

GUARANTY AGREEMENT
(Timber Ridge Senior Equities, L.L.C.)

THIS GUARANTY, dated as of this ___ day of _____, 20___, is made and given by Timber Ridge Senior Equities, L.L.C., an Iowa limited liability company, whose mailing address is 3721 SW 61st Street, Suite A, Des Moines, Iowa 50321 (“Guarantor”), in favor of the City of Marshalltown, Iowa, an Iowa municipality, whose mailing address is 24 N. Center Street, Marshalltown, Iowa 50158 (“Lender”).

RECITALS

A. Lender has agreed to make a loan to Timber Ridge Senior Limited Partnership, an Iowa limited partnership (“Borrower”), under the terms of a promissory note dated _____, 20___ (the “Note”) in the aggregate principal amount of THREE HUNDRED TWENTY THOUSAND AND 00/100 DOLLARS (\$320,000.00) (the “Loan”), for the purpose of financing the costs of acquisition, construction, equipping and/or furnishing of a multifamily senior housing development located in Marshalltown, Iowa (the “Project”), which Loan is secured by a Real Estate Mortgage of even date herewith (the “Mortgage”). The Mortgage and the Note are sometimes hereinafter collectively referred to as the “Loan Documents”.

B. It is a condition precedent to the obligation of Lender to make the Loan to Borrower that this Guaranty be executed and delivered by Guarantor.

NOW, THEREFORE, in consideration of the recitals, the truth and correctness of which are hereby confirmed by Guarantor, of the making of the Loan, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Guarantor hereby covenants and agrees with Lender as follows:

Section 1. The Guaranty. Guarantor hereby absolutely and unconditionally guarantees to Lender the following (collectively referred to herein as the “Obligations”): (i) the prompt payment when due (whether at a stated maturity date or earlier by reason of acceleration or otherwise) of all indebtedness (principal, interest and other), liabilities and monetary obligations of Borrower to Lender of every kind, nature and description under the Loan Documents; and (ii) the prompt performance of all other covenants, obligations and agreements to be kept and performed by Borrower under the Loan Documents. This is a guaranty of payment and performance and not of collection.

Section 2. Continuing Guaranty; Termination. This Guaranty is an absolute, irrevocable, direct, primary, unconditional, complete and continuing guaranty of payment and performance of the Obligations. The obligations of Guarantor hereunder shall not be released by any action which might, but for this provision of this Guaranty, be deemed a legal or equitable discharge of a surety or guarantor, other than irrevocable payment and performance in full of the Obligations. Guarantor hereby waives all notices and demands of any kind and description relating to the Obligations now or hereafter provided for by any agreement, statute, law, rule or regulation; and all defenses of Borrower pertaining to the Obligations, except for the defense of discharge by irrevocable payment and performance. The Obligations shall constitute the direct and primary obligations of Guarantor, and the obligations of Guarantor hereunder are

irrevocable. Guarantor shall be and remain liable for any deficiency remaining after foreclosure of the Mortgage, unless the liability of Guarantor for such deficiency is discharged pursuant to statute or judicial decision. The acceptance of this Guaranty by Lender is not intended to and does not release any liability previously existing of any guarantor or surety of any indebtedness of Borrower to Lender. This Guaranty shall terminate on the payment and performance of the Obligations

Section 3. Other Transactions. Lender is authorized (a) to exchange, surrender or release, with or without consideration, any collateral or security which may be placed with it by Borrower or by any other person, or to deliver any such collateral or security directly to Borrower for collection and remittance or for credit, or to collect the same in any manner upon prior notice to Guarantor; and (b) to amend, extend or supplement the Loan Documents, to waive compliance by Borrower or any other person with the terms thereof and to settle or compromise any of the Obligations without the consent of Guarantor and without affecting the liabilities of Guarantor hereunder. No invalidity, irregularity or unenforceability of all or any part of the Obligations or of any security therefor or other recourse with respect thereto shall affect, impair or be a defense to this Guaranty. The liabilities of Guarantor shall not be affected by any failure, delay, neglect or omission on the part of Lender to realize upon any of the obligations of Borrower to Lender, or upon any collateral or security for any of the Obligations, nor by the taking by Lender of (or its failure to take) any other guaranty or guaranties to secure the Obligations, nor by the taking by Lender of (or its failure to take or its failure to perfect its security interest in or other lien on) collateral or security of any kind. This Guaranty is in effect and binding without reference to whether this Guaranty is signed by any other person. Possession of this Guaranty by Lender shall be conclusive evidence of due delivery hereof by Guarantor and acceptance hereof by Lender. This Guaranty shall continue in full force and effect, notwithstanding (a) the release of Borrower or any extension of time to Borrower, (b) the release of or any extension of time to any other guarantor of the Obligations or any part thereof, and/or (c) the making of any other loans by Lender to Borrower.

Section 4. Actions Not Required. Guarantor hereby waives any and all right to cause a marshalling of the assets of Borrower or any other action by any court or other governmental body with respect thereto or to cause Lender to proceed against any security for the Obligations or any other recourse which Lender may have and waives any requirement that Lender institute any action or proceeding at law or in equity, or obtain any judgment, against Borrower or any other person, or with respect to any collateral or security for the Obligations, as a condition precedent to making demand on, or bringing an action or obtaining and/or enforcing a judgment against, Guarantor upon this Guaranty. Time is of the essence with respect to Guarantor's obligations under this Guaranty. If any remedy or right hereby granted shall be found to be unenforceable, such unenforceability shall not limit or prevent enforcement of any other remedy or right hereby granted.

Section 5. No Subrogation. Unless and until the Obligations have irrevocably been paid in full, and notwithstanding any payment or payments made by Guarantor hereunder, (i) Guarantor irrevocably waives all rights of subrogation to any of the rights of Lender against Borrower or any other person liable for payment of any of the Obligations or any collateral security or guaranty or right of offset held by Lender for the payment or performance of the Obligations, and (ii) Guarantor irrevocably waives all legal and equitable rights to seek any

recourse to or contribution, recovery or reimbursement from, or subrogation against, Borrower or any other person liable for payment or performance of any of the Obligations in respect of payments or performance made by Guarantor hereunder.

Section 6. Application of Payments. Any and all payments made by Guarantor or by any other person, and/or the proceeds of any or all collateral or security for any of the Obligations may be applied by Lender on such items of the Obligations as Lender may elect.

Section 7. Recovery of Payment. If any payment received by Lender and applied to the Obligations is subsequently set aside, recovered, rescinded or required to be returned or repaid for any reason (including, without limitation, the bankruptcy, insolvency or reorganization of Borrower or any other obligor), the Obligations 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 Obligations as fully as if such application had never been made. No payment shall be deemed to be irrevocable for the purpose of this Guaranty if it remains subject to any possible such set aside, recovery, rescission, return or repayment for any reason.

Section 8. Representations and Warranties of Guarantor. Guarantor hereby represents and warrants to, and covenants with, Lender that:

A. Borrower's Financial Condition. Guarantor is familiar with the financial condition of Borrower and with all other facts and circumstances which a diligent inquiry would reveal and which would bear upon the risk of nonpayment or nonperformance of the Obligations, and Guarantor has executed and delivered this Guaranty based on Guarantor's own judgment and not in reliance upon any statement or representation of Lender. Lender shall have no obligation to provide Guarantor with any advice or information whatsoever or to inform Guarantor at any time of Lender's actions, evaluations or conclusions on the financial condition of or any other matter concerning Borrower.

B. Organization and Good Standing, Etc. Guarantor is an Iowa limited liability company, duly formed and validly existing under the laws of the State of Iowa. This Guaranty, when executed and delivered, will be the legal and binding obligation of Guarantor, enforceable against Guarantor in accordance with its terms. The execution and delivery of this Guaranty will not violate any law, statute, ordinance, code or governmental rule or regulation applicable to Guarantor, and will not violate or cause a default under, or permit acceleration of, any agreement to which Guarantor is a party or by which it or any of its assets or property is bound. Except for consents, approvals and exemptions previously obtained (copies of which have been delivered to Lender), no approval of or exemption by any person is required in connection with Guarantor's execution, delivery and performance of this Guaranty. Guarantor is not in default (beyond any applicable grace period) in the performance of any loan, agreement, order, writ, injunction, decree or demand to which he is a party or by which he is bound, and the execution and delivery of this Guaranty will not constitute a default thereunder.

C. Financial Statements and No Material Adverse Change. Guarantor's financial statements as heretofore furnished to Lender, if any, have been prepared in accordance with recognized accounting principles consistently applied and fairly represent Guarantor's financial condition on the date thereof. Guarantor has no material obligation, liability or asset not disclosed in such financial statements or as otherwise disclosed to Lender, and there has been no material adverse change in the condition of Guarantor since the dates of such financial statements.

D. Litigation. There are no actions, suits or proceedings pending or, to the knowledge of Guarantor, threatened against or affecting Guarantor which, if determined adversely to Guarantor, would have a material adverse effect on the condition of Guarantor or on the ability of Guarantor to perform its obligations under this Guaranty. Guarantor is not in violation of any law, statute, ordinance, code or governmental rule or regulation applicable to Guarantor where such violation could reasonably be expected to impose a material liability on Guarantor; no unsatisfied judgments have been entered against Guarantor; and no unsatisfied liens have been filed against Guarantor.

Section 9. Taxes. Guarantor has filed or extended all federal, state and local tax returns required to be filed and has paid or made provision for the payment of all taxes due and payable pursuant to such returns and pursuant to any assessments made against it or any of its property (other than taxes, fees or charges the amount or validity of which is currently being contested in good faith by appropriate proceedings and with respect to which adequate reserves have been provided on the books of Guarantor).

Section 10. Remedies. All remedies afforded to Lender by this Guaranty are separate and cumulative remedies, and no one of such remedies, whether or not exercised by Lender, shall limit any of the other remedies available to Lender hereunder, under the Loan Documents, at law, in equity by statute or otherwise, and shall in no way limit or prejudice any other remedy which Lender may have. Mere delay or failure to act shall not preclude the exercise or enforcement of any such rights and remedies available to Lender.

Section 11. Bankruptcy of Borrower. The liabilities and obligations of Guarantor under this Guaranty shall not be impaired or affected by the institution by or against Borrower or any other person of any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, or any other similar proceedings for relief under any bankruptcy law or similar law for the relief of debtors. Any discharge of any of the Obligations pursuant to any such bankruptcy or similar law or other law shall not diminish, discharge or otherwise affect in any way the obligations of Guarantor under this Guaranty, and upon the institution of any of the above actions, such obligations shall be enforceable against Guarantor.

Section 12. Costs and Expenses. Guarantor shall pay or reimburse Lender on demand for all out-of-pocket expenses (including in each case all reasonable fees and expenses of counsel) incurred by Lender arising out of or in connection with the enforcement of this Guaranty against Guarantor or arising out of or in connection with any failure of Guarantor to fully and timely perform the obligations of Guarantor hereunder.

Section 13. Waivers and Amendments. This Guaranty can be waived, modified, amended, terminated or discharged only explicitly in a writing signed by Lender and Guarantor. A waiver so signed shall be effective only in the specific instance and for the specific purpose given.

Section 14. Transfer of Assets. Guarantor agrees not to transfer any material portion of its assets without fair and adequate consideration, except for gifts made in the ordinary course of business, or for estate planning purposes, unless consented to in writing by Lender, such consent not to be unreasonably withheld, conditioned, or delayed.

Section 15. Notices. All notices, requests, demands and other communications required or permitted to be given hereunder will be sufficiently given if in writing and delivered in person, sent by United States certified mail, return receipt requested, postage prepaid, or sent by overnight mail by a nationally recognized courier service at the appropriate address set forth on page 1 hereof, or to such other address as any party may give to the others in writing at least 10 days prior to the effective date of said change of address. Notices delivered in person shall be effective upon receipt; notices delivered by mail shall be effective three business days after being deposited in the United States mail; and notices delivered by overnight courier shall be effective on the business day following delivery to the courier.

Section 16. Guarantor Acknowledgments and Releases. Guarantor acknowledges that (a) Guarantor will benefit by and from the making of the Loan by Lender to Borrower; (b) Guarantor has received legal and adequate consideration for the execution of this Guaranty and has executed and delivered this Guaranty to Lender in good faith in exchange for reasonably equivalent value; (c) Guarantor has not executed or delivered this Guaranty with actual intent to hinder, delay or defraud Guarantor's creditors; (d) Lender has agreed to make the Loan in reliance upon this Guaranty; (e) Lender has no fiduciary relationship to Guarantor, their relationship being solely that of debtor and creditor; (f) no joint venture exists between Borrower or Guarantor and Lender; (g) Guarantor has received a true and correct copy of each of the Loan Documents; and (h) Guarantor's independent counsel has advised Guarantor in the negotiation, execution and delivery of this Guaranty.

Section 17. Successors and Assigns. This Guaranty shall (a) remain in full force and effect until irrevocable payment and performance in full of the Obligations, and the expiration of the obligation, if any, of Lender to make advances to Borrower under the Note, upon which it shall terminate, (b) be binding upon Guarantor and the successors and assigns of Guarantor, and (c) inure to the benefit of, and be enforceable by, Lender and its successors, transferees and assigns.

Section 18. Governing Law; Jurisdiction; Venue. This Guaranty, the rights of the parties hereunder and the interpretation hereof shall be governed by, and construed in accordance with, the internal laws of the State of Iowa, without giving effect to conflict of laws principles thereof. At the option of Lender, this Guaranty may be enforced in any United States District Court for the State of Iowa or the State court sitting in Marshall County, Iowa; Guarantor consents to the jurisdiction and venue of any such court and waives any argument that jurisdiction in such forums is not proper or that venue in such forums is not convenient. In the event an action is commenced in another jurisdiction or venue under any tort or contract theory

arising directly or indirectly from the relationship created by this Guaranty, Lender at its option shall be entitled to have the case transferred to one of the jurisdictions and venues above described, or if such transfer cannot be accomplished under applicable law, to have such case dismissed without prejudice.

Section 19. Severability. Whenever possible, each provision of this Guaranty and any other statement, instrument or transaction contemplated hereby or relating hereto, shall be interpreted in such manner as to be effective and valid under applicable law, but, if any provision of this Guaranty or any other statement, instrument or transaction contemplated hereby or relating hereto shall be held to be prohibited or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Guaranty or any other statement, instrument or transaction contemplated hereby or relating hereto.

Section 20. Waiver of Jury Trial. Guarantor and Lender hereby jointly and severally waive any and all right to trial by jury in any action or proceeding relating to this Guaranty, the obligations hereunder, any collateral securing the obligations, or any transaction arising therefrom or connected thereto. Guarantor and Lender each represents to the other that this waiver is knowingly, willingly and voluntarily given.

Section 21. Counterparts. This Guaranty may be executed in any number of counterparts, whether signed by one or more persons or by all persons who collectively constitute Guarantor, each of which, when so executed and delivered, shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument. The agreements, duties, liabilities and obligations of Guarantor under this Guaranty shall not be affected or impaired in any way by virtue of the fact that said persons sign separate counterparts hereof and do not all sign the same counterpart hereof.

Section 22. General. All representations and warranties contained in this Guaranty shall survive the execution, delivery and performance of this Guaranty and the creation, and performance of the Obligations. Captions in this Guaranty are for reference and convenience only and shall not affect the interpretation or meaning of any provision of this Guaranty.

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[Signature page of Guaranty Agreement (Timber Ridge Senior Equities, L.L.C.)]

IN WITNESS WHEREOF, Guarantor has executed this Guaranty as of the date first above written.

GUARANTOR:

TIMBER RIDGE SENIOR EQUITIES, L.L.C.

By: _____
James B. Conlin, Manager