

SUMMIT 1031 EXCHANGE  
December 19, 2008

To All Customers of Summit 1031 Exchange:

In a prior website posting dated December 15, 2008, Summit Accommodators, Inc. ("SAI") reported it was experiencing significant financial issues, had ceased funding open exchanges, and had curtailed its daily operations until those issues could be addressed. This letter will provide you with updated information and report the actions SAI has taken to address and resolve its financial issues.

SAI currently has approximately \$ 27,831,363.00 in open exchanges for customers of Summit 1031 Exchange ("Summit Customers"). However, the total cash in SAI's exchange funds related accounts is \$ 13,600,212.88, which is a cash shortfall of approximately \$14,231,151.00. Although SAI has other assets that it hopes will be sufficient to pay all Summit Customers, those assets are unfortunately illiquid at this time and not immediately available to fund open exchanges.

On December 19, 2008, SAI did the following to address these issues:

**1)** SAI filed a petition under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the District of Oregon, Case No. 08-37031-rld11. All of SAI's assets, including the exchange funds, will be preserved intact pending decisions to be made by the Court. SAI's Chapter 11 bankruptcy attorneys are Susan S. Ford and Thomas W. Stilley at Sussman Shank LLP, located in Portland, Oregon. Summit Customers are listed as creditors in the case and are entitled to appear, be heard and file claims with the Court. You will receive further notices regarding SAI's Bankruptcy Case in the mail. Should you desire or require bankruptcy advice to protect your rights, you should contact a qualified attorney to assist you with this process.

**2)** SAI has replaced its existing management to provide transparency, independent decision-making and control. Tyrell B. Vance LLC, ("Vance") has been retained as SAI's Chief Restructuring Officer ("CRO") for all purposes in the Chapter 11 case. Vance is a recognized business crisis manager and court receiver in multiple jurisdictions with over 30 years of such experience. Effective immediately, Vance has been given independent authority to investigate all transactions and to manage SAI and all of its assets for the exclusive benefit of SAI and its creditors, specifically including all Summit Customers, until all debts are paid in full or all assets have been appropriately liquidated and paid to creditors, subject to the direction of the United States Bankruptcy Court. Vance will take possession of and preserve all exchange fund accounts maintained by SAI for Summit Customers. Vance will further assume control of SAI and all of its assets, books and records, and will have the power as CRO to propose a plan for SAI to pay creditors, to bring claims against third parties, and to do all other acts as may be necessary in the interests of SAI and its creditors or as ordered by the Court.

**3)** Vance as CRO of the Company has retained Obsidian Finance Group, LLC

("Obsidian") as financial consultants to provide advice with respect to all tax issues affecting Summit Customers and a plan to mitigate damages to the maximum extent possible of currently unfunded exchanges. In addition, Obsidian has been retained to review substantial real estate investments and recommend the best method to realize the value of such investments to satisfy claims. Obsidian is a national financial consulting firm, which specializes in distressed enterprises and assets.

**This situation** resulted from **loans of exchange funds made by SAI** over a period of time ending in approximately the year 2006 to **Inland Capital Corporation** ("Inland"), which in turn loaned funds to various entities and individuals that were involved in real estate investments located primarily in central Oregon. Inland is owned by the same persons who own SAI. The members of the entities and the individuals to whom Inland made loans are in most cases one or more of the owners of SAI.

Although liquidity was not an issue for many years and much of the outstanding loan balance from Inland to SAI was repaid, the recent crisis and downturn in the formerly profitable real estate market caused the entities and individuals who owe Inland to be unable to repay loans in a timely manner, which in turn caused Inland to be unable to repay SAI. The current amount owing from Inland to SAI is approximately \$13,706,557.21. The existing real estate investments will be made available to repay the loan balance and satisfy claims, in addition to any and all other available assets and resources of SAI. However, it will unfortunately take time to determine, realize and reduce the value of such assets to cash to pay Summit Customers and creditors. SAI is hopeful that its assets will be sufficient to satisfy all customers' and creditors' claims, and is committed to doing so under the independent direction and control of Vance, as CRO, and **the United States Bankruptcy Court**.

SAI deeply regrets the distress and detriment that Summit Customers are currently experiencing. The foregoing actions have been voluntarily taken by the existing management to assure **Summit Customers** that SAI is committed to complete transparency regarding these issues, to ensure that all of its actions will be exclusively for the benefit of Summit Customers and creditors, and to eliminate any uncertainty that SAI's assets will be preserved.