

TexasCashFlow.com

Affordable Home Investing – San Antonio TX



Before - \$51,000 purchase price

After – 12% ROI, \$125,000 market value*

604 West Hollywood Ave, San Antonio TX 78212

Investment Prospectus

Non- Disclosure and Confidentiality Agreement

The Recipient hereby agrees that all financial and other information ("Information") that it has and will receive concerning TexasCashFlow.com (John Majalca – Principal) is confidential and will not be disclosed to any individual or entity without prior written consent.

**as of October 2015*

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Investment Prospectus

I. Strategy – Invest in Affordable Homes in San Antonio, TX USA

TexasCashFlow.com (John Majalca – Principal, Licensed TX Realtor) is a Texas real estate investment company that buys, sells, rehabs and markets affordable homes in San Antonio TX.

Highlights:

- Strategy is long term buy and hold of affordable homes 20-30% under market value (\$40,000-\$80,000 wholesale), with owner financing and no maintenance expenses.
- The investor owner finances the property to a qualified buyer we find for them – 30 year term, 10% interest, full amortization, no pre-payment penalty.
- Typical annual ROI is 10% with no additional maintenance expenses.
- We prioritize cash flow over property appreciation.
- Our neighborhoods and end buyers are mostly blue collar, Hispanic families who work hard and earn \$3000-\$6000 per month. They are family oriented and have a strong work ethic. Most live their whole lives in these neighborhoods and have strong family ties there.
- These affordable houses are strong performers in real estate downturns (see page 3 for more details).
- Active in San Antonio market since 2001, nearly 1000 transactions completed and more than 300 rehabs. We have dozens of cash investors around the US and the world (references available for serious investors with POF).
- Our principal, John Majalca, financially retired in 2008 with a large portfolio of these properties.

We Understand the San Antonio TX Real Estate Market

Since 2001, we have developed a deep grasp of the metro San Antonio area. The affordable homes that we transform are well known for their value and investor return.

These affordable homes are available to us under market value for several reasons; the most common source is estate sales. Our principal, John Majalca, has an excellent, 15 year reputation in this market as an ethical, serious and reliable cash buyer of real estate, and is

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well connected in the investing community. This means good deals often find him, so he can access under market value deals that many investors cannot, netting higher returns for our investors.

San Antonio TX USA -- An Excellent, Long Term, Stable Growth Market



San Antonio TX is a fast-growing, booming city, recently cited by Forbes magazine as the fastest-growing city in the US for millennials (ages 20-29). The Alamo City is blessed with a diverse industrial base, hard working immigrant population, low real estate costs, no state income tax, good weather, and a generally pro-business regulatory environment. It also was ranked #3 by Forbes in 2013 in fastest-growing tech spots in the US.

About the 2007-10 Real Estate Downturn

While the most recent real estate downturn affected San Antonio as it did most areas, the impact was less pronounced here. In fact, the Brookings Institution ranked San Antonio in 2009 as the top economic performer in the US after the recession. This confirms our experience as investors here. The city's real estate prices tend to be stable and less volatile than many other metro areas of the USA.

We noticed that the primary negative effect of the recession in San Antonio was in the higher end, consumer retail real estate market, particularly homes from \$200,000+. Buying wholesale, under market value – what we advocate - offers protection in a downturn.

It is true that during the height of the downturn, RETAIL buyers were harder to find for a time for our houses, but the owner finance market (our major focus) was unaffected. And, the values of our existing housing portfolio didn't decline at all. We also found that for a time, we were able to buy some affordable homes for 30% less than before the downturn. This was actually a very profitable time for buying our affordable homes.

Bottom line – our portfolio saw little depreciation in the downturn. And monthly cash flow on owner finance properties was unaffected.

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So in reality, in our affordable home market, the last downturn actually INCREASED our performance – it led to increased consumer demand for affordable homes, and allowed us to buy houses for less. We point this out for this reason: **San Antonio affordable homes, purchased in the proper areas north, west and south of downtown, were, in our experience in the last downturn, shown to be stable, safe investments.**

II. Investing Strategy Details

As a real estate investing company in San Antonio, we seek new **cash investors** (POF required) for our affordable home projects – primarily north, south and west of downtown San Antonio. Investors have several options and exit strategies (in order of frequency):

I. Buy and Hold Long Term

- Purchase under market value home (\$40,000-\$75,000)
- We perform \$10,000-\$30,000 in rehab (30 days or less guaranteed)
- Resell with seller financing @ 10% interest, 30 year loan
- Monthly payment for end buyer similar to rent for same area
- Rate of return – 10%
- No maintenance expenses with owner finance model

II. Buy and Hold Short Term

- Same as above, but sell property note in 1-2 years
- Also may be rented out Section 8 (we manage) and sold as a turnkey in 1-2 years

III. Buy and Flip (Retail)

- Purchase under market value home (\$40,000-\$75,000)
- We perform \$10,000-\$30,000 in rehab (30 days or less guaranteed)
- Flip retail with 20% profit after commissions and all expenses
- Investor then invests in long term buy and hold
- Hard money loans available - inquire

IV. Invest Capital

- Private investor invests \$10,000-\$50,000, secured by real estate
- Used to purchase homes that are owner financed
- Rate of return 8-10%, 1-3 year term

Financing Available

We also partner with Nichols Home Lending in San Antonio to provide FHA 20% down conventional financing on some of our homes over \$50,000 wholesale, with suitable investor credit.

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Also, we have at our disposal many competitive hard money lenders that we have work with for more than a decade. Please inquire with us if you need a hard money loan.

III. Our Values

As noted above, we invest in affordable homes in San Antonio TX. The main purpose of this is to provide a superior rate of return for our investors.

However, it is vital to note that we view our affordable housing model as a philanthropic enterprise, as well. Using our owner finance model, we are privileged to offer affordable homes in our area to hard-working, blue collar workers with steady work history and documented income. You can feel satisfied that not only are you earning an excellent ROI – you are contributing to the revitalization of our city and helping a family live the American Dream.

Our company has contributed to this process by rehabbing and reselling hundreds of houses with owner financing to hardworking families. This increases the tax revenues flowing into the city, which in turn is used to build new infrastructure in our neighborhoods. We are thrilled and honored to be a part of this revitalization process.

IV. Our Process

Our real estate investing company handles the entire cash real estate investment process for you. All you need to do is to purchase the property, and enjoy the return. We handle all of the details:

- Property acquisition (title is guaranteed to be lien-free and clear)
- Property rehab (you receive a detailed, itemized bid; 30 day or less completion)
- Resale – whether owner finance or retail
- All closings are handled by West & West Attorneys at Law, P. C., 2929 Mossrock, Suite 204, San Antonio, TX 78230.
- Closing documents can be DocuSigned by email or delivered by mail.
- We are available to manage your owner finance or rental portfolio. Please inquire.
- Investor is regularly updated weekly on rehab and resale progress (includes photos).
- Houses are marketed on MLS, Craig's List, word of mouth, and with signs posted in the neighborhoods.

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About Rehab

Our principal, John Majalca, owns a full time construction company, and all contractors are highly experienced, licensed and insured. We handle the entire rehab project in 21-30 days maximum. All required permits and engineering reports are included in your rehab price. Your detailed rehab bid will be sent to you after closing.

Rehab costs rarely exceed the stated budget; however, if something unexpected arises during the project, we will contact you to discuss options.

Most of our properties have 'foundation' problems, but the vast majority are minor and can be fixed for \$5000 or less. Most are pier and beam foundation and are quite easy to fix.

V. Record and Returns

Over the last 10 years, we have bought and sold approximately 75 houses per year, the vast majority of which have been owner financed by the investor with a 10% rate of return. The rest were either flipped for a 20-30% return or rented out for a 10% rate of return. Several of these projects are located later in this prospectus.

We are able to achieve these returns primarily through the following ways:

- Buying affordable homes for 20-30% under market value. We never purchase houses at market value. This offers you better returns, and safety in a downturn.
- Performing property rehabs at wholesale prices, saving the investor thousands of dollars off of traditional rehab costs.
- The expert knowledge of John Majalca in our neighborhoods – knowing how much rehab to complete. The common error in rehabbing affordable homes is spending too much. We do not. Our goal is to complete **just enough rehab to resell the house**. Our end buyers complete the rehab at their expense.
- **Please see specific deal returns at the end of this prospectus.**

VI. Fees

Our real estate investing company is a large volume wholesaler, and our fees are reasonable. Our only profits are standard real estate commissions and a small management fee on rehabs.

When we sell the investor a property, we earn a standard real estate commission of 3%. The house usually is under contract (we don't own it), so it has not been marked up to

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make us a profit on the front end. When we facilitate the sale of the house to an owner finance buyer, we also earn a 3% commission.

Also, our construction company will perform your rehab of \$5000-\$20,000 done in less than 21 days in most cases. There is a project management fee of 10%.

Closing Costs

Closing costs on these houses are approximately 2-3% of the wholesale price, and of the final price on the owner finance resale. On the latter, the closing costs normally are paid out of the buyer's down payment.

Foreclosures

Vacancies are part of the rental property business, as are repairs and damages by tenants. And in owner finance, foreclosures are part of the business (but repairs and damages expenses are not).

Foreclosures are rare but they do happen. In five years, we may get 10-20% of our houses back. Total foreclosure costs are \$1000 to \$1500. The house is vacated in 60 days or less and resold. You also get \$5000 down again. Foreclosures are usually quite profitable for the investor. We have a real estate attorney available to handle this for you if it ever occurs. We will help you to find a new buyer.

VII. About Us

Founding Principal:

John Majalca, Financially Retired Real Estate Investor, Licensed Realtor



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John Majalca, Licensed TX Realtor, has invested in San Antonio TX since 2001, completing nearly 1,000 real estate deals. He financially retired in 2007 and holds a large portfolio of owner financed affordable homes in San Antonio, but continues to invest aggressively in our city. John was born and bred in Ballenger TX, but relocated to Boston MA to complete his undergraduate work in computer science. After college, he had \$40,000 in college debt and little capital.

He made some money in the stock market, and then he returned to Texas and began to invest in San Antonio. He was attracted to the low real estate prices in our city as well as the strong economy in all market conditions. John carefully selects under value properties in rising neighborhoods north, west and south of downtown, and wholesales them to cash investors. He personally inspects every property he sells.

He strongly believes in community service, and is dedicated to the revitalization of blue collar sections of San Antonio. John has been delighted to see the transformation of the city in the last decade, as billions of investor and tax dollars are being poured into construction projects across the area. Also, more blue collar workers are becoming homeowners through programs such as ours, which leads to better, safer neighborhoods and a sense of community.

VIII. Past Projects

In the following pages are completed projects that are now generating cash flow for our investors. Wholesale and end buyer prices are supported by sold and rental comps (available upon request). For new, available projects, please visit our new website, www.TexasCashFlow.com, or contact Joseph Pickett (210) 816-4280, jmpickett@gmail.com.

Buy and Hold - 604 West Hollywood, San Antonio TX 78212

This property was done in March 2014, and is a two bedroom, one bath affordable home located in a hot area north of downtown San Antonio called Beacon Hill. It is 900 square feet, on .15 of an acre built in 1945. It was an estate sale, and as the original photos show below, it was in rough shape. The house was not rehabbed, and was resold with owner financing to a blue collar worker with two good jobs. See map on next page.

Wholesale Price: \$51,000 cash Rehab cost: Zero Owner Finance Price: \$80,000

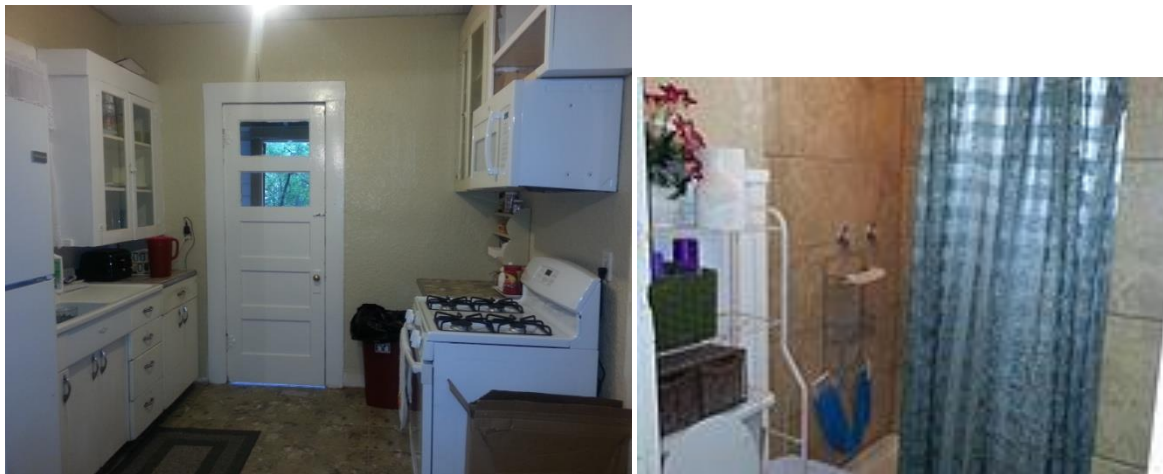
Down Payment: \$5,000 DOM: 60 Monthly Payment: \$806 ROI: 12%

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After Owner Finance Buyer Rehab:



The owner says the neighborhood is attracting more homeowners than ever, and home prices in this area have soared 50% or more in the last two years. This house was sold 60 days after purchase.



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Buy and Hold - 1629 Santa Anna St., San Antonio TX 78201

This project was completed in spring 2015. It also is located north of downtown in an in demand, revitalizing area, only about 10 easy minutes from downtown. It is a three bedroom, 1.5 bath (the extra half bath is unusual in this price range), 1074 square feet, built in 1946, hot Los Angeles Heights subdivision. The house had \$10,000 of rehab completed in three weeks: paint in and out, flooring, minor foundation repair. It was resold with owner financing to a two income family. See map on next page.

Wholesale Price: \$62,000 Rehab Cost: \$10,000 Owner Finance Price: \$89,900

Down Payment: \$5,000 DOM: 45 Monthly Payment: \$937 ROI: 10%

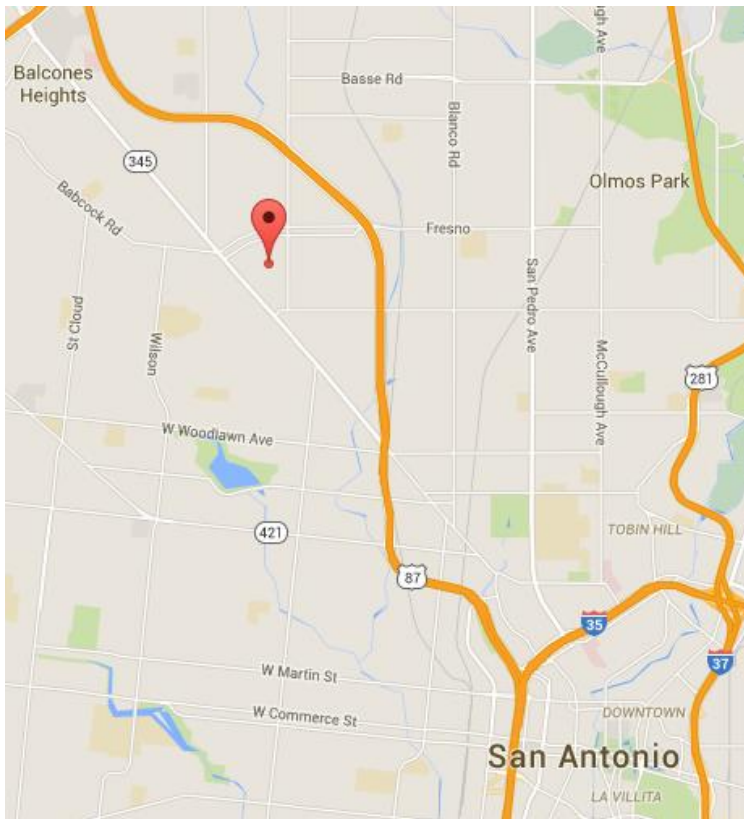


After Rehab:



This house was sold in five weeks after the rehab was completed.

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Buy and Hold - 1622 Alametos, San Antonio TX 78201

This project was completed in September 2015. It is a lovely home centrally located north of downtown, near I-10, with brand new roof and granite counter tops. It was a two bedroom, one bath, which was converted by our team into a three bedroom. It has .14 acres, built in 1947, 966 square feet, Los Angeles Heights subdivision, a hot area. It had \$10,000 of rehab completed in three weeks: central heat and air, carpet removed, interior paint, light fixtures, front bedroom leveled, third bedroom conversion. It was sold with owner financing to a teacher with a steady job. See map on next page.

Wholesale Price: \$65,000 cash Rehab Cost: \$10,000 Owner Finance Price: \$99,900

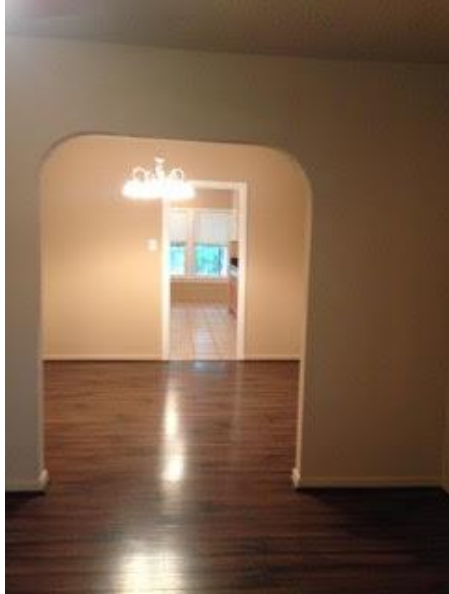
Down Payment: \$5000 DOM: 7 Monthly Payment: \$1041 ROI: 11%



After Rehab:



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Buy and Hold - 3711 Southport Drive, San Antonio TX 78223

This project was completed in fall 2014. This three bedroom, one bath affordable home has a one car garage, .15 acres, and was built in 1957. It is located on the south side of San Antonio, which is rapidly growing and being revitalized. Central air was added, inside paint, and kitchen and bath rehabbed. It was owner financed to a working family. See map on next page.

Wholesale Price: \$49,500 cash Rehab Cost: \$11,000 Owner Finance Price: \$89,900

Down Payment: \$5,000 DOM: 120 Monthly Payment: \$895 ROI: 10%



After Rehab:



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Flip - 503 Lovera Blvd., San Antonio TX 78212

This project was completed in June 2015. It is a three bedroom, one bath north of downtown in a very in demand area. It was built in 1951 and was completely rehabbed. Rehab included paint in and out, kitchen granite, electric fixtures, new flooring, new deck, bathroom upgrades, old deck removal, concrete stain, new sod and deck stain. It was sold retail.

Wholesale Price: \$72,000 Cash Rehab Cost: \$18,000 Retail Price: \$125,000

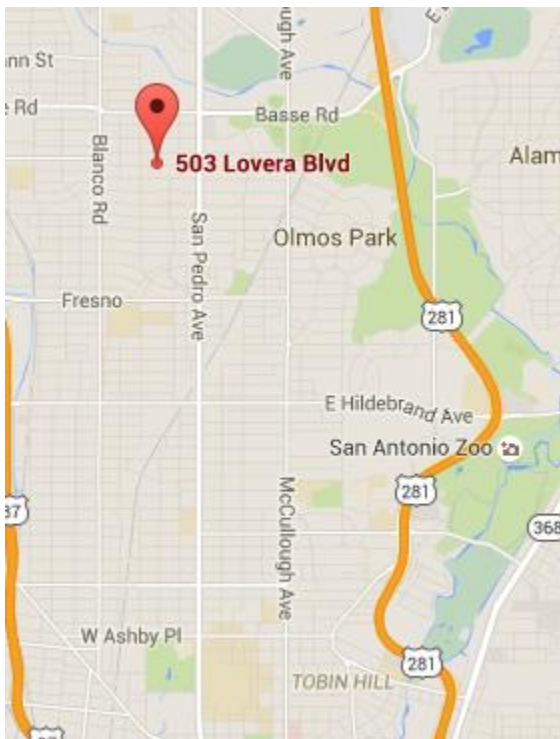
Down Payment: \$25,000 DOM: 120 Investor Profit: \$15,000



After Rehab:



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Note: The following two projects are our more value-priced deals under \$40,000 wholesale. They may not appear to be houses that will sell quickly, given the limited rehab. But these houses do sell and produce good cash flow in 90 days or less.

Houses with affordably payments under \$600 such as these are in demand in our areas, regardless of how they may look personally to the investor. The house payment is comparable to area rents. These houses are great opportunities for lower income, blue collar contractors to own a home affordably and repair it themselves.

Buy and Hold - 415 Frio City Rd., San Antonio TX 78207

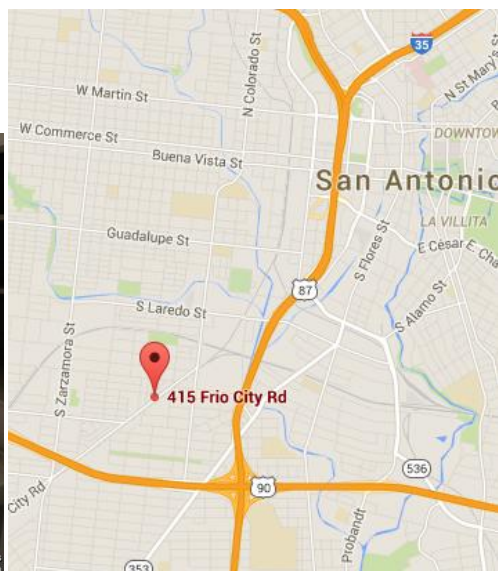
This project was completed in October 2015. It is a small two bedroom, one bath west of downtown in a revitalizing area. It has 648 square feet, built 1950, only a few minutes from the San Antonio Riverwalk. This is one of our lower priced homes that had minimal repairs: paint, touched up flooring, cleaned. This is a good example of how we do not over rehab a home. This area is in less demand and has a lower income than areas, say, north of downtown. So less rehab is required. It is a good value investment, and the new owners are delighted with their first home.

Wholesale Price: \$35,000 cash Rehab Cost: \$1000 Owner Finance Price: \$54,000

Down Payment: \$5,000 DOM: 45 Monthly Payment: \$550 ROI: 10%



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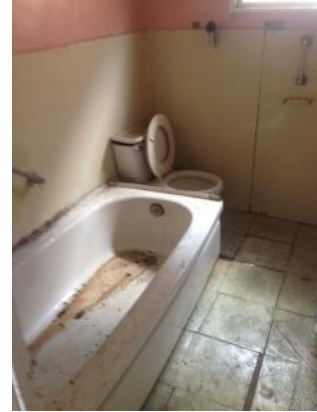
Buy and Hold – 1219 Perez, San Antonio TX 78207

This project was completed in June 2015. This is a three bedroom, one bath house of 950 square feet located at the end of a quiet street near an elementary school, west of downtown. It is approximately three miles from the Riverwalk and Alamo. This house also is a good example of a lower cost house in a lower cost area but one that is still rising. This house did not require high quality finish work to resell it, such as granite and tile and flooring. Instead, the rehab budget of \$10,000 was spent on leveling the foundation, inside and outside paint, painting the floor (rather than adding new flooring), finishing the plumbing and clearing trash.

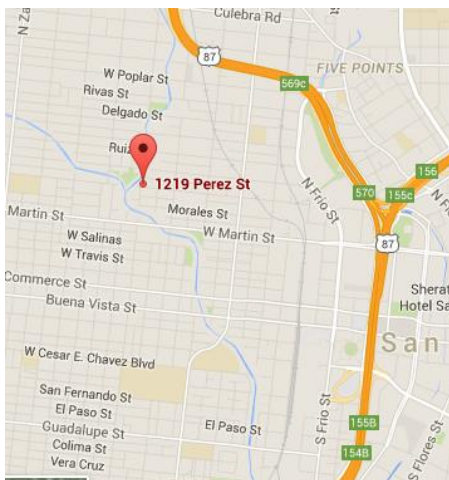
Wholesale Price: \$30,000 cash Rehab Cost: \$10,000 Owner Finance Price: \$55,000

Down Payment: \$3000 DOM: 90 Monthly Payment: \$550 ROI: 10%

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After Rehab:



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Flip – 650 Canyon Springs Drive, Canyon Lake TX 78133

This project was completed in August 2015. It is a two bed room, one bath manufactured home just a few minutes from Canyon Lake, 1114 square feet and built in 1979. It is about 30 miles north of San Antonio.

The home was purchased by a team of rehabbers in San Antonio. They fixed up the house per our recommendations and flipped it for a very nice profit. They upgraded kitchen, HVAC, painted in and out, upgraded floors and bathroom, added new appliances, repaired deck and added new windows.

Wholesale Price: \$50,000 cash Rehab Cost: \$25,000 Resale Price: \$99,970

Total Profit: \$18,000 DOM: 160



After Rehab:



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IX. For More Information

For current projects and cash investor references, kindly contact Joseph Pickett (210) 816-4280, impickett@gmail.com, www.TexasCashFlow.com.

Below are links to articles about real estate investing in San Antonio written by John Majalca in 2015. More are available on the blog section of our website.

- <http://www.inman.com/2015/10/22/why-i-never-fear-a-foreclosure/>
- <http://www.inman.com/2015/10/14/why-daring-to-be-unpopular-in-investing-pays-off/>
- <http://www.inman.com/2015/10/05/3-habits-to-get-rich-in-real-estate-investing/>
- <http://www.inman.com/2015/09/24/does-the-zestimate-mislead-real-estate-investors/>
- <http://www.inman.com/2015/08/25/how-to-avoid-two-ugly-real-estate-train-wrecks/>
- <http://www.inman.com/2015/09/01/5-ways-to-use-real-estate-investing-to-achieve-your-financial-freedom/>
- <http://www.nuwireinvestor.com/articles/avoid-these-2-real-estate-investing-train-wrecks-63145.aspx>

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