

INSTITUTO NACIONAL DE ESTADISTICA



# Foreclosure Statistics (FS)

## Methodology

Madrid, June 2014

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## 1 Introduction

The Foreclosure Statistics are presented pursuant to the decision of the High Council on Statistics<sup>1</sup> from 12 March 2013, and was passed by the Permanent Commission of this body on 26 June 2013.

This new statistical operation arose in response to the social demand for ascertaining the amount and evolution of foreclosures.

The INE especially appreciates the collaboration of the Property, Mercantile and Real Estate Registrar Association of Spain (CORPME), and of the General Directorate for Cadastre, without which, the compilation of these new statistics would not be possible.

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## 2 Objectives

The main objective is to offer information regarding the number and evolution of the certifications of foreclosures begun and recorded in the property registers during the reference quarter, relating to all rustic and urban properties.

The corresponding court requests - from the property register - the certification of the status of the property, with regard to mortgage charges, with this fact being that which marks the beginning of the foreclosures process.

In some cases, a judicial procedure may yield several foreclosure certifications, as the procedure may affect more than one property.

Also worth noting is that not all foreclosures begun end with the eviction of their owners.

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## 3 Scope of research

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### 3.1 POPULATION SCOPE.

The population studied is made up of the set of Property Registers.

The Property Registers, statistics informant units, have the purpose of recording real estate properties, their ownership, and all changes and limitations that they experience.

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### 3.2 GEOGRAPHICAL SCOPE.

The geographical scope of the statistics covers the whole country.

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<sup>1</sup>The High Council on Statistics is a consultancy body for the state statistical services and for the social participation of respondents and statistics producers and users.

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### 3.3 TIME SCOPE.

These statistics are quarterly.

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## 4 Variables studied

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### 4.1 FORECLOSURE

A foreclosure is an executive procedure through which the sale of a real estate property is ordered, which was previously covered by a mortgage, due to failure of the debtor to comply with the obligations guaranteed with the mortgage.

This is a regulated procedure, through which a goal is to make the value of the real estate property effected to pay unpaid debt in a clear way, usually via public auction.

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### 4.2 OWNER

The owner of the property whose mortgage is cancelled. Distinction is made as to whether this is a(n):

- **Individual.**- An individual is defined as any person susceptible of being subject to rights and obligations.
- **Legal entity (company).**- Corporation, association or foundation of public interest and recognised by the law. It does not have physical individual existence. Also governed are all associations of particular interest, whether they are civil or mercantile, to which the law grants a personality independent from their associates.

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### 4.3 REGISTRATION DATE OF THE FORECLOSURE IN THE PROPERTY REGISTER.

This is the date on which the foreclosure is recorded in the Property Register.

The registration date is considered for all purposes to be the presentation date which should be recorded on the record itself. Registration is made in the Property Register in whose territorial area the mortgaged goods are made.

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### 4.4 REGISTRATION DATE OF THE MORTGAGE CONSTITUTION IN THE PROPERTY REGISTER

Date on which the mortgage deed is recorded in the property register.

This date does not have to coincide with the formalisation date for the transaction by means of deed.

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#### 4.5 REFERENCE QUARTER

The reference quarter is taken as the registration date in the Property Register, as this is the time at which the foreclosure procedure is begun.

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#### 4.6 NATURE OF THE PROPERTY

Those properties affected by a foreclosure procedure are classified according to the nature of the good that is transmitted, distinguishing between rustic nature and urban nature.

**Rustic nature.** They are considered rustic properties when they belong to rural areas or they have a relationship with the countryside. Rustic properties are broken down into the following classification:

- **Dry farming.**- Non-irrigated rustic property. Its crops are only obtained with rainwater.
- **Irrigated land.**- Rustic property that may be irrigated, and whose crops are obtained by means of some irrigation system.
- **Rustic dwelling.**- Construction used for a dwelling, outside the city limits.
- **Rustic agrarian building.**- Construction used for agrarian services. This includes silos, granaries, farms, livestock operations, etc., and other similar buildings for agrarian use, as established by Mortgage Law and Regulations.
- **Agricultural operation.**- Rustic area used for field labour or cultivating land or livestock. This may or may not include dwellings, warehouses or other buildings. For example: country estates, farms, etc.
- **Other rustic properties.**- This includes rustic properties and edifications not considered in the five previous headings.

**Urban nature.**- Properties are considered to be of an urban nature when they are located within a city or on land that is conditioned for creating or developing an urban nucleus. These statistics provide information broken down for dwellings, plots and other urban properties, according to the following classification:

##### 1. Dwellings

- **Flat with annexes.**- An annex is considered to be any element that cannot be separated from the dwelling because it serves for its use, in other words, this heading includes those dwellings which, in addition to the flat, also have a garage or/and a storage room, not intended for residence and usable for other uses, as set out in the Horizontal Division Law and recorded in the public deed for the dwelling.

- **Flat without annexes.-** Dwellings that do not have any rooms depending on them. This heading also includes flats which, having annexes, have an independent deed for them, and when they are mortgaged, there is a differentiated part of the loan independent of the flat, which corresponds to the annex.
- **Semi-detached dwelling.-** Single-family dwelling that is linked to other single-family dwellings by the right and left partitions of its main facade. This may be with one or more floors, with or without annexes, be within a plot of land which is the same size or larger than the building. This heading will also list semi-detached dwellings (dwellings built in such a way that they are joined by a lateral wall in groups of 2 dwellings). They may be one or more floors; with or without annexes; be within a lot which is the same size or larger than the building.
- **Detached dwelling.-** Built, detached single-family dwellings, in other words, all the walls are independent. This may be with one or more floors; with or without annexes; be within a lot which is the same size or larger than the building.

## 2. Plots

- **Unedified land.-** Urban soil without buildings, independent of whether it constitutes a plot or not. In the case of rustic urbanisable soil, plots will be included (for example, an urbanisation).

## 3. Other urban properties

- **Commercial premises.-** The premises whose main activity is commerce (trade) are included in this section.
- **Garages.-** Public or private car parks are included. They also include those private garages within a building for dwellings or other purposes, but with an independent folio.
- **Office.-** Premises intended to provide public services, but not for commercial use.
- **Storage room.-** This includes premises with independent folios and use not specified in other premises headings, but those included in the building of the owner's dwelling, and those that are in another building.
- **Industrial building.-** Each area of space that extends between walls to form a factory, warehouse or other industrial-type construction.
- **Building intended for dwellings.-** Building whose main purpose is dwellings, independently of also being able to have commercial premises and/or garages and/or storage rooms.
- **Other buildings not determined previously.** Buildings (or building complexes) whose main purpose is not for dwellings. In other words, schools, hospital clinics, residences, cinemas, hotels, etc. As with the previous heading, the notation of the mortgage registration will be made just

once in this heading, with the total loan amount, costs and appraisal value, as well as the rest of the requested variables.

- **Urban use.**- Total building capacity for the estate, sector or unit concerned, once the square metres for construction intended for obligatory building are deduced.
- **Other urban properties.**- Those urban properties whose classification in previous headings is not possible will be included in this section.

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#### 4.7 DWELLING REGIME

This variable collects information on the dwelling protection regime, that is, free price dwellings or those with some official protection regime.

- **Free price dwelling.**- When the dwelling is not subject to any type of protection.
- **State-subsidised dwelling.**- The dwelling is subject to some type of official protection: OHP, OHP type or Other OHP. This only refers to whether it is subject to a regime or not, without distinguishing the type of regime.

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#### 4.8 CONSTRUCTION STATUS OF THE DWELLING

The construction status of the dwelling refers to the status of the construction. It is classified into two types:

- **New dwelling.**- When the dwelling is under construction, in the project phase, or finished.
- **Used dwelling.**- When the dwelling is not newly built.

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#### 4.9 NATURE OF THE DWELLING

For those dwellings whose owner is an individual, the following are differentiated:

- **Owned regular dwelling.**- When the dwelling is, or has been, the regular residence of the owner.
- **Other owned dwellings.**- When the owner of the dwelling does not have her/his regular residence therein.

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## 5 Collection method

The data received monthly from the CORPME, with the Information System Service (ISS) being in charge of collecting the information from the Property Registers and supplying said information to the INE electronically, thus dealing with administrative statistics.

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## 6 Treatment of the Information

The data obtained is subjected to filtering programs in order to rectify possible errors.

Once the data is filtered, there is an imputation and estimation phase of possible non-response of some Property Register.

For the purpose of obtaining national data regarding executions of owned regular dwellings, the information provided by the CORPME is crossed with data from the General Directorate for Cadastre and from the Continuous Municipal Register compiled by the INE. As cadastre data is not available for Comunidad Foral de Navarra and País Vasco, in these cases, it is assumed that they behave the same as the national average.

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## 7 Dissemination of the information

Once the collection, treatment and estimation phases have been finished, the information is tabulated.

Provisionally, the information is disseminated each quarter via press release, which includes a set of tables with the most relevant data.

Data with final results are disseminated annually. An electronic publication is prepared with quarterly and annual summaries, with detailed final data, and broken down geographically.

All of the information corresponding to these statistics may be viewed on the INE website: <http://www.ine.es/en>