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## Doron F. Eghbali Real Estate Law

### [How Should You Navigate the Malaise of Residential Foreclosure Freeze?](#)

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The real estate market is in further turmoil as banks freeze foreclosures and states bring threat of lawsuits against lenders. The most practical and immediate question, probably, is what could buyers do in this situation? In fact, the answer is different depending upon in what phase of transaction buyers are. Let us further analyze this.

#### **1. ARE YOU ABOUT TO MAKE YOUR OFFER? THEN, HOLD ON.**

This group of buyers is better off deferring making any offers until the real estate market stabilizes and we know what lenders, government and previous buyers know how to address the existing problems.

This approach posits lenders will wait to accept your offer until they know how they will resolve this mess and what state and federal government will do to mitigate or exacerbate the situation. Another reason to defer making any offers is that when you make an offer now and the lender sits on it for a while to evaluate the real estate market, in the meantime, the property you made an offer on would have probably declined in value. Then you would feel obligated to go through with your offer while the property has lost relatively considerable value given so many properties have been on the market for so long and relatively few buyers.

#### **2. ARE YOU WORRIED ABOUT YOUR OFFER IS BEING ACCEPTED? THEN, HOLD ON.**

Even if your offer is accepted, it would be a while before the lender can ensure their foreclosure process complied with applicable laws and all technicalities were followed. This means there is no certainty you will get the property or not. Consequently, you had better not spend any substantial amount of money on title reports, inspections or mortgage applications, until you know you can buy the foreclosed property.

### **3. ARE YOU IN A CONTRACT WITH THE BANK? THEN, DO NOT FREAK OUT.**

If you are in a contract with the bank, then you should brace yourself for a long haul. This means the bank might have to assess their foreclosure process for compliance. However, you should not let it go. You should contact the bank and encourage them to expedite the process. What you do is also documenting all your contacts with the bank. The bank, usually, has about two months to complete the process, if the process takes more than that the money you put into escrow is returned to you. However, if you back out the deal before the statutory or contractual period the bank has is to expire, then you would forfeit your money.

Probably, even if you lose the deal, mortgage rates might not change that much. The reason is the Federal Reserve is seriously considering some considerable steps to spur the economy. This means, probably, relatively lower mortgage rates in the foreseeable future.

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