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CM CAPITAL SERVICES INVESTOR NEWSLETTER

## Lots of Players to Choose From... But Who Makes the Cut?

Given the rollercoaster ride defining the real estate investment world in recent years, numerous infomercials and other advertised “get rich quick” programs have emerged indicating they have what it takes to make you the next “real estate investment guru.”

CM Capital Services relies on its more than three-decades of experience in various market conditions with a seasoned real estate investment team to help guide its investors. However, it can sometimes be difficult for the average person to identify which products and programs out there can truly meet his or her investment needs, and which “fly-by-night” operations should be avoided.

### What the Buzz is All About...

Foreclosed (REO) single-family homes that can be bought, refurbished, rented for cash-flow, or sold for profits have created a buzz in the marketplace for quite some time. But just how to **get in on the action and compete for opportunities that may seem out of reach for the amateur investor**, are hot topics. Recognizing the increased investor interest in acquiring foreclosed single-family homes (whether it be buying and flipping, or buying and holding) CM Capital Services and its underwriting division underwent a nationwide search to identify an organization it felt comfortable with that could offer a reputable REO investment program for its customers.

### Introducing Jacksonville Real Estate Wealth...

CMCS' search ended after meeting with the founders of **Jacksonville Real Estate Wealth** (“JRE”), located in Jacksonville, Florida. With JRE's client-focused motto of **“education is useless if it's too confusing to apply,”** CMCS felt the hands-on approach the firm used with explaining their comprehensive REO investment program to customers was relevant and beneficial. In recent months, a growing number of CMCS investors have been introduced to the JRE program, and following are excerpts from a recent interview conducted with the co-founder of Jacksonville Real Estate Wealth.

### What investment services does JRE offer?

*We help clients take advantage of the real estate foreclosure market and help to reduce their barriers to entry by offering them a “turn-key approach” to investing in single-family homes with significant upside potential. We provide our clients with the opportunity to buy quality properties at low prices in areas poised for growth. Our clients then implement the strategy of holding the property long-term while allowing their tenants to pay for all the monthly expenses which in turn helps pay down the mortgage. This enables the client to enjoy equity growth, while receiving rental income from the property.*

### How is your program “turn-key?”

*At Jacksonville Real Estate Wealth, we take the guesswork out of an investor wondering whether a property is a viable investment opportunity. Our team of experts personally screens each property, evaluates the neighborhood it is located in, performs the necessary rehabilitation on the property, identifies a qualified tenant, and then delivers the refurbished property to the investor with a renter in place to generate cash-flow to the investor. We also hire an experienced property management firm to ensure the day-to-day needs and upkeep of the property are handled. And ultimately, should the investor decide to sell the property down the line, we have a preferred network of real estate agents to assist with a successful marketing and sale of the property.*

*We handle all of these items up front so that once you invest in one of our properties, you step into a cash-flowing investment from day one and begin to reap the many tangible benefits of investment property ownership. Our solid reputation and volume of completed transactions has granted us privilege with many banks and brokers, therefore oftentimes they will accept our lower offers over higher competing offers because they know we will be able to fulfill the transaction.*





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In general, most of our clients will spend around 5-10 minutes a month checking their statements for their rental income and determine if they have any questions for our team.

### What goes into the screening process of a property?

Every property we look at has its own unique attributes which help us determine whether or not it is a viable investment opportunity to present to our investors. **Location is among the main factors we evaluate.** We analyze the neighborhood where the property resides extensively. This includes determining the quality of schools, proximity to parks and amenities, and in a coastal area like Jacksonville, measuring the distance between the home and the water. We also take a look at crime statistics for an area, as this could have a significant impact on quality and sustainability of tenants.

In addition, there are **five key performance indicators** we use when analyzing an investment property: 1. Population Growth, 2. Economic Growth, 3. Affordability, 4. Desirability and 5. Supply & Demand. Prior to settling in Jacksonville, we conducted an extensive study on the market and found that the area exceeded expectations in all of these categories. It was a city we felt comfortable headquartering our investment operations in and continue to identify quality opportunities to share with our clients.

### Describe your motto of applying the "1% Rule" when evaluating investment opportunities.

We utilize this rule as part of our due diligence strategy when evaluating the price of a home. If you are buying a \$100,000 property that is renovated and ready to rent, under this rule, you would target receiving 1% of the purchase price as rent (\$1,000) each month. In essence, you chop off two zeros. A \$50,000 property should generate \$500 each month. As long as the tax and insurance climates are reasonable, as we find to be the case in Jacksonville, you should be able to cash-flow a property.

### What types of homes do you focus on?

We mainly concentrate on properties in the "starter-home category" that feature three bedrooms and two bathrooms ranging in size from 1,200 to 2,000 square feet. Many of these are priced below \$100,000. We focus on neighborhoods where first-time home buyer ratios are high and rental demand is strong, but also check to see that the area exhibits low crime statistics and other solid characteristics to ensure the property is situated in a desirable neighborhood.

Once we identify the right investment property, we utilize our economies of scale to buy the homes for lower prices, fix them up

Continued on page 3

## PERFORMANCE INDICATORS

**1. Population Growth** – The US Census estimates an average of 75 families move to Jacksonville every day. In 2006, Jacksonville was ranked the third most populous city on the east coast, behind New York City and Philadelphia. It is estimated that approximately 50 percent of new residents are relocating to the city in order to take advantage of new job opportunities. With a median age of 36, this young workforce combined with a business-friendly environment is poised for significant growth in the coming years.

**2. Economic Growth** – In Jacksonville, the trades are very diverse. While tourism is a key supporter of the local economy, it is joined by a number of other industries. For example, Jacksonville has a very strong Naval presence which supports approximately 24,000 jobs. The area is also supported by large medical, healthcare, transportation, and manufacturing industries. Two Korean shipping companies, Hanjin and Matsui, are opening terminals at the JAXPORT, gearing up the city to become one of the largest and most successful port cities on the eastern seaboard. All of these indicators help spur population growth, job growth, and incomes that can afford higher rents.

**3. Affordability** – Jacksonville single-family homes located near the coastal waters are available for less than \$100,000. This is a rarity even in today's real estate market, as these homes are priced at levels well below what it would cost to rebuild them. In addition

to a healthy job-creating environment, the tax climate in Jacksonville is very favorable. Residents pay no state income tax, and there are very low property taxes compared with other areas. Kiplinger Magazine recently ranked Jacksonville sixth in the nation for tax-friendly cities.

**4. Desirability** – Being a coastal city with miles of beautiful beaches, Jacksonville boasts a great climate and year-long desirable weather. Jacksonville has the largest park system in the U.S. per city, a professional football team, the southeast's largest modern and contemporary art museum, and was rated by *Expansion Magazine* as one of America's "Best Places to Live and Work."

**5. Supply & Demand** – Jacksonville did not get "overbuilt" like other areas in South Florida, where some cities currently hold seven years worth of inventory and depressed job markets. New construction, particularly in the entry-level market, has nearly come to a complete halt in Jacksonville, as builders are not focusing on producing new single-family homes under the \$200,000 price range as it is currently difficult for them to turn a profit at these levels. The result is that current housing supply for this segment of the market is somewhat stabilized. Meanwhile, Jacksonville continues to attract new residents and visitors, has a growing job market, and is positioning itself for future high demand for entry-level housing.



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Continued from page 2

using our network of reliable and affordable contractors, and assign a property management firm to identify a tenant and handle future maintenance.

### Can you invest in your program through a Self-Directed IRA?

Yes, and we've had a lot of clients invest in homes through their IRAs. Typically our home prices range from \$95,000 – \$115,000 per house.

### Can investors do this on their own?

Certainly. However, finding the right property, in the right area, with the right fundamentals and getting it renovated with a qualified tenant is not easy. Whether you are acquiring one or multiple properties, it's essential to have the proper support system in place.

This includes:

- a **Realtor** to identify the opportunity and negotiate a price that will translate into a built-in equity and a cash-flowing investment, and will also be able to push the sale through to closing (which can be difficult in today's market where banks and other sellers typically take a while to accept offers);
- a **Title Company** that provides fast, affordable, and reliable service;
- a **Subcontractor Network** to be able to take care of any rehabilitation work in a timely and affordable manner; and
- a **Property Manager** to oversee future repair work, identify a tenant, and handle tenant-related issues.

When you purchase an investment property, if renovations are needed, or you have trouble locating a reliable renter, it's important to know your investment could encounter significant downtime.

### How important are client referrals to your overall business structure?

Referrals mean everything to us, and are a big reason why we've been able to continue to expand our operations in Jacksonville. Our clients refer their friends and family members, and oftentimes they will end up investing in multiple properties after they experience the cash-flow, ease, and convenience associated with investing in our homes.

Right now, we are offering a special **\$1,000 incentive for clients who refer business to JRE**. All you have to do is visit [www.cmcapitalservices.com/JacksonvilleRealEstateReferral.aspx](http://www.cmcapitalservices.com/JacksonvilleRealEstateReferral.aspx) and begin submitting the name and contact info for anyone you think might benefit from our services. If they end up participating in our program, we'll send you a check. No strings attached!

### Why is now the right time to invest in single-family homes?

Timing is everything. We could not have operated this program during the "boom phase" of the real estate market, because there weren't enough REO's available at such a discount. Most people bought in to the market as the end of the boom phase. Today, we are at the right section of the curve. Single-family residences are the most basic building blocks of creating real estate wealth. If you get in now – you are in a good position for future growth.

For more information about the Jacksonville Real Estate Wealth Program, contact a CM Capital Services Investment Agent or visit [www.jacksonvillerealestatewealth.com](http://www.jacksonvillerealestatewealth.com). 



**CM CAPITAL SERVICES** in partnership with Jacksonville real estate wealth

**Limited Time Offer**

**Refer a client to Jacksonville Real Estate Wealth and get rewarded!**

**Earn \$1,000 for every referral who joins our program and becomes an investor.**

# DIVERSIFIED INVESTMENT GAZETTE

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## Know someone interested in Trust Deeds?

Earn a **\$100 American Express Gift Card** for every referral who opens an account and invests.

**Limited Time Offer**



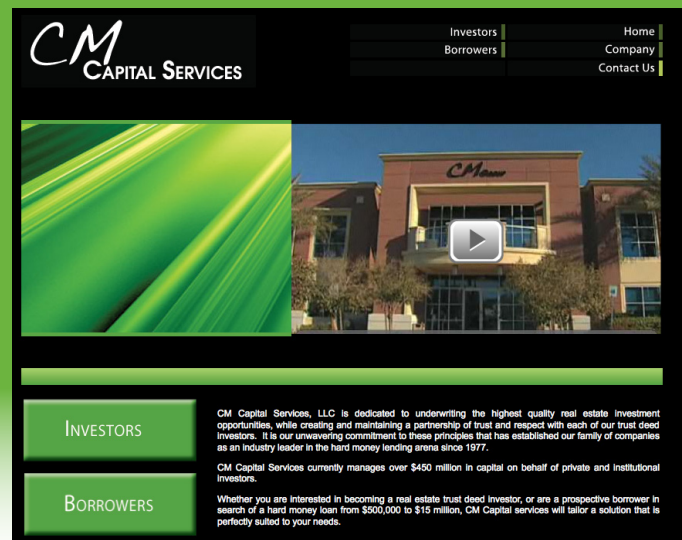
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CM Capital Services, LLC is dedicated to underwriting the highest quality real estate investment opportunities, while creating and maintaining a partnership of trust and respect with each of our trust deed investors. It is our unwavering commitment to these principles that has established our family of companies as an industry leader in the hard money lending arena since 1977.

CM Capital Services currently manages over \$450 million in capital on behalf of private and institutional investors.

Whether you are interested in becoming a real estate trust deed investor, or are a prospective borrower in search of a hard money loan from \$50,000 to \$15 million, CM Capital services will tailor a solution that is perfectly suited to your needs.