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BlackRock Invests In Lending Co-Op

BY KATE DAVIDSON

A lending cooperative that plans to help small banks compete for larger, high-quality loans has received a significant investment — and validation — from the global asset manager **BlackRock Inc.**

BancAlliance will serve as a platform that finds and refers loans to its network of small and midsize community bank members.

The group is managed by **Alliance Partners**, which was founded by Lee Sachs, a former adviser to Treasury Secretary Tim Geithner, and John Delaney, the executive chairman of CapitalSource Inc.

Sachs and Delaney said Tuesday that BlackRock had bought a 25% stake in the company as part of a strategic relationship between BlackRock and Alliance Partners.

The companies did not disclose the price.

“They are the gold standard for fiduciary-based asset management,” Sachs said in an interview Tuesday. “We think they’re going to be a tremendous partner in helping us provide higher-quality products and services for our members.”

Sachs and Delaney, who announced BancAlliance’s formation last month, said it will help community banks diversify their portfolios by providing

the scale and expertise they need to tap new opportunities, including lending to bigger borrowers.

“We see the BancAlliance program as a constructive opportunity for community banks across the country to diversify their asset portfolios,” Laurence Fink, BlackRock’s chairman and chief executive officer, said in a press release Tuesday.

“We are delighted to be partnering with the talented management team at Alliance Partners to better serve this vital segment of the country’s financial system,” Fink added.

BancAlliance will use loan origination, credit and risk teams — with representatives in major markets across the country — to help identify opportunities and refer loans to members.

The company will be controlled by a member-elected board that will establish oversight, asset and credit policies, including the types of loans to pursue and the underwriting policies to be used.

BancAlliance retains a 2% stake in every loan it makes. A bank does not have to accept the referral, but it must participate regularly in order to maintain membership. ■