

California Homestead Exemptions to Increase

~ *Assembly Bill 1046* ~



By Jacqui Tavis

Homestead exemption laws protect the amount of equity that a homeowner can protect from judgment creditors or from creditors while in bankruptcy. On October 11, 2009, Governor Schwarzenegger signed into law new legislation that increases the limits on homestead exemptions in California. The law, Assembly Bill 1046, is one of several new pieces of California legislation aimed at protecting homeowners.

Under current law, the equity in your home is exempt from execution or in a bankruptcy filing up to \$50,000 for an individual; \$75,000 for a married couple (or head of household) and \$150,000 for a disabled person or someone 65 or older, or 55 or older with limited income.

As of January 1, 2010, these limits will go up by \$25,000 each; to \$75,000, \$100,000 and \$175,000 respectively. The bill would require the Judicial Council to determine, on or before April 1, 2010, and at each 3-year interval ending on April 1 thereafter, to submit to the Legislature the amount by which the dollar amounts of the exemptions applicable to that exempt property may be increased based on the change in the annual California Consumer Price Index for All Urban Consumers. The bill would provide that those increases shall not take effect unless they are approved by the Legislature. The bill would require the Judicial Council to publish a list of the current dollar amounts of those exemptions.

