MARYLAND DEBT RELIEF GUIDE

Chapter 13 Bankruptcy in Maryland

A complete guide for Maryland residents — repayment plans, foreclosure relief, costs, timeline, and how to file.

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Contents

1	What Is Chapter 13 Bankruptcy?	3
2	Who Qualifies in Maryland	3
3	How the Repayment Plan Works	4
4	Stopping Foreclosure in MD	4
5	Chapter 13 vs. Chapter 7	5
6	Maryland Chapter 13 Timeline	5
7	What Does Chapter 13 Cost?	5
8	Cramdown & Lien Stripping	6
9	Frequently Asked Questions	6
	Schedule a Free Consultation	7

1. What Is Chapter 13 Bankruptcy?

Chapter 13 — often called the **wage earner's plan** — lets Maryland residents with regular income reorganize debts into a single court-supervised payment lasting **3 to 5 years**. Unlike Chapter 7, you keep all of your property, including non-exempt assets, in exchange for paying creditors out of future income.

Cases are filed in the **U.S. Bankruptcy Court for the District of Maryland** (Baltimore or Greenbelt divisions) and administered by a standing Chapter 13 Trustee who collects your plan payment and distributes funds to creditors.

> **Key takeaway**
>
> Chapter 13 is usually the best fit when you have steady income, want to keep your home, and need time to catch up on a mortgage, car loan, or back taxes.

2. Who Qualifies for Chapter 13 in Maryland

To file Chapter 13 in Maryland you must:

- Be an **individual** (sole proprietors qualify; corporations and LLCs do not)
- Have **regular income** sufficient to fund a plan after living expenses
- Owe less than **$2,750,000** in combined secured and unsecured debt (2024 unified limit)
- Be **current on tax filings** for the past four years
- Complete a **credit counseling course** within 180 days before filing
- Have not received a Chapter 13 discharge within the past 2 years, or a Chapter 7 discharge within the past 4 years

3. How the Chapter 13 Repayment Plan Works

Your plan is the centerpiece of the case. It tells the court exactly how much you will pay each month and how the trustee distributes those funds.

Debt type	How it is treated in the plan
Priority debts	Paid in full (recent taxes, child support, alimony)
Secured arrears	Mortgage/car back-payments cured over 3–5 years
Ongoing secured	Mortgage paid directly or through trustee; car often crammed down
Unsecured debts	Paid a % based on disposable income — sometimes 0%

Attorney fees	Most fees paid through the plan, not upfront

Plan length is **3 years** if your household income is below Maryland's median, and **5 years** if above. Payments are usually made through payroll deduction.

4. Stopping Foreclosure in Maryland

Filing Chapter 13 triggers the **automatic stay** the moment your petition is docketed — even minutes before a scheduled Maryland foreclosure sale. The stay legally halts the auction, suspends the substitute trustee, and gives you 3–5 years inside the plan to cure missed mortgage payments while keeping the house.

> **Foreclosure timing**
>
> If a Maryland foreclosure sale is scheduled, the petition must be filed and on the docket before the auctioneer's gavel falls. Late filings can lead to a confirmed sale even though the stay was technically in effect.

5. Chapter 13 vs. Chapter 7 in Maryland

Feature	Chapter 7	Chapter 13
Duration	3–4 months	3–5 years
Property	Non-exempt assets may be sold	Keep all property
Income required	Must pass means test	Must have regular income
Mortgage arrears	Cannot cure	Cure over the plan
Co-debtor stay	No	Yes — protects co-signers
Credit report	10 years	7 years

6. Maryland Chapter 13 Timeline

Day 0	Petition filed; automatic stay begins
Day 14	Plan and schedules filed
Day 30	First plan payment due to trustee
Day 21–50	341 Meeting of Creditors (video)

Day 45–90	Confirmation hearing
Months 36–60	Plan completed; discharge entered

7. What Does Chapter 13 Cost in Maryland?

- **Court filing fee:** $313
- **Credit counseling + debtor education:** $20–$50 combined
- **Attorney fees:** Typically $3,500–$5,500, most of which is paid through the plan
- **Trustee fee:** Up to 10% of plan payments, deducted automatically

8. Cramdown and Lien Stripping

Two powerful Chapter 13 tools available in Maryland:

- **910-day car cramdown:** If your auto loan is more than 910 days old, the loan can be reduced to the car's current market value, often slashing both the principal and interest rate.
- **Lien strip on junior mortgages:** If your home is worth less than the balance on the first mortgage, a wholly unsecured second mortgage or HELOC can be stripped off and discharged.

9. Frequently Asked Questions

Will Chapter 13 stop a Maryland foreclosure sale?

Yes — filing before the gavel falls triggers the automatic stay and lets you cure arrears over 3–5 years.

Can I keep my car in Chapter 13?

Yes. Most filers keep the car and many qualify for a cramdown that lowers the payment.

What if I miss a plan payment?

Short-term hardships can usually be cured with a modified plan. Long-term hardship may allow conversion to Chapter 7 or a hardship discharge.

How long until I can file again?

2 years between Chapter 13 filings; 4 years after a previous Chapter 7 discharge to receive a Chapter 13 discharge.

FREE CONSULTATION

Talk to a Maryland Chapter 13 attorney — free.

A 30-minute consultation is enough to tell whether Chapter 13 is the right path, what alternatives exist, and exactly what to expect. No pressure, no obligation.

Call (240) 372-5225 | info@gueramilaw.com

Schedule online at ifightdebt.com/contact

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This guide is for general informational purposes only and does not constitute legal advice. Bankruptcy laws and dollar limits change periodically. Consult a licensed Maryland attorney about your specific situation.