UNITED STATES BANKRUPTCY COURT
WESTER DISTRICT OF TENNESSEE
WESTERN DIVISION

In re:
NAKISHA LACOLE ROSS, Case No.: 25-22916-DEB
Debtor. Chapter 7
______________________________/

MEMORANDUM OPINION AND ORDER
GRANTING DEBTOR'S MOTION TO CONVERT
CHAPTER 7 CASE TO A CASE UNDER CHAPER 13

This case came before the Court on Nakisha Lacole Ross's ("Debtor's" or "Ms. Ross's") *Motion to Convert Chapter 7 Case to Chapter 13* ("Motion to Convert")[1] and William Fava, the Chapter 7 Trustee ("Trustee") filed a *Response to Motion to Convert* ("Response").[2] On March 3, 2026, the Court conducted an evidentiary hearing on the Motion to Convert and Response.

[1] Debtor's Motion to Convert, ECF No. 11.

[2] Trustee's Resp., ECF No. 16.

Upon review of the record and arguments from the parties, for the reasons explained below, the Court grants Debtor's Motion to Convert Chapter 7 Case to Chapter 13.

I. FACTUAL AND PROCEDUAL BACKGROUND

A. Procedural History

On June 13, 2025 ("Petition Date"), Ms. Ross, filed a voluntary petition, with her schedules and statements, commencing a case under chapter 7 of the Bankruptcy Code.[3] The meeting of creditors was scheduled for July 21, 2025, at 12 p.m., and was continued to August 18, 2025.[4] Ms. Ross filed her Motion to Convert on the morning of July 21st, prior to the initial meeting of creditors.[5] On July 25 and 26, 2025, the Trustee then gave notice to creditors that this chapter 7 case is an asset case, established a bar date, filed an application to employ himself as counsel for the estate, and file his Response to the Motion to Convert.[6] On August 8, 2025, Ms. Ross filed amendments to her Schedules A/B, D, H, and Statement of Intention. [7] An *Order Approving Application to Employ William Fava* was entered on September 25, 2025.[8] After a substitution of Ms. Ross's counsel on December 16, 2025, the Court ultimately conducted an evidentiary hearing on the Motion to Convert and Response on March 3, 2026, after which the matters were taken under advisement.[9]

---

[3] ECF No. 1.

[4] ECF No. 5 and 12. The meeting of creditors has been continued to future dates and remains open while this motion is pending.

[5] ECF No. 11.

[6] ECF Nos. 14, 15, 16, and 17.

[7] ECF Nos. 23, 24, 25, and 26.

[8] ECF No. 31.

[9] ECF No. 38.

B. Schedules and Statements.

Ms. Ross's initial Schedules A/B show personal property with total stated value of $35,550, which included a 2023 Volkswagen Atlas, personal property and household goods.[10]

Ms. Ross listed creditors holding secured claims in the amount of $27,968, and creditors holding general unsecured claims in the amount of $262,950.18, including student loans in the amount of $148,383.[11] There were no creditors with prior unsecured claims.[12] Ms. Ross listed income of $3,000 and expenses of $2,989.[13] Ms. Ross amended her Schedules A/B to declare total assets of $290,224.58, which included her interest in real property and financial accounts.[14] The Amended Schedules A/B and D show (1) real property located in Olive Branch, Mississippi with a stated value of $482,340 with a secured claim of $345,098; and (2) two Wells Fargo Bank account with a total amount of $13,504.58.[15] Ms. Ross's Amended Statement of Intentions shows she intends to retain and reaffirm her interest in the vehicle and home. The Amended Schedule H show a co-debtor on the mortgage debt.[16]

C. Debtor' s Interests in Real Estate

Ms. Ross's step-grandfather, Mr. Donald Ray Evans, passed prior to the Petition Date without a will or trust.[17] Mr. Evans had no biological children and had come to rely on Ms.

---

[10] ECF No. 23.

[11] ECF No. 25.

[12] *Id*.

[13] ECF No. 25.

[14] ECF No. 23.

[15] ECF Nos. 23 and 24.

[16] ECF No. 25.

[17] Debtor's Mot. to Convert ("Evidentiary hr'g. on March 3, 2026"), Sept. 24, 2024, at 1:53 p.m.

Evans to care for him and his financial affairs.[18] Ms. Ross held a power of attorney on behalf of Mr. Evans.[19] On or about July 25, 2025, the Trustee learned about the Wells Fargo bank accounts with balances of $12,751.94 and $752.64 under Ms. Ross's name.[20] Neither of these accounts were initially disclosed on Schedule A/B.[21] These accounts were connected to the real property located in Olive Branch, Mississippi 38654 ("House").[22] The Trustee learned that a real property interest was conveyed from Mr. Evans to Ms. Ross on or about July 1, 2021,[23] and Ms. Ross then conveyed the real property to herself and her stepdaughter in April 1, 2025.[24] At the evidentiary hearing, Ms. Ross explained that she informed her former attorneys of Clark & Washington PC of her interest in real property and she was informed that it was a "non-issue."[25] Ms. Ross further testified that she informed her attorneys about the financial accounts.[26]

1. Ms. Ross's Position

Ms. Ross is seeking to convert her case to a case under Chapter 13 to retain her interest in the real property.[27] Ms. Ross explained that the real property is a family house in which multiple family members reside and will pool their resources to continue to service the mortgage with

[18] *Id.*

[19] Debtor's Mot. to Convert ("Evidentiary hr'g. on March 3, 2026"), Sept. 24, 2024, at 2:23 p.m.

[20] ECF No. 14.

[21] ECF No. 1.

[22] Debtor's Mot. to Convert ("Evidentiary hr'g. on March 3, 2026"), Sept. 24, 2024, at 2:48 p.m.

[23] Trustee's Ex. 1, Warranty Deed.

[24] Debtor's Mot. to Convert ("Evidentiary hr'g. on March 3, 2026"), Sept. 24, 2024, at 2:13 p.m.; Trustee's Ex. 2, Miss. General Warranty Deed.

[25] Debtor's Mot. to Convert ("Evidentiary hr'g. on March 3, 2026"), Sept. 24, 2024, at 1:38 p.m.

[26] Debtor's Mot. to Convert ("Evidentiary hr'g. on March 3, 2026"), Sept. 24, 2024, at 1:43 p.m.

[27] Debtor's Mot. to Convert ("Evidentiary hr'g. on March 3, 2026"), Sept. 24, 2024, at 1:38 p.m.

Selene Finance LP.[28] Ms. Ross's family sends their portion via Zelle to her so that she can pay the mortgage.[29] Mr. Evans was the sole noteholder which prevented Selene Finance LP from communicating with Ms. Ross regarding the mortgage and note.[30] The mortgage payments (including property taxes and insurances), were current as of the date of the evidentiary hearing.[31] The Wells Fargo financial accounts were created for the benefit of her step-grandfather, Mr. Evans,[32] and her name was placed on the accounts through the power of attorney held on behalf of Mr. Evans.[33] The funds that are in the accounts are to pay for property repairs to contractors for the roof and for heating, ventilation, and air conditioning for the House.[34]

Ms. Ross has two sources of income, which include employment and social security.[35] Ms. Ross explained that her former attorney erred on her Schedule I when $1,500.00 was listed as rental income.

Ms. Ross explains that she was not aware that she had ownership interest in the House.[36] Ms. Ross further explained she thought that she was signing a power of attorney form when she signed the warranty deed with Mr. Evans.[37] When she filed her petition for bankruptcy, she

---

[28] Debtor's Mot. to Convert ("Evidentiary hr'g. on March 3, 2026"), Sept. 24, 2024, at 1:43 p.m.

[29] *Id.*

[30] Debtor's Mot. to Convert ("Evidentiary hr'g. on March 3, 2026"), Sept. 24, 2024, at 2:08 p.m.

[31] Debtor's Mot.to Convert ("Evidentiary hr'g. on March 3, 2026"), Sept. 24, 2024, at 2:13 p.m.

[32] Debtor's Mot.to Convert ("Evidentiary hr'g. on March 3, 2026"), Sept. 24, 2024, at 2:03 p.m.

[33] Debtor's Mot.to Convert ("Evidentiary hr'g. on March 3, 2026"), Sept. 24, 2024, at 1:58 p.m.

[34] Debtor's Mot. to Convert ("Evidentiary hr'g. on March 3, 2026"), Sept. 24, 2024, at 2:03 p.m.

[35] Debtor's Mot. to Convert ("Evidentiary hr'g. on March 3, 2026"), Sept. 24, 2024, at 2:08 p.m.

[36] *Id*.

[37] Debtor's Mot.to Convert ("Evidentiary hr'g. on March 3, 2026"), Sept. 24, 2024, at 2:13 p.m

believed that the House belonged to Mr. Evans. Ms. Ross has very little knowledge about real estate and how the law of real property works.[38] She testified that she relied heavily on the expertise of her former counsel.[39] Furthermore, Ms. Ross explained that she conducted the property transfer with Ms. A'kemi Ross because of repairs that needed to be made on the House.[40] Ms. Ross testified that the property transfer had nothing to do with her bankruptcy case nor was it made in bad faith.[41]

2. The Chapter 7 Trustee's Position

The Trustee contends that Ms. Ross's Motion to Convert should be denied because the Debtor's action demonstrates bad faith in the filing of her original bankruptcy petition. It is not in dispute that Ms. Ross' initial petition did not include the Wells Fargo bank accounts or her property interest in the House. Ms. Ross granted a property interest to Ms. A'kemi Ross resulting in both parties owning the property as joint tenants with rights of survivorship.[42] This property transfer took place April 1, 2025, and the Petition Date was June 13, 2025. The Trustee intended to ask the Debtor about the non-disclosure issues at the meeting of creditors scheduled for July 21, 2025. However, instead of Ms. Ross and her counsel appearing at the meeting she filed the Motion to Convert to Chapter 13.[43]

---

[38] *Id.*

[39] *Id*.

[40] *Id*.

[41] Debtor's Mot. to Convert ("Evidentiary hr'g. on March 3, 2026"), Sept. 24, 2024, at 2:13 p.m.

[42] Debtor's Mot. to Convert ("Evidentiary hr'g. on March 3, 2026"), Sept. 24, 2024, at 2:13 p.m.; Trustee's Ex. 2, Miss. General Warranty Deed.

[43] ECF No. 16.

At the evidentiary hearing, the Trustee stated that the Debtor is listed as owner which is properly registered with the Chancery Clerk of DeSoto County, Mississippi.[44] He further went onto state that the Debtor and her stepdaughter are also listed as owners on the Mississippi General Warranty deed.[45]

II. LEGAL DISCUSSION[46]

Before the Court is whether Ms. Ross's Motion to Convert should be granted over the Trustee's objection. Debtor contends that, consistent with subsection 706(a) of the Code, she should be able to convert her chapter 7 case to a case under chapter 13 because her case has not been previously converted. Trustee argues that Ms. Ross should not be allowed to convert her case to a case under chapter 13 and the Trustee should proceed with administration of the chapter 7 case, pointing towards the fact that she moved to convert after the trustee inquired about undisclosed assets.[47]

Ms. Ross May Convert the Chapter 7 Case to a Case Under Chapter 13.

As previously stated in this Court's prior opinion,[48] the "honest but unfortunate debtors" may convert their case to chapter 13.[49] A debtor must show that it is the debtor's first time

[44] Debtor's Mot. to Convert ("Evidentiary hr'g. on March 3, 2026"), Sept. 24, 2024, at 2:13 p.m.; Trustee's Exhibit 2, Miss. General Warranty Deed.

[45] Debtor's Mot.to Convert ("Evidentiary hr'g. on March 3, 2026"), Sept. 24, 2024, at 2:13 p.m.

[46] The Court has subject-matter jurisdiction pursuant to 28 U.S.C. § 1334(b). Venue is proper in this District. 28 U.S.C. §§ 1408, 1409. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A).

[47] ECF No. 16.

[48] *In re Jackson*, No. 24-22894, 2025 WL 53345, at *5 (Bankr. W.D. Tenn. Jan. 6, 2025).

[49] *Marrama v. Citizens Bank*, 549 U.S. 365, 372 (2007) (The Supreme Court held that subsection 706(d) provided authority to courts to deny a debtor's motion to convert a case when the debtor acted in bad faith or whose conduct otherwise constituted cause under subsection 1307(c)).

converting the case to chapter 13 and that the debtor qualifies for chapter 13.[50] Even if a debtor qualifies to file a chapter 13 case, a party may oppose conversion from chapter 7 to chapter 13 upon a showing of bad faith.[51] Here, there is no dispute that Ms. Ross had not previously converted from another chapter. Ms. Ross is qualified to be a chapter 13 debtor based on a review the entire record, including her schedules and statements (with her amended documents), and the testimony she provided at the evidentiary hearing.[52] Therefore, the remaining issue is whether there is evidence of "bad faith" that would preclude Ms. Ross from converting her case to chapter 13. A debtor cannot be a debtor under chapter 13 if that debtor's case could be converted to chapter 7 for "cause" pursuant to subsection 1307(c).[53] Subsection 1307(c) has a non-exhaustive list of when there would be cause to dismiss or convert a chapter 13 case.[54] Bad faith is not included in that list, but it is a common reason bankruptcy courts find cause to dismiss or convert a case.[55] When a debtor seeks to convert a case to chapter 13, the opposing

---

[50] In relevant part, subsections 706(a) and (d) state, "The debtor may convert a case under this chapter to a case under chapter 11, 12, or 13 of this title at any time, if the case has not been converted under section 1112, 1208, or 1307 of this title. Any waiver of the right to convert a case under this subsection is unenforceable [;] and "Notwithstanding any other provision of this section, a case may not be converted to a case under another chapter of this title unless the debtor may be a debtor under such chapter."). 11 U.S.C. § 706(a), (d) (2026).

[51] *In re Wood*, 601 B.R. 754, 762 (Bankr. W.D. Ky. 2019) (Discussing the *Marrama* requirement for a "bad faith" filing in determining whether to grant a debtor's motion to convert to chapter 13 when a party object to conversion.).

[52] Subsection 109(e) reads: "Only an individual with regular income that owes, on the date of the filing of the petition, noncontingent, liquidated, unsecured debts of less than $526,700 and noncontingent liquidated, secured debts of less than $1,580,125 or an individual with regular income and such individual's spouse, except a stockbroker or a commodity broker, that owe, on the date of the filing of the petition, noncontingent, liquidated unsecured debts that aggregate less than $526,700 and noncontingent, liquidated, secured debts of less than $1,580,125 may be a debtor under chapter 13 of this title." 11 U.S.C. § 109(e) (2026). The evidence presented shows that this Debtor is an individual with regular income whose debts are within the statutory limits. See ECF Nos 1 and 24, Schedule E/F and Amended Schedule D.

[53] *Marrama*, 549 U.S. at 373.

[54] *Id.*

[55] *Id.* at 374.

party must show “cause” under subsection 1307(c).[56] When evaluating a debtor’s motion to convert to chapter 13, courts apply the same bad faith (or lack of good faith) standard used in evaluating dismissal or conversion under subsection 1307(c) because denying conversion is as harsh as dismissal under chapter 13 — disallowing the debtor from proposing a plan to pay their debts over time.[57] To determine whether a debtor has acted in bad faith in seeking to convert to chapter 13, courts consider the totality of circumstances and examine a list of factors:

> (1) [T]he debtor's income; (2) the debtor's living expenses; (3) the debtor's attorney fees; (4) the expected duration of the Chapter 13 plan; (5) the sincerity with which the debtor has petitioned for relief under Chapter 13; (6) the debtor's potential for future earning; (7) any special circumstances the debtor may be subject to, such as unusually high medical expenses; (8) the frequency with which the debtor has sought relief before in bankruptcy; (9) the circumstances under which the debt was incurred; (10) the amount of payment offered by debtor as indicative of the debtor's sincerity to repay the debt; (11) the burden which administration would place on the trustee; and (12) the statutorily-mandated policy that bankruptcy provisions be construed liberally in favor of the debtor.[58]

Here, the record does not support a finding of bad faith.

Moreover, Ms. Ross’s pre- and post-petition conduct does not constitute bad faith. Ms. Ross is employed and receives financial help from her family which will allow her to make the mortgage payments.[59] Ms. Ross explained that her family contributes to the mortgage payments

---

[56] *See In re Wood,* 601 B.R. 754, 763 (Bankr. W.D. Ky. 2019) (*citing In re Condon*, 358 B.R. 317, 326 (6th Cir. BAP 2007) (“the Panel concludes that the burden of proving a lack of good faith in the context of § 706(a) is on the party opposing the conversion.”); *In re Miller*, 496 B.R. 469, 477 (Bankr. E.D. Tenn. 2013) (rejecting the “absence of a reasonable likelihood of rehabilitation” theory as demonstration of bad faith and allowing the debtor to convert his chapter 7 case to a case under chapter 11).

[57] *Condon v. Brady and Smith (In re Condon),* 358 B.R. 317, 313-325 9 (6th Cir. BAP 2007) (“In effect, denying a debtor's motion to convert from chapter 7 to chapter 13 has the same “harsh result” as dismissal of a chapter 13 case under § 1307(c): that is, the debtor is denied the opportunity to propose and perform a chapter 13 plan that would allow him to repay his prepetition debt over a specified period of time consistent with his available resources.”).

[58] *Alt v. United Sates of America (In re Alt)*, 305 F.3d 413, 419 (6th Cir. 2002).

[59] Debtor’s Mot. to Convert (“Evidentiary Hr’g. on March 3, 2026”), Sept. 24, 2024, at 1:43 p.m.

and the bills for the upkeep of the House so that the mortgage will remain current.[60] Also, the viability of any proposed plan is not determinative of any motion for conversion.[61]

Ms. Ross is seeking to retain her property interest in the House (where multiple family members reside). This is a valid reason for seeking conversion. Although Ms. Ross's bankruptcy documents contained serious omissions such as the two Wells Fargo bank accounts and the real property at issue, she testified that she disclosed these accounts to her original legal counsel.[62] Ms. Ross credibly testified about her lack of financial knowledge and her reliance on her first bankruptcy counsel when completing her schedules and statements.[63] Ms. Ross's initial bankruptcy attorney filed a motion to convert the case to a case under chapter 13 and amendments to schedules around the time of the first scheduled meeting of creditors.[64] As Ms. Ross explained all of the information that the chapter 7 trustee uncovered had already been provided to her initial bankruptcy attorney (and firm).[65] Not having in-depth knowledge of the bankruptcy process, Ms. Ross relied on her counsel to accurately complete her bankruptcy documents.[66] Cases denying debtors' motions to convert from chapter 7 to chapter 13 have

---

[60] *Id*.

[61] Generally, chapter 13 debtors have some time to propose a viable chapter 13 plan, and a party in interest may object to confirmation of the proposed chapter 13 plan if proposed plan appears infeasible. *See* 11 U.S.C. § 1325(a)(6) (2026) ("[T]he court shall confirm a plan if . . . the debtor will be able to make all payments under the plan and comply with the plan[.]").

[62] Debtor's Mot. to Convert ("Evidentiary hr'g. on March 3, 2026"), Sept. 24, 2024, at 2:13 p.m.; Trustee's Exhibit 2, Miss. General Warranty Deed.

[63] *Id*.

[64] ECF Nos 11 and 16.

[65] Debtor's Mot. to Convert ("Evidentiary hr'g. on March 3, 2026"), Sept. 24, 2024, at 2:13 p.m.

[66] It appears that Ms. Ross was a joint debtor in a 2009 chapter 13 case, filing through an attorney, in which all the chapter 13 plan payments were made, and a chapter 13 discharge was entered in early 2015. Case No. 09-33029.

contained egregious facts that are not present in this case.[67] In sum, Ms. Ross's motion to convert her case to a case under chapter 13 should be granted.

III. CONCLUSION AND ORDER

For the reasons stated above, the Court finds and concludes that Ms. Ross's Motion to Convert should be granted under 11 U.S.C. § 706. Accordingly, it is **ORDERED**:

1. Ms. Ross's Motion to Convert Case to Chapter 13 is **GRANTED**.

2. Within twenty-one (21) days from this entry this *Opinion and Order*, Ms. Ross through counsel, shall file her *Notice of Conversion* to Chapter 13.

3. This is without prejudice to the Trustee filing a timely claim in the Chapter 13 case for actual and necessary expenses and fees incurred in his administration of the Chapter 7 case.

Copies to be served on:

Debtor: Nakisha Lacole Ross, 1478 Marjorie Street, Memphis, TN 38016.

Debtor's Attorney: Thomas C. Fila, Esq., Cohen, Fila & Vaughan, Attorneys, PC, 200 Jefferson Ave., Suite 925, Memphis, TN 38103; Email: tfila@cohenandfila.com.

Chapter 7 Trustee: William Fava. Esq., Chapter 17 Trustee, P.O. Box 78, Southaven, MS 3867; wfava@favafirm.com.
All creditors on the Matrix.

---

[67] *See generally In re Wood*, 601 B.R. 754, 765-66 (Bankr. W.D. Ky. 2019) (finding that the debtor was not forthcoming with the court and failed to list her interest in a real estate business, her income from the business, and her tax refund); *In re Dale*, 610 B.R. 524, 531-32 (Bankr. E.D. N.C. 2019) (finding that the debtor intentionally misrepresented the value of a cause action as $0.00); *In re Williams*, No. 23-10189, 2023 WL 5437543, at *5 (Bankr. S.D. Ga. Aug. 23, 2023) (finding that the debtor acted in bad faith because she was familiar with the bankruptcy process and failed to disclose real property, life insurance proceeds, two vehicles, and bank accounts. The debtor also misrepresented her income.).