Bankruptcy Exemption Manual
2026 Highlights

This revision includes updates of case law relevant to exemptions under the Bankruptcy Code, and the appendices include recent case law on various state-law exemptions. The appendices were reviewed for changes in monetary amounts, but there is pending legislation in several state legislatures that would alter the amounts of various state exemptions, and a particular state's exemptions should be checked to determine if adjustments have recently been implemented. State exemptions also may be subject to automatic adjustments that are not reflected in the relevant statute, and those adjustments may be implemented by a particular state officer, such as a Treasurer.

The case law updates in various chapters of this update include the following significant Circuit Court and Bankruptcy Appellate Panel decisions:

Whether a debtor may amend exemption claims, changing from state law to federal bankruptcy exemption was addressed in *In re Nance*, 156 F.4th 961, 75 Bankr. Ct. Dec. (CRR) 21 (9th Cir. 2025), where the debtor first claimed homestead exemption in property and a recreational vehicle under Arizona law and then amended to claim exemption under Washington law. Following the trustee's objection and the Bankruptcy Court's sustaining objection to those state-law exemptions, the debtor further amended schedules to claim homestead exemption under the Federal bankruptcy statute, section 522(d)(1). The Ninth Circuit agreed with *In re Ladd*, 450 F.3d 751, Bankr. L. Rep. (CCH) P 80520 (8th Cir. 2006), holding that denial of the state-law exemptions did not preclude the amended section 522(d)(1) exemption claim. Section 522(b)(1) permits either state or federal exemptions, and that choice prevented application of issue preclusion when the debtor's initial state-law exemption was disallowed. Moreover, Rule 1009(a) permits amendment of the exemption claim.

The meaning of "fraud" in section 522(q)(1)(B) was examined in *In re Uriostegui*, 669 B.R. 49 (B.A.P. 9th Cir. 2025). The Bankruptcy Appellate Panel held that subsection 522(q)(1)(B)(ii)'s limitation on the monetary amount of homestead exemption "requires a debt arising from 'fraud, deceit, or manipulation' which occurred while the debtor was acting either in a fiduciary capacity or in connection with the purchase or sale of registered securities." Construing the term "fiduciary capacity" in section 522(q)(1)(B)(ii) the same as its narrow use in section 523(a)(4), "the fiduciary relationship must 'arise from an express or technical trust that was imposed prior to the wrongdoing that caused the debt.' Quoting *Plyam v. Precision Dev. (In re Plyam)*, 530 B.R. 456, 471 (9th Cir. BAP 2015)."

Tenancy by entirety exemption was examined by the Eleventh Circuit in *In re Del Amo*, 158 F.4th 1335 (11th Cir. 2025), which affirmed allowance of the exemption in a joint bank account that the debtor had claimed as tenants by entirety. Under *Beal Bank, SSB v. Almand and Associates*, 780 So. 2d 45 (Fla. 2001), a joint account owned by husband and wife is held in tenancy by entirety unless there is a disclaimer that such a tenancy is not intended. Subsequent to the *Beal Bank* decision a Florida statute provides: "Any deposit or account made in the name of two persons who are husband and wife shall be considered a tenancy by the entirety unless otherwise specified in writing." Fla. Stat. § 655.79(1) (2008). The Eleventh Circuit held in the current case that the "fine print" statement on the signature card did not overcome Florida's common law presumption that the debtor and his wife owned the account as tenants by entirety.