lenders to provide that financing. Those lenders quoted MPM rates of interest ranging between 5 and 6+%. *See In re MPM Silicones, LLC*, 2014 Bankr. LEXIS 3926, 2014 WL 4436335, at *29.

At these rates, the First-Lien Note holders contend that they would have received around **[**27]** $150 million more than the Plan offered, Br. of First-Lien Appellant 25, 33. The 1.5-Lien Note holders claim that the interest rate chosen by the lower courts led them to receive notes "valued by the market at *less than 93 cents* on the value of the secured claims," Br. of 1.5-Lien Appellant 20.[11] The Plan was objectionable **[*801]** to the Senior-Lien Notes holders because, in essence, it required them to lend Debtors a significant sum of money and receive a much lower rate of interest than any other lender would have received for offering the same loan to MPM on the open market.

11 The Senior-Lien Notes holders offered evidence that the market price for their notes dropped, respectively, from 101.375% and 104.000% six days prior to the bankruptcy court's oral decision, to 94.375% and 92.563% nine days after that decision. 15-1682 JA 3991 ¶¶ 5-6, 8-9.

[HN10] When dealing with a sub-prime loan in the Chapter 13 context, "value" can be elusive because the market is not necessarily efficient and the borrower is typically unsophisticated. However, where, as here, an efficient market may exist that generates an interest rate that is apparently acceptable to sophisticated parties dealing at arms-length, we conclude, consistent with footnote 14, that such a rate is preferable to a formula improvised by a court. *See Bank of America*, 526 U.S. at 457; *see also GMAC v. Valenti (In re Valenti)*, 105 F.3d at 63 (the goal of the cramdown rate "is to put the creditor in the same economic position that it would have been in had it received the value of its allowed claim **[**28]** immediately"); *see also* 15-1682 JA 3428 (First-Lien Notes holders' expert testifying that because the First-Lien Notes holders "are pricing it at the market . . . they're being compensated for the underlying risk that they are taking," and not for any "imbedded profit").

We understand that the complexity of the task of determining an appropriate market rate will vary from case to case. In some cases the task will be straightforward, in others it will be more complex. But, at the end of the day, we have no reason to believe the task varies materially in difficulty from the myriad tasks which we regularly rely on the expertise of our bankruptcy courts to resolve.

We therefore conclude that the lower courts erred in categorically dismissing the probative value of market rates of interest. We remand so that the bankruptcy court can ascertain if an efficient market rate exists and, if so, apply that rate, instead of the formula rate.[12] We arrive at no conclusion with regard to the outcome of this inquiry.

12 We acknowledge that the lower courts grappled with the Senior-Lien Notes holders' evidence regarding MPM's quoted exit financing, and made express their view that the rate produced by that process may not in fact have been produced by an efficient market. 2014 Bankr. LEXIS 3926, 2014 WL 4436335, at *26, *29; 531 B.R. at 334 n.9. Nevertheless, Judge Drain left no ambiguity that he applied the "formula" approach for Chapter 13 individual bankruptcy cases as dictated by the *Till* plurality and, in so doing, explicitly declined to consider market forces. *See* 2014 Bankr. LEXIS 3926, 2014 WL 4436335, at *25-*26; *see also id.* at * 28 ("I conclude that [the *American HomePatient*] two-step method, generally speaking, misinterprets *Till*"). Judge Briccetti agreed with this approach. 531 B.R. at 334. As discussed, this was in error. The bankruptcy court should have the opportunity to engage the *American HomePatient* analysis in earnest.

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