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## **Briefing note on the residential mortgage foreclosure processes**

Revised figures for 2012 and figures for the first half of 2013

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On 10 May 2013, the Banco de España published a briefing note presenting data, for the first time, on judicial procedures relating to residential mortgages, with figures for 2012. The data had been obtained from a survey of a representative group of institutions. The Banco de España also expressed its intention to ask all deposit institutions for this information every six months, and to publish it subsequently.

### **Scope and characteristics of the new information**

The information requested of institutions and now published is similar to that requested and published in May 2013: repossessions of foreclosed dwellings and dwellings received in payment of debts arising from lending to households for house purchase, distinguishing between principal residences and other types of residence (second homes or houses to let).<sup>1</sup> All this information was requested with the same breakdown as in the above-mentioned survey.

Nonetheless, there are two notable differences on this occasion. First, the data are not survey data, but arise from a requirement in Banco de España Circular 1/2013 of 24 May 2013. Second, the data are not limited to a group of surveyed institutions, but cover all deposit institutions.

Accordingly, the quality of the data now published can be expected to have improved, although they should still be interpreted with some caution insofar as they are the result of the first declaration made by institutions in compliance with Circular 1/2013.

### **Figures for 2012**

Table 1 shows the number of mortgages existing in December 2012 and figures for repossessions (with the relevant breakdown) recorded in 2012 for all deposit institutions.

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<sup>1</sup> The information refers solely to mortgage lending to retail customers, without a business or professional purpose, i.e. the scope of reference is residential mortgage lending to households.

**Table 1. Figures for 2012**

Total System	Principal residence	Other dwellings	Total dwellings
1. No. of mortgages to households for house purchase	6,029,177	552,631	6,581,808
2. Repossessions	39,051	5,694	44,745
2.1 Voluntary repossessions	19,716	1,255	20,971
Of which: dation in payment	15,174	793	15,967
2.2 Judicial repossessions	19,335	4,439	23,774
2.2.1 Judicial repossessions of unoccupied dwellings	16,463	4,077	20,540
2.2.2 Judicial repossessions of occupied dwellings	2,872	362	3,234
With involvement of law enforcement agents	267	79	346

The main conclusions drawn from the above table, which are consistent with those based on the survey data, are as follows:

- The 2012 data show that the number of repossessions as a percentage of the number of mortgages granted to households for house purchase was 0.68% in 2012. This percentage is 0.65% for principal residences.
- Dation in payment of debts accounted for 35.7% of repossessions in 2012. This percentage is 38.8% for principal residences.
- Of total judicial repossessions in 2012, 86.4% related to dwellings unoccupied at the time of repossession. This percentage is 85.1% for principal residences.
- The number of judicial repossessions carried out with the intervention of law enforcement agents was 346 in 2012.
- In 88% of judicial repossessions of occupied dwellings in 2012, the related mortgage was originated in 2007 or earlier.

### Figures for the first half of 2013

Table 2 gives the same information as in the above table, but relating to the first half of 2013. It should be kept in mind that, except for the number of mortgages granted to households for house purchase (row 1 of Table 2), the figures are flows, i.e. they are the quantity generated in the first six months of the year. Therefore they are not directly comparable with the figures in Table 1, which relate to the whole of 2012.

## 2. Figures for the first half of 2013

Total system	Principal residence	Other dwellings	Total dwellings
1. No of mortgages to households for house purchase	5,964,807	595,559	6,560,366
2. Repossessions	28,170	6,928	35,098
2.1 Voluntary repossessions	12,719	2,812	15,531
Of which: dation in payment	8,856	2,492	11,348
2.2 Judicial repossessions	15,451	4,116	19,567
2.2.1 Judicial repossessions of unoccupied dwellings	14,410	3,846	18,256
2.2.2 Judicial repossessions of occupied dwellings	1,041	270	1,311
With involvement of law enforcement agents	59	29	88

The data for the first half of 2013 show that:

- 35,098 dwellings were repossessed in the first six months of 2013, 28,170 of which were principal residences. The total number of repossessions in the whole of 2012 was 44,745, so that the figures for the first half of 2013 appear to show an upward trend relative to 2012, although we do not yet know how this variable behaved in the second half of 2013.
- The number of dwellings repossessed in the first six months of 2013 (35,098), as a percentage of the number of mortgages granted to households for house purchase existing as at that date, is 0.54% (0.47% for principal residences). Dividing the figures for 2012 as a whole in Table 1 by two, for the purposes of comparison, these percentages would be 0.34% for all dwellings and 0.32% for principal residences.
- In the first six months of 2013 the ratio of datations in payment to total repossessions was 32.3% (35.7% in 2012). This ratio in the case of principal residences was 31.4% in the first half of 2013 (38.9% in 2012).
- The percentage of unoccupied dwellings in judicial repossessions in the first half of 2013 was 93.3% (86.4% in 2012) and also 93.3% for principal residences (as against 85.1% in 2012)
- A significant decrease was recorded in the number of cases in which law enforcement agents intervene: between January and June 2013 the number

was 88. If the number of cases of this type recorded in 2012 is divided by two, the number of situations in which law enforcement agents intervene would be 173.

- 83.2% of the mortgages giving rise to judicial repossession of occupied dwellings between January and June 2013 were originated in 2007 or earlier.