



OAKWOOD ESCROW.

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## **Do You Need Mutually Agreed Signed Cancellation Instructions to Release the EMD?**

**ANSWER:** YES. The State of California Department of Business Oversight has taken the position that the unilateral cancellation instruction contained in paragraph 14H of the California Association of Realtors (“CAR”) Residential Purchase Agreement (“RPA”) is not an acceptable instruction for release of funds for the escrow companies.

Their reasoning is that the release of funds under that provision does not put the parties on adequate notice of the risks associated with such an action. In particular, the State has said that releasing a deposit without mutual instructions pursuant paragraph 14H of the RPA is a violation of 10 CCR 1738.5