

Wharton Public Improvement District No. 2
Phase #1 – Lot Type 1 – 45 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 (the “Assessment Ordinance”), 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”). The Phase #1 Reimbursement Agreement will finance certain Actual Costs of the Authorized Improvements being constructed for Phase #1 of the District. The Phase #1 Reimbursement Agreement is 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.

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 1 (45 Ft)
Equivalent Units	1.00
Outstanding Assessment	\$44,633

Year ¹	Cumulative Outstanding Principal	Principal ²	Interest ²	Administrative Expenses ³	Total Annual Installment ⁴
2023	\$44,633	\$0	\$0	\$0	\$0
2024	\$44,633	\$0	\$0	\$0	\$0
2025	\$44,633	\$597	\$2,839	\$263	\$3,699
2026	\$44,036	\$628	\$2,801	\$268	\$3,697
2027	\$43,407	\$659	\$2,761	\$273	\$3,693
2028	\$42,748	\$700	\$2,719	\$279	\$3,698
2029	\$42,048	\$742	\$2,674	\$284	\$3,700
2030	\$41,306	\$773	\$2,627	\$290	\$3,690
2031	\$40,534	\$824	\$2,578	\$296	\$3,698
2032	\$39,710	\$865	\$2,526	\$302	\$3,693
2033	\$38,844	\$917	\$2,470	\$308	\$3,695
2034	\$37,927	\$968	\$2,412	\$314	\$3,694
2035	\$36,959	\$1,020	\$2,351	\$320	\$3,691
2036	\$35,939	\$1,071	\$2,286	\$327	\$3,684
2037	\$34,868	\$1,133	\$2,218	\$333	\$3,684
2038	\$33,735	\$1,205	\$2,146	\$340	\$3,691
2039	\$32,530	\$1,277	\$2,069	\$347	\$3,693
2040	\$31,253	\$1,349	\$1,988	\$354	\$3,691
2041	\$29,903	\$1,422	\$1,902	\$361	\$3,684
2042	\$28,482	\$1,504	\$1,811	\$368	\$3,683
2043	\$26,978	\$1,597	\$1,716	\$375	\$3,688
2044	\$25,381	\$1,689	\$1,614	\$383	\$3,686
2045	\$23,692	\$1,792	\$1,507	\$390	\$3,689
2046	\$21,899	\$1,906	\$1,393	\$398	\$3,697
2047	\$19,994	\$2,019	\$1,272	\$406	\$3,697
2048	\$17,975	\$2,132	\$1,143	\$414	\$3,690
2049	\$15,843	\$2,266	\$1,008	\$422	\$3,696
2050	\$13,576	\$2,400	\$863	\$431	\$3,694
2051	\$11,176	\$2,555	\$711	\$440	\$3,705
2052	\$8,622	\$2,709	\$548	\$448	\$3,706
2053	\$5,913	\$2,874	\$376	\$457	\$3,707
2054	\$3,039	\$3,039	\$193	\$466	\$3,698
Total	\$44,633	\$55,520	\$10,656	\$110,809	

<p>1 - The Phase #1 Assessment were levied on May 14, 2023. As a result, there were no Annual Installment amounts billed for Year 2023. The collection of the first Annual Installments is estimated to begin in Year 2025 and is estimated to be billed on or around October 1, 2025 and will be due by January 31st of the following year.</p> <p>2 - The principal and interest amounts represent the final numbers of the Phase #1 Reimbursement Agreement. The interest is calculated using a 6.36% interest rate on the obligations under the Phase #1 Reimbursement Agreement.</p> <p>3 - Administrative Expenses are estimated and will be updated each year in the Annual Service Plan Update.</p> <p>4 - Annual Installment does not include any credit from the TIRZ Annual Credit Amount.</p>

**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 (2023) taxable value = \$250,000

Estimated current (2023) incremental value = \$249,000 (i.e. \$250,000 - \$1,000)

Estimated current (2023) City tax rate per \$100 of taxable value = \$0.45386

Estimated PID current (2024) annual installment of Assessment = \$3,699

Estimated PID next (2025) annual installment of Assessments = \$3,697

B) Estimated City incremental tax:

\$1,135 [i.e., $(\$249,000 \div 100) \times \$0.45386 = \$1,135$]

C) Estimated TIRZ Credit:

\$567 (i.e., $\$1,135 \times 50.0\% = \567)

D) Estimated PID current annual installment due (2024):

\$3,699 with no prior year TIRZ Credit

E) Estimated PID next annual installment due (2025):

\$3,130 (i.e., $\$3,697 - \$567 = \$3,130$) after application of the \$567 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.