**NOTICE OF COMMENCEMENT OF ANNUAL ASSESSMENTS FOR ELK HIGHLANDS SUBDIVISION**

August 22, 2007

Pursuant to Section 9.3 of the Declaration, the Elk Highlands Homeowner's Association, Inc. will be providing Notice of Commencement of Annual Assessments no later than January 31 of each year. We sincerely apologize for the delay in sending this Notice, and appreciate payments graciously made by some lot owners. We have been waiting for more definitive prices from WSI for the maintenance of the lift and trails for the upcoming ski season. The payment is traditionally due within 30 days from the date on the Annual Assessment Notice but due to the delay in sending this Notice we will work with lot owners to get these Assessments paid.

The total Annual Assessment for fiscal year 2007 for your home site is $2,692.

Elk Highlands Homeowner's Association, Inc. has prepared a budget which provides an estimate of the net cash flow requirements of the Association. The Assessment is figured on the total fiscal year 2007 budget divided by the actual number of lots, which is currently 38. A copy of the Annual Assessment line items is attached for your reference. A copy of the actual budget for the year ended December 31, 2006 and the budget for the year ending December 31, 2007 is available upon request.

All payments should be made to:

Elk Highlands Homeowners Association, Inc.
P.O. Box 2100
Whitefish, MT 59937