

Higher exemptions due for bankruptcy filers

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Starting Jan. 22, bankruptcy filers will be able to take several new and higher exemptions under state law, including an increase in the home equity allowance from \$50,000 to \$150,000 on [Long Island](#).

Jewelry, art, a computer and a cell phone, as well as pets and their food, have been added to the list of exemptions.

The changes, signed into law Thursday by outgoing Gov. [David A. Paterson](#), were intended to better reflect today's values and cost of living and also bring New York's exemptions more in line with those passed by other states.

The provisions could persuade more people to file for bankruptcy, including homeowners seeking a temporary escape from foreclosure, bankruptcy attorneys said.

"For somebody without a house, it makes life a lot easier," said [Woodbury](#) bankruptcy attorney Gary Fischhoff. "For somebody with a house, it's great."

That's because bankruptcy judges on [Long Island](#) have usually accepted attorneys' argument that the \$50,000 homestead exemption applies to each owner of a property.



"Since a husband and wife can pool their exemption, that means that a couple will be able to protect a whopping \$300,000 worth of equity in their home," [Woodbury](#) bankruptcy attorney [Craig Robins](#) wrote on his blog Friday. "This will enable almost any typical [Long Island](#) middle class family to file bankruptcy to eliminate their credit card debts while protecting their home."

The changes will make bankruptcy a better option for borrowers who have a lot of equity in their homes, Fischhoff said. Under the current law, many with credit card and other unsecured debt didn't want to file because the judges could have ordered their homes sold to pay off such debt, he said.

Renters and those who don't take the homestead exemption will get a break too. They can claim another \$1,000 in personal property or cash.

In addition, New Yorkers will be able to choose between taking exemptions under the federal bankruptcy laws or the state's debtor creditor law. New York had long ago opted out of federal limits by setting its own values, but in many cases the federal terms would have been better for bankruptcy filers.

In 1995, the federal government doubled the amount for property exemptions to account for inflation and set a cost-of-living adjustment. Now, for the first time, the state's new law calls for cost-of-living adjustments every three years for exemption limits, starting April 2012.

Fischhoff said his office Monday perused cases with bankruptcy filings ready for court. Out of 15 cases, he said, he would advise three people to delay filing until the new terms take effect.

Taking exemptions

A state law signed last week will allow those filing for bankruptcy to take more and higher exemptions. Here are some of the new exemptions or current ones with current and higher money limits:

Tools of the trade - \$600 to \$3,000

Domestic animals - \$450 to \$1,000

Jewelry and art instead of just watches - \$35 to \$1,000

Books - \$50 to \$500

Motor vehicles - \$2,400 to \$4,000 or \$10,000 for disabled-equipped car

Homes - \$50,000 to \$150,000 in [Long Island](#), New York City, Rockland, Westchester and Putnam counties; new limits of \$75,000 or \$125,000 elsewhere, depending on the county

"Wild card" on personal property and cash if no home exemption - \$1,000

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