

## REFINANCING YOUR MPDU AFTER THE CONTROL PERIOD HAS EXPIRED

Do Not Refinance And Take All Of The Equity Of Your House!

A Shared Profit Will Be Owed To Montgomery County!

MPDU owners whose control period have expired are allowed to refinance their homes, or take out a home equity loan, however, do not refinance for too much.

After the control period has expired on your MPDU, you may sell it on the open market at a fair market price. As part of your initial agreement with the County, you are required to share one-half of the “excess profit” with the County. The excess, or shared, profit, is considered to be the amount of appreciation in the value of the MPDU that exceeds the owner’s initial purchase price plus several factors described in the Shared Profit Calculation section of this website.

Because of the shared profit provision of the MPDU law, it is important to be mindful when refinancing that equity should be left in the property so that the owner will be able to pay the County its shared profit when the unit is sold. Anyone considering a cash out refinance, should contact the MPDU Office before they refinance to determine the MPDU value of their house.

Please be aware that due to the shared profit requirement after the controls have expired, an owner who refinances for an amount in excess of the MPDU value will be in jeopardy of owing more money than they will be able to receive if the unit is sold.

Montgomery County will not forgive shared profit owed due to an over-refinance of their property. Failing to adhere to these rules will place you in financial and legal jeopardy because:

- Montgomery County will not make special exceptions for MPDU owners who do not follow these rules.
- Montgomery County will not waive the amount of shared profit owed to the County.
- The County will pursue legal action against MPDU owners who knowingly or unknowingly violate these restrictions.

Thank you for your cooperation in this process.