

Cancellation Procedure

Are Mutually Executed Cancellation Instructions Required to Release the Buyer's EMD?

Yes, according to the State of California Department of Financial Protection and Innovation. They do not accept the unilateral cancellation instruction found in paragraph 14H of the California Association of Realtors Residential Purchase Agreement (RPA) as sufficient instruction for releasing funds from escrow companies. The department's rationale is that the release of funds under this provision does not provide adequate notice to the parties regarding the risks involved.

