



# CAMBRIDGE

Realty Capital Companies

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125 SOUTH WACKER DRIVE | SUITE 1800 | CHICAGO, IL 60606 | M 312-357-1601 | F 312-357-1611  
WWW.CAMBRIDGECAP.COM

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## EXPERT BELIEVES SENIOR HOUSING/HEALTHCARE OWNERS NEED TO BETTER UNDERSTAND HOW INDUSTRY IS PERCEIVED IN THE CAPITAL MARKETS

Now more than ever it's important for senior housing/healthcare owner/operators to understand how senior housing is perceived in the capital markets, funding expert Jeffrey A. Davis believes.

Davis is Chairman of Cambridge Realty Capital Companies, one of the nation's leading senior housing/healthcare lenders with more than \$2.75 billion in closed transactions since the mid-1990s. The firm consistently ranks among the nation's leading HUD 232 healthcare lenders.

"In boom times, all senior housing owners want the capital markets to perceive senior housing as commercial real estate. However, now that the economy has soured, senior housing owners are reminding the capital markets that theirs is a need-based, recession-resistant business that has not been impacted by economic exigencies in the same way," he noted.

For example, Davis points out that the heavily regulated senior housing industry has not been involved in the sort of excesses that have exacerbated problems for the commercial real estate industry at this time.

"During the boom years, banks grew by leaps and bounds by making commercial and industrial real estate loans and financing up to 95 percent to 105 percent of value for commercial properties in multiple capital layers. In contrast, senior housing property owners have approached the capital markets with hesitancy, and properties have not been overcapitalized.

Although the underlying mechanics of loans for commercial real estate and senior housing properties are similar, Davis says there is a significant difference in the sort of assumptions lenders make when evaluating the borrower's ability to repay debt, he observes.

"For commercial real estate, loans are totally a function of the tenants' ability to pay, which can be negatively impacted by various economic factors. On the other hand, when underwriting loans for senior housing/healthcare borrowers, lenders can factor into their thinking the stable income flow generated by government Medicaid and Medicare payments," he said.

Now that the wind is out of the economy's sails, commercial banks have abandoned commercial real estate. And capital for senior housing/healthcare projects figures to be constrained for the remainder of this year and most, if not all, of 2010. "Mostly, commercial banks will be responsive to senior housing relationships already in place, either directly with borrowers or through trusted, experienced intermediaries representing industry clients. Primarily, activity will revolve around bridge and term lending.

"For senior housing/healthcare borrowers, the driving force in the market will continue to be FHA-insured HUD Loan loans for nursing homes and assisted living facilities, and Fannie Mae and Freddie Mac agency programs for independent living and assisted living properties," 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 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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Contact:  
Evan Washington  
Phone: (312) 521-7603  
Fax: (312) 357-1611  
E-Mail: [ew@cambridgecap.com](mailto:ew@cambridgecap.com)  
Twitter: <http://twitter.com/CambridgeCap>