

United States Court of Appeals
for the Fifth Circuit

United States Court of Appeals
Fifth Circuit

FILED

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Lyle W. Cayce
Clerk

No. 22-20552

IN THE MATTER OF EVLON E. CHARLES; NATASHA A. CHARLES,

Debtors,

EVLON E. CHARLES; NATASHA A. CHARLES,

Appellants,

versus

UNITED COMMUNITY BANK, INCORPORATED,

Appellee.

Appeal from the United States District Court
for the Southern District of Texas
USDC No. 4:21-CV-2061

Before HAYNES and ENGELHARDT, *Circuit Judges*, and SALDAÑA,
District Judge.⁺

PER CURIAM:^{*}

Natasha and Evlon Charles (the “Charleses”) appeal the district court’s
affirmance of the bankruptcy court’s order sustaining objections to two

⁺ United States District Judge for the Southern District of Texas, sitting by
designation.

^{*} This opinion is not designated for publication. *See* 5th Cir. R. 47.5.

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proofs of claim. Because the bankruptcy court erred in finding that the proofs of claim were untimely filed, we REVERSE.

I. Procedural and Factual Background

The Charleses are husband and wife debtors who filed for joint Chapter 13 bankruptcy on August 31, 2020. The Charleses' outstanding debt at this time included Federal Direct PLUS Loans incurred by Natasha while in college. Based on the bankruptcy filing date, the Charleses' non-governmental creditors had until November 9, 2020¹ to file any proofs of claim, while creditors falling under the Bankruptcy Code's definition of governmental units had until March 1, 2021 to file their proofs of claim. If a creditor did not file a proof of claim by the applicable filing deadline, the Charleses could do so on the creditor's behalf within thirty (30) days of the creditor's bar date. No entity filed a proof of claim concerning Natasha's student loan debt by either claim filing deadline, prompting the Charleses to do so themselves on March 26, 2021 and amending on March 30, 2021.

In Proofs of Claim Nos. 11-2 and 12-2, the Charleses listed the creditor for Natasha's student loan debt as "USDOE/GLELSI," which are abbreviations for the Department of Education (DOE) and Great Lakes Educational Loan Services, Inc. ("Great Lakes"), respectively. The Charleses noted on the proofs of claim that notices to the creditor should be sent to USDOE/GLELSI. However, in answering where payments to the creditor should be sent, the Charleses listed only DOE. To support the claims, the Charleses included printouts from Great Lakes' website describing "account details."

On April 21, 2021, United Community Bank ("UCB"), an unsecured creditor of the Charleses, objected to Proofs of Claim Nos. 11-2 and 12-2, arguing that the claims were untimely. The bankruptcy court sustained UCB's objections, concluding that there "[was] no evidence that [Proofs of Claim Nos. 11-2 and 12-2] were for a governmental unit" based on the record before it. Consistent with this determination, the bankruptcy court agreed

¹ This deadline is commonly referred to as a "bar date."

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with UCB that the Charleses' deadline to file these proofs of claim expired on December 9, 2020.

In response to this decision, the Charleses filed a motion under Federal Rule of Civil Procedure 59(e) urging the bankruptcy court to vacate its order sustaining UCB's objections to Proofs of Claim Nos. 11-2 and 12-2, and to instead enter a new order denying the objections. The Charleses offered new evidence in support of their motion, including the Master Promissory Note ("MPN") governing the loan agreement between Natasha and DOE and printouts culled from the websites of Great Lakes and DOE's Federal Student Aid office. The bankruptcy court denied the motion for reconsideration, reasserting its holding that because Great Lakes was not a governmental unit for the purposes of filing a proof of claim, Proofs of Claim Nos. 11-2 and 12-2 did not qualify for the extended filing deadline afforded to governmental units.

The Charleses appealed this finding to the United States District Court for the Southern District of Texas, Houston Division, which affirmed the bankruptcy court's judgment. In its analysis, the district court concluded that the bankruptcy court had not abused its discretion in sustaining UCB's objections to Proofs of Claim Nos. 11-2 and 12-2 because Great Lakes was not a governmental unit under the meaning of the Bankruptcy Code. The Charleses timely appeal the district court's judgment to this Court, which has jurisdiction over this appeal pursuant to 28 U.S.C. §§ 158(d)(1) and 1291.

II. Standard of Review

The Court reviews the decision of the district court, sitting in its bankruptcy appellate capacity, "by applying the same standards of review to the bankruptcy court's findings of fact and conclusions of law as the district court applied." *In re Texxon Petrochemicals, L.L.C.*, 67 F.4th 259, 262 (5th Cir. 2023) (per curiam) (quoting *In re Dean*, 18 F.4th 842, 843–44 (5th Cir. 2021)). Conclusions of law and mixed questions of law and fact are therefore reviewed de novo, while findings of fact are reviewed for clear error. *Id.*

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III. Discussion

The Charleses argue that Proofs of Claim Nos. 11-2 and 12-2 cover student loan debt owed to DOE, and therefore should be afforded the later bar date for claims of a governmental unit. UCB maintains, however, that because Great Lakes—a “private entity”—had independent standing to file proofs of claim over the student loan debt, the earlier bar date for non-governmental units should apply. For the reasons stated herein, we agree with the Charleses.

The Bankruptcy Code allows debtors to file a proof of claim on behalf of a creditor if that creditor has not timely filed the proof of claim itself. 11 U.S.C. § 501(c). Pursuant to § 501(c), the Charleses could only file Proofs of Claim Nos. 11-2 and 12-2 if they did so on behalf of a creditor, and only after that creditor had missed its own proof of claim filing deadline. But because the Charleses identified both Great Lakes and DOE as potential creditors to Natasha’s student loan debt, the applicable claim filing deadline was necessarily contingent upon which entity was the “creditor” according to the Bankruptcy Code.²

² Unfortunately, both the bankruptcy court and the district court failed to engage in this analysis, preferring instead to focus exclusively on the immaterial issue of whether Great Lakes would have had standing to file a proof of claim on its own behalf. As both DOE and Great Lakes could each plausibly file a proof of claim covering Natasha’s student loan debt, standing alone cannot inform the appropriate claim deadline when such claim has been filed by the debtor. 11 U.S.C. § 501 (outlining that a creditor has standing to file a proof of claim, but when a creditor fails to do so, other entities are permitted to file a proof of claim); *see* FED. R. BANKR. PRO. 3001(b) (providing that either a creditor or a creditor’s authorized agent can file a proof of claim); *see, e.g. In re Dorsey*, 870 F.3d 359, 365 (5th Cir. 2017) (“the bankruptcy court did not err by allowing DOE and ECMC to file proofs of claim” regarding student loan debt); *Ashmore v. CGI Grp., Inc.*, 923 F.3d 260, 279 n.12 (2d Cir. 2019) (noting that DOE filed a proof of claim regarding outstanding student loan debt); *Greer v. O’Dell*, 305 F.3d 1297, 1302 (11th Cir. 2002) (finding that a mortgager was the real party in interest and the “actual owner” of the claim, because its servicing contract obligated it to file a proof of claim on the loan owner’s behalf, to collect payments, and to perform administrative services with respect to the claim); *see also United Student Aid Funds, Inc. v. Espinosa*, 559 U.S. 260, 275 (2010) (presupposing that a student loan guarantor who also acted as a servicer had standing to submit a proof of claim).

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The Bankruptcy Code broadly defines “creditor” as an “entity that has a claim against the debtor that arose at the time of or before the order for relief concerning the debtor.” 11 U.S.C. § 101(10)(A). A “claim” is further defined as either a:

- (A) right to payment, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, or unsecured; or
- (B) right to an equitable remedy for breach of performance if such breach gives rise to a right to payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured, or unsecured.

11 U.S.C. § 101(5)(A)–(B). This “right to payment” has been previously interpreted to mean “nothing more nor less than an enforceable obligation.” *In Re Clark*, 921 F.3d 566, 570 (5th Cir. 2019) (per curiam) (quoting *Johnson v. Home State Bank*, 501 U.S. 78, 83 (1991)).

DOE clearly had an enforceable obligation manifesting in a right to payment for Natasha’s student loan debt. According to the MPN, DOE makes Direct Loans themselves, but it “contract[s] with servicers to service, answer questions about, and process payments” on these loans, including to “handle billing and other communications related to the loan.” However, the MPN also instructs that Natasha must pay to DOE all loan amounts disbursed. This provision allows the DOE to change the student loan servicer on a particular debt while not relinquishing actual ownership of this debt. Irrespective of any servicing agreement between DOE and Great Lakes, the MPN provides that the debt is ultimately owed to DOE, not Great Lakes. Thus, DOE has an enforceable obligation against the Charleses for this debt and is a creditor under the Bankruptcy Code.

Regarding the applicable bar date, DOE is undoubtedly a governmental unit under the Bankruptcy Code. 11 U.S.C. § 101(27); *see In re Crocker*, 941 F.3d 206, 223 (5th Cir. 2019), *as revised* (Oct. 22, 2019). As a governmental unit, DOE’s bar date for filing proofs of claim was March 1, 2021. When that deadline passed without filing, the Charleses were

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permitted thirty days to file a proof of claim on DOE's behalf. 11 U.S.C. § 501(c).³ Accordingly, the Charleses timely filed Proofs of Claim Nos. 11-2 and 12-2.

IV. Conclusion

For the foregoing reasons, we REVERSE the judgment of the district court and remand for further proceedings consistent with this opinion.

³ UCB questions why the Charleses failed to file an earlier proof of claim “out of an abundance of caution.” But debtors cannot file a proof of claim on a creditor's behalf until the passage of the creditor's bar date. 11 U.S.C. § 501(c); FED. R. BANKR. PRO. 3004. The Charleses reasonably determined that DOE was a creditor to their student loan debt. Thus, the Charleses by statute could not file their proof of claim until after the March 1, 2021 deadline.