

Do I Need an Attorney to File for Bankruptcy? Part 4: The Lessons from *Goddard v. Burnett*

By Uriel Stern, Esq.

Filing for bankruptcy may seem like a simple form-filling exercise. You list your debts, assets, income, and expenses. You fill out some forms and wait for a fresh start.

But a recent decision from the U.S. Court of Appeals for the Fourth Circuit, *Goddard v. Burnett*, 173 F.4th 550 (4th Cir. 2026), shows just how easily a well-intentioned debtor can lose everything they were hoping to protect, even after properly filling out the forms.

There are important lessons from this case that can apply to people struggling financially and considering bankruptcy. The team at Frost Law can help. Schedule a free consultation by calling [\(410\) 593-1741](tel:4105931741).

What Happened in *Goddard v. Burnett*

The debtor in this case, Bobby Goddard, filed for Chapter 13 bankruptcy. He had significant income and owned three vehicles that he had purchased in the years leading up to his filing: a 2015 Chevrolet Corvette, a 2021 GMC Sierra 1500, and a 2022 Genesis G70. The bankruptcy court considered these vehicles to be luxury vehicles. He had also accumulated more than \$84,000 in unsecured debt, much of it from personal loans taken out around the same time as those vehicle purchases.

Under his proposed Chapter 13 plan, the bankruptcy trustee would pay off the car loans in full, while his unsecured creditors would receive less than 8% of what they were owed. Any balances owed to his unsecured creditors at the end of his plan would be discharged.

The plan technically satisfied the Bankruptcy Code requirements under 11 U.S.C. § 1325(b). On paper, the numbers worked. But the bankruptcy court denied confirmation of the plan anyway, finding that it failed the separate “good



faith” requirement of § 1325(a)(3). The court concluded that the plan was structured to let Goddard keep luxury items at his unsecured creditors' expense, rather than reflecting an honest effort to repay them.

Goddard appealed to the district court, which agreed with the bankruptcy court. He then appealed again to the Fourth Circuit, which also affirmed. The appellate court held that even if a proposed plan satisfies the Bankruptcy Code's formulaic requirements, it does not shield a Chapter 13 plan from separate scrutiny under the good-faith standard. In other words, meeting the technical numerical requirements of the Code is not enough — a plan can be denied if the court determines it fails the subjective good-faith requirement.

Why This Case Matters

It would be easy to read this case and think, “That's just about someone trying to keep luxury cars — it doesn't apply to my case.” But the real lessons are broader and apply to almost anyone considering bankruptcy:

- **Filling out the forms correctly does not guarantee a specific outcome.** Goddard's plan complied with the specific mathematical formula required by the Bankruptcy Code. This case confirms that courts can and will look behind the numbers to ask whether a plan is fundamentally fair. Recognizing that risk and structuring a plan to avoid it requires legal judgment and experience, not just arithmetic.
- **“Good faith” is a subjective, fact-specific standard.** No checklist exists to ensure the good faith requirement is met. Courts can consider the debtor's overall conduct, financial decisions, financial history, as well as the plan's practical effect on creditors. Predicting how a

judge will view a particular set of facts is exactly the kind of judgment call an experienced bankruptcy attorney is trained to make.

- **The stakes of getting it wrong are severe.** Goddard didn't just lose an argument. He spent years litigating through the bankruptcy court, the district court, and the Fourth Circuit, only to end up back where he could have started — without a confirmed plan, without the protection he sought, and having spent additional time, stress, and resources for a worse outcome than if the plan had been properly structured from the outset.

Another important lesson from the Goddard decision is that bankruptcy courts can bring their own definitions and expectations to the debtors who come before them. The court in Goddard characterized the debtor's vehicles as luxury vehicles — a judgment call that others might well see differently.

Courts have broad discretion to decide whether a debtor's spending and expenses are reasonable. Is it reasonable for a debtor in bankruptcy to pay for their children's private school? What about club or travel sports? Questions like these come up in nearly every case. While some uncertainty is unavoidable, an experienced attorney can help set realistic expectations based on the client's goals and the specific facts of their case.

Ways a Bankruptcy Attorney Can Help

An experienced bankruptcy attorney does far more than fill out forms. An attorney should:

- Collect all necessary documentation and information from clients.
- Evaluate whether a proposed plan is likely to survive



scrutiny under the good-faith standard.

- Identify red flags in a debtor's financial history, such as large transfers or purchases, that a court might view with suspicion.
- Structure a repayment plan that genuinely balances a debtor's need for relief with fair treatment of creditors, increasing the likelihood of success.
- Set realistic expectations, so a debtor isn't blindsided years into a case by an issue that could have been addressed at the outset.

If you're considering bankruptcy, talk to a qualified bankruptcy attorney before you file. The cost of proper representation is almost always smaller than the cost of a failed case.

If you are struggling with debt, contact the experienced bankruptcy attorneys at Frost Law at [\(\(410\) 497-5947\)](tel:4104975947) or [schedule a free consultation](#).

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