



CAMBRIDGE

Realty Capital Companies

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LOW INTEREST RATES MAKES THIS A GOOD TIME TO REFINANCE AN EXISTING HUD LOAN, CAMBRIDGE REALTY CAPITAL CHAIRMAN SAYS

Thanks to the Federal Reserve Board's new Operation Twist program, interest rates have dropped so low in the current cycle that senior housing/healthcare borrowers whose HUD 232 healthcare loans are still within the agency's lockout period may find it advantageous to refinance at this time, Cambridge Realty Capital Companies Chairman Jeffrey A. Davis advises.

Cambridge is one of the nation's leading senior housing/healthcare lending specialists, with more than \$3 billion in closed transactions. Davis estimates that more than 40 percent of the transactions refinanced by Cambridge in 2011 have utilized the popular HUD 223 (a)(7) program, which refinances existing HUD loans.

More of these popular loans are currently in the Cambridge pipeline, he said.

Today's historically low interest rates are in large measure due to the Fed's decision to cut borrowing costs by purchasing \$400 billion of long-term debt while selling an equal amount of short-term securities. The last time this rate-reduction strategy was tried in 1961, rock star Chubby Checker had people everywhere doing the hip-wiggling "twist."

"Lower rates equate to higher operating profits. Even if the borrower faces a prepayment penalty because a current loan is still within the lockout period for their HUD loan, the numbers may still be favorable for refinancing," he said.

Davis says HUD appreciates the relative simplicity involved in underwriting the HUD 223(a)(7) loans. There's a shorter checklist of data to submit and HUD has focused their efforts on processing these loans quickly.

Davis said the HUD 223 (a)(7) program offers fully assumable, nonrecourse loans. There is no loan to value requirement or limitation, and proceeds may be used to pay expenses associated with refinancing a property, including financing fees, prepayment penalties, discounts, reserve deposits, and HUD-approved repairs.

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 blog at www.cambridgecap.com/blog and via LinkedIn at <http://www.linkedin.com/companies/454232>, where information on the firm and its employees can be found.

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