



California Enacts The Most Significant Change in Bankruptcy History

Assembly Bill 1885 significantly increases the amount of equity homeowners may protect from their creditors...

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CALIFORNIA ENACTS THE MOST
SIGNIFICANT CHANGE IN BANKRUPTCY
HISTORY

San Diego, California, February 23, 2021 – Recently, Governor Gavin Newsom signed into effect Assembly Bill 1885, significantly increasing the amount of equity homeowners may protect from their creditors.

Assembly Bill 1885 replaced Section 704.730 of the California Code of Civil Procedure – otherwise known as The Homestead Exemption. This Exemption allows for partial equity in a home to be exempt from paying a judgment on a lien against the property.

Previously, personal residence homeowners were only entitled to retaining between \$75,000 - \$175,000 of equity; a figure dependent on a variety of factors such as income and marital status. For homeowners with equity greater than this, bankruptcy was not an option. Conversely, this

new bill removes the factor-based analysis and substantially increases the amount of protected equity.

Now, under § 704.730, the code allows homeowners to retain the amount of equity equal to the county's median sale price, up to \$600,000. Further, the code sets a minimum of \$300,000. This means that a homeowner has the protection of either (1) the county's median sale price up to \$600,000 or (2) \$300,000 – whichever is greater.

“In the 45 years I have been working in bankruptcy, I have never seen a more significant protection for debtors. I would go so far to say there has never been a more significant change in the history of bankruptcy. This exemption is single handedly opening the door to bankruptcy for people who wouldn't previously qualify and can be a key asset to help personal homeowners get out of debt.” – Hoffman & Forde Bankruptcy Attorney David G. Weil, Esq.

To see if you qualify for this exemption, and to take advantage of the benefits of bankruptcy protection, it is important to consult a trusted attorney with experience handling these types of situations.

[About Hoffman & Forde, Attorneys at Law](#)

Hoffman & Forde, Attorneys at Law is a boutique law firm providing first-class legal service to individuals and businesses throughout San Diego, Orange County, and Los Angeles. The firm is composed of experienced attorneys who collaborate with an extraordinary group of professionals throughout the bankruptcy, finance, tax, and real estate industry.

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For a free consultation, to discuss the application of this important development to your unique situation, visit Hoffman & Forde's website at <https://www.hoffmanforde.com>, email Attorney David Weil at Dweil@hoffmanforde.com, or call (619) 546-7880 and ask for Attorney David Weil.

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