



# JUMPSTART GERMANTOWN

Improving Our Community One House at a Time

## LOAN PROGRAM

### **Funds Available to Purchase and Rehab Houses!**

Jumpstart Germantown offers loans to help you purchase and rehab residential properties in Germantown & adjacent neighborhoods (Mt. Airy, East Falls, East Oak Lane, West Oak Lane, Nicetown/Tioga, Logan, Ogontz). You provide a 15% equity contribution and we'll loan you up to 85% of the total acquisition and construction cost.

Funds are disbursed as work is completed (no construction funds are disbursed at settlement). The \$1,500 commitment fee covers up to 4 inspections, which occur before each draw. Interest on the loan begins to accrue as funds are disbursed. However, no loan payments are due until the final draw has been paid.

After the final draw, accrued interest will be added and monthly interest-only payments are due until the property is sold or refinanced. You have 9 months from settlement to pay off the loan, but can request 3 month extensions for 1% of the total loan amount.

Jumpstart Germantown requires title insurance for the total loan amount and will place a 1<sup>st</sup> position lien on the property. Most fees, other than the \$1,500 Loan Commitment Fee, can be financed and are not due until the property has been sold or refinanced.

### **Loan Costs:**

2% Loan Financing Fee

6.75% Annual Interest Rate

\$1,500 Commitment Fee – covers 4 inspections, additional inspections \$250 each

\$250 Legal Fee – if mortgage & promissory note templates used, actual cost if legal negotiations are required

**Fast, Easy Approvals**

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**Finance 85% of total project cost**

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**6.75% Annual Interest Rate**

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**9 Months to Buy and Rehab, then Sell or Refinance**

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**No Loan Payments Due Until After Final Draw**

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**Funds Advanced as Work is Completed**

JUMPSTART GERMANTOWN  
6825 Germantown Avenue  
2nd Floor  
Philadelphia, PA 19119

[phillyofficeretail.com/loan-program/](http://phillyofficeretail.com/loan-program/)

Angie@PhillyOfficeRetail.com  
215-247-5555 x 211

**Apply online – [phillyofficeretail.com/loan-program/](http://phillyofficeretail.com/loan-program/)**

# HOW IT WORKS

## Apply Online

Online loan applications are accepted at any time. Loan applications must include a construction budget, estimated cost of acquisition, profit & loss statement, and comparable value of similar homes in the area (comps). Please use the Development Budget and Profit & Loss statement worksheet provided on the website. If you plan to buy and hold the property, we require a satisfactory credit check to ensure you will be able to refinance.

## Property Visit

After we review the application, you will be contacted to set up a time and date to tour the property and discuss the project. During the visit, budget numbers will be reviewed to determine if they are accurate. Jumpstart Germantown staff will offer suggestions and advice as they tour the property and ensure the development project is sound and viable.

## Letter of Commitment

After the property tour, assuming the loan application has been accepted, you will receive a Letter of Commitment. This Letter will list the terms of the loan in detail and should be signed and sent back to our offices with the \$1,500 commitment fee in order to accept the loan.

## Details

Before settlement title insurance, in the full amount of the loan, must be purchased and proof of builders' risk insurance provided. The Buyer's Equity (typically 15% of total acquisition and construction costs) must be paid at settlement. Jumpstart Germantown will fund the remainder of the acquisition costs at settlement and the additional loan proceeds will be used for construction and available as work is completed (no construction funds are disbursed at settlement). You will have 9 months after settlement to finish construction and sell the property or refinance the loan to pay off the Jumpstart Germantown loan.

## PRE-APPROVAL PROCESS

Found a Property in Which You're Interested?

If the property is not under agreement, submit an application and within 24 hours we will issue a Pre-Approval letter if the application is accepted. Please note that a Pre-Approval letter does not guarantee funds.

## LOAN EXAMPLE

Purchase Price: \$50,000

Settlement Costs (5%): \$2,500

Construction Costs: \$50,000

Total Project Cost: \$102,500

Loan to Cost (LTC) 85%: \$87,125

Loan Costs: \$1,992.50 (2% of \$87,125 + \$250 Legal Fee)

Max Jumpstart Germantown Loan Amount: \$89,117.50

At Settlement:

Amount Needed to Purchase: \$52,500

(15% Borrower Equity: \$15,375  
Jumpstart Funds Provided: \$37,125)

Jumpstart Germantown Funds Remaining for  
Construction: \$50,000 (\$87,125 - \$37,125)

Estimated Monthly Payment: \$501.29\*

(\$89,117.50 x 6.75% / 12 months)

*\*will change based on amount of final accrued interest*

**Apply online – [phillyofficeretail.com/loan-program/](http://phillyofficeretail.com/loan-program/)**