

COMMITTEE BILL ANALYSIS

Bill: Senate Bill 908

Printer's No.: 1019

Sponsor: Senator Waugh

Prepared by: Gregg Warner

Synopsis: This bill amends section 8124 of the Judicial Code, Title 42 of the Pennsylvania Consolidated Statutes, to exempt the primary residence owned by a judgment debtor from being used to satisfy the judgment.

Summary: Section 8124(d) of the Judicial Code provides that a primary residence owned by the judgment debtor shall be exempt from sale to satisfy a judgment. In order to qualify, the debtor must file a declaration of homestead with the county recorder in the debtor's county of residence.

Assessed value

To be exempt from sale, the primary residence must have an assessed value of not more than \$300,000. If the primary residence is assessed at more than \$300,000, the primary residence may be sold but the judgment debtor is entitled to receive the first \$300,000 of the sale proceeds.

Exceptions

The filing of a declaration of homestead does not prevent a primary residence from being sold to satisfy a judgment resulting from mortgage foreclosure, unpaid property taxes or a mechanic's lien.

Declaration of homestead

The declaration of homestead must include the name and address of the judgment debtor, a certification by him that the property is his primary residence and any other information necessary to file the declaration as determined by a county recorder.

Primary residence

The term "primary residence" is defined as including, but not limited to, single-family homes, condominiums, townhomes and mobile homes. The term does not include a vacation home or commercial property, including residential rental property.

Effective date

This act takes effect in 60 days.

Background: According to the sponsor, Senate Bill 908 “will protect the primary residence of an individual subject to a judgment in court in certain circumstances. Currently over 40 states have enacted some form of homestead protection.”

42 Pa.C.S. §8124

Section 8124 provides a list of exemptions from attachment or execution on a judgment. Subsection (a) exempts certain “goods” such as wearing apparel, bibles and school books. Subsection (b) exempts most retirement funds and accounts. Subsection (c) exempts a number of insurance proceeds.

Entireties property

In Pennsylvania, entireties property (owned by spouses) is protected from execution or sale unless both spouses are judgment debtors.