

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

In re: )  
 )  
Shawn Renea Richardson, ) Case No. 25-10839  
 )  
Debtor(s). )

ORDER OVERRULING OBJECTION (DOC. 16) AND ALLOWING CLAIM AS FILED

The debtor filed this chapter 13 bankruptcy in March 2025. Creditor First Credit Corporation filed proof of claim no. 2 in April 2025 as secured in the amount of \$4,573.08. The proof of claim shows that the claim is secured by the purchase of a Rainbow vacuum and that the original lender was Pure Home Systems II, not First Credit Corporation. The debtor filed an objection (doc. 16) and argued that the court should reclassify the claim as unsecured because

there appears to exist no evidence that First Credit Corporation has a secured ownership of said claim. Specifically, said creditor failed to attach a Bill of Sale or other documentation to its proof of claim in support of its alleged interest in the secured debt. Creditor also failed to attach any UCC to the Proof of Claim showing a perfected security interest in the property.

Under Alabama Code § 7-9A-103, “[a] security interest in goods is a purchase-money security interest [“PMSI”] . . . to the extent that the goods are purchase-money collateral with respect to that security interest . . . .” Under Alabama Code § 7-9A-309, a PMSI “in consumer goods” is automatically perfected without the need to file a financing statement. The question here is whether PMSI status carries over to an assignee of the debt.

Alabama law (and similar UCC laws across the states) defines a PMSI “in terms of the manner in which the interest was created rather than in terms of the person or entity in favor of whom the interest was created.” *See* 8 Hawkland UCC Series § 9-103:1. “It is therefore possible, and indeed regularly occurs, that the . . . entity asserting a PMSI did not itself extend

the value necessary to create the interest initially.” *See id.* “[T]he inquiry is not into the status of the person asserting the PMSI, but into the purchase money nature of the original transaction initially.” *See id.* An assignment of a security interest thus does not destroy its status as PMSI. *See generally In re Brooks*, 74 B.R. 418 (Bankr. N.D. Ga. 1987).

Here, there is no dispute about the purchase-money nature of the original transaction or that the vacuum qualifies as a “consumer good.” It thus doesn’t matter that the claimant was not the original lender; the purchase-money security interest in the vacuum remains perfected under Alabama Code § 7-9A-309. The court overrules the debtor’s objection and allows claim no. 2 as secured as filed.

Dated: August 5, 2025

  
HENRY A. CALLAWAY  
U.S. BANKRUPTCY JUDGE