



Shinnecock Art Lending Report Card

By Alan Snyder

Shinnecock Partners, a 30-year-old investment boutique, has grown its fine art loans from zero just four years ago to over \$45 million today against artwork valued at \$120 million with no defaults. Growth in this field was heralded on February 25 in a widely circulated article titled: "[The Wealthy are Borrowing Billions Against Their Art Collections and Lenders are Reselling the Debt.](#)" Lending against fine art as collateral has grown approximately 15% per year and there is an estimated \$20+ billion outstanding.

Shinnecock serves both high net worth collectors and another segment, art dealers/gallerists. Art dealers/gallerists seek financing for their inventory prior to the ultimate sale of the artwork to a collector (individuals, museums and corporations). Shinnecock sources loans broadly from:

- [ArtLending.com](#), its website
- Its Art Advisory Board
- Loan originators representing dealers/gallerists
- Word of mouth

Shinnecock's underwriting criteria are rigorous; over \$1 billion of art has been evaluated, with two-thirds of all loan requests declined. Our due diligence process includes:

For Collateral

- Valuation metrics
- Provenance
- Authenticity
- Exhibition history
- Market depth
- Price history
- Art databases

For Borrowers

- Personal or corporate background
- Experian/Intelligo reports
- LexisNexis
- Web searches

Financing is provided by Shinnecock's own capital, investors in its standalone dedicated fund (Art Lending Fund LLC), and co-investment participants in direct placements. Investor appeal is compelling:

- Short term/duration
- Attractive yield: net to investor, 7%-11%
- Hard asset collateral stored in art warehouse under lender's control
- Modest loan-to-value ratios
- Diversification from low correlation to other asset classes

Shinnecock's Art Lending Fund and its other activities are detailed on its website [Shinnecock.com](#) - including articles about art lending, frequently asked questions, a research piece on the space, and fund specifics. Growth continues in 2021.