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IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF MONTANA

IN RE:) Case No. 12-61585-11
)
PARADISE VALLEY HOLDINGS LLC,)
)
Debtor.)
)

**FOURTH AMENDED DISCLOSURE STATEMENT
(APRIL 29, 2013)**

I. INTRODUCTION

A. Purpose of the Disclosure Statement

The Debtor and Debtor-in-Possession, PARADISE VALLEY HOLDINGS LLC (“DIP”), has filed a voluntary petition pursuant to Chapter 11, United States Bankruptcy Code.

The DIP provides this Disclosure Statement to all its known creditors at this time in order to disclose that information deemed by the DIP to be material, important, relevant, and necessary for the creditors to arrive at a reasonably

informed decision exercising their rights to vote on a Plan of reorganization submitted herewith and on file with the Bankruptcy Court.

In general, this Disclosure Statement is intended to provide information to the creditors to allow the creditors to determine what they will receive under the proposed Plan of Reorganization and whether the Plan is fair. The creditors are entitled to evaluate the DIP's financial and other information in order to protect their interests. Further, this Disclosure Statement is intended to provide the creditors with the information necessary to enable the creditors to determine whether the DIP's Plan is feasible.

The DIP is a member managed Montana limited liability company. The member holding the largest membership interest, approximately 72%, is Wade Dokken. Wade Dokken and his wife, Susi, are creditors of the DIP. Wade Dokken is a shareholder of Ameya Preserve Inc., a Montana corporation.

Unless specifically noted, the source of information contained in this Disclosure Statement is the DIP.

B. Definitions

As used in this Disclosure Statement, the terms have the following definitions:

Allowed Claim. Shall mean a claim (a) in respect of which a proof of claim has been filed with the Court within the applicable period of limitation fixed by Rule 3003 or by an order of the Court, or by the terms of this Plan in either case

as to which no objection to the allowance thereof has been interposed within applicable period of limitation fixed pursuant to Rule 3003, by an order of the Court, or by the terms of this Plan or as to which any such objection has been determined by an order or judgment which is no longer subject to appeal or certiorari proceeding and as to which no appeal or certiorari proceeding is pending or (b) which is set out and not claimed as unliquidated, contingent or disputed in Schedules D, E. or F of the Debtors' bankruptcy petition and to which no proof of claim has been filed. The *Allowed Claims* shall not include unmatured or post petition-interest unless otherwise specifically stated in the Plan.

Allowed Secured-Claim. Shall mean an *Allowed Claim* secured by a lien, security interest or other charge against or interest in property in which the Debtor has an interest, or which is subject to set off under §553 of the Bankruptcy Code, to the extent of the value (determined in accordance with §506 (a) of the Bankruptcy Code), or the interest of the holder of such *Allowed Claim* in the *Debtor's* interest in such property or the extent of the amount subject to set off as the case may be.

Confirmation Date. Shall mean the date upon which an order of confirmation is entered by the *Court*.

Court. Shall mean the United States Bankruptcy Court for the District of Montana in which the *Debtor's* Chapter 11 case, pursuant to which this *Plan* is proposed, is pending or any *Court* having competent jurisdiction hear to

appeals on certiorari proceedings thereon.

DIP. Shall mean, PARADISE VALLEY HOLDINGS, LLC,
Debtor and Debtor-in-Possession..

Effective Date: Shall mean the date 60 days following the entry of the
Order of Confirmation.

Federal Judgment Rate. Shall mean the judgment rate of interest
described in 28 U.S.C. §1961, currently fixed at 0.18%.

Real Property. Shall mean that real property situated in Park County,
Montana more particularly described as:

PARCEL 1:
TOWNSHIP 3 SOUTH, RANGE 8 EAST, P.M.M.
PARK COUNTY, MONTANA
SECTION 1: GOVERNMENT LOTS 1, 2, 3, 4, 5, 6
AND THE N1/2 OF 7, N1/2SW1/4, S1/2NW1/4,
SW1/4NE1/4, NW1/4SE1/4, N1/2SW1/4SE1/4
TOWNSHIP 3 SOUTH, RANGE 9 EAST, P.M.M.
PARK COUNTY, MONTANA
SECTION 6: GOVERNMENT LOTS 5, 6, 7, 9, 11, 13,
15, S1/2NE1/4, SE1/4NW1/4, E1/2SW1/4, SE1/4
SECTION 7: ALL
SECTION 16: ALL
SECTION 17: ALL
SECTION 21: ALL
SECTION 22: NW1/4, W1/2NE1/4, N1/2SW1/4

PARCEL II:
TRACT B, OF CERTIFICATE OF SURVEY NO. 1521,
LOCATED IN SECTIONS 5, 8, AND 9, TOWNSHIP 3
SOUTH, RANGE 9 EAST, P.M.M.

Order of Confirmation. Shall mean the order entered by the *Court*

confirming the *Plan* in accordance with the provisions of Chapter 11 of the Code which order is no longer subject to appeal or certiorari proceeding and as to which no appeal or certiorari proceeding is pending.

Plan. Shall mean the Chapter 11 Plan of Reorganization dated December 27, 2012, as amended or modified in accordance with the Code.

C. Elements of Confirmation

Upon approval of this Disclosure Statement, the creditors may vote upon the Plan of Reorganization by completing and filing a ballot with the Bankruptcy Court within the time ordered by the Court.

The votes of the creditors are important. The Plan can be confirmed by the Court if it is accepted by the holders of two-thirds in amount, and more than one-half in number, of claims in each class voting on the Plan. In the event the requisite acceptances are not obtained, the Court may nevertheless confirm the Plan if at least one class of impaired claims has voted to accept the Plan and if the Court finds the Plan provides “fair and equitable” treatment to the class or classes rejecting it.

The Bankruptcy Code, at sec. 1129 sets out the requirements for confirmation. These requirements include, to the extent applicable to the DIP:

- The Plan complies with the Bankruptcy Code;
- The Plan proponent, the DIP, complies with the Bankruptcy Code;

- The Plan is proposed in good faith and not by any means forbidden by law;
- With respect to each class of claims, each holder of a claim has either accepted the Plan or will receive under the plan on account of such claim a value, as of the effective date of the plan, no less than the amount such holder would receive if the debtor was liquidated under the provisions of Chapter 7 of the Bankruptcy Code;
- With respect to each class of claims, such class has accepted the plan or is not impaired under the Plan;
- Administrative claims are paid on the effective date of the plan, unless otherwise agreed;
- The holders of claims for domestic support, priority wage claims, and priority consumers deposits have accepted the plan or will receive, as of the Effective Date, full payment of such claim;
- The holders of allowed priority tax claims will receive full payment of the amount of such claim, as of the effective date, over a period not more than 5 years after the order for relief (commencement of the bankruptcy case) and in a manner not less favorable than payment of the general unsecured claims other than cash payments made to “convenience class” creditors; and

- All transfers of property shall be made in accordance with any applicable non-bankruptcy law that governs the transfer of property.

The DIP believes its proposed plan meets the foregoing requirements except to the extent a requirement requires the acceptance of the Plan. Accepting the Plan is accomplished by ballots solicited from the creditors which will occur after this Disclosure Statement is approved by the Court.

D. Disclaimer

No representations concerning the DIP, particularly as to its future operations, value of property, or any other matter, are authorized by the DIP except as stated herein. Any representations or inducements made to secure your acceptance which are other than contained in this statement should not be relied upon by you in arriving at a decision, and any such additional representations and inducements should be reported to the counsel for the DIP who in turn shall deliver such information to the Bankruptcy Court and the United States Trustee for such action as may be deemed appropriate.

The information contained in this disclosure statement has not been subject to a certified audit or appraisal. Every reasonable effort has been made to present accurate figures. However, the DIP is unable to warrant or represent that the information contained herein is without inaccuracy.

II. SUMMARY OF THE PLAN OF REORGANIZATION

The Plan is based upon the DIP's desire to pay its creditors to in a manner consistent with the Bankruptcy Code. This requires the DIP to pay its creditors at least as much as the creditors would receive in the event the DIP was liquidated under the provisions of Chapter 7. A copy of the proposed Plan is attached as Appendix No. 1.

If the DIP was liquidated pursuant to the provisions of Chapter 7 of the Bankruptcy Code, it appears that the holders of allowed secured claims on all real and personal property and all priority unsecured creditors will receive payment in full; the holders of general unsecured claims would also receive payment in full. This calculation is based upon current market value of the DIP's property based the opinions of the DIP and the Dean R. Paauw, March 16, 2012 appraisal of the Real Property. The DIP believes the Plan pays its creditors at least as much as would be received in the event the DIP filed for relief under Chapter 7. A copy of the DIP's Liquidation Analysis is attached as Appendix No. 2.

The DIP's projection of plan payments, at various times over the repayment period, is attached in Appendix No. 3.

The Plan provides for the division of all claims and interests into six classes of creditors.

In general, the DIP will pay, upon terms agreeable to the administrative claimant, the administrative claims in full; these administrative expenses are estimated as follows:

Patten, Peterman, Bekkedahl & Green (legal):	\$35,000
Holmes & Turner (accounting):	\$20,000
US Trustee (quarterly fees)	\$ 975

The Plan will impair the claims of all classes of creditors.

As a part of this Plan, the DIP will reject all executory contracts and unexpired leases, except the real estate listing contract with Hall & Hall.

Upon confirmation of the Plan, the property of the DIP shall be revested with the DIP, subject to the liens and interests of the Class I and II creditors. The claims of the creditors holding liens will be paid from the sale of the DIP's property.

Generally, the DIP will list the Real Property for sale with a reputable real estate broker. Currently, the Real Property is listed with Hall & Hall, a nationally known and reputable broker of high end agricultural and recreational property, at \$14,500,000. The DIP intended to increase the listing price when the listing was renewed in January, 2013; through oversight, the listing price remained at the level from the prior year, \$13,250,000. It has now been increased to \$14,500,000 and the Hall & Hall website containing information about the listing has been corrected accordingly. If any Real Property has not been sold by the third anniversary date of the Effective Date of the Plan, the Class II claimant, American Bank, will be

allowed to exercise its state law rights to foreclose its lien; on foreclosure, the surplus shall be paid to the creditors in accordance with the Plan. No sale of the Real Property, or any portion thereof, shall occur without the consent of American Bank.

The Real Property consists of 4840 acres and a 8182 square foot ranch log home built in 1999 with five bedrooms, four baths and a three car garage. The Real Property is located south and west of Livingston, Montana in the northwest corner of Paradise Valley. The highest and best use for the Real Property is as a “recreational ranch.” The personal property is the furniture and fixture contents of the ranch log home, which property was purchase new upon the DIP’s acquisition of the Real Property in 2005. The log ranch house has not been lived in and the personal property is in new condition.

The Class I claimant is Park County, Montana. The Class I claim is secured by a first position lien on the Real Property. Interest will accrue on the Class I claim at 10% per annum. The Class II claimant, American Bank, made a protective advance to pay this claim. There is no debt to the Class I claimant.

The Class II claimants are American Bank and Museum of the Rockies. American Bank holds a senior mortgage lien and Museum of the Rockies holds a junior judgment lien. The Class II claimants hold liens on the Real Property. Interest will accrue on the Class II claims at the rate of 3.65% per annum

The Class III claimants may hold priority tax claims. The members of this class include the Internal Revenue Service and the Montana Department of Revenue. The DIP is a “flow through” entity for tax purposes and has had no employees so there are no anticipated tax claims.

The Class IV claimants hold general unsecured claims of \$1000 or less. The members of this class and the amount of their claims are set out on the Creditor Table, attached hereto as Appendix No. 4. The Class VI claimants will receive full payment of their Allowed Claim, with interest at the Federal Judgment Rate, within a year of the Confirmation Date. The expected total payment to the Class IV creditors is \$920.

The Class V claimant is the general unsecured creditor with an Allowed Claim in excess of \$1000. The Class V Allowed Claim will be paid, with interest at the Federal Judgment Rate (0.18%), from the sale of Real Property. The Class V member may elect to be treated as a Class IV claimant and, if so electing, shall have an Allowed Claim of \$1000. The total Class V claims are \$60,797. The member of Class V is the Crowley Fleck law firm.

The Class VI claimant is an insider, within the meaning of 11 U.S.C. section 101(31), of the DIP holding an allowed claim in excess of \$1000. The Class VI Allowed Claim will be paid, with interest at the Federal Judgment Rate (0.18%), from the sale of Real Property but only after the Allowed Claims of the Class I

through Class V claims are paid in full. The Class VI member may elect to be treated as a Class IV claimant and, if so electing, shall have an Allowed Claim of \$1000. The total Class VI claims are \$723,058. The members of Class VI are Wade and Susie Dokken.

All executory contracts and unexpired leases will be rejected except the real estate listing contract with Hall & Hall. The DIP reserves the right to accept any executory contract or unexpired lease at any time prior to the Confirmation Date. The counter party to any rejected executory contract or unexpired lease will hold rejection damages as a Class IV or Class V claimant, as appropriate.

A schedule of the members of each class and their claims is attached hereto as the Creditor Table, Appendix No. 4.

THE FOREGOING IS A BRIEF SUMMARY OF THE PLAN AND SHOULD NOT BE RELIED UPON FOR VOTING PURPOSES. EACH CREDITOR IS URGED TO READ THE PLAN IN FULL. CREDITORS ARE FURTHER URGED TO CONSULT WITH COUNSEL, OR WITH EACH OTHER, IN ORDER TO FULLY UNDERSTAND THE PLAN.

III. FINANCIAL INFORMATION

A. Description of DIP's Assets and Liabilities

The DIP's assets are:

- Real property; value: \$14,040,000; and

Household goods, artwork, lawn tools; value: \$163,768. In its March monthly operating report, the DIP disclosed a \$21,000 account receivable due from Wade

Dokken. The receivable resulted from an inadvertent transfer of \$21,000 by Wells Fargo Bank. Upon learning of the transfer, Dokken immediately deposited \$21,000 into the DIP account; there is no longer a receivable due from Dokken.

The bases for valuation of the foregoing are described on page 18 below.

The DIP's liabilities are set out on the Creditor Table, attached at Appendix No. 4.

On a class basis, the total potential liabilities of the classes estimated at the Confirmation Date (May 7, 2013) to be:

Class I	\$ 8781
Class II	\$12,774,552
Class III	\$ 0
Class IV	\$ 917
Class V	\$ 60,797
Class VI	\$723,058

The DIP's total debt, as of the Confirmation Date is estimated to be \$13,597,283.

The DIP may dispute any of the claims filed; the disputes are not reflected on the foregoing.

Attached as Appendix No. 4 is the Creditor Table, a schedule of the claims as scheduled on Schedule D, E or F or from the proofs of claim that have been filed.

American Bank asserts a priority claim for real property taxes paid post petition in the amount of \$6350.85 based on 11 U.S.C. § 507(a)(2). The DIP disputes American Bank is entitled to such a priority claim. American Bank has a mortgage lien on the Real Property junior to the property tax lien of Park County. Whether American Bank is lawfully entitled to a priority claim is immaterial with respect to its total payments under the Plan.

American Bank holds a claim secured by a mortgage lien on the Real Property in the amount of \$12,070,895 plus post petition interest, attorneys fees and costs as may be allowed by the Bankruptcy Court. Wade Dokken has guaranteed this debt as has Ameya Preserve Inc. American Bank has obtained judgment against Wade Dokken and Ameya Preserve on these guaranties. The DIP has objected to the allowance of the American Bank claim on the ground that its judgment against Dokken and Ameya Preserve violate the “one-action” rule and the American Bank is collecting the DIP’s indebtedness on a loan secured by a real estate mortgage. If the DIP’s objection is sustained by the Bankruptcy Court, American Bank will not hold an Allowed Claim, will hold no mortgage lien, and will not be entitled to a distribution under the Plan. In that event, the distributions from sale will be made to the Class I, III, IV, V, and VI claimants. These claimants hold claims totaling less than \$1,000,000.

Wade and Susi Dokken have a general unsecured claim in the amount of \$723,057; this claim is based upon the DIP's interest payments the Dokkens made to American Bank, in accordance with the DIP's loan obligations, commencing in late 2011.

The Museum of the Rockies holds a claim in the amount of \$250,000; this claim results from a judgment entered against the DIP, Ameya Preserve, and Wade Dokken. Ameya Preserve pledged a gift to the Museum ; the Museum asserted that Ameya Preserve did not disclose, at the time of the pledge, that it did not own the Real Property and claimed fraud. After a trial in May, 2012, a judgment was entered in favor of the Museum and against Ameya Preserve, the DIP, and Wade Dokken for approximately \$2,300,000. This judgment has been reduced by settlement and a payment by Dokken such that there remains \$250,000 owed. Dokken is selling other assets to fund the payment of this remaining amount. Until paid, however, the judgment remains in place for an unpaid balance of \$250,000. This judgment constitutes a lien, junior to Park County and American Bank, on the Real Property.

C. Liquidation Analysis

A liquidation analysis is to enable each creditor to determine how much it will receive in the event that the DIP's case is liquidated pursuant to the provisions of Chapter 7 of the U.S Bankruptcy Code. Each creditor may compare the results of Chapter 7 liquidation with its treatment under the proposed Plan and use that

information to determine whether to vote for or against the Plan. The Liquidation Analysis is attached hereto as Appendix No.2.

The Liquidation Analysis demonstrates that there is sufficient property to pay all allowed claims in full.

In general, it is the DIP's conclusion in the event of a Chapter 7 liquidation, the secured creditors will receive full payment, the priority claims will be paid in full, and the unsecured claims will be paid in full.

D. Historic Financial Information

The DIP purchased what is known as the Bullis Creek Ranch in 2005. At the time of its purchase the ranch was comprised of 10,771 acres. The property was purchased for the purpose of a luxury recreational second home development. At the time of its purchase, it was valued at \$27,000,000 to \$28,800,000.

The development plan involved an anticipated transfer of title to an affiliated entity known as "Ameya Preserve." Ameya Preserve Inc. was the actual developer and acquired a preliminary plat approval from Park County. Due to this arrangement, the DIP had limited operating income or expense. In 2008, the DIP had rent, crop, and interest income of \$325,177, most of which was interest income of \$252,177. In that year, the DIP sold a portion of its real property and realized a gain on sale of \$14,246,665. It had total expenses of \$989,286. In 2009, the total revenues were \$176,770 and the total expenses were \$989,286; the revenues were

rent income of \$57,500 and interest income of \$119,270. In 2010 the total revenues were \$48,984, primarily interest income with \$10,960 from the sale of crop production and expenses totaled \$1,220,776. In 2011 the total revenues were \$127,446 including \$109,737 gain from the sale of land and total expenses were \$995,030. The expenses in each of the years were largely interest, amortization, accounting, marketing, and other general office and administrative overhead costs. Very little agricultural income or agricultural expenses were incurred in any of the years, which were a reflection of the DIP's business plan which was to develop the property for non-agricultural purposes.

E. Debtor's Business Plan

The DIP was organized to acquire real property to be used in an innovative real estate development for the luxury second home community. The developer was to be Ameya Preserve Inc., an entity affiliated with the DIP. The concept proposed by Ameya Preserve was the development of 446 lots on 10,771 acres in a sustainable and environmentally responsible manner. The anticipated amenities were to include a private ski chalet on a major ski mountain, proprietary fly-fishing access and training, an astronomical observatory, a paleontological dig, a nature center and staff naturalist, a culinary school and private greenhouses, an artist-in-residence program with summer art workshops, a summer musical festival, and a

comprehensive children's program. The projected gross revenues were estimated at \$665,000,000.

While Ameya Preserve was to be the developer, the DIP was to retain ownership of the real property, pending a transfer to Ameya Preserve.

Ameya Preserve received a preliminary plat approval from Park County, Montana in 2006. It allowed its preliminary approval lapse due to the collapse of the second home market in 2008 and 2009.

Thereafter, the DIP began liquidating portions of the real estate as opportunity arose.

Because the Real Property was acquired for development purposes, it has not been operated as an agricultural enterprise. Consequently, there has been no income generated on the Real Property while in the DIP's ownership. As there is no income, there are no cash flow statements, profit and loss statements, or income statements. The DIP intends to lease the grazing and hunting rights on the property to third parties during the pendency of the Plan. The DIP is currently testing the market for appropriate lease rates but is confident that the lease income will be at least \$22,000 per year; any short fall in meeting operating expense will be met by Wade Dokken. American Bank has obtained a judgment against Wade Dokken which could impair his ability to meet any shortfall in operating costs. These expected costs are limited to property taxes, accounting, and utility costs, all of

which are not expected to exceed \$25,000 per year. These costs include the maintenance of the ranch house. The ranch house requires little or no maintenance, due to its non-use; the ranch house is inspected and clean periodically by Wade and Susie Dokken; if any repairs are needed, then a local handyman is called. A copy of the projected operating budget is attached at Appendix No. 6.

An entity owned by Wade Dokken, Greenfield Financial, holds, as lessee, a State of Montana lease for property adjacent to the Real Property and will included in any sale.

The Real Property is listed for sale with Hall & Hall; the commission rate on sale is 4% if Hall & Hall also represents the buyer, and 5% if an outside broker represents the buyer. Hall & Hall will pay all marketing costs. Hall & Hall will conduct the marketing. The DIP has no present intention to replace Hall & Hall as the broker for the Real Property.

The DIP has previously attempted a sale of a 190 acre portion of the Real Property by auction. In 2010 an auction was conducted by Pifer's; while bidders were present at the auction, they did not bid in accordance with the terms of the auction. These bidders did, however, make offers after the auction although the offers were rejected. Another auction of all the Real Property was conducted in 2011. There were multiple bidders but not for all of the property. Upon advice of its real estate broker, Hall & Hall, to keep the Real Property intact and not sell any

interior portions, the DIP declined to complete any of the sales. The DIP believes the market for the Real Property has improved since 2010 and will continue to improve in the future; this belief is based, in part, on advice received from Hall & Hall and also from communications made by American Bank.

The DIP has listed the Real Property for sale at various prices since 2008 attempting to keep the pricing within the market.

IV. CAUSE OF THIS BANKRUPTCY

Several factors have coincided to drain the liquidity from Debtor's operations.

Primarily, the collapse of the second home market rendered the DIP's business plan infeasible. Moreover, the same events adversely impacted the value of the DIP's Real Property. Finally, the DIP's cash funds were depleted through the service of debt on the Real Property and the other developmental costs paid by the DIP. Starting in 2010, the DIP's expenses were paid by its primary owner, Wade Dokken. Following the June 1, 2012 interest payment to American Bank, Mr. Dokken no longer was able to make quarterly interest payments to the Bank.

V. DESCRIPTION OF DIP'S BUSINESS OPERATION

A. Pro Forma Business Plan.

The DIP's business plan going forward is to lease the Real Property for agricultural and hunting purposes. The DIP anticipates the rental income received will be sufficient to pay the property taxes and insurance on the Real Property pending a sale of the Real Property. The Real Property will be continuously listed for sale with a reputable realtor.

Pending a sale, the DIP will be managed by Wade Dokken. Dokken will receive no compensation for his management.

B. Statement of Accounting and Valuation Methods

(a) Description of Accounting

Tax consequences of liquidation. The projected tax consequences of liquidation of various properties as contemplated in the Plan are inconsequential because the DIP is a limited liability company and is therefore a "flow through" entity for tax purposes. Any tax that results from liquidation will be borne by the members of the DIP.

The DIP's financial records have been prepared and maintained by the Bozeman accounting firm, Holmes & Turner. The records have been maintained on a cash basis. The financial reports are compiled.

(b) Description of Valuation

Real Estate – The American Bank obtained an appraisal of the Real Property in March, 2012, a copy of the summary statement and salient facts from the appraisal report are attached at Appendix No. 5. The appraisal was completed by a nationally known real estate appraisal firm, Masters Valuation Services. The value of the Real Property as determined in the appraisal is \$14,040,000 based on a 12 month marketing period. The Park County Treasurer estimates the acreage of the Real Property at 4950 acres, 118 acres more than stated by the DIP. The DIP cannot explain this discrepancy and notes that if the Park County Treasurer is correct, the real property may have more value than set out in the attached appraisal. American Bank, the Class II claimant asserts the discrepancy will require a resurvey of the Real Property before a sale can occur; the DIP disagrees and states that the discrepancy should have no substantive effect on a sale and should not create the need for a survey. The Real Property is not being sold on a price per acre basis but on a total value basis.

The ranch house on the Real Property was built in 1999 but, for isolated occasions, has not been lived in because the prior owner of the Real Property did not reside on it and after the DIP's acquisition, there has been no need for

anyone associated with the DIP to reside on it. There are no access issues associated with the ranch house.

The appraisal attached at Appendix 5 provides a detailed description of the Real Property. Furniture, appliances, household items, office equipment, sporting goods - The value of the furniture, appliances, household and office equipment, and lawn tools is based on purchase costs and the DIP's opinion of value. The DIP has valued the personal property at 50% of purchase price. The ranch house was staged with new furniture and household items as a "show home" in connection with the Ameya Preserve development. The household items are in an unused condition.

(c) Avoidable Transfers

The DIP is not aware of any avoidable transfers. The Plan does not contemplate any recoveries from avoidance claims.

VI. FEASIBILITY OF PLAN

The feasibility of the DIP's Plan is based upon the liquidation of the Real Property.

The proposed payments, assuming a June 4, 2015 payment date, for each of the classes are as follows:

Class I	\$10,537
Class II	\$13,714,157

Class III	\$ 0
Class IV	\$ 0
Class V	\$61,016
Class VI	\$725,661

A table showing the amount of claims, with interest as of the Effective Date, and annually thereafter through May 2016 is set out at Appendix No. 3.

American Bank questions the accuracy of the DIP's financial projections on the bases that they do not include any management or accounting fees, sales and marketing expenses, the cost of title insurance, auctioneer fees and expenses, and maintenance and repair costs.

The DIP has entered into a lease of its grazing and hunting rights for the 2013 year with O'Hair Ranch Company; the rent to be paid under the lease, for the time period April 1, 2013 through March 31, 2014 is \$17 per cow/calf pair per month for grazing and \$2 per deeded acre for hunting. The DIP expects to generate \$20,000 during this one year period from the lease. The DIP's projected income during the period of the Plan is \$22,000. Should the DIP's income during the period of the Plan remain at \$20,000 annually, the DIP will continue to project a positive cash flow.

The DIP has not included the management fees because they are diminimus; the operation of the DIP's property does not require substantial management and

the minimal fees incurred by Holmes & Turner to pay the monthly bills has no material effect on the projected budget. The costs of attorneys fees and title insurance costs incurred on a sale of the property are not included in the projected cash flows because they are typically paid from the sales proceeds.

Hall & Hall, real estate brokers, has the current listing of the Real Property. The DIP anticipates no change in the listing brokers as Hall & Hall is recognized as a leading broker of ranch real estate. The individual broker at Hall & Hall who holds the current listing is Tim Murphy of the Hall & Hall Bozeman office. Mr. Murphy anticipates the general marketing scheme during the period of the Plan to be to advertise in a wide range of national and international magazines directed to the luxury real estate market; advertising will also be done locally in publications focused on resorts, such as Big Sky and Jackson Hole. For example, advertising is currently being purchased in "Jet Set," a magazine distributed in private aircraft. Advertising will also be done on-line and by placement of articles in publications about real estate including the Wall Street Journal real estate on-line edition or "Open Fence" Magazine. Hall & Hall has a presence in the luxury property market and has many contacts throughout the country and globally among those who have interest in such properties. The marketing costs during this time will be borne by Hall & Hall.

Further, Hall & Hall has an auction service. The estimated cost of an auction is \$30,000 to \$40,000.

During the period of the Plan the DIP anticipates minimal or no maintenance and repair. The principal member of the DIP, Wade Dokken provides general oversight, cleaning and light repairs at no cost. The ranch house is the only improvement, other than fences, that may require maintenance and repair; the ranch house is not occupied and suffers no actual use. Based on his past experience, Dokken believes there will be no major repairs and nothing more than routine maintenance will be required. The DIP believes its projection of maintenance costs in the Appendix No. 6 is accurate.

As noted above, the DIP has objected to the allowance of the American Bank proof of claim. If the DIP's objection is sustained, approximately 94% of the DIP indebtedness will be disallowed and no payment on account of that indebtedness will be required by the DIP. The elimination of 94% of the total claims to be paid will increase the feasibility of the Plan. Notwithstanding this, the DIP believes the Plan is feasible even if the American Bank claim is allowed and the Plan is feasible even if the Bankruptcy Court over-rules the DIP's objection to the American Bank claim.

The foregoing demonstrates that the DIP will be able to pay its Chapter 11 Plan obligations.

VII. RELEVANT FACTS

With respect to the DIP's proposed Plan, they submit the following facts are relevant:

1. The DIP's projection of income is based on the sale of the Real Property;
2. While the DIP has endeavored to project sales proceeds in an appropriate fashion, events can occur over which the DIP has no control and which can materially alter the projections, and more likely, the timing of the revenue.

VIII. SPECIAL RISK FACTORS

Substantial risk factors are inherent in any Chapter 11 proceeding. If the Plan is accepted, it is usually because the Plan provides a means by which the claims of creditors can be satisfied. Particular risk factors are:

1. The DIP does not realize the projected income or sales proceeds; and
2. The DIP is unable to sell its property for amounts sufficient to pay the allowed claims.

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IX. CONCLUSION

The material provided in this Disclosure Statement is intended to help you in voting on the Plan of Reorganization on an informed basis. If the Plan is confirmed, you will be bound by its terms. You are therefore urged to review this document.

DATED: April 29, 2013.

PARADISE VALLEY HOLDINGS LLC

By: /s/ Wade Dokken
Managing Member

A handwritten signature in black ink, appearing to read "Wade Dokken", written over a horizontal line.