



ARTICLES & NEWS

Obtaining Out-of-District Service from a Municipal Utility District in Fort Bend County, Texas A practical overview for property owners, developers, purchasers, and real estate professionals

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The Overton Law Firm, P.C. | Houston, Texas | June 2026

Summary: Securing out-of-district utility service from a Municipal Utility District MUD can enable development or service to property outside MUD boundaries, but it requires careful coordination with the MUD board, city consent if applicable, TCEQ approval, and proper legal documentation. The process affects water, sewer, drainage, and related infrastructure agreements.

Introduction

Municipal Utility Districts (“MUDs”) are political subdivisions created under Texas law to provide water, sanitary sewer, drainage, and related infrastructure services in developing areas, particularly within the extraterritorial jurisdictions (“ETJ”) of cities in Fort Bend County and surrounding regions. While MUDs primarily serve properties located within their defined boundaries, Texas law authorizes them to provide “out-of-district” service to properties outside those boundaries. This authority is exercised through a structured process that typically includes MUD board approval, a formal service agreement, and, where required, consent from the applicable city or review by the Texas Commission on Environmental Quality (“TCEQ”).

The powers granted to MUDs can be substantial. In addition to contracting for service, districts may exercise eminent domain to acquire necessary easements or rights-of-way for critical infrastructure—such as drainage canals—subject to statutory procedures and constitutional safeguards. For property owners and developers, securing out-of-district MUD service can be a cost-effective way to access high-quality, professionally managed utilities without the expense and delay of creating a new district or awaiting municipal annexation. At the same time, the process involves multiple layers of approval, contractual negotiations, potential impact or connection fees, and ongoing obligations. A successful request can materially improve project feasibility, accelerate timelines, reduce long-term

costs, strengthen title and financing prospects, and enhance the overall marketability and value of the property.

Texas Legal Framework

Under the Texas Water Code, a MUD may provide service outside its boundaries only with proper authorization. Key requirements typically include approval by the MUD's board of directors, a service agreement detailing terms, rates, and responsibilities, and often consent from the city whose ETJ contains the property. In some cases, Texas Commission on Environmental Quality TCEQ review or approval is required, particularly if the service involves new infrastructure, bond-financed facilities, or significant capacity commitments.

Out-of-district service does not automatically annex the property into the MUD or grant voting rights. It creates a contractual relationship for utility service. Important considerations include capacity availability, extension costs, standby fees, ad valorem taxes if any, and the allocation of maintenance and repair responsibilities. Strategic Partnership Agreements between cities and MUDs may impose additional restrictions or approval requirements.

Fort Bend County Practice

In Fort Bend County, out-of-district service requests are common due to rapid growth in unincorporated and ETJ areas. The process generally begins with a formal written request to the target MUD's board or general manager. The MUD evaluates capacity, infrastructure needs, and financial impacts. Many MUDs require the applicant to cover all extension costs, pay impact or connection fees, and enter into a detailed service agreement.

Coordination is often needed with the relevant city for ETJ consent, Fort Bend County for platting or development approvals, engineers, title companies, and lenders, especially where the owner grants an easement for service facilities, meters, and other connections. The MUD board typically considers the request at a public meeting, which provides a fair opportunity to consider comments. Once approved, the service agreement is executed and may require filing in the county deed records. An additional application to the company providing water services for the MUD may also be required.

Property owners and developers must also consider how out-of-district service affects title, financing, resale disclosures, and future annexation possibilities. Early due diligence on the MUD's current capacity, bond indebtedness, and governing documents is essential.

Example Related to Out-of-District Service

The Overton Law Firm, P.C. ("Firm") recently completed the process of attaining out-of-district service for Michael and Angela Cohen and Touhy Capital, LLC. The Firm assisted with the application, negotiation of the service agreement, coordination with the MUD board, and related real estate documentation. This successful outcome allowed the clients to secure reliable water and sewer service for their property while navigating the necessary approvals efficiently.

Obtaining reliable out-of-district MUD service can substantially enhance a property's utility, desirability, and market value. Access to a MUD's established water, sewer, and drainage systems often eliminates the need for costly on-site wells, septic systems, or private treatment facilities, thereby reducing long-term operational expenses and regulatory burdens. Properties served by a MUD

are generally more attractive to buyers, lenders, and tenants because they offer dependable, professionally managed utilities comparable to municipal standards. This can accelerate permitting and development timelines, improve financing options, and support higher-density or higher-value uses. In Fort Bend County's competitive real estate market, MUD service frequently translates into stronger resale values, better appraisal outcomes, and increased investor interest.

Parties should carefully review the terms of the MUD service agreement regarding assignability. In many cases, the agreement is not freely assignable, meaning a subsequent purchaser may be required to submit a new application and appear before the MUD board for approval. This can add time and uncertainty to a future sale or transfer. Maintaining a positive, ongoing relationship with the MUD board, staff, and operator is therefore essential. Timely payment of fees, compliance with district rules, and open communication help ensure continued reliable service and smoother handling of any future requests or transfers.

Anticipating Title, Development, and Financial Issues

Out-of-district service raises several practical considerations:

- Legal descriptions and recorded agreements must clearly reflect the service arrangement.
- Title commitments and surveys should address any easements, impact fees, or reimbursement obligations.
- Lenders and buyers need clear disclosure of service terms, costs, and potential tax implications.
- Future annexation or city service transition may be affected by the agreement.

Post-approval steps include updating utility accounts, development plats, and closing documents to reflect the approved service.

Finally, on a later sale, consider that the agreement might not be assignable to a new owner and that an application may be required.

Best Practices

Property owners and developers should begin with a thorough review of the target MUD's rules, capacity, and governing documents. Engage qualified engineers to assess infrastructure needs and legal counsel to negotiate the service agreement. Early outreach to the MUD board, city staff, if the location request is located inside the ETJ boundary, and county personnel helps identify obstacles and streamline approvals. Locate and contact counsel for the MUD and ask them to place you on the agenda for the next meeting to make a presentation not exceeding about two minutes for consideration by the MUD board.

Maintain complete records of the application, board approvals, executed agreements, and related correspondence. After service is established, ensure all utility accounts, title documents, and development records are updated consistently.

Conclusion

Attaining out-of-district service from a Municipal Utility District in Fort Bend County can unlock development opportunities and provide reliable utilities, but it requires careful navigation of statutory requirements, board approvals, and contractual details. A properly structured arrangement protects the parties' interests and supports long-term project success. Property owners and developers should coordinate with experienced legal counsel, engineers, and MUD professionals from the outset.

Selected Authorities and Reference Materials

- Texas Water Code Chapters 49 and 54
- Fort Bend County Municipal Utility District documents and policies
- Texas Commission on Environmental Quality rules on out-of-district service
- Relevant city ordinances and Strategic Partnership Agreements

Disclaimer. This article is provided for general informational purposes only and does not constitute legal, engineering, surveying, title, or any professional advice. Road-naming procedures, county practices, and legal requirements may change and vary by jurisdiction. Property owners and developers should consult qualified professionals and the appropriate public authorities regarding their specific circumstances and property.