

FINANCIAL INSTITUTIONS PRACTICE GROUP
NEWSFLASH

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**ONE-YEAR LIMITATION UNDER TiLA (USUALLY) STARTS RUNNING
WHEN LOAN DOCUMENTS ARE SIGNED**

The Truth In Lending Act has a one-year limitation for bringing claims. (See 15 U.S.C. § 1640(e).) But when does that period start running? When the loan documents are signed, or when the plaintiff discovered, or should have discovered, the acts constituting the TiLA violation? According to the Ninth Circuit Court of Appeals, unless the lender engages in fraudulent concealment, the answer is when the loan documents are signed. *Meyer v. Ameriquest Mortgage Co.*, 03 C.D.O.S. 4855 (June 9, 2003).

In *Meyer*, the plaintiff borrowers alleged violations of TiLA because the lender included "conditions precedent" in the loan documents. They also argued that since no "consummation" for the purposes of TiLA occurred until those conditions were satisfied, the lender had incorrectly dated the Right To Cancel Notice, thus giving them three years to rescind the loan. Right?

Wrong. The Ninth Circuit held that since the borrowers "were in full possession of all information relevant to the discovery of a TiLA violation" on the day the loan papers were signed, the one-year limitations period barred their claim.

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