



MEDIA RELEASE

BC Mortgage Brokers expect HST to negatively impact 2010 mortgage market

December 7, 2009 (Vancouver) – In a recent BC-wide survey of its members, [The Mortgage Brokers Association of BC](#) (MBABC) reports that 75% of respondents feel the HST will have an overall negative impact on the 2010 mortgage market. This, despite continuing low interest rates. Of this group, 25% feel the HST will have a negative impact at onset but a minor impact thereafter.

“It is evident that our membership feel the HST will take a toll on the real estate industry, particularly for new home buyers”, says Joe Santos, MBABC President.”

Not only will the cost of a new home priced at more than \$525,000 increase but all services related to a real estate transaction will also cost more including fees for appraisals, conveyancing and property inspections. Mr. Santos feels that this may force potential home buyers to purchase less expensive homes and may cause first time home buyers to postpone a purchase due to the higher transaction costs.

“A \$500,000 sale typically generates a commission of approximately \$19,000; the HST will add an additional \$1,330 in tax”, says Santos. “First time home buyers are a main driver in the housing industry and are vitally important to a strong real estate market. This affects home sellers perhaps to an even higher degree because the HST will be added to real estate commissions.”

One thing is clear: The introduction of the HST in July 2010 will affect all aspects of the real estate transaction and could be the cause of a major drag on the industry over-all.

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About MBABC

MBABC represents member brokers in BC and supports enhanced professionalism, ethical and professional standards and co-operation in the mortgage industry, while



elevating consumer awareness. The MBABC supports government policy that encourages small business and home ownership. MBABC broker members provide consumers with home financing expertise and mortgage options.