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CM CAPITAL SERVICES INVESTOR NEWSLETTER

Paving the Way for the Future



In 1977, Consolidated Mortgage began its operations in Las Vegas, Nevada, with the help of three employees. The vision and goal of the company was clear: Offer the highest quality investment opportunities in the industry while creating and maintaining a partnership of trust and respect with each investor.

Over the years, the company added more employees and outgrew its original offices, began serving an investor base of thousands worldwide, and expanded to oversee the management of over \$500 million in assets. And while the size of the operation today may differ from the original set-up, for over three decades the original vision and goal remains unchanged.

Despite challenges that have impacted the economy over the years, including the current market events contributing to a severe downward swing in property values, Consolidated Mortgage has remained focused on its core strategy to steer its business into the path of progress. While other companies have had to make the difficult decisions to downsize staff and shut their doors, Consolidated Mortgage has chosen to battle through issues at hand and seek the alternative opportunities created out of seemingly chaotic market conditions.

Preparing for these new opportunities meant recruiting the best talent in the real estate underwriting, development, and management fields to enhance our team. This also meant adding new investment opportunities and enhancing our customer service capabilities to meet the needs of over 4,000 investors, a number that continues to grow every day.

Due to the expansion of products and services, the leadership of Consolidated Mortgage felt it appropriate, after 32 years, to rebrand the firm and its affiliated companies to better define its operations and vision for the future. Therefore, Consolidated Mortgage's name was changed to **CM Capital Services, LLC** (CMCS) a division of the CM Group of Companies.

CM Group (the owner of CMCS) has assembled various companies and products to continue to match funding needs of qualified developers and homebuilders with an investor demand for prime real estate investment products to provide portfolio diversification.

CMCS will serve as the backbone of the CM Group of Companies by performing the loan origination and/or servicing requirements for Trust Deeds, Equity Funds, Notes Funds, and REITs. CMCS remains steadfast in its commitment to its Trust Deed investors. Just recently, CMCS expanded its available services to include the Super Collateralized 1st Trust Deed Program, Discounted Transfer Program, and insurance services (more details to come).

You will now see the new "CM Capital Services" name on your monthly statements and on all materials moving forward. Our phone numbers and mailing address will remain unchanged; however, we are pleased to unveil our new website available at www.cmcapitalservices.com.

On behalf of our team of over 100 employees that makes up the CM Group of Companies, we thank you for your continued support as we look forward to another three decades of growth and opportunity for our investors. **DIG**



Uncommon Lending Opportunities: *Super Collateralized 1st Trust Deeds*

"It's a buyer's market!" This phrase seems to be seen and heard everywhere. However, another phrase becoming more popular is: "It's an Investor's market." CMCS' newest investment program is a prime example that today's investor has a unique ability to take advantage of opportunities created in the wake of existing distressed market conditions. In this issue of the *Diversified Investment Gazette*, we introduce our newest investment opportunity, the **Super Collateralized 1st Trust Deed Program**.

Market Duress Creates Obstacles

Due to the nationwide credit crisis and subsequent drop in real estate values, many lenders have foreclosed on properties with delinquent borrowers and are now property owners. In some cases, these new property owners may be unprepared to pay for the extent of the expenses associated with property ownership. As a result, these new owners face losing their properties due to failure to maintain carrying costs such as property taxes and insurance.

A Solution is Created


CMCS launched the Super Collateralized 1st Trust Deed (SC1) Program to answer this need created by the current marketplace. This program offers investors the opportunity to participate in First Trust Deed investments with exceptionally low loan-to-value ratios (LTVs). The proceeds from these new senior First Trust Deeds will allow the existing property owners to cover most carrying costs associated with property ownership for up to two years. Monthly interest payments will be made from an interest reserve account built into the loan at annual rates ranging from 9% to 9.25%.

Unique Times Unveil Unique Opportunities

Loan amounts will represent approximately 10 to 15% of the outstanding principal balances on the original defaulted loans. Original loans, funded between 2005 and 2008, were underwritten with 60 to 75% LTVs based on then-current appraisals. This creates a unique opportunity for investors in that these new Super Collateralized loans' LTVs range from an estimated 5 to 15% based on those original appraisals (which do not reflect current values).

Available for a Limited Time...

To date, only \$22 million is available for investment in the SC1 Program. CMCS has currently identified more than 30 properties suitable for the SC1 Program, which are located primarily in the southwestern United States and vary in zoning and development status.

Visit our website at www.cmcapitalservices.com and click on "Available Trust Deeds" to see a list of currently available SC1 Program opportunities. 

Las Vegas: Growth Continues Despite Recession

Approximately \$15 billion in new gaming and hospitality construction is scheduled to be completed in 2009 alone, adding nearly 12,000 new hotel rooms to the Las Vegas Strip. These new resort properties are expected to create tens of

thousands of employment opportunities. According to the economic consulting firm Applied Analysis, historically, each added hotel room has created as many as seven jobs within Southern Nevada. **DIG**

City Center \$9 Billion



Golden Nugget Expansion \$150 Million



Fontainebleau \$2.9 Billion



M Resort and Spa \$1 Billion



Planet Hollywood Towers \$1.2 Billion



Hard Rock Expansion \$760 Million

Source: Las Vegas Convention & Visitors Bureau, Hotel/Casino Development - Construction Bulletin, March 2009

\$1 Billion M Resort and Spa Opens

On March 1, 2009, another resort opened its doors, adding its mark to the Las Vegas skyline – albeit 10 miles south of the center of the Las Vegas Strip. The M Resort is a \$1 billion hotel-casino that features a total of 90,000 square feet of casino space, 390 hotel rooms, nine restaurants, and over 60,000 square feet of meeting space. Referring to itself as “the newest must-see Las Vegas destination resort,” the M Resort

is targeting locals in addition to value-oriented out-of-town visitors. As illustrated above, M Resort’s opening represents one of a number of Las Vegas hotel-casino resorts slated to open in 2009, giving rise to continued industry expansion.

For more information on the M Resort, visit www.themresort.com. **DIG**