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

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

CONTACT INFO
Website:
www.montgomerycountymd.gov/mpdu

Email:
dhca_mpdu@montgomerycountymd.gov
THREE STEPS TO APPLY:

STEP 1 – First Time Homebuyer’s Class

STEP 2 – MPDU Orientation Seminar

STEP 3 – MPDU Application Session

STEP 1: HOMEBUYER’S CLASS

Learn about the Responsibilities of Homeownership!

STEP 2: MPDU ORIENTATION SEMINAR

Learn about the Benefits and Rules of the MPDU Program!
STEP 3: APPLICATION SESSION

Bring all your Documents!
100 Maryland Ave.
Rockville

WHAT IS AN MPDU?

MPDU =
Moderately Priced Dwelling Unit

TYPES OF MPDU DWELLINGS

Town Houses/Duplexes: Three Bedroom Units

Floor Plan examples

First Floor Plan  Second Floor Plan  Third Floor Plan
TYPES OF MPDU DWELLINGS
(continued)

- Duplex
- Townhouses

MPDU PROGRAM ORIENTATION

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!
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

(continued)

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

CONTROL PRICE EXAMPLE

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

Original Purchase Price (in 2005) + $160,000
Inflation (2005 – 2007) + $9,600
Eligible Improvements* + $5,000
CONTROL PRICE = $174,600

*Save your receipts for any improvements!
<table>
<thead>
<tr>
<th>MPDU Purchase Price in 2005:</th>
<th>$160,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Sales Price in 2035:</td>
<td>$750,000</td>
</tr>
<tr>
<td>MPDU Control Price in 2035:</td>
<td>$350,000</td>
</tr>
<tr>
<td>Excess Profit:</td>
<td>$400,000</td>
</tr>
<tr>
<td>County Share of Profit (1/2):</td>
<td>$200,000</td>
</tr>
</tbody>
</table>

**Owner Keeps:**
- One-Half of Profit: $200,000
- Plus Amount of Control Price: $350,000
- **TOTAL:** $550,000

**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!

**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
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

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

HOUSEHOLD INCOME LIMITS

MINIMUM INCOME : $35,000*

*Except for current Certificate holders.

(continued)
### Household Income Limits (continued)

<table>
<thead>
<tr>
<th>Household Size</th>
<th>Max. Total Household Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>One Person</td>
<td>$48,500 per Year</td>
</tr>
<tr>
<td>Two People</td>
<td>$55,500 per Year</td>
</tr>
<tr>
<td>Three People</td>
<td>$62,500 per Year</td>
</tr>
<tr>
<td>Four People</td>
<td>$69,500 per Year</td>
</tr>
<tr>
<td>Five or More People</td>
<td>$75,000 per Year</td>
</tr>
</tbody>
</table>

### What Size Home Do I Qualify For?

<table>
<thead>
<tr>
<th>Household Size</th>
<th>Number of Bedrooms</th>
</tr>
</thead>
<tbody>
<tr>
<td>One (1) Person</td>
<td>1 or 2 Bedrooms</td>
</tr>
<tr>
<td>Two (2) People</td>
<td>1 or 2 Bedrooms</td>
</tr>
<tr>
<td>Three (3) People</td>
<td>2 or 3 Bedrooms</td>
</tr>
<tr>
<td>Four (4) People</td>
<td>2 or 3 Bedrooms</td>
</tr>
<tr>
<td>Five (5)+ People</td>
<td>3 Bedrooms</td>
</tr>
</tbody>
</table>

### 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)
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

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

(continued)

how do priority points accumulate? (cont...)

<table>
<thead>
<tr>
<th></th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Living and working in the County</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Living or working in the County</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Not living or working in the County</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
</tbody>
</table>
**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

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

- Household Size
- Address
- Income
- Employer

Mail changes to the MPDU office

**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)
**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

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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!
HOW DO I PAY FOR MY MDPU?

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

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

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
THE ROLE OF DHCA/MPDU and HOC
(continued)

HOC (Housing Opportunities Commission):

- Provides Financial Assistance to Help Purchase MPDUs

$$$ ...

HOW DO I APPLY?

Good News!

Applications can now be submitted year round.

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

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

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

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

DOCUMENTS NEEDED TO APPLY

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

(continued)
DOCUMENTS NEEDED TO APPLY (continued)

- 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

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

DOCUMENTS NEEDED FOR APPLICATION PROCESS (cont...)

Pay Stubs:
SAMPLE PAY STUB

SAM’S APPLIANCE STORE
123 Main Street
Rockville, Maryland 20850
(301) 279-5555
Employee Name: James Woods
Employee ID # 12345

Number of Hours Worked 80 regular hours
Pay Rate $16.22
Total Gross Income $1,297.60

Taxes:
State Withholding $182.00
County Withholding: $87.68
Insurance: $62.00
Credit Union: $50.00
Net Pay: $915.92

DOCUMENTS NEEDED FOR APPLICATION PROCESS (cont...)

FEDERAL TAX RETURN:
SCHEDULES FILED WITH TAXES (cont...)

Schedule A – Itemized Deductions
Schedule B – Interest and Ordinary Dividends
Schedule C – Profit or Loss from Business
Schedule D – Capital Gains and Losses
SCHEDULING YOUR APPLICATION SESSION

➢ To sign up for an Application Session, visit website:
  www.montgomerycountymd.gov/mpdu

➢ Enter Orientation ID Number (found on folder)

➢ Bring all required documents with you

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

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!
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

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

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
ALTERNATIVES TO THE MONTGOMERY COUNTY MPDU SALES PROGRAM

City of Rockville MPDU Program:
(240) 314-8218
www.rockvillemd.gov/residents/MPDU/index.html

City of Gaithersburg MPDU Program:
(301) 258-6310
http://www.gaithersburgmd.gov

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

HOW MUCH DID YOU LEARN?

???

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

Take our quiz!
The Next Step is the Application Session!!

REMEMBER

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”

APPLICATION SUBMISSION

Questions and Answers

For other questions, call:
(240) 777-3600, option 3
or email:
dhca_mpdu@montgomerycountymd.gov

YOUR TURN:
Q & A

QUESTIONS AND ANSWERS
THANK YOU