



Jerusalem
December 10, 2017
811-17-BC

To: **The banks**
Attn: CEO

Re: Housing loans complementary to eligibility loans

The Government recently took several steps intended to increase the worthwhileness of using eligibility loans¹ as an effective tool for financing the purchase of a home.

Several cases have come to our attention in which banks allegedly offered higher interest rates on housing loans provided together with eligibility loans, compared with identical loans provided solely from the bank's resources.

In light of the above, I hereby clarify that given identical risk characteristics, cases in which a customer makes use of eligibility loans as part of the means of financing the purchase of a home, the interest rates offered to the customer may not be adversely changed, compared with a case in which all the funding is exclusively through the bank's resources.

To the extent necessary, you are hereby requested to clarify the procedures on this issue with the relevant employees in the branches, to ensure the avoidance of repeat cases of this type. If the Banking Supervision Department receives specific complaints on this issue, we shall take enforcement measures.

Sincerely,

Ms. Odeda Perez
Deputy Supervisor of Banks

cc: Supervisor of Banks

¹ "Eligibility loans" in this letter: "Directed loans" as defined in the Banking (Early repayment of a housing loan) Order, 5763-2002.