



## Spring is coming for real estate registration in Israel

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Israel may be the “Start-up Nation” and a world-renowned center of technological innovation, yet for many years the procedures and conduct of the Israeli Land Registry have been trapped in the past.

The Ottoman Land Code of 1858 was enacted in Israel by the Ottoman regime. The new Ottoman law allowed for land to be transferred by a deed of ownership, and required that all property rights be recorded with the Land Registrar of the district in which the relevant lands were located. The Ottoman Land Registry, which still exists today, marked the beginning of land registration in Israel. Property rights under the Ottoman law were registered in chronological order (a separate registry for each month would be maintained by the Land Registrar), and the parties to the transactions were required to physically report to the Land Registrar and to specify the nature of the transaction and all of its identifying details, such as the geographical location and the size of the land in question and a description of its physical boundaries, the particular part of the land which was impacted by the transaction, its value, etc.

The cumbersome bureaucracy and paperwork which were characteristic of the Ottoman Empire remained until recently a prominent feature of the various Israeli Land Registry offices.

In order to transfer property rights in Israel, from the seller's name to that of the buyer, the parties to the transaction are required

to sign a deed of transfer, to submit tax certificates issued by the Israel Tax Authority (ITA) and to provide confirmations from the municipal authorities that there are no outstanding encumbrances on the property. If any of the parties is a registered company, it is additionally required to submit a certified copy of its Certificate of Association, certified by the Companies Registrar, and the corporate resolutions authorizing the transaction. These requirements, which involve various authorities and processes, cause the process of registering property rights in Israel to be a long and arduous process.

However, in the past few years the Israeli authorities have been undergoing a deep transformation which includes the introduction of many new tools aimed at simplifying and expediting the real estate registration process by making use of technological advancements.

Registration procedures are published regularly on the website of the Land Registry and Settlement of Rights Department.

One example of the new technological advancements is a recently launched online registration system which allows for transfers of rights in certain properties to be carried out online.

Another example of this trend is a direct interface between the Land Registrar and the main commercial banks, which is currently in the initial stages of implementation, which will enable recordings of paid-up mortgages

to be removed without the parties having to proactively apply to the bank or the Land Registrar in order to do so.

The Ministry of Justice is working on additional procedures to improve its services, including services which will create direct interfaces between the electronic records of the Land Registrar and those of the other government agencies which generate documents or certificates required by the Land Registrar – thus sparing the parties the need to apply for individual clearances.

These developments will make the current cumbersome requirement of providing the actual documentation to the Land Registrar - obsolete.

Until recently, the requirement that original documents be provided to the Land Registrar was considered a critical condition for registration of property rights, which naturally resulted in massive amounts of printed materials. The technological improvements described above reflect nothing short of a revolution in this field. Although some of these systems are in early or trial stages, their development and introduction into practice provide a clear indication for the future. Soon, almost all transactions that require registration will be carried out with a few simple online commands.

The results of these changes speak for themselves. According to the Land Registrar's data, the nationwide average registration time has been reduced from 45 to 13 days. In most cases, registration of property rights takes only a few days.

This revolution has the potential not only to shorten the process of the registration of real estate rights, but also to simplify and shorten negotiations and the execution of documents in real estate transactions (such as electronic signature of documents), which will ultimately bring the registration of real estate rights in Israel into the 21<sup>st</sup> century.

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