

## Up Front

### Helping Hand

Dalia and David, divorced from their former spouses and now life partners who maintain separate homes in Beersheba, don't seem like the sort of people who need financial aid. David, 54, draws a "decent" pension from his former sales job at the Bezek telephone conglomerate (he was downsized four years ago); Dalia, 49, is employed at the National Insurance Institute. They seem reasonably well-dressed and fit; he owns a car; she, an apartment. But scratch the surface and both are on the brink of financial collapse because of assistance they provide their total of seven adult children, none of whom are financially independent yet.

Dalia is struggling on a modest government salary to maintain two children in universities while making her own mortgage payments; David, the son of poor Tunisian immigrants, who hasn't been able to find another job to supplement his pension, just gets by each month after helping out his brood: two sons (in the army and university), and 21-year-old twin daughters who suffer from congenital health problems. But his main drain is his oldest son, Yaniv, 30, a married father of two who never earned a high school matriculation diploma and recently lost his waiter's job, which paid 3,500 shekels (\$800) a month and no benefits. In the meantime, Yaniv's bank overdraft ballooned to 10,000 shekels, checks bounced and the utilities threatened to cut off service. "I can't extend any more cash to him without being dragged under myself," says David.

That fear brought him, along with Dalia for emotional support, one rainy April morning to the offices of the Israel Free Loan Association (IFLA), located in a converted double apartment on a residential Jerusalem street. Established in 1990, IFLA grants approximately 500 interest-free loans a month, for a total of \$1 million, in 13 categories, from help in starting a business to assistance raising a handicapped child at home. There are also special funds for Ethiopian immigrants and victims of terror. Working with donated capital of some \$20 million out of premises that resemble a bank with a waiting area, and counselors sitting behind desks and computer terminals, it recently passed the \$60-million mark in loans to some 29,000

individuals in need.

IFLA's founder is Prof. Eliezer Jaffe, an unassuming man with a gentle demeanor who immigrated here from the United States in 1960, and established the Hebrew University's School for Social Work. He says he got the idea of starting an interest-free loan society — "a very old form of Jewish charity" — after visiting newly arrived Ethiopian immigrants billeted in a Jerusalem hotel in 1990.

Noticing mountains of donated used clothes, Jaffe recalls thinking that's not what those people needed. "Sooner or later, I knew they would need financial assistance beyond what the government could provide," he says. His first donor pro-

vided \$20,000 to help set up an interest-free loan society.

Jaffe says the secret to the organization's success is to "keep the money revolving," which requires borrowers to stick to the association's rules that are designed to maximize repayment of the loans in order to free up money for others to borrow. Loan applicants must be under the age of 70, reside in Israel, have a monthly income that is not less than 2,500 shekels and not greater than 13,000 shekels, an unfrozen bank account and two guarantors. Repayment is deducted monthly over a 30-month period from the borrower's bank account.

Jaffe explains that neither cash nor post-dated checks or collateral are accepted as payment. "We don't care if the borrower has a TV or a leather couch, we don't get into that," Jaffe says. Four percent of borrowers have trouble sticking to the payment schedule, he notes; about 1 percent "are criminals who rip us off." A part-time lawyer chases bad loans, although Jaffe points out proudly that IFLA deducts interest payments from court awards, something that always happily "surprises defaulters."

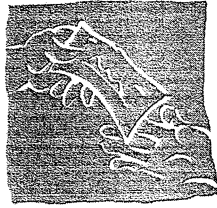
One rule Jaffe acknowledges makes him uncomfortable is that borrowers must be Jewish, a criterion often insisted upon by donors. "They are evidently guided by the principle of helping their own first," he says cautiously. He does point out, however, that some donors have expanded the criteria so that student loans of an annual \$3,000 and loans to the handicapped are open to Israeli Arabs; half of all student loans now given are to Arabs. He recently offered to help Arab social workers set up

their own interest-free loan society; so far nothing has come of that.

A month after applying for a loan, David is walking out with a check for 13,500 shekels (\$2,900), which he is going to deposit, he says, straight into Yaniv's bank account. For the next 30 months, 450 shekels will be deducted from the dad's account to repay the loan. "My son is interviewing for a job. The loan gives us all some breathing space."

Now Dalia, who was considering selling her apartment to finance her kids' tuition, wonders if they shouldn't apply for student loans instead. "Of course they should," says Jaffe, instructing her where to pick up the relevant forms. "Our goal," he says, as Dalia and David leave and new families step into the waiting area clutching sheaves of documents, "is to help people help themselves. That's why the loan sharks hate us."

Netty C. Gross



ILLUSTRATIONS AVI KATZ