



# BAPTIST PRESS

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July 13, 1967

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American Baptists Favor  
Rent Subsidy For Elderly

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WASHINGTON (BP)--An American Baptist Convention representative testified here in favor of an enlarged public rental supplement program for low income elderly people.

Louis D. Mitchell, associate director of the division of Christian social concern, American Baptist Convention, Valley Forge, Pa., appeared before the subcommittee on housing for the elderly of the Senate Special Committee on Aging.

Sen. Frank E. Moss (D., Utah) is chairman of the subcommittee. He held the hearing to review the rent supplement program to learn how it has been working and what should be done in the future.

Mitchell commended Congress for the beginning that has been made in a rent supplement program for low income people. He said that such a program increases "the hopes and capacities of the poor to participate in the economy without stigma."

Specifically, the American Baptist spokesman asked (1) for ample funds for initiating rent supplement projects for three-year periods and (2) for more flexibility for the secretary of the Department of Housing and Urban Development in the assignment of funds to various mortgage insurance programs.

He concluded that "an improved and enlarged rent supplement program is essential to achieving the long range goal of providing housing within the economic means of all of our elderly citizens."

While disavowing that he spoke for individual members and churches, Mitchell told the subcommittee that he was appearing "in behalf of the American Baptist Convention's 1,500,000 members and 6,000 churches."

"The official policy declarations of the American Baptist Convention support the rent supplement program and the actions by our denominational agencies that are developing housing for the low income elderly," Mitchell said.

He pointed out that American Baptists are deeply involved in the establishment of non-profit community corporations for providing adequate housing for the low income elderly.

The program is administered by the division of health and social ministries of the American Baptist Home Mission Societies. Mitchell reported that this department now works with and through over 70 retirement homes and communities, serving 3,300 elderly persons each year.

The annual operation budgets of these agencies exceeds \$6 million. The combined property values exceed \$40 million and new building projects range from five to ten million dollars annually, Mitchell reported.

"All operate with some charitable subsidy and 55 operate with substantial charitable subsidy from church sources," he said. In addition, most of the newer retirement homes and communities have been developed on a founder's fee principle, he continued. By this principle the resident shares the capital cost of the construction of the facility.

In spite of this outside help, Mitchell reported, "Our one major effort in the last decade to develop a large retirement home complex (Eden Acres in Chicago) for the elderly poor failed, at a loss of approximately one third of a million dollars of American Baptist money, to say nothing of the loss of government funds."

"This program, in all likelihood," he said, "would have succeeded, if the rent supplement program had been available at the time of its establishment."

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Hardee Elected Seminary  
Development, PR Director

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NEW ORLEANS (BP)--The board of trustees of New Orleans Baptist Theological Seminary here has elected F. Stanley Hardee Jr., of Indianapolis, Ind., as assistant to the president in charge of development and public relations.

Hardee, a native of South Carolina, is currently pastor of the First Southern Baptist Church of Indianapolis.

A recent graduate of the New Orleans Seminary, Hardee, 36, worked in the seminary's public relations office as a student, promoting the seminary's foundation.

He has been pastor of several churches in both North and South Carolina. While pastor of the First Baptist Church of Thomasville, N.C., he was vice president of the Executive Committee of the General Board of the Baptist State Convention of North Carolina.

Hardee is a graduate of the Presbyterian College, Clinton, S. C., and has attended Furman University (Baptist), Greenville, S. C., and Southeastern Baptist Theological Seminary at Wake Forest, N. C.

He replaced Joe H. Courson who became pastor of the First Baptist Church of Fort Myers, Florida.

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California Foundation Reports  
Progress In Solving Problems

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FRESNO, Calif. (BP)--The California Baptist Foundation, beset with drastic financial problems for the past two years, reported that a complete overhaul of operating procedures and stringent economy moves set up by a new administration have shown an operating profit of \$15,000 for the first five months of 1967.

The \$15,000 profit for the first five months compares with a loss of \$27,000 for the same period of 1966 and \$26,000 for the same period of 1965.

The foundation, headed by Cecil J. Pearson since November of 1966, also reported a decrease in the number of delinquent church loans and bonds as major steps toward solving the Foundation's financial problems.

The previous administrator and business manager of the Foundation both resigned in the spring of 1966 when the annual audit revealed financial discrepancies and a breakdown of internal management.

Pearson reported a \$154,000 reduction in delinquent church loans. Just last December the board was faced with a portfolio of church loans totaling \$568,000, with 42 per cent, valued at \$240,000 in the delinquent category.

At the end of May this year, the delinquency had been reduced to \$86,000. Only six churches are now on the delinquent list, and one of these six accounts for \$80,000 of the total delinquency.

In the area of church bonds, almost 1,000 notes on the layaway plan for purchasing church debentures (bonds) were delinquent at the end of last year, with 80 percent of them delinquent for more than 30 months.

As of June 30, 1967 there were only 53 defaulted notes. The total now is only \$46,000, a reduction of \$190,000.

A new approach to the layway program, plus close supervision, is making it sound and helpful both for the Foundation and for the churches, Pearson said.

The California Plan of Church Finance, under the direction of R. Bates Ivey since March, has helped churches issue \$485,000 worth of debentures (bonds). Other issues are now being processed.

Pearson proposed study of additional steps to strengthen the California Plan of Church Finance and the help it offers the churches.

Foundation directors put the finishing touches to months of tedious negotiation by voting to follow the recommendation of their attorneys and rescind the Robert Shafer trust.

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Rescinding the trust averted a suit by the Shafers alleging mismanagement, but cost the Foundation \$70,000 in the settlement.

The trust was set up in August, 1964 with property in Westminster and Bombay Beach (Salton Sea) accepted at a value of \$232,000. Another \$18,000 was added a year later.

California Baptist Foundation agreed to pay the trustors \$15,000 cash per year (6% on \$250,000) as long as they lived and one-half that amount to their children after that. California Baptist College was to be the ultimate beneficiary after the death of the trustors and their children, Pearson said.

At the time the trust was established a small office building on the Westminster property produced \$4,200 annual income.

Pearson said that the Foundation was charged with gross mismanagement of the trust.

Less than a year after the Foundation took over the property (August, 1964) the office property became vacant and apparently the Foundation made no effort to find another tenant. Little effort, if any, was made to sell the property and turn it into an income producing investment. Yet, California Baptist Foundation was paying the trustors \$1,250 per month out of its own funds since the trust was not earning anything.

The trustor himself discovered early in 1966 that the building on the property, valued at approximately \$25,000 had been totally destroyed by vandalism.

Investigation revealed that the property was without insurance from August, 1964 when it was accepted until October, 1965 when insurance was ordered. However the Foundation's insurance agent reported that he was told by an administrative officer that the property was occupied when in fact it had been vacant for a number of months. This misinformation invalidated the insurance when a claim was filed causing the Foundation to receive less than 11 per cent of the face value of the insurance policy.

In reaching a settlement with the trustors, California Baptist Foundation agreed to return the property, waive claim to approximately \$46,000 already invested in the trust in the form of monthly payments and pay an additional \$24,000 in damages for mismanagement.

In analyzing the debacle, Pearson reported that not only had the Foundation been negligent in administering the trust, but it appeared to him that the trust had received far too little study on the part of the board when it was set up. It apparently received only committee study and the records indicate that it was never acted upon by the board itself.

In order to guard against any such fiasco in the future the Foundation's board voted a resolution that all trusts must be accepted by the full board, only after thorough study and recommendation by its endowment and executive committees.

The executive committee also reported that legal action had been authorized, if necessary, to seek to recover \$7,500 from the former business manager-field director who left the foundation in February, 1966 after it had been revealed that he and the former executive secretary had made unauthorized cash withdrawals in 1965 in excess of \$65,000.

These advances were fully repaid by the responsible individuals in cash and church bonds. However, it has developed that \$7,500 worth of bonds turned in by the former business manager and issued by the Valley Baptist Church in San Francisco, have been disallowed by the church since last December when they challenged his ownership of the bonds.

In another significant action the board took formal steps to initiate a program for refinancing short-term investor notes.

More than 250 individuals have lent \$1,455,321 to the Foundation for terms of two years or less.

The Foundation will seek to refinance these notes in such a way that the notes can be paid off over a period of six to ten years, Pearson said.

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Terry Named Oklahoma  
College Treasurer

7/13/67

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SHAWNEE, Okla. (BP)--John Thomas Terry of Fort Worth has been named treasurer and comptroller of Oklahoma Baptist University here.

Terry, comptroller of All Church Press in Fort Worth, will replace Gene T. Lucas who has resigned to become vice president of Wake Forest College (Baptist), Winston-Salem, N.C.

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