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SENIOR HOUSING/HEALTHCARE BORROWERS HAVE STAKE IN CURRENT CONVERSATION REGARDING CENTRAL BANK'S MONETARY POLICIES

Senior housing/healthcare borrowers have a stake in a recent dust-up involving the International Monetary Fund (IMF) and the fund's rare decision to publicly lecture Federal Reserve Board officers on monetary policy.

In a recently delivered global financial stability report, and again during an appearance in Amsterdam IMF Managing Director Christine Lagarde urged the Fed and other central banks to closely monitor their extraordinary efforts to jump-start economic growth. She warned that so-called quantitative easing policies could inflate asset bubbles and destabilize financial markets.

"In other words, the IMF is questioning the desirability of policies responsible for the low interest rates senior housing/healthcare borrowers currently enjoy. This sort of posturing from the IMF is rather extraordinary because it presumes the Fed may lack resolve or needs external advice on such matters," finance expert Jeffrey A. Davis observes.

Davis is Chairman of Cambridge Realty Capital Companies, one of the nation's leading senior housing/healthcare lenders. He says a PulsePoints blog posted on the company's website, www.cambridgecap.com, describes the IMF position.

"The IMF believes that low interest rate policies, which are intended to spur borrowing, spending and investing, are providing "essential support" for economic growth and should continue. Nevertheless, the fund warns that these policies could have adverse side effects, including excessive corporate debt, a stock market bubble, and risky investments by pension funds seeking higher yields," he noted.

In response, Davis says Fed vice chair Janet Yellen has downplayed these risks.

"Ms. Yellen recently told participants at an IMF conference that she doesn't see pervasive evidence of rapid credit growth, a marked buildup in leverage, or significant asset bubbles that would threaten financial stability," he said.

The Fed is purchasing $85 billion a month in Treasury and mortgage bonds in order to lower long-term rates and encourage more borrowing. The central bank has said it plans to keep short-term interest rates at record lows, at least until unemployment falls to 6.5 percent.

In February, the seasonally adjusted unemployment rate was 7.7 percent.

"It's unlikely the Fed will buckle but pressure to influence current Fed policy continues apace," Davis 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 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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