

Brent T. Robinson, Esq.
ROBINSON ANTHON & TRIBE
Attorneys at Law
615 H Street
P.O. Box 396
Rupert, ID 83350-0396
Telephone No. (208) 436-4717
Facsimile No. (208) 436-6804
Email Address: btr@idlawfirm.com
Idaho State Bar No. 1932

Attorneys for Debtor

UNITED STATES BANKRUPTCY COURT
DISTRICT OF IDAHO

In Re:)	Case No. 11-40836-JDP
)	(Chapter 11)
ROCHA DAIRY, LLC)	
aka ROCHA FARMS,)	
)	
Debtor.)	

AMENDED DISCLOSURE STATEMENT

I. INTRODUCTION

1. GENERAL

Rocha Dairy, LLC, aka Rocha Farms, hereinafter referred to as the debtor, provides this Disclosure Statement to all of its known creditors in order to disclose the information necessary for the creditors to arrive at a reasonably informed decision in exercising their right to vote for acceptance or rejection of the Plan of Reorganization on file with the United States Bankruptcy Court for the District of Idaho (Section 1125 of the United States Bankruptcy Code). The debtor's address is 3164 S 2050 E, Wendell, Idaho 83355. The debtor operates a dairy and its dairy and farm ground is all located in Gooding County, Idaho.

No representations concerning the debtor (particularly as to the value of its

property) are authorized by the debtor other than as set forth in this Disclosure Statement. Any representations or inducements made to secure your acceptance which are other than as contained herein should not be relied upon by you in arriving at your decision, and such additional representations and inducements should be reported to counsel for the debtor, who in turn shall deliver such information to the Court for such action as may be deemed appropriate.

Under the Plan, the claims of creditors, depending upon the classification of the respective claims (see Plan of Reorganization-Classes of Claims and Interest), will either be paid in full or part; or, have transferred to them property in which they hold a lien.

Since the 25th day of May, 2011, the debtor has operated as debtor-in-possession. When the Plan is confirmed, the debtor will continue to administer the debtor's estate in compliance therewith until such time as the necessary procedures are implemented for disposition of property and distribution of funds. Thereafter, the debtor will be revested with its property subject to the conditions and requirements of the Plan.

2. FILING OF THE CASE

On the 25th day of May, 2011, the debtor filed its Petition in the United States Bankruptcy Court under Chapter 11 of the United States Bankruptcy Code. Automatically upon such filing, the debtor became debtor-in-possession.

2A. DEFINITIONS

The debtor provides the following definitions for creditors so they can better understand the Plan:

A. "Petition" shall mean the voluntary petition under Chapter 11 filed with this Court on May 25, 2011.

B. "Case" shall mean the bankruptcy action filed by the debtor for reorganization of the debtor commenced by a voluntary petition under Chapter 11 on May 25, 2011, now pending

in the United States Bankruptcy Court, District of Idaho.

C. "Filing Date" shall mean the date the debtor filed for relief under Chapter 11 of the United States Bankruptcy Code, or May 25, 2011.

D. "Effective Date" shall be sixty (60) days after confirmation unless there is a pending appeal regarding confirmation. If there is a pending appeal, then the effective date shall be the date the appeal is ultimately resolved.

E. "Date of Distribution" shall be that date selected by the debtor for the initial distribution under the Plan, or if the date of confirmation is after the date selected by the debtor, then the date of distribution shall be sixty (60) days after the date of confirmation, which shall be the effective date of the Plan unless otherwise indicated in the Plan.

F. "Disbursing Agent" shall mean Elcidio "Al" Rocha and Barbara Rocha, who will be duly authorized and appointed upon approval of the Plan.

3. APPROVAL OF THE DISCLOSURE STATEMENT

This Disclosure Statement, approved by the United States Bankruptcy Court in accordance with Section 1125 of the Bankruptcy Code, is provided to each creditor whose claim has been scheduled by the debtor or who has filed a proof of claim against the debtor and to each interested party of record as of the date of approval of this Disclosure Statement.

The Disclosure Statement is intended to assist creditors and parties in interest in evaluating the Plan and in determining whether to accept the Plan. Under the Bankruptcy Code, acceptance of the Plan may not be solicited unless a copy of this approved Disclosure Statement is received prior to or concurrently with such solicitation.

4. CREDITORS ENTITLED TO VOTE ON PLAN

Only votes of classes of claimants (creditors), which are impaired by the Plan or are unsecured are counted in connection with the confirmation of the Plan. Both creditors holding priority claims and debtor holding an interest will be unaffected by the Plan; therefore,

their votes on the Plan are not necessary in connection with confirmation of the Plan.

5. MANNER OF VOTING

All claimants entitled to vote on the Plan may cast votes for or against the Plan by completing, dating, signing and causing the ballot form accompanied by this Disclosure Statement to be filed with the Clerk of the United States Bankruptcy Court for the District of Idaho in accordance with the Court's order. See *Order Approving Disclosure Statement, Fixing Time for Acceptance or Rejection of Plan [Return of Ballots], and Setting Date for Hearing on Confirmation*.

6. DETERMINING ACCEPTANCE OF PLAN

In determining the acceptance of the Plan, votes will only be counted if submitted by a claimant whose claim is duly scheduled by the debtor as undisputed, non-contingent and liquidated, or who, prior to the hearing on confirmation, has filed with the Court a proof of claim which has not been disallowed or suspended prior to the computation of the vote on the Plan. A class that is unimpaired is deemed to have accepted the Plan and solicitation of acceptance is not required under Section 1126(f). The ballot form which you receive does not constitute a proof of claim. If you are in any way uncertain whether or not your claim has been correctly scheduled, you should check the debtor's schedules, which are on file in the office of the Clerk of the United States Bankruptcy Court for the District of Idaho. Due to the business of the Clerk of the Bankruptcy Court, it is believed this information will not be given by telephone.

7. HEARING ON CONFIRMATION OF PLAN

The Court will set a hearing to determine whether the Plan has been accepted by the requisite number of creditors and whether the other requirements for confirmation of the Plan have been satisfied. Each claimant will receive, either with this Disclosure Statement or separately, a Notice of Hearing on confirmation of the Plan. (PRESENCE OF CREDITORS AT THE CONFIRMATION HEARING IS INVITED BUT NOT REQUIRED IN ORDER FOR THEIR

BALLOT TO BE CONSIDERED.)

8. ACCEPTANCE NECESSARY TO CONFIRM PLAN

At the scheduled hearing, the Bankruptcy Court must determine, among other things, whether the Plan has been accepted by each impaired class. Under Bankruptcy Code Section 1126, an impaired class is deemed to have accepted the Plan if at least two-thirds (2/3) in amount (dollar value) and more than one-half (1/2) in number of the allowed claims of class members who have voted on the Plan, have voted for acceptance of the Plan. Further, unless there is unanimous acceptance of the Plan by an impaired class, the Bankruptcy Court must determine whether the Plan provides class members property of a value that is not less than the amount such class members would receive or retain if the estate of the debtors was liquidated under Chapter 7 of the Bankruptcy Code on the effective date of the Plan as set forth in Section 1129(a)(7)(A)(ii).

9. CONFIRMATION OF PLAN WITHOUT NECESSARY ACCEPTANCE

Pursuant to Bankruptcy Code Section 1129(b), the Plan may be confirmed even if it is not accepted by one or all of the impaired classes provided the Bankruptcy Court finds that the Plan does not discriminate unfairly and is fair and equitable to such class or classes. This provision requires, among other things, that the claimants (creditors) in the impaired classes must either receive the full value of the property of their claims or, if they receive less, no class with junior liquidation priority may receive anything. The debtor may choose to rely upon the provision commonly known as the "cramdown" to seek confirmation of the Plan if it is not accepted by all classes of creditors. "The test to be applied by the Court is set forth in various paragraphs of Section 1129(b)... the Court is not permitted to alter the terms of the Plan. It must merely decide whether the Plan complies with Section 1129(b). If so, the Plan is confirmed, if not, the Plan is denied confirmation." H.R. 95-595, 95th Cong., 1st Sess., 413 et seq. (1977).

II. THE PLAN OF REORGANIZATION

1. CLASSES OF CLAIMS AND INTEREST AND PAYMENT

The Plan divides the claims and interests into various and separate classes. The classes are as follows:

Class	Creditor	Payment Amount	Term
1	Administrative		
	(a) Attorney’s Fees—Robinson Anthon & Tribe	\$15,000	Upon application
	(b) Accountant’s Fees	Unknown	Upon application
	(c) Chapter 11 Quarterly Fees	Pursuant to 11 USC 1129(a)(12)	
2	Section 507 Priority Claims		
	(a) Internal Revenue Service	\$1,525.18	44 monthly
	(b) Gooding County Treasurer	\$296	72 monthly
	(c) Idaho Department of Labor	\$56.31	24 monthly
3	D. L. Evans Bank	\$23,900.38	120 monthly
4	MetLife-Ag Investments	\$18,580	300 monthly
5	Rocky Mountain Merchandising	As an unsecured creditor	
6	West Side Chopping	As an unsecured creditor	
7	Blue Mud, Inc.	As an unsecured creditor	
8	Unsecured Claims (It is anticipated that unsecured creditors will receive approximately 100% of their claim)	\$8,400	240 months

The Plan contemplates an effective reorganization of the debtor’s property, treatment of contingent claims, treatment of certain claims upon Court approval and treatment of property returned to owners by Court approval. Debtor reserves the right, in the event that negotiations require such to occur, to change the amount of the aforementioned monthly payments. This reorganization will commence upon the “effective date,” as defined in paragraph 2A above.

That pursuant to 11 U.S.C. § 1129(1)(15), if an unsecured creditor objects, the creditor must be paid the value of their claim as of the effective date of the Plan or pay the

projected disposable income of the debtor as defined in Section 1325(b)(2) to be received during the five-year period. Debtor proposes to pay to the unsecured creditors as will be specified in the Plan, the amount the debtor is able to pay.

Distributions will be made by the disbursing agent, Elcidio "Al" Rocha and Barbara Rocha, as provided in the Plan.

2. RISKS ASSOCIATED WITH THE PLAN

The Plan contemplates an effective reorganization of the debtor's property, treatment of contingent claims, treatment of certain claims upon Court approval and treatment of property returned to owners by Court approval; HOWEVER, Reorganization will commence upon the date of confirmation, the date of distribution and the effective date.

3. TREATMENT OF CLAIMS

Treatment of the various classes of claims and individual persons or entities within the class is discussed in detail in the Plan. Priority claims will be paid in full; secured debts will be paid to the extent of their values; unsecured debts will be paid (in a fair and equitable manner) to the extent the unsecured property of the estate reaches to those creditors or that the cash flow allows, and other properties will be disbursed and addressed as approved by the Court.

4. COMPLIANCE WITH 11 U.S.C. 1129(b)

Treatment of various classes and claims comply with Section 1129(a). Notwithstanding Section 510(a), if all the applicable requirements are met other than with respect to a class or classes who have accepted the Plan or are unimpaired by the Plan, the Court, on request of the proponent of the Plan (debtor), shall confirm the Plan. The proponents deem that the Plan does not discriminate unfairly, and is fair and equitable with respect to each class of claims or interests that is impaired under the Plan even though such class may not have accepted the Plan.

III. INFORMATION PERTAINING TO DEBTOR CONSIDERED

RELEVANT TO APPROVAL OF THE PLAN

The debtor who presents this Plan for confirmation recommends an affirmative vote for acceptance of the Plan. This recommendation is based upon information contained in the following sections of the Disclosure Statement and the belief that when claims are restructured and coordinated with the liquidation values of the estate, the cash flow will sustain payments in the reorganized schedules. This Disclosure Statement provides adequate information in regard to costs of production, gross income and funds available for interest payments and debt reduction.

The debtor maintains that no creditors have had sufficient information presented to them prior to this Disclosure Statement; any previously presented Plans, disclosure statements or informational documents, including those presented at any informational meeting regarding the financial status of the debtors are to be ignored. Creditors should base decisions to vote for or against the Plan solely upon information provided herein and in the Plan itself.

IV. HISTORY OF THE DEBTOR

Growing up, Elcidio "Al" Rocha (hereafter "Al Rocha"), a member of Rocha Dairy, LLC, worked along side his father in his father's dairy business. The dairy in Chino, California was on 30 acres with four houses. Al's family members and employees lived on the dairy and Al and his father ran the dairy. Al did the relief milking and fed the calves. They also brought in their own hay and stacked it themselves. Al served in the Army for two years and upon his return he married his wife, Barbara Rocha, also a member of Rocha Dairy, LLC. The two lived at the dairy and became partners with Al's father in the dairy operation. Operating a dairy is a 24/7 business, so every day is a new venture. The dairy business was and is their life. Al sister, Dolores, married Dennis Coelho in 1970. Dennis joined the dairy and started feeding cows and helping with other chores. The Rochas and Coelhos raised their families on the dairy

and kept working. In 1973, Al's mother, who did the bookwork, handed it over to Dolores and Barbara. Dolores also started a career as a hairdresser. Both Barbara and Dolores worked part-time doing the bookkeeping for the dairy.

As dairy farming became more challenging in Southern California, as well as limitations for expansion, Al and Barbara Rocha researched the opportunities for dairy expansion in Idaho. In 1989, Al and Barbara Rocha sold the dairy in California to their neighbor and moved 820 cows and three families to Idaho. The dairy and two houses were built on 120 acres. Two houses were already on the property they purchased in Idaho. Their families continued to grow as did Rocha Dairy with the purchase of more acreage and a few cows, plus their own heifers coming into the milking herd. The family dairy operation was doing well. It increased to 550 acres and 3,100 animals. Children from the grade school came to the dairy to learn about calves being born and fed and about where milk comes from. The Rochas served milk and cookies to the "tourists" and the children and parents who came enjoyed the tour of all that was at Rocha Dairy. The Rochas always supported the community and everything was going well.

In 1999, the Holstein Association picked Rocha's dairy and a few others to show their cows and the family operation. People from all over the United States, as well as a few foreign countries, came to the Idaho convention.

In 2002, the dairy cows began to have some problems with High Somatic Cell count. Al knew there was a problem somewhere, but finding it was not easy. After a year of trying different things, it was discovered that stray voltage from Idaho Power's grounding on the dairy was the problem. The cows couldn't drink water from the water troughs because they would be shocked. When the cows came into the barn for milking, they would start to kick the milkers. In fact, one milker sustained a broken arm from such a kick and was in a cast for a few months. The problem, as determined by a special electrician from Wisconsin, was that

when the cows came into the barn, they were also being shocked from the barn equipment. The dairy lost about 150 cows and \$800,000 to get the problem resolved. After the problem was solved with isolation for \$300,000 and getting cows back to normal, Jose C. Rocha Dairy continued. The dairy tried to get Idaho Power to help with the expenses and even had an attorney from Kansas help with the issue. Idaho Power never helped, but the dairy moved on and continued to keep the cows and dairy operating.

The Rochas were getting advice from their accountant in California on how to contract their milk. With the new CME Stock Market coming in, they knew nothing about stocks, let alone applying it to their milk. However, the Rochas asked a lot of questions and learned quite a bit, but it seemed they never got the price they needed. Feed costs were also a factor.

At the time, their bank account was at Wells Fargo in California. With contracting and high interest rates, they looked into obtaining a local bank and a local accountant. In 2003, they obtained the services of Cooper Norman and D. L. Evans Bank. Cooper Norman helped with their business and their budget and showed them ways to reduce their debt. With this assistance, they were able to get the better pricing for their milk, as well as better feed contracts. They were then able to make progress.

The dairy had saved some \$205,000 to buy cows and hay for the year. Heifers at that time cost \$2,400. They received a call from the Hansens in Arizona asking if they would purchase 40 acres close to their dairy. The Rochas had their own heifers coming into the milking herd and still had hay. So, they decided to purchase the 40 acres for more feed and corn silage, which is always a necessity. They used the \$205,000 to buy the 40 acres. There was no lender on this property and it was debt free.

In September, 2008, with the U. S. economy declining, more people without jobs and many foreclosures on homes, it began to look grim. Their milk price went from \$15.50 to

\$10.50, making a difference in their milk checks of \$150,000 to \$175,000 a month. Grain and hay prices also kept going higher. Al Rocha knew this would not soon be over so he went to the loan officer at D. L. Evans Bank because they needed to get more hay before winter and with the high prices, their feed line was not in order. The loan officer was advised of the 40-acre parcel and if they could borrow funds against this land to get them through the winter, maybe the crises would be over. At that time, farm ground was about \$6,000 an acre. The loan officer took it to the loan committee for review and this went back and forth for about a month, until it was finally approved and the paperwork was prepared. When the Rochas signed the loan documents, they were under the impression that they were granting a lien in 40 acres of real estate, not all of the real estate.

In February, 2009, the dairy industry was at a stand still. Dairymen, the Rochas included, had never seen anything like this take so long. The Rochas decided to go to their property lender, MetLife and Clear Creek Mortgage Co for help. They needed to try to get a loan from their property value. Clear Creek Mortgage started the paperwork. They discussed \$1 million to help keep the dairy operating. The Rochas didn't know how long this crisis would last as it was something Al Rocha had never seen in the 55 years he'd been in the dairy business. The debtor claims about one month later MetLife informed them they could not get the loan. MetLife informed them, to Rocha's surprise, that D. L. Evans had a 2nd on their property. Rochas claim that they went back and forth with D. L. Evans over this issue since the Rochas thought the documents they signed were only for the 40-acres. They also asked MetLife to help with this because D. L. Evans Bank did not consult with MetLife before putting a second on Rocha's mortgage. The MetLife mortgage had a provision that required their consent of it to a second in the same collateral. Except for the 40 acres, MetLife had a first in the rest of the property. Rochas tried to get another bank to get the 2nd off that D. L. Evans Bank had put on their mortgage. Rabo Bank in Twin Falls was working with them. In about

three months, they had all the paperwork done, had a bank account and just needed to order checks. Cheese and milk markets dropped to \$9.50. The Rochas then received a phone call that Rabo Bank could not work with their business. Still, the Rochas continued to find another bank, in fact, they went to five different banks. The economy was getting worse. Dairies were closing or they were being handed over to the banks. The Rochas persevered. They kept up with the loan payments, cut back on a lot of items. Their D. L. Evans loan officer retired in December, 2009.

Beginning in 2010, things got worse. Debtors claim D. L. Evans Bank devalued their cows from \$1,800 down to \$1,200, so the lending value was dropped by \$600 per milk and dry cow, which dropped their feed line \$1,200,000. This also didn't help their situation to keep their business looking good for the loan committee. The Rochas were left to purchase grain and hay from their cash flow and keeping up with their loan payments to the bank and property. They tried to continue but got behind on their other businesses and friends that helped Rocha Dairy stay in business.

Debtors claim in October, 2010, their new loan officer tried another option to keep the operation going. The loan officer told them they needed to try a new option of not having a cow line and to put more on a feed line and that they would need \$100,000 to get some hay from a farmer and that they could get this if they signed the paperwork. The Rochas took the documents to an attorney in Jerome and in Rupert for review. In November, 2010, they signed more documents expecting D. L. Evans would help them with a feed line. They waited seven months for this to happen. In the meantime, four others dairies handed over their animals and dairy to their lenders. The Rochas then knew with these things happening that D.L. Evans probably wasn't going to help Rocha Dairy. Rocha Dairy claims that it tried to meet with D. L. Evans to no avail.

The Rochas never wanted to file any kind of bankruptcy. They needed feed and

farmers weren't helping anybody unless money was available. They needed corn silage. Rocha Dairy believes if the loans had been available, the filing of bankruptcy on May 25, 2011, would not have occurred. In October, apparently D. L. Evans received funds from the government for loans. The Rochas told their loan officer to let the loan committee know that if they would take off the 2nd mortgage so they could get a loan from MetLife, Rocha Dairy would pay D. L. Evans half of the money collected from met Life and if need be, then put on the second. These two financial institutions provided no assistance. The Rochas desire to come up with a Plan because they believe in their dairy, their family, their employees and their animals. Changes happen all the time in their lives and in the dairy business. Based upon the attached information (Attachment No. 1) pertaining to the new Chobani yogurt plant coming to Twin Falls, the Rochas believe the new Chobani plant will need more milk and milk with quality. The Rochas have never used BST, the grown hormone on their cows, and that is what this yogurt plant wants.

In addition to the information regarding Chobani, on May 30, 2012, Magic Valley Quality Milk Producers sent out a statement, a copy of which is also attached (Attachment No. 2).

V. MERGER

That prior to the forming of Rocha Dairy, LLC and Rocha Dairy Farms, which were merged together prior to the filing of this Chapter 11, the individuals who are part of both entities farmed as a de facto partnership for many, many years. Initially, as provided before, it was known as the Jose D. Rocha Dairy. It then came to be known as the Rocha Dairy. Subsequent to the Answer of the defendants being filed in the matter of *Wolfe Brothers, Inc., v. Rocha Dairy, et al*, it was discovered that the General Partnership Rocha Dairy does not exist, as it was dissolved by the Secretary of State of the State of Idaho on April 30, 2009. At the time Rocha Dairy partnership was dissolved, new and separate operating entities were formed.

Rocha Dairy, LLC, was created on April 30, 2009, and is the operating entity for the dairy and Rocha Dairy partnership assigned all of its personal property to Rocha Dairy, LLC. Rocha Farms partnership is the property-holding entity that was created on April 30, 2009. Because of the interrelationship and overlapping between Rocha Farms and Rocha Dairy, Rocha Farms was merged in Rocha Dairy, LLC, just before filing bankruptcy.

VI. STATEMENT OF FINANCIAL AFFAIRS

1. BOOKS AND RECORDS

The books and records of the debtor have been kept by and are now in the possession of Barbara Rocha.

2. BANK ACCOUNTS

Debtor maintains its cash collateral account at Magic Valley Bank in Gooding, Idaho.

3. SUITS PENDING

J. D. Heiskell Holdings v. Elcidio & Barbara Rocha & Rocha Dairy, LLC, Fifth Judicial District Court, Gooding County Case No. CV 2011-98 – stipulated judgment entered.

Gary Eldredge v. Elcidio "Al" Rocha, et ux, dba Rocha Dairy, LLC, Fifth Judicial District Court, Twin Falls County Case No. CV 09-4499 – case still pending.

Wolfe Brothers, Inc. v. Rocha Dairy, et al, Fifth Judicial District Court, Gooding County Case No. CV 11-135 – case still pending.

Kurt Wiersema, d.b.a. Kurt Wiersema Trucking v. Rocha Dairy, et al, Fifth Judicial District Court, Gooding County Case No. CV 2012-278 – case still pending.

The debts of each of the cases are being paid by debtor as unsecured creditors.

4. INCOME AND EXPENSES PAST FIVE (5) YEARS

Attached hereto are parts of debtor's income tax returns for 2006, 2007, 2008, 2009 and 2010, which show debtor's actual income and expenses for the past five years. Also

attached hereto is a profit and loss statement for the Year 2011.

5. LEASES AND EXECUTORY CONTRACTS

Debtor has a one-year farm lease with Chris and Bernadette Chandler for 405 acres for \$200 per acre, which lease expired December 1, 2011. Debtor entered into a one-year 400-acre farm lease on March 19, 2012, with Chris and Bernadette Chandler at \$250 per acre for 335 acres and \$300 per acre for 65 acres. Bernadette Chandler is the daughter of Al and Barbara Rocha and Chris Chandler is their son-in-law. The lease of the property became necessary since Rocha Dairy had no funds in which to operate the same. Through the lease, Rocha Dairy gets lease payments. In addition to being able to get lease payments, Rocha also gets the opportunity to purchase corn silage, which saves significant funds for the dairy.

Debtor had an eleven-month fixed milk price agreement with Magic Valley Quality Milk Producers, Inc., which was to expire on December 31, 2011. However, said contract was rejected and an Order was entered by the Court rejecting the same on August 8, 2011 (Doc. 78).

6. ADMINISTRATIVE EXPENSES

Robinson Anthon & Tribe, attorneys at law, have been paid the sum of \$15,000. Of that amount \$4,304.57 was applied to pre-petition fees and costs, and the balance is being held in trust with the understanding said sum will be applied to post-petition fees and costs incurred in this case. Brent T. Robinson of the firm Robinson Anthon & Tribe is handling this matter at a rate of \$200 per hour and Kelly Arthur Anthon at a rate of \$160 per hour. Any fees and costs incurred in excess of the \$10,695.45 being held in trust will be paid in full within two (2) years after the date of confirmation, but only after Court approval of the fees has been obtained.

7. FINANCIAL STATEMENTS

During the two years immediately preceding the commencement of this case, debtors have issued financial statements to: None.

8. CREDITORS HAVING PRIORITY CLAIMS

Internal Revenue Service	\$63,473.79
Gooding County Treasurer	\$15,137.61
Idaho Department of Labor	\$ 1,351.26

9. CREDITORS HAVING UNSECURED CLAIMS WITHOUT PRIORITY, DISPUTED

Wolfe Brothers, Inc., *	\$337,000.00
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* Note: The basis for the dispute regarding Wolfe Brothers, Inc., is that said creditor claims more is owed than the \$337,000.

10. UNSECURED, UNCONTESTED CLAIMS

NOTE: It is the position of the debtor that all of the unsecured creditors are creditors of Rocha Dairy, LLC

The Amalgamated Sugar Co., LLC	\$12,306.25
Blue Mudd	39,078.31
Cesco	10,316.91
CNH Capital America, LLC	15,195.52
Cooper Norman & Company	6,798.13
Crozier Enterprises	9,504.00
Electrical Contractors	4,448.45
Evans Grain, Feed and Seed	157,586.92
Evans Mineral & Nutrition	94,908.11
John Deere Financial, f.s.b., f/k/a FPC Financial	2,754.62
Gary Eldredge	11,826.38
High Mountain Hay, LLC	52,012.78
Holstein Association	215.00
Idaho Udder Health Systems, PC	9,355.04
J.R. Simplot Company d/b/a Western Stockmen's	14,731.32
J. D. Heiskell & Co.	193,510.28
Jeff Lund	53,972.00
Kurt Wiersema Trucking	116,217.00
Magic Valley Quality Milk Producers, Inc.	94,648.54
Mary Lou Alves	300,000.00
Pat M. Richards, DVM	22,151.00
Paul S. Niehaus, DVM, PC	23,135.10
PHI Financial Services, Inc.	30,507.37
ProFlame	2,797.89
Progressive Bovine Supply	49,573.67
Progressive Dairy Service and Supplies	10,631.63
Rangen, Inc.	11,907.87
Reis Plumbing	1,660.97
Reitsma Holsteins	3,254.00

Rocky Mountain Merchandising	155,572.80
Standlee Hay Company	49,070.37
Standley & Co.	32,514.50
Valley Co-op	82,839.92
Van Dyk Truck Parts	16,115.57
Walco	25,336.13
Wendell O. K. Tire	10,501.39
Wendell Truck & Auto	1,070.98
Western Ag Enterprises, Inc.	12,948.05
Western Truck & Equipment, LLC	4,875.16
Westside Chopping	112,128.00
Williams, Meservy & Lothspeich	3,509.40

The unsecured creditors shall receive approximately 100% of their unsecured claim.

11. SECURED CLAIMS

D. L. Evans Bank	\$3,546,871.48
MetLife-Ag Investments approximately	\$3,000,000.00

It ultimately may be determined, however, that the claims of said creditors is partly secured and partly unsecured.

12. CREDITORS HOLDING CLAIMS THAT ARE UNDERSECURED

The debtor acknowledges the creditors holding security and accept the claims as described in the following descriptions. These claims, however, are greater than the value of the property. These claims are treated under Section 506 of the Bankruptcy Code, which reads as follows:

A. An allowed claim of a creditor secured by a lien on property in which the estate has an interest, or that is subject to setoff under Section 553 of this title, is a secured claim to the extent of the value of such creditor's interest in the estate's interests in such property, or to the extent of the amount subject to setoff, as the case may be, and is an unsecured claim to the extent that the value of such creditors' interest or the amount so subject to setoff is less than the amount of such allowed claim. Such value shall be determined in light of the valuation and of the proposed disposition or use of such property, and in conjunction with any hearing on such disposition or use or on a Plan affecting such creditor's interest.

The debtor accepts the secured liens to the extent of the values of the properties. Liens that are greater than the value of the property shall be treated as unsecured in the amount that does not reach to the value of the property. Because these property values

are less than the claims, no interest shall accrue from the date of filing on either the secured or unsecured portions of the claims.

13. INCONSEQUENTIAL OR BURDENSOME PROPERTY

The debtor intends to quitclaim their interest in property that is burdensome, inconsequential and unnecessary to an effective reorganization under Section 554 of the Bankruptcy Code. Debtor will relinquish any redemption rights they might have in the subject property and will not be subject to action for any resulting deficiency.

14. EXEMPT PROPERTY

None.

15. LIQUIDATION ANALYSIS

The property being retained is as follows:

1. Real Property

Value:	\$7,000,000.00	
Less Debt:		
MetLife	3,000,000.00	
D. L. Evans Bank	2,600,000.00	
Less Costs of Sale (20%)	1,400,000.00	
EQUITY		\$00.00

Basis of Value: Taking the value that was provided by MetLife some time ago and reduce it by approximately \$1 million

2. Automobiles, Trucks, Trailers and Other Vehicles

Value:	\$182,000.00	
Less Debt:	00.00	
Less Costs of Sale (20%)	36,400.00	
EQUITY		\$145,600.00

Basis of Value: Debtor's best estimate of value

4. Equipment

Value:	\$312,300.00	
Less Debt:	00.00	
Less Costs of Sale (20%)	62,460.00	
EQUITY		\$249,840.00

Basis of Value: Debtor's best estimate of value

5. Animals

Value:	\$3,443,820.00	
Less Debt: (D. L. Evans)	700,000.00	
Less Costs of Sale (20%)	611,600.00	
EQUITY		\$2,132,220.00
<u>Basis of Value:</u>		
1,500 milk cows @ \$1,400	\$2,100,000	
356 dry cows @ \$1,500	534,000	
156 spring heifers @ \$1,500	234,000	
100 bred heifers @ \$1,000	100,000	
100 heifers – 15m @ \$900	90,000	
200 heifers – 13m @ \$800	160,000	
100 heifers – 9m @ \$575	57,500	
167 heifers – 5m @ \$460	76,820	
300 heifers – 3m @ \$250	75,000	
27 steers @ \$500	13,500	
10 bulls – 250 lb. @ \$300	3,000	

6. Farming Equipment

Value:	\$445,000.00	
Less Debt:	00.00	
Less Costs of Sale (20%)	89,000.00	
EQUITY		\$356,000.00
<u>Basis of Value:</u> Debtor's best estimate of value		

The amount available for priority and unsecured creditors, if this case were a Chapter 7, is the sum of \$2,883,660. The values on the foregoing liquidation analysis are based upon present values. However, taxes in regard to liquidation could be as high as 25% which could reduce the amount to unsecured creditors to \$2,162,745.

VII. ACCOUNTING METHOD

The debtor uses a cash basis for their accounting method. The tax years are from January 1st of each year to December 31st of each year.

VIII. EXPENSES AND INCOME INFORMATION

Debtor's actual income and expenses for the years 2006 through 2010 are shown on the attached Schedules F. Debtor's projected income and expenses are shown on the attached budget/cash flow statement.

1. FUNDS FOR OPERATION

Debtor shall obtain funds for operation from the operation of its dairy.

2. REASONS FOR FILING BANKRUPTCY

The reason for filing bankruptcy is the inability to continue to make payments and feed the animals. It was imperative that a bankruptcy could be filed so that debtor could get relief from payments so debtor could feed the cows properly and increase production, all of which has occurred, and also could increase the number of animals.

IX. DISCHARGE

Debtor shall not receive a discharge until all payments on the Plan have been complete in accordance with the terms of the Plan. It is the intention of the debtor, upon confirmation of the Plan, to allow the case to be closed and then at the time the debtor is entitled to discharge, to reopen the case after Plan payments are complete and allow the Court to enter a discharge.

DATED this 8th day of June, 2012.

ROCHA DAIRY, LLC

APPROVED:

/s/ Brent T. Robinson
Brent T. Robinson
Attorney for Debtor

By: /s/ Elcidio Al Rocha
Elcidio "Al" Rocha, Member