



Trusting: Elana Vorspan, marketing director, and Mark Meltzer, president, stand in the office of the Jewish Free Loan Association in Mid-Wilshire.

RINGO H.W. CHIU/LABJ

No Interest

Jewish Free Loan Association charges zero percent

By SARAH FILUS
Staff Reporter

FIVE years ago, when Stephen Elkind was trying to find financing to start a new fashion label, his search took him to an office on Wilshire Boulevard near San Vicente where Jewish Free Loan Association is based.

"When I walked in, I saw an etching on the door that read, 'Free Loan Department,'" Elkind said. "I thought, 'That is an oxymoron.'"

But at this non-profit organization that offers loans up to \$15,000 for small businesses as well as for education and health and dental care, interest rates don't exist. They are always zero percent.

Jewish Free Loan Association gets funding from grants and private donations. However, most of the loan funds come from repayments, said Elana Vorspan, the marketing director for the association.

"We are here to help people," Vorspan said. "We can help more people as long as the loans are repaid."

And most often they are. The organization, which despite its name is non-denominational, has a 99.5 percent repayment rate, said Mark Meltzer, Jewish Free Loan's president.

"We attribute it to the fact that the recipient is happy to receive an interest-free loan in a dignified environment," he said.

The association was started in 1904 by 25 Jewish businessmen who put money into a pot to offer loans to the needy without any interest rates or charges. At that time, people could get loans for up to \$25 to buy sewing machines or pushcarts that

would help them start businesses.

Even after 100 years, the association still operates under the founding tenets. Sometimes the organization doesn't even require a credit check, as long as the borrower brings a co-signer. Two co-signers are required for larger amounts.

There are more than \$7.3 million in interest-free loans circulating throughout the community that were issued by Jewish Free Loan, compared with \$6.7 million at this time last year, Vorspan said. Each year the amount increases about \$500,000.

Recently, the organization introduced a nursing school loan that has already become one of the most requested loans. Other loan requests come from families that have children with special needs.

Elkind received a loan for \$15,000 after his visit to the office in 2002. He has an M.B.A. from UCLA and a background in investment banking. Thanks to the money, he was able to start a business with designer Lily McNeal, who creates signature woven apparel.

"It was a surprisingly easy process," said Elkind of getting the loan. "They required me to jump through some pretty standard processes, like having a very well-thought-through business plan."

The fashion company has grown to about \$3 million in annual sales and the Lily McNeal label is sold in Nordstrom, Barneys, and 400 boutiques around the United States. Elkind was able to pay back the loan in three years, in advance of what was required, and he now serves on the board of the association.

"I got involved just to give back to what helped me get started," he said.