

- MUDs are reimbursement mechanisms. MUDs do not provide up-front financing.
- Developers invest private capital into public infrastructure with the expectation of reimbursement, if the developer performs by building homes, creating property values.
- MUD bonds can only be issued as property values are created. They cannot be sold speculatively. This practice is heavily regulated by Texas law and TCEQ rules.

bank/investor

lends money/
provides capital

developer

assigns MUD
reimbursement as
collateral

MUD

over the course of years, as
homes are built and MUD
property values grow, the
MUD issues bonds
approved by the TCEQ

bonds

MUD bonds reimburse
developer the costs
approved by TCEQ

reimburses developer
in phases with
multiple series of
bonds over the
course of years

lends money to build
MUD utilities

enters into agreement to reimburse

**independent
auditor**

audits contracts and payments
to verify actual costs of design
and construction

