

CITY OF LEWISVILLE
PUBLIC IMPROVEMENT DISTRICT NO. 7
(CASTLE HILLS)

ANNUAL SERVICE PLAN UPDATE
TO THE
SERVICE AND ASSESSMENT PLAN

OCTOBER 15, 2018

Public Finance
Public Private Partnerships
Urban Economics
Clean Energy Bonds

Newport Beach, CA
Riverside, CA
San Francisco, CA
San Jose, CA
Houston, TX
Dallas, TX

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I. INTRODUCTION

The Castle Hills Public Improvement District No. 7 (the “PID”) was created by the City Council of the City of Lewisville (the “City”) by Resolution No. 03991-05-2013 (the “Resolution”) on May 6, 2013 in accordance with the Public Improvement District Act, being Chapter 372 of the Texas Local Government Code (the “PID Act”) to finance the costs of certain public improvements (the “Authorized Improvements”) for the benefit of the property in the PID (the “Assessed Property”). A Service and Assessment Plan (the “Plan”) was prepared at the direction of the City, identifying the Authorized Improvements and their estimated costs, the manner of assessing the property in the PID for the costs of the Authorized Improvements, and the indebtedness to be incurred. In addition, an assessment roll (the “Assessment Roll”) was prepared identifying the assessments on each parcel of Assessed Property, based on the method of assessment identified in the Plan. Following a public hearing, the Plan was adopted by the City on May 19, 2014.

The City subsequently adopted Resolution No. 4176-04-2015 on April 20, 2015 which added 33.28 acres of land comprising the Castle Hills Phase IX subdivision, which includes one hundred seventy-seven (177) residential lots, to the PID. The addition of such land was pursuant to a petition received by the owners of the property and a consent to inclusion in the PID executed by the property owner. The Plan was amended and restated on October 3, 2016 to establish the assessments for Castle Hills Phase IX. The PID is in the extraterritorial jurisdiction of the City and contains approximately 295.76 acres of land, subdivided into three hundred and sixteen (316) residential lots and 222.30 acres of golf course and related clubhouse facilities.

Pursuant to Sections 372.013 and 372.014 of the PID Act, the Service Plan is to be reviewed and updated annually for the purpose of determining the annual budget for improvements and is to include an Assessment Plan. This Annual Service and Assessment Plan Update is comprised of the following four parts:

-) Definitions;
-) Service Plan Update;
-) Assessment Plan; and
-) Assessment Roll.

II. DEFINITIONS

The following capitalized terms shall have the meanings provided below, unless otherwise defined or the context clearly requires otherwise. For purposes of this Annual Plan Update, the words “shall” and “will” are mandatory, and the word “may” is permissive.

“Annual Interest Installment” means, with respect to each Parcel, each annual payment of annual interest on the Assessment, as shown on the Assessment Roll attached hereto, and calculated as provided in Section IV of this Annual Plan Update.

“Annual Service and Assessment Plan Update” means an annual update to the Service and Assessment Plan approved by the City pursuant to Section 372.013 of the PID Act.

“Assessed Property” means, for any year, Parcels within the PID upon which an Assessment has been levied.

“Assessment” means the assessment levied against a Parcel imposed pursuant to the Assessment Ordinance and the provisions herein, as shown on the Assessment Roll, subject to reallocation upon the subdivision of such Parcel created by such subdivision or reduction according to the provisions herein and the PID Act.

“Assessment Ordinance” means Ordinance No. 4076-05-2014 approved by the City on May 19, 2014 (the “2014 Ordinance”) approving the imposition of the Assessments on the Lots within the original boundary of the PID and Ordinance No. 4319-10-2016 approved by the City on October 3, 2016 (the “2016 Ordinance”) approving the Assessments levied on the property annexed to the PID pursuant to Resolution No. 4176-04-2015 (i.e., the Final Plat of Castle Hills Phase IX) and the reallocation of the prior existing unpaid Assessments.

“Bonds” mean all bonds secured by Contract Revenues and Assessments, issued by the City in one or more series.

“Contract Revenues” mean those revenues received by the City from District 1-C pursuant to the 2011 Joint Utility Contract and 2011 Joint Road Contract between the City and District 1-C, for the payment of debt service on the Bonds.

“Delinquent Collection Costs” mean interest, penalties, and expenses incurred or imposed with respect to any delinquent installments of an Assessment in accordance with §372.018(f) of the PID Act and the costs related to pursuing collection of a delinquent Assessment and foreclosing the lien against the Assessed Property, including attorneys’ fees to the extent permitted under Texas law.

“Lot” means a tract of land described as a lot in a subdivision plat recorded in the Official Public Records of Denton County, Texas.

“Lot Type” means the type of Lot for purposes of allocation of special benefit.

“Non-Benefited Property” means Parcels within the boundaries of the PID that accrue no special benefit from the Authorized Improvements. Properties identified as Non-Benefited Property at the time the Assessments (i) are imposed or (ii) are reallocated pursuant to a subdivision of a Parcel are not assessed. If when Assessed Property is converted to Non-Benefited Property the Assessments may not be reallocated pursuant to the Assessment Plan herein because it would cause other landowners to bear an increased assessment, such property shall remain subject to the Assessments and shall prepay the Assessments as provided for in the Plan prior to conversion to Non-Benefited Property.

“Parcel” means a parcel identified by either a tax map identification number assigned by the Denton County Appraisal District for real property tax purposes or by lot and block number in a final subdivision plat recorded in the real property records of Denton County. Each Lot described herein is a separate Parcel.

“PID Costs” mean the actual or budgeted costs, as applicable, of all or any portion of the Authorized Improvements that provide a special benefit to the Assessed Property and are allocated to the PID.

“Subdivision Plat” means a subdivision plat recorded in the Official Public Records of Denton County, Texas and subdividing a tract of land within the PID into Lots for assessment and/or development purposes.

III. ANNUAL SERVICE PLAN UPDATE

Section 372.013 of the PID Act requires that the Annual Service Plan Update (i) define the annual indebtedness and the projected costs of the Projects and (ii) cover a period of at least five (5) years.

A. PID BONDED INDEBTEDNESS

On May 19, 2014, the City issued Combined Contract Revenue and Special Assessment bonds in the aggregate amount of \$2,765,000 (the “Series 2014 Bonds”). These included \$1,360,000 of Utility System Bonds (the “2014 Utility Bonds”) and \$1,405,000 of Road System Bonds (the “2014 Road Bonds”). On October 3, 2016, the City issued additional Combined Contract Revenue and Special Assessment bonds in the aggregate amount of \$4,835,000 (the “Series 2016 Bonds”). These included \$1,690,000 of Utility System Bonds (the “2016 Utility Bonds”) and \$3,145,000 of Road System Bonds (the “2016 Road Bonds”). Both the Series 2014 and Series 2016 Bonds are secured by the Contract Revenues and by Assessments levied for the payment of debt service on the Bonds. Assessments have been levied in an amount equal to one percent (1%) of the total estimated principal amount of the bonds.

The sources and uses of funds for the Series 2014 and Series 2016 Bonds are shown in Table III-1 on the following page.

TABLE III-1**PUBLIC IMPROVEMENT DISTRICT NO. 7
(CASTLE HILLS)****SOURCES AND USES OF FUNDS
SERIES 2014 AND 2016 BONDS**

	TOTAL	2016 UTILITY BONDS	2014 UTILITY BONDS	2016 ROAD BONDS	2014 ROAD BONDS
<u>SOURCES OF FUNDS</u>					
BONDS PROCEEDS	\$7,600,000.00	\$1,690,000.00	\$1,360,000.00	\$3,145,000.00	\$1,405,000.00
CASH ADVANCE FROM DEVELOPER	\$257,500.00	\$0.00	\$127,187.50	\$0.00	\$130,312.50
IMPROVEMENT FUND EARNINGS	\$30.12	\$2.83	\$21.36	5.93	\$0.00
TOTAL SOURCES OF FUNDS	\$7,857,530.12	\$1,690,002.83	\$1,487,208.86	\$3,145,005.93	\$1,535,312.50
<u>USES OF FUNDS</u>					
IMPROVEMENT FUND	\$6,500,420.48	\$1,410,000.01	\$1,225,420.46	\$2,600,000.01	\$1,265,000.00
TRANSFERS OUT ¹	\$9.64	\$2.82	\$0.90	\$5.92	\$0.00
DEBT SERVICE RESERVE FUND	\$719,950.00	\$147,950.00	\$127,187.50	\$314,500.00	\$130,312.50
UNDERWRITER'S DISCOUNT	\$55,300.00	\$0.00	\$27,200.00	\$0.00	\$28,100.00
ISSUANCE COSTS	\$591,850.00	\$132,050.00	\$107,400.00	\$230,500.00	\$111,900.00
TOTAL USES OF FUNDS	\$7,857,530.12	\$1,690,002.83	\$1,487,208.86	\$3,145,005.93	\$1,535,312.50

The City does not anticipate the issuance of additional bonds to finance all, or a portion, of the Authorized Improvements described below that provide a special benefit to the Assessed Property within the PID. A five-year projection of the phased issuances of PID bonds is shown in Table III-2 on the following page.

¹ Represents transfers out from Improvement Fund Earnings.

TABLE III-2			
PUBLIC IMPROVEMENT DISTRICT NO. 7 (CASTLE HILLS)			
PROJECTED ANNUAL PID BOND ISSUANCE AND ANNUAL INDEBTEDNESS			
YEAR	NEW INDEBTEDNESS	SCHEDULED PAYMENTS	ANNUAL INDEBTEDNESS
THROUGH 2016	\$7,600,000	\$80,000	\$7,520,000
2017	\$0	\$85,000	\$7,435,000
2018	\$0	\$225,000	\$7,210,000
2019	\$0	\$235,000	\$6,975,000
2020	\$0	\$250,000	\$6,725,000
2021	\$0	\$265,000	\$6,460,000
2022	\$0	\$280,000	\$6,180,000
PROJECTED TOTAL	\$7,600,000	N/A	N/A

B. DESCRIPTION AND FINAL COSTS OF AUTHORIZED IMPROVEMENTS

The Authorized Improvements include the acquisition, construction, and/or design, engineering, and administration of the following improvements:

1. WATER SYSTEM IMPROVEMENTS

The water system improvements will consist of a water distribution system which benefits the PID, connecting to the Upper Trinity Regional Water District’s water supply system.

2. WASTEWATER IMPROVEMENTS

The wastewater improvements will consist of a wastewater collection system which benefits the PID, connecting to the City’s sanitary sewer collection and treatment system.

3. DRAINAGE FACILITIES

The drainage improvements will consist of a stormwater drainage system which benefits the PID.

4. STREETS AND ROADWAYS

The street and roadway improvements will consist of streets and/or roadways and improvements thereto which benefit the PID, providing access to and through all property therein.

5. FINAL COST OF AUTHORIZED IMPROVEMENTS

The total cost of the Authorized Improvements is \$6,500,420.48. Table III-3 shows the final cost of the Authorized Improvements by category.

TABLE III-3	
PUBLIC IMPROVEMENT DISTRICT NO. 7	
(CASTLE HILLS)	
FINAL COST OF AUTHORIZED IMPROVEMENTS BY CATEGORY	
CATEGORY	FINAL COST
WATER FACILITIES	\$868,486.95
SEWER FACILITIES	\$900,141.03
DRAINAGE FACILITIES	\$866,792.49
STREET AND ROADWAY FACILITIES	\$3,865,000.01
TOTAL EXPENDITURES²	\$6,500,420.48

² Design, Engineering, and Administration costs embedded in infrastructure category type.

IV. ASSESSMENT PLAN

Section 372.015 of the PID Act states that the governing body of the municipality shall apportion the cost of an improvement to be assessed against property in an improvement district, and the apportionment shall be made on the basis of special benefits accruing to the property because of the improvement. More specifically, the PID Act provides that the costs of the improvements may be assessed (i) equally per front foot or square foot; (ii) according to the value of the property as determined by the governing body, with or without regard to improvements on the property; or (iii) in any other manner that results in imposing equal shares of the cost on property similarly benefited.

A. METHOD OF ASSESSMENT

The City Council has determined that the PID Costs should be allocated to the Assessed Property on the basis of the benefit received by each Parcel, as reflected by the valuation methodology, without regard to which Authorized Improvements have been completed and installed, and that such method of allocation will result in the imposition of equal shares of the costs of the Authorized Improvements allocated to the PID on Parcels similarly benefited. In determining the relative value of Parcels, the City Council has taken into consideration (i) the type, size, number of lots, and commercial parcels; (ii) current and projected home prices; (iii) the costs of the Authorized Improvements, and (iv) the ability of different property types to utilize and benefit from the Authorized Improvements.

Total Assessments in the amount of \$76,000.00 were levied on one hundred and thirty-five (135) Lot Type A residential lots and the original one (1) Lot Type B commercial lot pursuant to the Assessment Ordinance. The original Assessment for Lot Type A residential lots was \$500.00 per lot and the original Assessment for Lot Type B commercial lots was \$8,500.00 per lot. Fifty-seven (57) of the original one hundred and thirty-five (135) Lot Type A residential lots prepaid their Assessments, which resulted in total assessment prepayments of \$28,500.00. The remaining \$47,500.00 in Assessments were reallocated to (i) the remaining original eighty-two (82)³ Lot Type A residential lots, (ii) the original Lot Type B commercial lot, and (iii) the one hundred and seventy-seven (177) Castle Hills Phase IX subdivision residential lots added to the PID pursuant to Resolution No. 4176-04-2015 adopted by the City on April 20, 2015. As a result of the reallocation, an Assessment of \$171.95 and \$2,964.95 per lot were established for Lot Type A and Lot Type B², respectively. Consistent with the original Plan and as shown in Table IV-1 below, the reallocation of the Assessments was set in proportion to the estimated assessed value of the completed Lot Type A and Lot Type B properties.

³ This includes four (4) original Lot Type A residential lots for which infrastructure services are provided by the Authorized Improvements, but were excluded from the original Assessment Roll in error.

³ The only Lot Type B Commercial lot represents 6.24% of the total lot value of the PID. Multiplying this percentage by the remaining Assessments resulted in a reallocated amount of \$2,964.95. Deducting this amount from the remaining unpaid Assessments of \$47,500.00 resulted in \$44,535.05 to be reallocated between the remaining 259 Lot Type A residential lots.

TABLE IV-1						
PUBLIC IMPROVEMENT DISTRICT NO. 7						
(CASTLE HILLS)						
ASSESSMENT BY LOT TYPE						
LOT TYPE	LOTS	ESTIMATED ASSESSED VALUE	TOTAL ASSESSED VALUE	% OF TOTAL	ASSESSMENT AMOUNT PER LOT	TOTAL ASSESSMENTS
RESIDENTIAL:						
LOT TYPE A (ORIGINAL) – SINGLE FAMILY	57	NA	NA	NA	\$500.00	\$28,500.00
LOT TYPE A (REALLOCATED) – SINGLE FAMILY	259	\$400,000	\$103,600,000	93.7556%	\$171.95	\$44,535.05
COMMERCIAL:						
LOT TYPE B (REALLOCATED) – GOLF COURSE	1	\$6,900,000	\$6,900,000	6.2444%	\$2,964.95	\$2,964.95
TOTAL	317	NA	\$110,500,000	100.0000%	N/A	\$76,000.00

B. TERMS OF THE ASSESSMENTS

1. AMOUNT OF ASSESSMENTS

The Assessment for each Parcel is shown on the Assessment Roll, and no Assessment shall be changed except as authorized by this Service and Assessment Plan or the PID Act. The Assessments shall not exceed the amount required to repay the portion of the principal amount of the Bonds payable from Assessments and shall be collected with interest in an amount to pay a portion of the principal and interest on the Bonds.

2. REDUCTION OF ASSESSMENTS

If after all Authorized Improvements have been constructed and acquired the actual PID Costs are less than the PID Costs used to calculate the Assessments, resulting in excess Bond proceeds being available to redeem Bonds, then the Assessment for each Parcel shall be reduced by an equal percentage such that the sum of the resulting reduced Assessments for all Parcels equals the actual reduced PID Costs and such excess Bond proceeds shall be applied to redeem Bonds. The Assessments shall not be reduced to an amount less than the amount required to repay the portion of the outstanding Bonds secured by Assessments.

3. REALLOCATION OF ASSESSMENTS FOR PARCELS LOCATED WITHIN THE PID

a. UPON SUBDIVISION PRIOR TO RECORDING OF SUBDIVISION PLAT

Upon the subdivision of any Assessed Property without the recording of a Subdivision Plat, the Assessments shall be reallocated for the Assessed Property prior to the subdivision equally among the new subdivided Lots by dividing the outstanding principal amount of the Assessments for each Parcel existing prior to the subdivision among the newly created Parcels based on the Lot Type of the newly created parcel. Newly divided Parcels that are categorized as Lot Type A will bear the Lot Type A assessment and any Parcels categorized as Lot Type B will bear the Lot Type B per acre assessments. The Assessment on the newly divided Parcels shall not exceed the Assessment amount for the applicable Lot Type. The City will approve an updated Assessment Roll in the Annual Service and Assessment Plan Update each year showing the reallocation of assessments. The calculation of the estimated number of Lots or acreage by Lot Type shall be confirmed by the City Council in the Annual Service and Assessment Plan Update. The estimate as confirmed shall be conclusive.

The reallocation of an Assessment for any Parcel may not exceed the Assessment prior to the reallocation and, to the extent the reallocation would exceed such amount, it shall be prepaid by such amount by the party requesting the subdivision of the Parcels. Any reallocation pursuant to this section shall be reflected in an Annual Service and Assessment Plan Update and Assessment Roll approved by the City.

b. UPON SUBDIVISION BY A RECORDED SUBDIVISION PLAT

Upon the subdivision of any Assessed Property by the recording of a Subdivision Plat, the Assessments shall be reallocated for the Assessed Property prior to the subdivision among the new subdivided Lots by dividing the outstanding principal amount of the Assessments for each Parcel existing prior to the subdivision among the newly created Parcels based on the Lot Type of the newly created parcel. Newly divided Parcels that are categorized as Lot Type A will bear the Lot Type A assessment and any Parcels categorized as Lot Type B will bear the Lot Type B per acre assessments. The City will approve an updated Assessment Roll in the Annual Service and Assessment Plan Update each year showing the reallocation of assessments. The calculation of the estimated number of Lots or acreage by Lot Type shall be confirmed by the City Council in the Annual Service and Assessment Plan Update. The estimate as confirmed shall be conclusive.

The reallocation of an Assessment for any Parcel may not exceed the Assessment prior to the reallocation and to the extent the reallocation would exceed such amount, it shall be prepaid by such amount by the party requesting the subdivision of the Parcels. Any reallocation pursuant to this section shall be reflected in the Annual Service Plan Update and Assessment Roll approved by the City.

c. UPON CONSOLIDATION

Upon the consolidation of two (2) or more Parcels, the Assessment for the consolidated Parcel shall be the sum of the Assessments for the Parcels prior to consolidation. The reallocation of an Assessment for an Assessed Property may not exceed the Assessment prior to the reallocation and to the extent the reallocation would exceed such amount, it shall be prepaid by such amount by the party requesting the consolidation of the Parcels. Any reallocation pursuant to this section shall be calculated and reflected in the Annual Service Plan Update and Assessment Roll approved by the City.

d. UPON CHANGE IN USE OR LOT TYPE

Upon a change in land use from single-family residential to golf course and therefore from Lot Type A to Lot Type B for Assessed Property, the Assessments shall be reallocated for the Assessed Property by increasing the total Assessment on the new Lot Type B lot created as a result of the change in use in an amount equal to, but not to exceed, the assessment for the amount of Lots converted from Lot Type A to Lot Type B and issuing an updated Assessment Roll showing the reallocation of Assessments. Any increase in the Lot Type B Assessment shall be prepaid by the party requesting the change in land use and therefore Lot Type. The number of Lot Type A Lots and total Assessment for each Lot Type will then be revised accordingly in the next Annual Service Plan Update.

Upon a change in land use from golf course to single-family residential and therefore from Lot Type B to Lot Type A for Assessed Property, the Assessments shall be reallocated for the Assessed Property by assessing each new Lot created as a result of the change in use an Assessment equal to, but not to exceed, the per lot assessment assessed for Lot Type A pursuant to the Plan and issuing an updated Assessment Roll showing the reallocation of Assessments. The assessment for Lot Type B shall then be reduced by the amount of assessment reallocated on a per lot basis to Lot Type A. The number of Lot Type A Lots and total Assessment for each Lot Type will then be revised accordingly in the next Annual Service and Assessment Plan Update. The calculation of the estimated number of Lots or acreage by Lot Type shall be confirmed by the City Council in an Annual Service and Assessment Plan Update. The estimate as confirmed shall be conclusive.

The reallocation of an Assessment for any Parcel may not exceed the Assessment prior to the reallocation and to the extent the reallocation of Assessments would cause the Assessment per lot to exceed the Lot Type A or Lot Type B per lot amount, the amount exceeding the Assessments prior to the change in land use or subdivision of the Parcel shall be prepaid by such amount by the party requesting the change in land use or subdivision of the Parcel. Any reallocation pursuant to this section shall be reflected in an Annual Service Plan Update and Assessment Roll approved by the City.

C. PAYMENT OF ASSESSMENTS

1. PAYMENT IN FULL OR IN PART

Pursuant to the provision of Section 372.018(f) of the Act, an Assessment may be prepaid at any time by paying the unpaid amount of the Assessment plus the interest accrued and penalties that have been imposed prior to the date of payment of the Assessment. An Assessment must be prepaid in full at the time an owner of a lot subject to the Assessment applies for a building permit to construct a structure on such lot and prior to the issuance of a certificate of occupancy for such lot. The Assessments shall be billed for an annual payment (the “Annual Interest Installment”) in each year as reflected in the Assessment Roll.

If an Annual Interest Installment has been billed prior to payment in full of an Assessment, the Annual Interest Installment shall be due and payable and shall be credited against the payment-in-full amount.

Upon payment in full of an Assessment, the City shall deposit the payment in accordance with the Trust Agreement; whereupon, the Assessment shall be reduced to zero, and the owner’s obligation to pay the Assessment and Annual Interest Installments thereof shall automatically terminate.

Once an Assessment is paid in full, the City is hereby authorized to grant a release relating to the Parcel subject to the Assessment. The form of such release shall be as determined by the City to comply with state law and shall effectuate the release of the City’s lien on such Parcel subject to the Assessment upon payment in full of the Assessment.

2. PAYMENT IN ANNUAL INSTALLMENTS

Prior to the payment in full of any Assessment for a Parcel, Annual Interest Installments will be collected each year in the amounts shown in the Assessment Roll. It is anticipated that the Denton County Tax Assessor/Collector or Denton County Fresh Water Supply District No. 1-A will bill and collect the Annual Interest Installments on behalf of the City of Lewisville. Payment of the Annual Interest Installments began with tax bills mailed in 2014.

Each Assessment shall bear interest of no more than the actual interest rate paid on the Bonds or, after issuance of multiple series of bonds, the interest on Assessments shall be calculated as a weighted average of the interest paid on the Bonds. The Assessments and Annual Interest Installments as levied shall be reduced to equal the actual cost of repaying the Bonds attributable to repayment from Assessments, when issued, taking into consideration any other available funds for these costs, such as interest income on account balances.

The City or the Denton County Fresh Water Supply District No. 1-A will invoice each owner of property for the installment payment at the same time as the City's annual property tax bill, and the installments shall be due and payable, and incur penalty and interest for unpaid installments in the same manner as provided for the City's property taxes. Thereafter, subsequent installments shall be due in the same manner in each succeeding calendar year until the assessment together with interest as provided herein has been paid in full. Failure of an owner to receive an Annual Interest Installment on the property tax bill shall not relieve the owner of the responsibility for the assessment. Delinquent Assessments or installments shall incur Delinquent Collection Costs. The City may provide for other means of collecting the Annual Interest Installments to the extent permitted under the PID Act.

Assessments are personal obligations of the person owning the property assessed in the year an Assessment and/or Annual Interest Installment payment becomes due, and only to the extent of such Assessment and/or Annual Interest Installment(s). Any sale of property for nonpayment of the Assessment and/or Annual Interest Installments shall be subject to the lien established for the remaining unpaid Assessment and/or Annual Interest Installments against such property and such property may again be sold at a judicial foreclosure sale if the purchaser thereof fails to make timely payment of the non-delinquent Assessment and/or Annual Interest Installments against such property as they become due and payable.

If a Parcel or portion thereof is transferred to a party that is exempt from the payment of the Assessment under applicable law, or if an owner causes a Parcel or portion thereof to become Non-Benefited Property, the owner of such Parcel or portion thereof shall pay to the District the full amount of the Assessment, plus all interest due thereon, for such Parcel or portion thereof prior to any such transfer or act.

If an Annual Interest Installment has been billed prior to payment in full of an Assessment, the Annual Interest Installment shall be due and payable and shall be credited against the payment-in-full amount. Upon payment in full of an Assessment and all interest on the Assessment to the date of payment in full, the City shall deposit the payment to a separate account whereupon, the Assessment

shall be reduced to zero, and the owner's obligation to pay the Assessment and Annual Interest Installments thereof shall automatically terminate.

D. UPDATE OF ASSESSMENT ROLL

The Assessment Roll is to be updated each year to reflect (i) the Assessments and Annual Interest Installments for each Parcel of Assessed Property, (ii) current platting, including reallocations based on changes in the number of Lot Type A lots and/or Lot Type B acres, and (iii) prepayments of the Assessments, if any.

The Assessment Roll is attached as Exhibit A. All Parcels, Lot Type A (Single Family Residential) and Lot Type B (Commercial), have fully prepaid the principal amount of their Assessments.

EXHIBIT A

**CITY OF LEWISVILLE
PUBLIC IMPROVEMENT DISTRICT NO. 7
(CASTLE HILLS)**

ASSESSMENT ROLL