

Dated: September 30, 2026
The following is ORDERED:



Denise E. Barnett
UNITED STATES BANKRUPTCY JUDGE

**UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF TENNESSEE
WESTERN DIVISION**

In re:

TIJUANA LANETTE FORD,
Debtor.

Case No. 23-25278-DEB
Chapter 13

**MEMORANDUM OPINION AND ORDER GRANTING
CREDITOR'S MOTION FROM RELIEF FROM THE
AUTOMATIC STAY AND DISTRIBUTION OF INSURANCE PROCEEDS**

This case came before the Court on Toyota Motor Credit Corporation's ("Creditor") *Motion for Relief from Automatic Stay* ("Motion"), Tijuana Lanette Ford's ("Ms. Ford" or "Debtor") *Debtor's Response and Objection to Toyota Motor Credit Corporation's Motion for Relief from Automatic Stay* ("Response"), and *Amended Response to the Motion* ("Amended Response").¹ On April 14, 2026, at 10:00 a.m., the Court conducted a hearing. Mr. Paul Lavelle appeared on behalf of the Creditor. Ms. Ursula Woods appeared on behalf of Debtor. Counsel

¹ ECF Nos. 71, 72 and 73. Also before the Court were Debtor's *Second Amended Motion to Modify Plan After Confirmation Pursuant to Section 1329*, and Toyota Motor Credit's Corp.'s *Response to the Motion to Modify*. ECF Nos. 73 and 83. The *Motion to Modify* and *Response* are being held in abeyance pending the Court's ruling on Creditor's *Motion for Relief from Stay, Response, and Amended Response*, at ECF Nos. 71, 72, and 73.

made their legal arguments for their respective clients. At the conclusion of the hearing, the Court requested post-hearing submissions of legal memoranda by May 5, 2026. Both parties made their respective submissions.² The issue before the Court is whether the insurance proceeds should be applied to the remaining balance due under the retail installment sale contract, or only to the remaining balance owed on the secured claim under the confirmed chapter 13 plan. Upon review of the entire record, *Motion, Response, Amended Response*, arguments at the hearing, the post-hearing memoranda, and relevant law, the Court finds and concludes that the insurance proceeds should be used to pay the balance contractually due to Creditor under the Retail Installment Sale Contract.

I. PROCEDURAL AND FACTUAL BACKGROUND

On September 20, 2022, Ms. Ford executed a Retail Installment Sale Contract with the Creditor in which she purchased a 2023 Toyota Camry with VIN: 4T1K61AK4PU095626 (“Collateral”).³ On October 24, 2023 (“Petition Date”), Ms. Ford filed a voluntary petition, schedules, and statements, commencing a case under chapter 13 of the Bankruptcy Code (“Code”).⁴ On December 27, 2023, the Creditor filed Proof of Claim 17-1 regarding the Collateral.⁵ The secured claim was for \$34,438.77 with an interest rate of 18.12% (contract rate), and the value of the Collateral was \$34,438.77 as of the Petition Date.⁶

Ms. Ford filed her Amended Chapter 13 Plan which valued the claim at \$33,853.00 at an

² ECF Nos. 86 and 89.

³ ECF No. 71 and Claim 17-1.

⁴ ECF No. 1.

⁵ Proof of Claim 17-1.

⁶ Proof of Claim 17-1.

interest rate of 7.25% with a monthly payment of \$695.00, dated December 28, 2023.⁷ On February 16, 2024, the Court entered a *Consent Order Regarding Creditor's Objection to Confirmation* ("Consent Order") which states that Creditor has a valid secured claim "(Claim No. 17-1) in the amount of \$34,438.77 [that] will be paid in full and will bear interest at the rate of 10.50%. The claim will be paid over the life of the plan, and the Chapter 13 Trustee will calculate the fixed monthly payment for this claim."⁸ Claim 17-1 is a "910" claim, falling under the provisions of the hanging paragraph that follows 11 U.S.C. § 1325(a)(9). Ms. Ford's Chapter 13 Plan was confirmed by the *Order Confirming Plan Combined with Related Orders* ("Confirmation Order"), dated January 18, 2024.⁹ No portion of Creditor's claim was treated as unsecured in either the Amended Chapter 13 Plan or the *Confirmation Order*.¹⁰ Ms. Ford's chapter 13 plan payment is \$874.00 every two weeks via direct debit to the Chapter 13 Trustee's Office.¹¹ Pursuant to the *Order Providing Percentage to Unsecured Creditors*, the "percentage to be paid to the unsecured creditors in the [debtor's] Chapter 13 plan shall be 100.00%."¹²

The Collateral was involved in a motor vehicle accident resulting in a total loss. Allstate Insurance Company has since tendered proceeds in the amount of \$23,760.29. Under the Confirmed Plan, the balance of the secured Claim 17-1 is \$18,278.13.¹³ Creditor is seeking to

⁷ ECF No. 20.

⁸ ECF No. 34.

⁹ ECF No. 30. The chapter 13 plan attached to the Confirmation Order shows Toyota Motor Credit's claim as: \$34,438.77, at 7.25% interest, at \$695.00 per month (the interest rate is not consistent with the *Consent Order*, ECF Nos. 24 entered after the Confirmation Order).

¹⁰ ECF Nos. 20 and 30.

¹¹ ECF No. 30.

¹² ECF No. 57.

¹³ ECF No. 89. This is the balance as of May 2026, and is likely less if the chapter 13 trustee continued to distribute

obtain the entire amount of the insurance proceeds to satisfy the contractual payoff of \$26,831 as of March 25, 2026.¹⁴ Because the full amount of the secured claim is provided for in the Confirmed Chapter 13 Plan, the difference between the contractually due amount and the balance owed on the secured is a result of the change in the interest rate. The contractual interest rate was 18.12% and the agreed upon *Till*¹⁵ rate was 10.5%.

Creditor argues that its lien extends to all of the insurance proceeds under Tennessee law as well as under subsection 1325(a)(5)(B)(i)(I) of the Code, and therefore, Ms. Ford is not entitled to any overage from the insurance company.¹⁶ Debtor disagrees with the Creditor's view that the insurance proceeds should be used to satisfy the contract payoff amount. Debtor is requesting to apply the insurance proceeds to the Creditor's full secured claim under the Confirmed Chapter 13 Plan. Therefore, the Creditor's lien would be extinguished, and the Debtor could use the surplus proceeds to repair a secondary vehicle, which is crucial for the Debtor to make it to work so that they can maintain their plan payments.¹⁷ The Court took the matters under advisement to determine the issue of whether the insurance proceeds should be distributed to pay the Creditor's contractual claim amount or the remaining secured balance under the terms of the confirmed chapter 13 plan. In support of their arguments, Debtor filed *Debtor's Post-Hearing Brief in Support of Motion to Modify Plan and In Opposition to Creditor's Motion for*

plan payments to Creditor under the confirmed plan.

¹⁴ ECF No. 86. Creditor states that, the "current payoff as of March 9, 2026, is \$28,099.61." In its May 5, 2026, filing, Creditor states that the contractual payoff amount is \$26,831.26 as of March 25, 2026. ECF No. 89. The payoff may be less if the chapter 13 trustee continued to distribute plan payments to Creditor.

¹⁵ *Till v. SCS Credit Corp.*, 541 U.S. 465 (2004) (adopting the "formula rate" approach in determining the appropriate interest rate).

¹⁶ Creditor's Motion for Relief from Automatic Stay ("Evidentiary hr'g. on April 14, 2026"), at 10:17 a.m; ECF No. 71.

¹⁷ ECF No. 72.

Relief from Stay (“Debtor’s Brief”) and Creditor filed the *Toyota Motor Credit Corporation Memorandum of Law in Support of Its Response to Second Amended Motion to Modify Plan After Confirmation Under § 231329* (“Creditor’s Brief”), on May 4 and 5, 2026, respectively.¹⁸ Upon review of the record, filed documents, consideration of the arguments by the parties, post-hearing supplemental filings, and relevant case law, and for the reasons explained below, the Court grants the Creditor’s requested *Motion for Stay Relief* to allow insurance proceeds to be applied to the contractual amount due to the Creditor.

II. ISSUE

The Court is presented with the issue of whether the insurance proceeds should be applied to the remaining balance of the contract, or whether the insurance proceeds should be used to pay off the remaining balance of the secured claim (provided for in the confirmed chapter 13 plan), with excess proceeds distributed to Debtor.

III. DISCUSSION¹⁹

Creditor contends that their lien extends to all insurance proceeds from the Collateral under Tennessee law and under subsection 1325(a)(5)(B)(i)(I) of the Code.²⁰ Under subsection 1325(a)(5), the court shall confirm a Chapter 13 plan if one of three conditions is satisfied: (1) the collateral securing the claim is surrendered; (2) the secured creditor accepts the plan; or (3) the creditor retains the lien securing the claim and receives payments that totals the “value, as of

¹⁸ ECF Nos. 86 and 89. Although ECF 89 references the *Motion to Modify*, the arguments made in the Creditor’s brief support the primary issue before the Court in the *Motion for Stay Relief*.

¹⁹ 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), (B), and (G).

²⁰ Creditor’s Motion for Relief from Automatic Stay (“Evidentiary hr’g. on April 14, 2026”), at 10:12 a.m.

the effective date of the plan, [that is] not less than the allowed amount of such claim,”²¹ which is generally defined as “crammed down.”

Here, the Creditor’s interest rate was reduced from the contract interest rate of 18.12% to 10.5%. Because of the reduction of the interest rate, Creditor contends that the plain language of subsection 1325(a)(5)(B)(i) (added pursuant to the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 (“BAPCPA”)),²² clarifies that a secured creditor retains its lien until the

²¹ Subsection 1325(a)(5) states:

- (a) Except as provided in subsection (b), the court shall confirm a plan if—
 - (5) with respect to each allowed secured claim provided for by the plan--
 - (A) the holder of such claim has accepted the plan;
 - (B)(i) the plan provides that--
 - (I) the holder of such claim retain the lien securing such claim until the earlier of--
 - (aa) the payment of the underlying debt determined under nonbankruptcy law; or
 - (bb) discharge under section 1328; and
 - (II) if the case under this chapter is dismissed or converted without completion of the plan, such lien shall also be retained by such holder to the extent recognized by applicable nonbankruptcy law;
 - (ii) the value, as of the effective date of the plan, of property to be distributed under the plan on account of such claim is not less than the allowed amount of such claim; and
 - (iii) if--
 - (I) property to be distributed pursuant to this subsection is in the form of periodic payments, such payments shall be in equal monthly amounts; and
 - (II) the holder of the claim is secured by personal property, the amount of such payments shall not be less than an amount sufficient to provide to the holder of such claim adequate protection during the period of the plan; or
 - (C) the debtor surrenders the property securing such claim to such holder[.]

11 U.S.C. § 1325(a)(5) (2026).

²² Before BAPCA of 2005, subsection 1325(a)(5)(B) of the Code read as follows: “(a) Except as provided in subsection (b), the court shall confirm a plan if— (5) with respect to each allowed secured claim provided for by the plan . . . (B)(i) the plan provides that the holder of such claim retain the lien securing such claim; and (ii) the value, as of the effective date of the plan, of property to be distributed under the plan on account of such claim is not less than the allowed amount of such claim.” 11 U.S.C. § 1325(a)(5)(B) (2004).

Subsection 1325(a)(5)(B), after the enactment of BAPCA of 2005, reads as follows:

- (a) Except as provided in subsection (b), the court shall confirm a plan if — (5) with respect to each allowed secured claim provided for by the plan . . .
 - (B)(i) the plan provides that –
 - (I) the holder of such claim retain the lien securing such claim until the earlier of
 - (aa) the payment of the underlying debt determined under nonbankruptcy law; or
 - (bb) discharge under section 1328; and
 - (II) if the case under this chapter is dismissed or converted without completion of the plan, such lien shall also be retained by such holder to the extent recognized by applicable nonbankruptcy law.

non-bankruptcy contractual portion of its claim is paid in full or until the debtor receives a discharge under section 1328 of the Code. The lien retention provision was considerably amended by BAPCPA. Before, section 1325(a)(5)(B)(i) stated that the plan provided the claim holder retention of their secured lien.²³ Post BAPCPA, the language added provides that the plan allows the creditor to retain its secured lien until the earlier of payment of the debt determined under nonbankruptcy law or a discharge under section 1328.²⁴ The provision regarding the debt determined under nonbankruptcy can be read to be full payment under the original contract amount.²⁵ The cramdown consists of two elements: (1) lien retention and (2) payment of the present value of the claim.²⁶ BAPCPA eliminated the situation in which the creditor's lien was extinguished upon payment of the allowed secured claim.²⁷

Creditor contends that its lien extends to all insurance proceeds from the collateral under

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- (ii) the value, as of the effective date of the plan, of property to be distributed under the plan on account of such claim is not less than the allowed amount of such claim; and
 - (iii) if--
 - (I) property to be distributed pursuant to this subsection is in the form of periodic payments, such payments shall be in equal monthly amounts; and
 - (II) the holder of the claim is secured by personal property, the amount of such payments shall not be less than an amount sufficient to provide to the holder of such claim adequate protection during the period of the plan[.]

11 U.S.C. § 1325(a)(5)(B) (2026).

²³ *In re Lilly*, 378 B.R. 232 at 237 (Bankr. C.D. Ill. 2007) (“The new language added by BAPCPA clarifies that the plan must permit the lien to be retained until the earlier of payment of the debt determined under nonbankruptcy law or a discharge under Section 1328. The amendment overrules the results of those prior cases that permitted elimination of the creditor's lien upon payment of the allowed secured claim. 8 Collier on Bankruptcy ¶ 1325.06[3][a][ii] (15th ed. rev.)).

²⁴ *Id.*

²⁵ Creditor explains that under nonbankruptcy law, the Tennessee law provide that provides that “[t]he attachment of a security interest in collateral gives the secured party the rights to proceeds provided by § 47-9-315 and is also attachment of a security interest in a supporting obligation for the collateral.” TN Code Ann § 47-9-203(f).

²⁶ 11 U.S.C. § 1325(a)(5) (2026).

²⁷ 8 Collier on Bankruptcy ¶ 1325.06[3][a][ii] (16th ed. rev. 2026).

Tennessee law and section 1325(a)(5)(B)(i)(I) of the Code.²⁸ The cases that Debtor cited in her brief were not applicable to the issues presented.²⁹ The Creditor’s view relies on cases interpreting the language of subsection 1325(a)(5)(B)(i) in the context of whether secured creditors are entitled to the full amount of their contractual claim from insurance proceeds unless their non-bankruptcy balance is paid in full or until the debtor receives a discharge under section 1328 of the Code.³⁰ Creditor’s Brief referenced *In re Longmire*, which addressed a creditor’s right to insurance proceeds prior to the discharge arising from destroyed collateral when the secured claim was “cramdown” in the chapter 13 plan.³¹ The court held that the creditor was entitled to the insurance proceeds, but the distribution could not be finally adjudicated until the conclusion of the chapter 13 plan.³² However, the *Longmire* court was clear that the lien would remain and the creditor would be entitled to insurance proceeds under nonbankruptcy law because of the creditor’s secured claim under section 1325(a)(5).³³

This Court’s view of subsection 1325(a)(5)(B)(i) is consistent with Creditor’s interpretation of this subsection, as outlined in this Court’s prior decision in *Upchurch*.³⁴ The

²⁸ Creditor’s Motion for Relief from Automatic Stay (“Evidentiary hr’g. on April 14, 2026”), at 10:12 a.m.

²⁹ ECF No. 86.

³⁰ ECF No. 89.

³¹ *In re Longmire*, Case No. 21-10503-JCO, 2022 WL 17170360, at *2. (Bankr. S. D. Ala. Nov. 22, 2022) (involving a case where the debtor’s vehicle was involved in an accident that resulted in a total loss—meaning the insurance proceeds were greater than the remaining secured portion of the claim).

³² *Id.*

³³ *Id.* at *2.

³⁴ *Upchurch vs. United Auto Credit Corp. (In re Upchurch)*, No. 21-22144, 2024 WL 3386926, at *5 (Bankr. W.D. Tenn. Mar. 12, 2024) (holding that “Auto Credit shall retain its lien and the title to the 2012 Chevrolet Malibu until Upchurch obtains a discharge in this case,” although the secured claim was fully paid pursuant to the terms of the confirmed chapter 13 plan). Like here, as in *Upchurch*, the difference in the contractual amount and secured balance resulted from a reduction of the contract interest rate and use of the *Till* rate. *Id.* The Court notes that the analysis may shift if there is a “910” claim where the *Till* rate is higher than the contract rate.

critical facts in this case are clear and undisputed. Creditor filed a written objection to the Amended Chapter 13 Plan.³⁵ The *Consent Order* provided for the full amount of the claim, \$34,438.77, to be paid at the non-contractual interest rate of 10.5%. Paragraph 8 of the *Confirmation Order* also contains lien retention language pursuant to 11 U.S.C. § 1325(a)(5).³⁶ Creditor's claim would be paid over the life of the plan and the claim would be included in the chapter 13 plan.³⁷ Without the availability of the insurance proceeds, the difference between Creditor's secured claim amount (under the terms of the confirmed chapter 13 plan) and the Retail Installment Sale Contract would be discharged upon entry of a discharge under subsection 1328(a) of the Code (after all plan payments are made). The insurance proceeds should be used to pay the contractually due debt to Creditor consistent with subsection 1325(a)(5)(B)(i) of the Code, resulting in the chapter 13 trustee ceasing to make any further payment on the secured claim and the withdrawal or amendment of Claim 17-1.

IV. CONCLUSION AND ORDER

The Court finds and concludes that Creditor is entitled to the entirety of the insurance proceeds to pay off the original contractual terms. Ms. Ford is not entitled to any insurance proceeds before the earlier of either payment of the debt under nonbankruptcy law or the entry of her discharge. Accordingly, it is **ORDERED**:

1. Creditor's *Motion for Relief from Automatic Stay* is **GRANTED**.
2. The insurance proceeds should be used to pay Toyota Motor Credit Corporation's contractually due balance under the Retail Installment Sale Contract. Additional funds (if any)

³⁵ ECF No. 21.

³⁶ ECF No. 30.

³⁷ ECF No. 34.

remaining after payment of the contractually due balance to Toyota Motor Credit Corp. should be paid over to the Debtor.

3. Chapter 13 Trustee shall cease all further payments to Toyota Motor Credit Corporation.

4. The Motion to Modify Plan and Response will be re-scheduled for hearing.

5. Within 21 days from the entry of this Memorandum and Order, Toyota Motor Credit Corporation shall either withdraw its secured claim or file an Amended Proof of Claim based on the receipt and application of the insurance proceeds to the contractually due balance under the Retail Installment Sale Contract.

Copies of the Memorandum and Order should be served on:

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All creditors on matrix