UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF TENNESSEE
WESTERN DIVISION

IN RE:
DOGWOOD PROPERTIES, G.P. Case No. 13-21712-JDL

Debtor. Chapter 11

DISCLOSURE STATEMENT

COMES NOW Dogwood Properties, G.P., as debtor-in-possession, pursuant to Section 1125 of the Bankruptcy Code, and for its Disclosure Statement would respectfully show the following:

I. INTRODUCTION

The purpose of this Disclosure Statement is to provide parties asserting Claims against the Debtor with information regarding the treatment of those Claims under the Plan. This Disclosure Statement provides parties whose Claims or Interests are impaired under the Plan with adequate information to make an informed and prudent judgment when voting on the Plan. The Schedules and Statement of Financial Affairs filed by the Debtor, and the Monthly Operating Reports filed by Debtor are incorporated by reference into this Disclosure Statement as if set forth fully herein. Interested parties are encouraged to review these schedules and reports in connection with their consideration of the Plan.

This Disclosure Statement is not meant to take the place of the Plan. Any inconsistency between the Plan and this Disclosure Statement, the Schedules or Monthly

Operating Reports shall be resolved in favor of the Plan. Claimants are encouraged to consult with their own attorneys regarding the Plan and Disclosure Statement.

The terms and definitions set forth in Article 1 of the Plan are also incorporated herein by reference.

This Disclosure Statement may not be relied upon for any purpose other than to determine how to vote on the Plan, and nothing contained in it shall constitute an admission of any fact or liability by any party, or be admissible in any proceeding involving the Debtor or any other party, except for those proceedings directly concerning the validity, enforceability, or construction of the Plan.

This Disclosure Statement should not be deemed as providing any advice regarding the tax implications or other legal effects of the Plan upon holder of Claims or Interests.

Except as set forth in this Disclosure Statement, the Bankruptcy Court has authorized no representations concerning the Debtor or the value of its assets. In voting on the Plan, you should not rely upon any representations or inducements made to secure acceptance or rejection of the Plan other than those contained in this Disclosure Statement and Plan.

The statements contained in this Disclosure Statement are made as of the date hereof, unless another time is specified herein. Under no circumstances does delivery of this Disclosure Statement imply that there has been no change in the facts set forth herein since the date the Disclosure Statement was compiled.

The information contained herein has been provided by Debtor and is believed to be reliable. Counsel for the Debtor has not performed an audit to verify the accuracy of the information contained herein and does not warrant or guarantee that there are no inaccuracies.

IRS CIRCULAR 230 NOTICE: TO ENSURE COMPLIANCE WITH IRS CIRCULAR 230, HOLDERS OF CLAIMS AND EQUITY INTERESTS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF FEDERAL TAX ISSUES CONTAINED OR REFERRED TO IN THIS DISCLOSURE STATEMENT IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY HOLDERS OF CLAIMS OR INTERESTS FOR PURPOSES OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON THEM UNDER THE INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS WRITTEN IN CONNECTION WITH THE PROMOTION OR MARKETING BY THE DEBTOR OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) HOLDERS OF CLAIMS AND INTERESTS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

II. VOTING ON AND CONFIRMATION OF THE PLAN

The confirmation of a plan of reorganization or liquidation is the method by which the claims of creditors against a debtor are satisfied. Whether a plan is confirmed and implemented depends on the acceptance of creditors and approval of the Bankruptcy Court.

Your vote is important. As a general rule under section 1126 of the Bankruptcy Code, an impaired class is deemed to have accepted the Plan if votes representing at least two-thirds (2/3) in dollar amount and more than one-half (1/2) in number of the Allowed

Claims voting in that Class have accepted the Plan. The Claims of claimants who fail to vote on the Plan are not counted in the determination of whether the Plan has been accepted or rejected. If the Court determines that the rejection or acceptance of any claimant was not in good faith, then the vote will not be counted.

Pursuant to section 1129(a)(10) of the Bankruptcy Code, at least one (1) impaired class of claims must accept the plan. In addition, unless the Plan is unanimously accepted by the impaired claimants, in order to confirm the Plan, the Bankruptcy Court must independently determine that the Plan provides each claimant with a recovery which, as of the Effective Date, is at least equal to the distribution such claimant would have received if the Debtor were instead liquidated under Chapter 7 of the Bankruptcy Code. The Debtor believes that the Plan meets this requirement.

Included with this Disclosure Statement is a ballot for your acceptance or rejection of the Plan. If you hold a Voting Claim and you wish to vote to accept or reject the Plan after reviewing this Disclosure Statement and Plan, please:

1. use only the ballot enclosed with this Disclosure Statement;
2. indicate your vote on the enclosed ballot;
3. date, sign and mail the ballot to Russell W. Savory, 88 Union Avenue, 14th Floor, Memphis, Tennessee 38103.

The Debtor, as proponent of the Plan, believes that the Plan provides the greatest possible recovery to all claimants. The Debtor believe that acceptance of the Plan is in the best interest of all claimants and recommends voting for the Plan.

III. HISTORY OF DEBTOR AND EVENTS LEADING TO FILING

Dogwood Properties, G.P. started business in 2000 as "Dogwood Properties, LLC." Initially, its business centered around home building. Its equal partners are Jon McCreery and Philip Chamberlain. As sales slowed in recent years, the Debtor began renting out the homes that it had built. Due to the decline in market values the Debtor found it difficult to sell its properties and to pay the debts secured by the homes. This Chapter 11 case was filed in order to avoid foreclosures and to restructure the Debtor's mortgage debt.

IV. THE CHAPTER 11 PROCEEDINGS

This Chapter 11 case was filed on February 16, 2013 to preserve the value of Dogwood's business and to provide for the orderly payment of its debt. Dogwood has continued business operations as debtor-in-possession. A trustee has not been appointed. A Plan of Reorganization was filed on May 31, 2013. During the course of the proceedings, the Debtor has sought and obtained permission to use cash collateral and make adequate protection payments to secured creditors. The Debtor also negotiated a settlement with Paragon Bank whereby this lenders collateral would be surrendered in exchange for releases from further obligations on all of the Debtor's obligations under the loan agreements, and a release of some obligations of non-debtor borrowers and guarantors.

V. SUMMARY OF POST-PETITION OPERATIONS

The Debtor has continued normal operations during the Chapter 11 case. Its rental properties are managed by an independent management company, Reed &

Associates, and staff members employed by the Debtor under the supervision of Jon McCreery. More detailed information regarding post-petition operations can be found in the Monthly Operating Reports that have been filed with the Court.

Exhibit A to this Disclosure Statement contains an Income Statement and Balance Sheet for year-end 2012 and the prepetition period for 2013. A 24-month projection of income and expenses is attached as Exhibit B. This projection is based on payments for each Class of creditors in the currently filed Plan of Reorganization.

VI. OTHER LITIGATON

There is no other litigation inside or outside the Chapter 11 case in which the Debtor is involved.

VII. THE PLAN OF REORGANIZATION

A. Future Operations of Debtor

The Plan provides that the Debtor continue operating under existing management. Brad Rainey, individually, will remain the president of the Debtor. The Debtor's property will be managed by Reed & Associates and members of the Debtor's staff.

B. Means for Payment of Claims

The Plan provides that Claims will be paid from future operations and the collection of rents.

C. Payment of Claims

The Plan, the terms of which are incorporated herein provides for the payment of claims. The Tennessee Department of Revenue filed a priority claim relating to Dogwood Properties, LLC, and the Debtor is reviewing this claim to determine if it is disputed. Debtor is currently not aware of any other material claims which it disputes or intends to dispute. A Schedule of Plan Treatment and Payments for the secured lenders is attached hereto as Exhibit C.

VIII. LIQUIDATION ANALYSIS

The following is a pro forma analysis of the expected distribution pursuant to a hypothetical plan of liquidation.

Real Estate	$8,858,239
FFE	$1,000
Bank Accounts	$20,000
Total	$8,879,239
LESS	
Secured Claims on Real Estate	($14,205,256)
-	
Net Liquidation Value	21,000
Est. Administrative Claims	($20,000)
Priority Unsecured Claims - Tax	($0.00)
Est. General Unsecured and Deficency Claims	$4,500,000

Available for Unsecured Creditors $1,000.00

IX. CONFIRMATION PROCESS

Notwithstanding acceptance of the Plan by Classes of Claimants, in order to confirm the Plan the Bankruptcy Court must independently determine that the Plan is in the best interest of all claimants. The "best interest" test requires that the Court find that the Plan provides each member of each impaired Class with a recover that is at least equal to the value of the distribution each Claimant would receive if the Debtor were liquidated under Chapter 7 of the Bankruptcy Code on the Effective Date. The Debtor believes that the Plan satisfies this test.

The Debtor believes that the Plan is in the best interest of the Claimants. In a Chapter 7 proceeding, a Chapter 7 trustee would be appointed to liquidate the Debtor's assets. There is no guarantee that the trustee would be able to sell the debtor's assets for the full value listed in the schedules. The Chapter 7 trustee would be entitled to receive a commission equal to 25% of the first $5,000 disbursed, 10% of the next $45,000 disbursed, 5% of the next $950,000 and 3% of the balance. Further, a Chapter 7 trustee would retain professionals, including attorneys and accountants, in order to resolve objections to claims and other disputes. Both the Chapter 7 trustee and professionals retained by the Chapter 7 trustee would require time to familiarize themselves with this case and would accrue fees treated as administrative expenses. The Debtor believes that such a process would result in substantial duplication of effort and expenses incurred during this Chapter 11 case, as well as delay to the Claimants. Thus, the appointment of a Chapter 7 trustee would increase the administrative expenses in this case and diminish the funds available for distribution.

The Debtor believes that the Plan provides the greatest possible recovery to the Claimants. Therefore, the Debtor believes that acceptance of the Plan is in the best interest of the Claimants and recommends that you vote to accept the Plan.

Respectfully submitted,

GOTTEN, WILSON, SAVORY & BEARD, PLLC

/s/ Russell W. Savory

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