

Wharton Public Improvement District No. 2
Phase #1 – Lot Type 2 – 40 Ft

Project Overview

Wharton Public Improvement District No. 2 (the “District”) was created by the City Council of the City of Wharton (the “City”) on October 23, 2023, pursuant to the Public Improvement District Act, Texas Local Government Code, Chapter 372, as amended (the “Act”), and Resolution No. 2023-88 upon petition of the owners of the taxable real property representing more than 50 percent of the appraised value of taxable real property liable for assessment within the District and the property owners who own taxable real property that constitutes more than 50 percent of the area of all taxable real property that is liable for Assessment by the District.

The District was created principally to finance certain public improvement projects for the residential development located within the extraterritorial jurisdiction of the City of Wharton. A Service and Assessment Plan was accepted and approved by the City Council on May 13, 2024, pursuant to Ordinance No. 2024-08, setting forth the plan for apportioning the costs of certain of the public improvement projects (the “Authorized Improvements”) to be assessed against properties in the District and for payment of Special Assessments with respect thereto.

The City and Developer entered into a Reimbursement Agreement (the “Phase #1 Reimbursement Agreement”) with a total principal amount payable to the Developer of \$4,333,000 (the “Phase #1 Reimbursement Amount”) to finance certain Actual Costs of the Authorized Improvements being constructed for Phase #1 of the District. The Phase #1 Reimbursement Agreement was replaced on June 23, 2025, when the City issued the City of Wharton, Texas Special Assessment Bonds, Series 2025 (Wharton Public Improvement District No. 2 Phase #1 Project and Phase #2 Project) (the “Phases 1-2 Bonds”) in the aggregate amount of \$9,690,000 pursuant to the Act, Ordinance 2025-14, and an Indenture of Trust dated as of July 1, 2025, between the City and U.S. Bank Trust, N.A. as trustee. The Phase #1 portion of the Phases #1-2 Bonds are secured by the Phase #1 Assessments.

All Assessments that are not paid in full will be billed in annual installments and collected each year by the City, or its designee, as provided in the Service and Assessment Plan. **Annual Installments are anticipated to be billed by the Wharton County Tax Office and will be due and payable as provided on the annual installment assessment bill.** Annual installments are expected to be billed and collected on the same schedule as property taxes. The Assessments, including the annual installments thereof, are (a) a first and prior lien against the property assessed, superior to all other liens and claims except liens or claims for state, county, school district or other political subdivision ad valorem property taxes, whether now or hereafter payable, and (b) a personal liability of and charge against the owners of the property to the extent of their ownership regardless of whether the owners are named.

More information about the assessments, including the amounts and due dates, may be obtained from MuniCap, Inc., the Administrator of the District, 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.

FAILURE TO PAY THE PHASE #1 ASSESSMENTS LEVIED AGAINST ASSESSED PROPERTY, INCLUDING THE ANNUAL INSTALLMENT THEREOF, COULD RESULT IN FORECLOSURE OF SUCH PROPERTY.

PID Assessment Notice

NOTICE OF OBLIGATION TO PAY PUBLIC IMPROVEMENT DISTRICT ASSESSMENT TO
THE CITY OF WHARTON, 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 Wharton, 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 **Wharton Public Improvement District No. 2** (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.

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

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

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

Wharton Public Improvement District No. 2
Schedule of Projected Annual Installments
Phase #1

Lot Type	Lot Type 2 (40 Ft)
Equivalent Units	0.96
Outstanding Assessment	\$41,889

Year¹	Cumulative Outstanding Principal	Principal²	Interest²	Administrative Expenses³	Total Annual Installment⁴
2026	\$41,889	\$643	\$2,585	\$287	\$3,515
2027	\$41,246	\$672	\$2,584	\$262	\$3,518
2028	\$40,574	\$702	\$2,551	\$268	\$3,520
2029	\$39,871	\$732	\$2,517	\$273	\$3,521
2030	\$39,140	\$761	\$2,481	\$278	\$3,521
2031	\$38,378	\$791	\$2,444	\$284	\$3,519
2032	\$37,587	\$821	\$2,405	\$290	\$3,516
2033	\$36,766	\$870	\$2,354	\$295	\$3,520
2034	\$35,896	\$920	\$2,299	\$301	\$3,520
2035	\$34,977	\$969	\$2,242	\$307	\$3,518
2036	\$34,007	\$1,028	\$2,181	\$314	\$3,523
2037	\$32,979	\$1,078	\$2,117	\$320	\$3,515
2038	\$31,901	\$1,147	\$2,050	\$326	\$3,523
2039	\$30,754	\$1,206	\$1,978	\$333	\$3,517
2040	\$29,548	\$1,276	\$1,903	\$339	\$3,518
2041	\$28,272	\$1,355	\$1,823	\$346	\$3,524
2042	\$26,917	\$1,424	\$1,738	\$353	\$3,515
2043	\$25,493	\$1,513	\$1,649	\$360	\$3,522
2044	\$23,980	\$1,592	\$1,555	\$367	\$3,514
2045	\$22,388	\$1,691	\$1,455	\$375	\$3,521
2046	\$20,697	\$1,790	\$1,345	\$382	\$3,517
2047	\$18,907	\$1,899	\$1,229	\$390	\$3,517
2048	\$17,009	\$2,017	\$1,106	\$398	\$3,521
2049	\$14,991	\$2,136	\$974	\$406	\$3,516
2050	\$12,855	\$2,274	\$836	\$414	\$3,524
2051	\$10,581	\$2,413	\$688	\$422	\$3,523
2052	\$8,168	\$2,561	\$531	\$430	\$3,523
2053	\$5,607	\$2,719	\$364	\$439	\$3,523
2054	\$2,888	\$2,888	\$188	\$448	\$3,523
Total		\$41,889	\$50,172	\$10,007	\$102,068

1 - Annual Installment billed by the Wharton County Tax Office during Year 2026 will be billed on or around 10/1/2026 and payment is due by 1/31/2027.

2 - The principal and interest amounts represent Phase #1's share of the Phases #1-2 Bonds. The interest is calculated using a 5.72% effective interest rate on the Phases #1-2 Bonds. Interest amounts are calculated through the principal payment date of each year and include additional interest of one-half of one percent for debt service reserves

3 - Administrative Expenses are estimated and will be updated each year in the Annual Service Plan Update.

4 - Annual Installment does not include any credit from the TIRZ Annual Credit Amount.

THIS SCHEDULE IS AN ESTIMATE OF ANNUAL INSTALLMENT PAYMENTS AND IS SUBJECT TO CHANGE. THE EXACT AMOUNT OF EACH ANNUAL INSTALLMENT WILL BE REFLECTED IN THE WHARTON PUBLIC IMPROVEMENT DISTRICT NO. 2 SERVICE AND ASSESSMENT PLAN, AS THE SAME IS UPDATED EACH YEAR.

Property Owners may choose to prepay their Assessment at any time. Effective January 1, 2024, for any single-family residential parcel prepaying an Assessment, a \$500 fee will be included in the total payoff amount to cover processing and other lien release related filing expenses. If interested in prepaying an Assessment, please contact, MuniCap by telephone at (469) 490-2800 or email at txpid@municap.com.

Example of TIRZ Credit Application

The property in the PID is also located in the Tax Increment Reinvestment Zone No. 1. The City has committed to use approximately 50.0% of the annual incremental City ad valorem property taxes collected from a property in the current tax year as a credit (the “TIRZ Credit”) to reduce the PID annual installment of assessments due in the following year. The following hypothetical example illustrates the application of the TIRZ Credit:

A) Estimates for illustration purposes:

Estimated prorated base year (2022) taxable value = \$1,000

Estimated current year (2026) taxable value = \$240,000

Estimated current (2026) incremental value = \$239,000 (i.e. \$240,000 - \$1,000)

Estimated current (2026) City tax rate per \$100 of taxable value = \$ 0.42411

Estimated PID current (2026) annual installment of Assessment = \$3,515

Estimated PID next (2027) annual installment of Assessments = \$3,518

B) Estimated City incremental tax:

\$1,014 [i.e., $(\$239,000 \div 100) \times \$0.42411 = \$1,014$]

C) Estimated TIRZ Credit:

\$507 (i.e., $\$1,014 \times 50.0\% = \507)

D) Estimated PID current annual installment due (2026):

\$3,515 with no prior year TIRZ Credit

E) Estimated PID next annual installment due (2026):

\$3,011 (i.e., $\$3,518 - \$507 = \$3,011$) after application of the \$507 TIRZ Credit

PLEASE NOTE THAT THE ABOVE CALCULATIONS ARE ONLY INTENDED TO ILLUSTRATE APPLICATION OF THE TIRZ CREDIT AND DO NOT REPRESENT ANY ACTUAL OR PROJECTED AMOUNTS OF TAXABLE VALUES, CITY TAX RATES AND PID ANNUAL INSTALLMENTS.