

Shavano Oaks Townhomes  
c/o Kyse & Associates Management Co., Inc.  
8930 Wurzbach Ste. 270  
San Antonio, Texas 78240  
**(210) 344-2222 Facsimile (210) 692-1470**

November 30, 2007

Dear Homeowner:

As you are probably aware, costs in several areas of the economy that affect the Association have increased. Monthly expenses such as water, electricity, insurance and maintenance have all been affected. Additionally, the Association has made major advances in improving the performance of roofs and siding. We will report on these items and the associated expenses at the Annual Meeting January 2008.

While the Board of Directors has attempted to keep the Monthly Assessment as low as possible, the increase in fixed expenses requires that the Assessment be increased.

The Shavano Oaks Townhomes Covenants, Conditions and Restrictions (CCRs) for the Association (Article IV, Covenant For Maintenance Assessments, Section 4.3 Maximum Annual Assessment (a), gives the Association Board the authority to increase the Assessment 10 percent annually. By unanimous vote, the Board has opted to increase the Assessment by 10 percent, effective January 1, 2008. The Monthly Assessment will increase by \$24.00 per Lot/Home, and the new amount will be \$264 per month per Lot/Home.

Please contact me at the above number if you have any questions.

Sincerely,

Oscar Gordon, Managing Agent