

# Joining Forces

Merger has created one of the largest lenders outside the Big Four, offers more opportunities to fund much-needed affordable housing efforts



Adam Oates  
Senior Vice President, SunTrust Community Capital



Andrew Weil  
Managing Director for Affordable Housing, Pillar Financial

In the U.S. banking world, there's the "Big Four" (made up of JPMorgan Chase, Wells Fargo, Bank of America and Citigroup), and then there's everyone else.

However, with SunTrust Bank's recent acquisition of Pillar Financial and its assets, a fifth player may give the more established lending giants a run for their money. As part of the December deal, SunTrust Bank also assumed Pillar's Fannie Mae, Freddie Mac and Federal Housing Administration Agency (FHA) licenses.

"Pillar, being one of the only groups in the country that holds all three agency licenses, brings a suite of products that really rounds out, in a very complementary fashion, the capabilities that SunTrust Community Capital already had in the space," says Adam Oates, Senior Vice President of SunTrust Community Capital, a division of SunTrust focused on affordable housing lending.

The acquisition could make SunTrust Bank the largest lender in the United States outside the Big Four. SunTrust Bank will also be one of just a handful of lenders that have licenses from the three major sources of federal housing funding.

"Pillar brings a product suite that we previously did not have access to," Oates says.

## MAKING AN IMMEDIATE IMPACT

When news of the merger became official in October 2016, Sun-



## SunTrust Bank; Pillar Financial

Senior Vice President :: Adam Oates  
Managing Director for Affordable Housing :: Justin Ginsberg; Andrew Weil  
Location :: Atlanta, Georgia; New York, New York

Trust Bank and Pillar started to see increased interest in their combined services—especially from existing clients.

“From the moment our press release went out, our phones began ringing,” Oates says. “The benefits of this partnership were so apparent on the face of this announcement.”

Pillar will continue to operate as its own brand, a division of SunTrust Bank, in the company’s commercial real estate group.

“The combination of the two of us enables us to deliver all the products on the affordable stage to the top-notch clients that we all want to do business with in this organization,” says Justin Ginsberg, Managing Director for Affordable Housing for Pillar.

Many members of Pillar’s leadership team, including Ginsberg and fellow Managing Director

for Affordable Housing Andrew Weil, joined SunTrust’s team.

#### GETTING TO WORK

The teams at SunTrust Bank and Pillar have wasted no time beginning to work together and have already executed applications for several affordable housing transactions.

“We are able to take out the complexity that’s involved between the construction lender and the permanent lender and do it together. We can simplify the process for the borrower,” Weil says. “I think the combination of SunTrust and Pillar can offer significant benefits to the borrower.”

SunTrust Community Capital and Pillar’s affordable housing team are now working together to originate debt and equity on several transactions. These transactions include the construction and permanent financing on the rehabilitation of Riviera Apartments, a 55-unit, six-story apartment





building located near downtown Baltimore. There is also the construction, permanent financing and tax credit equity for the rehabilitation of a 59-unit apartment complex in northwest Washington, D.C.

#### GREATER CAPACITY

At the same time SunTrust Bank acquired Pillar's assets, the bank also acquired assets from Pillar-affiliated Cohen Financial, substantially increasing the size of SunTrust's Commercial Real Estate group and the opportunities available. Despite this increased size, Oates says he is comfortable that the bank will be able to continue to provide personal attention to each client.

"We are still small enough to be nimble and to tailor solutions for our clients, but large enough to have meaningful relationships," Oates says. "I think that's a distinguishing factor for us within affordable housing, and with SunTrust's wholesale group at large."

SunTrust Bank also obtained many of Pillar's top-performing teams, which specialize in multifamily affordable housing, senior housing, manufactured housing and healthcare properties. The bank also acquired Cohen Financial's commercial real estate investor services platform, which provides loan servicing, special loan servicing and asset management for institutional investors.

Through Cohen Financial, Pillar also provides mortgage banking services, including debt placement, along with its loan administration and advisory consulting services.

"The combination of these two platforms gives SunTrust access to and the ability to deliver to our clients a full suite of products, both in terms of capital stack and broader financial solutions," Oates says. "When we have a new opportunity to

talk to one of our clients, we are able to provide not just products but also expertise and advice that meets their specific needs."

Although Pillar was not necessarily as large as its competitors, it still was not afraid to compete at the top table. For the past three years, Pillar was a top five Fannie Mae lender—and a top two lender in 2016. Only one other financial institution can make that claim.


"We've historically flown under the radar a bit, but that's not because we have not been big players in the industry," Weil says, regarding Pillar. "At the end of the day, while we have taken a lower profile, I don't truly think that we take a back seat to any of our competitors."

#### CUSTOMER SERVICE AND INNOVATION

While it could be argued that SunTrust Community Capital and Pillar Financial had slightly different offerings, when executives met to discuss the merger, they realized their businesses had a common vision.

"In particular, I think that when SunTrust, Pillar and Cohen Financial sat across the table from one another, we all saw a client-focused group looking back at us," Oates says. "That sort of similarity in culture and thinking makes for a really good match."

Executives from Pillar and SunTrust Bank say that customer service is a core value of their businesses.

"The SunTrust and Pillar teams are really focused on customer service," Weil says. "Banks historically have a reputation that they are too slow and that there is no customer service involved, but I think our combination really proves that all wrong." 



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