

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION**

In Re:

Jason F. Childs,

Debtor.

Case No: 25-40786-PRH
Chapter 7
Hon. Paul R. Hage

**OPINION DENYING CREDITOR’S MOTION
TO ENFORCE AND APPROVE ORDER**

I. Introduction

This matter is before the Court on the *Motion to Enforce and Approve Order* [Doc. No. 77] (the “Motion”) filed by First National Bank of America (“Creditor”) on February 20, 2026. The Motion seeks enforcement of an oral settlement allegedly reached between counsel for Creditor and counsel for Jason F. Childs (the “Debtor”) and placed on the record to resolve Creditor’s previously filed *Motion for Relief From Automatic Stay As To First National Bank of America* [Doc. No. 62] (the “Stay Motion”).

As explained below, the alleged oral settlement cannot be enforced. The record before the Court suggests that all material terms of a settlement were not agreed upon. Moreover, the primary consideration offered as part of any settlement of the Stay Motion was continuation of the automatic stay imposed pursuant to

section 362(a) of the Bankruptcy Code¹ with respect to Debtor and his home. Because the stay is no longer in place as a matter of law, no settlement premised on extension of the automatic stay is possible and the Stay Motion is now moot. Therefore, the Court will deny the Motion.²

II. Factual Background

Debtor filed for relief under chapter 13 on January 29, 2025. The case was voluntarily converted to a case under chapter 7 on February 25, 2025 [Doc. No. 25]. Although the case had proceeded in chapter 7 for nearly a year, no discharge was granted to Debtor because he failed to file the certificate verifying that he completed an instruction course concerning personal financial management described in section 111 (the “Financial Management Certificate”), which a debtor must file (with limited exceptions not applicable here) in all chapter 7 cases before a discharge can be granted pursuant to section 727(a)(11) and Bankruptcy Rule 1007(b)(7).

The Court issued a *Notice of Requirement to File a Personal Financial Management Course Certificate* [Doc. No. 36] on March 18, 2025 advising Debtor of the requirement to file the Financial Management Certificate and warning that

¹ The Bankruptcy Code is set forth in 11 U.S.C. § 101 *et seq.* Specific chapters of the Bankruptcy Code are identified herein as “chapter __” and specific sections of the Bankruptcy Code are identified herein as “section __.” Similarly, specific rules of the Federal Rules of Bankruptcy Procedure are identified herein as “Bankruptcy Rule __.”

² Using the discretion provided under Local Bankruptcy Rule 9014-1(e), the Court has determined that a hearing on the Motion is not necessary as oral argument would not aid in the resolution of this dispute.

failure to do so may result in the case being closed without an entry of discharge. Notwithstanding the foregoing, the case was not closed because of pending adversary proceedings involving Debtor and various third parties.

Creditor alleges that it holds a first-priority mortgage on Debtor's personal residence located at 2140 Applebrook Drive, Commerce Township, Michigan (the "Property"). On December 8, 2025, Creditor filed the Stay Motion wherein it sought relief from the automatic stay with respect to the Property pursuant to section 362(d) alleging, among other things, that Debtor had failed to make required post-petition payments to Creditor totalling \$22,340.74. Creditor requested stay relief so that it could exercise its non-bankruptcy rights and remedies with respect to the Property including, presumably, the commencement of foreclosure proceedings with respect to the Property.

Debtor filed an untimely response [Doc. No. 66] to the Stay Motion on December 29, 2025³ objecting to the relief sought therein. Following an emergency motion filed by Debtor's counsel to adjourn the January 5, 2026 hearing due to his unavailability on the scheduled hearing date, the Court adjourned the hearing to January 27, 2026.

³ Responses to the Stay Motion were due to be filed on or before December 26, 2025. Consistent with Local Bankruptcy Rule 9014, Creditor filed a *Certification of No Response* [Doc. No. 65] on December 29, 2025. However, Creditor failed to upload a proposed order with respect to the Stay Motion and Debtor subsequently filed a response to the Stay Motion. Because no order had yet been entered on the Stay Motion, the Court scheduled the matter for a hearing on January 6, 2026.

At the January 27, 2026 hearing, Creditor's counsel appeared but Debtor's counsel did not. Creditor's counsel, Amanda S. Marinkovski, stated on the record that an agreement resolving the Stay Motion had been reached with Debtor's counsel, Stuart Sandweiss, over the phone just prior to the hearing. Specifically, Creditor's counsel stated the following:

Ms. Marinkovski: We were able to reach an agreement. So, my plan later this afternoon is to go back to my office, paper that agreement for his and his client's review, and then ultimately withdraw my motion for relief from stay.

Court: And what's the agreement?

Ms. Marinkovski: The agreement is repayment of the delinquency which has now risen to \$27,512.73 as well as legal fees over a period of 24 months.

[Doc. No. 73 at 00:35 – 1:00].

Creditor apparently relies upon this representation when it argues in the Motion that the parties reached a settlement and placed it on the record. Creditor alleges that its counsel circulated a stipulation and order after the hearing on the Stay Motion, but that Debtor's counsel did not respond despite repeated attempts to contact him.⁴ Creditor's counsel has not withdrawn the Stay Motion.

⁴ The Court is troubled by the alleged lack of communication by counsel for Debtor following the January 27, 2026 hearing particularly where, as here, a resolution of this dispute might help Debtor and his family stay in their home.

In the interim, the Debtor finally filed his Financial Management Certificate [Doc. No. 74] on January 29, 2026. An *Order of Discharge* [Doc No. 75] was entered by the Court on February 2, 2026.

By the Motion, Creditor seeks to enforce the “settlement agreement” placed on the record at the January 27th hearing pursuant to section 105(a), which provides, in pertinent part, that “[t]he court may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions” of the Bankruptcy Code. 11 U.S.C. § 105(a). Creditor asserts that a settlement between two parties constitutes a binding and enforceable contract notwithstanding the absence of a fully executed written document, so long as the parties agree to the settlement’s material terms. Creditor argues that it is prejudiced by Debtor’s failure to finalize the alleged settlement.

Debtor filed a *Response to Motion To Enforce and Approve Order* [Doc. No. 81] (the “Response”) on March 6, 2026. In the Response, Debtor denies as untrue the allegation that the parties put the terms of a settlement on the record at the January 27, 2026 hearing because: (a) Debtor’s counsel was not present at the hearing; (b) Creditor’s counsel put terms on the record that were “slightly different” than the agreement Debtor orally agreed to; and (c) the terms of the proposed order have not been agreed to by either Debtor or Debtor’s non-filing spouse. Debtor also

argues that the Motion cannot be granted because Debtor received his discharge and, thus, no automatic stay is in effect.

III. Discussion

A. The Court cannot find that the material terms of a settlement were agreed upon

By the Motion, Creditor seeks to enforce the “settlement agreement” placed on the record at the January 27th hearing. To enforce a settlement, a bankruptcy court must find that the parties have reached an agreement on all material terms of the settlement. *RE/MAX Int’l, Inc. v. Realty One, Inc.*, 271 F.3d 633, 646 (6th Cir. 2001). No such finding can be made in this case.

First, the terms of the “agreement” were placed on the record by Creditor’s counsel only; Debtor’s counsel was not present in the courtroom (or on the telephone) to confirm that the representation of such terms was accurate or to affirm Debtor’s agreement to such terms. Indeed, Debtor’s counsel now asserts that the terms Creditor placed on the record are “slightly different” than the terms that Debtor agreed to. Response at ¶ 7(b).

Second, Creditor asks this Court to enforce the “settlement agreement” by entering a proposed order on the Stay Motion (a copy of which was attached as Exhibit 3 to the Motion) which contains various settlement terms. However, this proposed order contains material terms, such as a default provision and a provision

related to the interest rate, that were not referenced at the hearing and, thus, cannot be part of any purported “settlement” that was placed on the record at the hearing.

Third, at the hearing, Creditor’s counsel specifically stated that following the hearing she would “paper that agreement for [Mr. Sandweiss] and his client’s review.” [Doc. No. 73 at 00:35–00:59]. This implies that regardless of the terms that were placed on the record, any agreement was still subject to review and approval by Debtor (and perhaps his non-filing spouse). Based on the Response, such parties have not given their final approval. Given the foregoing, this Court cannot force a settlement upon them.

B. The Motion is moot as the automatic stay is no longer in place

There is an additional reason why the Court cannot enforce any settlement between the parties at this point. The entire settlement revolved around the resolution of the Stay Motion. However, the Stay Motion has now been rendered moot as the automatic stay has terminated as a matter of law.

At the time of the filing of the Stay Motion, Creditor could not exercise its non-bankruptcy rights and remedies with respect to Debtor or the Property because the automatic stay in bankruptcy, absent relief from the Court, expressly precludes creditors from taking such action. Specifically, section 362(a)(1) prohibited Creditor from taking certain action against Debtor, including: “the commencement or continuation ... of a judicial ... proceeding against the debtor ... or to recover a

claim against the debtor that arose before the commencement of the case....” 11 U.S.C. § 362(a)(1). Section 362(a)(4) prohibited Creditor from taking “any act to ... enforce any lien against property of the estate.” 11 U.S.C. § 362(a)(4). And section 362(a)(5) prohibited Creditor from taking “any act to ... enforce against property of the debtor any lien to the extent that such lien secures a claim that arose before the commencement of the case....” 11 U.S.C. § 362(a)(5).

But the automatic stay is not permanent. Rather, the text of section 362 provides that the stay automatically terminates in a variety of circumstances. First, section 362(c) provides, in pertinent part:

(c) Except as provided in subsections (d), (e), (f), and (h) of this section

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- (1) the stay of an act against property of the estate under subsection (a) of this section continues until such property is no longer property of the estate.
- (2) the stay of any other act under [section 362(a)] continues until the earliest of—
 - (A) the time the case is closed;
 - (B) the time the case is dismissed; or
 - (C) if the case is a case under chapter 7 of this title concerning an individual ..., the time a discharge is granted or denied;

11 U.S.C. § 362(c).

Second, section 362(e)(2) provides, in pertinent part:

- (2) ... in a case under chapter 7 ... in which the debtor is an individual, the stay under subsection (a) shall terminate on the date that is 60 days after a request is made by a party in interest under subsection (d), unless—

- (A) a final decision is rendered by the court during the 60-day period beginning on the date of the request; or
- (B) such 60-day period is extended—
 - (i) by agreement of all parties in interest; or
 - (ii) by the court for such specific period of time as the court finds is required for good cause, as described in findings made by the court.

11 U.S.C. § 362(e)(2).

In this case, while Creditor worked to resolve the Stay Motion, the Court entered an *Order of Discharge* [Doc No. 75] on February 2, 2026 because Debtor filed his Financial Management Certificate. Pursuant to section 362(c)(2)(C), the grant of a discharge immediately terminated the automatic stay as to any acts against Debtor or property of Debtor in this individual chapter 7 case.

Moreover, Creditor filed the Stay Motion on December 8, 2025. That motion sought relief from the automatic stay pursuant to section 362(d). Because Debtor in this chapter 7 case is an individual, the stay automatically terminated in its entirety pursuant to section 362(e)(2) on February 6, 2026, sixty days after the Stay Motion was filed. Although section 362(e)(2) contemplates that this sixty day period can be extended: (i) by agreement of all parties in interest, or (ii) by the court after a finding of good cause, the parties did not agree to extend the automatic stay nor did they ask the Court to order an extension of the automatic stay for good cause prior to the stay's termination under section 362(e)(2).

As a result, the entirety of the stay imposed under section 362(a) has now terminated as to Creditor. Now that there is no stay in place, Creditor is free to exercise its non-bankruptcy rights and remedies against Debtor, his property and property of the estate, including commencing a foreclosure action with respect to the Property. This may not be a desirable outcome for Debtor. Debtor and Creditor are certainly free to enter into a separate agreement to forestall any foreclosure proceeding. But approval of such a settlement would be outside the scope of this Court's limited jurisdiction. *See* 28 U.S.C. § 1334.

IV. Conclusion

For the reasons stated herein, the Court denies the Motion. The Court will enter a separate order consistent with this Opinion.

Signed on March 12, 2026



/s/ Paul R. Hage

Paul R. Hage
United States Bankruptcy Judge