

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 939

(Senator Henson)

Judicial Proceedings

Economic Matters

Bankruptcy Proceedings - Exemptions From Execution - Residential Real
Property

This bill establishes an exemption from *execution on a judgment* for owner-occupied residential real property, including a condominium unit, a cooperative housing corporation that owns property that the debtor occupies as a residence, a manufactured home, and residential real property of a settlor that is held in a revocable trust. The exemption amounts are \$150,000 for an individual up to age 64 and \$300,000 for an individual age 65 or older. Beginning October 1, 2027, and every three years thereafter, the exemption amounts must be adjusted based on changes in the Consumer Price Index and rounded to the nearest \$25. However, the adjustments may not apply to *bankruptcy proceedings* filed before October 1, 2027. **The bill applies prospectively to bankruptcy proceedings filed on or after the bill's June 1, 2026 effective date.**

Fiscal Summary

State Effect: The bill does not directly affect State finances or operations.

Local Effect: The bill does not directly affect local finances or operations.

Small Business Effect: None.

Analysis

Current Law: In general, statute specifically exempts certain items from execution on a judgment, including up to \$6,000 of cash or property of any kind, if the debtor elects to exempt such cash or property within 30 days from the date of attachment or the levy by the sheriff.

In any federal bankruptcy proceeding under Title 11 of the U.S. Code (the federal Bankruptcy Code), an individual debtor domiciled in the State may claim the statutory exemptions from execution on a judgment and further exempt other specified assets, including owner-occupied residential real property. Owner-occupied real property specifically includes a condominium unit, a manufactured home that has been converted to real property, and a cooperative housing corporation that owns property that the debtor occupies as a residence. The amount of the exemption may not exceed the amount specified for the federal homestead exemption under 11 U.S.C. § 522(d)(1), adjusted in accordance with 11 U.S.C. § 104 (\$31,575 as of April 1, 2025). An individual may not claim this exemption on a particular property if the individual or specified family members of the individual have successfully claimed an exemption on the property within the eight years preceding the bankruptcy filing. A husband and wife may not both claim an exemption on the property in the same bankruptcy proceeding.

The State has opted out of the federal bankruptcy exemptions; thus, in a bankruptcy proceeding, a debtor is not entitled to the federal exemptions provided by § 522(d) of the federal Bankruptcy Code and must use the exemptions specified in State law.

Additional Information

Recent Prior Introductions: Similar legislation has not been filed within the last three years.

Designated Cross File: HB 1098 (Delegates Stewart and Tomlinson) - Economic Matters.

Information Source(s): Judiciary (Administrative Office of the Courts); Department of Legislative Services

Fiscal Note History: First Reader - March 3, 2026
jg/jkb Third Reader - April 1, 2026
Revised - Amendment(s) - April 1, 2026

Analysis by: Amy A. Devadas

Direct Inquiries to:
(410) 946-5510
(301) 970-5510