

GUARANTY

_____, 2011

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and to induce the City of Ramsey, Minnesota, a charter city organized and existing under the constitution and laws of the State of Minnesota (the "City"), to lend \$1,420,000 to F & C Development, Inc., an Indiana corporation (the "Developer") pursuant to the terms of that certain City Loan Agreement between the Developer and the City of even date herewith (the "City Loan Agreement") and the related Promissory Note executed by Developer in favor of the City of even date herewith (the "City Note"), the undersigned hereby absolutely and unconditionally guarantees to the City the full and prompt payment when due, whether at maturity or earlier by reason of acceleration or otherwise, all amounts payable by Developer to the City pursuant to the City Loan Agreement, the City Note, and all other Loan Documents (as defined therein), as the same may be amended, supplemented, restated, replaced or otherwise modified from time to time, whether such debt, liability or obligation now exists or is hereafter created or incurred, and whether it is or may be direct or indirect, due or to become due, absolute or contingent, primary or secondary, liquidated or unliquidated, or joint, several or joint and several (all such debts, liabilities and obligations being hereinafter collectively referred to as the "Indebtedness").

The undersigned further acknowledges and agrees with City that:

1. No act or thing need occur to establish the liability of the undersigned hereunder, and no act or thing, except full payment and discharge of all indebtedness, shall in any way exonerate the undersigned or modify, reduce, limit or release the liability of the undersigned hereunder.

2. So long as any portion of the Indebtedness remains outstanding, the undersigned shall, on or before May 15 of each year, provide the City with a reviewed financial statement for the undersigned prepared by an independent accounting firm in accordance with generally accepted accounting principals, consistently applied. If, in any year, the undersigned's net worth is less than \$2,200,000.00 then the City shall have the right, upon ten (10) days written notice to Developer and the Developer's failure to provide a replacement guaranty from another individual or entity reasonably acceptable to the City and having a net worth of \$2,200,000.00 or more, as evidenced by a current reviewed financial statement for the replacement guarantor prepared by an independent accounting firm in accordance with generally accepted accounting principals, consistently applied, to declare the Indebtedness immediately due and payable, and the undersigned will forthwith pay to the City the full amount of all Indebtedness, whether due and payable or unmatured. If the undersigned voluntarily commences or there is commenced involuntarily against the undersigned a case under the United States Bankruptcy Code, the full amount of all Indebtedness, whether due and payable or unmatured, shall be immediately due and payable without demand or notice thereof.

3. The liability of the undersigned hereunder shall include accrued interest, all attorneys' fees, collection costs and enforcement expenses referable thereto. Indebtedness may be created and continued in any amount, whether or not in excess of such principal amount, without affecting or impairing the liability of the undersigned hereunder. The City may apply any sums received by or available to the City on account of the Indebtedness from Developer, from their properties, out of any collateral security or from any other source to payment of the excess. Such application of receipts shall not reduce, affect or impair the liability of the undersigned hereunder.

4. The undersigned will pay or reimburse the City for all costs and expenses (including reasonable attorneys' fees and legal expenses) incurred by the City in connection with the

protection, defense or enforcement of this guaranty in any litigation or bankruptcy or insolvency proceedings.

5. Whether or not any existing relationship between the undersigned and Developer has been changed or ended and whether or not this guaranty has been revoked, the City may, but shall not be obligated to, enter into transactions resulting in the creation or continuance of Indebtedness, without any consent or approval by the undersigned and without any notice to the undersigned. The liability of the undersigned shall not be affected or impaired by any of the following acts or things (which the City is expressly authorized to do, omit or suffer from time to time, both before and after revocation of this guaranty, without notice to or approval by the undersigned): (i) any acceptance of collateral security, guarantors, accommodation parties or sureties for any or all Indebtedness; (ii) any one or more extensions or renewals of Indebtedness (whether or not for longer than the original period) or any modification of the interest rates, maturities or other contractual terms applicable to any Indebtedness; (iii) any waiver or indulgence granted to Developer, any delay or lack of diligence in the enforcement of Indebtedness, or any failure to institute proceedings, file a claim, give any required notices or otherwise protect any Indebtedness; (iv) any full or partial release of, settlement with, or agreement not to sue, Developer or any other guarantor or other person liable in respect of any Indebtedness; (v) any discharge of any evidence of Indebtedness or the acceptance of any instrument in renewal thereof of substitution therefor; (vi) any failure to obtain collateral security (including rights of setoff) for Indebtedness, or to see to the proper or sufficient creation and perfection thereof, or to establish the priority thereof, or to protect, insure, or enforce any collateral security; or any modification, substitution, discharge, impairment, or loss of any collateral security; (vii) any foreclosure or enforcement of any collateral security; (viii) any transfer of any Indebtedness or any evidence thereof; (ix) any order of application of any payments or credits upon Indebtedness; (x) any election by the City under §1111(b) of the United States Bankruptcy Code.

6. The undersigned waives any and all defenses, claims and discharges of Developer, or any other obligor, pertaining to Indebtedness, except the defense of discharge by payment in full. Without limiting the generality of the foregoing, the undersigned will not assert, plead or enforce against the City any defense of waiver, release, discharge in bankruptcy, statute of limitations, res judicata, statute of frauds, anti-deficiency statute, fraud, incapacity, minority, usury, illegality or unenforceability which may be available to Developer or any other person liable in respect of any Indebtedness, or any setoff available against the City to Developer or any such other person, whether or not on account of a related transaction. The undersigned expressly agree that the undersigned shall be and remain liable for any deficiency remaining after foreclosure of any deed of trust or security interest securing Indebtedness, whether or not the liability of Developer or any other obligor for such deficiency is discharged pursuant to statute or judicial decision.

7. The undersigned waives presentment, demand for payment, notice of dishonor or nonpayment, and protest of any instrument evidencing Indebtedness. The City shall not be required first to resort for payment of the Indebtedness to Developer or other persons or their properties, or first to enforce, realize upon or exhaust any collateral security for Indebtedness, before enforcing this guaranty.

8. If any payment applied by the City to Indebtedness is thereafter set aside, recovered, rescinded or required to be returned for any reason (including, without limitation, the bankruptcy, insolvency or reorganization of Developer or any other obligor) the Indebtedness to which such payment was applied shall for the purposes of this guaranty be deemed to have continued in existence, notwithstanding such application, and this guaranty shall be enforceable as to such Indebtedness as fully as if such application had never been made.

9. The liability of the undersigned under this guaranty is in addition to and shall be cumulative with all other liabilities of the undersigned to the City as guarantor or otherwise, without any

limitation as to amount, unless the instrument or agreement evidencing or creating such other liability specifically provides to the contrary.

10. The undersigned represents and warrants to the City that (i) the undersigned has full power and authority to make and deliver this guaranty; (ii) the execution, delivery and performance of this guaranty by the undersigned does not and will not violate the provisions of, or constitute a default under, any presently applicable law or any agreement presently binding on the undersigned; (iii) this guaranty has been duly executed and delivered by the undersigned and constitutes the undersigned's lawful, binding and legally enforceable obligation (subject to the United States Bankruptcy Code and other similar laws generally affecting the enforcement of creditors' rights); and (iv) the execution and delivery and performance of this guaranty does not require notification to, registration with, or consent or approval by, any federal, state or local regulatory body or administrative agency.

11. This guaranty shall be effective upon delivery to the City, without further act, condition or acceptance by the City, shall be binding upon the undersigned and the successors and assigns of the undersigned and shall inure to the benefit of the City and its participants, successors and assigns. Any invalidity or unenforceability of any provision or application of this guaranty shall not affect other lawful provisions and application hereof, and to this end the provisions of this guaranty are to be severable. This guaranty may not be waived, modified, amended, terminated, released or otherwise changed except by a writing signed by the undersigned and the City. The undersigned waives notice of the City's acceptance hereof and waives the right to a trial by jury in any action based on or pertaining to this guaranty.

12. This guaranty shall be construed according to the laws of the State of Minnesota in which state it shall be performed by the undersigned. The undersigned hereby consents to the personal jurisdiction of the state and federal courts located in the State of Minnesota in connection with any controversy related to this guaranty, waives any argument that venue in such forums is not convenient, and agrees that any litigation initiated by the undersigned against the City in connection with this guaranty may be venued in either the District Court of Anoka County, Minnesota or the United States District Court in Minnesota.

13. The undersigned represents, warrants, acknowledges and agrees that: (i) the undersigned will receive direct economic benefit from the loans and advances made by the City to Developer evidenced by the Indebtedness, (ii) the City is making advances to Developer in reliance upon this guaranty, and (iii) the undersigned has received reasonably equivalent value in return for the undersigned's execution and delivery of this guaranty.

14. The undersigned waives and relinquishes any right of subrogation or other right of reimbursement from the Developer or the Developer's estate and any other right to payment from the Developer or the Developer's estate, arising out of or on account of any sums paid or agreed to be paid by the undersigned under this guaranty, whether any such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured. The provisions of this paragraph are made for the express benefit of Developer as well as City and may be enforced independently by Developer.

15. The creation or existence from time to time of Indebtedness in excess of the amount to which the right of recovery under this Guaranty is limited is hereby authorized, without notice to the undersigned, and shall in no way affect or impair the rights of the Lender and the obligations of the undersigned under this Guaranty.

16. The undersigned hereby agrees to deliver to the City, as soon as available, and in any event within 120 days of the end of each calendar year, a sworn statement of the undersigned, in the form provided by City, and including, without limitation, a copy of the undersigned's annual internally-prepared financial statement and federal tax return in such form and detail as City may require.

IN WITNESS WHEREOF, this guaranty has been duly executed by the undersigned the day and year first above written.

Flaherty & Collins Construction, Inc.
an Indiana corporation

By: _____

Its: President

SIGNATURE PAGE TO GUARANTY