



OLIM ADVISORS

29 TIPS FOR ANGLOS & OLIM WHO
ARE THINKING ABOUT BUYING A
HOME IN ISRAEL



אברהם לוינסקי, עו"ד
Avraham Levinsky, Adv.

We would like thank Avraham Levinsky from Levinsky & Co. Law Firm for contributing many tips to this tip sheet.

Consider the option of “Buying on Paper” – This refers to buying a property based on the blueprint before it is built. There are several advantages to doing so: 1) the seller will typically discount these properties. The discount amount will vary from property to property depending on the demand, location, etc. 2) This gives the buy an opportunity to make changes to the property. In some cases, the changes can be fundamental (i.e. changing the floor plan, designing the kitchen, etc.) while in other situations it may minor (i.e. adding closets, etc.). 3) The buyer typically only needs to pay approximately 15% of the purchase price up front and the remaining amount over time until the property is ready for occupancy.

Work with a realtor – Since Israel doesn't have a central listing service like the MLS in the US, buyers need to rely on realtors to buy and rent suitable properties. Make sure that you choose a realtor who is has been working in the areas for years, is well connected, honest, hardworking and someone who understands the mindset of a foreign-born buyer. Realtors typically charge buyers 2% + VAT and renters the equivalent of one month's rent + VAT. I think is well worth it as they will spend hours searching for the right property, give you advice as you negotiate and protect your interests. [Contact Olim Advisors](#) and we would be happy to introduce you to the carefully selected realtors who are part of our exclusive network.

Israeli citizens can get a higher percent mortgage – Israeli citizens can get a mortgage up to 75% of the purchase price while non-Israeli citizen can only get up to 50% of the purchase price. If you're debating whether you should wait until you become an Israeli citizen before you buy a property, this may impact your decision.

❑ **Israeli banks are very conservative** - As a result, they limit the debt-to-income ratio to 40%. This means that your monthly debt payments (mortgage and other debt payments that you may have) cannot exceed 40% of your net monthly income. I strongly recommend that you figure out what your maximum monthly mortgage payment can be before you start looking for a home to buy as this will impact how much you can spend on a house.

❑ **Consider working with a mortgage broker** – A good mortgage broker can save you tens of thousands of shekels over the life of the mortgage. [Contact Olim Advisors](#) and we would be happy to introduce you to the carefully selected mortgage brokers who are part of our exclusive network.

❑ **Many older apartments don't have a Mamad (Safety room)** – Newer buildings have a Mamad in each apartment. For some this is very important while others are fine with a miklat which is a central safety room for all tenants in the building.

❑ **There are pros and cons to working with multiple brokers** – Since Israel doesn't have a central list of available properties like the MLS in the US, the advantage of working with multiple brokers is that you will be exposed to more homes for sale. The disadvantage of working with multiple brokers is that in all likelihood, each broker won't work as hard for you because they know that you're not committed to them 100%.

❑ **Rent before making Aliyah** – Most people who are making Aliyah aren't 100% sure of their long terms plan and as a result, they may move around a few times once they arrive in Israel. Therefore, we recommend to most Olim to first rent and then once they've decided on a location, they should

buy. Having said this, we do speak to many Olim who know exactly where they want to live and, in these situations, it may make sense to buy before making Aliyah. There are a number of pros and cons to both options and we would be happy to discuss this with you. [Contact Olim Advisors for a free consultation call.](#)

Imagine what you want to see when you go out from your house – For example, do you imagine seeing a grocery store down the block, parks, schools and bus stops nearby. Do you imagine seeing an urban setting or more of a suburban setting? Are the people walking by your imaginary house mostly English speakers, Hebrew speakers, a mix of both, etc. Going through this mental exercise will help you better understand what type of community you want to live in which in turn will help you narrow down the list of possible communities. If you need help figuring out what communities best fit your preferences, [contact Olim Advisors for a free consultation call.](#)

Act quickly – Homes that are in desirable areas and that are priced right will sell and rent very quickly. This is something that often surprises Anglos and non-Israelis. So, if you see something that you like, you need to be ready to move quickly. This doesn't mean that you should rush through the process without doing the proper due diligence but just be aware that if you take too long, the property may be sold or rented by the time you make your decision.

Mortgages are structured very differently in Israel – When you talk to a mortgage banker or broker, make sure that they tell you about all the options.

❑ **Prepayment on mortgages** – There is a misconception that banks will penalize borrowers if they prepay their mortgage. While this does apply to some mortgages, there are certain mortgages that can be prepaid without incurring a penalty. Speak to a mortgage banker or broker to get the correct information on this.

❑ **Take advantage of the Arnona (property tax) discount for Olim** - Olim and Ezrachim Olim (returning citizens) are granted a discount on Arnona (for up to 100m²) during one 12-month period. This 12-month period doesn't necessarily have to start from your Aliyah date. You can still get this discount later on as long as it's within the first two years of your Aliyah. The discount is determined by the local municipality and typically ranges between 70% - 90% on the first 100m² (this will vary from city to city).

Make sure to get the rental assistance from the government – Misrad Hashikun (Ministry of Housing) offers Olim Chadashim monthly rental assistance beginning from the 8th month after Aliyah. Olim are eligible for rental assistance for up to 5 years from their date of Aliyah and the amount will be determined by the Olim's family status and number of years that they have resided in Israel. The money is automatically deposited into the Oleh's bank account each month. Here is a table which outlines the various payment terms

Number of Months in Israel	Single Oleh	Oleh Family	Single Parent Family
8-12	223 NIS	402 NIS	402 NIS
13-24 (second year after Aliyah)	400 NIS	800 NIS	800 NIS
25-36 (third year after Aliyah)	400 NIS	600 NIS	600 NIS
37-48 (fourth year after Aliyah)	400 NIS	400 NIS	400 NIS
49-60 (fifth year after Aliyah)	89 NIS	99 NIS	223 NIS
61-72 (sixth year after making Aliyah)			134 NIS

Note: if you change your bank account or your marital status changes, you will need to contact Misrad Hashikun at *5442 in order to continue receiving the rental assistance. There are also certain groups that may receive additional rental assistance. Contact Misrad Hashikun for more information.

Look into Olim Discounts – Olim may receive a discount on the purchase tax and on interest rates. Make sure to speak with a lawyer and/or mortgage banker to get more information.

Take a picture of the utility meters when you move in – Doing this will simplify the transferring of the utility accounts into your name and also help you avoid a situation where you have to pay for the previous tenant or owner's outstanding debt.

- ❑ **Bank guarantees** - When you buy an apartment from a contractor - check if there are any bank guarantees.
- ❑ **Caveat Notice** - When you buy a second-hand apartment, ask your lawyer if he registered a Caveat Notice in your favor.
- ❑ **Private vs public land** - When you buy an apartment, check whether the land of the apartment or home is private land or state land.
- ❑ **Get a home inspection** - When you buy a second-hand home, check whether the property is in good condition, and consider doing a "home inspection" before buying. While many buyers don't do this for new homes, we recommend that you get a home inspection even for new homes
- ❑ **Building Index** - When you buy from a new property from a developer, check whether the price is linked to any index. If it is, this means that the amount of money you owe to buy the home will increase according to this index until you pay the entire amount. For example, many developers link the purchase price to the "building index" which in the past was very low but over the past few months has increased considerably. In some months, this building index increased by as much as 0.7%. This may not seem like a lot but if you're paying for your home over a period of a few years, this will add up very quickly and can increase your purchase price by tens of thousands or shekels or even more!
- ❑ **Mortgage pre-approval** – Once you decide that you're ready to start looking for a home to buy, we recommend that you get pre-approved for a mortgage by one or more bank
- ❑ **Transferring money to Israel** - When you buy a home, do not sign the contract if your money is not in the Israel. Transferring money to Israel can be time consuming and sometimes problematic and you want to avoid a

situation where you've signed a contract to buy a home and you can get your funds to Israel. There are a number of ways to transfer money to Israel. [Contact Olim Advisors](#) for more information about reducing the costs of transferring money to Israel.

Do due diligence on the developer - When you buy a home from a developer, it is recommended to see other projects the developer built and speak to buyers who have bought from the developer in the past.

Delayed completion of your home -When you buy from a developer, ask your lawyer what happens if the developer doesn't meet the agreed upon delivery date (i.e., is the developer required to pay penalties in this situation?)

Getting a mortgage on a certain property - When you buy an apartment, ask your lawyer to check that the bank will approve a mortgage for this property. In some cases, for legal or financial reasons, banks will not approve mortgages for specific properties.

Payment schedule – When you buy a new home, it is important to remember that there is standard or law for payment schedules and the payment schedule is subject to negotiation.

Purchase tax – Before you spend a lot of time searching for a home to buy, ask your lawyer what your estimated Purchase Tax would be. When you buy an apartment, remember to ask your lawyer what your predicted Purchase Tax is. The purchase tax can range from 0% - 10% and based on certain conditions, buyers may get a discount on this tax.

Purchase tax payment - When you buy a property, remember that the Purchase Tax usually must be paid up to 60 days from the purchase.

When you buy an apartment, be aware there is a number of expenses when buying a "second hand" home and make sure to check with your lawyer what the expected expenses are.

The last but most important tip

❑ **Carefully select the companies you work with.** Buying a home is most likely one of your biggest and most important decisions. Make sure to do the due diligence on every professional that you decide to work with. This can “make or break” your purchase and since it’s so important, Olim Advisors spent countless hours developing a network of real estate professional each of whom was carefully select. If you would like to be introduce to the professionals in Olim Advsiors’ network, [contact Olim Advisors](#)

Contact Information

We encourage you to reach out to us with any questions that you may have. We will gladly educate you on the buying process in Israel and guide you from the beginning to the end.



Rafi Shulman

Olim Advisors

US: 917-675-5241

Israel: +972-58-480-6012

rshulman@olimadvisors.com

Lara Itzhaki

Olim Advisors

Israel: +972-52-380-6020

US: 347-630-9827

litzhaki@olimadvisors.com



Avraham Levinsky

Levinsky Real Estate Law Firm

Israel: +972-54-588-6570

law@levinsky-realestate.com