

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

BEALL & BURKHARDT
WILLIAM C. BEALL, STATE BAR NO. 97100
ERIC W. BURKHARDT, STATE BAR NO. 132812
1114 STATE STREET
LA ARCADA BUILDING, SUITE 200
SANTA BARBARA, CALIFORNIA, 93101
(805) 966-6774, FAX (805) 963-5988

Attorneys for Debtor

UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA

In re) Bk. No. 9:10-bk-10689-RR
)
DAZ Vineyards, LLC,) In a Case Under Chapter 11
) of the Bankruptcy Code
Debtor.) (11 U.S.C. §1101 et. seq.)
)

**DISCLOSURE STATEMENT DESCRIBING
THIRD AMENDED CHAPTER 11 PLAN**

Date: May 22, 2012
Time: 3:00 p.m.
Place: 1415 State Street,
Suite 200,
Santa Barbara, CA 93101

TABLE OF CONTENTS

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

I. INTRODUCTION 1

 A. Purpose of this Document 1

 B. Deadlines for Voting and Objecting; Date of Plan Confirmation Hearing..... 2

 1. Time and Place of the Confirmation Hearing 2

 2. Deadline for Voting For or Against the Plan 3

 3. Deadline for Objecting to the Confirmation of the Plan..... 3

 4. Identity of Person to Contact for More Information Regarding the Plan..... 3

 C. Disclaimer 3

II. BACKGROUND..... 4

 A. Description and History of the Debtor’s Business 4

 B. Principals/Affiliates of Debtor’s Business 4

 C. Management of the Debtor Before and After the Bankruptcy 4

 D. Events Leading to Chapter 11 Filing 4

 E. Significant Events 5

 1. Bankruptcy Proceedings 5

 2. Other Legal Proceedings 5

 3. Actual and Projected Recovery of Preferential or Fraudulent Transfers 5

 4. Current and Historical Financial Conditions 6

III. SUMMARY OF THE PLAN OF REORGANIZATION..... 6

 A. What Creditors and Interest Holders Will Receive Under the Proposed Plan..... 6

 B. Unclassified Claims 6

 1. Administrative Expenses 6

 2. Priority Tax Claims 8

 C. Classified Claims and Interests 8

 1. Classes of Secured Claims 8

 2. Classes of Priority Unsecured Claims 10

 3. Classes of General Unsecured Claims 11

1	4. Class(es) of Interest Holders	12
2	D. Means of Effectuating the Plan	13
3	1. Funding for the Plan	13
4	2. Post-Confirmation Management	13
5	3. Disbursing Agent	13
6	E. Risk Factors	13
7	F. Other Provisions of the Plan	14
8	1. Executory Contracts and Unexpired Leases	14
9	a) Assumptions	14
10	b) Rejections	14
11	2. Changes in Rates Subject to Regulatory Approval	14
12	3. Retention of Jurisdiction	14
13	G. Tax Consequences of Plan	14
14	IV. CONFIRMATION REQUIREMENTS AND PROCEDURES.....	15
15	A. Who May Vote or Object	15
16	1. Who May Object to Confirmation of the Plan	15
17	2. Who May Vote to Accept/Reject the Plan	16
18	a) What is an Allowed Claim/Interest	16
19	b) What is an Impaired Claim/Interest	16
20	3. Who is <u>Not</u> Entitled to Vote	17
21	4. Who Can Vote in More Than One Class	18
22	5. Votes Necessary to Confirm the Plan	18
23	6. Votes Necessary for a Class to Accept the Plan	18
24	7. Treatment of Nonaccepting Classes	18
25	8. Request for Confirmation Despite Nonacceptance by Impaired Class(es).....	19
26	B. Liquidation Analysis	19
27	C. Feasibility	23
28	V. EFFECTS OF CONFIRMATION OF PLAN.....	24
	A. Discharge	24
	B. Revesting of Property in the Debtor	24
	C. Modification of Plan	25
	D. Post-Confirmation Status Report	25
	E. Post-Confirmation Conversion/Dismissal	25
	F. Final Decree	26

I

INTRODUCTION

1
2
3
4 DAZ Vineyards, LLC is the Debtor in a Chapter 11 bankruptcy
5 case. On February 15, 2010, DAZ Vineyards, LLC commenced a
6 bankruptcy case by filing a voluntary Chapter 11 petition under
7 the United States Bankruptcy Code ("Code"), 11 U.S.C. §101 et.
8 seq. Chapter 11 allows the Debtor, and under some circumstances,
9 creditors and other parties in interest, to propose a plan of
10 reorganization ("Plan"). The Plan may provide for the Debtor to
11 reorganize by continuing to operate, to liquidate by selling
12 assets of the estate, or a combination of both. DAZ Vineyards,
13 LLC is the party proposing the Plan sent to you in the same
14 envelope as this document. THE DOCUMENT YOU ARE READING IS THE
15 DISCLOSURE STATEMENT FOR THE ENCLOSED PLAN.

16
17 **A. Purpose of This Document.**

18 This Disclosure Statement summarizes what is in the Plan, and
19 tells you certain information relating to the Plan and the process
20 the Court follows in determining whether or not to confirm the
21 Plan.

22 **READ THIS DISCLOSURE STATEMENT CAREFULLY IF YOU WANT TO KNOW:**

- 23 (1) Who can vote or object,
24 (2) What the treatment of your claim is (i.e., what your
25 claim will receive if the plan is confirmed), and how
26 this treatment compares to what your claim would receive
27 in liquidation,
28 (3) The history of the debtor and significant events during
the bankruptcy,

- 1 (4) What things the court will look at to decide whether or
not to confirm the plan,
- 2
- 3 (5) What is the effect of confirmation, and
- 4
- 5 (6) Whether this plan is feasible.

6 This Disclosure Statement cannot tell you everything about
7 your rights. You should consider consulting your own lawyer to
8 obtain more specific advice on how this Plan will affect you and
9 what is the best course of action for you.

10 Be sure to read the Plan as well as the Disclosure Statement.
11 If there are any inconsistencies between the Plan and the
12 Disclosure Statement, the Plan provisions will govern.

13 The Code requires a Disclosure Statement to contain "adequate
14 information" concerning the Plan. The Bankruptcy Court ("Court")
15 has approved this document to enable parties affected by the Plan
16 to make an informed judgment about the Plan. Any party can now
17 solicit votes for or against the Plan.

18 **B. Deadlines for Voting and Objecting; Date of Plan**
19 **Confirmation Hearing.**

20 THE COURT HAS NOT YET CONFIRMED THE PLAN DESCRIBED IN THIS
21 DISCLOSURE STATEMENT. IN OTHER WORDS, THE TERMS OF THE PLAN ARE
22 NOT YET BINDING ON ANYONE. HOWEVER, IF THE COURT LATER CONFIRMS
23 THE PLAN, THEN THE PLAN WILL BE BINDING ON THE DEBTOR AND ON ALL
24 CREDITORS AND INTEREST HOLDERS IN THIS CASE.

25 **1. Time and Place of the Confirmation Hearing.**

26 The hearing where the Court will determine whether or
27 not to confirm the Plan will take place at the time set forth in
28 the Order Approving the Third Amended Disclosure Statement in the

1 United States Bankruptcy Court, 1415 State Street, Courtroom 201,
2 Santa Barbara, California, 93101.

3 **2. Deadline for Voting For or Against the Plan.**

4 If you are entitled to vote, it is in your best interest
5 to timely vote on the enclosed ballot and return the ballot in the
6 enclosed envelope to Beall & Burkhardt, 1114 State Street, Suite
7 200, Santa Barbara, California, 93101.

8 Your ballot must be received by the date set forth in
9 the Order Approving the Third Amended Disclosure Statement or it
10 will not be counted.

11 **3. Deadline for Objecting to the Confirmation of the**
12 **Plan.**

13 Objections to the confirmation of the Plan must be filed
14 with the Court and served upon Beall & Burkhardt, counsel for the
15 Debtor, by the date set forth in the Order Approving the
16 Disclosure Statement.

17 **4. Identity of Person to Contact for More Information**
18 **Regarding the Plan.**

19 Any interested party desiring further information about
20 the Plan should contact William C. Beall, (805) 966-6774.

21 **C. Disclaimer.**

22 The financial data relied upon in formulating the Plan is
23 based on the debtor's books and records. The information
24 contained in this Disclosure Statement is provided by DAZ
25 Vineyards, LLC. The Plan Proponent represents that everything
26 stated in the Disclosure Statement is true to the Proponent's best
27 knowledge. The Court has not yet determined whether or not the
28

1 Plan is confirmable and makes no recommendation as to whether or
2 not you should support or oppose the Plan.

3
4 II

5 BACKGROUND

6
7 A. Description and History of the Debtor's Business.

8 The Debtor is a Limited Liability Company.

9 The Debtor is in the business of both producing grapes, and
10 the manufacture and sales of fine wines.

11 The Debtor has been in this business since July of 2005.

12
13 B. Principals/Affiliates of Debtor's Business.

14 The members of the debtor are Centrium and Associates, LLC,
15 and DAZ Holdings, LLC. See also below.

16
17 C. Management of the Debtor Before and After the
18 Bankruptcy.

19 The LLC is managed by C. Alexis Zahoudanis and John
20 Zahoudanis.

21
22 D. Events Leading to Chapter 11 Filing.

23 Here is a brief summary of the circumstances that **led to the**
24 **filing** of this Chapter 11 case:

25 The case was filed to prevent Investors Warranty of America,
26 Inc. from completing a foreclosure on the debtor's real property
27 asset.

28

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

E. Significant Events During the Bankruptcy.

1. Bankruptcy Proceedings.

The following is a chronological list of significant events which have occurred **during** this case:

The debtor has worked through the Chapter 11 process with various goals in mind. First, the debtor has negotiated treatments with most of its secured creditors. Second, the debtor has made adjustments to its business operations to enhance profitability. The debtor had hoped to bring outside investors into the business, but does not currently have such investors in negotiations. Instead, the debtor believes that it has attained sufficient profitability to sustain the necessary payments to fund the First Amended Plan through operations alone.

2. Other Legal Proceedings.

In addition to the proceedings discussed above, the Debtor is currently involved in the following non-bankruptcy legal proceedings:

All non-bankruptcy litigation remains stayed, except an action brought by Pacific Funding, a disputed unsecured creditor. The debtor also is a cross claimant in that action.

3. Actual and Projected Recovery of Preferential or Fraudulent Transfers.

The debtor does not plan to file any avoiding actions.

1 **4. Current and Historical Financial Conditions.**

2 The identity and fair market value of the estate's
3 assets are listed in the liquidation analysis below. See also the
4 Debtor's financial history set forth in Exhibit B, as well as
5 projections for future financials set forth in Exhibit C.

6

7

III

8

SUMMARY OF THE PLAN OF REORGANIZATION

9

10 **A. What Creditors and Interest Holders Will Receive Under**
11 **the Proposed Plan.**

12 As required by the Bankruptcy Code, the Plan classifies
13 claims and interests in various classes according to their right
14 to priority. The Plan states whether each class of claims or
15 interests is impaired or unimpaired. The Plan provides the
16 treatment each class will receive.

17

18 **B. Unclassified Claims.**

19 Certain types of claims are not placed into voting classes;
20 instead they are unclassified. They are not considered impaired
21 and they do not vote on the Plan because they are automatically
22 entitled to specific treatment provided for them in the Bankruptcy
23 Code. As such, the Proponent has **not** placed the following claims
24 in a class.

25 **1. Administrative Expenses.**

26 Administrative expenses are claims for costs or expenses
27 of administering the Debtors' Chapter 11 case which are allowed
28 under Code §507(a)(1). The Code requires that all administrative

1 claims be paid on the Effective Date of the Plan, unless a
2 particular claimant agrees to a different treatment.

3 The following chart lists **all** of the Debtors' §507(a)(1)
4 administrative claims and their treatment under this Plan:

5
6

Name	Amount Owed	Treatment
Beall & Burkhardt	\$50,000.00 estimated	Paid in full on the effective date or according to agreement between the parties
Sorenson & Sorenson	\$10,858.50	Paid in full on the effective date or according to agreement between the parties
Clerk's Office Fees	None anticipated	Paid in full on Effective Date
Office of the U.S. Trustee Fees	None anticipated	Paid in full on Effective Date
TOTAL	\$60,858.50 estimated	

7
8
9
10
11
12
13
14
15
16 Court Approval of Fees Required:

17 The court must rule on all fees listed in this chart
18 before the fees will be owed. For all fees except Clerk's Office
19 fees and U.S. Trustee's fees, the professional in question must
20 file and serve a properly noticed fee application and the Court
21 must rule on the application. Only the amount of fees allowed by
22 the Court will be owed and required to be paid under this Plan.

23 As indicated above, the Debtor will need to pay
24 approximately \$60,858.50 worth of administrative claims on the
25 Effective Date of the Plan unless the claimant has agreed to be
26 paid later or the Court has not yet ruled on the claim. As
27 indicated elsewhere in this Disclosure Statement, Debtor will have
28 the necessary cash on hand on the Effective Date of the Plan. The

1 source of this cash will be from in part from operations and in
 2 part from new investment.

3 **2. Priority Tax Claims.**

4 Priority tax claims are certain unsecured income,
 5 employment and other taxes described by Code §507(a)(8). The Code
 6 requires that each holder of such a §507(a)(8) priority tax claim
 7 receive the present value of such claim in deferred cash payments,
 8 over a period not exceeding five years from the date of the filing
 9 of this case.

10 The following chart lists all of the Debtor's §507(a)(8)
 11 priority tax claims and their treatment under the Plan:

Description	Amount Owed	Treatment
Name: Franchise Tax Board	\$3,583.19	Paid in full with statutory interest from effective date in equal quarterly payments over three years from the effective date.
Name: Internal Revenue Service	\$56,004.11	Paid in full with statutory interest from effective date in equal quarterly payments over three years from the effective date.
Name: Employment Development Dept.	\$11,719.47	Paid in full with statutory interest from effective date in equal quarterly payments over three years from the effective date.
Name: State Board of Equalization	\$38,433.15	Paid in full with statutory interest from effective date in equal quarterly payments over three years from the effective date.
TOTAL	\$109,739.92	

22
 23 **C. Classified Claims and Interests.**

24 **1. Classes of Secured Claims.**

25 Secured claims are claims secured by liens on property
 26 of the estate. The following chart lists all classes containing
 27 Debtor's secured pre-petition claims and their treatment under
 28 this Plan.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

Classes #	Description	Insiders (Y/N)	Impaired (Y/N)	Treatment
1	Secured Claim of: Investors Warranty of America, Inc. secured by a first trust deed encumbering the debtor's property in Los Olivos, CA	N	Y	The Plan incorporates all terms of the Loan Modification Agreement dated on or about February 28, 2011 by and among the Debtor, Constantine Zahoudinas, and Investors Warranty of America, Inc. ("Investors Warranty"), as amended by the First Amendment to Loan Modification Agreement attached hereto as Exhibit A, and as further modified by the Stipulation Resolving Relief from Stay Motion and Granting Adequate Protection, with Investors Warranty retaining all rights, interests, and remedies provided in the Loan Modification Agreement, as amended. Investors Warranty will be paid in full in accordance with the terms set forth in the Loan Modification Agreement, as amended, and will retain all lien rights, including, but not limited to, its first priority Deed of Trust encumbering the Debtor's real property located in the County of Santa Barbara and commonly known as 6701 Foxen Canyon Road in Los Olivos, California. The Plan alters no rights, interests or remedies of Investors Warranty, and alters no obligation of the Debtor, under the Loan Modification Agreement and the Secured Loan Documents (as that term is defined in the Loan Modification Agreement), as amended. To the extent that any other provision in the Plan is not consistent with the treatment set forth herein, the treatment set forth herein will govern.
2	Claim of Silicon Valley Bank, secured by liens on virtually all of debtor's personal property, including pre-and postpetition accounts receivable and inventory. This Plan treats the Class 2 claim as fully secured pursuant to Bankruptcy Code Section 506(a).	N	Y	The full amount of the allowed Class 2 claim shall be paid in full with interest at 7% per annum in quarterly payments of \$12,000.00 per quarter, payable every March 1, June 1, September 1, and December 1. Any remaining balance will be paid in full March 1, 2015. The Class 2 claim holder shall retain all of its liens in the Debtor's property, with the same validity, extent and priority, including with respect to any

				after acquired property of the same type, pending full payment of the Class 2 claim, including any applicable interest, fees and other charges pursuant to the parties' agreement and applicable law
3	Secured Claim of Santa Colina Vineyards secured by a lien on some of the debtor's bulk wine. As of 4/1/12, the remaining balance is \$14,192.00	N	Y	Paid in full with interest at 5% per annum in monthly payments of \$1,900.00, with any balance due and payable one year from the effective date.
4	Secured Claim of Bernice James secured by a lien on the debtor's real property, located in Los Olivos CA	N	Y	Paid in full with statutory interest from effective date in equal quarterly payments over three years from the effective date.
5	Secured Claim of Sierra Madre ranch secured by a lien on some of the debtor's bulk wine	N	Y	The claim is allowed by stipulation. The remaining balance owing was \$40,000.00 as of 2/5/2012. The claim will be paid with agreed interest of \$10,000.00 at \$5,000.00 per month (except that the first payment shall be \$2,500.00) commencing 3/1/12 with the last payment, in the amount of \$2,500.00 paid 12/1/12.
6	Secured Claim of CNH Capital America secured by a lien on some of the debtor's equipment	N	Y	The entire balance with all accrued interest and charges will be paid in full in monthly payments of \$1,696.00 with the first payment due on the effective date.
	TOTAL			

2. Class of Priority Unsecured Claims.

Certain priority claims that are referred to in Code §507(a)(3), (4), (5), (6), and (7) are required to be placed in classes. These types of claims are entitled to priority treatment as follows: the Code requires that each holder of such a claim receive cash on the Effective Date equal to the allowed amount of such claim. However, a class of unsecured priority claim holders may vote to accept deferred cash payments of a value, as of the Effective Date, equal to the allowed amount of such claims.

The following chart lists all classes containing Debtor's §507(a)(3), (4), (5), (6), and (7) priority unsecured claims and their treatment under this Plan.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

Description	Impaired (Y/N)	Treatment
Class		
The debtor believes there are no non-tax priority claims		

3. Class of General Unsecured Claims.

General unsecured claims are unsecured claims not entitled to priority under Code §507(a). The following chart identifies this Plan's treatment of the class containing **all** of Debtor's general unsecured claims:

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

Class #	Description	Impaired (Y/N)	Treatment
7	General unsecured claims Total amount of claims \$515,544.17 undisputed, plus \$4,278,665.00 disputed	Y	The unsecured class will share payments totaling \$120,000 payable at \$8,000 per quarter commencing 3 months after the effective date and every three months thereafter. Each individual creditor will receive its aliquot portion of the fund in annual payments. To the extent claim objections are pending at any payment date, the disbursing agent will retain sufficient funds to make payments to disputed creditors if their claims are allowed. Creditors will receive between 10% and 23% of their unsecured claims, depending on the success of the debtor's claim objections. To the extent the payments described herein are insufficient to pay 10% to members of the class of general unsecured creditors, the debtor will make additional quarterly payments of \$8,000 until sufficient funds have been made to permit a minimum 10% return to Class 7.

4. Class(es) of Interest Holders.

Interest holders are the parties who hold ownership interest (i.e., equity interest) in the Debtor. If the Debtor is a corporation, entities holding preferred or common stock in the Debtor are interest holders. If the Debtor is a partnership, the interest holders include both general and limited partners. If the Debtor is an individual, the Debtor is the interest holder. The following chart identifies this Plan's treatment of the class of interest holders:

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

Description	Impaired (Y/N)	Treatment
Class		
8	N	Holders of membership interests in the debtor will retain their interests

D. Means of Performing the Plan.

1. Funding for the Plan.

The Plan will be funded by the following: The Plan will be funded by the continued business operations of the debtor.

The Effective Date of the Plan will be 30 days after entry of an Order confirming the Plan.

2. Post-Confirmation Management.

Post confirmation management of the debtor will continue to be by John and C. Alexis Zahoudanis.

3. Disbursing Agent.

The debtor shall act as the disbursing agent for the purpose of making all distributions provided for under the Plan. The Disbursing Agent shall serve without bond and shall receive no compensation for distribution services rendered and expenses incurred pursuant to the Plan.

E. Risk Factors.

The proposed Plan has the following risks:

The primary risk factors are that the debtor will be unable to operate the business with the requisite profitability, and that the debtor will be unable to obtain the required new investors.

1 **F. Other Provisions of the Plan.**

2 **1. Executory Contracts and Unexpired Leases.**

3 **a) Assumptions.**

4 The following are the unexpired leases and
5 executory contracts to be assumed as obligations of the
6 reorganized Debtor under this Plan:

7 The debtor knows of no such executory contracts.

8 **b) Rejections.**

9 On the Effective Date, the following executory
10 contracts and unexpired leases will be rejected:

11 The debtor knows of no such executory contracts.

12 **2. Changes in Rates Subject to Regulatory Commission.**

13 This Debtor is not subject to governmental regulatory
14 commission approval of its rates.

15 **3. Retention of Jurisdiction.**

16 The Court will retain jurisdiction to the extent
17 provided by law.

18
19 **G. Tax Consequences of Plan.**

20 *Creditors and interest holders concerned with how the plan*
21 *may affect their tax liability should consult with their own*
22 *accountants, attorneys, and/or advisors.* The following disclosure
23 of possible tax consequences is intended solely for the purpose of
24 alerting readers about possible tax issues this Plan may present
25 to the Debtor. The Proponent **cannot** and **does not** represent that
26 the tax consequences contained below are the only tax consequences
27 of the Plan because the Tax Code embodies many complicated rules
28

1 which make it difficult to state completely and accurately all the
2 tax implications of any action.

3 The estate does not anticipate tax consequences from the Plan
4 beyond normal income taxes to be paid for profitable operations.

5 IV

6 CONFIRMATION REQUIREMENTS AND PROCEDURES

7
8 *Persons or entities concerned with confirmation of this Plan*
9 *should consult with their own attorneys because the law on*
10 *confirming a Plan of Reorganization is very complex.* The
11 following discussion is intended solely for the purpose of
12 alerting readers about basic confirmation issues, which they may
13 wish to consider, as well as certain deadlines for filing claims.
14 The Proponent **cannot** and **does not** represent that the discussion
15 contained below is a complete summary of the law on this topic.

16 Many requirements must be met before the Court can confirm a
17 Plan. Some of the requirements include that the Plan must be
18 proposed in good faith, acceptance of the Plan, whether the Plan
19 pays creditors at least as much as creditors would receive in a
20 Chapter 7 liquidation, and whether the Plan is feasible. These
21 requirements are **not** the only requirements for confirmation.

22
23 A. Who May Vote or Object.

24 1. Who May Object to Confirmation of the Plan.

25 Any party in interest may object to the confirmation of
26 the Plan, but as explained below not everyone is entitled to vote
27 to accept or reject the Plan.

28

1 **2. Who May Vote to Accept/Reject the Plan.**

2 A creditor or interest holder has a right to vote for or
3 against the Plan if that creditor or interest holder has a claim
4 which is both (1) allowed or allowed for voting purposes, and (2)
5 classified in an impaired class.

6 **a) What Is an Allowed Claim/Interest.**

7 As noted above, a creditor or interest holder must
8 first have an **allowed claim or interest** to have the right to vote.
9 Generally, any proof of claim or interest will be allowed, unless
10 a party in interest brings a motion objecting to the claim. When
11 an objection to a claim or interest is filed, the creditor or
12 interest holder holding the claim or interest cannot vote unless
13 the Court, after notice and hearing, either overrules the
14 objection or allows the claim or interest for voting purposes.

15 ***The bar date for filing a Proof of Claim in this***
16 ***case was November 1, 2010.*** A creditor or interest holder may have
17 an allowed claim or interest even if a proof of claim or interest
18 was not timely filed. A claim is deemed allowed if (1) it is
19 scheduled on the Debtor's schedules and such claim is not
20 scheduled as disputed, contingent, or unliquidated, and (2) no
21 party in interest has objected to the claim. An interest is
22 deemed allowed if it is scheduled and no party in interest has
23 objected to the interest.

24 **b) What Is an Impaired Claim/Interest.**

25 As noted above, an allowed claim or interest only
26 has the right to vote if it is in a class that is **impaired** under
27 the Plan. A class is impaired if the Plan alters the legal,
28 equitable, or contractual rights of the members of that class.

1 For example, a class comprised of general unsecured claims is
2 impaired if the Plan fails to pay the members of that class 100%
3 of what they are owed.

4 In this case, the Proponent believes that all
5 Classes are impaired and that holders of claims in each of these
6 classes are therefore entitled to vote to accept or reject the
7 Plan. The Proponent believes that no Class is unimpaired.
8 Parties who dispute the Proponent's characterization of their
9 claim or interest as being impaired or unimpaired may file an
10 objection to the Plan contending that the Proponent has
11 incorrectly characterized the class.

12

13 **3. Who is Not Entitled to Vote.**

14 The following four types of claims are **not** entitled to
15 vote:

16 (1) Claims that have been disallowed;

17 (2) Claims in unimpaired classes;

18 (3) Claims entitled to priority pursuant to Code
19 §§507(a)1), (a) (2), and (a) (8); and

20 (4) Claims in classes that do not receive or
21 retain any value under the Plan.

22 Claims in unimpaired classes are not entitled to vote because such
23 classes are deemed to have accepted the Plan. Claims entitled to
24 priority pursuant to Code §§507(a) (1), (a) (2), and (a) (7) are not
25 entitled to vote because such claims are not placed in classes and
26 they are required to receive certain treatment specified by the
27 Code. Claims in classes that do not receive or retain any value
28 under the Plan do not vote because such classes are deemed to have

1 rejected the Plan. *Even if your claim is of the type described*
2 *above, you may still have a right to object to the confirmation of*
3 *the Plan.*

4 **4. Who Can Vote in More Than One Class.**

5 A creditor whose claim has been allowed in part as a
6 secured claim and in part as an unsecured claim is entitled to
7 accept or reject a Plan in both capacities by casting one ballot
8 for the secured part of the claim and another ballot for the
9 unsecured claim.

10 **5. Votes Necessary to Confirm the Plan.**

11 If impaired classes exist, the Court cannot confirm the
12 Plan unless:

13 (1) At least one impaired class has accepted the Plan
14 without counting the votes of any insiders with that class; and

15 (2) All impaired classes have voted to accept the Plan,
16 unless the Plan is eligible to be confirmed by "cramdown" on non-
17 accepting classes, as discussed later in Section {IV.A.8}.

18 **6. Votes Necessary for a Class to Accept the Plan.**

19 A class of claims is considered to have accepted the
20 Plan when more than one-half (1/2) in number and at least two-
21 thirds (2/3) in dollar amount of the claims which actually voted,
22 voted in favor of the Plan. A class of interests is considered to
23 have accepted the Plan when at least two-thirds (2/3) in amount of
24 the interest holders of such class which actually voted, voted to
25 accept the Plan.

26 **7. Treatment of Nonaccepting Classes.**

27 As noted above, even if **all** impaired classes do not
28 accept the proposed Plan, the Court may nonetheless confirm the

1 Plan if the nonaccepting classes are treated in the manner
2 required by the Code. The process by which nonaccepting classes
3 are forced to be bound by the terms of the Plan is commonly
4 referred to as "cramdown". The Code allows the Plan to be
5 "crammed down" on nonaccepting classes of claims or interest if it
6 meets all consensual requirements except the voting requirements
7 of §1129(a)(8) and if the Plan does not "discriminate unfairly"
8 and is "fair and equitable" toward each impaired class that has
9 not voted to accept the Plan as referred to in 11 U.S.C. §1129(b)
10 and applicable case law.

11 **8. Request for Confirmation Despite Nonacceptance by**
12 **Impaired Class(es).**

13 The party proposing this Plan DAZ Vineyards, LLC asks
14 **the Court** to confirm this Plan by cramdown on any impaired class
15 if any of those classes do not vote to accept the Plan.
16

17 **B. Liquidation Analysis.**

18 Another confirmation requirement is the "Best Interest Test",
19 which requires a liquidation analysis. Under the Best Interest
20 Test, if a claimant or interest holder is in an impaired class and
21 that claimant or interest holder does not vote to accept the Plan,
22 then that claimant or interest holder must receive or retain under
23 the Plan property of a value not less than the amount that such
24 holder would receive or retain if the Debtor were liquidated under
25 Chapter 7 of the Bankruptcy Code.

26 In a Chapter 7 case, the Debtor's assets are usually sold by
27 a Chapter 7 trustee. Secured creditors are paid first from the
28 sales proceeds of properties on which the secured creditor has a

1 lien. Administrative claims are paid next. Next, unsecured
2 creditors are paid from any remaining sales proceeds, according to
3 their rights to priority. Unsecured creditors with the same
4 priority share in proportion to the amount of their allowed claim
5 in relationship to the amount of total allowed unsecured claims.
6 Finally, interest holders receive the balance that remains after
7 all creditors are paid, if any.

8 For the Court to be able to confirm the Plan, the Court must
9 find that all creditors and interest holders who do not accept the
10 Plan will receive at least as much under the Plan as such holders
11 would receive under a Chapter 7 liquidation. The Plan Proponent
12 maintains that this requirement is met here for the following
13 reasons:

14 In a Chapter 7 liquidation, a Trustee would face a daunting
15 task to sell any property whatsoever. The debtor's real property
16 is subject to a lien in favor of Investors Warranty of America,
17 Inc. which the secured creditor contends before modification to be
18 in excess of \$11 million. The debtor does not believe that the
19 property could be sold for sufficient funds to pay the secured
20 debt, let alone to generate funds for unsecured creditors.
21 Similarly, other assets are all subject to security interests, and
22 any liquidation would be very difficult. The most difficult asset
23 to value is the debtor's inventory of wine. As of the writing of
24 this document, the debtor has approximately 4,100 cases of wine,
25 as well as 25,000 gallons of red wine in barrels awaiting
26 bottling. Sold at retail, that wine has significant value. The
27 debtor's retail prices for wine average \$425 per case, so the
28 cased wine alone might bring \$1.7 million. However, selling at

1 those prices requires operation of the debtor's business, with
2 concomitant business expenses. Recent research into liquidation
3 prices of wine, such as a Trustee in a Chapter 7 case might
4 obtain, are very different. The debtor estimates that on
5 liquidation, the estate would receive perhaps \$36 per case, and
6 the barreled wine would be sold for somewhat less than that.

7 Below is a demonstration, in balance sheet format, that all
8 creditors and interest holders will receive at least as much under
9 the Plan as such creditor or interest holder would receive under a
10 Chapter 7 liquidation. This information is provided by the debtor
11 and plan proponent).

12 The debtor believes that a Chapter 7 Trustee might, in
13 the end, be able to create a pool of \$136,000.00 (see chart below)
14 from which to pay unsecured debts. After payment of the Trustee's
15 fees and his professional's fees, as well as approximately
16 \$109,000 in priority unsecured debt consisting of tax creditors,
17 the debtor does not believe a Chapter 7 Trustee would make a
18 distribution to general unsecured creditors.

Asset	Value (at liquidation)	Secured claim	Available for unsecured creditors
Land and buildings	\$8,500,000 based upon appraisal presented by Investors Warranty of	\$9,530,000	\$0

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

	America, Inc. with Motion for Relief from Stay		
Accounts Receivable	\$45,624 (gross) assume 75% collectible in liquidation or \$34,218	\$199,000	\$0
Cash	Negligible		\$0
Equipment	\$7,000 estimated liquidation value	\$44,000	\$0
Wine Inventory	\$300,000 (at liquidation, estimated)	\$199,000 (also secured by receivables)	\$135,218

Below is a demonstration, in tabular format, that all creditors and interest holders will receive at least as much under the Plan as such creditor or holder would receive under a Chapter 7 liquidation.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

Claims and Classes	Payout Percentage Under the Plan	Payout Percentage in Chapter 7 Liquidation
Administrative Claims	100	100
Priority Tax Claims	100	100
Class 1:	100	Unknown
Class 2:	100	100
Class 3:	100	100
Class 4:	100	100
Class 5:	100	100
Class 6:	100	100
Class 7:	10-23%	0

C. Feasibility.

Another requirement for confirmation involves the feasibility of the Plan, which means 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 under the Plan, unless such liquidation or reorganization is proposed in the Plan.

There are at least two important aspects of a feasibility analysis. The first aspect considers whether the Debtor will have enough cash on hand on the Effective Date of the Plan to pay all the claims and expenses which are entitled to be paid on such date. The Plan Proponent maintains that this aspect of feasibility is satisfied as the debtor will demonstrate at the confirmation hearing the ability to pay the necessary \$60,858.00 in administrative expenses or will offer evidence of agreements with the administrative creditors.

1 The second aspect considers whether the Proponent will have
2 enough cash over the life of the Plan to make the required Plan
3 payments.

4 The Proponent has provided financial statements which include
5 both historical and projected financial information. Please refer
6 to Exhibit B and C for the relevant financial statements. **You are**
7 **advised to consult with your accountant or financial advisor if**
8 **you have any questions pertaining to these financial statements.**

9 In addition to the information provided herein, the debtor will
10 produce evidence at the confirmation hearing of its ability to
11 fund the payments required under the Plan.

12 As Debtor's financial projections demonstrate, Debtor will
13 have an average cash flow, after paying operating expenses and
14 post-confirmation taxes, to make the payments for the life of the
15 Plan. The Plan Proponent contends that Debtor's financial
16 projections are feasible.

17 V

18 EFFECT OF CONFIRMATION OF PLAN

19 A. Discharge.

20 This Plan provides that upon substantial consummation, Debtor
21 shall be discharged of liability for payment of debts incurred
22 before confirmation of the Plan, to the extent specified in 11
23 U.S.C. §1141. However, the discharge will not discharge any
24 liability imposed by the Plan.

25 B. Revesting of Property in the Debtor.

26 Except as provided in Section {V.E.}, and except as provided
27 elsewhere in the Plan, the confirmation of the Plan revests all of
28 the property of the estate in the Debtor.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

C. Modification of Plan.

The Proponent of the Plan may modify the Plan at any time before confirmation. However, the Court may require a new Disclosure Statement and/or re-voting on the Plan.

D. Post-Confirmation Status Report.

Within 120 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, the twenty largest unsecured creditors, and those parties who have requested special notice. Further status reports shall be filed every 120 days and served on the same entities.

E. Post-Confirmation Conversion/Dismissal.

A creditor or party in interest may bring a motion to convert or dismiss the case under §1112(b), after the Plan is confirmed, if there is a default in performing the Plan. If the Court orders, the case converted to Chapter 7 after the Plan is confirmed, then all property that had been property of the Chapter 11 estate, and that has not been disbursed pursuant to the Plan, will revert in the Chapter 7 estate. The automatic stay will be reimposed upon the reverted property, but only to the extent that relief from stay was not previously authorized by the Court during this case.

The order confirming the Plan may also be revoked under very limited circumstances. The Court may revoke the order if the

1 order of confirmation was procured by fraud and if the party in
2 interest brings an adversary proceeding to revoke confirmation
3 within 180 days after the entry of the order of confirmation.

4 **F. Final Decree.**


5 Once the estate has been fully administered as referred to in
6 Bankruptcy Rule 3022, the Plan Proponent, or other party as the
7 Court shall designate in the Plan Confirmation Order, shall file a
8 motion with the Court to obtain a final decree to close the case.

9 Respectfully submitted,

10 Dated:

11 
12 DAZ Vineyards, Debtor and Plan
13 Proponent, by John Zahoudanis,
14 Manager

15 Dated:

16 BEALL & BURKHARDT
17 BY: 
18 William C. Beall, Attorneys for
19 DAZ Vineyards, LLC, Debtor,
20 Plan Proponent
21
22
23
24
25
26
27
28

1 BUCHALTER NEMER
A Professional Corporation
2 CRAIG C. CHIANG (SBN 209602)
BRIAN HARVEY (SBN 238991)
3 333 Market Street, 25th Floor
San Francisco, CA 94105-2126
4 Telephone: (415) 227-0900
Facsimile: (415) 227-0770.
5 Email: cchiang@buchalter.com

6 Attorneys for Secured Creditor
Investors Warranty of America, Inc,
7 an Iowa corporation

8 UNITED STATES BANKRUPTCY COURT
9 CENTRAL DISTRICT OF CALIFORNIA
10 SANTA BARBARA DIVISION

12 In re
13 DAZ VINEYARDS, LLC dba
DEMETRIA ESTATE WINERY,
14 Debtor.

Case No. 9:10-bk-10689 (RR)

Chapter 11

**STIPULATION RESOLVING RELIEF
FROM STAY MOTION AND GRANTING
ADEQUATE PROTECTION**

Original Hearing Date

Date: December 6, 2011

Time: 9:00 a.m.

Place 1415 State Street, Courtroom 201
Santa Barbara, California 93101

Continued Hearing Date

Date: January 4, 2012

Time: 9:00 a.m.

Place 1415 State Street, Courtroom 201
Santa Barbara, California 93101

23 This Stipulation Resolving Relief from Stay Motion and Granting Adequate Protection
24 ("Stipulation") is entered into by and between Investors Warranty of America, Inc, an Iowa
25 corporation ("Investors Warranty") and DAZ Vineyards, LLC, the above-captioned Chapter 11
26 debtor ("DAZ").

RECITALS

28 A. On February 15, 2010 (the "Petition Date"), DAZ filed a voluntary petition for

1 relief under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") in the
2 United States Bankruptcy Court for the Central District of California (the "Bankruptcy Court").

3 B. Prior to the Petition Date, DAZ executed that certain Promissory Note Secured By
4 Deed of Trust, dated as of September 20, 2007, in favor of Transamerica Financial Life Insurance
5 Company, a New York corporation ("Original Lender"), in the original principal amount of Seven
6 Million Eight Hundred Sixty-Five Thousand and 00/100ths Dollars (\$7,865,000.00) (the "Note").

7 C. To secure its obligations under the Note, DAZ executed that certain Deed of Trust,
8 Assignment of Leases and Rents, Security Agreement and Fixture Filing (the "Deed of Trust"),
9 dated as of September 20, 2007, in favor of Original Lender, recorded September 21, 2007, in the
10 Official Records, as Document Number 2007-0067981, encumbering certain improved real
11 property commonly known as 6701 Foxen Canyon Road, Los Olivos, California, as more
12 particularly described in the Deed of Trust (the "Property").

13 D. Investors Warranty contends that it is the assignee under that certain Assignment
14 of Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing (the
15 "Assignment"), dated as of June 29, 2009, made by Original Lender to Investors Warranty,
16 pursuant to which Assignment the Note, the Deed of Trust, and all other documents executed in
17 connection with the loan from Original Lender to DAZ (collectively, the "Secured Loan
18 Documents") were assigned to Investors Warranty.

19 E. Under the terms of the Loan Documents, DAZ was obligated to make quarterly
20 debt service payments of principal and interest, as set forth in the Note, until October 2022, when
21 the Note matured by its terms. DAZ did not make the quarterly debt service payment that came
22 due on January 10, 2009 in the amount of \$153,957.38. Investors Warranty declared an
23 acceleration of the loan in or around April 2009, with the accelerated balance of \$9,312,355.85.

24 F. After the Petition Date, DAZ agreed to make quarterly interest only payments for
25 January 2011, April 2011, July 2011, and October 2011 in the approximate amount of
26 \$166,775.00 each. The payment schedule is set forth in that certain Loan Modification
27 Agreement attached as Exhibit A to the Disclosure Statement filed by the DAZ on March 30,
28 2011 (Docket No. 91). As of the filing of its Proof of Claim in October 2010, Investors

1 Warranty contends that at least \$11,103,353.11 was owing by DAZ under the Secured Loan
2 Documents. The Loan Modification Agreement, also attached hereto as Attachment 1, provides
3 for DAZ to seek confirmation of a Chapter 11 Plan that incorporates all of the terms of the Loan
4 Modification Agreement, which include:

- 5 • The outstanding principal amount due and payable under the Note to be adjusted to a
6 lower amount of \$9,530,000 (the "Adjusted Note Amount");
- 7 • Interest on the Adjusted Note Amount to accrue at the rate of seven percent (7.0%) per
8 annum from January 1, 2011 through December 31, 2012. Thereafter, the interest rate
9 adjustments to be calculated in accordance with the provisions of Section 1 of the Note;
- 10 • Notwithstanding the provisions of Section 1G of the Note providing for payment of
11 principal and interest, DAZ to be required to remit to Investors Warranty quarterly
12 payments of interest only on January 1, 2011, April 1, 2011, July 1, 2011 and October 1,
13 2011 (the "Interest Only Payments"); thereafter, commencing January 1, 2012, DAZ to
14 remit to Investors Warranty quarterly payments of principal and interest based on a twenty
15 (20) year amortization schedule (the "Principal and Interest Payments");
- 16 • DAZ to acknowledge that Investors Warranty has incurred to date certain costs and
17 expenses, including, without limitation, legal fees, title expenses, appraisal fees and
18 related costs, in the amount of \$120,000. DAZ to agree that such amount to be paid by
19 DAZ to Investors Warranty in four equal quarterly payments on April 1, 2011, July 1,
20 2011, October 1, 2011, and January 1, 2012 (the "Fee and Cost Payments");
- 21 • DAZ to deposit with and to pay to Investors Warranty an amount sufficient for payment of
22 estimated taxes and assessments assessed or levied against the Property (the "Tax
23 Escrow").

24 G. DAZ did not make one or more of the Interest Only Payments, did not make any of
25 the Fee and Cost Payments, and did not deposit any funds for the Tax Escrow.

26 H. On December 6, 2011, the Bankruptcy Court considered Investor Warranty's
27 Motion for Relief from the Automatic Stay (the "Stay Relief Motion") pursuant to which
28 Investors Warranty sought relief from the automatic stay to exercise all of its rights and remedies

1 under the Secured Loan Documents and applicable law. DAZ opposed the Stay Relief Motion.

2 I. Prior to the hearing on the Stay Relief Motion, Investors Warranty and DAZ
3 reached terms to resolve the Stay Relief Motion and to provide adequate protection to Investors
4 Warranty through approval of all terms of the Loan Modification Agreement as modified by this
5 Stipulation.

6 **STIPULATION**

7 **IT IS THEREFORE STIPULATED AS FOLLOWS:**

8 1. All terms of the Loan Modification Agreement, as amended by the First
9 Amendment to Loan Modification Agreement dated March 25, 2011, also attached hereto under
10 Attachment 1, are approved except as further modified by this Stipulation;

11 2. DAZ will pay Investors Warranty \$30,000 by December 31, 2011, representing a
12 quarterly payment of costs and expenses under section 6.e. of the Loan Modification Agreement,
13 representing a Fee and Cost payment, with the remaining three quarterly payments of \$30,000
14 each to be added to the Adjusted Note Amount under the Loan Modification Agreement;

15 3. DAZ will make quarterly payments of \$150,000 each on February 10, 2012, May
16 10, 2012, August 10, 2012, and November 10, 2012 representing an extension of partial Interest
17 Only Payments; thereafter, commencing on January 1, 2013, DAZ will remit to Investors
18 Warranty quarterly Principal and Interest Payments based on a twenty (20) year amortization
19 schedule, as contemplated in section 6.a.iii of the Loan Modification Agreement;

20 4. Investors Warranty is allowed a secured claim in the amount of the Adjusted Note
21 Amount under the Loan Modification Agreement which includes the \$9,530,000 set forth in the
22 Loan Modification Agreement, in addition to (1) a quarterly payment of interest in the amount of
23 \$166,775 that was to be made to Investors Warranty under section 6.a. of the Loan Modification
24 Agreement in or around July 2011, representing an Interest Only Payment, (2) the remaining
25 three quarterly payments of \$30,000 each under section 6.e. of the Loan Modification Agreement,
26 representing the Fee and Cost Payments, (3) all additional interest, above the \$150,000 partial
27 Interest Only Payments to be made on February 10, 2012, May 10, 2012, August 10, 2012, and
28 November 10, 2012, that comes due before confirmation of a Chapter 11 Plan in DAZ'

1 bankruptcy case, and (4) any amount that Investors Warranty may be entitled to under applicable
2 law;

3 5. DAZ will pay all upcoming post-petition property tax obligations for the Property
4 on a timely basis directly to the applicable tax collector beginning with the payment that came
5 due on December 10, 2011, instead of depositing funds into the Tax Escrow, and will
6 provide Investors Warranty with evidence of payment;

7 6. DAZ will maintain adequate insurance coverage on the Property; and will provide
8 Investors Warranty with evidence of such insurance coverage;

9 7. A Chapter 11 Plan that incorporates all terms of the Loan Modification
10 Agreement, as amended by the First Amendment to Loan Modification Agreement and the
11 Stipulation, must be confirmed by July 31, 2012, with its Effective Date no later than August 15,
12 2012. Should DAZ fail to confirm a Chapter 11 Plan by July 31, 2012, with its Effective Date no
13 later than August 15, 2012, that incorporates all terms of the Loan Modification Agreement, as
14 amended by the First Amendment to Loan Modification Agreement and the Stipulation, the
15 automatic stay will terminate on August 1, 2012 to allow Investors Warranty to exercise all rights
16 and remedies under the Secured Loan Documents and applicable law;

17 8. DAZ will not propose or support any Chapter 11 Plan that seeks to modify
18 Investors Warranty's rights under the Secured Loan Documents, as amended by
19 the First Amendment to Loan Modification Agreement and the Stipulation;

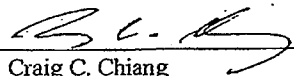
20 9. Should DAZ breach any payment terms of the Stipulation, Investors Warranty will
21 be granted relief from the automatic stay by submitting a declaration that DAZ has failed to make
22 such payment and has failed to cure such payment default within 15 calendar days following
23 Investors Warranty's providing a written notice of default via overnight mail or courier to DAZ
24 and its counsel;

25 10. Application of any payment received from DAZ by Investors Warranty shall not
26 be deemed, in any manner, to constitute a setoff or other "action" as that term is used or defined
27 in section 726 of the California Code of Civil Procedure, to constitute a violation of the "one
28 action rule," or be considered an effort by Investors Warranty to collect a deficiency judgment.

- 1 11. Any payments already made to Investors Warranty since the Petition Date shall be
- 2 subject to this Stipulation;
- 3 12. The Stipulation shall be binding upon and shall inure to the benefit of the
- 4 successors and assigns of the DAZ and Investors Warranty;
- 5 13. The Stipulation can be amended, modified or terminated only by a writing
- 6 executed by DAZ and Investors Warranty;
- 7 14. The Stipulation may be executed in one or more counterparts, each of which shall
- 8 be deemed an original for the purpose of effectuating the Stipulation, but all of which together
- 9 shall constitute one and the same instrument. Any faxed counterpart of this Stipulation shall be
- 10 deemed to be an original;
- 11 15. All terms, conditions, provisions of the Secured Loan Documents, other than as
- 12 modified herein, shall remain in full force and effect.

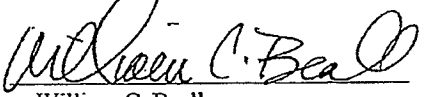
13
14 Dated: January 3, 2011

BUCHALTER NEMER, P.C.

15
16 By: 
17 Craig C. Chiang
Attorneys for Investors Warranty of America, Inc.

18
19 Dated: January 3, 2012

BEALL & BURKHARDT

20
21 By: 
22 William C. Beall
23 Attorneys for DAZ Vineyards, LLC

24
25
26
27
28
BN 10664995v2

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is: Buchalter Nemer, 333 Market St., 25th Floor, San Francisco, CA 94105

A true and correct copy of the foregoing document described as **STIPULATION RESOLVING RELIEF FROM STAY MOTION AND ADEQUATE PROTECTION** will be served or was served (a) on the judge in chambers in the form and manner required by LBR 5005-2(d); and (b) in the manner stated below:

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF):
Pursuant to controlling General Order(s) and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On January 5, 2012, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following person(s) are on the Electronic Mail Notice List to receive NEF transmission at the email address(es) stated below:

- William C Beall, artyc@aol.com
- Brian D Fittipaldi, brian.fittipaldi@usdoj.gov
- Gary M Kaplan, gkaplan@fbm.com
- Jason R Wolf, jwolf@dl.com
- Thomas B Watson, watson@hdlitigation.com
- Robert Mockler, mocklerr@hbdlawyers.com
- David M S Taam, dtaam@glazlaw.com
- Karen L Grant, kgrant@silcom.com
- Neal C Swensen, neal@swensenlaw.com
- Diane C Weil, dew@dweillaw.com
- Gary M Kaplan, gkaplan@fbm.com
- United States Trustee, ustpreion16.wh.ecf@usdoj.gov

Service information continued on attached page

2. SERVED BY UNITED STATES MAIL OR OVERNIGHT MAIL (state method for each person or entity served): On January 5, 2012, I served the following person(s) and/or entity(ies) at the last known address(es) in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and/or with an overnight mail service addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

Via U.S. Mail
David M S Taam
23945 Calabasas Road, Suite 200
Calabasas, CA 91302

Via U.S. Mail
Neal C. Swensen
310 S. Magnolia Ave.
Fullerton, CA 92833

Via U.S. Mail
Bernice James Treasurer-Tax Collector
P.O. Box 579
Santa Barbara, CA 93102

Via FedEx
Honorable Robin L. Riblet
United States Bankruptcy Court --
Central District of California
1415 State Street / Courtroom 201
Santa Barbara, California 93101-2511

Service information continued on attached page

3. SERVED BY PERSONAL DELIVERY, FACSIMILE TRANSMISSION OR EMAIL

(state method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on _____,

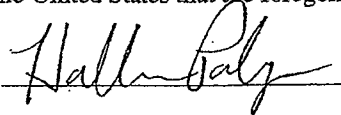
I served the following person(s) and/or entity(ies) by personal delivery, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on the judge will be completed no later than 24 hours after the document is filed.

Service information continued on attached page

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

Date: January 5, 2012

Signature



Printed

Name: Hallina Pohyar

**20 Largest Unsecured Creditors
Served Via U.S. Mail**

Sorenson & Sorenson,
CPAs
2027 Village Lane
Suite 203
Solvang, CA 93463

Nomblot Cuves
en baton depuis
1922 2 route de Beaune
71210 ECUISSES

State Board of Equalization
3321 Power Inn Road
Suite 210
Sacramento, CA 95826-
3889

Finkle Newton
Farming, Inc.
dba Coastal Vineyard Care
Associate
P.O. Box 1184
Santa Ynez, CA 93460

Euro-Machines, Inc.
497 Edison Court, Suite G
Fairfield, CA 94534

Jay's Landscapes, Inc.
4209 Carpinteria Avenue
Carpinteria, CA 93013-
1805

State of California
Franchise Tax Board
Attention: Bankruptcy
P.O. Box 2952
Sacramento, CA 95812-
2952

Tonnellerie Claude Gillet
Pere et Fils
21190 Saint Romain,
France

Salud Ayala Farm Labor
Contractor
P.O. Box 990
Selma, CA 93662

Grgich Hills Cellar
P.O. Box 450
Rutherford, CA 94573

Bel Air Tonnellerie
42 route de Creon
33360 CENAC

ATTACHMENT 1

EXHIBIT A Page 34

EXHIBIT A Page 36

Feb 28 11 10:59a

Demetria Winery

805686 2552

p.2

LOAN MODIFICATION AGREEMENT

This LOAN MODIFICATION AGREEMENT (this "Agreement") is entered into as of February 28, 2011 by and among DAZ VINEYARDS, LLC, a California limited liability company ("Borrower"), CONSTANTINE A. ZAHODINAS ("Guarantor"), and INVESTORS WARRANTY OF AMERICA, INC., an Iowa corporation ("Lender"), acting by and through and AEGON USA Realty Advisors, LLC, as servicer for Lender ("Agent"), with reference to the following facts:

RECITALS

A. Lender is the assignee under that certain Assignment of Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing (the "Assignment"), dated as of June 29, 2009, made by Transamerica Financial Life Insurance Company, a New York corporation ("Original Lender"), to Lender, and recorded June 30, 2009 in the Official Records of the County Recorder of Santa Barbara County, California (the "Official Records"), as Document No. 2009-703867, pursuant to which Assignment all of the Secured Loan Documents (as defined below) were assigned to Lender.

B. Agent is the servicer for Lender with respect to the Secured Loan Documents. All references to "Lender" hereunder shall mean Lender, as successor to Original Lender, acting by and through Agent in its capacity as servicer for Lender.

C. The Secured Loan Documents include that certain Promissory Note Secured By Deed of Trust, dated as of September 20, 2007, made by Borrower in favor of Original Lender, in the original principal amount of Seven Million Eight Hundred Sixty-Five Thousand and 00/100ths Dollars (\$7,865,000.00) (the "Note"). The Note has been endorsed to Lender pursuant to the Assignment.

D. Pursuant to the Assignment, Lender obtained and became the legal and equitable owner and holder of the following documents in addition to the Note (together with the Note, the "Secured Loan Documents"):

1. That certain Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing (the "Deed of Trust"), dated as of September 20, 2007, executed by Borrower in favor of Original Lender, recorded September 21, 2007, in the Official Records, as Document Number 2007-0067981, encumbering certain improved real property situated in the City of Los Olivos, County of Santa Barbara, State of California, as more particularly described therein (the "Property").

2. That certain UCC-1 Financing Statement (the "Financing Statement"), dated as of September 20, 2007, executed by Borrower, as debtor, in favor of Original Lender, as secured party, filed with the California Secretary of State on September 20, 2007 as Document Number 077129648175, which Financing Statement was assigned to Lender pursuant to that certain UCC-2 Financing Statement filed with the California Secretary of State on June 29, 2007 as Document Number 0972008692 (the "UCC Assignment").

BN 7153592v8

1

77

Feb 28 11 10:59a

Demetria Winery

805 686 2552

p.3

3. That certain Guaranty (the "Guaranty"), dated as of September 20, 2007, by Guarantor in favor of Original Lender.

4. That certain Environmental Indemnity Agreement made as of February 11, 2008, by Borrower in favor of Original Lender.

5. All other documents executed in connection with the Loan.

E. The Secured Loan Documents encumber, among other things, the Property and certain other property more particularly described in the Secured Loan Documents (collectively, the "Collateral").

F. Borrower is in default under the Secured Loan Documents in several respects (the "Existing Defaults"), each of which is material, and as to which all notice and cure periods have expired and with respect to which Lender recorded a Notice of Default and commenced nonjudicial foreclosure proceedings (the "Foreclosure"). Prior to the completion of the Foreclosure, on or about February 15, 2010, Borrower filed a voluntary petition for Chapter 11 Bankruptcy in United States Bankruptcy Court, Central District (the "Court"), Bankruptcy No. 9:10-bk-10689-RR (the "Action"). As of the date hereof, the Action is still pending. Each of the Existing Defaults constitutes an "Event of Default" as defined under the Secured Loan Documents.

G. Borrower has requested that Lender agree to modify the Secured Loan Documents, as set forth below.

AGREEMENT

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Definitions. For purposes of this Agreement, "Obligations" shall mean the "Secured Obligations" and "Indebtedness" (as defined in the Secured Loan Documents) and all other payment and performance obligations of Borrower under the Secured Loan Documents. Except as defined or redefined in this Agreement, initially capitalized terms in this Agreement shall have the meanings assigned in the Secured Loan Documents.

2. Incorporation of Recitals. The foregoing Recitals are incorporated herein by this reference, and the parties agree that each of such Recitals is true and correct in all material respects.

3. Acknowledgment of Obligations. The Secured Loan Documents are legal, valid and binding obligations of Borrower and remain in full force and effect. Borrower acknowledges and agrees that it has no claims, setoffs, defenses or causes of action of any kind or nature whatsoever that can be asserted to reduce or eliminate all or any part of its liability to repay the outstanding indebtedness and Obligations of Borrower to Lender. Borrower hereby reaffirms and ratifies the execution of, and agrees that it is bound by all of the provisions of the Secured Loan Documents and the grant of the security interests granted to Lender thereunder,

BN 7153592v8

2

MY

EXHIBIT A Page 36

EXHIBIT A Page 38

Feb 28 11 11:00a

Demetria Winery

805 686 2552

p.4

which reaffirmation and ratification shall be deemed effective as of the date hereof. As of the date of execution of this Agreement, there is presently due and owing to Lender by Borrower the following amounts: the principal amount of _____ and ___/100 Dollars (\$ _____) (the "Current Note Amount") remains due and owing to Lender pursuant to the terms of the Note, which includes unpaid principal, interest, attorneys' fees, late fees and costs and other amounts that are due and owing under the Secured Loan Documents, all of which continue to accrue.

4. Acknowledgments of Defaults. Borrower hereby acknowledges and agrees that it is currently in default under the Secured Loan Documents by reason of the Existing Defaults. Borrower hereby waives any and all right it may have to contest or dispute the validity of the Existing Defaults or, subject to the terms and conditions herein, the exercise of any rights of Lender in reliance thereon. Borrower hereby further acknowledges and agrees that Lender is relying upon Borrower's acknowledgment of the existence of the Existing Defaults and Borrower's waiver of any right to dispute the existence thereof or, subject to the terms and conditions herein, to contest any enforcement of Lender's rights based thereon in entering into this Agreement.

5. No Waiver. Except as expressly provided herein, this Agreement does not constitute a waiver or release by Lender of any Obligations of Borrower to Lender or of any defaults which may arise in the future after the date of execution of this Agreement. If Borrower shall fail to comply with the terms of this Agreement and the Secured Loan Documents, as amended hereby, Lender shall have no further obligations under this Agreement and shall be permitted to exercise at such time any rights and remedies against Borrower as it deems appropriate, in its sole and absolute discretion, opinion and judgment.

6. Amendments to Secured Loan Documents.

a. The Note is hereby amended as follows:

i. The outstanding principal amount due and payable under the Note shall be adjusted to \$9,530,000 (the "Adjusted Note Amount").

ii. Interest on the Adjusted Note Amount shall accrue at the rate of seven percent (7.0%) per annum from January 1, 2011 through December 31, 2012. Thereafter, the interest rate adjustments shall be calculated in accordance with the provisions of Section 1 of the Note;

iii. Notwithstanding the provisions of Section 1G of the Note, Borrower shall be required to remit to Lender quarterly payments of interest only on January 1, 2011, April 1, 2011, July 1, 2011 and October 1, 2011; thereafter, commencing January 1, 2012, Borrower shall remit to Lender quarterly payments of principal and interest based on a twenty (20) year amortization schedule.

b. The Deed of Trust is hereby amended as follows:

Notwithstanding the provisions of the Deed of Trust, commencing April 1, 2011, Borrower shall deposit with and pay to Lender, on each payment date specified in the

BN 7153592v8

3

EXHIBIT A Page 37

EXHIBIT A Page 39

Feb 28 11 11:00a

Demetria Winery

8056862552

p.5

Note, sums calculated by Lender for payment of the estimated taxes and assessments assessed or levied against the Property. Lender shall use such deposits to pay the taxes and assessments when the same become due. Borrower shall procure and deliver to Lender, in advance, statements for such charges. If the total payments made by Borrower under this paragraph exceed the amount of payments actually made by Lender for taxes and assessments, such excess shall be credited by Lender on subsequent deposits to be made by Borrower. If, however, the deposits are insufficient to pay the taxes and assessments when the same shall be due and payable, Borrower shall pay to Lender any amount necessary to make up the deficiency, five (5) business days before the date when payment of such taxes and assessments shall be due. If at any time Borrower shall tender to Lender, in accordance with the provisions of the Note, full payment of the entire indebtedness represented thereby, Lender shall, in computing the amount of such indebtedness, credit to the account of Borrower any balance remaining in the funds accumulated and held by Lender under the provisions of this paragraph. If there is an Event of Default resulting in a public sale of the Property, or if Lender otherwise acquires the Property after an Event of Default, Lender shall apply, at the time of commencement of such proceedings, or at the time the Property is otherwise acquired, the balance then remaining in the funds accumulated under this paragraph as a credit toward any delinquent or accrued taxes and then in such priority as Lender elects to the other indebtedness. Any funds held under this paragraph shall not constitute any deposit or account of Borrower or moneys to which Borrower is entitled upon demand, or upon the mere passage of time or sums to which Borrower is entitled any interest or crediting of interest by virtue of Lender's mere possession of such deposits. Lender shall not be required to segregate such deposits and may hold such deposits in its general account or any other account and may commingle such deposits with any other moneys of Lender or moneys which Lender is holding on behalf of any other person or entity.

c. Within 30 days of the date of this Agreement, Borrower shall file with the Court in the Action a Chapter 11 Plan that (i) incorporates the terms of this Agreement and (ii) provides for satisfaction of all delinquent real estate taxes and assessments outstanding as of the date of Order confirming such Chapter 11 Plan. Failure to timely file the Chapter 11 Plan shall constitute an Event of Default.

d. On or before July 31, 2011, Borrower shall have obtained from the Court an Order confirming such Chapter 11 Plan. Failure to timely obtain the Order shall be an Event of Default; provided, however, so long as, in Lender's reasonable determination, Borrower is diligently and timely pursuing the obtainment of such Order, then Borrower shall have additional time to obtain the same.

e. Borrower acknowledges that Lender has incurred to date, in connection with the Existing Defaults and this Agreement, certain costs and expenses, including, without limitation, legal fees, title expenses, appraisal fees and related costs, in the amount of \$120,000. Borrower agrees that such amount shall be paid by Borrower to Lender in four equal quarterly payments with the payments due on the Loan on April 1, 2011, July 1, 2011, October 1, 2011 and January 1, 2012. Failure to timely make such payments shall constitute an Event of Default.

7. Agreement: No Novation. Borrower and Lender agree that in no event shall the effect of this Agreement be deemed to be a novation of the Secured Loan Documents, the intent of Borrower and Lender hereunder being to confirm the obligations of Borrower under the

BN 7153592v8

4

AY

EXHIBIT A Page 38

EXHIBIT A Page 40

Feb 28 11 11:01a

Demetria Winery

805 686 2552

p.6

Secured Loan Documents with all of the terms and provisions of the Secured Loan Documents remaining in full force and effect save and except those expressly modified by this Agreement. Without limiting the generality of the foregoing, nothing in this Agreement shall be deemed to limit, alter or modify (i) Borrower's obligation to make quarterly payments as provided for in the Secured Loan Documents unless and until the indebtedness evidenced by the Secured Loan Documents is paid in full or (ii) Lender's remedies upon the occurrence of an Event of Default, other than the Existing Defaults. This Agreement is hereby expressly acknowledged to be one of the Secured Loan Documents.

3. Conditions Precedent.

Borrower and Lender hereby agree that the modification above is expressly conditioned upon the fulfillment and satisfaction, in form and substance reasonably acceptable to Lender, of each and all of the following conditions precedent, on or before February __, 2011:

a. This Agreement, fully and unconditionally executed by Borrower, Guarantor and by such other persons or entities as are identified in the signature blocks set forth at the end of this Agreement, shall be delivered by Borrower to Lender.

b. Borrower shall have timely paid the quarterly interest payment due and payable under the Note on January 1, 2011 based on an interest rate of seven percent (7.0%) per annum.

c. No event or circumstance shall have occurred or be continuing which, upon the effective date of this Agreement, would constitute an Event of Default (other than the Existing Defaults); and

d. Borrower shall execute and deliver to Lender all such other certifications, representations, approvals, financing statements, consents, and opinions as Lender may reasonably request in order to evidence, affirm, and/or perfect the rights and interests of Lender pursuant to this Agreement, provided that the same shall be consistent with the provisions of this Agreement and the Secured Loan Documents and shall not impose any additional liabilities on Borrower that are not expressly contemplated by this Agreement or the Secured Loan Documents or deprive Borrower of any rights provided for in this Agreement or the Secured Loan Documents.

9. Additional Remedies. In addition to any other remedies to which Lender may be entitled under the Secured Loan Documents, at law or in equity, all of which are cumulative, in the event of any default under the terms hereof or any additional Events of Default under the terms of the Secured Loan Documents other than the Existing Default, Borrower and Guarantor each acknowledges and agrees that, with respect to the Foreclosure, (a) there has been no rescission of any notice of default issued with respect thereto and no waiver by Lender of any of the notice periods that have already elapsed with respect thereto, (b) all of such notices remain valid and in full force and effect and (c) to the extent not prohibited by California law, any requirement for further notices are hereby waived; however, if Borrower performs all obligations, and pays all amounts due, under this Agreement through and including the payment

BN 7153592v8

5

Feb 28 11 11:01a

Demetria Winery

805 686 2552

p.7

due on October 1, 2012 and is not otherwise in default under the Secured Loan Documents, as amended or modified, then Lender agrees to rescind the Notice of Default.

10. Further Assurances. Borrower and Guarantor each agrees to execute such other and further documents as may be reasonably requested by Lender to implement the terms and conditions of this Agreement and, in particular, Lender's ability to pursue its rights and remedies under the Secured Loan Documents, including, without limitation, a Deed in Lieu of Foreclosure Agreement in form and substance satisfactory to Lender.

11. No Offset. Borrower acknowledges that it is in material default under the Secured Loan Documents because of the Existing Defaults. Borrower specifically waives and relinquishes any offsets and/or claims against Lender and Agent and, therefore, Borrower acknowledges, admits and confirms that it does not have any legal right or theory on which to invoke or obtain legal or equitable relief, whether injunctive relief or otherwise, in order to abate, postpone or terminate enforcement of the Obligations under the Secured Loan Documents, and specifically waives and relinquishes any such right to legal or equitable relief or to cause any such abatement, postponement or termination of enforcement proceedings. Borrower further agrees, in consideration of the facts and circumstances under which this Agreement is executed and of the terms, conditions and provisions of this Agreement, that time is of the essence with respect to all terms, conditions, and performances required hereunder and that all deadlines and time periods provided for under this Agreement are absolute and final. Borrower acknowledges that Lender has a legal right to commence or recommence, as applicable, collection procedures, including, but not limited to, foreclosure proceedings, to obtain payment of all of the Obligations of Borrower under the Secured Loan Documents, together with all of the rights and remedies of a creditor at law or in equity.

12. Representations and Warranties. Borrower and Guarantor each represents and warrants to Lender, and Lender is relying thereon, as follows:

a. No Event of Default has occurred and is continuing under the Secured Loan Documents, except for the Existing Defaults.

b. The security interests in and liens encumbering the Collateral described in and granted under the Secured Loan Documents are valid, binding and enforceable, in accordance with their terms and to any applicable documents and instruments executed in connection herewith;

c. Borrower's property has not been pledged, hypothecated, encumbered or conveyed, except as set forth in the Secured Loan Documents, and the applicable documents and instruments executed in connection therewith, and is owned by Borrower free and clear of all security interests, liens, encumbrances and rights of others except as to Lender;

d. Borrower is a California limited liability company, in good standing and duly organized and existing under the laws of the State of California;

e. Guarantor is an individual and has the requisite capacity to execute and deliver this Agreement and any other documents and instruments executed in accordance with this Agreement.

BN 7153592v8

6

EXHIBIT A Page 40

EXHIBIT A Page 42

Feb 28 '11 11:02a

Demetria Winery

805686 2552

p.8

f. Each person executing this Agreement, the documents and instruments executed in connection with this Agreement and the Secured Loan Documents in a representative capacity has been duly authorized to execute said documents and instruments by all appropriate action and is empowered to do so;

g. Borrower agrees that it will not take any action that would interfere with the performance of this Agreement or the documents and instruments executed in connection therewith;

h. This Agreement and the documents and instruments executed in connection herewith constitute legal, valid and binding obligations of Borrower to Lender;

i. There are no actions, suits or proceedings, or to the knowledge of Borrower, threatened against them or affecting Borrower, or actions, suits or proceedings involving the validity or enforceability of this Agreement, the documents and instruments executed in connection herewith and/or the Secured Loan Documents, the priority of the liens thereof, at law or in equity, or before or by any governmental agency;

j. Except as provided herein, no event has occurred or is continuing that constitutes a default under this Agreement, the documents and instruments executed in connection herewith or the Secured Loan Documents, or would constitute a default, but for the requirements that notice be given or time elapse, or both; and

k. Borrower shall not change its state of organization and/or its name without the written consent of Lender.

13. Prior Agreement. Except as expressly provided for in this Agreement, the Secured Loan Documents are hereby ratified and reaffirmed and shall remain in full force and effect. This Agreement is not a novation and the terms and conditions of this Agreement shall be in addition to and supplemental to all terms and conditions set forth in the Secured Loan Documents. In the event of any conflict or inconsistency between this Agreement and the terms of such documents, the terms of this Agreement shall be controlling, but such document shall not otherwise be affected or the rights therein impaired.

14. No Other Advances. Other than as specifically set forth in this Agreement, the parties agree and acknowledge that Lender shall not, and has no obligation to, advance, provide or loan any further or additional monies or credit to Borrower. The parties further agree and acknowledge that Lender shall not, and has no obligation to, grant any other or further forbearance nor further extend the time for payment of any obligation to Lender.

15. Release by Borrower and Guarantor.

a. Borrower and Guarantor do hereby forever relieve, release, and discharge Original Lender, Lender and Agent and their present or former employees, officers, directors, agents, representatives, attorneys, and each of them, from any and all claims, debts, liabilities, demands, obligations, promises, acts, agreements, costs and expenses, actions and causes of action, of every type, kind, nature, description or character whatsoever, whether known or unknown, suspected or unsuspected, absolute or contingent, arising out of or in any manner

DN 7153592v8

7

W

EXHIBIT A Page 41

EXHIBIT A Page 43

Feb 28 11 11:02a

Demetria Winery

805 686 2552

p.9

whatsoever connected with or related to facts, circumstances, issues, controversies or claims existing or arising from the beginning of time through and including the date of execution of this Agreement (collectively, "Released Claims"). Without limiting the foregoing, the Released Claims shall include any and all liabilities or claims arising out of or in any manner whatsoever connected with or related to the Secured Loan Documents, this Agreement and the Recitals hereto, any instruments, agreements or documents executed in connection with any of the foregoing or the origination, negotiation, administration, servicing and/or enforcement of any of the foregoing.

b. In furtherance of this release, Borrower and Guarantor expressly acknowledge and waive any and all rights under Section 1542 of the California Civil Code, which provides as follows:

"A general release does not extend to claims which the creditor does not know or expect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his settlement with the debtor."

c. By entering into this release, Borrower and Guarantor recognize that no facts or representations are ever absolutely certain and they may hereafter discover facts in addition to or different from those which they presently know or believe to be true, but that it is the intention of Borrower and Guarantor hereby to fully, finally and forever settle and release all matters, disputes and differences, known or unknown, suspected or unsuspected; accordingly, if Borrower and/or Guarantor should subsequently discover that any fact that they relied upon in entering into this release was untrue, or that any understanding of the facts was incorrect, Borrower and Guarantor shall not be entitled to set aside this release by reason thereof, regardless of any claim of mistake of fact or law or any other circumstances whatsoever. Borrower and Guarantor each acknowledges that it is not relying upon and has not relied upon any representation or statement made by Original Lender, Lender or Agent with respect to the facts underlying this release or with regard to any of such party's rights or asserted rights.

d. This release may be pleaded as a full and complete defense and/or as a cross-complaint or counterclaim against any action, suit, or other proceeding that may be instituted, prosecuted or attempted in breach of this release. Borrower acknowledges that the release contained herein constitutes a material inducement to Lender to enter into this Agreement and that Lender would not have done so but for Lender's expectation that such release is valid and enforceable in all events.

e. Borrower and Guarantor each hereby represents and warrants to Lender, and acknowledge that Lender is relying thereon, as follows:

(1) Except as expressly stated in this Agreement, neither Lender nor any agent, employee or representative of Lender has made any statement or representation to Borrower regarding any fact relied upon by Borrower in entering into this Agreement.

(2) Borrower and Guarantor have made such investigation of the facts pertaining to this Agreement and all of the matters appertaining thereto, as they deem necessary.

BN 7153592v8

8

My

EXHIBIT A Page 42

EXHIBIT A Page 44

Feb 28 11 11:03a

Demetria Winery

805 686 2552

p.10

(3) The terms and Recitals of this Agreement are contractual and not a mere recital.

(4) This Agreement has been carefully read by Borrower and Guarantor, the contents hereof are known and understood by Borrower and Guarantor, and this Agreement is signed freely, and without duress by Borrower and Guarantor.

f. Borrower and Guarantor represent and warrant that they are the sole and lawful owners of all right, title and interest in and to every claim and every other matter which they release herein, and that they have not heretofore assigned or transferred, or purported to assign or transfer, to any person, firm or entity any claims or other matters herein released. Borrower and Guarantor shall, jointly and severally, indemnify Original Lender, Lender and Agent and their respective representatives and officers, defend and hold it harmless from and against all claims based upon or arising in connection with prior assignments or purported assignments or transfers of any claims or matters released herein.

16. Guaranty. Guarantor hereby acknowledges and agrees that the Guaranty is unmodified and in full force and effect.

17. Applicable Law. This Agreement, the Secured Loan Documents and the documents and instruments referred to herein, except as otherwise expressly stated, and the rights and obligations of the parties hereto shall be governed by and construed in accordance with the laws of the State of California.

18. Expenses and Fees. In the event that Lender incurs attorneys' fees and costs to modify, amend, enforce, remedy, prevent or obtain relief from a breach and/or default of this Agreement, or the Secured Loan Documents arising out of a breach and/or default of or in connection with or contesting the validity of this Agreement, the Secured Loan Documents, any of the terms, covenants, provisions and all conditions hereof or thereof or of any of the matters referred to herein or therein or in connection with any bankruptcy or post-judgment proceeding, Lender shall be entitled to be reimbursed by Borrower, on demand, for all of its reasonable attorneys' fees and costs, whether or not suit is filed and, including, without limitation, those incurred in each and every action, suit or proceeding, including any and all appeals and petitions therefrom and all reasonable fees and costs incurred by Lender. In the event that Lender obtains a judgment in connection with the enforcement or interpretation of this Agreement, the documents and instruments executed in connection herewith, and/or the Secured Loan Documents, Lender shall be entitled to recover from Borrower all reasonable costs and expenses incurred in connection with the enforcement of such judgment, including, without limitation, reasonable attorneys' fees and costs, whether incurred prior to or after the entry of the judgment. The provisions of this Paragraph 17 are severable from the other provisions of this Agreement, and the documents and instruments executed in connection herewith, the Secured Loan Documents shall survive termination of this Agreement and the entry of any judgment referred to herein, and shall not be deemed merged into any judgment.

19. Counterparts. This Agreement may be executed in one or more counterparts but all of the counterparts shall constitute one agreement. This Agreement shall be effective only when executed by all of the parties hereto.

DN 715359278

9

EXHIBIT A Page 43

EXHIBIT A Page 45

Feb 28 11 11:03a

Demetria Winery

805 686 2552

p.11

20. No Admission of Liability. Nothing contained herein shall be construed as an admission by Lender of any liability of any kind, all such liability being expressly denied.

21. Severability. If any provision of this Agreement is found to be illegal, invalid or unenforceable under present or future laws effective during the term of this Agreement, such provision shall be fully severable; this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision never comprised a part of this Agreement; and the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by severance from this Agreement.

22. Entire Agreement. This Agreement and the documents and instruments executed in connection herewith constitute the complete agreement of the parties with respect to the subject matters referred to herein and supersedes all prior or contemporaneous negotiations, promises or agreements of every kind or nature whatsoever with respect thereto, all of which have become merged and finally integrated into this Agreement.

23. Amendments. No amendment or modification of any provision of this Agreement shall be effective unless the same shall be in writing and signed by all parties.

24. No Waiver; Remedies. No failure or delay on the part of Lender in exercising any right or remedy hereunder or under the documents and instruments referred to herein shall operate as a waiver thereof. The rights and remedies hereunder are cumulative and not exclusive of any remedies provided by law or by agreement.

25. Construction. This Agreement constitutes the product of the negotiation of the parties hereto, and in the enforcement thereof shall be interpreted in a neutral manner and not more strongly for or against any party based upon the source of the draftsmanship hereof.

26. Binding Effect. This Agreement shall be binding upon and inure to the benefit of each of the parties hereto and their respective successors, heirs and assigns.

27. Acknowledgments. Each party executing this agreement hereby acknowledges that (a) it has received or has had the opportunity to receive independent legal advice from attorneys of its choice with respect to the negotiation and execution of this Agreement; (b) it fully understands the significance and consequence of each and every term and condition of this Agreement and has made an independent and voluntary decision to enter into this Agreement; (c) and in the event legal counsel has not been consulted, such party has knowingly and voluntarily waived the right to consult with independent legal counsel.

28. Jury Trial Waiver. Borrower and Guarantor each hereby knowingly, voluntarily and intentionally waives any right (whether arising under the Constitution of the United States, the State of California or of any other state, or any foreign jurisdiction, under any statutes regarding or rules of civil procedure applicable in any state or federal or foreign legal proceeding, under common law, or otherwise) to demand or have a trial by jury of any claim, demand, action or cause of action arising under this Agreement, the documents and instruments referred to in this Agreement and the Secured Loan Documents, in any way connected with or related or incidental to the discussions, dealings or actions of such persons or any of them (whether oral or written) with respect thereto, or

BN 7153592v8

10

WY

Feb 28 11 11:04a

Demetria Winery

805 686 2552

p.12

to the transactions related thereto, in each case whether now existing or hereafter arising, and whether sounding in contract or tort or otherwise; and Borrower and Guarantor each agrees and consents that any such claim, demand, action or cause of action shall be decided by trial court without a jury, and that Lender may file an original counterpart or a copy of this Agreement with any court as written evidence of their waiver of right to trial by jury. Borrower and Guarantor each agrees that it has received full and sufficient consideration for this provision (and each other provision of each other related document to which they are a party) and that this provision is a material inducement for Lender accepting this Agreement. By waiving a jury trial, the parties intend claims and disputes to be resolved by a judge acting without a jury in order to avoid the delays, expense and risk of mistaken interpretations which each party acknowledges to be greater with jury trials than with non-jury trials.

INITIALS: Borrower: Guarantor:

29. Survival of Warranties. All agreements, representations and warranties made herein shall survive the execution and delivery of this Agreement.

30. Failure of Indulgence Not Waiver. No failure or delay on the part of Lender in the exercise of any right, power, or privilege hereunder or under the documents or instruments referred to herein shall operate as a waiver thereof, and no single or partial exercise of any such power, right, or privilege shall preclude a further exercise of any right, power, or privilege.

31. Assignability. This Agreement shall be binding upon and inure to the benefit of Lender and Borrower, and their respective successors and assigns, except that Borrower's right hereunder are not assignable without the prior written consent of Lender, which consent Lender may give or withhold in its sole and absolute opinion and judgment.

(Signatures on following page)

BN 7153592v8

11

EXHIBIT A Page 45

EXHIBIT A Page 47

Feb 28 11 11:05a

Demetria Winery

805686 2552

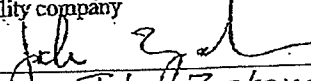
p.13

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed
as of the date first set forth below.

BORROWER:

DAZ VINEYARDS, LLC, a California limited
liability company

Dated: February 28th, 2011

By: 
Name: John Zahoudinas
Title: Manager

GUARANTOR:

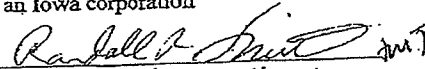
Dated: February 28th, 2011


CONSTANTINE A. ZAHODINAS

LENDER:

INVESTORS WARRANTY OF AMERICA,
INC., an Iowa corporation

Dated: MARCH 29, 2011

By: 
Name: RANDALL R. SMETH
Title: VICE PRESIDENT

BN 7153592v8

12

EXHIBIT A Page 46

EXHIBIT A Page 48

Mar25 11 01:01p

Demetria Winery

805 686 2552

p.2

FIRST AMENDMENT TO LOAN MODIFICATION AGREEMENT

This FIRST AMENDMENT TO LOAN MODIFICATION AGREEMENT (this "Amendment") is entered into as of March 25, 2011 by and among DAZ VINEYARDS, LLC, a California limited liability company ("Borrower"), CONSTANTINE A. ZAHODINAS ("Guarantor"), and INVESTORS WARRANTY OF AMERICA, INC., an Iowa corporation ("Lender"), acting by and through and AEGON USA Realty Advisors, LLC, as servicer for Lender ("Agent"), with reference to the following facts:

Recitals

A. Lender, Borrower and Guarantor have entered into that certain Loan Modification Agreement, dated as of February __ [sic], 2011 (the "Loan Modification Agreement"), a copy of which is attached hereto. Capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Loan Modification Agreement.

B. Lender, Borrower and Guarantor now wish to amend the Loan Modification Agreement, as set forth below.

Agreement

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Incorporation of Recitals. The foregoing Recitals are incorporated herein by this reference, and the parties agree that each of such Recitals is true and correct in all material respects.
2. Agreement Date. The parties agree that, for all purposes, the date of the Loan Modification Agreement shall be deemed to be February 28, 2011.
3. Current Note Amount. The parties agree that the Current Note Amount is \$9,530,000.00.
4. Amendments to Loan Modification Agreement.

(a) Section 6.b of the Loan Modification Agreement is amended and restated to read as follows:

b. The Deed of Trust is hereby amended as follows:

Notwithstanding the provisions of the Deed of Trust, Borrower shall deposit with and pay to Lender: (i) on July 1, 2011 and October 1, 2011, the amount of \$18,000.00; and thereafter (ii) (A) on each January payment date specified in the Note, commencing January 1, 2012, the amount of \$36,000.00, and (B) on each July and October payment date specified in the Note, commencing July 1, 2012 and October 1, 2012, the amount of \$18,000, in each

BN 84184273

1

EXHIBIT A Page 47

EXHIBIT A Page 49

Mar 25 11 01:01p

Demetria Winery

805 686 2552

p.3

case for payment of the estimated taxes and assessments assessed or levied against the Property. Lender shall use such deposits to pay the taxes and assessments when the same become due. Borrower shall procure and deliver to Lender, in advance, statements for such charges. If at any time Borrower shall tender to Lender, in accordance with the provisions of the Note, full payment of the entire indebtedness represented thereby, Lender shall, in computing the amount of such indebtedness, credit to the account of Borrower any balance remaining in the funds accumulated and held by Lender under the provisions of this paragraph. If there is an Event of Default resulting in a public sale of the Property, or if Lender otherwise acquires the Property after an Event of Default, Lender shall apply, at the time of commencement of such proceedings, or at the time the Property is otherwise acquired, the balance then remaining in the funds accumulated under this paragraph as a credit toward any delinquent or accrued taxes and then in such priority as Lender elects to the other indebtedness. Any funds held under this paragraph shall not constitute any deposit or account of Borrower or moneys to which Borrower is entitled upon demand, or upon the mere passage of time or sums to which Borrower is entitled any interest or crediting of interest by virtue of Lender's mere possession of such deposits. Lender shall not be required to segregate such deposits and may hold such deposits in its general account or any other account and may commingle such deposits with any other moneys of Lender or moneys which Lender is holding on behalf of any other person or entity.

(b) Section 6.c of the Loan Modification Agreement is amended and restated to read as follows:

c. On or before April 10, 2011, Borrower shall pay real estate taxes due on the Property on such date in the amount of \$35,511.00, and failure to do so shall constitute an Event of Default. On or before March 31, 2011, Borrower shall file with the Court in the Action a Chapter 11 Plan that (i) incorporates the terms of this Agreement and (ii) provides for satisfaction, on or before three (3) years from the date of the Order confirming the Chapter 11 Plan, of all delinquent real estate taxes and assessments outstanding as of the date of such Order. Failure to timely file such Chapter 11 Plan shall constitute an Event of Default.

(c) On or before April 1, 2011, Borrower shall timely pay the quarterly interest payment due and payable under the Note on such date.

5. Conditions Precedent.

Borrower and Lender hereby agree that the effectiveness of this Amendment above is expressly conditioned upon the fulfillment and satisfaction, in form and substance reasonably acceptable to Lender, of each and all of the following conditions precedent, on or before March 18, 2011:

BN 8418427v3

2

EXHIBIT A Page 48

EXHIBIT A Page 50

Mar 25 11:01:02p

Demetria Winery

805 686 2552

p.4

(a) This Amendment, fully and unconditionally executed by Borrower, Guarantor and by such other persons or entities as are identified in the signature blocks set forth at the end of this Amendment, shall be delivered by Borrower to Lender; and

(b) No event or circumstance shall have occurred or be continuing which, upon the effective date of this Amendment, would constitute an Event of Default (other than the Existing Defaults); and

(c) Prior Agreements. Except as expressly provided for in this Amendment, the Loan Modification Agreement and the Secured Loan Documents are hereby ratified and reaffirmed and shall remain in full force and effect.

6. Counterparts. This Amendment may be executed in one or more counterparts but all of the counterparts shall constitute one agreement. This Amendment shall be effective only when executed by all of the parties hereto.

7. Jury Trial Waiver. Borrower and Guarantor each hereby knowingly, voluntarily and intentionally waives any right (whether arising under the Constitution of the United States, the State of California or of any other state, or any foreign jurisdiction, under any statutes regarding or rules of civil procedure applicable in any state or federal or foreign legal proceeding, under common law, or otherwise) to demand or have a trial by jury of any claim, demand, action or cause of action arising under the Loan Modification Agreement, the documents and instruments referred to in the Loan Modification Agreement and the Secured Loan Documents, in any way connected with or related or incidental to the discussions, dealings or actions of such persons or any of them (whether oral or written) with respect thereto, or to the transactions related thereto, in each case whether now existing or hereafter arising, and whether sounding in contract or tort or otherwise; and Borrower and Guarantor each agrees and consents that any such claim, demand, action or cause of action shall be decided by trial court without a jury, and that Lender may file an original counterpart or a copy of this Amendment to the Loan Modification Agreement with any court as written evidence of their waiver of right to trial by jury. Borrower and Guarantor each agrees that it has received full and sufficient consideration for this provision (and each other provision of each other related document to which they are a party) and that this provision is a material inducement for Lender accepting this Amendment. By waiving a jury trial, the parties intend claims and disputes to be resolved by a judge acting without a jury in order to avoid the delays, expense and risk of mistaken interpretations which each party acknowledges to be greater with jury trials than with non-jury trials.

INITIALS:

Borrower: AW

Guarantor: AW

8. Reaffirmation of Provisions of Loan Modification Agreement. Borrower and Guarantor ratify and reaffirm that all representations and statements made in the Loan Modification Agreement remain true in all material respects as of the date of this Amendment and are deemed made as of the date of this Amendment.

BN 84134273

3

EXHIBIT A Page 49

EXHIBIT A Page 51

Mar 25 11 01:02p

Demetria Winery

805 686 2552

p.5

9. Continued Validity of Loan Modification Agreement and Secured Loan Documents. Except as amended by this Amendment, the Loan Modification Agreement and the Secured Loan Documents shall continue in full force and effect as originally constituted and are ratified and affirmed by the parties hereto. Each reference in the Loan Modification Agreement or in the Secured Loan Documents to the Loan Modification Agreement shall mean the Loan Modification Agreement as amended hereby unless the context otherwise requires. This Amendment and the Loan Modification Agreement shall be read as one document.

10. Authorization. Each party hereto represents to the other that the individual executing this Amendment on its behalf is the duly appointed signatory of such party and that such individual is authorized to execute this Amendment by or on behalf of such party and to take all action required by the terms of this Amendment.

11. When Amendment is Effective. This Amendment shall be deemed binding and effective when Bank has received (i) this fully executed Amendment executed by Borrower, Guarantor and Lender; (ii) evidence, in form and content satisfactory to Lender, that the (iii) payment by Borrower to the insurance companies of the cost of such endorsements.

12. Severability. Each provision of this Amendment shall be severable from every other provision of this Amendment for the purpose of determining the legal enforceability of any specific provision.

13. Entire Agreement. This Amendment constitutes the entire agreement by and among the parties hereto with respect to the subject matter hereof and supersedes all prior and contemporaneous negotiations, communications, discussions and agreements concerning such subject matter.

14. Counterparts. This Amendment may be executed in any number of counterparts, each of which shall be an original, but all of which shall together constitute one and the same agreement.

15. Failure or Indulgence Not Waiver. No failure or delay on the part of Lender in the exercise of any right, power or privilege hereunder or under the documents or instruments referred to herein shall operate as a waiver thereof, and no single or partial exercise of any such power, right, or privilege shall preclude a further exercise of any right, power or privilege.

(Signatures on following page)

BN 8418427v3

4

EXHIBIT A Page 50

EXHIBIT A Page 52

Mar 25 11 01:02p

Demetria Winery

805686 2552

p.6

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed as of the date first set forth below.

BORROWER:

DAZ VINEYARDS, LLC, a California limited liability company

Dated: March 25, 2011

By: [Signature]
Name: Juan Zahoudinas
Title: mgr.

GUARANTOR:

[Signature]
CONSTANTINE A. ZAHODINAS

Dated: March 25, 2011

LENDER:

INVESTORS WARRANTY OF AMERICA, INC., an Iowa corporation

Dated: March 29, 2011

By: [Signature] *JMT*
Name: RANDALL R. SMITH
Title: VICE PRESIDENT

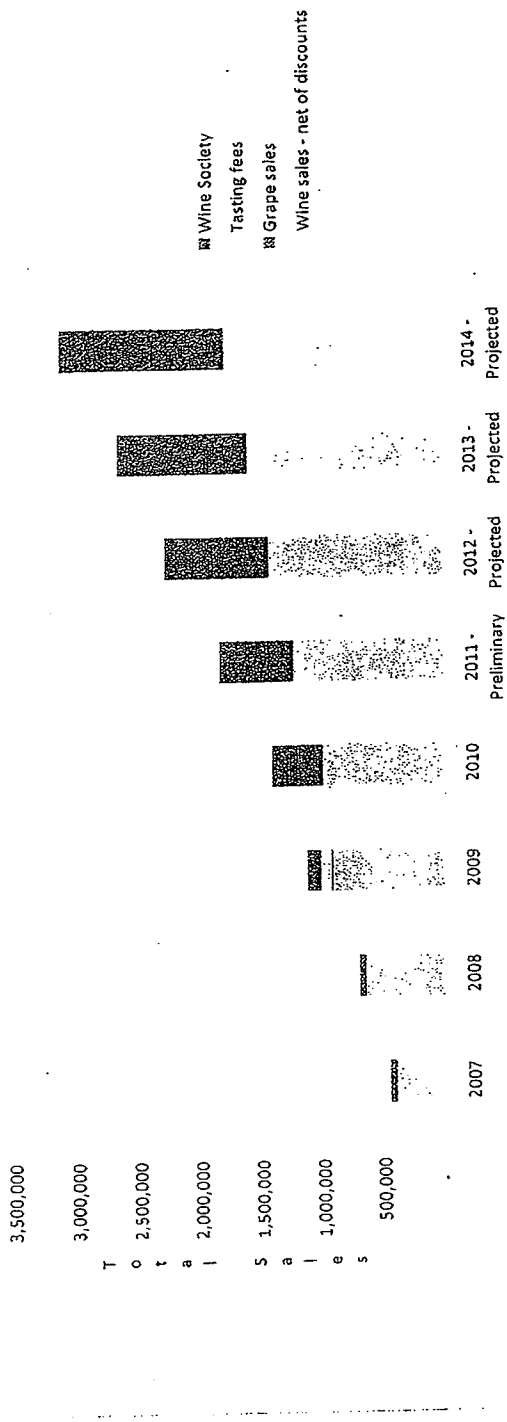
BN 8418427v3

EXHIBIT A Page 52

EXHIBIT A Page 54

DAZ Winerys, LLC
Sales Analysis and Trends

	2007	2008	2009	2010	2011 - Preliminary	2012 - Projected	2013 - Projected	2014 - Projected
Sales	400,945	648,753	929,955	947,541	1,141,742	1,315,916	1,447,508	1,592,259
Wine sales - net of discounts	57,617	58,884	7,500	56,902	95,840	124,592	161,970	210,560
Grape sales		15,161	85,908	413,492	618,000	864,000	1,080,000	1,350,000
Tasting fees			115,656					
Wine Society								
Totals	458,562	719,798	1,133,017	1,417,635	1,855,582	2,304,509	2,689,478	3,152,820



DAZ Vineyards, LLC
Cash Position

	2011 - Preliminary	2012 - Projected	2013 - Projected	2014 - Projected
Sources of Cash				
¹ Sales - Projected 2012 and 2013		2,304,509	2,689,478	3,152,820
Sales - actual through December 31, 2011	1,855,582			
	1,855,582	2,304,509	2,689,478	3,152,820
Uses of Cash				
Current cash used in operations				
Projected Cash Used in Operations 2012 and 2013		1,370,000	1,570,000	1,800,000
Reserve 10% for contingency fund		137,000	157,000	180,000
Through December 31, 2011 - actual	1,372,551			
Cash used in operations	1,372,551	1,507,000	1,727,000	1,980,000
Funds available for Debt Service	483,031	797,509	962,478	1,172,820
Debt Service				
Payments to Aegon Proposed		600,000	600,000	600,000
Payments to Creditors		164,774	170,348	170,348
Payments to Aegon	430,325			
Payments to Silicon Valley Bank	82,500			
Debt Service	512,825	764,774	770,348	770,348
Cash available	(29,794)	32,735	192,130	402,472
Cash at beginning of year	13,305	(16,489)	16,245	208,375
Projected ending Cash	(16,489)	16,245	208,375	610,847

¹ See Sales Analysis and Trends

DAZ Vineyards, LLC
Payment Plan - Pre-Petition Payables

	Beginning												
	Balance -2012	2012-Q1	2012-Q2	2012-Q3	2012-Q4	2013-Q1	2013-Q2	2013-Q3	2013-Q4	2013-Q1	2013-Q2	2013-Q3	2013-Q4
Secured Creditors													
Taxes (FTB/IRS/EDD/SBOE)	106,000			7,500	7,500				7,500	7,500	7,500	7,500	7,500
Property Taxes	180,000			10,000	10,000				10,000	10,000	10,000	10,000	10,000
Silicon Valley Bank	199,204	12,000	12,000	12,000	12,000				12,000	12,000	12,000	12,000	12,000
Grapes (Sierra Madre)	50,000	10,500	15,000	15,000	9,500								
Grapes (Premier Pacific)	13,600	5,700	5,700	2,200									
CNH Capital	32,810			5,087	5,087				5,087	5,087	5,087	5,087	5,087
Non Secured Creditors	267,660			8,000	8,000				8,000	8,000	8,000	8,000	8,000
Totals	849,275	28,200	32,700	51,787	52,087	684,501	42,587	42,587	42,587	42,587	42,587	42,587	42,587

	Beginning											
	Balance -2014	2014-Q1	2014-Q2	2014-Q3	2014-Q4	Beginning Balance -2015						
Secured Creditors												
Taxes (FTB/IRS/EDD/SBOE)	61,000	7,500	7,500	7,500	7,500	31,000						
Property Taxes	120,000	10,000	10,000	10,000	10,000	80,000						
Silicon Valley Bank	103,204	12,000	12,000	12,000	12,000	55,204						
Grapes (Sierra Madre)												
Grapes (Premier Pacific)	2,288	5,087	5,087	5,087	5,087	(18,060)						
CNH Capital												
Non Secured Creditors	227,660	8,000	8,000	8,000	8,000	195,660						
Totals	514,153	42,587	42,587	42,587	42,587	343,805						

Silicon Valley Bank
Computation of amount due

Principal Loan Balance	178,130.88
Accrued interest @ 1/31/2012	1,073.46
Legal Reimbursement	<u>20,000.00</u>
Total Due at 1/31/2012	199,204.34

Secured Creditors

Claim No.	Claimant	Amount Scheduled	Amount Filed	Comment
1	CNH Capital America	\$34,120.32	\$35,181.89	
2	CNH Capital America	\$10,104.31	\$13,223.62	
5	CNH Capital America		\$35,181.89	Disallowed as Duplicative
6	CNH Capital America		\$13,233.62	Disallowed as Duplicative
19	Investors Warrant of Amer.	\$8,989,000.00	\$11,103,353.11	
20	Silicon Valley Bank	\$326,000.00	\$353,806.97	
24	Santa Colina Vineyards	\$23,691.50	\$23,692.00	Balance owed \$14,192.00
26	Bernice James	\$125,000.00	\$248,978.79	
28	Logan Diversified		\$1,713,143.13	Objection to be filed-no security identified
	Sierra Madre Ranch	\$84,882.00		Allowed at \$40,000 per stipulation

Priority Creditors

Claim No.	Claimant	Amount Scheduled	Amount Filed	Comment
4	Franchise Tax Board	\$12,212.48	\$3,583.19	Claim amended
9	Internal Revenue Service		\$64,879.44	Claim amended
17	EDD		\$13,246.80	
18	State Board of Equalization	\$28,469.46	\$38,433.15	

Unsecured Creditors

Claim No.	Claimant	Amount Scheduled	Amount Filed	Comment
3	Savanna Farms, LLC	\$31,140.00	\$31,140.00	
7	Sorenson & Sorenson	\$72,371.00	\$79,188.00	
8	Finkle Newton Farming	\$24,959.35	\$24,959.35	
10	Bonna Sabla		\$25,120.00	
11	Pacific Funding Group	Unknown	\$500,000.00	Subject to Pending Action in Superior Ct.
12	Bonna Sabla		\$25,120.00	Disallowed as Duplicative
13	Jay's Landscapes	\$13,482.27	\$16,251.87	
14	Artisan Barrels		\$5,171.40	
15	Impulse Internet Services		\$292.50	
16	LA Center, Inc.		\$2,065,521.96	To be settled at \$120,000.00
21	Euro Machines, Inc.	\$24,422.66	\$24,422.66	
22	Rancho Salsipuedes		\$204,000.00	Allowed by Stipulation
23	Santa Colina Vineyards		\$96,000.00	Allowed by Stipulation
25	LA Center, Inc. (Wolf)		\$2,065,521.96	Duplicates #15 and subject to same settlement
27	Gray Lift, Inc.		\$1,943.39	
30	Employers Compensation		\$7,055.00	
	Bell Air Tonnellerie	\$5,748.70		
	Fidelity National Title	Unknown		
	Grgich Hills Cellar	\$6,000.00		
	Nomblot Cuves	\$29,141.15		Disallowed as Duplicative
	Salud Ayala Farm Labor	\$8,088.00		
	Tonnellerie Claude Gillet	\$8,142.81		

Ex.D Pg 57

In re: DAZ Vineyards, LLC	Debtor(s).	CHAPTER 11 CASE NUMBER 9:10-bk-10689-RR
------------------------------	------------	--

NOTE: When using this form to indicate service of a proposed order, **DO NOT** list any person or entity in Category I. Proposed orders do not generate an NEF because only orders that have been entered are placed on the CM/ECF docket.

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is:
1114 State Street, Suite 200, Santa Barbara, CA 93101

A true and correct copy of the foregoing document described **DISCLOSURE STATEMENT DESCRIBING SECOND AMENDED CHAPTER 11 PLAN** will be served or was served (a) on the judge in chambers in the form and manner required by LBR 5005-2(d); and (b) in the manner indicated below:

I. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING ("NEF") – Pursuant to controlling General Order(s) and Local Bankruptcy Rule(s) ("LBR"), the foregoing document will be served by the court via NEF and hyperlink to the document. On 4/30/12 I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following person(s) are on the Electronic Mail Notice List to receive NEF transmission at the email address(es) indicated below:

- William C Beall artyc@aol.com, bbassist@beallandburkhardt.com;carissa@beallandburkhardt.com
- Craig C Chiang cchiang@buchalter.com
- Brian D Fittipaldi brian.fittipaldi@usdoj.gov
- Karen L Grant kgrant@silcom.com
- Gary M Kaplan gkaplan@fbm.com
- Robert Mockler mocklerr@hbdlawyers.com
- United States Trustee (ND) ustpregion16.nd.ecf@usdoj.gov
- Thomas B Watson twatson@mckoolsmithhennigan.com
- Thomas B Watson watson@hdlitigation.com
- Diane C Weil dcw@dcweillaw.com
- Jason R Wolf jwolf@dl.com

II. SERVED BY U.S. MAIL OR OVERNIGHT MAIL (indicate method for each person or entity served):

On ____ I served the following person(s) and/or entity(ies) at the last known address(es) in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States Mail, first class, postage prepaid, and/or with an overnight mail service addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

III. SERVED BY PERSONAL DELIVERY, FACSIMILE TRANSMISSION OR EMAIL (indicate method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on 4/30/12 I served the following person(s) and/or entity(ies) by personal delivery, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on the judge will be completed no later than 24 hours after the document is filed.

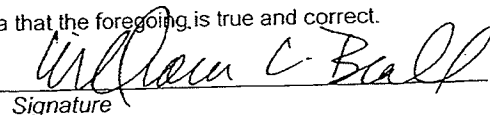
Judge's Copy:

Honorable Robin Riblet
United States Bankruptcy Court
Central District of California
141 5 State Street
Santa Barbara, CA 93101

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

4/30/12
Date

William C. Beall
Type Name


Signature

This form is mandatory. It has been approved for use by the United States Bankruptcy Court for the Central District of California.

F 9013-3.1

In re: DAZ Vineyards, LLC	CHAPTER 11 Debtor(s). CASE NUMBER 9:10-bk-10689-RR
------------------------------	---

NOTE: When using this form to indicate service of a proposed order, **DO NOT** list any person or entity in Category I. Proposed orders do not generate an NEF because only orders that have been entered are placed on the CM/ECF docket.

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is: 1114 State Street, Suite 200, Santa Barbara, CA 93101

A true and correct copy of the foregoing document described **DISCLOSURE STATEMENT DESCRIBING THIRD AMENDED CHAPTER 11 PLAN** will be served or was served (a) on the judge in chambers in the form and manner required by LBR 5005-2(d); and (b) in the manner indicated below:

I. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING ("NEF") – Pursuant to controlling General Order(s) and Local Bankruptcy Rule(s) ("LBR"), the foregoing document will be served by the court via NEF and hyperlink to the document. On 6/7/12 I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following person(s) are on the Electronic Mail Notice List to receive NEF transmission at the email address(es) indicated below:

- Craig C Chiang cchiang@buchalter.com
- Brian D Fittipaldi brian.fittipaldi@usdoj.gov
- Karen L Grant kgrant@silcom.com
- Gary M Kaplan gkaplan@fbm.com
- Robert Mockler mocklerr@hbdlawyers.com
- United States Trustee (ND) ustpreion16.nd.ecf@usdoj.gov
- Thomas B Watson twatson@mckoolsmithhennigan.com
- Thomas B Watson watson@hdlitigation.com
- Diane C Weil dcw@dcweillaw.com
- Jason R Wolf jrwolf@jonesday.com

II. SERVED BY U.S. MAIL OR OVERNIGHT MAIL (indicate method for each person or entity served):

On 6/7/12 I served the following person(s) and/or entity(ies) at the last known address(es) in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States Mail, first class, postage prepaid, and/or with an overnight mail service addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

III. SERVED BY PERSONAL DELIVERY, FACSIMILE TRANSMISSION OR EMAIL (indicate method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on 6/7/12 I served the following person(s) and/or entity(ies) by personal delivery, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on the judge will be completed no later than 24 hours after the document is filed.

Judge's Copy:

Honorable Robin Riblet
United States Bankruptcy Court
Central District of California
1415 State Street
Santa Barbara, CA 93101

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

<u>6/7/12</u> Date	<u>Natalie A. Spilborghs</u> Type Name	 Signature
-----------------------	---	---