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Financiers to the National Senior Housing / Healthcare Market!

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The Lead Story

CAMBRIDGE REALTY CAPITAL PROVIDES \$15.9 MILLION FHA-INSURED HUD 232 LOAN TO REFINANCE SKILLED NURSING HOME IN GLENVIEW, IL

Cambridge Realty Capital Companies has provided a \$15.9 million FHA-insured HUD 232 first mortgage to refinance Glenview Terrace Nursing Center, a



314-bed skilled nursing facility in Glenview, Ill.

Cambridge Chairman Jeffrey A. Davis said the fully amortized, 40-year term loan was arranged for the property's owner, an Illinois limited liability company, by Cambridge Realty Capital Ltd. of Illinois, the Cambridge subsidiary that underwrites senior housing/healthcare loans using HUD programs. The property was refinanced using HUD's Section 223(a)(7) program. The interest rate was not disclosed.

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Financing Summaries in Focus

SENIOR HOUSING / HEALTHCARE LENDING - HUD 232 LOAN "LEAN" PROGRAM FOR REFINANCE AND ACQUISITION



LOAN AMOUNT:

\$2.5 Million to No Maximum

PROPERTY TYPES:

Senior Housing / Long Term Care
- Nursing Homes - Skilled and Intermediate Care
- Assisted Living Facilities
- Board and Care Facilities
- Personal Care

Homes

Behavioral Modification / Other

- Behavioral Modification Centers
- Psychiatric Hospitals
- Juvenile Behavioral Facilities
- Rehab Centers

TIMEFRAME: 60 - 90 days from engagement to close

GEOGRAPHIC PREFERENCE: Nationwide

CURRENT RATES: Based upon current market rates. (Call for Current Rates!)

TERM AND AMORTIZATION: 35 years

TYPES OF LOANS:

- Refinance without Rehabilitation
- Refinance existing FHA 232 Loan
- Refinance with Rehabilitation
- Refinance with Expansion
- Acquisition with Rehabilitation

HIGHLIGHTS:

- 85% loan-to-value for straight refinance without rehabilitation. (90% for not-for-profit). 80% LTV or less fast-track to review.
- Conventional valuation approach using similar appraisal techniques as other lenders.
- 1.18 minimum Debt Service Coverage (1.4 DSC or greater fast-track review).
- Accounts Receivable financing permitted.
- Up to 100% loan-to-cost for refinancing/rehabilitation.
- Fully assumable.
- No personal liability.

CAMBRIDGE COCKTAIL PARTY IN CHICAGO HOSTS PARTICIPANTS OF \$90.6 MILLION GRANITE PORTFOLIO CLOSING

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Quote of the Week

"To succeed as a team is to hold all of the members accountable for their expertise."
- Mitchell Caplan

FOR FURTHER DETAILS CONTACT: Financing Information
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Meet Cambridge

CAMBRIDGE CHAIRMAN DESCRIBES ANATOMY OF HUD LEAN LOAN FOR NATIONAL REAL ESTATE INVESTOR (NREI) INTERNET WEBINAR



Cambridge Chairman Jeffrey A. Davis described the anatomy of a HUD Lean transaction during a recent Q&A Internet Webinar presentation produced by [National Real Estate Investor Magazine](#) (NREI).

One of three executives interviewed by NREI editors, Mr. Davis was asked to provide a typical example of a HUD Lean deal closed by Cambridge. The example he chose to describe was a \$4.2 million loan for owners of the 83-bed Beaver Dam

Nursing & Rehab Center in Beaver Dam, KY., the first loan closed by Cambridge using the new process.

Mr. Davis noted that the borrower approached Cambridge directly and wanted to pay off both an existing first mortgage and mezzanine financing. Cambridge was the borrower's lender of choice primarily based upon what the borrower had heard and read about the company's experience and expertise as an FHA-approved HUD lender. But all financial options were considered before a conclusion was reached that the HUD Lean was a viable option and the most advantageous funding solution for the borrower.

"We worked side-by-side with the borrower and HUD, immersing ourselves in the details of the new HUD Lean requirements in order to produce an application that met all Lean requirements and regulations. Our underwriters were available around the clock to make any necessary revisions or changes in the application in order to ensure a timely closing.

"During the process, everyone was working with an entirely new group of individuals, including HUD Lean underwriters and attorneys. The effort produced a loan that more than met the expectations of the Office of Insured Health Care Facilities

(OIHCF), the centralized processing group for all HUD 232 healthcare loans," he said, adding:

"The borrower appreciated being kept in the information loop at all times, and commented on the responsiveness and professionalism of Cambridge's HUD team. The turnaround time from when Cambridge submitted the application until it closed was in the timeframe established by HUD and was significantly swifter than loans closed using the old HUD MAP process."

Responding to a question regarding how loans are submitted to HUD and how the process unfolds, Mr. Davis said the process begins when an electronic loan application is filed with the OIHCF via an internet portal. Two hard copies are submitted at the same time.

The Lean Team considers everything, from valuation to environmental to mortgage credit to architectural and engineering issues. Once the Lean team approves and signs off on the application, it moves to OHICF for a final approval and a firm commitment is issued.

In the past, HUD had 60 days to approve a firm application after it was submitted by the lender. The legal review wouldn't begin until after the application was approved. It's a different story today. The legal review begins when the application is submitted, significantly reducing the time it takes the application to move through the process and close.

For additional information, contact Cambridge at (312) 357-1601 or via e-mail to info@cambridgecap.com.

Working with Cambridge

CONSULTANT PRAISES CAMBRIDGE'S RELIABILITY AND COMMITMENT; SAYS COMPANY HAS THE ABILITY TO MAKE COMPLEX TASKS SEEM EASY

When what you hear from the management team at Cambridge Realty Capital is an optimistic assessment regarding how your FHA-insured HUD loan application is likely to progress, you can count on one thing.



"It's going to happen," says senior housing/healthcare planning and development consultant Christian Henning.

"Cambridge is that rare, reliable company that closes more than 95 percent of the HUD loan applications it moves forward with. The Cambridge staff is an experienced group of professionals that knows how to get things done -- and how to make complex tasks seem easy.

"Clients especially appreciate the fact that Cambridge provides a swift and honest assessment of their situation," he said.

Mr. Henning is the former Executive Vice President of Continental Healthcare in Illinois and founded Christian Companies LLC of Naples, Fla., seven years ago to work with long-term and acute care property owners. His new firm has been active nationally, with completed projects in Arizona, Michigan, Georgia, Texas and Florida.

He points out that his relationship with Cambridge Chairman Jeffrey Davis dates to the time when both were executives with Chicago-based Baird & Warner, the nation's oldest commercial and residential brokerage firm. Mr. Davis left Baird & Warner to found Cambridge in 1983, and Mr. Henning joined Continental Healthcare in the same year. The pair renewed their association later in the decade following Cambridge's decision to specialize in providing government-insured funding for senior housing/healthcare properties.

"We've worked together on several projects, and the frequency is likely to increase now that HUD 232 and HUD 242 loans are playing such a prominent role for healthcare borrowers in today's cash-starved capital markets," Mr. Henning said.

He points out that the Cambridge staff embraces a proactive approach to the business and excels in keeping open lines of communication. Clients have ready access to individual underwriters and are kept abreast of progress every step of the way.

"Cambridge doesn't like to spring surprises or waste anyone's time. If something isn't going to work, clients will hear about it straightaway," he said.

"It's all about integrity and building confidence and trust. Cambridge's professional staff has the ability to grasp core issues and clarify relevant points when necessary.

"Jeff Davis and his partner Andy Erkes are industry leaders who work closely with the government agencies and are exceptionally loyal to their client base," he added.

RULES CHANGE HELPS LEVEL PLAYING FIELD FOR HEALTHCARE LENDERS ARRANGING TEMPORARY BRIDGE LOAN FINANCING FOR HUD CLIENTS



Subtle changes in the rules for HUD's new Lean program have effectively leveled the playing field for approved HUD healthcare lenders working with clients to obtain interim

financing solutions.

"Bridge loan financing has become increasingly popular as a temporary solution for borrowers who expect to qualify for more attractive FHA-insured funding products at some point in the future. Effectively, the result of the change is to give borrowers who wish to obtain a bridge loan with cash out more options when it's time to obtain permanent financing through HUD's Lean program," said Cambridge Realty Capital Companies Chairman Jeffrey A. Davis.

"Addressed in the change are subtleties that were not clear or obvious under the old HUD MAP program," he noted.

An FHA-approved lender, Cambridge has consistently ranked among the nation's leading HUD 232 healthcare lenders in recent years. The highly specialized, privately-owned company works exclusively with senior housing/healthcare clients.

Apparently, the intention of the new rule is to discourage larger, more diversified HUD lenders from using their own balance sheets when making bridge loans with cashout provisions, Mr. Davis noted.

"In the past, some diversified lenders have aggressively marketed bridge financing with the stipulation that subsequent HUD financing must be arranged through them as well. The new rules do not prohibit this practice but create a disincentive for lenders who make loans with such provisions," he said.

Specifically, under the new HUD Lean protocol, when a HUD lender makes a direct bridge loan with cashout the borrower cannot execute a HUD loan for 5 years. On the other hand, under similar circumstances, if the bridge lender is a non-related business, a HUD loan can be executed after 24 months.

"The change helps level the playing field for smaller, entrepreneurial HUD lenders who typically arrange this type of financing through independent capital sources," he said.

Davis reports that more attractive bridge loan packages are beginning to emerge in the marketplace, including programs offering non-recourse financing and a more streamlined approval process. Also, it may be possible to combine a first

mortgage with mezzanine financing to create a single loan package offering loan-to-value ratios as high as 90 percent.

Bridge loans are being used to fund properties across the long-term care spectrum, including congregate care, independent living, assisted living and nursing home facilities. And they are being used to facilitate acquisitions, as part of buyer buyouts and for equity cashouts.

It's a Done Deal

CAMBRIDGE COCKTAIL PARTY IN CHICAGO HOSTS PARTICIPANTS OF \$90.6 MILLION GRANITE PORTFOLIO CLOSING



Cambridge Realty Capital Companies recently hosted a cocktail reception at the Peninsula Hotel in Chicago to honor participants in a \$90.6 million multi-facility closing for the Granite Portfolio, a group of 10 Illinois nursing home properties

located in Chicago, West Chicago, Frankfort, Crestwood, Waukegan, Kankakee, Bourbonnais, Quincy and Joliet, Ill.

Cambridge Chairman Jeffrey A. Davis said the Granite Portfolio's West Coast owners and managers of the various Illinois properties were feted at the event. Initiated by Cambridge/Catalyst Healthcare Finance, the company's West Coast affiliate, the transaction ranks among the largest and most complex transactions ever closed by the company using HUD's Section 232/223(f) funding program.

Loans for individual properties in the portfolio ranged in size between \$3.1 million and \$14.8 million. Adding to the complexity of the transaction was the fact that all of the properties were encumbered by a single credit facility without individual releases.

"This means we were required to facilitate 10 separate HUD commitments over a 60-day period and coordinate 10 closings with a total payoff on the same day. These activities were skillfully coordinated by Cambridge Realty Capital Ltd. of Illinois, the Cambridge subsidiary that underwrites insured government loans," Mr. Davis said.

Where To Meet Cambridge

HAVE A DEAL?...MEET CAMBRIDGE IN 2009!



Meet Cambridge executives in 2009 at these upcoming conferences to discuss all of your senior housing/healthcare financing needs!

We'd also love for you to come to [Cambridge's world headquarters](#) in Chicago, Illinois, to visit!

Schedule an appointment by contacting Karlene Holleman, Director of Communications:

Phone: 312-521-7606

E-Mail: karlene_holleman@cambridgecap.com

September 23-25, 2009 - The 19th Annual NIC Conference, Sheraton Chicago Hotel & Towers, Chicago, IL.

October 4-7, 2009 - AHCA/NCAL's Quality Care Plus 60th Annual Convention and Expo, McCormick Place, Chicago, IL.

Are you in or around the Southern California area? Feel free to contact Hymie Barber, President of Catalyst/Cambridge Healthcare Finance, to discuss your transaction:

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Privately owned since its founding in 1983 as a real estate investment banker specializing in commercial real estate properties, Cambridge today has three distinctive business units: FHA-insured HUD loans, conventional financing, and investments and acquisitions. The company is one of the nation's leading senior housing and healthcare debt and equity capital providers, with more than 300 closed transactions totaling more than \$2.75 billion since the mid-1990s.

Cambridge has consistently ranked among the country's top FHA-insured HUD lenders and offers conventional lending options, including permanent construction and interim loans on either a floating or variable rate basis. The company's growing debt / equity financing strategy includes direct property acquisitions, joint ventures, distressed debt acquisitions and sale/leasebacks.

Cambridge is the creator of The Signature Experience, a four-step process designed to transform the traditional lender / borrower relationship and identify "ideal" capital solutions for worthy projects. The company also has created four separate processes for customer groups that are designed to build and enhance long-term relationship potential and speed the way loans are processed and closed. Programs include The Key To Capital for senior housing owners, The Navigator Experience for senior housing brokers and mortgage bankers, The Principal Lender Network for lenders who refer loans to Cambridge, and The Relationship Building Experience for various industry-related consultants, including lawyers and accountants.

The company has an affiliate office in Los Angeles, and correspondent relationships nationwide. The firm also has established key origination relationships and numerous Internet-based strategies.

Cambridge's award-winning Web site, www.cambridgecap.com, provides current updates for its debt and equity capital programs. The company also publishes the bi-monthly e-Pulse! ® electronic newsletter, which delivers company news and feature stories via e-mail to corporate friends and clients. For additional information, contact Cambridge at (312) 357-1601 or via e-mail to info@cambridgecap.com.

Disclaimer: This Cambridge information piece has been prepared to provide summary information to prospective borrowers, and to establish a preliminary level of interest in the financing structure. It does not, however, purport to present all material information regarding a specific financing, and is not a substitute for a thorough review of a financing application outlining all terms and conditions and corresponding documentation. In particular, neither Cambridge Realty Capital Companies nor Cambridge Realty Capital, LLC nor Cambridge Realty Capital Ltd. of Illinois make any warranty or representation whether or not the information presented will be applicable for the readers' specific situation and the accuracy or completeness of the information provided.

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