



Welcome to Jumpstart

GET TO KNOW YOUR FELLOW MENTEES

SESSION 1



History and Success of Jumpstart Germantown

AN OVERVIEW

Success Stories



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WALT KING



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* →
 - authentic & trustworthy
 - responsive
 - knowledgeable
 - organized
 - patient
 - persistent
 - aggressive
 - “fire in the belly”
 - common sense & “street smarts”
 - be a “doer”
 - willing to be hands-on
4. Get going. *It’s on you* to get it done!



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

SESSION 1

1. Create a *Development Strategy* & Identify Your Team

SESSION 2

2. *Source a Property*

3. Do Your *Due Diligence*

4. Find Your *Financing*

5. Develop *Design* & Procure Permits

SESSION 3

6. Customize *Construction*

SESSION 4

7. *Lease/Manage/Sell* Your Property



JumpStep 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

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Welcome to Jumpstart

SESSION 2



JumpSteps We'll Cover Today

- ✓ ~~1. Create a *Development Strategy* & Identify Your Team~~
2. *Source a Property*
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JumpStep 2

Source a 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



JumpStep 4

Find Your Financing

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!



JumpStep 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.

JumpStep 4

Find Your Financing

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

3. Rent

Total cost:
\$200K

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.





JumpStep 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



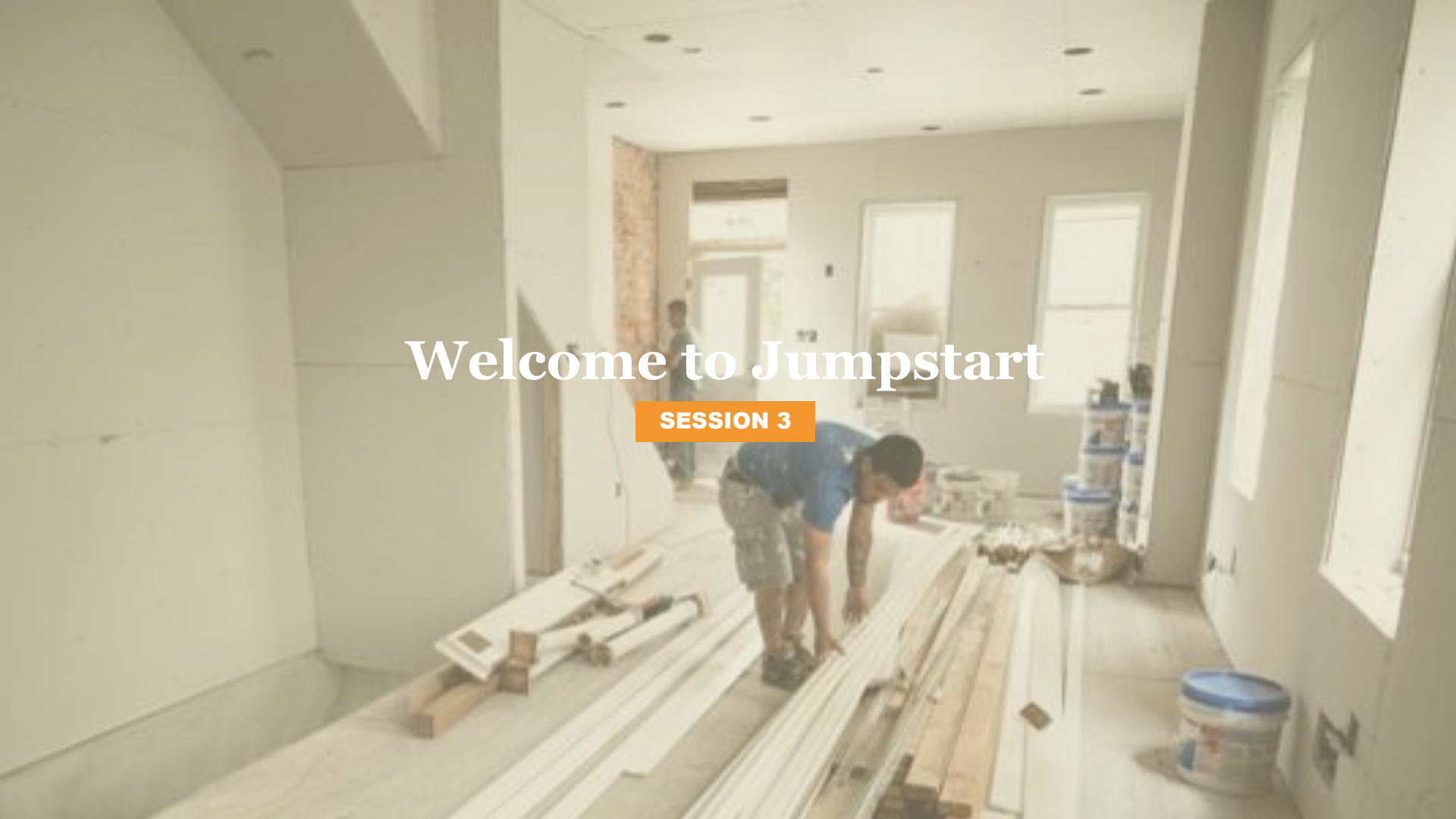
Homework

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



JumpStep 6

Customize Construction

- 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

A man and a woman are crouching on a green lawn in front of a brick house. The man is on the left, wearing a dark jacket and blue jeans, smiling. The woman is on the right, wearing a dark parka with a fur-lined hood, bright blue pants, and brown boots, also smiling. They are holding hands. The background shows a brick house with windows and some landscaping, including a statue and bushes.

Welcome to Jumpstart

SESSION 4



JumpSteps We'll Cover Today

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- ✓ ~~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



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!

