

SUMMARY OF CRAMDOWN INTEREST RATE CASES

Case	Type of Property	Debtors' Position on Interest Rate	Lender's Position on Interest Rate	Court's Outcome on Rate	Length of Maturity	Relevant Facts & Consideration
<i>In re Bloomingdale Partners</i> , 155 B.R. 961 (Bankr. N.D. Ill. 1993)	Apartment building valued at \$10M	8%; debtor initially argued cost-of-funds approach, then later advocated risk-adjusted rate of return	Treasury rate plus risk factor	Treasury rate plus adjustment for risks to creditor of plan. Court found risk factor in range of 325 to 350 basis points, or 9.5%, and determined plan not fair and equitable.	7.5 years	Risks of plan on creditor must be quantified to compensate lender for level of risk imposed. Court describes details of testimony by 6 expert witnesses as to risk, including market risk, project risk, and management risk. Court would not accept rate below rates on standard loans where market semi-efficient.
<i>In re Dindiyal</i> , 1993 WL 540373 (Bankr. E.D.N.Y. Sept. 30, 1993)	Three residential rental properties	Market rate, which is equal to 8.5%	Market rate, which is equal to 9%	"Market" rate of 9% plus 1% risk factor = 10%	25 years	Long period of time for repayment; premises need major repairs; debtors' outside income is limited which could lead to deterioration of property
<i>In re River Village Assocs.</i> , 161 B.R. 127 (Bankr. E.D. Pa. 1993)	Apartment complex in economically depressed area	9%: Treasury bill rate of 6% plus 3% risk premium	Coerced loan rate should apply; 9% too low	9%: Treasury rate of 6% plus 3% for risk	15 years	Amount and quality of the collateral; risk of default; length of payout period
<i>In re Woodmere Investors Ltd. P'ship</i> , 178 B.R. 346 (Bankr. S.D.N.Y. 1995)	"Older" apartment complex	7.62%: Six year treasury note plus risk factor of 225 basis points	Risk factor should be 450 to 500 basis points	6 year treasury rate plus 350 basis points	6 years	100% loan-to-value ratio; debt service coverage below the norm
<i>In re Gramercy Twins Assocs.</i> , 187 B.R. 112 (Bankr. S.D.N.Y. 1995)	Commercial office building in Manhattan	Parties agreed to formula approach, but debtor argued 8% was proper rate	Parties agreed to formula approach, lender argued for 500 to 575 basis points risk factor	Minimum of 9.43%: 5 year treasury note with risk factor of at least 425 basis points	5 years, with balloon payment at end of 5 years	Relatively high loan to value factor (85%) increases risk factor; debtor's option to refinance or sell property increases risk of repayment

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<i>In re Duval Manor Assocs.</i> , 191 B.R. 622 (Bankr. E.D. Pa. 1996)	Apartment building	7%: Interest rate for government bond for same time period as loan (7 years, 5.92%) plus 1% risk premium	Coerced loan rate = 12.44% (equal to 5.77% risk free rate + 6.11% risk premium + 0.56% prepayment premium)	Risk free rate (7 year government bond) plus 1% risk premium = court rounds this to 7%	7 years	Vacancy rate of apartment complex has decreased from 28%-20% in year loan originally obtained to 18% at plan confirmation; improvements in earned income; reduced expenses and "other efficiencies"; environmental problems have been contained
<i>In re Valenti</i> , 105 F.3d 55 (2d Cir. Jan. 15, 1997), <i>overruled on other grounds</i> , 520 U.S. 953 (1997)	Automobile: 1990 Pontiac Bonneville	9%: cost of funds approach, assuming creditor could make new loans at prevailing rates in commercial market	15.7%: "Forced loan": Rate charged by creditor at time of plan confirmation to consumers in same geographic area	U.S. Treasury rate with maturity equal to repayment schedule plus risk premium of 1%-3% (remanded to Bankruptcy Court)	Remanded to Bankruptcy Court for determination	Circumstances of the debtor, including prior credit history, and viability of plan. If parties are unable to stipulate as to risk premium, court may conduct hearing limited to determination of that premium.
<i>In re Marfin Ready Mix Corp.</i> , 220 B.R. 148 (Bankr. E.D.N.Y. 1998)	Real property; property taxes not paid	9%, as reasonable market rate	18%: provided by statute for delinquent taxes	Applying <i>Valenti</i> , U.S. Treasury rate with maturity equal to repayment schedule plus risk premium of 1%-3%	Left to parties to stipulate	Circumstances, including debtor's payment history, viability of plan. Court stated that if parties cannot stipulate to reasonable risk premium, evidentiary hearing would be held.

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<i>In re Danny Thomas P'ship</i> , 231 B.R. 298 (Bankr. E.D. Ark. 1999)	Apartment complex	7.64%: 10-year treasury rate plus 2% risk factor	8.5%-9%: 30-year treasury obligation plus 2.5-3% risk factor	7.64%: 10-year treasury rate plus 2% risk factor	10 years	<u>General</u> : debt service coverage ratio; loan to value ratio; age and condition of property <u>Positive</u> : location has well developed, stable, strong economic base; property values are appreciating in the area; local economy supports this kind of development <u>Negative</u> : Considerable amount of property maintenance has been deferred; a number of units were out of service; recent excessive tenant turnover
<i>Till v. SCS Credit Corp.</i> , 541 U.S. 465 (2004) (plurality)	Truck	9.5%: prime plus risk factor	21%: rate lender would obtain if it could foreclose on vehicle and reinvest proceeds in loans of equivalent duration and risk	Formula approach: national prime rate plus risk premium, generally in range of 1%-3% (remanded to Bankruptcy Court)	Remanded to Bankruptcy Court for determination	Chapter 13; undersecured creditor Considerations of the court include state of financial markets, circumstances of estate, nature of security, duration and feasibility of plan, and effectiveness of Ch. 13 protections. <i>Burden of proof on creditors to support upward adjustment on risk factor</i> . Rate should be high enough to compensate creditor for nonpayment risk, but not so high as to doom plan.

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<i>In re Smith</i> , 310 B.R. 631 (D. Kan. 2004)	Automobile	52-week T-Bill + 3% (~10%) was ordered by bankruptcy court	18-21% based on coerced loan approach and similar market rates	Reversed bankruptcy court's T-Bill + 3% approach and remanded for proceedings consistent with <i>Till</i> .		Using T-Bill base rate instead of Prime Rate was error under <i>Till</i> . Using uniform 3% premium instead of case-by-case analysis was also error under <i>Till</i> .
<i>In re Harken</i> , 2004 Bankr. LEXIS 2062 (Bankr. N.D. Iowa Nov. 29, 2004)	Automobile	8%	19.95% contract rate	8% (5% prime rate + 3% risk premium)		Followed <i>Till</i> to determine whether Debtor's proposed rate was reasonable. Accepted under <i>Till</i> .
<i>In re Bivens</i> , 317 B.R. 755 (Bankr. N.D. Ill. 2005)	Automobile	7%	18.95% contract rate	7% (4.75% prime rate + 2.25%)	5 years	High premium on original contract rate would create a feasibility issue, and creditor did not prove its proposed risk premium (14.2% above prime) was justified. Post-petition payment activity is relevant to risk. 7% constituted fair compensation without dooming the plan.
<i>In re Cook</i> , 322 B.R. 336 (Bankr. N.D. Ohio 2005)		Interest not owed	Trustee: interest must be paid; Prime + 1% appropriate under <i>Till</i> .	Trustee's objection sustained; interest must be paid. Coerced loan approach can be used instead of <i>Till</i> .		<i>Till</i> is not binding because it was a plurality decision. Coerced loan approach, following Circuit decision, should be used instead.

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<i>In re American Homepatient, Inc.</i> , 298 B.R. 152 (M.D. Tenn. 2003), <i>affirmed</i> , 420 F.3d 559 (6th Cir. 2005)	Healthcare company's assets	6.785% based on coerced loan theory: 6-year treasury rate plus 350 basis points for risk	Blended rate of 12.16% based on a combination of senior debt, mezzanine debt and equity	Coerced loan theory (i.e. market rate): 6.785%	6 years	Chapter 11; undersecured lenders Court's considerations include repeated Sixth Circuit precedent upholding "coerced loan" theory in cramdown confirmations; current generally applicable market rates are best approximation of present value of secured claim; prepetition negotiated interest rate between the parties approximately the same as rate determined under "coerced loan" theory. Affirmance distinguishes <i>Till</i> because it was a Ch. 13 case; where there is an efficient market for a Ch. 11 debtor, the market rate should prevail.
<i>Nowlin v. Tammac Corp.</i> , 2005 U.S. Dist. LEXIS 23881 (E.D. Pa. Oct. 17, 2005)	Mobile home	4.5% (prime rate at time of trial, with no upward adjustment because no evidence produced supporting need to adjust)	8%	8%, affirming bankruptcy court's interest rate determination	5 years (originally 30 years)	Original agreement was 12.5%; prime rate was 6%. Debtor's bankruptcy and lack of payments indicated higher risk premium than prime rate was warranted.

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<i>In re Cantwell</i> , 336 B.R. 688 (Bankr. D.N.J. 2006)	Real property	<i>Till</i> formula method: prime rate with no risk adjustment	12%: this was the default interest rate in the loan documents. Also, this number is supported by NJ Law	<i>Till</i> formula method: prime plus 1% (risk of nonpayment "negligible")	1 year (second mortgage to be refinanced in a year, at which point oversecured creditor would be paid in full with interest)	Chapter 11; oversecured creditor; plan confirmed Court determined that the risk of nonpayment was small, considering that the equity cushion in the property was approximately \$520,000; the confirmed plan required debtors to refinance within a year of effective date; secured lender retained the right to continue foreclosure proceedings up to the point of judgment; and secured lender would continue to receive adequate protection payments from the debtors
<i>Hibernia Nat'l Bank v. Rodriguez</i> , 2006 U.S. Dist. LEXIS 29325 (W.D. La. Mar. 30, 2006)				Denied motion to appeal whether court's use of <i>Till</i> was improper for oversecured creditor. Denied reconsideration of bankruptcy court's interest rate determination (6%, based on prime rate + 1% formula).		

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<i>In re Taylor</i> , 2006 Bankr. LEXIS 4679 (Bankr. N.D. Tex. July 19, 2006)	Automobile	6%		Court denied confirmation because proposed rate was below prime rate. Court found appropriate rate was 9.5% (8% prime rate + 1.5% risk premium).		Rate should be adjusted upward from prime rate, which was 8%.
<i>In re Pringle</i> , 2006 U.S. Dist. LEXIS 62282 (W.D.N.Y. Aug. 29, 2006)	Not specified	5% based on prime rate plus 1-3%. Later appealed to be 5.25%.	9% (as advocated by the Chapter 13 Trustee), the New York judgment interest rate	Orders bankruptcy court to determine interest rate based on a risk-free rate (Treasury or prime rate) plus risk premium formula, pursuant to <i>Till</i> .		Does not apply NY judgment interest rate because it is unresponsive to economic conditions and does not represent the flexible concept of present value.
<i>In re La Guardia Assocs., L.P.</i> , 2006 Bankr. LEXIS 4735 (Bankr. E.D. Pa. Sept. 13, 2006)	Hotel	4.38% based on expert testimony looking at tax exempt bond rates	8.5-9% based on credit analysis of debtor and market demand estimates	5.8% and 6.0%, same as original contract rate on the bonds		Efficient market exists for Chapter 11 hotel cases, so <i>Till</i> formula does not apply. Court found debtor's witness's testimony more credible. Contract rate is still reasonable amount higher than estimates.

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<i>Mercury Capital Corp. v. Milford Connecticut Assocs., L.P.</i> , 354 B.R. 1 (D. Conn. 2006)	Connecticut real estate with dilapidated buildings	6.125%: <i>Till</i> formula approach	15%: coerced loan method	Formula approach if no "efficient market" rate exists; remanded to lower court to determine (1) if efficient market rate exists, and if not, appropriate rate using formula method	30-year amortization with final payment of the balance due 30 months after confirmation date	Chapter 11; no indication whether creditor is over- or under-secured
<i>In re Winn-Dixie Stores, Inc.</i> , 356 B.R. 239 (Bankr. M.D. Fla. 2006)	Tax liens on debtors' property	7%: LIBOR plus 150 basis points	10%-18%: interest rates should be statutory rates for tax liens	7%: Market rate of LIBOR plus 150 basis points	Not discussed	Chapter 11 plan; [no indication re whether claimants are over- or undersecured; suspecting that it will be paid in full however since it is a tax claim] Court considered that debtors' search for exit financing attracted 14 offers; the existence of an efficient market; seniority of secured claimants' debt and resultant low risk of nonpayment. Also, secured tax claimants presented no evidence to support their proposal for they deemed an appropriate interest rate.
<i>In re Morris</i> , 370 B.R. 796 (E.D. Wis. 2007)	Automobile	Creditor not entitled to interest	9% interest based on <i>Till</i> prime-plus formula	Affirmed 9% interest rate		BAPCPA did not replace <i>Till</i> , and prime-plus formula still applies.

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<i>Drive Fin. Servs., Inc. v. Jordan</i> , 521 F.3d 343 (5th Cir. 2008)	Automobile (Chevy truck)	6%: basis not discussed	17.95%: contract rate	7.5%: <i>Till</i> formula method	Not discussed	Chapter 13; fully secured claim pursuant to hanging paragraph of 11 U.S.C. § 1325(a); court found that since the facts were similar to <i>Till</i> , the <i>Till</i> decision would be binding
<i>In re Marks</i> , 394 B.R. 198 (Bankr. N.D. Ill. 2008)	Automobile	6.25%	8%	6.25% (5% prime rate + 1.25% risk premium, following <i>Till</i>)		Creditors carry the onus of demonstrating a higher interest rate is required. Vehicle is insured and debtor is on payroll control. Plan not filed in bad faith. No persuasive evidence that higher rate is justified.
<i>In re Burt</i> , 2008 Bankr. LEXIS 1823 (Bankr. N.D. Miss. May 1, 2008)	Automobile			9.5% (5.25% prime rate + 4.25% premium)		Concluded that <i>Till</i> 's prime + premium is appropriate. Rate should be used for all cramdown cases in the district.
<i>In re Brice Road Devs., LLC</i> , 392 B.R. 274 (B.A.P. 6th Cir. 2008)	Apartment complex	6%: efficient market rate	8%: tiered financing with blended interest rate, based on a mix of mezzanine debt and equity	6%: efficient market rate	Amortized over 40 years, with a 6-year balloon feature post confirmation	Chapter 11, undersecured creditor
<i>In re Plourde</i> , 402 B.R. 488 (Bankr. D.N.H. 2009)		4.25%	8.25%	6.25% rate (prime rate 3.25% + 3%). <i>Till</i> advocates use of a base rate (doesn't have to be prime) and risk premium of generally 1-3%, but can be higher.	30 years	Use high end of 3% because of: market liquidity, risk of lending to Chapter 13 debtor, high pre-petition arrearage, likelihood of depreciation given market downturn.

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<i>In re Martinez</i> , 409 B.R. 35 (Bankr. S.D.N.Y. 2009)	Van	5.25%		5.25% (prime rate 3.25% + 2% premium)		Creditor bears burden of proving proposed rate does not adequately compensate creditor, which in this case did not object to debtor's proposed rate and thus did not meet this burden.
<i>In re DBSD N. Am., Inc.</i> , 419 B.R. 179 (Bankr. S.D.N.Y. 2009)	Mobile satellite business	12.5%		12.5% (original contract rate)	4 years	Debtor less leveraged than when contract originally made, partially mitigating the fact that it went through bankruptcy. Rejected <i>Till</i> formula for chapter 11 cramdowns and favored looking at market rates and original contract rate.
<i>In re South Canaan Cellular Investments, Inc.</i> , 427 B.R. 44 (Bankr. E.D. Penn. 2010)	Cell sites of telecommunications company	6%: no indication as to how this figure was computed	Contract rate under the original loan; the prepetition rate; no indication in the opinion what that figure was. Lender also offered testimony, unconvincing to the court, proposing a market rate existed at a minimum of 10%	6% : <i>Till</i> formula approach; using a risk premium of 2.75%	Not discussed	Chapter 11; plan confirmed; oversecured creditor Court found that there was no evidence that a market rate existed

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<i>Good v. RMR Investments, Inc.</i> , 428 B.R. 249 (E.D. Tex. 2010)	Acres of unimproved land, and all mineral rights and contracts relating to the property	5.25%: Prime plus formula approach	15%: contractual rate of interest.	Presumptive contract approach, using prepetition contract default rate of 15%	Not discussed	Chapter 11; oversecured creditor; solvent debtor; challenge to cramdown interest rate brought after entry of order confirming the plan Court also concluded that payment of the contractual default rate would not reduce the payment that any other secured or unsecured creditor is entitled to receive under the plan.
<i>SPCP Group, LLC v. Cypress Creek Assisted Living Residence, Inc.</i> , 434 B.R. 650 (M.D. Fla. 2010)	Assisted living facility	Not discussed	6.5-20+% based current/efficient market rates	5.25%: Formula method	Amortized over 20 years, with a 6-year balloon feature post confirmation	Chapter 11; undersecured creditor; debtors had ample cash flow and had been paying non-amortized interest rate of 7.25%; debtors' established ability to financially operate the assisted living facility and simultaneously accumulate cash Court opted for the formula method after determining that an efficient market for debtor's financing was lacking; hence the absence of a "market rate."

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<i>In re TCI 2 Holdings, LLC</i> , 428 B.R. 117 (Bankr. D.N.J. 2010)	Hotel/Casino Properties	12%	14-16.5%	12%		Determined an efficient market does exist, so do not need to apply <i>Till</i> formula. Used expert testimony based on debt comparables, and decided 12% was effective market rate based on comparables and their relative risk. New loan is fair and equitable.
<i>In re Velez</i> , 431 B.R. 567 (Bankr. S.D.N.Y. 2010)	Automobile	5.25%	24.99% contract rate	5.25% (prime rate 3.25% + 2% premium)	5 years	BAPCPA did not replace <i>Till</i> . 2% premium appropriate as midpoint of the typical 1-3% approved range.
<i>In re SJT Ventures, LLC</i> , 441 B.R. 248 (Bankr. N.D. Tex. 2010)	4-story commercial building	6.35% (1.85% T-Bill rate + 4.5% risk premium)	8.69% contractual rate	6.35% (1.85% T-Bill + market standard 3% spread + 1.5% additional economic risk spread)	5 year, balloon	Courts should not blindly apply <i>Till</i> in chapter 11 cramdowns, but it can provide guidance. Court does not need to determine whether efficient market exists but can estimate what rate an efficient market would produce. Court uses "market formula" as would be calculated by industry: "risk-free" 5-year T-Bill + standard 3% spread based on 65-70% LTV + additional economic risk factors.

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<i>In re Montemayor</i> , 2010 Bankr. LEXIS 4819 (Bankr. S.D. Tex. Dec. 20, 2010)		5.25%	At least contract rate of 9.24%.	5.25% (prime rate 3.25% + 2% premium)		Rate should fall within <i>Till</i> range of prime + 1-3%; debtor's proposed 5.25% falls within this range.
<i>In re Red Mountain Machinery Co.</i> , 2011 WL 1428266 (Bankr. D. Ariz. April 14, 2011)	Large earth-moving equipment (caterpillars)	6%: formula approach	8.5-10.5%: blended rate based on a survey of publicly-reported debt issued by borrowers roughly comparable to the Debtor	6.5%: formula approach	20-year amortization with full balance due in 15 years	Chapter 11; fully-secured lender The court decided in favor of the Debtor's rate and payment period because (1) no market for a loan equivalent to the plan's treatment of secured lenders debt existed; (2) the Court found the Debtor's expert to be more persuasive; (3) the debt was guaranteed by solvent guarantors; (4) the debt would be significantly amortized over 15 years; and (5) lender proposed no facts, opinions or testimony to counter Debtor's position

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<i>In re McClain</i> , 2011 Bankr. LEXIS 5507 (Bankr. N.D. Miss. May 18, 2011)		5.50%	Court raised objection <i>sua sponte</i> because Debtor's proposal deviated from 7% presumptive rate.	Plan denied because rate was not 7% presumptive rate and no evidence justifying deviation was presented.		7% presumptive rate applies. Rate is based on <i>Till</i> analysis and is subject to case-by-case risk adjustment. Burden of proving individual adjustment falls on party attempting to change rate from 7%. No evidence offered in this case.
<i>In re Bolender</i> , 2011 Bankr. LEXIS 2824 (Bankr. S.D. Ohio July 20, 2011)	Farmland	5.25%	5 years at 5.25% and remainder at contract rate	5.25% (prime rate 3.25% + 2% premium)	20 years (30-year amortization schedule with balloon after 20 years)	Creditor argues <i>Till</i> formula rate should only apply for 5-year period that would encompass a Chapter 13 case, with contract rate thereafter. Court found that SCOTUS intended <i>Till</i> formula to be used in cases other than chapter 13, that prime rate already accounts for inflation and interest rate risk, and that <i>Till</i> rejected cost of funds approach.

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<i>In re Vill. at Camp Bowie I, L.P.</i> , 454 B.R. 702 (Bankr. N.D. Tex. 2011)	Low-rise, mixed-use development	5.83%	Final blended rate of 6.25% or 7.75% depending on which appraisal used. Based on 5-year Treasury rate of 1.71% + risk premium = 4.76-5.01% for senior debt (up to 65% LTV). Mezzanine debt: 13.02-14.88% (65-85% LTV). Equity: 18.63% (beyond 85% LTV). Downward adjustments based on one-lender benefit and bankruptcy court supervision.	Cramdown rate minimum of 6.4% needed to confirm.	5 years	Agreed with Creditor's methodology of hybrid rate. Treasury is acceptable base rate. Downward adjustment for bankruptcy supervision benefit should be minimal. But profit margin for lender should not be included, even if it is part of prime rate, because <i>Till</i> mentions only present value and not profit. Court found 7.4% hybrid rate and adjusted down by 1% by removing profit margin.
<i>In re Marrero</i> , 2011 Bankr. LEXIS 3652 (Bankr. D. Conn. Sept. 20, 2011)	Home	6% (3.25% prime rate + 2.75% premium)	11.875% (3.25% prime rate + 8.625% premium)	6% (3.25% prime rate + 2.75% premium) according to Plan.	5 years	Burden on creditor to show need for risk adjustment higher than 3%. Unlike cars, homes do not automatically depreciate (although they can lose value). Risk is lower. Court only considers "between two alternative rates" rather than imposing its own.

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<i>In re Lilo Props., LLC</i> , 2011 Bankr. LEXIS 4407 (Bankr. D. Vt. Nov. 4, 2011)	Real estate	5% (3.25% prime rate + 1.75% premium)	5.86% (3.25% prime rate + 2.61% premium)	5.75% (3.25% prime rate + 2.5%)		No supporting evidence for proposed rates. Court's projections regarding future performance are not an exact science. Shouldn't be at highest or lowest of 1-3% range but riskier than midpoint, so court chooses 2.5% premium.
<i>In re Walkabout Creek Ltd. Dividend Hous. Ass'n Ltd. P'ship</i> , 460 B.R. 567 (Bankr. D.D.C. 2011)	Multi-family housing complexes	5%	5.25% based on coupon of newly issued bonds (court rejects analysis because yield is more appropriate measure than coupon).	At least 5.24% (30-year Treasury rate of 4.24% + at least 1% premium). Denies plan confirmation because rate proposed is not at least 5.24%.	35 years amortizing, 3 years interest only	Evidence failed to show efficient market existed. Till formula applied, but prime rate is not appropriate base rate for 35-year inflation risk; 30-year Treasury bonds need upward adjustment for risk, administration and monitoring costs, interest-only period, and 35-year maturity instead of 30.
<i>In re Moultonborough Hotel Group, LLC</i> , 2012 Bankr. LEXIS 5243 (Bankr. D.N.H. Nov. 8, 2012)	Chain hotel	Prime rate (3.25%)	6.2% (prime + 2.95%)	Some minimal adjustment above prime rate must be made (perhaps 1%, but could be less). Creditor did not meet burden of justifying 2.95% adjustment. But will not confirm a rate equal to prime rate.	7 years (w/ balloon)	No evidence of efficient market, so Till formula applies, following American HomePatient. Very substantial equity cushion. But lacking loan terms and covenants that typically protect lenders. Adjustment above prime rate is required (here, nominal adjustment of 1%).

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<i>In re Bastankhah</i> , 2012 Bankr. LEXIS 256 (Bankr. S.D. Tex. Jan. 18, 2012)		5%	Claims 5% is insufficient	5%. 5-year "risk-free" rate (5-year Treasury rate of 0.80%) + 4.20% premium is reasonable.	12 years amortizing w/ balloon	5% is within the range of reason .
<i>Comerica Bank v. Red Mt. Mach. Co. (In re Red Mt. Mach. Co.)</i> , 471 B.R. 242 (D. Ariz. 2012)	Land moving equipment business	6% based on Till risk factors	8.5-10.5% based on comparable debt issuers	6.50%		Court held that applying Till formula for chapter 11 case (as opposed to chapter 13) was not clear error. Efficient market for this debt does not exist, so Till applies. Did not err in failing to use loan-to-value in determining appropriate formula rate. Bankruptcy court accorded substantial deference. 6.5% chosen based on company's 7% bond, whereas this loan is amortizing and has a guarantee, so lower risk. But higher risk than company's Till analysis would indicate.

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<i>In re Am. Consol. Transp. Cos.</i> , 470 B.R. 478 (Bankr. N.D. Ill. 2012)	Transportation companies	6.75%	LIBOR + 10% (contract default rate)	6.75% (prime rate + 3%)	2.5 years	Although Debtor did not introduce evidence supporting its proposed rate, Till plurality places burden on Creditor to justify appropriate risk premium. Creditor was oversecured, so risk was not great and did not justify higher premium.
<i>In re Vasquez</i> , 2012 Bankr. LEXIS 3982 (Bankr. S.D. Tex. Aug. 29, 2012)		4.25%	5.25%, because contract rate is 5.375%, debtor is bankrupt and made two NSF payments to Chapter 13 trustee.	4.25%. Start with 5-year "risk-free" rate (5-year Treasury has all necessary elements except risk premium) and add a risk premium. 0.80% Treasury rates + 3.45% risk premium is reasonable outcome.		Does not matter that Debtor could not get a loan on these terms, because there is no genuine market for financing Chapter 13 plans.
<i>Fannie Mae v. Village Green I, GP</i> , 483 B.R. 807 (W.D. Tenn. 2012)		5.40%	Higher than 5.4% for unsecured claim, because secured rate is agreed at 5.4%. Testimony that appropriate rate for unsecured claim is 22%.	Upheld 5.4% for unsecured claim as well as secured claim.	10 years	Rejected 22% testimony. Highly deferential to Bankruptcy Court, and 5.4% unsecured is not "clear error".

SUMMARY OF CRAMDOWN INTEREST RATE CASES

Case	Type of Property	Debtors' Position on Interest Rate	Lender's Position on Interest Rate	Court's Outcome on Rate	Length of Maturity	Relevant Facts & Consideration
<i>In re GAC Storage Lansing, LLC</i> , 2013 Bankr. LEXIS 729 (Bankr. N.D. Ill. 2013)	Self-storage company	4.90%	At least 8.6%	8.6% (3.25% prime rate + total risk adjustments of 5.35%)	7 years	No market exists for loan, which is over-leveraged. 3.25% prime rate + 2.5% security and default risk adjustment + 1% interest rate risk + 2% additional default risk on high loan-to-value portion of loan = weighted interest rate of 8.6%.
<i>Wells Fargo Bank N.A. v. Tex. Grand Prairie Hotel Realty, L.L.C.</i> (In re <i>Tex. Grand Prairie Hotel Realty, L.L.C.</i>), 710 F.3d 324 (5th Cir. 2013)	Hotel	5% (prime + 1.75% (just to the left of center of the 1-3% risk spectrum))	8.80%	Affirmed Bankruptcy court's 5% cramdown rate. Till's prime-plus approach not binding or even necessarily best method for calculating chapter 11 cramdown interest rates. No clear error in lower courts, which applied Till because they found it persuasive, not binding.	10 years	Rejected use of 'blended' market rates similar to comparable loans rejected by Till. Efficient market doesn't exist. Bankruptcy and District courts not clearly erroneous. Rate is a matter of fact.

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<i>In re Tex. Star Refreshments, LLC</i> , 2013 Bankr. LEXIS 1098 (Bankr. N.D. Tex. Mar. 22, 2013)	Vending machine service LLC	5%	Rejected plan (relevant claim is unsecured)	5.0% (3.75% prime rate + 1.25% premium)		Till is not binding in Chapter 11 (following Grand Prairie) but persuasive. 1.25% falls within acceptable premium range. Parties agreed prime rate was 3.75% although data indicate it was 3.25%.
<i>In re Pichardo</i> , 2013 Bankr. LEXIS 1325 (Bankr. D.R.I. Apr. 3, 2013)	3-unit multi-family residence	4.25% (3.25% prime rate + 1% premium)	5.25% (3.25% prime rate + 2% premium)	5% (3.25% prime rate + 1.75%). Chapter 7 liquidation unless Debtor agrees to 5% interest rate.	5 years	Debtor bears burden of establishing base rate; creditor bears burden of establishing risk premium. Other cases showed 3% reasonable for similar liquidity, repayment risk, etc. Conflicting property valuations (broker vs. appraiser). Insufficient income stream due to vacant unit. Debtor's children offered to make up for cashflow shortfalls, but offer not legally binding obligation.

SUMMARY OF CRAMDOWN INTEREST RATE CASES

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<i>In re LMR, LLC</i> , 2013 Bankr. LEXIS 2127 (Bankr. W.D. Tex. May 24, 2013)	Hotel	6% for secured and unsecured claims.	Claimed 6% was below market rate.	6% (3.25% prime rate + 2.75% risk adjustment) for both secured and unsecured claims.	5 years, amortizing	Applied Till because court found it persuasive (but not binding, following Grand Prairie). Prime-plus formula appropriate because no efficient market for loan. Risk factors (income-producing, appreciating property, management quality and commitment, bright prospects) could have justified lower risk premium, but confirmed rate proposed by debtor. No obligation to price unsecured claims higher.
<i>In re SCC Kyle Partners, Ltd.</i> , 2013 WL 2903453 (Bankr. W.D. Tex. June 14, 2013)	Commercial real estate	4% (or such other rate determined by court, up to 8%), based on recent transactions at LIBOR + 2%, with 4% minimum.	8% (based on estimated market rate)	7% (3.25% prime rate + 3.75% risk adjustment).	5 years	No efficient market exists, so Till formula applies. Follows most courts in using prime rate as base, which already builds in some level of risk, rather than "risk-free" T-Bill rate. Risk premium based on: improving real estate market, completed sales, significant equity cushion for highly oversecured creditor, but risky operation with raw land sales as only income source, tight feasibility, and uncertain timetable.

SUMMARY OF CRAMDOWN INTEREST RATE CASES

Case	Type of Property	Debtors' Position on Interest Rate	Lender's Position on Interest Rate	Court's Outcome on Rate	Length of Maturity	Relevant Facts & Consideration
<i>In re Robert S. Turner</i> , 2013 Bankr. LEXIS 5025 (Bankr. D.N.H. Nov. 27, 2013)	Real property; non-primary residence/second home.	5%; debtor increased from 4% at confirmation hearing.	6.25%; prime plus 3%.	5%.	30 years.	Parties agreed that no efficient market existed for loan and, therefore, Till formula approach was correct. Parties stipulated to national prime rate of 3.25%, but disagreed on upward adjustment. Bankruptcy court found that upward adjustment was appropriate, but Lender failed to meet its burden to support its proposed rate and adopted Debtor's rate because it was "both un rebutted and appropriate."