

HB96 INTRODUCED



1 HB96
2 KHETBU5-1
3 By Representative Pringle
4 RFD: Ways and Means Education
5 First Read: 13-Jan-26
6 PFD: 17-Dec-25



4 SYNOPSIS:

5 Under existing law, Alabama residents are
6 entitled to a homestead exemption to protect their home
7 from sale or levy by creditors. The existing homestead
8 exemption amount is \$15,000 and is adjusted every three
9 years for inflation. For collection purposes, the law
10 requires residents use the exemption amount in effect
11 at the time the debt was incurred.

12 This bill would increase the homestead exemption
13 to \$56,400 for residents over 62 years of age and
14 individuals with disabilities. Additionally, this bill
15 would require the exemption amounts used in bankruptcy
16 cases to be determined as of the filing date of the
17 petition rather than the date of the debt.

18 This bill would also make conforming changes and
19 nonsubstantive, technical revisions to update the
20 existing code language to current style.

22 A BILL

23 TO BE ENTITLED

24 AN ACT

25
26 Relating to homestead exemptions; to amend Sections
27 6-10-1 and 6-10-2, Code of Alabama 1975; to increase the
28 homestead exemption to fifty-six thousand four hundred dollars



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(\\$56,400) for residents over 62 years of age and individuals with disabilities; to require the exemption amounts in bankruptcy cases be determined by the exemption in effect on the petition date; to revise Sections 6-10-38 and 6-10-40, Code of Alabama 1975, to make conforming changes; and to make nonsubstantive, technical revisions to update the existing code language to current style.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. Sections 6-10-1 and 6-10-2, Code of Alabama 1975 are amended to read as follows:

"§6-10-1

(a) Except as provided in subsection (b),~~The~~ the right ~~of~~ to a homestead or other exemption shall be governed by the law in ~~force~~ effect when the debt or demand was created, but the ~~mode or remedy~~ procedures or remedies for asserting, ascertaining, contesting, and determining claims thereto shall be as prescribed in this chapter.

(b) For any case filed under the United States Bankruptcy Code, Title 11 U.S.C., the amount of the debtor's homestead or other exemption, as provided by this chapter, shall be governed by the law in effect as of the date the bankruptcy petition is filed."

"§6-10-2

(a) The homestead of every resident of this state,~~with~~ ~~the~~ including improvements and appurtenances, ~~not exceeding~~ which does not exceed 160 acres in size and is value no more than:~~in value~~ (i) fifteen thousand dollars (\$15,000); or (ii) fifty-six thousand four hundred dollars (\$56,400) if the



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resident is either 62 years of age or older or an individual with a disability, shall be exempt from levy, sale, execution or other process for debt collection during his or her lifetime and occupancy ~~and in area 160 acres, shall be,~~ to the extent of any interest he or she may have ~~therein~~ in the property, whether a fee simple or less estate ~~or whether held in common or in severalty~~ held individually or jointly. ~~exempt from levy and sale under execution or other process for the collection of debts during his or her life and occupancy and, if~~ If he or she leaves ~~surviving him or her~~ a surviving spouse and a minor child, or children, or either, the exemption applies during the ~~life~~ lifetime of the surviving spouse and minority of the child, or children, but the ~~area~~ size of the homestead shall not be ~~enlarged by reason of increased due to~~ any encumbrance ~~thereon~~ on the property or of the ~~character~~ nature of the estate or interest ~~owned therein by him or her~~ he or she owns. When a ~~husband and wife jointly own a~~ homestead is jointly owned, each owner is entitled to claim ~~separately~~ the exemption separately provided herein, to the same extent and value as an unmarried individual. For purposes of this section and Sections 6-10-38 and 6-10-40, a mobile home or similar dwelling ~~if~~ used as the principal ~~place~~ of residence of the individual claiming the exemption shall be ~~deemed to be~~ considered a homestead.

(b) For the purposes of this section, "individual with a disability" has the same meaning as the term is defined in Section 21-7-1. Proof of disability shall include any of the following:



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(1) A disability determination letter from: (i) the armed services; (ii) a state or federal government agency; (iii) a private insurer; or (iv) a workers compensation settlement agreement.

(2) Receipt of benefits resulting from a disability determination in subdivision (1).

(3) Written and sworn affidavits of two physicians licensed to practice medicine in Alabama who certify the disability, provided that at least one of the physicians is actively providing treatment directly related to the disability of the individual seeking the exemption. Physician affidavits must be on a form prescribed by the Alabama Department of Revenue for seeking an ad valorem exemption pursuant to Section 40-9-21."

Section 2. Sections 6-10-38 and 6-10-40, Code of Alabama 1975, are amended to make conforming changes to read as follows:

"§6-10-38

(a) (1) If, on the trial of a contest of a claim of homestead exemption, it is found that the homestead as claimed ~~exceeds \$5,000 in value (or if a husband and wife have both claimed the exemption to which each is entitled, \$10,000), or 160 acres in area,~~ exceeds the value and size limits set forth in this article, the court shall ~~forthwith~~ immediately issue an order to the sheriff, returnable ~~in~~ no later than 30 days ~~thereafter~~ from issuance, commanding him or her to summon three disinterested householders or freeholders of the county in which the homestead is ~~situated, who~~ located to serve as



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113 commissioners. These individuals, after having been sworn by
114 the sheriff or ~~some officer~~ an authorized officer to
115 administer oaths to faithfully discharge their duty, ~~shall~~, if
116 ~~practicable~~ possible, shall set off and ~~allot~~ define, by metes
117 and bounds, the homestead ~~exempt to the defendant~~ exempt from
118 levy and sale under process, ~~having regard~~ considering ~~both to~~
119 the quality and value of the real estate ~~and to the selection~~
120 ~~of the defendant and taking land most contiguous to the~~
121 ~~dwelling, and including such~~, the defendant's selection, and
122 the proximity to the dwelling, including the dwelling and
123 appurtenances. The commissioners, as soon as practicable, ~~shall~~
124 ~~make return of the homestead so allotted and set off by~~
125 ~~them, in writing subscribed by them, to the sheriff,~~ shall
126 make a written report of the homestead they have allotted and
127 set off, signed by them, to the sheriff who shall ~~make due~~
128 ~~return thereof~~ submit the report to the court issuing the
129 order. ~~and the~~ The homestead, ~~thus~~ once allotted and set off,
130 shall be released from the levy and the ~~residue of the~~
131 remaining land sold under the order of the court, ~~unless for~~
132 ~~good cause shown, the courts shall set aside the~~
133 ~~commissioners' return~~ unless the court finds good cause to set
134 aside the commissioners' report, in which event ~~another~~ a new
135 order ~~for summoning~~ to summon commissioners shall be issued.

136 (2) If the ~~commissioners~~ individuals summoned, to serve
137 as commissioners ~~or any of them, shall~~ fail to act, the
138 sheriff shall summon others to fill their places.

139 (b) If the homestead, after ~~having been~~ being reduced
140 to its ~~lowest practicable area~~ smallest practical size, still



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141 exceeds ~~in value \$5,000 (or if a husband and wife have both~~
142 ~~claimed the exemption to which each is entitled, \$10,000)~~ the
143 value exemption limits set forth in this article thereby
144 rendering it impracticable to allot and set ~~it~~ the parcel off
145 under ~~subsection (a) of~~ this section, the commissioners shall
146 ~~so~~ make ~~return~~ a report to the sheriff. ~~who~~ The sheriff
147 shall ~~thereupon~~ then proceed, as in other cases, to advertise
148 and offer the ~~same~~ property for sale ~~under the process~~. If, at
149 the sale, he or she receives a bid ~~therefor exceeding \$5,000~~
150 ~~(or if a husband and wife have both claimed the exemption to~~
151 ~~which each is entitled, \$10,000)~~ exceeding the value limits
152 set forth in this article, he or she shall sell the ~~same~~
153 property, and ~~of the purchase money \$5,000~~ an amount equal to
154 the exemption allowed under this article shall be paid to the
155 defendant ~~(or, divided between the spouses~~ if a husband and
156 wife have both claimed the exemption, ~~\$5,000 paid to each)~~, or
157 paid into the ~~court for him or her~~, in lieu of the homestead. ~~and the~~ The excess ~~only~~ shall be applied to the satisfaction
158 of the ~~process debt.~~ but if If there are no bids ~~no bid~~ in
159 excess of the exemption allowed under this article, ~~\$5,000 (or~~
160 ~~if a husband and wife have both claimed the exemption to which~~
161 ~~each is entitled, \$10,000)~~ shall be received, the sheriff
162 shall discharge the levy at the plaintiff's cost and return
163 the process. ~~and thereafter~~ Subsequently, no process issued
164 to enforce the plaintiff's demand shall be levied on such
165 homestead so long as it ~~shall continue~~ continues as a
166 homestead, except ~~on the~~ by a written demand of the plaintiff
167 accompanied by an offer in writing to purchase the ~~same~~



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homestead for an amount exceeding ~~\$5,000 (or if a husband and wife have both claimed the exemption to which each is entitled, \$10,000), which~~ the exemption allowed under this article. This offer must state the amount and, at the election of the defendant, shall be binding on the plaintiff.

(c) When a sale is made under subsection (b) ~~of this section~~ and any defendant dies before receiving ~~their \$5,000 standing in lieu of the homestead~~ his or her homestead exemption payment, the ~~same~~ payment shall be paid to his or her personal representative, who shall receive and hold ~~it~~ the exemption payment subject to the homestead rights of the defendant's surviving spouse and minor child or children, or either. ~~, if there be such; but, if there be none such, If there is no surviving spouse or minor children,~~ the personal representative shall first apply the ~~same~~ exemption payment to the payment of the ~~demand for the enforcement of which the process issued,~~ debt and the balance he or she shall administer as personal assets of the estate."

"§6-10-40

When the homestead, after being reduced to the lowest ~~practicable practical~~ practicable practical area, exceeds ~~\$5,000 in value~~ the exemption amount allowed under this article and the husband or wife has ~~aliened the same~~ transferred the property by deed, mortgage, or other conveyance without the spouse's voluntary signature and ~~assent of the spouse, shown and acknowledged as required by law~~ legal acknowledgment, the ~~alienor~~ transferor, ~~or, if he or she fails to act,~~ the spouse, ~~or, if there is no spouse or if he or she fails to act,~~ their minor child or



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197 children may, ~~by filing~~ file a complaint, ~~to~~ have the land
198 sold and the homestead interest separated from that of the
199 ~~alienee~~ transferee."

200 Section 3. This act shall become effective on June 1,
201 2026.

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