

FAREIGX & FREI HOMES: A MASTER OPERATIONAL FRAMEWORK

EXECUTIVE SUMMARY

This document outlines the operational workflows, labor structures, and financial architecture of the FareigX and Frei Homes dual-income joint venture. The enterprise operates as a synchronized ecosystem: high-volume automotive triage clinics function as self-funding customer acquisition engines, capturing leads at zero additional cost to feed a heavily leveraged, high-yield commercial real estate portfolio.

PILLAR I: THE FAREIGX AUTOMOTIVE ENGINE

The 3-Pillar Intake Workflow

The mechanical division abandons traditional passive auto repair models in favor of a highly aggressive, forced-intake pipeline designed to isolate and dominate high-ticket repairs.

1. **The Weekend Triage Clinic:** Dedicated strictly to high-volume, low-friction services (free oil changes and Digital Vehicle Inspections using).
2. **The Weekday Repair Pipeline:** Reserved exclusively for high-ticket, heavy mechanical repairs identified during the weekend triage.
3. **Database Monetization:** Capturing the automotive client pipeline to cross-sell into real estate and property maintenance funnels.

12-Bay Hub Capacity & Staffing

A flagship 12-bay FareigX mechanical hub requires a dedicated local commuter base and operates with distinct weekend and weekday labor structures to maximize bay efficiency.

- **Weekend Triage Labor:** Staffed by C-Techs (specialized in performing only free oil changes and free vehicle inspections) and dedicated Service Writers. Their sole directive is processing maximum vehicle volume of oil changes and vehicle inspections on the weekend only.
- **Intake Volume:** A fully optimized 12-bay hub executes 825 diagnostic inspections per month.
- **The Conversion Metric:** Operating at a 40% conversion rate, the weekend clinic produces 330 high-ticket repair orders into the weekday pipeline.

- **The ARO Multiplier:** Vehicle inspections consistently identify \$4,000 to \$5,000 in necessary repairs and servicing. By taking the conservative benchmark of \$4,000 and dividing it by approximately 33%, and working with our finance partners to fund those repairs and maintenance, we secure the target Average Repair Order (ARO) of **\$1,350**. Because low-yield jobs are filtered out over the weekend, master weekday technicians exclusively execute heavy repairs, sustaining this dominant \$1,350 ARO.

Equipment & Capital Expenditure Strategy

To offer durability, and be at operational scale, our equipment strategy leverages cost-effective brand partnerships alongside streamlined procurement:

- **Equipment Recommendations: HOFMANN** equipment is suggested for its optimal balance of price and overall quality, further backed by the engineering and service trust of **Snap-on Corporation and Mulligan Equipment Sales**.
- **Multiple Equipment Piece Purchase:** We recommend a multi-piece equipment procurement strategy. The monthly cost for this CapEx equipment package is fully offset and covered by the volume of repair revenue generated directly by the vehicle inspection process.
- **Lifting & Diagnostics:** Using a HOFMANN wheel alignment machine for (Vehicle Inspections, 2-minute audits) diagnostics and repairs of late modeled vehicles, with new lifts, tire changers, and wheel balancers is offered by Mulligan Equipment Sales.

PILLAR II: THE FREI HOMES REAL ESTATE INTEGRATION

Rather than capping revenue at the mechanical transaction, the massive pipeline generated by the FareigX hubs is diverted into the Frei Homes Program (FHP), transforming automotive clients into real estate acquisitions, residential rental placements, and homeownership funnels.

Property Acquisition & The Conversion Multiplier

Targeting \$700,000 median properties (3,000+ square feet) x a multipliers for maxing out of room for rent and then utilizing a traditional DSCR (Debt Service Coverage Ratio) hybrid commercial loan, the structural layout is aggressively optimized for maximum yield.

- **Base Layout:** Standard 4-5 legal rooms.
- **The Multiplier:** By converting garages and underutilized square footage, the property is subjected to a 1.8x room multiplier.

- **Final Yield:** 7.2 to 9 fully functional, individual rentable rooms with home ownership per property.

Frei Homes Unit Economics

- **Gross Revenue Target:** \$2,000 per room monthly = \$14,400 gross monthly income per property (\$172,800 annually).
- **15% Operational Cost Basis:** Operating costs are at 15% (covering utilities, conversion maintenance, and facility upkeep).
- **Zero Management Friction:** Third-party property management fees are eliminated (\$0) through the proprietary built-in homeownership structure.
- **Debt Service:** The remaining revenue aggressively services the commercial DSCR PITI (Principal, Interest, Taxes, Insurance) debt load, yielding an unencumbered net cash flow.

DUAL-INCOME UNIT PRO FORMA ANALYSIS

A single "dual-income unit" consists of **1 FareigX Mechanical Hub** paired with **1 localized Frei Homes Property Portfolio**.

Annual Pro Forma (Single Dual-Income Unit)

Enterprise Division	Gross Annual Revenue	Annual Cost Factor + Debt	Net Annual Cash Flow
1x FareigX Mechanical Hub	\$5,346,000	\$3,065,196	\$2,280,804
1x Frei Homes Portfolio	\$172,800	\$79,920	\$92,880
TOTAL SINGLE DUAL-INCOME UNIT	\$5,518,800	\$3,145,116	\$2,373,684

Key Operational Summary

By deploying a single synchronized FareigX Hub and Frei Homes property portfolio:

- **Gross Annual Revenue: \$5,518,800**
- **Annual Operating Expenses & Debt Service: \$3,145,116**
- **Net Annual Distributable Cash Flow: \$2,373,684**



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