

Western Banking

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Connected to the community

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Business First National Bank, Santa Barbara, Calif. Making a difference through collaboration

Business First National Bank has a strong emphasis on community involvement. It includes community service as a performance expectation in all employee performance plans and then provides financial support to employee-supported programs. However, the activity that the bank thinks should be considered by other community banks is its relationship with a local foundation in Santa Barbara, The Hutton Foundation.

The Hutton Foundation's goals are to make funds available to educational, health and community organizations currently providing such programs and services and to act as a catalyst to encourage development of new programs and services for future generations. The foundation provides grants for specific projects, operating expenses, and capital expenses. It has been very generous with capital funding of programs and has even purchased buildings that it then leases to nonprofits at a significantly subsidized lease rate.

Working together with The Hutton Foundation, Business First has been able to provide collaborative support for numerous nonprofits with below market financing of owner-user properties. In some cases the bank has provided first mortgage financing with the Hutton Foundation, taking a junior lien behind the bank; and in a limited number of cases, the foundation has provided an actual guarantee. With the minimal risk profile on these credit facilities, combined with the bank's imputed financial donation, the nonprofit receives a below-market rate that can provide the organization with substantial savings over the life of the financing. This benefits the nonprofit, allows The Hutton Foundation to leverage its community support, and establishes a strong community presence for the bank.