

MONTGOMERY COUNTY DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

CALCULATION OF SALES PRICES FOR MPDUs FOR:

One Bedroom High Rise 1 Example (7+ stories)

(Project Name)

C. ADDITIONAL CONSTRUCTION AND INDIRECT COSTS:

16.	Direct unit construction cost (from Line 15 on Page 1)		<u>\$129,510</u>
17.	Direct lot development cost (from MPDU Pricing Standards)	\$21,520	
	b. Water and sewer house connection fee (attach cost documentation)	<u>N/A</u>	
	c. Fire sprinkler system installation cost (attach cost documentation)	<u>\$2,000</u>	
18.	Subtotal of Miscellaneous (Lines 17.a through 17.c)		<u>\$23,520</u>
19.	<u>Additional Unusual Costs</u> (see MPDU Pricing Standards - attach explanatory letter and cost documentation):		
	a. _____	_____	
	b. _____	_____	
	c. _____	_____	
	d. _____	_____	
20.	Subtotal of Additional Unusual Costs (Lines 19.a through 19.d)		<u>\$0</u>
21.	TOTAL OF DIRECT CONSTRUCTION COST ITEMS (Lines 16 + 18 + 20)		<u>\$153,030</u>
22.	<u>SOFT COSTS:</u> (Calculated as a percentage of the Base MPDU Sales Price)		
	Construction Loan Financing Expenses:		
	i) Interest Rate = Prime Rate + 2 Points = <u>5.25%</u>		
	ii) Calculation = Interest Rate x Average Take Down Rate (6 months) x Length of Loan (9 months)		
	x 75% of Base MPDU Sales Price		
a.	iii) Calculation = Interest Rate x .50 x .75 x .75 =	<u>1.48%</u>	
	b. Construction loan placement fee	<u>1.50%</u>	
	c. Legal and closing costs	<u>3.50%</u>	
	d. Marketing and sales commission	<u>1.50%</u>	
	e. Builder's overhead	<u>8.00%</u>	
	f. Engineering and architectural	<u>5.00%</u>	
	g. General requirements	<u>3.00%</u>	
	h. Buyer's closing costs (to be given as a credit to the buyer)	<u>3.00%</u>	
23.	Subtotal of Indirect Cost Percentages (Lines 22.a through 22.h)	<u>26.98%</u>	
24.	Base MPDU Sales Price Calculation:		
	a. Soft Cost Percentages (from above)	<u>26.98%</u>	
	b. Inverse Ratio (100 - Soft Cost Percentage / 100) =	<u>73.02%</u>	
	c. Base MPDU Sales Price = <u>Direct Construction Cost (Line 21)</u>		<u>\$209,563</u>
	Inverse Ratio (Line 24.b)		
25.	Subtotal of Architectural Compatibility Items (from Line 34.c on Page 3)		<u>\$0</u>
26.	Subtotal of Base Sales Price plus Architectural Compatibility (Line 24.c + Line 25)		<u>\$209,563</u>
27.	Buyer's Credit to be Provided at Settlement		<u>\$6,287</u>
28.	Builder's Extended Warranty		<u> </u>
29.	FINAL MPDU SALES PRICE (Line 24.c + Line 25 + Line 28)		<u>\$209,563</u>

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ARCHITECTURAL COMPATIBILITY COSTS

The MPDU Executive Regulations cap Architectural Compatibility at 10% of the allowable MPDU Base Cost (Line 24.c, Page 2). The Director of DHCA does not have the authority to waive or exceed this cap. The direct construction costs for architectural compatibility must be approved by DHCA. The percentage for construction financing in Line 32.a is obtained from the calculations determined in Line 22.a on Page 2. The cost of the architectural compatibility items must be reduced by a credit for normal construction items which are included in the direct construction cost (for example, brick façade reduced by the cost of vinyl siding). Documentation (contracts or estimates) is required for all architectural compatibility items.

30. LIST OF ITEMS AND COSTS FOR ARCHITECTURAL COMPATIBILITY:

<u>ITEM</u>	<u>DESCRIPTION</u>	<u>COST</u>
a.	N/A	
b.	_____	_____
c.	_____	_____
d.	_____	_____
e.	_____	_____
f.	_____	_____
g.	_____	_____
h.	_____	_____
i.	_____	_____
j.	_____	_____
k.	_____	_____
l.	_____	_____
m.	_____	_____

31.	Subtotal of Architectural Compatibility Costs:	\$0
	a. LESS: Cost of Items Included in the Base MPDU Price:	_____
	b. Total Hard Cost of Architectural Compatibility Items:	\$0
	c. Maximum 10% of MPDU Base Sales Price (from Line 24.c) :	\$20,956
	d. Total Allowed Architectural Compatibility Hard Costs (lesser of 31.b and 31.c) :	\$0

32. SOFT COST CALCULATION FOR ARCHITECTURAL COMPATIBILITY ITEMS:

a.	Construction financing (from Line 22.a, Page 2)	1.48%
b.	Construction loan placement fee	1.50%
c.	Builder's overhead	8.00%
d.	Engineering and architectural fees	5.00%

33	Subtotal of Indirect Cost Percentages (Lines 32.a through 32.d)	15.98%
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34. TOTAL COST FOR ARCHITECTURAL COMPATIBILITY:

a.	Soft cost percentage (from Line 33)	15.98%
b.	Inverse ratio: (100 - Soft Cost Percentage / 100)	84.02%
c.	Cost for Architectural Compatibility = $\frac{\text{Total Hard Cost Architectural Compatibility (Line 31.d)}}{\text{Inverse Ratio (Line 34.b)}}$ =	\$0