

Mortgage Financing

Mortgage Financing Overview

Mortgage financing is obtaining financing in exchange for mortgaging the property so that the beneficiary can buy and own the property. The origin of this activity dates back hundreds of years, and the issue of mortgage in Palestine is governed by a law from the Jordanian era, which is the Law No. 46 of 1953 on placing immovable funds as security for debt.

Following the interest of the Palestinian government in helping the Palestinian citizen to own his home and establish the citizen on the land, the government has undertaken several initiatives, the first of which is the adoption of Law No. 1 of 1996 regarding the ownership of classes, apartments and shops, thus giving the citizen the opportunity to mortgage the unit in exchange for obtaining financing to purchase this unit. Since the banks at the time were not doing long-term financing business, the government, in cooperation with the World Bank and a number of private sector institutions, set up a company, the Palestine Mortgage Finance Company, that provides long-term financing and insurance against defaulting on mortgage loans established in banks to encourage banks to grant This type of financing.

In the year 2004, the government issued Capital Market Authority Law No. (13) that provides for the supervision, regulate and development of the mortgage financing sector due to the importance of this sector and its direct impact on the lives of citizens. The PCMA has issued a set of instructions specialized in controlling and supervising mortgage finance companies and instructions for calculating capital adequacy and allocations. These instructions included specifying the criteria that must be provided in the real estate appraisal reports for the purpose of financing the mortgage and for the

person who performs the real estate appraisal work, due to the importance of real estate appraisal in determining the value of real estate guarantees on the basis of which loans are granted, thus limiting the risks to which lenders are exposed. The real estate appraisal industry plays an important role not only in the primary market, but also in building the secondary market, as it is based on the basics and practices of the primary market. In 2012, the authority issued specialized instructions to real estate appraisers.

Work in the primary market is limited, i.e. direct grants of mortgage financing loans to banks, and some banks rely on their own sources, i.e. deposits to finance their mortgage lending operations, while a number of them resort to refinancing their loans through the secondary market, i.e. the Palestine Mortgage Finance Company, which in turn It obtains financing either from borrowing or its capital or by issuing bonds backed by real estate assets. The company tried to issue bonds, but the demand was not feasible to issue these bonds, and the surrounding environment factors were not motivating, and therefore the company was unable to provide financing at a price that could compete with the banks' own sources of funds, and thus the demand for companies' products decreased. Usually, there is no more than one mortgage refinancing company in the country, and I found a set of initiatives to establish mortgage finance companies that carry out direct real estate financing for citizens in Palestine, but they were faced with a set of challenges, the most important of which is their inability to compete with the product offered by banks. There is nothing wrong with the sale and installment of units directly between the developer and the citizen.

Since the mortgage financing sector and its development can only be achieved through the growth, development and organization of the entire real estate sector, leading to the mortgage financing sector, the PCMA works with a number of authorities to achieve this goal, especially the Palestinian

Land Authority, the Ministry of Public Works and Housing, the Property Tax Department and the Palestinian Monetary Authority.

Licensees

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[Mortgage Companies for the year 2026](#)

Instructions