



# CAMBRIDGE

Realty Capital Companies

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## DESPITE GRIM ECONOMIC NEWS, SENIOR HOUSING/HEALTHCARE BORROWERS URGED TO CONSIDER REFINANCING AT THIS TIME

With short-term interest rates now scraping bottom, it's fair to say the Federal Reserve Bank has done everything it can think of to lower interest rates and stimulate a moribund economy. What's next for senior housing/healthcare borrowers?

"The goal of the U.S. Treasury and the Federal Reserve is to drive interest rates as low as possible in order to stimulate business and growth. Unfortunately, in the current economic environment, commercial banks have pulled back dramatically and other non-government funding sources have dried up as well," funding expert Jeffrey A. Davis observes.

"As a result, interest rates have not dropped as low as some borrowers have hoped they would," he observes.

Davis is Chairman of Cambridge Realty Capital Companies, one of the nation's leading senior housing/healthcare lenders, with more than 300 closed transactions totaling more than \$2.75 billion since the mid-1990s. He points out that with the economy still moving in a strong southerly direction, it's become increasingly more difficult to predict interest rate trends. Even harder to predict is when investor sentiment might improve.

"What we can predict is that when the economy and investor sentiment does turn around, interest rates should move lower given the current level of stimulation," he said.

Currently, the Fed Funds rate is at zero percent, the prime lending rate dropped from 4.0 percent in December to 3.25 percent in mid-January, and 10-year U.S. Treasuries slipped to 2.24 percent from 2.66 percent a month earlier. The one-month London Inter-Bank Offered Rate (LIBOR) index was down even more dramatically, from 1.64 percent in December to 0.42 percent in January. A year ago at this time, this index was at 4.41 percent.

The Cambridge Chairman notes that interest rates for conventional senior housing/healthcare loans most typically are keyed to the prime rate and the LIBOR index. HUD loans more closely track what's happening with 10-year Treasury notes.

Davis points out that while many are happy to see 2008 in the rear-view mirror, the outlook for 2009 is not a lot cheerier. Economists generally agree that the recession is "part of the business cycle" as opposed to something worse, but improvement will not be apparent until the middle of the year, if then.

"We're advising clients that interest rates at current levels remain very attractive and that capital is available in the system. Borrowers are being urged to discuss any qualified project that meets criteria for refinancing at this time," he said.

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 a wide array of conventional lending options, including permanent construction and interim loans on either a floating or variable rate basis. The company's debt / equity financing strategy includes direct property acquisitions and joint ventures, sale/leasebacks, conventional and mezzanine debt financing, and the acquisition of distressed debt.

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 a regional office in New York, an affiliate office in Los Angeles, and correspondent relationships nationwide. The firm also has established key origination relationships and a dozen or more Internet-based strategies.

Cambridge's award-winning Web site, [www.cambridgecap.com](http://www.cambridgecap.com), provides monthly rate 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](mailto:info@cambridgecap.com).

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