



HEBREW FREE LOAN SOCIETY

Day School Teachers Home Purchase Program

The Hebrew Free Loan Society has supported day school education since the 1950's. In 2000, we convened over 25 leading educators from across the religious spectrum, to revisit how we could most effectively deploy interest-free credit to support the day school enterprise. The consensus that emerged from this process led us to discontinue our longstanding cash flow loan program to day schools and to embark on a major new effort – a pilot program offering interest-free loans of up to \$15,000 to Jewish day school teachers purchasing their first homes. The pilot program serves the New York metropolitan area only, but could be replicated in any community.

The program comes when anxiety over teacher shortages at day schools is at an all-time high. The program seeks to help alleviate the financial strain on teachers with modest salaries and serves as encouragement for them to stay in their positions. It is a targeted, extremely cost-effective way to enhance teachers' compensation, and affirms the value the community places on those who devote their lives to Jewish education.

The inability to save enough to pay a down payment and closing costs on a home, educators have told us, is the most significant impact of low salaries on their families. Pilot program loans are intended to help “moderate-income” families who can just afford a mortgage but have insufficient cash to pay down-payment and closing costs. Teachers with at least three years of full-time teaching experience who are first-time home buyers are eligible to apply. Loans are repayable interest-free over ninety months, thus making monthly loan repayments (\$167) affordable. Loans, by their terms, can be accelerated if the borrower leaves full-time day school teaching before the loan is repaid.

We are currently making loans up to \$15,000. We believe loans of \$20,000 or \$25,000 would be more appropriate given the cost of housing in the New York metropolitan area, but are unable to make loans of that size with the limited resources (\$500,000) with which we initiated the program. There are approximately 6,000 day school teachers in the New York metropolitan area. Our “best guess” is that 100 loans a year would cover the needs of first-time homebuyers. A loan program that makes one hundred loans a year, each in the original principal amount of \$20,000 and with an amortization period of ten years, would cost \$10 million to capitalize through sustainability (the point in which loan repayments support new loans made).

A detailed brochure explaining the application process, a sample application form and a series of Frequently Asked Questions are posted on the website of the New York Board of Jewish Education (www.bjeny.org). For further information contact Shana Novick, Executive Director, at snovick@hflsny.org or Leonard Petlakh, Assistant Director, at lpetlakh@hflsny.org.

Founded in 1892, the Hebrew Free Loan Society is a beneficiary agency of UJA-Federation of New York.