Colin Rimel Presentation Notes- 12/12/2023

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

- Colin was born and raised in Missoula, background in engineering at the Puget Sound Shipyard.
- His first investment property was in 2016 for $245K. It only broke even as far as cash flow. But it appreciated well, he sold it for $387K a few years ago. Between the appreciation, debt paydown, and improvements, the profit was around $200K, which he rolled into an apartment building.
- Laid off from his tech job in 2019 and jumped right into buying a monster house in the University district, partnering with a few different people. He found an old variance that allowed him to add two units. He also fixed it up, renovating it extensively. First Interstate Bank pulled back on their loan to him at the last minute, requiring a 50% downpayment, as well as hiring a licensed General Contractor on the project. He switched to Clearwater and has been with them ever since. They've been really flexible.
- Partnerships are a big part of how he's been successful. He recommends getting all agreements in advance about who is doing what. He recommends paying yourself a bit if you're going to be your own GC.
- Soon afterwards, he bought a property on Flathead Lake, it was nine lots in Dayton on a sellers note. Designed and built four cabins a little off the water. Had local buddies/subs help build the cabins. Put them on 10-year fixed debt in 2031. The property value rose from $130K to $850 after the cabins were built, after putting in a lot of sweat equity, and $30K in materials. He barely finished them in time for their Airbnb reservations. It was a challenge to build up in Dayton, he did a lot of the work himself, or got friends who were subs to help him out. Switched from year-round Airbnb to a 4-month summer season of Airbnb, then an 8-month winter season as a long-term rental.
    - Got a REAP Grant for solar panels at this property. Around 80% of the cost of the solar panels will be covered.
- He manages a small community water system for the property, which has been a challenge.
- In 2021, a friend went under contract on a property on Front St. It was a duplex and an 11-unit apartment building. The friend bought the duplex, and Colin bought the apartment building. It hit the "0.8% rule", meaning that monthly rents were 0.8% of the purchase price, which is pretty good for Missoula. Paul Burow from Professional Property Management manages it, and does a great job, Colin highly recommends him.
- Colin recommends telling people that you're an investor, that's how he found that deal.
- Sterling CRE said that the vacancy rate recently doubled from 3% to 6%, and Colin sees it as being even higher than that. Multifamily supply is spiking and will probably keep rising for the foreseeable future. But Colin is confident that it won't last as permits for new multifamily are dropping.
- In 2022, Colin bought a 22-unit apartment building off-market. Sent letters and found an owner willing to sell. He's still working on stabilizing it, he lost a couple grand in year one. By pushing the city until he reached the city attorney, he got them to allow construction on the two lots on the property. Took a lot of perseverance but it was worth hundreds of thousands of dollars.
- Now he's more focused on commercial buildings, his father and him bought a couple of buildings, and they're experiencing a lot of demand for them.

Big Lessons Learned:

- Develop a good relationship with your lender. He calls them every week. Colin got a loan for prime plus 1.75% on a recent solar loan. Clearwater is still wide open for lending on multifamily.
- Love letters to owners- He recommends them.
- Sweat Equity and DIY construction is a great way to manage costs.
- Appreciation is real over time. If you can just break even, eventually it will appreciate, and cashflow will increase over the next five years.
- Recommends the new Freddie loans that allow buyers to buy up to a 4 unit multifamily and only put 5% on the property, as long as it’s being used as a primary residence.
- Location is key. Vacancy rates are higher on units out past Reserve, compared to units in town.
- Colin stresses patience as being key in real estate, let appreciation do its work over the years and you will come out way ahead.