

Q&A

Kris Roglieri

Founder, Commercial Capital Training Group

By Neil Pierson

Real-world training is there, if you know where to look

The average commercial mortgage broker, particularly if they're new to the field or transitioning from residential mortgages, may not have educational or advancement opportunities at their fingertips.

That's where experienced mortgage brokers like Kris Roglieri step in. The founder of multiple financing companies, Roglieri started Commercial Capital Training Group in 2009 to help develop a new generation of commercial mortgage brokers with the knowledge and networking skills to succeed. Roglieri spoke with *Scotsman Guide* about the industry's challenges and prospects for career advancement.

What are some of today's training and educational opportunities for commercial mortgage brokers, and what advice would you give to someone in need of specialized training?

I'd say there are more programs for residential mortgages, but for commercial loan brokers and mortgages, there's really not a lot of options out there, particularly in investment real estate financing. There's just a huge void in that segment.

I would probably advise [a broker] to try to get affiliated with a company ... and possibly work underneath somebody, almost like an apprenticeship. It's hard to read a book on it. You kind of need to have a mentor or work with somebody that, No. 1, can show you how to get business, how to structure certain transactions, because there are multiple ways to structure a transaction, depending on the need.

How is technology affecting the industry, and are there advances you anticipate for the coming years?

I think the whole industry is slowly moving toward a paperless system. Obviously, in the last five years we've seen things like DocuSign help streamline things. Someone could send you a contract, someone could send you a term sheet ... and we're seeing that speed up the process.

We see a big change in just how investors are finding brokers and/or lenders on the digital-marketing front. More and more people, especially younger investors, are going to the internet to find capital ... whether it's bridge money, whether it's [mezzanine] debt-equity or just straight debt financing. I think technology has changed how people find money and if you're a commercial mortgage broker, I think you have to have some sort of presence on the internet to capture those needs and capture those people looking for what you're able to provide.

Are there issues you run into with mortgage brokers who don't know how to close deals on specific property types, such as industrial, office or multifamily?

We're seeing a lot of residential mortgage brokers, obviously, wanting to break into commercial. I think residential has kind of hit a plateau on what you can do. And they want to diversify. We see a lot of deals where they would submit a transaction to a commercial bank for a single-family investment property, or let's say a duplex, but the owner who's applying for financing is going to be living in it. That can't be the case. ... It's a whole battle of owner-occupied financing or multifamily financing.

We've also seen kind of a struggle on how to deal with CMBS (commercial mortgage-backed securities) lending. Some of the newer brokers try to get into the CMBS market, and they really don't understand the value of a CMBS loan compared to a conventional loan, and I think they struggle with conveying that value to the investor, particularly an investor that's not familiar with CMBS lending. They struggle to kind of realize or convey the nonrecourse benefit, the unrestricted cash-out benefit that CMBS loans offer.

You say the residential mortgage industry is hitting a plateau. Does that mean there's more room for growth on the commercial side?

Yeah, I think so. We're seeing a lot of products come onto the market for commercial mortgage brokers. We're seeing stated income come back. I mean, stated income hasn't been around since the golden years of [2005 and 2006]. We're seeing LTVs (loan-to-value ratios) come up a little bit, a little bit more aggressive underwriting on certain product types.

So, I think there's a lot of product out there for the investor, that someone stepping into commercial [mortgage brokering] can certainly have a fruitful relationship with. The residential side, these guys already have the networks — they just don't have the product and they don't know enough to ask for the business. They have networks with attorneys. Chances are, they're probably going to know property managers. Chances are, they're going to know CPAs and such. ■



Kris Roglieri is a New York-based financier and founder of Commercial Capital Training Group, a specialized commercial finance training company based in Albany, New York. He also founded Prime Commercial Lending, which offers business and commercial real estate financing products; Durham Commercial Capital, which specializes in nonrecourse factoring; and The Finance Marketing Group, a full-service digital-marketing agency. Reach Roglieri at (518) 320-7600 or info@primecommerciallending.com.

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