**ALABAMA DEBTOR EXEMPTIONS INCREASED!**

**Governor Bentley signed a law (Act No. 2015-484) increasing Alabama’s property exemption limits for the first time since 1982.**

After 3 years of advocating for these crucial protections, Alabama Appleseed is grateful to our sponsors of SB327, Sen. Cam Ward (R-Alabaster) and Rep. Jim Hill (R-Moody) and the members of the legislature (who voted unanimously) for these increases. We also thank Governor Bentley for immediately enacting these safeguards.

**Effective June 11, 2015, debtors (and surviving spouses) are entitled to the following:**

* Personal property exemption of $7,500\* (§6-10-6; §43-8-111)
* Homestead exemption of $15,000\* (double, if married) (§6-10-2; §43-8-110)

\*These limits will be adjusted automatically every 3 years beginning July 1, 2017.

**Exemptions: Purpose and Impact of Increases**

Homestead exemption applies only to the family home, or principle residence, which is typically the most valuable financial asset and is part of a long-term savings and retirement plan.

Personal Property exemption protects items necessary for work, such as cars, clothes, and tools of the trade, as well as household goods, wedding bands, and family heirlooms (which often have little-to-no resale value).

In civil lawsuits, when a low-income Alabamian is sued for a past-due medical bill or outstanding credit card balance, exemptions set the maximum amount they can keep the creditor from seizing. It does not erase the debt owed; creditors will recover additional monies owed through the debtor’s employer or bank.

In bankruptcy, exemptions establish what property, and how much of it, a debtor in Chapter 7 gets to keep or how much they owe monthly to the trustee in Chapter 13. These increased exemptions will go further to fulfilling the purpose of bankruptcy in providing debtors a fresh start.



For more information, please contact Alabama Appleseed Center for Law & Justice

Shay Farley: shay.farley@alabamaappleseed.org or 334.263.0086