

Mortgages Statistics 2006

Main Definitions

-Creation of mortgages: the Mortgages Statistics count the number of new mortgages taken out during the reference month on properties (rural, urban and other types) and entered in the Land Registers. The amount refers to new loans corresponding to the aforementioned mortgages.

The INE's Mortgages Statistics do not provide information on the total number of existing mortgages in the mortgage market in a specific month, nor on the outstanding balance on the mortgage loan.

New definitions included in 2006

-Change of mortgage: the Mortgages Statistics count a change as any action taken between the parties that could modify mortgage obligations. In general, a mortgage change happens when the original conditions of the mortgage loan change. These changes include: when the owner of the mortgaged property or the holder(s) of the loan change(s), a change in interest rates, a change in the amount of capital borrowed, a change in the repayment terms established, etc.

The Mortgages Statistics count the total number of changes to mortgages formalised in the novation and subrogation deeds entered in the Land Registers during the reference month and classify them in accordance with the following types:

***Creditor subrogation of mortgage:** is the process by which the mortgage loan changes bank, with the aim of modifying either the agreed or current, ordinary or delayed interest rate conditions or an extension to the loan period, or both. In this case, the debtor subrogates their mortgage loan to the new creditor.

***Debtor subrogation of mortgage:** is when the modification consists of a change in the owner(s) of the mortgaged property, without the mortgage loan changing bank. An example of this kind of subrogation is when an individual or legal entity buys a property from someone that has a mortgage charge and the buyer of the property subrogates the seller's mortgage loan.

***Modified novation:** when the modification to the mortgage obligation happens within the same bank. Novation happens when the debtor negotiates new mortgage conditions with their bank. These new conditions can relate to the interest rate, the amount pending, the repayment terms or even the holders of the loan (the removal of any of them, etc).

Among the possible changes that can be made to a mortgage loan, the Mortgages Statistics only analyse information corresponding to the number of mortgage loans where **interest rate conditions have changed** during the reference month.

At the moment, it isn't possible to analyse the number of changes produced by modifications to other mortgage conditions that are different from the interest rate, such as an increase in the capital borrowed or the mortgage period set out.

- Cancellation of Mortgages in the Register The Mortgages Statistics count the number of mortgages that have been completely cancelled during the reference month and where the official cancellation has been entered in the corresponding Land Register.

The Mortgages Statistics do not count the total number of total mortgage loan cancellations on the market. They only provide information on the total number of cancellations that are formalised in cancellation deeds and are entered in the Land Register.