

**ARROWHEAD AT VAIL ASSOCIATION
RESOLUTION BY BOARD OF DIRECTORS**

RETA Exemption for Reverse 1031 Exchanges

The Board of Directors of the Arrowhead at Vail Association (the "Association"), hereby adopt the following resolutions:

WHEREAS, it has come to the attention of the board that certain transactions undertaken by property owners in order to achieve a so-called "reverse" tax-deferred exchange under Section 1031 of the Internal Revenue Code are structured in the following manner: (i) the owner of an Arrowhead property transfers it to a person or entity related to that owner (the "Holding Party"), for consideration, whether actual or stated, (ii) the proceeds of that sale are used to purchase a replacement property, (iii) the Holding Party holds the Arrowhead property while it is marketed for sale, but does not use the Arrowhead property, and (iv) subsequently, the Holding Party transfers the Arrowhead property to a third-party purchaser unrelated to the original owner, again for consideration, thereby completing the 1031 exchange. The transactions described in this paragraph are hereinafter referred to as the "Reverse 1031 Transaction"; and

WHEREAS, although 1031 exchanges generally are exempt from the Association's real estate transfer assessment, certain limitations on that exemption may not permit it to be used for the described Reverse 1031 Transaction; and

WHEREAS, that the Board has determined that the intent of the Declaration to exempt 1031 transactions generally, and it would be inequitable to charge a real estate transfer assessment upon the second conveyance of Arrowhead property in the described Reverse 1031 Transaction.

THEREFORE, be it:

RESOLVED, that the second conveyance of Arrowhead property involved in a Reverse 1031 Transaction shall be exempt from the real estate transfer assessment pursuant to Section 14.3(xvi) of the Declaration, so long as the following terms and conditions are satisfied:

- a. The real estate transfer assessment is paid in full on the amount of consideration paid or stated when the Arrowhead property is conveyed to the Holding Party; and
- b. Holding Party, and any of its owners, officers, directors, or employees, and any person related to the original owner of the Arrowhead property, do not receive any right to use the Arrowhead property during the period of Holding Party's ownership thereof, and do not in fact use the Arrowhead property during that time; and
- c. Upon sale of the Arrowhead property by the Holding Party to a third-party, the real estate transfer assessment is paid in full on the amount of consideration received by Holding Party in that transaction that exceeds the amount of consideration paid or stated by Holding Entity when it acquired the Arrowhead property; and
- d. Upon application for exemption of the second conveyance of the Arrowhead property, the Holding Party asserts to the Association in writing that the transaction was a bona fide 1031 tax-deferred exchange; and
- e. The Holding Party conveys the Arrowhead property no later than two years after it acquired the Arrowhead property; and it is further

RESOLVED, that the Board hereby delegates its right to approve each Reverse 1031 Transaction under the provisions of Section 14.3(xvi) of the Declaration to its attorney or manager; and it is further

RESOLVED, that the Board of Directors of the Association is hereby authorized, empowered and directed, for and in the name of the Association, to take such steps, to perform all such acts and things, and to prepare, execute, deliver, file and record any and all agreements, documents, instruments, applications, reports and notices, which may by law, to the Board or to legal counsel to the Association seem necessary, convenient or appropriate to effectuate the purposes and intents of the foregoing resolutions, such necessity, convenience or appropriateness to be conclusively evidenced by the taking or performance of any of the foregoing steps, acts and things, executions and filings; and it is further

RESOLVED, that any lawful act heretofore taken by any officer or director in their respective capacities as officers or directors of the Association in connection with the matters contemplated in the foregoing resolutions be, and it hereby is in all respects approved, adopted, ratified and confirmed as an act of the Association.

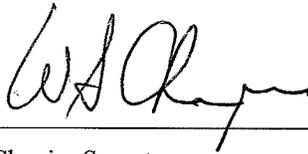
CERTIFICATION

I, the undersigned, do hereby certify:

That I am a duly elected and acting Secretary of the Arrowhead at Vail Association, a Colorado nonprofit corporation; and

That the foregoing Resolution was duly adopted by action of the Board of Directors of the Arrowhead at Vail Association at its meeting held on June 17, 2008, at which a quorum was present.

Dated: August 19, 2008.



Bill Chapin, Secretary