

October 15, 2004

We would like to respond to questions from several members of the Woodlands Homeowners Association. They expressed concerns about the purpose and responsibilities of their Association. We felt this letter, to every member of the Association, would be the best way to communicate the answers.

Your Association is responsible for the care and maintenance of the common area improvements in The Woodlands. These improvements consist of, but are not limited to:

- The monument, monument lighting, sprinkler, landscaping and lawn areas at the subdivision entrance at 193rd and Q Streets
- The sprinkler, landscaping and lawn areas at the subdivision entrance at 192nd Street and Orchard Avenue
- The landscaping in the traffic circle at 194th and Orchard Avenues
- The landscaping and lawn in Outlot A located at the Southwest corner of Weir Street and 194th Avenue

The investment required for the care and maintenance of these improvements is funded by annual dues from each Association member. In a gesture of good will, HearthStone Homes, Inc. has paid your Association dues from the original closing date of your home through December 31, 2004.

We will send you additional information about your Association before the first of December. Some of the topics will include the 2005 budget, the 2005 annual meeting and 2005 dues

There are three references you can consult for additional information about your Association. HearthStone Homes, Inc. provided copies of these documents to the original purchaser of each home. Your Association can provide additional copies of the documents at a nominal cost to cover postage and handling. The references are:

- Pages 5 through 10 of the Declaration of Covenants, Conditions, Restrictions and Easements for Woodlands
- The Articles of Incorporation of Woodlands Homeowners Association, Inc.
- The By-Laws of Woodlands Homeowners Association, Inc.

Your Woodlands Homeowners Association, Inc. has retained the services of SkyPark Business Solutions, Inc. to manage the affairs of the Association. Please contact SkyPark Business Solutions with any questions or concerns you may have in regard to your Association.

Sincerely,

Scott Kinkaid

Scott Kinkaid, President
Bridlewood Homeowners Association, Inc.

John Kier

John Kier
SkyPark Business Solutions, Inc.

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Woodlands Homeowners Association, Inc.

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2005 Budget Notes Woodlands Homeowners Association, Inc.

The enclosed 2005 Budget Summary shows a deficit of \$1,336.37. The Budget is based on the expenses paid in 2004. The Directors of your Association are confident that the landscape and lawn maintenance expenses for 2005 will be less than those of 2004. Therefore the Association income from Dues should cover all the expenses.



Scott Kinkaid, Vice-President

Woodlands Homeowners Association, Inc.

Woodlands Homeowners Association, Inc.
2005 Budget Summary
 January through December 2005

	Jan - Dec 05
Ordinary Income/Expense	
Income	
4100 · Income	
4110 · Dues	13,608.00
4120 · Reimbursement	0.00
Total 4100 · Income	13,608.00
Total Income	13,608.00
Expense	
6060 · Utilities	
6065 · Water	1,225.00
6070 · Electricity	288.00
Total 6060 · Utilities	1,513.00
6090 · Office Supplies	120.00
6150 · Bank Service Charges	30.00
6180 · Dues and Subscriptions	0.00
6240 · Postage and Delivery	380.00
6270 · Printing and Reproduction	0.00
6300 · Miscellaneous Expense	0.00
6330 · Professional Fees	
6335 · Legal Fees	0.00
6340 · Accounting	200.00
6345 · Management Fees	5,964.84
Total 6330 · Professional Fees	6,164.84
6530 · Insurance	
6535 · Liability Insurance	686.53
Total 6530 · Insurance	686.53
6560 · Repairs & Maintenance	
6565 · Monument Maintenance	0.00
6570 · Sprinkler System Repairs	250.00
6575 · Landscaping Maintenance	3,000.00
6580 · Lawn Maintenance	2,600.00
6585 · Electrical Repairs	200.00
Total 6560 · Repairs & Maintenance	6,050.00
6620 · Contributions	0.00
6650 · Licenses and Permits	0.00
6710 · Interest Expense	0.00
Total Expense	14,944.37
Net Ordinary Income	-1,336.37
Other Income/Expense	
Other Income	
7010 · Interest Income	0.00
7030 · Other Income	0.00
8010 · Other Expenses	0.00
Total Other Income	0.00
Net Other Income	0.00
Net Income	-1,336.37