

#2491

signed 12-29-99

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF KANSAS**

In re:

**KATHLEEN MARIE BLOOMQUIST,

DEBTOR.**

**CASE NO. 99-41633-13
CHAPTER 13**

ORDER SUSTAINING OBJECTION TO CONFIRMATION

This matter is before the Court on a creditor's objection to confirmation of the debtor's chapter 13 plan. The creditor, United Student Aid Funds, Inc. ("USAF"), appears by counsel Bruce A. Swenson. The debtor appears by counsel Lynn D. Lauver of the Consumer Bankruptcy Clinic, P.A. The Court has reviewed the relevant materials and is now ready to rule.

USAF complains that the debtor's plan proposes to pay the principal amount of her student loan debt to it, but to discharge collection costs and prepetition interest on completion of the plan.

USAF agrees to waive postpetition interest that accrues during the pendency of her chapter 13 case if the debtor otherwise pays its claim in full.

The Court makes the following findings. The parties' agreement provides for reasonable collection costs to become part of the student loan debt. The applicable federal statutes allow reasonable collection fees to be assessed and become part of the debt. USAF has assessed collection costs in this case. The student loan debt is nondischargeable pursuant to 11 U.S.C.A. §1328(a)(2) and §523(a)(8).

The Court concludes that reasonable collection costs are part of the debtor's nondischargeable student loan obligation. *Claxton v. Student Loan Marketing Assoc. (In re Claxton)*, 140 B.R. 565, 570-71 (Bankr. N.D. Okla. 1992); *In re Featherston*, 238 B.R. 377, 379-81 (Bankr. S.D. Ohio 1999). Accrued prepetition interest is also an allowable part of any claim. See §502(b)(2) (only interest not matured as of the filing date is not allowable). Consequently, before her plan can be confirmed, the debtor must amend it to provide for the payment of USAF's reasonable collection costs and prepetition interest.

IT IS SO ORDERED.

Dated at Topeka, Kansas, this _____ day of December, 1999.

JAMES A. PUSATERI
CHIEF BANKRUPTCY JUDGE