THE LAUNCH REPORT™

Q2 25

LAUNCH®
DEVELOPMENT FINANCE ADVISORS

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IN THIS EDITION OF THE LAUNCH REPORT™ YOU WILL FIND:

CREATING FINANCIAL LIQUIDITY IN CHALLENGING TIMES

THE LAUNCH BOND® ADVANTAGE

BY CARTER FROELICH | CARTER@LAUNCH-DFA.COM

As we reach the midpoint of 2025, the U.S. new home market finds itself at a crossroads. While the headlines show that new home sales in April reached a seasonally adjusted annual rate of 743,000—up from March and slightly above last year—the underlying story is more nuanced. Inventory levels are higher than a year ago, and the supply of new homes sits at 8.1 months, up from 7.7 months in April 2024. More telling is the sentiment on the ground: homebuilder confidence, as measured by the NAHB/Wells Fargo Housing Market Index, has dropped to 32 in June 2025—one of the lowest readings since the pandemic era, and well below the neutral mark of 50.

In this environment, builders and developers are facing a dual challenge: slowing sales and tightening cash flow. Elevated mortgage rates, affordability headwinds, and economic uncertainty are causing buyers to step back, forcing builders to reduce prices and, in many cases, delay or scale back development activity. The result? Cash that was once reliably recycled from sales into new projects is now trapped in the pipeline, threatening to stall momentum and erode returns.

Yet, as the old saying goes, "the best time to dig a well is before you need the water." The same wisdom applies to liquidity: the best time to secure capital is before you face a cash crunch.

THE LIQUIDITY CHALLENGE IN TODAY'S MARKET

Let's be clear: the slowdown isn't just a matter of fewer closings. The entire development cycle is affected. Builders are delaying lot takedowns, walking away from land positions, and slashing budgets to protect margins. In a typical District financing cycle, developers front millions for roads, water, sewer, and other infrastructure, with reimbursement coming only after homes are built and taxable value accumulates—a process that can stretch well past three years.

This lag between investment and reimbursement creates a liquidity gap at precisely the moment when flexibility and speed are most valuable. In today's market, optionality is everything.

THE LAUNCH BOND®: ACCELERATING CASH FLOW, RECAPITALIZING PROJECTS

Enter The Launch Bond®, a forward-funding tool pioneered by Launch Development Finance Advisors. The Launch Bond is designed to unlock cash trapped in early infrastructure investment, allowing developers to receive capital years before their projects accumulate enough assessed value to trigger District bond reimbursements.

HOW IT WORKS

Using third-party market studies and MUD District financial advisor projections, we estimate future District revenues. That projected income stream is then used to size The Launch Bond®, typically at a 1.3x to 1.5x debt service coverage ratio.

Institutional investors purchase the bonds, and proceeds flow immediately back to the developer to reimburse or fund new District-eligible facilities—often within 90 days of engagement.

The Launch Bond® is tax-exempt, non-recourse, doesn't encumber the land, and doesn't change how Districts operate. Repayment comes only from pledged future District proceeds, with no corporate or personal guarantees required.

THE RESULT? Developers can assign their District receivables and receive 80 to 85 cents on the dollar today, instead of waiting three to five years for reimbursement. This simple but powerful shift in timing has translated into over $1 billion in Texas infrastructure capital moved to the front end of deals in the past year alone.

RECENT SUCCESSES: ARIZONA AND TEXAS

The Launch Bond isn't just theoretical—it's delivering results in real projects across the country. At present, we have created two Launch Bond types: the Land Secured Launch Bond and the MUD Forward Funding Launch Bond.

- **ARIZONA – *The Land Secured Launch Bond™*:** Launch recently assisted a client with a $29 million Land Secured Launch Bond™, which is non-recourse and tax-exempt, to fund the construction of a wastewater treatment plant supporting the development of a large master-planned community located in Florence, Arizona, which is entitled for up to 15,000 units and hundreds of acres of commercial and industrial uses.
- **TEXAS – *The MUD Forward Funding Launch Bond™*:** In Texas, The MUD Forward Funding Launch Bond™ has become a go-to solution for unlocking early capital. For example, we just closed a $79 million bond for Starwood Land's Wildflower project in the DFW Metroplex, monetizing and accelerating its MUD reimbursable costs.

Each case demonstrates Launch's ability to custom-craft solutions based on our clients' specific needs and capital goals.

WHY LIQUIDITY MATTERS NOW MORE THAN EVER

In a market where land developers and public builders are looking to streamline land exposure, accelerating cash through forward financing—even at a slightly higher rate—can improve internal rates of return (IRR), reduce capital stack friction, and give divisions the resources to pivot quickly. Having more cash flowing into your project pro forma is not a bad deal: bringing in $45 million now, rather than three years from now, can dramatically improve return on assets (ROA), return on investment (ROI), and execution on the ground.

Moreover, The Launch Bond® preserves optionality. Because it's non-recourse and, in the case of the MUD Forward Funding Launch Bond, doesn't encumber the land, developers retain the flexibility to adapt as market conditions change—a critical advantage in uncertain times.

LOOKING AHEAD: PROACTIVE LIQUIDITY IS STRATEGIC LIQUIDITY

As we look to the second half of 2025 and beyond, the message is clear: waiting for the market to turn or for reimbursements to trickle in is not a strategy. Proactive liquidity—securing capital before you need it—is the key to maintaining momentum, recapitalizing projects, and weathering whatever the market throws your way.

At Launch, we're committed to helping our clients rewire the timing of infrastructure financing, unlock earlier cash flow, and position their projects for success—no matter the market cycle. The Launch Bond® is more than a financial tool; it's a strategic advantage for developers and builders navigating today's complex environment.

FOR MORE INFORMATION

If you're interested in learning how The Launch Bond® can accelerate the flow of cash into your project, recapitalize your company, and help you dig your well before you need the water, let's talk.

Contact Carter directly at carter@launch-dfa.com.

A CASE FOR GREATER USE OF CFD SPECIAL ASSESSMENT BONDS IN ARIZONA

BY PAMELA GISS | PAMELAG@LAUNCH-DFA.COM

Community Facilities District ("CFD") special assessment bonds ("SA Bonds") are a powerful but underutilized tool for financing public infrastructure in some jurisdictions in Arizona. While widely used in states like Florida, Texas, and Nevada, some Arizona jurisdictions remain hesitant to embrace them, often favoring general obligation bonds ("GO Bonds").

This reluctance is rooted in two main concerns: *perceived administrative burden* and the *belief that SA Bonds are riskier than GO Bonds*. However, these concerns are often overstated, and **SA Bonds offer unique advantages that GO Bonds cannot match**.

WHY ARE SA BONDS UNDERUTILIZED?

1. Perceived Administrative Burden

Tracking Complexity: Jurisdictions worry about the effort required to track special assessments as land is subdivided, sold, and as assessments are paid or prepaid.

Solution: In practice, this challenge is manageable. Many jurisdictions in other states successfully contract with third-party service providers who specialize in assessment administration. These costs can be covered by a small portion of annual assessment revenues, making the process efficient and cost-neutral for the jurisdiction.

2. Perceived Risk

"Dirt Bond" Concerns: Some Arizona cities and counties view SA Bonds—especially those issued before vertical construction—as riskier than GO Bonds.

Reality: Experience from other states demonstrates that the risk is manageable and acceptable to both jurisdictions and the municipal bond market, and defaults are rare. Even during the Great Recession, when defaults did occur (notably in Florida), the vast majority of districts were restructured and there was no litigation against the jurisdictions themselves. No Arizona jurisdiction has faced lawsuits as a result of SA Bond defaults.

WHAT SA BONDS ACCOMPLISH THAT GO BONDS CANNOT

1. Early-Stage Capital for Construction

GO Bonds: Typically issued as reimbursement tools, GO Bonds are used to reimburse developers for public infrastructure costs already built using private capital, loans, or equity. They do not provide up-front funding for construction—a time when funding of public infrastructure is most critical.

SA Bonds: SA Bonds can be issued before or during construction to directly fund the construction and/or reimbursement of public infrastructure. This is critical for projects that lack access to low-cost capital or need to complete their capital stack to proceed with development.

2. Enhanced Project Returns

Timing Advantage: Because SA Bonds can be issued up-front, developers can use SA Bond proceeds to pay contractors and suppliers directly. This improves project internal rate of return (IRR) compared to waiting for reimbursement through GO Bonds.

One-Time Obligation: Special assessment liens are typically "one and done"—once the SA Bonds are paid off, no further special assessments are imposed. In contrast, GO Bond tax rates can persist indefinitely and will increase property owner tax obligations as property values rise.

3. Homeowner Benefits

Predictable Payments: Special assessments are amortized evenly over the bond term, allowing homeowners to estimate their annual obligations with confidence.

Prepayment Flexibility: Homeowners can prepay their special assessments at any time without penalty—unlike ad valorem taxes for GO Bonds, which continue as long as the tax rate is levied.

ADDRESSING THE CONCERNS: PRACTICAL SOLUTIONS

Administrative Support: Contracting with experienced third-party administrators solves the tracking and reporting challenge.

Proven Track Record Across Jurisdictions: SA Bonds have been used for decades across a wide range of jurisdictions—including Arizona—to finance public infrastructure. The historical performance of these bonds provides compelling evidence that their perceived risk is often overstated. SA Bond defaults are rare events. Even during the Great Recession, there were few monetary defaults on SA Bonds, and Launch was unable to identify any defaults that resulted in litigation with the jurisdiction—underscoring the overall stability of this financing tool.

LOOKING AHEAD: PROACTIVE LIQUIDITY IS STRATEGIC LIQUIDITY

In the interest of providing as much flexibility as possible for the construction of much-needed public infrastructure in Arizona, jurisdictions that traditionally refuse to consider the use of SA Bonds should realistically analyze their justifications for refusing SA Bond requests. SA Bonds provide early-stage infrastructure funding, support housing development, and improve project returns—all while offering homeowners predictable, manageable obligations. By overcoming outdated perceptions, Arizona can leverage a proven tool to meet its infrastructure and housing needs.

FOR MORE INFORMATION

For more information on how special assessment bonds can benefit your project, lets talk.

Contact Pam Giss at pamelag@launch-dfa.com

THE WILDFLOWER RANCH SUCCESS STORY

UNLOCKING CAPITAL

HOW LAUNCH BONDS TRANSFORMED TEXAS MPC FINANCE

BY JOSE ALMAZAN | JOSEA@LAUNCH-DFA.COM

REVOLUTIONIZING DEVELOPMENT FINANCE WITH FORWARD FUNDING

In 2023, Launch Development Finance Advisors ("Launch") introduced a groundbreaking financing innovation that has transformed the way Texas developers approach infrastructure funding: The Launch Bond®.

This non-recourse, tax-exempt municipal utility district ("MUD" and/or "District") forward funding solution bridges the gap between infrastructure expenditure and the lengthy wait for District reimbursements—a wait that could stretch over 20 years.

The Launch Bond® enables developers to convert their future MUD reimbursement rights into immediate capital by selling those rights to institutional investment funds. This strategic approach allows developers to access funds within months rather than waiting years, fundamentally changing the economics of master-planned community development.

The recent closing of a **$77.8 million** Launch Bond® for Wildflower Ranch exemplifies the power and potential of this innovative financing approach. This 1,100-acre master-planned community (“MPC”) located northwest of Fort Worth in Denton County represents an MPC with approximately 3,200 residential lots with an extensive amenity package.

THE WILDFLOWER RANCH LAUNCH BOND®

In May of 2025, related entities of Starwood Land closed on their Wildflower Ranch Launch Bond®, representing their third Launch Bond® in less than 18 months.

The specifics of the Wildflower Ranch Launch Bond® include the following:

- **Par Amount:** $77.8 million (value at issuance)
- **Structure:** Capital appreciation bonds with 6.18% annual coupon rate
- **Security:** Sale and Assignment of future MUD bond proceeds from Districts
- **Non-recourse:** No encumbrance on land or developer guarantees

The bond proceeds provided Starwood Land with immediate reimbursement for approximately $67.6 million in eligible MUD infrastructure improvement costs, while also funding approximately $7.4 million in ongoing construction of MUD-eligible improvements including roads, utilities, and recreational amenities that will be owned and maintained by the municipal utility districts.

WHY DEVELOPERS SHOULD CONSIDER THE LAUNCH BOND®

Accelerated Cash Flow in Any Market

The most significant advantage of Launch Bond® financing is the dramatic reduction in capital recovery time. Instead of waiting years for MUD bond proceeds, developers can access reimbursement funds within months. This becomes particularly valuable during market slowdowns when home and lot sales decrease, as the Launch Bond® provides crucial liquidity to mitigate rough market conditions.

Non-Recourse Structure for Enhanced Flexibility

Unlike traditional development financing, the Launch Bond® doesn't encumber the underlying land or require personal/corporate guarantees, providing developers with enhanced financial flexibility—precisely when market conditions demand adaptability.

Market Resilience and Risk Mitigation

By converting future District receivables into immediate capital, developers reduce exposure to market timing risks that could impact traditional MUD bond issuance schedules. When market conditions are uncertain and sales volumes fluctuate, having immediate access to capital provides a critical competitive advantage.

Cost-Effective and Tailored Solutions

The Launch Bond® program represents the most cost-effective approach to forward funding MUD dollars. Each Launch Bond® financing structure by Launch professionals is a bespoke transaction, handcrafted to meet our developer client's needs and project requirements that optimize capital efficiency and project returns.

Since its introduction in mid-2023 by the professionals at Launch, the Texas Launch Bond® Program has facilitated over $1 billion in financing across multiple Texas developments, demonstrating both market acceptance and the scalability of this innovative approach.

BUT WAIT – THERE'S MORE!

Immediate Benefits

- ***Enhanced Cashflow Velocity***: Early capital access enables developers to maintain construction schedules, pay down expensive interim financing, and reinvest in additional development phases or new projects without waiting for market recovery.
- ***Competitive Market Positioning***: Access to immediate liquidity provides a significant advantage over competitors who remain dependent on traditional financing vehicles.
- ***Portfolio Optimization***: Receipt of capital allows developers the ability to reallocate capital across their entire portfolio, funding new opportunities while existing projects generate reimbursement proceeds through the Launch Bond® structure.

Long-Term Strategic Advantages

- ***Market Cycle Independence***: Launch Bonds® enable developers to operate with greater independence from market cycles, maintaining development momentum regardless of short-term sales fluctuations.
- ***Financial Statement Enhancement***: The immediate conversion of future District receivables into cash improves financial metrics and ratios.
- ***Expanded Development Capacity***: With faster capital recovery, developers can pursue larger or additional projects that might otherwise be constrained by cashflow timing.

Risk Management Benefits

- ***Interest Rate Protection***: Fixed-rate Launch Bonds® provide protection against rising interest rate environments that could impact future MUD bond marketability.
- ***Market Timing Flexibility***: Developers gain the ability to time MUD bond issuances for optimal market conditions rather than being forced to issue during unfavorable periods.

ARE YOU LEADING THE PACK OR FALLING BEHIND?

The Wildflower Ranch success story and other Launch Bond® deals demonstrate that innovative financing isn't just about accessing capital—it's about creating competitive advantages, maintaining development momentum, and positioning your projects for long-term success.

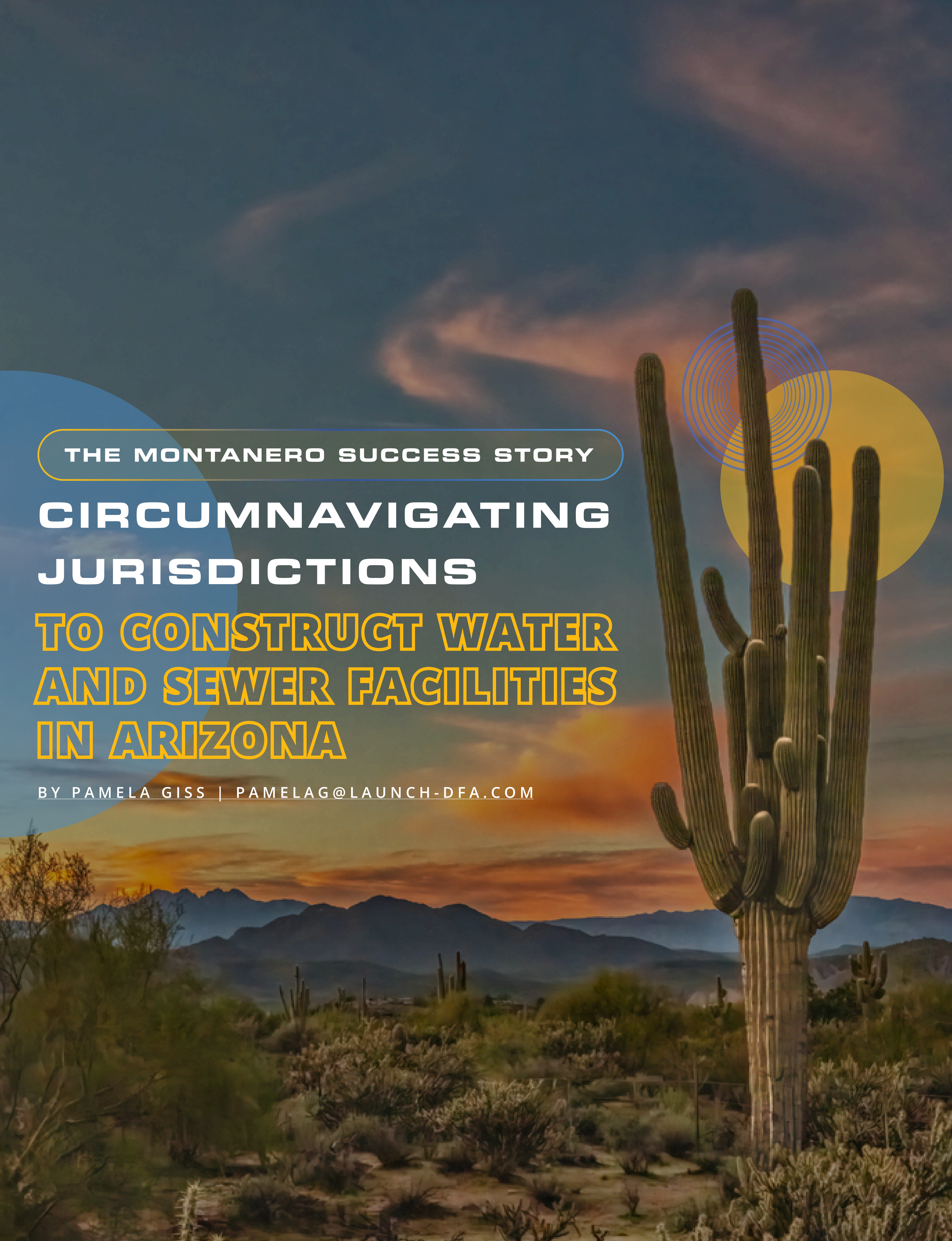
The development finance landscape offers unprecedented opportunities for those who act strategically. Whether you're managing unreimbursed infrastructure costs, planning major development phases, or seeking to optimize your capital structure during uncertain market conditions, the Launch Bond® may provide the financing solution that transforms your project's economics.

The question then becomes: **Are you leading the pack by taking advantage of the Launch Bond®—or are you falling behind?**

FOR MORE INFORMATION...

For more information on how The Launch Bond® may assist in the financing of your Texas MPC, let's talk.

Contact **Jose Almazan** at **josea@launch-dfa.com**



THE MONTANERO SUCCESS STORY

CIRCUMNAVIGATING JURISDICTIONS

TO CONSTRUCT WATER AND SEWER FACILITIES IN ARIZONA

BY PAMELA GISS | PAMELAG@LAUNCH-DFA.COM

A CONSTRUCTION LOAN STRUCTURED AS TAX-EXEMPT BOND FINANCING

In June 2025, Launch Development Finance Advisors introduced a groundbreaking financing innovation that provides land-secured, tax-exempt, non-recourse financing to developers to construct public sewer facilities and public/private regulated water facilities for Arizona master-planned communities. We call this financing innovation The Land Secured Launch Bond™ ("The Launch Bond").

The Launch Bond® is secured by a first deed of trust on the real property and repaid through a combination of bi-annual payments and a portion of the land/lot sale proceeds. No corporate and/or personal guarantees are required. As The Launch Bond is issued via a conduit issuer, jurisdictional approval was not required.

THE MONTANERO

LAND SECURED LAUNCH BOND™

The recent closing of a **$28.2 million** Launch Bond® for Montanero, a 4,150-acre master planned community being developed in the Town of Florence, Arizona by El Dorado Holdings, exemplifies the power of this innovative financing approach. Details of the Montanero Launch Bond include:

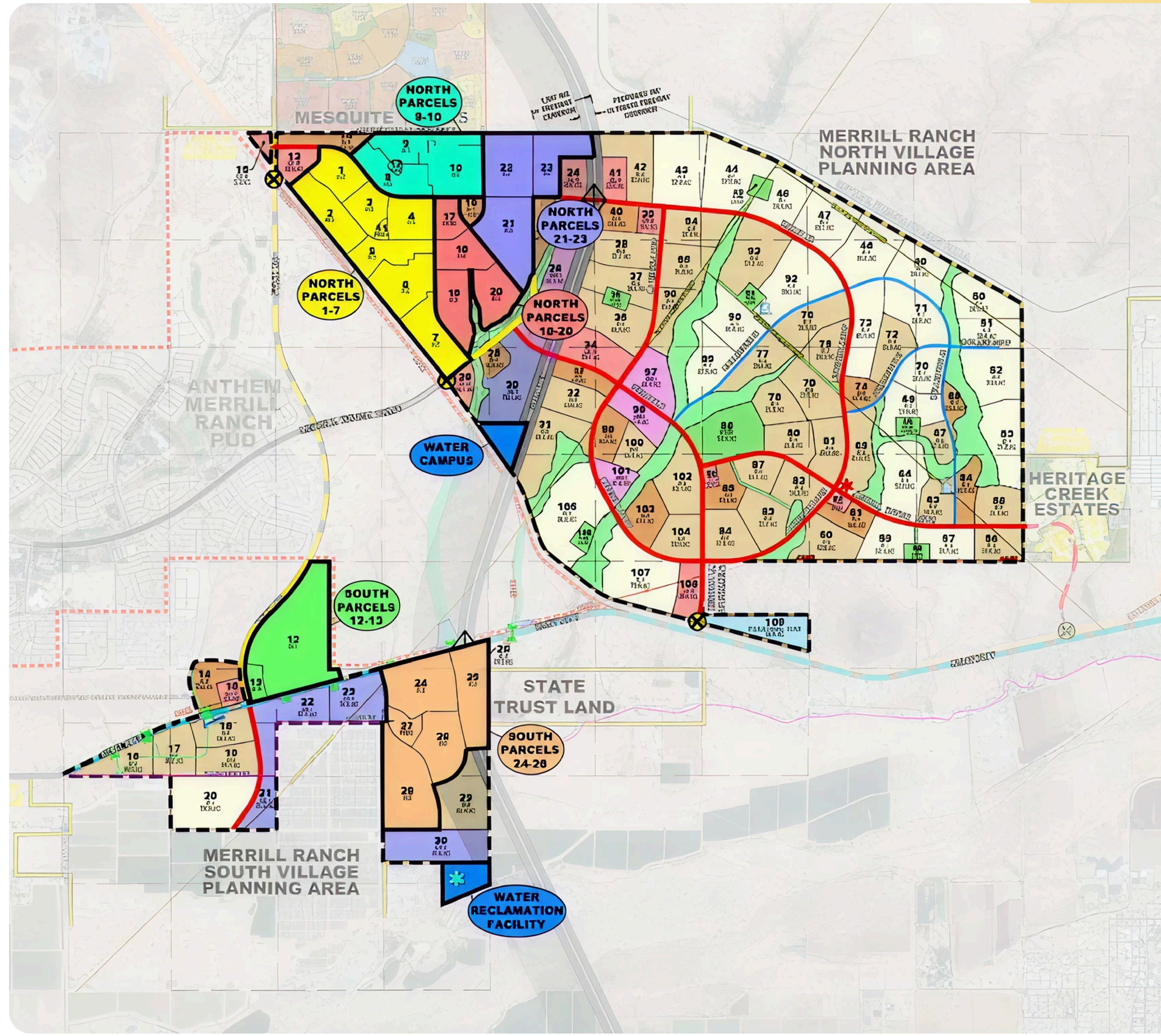
- **Par Amount:** $29,285,000 million
- **Purpose**: To construct water and sewer facilities
- **Structure:** 30-year term; repaid through bi-annual payments and a portion of lot sale proceeds
- **Yield**: 6.75%
- **Security:** First Deed of Trust
- **Non-recourse to Developer:** Land secured only, no developer guarantees

For more information about how The Launch Bond® may assist in financing your project's water and sewer facilities, contact:

- **Pam Giss at pamelag@launch-dfa.com**

or

- **Carter Froelich at carter@launch-dfa.com**



LAND TO LOTS™
ACQUISITION, DEVELOPMENT & FINANCE

PODCAST

BY CARTER FROELICH

CONVERSATIONS SHAPING THE FUTURE

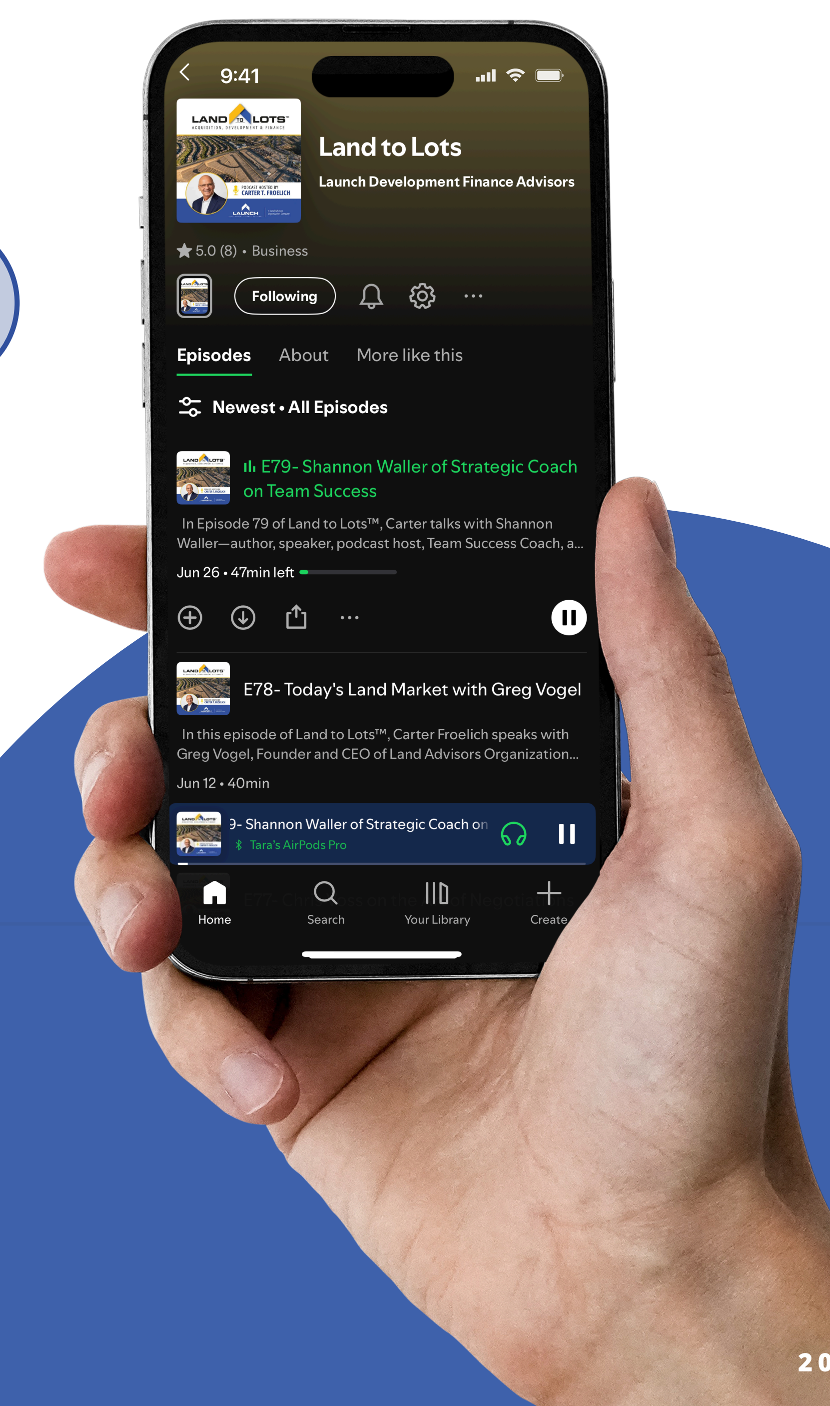
Q2 BROUGHT DEEP CONVERSATIONS WITH INDUSTRY LEADERS—SUCH AS **CHRIS VOSS** AND **GREG VOGEL**—FOCUSING ON KEY THEMES IN DEVELOPMENT FINANCE, INFRASTRUCTURE, PROJECT ECONOMICS, AND RISK MANAGEMENT.

LATEST FROM THE LAND TO LOTS™ PODCAST

Over the last quarter, we've added the following podcasts to our library.

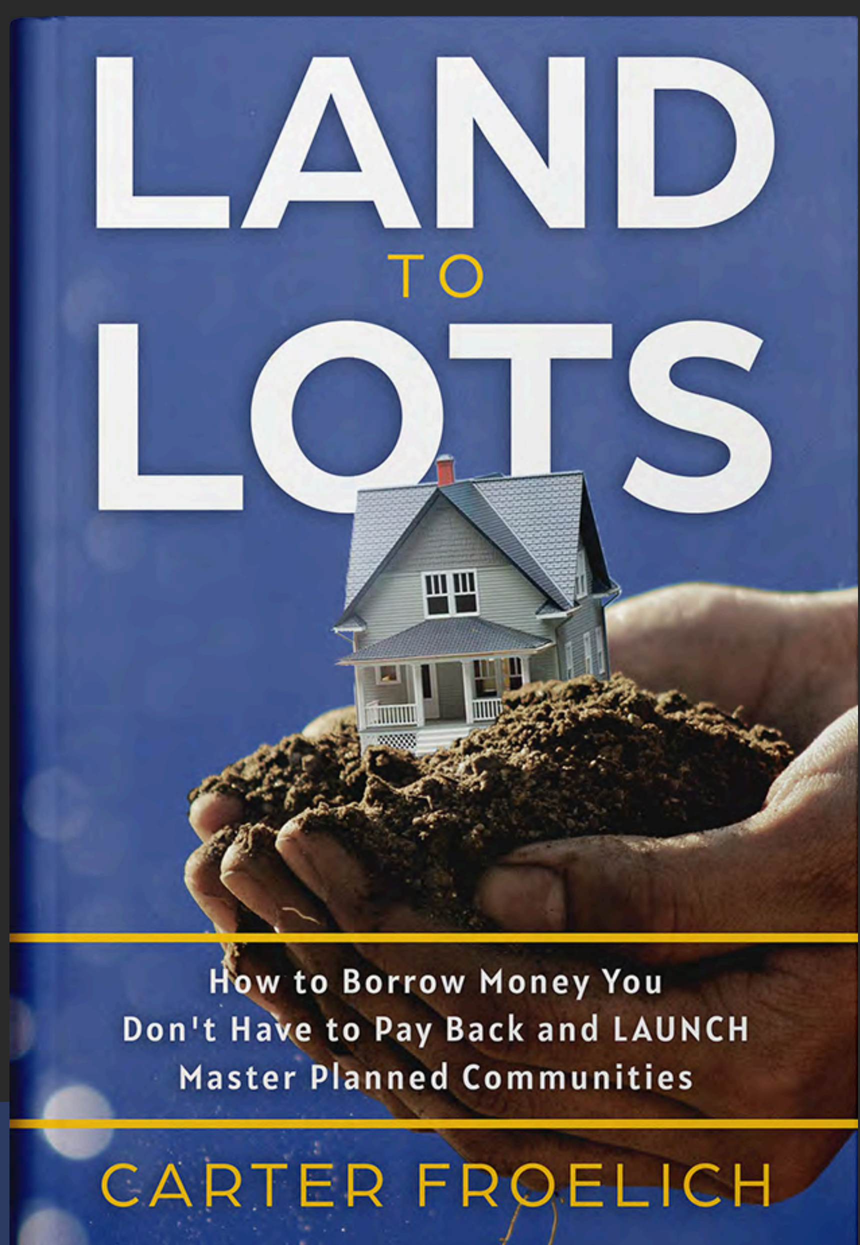
- E80 Episode 80 – Interview with Paul Beard on Sheetz v. El Dorado County, CA (Impact Fee Case)
- E79 Episode 79 – Shannon Waller of Strategic Coach on Team Success
- E78 Episode 78 – Discussion with Greg Vogel on Today's Land Market
- E77 Episode 77 – Interview with Chris Voss on the Art of Negotiations
- E76 Episode 76 – Interview with Mike Moser – CEO of Starwood Land

Subscribe to the ***Land to Lots***™ Podcast wherever you listen to your podcasts.



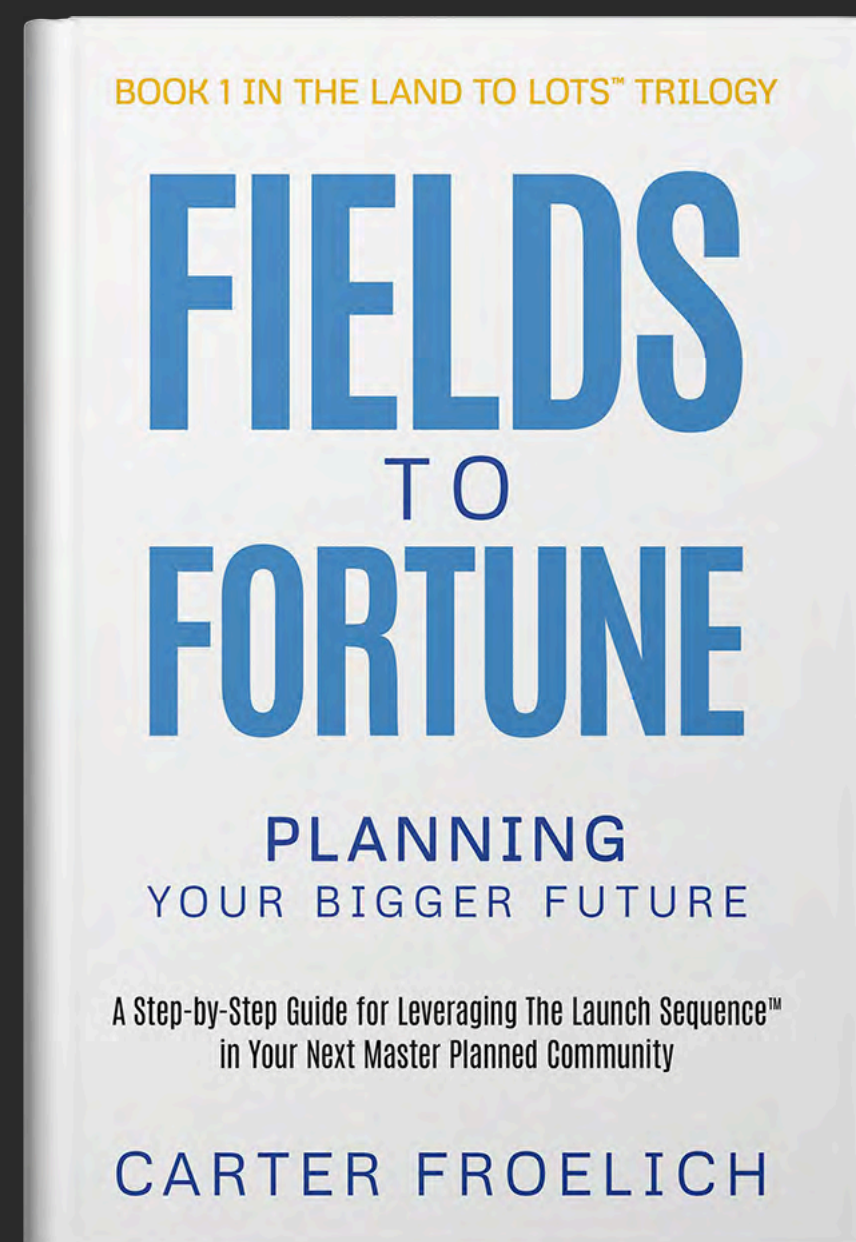
LAND TO LOTS™
ACQUISITION, DEVELOPMENT & FINANCE

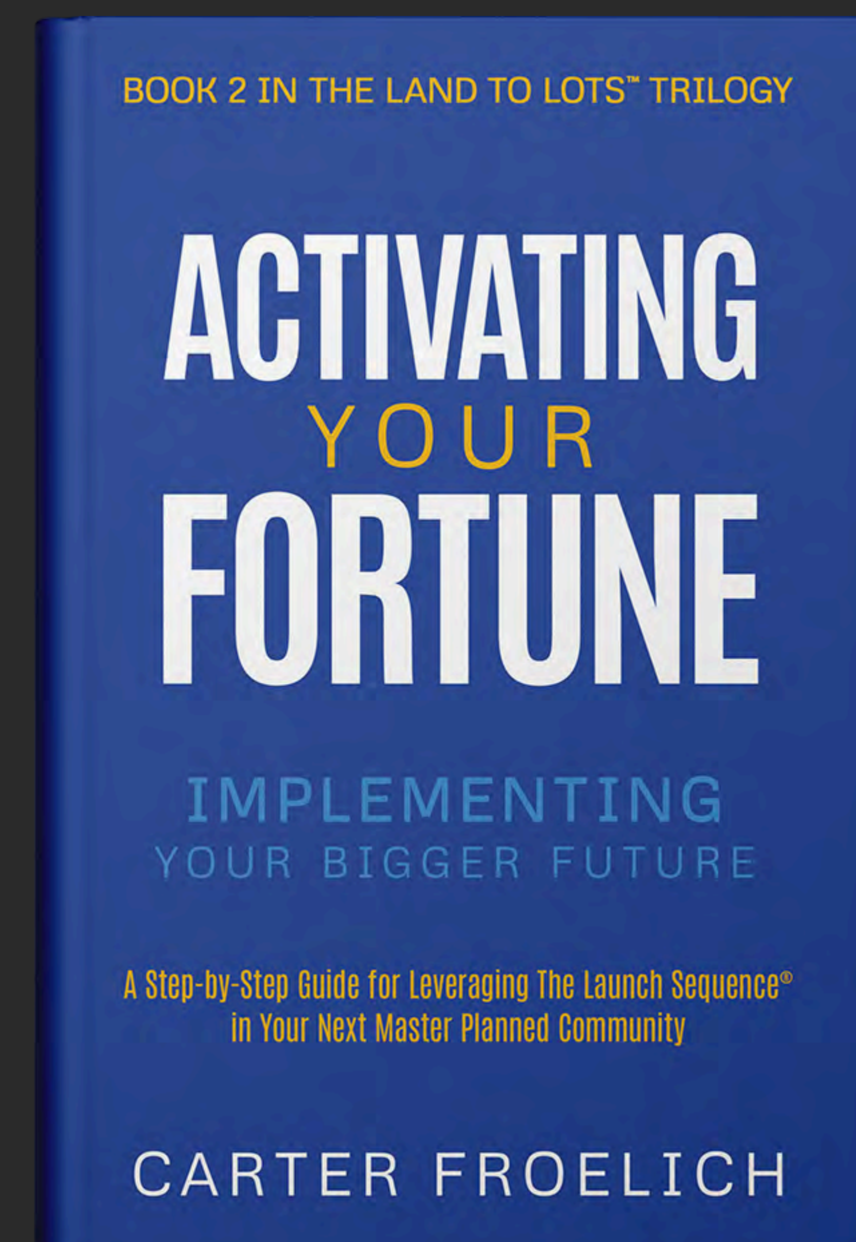
BOOKS



LAND TO LOTS
explores special district financing—showing how developers can structure smart, non-recourse infrastructure funding that future users repay, reducing capital costs.

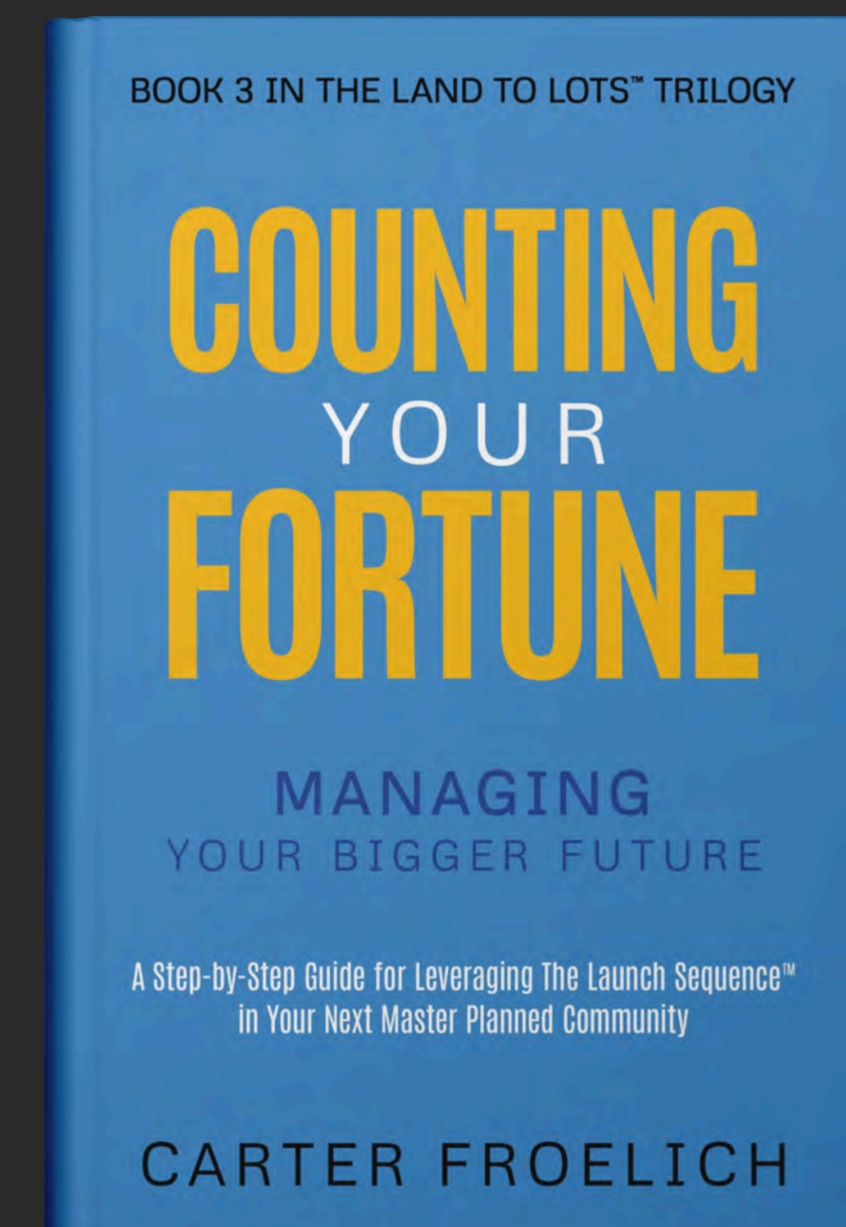
FIELDS TO FORTUNE
introduces The Launch Sequence™, a powerful planning framework that aligns vision, finance, and execution.





ACTIVATING YOUR FORTUNE
takes those concepts into the field, delivering step-by-step tactics to safeguard project intent and drive financial performance during implementation.

COUNTING YOUR FORTUNE
reveals the secret for management of the financing associated with your master planned community



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