



January 7, 2002

Dear Tamarron Property Owner:

On November 19, 2001, the sale of Tamarron Resort by Golf Hosts II, Inc. to Tamarron Properties Associates, LLC was consummated. The managing member of the purchasing entity is Mr. Rick Carlton, a real estate developer, home builder, and investor. Under the new ownership, Tamarron Management Associates, an LLC of which Mr. Carlton is also the managing member, will operate the property as successor Lessee under the Master Lease Agreement, as approved by the Lessors Advisory Committee prior to closing.

Last year, Rick moved his primary residence and principle office from Ft. Myers, Florida to Santa Fe, New Mexico, where he resides with his wife, Andrea. The Tamarron acquisition is their first real estate investment in the Rocky Mountain region. Rick, however, is a former condominium owner at Tamarron. He has a long-standing love for the area and Tamarron and a passion to establish Tamarron as a renowned, up-scale Rocky Mountain golf destination, club and residential community....enviably positioned between Durango and the Durango Mountain Resort...offering a quality of life virtually unmatched in North America!

Mal Dunlevie will serve as Chief Operating Officer, and I will serve as General Manager for the Management Company. Patric Flinn will serve as Director of Golf Operations, starting February 1. Patric has been a "Class A" PGA Professional for twenty years. He comes to us from Texas where he was the General Manager at Shallow Creek Country Club in Gladewater. Prior to that, he was the General Manager at Bent Tree Golf Club in Jackson, Tennessee. The majority of Patric's professional career was spent in southwest Florida where he was a resident for twenty-one years. For fourteen of those years, Patric was Director of Golf at the Dunes Golf and Tennis Club on Sanibel Island. Patric is dedicated to his profession and is an excellent leader. He is also an accomplished player, having won 25 Pro-Am events and setting two course records. In 1982, Patric was the Southwest Florida PGA Champion. We look forward to having a long and happy relationship with Patric and his wife, Carol.

In the spring, we will begin publishing a monthly Tamarron newsletter in order to keep you apprised of activities and developments. In the meantime, I want to highlight what has been happening since the closing.

First, Rick and his staff have continued to analyze past and current operations and financial performance and are working on projections for future financial performance and capital requirements. We have reorganized our staff to reflect expected efficiencies resulting in the transition from operation as a "branded" property, and to better match seasonal staffing levels with expected winter and spring occupancy levels. Many of the staff reductions involved temporary and part-time positions that will be refilled during the summer months.

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On December 27, Rick, Andrea, Mal and I met with the employees to share the vision of making Tamarron a nationally-renowned golf destination, club and residential community, and to address all questions and concerns of our staff. I believe that most of the employees now understand the owners' objectives and philosophy, and are excited about the future. They understand the future development, remodeling, and construction decisions at Tamarron that are within our sole discretion. They also understand that effectuating the necessary changes to the rental pool structure and hospitality operation depends on decisions and a process beyond our control.

Second, we have initiated formal discussions with the Lessors Advisory Committee in meetings with Greg Collins and with Joe Carey. No challenge is more important or pressing than to expand this communication with the LAC in respect to the historical performance of the rental pool, the projected financial performance of the pool (as currently structured), in 2002, and the possibility of restructuring the rental pool to ensure future profitability, if this is achievable under the existing lease documents. As soon as possible, we must fully understand what the LAC feels might be done to make the rental pool operation contemporary and profitable to operate, either as a lessee, by the condominium owners themselves, or by a bona fide third-party professional management agent; and together, assess the existing lease documents to determine whether or not the changes deemed necessary can be effectively made.

Third, since before the closing, we have been assembling the right team to create and implement the long-term development vision and program. To date the professionals that have contributed include:

Design Workshop, Denver, Colorado (Land Planning/Golf Course Design)
Arthur Hills/Steve Forrest & Associates, Toledo, Ohio (Golf Course Design)
Goff Engineering & Surveying, Durango, Colorado
Bechtolt Engineering, Durango, Colorado
Wright Water Engineers, Durango, Colorado
Design Enginuity, Santa Fe, New Mexico (Water & Sewer Consultation)
Lambert & Associates, Durango, Colorado (Geo-technical Consultation)
Sugnet Environmental, Durango, Colorado (Wetlands & USCOE Permit)
Plateau Environmental Services, Durango, Colorado
Shand, Newbold & Chapman, Durango, Colorado (General Counsel)
Lamb & Associates, Charlotte, North Carolina (Golf Membership Counsel)
Troon Golf, Scottsdale, Arizona
R. Michael Bell & Associates, Durango, Colorado (Architects)

During the coming months, the design and development team will be finalizing the program for the phased build-out of the Tamarron Master Plan, finalizing the design and plans for the initial phase, and obtaining all necessary county and U.S. Corps of Engineers' approvals and permits for the initial phase. Our intention is to start construction by June of the following project elements:

- The spine road (from a redesigned, existing entrance to a rear, secondary entrance onto County Road 200);
- The new, east nine golf holes, including a new, double-ended driving range in the meadow between Rockwood Estates and the Village at Rockwood; and
- A new clubhouse, pro shop and cart storage facility just east of the area currently occupied by the corrals.

Concurrently, the design and plans for two detached single-family communities and one attached single-family community are underway. Our intent is to record plats for these communities this summer as well. Soon, we will begin the architectural design of the remodeling of the club

facilities in the lodge, including the lobby, the Windom Peak Room, the bar and restaurant areas, the outside deck, and the spa. This remodeling will occur next winter.

In respect to the future membership program of the 27-hole golf club, we have engaged Robert Lamb, Esq. (Lamb & Associates, Charlotte, North Carolina) to consult us and draft the membership documents. We will be meeting at Tamarron with the Tamarron Association of Condominium Owners' Board on Wednesday and Thursday of this week for a work session to show our development and remodeling concepts to the members and to get the Board's invaluable input and support for the future membership program and club structure.

The construction plan for the golf course is exciting and provides that 18 holes will be open for play at all times during construction. We contemplate that the new, east nine will be under construction by mid-June and substantially completed by this Fall. It will be allowed to grow in during the 2003 golf season and opened for play in May, 2004, in conjunction with the grand opening of the new clubhouse. The existing north nine will then be closed during the 2004 season for upgrading. It will be reopened in May, 2005, at which time the existing south nine will then be closed for upgrading. The south nine will be reopened in May 2006, affording the members and guests a 27-hole golf and club experience unsurpassed in the Rocky Mountains!

For your information, the Board of Governors of the Golf Club now consists of the following five persons:

Rick Carlton	Chairman
Mal Dunlevie	Vice Chairman
Greg Drover	Secretary-Treasurer
Patric Flinn	Member
Dennis O'Brien	Member

In respect to The Estates at Tamarron, the Design Review Board now consists of the following persons:

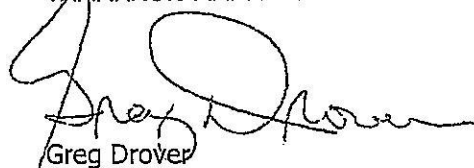
Rick Carlton	Member
Mal Dunlevie	Member
Dennis O'Brien	Member
Michael Bell, AIA	Advisory Member

On December 21, we reopened the previous Kokopelli Deli as the *Cactus Cantina*, offering an apres-ski atmosphere, with both food and beverage services available in the *Cantina* and outside on the deck.

We look forward to having you here in the near future. In the meantime, I will provide you with periodic updates.

With best regards,

TAMARRON MANAGEMENT ASSOCIATES, LLC


Greg Drover
General Manager