GET TO KNOW YOUR FELLOW MENTEES
History and Success of Jumpstart Germantown

AN OVERVIEW
Success Stories

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The Three Jumpstart Initiatives

1. *Training Program*
2. *Developers’ Network*
3. *Loan Program*
Jumpstart Philosophy

**DOING WELL BY DOING GOOD**

A. Reducing blight
B. Improving your community with less gentrification
C. “Growing the Pie”: Sharing resources
D. Gaining community support, and a marketing advantage, by being a good neighbor
E. Reckoning with risk
F. Investing in your future: Creating a nest egg
G. Changing the face of development: Diversity
What You Need to Jumpstart and Succeed

1. Be a **sponge**

2. Be willing to **take risks**

3. Embody these **qualities**

4. Get going. **It’s on you** to get it done!

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SESSION 1

- authentic & trustworthy
- responsive
- knowledgeable
- organized
- patient
- persistent
- aggressive
- “fire in the belly”
- common sense & “street smarts”
- be a “doer”
- willing to be hands-on
Activity

IDENTIFY YOUR STRENGTHS AND WEAKNESSES

1. Grab a partner.
2. Find out which of these qualities are among their strengths: • authentic & trustworthy  • responsive  • knowledgeable  • organized  • patient  • persistent  • aggressive  • “fire in the belly”  • common sense & “street smarts”  • be a doer  • willing to be hands-on
3. Find out how they developed these qualities.
4. Have your partner ask you questions about your strengths.
5. Compare notes on weaknesses.
6. Be prepared to tell the group about your partner’s strengths and weaknesses.
The 7 JumpSteps of Real Estate Development

1. Create a Development Strategy & Identify Your Team
2. Source a Property
3. Do Your Due Diligence
4. Find Your Financing
5. Develop Design & Procure Permits
6. Customize Construction
7. Lease/Manage/Sell Your Property
Jump

Step 1
Create a Development Strategy & Identify Your Team

Step 1.1 Why invest in a given neighborhood?

Step 1.2 Assess risks and rewards: Be aware of your expectations
JumpStep 1
Create a Development Strategy & Identify Your Team

Step 1.3 Determine the best strategy for you

A. Development options
   - Where?
   - What?
   - How?

B. Find your niche

C. Enter into partnerships: Expand your capacity

D. Devise a “game plan” for the property
JumpStep 1
Create a Development Strategy & Identify Your Team

Step 1.4  Avoid *mission creep*
Stay on course. Don’t make abrupt changes in strategy.

Step 1.5  Do your *legal legwork*
Individual ownership vs. corporate ownership
Homework
Using What You Now Know
Page 18
Welcome to Jumpstart

SESSION 2
JumpSteps We’ll Cover Today

1. Create a Development Strategy & Identify Your Team
2. Source a Property
3. Do Your Due Diligence
4. Find Your Financing
5. Develop Design & Procure Permits
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7. Lease/Manage/Sell Your Property
Step 2.1 Where to find properties

• sheriff sales (mortgage or tax sales)
• public auctions
• conservatorship process
• “for sale by owner” (FSBO) properties
• properties with liens (buy liens and foreclose)
• government or land bank owned
• short sales
• bank sales/foreclosures (real estate owned [REO])
• MLS hot sheets—what’s already “on market”
• wholesalers
• HUD/VA owned
• other?
JumpStep 2
Source a Property

Step 2.2  *How to find properties*

- build relationships with local real estate brokers/agents
- go door to door
- network/word of mouth/social media—“off market”
- marketing: flyers, posters, letters to current property owners
- government agency websites
JumpStep 2
Source a Property

Step 2.3 Agreement of Sale (AOS)

- Key protections within the AOS
  - mortgage contingency
  - inspection contingency
  - zoning contingency
  - environmental contingency
JumpStep 3
Do Your Due Diligence

Step 3.1  Consider all possible strengths, weaknesses, and liabilities
  • property factors
  • financial factors

Step 3.2  Find out the zoning classification

Step 3.3  Develop a list of “comps”

Step 3.4  Determine financial feasibility
Step 4.1 Identify *funding sources*

- For equity in/down payment
  - borrow from family or friends
  - take out a line of credit on your current home
  - find an investor or partner
  - crowd-funding

- Loans available
  - nontraditional funders
  - government or traditional loans
  - get creative!
Jumps

Step 4
Find Your Financing

Step 4.2 Secure a loan

• Bankers are not scary!
• Be prepared.
• Be organized and professional.
• Get involved with appraisals.
• Remember: Everything is negotiable.
• Become familiar with general terms for commercial loans.
Step 4.3
Your long-term real estate investment strategy for buy and holds: *BRRRR*

1. **Buy**
   - Acquisition costs: $75K

2. **Renovate**
   - Construction costs: $125K
   - Total cost: $200K

3. **Rent**

4. **Refinance**
   - Appraised value: $280K
   - 75% LTV loan: $210K
   - Cash out from refinance: $10K

5. **Repeat** this with your next property and refinance every five years.
Jump Step 5
Develop Design & Procure Permits

Step 5.1  Create a *scope of work*
Step 5.2  Understand the 3 levels of *renovations*
Step 5.3  Determine what *approvals* you need
Homework
Using What You Now Know
Welcome to Jumpstart

SESSION 3
JumpSteps We’ll Cover Today

1. Create a Development Strategy & Identify Your Team
2. Source a Property
3. Do Your Due Diligence
4. Find Your Financing
5. Develop Design & Procure Permits
6. Customize Construction
7. Lease/Manage/Sell Your Property
Step 6.1  Actively manage the construction process
Step 6.2  Working with contractors
JumpStep 6
Customize Construction

Step 6.3  Construction Timeline
Step 6.4  Troubleshoot: When everything goes wrong
10 Tips on Selecting a Contractor

1. Check references
2. Get three bids
3. Compare “apples to apples”
4. Confirm they’re licensed and insured
5. Interview them and trust your gut
6. Be specific about parameters and time frame
7. Be clear on the payment schedule
8. Make sure their expertise fits
9. Check if you need a permit
10. Don’t rush into anything
Welcome to Jumpstart
JumpSteps We’ll Cover Today

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JumpStep 7
Lease/Manage/Sell Your Property

Step 7.1  Marketing to *lease*

A. Finding tenants
   • Advertising
   • Showings
   • Walk the Unit

B. The application process: Getting to “Yes”

C. What makes a good prospective tenant?

D. Tenant application DOs and DON’Ts
JumpStep 7
Lease/Manage/Sell Your Property

Step 7.2 Marketing to *sell*

- Decide whether to:
  - *sell the property yourself*, or
  - *hire a broker*

- *Are current tenants* are interested in buying?
- *Ask your neighbors* if they know anyone interested
- *Are there comparable houses* on the market?
- Advertising
- Staging
JumpStep 7
Lease/Manage/Sell Your Property

Step 7.3  Leasing and managing your property

Option 1: Use a property management company

Option 2: Manage the property yourself

A. Write a lease
B. Obtain appropriate licenses
C. Provide the tenant with documents that are required by law.
Your Jumpstart “To Do” List

☐ Attend sessions & connect with a mentor
☐ Apply for the Developers’ Network & join the local Jumpstart Facebook group
☐ Determine your investment goals and strategy
☐ Develop your team
☐ Find a property and put it under agreement of sale
☐ Conduct your due diligence
☐ Obtain short-term acquisition and construction financing
☐ Renovate the property
☐ Lease, sell, or live in the property
☐ If holding the property, obtain long-term financing
Moving Forward

TAKE IT TO THE NEXT LEVEL!

1. Use your *mentor* effectively
2. *Expand* your capacity
3. *Give back* to the community
4. Make *smart choices* so you can *profit*

Go forth and rehab! Follow your passion and enjoy what you do!