

NOTICE TO PURCHASERS

The real property, described below, that you are about to purchase is located in the Harris County Municipal Utility District No. 407 (the "District"). The District's creation was confirmed by election on November 8, 2005. 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 in the District is \$0.36 on each \$100 of assessed valuation. The total amount of bonds, excluding 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:

\$8,000,000 for water, sanitary sewer, drainage and flood control facilities;
\$1,000,000 for park and recreational facilities;
\$4,800,000 for refunding bonds.

The aggregate initial principal amount of all bonds issued and payable in whole or in part from property taxes is:

\$5,260,000 for water, sanitary sewer, drainage and flood control facilities;
\$720,000 for park and recreational facilities;
\$520,000 for refunding bonds.

The District has the authority to adopt and impose a standby fee on property in the District that has water, sanitary sewer, or drainage facilities and services available but not connected and which does not have a house, building, or other improvement located thereon and does not substantially utilize the utility capacity available to the property. The District may exercise the authority without holding an election on the matter. As of this date, the most recent amount of the standby fee is \$0. An unpaid standby fee is a personal obligation of the person that owned the property at the time of imposition and is secured by a lien on the property. Any person may request a certificate from the District stating the amount, if any, of unpaid standby fees on a tract of property in the District.

The District is located in whole or in part in the corporate boundaries of the City of Houston (the "City"). The taxpayers of the district are subject to the taxes imposed by the City and by the District until the District is dissolved. By law, a District located within the corporate boundaries of a city may be dissolved by municipal ordinance without the consent of the District or the voters of the District.

The purpose of this District is to provide water and sewer, drainage and flood control, and park and recreational facilities and services benefitting 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 and/or another governmental entity. The legal description of the property you are acquiring is as follows:

(description of property)

SELLER:

(Date)

Signature of Seller

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)

Signature of Purchaser

[ADD APPROPRIATE ACKNOWLEDGMENTS]

AFTER RECORDING, return to: _____.