

RDL 19/2022 Code of Best Practices

Banco Sabadell has adhered to the new Code of Best Practices approved by Royal Decree Law 19/2022, of 22 November, with the aim of alleviating the financial burden of mortgage debtors at risk of vulnerability due to the accelerated rise in interest rates (links to BOE: [Provision 19403 issued in the Official State Gazette no. 281 of 2022](#), [Provision 19535 issued in the Official State Gazette no. 282 of 2022](#) amended by [Provision 26711 published in the Official State Gazette No. 311 of 2023](#)).

This Code is transitional, with a duration of two years, and its measures are intended to facilitate the payment of loans secured by a primary residence when there has been a sharp increase in the payment instalments for the loan in relation to the household income.

Conditions to be fulfilled

1. That the guarantee on the mortgage loan is the debtor's or the non-debtor mortgagor's primary residence. Loan or credit facility established until 31 December 2022.
2. The purchase price of the property does not exceed 300,000 euros.
3. That the economic requirements are met, defining debtors at risk of vulnerability, in terms of household income and evolution of economic effort

Financial requirements

Eligible debtors at risk of vulnerability must meet all of the subjective criteria listed below:

1. That the total income of the members of the household¹ does not exceed the limit of 4.5 times the annual IPREM (Multi-Purpose Public Income Index) for fourteen payments. That is, €37,800 with an annual IPREM of 14 payments for 2023 of €8,400. This amount has been extended for 2024.

The limit stipulated in the previous paragraph shall be 5.5 times the annual IPREM (Multi-Purpose Public Income Index) of fourteen payments in the event that any member of the household has a declared disability of more than 33%, a recognised situation of dependency or an illness that is permanently incapacitating for work, or 6.5 times said index, in the event that a mortgage

¹ Household shall be understood as the unit comprising the debtor, his or her spouse, who is not legally separated, or registered partner and the children, regardless of their age, residing in the dwelling, including those linked by a relationship of guardianship, care or foster care.

debtor is a person with cerebral palsy, mental illness, or an intellectual disability with a recognised degree of disability equal to or greater than 33%, or a person with a physical or sensory disability, with a recognised degree of disability equal to or greater than 65%, or in cases of serious illness that certifiably incapacitates the person or their caregiver to carry out a work activity.

2. That, in the four years preceding the time of application, one of the following conditions must have been met:
 - a) That the rate of effort to meet the mortgage payment, i.e. the mortgage burden as a percentage of total household income, has significantly increased. For these purposes, a significant alteration of economic circumstances shall be understood to have occurred when the effort represented by the mortgage burden on the household income has multiplied by at least 1.2.
 - b) That the family circumstances of special vulnerability specified in the regulation have arisen, without the possibility of extending them to others not legally provided for. These circumstances are:
 - Households in which one of its members has a declared disability equal to or above 33%, a situation of dependency or an illness that is certified to have permanently incapacitated them for work.
 - Households where there is one or more persons living in the same dwelling who are related to the mortgage holder or their spouse by kinship up to the third degree of consanguinity or affinity and are in a certified situation of personal disability, dependency or serious illness that temporarily or permanently incapacitates them to carry out a work activity.
 - If the household has a victim of gender-based violence, trafficking or sexual exploitation.
3. That the mortgage payment is over 30% of the net income received by all the members of the household, where net income is the gross income minus taxes and social security contributions.

NOTE: Social security pensioners recognised as having a permanent disability to the total, absolute or severe degree of disability, and public servant pensioners recognised as having a retirement pension due to permanent incapacity for service or redundancy, shall be considered as having a disability of 33% or more.

The measures contained in the regulation

Eligible mortgagors may choose to novate their mortgage loan in one of the following ways:

- a. Request one or more of the following measures:
 1. Extension of the total term of your loan up to a maximum of 7 years.
 2. Setting the instalment at the amount as at 1 June 2022 or at the amount of the first instalment for those loans in which this is charged after that date, for a period of 12 months from the time the novation is made through a total or partial grace period on the principal, unless the total grace period on the principal is insufficient to set the instalment at that amount, in which case only a total grace period on the principal shall be applied.

In any case, the outstanding principal shall accrue interest at an interest rate such that it will mean a reduction of 0.5% in the current net value of the loan in accordance with the current regulations, and the extension of the term cannot result in a reduction of the amount of the instalment below that which was being paid on 1 June 2022.

- b. Conversion of the interest calculation formula of the initial loan from a periodically revisable floating rate formula to a fixed rate formula.

In whichever case, the novation of the loan may not extend its total term beyond 40 years from the date it was granted.

Required documentation

To prove the receipt of income by the members of the household:

- Certificate of income and, where applicable, certificate relating to the filing of Wealth Tax, issued by the Spanish Tax Authority or the competent body of the Autonomous Community, where applicable, in respect of the last tax year.
- Last three payslips received.
- Certificate issued by the entity managing the benefits, showing the monthly amount received as unemployment benefits or allowances.
- Certificate as proof of receipt of social welfare income, minimum job-seeker's wage income or similar social aid granted by the state, autonomous communities and local entities.
- In the case of self-employed workers, if they are receiving unemployment benefit, the certificate issued by the managing body showing the monthly amount received.

To prove the number of people living in the dwelling:

- Family record book or document as proof of registration as a domestic partner.
- Certificate of census registration relating to the persons registered in the dwelling, with reference to the time of presentation of the supporting documents and to the previous six months.
- Declaration of disability, dependency or permanent incapacity to work.

To prove the ownership of the assets:

- Certificates of ownership issued by the Property Registry for each member of the household.
- Deeds of sale of the dwelling and of the constitution of the mortgage collateral and other supporting documents, if applicable, of the rest of the real or personal guarantees constituted, if any.

And, a statement of compliance by the debtor(s) regarding the fulfilment of the requirements considered to be at a risk of vulnerability. This model is available on the official websites of the Bank of Spain or MINECO. The one drawn up by our entity with the same wording and validity can be used, which optionally incorporates the electronic notification of the resolution [link to the Statement of Compliance](#)

Formalisation of novation transactions

- When the Bank has all the necessary documentation, it will check that you meet the criteria for accessing the measure and formalising the novation.
- Before formalising the novation transactions, the Bank will provide you with simplified information on the alternative measures you can choose to modify the conditions of the mortgage loan or credit. This information will include the economic and legal consequences of the different alternatives, as well as the conditions of the extension of the payment protection or amortisation insurance, in case you had initially taken it out with the loan.
- Once you have chosen your option as applicant, the Bank shall provide you with a loan novation motion in a durable medium by any means that allows proof of delivery, including on-line means and electronic banking services.

- The holders of the loan shall sign the novation agreement and, where applicable, the guarantors and endorsers. They shall do so in writing, electronically or by any other agreed system that allows their consent to be validly given. The agreement must be recorded as a public document when, in accordance with the law, it is required to be recorded in the register.

Requesting more information and taking advantage of the measures

You can call us on +34 900 103 723 or send us an email with your questions or queries to: codigodebuenaspracticas@bancsabadell.com. You can also visit one of our branches, where you will find full details of any measures to be requested, the supporting documentation to be submitted and other information.

In case of possible disputes, you can contact our [Customer Service Department](#).

To see what the different effect on the same situation could be of applying the measures set out in the Code of Good Practice of Royal Legislative Decree 6/2012 or in the Code of Good Practice of Royal Legislative Decree 19/2022 (*if opting for the extension of the deadline setting the instalment as the amount as on 1 June 2022*), the following example is presented:

Example: *Mr. Díez was granted a 30-year loan of €180,000 at a variable rate, the reference interest rate having risen after the last review to 3.018%. If Mr. Díez complies with the requirements established for this purpose, he could request that one of the 2 existing Codes of Good Practice be applied, depending on his economic and personal situation.*

Depending on which one he could apply for, his final situation might be the one shown in the table below:

EXAMPLE TABLE

Initial loan: €180,000 Initial term: 30 years Outstanding monthly payments when applying for measures: 200 CURRENT NIR (after the last review): 3.818% Euribor in force after the last review: 3.018%	NCBP 19/2022	CBP 6/2012	
		Affordability rate Effort at least 1.5	Affordability rate Effort less than 1.5
Situation with no measures applied			
Instalment payable in June 2022	€490	€490	€490
Subsequent instalment (after raising the interest rate to 3.818%) without restructuring,	€1,217.90	€1,217.90	€1,217.90
Situation if any measures were to be applied			
Grace period to be granted, in months	12	60	24
Extension of the maximum term, in years	7	10	7
New term after maturity until novation (years)	24	27	27
Instalment to be paid during the grace period,	€496.14	€437.70	€533.69
Interest rate applicable during the grace period,	3.308%	2.918%	3.558%