significantly increase the amount of home equity shielded from creditors, the practical effect is to reduce recoverable value in default or bankruptcy scenarios. That reduction in recoverable collateral does not remain isolated within the legal system—it directly influences underwriting standards, loan pricing, and credit availability. Lenders must price risk based on expected loss severity. If statutory changes materially limit recovery rights, lenders may respond by tightening credit overlays, increasing interest rates or fees, reducing loan approvals for marginal borrowers, or limiting certain loan products in Maryland.

These impacts fall most heavily on first-time buyers, moderate-income households, and borrowers with limited equity. Maryland’s housing market depends on stable legal frameworks that balance consumer protection with credit accessibility. SB0939, as currently written, shifts that balance too far and introduces uncertainty into secured lending risk models.

For these reasons, the Maryland Mortgage Bankers and Brokers Association, Inc. OPPOSES this bill and urges an UNFAVORABLE REPORT on SENATE Bill 0939.

Timothy J Gough

MMBBA Legislative Committee
tgough@baycapitalmortgage.com - (410) 320-0852

SB0939 - MBA - UNF - GR26.pdf

Uploaded by: Evan Richards

Position: UNF



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

Committee: Senate Judicial Proceedings Committee

Date: March 5, 2026

Position: Unfavorable

The Maryland Bankers Association (MBA) **OPPOSES** SB 939. This legislation extends the existing bankruptcy exemption for owner-occupied residential real property to include qualifying properties held in a revocable trust and increases the overall exemption amount available in bankruptcy proceedings. Although well-intentioned, SB 939 would result in secured creditors losing much of their collateral, likely resulting in increased credit costs for Maryland households.

If a lender makes a mortgage loan to a Maryland resident that is based on the security of specified real property collateral and the borrower later files bankruptcy, SB 939 would result in the secured lender having a bifurcated claim in the bankruptcy proceeding. Much of the lender's claim would become unsecured because of the large exemptions specified in SB 939, resulting in the likelihood of the lender receiving far less in the noted bankruptcy.

When lenders recover less in bankruptcy, such losses would generally be accounted for in pricing, underwriting standards, and risk modeling. As a result, lenders may be forced to tighten credit standards, raise rates, and/or reduce access to certain products altogether. Higher borrowing costs and restricted access can make it more difficult for families to finance essential purchases, recover from emergencies, or manage day-to-day expenses.

Accordingly, the Maryland Bankers Association respectfully urges an **UNFAVORABLE** report 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.