

RCFE Resource

FOR ACCURATE RCFE HOME AND BUSINESS VALUATIONS

Call us **TODAY** for a **FREE** valuation of your care home and business.
(949) 397-4506



Michelle J. London

MBA, CPA, MICP, BROKER
 Acquisitions and Sales
 DRE# 01971087
 Phone: **(949) 397-4506**
 michelle@RCFEresource.com

Melvyn D. Richardson

Acquisitions and Sales
 DRE# 01318955
 Phone: **(949) 500-3630**
 melvyn@RCFEresource.com

www.RCFEresource.com



RCFE MARKET REPORT:

Multiple Offers Again?!?

The lack of available care homes to purchase has resulted in buyers competing against each other to buy despite low demand.

LOW SUPPLY AND MULTIPLE BIDS
Market Times have dropped like a rock since the start of the year, squeezed by not enough sellers.

In-N-Out has arguably the best hamburger. What started in Los Angeles has spread to nearly 400 locations in five states. They are also known for their long drive-thru lines. To avoid the long wait, many hungry, wise hamburger connoisseurs head over at a more favorable time, like 3 p.m. Unfortunately, to their surprise, they are greeted by an unexpected mile-long line.

Many care home buyers have a similar experience as they dive into today's housing market. After hearing about falling care home prices due to sky-high mortgage rates, they expect housing to be slow so they can take their time and not compete in purchasing a care home. Instead, they are experiencing wait times to see care homes and multiple offers on care homes priced right and in reasonably good condition. Care home buyers are frustrated once again.

Ever since mortgage rates climbed above 6% in June, there has been a tug-of-war taking place between buyers and sellers: low demand, which favors buyers, pit against a low supply, which favors sellers. Last year, inventory kept growing until it peaked in August, while demand continued to drop after peaking in March with rising rates. Market times rose. As market times grew, buyers had the upper hand. The pool of buyers evaporated due to affordability constraints. The remaining buyers were not tripping over each other to purchase, they were unwilling to overpay for a care home, and the few houses on the market took longer to sell. The sense of urgency that characterized the market from June 2020 through May 2022 had vanished. Care home prices



declined.

In January 2022, **demand** was higher than the supply of available care homes, and the market time fell. The market was hot, with way too much buyer competition, multiple offers, and sales prices above the asking prices. With rising rates, the supply increased rapidly while demand was falling. In May, demand was **less** than the supply, **which is normal**. The difference between supply and demand grew.

The housing market has evolved yet again in 2023. The supply of available care homes has been dropping while buyer demand has risen.

In many cities in California, sellers are once again experiencing numerous buyers, multiple offer situations, and sales prices above the asking price. This is not due to heightened demand. High mortgage rates are inhibiting demand. Instead, it is a result of not enough new sellers and a muted inventory. Today's buyers cannot buy what is not for sale, so buyers in today's marketplace are waiting for care homes to be placed on the market. As soon as a care home becomes available, if it is in decent shape and priced right, it will be greeted with plenty of buyer traffic and interest.

A WARNING FOR SELLERS: This is NOT the insane market from June 2020 to May 2022, where values were screaming higher. Sellers may have the advantage, but overpricing a home is futile. Homes with deferred maintenance or a poor location will be extremely challenging to sell without adjusting the price. Price a care home according to its **Fair Market Value** based on condition, location, upgrades, amenities, and age. Multiple offers may be back, but sellers should not get too overzealous.

Ask The Broker

ARE EIDL LOANS FORGIVABLE?



Q: I plan on selling my RCFE sometime in the next year. The home is in my personal name, while the business is held as an S-Corp. I received an EIDL loan for \$400K. Do I need to repay it? Can they put a lien on my home?

A: There are two parts to the Small Business Administration (SBA) EIDL program: loans and grants. The EIDL loan – which can be as high as \$2 million – is generally not forgivable. You'll need to repay an EIDL loan, but grants do not need to be forgiven or repaid.

EIDL loans come with a 3.75% fixed interest rate for businesses and a 2.75% fixed interest rate for private nonprofits. The maximum term length for COVID EIDL loans is 30 years.

Don't forget: As innocuous as those 3 letters S-B-A sound, remember that the SBA is part of the United States government, like the I.R.S. One way or another, they WILL be repaid.

The SBA does have a Financial Hardship Program for business owners who cannot repay, but this is simply a limited-time arrangement for business owners facing temporary hardship, and does not eliminate, but rather, reduces the monthly payment.

If your business closed its doors or you're facing a long-term financial hardship, it's important to communicate with the SBA. Again, there may be options for paying off your debt, and you won't know these options if you don't keep the lines of communication open.

Your EIDL loan is backed by business assets. If you're truly unable to pay your loan, the SBA can take possession of your business assets – things like furniture, fixtures, computers, appliances, equipment, and vehicles.

If you signed a personal guarantee when receiving your EIDL loan, you are held personally liable for repaying the loan. This means that the SBA can seize personal assets in order to repay the loan.

In some situations, borrowers may believe that the best course of action is to file for bankruptcy.

However, before you make any moves, it's important to communicate with the SBA to find out your options and speak to an attorney to learn what you can do if you can't repay your EIDL loan.

In March 2022, the SBA announced an additional six-month deferral option, allowing small business owners to defer their loan payments for a total of 30 months.

Contact MySBA Loan Portal Customer Service at 833-572-0502, from 8:00 a.m. to 8:00 p.m. ET, Monday to Friday, or email cls@sba.gov. MySBA Loan Portal Customer Service cannot access your individual loan information.

Note: SBA's COVID-19 EIDL portal closed on May 16, 2022, and is no longer accepting applications, requests for increases, reconsideration, and appeals due to a lack of any more available funding.

Please text your questions to: Michelle J. London at 949-397-4506.

Current Listings



To view our current listings visit our website at

www.rcferesource.com

CURRENT LISTINGS

RIVERSIDE COUNTY - PORTFOLIO OF FOUR RCFES FOR SALE!

- Great opportunity
- Seller financing available for businesses
- Call for details

LA MIRADA

- 6 BDR/3 BA, 3,300 s.f.
- Home and Business
- Home \$1.35M; business \$180K

COMING SOON

(please call for details)

EL MONTE - RCFE FOR SALE

- 7 BDR/4 BA, 3,700 s.f.
- Home and Business
- Licensed for 6
- Spacious and immaculate

MURRIETA - RCFE FOR SALE

- Home and Business
- Great net income!
- 6 BDR/4 BA, 2,850 s.f.

STOCKTON - RCFE FOR LEASE

- 4 BDR/3 BA, 2,200 s.f.
- Nice neighborhood

GLENDALE - RCFE FOR SALE

- Home and Business
- 7 BDR/3 BA, 3,450 s.f.
- Licensed for 10

FRESNO - RCFE FOR SALE

- Home and Business
- Licensed for 16!





WHY BUYING A CARE HOME IS A SOUND DECISION

Excerpted From *Keeping Current Matters* - March 23, 2023

If you're thinking about buying a care home (RCFE or ARF), you want to know the decision will be a good one. And for many, that means thinking about what home prices are projected to do in the coming years and how that could impact your investment.

This year, we aren't seeing home prices (or care home prices) fall dramatically. As the year goes on, however, some markets may go up in value while others may lose value. That's why it's helpful to keep the long-term view in mind. Experts project a return to a steadier rate of price appreciation in the years that follow.

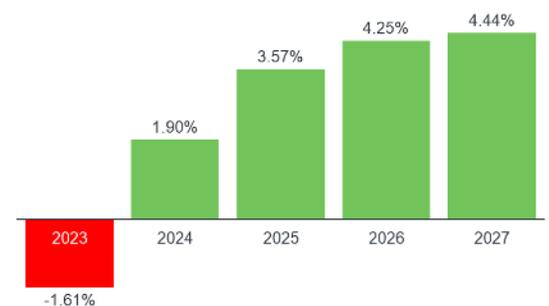
Home Price Appreciation in the Years Ahead

Over 100 economists, investment strategists, and housing market analysts were polled by Pulsenomics in their latest quarterly Home Price Expectation Survey (HPES). The report indicates what they believe will happen with home prices over the next five years. As the graph to the right shows, after mild depreciation this year, these experts forecast home prices will return to more normal levels of appreciation through 2027. The same holds true for care home prices.

The big takeaway is experts aren't forecasting a drastic fall in home prices (or care home prices) nationally, even though some markets will see home price appreciation while others may depreciate. And when they look further out, they see steady price appreciation in the long run. That's a great example of why care homeownership wins over time.

Estimated National Price Performance

December to December, as Forecasted in Q4 2022



Source: Q4 2022 HPES

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WHY BUYING A CARE HOME IS A SOUND DECISION

Excerpted From Keeping Current Matters - March 23, 2023

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What Does This Mean for You?

Once you buy a care home, price appreciation raises your home's value, and that grows your wealth. Here's how a typical care home's value could change over the next few years using the expert price appreciation projections from the survey mentioned above (see graph below). (NOTE: This graph is an AVERAGE of home prices across the U.S. and are lower than most California home values, and are thus not representative of the California market. For illustrative purposes only):

In this example, if you bought a \$400,000 care home at the beginning of this year and factor in the forecast from the HPES, you could accumulate over \$54,000 in household wealth over the next five years. So, if you're wondering if buying a care home is a sound decision, keep in mind what a strong wealth-building tool it is long term.

Bottom Line

According to the experts, while we may see slight depreciation this year, care home prices are expected to grow over the next five years. If you're ready to become a care home owner, know that buying today can set you up for long-term success as home values (and your own net worth) are projected to grow. Let's connect to begin the care home buying process today.

\$54,296

Potential growth in household wealth over the next 5 years based solely on increased home equity if you purchase a \$400K home in January 2023



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!

Call us **TODAY** for a **FREE** valuation of your care home and business.

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OUR FEATURED LISTINGS

APRIL 2023

MURRIETA - PORTFOLIO OF 4 RCFEs FOR SALE!

THIS FABULOUS OPPORTUNITY INCLUDES:

- 2 Homes for Sale; 2 Homes for Lease
- Four (4) RCFE Businesses for Sale

ALL RCFEs LOCATED WITHIN 2 BLOCKS!

RCFE #1



5 BDR • 3 BA • 2,701 SF • \$740,000

RCFE #2



5 BDR • 3 BA • 3,023 SF • \$840,000

RCFE #3



5 BDR • 3 BA • 2,701 SF • \$4,300/mo.

RCFE #4



6 BDR • 4 BA • 2,954 SF • \$4,400/mo.

ALL 4 BUSINESSES - \$310,000

Seller will offer 40% seller financing on the businesses

TO BE SOLD AS A PORTFOLIO.

FOR PICTURES AND VIDEOS, PLEASE VISIT OUR WEBSITE: www.RCFEresource.com

CALL MICHELLE J. LONDON of RCFE RESOURCE AT 949-397-4506 FOR DETAILS.

RCFE

Resource

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"ASK THE BROKER" WEBINAR SCHEDULE

RCFE Resource is happy to invite you to our monthly "Ask the Broker" updates.

Each month, we will present topics of interest to the RCFE and ARF communities. We will email you a link to register. Hope to see you there!

Tuesday, April 25, 2023	1:00PM	"The Importance of Maintaining Accurate Financial Statements"
Tuesday, May 23, 2023	1:00PM	"Not All Insurance Is Created Equal" - GUEST - Blake Thompson
Tuesday, June 20, 2023	1:00PM	"Selling Your Business"
Tuesday, July 25, 2023	1:00PM	"BUYING A TURNKEY CARE HOME vs CONVERTING A SINGLE FAMILY RESIDENCE"
Tuesday, August 22, 2023	1:00PM	GUEST - "Obtaining An Assisted Living Waiver Can Increase Your Net Profits"
Tuesday, Sept. 26, 2023	1:00PM	"THE IMPORTANCE OF CONTROLLING EXPENSES"
Tuesday, October 24, 2023	1:00PM	GUEST Matt Meader - "The Many Benefits of Assisted Living Software"
Tuesday, Nov. 28, 2023	1:00PM	"PERFORMING YOUR DUE DILIGENCE WHEN BUYING A CARE HOME"

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