IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF NORTH CAROLINA
WILSON DIVISION

In the Matter of: LACY M. HENRY JUDY B. HENRY Debtors	Case No.: 05-04620-8-JRL Chapter 11

NOTICE OF PROPOSED PUBLIC SALE

TO: ALL CREDITORS AND PARTIES IN INTEREST,

NOTICE IS HEREBY GIVEN, that provided no objections by a party in interest are filed with this Court with a request for a hearing on or before August 7, 2006, upon approval of the Bankruptcy Court, the real property described herein shall be sold via public auction sale.

FOREWORD

This Notice is provided for the purpose of providing to all creditors and parties-in-interest information reasonably calculated to allow an informed decision as to whether to support, object or abstain with respect to this Notice of Proposed Public Sale, whereby the Debtors intend to liquidate certain real property by public auction to be conducted August 19, 2006 at 11:00 a.m. at the Property location as described herein.

The property to be sold (the "Property") consists of that certain real property located beside 302 South Avenue, Oriental, North Carolina, more particularly described on Exhibit "A" attached hereto. Any party desiring additional information concerning the proposed sale and the Property to be sold at the proposed sale should contact TRAWICK H. STUBBS, JR., STUBBS & PERDUE, P.A., ATTORNEY FOR DEBTORS, P.O. BOX 1654, NEW BERN, NC 28563, (252) 633-2700, (252) 633-9600 (facsimile). The Debtors are proposing an orderly, advertised auction sale of the property in a manner the Debtors believe will generate maximum proceeds for distribution to creditors. All distributions of the proceeds of sale will be in accordance with any existing security instruments, orders of the Bankruptcy Court and the priorities set forth in the Bankruptcy Code.

THE BANKRUPTCY COURT HAS NOT REVIEWED THE INFORMATION PROVIDED IN THIS NOTICE, AND HAS NOT OFFERED AN OPINION AS TO ITS ACCURACY, SUFFICIENCY OR COMPLETENESS. IT IS ANTICIPATED THAT THE BANKRUPTCY COURT MAY REVIEW THE DISCLOSURES MADE HEREIN AT THE HEARING IN CONSIDERATION OF THE MOTION. THE PURPOSE OF THIS NOTICE IS TO PROVIDE CREDITORS WITH INFORMATION CONCERNING THE DEBTORS AND THE PROPOSED AUCTION SALE, IN ADVANCE OF THE SALE. THE DEBTORS, THROUGH COUNSEL, WILL ATTEMPT TO RESPOND TO ALL REASONABLE INQUIRIES CONCERNING THE INFORMATION PROVIDED HEREIN.

PARTIES IN INTEREST ARE ENCOURAGED TO SEEK THE ADVICE OF COUNSEL TO MORE FULLY DETERMINE WHAT RIGHTS THEY MAY HAVE WITH RESPECT TO THE SALE CONTEMPLATED HEREIN.

GENERAL INFORMATION

Lacy M. and Judy B. Henry (the "Debtors") are citizens of Carteret County owning a substantial amount of real property in Carteret County, New Hanover County and Pamlico County, North Carolina. The Debtors filed their voluntary petition under Chapter 11 of the United States Bankruptcy Code on June 13, 2005.

The Debtors are proposing, after notice to all creditors and an opportunity for a hearing, to sell the Property described herein, and firmly believe that approval of the auction sale is in the best interest of all creditors and parties in interest. By Order entered October 13, 2005, the Court has authorized the employment of Michael V. Gurkins of

Country Boys Auction & Realty Co., Inc. as auctioneer for the purpose of liquidating real property assets of the Debtors. As provided in the Order, Country Boys Auction & Realty will be paid a commission in the amount of eight percent (8%) of the gross sales price. All net proceeds from the sale of these assets will be distributed in accordance with the priorities of the Bankruptcy Code and future orders of the Bankruptcy Court.

The Debtors propose to distribute all proceeds of sale first to payment of expenses allowed under 11 U.S.C. §506(c) and then to holders of liens upon the Property, pursuant to Orders of the Bankruptcy Court. As provided in the Court's Order of October 31, 2005, the sale will be free and clear of all liens and encumbrances, with all liens attaching to the proceeds of the encumbered property. The Debtors are aware of the following lien on the property to be sold:

Branch Banking & Trust Company

Typically, a sale of the type proposed by the Debtors requires the following attributes:

1. A sound business reason;
2. Accurate and reasonable notice;
3. A fair and reasonable price;
4. The existence of good faith.

The Debtors believe the foregoing requirements are satisfied by way of this Notice. They believe that a public sale of the Property will yield the maximum benefit for their creditors. The Debtors assert that this constitutes a sound business reason for the sale. Second, the Debtors assert that this Notice provides suitable information necessary to determine whether or not to oppose the auction sale contemplated herein; additional information can be obtained by contacting the undersigned attorney. Third, the Debtors assert that the sale, adequately noticed, provides a fair means of liquidating the Debtors' Property. Finally, the Debtors have proposed this sale in good faith. The Debtors' proposed sale will serve to accomplish an arms-length sale of the Property. The Debtors will not retain an interest in any Property sold following approval and completion of the sale.

Any party desiring to examine the Property should contact the undersigned counsel for the Debtors or Michael Gurkins at 252-946-6007.

FURTHER NOTICE IS HEREBY GIVEN, that objection to the proposed liquidation sale may be filed with the Clerk, U.S. Bankruptcy Court with a copy served on the Attorney whose name appears at the bottom of this Notice, on or before August 7, 2006. If a response and a request for a hearing is filed by a party in interest in writing within the time indicated, a hearing will be conducted on this Notice, and Response and Objections thereto on **August 16, 2006 at 11:00 a.m. at the U.S. Bankruptcy Court, Lennon Federal Building, 2 Princess Street, Wilmington, North Carolina**. Any party requesting a hearing shall appear at said hearing in support of such request or he may be assessed Court costs. If no request for a hearing is timely filed, the Court may rule on this Notice and Response thereto ex parte without further notice.

DATED: 07-18-06

s/Trawick H. Stubbs, Jr.
TRAWICK H. STUBBS, JR.
STUBBS & PERDUE, P.A.
Post Office Box 1654
New Bern, NC 28563-1654
(252) 633-2700
(252) 633-9600 Facsimile
N.C. State Bar #4221

EXHIBIT "A"

All that certain tract or parcel of land lying and being in the Town of Oriental, Number Five Township, Pamlico County, North Carolina, and being more particularly described as follows:

Beginning at a point which lies the following courses and distances from the intersection of the centerline of South Avenue and the intersection of the centerline of Wall Street in the Town of Oriental: South 77° 35' 00" West 264.78 feet, South 12° 24' 00" East 130.36 feet to an iron pipe, said point being the point of beginning; running thence from this point of beginning North 78° 00' 08" East 100.08 feet to an iron pipe in the Neurburg line as the same is described in Deed Book 126 at Page 26 of the Pamlico County Registry, also being a chain link fence; thence running along the chain link fence South 12° 25' 00" East 153.16 feet to a point in the rip rap stone bulkhead in the Neuse River; thence along and with the bulkhead South 80° 35' 47" West 100.21 feet; thence North 12° 25' 00" West 148.63 feet to the point of beginning, containing .312 acre, more or less, all according to a survey for Elizabeth S. Mann Heirs by Dennis Fornes & Associates dated January 25, 1994.

CERTIFICATE OF SERVICE

I, Trawick H. Stubbs, Jr., Post Office Box 1654, New Bern, North Carolina 28563, certify:

That I am, and at all times hereinafter mentioned was, more than eighteen (18) years of age;

That on the 18th day of July, 2006, I served copies of the foregoing Notice on the parties listed below and on EXHIBIT A attached hereto, by depositing a copy of the same in the United States mail bearing sufficient postage or electronically as indicated;

I certify under penalty of perjury that the foregoing is true and correct.

EXECUTED ON: 07-18-06

s/Trawick H. Stubbs, Jr.
TRAWICK H. STUBBS, JR.
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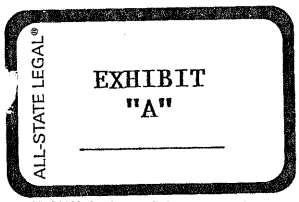
cc:
Bankruptcy Administrator (via CM/ECF)

Michael V. Gurkins
Country Boys Auction & Realty Co. (via email transmission at mgurkins@countryboysauction.com)



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JUDY B. HENRY
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SACRAMENTO, CA 94240-0040

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C/O TSYS DEBT MANGEMENT
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NORCROSS, GA 30091

CARTERET COUNTY TAX COLL
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COURTHOUSE SQUARE
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ATTN: MANAGING AGENT
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MOREHEAD CITY, NC 28557

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LELAND, NC 28451

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DURHAM, NC 27702

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