

Escrow No. 1095958-LI
Alpen Mortgage NV License #2121
Alpen Mortgage NMLS #363496

APN: 1320-33-210-007, 008
009, 010, 011



GUARANTY AGREEMENT

THIS GUARANTY AGREEMENT is entered into by KENNETH D. HENDRIX, A Married Man, as "Guarantor", for the benefit of CHARLES P. BLUTH and CYNTHIA C. BLUTH, Trustees of THE BLUTH TRUST dated April 19, 1993, hereinafter referred to as "Lender".

1. Guaranty of Payment and Performance. In order to induce Lender to loan to KDH BUILDERS THE RANCH, LLC, a Nevada limited liability company ("Borrower"), the sum of ONE HUNDRED NINETY THOUSAND AND NO/100 DOLLARS (\$190,000.00) (the "Loan"), which is evidenced by a Promissory Note of even date herewith (the "Note"), executed by Borrower and payable to the order of Lender, Guarantor, jointly, severally, unconditionally, and irrevocably guarantees to Lender and to its successors, endorsers, and assigns, the full and prompt payment of the Note in accordance with its terms, when due, by acceleration or otherwise, and any renewals, modification, extensions or replacements of the Note.

2. Modifications of Note. Guarantor shall continue to be liable under this Guaranty, and its provisions shall remain in full force and effect notwithstanding: (a) any modification, agreement, or stipulation between any Borrower and Lender or their respective successors and assigns, with respect to the Note; (b) Lender's waiver of or a failure to enforce any of the terms, covenants, or conditions contained in the Note, or any modification of the Note; or (c) any release of any real property, personal property, or other collateral then held by the Lender as security for the performance of the obligations.

3. Liability of Guarantor. The liability of Guarantor pursuant to this Guaranty Agreement is a guarantee of payment and performance and not of collectibility, and is not conditional or contingent on the genuineness, validity, regularity, or enforceability of the Note or other instruments relating to the obligations hereby guaranteed or the pursuit by Lender of any remedies that it now has or may hereafter have with respect thereto.



4. Effect of Bankruptcy. The liability of Guarantor under this Guaranty Agreement shall in no way be affected by: (a) the release or discharge of Borrower in any creditor proceeding, receivership, bankruptcy, or other proceeding; (b) the impairment, limitation, or modification of the liability of Borrower or the estate of Borrower, or of any remedy for the enforcement of Borrower's liability, resulting from the operation of any present or future provision of the Bankruptcy Code (Title 11 of the United States Code, as amended; 11 USC Sections 101-1301) or any bankruptcy, insolvency, debtor relief statute (state or federal), or any other statute, or from the decision of any court; (c) the rejection or disaffirmance of the indebtedness, or any portion of the indebtedness, in any such proceeding; or (d) the cessation, from any cause whatsoever, whether consensual or by operation of law, of the liability of Borrower to Lender.

5. Claims in Bankruptcy. Guarantor will file all claims against Borrower in any bankruptcy or other proceeding in which the filing of claims is required by law on any indebtedness of Borrower to the Guarantor, and will assign to Lender all rights of Guarantor on any such indebtedness. If Guarantor does not file any such claim, Lender, as attorney-in-fact for Guarantor, is authorized to do so in the name of Guarantor, or, in Lender's discretion, to assign the claim and to file a proof of claim in the name of Lender's nominee. In all such cases, whether in bankruptcy or otherwise, the person or persons authorized to pay such claim shall pay to Lender the full amount of any such claim, and, to the full extent necessary for that purpose, Guarantor assigns to Lender all of Guarantor's right to any such payments or distributions to which Guarantor would otherwise be entitled.

6. Waiver Of One-Action Rule, Subrogation Rights And Other Suretyship Defenses. Guarantor agrees that Lender may enforce this Guaranty without the necessity of resorting to or exhausting any collateral serving as security under the Note, and Guarantor waives the right to require Lender to proceed against any Borrower, to foreclose any lien on any real or personal property, to exercise any right or remedy under the Note, to pursue any other remedy, or to enforce any other rights. Guarantor expressly agrees that Lender may enforce this Guaranty without first pursuing any of the foregoing. Guarantor further agrees that nothing contained in this Guaranty shall prevent Lender from suing on the Note or from exercising any rights available to it thereunder or under the Note, and that the exercise of any of the aforesaid rights shall not constitute a legal or equitable discharge of Guarantor. Guarantor understands and acknowledges that the exercise by Lender of certain rights and remedies



contained in the Note may affect or eliminate Guarantor's rights of subrogation against Borrower and that Guarantor may therefore succeed to a partially or totally nonreimbursable liability hereunder. Notwithstanding the foregoing, Guarantor hereby authorizes and empowers Lender to exercise, in Lender's sole discretion, any rights and remedies, or any combination thereof, which may then be available, since it is the intent and purpose of Guarantor that the obligations hereunder shall be absolute, independent, and unconditional under any and all circumstances.

Without limiting the generality of the foregoing, Guarantor expressly waives, to the fullest extent allowed by law, any and all rights and benefits provided to guarantors under Nevada Revised Statutes Sections 40.430 through 40.495, inclusive, and Guarantor agrees that Lender shall be entitled to commence and maintain an action for the enforcement of this Guaranty separately and independently from any action to enforce Borrower's obligations under the Note, any action to foreclose the lien of the Deed of Trust, or any other action or proceeding to enforce the Lender's legal rights and remedies under the Note, all as authorized pursuant to Nevada Revised Statutes Section 40.495. Notwithstanding any foreclosure of the lien of the Deed of Trust with respect to any or all of the real or personal property collateral securing the indebtedness guaranteed hereby, whether by the exercise of the power of sale contained therein, by an action for judicial foreclosure, by an acceptance of a deed in lieu of foreclosure, or by any other remedy provided by law, Guarantor shall remain bound under this Guaranty.

7. Waiver Of Other Defenses. Guarantor hereby expressly waives the following: (a) diligence and demand of payment; (b) all notices to Guarantor, to any Borrower, or to any other person, including, but not limited to, notices of the acceptance of this Guaranty, or the creation, renewal, extension, modification, or approval of any obligations contained in the Note or notice of any other matters relating thereto; (c) all demands whatsoever; (d) any statute of limitations affecting liability under this Guaranty or the enforcement of this Guaranty; (e) any duty on the part of the Lender to disclose to Guarantor any facts it may now or hereafter know about Borrower, regardless of whether Lender has reason to believe that any such facts materially increase the risk beyond that which Guarantor intends to assume, or has reason to believe that such acts are unknown to Guarantor, or has a reasonable opportunity to communicate such facts to Guarantor, it being understood and agreed that Guarantor is fully responsible for being and keeping informed of the financial condition of Borrower and of all



circumstances bearing on the risk of non-payment of any indebtedness hereby guaranteed; (f) all principles or provisions of law that conflict with the terms of this Guaranty. Moreover, Guarantor agrees that its obligation shall not be affected by any circumstances that constitute a legal or equitable discharge of a guarantor or surety.

8. Subordination of Guarantor's Rights. Until all terms, covenants, and conditions of the Note on the Borrower's part to be performed and observed are fully performed and observed, Guarantor: (a) shall have no right of subrogation against Borrower by reason of any payments or acts of performance by Guarantor in compliance with the obligations of Guarantor under this Guaranty; (b) waives any right to enforce any remedy that Guarantor shall have against Borrower by reason of any one or more payments or acts of performances and compliance with the obligations of Guarantor under this Guaranty; and (c) subordinates any liability of indebtedness of Borrower held by Guarantor to the obligations of Borrower to Lender under the Note or any other instrument of indebtedness, including, without limitation, any indebtedness of Borrower or Guarantor for any management fees and other compensation.

9. Applications of Payments And Refunds. With or without notice to Guarantor, Lender, in its sole discretion and at any time from time to time and in such manner and on such terms as it deems fit may: (a) apply any or all payments or recoveries from Borrower, from Guarantor, or from any other guarantor or endorser under this or any other instrument, or payments or recoveries realized from any security, in such manner, order, or priority as Lender sees fit, to the indebtedness of Borrower to the Lender under the Note, whether such indebtedness is guaranteed by this Guaranty or is otherwise secured or is due at the time of such application, and (b) refund to Borrower any payment received by Lender on any indebtedness hereby guaranteed and payment of the amount refunded shall be fully guaranteed hereby. Any recovery realized from any other guarantor under this or any other instrument shall be first credited on that portion of the indebtedness of Borrower to Lender that exceeds the maximum liability, if any, of Guarantor under this Guaranty.

10. Financing Statements. Guarantor shall, and Lender is hereby authorized in the name of Guarantor from time to time to, execute and file financing statements and continuation statements and execute such other documents and take such other action as Lender deems necessary or appropriate to perfect, preserve and enforce its rights hereunder.



11. Authorization. It is not necessary for Lender to inquire into the powers of Borrowers or any officers, directors, partners, managers, member, or agents acting or purporting to act in their behalf, and any indebtedness made or created in reliance upon the professed exercise of such powers shall be guaranteed hereunder.

12. Indemnification. Guarantor agrees to indemnify Lender from all loss, damage and expense, including reasonable legal fees and expenses, and the costs of any settlement or judgment, incurred in connection with (a) any suit or proceeding in or to which Lender may be made a party for the purpose of protecting any lien securing the balance due under the Note, or (b) any breach by Borrower of the Note, or (c) an order of a governmental authority directed to Lender and/or Borrower requiring he testing, remediation or clean-up of any contamination, in, on, or about any property which is encumbered by the Deed of Trust securing the indebtedness. This indemnification shall be a personal obligation of the Guarantor and shall survive any foreclosure sale of any encumbered property.

13. Miscellaneous.

13.1. Notice. All notices required or permitted to be given by law or by the terms of this Agreement shall be in writing and shall be considered given upon (1) personal service of a copy on the party to be served, (2) proper deposit of a copy of such notice in the United States Mail, by certified or registered mail, postage prepaid, receipt for deliver requested, addressed to the party to be served, (3) transmission of such notice by telefax transmission. Notices given pursuant to clauses (1) or (2) above shall be given to the respective party at the addresses set forth below. Notices given pursuant to clause (3) above shall be given through the telefax numbers listed beneath the parties addresses set forth below and shall also be immediately thereafter transmitted by certified mail or personal service as provided above. The addresses and telefax numbers of the parties are as follows:

Guarantor:

Kenneth D. Hendrix

Address:

681 Edison Way
Reno NV 89502
Fax No. 775-657-8902

Lender:

Charles P. Bluth, Trustee
Cynthia C. Bluth, Trustee

Address:

1730 Hwy 50
Glenbrook, NV 89413

Fax No. _____



Any change in the address or telefax number of any party shall be given by the party having such change to the other parties in the manner provided above. Thereafter, all notices shall be given in accordance with the note of change of address or telefax number. Notices given before actual receipt of the notice of change of address shall not be invalidated by the change of address.

13.2. Successors and Assigns. This Guaranty shall be binding on Guarantor, and Guarantor's heirs, representatives, administrators, executors, successors and assigns, and shall inure to the benefit of and shall be enforceable by Lender, its successors and assigns.

13.3. Joint And Several Liability. Should this Guaranty be executed by more than one party as Guarantor, all obligations herein contained shall be deemed to be the joint and several obligations of each party executing this Guaranty as Guarantor.

13.4. Gender And Number. As used herein, the singular shall include the plural, and the masculine gender shall include the feminine and neuter genders, and vice versa, if the context so requires.

13.5. Nonwaiver. No provision of this Guaranty or right of Lender under this Guaranty can be waived, nor can Guarantor be released from its obligations under this Guaranty except by a writing duly executed by an authorized representative of Lender. Guarantor shall continue to be liable under the terms of this Guaranty notwithstanding the transfer by Borrower of all or any portion of the property encumbered by the Note.

13.6. Attorneys' Fees. Guarantor agrees to pay to Lender the amount of all attorneys' fees and costs incurred by Lender under and pursuant to this Guaranty or the Note, or in the defense or enforcement of Lender interest (whether or not Lender files a lawsuit against Guarantor) in the event Lender retains counsel, or incurs costs in order to obtain legal advice, enforce any of its rights or defend any action or proceeding under or in any way arising out of this Guaranty Agreement or the Note. If either Guarantor or Lender files any action against the other based in whole or in part upon the rights and obligation of this Guaranty, the prevailing party in such action shall be entitled to recover attorneys' fees and court costs.



13.7. Choice Of Law. This Guaranty Agreement shall be governed by and construed in accordance with the laws of the United States and the State of Nevada, where applicable. Guarantor and Lender further agree that the full and exclusive forum for the determination of any action relating to this Guaranty Agreement, the Note, the Deed of Trust, or any other document or instrument delivered in favor of Lender pursuant to the terms hereof shall be either an appropriate Court of the State of Nevada or the United States District Court for the District of Nevada.

13.8. Severability. Every provision of this Guaranty is intended to be severable. In the event any term or provision hereof is declared to be illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the other terms and provisions hereof, which terms and provisions shall remain binding and enforceable.

13.9. Time Is Of The Essence. Time is of the essence under this Guaranty and any amendment, modification, or revision hereof.

13.10. Counterparts. This Agreement may be executed in counterparts, 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.

DATED: Nov 16, 2011.

GUARANTOR:



Kenneth D. Hendrix



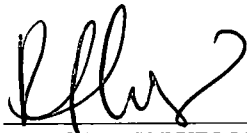
STATE OF NEVADA)

) ss.

COUNTY OF CARSON CITY)

On this 16th day of November, 2011, personally appeared before me a Notary Public in and for Carson County, State of Nevada, KENNETH D. HENDRIX known to me to be the person described in and who executed the foregoing instrument, who acknowledged to me that he executed the same freely and voluntarily and for the uses and purposes therein mentioned.

WITNESS my hand and official seal.



NOTARY PUBLIC

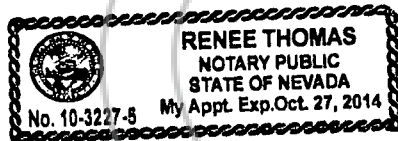




EXHIBIT "A"

PARCEL 1:

Lots 6 through 9, inclusive, in Block B, Lot 10 in Block C as shown on FINAL SUBDIVISION MAP PLANNED UNIT DEVELOPMENT PD 04-008 THE RANCH AT GARDNERVILLE PHASE 1, recorded in the office of the Douglas County Recorder, State of Nevada on December 15, 2007 in Book 1207 at Page 2625 as Document No. 714735, Official Records.

PARCEL 2:

An easement for the purpose of ditches, with incidental rights thereto as shown in document recorded February 1, 2002 in Book 0202 at Page 623 as Document No. 533883 and Amended by document recorded on May 8, 2002 in Book 0502 at Page 2398 as Document No. 541662, Official Records.

PARCEL 3:

A non-exclusive easement for purposes of locating fill slopes and drainage improvements as described in Easement Deed recorded on October 5, 2007 in Book 1007 at Page 2035 as Document No. 710736, Official Records.