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Israel Free Loan Association provides loans for new immigrants

By Phyllis Singer
Editor

Oleg Uliansky and Igor Grishin, who immigrated to Israel in 1990 from the Ukraine, recently received a small business loan from the Israel Free Loan Association to open a photography shop in the Rechavia neighborhood of Jerusalem.

Leah Dinar, from Russia, received a loan to open a salon for custom dressmaking, designing and needlework in Givat Shaul, Jerusalem.

Sergei Sodorov, engineer and electrician, received a loan to buy a computer to assist him in designing plans and specifications for contractors and engineers.

Dmitri Donievsky was able to open a business to do desktop publishing and printing after receiving a loan from IFLA.

These are just a few of the many success stories that the IFLA has to tell.

Uliansky and Grishin needed \$3,000 last December to open their small photography studio. "Wherever we applied, they wanted high interest rates or took many months to process the request," Uliansky says.

Then the two applied to the Israel Free Loan Association. To their amazement, they received the requested loan within a week. All they had to do was bring two guarantors and prepare 12 post-dated checks for the value of the loan.

The association, which follows the model of free-loan societies in the Diaspora, was founded in April 1990 by former Clevelander Professor Eliezer Jaffe of Hebrew University (the brother of Cincinnati Alice Zipkin).

Through the Jewish Agency and the Israel government, new immigrants to Israel receive assistance for their first year in the country. After that, they're on their own. But many continue to need help.

"People wanted to do something to help," Jaffe told *The American Israelite* during a visit to Cincinnati. He and a group



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of volunteers developed the idea of making interest-free loans available for newcomers.

Although the concept of free-loan societies goes back centuries in Jewish history and there are many free-loan associations in the Diaspora, there were only small ones existing in Israel, Jaffe says. "Basically mom-and-pop or neighborhood organizations, who give out \$25 or \$50 or \$100. Often they have only \$500 in the kitty."

Capital for the association was raised from donors from Israel and abroad. Jaffe is the chief fundraiser. "There are many free loan associations in the Diaspora, so the concept was easily accepted," he says.

Right now, the association, which has \$2 million in loans in circulation, serves immigrants from the former Soviet Union and Ethiopia and Israelis with large families. Eventually, Jaffe, who serves as volunteer chairman of the organization, hopes to have \$5 million in circulation. Then, he says, the organization would be able to provide the interest-free loans to thousands of additional immigrants and other deserving Israelis.

Loans up to \$10,000 or \$12,000 are available for business, emergency needs, housing, and college tuition and related costs. The average loan is for about \$2500. The only stipulations are that the recipient must be working (or be elderly receiving social security) and be able to provide two guarantors who are also working. The recipient must work out a repayment schedule with the association and provide post-dated checks for repayment.

Moreover, Jaffe points out, the association keeps expenses to a minimum, with a small office and only two paid full-time workers. If it had enough money, he adds, the association would like to move to larger quarters to provide more privacy for loan applicants. But providing loans is the first priority.

The default rate is just 1 percent, Jaffe says proudly. "Because we are user-friendly. We do whatever possible, including rearranging terms, to enable the new citizens to pay.

"Most immigrants do understand community responsibility, and they know that if

they don't repay their loans, they are hurting the next person who needs money." Forty percent of the more than 160 loans distributed each month are funded by repayments.

"Our files are bursting with cases of extreme need," continues Jaffe, citing one Russian family that used its loan to pay for a tombstone for an infant who succumbed to crib death. Another family, also immigrants from Russia, was about to be evicted from the apartment where they lived, when they received their loan. The father had started working but had not yet received his salary.

An Ethiopian family arrived in Israel with two children. One child and several other family members had died in the Sudan while waiting to be rescued. Because of the IFLA 2 percent housing loan program, the family was able to add the amount needed beyond the government 98 percent mortgage to acquire a new home in Israel. The stories go on and on.

Present sources for funding include private donations, endowments, legacies and trust funds from donors around the world—a base that Jaffe is looking to expand.

Calling contributions "gifts that last forever," Jaffe quotes Maimonides: "A loan is better than charity, for it enables one to help himself."

For further information about the Israel Free Loan Association, contact Cincinnati's Niti Minkove, 531-8363, or Dr. Jeffrey Zipkin, 841-1299, or write the Israel Free Loan Association, 1 Metudela Street (P.O. Box 4171), Jerusalem 91041, Israel.

In the United States, tax-free donations, which are applied directly toward immigrant loans, can be sent to American Friends of the Israel Free Loan Association, c/o Mrs. Roslyn Eichen, 120 Hards Lane, Lawrence, NY 11559 or contributions earmarked for IFLA may be made through PEF Israel Endowment Funds, 41 E. 42nd Street, Suite 607, New York, NY 10017.