

Nonprofit is happy to lend help

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Three little words helped change Ron Tabak's financial future.

Weighted down with four payday loans, behind in his mortgage payments and on disability, he typed in "help for loans" online and found the Hebrew Free Loan Association of Cleveland, based in Beachwood.

Tabak, 52, of South Euclid, had stumbled upon a group that offers interest-free loans to Northeast Ohio residents, of any denomination or background, who have been turned down by conventional lenders.

Tabak has taken out two loans, one for \$1,500 and later for \$5,000, and arranged repayment.

"My wife and I are elated," he said. "It's put food on the table. I'm getting very stable."

Payday loans, which can charge interest as high as 300%, and other high-interest loan alternatives are a common reason clients apply for financial help through HFLA of Cleveland these days.

Tabak estimates a Springleaf.com loan he took out for bill consolidation would have taken about 10 years to pay off, compared to the two-year plan with HFLA.

One month, he explains, HFLA allowed him to postpone a payment so he had money for Christmas presents.

"They said: 'If you don't have it, it's OK. You can get Christmas gifts. Pay us later,'" he recalls.

The HFLA of Cleveland has a 111-year history, beginning with a \$400 donation to help European refugees in 1904. The premise of interest-free loans is inspired by the Jewish biblical tradition of helping people help themselves, considered one of the highest forms of charity, explains

Michal Marcus, HFLA's executive director.

The Cleveland group is part of an international network of nonprofits, the International Association of Jewish Free Loans, based in Los Angeles. They work in conjunction with each other, sharing best practices and other development information, explained Cindy Rogoway, IAJFL vice president, who is based in San Francisco.

Lending capital for these groups is "recycled" through donations, grants, endowments, honorariums and memorials.

The funds for HFLA are at a "critical point," Marcus said of the nonprofit's \$500,000 financial base. "About 90% of funds are in use," she said.

"The group has about \$25,000 to \$30,000 available to loan."

Increased outreach has changed HFLA from being the "best kept secret in town," to one that many agencies, such as the Cleveland Clinic, now know about and refer people to, according to Marcus.

"We would love to see HFLA get to the point of being able to achieve a loan fund of \$1 million and grow the office capacity to meet that need," she said. "The need for help is there in the community, but we need to have the increased funds and staff to meet it."

The San Francisco association is in a similar predicament, with 90% of lending capital in use, according to Rogoway. "It's a pretty scary place to be," she said.

By continuing their strategy of marketing and fundraising as well as sharing best practices, both groups aim to increase their lending capital.

HFLA typically works with people who need help with a variety of expenses such as family (child care, fu-

nerals, weddings), home (repairs), education (student loans), work (uniforms) and health care not covered by insurance.

"The loans are based on need, not want," Marcus said.

Applicants must be able to repay the loan immediately via monthly installments. One or more co-signers are needed.

Other requirements include a tax return from the previous year, a budget plan, and a letter of explanation for the funds request. Applicants meet with an HFLA committee, which is typically three people. Loan checks are issued directly to creditors. If someone arranges a loan for a car repair, for instance, the check will be sent to the repair shop, not the HFLA client.

HFLA reviews applications on a case-by-case basis, Marcus said. If a client doesn't meet all the requirements, other arrangements may be available. If an applicant doesn't know a co-signer with excellent credit, for example, the group will look for a co-signer who can vouch for the client's character.

A separate co-signer is required for every \$4,000. HFLA makes loans up to \$12,000, Marcus said.

One of the goals of the network of Jewish free-loan agencies is to raise the maximum limit of loans, according to Rogoway. An increase in the limit has a bigger impact on the borrower as well as on the overall economy, they have found.

So what's the return for HFLA lenders? "We're helping someone get to a better place and helping the NEO economy," Marcus said.

The Tabaks, in fact, are down to paying off their last payday loan.

"Hopefully we'll never have to use HFLA again," he said, "but it's good to know that they're there for you."

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