

## Jobless Turn to Family for Help

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Leah Nash for The New York Times

In June 2008, Jean Ley lost her job after she had just purchased a home. Her son Matt has been paying her mortgage and

By [MICHAEL LUO](#)

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WARRENTON, Ore. — After Jean Ley lost her job as a mental health counselor in June 2008, she quickly realized how limited her options were. She had little savings. Unemployment benefits were not going to be enough to pay her bills. She was at risk of losing her home here on the Oregon coast.

As a last resort, Ms. Ley, 62, turned to her family. Her older brothers conferred with her son, Matt, and agreed that one of them would help pay her bills if needed.

But the assistance proved more than temporary. A year and half later, her son's regular payments covering her mortgage and occasional emergencies, like a car repair or arthritis medication, have proven to be her bulwark from economic catastrophe.

As joblessness persists, credit cards max out and the government's safety net has grown thin, many Americans have turned to a patchwork quilt of family members and friends to stave off eviction, keep their electricity running or cover an unexpected medical bill. It is an underground banking system, complete with lenders and borrowers.

But borrowing from others can be complicated. In interviews, more than two dozen unemployed adults who had borrowed from family or friends said the act of asking, even in these hard times, is often humbling; some even called it humiliating. It can be equally stressful for lenders, many of whom are also on shaky financial footing and can barely afford to extend a small amount — especially when loans turn into gifts.

"I think money changes everything," said Matt Ley, of Seattle. "It's a cliché, but when you lend money to a friend, when you lend money to family, it changes things."

More than half of the respondents to a recent [New York Times/CBS News poll](#) of 708 unemployed adults nationwide said they had borrowed money from friends or relatives. In most cases, their financial pictures were bleak. Nearly 80 percent of those who reported borrowing money said their family's financial situation was "fairly bad" or "very bad," a significantly greater proportion than among those who had not had to

borrow.

Nearly 40 percent of those who had been lent money received food stamps, compared with just 13 percent of those who had not.

Younger unemployed adults were more likely to borrow money — 61 percent of those under the age of 45 said they had. But more than a third of those over the age of 45 had as well.

For adult children borrowing from parents — by far the most common occurrence among those interviewed — the act often meant acknowledging an uneasy dependence that many thought they had escaped long ago.

“Here I am, 38, and having to ask for help from my parents is just belittling,” said Matt Gibbons of Kingsport, Tenn., who has accepted more than \$2,000 from his mother to cover his bills since losing his job at a home improvement company in early 2008.

John Morris, 36, of Chicago had to go to the emergency room recently with a leg infection. Without [health insurance](#) after losing his job a year and a half ago, he applied for charity care from the hospital. But he still needed about \$300 for antibiotics after being discharged.

Mr. Morris waited two and a half days before finally summoning the nerve to call his father, Rich, who had already lent him money for an emergency car repair. Rich Morris, who recently retired, eventually wired the money but only after checking some accounts to make sure he had enough.

“It’s not like we have hundreds of thousands of dollars lying around in a slush fund that you can pull out and do these types of things,” Rich Morris said.

What became clear from interviews is that borrowing from family or friends is often done only with great reluctance.

Carlethaus Hopper, 35, of Sacramento was laid off from his job as a welder in September 2008. A few months later, his wife, Lura, 50, lost her position as a ticket clerk for [Amtrak](#).

They started pawning jewelry, even their wedding rings. But when they received a notice threatening them with eviction if they did not immediately pay the back monthly rent of \$1,025, they had no recourse but to ask Ms. Hopper’s 82-year-old father.

Since then, the couple has turned to Ms. Hopper’s father two more times, borrowing more than \$3,000. Ms. Hopper also recently borrowed \$2,000 from an old friend to pay for medication.

In most cases, according to interviews, repayment is left open-ended, given how bleak the odds of re-employment remain. Interest is usually not part of the agreement. Some lenders said they did not even expect to be repaid. But the borrowers often insist that they will as a matter of pride.

After Christine Oxley, 56, and her husband lost their jobs at a nonprofit trade association in 2008, Ms. Oxley drew up a legal contract when she was forced to go to an elderly great-aunt for \$40,000 after her husband had a heart attack and was hospitalized without health insurance. Some portion of the money was eventually going to be directed the Oxleys way in an inheritance, but Ms. Oxley insisted upon a formal agreement that required repayment within five years. “I wanted her to know I wasn’t going to walk away from this and I wasn’t trying to get a handout,” she said.

Some borrowers have exhausted their unemployment benefits, while others did not qualify in the first place. Even among those who have been able to draw benefits, like Ms. Ley, it is frequently not enough.

The Leys’ situation was complicated by the fact that Matt Ley and his wife, Sandy Brown, had lent his mother money to pay legal bills when she went through a messy separation from a partner several years ago that depleted her savings. The assistance became a source of tension in her son’s marriage, prompting Mr. Ley and his wife to seek the help of a therapist.

“Emotionally, we had to readjust,” said Ms. Brown, who works part time as a lawyer. “How do we communicate in our marriage about this difficult issue without making anyone feel bad?”

This time, Ms. Ley provided the couple with a detailed budget of how she was spending her money, down to cat food and haircuts, proving her frugality. Still, the \$750 a month for the mortgage on her small modular home, along with some other bills, was not insignificant, even for a couple with means, forcing them to set aside other priorities.

Mr. Ley, who is a commercial banker, said the exchange of money has pushed him and his mother apart in subtle ways. But he tries to maintain perspective.

“At some point, you have to step back and say, ‘This is your mother, this is family, this is blood,’ ” Mr. Ley said. “And this is what you do when they have something bad happen to them.”

Megan Thee-Brenan in New York contributed reporting.

<http://www.nytimes.com/2010/01/30/us/30borrow.html?ref=us>