

COMPREHENSIVE MORTGAGE TIPS 2026

COMPLIMENTS OF
Keter Advisors



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For many people, their **biggest and least understood monthly expense is their mortgage.**

Many commit to decades of payments without fully understanding how their mortgage works.

After countless conversations and interviews with current and potential homebuyers, I realized this gap in knowledge is widespread. The challenge is even greater for **non-native Hebrew speakers**, who not only struggle to access reliable information but face the added difficulty of navigating a complex process in another language.

Because I believe that every home purchase deserves clarity, not confusion, I help English speakers and Olim navigate one of the biggest financial decisions of their lives: getting a mortgage in Israel. Every Israeli bank has its own rules, policies and lending criteria (in which the rules change every 15 minutes). My job is to take the guesswork out of the process, match you with the banks that best fit your needs, and structure your mortgage to give you the strongest possible terms. Whether you're buying your first home, refinancing, or investing, I'll be there from our first conversation to final funding, and long after that.



What I Do for You:

- Build you a custom mortgage strategy that fits your goals and financial situation.
- Manage the entire mortgage process from start to finish, saving you time, and more importantly, money.
- Present your case to banks in the best possible light, maximizing your chances of a strong approval.
- Use my banking relationships to get you the most competitive rates and terms.
- Handle the details: appraisals, insurance, legal paperwork, and everything in between.
- Be alongside you at the bank signing to make sure everything goes smoothly and you understand each step.



My Approach:

1. **To make your mortgage make sense:** I don't believe in jargon or confusion. If something isn't clear, I'll explain it until it is. My goal is for you to make the most informed decisions possible, and my job is to make sure you have everything you need to do exactly that.
2. **To be your mortgage broker for life:** The relationship starts, not ends, when you get a mortgage with me. Whether it's a question years later, a refinance down the road, or just wanting an honest opinion, you can always reach out free of charge. I'm available to answer any questions, anytime, from now until your mortgage is fully paid off. No forms, no call centers; just straightforward answers from someone who understands mortgages.

Wishing you the best of luck in your home-buying journey!
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Mortgage Fundamentals

Learn the basics of mortgages in Israel and how they differ from other countries.

What Is a Mortgage and How Does It Compare to Renting

A mortgage (the Hebrew word for mortgage is **משכנתא**) is a long-term loan from a bank that provides homebuyers the upfront money to purchase their homes. Since most people can't (or don't want to) pay the full home price up front, the bank will lend Israeli citizens buying their only property up to 75% of the home's appraised value (for foreign buyers or those purchasing an additional property, it's usually capped at 50% and yes, in Israeli mortgages, there are exceptions to every single rule).

You repay the mortgage typically over 20 - 30 years with interest and each monthly payment is a combination of the:

- **Principal (קרן)** - the initial amount you borrowed.
- **Interest (ריבית)** - the cost of borrowing the money.

As you pay down the loan, you build equity, meaning over time, more of the home belongs to you and not the bank. Once the mortgage is paid off, it's 100% yours.

So how does a mortgage compare to renting?

Rent also comes with a monthly payment - but, with renting, you're not building ownership. Also, rent prices go up not down, landlords can decide not to renew your lease or they can sell the home out from under you, leaving you literally homeless. Also, if you want to upgrade the place - new AC, kitchen, floors - you'll need permission... and you might be the one footing the bill.



But on the flip side, owning isn't all upside either. When you own, there's no landlord to call when something breaks. The leaky pipe? Your problem. Broken water heater? Yours too. Maintenance, repairs and homeownership stress are part of the package. Flexibility also decreases, as moving isn't as simple as waiting till your lease is up. Still, if you have a down payment saved and know that it's where you want to live long term, buying a home in Israel via a mortgage can be one of the smartest financial decision you'll ever make. It gives you stability, freedom to customize your space, and a long-term asset that grows over time. **Bottom line:** Renting is paying someone else's mortgage. Owning is investing in your own.

How Are Israeli Mortgages Different From Other Mortgages

In most countries, mortgages are pretty straightforward: fixed or variable. That's it.

In Israel, things are much more flexible, and this flexibility carries both opportunity and risk.

Because Israeli banks hold on to the mortgages they issue, they let you split your mortgage into multiple tracks within a single mortgage. For example, if you're taking out a ₪3,000,000 mortgage, you have the ability, for example, to divide it into:

- ₪1M on a fixed track
- ₪1M on a variable track
- ₪1M on a prime track (linked to the bond market)

You can also include options like Semi-Fixed, Tzamid La'Madad, Balloon, Linked to the Dollar etc. There are over a dozen tracks, and each has pros, cons, and trade-offs depending on your specific financial situation (and that specific moment in time).



The perfect mortgage mix can help you:

- Avoid most prepayment penalties
- Take advantage of market conditions
- Align your mortgage with your future income or cash flow
- Minimize or maximize exposure to interest rate or inflation swings

We can get into the specifics of each track, but the most important thing to know is that you're not locked into just one single option and if broken down correctly you will have flexible repayment terms, along with significant cost savings over the life of the mortgage.

What's a **למדד צמוד** (Inflation-Linked) Mortgage

A **למדד צמוד** mortgage is a mortgage track linked to the Consumer Price Index (CPI). **How it works:** Each time the CPI rises, your remaining mortgage balance goes up to reflect the CPI change and the bank applies your interest rate to the new, larger amount. Essentially you're paying interest on inflation, not just on principal. **Example:** I reviewed a file for someone who took out a ₪1,200,000 mortgage at a 3.1% rate. After 5 years and over ₪240,000 in payments, his remaining balance was ₪1,170,000. Just ₪30,000 less than where he started. Why? Because the CPI kept rising and therefore his balance did as well. **Why then would anyone agree to an inflation linked mortgage?** Because banks love to promote them and for good reason (for them). Inflation linked mortgages almost always come with a lower base interest rate, which makes them look attractive in marketing ads and online calculators. But what the ads and calculators don't highlight is the real cost of the mortgage rising over time.



When does an inflation linked mortgage make sense?

- You plan to pay off the loan quickly, before inflation has time to pile up.
- Inflation is expected to stay very low or negative.
- You are combining it with other mortgage tracks to strategically lower your overall monthly payment in the short term.

But these are exceptions, not the rule.

Bottom line: An inflation linked mortgage track can work for some borrowers, especially in low inflation periods, but it's a gamble. If inflation rises (like it has in recent years), you might find yourself owing a bit less than what you borrowed, or, in certain situations, even more than you borrowed even after years of payments (think of it like student loans or credit card debt, in that just because you make monthly payments doesn't mean your balance will be significantly lower over time).

Remember, a lower interest rate doesn't necessarily mean a cheaper mortgage. Rather look at the entire picture to understand your short, medium and long term payments, as sometimes a "cheap looking" mortgage is really super expensive.

What Is Linkage and Why It Matters When Buying On Paper

Buying "on paper" (a home that hasn't been built yet), is often cheaper than buying a home already built and often provides you more flexibility in customizing your home. But to buy on paper, you first must understand linkage to the Construction Input Index (הצמדה למדד תשומות הבנייה).

What is linkage? Linkage means that part of your on paper home price isn't fully set. Instead, it's tied to a national index that tracks the cost of construction materials and labor. As the index rises during



time that your home is being built, the unpaid portion of your home price increases accordingly.

How it works: The current law is that developers can link approximately up to 40% of the home price to this index (for example, a 1 million purchase with 200k down payment, 400k out of the 800k remaining won't be linked to the index and 400k will be linked to the index). Also, since linkage only applies to the amount you haven't paid yet, timing matters, in that the more you pay upfront and the sooner you pay it, the less exposure you have to linkage (once a payment is made, it's locked in and no longer subject to linkage).

Pro tip: Linkage amounts and percentages are very negotiable. Some developers are open to reducing or even removing linkage if you agree to pay more money upfront or meet certain conditions. Can linkage payments be added to your mortgage? Yes, but it depends on your loan-to-value (LTV) ratio.

For example, if you're an Israeli citizen buying your only home for ₪3,000,000 you can get up to 75% financing or ₪2,250,000. If the index rises and adds ₪60,000 in linkage costs, your new total home price becomes ₪3,060,000. Whether that extra ₪60,000 can be included in your mortgage depends on how much you've already borrowed. If you're maxed out at ₪2,250,000, the extra must be paid out of pocket. But if you've only borrowed ₪2,200,000 so far, and you're still under the 75% cap, your bank may approve adding it to the mortgage.

Note that this is exactly where a good mortgage broker adds value, as the broker will review the contract before you sign to:

- Make sure you understand your linkage obligations.
- Break down how linkage impacts your financing.
- Help you figure out if, and how much, can be financed.



Additionally, most developers will offer two different payment tracks for new projects; one that's tied to the index and one that isn't. A good mortgage broker will help you understand and compare both options, so that you can choose the best fit that works for you.

Income & Eligibility

Understand how your income, employment, and personal situation affect mortgage approval.

How Much of Your Monthly Income Should Go Towards Your Mortgage

When applying for a mortgage in Israel, all Israeli banks have a rule that your monthly mortgage payment can't exceed 40% of your combined post-tax income. That includes both spouses salaries, side income, certain investments, Bituach Leumi, Social Security, and (if needed to boost income levels) a cosigner's income.

But just because the bank lets you borrow that much doesn't mean you should. Unfortunately, many of us spend more than the global average of their income on rent or housing, and it creates serious financial pressure. Just because something is common, doesn't mean it's the smart thing to do.

If you can keep housing costs under a third of your take-home pay, you're setting yourself up for a much more stable financial life. That might mean buying a smaller place, saving a bit more, or purchasing in a cheaper neighborhood of your particular city. Remember that the goal isn't to impress others with how large your home office is. The real goal is to sleep well at night.

Do Israeli Banks Discriminate Based on Age

Short answer: Not if you're under 55 years old.



Longer answer: Israeli banks generally want your mortgage fully paid off by age 85. The older you are, the shorter the term they'll offer you.

- **Under 55:** 30-year mortgage is usually no problem.
- **At age 65:** You'll likely be limited to a maximum of a 20 year mortgage, and, older than that, even less.

My Main Two Workarounds:

1. **Flexible Bank:** I work with one Israeli bank that doesn't strictly enforce the 85-year limit. However, their mortgage rates are around 2% higher than the market average.
2. **Add a Cosigner:** Adding a younger cosigner may allow you to get longer terms.

Bottom line: If you are over 55, your age might work against you, but with the right strategy, there are still ways to possibly make it work.

How to Get Approved for a Mortgage if You Have Low Income

One of the biggest factors in mortgage approval is "The 40% Rule": According to Bank of Israel regulations, your monthly mortgage payment can't exceed 40% of your post-tax (aka "Neto") income. **Example:** If you take home ₪10,000 per month post-tax, your mortgage payment can't exceed ₪4,000. But what if your mortgage payment based on the purchase price of your home, is ₪6,000?



Here are 3 ways to make it work:

1. **Combine Incomes:** You and your spouse are considered one financial unit. So if each of you earns ₪10,000, the bank sees a total of ₪20,000 allowing for mortgage approval of up to ₪8,000 in monthly mortgage payments.
2. **Add a Guarantor or Cosigner:** A parent, sibling or child of you or your spouse, can co-sign or guarantee your mortgage, to help boost your qualifying income (they can be based in Israel or abroad). Their income gets added to yours, increasing what the bank sees as your ability to repay.
3. **Time Your Income:** Banks judge your income based on your last 3 pay stubs. If you get commissions, bonuses, raises or are getting a second job, time them to the most recent 3 months. Think of it like how U.S. workers boost their last year of pay to increase their pension amount that's based on the last year's pay - same concept here.

Note that this "3-month window" only applies to salaried employees in Israel. If you're self-employed or earn income from abroad, the amount of months of income you need to show the bank is longer. Also note that this 3 month window works best in the beginning of the calendar year (Jan-April). If it's mid-to-end year, they may take some of the preceding months and average it in (but obviously not for new employment or second income jobs that don't have a previous history).

Bottom line: If income is tight, how, when and who you show it to at the bank matters.

The Full Story (Why Narrative Matters in Mortgage Approval)

In countries like the U.S., UK, Canada, and Australia, mortgage approval comes down to a checklist; meet the criteria - approved.



Miss one - declined.

In Israel, it's more flexible, as banks here look at the full story. If your case doesn't fit the perfect mold but the overall picture is strong, even if one part is weak, you can still get approved.

Examples:

- Someone running an Amazon FBA business who reinvests all profits, so their personal income appears low.
- A U.S. real estate investor who shows little net income due to depreciation and smart tax planning.
- A self-employed (atzmai) worker with low reported income in previous years, but a big recent rebound.
- A borrower with a horrible credit history, but an explainable reason behind it.

These are strong applicants with legitimate financials that don't fit into neat little boxes. And that's where the right banks, and, more importantly, the right banker becomes critical. Not all bankers are created equal, as Israeli bankers tend to specialize in certain file types and no single banker does it all.

I work with different bankers for different cases:

1. One for foreign income.
2. Another for complicated legal home transfers.
3. A different one for multiple cosigners.
4. And yet another for "non-standard" self-employed files.

It takes a long time to fully understand which banker to approach for which scenario and how to effectively present the file so that the full story gets heard.



I'm Self-Employed and My Income Varies; Can I Still Qualify?

For Israeli salaried employees, banks focus on the last 3 months of Tlushim (pay stubs), while also factoring in year-to-date income. But for the self-employed, banks will request your last 3 years of income and take some sort of average. That means a slower season won't hurt your approval, as what matters is your overall business performance over time.

A couple of notes:

- Your self-employed business needs to have a clear reason for the ups and downs.
- Self-employed mortgage applicants have a much longer paperwork list, so be sure you/your accountant keep good records.
- Due to the self-employed mortgage-approval process, you must factor in additional time for mortgage processing.

The Myth of Mortgage Contingencies

In many countries, your contract to buy a home may include a "mortgage contingency clause," meaning that the home purchase deal is valid only if you are able to get a mortgage. In Israel, mortgage contingency contracts are as rare as it raining here in August.

How home-purchasing contracts in Israel works: When you sign to purchase a home in Israel, you are committing to paying the full purchase price, which means you are committing to getting a mortgage in the future (usually 45-60 days for homes already built). But here's the risk: if, for any reason, you cannot get a mortgage, you could lose both your down payment and your rights to that home. No exceptions, no safety net.



This is exactly where the Ishur Ekroni (mortgage pre-approval) comes in. An Ishur Ekroni is an official mortgage approval letter sent to you by the bank, stating exactly how much they will lend you and under what terms. You can get an Ishur Ekroni either before you even start looking for a home and up until you sign for a home.

- When you have an Ishur Ekroni and then you go home-searching, you already know you're covered mortgage wise. Without an Ishur Ekroni, you're essentially signing a contract and hoping that the bank will agree to give you a mortgage later - which is a risky move considering what you'll lose if you can't get a mortgage.
- Bottom line: In Israel, the time to make sure you qualify for a mortgage is before you sign a purchase contract, not after.

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Bottom line: In Israel, the time to make sure you qualify for a mortgage is before you sign a purchase contract, not after.



Can You Get a Mortgage Completely Remotely When Purchasing from Abroad?

Yes, you definitely can.

From application through approval and processing, I handle everything remotely with you through WhatsApp, phone, email, and regular mail. Also, as part of the mortgage brokering service, I (or one of my associates) run around the country collecting all the needed original documents and notarizations from your lawyer, developer, bank, forex company etc., so that you don't have to.

The only step in the process requiring you is for the final signing of the mortgage, and for the final signing you have three options:

Option 1: Some banks I work with allow you to e-sign over Zoom.

Option 2: Other banks I work with require an in-person signing - I'll book an appointment that works with your schedule, sit alongside you at the bank explaining every step of the process and, after signing, we can snap a photo with you and the banker to "make it official."

Bonus: I try to work with the banks branch nearest you for your traveling convenience (and yes, our mortgage company will be opening an office in Ramat Beit Shemesh in the next few weeks).

Option 3: Whether you're abroad or local but prefer not to come to the bank, I can sign on your behalf through a power of attorney (purchasers and cosigners from abroad also use this power of attorney method).

Bottom line: Everything involved in the mortgage process except the signing is done remotely and the signing is done either by zoom, in person, or by me through a power of attorney.



Mortgage Flexibility

Manage your mortgage effectively and explore options for changing homes or paying off early.

My Mortgage Will Cost More Than My Rent, So Why Buy?

It's the question I hear often during first consultations with people beginning to explore buying a home. When we run different mortgage simulators, people are often surprised to see that their projected monthly mortgage payment is significantly higher than what they're currently paying in rent.

But the main difference is that rent always goes up and fixed mortgages don't.

Let's say you're paying ₦7,000 in rent today. Over the next few years, your rent can easily rise to ₦8,000... ₦10,000... or more. Meanwhile, if your mortgage is locked in at, say, ₦11,000 a month, it's a big jump from ₦7,000, but the ₦11,000 stays the same over time.

Based on my personal (non-verified) data analytics, I have seen that on average between years number 5 and 7 of a typical mortgage, your monthly payment matches what you'd be paying in rent on the open market. And for the next 20-25 years, your fixed mortgage amount stays the same, while rent keeps climbing. Long term, this means you're spending less per month on your living situation, plus building equity in something you own.

A close family member of mine just finished paying off their mortgage last year. Back in the 90's, they started out with a fixed monthly payment of ₦3,000. At the time, that sounded crazy. But while everyone else's rent kept rising, they paid that same ₦3,000 until the home was fully theirs. Another close friend of mine is



currently paying a ₪4,600 mortgage on a house that he bought in the early 2010's, that today, would rent for ₪12,000-₪15,000.

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Bottom line: A typical 75% mortgage is almost always more expensive than rent at first, and you need to review the numbers carefully to make sure your budget can handle the initial jump. But over time, rent keeps rising, while a fixed mortgage doesn't. Additionally, you build equity in something you own and are not at mercy of a landlord who can kick you out the second your contract is up or raise your rent as much as they want.

Early Payment Penalties

I recently posted a poll asking how many people do you think keep a 30-year mortgage for the full 30 yr. term. Most guessed over that over 50% of people keep the mortgage for the full 30 years, but in reality, very few do. In the U.S., the PSA Pre-Payment model shows it's as low as 8%, and in Israel, while there are no released government statistics, the data suggests it's very slightly higher than 8%. My friend Moshe pointed out that people don't make the connection that a 30-year mortgage taken out in your 30's or 40's would extend into your 60's or 70's. Thinking about from that way makes it clear why very few people stay on the same mortgage for the full term. Most people move, refinance, upgrade from a starter to a larger home, move communities or pay their mortgage off early, long before the 30 years are up. How does this affect you? Because most borrowers don't complete the full term, early repayment penalties becomes extremely relevant.



In Israel, certain mortgage tracks include penalties for paying off the loan early, so before taking out a mortgage, your mortgage broker should have a conversation with you to determine the best tracks for your specific situation. Many of the questions the mortgage broker asks are directly relevant to early repayment penalties, such as whether you expect to upgrade homes, move communities, or receive significant funds in the near future (selling their home elsewhere, inheritance, raise at work/stock options).

broker asks are directly relevant to early repayment penalties, such as whether you expect to upgrade homes, move communities, or receive significant funds in the near future (selling their home elsewhere, inheritance, raise at work/stock options).

- If there's a high chance of early repayment, tracks with lower or no penalties are preferable.
- If the borrower expects to stay long-term in a home that fits their needs, repayment penalties are less relevant in the decision making.
- In situations with uncertainty, for example, if you aren't sure if you'll stay in the home long-term, or if you have funds to repay early, the broker may recommend a mixed track approach that balances some protection against early repayment penalties with favorable rates and track features.

Bottom line: Most people don't keep a mortgage for the full 30 years. Considering early repayment penalties and your likely future scenarios is an extremely important part of selecting the right mortgage track.

Two Factors in Paying Off Your Mortgage Early

Here are two important factors in paying off your mortgage early:

1. Timing matters: The penalties of early repayment depends heavily



on when you repay. Paying off or refinancing after one year versus five years from the start of the mortgage can mean a huge difference in what you'll owe.

2. Track choice matters: Not all mortgage tracks are created equal.

For example **קל"ץ** and **משתנה כל חמש** both have early repayment penalties, but the amounts and repayment structures are completely different.

Bottom line: Most people don't keep a mortgage for the full 30 years. Considering early repayment penalties and your likely future scenarios is an extremely important part of selecting the right mortgage track.

What If I'm Buying a New Property But Don't Want to Lose My Existing Great Mortgage Rate?

Good news: you don't have to.

There's a concept in Israeli mortgages called

גרירה, which allows you to transfer your existing mortgage to a new property and keep the same interest rate and mortgage terms.

How it works: If you're selling your current home and buying a new

one, **גרירה** allows you "drag" your current mortgage onto the new property. That means you keep your existing interest rate along with the same repayment schedule. For example, if you have a ₪2.5M mortgage with a good rate and repayment terms on your current home and you're buying a new

home that needs a ₪3.5M mortgage. With **גרירה**, you can transfer the ₪2.5M portion and then take an additional ₪1M as a separate mortgage.

Of course, the bank must approve the new property and

גרירה isn't always automatic but if planning a move, **גרירה** is an option to



consider if your existing mortgage has a good rate and good terms.

What If I'm Selling My Home and Haven't Yet Bought a New One, but Don't Want to Lose Your Existing Mortgage Rate?

In the previous post, we talked about גרירה, which is transferring your existing mortgage to a new property and keeping the same rate and mortgage conditions.

But what if you're selling right now but haven't yet found your next home yet? The issue is that Grira only works when you have both transactions (selling and buying) lined up. If you haven't found a new place, you really can't "drag" your existing mortgage with you, because you have nowhere to drag it to.

So are you stuck losing your great rate? Not necessarily. The banks in Israel offer an option to הקפאה or "freeze" your mortgage (similar to איפקמ, the Hebrew word for freezer).

Here's how הקפאה works:

1. You sell your current home.
2. The remaining mortgage amount is transferred to a special account at the bank and you continue to make your mortgage payments to the bank exactly like your regular mortgage payments.
3. Once you find your next home, you move the mortgage from the bank to the new property.

This is not an automatic process as the bank needs to agree in advance, and there may be certain conditions, such as a 10% buffer. But if your current mortgage has a great rate, it's 100% worth looking into.



Financing Strategies & Upfront Costs

Practical ways to fund your purchase and handle initial expenses.

Creative Ways to Minimize Your Down Payment

For Israeli citizens buying their first home, banks will typically lend you up to 75% of the property's value in the form of a mortgage. This means that you as the buyer are responsible for the remaining 25% - often a significant challenge. Here are five ways to reduce that upfront 25%

Here are five ways to reduce that upfront 25%

1. **Deferred Payment:** Many developers of new construction projects offer payment terms where you pay 10-20% at signing and the remaining balance upon receiving the keys (this is popular with Halva'at Kablan). While the bank still limits your mortgage to 75% of the properties value, this arrangement allows you to spread out the 25% that you pay over a period of years.
2. **Mechir Lemishtaken:** For Mechir Lemishtaken (Israel's Housing Lottery), the 75% rule does not apply in certain situations. For example, on apartments priced up to 1.4 Million NIS, the required down payments can be as low as 100,000 NIS.
3. **Co-Purchasing with a Partner:** Buying a property jointly allows you to split the down payment and monthly mortgage payments. Also, partial ownership may carry tax advantages (if going this route, consult with a qualified Israeli real estate attorney for details).
4. **Third-Party Financing:** There are private lenders that will provide additional financing beyond the 75% bank limit, and will offer you an additional 10% for a total of 85% (so you pay 15% instead of 25%). However, these loans are typically double



1. the interest rates of a standard mortgage, so they should be used extremely cautiously and ideally for bridging small gaps.
2. **All-Purpose Loans from the Bank:** Separate personal loans can sometimes be used toward the down payment. These have their own terms and considerations, and I'll cover them in full detail in next week's Mortgage Monday tip.

There are ways to minimize your down payment, with each path having its own pros and cons, and the key is to choose the path that best fits your specific situation.

Creative Ways to Minimize Your Down Payment - Part 2

In the previous post, we talked about how Israeli citizens buying their first home can typically get up to 75% of the property's value from the bank in the form of a mortgage, with you being on the hook for the remaining 25%. We also looked at four creative ways to reduce that out-of-pocket burden and today, let's add another tool to your belt: loans, and more specifically, all-purpose loans.

What's an all-purpose loan? It's exactly how it sounds; a loan you can use for just about anything. One specific type of all-purpose loan is an offering at Bank Mizrahi which is called a "synergy loan." This loan is available to you after you've taken a mortgage with them and is a up-to ₪100,000 cash loan, at around the same interest rates as a mortgage, no questions asked (well, mostly). The idea behind this type of loan is to provide money for people to do renovations on their new home, but once it lands in your account, you can do with the money what you wish.

Here's two examples of using loans to fund the down payment:

3. Someone I know bought a Mechir Lemishtaken apartment for ₪1.3M. Normally that would require ₪100K down, but he got



a ₪40K government grant due to winning in the periphery. This brought the required down payment to ₪60K, which he borrowed from a family member and later repaid using the synergy loan from Mizrachi once his mortgage was activated.

2. I spoke to a client this past Thursday who wants to buy in Israel but hadn't yet sold his house in the U.S., which he was counting on to fund his down payment. Together with his real estate lawyer, we advised him to take out a HELOC (Home Equity Line of Credit) against his U.S. property and use that to cover the down payment in Israel, and then pay it back once the sale of his U.S. home goes through.

Bottom Line: The bank needs to see that 25% paid before issuing the remaining 75%. How you get the 25%, whether it's a gift, family loan, personal loan, or all-purpose loan, is up to you. And once the mortgage is in place, tools like the synergy loan can help you repay however you got there.

Closing Costs When Buying a Home

When purchasing a home, beyond the down payment and mortgage, there are one-time closing costs that add up quickly.

Here's my breakdown of what I typically see closing costs are, divided into mandatory and optional (but recommended) costs.

Mandatory Costs:

- Purchase Tax: Varies based on property value and status (Oleh, first-time buyer, etc.)
- Home Value Appraisal for Mortgage Purposes: Pre-Purchase ~₪4,000 and Post-Purchase around ₪1,200 - ₪2,500
- Builder's Lawyer (for new construction purchases only): ~₪6,500
- Your Lawyer: ~0.5% - 1% of purchase price



- Bank Fees when opening a mortgage file: ~₪1,000

Optional but Recommended Costs:

- Real Estate Agent: ~2% of purchase price
- Mortgage Broker: ~1% of mortgage amount
- Structural Engineer: ~₪3,000

Sample Closing Costs: a first-time home buyer buying a 2.2 million shekel apartment from their neighbor, will have closing costs that should be less than 5% of the apartment price.

Regarding the optional but recommended services, here is why I recommend them:

Mortgage Broker: Different lenders have different requirements, and how, and to whom, your financial story is presented to the bank impacts approval and loan terms. A mortgage broker with daily experience navigating these complexities, helps you prepare the right documents and deals directly with the bank on your behalf. They also directly coordinate the legal paperwork, home and life insurance, appraisals etc., streamlining the process and increasing the chances of securing the best possible terms. The right broker can mean better rates, a faster process, and less stress.

Real Estate Agent: A real estate agent helps you find a home that fits your needs and budget. A good agent understands pricing trends, neighborhood dynamics - including religious, schooling, shopping, public transportation, future development plans etc. They handle negotiations and coordinate viewings, serving as the bridge between the buyer and seller.

Structural Engineer: I recommend a structural engineer when buying older secondhand homes in Israel where hidden structural problems can lead to costly repairs down the line. Structural engineers create a report for you that assesses the building's



foundation, structure, and overall condition, identifying potential issues such as cracks, settling, or outdated materials that may need repair.

Bottom Line: Unlike in other countries, closing costs in Israel cannot be included in the mortgage - they must be paid at signing or soon after. If you don't plan ahead for them, it can put unexpected pressure on your finances. Factoring them in from the start helps you budget your home purchase properly.

Hidden Costs When Buying a Home

Home buying includes the down payment, closing costs and hidden costs. Factoring them all in is vital. Here are a couple I can think of, that people often forget when buying a home:

1. **Money Transfers:** Many home buyers I work with bring in dollars, pounds, euro or rand to pay their down payment. The least painful and cheapest way to convert foreign currency into shekels is through a money transfer service. I work on the mortgage team at Mortgage Israel, and our sister company WirePay Israel (formally Forex Israel) specializes in money transfer, so if interested in super quick transfers that support you in english and is usually the cheapest, message me directly and I'll be happy to help you out.
2. **Moving Costs:** Generally, cheaper movers don't include insurance, while pricier ones do, so decide what works best for you. Also be sure to factor in packing materials, tipping the workers and taking time off to supervise the move.
3. **Connecting Utilities (Gas, Electric, Water, Internet, etc.), plus Arnona & Va'ad Bayit:** Sort these out as quickly as possible, as if there are unpaid balances from previous tenants, you want that resolved ASAP.



4. **Home Repairs:** Before moving in, understand the work that needs to be done and divide it into short term (ex: painting, flooring, plumbing issues, electrical work etc.) and long term (ex: kitchen and playroom remodel, upgraded bathrooms etc.). Prioritizing will help you budget wisely.
5. **Furniture & Appliances:** What you have from your old home may or may not physically fit (or is the wrong style) in your new home. Remember to order in advance to factor in the delivery time for furniture and appliances (as I write this, I'm thinking fondly of the deep freeze I ordered over a month ago, currently stuck in customs).
6. **Security:** Change the locks on your home, as you don't know who might still have old copies. Also invest in whatever is necessary to keep your home secure for you and your family.
7. **Life & Property Insurance:** Mandatory if you have a mortgage.

Bottom Line: Take a deep breath, budget accordingly, and get excited about moving into your new home!

Using an Ishur Ekroni to Plan Your Budget

Many people get an Ishur Ekroni (a mortgage approval) after finding a home but before signing on it, to make sure the bank will give you a mortgage.

But here's another way to use an Ishur Ekroni: before searching to find a home.

This is done in order to find out a maximum the bank will lend you. Instead of putting in the price of the home you want, you can simply get an Ishur Ekroni to find out what the maximum mortgage you can get based on your current finances, credit history, and banking activity. This approach will give you a budget range before you start looking, saving you the heartbreak of falling in love with a home



that's beyond reach. Are there different levels of Ishur Ekroni depending on the bank? Yes and no. Technically, an approval is an approval. But in reality, some banks give Ishurim Ekroniyim more easily, without fully reviewing every single aspect of your finances, while others do a deeper, more detailed check before approving you, so it depends on what type of approval you are looking for in deciding which bank to get to get the Ishur with.

Bottom Line: You can use an Ishur Ekroni to find out your budget. And if it's from a bank that reviewed your file thoroughly, you can trust it as a clear picture of what you can afford.

Want to know your housing budget?



Message me to get started on your Ishur Ekroni.

I Want to Buy on Paper, but While It's Being Built I Don't Want to Pay a Mortgage on Top of My Current Rent (or Mortgage)

You usually don't have to.

When buying on paper, payments are almost always tied to predetermined construction milestones outlined in the contract such as completion of the floor, walls, kitchen etc. Because of this, you're typically not paying a full double mortgage (or a mortgage plus rent). For example, in Mechir Lemishtaken projects, a popular payment plan is to pay 10% of the purchase price every 3 months, with each payment tied to a specific stage of construction. So if your full mortgage for example is ₪7,000 per month, you'll pay ₪700 in month three, ₪1,400 in month six, and so on, until you reach the full ₪7,000 in the final stretch.

In other on-paper developments, developers offer creative payment structures that enable you not to double pay, such as:



- 15% down, 85% on building completion •
- 20% down, 80% on building completion •
- Developer-backed financing • Halva'at Kablan

Tip: Developers often offer different payment tracks such as linked, unlinked, halva'at kablan, higher/lower down payment, developer fixed rates etc., each with their own financial implications. I recommend you review your payment track options with a mortgage broker or financing expert (only one who deals with these situations regularly) to help you fully understand each track, so that you can choose the track that works for you.

Important note: No matter how the purchase payments are structured, the bank will still only give you up to 75% financing on your first home. So in a 15/85 deal, you'll still need to come up with an additional 10% before receiving the keys.

Do I Need an Israeli Bank Account for a Mortgage?

Yes, with few exceptions, all banks in Israel require that your monthly mortgage payments come from an Israeli bank account. In other words, in order to get a mortgage in Israel, you must have an Israeli bank account.

If you don't yet have one (for example, if you live abroad), your real estate lawyer or mortgage broker will open a bank account for you. It's a common and straightforward process and priced either as inclusive in their service or charged as a separate add-on fee.

And does your mortgage bank need to be the same as your primary bank? Not at all. You can bank with one institution and have your mortgage with another; just set up an automatic monthly transfer. Done.



Mortgage Timing

Know the proper steps and schedule for buying a home in Israel.

The Steps to Buying a Home in Israel

Of course, every home purchase deal is slightly different so sometimes the order shifts, but ideally these are the steps involved in buying a home in Israel:

- 1. Get Approved for a Mortgage:** Before falling in love with a property, understand what's realistic. A mortgage broker will have a conversation with you to better understand your specific finances and expectations and will then go to the bank to get you an "Ishur Ekroni" (mortgage pre-approval). This pre-approval is a document which outlines your bank-approved maximum borrowing power as well as your projected monthly payments. With this in hand, you will home search knowing you're approved for a set mortgage amount (ex: "based on my pre-approval document, I can comfortably look at homes up to 4 million shekel"). The seller, the lawyer and even the real estate agent will want to know that you're approved for a mortgage, so that they're not putting in all their efforts and then wasting their time in that the deal won't close.
- 2. Find the Right Property:** Now that you know your budget and are approved for a mortgage, it's time to start the search. This can be through real estate agents, Yad2, WhatsApp groups, or just good ol' word of mouth. But don't focus only on price; remember to look at the full picture (if you missed it, go back and read Daniel Katz's March 20th post on looking at Price, Payment Plan, and Move-In Date.)
- 3. Lawyer Up:** Once you're serious about a property, it's time to bring in a real estate lawyer. The lawyer's role goes far beyond contract review; they'll confirm ownership, ensure there are no liens or debts, calculate and file your taxes, and coordinate



with the seller's attorney to register the property properly.

- 4. Pre-Signing Document Review:** Before you sign anything, pause and review every detail. Has your mortgage file been updated to reflect the actual property? Has there been an appraisal, or do you need to arrange one ASAP? Are you clear on the payment timeline? What are your exact closing costs, including VAT or potential betterment taxes? This is your last chance to ask questions or walk away if something is wrong.
- 5. Sign & Close:** If everything checks out, you move forward to sign the contract, pay the down payment, get life and property insurance, and finalize the mortgage. Once the seller receives the full contracted amount (down payment from you plus mortgage funds from the bank) and the property is registered in your name, you get the keys.

You've probably noticed we've mentioned quite a few professionals along the way: mortgage broker, real estate agent, lawyer, appraiser, insurance provider... so where do you find all these people?

Here's the good news: the above professionals work with each other every day, so if you find one person you trust, whether it's a broker, agent, or lawyer, they can introduce you to others they've worked with successfully on dozens (or hundreds) of deals. Even better, they'll recommend someone who matches your personality, budget, and needs. Buying a home in Israel does sound complicated, but with the right team around you, they'll handle the heavy lifting to save you stress, time and money.

How Early in the Home-Buying Process Should You Speak with a Professional?

You should ideally talk to a professional before you need their services and the earlier you start asking questions, the more confident and financially strategic you'll be when it's time to sign.



As a mortgage broker, I often speak with people a year (or more) away from buying. We cover topics like how much they can borrow, the rules of a cosigner, financing from abroad, mortgage approval requirements and the process etc. A 15-minute conversation not only informs, but gives you the information needed to financially plan ahead.

Having early conversations with all types of real estate professionals is highly beneficial in planning a purchase:

- **Will a health issue affect life insurance?** Speak to an insurance agent.
- **Is the neighborhood you read in the paper really “up and coming”?** Talk to a local real estate agent.
- **Have a messy zoning issue or illegal build and don’t know where to start?** Talk to a real estate lawyer.
- **Thinking of downsizing/upsizing and are worried about space?** Speak to a designer.

“But can’t I just google my questions?” You certainly can, but speaking to a professional who lives and breathes your questions every day, will save you time and confusion. Also, on the web you’ll find outdated info (the rules in Israel change about every 18 min), misunderstood policies, or advice that only applies to someone else’s unique situation, whereas a professional will give you the answer that matches your exact question. Also, a professional can help you strategize.

“How much will it cost me?” Nothing. The home-buying professionals I know (agents, project sales reps, brokers, lawyers, insurance agents, architects, contractors, developers etc.) don’t charge for a quick conversation. We get paid when the deal happens. Until then, we’re here to help you get clarity.

Because a conversation is free, and clarity, especially when it comes



to what's likely the biggest financial decision of your life, is power.

What's the Mortgage Timeline

Let's walk through the full mortgage timeline so you know exactly how to properly plan:

- 1. Initial Strategy Call:** Have a (free) conversation with a mortgage broker to review your situation and options. This can happen at any stage, even before you start house hunting (so you can figure out your budget and projected monthly mortgage payments).
- 2. Get Your Ishur Ekroni:** You send your paperwork to the mortgage broker and the broker goes to the bank to get you an Ishur Ekroni document (a mortgage approval letter with confirmation that you're approved for a mortgage, along with how much the bank will lend you and at what rate).
- 3. Final Check-In Before Signing:** Speak with your mortgage broker before signing to do a final numbers review.
- 4. Mortgage Processing:** Once the purchase contract has been signed, your mortgage broker gets to work.
- 5. Mortgage Signing:** Takes between 30-60 min and is done virtually or in person, alongside your mortgage broker.
- 6. Mortgage Approval & Payout:** Once the mortgage is approved, the bank transfers the mortgage funds to the sellers bank and you get to move into your new home!

Bottom Line: With the right preparation (and that all-important Ishur Ekroni), you can move from accepted offer to keys in hand smoothly, without "fun" surprises.



At What Point in the Process Do You Actually Need To Take Out the Mortgage?

Short answer: By whatever date it says in your contract.

Long answer:

- If you're buying on paper, you usually start the mortgage either right before receiving the keys or you take out the mortgage in stages of the home being built (again, as per the contract).
- For an already-built (aka secondhand) home, the standard contract is that within 45-60 days from signing the contract, the mortgage must be obtained and paid out to the seller.

And when do you move into your new home? On the date specified in the contract. Remember, the seller must be fully paid by move-in date, so you must have the mortgage money paid out to the seller before that date (plus if the home is empty and the seller is fully paid, they can allow early move in).

What if you miss the deadline stated in the contract? For example, if the contract states you need to pay the seller by the 15th and today it's the 16th and the mortgage hasn't yet been approved or paid out, you usually get an additional 7 day grace period, after which you're in breach of contract.

Getting a Mortgage in Israel During the Chagim or Busy Season

Between fewer working days this month, summer vacation backlogs, and the banks starting with end-of-year prep, things work slower. And unlike in other countries where your file moves forward in a straightforward queue, Israeli banks handle applications and mortgage processing in two different piles:



- **The “Insiders” Pile:** people who work with the banks daily and have “פרוטקציה” (protexia) get priority and have their applications processed first.
- **The “Non-insiders” Pile:** AKA everyone else file goes into “we will get to it when we can” pile. This is especially relevant when workloads spike during the Chagim.

And it’s not just the banks, as protexia is woven into almost every aspect of life in Israel:

- A developer with the right connections at the municipality (עירייה) gets building approval (היתר בנייה) quicker.
- A good real estate agent finds you a home that doesn’t even exist on the map.
- Parents who have a cousin in the Ministry of Education (משרד החינוך) will get their kids into a certain school, after being told it’s impossible.
- If you know the owner/chef at Pitmaster, you may get a table for tomorrow night right in front of the food show, even though reservations are booked months in advance.

And yes, mortgages work the exact same way. If you or your broker know the right people, your file jumps to the top of the pile.

Bottom Line: It’s always important (and even more so during the Chagim and end-of-year) to have an insider at the bank push your application through and to get the best rates.



A snapshot of some of the other topics we discuss on the “Smart Home Buying in Israel” group include:

- Halvaat Kablan
- TAMA 38
- Pinuy Binuy
- Kevutzat Rechisha
- Mechir L’Mishtaken
- Purchase & Capital Gains Tax
- Home Prices in Israel vs Anglo Communities
- The Structural Engineer
- Buying on Paper
- Property Management
- Impact of War on Home Prices
- Finding the Right Community
- Finding the Right Property
- Tips for Buying a Secondhand Home
- How Many Bedrooms Do You Really Need
- The, Negotiating for Existing Contents of a Home
- Difference Between Buyer’s & Seller’s Agent
- The Adjustment Timeline for your First Home in Israel

....and so much more!