



Updated: New June 19 Federal Holiday's (Juneteenth's) Impact on Rescission and TRID

If a Regulation Z-covered loan is secured by a consumer's principal dwelling and the loan is not a "residential mortgage transaction" (that is, the loan is not a purchase-money loan or an initial construction loan), the loan will be subject to Regulation Z's rescission rules. Those rules provide the consumer with a three-business-day period to rescind the loan. Here, business days are all calendar days (whether or not the creditor is open for business) except Sundays and the 10 legal public holidays specified in 5 USC 6103(a). Thus, Section 6103(a)'s listed public holidays are a key component to determining the rescission period.

Furthermore, several TRID timing rules use the same definition of business day and thus, Section 6103(a) is also a key component for those timing rules and determining when a TRID-covered loan may close.

On June 17, 2021, the president signed S. 475, which added an 11th public holiday to Section 6103(a). The new public holiday is "Juneteenth National Independence Day, June 19." As a result, this Saturday, June 19, was not considered a business day for purposes of calculating the rescission period or for some of TRID's timing rules.

While recognizing Juneteenth's absolute importance, it also raised quite a few questions about whether creditors should be issuing new rescission notices and Closing Disclosures, for example, and as applicable, delaying mortgage loan closings dates because of this new holiday's addition. On June 18, 2021, the CFPB issued a statement on Juneteenth that included the following:

The CFPB, along with the other Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) regulators, is aware of concerns regarding implementation of the new Juneteenth Federal holiday, particularly as it relates to mortgage lender compliance with the Truth in Lending Act and TILA-RESPA Integrated Disclosure (TRID) timing requirements. The CFPB recognizes that some lenders did not have sufficient time after the Federal holiday declaration to consider whether and how to adjust closing timelines. The CFPB understands that some lenders may delay closings to accommodate the reissuance of disclosures adjusted for the new Federal holiday. The CFPB notes that the TILA and TRID requirements generally protect creditors from liability for bona fide errors and permit redisclosure after closing to correct errors. Any guidance ultimately issued by the CFPB would take into account the limited implementation period before the holiday and would be

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issued after consultation with the other FIRREA regulators and the Conference of State Bank Supervisors (CSBS) to ensure consistency of interpretation for all regulated entities.

While one may appreciate the CFPB's possibly suggesting examiner leniency here, more specific guidance issued on Juneteenth's impact under the rescission and TRID rules would be welcomed, especially because civil liability may remain and because the three-year rescission period could be triggered. We encourage clients to contact us for specific guidance.

For more information on the rescission rules, refer to Part Three, Section XIII.C.3. (closed-end credit) and Part Four, Section XII.E.2. (open-end credit) of BCG Standard Procedures Manual #18, *Truth in Lending Act & Regulation Z*. For more information on TRID, refer to Part Three, Section XXIII. BCG Standard Procedures Manual #18, *Truth in Lending Act & Regulation Z*. Contact Stephanie Shea at **SShea@ABLAWYERS.COM** with any questions.