UNITED STATES COURT OF APPEALS FOR THE FOURTH CIRCUIT

Bobby Eugene Goddard v. Michael Brandon Burnett

Goddard · No. No. 25-1303 · Decided April 28, 2026

SUMMARY

The Fourth Circuit affirmed the district court's judgment upholding rejection of a Chapter 13 debtor's proposed plan. The court held that technical compliance with the Bankruptcy Code's disposable-income requirement under 11 U.S.C. § 1325(b) does not preclude a separate good-faith inquiry under § 1325(a)(3). It concluded that the bankruptcy court did not clearly err in finding bad faith where the debtor sought to retain three luxury vehicles, pay off their secured loans, and discharge more than $78,000 in unsecured debt.

CASE DETAILS

COURT	United States Court of Appeals for the Fourth Circuit
WRITING FOR THE COURT	Judge Niemeyer; Judge Thacker; Judge Berner
JURISDICTION	United States Court of Appeals for the Fourth Circuit
DECIDED	April 28, 2026
DOCKET	No. 25-1303
DISPOSITION	affirmed
PROCEDURAL POSTURE	Appeal from the Eastern District of North Carolina's judgment affirming the bankruptcy court's rejection of the debtor's Chapter 13 plan for lack of good faith. The district court granted leave for an interlocutory appeal before affirming, and the debtor appealed to the Fourth Circuit.
STANDARD OF REVIEW	The court reviewed the bankruptcy court's good-faith determination for clear error.
PRECEDENTIAL VALUE	Published and precedential
PARTIES	Bobby Eugene Goddard, Debtor v. Michael Brandon Burnett, Trustee

TOPICS

chapter 13 · statutory interpretation · appellate procedure · standard of review

PRACTICE AREAS

Bankruptcy Chapter 13 reorganization Bankruptcy appellate procedure

QUESTIONS PRESENTED

1. Whether technical compliance with the disposable-income and means-test requirements of 11 U.S.C. § 1325(b) precludes a bankruptcy court from determining under § 1325(a)(3) that a Chapter 13 plan was not proposed in good faith.
2. Whether the bankruptcy court clearly erred in finding that Goddard's plan was not proposed in good faith under the circumstances of his luxury-vehicle purchases, proposed debt treatment, and minimal payment to unsecured creditors.

HOLDINGS

1. A debtor's strict compliance with the means-test and disposable-income requirements of 11 U.S.C. § 1325(b) does not preclude the bankruptcy court from independently determining whether the Chapter 13 plan was proposed in good faith under § 1325(a)(3).
2. The bankruptcy court did not clearly err in finding that Goddard's plan was not proposed in good faith because it would enable him to retain three luxury vehicles, obtain unencumbered ownership of them, and discharge more than $78,000 in unsecured debt while paying only a small dividend to unsecured creditors.

KEY QUOTATIONS

> *"For all these reasons, we reject the legal notion that strict compliance with § 1325(b) somehow precludes the bankruptcy court from considering whether the debtor's Chapter 13 plan was proposed in good faith, as required by § 1325(a)(3)."* (Section II)

> *"At bottom, we conclude that while a debtor must comply with the means test in § 1325(b), he must also satisfy the requirement in § 1325(a)(3) that his Chapter 13 petition be proposed in good faith."* (Section III)

FACTUAL BACKGROUND

Goddard, an above-median-income Chapter 13 debtor, owned three recently purchased luxury vehicles securing approximately $3,060 in monthly loan payments. Using the means test, he deducted secured-debt payments and reported negative disposable income, proposing a 60-month plan that would pay approximately $6,500, or 7.7%, of $84,700 in general unsecured claims while paying off the vehicle loans and leaving him with unencumbered ownership of the vehicles. The bankruptcy court found that the plan would allow Goddard to improve his financial position at the expense of unsecured creditors and that he had not shown a practical need for all three vehicles.

PROCEDURAL HISTORY

Goddard filed a Chapter 13 petition in September 2023 and proposed multiple plans. The bankruptcy court rejected his fourth plan under 11 U.S.C. § 1325(a)(3), finding that his proposal to retain three luxury vehicles while paying approximately 7.7% of his general unsecured debt was not made in good faith, even though the plan technically complied with the means-test requirements of § 1325(b). The district court granted leave for an interlocutory appeal and affirmed on March 13, 2025. The Fourth Circuit affirmed the district court.

DISPOSITION

affirmed

CASES CITED

- Deans v. O'Donnell, 692 F.2d 968, 972 (4th Cir. 1982)
- In re Broder, 607 B.R. 774, 778 (Bankr. D. Me. 2019)
- Ransom v. FIA Card Servs., N.A., 562 U.S. 61, 64-65 (2011)
- Herlihy v. DBMP, LLC, 167 F.4th 142, 151 (4th Cir. 2026)
- In re Premier Automotive Services, 492 F.3d 274, 279 (4th Cir. 2007)
- Carolin Corp. v. Miller, 886 F.2d 693, 698 (4th Cir. 1989)
- Drummond v. Welsh (In re Welsh), 711 F.3d 1120, 1132-35 (9th Cir. 2013)
- Mort Ranta v. Gorman, 721 F.3d 241, 250, 253 (4th Cir. 2013)
- Bledsoe v. Cook, 70 F.4th 746, 751 (4th Cir. 2023)
- Cook v. Chapter 13 Trustee (In re Chapter 13 Trustee), No. 25-1048, 2026 WL 981209, at *5 (4th Cir. Apr. 13, 2026)
- Trantham v. Tate, 112 F.4th 223, 230 (4th Cir. 2024)