



CAMBRIDGE

Senior Housing & Healthcare Capital

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PRESS RELEASE

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ADVANTAGES OF HUD FUNDING CONTINUE TO IMPRESS

Most senior housing/healthcare industry borrowers are well aware of the features, advantages and benefits of popular HUD 232 Lean funding programs. That's a given.

"Borrowers realize that the terms and conditions for FHA-insured loans are attractive. HUD offers fully amortized, 35-year term loans with up to 80 percent loan-to-value for a refinanced HUD mortgage, and the loan-to-value rises to 85 percent when funding a not-for-profit business," says Cambridge Realty Capital Companies Senior Vice President Brent Holman-Gomez.

HUD loans are fully assumable and non-recourse, which means the borrower has no personal liability for the debt, he points out.

"A sometimes overlooked but important feature of HUD financing is something the HUD agency doesn't do. HUD lenders do not expect borrowers to refinance and make a balloon payment after five years, as conventional lenders typically do.

"HUD borrowers are never required to refinance their FHA-insured HUD loan, though many are inclined to do so when it makes economic sense for them to do so," he said.

Mr. Holman-Gomez says the ability to choose when not to refinance provides important leverage for the borrower. Ideally, the HUD borrower is able to refinance when the business is performing well and the capital markets can offer more options.

"It can be very stressful if the borrower is forced to refinance under less than favorable circumstances," he said.

Mr. Holman-Gomez believes the economics for senior housing/healthcare borrowers refinancing today remain favorable, though interest rates are almost certain to rise from current levels as the economy gains more steam. Still, given the competitive nature of the marketplace, attractive rates near historic lows should continue to greet borrowers in the New Year.

"HUD has always been the lowest price option and this isn't likely to change," 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 400 closed senior housing 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, joint ventures and sale/leasebacks. The company has acquired 16 facilities totaling approximately \$60 million.

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 Capital Wisdom(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 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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