

APR 2 2026

SUSAN M. SPRAUL, CLERK
U.S. BKCY. APP. PANEL
OF THE NINTH CIRCUIT

NOT FOR PUBLICATION

UNITED STATES BANKRUPTCY APPELLATE PANEL
OF THE NINTH CIRCUIT

In re:
NEMIL SUDHIR VORA,
Debtor.

BAP No. NC-25-1180-BGP

Bk. No. 4:25-bk-41249-CN

NEMIL SUDHIR VORA,
Appellant,
v.
MECHANICS BANK,
Appellee.

MEMORANDUM*

Appeal from the United States Bankruptcy Court
for the Northern District of California
Charles D. Novack, Bankruptcy Judge, Presiding

Before: BRAND, GAN, and PEARSON,¹ Bankruptcy Judges.

INTRODUCTION

Appellant Nemil Sudhir Vora appeals an order terminating the automatic stay as to creditor Mechanics Bank so that it could complete the sale of a vehicle repossessed from Vora prepetition. Seeing no reversible error by the bankruptcy court, we AFFIRM.²

* This disposition is not appropriate for publication. Although it may be cited for whatever persuasive value it may have, *see* Fed. R. App. P. 32.1, it has no precedential value, *see* 9th Cir. BAP Rule 8024-1.

¹ The Hon. Teresa H. Pearson, United States Bankruptcy Judge for the District of Oregon, sitting by designation.

² Appellee Mechanics Bank did not appear in this appeal.

FACTS³

In August 2021, Vora entered into a contract for the purchase and financing of a 2013 Mercedes-Benz ("Vehicle"). Mechanics Bank provided the loan and was given a security interest in the collateral. Vora made no loan payments after April 2025 and surrendered the Vehicle to Mechanics Bank (or to loan servicer Westlake Portfolio Management) on or about July 14, 2025. The Vehicle was scheduled to be sold on August 7, 2025.

Meanwhile, Vora filed a chapter 7⁴ bankruptcy case on July 17, 2025. No vehicles were listed on Schedule B, and no exemption for the Vehicle was claimed on Schedule C. Vora disclosed in the statement of financial affairs that the Vehicle was repossessed prepetition, and stated in the Official Form 108 the intent to surrender the Vehicle and that it was not being claimed as exempt on Schedule C.

Mechanics Bank sought relief from the automatic stay to continue with its repossession and sale of the Vehicle. Mechanics Bank asserted that the contract balance was \$5,415.25, including prepetition arrears of \$905.11, and that the Vehicle's fair market value was \$12,099.00. Although Vora had equity in the Vehicle, Mechanics Bank argued that stay relief under § 362(d)(1) was warranted because (1) it was not receiving monthly contractual payments, the

³ We exercise our discretion to take judicial notice of documents electronically filed in the bankruptcy court, where appropriate. *See Atwood v. Chase Manhattan Mortg. Co. (In re Atwood)*, 293 B.R. 227, 233 n.9 (9th Cir. BAP 2003).

⁴ Unless specified otherwise, all chapter and section references are to the Bankruptcy Code, 11 U.S.C. §§ 101-1532, and all "Rule" references are to the Federal Rules of Bankruptcy Procedure.

Vehicle's fair market value was declining, and so its equity cushion was eroding, (2) it gained possession of the Vehicle prepetition, (3) Vora had not provided proof of insurance, and (4) Vora's statement of intention indicated an intent to surrender the Vehicle.

Vora opposed stay relief on the apparent grounds that Mechanics Bank had no interest in the contract or collateral because Westlake began servicing the loan prepetition in May 2025. Vora attached a document indicating that the Vehicle was insured up through the day Mechanics Bank filed its motion.

The bankruptcy court held a hearing on the stay relief motion, but, without a transcript, we do not know what was argued or what findings the court might have made orally on the record. Thereafter, the court entered an order granting Mechanics Bank relief from the automatic stay under § 362(d). This timely appeal followed.

JURISDICTION

The bankruptcy court had jurisdiction under 28 U.S.C. §§ 157(b)(2)(G) and 1334(b). We have jurisdiction under 28 U.S.C. § 158.⁵

ISSUE

⁵ Generally, a chapter 7 debtor lacks standing to challenge orders affecting the assets of the estate unless there is likely to be a surplus after paying all creditors. *Duckor Spradling & Metzger v. Baum Tr. (In re P.R.T.C., Inc.)*, 177 F.3d 774, 778 & n.2 (9th Cir. 1999). This was not a surplus case. However, another exception to this rule is when the asset is the subject of an allowed exemption. *In re Rake*, 363 B.R. 146, 151 (Bankr. D. Idaho 2007). Although Vora did not claim any equity in the Vehicle exempt and voluntarily surrendered it prepetition, the case has not been closed, and so Vora could potentially claim an exemption in the sale proceeds in an amended Schedule C. *See* Rule 1009(a). Consequently, this gives Vora standing to appeal the stay relief order.

Did the bankruptcy court abuse its discretion in granting relief from the automatic stay?

STANDARD OF REVIEW

We review the bankruptcy court's order granting relief from the automatic stay for an abuse of discretion. *Kronemyer v. Am. Contractors Indem. Co. (In re Kronemyer)*, 405 B.R. 915, 919 (9th Cir. BAP 2009). A bankruptcy court abuses its discretion if it applies an incorrect legal standard or its factual findings are illogical, implausible, or without support in the record. *TrafficSchool.com, Inc. v. Edriver Inc.*, 653 F.3d 820, 832 (9th Cir. 2011).

DISCUSSION

The bankruptcy court did not abuse its discretion in granting relief from the automatic stay.

Under California law, Vora had a statutory right to redeem the repossessed Vehicle before Mechanics Bank sold it. Cal. Civ. Code § 2983.2. Thus, despite the repossession prepetition, Vora held both legal title to and an equitable interest in the Vehicle at the time of petition, and this interest became part of the bankruptcy estate under § 541(a). *In re Fitch*, 217 B.R. 286, 290 (S.D. Cal. 1998); *In re Ochoa*, No. 10-55950 CN, 2010 WL 3909496, at *2 (Bankr. N.D. Cal. Oct. 1, 2010).

A creditor may seek relief from the automatic stay under § 362(d)(1) for "cause," including the lack of adequate protection of the creditor's security interest in the property. "What constitutes 'cause' for granting relief from the automatic stay is decided on a case-by-case basis." *In re Kronemyer*, 405 B.R. at

921 (citations omitted). Mechanics Bank sought relief under § 362(d)(1) to continue with its sale of the Vehicle on the grounds that Vora was not making payments and its equity cushion was eroding, proof of insurance was lacking, and Vora surrendered the Vehicle prepetition and stated an intent to surrender it in Official Form 108.

The bankruptcy court's order lacks any findings, and Vora did not provide a copy of the transcript where the court might have stated its reasons for terminating the automatic stay. In any event, the record supports its decision. Mechanics Bank lawfully gained possession of the Vehicle prepetition. Vora stated an intent to surrender it. Vora had not made any payments on the loan for months, and the automatic stay prevented Mechanics Bank from exercising its state-law rights to sell the Vehicle. These facts constituted "cause" to terminate the automatic stay under § 362(d)(1).

On appeal, Vora argues that Mechanics Bank was not allowed to "double dip" by seeking to sell the Vehicle and "pursue monies from me through collections." It is not clear what Vora means. Vora has received a discharge and did not reaffirm the debt. Mechanics Bank sought stay relief to sell the Vehicle that Vora surrendered prepetition. Further, seeking stay relief was not an impermissible "collection action" if that is what Vora means. Vora also asks the Panel to order Mechanics Bank to return the Vehicle, but there is no basis for that.

Accordingly, the bankruptcy court did not abuse its discretion by granting Mechanics Bank relief from the automatic stay.

CONCLUSION

For the reasons stated above, we AFFIRM.