MARYLAND DEBT RELIEF GUIDE

Chapter 7 Bankruptcy in Maryland

A Complete Guide for Maryland Residents — means test, exemptions, costs, timeline, and how to file.

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1. What Is Chapter 7 Bankruptcy?

Chapter 7 bankruptcy — often called **liquidation** or **fresh start** bankruptcy — is a federal legal process that wipes out most unsecured debts, including credit cards, medical bills, personal loans, and old utility bills. For Maryland residents, Chapter 7 cases are filed in the **U.S. Bankruptcy Court for the District of Maryland**, which has divisions in Baltimore and Greenbelt.

Most Chapter 7 cases in Maryland are "no-asset" cases, meaning the filer keeps all of their property because Maryland's exemption laws protect it. The case typically closes in **90–120 days**, and the discharge order legally bars creditors from ever collecting the eliminated debts again.

> **Key takeaway**
> Chapter 7 gives you a true fresh start in roughly 4 months. Maryland's exemption laws protect most filers' homes, vehicles, retirement accounts, and household goods.

2. Maryland Chapter 7 Means Test

To qualify for Chapter 7 in Maryland, your household income must fall below the state median, or you must pass the second part of the means test based on disposable income. Approximate **2026 Maryland median income** figures used by the U.S. Trustee:

Household size	Maryland median income
1 person	~ $78,000
2 people	~ $100,000
3 people	~ $120,000
4 people	~ $144,000 (+ ~$9,900 each additional)

If your income is above the median, you may still qualify by completing **Form 122A-2**, which subtracts allowed living expenses to calculate disposable income.

3. Maryland Bankruptcy Exemptions

Maryland has **opted out of the federal bankruptcy exemptions**, so filers use the state scheme in Md. Code, Cts. & Jud. Proc. § 11-504. Key protections include:

- **Homestead:** Up to $25,150 of equity in your primary residence
- **Wildcard:** $6,000 in cash + additional $5,000 in any property
- **Household goods:** $1,000 in clothing, furniture, appliances, books
- **Tools of the trade:** $5,000

- **Retirement accounts:** Fully exempt (401(k), IRA, pension)
- **Wages:** 75% of earned but unpaid wages
- **Health aids:** 100% exempt

Married couples filing jointly in Maryland can typically **double most exemptions**, which is why joint filings often protect more property than two separate cases.

4. How to File Chapter 7 in Maryland — Step by Step

1. **Credit counseling course** — Complete a 60–90 minute course from an approved provider within 180 days before filing.
2. **Gather documents** — Two years of tax returns, 60 days of pay stubs, bank statements, and lists of debts and property.
3. **File the petition** — Form B101 plus schedules. The automatic stay takes effect immediately, stopping collections, garnishments, and foreclosure.
4. **341 Meeting of Creditors** — Held 21–40 days after filing, typically by video with the Chapter 7 trustee.
5. **Debtor education course** — A second financial management course before discharge.
6. **Discharge** — Issued roughly 60 days after the 341 meeting if no creditor objects.

5. Maryland Chapter 7 Timeline

Day 0	Petition filed; automatic stay begins
Day 21–40	341 Meeting of Creditors (video)
Day 60	Debtor education course completed
Day 90–120	Discharge order entered

6. What Does Chapter 7 Cost in Maryland?

- **Court filing fee:** $338 (fee waivers available for very low-income filers)
- **Credit counseling + debtor education:** $20–$50 combined
- **Attorney fees:** Typically $1,200–$2,500 for a standard no-asset Chapter 7 in Maryland

7. What Debts Get Discharged?

Discharged (wiped out)	Not discharged

• Credit card balances • Medical bills • Personal loans & payday loans • Most older utility bills • Deficiency balances on repossessed cars or foreclosed homes • Most lawsuit judgments based on contract or debt	• Most student loans (limited "undue hardship" exceptions) • Recent federal & Maryland state income taxes • Child support and alimony • Court fines, restitution, criminal penalties • Debts from fraud or willful injury

8. Life After Chapter 7 in Maryland

A Chapter 7 discharge stays on your credit report for **10 years**, but most clients see their score begin to recover within 12–18 months because the underlying debt is gone. Many Maryland filers qualify for an **FHA mortgage two years after discharge** and a conventional mortgage four years after discharge.

Rebuild credit by opening a secured credit card, keeping utilization below 30%, and making every payment on time. Within 2–3 years most clients exceed their pre-filing score.

9. Frequently Asked Questions

Will I lose my house?

Usually not. If your home equity is under $25,150 (or $50,300 for a couple) and you are current on the mortgage, you keep the house.

Will I lose my car?

If your car has less than $6,000 of equity and you are current on the loan, you keep it.

Can I file without a lawyer?

Legally yes, but the Maryland Bankruptcy Court strongly discourages it. Errors lead to dismissal or loss of property.

How long until I can file again?

You must wait 8 years between Chapter 7 filings.

FREE CONSULTATION

Talk to a Maryland Chapter 7 attorney — free.

A 30-minute consultation is enough to tell whether Chapter 7 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 exemption amounts change periodically. Consult a licensed Maryland attorney about your specific situation.