

**Dated: April 18, 2022**  
**The following is ORDERED:**



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**M. Ruthie Hagan**  
**UNITED STATES BANKRUPTCY JUDGE**

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

In re  
**Rodney I. White**  
Debtor

Case No. 21-21732  
Chapter 13

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**OPINION AND ORDER GRANTING THE MOTION OF SHELBY COUNTY TRUSTEE  
AND CITY OF MEMPHIS TO AMEND ADMINISTRATIVE ORDER ALLOWING  
CLAIMS [DE 36], ORDERING DEBTOR TO AMEND SCHEDULES AND TO MODIFY  
THE CHAPTER 13 PLAN ACCORDINGLY**

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This matter is before the Court on the Motion [DE 43] of the Shelby County Trustee (“County”) and the City of Memphis (“City”) to amend the Administrative Order Allowing Claims [DE 36] that was entered as a matter of course in this Chapter 13 case. The Debtor filed a Response to the Motion [DE 49] and the County and City then filed their Reply [DE 51]. The

parties appeared for argument before the Court on December 1, 2021, at which time the Court took this matter under advisement.

This is a core proceeding under 28 U.S.C. § 157(b)(2)(A). Accordingly, the Court has both the statutory and constitutional authority to hear and determine these proceedings subject to the statutory appellate provisions of 28 U.S.C. § 158(a)(1) and Part VIII (“Bankruptcy Appeals”) of the Federal Rules of Bankruptcy Procedure. This decision constitutes the Court's findings of fact and conclusions of law under FED. R. CIV. P. 52, made applicable to this contested matter by FED. R. BANKR. P. 9014 and 7052. Regardless of whether or not specifically referred to in this decision, the Court has examined the bankruptcy case docket, the pleadings, considered statements of counsel, and reviewed the entire record of the case. Based upon that review, and for the following reasons, the Court grants the County and City’s Motion to amend the Administrative Order Allowing Claims to delete the claims filed by the Debtor on their behalf, and orders the Debtor to amend his schedules and modify the Chapter 13 plan accordingly.

**DISCUSSION OF BACKGROUND FACTS AND  
PROCEDURAL HISTORY OF THE CASE**

The facts of this case are undisputed. The Debtor purchased property located at 1630 Winston Drive, Memphis, Tennessee, in 2013. There is no mortgage on the property. The Debtor failed to pay ad valorem property taxes for the property<sup>1</sup>, which resulted in a delinquency of County real estate taxes in the amount of \$5,567.28 and a delinquency of City real estate taxes in the amount of \$2,902.62. In accordance with Tennessee law, the taxing authorities conducted a tax sale of the property on February 23, 2021, and the successful bidder at the tax sale was Mr.

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<sup>1</sup> The Debtor also owns a second parcel located at 1672 Winston Drive, Memphis, Tennessee, also subject to real estate tax liens held by the County and City, but which is not at issue in this matter.

Helmut Lechner. Mr. Lechner purchased the property for \$8,724 – an amount just sufficient to pay off the real estate taxes plus some additional costs.

The tax sale was subsequently confirmed by Shelby County Chancellor JoeDae L. Jenkins on April 29, 2021, vesting title to the property in Mr. Lechner and allowing the Debtor 180 days to redeem the property. The Debtor then commenced this Chapter 13 bankruptcy case on May 25, 2021, and the 180-day right of redemption expired on October 26, 2021. Instead of exercising Debtor's right of redemption within the 180-day period prescribed by the Chancery Court, the Debtor proposed to treat the redemption costs as a secured debt to be paid in monthly installments over the course of his Chapter 13 plan.

In order to achieve this end, the Debtor filed secured claims on behalf of the County and City on June 2, 2021, and Debtor's plan was confirmed on September 8, 2021 with no objection by the County nor the City. The confirmed, 60-month plan provides for payment of the delinquent property taxes as secured claims to be paid in monthly installments at 18% interest. In accordance with local procedure, an Administrative Order Allowing Claims was entered on September 16, 2021 [DE 36], deeming the claims for real estate taxes allowed for purposes of distribution pursuant to the confirmed Chapter 13 plan. It is the Administrative Order Allowing Claims that the County and City now seek to amend so that the tax claims are deleted.

Subsequent to the hearing on this matter and with the agreement of the parties, the Court set a mediation conference. Following the mediation, the Debtor filed a motion to incur additional debt [DE 57] in order to secure a loan for the purpose of a lump-sum repayment to the tax-sale purchaser, Mr. Lechner, which the Court granted on April 8, 2022 [DE 62].

## ANALYSIS AND ORDER

The Court finds the County and City's Motion to Amend is well taken. As the County and City attorney emphasized in his argument, the tax liabilities that form the basis of the claims at issue were extinguished upon payment in full by the purchaser at the tax sale. Therefore, the County and City simply do not have a claim to be treated through the Debtor's Chapter 13 plan.<sup>2</sup> Based on these facts and the Motion currently before the Court, the Court grants the Shelby County Trustee's and City of Memphis' Motion to Amend Administrative Order [DE 36] Allowing Claims. The Chapter 13 trustee is hereby ordered to amend its Administrative Order Allowing Claims to delete the tax claims filed by the Debtor on behalf of the County and City taxing authorities, and the Debtor is ordered to amend his bankruptcy schedules and to modify the Chapter 13 plan accordingly.

cc: Mr. Rodney I. White  
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<sup>2</sup> Mr. Lechner may need to be added as a creditor (or substituted as the creditor); however, the Court will not opine any further until a proper motion or adversary proceeding is before the Court.