**Zach Backes Presentation Notes:**

Notes taken by Keith Miller, all mistakes or omissions are my fault alone.

- Started investing during COVID, which caused him and his partner to sell their travel industry business that was struggling because of the lockdowns.
- He eventually moved to Montana, after traveling around the country with his five kids and wife.
- He wanted to be location and time independent, so real estate was a good fit.
- His first deal was in Missoula, was a unique deal. The house had sat on the market for a long time, because it was on railroad leased land, which wouldn't give a long-term lease guarantee. So mortgage companies wouldn't touch it. He bought it for around $50K, and later sold it to a cash buyer for $125K.
- Him and his partner (who is in Florida) have a team, consisting of two full-time deal finders, who primarily do cold calling. They have an administrative staff, and have bought property management fully in-house.
- They have 250-300 doors, with one of their properties being a 75 door building.
- BRRRR is their main strategy (Buy-Rehab-Refinance-Rent-Repeat). They focus on adding value, then recycling the cash. Properties are primarily in Montana, Florida, and the states between MT and FL.
- They mostly do a mixture of holds and flips. The houses they hold are cashflow for the business.
- One big lesson learned is that the business is all about relationships. For example, they've had several crews in Great Falls that they've kept busy for years. Relationships with banks are built on trust, and this track record is crucial for banks. They also work with hard money lenders. Banking standards have tightened lately from his experience.
- Commercial lending is very different than residential. Terms are negotiable. Don't hesitate to counteroffer the bank's first proposal for loan terms. They want to close the deal as well.
- He's seeing more owner financing. Some of his best deals have been owner financing. Trust is really crucial to build before proposing.
- Hard money is usually their first source of capital. After buying the home with hard money, they rehab the home, then refinance with a local bank or credit union.
- His deals are always structured as partnerships. He has never syndicated. He gives his money partners a "Guaranteed investor return" plus equity in the deal.
- Banks want to see a 12 month seasoning from the purchase to the refinance.
- When finding tenants, Facebook Groups are the source of the most unqualified tenants, so his team stays away from them.
- When deciding to hold or sell, if they don't have a property management team in that city then they always sell. If there is going to be money left in the deal, they will usually sell. If they can pull out all of their capital, then it's usually a hold.

- Relationships relationship relationships. He stressed that they're the foundation for the whole business and should be focused on.
- His partner is also crucial to his success. He stresses to choose partners carefully.
- An example of one of the places he invests is Little Rock. They have 34 properties there, and employ a half-time property manager. He favors in-house property management, but scale is necessary to do it well.
- In Florida, all they touch is single family. But they buy more multifamily in Montana, although they still do plenty of SFH flips.
- He loves military towns, he said that military members are great tenants.
- Jenn, his wife, has gotten involved in a lot of the design side of flips.
- He recommends listening to the BP podcasts, his wife Jenn was listening to more of them than him at one point.
- He hasn't seen any significant changes in cap rates lately in Montana.