

ORDERED.

Dated: June 20, 2025



Grace E. Robson
United States Bankruptcy Judge

UNITED STATES BANKRUPTCY COURT
MIDDLE DISTRICT OF FLORIDA
ORLANDO DIVISION
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In re)	
)	
Tabatha Renae Siriphokha,)	Case No. 6:25-bk-01172-GER
)	Chapter 7
Debtor.)	
_____)	

ORDER DISAPPROVING REAFFIRMATION AGREEMENT BETWEEN DEBTOR AND MCCOY FEDERAL CREDIT UNION

THIS CASE came before the Court on June 17, 2025 at 10:00 a.m. (the “Hearing”) upon the *Reaffirmation Agreement Between Debtor and McCoy Federal Credit Union* (the “Reaffirmation Agreement”) (Doc. No. 12) filed by McCoy Federal Credit Union (“McCoy”). For the reasons discussed herein, the Court finds it appropriate to disapprove the Reaffirmation Agreement because it is not in the best interest of Debtor Tabatha Renae Siriphokha (“Debtor”).

BACKGROUND

In September 2024,¹ Debtor entered into a loan with McCoy to purchase a 2022 Toyota GR Supra (the “Toyota”) for \$81,487.44.² Debtor traded in two vehicles prior to filing for bankruptcy, one of which had equity and went towards the down payment of the Toyota.³ On

¹ See Doc. No. 1, at 18.

² See Doc. No. 12, at 4.

³ Doc. No. 1, at 39.

February 28, 2025, Debtor filed a voluntary petition under Chapter 7 of the Bankruptcy Code.⁴ McCoy was listed in Debtor's schedules as a creditor holding a claim in the amount of \$61,953.00, consisting of a secured claim in the amount of \$49,400.00 and an unsecured claim in the amount of \$12,553.00.⁵ Debtor also indicated that she intended to retain the Toyota and enter into a reaffirmation agreement.⁶ Debtor also is leasing a 2024 Mazda CX-90 (the "Mazda") for \$636.77 a month.⁷ Debtor's schedules reflect that Debtor's monthly income listed is \$4,990.17, and her monthly expenses total \$4,981.34 (including the reaffirmed debt), resulting in a monthly balance of \$8.83.⁸

On April 2, 2025, Debtor signed the Reaffirmation Agreement pursuant to which she agreed to reaffirm the total amount of debt owed to McCoy. Under the Reaffirmation Agreement, Debtor agreed to reaffirm \$60,709.77 to be paid over 67 installments of \$1,131.77 per month.⁹ The Reaffirmation Agreement provides that the current market value of the Toyota is \$46,525.00.

At the Hearing, Debtor represented that she drives the Mazda, and the Toyota is a car for her son. Debtor also represented that while she is currently making the payments for the Toyota, her son would start making the payments in two months from earnings as well as GI Bill benefits.

DISCUSSION

It has long been recognized that one of the primary purposes of bankruptcy law is to give the honest debtor a "fresh start" from burdensome debts, "unhampered by the pressure and discouragement of pre-existing debt."¹⁰ With exceptions not relevant here, a discharge under § 727

⁴ Doc. No. 1.

⁵ Doc. No. 1, at 18.

⁶ Doc. No. 1, at 43.

⁷ Doc. No. 1, at 33, 37, 43.

⁸ Doc. No. 1, at 30-33.

⁹ Doc. No. 12, at 1, 3-4. The annual interest rate is 8.25%.

¹⁰ *Loc. Loan Co. v. Hunt*, 292 U.S. 234, 244, 54 S. Ct. 695, 699, 78 L. Ed. 1230 (1934) (string citing cases).

of the Bankruptcy Code¹¹ relieves a chapter 7 debtor from all debts that arose prior to the order for relief, i.e., the date the bankruptcy petition was filed. A discharge enjoins the collection of discharged debts,¹² and a violation of the discharge injunction is punishable pursuant to a court's contempt powers.¹³

Shortly after filing a bankruptcy petition, a Chapter 7 debtor must file a statement of intention with the court indicating whether the debtor will redeem secured property, reaffirm the debt, or surrender the property.¹⁴ While a debtor must specify his or her intention with respect to secured property, a discharge does not prevent a debtor from voluntarily repaying any debt.¹⁵ Where a court disapproves a reaffirmation agreement, a debtor still complies with § 521(a)(2)(A) obligations and may retain the collateral so long as debtor remains current on payments.¹⁶

Despite the relief a discharge provides, a debtor may agree to reaffirm a dischargeable debt. However, “[b]ecause of the danger that creditors may coerce debtors into undesirable reaffirmation agreements, they are not favored under the Bankruptcy Code and strict compliance with the specific terms in Section 524 is mandatory.”¹⁷ These requirements “are intended to protect debtors from compromising their fresh start by making unwise agreements to repay dischargeable debts.”¹⁸

¹¹ Unless specified otherwise, all chapter and section references are to the Bankruptcy Code, 11 U.S.C. §§ 101-1532.

¹² 11 U.S.C. § 524(a).

¹³ See, e.g., *Taggart v. Lorenzen*, 587 U.S. 554, 139 S. Ct. 1795, 204 L. Ed. 2d 129 (2019).

¹⁴ 11 U.S.C. § 521(a)(2)(A).

¹⁵ 11 U.S.C. § 524(f).

¹⁶ See *In re Moustafi*, 371 B.R. 434 (Bankr. D. Ariz. 2007).

¹⁷ *Republic Bank of Cal. v. Getzoff (In re Getzoff)*, 180 B.R. 572, 574 (B.A.P. 9th Cir. 1995) (first citing *Lindale Nat'l Bank v. Artzt (In re Artzt)*, 145 B.R. 866, 868 (Bankr. E.D. Tex. 1992); then citing *In re Petersen*, 110 B.R. 946, 949 (Bankr. D. Colo. 1990); and then citing *In re Gardner*, 57 B.R. 609, 611 (Bankr. D. Me. 1986)).

¹⁸ *Id.* (first citing *Martin v. Bank of Germantown (In re Martin)*, 761 F.2d 1163, 1168 (6th Cir. 1985); then citing *Fernandez-Lopez v. Fernandez-Lopez (In re Fernandez-Lopez)*, 37 B.R. 664, 667 n.1 (B.A.P. 9th Cir. 1984); and then citing *In re Bowling*, 116 B.R. 659, 664 (Bankr. S.D. Ind. 1990)).

The Court finds Debtor was not represented by an attorney in negotiating the Reaffirmation Agreement,¹⁹ and McCoy is a credit union.²⁰ Accordingly, there is no presumption of undue hardship,²¹ and the Court must determine whether the Reaffirmation Agreement is in Debtor's best interest.²²

If a court determines a reaffirmation agreement does not meet the statutory requirements set forth in § 524(c), it must disapprove the agreement—even if no party opposes it.²³ If the court disapproves it, the debtor is not bound by the agreement and the debt is discharged.²⁴ “[T]he best interest of a debtor ordinarily requires the denial of a reaffirmation of an unsecured debt,’ prompting courts to show ‘great reluctance’ in ‘allow[ing] reaffirmation in cases of unsecured obligations.’”²⁵ Here, Debtor would be reaffirming a secured debt of \$46,525.00, and an unsecured debt of \$14,184.77.

At the Hearing, counsel for Debtor represented that McCoy did not provide an indication of whether they would seek to repossess the Toyota if the reaffirmation is disapproved. Based on the record, reaffirming the debt is not in Debtor's best interest. First, the debt exceeds the value of

¹⁹ While the Reaffirmation Agreement references that Debtor was represented by an attorney, the attorney certification was not signed. Doc. No. 12, at 2, 4, 6. Therefore, the Court does not consider Debtor represented by an attorney for purposes of the Reaffirmation Agreement.

²⁰ Doc. No. 12, at 2.

²¹ 11 U.S.C. § 524(m)(2).

²² 11 U.S.C. § 524(c)(6)(A). Because there is no presumption of undue hardship in this case, the Court will focus on whether the Reaffirmation Agreement is in the best interest of Debtor. *See, e.g., In re Anzaldo*, 612 B.R. 205, 214 (Bankr. S.D. Ca. 2020) (“The court must determine whether the reaffirmation agreement is in the debtor's best interest and not an undue hardship, regardless of whether an undue hardship presumption arises under §§ 524(c)(6)(A)(i) and (ii).” (citing *San Diego Cnty. Credit Union v. Obmann (In re Obmann)*, No. CC-11-1156-HKiMK, 2011 WL 7145760, at *4 (B.A.P. 9th Cir. Dec. 9, 2011)); *In re Grisham*, 436 B.R. 896, 905 n.6 (Bankr. N.D. Tex. 2010) (“If no attorney is involved and personal property is involved, the court will still set the reaffirmation agreement for hearing to consider the sole question of whether the reaffirmation agreement with the credit union is in the ‘best interest’ of the debtors (again, the undue hardship presumption is irrelevant).” (first citing *In re Moustafi*, 371 B.R. at 438; and then citing *In re Donald*, 343 B.R. 524, 526 (Bankr. E.D.N.C. 2006))).

²³ *In re Kamps*, 217 B.R. 836, 842 (Bankr. C.D. Cal. 1998).

²⁴ *Id.*

²⁵ *Salyersville Nat'l Bank v. Bailey (In re Bailey)*, 664 F.3d 1026, 1031 (6th Cir. 2011) (alterations in original) (citation omitted) (first quoting *In re Kamps*, 217 B.R. at 851; and then quoting *In re Smith*, No. 10-02784, 2011 WL 671994, at *2 (Bankr. N.D. Iowa Feb. 17, 2011)).

the Toyota, leaving a significant portion of the debt unsecured.²⁶ Second, a payment of \$1,131.77 per month is equivalent to approximately 23% of Debtor's income. While Debtor represented that her son would start making the payments in two months, Debtor would remain liable for the entire debt. While Debtor's representations at the Hearing showed that reaffirming the debt would be in the best interest of her son, the Court must consider the best interest of *Debtor*. Given that the debt significantly exceeds the value of the Toyota, and a substantial portion of Debtor's income would be going towards the payment, the Court finds that the Reaffirmation Agreement is not in the best interest of Debtor.²⁷ However, § 524(f) makes it clear that Debtor is not prevented from voluntarily repaying a discharged debt. Therefore, Debtor and/or her son may continue to make the payments despite Debtor's discharge, and McCoy may continue to accept them and apply them to the debt.²⁸

Accordingly, it is **ORDERED** that the Reaffirmation Agreement (Doc. No. 12) is **DISAPPROVED**.

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The Clerk's Office is directed to serve a copy of this Order on all interested parties.

²⁶ According to the Reaffirmation Agreement, \$14,184.77 is unsecured.

²⁷ See, e.g., *In re Goodman*, No. 08-41521, 2009 WL 936910, at *2 (Bankr. N.D. Ga. Apr. 6, 2009); *In re Moustafi*, 371 B.R. at 438.

²⁸ See, e.g., *In re Goodman*, 2009 WL 936910, at *2.