



UNITED STATES BANKRUPTCY COURT  
DISTRICT OF DELAWARE

BRENDAN LINEHAN SHANNON  
CHIEF JUDGE

824 N. MARKET STREET  
WILMINGTON, DELAWARE  
(302) 252-2915

July 8, 2016

William F. Jaworski, Jr. Esquire  
Law Office of William F. Jaworski  
1274 S. Governors Avenue  
Dover, DE 19904

Kristi J. Doughty, Esquire  
McCabe Wesiberg & Conway, P.C.  
1407 Foulk Road – Suite 2012  
Wilmington, DE 19803

Re: In Re: Anita Barnard  
Case No. 15-10685 (BLS)

Dear Counsel:

Before the Court is the Objection of Tammac Corporation (“Tammac”) to Anita Barnard’s Chapter 13 Plan. The Debtor’s Plan proposes to cramdown Tammac’s security interest on the Debtor’s mobile home. The Debtor and Tammac disagree on the appropriate valuation of the mobile home, and the parties also disagree on the appropriate *Till* interest rate to be used for cramdown purposes. This matter has been fully briefed and is ripe for decision.

The Debtor owns and lives in a 2008 Redman Summer Crest mobile home located in Magnolia, Delaware. Tammac holds a secured claim with respect to the mobile home and has filed a proof of claim reflecting a payoff amount of \$40,589.69.<sup>1</sup> The Debtor’s Plan, filed on May 31, 2015, proposes to pay a cramdown amount of \$16,749.60 plus interest at 4.25%, for a total of \$18,621.60. Tammac objects, arguing that the cramdown amount should be \$34,782.55 plus interest at 6.25%, for a total of \$40,589.69.

**(a) Valuation of the Mobile Home**

The valuation method is not in dispute. Both parties agree, and case law in this jurisdiction teaches, that the NADA Retail Value Guidebook for Manufactured and Mobile Homes (“NADA”) method is the proper resource for mobile home valuations. *Welch v. Sun National Bank*, Adv. Pro. No.

---

<sup>1</sup> The unsecured portion of the claim is \$8,471.99 for a total claim of \$49,061.68

14-5077 (BLS) (letter dated Oct. 19, 2015). However, the parties differ as to the correct “Manufacturer Name” and “Trade Name”<sup>2</sup> inputs for the purposes of this NADA valuation.

The Debtor contends that the mobile home should be valued at \$17,827.95. The Debtor reaches this value by entering “Redman” as both the Manufacturer Name and Trade Name when calculating the NADA valuation. Tammac contends the mobile home should be valued at \$34,782.55. Tammac reaches this value by using “Champion” as the Manufacturer Name and “Summit Crest” as the Trade Name when calculating the NADA valuation. The Certificate of Title, Financing Statements, and insurance policy all list “Redman” as the Manufacturer Name, but do not list a Trade Name. However, the Certificate of Origin<sup>3</sup> provided by Tammac lists the Manufacturer Name as Redman and the Trade Name as Summit Crest.

Tammac’s Reply Letter [Docket No. 28] explains that the NADA valuation input requires a different Manufacturer Name than Redman to get Summit Crest as a Trade Name.<sup>4</sup> When “Redman” is entered as the Manufacturer Name, “Summit Crest” does not appear as an option under the available Trade Names. However, when the letters “Sum” are typed into Trade Name, a note pops up explaining that “Redman was purchased by Champion in approximately 1996. For further information, see Champion.” Consequently, when “Champion” is instead entered as the Manufacturer, “Summit Crest” appears as an available Trade Name. After selecting this option, and entering the corresponding state, year manufactured, and other relevant entries, the NADA values the mobile home at \$34,782.55.

The Court finds Tammac’s argument persuasive. Accordingly, for the purpose of the NADA valuation, the proper Manufacturer Name is Champion and the proper Trade Name is Summit Crest. These corresponding inputs result in a NADA valuation of \$34,782.55. Thus the Court holds that the proper cramdown value of the mobile home for the Debtor’s Chapter 13 plan is \$34,782.55.

---

<sup>2</sup> Throughout the pleadings and exhibits provided to the Court, different parties and documents have interchangeably used different terms to refer to the mobile home’s “Trade Name.” See Debtor’s Letter at [Docket No. 27-1 page 2] (referring to “Trade Name”); Tammac’s Reply Letter [Docket No. 28-1 at page 2] (referring to “Trade/Model Name”); Certificate of Origin [Docket No. 28-2] (referring to “Brand Name”); NADA Valuation Report at Docket No. 28-4] (referring to “Trade Name”). For purposes of this Letter, the Court will use the term “Trade Name.”

<sup>3</sup> The Debtor does not dispute the authenticity of the Certificate of Origin. However, the Debtor disputes the manner in which Tammac produced the Certificate of Origin in its March 28, 2016 reply letter. Pursuant to Fed. R. Civ. P. 37(c)(1) made applicable by Fed. R. Bankr. P. 7037(c), the Debtor asks the Court to ignore the Certificate of Origin. The rule states, if a party “fails to provide information... the party is not allowed to use that information... at a hearing... unless the failure was substantially justified or is harmless.” Here, there is a dispute whether, through the informal discovery process, Debtor’s counsel received the Certificate of Origin in June 2015. Regardless, the Debtor’s counsel has been aware of the document since March 2016 and has made no attempt to refute its credibility. Considering the credibility of the document identifying the model as a “Summit Crest”, the Court finds that Debtor’s counsel has not been prejudiced by the admission of the Certificate of Origin, and nothing in the record suggests that any failure to timely produce the document was intentional. Additionally, Debtor’s counsel moved pursuant to Fed. R. Civ. P. 37(b)(2)(C) made applicable by Fed. R. Bankr. P. 7037(c), for attorney’s fees for costs and time spent briefing due to the failure to disclose information. The Court denies Debtor’s request for attorney’s fees.

<sup>4</sup> Exhibit C of Tammac’s Objection to the Plan explains the search process in full. (D.I. 28-3).

William F. Jaworski, Jr., Esquire  
Kristi J. Doughty, Esquire  
July 8, 2016  
Page 3

**(b) Interest Rate**

The Debtor and Tammac differ on the amount of interest that should be paid under the plan. The Debtor's Chapter 13 plan proposes to pay an interest rate of 4.25% on the basis that the Debtor's payments have remained current during the first eleven months of her plan. Tammac objects on the basis that the new mobile home valuation will make payments difficult for the Debtor and will put Tammac at an increased risk. Tammac instead proposes an interest rate 6.25%.

The "formula approach" calls for the parties to look at the prime national interest rate at the time of filing in a Chapter 13 bankruptcy. *Till v. SCS Credit Corp.*, 541 U.S. 465 (2004). *Till* further instructs that the interest rate "adjustment depends on such factors as the estate's circumstances, the security's nature, and the reorganization plan's duration and feasibility[.]" *Id.* at 466. The risk adjustment approved by other courts are generally within the range of 1% to 3%. *Id.* The parties do not dispute that the national interest rate was 3.25 % at time of filing. The parties disagree on the proper adjustment. The Debtor requested the minimum adjustment of 1%, for a final rate of 4.25%. Conversely, Tammac requested the maximum adjustment of 3%, for a final rate of 6.25%. Both rates fall within *Till's* suggested range. Based on the record, the Court holds that under that 4.25% is the appropriate interest rate.

**(c) Conclusion**

The Court finds that the Debtor's mobile home should be valued at \$34,782.55 and the appropriate interest rate is 4.25%. Counsel shall submit an appropriate order consistent with this ruling within 14 days of the date hereof.

Very truly yours,



Brendan Linehan Shannon  
Chief United States Bankruptcy Judge

cc: Michael B. Joseph, Esquire  
Chapter 13 Trustee