

**UNITED STATES BANKRUPTCY COURT  
WESTERN DISTRICT OF VIRGINIA  
Lynchburg Division**

In re ERIC LEE HAWKINS and JENNIFER ) Case No. 06-60935-LYN  
LYNNE SCOTT HAWKINS, )  
 )  
Debtors. )  
\_\_\_\_\_ )

**MEMORANDUM  
and  
ORDER**

On June 23, 2006, the debtors filed a chapter 7 petition. In September, the debtors filed a motion to redeem a 2004 Chevrolet Cavalier, (“the Cavalier”) that secures a debt owed to Nuvell Financial Services LLC, attorney in fact for Nuvell Credit Corporation (“Nuvell”). The debtors stated in their statement of financial affairs that they would reaffirm the debt to Nuvell pursuant to 11 U.S.C. §524(c). The debtors never filed an amended statement of financial affairs.

On September 14, 2006, the debtors filed a motion to redeem the Cavalier. The debtors and Nuvell agree that the replacement value of the Cavalier is \$8,400.00.

Nuvell argues that the debtors should be permitted to redeem the vehicle for \$8,400.00. The debtors valued the Cavalier at \$9,225.00 on their schedules. The Debtors have filed a “Vehicle Condition Report” (“the Report”) prepared by Collateral Valuation Services, LLC in Cincinnati,

Ohio, that values the Cavalier at \$6,300.00. The Report values the Cavalier for the purpose of lending the debtors funds to redeem the vehicle.

The value of personal property “shall be determined based on the replacement value of such property as of the date of the filing of the petition without deduction for costs of sale or marketing. With respect to property acquired for personal, family, or household purposes, replacement value shall mean the price a retail merchant would charge for property of that kind considering the age and condition of the property at the time value is determined.” 11 U.S.C. § 506(a)(1).

The valuation that the debtors argue is proper for redemption is not the amount of money that it would cost them to replace the Cavalier. It is the amount of money that a lender is willing to lend them if given a security interest in the Cavalier. The amount that a lender will be willing to lend a debtor based on a security interest in a vehicle will necessarily be different from, and less than, the amount of money that a seller would require of the debtor before the seller would be willing to sell the vehicle.

Additionally, Collateral Valuation Services has an incentive that differs from that of a seller, and, to some extent, parallels that of the debtor. That is, Collateral Valuation Services has an incentive to value the Cavalier at an amount that is below the retail value of the vehicle; that is below the amount that the debtor would have to pay to replace it. N.A.D.A., on the other hand has an incentive to value the vehicle at the amount that the debtor would have to pay to replace the vehicle. This is so because if its valuations are inaccurate, dealers will cease paying it for its services.

The valuation provided by the debtors from Collateral Valuation Services does not represent the “price a retail merchant would charge for” the Cavalier. Listings such as the N.A.D.A.

retail value, adjusted for mileage and condition, do represent the amount that a merchant would charge for the Cavalier. The debtors may redeem the Cavalier for \$8,325.00.

**ORDER ON MOTION TO REDEEM**

The debtors may redeem the 2004 Cavalier from Nuvell Financial Services LLC for \$8,325.00.

So ORDERED.

Upon entry of this memorandum and order the Clerk shall forward copies to Carl A Eason, Esq., Malissa L. Giles, Esq., and the chapter 7 trustee.

Entered on this 4th day of December, 2006.



A handwritten signature in black ink, appearing to read "William E. Anderson", is written over a faint, circular seal of the United States Bankruptcy Court. The seal contains the text "UNITED STATES BANKRUPTCY COURT" and a star at the bottom.

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William E. Anderson  
United States Bankruptcy Judge