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The Professional Licensed Realtor

A broker's commitment is to serve his clients in the process of buying, selling, renting and/or managing their property.

This requires a thorough knowledge of the market, strong negotiating skills, ability to settle last minute disagreements, promptness and reliability.

A good agent can provide to potential home purchasers accurate and fair pricing based on current market trends.

He analyses statistics on past and current sales in order to provide a fair estimate of the actual market value of a particular property for sale and prepares an optimum marketing plan including best advertising channels for the particular home in question, in addition to useful tips on how to best display the home for sale.

He is able to provide critical information regarding neighborhood demographics and other relevant information. This will save the buyers invaluable time, and ensure that they don't buy in an area not suitable for them. (This is crucial especially for Olim!)

Sometimes the "chemistry" between the parties is just simply not there (cultural differences usually add to this) a professional broker uses his diplomacy and tact to avoid unnecessary friction between the parties, which in his absence could lead to one party refusing to deal with the other, resulting in the cancellation of a deal.

A good agent will work with the lawyers on both sides so that the contract can be signed promptly, avoiding unnecessary delays.

Finally, a professional broker will attend the contract signing just in case there is a dispute at the last minute; and if the argument is not of a legal nature (like closing date or payment terms, etc.) lawyers do not like to get involved.

Closing Costs on Purchasing

Closing costs range between 5% and 7% of the cost of the apartment. This should not be overlooked when applying for a loan.

Contractors Lawyer Fees

When buying from a builder, one normally pays between 1 and 1.5% plus VAT to the contractor's lawyer. This is only in the case of first hand apartments. The lawyer not only prepares the contract but also keeps a register of all the new owners and then formally registers the owner in TABU (The

Official Government Titles Office). This transfer may take place up to 5 years from the date of purchase.

Purchase Tax

This tax is payable within 50 days of signing the contract. You can arrange with the lawyer to pay it all at once or in installments.

At the signing of the contract, give the attorney a post-dated check for 50 days from the date the contract was signed. You can also pay it yourself at the post office (the lawyer will provide you the relevant form). This tax must be paid in cash or with a bank check. The amount of the purchase tax is based on the shekel price of the property that appears in the contract.

The rates are as follows: (Between 16/1/2011 and 15/1/2012)

New Immigrants	
0.5%	Until 1,463,035NIS
5%	Above 1,463,035NIS
Single Residential Home	
0%	Until 1,139,320NIS
3.5%	From 1,139,320NIS Until 1,601,210NIS
5%	For The Remainder Above 1,601,210NIS
Second Residential Home	
3.5%	Until 969,330NIS
5%	For The Remainder Above 969,330NIS
5%	Land Plot
5%	Shop

Lawyer's Fee

Your lawyer will ask for 0.5% - 1% plus VAT on the amount for the property to draw-up the contract and register your home.

He/she may add other expenses if you live overseas. It is important that the lawyer be knowledgeable about the city in which you are buying your home (it is not recommended to use a friend or family member.) We at NADLANTOWN can recommend a suitable English speaking lawyer who is an expert in Real Estate Law in the area that you are buying.

Never sign a contract with a builder without your lawyer first reviewing it. You will often be told



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that the contract is standard, but it is usually completely in favor of the contractor and against your best interests.

It is not uncommon in second hand transactions for the parties to use the same lawyer to save costs. Make sure that the lawyer is completely unbiased toward either party.

Agent's Commission

The agent charges 2% plus VAT. This is the standard charge in Israel. A good agent will save you more money than the commission you pay. He knows which buyer is keen to sell and what is more suitable to your needs. Thus he /she will save you a lot of time and energy by taking you to the right properties.

Mortgage Broker

There are many mortgage options available in the real estate market today, for example: fixed interest loans, variable interest plus indexation, dollar linked, etc. Clarifying and determining the best mortgage option is not an easy task (it depends on the borrower's age and in what currency his income is paid in, etc). A mortgage broker works independently of the banks to determine the most suitable mortgage for a particular client and to negotiate the most competitive rates and terms available. A mortgage broker also helps clients build their application, tailor made to each mortgage lender's criteria, to ensure the best chance of approval.

The fee charged is 1% + VAT of the amount of the mortgage taken.

Engineer / Surveyor

Should you wish, you can have the property checked by a qualified engineer or surveyor before you sign the contract. He can provide a written or oral report. A written report is usually made when buying in a new project (as this report has a legal standing in court). The cost of a written report is around US\$ 500 (depending on the size of the property).

A verbal report usually costs half (US\$250 - US\$300). A verbal report is usually made for pre-owned properties since "you see what you get".

Make sure to have a licensed and reputable engineer inspect the property. We at *NadlanTown* can assist you in finding a suitable qualified engineer / surveyor.

Connection Of Utilities

If you are buying from the builder, you will have to pay to connect..

aprox. 315 NIS

aprox. 1550 NIS (bond money between 200 to 400 NIS to be returned if gas disconnected)

free

Water

Gas

Electricity

If you are buying from a private owner, you will have to pay to transfer the rights of the utilities to your name.

Opening Of Mortgage File

All banks charge for the opening of the file. We at NADLANTOWN have an arrangement with



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some banks that if our clients take out a mortgage with them, there is a minimal or no charge for opening the file.

Bank Surveyor

The bank will want the property to be surveyed by one of its surveyors. It will give you a list of names from which you can choose a surveyor. The cost varies according to the value of the property.

For a property of US\$ 500,000 it can cost around US\$1000 in fees.

Life And Property Insurance

You have to, by law, take out a life insurance policy, so that the bank can be fully repaid should one of the mortgagees pass away.

You also have to take out a property insurance policy in order to receive a mortgage. The bank automatically signs you up on these policies, and most people are unaware they have these policies. The property insurance policy is most important, because the insurance company pays for major repairs of the property over the lifetime of the mortgage.

It is certainly cheaper to take out such policies with a private company rather than with the bank, unless you are over 45 years old. Taking out a policy with a private company can save you thousands of shekels over the course of the loan.

Since you are required by law to be insured, take out the policy with the private insurer as soon as possible and then inform the bank that you do not want their policy. NADLANTOWN can assist you also in this issue.

Factors Determining Property Prices

1. LOCATION: Distance from synagogues, public transport, shopping centers, parks, schools and kindergartens as well as industrial areas or other sources of employment

2. SIZE OF BUILDING: The smaller the building or fewer apartments in the building vs. a building with many residents.

3. NUMBER OF AIR DIRECTIONS: The more directions of airflow, the better. Southwest exposure means more breezes, but is also very sunny in the afternoon, while northern exposure is cooler (good for the Negev but not for Jerusalem), etc.

4. PRIVATE ENTRANCE vs. ENTRY THROUGH THE LOBBY

5. EASE OR DIFFICULTY OF ACCESS to the building and to the apartment: Steps to entrance of building vs. no steps at all.

6. TYPE OF ELEVATOR: Shabbos elevator vs. non-Shabbos elevator and elevator between floors vs. no elevator at all

7. SIZE AND NUMBER OF BALCONIES: The larger the balcony, the more the apartment is worth and the easier it is to resell. A porch coming from a bedroom is less desirable than a porch off the living room. Another consideration is claustrophobic vs. non-claustrophobic porch.

8. GARDEN vs NO GARDEN (and its size): Garden off the living room vs. a garden off the bedroom.

A claustrophobic garden is worth less than a more open garden.

9. VIEWS vs. partial view vs. no view

10. STORAGE AREAS, attached to the apartment and or attached to a covered parking lot with a window and or private entrance vs. a storage room in the basement without a window with no private entrance vs. no storage room at all

11. COVERED PARKING vs UNCOVERED PARKING SPACE: Possibility that covered parking can be closed up legally as a room. If it is adjacent to the apartment, it is even more valuable because it can be added to the apartment as a regular room. Furthermore, if the storage room is also attached, this is even better as the whole apartment can be further enlarged or a separate self contained unit built.(see #10 above)

12.EXPANSION OPTIONS (and size).Attic having a high ceiling vs. low ceiling, or dead space (challal) with an option for a window or indirect light vs. dark space.

13. NOISE and or air pollution vs. a quite home with clean air.

14. DEAD END OR CULDESAC vs. a heavy traffic street or home near schools and/or commercial center.

15. APARTMENT INTERIOR: rennovated vs. unimproved.

16. DUPLEX vs. SINGLE FLOOR apartment

17. METERAGE OF HOME, as well as the proportion of size of the living room to bedrooms. Large living room vs. small living room vs. small/large bedrooms, etc.

18. NUMBER OF ENTRANCES TO APARTMENT (and/or option to build more entrances as in a corner apartment)

19. POSSIBILITY TO SPLIT THE APARTMENT into 2 units or more for future rental income (this is related to #18).

20. BUILDING PROXIMITY TO OTHER BUILDINGS: building facing open areas vs. building surrounded by other buildings with little distance between them

21.LOBBIES: Expensive (with marble walls, plants and mirrors) vs. cheaply built and uncared for lobbies.

Dictionary of Real Estate Terms

Minhal Mikarkaei Israel	Israel Land Authority	Government Authorities
Lishkat Rishum M Karkaim (TABU)	Israel Land Registry	
Rasham Hamashkenot	Register of Mortgages	
Iriah	Municipality	
Mas Rechisha	Purchase Tax	Taxes
Mas Shevach	Capital Gain Tax	
Arnona	Municipal Tax	
Hetel Hashbacha	Betterment Tax	
Chachirah L Dorot	Long Term Lease	
Vaad Bayit	Building Maintenance Fee (paid monthly)	
Mashkantah	Mortgage	Bank / Mortgage
Grirat Mashkantah	Transfer of Mortgage	
Hakpa at Hamashkantah	Freezing of Mortgage	
Siluk Mashkantah	Payment of Mortgage	
Shamai	Property Appraiser	
Metavech	Real Estate Agent	Realtor / Broker
Dmei Tivuch	Real Estate Agency Fees	
Orech Din (m), Orechet Din (f)	Lawyer	Legal issues
Tochnit Bniat Arim (TABA)	Zoning Law	
Heter Bniah	Building Permit	
Charigat Bniah	Illegal Building	
Notarion	Notary	
Ishur Notarioni	Notarization	
Arevut Bankait	Bank Guarantee	
Havarat Zchuiot	Transfer of Rights	
Zichron Dvarim	Memorandum of Understanding	
Chozeh	Contract	
Bitul Chozeh	Cancellation of Contract	
Achi Phat Chozeh	Enforcement of Contract	
Ba alut	Ownership	
Chevra Meshakenet	Property Registry	
Yipuy Koach	Power of Attorney	

Yipuy Koach Bilti Chozer	Irrevocable Power of Attorney	
Arev / Arevim	Guarantor(s)	
Mifrat Techni	Technical Specifications of Property	Technical
Mehandes	Engineer	
Mehandes Ezrachi	Civil Engineer	
Mehandes Constructziah	Structural Engineer	
Adrichal	Architect	

Comparison between Israeli Residential Real Estate Transactions and U.S. Residential Real Estate Transactions

Many people are nervous about entering into Real Estate transactions in Israel for many reasons. In Israel, the real estate transactions are conducted in Hebrew, a language they are not completely familiar with. They are not used to Israeli business mentality. Purchasers who are not native Israelis feel that the process is different in Israel than in their native countries, thereby exposing them to more risk. Below you will find a list of practical differences between U.S. real estate transactions and Israeli real estate transactions.

USA	ISRAEL	
Sellers pay fees. Negotiable, but usually between 2% - 6% of the price.	The standard amount is 2% of the price from both buyers and sellers, plus V.A.T .	Real Estate Agents Fees
A flat rate of \$1000 - \$1500 per deal.	Fees vary between 0.5% - 2% of apartment price, plus V.A.T.	Lawyers Fees
Completed by the insurance company which issues title insurance.	Completed by the lawyer. Title insurance exists but is not very prevalent.	Title Search
Permitted if the parties sign conflict waivers permitting one attorney to represent both sides.	Permitted.	One Lawyer for Both Parties
10% at the signing, in escrow. 90% at the closing (transfer of rights).	The payment schedule varies depending on the needs of the parties. Some money is held in escrow against fulfillment of certain duties by the seller, but it is virtually never 90% of the price.	Payment Schedules
Mortgages are not transferrable to another apartment. When you sell a property, you pay off the mortgage on the property and then have to get a new one any new property you buy.	Mortgages can be transferred from one apartment to another. The reason for this is that some mortgages have special rights attached (such as the oleh mortgage). The seller can transfer such a mortgage to his new apartment so as not to lose these rights. This whole process also affects the payment schedule.	Mortgages
Capital Gains Tax is paid by the seller, plus a	The purchaser pays a Purchase Tax and the seller pays a Capital	Taxes

transfer tax of 1%.	Gains Tax and Sales Tax.	
Prices are not linked.	The prices of second hand apartments are usually linked to the U.S dollar. The prices of new apartments under construction are usually linked to the Building Index, but are sometimes linked to the Consumer Price Index or the U.S. dollar.	Linking of Price
Upon signature of both parties.	Upon signature of both parties.	When Is The Deal Binding?
In contracts for new apartments still under construction, the money is held in escrow.	In contracts for new apartments still under construction, the money is protected by a bank guarantee or insurance policy.	Protection of Monies
The construction company.	Usually the buyer.	Who Pays the Construction Company s Legal Fees?
This is not prevalent.	Much of the land is freehold. The buyer gets a long term lease for 49 or 99 years from the government.	Freehold Land



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About Bet Shemesh

Population: City with over 70,000 residents

Location: Centrally located between Jerusalem and Tel Aviv in the Mateh Yehuda Region

Housing availability: Properties available for rental and purchase, apartments, cottages, semi-detached and detached villas.

Commercial establishments: Malls, supermarkets, shops of every variety; several restaurants.

Number of English speaking olim: 95 percent in the Anglo neighborhoods such as Sheinfeld and Nofei aviv.

Religious life: Vibrant Anglo Modern Orthodox, Yeshivish and Haredi communities.

Age range: Mostly young families, with adults in their 30s-40s; a few grandparents; very few singles

Accessibility to places of employment: Excellent, 35 minutes to Jerusalem; 30 minutes to Tel Aviv (via train) 25 minutes to Ben Gurion Airport, 35 minutes to Ashkelon and Ashdod.

Medical care: All medical clinics (kupot holim), as well as Terem emergency 24 hour medical care staffed by many anglos.

Climate: Mild winters, hot summers but not as humid as in the coast plane.



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About Ramat Bet Shemesh

Population: Town with 5000 families

Location: Centrally located between Jerusalem and Tel Aviv; in the Mateh Yehuda Region

Housing availability: New and second-hand homes available for purchase and rental. Apartments from 2 bedrooms onwards, cottages, semi-detached and detached vilas. All housing by law must have a Jerusalem stone facade.

Commercial establishments: Large commercial center including two major supermarket chains; new shopping mall under construction

Religious life: Predominantly religious; large Haredi, yeshivish, and Religious-Zionist communities

Age range: 30-40, but there are also older people.

Number of English speaking olim: 40 percent (in some streets the ratio is even much higher).

Accessibility to places of employment: 35 minutes to Jerusalem; 30 minutes to Tel Aviv (via train); 35 minutes to Ben Gurion Airport, 35 minutes to Ashdod and Ashkelon.

Medical care: All medical clinics (kupot holim); many dentists and alternative medicine available.

Climate: mild winters, hot but dry summers due to the fact that it lies at over 400 meters over sea level.

Good Luck With Your Purchase!