

**INSTRUCTIONS FOR COMPLETING SCHEDULE C
PROPERTY CLAIMED AS EXEMPT**

1) Individual debtors and joint debtors (individual debtors and their spouses) are entitled to claim certain property as exempt by law from the bankruptcy estate. Section 522(b) of the Bankruptcy Code gives a debtor the choice of claiming the so-called "federal bankruptcy" exemptions listed in section 522(d) or the exemptions provided under the law of the state in which the debtor resides. Section 522(b)(1), however, also authorizes any state to limit its citizens to the exemptions provided by the state. Residents of these "opt out" states may not claim the federal exemptions set forth in section 522(d), but only those authorized under state law and the various "non-bankruptcy" exemptions described below. Anyone planning to file a bankruptcy case must determine which exemptions are available, because claiming exemptions to which one is not entitled may result in the loss of the property and failing to claim an exemption to which a debtor is entitled can result in unnecessary loss of property.

The second category of exemptions are the state and other "non-bankruptcy" exemptions to which section 522(b)(2) refers. These exemptions may be contained in federal, state, or local laws. "Non-bankruptcy" simply means not contained in the Bankruptcy Code. Even in an "opt-out" state, it is important to check federal, state, and local laws, to see what exemptions are available.

Individual debtors and joint debtors should choose either the "federal bankruptcy" exemptions under section 522(b)(1), or the state and other nonbankruptcy exemptions provided for under section 522(b)(2), and place an "X" in the appropriate box at the top of the schedule. Individual debtors and joint debtors may not elect to split their exemptions between these two sections.

2) Exemptions are not available to a corporation, partnership, or any entity that is not an individual or an individual and his or her spouse. In these cases the debtor should include this form along with the rest of the schedules, with a notation of "Not Applicable."

3) The description of property on this form, as well as the market value, should correspond generally with the description on Schedule A or Schedule B. Many exemptions are limited to certain amounts of dollar value. It is important to know these limits when preparing the schedule. There also is a substantial body of case law on the subject of exemptions, which in any particular state or district may restrict or liberalize certain exemptions. A debtor should investigate the law governing exempt property in the state of residence and seek advice from a lawyer if valuable property is at stake. The location of property should not be included in this form.

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continued

- 4) As stated above, the debtor must choose the exemption law under which exemptions are claimed and state the choice at the top of the schedule. The debtor may choose either (1) section 522(d) of the Bankruptcy Code or (2) a state statute, local statute, or a constitutional provision. If choosing the Bankruptcy Code, the debtor should state for each item or category of items the exact section of the Code where the exemption exists, for example, 11 U.S.C. § 522(d)(4). Specify the provision of the Code or the law providing each exemption in the space provided.
- 5) The value of the claimed exemption is not always the same as the current market value of the property. The debtor should check the appropriate subsection of section 522 of the Bankruptcy Code, state law, or other applicable non-bankruptcy law for financial limitations on exemptions. Debtors are asked to state the dollar value of the claimed exemption in the space provided.
- 6) Debtors are instructed to state the current market value of the property in the space marked for that purpose. Debtors should not subtract the value of the claimed exemption.