



Financial Services & Products ADVISORY ■

JUNE 18, 2021

Juneteenth Holiday Raises Tricky TRID Disclosure Issues

by [Stephen Ornstein](#)

On June 17, 2021, President Biden signed legislation making Juneteenth National Independence Day a federal national holiday. The first observance of the holiday is Friday, June 18, 2021. While the enactment of this new federal holiday is a notable and welcome national event, its first observance has immediate consequences for the timing of certain disclosures provided in connection with residential mortgage transactions.

Background

Under the Truth in Lending Act (TILA) Real Estate Settlement Procedures Act (RESPA) Integrated Disclosure Rule (TRID), generally, the creditor is responsible for ensuring that it delivers or places in the mail the loan estimate (LE) no later than the third *business day* after receiving the consumer's application. Further, creditors must ensure that the consumer receives the closing disclosure (CD) at least three *business days* before consummation of the transaction. In addition, for certain refinancings, Regulation Z permits the consumer to rescind (cancel) the transaction within three *business days* after consummation.

For purposes of providing the LE, a business day is a day on which the creditor's offices are open to the public for carrying out substantially all of its business functions. However, the term "business day" is defined differently for other purposes, such as counting days to ensure the consumer receives the CD on time and the consumer's exercise of the right to rescind the transaction. For these purposes, "business day" means all calendar days except Sundays and the legal public holidays specified in 5 U.S.C. 6103(a): New Year's Day, the Birthday of Martin Luther King, Jr., Washington's Birthday, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans Day, Thanksgiving Day, and Christmas Day—and now *Juneteenth*.

Notably, Comment 2(a)(6)-2 of the official staff commentary to Regulation Z indicates that when one of the federal holidays (July 4, for example) falls on a Saturday, federal offices and other entities might observe the holiday on the preceding Friday (July 3). In these cases, the observed holiday (in the example, July 3) is a business day. Following that logic, the observed Juneteenth holiday (Friday, June 18) is a "business day" and the actual stated holiday (Saturday, June 19) is the "holiday" for purposes of the CD and right of rescission waiting periods.

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Takeaways

For residential mortgage transactions that are anticipated to close in the next few days, it is essential that creditors treat the actual Juneteenth holiday (June 19) as a *federal holiday* for purposes of the timing requirements of providing the CD (with the observed holiday of Friday, June 18 being treated as a “business day”) and allowing sufficient time to elapse for the borrower’s right to rescind the transaction. Further, documentation such as the Notice of Right to Cancel may need to be redated to take account of the new holiday.

Please contact **Stephen Ornstein** at stephen.ornstein@alston.com or 202.239.3844 with any questions.

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Nanci Weissgold
202.239.3189
nanci.weissgold@alston.com

Lisa Lanham
212.210.9527
lisa.lanham@alston.com

Anoush Garakani
202.239.3091
anoush.garakani@alston.com

Stephen Ornstein
202.239.3844
stephen.ornstein@alston.com

Morey Barnes Yost
202.239.3674
morey.barnesyost@alston.com

William Carpenter
202.239.3275
william.carpenter@alston.com

Brian Johnson
202.239.3271
brian.johnson@alston.com

Ross Speier
404.881.7432
ross.speier@alston.com

Melissa Sanchez Malpass
202.239.3731
melissa.malpass@alston.com

John C. Redding
704.444.1070
john.redding@alston.com

Rinaldo Martinez
202.239.3205
rinaldo.martinez@alston.com

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WWW.ALSTON.COM

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ATLANTA: One Atlantic Center ■ 1201 West Peachtree Street ■ Atlanta, Georgia, USA, 30309-3424 ■ 404.881.7000 ■ Fax: 404.881.7777
BEIJING: Hanwei Plaza West Wing ■ Suite 21B2 ■ No. 7 Guanghua Road ■ Chaoyang District ■ Beijing, 100004 CN ■ +86.10.85927500
BRUSSELS: Level 20 Bastion Tower ■ Place du Champ de Mars ■ B-1050 Brussels, BE ■ +32 2 550 3700 ■ Fax: +32 2 550 3719
CHARLOTTE: One South at The Plaza ■ 101 South Tryon Street ■ Suite 4000 ■ Charlotte, North Carolina, USA, 28280-4000 ■ 704.444.1000 ■ Fax: 704.444.1111
DALLAS: Chase Tower ■ 2200 Ross Avenue ■ Suite 2300 ■ Dallas, Texas, USA, 75201 ■ 214.922.3400 ■ Fax: 214.922.3899
FORT WORTH: 3700 Hulen Street ■ Building 3 ■ Suite 150 ■ Fort Worth, Texas, USA, 76107 ■ 214.922.3400 ■ Fax: 214.922.3899
LONDON: 5th Floor ■ Octagon Point, St. Paul's ■ 5 Cheapside ■ London, EC2V 6AA, UK ■ +44.0.20.3823.2225
LOS ANGELES: 333 South Hope Street ■ 16th Floor ■ Los Angeles, California, USA, 90071-3004 ■ 213.576.1000 ■ Fax: 213.576.1100
NEW YORK: 90 Park Avenue ■ 15th Floor ■ New York, New York, USA, 10016-1387 ■ 212.210.9400 ■ Fax: 212.210.9444
RALEIGH: 555 Fayetteville Street ■ Suite 600 ■ Raleigh, North Carolina, USA, 27601-3034 ■ 919.862.2200 ■ Fax: 919.862.2260
SAN FRANCISCO: 560 Mission Street ■ Suite 2100 ■ San Francisco, California, USA, 94105-0912 ■ 415.243.1000 ■ Fax: 415.243.1001
SILICON VALLEY: 1950 University Avenue ■ Suite 430 ■ East Palo Alto, California, USA 94303 ■ 650.838.2000 ■ Fax: 650.838.2001
WASHINGTON, DC: The Atlantic Building ■ 950 F Street, NW ■ Washington, DC, USA, 20004-1404 ■ 202.239.3300 ■ Fax: 202.239.3333