



IT IS HEREBY ADJUDGED and DECREED that the below described is SO ORDERED.

Dated: October 27, 2004

**ROBERT E. NUGENT
UNITED STATES BANKRUPTCY JUDGE**

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

IN RE:)	
)	
KRISTI LYNN CHRISTY,)	Case No. 04-10987
)	Chapter 13
Debtor.)	
_____)	
)	
FIRST CHOICE CREDIT UNION,)	
)	
Plaintiff,)	
v.)	Adversary No. 04-5176
)	
KRISTI LYNN CHRISTY,)	
)	
Defendant.)	
_____)	

JUDGMENT ON DECISION

An evidentiary hearing was held on September 14, 2004 on the following matters: (1) Debtor's Motion to Determine Value of Security (Dkt. 27); (2) First Choice Credit Union's Motion

for Relief from the Stay (Dkt. 8); (3) confirmation of the debtor's chapter 13 plan (Dkt. 32); and (4) Debtor's Objection to First Choice Credit Union's proofs of claim numbers 1 and 5 (Dkt. 29 and 48). Two additional matters arise from the adversary proceeding and First Choice Credit Union's dischargeability complaint under 11 U.S.C. § 523(a)(4) and (a)(6). The debtor filed a motion to dismiss the § 523 claims and asserted a counterclaim seeking the release of First Choice Credit Union's lien in a travel trailer that it had financed, contending that the debtor's loan and credit card obligations were not effectively cross-collateralized. The Court heard oral argument on the motion to dismiss and granted the motion from the bench. The remaining issues in the adversary proceeding are subsumed in the issues stated above in the main case and are resolved by this Court's Memorandum Opinion entered this same day.

The Court finds that First Choice Credit Union has a claim in the amount of \$24,223.05 comprised of two vehicle loan balances totaling \$13,529.04 and the remainder in credit card debt. The Court finds that the value of the collateral and the amount of First Choice Credit Union's secured claim is \$16,200.

The Court further concludes that all of debtor's obligations to First Choice Credit Union, including the credit card debt, are properly cross-collateralized by the loan documents and credit card agreement and meet the requirements of Revised Article Nine, KAN. STAT. ANN. § 84-9-204 (2003 Supp.). The Court concludes that § 84-9-204 as revised in 2001 no longer limits future advance or dragnet clauses to obligations of a similar type or class. The Court finds that the clear language of the documents indicates an intent between the parties that the vehicles pledged as collateral (the 1997 Honda, the 1997 Toyota, and the travel trailer) secure not only the vehicle loan obligations but also the credit card debt. The dragnet clauses are effective and enforceable. The debtor is not entitled to a release of the credit union's lien on the travel trailer.

As conceded by the parties at the hearing and as found by the Court, the value of the collateral exceeds the amount which the debtor's chapter 13 plan proposed to repay and therefore, the plan does not comply with 11 U.S.C. § 1322 and § 1325(a)(5).

IT IS THEREFORE ORDERED:

Debtor's motion to dismiss the adversary proceeding is GRANTED.

Debtor's objection to First Choice Credit Union's claim is OVERRULED. All of debtor's obligations, including the credit card debt, are cross-collateralized by the 1997 Honda, the 1997 Toyota, and the travel trailer. The value of First Choice Credit Union's secured claim is \$16,200.

Confirmation of debtor's chapter 13 plan is DENIED. Debtor has 15 days from the date of this judgment to file an amended plan. If an amended plan is not filed, or if an amended plan is filed but not confirmed, First Choice Credit Union's motion for stay relief will be granted upon submission of an appropriate order.

IT IS SO ORDERED.

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