Jesse Eagan Presentation Notes- 1/17/22

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

- Jesse got his real estate license in 1992.
- He started in residential real estate, learned the business while working at Gillespie
- His first deal was in Great Falls, and was for $37K. He got seller financing, only needing $2,500 down. But once seller credits and everything else was applied, he only had to put down $10. Soon afterwards, he sold it for over $60K, and was hooked.
- Most of his deals early in his career were seller financed.
- He bought two fourplexes soon afterwards, and the seller insisted on no prepayment penalty, which was fine with him.
- He kept following up with a large investor in Missoula, and ended up buying eight fourplexes from him. The price was $1.6 million, and he quickly wrote out a prospectus, and pitched an investor he knew. It worked out, and was his first "Mini-syndication".
- He ended up selling them for $350K each, so walked with something like $400K.
- Notable quote: "The more time I spent rubbing elbows with people who have money, the more successful I've been".
- Principles of Real Estate Syndication is a book he recommended.
- The 2008 recession was really hard for him to work through.
- In 2015, he bought the Firestone Building downtown, and presold 22 out of 24 units to end-buyers, all while he hadn't broken ground on the building.
- He eventually cancelled construction, and flipped the property to the owner of the Merc.
- His first big syndication was Lolo Peak Village, which was started in 2019. He had to raise $1.5 million, which was hard to do in $50K increments.
- After construction was complete, it was fully rented in three weeks, for well over the rent estimates, and interest rates were far below their estimates.
- He only takes capital from accredited investors, which are people that have a net worth of at least $1 million, not counting their personal residence. The other way to qualify is to have an annual income of at least $200K, or $300K for married couples.
- At a basic level, a syndication is when you bring investor funds in, then the General Partner (GP) collects the funds, guarantees the loan, does all of the work, whether it's construction or a rehab. The Limited Partners (LP) contribute funds, and take no legal liability.
- Typical investors are in their 50s, 60s, and 70s, and have been real estate investors in the past. Many of them have money they need to redeploy through a 1031 exchange.
- Those investors can join the investment by investing their funds and becoming a "Tenant in Common", then eventually becoming an LP, in order to complete their 1031 exchange.
- Out of state visitors to Montana, or those who have a vacation home here, are increasingly investing in Montana.
- The Jobs Act in 2012 deregulated the syndication marketplace so now you can reach directly out to accredited investors, as long as you are using the 506(c) structure.
- He prefers to distribute money on a monthly basis to investors.
- He uses a CRM to stay in contact with investors, and also uses Social Media
- A lot of multifamily supply is coming online in Missoula and Bozeman, but so much single family development is being paused. As a result, Jesse predicts we will have a short period of

oversupply, followed by a serious housing shortage again. He predicts it will take 1-1.5 years to work through the oversupply.

- Jesse says Great Falls is on the greatest run in the last 30 years.
- For his current Mullan Crossing development, he had to put 35% down. His company raised $11.5 million, and they are going to frame it in cash, then finance the rest.
- He typically holds his investments for 7-10 years.
- His advice if you are looking to get started in syndication is to team up with someone smarter than you, or more experienced. Find a syndicator to learn from, and find a mentor.
- More advice is to build the investor network before you put a property under contract.
- But if you find a great deal, get your “gumption” and go for it.
- For his current Waypoint project, he first hired WGM for a development analysis. Then they will let the leases run out over the next three years.
- No distributions are made during construction, that’s always made clear to his investors.
- So many out of state investors are selling and pulling their capital from Washington and California because of the COVID measures taken.
- He usually does a 85-15% split on rent (85% to LPs, 15% to GPs), and a 70-30 split on equity.