

19.05.2014

Briefing note on residential mortgage foreclosure processes

Total deposit institutions

In accordance with the commitment announced by the Banco de España in May 2013, to ask credit institutions for information on judicial procedures relating to residential mortgages and to publish it regularly, this note provides annual figures for 2013.

Unlike the first information published in May 2013 (relating to 2012), the data do not come from a survey, but are provided by institutions in compliance with Banco de España Circular 1/2013 of 24 May 2013. At the same time, the scope differs, since the data are not limited to a group of institutions (to whom the initial survey was sent) but are for all deposit institutions.

The information requested of institutions is similar to that requested initially in May last year: 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 dwellings (second homes or dwellings to let).¹

Data

Table 1 shows the information mentioned above, for all deposit institutions, as at December 2013, and also, for the purposes of comparison, as at December 2012.

The main conclusions to be drawn from the 2013 data are:

- The number of repossessions as a percentage of the number of mortgages granted to households for house purchase was 0.77 %. In the case of principal residences this percentage was 0.66 %.
- Dations in payment of debts accounted for 32.5 % of repossessions in 2013. In the case of principal residences this percentage was 33.8 %.

¹ The information reported 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.

- Of the total number of judicial repossessions made in 2013, 92.7 % related to dwellings that were unoccupied at the time of repossession. In the case of principal residences this percentage was 92.1 %.
- Law enforcement agents were involved in 147 judicial repossessions in 2012.
- In 70 % of judicial repossessions of occupied dwellings in 2012, the related mortgage was originated in 2007 or earlier.

Comparing the 2013 figures with those for 2012 shows:

- An 11 % increase in the total number of repossessions. However, in the case of principal residences there was a slight decline (0.23 %).
- Slight growth of 1.3 % in total delinquencies in payment, although those corresponding to principal residences fell by 13 %.
- An increase in judicial repossessions of 18.5 % in 2013, with respect to the previous year. In the case of repossessions of vacant dwellings the increase was 27 %. However, repossessions of occupied dwellings fell by 36 %, with respect to 2012.
- Finally, the number of repossessions with the involvement of law enforcement agents fell by 57 % in 2013, relative to 2012.

Table1. 2013 figures, with the 2012 ones for comparison

| | December 2013 | | | December 2012 | | |
|--|---------------------|-----------------|-----------------|---------------------|-----------------|-----------------|
| | Principal residence | Other dwellings | Total dwellings | Principal residence | Other dwellings | Total dwellings |
| Total System | | | | | | |
| 1. No. of mortgages to households for house purchase | 5,887,993 | 574,490 | 6,462,483 | 6,029,177 | 552,631 | 6,581,808 |
| 2. Repossessions | 38,961 | 10,733 | 49,694 | 39,051 | 5,694 | 44,745 |
| 2.1 Voluntary repossessions | 17,907 | 3,614 | 21,521 | 19,716 | 1,255 | 20,971 |
| Of which: dation in payment | 13,178 | 2,995 | 16,173 | 15,174 | 793 | 15,967 |
| 2.2 Judicial repossessions | 21,054 | 7,119 | 28,173 | 19,335 | 4,439 | 23,774 |
| 2.2.1 Judicial repossessions of unoccupied dwellings | 19,386 | 6,727 | 26,113 | 16,463 | 4,077 | 20,540 |
| 2.2.2 Judicial repossessions of occupied dwellings | 1,668 | 392 | 2,060 | 2,872 | 362 | 3,234 |
| | | | | | | |
| With involvement of law enforcement agents | 93 | 54 | 147 | 267 | 79 | 346 |