


A detailed topographic map of Jerusalem, showing the city's layout, streets, and surrounding hills. The map is rendered in shades of blue, white, and grey, with a compass rose and a scale bar in the bottom right corner.

HOME BUYER'S GUIDE

A photograph of a modern, two-story house constructed from light-colored stone blocks. The house features a prominent chimney, a tiled roof, and a covered outdoor patio area with a wooden pergola. The patio is furnished with outdoor seating. The image is partially overlaid with a teal geometric shape.

Gabai Real Estate is owned and operated by Elia Gabai and Yaniv Gabbay. For over 8 years we have been specializing in assisting foreign and local buyers find the right property in the central Jerusalem neighborhoods. Here is a basic guideline to purchasing residential real estate in Israel. Feel free to contact us with any questions and comments, we would be delighted to assist you.

CONTENT

- 02** Choosing The Right Agent
- 03** Purchase Costs
Taxes, fees and all other costs
- 05** Finance
Choosing the property that's right for you
- 08** The Search
Setting the appropriate parameters
- 11** Inspections & Other Contingencies
Avoid surprises by hiring a licensed engineer
- 12** Hiring The Right Attorney
Save big in the long run
- 13** Process Overview
- 14** Property Management

WHY CHOOSE US

HONESTY We are not about closing the deal "at all costs". While the real estate industry in Israel has come a long way in the last decade there is still a serious lack of regulation and legislation protecting buyers and sellers from dishonest and unethical agents. Gabai Real Estate Group strives to maintain its reputation of adhering to a higher code of ethical practices. Our policy is full disclosure in every transaction.

EXPOSURE Our world class marketing campaigns benefit the properties we represent as well as the buyers purchasing them. Using popular social media, popular publications, newspapers, interactive emails, video tours and more, Gabai Real Estate Group is able to drive more traffic to the home. Maximum exposure also means cooperating with all the Jerusalem agents, and inviting them to bring their potential buyers to all of our listings. Our goal is to ensure that our buyers are exposed to all the market has to offer.

EXPERTISE knowledge is power. Gabai Real Estate Group knows it's market and is constantly abreast of the newest tax laws, zoning changes and other external factors that can affect your sale/ purchase. Our ability to unofficially appraise properties correctly saves the seller and buyer time, money and leads to a smoother transaction process. Gabai Real Estate Group creates a comparative analysis either for the house we are marketing or the properties we have shown the buyer in order to keep our clients as informed as possible.

SERVICE Our network of professionals ensure that there are no surprises regarding the status of your home whether you are a buyer or seller. Be it professionally filming properties listed by other agents, providing information and assistance or simply driving and touring around potential neighborhoods we strive to ease our buyers through the often frustrating sales process.

CONNECTIONS Our connections are your connections when you work with Gabai Real Estate Group. When we recommend attorneys, contractors, engineers, architects, property managers, banks, mortgage brokers, and any other professional, you are guaranteed in excellent hands.

REPUTATION Over the last 8 years we've had the privilege of giving great service to many satisfied customers. We attentively listen to your needs and often "think out of the box" in order to find the most suitable property for your family. We would be honored to assist you in finding the right property or even discussing your needs over a cup of coffee. We looking forward to meeting you soon!

PURCHASE COSTS

1 / Purchase Tax

Based on the scale to your left. Foreign buyers will usually pay 8% purchase tax on a typical 3 bedroom apartment.

2 / Agent's Fees

In Israel buyers and sellers customarily pay an agents fee of 2% plus VAT. Most agents in Jerusalem cooperate with other agents leading to a separate buyers and sellers agent, each representing their parties interests. An agent can represent both buyer and seller, receiving commission from both parties.

3 / Lawyer's Fees

An attorney fee structure in Israel is typically commission based. There is no title insurance, so a competent attorney must inspect the property's registration and legal status. Attorney's typically charge 1% plus value added tax.

4 / Other Costs

Bank fees, conversion rates, registration fees, etc. This can add up to approximately 1% of the purchase price.

5 / Pre-Construction

Fees such as interest rates based on the building index, and a fee for the attorney registering the property will apply.

6 / Total Local Buyer

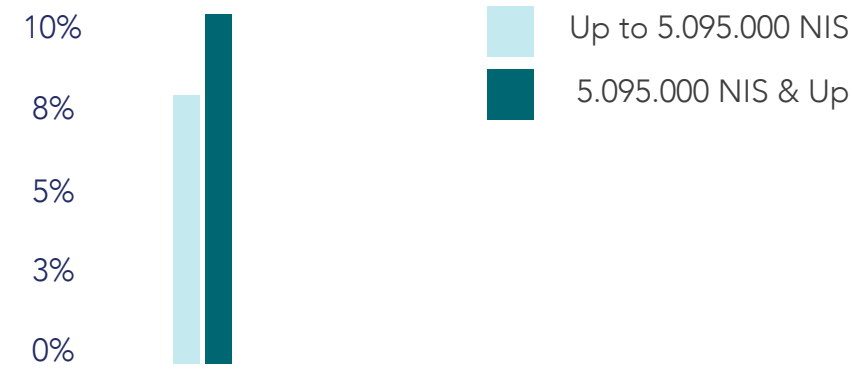
On a 1 million USD property approximately: 6.5%
(app. 2.5% tax + 2% agent + 1% lawyer + 1% other)

7 / Total Foreign Buyer

On a 1 million USD property approximately: 12%
(8% tax + 2% agent + 1% lawyer + 1% other)

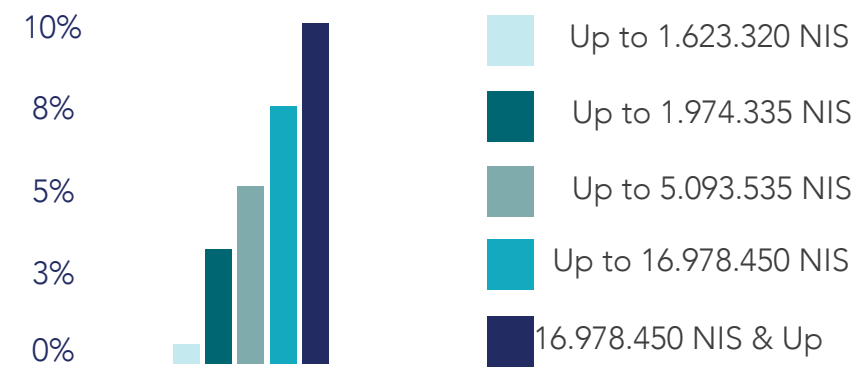
Tax Scale for Israeli Residents Purchasing a Home

If you are an Israeli resident purchasing a second home and intend of selling your first home within a year and a half of your purchase this applies to you as well



Tax scale for Investors and Foreign Buyers

Purchasing a second property or more without selling the first



SECURING A LOAN



Obtaining A Loan

Now that you know your closing costs on top of the purchase price, the next step is to discover how much you can borrow (if and when needed). Getting pre-approved by a bank, while not completely binding, is an important step in determining your overall budget for purchasing a home.



Interest Rates

The CURRENT interest rates (April 2018) are around 3.2% to 3.4% on a typical 30 year loan. Interest rates may increase over the years. Fixed rates are less common. Loans are usually linked to a combination of currency, PRIME, etc.



How Much Can I Borrow?

Local buyers may receive up to 70% financing and in some cases slightly more. Foreign buyers may receive up to 50% financing from an Israeli bank. One must keep in mind that banks will not necessarily appraise the property you're purchasing for the full amount so be sure to get a realistic appraisal estimate before signing a sales contract. I always recommend working with a reputable mortgage broker to help you navigate through this process.



Whether you are looking to take out a new mortgage or refinance an existing one, **First Israel's** team ensures that you are taking out the right mortgage at the lowest rate

HIRING A MORTGAGE BROKER

A Name You Can Trust

With over 12 years of experience, First Israel's team combines an in-depth knowledge of the industry and key partnerships within Israel's banking community to assist you in getting the right loans at the lowest rates.

Mortgage products in Israel can vary greatly from those in other countries. Therefore, we put an emphasis on simplifying the mortgage process and educating our clients so they feel confident that they are making the right financial decision.

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CHOOSING THE RIGHT PROPERTY

"The where and the what must coincide."

If you are interested in purchasing a property in Mamilla suitable to comfortably fit a family of 10, it simply won't happen with a budget of \$500,000. The importance of location vs. having enough space for your family, will determine where your search can begin. Many buyers lower their expectations, adjust the location, or increase their budget in order to find the right property. For example, a client sought a property in Rechavia that would fit their children and grandchildren for when they visit. They soon realized that in order to obtain that desire they would need to spend more than double their budget. Therefore, the couple preferred to purchase a two bedroom, fitting their needs year round, and when their children visit they will rent one of the many short term rental apartments in the area. The compromise was not on location, but rather on space.

THE SEARCH

Define and narrow down the criteria and parameters of your search

Budget

Interior Space

Purpose

Condition

Location

Minimum Bedrooms

Home Type

Amenities

Investment / Aliyah / Vacation home
Neighborhood / Proximity
Garden Apartment / Penthouse
/ New Building / Private Home

Guard / Pool / Low Maintenance

Outside Space

Sukkah Porch / Terrace / Garden

Don't Overpay

It is extremely important to work with an honest professional agent in order to determine the right offer to make on your desired property. An honest agent will be able to cross reference recent comparable properties sold from various sources such as, the tax authority website, SHIRAN (the MLS of Jerusalem), MADLAN as well as from the agent's own sales in the area. Working with an agent that knows and understands the location is also crucial as they will be able to provide insight in the "why". Why did property A sell for X and property B sell for Y? Knowing what is currently for sale is equally important in determining a properties' value. Seeing enough properties will give you more peace of mind going into a deal. Seeing too many properties will only confuse you and raise doubt in your decision in the first place. A professional agent can help you find this balance.

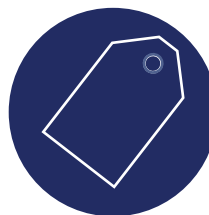
Gabai Real Estate has close to a decade of experience in helping buyers determine the proper value of real estate, and we would be happy to assist you in this endeavor.



מדלן
בכח מוצאים היום בית



SUBMITTING AN OFFER



Once you have found the perfect home, it is time to make an offer

Making a low ball offer can often insult a seller who may not take an improved offer seriously down the line. However, everything is relative to the asking price. If a property is "priced right", certainly in Jerusalem, there is definitely pressure to make a competitive offer so as not to lose the property. Sellers in Israel often price their properties with room to negotiate.

Offers in Israel are almost always verbal. Once an offer is accepted it is customary for the listing agent to stop showing the property to

Factors to consider when making an offer

- Why is the owner selling? ■ How long has the property been on the market?
- Property registration (Church lease, private) ■ Building infractions
- Structural issues ■ Mortgage and payment terms
- Additional offers ■ Carrying costs of the properties ■ Date of occupancy
- Property/ building restrictions

THE HOME INSPECTION

Once upon a time a lovely young couple finally saved enough to buy a modest apartment they can call their own in Petach Tikva. They fall in love at first sight with the property and a week later sign the dotted line. Break out the champagne! Only as soon as they move in they are shocked to find that the sweet little apartment they poured their life savings into buying is full of water damage and other unsavory issues. Who's responsible? In Israel it is the buyers responsibility to check and the sellers responsibility to declare any issues. We highly recommend that our buyers hire an engineer specializing in home inspections. This should be done only once after the sides come to an agreement on price.

The Engineer will inspect and identify the following:

Structural integrity, current condition, quality of build, dampness and susceptibility to future dampness, plumbing status, level of electricity, drainage, appliances (if applicable) and further considerations.



HIRING THE RIGHT ATTORNEY

Hiring an attorney is a critical ingredient in the process. The right attorney can save you money in the long run and in some cases can prevent you from making a grave mistake. Attorney's typically work on a percentage basis (they do not usually charge an hourly rate). Since there is no title insurance in Israel the attorney's insurance somewhat serves this purpose. Title and registration are not always crystal clear in Israel. In certain parts of Jerusalem they are not even in a computerized system (there is a system called page in a book).

It is imperative that you hire a reputable attorney

1 / Real Estate Law Practice

Real Estate law is sometimes mistakenly regarded as a form of law that can be handled by any attorney. The laws regarding R.E taxes and all crucial details required to be submitted in a contract can change quite frequently and require the attention of a relevant attorney.

2 / Jerusalem Based

A local attorney can expedite the due diligence process by simply knowing the right players in the location's municipality. A local attorney also understands the ramifications of different types of registrations like a Church lease, unregistered space that has a building permit and other idiosyncrasies specific to the location you are buying in.

3 / Foreign Buyers

A critical step in the process is opening up an escrow account and transferring money from a foreign country to Israel. There are instances where the seller has a U.S account which can help but tax fees will still need to be transferred to Israel. This is a complicated process and an attorney well versed in these laws and restrictions will be able to expedite the process as much as possible.

4 / Honesty

We work with a number of well-respected honest English speaking attorneys that can assist you in your purchase.

THE HOME INSPECTION

MAZAL TOV!

You decided to purchase a property in Israel!
Here is a quick overview of all of the above:

V Budget - what are your purchase costs above the purchase price and how much can you borrow

V Location - budget, familiarity, personal preference and the purpose of your purchase - will help identify the 'where'

V Criteria - What are the most important parameters for you i.e. size, outdoor space, condition etc.

V Agent - Select an agent that understands your 1,2&3 (ahem, Gabai Real Estate)

V Offer - Submit and offer (include have a plan B to help you properly negotiate) in many cases it will include payment terms.

V Due diligence - Have your honest, professional, local, real estate attorney go over the registration of the property, its legal status and classification, review the contract and get the property inspected by an engineer.

V Finance - Simultaneously start the process of opening an escrow account and transferring funds.

V Signing - The due diligence process produced positive results and you can meet the payment requirements, it's time to sign the dotted line.

V Walk Through - On the date of last payment or occupancy schedule a walk through with your agent and seller. Make sure the property is in the appropriate shape and everything is in good working order. Transfer over all utilities and municipal taxes into your name.

V Enjoy your new life in Israel!

PROPERTY MANAGEMENT

City of Gold Apartments is a Jerusalem Property Management & Rental Company catering to the unique needs of the foreign and local property owner. Specializing in management, short/long term rentals, maintenance and improvements to your properties. City of Gold has many Accommodations in Jerusalem from Luxury Jerusalem Vacation Rentals to Budget Jerusalem Short Term rentals.



At City of Gold we want you to feel like you're coming home. We maintain a standard of service unparalleled in the industry. From mail collection, assistance with setting up bill payments, cleaning, maintenance and repairs to making sure your home-away-from-home is ready for your arrival with clean linens and household supplies already in place. Seasonal extras, such as kashering your kitchen for Pesach or building your succah, are also always available.

City of Gold is also happy to provide such short-term hospitality services as greeting guests, cleaning, laundry as well as accounting for the comings and goings and rental income from the apartment. For those with longer term tenants, we are happy to be your representative and your tenant's point-of-contact for all issues large or small.

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HOW CAN WE HELP YOU TODAY?

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