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Cambridge Realty Capital Companies

**e-PULSE!**

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*Financiers to the National Senior Housing / Healthcare Market!*

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## The Lead Story

### **CAMBRIDGE'S DEBT AND EQUITY PROGRAMS PROVIDE SOLUTIONS FOR SENIOR HOUSING AND HEALTHCARE BORROWERS**



Over the last year, one of the nation's leading healthcare lenders has been working on several levels to transform itself through diversification from a traditional debt financier into a "merchant bank" that provides debt and equity financing solutions for senior housing and healthcare borrowers.

Jeffrey A. Davis, chairman of Cambridge Realty Capital Companies, reports that the goal has been met.

The wide-ranging abilities and offerings of the Chicago-based firm now allow it to be "the one call any owner, broker or consultant needs to make to satisfy their senior housing/healthcare capital needs."

According to Davis, financing programs offered by Cambridge revolve around government agency debt financings, conventional debt financings, property acquisitions and distressed debt acquisitions. All of these programs have been integrated within The Signature Experience, a company program -- and part of its transformed approach -- that is dedicated to building client relationships by providing knowledgeable assistance and "empowerment" through every important phase of the lending process.

Davis provides the following breakdown for company activities:

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**Government Agency Programs:**

For the past twelve years, the company has been the nation's leading HUD 232 lender and has financed more than 200 HUD 232 senior housing/healthcare properties nationwide. This program, now HUD Lean, allows the company to continually offer fixed rate mortgages in any market environment and is highly viable in today's extremely tight credit markets.

**Conventional Debt Financing:**

Cambridge provides and facilitates both fixed-rate and floating-rate first mortgage conventional debt financing. As a result of current market conditions, the company at this time is more active in providing floating-rate financings over either LIBOR or prime. Typical floating-rate loans are utilized for acquisitions or for exercising purchase options in conjunction with HUD 232 Lean financing. Loan-to-value ratios range from 60 percent to 100 percent of cost, depending on the specific structure and the economics of the transaction.

**Property Acquisitions:**

Cambridge has been active in both value-added acquisitions and sale/leaseback transactions. This financing form works for operators who have opportunities with significant value-added situations, or those looking for financing to pay real estate costs or obtain working capital.

**Discounted Debt Acquisition:**

Cambridge is also active in exploring discounted debt acquisitions on senior housing/healthcare properties. Typically, the company works directly with financial institutions in obtaining discounted debt acquisitions, but is also amenable to working with existing owners or those owners who have an opportunity to acquire mortgages at a discount.

- > [Cambridge's On-Line Application](#)
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**Quote of the Week**

"Whenever you see a successful business, someone once made a courageous decision."

-Peter F. Drucker

**Financing Summaries in Focus**

**SENIOR HOUSING AND HEALTHCARE ACQUISITION AND EQUITY GUIDELINES**

Cambridge  
Senior Housing  
Investors  
Senior





## Housing/Healthcare Acquisition and Equity Guidelines

**PURCHASE AMOUNT:**  
\$2.5 million to \$250 million

**Property Types:**

- Congregate Apartments
- Multi-Level Facilities
- Assisted Living Facilities
- Nursing Homes - Skilled and Intermediate Care

**GEOGRAPHIC PREFERENCE:**  
Nationwide

**HIGHLIGHTS:**

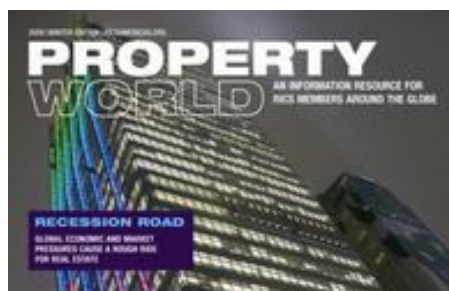
- Joint Venture with Owner / Operator
- 100% Interest or Partial Interest
- Operating Leases Available
- For-Profit or Not-For-Profit Structure
- Mortgage Notes

**FOR FURTHER  
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## Meet Cambridge

### **PROPERTY WORLD ARTICLE DESCRIBES FIRST ATTEMPT TO ESTABLISH RISK PREMIUMS FOR SENIOR HOUSING INVESTMENTS**



Cambridge Realty Capital Companies Chairman Jeffrey A. Davis is one of three researchers identified in an *RICS Property World* article that describes the industry's first attempt to establish appropriate risk premiums for alternative investments in the senior housing and



healthcare sector.

The article quotes a research paper originally presented during the Real Estate Research Institute's Annual 2008 Research Conference in Cambridge, Mass. Collaborating in the research with Davis was

Elaine Worzala, Professor and Director of the Center for Real Estate Development at Clemson University, and Judith F. Karofsky, President of Real Estate Insites, LLC, of Madison, Wisc.

For the senior housing sector, most of the unique risks focus on predictability of cash flow. An in-depth analysis of these variances produced suggestions on ways investors could mitigate these risks in senior housing investments, the publication reports. For a copy of the entire article [click here to request a copy.](#)

*RICS Property World* is published by the Royal Institute of Chartered Surveyors. Members of the organization offer advice on a diverse range of land, property, construction and related environmental issues.

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## Insider Advice

### **SENIOR HOUSING / HEALTHCARE BORROWERS URGED TO RESEARCH FUNDING ALTERNATIVES**

When it comes to choosing a senior housing / healthcare lender, borrowers are well advised to take the time needed to research the alternatives.



"A lot may depend on where the borrower is doing the choosing. Ideally, the lender of choice will have the requisite experience, depth and resources needed to get the job done, but the industry is fragmented and borrowers in many locations do not have direct access to senior housing / healthcare lending specialist in their local community," says funding expert Jeffrey A. Davis, Chairman of Chicago-based Cambridge Realty Capital Companies.

The initial options are to work directly with a national lender or with an intermediary or funding generalist in the local market, he points out.

When working with an intermediary or funding generalist, Davis says borrowers must satisfy themselves that the firm they've chosen to work with will be able to successfully point them in the right direction. Borrowers need to spend time discussing the game plan to learn how their representative plans to proceed and which areas he or she is considering.

Once they're working directly with a regional or national lender, borrowers need to satisfy themselves that the individual loan originator they're working with is someone who will be able to influence lending decisions. Ideally, this individual will be someone whose sole job is originating the loan and presenting it to the loan committee in the most favorable light.

It's a good idea to ask loan originators to discuss the approval process, Davis points out. How often does the loan committee meet? What channels or steps will you need to go through to obtain approval? How does the underwriting process work?

Lenders should also be asked to discuss the third party report process, he believes.

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### Working with Cambridge

## **APPRAISAL FIRM'S MANAGING PARTNER SAYS SHE ADMIRES THE WAY CAMBRIDGE HAS PROSPERED IN FAIR WEATHER AND FOUL**



From sunny Sarasota, Fla., appraiser Colleen Blumenthal has watched Cambridge Realty Capital Companies grow and prosper through its three stages of corporate metamorphosis.

"It seems like I've known this company and its chairman forever. What's truly impressive about the firm is the fact that its leadership is highly focused, with a commitment to excellence you don't often see with other lenders," she noted.

Ms. Blumenthal is Managing Partner for HealthTrust, LLC.,

a national appraisal company that has completed more than 8,000 senior housing/healthcare assignments over the past 14 years from offices in Sarasota, Boston, San Diego and Birmingham, Ala. The company handles about 750 assignments annually, including large portfolio valuation projects. Also provided are counseling on market supply and demand issues, legal support services for litigation teams, and advice, insights and expert testimony on tax matters.

Although she has been working with some of her current partners and associates for a longer period of time, HealthTrust was founded in 1994 at about the same time Cambridge Chairman Jeffrey Davis and partner Andy Erkes made a decision to focus the company's corporate energies on developing

funding options for the senior housing/healthcare sector.

Ms. Blumenthal says she has watched Cambridge morph from being a successful regional commercial real estate lender to one of the nation's leading FHA-approved HUD lenders. Her firm also provided valuation advice and data when Cambridge expanded its business model earlier in this century to include the acquisition and management of senior housing properties through Cambridge Investment & Finance Co., a subsidiary.

Ms. Blumenthal makes the point that Cambridge is very diverse for a firm of its size and very active regardless of market conditions. Particularly impressive has been the company's ability to prosper in fair weather and foul.

"Unlike some lenders, Cambridge's commitment to the senior housing/healthcare industry has never been a fickle flirtation. The company is in the market regardless of conditions, and has proven to be especially adept when it comes to responding to change," she said.

With regard to FHA-insured HUD loans, Ms. Blumenthal describes Cambridge as "a widely acknowledged leader with a level of competence you don't find with other firms. The company's expertise and commitment routinely produces better execution and results.

"Strategically, as a matter of policy, the company is not about trying to force square pegs into round holes. If a lending product doesn't work in a particular situation, Cambridge is not about wasting anyone's time trying to go there," she added.

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## Where To Meet Cambridge

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



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](mailto:karlene_holleman@cambridgecap.com)

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:

6310 San Vicente Blvd. - Suite 360  
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# CAMBRIDGE

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Privately owned since its founding in 1983 as a real estate investment banker specializing in commercial real estate property financing, Cambridge Realty Capital Companies, together with its affiliates, has emerged as one of the nation's leading senior housing and healthcare debt and equity capital providers, closing 300 separate transactions totaling \$2.75 billion in the last 15 years.

The company is one of the nation's leading HUD 232 FHA / MAP-approved lenders for nursing homes and assisted living facilities, and has an integrated debt / equity financing strategy that includes conventional first mortgage lending; bridge lending; mezzanine debt financing; direct property acquisitions / joint ventures; sale / leaseback financing, and acquisition of distressed debt.

Cambridge is also the creator of The Signature Experience(TM), a four-step process designed to transform the traditional lender / borrower relationship and identify ideal capital solutions for worthy projects.

Chicago-based Cambridge works nationwide and has a regional office in New York, affiliate office in Los Angeles, and correspondent relationships in other US cities.

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