



CAMBRIDGE

Realty Capital Companies

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PRESS RELEASE

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NEW FED CHAIRMAN REMAINS COMMITTED TO LOW FEDERAL FUNDS RATE AND LOW RATES ON COMMERCIAL LOANS, CAMBRIDGE CHAIRMAN SAYS

Based on statements made during her first few weeks on the job, it's obvious what short-term monetary policy moves we're likely to see from new Federal Reserve Board Chair Janet Yellen: more of the same.

"But what about the long haul?" asks Cambridge Realty Capital Companies Chairman Jeffrey A. Davis.

Cambridge is one of the nation's leading senior housing/healthcare lenders, with more than \$4.6 billion in closed transactions. The FHA-approved lender has been one of the nation's top HUD Section 232 lenders over the past two decades.

The senior housing/healthcare segment has a huge stake in how Federal Reserve Board policy unwinds, he points out.

Davis says the central bank's new chief executive must preside over the eventual liquidation of most of the U.S. Treasury Department debt paper and mortgage-backed derivatives purchased over the last five years as part of the Fed's ongoing efforts to lower interest rates and stimulate economic growth. The total amount of these purchases swelled from \$1 trillion to more than \$4 trillion over a five-year period.

"The Fed's new Chair apparently remains committed to the principle of an all-time low federal funds rate and low commercial interest rates. But she also recognizes her responsibility to bring the Fed's balance sheet back down to a more rational and manageable level.

"This isn't going to be easy," he noted.

Davis says the Fed has started to scale back on the purchase of these securities. Under its quantitative easing (Q-E) program, the dollar amount for monthly purchases has dropped from \$85 billion in the closing months of last year to the \$55 billion monthly amount we see today. The purchases should continue to taper off.

"Most likely we'll see an end to quantitative easing in early 2015, but the Fed isn't expected to start selling its inventory of bonds and mortgage-backed securities until the following year. The consensus view is that the U.S. economy should be more ebullient by then and unemployment down to the government's 6 percent index," he said.

Davis believes the Fed will start the reverse flow of its treasury paper and mortgage-backed derivatives in 2016, but the Presidential election could mess with this timing,

"What this says to senior housing/healthcare industry borrowers that the Fed should be moving cautiously and telegraphing its moves to avoid overreaction and mistakes. With any luck, the favorable borrowing climate should remain in place for a while," he added.

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(TM)*, 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](tel:3123571601) 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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