

# RCFE Resource

## BUY, SELL & LEASE WITH CONFIDENCE

April 2025

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

# Foreseen Wave

*For now, the conditions are perfect for care home buyers with a lot more choices, improving mortgage rates, and a slower pace than prior years, yet that is not the forecast down the road.*

**NOW IS A GREAT TIME TO BUY**  
Mortgage rates do not need to improve much for a wave of buyer activity to develop quickly.

The phrase "the calm before the storm" dates back to the 17th century when sailors observed how the air and the sea became unusually calm right before stormy weather started. The winds stopped howling, and the waves diminished. Today, the phrase calls attention to a period of quiet or stillness before something significant changes.

Today's housing market pace is the "calm before the storm." After years of a brisk, instantaneous speed, the California housing is much more balanced. The active inventory has blossomed. More care homes are coming on the market, and they have accumulated since the spring of last year. Home buyer demand has been subdued since mortgage rates spiked higher in 2022, eroding care home affordability. Pairing the increased supply with low buyer demand has resulted in longer market times and fewer multiple-offer situations. It is the best time to be a buyer in spring since 2019.

While it may be a great time to be a buyer, that does not mean collapsing values. In fact, according to the Freddie Mac Home Price Index, major metro areas in California have grown by approximately 5% year-over-year through January and up 0.5% month-over-month.

For now, the conditions are excellent for care home buyers. It is the best market in years. Yet, it is crucial to understand that right now is the calm before the storm.



Down the road, a foreseen wave of buyer activity will result in a substantially hotter housing market than what everyone is experiencing today.

It is best to look at supply and demand to understand how the market can change suddenly. Everyone talks about how the U.S. housing supply has grown considerably since last year. According to the National Association of REALTORS®, the inventory has averaged 1,137,000 since 2021. The U.S. housing market has endured a chronically low inventory and supply scarcity. In January, it was at 1,180,000, up 17% year-over-year. Yet, it is far below where it was before the pandemic.



The housing market experienced a supply glut, 184% more homes than today, nearly triple. Since the latter half of 2022, when rates skyrocketed higher and home affordability collapsed, demand dropped to Great Recession levels and has remained there. Home values have not collapsed because low demand is contrasted with a low supply.

The foreseen wave will come when mortgage rates drop towards 6%. The U.S. economy will eventually slow.

*Continued on Page 4...*



# Ask The Broker

## WHEN CAN A BUYER START RUNNING THEIR NEW FACILITY

**Q:** Can a Buyer Start Running My Facility Before Escrow Closes?

**A:** This month, we tackle a question from a seller of a Residential Care Facility: "A potential buyer has asked if they can bring in their own staff and start operating the facility before the sale officially closes. Is this a good idea?"

**Short answer: Absolutely not.** Long answer: Still no, and let me tell you why this is one of the riskiest decisions you could make as a seller. You might as well hang a sign over your nest egg that says, "Please Take My Life Savings and Run!"

First and foremost, massive liability issues loom like storm clouds over this idea. When you allow a buyer to start operations before escrow closes, you remain legally responsible for everything that happens at the facility. That means if anything—and I mean anything—goes wrong, you're the one on the hook. Imagine this nightmare scenario: a resident wanders off under the new staff's watchful (or not-so-watchful) eye and suffers harm. Licensing agencies could come after you, not the buyer, for failing to provide adequate supervision and care. The thought of being charged with negligence is enough to make anyone lose sleep—and your business liability insurance might refuse to cover you in such cases, leaving you high and dry.

Oh, but there's more. If this is an Adult Residential Facility (ARF) serving Regional Center clients, you could also find yourself tangled up in lawsuits from the Regional Center. They don't play around when it comes to safeguarding the individuals they serve. Even if the buyer swears up and down that their staff

is top-notch, the reality is that you have no control over their hiring, training, or daily operations—and that lack of oversight spells danger for you.

Let's also consider what happens if the buyer's new staff accidentally mishandles medication, neglects a resident, or violates licensing regulations during this interim period. It's not their name on the facility's license—it's yours. Licensing authorities may decide to revoke or suspend your license, making the facility unsellable. In a single misstep, you could see your hard-earned investment crumble to dust.

And we're not just talking about liability here; we're talking about your reputation. A buyer bringing in their own staff could create chaos for residents and families, who won't understand why the facility suddenly seems disorganized or unsafe. Negative word of mouth spreads quickly in the care industry, and recovering from that kind of PR disaster can be an uphill battle—even if you're no longer the owner by the time it's all over.

So what's the bottom line? If a buyer suggests taking over operations before escrow closes, politely but firmly say, "Thanks, but no thanks." Selling a Residential Care Facility is a process, and safeguarding your financial future and peace of mind requires sticking to best practices. Allowing someone else to run your facility prematurely might sound convenient, but the risks are staggering and simply not worth it. Protect your nest egg, your license, and your legacy—don't let anyone gamble with your hard work.

*Feel free to reach out with further questions! RCFE Resource is here to guide you every step of the way. We can help you find suitable properties and can refer you to the necessary consultants and agencies who will facilitate your dream of owning an RCFE, ARF or ASSISTED LIVING FACILITY.*

## Current Listings



To view our current listings  
visit our website at

[www.rcferesource.com](http://www.rcferesource.com)

## CURRENT LISTINGS

### CATHEDRAL CITY: 12-BED RCFE FOR SALE

- 6 BDR/3 BA, 3,333 sq. ft.
- CONSIDERABLE VALUE ADD POTENTIAL
- \$900K HOME; \$180K BUSINESS

### RANCHO MIRAGE: 6-BED RCFE FOR LEASE

- 6 BDR/4 BA, 2,227 sq. ft.
- GORGEOUS NEWER RCFE IN GATED COMMUNITY
- \$6,200 lease + \$160K business

### EL CAJON: ARF FOR SALE - LEVEL 4I (NEW LEVEL 6)

- LICENSED AND VENDORED WITH SDRC
- 5 BDR/3 BA, 2,120 s.f.
- Lovely home!
- Seller will provide training
- \$1.050M home; \$125K business

### PACOIMA: 6-BED RCFE FOR SALE

- PROPERTY AND BUSINESS
- NICHE HOME - JAPANESE SPEAKING RCFE
- 7 BDR/6 BA, 2,450 sq. ft.
- FULLY RENOVATED AND EXPANDED
- Home \$1.30M, business \$200K

### MURRIETA: RCFE FOR LEASE

- 4 BDR/3 BA, 1,800 s.f.
- NICE PROPERTY
- \$5,800 LEASE; BUSINESS \$195K

### RIVERSIDE: LUXURY HOME FOR LEASE

- VACANT AND UNLICENSED
- RENOVATED TO LEASE AS RCFE
- BEGIN AND LICENSE YOUR BUSINESS OR PERFORM A CHANGE OF LOCATION
- TRULY STUNNING HOME
- LANDLORD WILL ACCOMMODATE
- \$6800/mo. lease

PLUS: MORE listings  
on the way!  
**ALF | RCFE | ARF**

## AVOCADO CHOCOLATE MOUSSE

This creamy, rich, and healthy avocado chocolate mousse made with avocado, dark chocolate, and agave is paleo, vegan, and gluten free. EASY!



This is a decadent delight your residents will love!

### Ingredients:

- 4 ounces chopped semisweet chocolate or chocolate chips, at least 60% dark, about 1/2 cup plus 2 tablespoons
- 2 large ripe avocados (about 8 ounces each)
- 3 tablespoons unsweetened cocoa powder
- 1/4 cup unsweetened almond milk
- 1 teaspoon pure vanilla extract

- 1/8 teaspoon kosher salt
- **Optional:** 1-3 teaspoons light agave nectar or maple syrup, OK to substitute pure maple syrup, though the flavor will change somewhat
- **For serving:** fresh raspberries sliced strawberries, whipped cream (or whipped coconut cream to keep vegan), chocolate shavings

### Instructions:

1. Place the chopped chocolate or chocolate chips in a microwave-safe bowl. Microwave in 15-second bursts, stirring between each and watching carefully so that the chocolate does not burn. When the chocolate is almost completely melted, remove it from the microwave and stir until smooth. Set aside and let cool until just barely warm.
2. Halve and pit the avocados, then scoop them into a food processor fitted with a steel blade or high-powered blender. Add the melted chocolate, cocoa powder, almond milk, vanilla extract, and salt. Blend until very smooth and creamy, stopping to scrape down the bowl as needed. Taste and add a few teaspoons of agave if additional sweetness is desired.
3. Spoon into glasses. Enjoy immediately as a pudding, or for a thicker, mousse-like consistency, refrigerate until well chilled, 2 hours or overnight. Serve topped with raspberries, cream, and chocolate shavings.

*DISCLAIMER: Menu planning in assisted living facilities should be cost-effective, nutritious, and appealing. It's crucial to consult with residents' medical staff for food sensitivities or allergies. Strategies like shopping sales, using a set menu, and incorporating seasonal menus can help manage costs and provide variety.*



# WAYS TO LOWER THE RISK OF DEMENTIA



Dementia, affecting nearly 10% of older adults in the U.S., has motivated extensive research into its risk factors. A recent study identifies strong predictors such as poor physical health, history of stroke, diabetes, obesity, lack of exercise, and minimal engagement in learning activities or hobbies.

Additionally, traits like low grip strength, balance, and breathing scores at age 60, combined with certain genetic markers and extreme alcohol habits, also heighten the risk. Weaker predictors include parental health, family size, marital history, race, and ethnicity.

The findings, while conducted by economists, resonate with medical professionals like neurologist Clifford Segil, DO, from Providence Saint John's Health Center, who highlights the role of stroke history, diabetes, and poor health in dementia risk. The study's practical breakdown of factors aligns with clinical observations, offering a roadmap for individuals to take preventive measures.

Experts recommend staying physically and mentally active to reduce dementia risk. Engaging in regular exercise, fostering hobbies, and prioritizing overall health are crucial steps. Segil stresses the importance of these habits, along with consulting a doctor for tailored advice, especially for those with a family history of dementia. This proactive approach can help mitigate the impact of this devastating condition.

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# Foreseen Wave

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With increased unemployment, fewer jobs created, lagging retail, and a slowing GDP, mortgage rates ease. Since February 19th, there have already been a series of economic numbers that have started pointing to an economic slower patch. According to Mortgage News Daily, mortgage rates have improved from 7.13% in February to 6.8% today. Eventually, as the economy slows, rates will drop to 6%, matching September 2024 levels. A buyer's purchasing power improves dramatically as mortgage rates fall.

	5.0%	5.25%	5.5%	5.75%	6.0%	6.25%	6.5%	6.75%	7.0%	7.5%	8.0%
\$5,000 Desired Monthly Payment	\$1,163,750	\$1,131,250	\$1,101,250	\$1,071,250	\$1,042,500	\$1,015,000	\$988,750	\$963,750	\$940,000	\$893,750	\$851,250

\*Mortgage Payment is Principal & Interest Only & 20% Down Payment

If a buyer desires a monthly payment of \$5,000 (principal and interest with 20% down), at 7%, they would be looking to purchase a \$940,000 home. At 6%, they could buy a \$1,042,500 home. When rates fall, it will open up a floodgate of demand, pent-up potential buyers waiting on the sideline to purchase due to affordability constraints.

Today's market is much slower, a calmer pace for buyers. Yet, it is the calm before the storm. Eventually, as the economy cools, mortgage rates will fall, and the foreseen wave of buyer activity will materialize rapidly.



## WHY PRE-APPROVAL IS EVEN MORE IMPORTANT THIS SPRING

Spring is here, and so is the busiest season in real estate. More care home buyers are out looking for homes, which means more competition for you. If you want to put yourself in the best position to buy, there's one step you can't afford to skip, and that's getting pre-approved for a mortgage.

Some care home buyers think they can wait until they've found that perfect RCFE or ARF they love before talking to a lender. But in a season where care homes can sell fast, that's a risky move. Getting pre-approved before you start your search is a much better bet.

Here's what you need to know about this early step in the buying process.

### What Is Pre-Approval?

Pre-approval gives you a sense of how much a lender is willing to let you borrow for your care home loan. It's different from a pre-qualification, which only involves a conversation with the lender in exchange for a tentative offer of financing. Pre-approval requires the examination of your financial history to determine how much the lender is willing to lend.

To determine that number, a lender starts by looking at your financial history. Here are some of the things that can have an impact, according to Yahoo Finance:

- Your debt-to-income (DTI) ratio: This is how much money you owe divided by how much money you make. Usually, you can borrow more if you have a lower DTI.
- Your income and employment status: They're looking to verify you have a steady income coming in – that way they feel confident in your ability to repay the loan.
- Your credit score: If your score is higher, you may qualify to borrow more.
- Your payment history: Do you consistently pay your bills on time? Lenders want to know you're not a risky borrower.

After the lender's review, you'll get a pre-approval letter showing what you can borrow. Having this peace of mind is a big deal – it helps you feel a lot more confident in your ability to get a care home loan. And the fringe benefit is it can also speed up the road to closing day because the lender will already have a lot of your information.

### It Helps You Figure Out Your Budget

Spring is a competitive season, and emotions can run high if you find yourself up against other care home buyers. Having a firm budget in mind is so important. You don't want to get too attached and end up maxing out what you can borrow.

As Freddie Mac explains:

*"Keep in mind that the loan amount in the pre-approval letter is the lender's maximum offer. Ultimately, you should only borrow an amount you are comfortable repaying."*

So, use this time to really buckle down on your numbers. And be sure to factor in other homeownership costs – like property taxes, insurance, and maybe even homeowner's association fees – so you know what you can comfortably afford.

Then, partner with your agent to tailor your search to care homes that match your budget. That way, you don't fall in love with a house that's out of your financial comfort zone.

### It Helps Your Offer Stand Out During the Busy Season

Spring buyers aren't just competing for care homes. They're competing for the seller's attention, too. And a pre-approval letter can help you stand out by showing sellers you've already gone through a financial check. Zillow explains it like this:

*"Having a pre-approval letter handy while you're shopping for a (care) home can also help you act quickly once you've found a home you love. The letter shows potential sellers that you're a serious buyer who has the financial means to close on the care home. In a competitive market, an offer with a pre-approval letter attached will stand out among other offers that don't include one – increasing the chances of your offer being accepted."*

That means when sellers are choosing among multiple offers, yours could rise to the top simply because you've already taken this step.

And here's one final tip for you. After you receive your letter, avoid switching jobs, applying for new credit cards or other loans, co-signing for loans, or moving money in or out of your savings. That's because any changes to your finances can affect your pre-approval status.

### Bottom Line

If you're thinking about buying a care home this spring, getting pre-approved should be your first move. It'll help you understand your budget, show sellers you're serious, and keep you from falling in love with a care home that's out of reach. Talk to a lender to get started. We can recommend excellent lenders for all your financing needs.

What's your plan to stand out in this competitive market?

**Connect with Michelle J. London to make sure you're fully ready to buy.**

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#### **CATHEDRAL CITY**

\$900K home; \$180K business

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\$1.30M home, \$200K business

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#### **EL CAJON**

\$1.050M home, \$125K business

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#### **RANCHO MIRAGE**

\$6,200/mo. lease, \$160K business

**CLICK ON EACH PICTURE TO  
VIEW PROPERTY VIDEO**

**For more information, please  
contact Michelle London  
at 949-397-4506**

*\*See Additional Property Details In  
Current Listings.*

# **THINKING OF BUYING OR SELLING?**

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

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