

**PILOT KNOB MUNICIPAL UTILITY DISTRICT NO. 3
NOTICE TO PURCHASER**

THE STATE OF TEXAS §
 §
COUNTY OF §

The real property, described below, which you are about to purchase is located within Pilot Knob Municipal Utility District No. 3 (the "District"). The District has taxing authority separate from any other taxing authority, and may, subject to voter approval, issue an unlimited amount of bonds and levy an unlimited rate of tax in payment of such bonds. As of this date, the rate of taxes levied by the District on real property located within the District is \$0.8752 on each \$100.00 of assessed valuation. The total amount of bonds, excluding refunding bonds and any bonds or any portion of bonds issued that are payable solely from revenues received or expected to be received under a contract with a governmental entity, approved by the voters and which have been or may, at this date, be issued is \$149,951,130, and the aggregate initial principal amount of all bonds issued for one or more of the specified facilities of the District and payable in whole or in part from property taxes is \$51,270,000.

The District is located in whole or in part within the limited purpose corporate limits of the City of Austin. The law relating to annexation or district dissolution has been amended through Subtitle F, Title 6, Chapter 8377, Special District Local Laws Code, the Consent Agreement between the District and the City of Austin dated effective as of April 13, 2012, and the Strategic Partnership Agreement between the District and the City of Austin recorded under Document No. 2012100039, Official Public Records of Travis County, Texas. The "Plain Speak" Notice Form attached as **Exhibit 1** is incorporated into this Notice to Purchaser as required by the terms of the Consent Agreement and contains additional information regarding the future full-purpose annexation of the District and the conversion of the District to a "limited district" upon such full-purpose annexation.

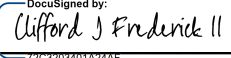
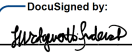
The purpose of this District is to provide water, drainage, or flood control facilities and services within the District through the issuance of bonds payable in whole or in part from property taxes. The cost of these utility facilities is not included in the purchase price of your property, and these utility facilities are owned or to be owned by the District. The legal description of the property which you are acquiring is, see attached Exhibit A.

LOT 14 BLK D EASTON PARK SEC 1C

SELLER:

5/19/2023

Date

DocuSigned by:  72C3203401A24AF...	5/19/2023
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PURCHASER IS ADVISED THAT THE INFORMATION SHOWN ON THIS FORM IS SUBJECT TO CHANGE BY THE DISTRICT AT ANY TIME. THE DISTRICT ROUTINELY ESTABLISHES TAX RATES DURING THE MONTHS OF SEPTEMBER THROUGH DECEMBER OF EACH YEAR, EFFECTIVE FOR THE YEAR IN WHICH THE TAX RATES ARE APPROVED BY THE DISTRICT. PURCHASER IS ADVISED TO CONTACT THE DISTRICT TO DETERMINE THE STATUS OF ANY CURRENT OR PROPOSED CHANGES TO THE INFORMATION SHOWN ON THIS FORM.

The undersigned purchaser hereby acknowledges receipt of the foregoing notice at or prior to execution of a binding contract for the purchase of the real property described in such notice or at closing of purchase of the real property.

PURCHASER:

Date

STATE OF TEXAS §
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COUNTY OF _____ §

This instrument was acknowledged before me the ____ day of _____, 20____, by _____.

(seal)

Notary Public Signature

STATE OF TEXAS §
§
COUNTY OF _____ §

This instrument was acknowledged before me the ____ day of _____, 20__, by _____.

(seal)

Notary Public Signature

AFTER RECORDING RETURN TO:

Exhibit 1 to Notice to Purchaser
"Plain Speak" Notice Form

The property that you are about to purchase is located within Pilot Knob Municipal Utility District No. 3 (the "District"). The District is a governmental entity with taxing powers that was created by the Texas Legislature with the Consent of the City of Austin (the "City"). The District and the City have entered into a Consent Agreement (the "Consent Agreement") that contains provisions that may affect you as a property owner. The following summary describes certain important provisions of the Consent Agreement, but does not include every provision of the Consent Agreement which may affect you or the property you are purchasing. You may obtain a full and complete copy of the Consent Agreement from the District upon your request.

1. Governance. The District is governed by a five-member Board of Directors. The City is authorized to appoint one member of the Board. The other four Board members are elected by the residents of the District to serve four-year, staggered terms. No Board member may serve more than two four-year terms of office. No Board member may receive fees of office for more than 16 days of service in any District fiscal year.

2. City Services. The City provides retail water and wastewater service and residential solid waste and recycling services within the District. Neither the District nor any other utility or service provider may provide these services. The City will only provide City services provided by the Consent Agreement, and any other services which the City may agree to provide under a separate contract, to areas within the District prior to the City's full-purpose annexation of the District.

3. District Tax Rate. The Consent Agreement requires that the District's tax rate be no less than the City's tax rate.

4. Annexation; Creation of Limited District. The City has annexed all of the land in the District for limited purposes of planning and zoning; therefore, development within the District is subject to City regulation, including the City's zoning ordinances. When the District is annexed by the City for full purposes, the District will be converted to a "limited district" that will continue to own and operate certain park and open space land, and related facilities. This limited district will levy and collect a tax, which will be in addition to the City's ad valorem tax, to provide the limited district with funds for operation and maintenance.

5. Restrictive Covenants. The District does not have the power to enforce restrictive covenants. All restrictive covenants will be enforced by the owners association for the development.

6. Park Facilities. The District is not authorized to own, finance, construct, or maintain swimming pools, splash pads, and community centers, or related improvements, land and infrastructure. These improvements may only be owned, operated and maintained by the owners association for the development.

7. Assessments by Owners Association. All property owners in the District are required to become members of the owners association, which will levy assessments on the property in the District and has the power to place liens on property to enforce the payment of the assessments. The owners association's assessments are in addition to the taxes levied and collected by the District (or, after full-purpose annexation, limited district and the City).

8. Post-Annexation Surcharge. After full-purpose annexation of the District the Consent Agreement authorizes the City to charge and collect water and wastewater rates to customers within the territorial boundary of the District at the time of annexation which vary from the City's standard rates in order to compensate the City for the assumption of the debt on the District's Bonds. These rates will be reflected as a post-annexation surcharge on the customers' monthly utility bills and will be stated as a percentage of the water and sewer rates of the City.

**PILOT KNOB MUNICIPAL UTILITY DISTRICT NO. 3
SEPARATE WRITTEN NOTICE REGARDING POST-ANNEXATION
WATER AND SEWER RATES**

THE STATE OF TEXAS §
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COUNTY OF TRAVIS §

The real property, described below, that you are about to purchase is located in the Pilot Knob Municipal Utility District No. 3 (the "*District*"). The District has entered into a contract with the City of Austin (the "*City*") dated effective April 13, 2012 (the "*Consent Agreement*") which, among other things, provides that, after full purpose annexation of the District, the City may set rates for water and/or sewer services for property that was within the territorial boundary of the District at the time of annexation that vary from those for other properties within the City for the purpose of wholly or partially compensating the City for the assumption of the debt on the District's bonds. The following information is provided pursuant to Section 54.016(h)(4), Texas Water Code:

(i) the basis on which the monthly water and/or sewer rate is to be charged under the Consent Agreement is as follows: the rates will be reflected as a post-annexation surcharge on the customers' monthly utility bills and will be stated as a percentage of the water and sewer rates of the City. The amount of the post-annexation surcharge and the percentage of the City's water and wastewater rates will vary as the City's rates are amended, but in no event will the rates exceed 125% of the water and wastewater rates charged to other customers within the City who are not otherwise subject to a post-annexation surcharge.

(ii) the length of time such rates will be in effect is: until the bonded indebtedness of the District is retired or 30 years from the date of full purpose annexation of the District, whichever occurs first.

(iii) the time and/or conditions of annexation by the City is: except as otherwise provided in the Consent Agreement, conversion to full purpose annexation status will occur upon the date the City determines full purpose annexation to be appropriate but in no event sooner than December 31, 2047.

(Date) 5/19/2023

Signature of Seller

DocuSigned by:

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STATE OF TEXAS §
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COUNTY OF _____ §

This instrument was acknowledged before me on the _____ day of _____, 20 ____ by _____.

(seal) Notary Public, State of Texas

The undersigned purchaser hereby acknowledges receipt of the foregoing notice at or prior to execution of a binding contract for the purchase of the real property described in such notice or at closing of purchase of the real property.

(Date)

Signature of Purchaser

STATE OF TEXAS §
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COUNTY OF _____ §

This instrument was acknowledged before me on the _____ day of _____, 20__ by _____.