

RCFE**Resource****FOR ACCURATE RCFE HOME AND BUSINESS VALUATIONS**

Call us **TODAY** for a
FREE valuation of
your care home
and business.
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RCFE MARKET REPORT:

Reduce and Net Less

For sellers who must reduce their asking price to achieve a successful outcome, they likely will net less at the closing table.

PRICE REDUCTIONS

Carefully pricing a home allows sellers to walk away with the most money possible and achieve success quickly.

For professional track sprinters, getting out of the starting blocks quickly, fast, and first is often the difference in a race. There is plenty of preparation and training to be that runner that is the fastest off the blocks. The initial lunge is crucial and is an advantage that often propels the athlete with the best start across the finish line with arms raised high in the air.

Similarly, when a residential care home initially comes on the market, pricing a home accurately is the difference between a seller raising their arms in celebration within the first few weeks versus taking months to sell and likely for much less. In today's market, values are slowly declining. The longer a seller takes to properly price their home and secure a successful outcome, the more money they will ultimately lose.

One of the most crucial steps in being able to sell quickly, open escrow, and obtain the highest possible net proceeds from the sale of a residential care home is to carefully arrive at its **Fair Market Value**. In every price range, homes sit without success, leaving these sellers wondering what in the world they are doing wrong. In our area, over 50% of all care homes in Orange County have been on the market for over four months, and about 25% have reduced their asking price at least once. Throwing a price out there just to test the market is not a wise strategy. Instead, carefully, and methodically pricing a home is vital to cashing in on the **Golden Opportunity**, the



first few weeks after coming on the market. It would be better to spend several hours coming up with an extremely accurate price than to waste weeks, or even months of precious market time.

Due to the high interest rate environment, the market is lining up in favor of buyers during the negotiation process. Buyers do not want to overpay; they are unwilling to stretch. Accurate pricing is fundamental regardless of the temperature of housing, especially in a declining market. Throwing a price out there just to test the market is not a wise strategy. Ultimately, when asking prices of board-and-care homes must be reduced in order to secure offers to purchase, it not only takes longer to sell, but sellers also sell for less. On average, the net proceeds check at the close of escrow is less if a price reduction is required.

Carefully and methodically pricing a home is vital to cashing in on today's much slower housing market. The first few weeks after coming on the market is absolutely **the** most crucial time period with the greatest exposure and heightened buyer activity. This occurs because there are many buyers who have not yet secured a home and are eagerly waiting on the sidelines for something to come on the market that meets their criteria. Every time a care home enters the fray, there is a rush of initial activity as potential buyers clamor to be one of the first to see it. There is more activity in the initial two weeks than any other time during the marketing process.

When sellers overprice their care homes and do not properly take advantage of the first

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Ask The Broker

EMPLOYEE RETENTION CREDIT



Q: What is the Employee Retention Credit, or ERC?

A: Business owners, including owners of residential care homes, who paid employees during the pandemic (2020/2021) are eligible for a tax credit up to \$26,000 per W2 employee. This payroll tax credit is designed to reward owners who kept their workers employed during the Covid-19 Pandemic. This COVID relief program was made available under the Federal CARES Act (Coronavirus Aid, Relief, and Economic Security Act).

Most business owners qualify for ERC, even if they received the PPP loan, or had increases in revenue during the pandemic. Because the Employee Retention Credit (ERC) is not a loan like the PPP program, but a tax refund on wages owners paid during the pandemic, there is no need to receive forgiveness or pay it back.

There are two qualification methods:

1. Significant Decline in Gross Receipts: (a) For calendar year 2020, a significant decline in gross receipts begins when gross receipts are less than 50% of gross receipts for the same calendar quarter in 2019 and ends in the first calendar quarter after the calendar quarter in which gross receipts are greater than 80 percent of gross receipts for the same calendar quarter in 2019. (b) For calendar year 2021, a decline in gross receipts is defined as a quarter where gross receipts are less than 80% of the same quarter in 2019;

2. Full or Partial Suspension of Business Operations Due to a Governmental Order: An employer may also be considered eligible for the ERC if (a) its operations are fully or partially suspended during a calendar quarter due to "orders from an appropriate governmental authority limiting commerce, travel, or group meetings (for commercial, social, religious, or other purposes)" due to COVID-19 and (b) the government orders caused a more than nominal impact to the business.

Qualified wages include:

- Pre-Tax Gross Taxable Employee W-2 Wages
- Employer-Paid and Employee-Paid Healthcare Premiums (Medical, Dental, and Vision)
- Cannot include wages for the majority owner or most family members related to the majority owner.

Claiming the credit has been extended through 2024. It is easily calculated by your CPA or ERC Specialist using your 941 tax forms for reporting employer-paid wages, rent rolls and P&Ls for 2019-2021.

Please contact us if you would like a referral to an excellent ERC Specialist who will perform a no-cost analysis of your business to determine the ERC credit available.

Please email your questions to: Michelle J. London at info@RCFeresource.com. Your inquiry may be featured in an upcoming edition of this newsletter.

Current Listings



To view our current listings
visit our website at

www.rcferesource.com

CURRENT LISTINGS

MISSION VIEJO - RCFE FOR SALE

- Home and Business
- 6 BDR/3 BA, 2,439 s.f.
- Lovely home
- \$1.20M Home; \$150K Business

HEMET - RCFE FOR SALE

- Home and Business
- 4 BDR/2 BA
- Nicely Decorated
- Home \$525K; Business \$125K

COMING SOON (please call for details)

SANTA CLARA COUNTY

- RCFE For Sale
- Licensed for 22
- 12 BDR/11 BA, 6,000 s.f.
- Generates great income!

RIVERSIDE COUNTY

- 3 6-bed RCFEs For Lease
- Businesses for Sale
- Located in close proximity
- 6 BDR/3 BA each home
- Approximately 3,000 s.f.

RIVERSIDE COUNTY

- RCFE For Sale
- Licensed for 16 beds
- 8 BDR/4 BA, 3,500 s.f.

LOS ANGELES COUNTY

- Pasadena area
- RCFE For Sale
- Licensed for 6 beds
- 4 BDR/2 BA, 2,500 s.f.

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few weeks after coming on the market, eventually they must improve the price through a reduction. Reducing the price to be more in line with a home's **Fair Market Value** is not met with nearly the same fanfare as a home new to the market. The excitement is no longer there. A care home becomes a bit "shop worn" and loses some of its marketing allure the longer it sells without success.

A WARNING to Sellers: Overpricing a care home risks wasting valuable market time, obtaining a smaller net proceeds check at the close of escrow, and could result in chasing a declining market. Pull the emotion out of the process in arriving at the asking price. Instead, carefully, and methodically isolate the Fair Market Value and achieve the best outcome with the most amount of money.

DEMENTIA BATHING: A GUIDE FOR CAREGIVERS

Excerpted From Aging Care | Carol Bradley Bursack, Minding Our Elders

Getting an aging or ill senior to bathe can be a notorious battle that many caregivers experience. When dementia is a part of this equation, it complicates things even further. As their condition progresses, a senior with Alzheimer's disease or another form of dementia may refuse to bathe for a number of reasons. Understanding why they resist can help caregivers navigate these issues and keep their seniors as clean, healthy, and comfortable as possible.

Because this can be such a difficult task, one important consideration is how often seniors truly need to bathe. If a senior won't shower every single day, it's unlikely that their health will suffer. A change of clothes each day and a weekly bath is usually enough for most elders. However, if skin issues and/or incontinence are part of this equation, then more frequent bathing is crucial for preventing dangerous infections.

The goal is to find a frequency that's realistic for both you and your senior. If you need some assistance with determining how often a senior should bathe, don't hesitate to ask their doctor for advice. They should be able to provide a ballpark answer, discuss the risks of poor personal hygiene, and suggest alternatives to full showers or baths.

Symptoms of dementia can derail a person's long-standing personal care routines and make it difficult to provide assistance. Understanding the reasons behind their uncooperativeness is the first step in finding workable solutions.

Memory loss can lead an elder to believe they've just showered when they actually

haven't bathed in weeks. They may also become confused when beginning the multi-step process of bathing. For some, identifying all the different products in the bathroom and their specific uses can be overwhelming. Rather than informing someone they trust that they're confused and need assistance, many elders simply avoid bathing altogether.

Individuals living with dementia may become afraid of showering or taking baths for many reasons. They might feel unsteady on the slick surfaces and worry about falling and getting hurt. They may be uncomfortable in the cold bathroom or become agitated by the sensation of water hitting their skin. Plus, fear of water is very common in seniors with dementia.

In the later stages of dementia, a senior may not understand the task of bathing at all. Think about how frightening it'd be to be undressed and have water pouring down on your head when you can't figure out why it's happening. Depending on the extent of a senior's cognitive impairment, they may not know where they are or may not recognize the person who's helping them bathe. Confusion, discomfort, and lack of understanding are bound to lead to fear and resistance.

Yes, cleanliness is important for good health. While we may find a daily shower comforting and rejuvenating, the same may be akin to torture for a person living with dementia. Try to find a middle ground where a certain level of hygiene is maintained and unpleasantness is kept to a minimum.

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NEW ALZHEIMER'S DRUG SHOWS PROMISE IN SLOWING DISEASE

Excerpted from McKnight's Long-Term Care | John Roszkowski

In a potentially significant breakthrough in the treatment of Alzheimer's disease, recently completed clinical trials show a new experimental drug treatment could significantly slow the progression of the disease in the early stages.

Japanese drugmaker Eisai Co. Ltd. and its U.S. partner Biogen Inc, announced that Eisai's large global Phase 3 Clarity AD clinical trial confirmed positive results of lecanemab in treating early Alzheimer's. Lecanemab is an investigational anti-amyloid beta protofibril antibody for the treatment of mild cognitive impairment due to Alzheimer's disease and mild Alzheimer's with confirmed presence of amyloid pathology in the brain.

The Phase 3 trial was a placebo controlled, randomized study of 1,795 people with early Alzheimer's disease over a period of 18 months. The results of the trial found that those who took the lecanemab treatment saw a 27% reduction in cognitive

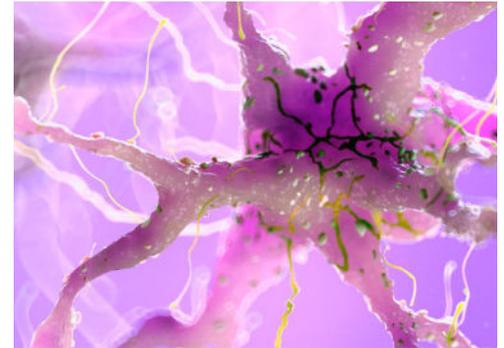
and functional decline, compared to those in the placebo group.

The announcement gives "patients and their families hope that lecanemab, if approved, can potentially slow the progression of Alzheimer's disease, and provide a clinically meaningful impact on cognition and function," said Michel Vounatsos, CEO of Biogen, in a news release.

"Importantly, the study shows that removal of aggregated amyloid beta in the brain is associated with a slowing of disease in patients at the early stage of the disease," he said.

In a statement, the Alzheimer's Association, which represents the 6 million people living with Alzheimer's, called the positive findings of the lecanemab clinical trials "the most encouraging results in treating the underlying causes of Alzheimer's to date."

"For people in the earliest stages of



Alzheimer's, this treatment has the potential to change the course of the disease in a clinically meaningful way," the statement read. "These results indicate lecanemab may give people more time at or near their full abilities to participate in daily life, remain independent and make future health care decisions."

Eisai presented the Clarity AD study results on Nov. 29 at the Clinical Trials on Alzheimer's Congress and published the findings in a peer-reviewed medical journal. They hope to get expedited FDA approval for use of the drug in January.

THINKING OF BUYING OR SELLING?

Let our RCFE Resource team of professionals bring proven expertise to help you get the highest sales price for your RCFE or ARF!

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