

MUD UPDATE

REPRESENTING A SELLER INSTRUCTIONS:

- If the property is in a MUD, Texas law requires the seller provide the appropriate MUD notice to buyer PRIOR to entering into a sales contract.
 - This requirement is noted in Para. 6 of the TREC contracts, which also provides a blank to acknowledge attachment or prior provision of the notice.
 - If it is NOT provided, buyer may terminate the contract.
- There is a prescribed form for the notice that includes the district's property tax rate, the bonded indebtedness, and other fees assessed.
- Buyer must sign the notice (or the contract that attaches the notice) to evidence receipt. A separate copy is then executed by seller and buyer, notarized, and recorded in the property records at closing of the sale.
- As of a new law in 2023, the MUD is required to post the appropriate notice form on its website (filled out with the correct information), which sellers can then provide to buyers.
- Though efforts are being made to bring all MUDs into compliance with the law, not all have published their notices on their websites. In such a situation, the MUDs are still required by law to provide a copy upon request, but they may be able to charge a fee not to exceed \$10.
- MUD information, including the contact info. for the MUD's agent is available online at <https://www14.tceq.texas.gov/iwud/index.cfm>

Contact your local Allegiance Title Closing Team with any additional questions

GENERAL MUD INFO:

1. A Municipal Utility District (MUD) is a special district created by the Texas legislature or Texas Commission on Environmental Quality (TCEQ) to finance water, sewer, drainage and other services within its district.
2. Homeowners may receive a monthly bill from the MUD to cover the cost of those services (user fees), in addition to paying yearly property taxes assessed by the district and collected along with the other property taxes.
3. MUD taxes are a deductible property tax (unlike HOA dues & assessments).

