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23 Debtor in Possession

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 25 IN THE UNITED STATES BANKRUPTCY COURT
 26 EASTERN DISTRICT OF CALIFORNIA
 27 FRESNO DIVISION

<p>28 In re 29 MERCED FALLS RANCH, LLC, 30 Debtor in Possession. 31 Tax ID #: 56-1802682 32 Address: 264 I Street 33 Los Banos, CA 93635</p>	<p>CASE NO. 11-19212 Chapter 11 DC No. WW-13 Date: April 26, 2012 Time: 9:00 a.m. Place: 2500 Tulare Street, Courtroom # 12 Fresno, CA Judge: Honorable W. Richard Lee</p>
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 35 **JOINT DISCLOSURE STATEMENT**
 36 **(DATED AS OF MARCH 30, 2012)**

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Table of Exhibits

Exhibit A - Copy of Proposed Plan of Reorganization.

1 **I. INTRODUCTION**

2 This is the Disclosure Statement (the "Disclosure Statement") in the Chapter
3 11 Case of Merced Falls Ranch, LLC. ("MFR" or "Debtor"). MFR and American
4 AgCredit, FLCA ("AAC") are the proponents of the Joint Plan. This Disclosure
5 Statement contains information about the Debtor and describes the Joint Plan (the
6 "Plan"). A copy of the Plan is attached to this Disclosure Statement as Exhibit A. *Your*
7 *rights may be affected. You should read the Plan and this Disclosure Statement*
8 *carefully and in their entirety and discuss them with your attorney.*

9 The proposed Distributions under the Plan are discussed at pages 7-9 of
10 this Disclosure Statement. General Unsecured Creditors are classified in Class 4,
11 and the Plan provides for distribution of 100% on Allowed Class 4 Claims plus 9.75%
12 interest.

13 **A. Purpose of This Document**

14 This Disclosure Statement describes:

- 15 ● The Debtor and significant events during the bankruptcy Case,
- 16 ● How the Plan proposes to treat Claims or Equity Interests of the
17 type you hold (i.e., what you will receive on your Claim or Equity
18 Interest if the Plan is confirmed),
- 19 ● Who can vote on or object to the Plan,
- 20 ● What factors the Bankruptcy Court (the "Court") will consider
21 when deciding whether to confirm the Plan,
- 22 ● Why the Proponent believes the Plan is feasible, and how the
23 treatment of your Claim or Equity Interest under the Plan
24 compares to what you would receive on your Claim or Equity
25 Interest in liquidation, and
- 26 ● The effect of Confirmation of the Plan.

1 Be sure to read the Plan as well as the Disclosure Statement. This
2 Disclosure Statement describes the Plan, but it is the Plan itself that will, if confirmed,
3 establish your rights.

4 **B. Deadlines for Voting and Objecting; Date of Plan Confirmation**
5 **Hearing**

6 **THE COURT HAS NOT YET CONFIRMED THE PLAN DESCRIBED IN**
7 **THIS DISCLOSURE STATEMENT. THE TERMS OF THE PLAN ARE NOT YET**
8 **BINDING ON ANYONE. HOWEVER, IF THE COURT LATER CONFIRMS THE**
9 **PLAN, THEN THE PLAN WILL BE BINDING ON THE DEBTOR AND ON ALL**
10 **CREDITORS AND INTEREST HOLDERS IN THIS CASE.**

11 1. Time and Place of the Confirmation Hearing

12 Information on the time and place of the Confirmation Hearing is contained
13 in the Order Approving the Disclosure Statement, a copy of which is included in the
14 package of documents you have received with this Disclosure Statement.

15 2. Deadline For Voting For or Against the Plan

16 If you are entitled to vote, it is in your best interest to timely vote on the
17 enclosed ballot and return the ballot in the enclosed envelope to Riley C. Walter,
18 Walter & Wilhelm Law Group, a Professional Corporation, 205 E. River Park Cir.,
19 Suite 410, Fresno, California 93720, Fax:(559)435-9868 or e-mailed to
20 MFRBallot@w2lg.com. Your original, faxed or e-mailed ballot must be received
21 by the date set out in the Order Approving Disclosure Statement or it will not be
22 counted.

23 **C. Disclaimer**

24 ***The Court has approved this Disclosure Statement as containing***
25 ***adequate information to enable parties affected by the Plan to make an***
26 ***informed judgment about its terms. The Court has not yet determined whether***
27

1 ***the Plan meets the legal requirements for Confirmation, and the fact that the***
2 ***Court has approved this Disclosure Statement does not constitute an***
3 ***endorsement of the Plan by the Court, or a recommendation that it be accepted.***

4 **II. BACKGROUND**

5 **A. Description and History of the Debtor's Business**

6 The Debtor is a California Limited Liability Company. It owns three ranches
7 known as 4-S Ranch, Camp 13 Ranch and Volta Ranch. The Debtor engages in the
8 acquisition and management of agricultural properties for farming, grazing, hunting,
9 recreational uses, water sales, development and management.

10 **B. Insiders of the Debtor**

11 Stephen Sloan is the sole member of the Debtor Limited Liability Company.

12 **C. Management of the Debtor Before and During the Bankruptcy.**

13 Stephen Sloan has been and is the managing member of the Debtor. He
14 does not receive compensation from the Debtor.

15 **D. Events Leading to Chapter 11 Filing**

16 The Debtor is a California Limited Liability Company. It owns three ranches
17 known as 4-S Ranch, Camp 13 Ranch and Volta Ranch. The values placed on these
18 ranches by the Debtor are:

19	4-S Ranch:	\$236,500,000.00
20	Camp 13 Ranch:	\$6,920,000.00
20	Volta Ranch:	\$96,250,000.00

21 It should be noted that AAC does not agree with the Debtor's values but
22 does agree there is equity over and above AAC's Claims. For purposes of a
23 liquidation analysis, the Debtor and AAC agree there is significant equity in AAC's
24 collateral.

25 The ranches are subject to deeds of trust in favor of American AgCredit,
26 FLCA ("AAC") securing loans made by AAC to the Debtor. The debt is additionally
27

1 secured by deeds of trust on two ranches (Oro Loma Ranch and Mercy Spring
2 Ranch) owned by an affiliate of the Debtor, but those deeds of trust are in second
3 position behind approximately \$9,500,000 of senior debt .

4 Two of the ranches owned by the Debtor, 4-S Ranch and Volta Ranch, are
5 believed by the Debtor to have significant water value. Camp 13 Ranch is believed
6 to have value as an agricultural property.

7 Prior to the Petition Date, the Debtor failed to pay AAC when the loan
8 became due and AAC commenced a foreclosure. The Debtor then filed an action
9 against AAC in Merced County Superior Court seeking damages against AAC under
10 various theories. The Debtor also sought an injunction to halt the foreclosure sale.
11 The injunction request was denied. On August 16, 2011 the Debtor filed its Chapter
12 11 proceeding to stay the foreclosure.

13 **E. Significant Events During the Bankruptcy Case**

14 The Chapter 11 Case was filed on August 16, 2011. After filing the following
15 significant events occurred:

- 16 1. The Debtor was authorized to employ Walter & Wilhelm Law
17 Group as bankruptcy counsel.
- 18 2. The Debtor was authorized to employ Atherton & Associates as its
19 certified public accountant.
- 20 3. The Debtor was authorized to employ Cappello & Noel LLP as its
21 special counsel.
- 22 4. The Debtor was authorized to employ Pearson Realty, Inc as a
23 realtor on Camp 13.
- 24 5. The Debtor filed a Motion and obtained authority to sell assets of
25 the estate. The Order approving the Motion was entered on
26 November 22, 2011. (The sale of Camp 13 subsequently fell
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through and is being remarketed).

6. The Debtor filed a Stipulation Relating to Relief from the Automatic Stay in regards to the ongoing litigation with American AgCredit. The Order approving the Stipulation was entered on December 16, 2011 and allows the parties to proceed with the pending state court litigation.

F. Projected Recovery of Avoidable Transfers

The Debtor does not believe there are any avoidable transfers and the Plan does not contemplate that any avoidance adversary proceedings will be filed.

G. Claims Objections

The Plan does not contemplate that any claims will be objected to except for the secured claim of the County of Merced.

H. Consensual Joint Plan

In March, 2012, the Debtor and AAC reached an agreement on a consensual Joint Plan.

A generalized description of the terms of the Joint Plan is as follows:

- Debtor stipulates to a valid and fixed amount owed to AAC as of the Petition Date (\$12,509,567.53), plus certain accrued expenses and fees.
- Interest accrues at 9.75% from Petition Date on the AAC Claim.
- Non insider Class 4 unsecured claims to be paid in full plus interest at 9.75% by December 31, 2012.
- Real property taxes owed to the County of Merced will be paid from sale or refinance proceeds.
- Debtor's professional's fees are to be paid by Debtor's member.
- Debtor to pay AAC the rents owed for 2011 by certain dates and

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the Debtor is authorized to rent ranches for 2012 at same rates for 2011.

- State court lawsuit by Debtor against AAC to be dismissed and claims waived.
- Debtor to sell sufficient assets, or refinance assets, by Termination Date or AAC can proceed with pending foreclosure.
- Injunctions against refiling Chapter 11 by Debtor or affiliates.

Readers are cautioned to carefully read the Plan for specific provisions of the Plan. The Plan is attached as Exhibit A.

III. SUMMARY OF THE PLAN OF REORGANIZATION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS

A. What is the Purpose of the Plan of Reorganization?

As required by the Code, the Plan places Claims and Equity Interests in various Classes and describes the treatment each Class will receive. The Plan also states whether each Class of Claims or Equity Interests is impaired or unimpaired. If the Plan is confirmed, your recovery will be limited to the amount provided by the Plan.

B. Unclassified Claims

Certain types of Claims are automatically entitled to specific treatment under the Code. They are not considered impaired, and Holders of such Claims do not vote on the Plan. They may, however, object if, in their view, their treatment under the Plan does not comply with that required by the Code. As such, the Plan Proponents have not placed the following Claims in any Class:

1. Administrative Expenses

Administrative Expenses are costs or expenses of administering the Debtor's Chapter 11 Case which are Allowed under § 507(a)(2) of the Code.

1 Administrative Expenses also include the value of any goods sold to the Debtor in the
 2 ordinary course of business and received within 20 days before the date of the
 3 bankruptcy petition. The Code requires that all Administrative Expenses be paid on
 4 the Effective Date of the Plan, unless a particular Claimant agrees to a different
 5 treatment.

6 The following chart lists the Debtor's estimated Administrative Expenses as
 7 of Confirmation, and their proposed treatment under the Plan:

<u>Type</u>	<u>Estimated Amount</u>	<u>Proposed Treatment</u>
Expenses Arising in the Ordinary Course of Business After the Petition Date	None.	All have been paid on a current basis except for remaining professional fees subject to Court approval. All such administrative expenses will be paid post confirmation in the ordinary course of business.
Professional Fees Debtor's Counsel - Walter & Wilhelm Law Group Special Counsel - Cappello & Noel LLP CPA - Atherton & Associates	\$75,000.00 \$Unknown \$5,000.00	Payment in full upon allowance. If not paid upon allowance then Interest will be added at a rate of 10% per annum. To be paid by Stephen Sloan. All fees are subject to Court approval.
Clerk's Office Fees	None.	
U.S. Trustee's Quarterly Fees	Current	Pay when due.

2. Priority Tax Claims - Class 1

22 Priority Tax Claims are unsecured pre petition income, employment, and
 23 other taxes described by § 507(a)(8) of the Code. Unless the Holder of such a §
 24 507(a)(8) priority tax Claim agrees otherwise, it must receive the present value of
 25 such Claim, in regular installments paid over a period not exceeding 5 years from the
 26 order of relief including statutory Interest.
 27

The following chart lists the Debtor's estimated § 507(a)(8) Priority Tax Claims and their proposed treatment under the Plan:

Description (name and type of tax)	Estimated Amount Owed	Date of Assessment	Treatment
None.			

C. Classes of Claims and Equity Interests

The following are the Classes set forth in the Plan, and the proposed treatment that they will receive under the Plan:

1. Classes of Priority Unsecured Claims - Class 1

None.

2. Classes of Secured Claims- Class 2

Allowed Secured Claims are Claims secured by property of the Debtor's bankruptcy Estate (or that are subject to setoff) to the extent Allowed as Secured Claims under § 506 of the Code. If the value of the Collateral or setoffs securing the Creditor's Claim is less than the amount of the Creditor's Allowed Claim, the Deficiency will be Classified as a General Unsecured Claim.

Following is a listing of all Classes containing Debtor's secured prepetition Claims and their proposed treatment under the Plan:

Class 2 is held by American AgCredit. The amount of this Allowed Claim was \$12,509,567.53 as of the Petition Date. It will bear interest at 9.75% from the Petition Date and be payable on or before the Termination Date. Class 2 will retain its security interests in the same collateral as was held on the Petition Date. Class 2 is impaired.

Class 3 is held by the County of Merced. The amount of this claim is for real property taxes. The amount claimed is subject to dispute. The Allowed Class 3 Claim will bear interest at 10% per annum.

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3. Class of General Unsecured Claims - Class 4

The Debtor has three Class 4 general unsecured claims asserted by vendors. The Debtor estimates that the allowable amount of such Class 4 claims is approximately \$62,800.00. They are as follows:

Charles Gragnani	\$10,500.00
Shannon Pump Company	\$32,000.00
T.D.C. Aero Logistics	\$20,300.00

Class 4 will be paid in full plus interest at 9.75% on or before December 31, 2012.

4. Class of Insider Claims - Class 5

The unsecured claims held by insiders shall not be affected by the Plan; provided, however, that such claims shall not be paid until all claims in Classes 1, 2, 3 and 4 have been paid in full.

5. Class of Equity Interest Holders - Class 6

Interest Holders are parties who hold an ownership Interest (i.e., Equity Interest) in the Debtor. In a limited liability company ("LLC"), the Equity Interest Holders are the members. In this case Stephen Sloan is the sole member. Class 6 claims are unimpaired.

The following chart sets forth the Plan's proposed treatment of the Class of Interest Holders:

Class #	Description	Impairment	Treatment
6	Stephen Sloan	Unimpaired	Will retain all Interests in the Debtor but receive nothing on account of such Interests until all higher priority claims are paid.

D. Means of Implementing the Plan

1. Source of Payments

Payments and Distributions under the Plan will be funded by sales of

1 ranches or refinancing proceeds.

2 **2. Post-Confirmation Management**

3 The Post-Confirmation Manager of the Debtor, and its compensation, shall
4 be as follows:

Name	Affiliations	Compensation
Stephen Sloan	Manager	None

7 **E. Risk Factors**

8 The proposed Plan has the following risks:

- 9 • The Debtor's values may be overly optimistic.
- 10 • The sales expected by the Debtor may not be received.
- 11 • The expected sales of water may be hindered by regulatory
12 hurdles.

13 **F. Executory Contracts and Unexpired Leases**

14 The Plan discusses all executory contracts and unexpired leases that the
15 Debtor will assume or reject under the Plan. Assumption means that the Debtor has
16 elected to continue to perform the obligations under such contracts and unexpired
17 leases, and to cure defaults of the type that must be cured under the Code, if any.
18 Rejected means that the Court has authorized the Debtor to reject the lease or
19 contract.

20 If you object to the assumption of your unexpired lease or executory
21 contract, the cure of any defaults, or the adequacy of assurance of performance, you
22 must file and serve your objection to the Plan within the deadline for objecting to the
23 Confirmation of the Plan, unless the Court has set an earlier time.

24 All executory contracts and unexpired leases that are not assumed by the
25 Plan will be rejected under the Plan. Consult your adviser or attorney for more
26 specific information about particular contracts or leases.

1 If you object to the rejection of your contract or lease, you must file and
 2 serve your objection to the Plan within the deadline for objecting to the Confirmation
 3 of the Plan.

4 ***The Deadline for Filing a Proof of Claim Based on a Claim Arising from***
 5 ***the Rejection of a Lease or Contract is 60 days from Confirmation unless an***
 6 ***earlier date was set.*** Any Claim based on the rejection of a contract or lease will be
 7 barred if the proof of Claim is not timely filed, unless the Court orders otherwise. The
 8 deadline will be 60 days from Confirmation unless earlier set by Court Order.

9 The executory contracts and unexpired leases to be assumed by the Plan
 10 are:

11 Kirk Azevedo	License agreement non-exclusive right to use duck blind(s) for 2011-2012 waterfowl hunting season. Rent is \$1,000. Duck blinds are on Volta Ranch.
12 Kevin Layne	License agreement non-exclusive right to use duck blind(s) for 2011-2012 waterfowl hunting season. Rent is \$1,000. Duck blinds are on Volta Ranch.
13 Michael Azevedo	License agreement non-exclusive right to use duck blind(s) for 2011-2012 waterfowl hunting season. Rent is \$1,000. Duck blinds are on Volta Ranch.
14 SHS Family Limited Partnership	Oral lease of Smith Ranch.
15 SHS Family Limited Partnership	Water Marketing Agreement on 4S Ranch and Volta Ranch to market water assets to potential investors and purchasers.
16 Sloan Cattle Company, LLC	Crop share lease on Camp 13. Lease calls for 10% of gross proceeds to be paid to Debtor.
17 Sloan Cattle Company, LLC	Lease of 4-S Ranch, Volta Ranch, Camp 13 Ranch, and Smith Ranch (sublease). Annual rent is \$355,000.
18 Stephen W. Sloan	Consulting and Development Agreement. Term of Agreement is 3 years beginning in March 2007 and extended by one year periods thereafter.

Stephen W. Sloan	Water Marketing Agreement on 4S Ranch and Volta Ranch to market water assets to potential investors and purchasers.
The Sloan Living Trust	Water Marketing Agreement on 4S Ranch and Volta Ranch to market water assets to potential investors and purchasers.

G. Tax Consequences of Plan

Creditors and Interest Holders Concerned with How the Plan May Affect Their Tax Liability Should Consult with Their Own Accountants, Attorneys, And/Or Advisors.

Creditors and Interest Holders concerned with the income tax aspects of the Plan should consult with their own accountants, attorneys, and/or advisors. The following disclosure of possible tax consequences is intended solely for the purpose of alerting readers about possible tax issues this Plan may present to the Debtor. The Proponent cannot and does not represent that the tax consequences contained below are the only tax consequences of the Plan because the tax laws embody many complicated rules which make it difficult to state completely and accurately all the tax implications of any action. The Debtor intends to utilize all tax attributes including any net operating losses which the Estate is entitled.

The Debtor is a pass through entity and taxes resulting from the sale of assets will fall to Debtor's member, Stephen Sloan.

IV. CONFIRMATION REQUIREMENTS AND PROCEDURES

To be confirmable, the Plan must meet the requirements listed in §§1129(a) or (b) of the Code. These include the requirements that: the Plan must be proposed in good faith; at least one impaired Class of Claims must accept the Plan, without counting votes of Insiders; the Plan must distribute to each Creditor and Equity Interest Holder at least as much as the Creditor or Equity Interest Holder would receive in a chapter 7 liquidation Case, unless the Creditor or Equity Interest Holder

1 votes to accept the Plan; and the Plan must be feasible. These requirements are not
2 the only requirements listed in §1129, and they are not the only requirements for
3 Confirmation.

4 **A. Who May Vote or Object**

5 Any party in Interest may object to the Confirmation of the Plan if the party
6 believes that the requirements for Confirmation are not met.

7 Many parties in Interest, however, are not entitled to vote to accept or reject
8 the Plan. A Creditor or Equity Interest Holder has a right to vote for or against the
9 Plan only if that Creditor or Equity Interest Holder has a Claim or Equity Interest that
10 is both (1) Allowed or Allowed for voting purposes and (2) impaired.

11 In this Case, the Plan Proponent believes that Classes 2, 3 and 4 are
12 impaired and that the Holder of a Claim in these Classes is therefore entitled to vote
13 to accept or reject the Plan. The Plan Proponent believes that Class 6 is unimpaired
14 and that Holders of Claims in this Class, therefore, do not have the right to vote to
15 accept or reject the Plan.

16 **B. What Is an Allowed Claim or an Allowed Equity Interest?**

17 Only a Creditor or Equity Interest Holder with an Allowed Claim or an
18 Allowed Equity Interest has the right to vote on the Plan. Generally, a Claim or Equity
19 Interest is Allowed if either (1) the Debtor has scheduled the Claim on the Debtor's
20 schedules, unless the Claim has been scheduled as disputed, contingent, or
21 unliquidated, or (2) the Creditor has filed a proof of Claim or Equity Interest, unless
22 an objection has been filed to such proof of Claim or Equity Interest. When a Claim
23 or Equity Interest is not Allowed, the Creditor or Equity Interest Holder holding the
24 Claim or Equity Interest cannot vote unless the Court, after notice and hearing, either
25 overrules the objection or allows the Claim or Equity Interest for voting purposes
26 pursuant to Rule 3018(a) of the Federal Rules of Bankruptcy Procedure.

1 The deadline for filing a proof of Claim in this Case was February 8, 2010.

2 **C. What Is an Impaired Claim or Impaired Equity Interest?**

3 As noted above, the Holder of an Allowed Claim or Equity Interest has the
4 right to vote only if it is in a Class that is impaired under the Plan. As provided in
5 §1124 of the Code, a Class is considered impaired if the Plan alters the legal,
6 equitable, or contractual rights of the members of that Class.

7 **D. Who is Not Entitled to Vote**

8 The Holders of the following five types of Claims and Equity Interests are not
9 entitled to vote:

- 10 • Holders of Claims and Equity Interests that have been disallowed
11 by an order of the Court;
- 12 • Holders of other Claims or Equity Interests that are not "Allowed
13 Claims" or "Allowed Equity Interests" (as discussed above), unless
14 they have been "Allowed" for voting purposes.
- 15 • Holders of Claims or Equity Interests in unimpaired Classes;
16 Holders of Claims entitled to priority pursuant to §§ 507(a)(2),
17 (a)(3), and (a)(8) of the Code; and
- 18 • Holders of Claims or Equity Interests in Classes that do not receive
19 or retain any value under the Plan or claims of insiders;
- 20 • Administrative Expenses.

21 ***Even If You Are Not Entitled to Vote on the Plan, You Have a Right to Object to***
22 ***the Confirmation of the Plan and to the Adequacy of the Disclosure Statement.***

23 **E. Who Can Vote in More Than One Class**

24 A Creditor whose Claim has been Allowed in part as a Secured Claim and
25 in part as an Unsecured Claim, or who otherwise hold Claims in multiple Classes, is
26 entitled to accept or reject a Plan in each capacity, and should cast one Ballot for
27

1 each Claim.

2 **F. Votes Necessary to Confirm the Plan**

3 If impaired Classes exist, the Court cannot confirm the Plan unless (1) at
4 least one impaired Class of Creditors has accepted the Plan without counting the
5 votes of any Insiders within that Class, and (2) all impaired Classes have voted to
6 accept the Plan, unless the Plan is eligible to be confirmed by "cram down" on
7 non-accepting Classes, as discussed later in Section IV-H.

8 **G. Votes Necessary for a Class to Accept the Plan**

9 A Class of Claims accepts the Plan if both of the following occur: (1) the
10 Holders of more than one-half ($\frac{1}{2}$) of the Allowed Claims in the Class, who vote, cast
11 their votes to accept the Plan, and (2) the Holders of at least two-thirds ($\frac{2}{3}$) in dollar
12 amount of the Allowed Claims in the Class, who vote, cast their votes to accept the
13 Plan.

14 A Class of Equity Interests accepts the Plan if the Holders of at least
15 two-thirds ($\frac{2}{3}$) in amount of the Allowed Equity Interests in the Class, who vote, cast
16 their votes to accept the Plan.

17 **H. Treatment of Nonaccepting Classes**

18 Even if one or more impaired Classes reject the Plan, the Court may
19 nonetheless confirm the Plan if the nonaccepting Classes are treated in the manner
20 prescribed by §1129(b) of the Code. A Plan that binds nonaccepting Classes is
21 commonly referred to as a "cram down" Plan. The Code allows the Plan to bind
22 nonaccepting Classes of Claims or Equity Interests if it meets all the requirements for
23 consensual Confirmation except the voting requirements of §1129(a)(8) of the Code,
24 does not "discriminate unfairly," and is "fair and equitable" toward each impaired
25 Class that has not voted to accept the Plan.

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I. Liquidation Analysis

To confirm the Plan, the Court must find that all Creditors and Equity Interest Holders who do not accept the Plan will receive at least as much under the Plan as such Claim and Equity Interest Holders would receive in a chapter 7 liquidation. In this case the Debtor concedes that all creditors would be paid in full in the event of a liquidation.

J. Feasibility

The Court must find that Confirmation of the Plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the Debtor or any successor to the Debtor, unless such liquidation or reorganization is proposed in the Plan.

K. Ability to Initially Fund Plan

The Plan Proponent believes that the Debtor will have enough Cash on hand on the Effective Date of the Plan to pay all the Claims and expenses that are entitled to be paid on that date.

L. Ability to Make Future Plan Payments And Operate Without Further Reorganization

The Plan Proponent must also show that it will have enough Cash over the life of the Plan to make the required Plan payments.

The Plan is based on property sales and the Debtor will be enjoined from refiling.

V. EFFECT OF CONFIRMATION OF PLAN

A. Discharge of Debtor

On the Effective Date of the Plan, the Debtor shall be discharged from any debt that arose before Confirmation of the Plan, subject to the occurrence of the Effective Date, to the extent specified in § 1141(d)(i)(A) of the Code, except that the Debtor shall not be discharged of any debt (i) imposed by the Plan, (ii) of a kind

1 specified in § 1141(d)(6)(A) if a timely complaint was filed in accordance with BR
2 4007(c), or (iii) of a kind specified in § 1141(d)(6)(B). After the Effective Date of the
3 Plan Claims against the Debtor will be limited to the debts described in clauses (i)
4 through (iii) of the preceding sentence.

5 **B. Modification of Plan**

6 The Plan Proponent may modify the Plan at any time before Confirmation
7 of the Plan.

8 However, the Court may require a new Disclosure Statement and/or revoting
9 on the Plan.

10 The Plan Proponent may also seek to modify the Plan at any time after
11 Confirmation only if (1) the Plan has not been substantially consummated and (2) the
12 Court authorizes the proposed modifications after notice and a hearing.

13 **VI. OTHER PLAN PROVISIONS**

14 **A. Records Retention**

15 Stephen Sloan shall be the custodian of Debtor's books and records, until
16 and upon entry of the Final Decree.

17 **B. Post Confirmation Accounts**

18 As soon as practicable after Confirmation, Reorganized Debtor shall
19 promptly establish at least two accounts, which shall be Interest-bearing, one to be
20 identified as the "Plan Disbursement Account" and one to be identified as the "Unpaid
21 Claims Reserve". All Distributions of Cash on account of Allowed Claims shall be
22 from the "Plan Disbursement Account".

23 **C. Unpaid Claims Reserve**

- 24 1. Except to the extent the Bankruptcy Court shall
25 determine by estimation of a Claim or otherwise that a
26 sufficient reserve for Disputed Claims is less than the full
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amount thereof, in determining the amount of Distributions due to the Holders of Allowed Claims and to be reserved for Disputed Claims, the appropriate Pro Rata calculations, if any, shall be made as if all Disputed Claims were Allowed Claims.

2. On the date of any Distribution pursuant to the Plan, the Distributions reserved for the Holders of Disputed Claims shall be deposited by Reorganized Debtor in the Unpaid Claims Reserve.

3. At such time as a Disputed Claim becomes an Allowed Claim, the Distributions due on account of such Allowed Claim (with any Interest thereon) shall be released from the Unpaid Claims Reserve for delivery to the Holder of such Allowed Claim.

D. Unclaimed Property

Unclaimed Property (checks not cashed within 60 days of issuance) shall be paid into the Registry of the Court unless requested prior to entry of the Final Decree.

E. De Minimis Distributions

Notwithstanding anything to the contrary contained in the Plan, the Reorganized Debtor shall not disburse Cash to the Holder of an Allowed Claim in an impaired Class of Claims if the amount of Cash otherwise due for such Distributions is less than \$25.00.

F. Post Confirmation Professional Fees and Expenses

Compensation for services rendered and reimbursement of expenses incurred after the date of Confirmation may be paid without further order of this Court.

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G. Final Decree

As soon as practicable after substantial consummation of the Plan, the Proponent may petition the Bankruptcy Court for a Final Decree pursuant to BR 3022, and by serving notice of such motion on all Creditors and the United States Trustee's Office.

H. Business Operations and Post Confirmation U.S. Trustee Fees

The Reorganized Debtor shall continue to operate pursuant to the Plan and shall no longer be required to file interim statements or monthly operating reports but shall be obligated to pay fees pursuant to 28 U.S.C. section 1930(a)(6) until the entry of a Final Decree closing this Chapter 11 Case.

I. Post-Confirmation Status Report

Within 90 days of the entry of the Order confirming the Plan, Plan Proponent shall file a status report with the Court explaining what progress has been made toward consummation of the confirmed Plan. The status report shall be served on the United States Trustee, AAC and all creditors.

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The Debtor shall file and serve on the United States Trustee Quarterly Post-Confirmation Reports explaining the progress made toward substantial confirmation of the confirmed Plan of Reorganization.

Dated: April 6, 2012

MERCED FALLS RANCH, LLC

By: 
Stephen W. Sloan, Manager

Dated: April 6, 2012

By: 
Stephen W. Sloan, Individually

Dated: April 6, 2012

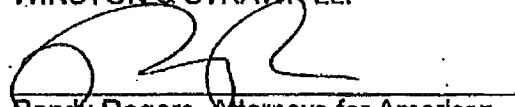
AMERICAN AgCREDIT, FLCA

By: 
Stephen Moltozo

APPROVED AS TO FORM:

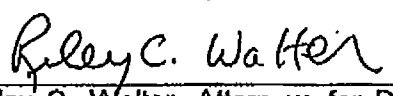
Dated: April 6, 2012

WINSTON & STRAWN LLP

By: 
Randy Rogers, Attorneys for American AgCredit, FLCA

Dated: April 4, 2012

WALTER & WILHELM LAW GROUP,
a Professional Corporation

By: 
Riley C. Walter, Attorneys for Debtor in Possession