



Regulatory Compliance Bulletin

November 19, 2020

AB 1885 - Homestead Exemption Expansion

AB 1885, which was chaptered on September 18, 2020, will expand the homestead exemption to increase the amount of equity a homeowner can retain and decrease the assets for a creditor to pursue to satisfy an outstanding debt. The effective date of the new law will be January 1, 2021.

Under current law, a homestead exemption is provided to protect the value of a homeowner's primary residence in the event of a bankruptcy. Specifically, the homestead exemption provides that a specified portion of equity in a homestead is exempt from execution of a judgment debt, which is currently \$75,000 for single homeowners, \$100,000 for married homeowners, or \$175,000 for homeowners who are seniors or disabled.

AB 1885 would amend Section 704.730 of the Code of Civil Procedure to increase the homestead exemption amount to the greater of either \$300,000, or the countywide median sale price for a single-family home in the calendar year prior to the calendar year in which the judgment debtor claims the exemption, not to exceed \$600,000.

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