

## Legal and Compliance Report—August 2021<sup>1</sup>

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August 1, 2021

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### CFPB (Finally) Issues Guidance on Juneteenth Timing Issues

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On August 5, 2021, the CFPB finally published guidance addressing the rescission and TRID closing timeline issues resulting from the recently created Juneteenth National Independence Day. In sum, the CFPB clarified that it will not penalize mortgage lenders that did not adjust some time-sensitive borrower protections for Juneteenth, noting that the new holiday left the industry “unsure of how to treat the day for purposes of regulatory compliance.”

**Background.** On June 17, 2021, President Biden signed a bill to create a new federal holiday to be celebrated annually on June 19th: Juneteenth National Independence Day. The last-minute creation of this new federal holiday created compliance concerns under Regulation Z, affecting rescission periods and TRID closing timelines.

Regulation Z has a specific definition of “business day” that excludes federal holidays for the calculation of certain time periods. These time periods include the required rescission periods and TRID waiting periods between receipt of a Closing Disclosure and closing. Regulation Z defines business days for these time periods as “all calendar days except Sundays and the legal public holidays specified in 5 U.S.C. § 6103(a).” Because Saturday, June 19, 2021, became a federal holiday on such short notice, it became unclear how to treat this day with respect to rescission periods and TRID timelines that had already begun on the date Juneteenth was signed into law.

**The CFPB Interpretive Rule.** In its [Interpretive Rule](#), the CFPB states that it interprets the definition of “specific business day” to mean the “the version of the definition in effect when the relevant time period begins.” Accordingly, for the 2021 Juneteenth holiday, if the relevant time period began:

- On or before June 17, 2021, then June 19 was a business day.
- After June 17, 2021, then June 19 was a federal holiday.

Of course, the Interpretive Rule also explains that creditors are not prohibited from providing longer time periods than legally necessary.

The full text of the Interpretive Rule can be found at the following link: [https://files.consumerfinance.gov/f/documents/cfpb\\_juneteenth-holiday\\_interpretive-rule\\_2021-08.pdf](https://files.consumerfinance.gov/f/documents/cfpb_juneteenth-holiday_interpretive-rule_2021-08.pdf)

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