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## **Briefing note. The new statistics on mortgage foreclosure processes**

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In order to improve the information available on judicial procedures relating to residential mortgages, the Banco de España has designed a survey for a group of banks that manage more than 85% of the total outstanding mortgage credit extended to households for house purchases.

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

1.-The information requested of banks refers to homes surrendered by individuals, as a result of mortgage foreclosure processes, in 2012:

- The information refers to mortgage financing to retail customers for non-business or non-professional purposes, i.e. to mortgage credit to households for house purchase.
- The type of housing in question does not encompass other property such as garages or storerooms.
- Banks have been requested to distinguish, under housing, between that which may be considered as the principal residence and those that may be second homes or houses to let.

2.- The details of the information are as follows:

- The total number of house purchase mortgages, i.e. the total number of outstanding contracts in December 2012.
- Houses surrendered in 2012 as a result of mortgage foreclosure processes.
- A breakdown of house repossessions into those in which the home is voluntarily surrendered by the debtor, and those others in which judicial proceedings have been necessary. Under the voluntary heading, banks have been requested to report the number of these that involve dation in payment of debt, i.e. those cases in which the surrender of the property has entailed the cancellation of the debt.
- As regards repossessions where it has been necessary to resort to judicial proceedings, banks have been requested to detail the number of cases in which,

on repossession, the house was unoccupied, and on how many occasions the property was occupied.

- Information was also requested on the origination date of the relevant mortgage when the house was repossessed after judicial proceedings and occupied at the time of repossession.

### Limitations of the information and future actions

This is the first time that the Banco de España has compiled this statistic and, therefore, the results drawn from it should be treated with due caution.

To interpret the information it should also be taken into account that the data, though obtained from a group of banks that manage more than 85% of the mortgage credit extended to households for house purchases, are not indicative of the Spanish banking sector in its entirety.

Henceforth, the Banco de España shall regularly request and publish this information, foreseeably on a half-yearly basis.

### Data for 2012

	Principal residence	Other homes	Total homes
1. No. of mortgages to households for house purchase as at 31.12.2012*	6,140,645	629,438	6,770,083
2. Repossessions	32,490	6,677	39,167
2.1 Voluntary repossessions	18,325	2,647	20,972
Of which: dation in payment	14,110	1,716	15,826
2.2 Judicial repossessions	14,165	4,030	18,195
2.2.1 Judicial repossessions with an unoccupied house	11,760	3,467	15,227
2.2.2 Judicial repossessions with an occupied house**	2,405	563	2,968

\*Registered mortgages at banks subject to survey

\*\*In judicial repossessions of occupied houses, the intervention of law and order authorities was required in 355 cases for principal residences and in 109 cases for other houses.

### Some conclusions

On the data obtained and summarised in the above table, it may be concluded that:

- The total number of repossessions in 2012 was 39,167, of which 32,490 were principal residences. Of the total number of mortgages to households for house purchase, these figures respectively account for 0.58% and 0.53%.

- Dation in payment accounted in 2012 for 40% of the total number of repossessions (15,826), with 43% relating to principal residences (14,110).
- Of the total of judicial repossessions (18,195), 84% involved an unoccupied house at the time of repossession; in the case of judicial repossessions of principal residences (14,165), the house was unoccupied at the time of repossession in 83% of cases.
- In 85% of cases of judicial repossession of occupied houses in 2012, the related mortgage was originated in 2007 or earlier.