

the clerk and if found to be satisfactory, it is submitted to the judge for signature. Upon approval, the order for final distribution is returned to the trustee who then proceeds to distribute all remaining monies to creditors in accordance with the order entered by the court. The only property retained by a debtor in a Chapter 7 proceeding is property which is known as "exempt property." The Bankruptcy Code provided the debtor with alternative exemptions. The Code created a set of federal exemptions which the debtor might elect to claim in lieu of the existing state exemptions. The federal exemptions were quite liberal when compared with the former North Carolina exemptions which were created in the 1968 North Carolina Constitution. However, the Code also provided that any state may, at its option, elect to opt out of the federal exemptions provided in the Code. However, in the year 1981, the North Carolina Legislature enacted legislation which opted out of the federal exemptions and simultaneously enacted new, more liberal, state exemptions for debtors in a bankruptcy case. In fact, I am somewhat confused by the new North Carolina exemptions, for it was the express purpose of the North Carolina Legislature in opting out of the federal exemptions to provide the debtors with less exemptions than were authorized under the federal exemption. However, I am of the opinion that the new North Carolina exemptions will, in most cases, permit the debtors to claim as exempt property with a greater value than that which could be claimed as exempt under the federal exemptions. The federal exemptions authorized by the Bankruptcy Code permitted

the debtor to claim \$7,500.00 in real property as a real estate exemption; however, by claiming this exemption, the debtor's interest in property owned by the entireties became a part of the estate. Under the North Carolina exemptions, the debtor may claim \$7,500.00 in real property as exempt; however, there is no provision which requires the debtor's interest in property owned by the entireties to become a part of the estate. For example, assume that a husband and wife file a joint petition in bankruptcy; the residence with \$7,500.00 in equity is owned individually by the husband; the husband and wife also own as tenants by the entireties a tract of farmland with equity of \$100,000.00. If the federal exemptions were used, then the husband could claim the equity in the home as exempt; however, the tract of farmland owned as tenants by the entirety must be included as an asset in the estate. Under the present North Carolina exemptions, the husband may claim the equity in the residence as exempt and the entire tract of farmland which is owned as tenants by the entirety would also be exempted from the administration of the estate. Perhaps there is some merit in the old adage that "a little knowledge is a dangerous thing."

In a Chapter 11 case, the debtor files the petition with the clerk and again the clerk mails notices to all creditors of the date, time and place of the § 341 meeting. There is no interim trustee appointed and the debtor continues in possession of the property of the estate. With permission from the court, the debtor may continue to operate the business under certain conditions