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Purchase from Housing Company

It's very common in Israel to purchase properties from a construction company well before the building has been completed. There are many pitfalls when buying a property "on paper" and with so much money/risk involved, an attorney acting on your behalf is essential. In addition to protecting your interests, he/she may be able to negotiate favourable terms.

Below are general guidelines. Please contact me directly for further information.

Pro Forma Contract

The company will generally use a pre-printed standard contract (in Hebrew) and present it for signing. There's a common myth that such contracts can't be changed. Your lawyer may be able to negotiate improved terms for you.

Payment Schedules

Naturally, paying money for an incomplete property of which you cannot take possession, is a risky business. For this reason, it's important to work out a payment schedule as construction work progresses. (Be aware that your payments will be linked to either the Consumer Price Index, or the Building Index). Your schedule should take account of your mortgage process and how long it will take you to complete your bank's loan procedures.

Installments Paid to Bank - not Construction Company

To finance construction, the builder usually obtains funds from a bank. When you pay installments, they should be paid to the bank, **not the construction company**. The bank will then issue you (at your expense) a banker's guarantee for the money, so that if the contractor fails to complete construction, your money will be refunded - or the bank will find an alternative builder.

Housing Company Register (hevra me'shakenet חברה משכנת)

Properties cannot be registered in the Land Registry until they are complete, but it is common for builders to sell apartments well before this happens. Actual registration may take several years. In the interim you cannot register your rights in the Land Registry. To resolve this, construction companies administer their own registration, with an undertaking to complete formal Land Register registration when all necessary permits have been obtained. (When you buy such a property, you will be asked to pay the construction company's lawyer's fee to register your right in the Land Registry.)

Although formal registration in the Land Registry may take several years, this does not limit your ability to re-sell the property. The construction company's registration process takes the place of the Land Registry.

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