

Frozen Credit and New Legislation

When Equifax was hacked last year, the credit of millions of Americans was threatened. To protect themselves, Americans paid \$1.4 billion to “freeze” their credit, thus locking their credit files. This is a great solution for those whose identity was stolen.

However, many people forgot about their locked credit or didn’t know how to “unfreeze” the account. For those seeking, home financing, the process was delayed and caused headaches for buyers, sellers and loan officers.

New legislation now eliminates the cost of locking credit and provides the consumer clear direction. **If an account is frozen and the account owner seeks home financing, the account will need to be unfrozen to obtain the initial credit report and again at closing. If possible, it may be helpful to keep the account unfrozen during the financing process.**

Initiating a freeze to your credit:

1. Contact the credit bureaus – Equifax, Experian, TransUnion via phone, email or mail.
2. Request a freeze and the amount of time an account should be frozen.
3. Phone and email requests require the beueau to freeze the account within 1 day.
4. Mail requests require the account to be frozen within 3 days.
5. A personal identification number (PIN) will be provided.

To unfreeze your credit:

1. Contact the credit bureaus – Equifax, Experian, TransUnion via phone, email or mail.
2. Provide the PIN and the accounts will be unlocked.
3. This same PIN will be needed to “freeze” the account.

REFERENCE

Harney, Kenneth. “Frozen Credit Files Can Slow the Mortgage Process.” The Washington Post, WP Company, 15 Aug. 2018, www.washingtonpost.com/realestate/frozen-credit-files-can-slow-the-mortgage-process/2018/08/14/f786b676-9f0c-11e8-8e87-c869fe70a721_story.html?utm_term=.8063275818d5.