TAMARRON ASSOCIATION OF CONDOMINIUM OWNERS
P.O. Box 3148
Durango, Colorado 81302

TAMARRON HILTON RESORT
P.O. Box 3131
Durango, Colorado 81302-3131

February 20, 1996

Dear Condominium Owner:

Tamarron's management contract with Hilton Hotels Corporation became effective December 1, 1995. As a result, the process for the installation of fire-sprinkler systems in all condominium units is now underway. The purpose of this letter is to provide current information on estimated fire-sprinkler costs and to obtain your payment method election from among three alternatives.

The current estimate for all condominium apartments is approximately $1,100,000 and the resultant unit costs and payment alternatives are as follows:

Unit Type	*Per Unit Cost Estimate*	*Payment Methods*		
		Cash (Note A)	Quarterly (Notes B&C)	Annual (NotesB&D)
A	$2,945.51	$2,945.51	$142.93	$ 585.24
AS	4,111.04	4,111.04	199.49	816.82
B	4,845.83	4,845.83	235.15	962.82
C	5,343.08	5,343.08	259.27	1,061.62
I	1,672.29	1,672.29	81.15	332.27
IB	1,672.29	1,672.29	81.15	332.27
IL	2,540.10	2,540.10	123.26	504.69
MC	5,957.52	5,957.52	289.09	1,183.70
MPH	3,601.13	3,601.13	174.75	715.51
PH	5,827.67	5,827.67	282.79	1,157.90
PS	5,957.52	5,957.52	289.09	1,183.70
S	1,821.15	1,821.15	88.37	361.85

Notes:
- A - Billing to be issued upon project completion - due within 30 days of billing date
- B - Includes interest at 9%
- C - Based upon 28 quarterly payments (7 years)
- D - Available only to Rental Pool Participants and based upon 7 annual (November 15th) payments deducted from the 3rd Quarter Rental Pool Distribution.

As additional information, detailed loan amortization schedules for your unit type are enclosed.

Both the Quarterly and Annual payment alternatives may be prepaid at any time without penalty at your option. If you elect the Annual payment method any payment deficiency will be added to your Club Account. In addition, if you withdraw your unit from the Rental Pool prior to repayment in full, you must either pay any balance in full, or convert to the Quarterly method based upon the remaining time of its original 7-year term. In the event you sell your unit any unpaid balance must either be paid in full by you, or formally assumed by the buyer.

At your earliest opportunity, but not later than March 15, your completion and return of the enclosed Payment Method Election Card will be appreciated. Please check the method you desire and sign where indicated. For your convenience, the card is pre-addressed and stamped.

TACO and Tamarron are working closely together with an aim of achieving additional cost reductions. Upon completion of the project, final cost information together with any required loan amortization schedule will be forwarded to you. Payments will not begin until completion of the project.

In the event you have any questions regarding this information, please don't hesitate to contact a member of Tamarron's management staff.

TAMARRON ASSOCIATION OF CONDOMINIUM OWNERS, INC.

Jack Ayer
President

TAMARRON HILTON RESORT

Stanley Wadsworth
President

Enclosures
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