



Jerusalem, December 17, 2017

Circular no. C-06-2546

Attn:

Banking corporations and credit card companies

Re: Limitations on provision of housing loans
(Proper Conduct of Banking Business Directive no.329)

Introduction

1. With the goal of supporting the strengthening of settlement in the periphery and to create a certain adequacy between the minimum equity required for purchasing a home at a reduced price and the value of the home purchased, and in accordance with the agreement between the Bank of Israel and the Ministry of Finance, the need for updating the Directive arose.
2. After consulting with the Advisory Committee on Banking Business Affairs and with the approval of the Governor, I have decided to update this Proper Conduct of Banking Business Directive as specified below.

Amendments to the Directive

3. Loans for a home at a reduced price

Section 4a(4) of the Directive was updated, and it was established that purchasers of a home in a distant locality will be required to pay NIS 60,000 from their own sources, rather than NIS 100,000.

Explanatory note

In localities with low property values, the value of homes purchased and purchase prices set within the framework of the “Buyers Price—New Format” program are relatively low. In accordance with a government decision, home buyers in such localities are eligible to receive a grant.

In view of the above, we deemed it proper to distinguish between the minimum equity required for purchasing a home in remote areas and the minimum equity required for purchasing a home in other areas. The list of localities was published in an Accountant General circular, “Assistance in purchasing a home within the framework of the ‘Buyers Price—New Format’ program” of April 14, 2016. This list is updated from time to time by the Ministry of Construction and Housing and the Accountant General.

Application

4. This Directive shall go into effect on its date of publication.

File update

5. Update pages for the Proper Conduct of Banking Business Directive file are attached.
Following are the provisions of the update:

Insert page	Remove page
(12/17) [6] 329-1-9	(10/16) [5] 329-1-8

Sincerely,

Dr. Hedva Ber
Supervisor of Banks