



The **CASH-FLOW BREAKFAST CLUB**

— A STORY and MANUAL —

The story of you...and how a leap of faith to attend a unique investor meet-up changes everything. From zero passive income to complete financial freedom in five years or less.

Omni Casey & Chara Casey
Book Visuals

Leilani's Core Numbers

- Financial freedom number = \$6,525 a month
- Doors Owned = 11
- Average PIFL per door = \$475
- Total PIFL = \$5,225
- PIFL Deficit = \$1,300
- Additional doors needed for financial freedom = 3



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Member	FF#	Doors Owned	Current PIFL	PIFL Deficit	Start Date	Gong Date	Check Returned?
Billy	\$138k	12	\$51k	\$87k	2/19		
Seth	\$97k	19	\$112k	\$0	4/18	9/21	Yes
Ramzi	\$175k	19	\$104k	\$71k	11/20		
Micah	\$214k	23	\$145k	\$69k	9/18		
Leilani	\$73k	11	\$63k	\$10k	3/17		
Elna	\$140k	8	\$52k	\$88k	5/20		
Amy	\$190k	15	\$86k	\$104k	12/18		
Sam	\$130k	14	\$132k	\$0	4/16	2/21	Yes
Pete	\$45k	5	\$57k	\$0	5/14	5/19	Yes
Sarah	\$60k	12	\$35k	\$25k	7/18		
Brooke	\$300k	47	\$317k	\$0	5/06	7/12	Yes
Austen	\$245k	6	\$72k	\$173k	1/19		

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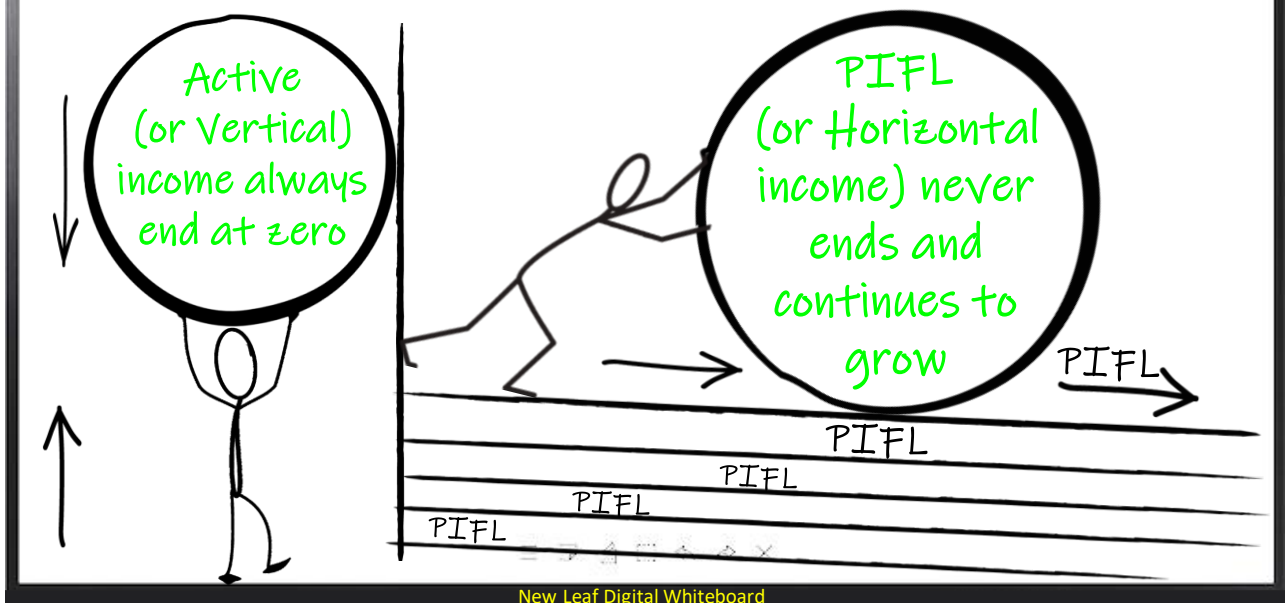
I CAN'T RELATE TO
LAZY PEOPLE.
WE DON'T SPEAK THE
SAME LANGUAGE.
I DON'T UNDERSTAND YOU.
I DON'T WANT TO
UNDERSTAND YOU.

- KOBE BRYANT



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Active Income vs Passive Income



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Weekly Income Breakdown: \$1,000 a week

Mon (\$200)	Tues (\$200)	wed (\$200)	Thurs (\$200)	Fri (\$200)
Uncle Sam	Housing Expenses	Housing Expenses	Food, entertainment, transportation, health care	phone, internet, subscriptions, debt payments, misc.

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A	B	C	D	E	F	G
1	George's Live For Free Calculator					
2	(Zero housing expense calculator)					
3	Cash out Refi - to Live for free calculator					
4						
5						
6						
7	Current Home value		\$802,500			
8	Current Mortgage Payoff amount		\$350,950			
9	Annual Interest Rate of cash out refi		2.75%			
10	LTV% of cash out refi		80%			
11	Amortization Period (Years) of cash out refi		30			
12	New Mortgage amount with Cash out refi		\$642,000			
13	Estimated Refi closing costs (rolled into loan)		\$16,050			
14	New Monthly P&I mortgage payment		\$2,621	\$4,121 (PITI)		
15	Current Monthly P&I mortgage payment		\$2,578	\$4,078 (PITI)		
16	Difference in monthly payment		\$43			
17	Monthly Taxes, Insurance, HOA & Utilities		\$1,500			
18	Cash Out portion only Loan Amount		\$275,000			
19	Monthly Cost of Cashed out funds		\$1,123			
20	ROI needed to cover cashed out funds		4.90%			
21	ROI needed to cover P&I mortgage		11.44%			
22	ROI needed to live for free (including utilities)		17.98%			
23						
24						

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Sarah's Solution Breakdown

Step 1: Get rid of housing expenses

- Couldn't sell so rented her condo out to break even
- Moved back in with parents for free
- Continued to pay the \$3500 a month that she was used to paying for housing, now towards her down payment account

- She saved \$42,000 ($\3500×12) in her first year
- She used that as a down payment to purchase a \$170k duplex
- That duplex has a PIFL of about \$9,000 a year
- She saved \$42,000 again in year 2 + added the PIFL from year 1 to put down on a bigger property at the end of year 2.
- She repeated these steps in year 3.

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Cost and Commitment to join the Cash-flow Breakfast Club

5050 + 10k

- | | |
|-----|---|
| 5 | Commitment to read 5 assigned books a year |
| 0 | Commitment to zero housing expense |
| 5 | Commitment to 5 Cash-flow properties in 5 yrs |
| 0 | Commitment to zero consumer debt |
| + | |
| 10k | Commitment to risk \$10,000 |

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	A	B	C	D	E	F	G	H	I	J	K	L	M	
1		Credit Card #1		Credit Card #2		Car Loan		Student Loan		Credit Card #3		Total		
3		Payment	Balance	Payment	Balance	Payment	Balance	Payment	Balance	Payment	Balance	Payment	Balance	
4	Min Payment	\$100	\$2,000	\$200	\$5,000	\$500	\$10,000	\$500	\$20,000	\$800	\$30,000	\$2,100	\$67,000	
5	Extra payment	\$1,000		\$1,100		\$1,300		\$1,800		\$2,300		\$1,000		
6	Total New Pmt	\$1,100		\$1,300		\$1,800		\$2,300		\$3,100		\$3,100		
8	Month 1	\$1,100	\$900	\$200	\$5,000	\$500	\$9,700	\$500	\$19,700	\$800	\$29,500	\$3,100	\$64,800	
9	Month 2	\$900	\$0	\$400	\$4,800	\$500	\$9,400	\$500	\$19,400	\$800	\$29,000	\$3,100	\$62,600	
10	Month 3	Paid Off		\$1,300	\$3,600	\$500	\$9,100	\$500	\$19,100	\$800	\$28,500	\$3,100	\$60,300	
11	Month 4			\$1,300	\$2,400	\$500	\$7,800	\$500	\$18,800	\$800	\$28,000	\$3,100	\$57,000	
12	Month 5			\$1,300	\$1,200	\$500	\$7,500	\$500	\$18,500	\$800	\$27,500	\$3,100	\$54,700	
13	Month 6			\$1,300	\$0	\$500	\$7,200	\$500	\$18,200	\$800	\$27,000	\$3,100	\$52,400	
14	Month 7			Paid Off		\$1,800	\$5,600	\$500	\$17,900	\$800	\$26,500	\$3,100	\$50,000	
15	Month 8					\$1,800	\$4,000	\$500	\$17,600	\$800	\$26,000	\$3,100	\$47,600	
16	Month 9					\$1,800	\$2,400	\$500	\$17,300	\$800	\$25,500	\$3,100	\$45,200	
17	Month 10					\$1,800	\$800	\$500	\$17,000	\$800	\$25,000	\$3,100	\$42,800	
18	Month 11					\$800	\$0	\$1,500	\$15,700	\$800	\$24,500	\$3,100	\$40,200	
19	Month 12					Paid Off		\$2,300	\$13,600	\$800	\$24,000	\$3,100	\$37,600	
20	Month 13							\$2,300	\$11,500	\$800	\$23,500	\$3,100	\$35,000	
21	Month 14							\$2,300	\$9,400	\$800	\$23,000	\$3,100	\$32,400	
22	Month 15							\$2,300	\$7,300	\$800	\$22,500	\$3,100	\$29,800	
23	Month 16							\$2,300	\$5,200	\$800	\$22,000	\$3,100	\$27,200	
24	Month 17							\$2,300	\$3,100	\$800	\$21,500	\$3,100	\$24,600	
25	Month 18							\$2,300	\$1,000	\$800	\$21,000	\$3,100	\$22,000	
26	Month 19							\$1,000	\$0	\$2,100	\$19,200	\$3,100	\$19,200	
27	Month 20							Paid Off		\$3,100	\$16,400	\$3,100	\$16,400	
28	Month 21									\$3,100	\$13,600	\$3,100	\$13,600	
29	Month 22									\$3,100	\$10,800	\$3,100	\$10,800	
30	Month 23									\$3,100	\$8,000	\$3,100	\$8,000	
31	Month 24									\$3,100	\$5,200	\$3,100	\$5,200	
32	Month 25									\$3,100	\$2,400	\$3,100	\$2,400	
33	Month 26									\$2,400	\$0	\$2,400	\$0	
34	Generic Example: Payments factor in a portion going to principal and interest every month										Paid Off		Paid Off	

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What steps would you need to take to be able to run and complete a marathon by the end of the year?



What if your goal was only to walk a mile by the end of the year?

What changes in your preparation?



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Cash Flow Properties: CoCROI & IRR

\$200k Cash Purchase

\$200k cash invested

\$2000/month rent (1% rule)

- OpEx/CapEx: \$684

= \$1316/mo or \$15,792/year PIFL

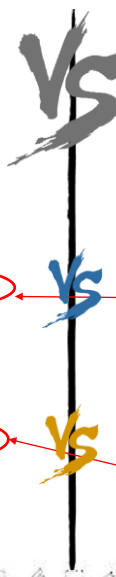
= \$15,792/\$200k = 7.9% CoCROI

+ \$1,800 Tax savings & depreciation

= \$17,592/\$200,000 = 8.8% IRR

+ 5% Appreciation (if applicable) \$10k

= \$27,592/200,000 = 13.8% IRR



\$200k financed purchase

\$50k Down Payment (25%) invested

\$2000/month rent (1% rule)

- OpEx/CapEx: \$684 + \$716 (P&I)

= \$600/mo or \$7,200/year PIFL

= \$7,200/\$50,000 = 14.4% CoCROI

+ \$2,640 Debt Reduction in year 1

(Debt Reduction = Equity gain)

= \$9,840/\$50,000 = 19.7% IRR

+ \$1,800 Tax savings & depreciation

= \$11,640/\$50,000 = 23.3% IRR

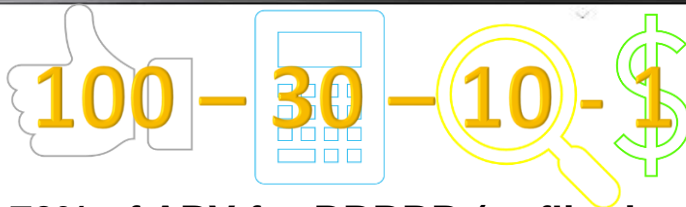
+ 5% Appreciation (if applicable) \$10k

= \$21,640/\$50,000 = 43.3% IRR



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RULES of THUMB



1. 70% of ARV for BRRRR (or flipping):

- Purchase Price + Reno should not exceed 70% of ARV
- If ARV is \$100k & Reno is estimated to be \$20k, Purchase should not exceed \$50k.
- \$50k + \$20K = 70% of ARV(\$100k)

2. The 1% Cashflow Rule:

- Where the monthly rent is at least 1% of the purchase price (or rent ready price)
- If the purchase price is \$100,000 then the rent would need to be at least \$1,000 a month to meet the 1% rule



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- \$100k CapEx (repaving road in 10 years)
- 100 Homes in HOA
- \$100k / 100 homes = \$1000 per home in 10 years
- \$1000 / 10 years = \$100 a year
- \$100 / 12 months = \$8.33 per home per mo



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Mitigating VACANCY Risk



1 Door/Unit Owned: 1 unit vacant for 1 month per year = ?

•= 1/12 or 8% Vacancy rate

10 Doors/Units Owned: 1 unit vacant for 1 month per year = ?

•= 1/120 or 0.8% Vacancy rate

1 Door/Unit Owned: 1 unit vacant for 1 month every 2 years = ?

•= 1/24 or 4% Vacancy rate

10 Doors/Units Owned: 1 unit vacant for 1 month every 2 years = ?

•= 1/240 or 0.4% Vacancy rate

1 Door/Unit Owned: 1 unit vacant for 1 month every 3 years = ?

•= 1/36 or 2.7% Vacancy rate

10 Doors/Units Owned: 1 unit vacant for 1 month every 3 years = ?

•= 1/360 or 0.27% Vacancy rate

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Batteries and Bulbs

This 100-Watt bulb uses
100 Watts per hour

Each of these batteries
produce 100 Watts

This 100-Watt
equivalent LED bulb uses
15 Watts per hour

How long can these
batteries power this bulb?



How long can the same
batteries power this LED
bulb?



Which of these is smarter and more efficient use of your batteries?

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Our Three Batteries (while on the Financial Freedom Track)

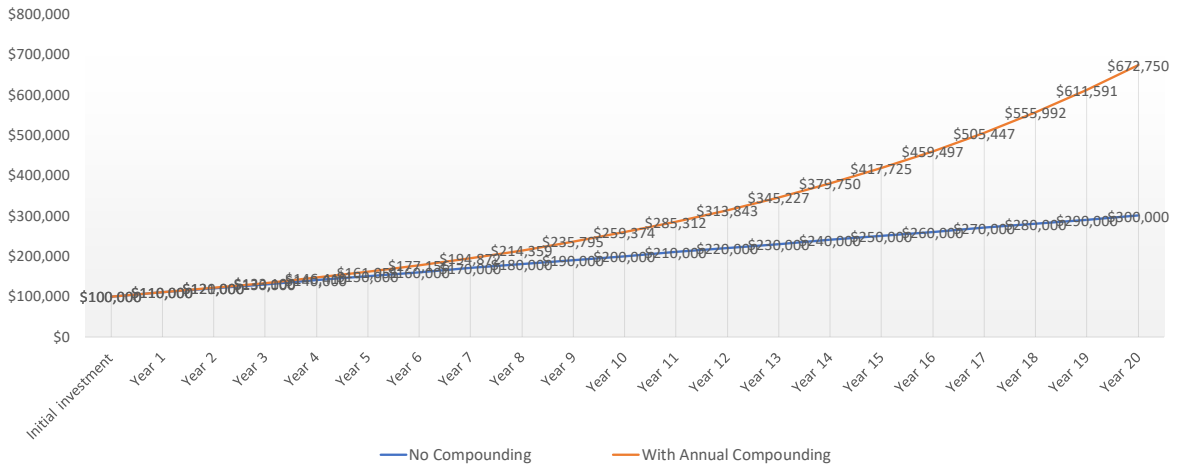


What is the most efficient REI plan for your 3 batteries right now?

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Simplified example with annual compounding 10% per year gains on \$100k invested vs 10% per year gains with annual compounding



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Investing in Real Estate vs Investing in Stocks, Bonds, Bitcoin etc... Not Apples to Apples: 10% increase example

Kevin invests \$100k in the stock market, and on the same day Dan invests \$100k to buy a rental property. A year later both go up by 10%.



Kevin's \$100k in stocks x 10%
= \$10k in gains (10% ROI)



Dan's \$100k used as 25% down = \$400k house x 10%
= \$40k in gains (40% ROI)
+ \$5k in equity gain through debt reduction
= \$45k in gains (45% ROI)
+ \$17k estimated PIFL + tax savings
= \$62k in gains (62% ROI)

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Investing in Real Estate vs Investing in Stocks, Bonds, Bitcoin etc...

Not Apples to Apples: 5% increase example

Kevin invests \$100k in the stock market, and on the same day Dan invests \$100k to buy a rental property. A year later both go up by 5%.



Kevin's \$100k in stocks x 5%
= \$5k in gains (5% ROI)



Dan's \$100k used as 25% down = \$400k house x 5%
= \$20k in gains (20% ROI)
+ \$5k in equity gain through debt reduction
= \$25k in gains (25% ROI)
+ \$17k estimated PIFL + tax savings
= \$42k in gains (42% ROI)

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10-Year \$100k financial freedom path

Year 1: \$36,000 invested = \$112k purchase. = \$4,775 PIFL

Year 2: \$36,000 + \$4,775 = \$40,775 invested = \$131k purchase. = \$10,364 Combined PIFL

Year 3: \$36,000 + \$10,364 = \$46,364 invested = \$153k purchase. = \$16,906 Combined PIFL

Year 4: \$36,000 + \$16,906 = \$52,906 invested = \$180k purchase. = \$24,564 Combined PIFL

Year 5: \$36,000 + \$24,564 = \$60,564 invested = \$210k purchase. = \$33,528 Combined PIFL

Year 6: \$36,000 + \$33,528 = \$69,528 invested = \$246k purchase. = \$44,020 Combined PIFL

Year 7: \$36,000 + \$44,020 = \$80,020 invested = \$288k purchase. = \$56,302 Combined PIFL

Year 8: \$36,000 + \$56,302 = \$92,302 invested = \$337k purchase. = \$70,678 Combined PIFL

Year 9: \$36,000 + \$70,678 = \$106,678 invested = \$393k purchase. = \$87,414 Combined PIFL

Year 10: \$36,000 + \$87,414 = \$123,414 invested = \$454k purchase. = \$106,776 Combined PIFL



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George's Financial Freedom Snowball-Investment Calculator for Cashflow

Year 10				1.10 % rule	Per/unit
Realtor Retirement Program Calculator	Monthly Rent:	\$4,996			
	VR + CapEx:	10.0%			
	PM Rate:	10.0%			
	Rental units:	4			
P&L	Annual	Monthly	Unit/Mo		
Rent	\$59,950	\$4,996	\$1,249		
Additional Misc income	\$0	\$0	\$0		
Total Gross Income	\$59,950	\$4,996	\$1,249		
Property Insurance	(\$4,542)	(\$378)	(\$95)		
Property Taxes	(\$4,542)	(\$378)	(\$95)		
Property Management	(\$5,995)	(\$500)	(\$125)		
Vacancy rate + CapX repair reserve	(\$5,995)	(\$500)	(\$125)		
Total Expenses (prior to financing costs)	(\$21,073)	(\$1,756)	(\$439)		
*Financed per terms below	(\$19,514)	(\$1,626)	(\$407)		
Total Expenses, Financing and Reserves	(\$40,587)	(\$3,382)	(\$846)		
Net Cash Flow: PIFL	Annual	Monthly	Unit/Mo		
Passive Income For Life	\$19,362	\$1,614	\$403		
				CoC ROI	\$ Down
				15.7%	\$123,414
					Per/Unit
					\$30,854
*Financing Terms					
Amortization Period (Years)	30				
Down payment	25%				
Loan Amount	\$340,623				
Annual Interest Rate	4.00%				
Mortgage Payment	\$1,626.18				

Purchase Price	\$454,164	\$113,541
Acquisition Cost	\$9,873	\$2,468
Downpayment	\$113,541	\$28,385
Total Cash Invested	\$123,414	\$30,854
Out of pocket \$ invested every year		\$36,000
Extra \$ invested this year		\$0
Total annual cashflow on all units		\$106,776
Total number of doors owned		52
Total \$ of real estate owned		\$2,504,568
Combined Lifetime Total \$ invested		\$360,000
Combined Lifetime cashflow		\$455,326
Combined Lifetime CoC ROI		126.5%

CoC ROI	\$ Down	Per/Unit
15.7%	\$123,414	\$30,854

Navigation: Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | **Year 10** | + | ...

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Dan's house hack Breakdown

- Makiki house 5 bed 3.5 bath. Contract to purchase at \$750k
- 5% down (\$37,500) cost when purchased
- 3-year lease option at \$3810/mo (above market rent. Covers sellers PITI)
- Spent \$15k + sweat equity to convert to 6 bed 4 bath
- Spent additional \$20k to reno/furnish the lower level for Airbnb
- Total out of pocket: \$72,500 (after purchase)
- Lives in newly created main level master suite (for free)
- Rents upstairs rooms at \$1050-\$1200/mo (provides free internet, streaming & cleaning service)
- Rents downstairs for \$175-\$250/night (\$210/night average) for approx. \$5000/mo
- Total rents = \$8300 a month
- Total expenses = \$4910 a month which includes \$3810 rent + \$200 for internet and streaming services + \$500 for utilities + \$400 for cleaning services
- Dan lives for free (saving him \$4300/mo) + makes \$3390/mo
- Dan hides \$7690 from himself every month = \$92,280/year for investing
- After 2 years once he is debt free he will add \$43,200 a year for a total of \$135,480 for investing every year.

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The 3 Types of Real Estate Investors

1. Investor as a profession: Full-time, Part-time or Hobbyist - Doing it for active income or supplemental income to spend now.
 - o Feeds/Satisfies their Curiosity (creative outlet)
2. Financial Freedom Investor: 100% focus on increasing passive income to exceed expenses.
 - o Funds their Passion
3. Generational Wealth or Legacy investor: Already financially free but wants to grow, build or do something bigger.
 - o Fuels their Purpose



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What if every-time you flipped a property you can have a guaranteed buyer lined up to buy at the price you want prior to even starting the deal? That's what happens when you BRRRR...except you are that buyer!

BRRRR

Gives you the ability to increase the frequency of your investment purchases... which leads to mastery quicker

BRRRR

Maximizes the Velocity of your money

BRRRR

Gains are much better than flipping gains ... They are TAX FREE!

1. **BUY**: 70-75% of ARV rule (Price + Reno should not exceed 70-75% of ARV)
2. **REHAB**: Rental Value Add – Need to increase ARV & ARR
3. **Rent**: Worth it to wait for long-term quality tenants
4. **REFINANCE**: 75% refinance (usually after a 6-month seasoning period)
5. **REPEAT**: Hopefully, you have your next deal lined up!

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2021 Goals:

- 1) Purchase 52 Properties in 52 Weeks: #52PropertiesIn52Weeks
- 2) Help 52 New Investors in 52 Weeks: #52NewInvestorsIn52Weeks

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I WALK AROUND LIKE I'M OK
BUT DEEP DOWN INSIDE...



I WANT TO BUY 4 MORE
HOUSES



