

PRAISE FOR THE MORTGAGE

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Trapped in an unprecedented health crisis caused by COVID-19, which has caused the death of many of our fellow citizens. Immersed in the serious economic and social consequences, please excuse me if I raise my voice to vindicate the mortgage. Let me try to show you its social utility, also in times of crisis.

The majority of citizens need to be able to acquire a home and for credit institutions to grant us a loan, the return of which is responsible for all our assets, present and future, including those of our guarantors. The real-estate credit model is now transparent for the citizen, being able to go directly to the Register of General Contracting Conditions to consult with it, examining it with the help of its advisers.

And what role does mortgage play in this process? What does it contribute to credit? It is the real guarantee that allows citizens access to own a house.

It democratizes private property, without losing its social function.

In the mid-nineteenth century with the finality of widening the social base of real estate, the Mortgage Law was enacted.

Since then, citizens can come to the Property Registry, on equal footing, to know the charges and encumbrances over the estates, as well as to know indubitably, who its owner is.

The Civil Code gave one more step in the democratization of knowledge, fighting against hidden charges, for which it demanded the constitutive character of the registration of the mortgages in the Land Registry.

Only the registered mortgage exists. It is a real guarantee, in a legal meaning as in a common meaning, creating a real expectation of the charge. It produces confidence in the creditor of the returning of the loan while at the same moment, the debtor obtains a loan at a low interest rate, as well as, lengthening the period of restitution.

The real-estate crisis in which so many people lost their homes, was caused by the non-payment of the loans, due to the serious economic situation that dragged tens of thousands of citizens into unemployment, depriving them of sufficient income to maintain their payment commitments. It was not the constitution of mortgages that led to the so-called evictions, it was the impossibility of returning the credit or paying the rent due to the insolvency of so many families.

Although it may sound strange, the mortgage was part of the solution for many of these families seriously crushed by the crisis.

The code of good practices established in RDL 6/2012 of March 9th, allowed the eviction notices of those debtors of loans guaranteed by mortgages on housing to be postponed.

And above all, it allowed those relatives who had been able to acquire their property, thanks to a mortgage, to take them into their homes, and loans, happily repaid over the years, released part of the family income to help them.

Spain has one of the highest percentages of homeowners in Europe, and it is something for which we must congratulate ourselves. We were able to access the property with savings and effort, but also thanks to the fact that loans were guaranteed with a mortgage. To speak of housing is to refer to the family's home, to an area of freedom for the person. It is the right to decent housing; it is an essential right as stated in article 47 of our Constitution. The citizen should have at his disposal the possibilities that allow him to freely choose between renting or owning.

A mortgage allows us to defer the repayment of the loan with ample time, which reduces the amount of their instalments, promoting the simultaneous start and development of their family life. It is also a saving instrument, without impeding professional mobility. If your professional career forces you to move to work in another city or even outside of Spain, the home acquired through a mortgage generates income with which to pay for housing expenses in that destination, without selling the property you own where you want to have your estate.

When you are older, you want to support your children's projects, or you decide to pursue your long-delayed entrepreneur dreams, after paying the initial loan, you have a home free of charge, and ready to serve as a mortgage guarantee for another loan, with which to continue carrying the reins of your life.

Life does not always go forward, sometimes we find ourselves with unexpected and painful setbacks. The owned home, in addition to giving you shelter, allows you to partially exploit it, with profits to go through those difficult times.

The mortgage regains its socially important role in the last stage of your life.

Your dwelling place, your home, anchors you to an environment in which you have developed your emotional life. The bonds of friendship with the neighbours, the familiar faces of your neighbourhood do not necessarily have to change if you own a home. If you deduct the amount of rent from the already reduced pensions, you may not be able to continue living in your usual neighbourhood.

Normally when you buy your home through a mortgage you are young, choosing a new neighbourhood, affordable for your initial income. When you retire, that neighbourhood that has been growing with you in services, offers high average rental prices. Not owning your own home can force you to change neighbourhoods, leading to starting the last stage of your life in a different environment, perhaps alone, deprived of the affections that surrounded you when you need them most. Owning a house, facilitated by a mortgage, initially guarantees permanence in your emotional environment, and even increases it, by

being able to share your space and life experience with students. Renting a home may not allow that.

Again a mortgage comes to accompany you at this stage of life, the reverse mortgage, which provides you with a monthly supplement to the pension, without the return of the loan pressing you as it does not correspond to you but to your heirs if they so wish. And if at this vital moment you decide to move and live in a residence, your home, through this mortgage, will provide you with income with which to pay the costs of accommodation without being a burden on your immediate family members who, perhaps wanting to, may be unable to support you financially.

The harshness of the current economic situation will affect our solvency and ability to pay our debts, be it a mortgage payment or rent. Knowing this situation, the government and credit institutions have come together to make it easier for citizens to pay off their mortgage debts, agreeing on mortgage moratoriums that will mitigate the economic hardship of the coming months.

Let us reflect on what a real guarantee of registral constitution, mortgages contribute to the liberty and dignity of a person, even in crisis situations. From youth to old age the mortgage is a real guarantee at the service of the free development of personality.

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