A PRACTICAL GUIDE FOR INVESTORS

The Billings Real Estate Investor Playbook

How to define your strategy, evaluate the complete opportunity, and invest with realistic numbers instead of optimistic assumptions.

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OPENING NOTE

A better way to evaluate investment property

The strongest investment decisions begin before a property appears in your inbox.

Real estate investing is often presented as a search for deals. In practice, the harder work is defining what actually qualifies as a deal for you.

A property can be a strong long-term rental and a poor flip. It can offer meaningful upside and still be wrong for an investor who lacks the capital, time, contractors, or tolerance for uncertainty required to realize it. A low purchase price can conceal high operating costs. A strong projected return can disappear when rent, vacancy, repairs, financing, and exit costs are replaced with realistic assumptions.

My role is not to make every opportunity look attractive. It is to help you understand what would need to be true for the investment to work, identify the assumptions carrying the most risk, and compare the likely outcome with your actual objectives.

What this playbook is designed to do

Help you choose an investment path, build a usable buy box, screen opportunities consistently, complete property-specific due diligence, and understand what working with me should look like.

The objective is not to eliminate uncertainty. It is to stop avoidable uncertainty from being mistaken for opportunity.

IN BRIEF

The investor decision chain

Each section answers a question that should be solved before capital is committed.

01	**Which investment path fits?**	Stabilized income, value-add, or renovate-to-resell.
02	**What is the buy box?**	Strategy becomes useful only when converted into acquisition criteria.
03	**Do the numbers survive scrutiny?**	Returns should be tested against complete costs and conservative assumptions.
04	**What can break the plan?**	Condition, financing, permits, insurance, tenancy, and operations all matter.
05	**Who owns each responsibility?**	An effective relationship requires clear expectations from both the broker and investor.
06	**What is the next decision?**	Every opportunity should end with pursue, revise, monitor, or pass.

The governing principle

A property is not a deal because it is discounted, off-market, or capable of producing rent. It becomes an opportunity only when the strategy, numbers, resources, risk, and exit plan work together.

CHOOSE A PATH

Three ways investors create a return

The same property can produce very different outcomes depending on the strategy applied to it.

01 BUY FOR INCOME

Acquire a stabilized or nearly stabilized property intended to produce durable rental income with limited renovation exposure.

Best fit: investors prioritizing predictable operations, long-term ownership, and lower execution risk.

02 CREATE VALUE

Improve the property, operations, tenant profile, or income stream to increase cash flow and equity over time.

Best fit: investors with capital, patience, operational capacity, and a realistic stabilization plan.

03 IMPROVE AND RESELL

Purchase with enough margin to renovate and resell after accounting for construction, financing, holding, and selling costs.

Best fit: investors with dependable contractors, disciplined scopes, sufficient reserves, and a defined exit window.

Do not force every property into the strategy you prefer. Choose the strategy first, then evaluate whether the property supports it.

START WITH THE INVESTOR

Your objective determines what matters

A return target without context is not an investment strategy.

Primary outcome	Monthly income, long-term equity, forced appreciation, resale profit, tax planning, or portfolio diversification.
Time horizon	Months, several years, or indefinite ownership. The holding period changes which costs and risks matter most.
Available capital	Down payment, closing costs, renovation, reserves, operating shortfalls, and contingency funds.
Operating capacity	Self-management, property management, construction oversight, bookkeeping, leasing, and decision speed.
Risk tolerance	Vacancy, renovation variance, tenant issues, financing changes, market movement, and uncertain resale timing.
Exit flexibility	Sell, refinance, hold, convert strategy, or accept a lower return if conditions change.

The first question I ask

What does this investment need to accomplish, and which tradeoffs are you genuinely equipped to accept?

BUILD THE BUY BOX

Turn preferences into decision criteria

A buy box should eliminate noise, improve speed, and protect you from changing the rules to justify an exciting property.

Strategy	Income, value-add, resale, house hack, or small multifamily.
Geography	Billings, Laurel, Lockwood, Heights, West End, central areas, or defined surrounding markets.
Property	Single-family, duplex, 2-4 unit, 5+ unit, condo, townhome, or mixed-use.
Capital	Maximum acquisition cash, renovation budget, reserves, and total exposure.
Performance	Minimum yield, cash flow, coverage, equity margin, or resale profit based on your model.
Condition	Systems, structural tolerance, occupancy, deferred maintenance, and acceptable project complexity.
Operations	Management plan, tenant strategy, utilities, yard/snow obligations, and required local support.
Exit	Minimum hold, refinance requirements, resale assumptions, and fallback use.

A useful buy box contains firm boundaries and variables that may move. If everything is negotiable, it is not a buy box.

SCREEN THE OPPORTUNITY

Separate the first look from full underwriting

Speed matters, but speed should come from a repeatable process rather than skipped analysis.

01	**Stage 1: Fit**	Does the location, property type, price, condition, and strategy match the buy box?
02	**Stage 2: Directional math**	Do conservative income, expense, repair, and financing assumptions justify deeper work?
03	**Stage 3: Evidence**	Which assumptions can be supported by leases, market rent, comparable sales, bids, records, and inspections?
04	**Stage 4: Stress test**	What happens if rent is lower, renovation is higher, vacancy extends, financing changes, or resale takes longer?
05	**Stage 5: Decision**	Pursue, revise terms, monitor, or pass - with the reason documented.

Do not confuse access with value

An off-market property can reduce competition, but it does not repair weak economics. A listed property can still be attractive when the price and terms reflect the complete opportunity.

UNDERWRITE THE WHOLE PROPERTY

The return lives below the headline numbers

Purchase price and gross rent are only the beginning.

Gross scheduled income	Rent and other recurring property income at full occupancy.
Less vacancy and credit loss	A realistic allowance for turnover, delinquency, and downtime.
Effective gross income	Income expected after vacancy and collection assumptions.
Less operating expenses	Taxes, insurance, utilities, management, maintenance, repairs, admin, landscaping, snow, and other recurring costs.
Net operating income	Income before debt service, depreciation, income taxes, and major capital items.
Less debt service and reserves	Financing payments plus the capital buffer required for durable ownership.
Cash flow	What remains after the property supports operations, debt, and planned reserves.

CAP RATE

Net operating income ÷ purchase price or total basis. Useful for comparing unleveraged income, but sensitive to expense assumptions.

CASH-ON-CASH

Annual pre-tax cash flow ÷ total cash invested. Useful for leveraged returns, but not a complete measure of risk.

DSCR

Net operating income ÷ annual debt service. Shows the property’s ability to support debt under the assumptions used.

FIND THE MISSING EXPENSES

Optimism usually hides in the denominator

The easiest way to inflate a return is to omit costs that will eventually occur.

- Property management, even if you plan to self-manage today.
- Vacancy, leasing time, turnover labor, cleaning, locks, and make-ready work.
- Repairs plus separate reserves for roof, exterior, mechanical systems, appliances, pavement, and common areas.
- Owner-paid water, sewer, garbage, gas, electricity, internet, lawn care, and snow removal.
- Insurance based on the intended occupancy and use - not the seller’s current premium.
- Property taxes and special assessments using current records and the investor’s likely ownership structure.
- Bookkeeping, licensing, professional fees, pest control, safety inspections, and administrative costs.
- Financing fees, appraisal, title, due diligence, travel, carrying costs, and closing costs.
- Selling costs and taxes when the exit depends on resale.

A conservative model is not a pessimistic model

It is a model that can survive ordinary ownership rather than requiring every assumption to break in your favor.

CAPITAL AND FINANCING

The property must survive the capital structure

A good asset can become a poor investment when financing leaves no room for repairs, vacancy, or delay.

Acquisition capital	Down payment, earnest money, closing costs, lender fees, appraisal, inspections, and immediate repairs.
Renovation capital	Scope, contractor deposits, draws, permits, design, materials, contingency, and carrying costs during work.
Operating reserves	Vacancy, turnover, deductibles, failed systems, utilities, tenant issues, and unplanned ownership costs.
Debt structure	Rate, amortization, term, balloon, recourse, prepayment, covenants, reserve requirements, and refinance assumptions.
Liquidity after closing	The cash remaining once the property is acquired and the initial plan is funded.

Never let the refinance be the only version of the plan that works. Ask what happens if valuation, seasoning, rates, or lender requirements change.

PROPERTY-LEVEL DILIGENCE

Verify the assumptions carrying the return

Inspection is one input. Investment diligence is broader.

Income and tenancy	Leases, deposits, concessions, delinquencies, payment history, tenant-paid utilities, notices, and actual collections.
Physical condition	Structure, roof, exterior, drainage, electrical, plumbing, HVAC, life-safety, appliances, common areas, and site improvements.
Legal use	Zoning, unit count, permits, certificates, rental restrictions, HOA documents, and whether present use is legally supportable.
Operating history	Utility bills, repairs, maintenance, contracts, taxes, insurance, management, and owner-provided statements.
Market support	Comparable rents, concessions, vacancy, tenant demand, competing supply, and resale comparables appropriate to the intended exit.
Project execution	Scope, bids, contractor availability, permits, sequencing, lead times, contingencies, and carrying period.
Exit risk	Buyer pool, financing eligibility, marketability, holding costs, and alternate use if the preferred exit fails.

BILLINGS PROPERTY CONTEXT

Local conditions change the underwriting

These items do not make a property good or bad. They determine what must be investigated and priced into the plan.

Hail and exterior exposure	Roof age, siding, windows, prior claims, insurability, deductibles, and replacement timing.
Basements and drainage	Grading, gutters, seepage history, sump systems, groundwater, foundation observations, and finished-space risk.
Heating and cooling	Furnace or boiler condition, central air or alternative cooling, utility history, and replacement cost.
Older housing stock	Electrical service, plumbing materials, sewer line, windows, insulation, layout, additions, and permit history.
Small multifamily utilities	Metering, owner-paid services, shared systems, common areas, parking, storage, and snow or lawn obligations.
Rural and edge properties	Well, septic, propane, private roads, outbuildings, floodplain, irrigation, access, and additional maintenance.
Insurance and financing	Confirm both early. Property condition, occupancy, unit count, roof, electrical, and intended use can change availability and cost.

SMALL MULTIFAMILY

More units do not automatically mean less risk

Duplexes, 2-4 unit properties, and small apartment buildings require a different level of operating verification.

01	**Verify**	Reconcile the stated rent roll with leases, deposits, collections, and bank or management records when available.
02	**Verify**	Separate current rent, market rent, and achievable rent after turnover or improvements.
03	**Verify**	Confirm unit count, legal use, parking, egress, safety requirements, and permit history.
04	**Verify**	Understand which utilities are separately metered and which costs remain with the owner.
05	**Verify**	Inspect shared roofs, foundations, mechanical systems, sewer, common areas, exterior, pavement, and drainage.
06	**Verify**	Model turnover, vacancy, management, maintenance, capital reserves, and tenant coordination realistically.
07	**Verify**	For 5+ units, expect commercial underwriting, different appraisal methods, and lender focus on property income and coverage.

A rent roll is a claim. The leases, collections, expenses, property condition, and legal use determine how much confidence that claim deserves.

INVESTING FROM OUTSIDE BILLINGS

Distance requires a stronger operating system

Remote ownership can work. It cannot depend on incomplete information or a single local contact doing every job.

01	**Before the search**	Define strategy, financing, ownership structure, management, renovation capacity, decision authority, and travel expectations.
02	**During evaluation**	Use live video, street and surrounding context, property records, leases, bids, inspections, rent evidence, and documented assumptions.
03	**During contract**	Coordinate lender, title, insurance, inspectors, contractors, property management, and remote signing around firm deadlines.
04	**After closing**	Transfer utilities, deposits, keys, leases, vendor access, management records, repair priorities, and an emergency response plan.

What distance does not change

The investor remains responsible for deciding how much uncertainty to accept, approving costs, maintaining adequate reserves, and verifying matters material to the investment.

HOW OPPORTUNITIES ARE SOURCED

The channel does not create the economics

A disciplined investor evaluates listed, off-market, referred, and direct opportunities using the same standards.

MLS and broker-listed	Broad exposure and available documentation can improve speed and transparency. Competition does not automatically eliminate value.
Agent and investor network	Relationships can create earlier awareness, context, or access, but every opportunity still requires independent evaluation.
Direct and off-market	May offer flexibility or reduced competition. Often requires more work to establish condition, documentation, title, tenancy, and price support.
Existing owners and portfolio contacts	Long-term relationship building can uncover future options, but timing is controlled by the owner and should not be treated as guaranteed inventory.
Distress or complex situations	Potential discount can be offset by title, condition, occupancy, financing, legal, renovation, and timeline risk.

The advantage is not simply hearing about more property. It is recognizing which opportunities deserve attention and moving decisively when the evidence supports it.

OFFER AND EXECUTION

Negotiation begins with the investment thesis

Price matters, but the contract must also protect the information, access, timing, and flexibility required by the strategy.

Price and basis	Tie the offer to verified income, condition, scope, financing, holding costs, and exit - not the asking price alone.
Due diligence	Preserve enough time and access for inspections, leases, financials, insurance, zoning, permits, bids, lender review, and title.
Financing and appraisal	Align deadlines with the lender, property type, condition, intended use, and required documentation.
Possession and tenants	Address occupancy, deposits, leases, notices, prorations, keys, records, and transition responsibilities.
Repairs and credits	Evaluate the investment impact instead of treating every defect as a dollar-for-dollar demand.
Closing certainty	Earnest money, deadlines, communication, proof of funds, and clean execution can strengthen an offer without weakening necessary protection.

WHAT YOU GET FROM ME

Local guidance built around the decision

My job is to improve the quality and execution of the real estate decision - not to replace the professionals an investment may require.

01	**Before we search**	Clarify the strategy, define the buy box, discuss financing and capital, establish decision criteria, and identify likely constraints.
02	**When property appears**	Gather available documents, provide local sales and rental context, identify questions, coordinate access, and help compare the opportunity with the buy box.
03	**During diligence**	Coordinate inspectors, contractors, lender, title, insurance, management, and other local resources while tracking deadlines and unresolved issues.
04	**During negotiation**	Structure and communicate terms around the property, evidence, risk, competition, and the investor’s objectives.
05	**Through closing**	Keep the transaction organized, resolve open items, coordinate final verification, and support a clean transition of possession and records.
06	**After closing**	Remain a local real estate resource for future acquisitions, dispositions, valuation context, vendor connections, and portfolio conversations.

Clear boundaries

I am not acting as your attorney, accountant, financial adviser, appraiser, property manager, inspector, contractor, or insurance professional. I will help coordinate the right questions and resources so you can make an informed decision.

WHAT I NEED FROM YOU

The investor must be ready to decide

Access to opportunities has little value when the strategy, capital, or decision process is undefined.

Clarity	Explain the objective, experience, capital, financing, management plan, preferred property, acceptable risk, and decision authority.
Preparation	Maintain lender readiness or proof of funds, confirm entity and signing requirements, and identify the professionals you rely on.
Responsiveness	Review opportunities and documents quickly enough to compete without skipping the analysis required for the decision.
Evidence-based expectations	Use current rent, costs, financing, scope, and market support. Do not require the property to reach a return that depends on unsupported assumptions.
Ownership of the decision	Approve the strategy, price, scope, risk, financing, and final investment choice.
Follow-through	Meet deadlines, fund inspections and due diligence, communicate changes, and remain engaged through closing and transition.

The best investor-broker relationships are not built around constant optimism. They are built around shared criteria, direct communication, and the willingness to pass when the evidence does not support the deal.

OPPORTUNITY SCORECARD

End every review with a clear decision

Use this as a conversation framework, not a substitute for complete underwriting or professional advice.

STRATEGY FIT	Does it serve the intended income, value-add, or resale plan?	☐
BASIS	Is total cost supported by the property’s income, condition, and exit?	☐
EVIDENCE	Which assumptions are verified, estimated, or still unknown?	☐
CAPITAL	Is acquisition, renovation, reserve, and contingency capital available?	☐
EXECUTION	Are management, contractors, lender, insurance, and timeline workable?	☐
DOWNSIDE	What is the loss, delay, or workload if the primary assumptions miss?	☐
EXIT	Is there a realistic primary exit and a tolerable fallback?	☐
DECISION	Pursue, revise, monitor, or pass - and why?	☐

Official research starting points

Montana property records

Billings permits and planning

Yellowstone County property taxes

FEMA Flood Map Service Center

READY TO DEFINE YOUR BILLINGS INVESTMENT STRATEGY?

Book an investor strategy session

We will discuss your objectives, capital, financing, preferred property type, operating plan, and the criteria an opportunity must meet before we begin searching.

BOOK YOUR INVESTOR SESSION

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