

**State passes increase in homestead exemption for individuals filing bankruptcy**

Buffalo, NY – For the first time since 1977, the State of New York has updated the homestead exemption for individuals who are filing bankruptcy. A provision to increase the homestead exemption from \$10,000 per person to \$50,000 per person was signed into law August 30, 2005, and became effective immediately.

The homestead exemption means that creditors cannot place a civil judgment against the exempt equity in a debtor's home. In a bankruptcy, the homestead exemption protects equity in the debtor's home from creditors.

“Exemptions allow individuals who are filing bankruptcy to keep a bare minimum of property that is essential to their daily lives,” said Jeffrey Freedman, senior partner, Jeffrey Freedman Attorneys at Law. “Until now, if a married couple were filing bankruptcy, only \$20,000 of the equity they had in their home would be exempt – now \$100,000 of that equity will be exempt.”

The change, which was proposed by state Senator Vincent L. Leibell, III, (R.-Patterson) was passed unanimously by both the Senate and the Assembly. It is a much more realistic figure in today's market, according to Freedman.

“For many people the previous exemption was like having no exemption,” he said. “The purpose of exemptions is to help debtors get a fresh start, maintain their dignity, and have the basics they need to build a new life.

“At the previous level the majority of people filing bankruptcy were in danger of losing their homes because creditors could file judgments against any equity over and above the \$10,000 per person.”

The homestead exemption applies to houses, condominiums and mobile homes where the client resides. Each state sets its own criteria for exemptions.

Jeffrey Freedman Attorneys at Law has 15 offices throughout Western New York, handling bankruptcy, social security and disability, and personal injury cases. The firm, founded in 1980, employs 60 legal professionals.##