

GROWING AND GIVING

25 YEARS OF SAVINGS FOR OUR SAVIOR

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John Kuske
Church History
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Our own Synod has worked in many ways to aid churches in the acquiring of finances to build the first structures of a new mission. Yet a gap existed for many years. If a self-supporting church wanted to increase the size of its facility, they had to turned to the lending institutions of the country. In so doing they were subjected to the whims and winds of current financial crises. A case in point might be the Depression era churches. They fought tooth and nail to keep up the payments to their workers. However outreach suffered as they were unable to expand their mission to their immediate area.

An organization designed to serve self-supporting congregations came into existence in 1960. In the Michigan District of the WELS, a few concerned pastors and laymen gathered to make an effort to alleviate this gap. The Lutheran Association for Church Extension (LACE) entered the world on a cool day in October of that year. A small group of Christians dedicated to the idea that people can help their own church in its expansion. They felt the members only needed the opportunity to participate in supporting their own church.

In the many intervening years questions have arisen as to the need for a private incorporated group like LACE. Is the addition of LACE a frill that could be done away with? Does it function as an addition to the WELS as a needed entity? These and many other questions about the role of LACE in the church are the subject matter in this paper. I hope that through this effort the 25 years with which the Lord has blessed these dedicated men will come to life.

As we attempt to understand the place of LACE in the history of our church, we will examine it in light of a child. Using the idea of conception, birth pangs, growing trials and maturity will serve as an outline for the study of the birth and growth of LACE.

As with all ideas the concept of a loan company for growing churches came from somewhere. LACE's embryo emerged from a study done by the Michigan District. This study centered on the need for sites to build mission churches. Its form was similar in scope to the present Advance Site Planning available from the recent Reaching Out offering. There was a problem, as the pastors involved in the study saw it. The purchasing was to be done secretly. Secretly with money solicited from well-intentioned WELS members on the Michigan District. The pastors scuttled the plan on account of this.

Nonetheless, the men wanted to do something. Pastors Roland Scheele and Paul Kuske thought over what they might do. At the time both men were in similar financial situations with their congregations. Pastor Scheele had financed a building project through a bonding program in his church. Pastor Kuske was trying to do something similar at his mission congregation. These two agreed that it would be nice if they could continue to use the money offered by the people for use in other places.

Mr. Robert Peters, a member of Pastor Kuske's congregation, gave the added incentive. He said such a plan was indeed possible and feasible. In the Lutheran Church-Missouri Synod a program that paralleled the proposed one had existed for many years.

Armed with and encouraged by the information, Pastors

Scheele and Kuske made an announcement at the 1960 Michigan District Pastor-Teacher conference. All interested persons were asked to meet at the noon break to discuss the idea. About twenty men attended the fact-finding gathering on that day. The concensus of the group agreed with the plan and agreed that a group for loaning money to growing churches was needed. Feeling they had a mandate to begin, a meeting of incorporation was scheduled for October of that year. Thus, what had once been only the embryo of an idea in the heads of two men conceived the beginnings of LACE.

As with the early years of a child, the initial months of the life of LACE were anything but easy. Many "birth pangs" attended the entrance of LACE into the light of day.

The October meeting organized the body of LACE in a businesslike manner. The state of Michigan recognized the incorporation on the seventh of October, paving the way for the many sorrows and joys to come.

Nineteen-sixty filled with the activity determining policy and organizational procedures. The policy making agency was then a board of nine men. All board members have served in a volunteer capacity. This board oversees all the loan programs, approves loans, establishes policy and other actions of the corporate body. After the setting down of the constitution and by-laws of LACE, work advanced on how to go about lending the money to the needy churches. From about 1970 the "ear-marked loan" served as the mainstay of LACE. In this program a person could lend his money to LACE at a given rate of interest, at that time 3% or 4%, depending

on the length of time before demand. The holder of the certificate indicated, ear-marked, the church who was to benefit from the first use of that money. In other words, Joe Parish would invest \$300 in LACE and say that it had to be used first by his congregation, St. Elsewhere. The ear-marked loan gave way to the designated certificate years later, but the concept still lives under this new name.

Other matters significant to the continued activity of LACE in that first year included the establishment of the repayment policy that still stands, with only a few exceptions. From the start the borrowing congregation was asked to repay their loan to LACE at the rate of 1% of the principle of the original loan and interest per month.

Another policy set down in those early meetings was how much interest should be charged to the congregation. The debate ended with LACE deciding to lend at the lowest possible rates while giving those who entrusted their money a fair return for their investment. The rates of return given the investors was stated above. These slightly lower rates allowed LACE to lend money at a few percentage points below the going rate from the banks. In the recent past this policy has helped even more than in 1960. While the banks were offering churches 17% interest in the late '70's and early '80's, LACE loaned money to WELS churches at rates of between 7% and 8%. This is about 2/3 the rate of a commercial loan. This is the real advantage of a lending organization like LACE.

Going back to the initial year of LACE's life. However, many

other notable events took place in the "birth pang" stage. During the years of 1961 through 1967, LACE experienced blessings that do compare favorably with the joys of a young toddler. The joy of the first words, the first step, the first cry, even the first night of undisturbed parental sleep. For LACE that first word is the first money placed in their care. Certificate one was for \$200. The person who offered the money noted with anxiety that \$100 of the amount was used to pay the first night's expenses. He despaired for a time of never seeing his money again. But LACE reversed its course long ago

The first weak steps of life occurred in the January 1963 meeting. LACE lived because they authorized their first loan to Good Shepherd of Flint, Michigan. Those board members, who had tried to let out loans only to see them fall through, now experienced the thrill of helping a financially needy congregation grow. Pastor Scheele gladly took the news back to his flock. One point of difficulty arose though. Those on the outside looked at this loan as an effort to feather one's own bed, giving a loan first to the congregation of the man who served as president of the board. Words came out to the effect that they had started the loan organization in order to loan money to themselves. The second loan a few months later altered the tune of that song.

For the LACE board this loan of \$20,000 (all their money at the time) served a larger purpose. They were enabled to work out any bugs in their procedures for making loans. In fact, Pastor Scheele is said to have remarked, "If I didn't know exactly what the questions were for, I would be offended by some of them." So

the first step looked good and the future steps moved LACE on down the road of helping congregations.

Another minor milestone in the steps of LACE occurred in May of 1965. At the regular meeting of the board, President Scheele announced that the IRS had declared that moneys given to LACE fit into the tax-exempt category. Some giant strides for LACE came on that day, LACE might even say they were greater than the steps on the moon.

The last significant event of the 60 to 67 years, came about with a loan to the WELS congregation of St. Petersburg, Florida. With this loan LACE indicated that they intended at some time in the future to extend their efforts out to the whole synod. It must be noted that they were still inside the directives of the District. LACE said they would serve the congregations of the Michigan only. Since Florida was still in the Michigan District, LACE had not over stepped its bounds. Still a precedent established itself.

Nineteen-sixty-seven saw the end of an era in LACE. Pastor Scheele resigned as president, accepted a call to Minnesota and there passed into God's glory after a heart attack. The torch of leadership was passed from Pastor Scheele to then Professor Kuske. Roland Scheele had served LACE in many unnamed categories in those early years. He was a spiritual advisor. He was an anchor for the men when events looked bleak. He helped make the idea of LACE live. Not enough could really be said about the time energy and devotion which Pastor Scheele donated to LACE. As LACE now takes the time to look back on their first 25 years, may they never forget the man who gave all his effort to make LACE grow.

With the passing of the Scheele era, LACE moved into its growing years under the only other president it ever had. Beginning in 1968, Pastor Kuske reaped the benefits of the early years of LACE history. 1968 through 1975 saw LACE pass some significant milestones in service to the churches of our Synod. The President's Report of 1969 indicated that over \$150,000 had passed through the treasury of LACE. The report also mentioned that over \$250,000 had been loaned to churches. This means that \$100,000 had been returned to the corporation for reuse. None of the founding members could have believed the growth would have come like a teen ager going through new clothes.

Total funding milestones flowed through the reports of LACE frequently. Nineteen-seventy-three elated in the news of passing the \$350,000 mark in money given to LACE to help growing churches. In 1975 LACE passed took hold of the \$500,000 mark as its rallying point. These figures may not seem to impressive in our day of multi-million dollar news, but to churches who grew from the money provided by dedicated Christian men to these churches the sums meant life.

A noteworthy event of those seven years of growth saw LACE put \$20,000 into CEF investments. The encouragement gained as one hand helped the other evidenced itself in the minutes of November 1968. These men in LACE were concerned for the total growth in the Synod, not just their own bottom line.

The growth years witnessed the coming of age of the publicity spread around to the churches of the Michigan District. At first relying entirely in bulletin inserts in Sunday bulletins, LACE

realized the need to improve in order to grow. So they expanded their means into providing the bulletins blanks for the Sunday services. They effectively killed two birds with one stone. They succeeded in informing the people of their organization and, at no cost, helped the churches in their worship.

Another way the publicity expanded came at the Pastoral Conferences. Where once LACE relied entirely on reporting of their activities to the pastors, they now made full reports and detailed outlines of their policies and programs. The men felt that, if the pastors knew how LACE operated, they would encourage their members who could invest to do so. In addition, LACE provided folders or notebooks, pencils, and displays for the men who served the Synod at these meetings. This caused one delegate to say to a member, "It sure is nice not to see only the AAL material all the time." These means broadened the horizons of LACE making it possible for LACE to grow steadily.

Yet LACE was not about to stop with all this publicity. To reach out more regularly to the pastors with information, LACE carried on a policy of having contact men in the individual conferences of the Synod's districts. These contact men answered any questions, encouraged participation and enthusiastically increased the base of LACE. The growth did not come easy, but it came steady.

The steady growth of the financial base showed up in the President's Report year after year. There was a regular joyful lament, "We have grown 30% again this year, but it is still not enough! If only we had another so and so many dollars to aid all the people who have asked us for help." Even with a history of 30%

growth, LACE always ran short of funds to match the requests of the growing and needy congregations.

A fitting close to the growth years would be a catalogue of all the benefitted congregations. This is an impossible task. Yet a list of the states served will indicate just how far reaching the arms of this growing child became. January of 1970 witnessed LACE spreading west with its arms of help. Colorado received its loan at that time. Later in the same year the states of Virginia and South Dakota benefitted from loans to growing member of those districts. Ohio and Nebraska rejoiced in 1972 when churches of their areas were able to expand to serve more people through the money offered by LACE. Arizona, Minnesota and Wisconsin all shared in the generosity of the lending Christians, both those who invested LACE and those of LACE who gave. Michigan did not feel left out during these years, sharing in the aid to their fellow believers.

One note of distress came up during these years. The only loan problem LACE had occured during these years. The church at Swartz Creek, Michigan did not use the money given as they had indicated on their loan application. Through much urging to the pastor, LACE determined that they had been dealt with in a manner not appropriate to their application. Therefore, they asked and received a sizable portion their funds back from the congregation. On the positive side of the incident, this is the only loan that has caused significant problems in the 25 years LACE has served the Synod. This fact receives comment from the business men on the board, men who deal regularly with people who do not deal in

honest ways all the time. That is only a credit to the people of the WELS. They are not out to cheat or falsify their intentions when dealing in financial matters, whether with LACE or with secular lending institutions.

As LACE moved out of its growing, teen age, years, a new sense of service to churches emerged. This purpose was really the stated intention of the group from its beginning, yet they moved with longer, stronger and more determined strides. These are the maturing years. The years when the body fills out its frame and works at peak efficiency.

Publicity, always the mainstay of obtaining funds continued to branch out into new areas. For example, a slide presentation was developed to greatly increase the ability of the men to present the advantages of LACE to interested congregations. Copies of the presentation were made available to both the Wisconsin and Minnesotas branches which LACE established as it matured. The second form of expanded advertising came through the Synod yearbook. The board of LACE felt that as they served the greater portion of the districts of the WELS, they ought also to let all the pastors and interested parties know. Thus, the ad in the Synod yearbook accomplished this goal in one fell swoop.

The publicity of the maturing company paid dividends in the growing amounts for available lending to the Synod churches. From 1976 to the present LACE passed the \$750,000 mark. They scratched their way over \$1 million. They set their sights on the new summit of \$2 million and conquered that. Now they stand with almost \$3 million dollars ready to help churches serve the starving souls of

this country. God has blessed LACE with this money. He has also moved the hearts of the people to entrust them with their savings for the Savior.

A change that corresponded to the increased funds was a computer to keep the records, mail checks and keep the board functioning with volunteer labor. The time savings brought about by the computer saved many man hours for the treasurer. It made information on loan questions as close as the computer program. Instant access to all LACE projects. This computer also brought about the centralization of the work of LACE. Where men had done work in their own homes, now they had one place to do all they wanted. One office, one phone number for everything anyone needed to know.

While in the area of filling out the body in the maturing years, one can't help but mention the branching out of LACE. Due to the increased number of requests from the Minnesota and because there was interest among the men in the area, 1975 saw LACE expand to serve them better. The Minnesota Branch of LACE was a true milestone in the service LACE could offer. When the policies of controlling the separate group were established, LACE could enlist the help of another group of concerned layman and pastors. Reaching out to serve others is the cornerstone of LACE.

Expansion resulted in an abortive attempt to reach out into one of the faster growing area of our Synod also. The Arizona-California District a chance to start at a branch. Yet, because of lack of interest no branch ever materialized from that area.

Nonetheless, LACE did proceed to get a second branch started. The

Wisconsin Branch popped to life in 1980. Though many suggest this move was premature at the time, a strong healthy sibling has developed to serve the largest concentration of WELS members. The plan of LACE showed a desire to cover the areas where 59% of the WELS members lived. By their effort they felt they would be where the most people could invest their money and time to LACE.

The Varied Interest Program (VIP) filled out LACE more. This policy allowed persons investing their money for a church project to indicate just how much interest they felt they needed on their investments. The program worked, and still works, like this. A church comes to LACE with their request for financial aid. LACE says they will provide a certain percentage of money from their own supply, while the church members invest in LACE the remaining part to loan back to the congregation. Interested members feel they need more return or less return on their money than the standard 6% certificate. The VIP program filled their needs. They could chose 2,4,6,8, or 10% interest on their investment. LACE averages out the amount of interest paid and provides the loan to the congregation at 1% above the average percentage paid to the members. The savings helped provided congregations with loans in the 8.5% range, a considerable savings in the money market of the 1980's.

One school that has benefitted from this program is Huron Valley High School in Westland, Michigan. HVLHS approached LACE already back in May of 1976 for a loan on some property they wanted to buy. They intended to build a new school on the land. This first attempt at a loan did not materialize because at the

time LACE did not have the funds available to lend. Coupled with a new purchase procedure started in the churches of the high school association, there was no need at that time.

In 1984 HVLHS decided not to build. Instead they sought to buy an existing school offered by the Westland School District at much savings. They contacted LACE once more. After some negotiations and changes in the loan, LACE approved a loan for \$465,000. Along with the loan they handed them the keys to their first permanent site. The loan was based on the VIP program and the designated certificate program. Each type of investment was offered to the lenders. Now HVLHS has a home at substantial savings in interest points.

No history of LACE or of this time period of LACE history would be complete without the discussion of the relation of LACE to the Synod. LACE ran into a storm that was only abated by the word of a Synodical convention. The background for this storm started with the incorporation of LACE and ended in 1979. The real tension began when CEF determined to expand their own treasury through soliciting of member loans, in a manner similar to LACE. The year was 1972 and from that time relations between the two groups grew worse. The first area of conflict came over publicity. CEF contended that LACE was taking money from them because they solicited investments from each congregation they served. Notwithstanding, Pastor Norman Berg, the Synod's chairman of Home Missions, stated in a questionnaire that he felt the amount of money LACE diverted from CEF was minimal. Yet the contention

remained.

One disturbing feature of the relationship of LACE and CEF needs to be introduced at this time. In its early years LACE received encouragement from the Board of Trustees. Now this same Board of Trustees and the CEF were saying that LACE no longer had a place, a complete reversal of position. This writer can see their position, yet he is hard pressed to concede their point that LACE no longer had a place to work, since LACE served self-supporting congregations.

The Board of Trustees proposed a merger of funds. LACE would give its money to CEF and have a few men serve on the CEF board to decide where the money of CEF would go. LACE stuck by its guns. LACE held, and still holds, the position that LACE has a place. CEF serves the mission fields, as it should be. LACE helps out congregations that have grown beyond the criteria to receive the money offered to missions.

The whole affair climaxed at the 1979 Synodical convention held in Watertown. The president of LACE appeared before the floor committee on finances. LACE stated its case, CEF presented theirs. The decision was a unanimous vote in favor of LACE's existence as a separate body. The resolution that was adopted by convention pointed out that CEF should continue to accept funds in its lending to the Lord program. They should also not attempt to take over LACE. It had its own place. CEF was directed to serve missions, while LACE remain to serve the self-supporting congregations.

In conclusion, LACE in its 25 years of service to the Synod

and its members did their job well. They determined to loan churches money to build new facilities. They wanted to return money to CEF for mission outreach. They provided loans at low interest rates, helping by-pass the higher demands of the lending institutions. In all these ways the dedicated laymen and pastors of the LACE board of directors and of the various branch offices have served the Lord's people. We conclude that that LACE has a place in the work of our Synod. The Synod resolution gives continued life to this dimension of serving our Synod.

May God be willing to give these men and their investors continued success. May he help them support spread the Word in our own backyards through expansion of schools and church as needed. Through the Lord's help, the next 25 years will see ten times the 132 loans handled by LACE in the past. For the men who serve LACE say with the hymn writer: Lord make us instruments of your will.