

Inwood Forest Community Improvement Association

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June 30, 2011

Settlement Distribution

Dear Inwood Forest Home or Lot Owner:

As you are aware, the City of Houston purchased the golf course property and the clubhouse. The sale closed in April. One term of the sale was that Inwood Forest Partners (IFP), the former owners of the golf course, had to pay IFCIA \$650,000. This was the amount of legal fees awarded to IFCIA by the jury in the December 2009 trial. It was for legal fees specifically related to the lawsuit. IFP also paid IFCIA \$27,844.64 of post judgment interest.

The basics regarding the lawsuit and legal fee assessments are as follows:

- The golf course was sold to IFP in February of 2007. IFCIA had already billed lot owners for their 2007 dues and asked for legal fund contributions from owners. Any payments made to the legal fund in **2007** were credited to the owner's account and applied against their **2008** assessment for legal fees.
- There are 1,148 lots in Inwood Forest **excluding** the Harris County Flood Control District lots.
- The assessment for legal fees was \$400 in 2008 and \$300 per year from 2009, 2010 & 2011 for a total assessment of \$1,300 per lot.
- The total legal fees and lawsuit related expenses paid from January 1, 2007 thru May 31, 2011 was \$1,302,923.18 which divided by 1,148 lots equals \$1,134.95 per lot. See www.inwoodforest.net for a summary of all legal fees and lawsuit related expenses paid.
- IFCIA recovered \$650,000 of the legal fees **specifically related to the lawsuit**. It did not include legal fees for additional issues that came up throughout the legal battle. See **Legal Issues** at www.inwoodforest.net. The total legal fees recovered equal 49.89% of the total expenses paid (\$650,000/\$1,302,923.18.)

In May, the board began the process of determining how the settlement funds and interest will be distributed and identifying all homes that have been sold or foreclosed on between January 1, 2008 thru June 15, 2011. The settlement of \$650,000 divided by 1,148 lots equals a distribution of \$566.20 per lot. This reduces the total legal fee assessment over the past four years from \$1,300 per lot to \$733.80 per lot. Each lot owner will fall into one of three categories:

Over

Check enclosed for 566.20 - If you have owned a lot in Inwood Forest since January 1, 2008 and were current on all your dues at June 15, 2011, a check is enclosed for \$566.20. We thank you for your support throughout the lawsuit and for paying your dues and legal fee assessments.

Check enclosed for less than \$566.20 – There are one of two reasons for this. Either,

1. You had an outstanding balance on your account at June 15, 2011 that was less than \$566.20. An account history for your lot is enclosed that shows what your outstanding balance was at June 15, 2011. You have been refunded \$566.20 **minus** the balance you owed. **Or**
2. You purchased your lot sometime between January 1, 2008 and June 15, 2011 and a calculation has been made of the amount of the settlement that was allocable to the period before you purchased your home. You have been refunded \$566.20 **minus** the settlement amount allocated to the period before you purchased your home.

No check is enclosed – An account history for your lot is enclosed that shows the balance due on your account at June 15, 2011 was greater than \$566.20 so, no check was issued. Your account has been adjusted to reduce your legal fees assessments from \$1,300 to \$733.80. Please note that this amount is still owed to IFCIA. IFCIA had to use cash reserves and some operating funds each year to cover legal fees due to nonpayment of the legal fee assessment by some lot owners.

The interest of \$27,844.64 was used as follows:

1. A one-time contribution of \$25,000 was made to the Near Northwest Management District in recognition of the work they did and the support they provided IFCIA throughout the legal battle with IFP. Without their agreement to take over the management of the former clubhouse and the property, the city would not have purchased the clubhouse and north part of the golf course property. The management district will be using these funds to help get the building back into working order.
2. A portion of the interest will be used to cover the cost of processing the settlement checks and this mail out.
3. The Inwood townhome owners and the Inwood Park Community Association (the condos on Antoine at Deep Forest) that made **voluntary** contributions to the legal fund in 2007 will be reimbursed for 50% of their contributions. This totals \$1,625.

Reserve to be held – The total legal fees paid to date per lot of \$1,134.95 per lot is less than the \$1,300 assessment per lot. The \$165.05 difference between these amounts is being held to address legal issues that may come up while a) the city and Flood Control District work on a detention plan for the property and b) the board begins work on reviewing and updating the deed restrictions to reflect the new use of the golf course property. This legal reserve will be reviewed at year end to determine if any further adjustments should be made to lot owner's accounts for any excess reserves.

If you have a question about your settlement check or believe that an error has been made, we ask that you **submit your question in writing** and either email it to the board at board@ifcia.com or mail it to Genesis at the address noted on page 1.

IFCIA Board