



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

Website: www.montgomerycountymd.gov/mpdu



**Requesting a Shared Profit Calculation
For Owners of MPDUs after the Ten Year Control Period Has Expired**

Introduction:

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:

- a credit for allowable improvements (more detailed are provided below)
- and allowance for the increase in inflation from the date the owner purchased the property, based on the difference in the Consumer Price Index (CPI-U) from when the MPDU was purchased and when it was put on the market,
- the real estate commission (up to 6%)
- one-half of the applicable transfer taxes and one-half of the recordation charges, up to a limit of 1.1% of the selling price.

This money is used to finance and produce new affordable housing in Montgomery County for other low- and moderate-income families.

In order to calculate the county’s share of the profit that will be due upon the sale of your MPDU, please review the following information that may will answer questions you may have. After that, please use the cover sheet that has been provided, attach the required information, and send, fax or email fax the information to:

MPDU Program
Department of Housing and Community Affairs
1401 Rockville Pike, Fourth Floor
Rockville, MD 20852
Fax: 240-777-3691
Attn: Shared Profit Calculation
Email: mpdu.intake@montgomerycountymd.gov

The complete packet of information must be received in the MPDU office at least 21 days before the date of settlement. Failure to submit the information in a timely manner may result in the postponement of the settlement. Thank you for assistance in this process.

Shared Profit Calculation:

The method used to calculate the shared profit owed to the County is set by the Executive Regulations governing the MPDU Program. The following example shows how the County's portion of the excess profit is calculated. The example assumes an initial purchase price of \$80,000 in 1995, and a current market sales price of \$250,000:

Initial Acquisition Price in 1995:	\$ 80,000
Increase in CPI (25% increase):*	\$ 20,000
Documented Capital Improvements:	\$ 5,000
Real Estate Commission (up to 6% of market sales price):**	\$ 15,000
½ of Transfer Tax & Recording Fee (1.1% of sales price):	<u>\$ 2,750</u>
Adjusted Base:	\$122,750

Fair Market Sales Price (as shown on sales contract and HUD-1: \$250,000***	
Less: Adjusted Base (from above):	\$122,750
Excess Profit (the Difference between Adjusted Base and the Fair Market Sales Price):	\$127,250

Share of Excess Profit to Owner (50%):	\$ 63,625
Share of Excess Profit to County (50%):	\$ 63,625

Total Proceeds to Owner (to be used to pay off existing mortgage, real estate commission, home equity loan, etc.):	\$186,375
Total Shared Profit to County (to be used to produce new affordable housing):	\$ 63,625

* CPI – the Consumer Price Index, a measure of inflation; this number will vary depending on the length of time you own the MPDU. The number shown above is only an example.

** - credit for a Real Estate commission may only be given if the buyer and seller use a licensed, third-party real estate agent.

*** no credit is given for financing points that are rolled into the sales price.

Sales Contract

In order to calculate the shared profit that will be due to the County upon sale of the MPDU, the owner must submit to the County the Request for a Shared Profit Calculation Cover Sheet with a signed copy of the sales contract at least 21 days before the date of settlement, the list of eligible capital improvements for which you are seeing credit showing the cost of each item, as well as documentation of the cost (such as receipts or cancelled checks), and a copy of the listing agreement. Finally, the owner must provide the name, contact information, phone and fax number for your realtor and for the settlement attorney.

Please note that Montgomery County has the right-of-first-refusal on all MPDUs that are being sold for the first time after the control period has expired. The County will notify you in writing if it wishes to exercise its right to purchase your MPDU after we have received all the information related to the sale (described above).

Creditable Home Improvements:

We have attached information on how to add up the costs of the home improvements that can be included in the Shared Profit Calculation. You must use the form attached on the instructions.

Date _____
**Request for a Shared Profit Calculation
COVER SHEET**

Instructions: Please complete this form, attach the requested information, and mail or fax it to:

MPDU Program, Department of Housing and Community Affairs
1401 Rockville Pike, Fourth Floor
Rockville, MD 20852
Fax: 240-777-3709; Email: mpdu.intake@montgomerycountymd.gov
Attn: Shared Profit Calculation

Name of Owner: _____
MPDU Address: _____

Daytime Phone Number(s): _____
Email: _____
Settlement Date: _____

	Real Estate Agent:		Settlement Agent:
Name:	_____	_____	_____
Address:	_____	_____	_____
	_____	_____	_____
Phone Number:	_____	_____	_____
Fax Number:	_____	_____	_____

Please attach the following information and check off appropriate box:

- Copy of the Sales Contract (the first page showing the market sales price and the executed signature page is acceptable)
- Copy of Listing Agreement only if commission is different than 6% (submit only first page and page showing commission rate)
- List of Allowed Improvements made to the property, with the cost of each item shown
- Documentation of Costs (receipts, cancelled checks, ratified contracts, signed invoices, etc.) - please use the attached form
- For those improvements requiring a building permit, a copy of the building permit(s).

By signing below, I certify that all the attached information is complete and accurate to the best of my knowledge. I certify that any improvements claimed are true and accurate.

Signature: _____

Date: _____