

National: TILA Rescission Notice Valid if Sent Within 3 Years

2 Feb 2015

The Truth in Lending Act (“TILA”) requires that borrowers receive certain required disclosures. TILA provides for two types of rescission by borrowers. The first, and most common, right is to rescind certain types of loans within three days of closing, but before any other money is disbursed either to the borrower or to pay off a prior debt.

A second right to rescind under TILA may be exercised when a lender fails to provide the required documents to the borrower. To exercise this right, a borrower must notify the lender within three (3) years and include proof that the required documents were omitted. It is this second right to rescind that was the matter recently addressed by the Supreme Court in [Jesinoski et ux. v. Countrywide Home Loans, Inc., et al.](#)

Prior to the Supreme Court case, lower circuits disagreed on whether a borrower could simply send the TILA rescission notice or whether the borrowers were required to file a suit against the lender. The Supreme Court made it clear that “rescission is effected when the borrower notifies the creditor of his intention to rescind. ...[A]s long as the borrower notifies [the creditor] within three years ... his rescission is timely. The statute does not also require him to sue within three years.”

The pleadings can be found [here](#).

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