



CANCELLATION OF CONTRACT, DISPOSITION OF DEPOSIT AND CANCELLATION OF ESCROW

(C.A.R. Form CC, Revised 6/24)

In accordance with the terms and conditions of the Purchase Agreement, OR ☐ Other _____
 _____ ("Agreement"), dated _____, including all amendments and
 related documents, on property known as _____ ("Property"),
 between _____ ("Buyer")
 and _____ ("Seller").

Buyer and Seller are referred to as the "Parties."

ADVISORY AND INSTRUCTIONS: The Party cancelling the Agreement is required to act in good faith. Disputes over cancellation and deposit can be complex legal issues and can be expensive to resolve. **Agents are not qualified to provide any opinion on who is entitled to the deposited funds or whether a cancellation was made in good faith. Buyer and Seller are advised to seek the advice of a qualified California real estate attorney regarding this matter.**

The party cancelling the Agreement, and not the Agent, needs to determine if a cancellation right applies. Cancellation must be exercised in good faith and in accordance with the rights and procedures within the Agreement, including any applicable Notice to Perform or Demand to Close Escrow. Section 1 allows for either a one-party cancellation (see **paragraph 1A**), or for a proposed mutual cancellation which becomes effective upon a mutual execution of Section 2 (see **paragraph 1B**).

If there is an open escrow, Escrow Holder will need mutual agreement and instructions from both Parties regarding the deposit and cancelling of escrow. If the Parties agree on the release of the deposit, then the Parties can exercise a mutual instruction with full release in **paragraph 2C** below. If the Parties are cancelling the Agreement but are disputing the deposit, then the Partial Release section can be used in **paragraph 2D**.

Parties are advised to consult with a qualified California real estate attorney regarding potential damages and remedies, including, but not limited to, retaining the deposit, seeking other monetary damages, and pursuing specific performance. Any dispute will have to be resolved in the manner specified in the Agreement.

Both paragraphs 1 and 2 are escrow instructions to Escrow Holder. Cancellation under paragraph 1A, requires the signature of either Buyer or Seller, but not both. Paragraphs 1B and 2 require the signatures of both parties to be effective.

1. CANCELLATION OF CONTRACT:

A. One-party cancellation: This paragraph is used to cancel the Agreement by Buyer or Seller. Its terms apply whether or not both Parties agree to disposition of the deposit and cancellation of escrow in paragraph 2 below.

The ☐ Buyer or ☐ Seller Signing below cancel(s) the Agreement for the following reason:

- (1) ☐ As permitted by the good faith exercise of paragraph(s) _____ of the Agreement.
- (2) ☐ Buyer has failed to remove the applicable contingency or take the applicable contractual action after being given a Notice to Buyer to Perform (C.A.R. Form NBP).
- (3) ☐ Seller has failed to remove the applicable contingency or take the applicable contractual action after being given a Notice to Seller to Perform (C.A.R. Form NSP).
- (4) ☐ The other Party has failed to close escrow after being given a Demand to Close Escrow (C.A.R. Form DCE).
- (5) ☐ Other _____.

B. ☐ Proposed mutual cancellation: The Buyer or Seller Signing below proposes a mutual cancellation of the Agreement. The cancellation is only effective if agreement is reached and both Parties Sign in **paragraph 2** below as follows. This Proposed mutual cancellation (i) may be withdrawn by the Party initiating it any time prior to agreement by the other party in **paragraph 2** below, and (ii) shall be deemed revoked unless by 5:00 PM on the third Day after it is Signed by the initiating Party in **paragraph 1** (or by ☐ AM/☐ PM on _____ date) it is Signed by the other Party in **paragraph 2** and a Copy of this completed form is Delivered to the initiating Party.

 Buyer's or Seller's Signature (party cancelling the contract)

 Date

 Buyer's or Seller's Signature (party cancelling the contract)

 Date

*****SIGN IN THIS SECTION SOLELY FOR CANCELLATION OF CONTRACT. PROCEED TO PAGE
2 FOR DISPOSITION OF DEPOSIT AND CANCELLATION OF ESCROW.*****



2. DISPOSITION OF DEPOSIT and CANCELLATION OF ESCROW

A. PURPOSE OF PARAGRAPH 2: This paragraph is used to instruct Escrow Holder (i) to cancel the escrow for the purchase/sale or other designated transaction for the Property and (ii) what to do with the deposit. Any cancellation of contract pursuant to paragraph 1A, remains in effect even if both Parties to the Agreement do not sign below.

B. RELEASE OF FUNDS NOT AUTOMATIC: Release of funds by Escrow Holder (pursuant to paragraph 2) requires mutually Signed release instructions from Buyer and Seller, judicial decision or arbitration award. A party may be subject to a civil penalty of up to \$1,000 for refusal to sign such instructions if no good faith dispute exists as to who is entitled to the deposited funds (Civil Code §1057.3).

C. FULL RELEASE AND DISPOSITION OF DEPOSIT (Select one of the options in C, or complete D, but not both.): Buyer and Seller cancel escrow # BAK-1073-NM with SoCal Title Company. The parties (i) mutually release each other from any obligation to buy, sell or exchange the Property under the Agreement; (ii) mutually release each other from all other claims, actions and demands that each may have against the other(s) by reason of the Agreement; and (iii) intend that all other rights and obligations arising out of the Agreement are null and void.

(1) ☐ Seller authorizes release of Buyer's deposit to Buyer, less Buyer's fees and costs (i) already incurred, and (ii) agreed in the contract to be paid through escrow (including any escrow fee). ☐ If checked, Seller agrees to pay for Buyer out-of-pocket expenses for inspection reports and appraisal fees as specified in the Agreement. Buyer shall Deliver receipts for such expenses to Escrow Holder.

OR (2) ☐ Buyer authorizes release of Buyer's deposit to Seller, less Seller's fees and costs (i) already incurred, and (ii) agreed in the contract to be paid through escrow (including any escrow fee). Pursuant to a properly executed liquidated damages clause, Buyer's authorization of release of deposit to Seller is limited to no more than 3% of the purchase price, if the Property is a dwelling with no more than four units, one of which Buyer intended to occupy. Any additional deposit shall be returned to Buyer.

OR (3) ☐ Buyer authorizes release of \$_____ from Buyer's deposit to Seller. The balance to be returned to Buyer. Each Party to pay for their own unpaid contractual fees and costs (i) already incurred and (ii) agreed in the contract to be paid through escrow (including any escrow fee). Such fees and costs shall be deducted from the amount specified above.

OR (4) There is no deposit in escrow. Each Party to pay for their own unpaid contractual fees and costs, if any, (i) already incurred, and (ii) agreed in the contract to be paid through escrow (including any escrow fee).

D. ☐ PARTIAL RELEASE AND RESERVATION OF RIGHTS: Buyer and Seller cancel escrow # _____ with _____ The Parties:

- (1) Mutually release each other from any obligation to buy, sell or exchange the Property under the Agreement;
- (2) Reserve all rights and retain any obligations they have toward each other under the Agreement, except for the obligation, as applicable, to buy, sell, or exchange the Property; and
- (3) Authorize Escrow Holder or ☐ _____ to hold any deposit until receiving subsequent mutual instructions, judicial decision or arbitration award, or ☐ there is no deposit in escrow.

Buyer _____ Date _____

Buyer _____ Date _____

Seller _____ Date _____

Seller _____ Date _____

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