



## **Mortgage lenders report huge increase in preapprovals**

June 29, 2009 (Vancouver) – According to the Mortgage Brokers Association of BC (MBABC), lenders throughout the province are reporting a significant increase in the number of mortgage applications since rates have begun rising from record lows a month ago. Some lenders are reporting application numbers at or greater than those experienced at the peak of the real estate boom 2 years ago.

High levels of outstanding mortgage preapprovals that are due to expire in the next 60 or 90 days are causing additional pressure on lenders. If preapproved borrowers cannot find a home and fund the mortgage within that time period, they will lose their lower rate and are subject to current rates almost 25 percent higher than a month ago.

Joe Santos, MBABC President, says, “Since bottoming out at an average of 3.69% for a five year fixed term to a current average of 4.49% for the same product, our members are finding that buyers, especially those sitting with low rate preapprovals, are highly motivated to get out and bid on homes to make sure they can close on their mortgage within the next 60 to 90 days.

The increase in activity is quite dramatic. Lenders are experiencing application numbers similar to those a year ago – an unexpected situation, which in some cases, has resulted in delays in processing applications.

In addition to rate pressure, excess inventory is quickly being taken up especially in the major market areas like Vancouver, Victoria and the Central Okanagan. “Buyers are sensing that the opportunity to take advantage of the slow market conditions is ending and are acting accordingly”, says Santos. “First time buyers are leading the market, but investors are also active and seeking rental properties at a discount.”

Building permits are at record lows and commercial mortgage financing for development projects is still difficult to access. As the excess units are snapped up MBABC members are seeing a stabilization of pricing and greater interest in real estate in general.

“In the last quarter of 2008 we thought we were facing a potential doomsday scenario but based upon activity since the beginning of the year, our worst fears are not being realized,” says Santos. “We expect that if this trend continues,



we'll see home prices firm up which could potentially create bidding situations in prime areas and homes.

MBABC is not declaring an end to the real estate recession, but it is clear it may be much shorter than thought 6 months ago.

Detailed mortgage financing and current real estate market information, together with a listing of qualified brokers can be found at [www.findabettermortgage.ca](http://www.findabettermortgage.ca).

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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.