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HUD'S 223 (a)(7) FUNDING PROGRAM TO REFINANCE EXISTING HUD HEALTHCARE LOANS GAINING TRACTION WITH BORROWERS AS INTEREST RATES PLUMMET, LENDER REPORTS

Applying for and securing HUD Section 232 senior housing/healthcare funding has been likened to balancing the interests of borrowers, lenders and the government agency on a three-legged stool. And then along came HUD Lean to centralize and streamline the application and underwriting processes and make the rules for borrowers more uniform and user-friendly.

Cambridge Realty Capital Companies Chairman Jeffrey A. Davis says HUD loans still require borrowers and lenders to present impeccably prepared documents and meet demanding underwriting criteria. However, for borrowers who have been there before and currently have an existing HUD 232 mortgage loan, mutually aligning interests with the lender and federal agency has never been easier -- or on a steadier platform.

And rarely has refinancing a HUD loan offered as much potential for improving profits, he observes.

Chicago-based Cambridge is one of the nation's leading senior housing/healthcare lenders and consistently ranks among the top HUD healthcare lenders in the country. Since the mid-1990s, the company has closed more than 300 senior housing/healthcare loans totaling more than \$3 billion.

Davis says HUD's 223 (a)(7) program is used by borrowers whose existing HUD loans are currently beyond the lockout period. The lockout period refers to the timespan between a loan's closing date and the date it is eligible to be refinanced, which can vary depending upon specific sets of circumstances.

The timing for this type of financing is especially auspicious because interest rates are at historically low levels, and lower rates equate to higher operating profits. Because the funding program enables borrowers to refinance the full original loan amount, additional funds for capital improvements are available, he points out.

Davis notes that FHA-approved HUD lenders like to see capital improvements in the assets they're holding. And they like the fact that debt service is the only major underwriting consideration involved in HUD 223 (a)(7) transactions.

HUD also appreciates the relative simplicity involved in underwriting these "low risk" loans. This became apparent when agency created a special queue it calls the "Green Lane" to move these loans through the process more swiftly.

Popularity of the funding product is growing. Since the first of this year, 40 percent of the healthcare loans processed by Cambridge have refinance existing HUD loans, and a lot more of these transactions are in the Cambridge pipeline, he said.

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 has a national origination office in Los Angeles, and numerous correspondent and brokerage relationships nationwide.

Cambridge publishes the bi-monthly e-PULSE!(R) electronic newsletter, which delivers company news and feature stories via e-mail to corporate friends and clients. Additional information is available on the Cambridge website, www.cambridgecap.com, and Cambridge can be reached at (312) 357-1601 or via e-mail to info@cambridgecap.com.

The firm also has embraced social media and networking via Twitter at <http://twitter.com/cambridgecap> , via Facebook at <http://www.facebook.com/cambridgecap>, via LinkedIn at <http://www.linkedin.com/companies/454232>, and via the firm's corporate blog, PulsePoints (www.cambridgecap.com/blog) where information on the firm and its employees can be found.

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