FREQUENTLY ASKED QUESTIONS

Montgomery County, Maryland
MODERATELY PRICED
DWELLING UNIT (MPDU) PROGRAM
www.montgomerycountymd.gov/mpdu

For Real Estate Agents, Lenders, Appraisers, etc.

1. Q. How can I tell if a unit is an MPDU?

A. To verify the information in the database, you can email your request to the MPDU office
   mpdu.intake@montgomerycountymd.gov. Please include the owner’s name, and the exact address of the
   unit, including unit number.

2. Q. What is the control period on an MPDU, and what does it mean?

A. The control period is a 30-year period of time beginning on the settlement date of the initial sale of the
   MPDU. During these 30 years, the MPDU is controlled by the MPDU Covenants for the property. For
   example, if the MPDU is sold within the control period, the home must be sold to another MPDU client at a
   price determined by the MPDU Office. This 30-year control period will renew each time the MPDU is sold to
   a new buyer. If the MPDU was first purchased before April 1, 2005, the control period was likely 10 years.

3. Q. Are there any limits on the sale price of an MPDU after the control period is over?

A. No. The owner may sell the MPDU at a fair market price, but half of the excess profit must be paid to the
   MPDU program (this applies to new MPDUs sold after 1989).

4. Q. Once the control period has expired, can the owners sell to whomever they want to?

A. Montgomery County and HOC have the right to purchase an MPDU at the fair market price during the first
   30 days. Once the owner has entered into a sales contract, they must submit a copy of it to the MPDU office
   along with the form that can be found on the MPDU website at www.montgomerycountymd.gov/mpdu.
   The MPDU Office will then determine whether it will exercise its right of first refusal to purchase the MPDU
   at the contact sales price, and to calculate the amount of shared profit owed to Montgomery county.

5. Q. What is the definition of “excess profit”?

A. For MPDUs when the MPDU covenants have expired, excess profit is the difference between the MPDU
   value price and the contract sales price. The excess profit is calculated by first determining an “MPDU
   value” which is the total of the initial acquisition price (plus an increase measured by the rate of inflation),
   improvements, and real estate commission. This figure is then subtracted from the contract sales price to
   determine “excess profit”. Montgomery County is entitled to 50% of the excess profit from the sale of an
   MPDU after the control period has ended, regardless of the length of the control period. Additional
   information about calculating shared profits can be found on the MPDU Program webpage at
   www.montgomerycountymd.gov/mpdu.
6. Q. How are the MPDU requirements enforced?

A. The MPDU requirements are enforced through MPDU covenants that are placed on the property. Once the control period has ended, and once Montgomery County has received its share of the excess profits (if applicable), these MPDU covenants are released.

7. Q. Does Montgomery County take action against MPDU owners who do not follow the covenants and program requirements?

A. Absolutely YES. While most households who have benefited from this program have fully lived up to the MPDU requirements, a very few have failed to follow the MPDU rules. In these cases, Montgomery County has taken legal action against the owners who violate the rules.

8. Q. May an MPDU owner rent their MPDU (if the MPDU is still under the MPDU controls)?

A. No. While an MPDU is still under MPDU controls, the owners must live in the MPDU as their primary residence, or they must sell it back to Montgomery County. If the owners are required to temporarily relocate due to their job, they may ask permission from Montgomery County to temporarily rent their unit. They must send a letter to the MPDU program to make such a request. If they are granted permission, they must get a rental license from the Department of Housing and Community Affairs. Information on obtaining a rental license can be obtained by calling the Montgomery County 311 Information Service at 311 if calling from Montgomery County, or 240-777-0311 elsewhere.

9. Q. If an owner pays off their mortgage, are they still required to follow the MPDU rules?

A. Yes. The MPDU covenants on the MPDU are not tied to the mortgage. The covenants are tied to the property itself. Therefore, paying off the mortgage does not relieve the owner of their obligation to follow the MPDU rules they agreed to when they purchased their property.

10. Q. How can real estate agents, appraisers, lenders, and title companies find the MPDU covenants for each MPDU?

A. The MPDU covenants are stated on the first page of the deed for each MPDU by referring to the Liber, folio, and recordation date. With these references, anyone can look up the covenants on line in the Montgomery County land records. The covenants contain a list of all of the MPDUs controlled by the covenants. Make sure that the property you are researching is in the list. If it is not, keep searching the land records.

11. Q. Can real estate agents sell MPDUs?

A. The sale of new MPDUs does not need the assistance of a real estate agent. The sales and settlement staff of the builder or developer are trained on the rules and requirements of selling MPDUs. The MPDU program will not include real estate agent fees in the MPDU price for new MPDUs. MPDU owners must use a real estate agent if they decide to sell their MPDU. The MPDU program recommends that owners use a real estate agent with experience selling MPDUs. If the MPDU owner chooses an agent without experience selling MPDUs, that real estate agent must attend a training session for listing agent. These training
sessions are offered once a month. Only real estate agents with a listing agreement are allowed in the training. Training is tailored to the specific MPDU for sale.