

# FREQUENTLY ASKED QUESTIONS



## Montgomery County, Maryland **MODERATELY PRICED DWELLING UNIT (MPDU) PROGRAM**

[www.montgomerycountymd.gov/mpdu](http://www.montgomerycountymd.gov/mpdu)



### **MPDU HOMEOWNERSHIP PROGRAM** *For Persons Interested in Applying to Purchase an MPDU*

#### **1. Q. Who may apply for this program?**

A. Any person or household who meets the minimum program requirements may apply for the MPDU program:

- You must be a first-time homebuyer;
- Your income must not exceed the maximum income limits;
- You must have a good credit history to obtain a mortgage for your MPDU;
- You must document that you can afford the mortgage loan amount;
- You must be a United States citizen or a permanent resident of the United States (green card holder); and,
- You do not have to be a resident of Montgomery County, but preference is given in the application process to people who live or work in Montgomery County.

#### **2. Q. What are the income limits for the purchase program?**

A. At a minimum, you must earn at least \$35,000 and be able to qualify for a mortgage loan of at least \$120,000 and have savings for a down payment and closing costs. The amount of money that you can borrow to buy a home will depend on several factors, including your credit history, your savings, job stability, etc. This amount will typically be three times your annual income (for example, \$50,000 x 3 = \$150,000).

The maximum income limits change annually, usually in the spring. For current income limits, go to the MPDU homepage at [www.montgomerycountymd.gov/mpdu](http://www.montgomerycountymd.gov/mpdu).

#### **3. Q. What is meant by "first-time homebuyer"?**

A. Under the MPDU program, a "first-time homebuyer" is someone who has either never previously owned a home, or who has not owned a home or been on the deed to a home in the past five years.

#### **4. Q. I have never owned a home, but my spouse has so can we buy an MPDU?**

A. If your spouse previously owned a home, you are not eligible to participate in the sales program, because your spouse must be listed on the deed as a co-owner. Both of you must be first-time homebuyers.

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**5. Q. Is this a subsidized program?**

- A. No Private developers are required by Montgomery County law to provide a certain number of affordable units within most developments. Neither Montgomery County nor the developer provide any subsidy to renters or buyers.

**6. Q. What do you mean by moderately priced housing – is this low income housing?**

- A. No. In order to afford a home under this program, a household must earn at least \$35,000 in a year to qualify to purchase an MPDU. The maximum income limits change annually, usually in the spring. For current income limits, go to the MPDU homepage at [www.montgomerycountymd.gov/mpdu](http://www.montgomerycountymd.gov/mpdu).

**7. Q. Are HOC and MPDU the same thing?**

- A. No. HOC (the Housing Opportunities Commission) is an agency not directly related to the MPDU program. HOC mainly works with lower income households. HOC may also provide financing for the purchase of homes, including MPDUs. The MPDU program is a County-run program that assists households deemed to be of “moderate income” in the purchase of properties located throughout Montgomery County.

**8. Q. But I do not earn that much – where can I find a place to live in Montgomery County?**

- A. It is true that households with incomes lower than shown above might not be able to afford to purchase a home under the MPDU program. Another option is the MPDU Rental Program (see For Existing MPDU Renters or Persons Seeking to Rent an MPDU, below). An additional housing resource for households with lower incomes is the Housing Opportunities Commission (HOC); they can be reached at (240) 627-9400 or at [www.hocmc.org](http://www.hocmc.org). A household may choose to purchase an MPDU with the financing of their choice. Financing can be from HOC but it also can come for another lender of the MPDU purchaser’s choice.

**9. Q. This is an emergency – can you find me another place to live right now?**

- A. No, unfortunately, we cannot. The MPDU program is not an emergency housing program. Persons seeking emergency housing should call the Montgomery County Crisis Center at 240-777-4000.

**10. Q. What classes do I need to take before I can apply for a certificate to purchase an MPDU?**

- A. You need to take the following classes that are offered throughout the year:

- 1) A 3-hour First-Time Home Buyers Class
- 2) A 2-hour MPDU Orientation Seminar
- 3) A 1-hour MPDU Application Session

**11. Q. How do I sign up for these classes?**

- A. Information about required classes, and the opportunity to sign up for these classes, can be found on the MPDU Program webpage at [www.montgomerycountymd.gov/mpdu](http://www.montgomerycountymd.gov/mpdu).

## **FREQUENTLY ASKED QUESTIONS**

### **12. Q. Do I have to take the First-Time Homebuyer Class first, or can I take the MPDU Orientation Seminar First?**

A. You must take the First-Time Homebuyer Class before you take the MPDU Orientation Seminar.

### **13. Q. What do I do after I take the classes?**

A. At the end of the Orientation Seminar, you will receive an application packet for the MPDU program. You must complete the application form and assemble all of the required documents, you will be required to attend an Application Session to submit the completed application and required documents. Instructions for signing up for an Application Session will be provided in the Application package and reviewed at the Orientation Seminar.

### **14. Q. What must be included with the application?**

A. With your application you must include:

- Copy of the First-Time Home Buyers Seminar Certificate of Completion (not required for renewal of certificate);
- a pre-qualifying letter from a lender - choose one of the lenders from the list in the application packet and schedule an appointment to get the letter;
- a copy of the most recent federal income tax return for each adult in the household (electronic summary, e-File, or fax are not acceptable);
- copies of the two (2) most recent pay stubs for every wage earner in the household;
- if you are self-employed, a notarized Year to Date Statement of Income and Expenses and copy of Schedule C from your federal income tax return;
- if you are retired, proof of pension income and/or social security income;
- proof of all other sources of income such as SSI and alimony.

### **15. Q. If I rent an MPDU, can I still apply for a certificate to purchase an MPDU?**

A. Yes, you may apply for an MPDU certificate to purchase if you are renting an MPDU. You will need to follow the same application procedure as everyone else. It is important to note that the length of time you have rented an MPDU does not count towards the length of time you have been in the program for the purpose of purchasing an MPDU.

### **16. Q. Will you check my credit history?**

A. No, the MPDU Office will not check your credit history. But, your credit history will be reviewed by the lender to verify whether you would qualify for a mortgage loan of at least \$120,000. If you qualify, the lender will give you a prequalification letter to include with your application.

### **17. Q. I applied three years ago and received a certificate – do you still have my file?**

A. No, files are only kept for 60 days beyond the expiration date of the certificate unless you applied for a renewal. You need to apply again.

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**18. Q. I do not have a job; can I still apply?**

- A. Buyers of an MPDU must be able to pay a monthly mortgage payment. If you are not employed, you likely will not qualify for a mortgage. Your source of income may, however, be from retirement benefits, which may enable you to qualify for a mortgage (subject to the MPDU income maximums).

**19. Q. If I am self-employed, what will you accept in the place of a pay stub?**

- A. If you are self-employed, you must submit a copy of Schedule C from your federal income tax return, and a year-to-date income and expense statement prepared by either you or your accountant. The statement must be notarized, and you must include this statement with your signature: "Under the penalty of perjury, by signing this statement I acknowledge that the information presented herein is a true and accurate accounting of my income and expenses."

**20. Q. I lost last year's tax return – do you really need it?**

- A. Yes, incomplete applications will not be processed. You must contact the Internal Revenue Service to request a summary statement of your previously filed tax return. Request transcripts by going to [www.irs.gov](http://www.irs.gov), by calling 1-800-829-1040, or order by mail using IRS Form 4506T (Request for Transcript of Tax Return). The IRS does not charge a fee for transcripts. Allow at least two weeks for delivery.

**21. Q. My last tax return shows more income than I now make. Will this affect my eligibility for the program?**

- A. Probably not; we use pay stubs to determine your current income. Your tax return is used to verify other information on your application.

**22. Q. My former spouse is on my last tax return, but we are separated or divorced. I am not applying with my spouse; does this matter?**

- A. Yes. We need verification of your separation or divorce -- either a separation agreement, divorce agreement, or a letter from your attorney verifying that you are seeking a separation, or evidence of separate residences.

**23. Q. Do I have to be a U.S. citizen to apply?**

- A. Because the owner must live in the MPDU, the primary applicant on the MPDU application (the head of household) must be a citizen of the United States or a permanent resident of the United States (a green card holder).

**24. Q. I do not receive a paycheck stub. What can I submit instead?**

- A. You can have your employer verify your annual income and year-to-date earnings on company letterhead or request your employer to complete an Income Verification Form (available from our office).

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### **25. Q. Do you provide financing for my home?**

- A. No, the MPDU Program does not provide financing to purchase MPDUs. Purchasers must obtain their own financing. The Housing Opportunities Commission (HOC) has special mortgage programs available through their lenders – you can ask the lender about the HOC mortgage and closing cost programs. A list of these lenders is on HOC's website: [www.hocmc.org/homeownership](http://www.hocmc.org/homeownership). However, you may obtain your loan from any lender you choose.

### **26. Q. Can I come into your office to get more information?**

- A. If you need further information, please call 311. However, most of the information you need can be found on this website: [www.montgomerycountymd.gov/mpdu](http://www.montgomerycountymd.gov/mpdu).

### **27. Q. Can I call the office to get more information?**

- A. You can call 311 and an operator will create a service request for a return call. You will be called by an MPDU staff person within 48 hours.

### **28. Q. I lost my First-Time Homebuyer class certificate. How can I get a copy?**

- A. If you cannot find the certificate you received when you attended the MPDU First-Time Homebuyer class, please contact HCI, the organization that conducted the class, at [www.hcii.org](http://www.hcii.org) or call (301) 590-2765. Please give your name and the approximate date that you took the First-Time Homebuyer class. HCI will get the copy to you.

### **29. Q. I lost my MPDU certificate. How can I get a copy?**

- A. If you cannot find your MPDU certificate, please send an email to [mpdu.intake@montgomerycountymd.gov](mailto:mpdu.intake@montgomerycountymd.gov). Please provide your name and your certificate number. If you do not have your certificate number, please provide your phone number and email address.

### **30. Q. I am a certificate holder. I entered a Random Selection Drawing (RSD) and I am not on the list of MPDU certificate holders who entered the RSD. Why?**

- A. Check that your MPDU certificate is valid. Check that your approved loan amount is equal to or larger than the price of the MPDU for sale. Check that your household size qualifies you for the number of persons required or allowed in this RSD.

### **31. Q. Can a person without an MPDU certificate purchase a resale MPDU under the control period?**

- A. Occasionally. When an MPDU resale that has been offered to all MPDU certificate holders is not purchased by one of them, the MPDU resale is opened to the general public, and a person without a certificate may buy it. The buyer must be a First-Time homebuyer, must be a U.S. citizen or a permanent resident of the United States (green card holder), and must attend a meeting at the MPDU office to review the MPDU rules before signing a purchase contract for the MPDU. The listing agent will refer the buyer to the MPDU office.

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**32. Q. How can the general public find these MPDUs?**

A. Resale MPDUs that are open to the general public will be listed in the Multiple Listing Service (MLS). The buyer's real estate agent can assist the interested buyers in finding listings in the MLS.

**33. Q. When I buy an MPDU will I have to pay monthly Homeownership Association (HOA) or Condominium Association fees?**

A. You will be responsible for any monthly fees assigned to your MPDU.

**34. Q. Can I buy a single-family home in the MPDU program?**

A. Only condominiums and townhouses are generally available.

**35. Q. Are four- or five-bedroom MPDUs available to purchase?**

A. MPDUs for sale are one, two, or three-bedrooms. Four bedroom MPDUs generally are not available.

**36. Q. My household size is one (or two). Can I buy a new three-bedroom townhouse?**

A. New Three-bedroom townhouses and condos are first available to households with three or more persons.

**37. Q. I received my MPDU certificate – what happens next?**

A. When MPDUs are available for sale in a new development, or when resale MPDUs become available, the MPDU office holds a random selection drawing to select certificate holders who will be provided the opportunity to purchase the MPDUs. You should check the MPDU website regularly to find out which MPDUs are available for sale and when drawings will be held. If you are interested in purchasing one of the MPDUs that are available in a new development, you must enter the online drawing for those MPDUs. You must provide your MPDU certificate number (the number on your MPDU certificate) in order to enter a drawing. If you are eligible to buy one of the MPDUs based on your income and household size, you will be entered in the drawing. If you are not eligible, your entry will be rejected at the time of the drawing. The drawing will take place approximately two weeks after the information is posted on the MPDU website. Information about the rules on income and household size can be found on the MPDU Program webpage at [www.montgomerycountymd.gov/mpdu](http://www.montgomerycountymd.gov/mpdu), in the section entitled "For Approved MPDU Sales Program Certificate Holders." Resale MPDUs are also listed on the MPDU website.

**38. Q. I lost my information about the homebuyer class – when is the next class?**

A. Information about required classes can be found on the MPDU Program webpage at [www.montgomerycountymd.gov/mpdu](http://www.montgomerycountymd.gov/mpdu).

**39. Q. My spouse and I are getting a divorce and my "ex" is getting the MPDU - can I apply for another MPDU?**

A. You will need to request from the MPDU Office a waiver of the First-Time Homebuyer requirement due to divorce. You will need to present documentation showing that your ex-spouse will be keeping the house.