



CAMBRIDGE

Realty Capital Companies

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FOR IMMEDIATE RELEASE

3/28/13

CRC - 1876

FOR CLUES ON INTEREST RATE TRENDS, SENIOR CARE BORROWERS SHOULD KEEP A CLOSE EYE ON DEVELOPMENTS IN THE BOND MARKET

That bond investors are prone to worry is apparent to anyone who carefully observes this jittery group.

"What may be less clear to owners and operators of senior housing/healthcare properties is that how the way this group responds to opportunities in the financial marketplace can directly impact their bottom lines," finance expert Jeffrey A. Davis says.

Davis is Chairman of Cambridge Realty Capital Companies, one of the nation's leading senior housing/healthcare lenders and one of the country's top-ranked FHA-insured HUD Lean lenders. He says the senior housing/healthcare industry is directly impacted by the way bond investors respond to economic change.

Commercial mortgage interest rates are keyed to yields on fixed-income securities. For example, in recent years, interest rates for popular HUD funding programs have closely aligned with yields for 10-year Treasury notes, he points out.

"In the current economic climate, investors in U.S. bonds around the globe have added fresh worry wrinkles on a regular basis as the U.S. struggles with political gridlock and the ongoing legislative battle over the budget. Over the long haul, investor concerns could drive bond prices down, which would push bond yields and interest rates higher," he said.

At the moment, interest rates in the U.S. are stuck near all-time lows as the Federal Reserve continues to keep short-term rates near zero. Also, the Fed has purchased billions of dollars of U.S. government and mortgage bonds each month in a bid to stimulate the economy and reduce unemployment.

"What worries some investors is that the U.S. may be closer to the end of its long run of monetary stimulus policy than other large economies which continue to struggle with flat growth. When the central bank no longer is aggressively involved in purchasing government bonds, the cost of borrowing will be on the rise again," he said.

It's impossible to know how the timing on this will work out. But senior housing/healthcare borrowers are getting the message that there may never be a better time to refinance a mortgage at the low rates available today," he added.

Davis says senior housing healthcare borrowers with an existing HUD mortgage have been lining up in record numbers to take advantage of a rare window of opportunity to refinance using the popular HUD 232(a)7 program or other funding options.

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 nursing home, [assisted living](#) and healthcare debt and equity capital providers, with more than 400 closed transactions totaling more than \$4.5 billion since the early 1990's, when the firm began its specialization in providing senior housing capital.

Cambridge has consistently ranked among the country's top five FHA-insured HUD lenders (now HUD LEAN) over the last 15 years and offers an array of conventional lending options, including permanent construction and interim loans on either a floating or variable rate basis. The company's principal investment 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 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, as well as monthly updates of other relevant news and breaking trends. 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, via YouTube at <http://www.youtube.com/user/ePulseLive>, 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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