

RESIDENTIAL AND AGRICULTURAL USES

<u>Name of Parcel</u>	<u>Parcel No.</u>	<u>Acreage</u>	<u>Price</u>	<u>Ag Tax</u>	<u>Vs</u>	<u>Market Tax</u>
The Secret Valley	One	19.6585	\$1,395,000	\$354.62		\$28,001
The Park	Two	14.0520	\$895,000	\$248.06		\$17,581
The Oaks	Three	11.4510	\$795,000	\$198.63		\$15,344
The Range	Four	11.8741	\$769,500	\$206.67		\$14,903
Hillview	Five	11.9749	\$869,500	\$208.59		\$16,853
Flower Top Meadow	Six	12.7216	\$895,000	\$222.78		\$17,440

The Parcels are deed restricted to a single family residential use and the agricultural use of the property for bees and other pollinators in the production of honey and other hive products. This agricultural use of the property qualifies each Parcel for an agriculture use tax rate ("Ag Rate") versus the standard market value tax rate ("Market Tax Rate"). *The estimated differences in the tax to be charged by the Hays County Tax Office for 2020 are shown in the two columns to the right in the schedule above.* The Hays County Appraisal District ("HCAD") will allow the owner to designate one acre or more as the owner's homestead and associated outbuilding or "*the family compound*"; the balance of the acreage will be taxed at its agricultural value, which for 2020 is \$898.70/acre versus per acre sales price of the Parcel. The above schedule shows the tax for each Parcel where one acre is designated as the owner's homestead and the balance is taxed based on its agricultural value vs taxed at the market value. This allows the owner to enjoy a large acreage parcel which provides privacy at an extremely low tax or holding cost. As an additional benefit, Capital Farm Credit ("CFC") can make an agricultural loan to its members for the land and improvements. The loan will be for a term of 20 years at a current low market rate with no prepayment penalty with a 1% origination fee. The membership fee to join CFC is \$1,000. Because CFC is a "co-op", approximately 1% of the interest on the principal amount is rebated to the Member ("Borrower") as its "Patronage Dividend" annually. This reduces the effective interest rate on the loan by approximately 1%.

In addition, the property is impressed with common sense, but enforceable covenants and/or restrictions which protect the value of the property and the privacy of the owner. Some of the other covenants are: (1) Dark Skies; (2) Noise limitations; (3) Rain water systems for quality of water and fire protection; (4) Environmental considerations to protect the aquifer and surface; (5) Keeping animals including horses or donkeys; (6) Predator control; and (7) numerous other covenants and restrictions designed to promote and preserve the "Driftwood Way of Life" including 1.51 miles of equestrian, biking and/or walking trails over fields, creeks, and through the trees.

The proceeds from the sale of honey and other hive products will be paid to Rocky Creek POA, the property owners' association (the "Association"). The Association has contracted with Bee Weaver Apiaries, Inc. (the "Beekeeper") to manage the bees. The Developer will advance the cost of the hives and will be repaid out of cash flow by the Association. The Beekeeper will buy the honey and other hive products at the market rate for the quality of honey produced from the property or the owner can purchase the honey and hive products at the same price from the Association. The Beekeeper will package and label the products at Beekeeper's costs for the owner to the owner's specifications. The income from the honey and other hive products will be used by the Association to meet its financial obligations of maintaining Wandering Trail, the entry and the Beekeeper's annual fee per hive. Depending on the annual production and/or the

quality of honey, there may be assessments or dividend, as the case may be. Once the Association's financial obligations are satisfied, including the establishment of cash reserves, the Association, subject to the board approval, may distribute one-sixth ($1/6^{\text{th}}$) of the sales proceeds from honey to each owner. Each owner, at closing, will pay to the Association \$3,000 for the initial capitalization of the Association.