



Montgomery County, Maryland  
**MODERATELY PRICED  
DWELLING UNIT (MPDU) PROGRAM**

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



**MPDU Resale Pricing DURING the Control Period**  
**Calculating Credits for Home Improvements to MPDUs**  
**10% Limit For all MPDUs within 30 Year Controls**

This information sheet is a guide to how home improvements are calculated in the MPDU program when an MPDU is being resold before the control period expires. For MPDUs sold during the Control Period, the MPDU Program must determine the sales price and offer to other eligible MPDU Certificate Holders, in accordance with Chapter 25A of the Montgomery County Code. The MPDU Maximum Resale Price is calculated by the adding to the owner's initial purchase price, an allowance for the increase in inflation from the date the owner purchased the property, and a credit for allowable improvements. When requesting an approved MPDU Maximum Resale Price, an MPDU owner should refer to this guide.

The total amount of credit an owner can claim for improvements for an MPDU during the control period is limited to **10% of the owner's original MPDU purchase price**. For example, if owners purchased their MPDU for a contract sales price of \$150,000, then up to \$15,000 can be approved for improvements for their MPDU. An owner can make additional improvements, but only up to 10% will be credited toward an approved resale price. This 10% limit will be strictly enforced and will not be waived.

The MPDU program will calculate the value of improvements made to the MPDU unit between the time when the owner purchased the property and when the owner put the MPDU on the market to sell, and add this amount to the MPDU price, up to the 10% limit.

**In order to be an allowable credit to the homeowner, improvements must be permanent in nature and clearly add to the market value of the house or property.** Normal owner maintenance, general repair work, and decorative items or work will not be included in the resale price. See Exhibits A and B, attached for examples of what can and what cannot be accepted as an allowed improvement.

The value of the improvements is based on documentation submitted by the MPDU owner, and is the total of the actual and reasonable costs of materials, professional fees, contractor's costs, and permit fees associated with furnishing and installing improvements. The MPDU Program will not include reimbursement for the value of labor performed by the owner, or for the purchase of tools and equipment used by the owner to install the improvements.

Please note that where there is evidence of physical deterioration, abnormal wear and tear, or obsolescence because of neglect, abuse, or insufficient maintenance, the value allowed for the improvements may be reduced to account for the depreciation. The MPDU Program reserves the

right to inspect the MPDU to verify the existence and value of any improvements that are being claimed by the owner.

### **Acceptable Documentation**

The following documentation is *acceptable* as proof of payment for improvements made:

- store receipts (**please highlight items purchased**)
- cancelled checks with documentation showing the items(s) purchased or the work performed
- signed company **PAID** invoices
- credit card statements if it details the item(s) purchased (please highlight the item service for which credit is claimed)

The MPDU Office will reject any documentation that does not meet these requirements.

Other documents are *not valid*, such as:

- proposals,
- estimates,
- photographs,
- invoices that do not show payment, documents that are not readable, or checks that are not cancelled.

If an MPDU owner pays with cash, the contractor must give the owner cash receipt.

**Credit is NOT given for an owner's labor on improvements.**

**EXHIBIT A**  
IMPROVEMENTS ALLOWED  
Only permitted up to 10% of Original Sales Price of MPDU

MPDU owners are advised to contact the MPDU Office if they have a question on the eligibility of an improvement *prior* to its installation to confirm if that improvement will be credited. MPDU owners must save all receipts for improvements and submit copies of those receipts to the MPDU Office with the MPDU owner's written request for a resale price.

Receipts provided must:

- Be readable;
- Document one or more of the items on the following list of allowed improvements;
- Show that the improvements have been paid for (proposals for work to be done are not acceptable verification that payment has been made to the contractor);
- List the work done; and
- Break out the costs for each item.

Owners must submit a copy of the building permit for all improvements requiring permits.

The following improvements are normally considered to be of a permanent nature and not cosmetic, therefore the costs may be credited to the owner:

1. Completion of unfinished areas into finished living areas and completion of new construction such as room additions, carports, garages, and storage sheds. This type of work normally requires a building permit.
2. Patios, porches, and decks. This type of work normally requires a building permit.
3. Landscaping up to a maximum of \$800 – including additional shrubs or trees, retaining walls.
4. Fireplaces. This work typically requires a building permit.
5. Storm window and/or doors.
6. Perimeter fencing of yard. This work typically requires a building permit.
7. Up to 50% of the cost of replacing an existing heating and air condition system. This work requires an installation permit that must be submitted as well.
8. Handicapped accessibility improvements (not subject to the 10% cap).
9. Installation of tile or hardwood flooring in areas that were previously carpeted.
10. Timer thermostat for heating/air conditioning systems.
11. Dishwashers, disposals, washers, dryers, refrigerator and other **built-in** appliances, if not originally installed in the MPDU (depreciated over 10 years).
12. Permanently installed humidifiers (depreciated).
13. Exhaust, attic, & ceiling fans.
14. Large water heaters (difference in value from replaced heater).

## **EXHIBIT B**

### **IMPROVEMENTS NOT ELIGIBLE FOR CREDIT**

The following items are normally considered to be non-permanent, or cosmetic improvements, and will not add to the resale price of an MPDU. Credit is not given for work or materials that are considered part of routine maintenance of the MPDU, are an owner's personal preference, or for luxury items. The list below shows improvements for which credit will not be given. Staff will also deny requests for other luxury, cosmetic, or non-permanent items.

Credit is NOT given for an owner's labor on improvements.

1. Conversion of existing finished area to another use (i.e. conversion of a bedroom to a recreation room). Credit will not be given for converting a garage to living space and owners must check with their homeowner's association before starting this type of work.
2. Siding maintenance.
3. Roof maintenance.
4. Routine maintenance or aesthetic remodels including: replacing or repairing existing kitchen cabinets and bathroom vanities and bathtubs, replacing or repairing window or doors, replacing hot water heaters, replacing or repairing existing fixtures such as cabinets, toilets and sinks, towel racks and other bathroom and kitchen accessories.
5. Interior or exterior painting and wallpaper or paneling on previously finished walls or ceilings.
6. Additional or replacement light fixtures.
7. Closet organizers and shelving (permanently attached or removable).
8. Replacement of windowpanes.
9. Window air conditioners.
10. Portable fixtures such as humidifiers, countertop microwaves, heaters, or window air conditioners.
11. Electronic security systems.
12. Smoke detector.
13. Improvements without receipts or with back up documentation that is not specific or does not provide a line-item description.

**RESALE AND REFINANCE PRICE REQUEST FORM**  
**DURING CONTROL PERIOD**

Date: \_\_\_\_\_

MPDU Program  
ATTN: Resales  
1401 Rockville Pike, 4<sup>th</sup> Floor  
Rockville, MD 20852  
Email: [MPDU.RESALES@montgomerycountymd.gov](mailto:MPDU.RESALES@montgomerycountymd.gov)

Dear MPDU Staff:

I am writing this letter to request the calculation of the MPDU Maximum Resale Price for my MPDU for the following purpose (check one):

- RESALE                       REFINANCE                       HOME EQUITY LOAN OR LINE OF CREDIT  
 PERSONAL INFORMATION                       FORECLOSURE

My home address is \_\_\_\_\_  
\_\_\_\_\_

I certify that (check one):

- \_\_\_\_\_ I have made improvements to my home. I have listed the improvements on the next page and provided ***copies*** of receipts, cancelled checks or other documentation to verify the cost and payment of these improvements.  
\_\_\_ No improvements were made to my home for which I can receive credit.

If you have any questions regarding this matter, you can contact me during the day at the following phone number: \_\_\_\_\_ OR email address:

\_\_\_\_\_.

Sincerely,

\_\_\_\_\_  
PRINT NAME

## LIST OF DOCUMENTED MPDU IMPROVEMENTS

Owner Name: \_\_\_\_\_

Property Address: \_\_\_\_\_

Improvement	Cost	Proof of Payment?	
		Yes	No
<i>Example:</i> <i>Install new dishwasher (none installed with house)</i>	\$500	X	
1.			
2.			
3.			
4.			
5.			
6.			
7.			
8.			
9.			
10.			

Notes:

Please number each receipt or cancelled check with the same number of the improvement listed above. Circle or highlight the cost, especially when there are several items on the receipt.