

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

IN RE:)
)
Brandon Joseph) Case No. 25-12469
Nichols,)
Debtor(s).)

ORDER OVERRULING OBJECTION TO CLAIM (DOC. 19)

The debtor filed this chapter 13 bankruptcy in September 2025. Creditor Lendmark Financial Services filed a timely proof of claim for \$11,217.99 based on a purchase-money security interest in a 2016 Kawasaki Utility ATV. The debtor has objected to the claim and asks the court to reclassify the claim as unsecured because Lendmark’s financing statement with respect to the ATV lapsed in July 2024.

“When a proof of claim contains all of the information required under [Bankruptcy] Rule 3001, it ‘constitute[s] prima facie evidence of the validity and amount of the claim.’” *In re Walston*, 606 F. App’x 543, 546 (11th Cir. 2015) (citation and quotation marks omitted). “The burden then shifts to the objecting party to come forward with enough substantiations to overcome the claimant’s prima facie case.” *Id.* (citation and quotation marks omitted). Thus, under Rule 3001, “when a claimant attaches the documents required under the rule, it may refrain from presenting additional evidence because the documents establish prima facie evidence of the validity of the claim. *See id.* at 547 (citation, quotation marks, and brackets omitted).

Here, Lendmark attached to its proof of claim documents – including a June 2019 promissory note and security agreement – evidencing its purchase-money security interest in the ATV. *See Ala. Code § 7-9A-103.* Under Alabama Code § 7-9A-309, a purchase-money security

interest in consumer goods is perfected when it attaches unless it is subject to a state certificate of title law. ATVs are not titled vehicles under Alabama law, and the debtor has not argued that the ATV does not qualify as a “consumer good.” Lendmark’s security interest in the ATV was thus automatically perfected when the debtor purchased the ATV in June 2019.

Lendmark also attached to its proof of claim a printout from Alabama’s Uniform Commercial Code Online System. The printout shows that Lendmark filed a financing statement for the ATV with the Alabama Secretary of State in July 2019 and that the financing statement expired in July 2024. The debtor does not dispute that Lendmark had a perfected security interest in the ATV when the debtor originally purchased the ATV in June 2019. Instead, he contends that because Lendmark filed a financing statement on the ATV, it lost its purchase-money security interest in the collateral under Alabama Code § 7-9A-515 when the financing statement lapsed in July 2024 – before the debtor filed for bankruptcy.

Alabama Code § 7-9A-515(c) states in pertinent part that “[u]pon lapse, a financing statement ceases to be effective and any security interest . . . that was perfected by the financing statement becomes unperfected, *unless the security interest is perfected otherwise.*” (Emphasis added). A creditor thus does not lose its already-perfected purchase-money security interest in consumer goods when it elects to file a financing statement and the financing statement then lapses.

Indeed, there are reasons for a creditor with a purchase-money security interest in consumer goods to file a financing statement even though its security interest is automatically perfected. Under Alabama Code § 7-9A-320(b)(4), a buyer of the ATV from the debtor may have taken the ATV free of the security interest if, among other requirements, there was no filed financing statement and the buyer did not have knowledge of Lendmark’s purchase-money

security interest in the ATV. *Cf. Meskell v. Bertone*, No. 04-0295-F, 2004 WL 2451354, at *8 (Mass. Super. Oct. 22, 2004) (discussing similar law). Indeed, the Official Comments to Uniform Commercial Code § 9-320 (from which Alabama Code § 7-9A-320 derives) contemplate this exact scenario: “As to purchase money-security interests which are perfected without filing . . . , [a] secured party *may* file a financing statement, although *filing is not required for perfection*. If the secured party does file, all buyers take subject to the security interest.” (Emphasis added). But Lendmark did not have to file a financing statement in the first place and still had a perfected security interest in the ATV when the financing statement lapsed.

The court thus overrules the debtor’s objection to claim no. 3 and allows that claim as filed. The court notes that there may be other reasons to reclassify the claim as fully or partially unsecured. But the apparent lapse of the financing statement is not one of them.

Dated: February 18, 2026


HENRY A. CALLAWAY
U.S. BANKRUPTCY JUDGE