

**HILLSIDE VILLAGE  
PUBLIC IMPROVEMENT DISTRICT**

**CITY OF CELINA, TEXAS**

**ANNUAL SERVICE PLAN UPDATE  
(ASSESSMENT YEAR 9/1/22 - 8/31/23)**

**AS APPROVED BY CITY COUNCIL ON:  
AUGUST 9, 2022**

**PREPARED BY:**

**MUNICAP, INC.**  
— PUBLIC FINANCE —

# **ANNUAL SERVICE PLAN UPDATE (ASSESSMENT YEAR 9/1/22 – 8/31/23)**

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## ***I. INTRODUCTION***

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The Hillside Village Public Improvement District (the “PID”) was created pursuant to the PID Act and Resolution No. 2021-106R of the City Council on November 9, 2021, to finance certain public improvement projects for the benefit of the property in the PID.

On December 14, 2021, the City approved issuance of the City of Celina, Texas Special Assessment Revenue Bonds, Series 2022 (Hillside Village Public Improvement District Project) (the “PID Bonds”) in the aggregate principal amount of \$8,300,000 were issued to finance, refinance, provide or otherwise assist in the acquisition, construction and maintenance of the public improvements provided for the benefit of the property in the PID.

A service and assessment plan dated December 14, 2021 (the “Service and Assessment Plan”) was prepared at the direction of the City identifying the public improvements (the “Authorized Improvements”) to be provided by the PID, the costs of the Authorized Improvements, the indebtedness to be incurred for the Authorized Improvements, and the manner of assessing the property in the PID for the costs of the Authorized Improvements. Pursuant to Chapter 372 of the Texas Local Government Code, as amended (the “PID Act”), the Service and Assessment Plan must be reviewed and updated annually for the purpose of determining the annual budget for the Authorized Improvements. This document is the annual update of the Service and Assessment Plan for 2022-23 (the “Annual Service Plan Update”).

The City also adopted an assessment roll for the PID attached as Appendix D to the Service and Assessment Plan (the “Assessment Roll”) identifying the Assessments on each Parcel of Assessed Property, based on the method of assessment identified in the Service and Assessment Plan. This Annual Service Plan Update also updates the Assessment Roll for 2022-23.

The Texas legislature passed House Bill 1543 as an amendment to the PID Act, requiring, among other things, (i) all Service and Assessment Plans and Annual Service Plan Updates be approved through City ordinance or order to be filed with the county clerk of each county in which all or part of the PID is located within seven days and (ii) include a copy of the notice form required by Section 5.014 of the Texas Property Code (the “PID Assessment Notice”) as disclosure of the obligation to pay PID Assessments. In light of these amendments to the PID Act, this Annual Service Plan Update includes a copy of the PID Assessment Notice as Appendix E and copy of this Annual Service Plan Update will be filed with the county clerk in each county in which all or a part of the PID is located not later than seven (7) days after the date the governing body of the City approves this Annual Service Plan Update.

Section 372.013 of the PID Act, as amended, stipulates that a person who proposes to sell or otherwise convey real property that is located in the PID, except in certain situation described in the PID Act, shall first give to the purchaser of the property a copy of the completed PID Assessment Notice. The PID Assessment Notice shall be given to a prospective purchaser before the execution of a binding contract of purchase and sale, either separately or as an addendum or

paragraph of a purchase contract. In the event a contract of purchase and sale is entered into without

the seller provided the required notice, the purchaser, subject to certain exceptions described in the PID act, is entitled to terminate the contract.

The PID Assessment Notice shall be executed by the seller and must be filed in the real property records of the County in which the property is located at the closing of the purchase and sale of the property.

Capitalized terms shall have the meanings set forth in the Service and Assessment Plan unless otherwise defined herein.

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## II. UPDATE OF THE SERVICE PLAN

### A. UPDATED SOURCES AND USES FOR PUBLIC IMPROVEMENTS

Pursuant to the original Service and Assessment Plan adopted on December 14, 2021, the initial total estimated costs of the Authorized Improvements were equal to \$8,095,011. According to the Developer, the initial estimated costs of the Authorized Improvements have not changed as of June 30, 2022.

Table II-A below summarizes the updated sources and uses of funds required to (1) construct the Authorized Improvements, (2) establish the PID, and (3) issue the PID Improvements Bonds. For additional PID development-related information, refer to the link below:

<https://emma.msrb.org/P21594553-P21230147-P21652938.pdf>

**Table II-A**  
**Sources and Uses of Funds**

Sources of Funds	Initial Estimated Budget <sup>1</sup>	Budget Revisions	Updated Budget	Amount Spent to Date <sup>2</sup>	Amount Needed to Complete
Par amount	\$8,300,000	\$0	\$8,300,000	\$1,390,761	\$6,909,239
Bond Premium	\$92,701	\$0	\$92,701	\$0	\$92,701
Other funding sources	\$1,093,071	\$0	\$1,093,071	\$0	\$1,093,071
<b>Total Sources</b>	<b>\$9,485,772</b>	<b>\$0</b>	<b>\$9,485,772</b>	<b>\$1,390,761</b>	<b>\$8,095,011</b>
<b>Uses of Funds</b>					
<i>Authorized Improvements</i>					
Road Improvements	\$1,983,001	\$0	\$1,983,001	\$0	\$1,983,001
Water Improvements	\$771,183	\$0	\$771,183	\$0	\$771,183
Sanitary Sewer Improvements	\$663,725	\$0	\$663,725	\$0	\$663,725
Drainage Improvements	\$1,689,378	\$0	\$1,689,378	\$0	\$1,689,378
Landscaping Improvements	\$971,640	\$0	\$971,640	\$0	\$971,640
Soft and miscellaneous costs	\$2,016,085	\$0	\$2,016,085	\$0	\$2,016,085
<i>Subtotal: Authorized Improvements</i>	<i>\$8,095,011</i>	<i>\$0</i>	<i>\$8,095,011</i>	<i>\$0</i>	<i>\$8,095,011</i>
<i>Bond Issuance Costs</i>					
Debt Service Reserve Fund	\$474,240	\$0	\$474,240	\$474,240	\$0
Administrative Expense Fund	\$35,000	\$0	\$35,000	\$35,000	\$0
Capitalized Interest Account	\$182,471	\$0	\$182,471	\$182,471	\$0
Cost of Issuance Account	\$450,050	\$0	\$450,050	\$450,050	\$0
Underwriters Discount	\$249,000	\$0	\$249,000	\$249,000	\$0
<i>Subtotal: Bond Issuance Costs</i>	<i>\$1,390,761</i>	<i>\$0</i>	<i>\$1,390,761</i>	<i>\$1,390,761</i>	<i>\$0</i>
<b>Total Uses</b>	<b>\$9,485,772</b>	<b>\$0</b>	<b>\$9,485,772</b>	<b>\$1,390,761</b>	<b>\$8,095,011</b>

1 - According to the original Service and Assessment Plan adopted on December 14, 2021.

2- According to the trust account statements as of June 30, 2022.

### Authorized Improvement Cost Variances

As shown in Table II-A above, there are no significant variances for the Authorized Improvement costs.

### **B. FIVE YEAR SERVICE PLAN**

For additional PID development and improvement related information, refer to the link provided in Section II.A. of this report.

All of the Authorized Improvements are expected to be built within a period of five years. The anticipated budget for the Authorized Improvements over a period of five years and the Annual Installments expected to be collected for these costs are shown by Table II-B below.

**Table II-B**  
**Projected Annual Installments (2022-2028)**

<b>Assessment Year Ending 09/01</b>	<b>PID Bond Projected Annual Installments</b>
2022 <sup>1</sup>	\$0
2023 <sup>1</sup>	\$538,014
2024	\$538,450
2025	\$538,654
2026	\$538,709
2027	\$538,617
2028	\$538,377
<b>Total</b>	<b>\$3,825,272</b>

1 - Assessment years ending 2022 and 2023 reflect actual Annual Installments and are net of applicable reserve fund income and capitalized interest credits. Assessment years 2024 through 2028 reflect projected Annual Installments and are subject to change.

### **C. STATUS OF DEVELOPMENT**

According to the original Service and Assessment Plan dated December 14, 2021, there are 269 units expected to be built within the PID. As of June 30, 2022, there have been no subdivisions of the parent parcels according to the Collin County Central Appraisal District. As a result, there have been no completed homes within the PID as of June 30, 2022.

See Appendix C for 2022 assessed values of all Parcels within the PID.

### **D. ANNUAL BUDGET**

#### Annual Installments

The Assessment imposed on any Parcel may be paid in full at any time. If not paid in full, the Assessment shall be payable in thirty Annual Installments of principal and interest beginning with the tax year following the issuance of the PID Bonds and/or execution of the PID Reimbursement Agreement Obligation, of which thirty (30) Annual Installments remain outstanding.

Pursuant to the Service and Assessment Plan, each Assessment securing the PID Bonds shall bear interest at the rate on the PID Bonds. The effective interest rate on the PID Bonds is 3.57 percent. Pursuant to Section 372.018 of the PID Act, the interest rate for that Assessment may not exceed a rate that is one-half of one percent higher than the actual interest rate paid on the debt. Accordingly, the effective interest rate (3.57 percent) on the PID Bonds plus and additional interest of one-half of one percent is used to calculate the interest on the Assessments securing the PID Bonds. These payments, the “Annual Installments” of the Assessments shall be billed by the City in 2022 and will be delinquent on February 1, 2023.

Pursuant to the Service and Assessment Plan, the Annual Service Plan Update shall show the remaining balance of the Assessments, the Annual Installments due for 2022-23 and the Administrative Expenses to be collected from each Parcel. Administrative Expenses shall be allocated to each Parcel pro rata based upon the amount the Annual Installments on a Parcel bears to the total amount of Annual Installments in the PID as a whole that are payable at the time of such allocation. Each Annual Installments shall be reduced by any credits applied under applicable documents including the Service and Assessment Plan and Trust Indenture, such as capitalized interest and interest earnings on any account balances and by any other funds available to the PID.

#### *Annual Budget for the Repayment of Indebtedness*

Debt service will be paid on the PID Bonds from the collection of the Annual Installments of the Assessments on the Assessed Property. In addition, Administrative Expenses are to be collected with the Annual Installments to pay expenses related to the collection of the Annual Installments. The additional interest collected with the Annual Installments will be used to pay the prepayment and delinquency reserve amounts as described in the Service and Assessment Plan and applicable Trust Indenture.

#### *Annual Installments to be Collected for 2022-23*

The budget for the PID will be paid from the collection of Annual Installments of the Assessments on the Assessed Property collected for 2022-23 as shown by Table II-C on the following page.

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**Table II-C**  
**Budget for the Annual Installments**  
**to be Collected for 2022-23**

<b>Descriptions</b>	<b>PID Bonds</b>
Interest payment on March 1, 2023	\$147,949
Interest payment on September 1, 2023	\$147,949
Principal payment on September 1, 2023	\$165,000
Subtotal debt service on bonds	\$460,899
Administrative Expenses	\$35,700
Additional interest for prepayment and delinquency reserves	\$41,500
Subtotal Expenses	\$538,099
Available reserve fund income	\$0
Available capitalized interest account	\$0
Available Administrative Expense account	\$0
Subtotal funds available	\$0
<b>Annual Installments</b>	<b>\$538,099</b>

*Debt Service Payments*

Annual Installments to be collected for principal and interest on the PID Bonds include interest due on March 1, 2023, in the amount of \$147,949 and September 1, 2023, in the amount of \$147,949, which equal interest on the outstanding PID Bonds of \$8,300,000 for six months each and an effective interest rate of 3.57 percent. Annual Installments to be collected on the PID Bonds include a principal amount of \$165,000 due on September 1, 2023. As a result, total Annual Installments to be collected for principal and interest on the PID Bonds in 2022-23 is estimated to be \$460,899.

*Administrative Expenses*

Administrative expenses include the City, Trustee, Administrator, dissemination agent expenses and contingency fees. As shown in Table II-D below, the total administrative expenses to be collected for 2022-23 are estimated to be \$35,700.

**Table II-D**  
**Administrative Budget Breakdown**

<b>Description</b>	<b>2022-23 Estimated Budget (9/1/22-8/31/23)</b>
City	\$5,000
PID Administrator	\$22,000
Trustee	\$3,750
Auditor	\$1,000
Dissemination Agent	\$1,000
Contingency	\$2,950
<b>Total</b>	<b>\$35,700</b>

### Excess Interest for Prepayment and Delinquency Reserve

Annual Installments to be collected for excess interest for prepayment and delinquency reserves in the amount of \$41,500, which equals 0.5 percent interest on the outstanding PID Bond balance of \$8,300,000.

### Available Reserve Fund Income

As of June 30, 2022 the balance in the Reserve Fund was \$474,532, which includes the Bond Reserve Requirement of \$474,240 and investment income of \$292. As a result, there is not a significant excess balance to give a credit to reduce the 2022-23 Annual Installments.

### Available Capitalized Interest Account

As of June 30, 2022, the balance in the Capitalize Interest Account was \$148,041. According to Section 6.4 (c) of the Trust Indenture, \$147,949 will be transferred to the Principal and Interest Account to fund the interest payment due September 1, 2022. As a result, there is no available capitalized interest to reduce the 2022-23 Annual Installments.

### Available Administrative Expense Account

As of June 30, 2022, the balance in the Administrative Expense Fund was \$31,310. Such funds are anticipated to be used until January 31, 2022. As a result, there is no credit to reduce the 2022-23 Annual Installments.

## **E. ANNUAL INSTALLMENTS PER UNIT**

According to the Service and Assessment Plan, the Annual Installments shall be collected in an amount sufficient to pay (i) principal and interest on the PID Bonds, (ii) to fund the Prepayment Reserve and Delinquency Reserve, and (iii) to cover Administrative Expenses of the PID.

According to the Developer, 289 units are anticipated to be built within the PID representing 239.17 outstanding Equivalent Units. The principal and interest portion of Annual Installments to be collected from each unit will be calculated by taking the subtotal debt service on PID Bonds, including excess interest for prepayment and delinquency, less any available reserve fund income, divided by the total outstanding Equivalent Units. Accordingly, the net principal and interest portion of Annual Installments to be collected from each Equivalent Unit will be \$2,100.62 (i.e.  $(\$460,899 + \$41,500) \div 239.17 = \$2,100.62$ ). The Administrative Expenses to be collected from each Equivalent Unit will be \$149.27 (i.e.  $\$35,700 \div 239.17 = \$149.27$ ). As a result, the total Annual Installments to be collected from each unit within the PID will be \$2,249.54 (i.e.  $\$2,100.62 + \$149.27 = \$2,249.89$ ). The Annual Installments to be collected from each Parcel within the PID is calculated by multiplying the Annual Installments for each unit of \$2,249.89 by the total estimated Equivalent Units for each Parcel in the PID as shown in Appendix D.

The Annual Installments due to be collected from each Land Use Class in the PID for 2022-23 is shown in Table II-E below.

**Table II-E**  
**Annual Installments Per Unit**

<b>Land Use Class</b>	<b>Annual Installments Per Equivalent Unit<sup>1</sup></b>	<b>Equivalent Unit Factor</b>	<b>Annual Installments</b>
60 Ft Lot	\$2,249.89	1.00	\$2,249.89
50 Ft Lot	\$2,249.89	0.83	\$1,874.91
40 Ft Lot	\$2,249.89	0.67	\$1,499.93

1 - Based on the current outstanding Equivalent Units.

The list of Parcels within the PID, the number of units to be developed on the current residential Parcels, the corresponding Equivalent Units, the total outstanding Assessment, the annual principal and interest, the Administrative Expenses, and the Annual Installments to be collected for 2022-23 are shown in the Assessment Roll Summary attached hereto as Appendix D.

#### **F. BOND REDEMPTION RELATED UPDATES**

The PID Bonds were issued in January 2022. Pursuant to Section 4.3 of the Indenture of Trust, the City reserves the right and option to redeem the PID Bonds before their scheduled maturity dates, in whole or in part, on any interest payment date on or after **September 1, 2031**, such redemption date or dates to be fixed by the City, at the redemption prices and dates shown in the Indenture of Trust.

The Administrator has conducted a preliminary evaluation of the current refunding market conditions, recent PID bond refunding transactions, and other relevant factors. Based on this preliminary evaluation, the Administrator believes a refunding of the PID Bonds do not appear viable at this time. The Administrator will continue to monitor the refunding market conditions, applicable PID bond refunding transactions, and other relevant factors to determine if refunding becomes viable in the future and will inform the City accordingly.

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### ***III. UPDATE OF THE ASSESSMENT PLAN***

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The Service and Assessment Plan adopted by the City Council describes that the Authorized Improvement costs shall be allocated to the Assessed Property equally based on the number of residential dwelling units anticipated to be built on each Parcel once such property is fully developed, and that such method of allocation will result in the imposition of equal shares of the Authorized Improvement Costs to Parcels similarly benefited.

#### ***Assessment Methodology***

This method of assessing property has not been changed and Assessed Property will continue to be assessed as provided for in the Service and Assessment Plan.

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## ***IV. UPDATE OF THE ASSESSMENT ROLL***

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Pursuant to the original Service and Assessment Plan, the Assessment Roll shall be updated each year to reflect:

(i) the identification of each Parcel (ii) the Assessment for each Parcel of Assessed Property, including any adjustments authorized by this Service and Assessment Plan or in the PID Act; (iii) the Annual Installments for the Assessed Property for the year (if the Assessment is payable in installments); and (iv) payments of the Assessment, if any, as provided by Section VI.F of the Service and Assessment Plan.

The 2022-23 Assessment Roll Summary is shown in Appendix D of this report. Each Parcel of in the PID is identified, along with the Assessment on each Parcel and the Annual Installments to be collected from each Parcel. Assessments are to be reallocated for the subdivision of any Parcels.

### **A. PARCEL UPDATES**

According to the Service and Assessment Plan, upon the subdivision of any Parcel, the Administrator shall reallocate the Assessment for the Parcel prior to the subdivision among the new subdivided Parcels according to the following formula:

$$A = B \times (C \div D)$$

Where the terms have the following meanings:

- A = the Assessment for each new subdivided Parcel.
- B = the Assessment for the Parcel prior to subdivision.
- C = the estimated units to be built on each newly subdivided Parcel
- D = the sum of the estimated units to be built on all of the new subdivided Parcels

The calculation of the estimated number of units to be built on a Parcel shall be performed by the Administrator and confirmed by the City Council based on the information available regarding the use of the Parcel. The estimate as confirmed shall be conclusive. The number of units to be built on a Parcel may be estimated by net land area and reasonable density ratios.

According to the Developer and Collin County Central Appraisal District records, Parcel 2713587 consists of all 71.336 acres, 289 estimated units, and 239.17 estimated Equivalent Units of the PID.

### **B. PREPAYMENT OF ASSESSMENTS**

There have been no Assessment prepayments as of June 30, 2022.

The complete Assessment Roll is available for review at the City Hall, located at 142 N Ohio, Celina, Texas 75009.

**APPENDIX A**  
**PID MAP**



TRAIL WIDTH	
	5 FT
	8 FT
SCREENING TYPE	
	MASONRY SCREENING
DETENTION	
	+/- 4.2 ACRES

  

PRELIMINARY LOT COUNT TABLE		
RESIDENTIAL TYPE		SUBTOTAL
	40' x 100'	83
	50' x 120'	133
	60' x 120'	73
TOTAL LOTS		289

  

PRELIMINARY OPEN SPACE TABLE		
OPEN SPACE / DETENTION		+/- 12.92 ACRE

**HILLSIDE VILLAGE**  
Concept Plan

**Planning & Design**  
Land & Water Planning  
Site & Landscape Design  
Civil Engineering  
Environmental Engineering  
Architectural Design  
Interior Design  
Construction Management

0 100' 200'

CITY OF CELINA, COLLIN COUNTY, TEXAS

DRAWN BY: AH  
 CHECK BY: TM  
 DATE: 6/30/2021  
 PROJECT NUMBER: NTH60-0058

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**APPENDIX B**  
**PREPAID PARCELS**

**Appendix B**  
**Prepaid Parcels**

As of June 30, 2022, there have been no prepayment of Assessments for any Parcel within the PID.

**APPENDIX C**  
**ASSESSED VALUE OF THE PID**

**Appendix C**  
**Hillside Village Public Improvement District**  
**Assessed Value of the PID**

<b>Parcel</b>	<b>Estimated Units</b>	<b>2022 Preliminary Assessed Value</b>
2713587	289	\$4,408,831
<b>Total</b>	<b>289</b>	<b>\$4,408,831</b>

1 - According to Collin Central Appraisal District records as of June 30, 2022 and represent 2022 preliminary assessed values.

**APPENDIX D**  
**ASSESSMENT ROLL SUMMARY 2022-23**

**Appendix D**  
**Hillside Village Public Improvement District**  
**Annual Assessment Roll Summary - 2022-23**

<b>Parcel</b>	<b>Estimated Units</b>	<b>Equivalent Units</b>	<b>Outstanding Assessment</b>	<b>Principal</b>	<b>Interest</b>	<b>Additional Interest</b>	<b>Administrative Expenses</b>	<b>Annual Installment</b>
2713587	289	239.17	\$8,300,000	\$165,000.00	\$295,898.76	\$41,500.00	\$35,700.00	\$538,098.76
<b>Total</b>	<b>289</b>	<b>239.17</b>	<b>\$8,300,000</b>	<b>\$165,000.00</b>	<b>\$295,898.76</b>	<b>\$41,500.00</b>	<b>\$35,700.00</b>	<b>\$538,098.76</b>

**APPENDIX E**  
**PID ASSESSMENT NOTICE**

**PID Assessment Notice**

NOTICE OF OBLIGATION TO PAY PUBLIC IMPROVEMENT DISTRICT ASSESSMENT TO  
THE CITY OF CELINA, TEXAS  
CONCERNING THE FOLLOWING PROPERTY

[insert property address]

As the purchaser of the real property described above, you are obligated to pay assessments to the City of Celina, Texas (the "City"), for the costs of a portion of a public improvement or services project (the "Authorized Improvements") undertaken for the benefit of the property within the Hillside Village Public Improvement District (the "District") created under Subchapter A, Chapter 372, Local Government Code.

AN ASSESSMENT HAS BEEN LEVIED AGAINST YOUR PROPERTY FOR THE AUTHORIZED IMPROVEMENTS, WHICH MAY BE PAID IN FULL AT ANY TIME. IF THE ASSESSMENT IS NOT PAID IN FULL, IT WILL BE DUE AND PAYABLE IN ANNUAL INSTALLMENTS THAT WILL VARY FROM YEAR TO YEAR DEPENDING ON THE AMOUNT OF INTEREST PAID, COLLECTION COSTS, ADMINISTRATIVE COSTS, AND DELINQUENCY COSTS.

The exact amount of the assessment may be obtained from the City. The exact amount of each annual installment will be approved each year by the City Council in the Annual Service Plan Update for the District. More information about the assessments, including the amounts and due dates, may be obtained from the City or MuniCap, Inc., the District Administrator for the City, located at 600 E. John Carpenter Fwy, Suite 150, Irving, Texas 75062 and available by telephone at (469) 490-2800 or (866) 648-8482 (toll free) and email at [txpid@municap.com](mailto:txpid@municap.com).

Your failure to pay any assessment or any annual installment may result in penalties and interest being added to what you owe or in a lien on and the foreclosure of your property.

Date: \_\_\_\_\_

\_\_\_\_\_  
Signature of Seller

\_\_\_\_\_  
Signature of Seller

The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above.

Date: \_\_\_\_\_

\_\_\_\_\_  
Signature of Purchaser

\_\_\_\_\_  
Signature of Purchaser

STATE OF TEXAS

§

§

COUNTY OF \_\_\_\_\_

§

The foregoing instrument was acknowledged before me by \_\_\_\_\_ and \_\_\_\_\_, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed, in the capacity stated and as the act and deed of the above-referenced entities as an authorized signatory of said entities.

Given under my hand and seal of office on this \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
Notary Public, State of Texas