

MUD Residents are Knowledgeable and Informed

Key Highlights



In suburban Houston, the largest market for new homes is in MUDs. It is not a surprise, but demonstrates that the MUD model works.



Many of the most desirable Master Planned Communities in Texas are in MUDs.



When homeowners sell a home in a MUD, they likely are buying another home in the same or different MUD.



Homeowners are informed about the costs of living in a MUD. They know they will pay MUD taxes to pay for MUD utility infrastructure.



MUDs often have both lower tax and utility rates than city tax and utility rates.



Homeowners are well aware of the advantages and the costs of buying a home in a MUD and choose to live in MUDs.

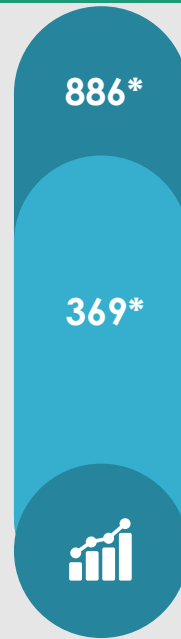


MUD homeowners "vote with their feet" by moving into MUDs.

Historical data shows tremendous growth and long term sustainability of Municipal Utility Districts.

*Approximate # of Active MUDs in Houston Area

*Approximate # of people living in MUDs in Houston Area



140.1% Growth



267.6% Growth



Business in MUDs

- MUDs are home to many businesses. As of January 2021, approximately 98,000 acres of commercial property are within greater Houston area MUDs.
- According to the Texas Association of Business (TAB): "While TAB works constantly to ensure fair and equitable property tax policies, we fully support development of public infrastructure and utilities to meet the demands of the citizens of Texas. We understand that infrastructure is not free and that bonds are often the best and only mechanism to pay for capital improvements, not only for MUDs, but for other forms of local government as well..."



MUDs are Visible

- There are road signs all over Texas marking the entrances into MUDs.
- Most MUD residents receive water, sewer and garbage collection services from their MUD. Professional utility operators work on behalf of the MUD to maintain the system, establish service accounts, read meters and manage billing.
- State law requires the MUD's website or contact information to obtain additional information be printed on the customers utility bill.

MUD Residents are Knowledgeable and Informed



MUDs are Transparent

1. Notice to Purchasers

Homebuyers receive and execute TWO notices informing them that the home they are purchasing is in a MUD. The 1st notice is given with the earnest money contract & the 2nd is given at closing.

2. What's in the Notice

The notice contains the MUD's current or anticipated tax rate, voted bond authorization and total amount of bonds issued.

The Notice to Purchasers, required by law, ensures that every MUD resident purchases their home with full knowledge of the existence of the MUD, its taxes and bonds.



All of these requirements, combined with the MUD regulatory oversight by the TCEQ, laws regarding open meetings, public information, conflicts of interest and financial reporting, create a highly accountable and effective neighborhood government.

3. Additional Notices

At closing, documents outlining property taxes paid & owed on the home, which include MUD taxes, are given to the buyer.

The HUD-1 Settlement Statement clearly shows the proration of MUD property taxes between buyer & seller.

4. Further Transparency

In addition to the information that all taxing units are required to post on the Internet as mandated by the Property Tax Reform Act of 2019, districts are required to post on the Internet a host of information including, the names and contact information for the district, its directors and consultants, tax information, meeting agendas and minutes and financial information.



MUDs are Highly Regulated

Limits on Taxes & Bonds

- ✓ Both MUD property taxes & bonds are authorized at the beginning of the MUD lifecycle.
- ✓ Both tax rates & bonds have a voter approved maximum amount that cannot be exceeded.
- ✓ The initial authorization of taxes & bonds is necessary to begin development within the MUD.
- ✓ Without the initial authorization, no new development would occur.

Facts Around Issuing Bonds

- ✓ Bonds are sold ONLY if needed to pay actual costs of MUD facilities.
- ✓ Bonds are sold ONLY if property values in the MUD can support the debt payment on the bonds.
- ✓ Before utility bonds are issued, a detailed bond application must be submitted by the MUD & approved by the TCEQ and the Texas Attorney General.
- ✓ Many MUDs do not sell the entire amount of authorized bonds.

Regulatory Oversight

- ✓ In addition to reviewing the issuance of MUD utility bonds, TCEQ has oversight jurisdiction over the day-to-day operations of MUDs.
- ✓ MUD water & sewer facilities are subject to regulation and inspection by the TCEQ and the water and wastewater produced by these facilities must meet stringent Federal and State standards.
- ✓ MUD customers can appeal the handling of any complaints to the TCEQ or PUC.