

Whispering Lakes Ranch

C/O Houston Community Management Services

17049 El Camino Real, Ste 100

Houston, Texas 77058

Ph: (832)864-1200 Fx: (281) 218-6973

March 17, 2011

Homeowners:

This letter is to announce that the Maintenance Association of Whispering Lakes is now under homeowner control. Sam Boyd appointed the Advisory Committee consisting of Steve Glenn, Frank Prisco and Roy Hunter to be the first Board of Directors. They will serve on the Board and take care of day to day business until the first annual meeting is held and a Board is elected by the homeowners.

President	Steve Glenn
Vice President	Frank Prisco
Secretary/Treasurer	Roy Hunter

The first Annual Meeting will be on Thursday, May 19, 2011 at 7:00 p.m. in a conference room at Houston Community Management Services. An official notice will be sent out prior to the meeting along with a proxy.

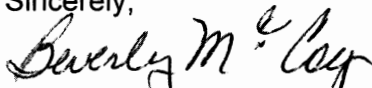
Please send a short paragraph about yourself and your qualifications if you are interested in running for a position on the Board. Directors will be elected by the residents at the annual meeting. Once the Board of Directors is officially elected, they will discuss among themselves their qualifications and experience and then they will vote on officers. Please have this info into me by Friday, April 15th.

Enclosed with this letter you will find some financial information. There is a Budget Comparison of what was budgeted for 2010, what was actually spent and what is budgeted for 2011. There is a Balance Sheet and an Income Statement for the end of February 2011.

There is also a Q&A sheet that has questions and the answers that several people have been asking.

Please feel free to contact me with any questions or concerns.

Sincerely,



Beverly McCoy, CMCA, AMS, PCAM

Association Manager

832-864-1227

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Q&A SHEET

1. Does Sam Boyd own any more lots in the sub-division?
No, Sam does not own any lots in WLR.
2. Has the Reserve Land been deed over to the Association?
It is in the process of being deeded over. Some surveys had to be done first to get the correct information for each reserve.
3. Who is in charge now?
The Transition Board
4. When will all the homeowners meet?
May 19th at HCMS office at 7:00 p.m.
5. How many Directors will be on the Board?
Five (5)
6. How long does a Board member serve?
The first Board will consist of the following:
Two (2) people serving three (3) years
Two (2) people serving two (2) years
One (1) person serving one (1) year

Thereafter each year at the annual meeting there will be an election. The person elected will serve for a three (3) year term.
7. Who can vote?
Only one vote is allowed for each property
Only persons whose assessments are paid in full are allowed to vote.
8. What is a proxy?
A proxy is a form that allows a person to sign over their vote to another person in the event they cannot attend the meeting or indicate it is to be used to count for quorum only. The person who the proxy is assigned to must be present to vote.
9. Will there be committees?
Yes, the night of the annual meeting there will be sign up sheets. The number of volunteers will determine how many committees will be formed.

Maintenance Association of Whispering Lakes Ranch 2011 Approved Budget

		Approved 2010	Actual 2010	Approved 2011
<u>Income</u>		<u>Budget</u>		<u>Budget</u>
4001	Assessments (281 H/O & 29 BLDR)	\$358,150.00	\$381,475.10	\$384,150.00
4016	Mowing Assessments	\$0.00	\$226.00	\$0.00
4101	Interest Income	\$700.00	\$1,853.88	\$700.00
4221	Gate Openers	\$1,000.00	\$2,880.00	\$1,000.00
4301	Late Fees	\$2,500.00	\$7,456.66	\$2,500.00
4302	Legal Fees	\$5,000.00	\$14,047.25	\$5,000.00
4303	Collection Fees	<u>\$1,500.00</u>	<u>\$4,705.34</u>	<u>\$1,500.00</u>
	TOTAL INCOME	\$368,850.00	\$412,644.23	\$394,850.00
 <u>Expense</u>				
5001	Administrative	\$2,500.00	4,027.14	\$2,500.00
5101	Legal Expenses	\$10,000.00	18,409.09	\$10,000.00
5110	Audit/Tax Return Preparation	\$875.00	6,825.00	\$875.00
5116	Management Collection Costs	\$1,000.00	2,729.64	\$1,000.00
5207	Taxes & Permits	\$100.00	229.00	\$100.00
5220	Insurance	\$6,000.00	3,158.03	\$6,000.00
5415	Patrol Services	\$1,800.00	0.00	\$1,800.00
5901	Water/Sewer	\$915.00	740.46	\$915.00
5915	Electricity	\$68,000.00	50,762.32	\$68,000.00
5960	Telephone	\$2,000.00	1,798.40	\$2,000.00
6001	Landscape Maint Contract	\$125,000.00	134,265.60	\$125,000.00
6012	Trash Removal Service	0.00	373.20	375.00
6017	Pest Control	0.00	1,450.48	1,000.00
6018	Pool Management Contract	\$7,800.00	7,020.60	\$7,800.00
6021	Lake Management Contract	\$17,000.00	17,484.56	\$17,000.00
6025	Management Contract	\$7,260.00	6,600.00	\$7,260.00
6102	Landscape Improvements	\$18,600.00	57,340.27	\$42,925.00
6122	Lot Maintenance	\$0.00	372.60	\$300.00
6315	Entrance Gates - Repair & Maintenance	\$5,000.00	4,577.67	\$5,000.00
6316	Gate Remotes	\$2,000.00	1,545.00	\$2,000.00
6338	Lake Maintenance	\$18,000.00	9,550.82	\$18,000.00
6360	General Repair & Maintenance	\$8,000.00	14,427.04	\$8,000.00
6490	Electrical Repair & Maintenance	\$2,000.00	7,700.33	\$2,000.00
6901	Capital Improvements	\$10,000.00	0.00	\$10,000.00
6915	Bad Debt	\$0.00	11,972.00	\$0.00
7202	Pool Repair & Maintenance	\$5,000.00	1,506.17	\$5,000.00
9301	Reserves	\$50,000.00	50,004.00	\$50,000.00
9303	Interest on Reserves	<u>\$0.00</u>	<u>1,288.45</u>	<u>\$0.00</u>
	TOTAL EXPENSE	\$368,850.00	\$416,157.87	\$394,850.00
	TOTAL ASSOCIATION Income/(Loss)	\$0.00	-\$3,513.64	\$0.00

Balance Sheet Report Whispering Lakes Ranch

As of February 28, 2011

	<u>Balance Feb 28, 2011</u>	<u>Balance Jan 31, 2011</u>	<u>Change</u>
<u>Assets</u>			
Current Assets			
1004 - First Associations Bank	292,466.72	290,674.90	1,791.82
1150 - A/R Residential Assessments	103,365.87	122,797.32	(19,431.45)
1320 - Prepaid Insurance	4,256.75	4,894.39	(637.64)
Total Current Assets	400,089.34	418,366.61	(18,277.27)
Reserve Assets			
1040 - FAB Reserves	156,759.98	152,480.66	4,279.32
Total Reserve Assets	156,759.98	152,480.66	4,279.32
Total Assets	556,849.32	570,847.27	(13,997.95)
<u>Liabilities</u>			
Current Liabilities			
2010 - A/P HCMS	(499.50)	(499.50)	0.00
2200 - Prepaid Residential Assessments	1,701.19	4,047.19	(2,346.00)
2250 - Deferred Assessments	325,170.25	356,688.33	(31,518.08)
Total Current Liabilities	326,371.94	360,236.02	(33,864.08)
Total Liabilities	326,371.94	360,236.02	(33,864.08)
<u>Owners' Equity</u>			
Owner's Equity			
3001 - Prior Year Owner's Equity	50,554.06	50,554.06	0.00
Total Owner's Equity	50,554.06	50,554.06	0.00
Reserves			
3120 - Prior Years Operating Reserves	148,192.58	148,192.58	0.00

Balance Sheet Report
Whispering Lakes Ranch

As of February 28, 2011

	<u>Balance Feb 28, 2011</u>	<u>Balance Jan 31, 2011</u>	<u>Change</u>
<u>Owners' Equity</u>			
Reserves			
3320 - Reserve Contributions	8,567.40	4,288.08	4,279.32
Total Reserves	<u>156,759.98</u>	<u>152,480.66</u>	<u>4,279.32</u>
Total Owners' Equity	<u>207,314.04</u>	<u>203,034.72</u>	<u>4,279.32</u>
Net Income / (Loss)	<u>23,163.34</u>	<u>7,576.53</u>	<u>15,586.81</u>
Total Liabilities and Equity	<u><u>556,849.32</u></u>	<u><u>570,847.27</u></u>	<u><u>(13,997.95)</u></u>

Income Statement Report

Whispering Lakes Ranch

February 01, 2011 thru February 28, 2011

	Year to Date (2 months)			Annual Budget
	Actual	Budget	Variance	
<u>Income</u>				
Assessment Income				
4001 - Residential Assessments	64,240.00	64,025.00	215.00	384,150.00
Total Assessment Income	64,240.00	64,025.00	215.00	384,150.00
Investment Income				
4101 - Interest Income	283.34	117.00	166.34	700.00
Total Investment Income	283.34	117.00	166.34	700.00
User Fee Income				
4221 - Gate Openers	360.00	167.00	193.00	1,000.00
Total User Fee Income	360.00	167.00	193.00	1,000.00
Other Income				
4301 - Late Fees	3,755.42	417.00	3,338.42	2,500.00
4302 - Legal Fees	(335.77)	833.00	(1,168.77)	5,000.00
4303 - HCMS Collection Fees	720.00	250.00	470.00	1,500.00
Total Other Income	4,139.65	1,500.00	2,639.65	9,000.00
Total Income	69,022.99	65,809.00	3,213.99	394,850.00
<u>Expense</u>				
Administrative Expenses				
5001 - Administrative	83.68	417.00	(333.32)	2,500.00
Total Administrative Expenses	83.68	417.00	(333.32)	2,500.00
Professional Services				
5101 - Legal Expenses	3,134.93	1,667.00	1,467.93	10,000.00
5110 - Audit/Tax Return Preparation	0.00	146.00	(146.00)	875.00
5116 - Management Collection Costs	248.15	167.00	81.15	1,000.00
Total Professional Services	3,383.08	1,980.00	1,403.08	11,875.00
Taxes & Insurance				
5207 - Taxes & Permits	0.00	17.00	(17.00)	100.00

Income Statement Report

Whispering Lakes Ranch

February 01, 2011 thru February 28, 2011

	Year to Date (2 months)			Annual Budget
	Actual	Budget	Variance	
<u>Expense</u>				
Taxes & Insurance				
5220 - Insurance	1,275.28	1,000.00	275.28	6,000.00
Total Taxes & Insurance	1,275.28	1,017.00	258.28	6,100.00
Payroll				
5415 - Patrol Services	0.00	300.00	(300.00)	1,800.00
Total Payroll	0.00	300.00	(300.00)	1,800.00
Utilities				
5901 - Water/Sewer	14.26	153.00	(138.74)	915.00
5915 - Electricity	3,435.15	11,333.00	(7,897.85)	68,000.00
5960 - Telephone	251.04	333.00	(81.96)	2,000.00
Total Utilities	3,700.45	11,819.00	(8,118.55)	70,915.00
Contracts				
6001 - Landscape Maint Contract	22,377.60	20,833.00	1,544.60	125,000.00
6012 - Trash Removal Contract	62.20	63.00	(0.80)	375.00
6017 - Pest Control Contract	229.42	167.00	62.42	1,000.00
6018 - Pool Management Contract	728.66	1,300.00	(571.34)	7,800.00
6021 - Lake Management Contract	2,698.95	2,833.00	(134.05)	17,000.00
6025 - Management Contract	1,100.00	1,210.00	(110.00)	7,260.00
Total Contracts	27,196.83	26,406.00	790.83	158,435.00
Repair & Maintenance				
6102 - Landscape Improvements	116.10	7,154.00	(7,037.90)	42,925.00
6122 - Lot Maintenance	0.00	50.00	(50.00)	300.00
6315 - Entrance Gates - Repair & Maintenance	360.00	833.00	(473.00)	5,000.00
6316 - Gate Remotes	0.00	333.00	(333.00)	2,000.00
6338 - Lake Maintenance	312.37	3,000.00	(2,687.63)	18,000.00
6360 - General Repair & Maintenance	0.00	1,333.00	(1,333.00)	8,000.00
6490 - Electrical Repair & Maintenance	446.53	333.00	113.53	2,000.00
Total Repair & Maintenance	1,235.00	13,036.00	(11,801.00)	78,225.00

Income Statement Report Whispering Lakes Ranch

February 01, 2011 thru February 28, 2011

	Year to Date (2 months)			Annual Budget
	Actual	Budget	Variance	
<u>Expense</u>				
Other Expenses				
6901 - Capital Improvements	0.00	1,667.00	(1,667.00)	10,000.00
Total Other Expenses	0.00	1,667.00	(1,667.00)	10,000.00
Recreation Expenses				
7202 - Pool Repair & Maintenance	417.93	833.00	(415.07)	5,000.00
Total Recreation Expenses	417.93	833.00	(415.07)	5,000.00
Reserve Expenses				
9301 - Reserves	8,334.00	8,333.00	1.00	50,000.00
9303 - Interest on Reserves	233.40	0.00	233.40	0.00
Total Reserve Expenses	8,567.40	8,333.00	234.40	50,000.00
Total Expense	45,859.65	65,808.00	(19,948.35)	394,850.00
Total Association Income / (Loss)	23,163.34	1.00	23,162.34	0.00