



## THE MODERATELY PRICED DWELLING UNIT (MPDU) PROGRAM ORIENTATION SEMINAR

### AGENDA:

- 6:30 pm - Sign in
- 6:40 pm - MPDU Presentation
- 7:30 pm - Q & A
- 7:45 pm - HOC Presentation
- 8:15 pm - Q & A
- 8:30 pm - Adjourn




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### GROUND RULES

- Remember to sign in
- MPDU application folder will be handed out at end
- Please hold your questions
- Turn off cell phones
- Rest rooms are near elevator – turn left at hallway, then left again




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### CONTACT INFO

#### Website:

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

#### Email:

[dhca\\_mpdu@montgomerycountymd.gov](mailto:dhca_mpdu@montgomerycountymd.gov)




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**THREE STEPS TO APPLY:**

STEP 1 – First Time Homebuyer’s Class

STEP 2 – MPDU Orientation Seminar

STEP 3 – MPDU Application Session



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**STEP 1: HOMEBUYER’S CLASS**



Learn about the Responsibilities of Homeownership!



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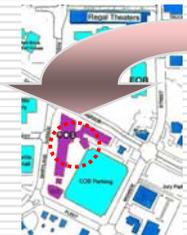
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**STEP 2: MPDU ORIENTATION SEMINAR**



You Are Here  
100 Maryland Ave.  
Rockville COB

Learn about the Benefits and Rules of the MPDU Program!



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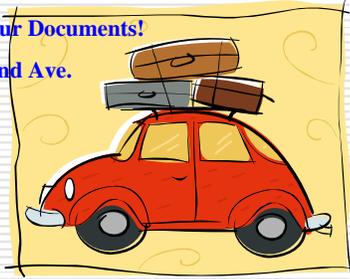
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### STEP 3: APPLICATION SESSION

Bring all your Documents!  
100 Maryland Ave.  
Rockville



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### WHAT IS AN MPDU?

MPDU =  
Moderately Priced Dwelling Unit



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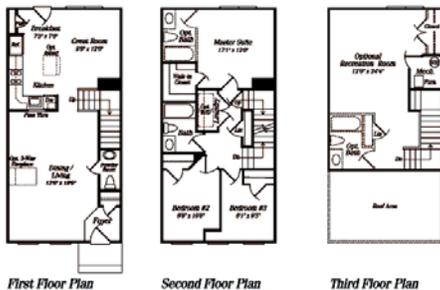
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### TYPES OF MPDU DWELLINGS

Town Houses/Duplexes : Three Bedroom Units

Floor Plan examples



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**TYPES OF MPDU DWELLINGS**  
(continued)



Duplex



Townhouses





MPDU PROGRAM ORIENTATION


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**TYPES OF MPDU DWELLINGS**  
(cont...)

**High Rise/ Garden Apt.: One, Two or Three Bedroom Unit Condos**




High Rise Apartment

Garden Apartment



MPDU PROGRAM ORIENTATION


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**WHAT ARE THE BENEFITS OF BUYING AN MPDU?**

- A home in Montgomery County that you can afford
- Tax benefits
- You can sell (at controlled price)
- No landlord - no unpredictable rent increases!
- Improve your new home!



MPDU PROGRAM ORIENTATION


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**WHAT ARE THE RULES OF THE MPDU PROGRAM?**

All new MPDUs have a 30-year "CONTROL PERIOD."

During the Control Period:

- You must live in the MPDU
- The MPDU cannot be rented out
- The MPDU cannot be left vacant
- You cannot own a second home

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**RULES OF THE MPDU PROGRAM**  
(continued)

- MPDU may only be resold at a "Control Price" established by the MPDU Office
- If refinancing, you must contact the MPDU Office for the Control Price before contacting a lender
- County has first right to buy your MPDU
- You must share profit if you sell after 30 year control period has expired

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**CONTROL PRICE EXAMPLE**

*(for resale, refinancing, home equity loan, etc.)*

Original Purchase Price (in 2005)		
	+	\$160,000
Inflation (2005 - 2007)	+	\$9,600
<u>Eligible Improvements*</u>	+	<u>\$5,000</u>
<b>CONTROL PRICE</b>	=	<b>\$174,600</b>

\*Save your receipts for any improvements!

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### SHARED PROFIT CALCULATION

MPDU Purchase Price in 2005:	\$160,000
Market Sales Price in 2035:	\$750,000
MPDU Control Price in 2035:	- 350,000
Excess Profit:	\$400,000
County Share of Profit (1/2):	\$200,000
Owner Keeps:	
One-Half of Profit	\$200,000
Plus Amount of Control Price	350,000
TOTAL:	\$550,000



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### FOLLOW THE RULES!

Inform MPDU Office if you decide to sell / refinance!



Do not get yourself in trouble!



There is a limit to how much you can sell / refinance for!



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### WHAT WILL HAPPEN IF I DON'T FOLLOW THE RULES?

Legal action by County:

- Fines
- Repayment of illegally collected rent
- Forced sale of your MPDU



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**HOW DO I QUALIFY  
TO BUY AN MPDU?**

- You must be a first time home buyer (have not owned a home for the last 5 years)
- You must be within income limits
- You must qualify for a mortgage loan of at least \$120,000
- You must have savings for a down payment and closing costs



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**HOW DO I QUALIFY TO BUY AN MPDU?**

- Complete and submit MPDU application at an Application Session
- If you meet these eligibility criteria, you will receive a **"Certificate of Eligibility"** from the MPDU office



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**HOUSEHOLD INCOME  
LIMITS**

MINIMUM INCOME : \$35,000\*

\*Except for current Certificate holders.

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**HOUSEHOLD INCOME  
LIMITS (continued)**  
MAXIMUM INCOME

HOUSEHOLD SIZE	MAX. TOTAL HOUSEHOLD INCOME
One Person	\$48,500 per Year
Two People	\$55,500 per Year
Three People	\$62,500 per Year
Four People	\$69,500 per Year
Five or More People	\$75,000 per Year

 **MPDU PROGRAM ORIENTATION**  22

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**WHAT SIZE HOME DO I QUALIFY FOR?**

HOUSEHOLD SIZE	Number of Bedrooms
One (1) Person	1 or 2 Bedrooms
Two (2) People	1 or 2 Bedrooms
Three (3) People	2 or 3 Bedrooms
Four (4) People	2 or 3 Bedrooms
Five (5)+ People	3 Bedrooms

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**WHO IS INCLUDED IN MY HOUSEHOLD?**

A person who plans to live with you in the MPDU *AND*

- is claimed as a dependent on your Federal tax return *OR*
- has their own income (which must also be counted as part of your total household income)

 **MPDU PROGRAM ORIENTATION**  24

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### HOW DO I GET CHOSEN TO PURCHASE A MPDU?

Computerized random selection drawing of all qualified households who enter

Must qualify by :

- Mortgage amount on lender letter
- Household size

Households with the most priority points will be selected first




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### HOW DO I GET PRIORITY POINTS?

- One point for living in Montgomery County
- One point for working in Montgomery County
- One point for each year in the sales program (up to a total of 3 points)

Maximum accrued priority points: 5

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### HOW DO PRIORITY POINTS ACCUMULATE? (cont...)

	Year 1	Year 2	Year 3
Living <u>and</u> Working in the County	3	4	5
Living <u>or</u> Working in the County	2	3	4
Not Living or Working in the County	1	2	3




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**HOW DO I KNOW WHEN UNITS ARE AVAILABLE?**

- Check the MPDU website regularly:  
[www.montgomerycountymd.gov/mpdu](http://www.montgomerycountymd.gov/mpdu)
- Offerings of new and resale MPDUs are found there
- Sign-up online for the random selection drawing for MPDUs you are interested in
- Households selected will only be notified via the MPDU webpage



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**MAKE SURE YOUR INFORMATION IS UP TO DATE!**

- Household Size
  - Address
  - Income
  - Employer
- Mail changes to the MPDU office



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**I HAVE BEEN SELECTED! NOW WHAT?**

- Builder will contact households in the order they were selected to set up appointments
- Households will meet with builder to see floor plans and options
- If household wishes to buy, the household will sign a contract (48 hours to decide)



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**TIME TO SIGN THE CONTRACT!**

BRING:

- ✓ MPDU Certificate of Eligibility
- ✓ Check/money order for a deposit

YOU WILL SIGN:

- ✓ Sales contract
- ✓ Purchaser's Agreement Form
- ✓ Receipt of MPDU covenants and MPDU law



MPDU PROGRAM ORIENTATION


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**WHAT HAPPENS AFTER I SIGN THE CONTRACT?**

- ✓ Meet with a lender to arrange financing (does not have to be builder's lender!)
- ✓ Keep your documents up-to-date and schedule your appointment right away
- ✓ No ARMs or interest-only loans



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**WHEN CAN I MOVE INTO MY MPDU?**

AFTER:

- MPDU has been built
- Your loan has been approved
- Settlement has occurred\*

*(\*An appointment at which you buy your home and get keys)*

You **MUST** be within income guidelines when you settle on your MPDU!



MPDU PROGRAM ORIENTATION


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**HOW DO I PAY FOR MY MPDU?**

- Mortgage Loan
- Down Payment/ Closing Costs
- (The MPDU office does not offer financing or financial assistance to help purchase MPDUs)

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**SAVE MONEY FOR YOUR MPDU PURCHASE**

MPDU Sales Price:	\$160,000
- Down Payment (approx. 3%):	5,000
- Closing Costs (approx. 4%):	+ 6,000
Savings Needed:	\$11,000

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**THE ROLE OF DHCA/MPDU and HOC**

DHCA (Dept. of Housing and Community Affairs) – MPDU Office:

- Certifies Households as Eligible to Purchase **MPDUs**
- Works with the Builders who Provide **MPDUs**



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**THE ROLE OF DHCA/MPDU and HOC**

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HOC (Housing Opportunities Commission):

- Provides Financial Assistance to Help Purchase MPDUs



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**HOW DO I APPLY?**

Good News!

Applications can now be submitted year round.



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**WHAT IS IN YOUR APPLICATION FOLDER?**

- Ten Things You Need to Understand Before You Participate in Montgomery County's MPDU Purchase Program
- MPDU Application (includes document checklist)
- Instructions for getting a lender pre-qualification letter and sample letter

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**WHAT IS IN YOUR APPLICATION FOLDER?**  
(continued)

- List of HOC Participating Lenders who can pre-qualify you for a mortgage
- Current HOC interest rates

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**WHO MUST BE ON MY APPLICATION?**

- Anyone who will be living in the MPDU, including children
- APPLICANTS DO NOT NEED TO BE RELATED TO APPLY TOGETHER!
- Each adult must also be listed on the household's Federal taxes, UNLESS
  - They have their own income and tax returns

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**DOCUMENTS NEEDED TO APPLY**

- Application with Completed Document Checklist and all documents
- Certificate of Completion from Homebuyer's Class

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**DOCUMENTS NEEDED TO APPLY**  
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- Pre-qualification Letter from Lender for a minimum of \$120,000 - (Choose lender from list in application folder)
- Copies of Federal Income Tax Returns and W-2s (most recent)
- Proof of Income



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**PROOF OF INCOME**

- Two most recent paystubs from all adult wage earners
- Self employed: Notarized year to date statement of income and expenses
- Retired: Proof of pension income and social security
- Other sources of income (child support, SSI or alimony): Documentation needed



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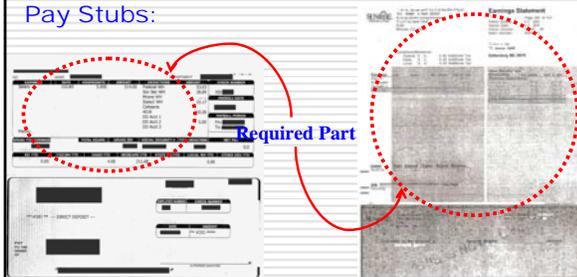
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**DOCUMENTS NEEDED FOR APPLICATION PROCESS (cont...)**

Pay Stubs:



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### SCHEDULING YOUR APPLICATION SESSION

- To sign up for an Application Session, visit website:

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

- Enter Orientation ID Number (found on folder)
- Bring all required documents with you



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### CERTIFICATE OF ELIGIBILITY

If you are found eligible, you will be issued a

**“Certificate of Eligibility”**

valid for **One Year**

You may then enter the random selection drawings as **MPDUs** become available



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### IF YOUR CERTIFICATE IS EXPIRING

- Certificates expiring on **Jan. 31, 2008** will remain valid until **April 30, 2008**
- You must submit a completed application by these deadlines
- or*
- Your certificate will expire and you will lose your accumulated points!



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**HOW DO I RENEW MY CERTIFICATE?**

- Start renewal 60 days before your certificate expires
- The MPDU office will **NOT** notify you when it's time to renew!
- Check website for renewal instructions:

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



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**BUT I DO NOT HAVE THE INTERNET IN MY HOME!**

Internet access is available in Montgomery County at:

- All public libraries
- Regional Service Centers throughout the County
- In the MPDU office



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**HOW TO UPDATE YOUR INFORMATION:**

Don't miss out!

- Mail copies of supporting documents to the MPDU office right away!

For changes in:

- Household size
- Address
- Income (of more than \$2,000)
- Employer



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**ALTERNATIVES TO THE MONTGOMERY COUNTY MPDU SALES PROGRAM**

City of Rockville MPDU Program:  
(240) 314-8218

[www.rockvillemd.gov/residents/MPDU/index.html](http://www.rockvillemd.gov/residents/MPDU/index.html)

City of Gaithersburg MPDU Program:  
(301) 258-6310

<http://www.gaithersburgmd.gov>



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**WHERE ARE THERE AFFORDABLE RENTS IN THE COUNTY?**

MPDU RENTAL PROGRAM:

- Apply directly at any complex with MPDUs
- A list of participating apartment complexes is available at:

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



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**HOW MUCH DID YOU LEARN?**

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How did we do in explaining the program,  
its benefits and its restrictions?

Take our quiz!



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## REMEMBER

The Next Step is the

**Application Session!!**



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## APPLICATION SUBMISSION

**Application Form:** Filled out and signed by all adults listed on the application

**Attachments:**

- Federal Tax Returns
- Proof of Income
- Lender Pre-Qualification Letter
- Homebuyer Class "Certificate of Completion"



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## YOUR TURN:

Q & A

### QUESTIONS AND ANSWERS

For other questions, call:  
(240) 777-3600, option 3  
or email:  
[dhca\\_mpdu@montgomerycountymd.gov](mailto:dhca_mpdu@montgomerycountymd.gov)



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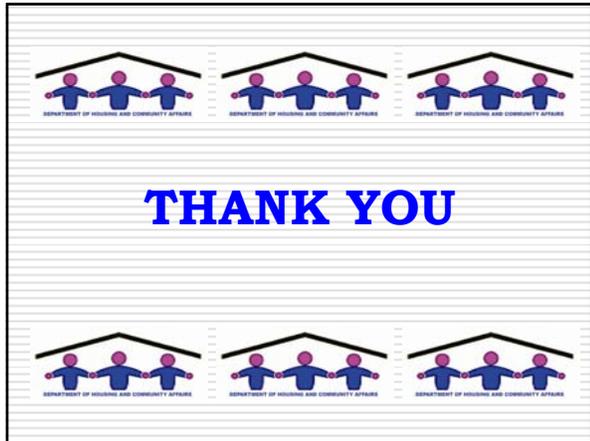
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