



CAMBRIDGE

Realty Capital Companies

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PRESS RELEASE

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CAMBRIDGE CHAIRMAN JEFFREY DAVIS SPECULATES ON PROSPECTS FOR LOWER HUD INTEREST RATES IN THE WEEKS AHEAD

What are the chances interest rates on popular HUD 232 senior care loans will be trending lower in the weeks ahead?

In a video interview on the Cambridge Realty Capital Companies [website](#), Chairman Jeffrey A. Davis notes that real interest rates have been trending lower over the past 60 days, but the rate spread between short-term adjustable and the long-term fixed rates available to borrowers for HUD loans has been widening.

In the interview, Davis blames fear that interest rates will be headed higher in the future for this development but holds out hope that HUD rates could start trending lower in the weeks ahead once fear subsides.

"Regardless of what Fed policies might be, at the moment fear appears to be driving longer-term fixed-rate loans," he said.

Cambridge is one of the nation's leading senior housing/healthcare lenders, with more than \$4.6 billion in closed transactions over the past 20 years. The company provides both conventional and HUD 232 loans to industry clients.

Davis points out that HUD and the quasi-government agencies Fannie Mae and Freddie Mac provide senior housing/healthcare industry borrowers with fixed-rate loans, and credit companies like GE Capital do as well. Banks, which provide about 85 percent of all loans to the industry, want loans to match up with deposits so they offer only adjustable-rate loans.

According to Davis, about 85 to 90 percent of HUD loans fund skilled nursing home facilities, while Fannie Mae and Freddie Mac are major funders for independent, assisted living and memory care properties. HUD is more comfortable with skilled nursing facilities, which have Medicare and Medicaid as primary payers.

Davis says several factors related either to the property or the borrower's own personal situation come into play when opting for either a fixed- or adjustable-rate loan.

For example, is the loan being put on a value-added acquisition or a stable acquisition? Is expansion involved or not involved? Is personal recourse an important consideration or not? Are there short-term plans to sell the property? Is financing more generational or not?

These and other considerations typically come into play, 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 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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