

Frequently Asked Questions About Holidays and TRID

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When Can a Lender Close on an Initial CD that was Delivered on a Holiday?

An initial CD delivered to the borrower on a holiday is not considered received until the next business day, even if the borrower acknowledged receipt on the holiday. To determine if an initial CD was delivered in time to close on a proposed closing date, count backward three business days from the proposed closing date. The third day counted must be the first business day after the holiday. For example, for an initial CD delivered on a Monday holiday, Friday is the earliest possible closing date. Here is the counting to support that:

- Friday closing (*date of closing is not counted*),
- Thursday is business day 1,
- Wednesday is business day 2, and
- Tuesday is business day 3.

Let's say the lender wants to close on the Thursday following a Monday holiday. When would the initial CD need to be delivered? Using the counting method discussed above, we find that the initial CD would need to be delivered on or before the previous Saturday. Here is the counting to support that:

- Thursday closing (*date of closing is not counted*),
- Wednesday is business day 1,
- Tuesday is business day 2,
- Monday is not counted (*public holidays are not business days*),
- Sunday is not counted (*Sundays are not business days*), and
- Saturday is business day 3 (*Saturdays are business days for this purpose*).

Interpretation to 1026.19(f)(1)(ii)

1. Timing. Except as provided in § 1026.19(f)(1)(ii)(B), (f)(2)(i), (f)(2)(iii), (f)(2)(iv), and (f)(2)(v), the disclosures required by § 1026.19(f)(1)(i) **must be received by the consumer no later than three business days before consummation.** For example, if consummation is scheduled for Thursday, the

creditor satisfies this requirement by hand delivering the disclosures on Monday, assuming each weekday is a business day. For purposes of § 1026.19(f)(1)(ii), the term “business day” means all calendar days except Sundays and legal public holidays referred to in § 1026.2(a)(6). See comment 2(a)(6)-2.

May a Lender Close a Loan on a Holiday?

A TRID loan may close on a federal holiday. If the loan is to be sold in the secondary market, the lender should make sure the investor allows the closing on a federal holiday. Additionally, the right of rescission will expire at midnight of the third business day after closing just like it would when closing on a business day.

When Closing on a Holiday, How Does a Lender Count the Three-Day Waiting Period After the Initial CD is Received by the Consumer(s)?

For the three-day waiting period following an initial CD, you count backwards from consummation and not forward from delivery.

So, if the borrower planned on closing on a Monday holiday, the initial CD would need to be delivered on or before the previous Thursday. Here is the counting to support a closing on a Monday Holiday:

- Monday closing (*date of closing is not counted*),
- Sunday is not counted (*Sundays are not business days*),
- Saturday is business day 1 (*Saturdays are business days for this purpose*),
- Friday is business day 2,
- Thursday is business day 3.

There is no requirement that the loan must close on a business day, so technically, the loan could have closed as early as Sunday because the CD was “received by the consumer no later than three business days before consummation”.

Interpretation to 1026.19(f)(1)(ii)

1. *Timing.* Except as provided in § 1026.19(f)(1)(ii)(B), (f)(2)(i), (f)(2)(iii), (f)(2)(iv), and (f)(2)(v), the disclosures required by § 1026.19(f)(1)(i) **must be received by the consumer no later than three business days before consummation**. For example, if consummation is scheduled for Thursday, the creditor satisfies this requirement by hand delivering the disclosures on Monday, assuming each weekday is a business day. For purposes of § 1026.19(f)(1)(ii), the term “business day” means all calendar days except Sundays and legal public holidays referred to in § 1026.2(a)(6). See comment 2(a)(6)-2.

When a Friday is an Observed Holiday for a Weekend Holiday, is it Considered a Holiday or a Business Day?

It is a business day in this case, and for LE/CD delivery and rescission purposes, you count a Friday that the lender's office is closed for a weekend holiday. Here is the reasoning:

Business day means a day on which the lender's office is open to carry on substantially all the lender's business; however, the more precise definition of business day includes **all calendar days except Sunday and the listed public holiday**. For example, in 2020 when Independence Day fell on a Saturday (which is typically a business day), it did not count as a business day because Independence Day is a federal public holiday. So, even though the lender's offices were closed on Friday, July 3rd to observe the Saturday, July 4th holiday, Friday would have still been considered as a business day.

(6) *Business day* means a day on which the creditor's offices are open to the public for carrying on substantially all of its business functions. **However, for purposes of rescission under §§ 1026.15 and 1026.23, and for purposes of §§1026.19(a)(1)(ii), 1026.19(a)(2), 1026.19(e)(1)(iii)(B), 1026.19(e)(1)(iv), 1026.19(e)(2)(i)(A), 1026.19(e)(4)(ii), 1026.19(f)(1)(ii), 1026.19(f)(1)(iii), 1026.20(e)(5), 1026.31, and 1026.46(d)(4), the term means all calendar days except Sundays and the legal public holidays specified in 5 U.S.C. 6103(a), such as 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.**

From the official interpretation:

2. Rule for rescission, disclosures for certain mortgage transactions, and private education loans. A more precise rule for what is a business day (all calendar days except Sundays and the Federal legal holidays specified in 5 U.S.C. 6103(a)) applies when the right of rescission, the receipt of disclosures for certain dwelling- or real estate-secured mortgage transactions under §§ 1026.19(a)(1)(ii), 1026.19(a)(2), 1026.19(e)(1)(iii)(B), 1026.19(e)(1)(iv), 1026.19(e)(2)(i)(A), 1026.19(e)(4)(ii), 1026.19(f)(1)(ii), 1026.19(f)(1)(iii), 1026.20(e)(5), 1026.31(c), or the receipt of disclosures for private education loans under § 1026.46(d)(4) is involved. Four Federal legal holidays are identified in 5 U.S.C. 6103(a) by a specific date: New Year's Day, January 1; Independence Day, July 4; Veterans Day, November 11; and Christmas Day, December 25. **When one of these 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 cases where the more precise rule applies, the observed holiday (in the example, July 3) is a business day.**