



**RCFE**  
DEAL ROOM

# THE RCFE BUYER'S DUE DILIGENCE CHECKLIST

A Practical Guide to Evaluating  
Residential Care Facilities for the Elder  
Before Making an Offer



Avoid Costly Mistakes



Identify Risks Early



Make Informed Decisions



Protect Your Investment



PREPARED BY

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## FINANCIAL DOCUMENTS

- Profit & Loss Statements (3-5 Years)
- Tax Returns (3-5 Years)
- Balance Sheet
- General Ledger (if available)
- Accounts Receivable Aging
- Accounts Payable Aging
- Bank Statements
- Payroll Reports
- Revenue Trends
- Expense Trends
- Cash Flow Analysis
- Occupancy History & Trends



## OPERATIONS

- Staffing Levels & Structure
- Employee Retention History
- Caregiver Turnover Rate
- Staff Training Programs
- Schedule & Shift Coverage
- Policies & Procedures Manual
- Incident Reports History
- State Deficiency Reports
- Vendor & Service Provider Contracts
- Owner Involvement in Daily Operations
- Systems & Software Used



## RESIDENTS

- Current Occupancy Rate
- Occupancy History (3-5 Years)
- Waiting List Information
- Length of Stay (Average)
- Resident Care Levels (e.g., ambulatory, non-ambulatory, memory care)
- Move-In / Move-Out History
- Referral Sources



## SELLER QUESTIONS

- Why are you selling?
- How long have you owned the facility?
- Will you provide transition support? If so, for how long?
- Would you consider seller financing?
- What are the biggest operational challenges?
- What improvements would you make if you were staying?

**The numbers tell the story.**

Understand the financials and the operations behind them.  
Don't just look at the profit—look at the trends.



## REAL ESTATE &amp; PROPERTY

- Property Ownership (Real Estate Included?)
- Building Condition (Overall)
- Roof Condition / Age
- HVAC Systems (Age & Condition)
- Plumbing (Age & Condition)
- Electrical (Age & Condition)
- Fire Safety Systems
- Accessibility (ADA Compliance)
- Parking & Exterior Condition
- Deferred Maintenance Items
- Required Capital Improvements



## LICENSING &amp; COMPLIANCE

- Valid RCFE License
- License Capacity (Number of Beds)
- Fire Clearance (Current)
- Community Care Licensing
- Inspection History
- Deficiency Reports
- Complaint History
- Administrator Status
- Staffing Requirements Compliance
- Medication Management
- Compliance
- Dementia Care Certification
- Other Required Certifications



- Have I reviewed the financials?
- Do I understand the business?
- Do I understand the real estate?
- Have I reviewed licensing & compliance?
- Have I inspected the property?
- Have I spoken with my attorney?
- Have I spoken with my CPA?
- Have I spoken with my lender?
- Have I identified major risks?
- Do I have adequate working capital?
- Am I making this decision based on facts instead of emotion?



Good due diligence doesn't kill good deals. It protects you from bad ones.

Slow down. Ask better questions. Verify the information. The best buyers aren't always the fastest. They're the most prepared.

*Dale Corpus*



## WANT TO LEARN MORE?

Watch the companion video: RCFE Deal Room Episode 5 The RCFE Due Diligence Checklist Every Buyer Needs Before Making an Offer

