

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF ALABAMA

In re: )  
 )  
Robert Hunter Wright, Jr., ) Case No. 22-12531  
 )  
Debtor. )

ORDER SUSTAINING OBJECTION TO CLAIM (DOC. 53)

The debtor in this case filed for chapter 13 bankruptcy on December 9, 2022. He filed a chapter 13 plan (doc. 2) that same day. He treated the claim of Credit Human Federal Credit Union for a mobile home in Section 9 of the plan, “Surrendered Property.” That section states that “Unless otherwise specified in section 12, any secured claim submitted by creditor will receive no distribution under the plan until the creditor files an amended proof of claim reflecting any deficiency after disposition of the collateral.” In Section 12’s “Nonstandard Plan Provisions,” the debtor stated that he was surrendering the mobile home “in full satisfaction of the debt.”

The credit union did not object to the plan. Instead, it filed a motion for relief from stay (doc. 21) related to the mobile home. The court held a hearing on the motion for relief from stay on March 8, 2023, granted the motion, and requested a proposed order from counsel for the creditor. The court then entered the order granting motion for relief (doc. 32) that same day. That order stated that “Any secured claim filed by Movant [credit union] shall be reduced and allowed to the amount paid. Movant is granted leave to amend said claim to reflect any deficiency which may remain upon liquidation of its collateral.”

Because no objections were filed to the debtor’s chapter 13 plan (doc. 2), the chapter 13 trustee recommended the case for confirmation on February 28, 2023, and the court entered an

order (doc. 34) on March 17 confirming the plan. The confirmation order included the provision that the debtor was surrendering the mobile home in full satisfaction of all debt. The credit union amended its proof of claim (claim 1-2) for a deficiency balance in January 2024. The debtor objected to the deficiency claim based on the “full satisfaction” provision of the confirmed plan. The credit union responded that stay relief order stated that it could file a claim for any deficiency balance.

The court’s relief from stay order did not state that any deficiency claim would be paid or how the claim would be treated – only that the credit union could file a claim (which is always the case). The provision relied upon by the credit union was ministerial and did not create a substantive right where none existed. If the credit union disagreed with the debtor’s intent to surrender the mobile home in full satisfaction of the debt, it should have objected to debtor’s plan, which it did not do. The order of confirmation (doc. 34) is binding on both creditors and the debtor. *See* 11 U.S.C. § 1327(a); *United Student Aid Funds, Inc. v. Espinosa*, 559 U.S. 260 (2010). The debtor’s objection to claim no. 1 of Credit Human Federal Credit Union is sustained, and the court reduces claim no. 1 to the amount paid.

Dated: July 15, 2024

  
HENRY A. CALLAWAY  
U.S. BANKRUPTCY JUDGE