

Clopton Capital Non-bank Commercial Mortgage Origination Outpacing Volume of Bank Loans

A Progressive Commercial Mortgage Broker Is Seeing Non-Bank Lending A Larger Part of Its Business Over Traditional Bank Loans

October 22, 2018 (FPRC) -- Clopton Capital has announced that as of today, non-bank loan origination has become the largest part the origination volume at the company and it expects it to increase further.

Clopton Capital is a nationwide commercial mortgage broker that offers a wide range of loan products for commercial real estate. The loans they arrange are from several different types of lenders, including banks, credit unions, life insurance companies, & other non-bank lenders.

There are a lot of reasons local banks would struggle to compete for commercial mortgage business in today's environment, where many non-bank lenders have entered the space.

1) Banks are highly regulated entities that often have trouble competing against non-bank lenders that self-regulate.

According to the president of the company Jake Clopton, banks often have their hands tied with so much regulation that they cannot operate an efficient lending platform. 'Even bank employees have expressed their own frustrations to us, saying that they never know when someone is going to step in and change the rules on them.'

2) Non-bank lenders have developed much better and streamlined processes to originate and close loans.

When you are dealing with non-bank commercial mortgage lenders, you know what you are getting upfront when you are presented with a term sheet. However, this is not usually the case when dealing with most banks. Often you will get terms for discussion presented to you upfront, at which point you would move on to possibly rounds of approval committees to see if those terms can be achieved.

3) Non-bank lenders are offering terms that local banks are not able to match.

Local banks tend to prefer short term loans, shorter amortizations and full personal recourse, while non-bank lenders are easily offering long term fixed rate, loan amortizations, and non-recourse. 'An example would be if you are buying an apartment building, we are giving you 80% loan to value with a 10-year fixed very good rate, 30-year amortization, and no personal guarantee,' Says Jake Clopton. 'You're just not going to come close to that at a local bank.'

There are certainly areas where non-bank commercial real estate lending is not the best fit. For example, the non-bank space seems to struggle with loan amounts under \$1 million and does not have a lot of lenders participating in the space. However over \$1 million, there are likely much better options available outside of local bank lending, especially in the commercial bridge loan space where properties are typically not stabilized.

Clopton Capital is a nationwide commercial mortgage broker that offers on demand access to commercial mortgage lenders outside of local bank lending. Their lenders include, private lenders, insurance companies, government agencies, CMBS, debt funds, bank, credit unions, and pension funds. Typical clients of the company are middle and small markets owners and operators of commercial real estate with loan sizes ranging from \$1 to \$40 million.

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