



CAMBRIDGE

Senior Housing & Healthcare Capital

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PRESS RELEASE

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UNDERWRITING STANDARDS FOR POPULAR HUD LOANS NOT LIKELY TO CHANGE

What are the chances HUD 232 loans for senior housing/healthcare borrowers will evolve into a commoditized funding product anytime soon?

"Not very good," says funding expert Jeffrey A. Davis.

"HUD has made remarkable progress in streamlining the process and making HUD loans more accessible to borrowers. But the program doesn't lend itself to a cookie-cutter approach," he says.

Mr. Davis is Chairman of Cambridge Realty Capital Companies, one of the nation's leading senior housing/healthcare lenders. Since the 1990s the company has closed more than 450 senior care loans and has consistently ranked among the nation's leading FHA-approved HUD lenders.

"FHA-preapproved lenders are expected to pre-qualify high quality borrowers who will not default on their loans. Product knowledge and awareness of comprehensive agency guidelines are a prerequisite for those who process these loans," he said.

If anything, underwriting standards have become even more demanding in the current cycle, Mr. Davis suggests.

Mr. Davis points out that HUD is not a lender but a guarantor. The FHA-approved lender obtains a commitment of mortgage insurance from HUD, which effectively guarantees that the U.S. government will make payments on the loan if the borrower defaults.

"Effectively, the approved HUD lender does the heavy lifting. The HUD lender collects payments, manages reserves and escrow funds, and provides assistance and guidance to help borrowers obtain the best outcome possible in their specific situations. This can include assistance with HUD inspection reports, audits, claims on reserves, payoff letters and the like," he said, adding:

"Obtaining HUD financing remains a complex three-part process. Knowledge, experience and financial acumen are required every step of the way."

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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