

UNDERTAKING

Integrity Mutual Funds, Inc. f/k/a ND Holdings, Inc.; ND Capital, Inc.; and Robert E. Walstad (hereafter "Integrity" unless otherwise specifically identified) are engaged in litigation with the Commissioner of the North Dakota Securities Department ("Commissioner").

On or about March 15, 2004, the Commissioner issued an Order and Notice of Civil Penalty naming Integrity Mutual Funds, Inc. f/k/a ND Holdings, Inc.; ND Capital, Inc.; and Robert E. Walstad. The Commissioner's Order alleged that Integrity had violated N.D.C.C. ch. 10-04, as follows:

1. Integrity violated section 10-04-04 N.D.C.C. when it sold securities in four securities offerings that were not registered or exempt from registration. At least 87 transactions were conducted in violation of this provision.
2. Integrity violated section 10-04-15 N.D.C.C. through three securities offerings by including false and misleading information in their offering documents. At least 46 transactions were conducted in violation of this provision.

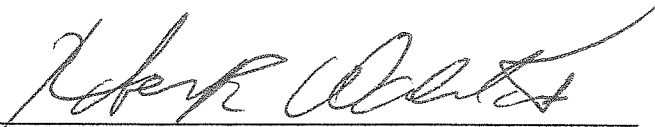
Integrity has denied they violated any provision of N.D.C.C. ch. 10-04.

Following a timely request for hearing by Integrity, an administrative hearing on the Commissioner's Order and Notice was scheduled by the North Dakota Office of Administrative Hearings. Before the hearing could take place, on September 14, 2004, the District Court for the Northwest Judicial District, on petition by Integrity, issued an ex parte temporary restraining order prohibiting the Commissioner from further pursuing the administrative hearing on the Order and Notice. A Complaint was filed at the same time by Integrity seeking declaratory relief on the grounds that a settlement between Integrity and the Attorney General disposed of the claims of, and precluded further action by, the Commissioner. On October 4, 2004, the Commissioner served a Motion to Dismiss the Complaint, which motion is currently pending before the Court.

Each party recognizes that each of its various claims has been disputed by the other party. The parties wish to end their dispute and to avoid the continued expense, delay, and uncertainties of further litigation, and agree to undertake the following actions:

1. The Commissioner will vacate the Order and Notice as to Integrity Mutual Funds, Inc. f/k/a ND Holdings, Inc., ND Capital, Inc., and Robert E. Walstad.
2. Integrity Mutual Funds, Inc., will withdraw its appeal of the Order and Notice issued by the Commissioner.
3. The Commissioner and Integrity hereby stipulate to dismiss, with prejudice, that civil action in the District Court for the Northwest Judicial District, Civil No. 51-04-0C-1238.
4. Integrity undertakes to make a voluntary donation of Twenty-Five Thousand Dollars (\$25,000) to the Investor Education and Technology Fund pursuant to Section 10-04-03(4)(b) of the North Dakota Century Code. This payment shall not be considered nor referred to as a civil or criminal penalty.
5. The Commissioner shall make CRD disclosure that the March 15, 2004, Order and Notice of Civil Penalty has been vacated with respect to all parties named therein, as discussed in paragraph 1 of this undertaking. The CRD disclosure may make reference to this undertaking and Integrity's donation to the Investor Education and Technology Fund in connection with the explanation of the resolution of this matter.


Executed in duplicate original this 9 day of MARCH, 2005.



Integrity Mutual Funds, Inc.

f/k/a ND Holdings, Inc.

By: ROBERT E. WALSTAD
Its: CEO



Carla Brown
Notary Public
State of North Dakota
My Commission Expires Feb. 28, 2010

Executed in duplicate original this 9 day of MARCH, 2005.

Carla Brown
Carla Brown
Notary Public
State of North Dakota
My Commission Expires Feb. 28, 2010

Robert E. Walstad
ND Capital, Inc
By: ROBERT E. WALSTAD
Its: PRES

Executed in duplicate original this 9 day of MARCH, 2005.

Carla Brown
Carla Brown
Notary Public
State of North Dakota
My Commission Expires Feb. 28, 2010

Robert E. Walstad
Robert E. Walstad

Executed in duplicate original this 16th day of March, 2005.

Karen Tyler
Karen Tyler
North Dakota Securities Commissioner