



Asset Protection

How to Protect Your Home from Creditors

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For many of us, our home is our greatest financial asset. To protect the equity in your home, Massachusetts permits an owner to declare a "homestead," which allows you to protect up to \$500,000 of the value of your home from creditors.

Unlike other states, there is no automatic homestead in Massachusetts; an owner must file a "Declaration of Homestead" at the registry of deeds in the county where the home is located in order to receive the homestead protection.



The Homestead works by excluding up to \$500,000 in the value of your primary residence from creditors. You still may incur debts and, if you have other assets like bank accounts or a vacation home, those assets can be seized to satisfy your debts, but your home would be protected for as long as you or your family continue to live in it.

The Homestead, however, only protects you from debts incurred after the Homestead has been recorded; you cannot shield your home from debts incurred before a homestead election was made.

If you have not already declared a "Homestead" for your primary residence you should consider doing this immediately to protect your family and your home from creditors.

Please call us if you would like to learn more or would like us to prepare a Declaration of Homestead for your primary residence.

LEGISLATIVE UPDATE

The Massachusetts Senate has passed an amendment to the homestead law, which is now pending (Bill S. 2653) in the House Ways and Means Committee. If passed, all homeowners would have an automatic homestead of up to \$125,000 of home equity and homeowners who record a homestead election would still be able to protect up to \$500,000. The proposed legislation would also definitively allow a homestead election to be filed on a home owned by a trust.