

THE STORY OF

CARLSBAD BY THE SEA

HOW IT ALL STARTED



Carlsbad by the Sea

BY WILLIAM P. HANSON

PROLOGUE

This book is dedicated to my dear friends; Pastor N.M. Ylvisaker who first inspired me to enter into a search for a Retirement Home that men and women of the Lutheran faith could call their own and Mr. and Mrs. A.C. Nicolet without whose financial assistance we would have "floundered" and the many dedicated and compassionate people who gave of their time and talents to see the project through to a complete success.

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Honor and heartfelt gratitude to the first Board of Directors
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Elected in November, 1956, prior to the filing of the
corporation papers with the Secretary of State of California.

THE BUILDING OF A RETIREMENT HOME

We had a dream which sometimes definitely turned into nightmares, not only for me, but I am sure also for many others participating in this "Venture in Faith." During the several initial months we did, in fact, have little more to go on than our faith. It is said that it takes a lot of living to make a house a home, I discovered that it also takes a great deal of this and that to make a hotel into a retirement Home.

It all began when my Pastor, Dr. M.N. Ylvisaker of the original College Lutheran Church on Seminole Drive asked me if I had time to look at property on Montezuma Avenue with him. It was a site approximately three (3) acres in size on the north side of the street, close to where Montezuma intersects with El Cajon Blvd. in San Diego, California. After climbing up the eight foot bank, I lent a hand and hoisted the Pastor up. The view was outstanding with a canyon sloping Northward toward Highway 80 (now Highway 8) far below and rolling hills beyond. State College was a few blocks away to the west with it's gleaming white buildings and red tile roofs. The year was 1954. "How would this be for a location for a new College Church?." I had to admit

that it was terrific. "See if we can buy it," Dr. Ylvisaker said. I had just returned from Texas and was not too familiar with the current financing and asked how finances were, debts, cash on hand, etc. The Pastor thought we had about \$1,250 in the bank and owed approximately \$45,000 on a mortgage. I asked, "What will you use to buy this with and build a new church?" "Now," he said, "that is for you to figure out; you are the Realtor." The reason for mentioning this incident is because it was so typical of this great man, of his overwhelming faith and courage and vision. His present church would not lend itself to expansion and he saw the challenge ahead, as San Diego would grow and grow. He wanted to be able to meet the challenge and make ready for it. The beautiful new College Lutheran Church now stands on that site, but that is another story.

When we returned to the church and as I was leaving, he stopped me, put a hand on my shoulder, looked me straight in the eyes, and said, "Hanson, why is it that all these various church organizations in Southern California have built retirement homes, but the Lutherans have not even discussed such a project?" I had to admit that I didn't know, although I shared this concern. "See what you can do about it, will you?" That was Dr. Ylvisaker, one time Chaplain of the Armed Forces, during World War II. Now having more or less disposed of two vital projects close to his heart, by turning them over to me, all within a half an hour. He was to tell me much later that, after all, he entrusted me to tackle the

projects, which were really sort of out of his line of work, and me claiming to be a business man, etc. Over the next several months I visited Frederika Home, The Casa De Manana, Samarkand, Pacific Homes, Claremont Manor and others, some non-profit and some for-profit establishments, learning details of their method of financing, their contracts for life care and how they handled the residents who became ill or disabled. Not long after my first conversation with Dr. Ylvisaker, my son had entered the Carlsbad Army and Navy Academy in Carlsbad, California and I was to visit him often during the traumatic first few weeks in an effort to help him adjust to his new surroundings. Afterwards, I usually stopped in at the Carlsbad Hotel for a cup of coffee and after a few visits, I had the distinct impression that all was not well and that very likely the hotel was in bad financial straits. I began to inquire around and sure enough -- it was in bankruptcy. What a beautiful place for a Lutheran Home! But, how to purchase it with no funds, no organization? The more I saw of it the more I became emotionally involved with the idea and I decided to invite Dr. and Mrs. Ylvisaker to have lunch with me on the coast. I wanted to try the idea out on them. They were intrigued and rightly called it a "Dream Place." Everything appealed to them, the Spanish architecture, spacious lobby, lush garden, and when they heard that the property went all the way to the high tideline of the ocean, they enthusiastically decreed that "this is the place!" As we left the Carlsbad Hotel, we watched a golden sun slowly

sinking into the simmering pacific.

Dr. Ylvisaker, of course, had no concern about financing and other mundane details, but sternly ordered, "Let's buy it -- what's it worth?" I thought that it probably would take \$750,000 to buy it which didn't faze him a bit. The new College Lutheran Church was, by then, a well established church and the scrounging around to raise one quarter of a million dollars for that project only required a couple of minor miracles and a lot of prayers and the Lutherans, using same concept, could have their "Retirement Home."

Next time I saw him, he said, "Hanson, about that Carlsbad place, I want to be one of the first residents in there, o.k.?" The first step was to order a preliminary title report and it revealed that there were several trust deeds against the property, all in arrears, taxes and insurance unpaid, many liens and unpaid bills, all in all totaling close to \$500,000.

Over the next couple of weeks I enjoyed many a piece of Mrs. Ylvisaker's delicious pies and strong Scandinavian coffee during sessions with Dr. Ylvisaker, talking strategy as to the best approach. He urged me to include, if possible, all the Lutheran churches in San Diego County and the most logical approach towards that goal would be to call a meeting of all Pastors, which was done.

The Pastors answered the call with interest, anxiously wishing to assist in such a program which they recognized could help members from all their congregations. So, we had a meeting at First Lutheran Church and discussion centered on the Carlsbad Hotel. I was asked to proceed with an investigation and appraisal by a committee of Pastors, appointed right there, composed of Dr. Ylvisaker, as Chairman and Chaplain, Arthur Holst, Donald Sharp Hospital, Pastor L.K. Johnson, La Jolla, Pastor Garmon, Pacific Beach, and Pastor Kibler of Good Shepherd. I carefully explained that it was indeed a venture in faith with a course before us that looked like a steeple chase, but pointed out that with their support and the strength of their combined congregations, we most assuredly would succeed. Discussed were the small percentages of the total that could assure success. One person from each Lutheran congregation in the U.S. would fill 10 homes this size. One dollar from each member in the U.S. would provide enough money to pay cash for the whole project, etc. We agreed in one belief; that the need for such homes was abundantly evident and that we all had a duty, as Christians, to make an attempt to establish such.

It soon became obvious that financial strength from so many groups of devout people was but one benefit, for provided also was a pool of talent that made it all possible. Pastor Garmon from Pacific Beach Church, for instance, thought it possible that he could enlist the services and advice of a very capable attorney, a member of his

congregation and Mr. Henry Maloney accepted the invitation to serve on the committee. His assistance proved invaluable as the project progressed with countless problems of a legal nature. He advised that the best vehicle for handling such matters as financing, execution of Life Care Contracts, etc. would be a corporation and after many subsequent meetings, the Lutheran Services of San Diego, Inc. was formed with a suggested number of 15 directors. During the next five to six months we had over forty meetings. Then began a preliminary search for financing. We had great hopes for support from Lutheran Welfare Services of Southern California through its President, the Rev. Dr. Fred Smith, but during a meeting with Dr. Smith, Chaplain Holst, and myself in Los Angeles, we learned that although highly in favor of the project, they could not support us financially. Dr. Smith subsequently appointed me to be their representative for the project. Simultaneously, we learned that financial support would have to come from individual donors, as every major source of possible financing was declined.

It is not possible to give full credit to the many outstanding people who gave of their time and expertise to make the project successful, but there were many without whose dedication, it would never have happened.

We finally held an in-corporation meeting in November of 1956, at which time we approved the By-laws and selected 16 directors. The following were the first Board of Directors

with Mr. John Titlow as President:

Rev. L.K. Johnson	Mrs. Otto L. Hepner
Mrs. Albert LeBlanc	Mrs. Eula M. Johnson
Rev. Gottfried Hoffman	Rev. Albert C. Holst
Hermon D. Lentz	Rev. Milus W. Bonker
Rev. George A. Nelson	Mrs. H. H. Roloff, Sr.
Henry Malowney	Einer Nielsen
Leonard S. Dyste	Kenneth L. Bygd
Rev. N. M. Ylvisaker	

Corporation papers still had to be filed with the Secretary of State in Sacramento, but we could now seriously discuss the offer to purchase the Carlsbad Hotel. The attorney handling the property for the Hem Corporation, the owner, was Vroman Dorman, Attorney in San Diego, a very fine gentleman who cooperated with us in every way possible. The hotel was estimated to have a market value of \$550,000 which supported my appraisal, but due to the extent of "deferred maintenance" I suggested an offer of \$425,000. The Board rejected this and suggested that I draw up an offer of \$450,000 and present same to Mr. Dorman.

The hotel consisted of 100 plus rooms plus various public rooms such as a large lobby, dining room and kitchen for an estimated 50,000 square feet of building situated on approximately 3 acres of beautifully landscaped grounds with more than 90 majestic palm trees. The red tile roof enhanced the front elevation, but the two wings had built-up flat

composition roofs. The grounds extended west with a small frontage on the beach. Construction was basically of brick and reinforced concrete constructed during the late twenties. Rooms were heated by steam radiators with recently replaced boiler.

We did not, as yet, have a corporate bank account, but at the meeting in Florence Chadwicks Restaurant, I proposed to write a check for \$100 if nine others present would do likewise. The \$1000 would be earnest money to accompany the offer to purchase. It is of significant interest and tells more than in a thousand words how financially weak we were when two pastors anxiously made me promise not to deposit their checks too quickly.

We had discussed the value situation on many occasions at meetings at Donald Sharp Hospital and the Carlsbad Hotel.

A motion was made at an October 31st meeting that I prepare an offer of \$475,000, but we decided to wait until after our meeting scheduled for November 6th with Dr. Smith in Los Angeles. Dr. Sagerhammer attended the meeting also and we had an appointment with a Vice President of the Bank of America to discuss a possible loan. The result was negative, but we received much encouragement to proceed with the project. Eventually the committee decided to make the offer on the hotel at \$450,000.

The following day, we met at Bethesda Lutheran Church with Rev. Lindstrom as host and finalized selection of Board of Directors, having received acceptance by all. Many private sources for loans were contacted without result and I finally made an appointment with the F.H.A. San Diego office. It was rumored that funds were available from that source under Housing for Elderly, #207. They encouraged us very strongly.

In the meantime, having prepared the offer to purchase and submitted same to Attorney Dorman, I received notice that a date had been set for presentation to the Referee in Bankruptcy on Friday, November 16 at 2:15 p.m. 1956.

That was a meeting! Here we were with what in the most optimistic expression could be called a "Mickey Mouse" offer. This group of Christians, of Lutherans, offering to purchase a \$550,000 property for \$450,000, with a deposit of \$1,000 and promising that the balance was "Forth-coming" so that they might conceivably realize a dream of establishing a retirement place for senior citizens in a beautiful and Christian atmosphere. Present were approximately 46 creditors, represented in court by a couple of dozen lawyers. When the offer was read, all these people rose to their feet in objection. After some discussion, during which Mr. Hanson pointed out that "they could go along with the offer or wait another few months and watch their equities depreciate further or they could gamble that these Lutherans were

serious enough to somehow work it out." The judge ruled that the offer was acceptable as written, except that the judge stipulated that an additional \$15,000 deposit must be made and placed in escrow within two weeks, followed by a 120 day grace period to raise the balance.

Escrow was opened on December 6, 1956 at Land Title Insurance Company in San Diego.

Enters Mr. Neal Ireland -- I was sitting in my office in Escondido, newly established Hanson Realty, when Mr. Ireland walked in, introduced himself as a long time director of retirement homes in the Los Angeles area. He understood that I was trying to establish a Lutheran retirement home and that I had the Carlsbad Hotel in escrow. He offered his services after explaining that he had much confidence in Lutherans and felt his experience might be helpful. After revealing the weak financial structure of Lutheran Services, Inc. and total lack of cash, he stated that he had friends who had money and would very likely accept his recommendation that they should help underwrite our budding enterprise. He agreed to assume the job as Managing Director for a salary of \$12,000 annually and room and board. Recognizing that his pay would be somewhat delayed and, of course, that the arrangement would be subject to approval by the Board of Directors.

Mr. Ireland called me a week later and invited me to lunch at a restaurant on the coast to meet with Mr. and Mrs.

A.C. Nicolet who were down from Los Angeles to look at the Carlsbad Hotel. They were a couple in their late fifties, very pleasant and listened intently as I outlined our plans for Carlsbad By The Sea. Before the lunch was finished, they pledged to make us a temporary loan of \$50,000 with stipulation that they would eventually become residents and that Carlsbad By The Sea, once it became solvent, would construct, for them, a cottage overlooking the Pacific Ocean. The Board of Directors accepted their proposal and we were now able to, in part at least, comply with our purchase escrow.

Chaplain Holst and I met with Mr. Sherwood of the F.H.A., San Diego office to discuss further possible financing from that source and the following week I spent assimilating documents, plans, and proposals to accompany our application.

Congress had passed, in July 1956, an amendment to the Federal Housing Act making available \$20 million for loan purposes at 4 1/2 percent interest, specifically for financing homes for senior citizens. If successful, we would receive a 90 percent loan.

My original meeting was with Ms. Faye Hartman, Chief Administrator in charge of the San Diego office, but because of frequent trips she had to make, in performance of her duties, Mr. Foster and Mr. Chaffin, Credit Chief for the

office, were appointed to expedite our application.

The escrow terms were as follows:

December 5, 1956 -- \$1,000 - Deposit

January 18, 1957 -- \$14,000

March 5, 1957 -- \$30,000

proceeds from FHA loan - April 15 --\$405,000

We did not, however, rely entirely on the F.H.A. loan application being approved, but made more than a dozen contacts with other prospective lenders. I prayed a lot also and became acutely aware, as the weeks rolled by, that nothing short of a miracle was sorely needed. Then, realizing how many millions of requests there must be, I amended my prayers to ask only for courage to continue and perhaps a little hint as to what to do next. Not that I was alone in this. All the wonderful and dedicated people were doing their level best.

Several banks turned us down. It was quite a sizable mortgage in 1957, but the answer will come. Now that "the cat was out of the bag" so to speak, it had become common knowledge and other parties became interested in buying the hotel and competition set in. If we can only meet the deadlines, all will be well!

A building committee had been appointed and we had many meetings discussing what renovations and remodeling would have to be done and the State Fire Marshall submitted his

requirements and they were many, including additional fire escapes, overhead sprinklers, etc.

Came the first rain. I received a frantic phone call, "The roof leaks like a sieve!" My fiance and I spent days and some nights emptying buckets, pots, and pans borrowed from the kitchen that were catching drips, throwing water out of the windows. Connecticut Mutual Insurance Company declined the opportunity to make us a loan on December 8, 1956. Continued negotiations with Mr. Neal Ireland, who in the meantime, was exploring the market for future residents and reported good acceptance from prospects. He soon had 5 prospects willing to make \$10,000 deposits each. The State of California was in contact with us and a continuous study was on-going of their requirements before licensing was granted. Architects were discussed and we were aware of the need for an elevator and obtained tentative bids for same and overhead sprinkler system.

Fee schedules had to be established. Samarkand Home had a range of from \$8,000 to \$20,000 "Founders Fee" as the initial cost to a prospective resident was called, price depending on type and size of accommodations. In addition, there would be a monthly fee based on services requested, such as meals and or maid service. The State Welfare Department that oversees homes for the aged wanted specifications for our medical care and "who will be your doctor?" and many other challenging questions arose. The 41

official meetings held during these hectic months did not include the countless person to person meetings concerning these and other subjects, usually arranged at the home.

Suggested value for Founders Fees ranges from \$4,000 to \$25,000 per person. Most rooms did not have facilities for cooking, kitchen sinks, or refrigerators, major items.

Insurance? Both fire and/or Liability -- also complicated and expensive items. Then staff! Which reminded us of the urgency of negotiating contract with our Executive Director. After the first week in December, Mr. Neal Ireland accepted a contract on a 90 day trial basis.

Security National Bank turned us down and then Bank of America. Another set of plans and specifications were sent to the F.H.A. office on December 26, 1956.

It is not clear how I found a set of plans of the hotel when it was built. After considerable research of the Public Records, I had succeeded in contacting several prior owners back to the early thirties, but not one had ever seen a set of plans. It was imperative that we have plans for F.H.A., the Fire Marshall, and the Building Department and not least, for our own use.

Another meeting resulted in policy being set to the effect that all denominations were acceptable as residents

from current list of applications after which preference would be given to Lutheran Churches.

A plan was proposed for financing the purchase of the hotel by using Founders Fees from six couples and 50-70 residents, but I regretted to inform them that the State would not permit release of those funds from trust until license was granted and all requirements had been met before license issued.

The Nicolets also demanded that the project be more advanced before they would deposit their money.

One way to assure that winter season passes quickly is to have a note due in the spring -- and we had several payments coming due! It was a short winter.

The subject of what to do with the hotel operation until close of escrow was raised and it was decided to apply for a permit to take in guests during the waiting period. This would give us a staff and the coffee shop/dining room could be in operation and possibly pay for itself and even produce a slight profit. Permission was granted and Lutheran Services, Inc. was now operating a hotel. I had several sessions with Mr. Holzman, Official Receiver for Bankruptcy Court and with Mr. Dorman, our attorney keeping them fully informed. Mr. Holzman had objected to the 180 day clause for third payment and it was cut to 90 days. Received news that

Mr. Nygaard, member of Southern California Welfare Board, could not help us on financing.

Inspected or showed property to Dr. and Mrs. Smith from Lutheran Welfare Board, they were very impressed and promised all possible assistance.

It appears that an elevator may be bought and installed for as little as \$10,000, overhead sprinklers for \$40,000. The architect is making a study of all City and State requirements and is preparing plans for remodeling. It was necessary to bring building up to code, which had changed considerably since the hotel was originally built. We found, however, that State and City officials were very cooperative.

In the meantime, our application for the F.H.A. loan was meeting with resistance in spite of the fact that all required information had been supplied promptly. I began to feel doubts that we would succeed in obtaining this loan, which would have solved our major finance problem. I was exploring continuously the status of the various creditors claims, none were receiving payments, but foreclosure procedures were suspended when bankruptcy was filed and they could only follow the Bankruptcy Court's decision for the time being. It became quite obvious, as I talked to these people, that many would happily accept a discounted settlement at this time, but that required a lot of cash.

Reiner Nielson, architect of the firm Nielson and Moffett was recommended to us and after some investigation, was engaged by the Board. Mr. Nielsen had many sound ideas and suggestions and proved very capable. He became a real asset to "our team." He soon managed to assimilate enough facts from bits and pieces to produce a much needed set of plans of original construction. We were asked permission for Carlsbad Fire Department to have their annual Benefit Ball at the Carlsbad Home which was granted with the understanding that liquor could not be served.

We continued meetings of the Board, sometimes at Donald Sharp Hospital and also at the home. We received donations for current expenses, ordered stationary, and discussed advertising programs while composing a folder for mailing to prospective residents and Lutheran Congregations here and out of state. Application forms were printed and in early January, 1957 we had 11 reservations and 5 requests for applications and the Director was beginning to assign rooms to future residents. A \$1000 deposit had to be made to Gas and Electric Company. Eleven hundred of the new folders were mailed. Our dear old friends and supporters, Mr. and Mrs. Nicolet advanced \$1000 and Mr. Ireland covered balance of expenses from his personal account. Attorney Vroman Dorman was given copies of all of our forms such as preliminary applications, medical forms, and Life Care Agreements. The attorney approved our continued operation of the hotel with us covering all expenses, except taxes and insurance and we

to receive all income. Taxes, at that time, were \$8,700 per year.

Dr. Fairbanks of Carlsbad was retained as physician on call for the home. Mrs. H. Johnson and Mrs. Edwards were to handle the front desk on a part-time basis and Mr. Jeffrey agreed to continue as caretaker-gardener at \$200 per month. The present housekeeper, Virginia, continued at \$1.10 per hour and Lis Banfield as secretary at \$150 per month plus a room.

Mrs. Mildred Walter had approached Mr. Ireland and discussed a possible major gift.

In early January 1957, it seemed possible that a total deposit of Founders Fees could exceed \$75,000. Residents assigned tentative living quarters were paying, in total, above \$700 per month with additional income coming from transient customers. Total expenses, including: water, gas, lights, and wages were approximately \$770 per month.

The number of "guests" per night was small, usually under ten, but all helped.

The Hem Investment Corporation requested a guarantee for performance from Lutheran Services, Inc., backed by cash or financial statements sufficient to assure performance.

I volunteered as one guarantor, but later found out that as agent for both buyers and sellers, this would be a conflict of interest violation and much to my regret, had to withdraw.

By this time, I had full confidence that we would succeed, because of the loyal support from, it seemed, everyone associated in any manner with the project. The rejections we had were not from lack of faith in the project, but usually caused by outside limitations, such as the case of one trust that was barred from making a cash donation except to fully established institutions which we were not.

Mr. Ireland, as the optimist he was, submitted a tentative budget for a fully occupied Carlsbad By The Sea and it was encouraging to realize that his figures were not that "dreamy" but actually a goal that could be reached. His annual income was at \$150,000 and total expense was \$640 below that. That was based on monthly fees of \$125 and expenses included all foreseeable items such as salaries, food, utilities, taxes, and insurance, but income estimate did not include what would be a sizeable item, the return on our eventual investment program.

I remember quickly adding the \$8,000 expense of real estate taxes to the income column because, as a non-profit organization, it would probably be tax-exempt and likewise with the depreciation item on expense side of \$9,000 which of course did not require cash outlay. It was a definite lift to

realize that our financial situation was improving rapidly, although many adjustments were made before we achieved a truly balanced budget.

We had another meeting in January with F.H.A. officials at the Carlbad Hotel, but received no confirmation of acceptance of our loan application.

Our first "deadline," January 18, 1957, was looming large in the near future -- that was the date on which we had to deposit \$14,000 in accordance with escrow instructions. Several meetings on successive days, then on January 11th at a three and a half hour meeting at Donald Sharp Hospital, Mr. Nicolet agreed to deposit \$5,000 and Mr. Ireland \$5,000.00, but together with the pastors \$1,000 -- we were still short! Mr. Nicolet wanted to know if we planned to retain Mr. Ireland as Director -- resulting in the Board signing a two year contract with Mr. Ireland.

On January 16th, we heard from Rev. Sagerhammer, Augustana Synod in Arizona, and the U.L.C. Synod. From funds in transit to headquarters, they were able to loan us, respectively, \$2,000 and \$3,000 on a very short term basis. The deadline was met!

Attorney Maloney had prepared satisfactory guarantee documents that would satisfy the synodical bodies, thus once again coming to the rescue. I was striving hard to have the escrow closed before March 15 in order that we may qualify

for the real estate tax exemption for the coming year. On January 16th the Board met at O'Quins Restraunt in La Mesa with Mr. Saul of the San Francisco office and Mrs. Hill of the Los Angeles office of the California State Welfare Department present. Eight Board members were also present, a quorum, and Mr. Ireland's two year contract was ratified. The "ship" survived heavy seas the following day when only \$2,000 arrived from synodical office, but was followed the next day by the the \$3,000 check. The corporation papers were finally ready for filing in Sacramento after many corrections by Mr. Malowney and now fully signed by all Board members. Then came appointment of committees to handle subjects such as Building Program, Admissions, Program and Service, Public Relations, By-Laws, Finance and Investments, Property Supervision, Personnel, Medical and Food Departments.

It was voted that pastors and widows be granted a 15% discount off their fees as residents.

A resolution passed that we prepare and mail a letter of thanks and appreciation to the many dedicated persons who, through their added efforts and generosity, made it possible to meet the February 18th deadline.

Rev. George A. Nelson of Calvary Lutheran and Rev. Milus W. Bonker of First Lutheran Church played a significant role in enlisting the support and consent of the synodical

leaders.

An attempt was made to repay the original sponsors their \$100 contributions and I am not certain what action was taken. During the last week of January, we met at Carlsbad with the State Fire Marshall, Mr. Carlisle, Mrs. Hill of State Welfare, Mr. Woodland of State Health Department, the Carlsbad Fire Chief and Inspector, and the architect for an intense discussion of what improvements must be made in order to qualify the home. All recommendations were duly listed and eventually became part of the schedule.

Insurance coverage on the building, at that time, was in the amount of \$439,000 including steam boiler and earthquake coverage.

Final word from the F.H.A. was expected daily and all of us were assisting in "spreading the word" about Carlsbad By The Sea and encouraging people to visit the home and tender their applications. Letters went out to churches and Synod offices all over the United States and to many church publications. As late as February 4, 1957, we still entertained high hopes of getting the F.H.A. loan while continuing the supplying of papers and documents as requested.

For over a year I had made at least one trip to Carlsbad each week and, interestingly, had noticed that the weather in

that particular stretch of coast differs from the more northerly and southernly stretches, being slightly warmer during cold spells and cooler by 10-15 degrees during hot spells. I had left San Diego in light fog or overcast and when reaching Carlsbad, it would be sunny. Ideal, it seems, for a retirement home.

During early February all committees were busy with their assigned tasks and Mr. Ireland anxiously awaited the results of their hard work. Twenty-seven (27) rooms had been assigned by this time and plans were taking shape for contemplated construction of our cottages between the present building and the ocean. Founders Fees, not including the cottage reservations, should now produce \$149,000. The hotel operation still producing a small profit, but cash ebbing out. In less than a month loomed another deadline calling for an additional \$30,000.

In the meantime, the vital Life-Care Agreements had to be carefully prepared and wisely so. We know now that in later years many homes failed, filed bankruptcy, due to carelessly written Life-Care Contracts. They must be fair, but also equitable.

I was constantly groping for solutions in the event that the F.H.A. did not come through and negotiated with the Goodwin Company who managed the First Trust Deed on the property, with a balance of \$168,000 plus delinquent

payments. I was optimistic that we might have been able to assume same and, very possibly, increase the loan.

Mr. Ireland, by doing an outstanding job, had earned the utmost respect, not only from the Board of Directors, but by all that were involved with the project including the State representatives and he was leaning heavily on them to achieve an early release of Founders Fees now assigned to a trust. As late as February 16th, we were trying to locate Mr. Sherwood of the F.H.A. office who was now traveling and currently in Baltimore, Maryland, for the latest on our loan application. Mr. Baumgarten, now handling processing of our application was also anxious to hear from him. To our great disappointment, nothing definite came from that source.

Besides several other meetings, the Finance Committee met at Donald Sharp Hospital and most Board members pledged various amounts towards the \$30,000 due on March 5th. These people were simply incredible in their dedication to the project. A venture in faith indeed! Sums from \$1,000 to \$2,000 were advanced -- present were Rev. Gerald Hoffman, Wilber I. White, Lentz, Rev. Garmon, Leonard Dyste of the Bank of America and President of the Board, and John Titlow. Other "loans" or gifts were added from Clara Olson, Ferne G. Schultz, Good Shepherd Church of Los Angeles, Stephen and Marilyn Moran, Betty Wiedmer, Mr. & Mrs. Victor E. Wilson, First Lutheran Church of San Diego, Carl Broehm, and Home Federal Savings for a total of \$13,548.50 that was deposited

into escrow on March 5th, but in a separate escrow for control. Funds could be used only if entire payment was made and accepted, this was because of a possible delay in making up the total.

Mr. Ralph Shattuck, realtor, whose valuable time and facilities I was using during these critical months, made \$6,000 available on a special agreement with Neal Ireland. On March 8th, three days past the due date, Mr. Ireland announced at a special meeting that the \$30,000 was available, but not deposited because of a dispute with the bankruptcy court. It was moved that we petition the court for a ruling and, unfortunately, it also required approval by the holders of the 1st, 2nd, and 3rd trust deeds and notes. It was decided at the meeting that the \$30,000 be deposited into a special and separate account pending the courts ruling.

The court session was in the afternoon on the same date and Mr. Ireland and I proceeded to the court. By earlier action of the Board of Lutheran Services, Inc., I had been appointed Advisor for the Board. This, in addition to the earlier action by the Lutheran Welfare Society of Southern California appointing me to their Board, I was fully accredited to appear before the judge.

It has been said that in all ventures there will be those that, as the man who came to a wide river in the course

of his journey who decided to wait until the river subsided so that he may cross and there are those who immediately start the building of a bridge. How deeply grateful I was that our "team" consisted of bridge builders...no procrastinators! Our capable and ever present secretary, Eula Johnson, performed her duties, so vital to our project, in excellent fashion.

Mr. Charles R. Newby, attorney, recommended by the Lutheran Welfare Society, lent his expertise and assistance thus relieving Mr. Malowney of some of the many and complicated tasks as the procedure became more and more involved and time consuming.

The Bankruptcy Court approved our most recent financing arrangements and proposals over the vehement objections of most of the creditors and we came away with a strong conviction that the judge had joined us in our enthusiasm and belief that the project would succeed. Mr. Mendes, who held the 3rd trust deed, promised me that he would cooperate 100% with us, but his attorney told me that no discount would be granted in as much as Mr. Mendes had already lost \$300,000 on his hotel investment.

On March 22nd, the Nominating Committee elected Rev. Milus Bonker to serve as President, Leonard Dyste as Vice President and Rev. N.M. Ylvisaker also as Vice President.

We were approaching the next deadline, April 15th, the date set for the closing of escrow! We were, by now, so involved that we simply had to succeed.

Architect Reiner Nielsen would be ready to present completed plans in early April, including cottages. Our attorney was requested to review the contract when presented.

Connecticut Mutual Insurance Company, who held the First Trust Deed and Note on the hotel, informed us that they could not increase the present balance of approximately \$167,000 plus many delinquent payments. Another bubble burst! Actual amount to bring current was now right under \$22,000.

The second Trust Deed and Note had to be paid in full which required a minimum of \$82,890 and \$9,000 was required to bring the third Trust Deed and Note current and we could then assume that balance of approximately \$100,000.

Mr. Alfred Zahl of the California Department of Welfare telephoned. Release of Founders Fees may be approved after The Securities Commission grants permission to do so, but first, they must have full assurance that the home is qualified for licensing. They requested a copy of our escrow instructions, which was promptly forwarded.

In a telephone conversation with Mr. George Scott, owner of Walker-Scott Department Stores, I learned that he was very

much interested in hearing about our project. Mrs. Scott is a member of a Lutheran Church and had mentioned the project to Mr. Scott. He agreed to meet with us. Rev. Garmon, Rev. Bonker, and I met with him at his office. We related to him a brief summary of what we had done and where we were at present and frankly appealed to him for any possible assistance. Mr. Scott is an outstanding Christian, often involved in charitable enterprises and he quickly analyzed our situation and concluded: (1) We need to extend the escrow period, (2) We need someone of prominence in the San Diego community to assist us in getting the extension approved through the Bankruptcy Court. He promised to discuss the matter with his attorney, Mr. Tom Hamilton, indeed a highly respected attorney and Mr. Scott thought he might conceivably be willing to do that for us. It proved to be the right move and the right person. After presenting us in the court, we obtained the necessary extension.

The following day I heard from the Lutheran Welfare Society; they were negotiating to obtain a \$250,000 loan for us.

Mr. Ireland reported that by the end of April, we would have 41 Life Care agreements signed, 35 units assigned, with a total of \$125,000 in deposits and furthermore, that our friends, the Nicolets were now ready to advance their \$50,000 with some minor contingencies. They were also making an offer to buy the 2nd Trust Deed and Note and, if successful,

would allow us to assume it. This would involve the owner discounting the Note considerably and it would be interesting to hear further on that one.

As of April 12th, cash on hand in the corporation account was \$98,100, plus we held a Note receivable for \$4,900.

At a meeting in Attorney Malowney's office on April 26, 1957, it was reported that we were within \$67,943.10 of reaching our goal, subject to minor adjustments on figures used. Since most of that shortage was due to miscellaneous unsecured creditors, a proposal was made to delay closing of the escrow 60 days, a proposal I felt necessary to object to for the simple reason that I felt that delinquencies on loans, real estate taxes, and insurance were occurring, thus ever increasing the sums to close and we had learned in the meantime that licensing of the home could not be granted until the property was vested in the name of Lutheran Services, Inc...I was overruled and motion was made to request an extension to June 28th. Attorney Tom Hamilton subsequently succeeded in obtaining the extension . I was requested to renew the F.H.A. loan application, which was done.

At the meeting of May 21st, Mr. Ireland reported 59 residents accepted with 44 assigned units and a revised budget of \$170,000. Total amount due to Carlsbad By The Sea

for Life Care fees was \$700,000. Mrs. Hill from State Welfare attended that meeting, as did Mr. and Mrs. Nicolet, Rev. Bonker, Mrs. Morris, Mrs. Heppner, Dr. Ylvisaker, Leonard Dyste, and Eula Johnson. To say the least, it was a very exciting meeting as we began to see the light at the end of the tunnel. We prayed it was not a locomotive coming!

On June 4, 1957 we met at Donald Sharp Memorial Hospital, the host was Chaplain Arthur Holst. Presented were demand statements from Land Title Escrow in the amount of \$77,500 plus escrow and title fees. Some "housekeeping" details were handled at that meeting as Treasurer, Mr. Lentz, asked permission to issue promissory notes to all parties who had lent money to the project. Mr. Plummer, Mrs. Roloff and six other Board members attended, as did Mr. & Mrs. Nicolet, Mr. Ireland, and I. A memorable motion was made to order the escrow to prepare all documents necessary to close.

On June 7th, we received the permit from Corporations Commissioner of the State of California and on June 12th, confirmation that we held cash in the amount of \$100,000, the required minimum, was forwarded to the Commissioner and funds were now released. After the close of escrow, the balance of cash on hand was \$66,089.98 and \$4,106.79 in the corporate checking account. Mr. Ireland was proud to announce the following:

Life Care fees	\$754,985
Plus en route	54,000

Founders Fees paid or due	300,250
Total	1,109,235

Pastor Ylvisaker closed the meeting with a prayer. My prayer, May God forever bless all of the dedicated people who participated in this "Venture in Faith" and that includes their families who allowed, so graciously, the time to serve.

On June 13th, we received the amended escrow instructions, as prepared by Attorney Newby, from Attorney Dorman, fully approved by him for the sellers. A petition to the Judge of the Bankruptcy Court was also prepared and now awaiting deposit of cash into escrow. The next step will be the actual deposit of \$122,000 into escrow, plus or minus, depending on prorations. Realtor Ralph Shatruck assigned to the escrow \$6,000.

The following day we received a request from the Director of the San Diego F.H.A. office for a complete set of plans covering all remodeling and construction.

A complete list of inventory fixtures and personal property was being prepared for inclusion in the escrow, as we rapidly approached the June 28th deadline to end all deadlines. We deposited the final sums due and the documents were recorded the next morning. No more sleepless nights and headaches! Actually our work had just now begun. I was free

to join the Board of Directors and served 3 plus years as Treasurer.

On July 20th, Flossie Pritchett and I were married in a Lutheran Church in Las Vegas, but had no time for a lengthy honeymoon. While all of this had transpired, I had moved to Escondido and opened Hanson Realty in May of 1957. It was a small operation with only and salesperson. The office is thus celebrating its 30th anniversary in 1987 and although I am no longer involved in it's day to day operation, I have seen it grow to a firm with 48 salespeople doing a volume of \$80 million in sales annually. Flossie passed away in 1984 after a short illness. I recently married Jean Biery of Escondido and continue traveling, mostly on cruise ships. When at home, we play tennis every day and wherever in the world we go, our tennis rackets go along.

On Sunday, December 1, 1957 approximately 400 people gathered at Carlsbad By The Sea for dedication services. How fitting that Rev. Ylvisaker offered the invocation. It was a day of joy and pride for all of us and we could only trust that the wonderful spirit of compassion and devotion that inspired the founders through the many months of sacrifice and work would carry them also through the trying months ahead until the project would stand on solid ground, free of debt, free to fill the needs of the residents, present and future. In one short year, we had created and dedicated this beautiful home, starting as we did with 10 one hundred dollar

checks, some from budgets that were meager, to total assets in excess of \$2,000,000.

In retrospect and reminiscing, the 30 years that passed since then were not without problems and sorrows, but I can truly say that my life has been blessed abundantly with joy, success and excitement. Blessed with six grandchildren, two of them twin sons of the son that was enrolled at the Army and Navy Academy in 1956 & 1957 and thus brought my attention to the Carlsbad Hotel. The twins are now seniors at West Point Military Academy in New York and doing very well there. Another grandson became a skier for the U.S. Olympic team for three years and granddaughter Kirsten is now married and has given us 3 great grandchildren. Christian is now 19 and going to college and Kaj who is just finishing high school. I always dreamed of seeing some more of the world and as an "old sailor" preferably by ship and that dream came through also as I recently returned from my 35th cruise, that one through the Panama Canal.

What perhaps astounds me the most while writing about the beginning of the Carlsbad By The Sea, are the numbers with which we were working at that time. It would be "duck soup" today and no cause for a frantic scramble to raise \$14,000 for the second escrow deposit or subsequent sums required.

Recently, as President of the Redwood Terrace Lutheran

Home Board of Directors, we initiated a \$15 million bond issue to complete an addition of 59 units. Yes, things do indeed change with time. Founders Fees are now from \$70,000 to \$150,000 per unit and monthly service charges from \$750 and up. A new project of a size comparable to Carlsbad By The Sea would cost in excess of \$15 million today and lacking would be much of the beauty and charm of Carlsbad By The Sea.

It was well into the year 1958 when we finally gave up on possible F.H.A. financing. In defense of those attempts, it may be said that the hopes and enthusiasm certainly were buoyant with the expectant "total" and carefree financing in sight. How rewarding, however, when the day came when we no longer had to have it. Gradually we paid off the many loans and other debts, always with sighs of relief and pride. Slowly the number of residents grew. A September 1958 report listed 71 members in residence, including the cottage occupied by the Nicolets.

I was saddened by the dismissal of the Executive Director, Neal Ireland, but his Business Manager, Victor Wilson, who was appointed to take his place, was an affable and very capable person. He was well liked by the staff as well as the residents. It was rather difficult to engage a qualified person with good management ability at the rather low salary affordable and it was not long, of course, before the Board found it necessary to increase it. The requirements were not only business ability, but also a

compassionate understanding needed to deal with the many problems of a retirement home and also knowledge of construction, as well as remodeling.

It was with very special pleasure that I met Dr. Ylvisaker the day he moved in and his ever good humor became a distinct asset to the home.

As Treasurer, I could not afford to miss a meeting and somehow found the time away from my growing business in booming Escondido.

Carlsbad By The Sea continued to be an integral part of my life for some time. Forgotten are the difficult times and I look back with pleasure and satisfaction to that five year period in my life and to the many friends I made in the process and I can only express a sincere wish that their lives were enriched and blessed by the experience as was mine.

Strange coincidence that 25 years or so later, as President of the Board of another Lutheran Home, the Redwood Terrace Home in Escondido, I should have the privilege and pleasure of interviewing and engaging as Executive Director, Daniel Johnson, then at Carlsbad By The Sea. That was in 1982. In mid-1961, after the Carlsbad By The Sea received high praise from the State of California Welfare Department and The Securities Commissioner and declaration that we were

financially sound, I tendered my resignation from the Board of Directors.

An idea had evolved over the years and I proposed to expand with construction of another facility, tentatively in the community of Vista, which would accept residents unable to meet in full the financial requirements. The money would come from the surplus earnings from our investments plus an endowment fund that would be eligible to receive charitable donations promoted through a "capital campaign." There was only a slight support from the Board and I was frankly disillusioned.

It was my privilege to learn to know most of the residents at Carlsbad before I left and it was my habit, acquired in business, to make notes of phone calls and conversations and I kept a folder for them. As Directors, we took turns in attending to calls of distress or complaints, but usually found that the caller merely wished to discuss ways of improving services and I suspect, phoned sometimes just for attention.

It was rewarding to hear praise and expressions of happiness and contentment with the Home and we often heard compliments to the credit of the staff and the sincere and christian concern with which they were treated and often they mentioned that they gave thanks to God for having guided them to this beautiful place where they were comfortable, yet

could come and go as they pleased.

During a recent visit to Carlsbad By The Sea, now managed by Executive Director Lloyd Rochambeau, it was pleasing to learn that all was well, the Home fully occupied with a waiting list of 30-35 applications. As beautiful as ever, the Lutheran Health Facility across the street had been added and also fully occupied with 59 residents. It was a real joy for me to meet Virginia Ericksen who now resides there with her husband and she was pleased to show me their cottage, as pretty and comfortable as any house could be. We served together at the Redwood Terrace Lutheran Home in Escondido for about six years. A wonderful and capable person, she now assists in the management of the Home at Carlsbad.

Overall supervision is now, and has been for a number of years, under the guidance of "California Lutheran Homes" with headquarters in Alhambra, California. They manage several other Lutheran Homes in Southern California and I highly approve of the health facilities that they have added as additions to the resident homes. California Lutheran Home was in existence in 1956, but we were not aware of them when we founded the Carlsbad By The Sea or they would promptly have heard from us. In the sometimes strange ways of the Lord, I guess he just wanted us to struggle through by ourselves. Whatever happened to our Lutheran Services of San Diego, Inc., I do not know, but if it dismantled, it served

with honor. I would have sent flowers to its burial.

Carlsbad By The Sea was recently honored by being declared a Historical Monument and thus is assured of a long life of service, but with minor changes in architecture and environment. Visitors are graciously invited and most have their pictures taken by the age-old Weeping Eucalyptus tree estimated to be 200 years old. There are countless varieties of eucalyptus, originating in Australia, but this is the only one of its kind I have ever seen. The story goes that it became the "weeping variety" when Senorita Rosita Roja, daughter of Don Carlos Fernando Osuna, learned of the death of her sweetheart, ship's captain of a Spanish ship. The first time I saw the tree was in 1932 when the Carlsbad Hotel was quite new and the tree has not aged an iota since then.

The Carlsbad Hotel was a very romantic place in the early days, situated as it was between San Diego and Los Angeles on the only highway (101) then connecting the two cities and as a matter of fact, connecting San Diego with the Los Angeles County area. It was very popular with honeymooners from both cities and often travelers from Los Angeles would decide that Carlsbad was far enough for one day. They would check in and then enjoy a special chicken dinner at the famous Twin Inns across the highway and then a dip in the cool Pacific.

The Home still has a Chaplain, Rev. Leshie Brandt, in residence, recalling memories of thirty years ago when we

held business meetings by invitation of Chaplain Arthur Holst at Donald Sharp Memorial Hospital, then sponsored by the Lutheran Churches.

I visited the Chapel at Carlbad By The Sea, remembering that it was Pastor Ylvisaker's pride and joy and the day when he declared that, "This dining room shall be our new Chapel." During his residence, he usually held the services there.

This story had to be told and always it has been living proof to me of what Christian and dedicated people can do by working together in harmony. There are no limits. By imaginative financing, I helped in creating 11 other church projects and when I get a call from a budding congregation asking for help, I cannot say no, but have often said in a joking manner that the Lord has to have someone do his "dirty work" such as raising the necessary finances and as long as He helps along with a miracle or two, I don't mind a bit that he keeps my phone number on file.