

Hypothetical game plan, not guaranteed

150 paid-off rentals on a \$120,000 job

Age 35 to 85. Five phases. Thirty-two cycles. One fictional person.

Who

The player

- Fictional, 35 years old, \$120,000 a year, 3% raises, works until 67
- \$30,000 saved. No inheritance, no partners
- Saves 20% of gross pay for houses
- Buys \$100,000 houses that rent for \$1,050 a month

Result

The answer

155

houses paid off at 85

81

age debt-free

\$1.1 million

net rent a year at 85, today's dollars

Possible in the model only if the plan goes roughly as drawn. Small changes cut it to about 50 to 140.

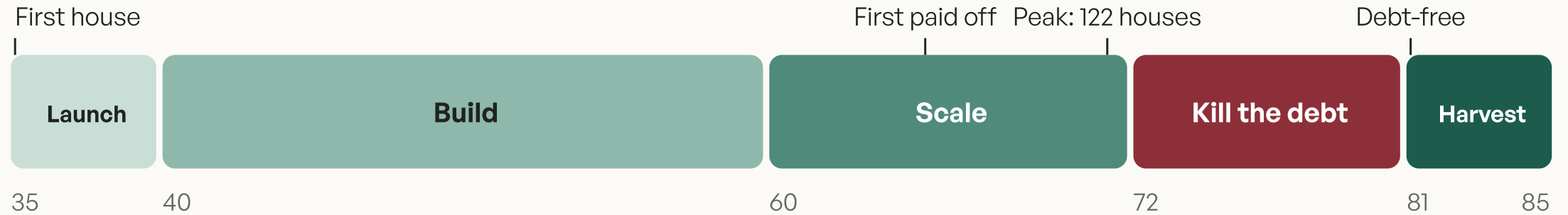
Math

One house, the whole idea

- Rent \$1,050 a month, expenses 40%: nets \$630
- Loan payment \$537: about \$93 a month left
- Paid off: the full \$630 is free
- Thin at first, strong at the end. Repeat 155 times.

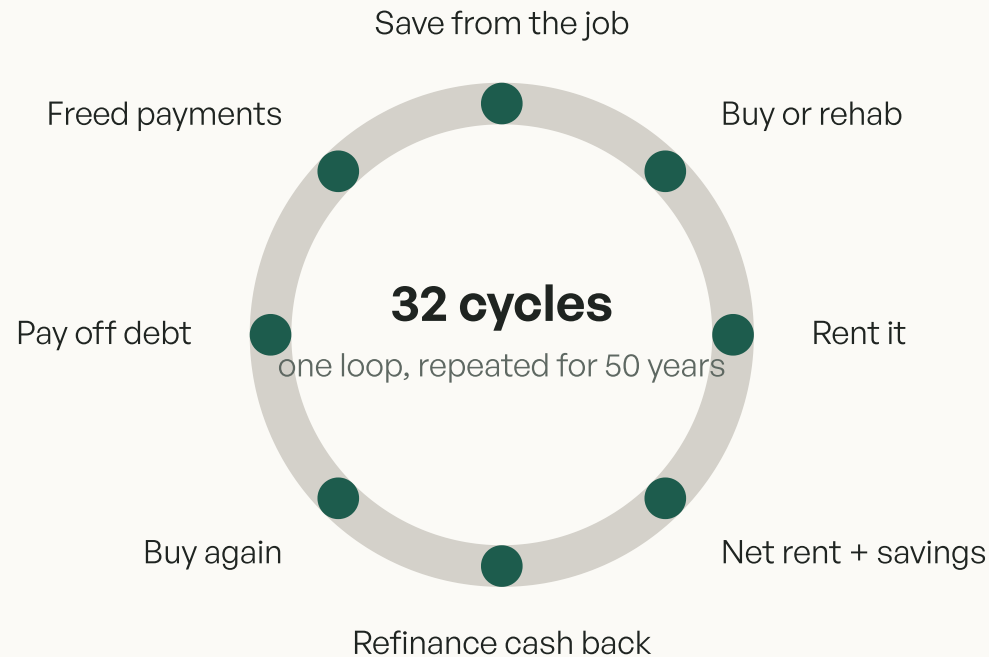
Plan

Five phases



32 cycles

The flywheel



- Save from the job
- Buy or rehab, then rent
- Refinance rehabs to get cash back
- Buy again
- Then pay off, and each paid house frees cash for the next

Phase

Launch: ages 35 to 39

Build the savings machine and buy the first homes with ordinary loans.

- 1. Withholding reset to savings
- 2. Freed-payment roll
- 3. Pretax and credit sweep
- 4. Found-money sweep
- 5. House-hack ladder
- 6. Rent the home you leave
- 7. Live-in improve and sell

4

houses at 39

0

paid off

\$272,260

debt, today's dollars

Phase

Build: ages 40 to 59

One or two leveraged buys a year, then the first rehab-and-refinance deals.

- 8. Buy, rent, hold
- 9. Rehab and refinance (BRRRR)
- 10. Reserve ladder
- 11. Yearly rent review
- 12. Turnover make-ready
- 13. Insurance re-shop
- 14. Property tax appeal
- 15. Same-payment refinance
- 16. Seller-financed buys
- 17. Assumable loans
- 18. Records and depreciation
- 19. Manager hand-off
- 20. Lender ladder

39

houses at 59

0

paid off

\$2.0 million

debt, today's dollars

Phase

Scale: ages 60 to 71

Four rehab deals a year plus leveraged buys, on portfolio loans after the first ten.

- 21. Like-kind exchange upgrade
- 22. Stress drill
- 23. Prune and replace
- 24. Rehab crew cycle

122

houses at 71

6

paid off

\$6.1 million

debt, today's dollars

Phase

Kill the debt: ages 72 to 80

Stop buying. Every dollar of net rent goes to the highest-rate loan first.

- 25. Avalanche the portfolio
- 26. Paid-house snowball
- 27. Recast after big payments
- 28. Servicer audit

122

houses at 80

112

paid off

\$415,257

debt, today's dollars

Phase

Harvest: ages 81 to 85

Debt-free. Net rent buys houses outright, for cash, every year.

- 29. Cash-buy cycle
- 30. Required distributions to houses
- 31. Estate and step-up planning
- 32. Family office hand-off

155

houses at 85

155

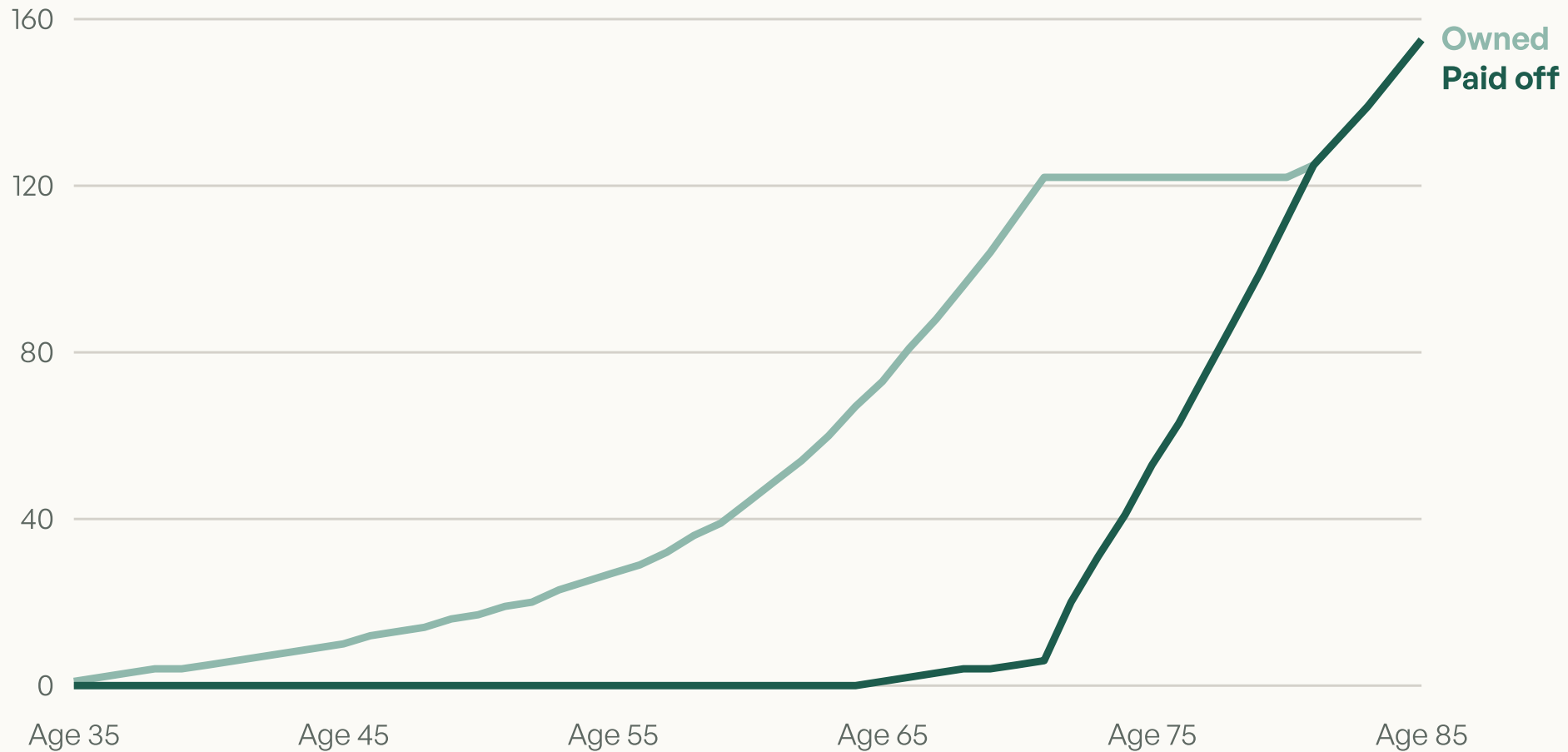
paid off

\$0

debt, today's dollars

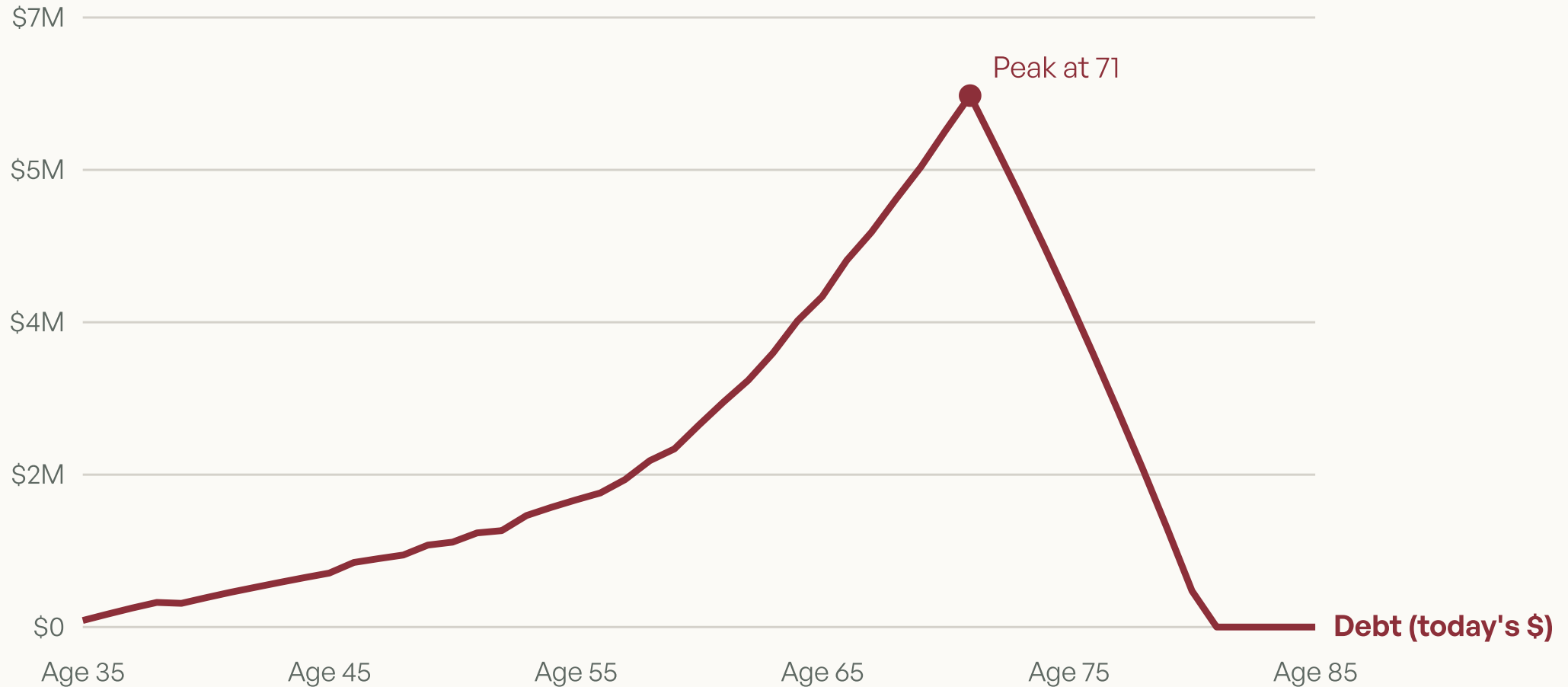
Chart

Houses by age



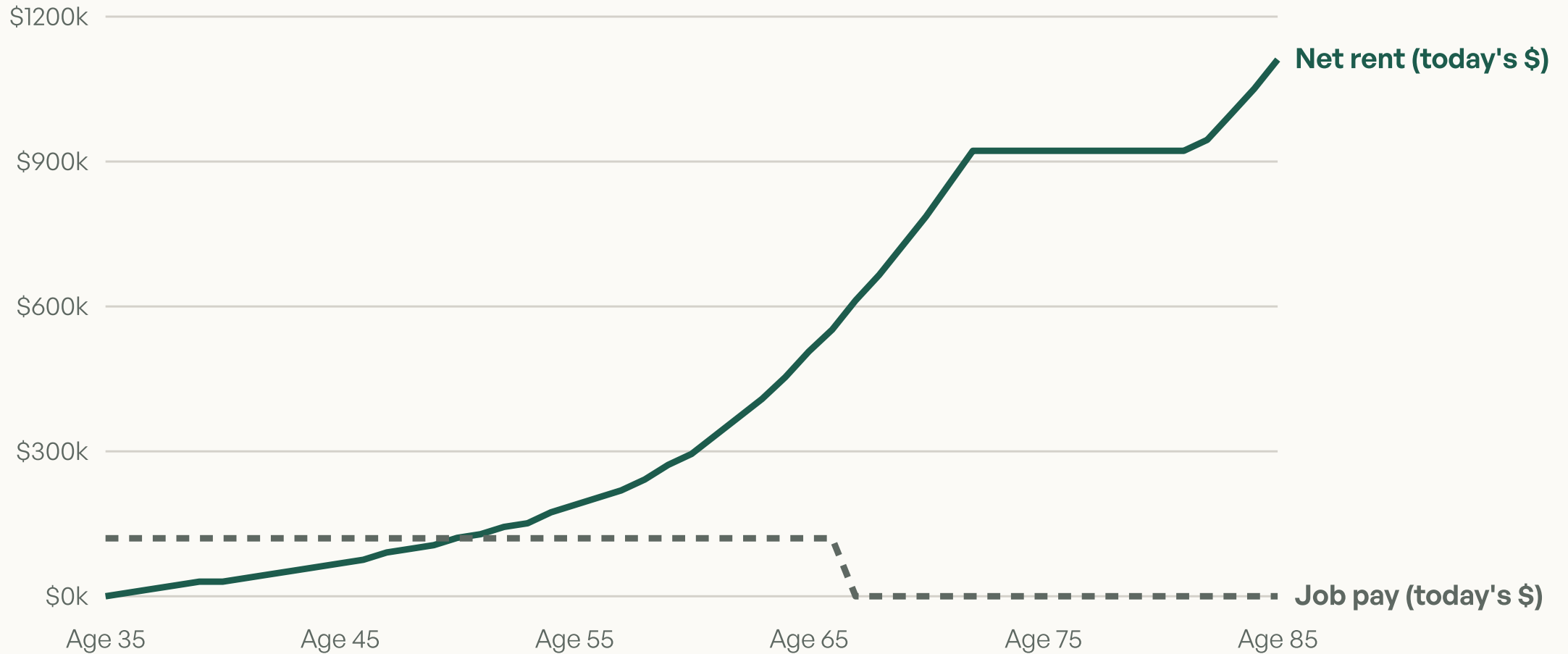
Chart

Debt rises, then falls to zero



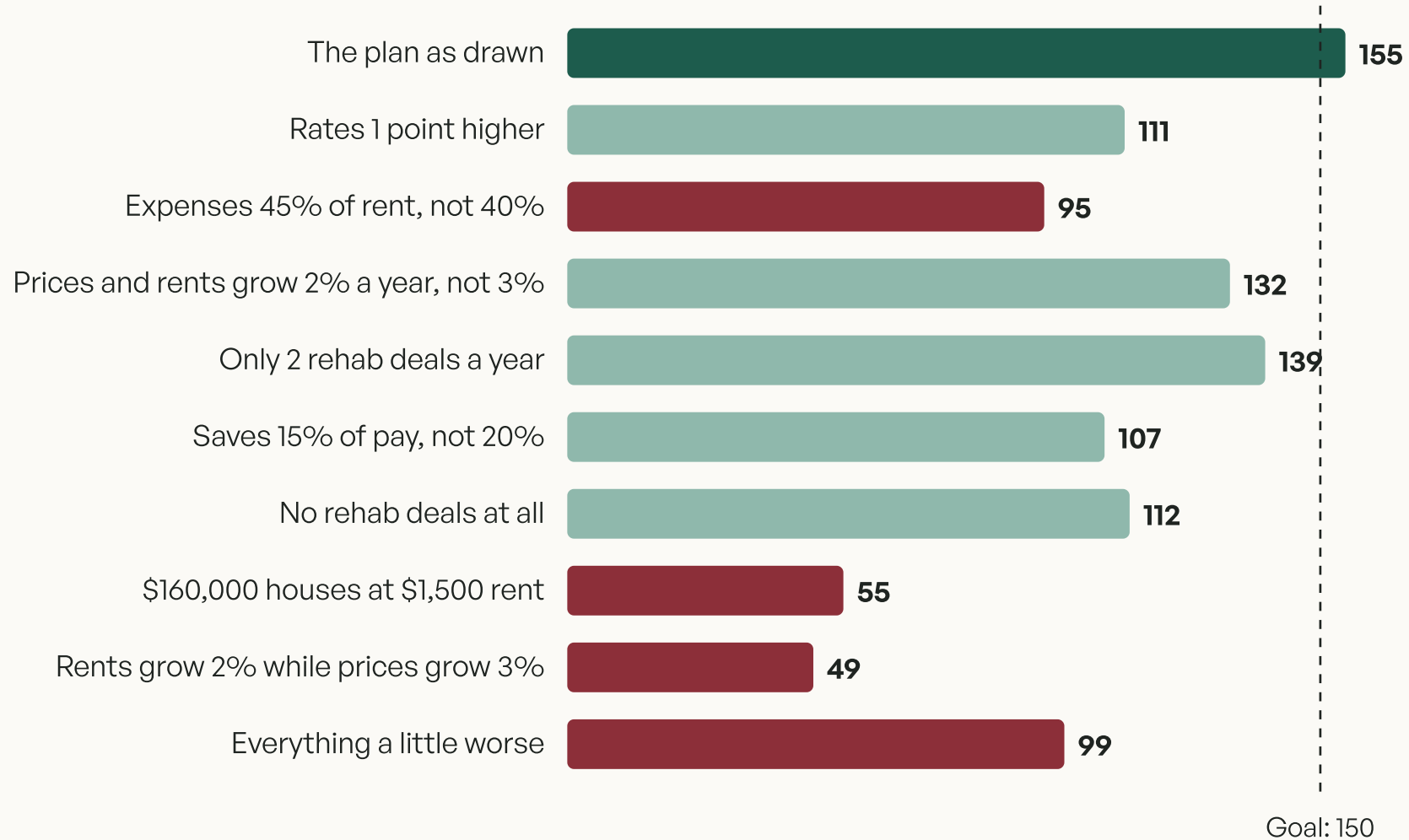
Chart

Rent passes the job



What if

Stress tests



Risks

Where it can break

- Peak debt is about \$17.7 million at 71 (\$6.1 million in today's dollars) across 116 loans. A deep recession with high vacancies at that point is the single biggest danger.
- Each leveraged house only nets about \$100 a month at first. A few bad tenants or a roof can wipe out a year of a small portfolio's profit.
- Lenders can change rules. Portfolio and rental-income loans can have higher rates, shorter terms or balloon dates.
- Rehab deals depend on finding houses below value and on reliable crews. Fewer deals means fewer houses (see the stress tests).
- Insurance and property taxes have been rising faster than rents in many areas. If costs reach 45% of rent, the result drops to about 95 houses.

Story

Milestones

- **35:** Buys house number one with 25% down.
- **39:** Four houses. Saving 20% of pay.
- **45:** Ten houses. Standard loans are maxed at ten; moves to portfolio lenders.
- **53:** First rehab-and-refinance deal.
- **60:** 44 houses. Four rehab deals a year from here.
- **65:** First house paid off.
- **67:** Retires from the job. Rent now carries everything.
- **71:** Peak: 122 houses. Stops buying.
- **72:** Kill-the-debt phase: every dollar goes to the highest-rate loan.
- **81:** Last loan paid off. Debt-free.
- **85:** 155 houses, every one paid off and rented.

Do it

Next steps

- Put the client's real numbers into the plan, never sample ones
- Pick the market, lenders, manager and crew first
- Run the stress drill every year
- Use a CPA, a real estate attorney and an estate attorney

Hypothetical, not guaranteed. A fictional person and a simplified model. Not an offer, and not tax, legal or investment advice.