

A 'free loan' program in Israel — Maimonides style

TERESA STRASSER
Bulletin Staff

There are Jewish financial institutions throughout the United States and Israel that look not to E.F. Hutton but to Moses Maimonides to guide their fiduciary responsibilities.

They are the 50 Jewish free loan associations, including San Francisco's Hebrew Free Loan Association, which aid Jewish communities worldwide.

Professor Eliezer Jaffe, who heads the Israel Free Loan Association in Jerusalem, describes the Jewish institutions as "banks of another kind."

"It's very Jewish," says Jaffe. "There's no interest, no profit, no business. It's quite unique."

Jaffe, a professor at Hebrew University of Jerusalem and volunteer head of the Israel Free Loan Association, was in the Bay Area last month for an educational conference.

Since founding the Israeli agency in 1990, he has awarded \$6 million in loans to individuals. Not only are the loans

interest-free, but applicants devise their own repayment plan. Some repay the loan in as soon as a year, while others pay it back in small installments over a longer period, up to three years.

"Our financial advisor is Maimonides," says Jaffe, referring to the 12th century rabbi, philosopher and physician. "He said the highest order of *tzedakah* [charity] is giving a loan or a job, helping someone help himself. We adopted Maimonides all the way. It's not charity. They pay it back."

Indeed, despite the liberal lending policies, only 5 percent of borrowers default on their loans. "The money cycles back in," Jaffe says. "It's beautiful."

The bulk of the loans go to new Russian and Ethiopian emigres. Loans of up to \$3,000 help Ethiopians move out of caravan sites in Israel and into apartments of their own. Other funds are set aside to help Russian emigres with college tuition, emergency medical expenses and business start-up costs.

New loan categories have also been established to help Israeli families with



Photo — Cathleen Maclearie

Professor Eliezer Jaffe

four or more children buy clothes and books for school. Families with disabled children may also borrow funds to help

renovate their homes to accommodate a wheelchair.

The organization's sizable budget for such loans has come entirely from individual donors and private foundations, Jaffe says.

"We're not the government. We're not bureaucrats. We're just ordinary citizens trying to be helpful," he says.

The Cleveland native, who has lived in Israel with his wife and four children for 40 years, says his commitment to the free loan association grows from his attitude on life.

While his agency doesn't believe in loans with interest, Jaffe offers one exception.

"Life is a loan," he says. "It should carry interest — that we've done something here, that we've made things a little better. That's what drives me."

Apparently, the concept has motivated donors as well. The agency's budget keeps growing, as philanthropists around the world choose the free loan as their charity.

"We're shooting for \$10 million" in free loan funds, he says. "That's our next goal and we'll make it within a year or two."