10-3558 (DRD)

EXHIBIT 3

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ABCO LEASING, INC.

For And Leasing Needs

Lease No. 1355-1

(425) 806-4645 (800) 995-1897 FAX: (425) 806-1813

22232 – 17th Ave. SE Suite 204 Bothell, WA 98021

CONTINUING GUARANTY

For valuable consideration, the receipt and adequacy of which are hereby acknowledged, and to induce ABCO LEASING, INC. ("Lessor") to lease equipment or extend credit from time to time to Allied Health Care Services, Inc. ("Lessee"), which Lessor would not do without this Continuing Guaranty, each of the undersigned (a "Guarantor") hereby absolutely and unconditionally guarantees the full and punctual payment and performance of all lease and other obligations of the Lessee to Lessor, now existing or subsequently incurred (with or without further notice to Guarantor) at any time prior to Lessor's actual receipt of written notice from Guarantor terminating this Continuing Guaranty ("Guaranteed Obligations").

Any termination of this Continuing Guaranty shall be effective only as to obligations of Lessee to Lessor, if any, that are incurred after actual receipt of such notice; it shall not affect obligations, whether due or to become due, that were incurred prior to actual receipt of such notice.

Without limiting the generality of the foregoing, each Guarantor also agrees:

- 1. Obligations Guaranteed. For purposes of this Continuing Guaranty, the term "Guaranteed Obligations" is used in its most comprehensive sense and include: (a) all monetary and non-monetary obligations of the Lessee to Lessor, including without limitation all voluntary or involuntary indebtedness, advances, debts and other liabilities of the Lessee to Lessor which are made or incurred prior to, at the time of, or after the execution of this Continuing Guaranty; (b) all obligations, whether due or to become due, absolute or contingent, liquidated or unliquidated, disputed or undisputed, determined or undetermined, and whether the Lessee may be liable individually or jointly with others; and (c) any obligations which are or may have become barred by any statute of limitations or which are or may become otherwise uncollectible by Lessor from Lessee.
- 2. Performance by Guarantor Upon Default. If the Lessee fails fully and punctually to pay or perform any Guaranteed Obligation, each Guarantor jointly and severally agrees upon demand to pay or perform the delinquent obligation and to pay all damages that arise as a consequence of the Lessee's nonpayment or nonperformance thereof.
- 3. Authorized Changes in Lease. Without notice or demand, and without affecting the liability of any Guarantor under this Continuing Guaranty, each Guarantor authorizes Lessor from time to time to: (a) renew, extend, accelerate or otherwise change the time for payment or other terms of any Guaranteed Obligation; (b) take, hold, release, exchange, enforce, apply or waive any security for the payment of any Guaranteed Obligation or this Continuing Guaranty; (c) release or substitute any other Guarantor; (d) substitute, eliminate, add or repossess any leased equipment or other property covered by an equipment lease or other agreement between Lessor and Lessee; (e) terminate any equipment lease or other agreement between Lessor and Lessee any leased the Lessor and Lessee.
- 4. Joint and Several Obligations. The obligations of each Guarantor under this Continuing Guaranty are joint, several and independent of the obligations of the Lessee to Lessor. Accordingly, Lessor may prosecute a separate action against each Guarantor without joining or maintaining any action against the Lessee or any other Guarantor.
- 5. Waivers. To the fullest extent allowed by law, each Guarantor waives: (a) the benefit of any statute of limitations; (b) any right to require Lessor to proceed against the Lessee or any other Guarantor, to exhaust or apply any available security, or to pursue any other available remedy; (c) the benefit of any defense or discharge of the Lessee's liability to Lessor arising out of bankruptcy, insolvency or similar laws affecting the rights of creditors generally; (d) any right of subrogation to the Lessor's rights until all obligations of the Lessee to Lessor are fully paid or performed and, in the event Lessee becomes involved in a proceeding under the Federal Bankruptcy Code, until all obligations of Lessee to all of Lessee's creditors are fully paid or performed; and (e) all presentments, demands for performance, protests and notices of any kind, including without limitation notice of the acceptance of this Continuing Guaranty, notice of the creation, existence or status of any Guaranteed Obligation and notice of default, nonperformance, protest, dishonor or acceleration of any Guaranteed Obligations.

IN WITNESS WHEREOF, each undersigned Guarantor has executed this Continuing Guaranty this X day of X DOJEMBER , 20 07

ACCEPTED:
ABCO LEASING, INC.

BY:

The Terms and Conditions on the reverse side are a part of this Continuing Guaranty

- 3) Jage of Continuing Guaranty Lease #135!
- 6. Setoff. In addition to all liens upon, and rights of setoff against, the monies, securities, or other property of the Guarantor available to Lessor by law, the Guarantor grants to Lessor a lien upon and right of setoff against all monies, securities or other property of the Guarantor now or at any future time in the possession of or on deposit with Lessor, whether held in a general or special adcount of deposit or for safekeeping or otherwise. Every such lien or right of setoff may be exercised without demand or notice to the Guarantor. No lien or right of setoff shall be deemed to have been waived by any action or conduct on the part of Lessor, or by any neglect to exercise such right of setoff or to enforce such lien, or by any delay in doing so. Every right of setoff and lien shall continue in full force and effect until such right of setoff or lien is specifically waived or released by an instrument in writing executed by Lessor.
- 7. Subordination of Debts. Each Guarantor agrees that any indebtedness of the Lessee to the Guarantor is hereby subordinated to the Guaranteed Obligations of the Lessee to Lessor. At the request of Lessor, the Guarantor shall collect, enforce, receive and hold any payments from Lessee as trustee for Lessor and remit them to Lessor for application to the Guaranteed Obligations, without reducing or affecting in any manner the liability of the Guarantor under the other provisions of this Continuing Guaranty.
- 8. Survival of Guaranty. The provisions of this Continuing Guaranty shall survive the return, repossession, release, sale or other disposition of any leased equipment or property held as security and the expiration or early termination of any equipment lease or other agreement evidencing Guaranteed Obligations. Moreover, if Lessor is required at any time and for any reason to return all or any part of any payment made or property transferred to Lessor for application to any of Lessee's obligations, Guarantor shall be liable to Lessor for the full amount so returned notwithstanding expiration or other termination of this Continuing Guaranty, any equipment lease, or any other agreement evidencing any Guaranteed Obligations.
- 9. Authority of Lessee. The Guarantor acknowledges that if the Lessee is a corporation or partnership, it is not necessary for Lessor to inquire into the powers of the Lessee or the authority of its officers, directors, partners, or agents acting or purporting to act on its behalf.
- 10. Attorney Fees and Costs. The Guarantor agrees to pay reasonable attorney fees and other expenses which Lessor incurs in enforcing this Continuing Guaranty.
- 11. Responsibility for Information. Each Guarantor assumes responsibility for being and keeping informed of the financial condition of the Lessee and of all other circumstances bearing upon the existence, status and risk of nonpayment or nonperformance of the Guaranteed Obligations.
- 12. Changes in Lessee. This Continuing Guaranty shall not be affected by: (a) the death, dissolution or disability of any Guarantor or Lessee; or (b) any change in the name, objects, capital structure, or ownership of the Lessee. Notwithstanding any such event, this Continuing Guaranty shall continue to apply to all Guaranteed Obligations, whether theretofore or thereafter incurred, and the word "Lessee" shall include all successors and assigns of the Lessee.
- 13. Statement of Account. Each Guarantor shall be bound by any account settled between Lessor and Lessee, and if no such account has been settled immediately before demand of payment under this Continuing Guaranty, any account stated by Lessor shall be accepted by the Guarantor as conclusive evidence of the amount due and unpaid by Lessee to Lessor at the date of such statement of account.
- 14. Signatures. This Continuing Guaranty shall be binding upon each Guarantor who has signed it, even though another proposed Guarantor has not signed it, and in the absence of an agreement to the contrary in writing and duly executed by Lessor, possession of this instrument by Lessor shall be conclusive evidence that this instrument was not delivered into escrow or pursuant to any agreement that it should not be effective until fulfillment of any conditions precedent or subsequent.
- 15. Community and Separate Property. To the maximum extent permitted by law, any married person who signs this Continuing Guaranty hereby expressly agrees that recourse may be had against his or her separate property and any community property for all obligations under this Continuing Guaranty.
- 16. Severability. If any provision in this Continuing Guaranty shall be declared unenforceable, the unenforceable provision shall be disregarded and all other provisions in this Continuing Guaranty shall continue in full force.
- 17. Governing Law; Jurisdiction; General. This Continuing Guaranty shall be deemed to have been made and entered into, delivered to Lessor, and accepted by Lessor at the principal offices of Lessor in Washington, at its address listed on the front side hereof, and all performance by each Guarantor shall be deemed to have been required to be performed by each Guarantor at said offices of Lessor. This Continuing Guaranty shall be governed by and interpreted in accordance with the internal law of the State of Washington. Each Guarantor agrees that jurisdiction and venue in any action relating to this Continuing Guaranty shall, at Lessor's option, be maintained only in courts located in King or Snohomish County, Washington. Each Guarantor agrees that Lessor may also maintain any such action in an appropriate court in another jurisdiction selected by Lessor which has jurisdiction over Lessee or any Guarantor. Any controversy or claim relating to this Continuing Guaranty may also, at Lessor's option, be settled by arbitration in King or Snohomish County, Washington in accordance with the Commercial Arbitration Rules of the American Arbitration Association and judgment upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. Each Guarantor consents to the jurisdiction and venue of each court referenced in the immediately preceding three sentences, and each Guarantor, waives any objection relating to improper venue and/or forum non conveniens with respect to any action or proceeding in any such court. This Continuing Guaranty constitutes the entire agreement between Lessor and each Guarantor with respect to the matters covered, and supersedes all prior or contemporaneous agreements, understandings, negotiations, and communications. This Continuing Guaranty shall not be amended or changed except by a written agreement signed by Lessor and Guarantor. This Continuing Guaranty shall be binding upon the heirs, executors, administrators, legal representatives, successors, and assigns of each Guarantor. When a single Guarantor executes this Continuing Guaranty, all plural words herein shall be deemed to have been used in the singular where the context and construction so require, and when this Continuing Guaranty is executed by more than one Guarantor, the word Guarantor shall mean all and any one of them.