

RCFE resource

Most Accurate RCFE Home & Business Valuations

WHAT'S THE VALUE OF YOUR RCFE?

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SO CAL RCFE REPORT: BIDDING WAR

When an RCFE home hits the market, it is greeted with throngs of eager buyers and so many offers to purchase that a bidding war often ensues.



Charity auctions can be very entertaining. There is always something that nearly everyone wants. An Italian villa, a gourmet chef for a week, a ski chateau in the Rocky Mountains, all garner plenty of attention. After scouring all the details, attendees strategize and settle on their maximum bids. The auctioneer starts the bidding low to capture everyone's attention. Paddles are eagerly raised one after the other. There is so much interest that the auction transforms into a bidding war. The value soars upward until it finally slows, and a winning bidder is revealed. The final price is typically a lot more than many of the bidders were originally willing to pay.

That in essence is what is occurring daily in the real estate trenches. RCFE homes that hit the market are instantly greeted with plenty of buyer interest and a stream of showings. In no time multiple offers follow. Buyers are pitted against each other and sometimes a bidding war develops. Some RCFE buyers offer the full asking price, only to receive a counter offer that asks them to come back with their highest and best offer to purchase. Yes, in many cases that means that a buyer must be willing to pay **higher** than the asking price to be the winning bidder. Some RCFE homes ultimately sell for more than their asking prices.

There are a lot of reasons the market is exceptionally hot today. The leading factor is record-low mortgage rates and a tsunami of buyer interest. Another factor is the lack of available RCFE homes to purchase. To say that there are not enough available

homes to satisfy current demand is an understatement. It is unprecedented.

A Tip to Sellers: The best strategy to obtain the top dollar for an RCFE home is to carefully price a home according to its Fair Market Value. Stretching the asking price and overpricing results in fewer offers to purchase and not being able to properly tap into the auction-like atmosphere in selling a home today. When a home is properly priced, taking into consideration the location, conditions, upgrades, and amenities, it will procure the most interest and the highest number of multiple offers possible.

MULTIPLE OFFERS

It is not uncommon for RCFE homes marketed FOR-SALE to procure 5 or even more offers to purchase within a few days of coming on the market.

Like a charity auction, there's a lot of buyer interest in today's RCFE housing market. Demand for senior care homes is relatively recession-resilient, and stays one of the strongest sectors in real estate. Paddles are eagerly raised one after the other in the form of offers to purchase. There is so much interest that the pseudo-auction atmosphere transforms into a bidding war. Wise RCFE sellers will take advantage of this market.

TWO KEYS TO SUCCESS IN RESIDENTIAL CARE

Hiring right and invest in training

Residential care requires a lot of compassion and the ability to connect with people on a deep level. This is a business in which the staff you hire can make or break you – and one in which the upfront training makes a clear difference in the quality of the service.

Owners of successful residential care businesses realize that hiring the right staff is the foundation to long term success. An abundance of referrals, happy residents, and trusting families might be three of your success indicators. Of course, selecting the right mix of residents is important, but that's for another article. Your staff are the key players in ensuring word of mouth referrals. They are who families see when they tour. Their first contact may be with the licensee, but you shine when your staff shines.

That's why it's important to focus on two keys to success in this business: **hiring right** and **investing in training**.

Hiring right: Quality caregiving starts with the people providing the care. My clients tell me that hiring during the pandemic has been most difficult. In my 27 years in this field, I don't remember clients ever saying that there was an easy time to hire. We all have stories of struggling to get people in for interviews, and hiring someone that your gut told you was not going to work out. And sure enough, they don't. Hiring right means that you set high standards of care without flinching – determining the characteristics most critical and interviewing for them. That means creating questions to evaluate whether the candidate meets your standards and LISTENING. And give yourself time to make the right decisions. It can be very tempting to hire quickly but take your time. It's too expensive to hire, fingerprint, and train someone – only to find out after 30 days that it wasn't the right fit. Using temporary employment services can be expensive, but you'll get the time you need to make the right decision for the long term.

Investing in training: If you were a company that wanted to invest, where would you start? You could simply invest in the people you've hired by providing training so that they can improve the quality of service your business is offering. In



California, we have a regulatory requirement to train. So, you HAVE to invest in the training product. An effective training program will effect change, engage the learner, and is relevant to the learner's real world. And... is only step one.

What makes learning "stick" is active learning, practice testing and interval reinforcement. Learners will rapidly lose their memory of learned knowledge in a matter of days or weeks unless the information is consciously reviewed. Some studies suggest that humans forget approximately 50% of new information within an hour of learning it. That goes up to an average of 70% within 24 hours. In training, it's not what you know—it's what you do with what you know that counts. That's why skill practice is so important. If we want people to apply what they learn, we must provide them with many opportunities to be practice what they learn. Making the most of your investment in staff training will go a long way towards long term success in this field.



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RCFE Association Partners with A+ Insurance Carrier

Partners with A+ Insurance Carrier Enables Savings on Workers Compensation and Liability Insurance Premiums



William Young
President / Founder

The RCFE Association has secured an exclusive partnership with a nationally recognized A+ rated insurance carrier, enabling members to save thousands on worker's compensation and liability insurance premiums. This is another step in the RCFE's commitment to inspiring innovative solutions and best practices among residential care facilities for the elderly. "This is going to be a game changer for the 6-bed facilities. Lower insurance premiums and better coverage," President William Young said.

"Our focus on education, operations, compliance, and ethics reinforces our genuine passion for improving the lives of those we serve. By developing knowledge and understanding, sharing tools and best practices, and partnering with like-minded senior living professionals, we can provide optimal support, guidance, and resources to our members." Founded under two years ago, the RCFE Association is the fastest growing six-bed association in California. Its mission is to facilitate a new standard of excellence in the board and care industry. In addition to savings on worker's compensation and liability insurance, members have access to an online resource library with required LIC forms, custom forms, tools, videos, articles, and more for the successful operation of a residential care home facility. Members can also avail themselves of informative weekly virtual meetings with discussion, expert guest speakers, and industry updates. Members can collaborate and receive support from Associate Partners and Placement Partners who refer to us and help fill our homes. Membership dues are \$15 per month.

To join the RCFE Association, visit www.RCFEAssociation.org.



Current Listings



To view our current listings visit our website at www.rcferesource.com

LISTINGS

TEMECULA - RCFE FOR SALE

- Highly updated!
- 6 BDR/3 BA, 2,750 S.F.
- \$635K home + \$125K business

ANAHEIM - RCFE FOR SALE

- 7 BDR/6 BA, 3000 S.F.
- \$850 Home + Business \$175K

WHITTIER - VACANT RCFE FOR SALE

- 5 bdr/3 BA, 1850 S.F.
- Home \$750K

ORANGE - RCFE FOR SALE

- Two-story, with Owner/Caregiver Suite Upstairs
- 9 BDR/4 BA with 6 private resident rooms
- \$1.15M Home + \$150K Business

DIAMOND BAR - VACANT RCFE FOR SALE

- 5 BDR/3 BA, 2,500 S.F.
- \$799K home

WEST HOLLYWOOD - "DOUBLE RCFE"

- 12 BDR/6 BA, two 6-BED RCFEs
- Unique Property! Full Census!
- \$3.0M Total for Homes & Businesses
- Grosses \$80K/month

SANTA ANA/TUSTIN - RCFE FOR SALE

- 7 BDR/4 BA, 2875 S.F.
- \$1.2M home, \$175K business

ANAHEIM - RCFE FOR SALE

- 6 BDR/2 BA, 2,750 S.F.
- \$780K home + \$120K business

MISSION VIEJO - RCFE FOR SALE

- 5 BDR/2BA, 2,747 S.F.
- Lease approx, \$5,000/Mo, Bus: \$180,000

WANTS AND NEEDS:

RCFE HOME/BUSINESS FOR SALE

- Mission Viejo, Laguna Niguel, Laguna Hills, Lake Forest, San Clemente
- With 6 private resident rooms

RCFE FOR LEASE

- San Fernando Valley, Lake Forest, Brea, Placentia, Cypress, Orange, Anaheim
- With 5-6 resident rooms

WHAT TO LOOK FOR WHEN BUYING AN RCFE

The most important information you need to know!

If you're considering purchasing an RCFE, there are many variables you must investigate in order to make a wise investment decision. This article briefly discusses some of the most important considerations you need to review.

When you first tour the home, what "vibes" do you get? RCFEs have distinct personalities. Some homes are cluttered, dirty, dismal, with dated furnishings and appointments and a generally pervasive "gloomy" atmosphere. They seem like places that have one foot in the grave. Other homes are cheerful and inviting, places full of life. Don't believe you can turn a home with "bad vibes" into a welcoming abode. It's expensive, time consuming, and sometimes utterly impossible.

Are both the home and the business good investments? Your agent will evaluate the price of the home by preparing a **Comparative Market Analysis**, which analyzes recently sold comparable properties in the same geographic area in order to determine whether the home for purchase is reasonably priced. If there is significant deferred maintenance, judge whether needed repairs can be financed out of cash flow.

Your agent will also review the financial statements and perform a pricing assessment to ascertain that the price of the business is within range. We have a CPA/Realtor on our team, Michelle, who can expertly analyze the financial statements on your behalf and judge whether the business price is supported by the P&Ls.

When you tour the home, be alert for neighborhood nuisances, like neighbors with excessively loud music, "junkyard car repair" functions in the yard, barking dogs, and freeway noise, to name a few. You want to purchase a home in a stable, appreciating area.

What is the reputation of the home? When you buy an RCFE business, you are purchasing the present value of a future stream of income, the tangible, physical assets of the business, such as furniture, fixtures & equipment, and goodwill. But you must first determine that there IS goodwill.



Is the business thought of highly in the community? Read online reviews, testimonials and ratings on major placement provider websites, and the RCFE's website itself. Maybe the reviews are terrible, and this will alert you that instead of goodwill, there is actually badwill.

Why is the owner selling? Are they retiring, or moving out of state? Is it because the business is unprofitable? Are needed repairs too extensive and expensive?

With respect to the financial statements, is there a record of consistent revenues, or do gross monthly rents fluctuate wildly? Are expenses, such as payroll, reasonable and under effective control?

Do the caregivers seem attentive, personable and capable? Your caregivers are your gold! You may decide to keep these caregivers. When you visit the home, try to engage with them. If they have bad attitudes when you meet them, you can be sure they will be a problem when you "inherit" them upon purchase of the business.

Are the residents well-cared for? Do they appear clean and properly groomed? Is the home clean and without obvious "bad" smells? While accidents may happen, in general, the home should appear immaculate and smell good, especially since caregivers will likely be informed in advance of your visit.

Purchasing an RCFE is a big investment decision. Invest wisely by doing your homework! Our agents can assist you with all aspects of your purchase to ensure that you are acquiring a home and business with enduring intrinsic value that will be profitable for years to come.

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