



# CAMBRIDGE

Realty Capital Companies

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FOR IMMEDIATE RELEASE

8/27/2009

CRC - 1575

## ACTIONS OF "BIG GOVERNMENT" APPEAR TO BE HAVING A STABILIZING EFFECT ON ECONOMY IN CURRENT DOWNTURN, LENDING EXPERT SAYS

It's not an idea that everyone is happy to rally around, but if Nobel Prize winning economist Paul Krugman has the right call, "Big Government" has effectively blown away some of the gloomiest storm clouds threatening the national economy.

Krugman makes the point that we're not going to have a second Great Depression because of the very different role played by the government in the current crisis. What's different this time around, he says, is not what government has done but what it hasn't done.

Unlike the private sector, the federal government hasn't slashed spending as its income has fallen. Tax receipts are way down, but Social Security checks are being delivered, Medicare is still covering hospital bills, and government workers continue to receive their pay checks on time.

Cambridge Realty Capital Companies Senior Vice President Brent Holman-Gomez makes the point that, in the current downturn, senior housing/healthcare businesses have been on the receiving end of government largesse in a big way.

"The government's huge stimulus package earmarked money to help cash-strapped states make Medicaid payments to nursing home operators, for whom these payments constitute about 70 percent of income. Medicare's contribution is less dramatic, but uninterrupted income from this source has had a stabilizing impact on other segments of the senior housing/healthcare community as well," he noted.

Holman-Gomez believes it's not just about "Big Government". Better government programs are also making a difference in the current economic climate. While capital from conventional sources has been in short supply, HUD's new Lean program is flush and making great strides to both simplify and speed the funding process for FHA-insured loans.

According to Holman-Gomez, the historically low cost of borrowing might be viewed as still another "silver lining" behind the economic storm clouds that have gathered at this time.

"The government stepped in to prevent a catastrophic failure of the banking system. And monetary policies of the Federal Reserve Board have interest rates hovering near historic lows for healthcare industry borrowers," he points out.

In July, the Prime rate was unchanged at 3.25 percent and 10-Year Treasury notes were up marginally, from 3.53 percent in June to 3.67 percent a month later. The One-month LIBOR rate was down slightly, from 0.30 in June to 0.29 a month later. However, at this time last year, this rate was at 2.46 percent.

"Despite the credit crunch, for some borrowers this will prove to be a very good time to be in the market for a senior housing/healthcare loan," he added.

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*<sup>™</sup>, 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*<sup>™</sup> for senior housing owners, *The Navigator Experience*<sup>™</sup> for senior housing brokers and mortgage bankers, *The Principal Lender Network*<sup>™</sup> for lenders who refer loans to Cambridge, and *The Relationship Building Experience*<sup>™</sup> 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](http://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](mailto:info@cambridgecap.com).

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