

# Living

## JEWISH

### A compassionate friend of means in time of need

By SUSAN GILMAN

**A**T A TIME WHEN THE AMERICAN savings and loan industry is in dire straits, a financial institution that has lent money without interest for almost a century continues to flourish. In a world full of turmoil, it remains an oasis of kindness.

The Hebrew Free Loan Society, dubbed "the best-kept secret for 99 years," has lent more than \$100 million interest-free to date without losing or gaining a cent. Borrowers are not deeply scrutinized; virtually no one is turned away.

"Too many people out there don't know about us," said Arnold Teitelbaum, executive director of the society. "If 1,000 people walked in here tomorrow to take out a loan, hey'd be welcome."

The society was founded in 1892 by 11 devoutly Jewish men on the Lower East Side of Manhattan. They wanted to help their poverty-stricken neighbors through *gemilath hasodim* — acts of loving kindness.

Meeting at the small Wilner Synagogue on Henry Street, they endeavored to create a loan society reminiscent of those in Eastern European *shtetls*, where small loan societies had sprung up to adhere to instruction in the Book of Exodus: "If you loan money to My people, to the poor by thee, thou shalt not lay upon him interest." The men pooled \$95, and the Hebrew Free Loan Society was born.

Operating out of a local storefront, it made small, interest-free loans to anyone in need. Requiring only that borrowers give a voucher and provide a co-signer, it lent money to peddlers for down payments on carts, to housewives who needed bread and milk days before payday, to families whose daughters were getting married, to students who could not afford air tuition. Setting in motion countless businesses, it enabled immigrant families to take their first steps out of the ghetto.

Although all monies are lent in strictest confidence, several borrowers have let their stories be known. One was of a Rus-

### Free loans for Soviet emigres in Israel

By STEVE LIPMAN

**A**CLEVELAND NATIVE who settled in Israel three decades ago has established a free loan fund for the country's newest group of immigrants — Soviet olim.

Eliezer Jaffe is founder and chairman of The Israel Free Loan Association, an independent, non-profit organization that offers interest-free loans to Soviet immigrants for miscellaneous expenses. Since its founding in April, the association has loaned about \$50,000. Three-fourths of its funds have come from foundations and private donations outside of Israel, though a campaign is now under way for contributions from Israelis.

"I like the free loan idea," says Jaffe, a Yeshiva University graduate who serves as an adviser to immigrant self-help groups. "The money will go around forever. It will help thousands and thousands of people."

While the organization has met the needs of applicants so far, it will be hard-pressed as the number of Soviet immigrants increases, he says.

The association's eventual goal is \$1 million, says Jaffe, a social work professor at Hebrew University. "We hope to ... get to the point where we can administer

interest-free small business loans as well."

The association, which Jaffe calls the only one in Israel that helps Soviet newcomers pay "day-to-day" expenses, offers a maximum of \$700 to an applicant. Funds are used for such requirements as dental care, household repairs, college tuition and apartment mortgages.

Jaffe says the association supplements the larger grants and loans offered by the Israeli government and Jewish Agency. Most applications come from immigrants whose initial funds have run low after their first year in Israel. Two co-signers are required for a loan.

Jaffe says the association is "terribly appreciated by the Russians."

According to Jaffe, the association's 20 volunteers spent much of their time explaining the principle of a free loan association to the Soviet immigrants, who are unfamiliar with the workings of a bank, let alone a traditional Jewish loaning group.

Those who contribute at least \$5,000 can have an earmarked fund named for them. For information, contact P.E.F. Israel Endowment Funds, Inc., Suite 607, 41 E. 42nd St., New York, NY 10017; call (212) 599-1290.

sian immigrant named Komar who arrived in New York with only a sewing machine. Borrowing money for material from the Hebrew Free Loan Society, he went on to build a major needle-trade industry and create the famous "Gibson Girl" fashion.

The parents of Theodore Silbert, president of Sterling National Bank, used to borrow money from the society on an

almost weekly basis.

"They were both actors, and the society was down the street from the Yiddish theater where they worked," says Teitelbaum. "They would come in every week to borrow money for food, then come in after payday and pay it back."

In more recent times, a young composer named Philip G

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### Friend

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borrowed money from the society to pay for the first pressing of a demonstration record of his music. And on Teitelbaum's check is an original voucher, dated Feb. 14, 1898, for a \$25 loan. The borrower was his own grandfather, who signed it in Yiddish.

Today, the Hebrew Free Loan Society continues to bankroll loans and necessities. Its goodwill has perpetuated itself, helping the society to thrive.

Lending money literally in good faith, the society has enjoyed an almost zero default rate. And more than a few borrowers have shown their appreciation for the society by donating large sums after they have become rich. This has enabled the society to amass a sizable capital fund, which finances both its loans and its overhead.

Although it has moved from its home on the Lower East Side to better, more pleasant offices on East 42nd Street, the society's principles remain intact. It is one of only two Jewish free loan organizations in the United States that lends money on a non-sectarian basis. Letters pour in from students, struggling families and accomplished professionals, thanking the society for giving them a hand up — rather than a handout — during their time of need.

"I'd like to thank your society for your help when I was in trouble. I hope that your society will continue to help new migrants," wrote a recent Soviet arrival.

"You made possible my graduate school education and helped me meet a very important professional goal — to be-

come a pediatric nurse practitioner," a young woman wrote.

"We really haven't changed," Teitelbaum said with a chuckle. "The only thing we've done [differently] in the past 20 years is to categorize what we've been doing into programs. But we always help people in need and in crises."

What has also endured from a century ago is the simplicity of obtaining a society loan. Woody Allen once said that 90 percent of success is simply showing up, and this seems to hold true for the society.

"Nobody gets turned away," the director said, noting that only a " cursory investigation" of the client's background is conducted.

"We do not ask people to specify the purpose of the loan, and we don't ask the person anything embarrassing, only, 'Is this for tuition purposes?' Asking for aid is dehumanizing and difficult enough. We don't want to embarrass or humiliate them further."

The only requirement is that the borrower provide one co-signer for every \$1,000 of the loan. (If the loan is for a smaller amount, this may be waived.) Borrowers receive a payment book for monthly remittances, which vary depending on the amount and type of loan.

Although it may sound risky, the system has worked for 99 years.

"If there's no repayment, we call and write, then call the guarantors," he said. "We're very patient. It has to be a severe case to bring in attorneys and collection agencies. When we start appealing to the guarantors, that usually works. It's peer pressure."

Today's special programs at the society include student

loans, loans to new immigrants and Neighborhood Presentation Loans. The latter help moderate- and middle-income Jewish families obtain affordable housing by granting them loans for homes in designated, traditionally Jewish areas, such as Moshulu, Midwood, Washington Heights and Kew Gardens. By enabling people to live in these areas, the loans preserve the character of the neighborhoods.

Student loans are less specific, awarding money to New York-based students attending any accredited college in or outside the U.S. Unlike most other Jewish free loan societies in America, it does not require that the student attend an American state institution.

The society currently is trying to make high school seniors aware of its services, but this is proving difficult because, according to Teitelbaum, "secular schools are afraid our loans would violate discrimination laws." So the society is trying instead to spread the word through the Jewish Teachers' Association.

The society also offers loans to nurses in major New York Jewish hospitals — such as Beth Israel, Long Island Jewish and Mount Sinai — to help them continue their education.

"Few of them are Jewish, but our feeling is we've got to help nurses working in Jewish-sponsored hospitals," he says, noting that compassion, not dollars, is the society's real commodity. And a sense of justice has been its real dividend.

"Working here has been the best thing that ever happened to me," Teitelbaum said. "We have no problem retaining staff — many of our people have been here 11 years."

"There's a certain reward in helping individuals. You're filled with good feeling, knowing every night when you go home that you helped somebody."