

Montgomery County, Maryland
Workforce Housing Program



Information Packet for
Prospective Homebuyers
October 2015

www.montgomerycountymd.gov/wfh





The Montgomery County Workforce Housing (WFH) program at The Darcy provides an exciting and affordable opportunity to own a condominium in Montgomery County. The WFH program at The Darcy offers condominiums, which are designed to be affordable to households whose average annual household income is at 100% of the Washington Primary Metropolitan Statistical Area (WPMSA) median income.

GENERAL INFORMATION

Benefits of Owning a WFH Home

- By purchasing a WFH home with a standard 30-year fixed rate mortgage, your monthly mortgage payment will not increase each year, unlike rent which landlords typically increase annually.
- If you sell your WFH home during the control period (defined below) at the WFH controlled resale price, you are eligible to get back what you originally paid for the WFH home plus a yearly percentage increase that is equal to the 10-year average percent change in the consumer price index as calculated at the point of initial sale.
- If you sell your WFH home after the 20-year resale price control period expires, you may sell your home at a market resale price. You will keep at least \$10,000 of the excess proceeds from the sale.
- By purchasing a WFH home in Montgomery County, you and your family receive all the great benefits of living in Montgomery County at an affordable price: great schools, cultural activities, shopping, and employment opportunities.

Property Information for The Darcy

WFH homes are sold at below-market sales prices. The sales prices for the WFH homes are based on what is deemed affordable to households whose average annual household income is at 100% of the WPMSA median income.

The following chart describes the 11 WFH condominiums available at The Darcy, number of bedrooms and bathrooms, approximate square footage, approximate monthly condo fees, and sales prices.

Unit Number	Number of Bedrooms/Bathrooms	Approx. Square Footage	Approx. Condo Fee	Sales Prices
Unit 207	2BR/2 full baths	855	\$756	\$343,675
Unit 306	2BR/2 full baths	890	\$781	\$343,675
Unit 308	2BR/2 full baths	820	\$726	\$343,675
Unit 408	2BR/2 full baths	820	\$726	\$343,675
Unit 509	2BR/2 full baths	820	\$726	\$343,675
Unit 608	2BR/2 full baths	820	\$726	\$343,675
Unit 708	2BR/2 full baths	820	\$726	\$343,675
Unit 808	2BR/2 full baths	820	\$726	\$343,675
Unit 809	2BR/2 full baths	845	\$747	\$343,675
PH06	2BR/2 full baths	820	\$726	\$343,675
PH07	2BR/2 full baths	845	\$747	\$343,675

Restrictions

Because the WFH program is a County-sponsored affordable housing program, there are certain rules associated with owning a WFH home. The rules are designed to ensure that the home remains affordable over time. As a prospective purchaser, it is very important that you understand the program's requirements. These rules take effect beginning on the date of purchase and continue for twenty (20) years (the "Control Period"). See the Workforce Housing Program Restrictions section below for more details.

WFH PROGRAM DETAILS

Eligibility

1. HOUSEHOLD INCOME

To be eligible to purchase a WFH unit in The Darcy, the Montgomery County Department of Housing and Community Affairs ("DHCA") must determine that

your household includes at least two, and no more than four, people and your household income is within the following ranges (by household size):

Household Size	WFH Household Income Ranges	
	<u>Minimum Income</u>	<u>Maximum Income</u>
2	\$ 61,000	\$105,000
3	\$ 69,000	\$118,000
4	\$ 76,500	\$131,000

2. MORTGAGE PRE-QUALIFICATION LETTER

Households applying to the WFH purchase program must obtain and provide a mortgage pre-qualification letter from a lender in a format approved by DHCA. The approved format can be found on the County's Workforce Housing website at www.montgomerycountymd.gov/wfh.

The pre-qualification letter is used to demonstrate that the household qualifies for a mortgage amount, when combined with your down payment, is equal to or greater than the sales price of the WFH home. It also provides information on the household's assets. Households who are unable to obtain a mortgage pre-qualification letter in the amount required will not be eligible

Pre-qualification letters that are not in the approved format will not be accepted for purposes of the application. Once you are approved to participate in the program, you are **not required** to use the same lender to obtain your mortgage.

In today's real estate market, lenders may require between a 3% and a 10% down payment, which will vary based on credit scores and other factors. The down payment can be paid using your own funds or by utilizing assistance provided by the Housing Opportunities Commission and other local government financing assistance programs. Please visit their website at <http://hoc-web-01.azurewebsites.net/extra/2-uncategorised/70-mortgage-finance-homeownership-programs.html>

Assuming you have sufficient cash assets for a 5% down payment, the estimated minimum pre-qualified mortgage amount for a WFH home at The Darcy is approximately \$326,500.



3. TOTAL ASSET LIMITATION

Total household assets must not exceed 25% of the amount for which your household is pre-qualified by a lender. Using the example in the preceding paragraph, if your household is pre-qualified for a mortgage of \$326,500, then your combined household assets may not exceed \$81,625.

Assets are defined as the amount of money in, or value of, checking accounts, savings accounts, certificates of deposit and/or money market accounts, stocks and/or mutual funds, bonds, real property (less outstanding debt), and trust funds. Assets not included in this definition include any down payment made, the amount in tax deferred retirement savings plans, amount in tax deferred college savings plans, cash value of whole life insurance, automobiles (up to one per adult), and cash value of household furnishings and jewelry.

4. OTHER REQUIREMENTS

Households applying to The Darcy WFH program MUST be able to:

1. pay a down payment, settlement fees including advance taxes and advance insurance, other closing costs, and a monthly mortgage payment, monthly condominium fee, utilities, and other costs, and
2. be responsible for all home maintenance, home improvements, condominium association fees, and compliance with condominium association rules and regulations and the condominium documents.

Priority Points

Priority to purchase a WFH home is given to participants who have the largest number of "Priority Points". Eligible households meeting the income requirements receive up to a maximum of five (5) priority points based on:

- County or Local Government Employee (maximum of 1 point for this category) – At least one member of the household is employed by a local government agency, such as:
 - Montgomery County Government
 - Montgomery County Public Schools (MPCS)
 - A municipality located within Montgomery County
 - The Housing Opportunities Commission (HOC)
 - The Maryland-National Capital Park and Planning Commission
 - The Washington Suburban Sanitary Commission (WSSC)
- Employer-Sponsored Housing (maximum of 1 point for this category) - At least one household member participates in an employer housing assistance program as defined by DHCA.



- Place of Primary Residence (maximum of 1 point for this category) - At least one household resident currently lives in Montgomery County.
- Place of Primary Employment (maximum of 1 point for this category) - At least one household resident is currently employed by a business, establishment, or public agency located in Montgomery County.
- Current MPDU Owner or Renter (maximum of 1 point for this category) - At least one member of the household currently rents or owns a Moderately Priced Dwelling Unit (MPDU) located in Montgomery County. If the household owns an MPDU, the MPDU must be sold before or at the same time as the settlement on the WFH unit.

Each household is assigned a number of points based on how many of the priority criteria they meet. The County assigns the household’s priority points at the time the household’s application is approved, and the points are entered into a database maintained by DHCA. The maximum number of Priority Points that a household can achieve is five (5).

How to Apply

Step 1	Complete The Darcy Workforce Housing Application. The application can be found online at www.montgomerycountymd.gov/wfh/Darcy . You can also request an application be mailed to you by calling 240-777-3790 or pick up an application at DHCA.
Step 2	Obtain a Mortgage Pre-Qualification Letter. The pre-qualified mortgage amount plus funds the household has available for a down payment must be equal to or greater than \$343,675. Assuming you have sufficient cash assets for a 5% down payment, the estimated minimum pre-qualified mortgage amount for a WFH home at The Darcy is approximately \$326,500.
Step 3	Attach required documents to Application. <ul style="list-style-type: none"> • The completed WFH application. Do not leave any sections of the application blank. • Your mortgage pre-qualification letter. • A copy of the most recent tax return along with W-2 forms for every person in the household that is 18 years or older. • An IRS Verification of Non-Filing for a parent or other adult relative that appears on your taxes as a dependent, or an adult child who is not currently



	<p>enrolled in school. Information on obtaining an IRS Verification of Non-Filing letter can be found at http://www.irs.gov/Individuals/Get-Transcript</p> <ul style="list-style-type: none"> • A copy of school transcript for any adult who is currently enrolled in school. • Copies of the two most recent pay stubs for each household wage earner (4 paystubs if paid weekly). If you are seeking a priority point for working in Rockville or Montgomery County, you must submit proof of the location of your workplace • If your taxes do not show your current address and you are seeking priority points for living in Rockville or Montgomery County, proof of residency (lease, utility bill, etc.). • If your taxes do not show the same household residents as your application, copies of divorce or separation agreement, birth certificates, death certificates, etc. (if applicable). • Other certified forms or documentation DHCA deems necessary.
Step 4	<p>Submit your WFH Application and Required Documents to:</p> <p style="text-align: center;">Department of Housing and Community Affairs 100 Maryland Avenue, 4th Floor Rockville, MD 20850 Attn: Workforce Housing Program</p> <p>DHCA will accept applications through October 26, 2015.</p> <p>Incomplete applications will be returned.</p> <p>Households that are determined to be eligible will be issued a Certificate of Eligibility which will include unique identifying number. Your household will be entered into a Random Selection Drawing which is described below. The RSD for The Darcy will be held on November 9, 2015.</p>

Random Selection Process

Households that are determined to be eligible will be sorted by number of priority points (high to low). The households within each priority point category are then sorted randomly. This list establishes the priority order in which households have an opportunity to purchase a WFH home.



The households with the highest priority points and highest random numbers will have the first opportunity to purchase a home at The Darcy.

This process is NOT a “lottery”. Participants do not win a home; rather, they win the opportunity to purchase a condominium based on a number of factors. There may be several RSDs throughout the sales process. Deadlines for submission and approval of applications will be announced for each Offering and only those households who have been approved as eligible by that time will be included in the RSD.

Following the RSD, an RSD Results Report will be published on DHCA’s WFH website using the identifying numbers from the Certificate of Eligibilities. DHCA will provide the Sales Representative from The Darcy with the list and the corresponding contact information. The Sales Representative will then contact households in the order that they appear on the report to give them an opportunity to purchase a home by entering into a sales contract. Time will be of the essence as the Sales Representative will work down the list until all the homes in an Offering are sold. You will have 48 hours from your meeting with the Sales Representative to decide whether you will sign a contract.

Homebuying Process

Once a household selects a home, the normal home buying process begins. The household will sign a legally binding sales contract, provide The Darcy’s sales agent with a 1% deposit, meet with and apply to a lender to qualify for a mortgage, and move on towards the settlement date when the household will get the keys to their new home.

First Time Homebuyer’s Class

The WFH program does not currently require households to attend a first-time homebuyer class or to provide a Homebuyer Class Certificate of Completion. However, it is highly recommended that first-time homebuyers attend a County-sponsored first-time homebuyer’s class. This one-time, free class is intended to help you better understand the opportunities and responsibilities associated with home ownership. A list of classes and sign-up information can be found at: <http://www.hcii.org/HomebuyersEducationSchedule.html>.

Workforce Housing Program Restrictions

Homes that are purchased through the WFH program have certain controls designed to keep the home affordable. New and resale homes have a 20-year Control Period, except as otherwise described in the Reselling a WFH Home section below. These controls are enforced by restrictive covenants placed on the property that state:

- During the Control Period, the owners must occupy the home as their primary residence. The home may not be rented out. If you can no longer live there due



to employment or other reasons, you must sell the home to another WFH household.

- During the Control Period, the owner must not refinance the home for more than the controlled resale price established by DHCA (owners are prohibited from refinancing the property based on the market value of the property). The refinancing must not result in reducing the owner's equity below \$10,000.
- During the Control Period, the owner can sell the WFH home for no more than the DHCA-established **controlled resale price** through the WFH program to an approved WFH program participant.
- If a WFH home is sold during the Control Period, a new 20-year Control Period will start from the date of the resale. Once the WFH homes have been sold by the developer, the agency responsible for enforcing and administering the program's long-term rules and regulations is DHCA. See the "Reselling a WFH Home" section below for more details.
- After the Control Period expires, owners are strongly encouraged to contact DHCA prior to refinancing their WFH home. Refinancing does not relieve the owner from the requirement to pay half of the excess proceeds to the County's Housing Initiative Fund upon sale; therefore, it is important NOT to refinance for the full market value.
- When the property is sold after the 20-year Control Period, the owner must pay half of the excess proceeds to the County's Housing Initiative Fund.

RESELLING A WFH HOME

During the 20-year Control Period, the WFH homeowner must first contact DHCA to obtain the controlled resale price of the WFH home and to see if the County wishes to purchase the home. If the County does not choose to purchase the WFH home, the home must be sold to a household whose income does not exceed the maximum income for the WFH program (120% of the area medium income). If the controlled resale price exceeds a price that is affordable to a qualified household, DHCA may provide a subsidy for the resale WFH home. If DHCA elects not to provide a subsidy during the 60-day offering period, the owner of the WFH home may be permitted to sell the WFH home at market price, and the Covenants will be released, but the homeowner may only keep \$10,000 of the excess proceeds from the sale.

After the 20-year Control Period expires, the WFH owner may sell the home at a market price, but must pay half of the excess proceeds to the County's Housing Initiative Fund. The excess proceeds are the difference between the market sales price and the original WFH base sales price, plus a yearly percentage increase that is equal to the 10-year



average percent change in the consumer price index, plus an allowance for a real estate commission (if a licensed real estate agent is used) not to exceed 6%, plus an allowance for transfer taxes and recordation charges.

The following pages give examples of how the resale price of a WFH home will be calculated, first during the 20-year Control Period, and then after the 20-year Control Period has expired. The method for calculating these resale prices and rates of return is described in greater detail in the Covenants, which are available from the Sales Representative.

