



# CAMBRIDGE

*Senior Housing & Healthcare Capital*

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## PRESS RELEASE

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### AS RATES RISE, HUD FUNDING PROGRAMS SHOULD BECOME EVEN MORE POPULAR WITH SENIOR HOUSING/HEALTHCARE BORROWERS

Following several years with interest rates scraping rock bottom, it now appears the pendulum has swung dramatically in the opposite direction.

Cambridge Realty Capital Companies Chairman Jeffrey A. Davis says the capital markets have experienced the most dramatic rise in interest rates in the last 25 years, with U.S. 10-year Treasuries climbing more than a full percentage point since the November election.

"As this trend plays out, HUD 232 funding programs could become more attractive to senior housing/healthcare borrowers than they've been at any time in the current century," he says.

Cambridge is one of the nation's leading senior housing/healthcare lenders, with more than \$5 billion in closed transactions. The company acquires senior care properties through its Cambridge Investment and Finance Co. subsidiary.

"As interest rates climb, senior housing/healthcare borrowers should continue to be motivated to lock in the long-term interest rates popular HUD programs provide. Many will find the extra effort they are asked to make to secure long-term HUD financing will be well worth the time and energy expended," he said.

Mr. Davis points out that the capital needs of the industry are unlikely to diminish.

"For one thing, healthcare properties continue to age. Currently, about 80 percent of physical plants were built in the 1970s or earlier, and some are now functionally obsolete. Owners have made capital improvements to keep up their plants, but neither Medicaid nor Medicare has subsidized these improvements.

"Typically, capital improvement spending has been based on need as opposed to improving the comfort and cosmetic appeal of the facility. But this may change in a more competitive environment," he predicts.

Mr. Davis says assisted living facilities continue to be built in most states. Most assisted living is not subject to certificate of need requirements and provides major competition for skilled nursing.

The features, advantages and benefits of HUD funding programs have never had more appeal, Mr. Davis believes.

"HUD offers 30 to 35-year terms and amortizations in a 100-percent non-recourse loan. The loans have a long-term, non-adjustable fixed rate and there is no balloon or call feature.

"Though rates have increased, we expect HUD 232 loans to remain popular with skilled nursing home operators over the next 36 months," 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 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*<sup>™</sup>, 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](http://www.cambridgecap.com), and Cambridge can be reached at (312) 357-1601 or via e-mail to [info@cambridgecap.com](mailto: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](http://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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