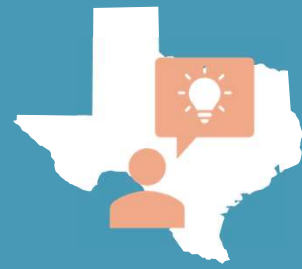


# MUD Residents are Knowledgeable and Informed

Clear information, strong oversight, and accessible data keep MUD residents aware and confident in their communities.



## Key Highlights

- In suburban Houston, MUDs are the top choice for new homes, with many of the region's most desirable master-planned communities located within MUD boundaries.
- MUD residents go in with clear expectation - state-required notices make sure buyers understand taxes, services, and infrastructure before they ever purchase their home.
- Budgets, rates, meetings, and financial reports are readily available, giving homeowners visibility into how their community is managed.
- People choose MUDs for the benefits they already understand - strong infrastructure, responsive governance, and a clear picture of where their dollars go.
- When homeowners sell a home in a MUD, they likely are buying another home in the same or different MUD.

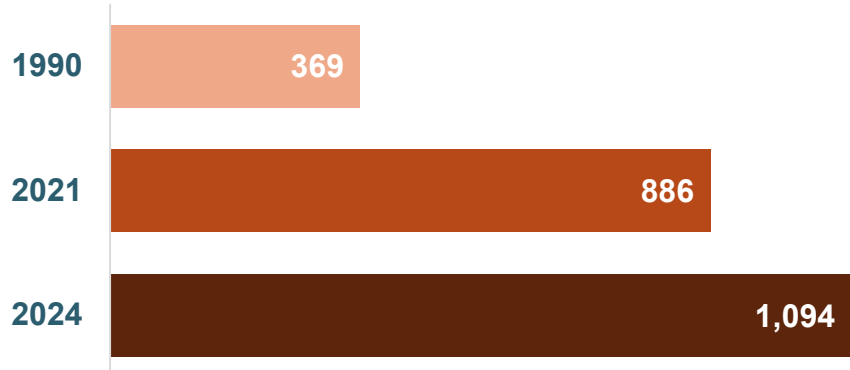


## MUDs are Visible

- MUDs are easy to identify, with clear signage and consistent communication that helps residents know their District.
- Residents interact with their MUD every day through reliable water, sewer, and waste services operated by professional teams.
- MUDs make information easy to find, with websites and contact details printed on utility bills so residents always know where to go with questions.

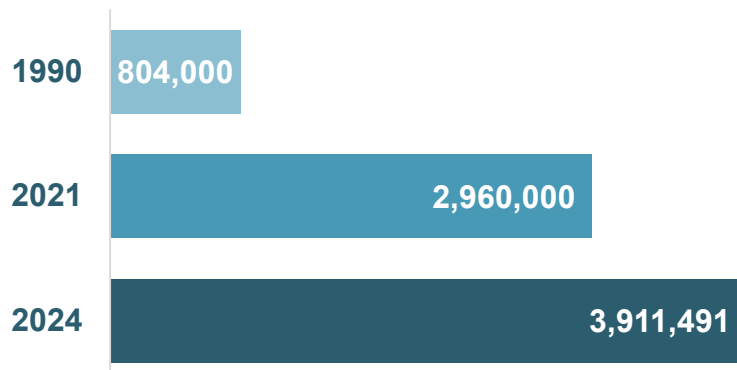
## Number of Active MUDs in the Houston Area\*

Active MUDs grew by 196% between 1990 and 2024, reflecting strong demand for new infrastructure and community development.



## Population living in MUDs in the Houston Area\*

The number of residents living in MUDs increased by 387% from 1990 to 2024, showing how quickly families are choosing MUD communities.



\*Approximate



## MUDs are Good for Business

- MUDs support a thriving business environment, with significant commercial development made possible by reliable infrastructure and strong utility services.
- Commercial growth in MUDs brings desirable amenities closer to neighborhoods, making these communities more attractive to current and future residents.
- 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 Transparent

## 1. Notice to Purchasers

Homebuyers receive two required notices informing them that the home they are purchasing is located in a MUD. The first notice is provided with the earnest money contract, and the second is given at closing.

**No other local government in Texas requires this level of upfront disclosure.**

## 2. What's in the Notice

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

**This ensures every MUD resident purchases their home with full knowledge of the District, its taxes, and its bonds.**

## 3. Additional Notices

At closing, buyers receive documents detailing property taxes paid and owed on the home, including MUD taxes.

The HUD-1 Settlement Statement also shows how MUD taxes are prorated between buyer and 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.

**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, accessible, and effective neighborhood government.**



# MUDs are Highly Regulated

## Limits on Taxes & Bonds

- ✓ MUD tax rates and bonds are voter-approved at the beginning of the MUD lifecycle.
- ✓ Both tax rates & bonds have a capped maximum amount that cannot be exceeded without voter authorization.
- ✓ Initial authorization is required for any development to begin within the District.
- ✓ Without this authorization, no new development can move forward.

## Facts About Issuing Bonds

- ✓ Bonds are issued only when needed to pay actual infrastructure costs.
- ✓ Property values must support the debt before bonds can be sold.
- ✓ A detailed bond application must be submitted to the TCEQ and the Texas Attorney General for approval.
- ✓ Many MUDs never issue the full amount of bonds they are authorized to sell.

## Regulatory Oversight

- ✓ In addition to reviewing the issuance of MUD utility bonds, TCEQ has oversight jurisdiction over the day-to-day operations of MUDs.
- ✓ Water and sewer facilities regulated and inspected by the TCEQ and the water and wastewater produced by these facilities must meet stringent Federal and State standards.
- ✓ MUD customers can appeal complaints to TCEQ or the Public Utility Commission.