

GUARANTY

This Guaranty (“Guaranty”) is made on _____, by RH Holdings LLC, a Minnesota limited liability company, having an address of 859 Brisbin Street, Anoka, Minnesota 55303 (“Guarantor”), in favor of Hastings Economic Development and Redevelopment Authority, a public body politic and corporate (together with its participants, endorsees, successors, and assigns, “Lender”).

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Guarantor guarantees and agrees:

1. Guarantor absolutely and unconditionally guarantees to Lender the full and prompt payment, when due, of all obligations: (a) of Guarantor under the Agreement of even date, between Guarantor and Lender (“Loan Agreement”); (b) of Guarantor under the Promissory Note of even date in the principal amount of Twenty Thousand and 00/100 Dollars (\$20,000.00) from Guarantor in favor of Lender (“Note”); (c) of Guarantor under the Mortgage of even date, between Guarantor and Lender (“Mortgage”); and (d) of Guarantor under any other documents executed and/or delivered by Guarantor to Lender in connection with the loan described in the Loan Agreement (all of the foregoing, collectively, the “Indebtedness”).
2. No act or thing need occur to establish the liability of Guarantor, and no act or thing (except full payment and discharge of all Indebtedness) shall exonerate Guarantor or modify, reduce, limit, or release the liability of Guarantor. This is an absolute, unconditional, and continuing guaranty of payment of the Indebtedness and any renewals, extensions, and refinancings thereof. Any adjudication of bankruptcy or death or disability or incapacity of Guarantor shall not revoke this guaranty, except upon actual receipt of written notice thereof by Lender and then only prospectively, as to future transactions or Indebtedness incurred.
3. If Guarantor dies or becomes insolvent or initiates or has initiated against Guarantor any act, process, or proceeding under the United States Bankruptcy Code or any other bankruptcy, insolvency, or reorganization law or otherwise for the modification or adjustment of the rights of creditors, then Guarantor will immediately pay to Lender, to the extent permitted under prevailing state and federal law, all Indebtedness then outstanding, whether or not any Indebtedness is then due.
4. Until all of the Indebtedness and the obligations of Guarantor have been paid in full, Guarantor shall not have and waives any right or subrogation to the rights of Lender against Guarantor, or any other guarantor, maker, or endorser. Guarantor waives all rights to any reimbursement, contribution, recourse, and indemnity therefrom; suspends any right to enforce any remedy which Lender now has or may have against Guarantor, and any other guarantor, maker, or endorser until all of the Indebtedness to Lender has been irrevocably paid to Lender; and Guarantor waives any benefit of, and any other right to participate in, any collateral security for the Indebtedness or any guaranty of the Indebtedness now or held by Lender.

5. If any payment received and applied by Lender to Indebtedness is set aside, recovered, or required to be returned (including, without limitation, the bankruptcy, insolvency, or reorganization of Guarantor or such other person), the Indebtedness to which such payment was applied shall, for 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 not been made.
6. Lender shall not be obligated by its acceptance of this Guaranty to engage in any transactions with or for Guarantor. Whether or not this Guaranty has been revoked under Paragraph 2, Lender may enter into transactions resulting in the creation or continuance of Indebtedness and may otherwise agree, consent to, or suffer the creation or continuance of any Indebtedness, without the consent or approval by Guarantor and without notice to Guarantor. Guarantor's liability shall not be affected or impaired by: (a) any acceptance of collateral security, guarantors, accommodation parties, or sureties for any or all Indebtedness; (b) 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; (c) any waiver or indulgence granted to Guarantor, any delay or lack of diligence in the enforcement of Indebtedness, or any failure to institute proceedings, to sue, to give any required notices, or to otherwise protect any Indebtedness; (d) any full or partial release of, discharge, compromise or settlement with, or agreement not to sue Guarantor or any other guarantor or other person liable for any Indebtedness; (e) any release, surrender, cancellation, or other discharge of any evidence of Indebtedness or the acceptance of any instrument in renewal or substitution therefore; (f) 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 preserve, protect, insure, care for, exercise, or enforce any collateral security; (g) any modification, alteration, substitution, exchange, surrender, cancellation, termination, release, or other change, impairment, limitation, loss, or discharge of any collateral security; (h) any collection, sale, lease, or other disposition of, or any other foreclosure or enforcement of or realization on, any collateral security; (i) any assignment, pledge, or other transfer of any Indebtedness or any evidence thereof; or (j) any manner, order, or method of application of any payments or credits upon Indebtedness.
7. Guarantor waives any and all defenses, claims, and setoffs related to any Indebtedness, except the defense of discharge by payment in full. Without limiting the generality of the foregoing, Guarantor will not assert against Lender 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 Guarantor or any other person liable regarding any Indebtedness, or any setoff available against Lender to Guarantor or any such other person, whether or not for a related transaction, and Guarantor expressly agrees that Guarantor shall be and remain liable for any deficiency remaining after foreclosure of any security interest securing Indebtedness, whether or not the liability of Guarantor or any other obligor for such deficiency is discharged under statute or judicial decision. The liability of Guarantor shall

not be affected or impaired by any voluntary or involuntary liquidation, dissolution, sale, or other disposition of all or substantially all the assets, marshaling of assets and liabilities, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition, or readjustment of, or other similar event or proceeding affecting Guarantor or any other guarantor or obligor, or any of their respective assets. Guarantor will not assert against Lender any claim, defense, or setoff available to Guarantor against any other guarantor or obligor.

8. The Guaranty shall be effective whether or not accepted in writing by Lender and Guarantor waives notice of the acceptance of this Guaranty by Lender. Guarantor waives presentment, demand for payment, notice of dishonor or nonpayment, and protest of any instrument evidencing Indebtedness. Lender shall not be required first to resort for payment of the Indebtedness to Guarantor or other persons, or their properties, or first to enforce, realize upon or exhaust any collateral security for Indebtedness, before enforcing this Guaranty.
9. This Guaranty shall be enforceable against each person signing this Guaranty, even if only one person signs and regardless of any failure of other persons to sign this Guaranty or to otherwise guaranty the Indebtedness. All agreements and promises shall be construed to be, and are declared to be, joint and several in every particular regarding the Guarantor and any other guarantors of the Indebtedness, and all such agreements and promises shall be fully binding upon and enforceable against any or all such guarantors.
10. Guarantor will pay or reimburse Lender for all costs and expenses (including, but not limited to, reasonable attorneys' fees and legal expenses) incurred by Lender for the collection of any Indebtedness or the enforcement of this Guaranty.
11. Guarantor acknowledges that the right to trial by jury is a constitutional one, but that it may be waived and that the time and expense required for trial by a jury may exceed the time and expense required for trial without a jury. Guarantor, after consulting (or having had the opportunity to consult) with counsel of guarantor's choice, knowingly and voluntarily, and for the mutual benefit of lender and guarantor, waives any right to trial by jury in the event of litigation regarding the performance or enforcement of, or in any way related to, this guaranty, the note, the loan agreement, the mortgage, and any related agreements, or obligations thereunder. Guarantor has read all of this guaranty and understands all of the provisions of this guaranty. Guarantor also agrees that compliance by lender with the express provisions of this guaranty shall constitute good faith and shall be considered reasonable for all purposes.
12. Guarantor agrees that this Guaranty shall apply to all of Guarantor's assets regardless of whether Guarantor has transferred said assets into a trust or other entity prior to or after the execution of this Guaranty.
13. Except as otherwise provided to the contrary, this Guaranty shall be binding upon and inure to the benefit of the parties hereto and their heirs, successors, and assigns. No other person has any rights, interest, or claims hereunder or is entitled to any benefits under or on

account of this Guaranty as a third-party beneficiary or otherwise.

14. This Guaranty shall be governed by, interpreted, and enforced under the laws of Minnesota, without giving effect to its conflict of laws provisions. Any litigation between the parties shall be conducted exclusively in the state courts in Dakota County, Minnesota, and any arbitration or similar proceeding shall be conducted exclusively at a location within such county and state. Each party consents to the jurisdiction and venue of the courts described above.
15. If any provision or application of this Guaranty is held unlawful or unenforceable, such illegality or unenforceability shall not affect other provisions or applications which can be given effect, and this Guaranty shall be construed as if the unlawful or unenforceable provision or application had never been contained or prescribed.
16. All representations and warranties in this Guaranty or in any other agreement between Guarantor and Lender shall survive the execution, delivery, and performance of this Guaranty and the creation and payment of the Indebtedness.

This Guaranty may not be waived, modified, invalidated, terminated, or released or otherwise changed except by a writing signed by Lender.

Guarantor has signed this Guaranty on the date set forth in the first paragraph of the Guaranty.

RH HOLDINGS LLC

By: _____
Rebecca L. Holm
Its Chief Manager