

## **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.