

RCFE Resource

MOST ACCURATE RCFE HOME AND BUSINESS VALUATIONS

WHAT'S THE VALUE OF YOUR RCFE?

For a **FREE** No Obligation Consultation CALL us at (949) 397-4506



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RCFE MARKET REPORT: CRASH COMING?



With housing values soaring like they did prior to the Great Recession coupled with recent inflation news, many are calling for a correction in housing.

Home prices were surging from 2000 through 2006. Homeowners were sitting back in their recliners watching their home value skyrocket to the heavens. It seemed like the housing market was unstoppable. Then it all came tumbling down with the beginning of the subprime meltdown in March 2007. Values dropped like a rock. Many lost their homes to foreclosure or short sale. Everybody remembers the scars of the Great Recession. Either they were directly affected, or it happened to somebody they knew. This also happened to RCFE home owners.

Once again, housing is soaring upward with seemingly no end in sight. Buyers are tripping over each other, willing to pay tens of thousands of dollars above the asking price. Throw in the news of rising inflation and the potential of drastically higher mortgage rates, the madness must come to a screeching halt soon, right? Even though so many are anticipating and reporting that a housing crash is eminent, it simply is not going to occur, not now, not in the next 6-months, and not in the foreseeable future.

The Great Recession was triggered by the housing market where anyone could purchase a home or RCFE regardless of their true qualifications. Zero down payment loans, negative ARM's, cash out refinancing, subprime lending, and fudged loan documents all contributed to the astonishing rise in values that inflated the housing bubble that ultimately collapsed in 2007.

The housing market crashed, and home values plunged.

What occurred can be explained by looking at supply and demand. When supply rises and demand drops, the market time for housing climbs. When supply drops and demand rises, the market time falls. The writing was already on the wall a couple of years prior to the start of the Great Recession. Housing data illustrated market conditions that were lining up in favor of buyers. The inventory swelled while demand crumbled. As a result, the Expected Market Time (the time between listing to opening escrow) rose to unfathomable heights.

***No Crash Coming!
Housing data illustrates that there is
not a housing crash on the horizon.***

Contrast that to today and the landscape is entirely different. The inventory is at unprecedented record low levels and demand, fueled by historically low rates, is off the charts. Home values are surging higher every month, sellers get to call the shots. It will remain a Hot Seller's Market for the remainder of the year based on the anemic inventory and today's crazy demand.

Continued on Page 3

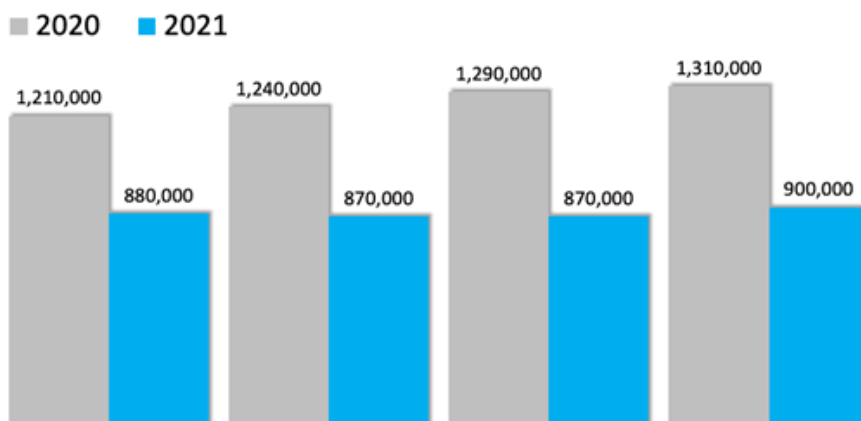
YOUR RCFE COULD BE THE OASIS IN AN INVENTORY DESERT



RCFE buyers are flooding the market right now to take advantage of record-low mortgage rates. Many have a sense of urgency to find an RCFE soon, since experts forecast a steady rise in both rates and RCFE home prices this year and next. As a result, buyer demand greatly outweighs the current RCFE supply. Here's how the shortage of RCFE houses for sale sets yours up to be the oasis in an inventory desert.

According to the *National Association of Realtors* (NAR), today's housing inventory sits at an incredibly low 2.1 month supply, far below the 6-month mark for a neutral market. Inventory of single-family homes a year ago was already very low, and as you can see in the graph below, this year's levels are even lower:

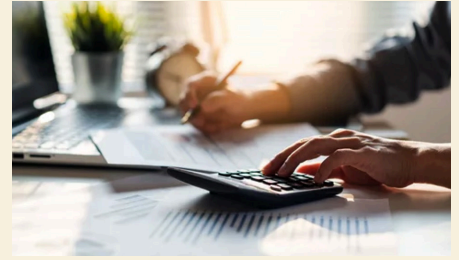
Inventory Levels: Single-Family Homes



RCFE homes make up only a small percentage of homes for sale, but inventory of such homes has followed a similar pattern. Due to these market conditions, today's buyers frequently enter fierce bidding wars while trying to purchase an RCFE home. This in turn drives up home prices and gives sellers incredible leverage in the negotiation process, two big wins if you're going to sell your RCFE this year.

Bottom Line: In such a hot market, it can feel as though the supply of RCFEs has virtually dried up, leaving buyers to wander in an inventory desert. That's why there's never been a better time to sell. To a parched buyer needing to secure an RCFE home as soon as possible, your RCFE could be a true oasis.

ASK THE EXPERT



Q: What are the tax implications of selling an RCFE?

A: There are two parts to this equation:

THE HOME

First, the difference between your selling price of the home and your adjusted book value (reduced by expenses of sale) is a long-term capital gain. Or loss. The tax implications are different for the various entities under which an RCFE home might be held.

For an S-Corp, LLC or sole proprietorship, the gain/loss will pass through to your individual tax returns and will be taxed at preferential long-term capital gains rates of 0, 15% or 20%, depending upon the amount of the gain. If a loss, it is first offset against other long-term capital gains.

Corporate tax rates are different. There are limitations to the amount of long-term loss that can be recognized in any one year, and unused losses may be carried forward.

THE BUSINESS

The same rules apply, basically. In general, the difference between selling price and purchase price (less expenses of sale) is the gain or loss you will recognize for the business.

You should have capitalized and amortized the intangible asset, goodwill, throughout your ownership of the business, as this is the purchase price of the business (less furnishings, household goods, appliances, equipment and any other tangible assets).

In some cases, there will be a recapture of depreciation/amortization for furniture, fixtures and equipment and goodwill, and you will need to calculate your alternative minimum tax.

Current Listings



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

CURRENT LISTINGS

ORANGE - RCFE FOR SALE

- Home + business
- Charming 2-level home
- Upstairs 2 BDR Owner's Suite
- 9 BDR/4 BA 3,700 s.f.
- 6 private resident rooms

RIVERSIDE - RCFE FOR LEASE

- Business for sale
- 5 BDR/3 BA, 3,400 s.f.
- Large lot; tons of storage space
- Wonderful neighborhood

RIVERSIDE - ARF FOR SALE

- 5 BDR/3 BA, 2,564 s.f.
- 1.09 AC lot
- Room to build 2nd ARF
- Separate studio apartment
- \$675K home; \$200K business

COMING SOON

CAMARILLO - VACANT RCFE FOR LEASE

- 4 BDR/2 BA, 1,621 s.f.
- \$40K FFE
- \$5,000/mo.

BONITA - RCFE FOR SALE

- Home + business
- 4 BDR/2 BA, 2,400 s.f.

SELMA - RCFE FOR SALE

- Custom-built home + business
- Huge lot
- 5 BDR/3 BA, 2,300 s.f.

CARMICHAEL - RCFE FOR SALE

- Home + business
- 5 BDR/2 BA, 2,300 s.f.
- Beautiful home

Riverside - ARF FOR SALE

- 5 bdr/2 BA, 1,556 s. f.
- Level 2
- Vendored for 6

DRIVING BEHAVIORS REVEAL EARLY SIGNS OF DEMENTIA IN REAL-WORLD STUDY

Excerpted from
McKnight's Clinical Daily
By Alicia Lasek

Driving behaviors and demographic factors can help to accurately detect early mild cognitive impairment and dementia in older adults, according to engineers and public health researchers from Columbia University in New York City.

Past research has tied driving errors, traffic violations and automobile accidents to the presence of beta-amyloid brain plaques, the key signal of Alzheimer's disease. Researchers used machine-learning models to analyze results from in-vehicle recording devices in a real-world setting. They measured 29 variables in a set of 2,977 older adult participants, aged 65 to 79 years.

"Based on variables derived from the naturalistic driving data and basic demographic characteristics ... we could predict mild cognitive impairment and dementia with 88% accuracy," said lead author Sharon Di, Ph.D., associate professor of civil engineering and



engineering mechanics

Driving is a complex task involving dynamic cognitive processes and requiring essential cognitive functions and perceptual motor skills. The study indicates that naturalistic driving behaviors can be used as comprehensive and reliable markers for mild cognitive impairment and dementia.

If validated, the algorithms developed in this study could provide a novel, unobtrusive screening tool for early detection and management of mild cognitive impairment and dementia in older drivers.

RCFE MARKET REPORT: Continued on from Page 1

There are some naysayers who are calling for a massive spike in mortgage rates due to inflation. The Federal Reserve is correct in their anticipation of "transitory," or short-lived, inflation. The rise had more to do with short-term supply chain problems in lumber and a global chip shortage. Used cars jumped 10% as car rental companies clamored to restock their depleted inventories. Sporting event prices surged 10.1%, airline tickets climbed 10.2%, and hotel rooms were up by 8.8%. These were all discounted prior because of the pandemic. All other goods were unchanged. As a result, mortgage rates have not moved and remain just below 3% for standard residential mortgages, and about 2 - 2.75 points higher for RCFE mortgages.

Mortgage rates are forecasted to rise about .5% by year's end due to an improving economy that is emerging from the pandemic. The rise will not dismantle the housing market; instead, it will decelerate the market from an insanely Hot Seller's Market to a regular Hot Seller's Market.

The Bottom Line: The housing market is NOT going to crash. The inventory is low, demand is high, market time is at all-time lows, mortgage rates are at record low levels, buyers must qualify for mortgages, subprime and zero-down loans are not fueling housing, and homeowners have plenty of equity.

RCFE Resource

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OUR FEATURED LISTINGS

JUST LISTED

Orange: Exquisite RCFE For Sale!

Home=\$1.150M • Business=\$130K • 9 bdr / 4 ba. 3,681 s.f.



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M&M GROUP **KW**
PERSONALIZED WEALTH BUILDING IN REAL ESTATE COMMERCIAL
DRE #01971087, #01318955, #01934115

FOR LEASE

LEASE of Property: = \$4,000 Per Month

PURCHASE of Business = \$165,000 (5 BDR - 3 BA) 3,300 s.f.



Single Level

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THINKING OF BUYING OR SELLING?

We will develop a comprehensive strategy, tailored to help you achieve your RCFE goals.

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