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JUMPSTART
“HOW TO” GUIDE

Improve your community, one house at a time

developed by Philly Office Retail
in partnership with Local Initiatives Support Corporation (LISC)
“In my experience, the only things aspiring developers are missing are know-how and capital. Jumpstart provides the training, mentors, networking, and loan financing options they need to succeed.”

—Ken Weinstein
WELCOME TO JUMPSTART

I created Jumpstart, as an innovative approach to community development, to reduce blight and increase investment in my community. By offering opportunities for local entrepreneurs and investors, this model benefits the whole community: aspiring developers, community partners, and longtime residents.

Since 2015, Jumpstart has grown from a couple people sitting in my office to four classes a year with 20 mentees at a time. As of August 2017, 193 mentees graduated from the Training Program, and more than 45 acquisition and construction loans have been approved and funded—representing more than $5 million of total investment.

I started Jumpstart to respond to a need in the community. I was fielding calls every week from inexperienced developers who were seeking a mentor to guide them through the world of residential real estate development. They wanted to pick my brain, ask advice, and bounce ideas off me. I realized it would be more efficient and effective to create a training program for aspiring developers by putting together groups of 20 for 9 hours of training, rather than spending an hour with each individual. This evolved into a crash course on the ins and outs of developing properties in my neighborhood. Two years later, with each session, I’ve expanded and improved upon the Jumpstart model.

I’m proud of how many Jumpstart alumni have already invested in removing blight from their communities and entered the world of real estate development full-time. We put together this Jumpstart “How To” Guide to improve other neighborhoods as well. You can plan and implement Jumpstart in your community, if the will, dedication, and focus are there, and you see opportunities, not obstacles! In my experience, the only things aspiring developers are missing are know-how and capital. Jumpstart provides the training, mentors, networking, and loan financing options they need to succeed. The rest is up to them.

I’m happy to share my ideas and experiences on how to help residents and investors in your community remove blight and develop residential real estate—thoughtfully and strategically. I’m grateful to the Philadelphia office of the Local Initiatives Support Corporation (LISC) and The Barra Foundation, which have made the expansion and improvement of Jumpstart possible. I hope you’ll use this guide to jumpstart your neighborhood.
What is Jumpstart?
Jumpstart is a new model for community development that provides training, mentoring, networking, and financing options for aspiring local developers.

The objectives of Jumpstart:
- create opportunities for local residents to invest in and develop neighborhood residential development projects
- build wealth locally
- support scattered-site rehabilitation (as opposed to urban renewal)
- encourage a healthy mix of affordable and market-rate housing that lessens neighborhood gentrification
- improve neighborhood safety and raise property values through blight reduction
- help first-time investors become more attractive to traditional lenders.

Jumpstart is a successful alternative to the “boom and bust” cycle of real estate development. The combination of slow, steady growth, scattered site rehab, and a mix of affordable and market-rate housing acts as a bulkhead against gentrification, encouraging development that sustains and attracts real economic diversity in our communities.
Community Engagement
A Jumpstart initiative must hold itself accountable to the community’s existing values and priorities. How? Encourage residents to participate in shaping their neighborhood by inviting them to attend information sessions about Jumpstart. Show residents you’ve rooted your Jumpstart Program in the belief that development should be inclusive and strive to create housing opportunities for all. Demonstrate how Jumpstart will benefit the neighborhood by creating wealth locally.

As you get started, community engagement could mean:

• reaching out to local leaders
• finding out if there is already a community plan in place
• attending regular meetings of community development, business, or civic associations.

When implementing Jumpstart, it is important for the community to understand what Jumpstart offers and how it will benefit the community as a whole.

For more on the history and philosophy of Jumpstart, see the opening sections of the Training Workbook (available at www.gojumpstart.org).
Part 2: Implement Jumpstart in Your Community
PART 1:
MAKE PLANS TO JUMPSTART YOUR COMMUNITY

Follow these steps to launch your Jumpstart Program:

1. Evaluate your neighborhood’s real estate market by consulting with local real estate professionals.
2. Determine what organization(s) will oversee your Jumpstart Program.
3. Identify resources and needs to determine which Jumpstart initiatives will work best in your community.

Next, use Part 2 of this Guide to tackle more detailed aspects of Jumpstart, such as:

- finding mentors
- recruiting participants and developing a curriculum specific to your community
- establishing a larger network to connect local developers and community stakeholders
- investigating financing options for developers.

Launching a Jumpstart Program doesn’t have to be a linear process. Start with the initiatives that work best for your community. You’ll come back to different sections of this guide again and again, as your Jumpstart Program develops. Engage the neighborhood at every step to ensure your program aligns with your community’s core values and needs.
WHAT NEIGHBORHOODS BENEFIT MOST FROM JUMPSTART

Take a look at the residential real estate market in your community. The ideal Jumpstart neighborhood has ample blighted and deteriorated housing stock, relatively low acquisition costs, and reasonable demand for housing. But almost every neighborhood can benefit from Jumpstart—you just need to know which parts of the program make sense for your market.

Consider these factors:

• Are there sufficient opportunities to develop vacant/deteriorated housing?

• Are housing prices for vacant/deteriorated properties cost prohibitive for new developers?

• Is there sufficient demand for quality rental and owner-occupied housing?

If you don’t know your housing market well, talk to local real estate professionals. Ask about housing prices (sales and rentals—both now and trends over time), and about potential profit margins for new developers.

TOOL 1.1: Determining Your Readiness to Lead a Jumpstart Program

Here are considerations to assess the capacity of your organization.

• Does your organization have guiding principles or a strategic plan to determine whether Jumpstart should be a priority for your organization and the neighborhood?

• How will your organization engage the community to inform residents about Jumpstart?

• Does your organization have the staff or volunteer time and resources to implement a successful Jumpstart program?
WHO SHOULD LEAD YOUR JUMPSTART PROGRAM

It’s important to identify who will take the lead and specify the roles of each partner. A lack of clear leadership and/or understanding of everyone’s roles will slow the process and decrease the effectiveness of the program. Think about what individuals/organizations should be part of your team. Potential partners include:

- Community Development Corporations (CDCs)
- neighborhood associations and nonprofits
- developers
- lenders
- Community Development Financial Institutions (CDFIs)
- real estate professionals
- local elected officials
- large stakeholders/institutions (universities, hospitals, places of worship, etc.).

Does your organization have the skills and competencies to implement a Jumpstart program? These should include:

- community engagement
- knowledge of your neighborhood’s residential real estate market
- project management
- facilitation (meetings, etc.)
- relationship management
- networking

JUMPSTART GERMANTOWN BY EXAMPLE:
Strong Leadership

With significant development experience, contacts, and access to financing, Ken Weinstein chose to start Jumpstart Germantown on his own, with help from staff at his development company, Philly Office Retail. Having sole control over planning and implementation helped get things started quickly. However, Jumpstart Germantown partners with numerous real estate professionals, developers, lenders, and other experts who share his mission and offer their time and knowledge as mentors and speakers.
FILLING NEEDS IN YOUR COMMUNITY

Determine what aspects of Jumpstart are needed and will work in your community. Get started with the initiative(s) that you can implement now, based on your strengths. (Part 2 provides details on how.) This can help build momentum while you’re tackling more involved aspects of the Jumpstart Program. Add on gradually as you assess what’s working and needed.

**Mentors**

Mentors are the cornerstone of the Training Program, so it’s important to identify knowledgeable individuals who can help guide participants (mentees). Ultimately, you will want to find enough mentors to spread the workload.

Are you aware of developers in the community who are committed to the idea of social-impact development and would be willing to mentor novice developers? Identifying even two or three would be a good start.

**Training**

The Training Program is the primary educational component of Jumpstart, where mentees come together to learn about the Jumpstart philosophy and the “7 JumpSteps of Development.”

Do you have access to staff or volunteers who can conduct a training program? Some background in community development, real estate, or contracting is helpful, but not essential, if you invite local real estate experts to speak at the sessions as well.

Review the Training Workbook and PowerPoint available on the Jumpstart website (www.gojumpstart.org). Think about how to adapt the curriculum to best suit your neighborhood.
Developers’ Network

Establishing a Developers’ Network and using social media creates networking opportunities and brings Jumpstart participants together with members of the community.

Can you compile a list of potential speakers/presenters for Developers’ Network events (developers, contractors, realtors, attorneys, accountants, elected officials, and other real estate professionals)? What event format would meet the needs of the novice developers you’re trying to assist: panel discussions, lectures, Q&As?

See “Jumpstart Germantown by Example: The Developers’ Network” on page 25.

Loan Program

A Loan Program connects developers in your community and Training Program participants with the financing opportunities they need to invest in local projects. This includes the acquisition and construction of vacant and/or deteriorated properties.

Are there existing financing opportunities in your neighborhood for real estate projects that remove blight? Perhaps you know a Community Development Financial Institution (CDFI) or other lender that is willing to provide loans to less-experienced real estate developers. Is your organization able to use a line of credit or provide financing to initiate and manage a loan program?

See “Jumpstart Germantown by Example: Loan Program” on page 28.
PART 2: IMPLEMENT JUMPSTART IN YOUR COMMUNITY

There’s no need to reinvent the wheel. This “How To” Guide is based on what worked for Jumpstart Germantown. These guidelines will save you time and energy in developing:

A. MENTOR RECRUITMENT
B. TRAINING PROGRAM
C. DEVELOPERS’ NETWORK
D. LOAN PROGRAM

MENTOR RECRUITMENT

Good mentors help mentees succeed! Mentors stay in contact with mentees long after the Training Program is over, so you want people with the skills and experience that will help your mentees the most.

How to Find Mentors

Use your personal and professional network to find a group of seasoned residential real estate developers to serve as mentors. (For a sample recruitment flyer, visit www.gojumpstart.org.)

JUMPSTART GERMANTOWN BY EXAMPLE:
Recruiting Mentors

With 18 mentors for 193 graduates (as of August 2017), Jumpstart Germantown has gained and lost mentors during its first two years, but the overall number has grown, thanks to referrals from existing mentors who enjoyed the experience.
**Tool 2.1: List of Mentor Qualifications, Requirements, and Expectations**

Use this list to determine who might be a good mentor. (Download a version of this tool online at www.gojumpstart.org)

**Mentor Qualifications**

- **Residential real estate development experience.** Mentors should have working knowledge of most or all of the “7 JumpSteps” of real estate development (in the Training Workbook). Mentors don’t need to be currently active in development—retirees are great resources—but they should have completed a minimum of 10 residential rehab projects, either “buy and holds” or “buy and sells.”

- **Knowledge of the local real estate market.**
  - Lenders
  - Contractors
  - Housing market—pricing, etc.
  - Experience with local license and inspection agencies
  - Estimating/managing construction costs

- **High personal moral and ethical standards.** You’re seeking someone who is mentoring to pay it forward, not for personal financial gain.

- **Shares the goals of Jumpstart and has a passion for reducing blight.** You want “socially conscious” developers who care about community and economic development issues such as tackling blight, slowing gentrification, keeping resources and capital in the neighborhood, and engaging community residents in decisions that impact their neighborhood.

**Tips**

Mentors can serve as facilitators or guest speakers. Given limited resources, you may decide to ask mentors to help develop and present the curriculum at training sessions. (Jumpstart Kensington, for example, has asked mentors to conduct training sessions and speak at Developers’ Network meetings.) For more information on how to use guest speakers effectively, see Section 2B.
MENTOR REQUIREMENTS

- Minimum 1-year commitment to the program.
- Understanding of and willingness to support the Jumpstart mission.
  Find evidence of this in the work they’ve done and their willingness to sign on as a mentor.

MENTOR DUTIES

- Establish communication with assigned mentee(s) within a week after introductions.
- Determine realistic and attainable expectations for each mentee (based on their needs and abilities).
- Be available and responsive to the mentee and provide feedback and advice (in person, by phone, via email).
- Offer to review pro formas, walk through properties, critique development budgets, and identify development strategies.
- Complete and return an annual program evaluation for each mentee and for the program overall.

MENTOR EXPECTATIONS

- Be positive and approachable by developing a positive counseling relationship and a climate of open communication with your mentee.
- Get to know your mentee on both a personal and professional level.
- Determine the best form(s) of communication for each mentee.
- Provide guidance on career development.
- Be respectful and supportive of your mentee, but also honest and straightforward.
- Be sincere.
- Praise efforts as well as accomplishments.
- Help your mentee identify problems and solutions.
- Be aware of each mentee’s strengths as well as areas where he/she needs improvement.
- Share stories from your own personal experiences, including mistakes you’ve made and knowledge you’ve gained.
- Help your mentee expand his/her networking base, by making referrals to your business contacts.
- Maintain confidentiality with each mentee.

Keep mentors accountable. Check in with each mentor by phone and/or email at least quarterly.

Don't overload mentors. With each new group of graduates from the Training Program, find out how many new mentees each mentor can oversee. Mentees vary in the amount of time they require. The newest mentees need the most support. Mentees often only need help from mentors for a short period of time. This can free up the mentor to take on additional mentees.
Part 2: Implement Jumpstart in Your Community

**TRAINING PROGRAM**

Familiarize yourself with the Jumpstart Training Program by reviewing the Workbook and PowerPoint (available at www.gojumpstart.org).

**How to Find Mentees**
- Use your real estate network
- Ask for recommendations from mentors and other mentees
- Pitch articles to local media outlets
- Connect with local business owners, realtors, and real estate groups
- Host open houses/workshops
- Purchase ads on social media
- Post on neighborhood social media sites
- Connect with community groups
- Post flyers in high-traffic areas
- Be creative!

**JUMPSTART GERMANTOWN BY EXAMPLE:**
Early Press Coverage

The *Philadelphia Inquirer* ran three articles about Jumpstart Germantown during its first 18 months, in the real estate and business sections of the paper. One article, published prior to the launch of the first training session, was the source of most initial applications to the Training Program.

**Create a Training Program Application**
Ask questions to get to know more about your applicants. For example, inquire about education, real estate experience, other professional experience, and long- and short-term goals.

**TOOL 2.2:**
Sample Application for Training Program

Here is information you might want to gather from potential mentees about their experience. For a sample application, visit www.gojumpstart.org

- Number of housing units you currently own.
- Describe your interest in real estate development/investing.
- Describe any prior real estate experience.
- Describe your previous development experience in [neighborhood].
- What do you hope to gain through being mentored in this program?
- Describe your community interest in [neighborhood].
- What is your 5-year real estate development goal?
- Do you want to buy and rehab properties to: live in, hold, or sell?
- Is there anything else we should know about you?
- Please attach your resume/bio.
Evaluating applicants
Depending on the volume of responses, you may accept all who apply and admit in order of application. Or you may want to prioritize your applicants by using established criteria.

Communicating with applicants
- When you receive an application to the Training Program, respond in a timely manner. Send an email acknowledging their application.
- Send an email invitation to a specific training session, usually 2–3 months prior to the session, and request a response. Give as much notice as possible and advise participants that space is limited.
- Let applicants know that, once they’ve accepted a place in the Training Program, if they do not attend one or more sessions, they will not be assigned a mentor or asked to participate in future training sessions.

Sample correspondence with mentees is available at www.gojumpstart.org.

Structuring the Sessions
Use the Training Workbook and PowerPoint as a framework for your training sessions. Adapt the curriculum as needed. You’ll have a better sense of how to use these materials once you’ve led the training sessions once or twice.
Jumpstart Germantown holds three 3-hour sessions (the Training Workbook is organized accordingly), for 20 mentees at a time. Each neighborhood may need more or fewer hours, depending on the experience level of mentees. Jumpstart Kensington plans to provide more frequent, shorter training sessions—i.e., six 2-hour sessions, at a minimum.

Inviting Guest “Experts” as Speakers
Find guest speakers and session leaders who will create a robust and engaging Training Program. Know your strengths and abilities, and find experts to fill the gaps. Depending on your experience and expertise, you’ll find that specific topics in the curriculum lend themselves well to guest speakers.

**TIPS** When bringing in experts to talk to mentees:

- **Be specific about the time available** for their presentation and Q&A (generally 15–45 minutes, depending on the topic) and be willing to keep them to their timeframe.

- **Provide context and direction** about what information you expect them to communicate. Cite specific “JumpSteps” from the Training Workbook that their talk should cover (see Tool 2.3, at right). Explain how their talk fits with the broader curriculum.

- **Share relevant sections of the Training Workbook/PowerPoint** with guest speakers. (Download the PDF from the Jumpstart website for them or direct them to the resources online.)

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**JUMPSTART GERMANTOWN BY EXAMPLE:**

Beyond the Jumpstart Curriculum

There are plenty of ways to explore related topics that would be useful to local developers. You can create separate mini sessions that go in-depth into a particular topic, say 1-1.5 hours (with some networking time built in). Find a time and space to hold the event, line up a speaker, and get the word out.

Potential topics for optional mini sessions:

- Conservatorship Act
- Building and Repairing Credit
- Title Insurance and Appraisals
- Using the Pro Forma: Does the Deal Work?
- The Rehab Timeline: From Planning to Punch List
- Putting Together a Construction Budget
- What to Look for When Looking at Properties
- Incentives for Rehab
- Historic Rehabs
TOOL 2.3: Integrating Expert Speakers into Your Curriculum

Here’s a sample of topics for which speakers can be useful, depending on your (and their) expertise and experience. (JumpSteps are listed in the Training Workbook available at www.gojumpstart.org.)

Possible Guest Speakers (Relevant Section of Curriculum):

- **Community stakeholder** (for Jumpstart Philosophy, Part C: Be a Good Neighbor)
- **Real estate attorney** (for JumpStep 1.5: Do your Legal Legwork)
- **Local developer** (for JumpStep 2: Source a Property)
- **Zoning attorney** (for JumpStep 3.2: Find Out the Zoning Classification)
- **Lender from a local financial institution** (for JumpStep 4.2: Secure a Loan)
- **Local architect** (for JumpStep 5: Develop Design & Procure Permits)
- **Local contractor** (for JumpStep 6: Customize Construction)
- **Local real estate agent** (for JumpStep 7.1: Marketing to Lease Your Property)
- **Property manager** (for JumpStep 7.3: Leasing and Managing Your Property)
Part 2: Implement Jumpstart in Your Community

- **Communicate with mentees between sessions.** After each session, send a group email to all mentees with answers to questions raised in class, as well as links and/or attachments for resources/handouts.

- **Leave time for “graduation.”** Take 10 minutes at the end of the final training session to recognize the time commitment each mentee has made. Present everyone with a certificate of completion. A sample Training Program graduation certificate is available at www.gojumpstart.org. (See “Jumpstart Germantown by Example: Commencement,” below.)

- **Have mentees fill out an evaluation at the last session.** This is an invaluable opportunity for feedback, so don’t let it pass. Leave a few minutes at the end of the session for mentees to fill out their evaluations, or you’ll never get them back.

- **Encourage each group to continue networking among themselves,** relying on each other for support and resources as they take on projects. This could be an informal gathering at a nearby bar or restaurant immediately following the second or third session.

- **Follow-up with mentee alumni.** Help build community and fine-tune the Training Program by checking in with mentees to:
  - share notes about progress on a project by someone in the group (with the alum’s permission)
  - ask for suggestions about how to improve the program
  - ask for feedback about their mentor
  - invite them to mini-sessions (see “Beyond the Jumpstart Curriculum” on page 20)
  - send job postings in the real estate field.

**Jumpstart Germantown by Example:** Commencement

At the conclusion of each Jumpstart Germantown training, Ken Weinstein plays a recording of “Pomp and Circumstance” and presents each mentee with a certificate of completion (suitable for framing!). It helps mentees feel they’ve “graduated” and are ready to “go forth and rehab.”
Training Program Startup
Before the first training session, you’ll need time to:

• familiarize yourself with the curriculum
• recruit, select, and confirm attendance by mentees
• recruit and schedule guest speakers
• adapt the Training Workbook and PowerPoint to suit the specific needs of your neighborhood.

Class time will likely be at least 9 hours total (allow a break in the middle of each session), with roughly 2 hours’ preparation time before each session. Calculate the number of hours and cost it will take your organization to prepare and run the Jumpstart Training Program using the Jumpstart Germantown example at right. If you plan to run several trainings a year, factor this into your annual Jumpstart budget.

There may be costs associated with printing copies of the Training Workbook for your program. (You can download the PDF from www.gojumpstart.org for free.) Make copies in-house or ask a sponsor to donate the printing of the workbook.
DEVELOPERS’ NETWORK

The Developers’ Network creates opportunities to make connections and build mutually beneficial relationships. Through networking events and social media, you can reach a larger group of interested individuals to connect like-minded developers and neighborhood stakeholders.

Creating Your Own Network
Make the Developers’ Network open to everyone. You want to encourage interested individuals to receive information about upcoming events and related topics.

Advertise the Developers’ Network events online, at community meetings, etc. Collect email addresses at events and add those individuals to the Developers’ Network email list. At each event, be sure to allow time for networking before or after the speaking portion.

For a sample “Welcome” letter to individuals interested in the Developers’ Network, visit www.gojumpstart.org.

Active Online Forums
Create a public “Developers’ Network” Facebook group, which anyone can join, to offer help and share information. This can become a central resource for participants and a place for mentees to ask questions and gain insights from those who are already experienced in real estate.

Developers’ Network Startup
Spend some time and effort choosing a topic for an event and finding a speaker. Ideally you find someone in the neighborhood who’s willing to donate space and/or refreshments for these events, but you’ll spend several hours of staff time planning and organizing each one. Charging a small fee for refreshments can also help defray the costs.
The Jumpstart Germantown Developers’ Network holds approximately 4 events a year. Panel discussions and guest speakers have included a group of experienced developers, a mentor speaking about unique ways to source properties, and a Philadelphia Eagles player who spoke about “tackling your fears.”

As of May 2017, the Network grew to more than 450 participants. Between 90 and 150 individuals have attended each event, including mentors, mentees, and alumni of the Training Program, as well as other interested real estate professionals in the area and community leaders.

Jumpstart Germantown recruits a sponsor for each of its Developers’ Network meetings. For $500, sponsors get their organization’s name on all invitations and the opportunity at the beginning of the event to introduce their company or non-profit. The sponsorship dollars pay for a buffet dinner for all participants, which helps “pack the house.”

As of June 2017, the Jumpstart Germantown Developers’ Network had more than 750 members on its Facebook group. This public group allows local developers, contractors, realtors, and business people to share information with the community and each other. It’s a great place for mentees to find contractors and other resources, ask questions, or just follow along and learn about the real estate industry. See www.facebook.com/groups/jumpstartgermantownnetwork.

15 Hours Required for Each Developers’ Network Event

- **Administrator: 10 hours**
  - Duties:
    - organize and schedule events
    - invite network members and maintain communications

- **Manager: 5 hours**
  - Duties:
    - identify and invite guest speakers
    - facilitate events
LOAN PROGRAM

One of the goals of Jumpstart is to establish loan options for developers to finance the acquisition and construction of vacant and/or deteriorated properties. From the outset, you can either: (1) refer developers in your neighborhood to third-party financing sources, or (2) start your own loan program.

Offering a Jumpstart Loan Program may allow you to provide loans with fewer “strings” attached. These strings may include longer approval and closing times, more stringent inspections, required appraisals, and mandatory credit checks. Any strings can limit the ability of your developers to be competitive.

Option 1: Making referrals
If you want to refer your developers to outside financing sources, explore:
- local banks and credit unions
- programs through state and/or municipal government agencies
- Community Development Financial Institutions (CDFIs) in your region.

Option 2: Starting your own loan program
There are a number of possible sources for financing. These might include:
- traditional lenders and credit unions, which may offer a line of credit
- state and/or municipal government agencies or foundations, which may offer grants and/or low-interest loans
- a CDFI or foundation, which may offer a revolving loan (any monies repaid go back into the fund)
- like-minded, socially conscious developers who may guarantee a line of credit
- local institutions such as universities, places of worship, or hospitals.
TOOL 2.4: Loan Terms

Here are terms to consider for a Jumpstart Loan Program.

LOAN SIZE
- Base the typical loan amount on the average acquisition and construction costs in your community.
- The higher the loan to cost (LTC) or loan to value (LTV) you offer, the more likely a developer will use the Loan Program to develop in your community.

REPAYMENT TERMS
- The range of time over which the borrower will repay the loan after any special “interest-only period” ends (e.g., 6–24 mos.)
- Means of repayment
- No penalty for early repayment.

RATE AND FEES
- Base rates and fees on market rate loans of similar size and scale
- Rates and fees may depend on source and costs of financing.
JUMPSTART GERMANTOWN BY EXAMPLE:

Loan Program

Overview

- **Source of financing**
  Ken Weinstein was able to secure a personal $2 million line of credit from J. P. Morgan/Chase, which he, in turn, uses to make loans to developers.

- **Goal**
  The program provides loans for the acquisition and construction of residential and mixed-use properties. It offers loans for projects in Germantown and its adjacent neighborhoods. This area encompasses 6 zip codes.

- **Availability**
  The program is available to both experienced and novice developers. Jumpstart Germantown encourages, but does not require, new developers to first participate in its Training Program.

Loan Terms

- **Loan Size**
  Jumpstart Germantown does not set a minimum or maximum loan amount, but loans typically range from $40,000–$500,000, with an average loan of $115,000. Loans are typically 85% LTC, requiring the borrower to bring 15% to settlement.

- **Repayment Terms**
  No payments are due until after the loan is fully financed (although interest accrues as funds are provided) when interest-only payments begin. The loan is due in full after 9 months, although borrowers can purchase 3-month extensions for 1% of the total loan amount.

- **Rate and Fees**
  - 2% Loan Financing Fee
  - 6.75% Annual Interest Rate (as of August 2017)
  - $1,500 Commitment Fee: covers 4 inspections/draws, additional inspections are $250 each
  - $250 Legal Fee if using mortgage and promissory note templates. (If legal negotiations are required, then the borrower pays actual legal costs.)
  - Only the Commitment Fee is required at time of settlement. The borrower can finance all other fees.

For details, visit http://phillyofficeretail.com/loan-program
Offsetting the Risk
Here are ways to protect your organization and reduce risk of default:

1. Require a first lien position.
2. Require clear title and a title insurance policy in your organization’s name.
3. Require a personal guarantee.
4. Set minimum ROI (Return on Investment) or Net Margin percentages for each project.
5. Be sure the borrower lists your organization as additional insured, mortgagee, and loss payee on the builder’s risk insurance.
6. Run credit checks (for “buy and hold” projects).
8. Inspect the property to confirm cost projections and condition.
9. Look at comparable properties in the immediate neighborhood to confirm rents/sales values.

For sample loan documents (listed in the appendix), visit www.gojumpstart.org.
Loan Program Startup

To create a Loan Program, you will need staff and expertise to review applications, conduct site visits and inspections, interact with the title company, create loan documents, write checks and wire funds, and prepare invoices. This program, however, can be revenue-generating. And, if you decide to partner with a lender, to which you refer mentees, your time requirement may be minimal.

JUMPSTART GERMANTOWN BY EXAMPLE:
24 Hours Required Weekly to Manage Loan Program

Despite relatively steep startup costs, Jumpstart Germantown was able to make a small profit even in the first year of its Loan Program. The loan commitment fee, 2% financing fee, and accrued interest more than paid for the staff and administrative hours the Loan Program required. Currently the program processes approximately 9 loan applications per month.

**Manager: 7 hours**
Duties:
- review and approve loan applications
- conduct initial site visits
- review closing documents
- approve disbursement to title company
- review and approve loan draw requests
- approve disbursements for draws
- troubleshoot
- approve loan extensions.

**Accounting: 2 hours**
Duties:
- track all expenses and enter transactions in QuickBooks
- send invoices, receive payments, wire funds, issue checks, and create payoff statements.

**Inspection: 7 hours**
Duties:
- inspect each property during construction (when draw requests are made).

**Administrator: 8 hours**
Duties:
- collect and evaluate loan applications
- data entry
- communicate with loan applicants
- research “comps” (comparable properties)
- organize and schedule initial site visits and inspections
- draw up loan documents and letters of commitment
- communicate with title company for settlement
- issue loan extensions.
JUMPSTART GERMANTOWN BY EXAMPLE:
Breakdown of Staff Hours Required for Startup of Jumpstart Germantown (2015)

- **Training Program**: 16%
  - 4 trainings plus startup
- **Developers’ Network**: 2%
  - 1 event
- **Loan Program**: 82%
  - 10 loans plus startup
Part 2: Implement Jumpstart in Your Community
PART 3:
JUMPSTART: IT’S UP TO YOU!

You can build your Jumpstart Program incrementally, by planning and implementing Jumpstart over a period of time, and achieve success. Or you can dive in, make a splash, and generate more immediate impact. The choice is up to you.

Ready to get started? It takes initiative, focus, and determination. You must create energy around Jumpstart and follow through. The time you invest in startup, in terms of staffing, will pay off when the program gets off the ground and blight in your community begins to disappear.

“To Do” List for Jumpstart Planning

1. Set goals for Jumpstart program and write a mission statement.
2. Develop a list of potential partners and their roles.
3. Compile a list of potential mentors.
4. Develop a recruitment plan for mentors and mentees.
5. Adapt the Training Program curriculum for your community (based on materials at www.gojumpstart.org).
6. Choose dates for your first training sessions and Developers’ Network meeting.
7. Devise a financing strategy for developers and/or generate a list of potential financing sources.

JUMPSTART GERMANTOWN BY EXAMPLE:
Getting Started

With a boost from early positive media coverage, Jumpstart Germantown was up and running in a matter of weeks. Ken Weinstein and Philly Office Retail organized the Jumpstart Germantown Training Program after a couple weeks of planning, with the help of one college intern. The following month they held the first series of training sessions (with 10 mentees). Then, over the next six months, they added the Developers’ Network and Loan Program.
APPENDIX

Resources available on the Jumpstart website (www.gojumpstart.org):

**Tools from this guide**
- Tool 1.1: Determining Your Readiness to Lead a Jumpstart Program
- Tool 2.1: List of Mentor Qualifications, Requirements, and Expectations
- Tool 2.2: Sample Application for Training Program
- Evaluation Criteria for Mentee Applications
- Tool 2.3: Integrating Expert Speakers into the Curriculum
- Tool 2.4: Loan Terms

**Other useful tools**
- Application Forms (training, mentors, loan program)
- Sample Mentor Recruitment Flyer
- Sample Graduation Certificate

**Sample correspondence with mentees and mentors**
- Letter Acknowledging Interest in/Application to the Training Program
- Letter Welcoming Mentee to the Training Program
- Letter Introducing Mentor and Mentee
- Letter Acknowledging Interest in the Developers’ Network

**Training Workbook (PDF)**
- Glossary of Real Estate Development
- What to Look for at a Sheriff Sale
- Real Estate Development Acronyms Worksheet
- An Introduction to Residential Zoning
- Sample List of “Comps”
- Pro Formas (Profit and Loss Statements)
  - Buy and Hold
  - Buy and Sell
- Basics You Need for a Bank Loan Application
- “BRRRR” Strategy: Buy; Renovate; Rent; Refinance (and Repeat!)
- How to Write a Scope of Work
- Sample Construction Budget
- 10 Tips on Selecting a Contractor

**Training Program PowerPoint**

**Additional tools for mentees**
- Sample rental lease
- Sample loan program documents
  - Pre-Approval Letter
  - Loan Commitment Letter
  - Loan Commitment Worksheet
  - Loan Extension Letter
  - Payment Schedule
  - Loan Payoff Statement
  - Documents for Loan Closing
    - Assignment of Leases and Rents
    - Disclosure for Confession of Judgment
    - Guaranty and Surety Agreement
    - Mortgage Note
    - Open Ended Mortgage Agreement
We are here to help!

Reach out to Ken Weinstein and his Jumpstart Germantown team at any time, if you have questions about getting your Jumpstart Program off the ground or how to make it grow. There are other Jumpstart Programs you can tap into, to learn from their experiences in other communities. We are here to help you succeed and make your community a better place to live, work, and enjoy!

Contact: Ken Weinstein
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JUMPSTART YOUR NEIGHBORHOOD
Empower local residents to do well by doing good

WWW.GOJUMPSTART.ORG

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