

The Impact of Foreclose

Idaho Overview

Judicial	Non-Judicial	Process Period	Sale Publication	Redemption Period	Sale/NTS
Yes	Yes	150 Days	45 Days	365 Days	Trustee

Trustee Foreclosure Sales are more common

Pre-foreclosure Period

A foreclosure in Idaho begins when the lender mails a notice of default to the borrower. The notice must also be sent to any person who has requested notice. The borrower has at least 115 days to resolve the default and stop the foreclosure process by paying the lender the full amount due, including costs. In some instances, the lender may allow the borrower to stop the foreclosure up to the public sale date.

The lender also files a notice of default with the county recorder. After the notice of default is recorded, the lender can schedule and advertise the foreclosure sale.

Notice of Sale / Auction

At least 120 days before the sale date, a notice of sale is mailed to the borrower. The notice includes the trustee, lender, and borrower names; a description of the property; default information; the amount owed; and the date, time and location of the sale. The lender also publishes the notice of sale in a local newspaper once a week for four weeks, and the final publication has to be at least 30 days before the sale date.

The trustee's attorney conducts the sale. The trustee may postpone the sale up to 30 days by public announcement at the originally scheduled sale. The trustee may also reschedule the sale, in which case a new notice of sale must be published and sent to the parties involved again. The trustee sale is at the date, time and place designated in the notice of sale or rescheduled sale (usually between 9:00 a.m. and 4:00 p.m.). Any person may bid, and the trustee transfers ownership of the property to the winning bidder after receiving full payment. The winning bidder is entitled to possession of the property 10 days after the sale.

Idaho foreclosures conducted out of court do not provide redemption rights for the borrower after the sale.

Impact on credit

How does a foreclosure effect your credit report is a perplexing question. This is because Fair-Isaac Company, who started the credit scoring system, will not share this information. What complicates the issue even further is that all the credit information reported is calculated into the individuals' credit score as it occurs. The credit score is updated instantly whenever there is an inquiry, otherwise it sits waiting for some person or institution to access it.

To get negative information on your credit report concerning a foreclosure, the homeowner must not have paid his mortgage or loan payment for 30 to 90 days. So to begin with, his score is decreased by the late payments. Usually, the homeowner is also late on other bills because of his financial crisis and has additional late payments, collections, or judgments. So if he had his credit pulled on a specific date before he started his personal financial decline, he would have seen one score (i.e. 680). The next time he pulls his credit report, after he has been served with his foreclosure notice or even after the foreclosure is completed; he sees his new score

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(i.e. 450). He is probably shocked and dismayed, especially when he realizes how much more interest the lenders want because of his low credit score. For example, an auto loan to an "A+" credit customer could be 0% interest while for a "D" credit customer, it could be 11% or higher. What does that actually mean? It means that the "D" credit individual will pay \$5,500 to \$8,000 more for the same car as the "A" credit buyer! The collateral for the loan is the same car, so the "D" credit person is unfairly penalized for his credit situation.

Your credit score "before and after" the foreclosure is no conclusive answer as to how much the foreclosure has hurt your credit report, but it is an indication. Homeowners tend to believe that once they have had a foreclosure they can never buy a home again. This is absolutely untrue, as we see people buying homes within a year of losing their previous home. They will have to pay a higher interest rate unless their down payment is substantial, usually 15% to 20% of the purchase price. But this sizable down payment is often obtained from friends or family members and carried as a second lien on the property. Also the credit score reduction for the foreclosure is reduced as time goes on, until it settles at a minimal number after a few years.

The foreclosure's immediate impact on an individual's credit report is estimated to be about 100 to 140 points. The bigger impact is from the late payments on other bills which quickly mount up. Doing a "deed in Lieu of Foreclosure" with the lender reports the same as a foreclosure. It is generally believed that a foreclosure stays on your credit report for seven years, but it can stay on longer because it is part of the public record, which could be open for 20 years. So make certain when you do your credit restoration you have it taken off, if it isn't removed automatically.

Cost of eviction_ \$ _____

Cost of relocation (credit report impact will affect ability to buy or rent)

Packing and moving _\$ _____ Time and expense

Rental_ \$ _____ First month's , last month's and security deposit.

Utility deposits_ \$ _____

Impact on children:

Change of neighborhood

Change of schools